

Grand Jury probes drink giant... P&G profits fall... McDonalds loses at Games

Pepper and Coke under fire

A Federal Grand Jury is investigating the relations between Coca-Cola and Dr Pepper over the past two years — with the implication that their alleged too cosy dealings may constitute an anti-trust violation.

The panel has been investigating in secret since April and has centred around a former marketing man for Dr Pepper who went to work for Coke.

William Schemmerhorn quit as vice president marketing for Dallas-based Dr Pepper and went to Atlanta to be assistant to Coca-Cola's senior vice president, marketing, Sergio Zyman.

Just three weeks ago he became marketing director for Coke and diet Coke.

The Grand Jury is looking into allegations that, during his tenure at Dr Pepper, Schemmerhorn had what he termed a "deep throat" at Coke, providing the rival with information.

The investigation will also look at possible price fixing. Both Coca-Cola and Dr Pepper deny any misdeed.

With Dr Pepper's share of the soft drink market running at around six per cent, there is little likelihood that the charge of price fixing will stick. However,

■ The high cost to Procter & Gamble of launching Citrus Hill orange juice, shampoo and conditioner under the famous Ivory brand, Always sanitary products and Encaprin analgesic, will depress its profits all this year, according to P&G's chairman Owen Butler. While sales for the fourth quarter increased 5.2 per cent, profit rose just 1.1 per cent, to \$183m.

■ The Federal Communications Commission has reversed its liberalisation of television station ownership after pressure from Congress. The FCC was to allow a company or individual owner to increase from seven to 12 the number of stations owned.

■ Foote Cone Belding's merger with Norman Craig & Kummel at the beginning of the year has



Pepper: Trial by Jury

the Grand Jury's probe may make things a little hot for the executive at Coke who was Schemmerhorn's source. □

proved expensive. According to Norman Brown, the agency's president, the office consolidation needed following the takeover of NCK contributed to the agency's flat figures for the second quarter. Income dropped by just over two per cent. However the agency's revenues were up by 17 per cent and FCB is predicting growth of 35 per cent for the year.

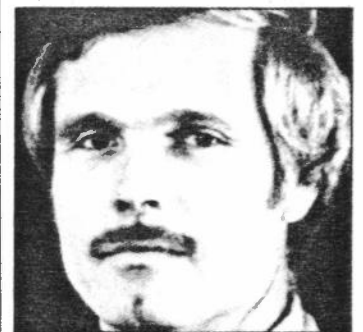
Turner plans pop channel

Millionaire broadcaster Ted Turner has his sights on the successful MTV 24-hour rock music television channel and is considering launching a rival.

The move comes as MTV, with its sister channel aimed at children, called Nickelodeon, is set to go public.

MTV Networks, as the group is called, is owned by Warner Amex. It is selling a third of the company to the public, but its offer price of \$15 a share was below that promised in the preliminary prospectus.

While Turner is undoubtedly serious about his investigation of the MTV market, his timing is seen as a clever business ploy, since it coincides with the offering of MTV and could talk down the market value of the share. □



Turner: To rival MTV?

Control bids for Burke

Burke Marketing Services, the research company which has given its name to the day-after recall techniques of television commercial testing, is the subject of bid from Control Data, which also owns Arbitron. Arbitron produces audience measurement for more than 200 television stations and 250 radio markets.

If Control Data signs the deal to obtain a "significant minority" of Burke it proposes to launch a syndicated service, monitoring television viewing, by individual, and coupling it with products bought by the household. The amalgamation of these two companies must pose a threat to the British AGB and its attempt to gain a foothold in the American market. □

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McDonalds loses out

The massive lead in gold, silver and bronze medals which America gained in the Los Angeles Olympics may not be such good news for McDonalds.

The hamburger chain ran a competition to coincide with the sports event which may turn out to be very expensive.

Customers were given game cards when buying food at any of the 6,600 restaurants in the chain. The cards bore the slogan "When the US wins, you win".

With Russia and the Eastern bloc absent from the Games, America had an embarrassment of riches.

McDonalds, however, was offering free Big Macs, fries or Coke on each win, depending on whether the medal was a gold, silver or bronze.

The company has used such a promotion once before. However, in the 1976 Montreal Olympics a full complement of countries took part and the fulfilment rate was not as high as this year's is likely to turn out.

The final count is not yet in, but word has it that in some restaurants the Big Macs were in short supply as customers cashed in. □

Big Mac and Cadbury pay over the odds



Sir Adrian Cadbury

AMERICA'S Olympic cycling hero Steve Hegg walked into a McDonald's Hamburger bar near the velodrome in Trexlertown, Pennsylvania, a fortnight ago. Unrecognised, he collected his Big Mac — and with it, a card to play McDonald's 'Go for Gold' promotion game.

Printed on a scratch-off section of the card (issued with every sale in McDonald's for several weeks) was the name of an Olympic event. If America won a gold medal in that event, the cardholder won a big meal.

Unfortunately (for McDonald's, though not for hamburger-lovers), the odds were calculated and the cards printed long before the Eastern bloc withdrew.

Says Bob Keyser, of McDonald's: 'We certainly redeemed more prizes than we anticipated.' Some McDonalds were said to have run out of burgers, though the company admits no more than a temporary bun shortage.

Among the winners was Hegg, whose card, by remarkable coincidence, revealed his own winning event. He claimed his burger the following day, in full wheeler's rig.

Here, a similarly over-

successful promotion has ended in sour faces and a High Court lawsuit.

Last spring, Typhoo (part of Cadbury-Schweppes) launched their 'Cashpot' promotion. Cards showed a table setting of teapot and cups; scratch-off sections revealed more cups which might or might not match the pre-printed setting. There were thousands of variations, and the odds were carefully calculated.

But someone, somewhere, found a way of beating the odds, and winning claims poured in. Cadbury paid up the first £250,000, and happily passed the rest over to their insurers, who had underwritten the fun.

The insurers didn't find it funny at all; not only did they refuse to pay, they took Cadbury to law. There, matters now slumber. Cadbury's, meanwhile, are making ex gratia payments of £50 to winners.

ROGER NUTTALL

THE miles of wallpaper coming from the Cheshire mill of A. G. Stanley (Fads, the paint and paper people) have begun to turn into money. Pre-tax profits were up 31 p.c. to £646,000 on turnover unchanged at £27m. Interim is unchanged at 1p, and the shares put on 5p to 45p.

NatWest talk of selling off Diners

NATIONAL Westminster Bank is negotiating to sell its near 50 pc in Diners Club Ltd, the British arm of the world-wide credit card group.

Talks have been held with Citicorp, the U.S. banking giant which owns the other half, and a deal is expected shortly. Exactly how much Diners Club Ltd., which has over 300,000 cardholders in the UK, is worth is a closely guarded secret.

Diners Club was launched in Britain in 1951, the pioneer of a credit card revolution which some years later brought in names like American Express, Barclaycard and Access.

Up-market

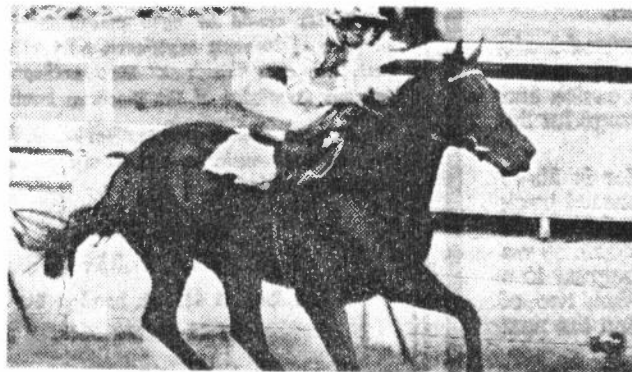
It started as a service for paying for meals but has expanded into most goods and services and is accepted in 50,000 retail outlets in the UK.

NatWest, which in 1972 became a large shareholder in the Access credit card group, owns 49.8 pc of Diners Club Ltd. Citicorp has 50 pc through its wholly-owned Diners Club Inc. in the U.S. And there are 17 private shareholders holding 0.2 pc.

Diners has clung onto its up-market image but it has been dwarfed in the UK by American Express which has 800,000 cardholders here.

IAIN MCKELVIE

Thoroughbreds



Gorytus, now in America, with Willie Carson in the saddle.

go to post again

FANCY a flutter? Then have 25p on the nose of a nag named Spanish Reel at Chester tomorrow. If it gets its costly nose in front, there could be bubbly for the latest batch of shareholders in British Thoroughbred Racing and Breeding.

Spanish Reel and another seven two-year-olds represent some of the shareholders' funds of BTRB. Other assets include stakes in stud farm stallions like Gorytus, supposed to win the 1983 Derby

but didn't, and a genuine flyer called Sharpo.

Last year the company raised £1m for starters but since April the shares (dealt over-the-counter and under Stock Exchange Rule 163) have been suspended while BTRB sought more cash for more horses.

It wanted at least £500,000 but got £660,000 from another 1,000 investors—making 4,000 in all. The new shares (cost £220), which can be dealt in tomorrow, were dubbed 'highly speculative' in the prospectus. Spanish Reel, may be less so.

THE City's net overseas earnings in 1983 jumped from £4.0bn to £5.4bn — equivalent to almost £100 per head, for the whole population of Great Britain.

EDINBURGH INVESTMENT TRUST is raising £38.3m through the issue of £40m of 11½p.c. debenture stock 2014 at £96.671p.c. The funding is part of a strategy to gear up. Initially, the proceeds will be put into short dated gilt edged securities and when exchange rates improve, repay part of the trust's Eurodollar borrowings which totalled £46.8m at the end of March. Eventually, the money will be put into equities as the cost after tax relief is only 8 pc.

comment.

Elsewhere, bear covering ahead of the end of the three-week account tomorrow caught jobbers on the hop. Shares raced up 17.4 to 849.8, adding around £3bn. to leading companies' values.

Leaders on the rise included BTR, up 22p to an all-time peak of 504p, followed by Glaxo, 12p higher to 952p and Associated Dairies, BICC and Blue Circle all up 10p.

Tate & Lyle shot up 14p to 387p—much of it in late trade—on revived bid gossip.

Those big lines of Lucas shares seem to have dried up for the time being. Hence the 4p rise yesterday to 181p. Punters are hopeful that the threatened machine tool workers' strike may be averted.

Brokers Statham Duff Stoop are reckoned to have been big buyers from 350p upwards.

Brooke Bond were a stronger brew after hours closing at 110p bid hoping for a new higher offer from Tate (or someone else). The first share and cash bid Tate (worth 105p last night) closed yesterday. ICL inched up 1p to 86p awaiting the closing date of the STC bid tomorrow week (September 7).

The pound continued to be encouraged by the number of dockers defying the strike call and rose almost half a cent, to \$1.3145. It's trade weighted value added 0.1 to 78.2 but gilts slipped ¼ on average.

COMPANY NEWS

BABCOCK INTERNATIONAL: Int. 3.7p (3.4p). Pre-tax pft. £16.0m (£14.0m) for half yr. to July 1. SLOUGH ESTATES: Int. 1.8p (1.525p). Pre-tax pft. £15.1m (£9.0m) for half yr. to June. ELECTRA INVESTMENT TRUST: Net asset value at June 30 £188.5m (£195.4m at March 31), eqvt 126.8p (131.4p). BRANMER: Int. 2.5p (2p). Pre-tax pft. £4.74m (£2.96m) for six months to June. JOHNSON MATTHEY: Pre-tax pft. £3.5m (£6.2m) for three months to June. Autocrypt have done well and will have larger U.S. market share.