

Case #7d. SoulCycle and Equinox Face a Boycott over Their Owner's Politics

This case is based on three articles:

“SoulCycle and Equinox Face Boycott Calls Over Investor's Trump Fundraiser”

- Aug. 8, 2019 New York Times

(Reuters) - Fitness chains **SoulCycle and Equinox** on Wednesday sought to distance themselves from a fundraiser for U.S. President Donald Trump reportedly in the works by their billionaire owner, real estate executive **Stephen Ross**.

The upscale gym and indoor cycling chain, whose clients have included Hollywood celebrities and even Michelle Obama, faced backlash after the Washington Post reported that Ross, who is chairman of the brands' parent, Related Companies, will host an event for Trump supporters at his home on Friday.

Both **Equinox and SoulCycle** posted comments on Twitter saying that they do not support the fundraiser and company profits are not used to fund politicians.

“We want to let you know that Equinox and SoulCycle have nothing to do with the event and do not support it,” Equinox said on Twitter. “As is consistent with our policies, no company profits are used to fund politicians.”

The statement posted by SoulCycle, and signed by its CEO, Melanie Whelan, said the firm believes in “diversity, inclusion, and equality.”

Related Companies did not immediately respond to a request for comment or confirm the fundraiser.

Some social media users took issue with the brands casting Ross as “a passive investor” who “is not involved in the management” of the companies, since he is the chairman of the board of directors of Equinox Holdings and Related owns both companies.

Shannon Coulter, founder of the **#GrabYourWallet** movement which urges Americans to stop shopping at companies connected with Trump, tweeted that she was adding SoulCycle and Equinox to the boycott list.

A **Change.org** petition questioned Equinox's commitment to being a “safe space” for gay and lesbian customers and demanded the company end its support of Trump. It quickly gathered more than 1,000 signatures.

"Everyone who cancels their equinox and soul cycle memberships, meet me at the library. bring weights," tweeted model Chrissy Teigen, who is a vocal Trump critic.

Ross, who also owns the Miami Dolphins, a National Football League team, was criticized by the team's wide receiver Kenny Stills.

"You can't have a non profit with this mission statement then open your doors to Trump," he tweeted in a post that included a copy of the mission statement on the website of Ross's non-profit initiative RISE, which says that it "educates and empowers the sports community to eliminate racial discrimination, champion social justice and improve race relations."

(Reporting by Elizabeth Culliford; Editing by Peter Henderson and Leslie Adler)

A Lesson for Equinox and SoulCycle: Even Sweat Can Be Political

In the Trump era, a number of companies have found themselves, willingly or not, tossed by partisan storms.



An Equinox gym in Manhattan. Some customers have canceled their memberships this week to protest a Trump fund-raiser held by the chairman of Equinox's parent company. Credit: Jeenah Moon for The New York Times

By David Yaffe-Bellany Aug. 9, 2019 New York Times

In a different era, the dual statements that **SoulCycle and Equinox Fitness** posted on Twitter this week might have seemed radical: two popular American brands essentially disavowing a sitting president.

The statements were designed to distance the fitness chains from a fund-raiser on Friday for President Trump being held at the home of **Stephen Ross**, the chairman of the company that owns controlling stakes in Equinox and SoulCycle.

When word of the fund-raiser — and Mr. Ross's connection to Equinox and SoulCycle, the indoor cycling studios it owns — became widely known, there was a furious reaction from customers. “We want you to know that Equinox and SoulCycle have nothing to do with the event and do not support it,” the Equinox statement said.

It was just the latest example of major brands edging away from Mr. Trump. But in an indication of how distasteful any connection to the president has become among some consumers, even those statements were not enough to stem the criticism.

The Equinox statement “was super inadequate,” said Wesley Rowell, who works as a membership adviser at the Greenwich Avenue Equinox, a popular location in Manhattan. “There are people who have quit immediately, canceled their membership with a lot of indignation.”

The backlash against Equinox and SoulCycle, which have locations around the country, demonstrates the reality facing corporate leaders in the run-up to the 2020 presidential election: Any company, even one that seemingly has nothing to do with politics, could find itself in the middle of a partisan storm.

“C.E.O.s and executives are basically being treated by the general public and consumers as politicians would have been in past cycles,” said Josh Ginsberg, the chief executive of Zignal Labs, a software company that works with marketing and public-relations firms. “There’s a real question of, ‘Are companies prepared for that right now?’”

Since Mr. Trump was elected, a number of major companies have taken public stands against the president or been drawn into disputes with him. After he moved to reduce the size of two national monuments in California last year, the outdoor gear seller Patagonia splashed a bold pronouncement across its website: “The president stole your land.”

Other companies have opposed the president on issues like the Deferred Action for Childhood Arrivals Act or the Paris climate accord. And after the president's tepid initial response to the violence at a rally of white supremacists in Charlottesville, Va., in 2017, the chief executives of several major companies quit a White House business panel in protest.

Wayfair came under fire this summer for supplying bedroom furniture for immigrant detention centers. And what some people saw as an opportunistic attempt by Uber to attract business during protests over Mr. Trump's travel ban inspired the hashtag #DeleteUber on Twitter.

Unlike those companies, SoulCycle and Equinox do not have any direct involvement with a controversial White House policy. But the typical crisis-response playbook still applies, experts said.

“There needs to be an acknowledgment of fault, which I haven’t seen so far,” said Matt Rizzetta, the chief executive of North 6th Agency, a communications firm. He added that the companies also needed to give “a demonstration of empathy for the customer, which, again, I haven’t seen, either.”

The problems for Equinox and SoulCycle began when media outlets reported that Mr. Ross, the chairman of the Related Companies, whose principals own majority stakes in SoulCycle and Equinox, was planning to host a campaign fund-raiser at his Hamptons home for Mr. Trump.



Stephen Ross, the chairman of Related Companies, whose principals own majority stakes in SoulCycle and Equinox. He held a fund-raiser for President Trump at his home Friday. Credit: Chang W. Lee/The New York Times

The hashtag **#BoycottEquinox** was soon trending on social media. Not long after, Equinox and SoulCycle posted their statements, which came out within minutes of each other and had similar wording. “Mr. Ross is a passive investor and is not involved in the management of either business,” the Equinox statement said.

Chris Peregrin, a longtime Equinox customer who canceled his membership at the Greenwich Avenue location this week, said he was disappointed with the statement.

“They’re intentionally trying to produce a level of confusion around what’s happening in order to woo us,” Mr. Peregrin said. A number of celebrities, including Chrissy Teigen and Jonathan Van Ness, have also said they were canceling their memberships.

It remains unclear how many Equinox customers have actually quit the gym. A company spokeswoman declined to provide a number, or to comment on the wider backlash against Equinox and SoulCycle. SoulCycle does not offer memberships, but some longtime customers have said they would no longer sign up for classes.



A SoulCycle in Manhattan. CreditJeenah Moon for The New York Times

But the fact that even some Equinox customers are leaving is an indication that major companies — no matter the industry — have to prepare for political firestorms, experts in crisis communications said.

“This is something that is coming up time and time again as we lead up to the 2020 election,” Mr. Ginsberg said.

Katherine Rosman and Jacob Bernstein contributed reporting.

A version of this article appears in print on Aug. 9, 2019, Section B, Page 3 of the New York edition with the headline: Partisan Storms Swell, And Companies Sweat. [Order Reprints](#) | [Today’s Paper](#) | [Subscribe](#)

The Following Editorial appeared in the August 8 issue of the New York Times

May the SoulCycle Boycott Make Democracy Better

By The Editorial Board of the **New York Times**

The editorial board represents the opinions of the board, its editor and the publisher. It is separate from the newsroom and the Op-Ed section.

It has been an unsettling week for some of President Trump’s political contributors.

On Tuesday, it was revealed that **Stephen Ross**, the billionaire real estate developer whose firm owns SoulCycle and Equinox gym, was hosting a big-money fund-raiser in support of Mr. Trump’s re-election campaign and the Republican National Committee on Friday, with ticket prices running as high as \$250,000. This news did not sit well with many **patrons of Equinox and SoulCycle**, who took to social media to call for a boycott.

Lower down the donor ladder, 44 residents of San Antonio who had contributed the maximum legal amount to Mr. Trump’s re-election campaign found themselves in the spotlight, after their names were tweeted out on Monday by Representative Joaquin Castro, Democrat of Texas, who declared himself “Sad to see so many” of his constituents “fueling a campaign of hate that labels Hispanic immigrants as ‘invaders.’”

The particulars of these two episodes differed, as did the public reactions. But both touched on broader questions about the advantages and challenges of promoting campaign finance transparency in the age of social media.

Scrambling to contain the fallout from the fund-raiser news, **Equinox and SoulCycle** tried to draw a bright line between corporate policy and the personal politics of Mr. Ross. The companies posted statements on social media, dismissing him as “a passive investor” and assuring members that the companies are not involved with his fund-raiser, that “no company profits are used to fund politicians” and that they “believe in tolerance and equality.” Mr. Ross issued his own defense, insisting that he had always been “an active participant in the democratic process” and had “never been bashful” about airing points of disagreements with the president.

Such distinctions appear to have done little to placate critics, who contend that the companies’ profits fatten Mr. Ross’s bottom line — and by extension Mr. Trump’s campaign coffers.

A popular form of protest, boycotts more often serve to draw public attention to an issue than to effect concrete change. With Mr. Ross, critics may or may not manage to inflict any financial pain. They nonetheless are publicly demanding that he answer for — and perhaps ultimately rethink — his political giving. In the process, they’re sending a signal to other major contributors to carefully consider their choices lest they face a similar accounting.

Public shaming seemed to be at the core of Mr. Castro’s tweet as well, though the outcry from Republican officials was much louder. The Texas congressman was accused of “inviting

harassment” and “encouraging violence against” his own constituents. “People should not be personally targeted for their political views,” warned Representative Steve Scalise of Louisiana, noting that he knew “firsthand” that “lives are at stake.” (Mr. Scalise was shot by an apparently politically motivated gunman in 2017.) Donald Trump Jr. equated Mr. Castro’s tweet with the “hit list” kept in high school by the perpetrator of Sunday’s mass shooting in Dayton, Ohio. There were calls for Mr. Castro to resign, and the hashtag #ImpeachJoaquinCastro trended on Twitter. (Note: Constitutionally speaking, impeaching House members is not a thing.)

There is rich irony in Republican self-righteousness about public attacks on people’s political donations. Prominent Republicans routinely assert that the billionaire George Soros, a major donor to progressive candidates and causes, secretly controls the Democratic Party. Mr. Trump and his supporters spent over a year publicly smearing members of former special counsel Robert Mueller’s team as “13 angry Democrats,” based on their voter registrations or political giving, or both.

Thus far, Mr. Castro and his defenders have refused to back down, noting that the information he tweeted was public and readily available to anyone who cared to do a quick internet search.

This is true. But it does not mean his move shouldn’t give people pause.

A key legal rationale for campaign finance disclosure laws has long been that they help prevent corruption by letting people determine whether donors seem to be influencing recipients on policy. What Mr. Castro did was to “unlink” disclosure from policy, said Fred Wertheimer, a longtime crusader for campaign finance regulation. Such public shaming, devoid of context and redolent of politics, threatens to start “a very dangerous game,” Mr. Wertheimer said.

Mr. Castro has insisted he did not intend for the donors to be harassed. Whatever his intent, posting the names on Twitter — a platform not known for inspiring users’ better angels — was like tossing an injured sea lion into a shark tank. The results were certain to be bloody.

As with all political tactics, there is also a high risk of escalation, to the point where each side routinely sics the dark furies of social media on their opponents’ donors.

“It is not the purpose of campaign finance disclosure to create political warfare in which the donors become the targets per se,” said Mr. Wertheimer, noting that such a turn could nudge more contributors into dark-money channels — or be used as a weapon in future legal challenges to campaign finance laws. “The other side always argues that disclosure laws encourage harassment and chill speech,” he said of court cases, cautioning that, if angry Twitter users wage online campaigns against random donors, that argument could carry considerably more weight.

When it comes to political money, transparency is vital to the health of our democracy, and contributors, be they billionaires or bus drivers, should have no expectation of privacy. The challenge is to get the public to pay attention to the flow of political money without the situation devolving into partisan blood sport. There are searchable databases, like **opensecrets.org**, many of them maintained by advocacy groups. But capturing people’s interest can be hard unless they

are focused on a hot policy topic like guns or reproductive rights — and sometimes not even then.

For now, one basic step may be for media outlets and other advocates for transparency to keep working to ease access to and promote interest in donor data more broadly, so that it is more about public education than partisan enmity.

Americans have not only a right but also a duty to be informed about whose money is influencing their political system and its leaders.

Actors in the Case

Equinox and SoulCycle Management

Equinox and SoulCycle patrons

Stephen Ross

#GrabYourWallet

#BoycottEquinox

Change.org

Case Questions

1. (3) Identify issues, organizations, and internet sites **external to** Equinox and SoulCycle that they should be monitoring to make sure it stays ahead of the boycott threat so that the boycott does not present a **major** long-term threat to the companies.

Segregate your answers and be as specific as possible in each category as to (1) what is to be monitored and (2) why:

- a. Organizations
- b. Internet sites
- c. Print and/or electronic media

(no maximum length for Q1)

NOTE: “Be as specific as possible in each category” means precisely that. I expect you to name specific organizations, internet sites and print or electronic media and why they are important! In previous classes, many students tended to give generic answers!

- 2. (3) Choose one potential “signal” in the environment that, if it occurs, you would categorize as particularly “strong?” (explain your assessment using the 3 prescribed metrics for measuring the strength of signals—strength, timing, and potential impact.)**

(maximum length for Q3 60 words)

- 3. (2) Assess the response of Equinox and SoulCycle Management to date. Would you do anything differently? Explain your answer. (maximum length 100 words)**

(maximum length for Q4 60 words)