

PESTLE example for retail industry as at March 2024

	External factors to consider	Factors affected within my industry	Importance to organisation
POLITICAL	Government policies	The decision by the UK to leave the EU has left the pound weaker and an uncertainty with future trade restrictions in Europe continues.	Medium – continue to monitor the situation and impact on profit margins.
	Political stability	Many stores are in City centre locations; past and potential terrorist threats have affected tourism and footfall in shopping malls.	Low – something to keep in mind.
	Tax Industry regulations Global trade agreements and or restrictions	Consumer protection rights	Low
ECONOMIC	Exchange rates	Exchange rate conversions remain volatile, affecting negotiations with suppliers.	Medium
	Globalisation	Supply and demand of various products and consumer spending habits means costs continue to increase.	Medium – keep monitoring.
	Economic growth/ decline	Interest rate increases – impact on cost to run shops and borrowing.	High
	Inflation	Cost of living crisis – consumers are cautious when spending and we are having to increase some prices to keep up with any supply issues.	High
	Interest rates	Uncertainty continues in the UK business markets and investors due to the UK leaving the EU.	High
Cost of living	Profits – still recovering from COVID-19 pandemic.	High	
SOCIAL	Labour costs	Cultural diversity and preferences by region or country.	Medium, ongoing.
	Consumer spending habits	Our clothing range does not cater for all ages, sizes and cultural diversities of people etc.	High
	Consumer trends/ tastes, Fashions	Investment is required in market research to identify a more inclusive approach and how we can serve under-represented consumer groups.	High – more research needed.
	Consumer buying habits Lifestyle factors Career attitudes Work-life balance Population demographics	In some regions local demographic labour markets do not want to work in retail for minimum/living wage.	Medium; stores are not sustainable if understaffed but perhaps we can incorporate some technology to support – research needed.

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TECHNOLOGY	Innovation Disruptive technologies Social networking Upgrades Robotics Artificial Intelligence Security	<p>Is our technology fit for purpose now and for the future? How do we strike a balance by introducing AI to make shopping convenient and accessible to consumers but retain a human connection and in person shopping?</p> <p>Website ease of use for customers. We need to consider using smartphone apps for ordering goods and in-store automation to enhance the customer experience, increase productivity and reduce costs.</p> <p>Need to explore internal or external capability to identify the right technology and gather and analyse consumer intelligence.</p> <p>Data storage confidentiality and consumer rights.</p> <p>Need greater employee expertise in online design, marketing and analysis.</p> <p>Rise in cybercrime risk to data protection and operational stability.</p>	<p>High; more insight needed.</p> <p>High – need to continue to expand our reach and make shopping convenient and accessible to a wide range of consumers.</p> <p>High; to continue to improve services, expand our reach and increase profits.</p> <p>Low; compliance with GDPR regulations in place since May 2018.</p> <p>High – consider roles needed.</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 legislation implications, as most of it was brought in by the EU.</p> <p>Peak trading periods require contractual flexibility.</p> <p>Compliance with the Modern Slavery Act particularly important for retail.</p>	<p>Medium</p> <p>Medium – keep an eye on new developments.</p> <p>High</p> <p>High</p>
ENVIRONMENTAL	Environmental restrictions imposed by in-country governments Sustainable resources ESG (Environmental, Social and Governance) Ethical sourcing Transportation Procurement Supply chain management Future pandemics	<p>The rise in ethically and environmentally conscious shoppers.</p> <p>Ethical sourcing has pushed up the price of our goods.</p> <p>Customer relationships have improved since we introduced and publicised our ethical sourcing policy and ESG intentions. But two of our competitors still out-rank us in producing environmentally friendly products.</p>	<p>Medium</p> <p>Medium, but keep an eye on customer loyalty.</p> <p>High – more research required.</p>