

External influences

Businesses operate in an external environment in which as well as competition from rivals businesses have to take account of legal, political, social and economic influences.

A **SLEPT** (Social, Legal, Economic, Political, Technological) analysis is often carried out by business planners which enables them to develop more informed strategies (i.e. long term plans).

Social factors

Relate to change in society and social structures. Changes in the structure of the population, and in **consumer** lifestyles and behaviour affect buying patterns.

Legal factors

Relate to changes in **laws and regulations**. Businesses must be careful to keep within the law and to anticipate ways in which changes in laws will affect the way they must behave.

Economic factors

Relate to changes in the wider economy. A growing economy provides greater opportunities for businesses to make profits, so businesses welcome rising living standards.

Political factors

Relate to ways in which changes in government and government policy can influence business.

Technological factors

Provide opportunities for businesses to adopt new breakthroughs, innovations, and inventions to cut costs and develop new products.

A business producing confectionery like Cadbury Schweppes examines SLEPT factors in designing new products. For example, social factors that it needs to be aware of include changing patterns of eating. Today many consumers like to eat 'on the go' so bite sized chocolate treats are in great demand to top up consumers energy supplies. Legal factors to be kept an eye on include European Union regulations about the content of products that can be advertised as chocolate. Economic factors relate to changes in living standards and how these affect consumption patterns.

Technological change is particularly important today, for example, the development of new technologies that have enabled variations on chocolate bars to be produced in an ice cream format. Political changes are closely tied up with economic ones and relate to changing governmental influence. For example, a change from a Labour to a Conservative government would effect taxation policies which would impact on the cost of chocolate production.

Environmental scanning

The process whereby businesses examine the external environment to identify key structural changes in the world around them which affect demand and supply conditions for their products.