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The Impact of Social Media on Crisis Management

A Case Study of Domino's Pizza Crisis

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Abstract

This case study will discuss the crisis that Domino's Pizza Inc. faced when two employees posted a prank video on social media in 2009. The case study will discuss the strategies Domino's Pizza implemented to manage the crisis and minimize the damage on its reputation. In addition, this case study evaluates the effectiveness of these strategies and provides recommendations about this event.

Background of the Organization

Domino's Pizza is an American and international restaurant franchise that specializes in pizza delivery. Thomas and James Monaghan established Domino's in 1960 in Ypsilanti, Michigan, United States. In 1965, Monaghan officially named his business Domino's Pizza, Inc. Domino's opened its first franchise location in 1967. The first international store was opened in 1983 in Winnipeg, Canada. As of December 29, 2013, Domino's had 10,886 stores worldwide, with more than 5,000 in international locations. Domino's Pizza was sold to Bain Capital in 1998 and became public in 2004. (Domino's Annual Report, 2013). According to its official website, "Domino's Pizza is the recognized world leader in pizza delivery, operating a network of company-owned and franchise-owned stores in the United States and international markets" (Domino's website, April 2015).

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Background of the Crisis

On April 12, 2009, two Domino's Pizza employees in Conover, North Carolina recorded a video while they were preparing sandwiches for delivery. One employee inserted cheese into his nose and placed it on the sandwiches (NY Times, April 2009). The next day, the two employees uploaded the video to YouTube. Within a few days, the video had been viewed more than 1 million times on YouTube. It had also spread extremely fast through other social media sites, such as Twitter (NY Times, April 2009).

On April 13, 2009, McIntyre, the President of Communication at Domino's Pizza, received an e-mail that alerted him to the existence of the video. He identified the location of the employees, and the next day, they were fired from their jobs. They were arrested by local police and charged with a felony (NY Times, April 2009). Unfortunately, the video spread quickly through social media, and the company's reputation would be adversely affected if they did not move quickly (AdAge, April 20, 2009).

On April 15, 2009, the video was removed from YouTube after it had received more than 1 million views. In addition, Domino's created a Twitter account and posted an official video on YouTube. The crisis became worst when Domino's decided not to respond to the video initially because they thought it would diminish people's attention on the crisis.

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Domino’s Pizza Crisis Strategies/Implementation

“Strategic organizational communication involves the ability to analyze a situation, select appropriate communication strategies, and enact those strategies effectively” (Conrad, 1994). Organizations must adopt the appropriate strategies when they are in crises. In addition, the implementation of these strategies must occur at the proper time to have a strong impact and resolve these crises.

Domino’s adopted both the inside-out and outside-in perspectives of strategic organizational communication. Domino's spokesperson, Tim McIntyre, said, “The company can deal with tens of thousands of impressions, but a strong response from Domino’s would alert more consumers to the embarrassment” (AdAge 14, 2009). After the company realized what had happened in the store, it initially responded in way that people would not be alerted to the event, using an inside-out perspective (AdAge 20, 2009). Domino’s initial strategy focused on internal communication, which is considered a strategic communication function. It communicated with its employees internally. McIntyre said, “My first reaction when I saw it was anger. I was angry because I love this place, I love this brand, I love the franchisees that I work with. And I took it personally. . . we channeled anger into action” (Jacques, 2009). The two employees who filmed the video were fired after Domino’s identified their location. It also called the local health department and local police.

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Then, Domino's adopted an outside-in perspective. It took the environmental conditions into account. It tried to build long-term relationships with its stakeholders by identifying their interests and needs. Domino's realized how the video had spread so quickly, so it used social media to stop the impact of that on its reputation. In a Domino's video posted on YouTube, Mr. Doyle said, "We sincerely apologize for this incident. We thank members of the online community who quickly alerted us and allowed us to take immediate action" (AdAge 20, 2009). In addition, Domino's created a Twitter account, @dpzinfo, to address the comments. (NY Times, April 2009).

Domino's implemented internal communication and media relations strategies. It believed that the reputation of any organization is based on the quality of its services and its concern for environmental issues (Shocley-Zalabak, 2011). Therefore, Domino's used tactics to manage and maintain its reputation. "The ability of organizations to provide the right information at the right time has become a key business competence and a driver of reputation" (Ehsan Islami, 2015). Domino's used social media tactics after it realized the importance of dealing with what had happened immediately and providing the right information to its customers.

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Evaluation of Domino's Strategies During its Crisis

In this case, Domino's implemented a traditional strategy as its first response. It tried to minimize the public attention on the issue. Unfortunately, this strategy did not work with the new generation of its customers. Domino's discovered its strategy failure immediately. The company evaluated the effectiveness of its strategy based on the number of video views on social media and viewers' comments on the video. Domino's realized that its credibility and reputation would be in danger if it did not change its strategy.

The second strategy, which Domino's used it to manage the crisis, seemed more effective. Domino's decided to use social media in order to fight the crisis and minimize the damage on its reputation. Mr. McIntyre said "[the crisis team had a social media plan] already in place. We didn't want to just jump in without a strategy. We wanted to do it right. So the irony for us was that we have a plan and we were going to implement it only a week later, so we ended up having to jump in [during] a crisis, which was the opposite of how we wanted to do it". (Jacques, 2009).

Domino's responded through a video that showed its president. He apologized and thanked people who bring the issue to his attention. This tactic looked more effective for Domino's. It measured the effectiveness of new strategy through the number of people who viewed the video and commented on it positively.

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In fact, there is a weakness in implementation of Domino's social media plan. Domino's measured that through the huge difference between the number of people who viewed its video and the number of people who viewed the prank video.

Recommendation

In my opinion, Domino's did a big mistake when it decided to ignore the effectiveness of social media, and preferred to work with traditional strategy. This behavior shows the weakness of media relations in Domino's. This weakness created a huge gap between the organization and its stakeholders. The impact of the crisis on its reputation would be smaller if the organization dealt with social media immediately and told the truth for its customers.

According to Peter Stanton (2002), one of the common mistakes that some organizations have during crisis is failure to plan. In fact, Domino's had a social media plan when the crisis started, but it was not developed enough for working with such its crisis. If I were the president of Domino's, I would create a developed social media plan that is strong enough to face any unexpected crisis.

I think the first correct step that Domino's did was taking the social media power in account and deciding the same channels that people used it. It was the

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only way that can minimizes the impact of this crisis on its reputation. Posting a video in YouTube and creation an account in Twitter helped the organization to correct its mistakes and manage the crisis. By this step, Domino's succeed to listen to the public concerns and understand its audience. According to Matthew Seeger (2006), this practice is one of the best practices that organization can use when it faces a crisis.

Conclusion

Domino's case was a good example of the impact of social media on crisis management. It indicated to the power of social media and its influence on reputation of Domino's Pizza. In addition, it emphasized the importance of creation a strong crisis management plan that can works with deferential crises. Organizational communication developers have learned many lessons from this case.

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