

Learn about trends affecting the **CBD industry** and find more information on opening your own **CBD retail business**. Don't forget you can receive free or low-cost training and **free professional business advice**, from [your local Small Business Development Center!](#)

## **CBD Retail Business Pandemic Impact & Recovery**

The COVID-19 pandemic impacted many retail businesses. Here is a look at the impact to the **CBD Retail Business** industry.

Stay-at-home orders enacted by municipalities across the U.S., to mitigate the spread of [COVID-19](#), created extraordinary difficulties for the **Cannabidiol (CBD)** industry along with many other [retailers](#). CBD brick-and-mortar retailers saw a decrease in sales in the first quarter of 2020 because of the shutdown orders enacted. However, many Americans turned to CBD to help with the stress and anxiety triggered by the [pandemic](#), job losses, and isolation from loved ones. There were an estimated [nine million new](#) CBD users in 2020 and with over [3,500 brands](#) at that time, it will be important to monitor which brands prevail.

While brick-and-mortar stores saw sales drop at the start of the pandemic, online sales of CBD products increased as consumers shifted to e-commerce following social distancing protocols. As U.S. consumers shopped online during the pandemic, [online sales](#) of CBD for 2021 were expected to exceed \$1.8 billion and make up 39% of the total market. Moving forward, as communities manage COVID spread and with businesses fully [re-opened](#), will determine which retail channel becomes the dominant strategy.

- [SBDCNet COVID-19 Small Business Resources](#)
- [SBDCNet Small Business Reopening Guide](#)

## **CBD Retail Business Industry Overview & Trends**

**NAICS Code: 453998, SIC Code: 5999**

According to [Forbes](#), in 2020, CBD sales reached \$4.6 billion, only two years after cannabinoids were federally legalized by [The Agriculture Improvement Act of 2018](#). Forecasts predict a U.S. market of \$20 billion by 2024. Companies currently have a wide range of products and the diversity of products will continue to increase as companies maximize derivatives from over 100 minor cannabinoids in the hemp plant.

A dynamic industry, CBD will only grow bigger in years to come; however, there are several obstacles that will need to be addressed to include access to capital and the ability to

market on regular channels. The starting point will be the FDA's establishment of a regulatory framework for product quality and safety.

## **CBD Customer Demographics**

A study from [Consumer Brands Association](#) reveals that more than a third of American consumers have purchased CBD products. Here are some consumer demographics from [DataTrek](#) and [SingleCare](#)

- 48% of men and 28% of women use CBD daily,
- 31% of Millennials use CBD products for anxiety, 31 % of Gen Z and 36 % of Baby Boomers use CBD for joint pain.
- Consumers purchase CBD in various formats to include oils/tinctures (55%), foods (45%), skincare (44%) or vitamins and supplements (39%).
- CBD retail purchases as made at a dispensary (40%), a retailer (34%), and online (27%).
- CBD is also popular with pet owners. 52% of pet owners purchased CBD after a vet recommendation. Pet owners' top reasons for purchasing CBD were for anxiety, pain, and general wellness.
- Treats (48%), oil (27%), capsules (14%) and ointments (9%) are the most purchased CBD pet products.

## **CBD Retail Business Startup Costs**

### [Cost to Open a CBD Store](#)

- The cost to open a CBD store ranges between \$36,000 to \$64,000
- The operating costs to run a CBD store is between \$34,000 to \$41,000 per month

### [CBD Retailer Startup Costs](#)

- According to the survey of businesses from Starter Story, the average startup costs for a CBD retail business is \$38,860

### [CBD Franchise Investment Costs](#)

- Entrepreneur Magazine reports an initial investment of \$69,850 to \$90,300 to start a CBD retail franchise

## **CBD Retailer Business Plans**

- [CBD Business Plan Template](#)
- [CBD Business Plan Template](#)
- [CBD Store Business Plan](#)
- [CBD Oil Distributor Business Plan](#)

## **CBD Retail Business Association**

- [CBD Association](#)

## **CBD Regulations**

The section is created to provide a general awareness of regulations and agencies to consider when starting a **CBD Retail Business**. Check with your state and municipality for rules and regulations that may impact the business in your area.

Most federal regulations for retailers are for general labor, and safety standards as dictated by the [Department of Labor \(DOL\) Wage and Hour Division](#) and the [Occupational Safety and Health Administration \(OSHA\)](#).

CBD companies are waiting for the FDA to establish a regulatory framework. In January 2023, the FDA released a statement announcing that a [new regulatory framework](#) is required to meet consumer demand with regulatory oversight that mitigates risks.

## **CBD Retail Business Publications**

- [The CBD Magazine](#)
- [CBD Health and Wellness](#)

## **Retailer Business Employment Trends**

Below is the [Retail Sales Workers](#) labor market summary from the Bureau of Labor Statistics.

Quick Facts: Retail Sales Workers	
2021 Median Pay	\$29,180 per year \$14.03 per hour
Typical Entry-Level Education	No formal educational credential
Work Experience in a Related Occupation	None
On-the-job Training	<a href="#">See How to Become One</a>
Number of Jobs, 2021	4,125,700
Job Outlook, 2021-31	0% (Little or no change)
Employment Change, 2021-31	1,900

- “Pay: The median hourly wage for retail salespersons was \$14.00 in May 2021. The lowest 10 percent earned less than \$10.50, and the highest 10 percent earned more than \$21.85.”
- “Work Environment: Retail salespersons held about 3.9 million jobs in 2021. Most retail sales work is performed in clean, well-lit stores. Retail sales workers spend most of their time interacting with customers, answering questions, and assisting them with purchases.”
- “Job Outlook: Overall employment of retail sales workers is projected to show little or no change from 2021 to 2031. Despite limited employment growth, about 594,400 openings for retail sales workers are projected each year, on average, over the decade. Most of those openings are expected to result from the need to replace workers who transfer to different occupations or exit the labor force, such as to retire.”

## Additional Small Business Resources

Already in business or thinking about starting your own small business? Check out our various [small business resources](#):

- View our business reports here: [Small Business Snapshots](#)
- View our small business help topics here: [Small Business Information Center](#)
- View our industry-specific research here: [Market Research Links](#)
- View our small business cybersecurity resources here: [Cybersecurity](#)
- View our pandemic business resources here: [COVID-19 Publications](#)

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