

# North American Hemp Market Assessment

Confidential report prepared for MIHI

March 2020





# Methodology

- Desktop review
- Natural Products West
- Store visits
- Interviews

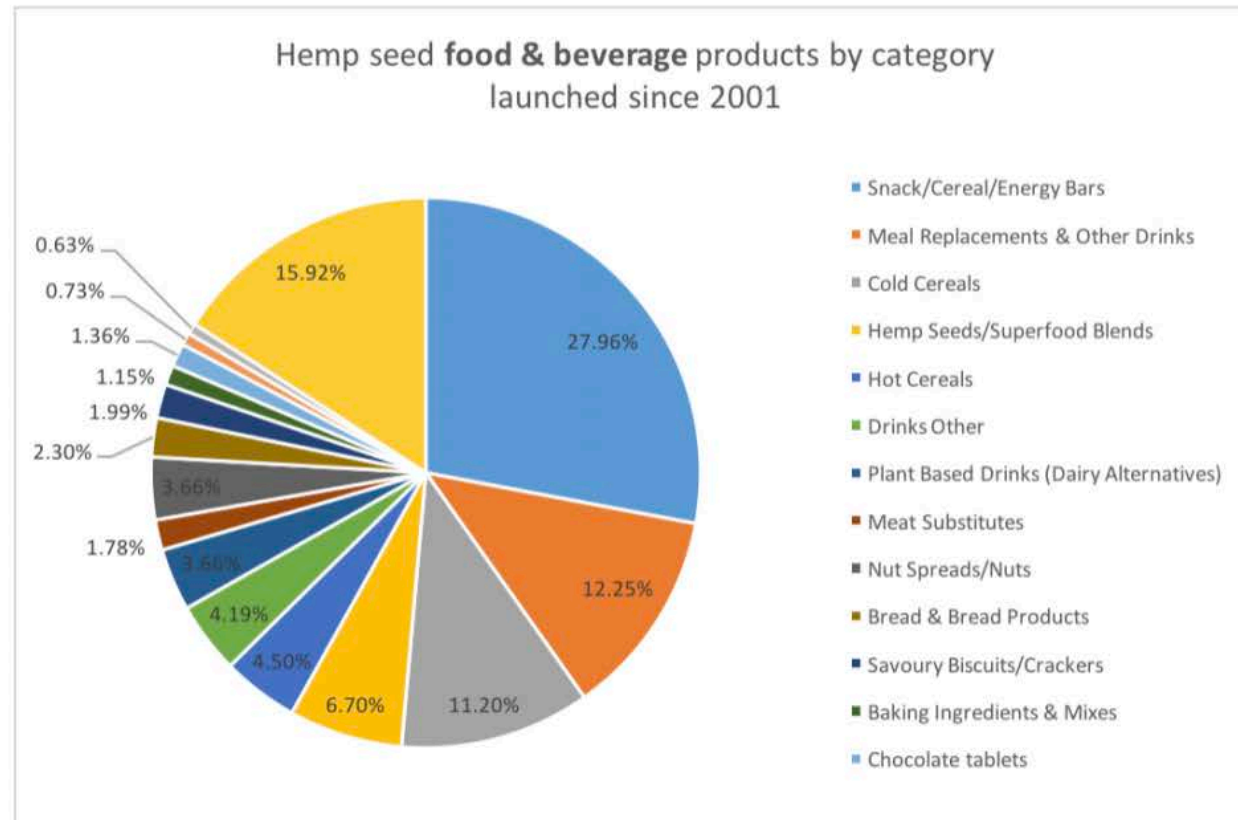






# Hemp industry overview


- Significant growth in hemp cultivation worldwide.
- Demand has driven a broad range of hemp related products entering the market and becoming normalised.
- US production has exploded, rocketing the US to being the number one hemp producer globally.
- Canada is also a major producer
- A considerable amount of growth is focused on CBD products
- To compete, MIHI will need to develop a premium product with a unique value proposition.

# Hemp products overview

Category	% of Category
Snack/Cereal/Energy Bars	27.96%
Meal Replacements & Other Drinks*	12.25%
Cold Cereals	11.20%
Hemp Seeds/Superfood Blends*	6.70%
Hot Cereals	4.50%
Drinks Other	4.19%
Plant Based Drinks (Dairy Alternatives)	3.66%
Meat Substitutes	1.78%
Nut Spreads/Nuts	3.66%
Bread & Bread Products	2.30%
Savoury Biscuits/Crackers	1.99%
Baking Ingredients & Mixes	1.15%
Chocolate tablets	1.36%
Dressings & Vinegar	0.73%
Seasonings	0.63%
Other	15.92%
Total Sample	100.00%



Product/Brand	Claims/Product specifications	Volume	Price in US Dollars
 Let There Be Hemp Tortilla Chips <i>Available in four flavours: Original, Nacho, Chipotle Lime, Ranch - New product, recently launched at Expo West.</i>	Protein packed sprouted hemp seeds 6g plant protein 3g fibre Sustainable Superfood	5oz	\$4.99 (Fairway Market) (1.00/oz)
 Hippie Snacks Cauliflower Crisps (contain hemp)  (Canada)	Non GMO Vegan Gluten Free Sustainability	2.5oz	\$19.99 pack of 4 (Amazon) (\$2.00/oz)
 Sonar! Grain Free Organic Tortilla Chips <i>Available 3 flavours: Sea Salt, Salsa Verde, Nacho</i>	USDA Organic Non GMO Vegan Gluten Free, Grain Free K Parve, B Certified	5 oz	\$33.00 6 pack (Sonar! website) (\$1.10/oz)
 Let There Be Hemp Sprouted Hemp Seeds	Protein packed sprouted hemp seeds 6g plant protein 3g fibre Sustainable Superfood		New Product (Expo West)

 YumButter Superfood Cashew Butter <i>Also available: Almonds with hemp, straight Almond and Peanut and in 16oz jars</i>	Gluten free go-anywhere pouch Kosher, Gluten Free, Low/No/Reduced Allergen, Ethical - Environmentally Friendly Product, Ethical - Human, Ethical - Charity, On-the-Go, GMO Free	6.2oz	\$5.29 (\$0.85/oz) (Thrivemarket.com)
 Wilderness Poets Hemp Seed Butter <i>Seasonally available - June to September in bulk sizes</i>	USDA Organic Vegan Paleo No added sugar/salt Non GMO Gluten Free	8oz	\$14.25 (\$1.78) (Wilderness Poet's website)
 Dastony 100% Organic Hemp Seed Butter	Raw and Organic Stone Ground Gluten Free Vegan Made in the USA	8oz	\$22.40 (\$2.80/oz) (Walmart)
 Good Myk Co. Hemp Mylk Concentrate 6-Pack	Organic Sustainable Easy Fresh		\$67.49 (\$11.23/quart) (Good Myk Co. website)

 Jeff's Best Hemp Hemp Seed Protein	Organic Xeno-estrogen free MTBE free Cruelty free Bisphenol A free Non GMO Cold milled Highly bioavailable	16oz	\$24.59 (\$1.54/oz) (Erewhon) \$21.99 plus shipping on Amazon
 Ora'so lean & so clean Blend of plant based proteins including hemp seed protein	Organic Certified Vegan Kosher	21.02oz	\$37.99 (\$1.79/oz) (Erewhon and Amazon)
 Just Hemp Foods	Non GMO	16oz	\$6.99 (0.44/oz) (Amazon) \$6.63 (0.41/oz) subscribe and save



*Hemp oil lower right shelf*



## Store placement

- Positioning key
- Hemp products located according to function, perishability, like use and convenience.
- Refrigerated section growing rapidly.
- Users still unsure how to use – so working on positioning helps.
- For novel products – placement critical.
- Perimeter is growing.



# Food Trends

- Plant based (the 'mega' trend)
- Reducing carbs
- High quality protein
- Snacking/convenience
- Salty (savory) convenience (meat/cheese/health 'halo' of veges)
- Natural performance beverages
- Digestive wellness
- Function with format
- Benefits c/f 'ingredients'
- Adaptogens



Horizon Organics provides an example of an organic dairy product with added protein. The protein level in every glass is prominently displayed on the front, as well as a description of the benefits of protein for muscle growth.



Apres has rebranded its products and clearly appears to be targeting active female consumers with a range of different flavoured plant-based protein drinks. The range has a consistent nutritional profile across all flavours noting:

- 14g plant protein from pea, chia, hemp, and cacao to help fuel and recover.
- Metabolic fats: 3G of MCTs from virgin coconut oil to provide sustained energy.
- Hydration: Coconut water and electrolyte blend to keep you hydrated.



A fascinating product concept - which leverages off trends relating to:

- Minimally processed (100% cheese)
- Taste and texture (focus on a range of flavours - all which have added ingredients to provide 'crunch' - in a 'moon' shape)
- Does not require refrigeration
- Convenient 'grab and go' format
- Headline messaging re: protein, carb and sugar content
- Website compares moon cheese to other common snacks
- Example of dairy re-imagined into a more modern user-friendly format.





# Adaptogen Case Study: Four Sigmatic

- Four Sigmatic is a Finnish company with a strong origin story relating to its provenance.
- The Company's focus is on transforming 'the most nutrient dense, most studied foods on the planet (primarily focused on mushrooms) into products consumed as food - rather than in tablet form.
- The company has focused on ensuring products taste good (which is strongly backed up by online reviews) and can be easily incorporated into daily routines.
- There is a strong focus on adaptogens to help reduce stress and avoid 'coffee jitters, hangovers and sugar highs'.
- For example: Four Sigmatic's mushroom coffee combines actual coffee (but with less caffeine) combined with mushrooms to 'support focus, concentration, relaxation, steady energy levels, immune system and daily wellness'.
- Focus on efficacy - providing a money back guarantee to consumers that can't 'feel' the benefits.



# Non-food trends

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Production standards and methods



Sustainability (regenerative, grass fed, pasture raised)



Packaging (safety and sustainability)



Clean label



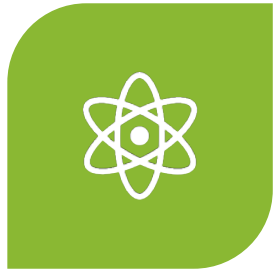
Consumer use of tech – individualized approach to health, diet and to ensure trust and verification.



Origin story – social mission

# Leverage

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INCORPORATING  
R&D...BUT....



NZ AND MAORI  
PROVENANCE



NEED A CLEAR 'MISSION  
BASED' PROPOSITION



NEED TO CONSIDER  
PRODUCTION AND  
PROCESSING CAPABILITIES



- Found at the Erewhon Store, California.
- Beef liver supplement which notes 'Grass-fed New Zealand Pasture Raised'
- Texas-based manufacturer, but its range of organ products are all sourced from New Zealand. Also includes 'organ complex' and 'bone marrow' in the product range.
- No other products in enviromedica's extensive product range mention a source country - which indicates particular value derived from New Zealand provenance.



Example of 'New Zealand Grass Fed Protein' listed under 'cleaner' ingredients.

Evo Hemp is a hemp and CBD company producing a wide range of hemp and CBD products. Evo Hemp has strong mission-based marketing - and has a large number of brand partnerships.

Many products contain either CBD or hemp supplied by Native Americans of the Pine Ridge Reservation and 'utilise Evo Hemp Lab's proprietary technology for producing water-soluble, full-spectrum hemp extracts in a liquid and powder form.'

One of Evo Hemp's founder's notes: "The focus of these partnerships is to combine our indigenous hemp extracts with our favorite products and brands, utilizing our proprietary Evo Hemp Infusion Technology," said Sherman. "This will help grow our mission of providing high paying agricultural jobs to Native American tribes."

CBD Cold Brewed Coffee is an example of two partnerships, combining ethically sourced Northern Thai coffee beans and Native American grown hemp.



Evo Hemp's CBD skincare range prominently features 'indigenous botanical blend' as a key branding message - and notes that the product uses 'Native American Grown Hemp'.

Evo Hemp has successfully married a strong focus on functionality - with key messaging focusing on proprietary technology, third party testing, and providing 'full spectrum' hemp - with a strong mission based campaign - leveraging an indigenous proposition in a modern and sophisticated way.



# Concept development

- Mega hemp
- Hemp + dairy
- Hemp + meat/sustainable seafood
- Hemp + unique NZ product



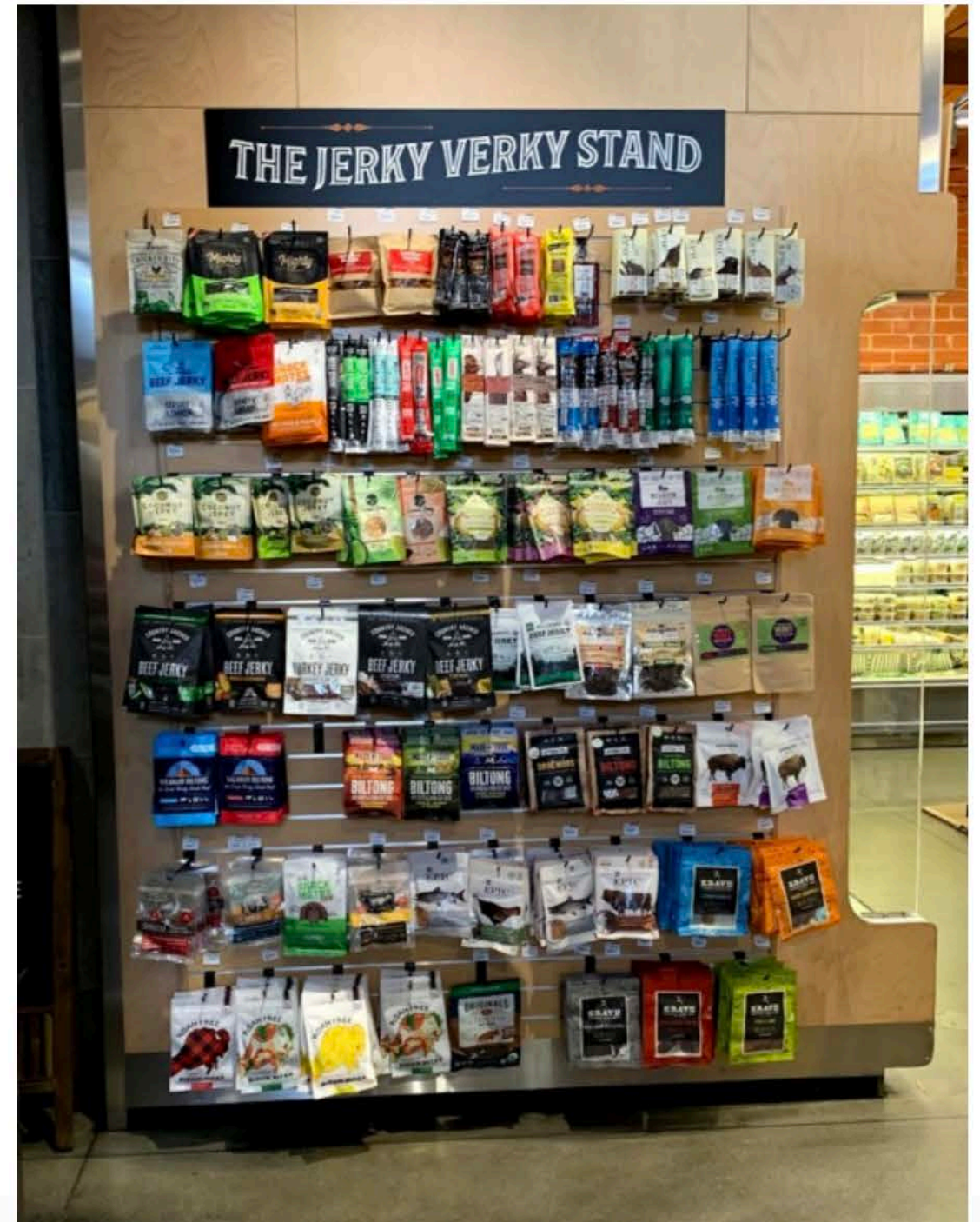
- 100% grass fed promoted for beef, bison and venison meat bars/jerky strips
- All gluten free, low sugar, with a focus on protein content
- Company focus on 'using the whole animal' to 'support ranchers, honour the animal and minimise waste.'

**8 strips.  
2 of each.**

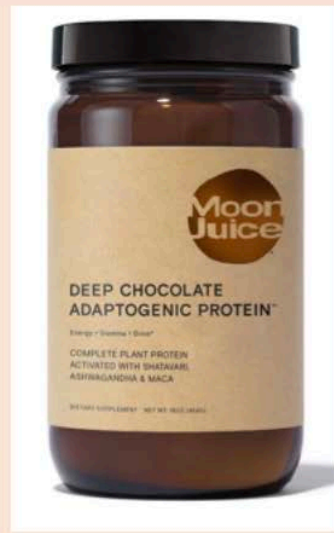
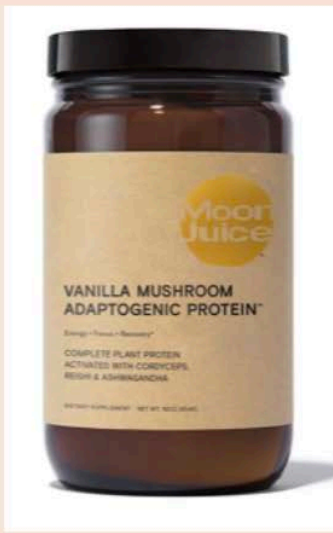


A recent addition to the EPIC range is an EPIC Smoked Maple Salmon Strip

- 100% wild caught salmon
- Certified gluten free
- Paleo friendly
- 7g protein







- Plant protein with ‘mood benefits’. - Each SKU has a focus on a different range of benefits: e.g. ‘energy-focus-drive’
- Comprised of brown rice protein which is ‘bio fermented, ketogenic, and adaptogenic’.

### Case Study: Lumen Hemp Shots

Lumen Hemp Shots (a new product identified from the NPW 2020 exhibitors list) is a great case study for MIHI as they combine many of the attributes MIHI could look to leverage.



**Which Shot is Best For Me?**  
 Take the 30 second quiz below to find which shot is best for your body's needs.  
 For optimal results, we recommend drinking your shots on a daily basis. To help, we've made discounted subscriptions!

**Why Subscribe?**

- CONSISTENCY IS KEY** - Just like a multivitamin, Lumen creates optimal results when consumed daily.
- NEVER RUN OUT** - We'll get you covered! No need to think about re-ordering.
- SAVE MONEY** - Start 15-20% OFF Lumen products when you subscribe.

- Organic hemp is sourced directly from ‘partner farms’.
- The product is primarily hemp, rather than positioning hemp as a lower-level ingredient.
- Leverages off the ‘cold pressed’ trend.
- Focuses on health and well-being with high quality ingredients - with ‘food as a medicine’ which can attract a price premium.
- Works on a direct to consumer subscription model - which would lower market entry costs and encourage automatic re-ordering. These products are positioned as a ‘multivitamin’ that should be consumed daily rather than as a food product.
- Has potential to incorporate a range of distinctly New Zealand ‘super food’ ingredients with strong functionality (more information below on blackcurrants, mānuka honey, kiwifruit and indigenous herbs) - which in conjunction with New Zealand’s strong R&D focus, could present a compelling proposition - particularly with regard to key health concerns in particular immune function, gut and brain function.
- There could be a possibility to add a ‘shot’ focused on protein (referred to in some detail earlier in this report) leveraging existing Riddet Institute work focused on protein bioavailability). This could cater to the recommendation that older adults consume high quality protein throughout the day (in a convenient ‘shot’ format).
- A MIHI product range could provide customised support to tailor a programme to an individual’s health requirements (e.g. provide digestive or protein support where needed).



TASTE!