

## POLITICAL

- Government type and stability
- Freedom of press, rule of law and levels of bureaucracy and corruption
- Regulation and de-regulation trends
- Social and employment legislation
- Tax policy, and trade and tariff controls
- Environmental and consumer-protection legislation
- Likely changes in the political environment

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## ECONOMIC

- Stage of business cycle
- Current and project economic growth, inflation and interest rates
- Unemployment and labor supply
- Labor costs
- Levels of disposable income and income distribution
- Impact of globalization
- Likely impact of technological or other change on the economy
- Likely changes in the economic environment

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## SOCIO-CULTURAL

- Population growth rate and age profile
- Population health, education and social mobility, and attitudes to these
- Population employment patterns, job market freedom and attitudes to work
- Press attitudes, public opinion, social attitudes and social taboos
- Lifestyle choices and attitudes to these
- Socio-Cultural changes

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## TECHNOLOGICAL

- Impact of emerging technologies
- Impact of Internet, reduction in communications costs and increased remote working
- Research and Development activity
- Impact of technology transfer

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# What is PEST Analysis?

- It is very important that an organization considers its environment before beginning the marketing process. In fact, environmental analysis should be continuous and feed all aspects of planning. The organization's marketing environment is made up from:
  - 1. The internal environment
  - 2. The micro-environment
  - 3. The macro-environment e.g. Political (and legal) forces, Economic forces, Sociocultural forces, and Technological forces. These are known as PEST factors.



**Political Factors**



**Economic Factors**



**Sociocultural Factors**



**Technological Factors**

# Political Factors

- **The political arena has a huge influence upon the regulation of businesses, and the spending power of consumers and other businesses.**

# Economic Factors

- **Marketers need to consider the state of a trading economy in the short and long-terms. This is especially true when planning for international marketing.**

# Sociocultural Factors

- **The social and cultural influences on business vary from country to country. It is very important that such factors are considered.**
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# Technological Factors

- **Technology is vital for competitive advantage, and is a major driver of globalization.**



# SUMMARY

<b><i>Political (incl. Legal)</i></b>	<b><i>Economic</i></b>	<b><i>Sociocultural</i></b>	<b><i>Technological</i></b>
Environmental regulations and protection	Economic growth	Income distribution	Government research spending
Tax policies	Interest rates & monetary policies	Demographics, Population growth rates, Age distribution	Industry focus on technological effort
International trade regulations and restrictions	Government spending	Labor / social mobility	New inventions and development
Contract enforcement law Consumer protection	Unemployment policy	Lifestyle changes	Rate of technology transfer
Employment laws	Taxation	Work/career and leisure attitudes Entrepreneurial spirit	Life cycle and speed of technological obsolescence
Government organization / attitude	Exchange rates	Education	Energy use and costs
Competition regulation	Inflation rates	Fashion, hypes	(Changes in) Information Technology
Political Stability	Stage of the business cycle	Health consciousness & welfare, feelings on safety	(Changes in) Internet
Safety regulations	Consumer confidence	Living conditions	(Changes in) Mobile



Thank You!

