



INTERVIEW REGARDING

Amazon's Hemp Market

This interview was conducted by CBD Oracle via email in December 2023 and is provided here for full transparency. Learn more about [CBD Oracle's Editorial Policy](#).

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Andrew Livingston is based in Vicente LLP's Denver office, where he serves a unique role as an economist, business analyst, and general cannabis policy wonk. As the firm's director of economics and research, he assists clients with developing and expanding their enterprises across cannabis markets nationally and internationally. A wide variety of marijuana and hemp businesses look to Andrew for help navigating the regulatory intricacies that influence market dynamics, as well as to create sophisticated revenue models and pro forma for investors and to guide strategic decision-making.

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CBD Oracle: Have you analyzed Amazon's portion of the hemp market before? If so, could you estimate its size relative to the overall hemp industry?

Andrew: Without information on sales from Amazon, and with the reality that the hemp CBD supplement market is hard to accurately quantify given the multitude of different sales channels, it is difficult to know what percentage of the hemp supplement market is sold directly from company websites, sold through alternative stores, or sold through large online retailers like Amazon.

CBD Oracle: Amazon's policy disallows CBD, yet despite previous press reports on the issue, offending products remain on the storefront today. Is there some conflict of incentives here for Amazon? Does their "no CBD" policy even make sense from a business perspective?



Andrew: I do not believe the prevalence of potentially intoxicating hemp cannabinoid products on Amazon is due to a conflict of incentive but more likely due to incomplete enforcement and the unclear language that these companies use for their “hemp oil” gummy products. Amazon is a multibillion-dollar company that sells millions of products. The total retail value of the deceptively branded hemp oil supplement market is just a drop in a swimming pool. I think the issue is likely caused by companies using terms “high potency hemp oil” rather than clearly saying CBD or other cannabinoids prohibited by Amazon’s policies. The products clearly insinuate they are cannabinoid rich with terms like “45,000,000 mcg per bottle”, “Maximum Strength”, and qualitative statements like “Great for Peace & Relaxation” and “Overall Health Enhancement.” But it is not clear if these products are made from pressed hemp seed oil which likely contain no cannabinoids and have been used in supplements even before the 2014 Farm Bill or were produced from hemp flower resin grown for its cannabinoids.

CBD Oracle: Could low-quality [products like this](#) impact the broader hemp industry's reputation with consumers?

Andrew: Low-quality, mislabeled, misleading, and products using shapes and images attractive to children negatively impact the reputation of the broader hemp products industry. Products that suggest they are intoxicating or high potency when they only contain hemp seed oil turn consumers away from engaging with the category more broadly and make it harder for legitimate companies to sell their products. Unscrupulous operators

that sell products with shapes and colors that appear attractive to children only make it harder for regulated businesses to operate in legal hemp markets.

CBD Oracle: How would you describe the impact of this market on the hemp industry overall, financially or otherwise?

Andrew: In general, deceptively labeled and marketed hemp products present a significant financial and policy risk for legal businesses. These products, whether they are sold on Amazon, online, or at a local convenience store are likely not produced up to the health standards consumers expect of ingestible products. They may vary significantly in their cannabinoid potency and some even contain intoxicating levels of THC. It is hard to know how large their impact is financially, but I see two major risks they present for the industry. One, these products drive consumer away from the entire hemp supplement category for fear that the entire market cannot be trusted or is not properly regulated. This means legitimate businesses with great products that benefit consumers lose out. Second, problematically labeled and branded hemp products indicate to regulators and public officials that the entire category needs more robust and stringent restrictions. But the products that incite this desire for more regulation often exist outside of the legal system thereby creating additional requirements for already compliant businesses without the necessary enforcement against those operating outside of the rules. ■