



THE COMPLETE GUIDE TO SELLING CBD ONLINE

NAVIGATING THE NUANCES OF A BUDDING INDUSTRY



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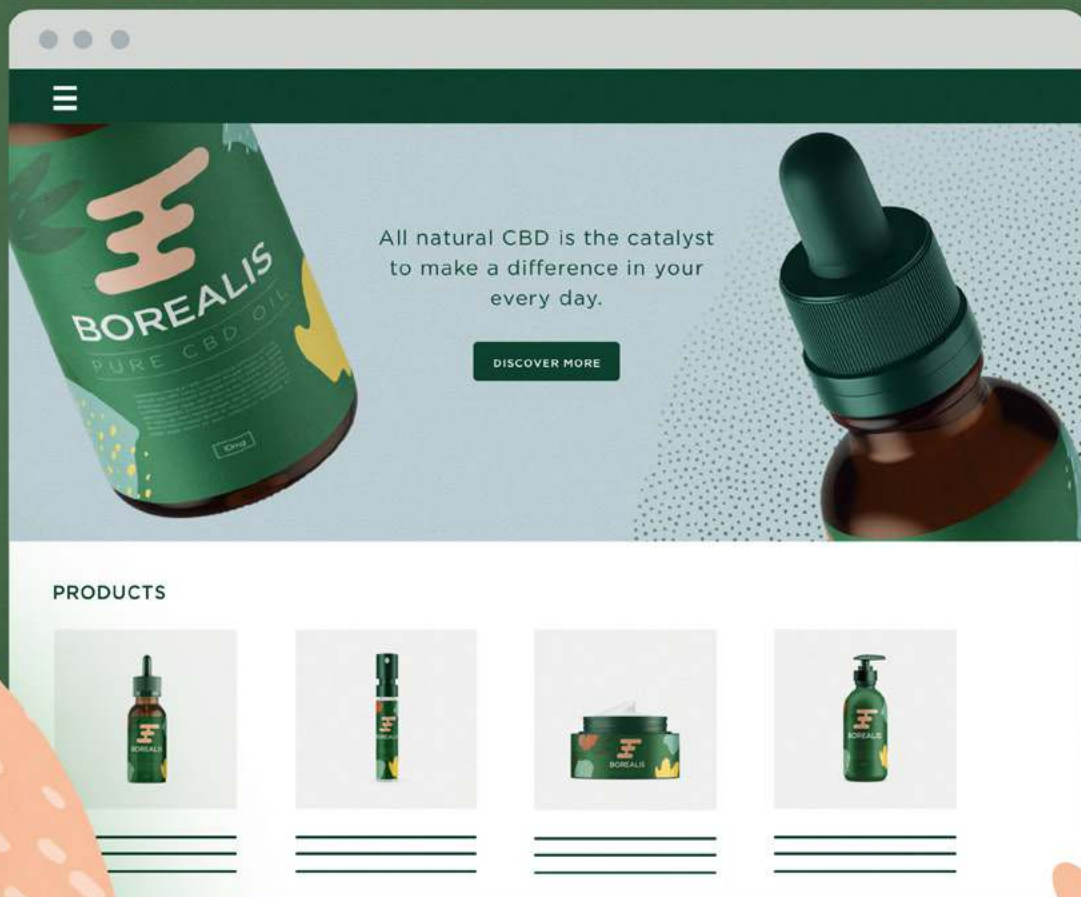


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Kristina Lopienski is the Content Marketing Manager at ShipBob. ShipBob allows ecommerce businesses to strategically distribute their inventory to our fulfillment centers across the US. By shipping orders out from near where their customers reside, they can reduce transit times and shipping costs by leveraging ground shipping.

01 Introduction

BY MEGHAN STABLER



Introduction

All online businesses have a number of intricacies to work through. From getting your products to stand out in a noisy online world to collecting payments and fulfilling and shipping orders, there's no shortage of moving parts.

When it comes to selling CBD online...well, there's an additional host of nuances to navigate.

The legality of hemp-derived CBD in the United States has been shifting in recent years. The Agriculture Improvement Act of 2018 (a.k.a. the 2018 Farm Bill) removed hemp from the Federal Controlled Substances Act. This means that the federal government no longer considers hemp to be a controlled substance, and that includes derivatives like cannabinoids (such as CBD) that contain no more than 0.3% THC.

It's important to note that for the purposes of the 2018 Farm Bill and CBD discussed in this guide, we're specifically talking about hemp-derived CBD, not marijuana-derived CBD.

However, just because hemp-derived CBD is no longer a controlled substance, it is still treated differently than selling, for example, balloons or bubblegum.

Putting aside all of the bells and whistles of a beautiful website, what do you actually need to sell products online? You need a site with a shopping cart that customers can use to buy your products. You need a system that can process their payments and give you their money. And you need a shipping solution that can get your products in their hands.

With CBD, all of these steps are just a bit more complicated.

In terms of ecommerce platforms (the software that powers your shopping cart), some have traditionally prohibited CBD products from being sold. Many payment processors also deny CBD merchants from using their services. Shipping carriers, too, can place restrictions on CBD being sent using their solutions.

This resource was created to help guide new and growing hemp-derived CBD businesses as they develop their brands and build their sites. It includes advice on all of the following:

- ▲ **Selling CBD Online:** This section provides a holistic look at the legalities and market potential of CBD, and how to get an online store off the ground.

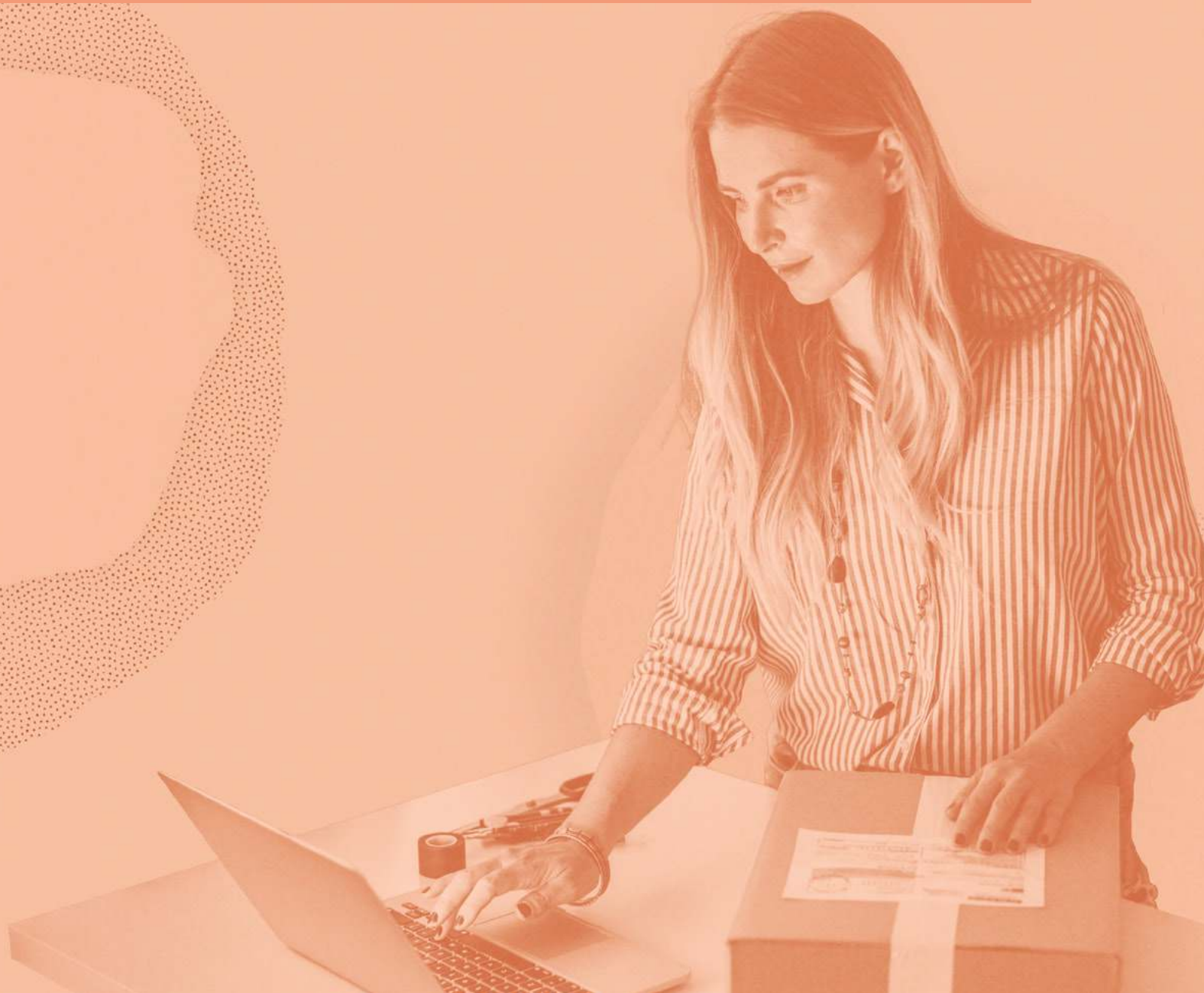
- ▲ **CBD Banking and Financing Your CBD Venture:** Banking is a traditionally conservative sector—one that still views CBD as high risk. This can complicate your search for a bank to handle your transactions and finance your business. In this section you'll learn more about the challenges, alternative financing options, and three CBD-friendly banks you can consider.
- ▲ **CBD Product Liability Insurance:** Because of the unique concerns around CBD products and the potentially shifting legal tides, it makes sense to make sure your business is covered by insurance. This section covers the ins and outs of product liability insurance, why you should have it, different types, and some trusted options to consider.
- ▲ **Marketing Your CBD Business:** Now for the fun part—creating your brand, finding your audience, and developing the market for your products. Again, there are some extra hurdles to clear when marketing CBD. This section covers some of what you can't say and places you can't advertise, while also providing clear strategies you can employ.
- ▲ **Finding the Best CBD Payment Processors:** This section offers some background into how hemp-derived CBD has historically been treated by payment processors, what to look for when choosing a payment processor, and eight CBD-friendly payment processors to consider using for your business.
- ▲ **Shipping CBD Products:** What are the factors to keep in mind when sending hemp-derived CBD through the mail? What carriers will let you ship your products, and what extra steps do you have to take to ensure you're following their guidelines? This section covers everything you need to know to choose the shipping and fulfillment options that are right for your business.
- ▲ **Selling CBD as a Wholesale Distributor:** Are you interested in launching (or expanding) a CBD business selling wholesale to other businesses? This section covers the unique challenges associated with this particular business model.

As a final note, this guide does not constitute legal, professional or financial advice and BigCommerce disclaims any liability with respect to this material. Please consult your attorney or professional advisor on specific legal, professional, or financial matters. In addition, we do not endorse or recommend any particular product or service mentioned within this guide. These guides are only valid as of the date they are posted. While we try to update the guides with the latest information, please double-check all information for accuracy before proceeding. All references to "CBD" or "CBD products" within this post refers to hemp-derived CBD, not marijuana-derived CBD.

02

Selling CBD Online

BY BETHAN ROSE



Selling CBD Online

By 2024, the global hemp-derived CBD (referred to throughout as “CBD”) market is expected to grow to a colossal **\$760 million**, increasing at a compound annual growth rate (CAGR) of 30.7% between now and 2024. As a naturally occurring ingredient that boasts a plethora of reported uses in the medical, pharmaceutical, and health and wellness industries, CBD can be integrated into just about every lifestyle.



In order to take advantage of this global movement, you need to know how to properly and legally market and sell your CBD products online. After all, competition is fierce, and with an increasing number of people choosing cannabis as a treatment for widespread illnesses, ailments, and medical conditions, staying ahead of your competitors is key.

Selling CBD online is perhaps the easiest way to market the popular product (note that CBD is not legal in all 50 states), which can be transformed into a wide range of products, including:

- ▲ Oils
- ▲ Supplements
- ▲ Sprays
- ▲ Topical balms
- ▲ Capsules

Just like with any other online business, selling CBD oil and other CBD-infused products online presents a few obstacles that must be overcome prior to launching a website and kick-starting the marketing process.

What are those obstacles, you ask? From the legalities and rules that encapsulate the CBD industry to the keyword research, SEO-optimized content and link-building that is required to stand out in this already-saturated market, it is well worth brushing up on your knowledge.

A well-informed marketer can feel confident about embarking on a digital journey that is sure to be as lucrative as it is enjoyable, so allow some time to further enlighten yourself on the ins and outs of how to sell CBD online.

What Is CBD?

Cannabidiol, widely known as CBD, is a popular natural substance reportedly used to help with a wide range of conditions—from the common cold to chronic pain. It is added into tinctures, edible foods like gummies, oils, and body products like balms and lotions.

Unlike THC (tetrahydrocannabinol), which is the primary mind-altering substance contained in cannabis, CBD is non-psychoactive. The cannabinoid can be extracted from both the hemp and marijuana plants, with industrial hemp plants proving to be the most popular for CBD extraction.

Miraculously, the human body is equipped with something called an endocannabinoid system (ECS). This complex system produces its very own cannabinoids and is responsible for achieving homeostasis through the receiving and transmitting of signals sent by cannabinoids, like CBD. Cannabinoids work by binding with receptors scattered throughout the brain and immune system.

Numerous scientific studies have successfully demonstrated the way in which the ECS reacts when a dose of cannabinoids like CBD is administered. For example, [a study](#) published in the **Journal Neurotherapeutics** suggests that CBD may actually inhibit or activate compounds found in the ECS.

A prime example of the way CBD may benefit the body is through stopping the absorption of anandamide. The plant may also trigger a number of other immune system responses, according to this study on [The Profile of Immune Modulation by Cannabidiol \(CBD\)](#).

Consumers Are Loving CBD

More consumers are trying CBD than ever before—and they aren't hesitant to pay for it. In the U.S., sales of hemp-derived CBD and hemp oil products containing CBD reached **\$238 million in 2018**—that's a 57% increase from the previous year.

2017: \$151 MILLION

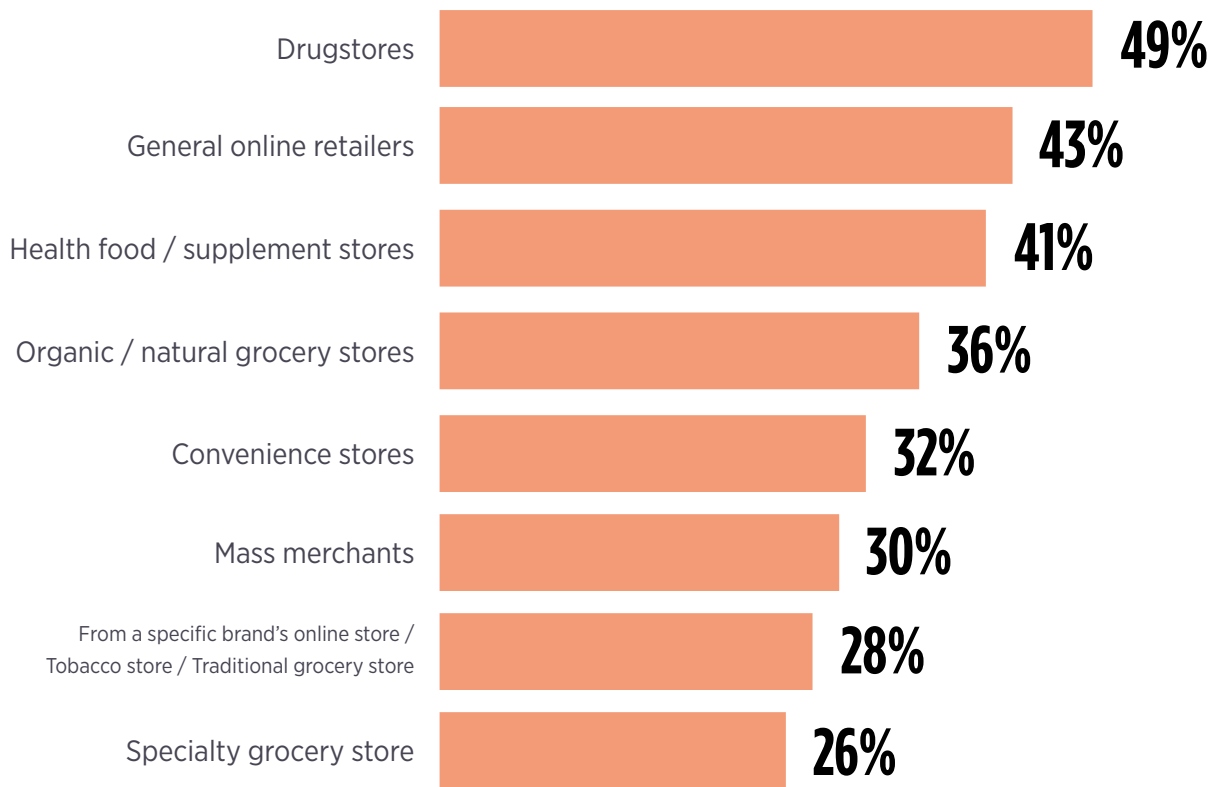
2018: \$238 MILLION

As of July 2019, 33 U.S. states and the District of Columbia have legalized cannabis in some form. Plus, with Canada having legalized the plant on a national scale under the 'Cannabis Act' (Bill C-45), North America's cannabis consumer demographic is always increasing.

The North American cannabis market constituted **42.5% of global CBD market share in 2018**. The **global CBD market is forecasted to grow** from \$1.5 billion in 2018 to \$17.3 billion by 2026; growing at a CAGR of 36.3% between 2019 and 2026.

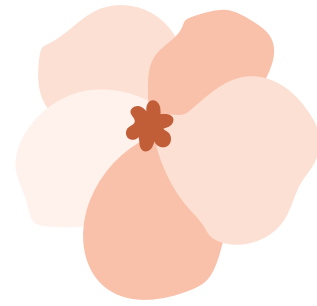
While shoppers tend to purchase CBD more often in brick-and-mortar stores, the ease of shopping online is sure to increase the popularity of CBD ecommerce in the future.

Where Consumers Purchased CBD Products in the U.S. in 2019



Source: Statista

➤ Let's take a look at some other reasons why Millennials, Baby Boomers, Gen X'ers, and Gen Z'ers across the U.S. are much less reluctant to purchase CBD-containing products than they used to be:



01 Availability and diversity of CBD is always attractive to buyers

Based on research from BDS Analytics, total CBD sales are forecasted to reach **\$20 billion by 2024**.

CBD's diversity in application contributes to its significant valuation, not to mention the fact that it has made its way into the mainstream market. Hemp-derived CBD is a big one. From CBD-infused drinks to CBD-laced dog treats, hemp-derived CBD is fast-emerging as a multibillion dollar business opportunity.

Since 2014, worldwide cannabis industry sales have **tripled**. Over the course of the next five years, sales could quadruple. What is most interesting about this prediction is the fact that the projected future is non-inclusive of retail and pharmaceutical sales. Moreover, there are various types of CBD available to potential customers, including:

- ▲ Cold-pressed hemp seed oil
- ▲ Purified isolate
- ▲ Full-spectrum CBD oil
- ▲ Broad-spectrum CBD
- ▲ Nano CBD

02 Consumers have easier access to CBD.

One of the main motivators that encourages an increasing number of consumers to try CBD is the increased access to hemp-derived products following the passing of the **Agriculture Improvement Act of 2018**, A.K.A. the "2018 Farm Bill," that removed hemp from the Controlled Substances Act.

A forcefield of unbiased research is solidifying CBD's entry into the mainstream market and has even made it possible for patients in cannabis-friendly states to obtain plant-based medicines with a physician's recommendation.



Under the 2018 Farm Bill, hemp has been removed from the Controlled Substances Act (CSA) and is now considered an agricultural product.



Hemp-derived CBD is legal



Hemp farmers can apply for crop insurance



More banks will be willing to work with hemp companies



"Big Ag" will begin moving into the hemp industry

Hemp-derived CBD products were given a break when the 2018 Farm Bill amended the Controlled Substances Act to expressly exclude hemp, including all of its derivatives, extracts, and cannabinoids containing not more than 0.3% THC, from the definition of "marijuana."

03 Negative stigma surrounding cannabis is dissipating.

Since the 2018 Farm Bill was signed, hemp production has ramped up and more companies have jumped on the CBD bandwagon. In order to properly understand how to sell CBD online without facing backlash from the long arm of the law, it's up to you to stay updated with the latest news in both cannabis and hemp industries. This will open your eyes to the growth that is occurring in this ever-changing industry.

Cannabis legalization is favored by an increasing number of Americans:

- ▲ According to the **2018 Associated Press-NORC Center for Public Affairs Research and the General Social Survey**, support for legal weed climbed from 57% in 2016 to 61% in 2018.
- ▲ From a political stance, the **General Social Survey** discovered that members of various political parties and people from all age groups favored legalization.
- ▲ Based on survey data published by the **Associated Press in 2016**, 45% of Republicans favored cannabis legalization, whereas in 2018, the percentage climbed to 54. The survey also revealed how 76% of Democrats now support legalization.

Understanding the Legal Status of CBD

Legality is obviously a big part of CBD marketing and failure to follow the rules could result in significant penalties. Classification of the cannabis plant as a Schedule I narcotic has hindered progress in the legal department. FDA regulations pose a concern for marketers and if you are hoping to start selling CBD online, you may be wondering what your options are in regards to advertising and marketing.

➤ Let's answer some questions that may be on your mind.

Is CBD Officially Legal Now?

The answer to this question totally depends on the state in which you reside, whether you want to start selling CBD online that has been extracted from the marijuana or hemp plant, and what products you intend to sell. Only hemp-derived CBD products may be sold online.

The passage of the 2018 Farm Bill did not alter or change the FDA's authority to regulate food, drug, cosmetic, device, pet food, and dietary supplement products. Many states amended their state drug law to remove hemp from their state controlled substances act while adopting the FDA's position on the sale of hemp-derived CBD products. **Certain states** prohibit the sale and consumption of CBD. Other states limit the types of CBD products that may be sold in state or require a specific license.

If you are selling, or planning to sell, CBD products online you must have systems in place to ensure that you are fully compliant with each state's laws around CBD. Implementing **product-based shipping restriction rules** on your store will help you stay within safe shipping zones.

Can I Legally Sell CBD?

What is your purpose for selling CBD online? For most marketers, the purpose involves assisting consumers in treating some kind of ailment—however, it is essential that you refrain from making **disease and health** claims that cannot be backed up by reputable sources.

Since the federal government has not yet legalized marijuana and removed the plant from Schedule I of the Controlled Substances Act (CSA), research remains limited. Hemp-derived CBD-containing products, including any food, drug, device, or cosmetic marketed or sold in interstate commerce are subject to the Federal Food, Drug, and Cosmetic Act (FD&C Act) and must be labeled and marketed in accordance with the FD&C Act, as well as other relevant laws. There are different requirements

under the FD&C Act depending on whether the hemp-derived CBD product is a food, cosmetic, device, or dietary supplement.

Regulatory clarity may not emerge for at least five years. However, soaring demand for CBD oil and other cannabis-containing products has prompted the FDA to assess options that will enable a resolution to be met in the near future.

Selling CBD Online with BigCommerce

CBD brands and suppliers are putting their confidence in BigCommerce to properly market their product and reach a wide audience, so why not do the same? Our platform is SaaS (Software as a Service) and it merges everything you need to run an online store. You won't need to worry about arranging payments and best of all, you can customize your very own CBD store.

BigCommerce takes out the guesswork through combining everything you might need for an online business to thrive, from the branding and design aspect to marketing and optimization. We provide payment gateways for simple online transactions, outstanding support and a mobile-friendly design. What's more, the BigCommerce platform allows CBD marketers to easily manage returns when selling their product, which can be featured on numerous websites.

“BigCommerce by far has the best solution for selling CBD products online. Their platform, coupled with our FDA compliance solutions for regulated products has proven to be a success for dozens of Vaping websites and has in-turn attracted numerous CBD companies to the platform. Simply put, BigCommerce is light years ahead of other platforms when it comes to preparing you with everything you need to sell CBD online.”

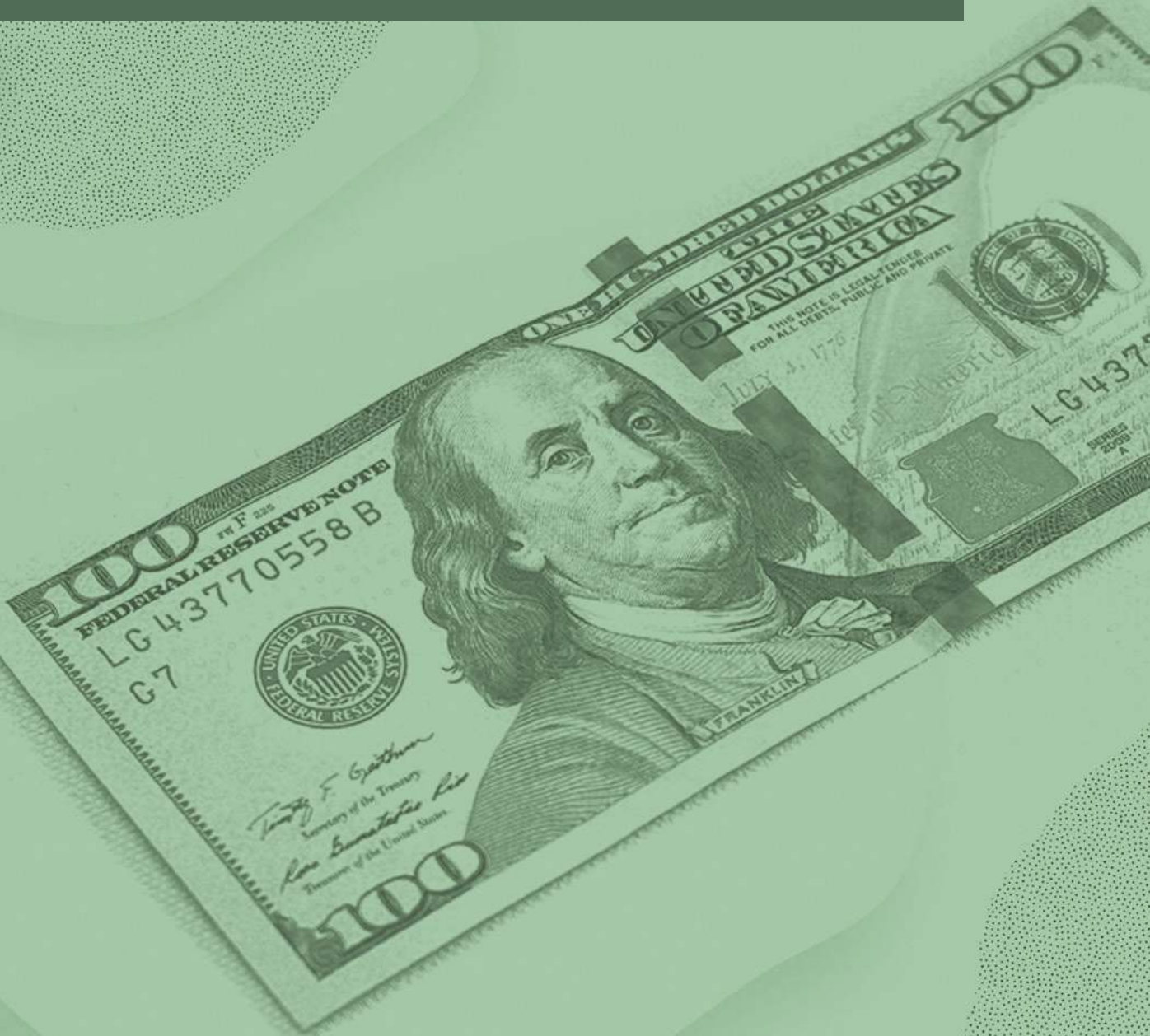
- BRIAN ANTCZAK, CEO, **INTUITSOLUTIONS**



03

CBD Banking & Financing Your CBD Venture

BY ZACHARY UZUPIS



CBD Banking & Financing Your CBD Venture

The legal ambiguity for CBD under state and federal law has made it a “high-risk” product to many banks and payment processors, causing these organizations to suddenly and without warning drop merchant services for their CBD vending clients.

This pain can be acutely felt by **CBD ecommerce store owners**. While brick-and-mortar retailers are able to default to in-person cash payments for CBD sales, ecommerce stores have either had to resort to pay-by-check or money order payments (vastly slowing the liquidity of their revenue flow), or by contracting with expensive and unreliable “high-risk” credit card payment processors to accept online payments.



Will there be a light at the end of the tunnel for these intrepid online hemp vendors? Recent developments suggest that, very soon, the quagmire of online **CBD payment processing will untangle itself as regulatory bodies relax on CBD (no pun intended).**

➤ Why CBD Banking Services Are Complicated

Contrary to common belief, the 2018 Farm Bill did not fully legalize all forms of CBD nationwide. CBD can be derived from **hemp**, a non-psychoactive variety of the Cannabis Sativa plant.

The main difference between hemp and marijuana is that hemp contains very little THC (tetrahydrocannabinol)(0.3%), the psychoactive component of marijuana. This makes regulating hemp very tricky, since it is virtually identical to the marijuana in appearance, smell, and even taste.

01 Varying legal statuses.

Although hemp-derived CBD is generally federally legal, the laws differ in each state.

Just ask Robert Herzberg — who was transporting hemp from Colorado but was **arrested on his way to Minnesota in Jackson County, South Dakota**, despite the 2019 federal memorandum that prohibits states from blocking transportation of hemp. Even though Herzberg had all of the appropriate documentation for his hemp shipment, local police still confiscated it.

This discord between federal and state laws creates a risk not only for the owners of hemp businesses, but also the banking institutions that process and store revenues related to hemp.

02 High-risk valuations.

If you run a CBD business, it could be considered a marijuana-related business (MRB). With any MRB, banking institutions must subject you to enhanced scrutiny for risk assessment.

CBD and marijuana-related products are considered “high-risk” because they are part of an industry with frequent chargebacks and varying legal statuses.

As attorney **William S. Hackney writes**: “In reality, the chances of federal banking regulators investigating and punishing your financial institution for working with a business selling CBD products from unknown parts of the cannabis plant (especially CBD products otherwise legal under state law) is probably small. It seems difficult or even impossible to prove from which part of the plant a particular CBD product was made (labelling notwithstanding). However, those chances are not zero.”

03 Green-rush symptoms.

Banks have a tough decision to make: which CBD companies should they fund?

In this “green rush,” so many businesses have flocked to **selling CBD** that it is difficult to separate the model citizens from the bad actors. Companies fraudulently claiming CBD as a cure-all cultivated a financial environment with abnormally high chargebacks.

➤ CBD Payment Processing Also Has Challenges

Here are some of the biggest challenges CBD merchants face when it comes to online payment and credit card processing:

01 Lack of processors.

Only the largest payment processors have the financial leverage to stand solid against pressure from credit card companies regarding CBD sales.

Properly vetting CBD companies as clients is also a significant expense, and never fully alleviates the financial risk to payment processors.

As such, even though BigCommerce offers 60+ payment processors on its platform (making it one of the most payment agnostic ecommerce platforms currently on the market), only a handful of processors will accept payment for CBD products.



02 Lack of POS systems.

A customer pays with cash? No problem, but without Point-Of-Sale systems, many businesses cannot open brick-and-mortar shops. The logistics of conducting business solely with cash are a nightmare. Armed guards must often be on the premises to protect the large volume of cash, and armed couriers deliver cash to the few CBD-friendly banks available within driving distance.

With only physical currency at its disposal, everything financial becomes more complicated for a brick-and-mortar CBD business—payroll, inventory procurement, maintenance and other operating expenditures, etc.



03 Restrictive contracts.

If prohibition creates a black market, then the legal gray area that “protects” financial institutions providing banking services CBD transactions is creating a gray market for payment processing.

Cost of payment processing services are unusually high, with some companies charging double-digit transaction fees and requiring mandatory escrow accounts with large minimum balances. Many more of these high-risk payment processors will attach lengthy contracts that auto-renew, charging you with early termination fees along the way.

Oftentimes, these high-risk payment processors will go through foreign banks. Getting your money out from another country could mean expensive transfer fees and unfamiliar tax laws. Good luck getting your money out of a foreign country if some unforeseen circumstance arises.

➤ CBD-Friendly Banks (As of August 2019)

Thanks to the gray market for CBD that the legal framework has created, there's a real chance that your friendly neighborhood bank will refuse to handle any financial transactions related to CBD.

Fret not—we've aggregated three sample banks that represent the types of financial institutions that we believe would be amenable to CBD business transactions. Please note we do not endorse any one of the below nor do we receive any compensation for providing this information. It is for informational purposes only.

Silicon Valley Bank

Silicon Valley Bank's commitment to innovation in its mission statement means that it will lower barriers of entry for entrepreneurs in areas where other banks won't. More than likely, Silicon Valley Bank will offer CBD merchants its science and healthcare industry services, since the bank qualifies CBD as a wellness product. Additionally, they regularly publish a public policy report to inform government officials of what is needed to better serve their clients' interests.



The Chase Bank logo, consisting of the word 'CHASE' in a bold, sans-serif font followed by a blue square icon containing a white cross.

Chase Bank

Chase Bank can open its vault for CBD-related bank accounts, but will not offer its payment processing services just yet. More than likely, Chase will wait for the **SAFE Banking Act** or some other CBD financial services-enabling bill that will make the industry less precarious.

Resourceful due to its size, Chase will also most likely wait for data to aggregate on what successful CBD companies look like in order to properly vet potential clients in the future.

North Bay Credit Union

North Bay Credit Union is one of the only American banking institutions publicly admitting to handling transactions for cannabis companies, which they do confidentially for companies located in areas north of San Francisco. The credit union limits the size of the deposits that these companies can make in order to manage their capital ratios. Still, North Bay Credit Union risks federal prosecution for handling these transactions—still illegal under federal law—but serves their clients in spite of those risks.

The logo for North Bay Credit Union, featuring a purple cluster of dots to the left of the text 'NorthBayCU' in a bold, sans-serif font.

➤ 4 Financing Options for CBD Businesses

Despite all of the challenges in pursuing a hemp CBD or other hemp-related business in a newly legalized industry, if you have the passion and persistence profit will find a way. Use these time-tested strategies that would get any business off the ground.

01 Private financing.

Do you know any angel investors or wealthy individuals that you could convince with your business plan? As of this posting, AngelList literally has **1,119 marijuana investors** just waiting to be wooed by the right business plan. Watch out, though—professional investors most often look for other kinds of benefits in addition to common stock and can also control the valuation of your company with their investment.

That being said, most entrepreneurs in early stages of development go to their friends and family for investment. Convince your rich friends to become even richer by investing in your CBD company. You might have to jump through a few hoops or owe a couple of favors, but getting into the ground floor of a skyrocketing industry could very well be worth the hassle.

02 Starting small.

If your main concern is getting \$25,000 for inventory, you may instead opt to get only \$5,000 in inventory and be forced to grow slow and small (at first). If you can't get \$5,000 in inventory, maybe just try for \$1,000. If you can't get \$1,000 for inventory, consider holding off until you've saved up a bit more funding. Even McDonald's started with a single burger stand. Sam Parr, founder of The Hustle email newsletter, made his first small fortune selling **"hot dogs as big as a baby's arm"** from a mobile cart. It doesn't matter where your funding starts, so long as it helps gets you where you're trying to be.

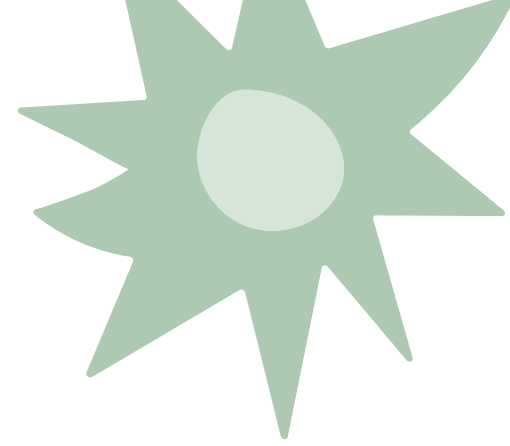
03 Saving up.

It may take you more time to jump into your business venture if you need to save up the money on your own, but you will be able to jump in without any financial commitment to a bank. Can you manage socking away ~\$200/week into a standard rate savings account for six months? There's your five grand. Saving money for an extended period of time takes discipline, but no one said starting your own business would be easy. However, there is reward in the restraint. Giving yourself six months to acquire capital provides ample time for **planning CBD marketing strategies** and acquiring additional research into product procurement.

04 Personal loans.

Personal loans run at a higher interest rate, but many banks offer them to you if you have good credit and proof of income. If your CBD business is a side hustle, this may be the best way to get funding. Just make sure that your business plan accounts for the interest fees so you're not stuck in unmanageable debt. Also, CBD is still considered high-risk. Maybe don't put your house up as collateral and, remember — personal bankruptcies stay on your credit record for 10 years.

We recommend and encourage you to be transparent and honest on any loan application as to the proposed use of the funds.



➤ **Don't Lose Hope— The Future Looks Bright for CBD**

Before 2018, the hemp CBD market was barely in existence in the U.S.!

Imagine how much difference can be made in just one year.

So far, all but a small handful of states allow for the cultivation of hemp which opens a lot of doors to the hemp industry. Yes, working in the CBD industry is tricky right now, but big players are out there trying to sort it all out.

01 Record-setting CBD revenue.

When Wall Street starts talking, you can expect imminent legislation. The **global CBD market is forecasted to grow** from \$1.5 billion in 2018 to \$17.3 billion by 2026; growing at a CAGR of 36.3% between 2019 and 2026.

02 Wider acceptance.

One of the main obstacles that CBD merchants are beginning to overcome is consumer education and awareness. CVS Health, Walgreens, and Rite Aid have all announced plans to carry hemp-derived CBD topicals across thousands of stores, collectively, and national grocery chain Kroger recently announced plans to sell CBD products in 17 states.

These large players have not only introduced CBD products to the mainstream population, they've also opened the doors for smaller companies to try their luck in the market, by increasing product availability, contributing to growing wellness trends, and supporting the proliferation of numerous product segments.

Our advice?

Get educated, get funded, and get in early.

One of the most exciting trends in cannabis is the **mergers and acquisitions**. Larger, better-funded companies are buying up the smaller players, making multi-millionaires out of tenderfoot tycoons—so long as their businesses represent a niche in the market that has yet to be claimed.

04

CBD Product Liability Insurance

BY BETHAN ROSE



CBD Product Liability Insurance



Companies in the cannabis and hemp space that don't take out CBD insurance coverage could face serious financial and legal repercussions.

Unforeseen events and circumstances, such as the hail storm that recently caused **\$25 million** in damage to hemp crops across Central Oregon and the unexpected rise in insurance prescription claims that ate into **21% of Progressive Care's net gross margins reported for 2019**, can seriously impact a business.

With this in mind, don't ignore the importance of seeking out a reliable provider of CBD insurance.

CBD—or 'cannabidiol' as scientists like to call it—is cropping up everywhere as of late, from pharmaceutical shelves and beauty cabinets to organic restaurants and even pet stores.

CBD is one of at least 113 cannabinoids that have been isolated from the cannabis plant. Interestingly, CBD can also be extracted from the hemp plant in copious quantities; a fact that has stirred up quite a predicament amongst business owners who want to abide by the law, but feel perplexed by CBD's hazy legal status.

As demand for CBD-containing products continues to flourish, so too does the need for CBD product liability insurance coverage.

The complexities surrounding CBD legalities have left business owners in the dark about how to navigate the industry's murky waters.

'Cannapreneurs' who advertise and sell CBD-based products, whether it is online, offline or both, simply must obtain CBD product liability insurance in order to shield their company from legal and financial pitfalls.





The FDA Will Not Tolerate CBD Health Claims

Nowadays, CBD is just as well known as its psychoactive cousin THC (tetrahydrocannabinol). After all, the naturally-occurring chemical compound has emerged as a therapeutic powerhouse, minus the mind-altering effects associated with THC.

In June 2018, the Food & Drug Administration (FDA) even went as far as to approve **Epidiolex**—the first ever cannabinoid-based epilepsy medicine to be approved by the FDA.

However, there is a serious lack of studies and clinical trials on humans to support the emerging forcefield of health claims being used by CBD marketers in an attempt to lure in customers.

CBD companies are forbidden from claiming that CBD can “diagnose,” “cure,” “treat,” “mitigate,” or “prevent” medical conditions like Alzheimer’s disease, anxiety, cancer, Parkinson’s disease and schizophrenia.

A graphic with a light yellow background. On the left, the word "FORBIDDEN:" is written in bold, dark yellow capital letters. To its right, six words are arranged in two rows of three. Each word is written in bold, dark yellow capital letters and has a thick black diagonal line striking through it from the top-left to the bottom-right. The words are: TREAT, CURE, DIAGNOSE, MITIGATE, and PREVENT.

“Science forms the basis for decisions at the U.S. Food and Drug Administration (FDA) and is paramount when it comes to making decisions that will impact the health and safety of the American public,” reads an **official statement** published on the FDA’s website.

In spite of the Agency’s warning, many companies have not been discouraged from making claims that they are unable to prove. Take leading medical cannabis health and wellness operator Curaleaf, for example. The company was recently warned to remove all CBD health claims from their website and social media by the FDA.

A proactive compliance strategy will help protect you from FDA enforcement. So let us guide you through the legalities associated with selling cannabinoid-enriched products and enlighten you on the sheer importance of taking out a CBD liability insurance policy.



Why CBD Insurance Is a Necessity for Product Liability Claims

A long list of businesses fall into the high-risk category, including:

- ▲ online gaming services,
- ▲ vaping/e-cigarette companies, and
- ▲ the adult toy industry.

Since CBD is a compound that is produced in abundance by marijuana and hemp, it is inevitable that product claims may surface in the nascent CBD industry.

This is a direct effect of the confusion that ensued following the passage of the Agricultural Improvement Act of 2018, better known as the 2018 Farm Bill.

In December of last year, President Donald Trump's signature effectuated the law, which removed hemp from the definition of marijuana under the Controlled Substances Act of 1970 and officially recognized the non-psychoactive plant as an agricultural crop.

This meant that instead of putting the Drug Enforcement Agency (DEA) in charge of overseeing crop regulation, the duty was instead bestowed upon the U.S. Department of Agriculture (USDA). The Farm Bill however preserved FDA's authority.

Ultimately, this led some lawyers to make claims about CBD's legal status, with many falsely claiming that products containing the non-psychoactive cannabinoid could be shipped to any state without legal repercussions. According to the FDA, those attorneys stand to be corrected. A recent statement published by the FDA clarified this by informing the people of America that the agency maintains the right to regulate all CBD products, even those derived from hemp.

"We recognize the potential opportunities that cannabinoids could offer and acknowledge the significant interest in these possibilities. We're committed to pursuing an efficient regulatory framework for allowing product developers that meet the requirements under our authorities to lawfully market these types of products," reads a statement from former FDA commissioner, Scott Gottlieb.

The importance of CBD product liability insurance cannot be ignored at such a fragile time. Although many industry analysts and a handful of pro-cannabis politicians remain hopeful that federal cannabis legalization will ensue in 2020, existing federal restrictions on cannabis are stirring up smoke clouds of confusion among buyers and sellers.

You can safeguard your business by browsing CBD insurance companies for a policy that suits you.

What Is CBD Product Liability?

Rapid expansion of the CBD and hemp industries is prompting an elevated need for product liability insurance.

Without the assistance of an agent who is well-versed on the ins and outs of the industry, you may fall victim to a claim that could seriously damage your reputation as an industry seller, not to mention cause you financial implications.

Just because CBD product liability insurance was created specifically for companies operating in the marijuana and hemp space, it is no different than regular product liability insurance. In basic terms, CBD product liability insurance comes in handy when a consumer feels as though he or she has been harmed by a faulty product. The insurance coverage can be used to shield suppliers, producers and/or manufacturers when a claim of this kind is made.



➤ 4 Product Claims that CBD Companies Should Be Prepared For

In June 2018, British company GW Pharmaceuticals went down in history as the first ever drug company to gain FDA approval for a CBD-containing product.

GW Pharma's medicine Epidiolex was specially developed to aid patients two years and older who suffer from two rare types of epilepsy: Lennox-Gastaut and Dravet syndrome. The cannabinoid-based product is the only one to receive FDA approval so far.

Aside from Epidiolex, no other CBD medicines or treatments have been approved by the FDA. This means that any unsubstantiated health claims will be taken very seriously. Let's find out what product claims should be avoided to sidestep legal backlash.

01 Ingestible products.

Although it is suitable for ingestion, CBD reacts differently for each person depending on their specific biochemistry, genetics, gender, weight and so on.



This puts certain individuals at risk of experiencing unwanted side effects or allergic reactions if they take the wrong dose. Claiming that “one-dose-fits-all” is not recommended and could land you in serious trouble with the FDA. Contaminants can also impact health, which is why CBD products must be produced in accordance with regulatory rules.

According to federal policy, adding CBD to ingestible food products is not allowed. Doing so without authorization is deemed to be just as serious as adding prescription drugs to food products. When health and/or therapeutic benefits are made about CBD, the CBD product could be subject to regulation as a drug.

02 Topical products.

Some of the biggest national retailers, like Walgreens, Rite-Aid and CVS, have recently announced that they will start stocking store shelves with a range of CBD-infused cosmetic products.

The global cosmetics market is expected to be worth **\$805.61 billion by 2023** and, by adding an ingredient like CBD to the mix, the market is predicted to reach new realms of success.

However, insurance claims have surfaced in the past pertaining to contaminants and allergic reactions caused by topical CBD products, which may be applied directly to the skin for localized relief from pain. Once again, it is against the law to make unproven health claims due to the fact that the FDA has not yet given cannabis-derived compounds like CBD the go-ahead for use in animals, let alone humans.

Until the safety and effectiveness of topical CBD solutions are confirmed with clinical trials on humans, CBD business owners should not claim that their products can be used to relieve the symptoms of specific ailments, such as psoriasis, arthritis or chronic pain.



03 Medical claims.

Don't do a disservice to your company by making medical claims about CBD products that could essentially prevent individuals from visiting a licensed doctor for professional treatments.

Although scientific research has spotlighted CBD's potential benefits as a therapeutic aid in recent times, making such claims could get you penalized by the FDA.

04 Legal disputes.

Don't fall into the trap of having to attend court to fight your case in the instance that a CBD product was shipped from your company in one state to a state with different laws.

Since CBD can be derived from the marijuana, which is still federally illegal, it is important to clearly state that your product is derived from legal hemp.

According to the Controlled Substances Act (CSA), marijuana is still classified as a Schedule I drug and is said "to have no currently accepted medical use in treatment in the United States."

Many scientists, consumers and advocates would beg to differ, but it doesn't change the fact that cannabis is still a controlled substance and, until federal law changes, legal disputes will inevitably arise.

➤ **Areas of Expertise Focused on by CBD Product Liability Insurance Providers**

“There are many unanswered questions about the science, safety, effectiveness, and quality of unapproved products containing CBD,” **says the FDA’s new Commissioner Dr. Ned Sharpless.**

CBD companies should take Sharpless’ comments into account and prepare for the possibility of product liability claims arising. Being involved in this industry puts one at risk of general liability, product liability and theft.

With that being said, let’s delve into the ways CBD insurance can help you to mitigate risk:

01 Risk management/aversion.

Cannabinoid-containing products are deemed to be a high risk due to their strict regulation by the FDA.

The changing winds of the CBD industry makes it tricky to stay abreast of the ever-changing legal landscape, which is where a CBD insurance company comes in handy. With guidance from advisors who possess industry knowledge, you can avoid publishing misleading information pertaining to the products your business sells.

02 Legal fees.

Nobody wants to be sued as a result of conducting unlawful business practices, but it’s all too easy to slip up in the CBD industry and often, many business owners do it without even realizing that they’ve made a mistake!

This is why you need hemp/CBD insurance coverage, which will usually cover the costs of legal fees and damages.

Consider it a shield that will protect you from the potentially devastating legal costs incurred by an unexpected claim. CBD insurance companies will provide compensation for lawsuits, whether the lawsuit is related to injuries sustained by employees in the workplace or issues that have arisen as a result of the products manufactured, distributed or sold in your ecommerce store.

03 Settlements.

In the unfortunate event that you are held liable in an unexpected court case, ask yourself if you would be capable of settling the case outright.

Of course, the answer to this question depends entirely on the situation at hand and the legal costs incurred.

Nonetheless, it is a risk that is definitely not worth taking. When you take out general liability insurance for your CBD business, you can rest assured that the legal costs will be covered by your insurance provider.

Keep in mind that the level of coverage depends on the provider and the type of policy you choose.

For the best level of protection, seek out a policy that covers the cost of claim adjustment expenses, court costs, compensation—however much is awarded to the plaintiff by the court—and the all-important lawyer fees.

➤ The Two Main Types of CBD Insurance

Taking out CBD insurance coverage from a trusted provider is a necessity for business owners who want to avoid paying excessive costs to cover legal damages, should they be taken to court, have a claim filed against them or endure damages to company assets/stock.

Highlighted below are two of the main types of CBD insurance available:

01 Product liability coverage.

No matter how safe you are when conducting business practices, there is a chance you may unknowingly hurt consumers.

CBD consumers could suffer as a result of false health claims and/or defective products. In turn, the company that has a claim filed against them will also suffer, proving the importance of taking out adequate product liability coverage.

Product liability issues are a hot topic in the CBD industry right now, with an increasing number of claims being made against companies who have violated the terms of **Proposition 65**—a law originally passed in 1986 that requires companies with 10 employees or more to clearly state what carcinogens and reproductive toxins (if any) are contained in their products

You can avoid being penalized for breaking the law if you integrate robust testing protocols into everyday business practices. This is especially important for product manufacturers, who could be faced with a lawsuit if they distribute CBD oils and related products that are contaminated or mislabeled.

Be extra prepared by taking out CBD product liability coverage. This type of CBD insurance will cover the costs incurred when a product claim is filed. Moreover, the insurance agents you work with will be able to point you in the right direction to ensure you don't make the same mistake twice.

02 **General liability coverage.**

This type of CBD insurance is part of the typical insurance system, regardless of what the insurance is being taken out for.

Coverage from a provider who focuses primarily on CBD industry clients will safeguard you and your business from liability risks associated with angry claims and lawsuits.

CBD general liability insurance will usually cover advertising damages, third-party personal injury and third-party property damage. Whatever role you assume as a CBD business owner, whether you are a retailer, wholesaler, extractor or cultivator, you will greatly benefit from this type of insurance policy.

Misconceptions and confusion enshroud the CBD industry, so general liability insurance is absolutely essential. It covers pretty much every risk faced by CBD business owners, so I guess you could consider it an all-in-one solution for mitigating risk!



➤ 4 Trusted Companies Offering CBD Insurance

Since it is relatively new to the mainstream, CBD carries certain risks that business owners must be aware of. The following CBD insurance providers can assist you with finding the right coverage options for your business:

01 Castle Rock Agency.



CBD product liability insurance options are available from Castle Rock Agency for as little as \$3,000.

Whether you require premises liability for a manufacturing, distribution or retail facility, you can put your trust in this CBD insurance provider to shield the wellbeing of you and your business.

New, startup and established businesses operating in the industry can apply for coverage in the following target classes:

- ▶ CBD-infused vape liquids
- ▶ CBD-rich dietary supplements and nutraceuticals
- ▶ CBD skin care
- ▶ CBD oils and tinctures
- ▶ CBD isolate
- ▶ CBD animal products
- ▶ CBD cosmetics
- ▶ CBD topical gels, lotions, salves and creams
- ▶ Concentrated forms of CBD
- ▶ Hemp oils and related products
- ▶ CBD-enriched drinks and drink mixes
- ▶ CBD hair care products
- ▶ Hemp-derived CBD edibles

Primary insurance limits from Castle Rock Agency are available up to a maximum of \$5,000,000, with excess limits of up to \$20,000,000. Additional services are as follows, per the insurance provider's website:



- ▶ Primary and noncontributory endorsement
- ▶ Hired and non-owned auto insurance
- ▶ Employment practices liability insurance
- ▶ Blanket vendors additional insured endorsement included
- ▶ Waiver of subrogation endorsement.
- ▶ Damage to rented premises insurance

Customers can also select from the many CBD insurance options pertaining to product recall expense coverages.

02 Veracity Insurance.



Companies operating in the CBD and or hemp industries can also obtain coverage from Veracity Insurance.

Veracity’s team of helpful staff can aid you in your quest to find coverage with affordable minimum premiums, inclusive of product liability insurance, property insurance and crop insurance.

The minimum premium for topical CBD products is \$2,500 and covers the following target classes, as per the company’s website:

- ▶ Baby skincare products
- ▶ Beauty accessories
- ▶ Candles
- ▶ Cosmetics
- ▶ Essential oils
- ▶ Hair care products
- ▶ Perfume and body fragrances
- ▶ Pre-made bases and materials
- ▶ Skin care products
- ▶ Spa supplies
- ▶ Toiletries
- ▶ Topical ointments
- ▶ Topical products for animals.



The minimum premium for ingestible CBD products is \$3,500 and covers the following areas:

- ▶ Ingestible supplements, vitamins, herbal or related products
- ▶ Compounded and non-compounded herbs
- ▶ Energy, protein and bodybuilding supplements
- ▶ Body cleansers
- ▶ Topical balms, salves and lotions
- ▶ Weight loss products
- ▶ Pet supplements
- ▶ Nutraceutical products

03 Insurance Canopy.

No matter where you reside or where you operate your business, Insurance Canopy will not disappoint. The CBD product liability and general liability insurance provider aims to turn around all quotes within 24–48 hours.



Eligible policyholders must sell topical CBD and/or hemp products that do not contain more than 0.3% THC when applying for coverage from this CBD insurance company, which prides itself on providing the following:

- ▶ \$1 million occurrence
- ▶ \$2 million product liability
- ▶ \$2 million aggregate limits
- ▶ In-house underwriting
- ▶ Limits up to \$50 million
- ▶ Inland marine coverage
- ▶ Hired/non-owned auto coverage
- ▶ Employee benefits liability.
- ▶ Trade show coverage.
- ▶ Product withdrawal coverage.

Low minimum premiums are guaranteed for all coverage holders. Additional insured vendors endorsements are also included in the CBD insurance coverage you take out from this provider.



With worldwide coverage and low deductible options on offer, it is well worth booking a consultation with Insurance Canopy to learn more about their services.

04 New Growth Insurance.



This well-respected CBD insurance company covers a wide range of scheduled cannabis, CBD and hemp products. It is their duty to defend and assist you in every way possible, from providing product withdrawal reimbursement of expenses, to making sure you don't pay anything for waivers of subrogation or primary wording.

Multiple deduction options are available with New Growth Insurance, which provides commercial product withdrawal coverage approval for the following classifications:

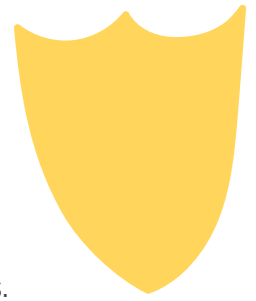
- ▲ Cultivation (indoor and greenhouses)
- ▲ Manufacturers
- ▲ Retail
- ▲ Management offices
- ▲ Garden/hydroponic stores

Coverage Options

- ▲ \$1,000 (only offered on \$100,000 limits)
- ▲ \$5,000
- ▲ \$10,000
- ▲ \$25,000
- ▲ \$100,000 aggregate
- ▲ \$1,000,000 aggregate
- ▲ \$2,000,000 aggregate



Safeguard Your Business



When it comes to running an online ecommerce business featuring an inventory that primarily consists of CBD products, it is imperative that you don't step on the FDA's toes.

Staying out of trouble in regards to advertising, marketing and selling ingestible or topical CBD products online is possible. CBD product liability insurance will be a valuable tool, but it does not prevent enforcement. Further, FDA warning letters are made public. Getting on the wrong side of the FDA can land you in serious trouble and tarnish all of your hard work. With some jurisdictions having outlawed CBD in its entirety, it really doesn't hurt to be prepared.

Product liability insurance coverage could safeguard your finances and the livelihood of a business in this avenue, should a claim be filed regarding faulty design, manufacturing, instructions and warnings.

So, why not do something today that your future self will thank you for? Pick a provider and execute a CBD insurance strategy that keeps you protected.

05

Marketing Your CBD Business

BY BETHAN ROSE



Marketing Your CBD Business

CBD is enticing a diverse group of consumers from all ages—and even pets. If you are cashing in on the “Green Rush” and are wondering how to market CBD products effectively and legally, then you will need an effective strategy.

Before you kick-start an online business selling CBD oil and alternative products, understand the rules behind marketing CBD oil so you can align your business with statewide laws.

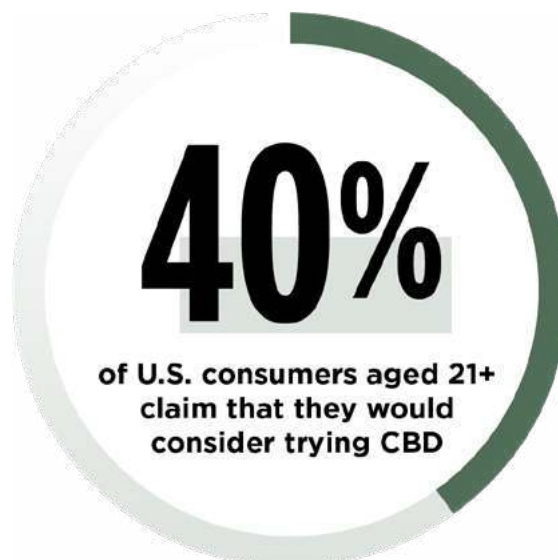


➤ Why CBD Marketing Is So Important

The CBD marketing craze is well and truly upon us. Everywhere you look online, whether it is in the form of a CBD-focused advert that grasps your attention on Facebook, a search engine optimized CBD advertising campaign that points to an online store via Google, or a captivating Instagram story with a ‘Swipe-up’ link directing visitors to a website, the surge in CBD marketing is hard to ignore.

01 Finding new customers.

According to a study conducted by [High Yield Insights](#), approximately 40% of U.S. consumers aged 21 and above claim that they would consider trying CBD. This figure will grow and so, finding customers by tapping into the power of CBD marketing is essential. Customers want your help and so, you need to be the one to give it to them!



02 Differentiating your brand.

The CBD space is well and truly bursting at the seams, with more companies being established on a daily basis.

This does not mean that you should give up on your dreams of earning money with CBD marketing but rather, learn how to stand out and differentiate your brand from the rest. This is possible by providing your audience with constant education.



Engage with your audience by creating compelling video content, carry out industry surveys and don't be afraid to show consumers how they can benefit from your services. You might also consider focusing on a particular niche.

03 Retaining customers.

CBD marketing can help you attract recurring customers. Affiliate marketing is a great way of building high retention rates, but only the big brands tend to attract affiliates, proving the importance of building brand awareness.

Featuring legitimate customer testimonials on your website that make statements in compliance with all laws will boost your reputation and keep customers returning for more. Send out newsletters, offer discounts for recurring customers and encourage them to invite a friend in return for a free product if you want to achieve better overall engagement and increase the likelihood of customers returning.

Conducting surveys will make you aware of customer needs/wants and will alert you about areas where you might be failing to satisfy customers. You may also want to focus on problem-solving, providing ongoing support and of course, staying in touch with your customer base!

➤ What Can't You Say With CBD Advertising?

While it might be tempting to boast about CBD's medicinal properties to the whole world via online CBD marketing, the Food and Drug Administration (FDA) does not approve of this. Avoid the following to sidestep potential repercussions.



01 Health and medical claims.

You might have read claims online hailing CBD as a miracle cannabinoid that can be used to combat a wide scope of medical conditions, diseases and ailments, such as epilepsy, cancer, arthritis, insomnia and chronic pain. It is imperative that you hold off on making any health or medical claims.

The FDA certainly does not approve of this and will take your marketing campaign offline before you can say “CBD!”.

“Deceptive marketing of unproven treatments raises significant public health concerns, as it may keep some patients from accessing appropriate, recognized therapies to treat serious and even fatal diseases,” reads an **official statement** from the former commissioner of the Food and Drug Administration (FDA) Scott Gottlieb, M.D.

02 Untested assumptions.

Although it is possible to spotlight the potential medical benefits of integrating CBD into a daily health and wellness routine, it is not possible to legally advise customers about treating their specific medical condition, disease or ailment with CBD. Only a doctor can do this, so don't make the mistake of assuming that just because you read it somewhere, it is true.

Every single thing you say (including consumer reviews, testimonials, social media posts, marketing, and claims made on any forum where the consumer may see the product) when trying to lure in buyers with an online CBD marketing campaign must be backed up by reputable sources and cited where/when necessary. Claims must always be substantiated, credible and authentic and avoid making disease or health claims. Anything that cannot be proven simply cannot be used in your marketing material, so just remember this.

03 Anything that has not been approved by the FDA.

According to the FDA, all CBD products must comply with the applicable laws, including the Federal Food, Drug, and Cosmetic Act (FD&C Act). The FDA has taken the position that it is not lawful to add CBD to food, dietary supplements, and pet foods.

This rule applies, even if the product is defined as containing the hemp plant. Because of this, you must practice caution when conducting CBD marketing efforts. For example, cannabinoids cannot currently be sold as dietary supplements, nor can they be added to FDA-approved ingredients and sold legally.

➤ CBD Advertising Restrictions in 2019

Despite being legalized following President Donald Trump's signing of the **2018 Farm Bill** in December 2018, advertising options are currently limited.

When the federal government changes its stance on marijuana, likely so too will the rules for CBD advertising change. Until this time, entrepreneurs with online stores are limited to marketing their product and raising brand awareness through referral marketing and content creation. Unfortunately for 'cannapreneurs,' Google and Facebook—two of the world's dominating ad-buying platforms—have not yet permitted advertising for marijuana-derived CBD, but hemp-derived CBD products are now being considered.

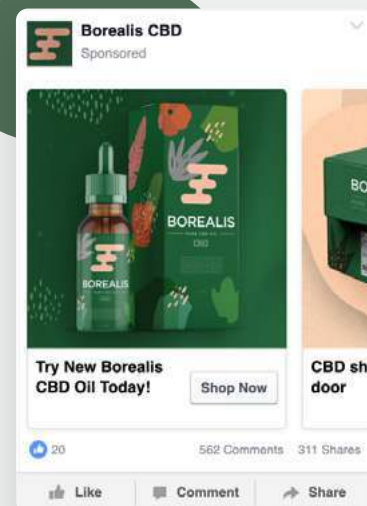
Make yourself aware of the following CBD advertising restrictions in 2019 to avoid potential pitfalls:

f Facebook.

You cannot advertise cannabis-derived CBD on Facebook. Then again, if your focus is primarily the hemp-derived product, you're in luck.

As of June 26, 2019, Facebook announced it would be **lifting its ban** on CBD products, meaning that advertisers can now publish ads promoting topical hemp products via the social networking platform.

The great thing about this is that advertisers have the privilege of including a direct link to a landing page, from which consumers can promote products and link directly to their website. However, this is subject to change and may not last forever; Facebook has always forbidden CBD ads due to the cannabis plant's illegal status and previously, CBD-focused ads were blocked outright.



G Google Ads (AdWords).

If you decide to run a Google AdWords advertisement promoting CBD products, you run the risk of your ad being taken down and will possibly be penalized from publishing future advertisements, even if they are not CBD marketing ads.

On a more positive note, Google recently asked a number of companies in the CBD space to participate in a **trial run for CBD advertising** on its platform. The results are yet to be revealed.

Twitter.

Unfortunately for CBD marketers, you won't be able to run ads on Twitter.

Why, you ask? Because Twitter does not permit advertising for illicit substances, not to mention herbal drugs, thus eliminating CBD completely. This is not to say that you have to stop using Twitter for marketing efforts however, since this platform's advertisement policy is only applicable for products that are being promoted by means of paid advertising.

Examples of some effective ways in which you can reap the rewards of Twitter include posting information about new products and linking back to your website, publishing informative and relevant information that will be well-received by the cannabis community, as well as building brand awareness with frequent posting and engagement.

Refrain from making any health or disease claims about CBD, because this could cost you your account and possible FDA enforcement.

Instagram.

The policies put into place by Instagram regarding CBD advertising are fairly similar to the rules laid out by Twitter. However, Instagram users are not penalized as often as Twitter users when advertising CBD oil and related products, since Instagram does not seem to monitor CBD marketing quite as much as Twitter does. Nonetheless, you shouldn't put all your eggs in one basket with Instagram; the app can permanently shut down your account if you try to specifically sell a product. Instead, focus on educating your audience by linking back to your blog or resharing content from other CBD-focused Instagram pages.

Stay on top of your Instagram game by posting exciting and relevant images that reflect your CBD marketing campaign and brand. You can also use Instagram to publish videos. What's more, the social media platform enables users with a business profile to include direct web links via the 'Story' feature, as well as on their profile bio.

➤ The Key to Marketing a CBD Company: Brand

CBD might just be a cannabinoid, but it's not just any old cannabinoid. This unique naturally-occurring chemical compound has victoriously leaped over hurdles that skeptics once thought were impossible to overcome.

It has successfully broken through barriers and filtered its way into the mainstream market, where branding is critical for staying afloat.

Let's dive straight into the top methods for legally marketing CBD online.

01 Focus on SEO.

Search engine optimization (SEO) is a tried-and-tested method of growing your online CBD business. Since the Internet's very existence, brands have been enticing their target audience with SEO in mind. This organic method of traffic-building can help teach your audience about CBD, the properties it possesses and exactly how it can fit into their lifestyle.



Pay attention to the strategic keyword optimization you include in meta tags and content. Combined, on-page SEO, technical SEO and local SEO will help search engines (and customers) to find your website more easily.

Additionally, you need not fret about breaking the CBD marketing rules. However, please be aware SEO “key words” will be considered as marketing and advertising materials if the FDA is investigating any health or disease claims. Practicing proper SEO will ensure that you are seen as a trusted thought leader in the nascent industry and will enable web visitors to find your site based on what they are searching online.

Once you've set up a good SEO plan, elevated traffic levels will convert to leads, sales and a healthy profit. SEO can be integrated into website design, content, meta tags, titles and much more. With the correct usage of target keywords and phrases, users can find your website, blog or online CBD store with ease and swiftly determine whether or not the content on your site addresses their specific search query.

02 Grow content.

Successful SEO requires a content marketing strategy. After all, the content you post needs to be optimized for Google and other search engines to crawl your site and rank it accordingly. Setting up and updating a blog with regular content is a useful technique to driving traffic to your online store.

Since CBD advertising is not currently allowed on the major ad platforms, content creation will be your best friend at this time. Tell your audience everything they need to know about CBD, who is using it and why and how they can, too (just make sure to what you are saying is compliant with the law)!

Content marketing also helps your brand communicate its value proposition and overall messaging in a way that resonates with your target market. From “how-to” articles that educate consumers about how they can start integrating CBD into a daily routine, to studies and research pointing to the facts about CBD’s chemical compilation and potential uses, the content deliverable options are endless.

Also, get in the habit of sharing your content on social media platforms and watch the traffic grow! Carefully curated content will bolster your credibility as an authoritative and influential leader in the CBD industry.



03 Attend CBD industry trade shows.

In-person marketing will always be a valuable tool in terms of CBD advertising and marketing. Broadening your reach and positioning yourself as an expert in the industry is entirely feasible after attending one or two trade shows.

Examples of some well-known annual trade shows in the cannabis space include the **World**

CBD Expo, the **CBD Expo Tour**, **NoCo Hemp Expo**, **CannaGrow Palm Springs**, and **MJBizConINT’L**.



These types of events are always happening and as you continuously build contacts in the CBD industry, you will begin to attract a larger market of which you can forge business relationships with, present your product to, increase brand awareness and educate. Most importantly, trade shows give you a chance to analyze competitors and bring something different to the table.

04 Establish a network of affiliates.

Did you know that approximately **15%** of revenue poured into digital media advertising is spent on affiliate marketing? With a team of affiliate marketers working on your side, albeit behind the scenes, you can relax in the knowledge that your brand is being promoted on an ongoing basis.

Statistics show that affiliate programs generate **15%–30%** of sales for marketers and advertisers. Among the hundreds of affiliate networks out there, some of the most well-respected include **ShareASale, CannAffiliate, Clickbank, CANNAFFI, RevOffers, and CJ Affiliate.**

Affiliates receive a percentage of commission for every sale that is finalized as a result of their efforts. With over **50%** of affiliate-referred traffic being sent through mobile devices, this tactic is highly valuable for marketers who are keen to sell CBD oil online.

05 Hire an influencer to market your product.

If you are active on social media, you have probably engaged with an influencer's profile or sponsored posts. A whopping **61%** of social media users claim that they interact with influencers on a daily basis, while 87% say they felt inspired to make a purchase after seeing an influencer promoting a product.

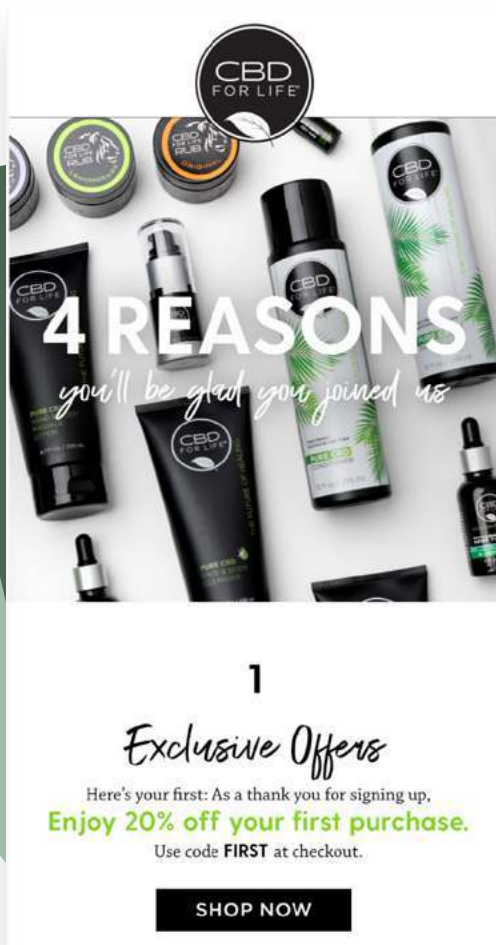
The influencer marketing industry is expected to be worth **\$5-10 billion by 2022.** With an influencer's help, you can drive high traffic to your online CBD ecommerce store. Establishing influencer partnerships will enable you to get your brand seen by a sizeable audience without being overly pushy. An influencer can simply post a picture of them holding or using your product and tag your page for phenomenal results. Of course, you will want to make sure any influencers you compensate comply with FTC guidelines regarding conspicuously disclosing their connection to your brand.



06 Use email marketing.

For anyone who wants to market a CBD brand or product online, it is imperative that the content is compliant with state and federal regulations. **CBD advertising restrictions** on social media platforms and search engines like Google mean that marketers must be extra careful about the claims they make and the way their content is displayed. Moreover, paying to advertise CBD on social media may be challenging. This has pushed many CBD marketers in the direction of email marketing, which is a safer and more effective route to go down.

Statistics show that as many as **59%** of B2B marketers believe email to be their most effective form of lead and revenue generation. Plus, **80%** of retail professionals claim that email marketing aids them with customer retention better than any other form of marketing. Offer rewards to your customers through email marketing by presenting them with opportunities to sign up for your weekly newsletter and redeem coupons, discounts, and deals that are not to be missed.



This email from **CBD for Life** thanks users for signing up for their email newsletter by offering 20% off their first purchase.

Try playing around with the subject lines, as well—a report by Experian suggested 56% of brands that used emojis in the subject line of their email had a significantly higher open rate.

Although email marketing is a less risky alternative to advertising CBD on Facebook, Twitter, or Google Ads, marketers must still abide by state and federal rules when executing an email marketing campaign. Refrain from sending out emails or marketing that claim CBD is a “cure-all” product. Making health claims presents a risk that the FDA will find your product to be an unapproved drug.

07 Attract ongoing traffic with keyword research and link building.

To ensure the content on your website matches the keywords and queries typed into search engines by customers, keyword research is absolutely imperative. Including inbound and outbound links to authority sites in your content (e.g. on your website pages and blog) will act as the building blocks of a successful CBD marketing campaign. Consider submitting your content to online article directories for amplified traffic levels and visibility in the online world.

Please note, linked content can be considered part of your advertising materials. Linking to articles, scientific studies, and testimonials does not shield or remove you from the claims that are made on the linked content. Commercial use of scientific publications to promote the product's sale, including simple references to scientific studies or general research, discussing potential health benefits may still be considered to be drug claims made about the product.

08 Monitor progress with analytics and metrics tools.

Analytics and metrics are a critical facet of any online business. Measuring the performance of your CBD-focused campaign with quantifiable measure indicator tools will aid you in your quest to assess what works, what doesn't and what areas of your advertising strategy need tweaking.

Tools like **Google Analytics** make this possible by analyzing the source of all Internet traffic directed to your website. Other types of software utilized to view site analytics, include:

- ▶ **Optimizely**
- ▶ **SEMrush**
- ▶ **Kissmetrics**



By understanding where the vast majority of your traffic comes from, you can adjust a marketing campaign to ensure web visitors keep flooding in.

➤ Keep Your Eyes and Ears Open

The nascent CBD industry may present you, the marketer, with some challenges; regulators are still smoothing things out. Nonetheless, the results can be incredibly rewarding if you learn to stay abreast of federal, state, and local laws pertaining to hemp-derived CBD marketing and selling CBD-containing products online. Focus on the following:

01 CBD legal changes.

It's no secret that cannabis consumption is becoming normalized. More than **94 million people** in the U.S. have admitted to using it at least once and with legislation spreading like wildfire, this figure is increasing by the day. Nonetheless, hemp-derived CBD marketing poses some challenges due to market volatility. Often, this is triggered by the hazy status surrounding CBD legality. Local, state and federal laws are shifting constantly, so stay alert.

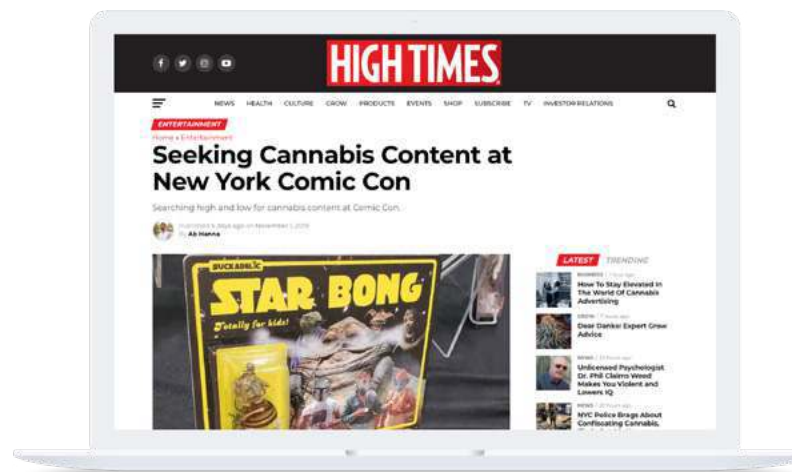
02 Advertising restrictions.

The information contained in this article is accurate at the time of writing. However, information pertaining to CBD advertising and marketing is subject to change, depending on whether or not advertisers decide to amend their rules in the foreseeable future.

03 Cannabis news.

Remember to pay close attention to any news about the cannabis space, both marijuana and hemp, since there's a good chance it will have an impact on CBD. Some of the best cannabis news resources include:

- [High Times](#),
- [Canna Law Blog](#), and
- [Marijuana Business Daily](#).



Subscribe to RSS feeds and email newsletters—just as a customer would do on your website/blog/online store, once it is up and running—so as to ensure you never miss a trick.

Attitudes about cannabis are changing on a global scale and by getting in at the ground floor now with CBD marketing, you can establish yourself as a well-respected brand before the market gets overly saturated. Feed your industry knowledge by reading the news on a daily basis. This will enable you to make a mark on the industry at large, as well as establish trust and loyalty among your customer base.

Key Takeaways

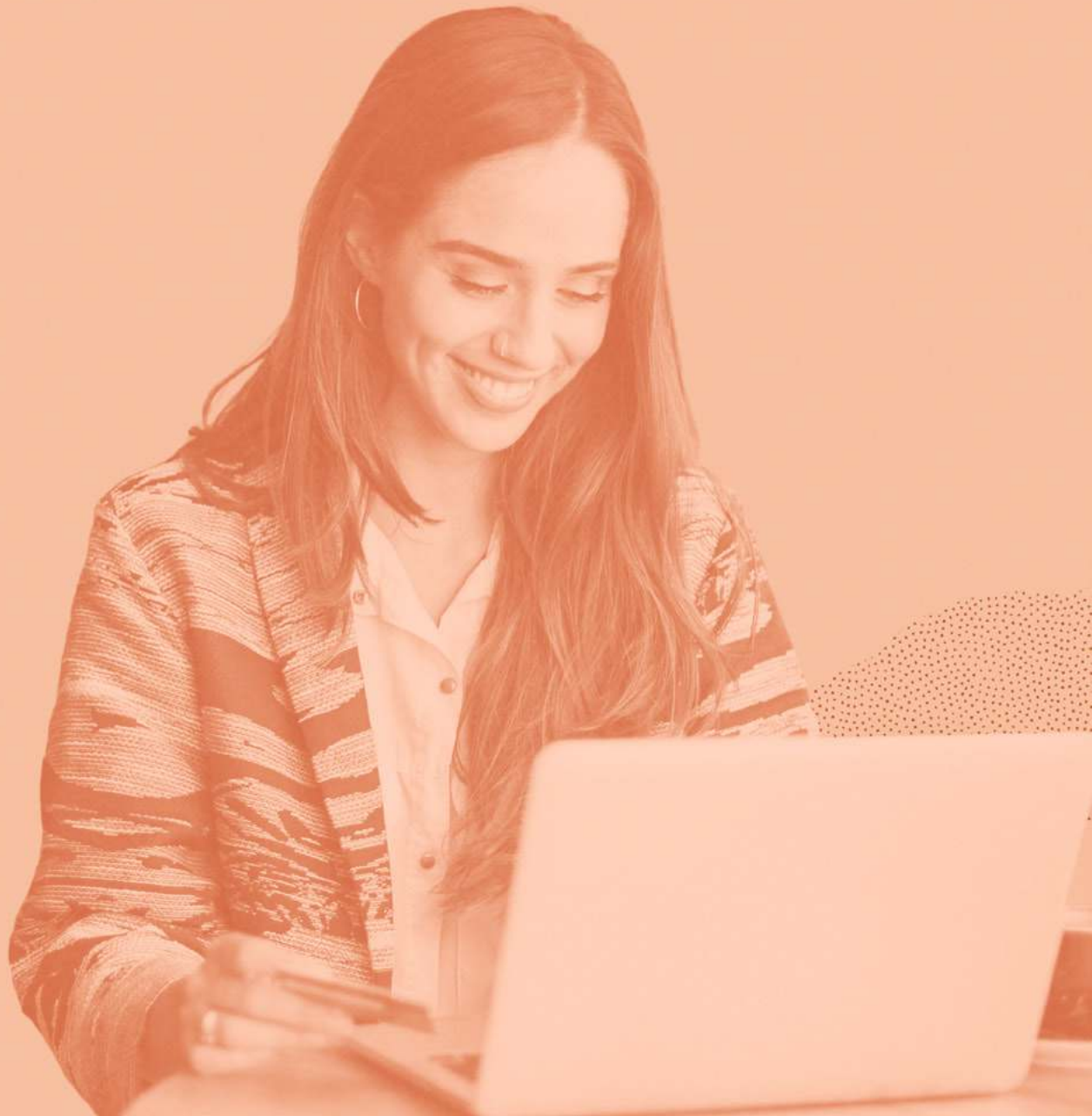
In spite of the fact that the major social networking platforms do not currently allow CBD advertising, there are ways to sidestep this predicament. Combined, social media and content marketing provides the perfect opportunity for CBD marketers to educate their audience and build brand awareness, without using aggressive selling techniques that could get your account banned.

For the best chance of success at making money from the “Green Rush,” perform adequate research prior to launching a CBD marketing campaign to better understand the limitations associated with the CBD industry, federally, in each state, and online. Ahead of your brand launch, make sure all claims you make are authentic, substantiated and are accompanied by credible scientific support.

06

Finding the Best CBD Payment Processors

BY BETHAN ROSE



Finding the Best CBD Payment Processors

CBD's high risk, combined with the fact that marijuana remains illegal at the federal level, makes the task of accepting online payments fairly restrictive for sellers.

Is CBD Legal?

“Marijuana-derived” CBD is not legal at the federal governmental level. “Marijuana” or “cannabis” as it is more commonly known is a part of the cannabis family, just like hemp. The difference is that cannabis grows with more than 0.3% THC; the plant's psychoactive element.

Confusion between the two plants has caused controversy among hemp business owners who have struggled to find processing solutions that are willing to accept online ecommerce payments for CBD-containing products.

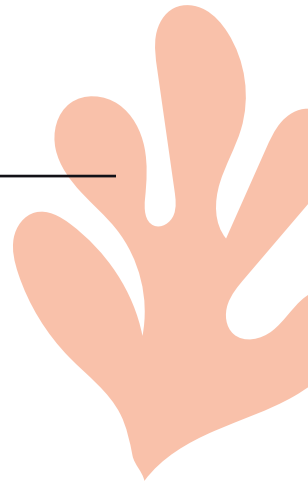
Even if your ecommerce business specializes in the sale of hemp-derived CBD, you will still need to seek out a reputable CBD payment processor that is equipped to handle high-risk transactions.

As an industry that is undergoing constant metamorphosis in the legal aspect, you would benefit from staying on top of the evolving legal cannabis landscape across the U.S. For an up-to-date status by state, get in the habit of checking reputable online resources like [this one](#).

CBD Requires High-Risk Processors

Albeit legal in most forms throughout much of the U.S., CBD is a high-risk industry. The FDA is still straightening out regulatory framework for this industry, with the majority of regulations still unclear.

Not to worry—because so long as you are prepared, you can dodge potential financial predicaments and find success with your online/offline CBD store.



On the other hand, you simply cannot ignore the fact that CBD's strict regulation puts all products containing the cannabinoid in a high-risk category. As a result, many payment processors will be reluctant to work with CBD companies.

Shady manufacturers looking to make a quick buck are ruining it for everybody else by deterring payment processors from working with CBD sellers for online transactions.

The solution? Finding a high-risk processor who is not afraid to assist you with a payment gateway that ensures you can conduct business just like any low-risk company is able to.

BigCommerce knows how to handle high-risk businesses, such as those associated with the CBD industry. We indulge business owners with **more than 65 payment gateways** that can be utilized to conduct transactions in over 100 countries. BigCommerce also invites high-risk companies to facilitate business transactions with more than 250 local payment methods.

Although the payment gateways made available to your business will depend on the country in which your company is registered and also, the currency that you use. However, whatever the gateway, we ensure that it can be digitally integrated with a range of popular payment technologies like Apple Pay, Amazon Pay and PayPal, to name a few. We talk now about this below.

What to Look for in a CBD Payment Processing Gateway

With the promise of exponential industry growth, an increasing number of ecommerce businesses are scrambling to find a CBD payment processor willing to accept them.

Here's what you need to look for prior to opening a CBD merchant account:

01 High-risk availability.

It is imperative that your CBD payment processor is able to deal with high-risk transactions.

The reason for this is because the fairly new industry is prone to payment card fraud and charge-backs. As an industry that hovers around a legal grey area, only a handful of CBD payment processing services will be willing to take the risks associated with this type of transaction.

Be on the lookout for a company that boasts extensive experience in aiding businesses operating within a high-risk sector.

Some other high-risk industries that will demand gateway payment systems include:

- ▲ Adult products and services
- ▲ online dating
- ▲ online gaming
- ▲ Bitcoin trading
- ▲ pharmaceuticals
- ▲ telemarketing
- ▲ travel services
- ▲ vaporizer and e-cigarette companies

02 Easy integrations.

Nobody wants to hear that they are being forced to switch their ecommerce site to a brand new platform in order to integrate a CBD payment processor.

This can be incredibly time-consuming and also, very deflating; particularly if you've invested a lot of money and effort into perfecting the way your online cannabis or hemp shop looks to your customers.

With that being said, it is best to refrain from using a CBD merchant processing system that requires you to use their existing platform. Instead, opt for a company that enables you to integrate their CBD credit card processing system seamlessly with a broad scope of ecommerce software.

Companies that can offer these services will be the ones to do business with, since they will be capable of supporting you as your company thrives.

A significant portion of CBD payment processors will operate using API integration, which is the most common payment gateway of them all. A major benefit of using API is that a payment gateway of this kind can be monitored by you, the business owner, as well as provide you with an insight into how the ecommerce store looks from a customer's perspective.

03 POS availability.

Save yourself time on administrative duties and cut the cost of in-office work by finding a CBD payment processor with point-of-sale (POS) availability.

Processors with POS system integration will be able to assist you in managing both online and offline transactions. With accurate reporting gleaned from POS software, store profitability can be increased, as well as customer loyalty, business intelligence and ease of access to your sales portal.

POS software will also aid you in making lucrative business choices. What's more, this type of software can be used to control stock input and output from a single location.

04 Low fees.

As the old saying goes, "You have to spend money to make money," but just how true is this quote?

When it comes to finding a reliable CBD payment processor, you will not be limited to companies that charge a hefty upfront fee. Although the more well-established companies may require a fee from account holders upon registration, many will provide their services free of charge or for an affordable rate.

Ask yourself if you can afford to pay the specific percentage that your preferred payment gateway will deduct from you for each transaction. If it does not work well with your profit margins, search for a service provider elsewhere.

Keep in mind that credit transactions may be more expensive than debit card transactions.

There are also a number of other fees to take into consideration when selecting a CBD payment processor, such as:

- ▲ Statement fees
- ▲ Compliance fees
- ▲ Non-compliance fees
- ▲ Terminal fees
- ▲ Monthly/annual fees

Chargebacks may also accrue additional fees, so it would be in your best interest to confirm this prior to establishing a partnership with CBD merchant processing companies.



05 Reasonable contracts.

Not every payment processor will require you to sign a contract that is binding in order to do business. Each company's fees and contracts will differ, so allow yourself enough time to ponder over which one suits your CBD company the best.

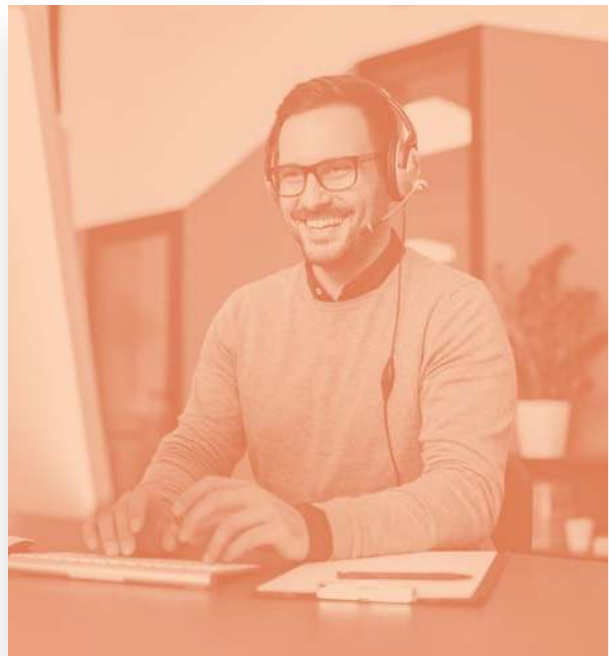
It is advisable to stay away from companies that will only establish long-term partnerships, particularly if they do not have sufficient testimonials to back-up their claims.

In the event that a company catches your eye, but will only offer a partnership under the condition that you fork over an ETF (early termination fee) if you choose to go elsewhere, prepare to negotiate.

06 Customer support.

You simply must be prepared for the worst case scenario when it comes to dealing with online and offline transactions for CBD-related products.

For example, if a customer wants to issue a \$200 chargeback on a recently submitted order, you need to understand exactly how these types of situations will be handled by your chosen CBD payment processor's customer service team. After all, the level of service they provide will reflect on you as a business.



Before you choose a payment gateway, ask a member of the team how they go about handling disputes, as well as how fraud protection will minimize the chances of disputes arising in the first place.

Personalized customer service is the way to go, but if you cannot find a company that offers this, at least find one that hires a customer service team to manage calls and emails around the clock.

➤ 10 of the Best CBD Payment Processors

Competition is stiff in the CBD industry, so you need to be at the top of your game if you want to maximize profit potential and customer retention rates.

A CBD payment processor can provide the perfect tailored solution for your business, while eliminating the hassles associated with administrative tasks, accounting and business upkeep.

The following top-rated companies have branched out into the CBD industry with their payment gateway services:



[VISIT SITE →](#)

Square's CBD payment processing **early access program** is currently available.

You can order the Square card reader online for free. Alternatively, it is available at retail stores for \$10; a fee that will be reimbursed directly to your account once you start making sales.

PROS

- + Affordable prices
- + No monthly charge to use this CBD payment processor
- + Accepts offline payments and gift cards
- + Individual accounts can be accessed on multiple devices
- + Simple setup via the app or online

CONS

- Still in a beta stage

FEATURES

- ▲ Contactless and chip payments
- ▲ Accepts debit and credit cards
- ▲ POS capability via the free Android app
- ▲ Fast payouts within 1-2 business days



[VISIT SITE →](#)

This leading payment gateway service provider is PCI-certified. Since the company's inception in 1998, USAePay has been providing businesses in every niche with ecommerce, retail and telephone/mail order solutions.

PROS

- + Integratable with the BigCommerce platform
- + Custom features and tailor-made solutions
- + Optimized user experience
- + Good customer support
- + Newly designed virtual terminal

CONS

- Must be using Paysafe as your merchant services provider in order to use this CBD payment processor
- Hardware is slightly outdated, but still efficient

FEATURES

- ▲ Vertical market
- ▲ Merchant console
- ▲ Event ticketing
- ▲ Report customization
- ▲ Fraud module setup





VISIT SITE →

Presenting clients with a unified commerce strategy, this CBD payment processor supports various payment methods including ACH, credit cards and debit cards. NMI provides detailed insights into transactions, of which can be managed in conjunction with BigCommerce.

PROS

- + Integratable with the BigCommerce platform
- + Offers global payment options
- + Supports ACH, credit cards and debit card
- + Fast payment turnaround
- + Multiple MID capabilities

CONS

- Monthly fee of \$10 required
- \$0.05 fee per transaction

FEATURES

- ▲ Virtual terminal
- ▲ Free shopping cart
- ▲ Recurring billing feature
- ▲ Report generation
- ▲ Merchant control panel
- ▲ QuickClick shopping cart





VISIT SITE →

Another CBD payment processor that is functional with BigCommerce is Worldpay Ecomm. Serving clients in 130+ countries around the globe, this payment solutions provider is a Fortune 500 company and a member of the Standard & Poor's 500® Index.

PROS

- + Integratable with the BigCommerce platform
- + Offers global payment options
- + Award-winning payment gateway
- + Low rates
- + Fast payouts
- + All-in-one solution

CONS

- Complex infrastructure
- High pay-as-you-go, monthly interchange-plus and tiered pricing rates

FEATURES

- ▲ Online payments
- ▲ Flexible cart integration
- ▲ Multi-currency, cross-border service



VISIT SITE →

Next on the list is this high-risk payment processor, which is acknowledged as the most well-respected service provider specializing in the CBD industry.

PROS

- + Seamless integration with most platforms
- + Affordable rates as low as 2.49%
- + Fast approval and pre-approval within six hours
- + Direct network of over 20 banks and PSP's

CONS

- Can be tricky to handle multiple tasks at once using the fairly complex interface

FEATURES

- ▲ Mobile solutions
- ▲ Offshore merchant accounts
- ▲ Online credit card payment processing
- ▲ Mail order
- ▲ Telephone order
- ▲ Cross-border transactions
- ▲ Level 2 and 3 credit card processing
- ▲ Recurring billing
- ▲ Virtual terminal
- ▲ Chargebacks
- ▲ Fraud prevention



[VISIT SITE →](#)

While this CBD payment processor might only offer a minimum of \$50,000 of monthly processing for offshore accounts, the payment gateway service is ideal for startup businesses looking to get their feet off the ground.

PROS

- + Capable of processing high ticket volumes
- + Offshore merchant accounts
- + Reasonable pricing
- + Fair contract terms
- + Top-notch customer service

CONS

- Requires minimum \$50,000 monthly processing volume for offshore accounts
- Lacks information regarding POS systems and CBD credit card processing
- Currently, no mobile processing system exists

FEATURES

- ▲ International and offshore banking; 15 banking relationships
- ▲ Chargeback prevention software
- ▲ ACH & virtual check services
- ▲ Fraud monitoring software





VISIT SITE →

Perhaps the most well-established CBD payment processor on the list so far is this one, which launched back in the year 2000. Easy Pay Direct utilizes an EPD Gateway that serves not only high-risk companies in the CBD, cannabis and hemp industries but also, low-risk companies in all sectors. Easy Pay Direct links account holders with credit card processors or domestic banks, depending on their requirements.

PROS

- + No early termination fee
- + Load-balancing feature allows account holders to process higher monthly payments
- + High-quality proprietary payment gateway
- + Zero complaints on their website

CONS

- Setup fee of \$99 is required to create an account
- \$29.99 monthly account fee required
- Premium fee is required to fund account fees and processing rates; flat fee 3.95% + \$0.25 per transaction
- Account holders are tied to a three-year contract with automatic renewal clause at one-year intervals
- Poor level of customer support, based on the reviews

FEATURES

- ▲ Retail swipe software
- ▲ PCI compliant
- ▲ Online shopping carts for simple transactions
- ▲ Direct mobile payments
- ▲ No early termination fee
- ▲ 24-hour customer service support options





VISIT SITE →

Although a small provider, PayWize knows what's up in regards to the financial predicaments faced by businesses operating in the CBD industry.

The company, which is affiliated with Payment Depot, might have only started in 2017, but they have already provided CBD merchant processing to a long list of CBD oil merchants and medical cannabis dispensaries throughout the U.S.

PROS

- + Guarantees flat-rate pricing for CBD payment processing
- + Compatible with various ecommerce platforms and websites
- + Month-to-month billing option
- + Broad compatibility with third-party shopping carts

CONS

- Merchant feedback is currently limited, since the CBD merchant processing is new

FEATURES

- ▲ Cutting-edge technology
- ▲ 24/7 payment processing anywhere and at anytime
- ▲ Analytics and reporting tools
- ▲ PCI DSS level 1
- ▲ Ecommerce gateway services
- ▲ Alternative payment options in more than 150 countries
- ▲ 24/7 security monitoring for fraud protection.





VISIT SITE →

You don't need to reside in the U.S. to work with this American CBD payment processor. iPayTotal provides its services to high-risk businesses around the globe. The award-winning online payment gateway is specifically designed for PSP/ISO and merchants and the payment platform utilizes state-of-the-art PCI DSS Level 1 Certified cloud software.

PROS

- + Premium high-risk merchant services
- + Long-term solution with high acceptance rate; 99% of accounts are approved
- + Reduced risk of bank overexposure
- + Account approval within 5-8 days
- + Easy online access
- + Reduce chargebacks by up to 72%

CONS

- Minimum weekly sales of \$1,500
- Must prove 4-6 months of CBD payment processing history with banking statement detailing sales, company name, refunds and chargebacks
- Compulsory 10% rolling reserve

FEATURES

- ▲ Multiple banking solutions, including online, mobile and telephone payments
- ▲ Available options for low-risk companies
- ▲ Customized packages
- ▲ 24/7 customer service support





VISIT SITE →

Last but by no means least is this payment processor, which has one of the highest approval rates of all CBD merchant processing solutions.

PaymentCloud's free virtual terminal enables business owners to track CBD sales with ease.

Boasting competitive chip, dip and swipe rates, PaymentCloud utilizes third-party processors and collaborates with banking institutions throughout the U.S. to ensure seamless, hassle-free transactions.

PROS

- + Predictable flat-rate pricing
- + Month-to-month billing for easy finance tracking
- + Excellent customer service
- + Extensive compatibility with third-party online shopping carts

CONS

- Online feedback is limited due to the fact the CBD payment processor is brand new
- Being new to the industry means that it's hard to know what to expect in terms of service

FEATURES

- ▲ 24/7 live support
- ▲ Shopping cart integration
- ▲ eCheck & ACH processing
- ▲ POS systems
- ▲ Credit card integration
- ▲ Mobile payments



Key Takeaways

With the above information in mind, take the time to ask a CBD payment processor about any additional and/or customizable services that they can offer. Since every company's approach is unique, it is crucial that you can depend on a CBD credit card processing platform for all of your payment needs.

Regardless of your business goals, choosing a CBD payment processor is not a decision to be taken lightly. Dealing with regulatory requirements, fraud protection and data security, handling chargeback management and guiding you in the right direction are just a few essential services to be on the lookout for.

07

Shipping CBD Products

BY KRISTINA LOPIENSKI



Shipping CBD Products

Before you dive into a business that offers CBD products for sale, you must do your research, know the legalities and safety protocol, and understand the ins and outs of selling and shipping CBD.

Products that include hemp, like alcohol, have legal limits on the quantities of certain ingredients that can be included in products—specifically, THC.

For some states within the United States, the limit of THC in hemp products is zero. This means any products that contain hemp-derived CBD must contain zero THC. In other states, you can use hemp-derived CBD if the THC content is under 0.3%.

This is because of the 2018 Farm Bill that legalized hemp production at the federal level across the United States. The Farm Bill states that as long as your hemp-derived CBD products contain less than 0.3% THC, the product is not a federally controlled substance.

Let's dive into how CBD can be shipped in a way that's safe and legal for your and your customers.



➤ Is CBD Legal to Ship? 4 Factors to Keep in Mind

Even though hemp-derived CBD is much more widely accepted and legalized than marijuana-containing products, CBD is still closely monitored and regulated. Here are the factors that will help you understand whether your supplier's CBD is legal to ship.

01 Potency of CBD and THC.

The CBD you ship must have THC levels below 0.3%, and you must be able to verify in writing the CBD and THC levels of the products you are shipping.

02 Origin of plant.

The CBD you sell should come from (extracted from) hemp plants, not marijuana. Talk to an attorney if your CBD comes from synthetic sources, but the THC level must still be below 0.3%. If you're working with any partners, like a supplier, you'll need to keep close tabs to make sure that the products consistently hit this standard.

03 Licenses.

Whether you use a CBD supplier or grow it yourself, any CBD product must come from a licensed grower. In other words, you can't just ship your uncle's experimental cannabis plants he grew in his shed. You may be able to legally import into the U.S. a CBD product, but you should consult an attorney.

Both you and your supplier can face legal challenges and risk getting arrested or shut down for selling illegal products. Being a licensed grower means a state government official has oversight over the production of the hemp crop.

04 Testing requirements.

Your CBD-containing products must be third-party tested to demonstrate the chemical makeup of the products you're selling, including the THC content. Third-party testing may be a prerequisite for some of the above requirements.



➤ Can You Ship CBD?

Shipping CBD is a somewhat complicated matter, as you not only have to comply with any shipping carrier requirements but also ensure it's legal to ship from the place of origin and legal to receive the product at its destination. Let's look at who can and can't ship CBD.



👍 **Yes:** Your CBD business complies with the applicable laws.

You are considered a “compliant” CBD business if you:

- Have all required licenses — including a grower, processor, or retail license,
- Only sell CBD products containing less than 0.3% THC,
- Only source from growers operating a legitimate, licensed business,
- Have a third-party testing process, and
- Have documented results from this testing.

If you meet all of these requirements, you should be able to ship CBD to locations where it's legal (with the approved carriers listed below).

👎 **No:** You have anything less than the above requirements.

If you can't 100% prove that you have met all the prerequisite requirements above, you have a good chance of violating the terms and agreements of the approved carriers below.

If you attempt to ship CBD with a THC level greater than 0.3%, you may face consequences, including arrest, for sending illegal substances through the mail. At the very least, your products can be destroyed in transit upon discovery.

Top Carriers Who Accept CBD Shipments

Shipping carriers have adapted what they consider acceptable goods to ship over time. You can ship CBD if it is legal, sent only to places that allow it, and if it conforms to the regulations of the following shipping carriers:



USPS

USPS allows you to ship CBD if you have signed a **self-certification statement** that helps ensure you are selling legal CBD, that your CBD supplier uses only hemp plants and has a license, and that your CBD is derived from industrial hemp with no more than 0.3% THC concentration. You also have to maintain the supporting documentation for at least two years after the date of mailing.

Here's what that states:

"I certify that all information contained in this letter and supporting documents are accurate, truthful, and complete. I understand that anyone who furnishes false or misleading information or omits information relating to this certification may be subject to criminal and/or civil penalties, including fines and imprisonment."



UPS

To ship CBD with UPS, you must be able to identify where the raw materials grew, how they were processed, and how they were obtained (or who shipped the product to the supplier and how that supplier got it to the customer after the fact).

DHL

DHL can ship CBD products as long as the shipper meets these requirements:

- ▶ The shipment contains hemp or hemp-based products that contain less than 0.3% of THC on a dry weight basis.
- ▶ The shipper complies with all applicable federal, state, and local laws.
- ▶ The shipper retains records establishing compliance with such laws, including laboratory test results, licenses, or compliance reports.
- ▶ The packaging does not contain any branding or labeling that indicates the content of the item.



Note: Shippers are not required to present documentation at the time of shipping, but documentation such as certificates may be requested at any time.

Don't Try Your Luck With This Carrier

At this time, **FedEx does not allow** hemp plants, hemp oil, leaves, hemp seed, or CBD derived from hemp as noted in its [Service Guide](#).

➤ **3 Considerations Before You Start Fulfilling CBD Orders**



Now that you have the basics down for shipping CBD legally, there are some other things to consider to make sure you're dotting your I's and crossing your T's.

01 Slow down on international shipments.

Many countries outside of the United States classify marijuana and hemp-related products as illegal and can press charges or destroy products if you try shipping a dangerous substance to their country.

Make sure you fully understand the destinations to which your business is allowed to legally ship CBD products. Even if CBD is legal in a certain country, you may have trouble shipping items to that country. If you are located in the United States, for example, it may be wise to ship exclusively within the states before expanding anywhere else.

02 Consult your legal team.

If you have a legal team, make sure they read over your statements and clearly identify where you intend to send your CBD products. The CBD industry has become really popular, really quickly — with a lot of ambiguity across borders and even state lines. When in doubt, it's best to consult your lawyer. Although CBD products are not considered controlled substances at the federal level, each state has its own individual laws and rules.

03 Double check your suppliers.

If you don't run your own farms or processing/manufacturing facilities and instead work with a supplier, make sure they are not violating any rules or shipping regulations, whether it be related to potency, location of where their CBD is grown, or anything else.



Logistics Partners Who Can Help with CBD Fulfillment

Now that you understand how complex shipping CBD can be, you need to determine how you will fulfill customer orders. If you don't want to fulfill CBD products yourself, you can partner with a company that takes care of some of these challenges for you so that you can focus on your business—not packing boxes or shipping CBD.

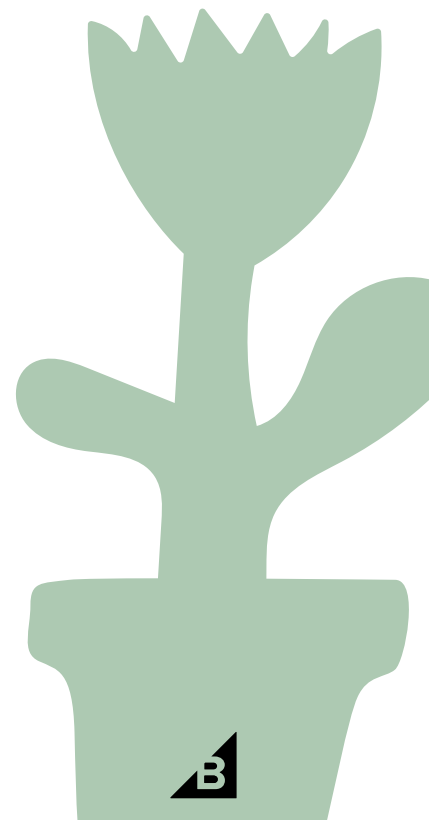
You can outsource CBD shipping to a third-party logistics (3PL) company like ShipBob, a premiere fulfillment partner of BigCommerce. **ShipBob works with CBD businesses** to store their inventory, pack their orders, and ship their CBD products from their network of fulfillment centers across the United States.

Combined with proprietary technology, ShipBob's ecommerce fulfillment services help get your CBD products delivered to customers quickly and safely.

CBD company Nature's Ultra is able to provide 2-day shipping to all of its U.S. customers using ShipBob, so that they can compete with the convenience of Amazon Prime delivery standards. This has allowed them to scale up and become successful—Nature's Ultra went from \$70,000 in sales in 2018 to over \$7 million in sales in 2019.

“We were managing shipping and logistics ourselves via USPS, but we didn't understand just how massive and difficult fulfillment was. Now that we're working with ShipBob, we can easily ship our CBD products to all 50 United States with ease.”

— ANDREW HARDY, COO OF NATURE'S ULTRA



Key Takeaways

Shipping CBD products is one piece of running a successful CBD business. You also need everything from legal payment processing to creative marketing tactics that follow various regulations and policies set out by everyone from governmental agencies to tech giants like Facebook.

Selling CBD is a lot more complex than selling apparel or a novelty product, and the industry is moving fast and constantly evolving. There have been governmental and societal changes recently, but don't expect it to stop there. Be sure to stay up-to-date on CBD regulations across the globe as well as carriers' CBD shipping policies to keep a close eye on what changes.

08

Selling CBD as a Wholesale Distributor

BY BETHAN ROSE



Selling CBD as a Wholesale Distributor

As the CBD market continues to flourish, so too do the opportunities for sellers.

If you are wondering how to get into the CBD business, why not sell hemp-derived CBD wholesale? Companies that specialize in this segment of sales will deal primarily with bulk orders—typically for brick-and-mortar or online stores.

Hemp-derived CBD distributor opportunities are also abundant, and you won't be limited to just oils. Working as the middleman means that you can choose the specific type of product you wish to sell.

While the growers and suppliers focus on getting the product ready for the customer, CBD wholesale businesses sell to various retailers and outlets for onward sale. Wholesalers can avoid the time and costs associated with preparing the goods for sale to the end-customer; they simply sell CBD in bulk for a lower unit price to the retailer.



➤ **Before You Start: The CBD Wholesale Checklist**

When the **2018 Farm Bill** federally legalized industrial hemp production across the U.S., more people became curious about how to get into the hemp-derived CBD business. After all, the bill established the foundation for the production and sale of CBD products made from industrial hemp.

Under the Farm Bill, hemp must contain no more than 0.3% of the psychoactive cannabinoid THC (tetrahydrocannabinol), as measured on a dry-weight basis.

With this in mind, there are a few other things to tick off your checklist:

01 Do you have a quality supplier?

If you cannot trust that the supplier manufactures high-quality, uncontaminated hemp-derived CBD, don't expect to have an easy time selling it. Quality suppliers will source their hemp inputs from farmers that cultivate hemp in accordance with the **highest cultivation standards**.

Find out if your supplier uses pesticides and chemical fertilizers; they may help to yield bountiful crops, but consumers could be harmed if they use products containing these chemicals. For seeds, inquire about the THC to CBD ratios before buying and seek out a quality breeder with a solid reputation in cultivating CBD-rich hemp strains.

02 Is your supplier legally licensed to manufacture and sell CBD?

And is the hemp material used to make the CBD sourced from a licensed farmer?

Anyone who is keen to learn how to get into the CBD business shouldn't sidestep this point. This is a question you simply must ask and verify before buying CBD products to sell wholesale. If the CBD was not lawfully sourced from a properly licensed manufacturer using lawfully sourced hemp, you could be purchasing, distributing, and selling at wholesale an unlawful product. This could expose your business, your investors, your employees, and even your customers to a host of regulatory and legal violations — some of which could include criminal sanctions.

03 Does your supplier use third-party testing?

When you are on the hunt for hemp-derived CBD distribution opportunities, pay attention to third-party testing. Request to see lab test results for each production batch of CBD and observe the levels of cannabinoids and terpenes (biological compounds in the plant that can have unique properties by strain) contained in the CBD product.

Failure to do so means you have no idea exactly what it is you are selling, creating a major risk for your business — the CBD products you resell may contain too much THC and too little CBD, making your products unlawful under the Farm Bill and state law. Also, the labels may be incorrect and misleading; the products might be laden with traces of solvents, pesticides and/or metals exposing the end-consumer to health risks; or the products may not be up to the specifications of your business or retailers, making the products unusable.

Additionally, sophisticated retailers will almost always request batch-specific testing information. Without testing results, you are significantly limiting your market opportunities.

04 How long has your supplier been in business?

Aim to find well-established CBD suppliers with a proven track record. New suppliers should not necessarily be avoided, but perform some research prior to buying anything from them. Consider how many sales they have made, what their target market is and, of course, what the customers have to say about their business.

05 Do you have a plan to penetrate the CBD wholesale market?

If you are to stand out among the ocean of hemp-derived CBD wholesale sellers, you must prove it.

Demonstrating how your company can simplify the process of obtaining lawfully sourced, high-quality CBD will give you an opportunity to stand out. Prove how you can provide access to markets.

Remember to track precisely where your hemp-derived CBD products are being distributed. This is essential, among other things, because some states continue to prohibit the possession and sale of CBD products.

Your company and its stakeholders may also be slapped with criminal sanctions if you fail to monitor distribution, so keep this in mind if you want to penetrate the market on a large scale.

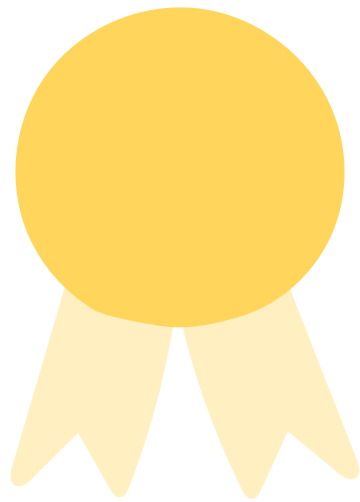


06 How is your CBD better?

A CBD wholesale company that carries the best brands is sure to stand out over one that stocks unknown or less favored brands. Quality CBD products will be produced using high-quality industrial hemp manufactured inside a facility that is FDA-registered and CGMP Certified. If your CBD has been produced and tested by industry experts, doctors, and scientists—even better.

07 Do you have hemp-specific licenses/qualifications?

Some states require a hemp handler's license in order to possess or distribute hemp and/or hemp products. Other states may require a special hemp processor license. Some states may also regulate CBD under their existing food safety laws, which requires that facilities where hemp products, including CBD, are produced, stored, and distributed from be registered with the state's department of health and operate in compliance with food safety laws and regulations.



Finding the Right Supplier(s)

Perhaps the most crucial step to succeeding with selling CBD wholesale is finding a dependable supplier. Avoid selling something that you would not necessarily consider trying yourself. Low-quality products will reflect poorly on you as the wholesaler, so don't cut corners to save yourself money.

A trusted supplier should be certified by the **U.S. Hemp Authority** program. Additionally, a CBD supplier should be compliant with regulations laid out by the **Food and Drug Administration (FDA)**.

➤ **Here are some other things to look out for when seeking out CBD product opportunities:**

01 Look at third-party testing results.

Before you start to sell CBD wholesale, take it upon yourself to ask the supplier for proof that their product is safe for human use and/or consumption. Microbial contamination is common in hemp plants. Contaminated products may cause human toxicity and unwanted pharmacologic effects.

Confirming a product's reliability and potency is dependent, in part, on the results gleaned from third-party CBD testing.

02 Try some of the product yourself.

If you know how well a hemp-derived CBD product works, you can feel confident about buying and reselling it. Make a note of what each product looks, tastes, and smells like; how it made you feel; whether or not you experienced any side effects; how the product was packaged and branded, etc.

It's worth asking a supplier for some free samples as a means of determining its suitability for CBD wholesale reselling.

03 Test against other products.

During the testing phase, compare products side-by-side for an accurate insight into which brands are worth buying from. Make sure the products contain the same level of CBD, so as to draw up the most precise judgement on its potential. Keep a note of each brand's pros and cons before coming to a conclusion.

04 Visit the manufacturing facility.

Once you have narrowed down your options to just a handful—after testing several hemp-derived CBD products against each other—arrange a trip to the supplier's cultivation and/or manufacturing facility. This will grant you an inside look at processes of that particular brand and how safely they conduct business in accordance with applicable laws.

➤ Example CBD Suppliers

Learning how to get into the CBD business demands a certain level of knowledge on the best suppliers. Allocating time to finding one you want to work with is not always possible with so many other tasks to accomplish while setting up a wholesale CBD company.

On that note, we have highlighted some CBD suppliers online and some of the advantages to each.



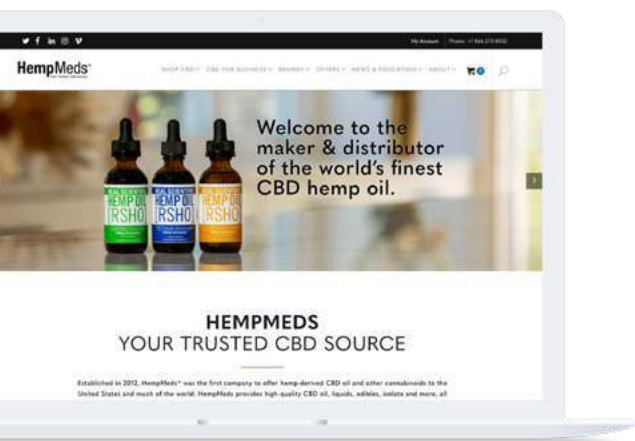
CBDistillery

Since its inception in 2015, CBDistillery has gained a solid reputation as a trustworthy partner of thousands of nationwide retailers. All products supplied by the company are tested by third-party laboratories and packaged with clear labeling. Examples of the retailers CBDistillery partners with include convenience stores, independent pharmacies, medical/healthcare offices, and wellness centers.

Global Cannabinoids

A number one producer, manufacturer, and distributor of American-cultivated, hemp-derived CBD, Global Cannabinoids was also established in 2015. Specializing in bulk and wholesale CBD, the company's product range includes CBD coffee, water-soluble nano CBD, pure hemp oils, CBD-infused bath bombs, CBD-rich full-spectrum tinctures, and CBD soft gels, to name a few.





HempMeds

Another company worth consulting for wholesale CBD oil opportunities is HempMeds. The company produces Real Scientific Hemp Oil™ using hemp cultivated on a fifth generation hemp farm in the Netherlands. Triple lab tested hemp is derived from hemp seeds certified with the Organization for Economic Co-operation and Development (OECD).

Kazmira

This CBD supplier describes itself as “the Innovation leader in the CBD Industry.” By utilizing a TruSpeKtrum technology platform process, Kazmira prides itself on eliminating traces of THC, chlorophyll, and plant wax from its products. Trace cannabinoids like Cannabigerol (CBG), Cannabichromene (CBC), and Cannabinol (CBN) are also eradicated from Kazmira’s THC-free CBD.



➤ Finding Your Retailer Niche

Just like any other industry, one of the most important metrics to consider when getting involved with CBD wholesale centers around points of distribution is how many different retailers stock the product.

Various business-to-consumer (B2C) retailers concentrate on CBD products. Tapping into the potential of their resources will ensure that your inventory is always in high demand.

The following B2C retailers have a targeted customer base and will be on the lookout for CBD wholesale specialists when they need to replenish stock.

01 Head shops.

Head shops are rooted in cannabis culture, sprouting from the hippie scene in the late 1960s. Retail outlets of this kind specialize in pot paraphernalia specifically designed for social consumption.



Advantages: These types of retail stores are worth contacting if you are selling wholesale CBD products online. Scattered around most large cities, head shops boast existing clientele and a loyal local customer base.



Challenges: Head shops are preferred by adult-use cannabis consumers. This means that CBD consumers may stray from them. Some head shops may also struggle to compete on quality with other retail outlets.

02 Online retailers.

The number of online shoppers is predicted to reach two billion this year, with the figure anticipated to top **2.14 billion by the year 2021**. With so many people buying products digitally, it would be a shame not to tap into the potential of online retailers.



Advantages: Online retailers demand far less infrastructure than brick-and-mortar stores. Plus, considering there are **4.39 billion internet users as of 2019**, the customer reach is far larger than any other options.



Challenges: Due to high demand from customers, online retailers can be difficult to get in touch with. Moreover, online markets are fairly saturated.

03 Specialty brick-and-mortar shops.

Specialty stores cater to a particular retail market. A few prime examples of specialty brick-and-mortar businesses that would welcome CBD products include vape shops, smoke shops, health/wellness stores, and nutrition stores.



Advantages: You can find these types of stores peppered around most cities and states, making them easy to track down and get in touch with. With their local feel and the fact that they only carry specific products of quality, they tend to have a loyal customer base.



Challenges: Much like dispensaries, specialty brick-and-mortars will be overly scrutinizing what they sell. This means that you'll need to choose the highest quality products if you want to sell CBD wholesale to this type of retail outlet. Prices tend to be higher than in head shops or dispensaries, so you'll need higher margins to stay in business.

Picking CBD Products to Sell

Choose the specific products you want to sell CBD wholesale based on the target market you intend to capture. Are you hoping to attract the attention of wellness-focused consumers, or people who are looking to try CBD for the first time?

Alternatively, you may want to sell CBD wholesale to retailers with consumers interested in using this non-psychoactive cannabinoid for skin care. Whatever the reason, make sure your chosen audience is likely to visit the specific outlet(s) where you distribute products.

Below, we highlight the main areas of interest for CBD consumers. Please note that the FDA's position is that it is unlawful under federal law to add CBD to food products, including tinctures, edible products, and beverages.

Oils and tinctures.

By 2023, the global CBD oil market is expected to turn over **USD \$23.7 billion**. Oils—which can be administered in the form of a tincture—are discreet and convenient.



Edibles and gummies.

Although edibles and gummies may take longer to kick in, the effects are often longer-lasting. The diversity that comes with consuming edibles, such as the endless flavor options, has contributed to growth in this segment of the CBD market. This year, projections for the **CBD-infused edible market** are **\$4.1 billion** by 2022.

Drinks.

Drinks are another segment of the CBD market where you can potentially profit. Scientists and product developers have mastered a way to infuse CBD into water, and there are even dissolvable CBD powders available!

Industry analysts say this is one of the fastest-growing areas of CBD retail; between 2018 and 2023, the CBD beverages market will grow at a compound annual growth rate (CAGR) of 74.7%.



Topicals and skin care.

Topical and cosmetic CBD products are increasingly available and are often the preferred product type for large national retail chains.

A report released in August 2019 from **Grand View Research, Inc.** suggests that the value of the global CBD skin care market will surge to \$1.7 billion by 2025.



Vapes.

In spite of the recent issues around **contaminated vape products**, this market is booming. Vaporizing CBD oil delivers a wallop of cannabinoid-richness to the lungs, and the effects surface almost instantly.

Supplements.

CBD-filled capsules and supplements can be taken on the move, in the privacy of one's own home, or even just before hitting the gym. This segment of the market falls into health and wellness.

Keep in mind that the FDA's position is that it is unlawful under federal law to market CBD as or in a dietary supplement.

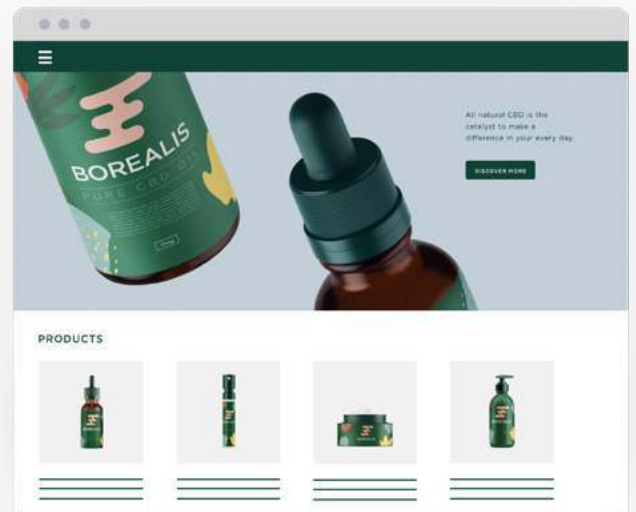


➤ Building a Website to Fit Your CBD Narrative

If a retailer is going to buy wholesale hemp-derived CBD from you, they need to know you're serious about what you do. In the same way that customers seek out trustworthy sellers online, a retailer will first assess your services based on how you appear online.

Without a website, standing out from the crowd will be nearly impossible. Plus, when you consider the fact that **72% of ecommerce will occur on a mobile device by 2021**, you simply must have a mobile-friendly website if you are to attract the right clientele.

As noted by the FDA, making health claims about CBD is not permitted. On that note, let's find out what else is required to attract CBD wholesale buyers.



01 Make it beautiful and easy to read.

Putting a little bit of effort into the way your CBD wholesale website appears from a retailer's perspective will go a long way. A well-designed website that contains all of the necessary information will reflect on your professionalism.

Thankfully, BigCommerce makes it easy. With a broad spectrum of visually stunning designs and themes to choose from on our platform, you can deliver a personalized experience and bolster the chances of converting leads into sales.

02 Show test results.

Don't forget to publish third-party lab test results online. This will help retailers make an informed buying decision. If you don't review third-party lab tests, a supplier could claim that various ingredients are contained in their product when in fact, they are not.

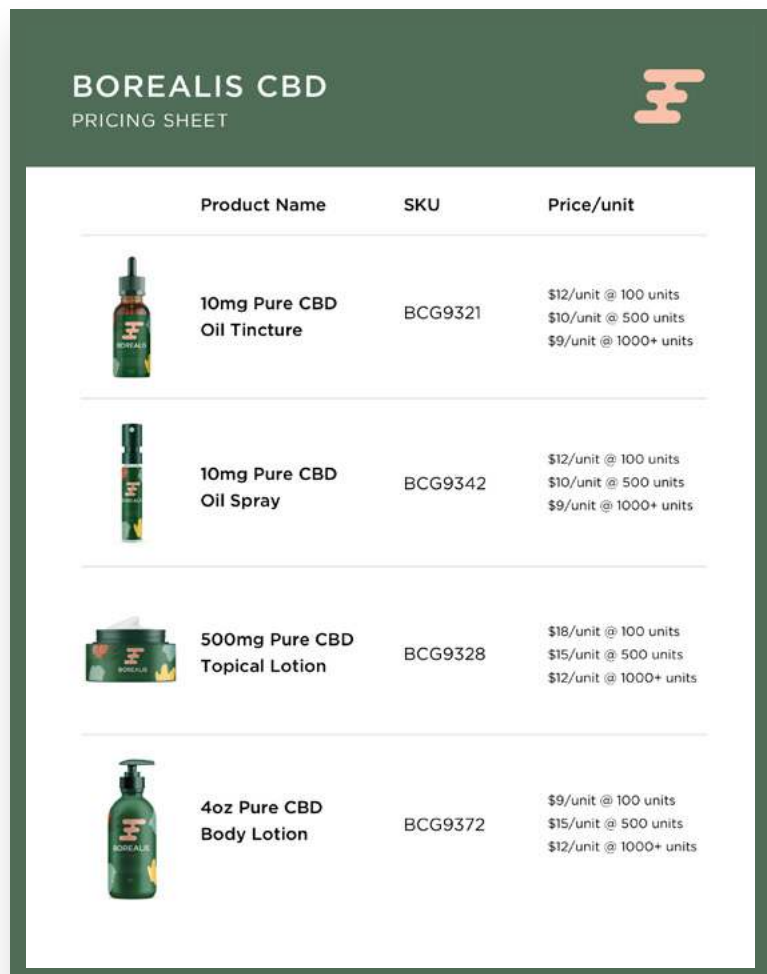
03 Highlight brands.





Retailers will want to see exactly what types of CBD products you intend to distribute to their stores, as well as the brands you carry. With the BigCommerce platform, you can easily promote your services in an appealing and eye-catching way. Our website design feature makes it possible for anyone to create a website featuring your selection of CBD brands in no time.

04 Attach pricing sheets if possible.

Approximately **55% of visitors will spend only 15 seconds** on a website before they lose interest or continue browsing. With that being said, you should feed retailers with the information that they need in a bite-sized and comprehensible way.

One of the main things a retailer will want to know is pricing, since they must consider their budget and profit margins before they can make a purchase. Either have an online pricing sheet or downloadable PDF of all your available products and the prices for quantities. Something like this:



Product Name	SKU	Price/unit
 10mg Pure CBD Oil Tincture	BCG9321	\$12/unit @ 100 units \$10/unit @ 500 units \$9/unit @ 1000+ units
 10mg Pure CBD Oil Spray	BCG9342	\$12/unit @ 100 units \$10/unit @ 500 units \$9/unit @ 1000+ units
 500mg Pure CBD Topical Lotion	BCG9328	\$18/unit @ 100 units \$15/unit @ 500 units \$12/unit @ 1000+ units
 4oz Pure CBD Body Lotion	BCG9372	\$9/unit @ 100 units \$15/unit @ 500 units \$12/unit @ 1000+ units



Key Takeaways

The CBD craze is spreading. An emerging force field of scientific evidence is prompting more stores to stock CBD products and, ultimately, more wholesale CBD specialists to distribute those products to retailers.

For wholesale CBD sellers, there is a four-part strategy you can implement to capitalize on the rise of this flourishing market:

- ▲ Identify and prioritize the most integral factors that will steer your wholesale CBD company's success.
- ▲ Find and test CBD products from suppliers before deciding what to stock.
- ▲ Track down a reputable retailer and present your pitch; show them why they should buy bulk CBD from you.
- ▲ Develop a website and monitor its growth for lead generation and conversions.

Conclusion

BY MEGHAN STABLER

With all of the CBD businesses popping up online and in brick-and-mortar stores around the nation, it can feel like starting a CBD business in 2019 is like joining the California Gold Rush in 1849.

But before you pick up your proverbial pickaxe and run out to start selling your CBD-infused products online, it's important to do your due diligence.

Make sure that your products, your online store, and each third-party connector you use all adhere to federal, state, and local laws regarding CBD. You should be aware of what you can and can't say about your products. You should be transparent with your intentions and make sure all partners you work with are permissive of your products and supportive of your success.

We hope you are able to use this guide to help make your own hemp-derived CBD business a profitable part of this exploding industry.

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