



Market Report

A Snapshot of your Market Sector

CBD Oil

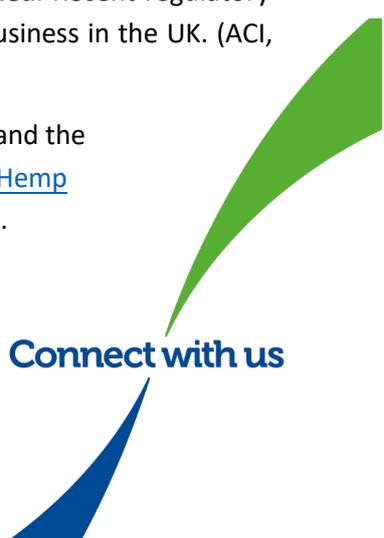
This pack has been designed to provide information on setting up a business in the **CBD Oil** industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **December 2021**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the CBD Oil market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ The UK has the world's most developed regulatory framework for legal cannabinoids. Sales of CBD products for **2021 are valued at £690m**, this has increased from £314m since 2019 and is almost a third higher than the last projection in 2019, making it the second largest in the world after the US. (Association for the Cannabinoid Industry (ACI), *Green Shoots-Sowing the Seeds of the New UK Cannabis Industry*, 2021).
- ◆ The vitamins and supplements category saw value sales rise by **13% over 2019-20**. Further activity in VMS products with CBD has also been seen in 2021, potentially tapping into the ingredient's associations with relaxation, something that will have appealed when many were feeling stressed due to the pandemic. The use of CBD as an ingredient has no EFSA-approved health claims, so some brands launching VMS with CBD in 2021 provided on-pack serving suggestions to position their products more as part of a generally healthy diet rather than as a medicine/drug. (Mintel, *Vitamins & Supplements- UK*, 2021).
- ◆ The legal cannabis industry continues to expand at pace, seizing its moment through the pandemic to grow at an impressive **35% in 2021**, reaching a **global value of USD38 billion, up from USD28 billion in 2020**. (EuroMonitor Passport, *Cannabis 2022*, November 2021).
- ◆ Overall, across adult-use, medical and CBD - flower continues to be the key delivery format (accounting for **33% of total legal value in 2021**), as its traditional status appeals to both seasoned consumers and new entrants alike. However, amongst both groups it will increasingly lose share to more dynamic infused and extracted products, such as vapour, edibles, oils, concentrates and beverages, which are perceived by many consumers to be more modern, healthier and tailored. By **2026** flower is projected to have declined to a quarter of all value sales (ranging from just **7% in CBD to 34% in adult-use, down from 40% in 2021**). (EuroMonitor Passport, *Cannabis 2022*, November 2021).
- ◆ British consumers spend **more on CBD products than on vitamins B and C combined**. Recent regulatory developments have created a certain environment for companies seeking to do business in the UK. (ACI, *White Paper: Cannabis in the UK*, September 2021).
- ◆ The national organisations for this industry include the [Cannabis Trade Association](#) and the [Association for the Cannabinoid Industry](#). Other industry bodies include the [British Hemp Association](#), the [Centre for Medicinal Cannabis \(CMC\)](#) and the [UK Hemp Association](#).



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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Euromonitor Passport** - Taboo Substances and the Emergence of Transgressive Wellness (November 2021). More and more geographies are amending their legal structures to move from prohibiting to controlling and taxing cannabinoid products. Consumers are turning to cannabis use in increasingly diverse parts of their lives – therapeutically, for relaxation, mood management and more. According to Euromonitor, these dynamics will drive growth from under USD30 billion in 2020 to over USD90 billion in 2026.
- ◆ **Food Standards Agency** (tinyurl.com/4abuuvja). “CBD extract and isolate products are legally novel foods. Food businesses should apply for authorisation of their CBD extracts and isolates to be placed on the GB market using the regulated products application service. Businesses need to submit novel food authorisation applications by 31 March 2021. After this date, only products which were on the market at the time of our announcement on CBD (13 February 2020) and for which the FSA has received an application which is subsequently validated or agreed as sufficiently progressing towards validation will be allowed to remain on the market.” According to [Food Standards Scotland](#) “Currently there are no CBD extract products authorised as novel foods (under Regulation (EU) 2015/2283)”. Businesses should check Food Standards Scotland for regional updates on authorisation of future products.
- ◆ **Mintel – OTC Analgesics and Cough, Cold and Flu Remedies – UK** (May 2021). 41% of OTC analgesics users would be interested in using a pain relief product that claimed it also improves sleep, whilst 33% would be interested in pain relief products claiming stress/anxiety relief. Innovation in calming/soothing properties, including aromatherapy ingredients and CBD will appeal.
- ◆ **Mintel - The A to Z of CBD in beauty** (April 2019). The increasingly regulated environment in the EU will make it harder for innovations in CBD products in the food, drink and supplements industries, suggesting that the beauty market could see more applications for the ingredient.

There are also a number of online resources you may find helpful:

- ◆ Association for the Cannabinoid Industry (ACI) - *Green Shoots-Sowing the Seeds of the New UK Cannabis Industry, 2021* (tinyurl.com/58dpbskn). In 2019 the FSA – mirroring the approach of the EU – adopted the established ‘Novel Foods’ authorisation process for ingestible CBD consumer products and issued accompanying guidance.
- ◆ British Cannabis – offers recent news and industry developments in regular online articles. (tinyurl.com/2p8mycjb).
- ◆ European Pharmaceutical Review – *Cannabinoid Series: Medicinal Cannabis and Brexit* – January 2021 (tinyurl.com/3y9vt nrw) - *With a rising interest in medicinal cannabis and its potential to treat a range of diseases, laws regarding the plant’s use have begun to change.*

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#) ,[Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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