

Location

Every business has to be located somewhere. A sole trader who works as a window cleaner may operate from home, where as a multinational car company will have factories, offices and outlets in many countries. For both businesses however, where to locate may be the most important decision they make and can determine their success. It is a very expensive decision to reverse.

Factors affecting location include:

- Cost of site
- Availability of labour
- Proximity to raw materials
- Proximity to market
- Infrastructure
- Government incentives



Generally speaking these factors will depend upon the type of business and their reasons for looking at a new location.

Manufacturing firms	Retailers	Services	Firms relocating

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Most location questions appear on Paper 2. This means you will have to analyse the case carefully and choose the most important factors that will influence the businesses location decision.

Summary of Case Study	3 most significant factors	Analysis (reasons why)
Toyota are looking to expand their current production facilities in order to allow them to target their growing international market. They are very cost conscious and quality orientated.	1 2 3	
Hilton Hotels have identified 2 potential new markets abroad. They are unsure which one to choose but feel that demand in either market would be high.	1 2 3	Tourists like reliable weather, this will therefore attract more customers. Expensive hotels have many other services e.g internet. This adds value to the service. Tourists also like malls etc to be nearby.
Carrefour have recently located in Kuwait and are now looking to establish a second retail outlet within the Kuwait market.	1 2 3	Need large amount of space, could be problem in Kuwait. Many customers = many car spaces, if not they may go elsewhere. Has to be close enough for them to drive.
EKZ are a food wholesaling company, specialising in frozen imported food. They target small firms and rely on them as their main source of revenue. Unfortunately government controls make location difficult.	1 2 3	Restrictions on location add to costs and planning time. Must be close to small firms to keep travelling time/costs low.
Bob, the local builder, is looking to open his first local office. This would allow him to employ office staff to look after customer enquiries and deal with building quotations.	1 2 3	Sole trader needs to keep start up costs low. Reliable technology helps keep in contact with suppliers and customers.