



ECigIntelligence

Regulatory and Market Intelligence for the e-Cigarette Sector



TobaccoIntelligence

Regulatory & market intelligence for alternative tobacco & nicotine products



CannIntelligence

TPE: Fortify Your Future 2024

Day 1: Marketing & Product Intelligence

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Tuesday January 30, 2024



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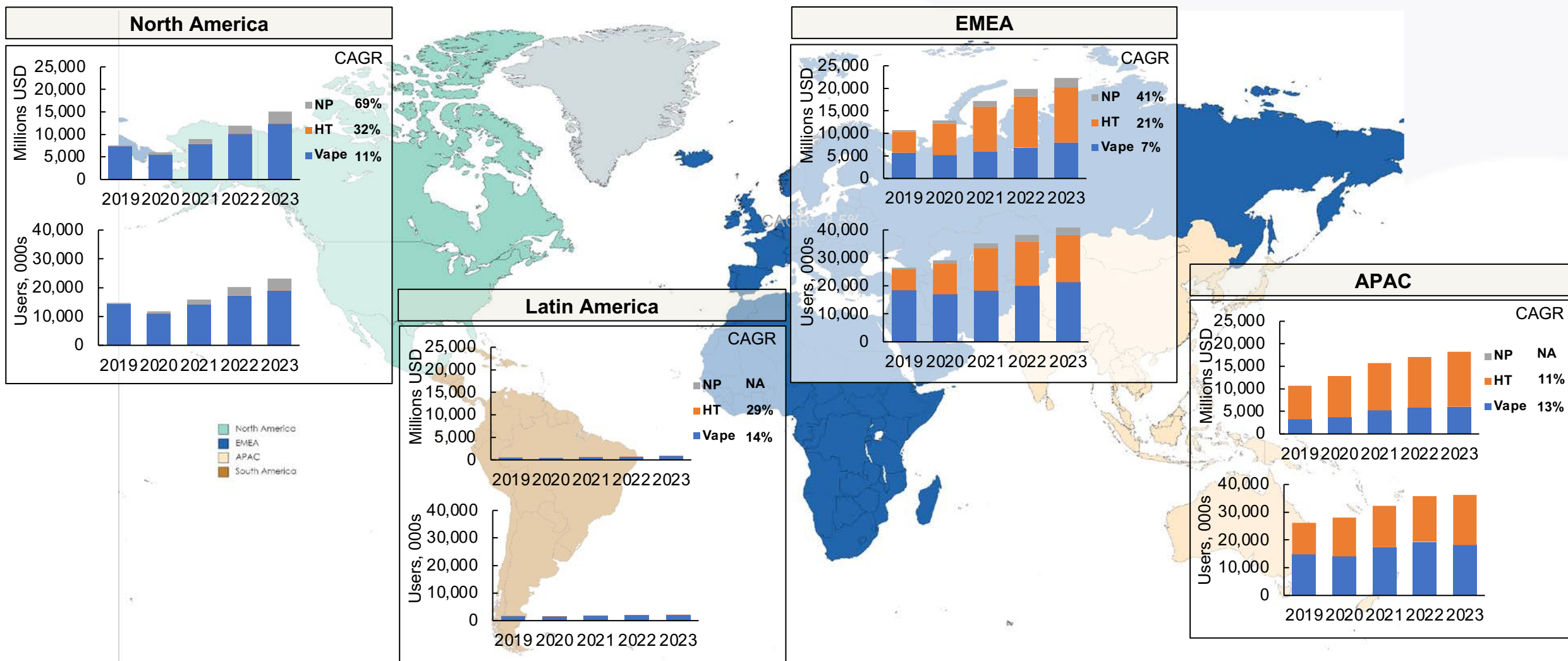


CannIntelligence

Regulatory and market intelligence on cannabis

- ▶ **Global overview and regulatory outlook for new nicotine**
- ▶ **Disposables: new trends and regulatory forecast**
- ▶ **Nicotine pouch**
- ▶ **Cannabis: CBD; Delta-8**
- ▶ **Other products: THCA; Kratom**

Global New Nicotine Products: market size/growth US\$m



Global novel nicotine market value: >c. US\$60bn, >100m users in 2023

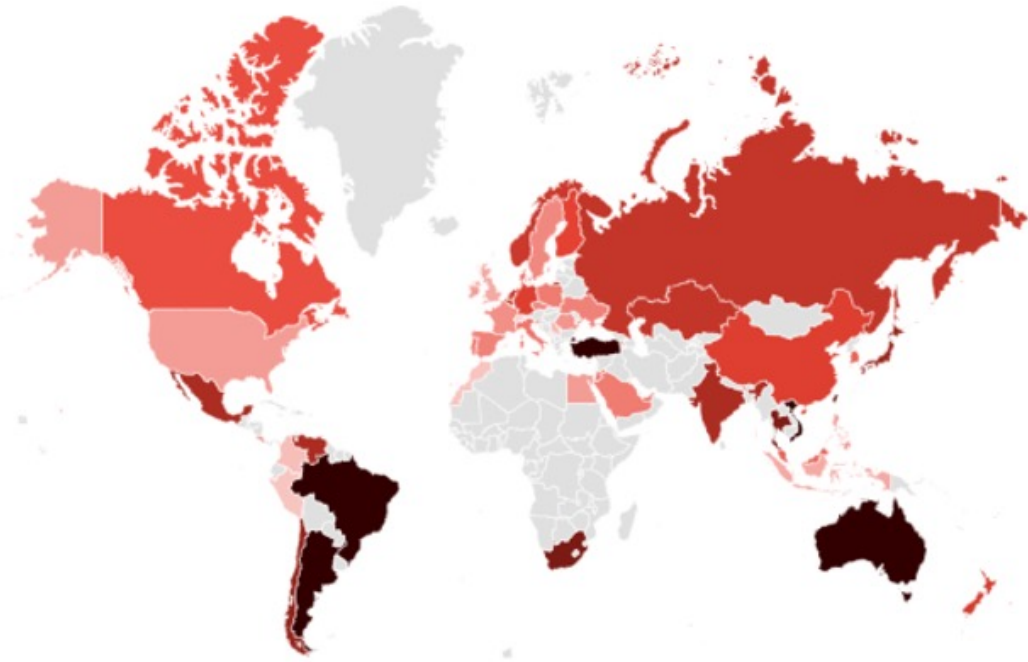
Notes: NP=Nicotine pouches (tobacco-free nicotine containing pouches placed under the lip), HT=Heated Tobacco/Heat-not-burn, Vape=Vaping products/Electronic cigarettes

Source: ECigIntelligence and TobaccoIntelligence Global Database, November 2023; CAGR calculated for period 2019-2023


Regulatory risks for New Nicotine Products

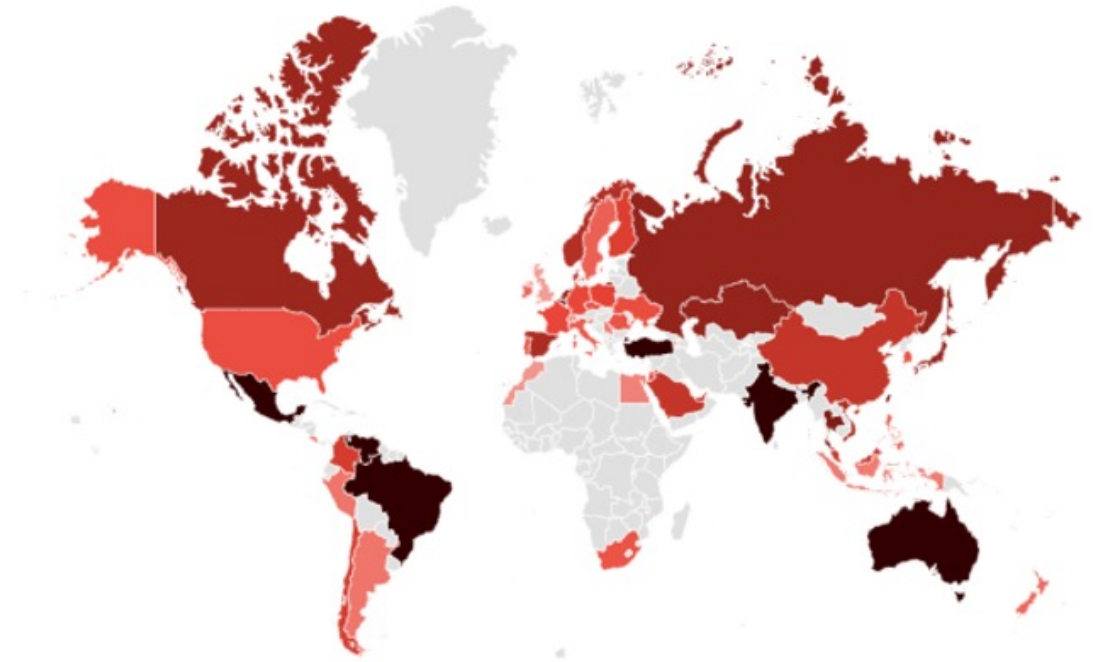
Current policy score

Score 
0% 50% 100%



Future policy score

Score 
0% 50% 100%

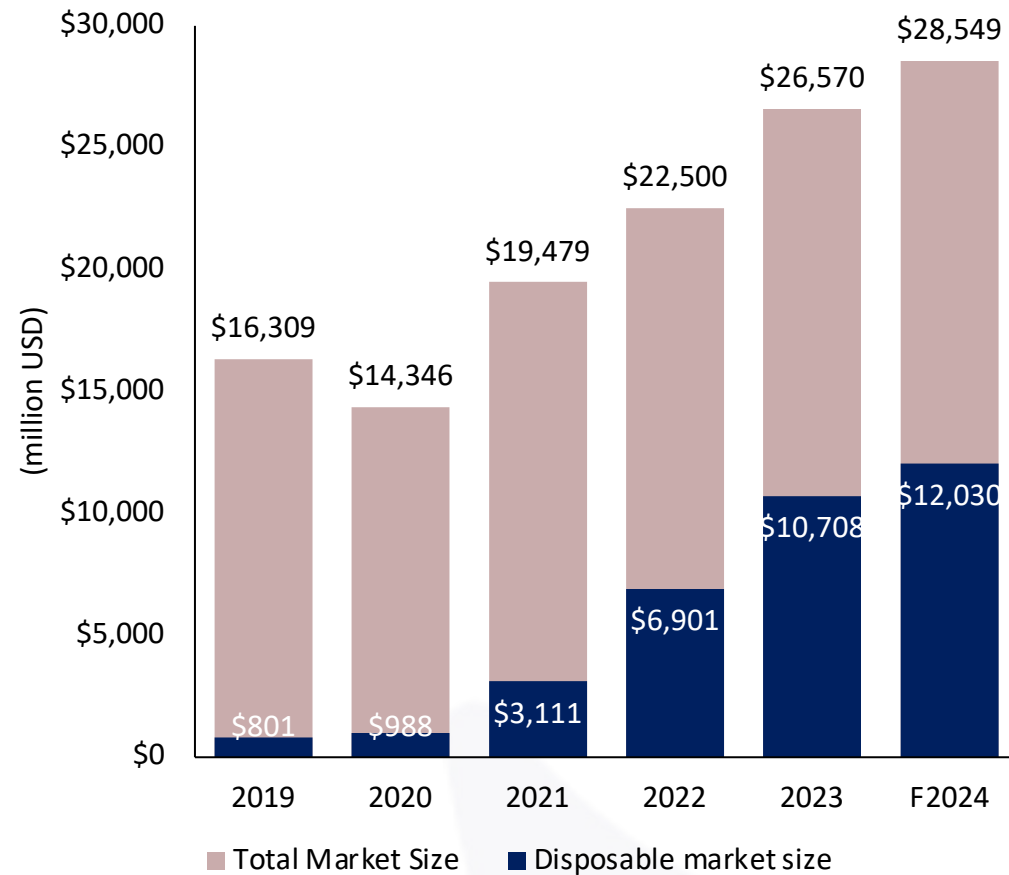


Main legal risks for novel nicotine and tobacco products:

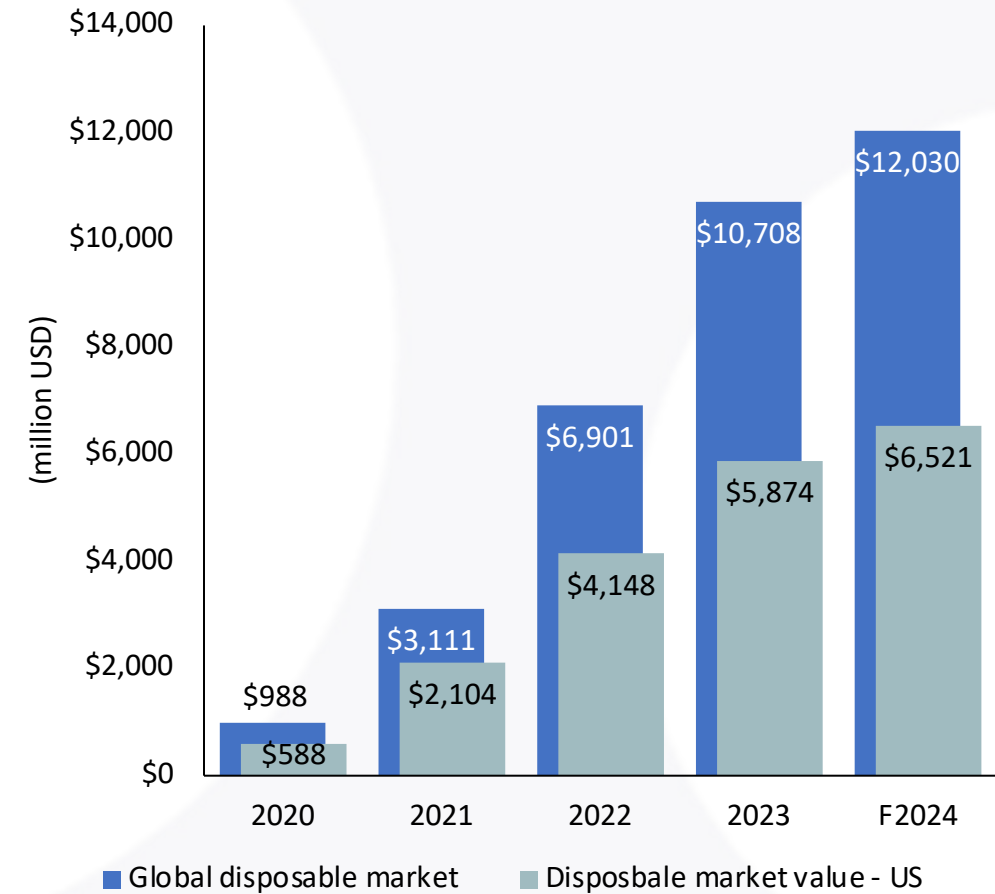
- Product and generational bans
- Very strict regulatory framework
- Disposables product bans
- Environmental restrictions

Total disposable market size

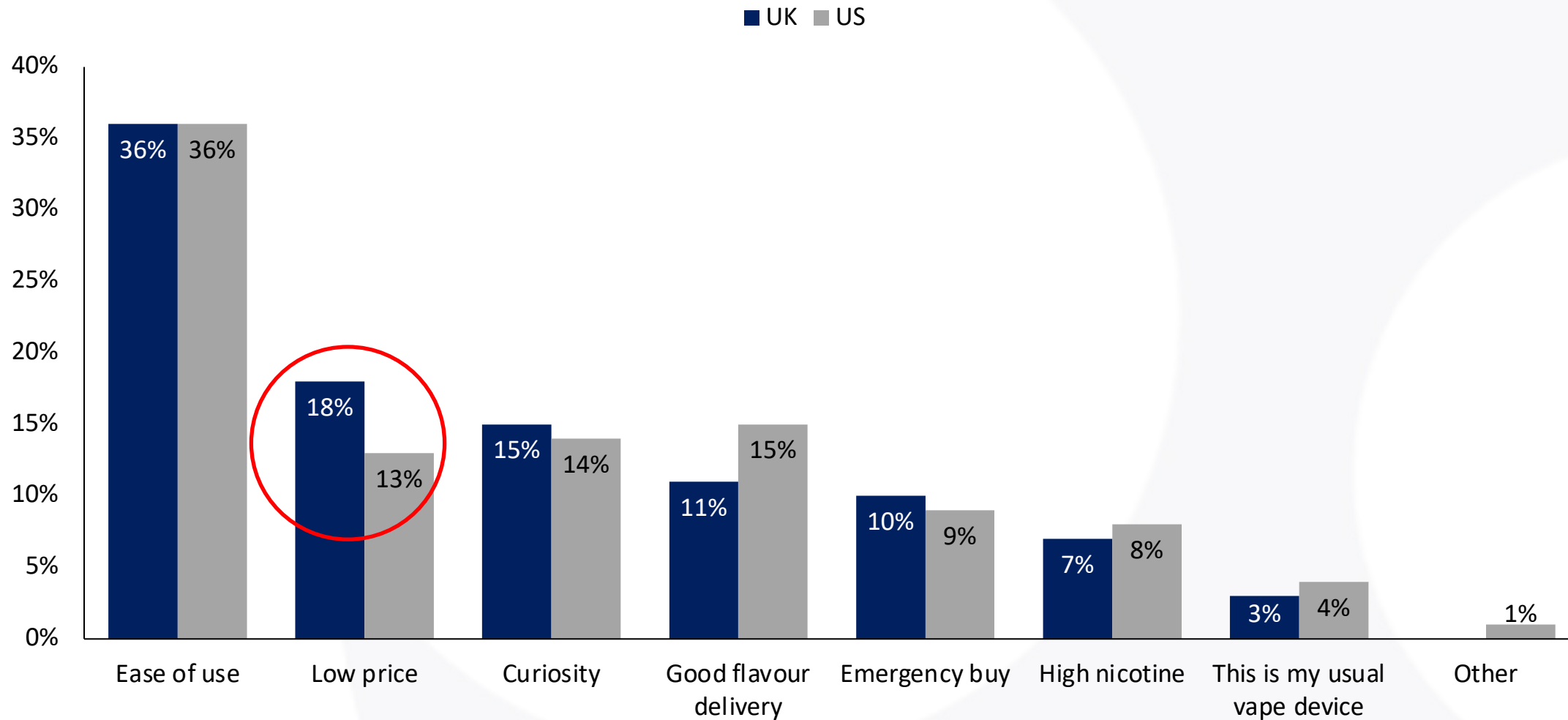
Global vape market size



Share of the US in global disposable market



Top reasons to buy a disposable device

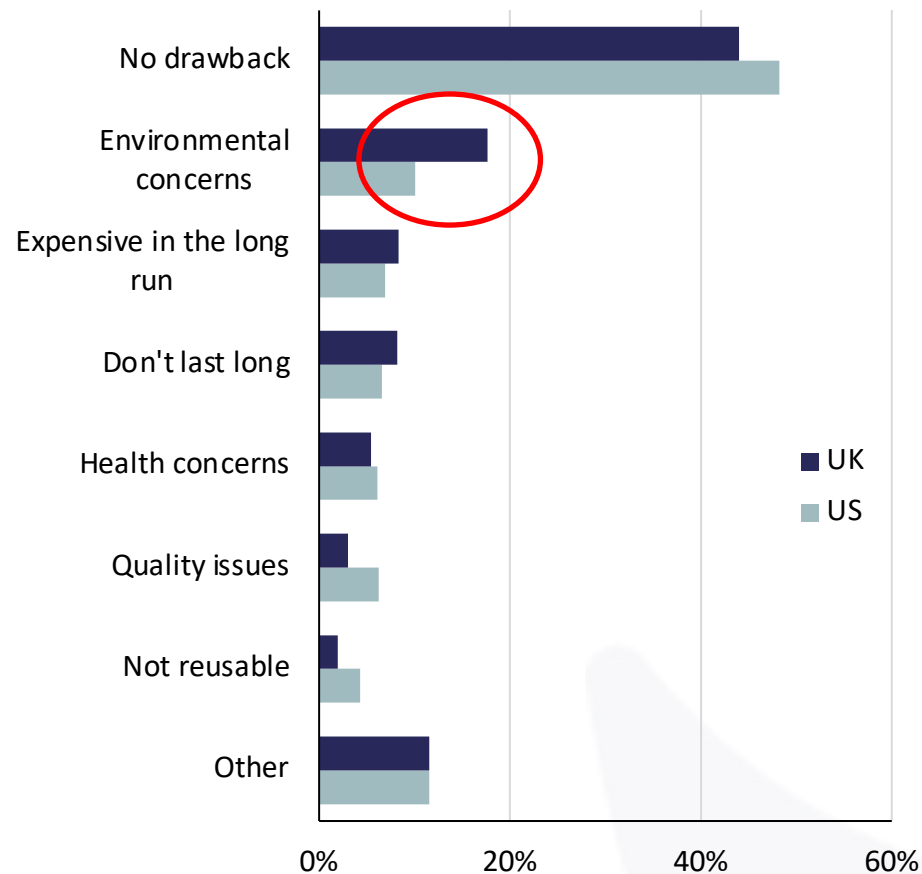


Notes: UK: n=721; US: n=1343; Q: What were your top 3 reasons to buy a disposable? Select at least one reason, results were weighted based on rank

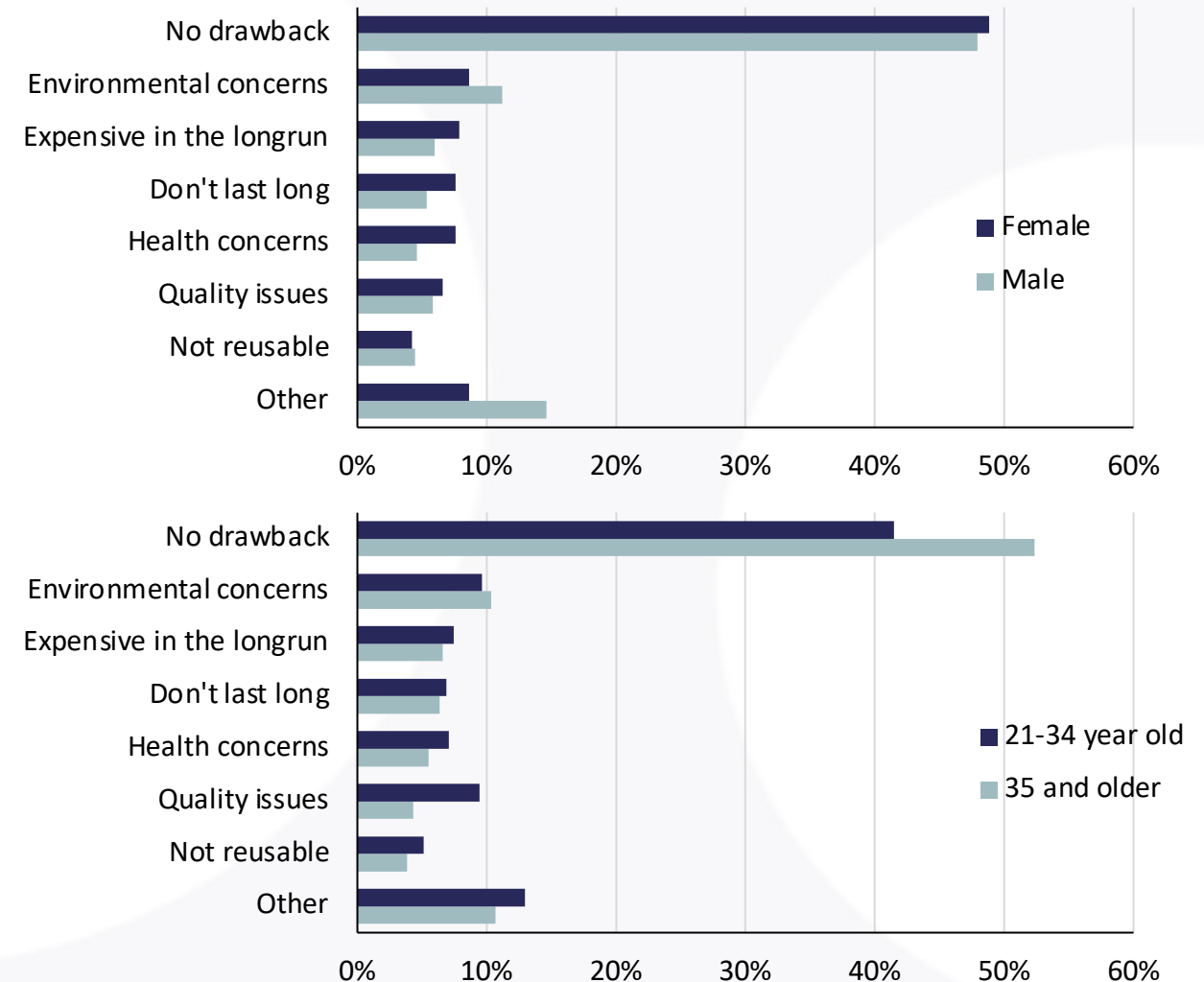
Source: ECigIntelligence vaper consumer survey, August 2022

Drawbacks of disposable devices

Q: "Can you think of any drawbacks of disposable devices?"



US Segmentation

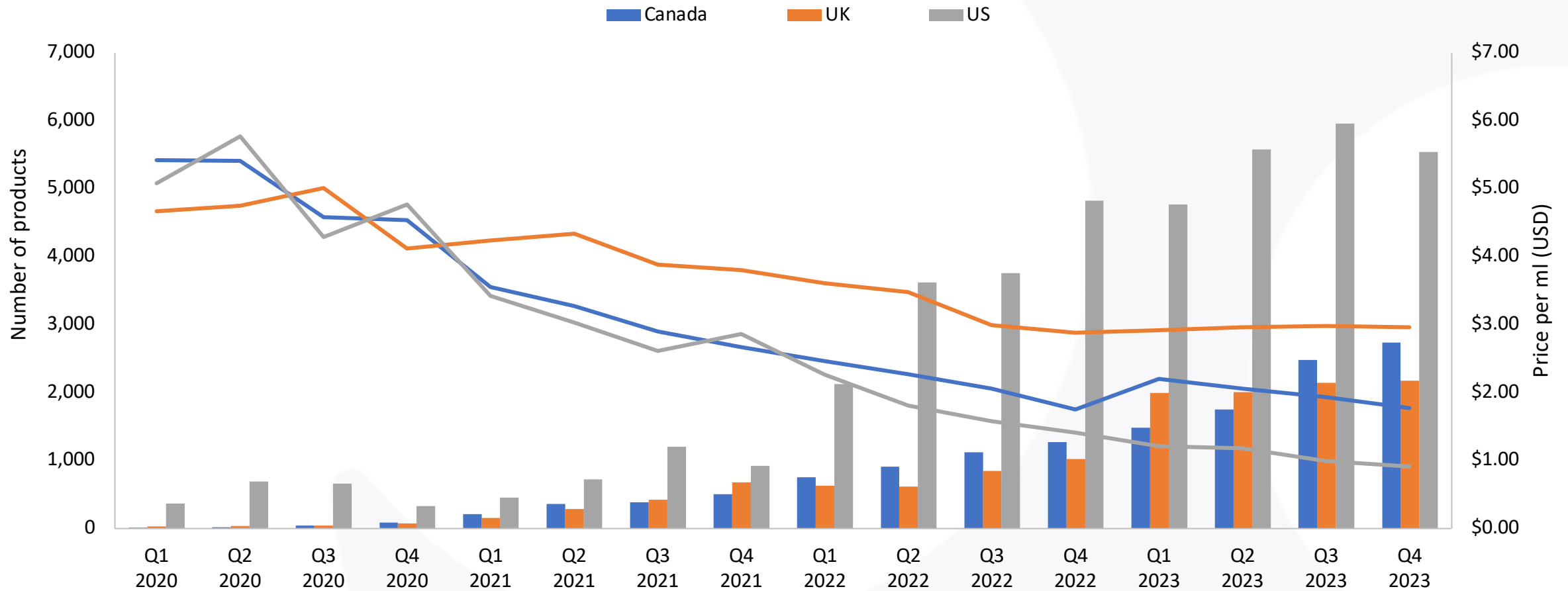


Notes: UK: n=721; US: n= 1342; analysis conducted on open text entries; Q: Can you think of any drawbacks of disposable devices?

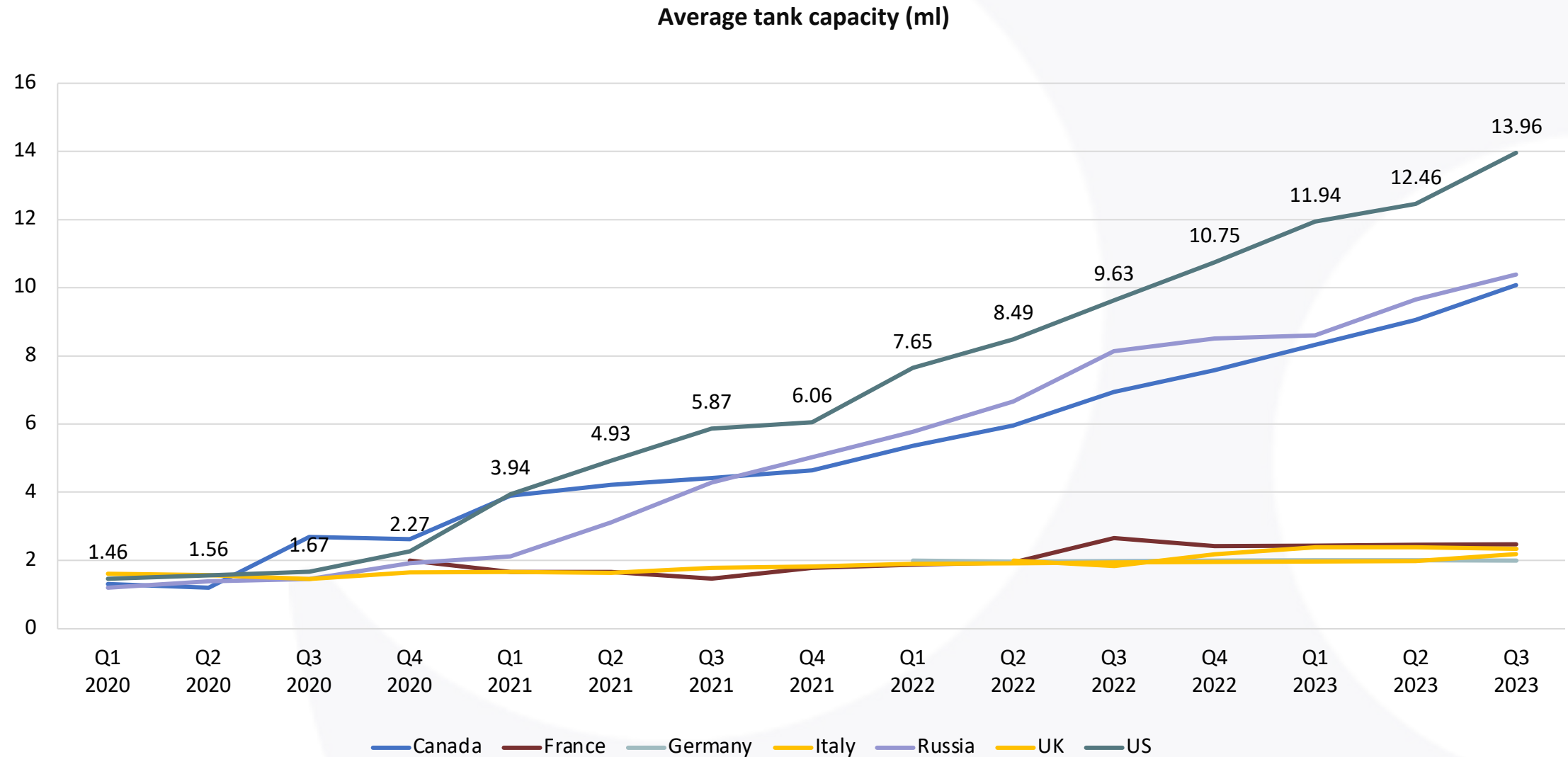
Source: ECigIntelligence vapor consumer survey, August 2022

Disposable offer online – price per ml

Disposable vape: Number of products offered; Average price per ml

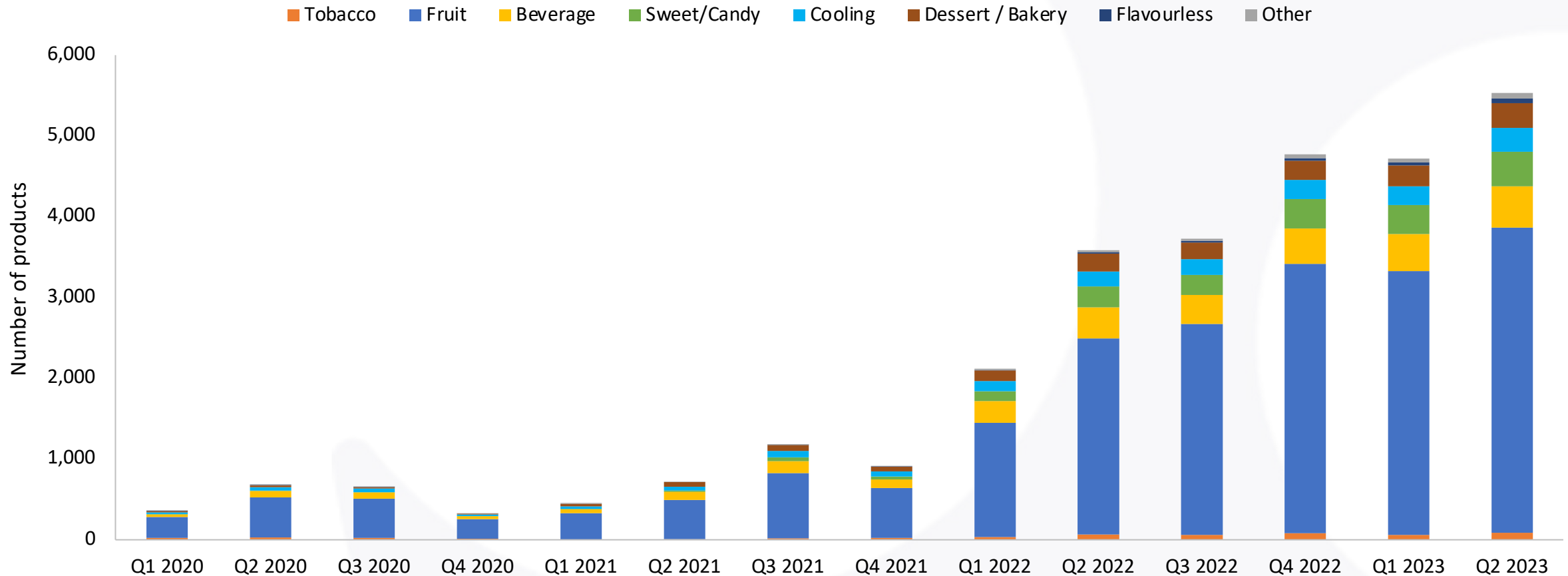


Disposable offer online – ml capacity



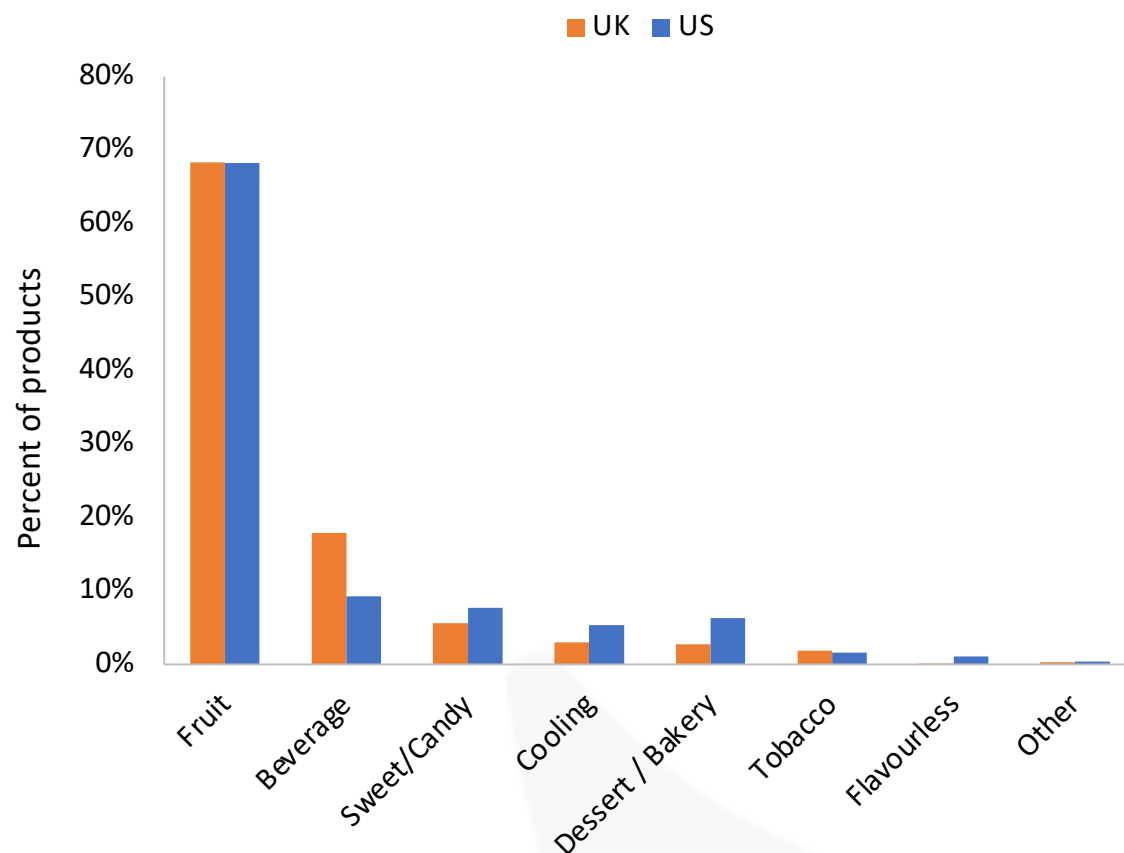
Disposables: only 2% of products are tobacco flavoured

Flavour category of disposable e-cigarettes
(top 5 online retailers)

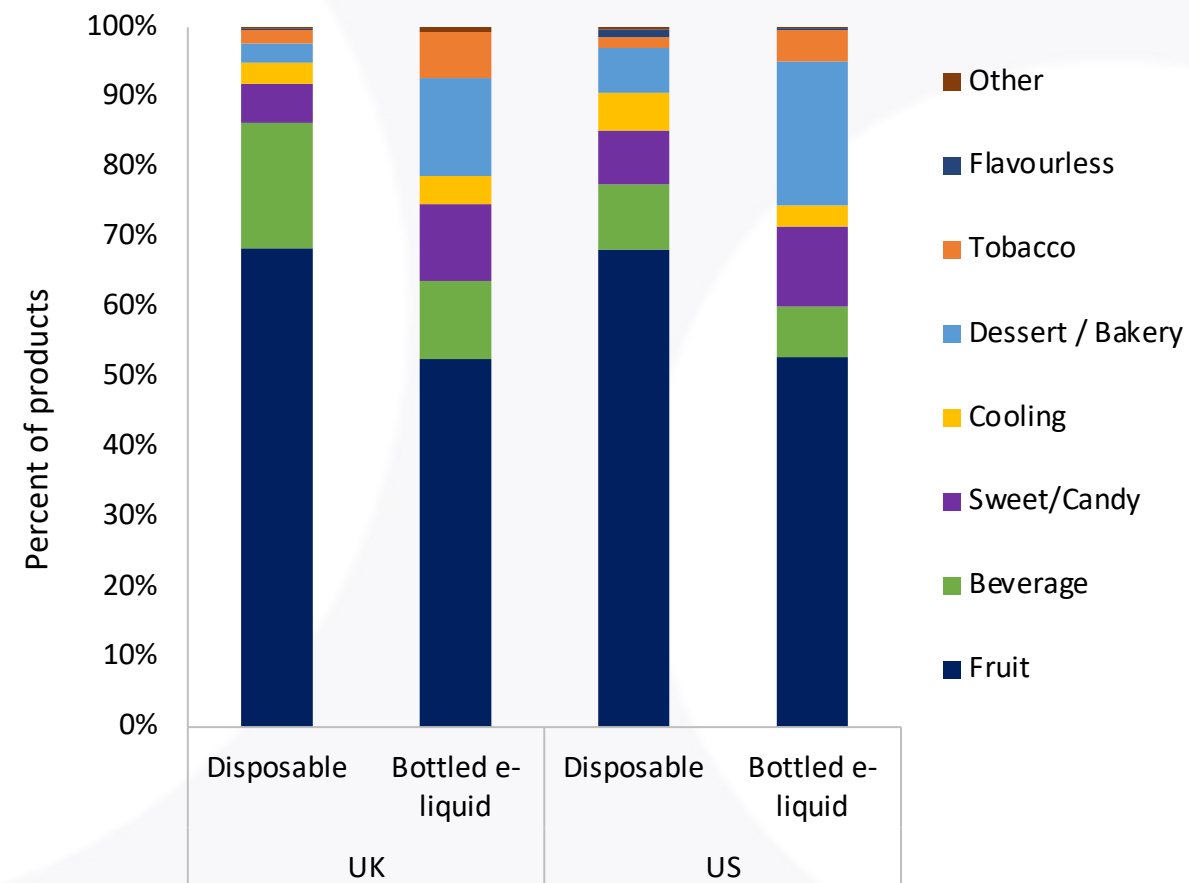


Disposables: similar flavour profile, UK vs US; disposable vs open-system vape

Flavour category of disposables, Q2 2023



Flavour category of disposable vs e-liquids, Q2 2023



Disposable bans in 2024? And other restrictions – coming to the US?

Policy to ban disposables:



Other potential restrictions:



Flavours



Environmental



Plain packaging

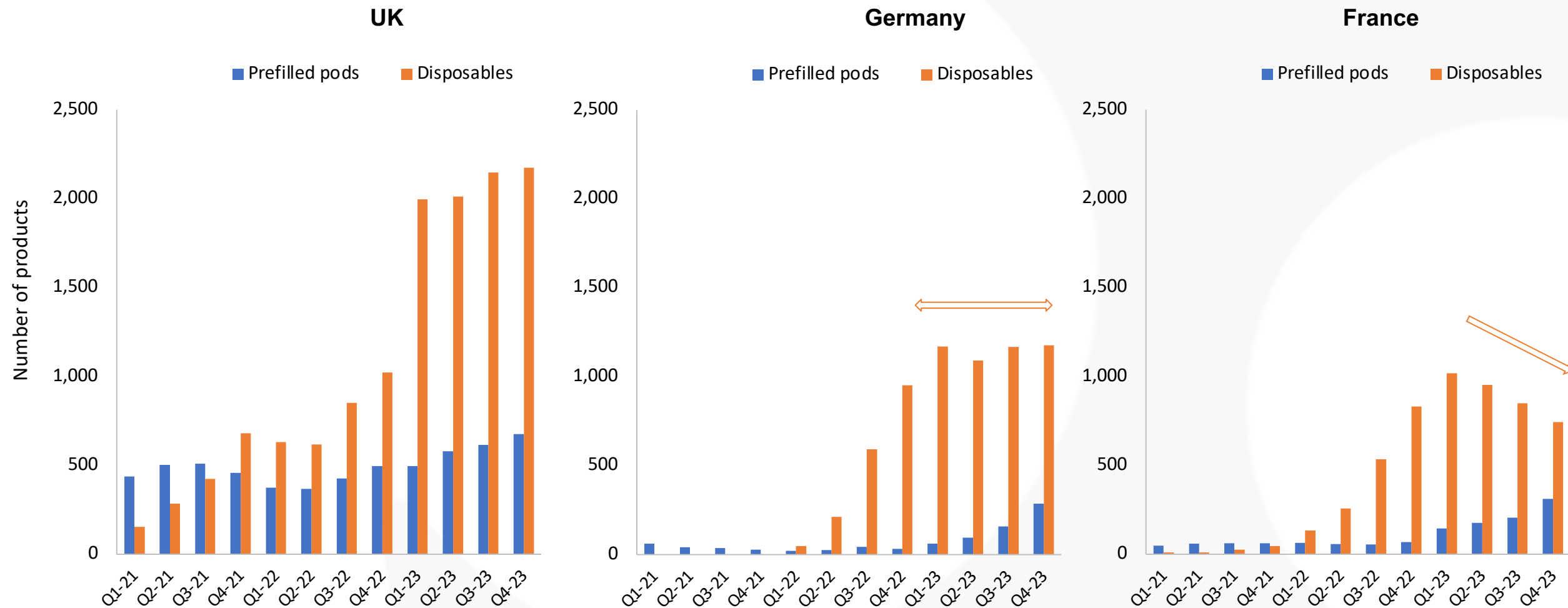


Online sales



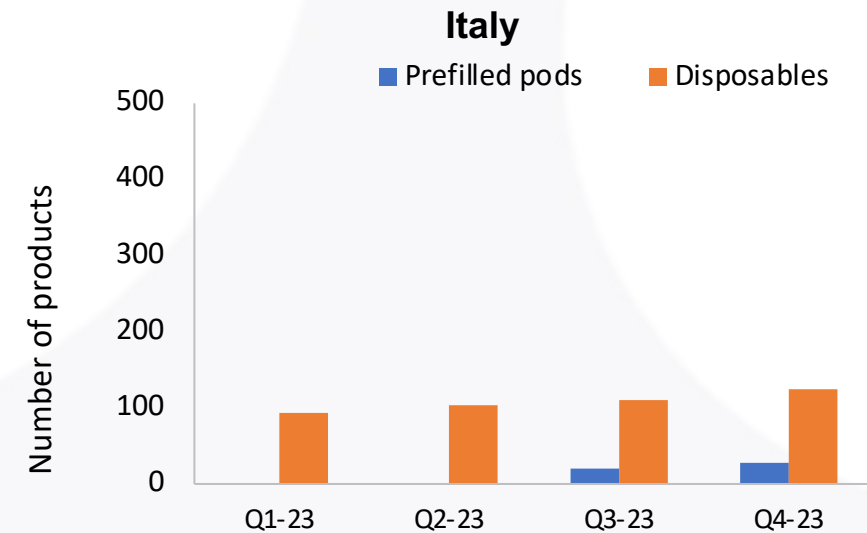
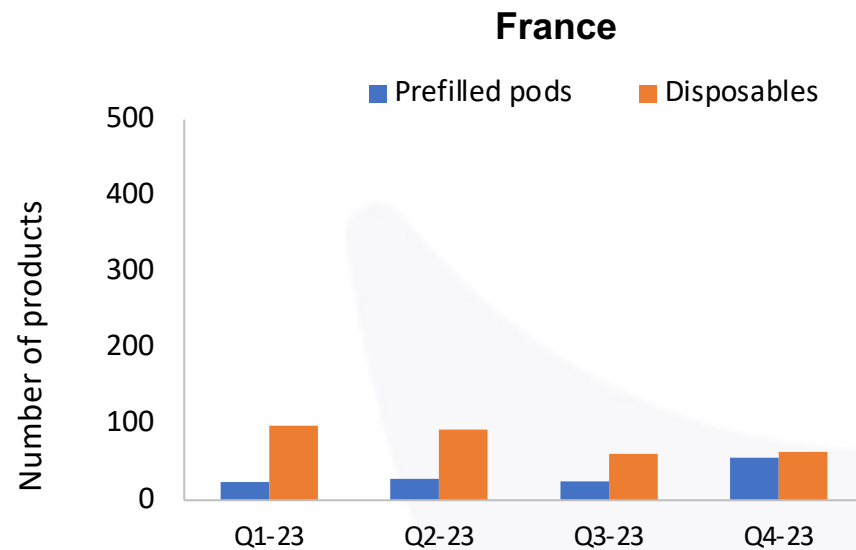
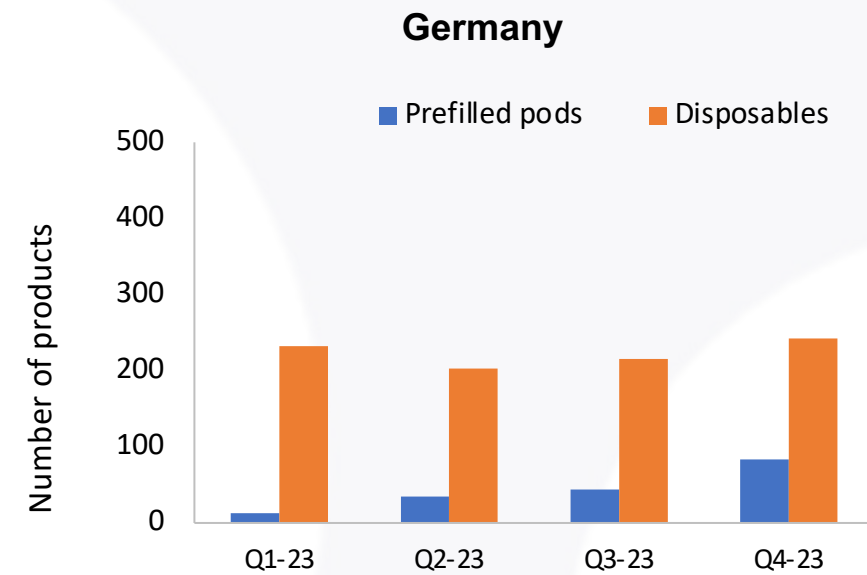
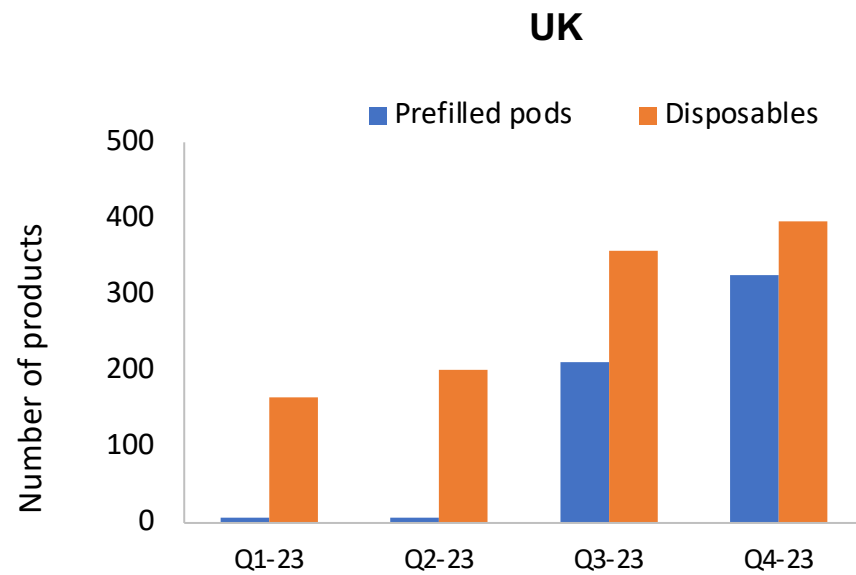
Tax

Early trends in Europe



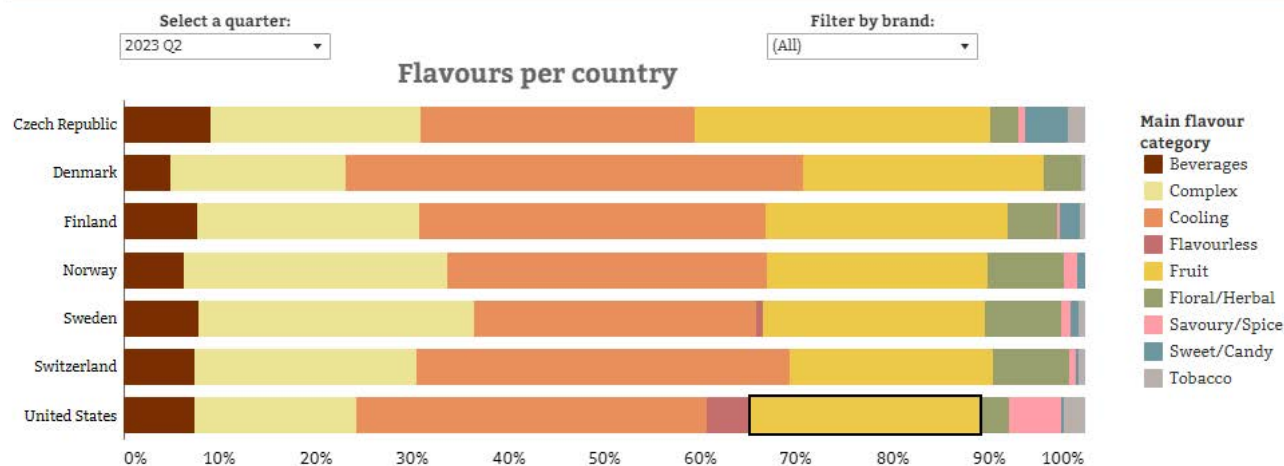
Source: ECigIntelligence Brand Price Trackers, January 2024

Elf Bar product availability in Europe



Nicotine pouches - Product characteristics

Flavour categories

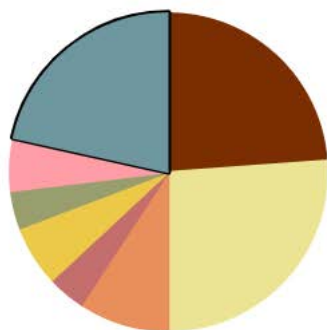


Fruit flavours, United States, 2023 Q2

Click on a flavour in a country in the graph above to view

Flavour subcategory

- Berry
- Citrus
- Exotic
- Melons
- Other fruits
- Pome fruits
- Stone fruits
- Tropical fruits

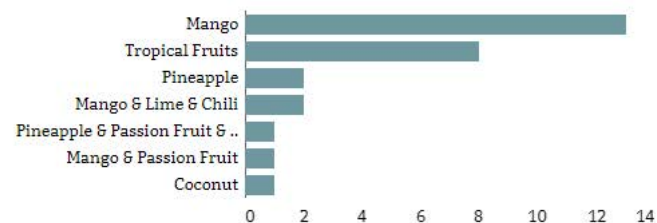


Fruit flavour detail:

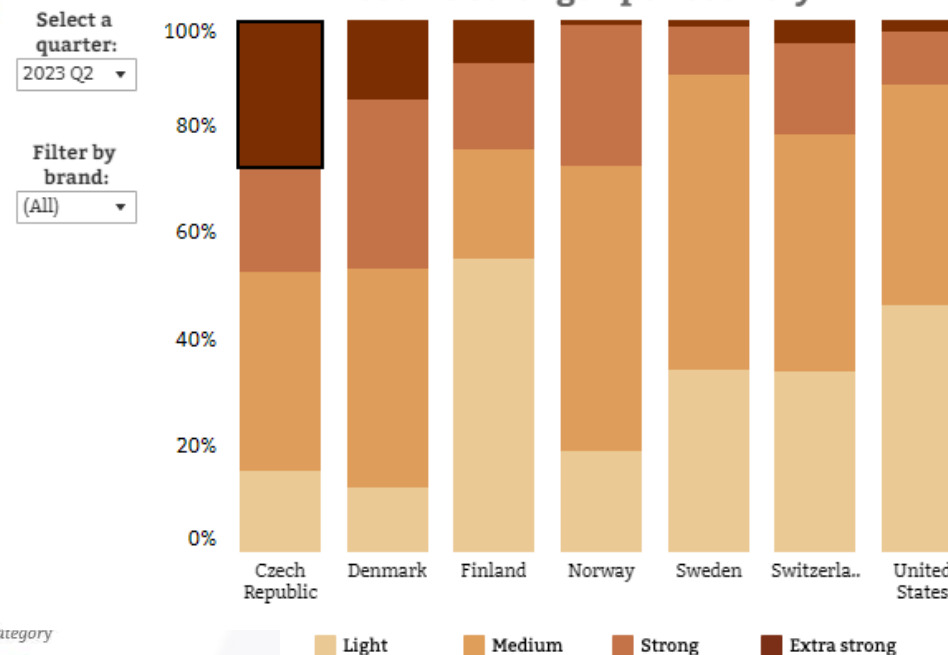
Tropical fruits

United States, 2023 Q2

Click on a category on the pie chart to the left to view total products in that category



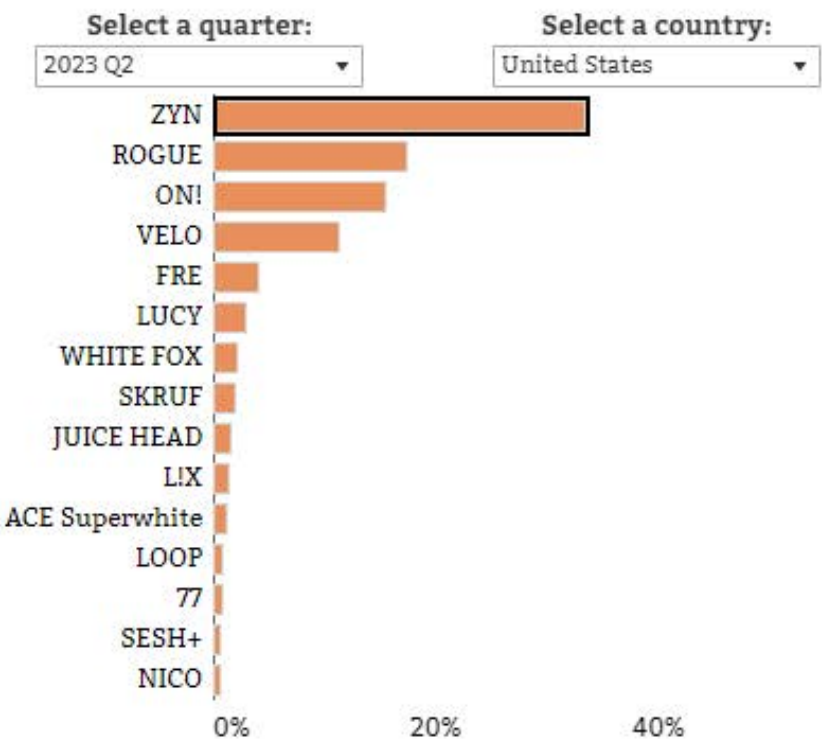
Nicotine strength per country



Review popularity index

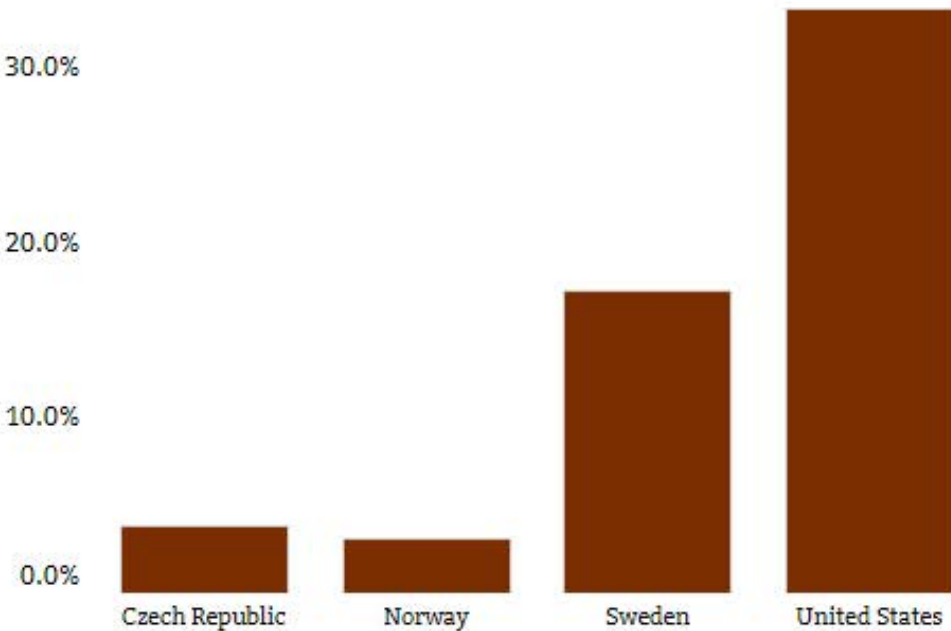
What is the review popularity index?

Review popularity index: Brand differences



Review popularity index country differences: ZYN, 2023 Q2

Click on a brand on the left to view country differences in the reviews popularity index for that brand



Cannabis: CBD/Delta-8 current status and future

Current status

- Hemp-derived CBD/D8 is NOT a controlled substance per the 2018 Farm Bill
- However, FDA has not approved it as a dietary supplement or food ingredient
 - Problem: Epidiolex and the drug exclusion rule
- Reality: FDA continues to send warning letters over health claims but enforcement is ineffective.

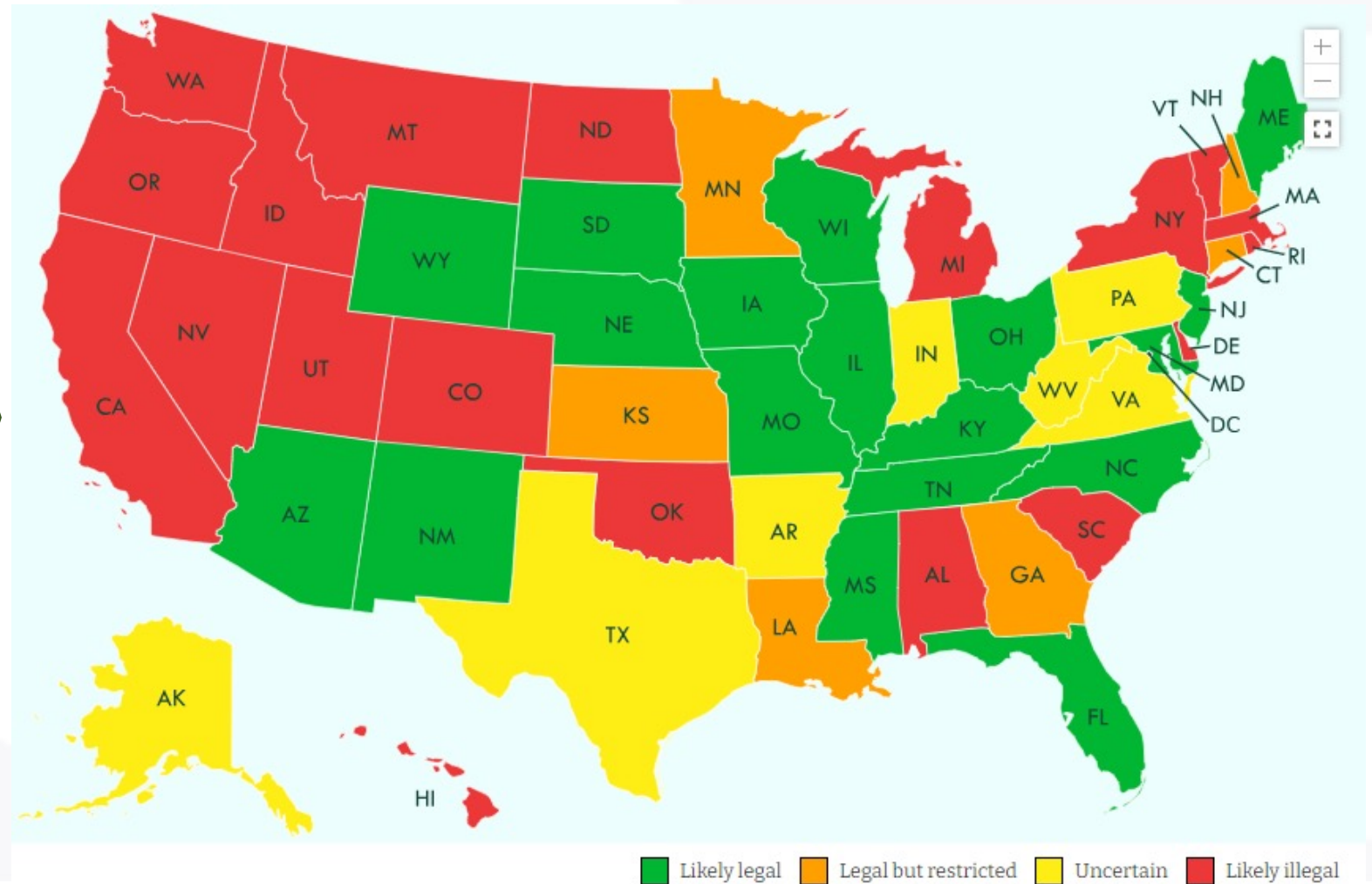
Future

- Congress was supposed to pass new Farm Bill in 2023 but extended the status quo for a year
- No known draft of the next Farm Bill yet
- Likely minor measures: changing requirements on DEA lab certification
- Unlikely changes: regulating CBD/D8 as food/supplement
- Possible significant changes:
 - Raise THC concentration to 1%
 - Change hemp definition to exclude IHDCs
 - Make distinction between cannabinoid hemp and industrial hemp

Intoxicating hemp-derived cannabinoids (IHDC) in 2024

- One federal appeals court and one state court (GA) have concluded that hemp-derived delta-8 THC is not a controlled substance.
- However, like CBD, IHDCs have not been approved by the FDA as food/supplement.
- States have been left to regulate or ban IHDCs, creating patchwork regulations across the country.

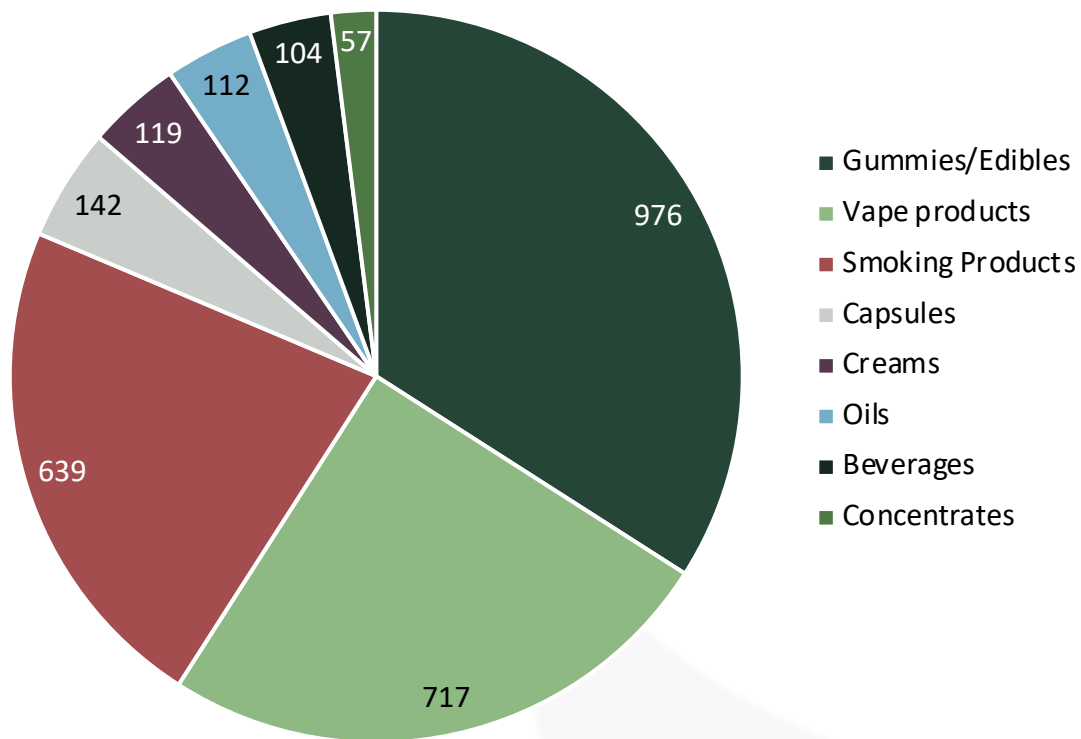
State regulation of delta-8 THC



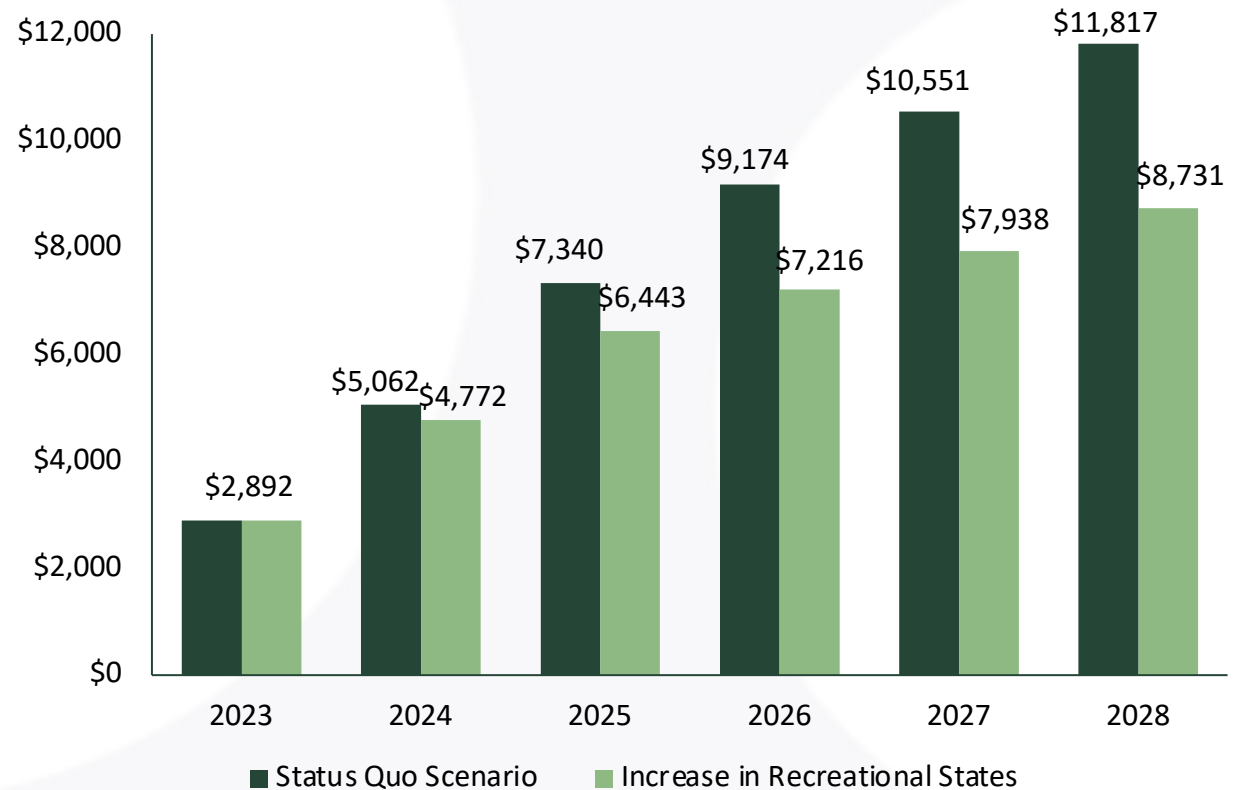
US Market Size for Delta 8

- 2023 estimate at \$2.9 billion USD

By product format (millions of USD)

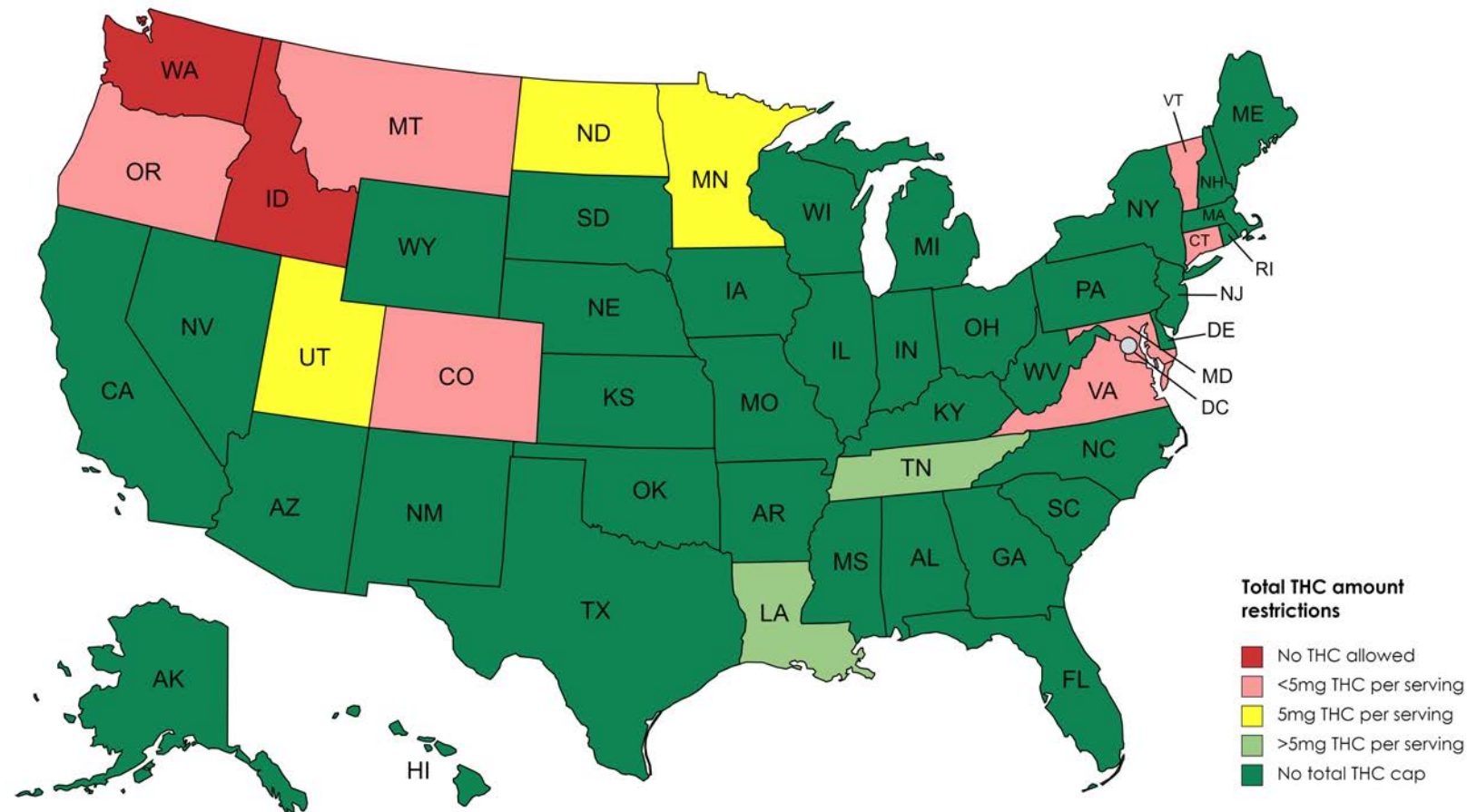


Status quo vs increase in recreational states
(millions of USD)



Total THC caps in hemp products

- States are increasingly setting total THC caps (e.g., 5 mg per serving) - on top of the 0.3% threshold – for hemp products.
- Five states require a certain ratio of non-intoxicating cannabinoids to intoxicating ones (e.g., 15:1 CBD-to-THC ratio).
- Challenges:
 - What about full-spectrum CBD products?
 - Many hemp farmers are relying on IHDC sales



THCA flower:

- Legal theory: Federal government / states generally require THC testing pre-harvest.
- Controversy: Many doubt that it is possible to have a sample test below 0.3% total THC pre-harvest but later express 20%+ THCA post-harvest.
- Problem: Some common testing methods will decarboxylate THCA during testing, causing the sample to go above 0.3% delta-9 THC.

Kratom:

- US federal government stance:
 - Not a controlled substance
 - Not approved as a drug, food, or dietary supplement
- Banned in 6 states
- Regulated in 5 states via the Kratom Consumer Protection Act

Questions?

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