

PESTLE example for retail industry as at November 2021

	External factors to consider	Factors affected within my industry	Importance to organisation
POLITICAL	Government policy	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.	Medium
	Political stability		
	Tax		
	Industry regulations Global trade agreements and or restrictions	Many stores are in City centre locations; past and potential terrorism threats have affected tourism and footfall in shopping malls. Government imposed lockdowns restricting in-person shopping. Consumer protection rights.	High Medium – ongoing monitoring as regular lockdown threats loom. Low
ECONOMIC	Exchange rates	Exchange rate conversions remain volatile, affecting negotiations with suppliers.	Medium
	Globalisation		
	Economic growth/ decline	Uncertainty continues in the UK business markets and investors due to the UK leaving the EU.	Medium
	Inflation Interest rates Cost of living Labour costs Consumer spending habits	COVID-19 pandemic has added to poor market performance and greater dependence of online shopping. Consumer spending habit changes put pressure on certain goods whilst others are in decline.	Medium – whilst footfall has risen numbers are still down compared to previous years – keep monitoring. High – concerns for the future of some local stores and staff employment.
SOCIAL	Consumer trends/ tastes,	Cultural diversity and preferences by region or country.	Medium, ongoing.
	Fashions		
	Consumer buying habits	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-olds.	High; more research required.
	Lifestyle factors Career attitudes Work-life balance Population demographics	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.	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	<p>Is our technology fit for purpose now and for the future? How appealing is our online presence?</p> <p>Website ease of use for customers. Consider smartphone apps for ordering goods.</p> <p>Data storage confidentiality and consumer rights.</p> <p>Need to improve technology for analytics and buying intelligence.</p> <p>Need greater employee expertise in online design, marketing and analysis.</p> <p>Rise in cybercrime risk to data protection and operational stability. Eg Cyber attack on NHS through 'Ransomware'.</p>	<p>High; trend for customers to compare online before they buy in person.</p> <p>Medium; longer-term strategy; more research needed.</p> <p>Low; compliance with GDPR regulations in place since May 2018.</p> <p>High; explore internal capability.</p> <p>High – consider roles needed to improve online shop, presence and sales.</p> <p>High; this could render our software inoperable.</p>
LEGAL	Employment law Common law Local labour law Health and safety regulations	<p>Wage rates and National Minimum Wage increases yearly.</p> <p>Concerns over family-friendly implications as most of these were brought in by the EU.</p> <p>Peak trading periods require contractual flexibility.</p> <p>Gig economy and Taylor review – implications of employment status.</p> <p>Compliance with the Modern Slavery Act particularly important for retail.</p> <p>Introduction of workplace pensions.</p>	<p>Medium</p> <p>Medium</p> <p>High</p> <p>Medium</p> <p>High</p> <p>Low; policy now in place.</p>
ENVIRONMENTAL	Environmental restrictions imposed by in-country governments Sustainable resources CSR (Corporate social responsibility) Ethical sourcing Transportation Procurement Supply chain management Future pandemics	<p>The rise in ethically and environmentally conscious shoppers.</p> <p>Ethical sourcing has pushed the price up of our goods however,</p> <p>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.</p> <p>Supply-chain disruptions as PPE garments are the main focus.</p>	<p>Medium</p> <p>Medium, but keep an eye on customer loyalty.</p> <p>High – more research required.</p> <p>Medium – continue to monitor.</p>