

Cross-Party Group on Scotch Whisky

2nd March 2023, via Teams, 13:00-14:00.

Minute

Present

MSPs

Murdo Fraser MSP
Craig Hoy MSP
Jenni Minto MSP
Colin Smyth MSP

Non-MSP Group Members

Blair Bowman (Whisky Consultant)
Susanne Cameron-Nielsen (Scotch Whisky Association – Secretariat)
Karen Freel (Perspectiva Consultants)
Fraser Grieve (Scotch Whisky Association)
Annie Hill (International Centre for Brewing and Distilling)
Orchid Liu (UK Chinese Times)
John McCartney (GMB Scotland)
Joseph Meaden (Portman Group)
David Saer (Portman Group)
Rory Steel (GMB Union)
Michael Taylor
Andy Williams (56 North)
David Williamson (William Grant & Sons)

Speakers:

Alasdair Day (R&B Distillers)
Matt Lambert (Portman Group)
Douglas Meikle (Scotch Whisky Association)
Susan Morrison (Scotch Whisky Experience)
Matthew Wilson (Advertising Standards Authority)

Apologies

Rhoda Grant MSP
Rachael Hamilton MSP
Gordon MacDonald MSP

Agenda item 1

Welcome, introduction and apologies

Murdo Fraser MSP welcomed members and noted the apologies formally received from Rhoda Grant MSP and Rachael Hamilton MSP (a note was shared after the meeting of Gordon MacDonald MSP's apologies as he had other parliamentary business and was too late to join).

Agenda item 2

The minutes of previous meeting on 22nd November 2022 were approved.

Agenda item 3

Alcohol advertising and promotions – current regulation, proposals, and impact on Scotch Whisky industry

Murdo Fraser welcomed all speakers and invited Matt Wilson from the Advertising and Standards Authority (ASA) to share his overview of current controls on alcohol advertising to be followed by Matt Lambert from the Portman Group.

Matt provided an overview of the ASA's role and its relationship with the Committees of Advertising Practice (CAP) with ASA administering and enforcing the rules laid out in the Ad Codes and CAP writing, helping enforce and advising on the Advertising Codes.

He set out the key principles behind the alcohol rules:

- Alcohol ads should be responsible in their content and their targeting and/or placement.
- Must neither link alcohol with seduction, sexual activity or sexual success nor imply that alcohol can enhance attractiveness.
- Must not be likely to appeal to people under 18, especially by reflecting or being associated with youth culture.
- Not be directed at people under 18 through the selection of media or the context in which they appear.

Prohibited content include: social success, peer pressure, sexual success, recklessness, unsafe situation, excessive consumption, dependence, appeal to children, under-25s, therapeutic effects.

He set out how the ASA is working to appropriately limit children's exposure while reaching a valid adult audience and emphasised that where they may be an instance where under-18s could see alcohol ads, content rules set out that these could not appeal to them nor include harmful content.

He also set out the ASA's work on targeting and scheduling, highlighting for broadcast ads are prohibited in/around:

- Programmes commissioned for under-18s
- Likely to appeal particularly to under-18s
- Unsuitable juxtapositions.

He also set out the stipulations for non-broadcast:

Online: data-based targeting

Out of home: minimum distance from schools

Print, digital display etc.: 25% of readership under-18s

Emails, circulars, direct-marketing: Not sent to under-18s.

He also emphasised the proactive nature of their work, showing examples of where they had fed back on social media posts, which led into their work on monitoring exposure, which had demonstrated that children's (4-15 years) exposure levels have reduced by at least two thirds across each nation since 2013, remaining stable at low levels in recent years with 2021 figure for Scotland demonstrating a weekly average exposure rate of 0.9. In addition he demonstrated how the ASA uses innovative technology to police ads online, including the use of CCTV-style monitoring, child avatars and working with platforms to identify trends in the targeting of alcohol ads. On the latter, he highlighted a project which had demonstrated much good practice but which had also found that some alcohol brands could and should do more to minimise the possibility of their ads being delivered to children.

Lastly, Matt also talked the group through their '100 Children Report' which had monitored 100 children and young people's personal devices (aged 11-17) to understand the ads they were served online and on social media, the number of alcohol, gambling and other age-restricted ads they were served, and if those registered as over-18s on social media were more likely to be exposed to age-restricted ads. As a result of the findings, the ASA is following up directly with advertisers whose ads appear to breach their age-targeting rules, the CAP is offering training and advice on how to comply with new guidance on targeting age-restricted ads, and the ASA is planning to publish a follow up report on enforcement next year.

Matt Lambert from the Portman Group shared how it was set up in 1989, world-leading as the first alcohol industry marketing regulator as well as social responsibility for the industry in the UK. Their commitment is to moderation and to promoting a sensible relationship with alcohol among those who chose to drink. Their campaign work led to the founding of Drinkaware and they are funded by 17 members and supported by over 160 Code signatories.

He provided background to the Code, which applies to the whole sector and as reference in the Guidance of the Licensing Act 2003. In its 25+ years it has removed or re-branded over 170 irresponsible and inappropriate products from the market.

In addition they provide advice to the industry on labelling best practice guidelines. Their 2021 report demonstrated that 99% carry a pregnancy warning logo or message, 93% carry a reference to Drinkaware/responsibility message, 94% carry alcohol unit information. 79%

carry the latest UK Chief Medical Officers low risk guidance and 47% carry calorie information ahead of the sector's voluntary commitment from 2022.

Matt also talked through the context of over a decade of falls in alcohol harm, with 77% of Scottish adults either not drinking or not exceeding the CMO's low risk weekly guidelines, and average units per week intake the lowest on record (from 14.5 in 2009 to 11.3 in 2021). He highlighted especially the rise in 16-24 year olds who don't drink or drink within CMO guidelines and the 58% fall in weekly drinking amongst 13-15 year olds in Scotland over the past 15 years (from 31.5% in 2004 to 13.25% in 2018). Like Matt from the ASA, he highlighted the 75% drop in Scottish children's exposure to alcohol advertising on television per week (from 3.4 ads in 2010 to 0.9 ads in 2021).

He also took the group through their latest research on low and no alcohol in the UK, which had demonstrated that a typical low or no alcohol drinker was:

- An alcohol drinker (80% of respondents)
- Aged 35-44 (with 34% saying they semi-regularly drink low or no alcohol)
- Male (28%)
- Scottish (with 32% saying they semi-regularly drink low or no alcohol).

In summary he highlighted how 26% of Scottish drinkers have cut back on their weekly alcohol consumption.

Lastly, reflecting on the role of sponsorship, which the Portman Group regulates, he shared the following link for members to have a view of in their own time: <https://www.portmangroup.org.uk/video-did-you-know-the-portman-group-regulates-alcohol-sponsorship/>

Murdo thanked them both for their helpful presentations and suggested going through the following three presentations before moving to questions and discussion and invited Douglas Meikle, Scotch Whisky Association to firstly provide an overview of the consultation and concerns.

Douglas provided the context for the consultation with the Alcohol Framework 2018 taking a whole population approach with the aim of reducing consumption through 20 action, number 10 being with regards to alcohol marketing. That consultation was launched 17th November last year, was written from the premise that alcohol advertising is harmful by increasing the appeal/attractiveness of alcohol to children and young people. Its aim to protect children and young people, followed by those in recovery, then the general population. The volume and range of alcohol marketing seen as the issue.

All advertising channels are under consideration in the consultation, although in the case of TV, radio and cinema advertising it acknowledges that powers are reserved.

Douglas highlighted how, if implemented, the proposals would have a significant impact on the alcohol industry, in particular smaller companies, freezing the market, lock out new entrants and stifling innovation and competition. He also stressed that there would be additional knock on effects for suppliers. It would remove a key tourist offering, part of

Scotland's cultural heritage, and would put into question the viability also of many festivals and distillery visitor centres. Losses not constrained to the alcohol industry but also to the wider communities in which they operate and support with loss of funding for sporting and cultural events at both local and national levels.

The proposals should be seen in the context of trends in alcohol consumption, where he highlighted that 77% of adults do not drink or drink within the Chief Medical Officers' low risk drinking guidelines, and that prevalence of hazardous or harmful levels of weekly alcohol consumption has steadily declined since 2003 and mean number of units of alcohol also since 2003, from 16.1 on average in 2003 to 11.3 in 2021. Alcohol consumption had also reduced amongst children and young people aged 13 and 15 year-old, although a recent uptick could be observed. While alcohol-related hospitalisation rates for general acute hospitals demonstrated a fall, the age-standardised mortality rate for alcohol-specific deaths had increased as a result of Covid.

He also talked the group thought the findings of the CREDOS report, which demonstrated that alcohol advertising spend and sales were negatively correlated and thus alcohol advertising note appearing to be a key factor in driving the nation's consumption of alcohol.

In summary, he noted that: current trends are going in the right direction – except for alcohol-related deaths due to COVID; an effective regime is already in place with regards to alcohol advertising; and the evidence to justify a ban on alcohol is lacking, demonstrating it is not a proportionate measure.

Murdo thanked Douglas for his presentation and introduced Susan Morrison, CEO, of the Scotch Whisky Experience to talk through her presentation.

Established by the Scotch Whisky industry in 1988, its purpose was three-fold:

- To educate visitors about Scotch Whisky.
- To be a window on the world for Scotland's national drink.
- To encourage visitors to Edinburgh to explore Scotland further.

Situated right next to Scotland's most visited attraction (Edinburgh Castle) it offers tours in 20 different languages and BSL/ASL, finishing in the Diageo Clave Vidiz Whisky Collection of 3,384 bottles. The experience also has a specialist retail offer with almost 500 whiskies and dry goods, the Amber Restaurant and Bar, serving up Scottish produce and event spaces which are also used as part of their 20-years running Training School, where an important component is educating attendees in responsible consumption.

Their visitor demographic is 80% international, 15% domestic and 5% Scottish and with 35% of their visitors passing by, their outdoor and public spaces marketing ability is essential (on an already listed building and hence already significantly restricted). Their ability to provide a window into the experience to attract the 35% passers-by crucial. Their ability to market online, equally important, with 56% of visitors buying their tickets on their website.

Their in-store offer also important to consider, with current proposals they would lose dry stock meaning £0.58 million in lost revenue and a responsible offer of dry goods given not all

will want to buy a bottle of Scotch Whisky (which as a high-quality and premium product is not a cheap option, their price range in the shop spanning £40-50,000). In addition, there would be direct impact on their suppliers, such as Glencairn Glass with whom they place a 250,000 glass order per year, as is the case with many distillery visitor centres and attractions across Scotland.

In summary she highlighted that the impact of the proposals on the Scotch Whisky Experience, would result in:

- Loss of revenue from online - £2 million.
- Loss of revenue from dry stock - £0.58 million (22% of shop sales).
- Predicted loss of walk-ups – up to £1.24 million.
- Loss of a champion of education and responsible drinking.
- Noting that the SG target audience of people living in Scotland represents only 5% of Scotch Whisky Experience visitors.
- After 35 years, the Scotch Whisky Experience could become economically unsustainable.

Murdo thanked her for her presentation and introduced Alasdair Day, Co-founder & Master Distiller, from R & B Distillers to talk the group through his presentation.

Alasdair thanked the group for the invite and provided background about the Isle of Raasay Distillery. As a relatively new distillery he stressed the importance of its ability to advertise and market its product and brand story. Raasay itself consisting of 161 people with the distillery providing 40 careers with an average age of >30 – an important source of good jobs in the island community. At the Scottish Whisky Awards 2022, the distillery had won both Scottish Whisky Distillery of the Year and Tourism Destination of the Year. With no passing traffic, the brown signage on Skye crucial, as was their ability to attract visitors through website or promoted online/social - 60% of visitor bookings via their website out of their current total of 12,000 annual visitors. Their whisky hotel rooms, distillery shop and Borodale House restaurant central to the visitor experience.

Launching their whisky in 2020, the use of online selling was their only available revenue, including virtual tastings. Their social media more than 'just' Hebridean Whisky & Gin, encompassing also their provenance and the island's unique geology and offering, including their raasay barley being harvested and distilled, the people behind the whisky and the community of which they are part.

The sense of being part of a community also evident in their crucial role as a sponsor of events and clubs in their local community, with Skye Camanach, RNLI Lifeboats (Skye and Raasay) and Isle of Skye Gold Club as some examples of these and with their work with local primary schools equally important to support.

Alasdair also highlighted the importance of being able to tell their story through their merchandise and branding – if they were to lose that ability they would again be significantly impacted. The branding important for telling the story of Raasay of being able to promote their Hebridean Whisky Festival and important to attract more visitors. With 48% of their

visitors outwith Scotland and often seeing the brown signage for Raasay Distillery on Skye, losing that would have a devastating consequence for this young and hitherto, success story.

Murdo thanked Alasdair for his presentation and reiterated it was clear what a success story it was and what a benefit it was driving. He had raised the issue of the consultation three weeks ago at First Minister's Questions and had a helpful response although he recognised that it was still key to get responses in to the consultation as proposed.

He opened up for questions with Members stating their thanks to presenters as they had found the presentations helpful. Murdo asked if there was a sense of where this would likely go to which Douglas Meikle responded that there had been broader meetings with officials and there had been a recognition that the proposals had not landed well. While he too noted the FM's reassuring remarks, he stressed the importance to respond directly to the consultation and the proposed restrictions.

Agenda item 5

Any other business

Due to time constraints, the update following on from the Minister's statement on DRS was briefly noted and the SWA committed to sharing their UK Budget briefing with MSPs via email. In addition the SWA provided a very brief overview also of the record braking figures (£6.2bn) for the export of Scotch Whisky to markets around the world as people restocked, hospitality reopened, air travel resumed, and premiumisation continued, but noted that the industry continued to navigate economic headwinds, including global inflationary pressures, domestic energy and business costs, and a reduction in consumer confidence.

In addition, the Secretariat noted the time constraints and would circulate the presentations to CPG Members and offered to help facilitate any further questions via email.

Murdo thanked everyone for their contributions and attendance and highlighted the offer of a CPG visit to Grangemouth facilitate by Stolt Tank Containers UK on 25th April. CPG members were asked to respond to Susanne Cameron-Nielsen (scn@swa.org.uk) by Friday 24th March, if they wished to attend.

He highlighted the date of the next meeting and AGM of the CPG Scotch Whisky on **Thursday 28th September 13-14:00** – a confirmation would follow in due course whether in-person or online.

Meeting closed.