The Advertising Association promotes the role, rights and responsibilities of advertising and its impact on individuals, the economy and society. We are the only organisation that brings together agencies, brands and media to combine strengths and seek consensus on the issues that affect them. Through wide-reaching engagement and evidence-based debate we aim to build trust and maximise the value of advertising for all concerned. A full list of our members can be found online.

General Comments

Alcohol consumption in Scotland is of major concern and we welcome the fact that per capita consumption has reduced since 2007. Downward trends in alcohol-related deaths and hospitalisations along with a halving of the proportion of children aged 13 who have ever tried alcohol since 2000 are also key positive developments. We support reducing alcohol health harms through a pro-active approach, building on current successes, including education and awareness campaigns and public private partnerships.

Alcohol advertising is well regulated by the ASA and Portman Group and we ask for this Bill to be considered within the current framework of Codes and what they achieve. In addition, we have concerns about the Bill’s proposals on advertising, particularly outdoor. The proposed restrictions would go further than elsewhere in the UK, effectively creating two markets. They would be difficult to implement and in effect mean a complete ban for this medium.

Financial impact

The Advertising Association disputes the estimation that restrictions on advertising (ss.6-13) will have “minimal” costs on others, as stated in the summary table of costs within the Financial Memorandum (FM). Any advertising restrictions can have negative direct and indirect impacts on the sector concerned, affecting its ability to promote, compete and innovate, and also affect the wider creative industries, including agencies that design and create advertising campaigns, and the media reliant on the advertising revenues.

There are also indirect effects for the public. Revenues from outdoor advertising, which is particularly impacted by the Alcohol (Scotland) Bill, helps fund important consumer services and infrastructure, for example bus stops.

Event organisers in Scotland will also be affected by the Bill’s proposed restrictions on outdoor alcohol advertising and sponsorship which may remove existing revenue streams. This may impact on the viability of the event.

Consultation

1. **Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?**

   The AA submitted a consultation submission[^3] to the Health Committee, although it did not, in that submission, analyse the financial impact of the Bill.

2. **If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?**

   Not applicable.

3. **Did you have sufficient time to contribute to the consultation exercise?**

   In the time given, we have had time for limited consultation with members and relevant associations and to do best approximations of financial impact in terms of revenue and potential job losses based on annual advertising spend. However, we cannot claim to have had time to consult with all affected Scottish businesses and event organisers, and there may be therefore be other financial consequences which we have not taken into account.

Costs

4. **If the Bill has any financial implications for your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.**

   We have attempted to quantify some of the financial implications for the members of our organisation in response to question 5.

5. **Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?**

   **Advertising expenditure**

   As stated above, the Advertising Association disputes the estimation that restrictions on advertising (ss.6-13) will have “minimal” costs on others, as stated in the summary table of costs within the Financial Memorandum (FM).

   According to Nielsen[^4], one of the main industry sources of data, Scottish advertising expenditure in 2014 was as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising expenditure total</td>
<td>£579,876,534</td>
</tr>
<tr>
<td>Alcohol advertising</td>
<td>£10,416,441</td>
</tr>
<tr>
<td>Outdoor advertising expenditure total</td>
<td>£54,261,893</td>
</tr>
<tr>
<td>Alcohol outdoor advertising expenditure</td>
<td>£2,731,433</td>
</tr>
</tbody>
</table>

   Therefore, we calculate that:

   - Alcohol advertising represents 2% of total advertising expenditure in Scotland
   - Alcohol outdoor advertising expenditure represents 5% of outdoor advertising expenditure total in Scotland
   - Alcohol outdoor advertising expenditure represents 0.4% of total advertising expenditure in Scotland

Scotland

- Alcohol outdoor advertising expenditure represents 26% of total alcohol advertising expenditure in Scotland

This shows that the restrictions on advertising (ss.6-13) will have an impact on a “small but significant” sector of our industry. While we are unable to state definitively what the scale of the impact will be on that sector, we have consulted industry experts who believe that this restriction will effectively prohibit all outdoor alcohol advertising by rendering virtually all sites unusable. It is reasonable therefore to assume the Bill would lead to a de facto ban on all outdoor advertising of alcohol products in Scotland with an annual revenue loss of £2,731,433 to outdoor contractors.

**Employment**

Closing 0.4% of the advertising industry in Scotland could have a real impact on employment. Using the calculations explained in the appendix, we estimate that the total number of Scottish jobs that depend on advertising is 65,000. When UK-wide trends are applied, we estimate that a job in Scotland is created for every £9,000 of alcohol outdoor advertising expenditure and approximately 300 jobs could be affected by the proposals in this Bill.

While the advertising industry is best known for brands, media owners, and creative agencies, each of those depends on a supportive network within the wider economy where jobs will be affected.

There would also be some impact on the alcohol industry which provides meaningful employment and economic benefits in Scotland. A recent study by Oxford Economics for the British Beer & Pub Association found that the on-trade sustains 49,960 direct jobs in Scotland and 71,093 in total when indirect and induced jobs are included. The beer and pub sector also adds nearly £1.5 billion in value to the Scottish economy. According to the Scotch Whisky Association, their product category alone employs 37,000 people (directly and indirectly combined) in Scotland, contributing to a GVA of £4,686m.

We are not, of course, claiming that all these jobs would be affected by the Bill’s advertising provisions, but making the point that there are marketing and advertising jobs within companies manufacturing alcohol, and that new advertising restrictions may have an impact.

6. **If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?**

   Not Applicable.

7. **Does the FM accurately reflect the margins of uncertainty associated with the Bill’s estimated costs and with the timescales over which they would be expected to arise?**

   Not as far as advertising is concerned, for the reasons we have explained.

**Wider Issues**

8. **Do you believe that the FM reasonably captures any costs associated with the Bill? If not, which other costs might be incurred and by whom?**

   No and we have attempted to quantify some of the financial implications for the members of our organisation in response to question 5.

9. **Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?**

   We have attempted to quantify some of the financial implications for the members of our organisation in response to question 5.

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Appendix

Method for calculating Scottish alcohol outdoor advertising employment

Assuming that employment figures reflect advertising expenditure:

\[
\text{Total number of Scottish jobs that depend on advertising} \times \text{Scottish alcohol outdoor advertising expenditure as percentage of total advertising expenditure in Scotland} = \text{Estimated total number of Scottish jobs that depend on alcohol outdoor advertising}
\]

\[65,000 \times 0.4\% = 308\]

Jobs per £ for alcohol outdoor advertising expenditure:

\[
\text{Total outdoor alcohol advertising expenditure} \div \text{Total number of Scottish jobs that depend on alcohol outdoor advertising} = \text{Pounds of alcohol outdoor advertising spend supporting one job}
\]

\[£2,731,433 \div 308 = £9,000\]

This estimate for the total number of Scottish jobs that depend on alcohol outdoor advertising is based on the following table which uses UK data from the Advertising Association’s Advertising Pays report together with Scottish data from DCMS (2014):

<table>
<thead>
<tr>
<th></th>
<th>Scottish data</th>
<th>UK data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of Scottish jobs that depend on advertising</td>
<td>65,000</td>
<td>550,000</td>
</tr>
<tr>
<td>Agencies and client-side employment</td>
<td>32,000</td>
<td>268,000 (DCMS, 2011)</td>
</tr>
<tr>
<td>Employment supported by revenue from advertising</td>
<td>10,000</td>
<td>83,000</td>
</tr>
<tr>
<td>Employment across wider economy</td>
<td>23,000</td>
<td>200,000</td>
</tr>
</tbody>
</table>

This estimate for employment across the wider economy in Scotland is based on using the UK data to establish the relationship between the different sectors of the advertising industry and applying that percentage for Scotland. Obviously this assumes the relationship will be the same.

\[
\text{Agencies and client side employment} \div \text{Total number of Scottish jobs that depend on advertising} = \text{Relationship}
\]

\[268,000 \div 550,000 = 49\%\]

When this is applied to the Scottish data with the assumption that:

If agencies and client side employment is 49% of the advertising industry in the UK and agencies and client side employment in Scotland employ 32,000 people then the total number of Scottish jobs that depend on advertising is 65,000.

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7 http://www.adassoc.org.uk/publications/advertising-pays/