

Click to verify



























[illegible]



PESTLE can be outdated within days or even hours. Guesswork: You must make assumptions about specific factors, so there's always a chance of miscalculation. Data overload: A PEST analysis involves such large data sets, it takes careful analysis to parse the data and decide how to use it to your advantage. Risk of inaccuracy: Most of the data used for PEST analysis comes from secondary sources. Environmental, Legal: When examining legal factors, a company should evaluate how legal changes and interpretations could affect it, directly or indirectly, according to Daniel Feiman, managing director at consulting and training firm Build It Backwards. Feiman also recommended examining legal changes in global law conflicts and Supreme Court decisions in this portion of the analysis. Environmental: For the environmental portion of the analysis, Feiman recommended examining how environmental regulations, such as laws surrounding endangered species, could affect the business. Feiman also suggested measuring each PESTLE factor through the following considerations: Potential impact: Low, medium or high/Time frame: Immediate, short-term or long-term/Type: Positive or negative/Direction of impact: Increasing or decreasing/Relative importance: High, medium or low/For a PEST analysis to be truly valuable, it should be used in conjunction with the following analyses: SWOT (strengths, weaknesses, opportunities and threats): A SWOT analysis allows you to identify your company's strengths, weaknesses, opportunities and threats. SWOT analyses are best suited for making major business decisions or determining the associated risks. MOST (mission, objectives, strategies and tactics): A MOST analysis helps a business align with its missions and objectives by analyzing its internal strategies and tactics. This analysis is especially helpful for making organizational strategy decisions. SCRS (strategy, current state, requirements and solution): An SCRS is a solution-based analysis that helps you identify the correct course of action to address a business challenge or issue. By analyzing your business's current state and requirements, you can develop an effective strategy that will solve the problems your business faces. Using a PEST analysis to assess your business's environment, including any external threats and opportunities, is an excellent way to inform decisions and strategies. It is especially effective for larger businesses that want to stay on top of the latest news and trends. Adapt - remix, transform, and build upon the material for any purpose, even commercially. Adapt - remix, transform, and build upon the material for any purpose, even commercially. The licensor cannot revoke these freedoms as long as you follow the license terms. Attribution - You must give appropriate credit, provide a link to the license, and indicate if changes were made. You may do so in any reasonable manner, but not in any way that suggests the licensor endorses you or your use. ShareAlike - If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions - You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits. You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material. When considering what a PESTLE analysis is, it can be helpful to first understand what is meant by an analysis. An analysis is a detailed examination of a particular thing. It helps to gain a greater understanding about something and learn about its essential features, its good and bad points, and how these apply to you. There are many tools that can help you to conduct an analysis; one of which is a PESTLE. So, what is PESTLE? PESTLE is an acronym where each letter stands for a different category in which you complete your analysis under. It was initially created as an environmental scanning tool for businesses, to help business owners see the bigger picture. This is because each letter stands for an external factor that can influence your business. Often when business owners have worked in their field for a long period of time, they can forget to acknowledge changes in the world around them. The wider context that your business operates in plays a pivotal role in the success of your business. There are many external factors that can influence your business, but not in any way that suggests the licensor endorses you or your use. ShareAlike - If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions - You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits. You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material. When considering what a PESTLE analysis is, it can be helpful to first understand what is meant by an analysis. An analysis is a detailed examination of a particular thing. It helps to gain a greater understanding about something and learn about its essential features, its good and bad points, and how these apply to you. There are many tools that can help you to conduct an analysis; one of which is a PESTLE. So, what is PESTLE? PESTLE is an acronym where each letter stands for a different category in which you complete your analysis under. It was initially created as an environmental scanning tool for businesses, to help business owners see the bigger picture. This is because each letter stands for an external factor that can influence your business. Often when business owners have worked in their field for a long period of time, they can forget to acknowledge changes in the world around them. The wider context that your business operates in plays a pivotal role in the success of your business. There are many external factors that can influence your business, but not in any way that suggests the licensor endorses you or your use. ShareAlike - If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions - You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits. You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material. When considering what a PESTLE analysis is, it can be helpful to first understand what is meant by an analysis. An analysis is a detailed examination of a particular thing. It helps to gain a greater understanding about something and learn about its essential features, its good and bad points, and how these apply to you. There are many tools that can help you to conduct an analysis; one of which is a PESTLE. So, what is PESTLE? PESTLE is an acronym where each letter stands for a different category in which you complete your analysis under. It was initially created as an environmental scanning tool for businesses, to help business owners see the bigger picture. This is because each letter stands for an external factor that can influence your business. Often when business owners have worked in their field for a long period of time, they can forget to acknowledge changes in the world around them. The wider context that your business operates in plays a pivotal role in the success of your business. There are many external factors that can influence your business, but not in any way that suggests the licensor endorses you or your use. ShareAlike - If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions - You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits. You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material. When considering what a PESTLE analysis is, it can be helpful to first understand what is meant by an analysis. An analysis is a detailed examination of a particular thing. It helps to gain a greater understanding about something and learn about its essential features, its good and bad points, and how these apply to you. There are many tools that can help you to conduct an analysis; one of which is a PESTLE. So, what is PESTLE? PESTLE is an acronym where each letter stands for a different category in which you complete your analysis under. It was initially created as an environmental scanning tool for businesses, to help business owners see the bigger picture. This is because each letter stands for an external factor that can influence your business. Often when business owners have worked in their field for a long period of time, they can forget to acknowledge changes in the world around them. The wider context that your business operates in plays a pivotal role in the success of your business. There are many external factors that can influence your business, but not in any way that suggests the licensor endorses you or your use. ShareAlike - If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions - You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits. You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material. When considering what a PESTLE analysis is, it can be helpful to first understand what is meant by an analysis. An analysis is a detailed examination of a particular thing. It helps to gain a greater understanding about something and learn about its essential features, its good and bad points, and how these apply to you. There are many tools that can help you to conduct an analysis; one of which is a PESTLE. So, what is PESTLE? PESTLE is an acronym where each letter stands for a different category in which you complete your analysis under. It was initially created as an environmental scanning tool for businesses, to help business owners see the bigger picture. This is because each letter stands for an external factor that can influence your business. Often when business owners have worked in their field for a long period of time, they can forget to acknowledge changes in the world around them. The wider context that your business operates in plays a pivotal role in the success of your business. There are many external factors that can influence your business, but not in any way that suggests the licensor endorses you or your use. ShareAlike - If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions - You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits. You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material. When considering what a PESTLE analysis is, it can be helpful to first understand what is meant by an analysis. An analysis is a detailed examination of a particular thing. It helps to gain a greater understanding about something and learn about its essential features, its good and bad points, and how these apply to you. There are many tools that can help you to conduct an analysis; one of which is a PESTLE. So, what is PESTLE? PESTLE is an acronym where each letter stands for a different category in which you complete your analysis under. It was initially created as an environmental scanning tool for businesses, to help business owners see the bigger picture. This is because each letter stands for an external factor that can influence your business. Often when business owners have worked in their field for a long period of time, they can forget to acknowledge changes in the world around them. The wider context that your business operates in plays a pivotal role in the success of your business. There are many external factors that can influence your business, but not in any way that suggests the licensor endorses you or your use. ShareAlike - If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions - You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits. You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material. When considering what a PESTLE analysis is, it can be helpful to first understand what is meant by an analysis. An analysis is a detailed examination of a particular thing. It helps to gain a greater understanding about something and learn about its essential features, its good and bad points, and how these apply to you. There are many tools that can help you to conduct an analysis; one of which is a PESTLE. So, what is PESTLE? PESTLE is an acronym where each letter stands for a different category in which you complete your analysis under. It was initially created as an environmental scanning tool for businesses, to help business owners see the bigger picture. This is because each letter stands for an external factor that can influence your business. Often when business owners have worked in their field for a long period of time, they can forget to acknowledge changes in the world around them. The wider context that your business operates in plays a pivotal role in the success of your business. There are many external factors that can influence your business, but not in any way that suggests the licensor endorses you or your use. ShareAlike - If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions - You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits. You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material. When considering what a PESTLE analysis is, it can be helpful to first understand what is meant by an analysis. An analysis is a detailed examination of a particular thing. It helps to gain a greater understanding about something and learn about its essential features, its good and bad points, and how these apply to you. There are many tools that can help you to conduct an analysis; one of which is a PESTLE. So, what is PESTLE? PESTLE is an acronym where each letter stands for a different category in which you complete your analysis under. It was initially created as an environmental scanning tool for businesses, to help business owners see the bigger picture. This is because each letter stands for an external factor that can influence your business. Often when business owners have worked in their field for a long period of time, they can forget to acknowledge changes in the world around them. The wider context that your business operates in plays a pivotal role in the success of your business. There are many external factors that can influence your business, but not in any way that suggests the licensor endorses you or your use. ShareAlike - If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions - You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits. You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material. When considering what a PESTLE analysis is, it can be helpful to first understand what is meant by an analysis. An analysis is a detailed examination of a particular thing. It helps to gain a greater understanding about something and learn about its essential features, its good and bad points, and how these apply to you. There are many tools that can help you to conduct an analysis; one of which is a PESTLE. So, what is PESTLE? PESTLE is an acronym where each letter stands for a different category in which you complete your analysis under. It was initially created as an environmental scanning tool for businesses, to help business owners see the bigger picture. This is because each letter stands for an external factor that can influence your business. Often when business owners have worked in their field for a long period of time, they can forget to acknowledge changes in the world around them. The wider context that your business operates in plays a pivotal role in the success of your business. There are many external factors that can influence your business, but not in any way that suggests the licensor endorses you or your use. ShareAlike - If you remix, transform, or build upon the material, you must distribute your contributions under the same license as the original. No additional restrictions - You may not apply legal terms or technological measures that legally restrict others from doing anything the license permits. You do not have to comply with the license for elements of the material in the public domain or where your use is permitted by an applicable exception or limitation. No warranties are given. The license may not give you all of the permissions necessary for your intended use. For example, other rights such as publicity, privacy, or moral rights may limit how you use the material. When considering what a PESTLE analysis is, it can be helpful to first understand what is meant by an analysis. An analysis is a detailed examination of a particular thing. It helps to gain a greater understanding about something and learn about its essential features, its good and bad points, and how these apply to you. There are many tools that can help you to conduct an analysis; one of which is a PESTLE. So, what is PESTLE? PESTLE is an acronym where each letter stands for a different category in which you complete your analysis under. It was initially created as an environmental scanning tool for businesses, to help business owners see the bigger picture. This is because each letter stands for an external factor that can influence your business. Often when business owners have worked in their field for a long period of time, they can forget to acknowledge changes in the world around them. The wider context that your business operates in plays a pivotal role in the success of your business. There are many external factors that can influence your business, but



each component: 1. Political Factors - Government policies and regulations - Political stability and risks - Taxation and trade policies - Labor laws and employment regulations 2. Economic growth and forecasts - Interest rates and inflation - Exchange rates and currency risks - Consumer spending trends and disposable income 3. Social Factors - Demographic trends and population growth - Cultural and lifestyle changes - Education levels and workforce skills - Health and environmental concerns 4. Technological Factors - Technological trends and innovation - Automation and artificial intelligence - Product development and life cycles - Infrastructure and connectivity Conclusion PEST Analysis is a valuable tool for businesses looking to understand and navigate the complex macro-environmental factors that can influence their success. By conducting a thorough PEST Analysis, organizations can gain insights into potential opportunities and threats, allowing them to make informed strategic decisions. The templates provided serve as a starting point, but businesses should tailor their analysis to their specific industry and market context. Boardmix provides a user-friendly interface with various templates and customization options to create visually appealing PEST analysis charts. Users can also add notes, comments, and images to further enhance their analysis. Discover the Boardmix Online Whiteboard for PEST Analysis and conduct a thorough analysis of external environment. Try Boardmix online Download to desktop The PEST analysis is a useful tool for understanding market growth or decline, and as such the position, potential and direction for a business. PEST is an acronym for Political, Economic, Social and Technological factors, which are used to assess the market for a business or organizational unit. Sometimes it's expanded to include legal and environmental factors and called a PESTLE analysis. A PEST analysis guides us to identify effective strategies for setting priority, allocating resources, planning for time and development roadmap and formulating control mechanisms. With this analysis, you can identify potential opportunities and threats associated with your strategy and figure out ways to take advantage of them and avoid them. These are all about how and to what degree a government intervenes in the economy. This can include - government policy, political stability or instability in overseas markets, foreign trade policy, tax policy, labour law, environmental law, trade restrictions and so on. It is clear from the list above that political factors often have an impact on organisations and how they do business. Organisations need to be able to respond to the current and anticipated future legislation, and adjust their marketing policy accordingly. Economic factors have a significant impact on how an organisation does business and also how profitable they are. Factors include - economic growth, interest rates, exchange rates, inflation, disposable income of consumers and businesses and so on. These factors can be further broken down into macro-economical and micro-economical factors. Macro-economic factors deal with the management of demand in any given economy. Governments use interest rate control, taxation policy and government expenditure as their main mechanisms for managing macro-economic factors. Micro-economic factors are all about the way people spend their incomes. This has a large impact on B2C organisations in particular. Also known as socio-cultural factors, social factors are the areas that involve the shared belief and attitudes of the population. These factors include - population growth, age distribution, health consciousness, career attitudes and so on. These factors are of particular interest as they have a direct effect on how marketers understand customers and what drives them. We all know how fast the technological landscape changes and how this impacts the way we market our products. Technological factors affect marketing and the management thereof in three distinct ways: New ways of producing goods and services New ways of distributing goods and services New ways of communicating with target markets Analyzing these factors will help you and your team gain a comprehensive understanding of the external (macro environmental) factors that may positively or negatively affect your company's strategic planning process. With access to such knowledge, you can quickly come up with strategies that would put the company on the fast track to achieving its goals. A company may have all the information it requires about the quality of its infrastructure, the extent of funds, and the employee talent available to it, but it may not be fully aware of the external environment in which it is to operate or launch a new project. It can even predict future prospects of a project or product by studying the PEST factors. Let's list out the some benefits that we can gain from the findings of a PEST Analysis: Provides an understanding of the wider business environment. Encourages the development of strategic thinking. Straightforward and only costs time to do. May raise awareness of threats to a project. Can help an organisation to anticipate future difficulties and take action to avoid or minimise their effect. Can help an organisation to identify and exploit opportunities. An Example - Impact of Technology Factor Let's take a moment to consider the impact that technology has had on our country's economy. Most people will agree that technology has made our lives much easier. The Internet, for example, has changed the way we bank, pay our bills, search for goods and services, book holidays, undertake study, and shop. However, technology has caused serious damage to some businesses. In terms of casualties, the good old fashioned local CD & DVD rental store has taken a monumental hit. Why? Well, let's face it, there's now little need to visit a CD & DVD rental store. Today, most households have access to YouTube, Apple TV and Google Movies on Play Store and etc. If a PEST analysis involves analyzing forces we have little or no control over, why bother considering them at all? To answer this question, a PEST analysis encourages management to carefully study what is happening in the environments that encapsulate their business. As business managers we must understand that, although these external forces are largely outside of our control, we still need to carefully consider them. The underlying function of the analysis is not just to review what has already happened, but also predict what is likely to happen in the near future. This ensures we are aware of them and highly perceptive to their possible affects on our business. The external influences on business vary from country to country. It is very important that those factors are considered. To conducting a PEST Analysis, we can come up a set of brainstorming questions with answers and actions of them related to each of the four factors: Political Factors The political arena has a huge influence upon the regulation of businesses, and the spending power of consumers and other businesses. You must consider issues such as: How stable is the political environment? Will government policy influence laws that regulate or tax your business? What is the government's position on marketing ethics? What is the government's policy on the economy? Does the government have a view on culture and religion? Is the government involved in trading agreements such as EU, NAFTA, ASEAN, or others? Economic Factors The economic environment is a direct influence on all businesses. Obviously if you are studying marketing there is a huge element of economics within the topic itself, and you should be no stranger to the principles of economics. You need to look at: Interest rates The level of inflation Employment level per capita Long-term prospects for the economy Cross Domestic Product (GDP) per capita, and so on Social Factors The social and cultural influences on business vary from country to country. It is very important that such factors are considered. Factors to be considered include: What is the dominant religion? What are attitudes to foreign products and services? Does language impact upon the diffusion of products onto markets? How much time do consumers have for leisure? What are the roles of men and women within society? How long are the population living? Are the older generations wealthy? Do the population have a strong/weak opinion on green issues? Technological Factors Technology is vital for competitive advantage, and is a major driver of globalization. Consider the following points: Does technology allow for products and services to be made more cheaply and to a better standard of quality? Do the technologies offer consumers and businesses more innovative products and services such as Internet banking, new generation mobile telephones, and etc.? How is distribution changed by new technologies e.g. books via the Internet, flight tickets, auctions and etc.? Does technology offer companies a new way to communicate with consumers e.g. banners, Customer Relationship Management (CRM), and etc.? Where you have identified significant opportunities, build the actions you'll take to exploit them into your Business Plan. Where you've identified significant risks, take appropriate action to manage or eliminate them. The table below shows a PEST Analysis Template that consists of some typical kinds of factors people would consider in developing a PEST Analysis model. Political Economic Social Technological tax policy employment laws environmental regulations trade restrictions and tariffs political stability economic growth interest rates exchange rates inflation rate health consciousness population growth rate age distribution career attitudes emphasis on safety R&D activity Automation technology incentives rate of technological change Traditionally, PEST analysis focuses on political, economic, sociological and technological factors, but increasing awareness of the importance of legal, environmental and cultural factors has led to the evolution of a growing number of variants. For example: PESTLE - Political, Economic, Social, Technological, Legal and Environmental SPECTACLES - Social, Political, Economic, Cultural, Technological, Aesthetic, Customers, Legal, Environmental, Sectoral PESTLIED - Political, Economic, Socio-Cultural, Technological, Legal, International, Environmental, Demographic. PEST-C, where the C stands for cultural SLEEPT-C - Sociological, Legal, Economical, Environmental, Political, Technological and Cultural. LONGPESTLE: Local, National, and Global versions of PESTLE. (These are best used for understanding change in multinational organizations.) Choose the version that best suits your situation. The figure below shows a PEST Analysis example of the new energy vehicles industry. The figure below shows a PESTLE Analysis example of a pharmaceutical company. PESTLE is a varied form of PEST. It has two additional columns L and E for listing the Legal and Environmental factors. PEST is useful before SWOT Analysis - not generally vice-versa - PEST definitely helps to identify SWOT factors. PEST Analysis is often linked with SWOT Analysis, however, the two tools have different areas of focus. There is overlap between PEST and SWOT, in that similar factors would appear in each. That said, PEST and SWOT are certainly two different perspectives: PEST Analysis looks at "big picture" factors that might influence a decision, a market, or a potential new business. PEST assesses a market, including competitors, from the standpoint of a particular proposition or a business. SWOT is an assessment of a business or a proposition, whether your own or a competitor's. at a business, product-line level.