

02 Oct 2023 | Interviews

Why Are UK CBD Brands Pivoting Into Functional Mushroom Supplements?

by [David Ridley](#)

Ongoing regulatory issues and restrictive marketing rules are prompting CBD brands to pivot to functional mushrooms, the market for which in the UK is predicted to reach a value of £62m by 2025. With both reportedly offering cognitive health benefits, marketing mushrooms and CBD makes good strategic sense, explains Nootro Group CEO Cary Holmes in this HBW Insight deep dive.

Many UK cannabidiol (CBD) brands like FourFive are expanding into adjacent “nootropics” like mushrooms.

Given that the UK’s functional mushroom market is predicted to grow by 50% between 2020 and 2025, reaching a value of £62m by 2025, this may just be good business sense. But there is perhaps another reason for such a strategy, Nootro Group Ltd CEO Cary Holmes explains, in an exclusive interview.

By combining functional mushrooms with vitamins and minerals, brand owners like FourFive – which has its CBD and mushroom-based finished products supplied by Nootro – can make authorized health claims, as well as a brand-linked “mission” claim, suggesting the overall benefit of the product.

Drawn to brand websites through their interest in nootropics, consumers may also then be tempted by a company’s CBD range, thus overcoming some of the barriers to marketing that CBD currently faces.

Mission Claims

Founded by professional rugby players George Kruis and Dom Day, UK wellness firm FourFive is

preparing to launch three new mushroom supplements in health store chain Holland & Barrett:

- **Multi Mushrooms: Ultimate Blend**, which contains five log-grown mushroom extracts – shiitake, lion’s mane, reishi, chaga and maitake, and is described by the company as “perfect for anyone looking to take the optimum dose in one easy product;”
- **Reishi Mushroom: Bedtime Blend**, which combines reishi and ashwagandha with magnesium to support normal psychological function and contribute to the reduction of tiredness and fatigue;
- **Lion’s Mane Mushroom: Energy & Focus**, which combines lion’s mane, bacopa monnieri and guarana with vitamins B6 and B12 to support brain function, focus and energy.

Each product – retailing at £24.99 (\$30.29) or less, and scheduled to hit shelves in October or November – combines a description of what’s in the pack with a “mission” claim indicating wellness benefits.

Because marketers can’t currently make health claims for mushrooms, brands like FourFive make authorized claims based on the vitamins and minerals in the product, and support an overall “mission” like “Bedtime Blend” or “Energy & Focus,” Nootro’s Holmes explained.

“If you use lion's mane, which is thought to help with cognitive function, in conjunction with supporting ingredients like vitamins B6 and B12, you can make claims around supporting brain function, focus and energy,” explained Holmes.

“Same with reishi. It's the magnesium that allows you to make claims about sleep,” he added.

“This is what happens in retail, you have an ingredient lead, and a mission lead. So that’s what we’ve helped FourFive do with the new mushroom products.”

CBD Gateway

Marketers like FourFive aren’t giving up on CBD entirely, however.

While FourFive has widened its wellness product portfolio, with suppliers like Nootro expanding the company's offerings to support this change of tack, one look at the former’s website and you can see CBD is still at the heart of what the firm does.

“It all comes back to CBD,” Holmes noted. “Mushrooms are a game changer, but you will never beat hemp. Hemp is number one as a supplement.”

Like mushrooms, CBD’s health benefits can’t be advertised.

Add to this the current regulatory framework in which tens of thousands of CBD products remain in legal limbo while the UK Food Standards Agency takes them through its lengthy novel food authorization process, and you have a very tricky situation for marketers like FourFive.

“It's like you can create the best restaurant in the world, but if nobody knows about your restaurant, nobody's going to be booking a table. It's all about marketing,” Holmes said. “It's really difficult at the moment. So a lot of companies are going into extra product ranges so that they can start marketing their brand and hope it all comes back to CBD.”

“If you're a brand like FourFive and you've got CBD products, which you believe benefit users but you can't advertise these benefits to consumers, what you can do is lead with mushrooms instead, which you also believe in, and then when people come to your website, they can be guided to the CBD section, hopefully boosting sales,” Holmes explained.

Nevertheless, Holmes was keen to stress this expansion into mushrooms isn't just about improving CBD sales. In the short term, because of the restrictions surrounding CBD, mushrooms will likely represent a faster growing supplements market in the UK and EU, Holmes predicted.

Supply Strategy

Originally from Birmingham, the UK's second largest city, Holmes was exposed at a young age to the health benefits of botanicals through his local community, specifically his neighbours, who came from India and the Caribbean.

“I learned so much,” he reflected, noting that one of his neighbors who lived until 102 was an avid user of sea moss. “Now, if you look at the sales growth of sea moss in the last 12 months, it's unbelievable.”

“For me, it's about going back to natural products the way nature intended,” Holmes said. “Holistic health. That's my mission.”

Nootro's success has so far depended on making life simple for its clients, Holmes explained.

“My business plan is very simple. Clients shouldn't be spending much of their valuable time on supply chains. The only thing a brand should be worried about is achieving sales and growing their business. There is no value for them navigating a fractured and inefficient supply chain,” he said.

Holmes has also made a point of signing up to the most stringent safety and quality schemes, such as the BRCGS Global Food Safety Standard, which claims to be accepted by the majority of the top global retailers.

“The definition of integrity is doing the right thing when nobody's watching. And that's what BRC is.”

Own Brand Launch

However, Holmes now has his eye on his own brands, which he plans to launch next year, beginning with a Nootro-branded line of products on Amazon.

Key to success, Holmes suggests, will be firstly the strong business-to-business foundation he has built for Nootro. “This will take the pressure off, and instead of having a headwind of operating expenditure, I’ll have a tailwind profit that covers our running costs.”

Secondly, Holmes will continue to apply the same strategic approach to marketing that has allowed him to navigate complex regulatory waters while “never spending a penny on advertising.”

In the future, this means entering into joint ventures with celebrities, such as Hollywood actors, famous singers, and boxing icons like retired British boxer “Prince” Naseem Hamed.

“I don’t have faith in founders who create brands for the sake of it, I only like people who believe in something,” Holmes commented. “Because belief and passion create provenance and credibility.”

Ultimately, Nootro’s mission, Holmes said, is to offer “good CBD and nootropic-based products at price points everyone can afford.”

“I’m working class. I’m very proud of that. And I want to deliver to my kin so they can enjoy these products too. So, it’s my mission to make it affordable and accessible. Be it my own projects or supporting clients to do the same.”