

Topic 1.4.2 Business Location

Key Vocabulary

Location – where a business operates

Proximity – nearness to; how near you are to something

Market – the customers / people and businesses who will buy your products

Labour – staff who work for you

Raw materials – the things a business needs to make its products

Primary sector – businesses that extract and provide raw materials from the land, sea or air

Secondary sector – businesses that convert raw materials into a finished product

Tertiary sector – service-based businesses

Core Knowledge

Business location is where the business operates. This may be a fixed location on online.

For some businesses the location is more important than others. A business will need to consider

- The nature of the business
- What sector it operates in
- The market / customers' needs
- Type and amount of labour required, i.e. near to labour if skilled labour is needed, and concentrated in a specific area
- Type, size, amount of materials required to produce the product
- Competitors – locate close when customers visit an area for a specific purpose, e.g. a town centre for a night out
- Costs – city centre locations are more expensive than out of town locations

The internet has had a significant impact on location. Small businesses can now use online sites such as ebay and etsy.

Using e-commerce can reduce fixed costs, and allow a business to offer a greater choice, but the business must have efficient distribution systems and an effective returns service

Don't be a "man on the street"

- Not all retailers sell online as well
- Ebay is for business sellers as well as second hand items
- Cheapest location is not always best



Wider Business World

Amazon – arguably the most successful internet based business

Primark – most of the stores in large town centres to benefit from being near customers

Beauticians / hairdressers – often set up close to competition to benefit from passing trade

Medical research – often located near to a large university



Synoptic Links

Technological influences – the introduction of the internet meant that businesses no longer needed a fixed premises

Marketing mix – location costs can affect price; internet affects the place element

Globalisation – some businesses can now choose to locate in different parts of the world