Beat: Business

Fiji Kava Targets the US and China Market

Share watch on CCO.ASX

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USPA NEWS - Fiji and Australia are legendary rivals on the international rugby stage but this week they launched a heavy weight alliance aimed at taking market share from the global alcohol and cannabis markets; without the nasty alcoholic hangovers or stigma that cannabis has suffered as a once illegal drug.
Those two companies are distribution giant Fijian CJ Patel and Australian listed small cap 'The Calmer Co' (CCO.ASX), who market the Taki Mai ® range of kava-based products. According to the two companies, consumers now have access to Kava products with a similar relaxation and socialisation effect to alcohol and cannabis with very little side effects.

Clinical evidence has shown that mild to medium anxiety can be significantly reduced by the regular consumption of Kava products.
Their collaboration is set to dominate the global kava market by combining the unique product development of The Calmer Co. (who own the brands, Danodan®, FijiKava® and Taki Mai®), and have been developing their proprietary products and extensive supply chain for a decade; with the breath and width of the biggest distribution powerhouse in the Pacific who deal with the likes of Colgate Palmolive, Nestle and GlaxoSmith Klein to name a few.
Some commentators believe that through innovation of new formats of Kava, including Kava Teas, Kava Ready to Drink (RTD'S), Sparkling Kava Beverages, Gummies, Shots, Fruit Juice + KAVA beverages; the Kava market could grow to at least half the size of the cannabis market. At which point it would be worth$50Bn.

If the CJ Patel alliance could win a 10 percent market share, it would make shareholders of the two companies very, very rich. Particularly shareholders of the minnow The Calmer Co that is valued under AUD $10 M and trading on the ASX.
While Kava has for many years been a staple and important cultural symbol of the Pacific, given the medicinal properties, particularly for sleep and anxiety reduction, the wide adoption by Western Consumers is inevitable. Particularly with new extraction techniques and beverage infusion techniques. The challenge has always been to maintain quality standards, enhance the taste and offer new product development through innovation.
The two companies have been in discussions for over 12 months and the fact the CJ Patel chose The Calmer Co's Taki Mai® product to be its first entry into the 300m FJD (USD150m) domestic kava market speaks to the commitment that The Calmer Co. (which until recently was known as FijiKava Limited) has shown to the Fijian Kava industry. The company has a network of thousands of kava farmers, and boasts being the only foreign company licensed to operate in the industry.
By exporting finished products to both China and the USA, which make up 80% of the size of the global market alone, they have pioneered modernising kava. New products appearing on the market that can challenge alcohol in social and food service settings are appearing every day. Some estimates are that in Florida alone, there may be as many as 200 kava bars and 500 or more in the USA.
But can kava really challenge alcohol for dominance in the recreational market. Some say it can such as the The National Advisory Council for Complementary and Integrative Health (NACCIH) and the reason for this is that Kava is acts on the anxiety system and is more similar to the drug Xanax than alcohol or cannabis. Kava also has far less effect on the motor skills compared to alcohol or cannabis; nor does it have a dehydrating or inflammatory effect, meaning a much better choice for athletes. The world champion All Blacks Rugby team are famous for drinking kava after matches, to socialise and relax the muscles, in fact.
The CJ Patel Taki Mai® alliance is also taking advantage of this sports medicine positioning and has secured a major sponsorship with the Fiji Rugby Union, including making Taki Mai® the official kava of the gold medal winning Flying Fijian 7s team and the national 15s team. Parent company.

'The Calmer Co International Limited CCO ', is also heavily investing in sports marketing, taking up the naming rights of Petero Civoneciva' Kaiviti Silktails rugby league team who play in NSWRL's Reserve Grade, Jersey Flegg.
'The Calmer Co' is also betting that Chinese consumers will see the value in the sports medicine and alcohol alternative angle, recently engaging RooLife Group, the company behind the runaway success of Aussie Icon, Remedy Kombucha in China. Kava has been proposed to have a role in Traditional Chinese Medicine as a spirit-calming herb that is clearing through bitter-cold and soothing liver qi and RooLife is planning to comarket 'The Calmer Co's' Fiji Kava range of products alongside the VORA protein range to Chinese consumers in the coming months.
Director of 'Taki Mai' CCO.ASX- Zane Yoshida, this week celebrated his relaunch with a 'Ribbon Cutting Ceremony performed by

‘The Hon Minister Vatimi Rayalu’, Chief Economist at Ministry of Agriculture and Waterways to Fiji. The Ministry of Agriculture and Waterways took part in the Managing Agricultural Risks event to enhance Pacific Agri-Trade. Speaking at the side event, Minister Vatimi Rayalu says this event focused on raising awareness of sustainable agricultural trade through strengthened biosecurity and animal health and production in the Pacific. He said, “raising awareness and promoting export pathways for agriculture are vital for countries like Fiji”.
According to Naveed Hussain ,“The Calmer Co has aggressively cut costs and streamlined the business in the last 12 months. If the demand for global kava market grows as expected and ‘The Calmer Co’ can secure the capital for its business growth, then the risk to return proposition looks very attractive”. Naveed Hussain is a Licensed Corporate Advisor with Novus Capital Limited, an Australian independent investment and financial services company specialising in Investment Banking, Corporate Advisory and Share Trading Services.
Novus Capital senior advisor Ian Leete agrees with Naveed and quoted, “sufficient capital (that could include inventory financing) of CCO.ASX could trade 5 times higher without commanding an outrageous valuation”.

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