

LAM External Environment: PESTLE Analysis

Political factors

- Demographic changes – Rapidly growing Spanish-speaking American market created a negative political reaction in the U.S.

Economic factors

- Economic downturn in 2008 negatively affected music sales.
- Recession encourages singers to become 'media personalities'.

Social/cultural factors

- Different ethnic groups favour artists that speak their own language and share similar backgrounds.
- Image is as important as talent.
- Celebrity is sought after commodity – more than education in terms of reward.
- Trends in fashion change over time, such as ideas of beauty.
- American fans prefer younger musicians and film stars.
- It is difficult to appeal to the fans when artists hit 40.

Technological factors

- Increase online file sharing using online software
- New technologies, e.g. MP3 players and smartphones.
- Video hosting websites replacing television videos.
- Communication opportunities improved by social networks.
- E-commerce opening up global markets.

Legal factors

- Government taxation rules.
- Laws on working age and responsibility, i.e. 18 to produce a CD.
- Legal rules and regulations on company formation and administration.
- Limited liability safeguards shareholders.
- File sharing is illegal.
- Copyrights protect intellectual property and royalties create revenue streams.

Ethical factors

- Demand for charitable work and celebrity endorsement to increase donations for 'good causes'.