

Economic

Business activity can be affected by the state of the economy. The state of the economy will affect how much consumers spend on goods and services. Consumer incomes will rise and fall depending on several economic factors:

- disposable income
- employment and unemployment
- interest rates
- tax rates
- inflation.

Technological

The increasing levels of technology has had a major impact on all retail businesses and how they operate. Technological change includes:

- the internet, e-commerce and m-commerce and apps
- high-speed broadband
- cloud-based storage
- Wi-Fi access
- self-serve checkouts
- contactless payments
- delivery drones
- virtual mannequins.

Environmental

Retail activity can have a negative effect on the environment, contributing to climate change, pollution, congestion, destruction of the environment and waste disposal.

Protecting the environment is now a mainstream business issue, increasing pressure from consumers and governments has resulted in retail businesses acting in a responsible manner, often referred to as sustainability.

Sustainable business actions include:

Reduce packaging on products, increase recyclability of packaging, encourage the re-use of carrier bags, use alternative sources of energy, reduce carbon footprint, encourage smarter use of transport and switching to more sustainable suppliers.

Social

Retailers must be aware of the ever-changing social factors. These include:

- demographic change, the size, location, and distribution of the population
- lifestyle changes of the population
- customer tastes and attitudes
- cultural changes.

Ethical

The moral values that direct business behaviour. An ethical business takes into consideration its social responsibilities.

Ethical considerations include how the business treats its employees, customers, suppliers, animal welfare and Fairtrade.

Acting ethically can improve profitability by increasing customer loyalty and improving public relations.

Acting ethically can have a negative impact upon profitability by increasing costs.