



How To Make Profit Extracting Oil From Botanicals | Strategy

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Botanical Oil Extraction Profit | Blog | Industry Series | August 2017

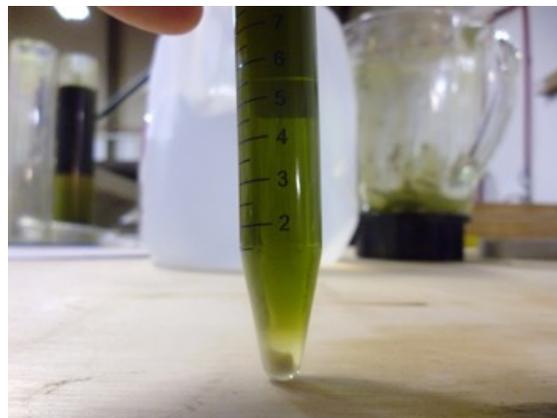
8/22/2017

Introduction: The market segment which is making money right now is oil extraction and concentrates. This might be cannabis oil (vape pens), hemp oil (CBDs), or in the nutraceuticals industry, phenols and metabolites. The later is mainly used in the supplement industry in tablet, capsule, and concentrate form (tincture - used to drop into tea, flavor drinks, etc.).

Oil extraction is a value-added segment of the industry, which is more profitable than cultivation, due to the limited number of extractors. Lots of cultivators and large supply, drive prices down. Limited extractors, and small supply, drive prices up.

Research: The best strategy is to research and study the area you want to focus on, and which industry and consumer to target. If you focus on a niche market, you will have better results, than if you do what everyone else does.

Branding: Having your own brand will identify your product with consistency. It allows the consumer to quickly chose your product, and refer your product to others. Word of mouth is sometimes the best advertising, and best of all it's free.



Step 1: Identify your botanical, product, and market. What product do you want to sell, and who is going to buy it ?

Step 2: Identify attributes to your product, and benefits of the botanical. Choose a brand name.

Step 3: Establish a botanical supplier and purity. Have a certified lab test your botanical sample, and indicate pesticide free, and available oil. Negotiate your best price on the botanicals, and insist on regular sample testing, and tracking from growth, harvest, and final delivery.



Step 4: Flavinoids. Do you want your brand product to have flavor ? Botanicals are flavored by compounds called terpenes, which can be removed in the extraction process. They can even be removed, and replaced, with a different flavor (such as removing a hops taste or smell, with vanilla).

Step 5: Establish your market network. This may include direct-to-customer sales (via a website or sales agents), for non-regulated items Amazon, or through retail organizations like dispensaries.



Step 6: Source and assemble your extraction process, including the extraction equipment and any post-processing equipment needed to put the oil or concentrate into a consumer ready format (i.e. vape pens, tincture, etc.). Get competitive quotes on equipment, and go see it in operation before you buy.

Step 7: Develop a comprehensive website, which includes ordering direct, publications on the product, including any scientific research. For fast set-up, use WordPress.



Step 8: Test run your production line, and provide free samples for a limited time.

Step 9: Price your product. A brand name will command a higher price than a generic product. A niche market will also bring higher prices. Do you want a one-time sale, or offer a subscription ?

Step 10: Return on Investment feedback. Set a loop in the chain of supply and sales that allows you to capture and analyze metrics of the cost of goods versus your profit. Adjust your supplier price, and sale price accordingly.



Summary: While this is not a comprehensive list of everything that needs to be done, this will get you on the path to profit. These steps are merely guidelines, that can get you on the road to profit. You may need to renumber the list, according to your priority and product development. Redefining markets, customers, and profits is a dynamic strategy, since none of those factors are static. Over time, you need to constantly innovate new ways to market and develop your product for a savvy consumer.

