

PREMIERE ISSUE | WINTER 2020

# THB

**HEMP BUSINESS MAGAZINE**

## GOING FORTH

INSIDE E-ALTERNATIVE SOLUTIONS' CBD VENTURE

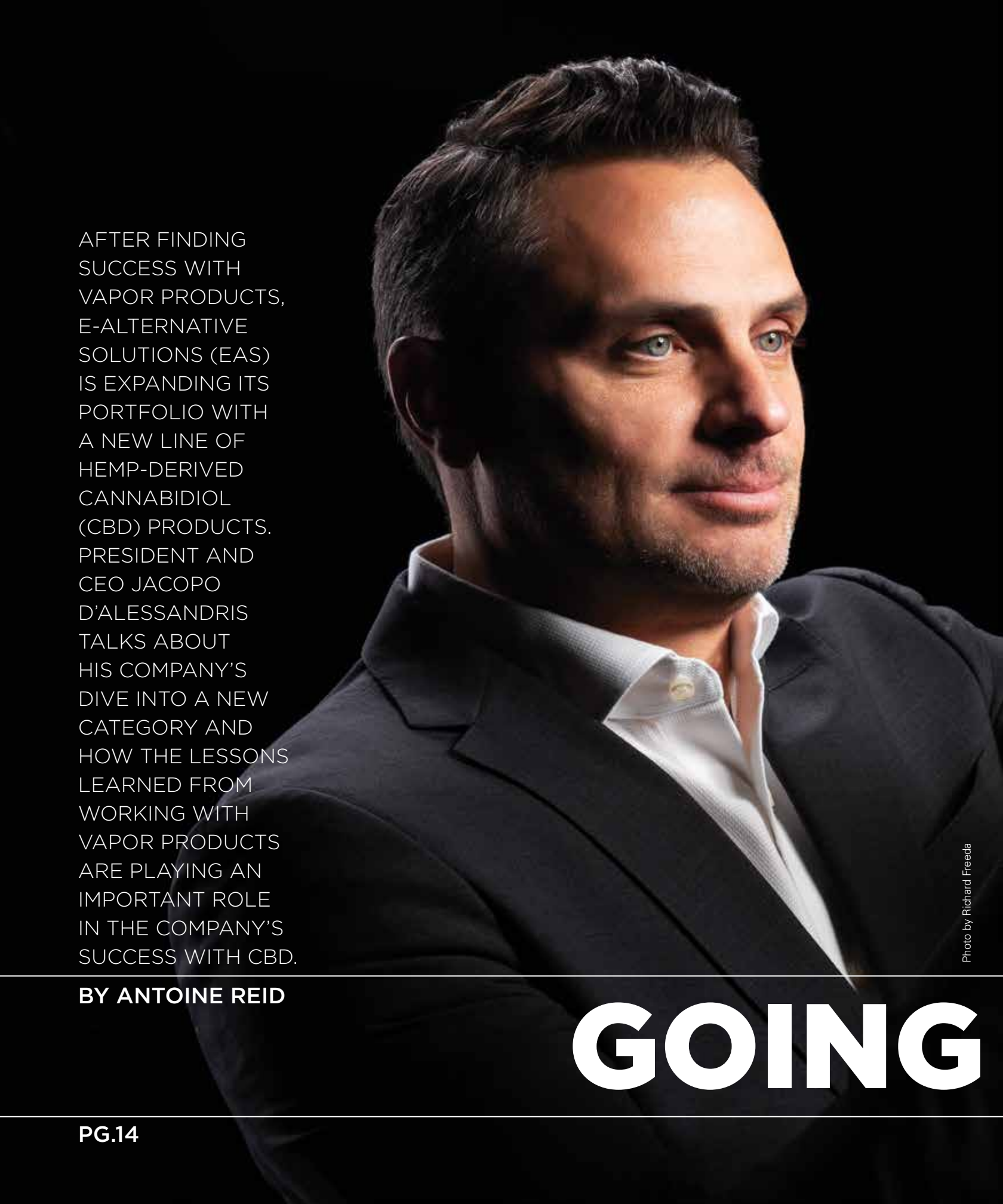


## TPE 2020

A PREVIEW OF THIS YEAR'S TRADE SHOW AND HEMP EXHIBITORS



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A professional portrait of Jacopo D'Alessandris, a man with short dark hair and light eyes, wearing a dark suit jacket over a light-colored collared shirt. He is looking slightly to the right of the camera with a subtle smile. The background is dark and out of focus.

AFTER FINDING SUCCESS WITH VAPOR PRODUCTS, E-ALTERNATIVE SOLUTIONS (EAS) IS EXPANDING ITS PORTFOLIO WITH A NEW LINE OF HEMP-DERIVED CANNABIDIOL (CBD) PRODUCTS. PRESIDENT AND CEO JACOPO D'ALESSANDRIS TALKS ABOUT HIS COMPANY'S DIVE INTO A NEW CATEGORY AND HOW THE LESSONS LEARNED FROM WORKING WITH VAPOR PRODUCTS ARE PLAYING AN IMPORTANT ROLE IN THE COMPANY'S SUCCESS WITH CBD.

**BY ANTOINE REID**

**GOING**



Since 2014, E-Alternative Solutions (EAS) has had a specific mission: to develop, market and distribute products for adults who are seeking alternative brands that fit their lifestyle. As a sister company of Swisher International, EAS is expanding its product lineup with Forth, a new brand that brings EAS into the emerging hemp and cannabidiol (CBD) industries.

EAS has built its business on brands based in emerging and highly regulated industries. The company's approach to product development and business in general has been to be "right" to business rather than "first" to market. Putting customers and their needs first, EAS has strived to create innovative, research-tested products with responsible messaging, an initiative that has extended to its new hemp-derived Forth product line. As it has done previously with other products, EAS identified the growing popularity of hemp and CBD products in the lives of consumers and initiated a plan to implement the company's proven philosophy for tackling new industries. EAS knew what it wanted to accomplish with Forth CBD before the products were ready to hit store shelves—to create research-tested, best-in-class products, to develop a thoughtful and educational sales and marketing solution, and to place an emphasis on responsible education for both retailers and consumers. Having applied a similar approach to Leap vapor product franchises in previous years, the team at EAS knew these critical elements would ensure success in this new product category.

"At EAS, we view our role as that of the responsible voice, the prudent partner," explains Jacopo D'Alessandris, the company's president and CEO. "We offer high-standard products with CBD levels that are independently tested and verified, and we do not make therapeutic claims. We operate responsibly, ethically and with an eye on the long term so that we can be a leading partner to retailers and the industry and help them avoid many of the pitfalls experienced by the vapor industry."

For years, D'Alessandris and his colleagues at EAS learned the most valuable lessons through experience. Having primarily built its business on vapor products, the company has witnessed other brands and businesses make mistakes early on that negatively impacted wholesalers, retailers and the industry at large for many years. Avoiding the pitfalls that have resulted in criticism and scrutiny for the vapor industry is key for the CBD industry's future success. Despite the fact that the vapor industry's tumultuous past year serves as a lesson for hemp and CBD businesses to learn from, D'Alessandris says he is seeing many of the missteps made by several companies in the vapor industry beginning to be replicated in the hemp industry.

"Unfortunately, despite the obvious lessons to be learned from other highly regulated industries like vapor, I now see many of the same mistakes by CBD manufacturers," he says. "Companies are making reckless claims. Some →

The team behind Forth  
(From left to right):  
Jeff Brown, Jacopo  
D'Alessandris, Ray  
Brandstaetter, Ellene  
Hu, Chris Howard



launch products into the market claiming they contain CBD, but product analyses subsequently reveal they contain little or none of the compound. In addition to bringing bad consumer experiences into the industry, these issues quickly attract regulatory scrutiny. What we're seeing now are the seeds of issues that are likely to become bigger problems in the future."

Having participated in extensive testing at retail since early 2019 and in ongoing consumer research, EAS is ready to bring its new Forth CBD product line to market on a broad scale. Making its national debut at the 2020 Tobacco Plus Expo (TPE) trade show in Las Vegas on Jan. 29-31, 2020, Forth CBD is a new line of U.S.-grown hemp-derived products that include full-spectrum tinctures, topicals and ingestibles, as well as isolate vape pens. These are market-tested products made to encourage turns at retail. Just like the company's vapor products, Forth CBD products offer adult consumers the highest-quality ingredients that are tested for quality and purity by third-party labs, as well as a variety of flavor, strength and format choices to meet each person's individual needs. These new CBD products were developed for adult consumers with impulse-buy packaging formats and prices that consumers are already accustomed to seeing in a convenience store and tobacco/specialty store environment.

### **Navigating Regulations**

A lot of hard work and thoughtful research has gone into properly launching Forth CBD in the growing CBD market. D'Alessandris says the fluid regulatory landscape has been the biggest challenge while developing the Forth CBD brand. Although the 2018 Farm Bill legalized the growth of industrial hemp in the U.S., many states have been slow to revise their own approaches to regulating hemp and CBD products and have opted to apply additional and different rules to the

category. EAS works with retailers to ensure the company's products are sold responsibly and in accordance with the laws of each state. With Forth CBD, this has been especially challenging because the regulatory landscape for hemp and CBD products is constantly changing. Because hemp and CBD are both emerging categories and regulations are still in development, other aspects—including e-commerce and payment processing, insurance and marketing—are also challenging for the company to navigate as it becomes engaged in the CBD market.

Proven to be successful in the highly regulated vapor category, EAS's strategy is to remain flexible while regulations continue to evolve and to be prepared to adopt any rules or policies announced by federal and/or state governments without allowing any disruption to occur in supply. To strengthen its position in the CBD and hemp markets, the company has made a significant investment in its internal and external legal teams. This team continually works with retailers to ensure EAS stays abreast of all of the changes in the industry so that it can help its retail partners navigate and strengthen the entire CBD category.

"FDA [U.S. Food and Drug Administration] recognizes the potential opportunities that CBD products may offer, and it acknowledges the significant interest in these possibilities," explains Chris Howard, general counsel and chief compliance officer at EAS. "We at EAS appreciate this and are therefore focused on being actively apprised of FDA directives. We remain willing to work directly with the agency to discuss potential paths forward for marketing and selling these products. Given the current patchwork of regulations at the state level, we are also taking steps to ensure compliance with these laws as well. We evaluate each state individually prior to deciding which, if any, of our CBD products to market and sell in each geography."

Compliance is an important aspect of building trust between



E-Alternative Solutions' new Forth CBD line of products is formulated with the highest quality, U.S.-grown hemp to promote general wellness and is offered in a variety of different formats, including tinctures, chews and rubs to fit all consumers' needs.



EAS and its retail partners and the adult consumers who purchase its products. To achieve this trust, EAS adheres to a very simple but effective formula: clear and concise communication, small formats and accessible price points. With Forth CBD, the company is providing a variety of product types, all at affordable price points and offered with clear labeling and independent testing to ensure the best quality and instill consumer confidence. Its formula comes together on the shelf to empower consumers to make informed choices about which product will work best for them. The company's past experiences and expertise in working with emerging markets also helps it build a demand in stores for its products. As with its vapor products, EAS provides a 100 percent satisfaction guarantee for Forth CBD products, and any retail customer may return a product if they are not satisfied with it, providing even more of an incentive for those interested in quality CBD products to give Forth CBD a try.

### Overcoming Obstacles

The quality of the hemp used in Forth CBD products is a major focus for EAS, as is its process of quality assurance. EAS currently uses Colorado hemp that's been cultivated at Colorado Department of Agriculture-registered farms for its Forth CBD products. Its hemp oils are extracted in a state-of-the-art facility to ensure their quality, and every single batch of its products is tested at an independent, third-party lab. In accordance with industry standards, EAS obtains a certificate of analysis (COA) for all of its products and also posts the COAs received and reviews again on its website for retailers and consumers to access at any time. On its product packaging, EAS offers a scannable QR code that leads consumers directly to the COA so they are able to analyze it for themselves and learn more about the specific levels of CBD they

will receive through the product, review the product's components and better understand its qualities.

Even with EAS's constant efforts to be responsible and its focus on offering quality CBD products, the uncertainty present in the industry still keeps some retailers from embracing the category and bringing its products into their stores. D'Alessandris reports having had conversations with retailers who are on the fence about carrying CBD products because of the regulatory uncertainty and being unsure if they can legally sell CBD in their geography. Multistate operators are especially sensitive to inadvertently breaking the law, which has led to EAS working closely with retail buyers and retailers' legal teams to help address concerns. Though the reluctance of retailers to fully embrace CBD would upset some, D'Alessandris sees it as a potentially positive development for the long-term viability of the CBD industry.

"Candidly, I would prefer retailers remain on the fence as opposed to making mistakes others have made in the past, like selling products that make exaggerated claims or discounting prices to inflate demand," he says. "It's better to get it right than to jump in too quickly. Let's be mindful [that] the consumer is confused and looking for an education. If you offer them too much choice, or if you offer them poor options and they have a poor experience, then that's one less consumer who is likely to repurchase in the category."

Operating on the side of caution is how EAS has always operated and a move that has kept it from suffering the same fate as many other manufacturers. EAS prides itself on being prudent and responsible and is applying both of those attributes to its strategy for entering the hemp industry. The company is very careful not to make any therapeutic claims on its packaging and understands that it has a responsibility →



as a leading player in the industry to apply high standards to the way it manufactures, markets and sells its products.

“We want to be a CBD leader for our retail partners,” says D’Alessandris. “We believe CBD will be a massive business, and CBD compounds will be found in a wide array of formats: cosmetics, food, beer and soda, to name a few. We believe we have a big role to play in this space. We created Forth because we want to be a long-term leader in the channel.”

**Retail-Focused**

On its path to becoming a leader in the CBD category, EAS has focused on creating the right assortment of products, finding the right price points for those products, and educating retailers and consumers about hemp and CBD. EAS’s Forth CBD’s price point is affordable so that the consumer can see what works best for them without having to spend a lot of money in order to do so. This creates a lower barrier to entry, brings more adult consumers into the category and generates interest within those retail outlets that carry the product. Once people are interested in buying and using Forth CBD, EAS makes sure that different formats of the products are available to fit the unique needs, preferences and lifestyles of consumers.

Working with its retail partners to ensure they are equipped with the latest news, resources and tools to successfully sell Forth CBD is important to the company. EAS’s sales team is optimally built for convenience stores and has experience working with other heavily regulated product categories, including vapor and tobacco. The structure of the company’s sales team—from category management to trade marketing to field sales—has been built specifically for convenience stores and discount tobacco/specialty outlets. On the marketing side, EAS’s team contains experts with vast experience in food, cosmetics, topicals, oils and other consumer packaged goods categories. Then there’s the company’s legal and compliance team that can help retailers navigate all the regulations and laws that may initially keep them from bringing CBD products into their stores.

Together, EAS’s expert team members work with one another to ensure the products are tested, evaluated, packaged and marketed in a responsible and compliant manner.

“We bring together unmatched expertise in the channel, combine it with top-tier talent from other verticals, and place an enormous emphasis on compliance—all with the goal of creating a best-in-class offering,” explains D’Alessandris.

Having worked within the vapor category for years, D’Alessandris and EAS have enough experience with building brands in new categories to steer clear of some of the obstacles that other companies who are entering the CBD category are facing. D’Alessandris says that, like vapor products, CBD products must be promoted with caution and care, which means marketing them to adults and in accordance with regulatory direction. Similarly, retailers and consumers must be educated early to avoid misusing products and succumbing to misconceptions. The key difference D’Alessandris has personally come to learn since working more with the CBD category is that new opportunities exist in this category that are far different than those found in the vapor industry. CBD is typically used by consumers for general wellness and isn’t as niche as vapor. CBD’s broader appeal and consumers’ interest in it is why many large food, alcohol and cosmetics companies are entering the industry with their own products.

Retailers attending TPE 2020 will have the opportunity to learn more about Forth CBD by visiting the EAS booth at the trade show. D’Alessandris firmly believes that the popularity of and demand for CBD will only continue to grow within the U.S. and that through its focus on compliance and quality EAS will also continue to serve as a major player in this emerging industry. The company has plans to promote Forth CBD in order to build awareness and demand for its products among consumers. For retailers, EAS has merchandising options and a category management team ready to help retailers integrate Forth CBD into their stores and determine consumer preferences and local regulations. **THE**

**CONTINUING EDUCATION**

Education is a key component of E-Alternative Solutions’ (EAS) business plan, and those attending the 2020 Tobacco Plus Expo (TPE) in Las Vegas will have the chance to learn more about the cannabidiol (CBD), hemp and vapor industries from some of the company’s leading experts.

EAS president and CEO Jacopo D’Alessandris will be part of a TPE 2020 educational panel on CBD titled, “Brave New World: Making the Jump into CBD.” Scheduled to be held at 1 p.m. on Jan. 29, 2020, D’Alessandris will speak about Forth CBD and how other businesses and individuals can navigate category growth in addition to why CBD should be part of a store’s product assortment. In addition, Chris Howard, EAS’s vice president, general counsel and chief compliance officer, will take part in the educational panel titled, “Waiting to Exhale: Mastering Today’s Vapor and E-Cigarette Market,” which will be held at 1:15 p.m. on Jan. 20, 2020. This panel will address regulatory and compliance developments in the vapor industry.

EAS and its products can be found at TPE 2020 at booth 6046. Those interested in learning more about EAS, as well as the vapor, hemp and CBD industries, can do so by following D’Alessandris and Howard on social media. D’Alessandris can be followed on Twitter @jdalexandris and on LinkedIn at [linkedin.com/in/dalessandris](https://www.linkedin.com/in/dalessandris). Howard can be followed on Twitter at @vaporlawyer and on LinkedIn at [linkedin.com/in/chris-howard-eas](https://www.linkedin.com/in/chris-howard-eas).

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