

## **EXPLORING (THAI HEART RESTAURANT'S) BUSINESS STRATEGY IN TAIPEI THROUGH SWOT AND PESTEL ANALYSIS**

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### **ABSTRAK**

*This study Explores the business strategy of (Thai Heart Restaurant) in Taipei through comprehensive SWOT and PESTEL analysis. By Evaluating the Restaurant's strengths, weaknesses, opportunities, and threats, along with the Political, economic, social, technological, environmental, and legal factors influencing its operations, the research aims to provide a detailed understanding of the strategic positioning and competitive landscape. The Findings Highlight key areas for improvement and potential growth avenues, offering valuable insights for stakeholders to enhance the restaurant's market presence and overall performance in the dynamic Taiwanese culinary market.through.*

**Keyword:** *business strategy, SWOT analysis, PESTEL analysis*

### **INTRODUCTION**

In the midst of increasingly fierce competition in the business world, restaurants must be prepared to face various challenges in order to continue to exist and be able to increase their competitiveness. As a famous Thai restaurant in Taipei, Thai Heart Restaurant also faces these kinds of changes and challenges. In order to meet the ever-growing customer base, restaurants need to continue to innovate, especially amidst competition and changing consumer preferences. Apart from that, the rapid progress of digital technology has also made managing the culinary business increasingly complicated. Therefore, Thai Heart Restaurant needs to understand the internal and external factors that influence its performance in order to design an effective and sustainable business strategy.

The purpose of this research is to explore the business strategy used by Thai Heart Restaurant using the SWOT and PESTEL approaches. The hope is that this analysis will be able to identify the restaurant's internal strengths and weaknesses as well as external opportunities and threats that affect its operations. This research also aims to formulate strategies that can help Thai Heart Restaurant increase its competitiveness and ensure business desirability in a competitive market, with the hope of gaining a deeper understanding of these conditions.

In the theoretical field, it is hoped that this research can contribute to the literature on business strategies in the food industry, especially for restaurants in the Asian market. Apart from that, this research also provides real benefits for Thai Heart Restaurant managers and people involved in the culinary business. By using in-depth strategic analysis recommendations, restaurants can take more strategically appropriate actions to face challenges in the market and meet consumer expectations. Although the practical recommendations from this research are still in the experimental stage, it is hoped that they can help restaurant management to determine strategic decisions in the future.

## **THEORETICAL REVIEW**

### **Strategy**

A strategy for business is a strategy or technique used by a corporation to attain long-term goals and maintain a competitive edge in the market. Business strategies are classified into three types: cost management, differentiation, and emphasis. Cost leadership is all about being the industry's lowest-cost manufacturer, differentiation attempts to provide unique goods or solutions that customers value, and focus targets certain market niches with special demands (Tolulope Oyewole et. al., 2024).

### **Strategy Analysis**

Business strategy is essential for organizations seeking sustainable competitive advantage in today's dynamic and competitive business landscape. Business strategy provides a brief explanation of sustainable competitive advantage. Business strategy has emerged as a critical element for the long-term success of organizations. The strategic management perspective focuses on an organization's ability to adapt, innovate, and respond effectively to changes in its external environment (Emmanuel Akinoso, et. al., 2024).

### **The Aims of Business Strategy**

The purpose of business strategy is to create and maintain a strong strategic position within the company. This involves recognizing market opportunities, optimally utilizing resources, and adapting to changes in the business environment to achieve competitive advantage and sustainability in the long term (Utari Putri et al., 2023).

### **The Process of Business Strategy**

Business process models, also known as process models, are an abstract representation of a process. These models systematically describe (some part of) a business process, typically in the form of a series of activities. To conclude, the Strategic Management process of an organization entails the development of a business vision and mission, the identification of external threats and opportunities, the assessment of internal strengths and weaknesses, the establishment of long-term goals, the evaluation of alternative strategies, and the selection of an appropriate strategy for implementation and The strategic management process is a tool utilized by businesses to navigate change and challenges within the business environment. By following a defined set of stages, organizations are better equipped to identify opportunities, mitigate risks, and formulate relevant strategies to achieve their desired competitive advantage and long-term goals. (Zainurossalamia, Asnawat et. al., 2024).

## **Product Life Cycle**

Product Life Cycle or product life cycle is a concept in management and marketing that describes four stages for a product from the time the product is introduced on the market until it is withdrawn from the market. Cobwebber illustrates that there are four stages of the product life cycle, namely introduction, growth, maturity, and decline (Jumaah Tuama, 2024).

### **a. Introduction Stage**

This stage has the characteristics of a product that has just entered the market with relatively low sales. Products that do not have much information related to market demand. Usually sales at this stage can be slow or even non-existent. The strategy applied from this introduction stage focuses on promotion, distribution, high sales costs which aim to increase the attractiveness of early customers and first buyers. Or it can be called "mean" and "early audience".

### **b. Growth Stage**

At the growth stage, product sales begin to increase rapidly. Products begin to be accepted by the market and can get new customers. The main strategy applied from this growth stage focuses on developing market share, and also Increasing product distribution to reach a wider audience, making product improvements to better meet customer needs and preferences, and cutting prices to attract more sales are some of the strategies used. To obtain better economies of scale, this technique also requires increasing sales volume. At this point, competition begins to emerge, so businesses need to be prepared to face challenges from competitors. The main objective of this stage is to generate revenue growth and expand market share as well as develop client base and increase brand awareness by ensuring that the product remains current and attractive to customers.

### **c. Maturity Stage**

Sales peak and then begin to plateau. The product market becomes crowded and sales growth slows down. This stage focuses on maintaining market share and maximizing profits. Creating new product variations, changing prices, increasing efficiency, and running different promotions are aimed at maintaining profits and sales.

### **d. During the decline stage**

sales of goods decline significantly. This can happen because the market is oversupplied, where almost all potential customers already have the product. Furthermore, the introduction of new developments or more creative and effective substitutes has the potential to replace old products, reducing demand for existing products. Clients start switching to new, more attractive alternatives, and abandoning obsolete goods.

The main goal of the company is to cut operating costs in order to remain profitable. The company must make a strategic assessment of whether an item is still worth keeping or should be removed from the market. One of the steps taken is to reduce production to meet declining demand. In addition, marketing budgets are reduced because large investments in marketing may no longer be productive. Companies must also find ways

to increase revenue from remaining goods, such as liquidation sales or discount prices to clear inventory (Kemi Kehinde, et al., 2024).

### **Analysis PESTEL**

PESTEL analysis is a framework used to describe the macro environment of an industry. PESTEL stands for political, economic, social, technological, environmental, and legal. This analysis is generally carried out by companies that want to monitor their business environment. Each aspect in PESTEL has its own analysis; the following is an explanation of each element of PESTEL. (Santi Novani .al., 2024).

PESTEL stands for political, economic, social, technological, environmental, and legal. This analysis is mostly done by companies that want to track the business environment. Each point has its own analysis, here is an explanation of each PESTEL point.

#### **a. Politics**

Political factors are things that will be counted as government intervention in the macro environment. These factors can cause intervention in the economy, infrastructure decisions, and goods and services produced. Political factors are things like political instability, tax policies, corruption levels, subsidies, bilateral relations, tariffs, and non-tariffs.

#### **b. Economy**

Economic factors are things that affect the macro environment economically. Economic factors are things like interest rates, exchange rates, inflation, and unemployment rates.

#### **c. Social**

Social factors are things that affect the macro environment socially, which are mostly related to demographics and lifestyles. Social factors are things like income distribution, aging populations, attitudes towards work, money, and others, and disposable income.

#### **d. Technology**

Technology is things that affect the macro environment through technology, this can be things like innovation, research, and machine development.

#### **e. Environment**

Environment is things that affect the macro environment through the surrounding environment. Environmental factors can be things around such as weather, waste, scarcity of materials, and many more.

#### **f. Law**

Law is things that legally affect the macro environment (Lara Utama.al.,2023).

## **SWOT Analysis**

SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis is a strategic planning model that evaluates an organization's strengths, weaknesses, opportunities, and threats. With a SWOT analysis, researchers can more easily gain a comprehensive understanding of the internal and external factors that influence food risks, including infrastructure vulnerability, climate change impacts, and community resilience.

In essence, the SWOT strategic planning model is very important in determining the focus and direction of food studies, thus supporting the development of informed sustainable food management practices. (Hamidreza Sadeghi .al., 2024).

### **a. Strengths:**

Are internal aspects that provide advantages or competitive advantages. Strengths can be unique resources, expertise, technology, reputation, or other positive aspects possessed by the organization.

### **b. Weaknesses:**

Are internal aspects that hinder or harm the organization. Weaknesses are areas where the organization needs to improve or overcome existing problems.

### **c. Opportunities:**

Are external aspects that can be utilized to the advantage of the organization. Opportunities are situations or trends that can provide benefits if appropriate action is taken.

### **d. Threats:**

Are external aspects that can cause problems or harm the organization. Threats are factors beyond control that can affect the performance or success of an organization (Meithiana Indrasaru, 2023).

## **RESEARCH METHODS**

This research was conducted using a qualitative approach which aims to explore the business strategy of Thai Heart Restaurant in Taipei in depth. Researchers chose a qualitative approach to gain a deeper understanding of complex and dynamic phenomena in the restaurant business environment. The main data in this research was obtained through conducting in-depth interviews with restaurant management and staff, as well as making direct observations at the restaurant. Interviews were conducted in a semi-structured format so that they were open to exploring additional information based on the respondent's responses.

Apart from that, this research also utilizes secondary data sources in the form of internal company reports, customer opinions, and literature reviews related to relevant problems. In data analysis, the method used is thematic analysis. This method involves tasks such as identifying, coding, and grouping the main themes that emerge from the data. This process is carried out repeatedly, with researchers continually examining and comparing data until they reach a deeper understanding. To maintain the validity of the data, triangulation was carried out by comparing information from various sources and data collection techniques. It is hoped that this research will provide complete insight into effective business strategies for Thai Heart Restaurant so that it can face competition the market.

## **DISCUSSION**

After conducting a comprehensive analysis of the internal and external business environment of Thai Heart Restaurant (THR) in Taipei, several main conclusions can be drawn. The reason why THR's restaurant business growth is supported is because the political environment is stable and economic conditions are strong, as shown by the PESTEL analysis. On the social side, increasing interest in various culinary experiences and Taipei's strong food culture provides benefits for THR. Apart from that, technological developments in digital marketing and delivery platforms also open up new opportunities for the growth of this business. THR must integrate sustainable practices to emphasize the importance of environmental factors and attract consumers who are aware of them. In terms of regulations, it is important to comply with health and safety standards so that customer trust is maintained and sanctions can be avoided.

By conducting a SWOT analysis, THR has noted several strengths such as a unique Thai culinary experience, high-quality ingredients, and a strong brand reputation. However, several shortcomings need to be overcome, such as expensive operational costs and dependence on imported materials. From an external perspective, there are several factors that can become opportunities for the development of this business. One of them is the increasing popularity of Thai cuisine among the public. In addition, advances in the delivery market can also be leveraged to reach more consumers efficiently. However, THR is also faced with challenges such as fierce competition in the Taipei food market, economic uncertainty that can affect consumer spending, and the risk of disruption to its supply chain.

The focus of THR's business strategy in the competitive culinary market in Taipei is to differentiate itself from competitors and provide unique experiences to customers. This restaurant differentiates itself from competitors by offering authentic Thai cuisine using high-quality ingredients. THR also focuses on providing exceptional customer service and creating an unusual food atmosphere to increase customer satisfaction and loyalty. In addition, THR also increases customer coverage and convenience through digital marketing and online delivery platforms. This restaurant also implements sustainable practices to attract the attention of environmentally conscious consumers. This will strengthen the brand image and market position of the restaurant.

## **CONCLUSION**

After thoroughly analyzing the internal and external business environment of Thai Heart Restaurant (THR) in Taipei, a number of key conclusions can be drawn. THR is in a politically stable and economically strong environment, as shown by PESTEL analysis, thus supporting the growth of the restaurant business. In a social context, increasing interest in Taipei's diverse culinary experiences and strong food culture is a positive thing for THR. On the other hand, technological advances in digital marketing and delivery platforms provide new opportunities for growth. The importance of sustainable practices is emphasized by environmental factors, and must be integrated by THR in order to attract the attention of consumers who care about the environment. In order to gain customer trust and avoid sanctions, it is very important for us to comply with health and safety standards in regulating regulations.

After analyzing the SWOT, THR has identified several strengths that include a unique Thai culinary experience, high-quality ingredients and a strong brand reputation. Meanwhile, the weaknesses that must be addressed are challenges such as high operational costs and dependence on imported materials. On the outside, opportunities arise thanks to the growing popularity of Thai cuisine, wider penetration of the delivery market and the possibility of working with local influencers. However, THR also faces threats such as fierce competition in the Taipei culinary market, economic uncertainty that has the potential to affect consumer spending, and the possibility of supply chain disruption.

The focus of THR's business strategy in the competitive culinary market in Taipei is to prioritize uniqueness and experience for customers. This restaurant differentiates itself from competitors by serving authentic Thai cuisine using high-quality ingredients. THR also prioritizes customer satisfaction and loyalty by providing extraordinary service and a unique dining atmosphere. In addition, by using digital marketing and online delivery platforms, THR increases reach and convenience for customers. By adopting sustainable practices, this restaurant has also succeeded in attracting consumers who care about the environment, thereby strengthening its brand image and market position.

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