“Wait a minute! I Didn’t Know That’s What You Thought”:
A Case Study About Reaction to Whole Foods Market CEO John Mackey’s
Editorial About Healthcare Reform

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Introduction

Given that many of Mackey’s proposals were similar to those offered by a number of conservative politicians and political organizations (e.g., “Republicans’ Common-Sense Reforms,” 2009, November 4) and given that Whole Foods is often perceived as a company that caters to individuals who are politically progressive or liberal (e.g., Mui, 2009, August 19), it was not surprising that Mackey’s editorial generated a negative reaction. For example, shortly after the editorial appeared the website “The Huffington Post” featured a series of commentaries criticizing Mackey, including one by blogger Ben Wysskida (2009, August 14) who wrote that obviously Mackey did not understand his own brand since Mackey’s position on healthcare reform put him at odds with “about 80 percent of his customers, who may now feel betrayed and antagonized.”

Somewhat surprisingly, the publicity surrounding Mackey’s editorial also produced a positive response toward Whole Foods. For example, several bloggers and commentators who identified themselves as conservative or “politically independent” linked to the online version of the editorial and wrote posts praising Mackey and his editorial (e.g., Balko, 2009, August 15). Additionally, the Nationwide Tea Party Coalition, a loose coalition of independent and conservative voters, created a pro-Whole Foods

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1 Examples from the Republicans’ health reform proposal included health savings accounts, “ending junk lawsuits,” buying insurance across state lines, and promoting healthier lifestyles.
website, and members of the Tea Party organized a series of “buycotts” to show ideological solidarity with Mackey and economic support for Whole Foods.

The negative and positive reaction to Mackey’s editorial are at the heart of this case study which explores how the editorial and subsequent publicity surrounding it simultaneously alienated members of one of Whole Foods most important publics—current customers who consider themselves politically progressive or liberal—while also activating another public (i.e., potential customers who consider themselves politically conservative or independent).

The case is broken into three sections. First, we provide a brief history of Whole Foods Market and a more detailed description of negative and positive reaction to the editorial. Second, we take a deeper look at some of the online reaction to the Mackey editorial. Here, we use coorientation theory (McLeod & Chafee, 1973; Pearson, 1989) as a guide to interpret results of a content analysis of a large sample of comments posted to the “The CEO’s Blog,” a blog hosted by the Whole Foods corporate website which features posts by Mackey. The final section of the case study discusses issues executives and PR practitioners should consider when they encounter situations in which expressing support for or opposition to a political issue may alienate members of a key public—a situation that is increasingly common in today’s politically polarized communication environment.

Part I: Mackey Writes an Editorial about Healthcare Reform

Brief History of Whole Foods Market

Whole Foods Market is a retailer of natural and organic foods with more than 300 stores in 38 states and Washington D.C. It also has stores in Canada and England. The company has more than 60,000 employees and ranked No. 273 on the 2011 Fortune 500 list of largest U.S. companies, up from No. 284 the previous year. Last year Whole Foods had revenue of $9.0 billion and a profit of $245.8 million (“Fortune 500,” 2011). The company is also consistently ranked as one of the “100 Best Companies to Work For,” ranking No. 32 in the most recent list (“100 Best Companies to Work For,” 2012).

The company was founded in 1980 by Mackey and his partners Rene Lawson Hardy, Craig Weller and Mark Skiles. Mackey wanted to create an organic food alternative to grocer giant Safeway, and the first store in Austin, Texas, was named “SaferWay” as a signal that the store was supposed to be the antithesis of the large corporate food markets that controlled the industry at the time (Paumgarten, 2010, January 4).

From its inception, the company set out to demonstrate that it was not only different in the products it offered but also in the core values that guided its business practices. The company’s values include (“Values Overview,” n.d.):

- Selling the highest quality natural and organic products available
• Satisfying and delighting customers
• Supporting team member happiness and excellence
• Creating wealth through profits and growth
• Caring about communities and the environment
• Creating ongoing win-win partnerships with suppliers
• Promoting the health of company stakeholders through healthy eating education

Examples of policies that demonstrate the company’s core values include the policy that no one at Whole Foods may have a salary more than 19 times greater than what the average employee makes. This has resulted in an annual salary of about $400,000 for the company’s president and chief operating officer, one of the lowest annual salaries for a company president in the Fortune 500. As co-CEO of the company, Mackey draws a salary of only $1 per year, although his income is supplemented by the company stock he owns.

Whole Foods also provides health insurance via high-deductible insurance plans and health savings accounts to the 89 percent of its U.S.-based workforce that work 30 or more hours a week. This is notable because only 48 percent of companies in the retail industry offer health benefits to their employees (Claxton, DiJulio, Finder, Lundy, McHugh, Osei-Anto et al., 2010).

The company also pays 100 percent of employee insurance premiums. This is also notable because high-deductible insurance plans cost on average $799 annually in employee premiums for single coverage and $3,604 annually in employee premiums for family coverage2 (Claxton et al., 2010).

So, it is somewhat ironic that Mackey was criticized for writing about an issue—providing healthcare coverage for its employees—in which Whole Foods could be considered at the least above average, if not an industry leader.

Mackey writes an editorial

It was during the peak of public debate about healthcare reform in the summer of 2009 that Mackey was contacted by the editorial page staff of The Wall Street Journal and asked to write about healthcare reform. While the title on the editorial submitted by Mackey simply read “Healthcare Reform,” copy editors at the Journal chose the more provocative headline of “The Whole Foods Alternative to Obamacare.”

In fact, in a blog post containing the original text of the editorial that appeared three days after the editorial was published, Mackey credited the headline for creating the “antagonistic feelings” toward Mackey and the editorial (2009, 14 August). He also

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2 These amounts are for employee premiums only and not average out-of-pocket expense for single or family coverage.
expressed frustration because he saw his editorial as a response to President Obama’s invitation to “put forward constructive ideas for reforming our health care system” and noted that he never referred directly to the president in the editorial.

Even so, Mackey began the editorial with a famous quote by conservative icon and former prime minister of Great Britain, Margaret Thatcher: “The problem with socialism is that eventually you run out of other people’s money.” Mackey then stated “…the last thing our country needs is a massive new health-care entitlement that will create hundreds of billions of dollars of new unfunded deficits and move us much closer to a government takeover of our health-care system.”

After establishing the bleak financial future of the U.S. (e.g., large budget deficits, the strain on Social Security and Medicare of retiring Baby Boomers), Mackey provided a series of eight recommendations for reducing healthcare costs, each of which was oriented toward individual responsibility for healthcare decisions and market-based solutions to providing healthcare. His suggestions included changing tax law in order to reduce the disadvantage faced by individual purchasers of health insurance, allowing the purchase of health insurance across state lines, repealing health insurance mandates, tort reform, and encouraging the use of high-deductible health insurance policies (see Appendix for complete list).

While the Journal editors’ choice of headline and the opening quote set the editorial’s tone, the conclusion became a flashpoint for many who reacted to it negatively, as Mackey argued that access to healthcare was not an intrinsic right but that healthcare is “best provided through voluntary and mutually beneficial market exchanges rather than through government mandates” (Mackey, 2009, August 11). Mackey then noted that about 70 percent of U.S. healthcare dollars go to treat preventable diseases such as heart disease, stroke, diabetes, and obesity. He then ended the editorial with a statement of individual responsibility, “We are all responsible for our own lives and our own health. We should take that responsibility very seriously and use our freedom to make wise lifestyle choices that will protect our health.”

Negative Reaction to Mackey’s Editorial

Negative reaction to Mackey’s editorial was swift, and it grew in the days and weeks after the editorial appeared. For example, “The Huffington Post,” a website that primarily features progressive and liberal commentators, included a series of posts attacking Mackey and the editorial for abandoning Whole Foods’ customer base and its core values. Blogger Ben Wyskida (2009, August 14) argued that Mackey’s position that there was no universal right to healthcare put him at odds with about “80 percent of his customers,” and Wyskida asserted that these customers probably felt betrayed and antagonized. He concluded his post by saying he would no longer shop at Whole Foods: “To me, it’s pretty basic: Mackey is working to oppose things I believe in, so I should stop giving him money.”
Similarly, Huffington Post blogger Ethan Nichtern (2009, August 15), who identified himself as a long-time loyal customer of Whole Foods, expressed disappointment in the positions expressed in Mackey’s editorial. Nichtern described the editorial as “a highly fearful and regressive take on the healthcare debate” and he—incorrectly as it turned out—accused Mackey of borrowing the term “‘Obamacare’ straight from Rush Limbaugh’s playbook.”

Nichtern concluded his post by referring to a document on the Whole Foods website titled “Declaration of Interdependence” (n.d.) that describes the company’s vision as practiced in the marketplace. Nichtern stated that Mackey’s position on healthcare reform was antithetical to its stated goal of interdependence and that if Mackey did not declare support for a single-payer option in which the federal government pays for all healthcare costs or another similar option that Nichtern would not support him with his “hard-earned local-organic-neo-hippie-spinach money.”

Over at “The DailyKos,” a political website also featuring liberal and progressive bloggers, a poster with the pseudonym “DarkSyde” (2009, August 13) wrote an open letter to Mackey. After expressing astonishment at the positions taken in Mackey’s editorial, DarkSyde proceeded to characterize the Whole Foods customer base as “a lot [emphasis in original] of progressives… and others who care so much about the environment” that they are willing to pay premium prices for the Whole Foods products. DarkSyde then pledged never to shop at Whole Foods again until Mackey retracted the editorial or resigned as CEO.

Several other posts and commentaries appeared about the same time at DailyKos and other progressive websites, and almost all expressed frustration and anger at Mackey’s editorial, as well as a pledge to boycott Whole Foods.

Media Coverage of Negative Reaction

It didn’t take long for the media to begin reporting about negative reaction to the editorial. Eric Etheridge (2009, August 17), one of The New York Times’ “opinionator” bloggers3 wrote about the controversy, discussing the negative response in the blogosphere and plans for a boycott of the company by disgruntled customers. The Washington Post also ran a news story (Mui, 2009, August 19) on reaction to Mackey’s editorial in which the author described Whole Foods’ “liberal customer base going ballistic.” As an example, Mui quoted Thomas Goldstein, who supported a boycott of Whole Foods. “We want CEOs to understand that they benefit from progressive policies and face costs when they take right-wing stands [emphasis ours],” Goldstein said.

Even the newspaper The Guardian in London ran an article on the controversy (Hickman, 2009, August 21). In it, the author discussed the firestorm of negative publicity created by the editorial, while also recounting other controversies surrounding

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3 The Opinionator is a section of The New York Times’ news website (www.nytimes.com) that contains short posts written by members of the editorial page staff about topics in the media.
Mackey’s public statements. As an example, The Guardian reported on negative reaction to a Mackey interview that ironically also appeared in The Wall Street Journal (see McLaughlin, 2009, August 4). In that interview Mackey announced a Whole Foods initiative to combat obesity in the U.S. and to educate the public about the benefits of a healthy diet. As part of the initiative, Mackey said Whole Foods would place less emphasis selling prepared and processed foods and more emphasis on sales of “natural whole foods.” In discussing this change in strategy, Mackey admitted that Whole Foods “sell[s] all kinds of candy. We sell a bunch of junk.” The latter statement was reported and discussed by a number of news outlets and blogs (e.g., Tran, 2009, 5 August; “Whole Foods ridding itself,” 2009, 7 August).

The feelings of disillusionment with Mackey and Whole Foods generated by the healthcare reform editorial coalesced into a more concerted effort to boycott Whole Foods. The website “wholeboycott.com” was established the week after the editorial appeared. It featured a series of articles and commentaries arguing against Mackey’s position on healthcare reform. The website also included information about boycotts and protests by Whole Foods customers and links to other websites that supported the boycott.

One of those links was to a Facebook group “Whole Foods Boycott,” which gained more than 30,000 members within a month of the editorial appearing. The mission of the Facebook group stated, “The Whole Foods brand was built with the dollars of deceived progressives [emphasis ours]. Let them know your money will no longer go to support Whole Foods to provide the platform for their anti-union CEO to influence healthcare policy and derail the debate with insurance industry, right-wing propaganda” (“Whole Foods Boycott,” n.d.). Fans of the page were encouraged to post photos of cash register receipts from competitors of Whole Foods and to attend demonstrations in front of different stores throughout the country. Many complied and posted photos of what appeared to be receipts from Whole Foods competitors.

Positive Reaction to the Editorial: Staging a “Buycott”

While Mackey’s editorial clearly antagonized and alienated some Whole Foods customers, response to the editorial was not uniformly negative. Many people who described themselves as conservative or “politically independent” used the opportunity provided by the editorial to express support for Mackey and Whole Foods. For example, Radley Balko (2009, August 15), who writes for “The Agitator,” a conservative politics and culture blog, had this to say about Mackey’s editorial, “I plan to do a lot more shopping at Whole Foods in the coming weeks [emphasis ours]… Whole Foods is consistently ranked among the most employee-friendly places to work in the service industry. In fact, Whole Foods treats employees a hell of a lot better than most liberal activist groups do… In short, Whole Foods is everything leftists talk about when they talk about ‘corporate responsibility.’”

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4 The website address was www.wholeboycott.com, but the website is no longer functional.
The Times Online (Ayres, 2009, September 9) also ran an article titled “Whole Foods boss John Mackey becomes unlikely hero of the U.S. Right.” In it the author stated the average “gun-toting, churchgoing, flag-saluting American conservative would not be found dead walking the aisles of a Whole Foods supermarket,” but that may have changed due to Mackey’s position on the Obama administration’s healthcare policy. The story then quoted several self-identified conservatives who reported a sudden interest in shopping at Whole Foods. One stated that he had never been to a Whole Foods store, but that he had traveled to the store near his house three times that week alone after reading the editorial.

As a counterpoint to the boycott by angry progressive customers, the Nationwide Tea Party Coalition, a broad coalition of independent and conservative voters, proposed a Whole Foods “buycott.” The coalition established a pro-Whole Foods website (teacottwholefoods.com) shortly after the editorial appeared, and the website included information about how to show economic and ideological support for Mackey and Whole Foods.⁵ Announcing the “buycott” initiative St. Louis Tea Party leader Dana Loesch stated, “Most tea party supporters are not regular customers of Whole Foods [emphasis ours], and we want to show our support for Mr. Mackey’s championship of free market healthcare reforms” (“Nationwide Tea Party Leaders Announce Tea Party Buycott,” 2009, August 28).

Around the same time the website was established, Facebook groups started appearing with information about “buycotts” at individual Whole Foods locations, and perhaps taking a page from the anti-Whole Foods website, a number of the “buycotters” posted pictures of the receipts from their purchases at Whole Foods.

Whole Foods Market and Mackey respond to the crisis

Whole Foods responded fairly quickly to the controversy about the editorial. On August 13, two days after the editorial appeared, the company posted a statement about the editorial on its website, thanking its customers and shareholders for expressing their opinions about the position taken by Mackey on healthcare reform and reiterating that the company provided health insurance for the 89 percent of Whole Foods employees who work 30 or more hours a week (“Our Leadership’s Response,” 2009, August 13). The statement concluded by recognizing the many different opinions about healthcare reform shared by customers and employees alike.

The company also created a Healthcare Reform section in the forum area of the company website. Adhering to its policy of not censoring threads or comments unless they included profanity or personal attacks, the company allowed numerous “Boycott Whole Foods” and “Fire Mackey!” threads to appear on the official company website.

On August 14, three days after the editorial appeared, Mackey posted the full, unedited version of the editorial on the “The CEO’s Blog,” as well as his rationale for

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⁵ The website address was www.teacottwholefoods.com, but the website is no longer functional.
writing it (Mackey, 2009, August 14). Mackey invited visitors to read the editorial and to post their comments. Once again, readers were permitted to post comments critical of Mackey and Whole Foods as long as they did not include profanity or personal attacks.

After the blog post, Mackey stayed out of the media spotlight for about a month, before once again using the editorial section of The Wall Street Journal to discuss reaction to the editorial and his views of capitalism. In an interview with Stephen Moore (2009, October 3), Mackey expressed surprise at the negative reaction to the editorial stating, “I think a lot of people who got angry haven’t read what I actually wrote.” He also suggested that at least some of the reaction was either caused by or supported by labor unions, which have tried repeatedly and unsuccessfully to unionize Whole Foods.

In another interview, this time with Reason (Gillespie, 2009, October 14), a self-described magazine of “free markets and free minds,” Mackey pointed out that the CEO of Safeway had also written an editorial advocating market-based approaches to healthcare reform which had not resulted in any negative publicity for him or his company. Mackey then described his political philosophy as one that supports free markets, individual empowerment, and individual choice.

Mackey addressed the controversy about the editorial one last time in a profile appearing in the New Yorker magazine (Paumgarten, 2010, January 4). In that article Mackey called the “level of vitriol” aimed at him and his company as “left-wing McCarthyism.” Mackey also stated “people had an idea in their minds about the way Whole Foods was. So when I articulated a capitalistic interpretation of what needed to be done in healthcare, that was disappointing to some people [emphasis ours]” (p. 25).

Follow up to the controversy
One coda to the controversy occurred in December 2009 when Mackey stepped down as chairman of the board of Whole Foods, while retaining the title of CEO. Mackey (2009, 24 December) announced his decision to step aside on his CEO blog, stating that Whole Foods “has been targeted by corporate governance activists for several years now seeking a separation of these roles. The members of the Board and E[xecutive]-Team tried to talk me out of giving up the title; however, I don’t believe it is in the best interest of our company or our stakeholders to devote any more time or resources to fight this misperception over a title any longer…”

In May 2010, Mackey announced further changes to the leadership structure of Whole Foods. Mackey would share the title of co-CEO with Walter Robb, who had been serving as co-chief operating officer. Mackey also stated that the change was not in response to the controversy over the healthcare editorial, noting that same store sales and the Whole Foods stock price had both actually improved since the editorial was published (see Table 1).

In the intervening time since the editorial appeared, Mackey has continued to speak or write occasionally about issues related to his vision of “conscious capitalism.”
For example, Mackey wrote another editorial published by *The Wall Street Journal* titled “To Increase Jobs, Increase Economic Freedom” (2011, 16 November). In it Mackey underscored his support for economic freedom, which he said includes things like property rights, minimal government regulation and relatively low taxes. He also argued for lower taxes and a smaller role for government. This editorial generated relatively few responses in online comments and no additional press coverage.
Table 1

Recent performance of Whole Foods Market

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Same Store Sales</th>
<th>Average Stock Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third quarter 2009 (prior to op-ed)</td>
<td>-2.50%</td>
<td>$19.78</td>
</tr>
<tr>
<td>Fourth quarter 2009</td>
<td>-0.90%</td>
<td>$26.00</td>
</tr>
<tr>
<td>First quarter 2010</td>
<td>+3.50%</td>
<td>$29.10</td>
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<td>Second quarter 2010</td>
<td>+8.70%</td>
<td>$33.25</td>
</tr>
<tr>
<td>Third quarter 2010</td>
<td>+9.75%</td>
<td>$38.99</td>
</tr>
</tbody>
</table>

Source: (Mackey, 2010, May 12, “Keeping Our Executive Team Together”).

**Part II: A Coorientation Analysis of Online Reaction to Mackey’s Editorial**

The next section of the paper uses coorientation theory (McLeod & Chaffee, 1973) to interpret negative and positive online reaction to Mackey’s editorial. Coorientation theory suggests that we are likely to experience psychological tension when we discover that we have dissimilar attitudes or beliefs with someone with whom we have a relationship, and/or we discover that we have an inaccurate understanding of someone’s attitudes or beliefs about a topic.

Because of the political orientation of much of the Whole Foods customer base and because of the positions Mackey espoused in his editorial, we expected to find examples of responses online where posters expressed anger or frustration when they found that Mackey’s position on healthcare reform was different from their own and/or different than what they assumed Mackey to hold. We focused our analysis on comments left in response to Mackey’s blog post “Healthcare Reform,” which appeared on “The CEO’s Blog” on August 14, two days after the editorial appeared in *The Wall Street Journal*.

**Review of coorientation theory**

Coorientation theory is one of several theories that derives its structure from balance theory (Heider, 1946), and it explains the processes by which individuals orient themselves to each other within the context of a relationship. In particular, Newcomb (1953) suggested that when two individuals hold discrepant attitudes toward an object (e.g., another person, a political position) that the discrepancy has the possibility of
creating psychological tension in the relationship. As a simple example, if Bob, who is politically conservative and who disdains President Obama, finds out that his good friend Jane is a strong supporter of the president, this knowledge has the potential to create distress in Bob as this new information causes him to reevaluate his relationship with Jane.

McLeod and Chaffee (1973) proposed a coorientation model as a framework to explain how individuals and groups use communication to orient themselves to each other in a relationship. Pearson (1989) later added other components to coorientation, such as pluralistic ignorance (i.e., when people think they hold different attitudes when they actually do not) and false consensus (i.e., when people think they have similar attitudes when they actually do not; see also Scheff, 1967).

A number of researchers have taken the conceptual model suggested by McLeod and Chaffee and applied it to public relations and relationship management (e.g., Broom, 1977; Connelly & Knuth, 2002; Kelly, Thompson & Waters, 2006). For example, Connelly and Knuth (2002) used a coorientation approach to explain how community leaders and local residents viewed a proposed restoration of the Hudson River ecosystem. Similarly, Kelly et al. (2006) used coorientation to understand how hospice leaders and physicians viewed end-of-life issues, finding that perceived differences about end-of-life issues were actually much higher than actual differences. This misperception led to tension between the two groups.

The variables of agreement, accuracy, and congruency are at the heart of coorientation theory. Agreement is defined as the degree to which attitudes toward an object or behavior are the same between two individuals. To continue the previous example of Bob and Jane, Bob and Jane would be in agreement if their attitude (either positive or negative) toward the president were the same. Accuracy is defined as the degree to which two individuals can predict each other’s attitude toward an object or behavior. For accuracy to occur, Bob would need to be able to correctly predict Jane’s attitude toward the president, and vice versa. It is worth noting here that accuracy is not necessarily reciprocal. That is, Bob may be able to accurately predict Jane’s attitude toward the president, while Jane may not actually know Bob’s attitude toward the president. Finally, congruency is the degree to which one person’s actual attitude toward an object or behavior predicts the attitude they perceive the other person holding. For congruency to exist, Bob’s attitude toward the president would also predict his perception of Jane’s attitude toward the president (and vice versa).

The aspects of agreement and accuracy are especially relevant to the current case. For agreement to be present, Mackey’s attitude toward healthcare reform would have to be the same as those of his customers and potential customers. Since we know that Mackey had a negative attitude toward the proposed healthcare reform, for agreement to be present customers would also have negative attitudes toward healthcare reform. If the customers’ attitudes were such that they supported healthcare
reform, then there would not be agreement, and we would expect them to demonstrate psychological tension (e.g., anger, frustration).

For accuracy to be present, Mackey would need to correctly predict the attitudes toward healthcare reform of the Whole Foods customers, and Whole Foods customers would need to correctly predict Mackey’s attitude toward healthcare reform. That is, the customers would know that Mackey did not support the president’s healthcare reform. Once again, upon discovery that Mackey’s position was not the same as theirs, we would expect customers who supported healthcare reform to express frustration, anger, disillusionment, and in some cases threaten to end their business relationship.

Conversely, in instances where current or potential customers realized that Mackey’s position was the same as theirs, we might expect them to react positively (e.g., express that they were pleasantly surprised). In those cases, we might expect new or potential customers to express positive attitudes supporting Mackey and in some cases to state that they would initiate a business relationship.

Method
We present two types of analysis here. The first analysis focused on coorientation and identifying examples of agreement and accuracy among the 4,000 comments left in response to Mackey’s blog post. We then conducted a more in-depth content analysis of more than 600 of those comments (approximately every ninth comment). In the content analysis, we focused on the stated intention to shop more or shop less at Whole Foods as a response to feelings generated by the editorial.

For the first analysis, we adapted Stewart and Shamdasani’s (1990) cut-and-paste method. After reading through the 4,000 comments left in response to Mackey’s editorial, we grouped the responses broadly into categories of “positive” and “negative.” We then looked for themes of agreement/disagreement between the poster and Mackey and for themes of accuracy/inaccuracy between the poster and Mackey in relation to healthcare reform. Finally, we chose comments that serve as exemplars of negative and positive reaction to the editorial.

For the second analysis, we coded every ninth comment (N = 607). We first coded for an explicit statement of customer status (e.g., none, current customer, new customer). An example of a current customer would be a statement such as, “I have been a loyal Whole Foods shopper for more than 10 years.” An example of a new customer would be “I have never shopped at your stores before, but you can count me in!”

We then coded whether the comment included an explicit statement about not shopping at Whole Foods again (e.g., “Thanks to your editorial, I’ll never set foot in one of your stores again”), or whether the comment included an explicit statement about shopping more (e.g., “I used to shop once a month at Whole Foods, but I plan to do all my grocery shopping there now,” “I can’t wait to visit Whole Foods for the first time.”).
Coorientation analysis

The first thing to establish is Mackey’s position toward healthcare reform. In addition to the editorial itself (see Appendix for all eight proposals contained in the editorial), there are a number of other cues to Mackey’s position on healthcare and markets available in public comments in which Mackey has openly referred to his appreciation of free market advocates, such as Ayn Rand, Milton Friedman, Friedrich Hayek, and Ludwig von Mises. For example, in Mackey’s (2009) audiobook about the power of conscious capitalism, he begins with a 10-minute discussion of how capitalism defeated socialism. In the New Yorker article, Mackey also stated, “Whole Foods itself is a market-based solution. We’re a corporation. We are in capitalism [emphasis ours]. We have to compete with Safeway and Wal-Mart and Kroger and Wegmans and Trader Joe’s. What’s odd about it is that that’s what we’ve always been. We’re not a co-op.” (Paumgarten, 2010, January 4). So, it is clear that Mackey’s position is one that places faith in capitalism and market-based solutions to problems rather than relying on greater government involvement, a position that was also clear in the editorial itself.

Progressive customers and Mackey’s position on healthcare

There were a significant number of comments to Mackey’s editorial from current customers (or those claiming to be customers) that demonstrated both lack of agreement and lack of accuracy. For example, a commenter named Cindy Lou Ferris wrote, “I have been a loyal Whole Foods shopper for more than 10 years. I read your article in the Wall Street Journal and can assure you Whole Foods will receive no further business from me or my family. I love your store but not more than I love my country. You are out of touch with the people who made your store popular and your article proves this point [emphasis ours].”

Similarly, a commenter named Bob Dobolina echoed the sense of anger and disillusionment at the positions held by Mackey, “Tort reform, interstate commerce so Big Insurance can nationalize their local monopolies. You may as well have thrown in ending the “death tax” as well. These are all standard Republican talking points [emphasis ours]. Your attitude—that the sick have no intrinsic right to health care—is both tight-fisted and self-serving. You’ve got yours so what do you care, right? If we’re arrested and we can’t afford an attorney, the state provides one. If we’re dying and we can’t afford doctor, as far as you’re concerned, tough luck. Nice try, but even with the new headline, it’s the same vile, soulless garbage. You’ve lost my business.”

Finally, a commenter named Greg Sullivan stated, “Your op/ed piece restates the morally bankrupt stance of those who are most fortunate and don’t want their piece of the pie to be smaller. It is repugnant to me, and if you think the personal opinion of a CEO doesn’t reflect on the corporation then you are naive. [emphasis ours]”

These comments were very representative of comments left in response to Mackey’s blog post and to other articles. Over and over people posted comments identifying themselves as shoppers or former shoppers at Whole Foods Market, who
disagreed with Mackey’s position in the editorial and who were upset that the CEO of a company they patronized would hold positions antithetical to their own. These types of comments were similar to blog posts and other online comments left at other stories (e.g., Moore, 2009).

Potential new customers and their reaction to Mackey’s editorial

While there were more negative comments and the level of displeasure expressed in those comments was high, a wide range of people posted comments noting that they agreed with Mackey’s position, and claimed they would shop more at the store. In some cases, the individuals identified themselves as first-time shoppers whose views of Whole Foods had changed as a result of the editorial. This latter group is akin to an inactive public that suddenly becomes active (e.g., Grunig & Hunt, 1984).

For example, a commenter named Geoffrey Douglas said, “I am a big new fan of Whole Foods. Thank you Mr. Mackey for standing up for what is right [emphasis ours]. I will shop there and recommend your stores to my friends as much as possible.” Another commenter stated “Good grief, a common sense approach to a problem and you are being vilified and boycotted. I don’t understand how anyone could find anything offensive in your Wall Street Journal op-ed. I intend to shop even more frequently at Whole Foods as a result of your op-ed piece [emphasis ours].” Finally, commenter Edward Little said, “Your sound reasoning and clear commentary on health reform has won you a new customer for life–as long as you or a like-minded individual are CEO [emphasis ours]. While I note the distinction between personal views and corporate policy, I appreciate your courage in taking a stand on a controversial subject.”

Content analysis: Behavioral outcomes by customer status

Of the 607 comments we coded, 36.7% \( (n = 223) \) of the comments made no mention of the commenter’s status as a customer, 47.3% \( (n = 287) \) of the comments had an explicit affirmative statement of customer status, and 16% \( (n = 97) \) of the comments had an explicit statement about becoming a new customer.

As Table 2 shows, about 59% of the commenters who mentioned their status as customers, also stated they would not be shopping at Whole Foods stores any longer. Conversely, about 34% of the current customers stated they would increase their shopping at Whole Foods. When added to the number of commenters who stated they had never shopped at Whole Foods but would begin shopping there, the number of new or increased business was actually slightly greater than those who posted and who threatened to boycott.
Table 2
Mentions of boycotting and “boycotting” in online comments

<table>
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<th>Category</th>
<th>Count</th>
<th>Percent</th>
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<td>Plan to shop less</td>
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</tr>
<tr>
<td>Plan to shop more</td>
<td>23</td>
<td>10.3</td>
</tr>
<tr>
<td>Mention specific store location</td>
<td>3</td>
<td>1.3</td>
</tr>
<tr>
<td>Current status as customer (n = 287)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan to shop less</td>
<td>170</td>
<td>59.2</td>
</tr>
<tr>
<td>Plan to shop more</td>
<td>99</td>
<td>34.5</td>
</tr>
<tr>
<td>Mention specific store location</td>
<td>33</td>
<td>11.5</td>
</tr>
<tr>
<td>New customer (n = 97)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plan to shop more</td>
<td>97</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note. Table includes percent for each category.

Part III: Discussion

John Mackey presents somewhat of a conundrum for public relations practitioners. As founder and then-CEO of Whole Foods, he was a leader in a growing Fortune 500 company with a very good reputation in how the company treats its employees. He also represented thousands of employees, shareholders and business partners across the country. But as a private citizen he wrote what turned out to be a controversial editorial which put his personal beliefs and values above what could be considered as the best interests of his company and his customers.

The analysis of the online reaction presented in the previous section makes clear that a fairly significant group of current customers was upset upon finding out that Mackey opposed President Obama’s proposed healthcare reform. While some of the comments explicitly rejected a market-based approach to providing healthcare, many more of the comments reflected the anger and sense of betrayal the customers felt when they discovered Mackey’s position on healthcare reform. This finding is exactly what coorientation theory would predict.
In further examining the online reaction it is clear that many existing customers viewed the positions Mackey advocated as a violation of trust, which was evidenced by the expression of confusion and anger over what they perceived as a betrayal of Whole Foods’ core values. This type of violation undermines the potential for “favorable growth in a relationship” (Canary & Cupach, 1988; p. 45), and the lack of mutual understanding between Mackey, Whole Foods, and the existing customers should cause for concern (see Grunig, Grunig & Ehling, 1992). As Ledingham and Bruning (2000) note, an organization’s understanding of its relationship with its publics is of key importance in forming, evaluating, and achieving its goals.

What was interesting about the analysis of the online comments is that the opposite reaction was displayed by potential customers who agreed with Mackey’s position but who had incorrectly assumed that he may support Obama’s proposed reforms because of their perception of what Whole Foods stood for. For those new and potential customers, it was a pleasant surprise that the CEO also agreed with their stance on healthcare. Once again, this is what coorientation theory predicts.

Both sides of the analysis of the online reaction suggest a potential trap for public relations practitioners and executives in today’s polarized political environment. That is, in one sense, Mackey was doing exactly what we often suggest—being authentic and open about his beliefs about healthcare reform. At the same time, Mackey’s editorial created a communications crisis for his staff, as they were left in the unenviable position of supporting company leadership without also further alienating its customer base.

And, of course, another irony in the situation is that Mackey had prided himself as being a leader in the “conscious capitalism” movement, even creating a DVD of a public speech on the topic. Conscious capitalism is a movement that supports creating wealth through markets while also emphasizing the responsibility individuals and corporations have to be good citizens. Mackey’s speeches were available on amazon.com, and Mackey had made a number of speeches about conscious capitalism.

One interesting aspect of Mackey’s and Whole Food’s communication strategy was the use of blogging as a medium for communicating with their publics. Whole Foods made small corrective actions through a relatively unnoticed statement on their website page about how they respected Mackey’s leadership but his opinions did not represent the organizations.

The issue that arises in regard to relationship management is there appears to be a lack of “negotiated exchange” between the parties. Many consumers may see the ability to respond on Mackey’s blog as active dialogue, but his lack of further response to any or all of the posts shows a fundamental communications breach of what Ferguson (1984) would say is the key maintenance of long-term relationships.

At the same time, because the blogs and responses to the blog are available to the public, they provide a platform not only for customers who were upset about the
editorial but also for other individuals and groups who used the controversy as an opportunity to advocate for their position on healthcare reform.

Lessons for PR Practitioners and Executives

There are several points worth highlighting for PR practitioners. The first is the potential danger that occurs when the leader of a retailer or a publicly traded company expresses views that presumably run counter to a large portion of its customer base. Whole Foods is a brand that is associated with shoppers who are progressive or liberal, and by taking a position in favor of a market-based solution to rising healthcare costs, it was predictable that there would be a negative response. While Mackey has the right to his own views both on healthcare and free markets, it is borderline irresponsible to make those views known in the famously conservative editorial page of The Wall Street Journal.

The second issue relates to the way the controversy exploded and how much of the controversy was fueled by the Internet in general and by social media in particular. The wide availability of digital cameras and the ease of uploading photos to a website have reduced the barrier to entry for protesters, who quickly posted photos of receipts showing how much money they had spent elsewhere. Similarly, the ease with which someone can log on and post a comment, join a Facebook group or forward a message means that a small incident can grow quickly.

Even so, though, it is worth noting that Whole Foods’ profits continued to grow throughout the time of controversy and beyond. This suggests that while maintaining the public reputation of our organizations and managing the relationships with current customers is paramount, we also do well not to overreact to negative publicity. While clearly many customers were upset about Mackey’s position and while surely some customers have continued their boycott, the central focus of Whole Foods’ mission of “selling the highest quality natural and organic products” was able to withstand the short-term damage to the organization’s reputation.

As noted, Whole Foods also made the strategic decision to allow for negative comments to appear attached to the CEO’s Blog, as well as in the online forum hosted on the company’s main website. While conventional wisdom suggests that we should not provide a forum for critics, it seems increasingly likely that in today’s online environment the expectation of openness and transparency extend to allowing even negative comments to exist on a company’s website.\(^6\)

Finally, the case raises the question of whether discourse today has become so polarized that positions on topics such as healthcare become proxies for other political fights. Politically conservative and politically liberal bloggers and commenters used the Mackey editorial as a way to repeat the traditional arguments for and against healthcare

\(^6\) Approximately eight months ago, Whole Foods scrubbed the negative comments in response to “CEO Blog” post about the healthcare reform editorial.
reform in ways that simply reinforced existing positions. Online reaction also suggests that people may have become so polarized politically that they have expectations of orthodox positions, and they then punish companies that do not hold them. The Internet, new media and social media have empowered people to express their displeasure.

The position Mackey placed Whole Foods in is fortunately not a common one. Companies may have to clarify when a CEO misspeaks, but it seems rare when the head of a large corporation makes a significant group of its current customers question their own beliefs. In an era of “celebrity” CEOs, issues arise for corporations with regard to exactly how much space a PR practitioner can and must place between the organization and its leadership.
References


Appendix

Eight Proposals in Original Version of the Mackey Editorial

1. Remove the legal obstacles which slow the creation of high deductible health insurance plans and Health Savings Accounts.

2. Change the tax laws so that that employer-provided health insurance and individually owned health insurance have exactly the same tax benefits.

3. Repeal all state laws which prevent insurance companies from competing across state lines.

4. Repeal all government mandates regarding what insurance companies must cover.

5. Enact tort reform to end the ruinous lawsuits that force doctors into paying insurance costs of hundreds of thousands of dollars per year.

6. Make health care costs transparent so that consumers will understand what health care treatments cost.

7. Enact Medicare reform: we need to face up to the actuarial fact that Medicare is heading towards bankruptcy and move towards greater patient empowerment and responsibility.

8. Permit individuals to make voluntary tax deductible donations on their IRS tax forms to help the millions of people who have no insurance and aren’t covered by Medicare, Medicaid, SCHIP or any other government program.

Source: (Mackey, 2009, August 14, “Health care reform”).