

Pre Rolls Near Top Spot in Canada's Cannabis Market

Canadian Cannabis Sales Decline in 2024, But Pre-Roll Sales Continue to Surge

Despite an overall decline in cannabis sales in Canada last year, the pre-roll market continues to gain traction and is on the verge of overtaking flower as the country's top-selling cannabis category. According to a Custom Cones USA report based on Headset data, total cannabis revenue in Canada fell by 3.27% in 2024, with flower sales dropping by 9.3% and edibles plunging by 12.4%. However, pre-roll sales defied the trend, rising by 1.24%, with units sold increasing by 1%.

Flower Maintains a Slim Lead Over Pre-Rolls, But Not for Long

James Valentine, content marketing manager for Custom Cones USA, noted that flower remains the leading cannabis product in Canada but only by a narrow margin of 0.25%, equating to an \$11.4 million gap in total sales. With heavy producer investments in pre-rolls, the market share shift appears imminent.

Meanwhile, U.S. pre-roll sales have experienced significant growth, surging by nearly 12% between June 2023 and June 2024 as new markets opened. Despite ranking third behind vape pens and flower in the U.S., pre-rolls are steadily gaining popularity across North America.

Pre-Rolls Outsell Flower by \$33 Million During Warmer Months

One factor contributing to the rise of pre-rolls in Canada is seasonal preference. Consumers seem to favor the convenience of pre-rolls during the warmer months, with sales surpassing flower by \$33 million between May and October. Sales peaked in July, when pre-rolls held a 3% lead over flower.

Among brands, General Admission has established itself as the clear leader in Canada's pre-roll market. The brand outsells its closest competitor, Shred, by a staggering 250%. According to the Custom Cones USA/Headset report, General Admission dominated the 2023 market with five of the top 10 most popular pre-roll products, three of which ranked in the top five. All of these were infused products, and four were sold as multipacks.

California-based Jeeter, a relative newcomer to the Canadian market, has also made a strong impression, securing the No. 4 spot in terms of market share.

Industry Experts Predict Pre-Rolls Will Soon Overtake Flower

Adam Coates, chief revenue officer of Decibel Cannabis Co., the Calgary-based producer of General Admission, believes pre-rolls are poised to surpass flower as the dominant cannabis product in Canada.

While pre-roll sales continue to rise, market dynamics vary by province. British Columbia, for instance, imposes an additional 20% tax on vape products, which could have influenced pre-roll sales. Despite this, the province saw only a modest 0.45% year-over-year growth in pre-roll sales. By contrast, Alberta experienced a 5.6% increase, and Saskatchewan's pre-roll sales rose by 3.5%.

Quebec presents a unique case, as the province caps THC content at 30% for all cannabis products, making infused pre-rolls unavailable. Quebec also bans vape products, though the restriction is set to be lifted this fall. These regulatory differences impact pre-roll competition within the province.

Pricing and Market Growth Trends Shape the Future of Pre-Rolls

Although the pre-roll market is growing, overall cannabis industry growth has slowed, and pricing has begun to stabilize. Coates noted that while flower remains the biggest category, production cuts have led to an uptick in flower pricing—something the market hasn't seen in a long time.

Pre-Rolls Expected to Drive Innovation and Shape Consumer Preferences

Chris Jones, president of Cannabis Xpress, a Toronto-based retail chain, highlighted the ongoing demand for pre-rolls, particularly infused joints that cater to experienced consumers seeking more potent products.

In New Brunswick, where Cannabis Xpress operates four stores, pre-roll sales have remained steady, though flower continues to dominate the market. Jones attributes this to traditional consumer purchasing habits in the region.

As the industry continues to evolve, experts predict that pre-rolls could not only become the top-selling cannabis product in Canada but also drive further innovation in product formats, sizes, and potency levels.

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