THE COLLABORATIVE BRAND MARKETING: THE CASE OF BTS-McDONALD’S IN JAKARTA, INDONESIA

Irina V. Onyusheva  
Yoga M. Salim  
Stamford International University, Bangkok, Thailand

In a rigid competition marketplace particularly during the pandemic time, greater emphasis is being placed on marketing strategy to boost the sales and business growth. Marketing strategy has a central role in the development of brand image, be it at the corporate, retail or product level. Fast food industry is one of the major sectors that continuously adapt their marketing strategy to the highly competitive market. With the spike popularity of technology and pop culture, many fast-food companies contest not only to stay on the business but also to gain competitive advantage with their innovative branding strategy. Certainly, there are many challenges that fast-food Company needs to deal with given the current pandemic situation where most are struggling to stay relevant and increase the sale amid difficult times. For this purpose, the focus of this study is the McDonald’s franchise in Jakarta, Indonesia in which considered as one of the few which recently gain reputation due to collaborative brand marketing, they currently undergo with one of the biggest pop group. This article is devoted to explain what makes McDonald’s collaboration’s marketing strategy works and analysis of PESTEL on their marketing strategy. This study shows that popularity of BTS-McDonald’s collaboration strategy related strongly to demography, social-culture, and technology aspects.

Keywords: collaborative brand marketing, fast-food chain, McDonald’s; strategy; business growth

Irina V. Onyusheva  
Dr., Prof., Stamford International University, Bangkok, Thailand  
Research Interests – economics, strategic management, formation, ensuring and increasing economic competitiveness on both micro- and macro- levels; human capital development; HRM; knowledge economy; knowledge management; project management; management in education  
E-mail: dr.irina.onyusheva@gmail.com

Yoga M. Salim  
MBA, Stamford International University, Bangkok, Thailand  
Research Interests – international business management, marketing, branding  
E-mail: y.m.salim@gmail.com
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Introduction

Multinational fast-food companies are facing tough competition not only amongst themselves, but also the due to the novel Covid-19 pandemic situation, which has put pressures on so many businesses across many economic sectors. Thus, the situation forces many of these fast-food companies to be more creative in finding ways to stay afloat and in the same time competitive.

One of the strategies is to engage in collaborative relationships with various external partners including customers, suppliers, universities, and even competitors to integrate their value co-creation processes (Wang et al., 2015). The relationship on brand collaboration is quite a popular method for marketing strategy (Young et al., 2001, Washburn et al., 2004, Uggla & Åsberg, 2010, Ilhan et al., 2018, Chern & Ahmad, 2020).

This type of collaboration is co-operative marketing activities that consist of short or long-term associations of two or more individual brands (Hou et al., 2017). The usage of brand collaboration as marketing strategy can be represented by using the association of brand names, logos, or other proprietary assets of the brand in promotions. These days consumers are mostly smarter. They tend to choose a product based on its emotional values instead of its functional values as there are way too many functionally similar products which are competing within same category and consumers have become more selective on goods that are functionally similar (Hou et al., 2017). Thus, to successfully compete, companies came up with different approaches in marketing and partnership.

Collaborations between fast food chains have gradually grown in popularity over the past few years. Rather than competing, many chains have seen the value in joining forces, developing significant inroads with traditionally cautious consumers (Hall, 2020).

For instance, in the US, Burger King co-branding with Cinnabon, Australia has Belles Hot Chicken with US-based snack Cheetos (Hall, 2020).

Meanwhile, other trend that existed for decades is fast-food chains’ collaboration with famous celebrities as a way to attract new customers, especially the younger generations (Linder, 2020). Whether it’s a commercial or a meal created in their honor, these celebrity collaborations have existed for decades, and they can lead to giant success for the brand, generally. Famous celebrities’ collaboration such as Travis Scott & McDonald’s, Michael Jordan & McDonald’s, Ringo Starr & Pizza Hut, Kate Upton & Hardee’s, Chipotle & Shawn Mendes, and many more were little success story of fast-food collaboration with public figure that drove their product sales. Collaborating with young artists and creators became massive marketing strategy for fast-food chains in 2020 (Meisenzahl, 2021).

Indonesia served as the largest foodservice market among all Association of Southeast Asian Nations countries. Based on Nielsen report in 2016, showed that 11% of Indonesian citizens eat out at least once a day; this is higher than the global average of 9% (The Jakarta post, 2020).

Most of these are composed of take away food from fast-food chains. According to Agriculture and Agri-Food Canada’s global analysis report in 2016, the value sales for Indonesia’s foodservice market reached US$36.8 billion in 2014, which was about US$14 billion higher than the second top country in the ASEAN market. Full-service restaurants, fast food, and street stalls/kiosks are the top three growth drivers for Indonesia’s foodservice market.
The top five Indonesia’s foodservice companies in 2014 were Yum! Brand Inc., McDonald’s Corp., Top Food Indonesia PT, Sederhana Citra Mandiri PT, Starbucks Corp., and A Great American Brand, LLC (Agriculture and Agri-Food Canada, 2016). According to USDA Foreign Agricultural Service’s report (2019), KFC and McDonald’s sit atop of the Indonesian’s major chained fast-food.

The capital city of Indonesia, Jakarta is home to heavy contest of fast-food franchise between these two fast-food chain giants. McDonald’s is the most famous ones when it comes to marketing strategy featuring collaboration with POP-stars as Nuyen (2021), describes it is the age of the celebrity McDonald’s collaboration.

Quite recently, McDonald’s have caused a stir in Jakarta over their newly collaboration with mega POP-stars from South Korea, BTS (Bangtan Boys) for meal and clothing package. According to BBC (2021), referred to police in Jakarta said in a statement that a total of 32 branches were temporarily closed across the city due to swarming of online orders as costumers want to get their hands on the mentioned exclusive package consist of French fries, hot sauces, a cup of coke, and chicken nuggets that cost ($3.1). Branches of McDonald’s forced to shut due to high orders (BBC.com, 2021). Not only stops at the meal frenzy in Jakarta, Indonesia the fast-food packaging of BTS McDonald’s Meal is in high demand and people are reselling its paper bags, boxes, and cups on e-commerce. In Indonesia, the packaging sells on marketplaces for up to a million rupiahs ($70) (Novi, 2021).

This study focuses on collaboration marketing strategy by McDonald’s in Jakarta, Indonesia that made some of their chains is the area forced to be closed due to overcrowded with costumers. It is interesting analyze how the company aimed to turn their loyal customers into fans by using such a strategy of marketing. McDonald’s marketing strategy mainly based on their first growth pillars: Maximizing marketing: Brand & Affordability. Called “Accelerating the Arches” (McDonald’s.com), this new strategic initiative has three primary pillars: A renewed commitment to core menu products like burgers, chicken, and coffee to tap into consumer demand for familiarity; doubling down on what it calls the “3 D’s,”—digital, delivery, and drive-thru; and maximizing marketing by “investing in new, culturally relevant approaches to effectively communicate the story of brand, food, and purpose” (Beer, 2020).

**Literature Review**

This study explored basic literature available on: (1) fast-food chains and (2) collaborative brand marketing.

*The concept of the fast-food chain*

According to Merriam Webster Online dictionary (n.d), Fast food, by definition, is "designed for ready availability, use, or consumption with little consideration given to quality or significance. According to (Goyal & Singh, 2007) as a “general term used for a limited menu of foods that lend themselves to production-line techniques; suppliers tend to specialize in products such as hamburgers, pizzas, chicken, or sandwiches”.

Data Monitor’s survey the fast food market is defined as the sale of food and drinks for immediate consumption either on the premises or in designated eating areas shared with other foodservice operators, or for consumption elsewhere (Goyal & Singh, 2007).
The fast-food industry, initially envisioned in Southern California during the 1940s, not only transformed the eating lifestyles of Americans, but also those in many other countries around the world, including most of Asian countries (Baig & Saeed, 2012).

McDonald’s is the leader of the fast-food industry (Freeman, 2007) and it had the first drive-thru window (Fontinelle, 2020). Its founder, Ray Kroc, transformed a hamburger, fries, and a shake into the quintessential American meal, erected golden arches to guide hungry travelers, and appointed a kid-friendly clown as fast food’s ambassador and fast food has since expanded to include an extensive array of foods (Freeman, 2007).

McDonald’s has managed to squeeze ever-higher sales and greater profits from the American fast food industry—one that many called oversaturated as far back as the 1980s (Fontinelle, 2020).

In Indonesia, two most popular fast-food chains are Kentucky Fried Chicken (KFC) and McDonald’s (Agriculture and Agri-food Canada, 2016). The two giants compete with many strategies but interestingly, no one have ever caused such an uproar like some McDonald’s chains in Jakarta did (BBC, 2021). The first McDonald’s chain opened in Jakarta, Indonesia on 1991 and there are more than 200 McDonald’s operating across Indonesia, with dozens of them located in Jakarta (Croft-Cusworth, 2020).

Since 1950’s, fast food was penetrating the food market and becoming more and more popular especially for younger generations. The young consumers visit fast food restaurants for fun and change (Goyal & Singh, 2007, Baig & Saeed, 2012).

In Jakarta, Indonesia, the landmark causing all the fuss wasn’t a heritage cinema, an independent music venue, or a public park but a McDonald’s restaurant (Croft-Cusworth, 2020). It is common to see a long line in a drive-through way outside of a fast-food restaurant or a bunch of crowded clients waiting to order in front of fast-food outlets. Even though nearly most of the customer knows that fast food got not health benefits, we still can observe every day in fast food restaurants customers come and order in an endless stream (Song, 2016).

**The concept of collaborative brand marketing**

Coalitions between companies, whether they are from different parts of the world or different ends of the supply chain, are a fact of life in business nowadays. In the global economy, a well-developed ability to create and sustain fruitful collaborations gives companies a significant competitive boost (Kanter, 1994).

Collaborative marketing alliances have been defined by Palmer (1996) as the “...mutual recognition and understanding that the success of each firm depends in on the other firm”.

Kim et al. (2007) defines co-branding as multiple business alliances cooperating in marketing, space sharing, and production while maintaining their independence as a separate brand. Recently, celebrity and restaurant companies have recognized the importance of co-branding strategies (Keel & Natarajan, 2012).

A larger number of chain restaurants and celebrities have together implemented co-branding strategies to accomplish synergy (e.g., McDonald’s with BTS, Travis Scott, Michael Jordan, Chipotle with Shawn Mendes, and many more) (Rich, 2021).

Kim et al. (2007) summarizes the advantages of implementing a co-branding strategy as follows: “From the viewpoint of both the operator and the partner, the ability to access a broader customer base and form new relationships with clients is one of the most...
important and beneficial advantages. The revenue generated by the partnership can generally outweigh the expense of forming the alliance; as a result, budgeted expenditures can be concentrated in other areas. In addition, co-branding enhances the credibility of the hotel’s brand by borrowing credibility from other brands”.

Collaborative marketing is a popular strategy for firms to share risks and exchange resources, access new markets, achieve economies of scale and obtain collaborative and competitive advantages (Kuang-Jung et al., 2015).

According to Sawhney (2001), collaborative marketing allows firms to tap into customer expertise by integrating customers into the firm’s new product development process. The collaborative marketing may also serve as an exchange arrangement for partners to learn and obtain the technologies, skills and knowledge from each other’s that are not available within their own organizations.

The relevant researches on collaborative marketing indicate these linkages between firms which provide technologies, entrepreneurial and managerial know-how and market access, to aid an export-oriented development strategy (Kuang-Jung, et al., 2015).

Yet, it is quite difficult to establish a successful and strong brand. To do branding it requires huge enterprise resource such as money, human resource and so on.

In these circumstances, extended enterprise collaboration is a solution for individual companies, in association with other companies, academia, and government, to increase the success rate of transition to environmental fit through collaboration with other companies (Kuang-Jung et al., 2015).

**The research problem, goals, objectives**

The research problem here concerns the fact that less study done to understand how the BTS-McDonald’s collaboration pushes McDonald’s sale in Jakarta, Indonesia amid Covid-19 pandemic. Hence, this study is trying to explore the causes and factors that are affecting the successful marketing of BTS-McDonald’s collaboration.

The main objective of this research to study the factors of success in a collaborative brand marketing literature.

To achieve the research goal, the following objectives has been set forward:

- to study fast-food chain marketing strategy through collaboration with celebrity in Jakarta, Indonesia.
- using the obtained information to find which factors impact successful collaborative brand marketing of fast-food.

**The research methods & analysis**

The main object investigated in this study is McDonald’s, a large multinational fast-food supply chain operating in Jakarta, Indonesia which recently have been grown popularity due to its collaboration with BTS, South Korean famous boy band.

The data analysis methods on this study can be divided into three: SWOT, PESTEL, and Porter’s Five Forces.
**The SWOT Analysis**

In case of McDonald’s collaborative brand marketing with K-POP famous group BTS in Jakarta, Indonesia, the SWOT analysis can be applied to see what makes this collaboration created hype and in the same time halted. Accordingly, each aspects are explained below:

**Strengths:** McDonald’s is considered to be an iconic fast-food chain in Jakarta, Indonesia, it also branded as landmark that normally goes to a heritage cinema, an independent music venue, or a public park but a McDonald’s restaurant (Croft-Cusworth, 2020). Moreover, with recent collaboration it has with BTS, most of its chain are overcrowded with customers who wanted to purchase BTS-themed meal package.

**Weaknesses:** The McDonald’s queuing system and limited edition BTS meal have caused a backlash as there some chains in Jakarta made long line BBC (2021) branded those chains couldn’t keep up with the orders of BTS-meal both online delivery service and walk in customers as people waited for hours to get the hands on the mentioned product.

**Opportunities:** Indonesia’s population is generally young, and most of young people in Jakarta know what BTS is and how popular the South Korean band is. Jakarta is one of the cities where BTS fans majority reside in Indonesia. Hence, when McDonald’s announce its collaboration with BTS, so many people swamp the restaurant.

According to BBC (2021) footfall in the US branches increased by 12% in the first week it was launched. Hence, it was no surprise that when the meal launched in K-Pop mad Indonesia on Wednesday June 9th 2021, it was an immediate hit. Technology also plays a pivotal role as most of McDonald’s chains in Jakarta partnered with online service delivery (Grab Food, Food Panda, and so on) and most people prefer to order through these online service delivery providers.

**Threats:** Covid-19 pandemic obviously has become threats to so many businesses, including McDonald’s chains in Jakarta, Indonesia especially after the announcement of their hit collaboration with famous celebrity. Because of Covid-19, however, people did not go to the branches themselves. Instead, they used delivery services - sending drivers to the outlets in droves. In Jakarta, the capital, the police said on Wednesday that they had temporarily closed 32 McDonald’s outlets “because they were found to have violated health protocols,” including limiting capacity to 50 percent and avoiding crowds (Bengali, 2021).

**The PESTLE Analysis**

**Political factors:** might affect McDonald’s collaborative brand marketing strategy in Jakarta, Indonesia by quite substantially if the regulations of Indonesian government regarding fast food chains especially during the COVID-19 Pandemic would give a lot of restrictions. However, in Indonesia the fast-food regulations mainly focused on food safety measures (Putri, 2018) and not heavily give burden how easily fast-food chains to enter Jakarta’s market. Generally, Indonesia’s capital city is quite liberal regarding international companies this include McDonald’s.

**Economic factors:** BTS-McDonald’s collaboration marketing strategy have caused some of McDonald’s chains in Jakarta to be overcrowded by customers (BBC, 2021). hence the branding with celebrity have boost society’s purchases for this particular limited edition BTS-meal by McDonald’s even though the effects of Covid-19 still put most of
business in Jakarta under pressure, but it is a different case with BTS-McDonald’s collaboration, the pandemic did not have significant impact on the sale. The high demand of this particular products even created another trend for people to re-sell the BTS-McDonald’s empty food packaging over the internet due to its high value (Novi, 2021).

**Social factors:** play a pivotal role on why McDonald’s collaborative marketing strategy drives most of their chains in Jakarta swamped with so many customers. McDonald’s partner BTS, has massive fans (so called ARMY) in the capital of Indonesia (Lau, 2021) and because nearly anything related to BTS provokes a frenzy (NYTimes, 2021), especially in Jakarta, Indonesia. Hence, the demographic, lifestyle, and culture in Indonesia’s capital are driving factors that made McDonald’s-BTS collaboration such a big hit.

**Technological factors:** McDonald’s outlets in Jakarta are well connected to technology. Partnering with many giant’s online delivery services such as GoFood, GrabFood, Food Panda, and many more (Lee, 2019). This strong technological partnership allows McDonald’s outlets to remain vigorous in marketing their product although the Covid-19 pandemic has made walk-in customers are essentially less because people are ordering McDonald’s food mostly on the app (Lau, 2021).

**Environmental factors:** In Jakarta, Indonesia, McDonald’s main environmental factor is that the Covid-19 pandemic itself. Indonesia, which has one of the highest coronavirus caseloads in Asia, has seen a surge of infections in recent weeks as more people gathered.

**Legal factors:** Considering the legal issues that McDonald’s faced on their collaboration is generally none, except, under strict regulation of Covid-19, 33 of McDonald’s outlets in Jakarta are forced to closed due to the violation of health protocols on overcrowded place. Because of Covid-19, however, people did not go to the branches themselves. Instead, they used delivery services - sending drivers to the outlets in droves, some even had to wait for more than 2 hours and some McDonald’s outlets in Jakarta the queue could take up to 7 hours (BBC, 2021).

**The Porter’s Five Forces’ Analysis**

Porter's Five Forces of Competitive Position Analysis were developed in 1979 by Michael E Porter of Harvard Business School as a simple framework for assessing and evaluating the competitive strength and position of a business organization (Porter, 2008).

The model can be applied to any segment of the economy and helps explain why various industries maintain different degrees of profitability (Hall, 2021).

**Threat of new entrants.** In case of McDonald’s marketing strategy in Jakarta, Indonesia, they succeed to improve their sales amidst the pandemic because of their new collaboration as none of its rival have done the same. With their exclusive collaboration with the famous band that makes other’s similar business difficult to enter the competition.

**Threat of substitutes.** McDonald’s marketing strategy did not actually increase the price on limited BTS meal. The package includes 10-piece Chicken McNuggets, medium fries, and a medium Coke and In Indonesia, the combo sells for 51,000 rupiahs or around $3.5 (Novi, 2021). This to make sure that such a product is accessible to everyone hence, avoiding its competitors to produce the same identical products because almost everyone can order them directly from McDonald’s outlets.
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Costumers’ bargaining power. Due to brilliant marketing strategy, McDonald’s in Jakarta virtually faces no competitors as the single producer of the ‘BTS meal’, which is super popular in Indonesia. Therefore, customer has no bargaining power over this matter because the product exclusively only available at McDonald’s branches.

Suppliers’ bargaining power. As the McDonald’s acts as the single supplier and producer of a hit ‘BTS meal’. Consequently, there are no other suppliers who would drive down the profit McDonald’s could gain over the limited-edition product across the world especially in Jakarta, Indonesia where such a product goes viral.

Rivalry among existing competitors. The collaborative brand marketing strategy can be used to decrease to power of competing rivals. In this case, by doing exclusive collaborative brand with BTS, McDonald’s secured its position as the only one who own limited edition product and exclusive distributor, hence dominating its rivals driving down the competition, especially in Jakarta, Indonesia.

Key research results

Based on the analysis of SWOT, PESTLE, and Porter’s Five Forces, this paper has identified several aspects that are contributing to the success collaborative brand marketing strategy of McDonald’s specifically in Jakarta, Indonesia. Those features are: demography, social, culture and perfect collaboration partner. According to sociological survey between July and September 2020, over 80,000 of the 400,000-plus people in the survey were from Indonesia and, at 20%, Indonesia had the most BTS fans anywhere in the world (Tizzard, 2021).

The country with the most respondents to the survey was, by far, Indonesia, accounting for 20% of those surveyed, beating the U.S. with 8.4% and South Korea with 3.7% (Borowiec, 2021). Indonesia is a young, populous country, with a longtime affinity for K-pop that includes the cosmetics and fashion that go along with it (Borowiec, 2021).

Indonesia is known as a country that can easily accept and consume popular culture from outside Indonesia (Utami & Winduwati, 2020).

This acceptance also applies to the recognition of K-Pop as one of the products of Korean pop culture that circulates very quickly and widely in Indonesia and without a question, K-pop fans are increasing every year in Indonesia, so many K-Pop idols come to Indonesia to greet their fans through concerts and fan meetings. (Utami & Winduwati, 2020). Accordingly, it was no coincide that collaborative brand marketing of BTS-McDonald’s was and still a big success in Jakarta, Indonesia since the first promotion on 9th of June 2021 that will lasts one month.

According to the data gathered from Hootsuite, Indonesia has a total population of 272.1 million and 338.2 million of the populations are the smartphone users and almost 175.4 million people of Indonesia are internet users (Tina & Utami, 2020). Not only that, the success of McDonald’s collaborative brand marketing strategy in Jakarta, Indonesia caused by how active Indonesian’s ‘army’ participation that heavily based on social media and online market place (Irwanisyah & Lestari, 2020, Tina & Utami, 2020, Utami & Winduwati, 2020).

With this huge market potential, McDonald’s in Indonesian capital city have been using this channel to boost their sale by partnering with Gojek (Indonesia’s biggest ride sharing platform) (Mobile Marketing Association, n.d.). Thus, it is essential for
McDonald’s to use this link for its digital campaign as a measure to further increase their sales (Mobile Marketing Association, n.d.).

Due to recent uproar about overcrowded McDonald’s chains in Jakarta, so many people ordered online through Gojek app for the limited edition BTS-McDonald’s meal, which has caused a stir where local police authority had to close as many as 33 chains across Jakarta to stop people pouring in as a Covid-19 prevention effort (BBC, 2021).

The queue in most McDonald’s branches in Jakarta for BTS limited edition meal package mostly dominated by Ojek Online (online delivery currier) (Damayanti, 2021), which means the amount of people who would prefer to use online services can be considered major strategy for McDonald’s as pandemic-proof method of running the business. Apart from that, as enthusiasm of BTS-McDonald’s product has initiated an online fundraising as many Indonesians felt like there is a need to help those online curriers who had to queue for hours through a website KitaBisa (a local Indonesian fundraising platform). It went viral on the internet as may have donated to the website as it aimed to get US $7496,93 and surpassed the target amount to US $10579,79 (Janti, 2021).

Discussion

McDonald’s first celeb food collaboration took place in 1992, when they served the McJordan, named after basketball superstar Michael Jordan, which only available in specific city within the US. Then, after almost 30 years of celeb collaboration as their brand marketing strategy McDonald’s had another partnership with J. Balvin and Travis Scott were McDonald’s latest attempt to reach a more diverse and younger-skewing customer base of millennials and these collab were available globally (Dominko, 2020). But not until the very recent hit of McDonald’s celebrity with BTS as in many places such a meal package went viral and treated as high value commodity, especially in Jakarta, Indonesia.

It is not the first time the company’s collaboration with BTS went viral in Indonesia. In 2019, Tokopedia also took BTS as their company’s Brand Ambassador and, at the same time, opened the official BTS Merchandise Store (Utami & Winduwati, 2020). From the previous analysis, it can be said that factors such as demography, culture, social, effective ambassador, and technology as brought McDonald’s limited edition product sales to soar in many places, specifically Jakarta, Indonesia. Those aspects gave McDonald’s an upper hand in Jakarta, Indonesia amongst its competitors.

Conclusion

Selecting the right collaborative brand partner as marketing strategy could stipulates company’s product sales and proven quite a pandemic-proof tactic. The example of how customers in Jakarta, Indonesia rush to get their hands on a simple meal package of BTS can been seen as successful marketing plan by McDonald’s. Partnering with such a popular artist gives McDonald’s an upper hand against its competitors who basically sells similar product. BTS fans in Jakarta, Indonesia, swamped McDonald’s outlets throughout the city with orders right from day 1 when the product released.

Surely, huge BTS fan base in Jakarta has become an important feature combined with technological aspect and socio-culture, which contributes to the success of
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McDonald’s marketing strategy across the city. The collaborative brand marketing can be said as an effective tactic during pandemic situation given the case of BTS-McDonald’s partnership in Jakarta, Indonesia.

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*Paper submitted* 17 January 2022
*Paper accepted for publishing* 21 March 2022
*Paper published online* 30 May 2022