

# **To Trump or Not to Trump - When Business and Politics Mix**

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## **MANAGEMENT DECISIONS**

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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.

## Walking the Talk: Staying True to the Core Values

After Donald Trump's republican presidential nominee announcement speech which, offensively insulted immigrants and other cultural groups Macy's had to reevaluate their whole collaboration with the Trump Organization. On July 1, 2015, Macy's released the following statement to explain their decision at the time:

*"We welcome all customers, and respect for the dignity of all people is a cornerstone of our culture. We are disappointed and distressed by recent remarks about immigrants from Mexico [...]. In light of statements made by Donald Trump, we have decided to discontinue our business relationship."*

Their decision to drop the Trump menswear collection has to be traced back to their value system and culture. First and foremost, Macy's saw a huge danger of their perceived authenticity and positive reputation with regards to their deeply rooted equal treatment organizational culture. Greyser (2009) highlights the importance of substance, which encompasses the four contexts of authenticity. According to him, talking authentic, being authentic, staying authentic and defending authenticity are the key pillars with regards to an effective communication.

In the case of Macy's all these four concepts describing authenticity are ultimately the reasons for dropping the Trump collection and for foregrounding the employees. In order to be perceived and valued by all stakeholders Macy's walked the talk and stuck to their core values.

## Mixing Business and Politics - The Backlash

Macy's clearly underlined their deeply rooted company values, however following a steep decline in sales and a boycott of their stores from the Trump supporters, Macy's tried to mitigate the backlash by dampening their stance.

The CEO at Macy's, Terry Lundgren, stated that Trump merchandise wouldn't have been sold at Macy's because he entered politics, saying:

*"If Hillary Clinton had a line of women's suits or handbags I wouldn't carry those either, [...]. I just think we don't want to be a politically associated company, we sell to everybody at Macy's and have a broad and diverse customer base."*

The decision by Macy's to drop Trump product lines, coincided with a drop in sales in their first quarter of that year. Donald Trump released several tweets attacking Macy's fall in sales and promoted his supporters to boycott the company. It was purported that the financial fall prior and after the decision to drop the brand may have been due to the Trump supporters who boycotted Macy's, although, Terry Lundgren added:

*"We are going through a challenging period in our industry, so they [tweets] certainly didn't help but it's hard to pinpoint if it had any impact,"* (Please see Exhibit 1 for Tweet).

Shortly after the decision to drop the Trump clothing line and the fall in sales that coincided with this event, Terry Lundgren, announced he would be stepping down as the CEO after 13 years in charge of the company.

## **Ivanka Trump - Decisions Down the Road?**

The comments of the republican nominee announcement speech of Trump affected more than one business entity under the Trump organization and impacted the relationship between the organization and its external stakeholders. A so-called snowball effect followed. A snowball effect is a process or idea that does not start with much significance and builds upon itself, allowing it to become more serious and potentially dangerous and disastrous. On Macy's perspective, even though they stopped carrying the Donald Trump Collection, they still carried Ivanka Trump products.

After Donald Trump was elected as the President of the United States of America on November 8th 2016, a number of boycott campaigns, most notably *#GrabYourWallet* and *The Donald J. Trump Resistance (DJTR)*, sprung up in the media. As of Trump's inaugural weekend, the *#GrabYourWallet* campaign had 3.5 million impressions on Twitter (including retweets and likes) and *The DJTR* had over 44,000 likes on Facebook.

The majority of the targeted retailers, including Amazon, Nordstrom and Macy's still sell clothing by Ivanka Trump. Eventually after facing much pressure from the boycotts and the media, Nordstrom and Macy's decided to discontinue carrying new collections of products under the Trump brand, including the Ivanka Trump collection. The current stock still held, is being marked down and phased out. The movements have dichotomized the market with both people using hashtags like *#DrumpTrump* if they are against his company or *#BuyIvanka* if they continue to support the Trump organization.

**Exhibit 1** Tweet from 1 July 2015 by Donald J. Trump

