

Welcome to the first issue of CBD Market Trends

# CBD MARKET TRENDS

BROUGHT TO YOU BY GLOBAL WIDGET'S CBD UNIVERSITY

JUNE 2020

## TRENDING NOW

Retailers focusing on manufacturer partnerships for growth

More CBD, more value... The next trend?

Strategies to keep CBD sales from moving online

FDA cracking down on CBD claims and misinformation

CBD topicals sales show promise in retail setting

### This issue includes:

- CBDU podcast update
- Expand the brands
- From the compliance desk
- Did you know?
- In the news

**MORE** of what you need to  
**succeed in CBD**

# Experience & partnership the keys to success

As one of the largest, most vertically integrated CBD manufacturing facilities in the nation, our goal is to keep you up to date and more informed about the CBD marketplace — especially now, in these challenging times — so you can make the best decisions for your business and your customers.

The powerhouse behind the iconic Hemp Bombs® brand as well as Nature's Script™ and Perfect Paws Hemp™ for pets, Global Widget™ has worked closely for years with many major distributors and thousands of retail stores. We've gathered a vast library of knowledge about what works in the CBD market and what doesn't. From legal issues and distribution best practices to pricing models and selling strategies, we've tackled the greatest barriers to CBD success. We've collected data, analyzed it, and learned from it.

Without a doubt, learning from one's mistakes is key in this emerging industry. That, and a strong vision and business plan.

CBD Market Trends will cover those topics and many more of interest that we regularly discuss via CBD University, our ongoing educational program of weekly podcasts, our 'Ask the Experts' LinkedIn series, and complimentary on-site "Seeing is Believing" facility tours. Our emphasis will be on CBD trends unique to our growing customer base — multi-outlets, grocery and c-stores, pet stores, nutraceuticals, health and beauty shops, and white label/private label and bulk customers.

CBD success in 2020 and beyond will take a tighter focus on business integrity and ethics, operational efficiencies, regulatory compliance and production quality. And, most of all, it will take relationships...

We want you to know that we're here and ready to help.

We'd love to talk.  
We hope you enjoy CBD Market Trends.

**Give us a call at (800) 589-9098,**  
or contact us at  
**sales@globalwidget.com.**



# 5 TRENDS

we're noticing in the CBD marketplace

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## An overlooked relationship? Retailers focusing on manufacturer partnerships for growth

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While retail in-store spending seems to have turned a corner and is picking up, the shopper's world continues to change and evolve, leaving retailers looking for better ways to become more customer-focused.

When shopping becomes more complex for customers, as it is now with the Coronavirus, category managers must evolve from "aisle experts" to "shopper experts," Convenience Store News recently reported. "When retailers partner with manufacturers to understand the total retail experience, they can unlock growth for their stores," the report said.

The best solution lies not only in retailers adapting their physical stores and digital shelves, but also in deepening their relationships with manufacturers who can provide a greater level of product and buyer insight than ever before.

"As a manufacturer and a CBD leader in the retail space, we constantly stress the importance of partnership," said Vince Gillen, VP of Sales for Global Widget. "What we offer at Global Widget isn't just CBD, it's the support that comes with it — the compliance, account management, marketing, shipping speed, financial stability, and more. It's understanding the end consumer, promotion strategy and sales expertise to increase profitability and, most importantly, sell-through."

## More CBD, more value... The next trend?

Global Widget recently lowered the price per milligram of CBD with the launch of its upgraded CBD oil product lines from Hemp Bombs and Nature's Script. Both brands now feature CBD oil tinctures ranging from 300 mg per bottle up to 5,000 mg.

The 5,000 mg oil tinctures, for example, come with a Manufacturer Suggested Retail Price (MSRP) of \$249.99, which equals less than \$.05 per milligram of CBD for consumers. Other top competitors in the CBD industry range from \$.052 per milligram to more than \$.097 per milligram.

"The response has been great," said Vince Gillen, Vice President, Sales for Global Widget. "Our customer surveys tell us this is what people want, and we hear from our partners that this is what sells. I think we're now seeing other CBD companies trying to either raise their CBD potencies or lower their costs."

Gillen said Global Widget's efficient operational processes, in-house extraction, distribution capabilities and "culture of compliance" have allowed it to increase CBD potencies without increasing price points and also launch a white label/private label division.



Since the debut of our CBD University Podcast on Friday, November 15, 2019, we have surpassed 10,000 downloads! So far, 25 episodes have been published featuring our in-house subject matter experts and industry leaders discussing compliance, safety, legality, new products, and industry news and trends. You can subscribe to our podcast on your preferred streaming platform and catch full video episodes on Global Widget's YouTube Channel.

[Watch the podcasts](#)

## FDA cracking down on CBD claims and misinformation



U.S. regulators have been sending warning letters to CBD companies making unwarranted health claims regarding CBD as an alternative to opioids or as a treatment for COVID-19. There is no evidence that the compound could be useful in treating COVID-19 or other diseases.

FDA Commissioner Stephen Hahn has said that the agency will be aggressively monitoring and pursuing businesses and bad actors whose actions are deemed to be putting the public health at risk.

“If you’re being compliant, selling CBD is perfectly legal – it’s selling it while claiming it cures COVID-19 or other diseases that is the problem,” said Margaret Richardson, Chief Compliance Officer for Global Widget. “There’s zero evidence for that right now.”

Richardson said, however, that controlled clinical studies are currently underway to determine the therapeutic benefits of CBD, but there is a need to balance safety.

“From our perspective at Global Widget and all of our different brands, what we really focus on is making sure that the labels not only follow FDA guidance but also follow the Federal Trade Commission,” she said.

“We are not making claims,” said Rod Kight, renowned cannabis attorney for Global Widget. “We’re supporting our retailers and our affiliates in how they market their products. And we’re always available as a resource on the legal side or the scientific side.”





## CBD topicals sales show promise in retail setting

In-store category performance is on the rise, with Health & Beauty Care categories seeing increases in dollar spend among multi-outlet, grocery and c-stores – and that includes CBD topicals.

According to statistics from Allied Market Research, CBD skin care sales were estimated at more than \$736 million last year, with the market rising to an estimated \$3.48 billion by 2026.

These figures are making CBD topicals attractive, especially to big retailers. “Retailers know that consumers are looking for new and exciting products derived from natural sources and CBD topicals fit this perfectly,” said Kevin Collins, co-founder and co-CEO of Global Widget. “They’ve always been some of our bestsellers. Even after significantly expanding our CBD topical product offerings in 2019, we had customers demanding more skin care products.”

Collins expects CBD topicals addressing pain relief – such as heat sprays, pain gels, and pain patches – to lead the way, as these products have a very broad appeal”, especially among athletes and the elderly.

“You can anticipate a greater expansion of our CBD topicals later this year,” he said.



## Strategies to keep CBD sales from moving online



At a time when consumers are focusing on their health, searching for anxiety-easing solutions and prioritizing self-care in quarantine, CBD seems perfectly situated to fit the bill. As people struggle to manage their lives in quarantine, there has been a noticeable shift to more online spending, including with CBD. Brightfield Group's research shows one-third of existing CBD consumers plan to switch to purchasing online during this time.

Yet, recent retail metrics also show that more shoppers are going to their nearby c-stores and grocers — the stores closest to their homes — for essentials, which is increasing local foot traffic.

According to Vince Gillen, VP of Sales for Global Widget, that's an opportunity for more CBD in-store sales, especially impulse buys.

Gillen said packaging, placement and price point matter most for impulse buys. "The packaging and display has to capture attention, be visible and people have to know it's CBD. It should stand out and, basically, sell itself. The price point is important too. A CBD product that costs less than \$10 is much more attractive to a first-time buyer that has never tried it before vs. something over \$30."

Global Widget™ offers a unique price protection feature for its partnering brick-and-mortar stores. The company's online pricing is significantly higher than suggested retail prices to encourage purchase at physical store locations, which prevents the manufacturer from taking customers' sales online.

For instance, a Hemp Bombs® or Nature's Script™ CBD product that costs \$9.99 in a store will cost \$14.99 on our website plus shipping — enough of a savings to keep customers returning to the store for CBD. "Stores can and should still be the trusted CBD source for all of their customers — especially right now," Gillen said.

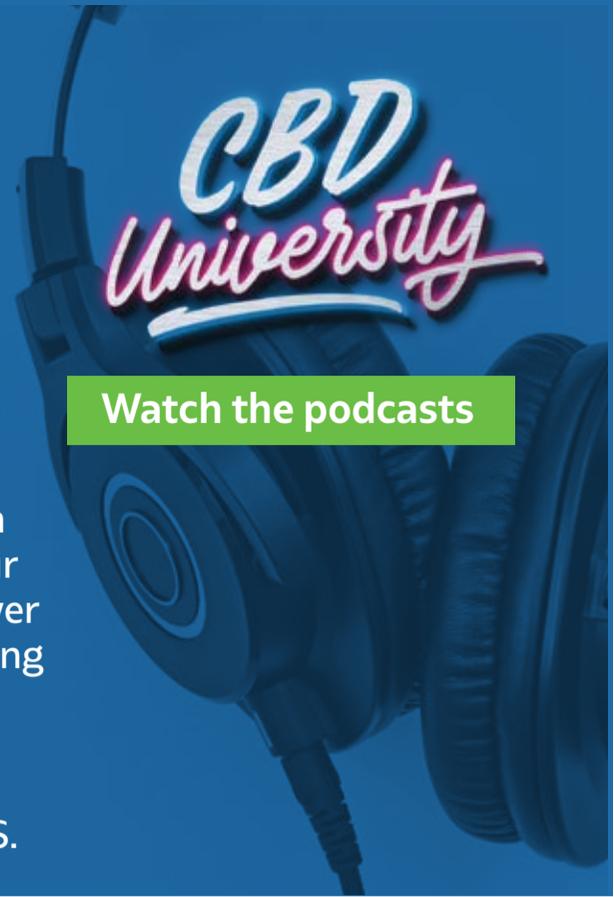


## CBDU Podcasts Update



- Our most recent episodes of the CBD University Podcast feature industry advocate and attorney, Rod Kight, and our Chief Compliance Officer, Margaret Richardson, discussing the issues with companies making claims regarding CBD products. Listen to ‘**Episode 23** – Claims in the CBD Industry: Too Good to Be True?’
- **MORE. IS. BETTER.** Our year of more kicks off with Episode 24 featuring Co-Founder Kevin Collins as we debut the new line of CBD oils from Hemp Bombs and Nature’s Script. More CBD. More flavors. More value for our customers. Hear about how we continue to set industry standards with a lower price per milligram of CBD than any of our competitors by watching or listening to the episode.
- **Episode 25** – State Regulations and CBD: Margaret Richardson, Chief Compliance Officer at Global Widget, covers variations in legislation in the US.

Watch the podcasts



From the Compliance Desk



## What is the Florida Food Hemp Certification and why is it important?

The Florida Hemp Food Certification signifies that an establishment sells or manufactures products containing CBD intended for human ingestion and has been inspected and approved by the Florida Department of Agriculture and Consumer Services.

Further, the requirements for these establishments are very similar to traditional food manufacturing establishments already put in place by the FDA in 21 CFR 117, but include additional regulations based on the presence of CBD in the products. These regulations cover labeling, reporting, testing, and more.

To view the Florida Department of Agriculture and Consumer Service’s Hemp Food Establishment Guide, [click here](#).

Why is the Florida Hemp Food Certification important? According to Margaret Richardson, Chief Compliance Officer at Global Widget, “The Florida Food Hemp Certification confirms that Global Widget is cGMP compliant. It confirms that from formulation through distribution, Global Widget has created and implemented controlled processes that ensure the products are safe for our customers.”

Global Widget’s Plant 6 and Plant 7 have both received Florida Food Hemp Certifications.



# CBD MARKET TRENDS

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## In the news

## Latest news from the CBD & Hemp industries



- Texas proposes rules for edible hemp production and sales
- FDA warns 2 companies to stop pushing CBD for opioid addiction
- Virginia governor signs CBD food regulations into law
- FDA updates reporting requirements for product adverse effects

## Expand the brands

### New and updated products to expand your brand offerings.

#### Tincture Oils:



New CBD Oil flavor, Chocolate Mint, and increased potencies are now available.

#### New Roll-ons:



The extremely popular CBD Pain Freeze and CBD Cryotherapy gels now come in an easy-to-use, no-mess roll-on applicator.

#### New Pain Gel Potencies:



We've increased the CBD milligrams in our popular Pain Freeze and Cryotherapy CBD gels.