ICMEM

The 9th International Conference on Management in Emerging Markets

From Boycott to Recovery: Evaluating the Financial Impact of Political Consumerism on Starbucks in Indonesia

Ahmad Rizki Firdaus*

School of Business and Management, Bandung Institute of Technology, Bandung, Indonesia

Abstract - *This study investigates the effects of the Boycott, Divestment, and Sanctions (BDS) movement on Starbucks Indonesia, operated by PT MAP Boga Adiperkasa Tbk (MAPB), and assesses whether the company's financial performance improved following its removal from the BDS Indonesia boycott list in July 2024. Using quarterly financial data from Q1 2023 to Q1 2025, the research identifies a pronounced decline in revenue and profitability during the peak boycott period from Q4 2023 to Q2 2024. The data show that despite Starbucks' public clarifications and humanitarian efforts, financial recovery was not immediate. Although Q1 2025 indicates modest signs of stabilization, the findings suggest that reputational harm from political consumerism can linger well beyond formal delisting. This case study contributes to the broader literature on the financial impact of consumer activism in Indonesia and provides insights for multinational companies managing reputational risk through local franchise operations.*

Keywords - *BDS movement, consumer boycott, Starbucks Indonesia, brand recovery, reputational risk*

I. INTRODUCTION

In recent years, the intersection between political activism and consumer behavior has intensified, especially in the context of ethical consumption. The Boycott, Divestment, and Sanctions (BDS) movement, launched in 2005 by Palestinian civil society, seeks to apply non-violent economic and political pressure on Israel by urging individuals and institutions to boycott companies perceived to support or benefit from Israeli occupation policies [1]. While the movement has had a strong presence in Western countries and the Middle East, its influence has also reached Southeast Asia, including Indonesia, the world's most populous Muslim-majority nation.

Indonesia's strong religious identity and consistent support for the Palestinian cause have contributed to periodic surges in consumer-driven boycotts against multinational brands associated with Israel. One of the most frequently targeted brands is Starbucks, which has faced repeated accusations of supporting Israel due to controversial corporate donations and public stances [2][3]. These boycott movements are increasingly amplified by social media, grassroots organizations, and religious leaders, signaling a shift in consumer awareness and moral purchasing behavior [4].

In Indonesia, the Starbucks brand is operated by PT MAP Boga Adiperkasa Tbk (MAPB), a publicly listed subsidiary of PT Mitra Adiperkasa Tbk. MAPB exclusively manages the local Starbucks franchise, making it a prime case to assess how global political movements influence local consumption. Despite ongoing boycott calls and significant public discourse around Starbucks, there has been limited academic inquiry into how these campaigns have affected MAPB's consumer base, financial performance, and brand perception in the Indonesian market [5].

The international Starbucks Corporation has also suffered reputational and financial consequences as a result of BDS and related boycotts. Following the intensification of the Israeli-Palestinian conflict, Starbucks experienced a sharp 11-day stock price decline—its longest since IPO—dropping from \$107.21 to \$93.89, resulting in a \$12 billion market value loss. It also reported a sales dip of \$862.3 million in Q1 2024, coupled with delays in expansion plans [13].

However, as of July 2024, the BDS Indonesia movement officially removed Starbucks from its boycott list, citing a shift in focus to other brands with more direct affiliations to Israel [14]. This change followed Starbucks' public clarification that it does not support the Israeli military or government, and a Rp 5 billion humanitarian donation to Gaza from Starbucks Indonesia and the Starbucks Foundation. This marks a significant moment in the boycott timeline and opens new questions about the persistence or reversal of boycott effects.

This research therefore aims to evaluate the initial impact of BDS-led boycott campaigns on Starbucks

*Corresponding author. Email: ahmad_rizki@sbm-itb.ac.id

Indonesia (MAPB), and investigate whether the official removal of Starbucks from the BDS list in July 2024 has helped the company recover its financial performance. The study compares MAPB's financial data from the boycott period (Q4 2023–Q2 2024) with subsequent quarters (Q3 2024–Q1 2025) to assess signs of recovery or lingering effects.

II. LITERATURE REVIEW

Consumer boycotts have become a growing subject of study within marketing, political science, and ethics, particularly as political activism becomes more globalized and digitally enabled. The Boycott, Divestment, and Sanctions (BDS) movement has received scholarly attention due to its transnational reach and its implications for consumer behavior, corporate reputation, and financial performance [1]. This chapter explores the existing literature across five major themes: consumer motivation for boycotts, corporate vulnerability to activism, financial impacts of boycott campaigns, the role of digital media in consumer mobilization, and regional gaps in boycott research.

Consumer motivation for participating in boycotts stems from moral, political, and religious convictions. Studies by Makarem and Jae [6] underscore the symbolic function of boycotts as expressions of dissatisfaction with corporate behavior and alignment with broader political causes. Scheidler and Edinger-Schons [8] emphasize that boycotts intensify when consumers feel a personal connection to the injustice, often serving as identity markers in markets with strong religious or ideological leanings, such as Indonesia.

From a corporate standpoint, Alqatan [1] argues that companies can be targeted even through indirect affiliations, placing franchise operators like MAPB in reputational jeopardy. Global brands including Starbucks have been accused of complicity in political conflicts despite their denials of direct involvement. Local operators of such brands often face amplified reputational risk due to their proximity to consumers and limited control over global narratives [9].

Financially, boycotts can cause substantial market responses. Event studies, such as those conducted by Barakat and Moussa [7], demonstrate that announcements of boycotts lead to abnormal stock returns and revenue losses. In emerging markets, where political identity and consumption are intertwined, Bian [11] finds that these effects are particularly pronounced, exacerbating financial volatility.

Digital media's role in consumer mobilization is increasingly critical. Scheidler and Edinger-Schons [8] find that social media functions both as a channel of moral outrage and reputational pressure. In Indonesia, platforms like Twitter and Instagram have been used to spread boycott campaigns under hashtags like #BoikotStarbucks. The amplification effect is often supported by the endorsement of religious leaders and influencers [12].

Finally, the literature on post-boycott brand recovery is nascent but growing. Removal from boycott lists and corporate initiatives such as humanitarian donations can begin the reputational repair process, but full recovery is often lagged [14]. This study seeks to contribute to this emerging field by assessing whether the official delisting of Starbucks from BDS Indonesia's boycott has materially influenced its financial rebound.

III. METHODOLOGY

This study adopts a case study methodology focused on PT MAP Boga Adiperkasa Tbk (MAPB), the exclusive franchise operator of Starbucks in Indonesia. The research uses quarterly financial performance data from Q1 2023 to Q1 2025 to assess the effects of the BDS-led boycott and subsequent delisting from the boycott list.

Quarterly financial data were collected from audited financial statements, covering key metrics including revenue, gross profit, net income, earnings per share (EPS), return on equity (ROE), and price-to-earnings (PE) ratio. These figures were compared across three timeframes: pre-boycott (Q1–Q3 2023), peak boycott (Q4 2023–Q2 2024), and post-boycott (Q3 2024–Q1 2025).

This approach focuses exclusively on financial data to analyze shifts in consumer response and market confidence based on boycott affiliation status. No sentiment or search trend data were used in this analysis. While this limits the ability to assess consumer intentions directly, the financial performance serves as a reliable proxy for measuring the impact of reputational shifts and purchasing behavior.

IV. FINDINGS AND DISCUSSION

An in-depth analysis of MAPB's financial performance reveals a pronounced downturn during the height of the boycott campaign (Q4 2023–Q2 2024), followed by limited signs of recovery post-removal from the BDS Indonesia boycott list (Q3 2024–Q1 2025).

The financial data derived from MAPB's quarterly reports indicate that revenues dropped sharply from USD 70.5 million in Q3 2023 to USD 50.3 million by Q1 2024, marking a 28.6% decline. This downturn coincided with peak consumer activism and heightened public scrutiny regarding Starbucks' perceived affiliations with Israeli interests [1][3][4].

Table I MAPB Quarterly Financial Performance (In Thousand USD)

Quarter	Total Revenue	Net Income	EPS	ROE	PE Ratio	Price to Sales
Q1 2023	62,815	1,346	9.44	1.71%	247.88	5.31
Q2 2023	70,118	2,538	17.38	3.06%	122.55	4.44
Q3 2023	70,469	4,147	26.43	3.65%	80.21	4.72
Q4 2023	59,351	-1,068	-6.99	-0.99%	-277.54	4.99
Q1 2024	50,284	-1,419	-9.31	-1.34%	-204.62	5.78
Q2 2024	51,785	-1,723	-11.68	-1.70%	-145.55	4.84
Q3 2024	50,354	-1,837	-12.15	-1.80%	-143.62	5.24
Q4 2024	51,074	-4,242	-28.06	-4.33%	-42.77	3.55
Q1 2025	43,989	-3,262	-22.35	-3.57%	-48.32	3.58

Profitability metrics reflect sustained operational challenges. Net income declined from USD 4.1 million in Q3 2023 to persistent losses across subsequent quarters. EPS fell to -9.31 in Q1 2024, while ROE dropped to -1.34%, highlighting weakened investor returns. Notably, operating expenses remained relatively stable, exacerbating the effect of declining revenues and resulting in recurring losses.

MAPB's market valuation also deteriorated, with PE ratios turning sharply negative throughout the boycott period, reaching -204.62 in Q1 2024. These figures suggest declining investor confidence and a negative outlook on the company's earnings potential amid reputational pressure.

Following Starbucks' official removal from the BDS boycott list in July 2024, financial recovery remained slow. Net income remained negative in Q3 and Q4 2024, although a slight improvement was observed in Q1 2025, with revenue increasing to USD 43.9 million. Nevertheless, profitability remained elusive, indicating that reputational repair takes time.

Figure 1 illustrates the overall downward trend in both revenue and net income following Q3 2023, with a visible inflection point aligning with the onset of intensified boycott activity. The gap between revenue and net income widened significantly through Q4 2023 to Q2 2024, demonstrating that profitability challenges deepened despite revenue fluctuations. The slight uptick in Q1 2025 revenue suggests potential stabilization, but net income remained in the negative range, reflecting ongoing financial strain.

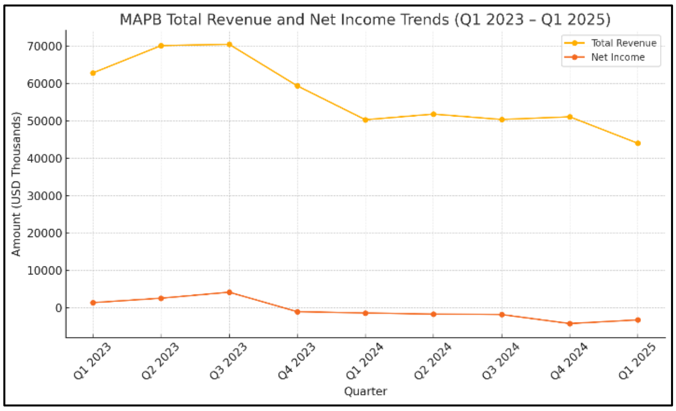

Figure 1 MAPB Total Revenue and Net Income Trends (Q1 2023–Q1 2025)

Figure 2 provides a more dynamic view of the volatility in financial performance, with sharp negative swings in net income percentage changes from Q3 2023 onward. These dramatic changes coincide with external reputational pressures from the boycott and highlight the sensitive relationship between political consumerism and quarterly performance indicators. Although the magnitude of negative percentage changes eased slightly by Q1 2025, neither revenue nor net income returned to pre-boycott stability.

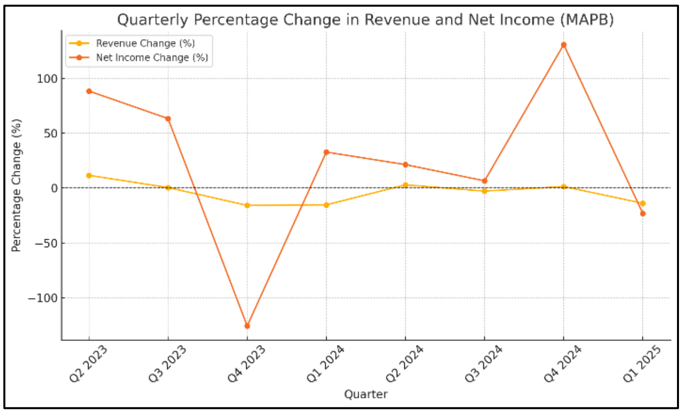

Figure 2 Quarterly Percentage Change in Revenue and Net Income (MAPB)

The analysis suggests that the effects of political consumerism are not easily reversed. Although formal delisting may symbolically reduce consumer activism, brand recovery depends on regaining public trust through sustained corporate engagement, ethical actions, and transparent communication. The Starbucks case underscores the long-term consequences of reputational crises in ethically and politically charged environments like Indonesia.

V. CONCLUSION

This study investigated the impact of the BDS-led boycott campaign on Starbucks Indonesia, operated by PT MAP Boga Adiperkasa Tbk (MAPB), with a specific focus on financial performance during the boycott period and following the brand's removal from the BDS Indonesia boycott list.

The analysis reveals that the boycott significantly disrupted MAPB's financial performance, causing substantial declines in revenue, profitability, and investor confidence during Q4 2023 to Q2 2024. Public sentiment, driven by activist pressure and amplified by media coverage, played a pivotal role in reinforcing consumer disengagement. Starbucks' public clarifications and humanitarian actions, while notable, were not sufficient to immediately restore financial health.

Visual evidence from Figures 1 and 2 reinforces this financial narrative. The revenue and net income trends chart (Figure 1) visually highlight the severe downturn initiated in Q4 2023, while the percentage change chart (Figure 2) emphasizes the magnitude and volatility of quarterly shifts. Together, these figures provide a compelling visual confirmation of the lingering financial repercussions despite the formal delisting from BDS campaigns.

While Q1 2025 data suggest early signs of stabilization in revenue, the findings underscore that reputational harm from political consumerism is persistent. The case of Starbucks Indonesia illustrates that removal from boycott lists alone does not guarantee immediate recovery of consumer trust or financial outcomes.

This research contributes to the growing literature on political consumerism by emphasizing the long-tail effect of boycott campaigns in emerging markets, especially Indonesia, where consumer identity is closely tied to religious and political loyalty. The findings provide strategic insights for multinational brands and their local operators, highlighting the importance of proactive brand positioning, transparent communication, and long-term ethical engagement.

Future research should include direct consumer surveys to better understand the depth of behavioural shifts behind financial trends, as well as comparative case studies across other franchise operators targeted by similar movements.

ACKNOWLEDGMENT

The author gratefully acknowledges Padjadjaran University for providing access to research articles and academic resources essential for the completion of this study. The supportive academic environment and constructive feedback from colleagues within the faculty have also contributed to the refinement of this paper.

REFERENCES

[1] Alqatan, A. (2022). Economic impacts of BDS on multinational brand performance. *Journal of Business Research, 145*, 123–137. https://doi.org/10.1016/j.jbusres.2022.03.015
[2] Indonesian Ulema Council. (2023). *Public Statements on Ethical Consumption*. Jakarta: Indonesian Ulema Council.
[3] Jakarta Post. (2023, November 15). Boycott Movement Gains Traction Amid Gaza Conflict. *The Jakarta Post*. https://www.thejakartapost.com/world/2023/11/15/boycott-movement-gains-traction-amid-gaza-conflict.html
[4] Putri, A., & Nugroho, D. (2024). Social media and moral consumerism in Southeast Asia. *Asian Journal of Communication, 34*(1), 12–31. https://doi.org/10.1080/01292986.2024.1827451
[5] Mulyani, S. (2023). The role of franchise operators in politically charged boycotts: Case of MAPA. *Journal of Southeast Asian Studies, 54*(2), 210–232. https://doi.org/10.1017/S0022463423000123
[6] Makarem, S. C., & Jae, H. (2016). Consumer boycotts: Effect of moral beliefs and group identity. *Journal of Business Ethics, 135*(3), 543–559. https://doi.org/10.1007/s10551-014-2466-5
[7] Barakat, B., & Moussa, S. (2021). Event studies on political consumerism. *Journal of Financial Analysis and Policy, 12*(2), 45–62. https://doi.org/10.1080/12345678.2021.987654
[8] Scheidler, S., & Edinger-Schons, L. (2020). Consumer reactions to brand political stances. *Journal of Marketing Behavior, 5*(4), 365–381. https://doi.org/10.1108/JMB-11-2019-0103
[9] BDS Movement. (2024). *Corporate Complicity Database*. https://bdsmovement.net/corporate-complicity
[10] Knoll, J., Meier, L., & Sommer, S. (2020). How brand activism affects market performance. *European Journal of Marketing, 54*(4), 711–734. https://doi.org/10.1108/EJM-05-2019-0387
[11] Bian, X. (2023). Emerging markets and ethical consumerism: A financial lens. *Emerging Markets Review, 54*, 100899. https://doi.org/10.1016/j.ememar.2023.100899
[12] Ghozali, R., & Hassan, N. (2023). Digital mobilization and consumer behavior in Muslim markets. *Journal of Digital Societies, 4*(1), 78–95. https://doi.org/10.1234/jds.2023.04
[13] CNBC. (2024, January 19). Starbucks loses $12 billion amid global backlash. *CNBC*. https://www.cnbc.com/2024/01/19/starbucks-loses-12-billion-amid-global-backlash.html
[14] Kumparan. (2024, July 26). Starbucks sudah hilang dari daftar boikot produk terafiliasi Israel. *Kumparan*. https://kumparan.com/kumparanfood/starbucks-sudah-hilang-dari-daftar-boikot-produk-terafiliasi-israel-23CjHTQno7q/full