

# MARKETING

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## [ **CONTROVERSY CUBED** ]

**Nissan's groundbreaking Cube launch illustrates how, in the age of social media, following the letter of the contest law isn't enough**

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Recommend



Judged solely by the amount of attention it generated, it would seem the Nissan Hypercube contest was an unqualified success. Conceived by Toronto agency Capital C on behalf of Nissan Canada, the ambitious contest—which invited Canadians to compete for one of 50 newly launched Nissan Cube vehicles by demonstrating both their creativity and facility with social media networking—drew more than 7,000 entries and earned coverage from numerous media outlets, including the *Toronto Star*, *National Post* and *Marketing*.

The enthusiasm of the participants and the mostly positive tone adopted by the media suggested that Nissan and Capital C had blazed a new trail in Canadian automobile marketing—a vehicle launch campaign that included nary a dollar in advertising spend and relied on consumers themselves to create both buzz and content.

If social media is still, as is so often said, the “Wild West” of marketing, Nissan and Capital C were pioneers charging into the frontier with the Cube as their covered wagon. However, the aftermath of the contest has proven that such a journey involves danger as well as opportunity. The Hypercube campaign may well have provided a social media marketing template. But it's also a cautionary tale.

From its February launch until the winners were announced in June, everything appeared to be going to plan. From the original entries, 500 finalists were selected to create and regularly update “canvases”—web pages that showed off their creative skills—as well as use social media tools like Twitter, Facebook and YouTube to generate interest and votes.

A panel of judges—three charged with evaluating English entries and three assigned to French ones—were tasked with rating the contestants on the basis of uniqueness, personality, creativity, enthusiasm, survey responses (which each contestant submitted in a written profile) and peer voting, with each category counting for 1/6 of the final score.

On June 23, at simultaneous club events in Toronto, Montreal and Vancouver, the 50 winners of the Nissan Hypercube

contest were announced, each receiving a set of keys to a brand new Cube. While that marked the end of the contest, the events merely brought to a close one chapter in a much larger marketing playbook.

The next phase would revolve around a special website, [CubeCommunity.ca](http://CubeCommunity.ca), where each winner would be required to blog at least twice per month for one year about their experiences with the vehicle. For Nissan and Capital C, the belief was—and still is—that these 50 Cube drivers would continue the momentum of the contest by serving as brand advocates for a vehicle aimed at the country’s “creative class.”

As the winners celebrated onstage, however, other contestants grappled with varying degrees of disappointment. Many had invested a great deal of time and effort into their canvases, and felt some winners didn’t meet the criteria laid out by Nissan and Capital C. Instead of leaving with Cube keys, they left with questions about how the contest was judged. For a number of non-winners—the exact figure is difficult to peg—the answers to these questions caused their disappointment to escalate into outright rage.

In mid-July, a long post went up on the wiki-style muckraking website [EncyclopediaDramatica.com](http://EncyclopediaDramatica.com) accusing Nissan and Capital C of a variety of ethical lapses in the running of the Hypercube contest. Given that the arguments made in the Encyclopedia Dramatica post features more circumstantial evidence and crude language than hard facts—and isn’t even backed up by an author’s byline—the post didn’t exactly meet the generally accepted definition of a reliable source. Nissan and Capital C might have reasonably expected it to create only a small ripple.

But one particular accusation proved to have more than just a little grain of truth—the fact that a handful of Cube winners appeared to have links to the judging panel. Judge Leanne Pelosi in particular has connections to at least three winners, one of whom, Jeff Keenan, was alleged by Encyclopedia Dramatica to be her boyfriend.

While Nissan claims the two do not even reside in the same province, there is a significant, easily verifiable connection between judge and contestant. Pelosi once headed up snowboard video production company Runway Films, which listed Keenan as its primary contact. Pelosi also appeared in snowboard videos directed by Keenan.

Nissan and Capital C say they did not know about this relationship until after the winners had been announced and aggrieved contestants alerted them to the connection. They also claim that Pelosi acted in good faith in other cases, excusing herself from judging entries by other contestants with whom she was familiar. Such disclosure was all that Nissan and Capital C requested, as both companies fully expected some contestants to have crossed paths with some judges due to the close-knit nature of the country’s sporting and creative communities.

“I don’t know why she didn’t do that with this guy,” says Tony Chapman, CEO of Capital C. “She should have declared [the relationship] in my opinion, but legally she didn’t have to.”

Chapman’s comment might come as a surprise to anyone who assumed that any such connection between a contest judge and a contestant was strictly forbidden, but on this point he’s correct. According to the Competition Bureau—where at least two unsuccessful Hypercube contestants say they have filed a complaint—there is no law that explicitly requires a contest judge to steer clear of awarding prizes to business associates, or even friends.

“The Competition Act does not govern how contests are conducted in terms of the selection of the judges and the relationships between judges and contestants,” says Timothy Rissesco, senior competition law officer at the Competition Bureau. “What it says is, the selection of participants and the awarding of prizes needs to be made on the basis of skill, or on a random basis.”

Rissesco declined to comment on the Hypercube contest, or even confirm the Bureau received any complaints about it. But his explanation suggests that claims of legal innocence on the part of Capital C and Nissan are valid. Furthermore, the rules and regulations listed on [Hypercube.ca](http://Hypercube.ca) state only that relatives or people co-habiting with the judges, as well as Nissan and Capital C employees and their families and co-habitants, were ineligible for the contest.

However, the courts, and the court of public opinion are two very different animals, and Nissan and Capital C have had a much more difficult time earning a not-guilty verdict in the latter.

After allowing online speculation to build for several weeks, fuelled in part by the Encyclopedia Dramatica post and stoked further by social media messaging from suspicious former Hypercubists, Nissan sent an e-mail, credited to Jeff Parent, vice-president, sales and marketing, to all Hypercube contestants on July 29. In it, Parent acknowledged the accusations about relationships between judges and contestants and attempted to explain that, in all cases aside from one (presumably

Pelosi and Keenan), any associations had been “disclosed and addressed prior to judging.”

In that lone case, Parent wrote, the score of the judge in question was removed and the results remained unchanged, based on the average score the winner’s entry earned from the other two judges.

But Parent’s e-mail didn’t put an end to the rancor—it only added to it. Several contestants interpreted it as proof that the contest was rigged, that Nissan and Capital C had known all along about Pelosi’s connections but had ignored or even approved of them.

“I don’t think we could have won,” says Sunny Crittenden, a contest entrant who feels “used” by the Hypercube campaign. “That’s why people are upset. We couldn’t have won, but we were led to believe that we could.”

It isn’t just the results, or the Encyclopedia Dramatica post, or the judging controversy that has Crittenden convinced she never had a chance in the Hypercube contest. She also points to comments made in the media by Chapman as evidence that contestants who didn’t fit a certain pre-determined profile couldn’t win.

“I want non-conformists. I don’t want dad pulling the groceries out of the car in Markham,” Chapman told the *Financial Post* in an interview that appeared June 5. “[The Cube] is a quirky, function-follows-form kind of car. It is not for everybody, [and] it is not meant to be. The person getting out of there will have dreadlocks and a courier bag, or they will have their modeling portfolio under their arm; they are not giving in. They are pursuing their creative dreams.”

According to Chapman, these comments were intended to address questions about who would find the Cube appealing. Both he and Nissan deny that they were meant to influence the judges. In fact, they point out that judging had already taken place when the articles in question were published.

In fact, Nissan and Capital C may have the letter of the law on their side and may well have managed the contest with the best of intentions and due diligence. But in the marketing world, perception is reality, and when the reality includes friends and associates of judges winning prizes, the perception is compromised.

Moreover, consumers in the age of social media now have more avenues than ever to voice their displeasure. In the past, an angry contestant like Crittenden might be dismissed as a self-interested sore loser with little power to damage the companies in charge of the contest. But Crittenden—author of numerous blogs and extremely active in social media—has both the tools and the extensive network to whip up unrest online.

Crittenden claims that she and her husband Blake—also an unsuccessful Hypercube contestant—have seen Tweets and blog posts from at least 80 competitors who share their views about the contest, as well as similar chatter from hundreds of consumers who, while they did not participate in the contest, voted for and supported their favourite entrants. After being interviewed for this story, Crittenden included this writer’s e-mail address in a blog post and urged followers who were upset by the Hypercube contest to join in the chorus. As of press time, *Marketing* had received e-mails from 27 different people criticizing the campaign.

Whether or not these e-mails reflect widespread discontent or a small cadre of aggrieved would-be Cube owners is almost beside the point. Numbers are irrelevant when motivated and social media-savvy individuals like Crittenden and the author, or authors, of the Encyclopedia Dramatica piece can reach hundreds of others through their online communities and act, for some consumers, as the primary source of information about the Hypercube contest.

Ironically, it was precisely this sort of well-connected web-head that Nissan and Capital C were targeting in the contest. The point, after all, was to create an army of Cube ambassadors who would spread the good word about the brand through their social networks. But in the process, they’ve also ensured that negative opinions will spread through the networks of the disenchanting contestants.

“I don’t think they understand how word of mouth works,” says Crittenden. “You don’t pull unethical bullshit and piss off most of your contestants. How is that good marketing?”

Lori Byrd, who, like Crittenden, has filed a complaint with the Competition Bureau about the contest, agrees.

“For me and the people I’ve become friends with through the contest, they’ll never buy a Nissan. And they’ll tell their friends, and their friends will tell their friends,” says Byrd. “Bad publicity goes so much further than good, and I think it’ll hurt Nissan.”

Nissan and Capital C might hope the winners on CubeCommunity.ca beat back the hecklers with a wave of positive commentary. But Crittenden says launching the site may actually be the worst thing they could do.

“If they think the Encyclopedia Dramatica article is bad, they haven’t seen anything. They’re going to be sitting ducks,” says Crittenden, who believes the reaction to the CubeCommunity site could range from a bombardment of negative user comments to attacks by disgruntled hackers.

As of press time, the site had not yet been launched. On the landing page, an assurance that the site will go live “very soon” and an invitation to join a mailing list rest below a picture of a Cube.

As for any further response beyond Parent’s e-mail, Nissan is taking a wait-and-see approach.

“We’re tracking this day to day,” says Donna Trawinski, corporate manager, marketing at Nissan Canada. “We’d like everybody to be happy and for this to be looked at as a positive thing—50 creative people who won cars. It was very much in good faith and there was no other agenda.

“Obviously there have been some turns in the road, so we’re going to watch as we go and respond when we need to.”

Trawinski does acknowledge some valuable lessons about social media marketing have been learned, and if the contest could be re-mounted Nissan and Capital C would do a few things differently.

“Knowing what we know now, we’d probably get back to the group [of contestants] sooner [about the judging controversy],” she says. “It took us some time to do research and figure out what to do next.”

Both Trawinski and Chapman say they understand why some contestants are angry, but feel that anger is, more than anything, another sign of success because it indicates how passionately contestants embraced the competition. “I know if I’d put my heart and soul into this and didn’t win, and I looked at a few of the other entries and thought, mine was better than this—because it’s hard for me to be objective—I’d be upset,” says Chapman.

Maggie Fox, founder and CEO of Social Media Group, agrees with Chapman and Trawinski—to a point.

“You have to deal with complainers no matter what. It takes a few minutes for someone to put up a post and complain, and you can’t listen to everyone banging the drum,” says Fox. “But you’d better have your ducks in a row and make sure that, optically, everything is very clear.”

Fox wonders if, Competition Act fine print aside, it’s time for marketers to get more specific about the degrees of separation between contestants and judges that are acceptable. More generally, she cautions marketers that living by the social media sword means risking death by the same blade.

“You have to be very careful,” she says. “What you’re trying to leverage for your benefit can be turned against you.”

Being careful in the social media era means being more than being vigilant about the law. As contest voter Lily Emerson said in an e-mail, “Companies need to realize that if they’re going to use the Internet as an open platform the way Nissan has, they need to be cleaner than clean.”

Whether the net result of the Hypercube campaign will be positive or negative for Nissan is an open question. Either way, Trawinski says she and her Nissan cohorts have no regrets about the initiative.

“It’s been a great experience for us, a learning experience,” she says. “We stepped out and did something totally different, and every day there was new learning.”

For his part, Chapman credits Nissan for plunging into relatively unexplored waters at a time when economics, particularly within the auto industry, don’t exactly encourage experimentation in marketing.

“You’re always going to take a risk when you do anything other than write a cheque and buy some media and have a one-way conversation,” he says. “If you go out and have a two-way conversation with consumers, you have to be prepared for the fact they are contributors to the conversation and are capable of hijacking it. But the day that risk isn’t worth it, I won’t be in business anymore.

“Are there going to be flaws in [the campaigns of] people who experiment? Are we going to learn along the way?”

Absolutely. But should we be apologizing for it?"

For Byrd, the literal answer to Chapman's rhetorical question would be "yes." Byrd says that, for her, a simple apology is all she's looking for. For other contestants, like Crittenden, there's little or nothing Nissan and Capital C can do to repair the damage.

Meanwhile, for marketers and agencies looking to use social media as a vehicle for contesting, there is much to study about the Hypercube campaign and its aftermath. If, in the future, marketers are more diligent about developing rules and regulations and judging processes that are ethically, as well as legally, airtight, if these marketers have a plan of action to quickly respond to negative comments about their contest campaigns and are fully cognizant of how the Internet provides even a few disgruntled consumers with a chance to vent to thousands of others, they'll have Nissan and Capital C partly to thank.

If they are better able to grasp the fact that online sleuths will almost inevitably catch out anything that could be perceived as ethical lapses, that bloggers have the power to blur the line between rumour, opinion and fact, and that these distinctions are often of minimal importance to those who receive the information, many marketers will owe this knowledge to the lessons of Hypercube.

Nissan Canada and Capital C set out as pioneers in social marketing, but pioneering is inherently risky business. When you're driving down an unpaved road, you're going to encounter more than your share of bumps.

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