Hoaxes and the Paradoxical Challenges of Restoring Legitimacy: Dominoes' Response to Its YouTube Crisis
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Management Communication Quarterly 2012 26: 322 originally published online
4 December 2011
DOI: 10.1177/0893318911426685

The online version of this article can be found at:
http://mcq.sagepub.com/content/26/2/322
Hoaxes and the Paradoxical Challenges of Restoring Legitimacy: Dominos’ Response to Its YouTube Crisis

Shari R. Veil1, Timothy L. Sellnow1, and Elizabeth L. Petrun1

Abstract
This study addresses the paradoxical demands of a hoax perpetrated through social media that require an organization to make a substantial response to an unsubstantiated claim. Dominos’ response to its 2009 YouTube crisis is used as a case study to demonstrate how this paradoxical challenge can be resolved by publicly casting the crisis as a learning opportunity. Analysis reveals that learning manifests in observable actions that further emphasize a commitment to the values and norms the organization originally met to earn social legitimacy prior to the crisis. Also, responding to a hoax through the same medium by which it was distributed is imperative to counter the hoax message for the same audience that received it.

Keywords
crisis communication, hoax, legitimacy, social media

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Although social media tools such as Facebook, Twitter, and YouTube create novel opportunities for organizations to market their products and bolster their reputations, these evolving communication options also create an unprecedented vulnerability. The open access granted by social media allows individuals to create and widely distribute disparaging and unsubstantiated accusations about an organization. If viewership of this pejorative content goes viral, spreading exponentially through social networks, it can cause an organizational crisis. Organizational crises are defined as “specific, unexpected, and non-routine events or series of events that [create] high levels of uncertainty and threat or perceived threat to an organization’s high priority goals” (Seeger, Sellnow, & Ulmer, 1998, p. 233). In the case of unsubstantiated claims, perceived threat is the key point of this definition. False claims or hoaxes may not constitute real threats because the organization knows the claims are false, but if the public perceives the threat to exist, a hoax can still manifest into a crisis by hindering an organization’s goal of securing a profit. Thus, the expanding role of new media has changed the way organizations must prepare for and respond to crises that threaten their legitimacy.

Domino’s Pizza faced precisely this challenge when, in 2009, two employees, Kristy Hammonds and Michael Setzer, posted a video on YouTube implying that they contaminated the ingredients used in the pizzas and sandwiches they prepared and sold. In the video recorded in a Domino’s kitchen in Conover, NC, Hammonds narrates as Setzer is seen violating health codes by intentionally contacting food with several of his orifices. Although the video was repugnant and juvenile, it piqued the interest of the online community and created a public relations and financial crisis for Domino’s (Clifford, 2009b). Ultimately, the video was seen more than 1 million times before it was removed. Following the incident, a Google search for “Dominos” referenced the YouTube video in 5 of 12 results, discussion on Twitter proliferated (see Table 1), and consumer perceptions of Dominos’ food quality shifted from overwhelmingly positive to negative (Clifford, 2009a).

False claims made in pranks or hoaxes, if plausible, create a complex and demanding rhetorical situation for organizations. Sellnow, Littlefield, Vidoloff, and Webb (2009) explain that “well-designed hoaxes capitalize on uncertainty and perceptions of vulnerability.” As a result, “organizational responders have the difficult task of simultaneously enacting a response plan, while still assessing the legitimacy of the threat” (pp. 141-142). We contend that these conflicting demands create a paradox that organizations can resolve by appealing to a higher level of legitimacy. Specifically, we argue that in order to combat negative, shifting perceptions stemming from Hammonds and Setzer’s YouTube hoax, Domino’s successfully employed seemingly
Table 1. Timeline of Domino’s Response

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Source</th>
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<tbody>
<tr>
<td>April 12, 2009</td>
<td>Video posted to YouTube.</td>
<td>Jacques, 2009</td>
</tr>
<tr>
<td>(Sunday evening)</td>
<td>Video reaches 29,000 views within hours of posting.</td>
<td>Liddle, 2009</td>
</tr>
<tr>
<td>April 13, 2009</td>
<td>Domino’s is alerted to video by the Consumerist.com</td>
<td>Jacques, 2009</td>
</tr>
<tr>
<td>(Monday morning)</td>
<td>Video reaches 29,000 views within hours of posting.</td>
<td>Liddle, 2009</td>
</tr>
<tr>
<td>April 13, 2009</td>
<td>Domino’s identifies location of store where the video was filmed.</td>
<td>Jacques, 2009</td>
</tr>
<tr>
<td>(Monday evening)</td>
<td>Hammonds and Setzer fired by Domino’s</td>
<td>Shankleman, 2009</td>
</tr>
<tr>
<td>April 14, 2009</td>
<td>Health department and local police contacted by Domino’s</td>
<td>Jacques, 2009</td>
</tr>
<tr>
<td>April 14, 2009</td>
<td>Twitter traffic becomes noticeable.</td>
<td>Jacques, 2009</td>
</tr>
<tr>
<td>April 14-15, 2009</td>
<td>Between Tuesday and Wednesday, the video jumps from 29,000 views to 700,000.</td>
<td>Liddle, 2009</td>
</tr>
<tr>
<td>April 15, 2009</td>
<td>Video surpasses 1 million views.</td>
<td>Clifford, 2009</td>
</tr>
<tr>
<td>April 15, 2009</td>
<td>Video is removed from YouTube by Hammonds.</td>
<td>Clifford, 2009</td>
</tr>
<tr>
<td>April 15, 2009</td>
<td>Hammonds and Setzer face felony charges for distributing prohibited foods and report to Conover Police.</td>
<td>Clifford, 2009</td>
</tr>
<tr>
<td>April 15, 2009</td>
<td>Setzer released on a US$7,500 bond; Hammonds remains in jail under similar bond.</td>
<td>Fox News, 2009</td>
</tr>
<tr>
<td>April 15, 2009</td>
<td>The hoax is found in 5 of the top 12 search results presented by Google to users.</td>
<td>Clifford, 2009</td>
</tr>
<tr>
<td>April 15, 2009</td>
<td>Twitter account is created by Domino’s</td>
<td>Clifford, 2009</td>
</tr>
<tr>
<td>April 15, 2009</td>
<td>Domino’s CEO (Doyle) responds in a YouTube video.</td>
<td>Clifford, 2009</td>
</tr>
<tr>
<td>April 15, 2009</td>
<td>Domino’s video response has 330,000 views when first press conference is held.</td>
<td>York &amp; Wheaton, 2009</td>
</tr>
<tr>
<td>April 17, 2009</td>
<td>Wikipedia entry for Domino’s was found to contain information about the hoax posted by an unofficial individual.</td>
<td>Gregory, 2009</td>
</tr>
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(continued)
Table 1. (continued)

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<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Source</th>
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<tbody>
<tr>
<td>April 20, 2009</td>
<td>A copy of the original video posted by Hammonds has 345,000 views.</td>
<td>York &amp; Wheaton, 2009</td>
</tr>
<tr>
<td>March 9, 2010</td>
<td>Setzer sentenced to 24 months of supervised probation; Hammonds still awaits trial.</td>
<td>Lyttle, 2010</td>
</tr>
<tr>
<td>June 2, 2010</td>
<td>The video remains accessible on the Internet in its entirety.</td>
<td>Swifttallon, 2009</td>
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paradoxical claims and actions that actually enhanced the organization’s legitimacy. In this analysis, we review the literature focusing on organizational legitimacy and paradoxical communication demands created by hoaxes, particularly through social media. This literature provides a framework for assessing Dominos’ response to the YouTube hoax. We conclude by exploring the implications for corporations facing similar events in the future.

Organizational Legitimacy

Organizational legitimacy is defined as “an organization’s right to exist and conduct operations” (Metzler, 2001, p. 322), bestowed by stakeholders who perceive the organization to be in line with socially and politically appropriate practices (Finet, 1993). Although organizations receive autonomous benefits from being perceived as legitimate, organizational legitimacy is attained through a largely social process (Mazza, 1999). Thus, legitimacy is “possessed objectively, yet created subjectively” (Suchman, 1995, p. 574). Legitimacy is not the same as reputation, however. Deephouse and Carter argue that definitions of reputation largely rest on relative comparisons among organizations on various attributes, and legitimacy is found in social acceptance resulting from adherence to regulative, normative, or cognitive norms that qualify one to exist. They suggest that suffering from an imperfect reputation is less dire than suffering from an organizational legitimacy crisis because being less well regarded by other organizations does not threaten the organization’s continued existence (Deephouse & Carter, 2005). Having a lower business status does not mean a company may lose access to markets, although it may mean taking steps (such as lowering prices to keep customers) to ensure future business (Deephouse & Carter, 2005). Thus,
appeals to organizational legitimacy during crises reflect recognition of the higher-level social norms and values (Brummer, 1991; Elson, 2010).

Harrell, Ware, and Linkugel’s (1975) adaptation of Easton’s (1965) diffuse sentiment support first introduced political legitimacy to communication study in 1975. Since then, legitimacy has been expanded to and accepted widely across organizational communication, including studies examining benefits of organizational legitimacy (Baum & Oliver, 1991; Bitektine, 2011; DiMaggio & Powell, 1983; Dowling & Pfeffer, 1975; Zimmerman & Zeitz, 2002); the process by which organizations gain legitimacy (Rao, 2004; Suchman, 1995; Suddaby & Greenwood, 2005); and how organizational legitimacy is affected by crises (Elsbach, 1994; Maguire & Hardy, 2009; Seeger, 1986; Suchman, 1995).

From a macro-level analysis, organizational legitimacy adopts a passive approach in line with institutional theory whereby legitimacy is conferred on organizations through the imbibing of myths and beliefs (Suchman, 1995). Once legitimacy is taken for granted in this manner, unless there is a major organizational crisis, little action is typically needed to maintain legitimacy. Powell (1991) suggests institutional theory provides a “static, constrained and oversocialized” view of legitimacy (p. 183). Therefore, Suchman proposed a more strategic approach to legitimacy whereby organizations “instrumentally manipulate and deploy evocative symbols in order to garner societal support” (p. 572). The challenge organizations face is how to increase legitimacy without making the organization look illegitimate. Sonpar, Pazzaglia, and Kornijenko (2010) describe organizational legitimacy as its own paradox in that attempting to manipulate stakeholders to gain legitimacy could be seen as an illegitimate action.

Boyd (2009) provides an argument for what he terms actional legitimacy whereby legitimacy exists in the specific strategic actions of an organization. He sees legitimacy as “the foundation of all effective communication with publics—without it, any organizational messages or actions will be looked upon with skepticism” (p. 157). He explains that “whether an organization is looking to its overall persona (organizational legitimacy) or to a particular policy (actional legitimacy), the organization must attend to its public’s expectations for responsible execution” (p. 164). Actional legitimacy is similar in this regard to Hearit’s (1995) description of social legitimacy—“the rhetorically constructed and publicly recognized congruence between the values of a corporation and those of a larger social system in which it operates” (p. 2). Actional legitimacy attempts to reduce the gap between public expectations and public perceptions through strategic action.
In a crisis, “skillful legitimacy management requires a diverse arsenal of techniques and a discriminating awareness of which situations merit which responses” (Suchman, 1995, p. 586). Finet (1993) adds that legitimacy management is “related to both notions of external turbulence and the use of organizationally adaptive devices to deal with it” (p. 39). Actional legitimacy is a means of achieving or regaining legitimacy in response to a threat through carefully deliberated, detailed actions (Boyd, 2000). Taking actions illustrate “corporate responsiveness,” which is the organization’s ability to provide good reasons for its actions (Ulrich, 1995, p. 3).

Heath and Millar explain that the “exigencies created by a crisis center on the organization’s actions and statements to regain control of the circumstances” (p. 10). Suchman suggests that without apologizing for wrongdoing (especially in cases of a rumor or hoax), an “organization can selectively confess that limited aspects of its operations were flawed and can then act decisively and visibly to remedy those specific faults” (p. 598). Following a “crisis in legitimacy” (Seeger, 1986, p. 148), two types of restructuring are required: (1) creating monitors and watchdogs to symbolize contrition and change, and (2) symbolically distancing the organization from those who contributed to the crisis (Suchman, 1995). The crisis response must also provide an explanation to key publics about what happened, and ultimately, provide a solution or a process for identifying a solution for the problem (Health & Millar, 2004).

Boyd extends actional legitimacy to include the essential actions an organization must take to regain legitimacy in the midst of a threat or crisis. Specifically, organizations must acknowledge the problem, articulate intent to solve the problem, take observable actions, and, finally, maintain an ongoing commitment to issue resolution (Boyd, 2000). Brummer notes several other important components of actional legitimacy, including the need for the actions to be in the organization’s realm of authority. Actions should be performed appropriately, responsibly, and conscientiously, with the intent of contributing to corporate goals and missions (Brummer, 1991). Thus, actional legitimacy is not bestowed upon an organization through a social process but is, instead, a demonstration of corporate responsiveness that actively seeks to build and maintain legitimacy through appropriate actions taken in response to a threat. The following case of Dominos’ YouTube hoax demonstrates why an unsubstantiated claim, virally spread through social media, requires seemingly paradoxical actions to enhance an organization’s legitimacy in response to a threat.
Dominos’ YouTube Hoax

Although the YouTube hoax provided unique challenges for Domino’s, the company had previous experience managing highly publicized crises. In 1993, Domino’s was threatened with bankruptcy when a jury awarded US$79 million in punitive damages to a woman injured when her car collided with a vehicle driven by a Domino’s delivery driver. After the verdict Domino’s abolished its trademark 30-min or less delivery, and the punitive damages were reduced to US$1 million (Horovitz & Tassy, 1993; Rhodes, 1994). Domino’s realized the 30-min delivery guarantee actually threatened the company’s legitimacy. Tim McIntyre, then Domino’s corporate public relations director, explained:

Dropping the Guarantee did not mean that we would drop our commitment to 30 minute delivery service...that still remains our goal. What we eliminated was the element that caused so much public concern. We still strive to get your pizza to you in less than 30 minutes. We just don’t guarantee that we will. (Rhodes, 1994)

McIntyre, now vice president of communication at Domino’s, contends that the company learned a great deal about public sentiment and organizational stability from the 30-min delivery crisis, which informed the writing and orchestration of Domino’s response to the YouTube hoax. McIntyre agreed to an extended interview with the authors about the YouTube crisis, and this personal information is provided as context throughout our discussion of the case.

The YouTube crisis created two unusual challenges for Domino’s as the company sought to restore its legitimacy. First, as mentioned, the crisis was created by a hoax. Second, the perpetrators used a social media outlet to publicize their mischief. Both challenges are detailed.

Hoax and Paradox

Simply put, hoaxes are deceptive alerts designed to undermine the public’s confidence in an organization, product, service, or person. Inherent in all hoaxes is the false claim of harm, threat of such harm, or discomfiture. For example, claims that explosive devices have been placed on or near school campuses (bomb threats) are a persistent and distracting form of hoaxes.
Ronald D. Stephens, executive director of the National School Safety Center, explains that such hoaxes are costly in both time and money because “you’ve got to respond as if it’s the real thing every time” (Bowman, 2004, p. 10). News coverage of hoaxes can also encourage additional hoaxes—so much so that journalists are recommended to “strive for rhetorical restraint and sensitivity about the consequences of presenting scare scenarios, which can inspire hoaxes” (Swain, 2007, p. 348). When a hoax gains traction in the media, the unfounded threat can quickly turn into a crisis.

Wendy’s restaurants experienced their first decline in sales after 18 years in business in part “because of fallout from a woman who planted a human finger in a bowl of chili, a story that took a few weeks to discredit” (Ghose, 2006, p. 1). Wendy’s chairman and chief executive admitted that the company’s sales were hurt by “the finger hoax” (Ghose, 2006, p. 2). Hoaxes do not create the violence, destruction, or collapse in credibility typical of crises studied in academic literature. However, if the threat made in the hoax is plausible, the organization’s ability to address the threat may be called into question.

Rebecca Madeira, vice president of public affairs for Pepsi-Cola, points out that whether a hoax is credible is not nearly as important as whether the public thinks it is possible. The response must reflect that conundrum. Even more, she suggests organizations should seek to match the response actions with the public’s expectations:

It’s so natural to get defensive and say it didn’t happen here. Well, there’s no room for anger or self-pity or denial in a crisis. Be sure that the problem you’re working on is the one that the public sees, not the one that you would like it to be. Look at it as the public is seeing it. Begin to solve it in a way that the public would expect. (Elsasser, 1994, p. 22)

In responding, organizations must communicate that they are taking reasonable precaution against the threat at hand and must exhibit the aptitude and resources needed to address any comparable threats that may arise in the future. Thus, organizations must concurrently

“argue they have a plan in place, either pre-established or spontaneously generated, that can mitigate or manage any crisis emerging from the threat” and “scrutinize available evidence in order to recognize and refute false claims at the earliest point possible.” (Sellnow et al., 2009, p. 142)
In effect, organizations are forced to communicate paradoxically—in a seemingly self-contradictory manner. When responding to hoaxes, the paradox involves convincing an alarmed public that the organization has made a substantial response to an unsubstantiated claim. Such paradoxical communication demands in organizations are not limited to hoaxes. Stohl and Cheney (2001), for example, articulate a variety of contexts in which organizations communicate paradoxical messages in an attempt to encourage employee participation. Similarly, Harter and Krone (2001) explore how the paradox of stability and change is facilitated through the organizational boundary-spanning process. Simply put, the demands of some communication contexts are so complex that such paradoxes are a necessary part of communication.

McGuire (1977) clarifies the contested nature of paradoxical communication through the framework of rational and irrational speech acts. He explains that the circumstances “under which most speech acts are issued contain either overt or subtle factors of constraint and distortion” (p. 43). In hoaxes, this distortion is an “extreme” violation of a “system of rules” through which authority is established. Thus, hoaxes create a “paradox of authority” leaving an organization’s publics with a quandary over which “authority is legitimate” (p. 43). Elson (2010) argues that, in paradoxical communication situations, legitimacy can be maintained or reestablished by appealing to higher levels of interpretation. She explains that a claim that is “falsified on one level is proven true at a higher level” (p. 30). From the perspective of organizational legitimacy, this higher level is manifest in an organization’s ability, within its domain of authority, to take actions that are performed appropriately, responsibly, and conscientiously and contribute to corporate goals and inspire public confidence (Brummer, 1991). Next, we further detail the relationship between responsive actions in crises and legitimacy in the social media context.

Social Media

Although research on crisis response types continues to grow (Coombs, 1995; Coombs & Holladay, 2002), very little research exists on the channel through which the response is sent. Some organizations are using the Internet in crisis response but most are hesitant to do so and prefer using traditional public relations tactics (Perry, Taylor, & Doerfel, 2003). Heath and Millar (2004) suggest that the new communication technology age raises new challenges for organizations because hoaxes and rumors are often “even more
provoking in cyberspace” (p. 2). In fact, online media has the ability to both perpetuate hoaxes and rumors and create them. For example, Googlebombing—the manipulation of search engines to link specific terms with websites—was used extensively during the 2004 presidential election to link the search terms “miserable failure” to George W. Bush’s biography on the whitehouse.gov website and “waffles” to John Kerry (Cohen, 2007).

Social networking provides the conduit for a story to go viral. Instead of the old two-step flow from elites to group members, the transmission model for viral communication, as suggested by Bennett (2003), is a networked, distributed flow, via disordered and disorganized yet patterned ways, to combine the communication format (the meme), the communication technology (personal digital media), and the social contact (network). Most online content sites offer the option of “send this to a friend” on their sites. Some websites also offer more options such as “share on Facebook” or “share on Twitter.” YouTube offers “email this video,” as well as the ability to link the video to Facebook, Twitter, Buzz, Myspace, orkut, hi5, tumblr, Bebo, Blogger, and StumbleUpon. These features encourage viewers to send an email message or post a message on their social networking pages with the URL of the particular video.

Studies on viral marketing have generated some shared characteristics of information that goes viral. Porter and Golan (2006) concluded that for a message to go viral the content must be provocative enough to engage unpaid receivers to spread the information through their social network. Information is also more likely to be virally spread online when considered humorous (Golan & Zaidner, 2008). As a “sick joke,” the Domino’s YouTube video fit both categories for propensity to go viral.

Awareness of Domino’s YouTube hoax spread rapidly through several outlets. Within hours of its Sunday evening release, 29,000 Internet users had accessed the video (Liddle, 2009). Two days later, the number had climbed to 700,000 views (Liddle, 2009). By Wednesday afternoon, the video had been seen more than 1 million times (Clifford, 2009a). Even after YouTube agreed to remove the video from its website, the video was posted and made accessible by bloggers on alternative sites.

The hoax video also quickly found its way onto Twitter. Discussions about the incident centered on Dominos’ response to the video. Comments and questions on Twitter asked, “What is Domino’s doing about it?” (Clifford, 2009a). Initially, Domino’s responded only through the consumer blog sites that had reposted the video and alerted Domino’s to its existence. When the viewership of the video continued to climb on YouTube despite the response, Domino’s had to go directly to the source. Domino’s responded with its own
YouTube video and eventually created a Twitter account (@dpzinfo) to answer questions posted on the website. For Domino’s, the challenge was to gain control of a story that proliferated extensively overnight online and did so almost completely independently of the standard media sources such as television and newspapers.

**Dominos’ Crisis Response**

This case accentuates the need for organizations to monitor social media to detect potential crisis situations. Domino’s was initially ineffective in such monitoring. In fact, Domino’s did not detect the hoax video on its own. Instead, a blogger alerted the company to the condemning video (Clifford, 2009a). Dominos’ quickly took action in locating the culprits but failed to grasp the urgency of the communication situation. Vice President of Communications McIntyre revealed Domino’s was hesitant to respond publicly because they did not want to alert people to the video (personal communication, 2010). Domino’s instead responded directly to the blog sites that reposted the video. Despite these efforts, viewership of the YouTube video continued to rise.

By the next day the Conover, NC, Domino’s employees who posted the video were apprehended. Although the offenders insisted the video was a hoax, McIntyre said the company immediately conducted an investigation to make certain their denial was valid (personal communication, 2010). During this time lapse bloggers speculated openly about Domino’s credibility and capacity for managing the crisis (Levinsohn & Gibson, 2009). McIntyre expressed his dismay in a conversation with a New York Times reporter: “We got blindsided by two idiots with a video camera and an awful idea, (Clifford, 2009a, p. 1B). “Even people who’ve been with us as loyal customers for 10, 15, 20 years, people are second-guessing their relationship with Domino’s, and that’s not fair,” he lamented (Clifford, 2009a, p. 1B).

With their reputation reeling, Domino’s did what no major corporation outside the online technology industry had ever done before—address a crisis situation directly via a social media site. Dressed in a shirt with an open collar, Domino’s USA President Patrick Doyle read a 2-minute crisis response seated in front of a single camera. McIntyre explained the informality of the video saying they recorded the statement in one take and uploaded it to YouTube 45 minutes later (personal communication, 2010). The statement was straightforward and apologetic. Doyle began by saying, “We sincerely apologize for this incident. We thank members of the online community who quickly alerted us and allowed us to take immediate action. Although the
individuals in question claim it’s a hoax, we are taking this incredibly seriously” (Clifford, 2009a, p. 1B). Doyle also indicated that the facility in Conover had been temporarily closed and thoroughly disinfected. After claiming that customer trust is “sacred” to Domino’s, Doyle vowed to reexamine the company’s hiring practices to “make sure people like this don’t make it into our stores” (Clifford, 2009a, p. 1B). Doyle ended the video by saying he was “sickened” by the damage this incident had done to the Domino’s brand and the harm it had done to the reputation of the company’s 125,000 employees worldwide (Clifford, 2009a, p. 1B).

News of Doyle’s YouTube response spread quickly. His message was viewed extensively, and many of the websites that had criticized Domino’s for its slow and routine response offered critiques of the video—some favorable, some unfavorable. Unlike Domino’s initial effort, the YouTube apology garnered the much-needed attention that had been missing and intentionally shifted the story from the actual incident to “how can companies protect themselves in this YouTube era” (McIntyre, personal communication, 2010). BusinessWeek heralded Domino’s response as a lesson for all major companies, saying, “If there’s a lesson here, experts say, it’s that companies must have an active presence on the Web—to monitor their brands continuously, perhaps enlisting loyal customers to help deal immediately with any damage” (Levisohn & Gibson, 2009, p. 15).

In addition to Doyle’s YouTube response, he was also the voice behind the Domino’s @dpzinfo Twitter account. The account, separate from the company’s normal Twitter account (@dominos), solely addressed issues and questions surrounding the crisis. The tweets delivered by Doyle were informal and thanked customers for their support (Shankleman, 2009). One tweet stated, “To all that have messaged, RT’d or given a vote of confidence: THANK YOU! It’s been a heck of a day, but we’re glad to be out here with you” (Shankleman, 2009). Some followers expressed confidence in Domino’s, and others tweeted, “I will never eat a Dominos pizza again! Or even never eat anything again!” (Shankleman, 2009). Shortly after the crisis response account was created, its followers climbed to 1,200 (Garner, 2009). As chatter about the crisis began to dwindle, Domino’s returned to solely tweeting from their @dominos account.

**Strategic Actions**

Strategic actions in response to a crisis can enhance an organization’s legitimacy (Heath & Millar, 2004; Suchman, 1995). The paradoxical demands of the Domino’s YouTube hoax required the organization to take substantial
actions even though the claims were unsubstantiated. For these actions to reestablish or maintain the company’s legitimacy, they needed to meet four criteria: (1) acknowledge the problem, (2) state intent to solve the problem, (3) take observable actions, and, finally, (4) have an ongoing commitment to issue resolution (Boyd, 2000). In this section, we discuss the relevance of these strategies to the Domino’s response.

**Acknowledging the problem.** The YouTube video was originally posted online by Domino’s workers on April 12, 2009. On April 13, Domino’s successfully identified the store location documented in the video (Jacques, 2009), thanks to the assistance of bloggers on The Consumerist (York & Wheaton, 2009). On April 14, Domino’s identified the employees, terminated their positions, prepared to press charges against both individuals, and began an investigation of the location’s sanitary conditions (Clifford, 2009b; Shankleman, 2009). This symbolically distanced the organization from those who contributed to the crisis (Suchman, 1995). On April 15, Domino’s created both a Twitter and YouTube account to respond to online publics concerned with Domino’s health standards (Clifford, 2009b). In Domino’s YouTube video response, Doyle apologized for the incident while simultaneously blaming the perpetrators.

**State intent to solve the problem.** Doyle was clear in his YouTube statement that Domino’s was going to pursue actions necessary to mitigate the hoax and restore the organization’s reputation back to prehoax levels. Doyle stated, “There is nothing more important or sacred to us than our customers’ trust. We’re reexamining all of our hiring practices to make sure that people like this don’t make it into our stores” (Swifttallon, 2009). This statement serves to implement the monitors and watchdogs that symbolize contrition and change (Suchman, 1995). Doyle explicitly stated that the company intended to resolve the unanswered questions surrounding the hoax. The possible food adulteration jeopardized trust, and Domino’s found the breach of trust to be inconsistent with company policy. Regardless of who was to blame for the incident, Domino’s promised to solve the problem for company publics.

**Take observable actions.** Domino’s implemented multiple, discernible actions in response to the hoax. Domino’s immediately took responsibility to mitigate the incident (Jacques, 2009) and sought to identify the location to find the possible food contamination. As noted, the online community assisted in this process. Users who saw the video posted on The Consumerist noticed a Jack in the Box sign visible in the window and used Google satellite images to locate the implicated Domino’s near a Jack in the Box in Conover, NC (York & Wheaton, 2009). Both employees involved with the incident were immediately fired (Shankleman, 2009). The local health department
quickly inspected the restaurant for health violations, and Setzer and Hammonds were charged with distributing prohibited foods (Jacques, 2009). Within 3 days of the video’s posting, the hoax was largely resolved.

Unfortunately, Domino’s publics were unaware of the progress the company was able to achieve. The company had failed to address online publics who watched the disturbing video on *YouTube*, leaving publics to speculate about the outcome of the already-resolved hoax. As McIntyre stated, “What we missed was the perpetual mushroom effect of viral sensations” (Clifford, 2009a). As noted, Domino’s decided not to respond to the video publicly at first because they hoped the controversy would die down and go unnoticed. When it was clear the video was not slowly disappearing (rather views jumped to nearly 1 million), Domino’s recognized the need to respond using the same channel used to disseminate the hoax. By creating a *Twitter* account and responding in a *YouTube* address, Domino’s president was able to deliver the company’s statement to the most vexed publics. Online publics did not just watch the response video but commented on it, posted it to other video-sharing websites, and shared it with their networks.

**An ongoing commitment to issue resolution.** Dominos’ response indicated the company maintained a lasting desire to alleviate the distress imposed on publics because of the hoax. With no prior model to follow, Domino’s reacted rapidly and strategically when faced with an embarrassing video that contained the potential to damage the company’s reputation with stakeholders and to threaten Dominos’ organizational legitimacy. Initial steps in the response focused on public health—and went beyond the necessary requirements when Domino’s insisted stores throughout the country were going to be inspected for health violations. In his *YouTube* address Doyle said, “We [Domino’s] have auditors across the country in our stores every day of the week making sure that our stores are as clean as they can possibly be, and that we’re delivering high quality food to our customers day in and day out” (Swifttallon, 2009). He concluded by saying Domino’s takes “tremendous pride in crafting delicious food that they deliver to you every day,” and “we want to thank you for hanging in there with us as we work to regain your trust” (Swifttallon, 2009). Domino’s managed its response to the *YouTube* hoax by considering public health and safety above all else. By investing company resources in a thorough investigation of the incident, Domino’s was able to facilitate the beginning of recovery for the organization.

Domino’s Pizza enacted the tenets necessary to reach actional legitimacy with key publics. Domino’s took action to resolve the issue and extended public health inspections to all store locations to ensure safety. Doyle reached
online publics by responding on YouTube and Twitter, in addition to utilizing traditional mass media channels. Following through with promises to resolve the issue, Setzer and Hammonds were given suspended sentences and required to serve 24 and 18 months of probation, respectively (Hickory Daily Record, 2010). Most notably, in the fourth quarter of 2009, Domino’s posted a 1.4% increase in same store domestic sales (Domino’s Pizza, 2010a). Domino’s sustained, and in this case, marginally increased, profits, suggesting that the company’s response to the hoax was perceived as successful by consumers who continued to order the company’s products.

But Domino’s went a step further. When Doyle became CEO in January 2010, Domino’s launched a new pizza recipe and a string of ads showing focus group participants calling the former pizza crust “cardboard” and the sauce “ketchup” (Lippert, 2010). Learning from the YouTube incident, Doyle claimed the recipe change was a response to consumer criticisms. He stated in an interview, “It proves that if you do the right thing, then look people in the eye and tell them the truth about what you’ve done, they’ll respond” (Horovitz, 2010, p. 1B). And people have indeed responded. First quarter 2010 same store earnings were up 14.3% (Domino’s Pizza, 2010b), and even after the advertising splash subsided, second-quarter earnings were still up 8.8% from the previous year (Domino’s Pizza, 2010c).

Domino’s also continued its online presence, reaching US$1 billion in online sales in February 2010. The company hosted online contests in which consumers took pictures of real pizzas for advertisements (instead of the manufactured images competitor pizza chains use in their advertisements) and became “taste bud bounty hunters,” winning rewards for convincing others to try the new pizza recipe (Domino’s Pizza, 2010d, 2010e). Despite initial criticisms of the “too honest” advertising campaign, Domino’s incredible turnaround led Media Week to claim, “Pulling a Domino’s’ has actually entered the American vernacular, meaning to come clean and start over” (Lippert, 2010, p. 22).

Conclusions and Implications

Because organizational legitimacy is socially constructed, organizations will always be susceptible to unsubstantiated criticism such as hoaxes or rumors. When such criticism peaks in the public consciousness, a crisis response is warranted. This response is complicated by the fact that, unlike most organizational crises, there is no substantiated wrongdoing or profound error that must be addressed. Thus, the actions required to resolve the crisis are not prescribed by the organization’s failures. This paradoxical challenge is
resolved by taking actions that allow the organization to further emphasize a commitment to the values and norms the organization originally met in earning social legitimacy prior to the crisis. Despite considerable evidence that the incident was confined to the store where Hammonds and Seltzer created the video, Domino’s extended public health inspections to all store locations to ensure food safety. Doing so reemphasized Domino’s commitment to its customers’ safety even though there was no substantiated threat to that safety—not even in the North Carolina store where the video was created.

In essence, appeals to legitimacy resolve the paradoxical communication demands of unsubstantiated claims by establishing such public threats as learning opportunities. As such, actions that emphasize legitimacy are a means for organizations to publicly emphasize their willingness to adapt in order to prioritize continually the wellbeing of their stakeholders. For example, Domino’s used the hoax described in this analysis as an opportunity to reconsider both their food safety practices and hiring policies, despite the fact that the problem focused on only two of 125,000 employees. Actions that reemphasize legitimacy, then, provide a means for turning negative events into an impetus for positive change or for the reaffirmation of positive safety standards. Somewhat ironically, hoaxes can create an opportunity for organizations to resolve the quandary, as established by Sonpar et al. (2010), where manipulative efforts to establish or enhance legitimacy can be seen as illegitimate. Unsubstantiated claims create a reasonable opportunity for organizations to publicly emphasize their legitimacy. The public is highly unlikely to interpret such responses as exploitation.

Domino’s learned this lesson well and has since applied the strategy to the overall marketing plan. To address consumer comments of a “cardboard” crust and “ketchup” sauce, Domino’s launched a new recipe and complimentary campaign, reemphasizing legitimacy and demonstrating corporate responsiveness to consumer concerns. Domino’s has managed to apply the lessons from the YouTube hoax in a series of 30-s ads showing the negative claims followed by Domino’s substantial response, thus, turning a negative situation once again into an impetus for positive change.

There are stipulations, however, that organizations should consider when contemplating actions in response to unsubstantiated claims. Actions are not likely to reflect favorably on an organization’s legitimacy unless those actions are performed appropriately, responsibly, and conscientiously, with the intent of contributing to corporate goals and missions (Brummer, 1991). Dominos’ response focused undoubtedly on matters of food safety and quality. Doing so met the expectations of viewers based on the circumstances at hand.
Attempting to justify unrelated actions or simply to bolster the organization’s reputation would not produce the desired effect or outcome.

Several implications for practitioners may be drawn from Dominos’ YouTube hoax. First, responding to hoaxes through the same medium in which they were distributed is imperative if a company wishes directly to counter the hoax message for the same audience who received it. In this instance, Domino’s took the necessary corrective action steps to identify the individuals, secure the restaurant where the YouTube video was filmed, and act quickly to remove the video from YouTube while responding to the consumer watch websites that had notified Domino’s they had reposted the video (McIntyre, personal communication, 2010). However, if the consumer bloggers saw the video and reposted it on their websites, others likely did the same only without telling Domino’s. Many publics following the incident on YouTube and Twitter were not exposed to the statements updating the consumer blog sites about the investigation. Only when Doyle released his official YouTube video was further speculation about the hoax put to rest. By online media standards, Domino’s response was lagging. The expectations for immediate response differ greatly online from traditional media. In retrospect, Domino’s would have fared better if the company had released Doyle’s YouTube response when the original video was identified. But, again, with no prior model to follow, Domino’s response was unprecedented and innovative. Despite online criticism of a delayed response, business strategists heralded Domino’s for quick thinking.

Although Domino’s has emerged from the YouTube hoax relatively unscathed, as illustrated by continued financial success, it would be unwise to assume a similar situation could not occur in the future. But the emergence of a hoax does not have to lead to the emergence of a crisis as it did for Domino’s. False claims can be mitigated, and mitigated quickly, if an organization practices adequate media and social media surveillance. Dominos’ hoax grew into a reputational and legitimacy crisis because of a delayed, and initially misdirected, organizational response. Such challenges will most likely become more prevalent as Internet use continues to evolve and intensify. This case vividly emphasizes the need to counter false claims promptly and, at least in part, within the same domain in which they originate. Not until Doyle communicated through the same medium selected by the hoaxes was he able to reach his relevant audience. Garner (2009) notes the importance of social media, not only for social marketing but also for customer relationships. Organizations must monitor all channels that can influence brand image and monitor any discussions about brands and products. Although
anticipating and preparing for all future hoaxes is not possible, organizations can prepare strategies in order to communicate a response speedily to such situations when they become known. Along with other potential threats to an organization, hoaxes should be included in an organization’s crisis planning.

Domino’s successful response to the YouTube hoax may largely be attributed to The Consumerist. Had the third party not alerted Domino’s to the YouTube video, it may have taken even longer for the company to become aware of the situation. Domino’s and other organizations that are vulnerable to hoaxes, particularly on the Internet, should expand media surveillance to monitor what is being said about the company’s products not just in the standard media but in social media as well (Veil, Buehner, & Palenchar, 2011). An aggressive surveillance system may prevent future pranks or rumors from developing into full-blown crises. McIntyre recognized this point. He listed two key lessons Domino’s learned in response to its YouTube crisis: (1) monitor Internet communication vigorously, and (2) engage and talk with consumers rather than at them (personal communication, 2010).

Actional legitimacy was conceptualized by Boyd (2000) as an opportunity for organizations to recognize and resolve potential problems publicly even without a full-blown crisis. In doing so, organizations have the capacity to enhance their legitimacy. Future research might address actional legitimacy in precrisis situations, particularly focusing on new media. Mediums like YouTube and Twitter offer readily available public sentiment regarding organizations and brands. Maintaining customer confidence, and enacting actional legitimacy, ought to begin before a situation becomes a significant problem. Research highlighting actional legitimacy and precrisis strategy is warranted to understand this still gray area of organizational legitimacy.

The Domino’s case reveals a growing complexity of organizational crisis communication. Hoaxes have always had the potential to create crises that cause notable damage to an organization’s financial well-being. With the advent of such accessible technology as YouTube, a hoax can now evolve into a full-blown organizational crisis within a matter of hours. At the same time, these alternative media channels give organizations the opportunity to tailor their crisis response for specific audiences and, perhaps more important, to communicate in response to crises more quickly and efficiently than in the past. Organizations would be wise to study the Domino’s case and consider their own level of preparedness for such an attack. As hoaxes and other unsubstantiated claims become more sophisticated, so too must organizational responses to such threats.
Declaration of Conflicting Interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The author(s) disclosed receipt of the following financial support for the research, authorship, and/or publication of this article: This material is based upon work supported by the U.S. Department of Homeland Security under Grant Award Number 2007-ST-061-000003-02 through a grant awarded by the National Center for Food Protection and Defense at the University of Minnesota. The views and conclusions contained in this document are those of the authors and should not be interpreted as necessarily representing the official policies, either expressed or implied, of the U.S. Department of Homeland Security or the National Center for Food Protection and Defense.

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