



The rise of CBD in health and beauty

March 2022



What is CBD?



The Endocannabinoid system mediates systemic health

- Kidney
- Liver & Spleen & everything in between
- Endocrine glands
- Fatty tissue
- Blood vessels
- Blood cells
- Lymph cells
- Brain
- Nervous system
- Heart & Lung
- Bone & Muscle
- Immunesystem
- Digestive system
- Skin

The Endocannabinoid system regulates

- Pain
- Motivation & reward
- Appetite
- Inflammation
- Thermoregulation
- Eye pressure
- Muscle control
- Sensation
- Energy
- Metabolism
- Mood
- Stress response



- CBD (cannabidiol) is one of over 100 cannabinoids found in the hemp plant. CBD oil works naturally with the body's own endocannabinoid system (ECS) to promote wellness without getting you "high"
- CBD products are tested and verified to contain trace amounts of THC at or below 0.3% and can safely provide number physiological benefits
- **CBD is legal in all states after the 2018 Farm Bill removed CBD from the Controlled Substances Act, but laws still differ state-by-state. States differ on the percentage of THC acceptable, CBD potency, form (flower, oil, edibles, etc.), and even the marketing terms used.**

CBD growth due to increased availability and consumer acceptance



Expansion into B&M

More CBD products will be hitting the shelves of brick-and-mortar retail as popularity is considered mainstream



Emergence of new brands and products

New product selections like topical creams, facial skin care, gummies, and more



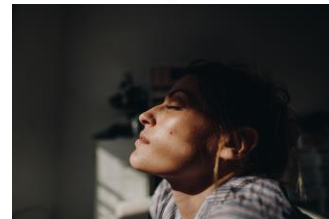
Online growth

E-commerce provides wider selection and convenience



Consumer acceptance

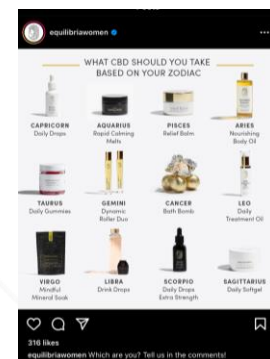
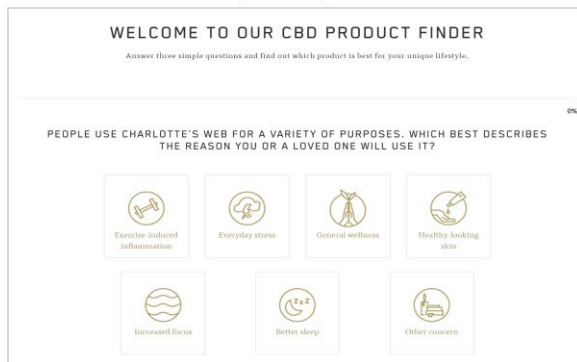
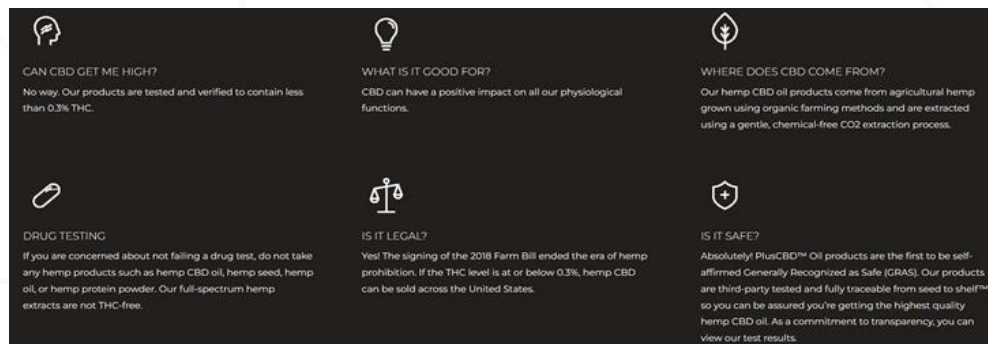
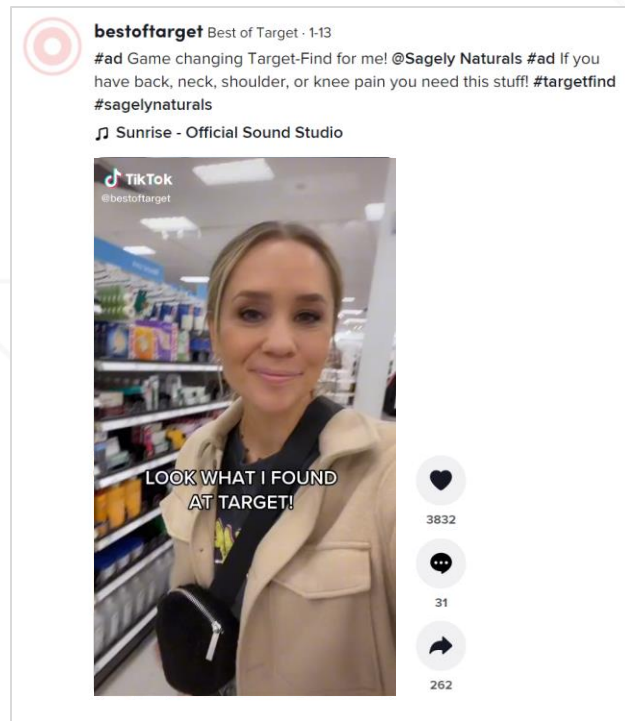
With more acceptance from consumers, CBD products have grown in \$ sales since their introduction



Versatility

CBD is known to improve sleep disorders, pain, muscle spasticity, anxiety, and pain and leads to better sleep

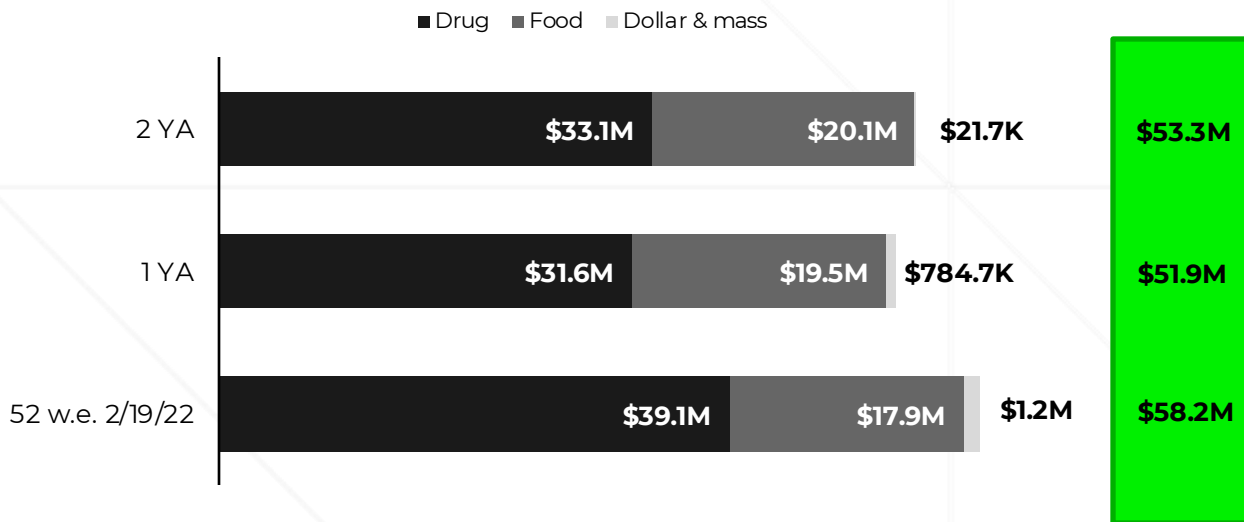
Social media a key driver of CBD education



CBD sales up 4.5% (\$4.9M) in two years

Drug (+\$6.0M) and dollar & mass (+\$1.2M) grew significantly

CBD in health and beauty



Source: NielsenIQ RMS, xAOC 52 W/E 2.19/2022, 52W YA W/E 2/20/2021, 52W 2YA W/E 2/22/2020

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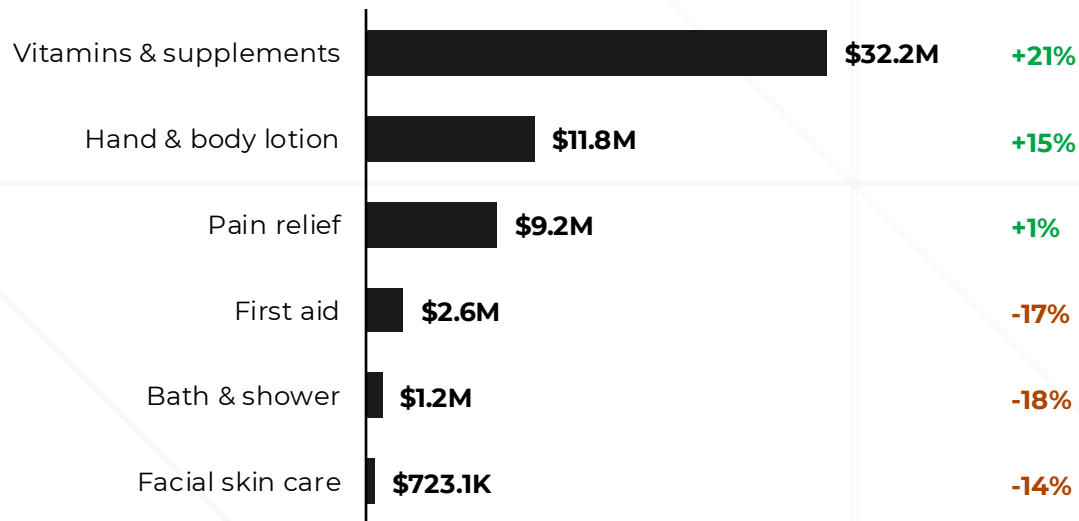


Vitamins & supplements represent 55% of the total CBD category in health & beauty

CBD categories in health & beauty

L52W sales

% CYA



Top in-store CBD brands focus on vitamins and HBL



\$ sales

	Charlotte's Web	Sageley Naturals	PlusCBD Oil
Vitamins & supplements	\$10.9M	\$400	\$1.1M
Hand & body lotion	\$3.1M	\$1.6M	\$1.0M
Pain relief	-	\$793K	-
First aid	-	\$201K	-
Facial skin care	-	\$189K	-



Website reviews:



Best CBD yet: I've tried a few different brands of CBD up to this point, but Charlotte's Web is the best I've used yet. The quality and potency of the original formula is top notch.



These calm and centered CBD soft gels are a daily ritual for me; They truly bring a sense of calm and collectedness to my busy schedule. I feel in control and composed.



I am great believer in the PlusCBD products. I've been a customer for 3+ years. It helps reduce joint pain and contributes to a more positive, energetic.

Online remains a popular channel for CBD brands

\$ sales

\$353K

\$651K

\$531K

Lord Jones

Happy Dance

Cannuka

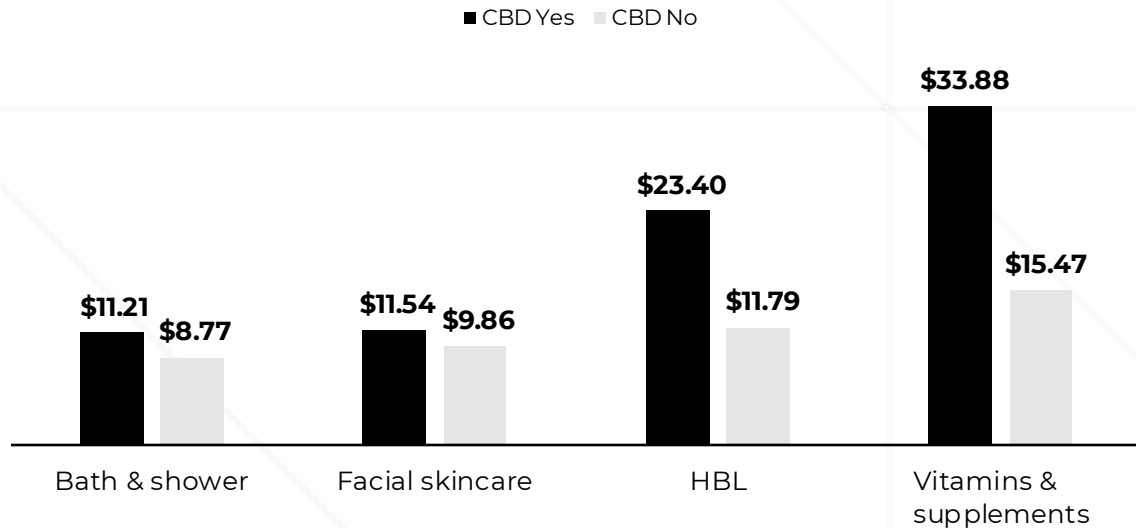


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Products containing CBD can go for over double the price of non-CBD items

Average unit price – with/without CBD



CBD shoppers tend to be older, higher-income, and live in the west



Age

55-64 yrs old
140 Index



Income

\$100K+
128 Index



Children

Under 6 & 13-17
202 Index



Region

West
135 Index

Key Action Steps

1. **Education** is key - consumers are still learning about CBD, and brands and retailers can help them understand the variety of benefits of this supplement
2. **Ecommerce** is a key channel for CBD and should be a focus area, however in-store sales are starting to pick up as well
3. **Effective Entry** can be done by launching in key categories such as Vitamins & Supplements or Hand & Body Lotion. If you are considering entering on another category, make sure the benefits are clearly communicated to consumers





Project team

Integrating insights and expertise across organizations

NielsenIQ

Nathalia Ribeiro

Nisha Desai

Leah Shindler

Anna Mayo

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Rakuten Intelligence uses its e-commerce panels to reveal new insights about online consumer trends, retailers, brands and logistics companies. They provide a detailed view of online sales and competitor performance data, giving you visibility into your business and industry.

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For more information about this analysis, please contact:

Nathalia Ribeiro (nathalia.ribeiro@nielseniq.com), **Nisha Desai** (nisha.desai@nielseniq.com), **Leah Shindler** (leah.shindler@nielseniq.com), **Anna Mayo** (anna.mayo@nielseniq.com)



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