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## BRAND BOYCOTT AND ISRAEL-HAMAS WAR 2023: MALAYSIA MCDONALD'S AND STARBUCKS BRAND RESPONSE AND PERCEPTION

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### Abstract:

With the escalation of the Israel-Hamas conflict on 7 October 2023, Palestinian supporters have called for boycotts of companies they claim support Israeli policies and have drawn millions of views on social media. Many of those boycotting have referred to the Boycott, Divestment, Sanctions (BDS) movement to target a few pro-Israel brands to make the boycott more effective, and two of the brands that have been most affected globally are Starbucks and McDonald's. This research adopts a qualitative case study approach using content analysis of press statements, social media communications, and academic literature to explore brand responses and public perceptions in Malaysia. The study aims to (1) examine the response from McDonald's and Starbucks to the boycott against them in Malaysia; and (2) investigate the intentions behind these responses during the boycott. Findings showed that the McDonald's and Starbucks boycott cases in Malaysia serve as critical case studies of how global brands must navigate geopolitical sensitivities in culturally diverse markets.

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This work is licensed under [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/)**Keywords:**

Israel-Hamas War, Boycott, BDS, McDonald's, Starbucks

**Introduction**

Malaysia remains actively engaged with the Israel-Palestine conflict, one of the most protracted and complex geopolitical disputes in contemporary history. This engagement significantly influences various aspects of Malaysian society, including public opinion, consumer behaviour, and daily life. One prominent manifestation of this influence is the increasing prevalence of brand boycotts within the Malaysian market. These boycotts are typically directed at corporations perceived to support one side of the conflict, reflecting a form of consumer activism rooted in political and moral convictions. While such actions may express solidarity or ideological commitment, they also raise concerns regarding potential adverse effects on the Malaysian economy. As Kamaludeen (2016) observes, moral protests often emerge in diverse socio-political contexts, highlighting the broader implications of such consumer-driven movements.

Furthermore, the prevalence of brand boycotts in Malaysia is strongly influenced by the country's long-standing support for the Palestinian cause. In a predominantly Muslim nation, such boycotts have become a significant form of political and moral protest. The global Boycott, Divestment, Sanctions (BDS) movement has further amplified this trend, leading many Malaysian consumers to avoid global brands perceived to support Israel. While these actions can exert financial pressure on multinational corporations, they also have unintended social and economic consequences. For instance, a recent study by Ridzwan et al. (2024) highlights that retail workers in Malaysia report experiencing heightened levels of depression due to fears of job insecurity, underscoring the need to consider the human impact of such consumer activism.

In response to the growing boycott movement, global brands such as McDonald's and Starbucks have adopted various strategies aimed at mitigating reputational damage and maintaining market presence. These corporate responses provide a valuable basis for examining how multinational companies navigate politically sensitive issues within the Malaysian context. Moreover, these strategies may serve as reference points for other firms facing similar challenges, particularly in balancing brand reputation with the welfare of their employees and broader stakeholder interests.

The first underlying issue in the phenomenon of brand boycotts is the protracted Israel-Palestine conflict, a deeply rooted geopolitical struggle that has captured global attention and continues to provoke debates concerning national identities, sovereignty, and territorial rights. Originating from complex historical tensions, the conflict encompasses a multifaceted interplay of political, cultural, and religious dimensions, which continually reshape the geopolitical landscape of the Middle East. This historical context provides a crucial foundation for understanding contemporary consumer activism, particularly the practice of boycotting brands perceived to support Israel (Argyres et al., 2020). Such boycotts extend beyond

individual consumer choices, representing a confluence of personal convictions and broader global sociopolitical dynamics.

To gain a comprehensive understanding of the brand boycott phenomenon, it is essential to examine the motivations behind such actions, their perceived effectiveness, and their broader global implications (Hayakawa, 2020). Recent surveys indicate that 72% of respondents in conflict-affected regions support boycotts as a form of protest against perceived injustices. However, 58% of participants from the same regions believe that such boycotts have limited impact and are unlikely to effect meaningful change in the geopolitical landscape (Seyfi & Hall, 2020). A closer analysis of these figures reveals a complex and nuanced dynamic: 64% of respondents expressed a desire to participate in movements advocating for international justice, while 42% viewed economic pressure as a viable means to influence political decisions. Conversely, 28% remained sceptical, arguing that the intricacies of the Israel-Palestine conflict necessitate more sophisticated solutions beyond consumer activism (Seyfi et al., 2023). These divergent perspectives underscore the multifaceted nature of boycotts and their relationship to the Israel-Palestine issue. In the Malaysian context, understanding this phenomenon requires a multidimensional approach that accounts for diverse motivations and worldviews, thereby offering deeper insight into the socio-political implications of consumer behaviour

From a branding perspective, the global boycott movement has elicited varied responses from multinational corporations, including Starbucks and McDonald's. While some companies have openly expressed solidarity with either the Palestinian or Israeli cause, others have chosen to adopt a neutral stance, citing the complex and sensitive nature of the Israel-Palestine conflict. In the Malaysian context, both Starbucks and McDonald's have taken measures to align with public sentiment by contributing to Palestinian relief efforts. However, McDonald's Malaysia has adopted a more confrontational approach by initiating legal action against the BDS movement in the country—a move that risks provoking public backlash and further damaging its brand perception.

The second core issue within the boycott discourse in Malaysia involves the internal tension among consumers regarding the effectiveness and consequences of boycotting Israeli-linked products. Rooted in the broader Boycott, Divestment, and Sanctions (BDS) movement, this consumer activism is driven by strong opposition to the Israeli government's treatment of Palestinians, as well as by culturally ingrained subjective norms and product evaluations. However, the impact of these boycotts remains contested. While some scholars argue that they serve as a vehicle for raising awareness and stimulating political discourse, others contend that such actions may inadvertently harm Palestinian economic interests, reducing employment and trade opportunities within Palestinian territories (Ahmad, 2022; Rand Corporation, 2015). In Malaysia, this debate reflects the broader ideological and ethical complexities of consumer activism within a highly politicized global context.

Tensions among Malaysian consumers regarding the boycott of Israeli-linked products are largely driven by widespread disapproval of the Israeli government's treatment of Palestinians, reinforced by subjective norms and individual product evaluations (Hamid, 2021). This boycott forms part of the broader Boycott, Divestment, and Sanctions (BDS) movement, a global social initiative aimed at pressuring Israel to comply with international law and advocating for freedom, justice, and equality—particularly for Palestinians. Inspired by the South African

anti-apartheid movement, BDS has gained significant traction in Muslim-majority countries and select Western societies (Hamid, 2021).

Despite its moral and political motivations, the economic repercussions of the boycott have sparked considerable debate. According to the Rand Corporation (2015), the BDS movement contributed to an estimated US\$2.4 billion reduction in Palestine's GDP and a 12% decrease in per capita income, underscoring unintended adverse effects on Palestinian livelihoods. In Malaysia, consumer boycotts—such as those targeting McDonald's—have negatively impacted local employees without producing measurable improvements in the conflict's trajectory (Hamid, 2021). Given Israel's strong technological capacity and high per capita GDP, Malaysia's economic influence remains relatively limited, raising questions about the boycott's practical efficacy. Some scholars argue that such actions may appear more symbolic than strategic, potentially amounting to self-inflicted economic harm rather than meaningful resistance (Ahmad, 2022).

Nonetheless, proponents contend that boycott movements can raise global awareness, stimulate public discourse, and increase pressure on international institutions to address the conflict (Hussin, 2022). However, critics maintain that these movements have also constrained economic opportunities in Palestine and disproportionately burdened workers in countries like Malaysia, where local franchises and employees suffer financial setbacks without tangible geopolitical outcomes (Hussin, 2022).

In light of these complexities, this study will examine the public relations strategies employed by two major global brands—Starbucks and McDonald's—in response to boycott pressures within the Malaysian context. It will also investigate public sentiment surrounding these responses. By exploring the intersection of socio-political sentiment, consumer behaviour, and brand management, this research aims to contribute to a deeper understanding of how political activism can influence corporate reputation, consumer trust, and broader economic dynamics. The study foregrounds the interconnectedness of economic decision-making and social movements, emphasizing the need for a holistic approach to evaluating the consequences of politically motivated consumer actions.

## Research Objectives

1. To examine the response from McDonald's and Starbucks to the boycott against them in Malaysia.
2. To investigate the intentions of the response by McDonald's and Starbucks during the boycott.

## Methodology

This study will adopt a qualitative case study research design, which allows for an in-depth exploration of the responses of McDonald's and Starbucks to the boycott linked to the Israel-Palestine conflict within the Malaysian context (Creswell, 2014). Data collection will involve content analysis of multiple primary sources, including official press statements and social media posts from McDonald's Malaysia (issued on October 15, 2023, across their official website and social media channels) and Starbucks Malaysia (from October to November 2023 on their official X page and corporate website). Additionally, media statements from industry players, such as franchisees, legal representatives, and public relations consultants involved in

managing the crisis, will be analysed to gain insight into industry perspectives and strategic communication responses.

Complementing these sources, the study incorporated a review of scholarly literature and academic writings on brand boycotts, political consumerism, and crisis communication to contextualize findings within broader theoretical frameworks. Content analysis, defined as a systematic and replicable technique for categorizing large volumes of textual data into fewer meaningful content categories based on explicit coding rules (Krippendorff, 2018), will be employed. This method enables the identification of both manifest content—such as overt statements and declarations—and latent content, including underlying socio-political narratives and consumer sentiment, thereby facilitating a comprehensive understanding of how brand boycotts are communicated, perceived, and managed in a politically sensitive environment.

## Literature Review

### *Boycott, Divestment, Sanctions (BDS) Movement*

Since the escalation of the Israel-Hamas conflict on 7 October 2023, there has been a significant surge in calls for boycotts of companies perceived to support Israeli policies, with such appeals gaining substantial traction across social media platforms (Vinnall, 2024). Many boycott advocates have referred to the Boycott, Divestment, Sanctions (BDS) movement in order to strategically target specific brands closely associated with Israel, aiming to increase the movement's overall efficacy. Among the most prominently affected global brands are Starbucks and McDonald's, both of which have become symbolic targets in the broader political and ethical discourse surrounding the conflict.

The BDS movement, established in 2005 by a coalition of Palestinian civil society groups, activists, academics, and trade unions, urges the international community to engage in boycotts against companies with strong ties to Israel. The movement appeals to principles of international solidarity and moral responsibility, calling for sustained economic pressure until Israel recognizes the Palestinian people's right to self-determination and complies with international law (Sriram Ananth, 2013).

The October 2023 attack by Hamas significantly intensified global support for the BDS campaign. In particular, McDonald's and Starbucks faced heightened scrutiny and backlash due to their perceived positions on the conflict. McDonald's, in particular, was heavily criticized following a post by its Israeli franchise on social media platform X (formerly Twitter), which announced the distribution of free meals to Israeli troops and the opening of several branches to support aid efforts. Although this action was taken independently by the franchise, it triggered widespread outrage and led to intensified boycott efforts globally (Sawdah Bhaimiya, 2023; Owusu, 2023). These developments underscore how geopolitical events can directly impact global brand reputations and consumer sentiment, especially in regions like Malaysia where solidarity with the Palestinian cause remains strong.

### *McDonald's Response to Boycott*

Although McDonald's operates as a global fast-food chain, its franchises are often locally owned and operate with a degree of autonomy. In response to the heightened tensions surrounding the Israel-Palestine conflict, several countries—including Saudi Arabia, Oman,



Kuwait, the United Arab Emirates, Jordan, and Turkey—issued official statements distancing themselves from McDonald's Israeli franchise and, in many cases, pledged humanitarian aid to Gaza. McDonald's Corporation declined to comment directly on these developments; however, a source close to the company in the United States clarified that the Israeli franchise operates as an independent licensee. It was noted that it is not uncommon for franchisees to engage with their local communities independently during times of need (Magid, 2023; Hale, 2023).

The brand's challenges were further exacerbated by a controversial marketing decision in the United States, where a McDonald's outlet used burger wrappers featuring the Israeli flag's blue and white colours. This sparked global outrage on social media, particularly in Muslim-majority countries supportive of the Palestinian cause. McDonald's Corporation responded by explaining that the wrappers are part of a generic range used during temporary shortages, special orders, and limited-edition promotions, with no political intent behind their use. Despite these clarifications, the incident fueled perceptions that the brand lacked sensitivity towards the ongoing conflict (Reuters Fact Check, 2023; Frank, 2023; Townend, 2023). This controversy, combined with sustained boycott efforts, resulted in significant reputational and financial losses for McDonald's globally (Napolitano, 2023).

In Malaysia, McDonald's took proactive steps to distance itself from its Israeli counterpart, emphasizing that McDonald's Malaysia is a fully Muslim-owned company. The Malaysian franchise also publicly declared a contribution of RM1 million to the Palestine Humanitarian Fund, administered under the Prime Minister's Department (Hazlin Hassan, 2023). Nevertheless, the boycott movement's impact has been felt acutely among local employees, including vulnerable groups such as disabled workers, who have voiced concerns over their job security (Misguided 'Israel boycott' impacting innocent workers and businesses in M'sia, 2023). In a related development, Gerbang Alaf Restaurants Sdn Bhd (GAR), McDonald's licensee in Malaysia, initiated legal action against BDS Malaysia for defamatory social media posts associating McDonald's with Israel's military actions in Gaza. The lawsuit, filed on 19 December 2023, alleges that the boycott campaign has caused job losses, financial harm, and operational disruptions due to closures and reduced business hours (Reuters, 2024).

### ***Starbucks Response to Boycott***

Starbucks has faced significant backlash and boycott calls amid the Israel-Hamas conflict following legal action against the Starbucks Workers United union. The company filed a federal lawsuit alleging trademark infringement after the union posted a tweet on X expressing "Solidarity with Palestine!" alongside an image depicting a Hamas-operated bulldozer demolishing a fence in the Gaza Strip during the attacks on Israel (Stewart, 2023; Tenore, 2023; Meyersohn, 2023). In response, Starbucks issued an official statement distancing itself from the union's pro-Palestinian stance, stating, "We unequivocally condemn these acts of terrorism, hate and violence, and disagree with the statements and views expressed by Workers United and its members" (Starbucks, 2023; Frau, 2023).

Starbucks' position elicited criticism from both pro-Palestinian and pro-Israeli supporters, each calling for boycotts. Israeli supporters targeted Starbucks for the union's pro-Palestinian posts, while pro-Palestinian groups condemned the company's refusal to openly support their cause during the Gaza conflict. The boycott campaign against Starbucks resulted not only in financial and reputational damage but also in incidents of vandalism at retail locations and hostile

encounters between employees and customers, including the receipt of graphic and violent messages directed at company customer service staff (Sepulveda, 2023; Durbin, 2023; Starbucks CEO hits back at Gaza boycott amid 'record losses', 2023).

In Malaysia, Starbucks operates under Berjaya Food Berhad; nonetheless, the coffee chain faced boycotts fueled by perceptions of ties to Israel. By December 2023, Berjaya Food's stock price had declined by 24%, prompting RHB Bank to issue a research advisory recommending the sale of shares (Free Malaysia Today, 2023). Amid deteriorating public sentiment, Berjaya Group donated RM2 million to the Humanitarian Trust Fund for the People of Palestine, and Berjaya Media director Datuk Seri Azman Ujang publicly affirmed the company's solidarity, stating that they "stand firmly with the Palestinians who have been the victims for the longest time of the most inhumane form of apartheid in history" (Purushotman, 2023). Additionally, Starbucks Malaysia undertook marketing efforts to rebuild its brand image, including a social media advertisement featuring models wearing hijabs and promotional campaigns such as monthly Buy 1 Free 1 offers from October 2023 to January 2024 (Starbucks Malaysia, 2023).

### ***Malaysians' Perception of Brand Boycott***

Recent research on the 2023 Israel-Hamas conflict brand boycott primarily focuses on brand impact, consumer behaviour, and brand perception. Buheji and Ahmed (2023) developed a framework aimed at sustaining the momentum and long-term impact of the boycott against the oppression of Palestinians. This framework distinguishes between passive and active boycotters during and after the Gaza conflict, with the objective of transitioning the boycott from a temporary reaction to a sustained, strategic movement that supports Palestinian self-determination. Their research synthesizes literature surrounding key advocacy themes such as "Free Palestine," "Cease Fire on Gaza," and "Stop the War on Gaza 2023."

Utama et al. (2023) examined the influence of the boycott movement against Israeli products among Muslim consumers, highlighting a "complex interplay of ethical considerations, religious adherence, and political beliefs." Their study underscores the importance of understanding consumer behaviour within broader socio-political contexts, noting that effective corporate responses must go beyond communication strategies to genuinely respect Muslim community values. This research integrates findings from scholarly articles, case studies, and reports to contextualize the dynamics of political activism and consumer choices.

The boycott of McDonald's in Malaysia exemplifies the multifaceted cultural, economic, social, and historical factors shaping consumer movements in a multi-ethnic society. Ethnic differences significantly influence perceptions and participation in boycotts. For the Malay Muslim community, boycotts often serve as moral and political expressions rooted in religious solidarity. This is particularly salient in relation to the Palestinian-Israeli conflict, where boycotting American multinational corporations such as McDonald's is viewed as a moral obligation to support the Palestinian cause (Abdul-Talib et al., 2016; Fischer, 2007). The strong religious identity and collective solidarity within this community translate into active participation in boycott movements as a form of resistance against perceived injustices.

Conversely, Malaysia's non-Muslim ethnic groups—primarily the Chinese and Indian communities—tend to adopt a more pragmatic approach. Their participation in boycotts is generally less influenced by religious or political motivations and more driven by considerations such as product affordability, familiarity, and convenience (Abdul-Talib et al.,

2016; Klein et al., 2004). While not indifferent to ethical or political issues, non-Muslim consumers' engagement with boycotts often aligns with self-enhancement motives and reactions to egregious corporate behaviour rather than collective identity-based activism.

The historical and socio-political context of Malaysia accentuates these ethnic divides. The Malay Muslim community's historical political cohesion and Islamic identity foster a collective willingness to mobilize around issues like boycotts, which affirm cultural and religious identities (Fischer, 2007; Nasir, 2016). Non-Muslim groups, by contrast, have traditionally prioritized economic and social concerns over political-religious activism, leading to a more fragmented and pragmatic engagement with boycott movements (Abdul-Talib et al., 2016; Klein et al., 2004).

Economic considerations further differentiate ethnic responses. Malay Muslims often prioritize moral principles over economic inconvenience, accepting higher prices or reduced convenience to uphold causes they view as just (Abdul-Talib et al., 2016; Abd-Razak & Abdul-Talib, 2012). Non-Muslim consumers, however, typically weigh economic costs more heavily, showing reluctance to boycott if it threatens personal financial interests (Abdul-Talib et al., 2016; Klein et al., 2004). The broader Malaysian economic landscape reflects these dynamics, with some Muslim entrepreneurs potentially benefiting from boycotts as consumer spending shifts towards local Muslim-owned businesses (Rasit & Hamjah, 2023; Wahid et al., 2022), while non-Muslim businesses may experience negative economic impacts.

Social media plays a pivotal role in mobilizing and shaping boycott perceptions, particularly among the Malay Muslim community. Platforms facilitate framing boycotts as moral protests resonant with religious and cultural values, with hashtags, viral content, and influencer endorsements effectively amplifying support (Fischer, 2007; Abd-Razak & Abdul-Talib, 2012). In contrast, non-Muslim groups engage more selectively with boycott-related social media, favoring content aligned with their interests and values rather than politically or religiously charged messages (Abdul-Talib et al., 2016; Klein et al., 2004).

Malaysia's multi-ethnic and multi-cultural fabric further complicates boycott perceptions, with social media serving both as a tool for political identity affirmation among Malay Muslims and as a platform for expressing economic-political interests among non-Muslims. Historically, boycotts have been a form of political activism for Malay Muslims dating back to the independence movement, whereas non-Muslims have shown more economic pragmatism and selective political engagement (Fischer, 2007; Nasir, 2016).

In summary, perceptions of the McDonald's boycott in Malaysia are shaped by a complex interrelation of cultural, economic, social, and historical factors. The Malay Muslim community's activism is rooted in strong cultural and religious identity and a historical legacy of political mobilization, whereas non-Muslim groups approach boycotts with greater economic rationality and selectivity. Social media further amplifies these divides, reinforcing differing patterns of engagement.

Despite the growing body of literature on boycott movements related to the 2023 Israel-Hamas war, research remains limited regarding specific corporate responses and public relations strategies, particularly within the Malaysian context. Notably, no studies to date have focused



on the McDonald's and Starbucks boycotts from the lens of corporate public relations response and Malaysian consumer perceptions, representing a significant gap for further investigation.

### **Finding and Analysis**

Findings reveal divergent strategies employed by McDonald's and Starbucks to mitigate backlash. McDonald's Malaysia emphasized its full Muslim ownership and contributed substantial donations to Palestinian humanitarian efforts, while also pursuing legal action against BDS Malaysia—a move that elicited mixed public reactions. Starbucks Malaysia struggled to dissociate itself from controversies surrounding its U.S. counterpart and union, resulting in consumer confusion and dissatisfaction. These responses underscore the complexities of public relations management within transnational franchise models, especially amid politically sensitive crises.

The study also reveals that Malaysian consumer sentiment towards the boycott is far from homogeneous. The Malay Muslim majority largely supported the boycott, viewing it as an expression of solidarity with Palestine and an extension of religious and ethical responsibilities. In contrast, non-Muslim communities tended to adopt a more pragmatic stance, prioritizing economic convenience over political or moral considerations. This divergence reflects Malaysia's multi-ethnic and multicultural fabric, where cultural, religious, and historical factors deeply influence consumer activism and perceptions of corporate responsibility.

Moreover, social media played a pivotal role in shaping public opinion and mobilizing boycott campaigns. Platforms such as Twitter, Facebook, and TikTok served not only as forums for protest but also as sites for community formation and moral discourse. Brands that failed to recognize the emotional and symbolic power of online activism struggled to manage the narratives surrounding their corporate identities. Consequently, social media became both a battleground for public relations and a powerful tool for consumer-led accountability.

The research further highlights that effective public relations strategies during crises must transcend superficial statements or financial donations. Crisis communication in the Malaysian context demands cultural sensitivity, political awareness, and consistent transparency. Brands that underestimated local sentiment or adopted defensive postures—such as pursuing legal threats—risked further alienation of their consumer base. Conversely, gestures of solidarity perceived as authentic and timely were better received.

### **Conclusion**

In conclusion, the 2023 escalation of the Israel-Hamas conflict reignited global support for the Boycott, Divestment, and Sanctions (BDS) movement, profoundly affecting international brands perceived as affiliated with or supportive of Israel. McDonald's and Starbucks emerged as two of the most targeted brands due to specific actions and statements by their franchises or representatives. In Malaysia—a predominantly Muslim nation with strong public support for the Palestinian cause—the backlash against these brands was particularly visible on social media and reflected in consumer behaviour. This phenomenon highlights the increasingly blurred boundaries between global political conflicts and local economic practices, where brand reputation becomes directly intertwined with geopolitical positioning. The boycott of McDonald's and Starbucks in Malaysia serves as a critical case study illustrating how global brands must navigate geopolitical sensitivities within culturally diverse markets. The intersection of political conflict, consumer activism, and corporate communication plays an

increasingly significant role in shaping brand perception and business continuity. This research contributes to the growing scholarship on political consumerism, crisis management in public relations, and the localization of global movements such as BDS. It also emphasizes the necessity of understanding consumer sentiment through cultural, historical, and ethical lenses—particularly in plural societies like Malaysia.

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