

Dorenell *proposed* Wind Farm Inquiry

Dufftown, Moray, October 2010

Speyside Business Alliance –

Precognition of GRANT GORDON

1. **Speyside Business Alliance (SBA):** was formed in 2009 as a vehicle to defend the interests of a number of significant local brand owners against the plan to industrialise the Glenfiddich Estate, through the construction of a 59 turbine wind farm known as Dorenell. SBA is made up of a coalition of five members including: Diageo, Edrington, Glenfarclas, Walkers Shortbread and Wm Grant and Sons. These companies collectively own a substantial proportion of the brands that have their home of origin as “Speyside”. The combination of Malt Whisky distilleries located in the area, the majority of which are owned by SBA members, and a number of iconic local food brands sharing the same regional brand designation “Speyside” arguably gives these products the support of the most valuable regional brand in Scotland.

The area is the home to brands that collectively have revenues of approximately £0.5 billion, and who represent for consumers over the world strong premium connotations, setting these brands in terms of imagery and quality perception at the pinnacle of the global drinks industry. Names such as Cardhu, Glenfiddich and Macallan are recognised as leading Malt Scotch Whisky brands; acting as locomotives for an entire sector that generates over £3 billion in annual export earnings and is the UK’s leading category in terms of international trade of food and drink.

The Speyside Malt Whisky brands play a similar role in terms of the Scotch Whisky industry as Bordeaux “top growths” do in the case of French wine, providing a halo effect in terms of added value for an entire segment of the drinks industry. Scotch Whisky is second only to Vodka in terms of global ranking in sales of spirits. Currently premium Scotch Whisky and top growth Claret wines are at the forefront of growth in consumption of premium imported alcoholic beverages in the new strategic markets in Asia and Greater China in particular. Categories including Scotch Whisky are regarded as highly aspirational by affluent consumers in these developing countries, who are key to the future prosperity of the entire industry while the relative economic purchasing power in these regions continues to grow.

The local food industry enjoys similar success internationally and a number of key local brands such as Walkers and Baxters have gained very strong recognition for their premium status in their respective categories.

The SBA coalition was formed as a platform to present a collective view on the potential impact of industrial wind farms on the premium brands originating from Speyside - the Home of Scotch Whisky. SBA appointed a team of advisers to prepare a case against the development of the Dorenell wind farm. It should be emphasised that the members all have a strong commitment towards promoting environmental sustainability within their respective organisations; and collectively have committed many millions financially towards reducing their respective impact in terms of carbon usage, saving of power consumption and wider sustainability arising from the production of their food and drink products.

- 2. Grant Gordon, Chairman, Speyside Business Alliance:** Gordon has over 20 year's commercial experience working in the Scotch Whisky industry and is co-author of the handbook "*Whisky – Technology, Production and Marketing*" (Elsevier, 2003) contributing the section on marketing. His experience was gained primarily working for family owned and one of the leading independent industry distillers, Wm Grant and Sons Ltd. Has also has over a decade's experience working in the Champagne industry as a director of Laurent-Perrier S.A., the largest independent family owned Champagne house. Gordon is also acknowledged as one of the UK's leading experts on the family business sector (3 million firms; contributing 30% of UK GDP), as founding and current Director General of the Institute for Family Business (UK), established in 2001 representing family firms turning over in excess of £40 billion in revenues. Presently as one of the 5th generation owners of Wm Grant and Sons, Gordon sits on the Family Council which is the governance body representing the shareholder's interest in the company.

The Wm Grant family maintain very close ties to Dufftown and the surrounding area; the company's flagship brand is Glenfiddich. Another important part of the family's commitment as owners is supporting local community related projects to ensure that the business benefits not just employees, but the wider stakeholders in the local community; there are a variety of charitable and other schemes that the company plays an active role in supporting in Dufftown and Morayshire. The family's support extends to Cabrach, where Gordon chairs the Upper Cabrach Church Trust, a community organisation established to save the local church from closure through the establishment of a charity that maintains the building. Gordon also represents the

family as a member of the Cabrach Community Association (CCA), and he is the present owner of the family residence located in the Cabrach.

3. SBA concerns in relation to the proposed scheme:

- a. It has long been recognised by consumers of Speyside food and drink brands that there is a strong element of positive brand attribution arising from the link between the natural beauty and pristine scenery that characterises Speyside and the quality of the finished products. Unspoilt by industrialisation, the natural habitat provides a pristine back drop for the Speyside food and drink producers to carry out their respective trades. The 50 odd distilleries that are located on Speyside sit naturally within the wild scenery and landscape, drawing on local natural resources including barley and natural spring water. There is a synergy with the countryside which is not only important to the brands, but also proportionate and of a scale and size which enables the countryside to accommodate them easily. They are of course the largest employers in the area in terms of manufacturing.
- b. Malt Whisky and Speyside are synonymous; both the terms are legally recognised as product denominations in their own right, emphasising the importance that the two designations have gained through the entrepreneurship, hard work and investment by individual brand owners, and collectively by the industry over generations. Building up both designations to the point where they are regarded by both Scotch Whisky consumers and visitors to Speyside as marks of quality has come about through a constant strive for excellence, and a determination not to accept any compromise in terms of quality. Maintaining these long and hard fought achievements is something the SBA members think should be fought for; any development that could detract from the brand image of Malt Whisky and Speyside should be resisted. Research commissioned by HIE points to strong evidence that Malt Whisky and Speyside are closely entwined together as brands and are best described by the following characteristics: “quality, timelessness and nature”. Sustaining each of these values remains vital if the region is to continue to provide an unrivalled backdrop for the development of what are, without question Scotland’s premium food and drink brands.
- c. Much has been said both for and against the link between tourism and the fortune of Scotland’s premium food and drink brands. It is however unarguable

that tourism plays a vital strategic role in Scotland's economy; and is targeted at growing rapidly to reach £6 billion in revenues, from £4 billion presently. Edinburgh and the Highlands are the two strongest areas within Scottish tourism and Speyside plays a significant role in terms of Highland tourism. The area has been recognised as a key engine for growth both in terms of tourist numbers and adding value through attracting higher spending visitors. Of particular relevance to SBA members are the over 250,000 annual visitors to the area visiting the Speyside distilleries, of which 15% are trade related visitors and the balance consumers. One distillery alone, Glenfiddich, has hosted over 2 million visitors, since first opening its doors in 1960. The visitors to the distilleries display high satisfaction levels as monitored during regular market research; the positive impression that visitors take away from their visit to the area have a strong, if non-quantified positive impact on brand perception both for Malt Scotch Whisky as a whole and for the specific Speyside brands with which they come into contact.

- d. In the opinion of the SBA coalition there is a strong tie between the tourism and the product brands that are Scotch Malt Whisky and the Speyside visitor experience. Both feed off each other and their fortunes are inextricably tied together. Their mutual success depends on the careful stewardship of the values that underpin the fundamental quality credentials and image that have enhanced and grown the Speyside brand over the years. The Moray Council's tourism strategy for Speyside explicitly draws out the link between the environmental qualities of the area and the destination brand and its market positioning. Scenery, wild landscape and an unspoilt environment are recognised as the principal hallmarks of the area, with scenery consistently coming out as the most important of these three attributes in market research. Tourists unsurprisingly prefer, if given the choice, to be in areas that represent great natural beauty and Speyside is fortunately able to offer this without compromise to visitors.
- e. Approximately a dozen of Scotland's most iconic product brands have their home on Speyside. These products, plus the many other food and drink brands emanating from the area, are vital to the region's economic fabric both in terms of direct and indirect employment. SBA members have collectively campaigned over the years for measures that help to guarantee that consumers obtain greater satisfaction from Speyside brands, through improving legislation in areas such as product designation and in raising industry wide quality standards. The

campaign to protect the landscape in the local area from industrialisation through the building of wind farms should be seen in the same light. Policy makers and planners should take cognisance of the risk presented to the brands from damaging the landscape and environment in a geographic area that plays such a vital role in our national economic development.

- f. SBA noted at an early stage that the Dorenell Wind Farm proposal is based on locating the wind power station outside the area designated for such developments in the local Moray Development Plan. The members of the alliance believe that the Moray Development Plan places the right emphasis on integrating the brand map (location of the distilleries and other key strategic brands) with the planned development of destination tourism. Therefore to designate specific parts of the District (largely in the North of Moray District) for development of alternative forms of energy including wind, to the exclusion of more highly valued landscape in the south of the District makes eminent good sense, and indeed is the product of the debate that accompanied the evolution of the current Local Plan. The Council policy takes the appropriate approach, balancing the requirements to meet alternative energy generation targets while protecting the strategic value of two of its most important local industries; premium food and drink, and tourism. The SBA also notes that the area proposed by the developers for the wind farm development is officially classified as an Area of Great Landscape Value, emphasising the strategic nature of such land to the District sitting as the Glenfiddich Estate does on the edge of the Cairngorms National Park.

4. Conclusions:

- a. The “Speyside advantage” should not be compromised, for example through industrialisation of the area by wind farm developments, without serious consideration being first given to the long-term risks to two of Scotland’s key industries: tourism and food and drink exports.
- b. The Dorenell wind farm should be rejected based on the high probability of damaging the Speyside Malt Whisky and Tourism brands and endangering future investment to underpin growth in these two interrelated and strategic industries for Scotland.

- c. The rejection of the Dorenell wind farm by the Inquiry would send a strong signal by upholding the Council's Planning Committee's policy that wind farm developments in the District of Moray should be limited to the areas designated in the Council's Strategic Development plan.

GG, October 20th 2010