

PESTLE example for retail industry as at March 2025

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

	External factors to consider	Factors affected within my industry	Importance to organisation
TECHNOLOGY	<p>Innovation Disruptive technologies Social networking Upgrades Robotics Artificial Intelligence Security</p>	<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	<p>Employment law Common law Local labour law Health and safety regulations</p>	<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	<p>Environmental restrictions imposed by in-country governments Sustainable resources ESG (Environmental, Social and Governance) Ethical sourcing Transportation Procurement Supply chain management Future pandemics</p>	<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>