



FEEL-GOOD BRANDS™

CBD: Miracle cure or powerful placebo?

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🏠 feelgoodbrands.co.uk

✉️ hello@feelgoodbrands.co.uk

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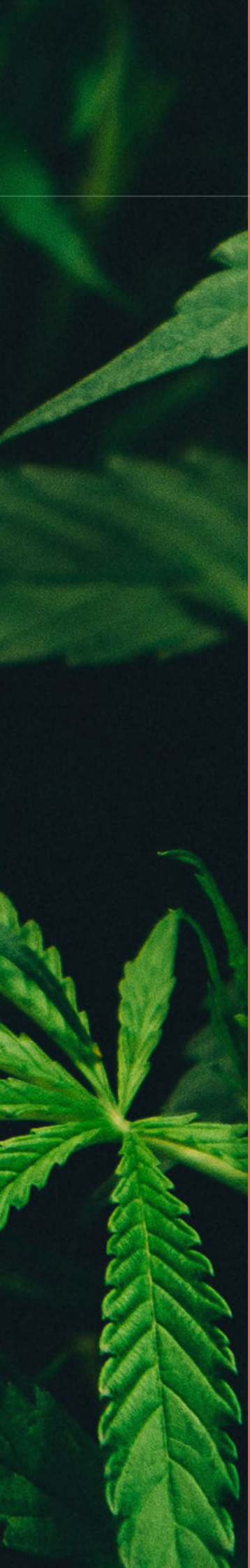
HEMP

Higher amounts of CBD
<0.2% THC (legal in the UK)
Does not get you high

MARIJUANA

Higher amounts of THC
Illegal in the UK
Gets you high

Credit: [which.co.uk](https://www.which.co.uk)



Miracle cure or powerful placebo?

CBD is taking the medical and wellness markets by storm. According to a study by the Centre for Medical Cannabis (CMC) and YouGov, approximately 6 million adults in the UK have used CBD, and 11% of the population has consumed a CBD product in the last year. The study also estimates that around 1.3 million consumers are spending over £300 million a year on CBD-related products.

Consumers are soaking up the benefits in every form, and for all kinds of ailments. Everything from skincare issues to depression and anxiety is on the list. But what is CBD and does it really have all the answers to our health and wellness problems?

WHAT EXACTLY IS CBD?

The technical term for CBD is cannabidiol, which is one of the two key compounds found in the Cannabis plant; the other is the one that makes you high, tetrahydrocannabinol (THC).

CBD is said to affect our endocannabinoid system, the system that controls cell-signalling. Which is why many brands and scientists suggest that it could help regulate and improve body functions such as sleep, pain and immune responses; perfect for a wide range of health issues.

However, amidst its growing popularity, there is significant confusion about whether it's legal, what it does, and if it actually works. This report tackles the facts, myths and misconceptions surrounding CBD, and shares insights into how brands can tap into the industry with purpose and credibility.

The UK market

The CBD market in the UK is one of the largest in Europe. The CMC has identified that the market is worth around £300 million per year and is currently growing in double digits. Over 70% of people buy CBD products online, and research from a CBD user panel unveiled that individuals want to use products systemically and on a higher therapeutic dosage.

Recent research carried out by the CMC and YouGov found that:

- 1.3 million consumers are spending over £300M per year on CBD products.
- To put this into context, the CBD market is larger than the total UK Vitamin D (£145M) and Vitamin C market (£119M) combined.
- Usage is higher on average among females (13%) than males (9%).
- Three-quarters of respondents agreed that UK hemp farmers should be able to process hemp flowers and leaves to supply the CBD market.
- At present, all CBD products sold in the UK are imported.





CBD SALES SOAR IN THE UK

In the last few years, high-profile cases have brought CBD oil to the forefront of the national conversation in the UK. According to numbers from the Cannabis Trades Association UK, the number of CBD users in the UK doubled between 2017 and 2018 from 125,000 to 250,000.



Sales of CBD products in the UK have increased by a whopping 99%.

Wowcher Limited, the second largest British e-commerce marketplace active in the UK.



The popularity of CBD shows no signs of slowing.

Alex Harrison, Head of Marketing, Wowcher Limited.

CBD in wellness

The self-care and wellness industry covers a vast number of areas. It's also one of the most popular sectors to embrace CBD into its products. The industry itself is said to be worth around £300 million and is a sector that has a growing legion of fans.

CBD is said to improve wellness by adding its oil to anything and everything, including lotions, balms, capsules and tinctures.

Natural wellness advocate and founder of Goop, Gwyneth Paltrow told 'Into the Gloss' magazine that if she's feeling particularly stressed, she'll have a drop of CBD oil to relax.

In October 2019, online deal platform Wowcher celebrated a rise in CBD product sales. Alex Harrison, Head of Marketing at Wowcher said *"The past three months have seen a huge jump in Wowcher's sales of CBD products — with CBD oil being the most popular. The popularity of CBD shows no signs of slowing, and we're happy to offer a range of affordable CBD products to our customers."*

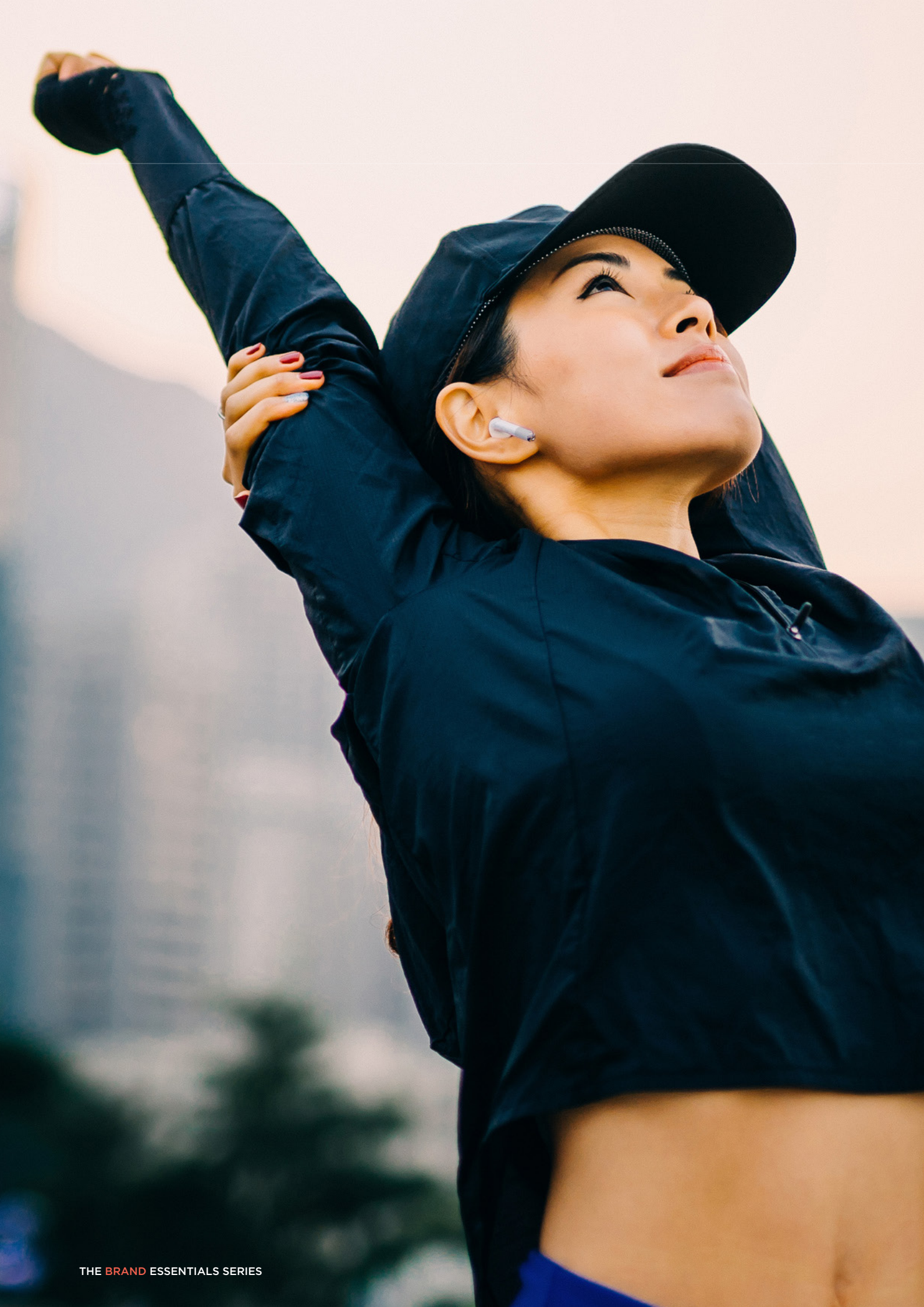


CBD in beauty

CBD has been staking its claim on a number of skincare products over the past few years. It boasts everything from calming and healing properties to reducing pain and keeping wrinkles at bay. A perfect fit for the beauty industry.

Speaking to Allure Magazine, Michele Ross founder of Infused Health says *“CBD naturally elevates the levels of your own endocannabinoid, increasing anandamide in your body and brain has anti-inflammatory effects, but it also has other activities at other receptors.”*

Putting it to the test, Lindsey Unterberger for Glamour Magazine decided to try it for herself and swapped her whole beauty routine for CBD products. She reported that, although she didn't notice a drastic change during the trial period, the products certainly changed her opinion of the myths surrounding CBD.



CBD in sport

The links to pain relief and anti-inflammatory properties mean CBD is considered to be a useful supplement to aid recovery. But experts have warned against using it due to the risks of THC being present, which would flag up on drug tests. Although CBD should not contain THC, the lack of sufficient regulation calls for concern.

For example, in March 2019, the US Anti-Doping Agency announced skier Devin Logan was suspended for three months due to a failed drugs test, caused by the use of a CBD product that had traces of THC.

Marcus Rattray, a Professor of Pharmacology at the University of Bradford said: *"There is always a risk when buying any supplement bought in shops or over the internet, quite simply these products are less well-regulated than medicines, and you won't know what is in it. As these oils are extracts from cannabis, which has well over 80 different chemical components, they will all vary in the amounts of CBD and other cannabinoids and may contain impurities."* (Wired).



There is always a risk when buying any supplement over the internet.

Marcus Rattray, Professor of Pharmacology at the University of Bradford.

CBD in food

Growth in the edibles market is seeing staggering numbers. Persistence Market Research senior consultant Pratik Gurnani says the market is predicted to hit £787 million by the end of 2020, and it won't stop there.

The report also showed that there had been a significant number of CBD-infused product releases between 2008-2017, including CBD gummies, tea, gel capsules and ready-to-drink beverages, all containing the wonder oil.

WHAT'S DRIVING GROWTH IN THIS MARKET?

Simply put, it's us! We're a nation of impulse buyers, with figures from CRM software provider Salesforce reporting that shoppers expect to see new products each month when they visit a website. We're buying into the notion that CBD is good for our health and well-being, despite the lack of hard evidence to fully support that sentiment.

69%

of shoppers expect to see new merchandise every time they visit a site or store.

75%

of site search queries are new each month.

59%

of the top 5% of best-selling products change monthly.

Consumer confusion

While the compound is taking the industry by storm, there is growing confusion amid inquisitive consumers. A common misconception is that CBD is addictive or that it has the same effects as cannabis on the body and mind.

Some concerns were highlighted in a study carried by Intelligence platform, Streetbees:

Over half of Brits (57%) say they are concerned about potential unknown side effects of CBD oil. Of people who were not interested in trying CBD products at all, the main reason they gave was that they were against the use of drugs in general, with 61% of this group concerned that it would lead to being addicted to cannabis.

Three-quarters of this group also believe that potential unknown side effects are a significant disadvantage of CBD products, with only 2% believing there would be no disadvantages at all.

Oli May, Co-founder at Streetbees also explained that *“While consumers are optimistic about the potential benefits that these products may have, they are also clearly concerned that the substance hasn’t been thoroughly tested. Producers will need to allay these fears if CBD oil is truly to enter mainstream consumption.”*

THE LEGALITIES OF CBD SALES

CBD is legal in the UK, but the rules aren’t black and white. It is legal if it has a THC level below 0.2% and it’s been extracted from an industrial-grade hemp strain that has been approved by the EU. Plus, you need a licence and permission from the Home Office to produce CBD in the UK.

However, CBD oil is still being produced without any hard and fast rules. Whilst medical-grade cannabis oil is subject to laboratory testing, the products you can get on the high street aren’t always; adding to the confusion and general lack of trust in the market.

In a report conducted by the Centre for Medical Cannabis (CMC) in June 2019, they highlight that of lab tests carried out on high street products; 62% did not contain the amount of CBD oil stated on the packaging. One particular product retailing at £90 had no trace of CBD oil at all. Surprisingly, around half of products tested also contained low levels of THC or cannabitol (CBN) which are both psychoactive substances. Another product tested contained 3.8% ethanol, which would in regulatory terms deem it an alcoholic beverage. This wasn’t stated on the packaging.

So where are the regulators, and why aren’t the standards and testing conditions for CBD products higher?

WHERE ARE THE REGULATORS?

"It's not like people are wilfully doing this," says Shomi Malik, Development Director at the CMC. He goes on to say that it's "medicinal use only came into effect in November 2018 so there's a lack of domain experts in the field."

Loose UK rules do state that companies cannot claim medical benefits unless it's given in clinical doses. But, what about the products that are slipping through the net?

The CMC set out a framework of requests for each stakeholder to abide by in order to help bring the industry together.

Three big asks of government:	Clarify, consult, then revise the law.	Devise regulations that work for the UK today.	Support the UK's domestic CBD industry to grow.
Three big asks of the regulators:	Provide clarity and certainty to the industry at all levels.	Focus enforcement on priority harms.	Help raise awareness and educate.
Three big asks of the medical profession:	Take CBD seriously.	Support new UK research into CBD.	Prepare for cannabidiol medicines.
Three big asks of industry:	Define what quality looks like.	Undertake voluntary, robust self-regulation.	Be socially responsible.

How are brands responding?

More recently, and in light of growing concerns over the lack of strict regulations, the Food Standards Agency recently set a deadline of March 31st 2021 for CBD businesses to provide more information about CBD products and their contents. Regulation is key to protecting industry reputation and CBD brand credibility. The findings and actions taken following this deadline next year will be telling.

On hearing the news, businesses like CBD drinks brand, Cannasa, remain positive: *“Brands such as Cannasa are currently working with the Cannabis Trades Association on how best to work with the FSA and keep products on the shelves. The news today still indicates a business as usual approach while we work with the relevant authorities. We expect positive movements this year to a compliant and flourishing market.”* — Cannasa Co-founder, Matthew Pygott.

The increased interest in regulation further supports brands like cannabis product distributor SANA Life Science, who set themselves apart in the market by placing emphasis on product quality and supply chain transparency for both cannabis product producers and consumers.

Feel-Good Brands founding agency, Beyond, has been working with a number of clients in the CBD space. *“Aside from the questions around regulation, CBD is enticing a diverse group of consumers. Our challenge is to develop a brand positioning that speaks to a burgeoning market.”* — Paul Ringsell, Director, Beyond.

The future of CBD in medicinal and commercial markets

Without sufficient regulation the industry could run the risk of losing consumer trust. So what more can brands do to secure long-term success in the industry?

IMPROVE AUTHENTICITY

Authenticity in any industry is paramount, especially when it comes to the health and wellness sector. Conscious consumers are placing expectations on brands like never before. They are conscious, conscientious and critical, and they want to see evidence of authenticity and transparency. If something doesn't work, they'll call it out. What's more, they won't purchase it again.

ENCOURAGE CONSUMER EDUCATION

More needs to be done to educate consumers on the basics of CBD and its properties, to help eliminate negative misconceptions. And a good place to start would be more accurate product labelling.

PRODUCT DEVELOPMENT

At present, all CBD in the UK is imported, which makes it harder to control pricing and difficult to manage full supply chain transparency.

Currently, the UK has around 900 hectares of hemp farmland, but due to expensive licensing fees and limitations on approved crops, cultivation is near impossible for many prospective hemp farming businesses. In a YouGov survey, over 75% of respondents said that UK hemp farmers should have the freedom to process hemp crops grown in the UK to supply the CBD industry.





Watch this space...

In conclusion, the CBD industry still has many challenges to overcome and long-term success is dependent on trust and transparency. From policymakers to regulators and product developers to brand owners — each stakeholder has a vital role to play.

Building brands that make a difference™

Feel-Good Brands is powered by Beyond, the creative, branding and digital agency, passionate about helping to build, grow and sustain the brands that matter; the changemakers, the innovative disruptors who seek to make the world a better place.

Since 2002, we've combined brand strategy, creativity and innovation to help businesses build a reputation, motivate consumers and drive brand engagement. We specialise in areas of food & drink, health & lifestyle, sports & technology.

Drop us a line to see how we can help you:

☎ +44 (0)1628 823007

✉ hello@thisisbeyond.co.uk

🏠 thisisbeyond.co.uk

➡ [@thisisbeyond](https://twitter.com/thisisbeyond)

Beyond, First & Second Floors, 25a High Street, Maidenhead, Berkshire, SL6 1JG.

beyond.®

fgb

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