

CBDs come in many shapes and sizes, including liquid gels like these.

# THE ABCs OF CBD

Are you ready for the boom?

BY BRETT DWORSKI AND STEVE HOLTZ

**SOMETHING BIG HAPPENED IN DECEMBER 2018:** Amid the agricultural subsidies and food-stamp advancements approved as part of the 2018 Farm Bill came the less reported legalization of hemp as a crop and ingredient. The change opens the door to a new assortment of cannabidiol (CBD) products that could leave a lucrative and long-lasting mark on the c-store channel. ¶ “With this bill, CBD will effectively be legal in all 50 states,” said Nik Modi, consumer analyst with RBC Capital Markets, New York, during a recent CSP webinar. “It’s going to be CBD mania in 2019, and this is going to be a growth category for some time to come.” ¶ Not so fast, say legal eagles, who point out that there are a lot of regulatory decisions to be made before the floodgates open on CBD. ¶ In this report, CSP outlines the opportunity in CBD products and how they vary from their cannabis cousin.

OPEN HERE TO VIEW THE FULL 2019 CBD REPORT

**The Details of CBD**  
WARNING: TECHNICAL TALK TO FOLLOW!

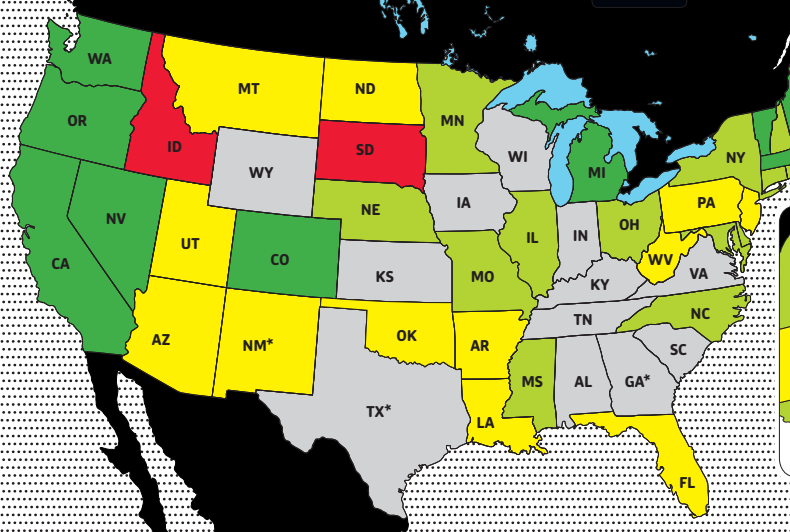
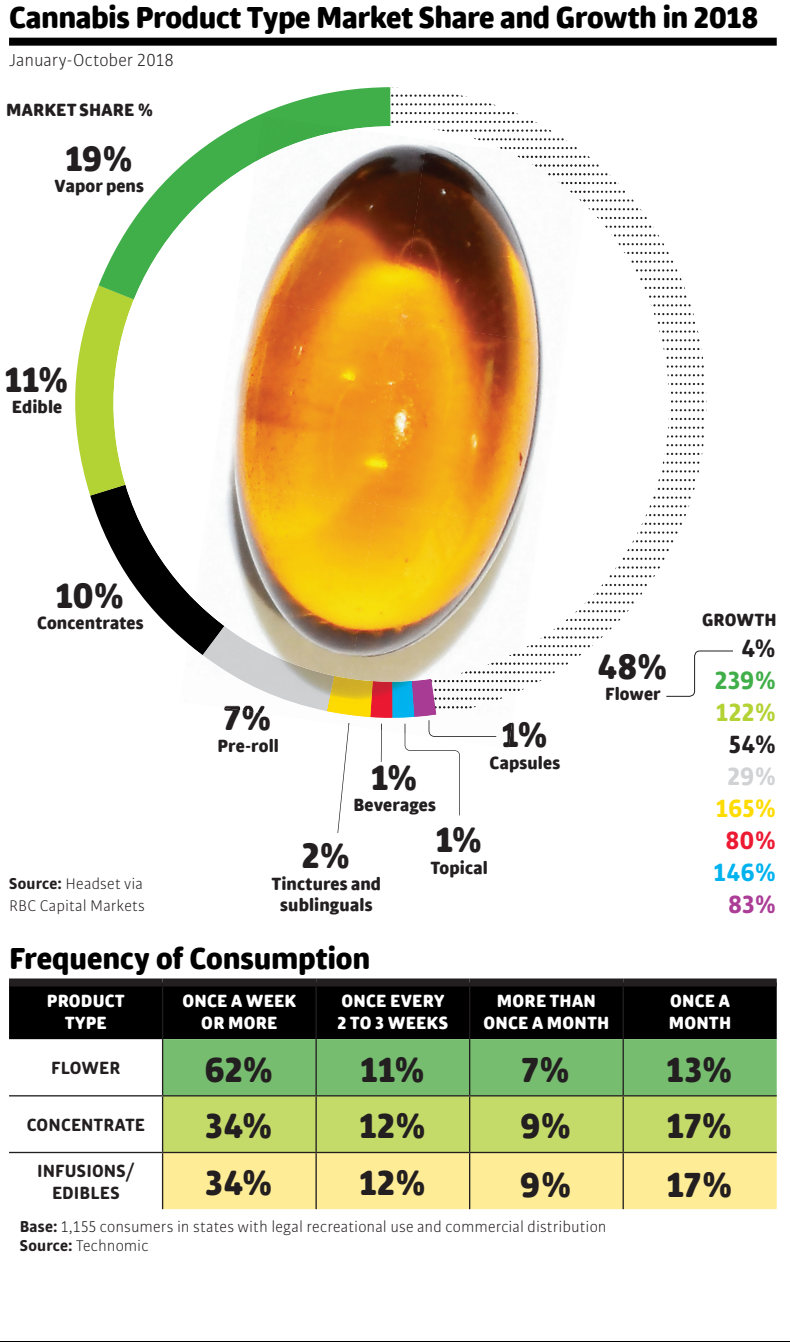
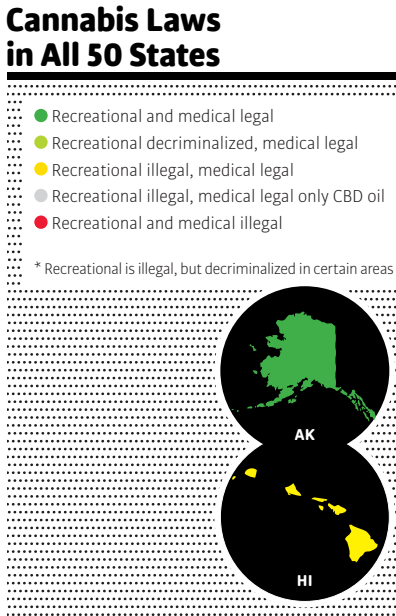
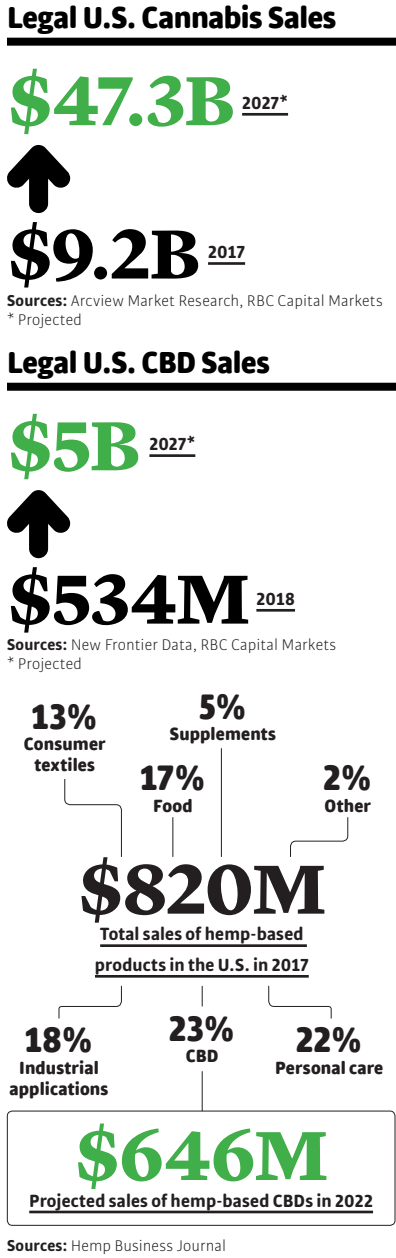
**ANNABIDIOL (CBD) IS THE NONPSYCHOACTIVE COMPONENT OF CANNABIS**, meaning it doesn’t affect the user’s mental state, unlike tetrahydrocannabinol (THC), which is psychoactive and produces the “high” associated with marijuana. It has emerged as a wellness ingredient in products such as body oils, lotions, beverages, snacks and candy.

CBD has enjoyed rapid market growth due to its alleged medicinal qualities and the product category is expected to reach \$5 billion in sales by 2027. However, there are still plenty of questions regarding its safety and legality. The 2018 Farm Bill removed industrial hemp—defined as any part of the plant *Cannabis Sativa* L under 0.3 delta-9 THC on a dry weight basis—from the Controlled Substances Act, opening the door to legal growth and development of hemp-derived CBD products. However, legal status to sell those products varies from state to state and remains in a constant state of flux. It’s recommended retailers research state and local laws before stocking the products.

Meanwhile, Floyd Landis, founder of Floyd’s of Leadville, Leadville, Colo., a full-spectrum CBD oil manufacturer, says there’s no way to track which CBD products are of the best—and safest—quality. Because of this, he suggests retailers act with caution and get guidance before investing so they know which products are genuine.

“Companies often offer a certificate of viability, but it helps doing your due diligence and contacting a lab if you’re not sure of the company you’re dealing with,” Landis says. “Because [CBD] is a new industry and there’s no oversight at the moment, there’s all kinds of games being played and risks being taken.”

Ryan Ulach, chief strategic officer for Cannadips, a full-spectrum hemp and CBD producer based in Humboldt County, Calif., says consumers are just starting to understand what CBD is. “[CBD] provides a space that overlaps where consumers are using other products, such as alcoholic beverages and cigarettes,” he says. “CBD layers into those spaces and provides the same experience but to a different extent.”



## CANNABIS 101

Once the hallmark of the counterculture in the United States, cannabis is now legal in some form or another in all but two states.

Cannabis is a drug that primarily contains the psychoactive cannabinoid tetrahydrocannabinol (THC) and nonpsychoactive cannabidiol (CBD). It comes in various forms, including as a **dried plant, dried plant resin, liquid oil and extract (wax)**. Cannabis can be smoked, added to foods and beverages or vaporized. The drug goes by names such as marijuana, pot, weed, hash, dope, joint and chronic. Medical cannabis, a controlled substance with labeled levels of THC and CBD, can be prescribed to **relieve symptoms of various medical conditions such as epilepsy and glaucoma**.

Laws that penalize for possessing, using, making or selling cannabis are slowly fading on the state level. In 1996, California became the first U.S. state to legalize medical cannabis, a trend that has spread to most of the country today. In 2012, Colorado and Washington became the first U.S. states to legalize recreational cannabis; since then, **eight more states** (Alaska, California, Maine, Massachusetts, Michigan, Nevada, Oregon and Vermont) and Washington, D.C., have done the same.

But cannabis manufacturers are still waiting for federal legalization. Jessica Lukas, vice president of consumer insights for BDS Analytics, Boulder, Colo., a cannabis research firm, said the U.S. is likely two years away from allowing cannabis sales on a federal level.

“We do anticipate a federal legalization in 2021, but we’re still assuming that means a state-by-state right to choose, so this is not a light switch,” Lukas says.