



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



www.ECigIntelligence.com

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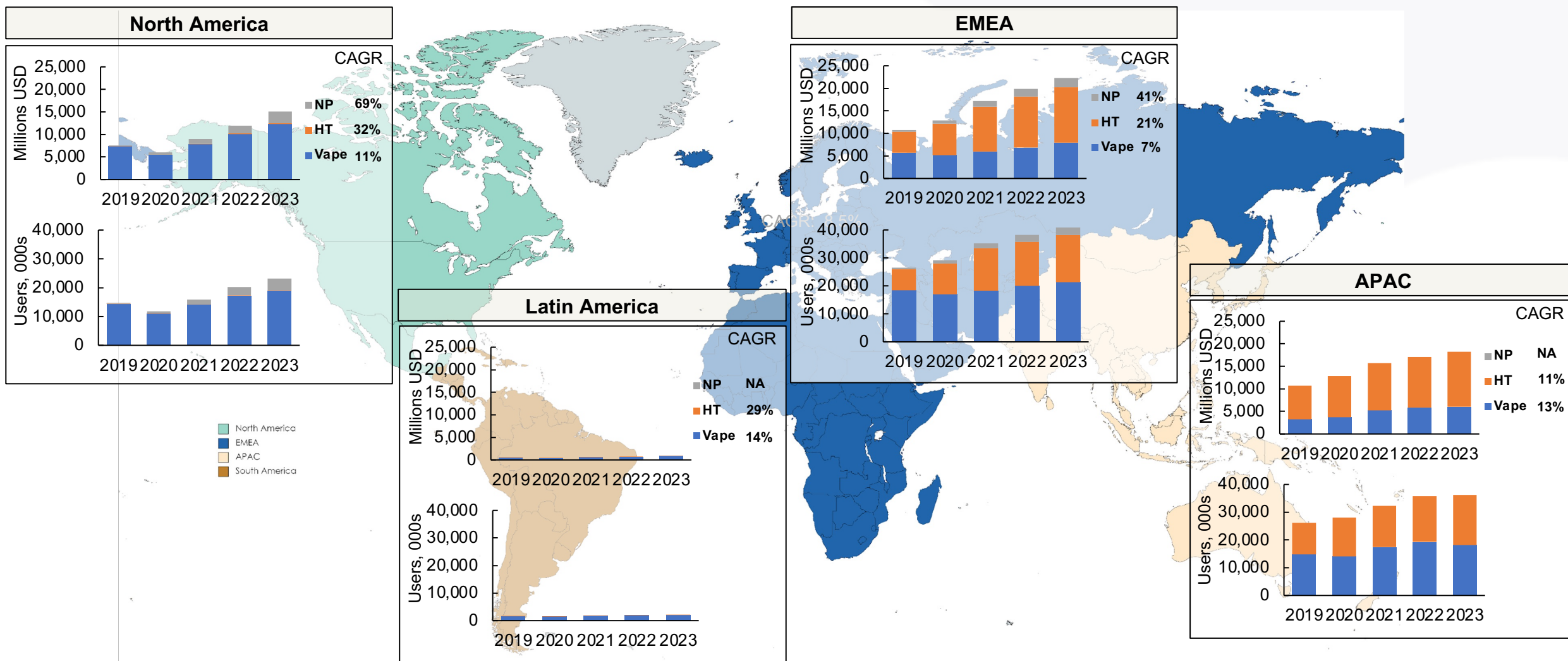


CannIntelligence

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

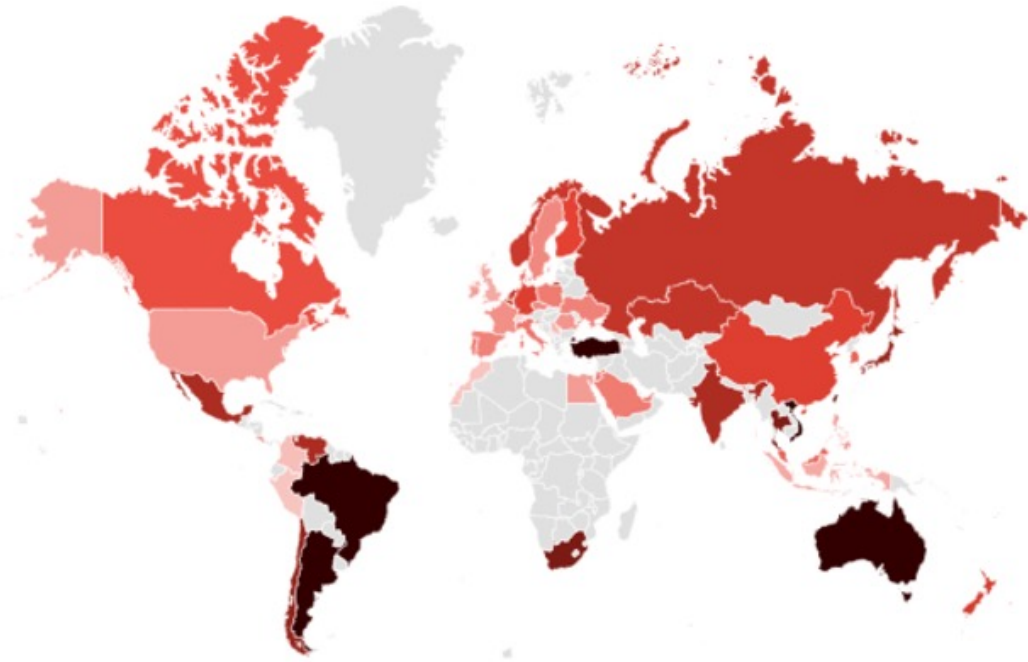
Notes: NP=Nicotine pouches (tobacco-free nicotine containing pouches placed under the lip), HT=Heated Tobacco/Heat-not-burn, Vape=Vaping products/Electronic cigarettes

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

Regulatory risks for New Nicotine Products

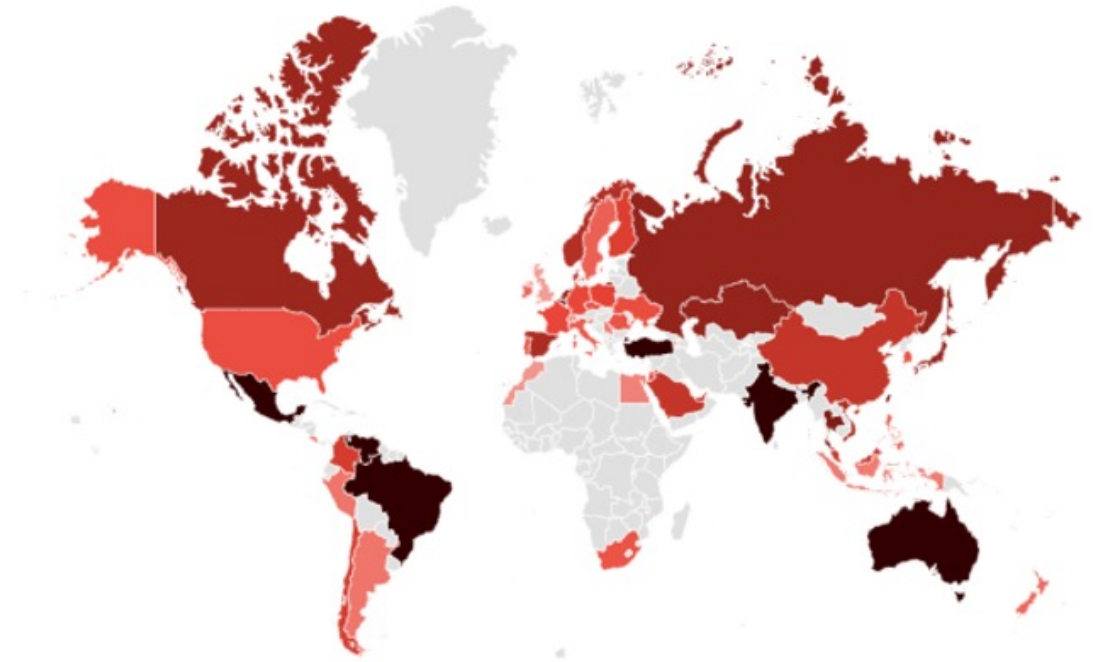
Current policy score

Score 0% 50% 100%



Future policy score

Score 0% 50% 100%

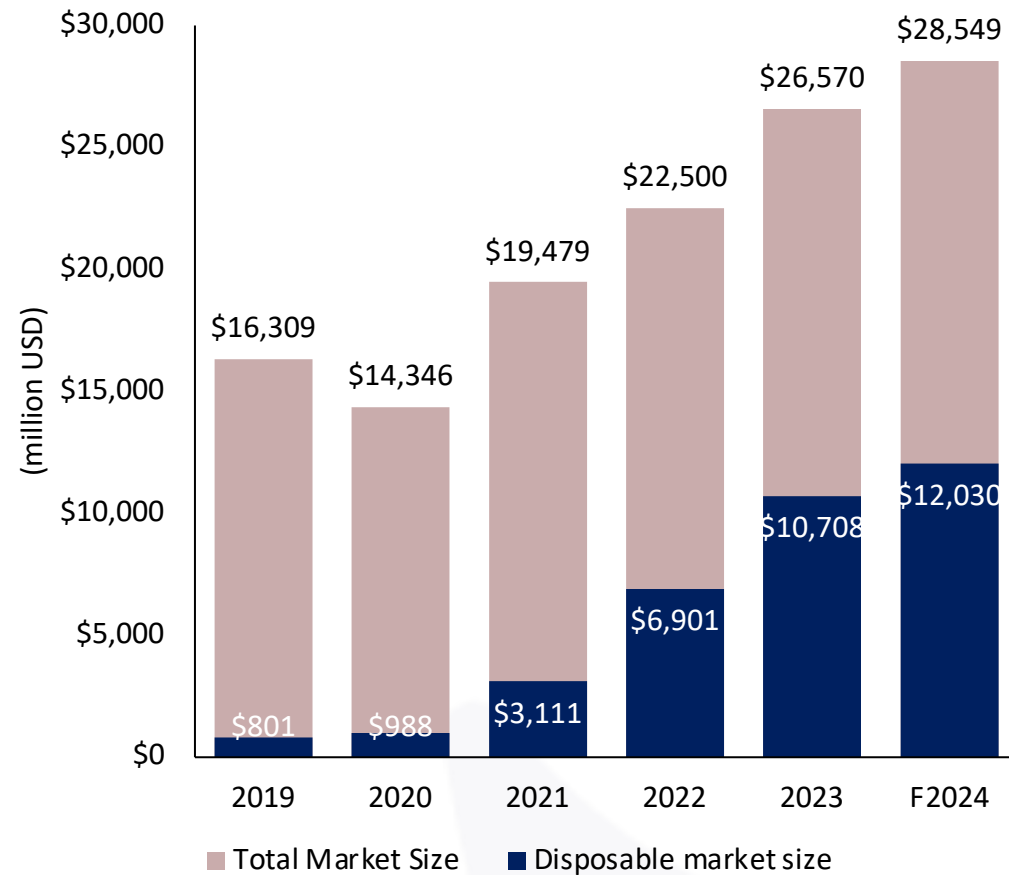


Main legal risks for novel nicotine and tobacco products:

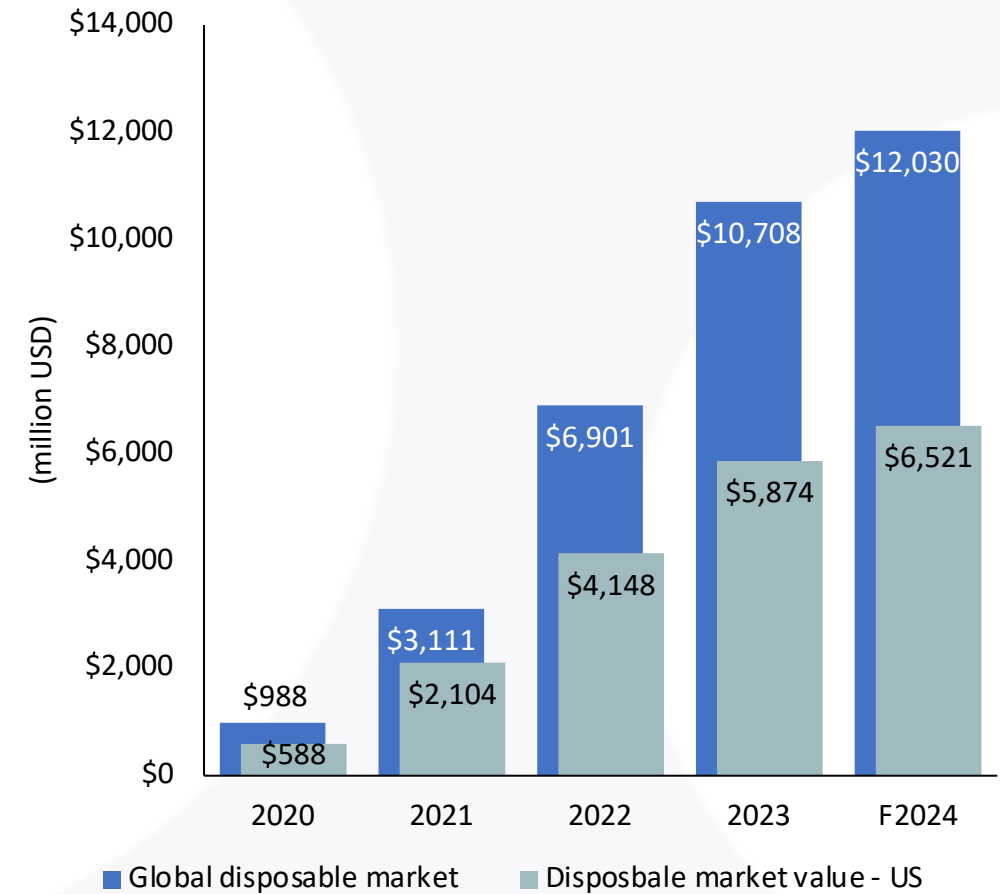
- Product and generational bans
- Very strict regulatory framework
- Disposables product bans
- Environmental restrictions

Total disposable market size

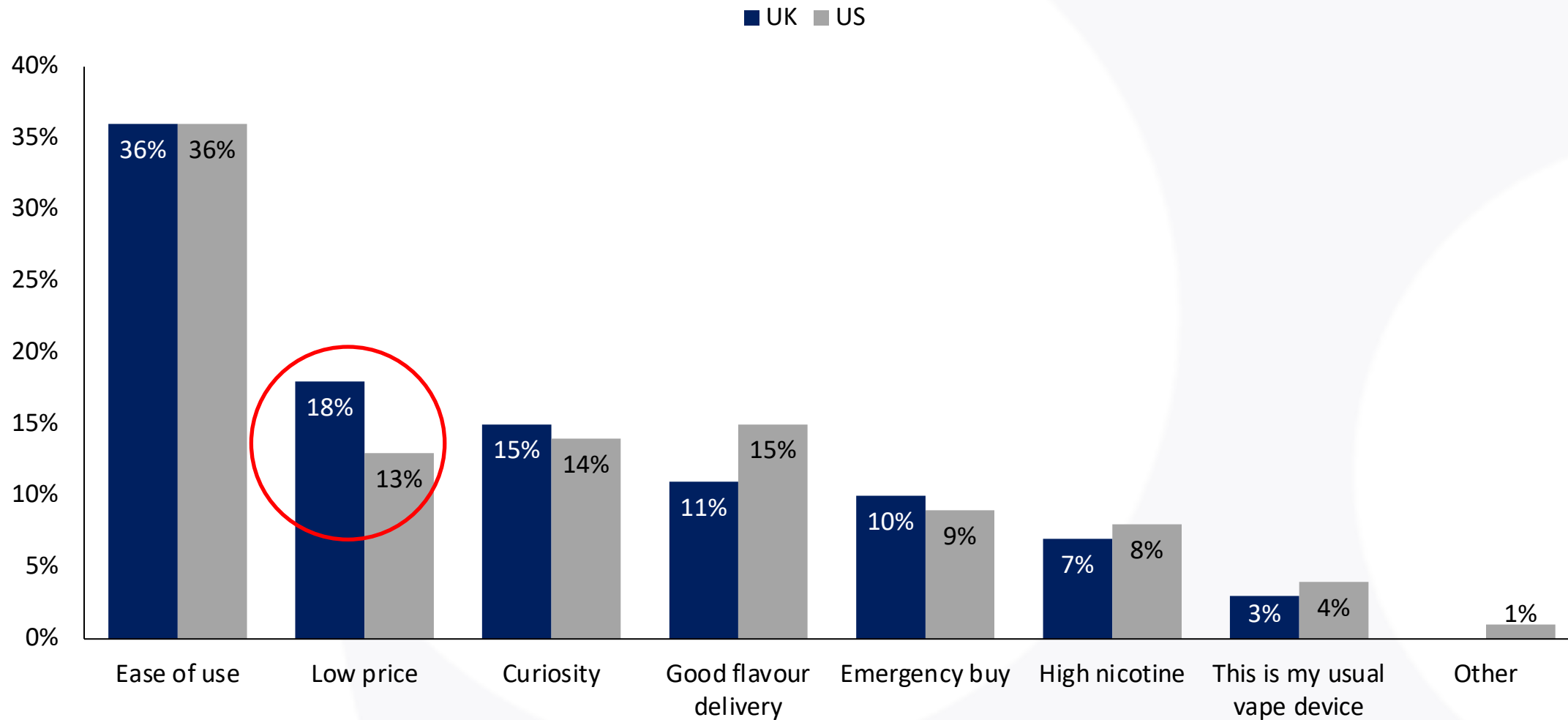
Global vape market size



Share of the US in global disposable market



Top reasons to buy a disposable device

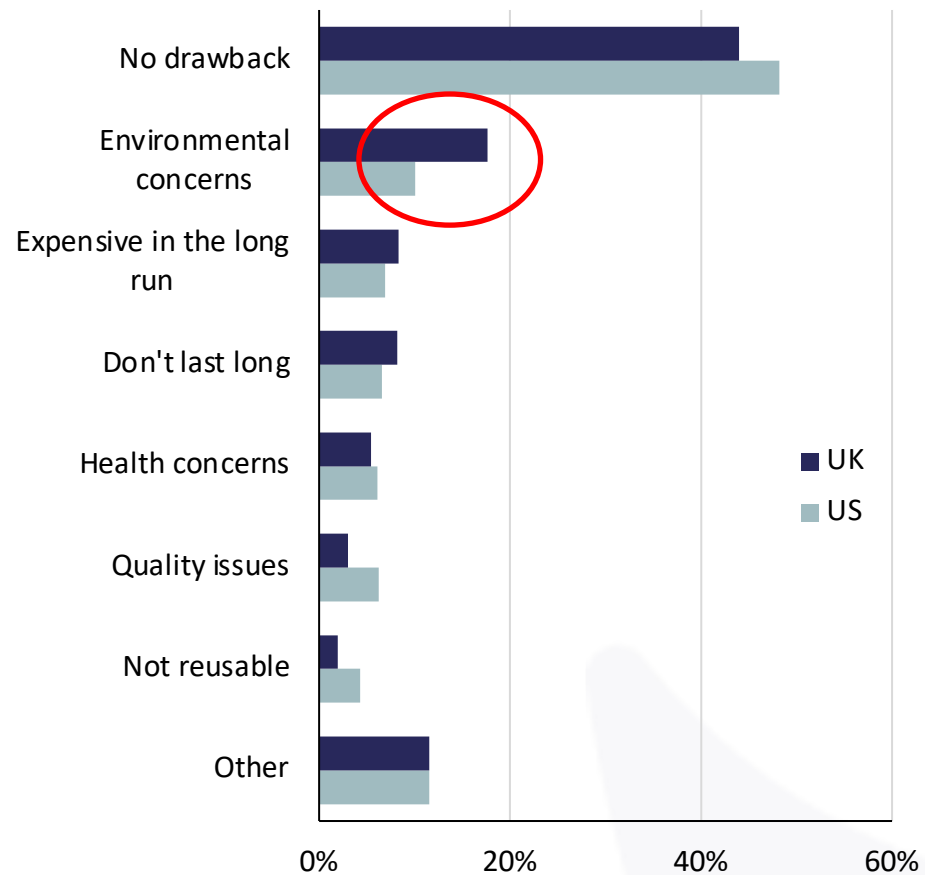


Notes: UK: n=721; US: n=1343; Q: What were your top 3 reasons to buy a disposable? Select at least one reason, results were weighted based on rank

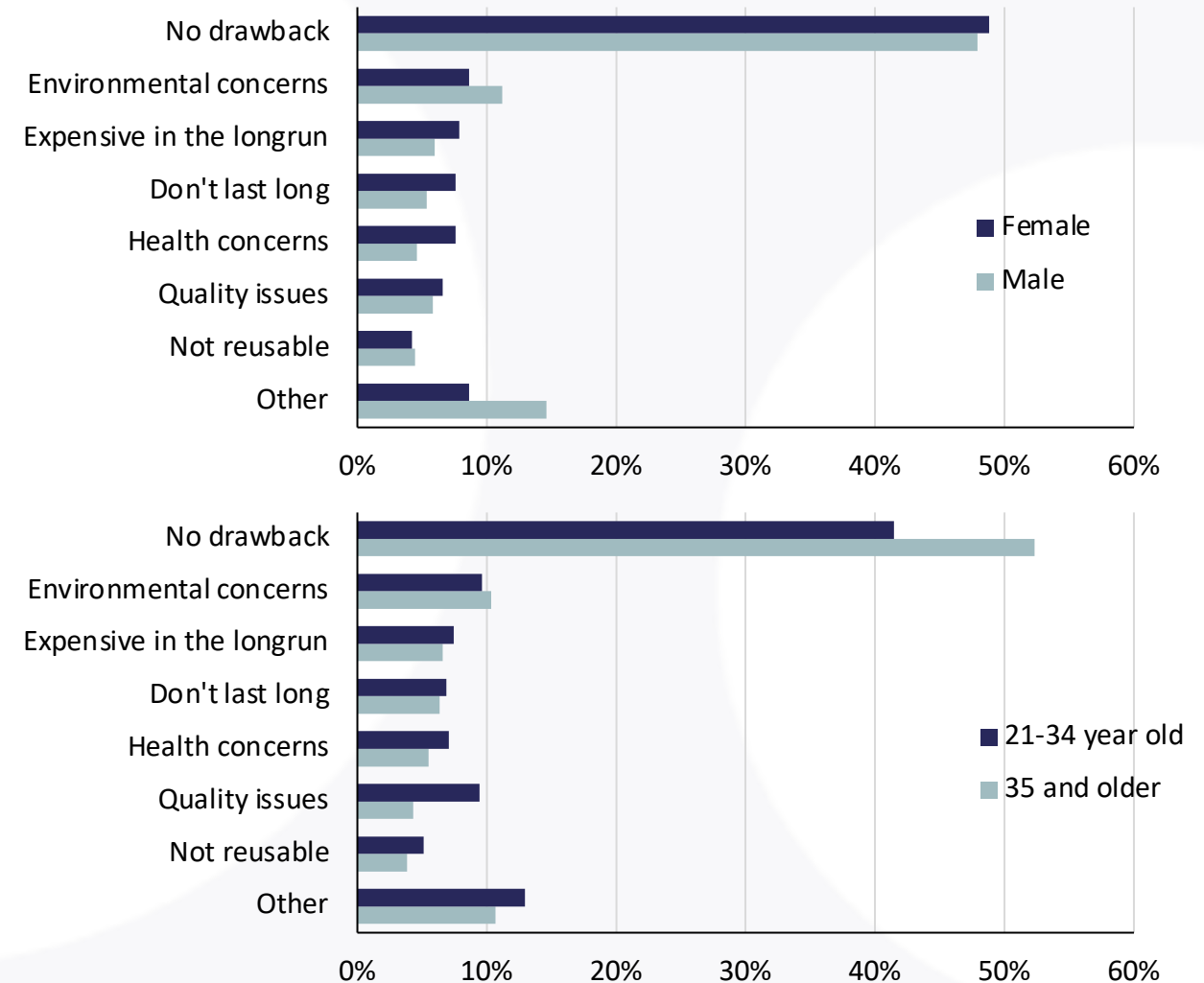
Source: ECigIntelligence vaper consumer survey, August 2022

Drawbacks of disposable devices

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



US Segmentation

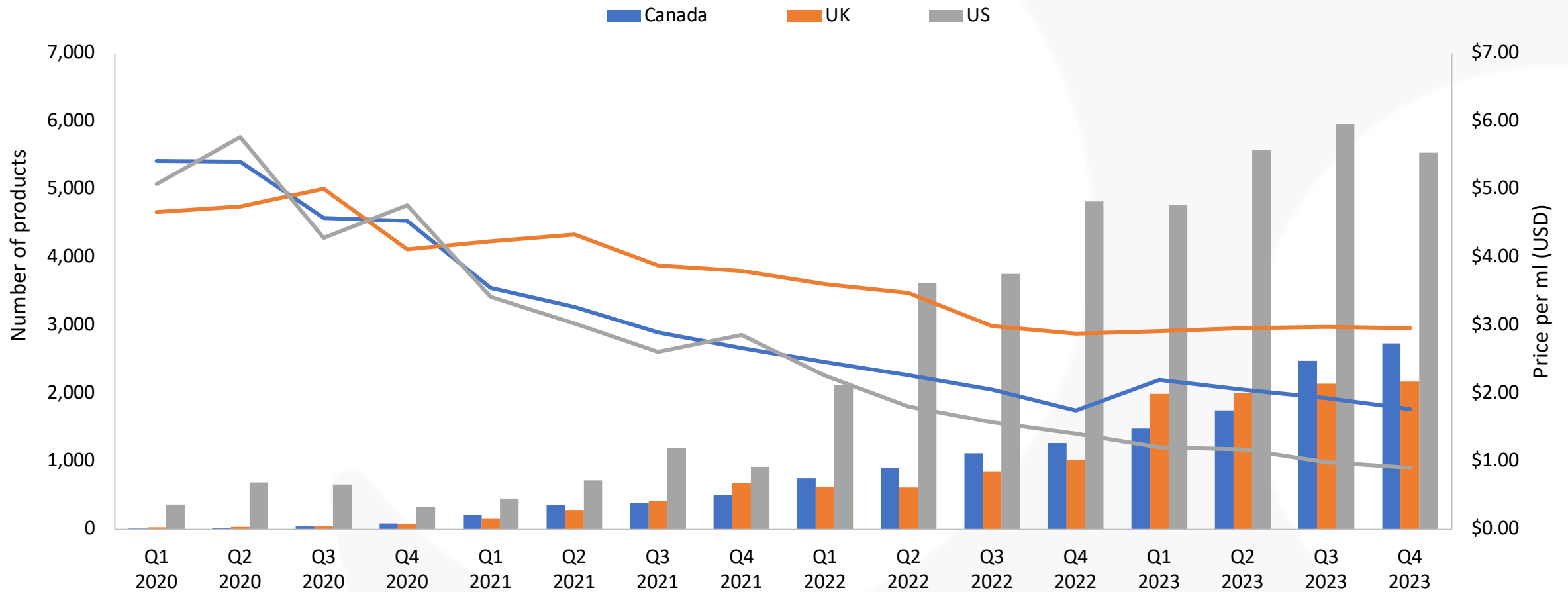


Notes: UK: n=721; US: n= 1342; analysis conducted on open text entries; Q: Can you think of any drawbacks of disposable devices?

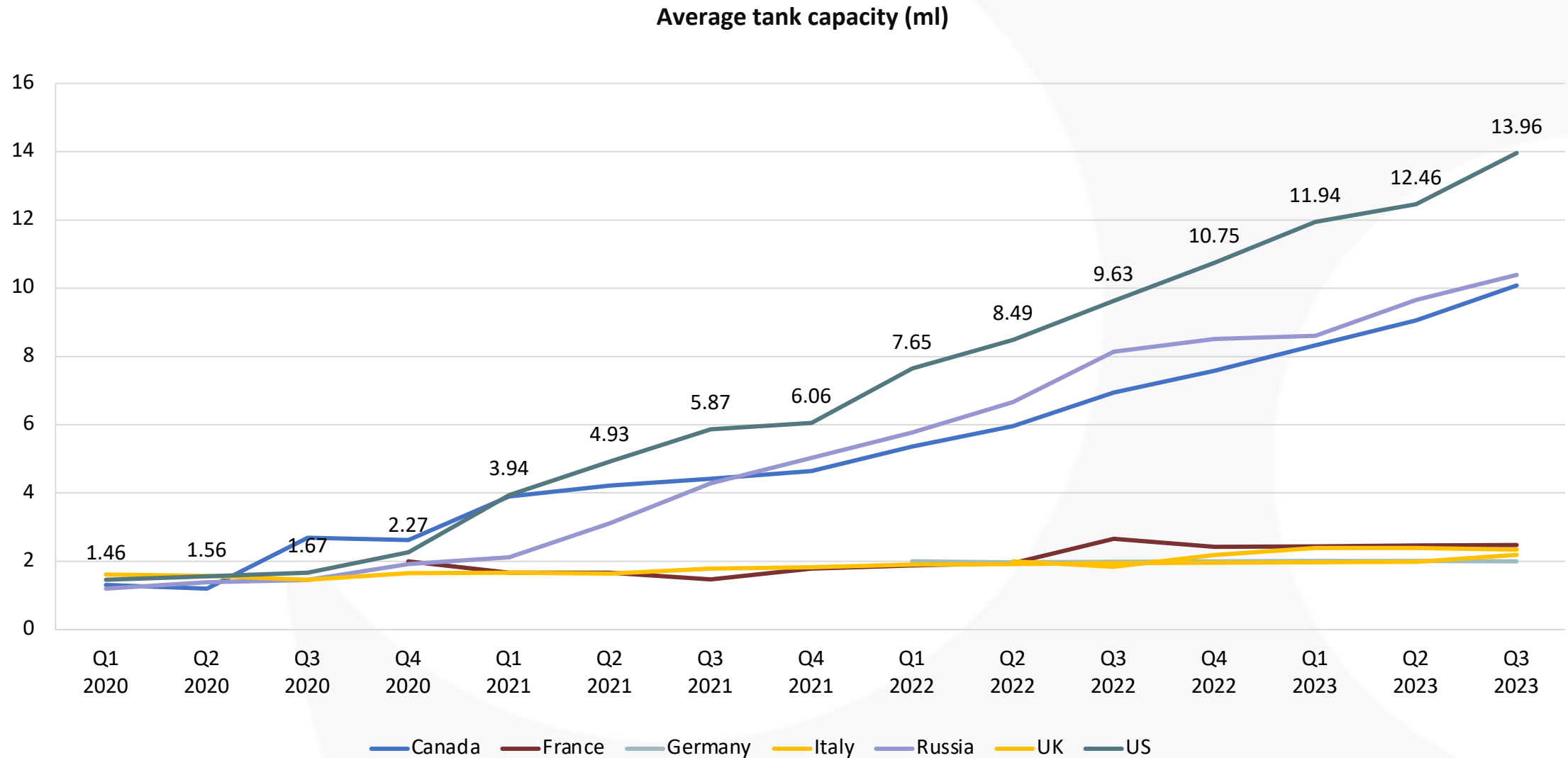
Source: ECigIntelligence vapor consumer survey, August 2022

Disposable offer online – price per ml

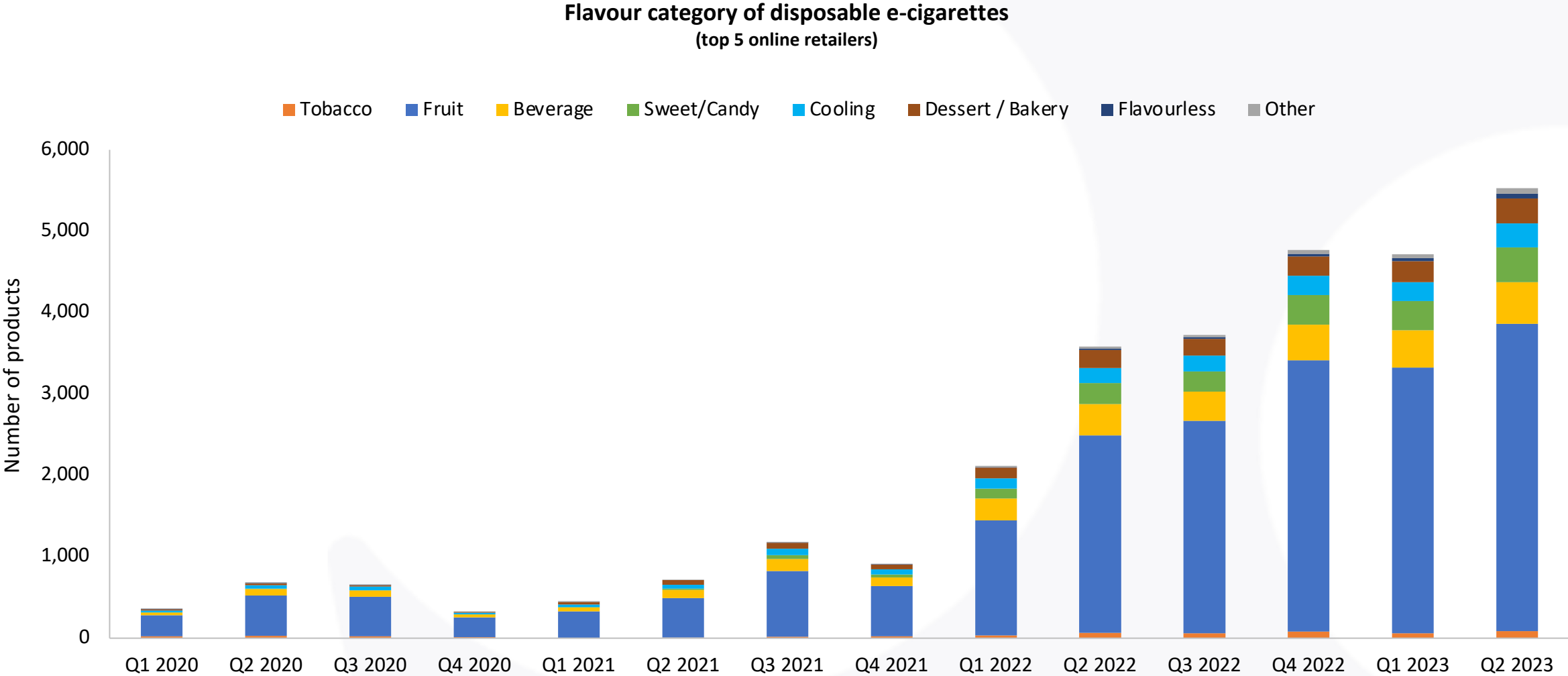
Disposable vape: Number of products offered; Average price per ml



Disposable offer online – ml capacity



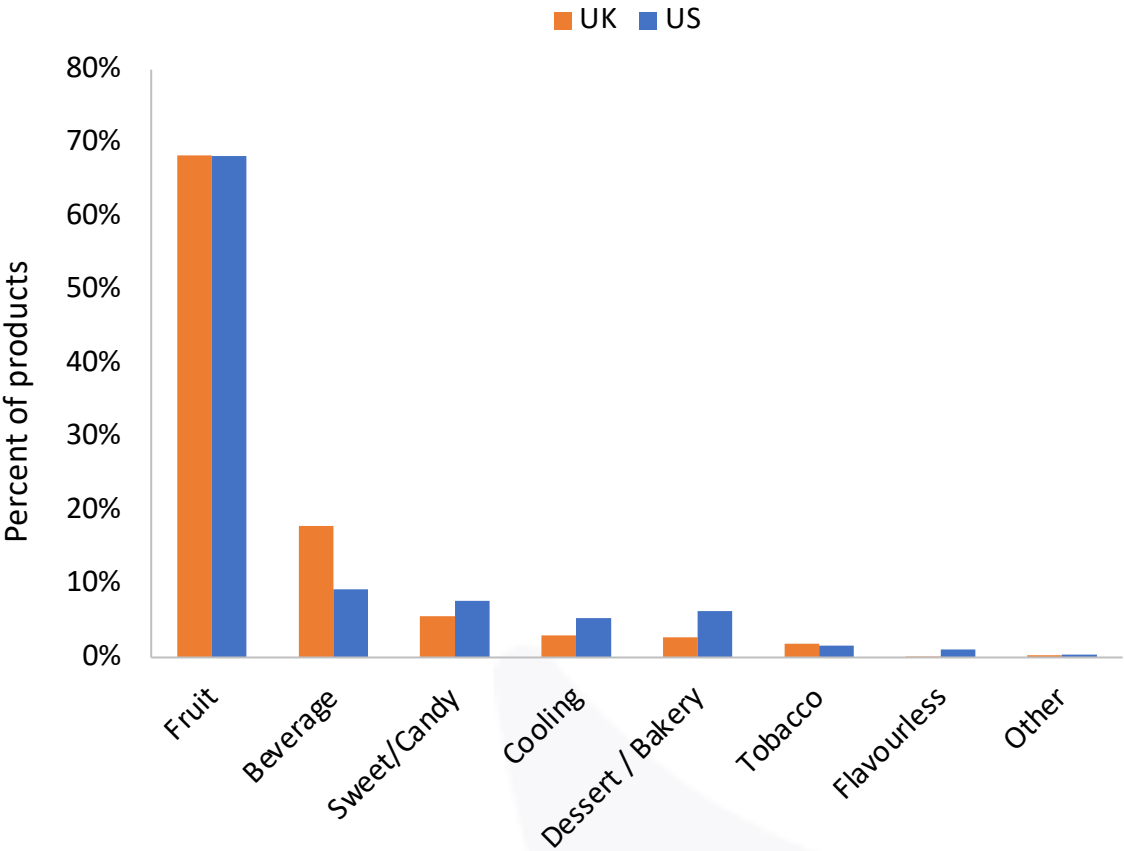
Disposables: only 2% of products are tobacco flavoured



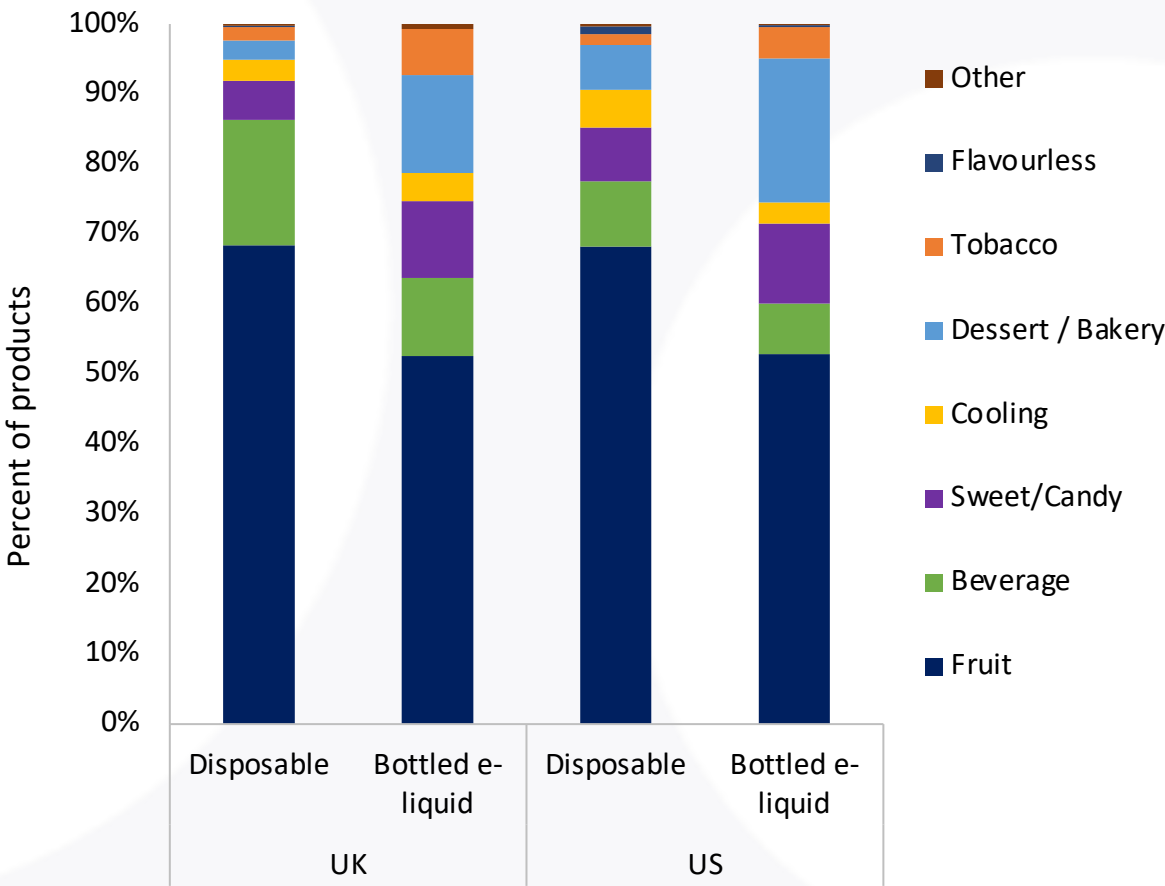
Source: ECigIntelligence Disposable Tracker, September 2023

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



Source: ECigIntelligence Disposable Tracker, September 2023 (products carried by top 5 online retailers)

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

Policy to ban disposables:



Other potential restrictions:



Flavours



Environmental



Plain packaging

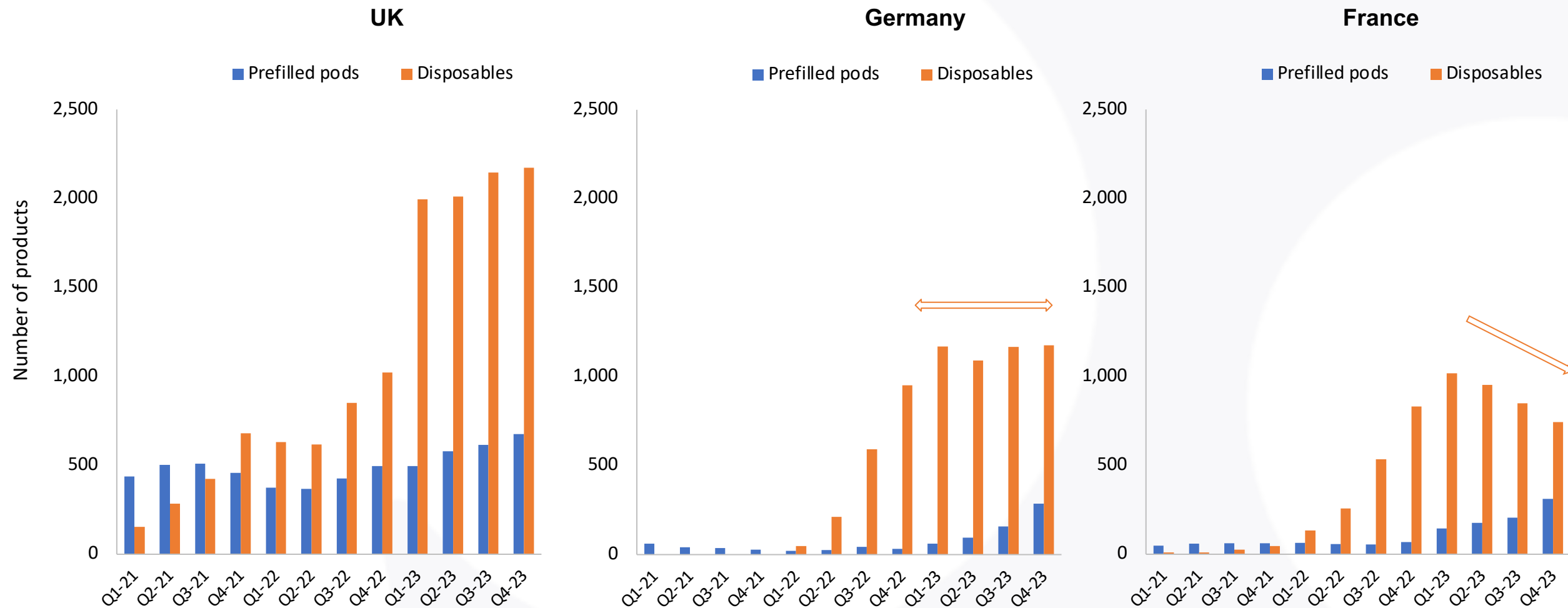


Online sales



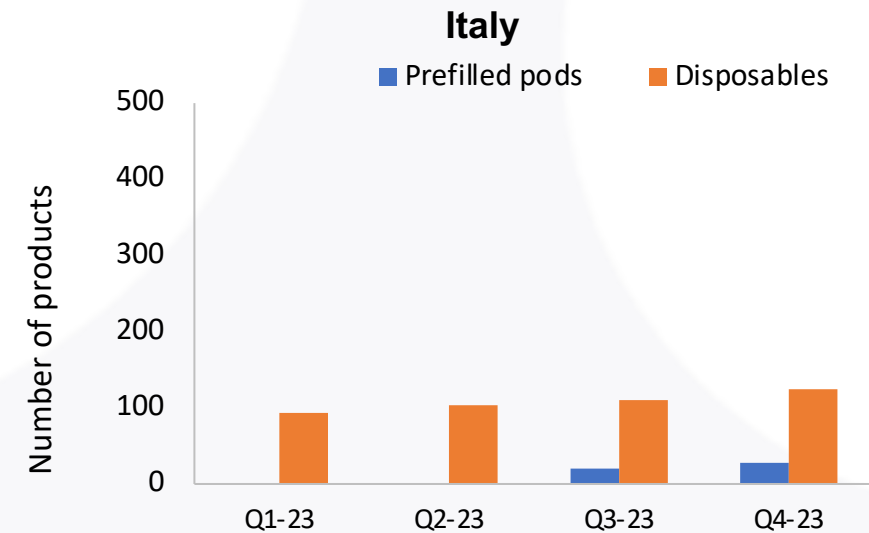
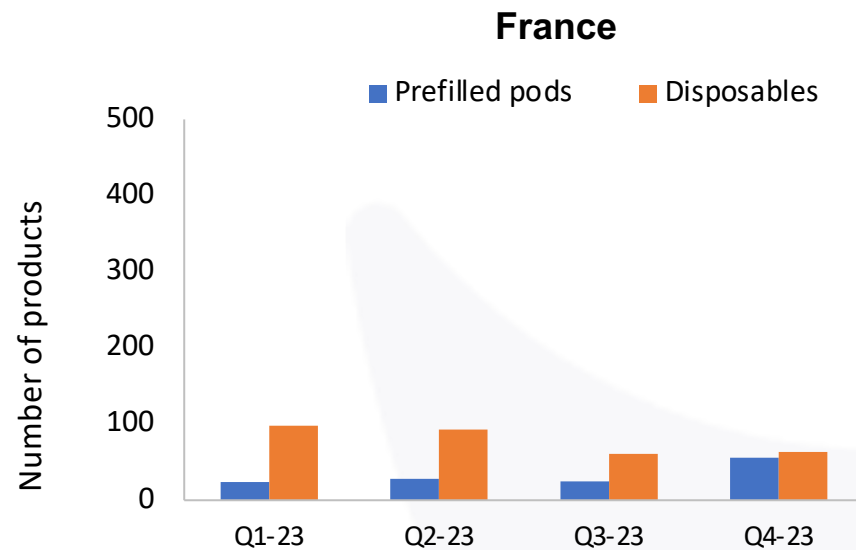
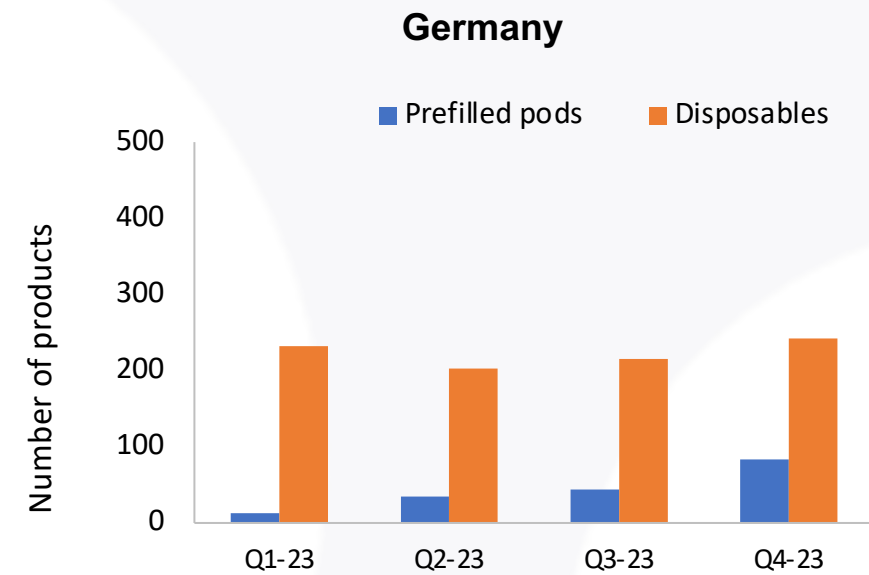
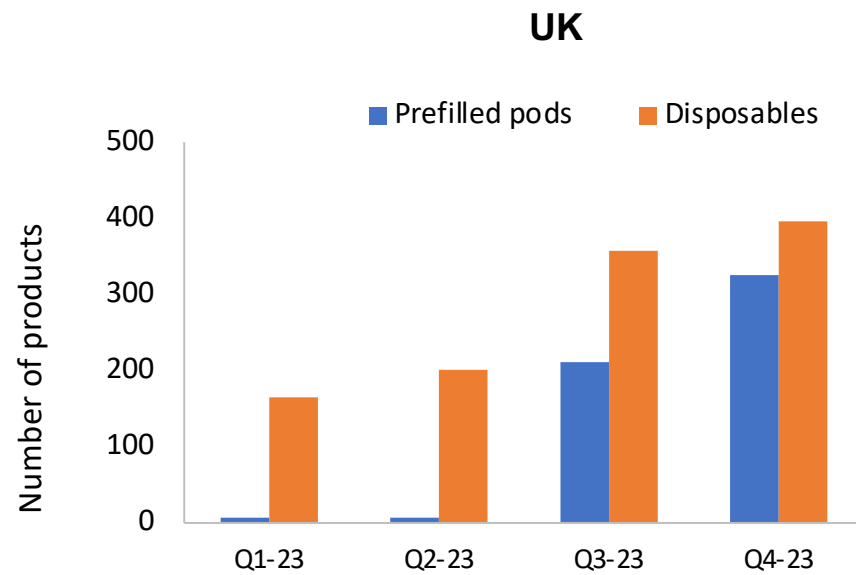
Tax

Early trends in Europe



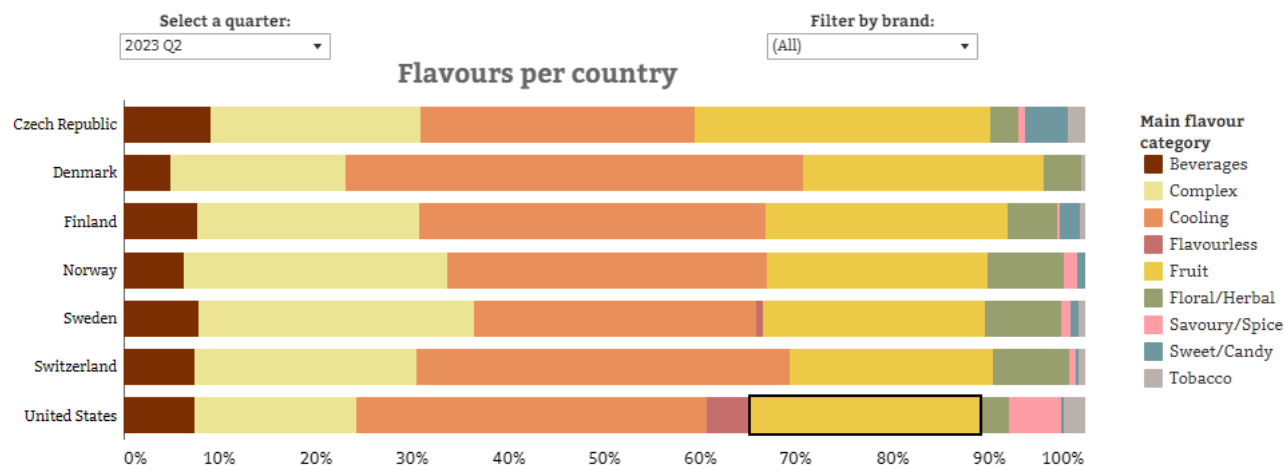
Source: ECigIntelligence Brand Price Trackers, January 2024

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

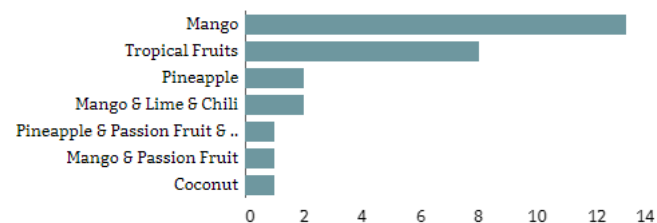


Fruit flavour detail:

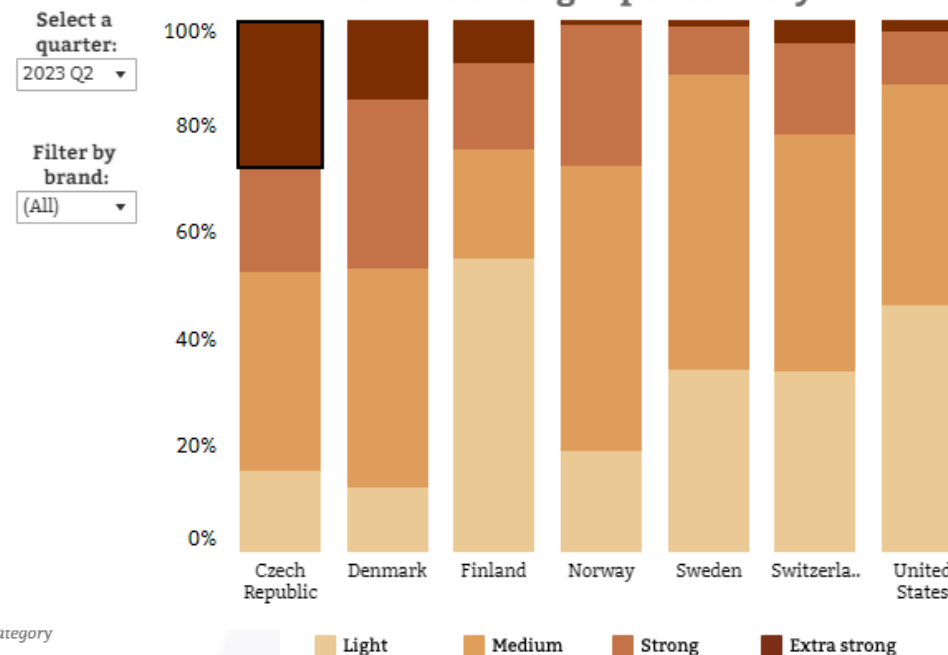
Tropical fruits

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

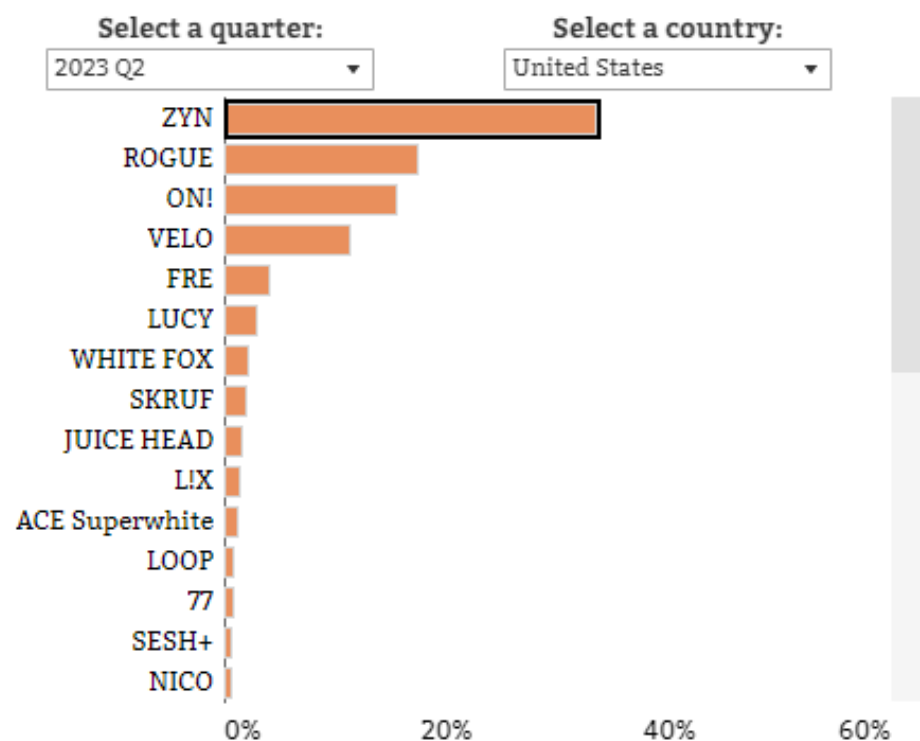


Nicotine pouches – leading brands

Review popularity index

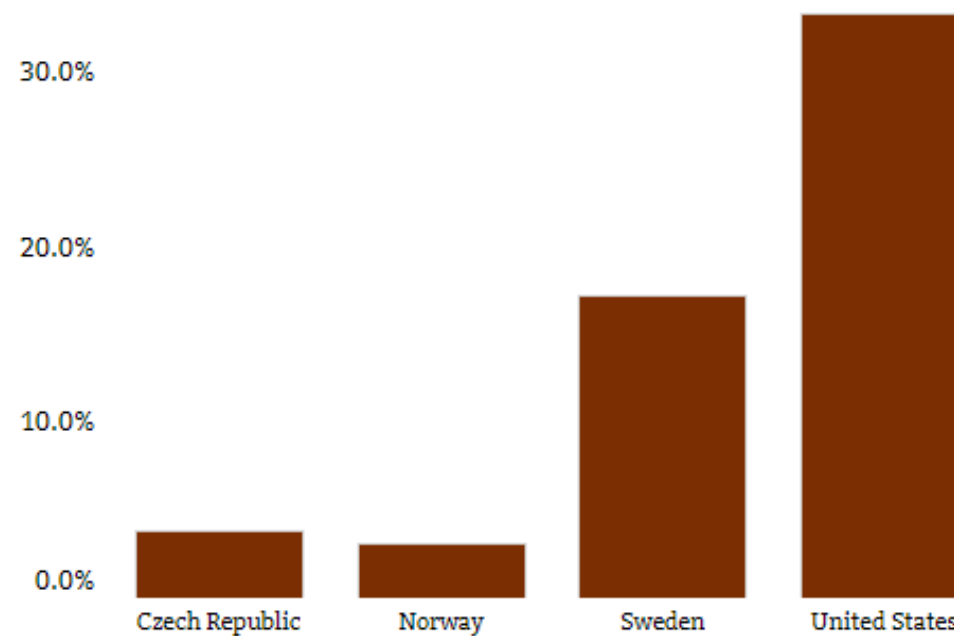
[What is the review popularity index?](#)

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.

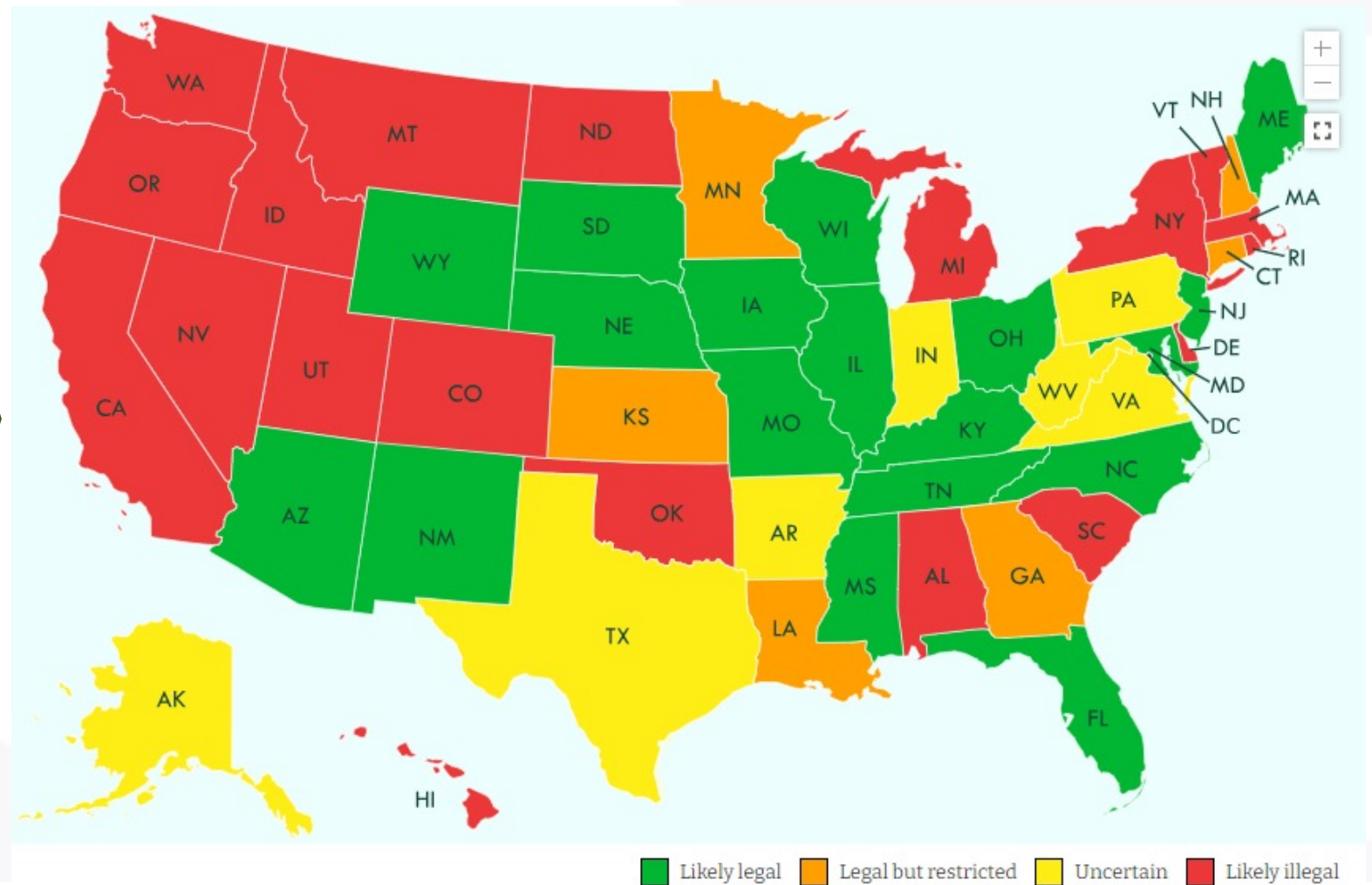
Future

- 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.

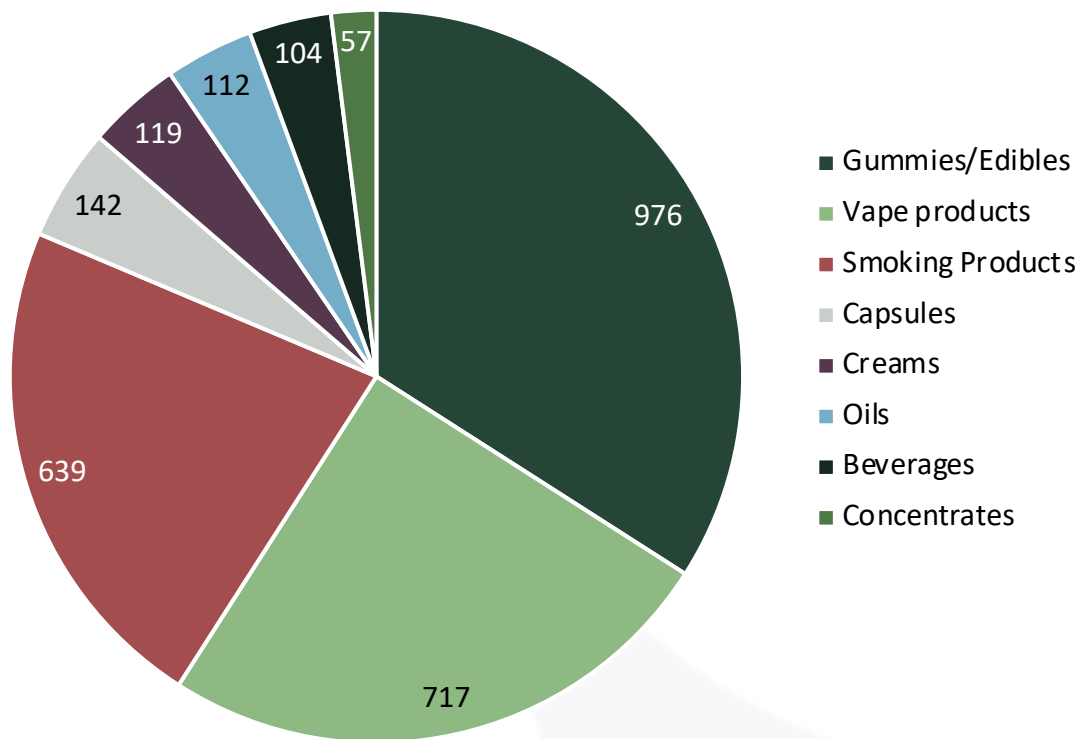
State regulation of delta-8 THC



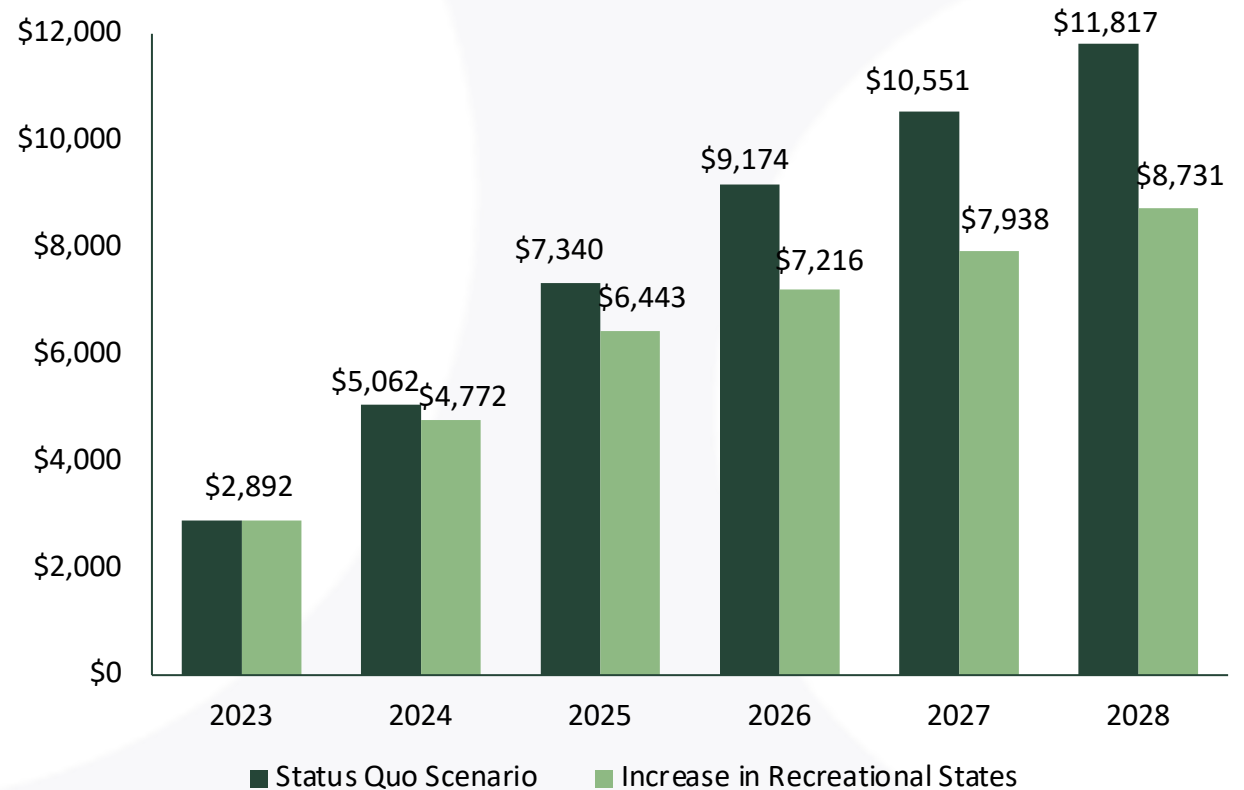
US Market Size for Delta 8

- 2023 estimate at \$2.9 billion USD

By product format (millions of USD)

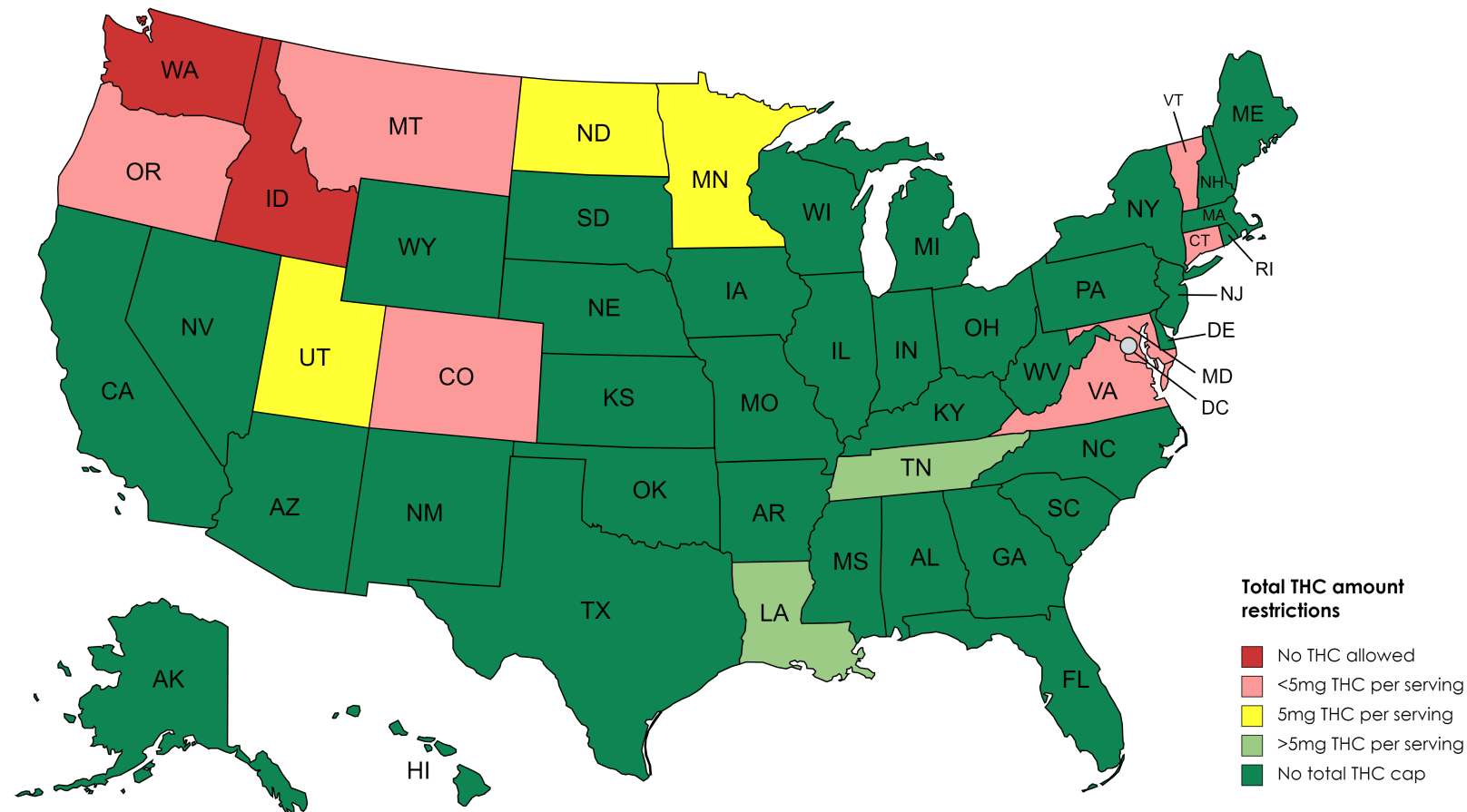


Status quo vs increase in recreational states
(millions of USD)



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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