

UK Market Analysis for Setting up a Primary Metal Manufacturing Company

PESTEL analysis is a tool used to assess the costs, benefits and risk in entering a new market, or launching a new product in a market. "To help make decisions and to plan for future events, organisations need to understand the wider 'meso-economic' and 'macro-economic' environments in which they operate" (CIPD, 2013). The use of PESTEL will allow a company to indicate whether or not entering the proposed market is a viable option in terms of potential profits. Instead of measuring a company's internal strengths and weaknesses, PESTEL analyses take into consideration the external influences that cannot be controlled by the company.

The PESTEL analysis comprises of six external factors each comprising of various determinants:

Political

Business law & regulation, business taxation, political party, strikes, trade agreement with major trading blocks, such as EU (Panah, S. 2015).

Economic

Interest rates, inflation, exchange rates, GDP per capita, long term economic growth (Panah, S. 2015).

Socio-cultural

Demographic factors of the country's population, cultural & religious norms & practices, work/leisure time allocation (Panah, S. 2015).

Technological

Availability of technology, possibility to develop new technology, communication with customers & other stakeholders of the business (Panah, S. 2015).

Environmental

Ecological & environmental aspects such as weather, climate, & climate change, which may especially affect industries such as tourism, farming, & insurance (Panah, S. 2015).

Legal

Different laws including: Discrimination; Consumer; Antitrust; Employment; Health & Safety. These factors affect how a company operates, its costs, & the demand for its products (Panah, S. 2015).