

Final

Oral History Interview

with

CHARLES SANDAHL

October 21, 1984

at

Austin, Texas

By Scott Ellsworth

For the "Pepsi Generation" Oral History Project

Archives Center

National Museum of American History

Smithsonian Institution

TAPE ABSTRACT AND INDEX

Sandahl, Charles. Austin, Texas, October 21, 1984. Interviewed by Scott Ellsworth.

Charles Sandahl's family acquired the Pepsi franchise in Austin in the 1940s. Mr. Sandahl became the president of the franchise in 1953. He retired in the late 1970s.

The interview focuses on the concerns of a local Pepsi bottler from the 1950s to the 1970s. Among the topics addressed are: changes in the soft drink market in Austin; the bottler's role in advertising; the Pepsi-Cola Bottler's Association; local advertising; divestiture of bottling rights; alteration of the Pepsi formula; bottler prestige; bottler conventions; local political concerns; black and hispanic advertising; and the vending machine industry (an anecdote about the political and economic reasons behind a change in vending practice at the University of Texas). Some attention is also given to Pepsi leadership and the national advertising campaigns, particularly the "Pepsi Challenge."

The interview was conducted in Mr. Sandahl's home in Austin.

(463C)

Abstract of interview with Charles Sandahl, former Pepsi-Cola
bottler

Austin, Texas October 22, 1984

Interviewer: Scott Ellsworth

Tape 1, Side 1

2:00

SANDAHL'S FAMILY BACKGROUND

Family moved from San Antonio to Austin in 1939 because of his father's health problems. His father started in Hires Root Beer and Clicquot Club mixers. In the late 1940s the Pepsi plant went bankrupt and the family was approached by Pepsi because they were not affiliated with Dr Pepper or Coca-Cola. His father was one of the seven bottlers to experiment with changing the bottle from twelve ounces to ten ounces.

4:30

SANDAHL'S PERSONAL BACKGROUND

He went to the University of Texas and worked part-time at his father's bottling plant. Received his B.B.A. and L.L.B. degrees at University of Texas. Graduated in 1950 and practiced law for some time. He decided he liked the bottling business better and became president of the franchise in 1953. His father died in 1975.

6:45

EARLY MARKET IN AUSTIN

In the early 1950s Pepsi-Cola only had 8% of the market share. Coke outsold Pepsi-Cola ten to one. By the 1980s it was two to one.

7:35

BOTTLER'S ROLE IN ADVERTISING

As a group, the National Pepsi-Cola Bottler's Association has some power. Sandahl was the association's vice-president for two years and on its board for six years. The association reviews campaigns and gives responses and suggestions to Pepsi. As individuals, the

bottlers don't have any power. When the merger and diversification occurred in the 1960s the bottlers lost some of their clout. Mountain Dew campaign discussed.

9:30

WHEN BOTTLERS WON'T BUY ADVERTISING

Some bottlers don't sign up for advertising programs and consequently they decline to accept Pepsi company money. Usually the bottlers put in approximately

one-half of the money for advertising, and the company the other half. Example of a bottler who was so close to Houston that his area was receiving ads from there. He did not pay for his own television advertisements.

12:40

AREAS OF ADVERTISING SPENDING

Divided into two parts: media, and point of purchase. Point of purchase refers to money that goes into store displays. Media-60%. Point of purchase-40%.

15:10

DIVESTITURE OF BOTTLING RIGHTS

The only reason Pepsi has ever revoked bottling rights is when the quality of their product is low and the bottler shows no intention of improving it. The bottlers agree with this position. One bottler was found to be mixing another soda with Pepsi. Discussion of quality control and adulteration of the formula.

17:35

TASTE OF PEPSI CHANGED

In the late 1960s Pepsi lowered its sugar content. It had previously been slightly sweeter than Coke.

19:30

PRESTIGE OF BOTTLERS

In the 1950s and earlier, it was not prestigious to be a Pepsi bottler. Hires rootbeer was doing the best in the market. Pepsi actually gave the Sandahls the franchise; they did not have to buy it.

23:15

BOTTLER'S CONVENTIONS

Bottler's conventions have become like Las Vegas productions. Some bottlers starting out in the 1950s could not go because they could not afford the trip. The conventions make bottlers feel good. For the last ten years you could substitute a few words and the advertising would be exactly like the previous campaigns. Bottlers' prestige grew as they became more affluent.

26:45

"SOCIABLES" CAMPAIGN

This campaign was the first of the image campaigns. Pepsi moved away from the "hard sell" advertising approach. Portrayed young women in pretty dresses drinking Pepsi in very sophisticated surroundings. This campaign probably appealed to Kendall.

~~Sandahl Abstract~~ e

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Tape 1, Side 2

:55

JOAN CRAWFORD'S ROLE

Crawford might have had some influence in terms of switching to the "Sociables" campaign, but her primary role was attending the openings of plants and adding a touch of glamour to Pepsi functions. Her role has been blown way out of proportion.

2:50

"NOW IT'S PEPSI FOR THOSE WHO THINK YOUNG"

Sandahl was not happy with the switch from "hard sell" advertising to image advertising. He believes now that it might have been a good idea to change the image. Demographic studies showed that teens were drinking the most soft drinks. Sandahl liked the Diet Pepsi campaign.

5:55

WHY SANDAHL DID NOT USE "CHALLENGE"

Sandahl's business was growing about 15% p

per year. He looked at his growth rate compared to growth rates of bottlers using the "Challenge" and did not see any difference. The Coke franchise in Austin was not too aggressive. Most of the bottlers who adapted the "Challenge" campaign were doing it as a direct result of Coke's cost cutting. This promotional campaign worked very well, especially at first. Coke became incensed. Sandahl was conservative about expanding his business. He did not like to borrow money.

11:55

COMMON CONCERNS OF BOTTLERS

Sandahl was on Legislative Committee of Texas Bottlers Assn. for ten years. He worked as the liason for government affairs and had a Coke bottler as his co-chairman. Together they fought efforts to tax soft drinks. Discussion of cooperation between bottlers of different brands.

15:15

"MOLOTOV COCKTAILS"

During the 1960s, the Pepsi machines at the University of Texas sold Pepsi in returnable bottles. Students would take the empty bottles and return them for cash. To halt this, the Austin franchise proposed a switch to machines dispensing Pepsi in cans: but University authorities were reluctant to accept the change, claiming the cans might create a litter problem. They finally approved the change after it was pointed out that a Pepsi can makes a poor molotov cocktail (small bomb).

BLACK AND HISPANIC ADVERTISING

19:05

Pepsi had some all black commercials which a black executive worked on. There were also radio spots and some point-of-purchase materials in Spanish.

21:15

GREAT SUCCESS OF PEPSI

Pepsi's success is directly influenced by bottlers who invest heavily. Al Steele created tremendous excitement among the

bottlers, which contributed to the company's success. Steele was extremely charismatic and helped infuse the bottlers with enthusiasm.

24:10

BUSINESS STRATEGY

First, one needs both a quality product and an efficient operation. One also needs good marketing and advertising. Local bottlers are more effective than the parent company in terms of management because they can react much quicker to a situation.

26:20

VENDING

There are three ways to get a vending machine. 1. Monthly rental--The merchant pays for the use of the machine and buys the Pepsi at wholesale. 2. Full Service--The bottler puts product in and the merchant gets a percentage of what is sold. 3. Buying--Merchant buys the machine and the bottler finances it. In 1980 the average cost for a vending machine was \$650.00-\$750.00. Sandahl liked the skywriting promotions.

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