

# CORPORATE BRAND MANAGEMENT AND REPUTATION

---

## MASTER CASES

---



**To Trump or Not to Trump:  
When Business and Politics Mix**

*By:*

*Chris Young*

*Jessica Könnecke*

*Natalia Lopez*

*Sebastian Zierke*

First Edition  
Student Case Papers

2017

## **Corporate Brand Management and Reputation: Master's Cases**

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

### **Editor**

Mats Urde  
Associate Professor  
mats.urde@fek.lu.se

Head of master's course Corporate Brand Management (BUSN35), part of the master's program International Marketing and Brand Management.  
Lund School of Economics and Management

# **To Trump or not to Trump: When Business and Politics Mix**

---

## **WRITTEN CASE**

---

---

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

**MANAGEMENT DECISION CASE**

**06 – 2017**

MARCH 10, 2017

CHRIS YOUNG  
JESSICA KÖNNECKE  
NATALIA LOPEZ  
SEBASTIAN ZIERKE

## **To Trump or not to Trump: When Business and Politics Mix**

**New York, Lobby of the Trump Tower, June 16, 2015**

*“Our country is in serious trouble. We don't have victories anymore. We used to have victories, but we don't have them. When was the last time anybody saw us beating, let's say, China in a trade deal? [...]. They beat us all the time. When do we beat Mexico at the border? They're laughing at us, at our stupidity [...] When Mexico sends its people, they're not sending their best. They're not sending you. They're sending people that have lots of problems, and they're bringing those problems with us. They're bringing drugs. They're bringing crime. They're rapists. And some, I assume, are good people [...] Sadly, the American dream is dead. But if I get elected president I will bring it back bigger and better and stronger than ever before, and we will make America great again. Thank you. Thank you very much”.*

**New York, Macy's, June 17, 2015**

*Chief Marketing Officer (R. Lennox): I am really worried about what happened yesterday. Did you hear him mentioning the word rapist? That's just unbelievable! How can a person that wants to be taken seriously by his people insult others? Nobody will vote for him anyway...*

*Chief Stores Officer (J.A. Kantor): Yeah, I am not quite sure what he aims to achieve with this. But apparently at least some people will like his ideas. Of course the majority hates him for all the comments he made yesterday. We definitely will have to keep an eye on what is happening around him. In the worst case we will have to reconsider the whole Trump menswear clothing line. We cannot support products that stand for offense and distrust. Let's wait what he going to announce in the next couple of days.*

## **Macy's - A First Mover Leading in Innovation and Employee Equality**

Rowland Hussey Macy founded Macy's in 1858 on 6th avenue as a small dry goods store. A red star symbolizing his success during his time as a sailor represents their logo. Macy's has in their 159 year tenure progressively led the retail industry in innovation as the first retailer to promote a woman to an executive position in 1865.

Before the founding of Macy's, prices in the retail stores were determined by a customer's apparent wealth and fluctuated on a daily basis. Macy's pioneered the one-price system that offered the same price for each customer on an everyday basis. The organization was also known for creative merchandising and the quoting of prices in newspaper advertising. What makes the company still very present today is the conduction of the Macy's Thanksgiving Day Parade and the sponsoring of the annual Fourth of July Fireworks. These traditions started back in 1924 when Macy's immigrant employees were in charge of organizing the first Christmas parade as sign of the American heritage. Besides that Macy's is considered to be one of the most imaginative organizations in the world relating and executing corporate social responsibility measures. (Taylor, 2010)

Since 2015, Macy's has initiated a restructuring program with the goal to become leaner entailing the sell off of unfavorable clothing malls. (Please see Exhibit 1 for Macy's Stock Chart) The company is now, together with Bloomingdale's, part of Macy's Inc. and operates about 870 stores in 45 states, the District of Columbia, Guam and Puerto Rico.

## **Trump Organization - A Company with a Diverse Portfolio**

The Trump Organization was founded in 1974. Before that, Donald Trump's father Fred Trump began making a name for his family around the end of the 1920's by developing real estate projects in the borough of Queens. Later on in 1947 Fred Trump was able to acquire mortgages that he later resold for profit and began to venture in real estate developments in Brooklyn.

In 1968 Donald Trump joined the family business after graduating from Wharton Business School. By 1974 he became president of the organization and claimed he managed around 48 privately owned corporations and 15 family partnerships. The principal job was to manage the apartments, which his father had built around Brooklyn. The value of the Trump Empire by 1970 was estimated to be \$100 million.

Subsequently Trump expanded his business to Manhattan. After its establishment the Trump Organization started overseeing the assets of the Trump family and serves as the parent brand for the business interests of its president Donald Trump. Most of its assets are prime residential and commercial properties in New York City.

Donald Trump's public persona was a key element of his business empire. Even his critics agreed that having his name on a property added significantly to its value. His successful marketing earned him the nickname "the human logo." (Please see Exhibit 2 for the Trump Organization Brand Architecture)

An overview of industries that Trump's main brands operate in are highlighted below:

**Real Estate:** The Organization has sold many of the most expensive properties in the US as well as international ventures worldwide.

**Hotels:** The Trump Organization owns hotel properties, but makes much profit by licensing the name for used in properties around the world.

**Golf Courses:** This portfolio consists of 17 properties that include prestigious courses designed by some of the top names in the sport.

**Casinos:** The Organization owns around 53% stake in Trump Entertainment Resorts, Inc. but is now ran under Icahn Enterprises L.P (IEP) since 2004 and Trump Entertainment now owns only one property, the Trump Taj Mahal in Atlantic City.

**Other Brands:** Trump Model Management, Success by Trump, Donald J. Trump Collection (both carried by Macy's Inc.), Ivanka Trump Collection, Sentient Jets, LLC (private jet flights) Sentient Jets, LLC (Trump Jets LLC) Trump Productions, LLC (Producer of "The Apprentice").

### *Trump Presidential Campaign - Polarizing a Nation*

Trump officially launched his campaign to run for the presidency of the United States of America on June 16, 2015. He eventually received the nomination to the Republican Party on July 19, 2016. Trump's presidential campaign was studded with controversy. Trump has been criticized for his disdain towards political correctness and has been outed as a racist, misogynist and homophobic. One of the most eminent proposals was the construction of a wall between Mexico and the United States after characterizing Mexicans as, criminals, drug dealers and rapists.

Whilst controversial, his campaign gathered widespread media coverage, and was popular amongst his supporters. His populist position to illegal immigration and to various trade agreements, such as the Trans-Pacific Partnership, polarized the nation.

### *Crisis Situation - When Business and Politics Mix*

Macy's started to sell the Trump clothing line back in 2004. Within these 11 years of cooperation, the clothing line contributed substantially towards the entire sales mix for Macy's. Macy's is functioning as one of Trump's major retail channels within the fashion and clothing branch of the Trump organization.

The negative and positive connotations of Trump's political campaign have been transferred to the Trump organization and all of its umbrella brands. Business and politics have mixed. Macy's is now coping with a crisis situation as the products they are selling in their retail outlets are receiving a spillover effect from the political campaign and ideology. Any reaction will lead to a political stance. Macy's is not only potentially facing a boycott of their products and entire stores but also issues internally from their staff, including significant groups of minorities and immigrant workers which contradicts Macy's rich history of embracing minorities and their employment equality values.

On June 25, 2015, there is a meeting scheduled among Macy's brand management team. They have to decide whether they should continue to sell Trump's clothing line or not. Please discuss and justify your decision:

**You are part of Macy's brand management team:**

FIRST PART:

**As a vocal antagonist:** Apply the Political Affiliation Matrix (PAM) and give reasons why dropping the Trump clothing line is the right decision. Also, think of possible consequences.

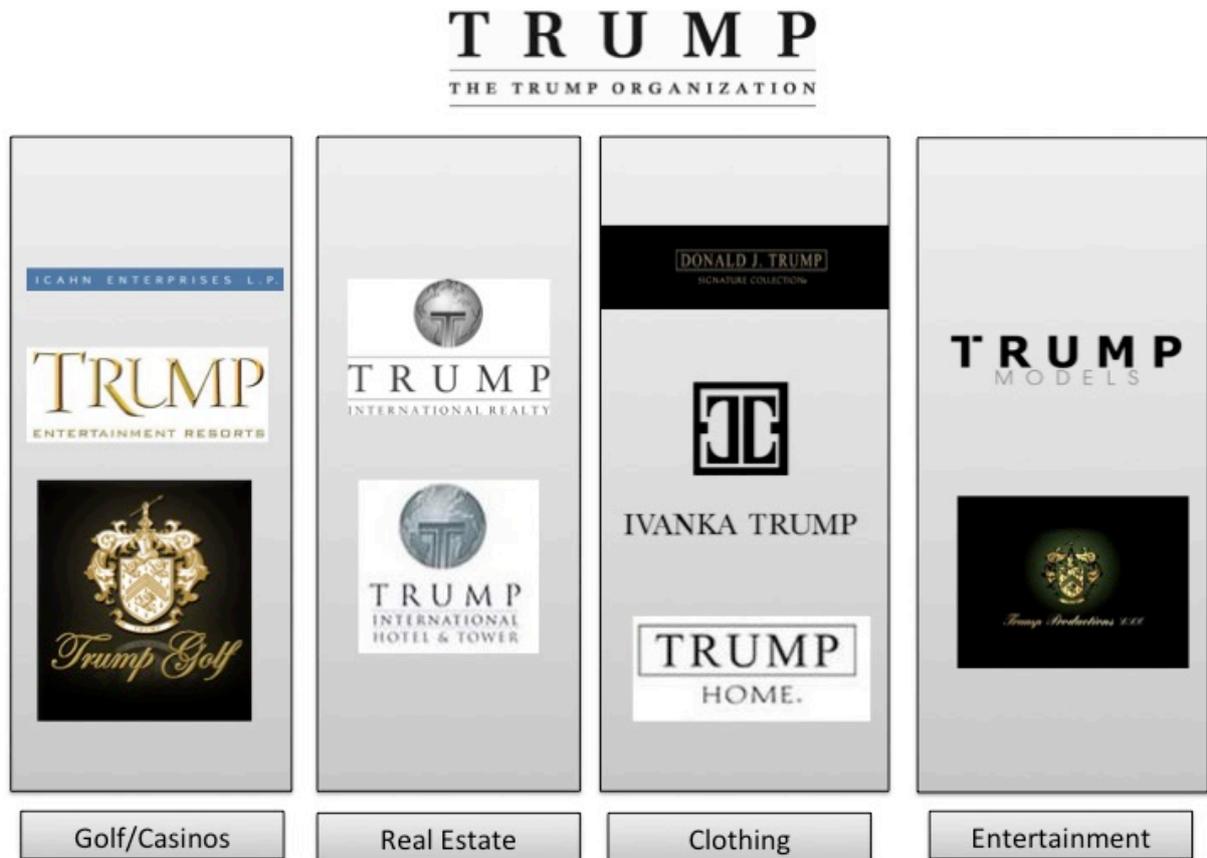
SECOND PART:

**As silent endorser:** Why is Macy's still carrying the Ivanka Trump clothing line? Think of reasons and consequences.

**Exhibit 1** Macy's Stock Price as of February 2017



Exhibit 2 Trump Organization Brand Architecture



**Exhibit 3** The Political Affiliation Matrix (PAM)

