



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 2023**. 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:

- ◆ **13% year-on-year growth** globally to reach **USD47 billion** represents a modest recovery from the high single digit growth experienced in 2022, but it remains some way off the 40% and 30% expansion achieved through the pandemic in 2020 and 2021. Lack of progress on international adult-use, in particular in Europe, contributes to a downward revision of forecast value to USD90 billion in 2027 (from USD100bn in last year's report), reaching some **USD108 billion in 2028**. (Euromonitor, *Cannabis 2024*, November 2023).
- ◆ The cannabis market in the United Kingdom is expected to reach a **projected revenue of £160.50m by 2023**. With an annual **growth rate (CAGR 2023-2028) of 12.17%**, the market volume is expected to reach **£285.00m by 2028**. The United Kingdom is experiencing a surge in cannabis consumption, driven by changing attitudes towards its medicinal benefits. (Statista, *Cannabis United Kingdom*, 2023).
- ◆ 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).
- ◆ According to a UK survey, August 2023, **one in five adults has used a CBD product**, the sizeable uptake reflecting the wide array of products available, ranging from tinctures and vapes to sweets and soft drinks. However, a distinct generational bias is seen in usage, this peaking at **39% among Gen Z** but falling to **6% of Baby Boomers**. Usage among 18-24s stands on par with their usage of established VMS types like multivitamins and vitamin D, among others. (Mintel, *Vitamins and Supplements UK*, November 2023).
- ◆ Food Standards Scotland, alongside the Food Standards Agency (FSA), has issued new precautionary advice on CBD, recommending healthy **adults should limit their consumption of CBD from food to 10mg** per day, which is about 4-5 drops of 5% CBD oil. ([Food Standards Scotland, October 2023](#)).
- ◆ 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 – Cannabis 2024 (November 2023).** Flower remains, for now, the industry's key form of consumption (accounting for 32% of total legal value in 2023). However, more dynamic infused and extracted products, such as vapour, edibles, oils, concentrates and beverages are gaining increasing market share - being perceived by consumers across the spectrum to be more modern, healthier and customisable. By 2028 Euromonitor projects flower to have declined to under a third of all value sales (ranging from just 9% 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 31% of all sales.
- ◆ **Euromonitor – Emerging Cannabis Markets: A taxonomy (October 2023).** The cannabis industry is facing considerable uncertainty due to the constantly changing legal landscape. To survive in this industry, companies must have a long-term plan and be able to adapt to legislative changes. Innovation in the cannabis market can enable companies to try out new opportunities. Ingredients manufacturers are working hard to include CBD and cannabis in their portfolios, with companies such as Max Bio from the UK offering solutions for CBD beverages with high potency and more stable shelf life.
- ◆ **Mintel – Vitamins and Supplements, UK (November 2023).** CBD products sold for consumption are classed in the UK as 'novel' foods and are subject to testing by the FSA. In October 2023 the Home Office responded to recommendations made by the Advisory Council on the Misuse of Drugs in December 2021. It announced its plans to bring forward legislation which will set a limit on the amount of THC permitted in CBD products. Notably, it accepted the advisory council's recommendation that the dose of controlled cannabinoids in CBD products be restricted to 50 micrograms per serving.

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](#)** . 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 [progress in applications to FSA](#).
- ◆ **Food Standards Scotland** – CBD food products do not have a significant history of consumption in the UK or EU prior to the 15th of May 1997 and are therefore considered novel foods, regulated under Regulation (EU) 2015/2283. Novel foods require pre-market safety assessment and authorisation by Ministers before they can be legally placed on the market. The novel food status of CBD extracts was confirmed in January 2019. [No CBD food products have been authorised as novel foods in Scotland or Great Britain \(GB\)](#).
- ◆ **Home Office Guidance on the licensing of CBD and presence of THC** – [link to further information](#).

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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. Publications are also available at [Statistics and Research](#).
- ◆ [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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