***LOCATION THEORY: INDUSTRIES How do companies decide where to build their factories? Use Ethel Wood pp. 170-174***

|  |  |
| --- | --- |
| What does **location theory** explain? |  |
| Where do **primary** industries develop? |  |
| Explain the factors that determine the location of **secondary** industries. | variable costs |
| friction of distance |
| distance decay |

|  |
| --- |
| **WEBER’S LEAST COST THEORY/MODEL FOR THE LOCATION OF INDUSTRIES** |
| **TRANSPORTATION**: MOST important to Weber; Give an **EXAMPLE** of how companies can minimize transportation costs. |
| **LABOR**: Give an **EXAMPLE** of how companies can minimize labor costs. |
| **AGGLOMERATION**: Give an **EXAMPLE** of how agglomerations of industries/businesses can minimize costs. |
| ***Deglomeration****: excessive agglomeration may lead to an increase in labor and transportation costs, leading to an exodus of businesses from a crowded area* |

Based on **locational interdependence**, why might two ice cream vendors locate their stands near each other in the middle of the same beach?

|  |  |
| --- | --- |
| SITUATION FACTORS | ***Transportation****: Situation factors mainly have to do with transportation, the #1 factor per Weber; the farther something has to be carried the higher the cost. The bulkier/heavier the cargo, the more it is going to cost. Therefore, you usually want to locate your factory CLOSEST whatever is most costly to transport.*  |
| Bulk-reducing industries – what does this mean? | Bulk-reducing industries – examples |
| Bulk-gaining industries – what does this mean? | Bulk-gaining industries – examples |
| Single-market manufacturers |
| Perishable products |
| SITE FACTORS | Land cost: | Culture: |
| Climate: | Labor cost: labor-intensive |
| Footloose industries |  |

**\*\*\*CASE STUDIES ACTIVITY: INDUSTRIAL CENTERS (Quiz GRADE)**

Select THREE of the places/regions below and make briefs HAND-WRITTEN notes on the following FOR EACH. Be organized – you can make a neat chart or a well-organized outline.

Ruhr Valley, Germany Bratsk, Russia Singapore American Midwest

 a) advantages AND/OR disadvantages of the **situation**

 b) advantages AND/OR disadvantages of the **site**

 c) describe **agglomeration** of industry in the area