



Opportunities to Win

Where CBD Competes in the Wellness Space

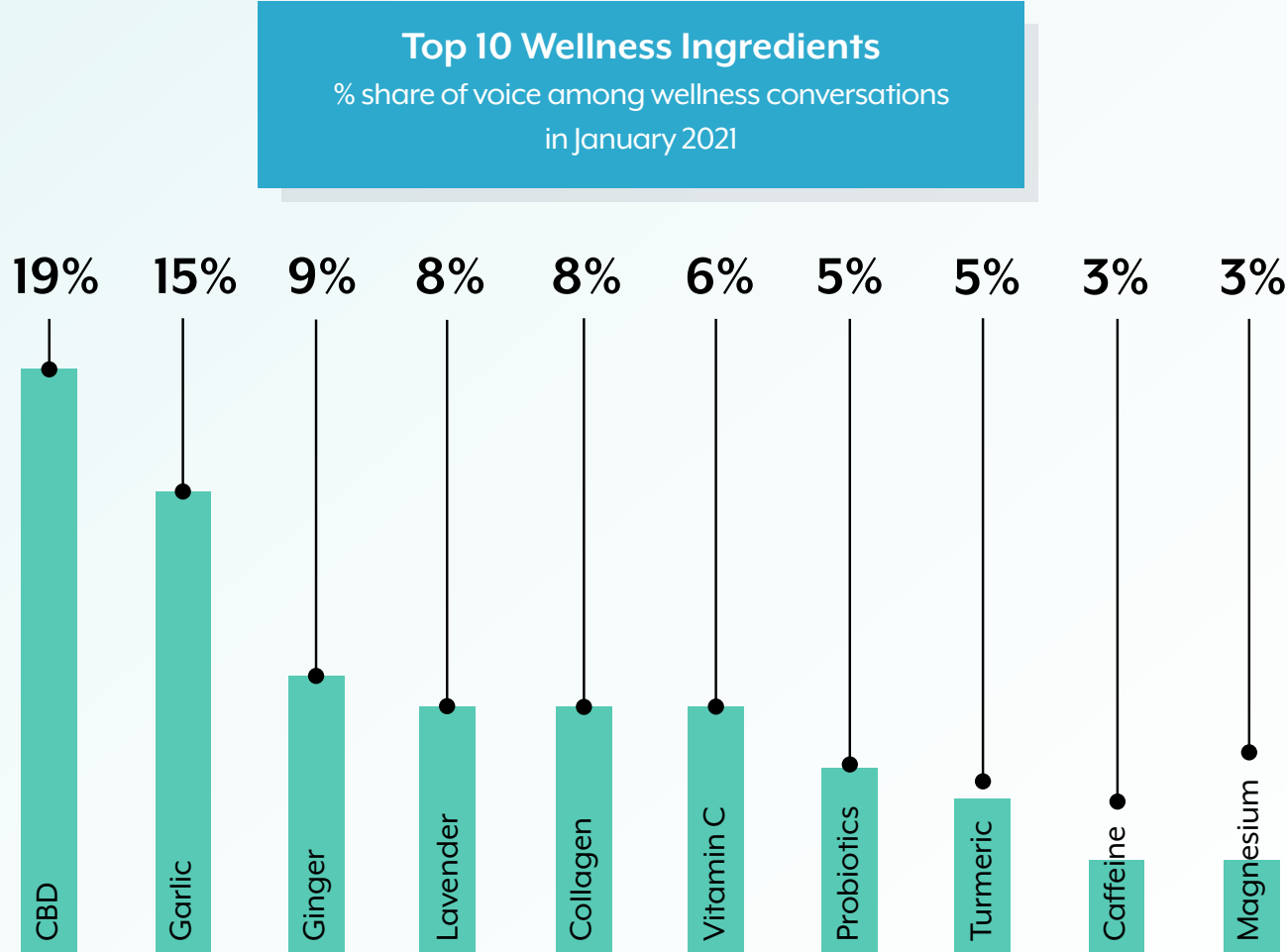
evergi[™]
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Introduction

Since the passing of the 2018 Farm Bill, cannabidiol—CBD—has become one of the hottest new ingredients available. Though typically sold through CBD-specific brands due to its regulatory quirks, CBD is not isolated from the wellness space; quite the contrary, it is taking an increasing share of the wellness space.

Using Evergi Conversations, we can look to social media to see CBD is the most talked about wellness ingredient. Others on the list include ingredients that could go with an everyday meal—like garlic and ginger—as well as minerals and supplements like magnesium and collagen.



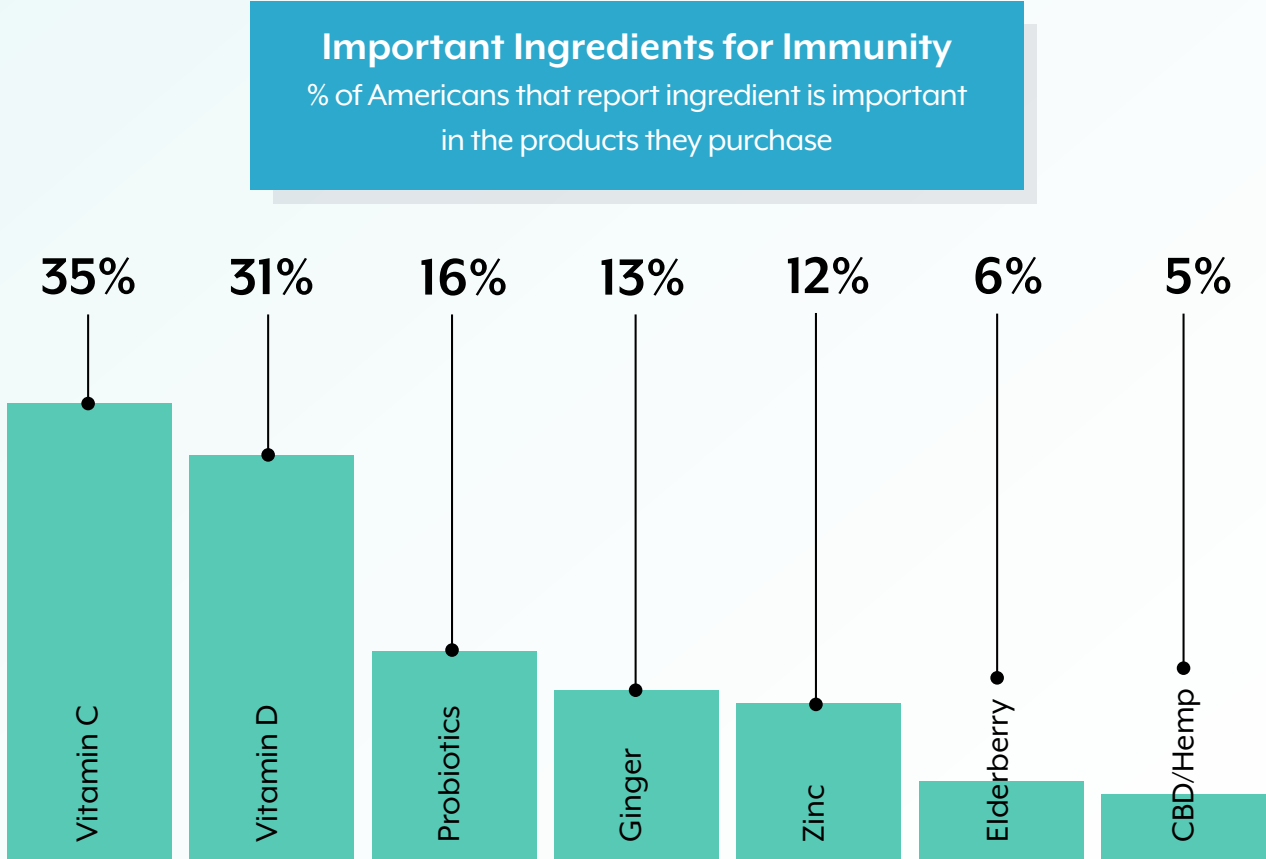
As the variety of CBD products has grown, the cannabinoid now competes with other products for diverse needs; there is no specific way consumer stay well. Let’s take a look at how CBD and non-cannabinoid products compete across need states like immunity and sleep.

Boosting Immunity

Supporting immune systems has consistently been a consumer concern, and is particularly top of mind during the COVID-19 pandemic. Whether preventing or treating a cold, numerous products exist to support immunity. These products use an array of functional ingredients to boost immune function—most famously vitamin C. 35% of American consumers say vitamin C is an important ingredient in the products they purchase—the top reported ingredient.

The opportunity for brands?

With only 5% of American consumers seeking out CBD/Hemp, there is opportunity for CBD brands to reach these wider immunity seekers.

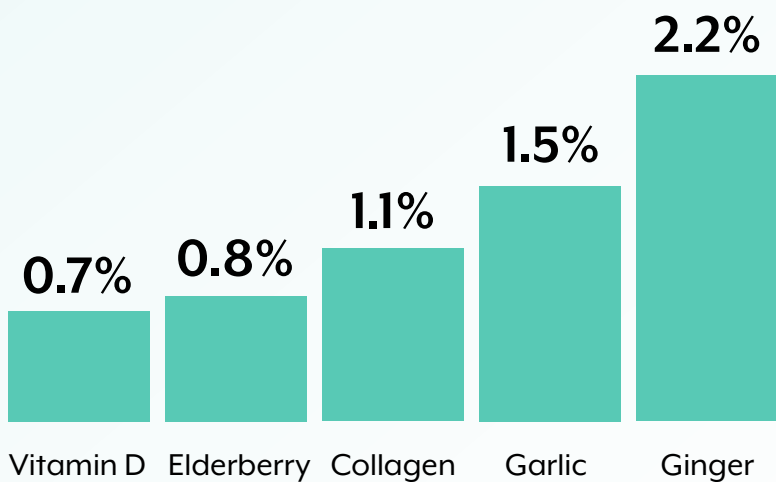


Many CBD products for immunity include other functional ingredients. Without guidance on CBD from the US Food and Drug Administration, CBD brands have added other functional ingredients to their products to support health claims. For example, CBD ImmuniTea has cannabidiol “with natural immune-supporting ingredients including Elderberry & Lemongrass.”

Additionally, these ingredients are trendier in online conversations about immunity. Looking at Evergi Conversations latest data, we can see the top growing ingredients around the topic of “immunity” on Instagram and Twitter. Understanding the trending ingredients around immunity on social can help CPG brands better innovate in the industry and compete with CBD.

Growing Immunity Ingredients

% actual social growth during January 2021



CBD vs. Non-Cannabinoid Immune Support



Zolt Boost+ Hemp Drink Mix



Emergen-C



CBD Living ImmuniTea



Traditional Medicinals Organic Echinacea Plus Elderberry Tea



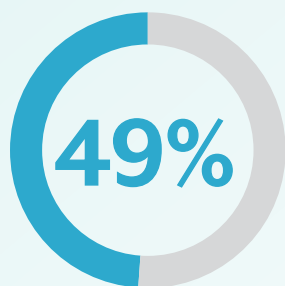
MedTerra Immune Boost Drops



Rae Immunity Drops

Supporting Sleep

In Q4 2020, sleep was the top product attribute CBD consumers report desiring from the products they buy. Nearly half of CBD users desire sleep from their CBD products! For the first time, CBD consumers desire sleep more than relaxation and physical relief—the previous top two desired attributes from Q3 2019 to Q3 2020.



of CBD Consumers
Desire Sleep from
their CBD

However, like we've seen in our cannabis consumer data, CBD use for insomnia has declined year over year. In Q4 2019, 19% of CBD consumers reported using CBD for insomnia. In Q4 2020, that dropped to 14%. CBD consumers aren't using it because they medically must; they're using CBD because they can.

With sleep being such a foundational part of physical wellness, it is clear how intertwined CBD is with other sleep aids. This is true for product format too; CBD for sleep comes in capsules, gummies, and liquid doses—just like the sleep aid products you'd currently find at the store. When CBD is regulated and large retailers are comfortable stocking ingestible CBD on shelves, the current CBD products on the market will fit right in.



CBD vs. Traditional Sleep Aids



PureKana PM
Capsules



Nature's Bounty
Melatonin Capsules



Social CBD Sleep
CBD Gummies



Nature Made
Melatonin Gummies



Dosist Sleep
Tincture

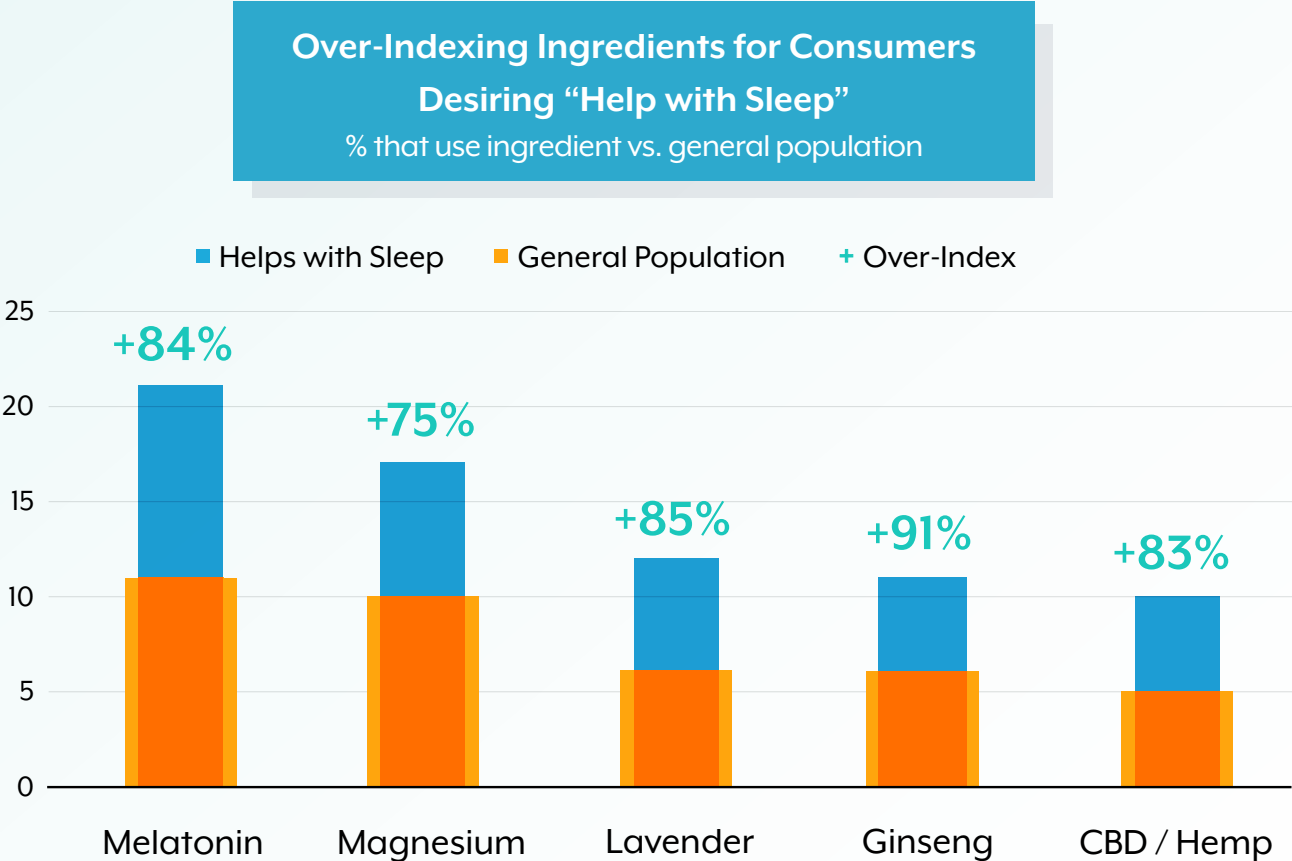


Vick's
ZzzQuil

There are many other ingredients consumers use to support sleep. Looking to the Evergi Consumer portal, we see the wellness ingredients consumers buy based on what health claims are important to them. Consumers who look for products that “help with sleep” over-index for nearly all wellness ingredients, especially ginseng, lavender, melatonin, CBD, and magnesium. Products with these ingredients come in diverse product formats, and CBD brands already offer similar product types and functional ingredients.

The opportunity for brands?

CBD brands can strategically break into traditional channels before regulatory barriers lift with sleep products. A non-CBD sleep product similar to a brand’s CBD offering is a strategic way to get on brick-and-mortar and online shelves. This helps CBD brands get ahead and exposes consumers to their brand name and use case.

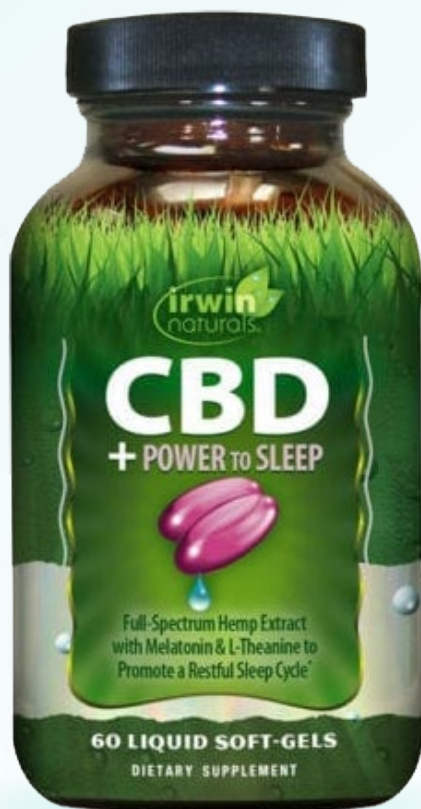


A Brand with Both

Irwin Naturals is a brand with both CBD and non-cannabinoid supplements. Their products are sold online and at independent and chain retail locations, including GNC and the Vitamin Shoppe. Their non-CBD line is sold in Whole Foods, which currently only sells CBD topicals. Time will tell if Irwin Naturals CBD products hit shelves at Whole Foods, but with the retail relationship formed, they may have an easier time getting on shelf compared to other brands.



The brand's online store has a “better sleep” section that includes CBD and non-CBD options. Irwin Naturals doesn't limit themselves to being a CBD company, but instead incorporates CBD into their existing vitamin and supplements lines to create a robust wellness brand.



CBD +Power to Sleep



Power to Sleep PM

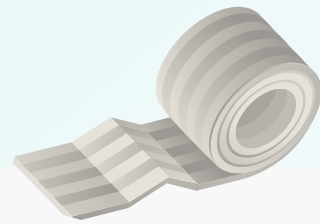
Topical Pain Relief

Balms for pain relief have existed since the 19th century for pain from injuries, stiffness, or soreness from an exercise. Using active ingredients like methyl salicylate, menthol, or capsaicin, over-the-counter topicals such as Bengay and IcyHot have been used by generations for pain relief.

Today, there are hundreds of options for topical pain relief—CBD included. While CBD brands cannot directly claim their products relieve pain, they’ve creatively named products and fostered specific associations to get their pain-relief message through. For example, CBDfx has a topical line simply called “Muscle and Joint” that comes in a “cooling formula” as a balm stick or cream.

The opportunity for brands?

Without having to consume the CBD to enjoy the product, topicals are a particularly desirable product type for brands looking to get a CBD product on brick-and-mortar shelves. CVS Pharmacy carries CBD topicals from dozens of brands like Social CBD, Sagely Naturals, and MedTerra. For this same reason, CBD topicals could be a good entry point into cannabinoids for wellness and ingredients brands looking to expand.



CBD vs. Traditional Pain-relief Topicals



CBDistillery
Warming &
Cooling Creams



IcyHot



CBDfx Muscle



Joint Cream &
Aspercreme



Green Roads Heat
Relief Roll On



Biofreeze
Rollon

Conclusion

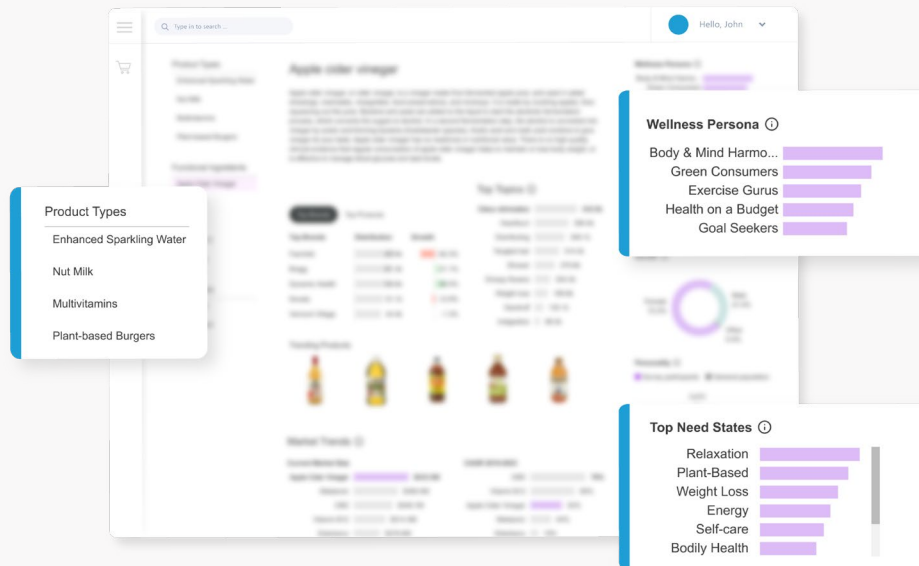
CBD brands have the opportunity to expand beyond cannabinoids. This allows them to create relationships with existing wellness customers already looking for pain relief, increased immunity, and sleep support among dozens of other consumer needs. The CBD industry continues to grow and impact more of consumers' everyday lives. CBD brands will increasingly compete with products of similar use cases—no matter if it has CBD or not. Plus, non-CBD offerings provide a foothold in ecommerce spaces that are currently not CBD friendly—like Amazon and mainstream grocery chains.

In 2021, it's imperative that consumer packaged goods companies keep an eye on CBD. With its diverse product formats and use cases, cannabinoid-based products will continue growing its share of the wellness pie. CPG companies looking to compete should consider if a CBD brand—created or acquired—could fit in their portfolio for the future of CBD wellness.



Introducing Evergi, your integrated answer to innovation.

Streamline your go-to-market strategy with integrated research on emerging wellness products.



Brightfield Group is the leading research firm for emerging markets including CBD, Cannabis, and Wellness. By integrating multi-source data with AI and research expertise into our cross-comparable data lake, we uncover robust insights as new markets develop. Since 2015, we have helped Marketing, Innovation, and Insights leaders drive customer-centric strategies on their next big idea.

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