

# Pestel analysis clothing company

Business



Taxes – business taxes and any other taxes that Velocity clothing must pay are mandatory and must be paid, affecting the amount of outgoings they have, variation in this may cause more or less outgoings but any changes could be quite significant. •Wars & Conflict – Velocity Clothing use materials imported from various countries. The production of some of these materials may be in areas of instability or conflict. Such activities could affect the accessibility of these materials and the reliability of the suppliers, which in turn could affect the price of the good.

•Trading Policies – any new trading policies formed between countries could make it easier or harder for countries to trade with each other, which could be a potential issue for the accessibility of goods for Velocity Clothing. For example countries joining the EU and members of the EU can trade almost freely and very easily with each other. See quote in Appendix point 1. 1 to further back this up. Country Relationships/ Attitudes – Countries that have long lasting feuds or discrepancies that have not entirely been solved which could have occurred from past wars or conflicts could affect the willingness of foreign companies to trade with Velocity Clothing. •Terrorism – This is a very real threat which exists for Velocity Clothing and can affect the price consumers pay when paying for goods or items, one way this can occur is by the increased levels of security at ports when importing and exporting goods, due to the increased risk of terrorism in recent years, this has in turn affected the price of goods.

This can be explained further in the Appendix. See quote in Appendix point 1. 2. Economical Factors •Recession – any recessions including the current one will be a contributing factor as to how well Velocity Clothing's sales do.

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As people will have less disposable income or will perhaps be being slightly more vigilant with their money.

A luxury good such as what Velocity Clothing supply will be lower on the agenda for people who have been made redundant or have much less money available due to the recession. This can be supported in Appendix point 1. 3. Raw material prices – the prices of raw materials changing will affect the amount of money Velocity Clothing has to spend on buying the materials necessary for making the products. In turn any changes in these prices could affect the price of the product when being bought off the shelf by the consumer.

Suppliers of Velocity Clothing may also increase their prices if they are also affected by the price of raw materials going up. • Inflation – over time commodity prices go up and Velocity Clothing's prices may go up alongside inflation to cater for the price increases in other areas. Labour costs / minimum wages rising – will affect the amount of capital needed to pay the staff for the production of the products. Suppliers who also are affected by this may put up their prices to cater for the increase in labour costs, which would affect the amount Velocity has to pay. Paying the staff to sell the clothing in store will also be another outgoing affected by any changes in this. Please see Appendix point 1.

4 for a graph to support the change in minimum wage prices. Exchange Rates – exchange rates vary on an almost day to day basis, but can change large amounts over time. The day to day price changes which Velocity Clothing will encounter may be quite small, but still are noticeable. The

larger changes that may occur overtime are much more significant and can impact Velocity Clothing greatly. So much that drastic changes may consider Velocity Clothing to purchase from other suppliers in other countries as to be more economical. See Appendix point 1.

5 to back this up further of the noticeable effects it can have. Also see Appendix point 1. to see a graph of how the Pound to the Euro has declined over a six month period during 2009. Social •Demographics – Age, sex, level of education – these factors about people will contribute to whether that person is going to buy Velocity Clothing products. For example is an old aged pensioner more likely to buy a brand new latest fashion luxury garment that is extremely popular with the younger generations? Or a specific sex? Who do their products appeal to more? Businessmen and women who are highly educated and are able to more easily afford the products? This is largely to do with marketing and the target audience of the product.

Where Velocity Clothing products are being sold also needs to be considered alongside this information. Are the shops located in an area of high or low levels of education? What is the level of wealth like in the area? This information needs to be considered when selling the products and considering the target audience. •Cultural Influences – What is the culture of the area the customer lives in? Is a new luxury garment going to be even noticed in the culture they live in? Will the culture they live in mean new fashionable luxury garments as Velocity Clothing have to offer going to be a very big thing? Having access to this information is important and will be vital to the success rate of any product of theirs. •Trends – What is the latest trend amongst the target audience? Keeping up to date and providing <https://assignbuster.com/pestel-analysis-clothing-company/>

clothing that is fashionable and attractive to the desired target audience is extremely important. Any change in trends needs to be noticed so Velocity Clothing can cater for the consumer's new needs and desires. Fashion and Role Models - What consumers buy is largely influenced by what celebrities and role models wear.

By Velocity Clothing being fashionable and perhaps endorsed by celebrities will make a greater public awareness of the clothing product and will also make the product to be viewed in a better light. Having a celebrity wear the clothing product will boost sales for Velocity Clothing. If Velocity Clothing was to pay a celebrity to do this then that would be another cost Velocity must consider, but the goal is for the celebrity to wear it voluntarily. Advertising using celebrities is a method of increasing sales but is also another cost.

Technological •New Technology - New technological advancements could mean there are new more efficient processes for making clothing which could increase productivity and reduce or increase costs in some areas depending on the new process.

For example a process which eliminates the needs for three manual workers could save money on labour costs, but there would be the initial capital needed for the new technology. In the short term this could be expensive, but in the longer term the reduced labour costs could prove it to be very beneficial and save a lot of money. •Internet Sales - By Velocity Clothing selling their products on the internet and having a very user friendly website, it can access a potential market of over 25% of the globe, and rising. A website will incur costs such as maintenance, and the processing of orders off the back of it, however these costs are only small in comparison to the <https://assignbuster.com/pestel-analysis-clothing-company/>

potential benefits a fully functional Velocity Clothing sales website could have and the market it can reach. The website design and start-up cost will also be an expense to the company initially. See Appendix point 1.

7 to show the internet usage on a global scale. •Modern Marketing Methods – Velocity Clothing could benefit by these by having their name attached to new modern advancements. Having the name attached to Emails, pop-ups advertising the company, advertising on such things as Google and other popular sites. These marketing methods can potentially reach out to over 25% of the population.

See Appendix point 1. 7 to support this. More Energy Efficient Systems – Will reduce the overheads of gas and electricity and general production costs which could have a knock on effect for Velocity Clothing. Their suppliers can sell cheaper, Velocity can buy cheaper and sell cheaper. Consumers seeing lower prices could boost further sales. This could also benefit Velocity Clothing sales by reputation of being a more green company.

Ethical / Environmental •Fair Trade Issues – by not doing business the correct way and by not abiding by fair-trade prices this could have a knock on effect to Velocity Clothing's reputation. However paying fair trade prices is a lot more expensive than not paying them. It is an area which must be looked into carefully and research must be done to weigh the benefits. A cost benefit analysis must be done. Again though, doing business the right way is a morally right thing to do. •Reputation impacts – Treating staff fairly, giving reasonable working hours, adhering to fair trade prices, by delivering on

stakeholders expectations, all these things can improve of ruin Velocity Clothing's reputation.

However adhering to all of these factors is not cheap and is difficult to maintain.

- Environmental Regulations - With the world trying to be more green and cut emissions in every way, regulations that already exist and the threat of new legislation which could mean that Velocity Clothing must cut emissions further could prove costly, by either being forced to invest in new technologies or find new ways to cut emissions, the consequence of not abiding by such regulations could mean getting fined and damaged reputation.
- Green Issues - Carbon emissions, recycling, this is beneficial to the environment and is morally a good, right thing to do. However it's not always so easy to do this, it takes time and can cost money to get rid of waste and recycle. By doing so it can boost reputation of Velocity Clothing, ultimately boosting sales.
- Legal
- Current and Future Legislation - Rules and regulations which Velocity Clothing must follow, it may limit what they do, including store opening hours for example, but by not complying with these legal requirements can result in large fines and prosecution.

It is a cost to follow some rules or may come at the expense of generating more revenue, such as being limited on the opening hours on a Sunday. Yet all businesses have legislation which must be followed and any changes in legislation in the future could affect how Velocity Clothing operates on a day to day basis, or in the long term.

- Health and Safety Act - this needs to be trained out to all employees and is essential to the employee's health and safety, as to avoid injury, and also for the protection of Velocity Clothing to avoid lawsuit. Velocity Clothing must make their stores and warehouses, and

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anywhere else they have any operations in a safe working environment. The purpose of this act can be further explained in Appendix point 1.

8. •Competitive Regulations, Consumer protection, Industry-specific regulations, Employment law - all other factors which Velocity Clothing must be aware of as to not break any laws and follow the correct procedures.