

OFCOM

CONSULTATION ON REGULATION OF ADVERTISING OF LESS HEALTHY FOOD
AND DRINK

RESPONSE FROM THE SCOTTISH GROCERS' FEDERATION

19th April 2023

Scottish Grocers' Federation

The Scottish Grocers' Federation (SGF) is a trade association for the Scottish Convenience store sector. There are 5,098 convenience stores in Scotland, which includes all the major symbol groups, co-ops, and convenience multiples in Scotland. SGF promotes responsible community retailing and works with key stakeholders to encourage a greater understanding of the contribution convenience retailers make to Scotland's communities. In total, convenience stores provide over 49,000 jobs in Scotland¹.

Convenience stores trade across all locations (rural/ suburban/ urban) in Scotland, providing a core grocery offer and expanding range of services in response to changing consumer demands close to where people live. The valued services provided by local shops include mobile phone top-up (83%), bill payment services (78%), cashback (70%), free to use cash machines (49%) and branches of the Post Office network (27%)².

¹ Scottish Local Shop Report 2022

² Scottish Local Shop Report 2022

Over the last year, convenience stores in Scotland have invested £65m in their business. During this same period, the UK convenience sector contributed over £9.7bn in GVA and over £9bn in taxes.³

SGF welcomes the opportunity to respond to this consultation and recognises the goal set by the UK Government to tackle obesity related health issues in the UK and improve the country's health.

SGF Go Local Programme

The SGF's commitment to improving the health of people in Scotland is evident in some of the programmes that we carry out. The SGF Go Local programme, which is funded by the Scottish Government and is being delivered in close partnership with Scotland Food & Drink aims to support convenience stores the length and breadth of Scotland to provide dedicated, long-term display space for locally sourced Scottish products. [X] The results from the Go Local programme have significantly enhanced the local multiplier effect by £157,000 annually per store on the healthier compliant Scottish products, and a £64,000 annual improvement on the non-compliant Scottish products has been recorded as an unintended benefit. This is before any economic benefit is considered from the refit work carried out in stores by local companies.

SGF Healthy Living programme

The SGF Healthy Living programme improves the supply provision of fresh produce and healthier food choices in local convenience stores. Across Scotland, the SGF Healthy Living Team are supporting retailers to deliver these options to the Scottish consumer. The Healthy Living Development Managers work closely with our retailers to promote healthier options throughout stores in all categories and to support the development of more effective point of sale. The programme has grown, and now works with all the major symbol groups within the convenience sector to offer discounted prices on fresh produce and other healthier products as per the guidance from Food Standards Scotland. Associated activity includes for example Healthy Living Days which are events in collaboration between schools and stores to educate pupils about the importance of

³ Scottish Local Shop Report 2022

healthy eating and a recipe card scheme which provides customers with all the ingredients and knowledge they need to cook healthy meals.

More than ever modern convenience stores are seen as community assets and have an increasingly significant role in their local communities.

Consultation questions

1. Do you consider Ofcom's proposed rule and the proposed definitions to be inserted into the BCAP Code reflect appropriately the requirements of Section 321A of the Communications Act?
2. Do you consider Ofcom's proposed Rule 9.17A and the associated meaning, to be inserted into the Broadcasting Code, reflect appropriately the requirements of Section 321A of the Communications Act?
3. Do you agree with Ofcom's proposal to designate the ASA as a co-regulator for the prohibition on online advertising for less healthy food and drink products?
4. Any additional comments on: Ofcom's proposed approach to enforcing the new prohibition on advertising for less healthy food and drink products online; and Ofcom's assessment of the impact of our proposed approach to implementing the new restrictions on advertising and sponsorship for these products on TV, ODPS and online.

Many convenience retail businesses are operating in an extremely challenging trading environment.

The convenience store sector in Scotland is currently facing a number of significant challenges. In addition to meeting the requirements of new regulations, such as Minimum Unit Pricing; potential restrictions to the promotion of alcohol products; and Scotland's Deposit Return Scheme, the sector as a whole is among the hardest hit by issues such as food inflation, cost-of-living and rising energy costs. Advertising restrictions on foods high in fat, sugar & salt add to the vulnerability of many businesses.

SGF would urge regulators to consider the potential impact that this regulation may have for the convenience store sector. The products that are affected by these advertising

restrictions, are often an important part of providing a 'full basket' for customers in convenience stores. 7% of convenience stores' overall sales come from soft drinks, 5.7% of sales come from confectionary and 3.2% of sales come from savoury snacks⁴.

Restricting advertising on these products may lead to decreased viability for some convenience stores. There is also a knock-on effect for convenience stores and customers. Alongside less healthy food and drink products, customers can access the full range of products and services available, such as staple items, fresh fruit and vegetables, post office services and access to cash. Therefore, regulation that restricts advertising on any products potentially reduces footfall for convenience stores across all its products and services.

Modern local convenience stores are community assets, from offering busy families a top-up shop facility on the one hand, to helping patrons (particularly vulnerable people) manage their weekly household budgets during the cost-of-living crisis and providing an essential alternative to larger or out of town supermarkets. Many people rely on their local convenience store with the average shopper visiting their local store 2.7 times per week and 57% of customers choosing to walk as a mode of travel to stores. During the Covid pandemic in particular, local shops were on the front line, providing essential services for many vulnerable people and communities⁵.

SGF welcomes the opportunity to respond and hopes you find this information useful.

⁴ Scottish Local Shop Report 2022

⁵ Scottish Local Shop Report 2022