

EVALUATION OF THE POULTRY INDUSTRY BUSINESS USING SWOT AND PESTEL ANALYSIS

Novita Dwi Anggraini¹, Dr. Dra. Zulvia Khalid, M.M., M.Pd²

Faculty of Economic and Business, Universitas Budi Luhur

Correspondence		
Email: 2031501089@student.budiluhur.ac.id ¹ ; zulvia.khalid@budiluhur.ac.id ²		No. Telp:
Submitted 23 Agustus 2024	Accepted 29 Agustus 2024	Published 30 Agustus 2024

Abstract

This study examines the business of Ingham's Group Limited, a major player in Australia's poultry industry, using SWOT and PESTEL analysis. The SWOT analysis reveals Ingham's strengths including a strong industry reputation and diverse product range. However, weaknesses include reliance on domestic markets and high production costs. Opportunities include growing demand for healthy products, foreign market development, and product innovation. Threats include intense competition and changing raw material costs. Political factors, such as international trade policies and health and food safety laws, significantly impact the company's operations. Economic factors, such as foreign exchange rates and global economic conditions, also influence financial success. Social factors, such as consumer preferences for healthier products and demographic changes, also influence demand. Technological considerations include automation technology and product development. Legal considerations, including animal welfare, health and safety, and environmental legislation, also impact the company's business plan. Strategic recommendations include product diversification, market expansion, operational efficiency, branding, and sustainability commitment.

Keywords: SWOT, PESTEL, business strategy, poultry industry, Ingham's Group Limited, business analysis, political factors, economic factors, social factors, technological factors, environmental factors, and legal factors.

INTRODUCTION

One of the primary factors of the Australian economy, the poultry industry plays a major role in providing the population with reasonably priced, nutrient-dense animal protein. Australia now consumes more chicken than beef, lamb, and pork combined. It is a fact that the global poultry industry has evolved to appeal to consumers worldwide as much as possible. «Poultry» are referred to as domestic ground-dwelling birds raised for their eggs and meat, such as chickens, ducks, and turkeys. Ingham's has grown rapidly from a small start to become the largest company in Australia and New Zealand since Walter Ingham established it. This company is renowned for its innovation in the fields of manufacturing, distribution, and poultry raising.

The poultry industry globally follows strict regulations about quality, safety, animal welfare, and branding systems that provide full transparency throughout the international supply chain. However, opportunities come from new technological advancements, changing consumer preferences towards more sustainable and healthy poultry products, and broadening into international markets. In this analysis, SWOT and PESTEL analysis are vital tools to evaluate and formulate effective business strategies. SWOT analysis helps identify a company's internal strengths and weaknesses as well as the external opportunities and threats it faces.

Meanwhile, PESTEL analysis provides an in-depth comprehension of the external factors that affect a company's operations, including political, economic, social, technological, environmental, and legal factors. A strong recognition of its brand, a wide distribution network, and excellent product innovation capabilities are just a few of Ingham's many internal strengths. By supplying premium poultry products, Ingham's has established loyal consumers and

increased its market share. Since feed makes up more than 65% of the costs for raising live poultry, proper feed formulation is crucial to ensuring that the poultry is fed a perfect diet with a sufficient amount of nutrients.

The idea that free-range production improves the welfare of poultry and yields a higher-quality product has led to a rise in consumer demand for free-range poultry products in recent years . Agri-food governance structures, farms, slaughterhouses, transportation and lairage networks, government agencies, and governmental levels are all involved in animal welfare . Based on the background of the study, it is necessary to write the thesis entitled «Evaluation of the Poultry Industry Business Using SWOT and PESTEL Analysis » to be an inspiration and learning for all those who read it.

There are several analyses that could be done to analyze the business situation or condition of a company. In this thesis, the author focuses on the use of SWOT and PESTEL Analyses.

A business is an economic activity that produces and sells goods or services intending to turn a profit . The term «business» has its historical origins in the English word «business» which originates from the root word «busy», which denotes «busy» in the context of a person, group, or society. Above all, in a business when individuals, organizations, or corporate entities engage in activities, it is crucial that these actions provide additional value or advantages and benefit all parties concerned

In simple terms, a strategy is a methodical approach that a business develops to accomplish its objectives . Business actions, including plans, processes, and regulations, may be characterized as a company's business strategy . The primary purposes of business strategy are to enhance the market position of a nondiversified single business corporation or to create a competitive advantage in a single business unit of a diversified company. Though important business-unit heads may also have influence, particularly when it comes to strategic choices that impact the companies they oversee, business strategy is mostly the responsibility of the CEO and other top executives. According to Tourani , the primary goal of business strategy is to make a business unit more competitive within its industry or a particular market sector.

One of the most dependable and popular analytical frameworks for examining both internal and exterior factors is the SWOT analysis. When a business is unsure about how to proceed, a strengths, weaknesses, opportunities, and threats analysis is a common method used to assess the firm's position in the market and internal and external environment. Either external or internal factors are identified by the four components. An organization's internal components that help it achieve its objectives are referred to as its strengths, whilst its internal components that obstruct organizational achievement are referred to as weaknesses. Opportunities are outside factors that assist a company in achieving its objectives. These factors might include gap-filling and new project opportunities in addition to favorable environmental features.

PESTEL analysis tool is a component of marketing concepts that are used to examine businesses as a system. PESTEL study seeks to pinpoint and evaluate the important macroenvironmental elements that may have an impact on an industry's businesses' performance and working conditions . Rothaermel defined PESTEL as a framework for classifying and analyzing a variety of outside factors that could have an impact on a business. PESTEL has benefits, such as the ability to be quickly completed with comparatively little effort by knowledgeable and experienced managers and the ability to be quickly used to assess a new market that the company is considering . To fully grasp Ingham's Group Limited's competitive standing within the dynamic poultry industry, a comprehensive analysis is necessary. A SWOT analysis pinpoints the company's internal strengths and weaknesses, while a PESTEL analysis provides a broader perspective of the external

environment influencing the company's performance. The amalgamation of both analyses offers a comprehensive understanding of the challenges and opportunities confronting Ingham's.

SWOT Analysis

1. Strength

Ingham's Group Limited has several solid strengths as the foundation of its business. The company has built a strong reputation in the domestic market through its extensive distribution network and loyal customer base. Vertical integration in the production process allows companies to control product quality and increase efficiency. In addition, a diverse product portfolio and commitment to passion further strengthen the company's position in the market. Partnership strategies with large companies also provide access to broader resources and business opportunities.

2. Weaknesses

Despite having many strengths, Ingham's Group Limited also faces several weaknesses. High dependence on the domestic market makes the company vulnerable to the economic climate and changes in government policy. High operational costs due to vertical integration and high quality standards are challenges in themselves. Apart from that, the company also faces the risk of production disruption due to disease outbreaks in poultry and intense competition from other industry players. Fluctuations in raw material prices can also affect company profitability.

3. Opportunity

Ingham's Group Limited has several opportunities for growth and development. International markets, especially in Asia, offer significant growth potential. Increasing consumer awareness of health and desire opens up opportunities to develop new products that are healthier and more sustainable. In addition, technological developments such as IoT and AI can increase production efficiency and open up opportunities for new product innovation. The growth of e-commerce also provides exciting new distribution channels.

4. Threat

The company also addresses several threats to be aware of. Changes in government regulations, especially regarding the environment, health and food safety, can increase operational costs and business complexity. Climate change can also disrupt agricultural production and supply chains. In addition, changes in consumer preferences and the emergence of new competitors with innovative business models can threaten a company's market position.

The SWOT analysis of Ingham's Group Limited shows the company's great potential for growth and development. With strengths such as a strong market position, vertical integration and good brand reputation, the company can take advantage of expanding market opportunities, especially in international markets. However, companies also need to overcome challenges such as intense competition, tight raw material prices and disease risks. To achieve long-term goals, Ingham needs to focus on market diversification, developing value-added products, increasing operational efficiency, strengthening brands, building partnership strategies, and encouraging sustainable innovation. In addition, proactive risk management is critical to dealing with future threats. By implementing these strategies,

Ingham's can strengthen its position as a poultry industry leader and achieve sustainable growth.

PASTEL Analysis

A PESTEL analysis of Ingham's Group Limited revealed a number of external factors that have the potential to influence business performance. Overall, Ingham's operates in a dynamic environment with numerous challenges and opportunities. Understanding these PESTEL factors is very important for formulating effective and sustainable business strategies. A PESTEL analysis of Ingham's Group Limited reveals the complexity of the business environment facing companies in the poultry industry. Significant external factors include:

1. **Politics:** Strict government regulations regarding food safety, animal welfare and the environment provide both challenges and opportunities for Ingham's to innovate and improve operational standards. International trade policies also influence market access and product prices.
2. **Economy:** Fluctuations in raw material prices, especially animal feed, greatly affect production costs. Consumer purchasing power, which is influenced by macroeconomic conditions, is also an important factor in determining demand for poultry products. Intense

competition in this industry forces Ingham's to continuously improve efficiency and product innovation.

3. **Social:** The change in consumer preferences towards healthier, organic and sustainable products is a trend that Ingham's must respond to. Attention to animal welfare is also increasing, so companies need to implement more humane farming practices.
4. **Technology:** The adoption of technologies such as automation, IoT, and blockchain offers the potential to improve production efficiency, supply chain transparency, and new product development. However, companies also need to invest in technological infrastructure and competent human resources.
5. **Environment:** Pressure to reduce the environmental impact of poultry production is increasing. Strict environmental regulations and consumer awareness of sustainability issues are driving Ingham's to adopt more environmentally friendly production practices.
6. **Legal:** In addition to regulations related to food, animals and the environment, Ingham's must also comply with various other regulations such as intellectual property rights, employment and occupational health and safety.

PESTEL analysis shows that Ingham's Group Limited operates in an ever-changing and challenging business environment. To remain relevant and competitive, companies need to demonstrate a high degree of adaptability to regulatory changes, consumer preferences and technological developments. In addition, product innovation, production processes and business models are the key to maintaining competitive advantage. A commitment to environmental and social sustainability is also critical to building a positive reputation and attracting consumers who are increasingly concerned about these issues. Collaboration with various parties, including suppliers, distributors and research institutions, will strengthen Ingham's position in facing complex business challenges. By focusing on innovation, sustainability and adaptation, Ingham's can maintain its position as a leader in the poultry industry.

Business Strategy to Improve Sales

Ingham's Group Limited may use a number of business strategies, including diversifying their product line, opening up new markets, increasing operational effectiveness, and strengthening their branding and marketing, to boost sales:

1. Product Diversification

Examples of these trends include ready meals, organic, antibiotic-free, and value-added products. Ingham's can make their products more appealing by offering new flavors and packaging choices.

2. Market Expansion

Businesses like Ingham's have a great chance to grow their market share given the strong demand for poultry products in the Asian market.

3. Improved Operational Efficiency

In the end, the funds can be used to finance marketing strategies and product development. Effective supply chain management is essential to guaranteeing product quality and customer satisfaction, both of which can boost sales, according to Harvard Business Review.

Conclusion

This research analyzes Ingham's Group Limited's business in the poultry industry, focusing on its strengths, weaknesses, opportunities, and threats. Ingham's must adapt to these challenges to maintain its market share and competitive edge. This research also

analyzes the factors influencing Ingham's operations and business plan, including political, economic, social, technological, environmental, and legal aspects. Political factors include government regulations, export policies, and support for agriculture and the food industry.

Economic factors include consumer purchasing power, exchange rates, and market competition. Social factors include changing consumer preferences, animal welfare, health and wellness trends, demographics, and environmental concerns. Ingham's must adapt production processes and product offerings to meet these demands. Economic factors include changes in feed prices, consumer purchasing power, exchange rates, credit and financing requirements, market competition, and operational efficiency. Technological innovations, such as automation, IoT, sustainability, digital marketing, and blockchain, can help Ingham's remain relevant and competitive.

Bibliography

- Achmad, E. (2022). Proposed Business Strategy to Increase Revenue in Power Generation Sector. *International Journal of Current Science Research and Review*.
- Adham, T. K. (2023). Investigating The Causes Of Contractor-Related Delays In Construction Projects And Mitigation Proposal.
- Alonso, T. (2022, November 25). *Strategy Factory by Cascade*. Retrieved from <https://www.cascade.app/studies/inghams-enterprises-strategy-study>
- Amega, K., Moumouni, Y., Lare, Y., Bhandari, R., Takouda, P., & Madougou, S. (2024). Power System Transformation in Emerging Countries: A SWOT/PESTLE Analysis Approach Towards Resiliency and Reliability.
- Budiman, D., Riswanto, A., Hindarwati, E. N., Rahmana, A., Judijanto, L., Nora, L., . . . Muala, B. (2023). *Manajemen Strategi: Teori dan Implementasi dalam Dunia Bisnis dan Perusahaan*. PT. Sonpedia Publishing.
- Catalogue Offers. (2024). *Catalogue Offers*. Retrieved from <https://www.catalogueoffers.com.au/stores/aldi/specials/ingham-s-chicken-tenders-440g-offer-20652057/>
- Catalogue Offers. (2024). *Catalogue Offers*. Retrieved from <https://www.catalogueoffers.com.au/stores/aldi/specials/ingham-s-turkey-breast-mince-400g-offer-914814/>
- Darjanto, A., & Indrawan, R. D. (2023). Strategi Indonesia untuk Menjadi Negara Eksportir Utama Industri Unggas. *PERTANIAN, KELAUTAN, DAN BIOSAINS TROPIKA*.
- Elwalda, A., Benzaghta, M. A., Mousa, M., Erkan, I., & Rahman, M. (2021). SWOT analysis applications: An integrative literature review. *Journal of Global Business Insight*.
- Firmansyah, I. D., Kurdi, M., & Zakki, N. (2023). PENGEMBANGAN STRATEGI BISNIS DENGAN ANALISIS SWOT PADA PABRIK KRIPIK SINGKONG SUMENEP.
- Gamble, J. E., Peteraf, M. A., & Thompson, Jr, A. A. (2021). *Essentials of Strategic Management The Quest for Competitive Advantage*.
- Global Data. (2024). *Inghams Group Ltd - Company Profile*. Retrieved from Global Data: <https://www.globaldata.com/company-profile/inghams-group-ltd/analysis/>
- Hedman, F. L., Veggeland, F., Vagsholm, I., & Berg, C. (2021). Managing Animal Welfare in Food Governance in Norway and Sweden: Challenges in Implementation and Coordination.
- Huang, Y., & Chen, J. (2021). Analysis of Development of "Blockchain Technology + Supply Chain Finance" Based on PEST-SWOT Model. *Academic Journal of Business & Management*.
- Ilyas, I., Marlinda, C., Herman, H., Marhalinda, & Satriadi. (2023). *Manajemen Strategi*. CV. Azka Pustaka.

- Ingham's Group Limited. (2023). Retrieved from <https://ingham.com.au/>
- Kuswibowo, C., Rakhmawati, D. Y., Juminawati, S., Utami, N. S., Wibowo, U. D., Sembiring, D., . . . Jemadi. (2024). *Konsep Dasar Bisnis Manajemen*. Batam: CV. REY MEDIA GRAFIKA.
- Lucas, F. (2020, August 24). *Woolworths announces B2B plan, invests in PFD Food Services – what does it mean for ECEC?* Retrieved from <https://thesector.com.au/2020/08/24/woolworths-announces-b2b-plan-invests-in-pfd-food-services-what-does-it-mean-for-ecec/>
- Moss, A. F., Chrystal, P. V., Crowley, T. M., & Pesti, G. M. (2021). Raw material nutrient variability has substantial impact on the potential profitability of chicken meat production. *Journal of Applied Poultry Research*.
- Mu'min, H., Telaumbanua, E., Sya'rani, R., Basir, B., & Hasdiansa, I. W. (2024). Building Competitive Advantage: Copra Marketing Strategy with SWOT Analysis Approach.
- Murray, J. (2023, September 20). *The West Australian*. Retrieved from <https://thewest.com.au/lifestyle/food/kfc-woolworths-stores-could-take-a-hit-as-chicken-supplier-ingham-faces-osborne-park-strike-action-on-friday-c-11960853>
- Orgio, Inc. (2024). Retrieved from Org chart: <https://theorg.com/org/ingham-group-limited>
- Prahendratno, A., Subagja, A. D., Rachmawati, R., S, A. T., Setiawan, Z., Efdison, Z., . . . Baunsele, P. V. (2023). *Buku Ajar Pengantar Bisnis*. PT. Sonpedia Publishing.
- Scott, A., Hernandez-Jover, M., Groves, P., & Toribio, J.-A. (2020). An overview of avian influenza in the context of the Australian commercial poultry industry.
- Sibarani, F. H. (2023). *Pengantar Bisnis Digital*.
- Song, Y., & Sun, J. (2023). Environmental Perspective and Strategy Selection for Sustainable Development of China's S ports Industry: An Analysis Based on SWOT-PEST Model.
- Subway. (2023, June 30). *Inghams Enterprises*. Retrieved from Subway: <https://subwayevents.com/sponsor/ingham-enterprises/>
- Tourani, N. (2021). Thriving in a shifting landscape: Role of social media in support of business strategy.
- Valdez-Juárez, L. E., Castillo-Vergara, M., & Ramos-Escobar, E. A. (2022). Innovative Business Strategies in the Face of COVID-19: An Approach to Open Innovation of SMEs in the Sonora Region of Mexico.
- Whitchurch, S., & Dall, S. (2020, August 19). *Pitcher Partners advises PFD Food Services on \$552m Woolworths deal*. Retrieved from Pitcher Partners: <https://www.pitcher.com.au/insights/pitcher-partners-advises-pfd-food-services-552m-woolworths-deal/>
- Widjajanti, K., Sugiyanto, E. K., Widyaevan, D. A., & Sari, A. R. (2023). Strategic Choice Development Using SWOT Analysis: Diversification Strategy of Batik Creative Industry in Blora, Indonesia.
- Woolworths Group Limited. (2021). *Woolworths announces strategic investment in PFD Food Services*. Retrieved from <https://www.woolworthsgroup.com.au/au/en/media/latest-news/2020/strategic-investment-in-pfd-foodservices-announcement.html>
- Yasir, M., Zafar, A., & Wajid, M. A. (2023). NEP-2020's Implementation & Execution: A Study Conducted Using Neutrosophic PESTEL Analysis.