

Is it pestle or pestel analysis and what it means

Business



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If you've ever searched for a PESTLE analysis, you've likely also seen it written as PESTEL. We've got a few examples of these, such as:

- PESTLE/PESTEL Analysis of Facebook
- The Quick Guide to PESTEL Analysis

Confusing, right? After seeing the variation, you probably have a few questions. Like, is there a difference between the two? Is one version more popular than the other? And is one more “right” than the other?

No need to worry! I answer all of these questions in this article, on top of the following...

- What really is PESTLE/PESTEL analysis?
- Should you use it?
- When should you use it?

And I'll provide information on the framework and how to do this analysis from scratch with little to no information to start.

What is PESTLE and PESTEL analysis?

PESTEL and PESTEL analysis is an acronym. Each letter stands for an influential macro-environmental factor that affects topics like businesses, products, and countries. In a typical analysis, each letter is its own section.

The acronym stands for these factors:

- Political
- Economic
- Social (sometimes called Socio-cultural)
- Technological

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- Legal
- Environmental (sometimes called Ecological)

Here's the facts: PESTEL and PESTLE stand for the exact same thing. The only difference is that the last two letters are switched. In the first, legal is the last letter and section. In the other, environmental is. And there's no real reason for this; it's just personal preference.

The letters of PESTLE and PESTEL can be further changed but still reference the same things. For instance, two of the factors can be subtracted, turning the acronym into PEST. Other times, the new sections are added and the letters are jumbled, like in STEEPLE (another factor, Ethics, is added).

Each of these analyses is still focusing on critical macro-environmental influences. The only difference is the changing of letters and the inclusion or exclusion of some sections.

Changing sections isn't necessarily "right" or "wrong"; it's adjusted based on the researcher's needs. In some cases, the "legal" and "environmental" sections aren't as necessary. In other cases, both are important and should be included for a fully fleshed out analysis. You need to decide what's best for your goal.

But should you even bother with PESTLE analysis?

Yes, but only when it's the best option.

PESTLE analysis is a specific strategic tool to understand the impact of macro-environmental factors. This analysis is one hundred percent external and often relies on heavy research. It unveils...

- What causes the market decline or growth of your topic?
- How to position a business or product in a populated industry?
- Which direction to take for a business or product?
- Why a country or location is the way it is (based on these six factors)?
- How to avoid future problems associated with these factors?

If you wish to know the answer to any of the following, then PESTLE or PESTEL analysis is right for you. Remember, it's a strategic tool for decision-making. If you want to take a step in a new direction, you first need to know where your topic started and why it has ended up in its current state. This is achievable with PESTLE analysis, as you can see in the various examples we have.

A PESTEL analysis crash course

A framework about PESTLE analysis is currently available on this website, but if you need the super spark notes version, continue reading on.

Here's what each letter of the analysis means and how to quickly get started:

Political: In this section, you'll want to look at how current, past, and future regulations/bills currently affect your topic. Also think about how it may affect your topic in the future, assuming anything changes. Be sure to examine political parties in power, how an upcoming election may change things, and discuss how political corruption could make or break your topic. If you're not sure where to start, begin by researching relevant political parties, specifically what they stand for and what this means for your topic.

Economical: This is all about money; profits, expenses, taxes, and inflation. This section is easy if your topic is a business or country. For a business, examine if profits are up or down (and why). Also consider the impact of differing currency strengths, especially if your topic does business internationally.

Social: Demographics, citizens, and consumers. This part mainly discusses people, unemployment rates, minimum wage, or household income. You can also discuss social media or other means of communication. Include customs or cultural differences if applicable.

Technological: This is where all discussions of technology happen. How is technology impacting the topic? How will new developments affect your topic? What technology does your topic use? Think about everything; from manufacturing to the internet.

Environmental: Eco-friendliness is one of those sections that is sometimes removed from the PESTEL analysis. It's not always necessary, but if there's significant information about your topic and the environment, include it. Also consider the following: Is your topic eco-friendly? Does it even care about the environment? Is it known to be an eco-ally and if so, how does that matter?

Legal: Laws and regulations are discussed in this section. If your topic is involved with legal battles, talk about it here. If it abides by specific laws, outline them here. And if your topic has been affected by new laws or regulations, explain the outcome here. This section is sometimes merged with Political. It may also be left out entirely.

We go much deeper into this in this article. It explains how to do PEST analysis from scratch. You can also use information from the framework to start and complete “ environmental” and “ legal” sections, if you’re including this.

When should you use PESTLE or PESTEL analysis?

When you need a full understanding of the impacts of macro-environmental factors. These six factors affect nearly all businesses, organizations, and locations in some way. When you want to know why, then it’s time to do your analysis.

Conclusion

PESTLE and PESTEL analysis are the same thing, only the last two letters are swapped. Both can be used interchangeably depending on the preference of the researcher. If you’re searching for a specific PESTLE analysis but only find articles with “ PESTEL”, don’t worry. There’s zero difference between the two.

However, you may come across other variations, such as PEST (missing the “ legal” and “ environment” parts) or STEEPLE (a new section, ethics, is added). These are both branches of the original PESTLE analysis, only changed to fit the topic better.