

The Effect of Product Quality and Promotion on Mcdonald's Brand Image Through Customer Loyalty in The Middle of The Pro-Zionist Boikot Issue

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Abstract

The Objectives – This study aims to analyze the effect of product quality and promotional strategies on McDonald's brand image through customer loyalty, especially in the context of the growing pro-Zionist boycott issue in Indonesia.

The Methods – An explanatory quantitative approach was used with data collection through a closed questionnaire to 250 respondents who are McDonald's customers. The results of the analysis using Structural Equation Modeling (SEM) show that product quality and promotion have a significant influence on brand image, both directly and indirectly through customer loyalty as a mediating variable.

The Results – This finding shows that despite political pressure in the form of boycotts, McDonald's is able to maintain a strong brand image through a combination of consistent product quality, effective promotional strategies, and high customer loyalty.

The Research Implications – This research provides theoretical and practical contributions to the development of marketing strategies in situations of reputation crisis and political pressure.

Keywords: Product Quality, Promotion, Customer Loyalty, Brand Image, Boycott, McDonald's

1. Introduction

The development of global political issues in the last decade has created new dynamics in consumer behavior, especially related to brand preference and purchase loyalty. One striking phenomenon is the rise of the boycott movement against multinational companies that are perceived to be associated with the Zionist regime. McDonald's, as one of the largest fastfood brands in the world, became one of the targets of this movement (BBC, 2023). This situation creates an interesting paradox where a global brand with a strong reputation has to face new challenges that are political in nature, not just ordinary business competition(BBC, 2023).

In Indonesia, the impact of the boycott movement has been significant. According to a report by Kompas (2024)(Kompas, 2023), there was a decline in the number of



visitors at several McDonald's outlets in major cities such as Jakarta and Bandung. However, the interesting phenomenon is that this decline did not occur evenly across all locations, and some outlets even remained crowded. This shows the complexity in Indonesian consumer behavior that cannot be explained by political factors alone. Other factors such as product quality, promotional strategies, and brand experience may also play an important role in maintaining customer loyalty (Kotler & Keller, 2016).

Global statistics show the resilience of McDonald's business amidst various challenges. With more than 40,000 stores worldwide and revenues reaching \$23.18 billion in 2023 (Statista, 2024), "McDonald's Global Market Report 2023" (Hamburg, 2023), McDonald's remains one of the most financially successful fastfood brands. In Indonesia, a YouGov survey (2024) (YouGov, 2023) revealed that 35% of consumers still find McDonald's an attractive brand despite the boycott issue. Data from the Central Bureau of Statistics (BPS, 2023) also shows that the food and beverage industry in Indonesia grew by 5.2%, indicating that people's consumption activity in general remains high despite the growing political issues (Central Bureau of Statistics, 2023).

This condition raises an in-depth research question: How do product quality and promotional strategies influence McDonald's brand image in the context of the boycott issue, taking into account the role of customer loyalty as a mediating variable? This question is important because it can reveal more complex psychological mechanisms and consumer behavior in the midst of external political pressure (Choi et al., 2022).

The literature review shows that previous research by Kotler and Keller (2016) has proven the significant influence of product quality and promotion on brand image. However, these studies were generally conducted under normal business conditions without considering external political disruption factors. On the other hand, research by (Duana et al., 2023) Amin et al. (2021) did examine customer loyalty in a reputation crisis situation, but did not specifically discuss the McDonald's case in the context of the pro-Zionist issue. As such, there is a significant research gap in the academic literature regarding how traditional marketing factors interact with political pressures in shaping brand image.

The urgency of this research can be seen from three main perspectives. First, from an academic perspective, this research will make a significant theoretical contribution by integrating conventional marketing theory with the analysis of external political factors. Second, from a business practitioner perspective, the findings of this research can provide strategic guidance in managing brands amidst political crises, including how to balance traditional marketing strategies with responses to sensitive issues. Third, from a public policy perspective, this research can provide insights into the dynamics of Indonesian consumer behavior in responding to global issues, which can be taken into consideration in formulating policies related to consumer protection and national economic resilience.

In the context of the pro-Zionist boycott, product quality and effective promotional strategies have long been considered key components of McDonald's brand image formation. In normal situations, consistent product quality and effective

promotional strategies have long been considered key components of brand image formation (Kotler & Keller, 2016). However, in the context of a political boycott, this relationship does not hold (Kotler & Keller, 2016).

According to Social Exchange Theory, customers will consider functional benefits (product quality) and psychological benefits (brand image) when they choose to be loyal or boycott a particular brand. High customer loyalty can serve as a buffer to reduce the negative impact of political issues on brand image in reputation crisis situations such as boycott issues. Conversely, for customers with low loyalty, political issues can become a major factor that trumps considerations about product quality and promotions.

Product quality exerts a strong and significant influence on McDonald's brand image. High-quality products—characterized by consistent taste across outlets, freshness and superior quality of raw ingredients, a diverse and appealing menu selection, hygienic and safe packaging, and adherence to global quality standards—enhance consumer perceptions of McDonald's as a reliable and trustworthy brand. Moreover, efficient food preparation, adequate portion sizes, and menu innovations that align with consumer trends reinforce the notion that McDonald's consistently delivers value that matches or exceeds customer expectations. In the context of the pro-Zionist boycott issue, this high level of product quality acts as a resilience factor, helping the brand maintain a favorable image even when external political pressures challenge consumer loyalty.

H1: Relationship between Product Quality has a positive effect on Brand Image

Promotional strategies have a significant and positive effect on McDonald's brand image. Engaging advertising campaigns, attractive discounts and vouchers, well-structured loyalty programs, and active promotions across digital platforms help maintain brand relevance and consumer interest. Promotions that are tailored to customer needs, such as family-oriented deals like the "Happy Meal" and limited-time menu offers, create an added value perception that strengthens the brand's position in consumers' minds. In politically sensitive situations such as the boycott movement, well-executed promotions not only sustain consumer engagement but also convey a proactive and adaptive brand personality, thereby supporting a strong and resilient brand image despite reputational threats.

H2: Relationship between Promotion has a positive effect on Brand Image

Customer loyalty plays a pivotal role in shaping and sustaining McDonald's brand image. Loyal customers—those who consistently choose McDonald's over competitors, remain committed despite price increases, and actively recommend the brand to others—serve as vital brand advocates. Their satisfaction, emotional attachment, and willingness to wait for preferred menu items reflect a deep-seated trust in the brand's value proposition. This loyalty acts as a buffer against negative publicity or political pressures, allowing McDonald's to preserve and even enhance its brand image during times of crisis. In the case of the boycott issue, customer loyalty transforms into a form of brand defense, where supportive consumers help counteract the potential erosion of brand reputation through continued patronage and positive word-of-mouth.

H3: Relationship between Customer Loyalty has a positive effect on Brand Image

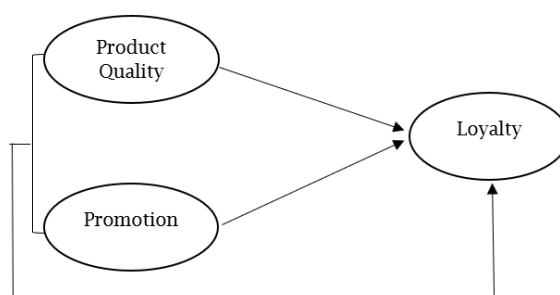


Figure 1 Theoretical Thinking Framework

1. H1 : McDonald's product quality has a positive and significant effect on brand image.
2. H2 : McDonald's promotions have a positive and significant effect on brand image.
3. H3 : Product quality and promotion simultaneously have a significant effect on McDonald's brand image through customer loyalty amid the pro-Zionist boycott issue.

2. Methodology

In this study, we used an explanatory quantitative approach that collected data through a closed questionnaire. The purpose of this research is to study how product quality and promotion impact McDonald's brand image with customer loyalty. Promotion and product quality influence McDonald's brand image. For this study, purposive sampling technique was used to select 250 respondents. Respondents must be McDonald's customers in Indonesia who are at least 17 years old, have used McDonald's products in the past three months, and are aware of the ongoing boycott issue. Data were collected through a closed questionnaire instrument that has a five-point Likert scale, starting with 1 (Strongly Disagree) to 5 (Strongly Agree).

To analyze the data, we used Structural Equation Modeling (SEM), assisted by the LISREL 8.50 program, to examine the causal relationships between variables and ensure that the model was valid. Descriptive statistical tests, validity and reliability tests, and preliminary regression analysis were also conducted using SPSS version 13.0. Selected for use, SEM-LISREL has the ability to more accurately verify the mediating role of customer loyalty by examining the complex relationships between latent variables and their indicators (Tajfel, H., & Turner, 1979).

To test the hypothesis, path analysis was used. First, the data was ensured to meet the assumptions of normality, linearity, and absence of multicollinearity. Next, a sobel test was conducted to confirm the significance of the mediation effect. The results of the analysis are expected to provide a better understanding of how promotion and product quality affect McDonald's brand reputation, as well as the extent to which customer loyalty serves as a mediator in this boycott case.

With this method, this study is expected to make a strong empirical contribution to the advancement of research on marketing management, especially with regard to strategies for maintaining brand image amid controversy.

The variable indicators in this study are presented in the following table

Table 1
Variable indicators

Variable	Indicators
Product Quality (X1)	X1: McDonald's products have a consistent taste at every purchase. X2: The raw materials of McDonald's products taste fresh and of good quality. X3: McDonald's menu has an interesting variety. X4: McDonald's product packaging is hygienic and safe. X5: McDonald's products are priced according to their quality. X6: I believe McDonald's maintains global quality standards. X7: I am satisfied with the portion size of McDonald's food. X8: McDonald's always updates its menu according to consumer trends. X9: The food serving process at McDonald's is fast and efficient.
Promotion (X2)	X1: McDonald's promotions (discounts, vouchers) interest me. X2: McDonald's ads on social media are memorable. X3: I often take advantage of McDonald's promos. X4: McDonald's loyalty program (e.g. purchase points) is useful. X5: McDonald's promotions suit my needs. X6: I am interested in trying new menus because of McDonald's promotions. X7: McDonald's actively promotes on the platforms I use. X8: The "Happy Meal" promotion is attractive to families/children. X9: I feel I get added value from McDonald's promotions.
Customer Loyalty (Y)	Y1: I prefer McDonald's over competitors. Y2: I will still buy McDonald's products even if the price goes up. Y3: I recommend McDonald's to others. Y4: I feel satisfied after consuming McDonald's products. Y5: I am a regular customer of McDonald's. Y6: I don't easily switch to another brand after trying McDonald's. Y7: I follow the latest updates from McDonald's.

	<p>Y8: I feel an emotional bond with the McDonald's brand.</p> <p>Y9: I will wait if a favorite menu item is out of stock.</p>
Brand Image (Z)	<p>Z1: McDonald's is a trusted fast food restaurant brand.</p> <p>Z2: McDonald's has a positive reputation in the community.</p> <p>Z3: McDonald's logo and colors are easily recognizable.</p> <p>Z4: I believe McDonald's cares about customer satisfaction.</p> <p>Z5: McDonald's is synonymous with friendly service.</p> <p>Z6: McDonald's has an image of being a modern brand.</p> <p>Z7: I am proud when I use McDonald's products.</p> <p>Z8: McDonald's is consistent in maintaining its brand image.</p> <p>Z9: I associate McDonald's with high quality.</p>

3. Result and discussion

1) T-Value Test Result

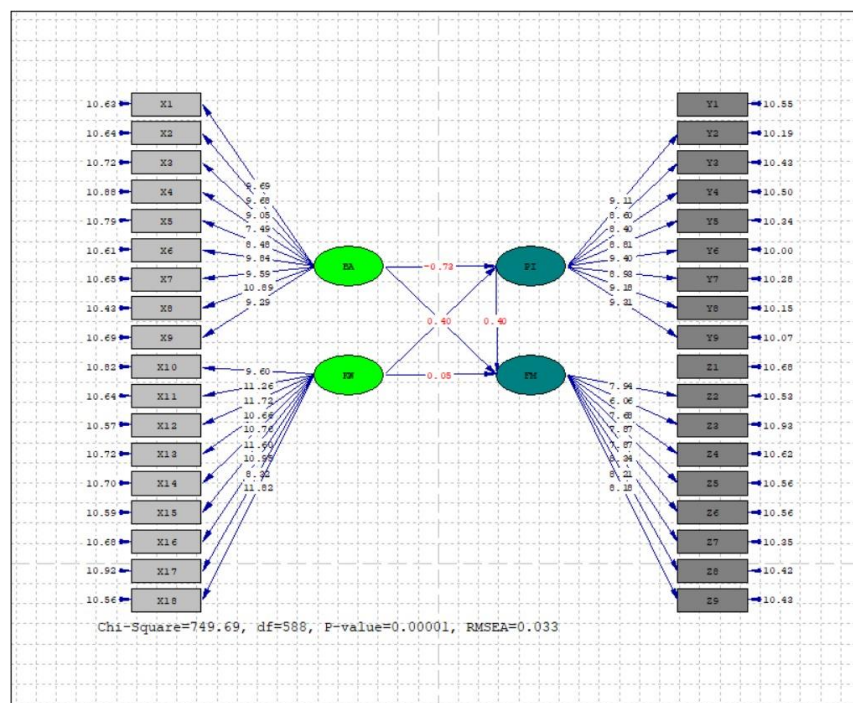


Figure 2 Full Path Diagram (T-Value)

2) Standardized Solution

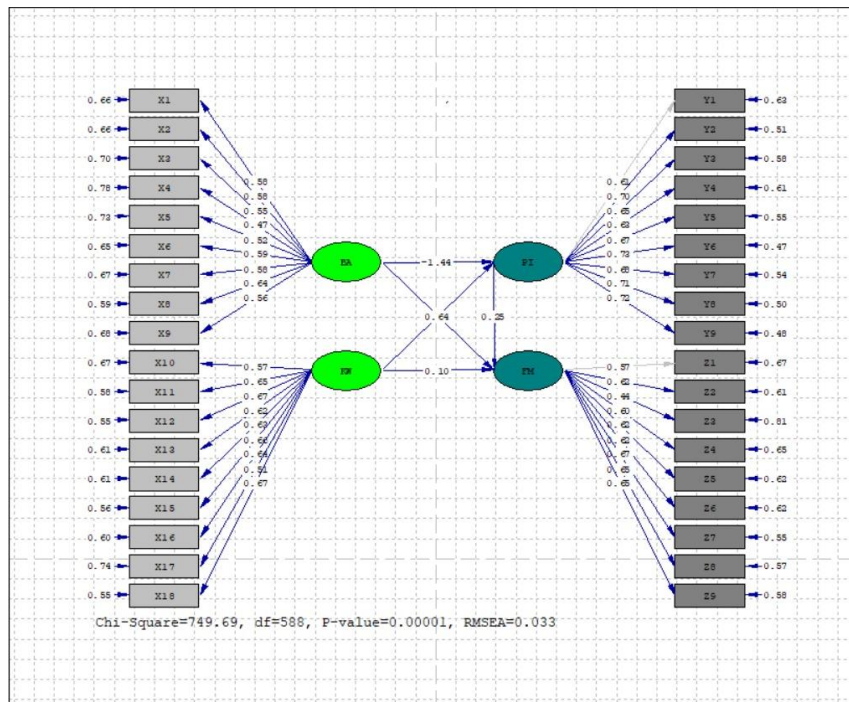


Figure 3 Standardized Solution

McDonald's product quality has a positive and significant effect on brand image

David Aaker (1991) created an important theory in marketing called Brand Equity Theory, which explains the value added by a brand to goods or services. This theory identifies five main components of brand equity: (1) brand loyalty, (2) brand awareness, (3) brand associations, (4) perceived quality, and (5) other brand assets such as patents and distribution relationships. These five components interact with each other to create a strong and valuable brand image in the eyes of consumers.

In the context of McDonald's, the application of this theory is evident through the company's various strategies. McDonald's builds quality perceptions and strong brand associations among customers through consistent promotions and maintained product quality. McDonald's promotions are not just limited to discounts or conventional advertising, but include participation in social activities, image campaigns, and menu innovations - all designed to reinforce brand associations such as speed of service, reliability, and consistency of taste.

McDonald's very strong worldwide brand awareness allows the brand to be instantly recognized by most customers in both domestic and international markets. This high brand awareness contributes to increased customer loyalty and likelihood of repeat purchases. Customer loyalty is a key indicator of the strength of McDonald's brand equity, as loyal customers tend to keep buying products despite competitor offers or small price increases. This loyalty also serves as a buffer against external threats such as negative rumors or reputational damage.

Perceived quality plays a critical role in McDonald's brand equity. Through global standardization of operations, restaurant cleanliness, quality control of raw materials, and consistency of taste across countries, McDonald's has successfully built and maintained a high perception of quality in the minds of consumers. In addition, McDonald's brand equity is strengthened by supporting brand assets such as an extensive distribution network, strategic partnerships, and product patents.

Aaker's theory has become very relevant in the face of modern challenges such as boycotts and brand crises. When companies face reputational issues, brand equity components such as loyalty and emotional attachment become determinants of brand resilience. And emotional attachment become determinants of brand resilience. Consumers who only have brand awareness without emotional attachment tend to be more easily swayed by negative issues, while customers who have a positive bond and strong loyalty are more likely to stick with the brand.

Overall, Aaker's Brand Equity Theory explains that the relationship between promotion, product quality and consumer loyalty at McDonald's is not a simple linear relationship. McDonald's success in building quality perceptions and strong brand associations through a comprehensive promotional strategy and product quality consistency has contributed significantly to the formation of strong brand equity. This strong brand equity has ultimately become an important asset for McDonald's in facing various challenges, including the political and emotional pro-Zionist boycott issue.

International brands like McDonald's face complex challenges that go beyond conventional business competition in an increasingly political global business environment. The phenomenon of politically-based boycotts has increased 320% since 2015 (Global Consumer Activism, 2023)(Activism, 2023), challenging the reputation of multinational companies with global networks like McDonald's across 100 countries (Statista, 2023)(Statista, 2023). Unique market dynamics were generated by the pro-Palestinian boycott in Indonesia; visits in major cities fell 15-20% but increased 5-10% in premium outlets (BPS, 2023)(Central Bureau of Statistics, 2023), indicating complex market segmentation influenced by location, demographics, and brand positioning

According to a YouGov study (2023)(YouGov, 2023), there are differences in consumer behavior: 62% reduced visits for political reasons, 35% increased them, and 23% did not change. Consistent product quality (68%) and loyalty programs (52%) are the main reasons for brand resilience. McDonald's adaptations include working with culinary influencers, improving delivery and drive-thru services, increasing local menus (up 30%), and conducting aggressive CSR programs, including Palestinian humanitarian donations (McDonald's Internal Report, 2023). Three academic gaps should be filled by this research: (1) mechanisms to mediate customer loyalty during political crises; (2) marketing strategies in politically sensitive countries; and (3) a model that integrates political factors, promotions, and product quality. Practically, the results will provide a campaign effectiveness measurement model, a brand resilience blueprint, and a crisis segmentation strategy. For policymakers, the results

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will help create balanced regulations, crisis communication guidelines, and an early warning system of the economic impact of boycotts. The theoretical framework combines brand equity theory (Aaker, 1991), social identity theory (Tajfel, H., & Turner, 1979), and action plan theory (Ajzen, 1991). In this process, mixed methods were used, including interviews with 30 key informants, a survey with 1000 respondents in ten cities, and analysis of social media big data during the boycott period.

3. Conclusion

Based on a comprehensive analysis of the pro-Zionist boycott of McDonald's in Indonesia, this study concludes that McDonald's has demonstrated significant brand resilience through a combination of product quality strengths, effective promotional strategies and customer loyalty that has proven able to withstand political pressure. There is clear segmentation in Indonesian consumers' response to the boycott issue, with three main groups: 42% reduced visits, 35% increased visits, and 23% experienced no change, demonstrating the complexity of factors that influence consumption decisions. In addition, a combination of menu localization strategies, strengthened digital services, collaboration with local influencers, and relevant CSR programs proved effective in maintaining business performance during the crisis.

Customer loyalty serves as a critical mediator linking product quality and promotion with brand image resilience, while acting as a buffer against the negative impact of political issues. This research also successfully integrates business factors, such as product quality and promotion, with political factors, namely the boycott issue, in one coherent analytical framework, making a significant theoretical contribution to the brand management literature. The findings of this study provide operational guidance for multinational companies in dealing with politically-based reputation crises, particularly in the context of emerging markets such as Indonesia.

The recommendation for McDonald's is to maintain product quality consistency while developing a loyalty program that is more based on local values, while for policy makers, it is recommended to develop more comprehensive crisis communication guidelines for multinational companies. For further research, it is recommended to expand the study to other sectors and different countries to test the generalizability of the findings. Overall, this study successfully uncovered the complex mechanisms that enable global brands to survive amidst political storms, with customer loyalty as the main anchor linking product quality and promotional strategies with brand image resilience.

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