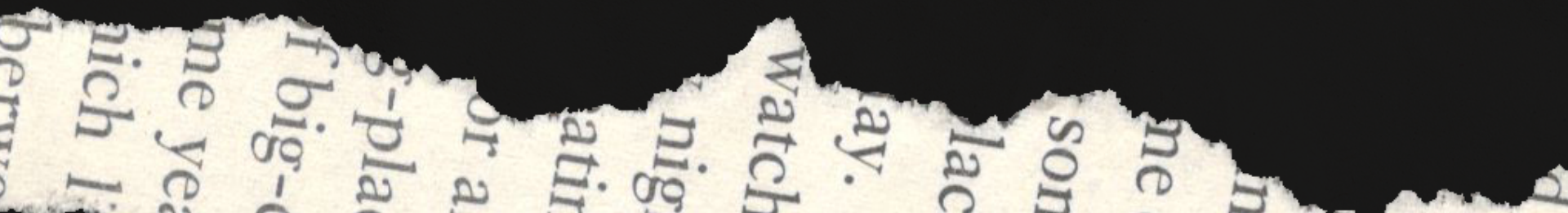




NUMBER FEVER INCIDENT

GROUP 6: DIOGO DE LIMA, GRETA EZERSKYTE & NIKLAS KJELLANDER





TODAYS AGENDA

- CASE BACKGROUND
- THE INCIDENT
- DISCUSSION
- MANAGEMENT DECISIONS
- LESSONS LEARNED

THE PHILIPPINES IN THE EARLY 90S

Decline of GDP, high debt, trade deficit
inflation, while poverty rate - 39.9% (1991).

Coca-Cola already was established as the
dominant soft drink.

The Philippines was the 12th biggest soft-
drink market in the world, with an
increasing population of 62 million people
and growing 2,4 % annually in 1992.



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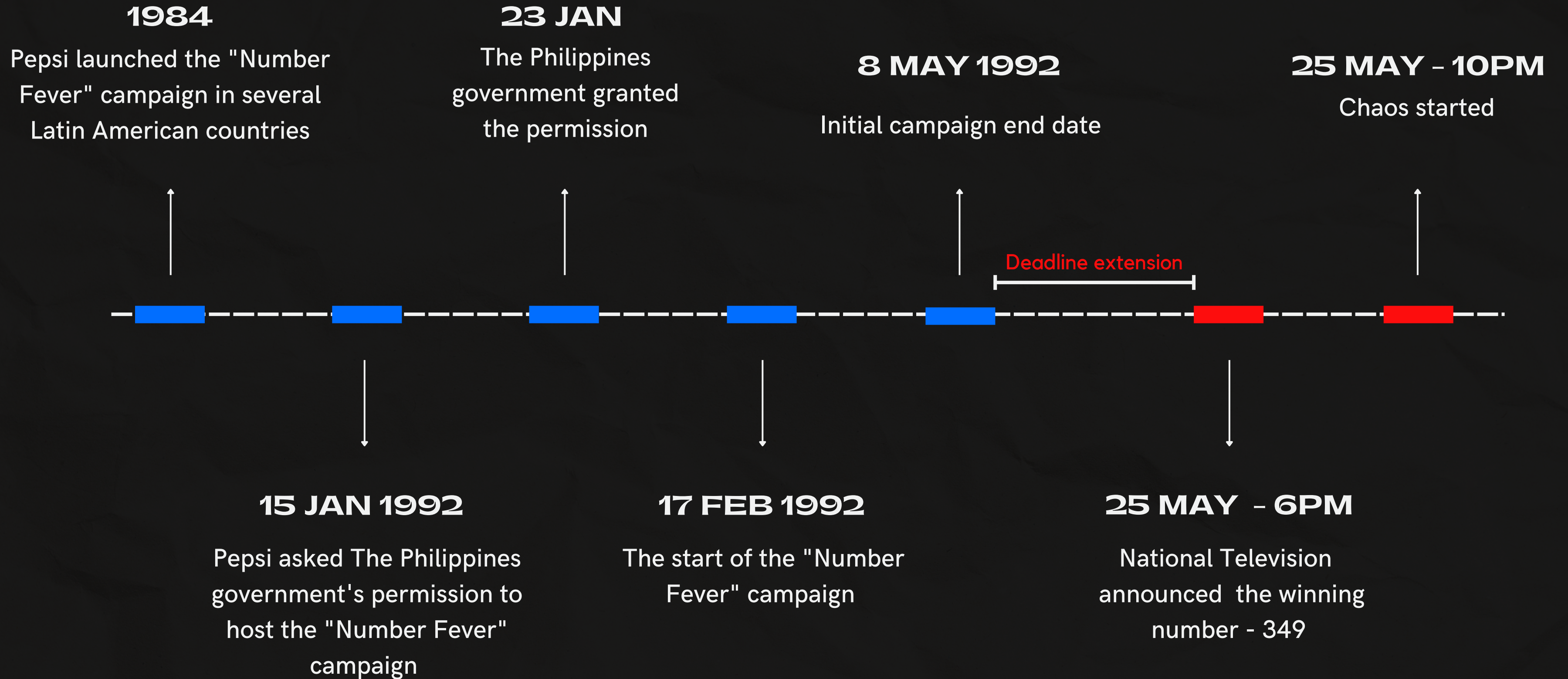
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drink market in the world, with an
increasing population of 62 million people
and growing 2,4 % annually in 1992.

**PEPSI SAW A GREAT OPPORTUNITY FOR
MARKET TURNOVER AND THEY TOOK IT**



TIMELINE



START OF THE "NUMBER FEVER"

BUY PEPSI,
MOUNTAIN DEW,
7UP OR MIRINDA

CHECK THE BOTTLE
CAP FOR A 3-DIGIT
NUMBER

WIN CASH PRIZES
EVERY WEEK

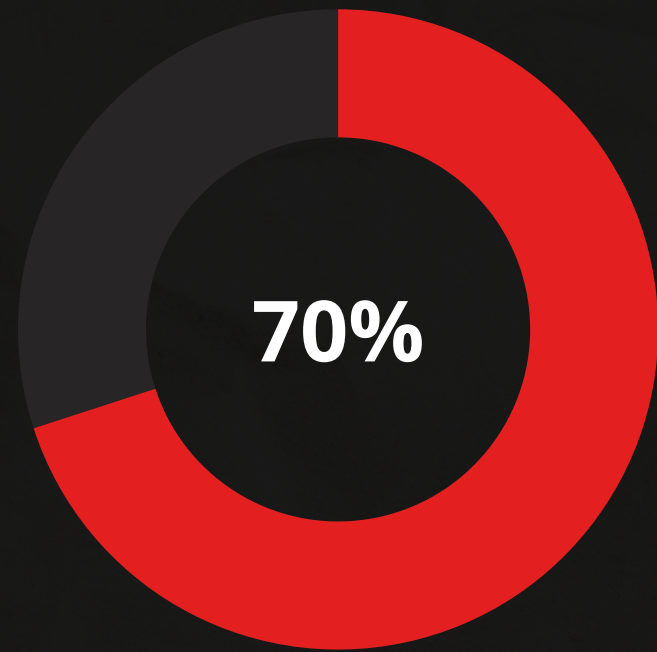
349
PLAYS FOR
₱ 1 MILLION

349
PLAYS FOR
₱ 1 MILLION



SEE POSTERS AND PRINT ADS FOR DETAILS
PROMO PERIOD: AUG. 31 - OCT. 24, 1992
REDEMPTION PERIOD: UP TO DEC. 23, 1992
PER NO. 0033, SERIES OF 1985

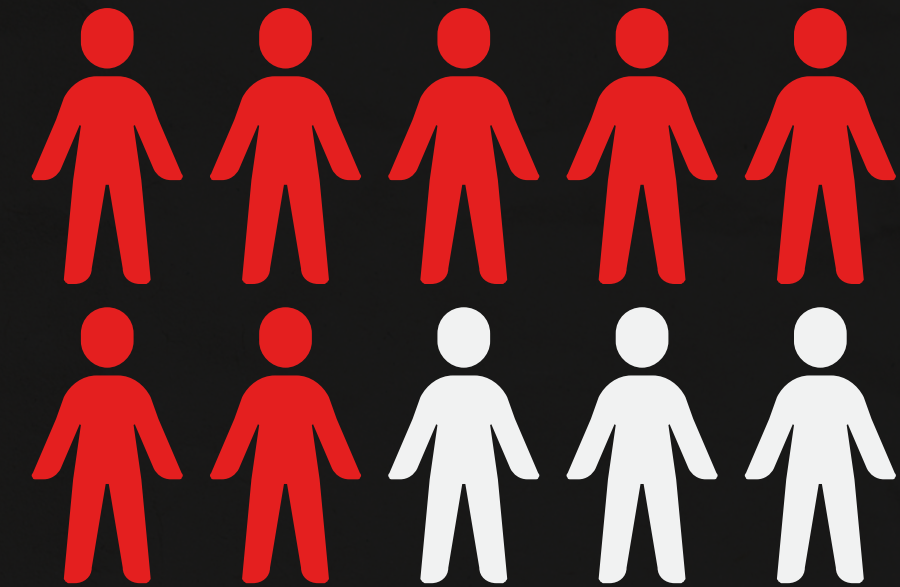
EFFECT OF THE CAMPAIGN



Pepsi sales
increase

25%
19.4%

Market
share growth



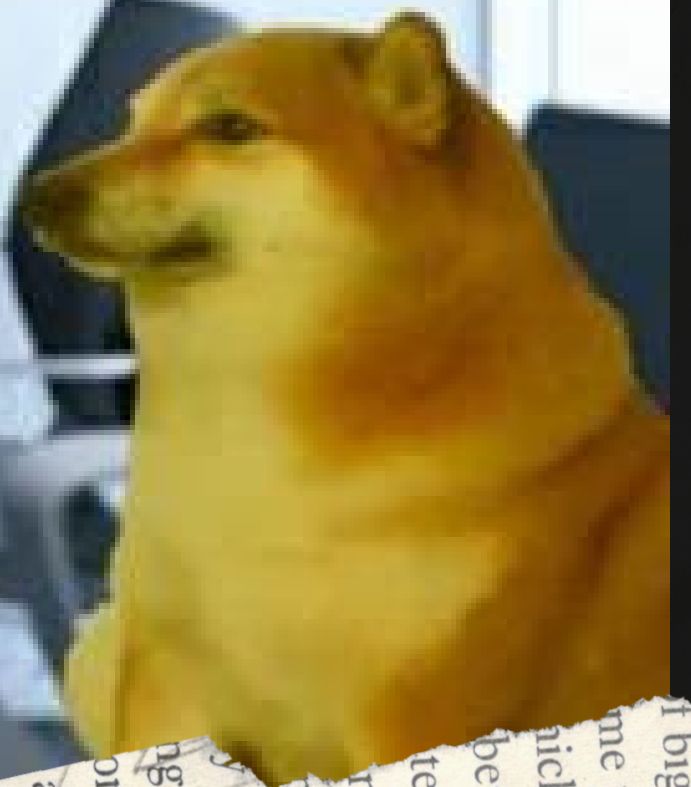
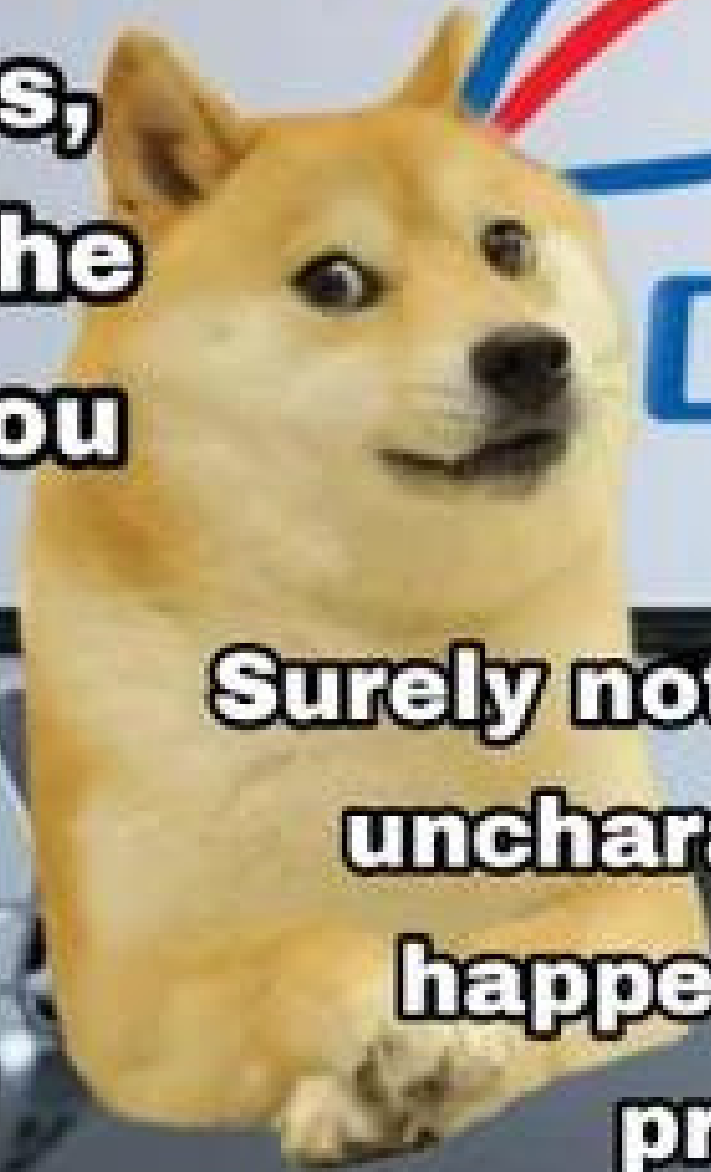
31 million Filipinos
engaged in the
campaign

**So we put
random numbers
on Pepsi caps in
The Philippines,
and if you get the
right number you
win a prize!**



CPPI

**Surely nothing wacky and
uncharacteristic will
happen during this
promotion**



THE INCIDENT

26 MAY

- 6PM National TV announces the winning number - 349 - total prize of 40 000 USD.
- Due to production error, instead of 2 winners, 600-800k bottle caps have "349" number .
- Lucky winners rush to Pepsi bottling plants to claim their prize but Pepsi stays silent and massive riots begin.



DISCUSSION

Discuss what should be your actions to minimize the immediate chaos.

What would be your decisions to save Pepsi's reputation in the Philippines?





MANAGEMENT DECISIONS

SHORT-TERM

26th May 3AM Pepsi management holds an emergency meeting: changing "349" to "134" and announcing it the following day.

Due to chaos of the changed number, Pepsi revokes the previous decision but the winners of the big prize would only be considered if their bottle cap has the security code "V-2421-JC".

Pepsi blames the technical error and offers 18\$ compensation to each winner.

This grace period is established, valid between 28th May and 12th June 1992.



MANAGEMENT DECISIONS

MID-TERM

Even after a year, Pepsi has not yet apologized even when the Senator of the Philippines publicly demands for the apology.

Pepsi maintains the narrative of a computer error and rejects full responsibility and fights every legal case (filed by 22 000 Filipinos).

January 1993 Pepsi pays a fine of 150 thousand pesos (around 1300\$) to the DTI (Department of Trade and Industry) for changing the promotional campaign firstly agreed and authorized by the government.

April 1993 Pepsi International CEO meets the President of the Philippines and asks for help.

In some cases from 1996 to 2001, Pepsi was only obligated to pay as little as 183 \$ to each person for moral damages.



MANAGEMENT DECISIONS

LONG-TERM

Pepsi decides to ignore the incident completely. On their website, milestones jump from 1986 to 1997, omitting one of the, if not the most intense and chaotic time of their company.

Pepsi refreshes their values and mission, and puts drive for sustainability and profitable growth while helping the local community and environment in the first place.

Their new values and total focus became People, Prosperity and Planet.

They also became more transparent with their business hierarchy/structure by publicly showing it on their website.

LESSONS LEARNED

Crisis management cannot be rushed.

Internal and external corporate communication is key in the crisis management, while lack of it may cause disastrous consequences.

Never deviate from the brand core and stay true to your values.

Consistently reflect brand core throughout the matrix's 8 elements.

Identity management directly affects reputation.



**Never Ask A Woman
Her Age**



**A Man,
His Salary**



Or Pepsi
**What happened in the
Philippines in 1992**



THANK YOU

D I O G O , G R E T A & N I K L A S