

# The advantages of pestle analysis

[Business](#)



PESTLE analysis is a strategic planning method to reduce business threats. By examining the Political, Economical, Social, Technological, Legal, and Environmental factors, firms will gain valuable advantages. These advantages help with the idea phase, product development, product launching, content marketing strategies, and other factors, to increase success.

The advantages of PESTLE analysis involve being cost effective, providing a deeper understanding of business, alertness to threats, and a method to exploit opportunities. We'll go into more information about each.

#### Cost effectiveness

The only cost of PESTLE analysis is time. While additional programs can help organize input and feedback, PESTLE analysis can be completed through a simple document or pen and paper.

PESTLE analysis is also straightforward. The amount of research necessary, how much time, and how often you do PESTLE analysis for your firm is optional. But the cost to do any level of the analysis isn't prone to fluctuation.

Best of all, anyone can do PESTLE analysis. While a team can lead better results, an individual can also do the analysis successfully.

#### Deeper understanding

Without PESTLE analysis, environments that directly and indirectly affect business can go unnoticed. For example, you may overlook safety and

consumer laws when developing the prototype of your product. Or you may not realize which technological barriers customers in rural areas face, compared to customers in highly populated areas. Or while your product works well in its current environment, exporting to the other side of the country may be a financial disaster.

PESTLE analysis helps to look at many different and influential factors which could affect the success of your product launches. It encourages the development of strategic thinking for a deeper understanding of strategic planning.

#### Alertness development

While we can use PESTLE to analyze firms in a broad sense, it can also be narrowed down and used for specific products, marketing plans, and customer relationships. Particularly, when used in new developments within the firm, PESTLE analysis can raise awareness of potential threats. Whether that is an existing competitor, upcoming competitor, or within your own products.

For example, if you learn there will be a 15% increase in population growth within a certain city, this can be excellent for your business. But if the increase is predominately senior citizens while your target market is in the 20-30 age range, this could be a chance to reach a new audience with a new product.

With PESTLE analysis, you have the ability to thoroughly examine changes and develop a plan to minimize any/all profit increase or damage. Without it, the business could be hit by what appears to be an unexpected threat.

#### Exploit opportunities

Opportunities are often external. By using PESTLE analysis to study external environments, opportunities can be found and used to strengthen a firm's business (model).

If you're using PESTLE analysis to research social and technological trends, for example, you could learn that your target market is moving towards a new social media channel. This is now an opportunity to build a marketing campaign before your competitor. A strong outreach approach gives the opportunity to convert these users into customers before anyone else.

When performing PESTLE analysis, pinpoint your reason first. Whether it's to flesh out a business idea, or to understand your target audience more thoroughly. Without a reason, PESTLE analysis may provide underwhelming results.

But with a reason, you'll see the advantages of PESTLE analysis each time it's used.

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