

# Ground-Breaking Solutions

Changing the Retail CBD Playing Field

**LAB + BLENDS<sup>®</sup>**

Health and Wellness



As the market for CBD products takes off, federal labeling and marketing oversight pose challenges to retailers wanting to get on the CBD bandwagon but concerned about product efficacy. This paper looks at why it's necessary for retailers to find the right manufacturing partners who can help them capitalize on mainstream enthusiasm for CBD with products that meet federal labeling guidelines and provide consumers with the health and wellness experiences they expect.

### CBD Market Takes Off

Consumers are all-in for CBD. U.S. sales of cannabis- and hemp-derived CBD products are expected to surge from \$1.9 billion in 2018 to \$20 billion by 2024.<sup>1</sup> The forecast from cannabis market research firms BDS Analytics and Arcview Market Research represents a compound annual growth rate of 49 percent across all distribution channels, including licensed dispensaries, pharmaceuticals and retail.

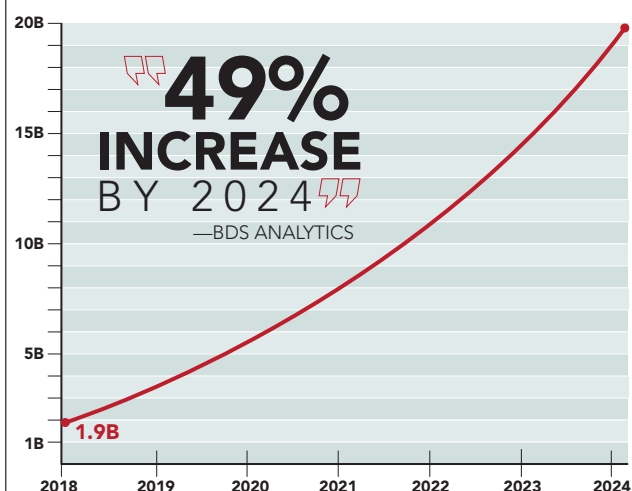
BDS Analytics also predicts<sup>2</sup> the majority of CBD products sales will take place in retail channels versus cannabis dispensaries, where they generally occur. Major retailers not only are stocking CBD products; they are private-labeling them.<sup>3</sup>

Consumers who might be reluctant to walk through the door of a local marijuana dispensary and/or are leery of online offerings, have less qualms walking into trusted major retailers, such as CVS or Walgreens, looking for CBD products.

**Consumers  
ARE  
ALL-IN  
for CBD**

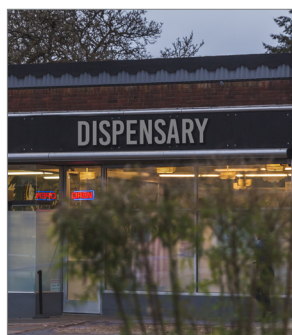
## MARKET FORECAST

All CBD Product Channels  
(Cannabis & Hemp Derived)



## WHERE TO BUY CBD

**2019** → **2024**  
Mostly Cannabis Dispensaries\* → Mostly General Retail Stores\*



\*BDS ANALYTICS

### Consumers Seek Natural Remedies

Enthusiasm for CBD or cannabidiol, a naturally-occurring non-intoxicating or non-psychoactive compound found in cannabis and hemp, is part of a consumer trend to transition from over-the-counter or prescription drug use, including opioids, to natural remedies for health and wellness and to alternative medical practices.

Consumer awareness of cannabis as an aide for health and wellness has been aided by the passage of state laws moving marijuana out of the shadows. Currently recreational marijuana is now legal in 11 states and medical marijuana is legal in 33.

Consumers see CBD as providing the benefits of cannabis without the risk of "getting high." The Passage of the 2018 Farm Bill allowing U.S. farmers to legally grow hemp is fueling CBD innovation in the retail sector to provide more consumer options and unique experiences.

### Widespread CBD use

A 2019 Consumer Reports survey<sup>4</sup> found that more than a quarter of people in the U.S. have tried CBD for a range of mental and physical reasons, with one out of seven indicating that they use it every day. In a cross-sectional online survey of CBD users,<sup>5</sup> consumers cited chronic pain, most notably arthritis and joint pain, followed by anxiety and depression, then insomnia or other sleep disorders as the most common reasons for the use of CBD products.

**Consumers see CBD AS PROVIDING THE BENEFITS OF CANNABIS without the risk of "getting high"**

Among the key reasons for CBD usage, a study conducted by Acosta, a packaged goods marketing and sales agency, found<sup>6</sup> that demand varies among generations. Millennials most commonly use CBD for anxiety (31 percent) and general wellness (30 percent). By comparison, Gen X and Boomers use CBD products to help with joint pain (31 percent and 36 percent, respectively) and muscle pain (both 23 percent).

## KEY REASONS FOR USAGE:

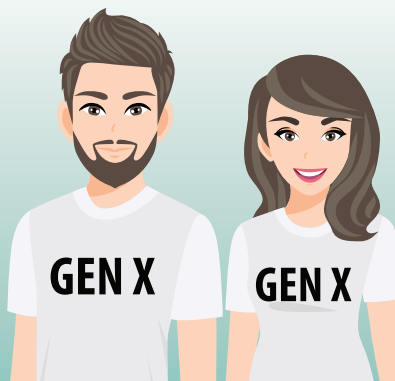
Pain | Mental Health | General Wellness

### MILLENIALS



**\*Anxiety (31%)**  
**\*General Wellness (30%)**

### GEN X



**\*Joint Pain (31%)**  
**\*Muscle Pain (23%)**

\*ACOSTA STUDY

### BABY BOOMERS



**\*Joint Pain (36%)**  
**\*Muscle Pain (23%)**



### The CBD Marketing Challenge

Currently FDA is not regulating CBD, which has resulted in a lack of required clinical trials to substantiate the efficacy of a CBD product for a range of health and wellness issues. However, the enthusiasm over CBD comes from what is known about its function in the body and preliminary testing on animals. The body naturally produces endogenous cannabinoids or endocannabinoids, which play an important role in regulating inflammation processes.<sup>7</sup> Found throughout the brain, organs, glands, immune cells, and connective tissue, endocannabinoids perform various tasks as cell neuro-transmitters to regulate sleep, appetite, mood, immune function, pain, as well as many more areas.

Endocannabinoids and cannabinoid receptors are located at the intersection of various systems in the body, providing communication between different cell types. For example, at the site of an injury, a cannabinoid will decrease the release of activators and sensitizers to the injured area, stabilize the nerve cells, and calm the nearby immune cells. When applied topically, CBD products inhibit the pain receptors to the brain, lessening the pain as they also reduce inflammation.

The lack of clinical trials means the use of any CBD product whether it be marketed as a drug, supplement or cosmetic cannot be verified as safe because it lacks FDA approval. FDA approval means that the federal agency has concluded that the particular drug product is safe and effective for its intended use.<sup>8</sup> To date, the only FDA approved CBD product is a prescription drug for the treatment of seizures associated with two rare forms of epilepsy in children two years of age and older, Dravet syndrome and Lennox-Gastaut syndrome (LGS).<sup>9</sup> In numerous studies, CBD was able to reduce the number of seizures, and in some cases it was able to stop them altogether.<sup>10</sup>

### FDA Cracks Down

Still the lack of formal regulations has not kept the FDA from cracking down on unapproved products being marketed with unproven medical benefits or of unknown quality. The FDA has stepped up issuing warning letters<sup>11</sup> to companies marketing CBD products with unfounded claims. Furthermore, FDA has tested the chemical content<sup>12</sup> of cannabinoid compounds in some of the products, and many were found to not contain the levels of CBD they claimed to contain.

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**The need for trusted partnerships is of critical importance to retailers to maintain consumer trust and confidence.** In a report on the growing number of retailers entering the CBD market, Brightfield Group, an industry reporting firm, advises:<sup>13</sup>

*“Due to the wide range of CBD companies that are in the marketplace today, it is paramount that retailers be attentive to the legitimacy, product quality and safety offered by any CBD brands they intend to partner with. Additionally, retailers should align themselves with CBD companies whose positioning and messaging fit with those of their core consumers, which requires a deep understanding of the CBD marketplace – from a regulatory and market perspective all the way down to an understanding of the end-consumer.”*

**Solution-Focused  
CBD Products**

Ensuring FDA CBD marketing and labeling compliance has resulted in a slew of products that tell the consumer little if anything about the product's efficacy on the label and in point of sale or marketing literature. To get around labeling issues, many CBD product labels focus only on the product's natural ingredient composition and do not even mention the amount of CBD on the label. Product differentiation exists strictly in the packaging design.

The result is that consumers, albeit enthusiastic about CBD, may not know exactly what they are buying or what treatment results they can expect. Studies bear this out. Integrated CBD, a vertically integrated institutional scale pharma grade CBD company, reports its research indicates that 59 percent of consumers are confused about the effects of hemp-derived CBD, even though they are

game for buying CBD products.<sup>14</sup>

To address the need for more accurate consumer product information, **new solutions-based CBD product are beginning to emerge on the market.** Using clear information and facts, such offerings are

seeking to build consumer confidence in product efficacy. These products address retailers need for CBD products that clearly state their purpose on the label so that they can stock them appropriately in the store for best sales and not place all CBD products together in one generic CBD section, which is what generally happens today.

**Product  
differentiation  
exists strictly  
in the  
packaging  
DESIGN**

**Science/Clinical**



Builds consumer trust with clear information and facts.

**LAB + BLENDS®**  
Health and Wellness

**Contemporary/Minimal**



Does not educate the consumer on the product benefits.

**Earthy/Natural**



Focus on natural ingredients not efficacy of product.

### Lab+Blends Differentiation

Among these new offerings is Lab+Blends manufactured by BIOTONE, a company that has been developing products that relieve pain and reduce anxiety for the massage therapy, chiropractic and physical therapy markets for over 40 years. Unlike competitive offerings, Lab+Blends CBD products leverage science and clinical results.

Lab+Blends comprehensive products portfolio includes a cream, lotion, salve and gel for pain relief; nighttime sleep aid, general wellness supplement, and a ground-breaking eczema relief cream. Unlike other CBD offerings, Lab+Blends clearly states product benefits and the level of CBD on each of its product labels.

**Lab+Blends  
CBD products  
leverage  
science and  
CLINICAL  
RESULTS**

**CBD TRIPLE RECOVERY GEL | \$53.99**  
**500mg CBD**  
Delivers quick results to help relieve muscle, ligament, and tendon pain and discomfort.

**CBD DREAM DROPS SLEEP AID | \$60.99**  
**540mg CBD**  
Improves overall sleep quality, decreases traveler's jet lag, and helps avoid occasional sleeplessness.

**CBD ECZEMA RELIEF CREAM | \$54.99**  
**450mg CBD**  
Relieves eczema discomfort and dryness restoring a clear, healthy appearance.

**CBD TOTAL WELLNESS DROPS | \$60.99**  
**630mg CBD**  
Supports reduced stress and anxiety improving an overall sense of wellness and body comfort.

**CBD ON TARGET LOTION | \$53.99**  
**500mg CBD**  
Penetrates deeply for fast recovery from muscle pain, stiffness, and swelling from injuries.

**CBD PAIN RELIEF SALVE | \$51.99**  
**250mg CBD**  
Helps decrease pain and discomfort from arthritis, bursitis, and neuropathy.

**CBD PAIN RELIEF MAX | \$54.99**  
**400mg CBD**  
Targets the site of the pain for complete pain management and fast recovery.

### What's behind Lab+Blends state-of-the art products

BIOTONE has a long history of researching and bringing new ingredients for wellness to market, such as glucosamine and Arnica. The company was one of the earliest companies to explore the pain relieving, anti-inflammatory benefits of CBD for its professional therapeutic clients. By securing an Over-the-Counter Drug License, BIOTONE has been able formulate and products using CBD along with active levels of ingredients that have undergone adequate testing to be recognized by FDA to relieve pain.

Recognized OTC pain-relieving ingredients used in Lab+Blends products include menthol, camphor and lidocaine. A new Lab+Blends CBD eczema relief cream includes the active colloidal oatmeal. Across its product line, clear and easy to understand labeling distinguishes Lab+Blends from other CBD offerings and helps consumers make selections to suit their particular treatment needs.

### About Lab+Blends:

Lab+Blends a division of BIOTONE was established in 2018 to bring the benefits of CBD to consumers and the professional wellness and health markets. Lab+Blends solutions-based offerings combine CBD with federally approved active pain-relieving ingredients to produce state-of-the art CBD products for sale online and through retail channels. For information about Lab+Blends contact: Jen Rhodes at 800-445-6457 ext 1010 or email [jrhodes@lab-blends.com](mailto:jrhodes@lab-blends.com).

**Clear and easy  
to understand  
labeling  
DISTINGUISHES  
LAB+BLENDS  
from other CBD  
offerings and  
helps consumers  
make selections  
to suit their  
particular  
treatment  
needs**

<sup>1</sup> "U.S. CBD Market Anticipation to Reach \$20 Billion in Sales by 2024." BDS Analytics, May 9, 2019, <https://bdsanalytics.com/u-s-cbd-market-anticipated-to-reach-20-billion-in-sales-by-2024/>

<sup>2</sup> IBID

<sup>3</sup> IBID

<sup>4</sup> Gill, Lisa. "CBD Goes Mainstream." Consumer Reports, April 11, 2019. <https://www.consumerreports.org/cbd/cbd-goes-mainstream/>

<sup>5</sup> Jamie Corroon and Joy A. Phillips. Cannabis and Cannabinoid Research. Dec 2018. 152-161. <http://doi.org/10.1089/can.2018.0006>

<sup>6</sup> "New Acosta Report Finds 28 Percent of Consumers Use CBD Products Daily or as Needed." Acosta, September 10, 2019. <https://www.prnewswire.com/news-releases/new-acosta-report-finds-28-percent-of-consumers-use-cbd-products-daily-or-as-needed-300915291.html>

<sup>7</sup> "Cannabinoids produced in the human body have an anti-inflammatory effect." Medical Press, June 7, 2007. <https://medicalxpress.com/news/2007-06-cannabinoids-human-body-anti-inflammatory-effect.html>

<sup>8</sup> "FDA Regulation of Cannabis and Cannabis-Derived Products, Including Cannabidiol (CBD)." FDA. <https://www.fda.gov/news-events/public-health-focus/fda-regulation-cannabis-and-cannabis-derived-products-including-cannabidiol-cbd>

<sup>9</sup> IBID

<sup>10</sup> Grinspoon, Peter MD. "Cannabidiol (CBD) – what we know and what we don't know." Harvard Health Publishing, August 23, 2018. <https://www.health.harvard.edu/blog/cannabidiol-cbd-what-we-know-and-what-we-dont-2018082414476>

<sup>11</sup> "FDA warns 15 companies for illegally selling various products containing cannabidiol as agency details safety concerns." FDA, November 25, 2019. <https://www.fda.gov/news-events/press-announcements/fda-warns-15-companies-illegally-selling-various-products-containing-cannabidiol-agency-details>

<sup>12</sup> Warning Letters and Test Results for Cannabidiol-Related Products," FDA. <https://www.fda.gov/news-events/public-health-focus/warning-letters-and-test-results-cannabidiol-related-products>

<sup>13</sup> "Cannabis Market Brief: Growing Number of Retailers Adding CBD Infused Products as Revenues Jump." MarketWatch, April 11, 2019. <https://www.marketwatch.com/press-release/cannabis-market-brief-growing-number-of-retailers-adding-cbd-infused-products-as-revenues-jump-2019-04-11>