Your notes

GCSE Business: revision notes

Business location

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Factors that affect location

- Nearness to the market (customers), to labour (skilled workers and wage levels), to materials and suppliers, and to competitors.
- Costs, such as rent and business rates. **Infrastructure**, such as roads, rail, airports and broadband. Government grants and **incentives**.
- The internet: **e-commerce** means many businesses can sell from almost anywhere.

Different businesses, different needs

- Shops and services need to be near their customers, where there is high **footfall**. Manufacturers may locate near raw materials or good transport links. Technology businesses often locate near skilled workers, such as near universities.

Locating abroad

- Reasons: lower labour and land costs, nearness to new markets, and avoiding trade barriers.
- Drawbacks: language and cultural differences, distance, harder quality control, and ethical concerns about working conditions.

Key terms

Location	Where a business is based.
Footfall	The number of people passing a place.
Infrastructure	Transport and communication links, such as roads, railways and broadband.
Proximity	Nearness.
E-commerce	Buying and selling online.
Labour costs	The cost of paying workers.

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Incentive	Something that encourages a decision, such as a government grant.

Quick questions

Cover the answers and test yourself: remembering is what makes it stick.

1. Why does a coffee shop need a location with high footfall?
2. What is infrastructure?
3. Why might a manufacturer locate near its raw materials?
4. How has e-commerce affected location decisions?
5. Why might a business locate abroad?
6. What is a disadvantage of locating in a city centre?
7. Why might a technology company locate near a university?
8. What is a government incentive for location?

Answers

1. Many passing people means more sales
2. Transport and communication links such as roads, rail and broadband
3. To reduce transport costs
4. Many businesses can sell online from anywhere
5. Lower labour or land costs
6. High rent
7. To access skilled workers
8. Grants or tax breaks to encourage businesses to locate in certain areas

What to do next

Practise 12 questions on this topic

Try 4 exam questions, with mark schemes

Read the lesson, one step at a time

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