

Module Title : THE GLOBAL BUSINESS
ENVIRONMENT

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THE PESTLE ANALYSIS OF ASSOS

Executive Summary

The report has explained the changes that the company has made in the last few years. The report mainly focuses on the second largest pollution sector in the world is the fashion industry. It has a PESTLE Analysis of ASOS to identify the factors that impact the performance of the firm. The report has explained the different stakeholder concerns to reduce the different forms of environmental issues. It also discussed the changes bring some form of competitive advantage position. At last, the report provides suggestions for effective management of the organization.

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Introduction

The global business environment is considered as various external factors that surround the firm and its impact on decision-making (Stout, 2020). The report has discussed the change of last few years that company made. It also discussed the PESTLE analysis of ASOS to identify the factors that impact business activities. It has explained the concern raised by different stakeholders regarding the environmental issues. The report has explained the change bring some form of competitive advantages position.

Company Background (ASOS)

ASOS is the fastest fashion retailer in the UK. The Company was established in 2000 as an online fashion retailer (Grappi et al., 2017). The Company manufactures and distributes its products in more than 240 nations across the world. ASOS offers more than 85,000 products on its website on third-party brands and its label products. ASOS becomes a market leader in the UK online fashion market. The Company mainly deals in men's and women's clothing and accessories.



Source: (Niinimäki et al., 2020)

CASE STUDY

The Fashion industry is the largest polluter sector in the world. This sector has created a disastrous impact on the environment (Stout, 2020). In most countries, garments are produced, untreated toxic, wastewater from textile industries is dumped directly into the rivers. Production and distribution of different garments, fibers, and materials used in this sector are form different kinds of pollution of the water-air, and soil. The concept of fast fashion in this idea the manufactured product garments at a cheaper rate to grab the customer attention. 20% of industrial water pollution comes from textiles treatment and dying. Huge water of freshwater is used by dyeing and finishing processes for different garments (Niinimäki et al., 2020). Up to 20,000 liters of water require producing just 1kg of cotton. In some countries like Bangladesh, Pakistan, China, Turkey, Ethiopia, Rwanda, Botswana, etc., do not follow the environmental standard, and these countries also exploit the labor. Fashion industries found that factories in Indonesia, China, and India dumping highly toxic wastewater into local waterways and destroy marine life.



Source: (Grappi et al., 2017)

Change that ASOS Made Last Few Years

To reduce water pollution, ASOS shifting to the sustainable production process in changing market (Stout, 2020). Changing marketing trend is calling on retailer and brand to implement a strict zero pollution policy, with a regular audit of suppliers to make sure high production standard. Online fashion retailer ASOS to reduce the carbon emission per order by 30% from 2015-2016. The Company measures the emission with garment production separately through its work with a sustainable clothing action plan. ASOS motivates to upgrade its efficient fleet, optimize routes and increase load capacity to reduce the vehicle on the road. To tackle the environmental issues, ASOS launched fulfillment center sustainability for new build and retrofitted sites that cover onsite renewable energy generation, reduce waste on land, energy efficiency, and recycle the resources (Sung et al., 2020). 1.5 trillion of water are used by the fashion industry each year. ASOS mainly focuses on clothes rental, better recycling process, pollution control technology, and innovation to reduce environmental issues. The fashion industry requires fundamental changes to mitigate the environmental impact on fast fashion (Team, 2013). The Company recycles the products by repairing and recycle them. In the fashion industry, ASOS has brought a positive impact on the reduction of greenhouse gas emissions. The Company switches from virgin polyester to recycled materials to reduce the carbon footprint of polyester by 40%.





ASOS
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"Energy audits helped us identify how to improve our energy efficiency. At Barnsley, we made LED lighting a key area for investment and completed the works less than a year after the initial energy audit took place"

Jessica Blincow, Corporate Responsibility Advisor



ASOS has five sites across the UK; the Head Office in Camden, London, a smaller IT office in Birmingham, the main distribution hub in Barnsley, a data centre in London Docklands and a customer care department in Hemel Hempstead. As part of the UK government's 'Energy Saving Opportunities Scheme' (ESOS), ASOS measured 100% of its UK energy consumption and identified energy efficiency opportunities.

ESOS audits were performed at the Head Office, the data centre and the main distribution hub. The audit at Barnsley revealed that lighting accounted for more than 3 million kWh (34%) of total electricity consumed on site. With the hub operating 24 hours a day, 365 days a year, and with a footprint of eight football pitches, the savings identified from an upgrade in lighting to efficiency LED alternatives, resulted in significant cost, energy and carbon savings.

Following the sign off of a detailed business case, work to replace all 7,013 lights on site began in June 2016 and took 8 weeks to complete.

The findings of ASOS's ESOS report complemented the existing work that ASOS is carrying out to reduce the environmental impact of its buildings. For example ASOS recently commissioned a survey to assess renewable energy generation options at the new distribution hub being built outside Berlin, Germany. The study found that ASOS could generate half of their electricity demand from on-site low carbon sources. ASOS is now working with the developer to alter the roof structure to accommodate a solar PV installation.

ASOS will continue to investigate how it can use its buildings more efficiently and explore opportunities for self generation of electricity.



Source: (Niinimäki et al., 2020)

PESTLE Analysis of ASOS

PESTLE Analysis is the strategic tool used to identify the forces that impact the managerial activities of the firm (Grappi et al., 2017). The change in the dynamic market has a direct impact on ASOS an online fashion retailer. The factors of ASOS are explained as under:

Political Factors: It mainly includes environmental regulation, employment laws, tariffs, tax policy, trade restriction, and political stability (Stout, 2020). UK Government has changed its policies that directly impact the performance of ASOS. It is important to the fashion industry to study the current changes in government rules to survive in the market.

Economical Factor: ASOS as the largest online fashion retailer understands economical factors like interest rate, labor market condition, inflation, and other factors that impact the economic environment of the nation (Perera, 2017). ASOS estimate the labor market condition to understand how to attract a skilled workforce to improve the performance of the firm. In the fashion industry, cheap labor is easily available to manage the daily activities of the firm.

Social Factors: This factor mainly includes societal norms, trends, and values. ASOS used this factor to understand the customer spending power, trends, belief, and structure to accomplish the desired goals (Simões, 2020). The Company mainly focuses on the online shopping attitude of customers and considers the generation gap.

Technological Factors: ASOS Plc uses advanced technology to become competitive in the highly competitive market (Perera, 2017). The Company captures the technology trend to attain competitive advantages. With the help of social media, ASOS provides awareness about environmental issues that helps to attract customer attention.

Legal Factors: It mainly includes laws and regulations that impact business activities. ASOS must follow the fashion industry rules and regulations for the effective management of business activities (Simões, 2020). ASOS also follows environmental protection laws to reduce environmental issues.

Environmental Factors: The fashion industry is the largest polluting sector in the world. The fashion industry such as ASOS mainly focuses on waste management and recycling of products to reduce environmental issues (Team, 2013). The Company has the opportunity to adopt the green business practice to gain customer attention.

Different Stakeholders

Stakeholders play an important role in environmental reactivity is considered with high pressure from the government (Perera, 2017). Stakeholders may influence the number of ways and to various market extend. The main stakeholders raised their concern regarding environmental pollution are explained as under:

Employees: These people play an important role in the success and failure of the firm. In the fashion industry, the companies exploit cheap labor in different countries such as Pakistan, China, and Turkey (Ki et al., 2020). With the help of cheap labor, ASOS identifies the environmental issues and tries to reduce them.

Customers: The customer has the power to accept or reject the product of the firm (Zhang et al., 2021). In the fashion industry, ASOS unsustainable raw materials to manufacture clothe that impact customer. Due to fast fashion, customer demand has increase and the company uses the idea to design clothes at reasonable rates.

Suppliers: The Company maintains a close relationship with a supplier to develop more green environmentally harmless products (Sung et al., 2020). In fast fashion, ASOS demand high-quality raw materials at low rates to meet the customer demand.

Manager: ASOS manager mainly focuses on the protection of environmental conditions (Donnelly et al., 2020). The manager develops an eco-friendly environment and recycles its product to meet the demand of the customers. In the fast fashion market, ASOS uses the latest technology to reduce waste and improve product quality as well as protect the surrounding from pollutants.

How these changes provide a competitive advantage

These sustainable changes like optimizing routes, strict pollution control policy, and recycling programs may give a competitive advantage to ASOS. These changes may help the fashion sector to contribute towards societal welfare (Simões, 2020). Through such sustainable developments, Fashion retailers can produce more eco-friendly clothing materials for customers. These changes may encourage ASOS to invest more in community development and local environmental projects. In this way, ASOS can source sustainable fabrics to serve itself as an eco-friendly brand among the target audience. As per the recent survey, around majority of customers are fascinated by sustainability trends. This mainly provides a wider opportunity for ASOS to earn customer loyalty and fulfill their social responsibilities (Sung et al., 2020). It mainly helps fashion retailers to access new eco-friendly technologies and promote sustainable fashion practices among customers. In this way, ASOS can provide wider support to local communities and promote sustainable sourcing among potential stakeholders (Alonso et al., 2018). These changes mainly help ASOS to spread huge awareness among customers regarding environmental protection. In this way, Fashion retailers may invest more in green projects and support the development of local communities. Through these sustainability strategies, ASOS can create a more comfortable space for staff members (Ki et al., 2020). Sustainable changes mainly help businesses to become more creative and innovative towards delivering customer service. These changes mainly provide long term competitive benefits to ASOS which are described below:

Reduce operational costs: These sustainable changes mainly help ASOS to reduce operational costs and eliminate all harmful products from their business operations (Donnelly et al., 2020). By implementing different sustainability strategies like fluid management systems and the establishment of fulfillment centers may enhance business reputation.

Increases customer engagement: ASOS may focus on cost-saving green initiatives to meet customer packaging. At present, 90% of customers are mainly fascinated by those organizations that promote eco-friendly practices (Zhang et al., 2021). These changes mainly enforce ASOS to promote more recycling programs and eco-friendly packaging among customers.

Accessing new eco-friendly technology: These sustainable changes mainly enforce ASOS to invest more in solar panel systems and energy-saving technologies to build an exceptional brand identity among customers. These energy-saving technologies mainly help ASOS to reduce carbon emissions and become the sustainable leader in the global marketplace (Alonso et al., 2018).

Through eco-friendly technology, The Company was able to promote ethical trading practices among customers.

Recommendation

It is recommended that ASOS must conduct more recycling programs to maintain long-term relationships with customers. The company must use eco-friendly technology and LED lights to conserve energy as much as possible. The company must appreciate its staff members for eco-friendly initiatives. The company must hire a professional consultant for the successful implementation of the sustainability plan (Zhang et al., 2021). They must use efficient information technology systems to minimize pollution and reduce industrial wastage. Apart from this, ASOS must focus on sustainable raw materials and packaging to gain customer satisfaction. The company must explore innovative approaches to promote sustainable development among stakeholders. ASOS must conduct eco-friendly programs to engage with customers. The company must collaborate with highly qualified fashion designers to produce eco-friendly clothing materials for customers (Ki et al., 2020). They must conduct more energy conservation programs to promote sustainable initiatives among customers.

Conclusion

In conclusion, the report has analyzed the second largest polluting sector in the world is the fashion industry. It has examined the changes made by ASOS in the last few years to improve the environmental condition. The report has explained the changes that help to reduce wastage of clothes, carbon emission, air pollution, and water pollution across the world. It illustrates the PESTLE analysis of ASOS to identify the forces that impact the performance. The report has discussed the concern of different stakeholders regarding environmental issues. It also discussed the changes that the company helps to maintain a competitive advantage position. In the end, the report provides suggestions to improve the management condition of the firm.

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