

MARKETING WEEK

38

*Shell faces High
Court battle over
Smart Card*

*Townsend quits
BSkyB ahead of
digital launch*

*£12m Lee win gives
Fallon McElligott
UK boost*

HEALTH CHEQUE

The impact of 50 years of the NHS



High Court action by promotional agency Don Marketing could delay national roll-out of scheme

By Tom O'Sullivan

Shell is being sued for allegedly breaching copyright on the concept idea it used to create its Shell Smart Card loyalty programme.

The legal row could further delay the national roll-out of the scheme. It has been tested in Scotland for the past 12 months and was to have been introduced nationally at the end of last year. However, it was delayed because the ten partners in the scheme, including Dixons, the RAC and Commercial Union, could not agree on a launch date.

The High Court writ was issued last Thursday by the promotional agency Don Marketing. It alleges that the agency first offered the idea for a "multibrand" loyalty scheme to the oil company at a confidential meeting between the agency and Shell on October 23 1989. The idea was further discussed in a letter dated July 24 1990 but at that stage Shell said that it did not want to pursue the Don Marketing concept.

The writ also reveals that Don Marketing had approached both Sainsbury's and Tesco, among other potential partners, to join a multi-brand scheme with Shell in early 1990. Sainsbury's was an initial member of the Shell Smart Card consortium in 1996 but is not part of the Scottish trial. The writ says Don

Shell in legal row over Smart Card



Shell Smart Card: The legal disagreement could delay national roll-out

Marketing developed the scheme on the basis of attracting market leaders from different sectors as partners.

Don Marketing managing director John Donovan has been in talks

with Shell for the past 12 months. "It was not obviously our scheme until Shell launched its trial in Scotland," says Donovan, "that is when we realised it was our scheme."

Shell denies the legal action will affect the national roll-out. "The claim has been most comprehensively investigated and discussed in correspondence with Mr Donovan," says a Shell spokeswoman. "Shell is satisfied that it is completely without substance. We now intend to defend vigorously Mr Donovan's claims in court."

Don Marketing is claiming multimillion pound damages. Its writ demands an injunction to prevent Shell using the scheme, an admission that the agency's confidential information was "misused" and that all promotional material credits Don Marketing with originating the scheme.

This legal case is the latest in a series of spats between Shell and Don Marketing. All have been settled out of court with the settlements remaining confidential.

Townsend resigns as BSkyB head

By Roger Baird

BSkyB marketing director for digital services Chris Townsend has left a month after being called in to oversee the launch of digital services on June 28.

Townsend departed late last week and is expected to take up a new marketing position in May with an entertainment company.

Last month, Townsend was

recalled to Sky from digital home shopping service British Interactive Broadcasting (BIB), where he was commercial director, to ensure that Sky's digital service launched on time (MW March 12).

Sky insiders say there was a disagreement between chief executive Mark Booth and Townsend over the communications strategy for the digital service.

Townsend confirmed he had left the company but would make no further comment except to say the split was "amicable".

Townsend was promoted to marketing director for digital services in 1995.

Orange to offer cheap calls to boost custom

By Julia Day

Mobile phone operator Orange is to introduce cheaper rates for customers who make mobile phone calls from or near their homes.

The new location-based service aims to encourage callers to use their mobile instead of the fixed phone line in their home. It is expected to be a cornerstone of Orange's forthcoming TV advertising campaign, which breaks on April 28.

The company is also understood to be considering new city tariffs to offer cheaper rates for urban calls in the major cities outside London in an attempt to redress the regional imbalance of mobile use. Twenty per cent of Londoners have mobiles, compared with ten per cent outside the capital.

One analyst comments: "Regional pricing through city tariffs is its (Orange's) new thing – it will redress the regional imbalance. Expect reductions of up to ten per cent."

However, he adds: "Orange was cheaper than Vodafone when it launched, but is not now, and its first quarter connections were lower than it had hoped."



Orange: New tariffs outside London

The location-based service will give Orange a point of difference in what is often seen as a confusing market. Urban-based tariffs are not a new idea, but previous attempts faltered due to technological failures.

Orange admits it is looking at location-specific charges as part of other innovations.

The initiatives are expected to be showcased in a new Orange advertising campaign through WCRS – shot by movie director Ridley Scott (MW April 2).

The campaign will play on the date's significance as Orange's fourth birthday.

Kiss marketing chief quits

Chris Sedgwick is understood to have quit as marketing director of London dance radio station Kiss 100 FM to return to Cadbury Schweppes less than a year after leaving the company.

Sedgwick, who left last week, is expected to join Cadbury Schweppes' Watford offices as east European marketing director early next month.

Sedgwick joined the radio station last June from Cadbury Schweppes, where he was marketing director for

northern Europe. Before joining Cadbury Schweppes, he worked at Mars as research and planning manager for the UK and Europe.

Sedgwick replaced Malcolm Cox at the radio station. In October 1996 Cox became marketing director of radio sales house EMAP On Air, which sells airtime for EMAP Radio's 19 local UK stations.

● Liz Marsden, Cadbury Schweppes marketing director for Russia has left the company.