STANFORD
GRADUATE SCHOOL OF BUSINESS

CASE: M-335
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DISPENSING HAPPINESS: HOW COKE HARNESSES VIDEO TO SPREAD HAPPINESS

Change is inevitable – except from a vending machine.[1]
— Robert C. Gallagher

The foolish man seeks happiness in the distance; the wise grows it under his feet.
— James Oppenheim

THE GOAL: CONNECTING WITH TEENS

Coca-Cola ("Coke") is one of the best-known brands in the world and the world's sixth-largest advertiser based on dollars spent; in 2009 Coke spent approximately $3 billion worldwide.[2] While Coke had ample experience getting its brands in front of billions of people, it needed a cost-effective way to build deeper connections with consumers, especially teens, and its flagship Coke product. The company hypothesized that leveraging digital social media would enable it to better connect with young consumers around the globe.

Although teens were voracious consumers of social media—73 percent of online American teens belong to a social network[3]—they were a difficult market segment to reach because they do not share these types of media in traditional ways. Even if teens loved a piece of digital content, they hesitated to post a link to it on their Facebook or MySpace page out of fear that their friends would not approve their choices. Coke found that, rather than risk their reputations if their peers did not think a video/blog/website was "cool," teens avoided sharing content they loved with their friends and would even subvert their own opinions. In fact, teens only wanted to share

[1] Robert C. Gallagher. BrainyQuote.com, Xplore Inc, 2010. http://www.brainyquote.com/quotes/quotes/r/robertcga104504.html, (April 30, 2010).
[2] "The Coca-Cola Company," *Adbrands.net*, http://www.adbrands.net/us/cocacola_us.htm, (April 28, 2010).
[3] "Social Media and Young Adults," *Pew Internet*, http://pewinternet.org/Reports/2010/Social-Media-and-Young-Adults/Part-3/1-Teens-and-online-social-networks.aspx?r=1, (April 30, 2010).

Sara Gaviser Leslie, David Rogier, and Professor Jennifer Aaker prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

content that was already validated by their peers, for instance an Old Spice ad aired during the Superbowl. Commercials during the Superbowl were, by nature, socially validated.

Coke also found that teens do not search for content; they find it through their friends. If a teen found content that s/he really liked, rather than posting it to their Twitter or Facebook account, they posted it on their more popular friend's stream. They used the social currency of a more popular friend to validate and share their ideas, as one teen explained: "I wouldn't post a video on my Facebook page, or send an e-mail/text to my friends. However, I would post it on one of my most popular friend's walls. That way, more people see it and it has more credibility."[4]

THE SOLUTION

After spending several months researching and brainstorming, Coke determined that the way to reach teens and young consumers was to build a viral digital marketing campaign around happiness. Coke launched seven different activations that employed various kinds of digital media including two applications for the iPhone and Android-based mobile phones, two applications for Facebook/MySpace/Orkut, one "goodies" package including wallpaper/screensaver/emoticons, one Windows 7 template, and a video. Each piece of content was designed to spread small doses of happiness and appeal to global audiences. As A.J. Brustein, a global senior brand manager at Coke explained, "We wanted to give them something that would spread a bit of happiness and something they could pass on to their friends to keep the happiness flowing."[5]

While Coke was pleased with all of the projects—users downloaded the "Spin the Coke" iPhone application over 1 million times and downloaded the Windows 7 theme over 2 million times—the video was the company's most successful activation. The video included footage of a unique Coca-Cola vending machine that the company installed in a cafeteria at St. John's University, a private institution with 20,000 students in Queens, a borough of New York City. The machine was installed in the middle of the school's final exam period. While the vending machine appeared to be an ordinary soda machine, Coke fashioned it into a "Happiness Machine."

The night before the machine was operable, Coca-Cola set up hidden cameras to record students' reactions. Unsuspecting students approached the machine thinking their money would buy a bottle of coke. However, the machine dispensed unexpected surprises. For example, when a student pushed the "Coke" selection they received something unexpected―20 cokes, a bouquet of flowers, a pizza, or even a 6-foot long sandwich. While Coke had designed the machine to dispense little moments of happiness, even the company was surprised by the students' reactions; students not only loved the surprises, but they shared them. When one female student deposit coins for a bottle of Coke and received 20 instead, she distributed them. She shared her own unexpected happiness with her friends and people who happened to be in the vicinity of the machine.[6]

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[4] Adapted from the authors' interview with a Coca-Cola Global Brand Manager.

[5] "Definition 6 Launches Coca-Cola 'Happiness Machine' Video," *PRNewswire,* January 15, 2010.

[6] "Coca-Cola Happiness Machine," *YouTube,* January 12, 2010, http://www.youtube.com/watch?v=lqT_dPApj9U, (April28, 2010).

COST

Coca Cola spent approximately $50,000 creating the experiment, including video, props and staffing. The company left the machine in the cafeteria for two days, continually recording the footage. On January 12, 2010 they uploaded the video to YouTube and announced it with a single Facebook status update. (See **Exhibit 1** for the Facebook announcement.)

REACH

Approximately 10 days after announcing the video on Facebook, the video had been seen 1 million times. Within two months, the video had been viewed over 2 million times and, by April 2010, the video had been viewed over 2.2 million times. (See **Exhibit 2** for YouTube traffic statistics.)

Almost immediately, the video achieved Coke's goal of going global. Approximately 50 percent of viewers were from outside the U.S. and over 70 percent of blog posts about the video were in languages other than English. The video had the highest penetration in Brazil, Mexico, Japan and Russia. (See **Exhibit 3** for additional data on video viewers.)

IMPACT

According to Brustein, the video's success stemmed from its wide reach, few barriers to entry/use, and ease of sharing with others. Specifically, Coke combed the Internet and found that 95-98 percent of the comments on the "Happiness Machine" were positive. Consumers even showed signs of wanting to switch from rival products. As one individual stated, "I am a Pepsi drinker, but I may make the switch." The video was also a hit with consumers in their early twenties. These consumers shared the video with their friends.

More consumers were exposed to traditional Coke ads, either in print, on television, or at sporting events than saw the "Happiness Machine" video. However, Coke's initial data revealed that the "Happiness Machine" had a much more meaningful impact on consumers. Individuals who saw the "Happiness Machine" video were more likely to remember it and feel connected to Coke because of it, than were people who saw a Coke commercial on television or in a magazine. The connection appeared to be driven by the happiness brought by the unexpected surprise and the authentic emotion it provoked. Teens, specifically, felt they could relate to the experiences of the students at St. John's, enjoyed the video, and strengthened their beliefs that that Coke is a brand that creates connection between individuals and inspires happiness.

Unfortunately, though, Coke was as successful as it would have hoped it would be at at getting teens to share the video— even though over 60 percent of teens use Facebook[7] and, in focus groups, loved the video, they still remained hesitant to share it. The company will continue to improve upon its ability to distribute this type of powerful out to more teens.

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[7] "How the Old, the Young and Everyone in Between Uses Social Networks," eMarketer, July 30, 2009, http://www.emarketer.com/Article.aspx?R=1007202, (April 30, 2010).

The success of the campaign encouraged Coke executives to continue investing in digital social media. Given the viral nature of the happiness video—the large number of views in a short amount of time (2.3 million in May 2010 on You Tube alone) and the great results measured through testing—it made sense to adapt the video into a 30-second television commercial. In May 2010, the adapted video was shown during Idol's final "performance" episode, a program garnering one of the biggest television audiences in the U.S. apart from the Super Bowl. Judith Snyder, director of marketing communications, explained that this was a change in approach for Coke, “Showing the video on television was an example of content moving in the opposition direction from a more traditional plan. Instead of putting television commercials and other traditional content online as a compliment to an offline program, we produced content for the internet and then leveraged it to for a traditional media platform, specifically, television.”

Exhibit 1
Facebook Message Announcing the "Happiness Machine"

Source: Facebook

Exhibit 2
YouTube Traffic Statistics

cocacola — January 12, 2010 — A Coca-Cola vending machine is transformed into a happiness machine delivering "doses" of happiness. Where will ...

2,161,178
views

Total Views: 2,161,178

Comments: 1,394 **Favorites: 12,410** **Ratings: 6,396** **Average Rating: 4.76**

Links

	Date	Link	Views
A	Mar 30, 2010	Other / Viral	118,256
B	Feb 01, 2010	First embedded on - videos.komando.com	56,101
C	Jan 21, 2010	First embedded on - sportsillustrated.cnn.com	32,267
D	Jan 17, 2010	First embedded on - video.yandex.ru	32,765
E	Jan 16, 2010	First embedded on - jyouhouya3.net	37,292
F	Jan 13, 2010	First referral from YouTube - /videos	41,137
G	Jan 12, 2010	Other / Viral	509,951
H	Jan 12, 2010	First referral from YouTube - Homepage	193,634
I	Jan 12, 2010	First view from a mobile device	79,726
J	Jan 12, 2010	First embedded on - www.facebook.com	62,605

Audiences

This video is most popular with:

Gender	Age
Male	45-54
Male	55-64
Male	35-44

Recording date & location

January 12, 2010
Atlanta, GA

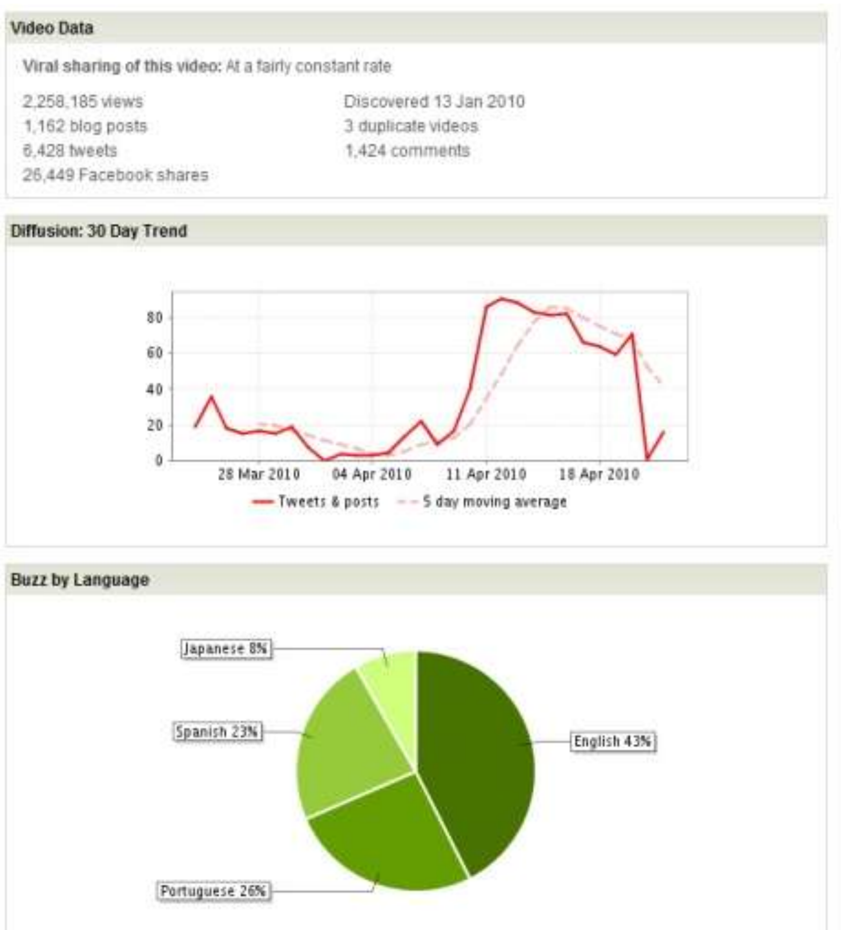
This video is most popular in:

Honors for this video (0)

(There are no honors for this video.)

Source: YouTube

Exhibit 3
Viral Video Statistics



Source: YouTube