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## DOMINO'S PIZZA<sup>1</sup>

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*Paul Bigus wrote this case under the supervision of Jana Seijts solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.*

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Version: 2011-09-06

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### INTRODUCTION

On Wednesday, April 15, 2009, Tim McIntyre, Vice-president of Communications for Domino's Pizza International (Domino's) had been placed into a difficult situation. Two days earlier a blogger from a consumer affairs website called The Consumerist sent McIntyre an email, notifying him of a YouTube video he must watch.<sup>2</sup> The video had been posted online by a Domino's employee. It showed two Domino's employees at a Conover, North Carolina, Domino's location tampering with customers' pizza and sandwich orders. McIntyre watched the employee stick cheese up his nose before placing it on a piece of garlic cheese bread. He sneezed on the food and boxed it up to complete the order. The employee operating the video camera was heard laughing in the background and commenting, "In about five minutes, they'll be sent out to delivery, where somebody will be eating these, yes, eating them."

To make matters worse, as a result of subsequent postings to Twitter and Facebook, the YouTube video had gone viral, amassing more than 500,000 views. Moreover, with each comment that was posted to the web about the video, the company's reputation suffered. Patrick Doyle, Domino's president was flying back early from his family vacation in Florida as a result of the growing scandal<sup>3</sup>. He had been briefed and was already communicating to senior management. In a few hours there would be an emergency meeting in the boardroom. He knew the social media team would need to devise a plan to respond to the viral video to protect Domino's strong brand image before it was too late.

### THE OFFENDING VIDEO

In the small city of Conover, North Carolina, loyal customers visited and called the local Domino's pizza, placing their orders, unaware of the mischief going on behind the scenes. On the evening of Monday, April

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<sup>1</sup> This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Domino's Pizza International or any of its employees.

<sup>2</sup> Amy Jacques, "Domino's delivers during crisis: The company's step-by-step response after a vulgar video goes viral," *The Public Relations Strategist*, August 17, 2009, [www.prsa.org/Intelligence/TheStrategist/Articles/view/8226/102/Domino\\_s\\_delivers\\_during\\_crisis\\_The\\_company\\_s\\_step](http://www.prsa.org/Intelligence/TheStrategist/Articles/view/8226/102/Domino_s_delivers_during_crisis_The_company_s_step), accessed June 18, 2011.

<sup>3</sup> *Ibid.*

13, 2009, two rogue employees, Kristy Hammonds and Michael Setzer, decided to film a prank during their shift in the franchise kitchen. As Hammonds held the video camera, Setzer began by stuffing cheese up his nose, then, moments later, sneezed onto a customer's order. As Setzer continued to contaminate customer orders, Hammonds could be heard laughing and narrating behind the camera, "Michael is a star, yes he is." Setzer continued his disgusting actions by sneezing out nasal mucus onto a customer's pizza and poking his unsanitary fingers randomly into the food. "Now that's how we roll at Domino's," commented Hammonds, as Setzer's actions became even more graphic, violating numerous health code standards. The most disturbing part of the video was when Setzer wiped a dish sponge on his backside, and then proceeded to start washing the pots and pans. Over the course of the video, numerous customer orders were tampered with before being boxed up for unsuspecting customers who had no idea what had just taken place. Clearly amused, Hammonds continued to comment on their actions, "In about five minutes, they'll be sent out to delivery, where somebody will be eating these, yes, eating them." After the pair finished recording their nauseating actions, Hammonds decided to post the prank video on YouTube<sup>4</sup>.

Twenty-four hours later, the video had already attracted half a million views on YouTube and many other websites, blogs and vlogs had uploaded copies of the video to their sites. To make matters worse, references to the prank video were among the first five search results when *Domino's* was entered into Google's search engine. The video was the focus of numerous social media discussions on Twitter and had received attention from both local and national media channels.

## COMPANY HISTORY

Domino's Pizza started out in 1960, when two brothers, Tom and James Monaghan, paid \$500 to purchase a pizza store named "Domi-Nick's" in Ypsilanti, Michigan. A year later, James traded his half of the business to Tom for a Volkswagen Beetle. In 1965, Tom changed the name to Domino's Pizza Inc. and soon after started opening franchise stores. Through successful expansion, Domino's had reached 200 franchise stores by 1978. During the 1980s, the company continued to experience growth, expanding internationally to Canada, England, Japan and Australia. By the 1990s, Domino's had established itself as a global pizza food chain with more than 1,000 franchises and more than \$1 billion in yearly sales. By the year 2000, Domino's had earned the reputation as one of the top 10 franchise opportunities to invest in. As of March 2010, Domino's had opened its 8,500th store worldwide and employed more than 120,000 employees in 60 countries<sup>5</sup>. Over its 50-year history, Domino's had earned the reputation and association as a true American fast-food legend, along with the likes of McDonald's, Taco Bell and Kentucky Fried Chicken.

## TURNING A BLIND EYE

News of the viral video first reached Domino's corporate headquarters when a blogger from The Consumerist (a website that allows consumers to share information on the most current consumer issues) contacted McIntyre. At first, Domino's senior management decided to do nothing publically, hoping the video nightmare would blow over or be replaced by the next "video of the moment" in cyberspace. However, over the course of a single day, viewership of the video continued to grow. On April 14, 2009, the YouTube video went viral with 562,627 views at 8 a.m., to 930,390 views by 9:30 p.m. (see Exhibit 1).

<sup>4</sup> "Workers fired for Domino's prank video," April 17, 2009, [www.youtube.com/watch?v=g-Z2x4SClaE&NR=1](http://www.youtube.com/watch?v=g-Z2x4SClaE&NR=1), accessed June 18, 2011.

<sup>5</sup> "About Domino's Pizza," [www.dominosbiz.com/Biz-Public-N/Site+Content/Secondary/About+Dominos/History/](http://www.dominosbiz.com/Biz-Public-N/Site+Content/Secondary/About+Dominos/History/), June 18, 2011.

Domino's contacted YouTube and was successful at having the original video removed, but the damage had already been done. Numerous sites had already downloaded the video and reposted it, making the video impossible to contain.

Internally, Domino's corporate headquarters took action. Using the names of the two rogue employees captured from the video, the franchise location was sourced. The owner was contacted, and the two employees were immediately terminated. Additionally, the local police department charged both Hammonds and Setzer with contaminating food distributed to the public. In response, both Hammonds and Setzer claimed the video was just a prank and that the unsanitary food was never delivered. To make matters worse, the television media released information that Hammonds was a registered sex offender. Details revealed that her criminal history included a conviction for sexual battery, possession of stolen property and breaking into a vending machine. This information added fuel to the fire, and questions loomed about Domino's hiring practices. Still silent to the growing media frenzy, Domino's head office brought in the local health department, which advised the franchise owner to discard all open containers of food and then sanitize the location.

Two days after Hammonds first posted the original video on YouTube, it was clear the issue would not fade away, as senior management had originally anticipated. Because social media, newspapers and television had all provided coverage of the story, it was clear that Domino's needed to respond publicly before a brand that had taken 50 years to create was destroyed because of two immature employees and a video camera. McIntyre stated "You know what, this is a bad one...They're in uniform, they're in the store. We need to do something about it."<sup>6</sup> As he prepared for the emergency meeting called by Domino's president, Patrick Doyle, one thing was clear. The longer Domino's management waited to respond publicly, the greater the risk that loyal customers might start packing a lunch, or ordering from competitors, before ever calling Domino's again.

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<sup>6</sup> Amy Jacques, "Domino's delivers during crisis: The company's step-by-step response after a vulgar video goes viral," *The Public Relations Strategist*, August 17, 2009, [www.prsa.org/Intelligence/TheStrategist/Articles/view/8226/102/Domino\\_s\\_delivers\\_during\\_crisis\\_The\\_company\\_s\\_step](http://www.prsa.org/Intelligence/TheStrategist/Articles/view/8226/102/Domino_s_delivers_during_crisis_The_company_s_step), accessed June 18, 2011.

## Exhibit 1

**VIEWERSHIP OF DOMINO'S PIZZA YOUTUBE PRANK VIDEO  
APRIL 14, 2009**

Number of Views	Time of Day
562,627 views	8:00 a.m.
636,000 views	11:15 a.m.
690,000 views	1:00 p.m.
728,816 views	3:00 p.m.
745,679 views	5:00 p.m.
930,390 views	9:30 p.m.

Source: Neville Hobson, "Domino's Pizza Deals with YouTube Nightmare," *WebProNews*, April 16, 2009, [www.webpronews.com/dominos-pizza-deals-with-youtube-nightmare-2009-04](http://www.webpronews.com/dominos-pizza-deals-with-youtube-nightmare-2009-04), June 18, 2011.