

Social Media Impact Through Collaborative Relationships in Covid-19 Crisis: A Case Study of McDonald's BTS Meal

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Abstract

The global economy has been greatly impacted by Covid-19. As a result, McDonald's devised a plan to form a partnership with BTS and make a collaborative product that is BTS Meal. The strategy used by McDonald's is market development. The purpose of this study is to learn about the most important aspects of active social media engagement among followers of a food and beverage sales organization, as well as the impact of social media engagement rate on new product sales. The research provides empirical evidence that highly engaged social media posts boost firm performance by increasing sales. Furthermore, the study provides a formula for success by utilizing text mining strategies to determine the most effective use of social media channels. Data collection was carried out by conducting literature studies, observations through McDonald's Instagram, Twitter, and Tiktok, data analysis, and a calculation of the engagement rate. The BTS Meal, that will be available in 49 countries, will offer a McDonald's menu and signature dipping sauce inspired by McDonald's South Korean sauces. This research is expected to show how the exposure generated from the high engagement rate can be used as an impact on McDonald's sales and brand in the future.

Keywords: Covid-19, Collaborative Product, Social Media Engagement, Market Development Strategy

1. Introduction

A public health emergency of unprecedented proportions erupted at the end of December 2019. Covid-19 is rapidly spreading around the world, causing massive damage and loss of life while still having a significant impact. Covid-19, the most transformative non-financial risk of this decade, precipitated the Great Non-Financial Risk Crisis. This pandemic has an impact on large chain companies, including the food industry, specifically McDonald's. McDonald's Corporation is an American fastfood corporation founded in 1940 as a restaurant in San Bernardino, California, by Richard and Maurice McDonald. Many McDonald's outlets were closed due to the Covid-19 pandemic, including the McDonald's Kuta Beach, Indonesia which was closed starting September 29, 2020. McDonald's also suspended its restaurant services in America on March 16, 2020, and closed all outlets in Ireland on March 23, 2020. As a result, the integration of strategy and risk management is crucial. The Covid-19 pandemic is a significant challenge that requires the food industry system, including McDonald's, to evolve and adapt.

In this situation, Porter believes that businesses must select one of three strategies as their dominant strategy in order to achieve market leadership. The strategic strategy includes the cost leadership strategy, differentiation strategy, and focus strategy (Porter, 2011). Restaurants that are highly competitive and undifferentiated, such as McDonald's, use a cost leadership strategy (Cotterill, 1993) and (Ma, 2021). To survive the Covid-19 pandemic, McDonald's employs an intensive strategy (market development). The market development strategy focuses on entering new markets while continuing to use existing products (Sari & Inggriantara, 2020). By collaborating with influencers, McDonald's can gain the exposure that comes with a high level of engagement, which can have a positive impact on McDonald's sales and market in the future. McDonald's has previously had successful collaborations with musicians such as Travis Scott

and J Balvin as part of the company's new Famous Orders program, whose order is the first celebrity meal in a fastfood chain since Michael Jordan Mc Jordan burgers in 1992. According to (Cravens & Piercy, 2013), strategic alliances or partnerships can increase a company's competitive advantage by combining its capabilities. Under unchanged conditions of intense competition and an uncertain business environment, the company's performance is usually determined by competitive strategy, which is supported by the company's internal capabilities and resources (Anatan & Ellitan, 2009).

Currently, consider the Korean wave that is sweeping the globe. McDonald's has partnered with BTS. BTS, also known as Bangtan Boys, is the world's largest Korean boy band. BTS has the largest fan base, dubbed the "Army." BTS has 34.5 million Twitter followers, 40 million Instagram followers, and 31.8 million TikTok followers. Increased sales are driven by highly engaged social media posts, which drive firm performance (Yost et al., 2021). McDonald's and BTS will collaborate to create a collaboration product called BTS Meal. This collaboration is an MBV-based approach, focused on the needs of the market and external stakeholders (Thun, 2008), taking into consideration the external environment's dynamics (Frau et al., 2020) and is usually used to align strategic designs with potential target markets with the aim of capturing the market efficiently (Nurcahyo et al., 2019). As a result, the focus of this study will be on the impact of McDonald's and BTS's market development strategy and collaboration on social media platforms.

2. Literature Review

2.1 Competitive advantage

Businesses' success or failure is largely determined by competition. The appropriateness of a firm's activities that can contribute to its success, such as creativity, a coherent culture, or successful execution, is determined by competition. The quest for a desirable competitive place in a market, the fundamental arena in which competition exists, is known as competitive strategy. The goal of competitive strategy is to create a profitable and long-term place in the face of the forces that shape market competition (Porter, 1985).

Competitive advantage stems from a company's ability to generate value for its customers that is greater than the cost of doing so. Competitive advantage can be divided into two categories: cost leadership and differentiation (Porter, 1985). The competitive reach, or the range of a company's operations, can have a big impact on its competitive advantage. Companies are preoccupied with how to transform their knowledge of their market environment and competitor conduct into a competitive advantage.

Cost leadership, differentiation, and concentration are three generic methods for achieving above-average success in a market, based on the two basic forms of competitive advantage and the variety of activities for which a company aims to achieve them (Porter, 1985). There are two types of emphasis strategies: cost focus and differentiation focus. Focus strategies look for cost advantage (cost focus) or differentiation (differentiation focus) in a narrow market, while cost leadership and differentiation strategies pursue competitive advantage across a wide range of industry segments.

The most obvious of the three generic tactics is cost leadership. In it, a company sets out to become the industry's lowest-cost manufacturer. The firm's reach is also essential to its cost advantage since it covers multiple market sectors and may also work in similar industries. Differentiation is the second generic technique. In a differentiation strategy, a company aims to be unique in its industry on a few key dimensions that consumers respect. It chooses one or more qualities that many customers in a given industry consider essential and places itself to meet those needs in a specific way. It is compensated for its rarity with a premium price. Focus is the third generic approach. This approach differs from the others in that it is based on the selection of a limited competitive scope within a given industry. The focuser chooses a segment or group of segments in the industry and tailors its strategy to serve them exclusively. The focuser tries to gain a competitive advantage in its target segments by adapting its strategy for those segments, even though it does not have a competitive advantage overall.

2.2 Partnerships

Partnership is defined by the OECD (1990) as "systems of formalised co-operation, founded on legally binding agreements or informal understandings, co-operative working partnerships, and commonly adopted plans by a variety

of organizations". Partnerships, according to Bell and Watkins (Rohmad, Sudarmo, & Liestyasari, 2009), fall under the limitation space 4 typology of inter-organizational relations, namely, competition, in which certain goals are achieved by defeating others. Cooperative refers to a partnership for the common good; coordination refers to organizational arrangements/action plans for activities. According to Jamal and Getz (Rohmad, Sudarmo, & Liestyasari, 2009), a short-term partnership requires collaboration rather than cooperation.

Based on others' definition, a partnership can be interpreted as a system or tool that is used and is based on an agreement or arrangement regarding objectives and the sharing of responsibilities, resources, risks, and benefits over a specific time period. It may be shaped not only between organizations that are similar, but also between organizations that are very different. Partnerships are created because each party has unique resources that, when pooled, can offer greater benefits to both parties.

Today, more and more businesses are collaborating for a more diverse market, lower competition costs, and shorter product life cycles (Sossay et al., 2008). According to (Gordon Walker, 2009), a company's incentive to cooperate can include technology transfer, market access, cost reduction, reduction of costs, and changes in the business structure. Although the alliance or collaboration approach has a positive effect, (Gordon Walker, 2009) points out that it also has negative issues that collaborations can cause, they are a loss of influence over decision-making, strategic inflexibility, a loss of corporate identity, and antitrust concerns.

2.3 Intensive Strategy

Companies need to determine their strategies in order to have a competitive advantage. Forward integration, backward integration, horizontal integration, market penetration, market growth, product development, related diversification, unrelated diversification, savings, divestment and liquidation are 11 activities that an organization can carry out. Market penetration, market growth, and product development are intensive tactics as they require a lot of work to increase the company's competitive position with existing products.

Through increased marketing activity, a market penetration strategy aims to maximize market share for goods or services currently in today's market. Market penetration is concerned with attracting new customers for the product as well as increasing the usage and purchasing rate of existing customers (Ude et al., 2021). (Ansoff, 1965) describes that a company's marketing penetration strategy is pursued when it aggressively leverages its existing products and markets. This technique is generally used singly and in conjunction with other people. Increasing the number of sales forces, promotion budget, providing comprehensive sales promotion products, or increasing publicity efforts are all ways to increase market penetration.

A product development strategy's aim is to establish new ideas to today's corporate market by developing innovative and better offerings. Product development and market development are the most appropriate growth strategies for companies experiencing sales stagnation (Ude et al., 2021). Market growth requires the expansion of existing goods or services into new geographic areas. Market development will be the right strategy when the company has several indicators: When a fresh, reliable, low-cost, high-quality distribution network is available, when the company is very good at what it does, when the company's manufacturing capacity is overburdened, and when the core business is companies are increasingly global in scope.

Product development is a marketing strategy which aims to enhance or change existing goods or services in order to boost sales (Sari & Ingriantara, 2020). According to (Kotler & Keller, 2014), in a violent and volatile environment, the most effective strategy to employ is a product development strategy. Product development generally requires a significant investment in research and development. Product development will be suitable for use when a company has a successful product that has reached the maturity stage of the product life cycle. The goal is to develop new and improved offerings for the current market (Ude et al., 2021).

3. Methods

Data collection was gathered by conducting literature reviews and searching for digital content, such as journals, reference, and supporting libraries, to serve as theoretical sources for the writing process. McDonald's social media platform was used to make observations, which included counting the number of followers, likes, comments, and views on Instagram, Twitter, and Tiktok. The collected data will be processed and analyzed using the social blade and

social insider platforms to produce decision-making conclusions. The engagement rate is also calculated to determine the number of interactions received and to assess the performance of the McDonald's and BTS collaboration content.

4. Data Collection

4.1 McDonald's Operations during Covid-19

As a result of the Covid-19 pandemic, companies around the world have experienced varying degrees of crisis. McDonald's is one of the companies that has been impacted by this pandemic. The impact felt by McDonald's included the number of closed stores, limited operations, and changes in consumer behaviour. To describe the impact of Covid-19 on McDonald's, we selected McDonald's total income, operating costs, operating income, and net income of the last three years (2018-2020) for comparison.

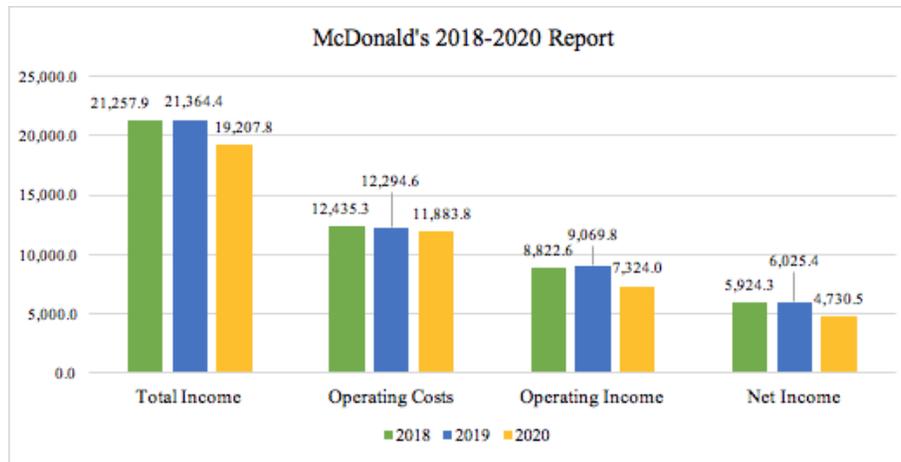


Figure 1. McDonald's operations of the last three years
 (Source: <https://www.msn.com/>)

Figure 1 (data in billions) shows that the data fluctuated slightly in 2018 and 2019 where total income increased to 21.3 billion, operating costs decreased to 12.2 billion, operating income increased to 9 billion, and net income increased to 6 billion. If we look at the differences between 2019 and 2020, we can see that under the influence of Covid-19, McDonald's has experienced a decrease in total income, operating costs, operating income, and net income. Total income decreased by 10% to 19.2 billion. In terms of operating costs, there was a decrease of 3.34% to 11.8 billion. In operating income, there was a decrease of 19.2% to 7.3 billion. In net income, there was a decrease of 21.4% to 4.7 billion.

4.2 BTS Meal

BTS Meal will be available in 49 countries across 5 continents which are North America, Europe, Asia, South America, Africa, and Australia starting on May 25, 2021. Table 1 explains the details of the countries where BTS Meal will be available at McDonald's in the respective countries. This BTS meal includes 10 McNuggets, medium-sized fries, a Cola drink, and a dipping sauce inspired by the original South Korean sauce from McDonald's, namely sweet chilli and cajun sauce. Thus, McDonald's strategy is market development, which is also known as intensive strategies. This strategy is implemented because it implies introducing existing products but for different markets in terms of different geographic areas and market segmentation for millennials, particularly K-pop enthusiasts and BTS fans, known as ARMY.

Table 1. BTS Meal in 49 Countries
 (Source: <https://corporate.mcdonalds.com/>)

Continent	Country	Continent	Country	Continent	Country
North America	US	Europe	Austria	Asia	Israel
	Bahamas		Ukraine		Malaysia
	Canada		Belarus		Kazakhstan
	Dominican Republic		Bulgaria		Oman
	St Maarten		Croatia		Singapore
	Puerto Rico		Greece		South Korea
	Costa Rica		Hungary		Vietnam
	Mexico		Malta		India (Delhi)
	Panama		Cyprus		United Arab Emirates
	El Salvador		Estonia		Bahrain
	Guatemala		Latvia		Qatar
	Honduras		Lithuania		Hongkong
Nicaragua	Romania	Macau			
South America	Brazil	Africa	Morocco	India (Mumbai)	
	Colombia	Australia	Australia	Taiwan	
	Paraguay		Philippines		
	Sunname		Indonesia		

4.3 Number of Followers, Likes, Comments, Followers and Viewers

Information on BTS Social media meal content was gathered through the use of social blade platforms and social insiders. During the period April 17-26, 2021 (for number of followers) and April 19-27, 2021 (for number of likes, comments, followers and viewers), quantitative data was collected from three major social media sites (Tik Tok, Twitter, and Instagram). The data used in this study are as follows.

Table 2. Number of Followers (17 - 26 April 2021)
 (Source: <https://www.socialblade.com/>)

Social Media	Instagram	Twitter	Tik Tok
17-Apr-21	(+) 281	(+) 328	-
18-Apr-21	(+) 552	(+) 189	-
19-Apr-21	(+) 297	(+) 384	-
20-Apr-21	(+) 29,885	(+) 72,914	-
21-Apr-21	(+) 5302	(+) 28,395	-
22-Apr-21	(+) 3130	(+) 8,758	-
23-Apr-21	(+) 1956	(+) 4,925	(+) 115,200
24-Apr-21	(+) 3040	(+) 4189	-
25-Apr-21	(+) 2031	(+) 2542	-
26-Apr-21	(+) 1400	(+) 1950	(+) 2200

The data in Table 2 comes from the social blade platform. The table compares the number of Instagram, Twitter, and TikTok followers obtained by McDonald's accounts between April 17 and April 26, 2021. On April 20, 2021, there was a significant increase in followers when compared to the previous dates of April 17, 18, and 19, 2021. The content of McDonald's upcoming collaboration with BTS was posted on April 19, 2021, at 8 p.m., leading to an increase in McDonald's followers. On the Instagram platform, the increase in followers was 29,885 thousand followers, on Twitter it was 72,914 thousand followers, and on TikTok the number of increased followers was not clear enough on April 20, 2021, according to the data in the table above, on April 23, 2021, there was a significant increase in followers, as many as 115,200 thousand. Researchers determined that this massive increase was caused by McDonald's collaborative posts with BTS. However, the increase in the number of followers on the day after BTS Meal content

was posted (starting April 21, 2021) was not as significant as the addition announced on April 20, 2021. Even so, the number of followers increased even more when compared to the day before BTS's meal content was posted.

Table 3. Number of Likes, Comments, Followers, and Viewers (19- 27 April, 2021)
 (Source: <https://www.socialinsider.io/>)

Social Media	Instagram	Twitter	Tik Tok
Number of Like	500,992	602,522	703,100
Number of Comments	75,931	190,141	60,1000
Number of Followers/Views	4,016,171	3,922,190	2,300,000

The data in the table is sourced from the social insider platform. The table shows the number of likes, comments, and views for McDonald's collaboration content with BTS, as well as McDonald's followers on each platform (as of April 27, 2021). The BTS Meal post received a positive response, as evidenced by the large number of likes and views, as well as positive comments indicating interest in this BTS Meal. The number of likes on the TikTok platform was 703,100 thousand, the most when compared to the other two platforms (as of April 27, 2021). Meanwhile, the Twitter platform received the highest number of comments, with 190,141 thousand comments. The data was collected for further analysis of the BTS Meal engagement rate, which will be explained in section 5. (Results & Discussion).

5. Result and Discussion

5.1 Engagement Rate

Engagement rate is the average interaction that social media content receives from each follower to assess the performance of the content (Yost et al., 2021) (in this case, BTS Meal) during a selected period time, expressed as percentage. For the Instagram and Twitter platforms, engagement rate data is influenced by the number of likes, comments, and followers, whereas Tik Tok data is influenced by the number of likes, comments, and viewers. The BTS Meal engagement rate data from the three social media platforms is shown below for the period April 19, 2021. The engagement rate analyzed is the engagement rate during the post-collaboration between McDonald's and BTS, allowing the impact of exposure to be seen.

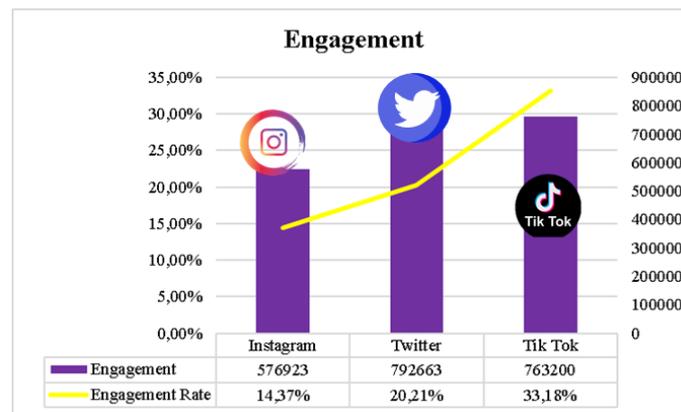


Figure 2. Engagement Rate BTS Meal (Instagram, Twitter dan Tik Tok)

For Instagram, Twitter and Tik Tok, the engagement rate is calculated by the formula, namely engagement (total likes and comments) divided by the number of followers, whereas for TikTok, total engagement is divided by the number of viewers. According to the results, the Tik Tok platform has the highest engagement rate for BTS Meal compared with Instagram and Twitter, with 33.18 percent or 763,200 (total likes and comments). The Twitter platform had the second highest engagement rate at 20.21 percent, followed by the Instagram platform at 14.37 percent (Figure 2.).

Based on these findings, McDonald's strategic approach of collaborating with one of the current global South Korean boy band has a positive impact on exposure and attracting customers, as evidenced by the engagement rate data of the three social media platforms.

5.1 Increased Number of Followers

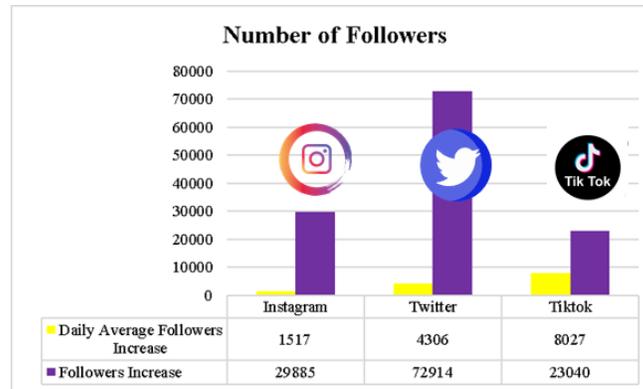


Figure 3. Increased Number of Followers (Instagram, Twitter dan Tik Tok)

Figure 3. shows the comparison between daily average followers and the number of followers increasing on McDonald's Instagram, Twitter, and TikTok accounts after the coming-soon content of McDonald's collaboration with BTS on April 19, 2021. For Instagram, the average daily increase in followers was 1,517, but after McDonald's collaboration content with BTS, there was an increase of 29,885 followers as of April 20, 2021. Likewise, with Twitter, the average daily increase in followers was 4,306 and after the collaboration content between McDonald's and BTS, there was an increase of 72,914 followers. For TikTok, the average daily increase in followers was 8,027 and after McDonald's collaboration content with BTS, there is an increase of 23,040 followers.

5.2 SWOT Analysis

The following is a SWOT analysis of the McDonald's product, BTS Meal:

- a. Strengths, are positive internal factors that support BTS Meal's ability to maintain its position and achieve goals.
 - McDonald's is a well-known brand, particularly among millennial generation in various countries, which has an impact on the ease of marketing BTS Meal
 - McDonald's strategic location, which makes it easy to reach
 - The BTS meal menu appeals to millennial children because it collaborates with one of South Korea's most widely known boy bands
- b. Weaknesses, are negative internal factors that can impede goal achievement
 - South Korean sauces that do not appeal to everyone's taste in different countries
 - The capacity of the Mcd is insufficient in several places, so there is a risk of accumulation during the launch of BTS Meal
- c. Opportunities, are positive external factors that BTS Meal can use to improve performance and achieve goals.
 - The increase in the number of followers affects the opportunity for McDonald's to attract more potential customers
 - Knowing the types of social media that are more influential on product marketing, as seen in the BTS Meal Engagement rate data
 - BTS is the idol of millennials, which increases the attractiveness of the McDonald's product itself
- d. Threats, are any and all negative external factors that are or will be faced by BTS Meal
 - Covid 19 conditions (limitation on the number of subscribers per day, which will affect sales)
 - Different people have different food tastes, and BTS Meal features a classic South Korean sauce. There is a possibility that there is a mismatch between the tastes of the people in the 49 countries that are the target market for BTS Meal and this new South Korean menu
 - Not all McD customers like BTS, and not all McD customers are interested in BTS Meal
 - Competitors implement similar innovations (in collaboration with well-known South Korean boy band) in order to gain market share

6. Conclusion

This study only focuses on case studies of McDonald's BTS Meal products' social media impact. According to the findings of this study, McDonald's market development strategy, namely BTS Meal via social media posts, has a significant impact on the company's marketing performance, as evidenced by a high level of engagement. Social media marketing and developing the right strategy are critical for a company's success. According to the findings of this study, social media content and an increasing number of followers indicate strong consumer engagement on social media, making it easier for McDonald's to market its products. Due to limited data and time types, this paper did not conduct an in-depth discussion of the benefits of this BTS Meal sales strategy. However, in the future, the researchers will conduct a comprehensive data analysis on the profit from selling BTS Meal.

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