

# Legalized recreational marijuana a substitute for alcohol, but not tobacco

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The recent wave of recreational cannabis legalization across the U.S. could generate \$22 billion in sales per year, but not everyone is happy about it. New research to be published in an upcoming edition of the INFORMS journal *Marketing Science*, titled, "Asymmetric Effects of Recreational Cannabis Legalization," shows the alcohol industry could

be impacted when the substance is legalized.

"It appears the alcohol industry has valid reason to be concerned about legal marijuana and may need creative strategies to avoid market decline if it passes," said Pengyuan Wang, an assistant professor in the Terry College of Business at the University of Georgia.

The study shows online searches for alcohol saw a drop of nearly 11%, but [tobacco products](#) were searched online nearly 8% more often.

The U.S. alcohol and tobacco industries are worth a combined \$300 billion. They are typically avid opponents of marijuana legalization legislation, but this research suggests, "[tobacco companies](#) may need to reexamine their presumption, and that anti-cannabis legalization is not to the best of their interest," said Wang.

The research by Wang and co-author Guiyang Xiong of Syracuse University looked at anonymous data from 28 million online searches and 120 million ad impressions from a leading U.S.-based web portal from January 2014 to April 2017.

The study also found the legalization of [recreational marijuana](#) increases online searches by adults by 17%. There is actually a decrease in searches done by those age 19 years and younger after the substance is legalized.

"Contrary to widely held [public concern](#) after recreational cannabis is legalized, teenagers appear to lose interest, rather than gain interest," added Wang. "Policymakers only concerned with an uptick in teen users, may want to rethink their stance."

Provided by Institute for Operations Research and the Management

## Sciences

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