

**THE STRATEGIC BUSINESS ANALYSIS USING PESTEL AND
PORTER'S FIVE FORCES MODEL
(A Study about 德州美墨炸雞 Rangers Fried Chicken Taipei-Taiwan)**

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ABSTRACT

This study is a quantitative study by analyzing The Strategic Business Analysis Using Pestel And Porter's Five Forces Model (A Study About 德州美墨炸雞 Rangers Fried Chicken Taipei-Taiwan), using PESTEL analysis and Porter's Five Forces model with a qualitative approach. The results show that economic stability, technological developments, and changes in consumer preferences provide opportunities and challenges. The tight competition in the fast food restaurant industry is characterized by the presence of international and local players. Adaptive and innovative strategies are needed to maintain competitiveness, including improving product quality, diversifying menus, and adopting the latest technology.

Keywords: *PESTEL Analysis, Porter's Five Forces, Business Strategy.*

INTRODUCTION

Taiwan is a country in Asia that has a very good economy compared to Indonesia. Competitiveness, (2024) states that Taiwan's economy has a high GDP per capita and is ranked 8th among the best economies in the world, thus showing a significant level of prosperity, while Indonesia is in 16th place (*Kata data, 2023*). The capital of Taiwan is Taipei which is an economic and cultural center that offers various business opportunities. Various business opportunities are developing rapidly in the city of Taipei, including fast food restaurants. One of the fast food restaurants that is developing in Taipei City is Rangers Fried Chicken. Rangers Fried Chicken is a fast food restaurant that offers American-style food with local Taiwan flavors. This business has been running since 1996 in Taipei.

Rangers Fried Chicken faces very tough competition in its business development. Not only does it have to face competition from international companies such as McDonald's and KFC, but it also has to face equally tough competition from local fast food restaurants in Taipei such as Fried Chicken Master and Ding Gua-Gua.

Adaptation and innovation are the keys for companies, including restaurants, to remain competitive in international markets (Vukman et al., 2024). To remain

competitive in highly dynamic environment, Rangers Fried Chicken needs to formulate or develop a business strategy. Developing the right business strategy requires careful planning. A strategic business plan is essential for Rangers Fried Chicken to compete against the ever-increasing competition. It also allows the company to build a sustainable competitive advantage through innovation and product differentiation. A strategic business plan provides flexibility and adaptability, allowing the company to maintain an advantage and respond to evolving market changes, thereby positioning the company for long-term success.

Analyzing threats from the external and internal environment helps a company allocate resources efficiently. To plan a proper business strategy, a company needs to conduct both internal and external environmental analysis. Possible environmental analyses include PESTEL and Porter's five forces analysis.

Through this analysis, a company can predict effective business strategies to deal with the challenges that may arise in the business environment. Therefore, PESTEL analysis and Porter's five forces analysis should be carried out so that Rangers Fried Chicken can formulate effective business strategies to survive and develop in the increasingly competitive market.

The problem in this research is limited to the PESTEL analysis on Rangers Fried Chicken, Taipei Taiwan which was carried out during the period December to June 2024. The objectives of this research are as followed:

- a. To assess the competitive forces faced by restaurants using Porter's Five Forces Model and assess political, economic, social, technological, environmental, and legal (PESTEL) factors on restaurant operations to evaluate their impact.
- b. To understand effective business development to increase competitiveness at Rangers Fried Chicken.
- c. To find out the business strategy for Rangers Fried Chicken.

THEORETICAL REVIEW

Business Strategy

A business strategy is a long-term plan intended to guide the operations of a company so that the organization's direction and goals are maintained in the long term. It involves the efficient use and allocation of resources to achieve corporate objectives, enhance the competitiveness of the product or service in the target market segment, and provide added value to customers as planned (I Nyoman Tri Sutaguna et al., 2023).

The Aims of Business Strategic

According to Candra Susanto et al., (2023), business strategy serves as an operational framework that guides resource allocation and goal achievement for the organization. A company's primary objective is to maximize profits by offering premium goods with distinctive qualities. For businesses to effectively carry out marketing activities and reach a larger audience, this technique is crucial.

Business Process Management

Business Process Management (BPM) is a systematic technique to designing, developing, implementing, executing, and optimizing business processes that include people, technologies, data, and rules. BPM ensures consistent results and enables for the identification of chances for improvement, which can then improve the overall performance of the firm (Putra & Mahendrawathi, 2024).

Product Life Cycle (PLC)

Designing successful strategies at different stages of the product life cycle requires a solid understanding of the Product Life Cycle (PLC). PLC outlines the four primary stages of a product's development as determined by sales over time: introduction, growth, maturity, and decline. To maximize product success and revenue, the company needs to implement a precise approach and action plan at each stage of the PLC. (Kotler et al., 2023).

The four main stages of the PLC.

a. Introduction

The stage at which a new product is introduced and made available to customers. Sales are often modest at this stage because the product is still gaining market attention and awareness. The organization focuses on promotion and distribution to increase product recognition and interest.

b. Growth

During the growth stage, sales begin to rise fast as the product acquires traction and wider distribution. Competition may occur, although original items frequently maintain a strong position in the market. Companies may raise output, expand distribution, and introduce new features to attract more customers.

c. Maturity

The maturity stage is defined by consistent or slowing revenue growth, greater competition, and the product attaining market saturation. During this stage, businesses prioritize retaining market share and profitability through differentiation strategies, promotional offers, and increased operational efficiency.

d. Decline

A product eventually enters a decline stage when sales continue to fall, which is generally caused by new technology or changes in consumer preferences. Companies may opt to withdraw a product from the market or attempt to reintroduce it through product innovation or repositioning. At this point, the corporation can also cut production and distribution costs to maximize its residual profits.

PESTEL

PESTEL analysis is a tool or framework used to represent and integrate the macro environment or external marketing environment, including political, economic, social, technological, environmental, and legal conditions. PESTEL can help companies conduct market research and strategic management projects to help them make better decisions (Tijani et al., 2023).

a. Political

The political dimension refers to how the government intervenes in the economy to support the development of the project. This includes trade restrictions and environmental

laws as well as trade, taxation, and other government policies. All of these policies can have a negative or positive impact on the smooth running and development of the project's business world (Bonah et al., 2024).

b. Economic

These factors are very important because all businesses, domestic and foreign, are directly affected. The second factor could be the cost of advanced infrastructure related to training and skills development (Wajid & Zafar, 2021).

c. Social

These factors have a significant impact on the overall ranking. First, you must answer basic social factors such as demographics and national culture. In addition, these factors also include workplace safety and security, life insurance, and pensions (Proceedings, 2020).

d. Technology

Technology has a significant impact on the way products and services are marketed through various production methods, new forms of offering and delivery, and new ways of communicating and delivering products and services to target segments (Wisetsri et al., 2021).

e. Environmental Factors

Environmental factors include how industries interact with the environment in carrying out their activities, as well as their impacts on agriculture, tourism, and energy production. This factor is becoming increasingly important given the global awareness of climate change (Gul et al., 2021).

f. Legal and regulatory factors

The success and sustainability of adaptive reuse is highly dependent on the regulatory framework and related policy instruments that support the practice through multilevel enablers in various local or larger contexts (Vardopoulos et al., 2021).

Porter's Five Forces Model

Michael E. Porter developed Porter's Five Forces Model as a framework for analyzing an industry's competitive environment. This model assists businesses in determining the appropriate competitive strategy based on an in-depth examination of industry structure and market trends in order to gain the competitive edge required to compete in a certain market segment. This model describes five forces: the degree of rivalry between competitors, customer bargaining power, supplier negotiating power, the threat of new entrants, and the threat of substitute products (Peng & Xu, 2024).

a. Rivals

Rivalry among current competitors is the primary predictor of an industry's competitiveness and profitability. Intense rivalry forces businesses to strive fiercely for market dominance, resulting in low earnings (Mugo, 2020).

b. Buyers

Client influence can be extremely powerful if the number of clients in the business is limited and they purchase in huge numbers, allowing them to barter down the price of the product or service. They can pose a threat if they can simply move to other suppliers or decide to manufacture products that they would typically purchase from suppliers. A similar study can also be performed on intermediary customers (Anastasiu et al., 2020).

c. Suppliers

The power of an industry's suppliers can influence the prices of raw materials used by a company. If a supplier is performing well, it may raise raw material costs or reduce supply, pushing a company to pay more for the materials it requires (Mulyanto & Hamizar, 2024).

d. The threat of new entrants

This factor influences competition by determining how simple or difficult it is for new rivals to enter the market (Pangarkar & Prabhudesai, 2024).

e. Substitutes

The threat of substitute products refers to the competition created in the market by substitute products, which allows purchasers to choose between products that may provide similar benefits (Anchit, 2020).

RESEARCH METHOD

This research is a qualitative study which aims to describe the business process and develop a business strategy for Rangers Fried Chicken in the context of the competitiveness of Rangers Fried Chicken, Taiwan amidst intense business competition using library research method. Library research is a method that involves gathering, analyzing, and synthesizing information from various sources like academic journals, books, and articles to gain a deep understanding of a research topic (Budianto & Dewi, 2023). The location selection was based on the restaurant's popularity among local residents and tourists, as well as its strategic location in the city center. The research was conducted for six months, from December to June 2024.

DISCUSSION

Rangers Fried Chicken in Taipei, Taiwan follows a set of defined business processes to maintain seamless operations and meet client expectations. The process starts with sourcing high-quality raw materials from local and international suppliers, which are then meticulously prepared and cooked in the kitchen to ensure consistency in taste and quality. Customer service is prioritized through intimate dining rooms, takeaway alternatives, and connections to internet delivery systems. Effective branch management, employee training, and a great marketing plan all help to ensure the operation's success. Additionally, the restaurant is dedicated to sustainability and social responsibility, emphasizing environmental principles and community involvement. Rangers Fried Chicken maintains its market competitiveness by providing a high-quality dining experience through these integrated processes.

Rangers Fried Chicken successfully capitalized on every stage of its product life cycle, from introduction to maturity, with targeted strategies. In the introduction stage, the main focus was on building brand awareness through aggressive marketing campaigns and opening outlets in strategic locations. As it entered the growth stage, the restaurant expanded its operations by opening new branches in high-traffic areas, such as shopping malls and transit stations, which helped boost sales and brand awareness. TRFC needs to introduce new menus, improve service, and expand partnerships with food delivery apps to achieve its vision to become as one of the major players in the Taipei fast food industry.

A PESTEL analysis of Rangers Fried Chicken in Taipei identifies the important external factors influencing the company. Politically, the restaurant benefits from consistent government support but must remain vigilant to political shifts. Taiwan's

robust economy and considerable purchasing power generate a profitable market for eateries. Socially, fast food's appeal is increasing, particularly among students and office workers. Technological advancements in ordering and inventory management will increase efficiency. Adopting environmentally friendly practices is critical for meeting legislation and customer expectations. Legally, compliance with food safety, labor, and consumer protection regulations is critical to the company's reputation and operations.

Aside with PESTEL, there is also Porter's Five Forces. Rangers Fried Chicken confronts fierce competition in Taipei's restaurant business due to low entry barriers. However, restaurants have a distinct advantage in terms of product quality and customer loyalty. Supplier bargaining power can have an impact on pricing and quality, therefore Rangers Fried Chicken must establish close ties with dependable suppliers. Taipei consumers enjoy a diverse selection of fast food options and are in a strong bargaining position. To retain consumers, restaurants must focus on quality, service, and loyalty programs. With so many options, Rangers Fried Chicken must constantly innovate and provide distinct menu offerings. Despite severe competition from worldwide and domestic companies, effective marketing and product differentiation will enable the restaurant to maintain its position and grow.

CONCLUSION

Rangers Fried Chicken benefits from Taipei's stable political environment and strong economy, though it must manage challenges like inflation and policy changes. The local demand for fast food supports business growth, but the restaurant must also keep up with health trends. Technological advancements improve efficiency and customer reach, while increasing environmental awareness in Taiwan requires the adoption of sustainable practices, such as eco-friendly packaging. Legal compliance with food safety, health standards, and intellectual property laws is crucial to protecting the brand and ensuring smooth operations.

Rangers Fried Chicken is experiencing growth marked by increased sales and opening new branches in key locations to increase brand awareness. While new entrants face low barriers to entry, strong brand reputation and customer loyalty create significant obstacles for competitors. The bargaining power of suppliers, which can affect cost and quality, is managed through long-term partnerships and diversified sourcing. Since buyers have strong bargaining power due to wages, the restaurant must constantly innovate and offer unique menu options. In the highly competitive fast food market, Rangers Fried Chicken focuses on product differentiation, service improvement and effective marketing to stay ahead.

To ensure success, Rangers Fried Chicken focuses on innovation, offering healthier menu options while maintaining quality. The adoption of advanced technologies boosts efficiency and market reach, while effective marketing strategies, including promotions and social media engagement, enhance brand awareness and customer loyalty. Sustainability practices further improve the brand's public image and appeal to eco-conscious consumers. By staying responsive to external changes and adapting quickly, Rangers Fried Chicken continues to grow in Taipei's competitive culinary market.

This research has limitations, namely that it only uses secondary data in the form of references from library sources such as books, journals and company websites so it may not describe accurate conditions.

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