

IDENTIFYING THE GROWTH OPPORTUNITIES USING PESTLE AND SWOT ANALYSIS APPROACH

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Abstract

As a business company, Heinz Golden Circle, Australia, needs to grow in this challenging business environment. Therefore, identifying the growth opportunity is necessary to be conducted. This paper is aimed at identifying the growth opportunities through the integration of PESTLE and SWOT analyses. PESTLE analysis is used to examine the external environment of the business which include Political, economical, social, technical, legal, and environmental aspects. The SWOT analysis is used to examine both internal and external business environment which consists of Strengths, Weaknesses, Opportunities and Threats. By combining these analyses, this study offers resilient methods for identifying the potential growth opportunities. The findings suggest that leveraging PESTLE and SWOT analyses not only enrich strategic planning process but also provide detailed perspective to capitalize in emerging opportunities.

Key words: Growth opportunities, PESTLE Analysis, SWOT Analysis, External environment, internal environment.

Introduction

One of the most commonly used analysis methods is SWOT analysis. SWOT analysis is a method that contains strategic planning to measure strengths, weaknesses, opportunities and threats that can be applied in a project. In addition to SWOT, PESTLE analysis is also an important tool to understand the macro environment that affects business operations.

PESTLE analysis allows companies to evaluate a wide range of external factors, such as changes in government policies, global economic conditions, social trends, technological innovations, environmental issues, and legal regulations. Economic factors, including inflation rates and economic growth, influence market conditions and consumer purchasing power.

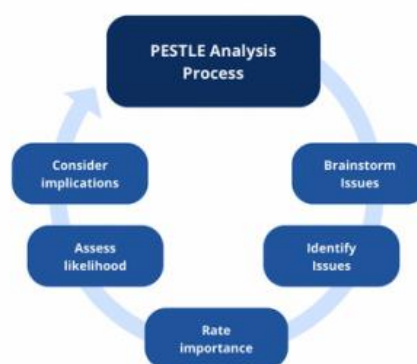
In this context, a deep understanding of the business environment, both internal and external, is key to developing an effective and sustainable business strategy. Thus, SWOT analysis, PESTLE analysis and business strategy development become an important foundation for the company to achieve long-term success and maintain its competitive position in the ever-changing market. In the face of complex market dynamics and diverse challenges, Golden Circle's business strategy must be based on a deep understanding of its business environment and the ability to respond quickly to changes that occur. It should not be mistaken for strategy, which is an organization's overarching plan for guiding activities in order to fulfil its long-term goal. Sub-strategies across various organisational divisions must be formed with the organization's strategy in mind to ensure alignment and guidance. Once the strategy is formulated, the next step is strategy implementation, which is often considered the most challenging part of strategic management.

Strategy context

In the context of strategy, a set of different circumstances of the strategy and content process are defined. When a question is asked, the content of the strategy is related to where the strategy is located, in which company, and in what environment the strategy and content processes exist. Based on the above opinion, it can be concluded that strategy is the skill of planning a broad and long-term oriented strategy by incorporating forces into a position of strength. One of the biggest challenges in implementing a strategy is overcoming organizational barriers, such as rigid organizational structures, a company culture that is resistant to change, and a lack of coordination between departments. which is indicated by the following EPS formula:

$$\text{EPS} = \frac{\text{Net Profit After Tax}}{\text{Total Shares in Circulation}}$$

Every business must identify external factors in its environment that can affect its operational activities . It looks at external factors and is primary used for market research. One of the advantages of PESTLE analysis is that it covers a wide range of expertise functions and has an easy-to-understand framework that makes it easy to use to analyze a problem. PESTLE analysis has two important functions for a company. First, the PESTLE analysis provides a comprehensive picture of the environment in which the company will operate. It offers useful information to fit the organization's strengths and resources to the competitive environment in which it works.



Analysis and Discussion

All businesses want to survive and grow successfully in the market. To achieve the success, businesses should have effective strategy to attract the customers and at the same time struggle to battle with their competitors. In order to find the best fit strategy, businesses need to know and understand its environment, not only external but also internal one. PESTLE analysis will look at the external environment of business and SWOT Analysis will look at both internal and external environment.

PESTLE Analysis

The PESTLE analysis of Heinz Golden Circle is discussed below:

1. Political Condition

Political conditions in Australia are generally stable. For example, regulations related to the food and beverage industry, such as food health and safety standards, can affect how companies produce and distribute their products. For example, tightening import regulations can increase the cost of raw materials, which are mostly obtained from abroad.

2. Economical Condition

Stable economic growth usually increases consumer purchasing power, which has a positive impact on the sales of the company's products. However, a recession or economic slowdown can reduce consumer purchasing power and demand, which negatively impacts corporate revenues.

3. Social Factor

Changes in consumer preferences are a crucial factor that Heinz Golden Circle must pay attention to. Modern consumers prefer products with transparent labels and contain natural ingredients. The trend of busy modern lifestyles is driving the demand for ready-to-eat foods and practical products that are easy to consume.

4. Technological

Technology has had a profound impact on Heinz Golden Circle by improving the efficiency and competitiveness of the company. Automated machines help reduce production costs and time, while processing technology ensures products are free from contamination without sacrificing flavor and nutrition. Technology is also used in supply chain management to ensure products are available on time in the market..

5. Legal Factor

Strict regulations and legal policies in the food and beverage industry must be adhered to by Heinz Golden Circle. In Australia, companies must comply with the standards set by Food Standards Australia New Zealand , which governs all aspects from the production to the sale of food and beverages. In addition, the protection of intellectual property rights is important to protect product and brand innovations from imitation by competitors. In Brisbane and across Australia, companies must also comply with labour regulations that ensure fair working conditions and worker safety, as regulated by the Fair Work Act 2009.

6. Environmental Factor

Environmental issues are an important concern for Heinz Golden Circle, they must consider the environmental impact of their operations, including the use of natural resources, waste management, and carbon emissions.

By understanding political, economic, social, technological, legal, and environmental dynamics through PEST analysis, Heinz Golden Circle can design strategies that are more responsive and proactive in facing challenges and taking advantage of existing opportunities.

SWOT Analysis

The data that has been collected and analyzed through internal and external factors is then used to determine the strategic factors of the organization for SWOT analysis. Therefore, the internal and external factors of Kraft Heinz Golden Circle are as mentioned below:

1. Strengths

Heinz products have various types of drinks and various types of sizes that can be adjusted to the needs of their consumers. As well as a strong distribution network ensures that Heinz Golden Circle products are widely available in various retail channels. The presence of products that are evenly distributed in this market also strengthens Heinz's position as a brand that is easily accessible and widely known by consumers.

2. Weaknesses

If raw materials are difficult to obtain, costs can rise and production can be disrupted, so companies may find it difficult to meet market demand. With a greater focus on the Australian market, the company may miss out on the opportunity to reach more customers and increase revenue through global expansion. These limitations also make the company more vulnerable to economic and regulatory changes in Australia, as it has no other market to support its stability. This can squeeze a company's profit margins, especially if they have to lower prices to stay competitive in the market.

3. Opportunities

Heinz Golden Circle can take advantage of. With advanced technology, Heinz Golden Circle can speed up the production process, reduce costs, and ensure more consistent product quality. By adopting greener business practices, such as using sustainable raw materials, reducing waste, and saving energy, Heinz Golden Circle can strengthen relationships with customers who are increasingly aware of environmental issues. Fluctuations in raw material prices are also a threat to the Heinz Golden Circle. This SWOT analysis provides a comprehensive overview of Heinz Golden Circle's position in the Australian market, highlighting the strengths that can be leveraged, the weaknesses that need to be addressed, the opportunities that can be explored, and the threats that should be watched out for.

Growth Opportunities

In the Growth Opportunities analysis for Heinz Golden Circle, we will look at various aspects that can be explored to drive increased sales and market expansion. Based on previous SWOT and PESTLE analysis, here are some growth opportunities that can be identified:

1. Product Expansion and Diversification

Developing new products that are in line with current consumer trends, such as healthy food, organic products, and functional beverages. Introducing premium product lines that offer added value, such as high-quality ingredients, gluten-free products, and local products

2. Geographical Expansion

Expanding markets outside Australia by entering international markets with high growth potential. This could include countries in Asia Pacific, North America, and Europe. Expanding the distribution network within the country to reach more consumers, especially in areas that are currently underserved.

3. Strengthening Sales Channels

Leveraging e-commerce platforms to reach a wider range of consumers and increase online sales. Develop effective digital marketing strategies to attract consumers through social media, online advertising, and email campaigns. Collaborate with large retailers and supermarkets to ensure product availability in various places, as well as expand presence in small and medium-sized stores.

4. Sustainability and Corporate Responsibility

Develop environmentally friendly products and use sustainable raw materials. This can attract consumers who care about environmental and sustainability issues. Improving CSR programs to build a positive image in the eyes of consumers and the public. This could include initiatives to support local communities, reduce carbon footprints, and promote responsible business practices.

5. Technological Innovation and Operational Efficiency

This will not only reduce production costs but also improve product quality, improve product quality efficiency and consistency. Utilizing innovative food processing technology allows Heinz Golden Circle to develop new products that meet consumer trends and preferences.

6. Developing the Right Marketing Strategy

Develop marketing campaigns that focus on the unique values of Heinz Golden Circle products, such as quality, taste, and sustainability. Using various marketing channels to reach different consumer segments.

By taking advantage of these growth opportunities, Heinz Golden Circle can increase its market share and sales, and strengthen its position in the food and beverage industry. Focusing on product innovation, geographic expansion, strengthening sales channels, and improving operational efficiency are key strategies that can lead the company to higher growth levels. In addition, a commitment to sustainable and socially responsible business practices will strengthen the brand image and attract more consumers who care about environmental and social issues.

Business Strategy to Improve Sales

To improve the business as a whole, company need to improve their sales. The following is the strategy that the company can do to improve sales:

A. Strengths and Optimization

1. **Optimizing Strong and Widely Known Brand in Australia**
Using data analytics to understand consumer trends and tailor marketing campaigns more effectively.
2. **Optimizing Extensive and Efficient Distribution Network**
Establish partnerships with local distributors in new markets to expand product range.
3. **Optimizing Financial and Operational Support from the Parent Company, The Kraft Heinz Company**
The use of the parent company's resources, optimizing the support from The Kraft Heinz Company for new product development and improving operational efficiency.

B. Weaknesses and Solution

1. **Weaknesses: Limited Product Innovation**
Although Heinz Golden Circle has been known for its quality products, the pace of product innovation may not be as fast as the market expects. In the highly dynamic food and beverage industry, rapid and relevant product innovation is essential to attract new consumers and retain existing customers. Increase investment in research and development to accelerate product innovation cycles.
2. **Weaknesses: Limited Distribution in New Markets**
This can be done through partnerships with local distributors in the target market or building new distribution facilities. Strengthen online sales channels to reach a wider range of consumers. This includes improving the company's e-commerce platform, partnering with leading marketplaces, and optimizing digital marketing strategies.
3. **Weaknesses: Slow Response to Market Changes**
Adopt an agile approach in product development to ensure new products can be launched quickly and efficiently.

C. Opportunities and Optimization

1. Optimizing Increased Consumer Awareness of Health and Nutrition
Healthy product development, developing and marketing products in accordance with health and nutrition trends.
2. Optimizing Growing Demand for Organic and Preservative-Free Products
Adopt sustainable farming practices and eco-friendly processing technologies to produce organic products.

Conclusion

Based on the results of the analysis that has been carried out, it can be concluded that the company has a number of strengths and weaknesses from internal factors, as well as opportunities and threats from external factors that affect its performance and growth in the Australian market:

1. From internal factors
Strength the main one that can drive the growth of the company. A strong and widely known brand in the Australian market helps in attracting and retaining customers. Good product diversification allows Heinz Golden Circle to reach different market segments, while the financial and operational support of the parent company, The Kraft Heinz Company, strengthens the company's position in facing business challenges. High production costs can reduce profit margins, and limited product innovation puts companies at risk of falling behind more innovative competitors.
2. From external factors
Expansion into untapped international markets is also a great opportunity for growth. Managing these threats effectively will be essential for the sustainability of the company's growth.

By understanding and leveraging internal strengths and external opportunities, and by addressing weaknesses and managing threats, Heinz Golden Circle has a strong foundation to continue to grow and develop in the future. Through the right strategy, Heinz Golden Circle can strengthen its position in the food and beverage industry and achieve sustainable growth in the future.

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