

2 ways to use pest analysis to your advantage

[Business](#)



PEST analysis is a fantastic tool to strategically plan your business.

The analysis examines four external factors (political, economic, social, and technological) to help you take advantage of opportunities and negate the effects of threats. When you're starting a new business, expanding into new areas, or executing projects, PEST analysis is the tool you need at your disposal.

Not convinced? Here are two of the best reasons to do a PEST analysis today.

1. It gets you into the strategic planning mindset

PEST analysis outlines four essential factors that can positively or negatively affect your business. None of these factors are easily changeable. They're set in motion by customers, law regulators, and political parties. You can't get people to love your products if their only reason is, " Because I say so!"

They'll just move on.

However, with the information you document through your PEST analysis, you can take this information and use it to your advantage. Policies and regulations are things you must abide by. But the buying habits and psychological behaviors of customers change, shift, and bend, depending on many factors.

For example, people who are unemployed may not have the funds to buy luxurious and expensive products. If the unemployment rate in the region is high, your expensive products might not sell, no matter what you do. Why? Because they have to ensure their basic needs (food and shelter) come first. Everything else is secondary.

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Understanding the economic and social factors in the area where your target market lives, helps you think strategically about marketing, distribution, and sales. With PEST analysis, you'll know a region with high unemployment rates isn't the best location to boost profits for luxurious brands.

Since you know this, you move on (smart!). But your less informed competition wastes time, effort, manpower, and money, on the very location you've packed up from.

Terrible for them, but great for you. You've avoided potential catastrophe with the information gained from your PEST analysis.

2. Take advantage of business opportunities with PEST analysis

Having specific information at the right time provides opportunities. Some opportunities are built and executed with your knowledge, such as expansions into new districts, or bringing on top-rated team members for project management. But other opportunities stem from good timing and proper execution.

The " T" in PEST analysis stands for " technology." You can examine the technology your company uses and compare it to the latest technological advancements in your industry. Knowing which technology is making waves and incorporating it into your business plan can yield unexpected opportunities.

Consider market research.

Examining the political, economic, and social factors in your area can help with market research. You use the information to craft sales pitches, marketing campaigns, and execute projects.

But if you've been keeping up in the world of machine learning and artificial intelligence, you'll know big name companies are using supercomputers to accurately target consumers.

The computers analyze market data, search engines, and consumer information to identify buying trends. Using that information, companies can tailor their messaging and marketing more adequately. They can start selling quickly because they don't need to talk directly to their customers or send out surveys anymore.

This type of technology is a huge advantage for going-to-market fast. And with PEST analysis you can uncover these new developments and learn how to use them to your advantage.

Conclusion

PEST analysis is more than just the information gathered about the external influences affecting your business. It helps you think strategically and capitalize on opportunities as they appear.

Not sure how to get started? Read our page to get started.

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