

Rivalry amongst existing competitors is high meaning it becomes difficult for players such as Debenhams to earn sustainable profits. The equally balanced rivalry increases competition and stunts growth in the industry.

4.3 PESTEL Analysis of Debenhams

4.3.1 Political Factors and the effects on Debenhams

Debenhams is operating in many countries and expose themselves to different types of political environment and political system risks. Factors like government policies and regulation of the retail industry affect its revenue and profitability. Brexit has negatively affected sales at Debenhams as it's had substantial impact on the business conditions. Brexit has weakened the sterling which affected the revenue from 2016-2018 due to consumer uncertainties.

4.3.2 Economic Factors

Retail sales are driven by the economic environment, a robust economy correlates to an increase in consumers disposable income, increasing sales and allowing for retailers to sell more goods. On the other hand, a slow-moving economy decreases consumer confidence and can cause people to spend less. In January 2018 department store sales showed the weakest growth since 2013. 1 in 3 consumers in a recent NatWest and Retail Economics report said their main concern about Brexit was the rising price in shop prices (The Telegraph, 2018)

Rising disposable income, increasing promotional activity and increasing consumer confidence are some of the major driving force for the department store retailing market. With the lower effect of economic recession, employment rate and disposable income levels raising it allows consumers to spend more on product – thus increase the confidence level of consumer which allow them to spend more easily.

In the face of poor wage growth and seismic shifts in the way people shop, Debenhams have not been able to invest and adapt as it needed to (Independent, 2018) Fluctuation in inflation has significant impact on liability calculations, material costs, sourcing decisions and pricing decisions. Brexit has increased sensitivity to inflation.

4.3.3 Social / Demographics

Change in social values and trends impact the goods retailers sell and how they relate to consumers; the clothing industry is often under pressure whether it being keeping up with trends or developing and implement socially responsible business practices. The aging population must be addressed; the demographics of department stores are mostly middle aged, between 40-70-year-old, women, Debenhams need to keep pace with changing customer demands in order to stay successful.

In 2017, Debenhams unveiled its Debenhams Redesigned Strategy, which would see the retailer continue to build its beauty business, revive in its in-house fashion brands and focus investment

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