



PESTLE ANALYSIS



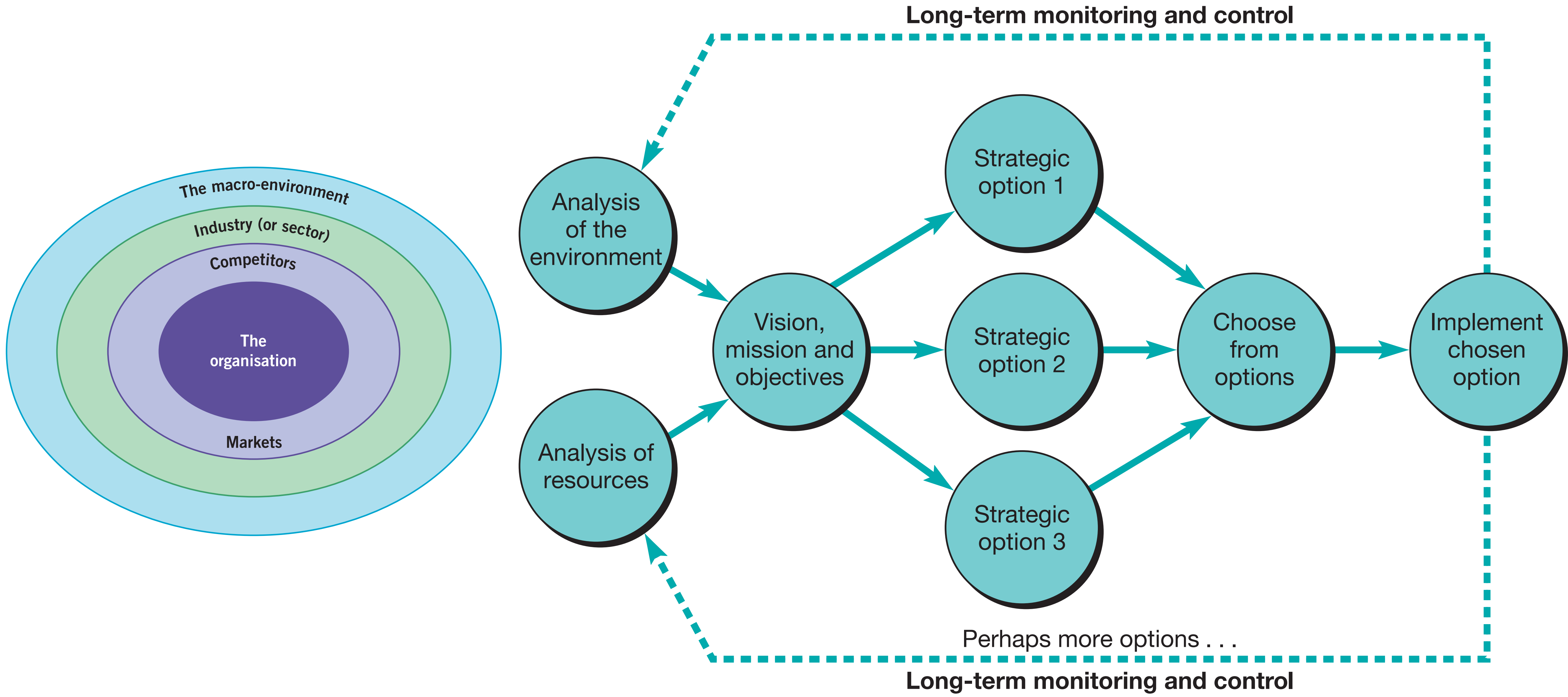
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The **prescriptive** strategic purpose

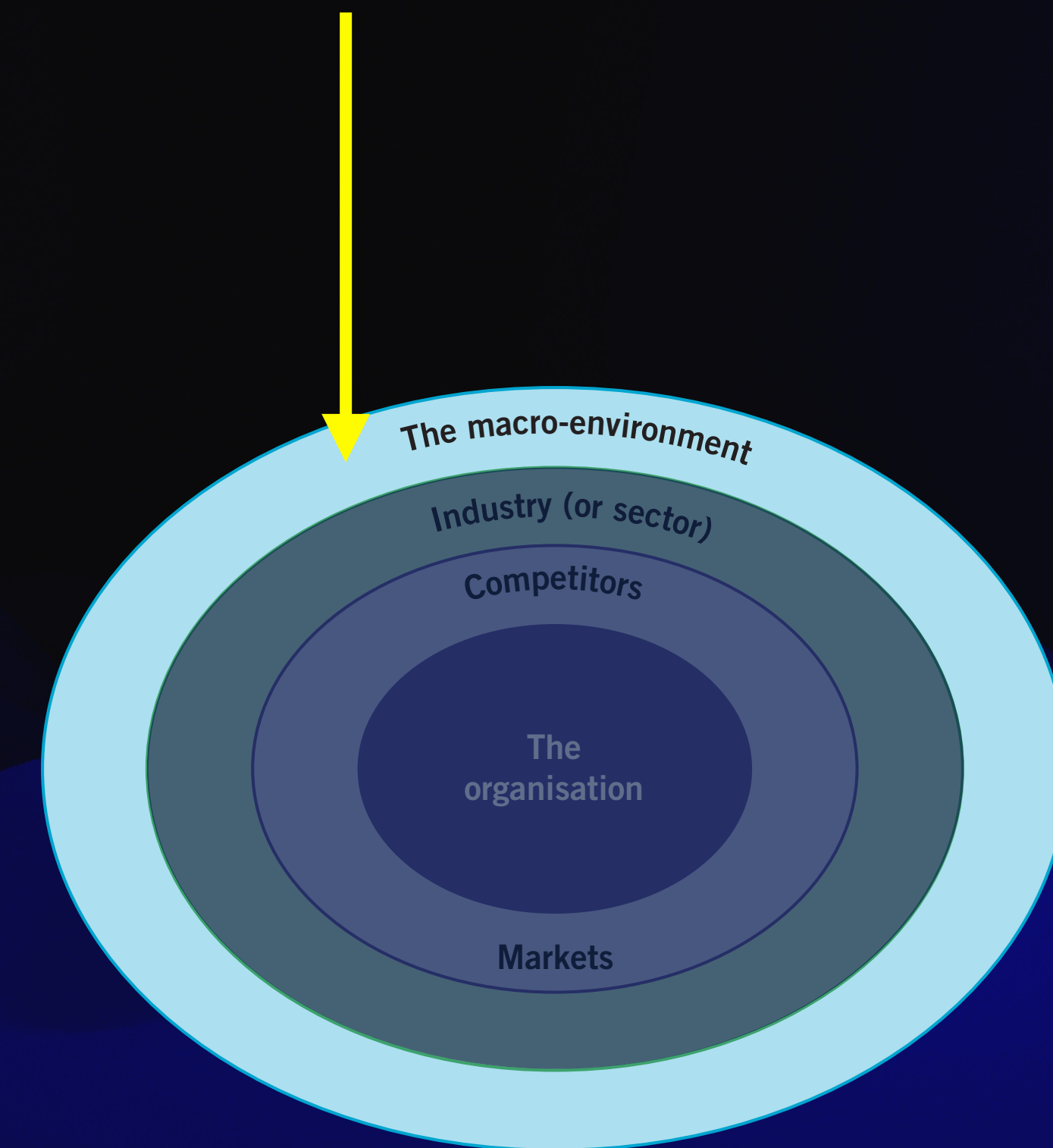


Macro-environment

The macro-environment consists of broad external factors that impact to a greater or lesser extent many organisations, industries and sectors.



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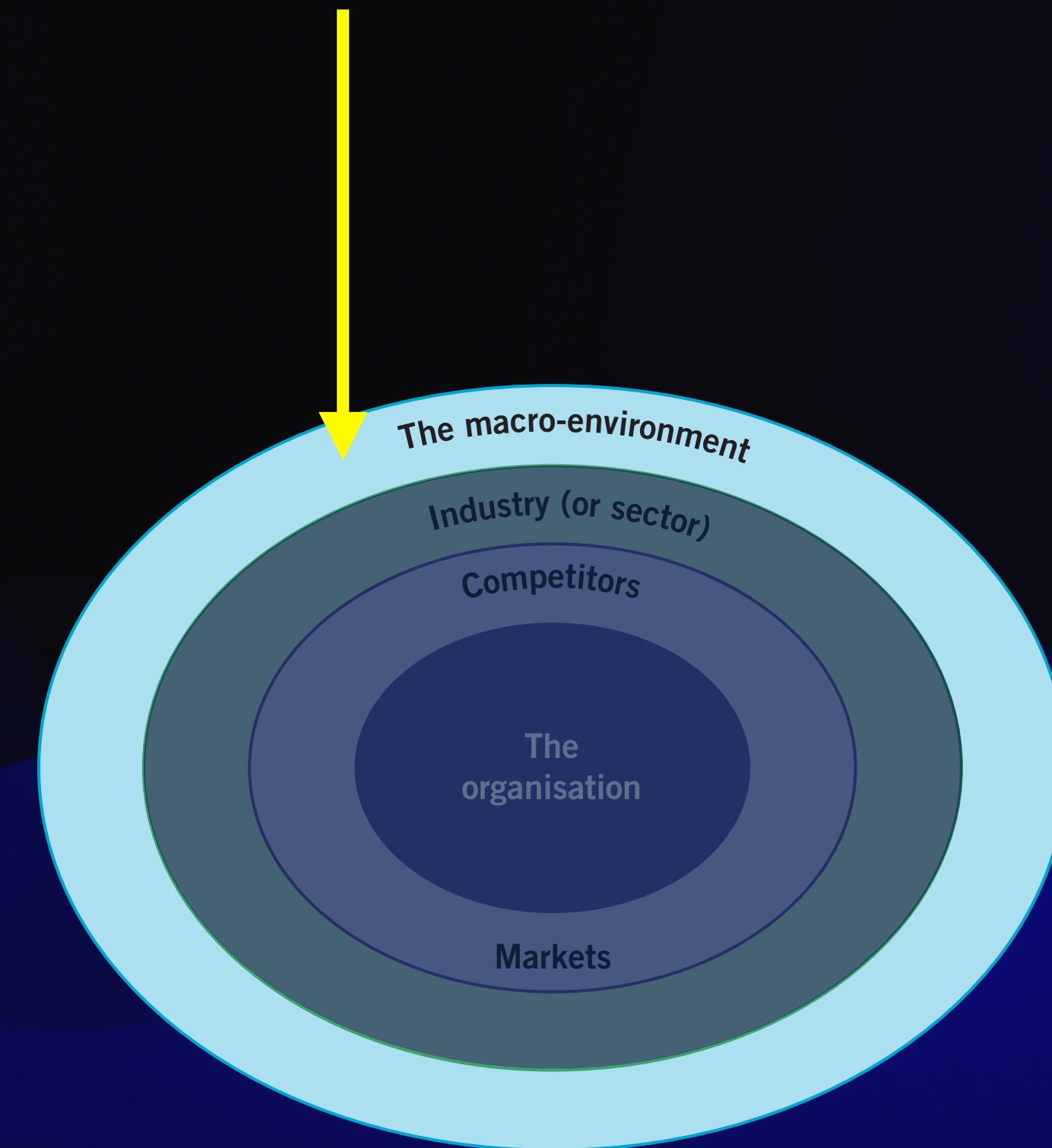


PESTLE

PESTLE analysis is a strategic tool for identifying and analysing the external macro-environmental factors that could impact an organisation. This analysis can help businesses identify opportunities and threats affecting their operations and strategic decisions.

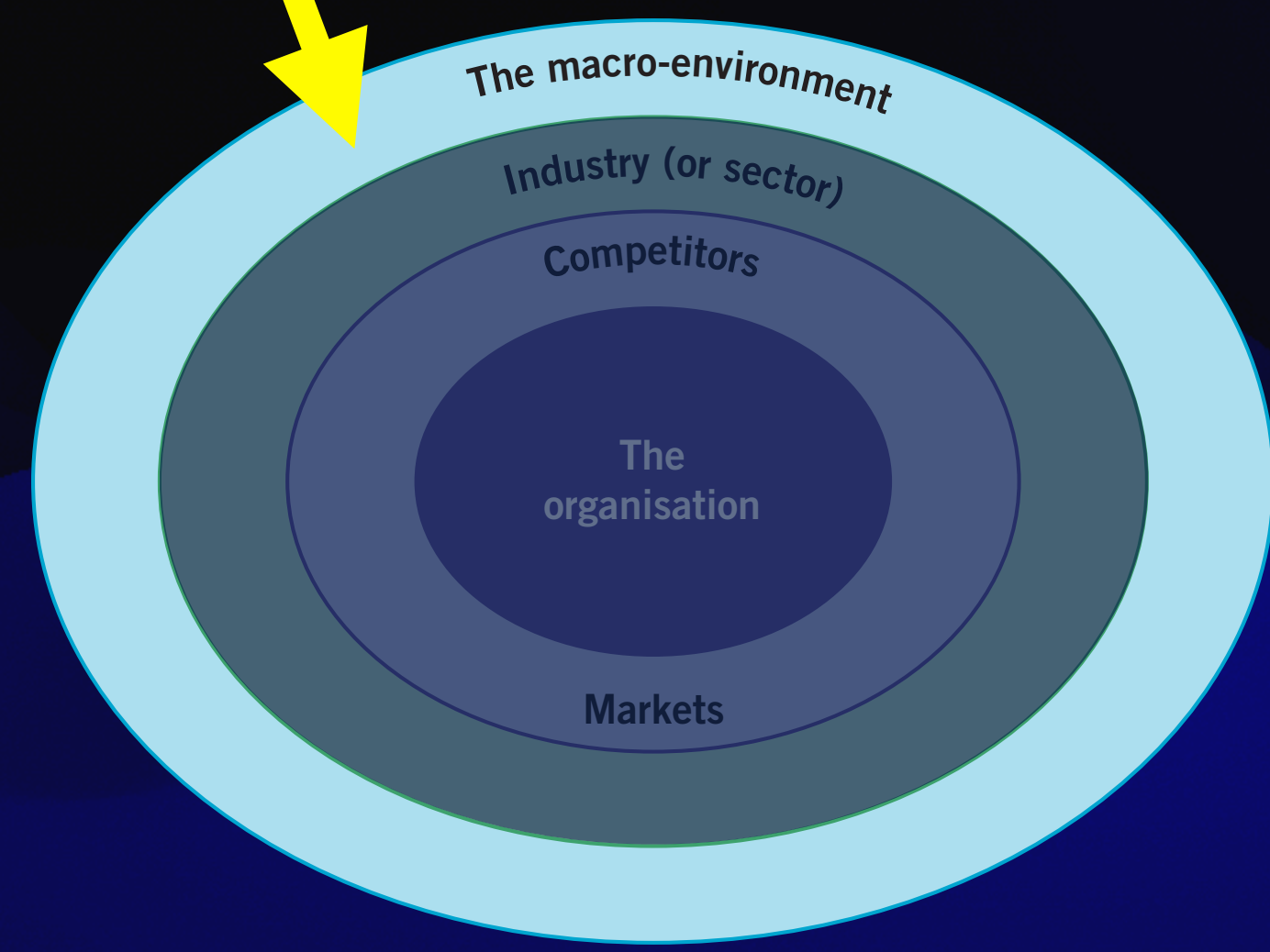
The acronym stands for **Political, Economic, Social, Technological, Legal, and Environmental** factors. It is commonly applied in strategic planning and market research to provide a detailed understanding of the business environment.

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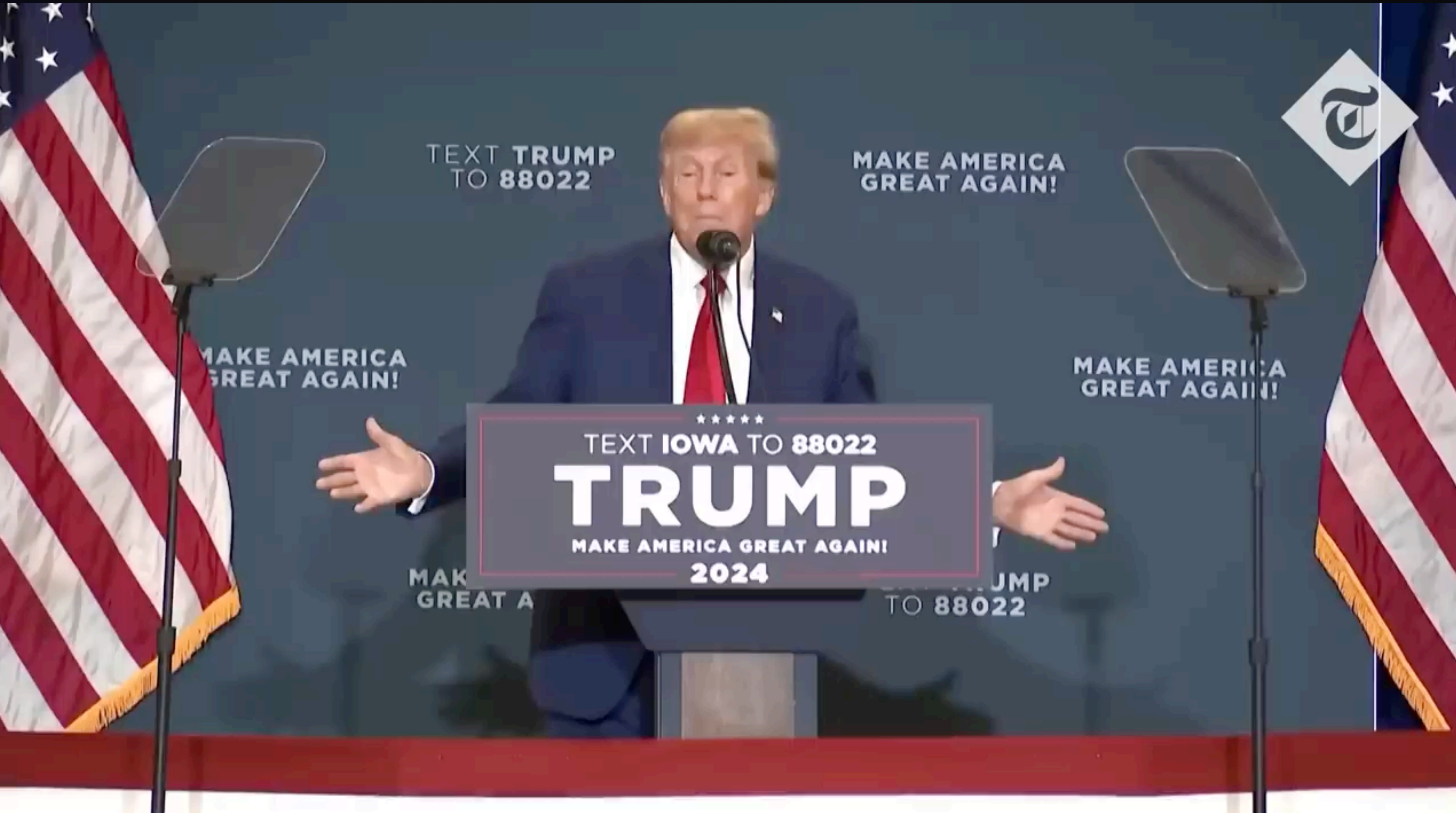




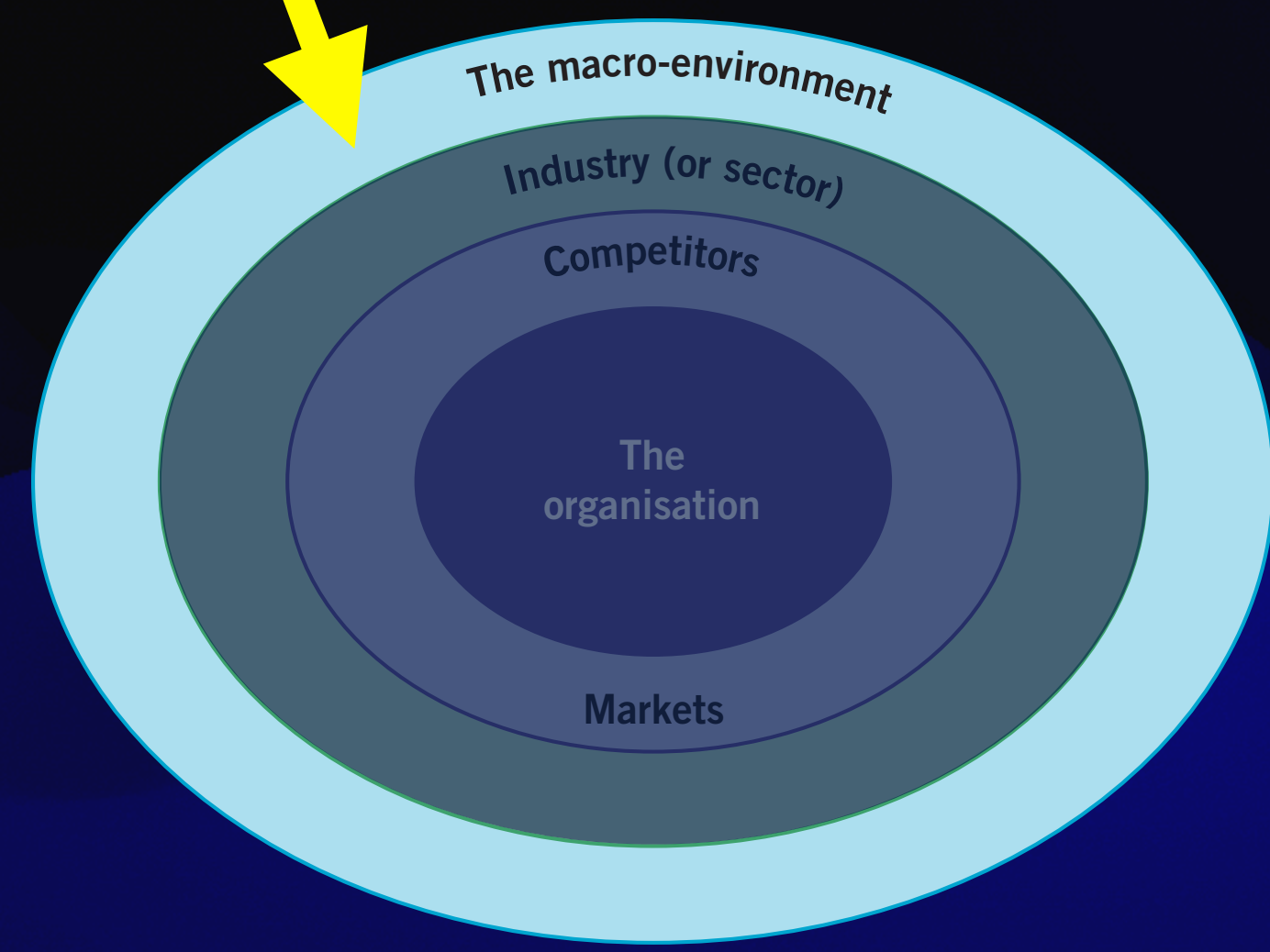
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Political factors represent the impact of government policies and actions on businesses. These include trade regulations, tax policies, political stability, and foreign relations. Political decisions can shape the business environment, providing opportunities or posing threats.



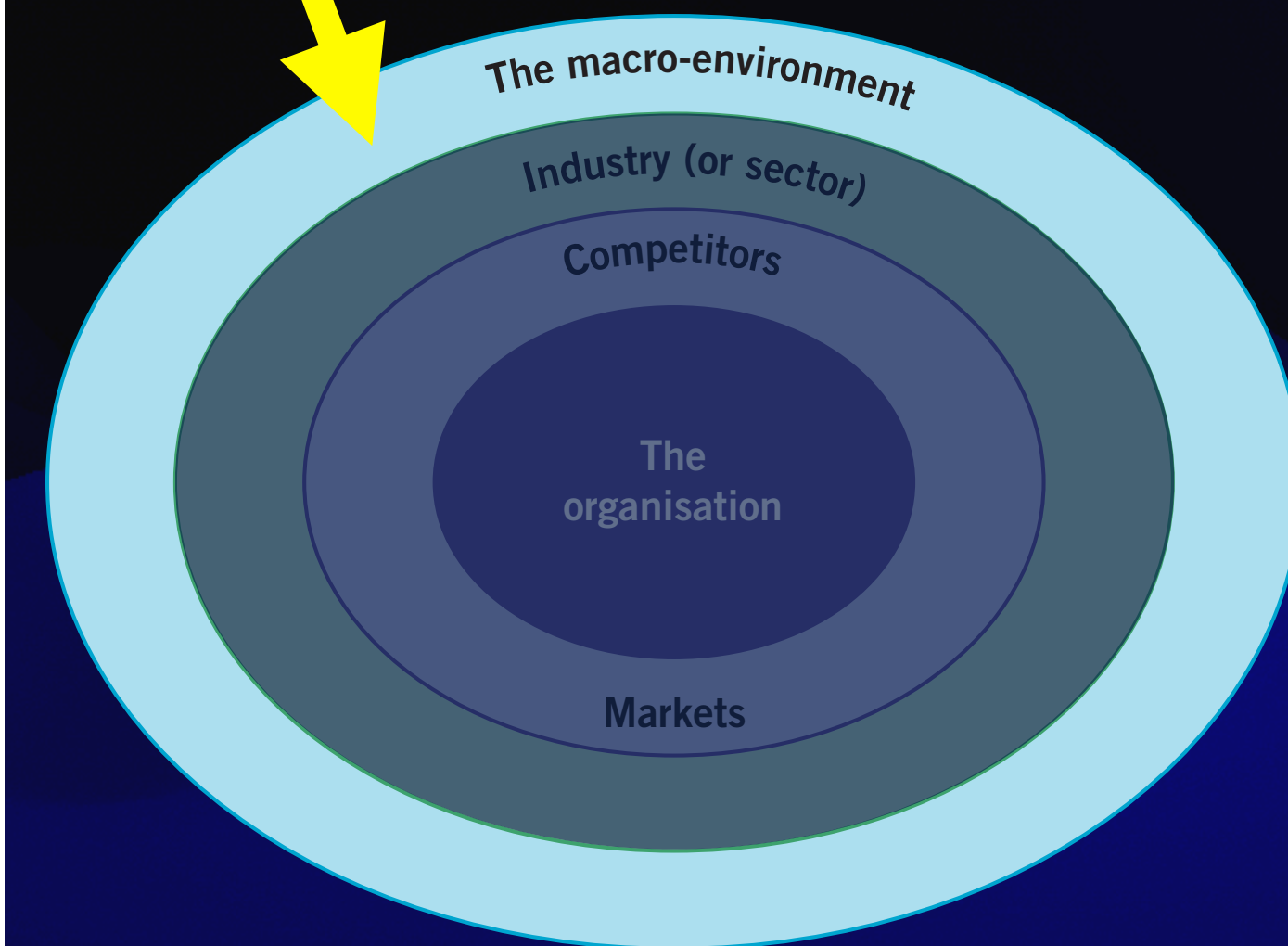
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Example: Trade wars between the US & China have increased tariffs, affecting businesses like Apple, which relies on global supply chains. The tariffs have increased production costs for Apple & other tech companies (Xing, 2021).



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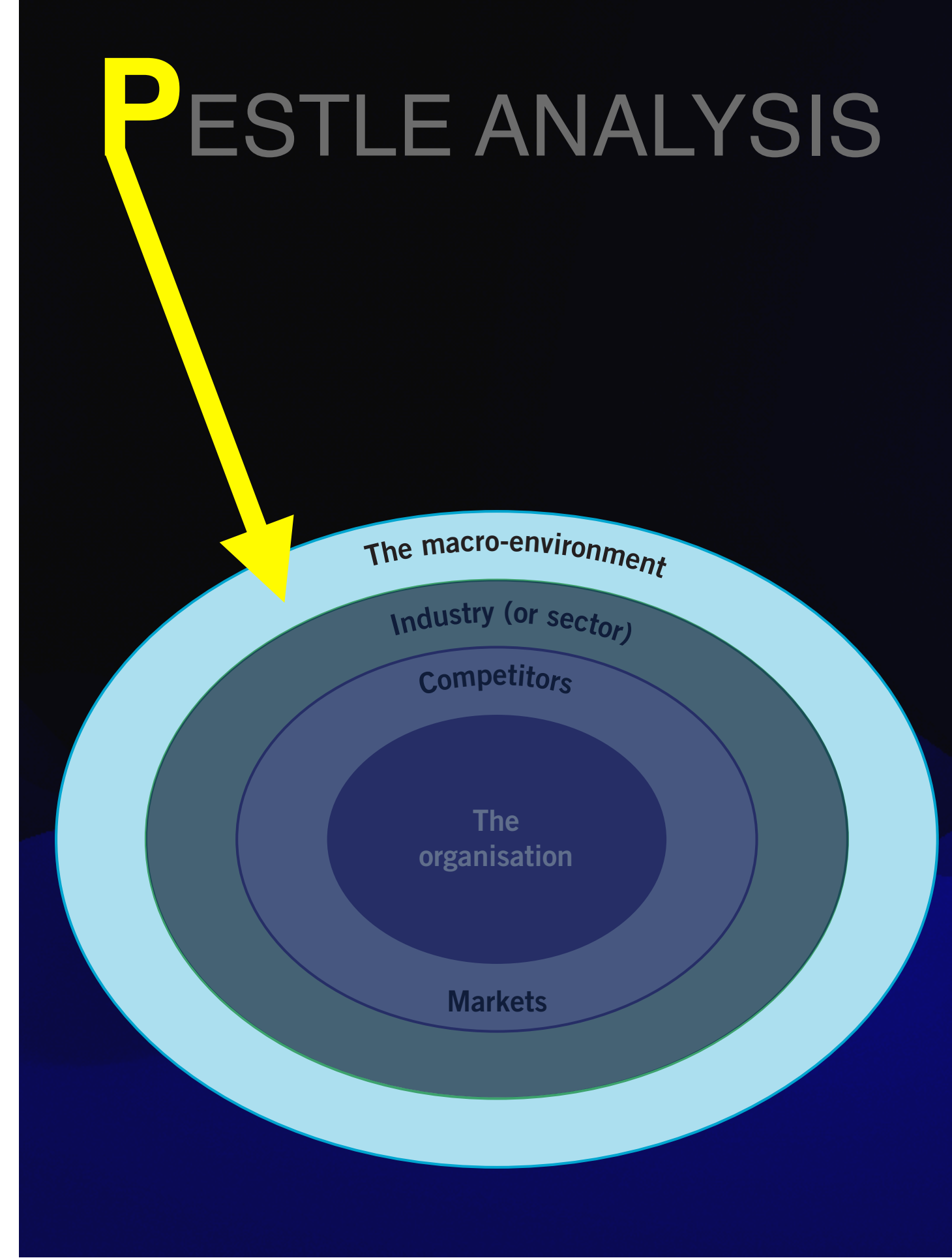


The role of the state
political factors
Exposure to civil society

macro dimension
micro dimension
Politics
internal dimension
external dimension



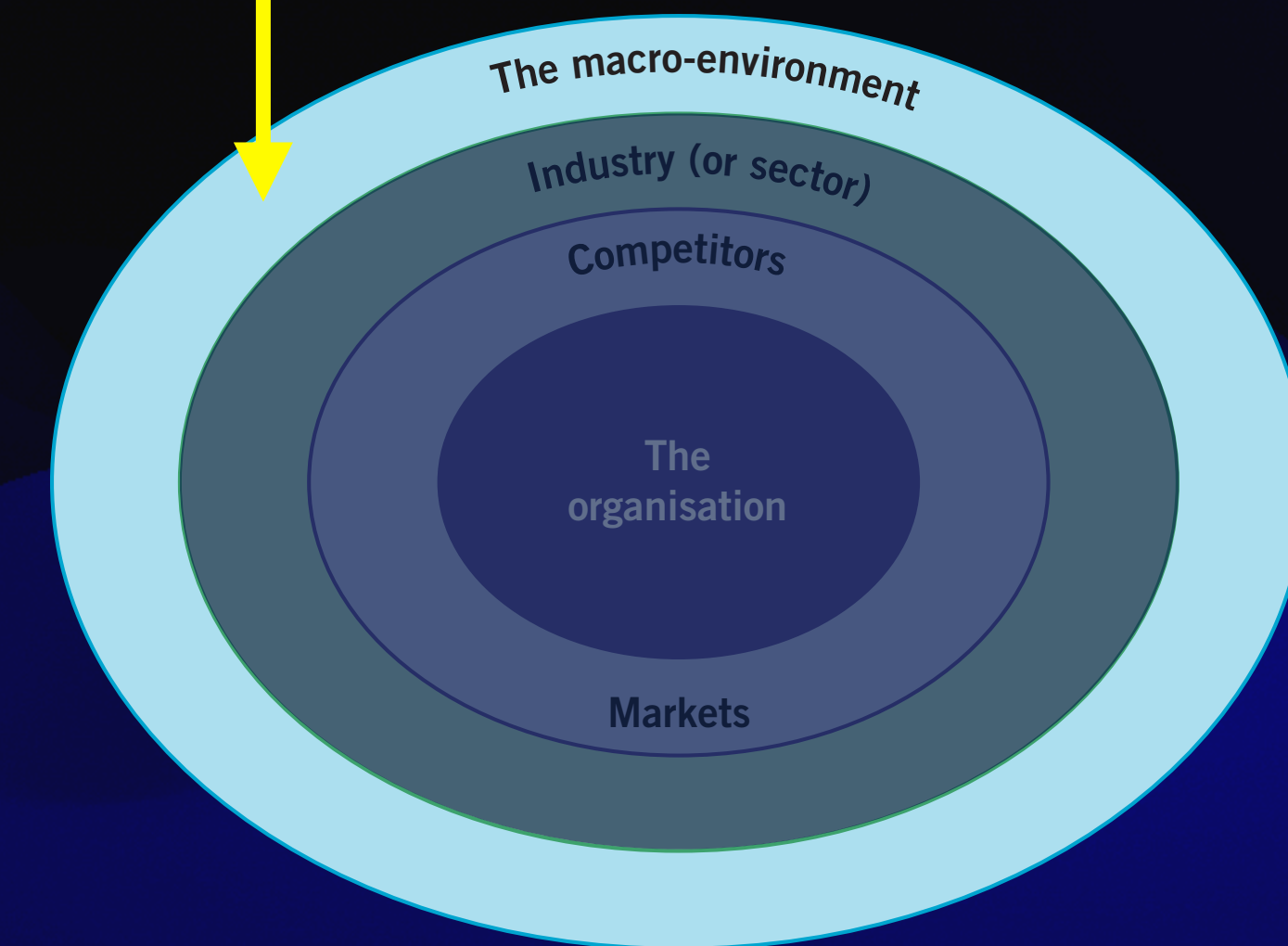
UK University of the year 2023/24



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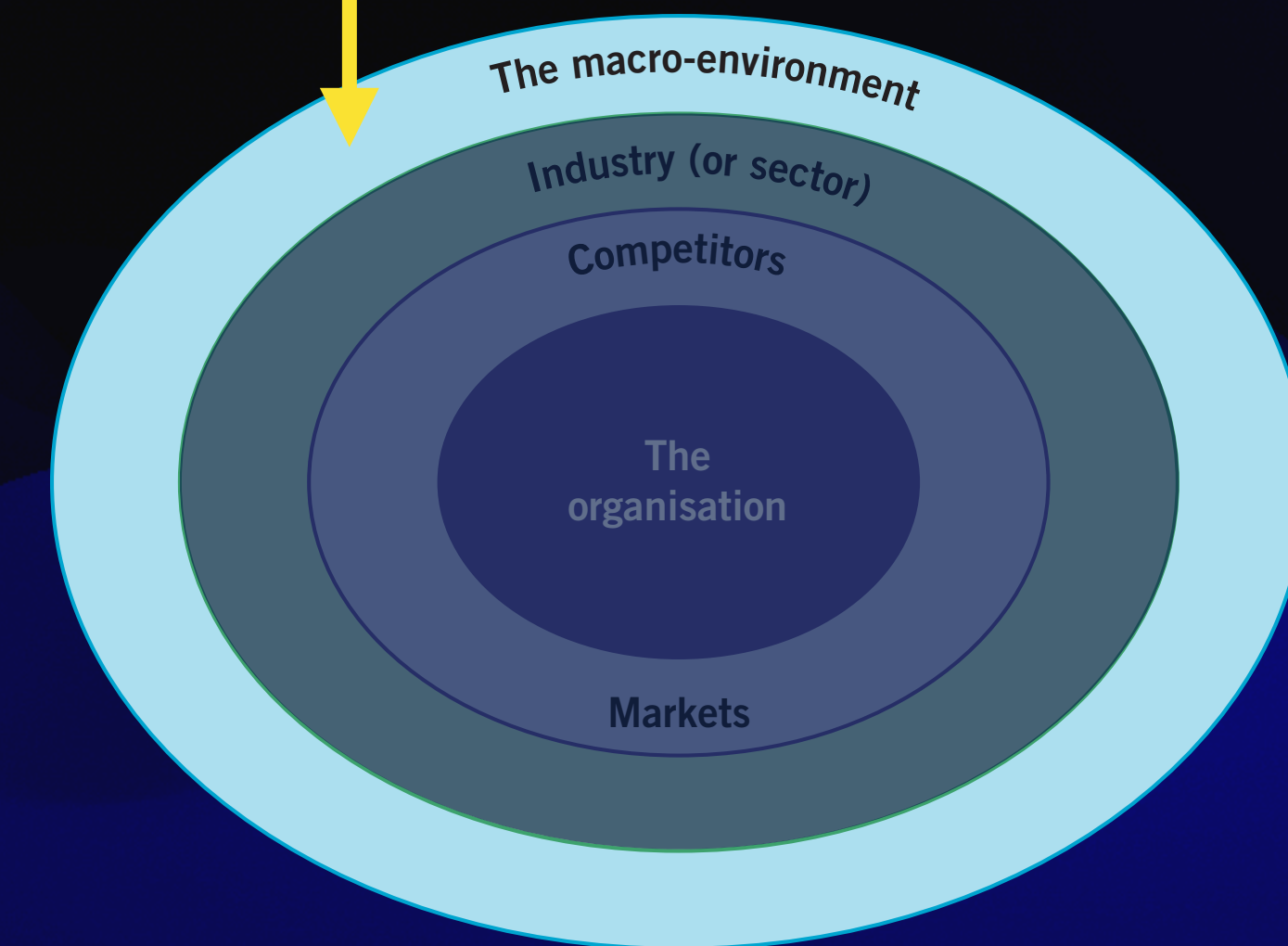


ECONOMIC

Economic factors influence how a business operates in a market. These include inflation rates, exchange rates, economic growth, and consumer purchasing power. The economic environment directly impacts a company's ability to generate profits and grow.



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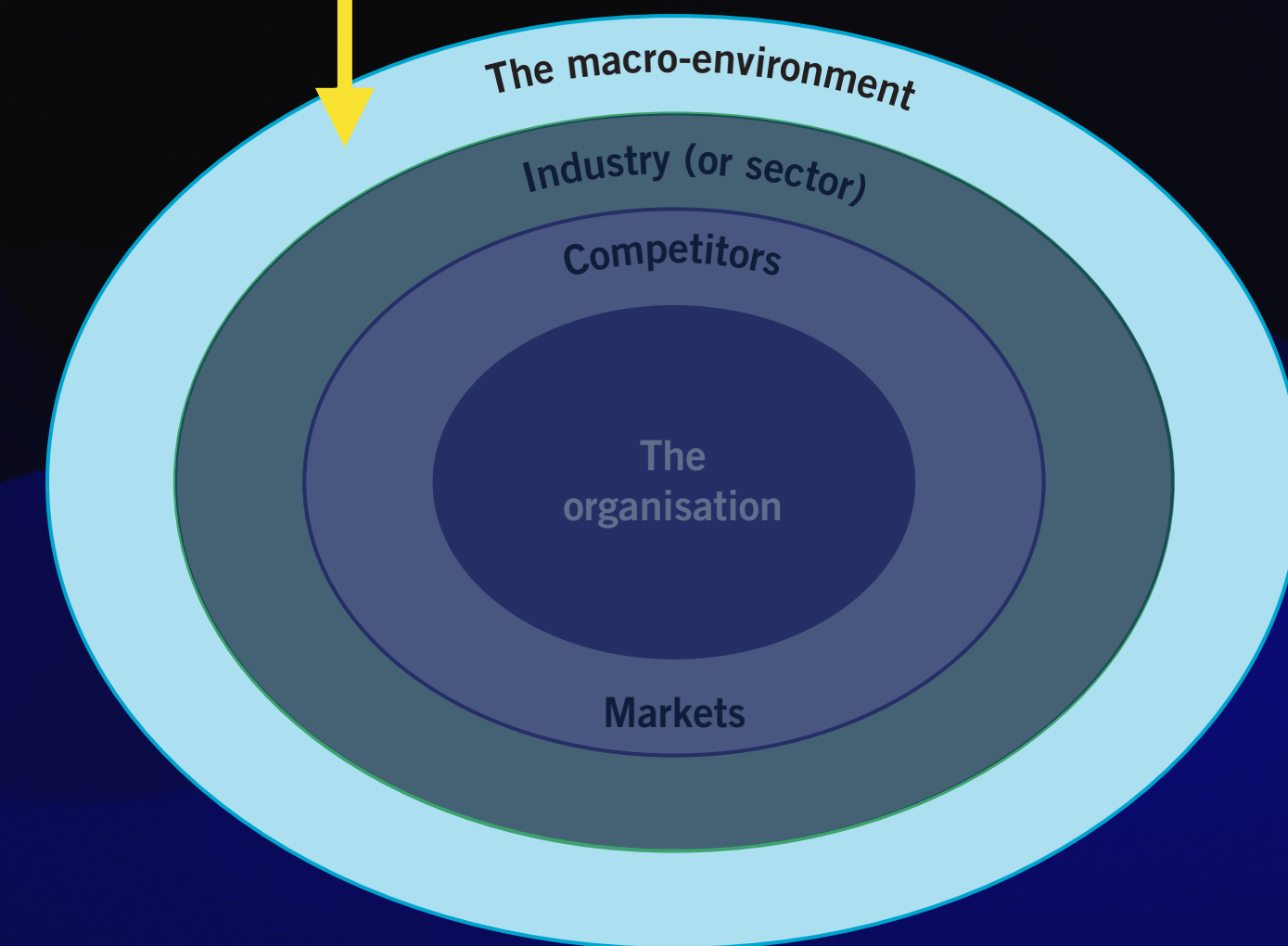


Social

Social factors refer to the cultural and demographic trends that affect consumer behaviours and expectations. These include population growth, lifestyle changes, education levels, and societal values. Businesses need to align their offerings with societal expectations and changes.



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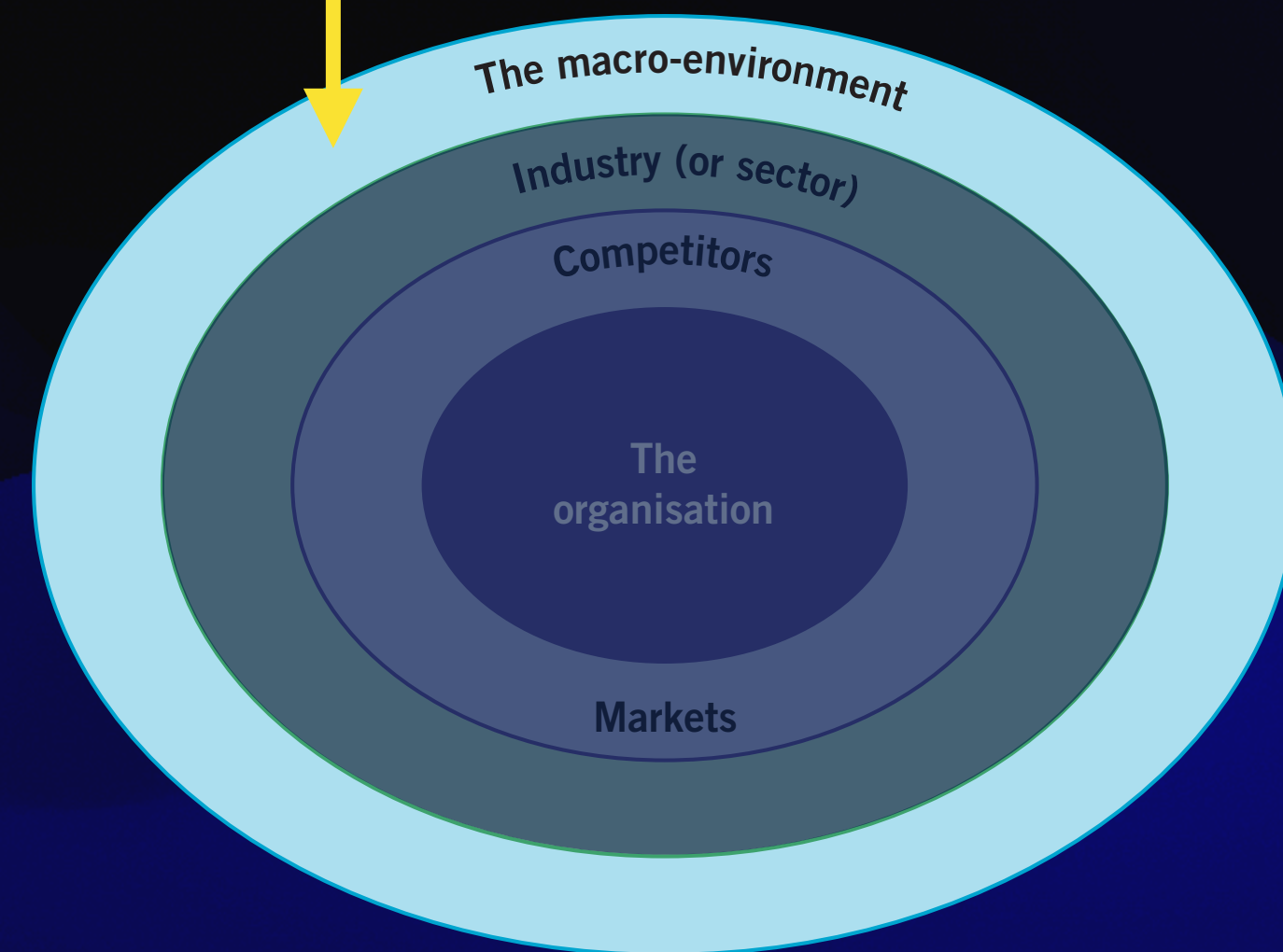


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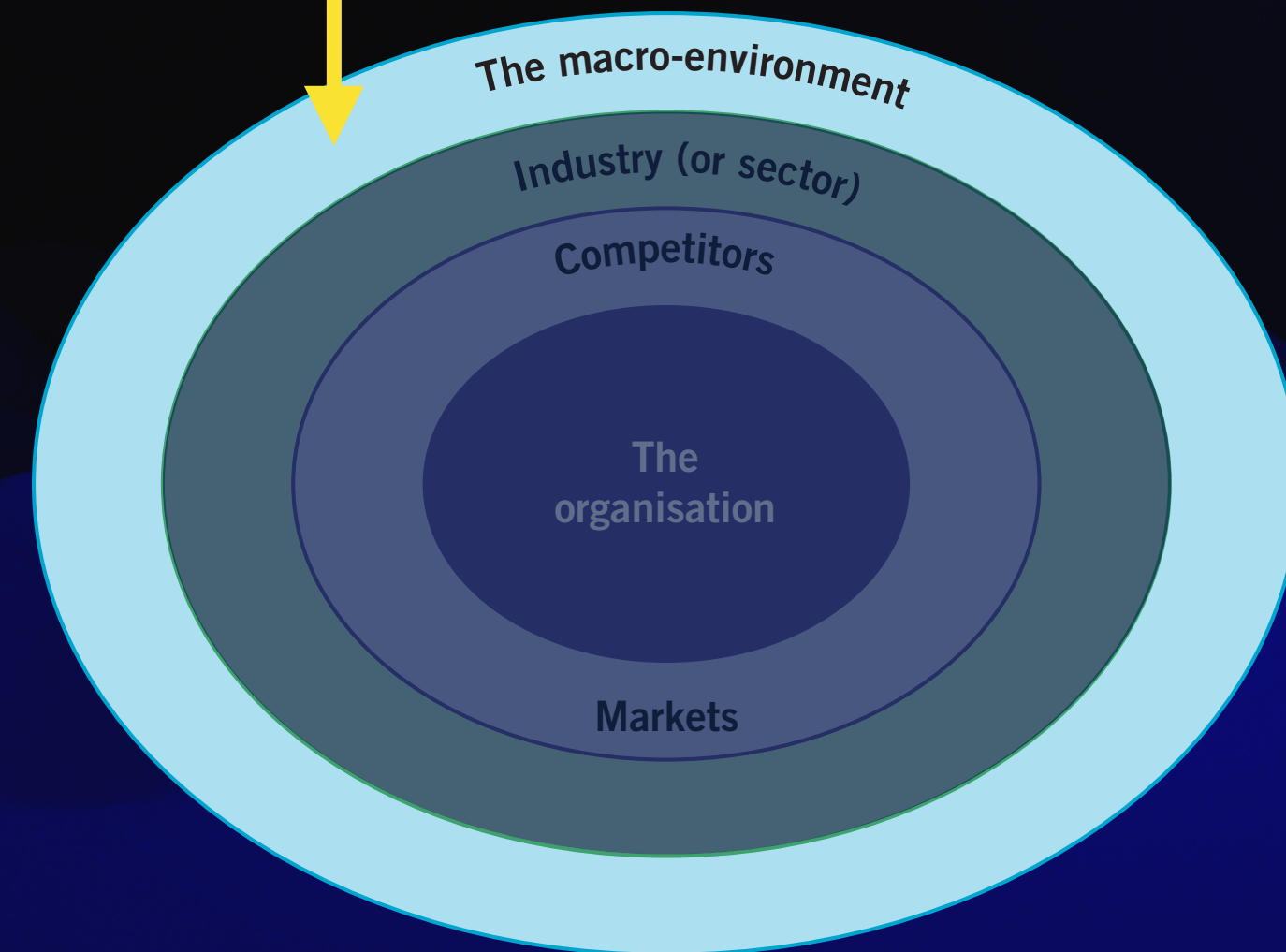


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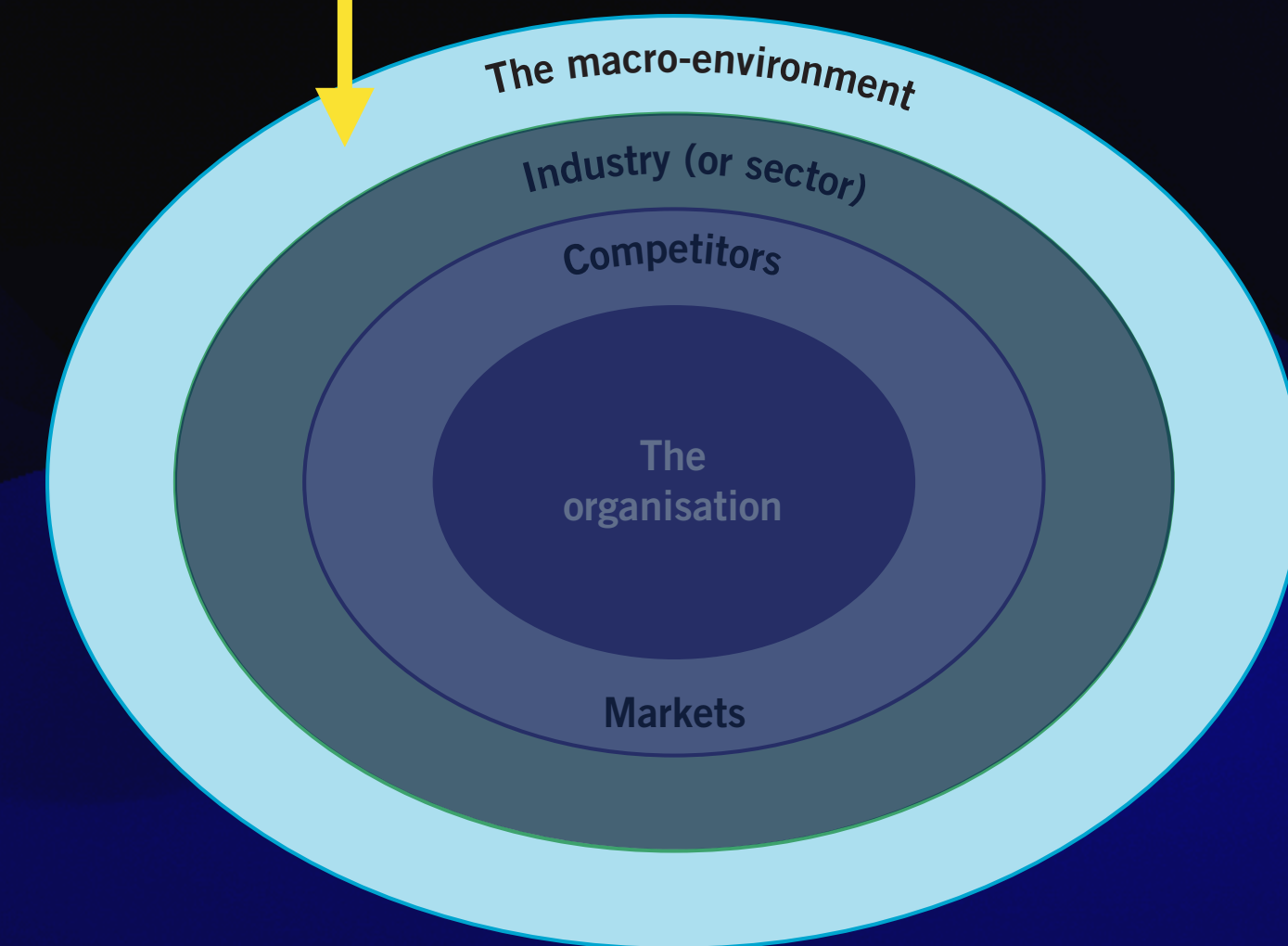
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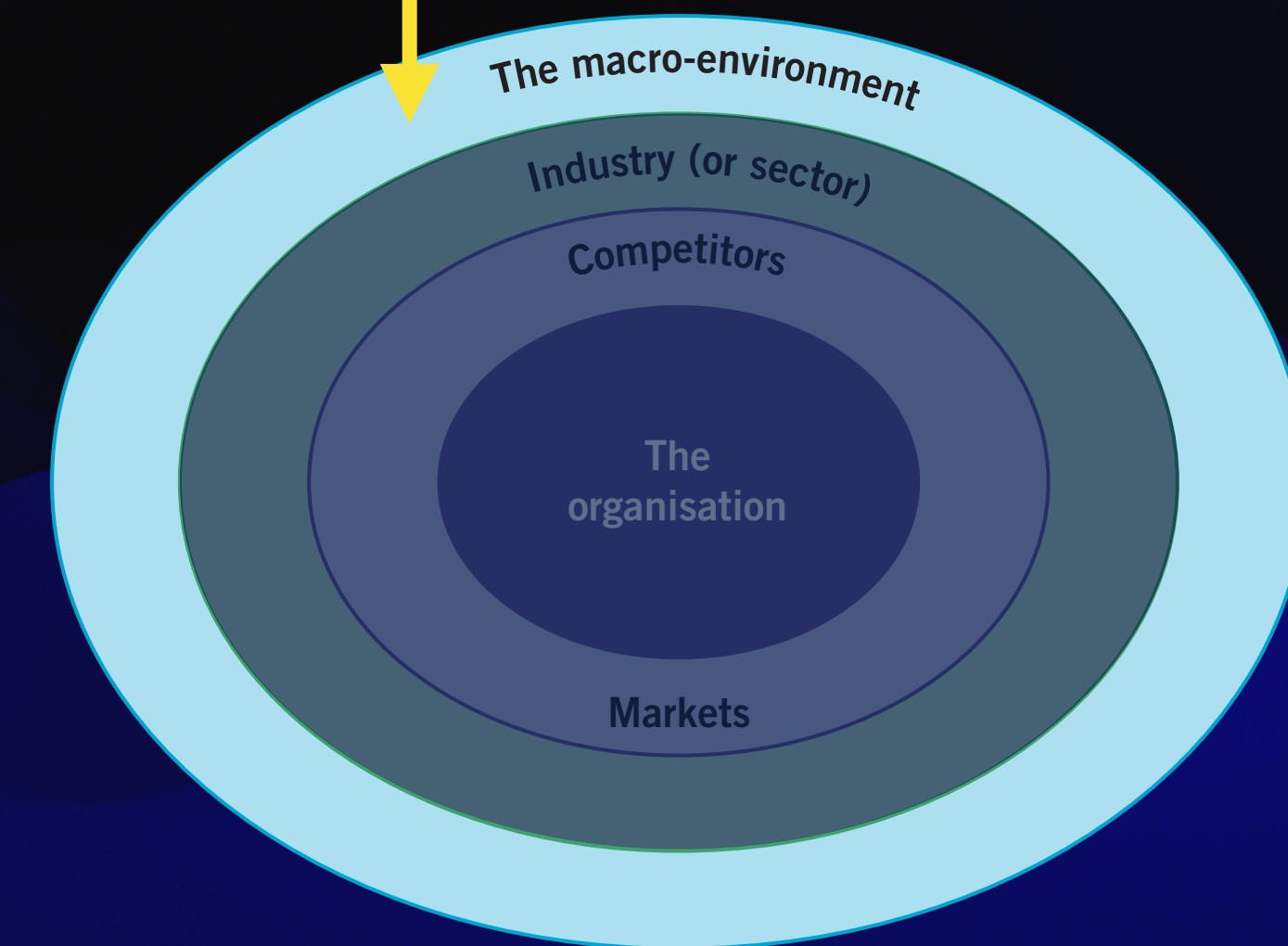
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Social

Toyota Motor Corp. has joined the list of organisations in the United States that are refocusing their policies on LGBTQ+ causes and diversity, equity, and inclusion (DEI)

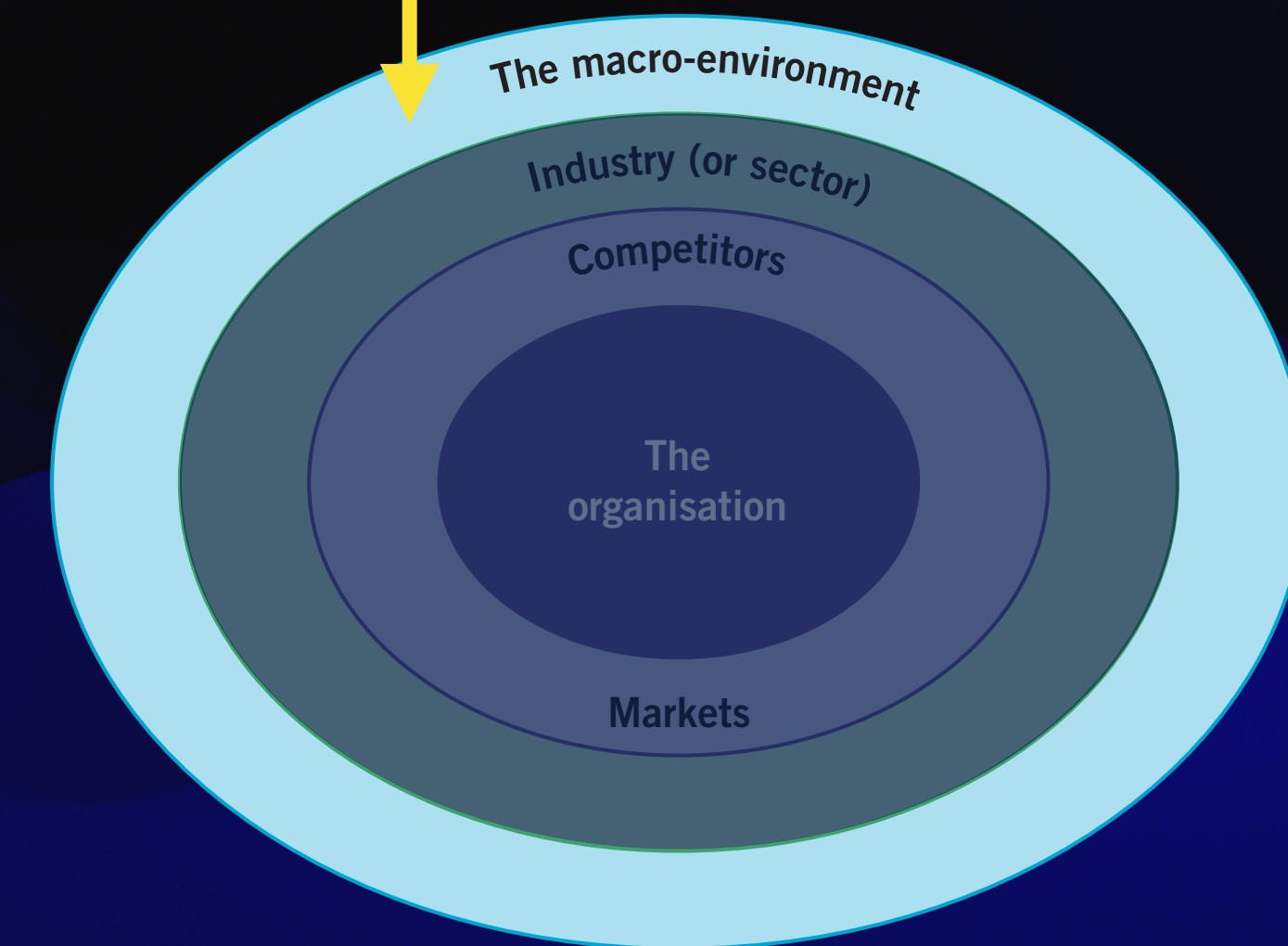
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Technology

Technologies such as the Internet, nanotechnology or new composite materials, automation innovation, social networking (listening), robotics, artificial intelligence...As in the case of internet streaming, new technologies can open up opportunities for some organisations (e.g. Spotify and YouTube) while challenging others (traditional music and broadcasting companies).

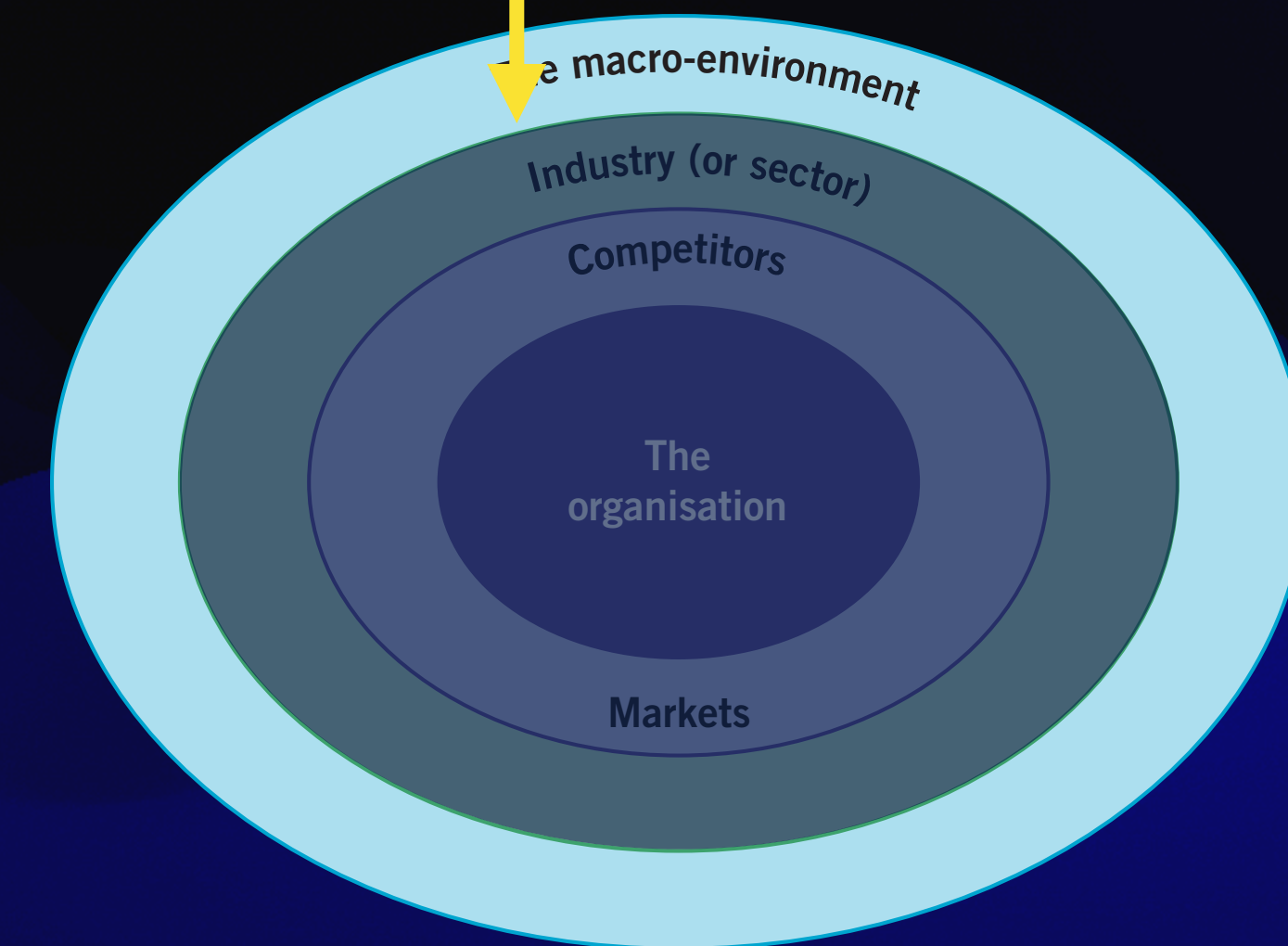
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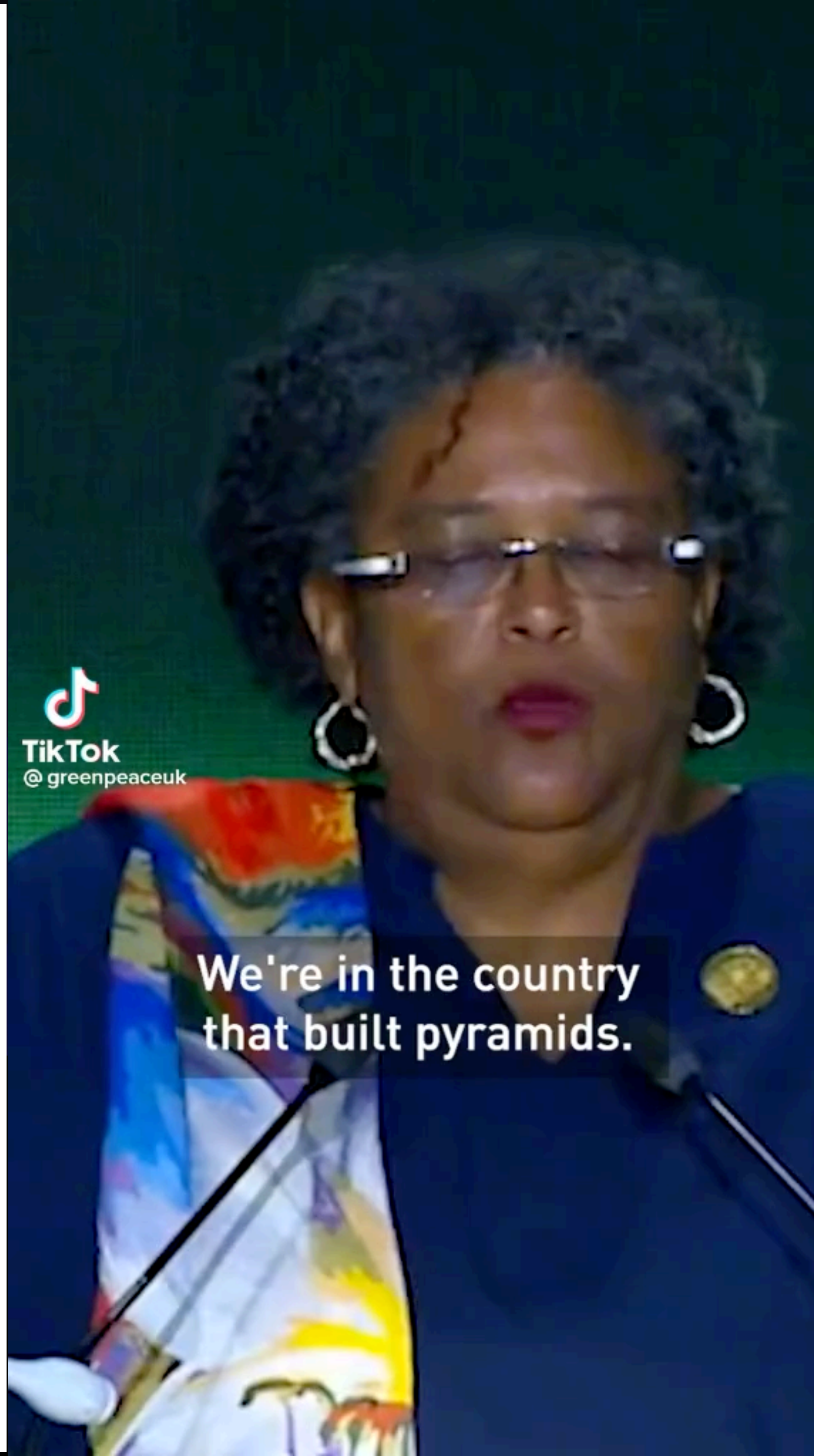


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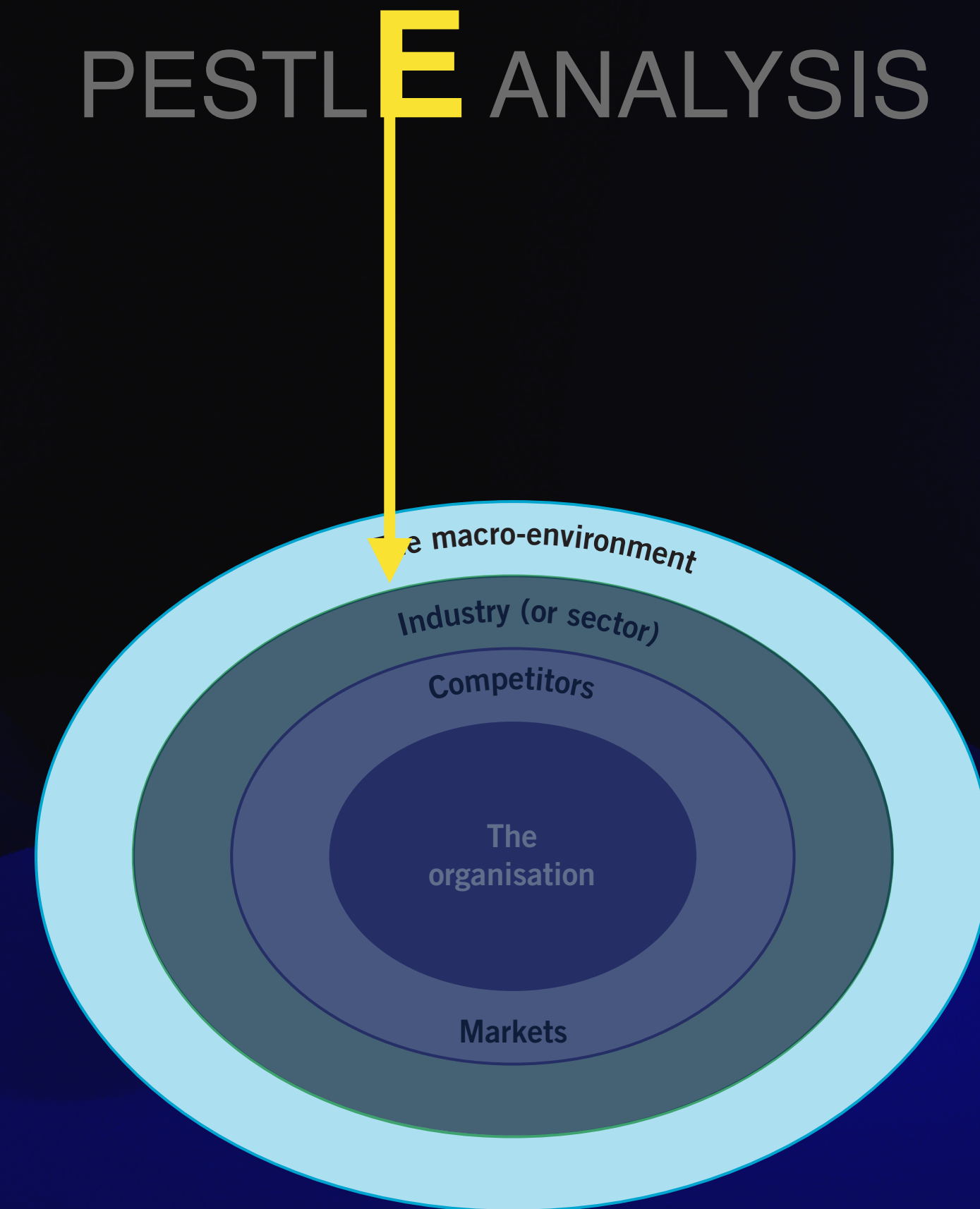
Ecological stands specifically for 'green' macro-environmental issues, such as pollution, waste and climate change. Environmental regulations can impose additional costs, for example, pollution controls, but they can also be a source of opportunity, for example, the new businesses that emerged around mobile phone recycling.

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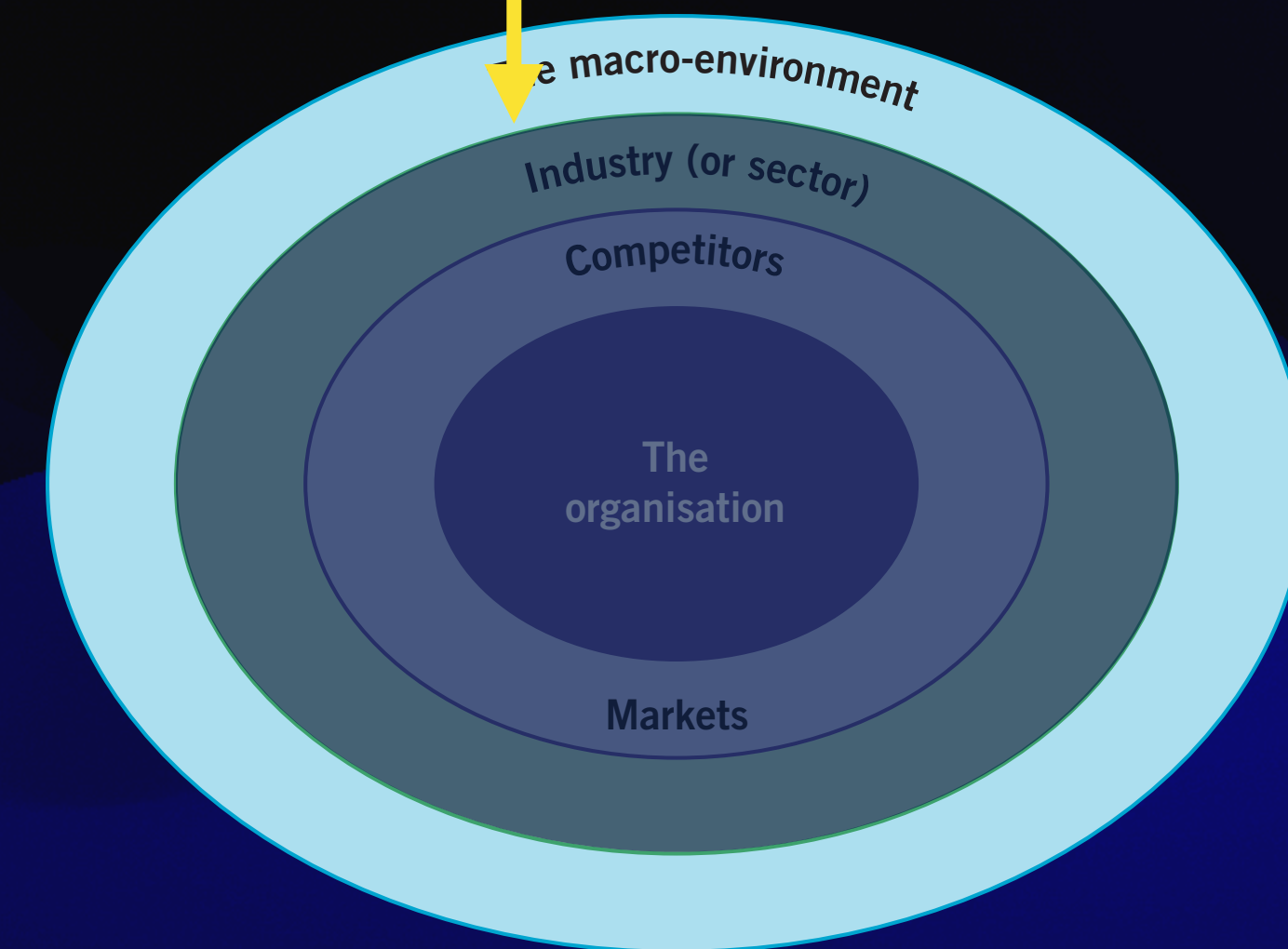
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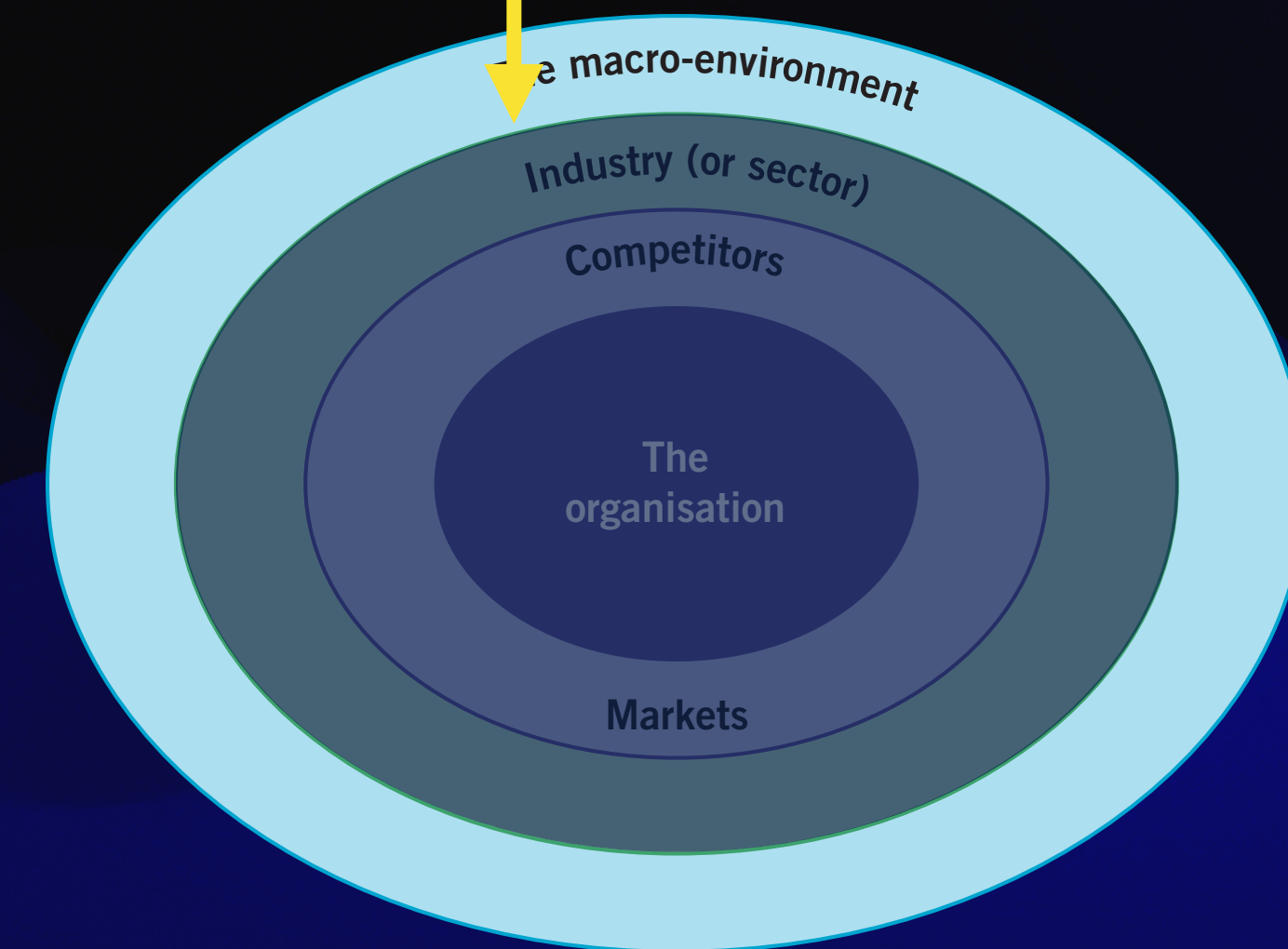
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PESTLE - Ecological - Organizational purpose

- The world is facing numerous urgent challenges, and the awareness of these issues has reached unprecedented levels.
- Business is now seen as part of the problem in these challenges
- The legitimacy of business today is at its lowest - enriching a few without benefiting many
- Milton Friedman - 'A company's social responsibility is to maximise profits.' The goal is shareholder benefit, not social benefit. If the company spent money on 'social things', that was the misuse of corporate resources.
- Philanthropy was a big move;
- How many CSRs move the needle - the bottom line?
- The problem is that social responsibility is seen as separate from business.
- Solution: Reimagine how we do business to positively affect society while creating economic value.

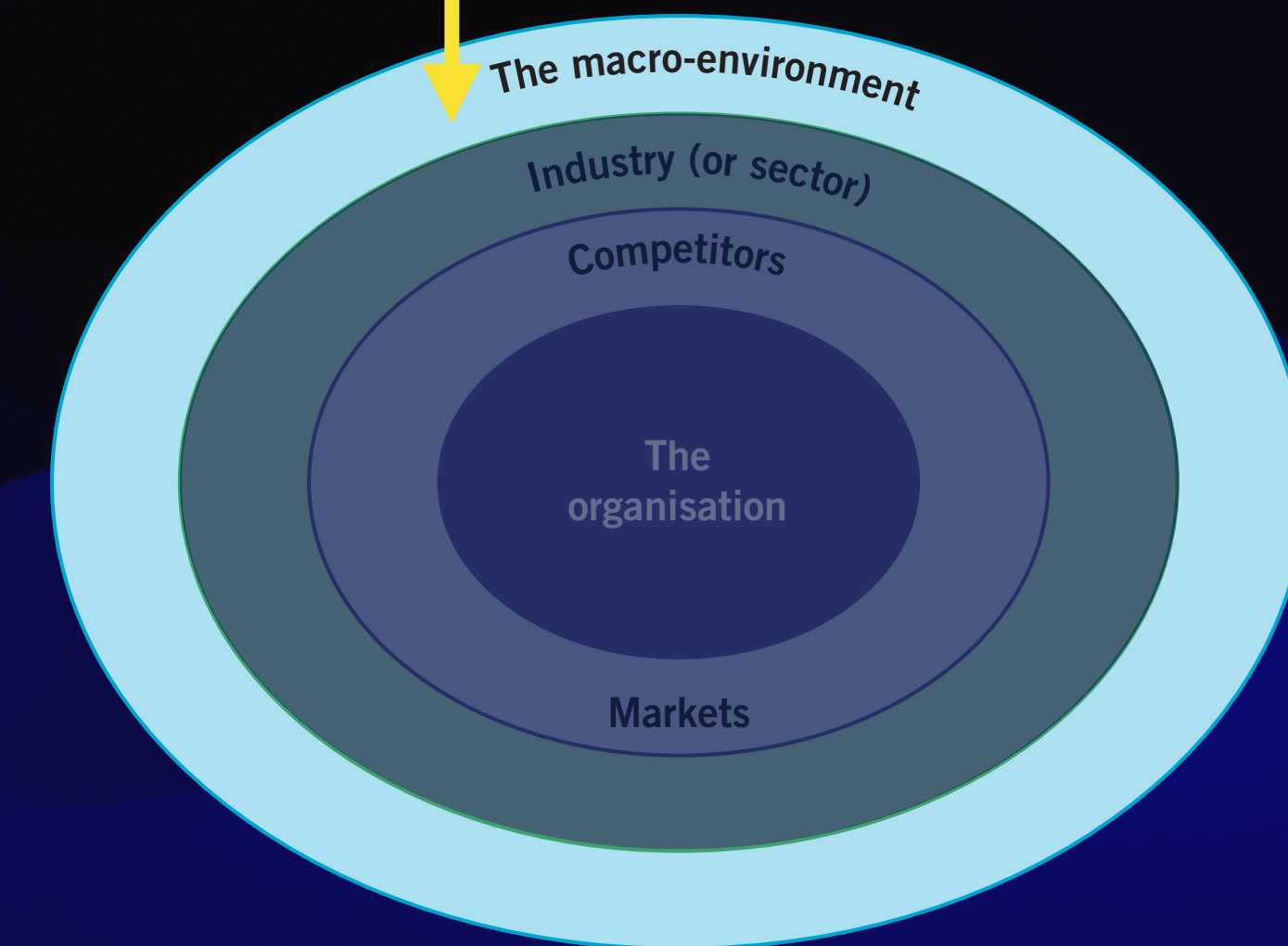
PESTLE - Ecological - Organizational purpose

Corporate Social Responsibility vs Creating Shared Value

- CSR - how we behave in business, comply with ethical standards, be good citizens, behave sustainably - codes of conduct, many certifications to prove they care...CSR reduces the risk or harm they create rather than doing good, building trust and license to operate, separate budgets...critical ideas underpin CSR. The law in India states that 2% of profit goes back into CSR.
- CSV mobilises the corporation's entire budget to impact social issues.
- CSV is not just about doing good; it's about integrating social impact into the core strategy. This strategic approach keeps the audience engaged and focused on the bigger picture.
- Reengineer products and services to benefit society
- This will restore the legitimacy of the Corporation.

The final element in a PESTEL analysis of the macro-environment refers to **legal** aspects. These can cover a wide range of topics, such as labour, environmental, and consumer regulation, taxation and reporting requirements, and rules on ownership, competition, and corporate governance. In recent years, the relaxation of legal constraints through deregulation has created many new business opportunities, such as low-cost airlines and ‘free schools’ in various countries. However, regulations can also handicap organisations.

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Legal

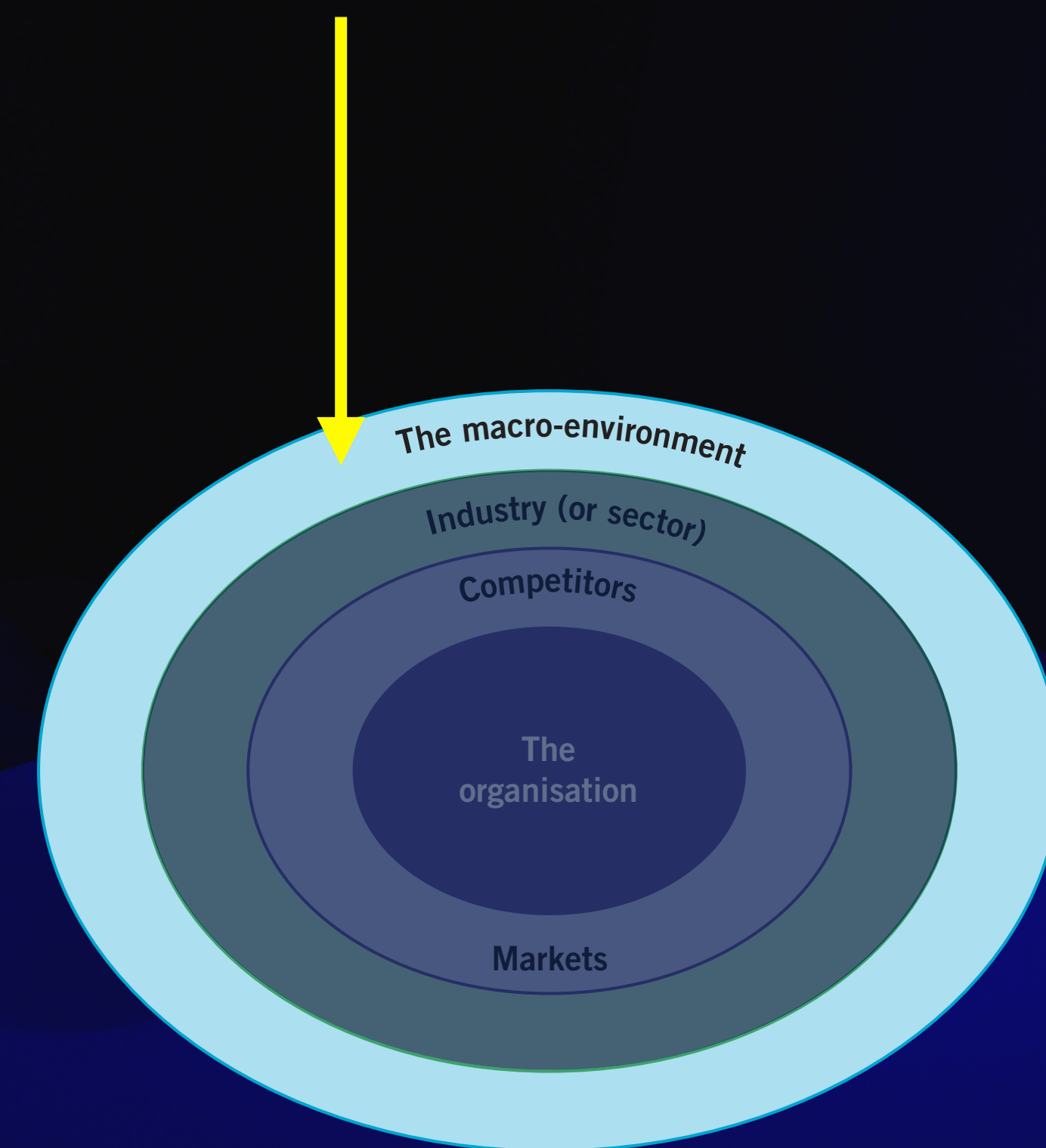


- KEY drivers to cHange COUNTRY A

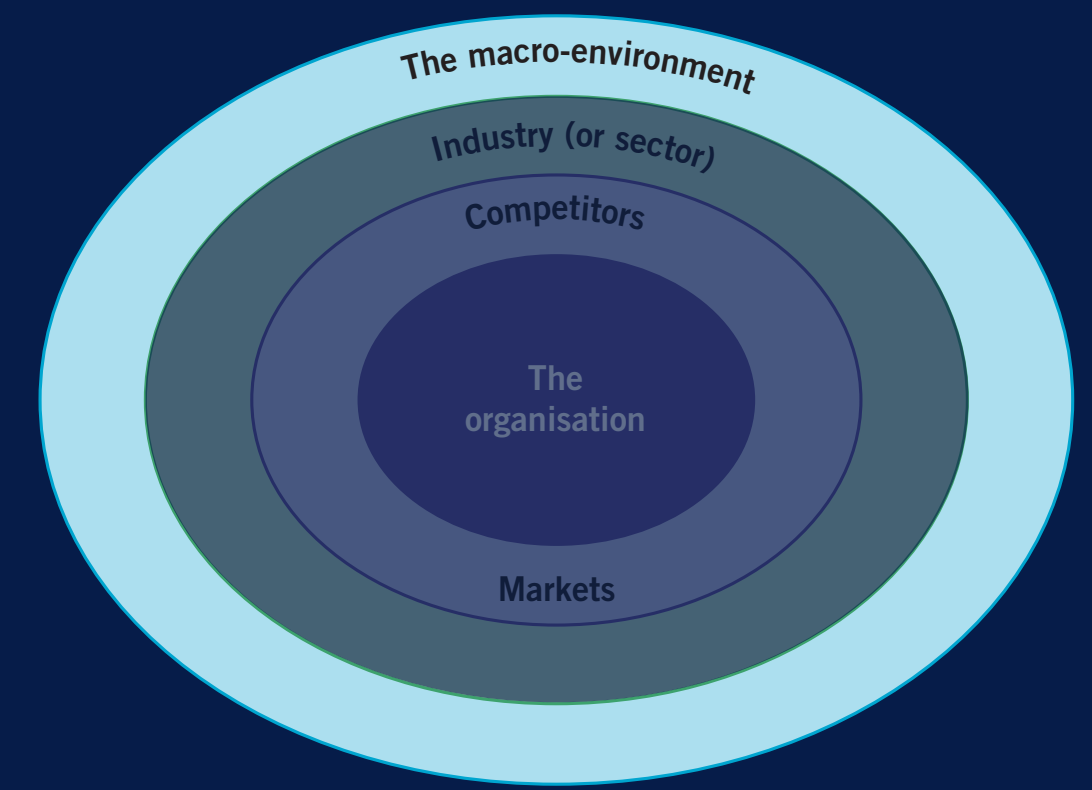
External factors to consider	Factors affected within my industry	Opportunity	Threat
Political	Government Stability (4)		
Economic			
Social			
Technological			
Ecological			
Legal			

Key drivers for change are the environmental factors likely to have a high impact on industries and sectors, and the success or failure of strategies within them.

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PESTLE – Scenario analysis



Scenarios offer plausible alternative views of how the macro-environment might develop in the future, typically in the long term.

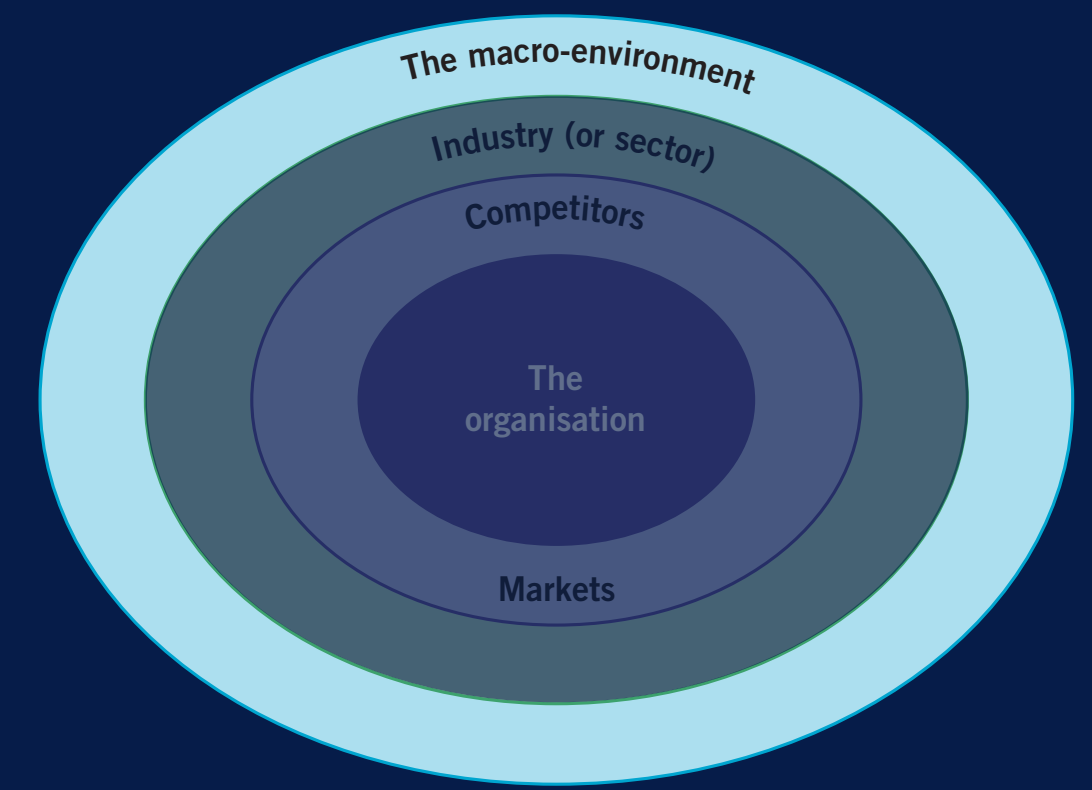
Step 1: Identify Driving Forces – PESTLE

Step 2: Identify Your Critical Uncertainties

Step 3: Develop Plausible Scenarios

Step 4: Discuss Implications of Paths – Consider potential actions you could take if each situation were to occur and how this may guide your decision making and strategy

PESTLE - Scenario analysis - example

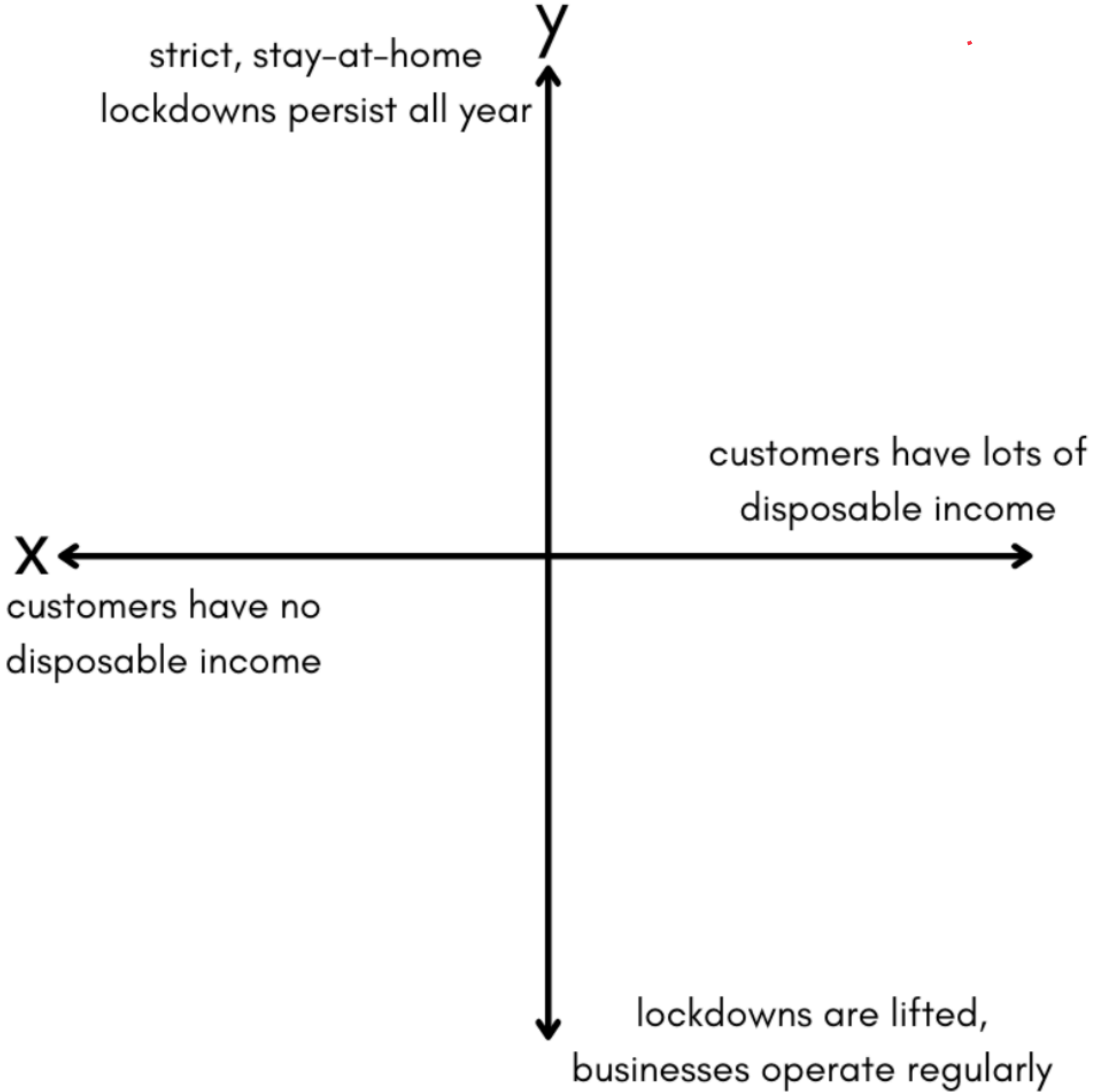
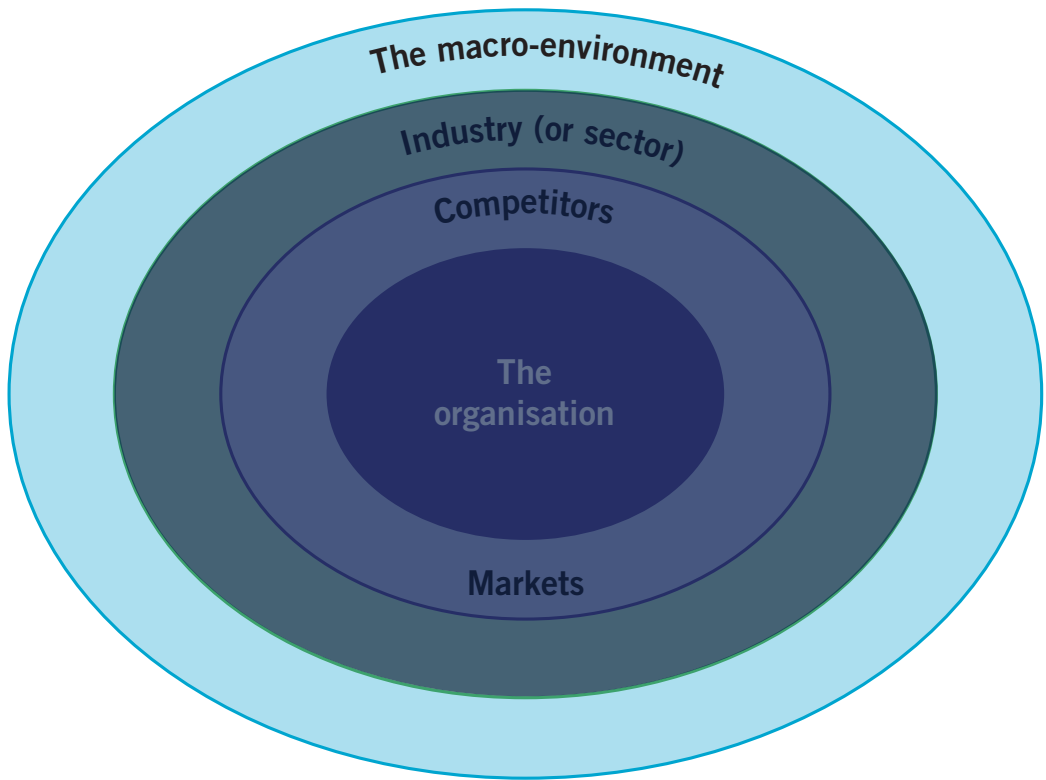


If the year 2020 has taught us anything, it has taught us that the future is uncertain. In business and life, things can take a turn whether you're ready or not. And that's what happened. Lockdowns, travel bans and closures have forced people worldwide to rethink their businesses, make sharp pivots, or flounder in the face of uncertainty.

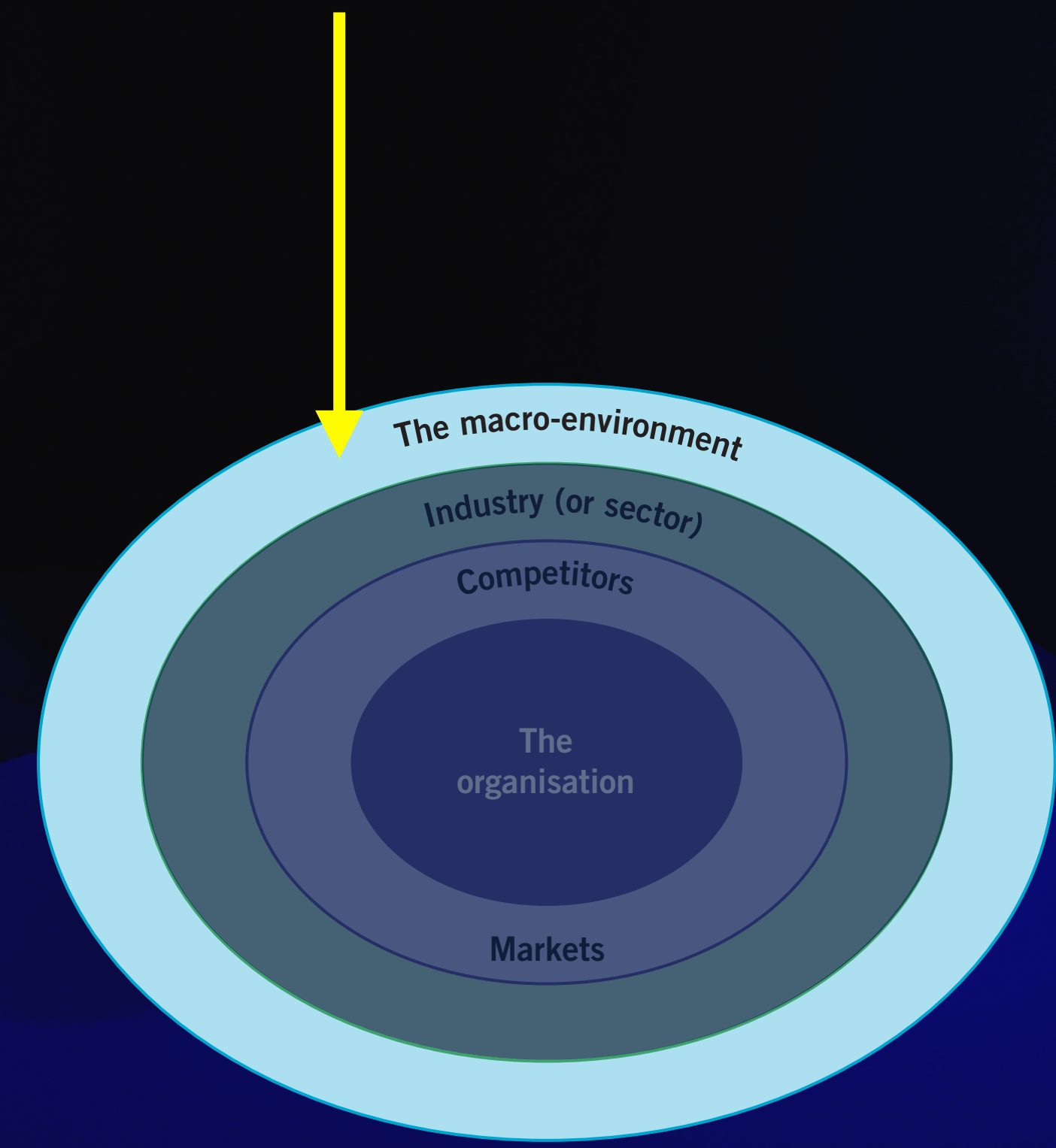
For this example, we'll look at a time frame of just one year.

The critical uncertainties that we'll choose are **stay-at-home lockdowns and the disposable income of our customers.**

PESTLE - Scenario analysis - example



PESTLE ANALYSIS



PESTEL factors examine macro-environmental factors according to six key types: **political, economic, social, technological, ecological and legal.**

Sources of Environmental Information

- Market research reports (such as Mintel, Euromonitor (Passport) etc.)
- Newspapers and magazines
- Trade magazines and newsletters
- Government reports and statistics (e.g. EU reports at www.europa.eu)
- Companies own records
- Trade organisations
- International bodies and committees
- Trade unions (such as TUC – Britain's Trade union congress)
- Company websites
- Customer and consumer online communities and discussion forums
- News organisation websites
- Consultancy firms (such as PWC, McKinsey & Co, KPMG)



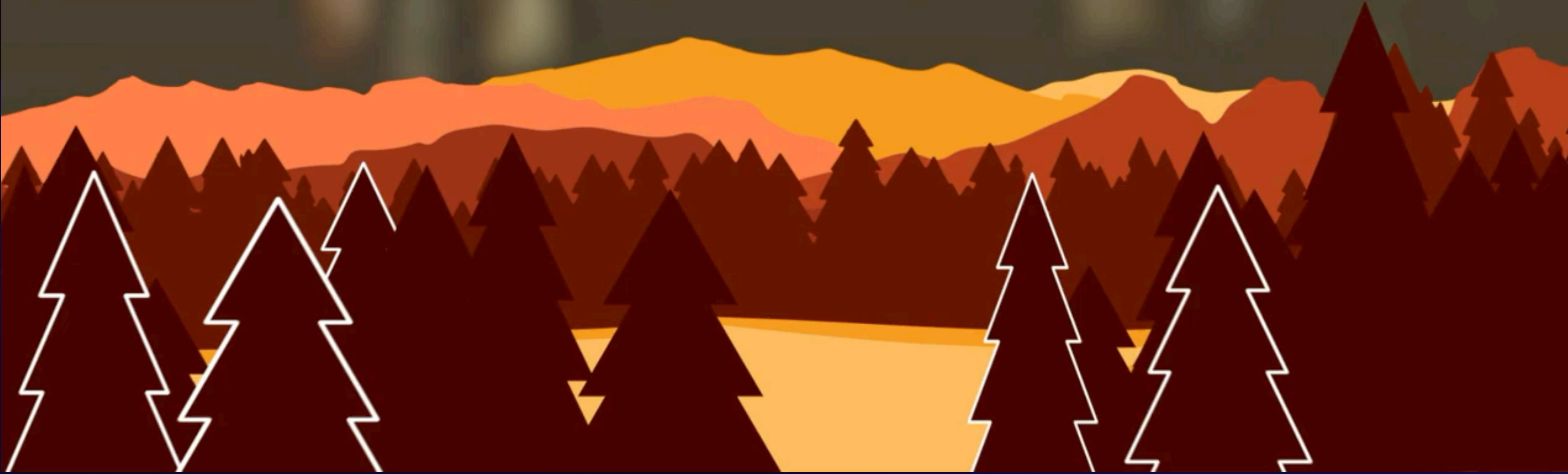
Key Sources of Information

- [EBSCOhost Business Source Premier](#)
 - [IBISWorld](#)
 - [FT.com](#)
 - [Statista](#)
-
- Log In Via Institution
 - Use your ARU Credentials

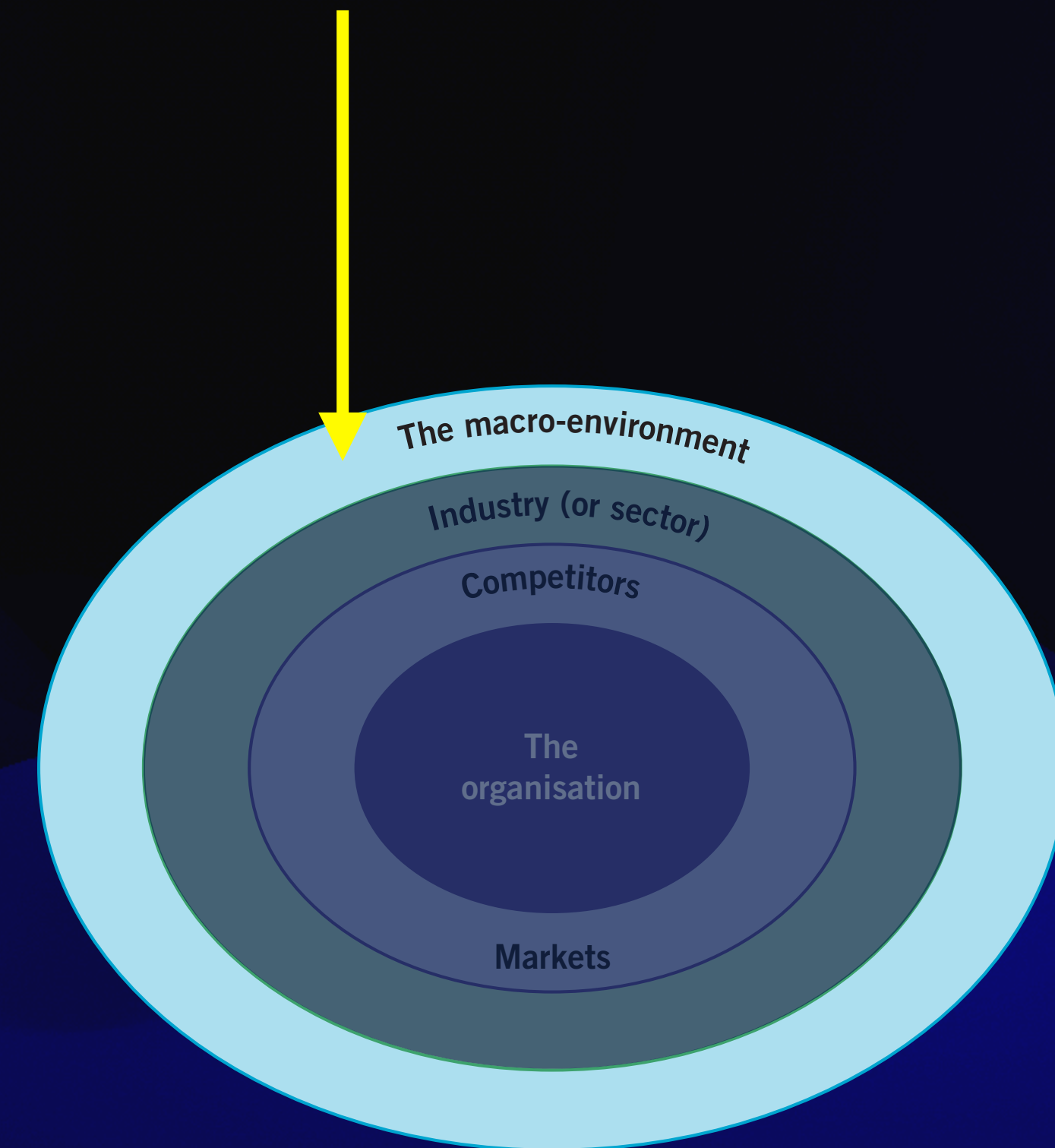
General Tips

- Please use **Harvard Referencing System** to cite sources and produce your Reference List
- <http://libweb.anglia.ac.uk/referencing/harvard.htm>
- <https://www.citethemrightonline.com/>
- It is also important that you **apply the models**
- Remember you are **making recommendations, so speak to the company**

Marketing Command Center

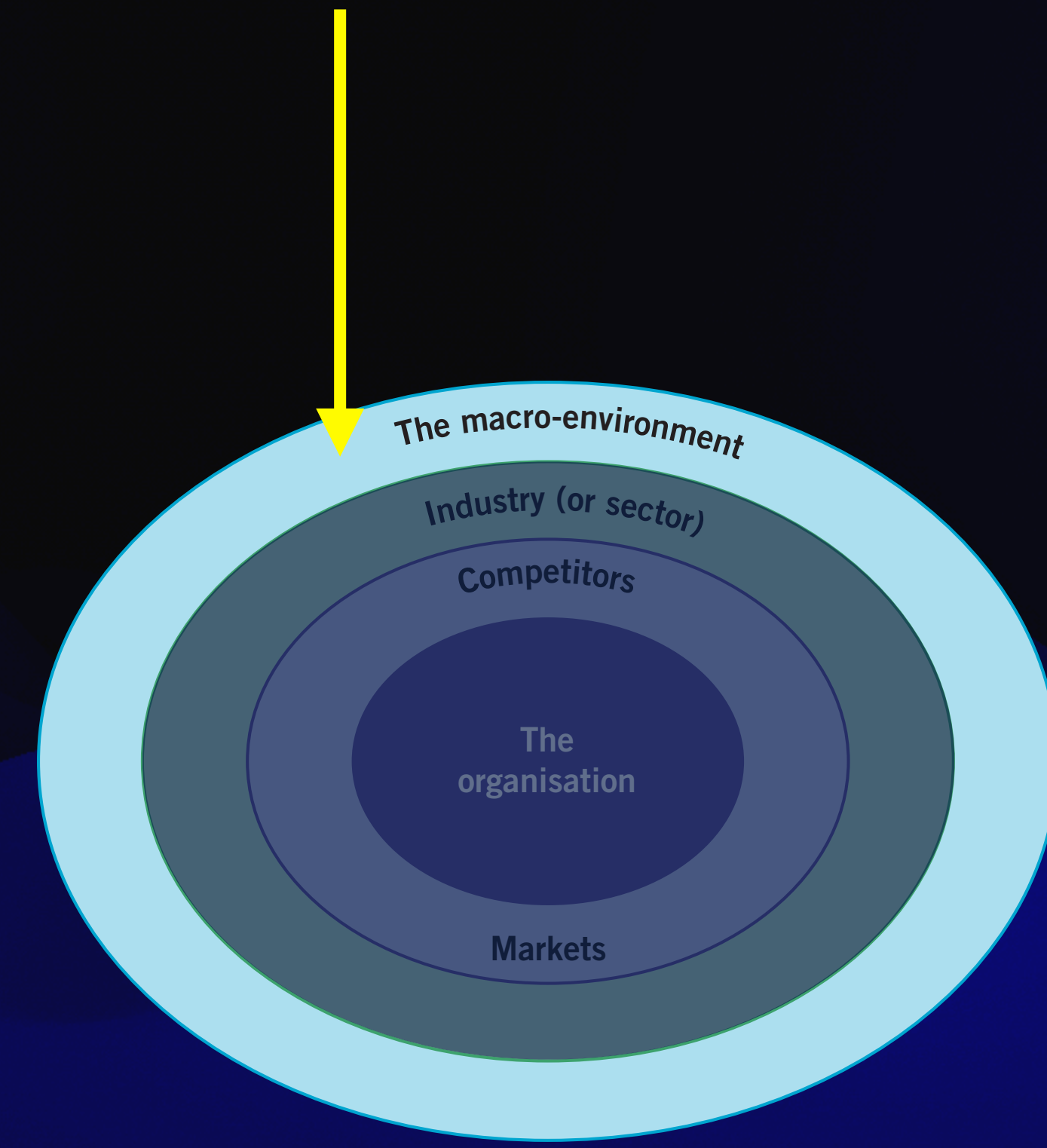


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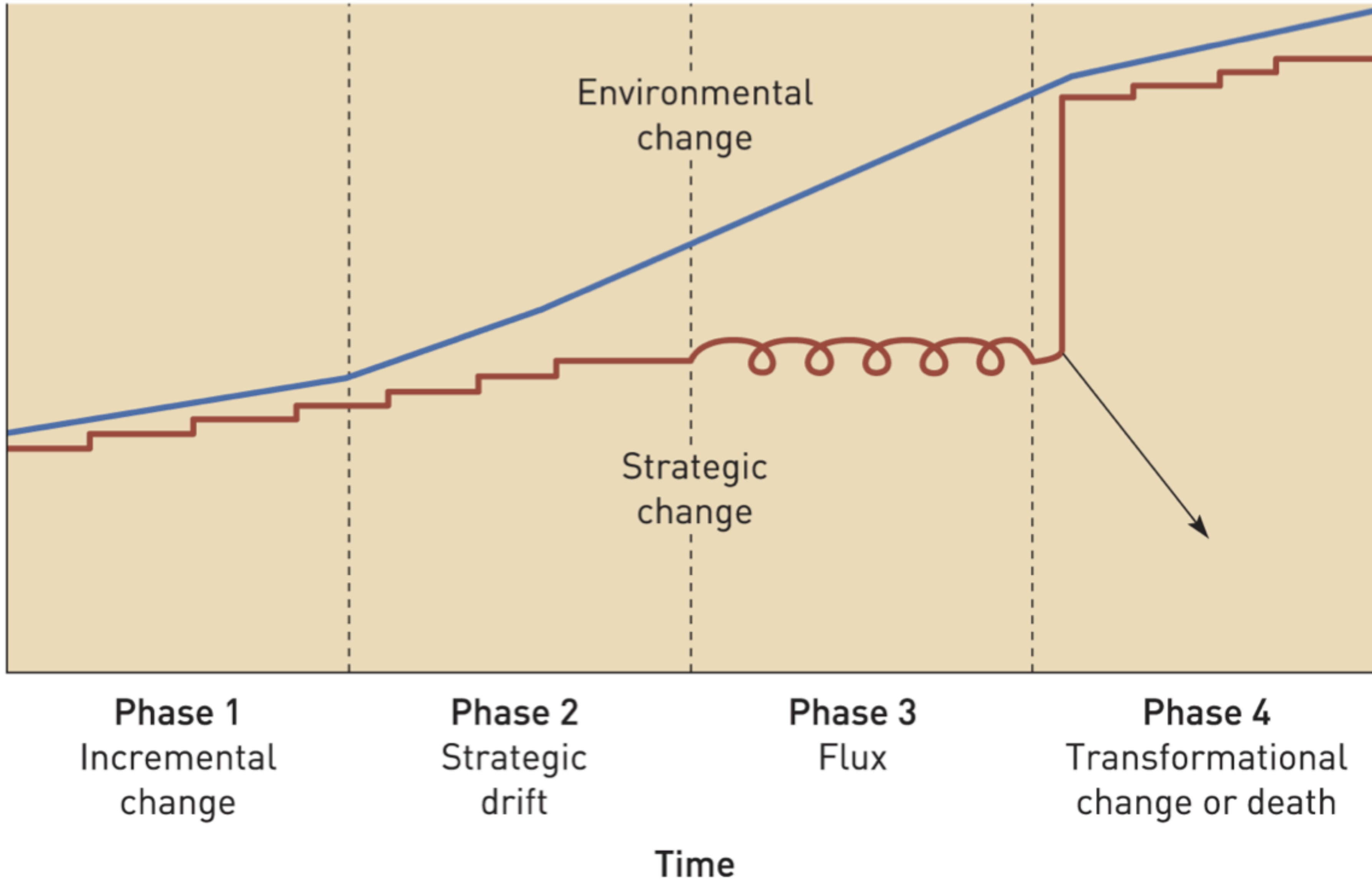
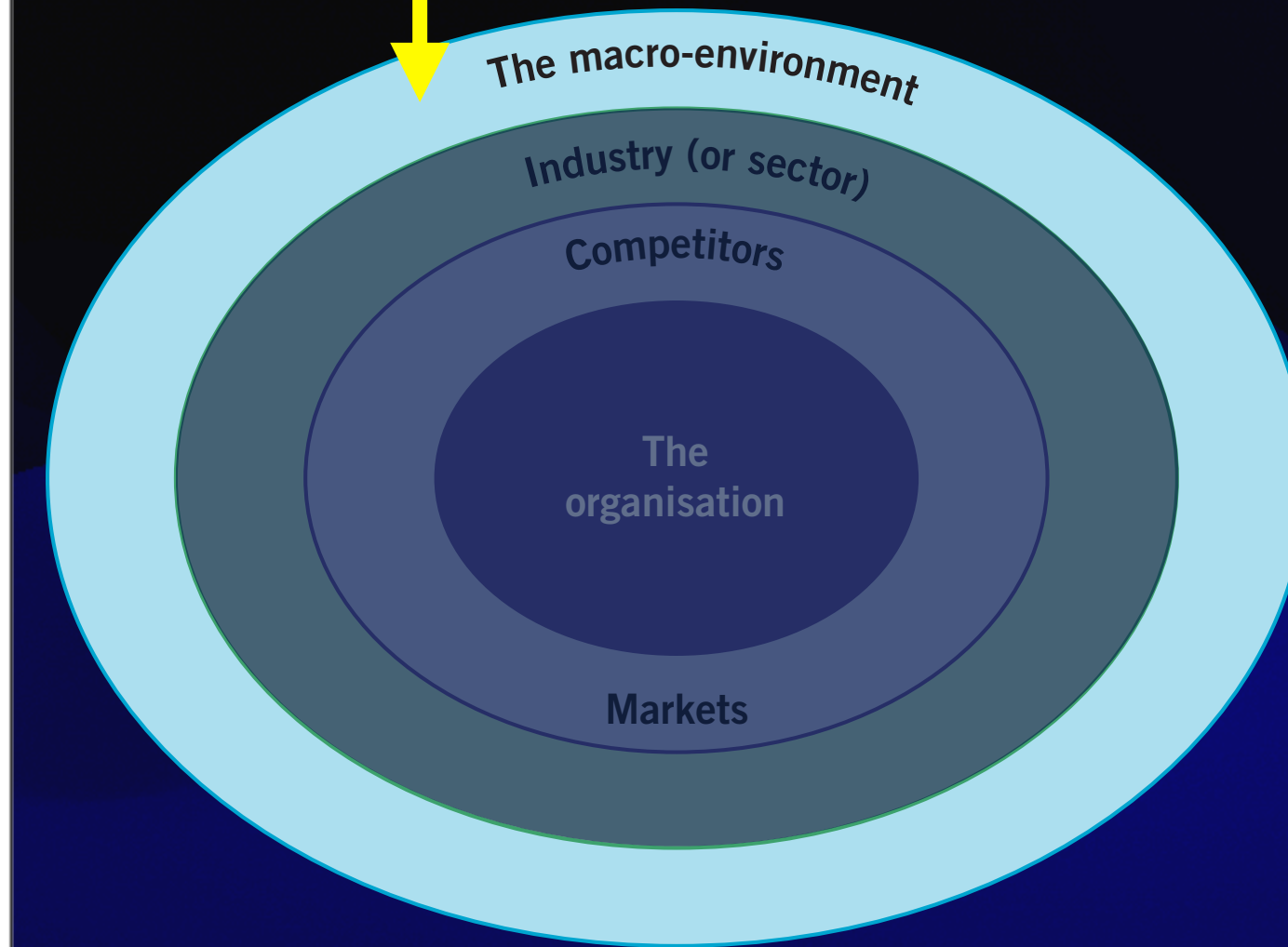
Sources of Environmental Information

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Sources of Environmental Information

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Phase 1
Incremental
change

Phase 2
Strategic
drift

Phase 3
Flux

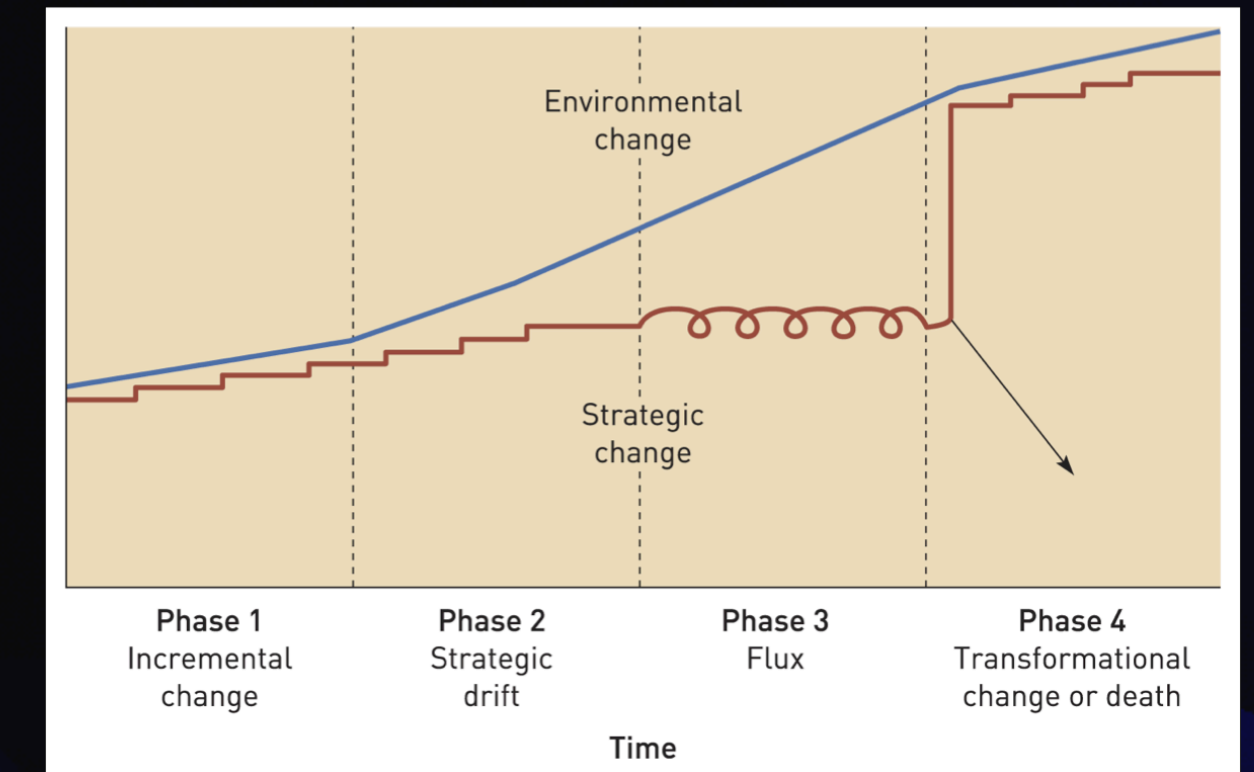
Phase 4
Transformational
change or death

Time

Strategic fit or drift?

Path dependency

- Path dependency stresses the importance of past events for future action or, more precisely, the role of foregone decisions for current and future decision-making in an organisation (Schreyogg and Sydow 2010).
- The prevailing culture and existing capabilities can become barriers to change, especially in fast-moving competitive environments where the continuous renewal of capabilities is a prerequisite for sustaining a competitive advantage.



Strategic fit or drift?