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## PEST analysis

Forces outside the organisation are rarely stable, as many change dramatically and rapidly. PEST analysis will help me recognise these external influences that will affect my organisation in future. Many of these influences could be harmful to my business, but make me aware of new opportunities. By constantly scanning the marketing environment it is possible to identify new opportunities that can be built upon by changing the market mix. The PEST analysis will help me be aware of the political, economical, social and technological factors that will have an affect on my business.

## **Political**

### Privatisation

Privatisation of a company will affect the government. Private business organisations are not owned by the government, but by private owners. My business will be a private limited company, owned by me. This is because businesses similar to mine are not owned by government, but are privatised. Therefore all competitors will be private, as there will be no government owned businesses, which will result in a more competitive market. This issue is a political issue, as the government promotes private companies, because they are another institution of employment. So instead of everyone relying on government owned companies for employment, they are now a wider range of employment institutions through private owned companies. The more private owned companies there is the less the burden on the government, as there will be a high employment rate, therefore less people will be unemployed and claim benefits from the government. In addition, the higher the employment rate, the more tax the government will be receiving, which will mean more money to be used for NHS, schools, etc.

### Taxation

Cooperation tax will be charged to my business. This is when the tax sum that my organisation will have to pay depends on the profit made. This will affect my business because if the tax I will be charged is high, the prices of my product will have to be high to compensate for the loss, and not lead to a major profit loss. This may dissatisfy the customer especially the student, because generally they cannot afford high priced products as their income is not stable because they do not work, but rely on their parents/guardians.

### Duties/ Levies

If after my business commences and becomes successful, I can start importing food from overseas rather than buying it from shops that import it anyway. This will be cheaper for my business, as the products are sold in shops for a high price.

### Change of Government

Labour government is currently in control in Britain. The Labour party aim to look after their workers more as they want an efficient work force to help build the economy of the country. If during the launch of my service the government party changes (as elections are due to take place soon) and a Conservative party takes over, my businesses will still not be effected, as the

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Conservative promote private to take place soon) and a Conservative party takes over, my businesses will still not be effected, as the Conservatives promote private enterprise because the state controlled businesses are not very efficient. The state controlled businesses do not employ many people. Through privatised companies, more people are employed. This is an advantage to the government as it means less people will be unemployed therefore claiming benefits etc. from the government.

## **Economic**

### Inflation

The rate of inflation in Britain is 3.4%. This figure is relatively low. The lower the rate of inflation, the better it is for businesses, as it means that people can spend more and the prices of the products will be affordable. If the rate of inflation was high, people will be spending less, as their income will be less. This will also lead to the increase of the prices of goods.

The inflation will affect employment as if the inflation is high, people will be spending less as their income is low, which means the businesses will not be making enough money therefore resulting in the increase of products' prices. If the business is not making a great deal of profit, then it cannot afford to pay its employees, and therefore there will be a low rate of employment. Low employment will mean that people will not be able to afford to buy a lot of goods, and so some businesses may become extinct.

During a high rate of inflation, the Bank Of England increases its interest rates. This means people cannot afford to take loans to buy products, as products during a period of high inflation are high priced.

The consequences of high inflation will not be affecting my business, as the current rate of inflation is low. This means the public is happily employed and gaining their salaries, which implies that they can buy my products. Since my product is aimed at students, technically it's their income that matters. Therefore if their parents are happily gaining their salaries, they can afford to give them their income or "pocket money" for their school lunches. This means that my businesses will be successful.

### Budgets

Government budgets can help private businesses. A conservative government creates a fund to aid small businesses, as it promotes private enterprises. The Labour party does not pay much attention to small private businesses, but it does not prevent them, as they are an advantage to the government because they provide employment.

### Energy Prices

When deciding the price of my product, I will need to take into account how much money was spent on energy costs such as electricity etc. the more energy I used, the higher the price of my product will have to be. If energy prices increase, my product's price will have to up too because I will have to make up for the money the business loses through payments such as electricity or water bills etc.

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### Unemployment

High levels of unemployment will mean that people will not be able to spend a lot of money buying my product, as their income will be low. This will decrease the sales of my business and may result in the downfall of it.

Britain is in a growth period in the economic scale, which is possibly due to the war against Iraq. This means that the employment is high at this period, which suggests that people are able to afford to spend money; therefore my business will be able to run smoothly.

### **Social/ Cultural**

#### Demographic changes

This will affect all business that trade in food products, as demographic changes such as climate change will have an affect on the growth of crops which will be used to produce the food. This will not directly affect my business, as I will be purchasing the meals ready made from different restaurants. Also, Lebanese food is of a wide variety, so if there was a shortage of a certain form of crops; it can easily be replaced by other meals. The shortage or concern of growing crops however is rare especially in the UK. In worst cases, food can be imported from outside the UK, causing in the rise of the prices of the meals.

#### Life Style Changes

People's attitudes in the UK have been changing as people's concerns on diet and health has risen. As a result, there has been an increase demand of organic food. This will not have direct affect on my business, as Lebanese cuisine is well known for its healthy meals. In addition, my targeted consumers are students between the age groups of 11-16. At this age, they are not fully aware of the affects of unhealthy diets. However, Lebanese food is very healthy, as most meals consist of salad. So students will not be experiencing any health problems in their future due to these new hot school meals.

#### Population Growth Rate

The population growth rate will not affect my business much, as the number of students within the school will stay the same, unless if there was a dramatic decrease of students, which is highly unlikely. However, there will not be an increase, as the maximum number of students per year should not exceed 32 students. Therefore, population growth will not have a dramatic affect on my business, as the numbers of consumers will not change.

### **Technological**

#### New Technologies

"Changes in technology is changing the way the business operates." The internet is having a profound impact on the marketing mix strategy of businesses. The students will be able to access the new menu through the school's intranet, and there will be a poll, were students can vote for their favourite meals.

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Computers are also another form of new technologies that will benefit the business, as all records will be saved on the computer, along side with a hard copy. Programmes such as Excel will help a great deal in finance calculations and records.