Forward Thinking: The Food & Beverage Industry Gets Lit

Consumers’ growing demand and interest in the rapidly evolving cannabis industry are giving rise to new CBD-infused food and beverages as well as cannabis focused retail, foodservice and hospitality industries.

A mainstream cultural phenomenon, cannabis, hemp, cannabidiol and CBD are the latest buzzwords appearing in food, beverage and beauty products. These ingredients are currently the “Wild West” of the fragrance and flavor industry, causing a lot of industry buzz and consumer confusion. There are two well-known species of cannabis; Cannabis sativa and Cannabis indica. Cannabis sativa, named by Carl Linneaus, refers to hemp plants found in Europe and western Eurasia, while Cannabis indica, named by Jean-Baptiste Lamarck, refers to the psychoactive varieties discovered in India.1 Hemp and marijuana are two popular subspecies of Cannabis sativa. Hemp is bred specifically to produce fiber, fuel, oils and seeds and contains cannabidiol (CBD), a non-intoxicating cannabinoid compound. Marijuana on the other hand is bred specifically for its medical or psychoactive properties and contains tetrahydrocannabinol.
(THC), which is considered a drug and until recently has been illegal in many states.\(^2\)

Part of the confusion is that consumers do not understand the difference between CBD and THC and what the products being marketed to them contain. To add to the confusion, CBD and THC have the same chemical compound. However, the arrangement of a single atom makes CBD a non-psychoactive compound and THC a psychoactive compound.\(^3\) Currently, many of the mass-produced food and beverages on the market are formulated with CBD derived from hemp. Part of the wellness economy, the general consensus is that CBD-infused products provide consumers a general sense of well-being without the “high” effects of THC and can help relieve inflammation, anxiety and even pain.

**Numbers at A Glance**

According to Arcview Market Research and BDS Analytics, cannabis sales accounted for $9.5 billion in consumer spending. The total size of the global cannabis market is estimated to reach $32 billion by 2022 and $37 billion by 2027\(^a\). According to the Brightfield Group, the hemp-CBD market alone could hit $22 billion by 2022\(^b\). Greenwave Advisors predicts the CBD industry could reach $3 billion by 2021 and eventually more than $200 billion a year in the U.S.\(^c\) Euromonitor International estimates that the legal and illegal global market for cannabis is $150 billion, with the legal market expected to grow 77% of total sales at $166 billion by 2025\(^d\).

Innova Market Insights reported a 34% average annual growth in the number of new food and beverage launches with hemp ingredients (global, 2013-2017)\(^e\). U.S. introductions saw an average annual growth of 21% over this period with cereal and energy bars as a top growing sub-category of new products with a 24% average annual growth. According to the National Restaurant Association’s 2019 What’s Hot Culinary Survey, cannabis and cannabidiol (CBD) ingredients are tipped to be one of the hottest overall U.S. culinary trends of 2019\(^g\). Seventy seven percent of chefs ranked cannabis/CBD oil-infused drinks as the number one trend and 76% ranked cannabis/CBD oil-infused food number two.

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\(^a\)https://www.ecosystemmarketplace.com/learn/industry-segments/food-drinks
\(^b\)https://www.brightfieldgroup.com/
\(^c\)https://www.recess.com

Recess the CBD-infused sparkling water is “infused with hemp extract and adaptogens for balance and clarity.” The brand opened a pop-up in New York City, which hosts curated events to spark creativity with plans to open additional pop-ups in Miami, San Francisco, and Los Angeles. Courtesy of Drink Recess, Inc.
Keep Calm and Drink CBD

CBD-infused non-alcoholic and alcoholic beverages, many marketed as functional, are the most popular innovations hitting shelves. THC-infused beverages are also emerging where recreational marijuana is legal.

**Recess** is a CBD-infused sparkling water range available in Blackberry Chai, Peach Ginger, and Pomegranate Hibiscus flavors and is “infused with hemp extract and adaptogens for balance and clarity.” In February 2019, the brand opened a pop-up in New York City intended to spark creativity by hosting a variety of curated events. Recess has plans to open additional pop-ups in Miami, San Francisco and Los Angeles. Similarly, **Mountjoy Sparkling** offers a line of CBD-infused sparkling waters available in five flavors: Blackberry, Lemon Lime, Natural, Orange and Peach each containing 10 mg of organic CBD. **Dram Apothecary**, the makers of cocktail bitters and syrups, launched a new line of craft CBD-infused sparkling waters with 20 mg of CBD in three flavors: Gingergrass, Lemongrass and Sweetgrass.

**Bimble** released a Grapefruit Basil Mint sparkling drink “designed as a natural stress relief alternative.” Bimble is formulated with 25 mg of hemp-derived, full-spectrum CBD and is sweetened with raw honey. **Honeydrop Beverages** and **Evo Hemp** have partnered to release a line of Honeydrop Cold-Pressed CBD lemonades in three flavors: Revive (Matcha), Relax (Lemon) and Rehab (Turmeric+Pepper). The lemonades are made with 20 mg of CBD and a teaspoon of raw honey. Former Denver Broncos running back Terrell Davis, business partner CEO and cofounder Beau Wehrle, and Megan Bushell COO, are introducing the Defy beverage collection of CBD products in Lemonade, Mixed Berry and Orange Mango varieties, each with 20 mg of CBD. **Vybes Mind+Body Function** offers a three SKU lineup of CBD-infused beverages available in Blueberry Mint, Peach Ginger and Strawberry Lavender flavors, each with 15 mg hemp CBD.

**CannaDrink** by Infrastructure Corp. is a line of cannabis-infused beverages including soda, tea and coffee formulated with Naturally Splendid’s HempOmega® a powder created from microencapsulated hemp seed oil. The drinks are zero calorie, non-GMO and ketogenic-friendly. **Root Blends** and **Function Botanicals** have collaborated on a CBD-infused smoothie kit. The **Root No: 6 Calm Blend – Mind and Body Function** smoothie contains 25 mg of hemp-derived CBD, marine collagen peptide, pineapple, spinach, avocado, kale and lime. **Willie’s Remedy Whole Bean Coffee**, by Willie Nelson

Honeydrop Cold-Pressed CBD Lemonades are offered in three flavors: Revive (Matcha), Relax (Lemon) and Rehab (Turmeric+Pepper) and each contains 20 mg of CBD and a teaspoon of raw honey. Courtesy of Honeydrop Beverages.

and his family, is the first product of a new line of CBD-infused products. The coffee is described as a “medium-dark blend with balanced acidity that packs a powerful aroma, with flavor notes of cherry and cocoa” and includes three bean varietals: Castillo, Colombia, and Caturra infused with certified organic full-spectrum hemp oil grown in Colorado. When brewed, each 8 oz cup will contain 7 mg of hemp-driven CBD. Sober Up®, the herbal supplement designed to mitigate the effects of alcohol, will be launching a Sober Up with CBD variant.

Wet Your Whistle

CBD-infused alcoholic beverages are also entering the market. **Hemptails** by Fílico USA is an herbal flavored malt beverage made with organic, sterilized hemp seeds and an 8% ABV. **Weedka**, a quintuple distilled vodka infused with natural cannabis oil, launched in the Netherlands and can be consumed neat or mixed with other beverages. **Olde Imperial Mystic Hemp Flavored Vodka** by Now-Brands LLC launched in April 2019. The vodka is made from non-GMO corn distilled and filtered six times and then infused with hemp seed oil and organic natural vanilla.

**Lagunitas, Heineken’s Northern California craft brand, launched HifiHops, a** THC-infused IPA-inspired non-alcoholic beverage “made using everything Lagunitas knows about hops and cannabis” in 5 mg or 10 mg THC varieties. **CERIA Brewing Co.** debuted an alcohol-free **Grainwave Belgian-Style White Ale**, brewed with blood orange.

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*HempOmega is a registered trademark of Naturally Splendid

*Sober Up is a registered trademark
peel and coriander infused with 5 mg THC. Currently available only at Colorado dispensaries, it will expand to Nevada and California before the end of 2019. A THC-infused American Lager (2.5 mg THC) and IPA (10 mg THC) are in the pipeline.

In Oct. 2017, Constellation Brands announced it had agreed to take a 9.9% minority stake in the $2 billion Canadian medical marijuana company Canopy Growth. Then in Oct. 2018, Constellation Brands invested an additional $4 billion, changing its ownership position to 37%. In Nov. 2018, Molson Coors Canada and Canadian cannabis producer Hexo, producers of medicinal cannabis under its Hydropothecary brand, announced a joint venture to develop non-alcoholic, cannabis-infused beverages for the Canadian market.

Adriaen Block restaurant in Astoria, Queens, is self-described as “The first CBD restaurant and bar in NYC,” which features a menu with cannabidiol-infused drinks and dishes. The cocktails are made with a THC-free CBD tincture while meals can be served with a CBD-infused sauce and CBD whipped cream for dessert. The cocktails are aptly named such as the Bakin’ & Eggs with Des Charentes, Lillet Blanc, blood orange bitters, egg white and a crispy bacon garnish and the Stoney Negroni cocktail with Cocchi Americano, dry sherry, Floc de Gascogne and Angostura bitters. Plant Miami in Florida offers Plant Medicine, a CBD-infused cocktail with rum, lemongrass, toasted coconut flakes, coconut milk, fresh pineapple juice, cloves, agave and CBD oil, while Hogshed in Kansas City, MO features the CBDiki, which contains Togarashi-infused mezcal, coconut, watermelon, Peychaud’s bitters, mint and CBD oil.

In The Weeds
From savory to sweet, there are a variety of CBD-infused edibles appearing across the United States.

To coincide with April 20, the unofficial marijuana holiday, Carl’s Jr., the fast food restaurant, introduced the Rocky Mountain High: Cheese Burger Delight (CBD) served with the brand’s Santa Fe Sauce infused with a hemp-based CBD oil, topped with pickled jalapeños, pepper jack cheese and fries, which was released in Denver locations where the use of CBD food additives is legal. Similarly, on April 20, Fresh & Co in New York City launched CBD oil-infused food and beverage items such as Half-Baked Salad and Blazed Beet Sandwich both served with hemp cakes, mixed hemp greens, sea beans and red onion that were offered through April 30.

Courtney’s Cookies in Miami serves CBD-infused cookies in two flavors: Chill Out Chocolate Chip and Nighty Night Vanilla Lavender.

According to the brand, Chill Out contains 25 mg CBD and “provides an overall feeling of relaxation” while Nighty Night “provides a restful night sleep” with 50 mg CBD and 3 mg melatonin. Denver-based Glazed & Confuzed donut shop serves a Cereal Milk CBD donut infused with 20 mg of CBD extract and a glaze made from cinnamon cereal soaked in milk. Habit Carbon also in Denver carries a selection of flavorful doughnuts such as Feed My Habit (raspberry glaze, streusel, white chocolate and blueberry) and Gangsta’ Snap (nutmeg glaze, gingerbread crumble and molasses drizzle) made by a robot doughnut-maker. Customers can add a CBD “bump” in the form of oil or butter or liquor served with a little pipette to their doughnuts. In addition, CBD coconut water, CBD bitters and CBD-infused kombucha are also available to be added to a variety of beverages. Brooklyn-based Van Leeuwen Artisan Ice Cream added Couch Potato ice cream to its lineup. The ice cream highlights a potato chip base with chocolate covered pretzels, roasted peanuts, caramel swirls, mini marshmallows and 5 mg CBD made from extra virgin coconut oil and hemp from Plant People.

David Klein, the original Jelly Belly jellybean creator, has launched Spectrum Confections, which specializes in CBD-infused jellybeans available in Regular, Sugar-Free and Sour varieties.

CERIA Brewing Co. debuted an alcohol-free Grainwave Belgian-Style White Ale, brewed with blood orange peel and coriander infused with 5 mg THC. A THC-infused American Lager (2.5 mg THC) and IPA (10 mg THC) are in the pipeline.

1Jelly Belly is a registered trademark of the Jelly Belly Candy Company
There are 38 different flavors such as Cinnamon, Mango, Piña Colada, Spicy Licorice, Strawberry Cheesecake and Toasted Marshmallow and each jellybean contains 10 mg of hemp extracted CBD. Rhode Island-based Candy Head introduced a line of Full Spectrum CBD Hard Candy Edibles in four flavors: Blue Raspberry, Green Apple, Tangerine and Watermelon. The products are vegan, nut free, gluten free, plant-based and contain 15 mg of CBD. Vegan fast-casual chain by Chloé and Brooklyn-based chocolatier Fine & Raw teamed up and launched Coconuttty Cocoa made with cacao beans, coconut butter, agave syrup, coconut sugar, cacao butter and 20 mg full spectrum CBD oil.

High Life

The cannabis lifestyle is gaining traction and specialty shops, courses and even exercise classes are popping up to meet consumers’ growing demand and interest in cannabis.

In March 2019, luxury retailer Barneys New York Beverly Hills opened “The High End,” a 300-square-foot cannabis lifestyle shop on the fifth floor of the department store in CA. Barneys sells a curated selection of CBD products ranging from vape pens and edibles to beauty and wellness products. Barneys is creating exclusive cannabis accessory items for the store like lighters, pipes, trays, cases and jewelry. In May, CBD emporium Standard Dose opened the first of several planned locations in Manhattan’s trendy NoMad neighborhood. There is a café, an event space, an area for CBD facials and a selection of CBD products. Green Growth Brands Inc. and Simon Property Group, Inc. partnered together to open 108 Seventh Sense Botanical Therapy prime shop locations in U.S. malls focused on CBD-infused personal care products. Zola, the online wedding retailer, has set up a NYC one-stop wedding planning and registry brick and mortar shop and the store has a CBD lounge for stressed-out couples. In the UK, Gymbox offers Cannabliss, a “recovery focused class with the added benefit of CBD patches to help with inflammation.” For education, Max Montrose, president and co-founder of Colorado’s Trichome Institute, specializes in “Interpening” (a portman- teau of “interpreting” and “terpenes”). The Institute offers “Cannabis Sommelier” courses for “evaluating cannabis for total quality control, psychotropic effects and variety type designation” as well as aromas and flavors.

Flying High

Consumers’ interest in CBD-infused products is driving food and beverage manufacturers to explore this uncharted territory. Currently, 33 states have legalized cannabis for medical purposes and 10 states and District of Columbia have legalized cannabis for adult use. In the fall of 2018, Canada legalized recreational cannabis making it the second country in the world, after Uruguay. The recent passing of the Agriculture Improvement Act of 2018 (Hemp Farming Bill Act of 2018) by U.S. Congress removed hemp from the Controlled Substance Act. If the hemp contains less than .3% of the psychoactive compound, THC, products can be formulated with hemp and CBD in the wellness arena. However, the FDA continues to have the authority to regulate products containing cannabis or cannabis-derived compounds under the Federal Food, Drug, and Cosmetic Act (FD&C Act) and section 351 of the Public Health Service Act. Hemp legislation and regulation in food, beverages and cosmetics is evolving and still a grey area because hemp products have not yet been approved as a safe food additive. However, New York City restaurants and bars were experimenting with cannabis-infused food and beverages. Because of the confusion and legal uncertainty, the health department has given New York City food and drink establishments a “grace period” until July 1, 2019 to transition away from these products, which are currently banned.

A Budding Opportunity

The continued interest in the legalization of recreational cannabis in other U.S. states combined

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1. https://trichomeinstitute.com/interpening
with the Hemp Farming Bill Act of 2018 and the rapidly evolving cannabis industry are giving rise to new consumer packaged goods, retail, foodservice, and hospitality industries. A telltale sign of the importance of CBD-infused products is when American multinational food and beverage companies, known for their iconic brands, are publicly expressing interest in meeting consumers’ needs. For example, in the fall of 2018, it was reported that Coca Cola was in talks with Aurora Cannabis to develop CBD-infused beverages. However, Coca Cola clarified “Along with many others in the beverage industry, we are closely watching the growth of non-psychoactive CBD as an ingredient in functional wellness beverages around the world. The space is evolving quickly. No decisions have been made at this time.” Similarly, during a May 1, 2019 CNBC interview on Squawk on the Street®, Mondelez CEO Dirk Van de Put, mentioned the company’s interest in CBD-infused snacks and how they were “studying this space, watching the regulatory environment and getting ready” to eventually enter this market. Even Martha Stewart has joined the CBD bandwagon and has partnered with Canada’s Canopy Growth Corp. to develop new line of hemp-based CBD products. According to Stewart, the first collaboration will be a “sensible product for pets.”

It is just a matter of time before CBD-infused flavored and fragranced consumer packaged goods and services become mainstream and legal. Currently, cannabis is a cultural phenomenon and still a nascent industry. Watch as cannabis disrupts the food, beverage and beauty industry in the near future. The flavor and fragrance houses and manufacturers alike are on the ready and will welcome the new opportunities and challenges cannabis brings.

References:


