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Can Hemp THC Products Be the Next Big C-Store Category?

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The rise of intoxicating hemp products offers opportunity, but a looming hemp ban raises questions.

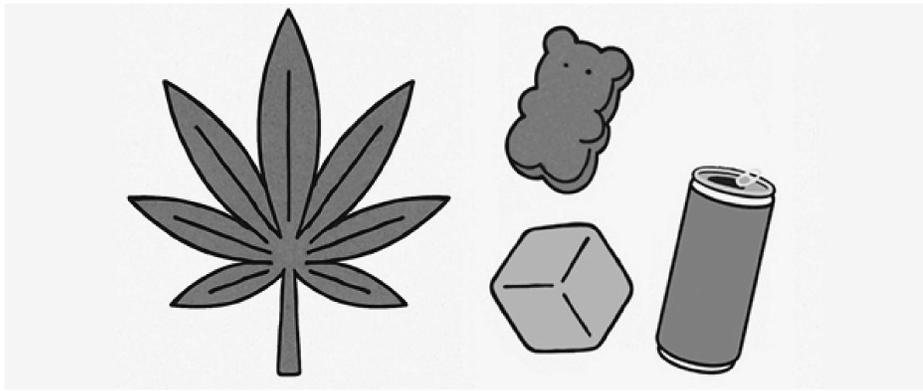
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By Melissa Vonder Haar

As the cannabis economy evolves, hemp-derived THC products—including beverages, gummies and low dose edibles—have solidified their presence in mainstream retail and now make up a \$28 billion market. The intoxicating hemp beverages market alone is estimated at \$1 billion, according to Diana Eberlein, chair of the Coalition for Adult Beverage Alternatives (CABA).

Found everywhere from c-stores to online shops, these products raise a key question: What opportunity do intoxicating hemp products offer for convenience retailers?

The question is even more pressing after the Senate voted to ban intoxicating hemp products in November, seeking to close the “hemp loophole” created by the 2018 Farm Bill. NACS and others are advocating against an outright ban. NACS believes the convenience industry is the best channel for responsibly selling age-gated products, and a ban, like others we have seen in the past (think flavored vapes and menthol cigarettes), won’t solve the problem and could ultimately make things worse.

The hemp industry might have some support from the White House: as part of a December Executive Order to accelerate the rescheduling of cannabis from a Schedule I to Schedule III drug, President Trump also instructed federal agencies to work with Congress to update the statutory definition of hemp, as the THC limits passed in November could also eliminate CBD products. Though the language of the Executive Order did not explicitly support intoxicating hemp products,

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it did open the door to increase the current 0.4mg THC limit that would effectively ban the entire industry.

Marijuana vs. Hemp: What's the Difference?

How did we get here? As a quick clarification: hemp and marijuana are both part of the cannabis plant family. While marijuana is known for its higher THC content—the cannabinoid responsible for intoxicating effects—hemp traditionally contains very little THC and was historically used for industrial purposes like textiles.

The current division between the two stems from the 2018 Farm Bill, which legally defined hemp as cannabis containing less than 0.3% THC by dry weight and removed it from the Controlled Substances Act. This legal distinction created a booming market for hemp-derived THC products, which can be sold across state lines and at non-dispensary retailers without facing the same tax burdens or compliance restrictions as marijuana-derived THC products.

Some see this as a loophole. Others argue Congress intentionally created a more permissive market by regulating THC content by plant weight rather than finished product. Either way, the result is a rapidly expanding sector that operates outside the stricter framework imposed on traditional cannabis businesses.

Not surprisingly, this has caused tension. Many companies operating in regulated marijuana markets—where high compliance costs, steep taxes under 280E and tight distribution laws are the norm—feel undercut by hemp-derived THC brands that don't face those same challenges.

Still, others see opportunity in this booming market.

Hemp Offers New Options for Cannabis Manufacturers

With the larger cannabis industry facing steep challenges, hemp has provided an outlet for companies to sell products across state lines.

“A lot of folks are trying to work their way into the hemp market—that’s where many of the ancillary companies, the plant-touching companies, have been able to make payroll,” said fractional cannabis advisor Andrew Lowitz. He pointed to gummy brands like Wyld, Wana and Kiva, which have all launched hemp lines. “Over the last 24 to 36 months, they likely are some of the financially healthiest companies [in that space] because they can sell into mainstream.”

Tim Seymour, chief investment officer of Seymour Asset Management and a CNBC financial commentator, added, “The practical reality of this is one of the greatest impediments to cannabis being profitable—brands couldn’t be built because you couldn’t have a national footprint. I think it’s incredibly exciting.”

At the same time, hemp-derived THC can continue to expand into grocery stores, liquor outlets and c-stores—a threat to dispensaries, but a good sign for convenience retail. Dispensaries are likely going to fight the rise of hemp-derived THC in other outlets to keep their profits up, especially as the cannabis economy is struggling. (See “*Cannabis: Green Rush or Green Bust*” in the October 2025 issue of *NACS Magazine*.)

“[Dispensaries] made a major investment and had to follow very rigid compliance dynamics...now they’re letting people in who haven’t really had to do all this,” Seymour added. “So I understand why they’re at war.”

Hemp’s Mainstream Appeal for Low-Dose THC Consumers

Dispensaries often cater to experienced cannabis users, with high-potency products like flower and pre-rolls dominating sales. Beverages—especially low-dose ones—are typically not top sellers, partly because of regulatory burdens like having to be stored in a vault overnight.

“In Washington state, retailers are not incentivized,” Ryan Sevigny, an advisor of several cannabis companies including growers and cultivators, noted.

“They’re just not attracting that low-dose consumer.” He added that the most popular beverage in Washington dispensaries is 100 mg THC—far more than the 5-10 mg doses many newer users prefer.

Most hemp-derived beverages fall below the 10 mg threshold, making them more accessible and appealing to canna-curious or first-time consumers.

“It took me a good while, but I do think intoxicating cannabinoid beverages are the future,” Sevigny said.

Advocacy and Action Are Now Critical for Hemp THC’s Future

At the 2025 NACS Show, there was plenty of discussion on THC-infused beverages and the potential they hold for c-stores—if they’re allowed to carry them. The state of Minnesota serves as a test case for THC-infused beverages, which have been allowed in stores since 2022. Target is testing THC-beverages at certain Target liquor stores in Minnesota—the first big-box player to do so.

But in most states, the current focus of the category is more about the need for advocacy and education than merchandising.

A mission for retailers is to connect with advocacy groups and become champions for the products, CABA’s Eberlein said during the Education Session “Cracking Open the Potential of THC Beverages,” noting that advocacy is much more effective with retailers at the table—especially with one year before the Senate’s potential ban on intoxicating hemp beverages takes effect.

NACS, along with other associations including CABA, are advocating for regulation over prohibition. “We know if there’s market demand, people will find it—and they’ll find it from people who don’t check IDs, who don’t pay taxes and who sell lots of other illegal things,” said Lyle Beckwith, NACS senior vice president of government affairs. “Our main goal from the NACS

government relations perspective is to make sure that if these products are legal, convenience retailers can responsibly sell them.”

(Read more about the battle to save hemp beverages in the January 2026 issue of NACS Magazine.)

Proof of Consumer Demand

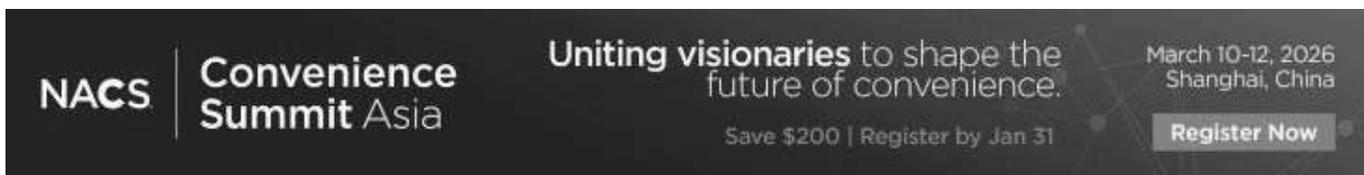
Regardless of how the hemp-derived THC market is eventually regulated, most experts agree that its current success is an encouraging sign for the broader industry.

Intoxicating hemp products have proven that consumers across the country want access to cannabinoid-based offerings—whether or not they live in a state with adult-use or medical marijuana programs.

“Hemp has proved that there’s an enormous amount of consumers that are unserved by the adult-use and medical markets...or have yet to be served by them,” said Grabstein. “And that means that there is just a lot of growth ahead.”

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