

SPECIAL REPORT

A Crash Course in Hemp and CBD Product Fulfillment

By Megan Smith • June 22, 2022

Over the past few years CBD has become a staple ingredient within many consumer brands. Throughout its adoption, rules and regulations surrounding the fulfillment and distribution of hemp-based CBD products have evolved. This guide covers the basics about CBD, how to sell it online, and best practices for shipping and fulfilling orders.



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The contents of this document pertain solely to hemp-derived CBD.



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The Foundations of CBD Fulfillment

Over the last few years, marijuana-adjacent products — all derived from the hemp plant — have made the transition from counterculture staples found in the more obscure corners of the internet into a thriving national industry. CBD and other hemp-related goods have matured into a [multi-billion dollar industry](#). But with such a steep level of demand, business owners need to understand CBD product fulfillment: shipping, transport, and other logistical factors.

When it comes to CBD and hemp, most of the information you find on the internet is geared toward the consumer. Today, we're going to look at hemp and CBD product fulfillment from a 3PL/Supply Chain perspective to help emerging businesses in the industry get off the ground, at least where logistics are concerned.



Domestic Hemp Demand

There's never been a better time to start a hemp-related business. If you have a mind for both legalities and logistics, that is.

As of this writing [19 different states, Washington D.C., and Guam](#) have approved full recreational use for marijuana and hemp-derived products. It should be noted that while products with THC-9 aren't yet universally legal, CBD products containing less than .3% THC are legal across the country. Medical marijuana, however, is legal in almost every other state except for a handful of holdouts, and a federal bill decriminalizing use is moving through congress.

Despite the conservative estimates referenced above, U.S. demand blew those numbers out of the water throughout the COVID-19 pandemic. In 2020, [17.5 billion dollars worth](#) of hemp-related products were sold across the U.S. The sea is wide, however. Innovative companies have brought a huge range of CBD-infused products to market. From lotions to supplements, tinctures, and beauty products, the hemp industry has matured into something far more complex than simple edibles and vape cartridges.

Differentiate Between Plants and Compounds

Hemp and marijuana are plants that both belong to the cannabis family and contain the CBD chemical compound.

Farmers grow hemp for several reasons, most of which are for non-recreational purposes. That said, this fibrous plant has real-world applications as well, such as making textiles, biofuel, rope, plastics and food.

Marijuana, on the other hand, is mainly used for medicinal or recreational purposes (i.e., getting high) which is typically achieved by consuming the concentrated oil

(either as a baked product or chocolate) or directly smoking the flower.

Both THC and CBD are chemical compounds — also known as cannabinoids — that are naturally present in plants. Marijuana is rich in THC and has a lower CBD content, whereas hemp is high in CBD and has a negligible amount of THC. CBD isn't psychotropic and is known to minimize the effects of THC.

Key Differences Between CBD and THC

Although CBD and THC can both be derived from the same plant (i.e., [cannabis sativa](#)), they cause entirely different effects on the mind and body. Here are the key differences between CBD and THC:

WHAT IS CBD?

The hemp plant is the mother of all things CBD, and its tough, fibrous stalks are used to make a number of industrial products, including rope, fabric, and paper. It's the leaves and flowers, however, that are in such high demand.

Approximately [113 distinct chemical compounds](#), known as cannabinoids, have been identified and isolated within the flower itself. Each of these has a different effect on the human body; some are nominal, others are euphoric. For example, THC-9 is the psychotropic substance found in what we commonly think of as recreational marijuana. THC-8 is the primary ingredient in CBD products and lacks the mind-altering effects of its cousin. Due to the wide range of chemicals contained in the plant, there are literally an endless array of potential products waiting to be synthesized. And that's how we arrive at demand:

- Relief from pain and inflammation.
- Reduction in depression and anxiety.
- Relaxation and stress relief.



WHAT IS THC?

THC is the psychoactive cannabinoid present in the cannabis sativa plant and the component that can get you high, which is why its use is either illegal or controlled in most states. THC is extracted from the cannabis plant and then turned into a concentrate. Here are some of the reported effects of using THC:

- Increase in hunger.
- Decrease in aggression.
- Alters senses of taste, smell, sight, and hearing.

Now that you understand the differences between CBD and THC, let's dig deeper to see how you can legally ship CBD oil to your customers.

Is CBD legal?

The short answer is that CBD's legality depends on several factors. For the most part, it is legal. However, this status doesn't apply to every state or federal jurisdiction. One important factor that determines whether CBD is legal



PRO TIP

Becoming a part of the Hemp Industries Association will enable you to make important business connections and network with other like-minded individuals, and possibly even figure out how to acquire CBD products by connecting with other people in the industry.

or not is if it was extracted from hemp (legal) or marijuana (illegal). Marijuana is rich in THC (the chemical responsible for giving you the high) and, under federal laws, [it's still considered illegal](#).

Recently the [Agriculture Improvement Act of 2018](#) — more commonly known as the 2018 Farm Bill — was passed which changed the official classification of hemp from a Schedule I substance to an “agricultural commodity.” This has led to many people selling hemp and hemp-based products. Additionally, the DEA also reclassified some CBD (having a [THC content less than 0.1 percent](#)) from a Schedule I (illegal substance) to Schedule 5 drug (less restrictive), assuming the product is approved by the FDA.

Interstate Fulfillment Challenges

There's a catch here, a hurdle crafted from legalities. While marijuana-adjacent products have become legal on a wide scale —perhaps a universal one if federal legalization takes effect— the system is far from cohesive. The laws that govern the hemp industry are still a state's rights issue, so at the core, CBD manufacturers and marijuana growers are looking at up to 50 different rule sets (depending on their company's service footprint) which govern the production, sale, and transport of their goods. Most CBD product fulfillment laws harken back to the [2018 Farm Bill](#).

Over the past five years, attempts have been made to normalize hemp product transport, but things remain imperfect. The disparity between state-by-state legalization efforts and current federal law forms the crux of the problem. Due to federal law, transporting hemp-derived products across state lines remains nebulous. The 2018 Farm Bill stipulated that to safely —and legally— transport marijuana-adjacent products across state lines, each product must contain less than .3% THC. CBD products fit the bill and are more readily transportable, but what about products derived from newer compounds? As the industry has matured, so has interstate demand. Brick-and-mortar stores have become more common, but sales via the e-commerce channel remain an industry haven. That means a wider sales footprint.

How to Get Started Selling CBD Online

Hemp and CBD products represent an increasingly complex regulatory landscape. Until federal legalization occurs and states figure out a proper taxation schema for these products, emerging CBD growers and manufacturers must rely on their partnerships with logistics experts like [Symbia Logistics](#) to help guide them to long-term stability.

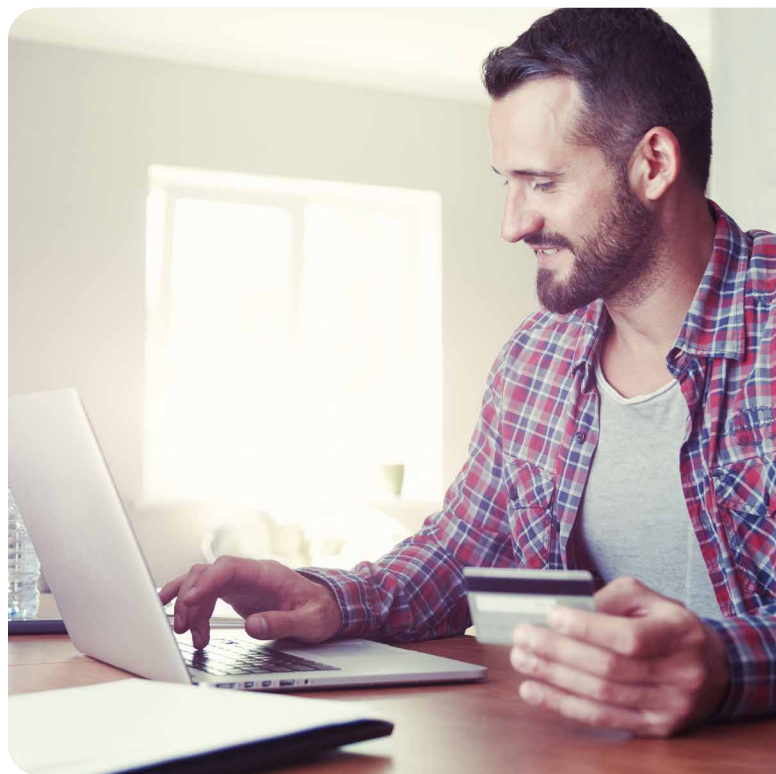
As a non-psychoactive chemical compound, CBD present in hemp is known to have several medicinal properties. Although the federal government still views it with skepticism, the number of states that allow the sale of CBD is on the rise.

The potential of the CBD industry prompts many entrepreneurs and business owners to wonder how to get started selling CBD online. We'll walk you through the step-by-step process on how to get started with a step in the right direction.

Figure Out How to Acquire CBD Products

The Hemp Industries Association was formed in 1994 as a result of legal scrutiny received from the Drug Enforcement Administration (DEA). It acts as a trade group whose objective is to lend assistance to members of the hemp industry. This includes farmers, researchers, and business owners.

Becoming a part of this association will enable you to make important business connections and network with other like-minded individuals in the industry and possibly even figure out how to acquire CBD products by connecting with other people in the industry. Plus, it's always helpful to stay in the know about the latest industry events, summits and conferences.



However, unless you're looking to grow hemp on an industrial scale and then extract the CBD content out of it, you'll have to partner with a business that produces CBD products that you can resell online.

As a business owner, the easiest way to go about acquiring CBD products is by purchasing them wholesale for reselling.

There are several companies – like Hemp Meds and US Hemp Wholesale – that produce CBD goods wholesale for resellers. You can buy CBD products wholesale from these types of companies at reasonable prices. Generally speaking, they're available as snack bars, ointments and lotions, oil extracts, and dog food.

Global Cannabinoids is another company that takes a more hands-on approach to selling CBD-based products. It's a strictly B2B wholesale business that sells products without any company branding and packaging. In other words, you can have your own private label if you purchase from them.

Find a Payment Processor

Due to CBDs association with marijuana, there aren't many payment processors out there that are willing to facilitate businesses selling these products.

Additionally, some banks classify CBD sellers as high-risk vendors and charge them higher rates. Not to mention there's the ever-present risk of getting your account closed for minor infractions that wouldn't have any effect on a merchant from a low-risk industry.

Of course, it helps if you're able to prove that you're a serious applicant. Getting all of the paperwork (including statements, taxes, and licenses) in order is a good start. Once that's taken care of, focus on handling your accounts and keeping your books ready for evaluation at all times. An [inventory management system](#) can help you keep things in order.

Some businesses provide specialized payment processing for CBD sellers. However, you need to make sure they offer what you're looking for before you enlist their services. A little research will go a long way in helping you solidify payment processing.

Enlist a 3PL to Manage Order Fulfillment

E-commerce order fulfillment comes down to [three main options](#) namely in-house fulfillment, dropshipping, and partnering with a 3PL service provider.

IN-HOUSE FULFILLMENT

There are many CBD businesses that complete orders on their own. Some store their stock at home and use the local postal service to deliver customer orders. Others store their inventory at local warehouses and use the space

and infrastructure to fulfill customer orders.

This method works effectively for people who are just starting out selling CBD goods and aren't worried about handling large orders. As the demand for your products increases though, you'll likely have to look for better alternatives to meet your growing needs.

DROPSHIPPING

Dropshipping involves both procuring products and shipping customer orders. In other words, you only market the products online without actually dealing with inventory yourself. This is a great option for a number of products but not an ideal solution for CBD-based products because you won't have control over product selection, product quality, and shipment speed, which is important for growing businesses.

ENLISTING A 3PL

Using a third-party logistics service allows you to complete orders without having to purchase storage space or hire a workforce to pick and pack items. You'll still have the option to select the manufacturer of the product. You then outsource order fulfillment to a 3PL company that stores your inventory at a location closer to your customer base, enabling you to ship out orders faster.

Let's take a look at the benefits of enlisting a [3PL to manage CBD order fulfillment](#):

Fulfillment Centers in Multiple Locations

Symbia's fulfillment centers are located throughout the United States, allowing you to deliver orders to customers in much less time.

Integration with Warehouse Management Software

Symbia's warehouse management system offers integration with popular e-commerce platforms, including Shopify, Bigcommerce, Order Desk and Amazon. This will enable you to stay on top of your orders by tracking them in real-time.

Please note: Symbia Logistics does not provide fulfillment services for CBD products with more than .3 percent THC content.

How to Ship CBD Oil and Products

If you're thinking of [starting a CBD oil business](#) that involves shipping or selling CBD oil online, the first thing you need to do is separate misinformation from facts. Since the industry is booming, it's certainly worth seeking out as much information as you can.

With this in mind, in this post we'll talk about how you can start shipping CBD oil online and the best options available to you.

Let's put everything into context before we begin. Here, we'll answer some of the questions surrounding the legality of shipping CBD oil across the United States.

Can you ship CBD oil via mail?

Shipping CBD oil is completely legal across the United States. With the passing of the 2018 Farm Bill, the restrictions on sales and shipping were lifted as well as on holding CBD-based products derived from hemp as long as the hemp is:

- Cultivated by a licensed farmer.
- Contains [less than 0.3 percent THC](#).
- Adheres to shared federal and state regulations.

E-commerce businesses selling and shipping CBD oil need to take note of the above-mentioned regulations to make sure that their farm and production operations are entirely legal.

PRO TIP

Companies that operate at scale must be sensitive to the shifting level of legality that cannabis imposes on their respective businesses.

How do you know if you can legally ship CBD?

So, how can you be sure that it's alright to ship CBD? Some people argue that shipping is not legal and may result in seizure and confiscation of goods. Still others say that the Farm Act of 2018 makes purchasing, selling, and shipping CBD oil completely legal, especially if it's derived from hemp. The DEA has also listed it as a non-priority in the list of restricted substances.

Bear in mind that the status of legality depends on:

- The amount of THC present.
- The real source of the CBD oil.
- If the farmer and manufacturer are in compliance with the 2018 Farm Bill.

Following is how major carriers in the USA handle CBD product shipping:

USPS: The USPS [issued a guide](#) about mailing hemp-based CBD goods. The guide includes notes about the legal status of hemp-based CBD and specifies the acceptance criteria at which mailing the substance is legal.

UPS: UPS allows you to ship CBD products if you follow [a few conditions](#) and, "only as permitted by all applicable state and federal laws. It is the responsibility of the shipper to ensure compliance with all such laws."

FedEx: The Prohibited Items, Sections S - T section in the [FedEx Service Guide](#) mentions the following as prohibited substances. "Marijuana...including marijuana intended for recreational or medicinal use and cannabidiol ("CBD")...Hemp plants, hemp leaves, hemp oil, and hemp seed oil and CBD derived from hemp..."

DHL: DHL [can ship CBD products](#) as long as the shipper maintains thorough documentation, is in compliance with state and federal laws, and the shipment contains hemp or hemp-based products with less than 0.3% of THC.

Increase Agility With Private 3PL Companies

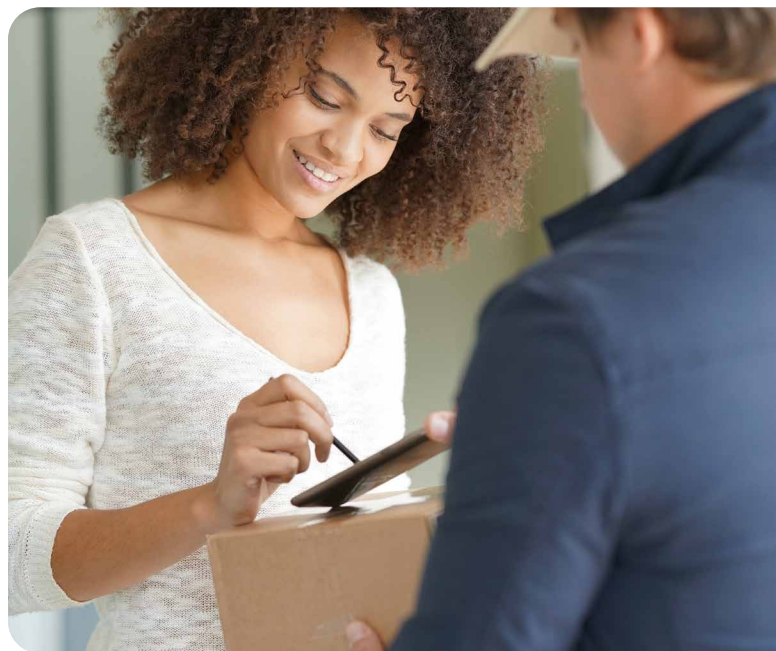
Smaller, privately-held companies like Symbia operate with a higher level of regional adaptability than our large-scale competitors. Nationally known entities such as FedEx, USPS, UPS, and DHL may offer their customers well-vetted shipping, transport, and supply chain services. Still, companies that operate at that scale must be sensitive to the shifting level of legality that cannabis imposes on their respective businesses. With CBD product fulfillment, all products must contain less than .3% THC, and large quantities can be cost and logistics-restrictive.

The same issue exists for major fulfillment players like Amazon. The Amazon corporation is a mammoth-sized, multinational entity. They are bound by a vastly complex web of regulations – state, federal, and global. That's why Fulfillment by Amazon's official stance is "NO MARIJUANA/ HEMP SALES!" through their platform.

In other words, demand is surging, but is the supply chain ready to accommodate? The answer lies in private 3PL companies, which feature a solid, well-developed regional infrastructure. Players like Symbia can leverage hyper-local supply chains and fulfillment options –even across state lines– that adhere to all current policies, both federal and state. Smaller outfits also have the leeway to change gears and pursue sourcing alternatives thanks to thorough expertise regarding local fulfillment options.

Here are the steps you need to follow if you're looking to ship CBD oil:

- Make sure that the CBD oil is compliant with federal regulations.
- Whether you use USPS or a private shipping carrier, you need to follow [USPS's guidelines on shipping CBD oil](#).
- Select shipping boxes with the right dimensions and put the CBD oil inside it while securing them with bubble wrap or packing peanuts.
- Get the carrier of your choice to pick the shipment or enlist a 3PL service provider to take care of [CBD fulfillment](#) for your business.



Conclusion

The demand for CBD oil has dramatically increased over the past few years. By developing a better understanding of the laws related to CBD oil in the United States, you'll be able to avoid any regulatory issues and run your CBD oil business safely and legally.

There are several challenges associated with selling CBD-based products online, including legal, financial, and marketing hurdles. But, as the industry grows and more states continue to legalize this medicinal compound, there's definitely room to establish yourself as a successful CBD vendor.

When it comes to hemp and CBD product fulfillment, production and shipping activities come with a razor-thin margin of error regarding legality. Given the logistical hurdles that are inherent to the industry, it's important to partner with 3PL companies who have experience in this nuanced space.

What are some of the CBD products you're thinking of selling? Do you agree that enlisting an order fulfillment service can help you achieve a competitive advantage in the CBD industry? We'd love to hear from you. Get to know us at [Symbia.com](#).



**Symbia Logistics has the industry experience
you need to deliver the goods.**

With a nationwide footprint of fulfillment centers and hundreds of employees, Symbia Logistics has become a model of 3PL excellence. We strive to continually improve the quality of our technology and services so we can help our partners remain on the leading edge of their fields.

Our team has been developing customized solutions and processes for logistics clients since 1989. We consistently exceed customer expectations and establish long-term partnerships.

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