

APPENDIX 1

(*first referred to in paragraph 3*)

Views of distributors, trade associations and other organisations

1. We invited evidence from a considerable number of distributors of cat and dog foods, from trade associations representing the interests of distributors and users and from other organisations concerned with animal welfare and breeding. In addition to the written evidence received, oral hearings were held with some of these witnesses, while a number of others were interviewed by the Commission's staff. The views expressed are summarised below.

Distributors

2. Several distributors complained about the number of different varieties and flavours in which some of the products were produced. One said that 'the number of varieties current, and being continuously introduced, causes considerable problems, both in capital tied up in stock and display opportunities'. Another distributor pointed out that 'some products have three, four, even five flavours, and we consider that this multiplicity of flavours makes the selling operation unwieldy and increases costs'. This distributor considered that the main reason why manufacturers brought out multiple varieties of their products was their desire to increase the amount of shelf space devoted to their brands rather than the demands of customers for greater variety. A third distributor considered that the numerous 'new' lines, frequently re-vamps of old ones or different flavours or variations of existing products, led to serious shelf space problems, while a fourth stated similarly that it would be easier for his trading operations if there were fewer brands and varieties on the market.

3. Not all distributors shared this view. One said that all the major suppliers were 'committed to a programme of perpetual research of the brands within the context of the market climate, and therefore there is a constant replacement of popular brands taking place as new brands are introduced'. This 'keeps the market generally in a healthy state'.

4. Some distributors complained, however, about the pricing of cat and dog foods. One commented that prices were 'far too high', and claimed that he was importing an own label dog food from the United States 'far cheaper than a similar item produced in the United Kingdom'. Another said that the major suppliers had too many 'money off packs' which could lead to confusion at store level for both staff and customers. A wholesaler complained that pet food manufacturers, unlike the suppliers of some grocery products, maintained only percentage gross profits on 'money off' stock and did not allow wholesalers to retain the same sterling margin on reduced selling prices. While this practice assisted the sales of suppliers, it did not help wholesalers to maintain profitability.

5. A few distributors complained about quantity discounts. A wholesaler said that, following the three-day week when there was a temporary product shortage, Pedigree Petfoods was unable to supply maximum case quantities but the higher price structure relating to smaller quantities was enforced. A large retail organisation complained that the discount terms which it received from pet food suppliers

did not fully reflect the cost savings to the suppliers of the large deliveries to its depots. Pedigree Petfoods' highest discount was for deliveries of 600 or more cases; since 600 cases represented between 30 and 62 per cent of a truck load, a higher discount should be offered for a full load.

6. Other distributors were less critical of the suppliers. A multiple retailer said that the prices charged by the two main groups compared favourably, quality for quality, with those of smaller suppliers. He had never felt the market to be unduly restricted because of the weight of Pedigree Petfoods and Spillers. His biggest individual line was a cat food from a minor supplier, and this seemed to him to confirm that the two market leaders held their share on merit. A retail multiple said that its requirements of cat and dog foods were met in a generally efficient manner by its suppliers. The market was highly competitive and competition between brands was strong to secure good display representation on pet food shelf space.

7. The Parliamentary Committee of the Co-operative Union also considered that the market was highly competitive with a range of well-known brands which were acceptable to the consumer. Most of the major brands were heavily price promoted and a good percentage of the product was purchased at promotional prices. The consumer appeared to be quality conscious and high standards of quality were observed within the industry. The semi-moist foods which had been introduced in recent years had achieved a reasonable level of success, but did not as yet appear to have reduced the demand for canned foods. Despite the rapidly escalating prices of all foodstuffs in the last two or three years, there did not so far appear to be any substantial fall in demand for pet foods.

Trade associations

8. The National Federation of Wholesale Grocers and Provision Merchants felt that the complexity of the market had been aggravated by the dominant position of Pedigree Petfoods and Spillers. Smaller suppliers trying to break into the market had been compelled to specialise in new products because of the strength of the traditional sectors which were dominated by the two market leaders. This had led to the continual introduction of new brands coupled with heavy advertising support. The Federation also complained about the 'take it or leave it' attitude of cat and dog food manufacturers in dealings with the distributive trade, naming Pedigree Petfoods in particular. They gave the following examples:

- (a) If the manufacturers were out of stock of lines ordered by the Federation's members, resulting in the order falling into a lower case range carrying a smaller discount, the manufacturers insisted on the lower discount even though the fault was theirs.
- (b) The manufacturers had not shown themselves to be willing even to discuss trade recommendations on types of packs. The Federation complained in particular about the refusal of Pedigree Petfoods to make the 24-tin case size generally available.
- (c) Compared with food manufacturers in other areas, cat and dog food manufacturers were very resistant to promotional activities designed to reduce consumer prices.

- (d) The manufacturers, especially Pedigree Petfoods, did not give enough notice of price increases.

9. The National Food and Drink Federation complained about the arbitrary way in which Pedigree Petfoods could alter its price list without any concern for independent retailers. They said that on two recent occasions the price list had been adjusted to the detriment of small retailers by imposing proportionately larger increases on the purchase of small quantities. They felt that if a price increase was warranted it should be applied at the same rate throughout the price structure. The National Association of Pet Trade Wholesalers and the National Boarding Kennels Federation expressed concern about the beneficial quantity discounts allowed to supermarkets which were not given to small pet shops so that the latter were at a competitive disadvantage.

10. The Laboratory Animal Breeders' Association of Great Britain claimed that the omission of printed nutritional values (eg protein, fat, vitamin and water content) on labels could contribute to the monopoly situation in the supply of cat and dog foods. These foods were offered as a complete diet for breeding and maintenance, and publication of nutritional values would indicate that as a sole source of diet they were not adequate for breeding.

Other organisations

11. The Consumers' Association suggested that the Commission should question how much reality there was in the apparent wealth of choice of cat and dog foods on the market, whether the various flavours were produced from a basic recipe with artificial or natural flavours added and, if so, whether such flavour distinctions had any value for the animal or whether they were marketing distinctions aimed at the pet's owner, and whether this increased or decreased the total costs of the trade. The Association did not express an opinion on those matters themselves.

12. Organisations concerned with animal welfare generally expressed warm appreciation of the assistance afforded to them by the leading pet food manufacturers and their scrupulous concern for quality and for educating pet owners. The Royal Society for the Prevention of Cruelty to Animals said that in their experience the larger manufacturers were only too anxious to formulate their foods to maximise the health of the animals that eat them, and to this end they employed experts such as veterinary surgeons, nutritionists, behaviourists and researchers. They provided valuable educational material for pet owners and they were generous with their funds in supporting animal welfare projects and scientific symposia for learned societies. The Guide Dogs for the Blind Association said that they found a good selection of foods available for dogs, and that they received much help and co-operation from the present suppliers. In addition, the useful information distributed by Pedigree Petfoods in the form of lectures, pamphlets and other publications was a great asset to the dog world. The British Small Animal Veterinary Association requested the Commission 'to take into consideration when assessing their findings the support given by the manufacturers of cat and dog food and especially those who subscribe to the Pet Food Manufacturers' Association to research in diseases of cats and dogs and to the further education of veterinary surgeons and the general public by their sponsorship of meetings on a local or national level, and the issue of

educational leaflets and films on the responsibilities of pet ownership including their day-to-day management, first aid and the simple ailments of small animals in general'. The Association considered that the research promoted by the industry, and notably the Pet Food Manufacturers' Association, was in the public interest and was fulfilling a need which had been neglected by the Government.

13. Similar views were expressed by the British Veterinary Association and by the National Dog Owners' Association.

APPENDIX 2

(first referred to in paragraph 60)

Brands and flavours supplied by Pedigree Petfoods and Spillers

Pedigree Petfoods

| <i>Brand</i> | <i>Flavour</i> |
|---------------------------|--|
| <i>Dog food</i> | |
| Chappie | — |
| Lassie | Liver Rabbit and chicken Oxtail With beef |
| Bounce | — |
| Pal | With beef Liver Rabbit |
| Chum | Original Liver/heart Chicken Lamb |
| Bounce Minced Dinner | — With cheese |
| Loyal | — |
| Mick | — |
| <i>Cat food</i> | |
| Kitekat | Fish and liver Meat and liver |
| Katkins | — |
| Whiskas Supermeat | With liver With beef With rabbit With heart |
| Whiskas Neptune Superfish | With pilchard With salmon |
| Bounce | — |
| Cupboard Love | Meat and liver Tasty fish |
| Munchies | Pilchard Beef and liver Chicken and rabbit |

Spillers

| <i>Brand</i> | <i>Flavour</i> |
|-----------------|----------------------------------|
| <i>Dog food</i> | |
| Kennomeat | Meat and liver Beef Rabbit |
| Jock | — |
| Top Dog | — |
| Bonus | — |
| Choice Cuts | Original Liver and kidney |
| Champ | — |
| Balance | — |
| Moist and Meaty | Beef Liver |
| Winalot | — |
| Puppy food | — |
| Saval | — |
| Bonus | — |
| Shapes | — |
| Mixed Ovals | — |
| Bonio | — Cheese Beef |

Cat food

| | |
|-----------|---|
| Kattomeat | Meat Rabbit Heart |
| Topcat | Fish and meat With salmon With rabbit |
| Choosy | Original Herring Cod |
| Bonus | — |

APPENDIX 3

(first referred to in paragraph 138)

Return on sales and capital employed

| | 1972 | 1973 | 1974 | 1975 | Simple average 1972-75 |
|---------------------------------------|------|------|------|----------|------------------------------|
| Profit (a) as a percentage of: | | | | | |
| <i>Sales</i> | | | | | |
| <i>Historic cost basis</i> | | | | | |
| Pedigree Petfoods (b) | 8.7 | 6.7 | 5.6 | 7.5 | 7.1 |
| Spillers (c) (d) | 8.9 | 5.8 | 5.6 | 5.2 | 6.4 |
| All manufacturing industry (e) | 8.1 | 8.5 | 7.3 | 6.9 (f) | 7.7 |
| Food industry (g) | 5.7 | 5.4 | 5.2 | 5.1 (f) | 5.4 |
| <i>Current cost basis (h)</i> | | | | | |
| Pedigree Petfoods | 7.0 | 3.8 | 2.7 | 4.7 | 4.5 |
| Spillers (c) | N/A | N/A | N/A | 1.2 | N/A |
| All manufacturing industry | 5.4 | 4.3 | 1.1 | 1.3 (f) | 3.0 |
| Food industry | 4.3 | 2.5 | 1.0 | 1.3 (f) | 2.3 |
| <i>Capital employed</i> | | | | | |
| <i>Historic cost basis (i)</i> | | | | | |
| Pedigree Petfoods | 74.2 | 48.3 | 29.3 | 35.1 | 46.7 |
| Spillers (c) | 25.1 | 16.8 | 16.8 | 18.3 | 19.2 |
| All manufacturing industry | 15.0 | 17.4 | 17.0 | 15.2 (f) | 16.2 |
| Food industry | 16.3 | 16.8 | 17.1 | 18.6 (f) | 17.2 |
| <i>Current cost basis (h)</i> | | | | | |
| Pedigree Petfoods | 43.1 | 20.4 | 11.2 | 16.5 | 22.8 |
| Spillers (c) | N/A | N/A | N/A | 2.7 | N/A |
| All manufacturing industry | 8.6 | 7.4 | 2.0 | 2.1 (f) | 5.0 |
| Food industry | 10.2 | 6.3 | 2.6 | 3.7 (f) | 5.7 |

Notes: (a) Profit is before charging interest and corporate taxation.

(b) See Appendix 4, notes (a) and (b).

(c) Spillers' figures relate to the financial years ended 31 January 1973 to 1976.

(d) See Appendix 6, note (a).

(e) These rates are derived from information contained in Business Monitor, and are based on the accounts of quoted companies engaged mainly in the United Kingdom in manufacturing activities with net assets of £2 million or more or gross income of £0.2 million or more.

(f) The Commission's report on *Diazo Copying Materials* (HC165), HMSO gave provisional rates of return on capital employed for quoted companies in United Kingdom manufacturing industry for 1975 on historic cost and current cost accounting bases. Since the completion of the *Diazo Copying Materials* inquiry, information has become available from further companies. As a

result, the rates for 1975 stated above are based on information relating to about four-fifths of the total number of companies qualifying for inclusion (see note (e)).

- (g) These rates relate to companies in United Kingdom manufacturing industry (see note e) whose main activity is the manufacture of food.
- (h) Profit and capital employed on a current cost basis have been calculated in accordance with the recommendations contained in *Inflation Accounting: Report of the Inflation Accounting Committee* (Cmnd. 6225), HMSO.
- (i) Capital employed on an historic cost basis comprises tangible fixed assets at original cost less accumulated depreciation and net current assets before deducting bank overdrafts and loans, future tax and proposed dividends.

APPENDIX 4
(referred to in paragraph 140)

Pedigree Petfoods: sales, costs, profit and return on capital employed (a)

| | <i>Twelve months to 31 July</i> | | | | | <i>Twelve months to 31 December</i> | | |
|---|---------------------------------|-------------|-------------|-------------|-------------|-------------------------------------|-------------|-------------|
| | <i>1966</i> | <i>1970</i> | <i>1971</i> | <i>1972</i> | <i>1973</i> | <i>1974</i> | <i>1975</i> | <i>1976</i> |
| Net sales (b) (£'000s) | 27,600 | 33,371 | 36,502 | 48,196 | 61,205 | 75,331 | 88,997 | 108,994 |
| Costs (per cent) | | | | | | | | |
| Raw materials | 40.1 | 40.4 | 37.3 | 37.4 | 43.1 | 44.8 | 37.1 | 36.6 |
| Cans and packing | 21.8 | 21.8 | 22.6 | 22.1 | 20.6 | 21.8 | 24.2 | 25.5 |
| Delivery | 3.5 | 3.7 | 3.9 | 3.7 | 3.5 | 3.6 | 3.3 | 3.5 |
| Employees' remuneration | 11.7 | 12.9 | 13.2 | 12.7 | 12.4 | 12.3 | 14.4 | 14.7 |
| Advertising and promotion | 9.4 | 6.4 | 6.4 | 6.3 | 4.5 | 3.1 | 3.6 | 3.5 |
| Other | 7.0 | 8.0 | 9.2 | 9.1 | 9.2 | 8.8 | 9.9 | 9.0 |
| Profit (per cent) (c) | | | | | | | | |
| <i>historic cost basis</i> | 6.5 | 6.8 | 7.4 | 8.7 | 6.7 | 5.6 | 7.5 | 7.2 |
| <i>current cost basis</i> | 5.5 | 5.9 | 6.1 | 7.0 | 3.8 | 2.7 | 4.7 | 3.4 |
| Return on capital employed (per cent) (d) | | | | | | | | |
| <i>historic cost basis</i> | 29.9 | 41.6 | 44.5 | 74.2 | 48.3 | 29.3 | 35.1 | 33.3 |
| <i>current cost basis</i> | 22.2 | 29.7 | 29.0 | 43.1 | 20.4 | 11.2 | 16.5 | 10.6 |

Notes: (a) Including non-reference trading such as sales of bird seed etc and exports which have only a marginal effect on the trading of the company.

(b) Net sales are after deduction of all discounts and allowances and special price reductions.

(c) See Appendix 3, note (a).

(d) See Appendix 3, notes (h) and (i).

APPENDIX 5

(first referred to in paragraph 141)

**Return on sales and capital employed on historic cost basis
analysed by quartiles**

A. Return on capital employed by quartiles (historic cost basis)

| | | Average—per cent | | | | Total |
|-------------------------------|---|------------------|------|------|-----|-------|
| | | Quartiles | | | | |
| | | 1 | 2 | 3 | 4 | |
| 1971 | All manufacturing industry (834 companies) | 26.9 | 19.3 | 12.3 | 6.7 | 12.5 |
| | Pedigree Petfoods <i>unadjusted</i> | 44.5 | | | | |
| | Food industry (38 companies) | 21.0 | 15.4 | 13.3 | 8.3 | 12.4 |
| 1972 | All manufacturing industry (786 companies) | 28.9 | 19.3 | 13.8 | 8.6 | 15.0 |
| | Pedigree Petfoods <i>unadjusted</i> | 74.2 | | | | |
| | <i>adjusted</i> | 34.0 | | | | |
| | Spillers | 25.1 | | | | |
| | Food industry (34 companies) | 21.2 | 19.8 | 15.4 | 9.0 | 16.3 |
| 1973 | All manufacturing industry (762 companies) | 29.9 | 21.6 | 17.1 | 9.8 | 17.4 |
| | Pedigree Petfoods <i>unadjusted</i> | 48.3 | | | | |
| | <i>adjusted</i> | 25.6 | | | | |
| | Spillers | | | 16.8 | | |
| | Food industry (33 companies) | 26.1 | 19.3 | 14.1 | 5.5 | 16.8 |
| 1974 | All manufacturing industry (780 companies) | 27.6 | 20.3 | 15.5 | 8.5 | 17.0 |
| | Pedigree Petfoods <i>unadjusted</i> | 29.3 | | | | |
| | <i>adjusted</i> | | 19.1 | | | |
| | Spillers | | | 16.8 | | |
| | Food industry (32 companies) | 23.8 | 18.9 | 12.5 | 4.2 | 17.1 |
| Average 1971 to 1974 | All manufacturing industry | 28.3 | 20.1 | 14.7 | 8.4 | 15.5 |
| | Pedigree Petfoods <i>unadjusted</i> | 49.1 | | | | |
| | Food industry | 23.0 | 18.4 | 13.8 | 6.8 | 15.7 |
| Average 1972 to 1974 | All manufacturing industry | 28.8 | 20.4 | 15.5 | 9.0 | 16.5 |
| | Pedigree Petfoods <i>unadjusted</i> | 50.6 | | | | |
| | <i>adjusted</i> | 26.2 | | | | |
| | Spillers | | 19.6 | | | |
| | Food industry | 23.7 | 19.3 | 14.0 | 6.2 | 16.7 |

B. Return on sales by quartiles (historic cost basis)

| | | Average—per cent | | | | Total |
|---------|---|------------------|------|-----|-----|-------|
| | | Quartiles | | | | |
| | | 1 | 2 | 3 | 4 | |
| 1971 | All manufacturing industry (834 companies) | 12.8 | 8.5 | 5.6 | 2.1 | 6.4 |
| | Pedigree Petfoods <i>unadjusted</i> | | | 7.4 | | |
| | Food industry (38 companies) | 7.7 | 5.3 | 4.2 | 1.2 | 5.0 |
| 1972 | All manufacturing industry (786 companies) | 14.5 | 9.1 | 6.3 | 3.3 | 8.1 |
| | Pedigree Petfoods <i>unadjusted</i> | | | 8.7 | | |
| | <i>adjusted</i> | | 11.1 | | | |
| | Spillers | | | 8.9 | | |
| | Food industry (34 companies) | 7.9 | 6.6 | 5.1 | 3.3 | 5.7 |
| 1973 | All manufacturing industry (762 companies) | 14.4 | 10.5 | 8.1 | 4.1 | 8.5 |
| | Pedigree Petfoods <i>unadjusted</i> | | | | 6.7 | |
| | <i>adjusted</i> | | | 9.0 | | |
| | Spillers | | | | 5.8 | |
| | Food industry (33 companies) | 8.9 | 5.9 | 3.7 | 0.3 | 5.4 |
| 1974 | All manufacturing industry (780 companies) | 13.2 | 9.0 | 6.9 | 3.2 | 7.3 |
| | Pedigree Petfoods <i>unadjusted</i> | | | 5.6 | | |
| | <i>adjusted</i> | | | 7.7 | | |
| | Spillers | | | 5.6 | | |
| | Food industry (32 companies) | 8.1 | 5.7 | 2.9 | 1.0 | 5.2 |
| Average | All manufacturing industry | 13.7 | 9.3 | 6.7 | 3.2 | 7.6 |
| 1971 | Pedigree Petfoods <i>unadjusted</i> | | | 7.1 | | |
| to | | | | | | |
| 1974 | Food industry | 8.2 | 5.9 | 4.0 | 1.5 | 5.3 |
| Average | All manufacturing industry | 14.0 | 9.5 | 7.1 | 3.5 | 8.0 |
| 1972 | Pedigree Petfoods <i>unadjusted</i> | | | 7.0 | | |
| to | | | | | | |
| 1974 | <i>adjusted</i> | | 9.3 | | | |
| | Spillers | | | 6.8 | | |
| | Food industry | 8.3 | 6.1 | 3.9 | 1.5 | 5.4 |

C. Ratio of sales to capital employed (historic cost basis)

(Based on the data attributable to each of the quartiles in section A)

| | | Average | | | | Total |
|---------|---|-----------|-----|-----|-----|-------|
| | | Quartiles | | | | |
| | | 1 | 2 | 3 | 4 | |
| 1971 | All manufacturing industry (834 companies) | 2.0 | 2.0 | 1.6 | 1.3 | 1.6 |
| | Pedigree Petfoods <i>unadjusted</i> | 6.0 | | | | |
| | Food industry (38 companies) | 3.6 | 2.4 | 1.8 | 1.7 | 2.1 |
| 1972 | All manufacturing industry (786 companies) | 2.0 | 1.7 | 1.6 | 1.1 | 1.5 |
| | Pedigree Petfoods <i>unadjusted</i> | 8.6 | | | | |
| | <i>adjusted</i> | 3.1 | | | | |
| | Spillers | 2.8 | | | | |
| | Food industry (34 companies) | 3.2 | 1.8 | 2.3 | 1.6 | 2.0 |
| 1973 | All manufacturing industry (762 companies) | 2.3 | 1.8 | 1.6 | 1.5 | 1.7 |
| | Pedigree Petfoods <i>unadjusted</i> | 7.2 | | | | |
| | <i>adjusted</i> | 2.8 | | | | |
| | Spillers | 2.9 | | | | |
| | Food industry (33 companies) | 3.0 | 3.5 | 1.8 | 2.3 | 2.5 |
| 1974 | All manufacturing industry (780 companies) | 2.4 | 1.8 | 2.0 | 2.0 | 2.0 |
| | Pedigree Petfoods <i>unadjusted</i> | 5.3 | | | | |
| | <i>adjusted</i> | 2.5 | | | | |
| | Spillers | 3.0 | | | | |
| | Food industry (32 companies) | 3.2 | 3.5 | 2.9 | 1.5 | 3.0 |
| Average | All manufacturing industry | 2.2 | 1.8 | 1.7 | 1.5 | 1.7 |
| 1971 | Pedigree Petfoods <i>unadjusted</i> | 6.8 | | | | |
| to | Food industry | 3.3 | 2.8 | 2.2 | 1.8 | 2.4 |
| 1974 | All manufacturing industry | 2.2 | 1.8 | 1.7 | 1.5 | 1.7 |
| Average | Pedigree Petfoods <i>unadjusted</i> | 7.0 | | | | |
| 1972 | <i>adjusted</i> | 2.8 | | | | |
| to | Spillers | 2.9 | | | | |
| 1974 | Food industry | 3.1 | 2.9 | 2.3 | 1.8 | 2.5 |

Notes: (a) The rates shown for all manufacturing industry (including food) and for the food industry are derived from lists prepared by the Central Statistical Office in connection with information published in Business Monitor and are based on the accounts of quoted companies engaged mainly in United Kingdom manufacturing activities with net assets of £2 million or more or gross income of £0.2 million or more. There are insufficient data currently available for the calculation of quartile rates in respect of 1975.

(b) Pedigree Petfoods' rates of return and ratios for 1971 relate to its accounting year to 31 July 1971. Since 1972 its accounting year has coincided with the calendar year.

(c) Spillers' figures relate only to its pet food activities for the accounting years ended 31 January 1972 to 1976.

(d) See Appendix 3, notes (a) and (i).

APPENDIX 6

(referred to in paragraph 144)

Spillers: sales, costs, profit and return on capital employed

| | <i>Twelve months to 31 January</i> | | | |
|---|------------------------------------|-------------|-------------|-------------|
| | <i>1973</i> | <i>1974</i> | <i>1975</i> | <i>1976</i> |
| Net sales (£'000s) (a) | 26,973 | 32,792 | 41,226 | 47,315 |
| Costs (per cent) | | | | |
| Raw materials | 32.3 | 38.9 | 35.9 | 30.9 |
| Cans and packing | 18.2 | 17.8 | 21.2 | 22.3 |
| Delivery | 7.6 | 7.3 | 7.2 | 7.2 |
| Employees' remuneration | 12.1 | 12.0 | 12.5 | 14.3 |
| Advertising and promotion | 10.2 | 7.7 | 6.1 | 6.4 |
| Other | 10.7 | 10.5 | 11.5 | 13.7 |
| Profit (per cent) (b) | | | | |
| <i>historic cost basis</i> | 8.9 | 5.8 | 5.6 | 5.2 |
| <i>current cost basis</i> | N/A | N/A | N/A | 1.2 |
| Return on capital employed (per cent) (c) | | | | |
| <i>historic cost basis</i> | 25.1 | 16.8 | 16.8 | 18.3 |
| <i>current cost basis</i> | N/A | N/A | N/A | 2.7 |

Notes: (a) Net sales, which relate only to reference products, are after deduction of all discounts and allowances but before deduction of special price reductions which are included under promotion costs.

(b) See Appendix 3, note (a).

(c) See Appendix 3, notes (h) and (i).

APPENDIX 7

(first referred to in paragraph 159)

**Price changes for selected brands of cat and dog foods supplied
by Pedigree Petfoods and Spillers**

| <i>Date</i> | <i>Pedigree Petfoods</i> | <i>Spillers</i> |
|-------------|--------------------------|--------------------------|
| | <i>Whiskas (handy)</i> | <i>Kattomeat (handy)</i> |
| 2.3.70 | 1/6d | 1/6d |
| 30.11.70 | | 1/4d |
| 18.1.71 | 7½p | |
| 16.8.71 | | 6½p |
| 6.12.71 | | 7p |
| 21.8.72 | | 7½p |
| 11.9.72 | 8p | |
| 1.4.73 | | 8p |
| 12.11.73 | 8½p | |
| 10.12.73 | | 8½p |
| 11.2.74 | 9½p | |
| 18.2.74 | | 9½p |
| 3.6.74 | 10½p | |
| 24.6.74 | | 10p |
| 29.7.74 | 10p | 9½p |
| 7.10.74 | 10½p | |
| 14.10.74 | | 10½p |
| 6.1.75 | 11p | |
| 24.2.75 | | 11p |
| 24.4.75 | 12p | |
| 28.7.75 | 12½p | |
| 27.10.75 | | 11½p |
| 19.1.76 | 13p | |
| 8.3.76 | | 12½p |
| 21.6.76 | 13½p | |
| 26.7.76 | | 13p |
| 6.9.76 | 14½p | |
| 13.9.76 | | 14p |
| 29.11.76 | | 14½p |
| | <i>Kitekat (handy)</i> | <i>Choosy (handy)</i> |
| 6.7.70 | 1/0d | |
| 13.7.70 | | 1/0d |
| 22.11.71 | 5½p | |
| 6.12.71 | | 5½p |
| 16.7.73 | 6p | 6p |
| 11.3.74 | | 6½p |
| 1.4.74 | 6½p | |
| 3.6.74 | 7½p | |
| 24.6.74 | | 7½p |
| 7.10.74 | 8p | |
| 14.10.74 | | 8p |
| 6.1.75 | 8½p | |
| 21.3.75 | | 8½p |

APPENDIX 7—contd.

| <i>Date</i> | <i>Pedigree Petfoods Kitekat (handy)</i> | <i>Spillers Choosy (handy)</i> |
|-------------|--|------------------------------------|
| 24.4.75 | 9p | |
| 28.7.75 | 9½p | |
| 27.10.75 | | 9p |
| 8.3.76 | | 9½p |
| 24.5.76 | | 10p |
| 21.6.76 | 10p | |
| 26.7.76 | | 10½p |
| 6.9.76 | 10½p | |
| 1.11.76 | 11p | |
| 29.11.76 | | 11½p |
| | <i>Chum (large)</i> | <i>Kennomeat (large)</i> |
| 2.3.70 | 2/8d | 2/8d |
| 30.11.70 | | 2/6d |
| 18.1.71 | 13½p | |
| 26.7.71 | 13p | |
| 16.8.71 | | 12½p |
| 6.12.71 | | 13p |
| 13.3.72 | | 13½p |
| 27.3.72 | 13½p | |
| 1.4.73 | 14p | 14p |
| 16.7.73 | 14½p | 14½p |
| 12.11.73 | 15½p | |
| 10.12.73 | | 15½p |
| 11.2.74 | 16p | |
| 11.3.74 | | 16p |
| 3.6.74 | 17p | |
| 24.6.74 | | 17p |
| 29.7.74 | 16½p | 16½p |
| 7.10.74 | 17½p | |
| 14.10.74 | | 17½p |
| 6.1.75 | 18½p | |
| 24.2.75 | | 18½p |
| 24.4.75 | 19p | |
| 28.7.75 | 19½p | |
| 19.1.76 | 20½p | |
| 24.5.76 | | 19p |
| 21.6.76 | 21½p | |
| 26.7.76 | | 19½p |
| 4.9.76 | 22½p | |
| 13.9.76 | | 20½p |
| 29.11.76 | | 22p |
| | <i>Bounce (large)</i> | <i>Bonus (large)</i> |
| 11.5.70 | 1/11d | |
| 19.10.70 | | 1/6d |
| 4.1.71 | | 8½p |
| 18.1.71 | 9½p | |
| 22.3.71 | | 9p |
| 11.9.72 | 10p | |

APPENDIX 7—*contd.*

| <i>Date</i> | <i>Pedigree Petfoods Bounce (large)</i> | <i>Spillers Bonus (large)</i> |
|-------------|---|-----------------------------------|
| 30.10.72 | | 9½p |
| 16.7.73 | 11p | 11p |
| 12.11.73 | 11½p | |
| 10.12.73 | | 11½p |
| 11.2.74 | 12½p | |
| 18.2.74 | | 12p |
| 11.3.74 | | 12½p |
| 3.6.74 | 13½p | |
| 24.6.74 | | 13½p |
| 29.7.74 | 13p | 13p |
| 7.10.74 | 13½p | |
| 14.10.74 | | 13½p |
| 6.1.75 | 14p | |
| 24.2.75 | | 14p |
| 24.4.75 | 14½p | |
| 2.6.75 | | 14½p |
| 28.7.75 | 15p | |
| 8.3.76 | | 15p |
| 26.7.76 | | 15½p |
| 6.9.76 | 16p | |
| 13.9.76 | | 16½p |
| 1.11.76 | 16½p | |
| 29.11.76 | | 17½p |

APPENDIX 8

(referred to in paragraph 237)

**Press and television advertising expenditure as a
percentage of sales revenue for certain consumer products,
1974 and 1975**

| | 1974 | | | 1975 | | |
|---|----------------------|--|---|----------------------|--|---|
| | <i>Sales</i> (£m) | <i>Advert- ising expend- iture</i> (£m) | <i>Advert- ising sales ratio</i> (%) | <i>Sales</i> (£m) | <i>Advert- ising expend- iture</i> (£m) | <i>Advert- ising sales ratio</i> (%) |
| Toothpaste and tooth powder | 21.5 | 3.72 | 17.3 | 28.8 | 4.93 | 17.1 |
| Razor blades and razors | 14.4 | 1.33 | 9.2 | 12.6 | 0.99 | 7.9 |
| Coffee | 81.4 | 3.21 | 3.9 | 96.5 | 3.45 | 3.6 |
| Chocolate and chocolate confectionery | 318.5 | 12.24 | 3.8 | 365.2 | 13.30 | 3.6 |
| Cat and dog foods | 132.0 | 4.99 | 3.8 | 156.3 | 5.43 | 3.5 |
| Toilet soap | 58.3 | 2.97 | 5.1 | 65.0 | 2.15 | 3.3 |
| Yoghurt | 19.1 | 0.678 | 3.5 | 26.9 | 0.888 | 3.3 |
| Margarine | 95.5 | 2.71 | 2.8 | 100.1 | 2.71 | 2.7 |
| Detergents (soap powders and synthetic detergent powders) | 112.1 | 4.71 | 4.2 | 141.3 | 3.11 | 2.2 |
| Tea (incl. bags) | 135.7 | 3.39 | 2.5 | 162.0 | 3.73 | 2.3 |
| Biscuits | 279.6 | 4.47 | 1.6 | 330.0 | 5.76 | 1.7 |
| Ice cream and water ices | 72.3 | 0.808 | 1.1 | 107.0 | 0.814 | 0.8 |
| Butter | 292.6 | .71 | 0.2 | 448.0 | 1.66 | 0.4 |
| Breakfast cereals | 90.0 | 6.1 | 6.8 | 116.6 | 6.8 | 5.8 |

Notes: (a) Estimates of press and television advertising expenditure by product are taken from IPC marketing manuals which are based on data compiled by MEAL. Since these estimates make no allowance for the discounts received by manufacturers on their advertising expenditure, the estimates exceed actual advertising expenditure.

(b) Estimates of the United Kingdom sales value of individual products are at manufacturers' prices and are from the Business Monitor PQ series, adjusted to take account of the imports and exports of these products. In the case of coffee, tea and detergents, imports have not been added to manufacturers' sales since most imports are believed to be by United Kingdom manufacturers.

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