8 Legendary Social Media Cases
A report on how social media transformed the way companies do business
Social Strategy1 is an outsourcing partner with a range of online solutions to achieve business objectives and resolve corporate problems. We capture untapped potential and enhance business growth by means of new digital and social media.
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Until recently, unhappy customers had only two options: bombard customer service with complaints or file a lawsuit. The age of social media gave unhappy customers many more options to express their dissatisfaction and reach results other than legal. They can for example, Tweet on Twitter, share with all their friends on Facebook, write on their (or somebody else’s) blog and even make a video about their experience. Making a video is exactly what one customer of United Airlines decided to do after fruitless attempts to get assistance from customer service.
On July 6, 2009, a video entitled “United Breaks Guitars” appeared on YouTube. The author, Canadian musician Dave Carroll, wrote a song about his unsatisfactory experience with United Airlines. In the song he blamed United Airlines for breaking the neck of his $3,500 guitar, caused by careless baggage handling and unreasonable policies. Customer service found Mr. Carroll’s refund ineligible, as the claim did not take place within the “standard 24-hour time frame”.

While the story of Dave Carroll represents an ordinary customer service problem, the amount of publicity that the issue gained by being posted on YouTube was outrageous: 150,000 views were generated within 1 day and grew to 8 million by March 2010.

In the aftermath of the events, Rob Bradford, United’s Managing Director of Customer Solutions, telephoned Carroll to apologize for the foul-up and offered a belated compensation of $3,000. Some claim that $3,000 in damages is not an accurate reflection of UA’s loss. According to the Times Online, “the Carroll mishap actually cost United $180 million or 10 percent of its market cap,” within four days of the song going online. The gathering thunderclouds of bad PR caused United Airlines stock price to suffer a mid-flight stall, and it plunged by 10 per cent, costing shareholders $180 million. Which, incidentally, would have bought Carroll more than 51,000 replacement guitars.” Generally, airlines’ stocks have a downward trend, but the stocks of United in June –August 2009 represent the lowest point on the company’s 3 year trading history.

While United was recovering from its bad publicity, Taylor Guitars, the brand of Dave Carroll’s guitar, used the incident as an opportunity. Bob Taylor, owner of Taylor Guitars, offered Carroll two guitars and other props for his second video, as well as issued a video response to the story.

So what was the outcome of this new type of corporate trial? The outcome for Mr. Carroll was pretty satisfying, besides financial compensation, Dave Carroll got worldwide recognition as his song hit #1 on the iTunes Music Store the week following its release and Time Magazine named it #7 on its list of the Top 10 Viral Videos of 2009. For United the outcome was less pleasant; besides financial losses and wide criticism, the song “United Breaks Guitars” is the first one to pop up when somebody searches for United Airlines on YouTube.

Lesson Learned: Just because you have lawyers, doesn’t mean you are covered for customer complaints!
THE VALUE OF MARKETING RESEARCH

In summer 2009, Dunkin’ Donuts (DD) launched its new vanilla-flavored drink, Coolatta, by organizing a competition on Facebook. The competition invited the fans of the brand to post a photo of themselves with the drink on the Facebook fan page in order to enter a competition for a daily giveaway. The participants also had to post the photo on their profiles to qualify to be the lucky winners chosen by DD. The photo of the winner was posted on Dunkin’ Donuts official profile.\(^3\) When the competition started, the DD fan page had almost 800,000 supporters. Within a week, their fan base was composed of 1.1 million and kept growing, (today it has more then 1.6 million, featuring “fans of the week”).

In 2010, DD decided to repeat its success and launched a continuation: “Keep It Coolatta 2: Flavor Boogaloo”. In partnership with the popular internet radio service Pandora, DD asked Facebook users to submit their favorite song as well as select their favorite iced-coffee flavor to help them create a branded music mix.

With “Keep It Coolatta 2: Flavor Boogaloo,” Dunkin’ Donuts is sponsoring a custom playlist on Pandora (www.pandora.com), the Internet radio service that delivers personalized stations based on listener music preferences, and giving everyone the chance to play DJ by visiting DD’s Facebook page at www.facebook.com/Dunkin Donuts and suggesting favorite songs inspired by the flavors of Coolatta and summer. The ultimate summer mixes were selected from all suggestions on Facebook and available as a custom DD music station on Pandora in July.\(^4\)

The number of fans on the Facebook Page is not a reliable indicator of the effectiveness of the Coolatta campaign, but indicates other valuable benefits: product research and customer data.
**Product research:** When submitting a song, users had to(14,14),(986,981) select their favorite Coolatta. According to Paul Samuelson, leading American economist, revealed preferences of consumers represent invaluable insights that aid in predicting future consumption. Access to consumer preferences could potentially have had wide application in the operations department to control the balance between supply and demand. It is notable to highlight how social media facilitated the process to get these valuable insights.

**Customer data:** When a Facebook user accesses the DD application, he has to allow the application to use his personal data. This gives Dunkin’ Donuts not only demographic information about their fan-base, but also access to the profiles of online users, which contain hobbies and interests. These insights are invaluable for the marketing department of the organization to do proper targeting. While the company didn’t disclose the benefits of its social media participation, the fact that DD is the number one retailer of iced coffee in America, with sales of more than 250 million cups of iced coffee per year, can speak about their success in the social media space.

**Lesson Learned:** Social media participation doesn’t have to generate direct impact on an income statement to prove itself profitable.
On March 1, 2009 Skittles changed their official homepage to a collage of content from social networking sites. The mix of content included a live Twitter feed and video from Flickr and YouTube.\(^6\) At first glance, the idea seemed revolutionary and core-shaking. The corporate brand finally emerged into the social media space and embraced the power of user-generated content.

However, in a day or two the idea turned into a deadly catalogue of cheap broadband.\(^7\) Online users, either motivated by hunger for Internet fame or desire to display their thoughts to a national audience,\(^8\) were using the word “Skittles” in their posts and quickly devolved the page into an aggregation of racial slurs, profanities and suggestions for crude new slogans. The whole campaign quickly turned into a mockery of the Skittles brand.
The PR idea of getting public attention has worked, the ratings have shown big boosts in the number of mentions and visits. The launch of the new website was quickly picked up by popular blogs like Mashable and Logic+Emotion, as well as by traditional media such as *Forbes* and the *Wall Street Journal*. Nevertheless, the amount of publicity didn’t justify the content. Most authors questioned the marketing strategy of the brand, as well as the company’s creative idea. A close look at the people who mentioned Skittles marketing relaunch would also reveal that these were mostly marketers and communication specialists, and probably not Skittles’ target audience.

Some experts claim that the failure of Skittles’ marketing campaign was failure to engage in the dialogue. Social media requires a conversation, but the website represented just an electronic billboard on the web that said, “look who’s using the word Skittles!”

Although we should give Skittles credit for the brave experiment with user-generated content, this case is a powerful alert that participation in a social media space must be coupled with a strong strategic approach. The strategy should consider the nature of the target audience, identify influencers and have a clear objective. Finally, one should keep in mind that interactivity should be a main priority of any social marketing related activities.

**Lesson Learned:** Having an online presence on social media platforms does not equal business benefits.
THE POWER OF INFLUENCERS

There are certain users in social networks who have a large number of followers and have earned credibility within their communities. We call these people influencers. In theory, influencers are one of the most crucial ingredients in social media strategy. In practice their influence can be to drive revenue for businesses.

In 2008, Kohl’s American department store chain decided to “wow” its brand into the everyday conversations of its target customers, women between the ages of 25-54. The company decided to partner with CafeMom, the leading social-networking community site for moms.

The CafeMom team identified 20 top “member-influencers” based on site and social activity (group/forum participation, number of website friends, visit frequency) and gave each of them a $250 gift card. In exchange for the gift card, each mom was asked to explore her personal color, blog about her color driven shopping experience, and upload photos of items purchased. To amplify program awareness, custom co-branded media featuring the influencer moms ran across CafeMom and drove users to the Kohl’s Brand Profile page on CafeMom. This page aggregated all the Kohl’s related blog posts from the influencer moms and provided a platform for other moms to comment and participate in the conversation.
Hundreds of thousands of moms viewed the custom-created influencer media, and tens of thousands of moms visited the CafeMom Kohl’s Brand Profile page to read about the influencer moms’ shopping experiences. A market research study, comparing moms exposed to the program versus a control group, showed that this program moved the needle (at a 90% confidence level) on brand awareness, brand association, and purchase intent. The 2008 campaign “Connect with Color” performed so well, that Kohl’s made gift cards promotions a regular event on CafeMom.

In 2009, the company continued to strengthen social marketing by seeding popular consumer blogs with merchandise giveaways. In 2010, Kohl’s explored the video capabilities by giving $50 Kohl’s gift cards to 50 CafeMoms and asking them to go shopping for new clothes in the LC Lauren Conrad collection at Kohl’s. These selected participants also received a Flip camcorder so they could share the experience with other people.

When Kohl’s refocused on digital advertising in 2008, their goal was to increase its online retailing. Considering last year reports, the influencers accomplished the task, because the company’s e-commerce revenues rose 38% in 2009, on top of a 48% increase in 2008.

Lesson Learned: Influencers are very important, not only in theory, but also in practice!
CASE 5

THE FUTURE OF CUSTOMER SERVICE

It has been predicted that the influence of social media will greatly improve corporate customer service because of its direct, real-time connection between customers and companies. An early example of CRM took place in February 2010 when Kevin Smith, film writer/director, was kicked off a Southwest plane at Oakland International Airport, allegedly because the captain deemed Smith’s obesity a “safety risk” to other passengers. After Mr. Smith was declined a place on the plane, he decided to talk to Southwest directly on Twitter.

At the time of the incident, Kevin Smith had 1.6 million Twitter followers and quite a substantial blog. The conversation started politely:

Dear @SouthwestAir - I know I'm fat, but was Captain Leysath really justified in throwing me off a flight for which I was already seated?

This soon turned into direct offense directed at Southwest:

(1/2)Hey @SouthwestAir! I've landed in Burbank. Don't worry, wall of the plane was opened & I was
airlifted out while Richard Simmons supervised.

(2/2) Hey @SouthwestAir? [@#$] making it right for me just ‘cause I have a platform. I sat next to a big girl who was chastised for not buying an extra ticket because “all passengers deserve their space.” [@#$%^&*] flight wasn’t even full! [@#$] your size-ist policy. Rude...

Southwest, which launched its Twitter account in 2007, was quick to reply to the incident: Southwest said in a statement that airline officials had called Smith to offer their “heartfelt apologies,” but also stated his removal was for the “safety and comfort of all customers.” People Magazine also published that Mr. Smith was given a $100 voucher upon his arrival to his destination on a later flight.

While the online debate was not easily solved as both sides had their supporters and opponents, Kevin Smith’s Twitter did not receive further publicity and the incident became yesterday’s news. However, this case would probably have had a completely different outcome if Southwest did not contact Mr. Smith the same day. This case clearly demonstrates the opportunities and benefits of monitoring and managing the online presence.

**Lesson Learned:** Monitoring and managing online presence is a crucial ingredient for excellent customer service. Why do you need it? It will serve as a shield in critical times.
A 2010 survey by ICT of brands on social media found Starbucks to be the most popular consumer brand on the social Web. This was determined by using analytics to index consumer brands against the most popular personal brand on the planet: Lady Gaga. At that time, Starbucks had over 705,000 followers on Twitter and over 5,428,000 fans on Facebook and while ITC didn’t issue any evidence that a huge fan base generates high profits, it is, without a doubt, how Starbucks reached ultimate brand awareness.

Starbucks online marketing strategy gets praise for extreme consumer engagement, but it is important to note that Starbucks intensive consumer engagement is due to the fact that the company is actively involved in promoting itself in through multiple social media channels.
Social Community: Starbucks has its own social network, My Starbucks Idea, where customers are asked to share their ideas on anything related to Starbucks. The site gives users the ability to see what peers are suggesting, vote on ideas and check out the results. The site not only gives the company sufficient feedback on its products and services, but it also creates the feeling for the users that they have some role in the corporate decision-making process.

Social Media Blog: Ideas in Action is a blog written by Starbucks employees and talks about what Starbucks is doing with the ideas posted by users on the My Starbucks Idea site. The blog keeps customers in the loop with their ideas, and in doing so, increases their sense of loyalty to the brand. The blog is also useful in sustaining and promoting corporate culture internally.

Microblogging: Starbucks participation on Twitter is concentrated on answering questions and re-tweeting what people say about the brand.

Facebook: Starbucks uploads content to their Facebook page such as videos, blog posts, and photos. The company also invites fans to events. Starbucks fans on Facebook, have a place to initiate discussions and make comments, and many of them do.

Video Content: Over 4,800 people subscribe to Starbucks YouTube Channel, where they can upload commercials as well as informational videos explaining the origins of different coffee blends plus some of their charity work. Subscribers also upload videos showing Starbucks’s history, prompting them to relate more to the brand, and enabling them to embed its videos anywhere they like on the web.

Starbucks social media strategy is to get people more engaged with the brand. For example, the marketing department of Starbucks promises to let customers connect with employees so they will be able to decide what kind of arts, books and music will be included in the store. By being actively involved in its numerous social platforms, Starbucks is showing its customers, “Hey, we care about what YOU have to say.”

Nevertheless, we also need to put a price tag on this kind of engagement and popularity. And while Starbucks does not disclose it social media marketing budget, we can assume that being the most popular brand online certainly does not come free!

Lesson Learned: Social media is not free. It takes time, resources and a tremendous amount of work.
THE NEW TYPE OF ACTIVISM

Corporate marketing departments are not the only ones that have decided to take advantage of social media. Activists around the globe have started to discover advantages to reaching large-scale groups in cost-effective ways via social networks. On March 16, 2010, Greenpeace started a campaign against Nestlé by joining the company as a friend on Facebook.

Greenpeace launched their online protest by spurring a groundswell of online criticism on Nestlé’s Facebook fan page, creating an anti-Nestlé advertising on YouTube and issuing an extensive report on the company’s practices of using palm oil produced in areas which threatened rainforests and orangutang populations. Nestlé responded defensively, warning it will remove off-brand logos from its Facebook page, which resulted in a flurry of negative comments. It’s not totally clear if Greenpeace staged and executed the whole attack, but regardless, the community relentlessly dogpiled on the brand’s Facebook page. While Nestlé responded with a Q&A on their corporate site, the company retreated from the discussion on the Facebook page, leaving the page open for detractors.

Greenpeace maintains an extraordinary ability to attract attention, whether it be traditional media or social media. It is interesting to compare Greenpeace’s strategy with the Nestlé boycott in 2010 to the handling of the Shell Oil tanker in 1995. Shell planned to dispose of an oil tanker at sea, while Greenpeace insisted they dismantle it on dry land. In 1995, they sent boats and prepared guns. However in 2010 Greenpeace launched microsites and viral videos condemning Nestlé. Rather than shouting out loud like in 1995, they changed their approach in 2010 to shout
more effectively, by getting every Greenpeace employee to blast Nestlé’s Facebook Page.15

After Greenpeace’s activism in 1995, Shell agreed to get the tanker to dry land. Greenpeace later admitted that approach was not actually the best ecological solution. It is important to remember that in the world of social activism, it is not important whether Greenpeace is objective in its corporate attacks, or even if corporations are being ethical. Rather, it is all about how the issue is presented to the public and how it is later managed by either party.

In the aftermath of 2010’s events, Nestlé has committed to identify and exclude companies from its supply chain that own or manage “high risk plantations or farms linked to deforestation”. The head of digital communications at Greenpeace, Tracy Frauzel, was understandably pleased. “They’ve made it so easy for us,” she said. “Nestlé just doesn’t seem to have a good understanding as to what happens in the social space.”

The campaign Greenpeace waged against Nestlé was a real-life example of how organized groups can stage mass attacks on brands Facebook fan pages, overrunning them with negative messages. What’s more, in these wars, corporations do not have any control over the content on their pages, because in the end it all belongs to Facebook. Greenpeace’s efforts to influence Nestlé undoubtedly demonstrated one of the risks for any business who has a mere presence online. While it is risky, to refuse to tap into social media marketing it is like being afraid to drive a car because you might get in an accident.

**Lesson Learned:** If you plan to jump to social media space, do not jump without a parachute: social media requires the same strategic communication plan as traditional media does.
THE VOICE OF THE CONSUMER

When we talk about social media, we include words such as “interaction” and “exchange.” Very often companies who engage in social media marketing forget that interaction is not just a fancy word to describe their marketing campaign, but a communication activity that goes both ways. NBC experienced first-hand what interaction means for its loyal viewers.

On April 8, 2009, during the closer to the season finale of NBC’s TV series Chuck, a user named Serendipity78 posted an article, “Keep Chuck Alive - The Renewal Thread” on the blog Television Without Pity. The user asked NBC to renew the TV series and motivated other fans to join the campaign. This post provided the idea to popular TV blog, Give Me My Remote.com to temporarily rebrand itself to Give Me My Chuck, and the consumer action began receiving phenomenal attention.

I’ve done my duty and written my letters to the network, but given the economy and the Jay Leno effect, I’m not confident that will be enough. I wanted to request your help to promote a ‘Save Chuck’ strategy that goes beyond the standard fare of sending letters or bobbles to the networks. What I’m proposing is a consumer driven campaign that will lend a voice to all the loyal Chuck fans that are not represented by Nielson ratings.

From blogpost of Serendipity78

Fans of the show started using the hashtag #savechuck on Twitter, customizing their profile backgrounds with images supporting the campaign, and even showing their love for the show by going to Subway and purchasing $5 footlong sandwiches on the day of the show’s season finale. Subway was the main sponsor of the Chuck TV series and fans assumed that the rise in Subway’s revenue may help to prolong the life of their favorite tv show.”
As a non-Nielson viewer, I feel the most effective means of making an impact is to wield my consumer power in a way that NBC and their sponsors will be able to measure. I’ve noticed that Subway has worked with Chuck/NBC to incorporate product placement within the show. To demonstrate my gratitude to that franchise for their support of Chuck, I’m pitching a ‘Finale & FOOTLONG™’ campaign to all the Chuck forums and boards. I’m also sending this idea out to key TV critics who’ve been supportive of Chuck, asking them to write articles and raise awareness for this effort. ... The ‘Finale & FOOTLONG™’ campaign will call on fans to show their dedication by pledging to purchase a $5 FOOTLONG™ from Subway on the evening of the Chuck season finale (which hopefully isn’t the series finale). If enough Chuck fans band together to do this and Subway sees a rise in sales Monday April 27th as a result, it would give NBC/Universal an actual meter to gauge the fan dedication in relation to the return on investment of a key sponsor.

The best way to save Chuck is to give NBC/Universal a legitimate business justification for keeping their quality programming on the air. It’s more likely that the network and sponsors will hear our pleas for a Chuck renewal if we speak their language…$$. So fans, please write your letters, mention the campaign, and buy a $5 FOOTLONG™ from Subway on April 27th (bonus points for those that drop off a comment card saying they’re buying their sandwich in support of Chuck.)

From blogpost of Serendipity78

In the end NBC agreed to launch a third season of Chuck but only for 13 episodes instead of the regular 22. In any event, the whole incident showed the capabilities of the “voice of the consumer” that is so widely praised by social media gurus. “Save Chuck” fan action was not intended to ruin NBC’s reputation; rather it generated tremendous amounts of free publicity and probably an increase in Chuck’s audience.

Subway also emerged as a winner. Some fans estimated that the company would receive $1.2 million in profits from the 400,000 loyal fans who bought only one footlong. “Our customers love Chuck so we are happy to help bring the show back through our partnership with NBC,” said Tony Pace, Chief Marketing Officer.

Lesson Learned: Social media goes both ways: companies try to influence attitudes and behavior of their customers, but consumers in turn can influence companies and be very powerful in their efforts.
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