

Starting with Non-GMO Hemp Plants, SUPA Naturals LLC is bringing to market High-Quality CBD Products



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CEOCFO: *Paul, what is the overall vision behind SUPA Naturals?*

Paul: Susan and I founded SUPA Naturals back in November of 2019. The primary reason for starting the company was a result of a health journey that Susan was going through, which started in 2013. We started with traditional Western medicine but didn't have much success there leading us towards exploring more holistic and natural approaches. Three years into this journey Susan received a diagnosis of Lyme disease. With no real treatment plan we were essentially left on our own to discover how to minimize symptoms and improve Susan's quality of life. We discovered CBD products along the way and found they did have a positive impact.

While searching for CBD products we found a lot of inconsistency in quality and efficacy in the marketplace. We thought perhaps we could make better, high quality, consistent CBD products ourselves? After a lot of research, trial, and error we did just that!

CEOCFO: *What is the key to a quality CBD product?*

Paul: I think there are a few keys, consistency is one of them, of course, and that speaks to having a very high-quality growing facility. We work with non-GMO hemp plants that are organically grown in Kentucky which is the state that has

been growing hemp the longest in the United States. They have a long history of outstanding farming practices there. We start with a very high-quality plant product that then goes through the manufacturing process.

We use a supercritical carbon dioxide extraction process that separates the active cannabinoids from the solvents, the resulting oil is very pure. We send all our products to a third-party lab for independent verification of THC and CBD contents and to verify there are no heavy metals or pesticides present in the products. These lab reports are available on our website for all our products.

CEO CFO: *What were the hardest pieces to put together?*

Paul: The main challenge initially was the creation of the website, researching what products would be good to carry initially while understanding where we wanted to go in the long-term. Once the website was created, the next biggest challenge was increasing our brand awareness by attracting customers to us using SEO, social media, and advertising.

Ultimately, we had to build the website to not only be a vehicle to sell product, but also a source for educational material. Since the CBD marketplace is relatively new, there is still a need to educate people about what CBD is/isn't, how the products are grown/processed, and how they can be used to improve the quality of our everyday lives.

CEO CFO: *Do you find people are recognizing the need for quality and what constitutes quality these days?*

Paul: Yes! We see that shift slowly happening, but it is hard for the consumer because of the large number of products available in the marketplace today. For instance, if you type in "CBD oil" into a Google search you will find pages and pages of similar looking products. If you dive into the results a little deeper, you'll see that the average cost per mg of CBD can range from about \$0.03 to \$0.15. Factors that affect the quality of the product and hence the price are: quality of the hemp (is it non-GMO?), farming practices (organic?), CBD isolate or broad spectrum vs full spectrum, independent third-party testing (which is not cheap), and premium ingredients (for instance organic coconut oil).

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This is part of the education process for us; to explain to the customer how they will get better outcomes by choosing high quality products like we produce at SUPA Naturals.

CEO CFO: *Have you found a way to educate? Have you identified something that grabs people so when they read those one or two lines, they will say "oh yes I understand now"?*

Paul: I think that is a work in progress. We have been publishing blogs since our inception, typically two per month, so we have built quite a broad library of information. We look at what is happening in the world today, what is trending, and we try to look ahead to see where else we can really improve our educational component. We try our best to anticipate questions that people will want to ask.

The marketplace is evolving, things like water-soluble products are coming out and people have questions about what is interesting about those. There are other types of cannabinoids that are becoming more prevalent. CBG seems to be the next wave, so people are asking questions about those products as well. We try to keep on track with that and stay ahead of the education process.

CEO CFO: *Would you tell us about water-soluble and why it is important?*

Paul: It is an interesting area. CBD typically is used in an oil-based format, however, when you take an oil-based product and try to mix it with a liquid it does not blend very well; oil and water just do not mix. A water-soluble CBD product is an oil-based product that has been put through a secondary process called micro-emulsification. If you think of the oil as a bunch of big molecules, the micro-emulsification process breaks those down into much smaller sized nano molecules that can be easily combined with other liquids.

For instance, in having a water-soluble tincture that you can just mix in with a spoon, there is no need for a blender, so this is great for coffee and juice shops because they can add a serving into drinks and sell it to their customers easily.

CEO CFO: *How do you help your customers decide which products might be best for them?*

Paul: We are constrained by FDA regulations about making medical-related claims on CBD products. We certainly encourage our users to leave testimonials and reviews on our website so other customers have antidotal reviews that they can read.

On our website we have a quiz that you can take, and it guides you through the process of defining how you are looking to help your body/mind and it will ask you questions such as; if you are looking to help yourself or a pet? If you prefer to take products in a liquid form or something that is topical? It will ask you up to four questions to help guide you towards the product which might be the most useful for you. The quiz is a nice, quick way for a novice CBD user to figure out what product might be the most effective for them. If you have more time available and want to read our blogs, there is plenty of information there for you so that you can understand in more depth, the ways in which different products can be best used.

CEOCFO: *Which products get the most traction and what particular products are you surprised do not get the interest they deserve?*

Paul: I think all the products get traction. There is different approachability for our SUPA products. For instance, our cooling gel, which is a product that is useful for sports recovery, is one that is very approachable. You put it on and almost instantly you get a cooling effect on your muscles. It has a positive effect on you right away and then the CBD kicks-in about 30 or 40 minutes later giving an overall feeling of relaxation and pain relief. Almost everyone that has tried our cooling gel has an extremely positive reaction to it. The only downside from our perspective is that it has had an amazing healing impact for people even with chronic conditions. Where we might hope as a company, is that they sign up to be a recurrent subscriber for the cooling gel, but some just use it few times and it seems to clear up whatever is going on for them, and they are essentially healed! It has been quite humbling to hear some of the testimonies from our customers, so that product is super popular. The cooling gel is very approachable and easy for everyone to use and understand.

The topical products are just more user friendly since people are more amenable to putting CBD products onto their skin rather than taking something orally or in liquid form. Those products are much easier to talk to people about. Our cooling gel and body butter products are both THC-Free, which some people prefer.

Our massage oil is one of our favorite products and it is amazing, literally! And who doesn't love a good massage? Our SUPA oil gives you that familiar massage oil feel, but after the massage is over, the CBD kicks-in and it is almost like getting a second massage! Since you have the CBD now absorbed into your skin, you get this tremendous feeling of relaxation and wellness. It is wonderful for pain relief and stress reduction as well. Our oil is really a fantastic product and the essential oils we have added to it has taken this CBD massage oil to another level. We have this in both 600mg and 1200mg strengths.

Susan: One of the products that we thought would sell well that has not, are the capsule. This is surprising to us because with the capsules, you can be very precise on the dosing and it is convenient to carry with you. It does not have any taste and you can take it with water while on the go.

CEOCFO: *How do you decide which products to add or what to take out and what type of inventory do you need to maintain?*

Paul: We add products based on customer feedback and by what is going on in the marketplace. Water soluble products became more popular last year, next year it may be CBG. We try to keep up with, or ahead of the latest trends. So far, we have not taken any products out of our lineup that we launched with. As Susan mentioned, the capsules were more disappointing in terms of sales and I think we will try the usual things and have a clearance sale and try to educate people more on the capsules. If it has an impact, then great! But if not, then it probably means we will take them out of the product lineup at some point.

Susan: We have been seeing a lot of excitement around gummies recently! We have a citrus flavored one which has been doing great and just added a strawberry flavor! They are both delicious and we are excited because they are great gifts for Valentine's Day coming up! The strawberry gummies are pink, so it goes along with the Valentine's theme nicely. It is quite possible that we add some other flavors of gummies in the future. Our gummies are an approachable product

that people feel less intimidated by when new to CBD and the fact that they taste like candy are vegan and completely natural is something we are happy about!

CEOCFO: *What type of inventory do you maintain?*

Paul: It varies by product because we try to predict based on what we think it is going to do well. We typically have on-hand a couple hundred units of each product. There is usually a two-week turnaround to produce a new batch of products when needed.

CEOCFO: *Do you deal with retail stores, sell wholesale, strictly onsite?*

Paul: Our website is our main storefront and that is where we put our energy in terms of advertising, marketing, and education. We do also have wholesale customers. We have been spending a lot of time recently working with spas around the country, trying to get them to carry the massage oil, cooling gel and the body butters, which are very popular so that has been a good wholesale area for us to concentrate on.

We also have affiliate sales, and we work with other retailers out there to sell our products directly. We do quite a bit of local retailing too. We work with spas, coffee shops, and similar businesses. We also are interested in pet stores; as we have a pet tincture called "Bailey's Best", so we are looking at this area as another retail opportunity. This line was created in honor of our Bernese Mountain dog, Bailey.

CEOCFO: *Do you find that people are drawn to Susan's personal story; does that help in gaining interest for your products?*

Paul: Certainly! There are a lot of CBD companies out there and it can be hard to differentiate oneself. But I do feel that having Susan's journey detailed on the website is important because it helps to personalize the company and a lot of people are able to connect with Susan's story, based on struggles they might be experiencing in their own lives. Susan and I both feel deeply passionate about continuing to bring our CBD products to people and helping them live "A SUPA Life", as our mission states.

CEOCFO: *How is business?*

Paul: 2020 was an interesting, non-traditional year to say the least! In some ways it has been hurtful, and, in some ways, it has been helpful to our business. The ways that it has been helpful is that there is unfortunately a lot of anxiety out there, especially in the younger population. Our demographic is typically in the ages of 35-60, but in the last year we have seen more customers in their 20's. They are really struggling with the pressures of today. Young adults in college or at their jobs, with their schedules being interrupted because of COVID. There is just a lot of stress and anxiety about what has been going on and where the future is headed, so there has been a shift for us in terms of who is looking at buying the products and who is using them.

Some of the things that have been good for us as a small business is that some of the tradeshow that are typically held throughout the country have become available to us. Before COVID, they would be hard for us to attend because we would have to leave home for a few days, bring plenty of product for our booth, and of course, finding childcare for our kids while we would be gone. So, a lot of the shows have actually converted to a virtual format this year. That has been fantastic for us because we can stay home and put a video together. We can interact with people on Zoom calls and it allows us to showcase our products in a more intimate setting, in a way that we could not have done probably last year or even next year. That has been a great advantage for us.

The disadvantages are things like local retailing, where we would go in and talk with potential clients and interact with people on a personal basis, which is now a lot harder to do. People are a little wary about having others around them, understandably so. Small business owners in general are hurting, so they are less willing to take risks on new product lines, so that has been a negative.

Overall, the company performance for last year has been like we had expected, but also not as expected because things have changed all around us. We have a balance where some things have been positive, and some things have been negative, but for SUPA Naturals, 2020 overall, has been a good year!

CEOCFO: *Why choose SUPA Naturals LLC when there are so many products available?*

Paul: We have an outstanding product line. We have products for your pets, for you and your family, for older and younger generations. We have topical products, edible products, and we have oil; all of which can improve your everyday standard of living. We also have very potent, high-quality products, made from organically grown, non-GMO hemp. We stand behind our products! They all are independently third-party tested in laboratories to verify that our SUPA products are clean and are what we say they are. Many other CBD companies don't go the extra mile to ensure quality and purity, but this is something that is extremely important to us at SUPA Naturals. We also have a money back guarantee and all our products are certified by PETA as vegan and cruelty free!

You can see from our website and testimonials that the products work very well for people in many different circumstances. We stand out because of that; we also stand out because we take the time to educate people and give them enough information so that they can make good positive decisions for their health as well as those they care about. We are in this business to really make a difference and our goal is to truly help people live their best SUPA lives.

