



Market Report

A Snapshot of your Market Sector

CBD Oil

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

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 2022**. 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:

- ◆ In 2022 **sector growth cooled to low single digits, at 14%** to reach a total legal value of **USD41 billion** up from some USD36 billion (at a 28% growth rate) in 2021. Euromonitor analysts are forecasting that recreational cannabis will be legal in at least 14 global markets by 2027, with Germany, Israel and Chile amongst countries expected to lead the next wave of legalisation beyond North America. Japan, Thailand, Belgium & Argentina contributed a combined USD600 million in sales in 2022 with about 40% each in medical cannabis and CBD and the remainder coming from Thailand's unfolding legalisation experiment. (Euromonitor, *Cannabis 2023*, November 2022).
- ◆ 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).
- ◆ Data from *Skincare Ingredients and Format Trends – UK, 2021* shows that **just 15% of adults use products containing CBD** with 41% actively avoiding it or being unaware of it. Nonetheless, interest in NPD containing CBD is on the rise around and its use is starting to trickle into private label offerings, with CBD and botanical specialist brands such as Milk and Wild Science Lab building on skincare benefits in colour cosmetics and haircare. (Mintel, *The Private Label Beauty Consumer UK*, January 2022).
- ◆ The number of consumers managing long-term pain has increased considerably since the start of the COVID-19 pandemic as a result of many elective surgeries, such as hip and knee replacements, being delayed, leaving those in need of a surgery in pain. Among those waiting for procedures, the emergence of an opioid problem has been identified, leaving room for brands to present an alternative pain management strategy using CBD. (Mintel, *Analyst Market Insight*, June 2022).
- ◆ In 2022, Product of the Year, the UK's biggest annual survey of product innovation, found **CBD vapes ranked top of the consumer cannabinoid product types** tried by consumers in the previous year. Vapes polled 19% of the votes. Meanwhile, CBD-infused food items drew in 10% of the vote. The British public spends more on CBD than Vitamin B and C combined. (ACI, *The UK's CBD market in 2022*, September 2022).
- ◆ 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 – Cannabis 2023** (November 2022). At an aggregate total cannabis level, flower remains, for now, the industry's key form of consumption (accounting for 31% of total legal value in 2022). However, it will increasingly lose share to more dynamic infused and extracted products, such as vapour, edibles, oils, concentrates and beverages, which are perceived by consumers across the spectrum to be more modern, healthier and customisable. By 2027 Euromonitor estimates that flower will have declined to under a third of all value sales (ranging from just 11% in CBD to 36% in adult-use). In the same year, vapour is projected to be the second largest cannabis category with more than a quarter of all adult-use consumption, while tinctures oils and sprays will continue to dominate CBD at 33% of all sales.
- ◆ **Food Standards Scotland** (tinyurl.com/w8mm9zje). "Like all novel foods and ingredients, CBD products have to be safety evaluated, authorised and approved as a novel food before they can be sold. Food Standards Scotland is working with local authorities and other partners to keep the safety of CBD food products currently on the market under review, and to ensure that products stating they contain this ingredient do so. Currently there are no CBD extract products authorised as novel foods (under Regulation (EU) 2015/2283) and those products currently on the market are in contravention of the novel food regulations." Businesses should check Food Standards Scotland for regional updates on authorisation of future products.
- ◆ **Mintel - OTC Analgesics and Cough, Cold and Flu Remedies – UK** (April 2022). The OTC market is in recovery after taking a hit during the COVID-19 pandemic, which eroded demand for cough, cold and flu remedies. However, it is now being challenged by rising inflation rates, which stood at 2.1% for pharmaceutical products in February 2022. Consumers are reassessing their spending as a result of the rising cost of living and increased inflation rates in OTC, with consumers looking to buy private label or on special offer.

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. ACI offers an overview of the regulatory framework (tinyurl.com/2mdzy4b8).
- ◆ **British Cannabis** – offers recent news and industry developments in regular online articles. (tinyurl.com/2p8mycjb).
- ◆ **European Pharmaceutical Review – Ten recommendations to foster the UK's medicinal cannabis market– May 2021** (tinyurl.com/5n87pas2) – "the global medicinal cannabis industry that was valued at £16.5 billion in 2019 and is expected to reach over £55 billion by 2027." This article examines some key recommendations for Government from the industry intended to outline opportunities of the sector.

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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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