

PESTLE



How to use
Template
Example

PESTLE

PESTLE helps you to analyse external factors which can affect your business. The six factors are: political, economic, social, technological, legal or environmental. With a clear overview of these factors you can better understand the position and potential of your business in the market.

Tips for use

Make a large printout of the PESTLE Canvas template and use it during a brainstorm. Get inspiration from the PESTLE example that was made for McDonald's.

How to use

Each letter in the word PESTLE stands for a category of factors. For each category determine if there are trends or developments that have an impact on your business. Factors can affect your business in a negative way, but they can also represent opportunities. Once you have determined which factors influence your business you can review whether they have a positive or a negative influence. You can do this for instance by adding a color: red for negative and green for positive.

Political factors

Decisions made by the government are political factors. Governments have a great impact on the public facilities in a country, but also on the economy. Think of decisions regarding

to policies, laws, restrictions, tariffs, tax regulation, governmental programs and grants. Write down those political factors that influence your business.

Economic factors

The economic situation of a country greatly influences how your business can operate and be successful. Think of economic factors like interest rates, exchange rates, inflation, economic growth, unemployment etc. Write down those rates or other economic factors that have an impact on your business.

Social factors

Social factors have to do with the demographic within a country or region and with cultural aspects. Important demographical statistics are age distribution, education levels, population growth rate, ratio of males to females, etc. Cultural aspects consist of the attitudes, beliefs or values of the population. Write down the important demographics of the population of your environment and their cultural aspects.

Technological factors

Technology advancement of your market determines in which technologies your business must invest to remain up-to-date. Technology factors are for instance automation, technical innovations, R&D investments, and rate of technology exchange.

Write down what kind of technologies there are important in your market and how advanced they are.

Legal factors

There is a wide range of laws that influence the way your business operates. Think of employment regulations, privacy and data security, discrimination laws, tax laws, advertising and marketing laws, online business laws, and many others. Write down those laws that influence or might influence your business.

Environmental factors

Environmental factors consist of aspects like weather, geographical location, climate and climate change. Elements that influence the ecology are also important, like limited natural resources, recycling, waste disposal, and other elements. Write down those environmental factors that have an impact on your business.

PESTLE

name _____

political

economical

social

technological

legal

environmental

Example McDonald's

industry	Fast Food
products & services	Fast Food and beverages
size of business	235,000 employees (2017)
revenue	\$22 billion
location	Oak Brook, United States



McDonalds is a world-famous hamburger chain with restaurants everywhere. Yet you also see that McDonalds regularly changes their concept. Whereas in the 1990s the restaurant was still explicitly aimed at children, with the red-yellow interior and a happy meal as a staple, we now see more serious restaurants aimed at adults. The addition of the coffee bar is perhaps the most striking example of this change.

McDonald's PESTLE

In the example we have a look at the political, economic, social, technological, legal and ecological factors that influence the future of McDonalds. Some factors have a clear positive effect on the company, these are coloured green. Other factors seem to have a negative impact on the specific fast food concept of McDonalds and these are coloured red. Then there is the third category, factors of which the impact is as yet unclear, they have both the colour green and red.

PESTLE

name McDonald's

political

- Increasing international trade agreements
- Pending tax reform
- Evolving public health policies

economical

- Slow but stable growth of the U.S. economy
- Stable but risky European economies
- Slowdown of the Chinese economy

social

- Widening of the wealth gap
- Increasing cultural diversity
- Healthy lifestyle trend

technological

- Moderate R&D activity in the industry
- Increasing business automation
- Increasing sales through mobile devices

legal

- New legal minimum wage levels in the U.S.
- Local health regulations in workplaces and schools
- Animal welfare regulation

environmental

- Rising interest for corporate environment programs
- Increasing emphasis on sustainable business strategies
- Climate change