

Scottish Government Diet and Obesity Strategy Consultation Response FDF Scotland

FDF Scotland welcomes the opportunity to participate in this consultation and to share our members views with Scottish Government. FDF Scotland is the voice of food manufacturers and represents a wide range of food and drink businesses in Scotland.

FDF Scotland and its members take their role in tackling obesity very seriously. A balanced, evidence-based approach covering diet, education and lifestyle is needed. Food and drink manufacturers have a strong record of voluntarily reformulating products, work which the Scottish Government recognises and has supported. Through this, large amounts of salt, fat and sugars have been removed from product recipes and many portion sizes have been limited or reduced. Over 5 years FDF members have reduced energy in the average basket by 5.5% and sugars by 12.1%. During the lifetime of the latest salt targets (2012 to 2017) our members have reduced salt by a further 11.4%, continuing to build on more than 15 years of steady reformulation work (Kantar Worldpanel UK data for FDF total membership (2012-2017)).

Between 2011 and 2014, FDF Scotland engaged with around 50 small and medium-sized food producers, to help them improve the healthiness of their products under our Scottish Government funded Reformulation Programme. The programme provided free, hands-on technical support for companies to help them change their product recipes without compromising on taste. We welcome the Scottish Government's £200,000 commitment to help small and medium-sized enterprises to further reformulate their products to meet the Scottish Dietary Goals.

We fully support the Committee of Advertising Practice's (CAP) new rules introduced earlier in the year which put an end to the advertising of food and drink high in fat, sugar or salt in media targeted at children, including online. We know from Ofcom that children of all ages are spending more and more time on-line, and so we consider it important that the advertising codes reflect this and the television and digital rules are equivalent.

We consider the request for a 9pm watershed for HFSS advertising is disproportionate. Ofcom have previously reviewed a pre-watershed ban for HFSS advertising and concluded that "*such an intervention would represent a significant intrusion on adult viewing and limit advertisers' ability to reach a legitimate audience for their products*" (Ofcom, television advertising of food and drink products to children, Nov 2006). It is also likely to have an unequal impact on companies, adversely affecting companies whose consumer demographic view television during the day. Other demographics view programme and adverts on demand – not in fixed timeslots, so it is unlikely that such a measure would be impactful for most consumers. Furthermore, advertising has a significant positive impact on the Scottish economy, with every £1 spend resulting in a £5 return to GDP (according to the Advertising Association's "Advertising Pays Scotland" report).

FDF Scotland looks forward to continuing to work in partnership with the Scottish Government, Food Standards Scotland and our industry partners from across the food chain to help make a real difference to the health of the Scottish people. FDF Scotland calls for the Scottish Government to test their proposals for effectiveness before moving to national implementation.

Consultation Questions

Question 1: Are there any other types of price promotion that should be considered in addition to those listed (Multibuy, X for Y and temporary price reductions)?

FDF Scotland and its members are opposed to the introduction of restrictions on the use of promotions.

Regulation of promotions could unfairly disadvantage different types of companies and products. Many of our members report using promotions as a mechanism for maintaining and increasing their market share against their competitors, with some indicating that approx.48-60% of their sales are driven by products on promotion (depending on category). This is likely to be critical to the success of businesses, especially when they are not the brand leader or a household name. Additionally, price promotions can allow businesses to smooth demand for production and labour. Removal of promotions would impact on profitability and viability, restricting future investment and jobs. Members estimate this could have an impact on turnover of approx. 10-20% depending on category.

Many manufacturers also use promotions to introduce new, innovative products to market or as a customer retention strategy. Limiting access to promotions could limit the ability for companies to offer their customers increased choice and variety. In addition, at a time of rising prices and low consumer confidence, restricting promotions could unfairly disadvantage the poorest consumers, disproportionately increasing the cost of their shopping basket relative to income.

The price/demand relationship between retailers and manufacturers is a complex commercial one that varies for each category, which we believe makes it unsuitable for Government intervention. We ask that the Government consult widely and gather evidence on the financial, practical and legal implications for businesses and consumers before seeking to change the law. If implemented it is important that there is parity of regulation across both retail and out of home sectors.

Question 2: How do we most efficiently and effectively define the types of food and drink that we will target with these measures?

We do not believe there should be limits on the promotions of food and drink, however if the Government did seek to impose these, then we believe any methodology used should be simple to implement for businesses of all sizes. FDF Scotland would ask that there is early meaningful engagement with industry in order to develop a proportionate, usable and credible measure, using information that is easily accessible to all, including retailers and caterers.

On this basis, we consider the Ofcom nutrient profile model is not appropriate, as this requires information about levels of ingredients alongside nutrients which may not be readily available. This will become even more complicated if 'free sugars' becomes incorporated into the model following the ongoing review by Public Health England. Furthermore, this model was designed, and is now under review, for the sole purpose of defining advertising to children. No consideration has been given as to its appropriateness for defining which household foods can be promoted, nor the impact this might have.

We also would not support a single nutrient focus, which leads to an unrealistic demonisation of a specific nutrient and does not help consumers understand how to build a balanced diet. Similarly, whilst we support an overall focus on energy throughout the obesity strategy (both calories in and out), care is needed if this is the only measure considered.

Calorie density may again lead to anomalies, for example polyunsaturated fat cooking oils have a high energy density.

Question 3: To what extent do you agree with the actions we propose on non-broadcast advertising of products high in fat, salt and sugar?

Strongly disagree

Please explain your answer.

FDF Scotland considers that there is a lack of evidence to support the supposition that non-broadcast advertising has a detrimental effect on adult consumers and their purchasing choices.

With respect to children, advertising in outdoor spaces, including billboards and on public transport is already within the scope of the CAP code, and thus any HFSS advertising in this space is already prohibited in areas most frequented by children. The Advertising Standards Association already has specific guidance that if placement of an advertisement for an HFSS product is likely to skew the audience towards children – for instance, an outdoor advertisement placed near a school – then the marketing communication is likely to breach the Code.

A proportion of advertising revenues generated from public transport or in transport hubs comes from food and drink advertising. Restricting food and drink advertising in these areas would mean a shortfall in advertising revenue that subsidises public transport provision for the companies who provide it.

Question 4: Do you think any further or different action is required for the out of home sector?

No

Please explain your answer

We believe there should be parity across the food chain, so that policies apply to manufacturers, retailers and the out of home sector.

The eating habits of consumers has been changing over time, with an increase in meals being consumed out of the home, whether in cafes and restaurants or on the go.

Consistency in information formats and provision, coupled with effective policies and approaches from within other areas of the strategy is key in ensuring that consumers are suitably informed to make the appropriate choices.

In addition to the impact on consumers, and therefore overall likelihood of success, changes or restrictions made to the out of home sector can have a significant impact on food manufacturers who often make food for this sector. Imposition of differing restrictions for the retail and out of home sector adds complexity and cost to production for manufacturers and increases confusion for consumers. Several of our members have foodservice, hospitality and Out of Home sectors as major customers for their products -often up to 50% of sales.

Scottish Government must ensure that is working with the entirety of the out of home sector, ensuring that all sub-sectors and types of establishment are covered.

Question 5: Do you think current labelling arrangements could be strengthened?

No

Please explain your answer.

FDF members comply with current UK wide labelling regulations, and many of them have also adopted voluntary mechanisms such as front of pack labelling.

Altering labelling requirements for products sold within Scotland in relation to those for England, Wales and Northern Ireland would add unnecessary complication to the packing and distribution on products. The need for market specific packaging would add to the cost (smaller runs of packaging at higher unit cost), and productivity of production sites would reduce if lines had to be reset to run market specific packaging.

Furthermore, differing labelling requirements would also limit the ability for our members and customers to backfill orders for different geographical locations, making the supply chain more difficult and costly to operate.

Several of our members manufacture in Scotland but have the majority of their sales in other locations. For example, there are more oatcakes sold inside the M25 than in the whole of Scotland. Introducing a separate Scottish labelling requirement would potentially cause them to stop selling their products in the Scottish market rather than incurring the costs involved in adopting a second labelling approach.

Some of our smaller members have retail turnovers that are heavily dependent (40:60 Scotland/Rest of UK) on Scottish sales, meaning that any labelling changes would have a significant impact on their costs of selling within Scotland. This places them at a competitive disadvantage against other companies with a much lower reliance on Scottish sales.

Differential labelling increases the chance of confusion for consumers in Scotland and the rest of the UK. Maintaining consistency of labelling could increase the understanding and utilisation of labelling by the consumer, making it easier for them to make an informed choice.

Question 6: What specific support do Scottish food and drink SMEs need most to reformulate and innovate to make their products healthier?

FDF members would like to see support from the Scottish Government to identify viable replacements for fat, sugars and salt. This needs to consider several aspects of the replacement ingredients:

- Their consistency and interaction within the recipe
- Their health impacts need to be identified
- The consumer acceptability of the replacers
- Cost and availability/security of supply
- The viability of reformulation needs to be considered for each product category

Support also needs to be reflected up and down the supply chain to ensure that suppliers and buyers understand and can address the challenges involved in reformulation to meet the goals.

Our members have also indicated that access to knowledge regarding available solutions and their technical implementation is key to ensuring effective reformulation and product development.

It would be beneficial if there was development of a learning and networking mechanism to allow businesses to share information, experience and knowledge throughout Scotland – potentially cross sector (i.e. different products) to avoid any confidentiality and competition issues.

FDF Scotland calls on the Scottish Government to ensure that the other sections within the strategy are given equal priority, and that the efforts of our members in these areas are recognised.

FDF Scotland members:

- Inform and support their workforces to have a positive relationship with food
- Promote and support healthy living activities e.g. 3 peaks challenge/paradventures
- Profit sharing with their local communities
- Support local sports teams
- Have strong drivers for developing products with nutritional benefits

David Thomson
Chief Executive, FDF Scotland