

External Drivers			
Political	Positive	- Strong democratic setup - Freedom of expression and freedom of the media - Strong policymaking framework	- Stable government - Strong geopolitical influence - Government's "open door" economic policy since 1986
	Negative	- Uncertainty over foreign policy - Government inability to cope with Covid-19 pandemic - Tariff war with China	- Freedom of expression and freedom of the media - High corporate tax (25%) - Government transparency related to Covid-19 pandemic - Strained relationship with neighbours and major trade allies
Economic	Positive	- The world's first largest economy - The most developed economic systems in the world - Good quality infrastructure - High disposal income - The workforce is highly skilled and educated - An expansion of rentable clothing, both formal and casual - Strong American brands in the global fashion market	- The second-largest economy - The world's largest emerging market - Good quality infrastructure - Cheap workforce - Inflows of foreign direct investments
	Negative	- Chance of economic recession due to Covid-19 pandemic - Unemployment due to Covid-19 pandemic - High public debt	- Chance of economic recession due to Covid-19 pandemic - The economy depends extensively on the manufacturing sector - Concerns on currency manipulation
Social	Positive	- High standard of living - Strong benefits system for the elderly and less privileged population - Focus on workforce development and education - Hollywood impacts on the fashion industry - Influencing of social media in the fashion industry and people lifestyle	- Strong participation of women in the labour market - Increased life expectancy and decreased infant mortality - Decline in poverty - Rapid urbanisation and the growth of the middle-class families - Influencing of social media in the fashion industry and people lifestyle - The popularity of American brands in China - Chinese consumers put the accent on social value brands as they often use material possessions and brand names to reinforce their social identity
	Negative	- Most expensive healthcare system amongst the OECD nations - High levels of income inequality - Future ageing population	- Insufficient healthcare spending - Large floating population and internal migration - Future ageing population - The exploitation of human resources
Technological	Positive	- Global science, technology, and innovation (STI) leader - High level of R&D expenditure - High level of patent and trademark - Online shopping increased demand in the past few years	- A large number of R&D institutions - The increasing number of patents - International co-operation - Online shopping increased demand in the past few years
	Negative	- Intellectual property theft - Competition from China	- Loss of graduates to more affluent countries - High level of software piracy
Environmental	Positive	- Strong environmental policy framework and initiatives - Development of a sustainable environmental vision and emission reduction mechanisms - Continuing environmentally friendly clothing materials	- Evolving environmental policies - Major push on the development of renewable energy - Actions plans on greenhouse emissions
	Negative	- The ongoing conflict between renewable energy projects and strict natural reserve obligations - The withdrawal of the US from the 2015 Paris (COP21) Agreement - Unfriendly waste management practices	- Air pollution - Water contamination - Extensive usage of coal for energy production
Legal	Positive	- An efficient legal system - Continuing tax and legal reforms - Ranked as the 12th freest economy (more liberal business environment)	- Decentralised court system - Supportive Framework for ICT - Strong regulation for human rights
	Negative	- Inefficient taxation system - Deteriorating economic freedom	- The complexity of doing business - Product market regulation

Sources: Market Line [D & E]

POLITICAL

- The government has the ability to encourage companies to buy fabrics locally, especially if the taxation on imports from other countries increases, for example from China where the taxes are 25%.
- Many people are buying from companies who create their clothing in the United States, as opposed to those who ship their fabrics to be sewn overseas.
- Groups like PETA boycott against companies who use real animal furs and skins.
- There is political influence on fashion trends. The first ladies have all found themselves in the spotlight for their fashion styles.

ECONOMICAL FACTORS

- The economy is still recovering from the impact of the 2008 recession, but people are finding extra money to put towards fashion and accessories
- In the USA there is an expansion of rentable clothing, both formal and casual
- COVID-19 has affected many businesses, and Michael Kors affirms that the outbreak could result in a \$100 million (£77 million) hit to his business (Retail Gazette, 2020).

SOCIAL FACTORS

- Music has a huge impact on fashion, and it's a common practice for the musician to mention brands in songs
- Fashion dictates events where People decide to wear different attire depending on the occasion (this is a pre-defined customs in the country).

TECHNOLOGICAL FACTORS

- Online shopping increased demand in the past few years
- TV shows which contribute to the growth of fashion like Project Runaway and Fashion Startup

ENVIRONMENTAL FACTORS

- Different methods of transportation release gases and smoke into the environment.
- Plastic bags which are used for clothing and chemicals from denim are not environmentally friendly

LEGAL FACTORS

- Workers' rights must be respected, but this doesn't happen when companies have their products made in foreign countries. Many fashion retailers have Asian workers sew their clothing for ridiculously cheap, and many consumers are boycotting these brands.

China Macro Environment

In following PESTEL analysis will be applied to have a better understanding of China macro environment.

PESTEL Analysis of China

POLITICAL

- The.

ECONOMICAL FACTORS

- China has emerged as one of the fastest-growing economies in the world. In 2023, the Chinese apparel retail industry is predicted to have a value of \$388.4 billion, an increase of 43.5% since 2018.
- Growing FDI as foreign investor take advantage of opportunities to manufacture cheaper products and sell them in an expanding market
- In China, there is a trend of buying Western brands

SOCIAL FACTORS

- China aims to improve social security in its five years plan 2016-2020.
- Rapid urbanisation and the growth of the middle class will drive growth in the apparel retail industry.
- Chinese consumers put the accent on social value brands as they often use material possessions and brand names to reinforce their social identity.

TECHNOLOGICAL FACTORS

- Online shopping increased demand in the past few years where China's internet-connected population totalled 811.99 million at the end of 2019 with 57.86% of the population using the internet
- China's entry into the World Trade Organization resulted in the liberalisation of trade policy and a year-on-year increase in the number of patents received

ENVIRONMENTAL FACTORS

- Pollution as China has been ranked 177th out of 180 nations on most indicators of air pollution, including air quality

LEGAL FACTORS

- The workers are paid ridiculously cheap, and many consumers, but the government is planning to increase wages and provide more welfare benefits.
- The government has pledged to combat corruption and implement strict and broad plans to ensure faster economic growth.