

# THE COLA CONTEST WI



DECADES AGO, PEPSI'S NUMBER FEVER PROMOTION  
CAPTIVATED CONSUMERS AND PROMISED TO END  
COKE'S DOMINANCE IN THE PHILIPPINES. BUT AN  
ERROR AT A BOTTLING PLANT LED TO DISASTER

# TH 600,000 WINNERS



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BY JEFF MAYSH

PHOTOGRAPHS BY GERIC CRUZ

TWO OF PEPSI'S INFAMOUS 349 CROWNS

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ARILY SO, A WOMAN IN her early fifties with graying hair, runs a *sari-sari* store out of

her one-room home in a concrete building beside a railway track in Manila. In the steamy heat of a summer afternoon, shirtless children appear at her window clutching coins. With a kind smile, she serves them warm bottles of water and Royal Tru, one of a few sodas she displays alongside tiny shampoo sachets and single cigarettes. There's one brand she refuses to sell. If someone asks for a Pepsi, her expression sours. For more than 28 years she's nurtured bitter resentment against the company. "I didn't have a job back then," she says, starting in on her Pepsi story.

It was 6 p.m. on May 25, 1992, and So was among the 70% of Filipinos watching the Channel 2 evening news. Then 23, she was living in a wooden shack beside the tracks with four children under 5. Pepsi was about to announce the winning number in a promotion that had gripped the Philippines' 65 million people. Her husband, a house painter, had spent their last centavos on special "Number Fever" bottles of Pepsi, hoping one of the three-digit numbers printed on the underside of the caps would match one of the winning numbers locked inside a vault.

Across the Philippines' 7,641 islands, ads had promised people "You could be a millionaire." A million pesos, about \$68,000 in today's dollars, was the largest prize available, 611 times the country's average monthly salary at the time. The published odds of winning that amount were 28.8 million to 1, but Pepsi had already minted 18 millionaires. They appeared in its ads, real as day. One, a bus driver named Nema Balmes, became known as Mrs. Pepsi after joking that drinking cola put her husband "in the mood."

Number Fever was the brainchild of an executive named Pedro Vergara, a Chilean who worked for the promotions department in New York. After a successful U.S. rollout, Pepsi-Cola International Chief Executive Officer Christopher Sinclair made it part of his strategy to fight Coca-Cola abroad. Since becoming the global arm's youngest CEO at 38, Sinclair had developed a reputation as a "battlefield commander." Visiting 77 countries in six months, he was dismayed to find the world's grocery aisles "awash with Coca-Cola red," as *Fortune* put it.

Pepsi hired a Mexican company, DG Consultores, to bring Number Fever to Argentina, Chile, Guatemala, Mexico, and the Philippines, where it truly caught fire. Monthly sales there quickly jumped from \$10 million to \$14 million and its market share from 19.4% to 24.9%. Bottling plants roared 20 hours a day, doubling their usual production. An aggressive ad campaign dominated the media, with 29 radio stations and four newspapers circulating the winning numbers. The promotion, initially scheduled to end on May 8, was extended five weeks. By then, Number Fever was verging on Number Hysteria. Cops jailed a maid accused of stealing her employer's winning crown, as the bottle caps were known. Two Pepsi salespeople were murdered following a dispute over another crown.

The night of May 25, So murmured a prayer as the blue of the television shone in her children's eyes. When Pepsi

announced the winning number, her husband, Isagani, rifled through their crowns and found the one: 349. A million pesos. Her prayer had been answered. The couple danced and laughed until the TV started to rattle and a passing freight train drowned out their shrieks of joy.

Five miles across town, Ernesto de Guzmán de Lina, a tricycle-taxi driver, was dashing downstairs to tell his nephew Simon Marcelo that his 349 crown had just won him 50,000 pesos. Marcelo was already celebrating—he had a 349 worth 100,000 pesos, enough to quit his job as a cocktail waiter in the city's red-light district.

Similar scenes were playing out across the country. A bus driver had three 1 million-peso 349s. A mother of 12 whose children went through 10 bottles of Pepsi a day had won 35 million pesos. Winners raced to the iron gates of Pepsi's bottling factory in Quezon City, just northeast of Manila, to claim their prizes. As the crowd grew, a secretary dialed the marketing director, Rosemarie Vera. "There seems to be many 349 crowns in circulation among people I know," the secretary said, according to an account in the *Philippine Daily Enquirer*. At 10 p.m., someone from the company telephoned the Philippine Department of Trade and Industry and said a mistake had been made.

Within a year, a violent consumer uprising would be under way, with riots and grenade attacks leaving dozens injured and five dead.

It was perhaps the deadliest marketing disaster in history—and remains one of the business world's great cautionary tales. "I don't think that, from the onset, people would look at this and say people could actually die," says Lee Oster, a University of Idaho professor and the co-author of a risk management textbook that included Number Fever as a case study. "But even then, like the nuclear power industry or aviation, people have to be on top of things and realize the catastrophic events that can happen at the end."

In response to a request for comment on the events described in this story, Pepsi said it would be unable to verify them. "These events took place almost 30 years ago, and none of the executives familiar with this program are at PepsiCo anymore. And given that the Philippines is just emerging from one of the world's longest Covid lockdowns, we have been unable to access stored records on this matter," the company wrote. But, it said, "we deeply regret any pain and suffering our mistake caused the people of the Philippines."



SO IN HER SARI-SARI STORE

**AMERICA DOMINATES MANY ASPECTS OF FILIPINO** life, from the kaleidoscope of beverages at most sari-sari stores to a fondness for swing dancing and apple pie. The U.S. took control of the islands from Spain in 1898. After defeating the country's revolutionary government in a vicious three-year war, it established military bases and colonial rule, and its influence remained long after independence in 1946. The U.S. interfered in presidential elections, tacitly supported Ferdinand Marcos during his brutal two decades of rule, and generally used the country as proxy turf for the Cold War. (Sometimes in bizarre ways—at one point the CIA helped suppress a communist peasant rebellion by faking vampire attacks to scare superstitious guerrillas into leaving their positions.)

Two American companies also used the Philippines for a different kind of proxy war. PepsiCo Inc. and Coca-Cola Co. duked it out there in ways that would never have been allowed in the U.S., employing espionage and other dirty tricks. At one point during the Marcos era, Pepsi executives were caught cooking the books to show higher sales than Coke, forcing a \$90 million write-off. Coke kept the upper hand mainly by undercutting

Pepsi's prices. By 1992 it had expanded its share of the cola market to 83%, so high that it no longer bothered to advertise.

Number Fever hit Coke like a sucker punch. Rodolfo Salazar, president of Pepsi-Cola Products Philippines Inc., boasted that half the country's population was participating, making it "the most successful marketing promotion in the world." As Pepsi's sales jumped, Coke executives scrambled unsuccessfully to devise their own promotional game—even, recalls Barbara Gonzalez, Coke's former corporate communications director in the Philippines, buying "a whole truck of bottles, to find out what is the ratio of what we call the seeding, the winning crown to the nonwinning." Coke's Filipino president, Jesus "King King" Celdran, a World War II hero who sometimes showed up at bottling factories in a tank, publicly admitted he was concerned.

There was reason to be skeptical, though, that the promotion would end as a clear win for Pepsi. During the rollout in Chile earlier that year, a garbled fax had led a wrong number to be announced, triggering riots. And swindlers in the Philippines were creating fake winning crowns, leading ►



AN ANTI-PEPSI RALLY OUTSIDE THE PHILIPPINE HOUSE OF REPRESENTATIVES IN AUGUST 1993



A 1994 ASIAWEEK COVER STORY FEATURED DEL FIERRO



people to claim they'd been wrongly denied prizes even before the 349 error emerged.

When disaster struck on May 25, Pepsi initially tried to change the winning number. Newspapers reported the next morning that the real winner was 134, only adding to the confusion. The company locked the factory gates in Quezon City, and by midmorning policemen and soldiers were wrestling with 349 holders who were lobbing rocks at the building. Executives inside were trying to phone headquarters in New York, but Sinclair was unreachable, schmoozing on a yacht at an annual gathering of bottlers, according to a report in *AsiaWeek* magazine. (Sinclair declined to comment for this story.)

Protests carried on through the next night. At 3 a.m., Pepsi decided it would pay 349 holders who came forward over the following two weeks a "goodwill gesture" of 500 pesos. Executives calculated that if half the 600,000 crowns that had been minted with the number 349 were cashed in, the damage would be contained at \$6 million.

Among those assembled outside the factory was Vicente del Fierro Jr., an advertising consultant and a preacher for a charismatic Catholic sect. Del Fierro had called the promotion

"a social disease that nurtures the gambling instinct in our children" in an open letter to a newspaper. But despite his opposition, his daughter Cymbel held a winning crown. He later wrote that he saw security guards tossing glass soda bottles at the crowd and that a policeman charged at him with a riot shield. He took cover at a nearby Dunkin' Donuts jammed with agitated winners. Outside, Pepsi trucks rumbled past, flanked by guards carrying automatic weapons. A manager tried to escape the factory, but protesters threw stones at him. A bomb threat would follow hours later.

Del Fierro stood on a table at the doughnut shop and demanded quiet. Then he asked for volunteers to draw up a list of winners' names. As reporters gathered around, he announced a crusade. "It's about Third World countries being exploited by multinationals," he said.

MANY 349 HOLDERS TOOK UP PEPSI'S OFFER OF 500 pesos for their crowns; in the first two days, the company paid out more than 12.5 million pesos. (The final bill ended up close to \$10 million, according to *AsiaWeek*.) It didn't take long for Pepsi to trace the source of the error: 349, designated a nonwinner in the original promotion, had been mistakenly chosen as a winner for the contest extension. The company reported that crowns from the extension had been printed with a different seven-digit security code and that none of these would be honored.

The explanation didn't appease the protesters. As del Fierro rallied support for his campaign, which he called Coalition 349, he got an early boost from an unlikely source: Celdran, Coke's local CEO, who instructed an employee to offer del Fierro 10,000 pesos—"startup money," according to the now-former staffer, who spoke on condition of anonymity. "Can I have a megaphone?" the employee recalls del Fierro asking when the contribution arrived. (Celdran passed away in 2013. Coke didn't respond to emailed requests for comment.)

Coalition 349 organized rallies outside Pepsi plants, where del Fierro would yell into his new PA system. He also started preparing a lawsuit he hoped would win class-action status, promising crown holders a huge settlement. He accepted 500 pesos for legal fees from those who could afford it and worked pro bono for those who couldn't. De Guzmán De Lina, the Manila taxi driver, arrived with his nephew at del Fierro's house one night not long after the draw to find 349 holders lined up around the block. Inside, del Fierro's wife, Norrie, a glamorous cookbook author, was making food for the crowd.

Del Fierro said he'd take the fight all the way to New York, a city he knew mainly from Frank Sinatra songs. "We are committed to pursue this crusade until the very end," he wrote in a letter to the *Manila Chronicle*. "God is definitely bigger than the 50th largest corporation in the world." When the story hit international papers, Kenneth Ross, PepsiCo International's primary spokesman, portrayed the activists as opportunists. "Quick-buck artists have lured thousands of unwitting Filipinos with very empty promises of a huge settlement for the payment of an upfront fee," he told the Associated Press.

Groups with names such as United 349 and Solid 349 actually were charging fees, with some asking as much as 1,000 pesos for “membership.” Marily So and her husband signed up with a preacher, “Brother” Bambi Santos, who said God had called him to fight Pepsi. They agreed to pay him 30% of any future settlements and joined his rallies and protests. In the provinces, farmers were reported to be selling their cattle to afford the journey to Manila.

And the chaos continued. Protesters in Quezon City burned tires. Speculators offered wads of cash for 349s in hopes of a bigger payoff later. Even police weren’t immune to the frenzy. One National Bureau of Investigation (NBI) officer arrived at the Quezon City plant with an empty attaché case to carry home his million pesos. “Pepsi either pays,” he told a reporter, “or they close down.”

As days turned into weeks and then months, some 10,000 claimants filed suits demanding money. Molotov cocktails crashed into Pepsi factories and dozens of delivery trucks, their drivers dousing the flames with 7 Up. The Pepsi-Cola Hotshots basketball team changed its name to the 7-Up Uncolas. Executives began traveling with bodyguards, and the company moved American employees out of the country, save for one who’d worked in Beirut. “We were eating death threats for breakfast,” Vera, the marketing director, later told a reporter. At a riot in Manila, a 64-year-old protester named Paciencia Salem, whose husband had died of heart failure during a march, told a journalist, “Even if I die here, my ghost will come to fight Pepsi.”

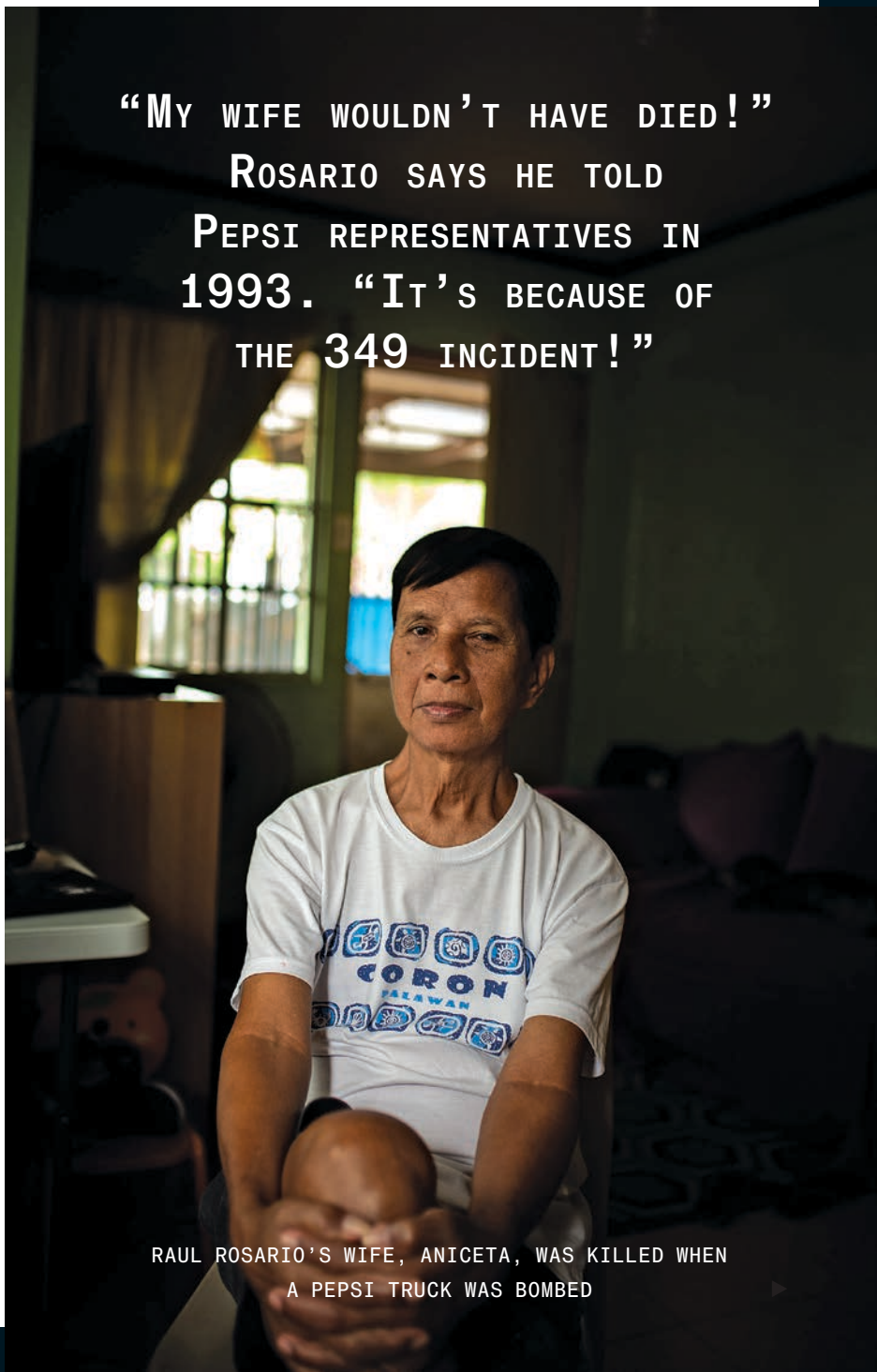
**WHY HAD THE CONTEST SPARKED SUCH anger?** It was the money, of course, but it wasn’t only that. The scandal tapped into rising anticolonial sentiment in the Philippines, which was then flaring over the American military presence. Following fraught, failed negotiations, the U.S. was withdrawing from the last of its six bases. The closures were a victory for nationalists, but they came at the cost of hundreds of millions of dollars in yearly aid and tens of thousands of jobs.

Number Fever also became linked in the public imagination with the country’s chaotic national elections, which had taken place a few weeks earlier but were still unresolved thanks to counting delays and procedural and legal challenges. The presidential contest, in particular, had had colonial overtones, pitting Fidel Ramos, a cigar-chomping, right-leaning West Point graduate with Pentagon connections, against Miriam Defensor

Santiago, a U.S.-educated lawyer who’d worked overseas for the United Nations, and Eduardo Cojuangco Jr., chairman of San Miguel Corp., a Coca-Cola partner. Other candidates included Imelda Marcos, widow of Ferdinand. “One must wonder how many voters were drawn from the voting booth to Pepsi protests,” a columnist wrote. In the end, Ramos narrowly defeated Santiago, a result marred by evidence of fraud.

In January 1993, Pepsi had to pay a fine of 150,000 pesos to the Department of Trade and Industry, for deviating from the promotional campaign the government had approved. “We have done everything that we think is reasonable to amicably ►

**“MY WIFE WOULDN’T HAVE DIED!”  
ROSARIO SAYS HE TOLD  
PEPSI REPRESENTATIVES IN  
1993. “IT’S BECAUSE OF  
THE 349 INCIDENT!”**



**RAUL ROSARIO'S WIFE, ANICETA, WAS KILLED WHEN  
A PEPSI TRUCK WAS BOMBED** ►

◀ conclude this issue,” Ross told the *Los Angeles Times*. “At this point we do not intend to lay out additional money.” Del Fierro, meanwhile, had hired five employees to process new lawsuit claimants—he eventually signed up about 800 in all—and was looking for U.S. lawyers to bring the fight to New York. His daughter Cymbel had taken over his advertising business.

One morning in February, a schoolteacher named Aniceta Rosario made her way to a sari-sari store in Manila to buy rice. As she reached the market, a Pepsi delivery truck arrived. Someone threw a homemade bomb that bounced off the truck and detonated. The blast killed Rosario and a 5-year-old girl standing nearby. Five others were injured.

Rosario’s eldest daughter, Cindi, still recalls the shock of seeing her mother’s lower half covered at the funeral. “They told me her legs were shattered,” she says. Rosario’s widower, Raul, didn’t speak for days after his wife’s death. A slight man who never remarried, he tells me in a whisper that Pepsi invited him to an office where a group of men in polo shirts with corporate logos offered him 50,000 pesos (about \$3,400 today) not to sue. “My wife wouldn’t have died!” he says he shouted in reply. “It’s because of the 349 incident, because you cheated the people!” He stormed out, but not long afterward, on the advice of friends, he changed his mind and took the money.

In early April, Sinclair, the Pepsi International CEO, flew to Manila for an emergency meeting with President Ramos. A Ramos aide told the *Los Angeles Times* that Sinclair pleaded for help, warning that the incident could scare away much-needed foreign investment. Ramos disagreed. “It’s a special kind of case,” Ramos told the *Times*.

The following month, a grenade tossed into a Pepsi plant in Davao City killed three employees. The company urged the NBI to open an investigation into the attacks. A witness to several riots, Nomer Palacios, came forward with a list of six leaders of anti-Pepsi coalitions who, he claimed, were masterminding the violence to force the company to pay.

In late July, del Fierro and his wife boarded a flight to New York, armed with the findings of a Philippine Senate report whose legitimacy Pepsi contested. It called the company guilty of “gross negligence” and “misleading or deceptive advertising.” As del Fierro strode through Manhattan, he later wrote, Sinatra’s *New York, New York* played in his head, a kind of personal battle hymn. He hired two American consumer lawyers to sue Pepsi for \$400 million in actual damages and \$1 million in “moral and exemplary” damages. “This problem will become a serious threat to the very existence of PepsiCo,” he told reporters. “Massive negative public opinion will create a very deep wound, which may be very difficult to heal.”

CYMBEL DEL FIERRO BUILT AND RUNS A COALITION 349 WEBSITE

“PEPSI, THEY  
KILLING ME SOFTLY,”  
DEL FIERRO RECALLS  
HER FATHER SAYING



## PEPSI WAS IN THE MIDST OF AN ANNUS HORRIBILIS.

In the U.S., dozens of people were claiming they'd found syringes inside its cans, a "tampering" crisis the FBI would later expose as a hoax. Crystal Pepsi, a colorless version of the soda, was selling miserably, soon to become one of history's great product failures. And a world tour by longtime spokesman Michael Jackson was about to be derailed by accusations of child molestation, with Jackson canceling dates and saying that he'd become addicted to painkillers first prescribed after his hair caught fire during a 1984 Pepsi commercial shoot.

Del Fierro showed up at a Pepsi building in upstate New York, where Ross met with him. He warned the spokesman that he'd stay in New York until they reached a settlement. Ross said the violence had to end first. "We don't have any control over the violence," del Fierro replied. He returned to Manila empty-handed.

Later that year the NBI alleged that a trio of thugs dubbed the Three Kings was behind the anti-Pepsi bombings. Initially, one of the men, a garment-factory worker named Rodelio Formento, said he'd volunteered for a 349 group and been recruited by the other two during a clandestine lunch. According to documents obtained by *Bloomberg Businessweek* from the NBI, he told investigators that a Pepsi security officer was present at the meeting and that the company had paid the Three Kings to cause violence at rallies in an effort to frame protest organizers. Formento also said they'd been hired to cause a rift among the various movements' leaders. "If we were successful in our mission, Pepsi would give us [a] huge amount," he claimed. But Formento's conscience nagged him. "Many got hurt and died," he told investigators. "I was so guilty, and I could not take it anymore, so I decided to reveal the truth." (Formento couldn't be located for comment.)

A lawyer for Pepsi dismissed the police report, but the head of the NBI's anti-organized-crime division told the media, "We've been had." The *People's Journal* soon ran a story headlined "Pepsi Goons Bombed Own Trucks."

In February 1994 the company lost a 349 court case. A 21-year-old medical student named Jowell Roque won a lower court verdict in Bulacan, north of Manila, ordering Pepsi to pay him more than 1 million pesos. The company appealed, but it's unclear whether it succeeded.

That spring, del Fierro suffered a serious stroke. He recovered well enough that, in the fall, when the Philippine Supreme Court issued arrest warrants for nine local Pepsi executives, he posed for a celebratory photograph holding a newspaper with the headline "Arrest of 9 Pepsi Executives OK'd." (There's no record that the warrants were executed.)

The company sued him for libel, saying he'd been circulating pamphlets calling Number Fever a "scam" and had falsely claimed Pepsi had him illegally detained. Soon afterward another stroke almost killed him. From his hospital bed, he labored over paperwork, dragging himself into court when necessary. "Pepsi, they killing me softly," Cymbel recalls him telling her. He made her promise to keep fighting the company even after he was gone.

That November hundreds of torch-wielding 349 winners demonstrated near Manila's Malacañang Palace during a state visit by U.S. President Bill Clinton, yelling for his help and igniting a Pepsi-bottle effigy stuffed with fireworks. Their hopes of American intervention were further dashed the following summer, when a New York court dismissed del Fierro's lawsuit, saying it should be heard in the Philippines.

Sinclair was made CEO and chairman of Pepsi's combined international and North American operations in March 1996, but he resigned four months later, citing personal reasons. "Sinclair departed voluntarily but ungracefully," *Fortune* wrote, "leaving the overseas beverage mess for someone else to mop up." Pepsi had by then fallen back to also-ran status abroad, outsold by Coke 3 to 1 in the Philippines. It was even overtaken by Cosmos, a local Coke-owned brew. Marketing there had become all but impossible. "Anytime anyone mentions anything to do with Pepsi," Frederick Dael, a local vice president with the company, told *Deutsche Presse-Agentur*, "somebody always digs up 349." To be "349ed" was slang for being duped.

The protests eventually died out, but the lawsuits plodded along for years. It wasn't until 2006 that a Philippine court finally ruled Pepsi hadn't been negligent and wasn't liable for damages. At long last, the company's nightmare was over. "This was not some little incident in a far-off land that we didn't care about," says Ross, who left Pepsi in 1997. "We cared deeply about what happened. We cared deeply about amicably resolving the matter to everybody's satisfaction. We certainly regretted the violence that surrounded this in Manila."

Marilyn So had by then moved on. Her husband died of a heart attack two years after the 349 draw, sending her into emotional and financial despair. Storms flooded her shack, tarnishing her winning crown, and with four growing children to feed she had no time to attend rallies, so one day she tossed the cap away. It was perseverance, she says, not luck, that led her to find a better home and start her sari-sari store. Today, framed photographs of her children in graduation caps and gowns hang on one wall; she tears up as she shows them off.

Although del Fierro never won a settlement from Pepsi, he did squash the libel case against him. And he could claim some credit for helping pressure the government to strengthen its provisions on misleading and deceptive advertisements; after the 349 controversy, it started more closely monitoring promotional schemes and doubled its fines against companies that violate consumer rights.

Del Fierro died in January 2010, following another stroke. Each night for months afterward, Cymbel would boot up her father's computer to fulfill her promise to keep up the fight. She built a Coalition 349 website, uploading legal documents and press clippings. Inside a filing cabinet she maintains an archive of thousands of winning crowns, the rusting dreams of a generation. "He guided me to do this," she says—so that Pepsi would never forget. **5** —*With Barbarra Resurrection and Nicole Anne Revita*