

# The U.S. Medical Marijuana Market

October 2013

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Highlights of all study chapters: nature and structure of the industry, main Issues and trends affecting the market, state/federal regulations, market size and growth (2011-208F), market segments analysis (dispensaries, cultivators, lab testing, hydroponics, head shops, others), key operating ratios of medical marijuana dispensaries, patient demographics, list of main competitors, results of phone interviews with industry analysts and competitors.

### Nature of the Business & Industry Structure

Definition of medical marijuana, its use, market history, market structure (retail dispensaries, cultivators, edibles companies, ancillary products & services), states where it is legal, discussion of major issues/obstacles (taxation, city ordinances, licensing, voter initiatives, federal actions, difficulty establishing banking/credit card accounts, potential for industry roll-ups and acquisitions).

<b><u>Industry Regulation &amp; Obstacles</u></b> (\$150)	22-37
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Discussion of past/recent actions to legalize medical and recreational marijuana use by the states, shifting attitudes, Justice Dept. actions to legalize banking for dispensaries and statement to relax restrictions and leave it to the states to decide, past raids in 2011, list of laws to legalize pot in 18 states, when passed, list of states with: operating dispensaries, those in progress, those with legal recreational use, arguments for legalization, state-by-state status reports for: Alaska, Arizona, California, Colorado, Connecticut, Delaware, Washington DC, Hawaii, Maine, Maryland, Michigan, Montana, New jersey, New Mexico, Oregon, Rhode island, Vermont, Washington state.

<b><u>Customer Demographics</u></b> (\$200)	38-68
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- Summary & discussion: qualifying conditions

### Tables:

- Estimated Potential Number of Medical Marijuana Users, by Medical Condition
- Percent of Registered Users or Active Cardholders Reporting Pain, As % all Medical Conditions

Findings of the National Survey on Drug Use and Abuse, discussion of:

- Scope of illicit drug use
- Substance Dependence, Abuse, and Treatment
- Past Month Illicit Drug Use among Persons
- Adult pot use...

Medical Conditions for Which Medical Marijuana Is Applicable

- **Chronic Pain:** discussion of the condition, number of sufferers
- **AIDS:** discussion of the condition, number of sufferers
- **Arthritis:** discussion of the condition, number of sufferers
- **Cancer** treatment – chemotherapy: discussion of the condition, number of sufferers
- **Hepatitis C:** discussion of the condition, number of sufferers
- **ALS** - Amyotrophic lateral sclerosis: discussion of the condition, no. sufferers
- **Chron's disease:** discussion of the condition, number of sufferers
- **Parkinson's disease:** discussion of the condition, number of sufferers
- **Multiple sclerosis:** discussion of the condition, number of sufferers

Registered Users: How Many People in the United States Use Medical Marijuana?

Table: Number of medical marijuana patients, by state, related to population

Demographic Profiles of Registered Users, by State

(number, sex, age, active cardholders, by medical conditions & by county when available)

- California
- Colorado
- Michigan
- Oregon
- Montana
- Nevada
- Arizona

**Dispensary Operating Ratios** (\$50)

69-75

Major Overview findings of MMJ Business Daily's 2012 "Marijuana Business Factbook"

- Total industry size estimate and rationale
- Which states are best for cannabis-related businesses – and which are worst?  
- discussion
- How are cannabis-related business startups funded? - discussion
- How much money can a cannabis business generate? – annual revenues for mom & pop, mid-sized and large competitors
- Avg. annual revenues for: dispensaries, cultivators, edibles companies, ancillary service companies
- Time required to reach profitability? – discussion.

Table: Industry Average: Dispensaries, Start-up Expenses As A percent of Total

**Market Size, Growth & Forecasts, Market Segments** (\$300)

76-110

Discussion of research/estimates by See Change Strategy 2011 report, MMJ Business Daily, Delphi Associates, other analysts. Limitations of data.

Analysis of number of retail dispensaries nationwide, growth, factors affecting

Number of Registered Patients & Potential Patients - analysis

Table: Number of registered patients, cardholders, by state: 2013

**Market Potential Estimation Methods**

- Registered Patients vs. Potential Patients
- Average annual sales per dispensary
- Average Spending Per Dispensary Customer

Table: Estimated \$ Market Potential, By State: 2011

Marketdata's estimates of market size and outlook: 2013, 2014, 2018, long-term discussion of the chronic pain population, competition with pill mills & painkilling drugs

**Tables:**

- Estimated Size of the Total U.S. Medical Marijuana Market: 2011-2018 F (Marketdata estimates & forecasts)
- Major Medical Marijuana Market Segments: 2013 \$ values (dispensaries, cultivators, laboratory testing, hydroponic equip., other ancillary services)

Analysis of cultivation sites, \$ avg. annual revenues, number

Summary/list/definition of all market segments

**Cannabis testing and lab services:** discussion of type tests performed (THC potency, e-coli, microbial, pesticides, etc.), best methods used (high performance liquid chromatography gas chromatography, thin layer chromatography), why it is crucial to dispensaries/industry growth, cost of tests, market \$ size: 2013, 2018F

90

List of 8 major cannabis test labs: name, address, phone

**Hydroponic cultivation equipment market:** products, \$ market size, main competitors, wholesale vs. retail sales, competitor profiles of: Sunlight Supply, Hydrofarm, BWGS, R & M Supply Inc.

94

**Head shops (smoke shops):** discussion of number in the U.S., number in medical marijuana states, operations, products sold, client profile, possible future role as distribution channel for medical and recreational marijuana.

98

## Results of Headquest Publications Industry Survey

- Avg. daily & annual sales
- No. of mfrs., wholesalers, retailers, avg. profit margins of each
- Total industry receipts, payroll, employment

Table: Estimated Number of head Shops in Medical Marijuana Legal States

### **Medical Pot Market Outlooks by State:** recent developments, pending bills,

\$ mkt. potential 102

- California: Los Angeles, San Diego, Sacramento, other markets
- Nevada
- Washington state
- Colorado
- Oregon
- Vermont
- Ohio

### **Medical Marijuana Competitor Profiles (public companies)** (\$100) 111-119

(Company description, products, specializations, address/phone/website/contacts)

- Cannabis Science, Inc.
- Hemp, Inc.
- Terra Tech Corp. (Grow Up Technology)
- Neutra Corp.
- Medical Marijuana, Inc.
- MediSwipe
- Nuvilex
- Endexx Corp.
- Fusion Pharm
- Growlife
- GreenGro

### **Reference Directory of Trade Associations & Sources** 120-129

Address, phone, contacts for major trade groups, websites, magazines, consultants, list of industry reports and articles, Wall Street analysts/research reports.