



BLOG

Point of Sale

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Major U.S. retailers have high hopes for CBD sales in oils, creams and gummies

By Jackie Crosby | MAY 18, 2019 — 8:55PM



Retailer Nothing But Hemp's newest store opened on Grand Avenue in St. Paul in April.

The market for gummy bears, creams, oils and drinks made with cannabis has exploded since December, when the 2018 Farm Bill freed hemp-based products from regulation as controlled substances.

CBD, shorthand for cannabidiol, is derived from hemp, which is part of the cannabis plant. Unlike marijuana, hemp doesn't have the same psychoactive properties. CBD is said to ease pain, reduce anxiety and provide other feelings of wellness without the marijuana high.

The market for CBD-infused products is expected to more than double to \$2.1 billion in the next year, according to Denver-based Hemp Business Journal. Another report by Cowen & Co., predicts the industry will leap to \$16 billion by 2025.

Most sales are coming from mom-and-pop operations and small investor-backed chains, but a growing number of major retailers are creating shelf space, including Walgreens, CVS and the nutrition store GNC. The Ulta beauty chain sells creams and cosmetic products, and Chuck & Don's has sold some CBD pet treats and oils.

For now, Walmart is selling creams and oils only on Walmart.com, but the company reportedly is planning to bring products into stores, according to the New York Post.

Target has been eyeing the market, as well, but currently doesn't carry any merchandise.

"Like many companies, we know there is consumer interest in CBD products and the conversation is evolving quickly," Target Corp. spokesman Joshua Thomas said in an e-mailed statement. He added that the Minneapolis-based retailer "will continue to monitor as this conversation evolves."

A new retail chain, Nothing But Hemp, has been growing, well, like a weed in Minnesota. The store sells more than 100 hemp products, including oils, edibles and bath products, and opened its fourth location in the state on Grand Avenue in late April.

Its Minnesota-based CEO, Steven Brown, plans license the concept to 100 brick-and-mortar locations nationwide in the next five years along with online sales.

The enterprise has seen sales grow by 20 percent each month, Brown said, and “stores are profitable within the first month.”

Consumers use the products for migraines, arthritis pain, anxiety, even wrinkles. But the science is scant on whether the products work or are safe.

The Food and Drug Administration, which regulates cannabis and cannabis-derived compounds, plans a public hearing on May 31 related to product safety. Concerns have been raised over a seizure drug that showed a risk of liver damage, even when taken under a doctor’s supervision.

In Minnesota, the Board of Pharmacy, wants lawmakers to better regulate the labeling of CBD products over concerns that the products might contain herbicides, insecticides or heavy metals.

Brown, who also founded the Minnesota Hemp Association to lobby the state on behalf of the industry, has been a consultant for dispensaries in California.

He is an owner in the fledgling Nothing But Hemp chain with two partners – Eva Droz, a former regional manager and trainer for GNC, who is the vice president of retail; and Giovan Leoni Jenkins, a dean of students at Washburn High School, and the retailer’s president.

The concept launched in December with a kiosk at Maplewood Mall. Its flagship store is in the LynLake neighborhood, with another location in Forest Lake. Brown has licensed a store in Tampa and has a partnership with Southerland CBD, a retailer in Superior, Wisc. Two more stores are expected to open in Minnesota by July, Brown said, but declined to provide locations.

The success of his operation has rested on maintaining a highly-trained staff and spending time educating public officials, Brown said. He noted that Minneapolis Mayor Jacob Frey attended a store opening and that Gov. Tim Walls has been generally supportive of the industry.

When entering new markets, Brown works with law enforcement. Some of the products are smokable and look like marijuana, which is illegal in Minnesota, even for medical purposes.

Brown said he’s seen the benefits of the products, which after this year’s harvest may soon include Minnesota-grown hemp. The pharmacy

“It’s natural health,” he said. “That’s why we’re fighting hard at the Capitol to allow the public to have choices make a choice to take these good products. We have people who no longer have anxiety, no migraines, no back pain. It really works.”

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