

CBD Products Are Coming to Grocery – Now What?

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FURTHER CATEGORY DISRUPTION

In addition to OTC medications, a recent study by The Hartman Group has identified personal care, beverages, snacks and sweets as key categories poised for CBD disruption.

CBD is already emerging as an ingredient in beauty care products. Bolingbrook, Ill.-based beauty store chain Ulta recently added Cannuka's five-product CBD skin care line in its stores and online, while Paris-based Sephora carries Lord Jones CBD-infused skin care products.

The Specialty Food Association's Trendspotter Panel believes that edibles will continue to grow as more states legalize sales of hemp-derived CBD products. **A recent study on consumer interest in food and beverages made with cannabis ingredients, from Culinary Visions, a Chicago-based culinary marketing firm, identified baked goods (48 percent), candy/gummies (45 percent), snacks (44 percent) and nonalcoholic beverages (41 percent) as top cannabis-infused categories that consumers expressed interest in trying.**

SteepFuze, a brand of gourmet small-batch infused coffee and tea products, is already carried at some Lucky's Market locations and is being evaluated for national rollout. "We are carried by 160 retailers nationwide, but being picked up by Lucky's was a big step," notes Devin Jamroz, CEO and co-founder of the Boulder, Colo.-based company. "The Farm Bill brought a lot of legal clarity to the category, and more buyers are looking at the products at trade shows. With every landmark we hit, another tier of stores opens up. While I wouldn't say the floodgates are opened, interest in CBD products is spiking, and coffee is a great category for retailers who want to get into the space."

Other CBD-infused drinks currently on the market include Recess, sparkling water infused with hemp extract and adaptogens, and Sprig CBD-infused soda.

At Willy Street Co-op, a Madison, Wis., grocery cooperative with three locations, consumers can add CBD as a nutritional supplement to beverages for \$1.25 per 0.75-milliliter shot. "Our juice bar has a long history of offering supplements as additives, so it was a natural addition for us," says GM Category Manager Angela Pohlman.

Willy Street offers several delivery systems for CBD, including CBD oil in tinctures and capsules, gummies, lozenges, vape products, chocolates, coffee, and kombucha. "We also have several topical options such as salves, lotions, oils, bath salts and even facial oils," notes Pohlman. "Most [of our customers] are interested in taking CBD and hemp phytonutrients internally, so we've mostly brought in options that are consumable." She expects to see CBD in more baked goods and other grocery items.

MERCHANDISING CBD

Among those retailers entering the category, there's no consensus yet on where or how to merchandise the products. Boulder-based Lucky's merchandises SteepFuze coffee with other coffees, rather than in a CBD section with tinctures and topicals. While Lucky's has product on shelf, fellow Boulder grocer Alfalfa's Markets merchandises CBD oil at its two stores in a locked case. Assistance is also needed to purchase products in Fairway's stores.

Additionally, consumer education is an issue in a new category that consumers may not be familiar with. "It's a confusing category that requires education," observes The Hartman Group's Demerritt. "We see a burgeoning consumer interest in using cannabis for health-and-wellness purposes, but a hesitancy because they don't understand the category. That's a wide-open gap that the industry needs to step into."

Even among cannabis users, only 36 percent are familiar with the use of CBD in various products for health and wellness. "There's a lot of open space, and it would be beneficial for retailers and manufacturers to do more in the way of consumer education," advises Karen Ramspacher, SVP of innovation and insights at MRI-Simmons.

Some retailers are already stepping up in that regard. "We are starting to work on more outreach and customer education surrounding CBD — we've got some Facebook Live events scheduled, written newsletter articles, etc.," offers Willy Street's Pohlman. "We do offer training to our staff as often as we can to make sure they can help guide customers, as well as offering books about CBD and vendor-provided pamphlets in store."

Culinary Visions' study revealed that when it comes to CBD-infused products, trust and traceability were key consumer concerns. Half of those surveyed said that they'd feel more comfortable buying such products if they had the opportunity to speak with a knowledgeable sales representative

To that end, the Dr. Kerklaan brand provides online information, sampling programs and on-shelf educational information, and can customize in-store informational displays and train in-store staff about the product line. According to Dr. Andrew Kerklaan, purchasers should look for products that are U.S.A.-sourced or grown, that include information on lab tests, and that clearly state the concentration of CBD in the product and reference CBD oil or extract, not hemp seed oil, which is a low concentration of CBD.