**[HEADLINE] How bright is the future for cannabinoid drinks?**

**[STANDFIRST] They might tick the box of the wellness trend but cannabinoid drinks are a complex proposition, reports CBD-Intel**

Consumers’ desire for health and wellness continues to drive purchases and food and drink formulations that create innovative solutions for “mental and emotional wellbeing” have become one of Mintel’s [top three global food and drink trends for 2021](https://www.mintel.com/global-food-and-drink-trends).

Cannabinoid beverages tick the “wellbeing” box and the industry appears to be investing in their potential, given the number of mergers, acquisitions and [new product launches that involved beverages and cannabis firms last year](https://www.cbd-intel.com/growing-cannabis-drinks-market-may-be-a-case-of-keeping-up-with-the-joneses/). For example, Tilray recently spent [$5m on the acquisition of two Californian craft beer brands](https://www.sec.gov/ix?doc=/Archives/edgar/data/1731348/000156459022000782/tlry-10q_20211130.htm#ITEM_3_QUANTITATIVE_QUALITATIVE_DISCLOSU), Alpine and Green Flash.

Some market analysts predict a bright future for the niche market. A report from Grand View Research, for example, estimates that the global cannabis beverages market size will reach $2.8bn by 2025, expanding at a compound annual growth rate (CAGR) of 17.8% during the forecast period.

The report said: “The rising popularity of wellness drinks is also expected to support the demand over the forecast period. The legalisation of cannabis for medical and recreational purposes has had a strong impact on the sales of alcoholic drinks. As a result, many alcohol manufacturers are investing in the growing trend of marijuana-infused drinks.”

But [CBD-Intel](https://www.cbd-intel.com/?utm_source=CBD+Health+%26+Wellness&utm_medium=article&utm_campaign=media+partnership)’s market analysts believe that Grand View’s valuation is inflated, and the matter is confused by the inclusion of THC drinks, which do not necessarily fit into the same niche as CBD beverages.

CBD beverages alone are likely to only grow from around $55m in 2021 to $365m in 2025, CBD-Intel predicts. Even a large jump to $518m in 2026 would leave them well short of Grand View Research’s combined prediction and it is unclear whether the addition of THC beverages would be able to account for the differentiation.

“Beverages such as CBD-infused sparkling waters may produce a trend, but without any psychoactive effects I don’t see these being a daily use product unless the price is reduced to the same as a normal sparkling water,” said [CBD-Intel](https://www.cbd-intel.com/?utm_source=CBD+Health+%26+Wellness&utm_medium=article&utm_campaign=media+partnership)’s head market analyst Nate Erskine. “Users seeing real benefits from CBD will continue to use CBD, but I see them administering CBD in other formats as opposed to consuming it.”

Erskine believes that CBD is at a crossroads – a point at which it needs to find its place as a medicine and/or a fast-moving consumer goods (FMCG) wellness or a recreational product.

“THC is totally different,” he says. “Especially when it comes to a potential alcoholic beverage displacer.”

And it is that difference that makes it hard to talk about cannabinoid beverages as a combined category. THC and CBD beverages would likely be aimed at different groups, marketed in different ways to target different needs and would face multiple different hurdles including complex regulation, dosage issues, taste formulation challenges and product degradation if the storage and packaging is inappropriate.

For example, CBD beverages have typically been marketed as relaxation beverages to replace a glass of wine at the end of the day, whereas THC beverages have thus far typically been marketed as “social” drinks to be shared with friends.

As CBD gets to its crossroads, it could be that the recreational opportunities presented by THC beverages grow to be far more lucrative than those presented by ones with CBD – if legislation permits.

However, the greatest opportunity for cannabinoid beverages may lie completely beyond THC or CBD and, instead, involve rarer minor cannabinoids. Some are already on the market, such as Colorado beverage firm [Keef brands](https://keefbrands.com/)’s, line of low-calorie and low-sugar [Life H2O](https://cts.businesswire.com/ct/CT?id=smartlink&url=https%3A%2F%2Fkeefbrands.com%2Fthc-beverages%2Flife-h2o%2F&esheet=52463285&newsitemid=20210721005202&lan=en-US&anchor=Life+H2O&index=2&md5=57b58d7fee6af4f0183318a1c57804fa) drinks formulated with THCV, CBG and CBN.

The firm said the new beverages, which were launched in July 2021, marked “the beginning of a new chapter that goes beyond using the traditional THC active ingredient”.

And what difference will this “[new chapter](https://www.cbd-intel.com/cbds-popularity-sparks-gold-rush-to-develop-rare-cannabinoids/)” make to any valuation of the cannabinoid beverage market?

*CBD-Intel (*[*www.cbd-intel.com*](https://www.cbd-intel.com/?utm_source=CBD+Health+%26+Wellness&utm_medium=article&utm_campaign=media+partnership)*) provides impartial, independent and premium market and regulatory analysis, legal tracking, and quantitative data for the cannabidiol (CBD) sector.*

*We provide our clients with the tools to navigate this fast-moving sector, tailor their business strategy, optimise resources and make informed decisions. In addition, we offer customised research and consultancy support.*

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