

PESTLE example for retail industry as at July 2017

	External factors to consider	Factors affected within my industry	Importance to organisation
POLITICAL	Government policy Political stability Tax Industry regulations Global trade agreements and or restrictions	The decision by the UK to leave the EU has left the pound weaker and an uncertainty with future trade restrictions in Europe. Profit margins are bound to be affected by this move. Many stores are in City centre locations; past and potential terrorism threats have affected tourism and footfall in shopping malls. Government Tax levies on goods. Consumer protection rights.	Medium; awaiting BREXIT. High Medium Low
ECONOMIC	Exchange rates Globalisation Economic growth / decline Inflation Interest rates Cost of living Labour costs Consumer spending habits	Exchange rate conversions remain volatile, affecting negotiations with suppliers. Uncertainty prevails in the UK business markets and investors due to the UK leaving the EU. Country-specific demand and supply. Consumer spending habit changes put pressure on certain goods whilst others are in decline. Manufacturing sites in the UK are costly to run – consideration was being given to setting this up elsewhere globally. With the decision to leave the EU, this factor should now be put on hold.	Medium Medium; awaiting BREXIT Medium High Medium
SOCIAL	Consumer trends /tastes, Fashions Consumer buying habits Lifestyle factors Career attitudes Work-life balance Population demographics	Cultural diversity and preferences by region or country. Our clothing range does not cater to all ages and sizes of people. The demographic with the most disposable income sits within the 40-65-year-old demographic. Investment is required in market research to determine a move towards a more inclusive approach. In some regions local demographic labour markets do not want to work in retail for minimum/living wage.	Medium, ongoing. High; more research required. High; more research required. High; stores are not sustainable if understaffed.

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TECHNOLOGY	Automation Innovation Disruptive technologies Social networking Upgrades Robotics Artificial Intelligence Security	E-commerce side of the business is underdeveloped and overshadowed by in-store buying. Is our technology fit for purpose now and for the future? A preference for online shopping is a popular trend by increasingly older populations - not just 20-40 year olds. How appealing is our online presence? Website ease of use for customers. Smartphone apps for ordering goods. Data storage confidentiality and consumer rights. Need to improve technology for analytics and buying intelligence. Rise in cybercrime risk to data protection and operational stability. E.g. Cyber attack on NHS through 'Ransomware'.	High; need to develop online intelligence. High; trend for customers to compare online before they buy in person. Medium; longer-term strategy. Medium; GDPR - new regulations due May 2018. High; explore internal capability. High; this could render our software inoperable.
LEGAL	Employment law Common law Local labour law Health and safety regulations	Wage rates and National Minimum Wage increases yearly. Concerns over family-friendly implications as most of these were brought in by the EU. Peak trading periods require contractual flexibility. Gig economy and Taylor review – implications of employment status. Compliance with the Modern Slavery Act particularly important for retail. Introduction of workplace pensions.	Medium Medium High Medium High Low; policy now in place.
ENVIRONMENTAL	Environmental restrictions imposed by in-country governments Sustainable resources CSR (Corporate social responsibility) Ethical sourcing Transportation Procurement Supply chain management	The rise in ethically and environmentally conscious shoppers. Ethical sourcing has pushed the price up of our goods however, Customer relationships have improved since we introduced and publicised our ethical sourcing policy and CSR intentions. But two of our competitors still out-rank us in producing environmentally friendly products.	Medium Low, but keep an eye on customer loyalty. High; more research required.