PESTLE Analysis For Khetia Beverage Company

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PESTLE analysis is basically an overview of the progress of a business and scenarios surrounding the business firm. It summarizes the political, economic, social, technological, legal and environmental factors that affect the business firm directly. (50minutes, 2015)

Khetia Breweries Company. This is one of the largest companies in Northern Ireland that specializes in the production and distribution of alcoholic drinks. Its brand is popular in the market and advertised vibrantly, as it holds a 40% share of the local alcoholic beverage market. It is thus important to analyze and study the market for continued progress. This is the company's PESTLE analysis.

Political

Due to specialization in alcoholic drinks. Khetia has to conform to the rules set by regulatory bodies and the government as far as alcoholic drinks are concerned in terms of production, advertisement and sales. It conforms to the Portman Group standards of marketing and the Food and Drug Administration outlines, which are important. Foreign markets also have regulations that have to be complied with unconditionally.

Political stability coupled with peace, security and government goodwill is also vital for Khetia since the civil war and unrest affect our markets and general growth adversely. Complying with all set policies, both internally and externally, is very important.

Economical

Recent economic decline affecting the entire nation has led retrenchment of workers has further led to unemployment. There is also massive competition from other players in similar industries that have made the company innovate other ways of marketing to keep at the top.

Price inflation also led to the reorganization of the company strategically to be able to better penetrate the market and generate better sales.

Social Factors

Khetia has to conform to cultural and social beliefs and expectations about alcoholic drinks. It analyses the culture of different people and their festivals and manufacture the brands accordingly to remain the most popular brand I the market overtime. (Macarov David (2003) What Market Does to People: Privatization, 2003)

Technological Factors

With the technological advancement, Khetia has come up with a huge investment in technology as a marketing platform by use of social media to market our brands and also invest in consumer feedback, which is taken very seriously to generate better sales.

Legal Factors

Khetia has also faced several entanglements. At some point, the company has faced claims of use of illegal and harmful ingredients that have led to some products being recalled in some states and massive loss of millions in trying to sanitize the public impression created.

Environmental

These don't immensely affect our sales but directly affect the generation of our raw materials that largely emanate from agriculture.

2. Free Market system- this is basically a type of economy that is based on individual business operations that include the production and supply of goods and service delivery with minimal or totally no involvement, control, or regulation by the central government or its related agencies. In a free market system, business firms act in self-interest to determine resource allocation, goods production and even the markets for the goods and the price for the sales without government control as opposed to a command economy where the government regulates their operations and, at times, keeps the profit.

Advantages Of The Free Market System

The free market system promotes consumer supremacy and control. Producers always strive to work to make their products to the customer's satisfaction at all times at a reasonable price. Due to the existence of many producers for a specific range of products, the customer has more choices for the purchases they make.

It leads to more innovation and creativity as a result of reduced bureaucracy. Because the government has little to do with regulation of the operations of the business firms, entrepreneurs resort to more innovation on how to reduce cost and be able to meet more of the customers' demands at a lower cost and maintain a healthy condition with other players in the business for the customer's satisfaction. For instance, there is a huge investment in technology in marketing to ensure improved sales as a result of technological advancements.

Free markets have also increased revenue collection in the countries involved. Higher profits are generated through the strategies generated by the producers and the willingness of the consumers to spend more on the goods produced. This results in the faster economic growth of these countries economically and better provision of social services.

Optimum resource allocation leads to efficiency and profit maximization.

Resources are produced and allocated according to the product demand by the consumer, leading to the realization of higher profits since consumers are willing to pay for the goods, and producers are also willing to get the raw materials. Efficiency is enhanced since firms seek to maximize the profits and minimize the cost.

Disadvantages Of The Open Market System

Inadequate provision of merit goods and services. This results in little or no production of goods that are not profitable. This will lead to the deprivation of merit goods and services such as housing, health and education to mostly the poor, who will be affected. This widens the gap between the rich and the poor in the society.

It leads to market failures that subsequently lead to unemployment and massive loss of income. This was evident in the great depression of 1930 that resulted which resulted in many people losing their jobs and subsequently being rendered homeless because of the obsession with seeking fast returns from investment over steady gain.

Open market also limits the production of public goods since they are considered unprofitable. Such public goods include street lighting, bus stops and even fire services. Consumers are never willing to pay for such amenities as they are preoccupied with other goods such as drugs, cigarettes and alcohol, among others.

It also leads to overexploitation by the dominant firms and the use of environmentally unfriendly ways of operations. Since no one regulates them, dominant firms use their power to exploit suppliers and consumers and even pollute the environment, inconsiderate of the dire consequences of the same. This puts the lives of other people in danger if not regulated.

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