**GOLD PEAK TEA:**

**SOCIAL MEDIA PROMOTION GONE WRONG**

**TEACHING NOTE**

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**Critical Incident Overview**

In spring 2012, Gold Peak Tea, a Coca Cola brand, announced a promotion, Take the Year Off. The Grand Prize was $100,000, a chance to stay home for a year, and a year’s supply of Gold Peak Tea coupons.

Lawyer Theodore Scott won the Grand Prize. It was discovered that he solicited votes on an online forum. Scott was disqualified in favor of another contestant, Michael Simpson. Scott claimed the rules were unclear, that asking for votes on an About.com forum did not constitute inducement, and that other entries did not include one of the stated requirements of how contestants would spend a year at home.

Several hundred angry comments were posted on Gold Peak Tea’s Facebook page. Facebook and Twitter pages supportive of Scott were created. However, by May 2013, the social media backlash fizzled. The Boycott Gold Peak Tea Facebook page had only 31 Likes, and the Go Team Theodore Twitter page claimed 200 petition signatures. Neither site had recent activity.

**Application**

Appropriate for undergraduate or graduate Principles of Marketing, Principles of Advertising, Promotion, Social Media, Public Relations, and Crisis Management courses.

**Research Methods**

This critical incident was written based entirely on secondary research. No information has been disguised to preserved anonymity.

**Learning Objectives**

Students should be able to:

1. Distinguish between a contest and a sweepstakes, and apply these terms to a specific program.
2. Describe the concept of vote inducement / farming, and explain how vote inducement affects contests that use social media.
3. Identify the marketing objectives associated with a promotional contest for a brand or product.
4. Discuss the benefits of social media for a brand.
5. Develop a crisis management plan to capture the positive responses to a contest, rather than the potential backlash.

**Discussion Questions**

1. Describe the Gold Peak Tea program. Is it a contest or a sweepstakes? Explain.
2. Describe the concept of vote inducement / farming. How can vote inducement affect contests that use social media?
3. What were the marketing objectives of this contest from the point of view of Gold Peak Tea management?
4. What does social media provide a brand like Gold Peak Tea? Describe what Gold Peak Tea generally does on Facebook.
5. What was Gold Peak Tea’s crisis management plan to capture the positive responses to its contest and mitigate the backlash?
6. What should Gold Peak Tea have done?

**Answers to Discussion Questions**

**1. Describe the Gold Peak Tea program. Is it a contest or a sweepstakes? Explain.**

As shown in Figure 1, contests and sweepstakes are different (Marketing Resources Incorporated, 2011) (Logan, 2006). Therefore, although many companies sponsor contests and sweepstakes to raise brand awareness or increase customer engagement, each promotion method has different marketing implications. Contest entry requirements and rules must be clearly explained. Consumers must also feel comfortable with how participants’ skills are evaluated during the contest. Asking for the public’s input has great potential to increase brand engagement. However, public voting can also damage the brand’s credibility, if there are claims of unclear rules and artificially inflated vote counts. The inherently random nature by which sweepstakes winners are chosen avoids these issues, but offers fewer opportunities for the brand to engage with its target audience.

**Figure 1.** Differences Between Contests and Sweepstakes.

|  |  |  |
| --- | --- | --- |
|  | Contest | Sweepstakes |
| Skill | Yes | No |
| Lottery | No | Yes |
| Purchase or Entry Fee Requirement | Sometimes | Never |

The Gold Peak Tea program, called Take the Year Off, offered a Grand Prize of $100,000, a chance to stay home for a year, and a year’s supply of Gold Peak Tea coupons (“Gold Peak Tea - Take the Year off Promotion Official Rules,” 2012). The promotion also included two sweepstakes. The prize for each was a package of 4 Live Nation concert tickets and associated travel. During the Judging phase, entrants visited a designated website, where they submitted a registration form, an essay about what the entrant would do with $100,000 and a year away from work, and a recent photo. Submission granted an entry into the first sweepstakes for Live Nation concert tickets. A panel of judges asked the best ten to fifteen entrants to submit a video. In the Voting phase, the five best videos and essays were posted online for a public vote. Each voter was granted an entry into the second sweepstakes for Live Nation concert tickets. The finalist with the largest number of votes won the Grand Prize.

Take the Year Off was a contest that included two sweepstakes. Contests and sweepstakes are different (Marketing Resources Incorporated, 2011). A contest requires an entrant to accomplish a task that requires skill. The Voting phase was the contest component of Take the Year Off, because essays and videos were judged based on their quality. By contrast, winning a sweepstakes is due to random luck. The two drawings for concert tickets were the sweepstakes components of Take the Year Off. The drawings were completely random, and did not involve judging any characteristic of the entrants.

Contests and sweepstakes have different marketing implications. A contest allows a company to get customers involved with the brand and, ultimately, has the potential to increase brand engagement. However, as Gold Peak Tea realized, contests can be susceptible to claims of unclear rules and artificially inflated vote counts, which can damage the brand’s credibility. Bad publicity in a major widely read newspaper can have longer term negative consequences in terms of adoption and repurchase.

A sweepstakes rewards customers for buying their product by providing a premium or item that is attractive to the customer. The offering of a sweepstakes provides customers with “brand excitement” and provides short-term engagement. It is likely that the effect of a sweepstakes is short lived. A sweepstakes can also be a way to obtain secondary display at the retail level; retailers may take on a display if they think it will be of interest to customers.

**2. Describe the concept of vote inducement also known as vote farming. How can vote inducement affect contests that use social media?**

The commonly accepted legal definition of vote farming is a broad, concerted online effort to ask random people for contest votes. The legal definition of inducement is when a person changes their behavior because of a promise (West’s Encyclopedia of American Law, 2008). It was plausible that at least some people chose to vote for Scott because they expected him to vote for them in another contest. Although Scott made an offer, not a promise, to reciprocate, there was no reason to believe that he would not have done so if asked.

In the final analysis, it was up to Gold Peak Tea brand management to make the determination. Their ruling was justifiable given the rules.

This example shows that social media marketing initiatives can result in viral or word of mouth communication that has the potential to raise brand awareness, but that can also become a source of negative publicity with the buying public.

**3. What were the marketing objectives of this contest from the point of view of Gold Peak Tea management?**

Gold Peak Tea favored small-scale marketing strategies. It announced Take the Year Off on its Facebook page (Stafford, 2012), which meant that associated announcements would primarily reach existing followers. Therefore, large increases in brand awareness among unaffiliated consumers were unlikely. Take the Year Off sought to communicate that it cares about its loyal customers, by rewarding one of them. This would build positive consumer judgments and feelings about the brand, and thus help move some consumers from the awareness and interest stages to higher levels of the brand equity pyramid.

Brand equity, value beyond the core product, can be thought of as a pyramid (Kerin et. al., 2011) (Keller, 2008; Erdem et. al., 2006). Consumers progress through each stage according to a hierarchy of effects model, as they acquire abstract associations, positive feelings, and eventually an emotional bond with the brand.

In the initial awareness stage, consumers start to notice changes in their social environment due to a brand’s actions (Lavidge & Steiner, 1961). Contests raise brand awareness when their associated announcements reach potential new consumers, and encourage them to interact with the brand. As consumers become engaged with the brand, some of them progress to the interest stage, and decide to learn more. This may be through visiting the brand’s website, replying to posts on its Facebook page, or seeking out the product at a retail outlet. Some consumers progress to the evaluation phase, in which they contemplate the relative strengths and weaknesses of the brand and its products. If these attributes prove appealing, some consumers will progress to the trial stage, in which they make their first purchase. A positive experience with the brand encourages repeat purchases, at which time the consumer reaches the final adoption stage.

**4. What does social media provide a brand like Gold Peak Tea? Describe what Gold Peak Tea generally does on Facebook, and how it helps the brand achieve its goals.**

Social media provides a way for companies to interact with, inform, persuade, and remind consumers. Social media also helps companies collect market research data, advertise, and offer sales promotions. However, the benefit and unique capability of social media is that, unlike traditional advertising, consumers can offer feedback, and attempt to control the conversation.

Gold Peak Tea uses social media as part of its individualized direct marketing strategy, to create a loyal customer base (Stafford, 2012). On Facebook, Gold Peak Tea generally posts advertisements for their products, photos their customers have uploaded to Instagram, announcements of new promotional partnerships, and encouragement to drink their products for holidays and special events (“Gold Peak Tea Facebook Page,” 2012). Most postings have accompanying photos and questions. Customers sometimes answer the advertisements and questions with complaints. These efforts increase consumers’ engagement with the Gold Peak Tea brand, which facilitates their progression through the hierarchy of effects, and builds brand equity.

**5. What was Gold Peak Tea’s crisis management plan to capture the positive responses to its contest and mitigate the backlash?**

There are five strategies for social media crisis management: delay, respond, partner, legal action, and censorship (Thomas et. al., 2012). Gold Peak Tea used a mixture of some of them.

The delay strategy assumes that if the company does not respond right away, or at all, the social media firestorm will eventually disappear by itself (Thomas et. al., 2012). This approach allows the company to thoroughly analyze the issues, devise ways to successfully resolve them, and avoid a remark that escalates the situation. The disadvantage of the delay strategy is that consumers are likely to assume that the company is not interested in listening to their feedback, is unwilling to resolve complaints, and quietly accepts the blame.

Gold Peak Tea used the delay strategy when it ignored most of the angry social media comments. Indeed, the backlash went away eventually. However, in this situation, the delay strategy was very risky. Scott claimed that several contestants, including the alternate winner, Michael Simpson, also did not follow the rules, since they did not adequately address the theme of staying at home. By remaining silent, some consumers were likely to believe that Gold Peak Tea tacitly acknowledged its guilt.

The respond strategy requires the company to actively address the problems raised (Thomas et. al., 2012). This approach allows the company to retain some measure of control over the conversation. The disadvantage is that the company may need to argue in front of a large audience. This problem is made worse when the complaint stems from a consumer’s failure to understand and/or obey company policies. Many members of the public might see the arguments, become misinformed, and support the complainer. Even if the audience understands the company’s position, the way in which that position is communicated may also harm the brand.

Gold Peak Tea used the respond strategy when it posted a statement on its Facebook page explaining its position. Consistent with the disadvantages of this method, Scott’s complaint stemmed from the fact that he did not understand and abide by the prohibition against vote farming in the contest rules. Gold Peak Tea’s statement was not very persuasive to most social media commenters, who sided with Scott.

In the partner strategy, the company seeks to create a positive relationship with consumers, and converts them into brand advocates (Thomas et. al., 2012). This had been the intent of Gold Peak Tea’s social media programming.

The legal action strategy involves taking the complainer to court, often under accusations of libel (Thomas et. al., 2012). Even if the company wins the fight, it is held up to close public scrutiny, and earns a damaging reputation for seeking to punish consumers who complain. Gold Peak Tea did not resort to the legal action strategy.

The censorship strategy entails actively removing consumer comments from the social media site (Thomas et. al., 2012). Although companies view such actions as protecting their brand image, consumers are likely to become even angrier. They will view the company as being secretive and not authentic. Gold Peak Tea used the censorship strategy when it removed many of the negative Facebook comments it considered indecent.

**6. What should Gold Peak Tea have done?**

Gold Peak Tea was faced with a difficult dilemma. It could have given in to public pressure and just let Theodore Scott win. The company could also have provided a stronger response to the public explaining how their input and opinion was valued but that they felt that the use of vote farming sites was not a practice that they wanted to support long term. Another action that they could have taken was to offer cents off coupons to customers on the Facebook site.

In the end they took the delay strategy with minimal explanation or respond to their customers. In this instance, their strategy seems to have paid off.

**Epilogue**

Gold Peak Tea chose to ignore the public relations storm. Michael Simpson remained the alternate winner. The number of complaints decreased over time. As of May 2013, the Boycott Gold Peak Facebook page had only 31 Likes, which indicated declining interest. The Go Team Theodore Twitter page claimed 200 petition signatures. Neither site had recent activity.

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