

TRAVEL AND HOSPITALITY

Trump's polarizing name continues to cause problems for namesake hotels

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Trump International Hotel & Tower in Toronto to drop Trump signage. Image credit: Trump International Hotel & Tower Toronto

By BRIELLE JAEKEL

Hospitality brand Trump International is continuing to see an impact from the president of the United States' polarizing name.

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JFC Capital and Trump Hotels have reached an agreement in which the former is paying \$6 million to remove the U.S. President's name from a property in Toronto. As protests against the president are increasing at Trump Hotels properties around the world, its hospitality brand could continue to suffer.

"The turning over of a property, while somewhat rare in the luxury industry, is not necessarily detrimental to the brand as a whole," said Taylor Rains, managing partner at Flugel Consulting, Charleston, SC. "What makes this case unique, however, are the circumstances surrounding it.

"At this time, the Trump name - and by extension, the hotel brand - is extremely polarizing," he said. "Movements and changes within the Trump International organization are being monitored and evaluated on a granular level, not only in the media but also among the general public.

"As such, the perception of such a management buyout may translate and resonate more strongly than if it were to occur for any other hospitality brand."

Mr. Rains is not affiliated with Trump International, but agreed to comment as an industry expert. Trump International was reached for comment.

Business and politics

The two hospitality brands will be working on a deal that will see the Trump International Hotel and Tower Toronto management be transferred over to JFC, the building's owner.

In a statement, the president of JFC claimed to be interested in working with the Trump family in the future.

"Collectively, Donald Trump Jr., Eric Trump, Eric Danziger and their team have been exceptional partners and we hope to have the pleasure of working with the Trump Organization again in the future," said Jay Wolf, president of

JCF Capital.

Trump-branded signage is expected to come down around Aug. 1. The Toronto property is likely to become a Marriott International-owned St. Regis hotel.

While traditionally a changeover in management would not typically have a serious effect on a company or hospitality brand, the circumstances surrounding this change make it more of an issue. The public as well as the media are paying attention to the Trump name in great detail, making the buyout a major news story.

If buyouts in relation to Trump Hotels continue, this could be an issue for the company. The buyouts are more likely to happen outside of the U.S., as domestic sales will likely be taken more seriously in terms of public perception.

Trump Hotels within the U.S. are also typically owned entirely by the Trump brand instead of solely being managed by it, which makes the sale much more complicated.

At the company level there does seem to be an effort to distance itself from the Trump name.

For example, Trump Hotels is expanding beyond its flagship brand with the addition of two more accessible chains that do not include Trump branding.

Scion, the four-star hotel brand originally teased in 2016, will open its first property in Mississippi, while the company will also introduce American Idea, a midscale chain that will debut first in the Mississippi Delta area. The country is largely divided in sentiment toward President Donald Trump, however these upcoming openings are planned for a region that supported the politician in the U.S. presidential election ([see story](#)).

Backlash in business

The release of a videotape featuring Donald Trump making lewd statements about women negatively impacted the public perception of products bearing his name last October.

A Brand Keys survey conducted following the footage's appearance found that in 100 percent of the categories studied, including hospitality and apparel, Mr. Trump's comments hurt the perceived value of products or services. Coming as reports surface of lowered bookings at his hotels, this brand erosion is expected to cause consumers to avoid Trump products ([see more](#)).

When President Trump officially began his term, his eponymous hotel group is immediately found itself on the receiving end of partisan dissent.

The social media accounts for the Trump Hotel Collection are being used as a platform for those who disagree with Mr. Trump's policies to publicly air their opinions, turning the marketing channels into a place of political debate. Now that the reactions to its namesake founder's actions in office are extending to Trump Hotels, many speculate how the hotelier should react ([see more](#)).

"Buyouts of management contracts occur for any number of reasons, from financial to market changes," Flugel Consulting's Mr. Rains said. "In the case of Trump International, the majority of these buyouts, if they are to continue, are likely to occur outside of the United States.

"First and foremost, the brand is whole owner of a number of its domestic properties, meaning that it would have to sell the property itself as well as the management contract to divest itself fully," he said. "Internationally, however, a number of the properties are licensed for management but owned by different companies, meaning they are easier to break off from the herd.

"In addition, there's the matter of public perception. Domestic closures and sales are more likely to signal an alarm for the public. As such, it makes much more sense for the company to limit any significant changes to its international properties."