

Business Location

Location and Site

Definition: Location is a geographical area where businesses may be found whilst the site is a specific place within a geographical area.

Factors to consider when deciding where to locate a business:

- Cost
- Availability of shop
- Suitability of shop / size of the premises / state of premises / facilities
- Infrastructure
- Closeness of shop to market / plenty of customers
- Ease of access for customers / for deliveries
- Passing trade / footfall



Footfall

Definition: The number of people passing close to the business. These are potential customers of that business.

Why locating near a competitor is not always a good thing

- **Similar businesses may be well known** → likely to have loyal customers → who will not switch
- **Similar business may have wider range of goods** → customers more likely to visit competition
- **Similar business may have lower prices** → steal customers → could start a price war
- **Potential for low sales** → difficult to attract customers

Factors to consider when locating a business

Positive factors to think about when deciding on a business location:

- **Cost of rent** → rent for out of town sites is often cheaper → less than other sites e.g. in town centre
- **Transport links** → close to main road → motorists will find location easily → as will delivery vehicles
- **Easy access for customers** → is the entrance off a main road making it easy to find → close to bus stops
- **Car parks** → enough space → less congestion than town centres → usually free parking in out of town sites
- **Easy access for delivery** → does not disrupt car parks/customers
- **Competition** → shops selling similar goods close by → might attract customers looking for variety
- **Other businesses** → people shopping close by might be attracted to the business
- **Common services** → such as security, waste disposal

Negative factors to think about when deciding on a business location:

- **Competition** → similar businesses may be well known → may have wider range of goods → lower prices → people may go to the town centre
- **Congestion** → with variety of businesses → many people using centre → car parks full → customers previous bad experience
- **Distance to travel for customers** → may be too far → cost to travel → availability of transport
- **Maybe more expensive** → than other locations
- **Must conform to standards of other businesses** → e.g. design of shop

Discuss the possible effects that a retail park shopping centre might have had on the nearby traditional local shopping area.

Positive Effects:

- ✓ **More customers attracted to area by the retail park shopping centre** → may want to visit traditional area
- ✓ **Lower rents in traditional area** → may be lower prices for customers → new businesses attracted
- ✓ **Less congestion in traditional area** → may attract new customers → better environment for locals
- ✓ **New businesses may open** → selling different products → greater consumer choice
- ✓ **Locals may have greater range of goods** → lower prices
- ✓ **Employment opportunities** → may provide higher wages than local shops

Negative Effects:

- ✗ **Increased competition** → many businesses already in the retail park shopping centre
- ✗ **Centre larger** → greater range → lower prices
- ✗ **May lead to closure of businesses** → empty shops appearance of traditional area → more loss of custom → locals may need to travel
- ✗ **More congestion on local roads** → more difficult for locals → more difficult for businesses
- ✗ **Employment losses** → workers lost to new centre → need to retrain

No Effect:

- **No loss of custom** → consumer loyalty → service provided by local businesses → village shops closer
- **Traditional area not close to main road** → no effect on traffic volumes
- **Different goods sold/speciality shops**

