

CHAPTER I

INTRODUCTION

1.1 Background of the Research

The term boycott was first popularized by Charles Stewart Parnell during the Irish Land Actions of 1880, and ostracized an English estate manager, Charles Cunningham Boycott (Eldridge, 2024). The boycott movement persisted, with one notable instance occurring in 1959 when the African American community in Montgomery, Alabama, initiated a boycott of the city's public transportation system. This action contributed to the emergence of a politically charged environment marked by racial tensions (Retzlaff, 2021). A boycott of Denmark products also took place in 2005 following the publication of a cartoon of the prophet Mohammed by a Danish cartoonist, Kurt Westgaard. This action resulted in losses for Denmark companies, in particular Arla Food, which suffered significant losses at the time (Ijaz, 2023). In 2022, the Ukraine-Russia war made consumers and companies from the west boycott Russia, this action managed to shake the Russian economy at that time. However, the boycott is still in effect, and it continues to target Israel due to the country's alleged involvement in genocide against Palestinians.

Boycotting products from Israel has been a controversial issue, especially in the context of the Israeli-Palestinian conflict. The boycott aims to put pressure on Israel to end its occupation of Palestinian territories and grant full rights to Palestinian citizens.

Several countries and international organizations have started boycott campaigns against Israeli products in protest against Israel's policies towards Palestinians. The campaign has affected many aspects of life, including trade and diplomatic relations between countries. This polemic has led to the emergence of hatred and anger among Muslims, leading to calls to boycott products from the state of Israel and its supporters. Consumer boycotts are becoming more prevalent as many consumers are aware that they can boycott companies that act against their beliefs (Zeng et al., 2021).

Boycotts have a profound impact on the Indonesian economy. The consequences of a boycott can extend beyond a decline in sales to include the closure of the relevant company and the risk of massive layoffs (Nurdiansyarani, 2023). In a recent interview, Indonesian Retail Association (APRINDO) chairman Roy Nicholas Mandoy confirmed that products bearing certain brands disseminated through social media have decreased by 40% since the boycott was called for (Hamzah, 2023). In this case, there needs to be a study from the government or from a trusted party to determine which products are truly affiliated with Israel and which are not, so that rumors circulating in the community and social media do not become unconditional.

According to an economist of the University of Indonesia, the impact of the boycott on, Israel will depend on the decision of consumers to participate in the boycott. Based on data from compass.id which conducted a survey from May to mid-June 2024, stated that the sales value of Israeli-affiliated products in Indonesia has decreased by 3%, while domestic manufacturing has increased. The boycott can lead to a decrease in sales, which can affect production and employment. Additionally, the boycott can affect

the reputation and image of the targeted companies, which can impact investor and customer willingness. The sustainability of a business depends on customers, where if demand increases then profits will also increase (Cemil Top, 2021). Once a company is boycotted, it risks losing sales, cash flow, income and will result in a drop in the stock price. In particular, the dissemination of information is occurring at an accelerated pace through the Internet at this time.

In today's digital era, social media has so much influence as an information provider. Social media is used as a medium to introduce or promote a product to potential intended customers. The use of social media as a promotional medium has a positive impact on a company's product (Arli & Dietrich, 2017). One of the most powerful organizations calling for the boycott of Israeli products is the Boycott, Divestment and Sanction (BDS) organization. The BDS movement employs social media platforms as a means of disseminating information and encouraging participation in boycotts. This is achieved by posting products associated with Israel and encouraging individuals to refrain from consuming them.

The Indonesian BDS campaign is one of the organizations that initiated the boycott campaign in Indonesia. BDS Indonesia mobilizes the community to engage in sanctions, divestment, and boycotts. Currently, the movement's primary targets are large businesses that have a documented history of directly funding Israel. A list of these businesses is available on Instagram at @gerakanbds, which is the official account. BDS carried out the boycott campaign through news portals, blogs, Facebook, Instagram, TikTok accounts, Twitter X and other media. The promotion delivery by

creating video content on social media that includes a specific call to action. Businesses may enhance their product offers, customer relationships, and profitability by leveraging the massive amount of information accessible on social media (Herbert, 2019). This call to action is not only made by related organizations but also by individuals who are against Israel.

At the time of the call to boycott Israeli-affiliated products, the Indonesian Ulama Council (MUI) issued fatwa No. 83 of 2023 on the law of supporting the Palestinian cause (MUI, 2024). This religious regulation aims to defend Palestine by inviting people to reduce or not use products issued by companies affiliated with the State of Israel. In this case, MUI did not mention specifically the brand of product or brand that was boycotted. Following the fatwa, which prohibited support for Israel, the boycott campaign gained significant traction. The influencer disseminated this fatwa on social media with the endorsement of the ulama.

The implicit assumption that the fatwa represents a directive to boycott Israel-related items has led to a notable increase in popular awareness and engagement. Based on the latest survey from Edelman 2024 trust barometer special report: brand and politics published in mid-June 2024. Reported that survey results from 15,000 consumers from 15 countries, showed that Indonesia along with Saudi Arabia and the UAE topped the list in terms of boycotting products affiliated with Israel. In addition, individuals' attitudes, beliefs, and behaviors can be impacted by their social groupings, sometimes more than their own identities (Shaw & Bagozzi, 2018). Additionally, Muslim consumers who support the campaign may not be able to avoid companies and

labels assumed to support Israel. Furthermore, the boycott engenders a sentiment of animosity towards the products of the boycotted country.

Table 1 List of boycotted brand

No	Category	Product Name
1	Fast Food Restaurant	Burger King, KFC, McDonald's, Pizza Hut, Starbucks, Subway
2	Personal Care	Axe, Clear, Closeup, Dove, Lifebuoy, Pepsodent, Rexona
3	Drink	Coca-Cola, Pepsi, Nestle, Danone, Fanta, Vit, Nescafe
4	Technology	Motorola, intel, IBM, AOL, META
5	Beauty Product	Ahava, Dr. Fisher, L'Oreal, Saboon, Moroccanoil, Maybelline New York, Yves Saint Laurent, Kiehl's, Giorgio Armani Beauty, NYX, La Rosche Posay, CeraVE, Garnier, Prada, Revlon
6	Other Product	AXA, Puma, Sodastream, Ahava, Caterpillar

Source: okezone.com, 2023

The infliction of harm upon a party can give rise to animosity towards a group. This phenomenon is defined as animosity. The genesis of animosity can be attributed to past experiences, such as conflict, violence, or religious, ethnic, and cultural differences. In certain instances, animosity can influence consumer behavior, prompting individuals to boycott products or services from a country or company that has been perceived to have engaged in wrongdoing or actions that are contrary to their values. One notable example is the boycott by Kuwait and other Middle Eastern countries against Danish

consumer product manufacturers due to the depiction of the Prophet Muhammad in the Danish press, which was considered to be offensive by many Middle Eastern consumers (Barutçu, 2016).

Consumers influenced by animosity may perceive the act of purchasing a foreign product as supporting the perceived adversary, leading them to boycott as a form of protest or solidarity with their own country or group (Deng & Wang, 2021.). Some research suggests that animosity can be influenced by economic conditions and linked to war, giving rise to a sense of resentment. These decisions are often reinforced by social groups and communities, where shared opinions can increase these feeling of hostility. This situation can result in a negative perception of the brand, which will impact consumer demand.

Negative brand relationships can have a damaging effect on the companies that hold these brands (Fournier & Alvarez, 2019). It is important to note that consumers may not only stop using a particular brand but also share their negative opinions with others (Simanavičiūtė, 2020). However, some consumers exhibit an anti-consumption attitude, which involves a refusal to purchase or use a particular brand. Rejection is a passive behaviour that involves deliberately excluding a product or brand from consumption. Overcoming this behaviour can be challenging (Makri et al., 2020). During the process of rejection, individuals intentionally choose not to purchase a specific item. Boycott is a consumer attitude that involves not buying or using goods or services, and it is also a form of refusal to use the rejected brand. Consumer behavior

can be influenced by social and ethical considerations, such as environmental issues, as well as by invitations from other individuals.

Ethnocentrism is a perspective that prioritizes one's cultural and value systems in determining aspects of one's life. In some cases, ethnocentrism can be a factor that influences consumer behavior in deciding whether to boycott products or services from a country or company that is perceived to have done something wrong or contrary to one's values. Moreover, the presence of ethnocentrism the belief in the superiority of one's own ethnic group or culture can further intensify the impact of animosity on consumer behavior. When consumers exhibit ethnocentric tendencies, they may prefer domestically produced goods and services over those from foreign countries (Baber et al., 2024). This preference may result in the boycott of foreign products.

Ethnocentric consumers may prefer domestic products over foreign ones, not only out of a sense of loyalty to their country but also due to the animosity they feel towards other nations (Barutçu, 2016). Ethnocentric individuals are more likely to avoid purchasing products from a specific country if they hold negative sentiments towards that country. Some argue ethnocentrism aims to protect local brands from foreign products in order to maintain economic stability (Sari & Games, 2024). Those who are not ethnocentric will exhibit negative behaviors towards products from a particular country due to their animosity towards that country. Ethnocentric individuals tend to perceive products from their home country as superior in quality, and they tend to evaluate foreign products negatively.

Individuals may feel pressured by their peers to participate in a boycott or may be influenced by the group dynamics of a boycott movement (Lasarov et al., 2023). Research Stefan and Ulrich (2023) has shown that consumer participation in boycotts can decrease over time due to various factors, including the moral condemnation of the target company and the shift from expressive to instrumental drivers of boycott participation. Different consumer types have been identified in boycott movements, with varying reasons for continuing or ceasing to boycott (Stefan & Ulrich, 2023).

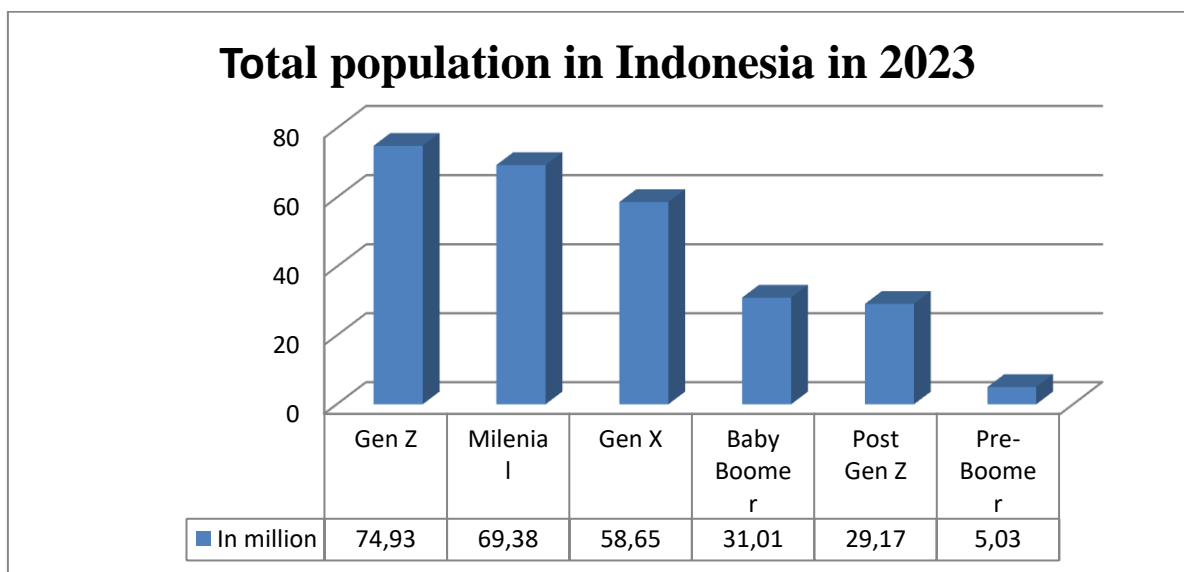
Understanding the role of peer pressure in influencing individuals to participate in boycotts and how this influence changes over time can provide insights for activists and companies dealing with boycotts. Peer pressure can be influenced by collective cognitive dissonance, where individuals may choose to follow mainstream opinions to reduce dissonance (Wang et al., 2021). Peer pressure can be a powerful influence on individuals, especially in online communities where bloggers use information as a source of power to shape perceptions of controversial advertising campaigns. By sharing opinions, experiences, and product information, bloggers can sway others' views and create a collective force for or against a brand (Kerr et al., 2019). The decision to boycott can also be driven by a sense of animosity towards a particular country or its policies, which can be amplified by peer discussions and opinions.

McDonald's is the world's largest fast food company, having been established in 1955 in California, USA. The company's product offering includes a superior burger, known as BicMac. As of 2023, McDonald's has thousands of restaurants spread across more than 100 countries, with Indonesia being one of them. The company's first entry

into Indonesia occurred in 1991, with the opening of its first restaurant in Sarinah, Thamrin. In 2009, PT Rekso Nasional Food (RNF), a subsidiary of the Rekso Group, entered into a Master Franchise Agreement with McDonald's International Property Company (MIPCO). This agreement granted RNF a Developmental License, which permitted the operation of all McDonald's restaurants and the opening of new outlets throughout Indonesia. Since the inception of the partnership, RNF has opened approximately 200 McDonald's outlets across various Indonesian cities, with a workforce of over 14,000 employees. The first McDonald's restaurant in Indonesia opened in Padang in 2012 on Jalan Ahmad Yani, and in 2020, the company expanded to Jalan Khatib Sulaiman.

In the case of McDonalds, there have been calls for boycotts due to the company's alleged affiliations with Israel. McDonalds Indonesia has denied any affiliation with McDonalds Israel, but the controversy has still affected the company's reputation. Calls for boycotts are rife on several social media platforms with the use of the hashtag #BOYCOTT MCDONALDS. Based on the report, (Kisihandi, 2024) the impact of the boycott on McDonalds sales in several countries has been significant, first-quarter sales in the United States decreased by 2.5 percent, falling below the target of 2.55 percent and representing a more pronounced decline that observed in the previous year, when sales grew by 12.6 percent. Sales from international franchises declined by 0.2 percent. In the previous year, these sales accounted for 10 percent of total revenue. After the release of McDonald's financial report, McDonald's CEO Chris Kempczinski stated that the biggest impact came from Malaysia, Indonesia and France.

In Padang City, the McDonalds outlet that has been opened for a long time is also affected by the boycott, which can be seen from the lack of visitors at the place (Kurniati, 2023). It is clear that product boycotts affect the revenue of the boycotted company.



Source: Databoks.Katada.co.id

Figure 1 Population in Indonesian in 2023

According to BPS, Generation Z or better known as Gen Z is a generation born between 1997 and 2012. This generation was born in the digital age where technology and social media are the most important part of their lives. Generation Z has different characteristics from previous generations such as Millennials, Generation X, and Baby Boomers. Generation Z is often perceived as a generation that is sensitive, mentally weak or spoiled. As a generation that understands technology, Gen Z can do things instantly and quickly at the same time. So they don't want things done in a long and complicated way, they want things done immediately and quickly (Wijoyo et al., 2020).

In terms of product consumption patterns, Gen Z is usually easily influenced to consume trendy products. Generation Z is a digital consumer, spending the majority of their time online. They evaluate information, read reviews, and conduct research before making purchases (Grigoreva et al., 2021). On the positive side, Gen Z kids grow up to be open-minded, like diversity, like new things, think critically, and want to be different or make a difference. Coming from an environment that is constantly inundated with technology, they tend to enjoy using technology and the Internet. Conversely, there is a negative side to this comfort generation. Gen Z tends to be more consumptive and wasteful, this is also supported by their parents' financial capabilities, so large facilities make some people so wasteful and like to shop for imported brands.

Based on the above data, the number of Gen Z shows the highest number in the population, 74.93 million Indonesians are Gen Z, which will influence the level of product consumption. In the boycott side, Gen Z are eager to show their values and participate in boycotts when facing an unethical situation (Tuan et al., 2023). The data presented here with is based on sources from Databoks obtained through a survey conducted through the jakpat application on February 19-20, 2024. The survey was attended by 1,153 national respondents, 35% of whom were identified as belonging to Generation Z (Annur, 2024). Based on Padang City BPS data, Gen Z is the largest population living in Padang City with 146,750 thousand people. Data on fast food consumption in Padang City is IDR 843,834 million per year. This shows that Gen Z in Padang City has a high consumption number for fast food.

Based on the phenomenon described above, the author is highly interested in researching the topic. The research title is “**An Analysis of boycott factors for Gen Z customers (A Case study of McDonalds Padang City) “.**

1.2 Research Question

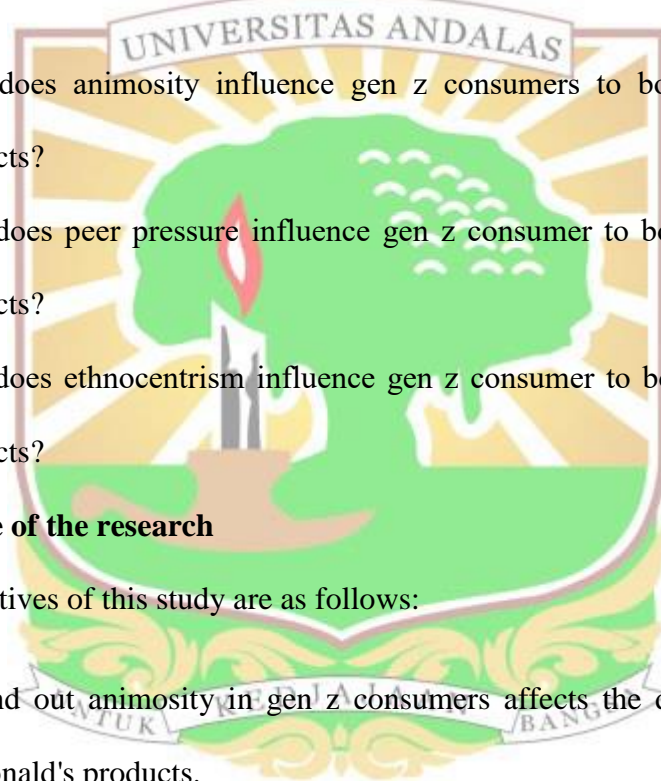
Based on the background explanation of the research, two research questions can be formulated to guide the research. There are as follow:

1. How does animosity influence gen z consumers to boycott McDonald’s products?
2. How does peer pressure influence gen z consumer to boycott McDonald’s products?
3. How does ethnocentrism influence gen z consumer to boycott McDonald’s products?

1.3 Objective of the research

The objectives of this study are as follows:

1. To find out animosity in gen z consumers affects the decision to boycott McDonald's products.
2. To find out peer pressure in gen z consumers affects the decision to boycott McDonald's products.
3. To find out ethnocentrism in gen z consumers affects the decision to boycott McDonald's products.



1.4 Contribution of research

The benefits that can be taken from this research are as follows:

1. Theory benefits

With this research, it is hoped that it can help readers to enrich their knowledge about boycotts and what are the factors that influence the boycott of a product or company so that there is a desire not to use or buy products that are influenced by social media influence. With this research, it is hoped that it can serve as a guideline for future researchers.

2. Practical benefits

With this research, it is hoped that it will be able to provide an overview, explanation and reference for McDonalds in Padang City as the object of research regarding the factors of boycotting Israeli-affiliated products in Gen Z and how in the future to increase visitor interest and restore the company's image.

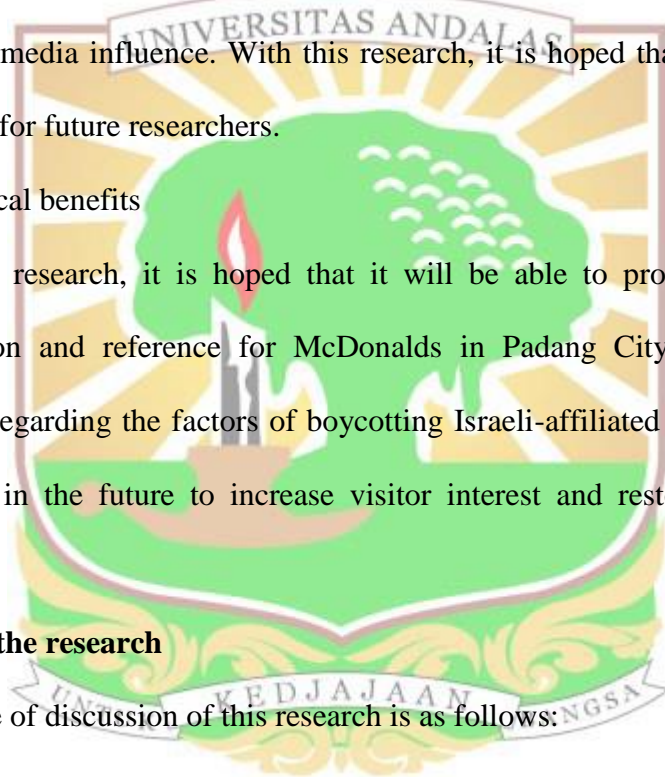
1.5 Scope of the research

The scope of discussion of this research is as follows:

1. The conceptual scope

In conducting this research, the authors have limited the scope of their investigation to the specific area of social media influence as a driving factor in Gen Z-led boycotts of products in Padang City.

2. The contextual scope



In-depth interviews were conducted with members of Generation Z in Padang City, who were identified as consumers of the object of research, namely McDonald's Padang.

1.6 Outline of the research

The research conducted by the author consists of chapters that are incorporated in a systematic writing as follows:

Chapter I INTRODUCTION: This section is a section that contains the background of this research, problem formulation, objectives of the research, benefits of the research, scope of research and writing systematics.

Chapter II LITERATURE REVIEW: This section describes the theories related to the problems discussed in this study. The theories used include consumer behaviour, boycott concept, animosity, anti-consumption, peer pressure, ethnocentrism, social media influence, and image appeal.

Chapter III RESEARCH METHODOLOGY: This section presents the research design, the population and samples used, the sampling techniques employed, the types and sources of data, and the data analysis techniques employed to interpret the research results.

Chapter VI RESULT AND DISCUSSION: This section describes the research that was conducted, describes the respondents, and also describes how the data was analysed.

Chapter V CLOSING: This section presents the conclusions of the research, the implications of the research, the limitations encountered in the research, and finally, the suggestions put forth by the authors in the research.

