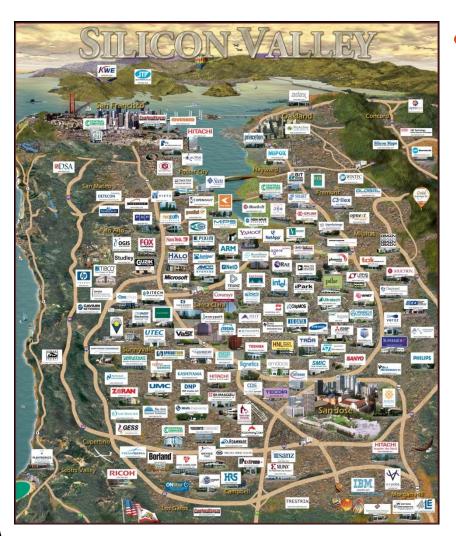
# LOCATION



### LOCATION



• The location of a business is where it is situated e.g. in Central London, Silicon Valley, etc. Where to locate a business is a crucial decision because this will have an important impact on <a href="mailto:profits">profits</a>. Typically businesses will seek locations that maximise <a href="mailto:revenues">revenues</a> and minimise <a href="mailto:costs">costs</a>.

High revenue - Low cost = High profit.

#### LOCATION

When deciding our location we have to take into account these points:

- 1. CLOSE TO TE CUSTOMERS
- 2. TRANSPORT LINKS
- 3. SKILLS AND COST
- 4. GOVERNMENT
- 5. OTHERS:....

## CLOSE TO THE CUSTOMERS



• The nearness of the market and the cost of delivering the goods are likely to be important factors.

### TRANSPORT LINKS



• Transport is an important factor supporting access to markets. Modern companies also need to locate where they have access to excellent information technology links.

#### SKILLS AND COST

• Availability of appropriately skilled employees.

Some industries rely heavily on a highly skilled workforce. In contrast, other industries that require cheap labour will seek locations where there are a lot of people looking for work that are prepared to accept low wages.

### GOVERNMENT INCENTIVES



Government incentives are important in reducing costs of locating in certain areas. These incentives are in effect <u>subsidies</u> provided by European Regional Funds (from the <u>European Union</u>) and by the <u>UK government</u>.

# With the words given below complete the following paragraph.

Customers Government skill and cost information technology Transport