

EXPRESSMAN in Pepsi story on NBC-4 TV



Filipino Express assistant editor Lav Diaz is interviewed by NBC-Channel 4's Steve Dunlop for Pepsi story on the 6 o'clock news.
PHOTO BY ARCHIE REYES

Immigration clamps proposed by Clinton

See story below, col. 3

U.S. media picks up Pepsi 'tansan' fiasco

'92 Manila promo goes very sour as 800T hold 'winning' 349 crown worth one million pesos; coast-to-coast U.S. coverage

A promotional fiasco in Manila by soft drink giant PepsiCo is resulting in negative publicity in the United States as at least five items in the TV and print media appeared early this week.

Lengthy stories were carried in the *Los Angeles Times*, the *Bergen Record*, the *Jersey Journal*, *New York Newsday* and on Channel 4 News, which interviewed *Filipino Express* editors Lav Diaz and Ivy Cosio-Bautista.

Pepsi launched its "Number Fever" promotions last year, promising instant cash of up to 1 million pesos—about \$37,000—for those who held

bottle caps with three-digit winning numbers.

The controversy erupted after the company announced on May 25, 1992, the winning number for that day—349. Thousands of people rushed giddily to Pepsi plants around the country to collect. But the company refused to give them their prizes, saying the caps did not have the right security number.

In what it called a "goodwill gesture," Pepsi agreed to pay \$18 each to anyone holding one of the 800,000 349 caps. It compensated about a half million people for a total of \$10 million.

Since then, irate winners have rioted and attacked delivery trucks.

The dispute—on which Pepsi has spent millions—has sparked a cola war, Philippine-style. Pepsi records show that at least 32 delivery trucks have been stoned, torched, or overturned. Armed men have thrown Molotov cocktails and homemade bombs at Pepsi factories and offices.

In the worst incident, police say, a fragmentation grenade was tossed at a parked Pepsi truck in a Manila suburb on Feb. 13. It bounced off the vehicle, killing a teacher and a 5-year-old girl and wounding six other people.

Pepsi executives in Manila

Turn to page 14

Pepsi 'tansan' reaches U.S.

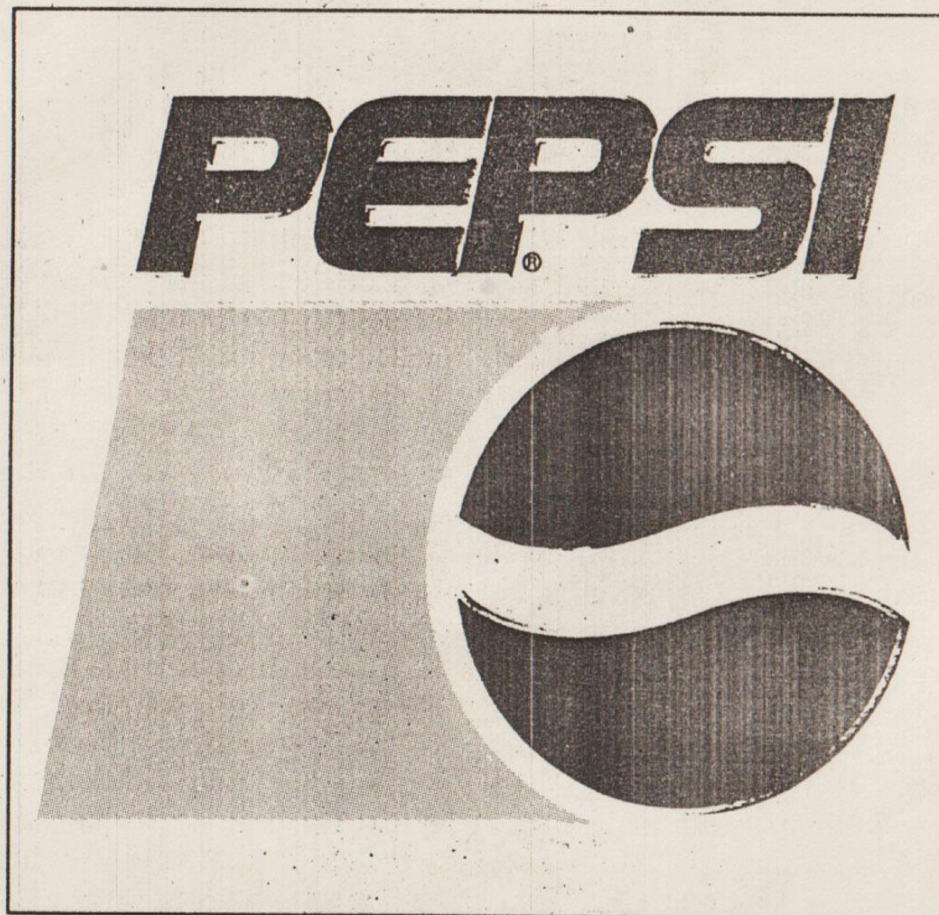
From page 1

have gotten so many death threats that they use round-the-clock bodyguards and vary office hours and travel. Heavily armed guards ride shotgun on Pepsi trucks. The company has withdrawn all but two expatriates, leaving one official in charge who has experience in Beirut.

At last count, more than 22,000 people have filed 689 civil suits seeking damages against Pepsi. There are more than 5,200 criminal complaints of fraud and deception, the company says.

Only a handful of trials have begun, but the nation's appeals court this month upheld arrest orders against 10 local Pepsi executives. The company has appealed, and no arrests have been made.

The company's position is clear, says Kenneth Ross, spokesman for Pepsi-Cola International, which owns 19 percent of the



Year-old marketing nightmare won't end for soft-drink giant.

local bottling company.

"We will not be held hostage to extortion and terrorism," he said by telephone from Purchase, N.Y. "And that's exactly what we have faced in the Philippines in the last year."

Yet unlike Pepsi's cool crisis

management in the United States after false reports of syringes in Pepsi cans, company officials in the Philippines panicked. When mobs rioted after the bottle-cap error was announced, frightened executives decided a predawn meeting to offer \$20 in pesos to

anyone with a "349" cap.

"They made two mistakes," said one official, who like all Pepsi employees in the Philippines requested anonymity. "You should never make a decision at 3 a.m. And they thought it was a few thousand people at most."

The executives' horror, at least 486,170 cap holders have already flooded in. Pepsi, which had budgeted only \$2 million for prizes, had to pay \$10 million more for what it calls a "goodwill gesture." It also agreed to pay \$6,000 to the government's consumer protection bureau, the maximum penalty under the law.

"We have done everything that we think is reasonable to amicably conclude this issue," said Ross, who has repeatedly refused to explain how the bottle-cap mistake occurred. "At this point, we do not intend to lay out additional money."

thousands have joined anti-Pepsi organizations such as Coalition 349, whose head Vic del Fiero, is reportedly coming to New York to try and negotiate a settlement.