"We all have our secret ingredients. . . . and in about five minutes they will be sent out on delivery where somebody will be eating these. Yes, eating ‘em. And little did they know that cheese was in his nose and that there was some lethal gas that ended up on their salami. Now, that’s how we roll at Domino’s!"

Mondays are never anyone’s favorite day to be at work. But, for Tim McIntyre, VP of Corporate Communications at Domino’s Pizza, Monday, April 13, 2009, might rank as the worst Monday he had experienced in his 25 years with the company. While wrapping up his workday at the corporate office in Ann Arbor, Michigan, McIntyre received an e-mail alerting him that videos featuring company employees contaminating food in an unidentified store had been posted on the online video sharing site, YouTube. What had been a quiet day following Easter weekend suddenly turned into the first day of a full-fledged communications and marketing nightmare.

The Nightmare Begins

At 4:30 p.m. on April 13, McIntyre received an e-mail from the webmaster of www.GoodAsYou.org, a GLBT advocacy blog site, alerting him of the existence of a number of damaging videos the group had discovered posted on YouTube. (The GLBT site showed interest in the videos because the words “gay” could be heard several times in the narration.)

After just one viewing, McIntyre knew that the five amateur videos could seriously damage the Domino’s brand, not to mention putting the company at legal risk. He said, “You know what, this is a bad one—they’re in uniform, they’re in the store. We need to do something about it.” Each video, filmed by a current female Domino’s Pizza employee featured a male employee performing various acts of food contamination. To make things worse, the director and actor are in full Domino’s uniforms, are at work during normal store hours, and imply in the narrative that the contaminated food will soon be delivered to unsuspecting customers. It wouldn’t be until much later that night that McIntyre and team would discover the identity and location of the people responsible for the videos.

Thankfully for Domino’s, Good As You felt obligated to quickly notify corporate headquarters as soon as the videos were found; however, to protect the public, the bloggers also posted the video links on their own site. (Refer to Appendix A for McIntyre’s response and correspondence with Good As You.) McIntyre said that this initial notification came about fifteen minutes prior to his corporate social media team discovering the existence of the videos online. Within that same hour, another popular consumer affairs blog site,
McIntyre scanned through the past experiences of his long tenure with Domino’s to recall a situation in which he had dealt with something similar—crimes, accusations, and brand problems—something to use as a reference point on how to proceed now. When nothing similar came to mind, he realized that no plans, protocols or off-the-shelf solutions in a communications handbook could help remedy the situation before him. It was up to him to pull his team together to face this unprecedented threat. But what should his first step be? And what kind of irreparable damage might Domino’s suffer if he chose the wrong course of action?

The Vulgar Videos

McIntyre credits two savvy readers at The Consumerist who used clues in the videos and innovative geo-mapping and investigative tools to identify the location of the videos’ creators by 11:00 p.m. on Monday, just six-and-a-half hours after the videos originally surfaced. The two culprits in their early 30s, Kristi Hammond and Michael Setzer, turned out to be full-time employees at a Domino’s Pizza franchise location in Conover, North Carolina.

The Videos. Hammond’s “opus piece” is a two minute, twenty-six second video named, “Dominos Pizzas Special Ingrediants” (sic) in which the two employees joke about being lazy workers and mention that their manager is in the back reading a newspaper, as usual. The video shows Setzer in vivid detail passing gas on salami and stuffing cheese for sandwiches up his nose, all while Hammond laughs and jokes in the background about this being business as usual at Domino’s. The camera then pans to the overhead order screen, which Hammond says displays the name of the customer who will receive the delivery.

The other videos, called “Sneeze Sticks,” “Poopie Dishes,” and “Dominos Pizza Buger,” contain Setzer sneezing on cheesy bread, wiping his behind with a sponge and then cleaning pizza pans, and stuffing a pepper up his nose while making oven-baked sandwiches. The following are a sample of quotes transcribed from one of the videos:
Kristi: “Hello, this is Kristy back again. And here at Domino’s I like to be lazy . . . You see Michael over there hard at work—yeah, not really. Did y’all see that? He just blew a booger on those sandwiches! Do you remember the time when you sneezed? [laughter] Do it again, do it again!”

Michael: “This is Michael’s special Italian sandwich.”

Kristi: “And on the sandwich it goes. Now, Michael, I think that these sandwiches are going to be full of protein. . . .”

Video 1: “Dominos Pizzas Special Ingredients”  Video 2: “Sneeze Sticks”

Domino’s Pizza Background

Started in 1960 by Tom Monaghan as a single store, Domino’s Pizza quickly grew through a network of company-owned and franchise-owned stores. With more than 5,000 stores in the United States and 3,700 stores in international markets, the chain is now recognized as the world leader in pizza delivery, based on reported consumer spending. Domino’s employs 125,000 team members in the U.S. and more than 60 countries around the world. These employees crafted and delivered well over 400 million pizzas worldwide in 2008.

Domino’s Pizza is a publicly traded company on the NYSE under the symbol DPZ. In 2008, the company had global revenues of $1.4 billion. Sales were split with 55% in the U.S. and 45% international. Between 2004 and 2008, Domino’s experienced growth primarily from international expansion, with just 39 new stores opening in the U.S. and 977 stores opening internationally.

Franchisees. While the network of Domino’s stores consists of company- and franchise-owned stores, the latter remain the primary driver behind the company’s growth. Over 90% of U.S. and 100% of international stores are franchise-owned. Franchise owners are required to operate their stores in compliance with written policies, standards, and specifications drafted by Domino’s corporate headquarters, but there are numerous of matters in which franchise owners have autonomy, including setting menu prices and hiring employees. The corporate headquarters provides franchisees with training materials, comprehensive operation manuals, and franchise development classes, but it is up to the franchisee to ensure operations and employees meet the standards of the Domino’s brand.

Corporate Communications Team. Tim McIntyre began his tenure at Domino’s Pizza immediately after graduating from college. Twenty-five years later, as vice president of corporate communications, he now reports to the executive vice president of corporate communications, who reports to the company’s CEO. McIntyre’s long, successful tenure at Domino’s contributes to what he refers to as high levels of trust and “full support from the management team” on critical issues.

McIntyre’s internal team handles all of the company’s public relations, but partners with two external agencies for advertising and new media strategy work. A new team focused specifically on social media formed at Domino’s about one month prior to the outbreak of the YouTube videos. This team had been planning to launch the company’s presence online through several social media outlets one week later—before Hammond beat them to it.

The Competitive Pizza Industry

Domino’s Pizza operates in the highly competitive food service industry in the Quick Service Restaurant (QSR) sector. The QSR pizza category is large and fragmented and, at $33.9 billion a year, is the second largest category in the $230.0 billion U.S. QSR sector. Competition within the QSR sector is particularly intense with regard to product quality, price, service, convenience
and concept. Within the U.S. there are approximately 69,000 pizzerias serving about 3 billion pizzas annually, but the main pizza delivery and carry-out competitors are Domino’s, Pizza Hut and Papa John’s. Together these three comprise 47% of pizza delivery in the U.S. Internationally, Pizza Hut is the principal competitor to Domino’s.18

In general, individual customers in the QSR sector do not comprise a large portion of sales. Instead, businesses rely on volume and repeat purchase. For Domino’s Pizza, no customer accounts for more than 10% of sales.19 If customers perceive a problem in product quality, price, service or convenience, the implications to future business success could be serious. For this reason, there is nothing more important or sacred to Domino’s than the trust of its customers.20

Social Media Players

Due to the growth of social media web sites on the Internet, individuals now have the ability to instantly share messages, images, and videos with a global audience. Once a posting is made, it can also be copied by other users and uploaded to other sites, thus compounding the impact of the posting. In this case, three sites were immediately involved. www.YouTube.com had the original posting by Hammond and Setzer, and two prominent blog sites, www.GoodAsYou.org and www.consumerist.com, copied the posting and put it on their own web sites within hours.

In today’s technologically advanced world, the Internet instantly connects people all over the globe. In the United States alone, estimates of broadband Internet connection show that 84 million of the 119 million U.S. households, or 71%, had broadband connection to the Internet by 2010.21 With the simple click of a mouse, Internet users can quickly access unprecedented amounts of information. Much of that information is posted by companies, news outlets, or other organizations, but increasingly, information is being posted and shared by common users on social networking websites.22

Some of the most popular social networking and content sharing websites in the U.S. are Facebook, MySpace, Twitter, and YouTube.23 Facebook boasts a network of more than 350 million active users with an average of 50% logged on every day,24 MySpace has more than 100 million active users,25 and Twitter had the largest yearly growth of members at 1,382% when it hit 7 million members in February 2009.26 YouTube started in 2005 and is now the most widely viewed video service in the U.S. ahead of Fox Interactive Media, CBS Corporation, Yahoo! sites, and others.27 By January of 2009, YouTube claimed more than 100 million unique U.S. visitors.28 YouTube’s users, according to the website, watch “hundreds of millions of videos a day” on YouTube, and every minute, an additional 20 hours of video is uploaded to YouTube by users.29

The uploaded content by users on many social networking sites does not go through a formal review or approval processes by the website, so the users have great authority to post information they deem as appropriate. Once a posting is made, the content can easily be copied by other users and uploaded to other sites. This compounding effect of information being shared across websites is difficult to control and contain, so information can quickly spread and reach
users. “Viral” is a term commonly used to describe Internet content that is quickly popularized through sharing by users.\textsuperscript{30}

In this situation with Domino’s Pizza, the videos posted by Hammond and Setzer went viral. YouTube had the original posting that was uploaded by Hammond and Setzer, but within hours, two prominent blog sites—goodasyou.org and consumerist.com—copied the posting and put it on their own websites.\textsuperscript{31} Once this occurred, Hammond and Setzer, as well as Domino’s, lost the ability to control where the videos were posted and who was able to view them. This trend of everyday users posting and sharing information, and the impact of information going viral, is summarized well by Tim McIntyre in a response to Consumerist.com about the Domino’s video pranks. McIntyre said, “The ‘challenge’ that comes with the freedom of the Internet is that any idiot with a camera and an Internet link can do stuff like this—and ruin the reputation of a brand that’s nearly 50 years old, and the reputations of 125,000 hard-working men and women across the nation and in 60 countries around the world.”\textsuperscript{32} A single Internet user, according to McIntyre, can have an immediate impact felt around the world.

**Putting Out the Fire**

Tim McIntyre knows that the most valuable asset of Domino’s is the unfailing trust of its customers. Because of the nature of the industry it is in—home food delivery—Domino’s customers literally invite the company and its delivery drivers into their homes at the same time they hand over home addresses, credit card information, phone numbers, and names as they place an order. It was this trust that McIntyre was afraid would be forever damaged if this issue were not contained quickly and quietly.\textsuperscript{33}

Instinct was telling McIntyre that the videos were most likely a hoax—a stupid prank pulled by two bored workers—but he didn’t know for sure. But, whether the videos were pranks or not, Domino’s customers would soon decide for themselves if he didn’t come up with a plan.

When talking about that first day, 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 [the immediate response team] channeled anger into action.”\textsuperscript{34} Needless to say, Monday’s events were not a practice fire-drill for McIntyre and his team; the following weeks were going to need a lot of that action to contain this rapidly spreading media fire.

**Discussion Questions**

1. What appears to be the business problem facing Domino’s in this case?

2. Who are the key stakeholders?

3. What should Tim McIntyre and the communications team do first?
4. What should Domino’s do about the employees who made the video?

5. What should Domino’s do about the store where the video was made?

6. What steps should Domino’s take to resolve this crisis?
   a. How should Domino’s respond at the local, national, and/or global level?
   b. What mediums should Domino’s use to communicate its message?

7. How can Domino’s ensure a similar crisis does not occur in the future?
   a. How should Domino’s work with franchisees?
Appendix A

**UPDATE: From Domino’s corporate:**

Thank you for bringing these to our attention. I don’t have the words to say how repulsed I am by this - other than to say that these two individuals do not represent that 125,000 people in 60 countries who work hard every day to make good food and provide great customer service. I’ve turned this over to our security department. We will find them. There are far too many clues that will allow us to determine their location quite easily.

Regards,

Tim McIntyre

Vice President, Communications

Domino’s Pizza, LLC

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References

1. Direct quote from Kristi Hammond, narrator of Domino’s prank video.
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17. Ibid.
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