



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 **November 2020**. 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 pandemic has brought with it increased experience of stress and anxiety amongst adults, leading consumers to put a greater focus on their mental wellbeing. This is particularly relevant for the **15% of VMS** users who have used it to improve their mood since the outbreak and 13% who have used it to combat stress. Relaxing ingredients such as **CBD** and adaptogens can have a role in NPD and brands also face opportunities to promote a wellness messaging in their advertisements and across social media platforms. (Mintel, *Vitamins and Supplements: Inc Impact of COVID-19 - UK*, September 2020).
- ◆ Today's global legal cannabis industry is a small sector with a very narrow geographic and category presence. The growth story we forecast over the next six to seven years up to 2025 is characterized by expansion –in terms of legalizing states, available product types and consumer profile –fueling an increase of over 1,200% in global legal sales from **USD12 billion** in 2018 up to **USD166 billion** by 2025. (EuroMonitor, *The Cannabis Index*, March 2019).
- ◆ The market is currently worth **£300 million in the UK**, a figure that is expected to more than triple in the next five years. That equates to a £1 billion market in CBD alone by 2025. The number of CBD oil users also doubled from **125,000 to 250,000 between 2017 and 2018**. High street chains such as Holland & Barrett, Boots and Lloyds Pharmacy are all stocking CBD products as they provide the most accessible products for both producers and consumers. (Savills, *The CBD market*, February 2020).
- ◆ The national organisation for this industry is the [Cannabis Trade Association](#). Other industry bodies include the [British Hemp Association](#) 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.

- ◆ **Mintel - The A to Z of CBD in beauty** (April 2019). Data from Mintel's GNPD shows 33% rise in CBD containing products in the UK BPC market in 2018 compared with 2017, with 86% of CBD-containing products featuring in the skincare category in 2018.
- ◆ **Mintel – OTC Analgesics and Cough, Cold and Flu Remedies – UK** (May 2019). One threat to the analgesics category in future may come from CBD oil. Synthesised from the flowers, leaves and stalks of the Cannabis Sativa plant, CBD oil has been claimed to improve sleep, reduce anxiety and stress, and have antiseizure and pain-relieving properties.
- ◆ **Mintel - Vitamins and Supplements: Inc Impact of COVID-19 – UK** (September 2020). In February 2020, the FSA announced a deadline of 31 March 2020 for all CBD businesses to submit valid food authorisation applications, which ensures that the ingredient meets legal standards, including safety and contents. The decision follows the growing popularity of CBD in the UK, and heightened awareness over the lack of legislation CBD businesses face. Whilst the move will present a costly process for brands and retailers, if CBD products do not meet the requirements, they will be banned.

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

- ◆ **British Cannabis – Beyond Brexit and the CBD Industry – Ensuring Your CBD Products Will Still Be Available** (tinyurl.com/4kh9abfr). This article encourages contact with the organisation to ask questions about the industry after Brexit.
- ◆ **European Pharmaceutical Review – Cannabidoid Series: Medicinal Cannabis and Brexit – January 2021** (tinyurl.com/3y9vtnrw) - *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.*
- ◆ The size of the UK CBD market is between 3-6 times larger than previous well quoted estimates (£300M per year vs £100M (Brightfield report) and 1.3 M users vs 250K users (CTA) depending on which measure you take; value or users. This is larger than the total UK Vitamin D (£145M) and Vitamin C market (£119M) combined. (Centre for Medicinal Cannabis, [CBD in the UK](#), June 2019).
- ◆ A report from Savills - Hemp Cultivation in the UK - Spring 2020 (tinyurl.com/y6hnwj3k).
- ◆ The Centre for Medicinal Cannabis published the CBD in the UK Report in June 2019 (tinyurl.com).
- ◆ The Hemp and CBD Expo provides information on exhibitors of up and coming events and also has a magazine (tinyurl.com).
- ◆ Comprehensive Report Highlights Growth of CBD Market, this article was published in Pharmacy In Focus in September 2019 (tinyurl.com).

Disclaimer: This report has been updated in February 2021 - we have included Post COVID-19 market material where available. Please note that this research may contain copyrighted material. Copyright belongs to the holders credited above and, as such, recipients of this research reproduce and repurpose this information at their own risk.

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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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