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CBD-Intel

The world after coronavirus 'looks bright for investment in CBD'

Written by [CBD-Intel \(https://www.cbd-intel.com/author/cbd-intel/\)](https://www.cbd-intel.com/author/cbd-intel/) | 27th April 2020 | [Business briefing \(https://www.cbd-intel.com/content-types/business-briefing/\)](https://www.cbd-intel.com/content-types/business-briefing/) | 

While the global coronavirus epidemic and consequent lockdown have caused uncertainty in the cannabis sector, investments in CBD are likely to go ahead in the coming months, some experts in the industry say.

"There is still activity in the investment space," said Tom McDonald, a senior consultant at cannabis consulting firm Hanway Associates. "I suspect it's going to dip for a couple of months while people are seeing what's going to happen, but as soon as we start coming out of this I think there will probably be a bit of a flurry of investment activity and there will be some good deals to be had."

Hannah Skingle, chief operating officer at DragonflyCBD, said she had had increased interest from investors in the last few weeks.

"I thought it would be really hard to look for investment at the moment, but actually I have had a number of different intros and positive calls this week," she said. "I do think that closing rounds are obviously going to be a lot longer but I think people are still proactively working and are still interested in a space that has so much potential."

While focus has been on the growth of medical cannabis in Europe, CBD has become one of the fastest ways to get a return on investment.

Over the last few years, investors have expected Europe to follow the US and Canada in legalising recreational cannabis, but that has not happened.

European conservatism

"We are taking a conservative, more European approach to it," McDonald said. "I think longer term medical cannabis is still going to be huge in Europe and will eclipse CBD but now the returns aren't quite there. There's just not so many profitable companies in place at the moment because it's a longer term play."

Many companies involved with CBD also have their eye on medical and recreational cannabis, he added.

Skingle revealed that DragonflyCBD's online sales have risen since the coronavirus lockdown began. Data from research firm Prohibition Partners supports that statement.

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from Franchise Partners supports that statement.

About 60% of more than 2500 survey respondents across the US, Canada and UK said they were unlikely to change their consumption behaviours, while over 25% expected to increase consumption.

Rafael Ortiz, a partner at Madrid-based venture capital firm Becanna, expects more people to turn to CBD and other wellness products even after the lockdown ends. "People are going to take better care of themselves," he said.

Wellness trends will increase in the next few years, and CBD fits into that, McDonald said. There is more demand for self-help and eco-friendly wellness options and "CBD fits perfectly" into that, he said.

Time to educate customers

While the coronavirus pandemic has brought the global economy to a virtual standstill, some cannabis companies are using the time to educate potential customers.

Ortiz said education was one way companies can find an opportunity in these uncertain times, as "people staying at home are consuming more content online".

There is still a bit of stigma around cannabis and CBD, he said. Companies with an online business should use this time to reach out to customers and educate them about the benefits and various uses for cannabis, Ortiz added.

The shutdown "gives a chance for startups to tell a different story" about CBD, he said.

One of the CBD companies Becanna has invested in is the BeeMine Lab, which makes CBD-infused honey and other products. The company raised capital in December. It is using social media to talk to customers about how CBD can play a role in relieving stress in these uncertain times, Ortiz said.

Skingle said her company had already seen a change in consumer interest, with more middle-aged and older men interacting with DragonflyCBD on social media. She suspects that COVID-19 will make CBD and other wellness products more popular when current restrictions are over.

"Wellness will play a much bigger part in our lives," she said.

What This Means: The sources interviewed for this article were altogether optimistic that life would return to some form of normality for CBD businesses after the COVID-19 pandemic.

But as CBD-Intel has previously reported, that may not necessarily be the case. Many businesses have lost revenue through **brick-and-mortar retail closures (<https://www.cbd-intel.com/with-stores-everywhere-being-forced-to-close-how-essential-are-cbd-sales/>)**. Government support and transfer of sales to online channels is not guaranteed to fully replace

that. And there is no guarantee that consumers who have moved away from CBD due to restrictions during the pandemic will return to the product – particularly if they are themselves **in financial difficulties due to layoffs or wage curtailme (<https://www.cbd-intel.com/anxiety-doubt-and-some-optimism-over-coronavirus-impact-on-cbd-in-us/>)**

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