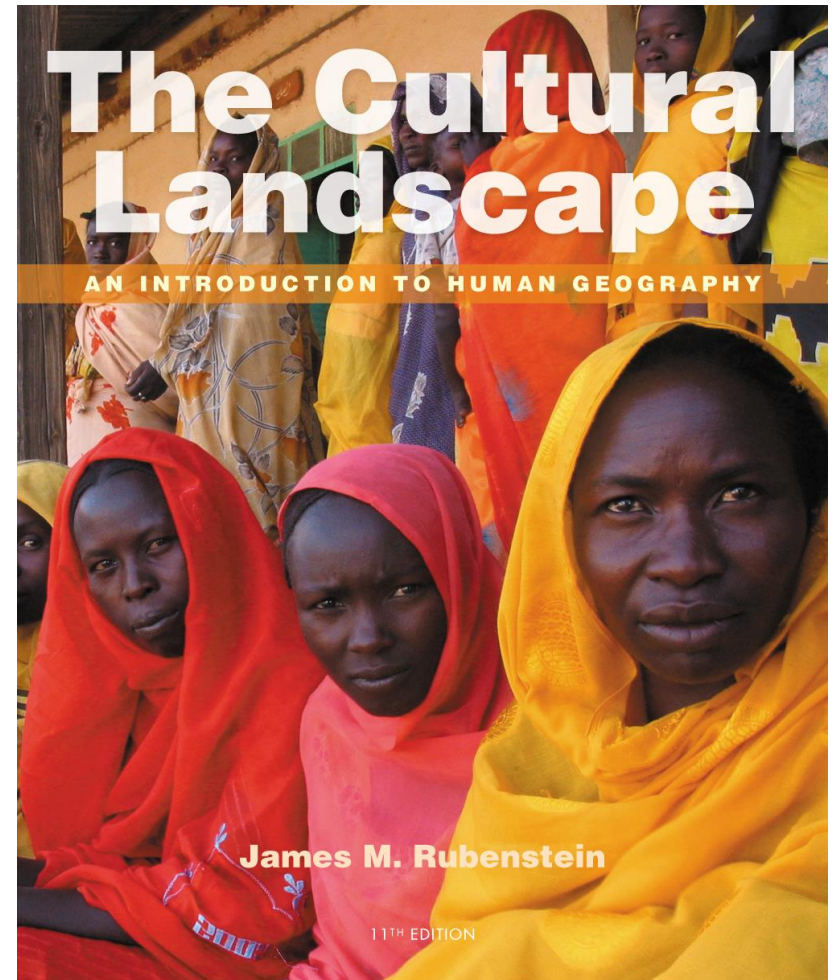


The Cultural Landscape

Eleventh Edition

Services and Settlements

Matthew Cartlidge
University of Nebraska-Lincoln



Key Issues

- Where are services distributed?
- Where are consumer services distributed?
- Where are business services distributed?
- Why do services cluster in settlements?

Learning Outcomes

- 12.1.1: Describe the three types of services and changing numbers of types of jobs.
- 12.2.1: Explain the concepts of market area, range, and threshold.
- 12.2.2: Explain the distribution of different-sized settlements.
- 12.2.3: Explain how to use threshold and range to find the optimal location for a service.
- 12.2.4: Understand the role of periodic markets in the provision of services in developing countries.

Learning Outcomes

- 12.3.1: Describe the factors that are used to identify global cities.
- 12.3.2: Explain the two types of business services in developing countries.
- 12.3.3: Explain the concept of economic base.
- 12.4.1: Describe the difference between clustered and dispersed rural settlements.
- 12.4.2: Explain the types of services in early settlements.

Learning Outcomes

- 12.4.3: Identify important prehistoric, ancient, and medieval urban settlements.
- 12.4.4: Explain the two dimensions of urbanization.

Where Are Services Distributed?

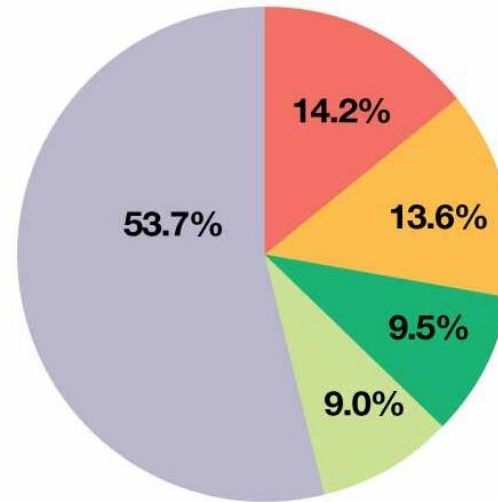
- Three Types of Services

1. Consumer Services

- Principal purpose is to provide services to individual consumers who desire them and can afford to pay for them.
- Constitutes nearly $\frac{1}{2}$ of all jobs in the U.S.
- Subdivided into four main types of consumer services:
 1. Retail and Wholesale Services
 2. Education Services
 3. Health and Social Services
 4. Leisure and Hospitality

Consumer Services

- Retail & Wholesale
- Health & social
- Education
- Leisure & hospitality
- Other U.S. jobs

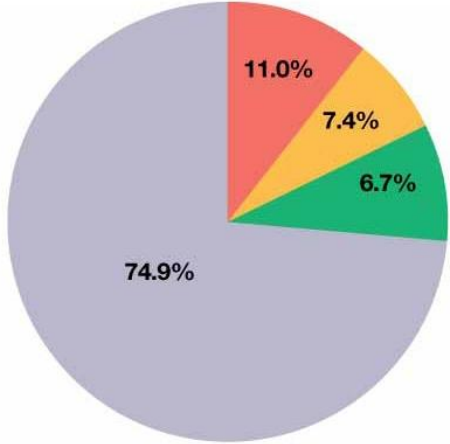


Where Are Services Distributed?

- Three Types of Services

- 2. Business Services

- Principal purpose is to facilitate other businesses.
 - Constitutes $\frac{1}{4}$ of all jobs in the U.S.
 - Subdivided into three main types of business services:
 1. Professional Services
 2. Financial Services
 3. Transportation Services



Where Are Services Distributed?

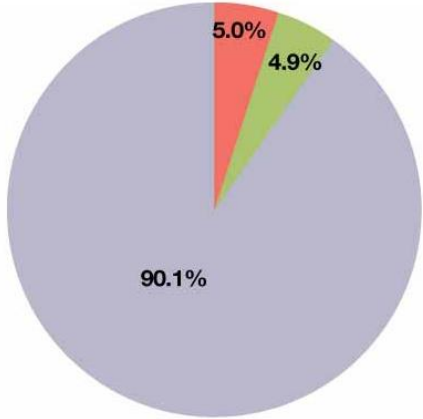
- Three Types of Services

- 3. Public Services

- Purpose is to provide security and protection for citizens and businesses.
 - Constitutes about 5% of all jobs in the U.S.
 - Workers divided among various levels of government.
 - » Federal Government: 1/6 of public sector employees
 - » State Government: 1/4 of public sector employees
 - » Local Government: 3/5 of public sector employees

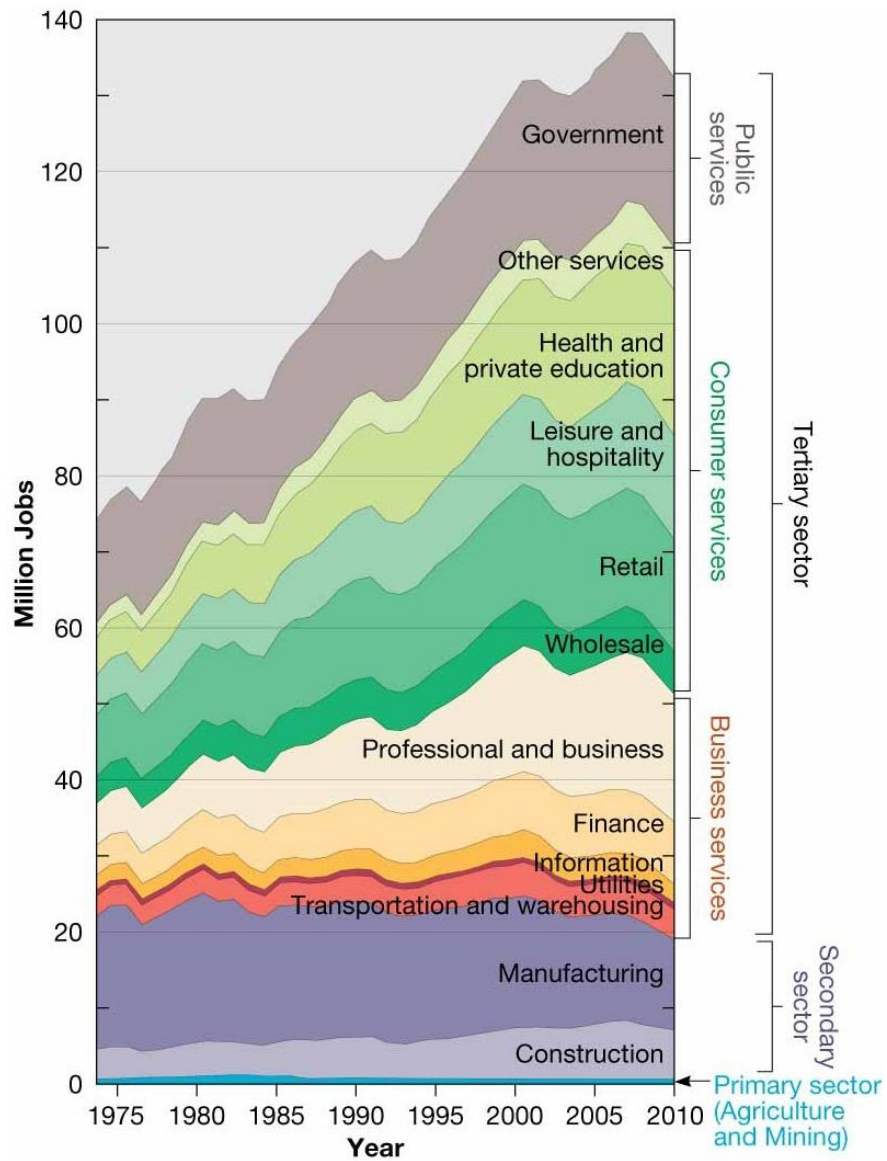
Public Services

- Government workers
- Other services
- Other U.S. Jobs



Where Are Services Distributed?

- **Rising and Falling Service Employment**
 - Service sector of the economy has seen nearly all the growth in employment worldwide.
 - Service sector has also been most negatively impacted by the recession.
- **Change in Number of Employees**
 - Within business services, jobs expanded most rapidly in professional services e.g. engineering, management, and law.
 - Within consumer services, fastest increase has been in provision of health care.



Where Are Consumer Services Distributed?

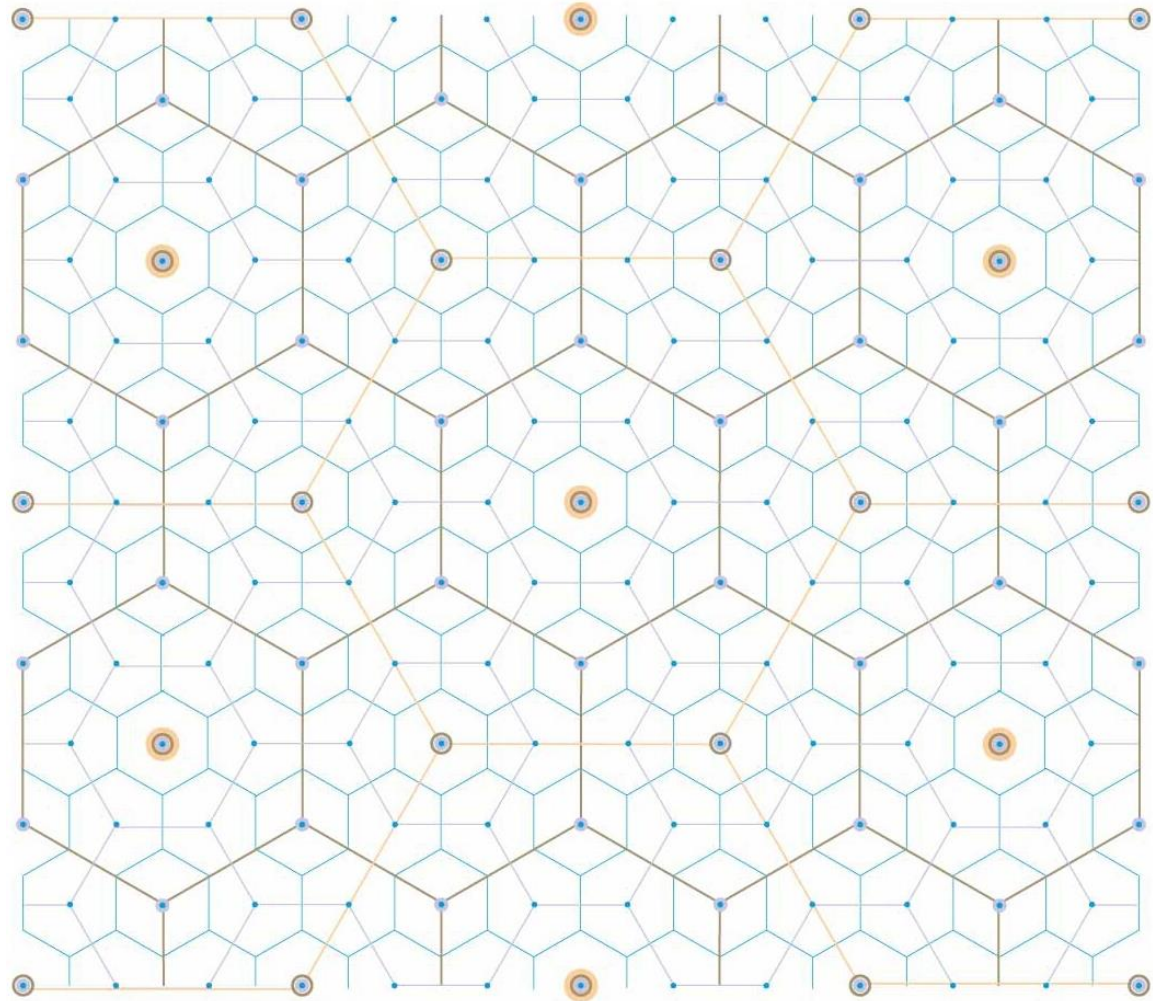
- Geographers use *central place theory* to help explain why consumers services follow a regular pattern based on size of settlements, with larger settlements offering not only more consumer services but also more specialized ones.
 - Geographer Walter Christaller proposed the concept of a a central place in the 1930s.

Where Are Consumer Services Distributed?

- Market Area of A Service
 - A *central place* is a market center for the exchange of goods and services by people attracted from the surrounding area.
 - Its is centrally located to maximize accessibility.
 - A *market area*, or *hinterland*, is the area surrounding a service from which customers are attracted.

Where Are Consumer Services Distributed?

- Range and Threshold of a Market Area
 - The *range* of a service is the maximum distance people are willing to travel to use it.
 - People travel short distances for everyday services. e.g. groceries and movie rentals
 - People travel greater distances for services offered exclusively in specific places. e.g. concerts and professional sporting events
 - The *threshold* of a service is the minimum number of people needed to support the service.
 - Service providers determine the suitability of a service center by overlaying the range of potential customers to its threshold.



Where Are Consumer Services Distributed?

- Hierarchy of Consumer Services
 - Only consumer services that have small thresholds, short ranges, and small market areas are found in small settlement.
 - Larger settlements provide consumer services that have larger thresholds, ranges, and market areas.
 - Developed countries have numerous small settlements with small thresholds and ranges and far fewer large settlements with large thresholds and ranges.

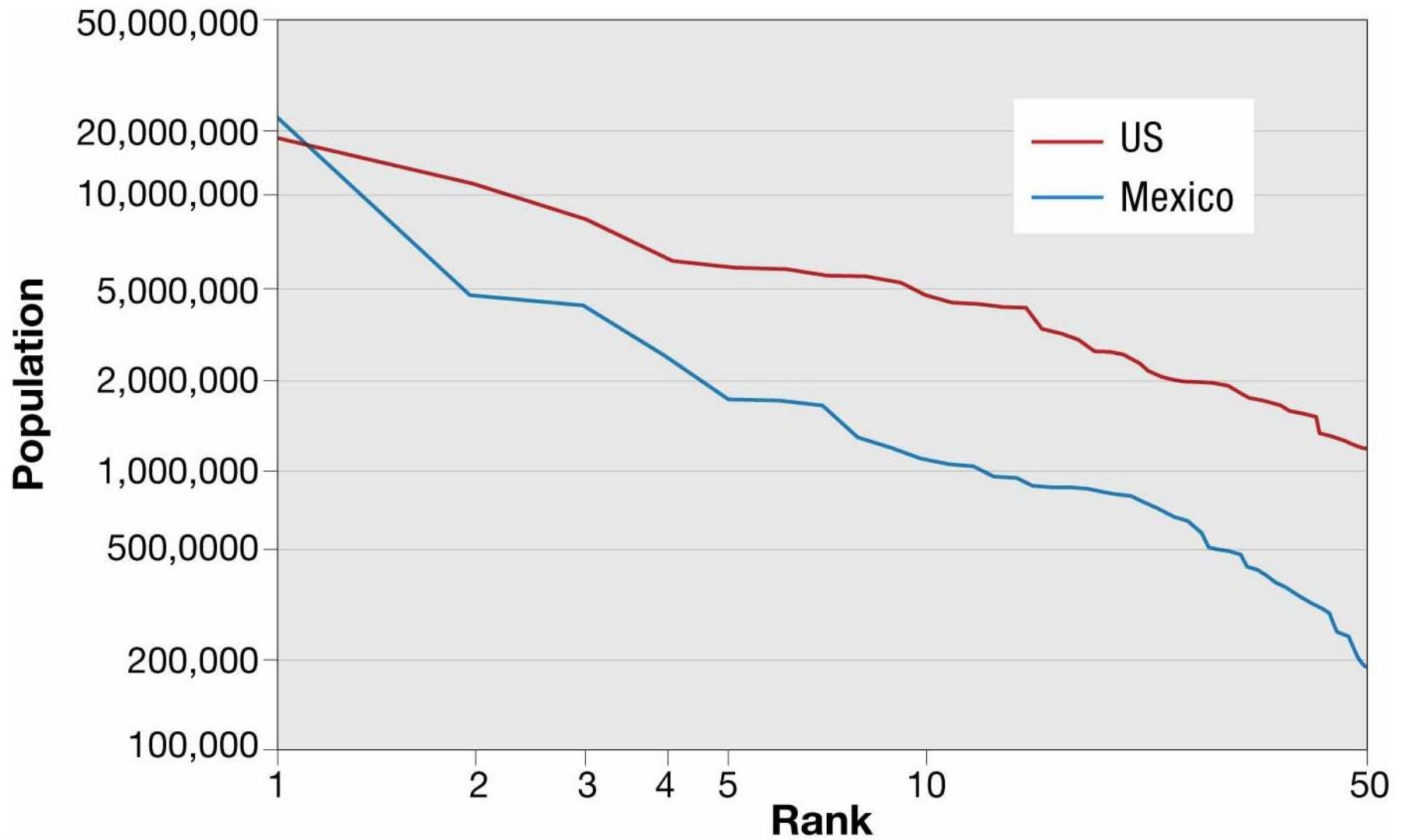
Where Are Consumer Services Distributed?

- Nesting of Services and Settlements
 - Central place theory posits that market areas across a developed country would be shaped as a series of hexagons of various sizes, unless interrupted by physical features.
 - Four different levels of market area exist:
 1. Hamlet (smallest)
 2. Village
 3. Town
 4. City (largest)



Where Are Consumer Services Distributed?

- Rank-Size Distribution of Settlements
 - Ranking settlements from largest to smallest in many developed countries produces a regular pattern or hierarchy.
 - *Rank-size rule* states that the country's n th-largest settlement is $1/n$ the population of the largest settlement.
 - Plotting populations on logarithmic paper produces a straight line.
 - Exceptions include the presence of a *primate city*- a city more than twice the population of the second-ranking settlement.



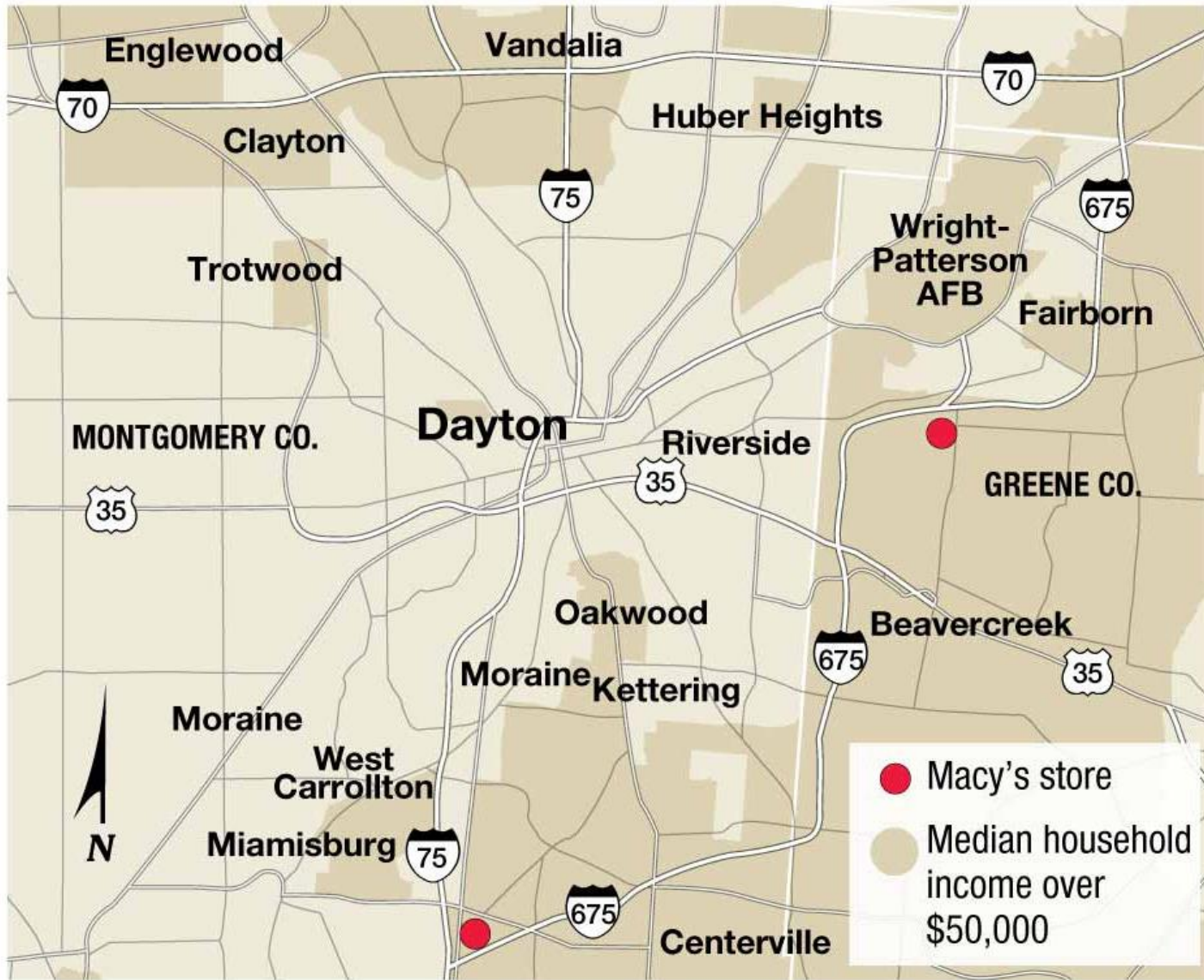
Where Are Consumer Services Distributed?

- **Market Area Analysis**

- Service providers believe that the location of a business is the most important factor to its profitability.
- Steps to Determine Profitability of a Location
 1. Compute the Range
 - Survey local residents about willingness to travel a specific amount of time to the potential site of a new store.
 2. Compute the Threshold
 - Identify how many patrons are needed to meet expenses.
 3. Draw the Market Area
 - Draw the range around potential location of new store, then identify whether or not the threshold is met within that radius.

Where Are Consumer Services Distributed?

- Market Area Analysis
 - The *gravity model* predicts that the optimal location of a service is directly related to the number of people in the area and inversely related the distance people must travel to access it.
 - Essentially, the best location will be the one that minimizes travel for all potential customers.

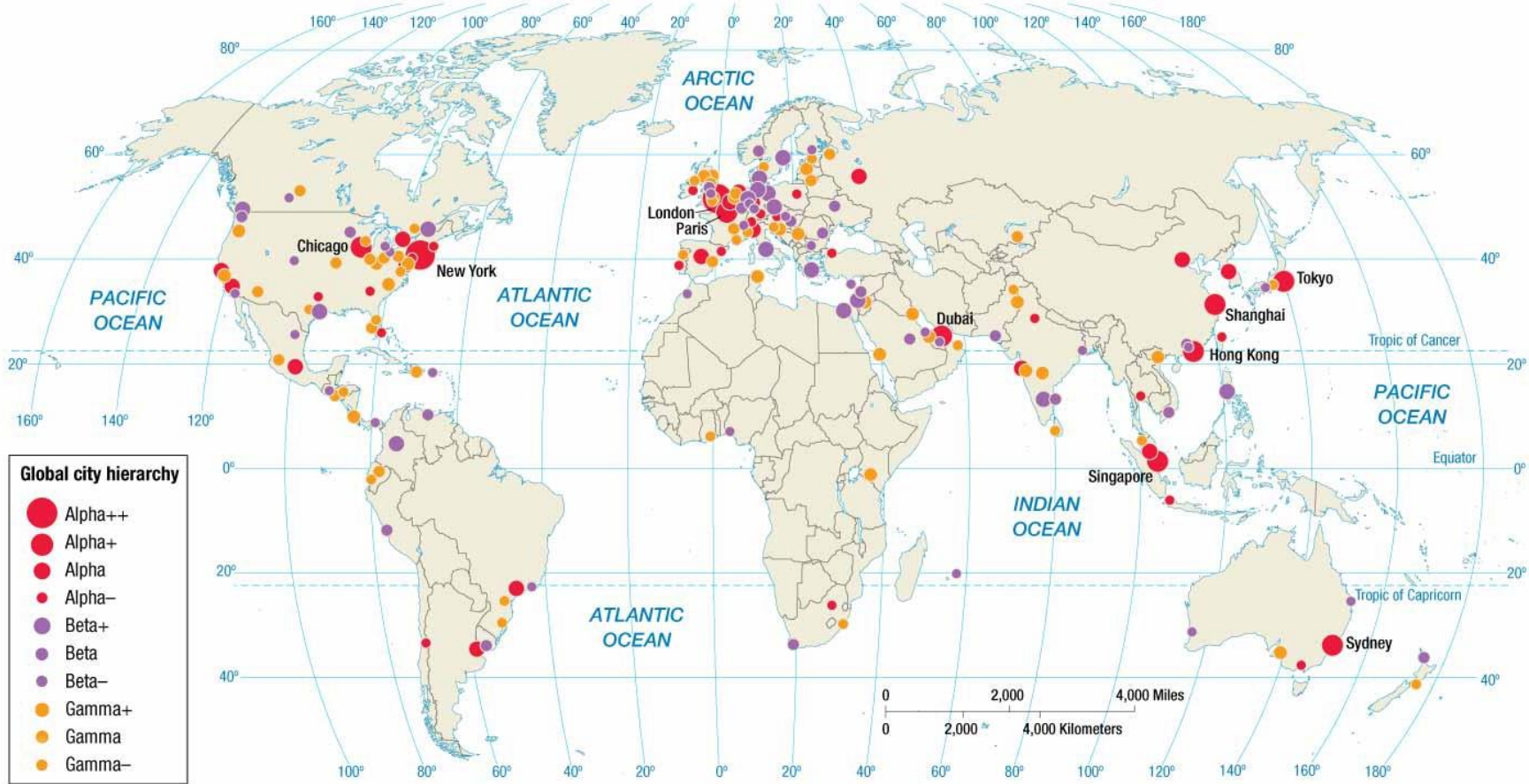


Where Are Business Services Distributed?

- Hierarchy of Business Services
 - All urban settlements provide consumer services, but not every settlement of a given size has the same number and types of business services.
 - Urban settlements tend to specialize in one or a few specific business services.
 - Geographers distinguish four levels of urban settlements according to their importance as business services providers.

Where Are Business Services Distributed?

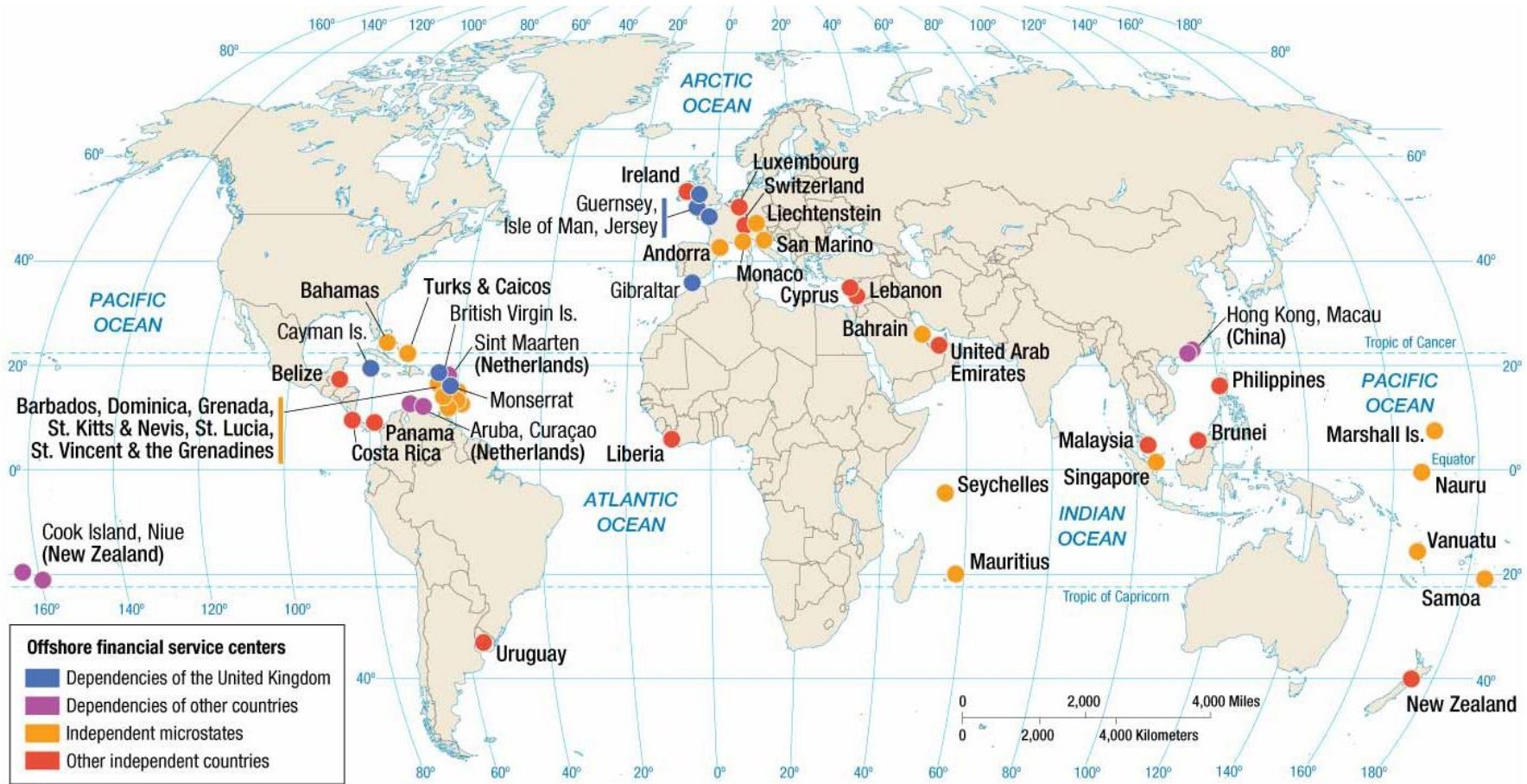
- Hierarchy of Business Services
 - Business Services in Global Cities
 - *Global cities or world cities* are at the top of the urban settlement hierarchy.
 - Center of the flow of information and capital in the global economy.
 - Location of countless large corporations' headquarters.
 - Global cities area divided into three levels: alpha, beta, and gamma, which, in turn, are further subdivided based on economic, political, cultural, and infrastructure factors.
 - » Examples – alpha++ (New York) and alpha+ (Chicago)





Where Are Business Services Distributed?

- **Business Services in Developing Countries**
 - Some businesses locate in developing countries, because they tend to offer supportive laws, weak regulations, and low-wage workers.
 - Primarily there are two main types of business services offered in developing countries.
 1. **Offshore Financial Services**
 - Taxes
 - » Tax breaks include little to no taxes on income, profits, and capital gains.
 - Privacy
 - » Bank secrecy laws can help individuals and businesses evade disclosure in their home countries.



Where Are Business Services Distributed?


- **Business Services in Developing Countries**
 - Primarily there are two main types of business services offered in developing countries cont'd.
 2. **Business-Processing Outsourcing**
 - *Back-office* functions, such as insurance claims processing, payroll management, transcription work, and other routine clerical activities, can be performed at a lower cost, if they are performed by workers in developing countries.
 - » Developing countries with a large labor force fluent in English are relatively more attractive to firms seeking a place to outsource some of their routine work.

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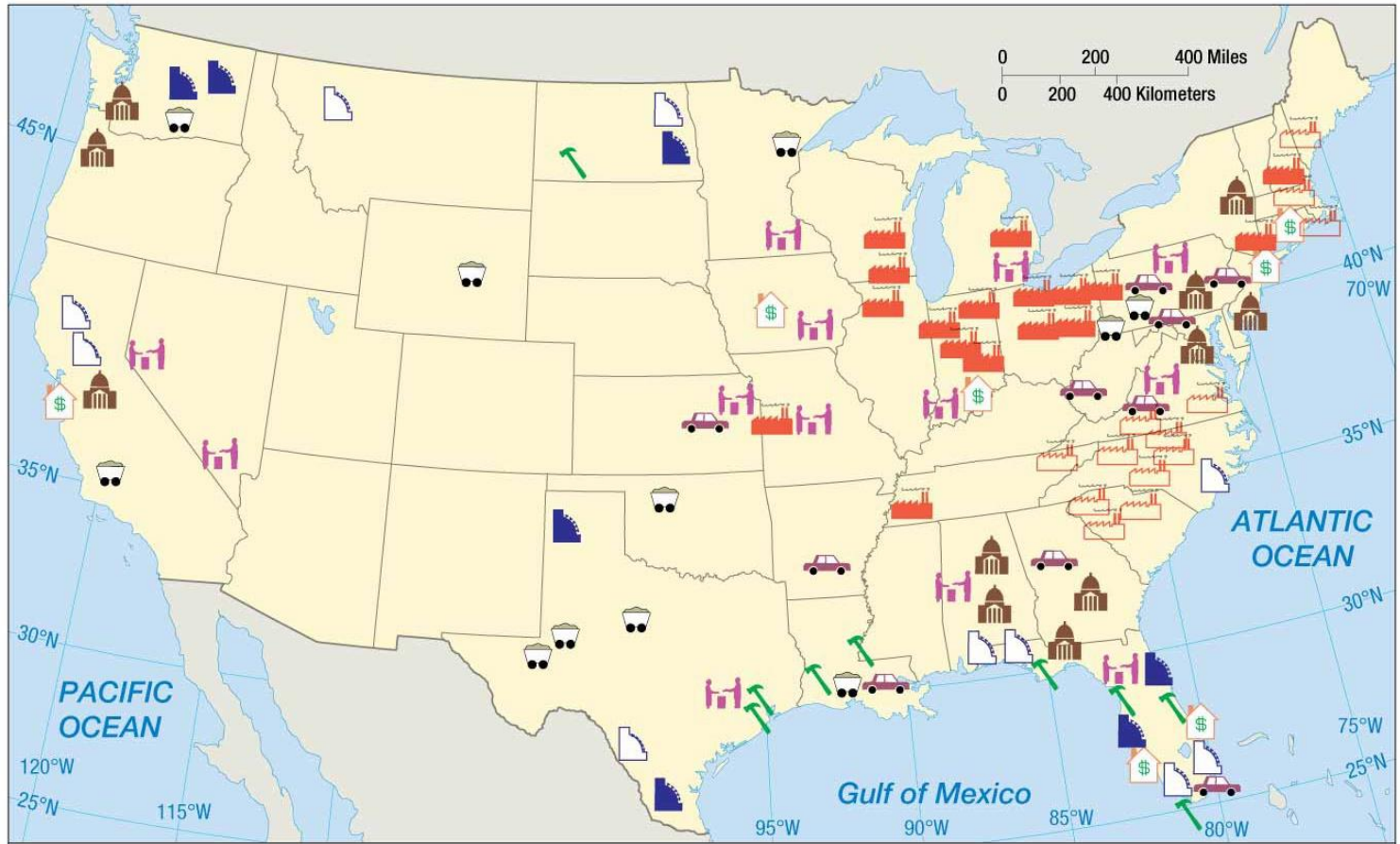
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Where Are Business Services Distributed?

- Economic Base of Settlements
 - A settlement's distinctive economic structure derives from its *basic industries*, which export primarily to consumers outside the settlement.
 - *Nonbasic industries* are enterprises whose customers live in the same community-essentially, consumer services.
 - A community's unique collection of basic industries defines its *economic base*.
 - Economic base of a postindustrial society, such as the U.S., are in business, consumer, or public services.
 - Ex. Computing and data processing services: Boston



Primary sector

Mining

Secondary sector

Construction
 Manufacturing—durable goods
 Manufacturing—nondurable goods

Consumer services

Retail trade
 Wholesale trade
 Personal services

Business services

Finance, insurance, real estate
 Transportation, communication, and public utilities

Public services

Public services

Why Do Services Cluster in Settlements?

- Services in Rural Settlements

- Rural settlements tend to take one of two forms.

1. *A clustered rural settlement* is an agricultural-based community in which a number of families live in close proximity to each other, with fields surrounding the collection of houses and farm buildings.
 - Typically include homes, barns, tool sheds, and consumer services, such as religious structures, schools, and shops.
2. *A dispersed rural settlement*, typical of the North American rural landscape, is characterized by farmers living on individual farms isolated from neighbors.





Why Do Services Cluster in Settlements?

- Services in Rural Settlements
 - Services in Early Settlements
 - Early Consumer Services
 - Places to bury the dead
 - Religious leaders stationed at burial sites to perform service of saying prayers for the deceased.
 - » Likely encouraged the building of more permanent structures for ceremonies and dwellings.
 - Manufacturing centers
 - Early Public Services
 - Primarily tasked with offering protection to everyone in the settlement.
 - » Walls built around settlements for protection.
 - » Defenders (soldiers)

Why Do Services Cluster in Settlements?

- Services in Rural Settlements
 - Services in Early Settlements (cont'd)
 - Early Business Services
 - Settlement served as a neutral ground where several groups could safely come together to trade goods and services.
 - Officials in the settlement provided producer services.
 - » Regulating the terms of transactions
 - » Setting fair prices
 - » Keeping records
 - » Creating a currency system

Why Do Services Cluster in Settlements?

- Urbanization
 - Earliest Urban Settlements
 - Prehistoric Urban Settlements
 - Earliest urban settlements were probably in the Fertile Crescent of Southwest Asia and North Africa.
 - Among the oldest is Ur in Mesopotamia (present-day Iraq)



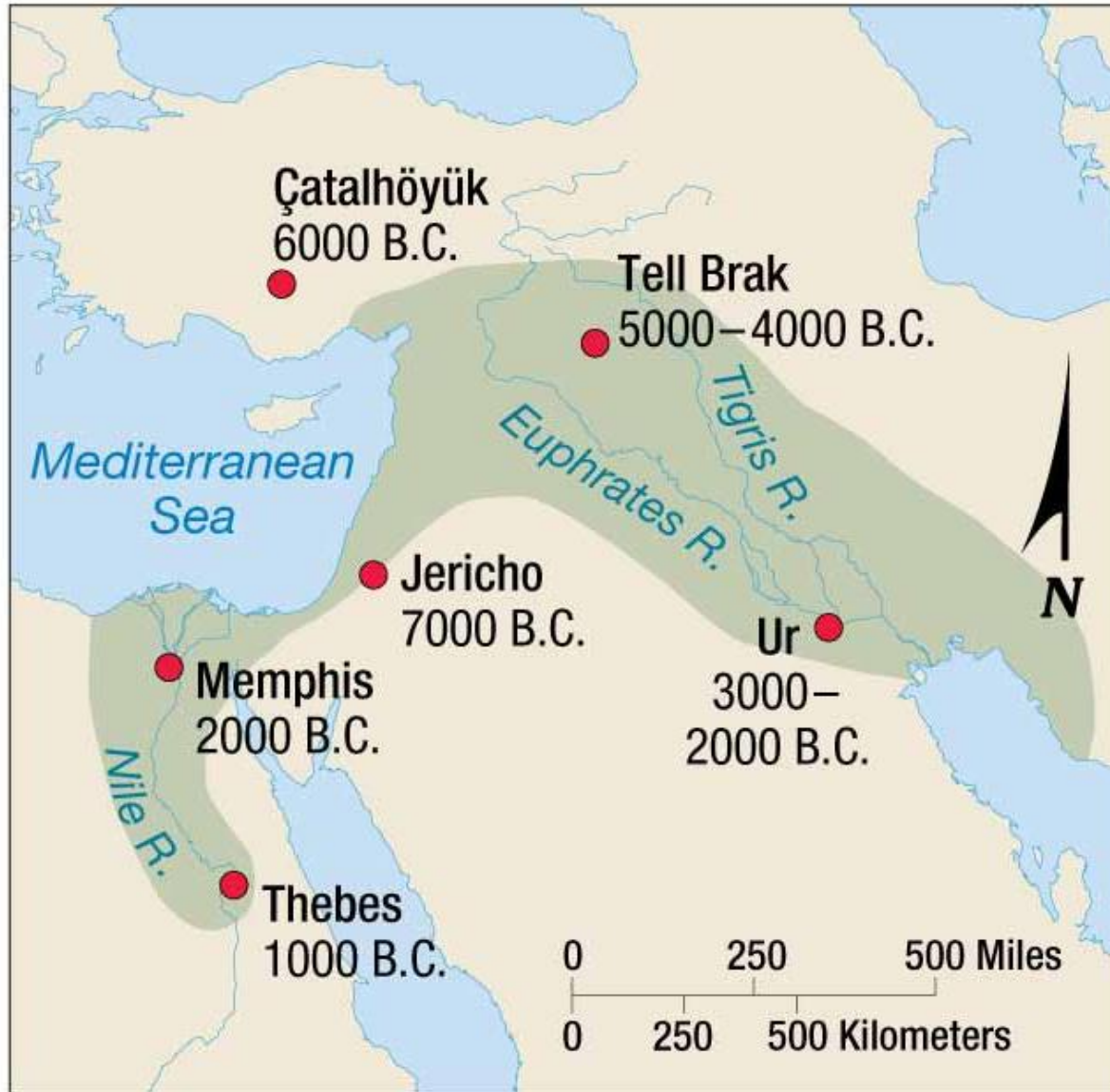
Why Do Services Cluster in Settlements?

- Urbanization

- Earliest Urban Settlements Cont'd.

- Ancient Urban Settlements

- Settlements first established in eastern Mediterranean about 2,500 B.C.
 - » Knossos (on the island of Crete)
 - » Troy (in Asia Minor- [Turkey])
 - » Mycenae (in Greece)
 - Aforementioned urban settlements were primarily trading centers and organized into *city-states*- independent self-governing communities that included the settlement and nearby countryside.
 - » Athens was the largest city-state in Greece
 - » Rome was believed to have grown to a population between 250,000 and 1 million.



Why Do Services Cluster in Settlements?

- Urbanization
 - Earliest Urban Settlements Cont'd.
 - Medieval Urban Settlements
 - Dense network of small market towns serving the needs of particular lords covered much of Europe.
 - Largest medieval European settlements served as power centers for the lords, church leaders, and as major market centers.
 - Tallest and most elaborate structures were usually churches.
 - Usually surrounded by walls.

Why Do Services Cluster in Settlements?

- Urbanization

- Rapid Growth of Urban Settlements

- The process by which the population of urban settlements grows, known as *urbanization*, has two dimensions.

1. An increase in the *number* of people living in urban settlements.

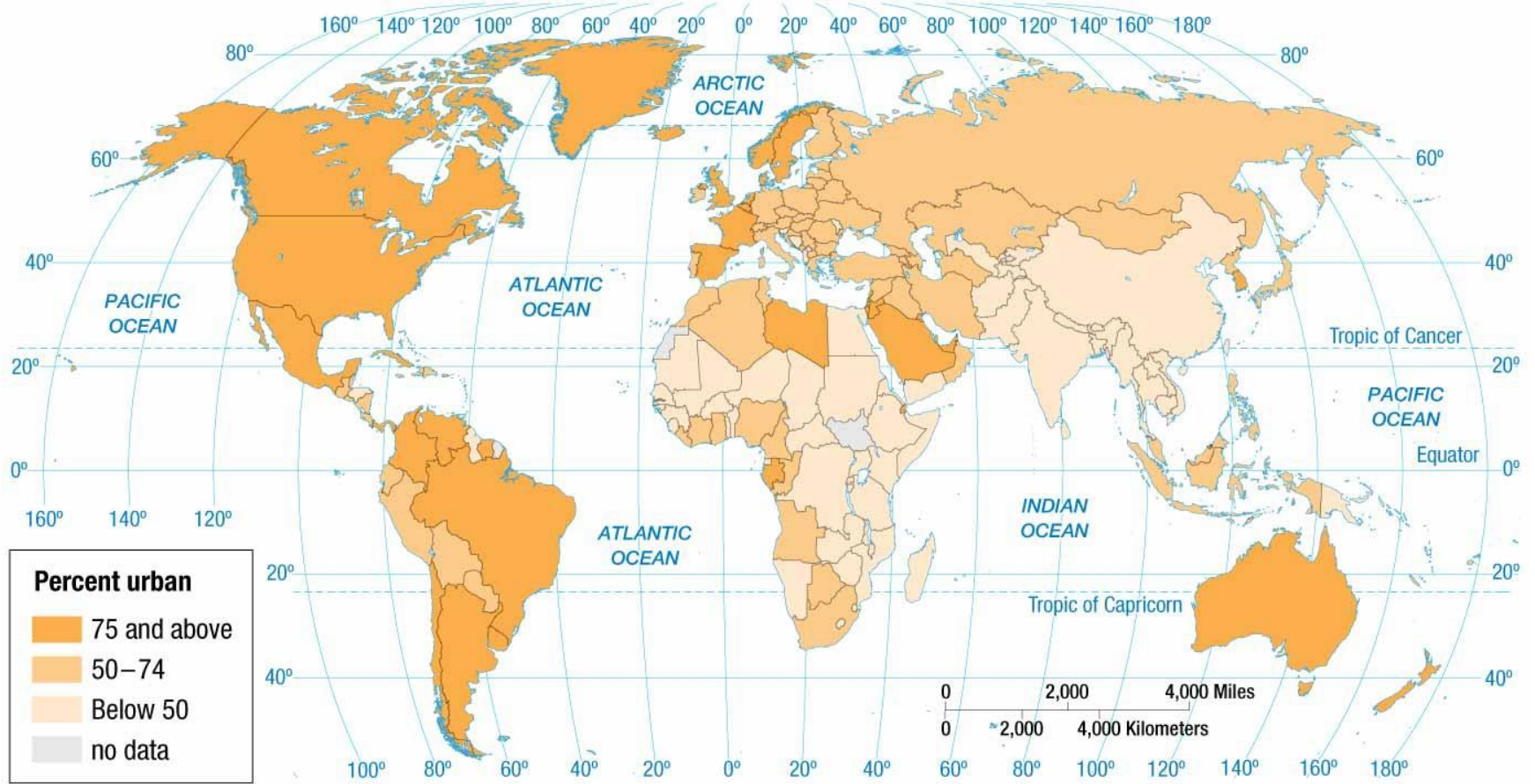
- » Developing countries have 8 of the 10 most populous cities.

2. An increase in the *percentage* of people living in urban settlements.

- » Percentage of people living in the urban settlements has increased from 3% in 1800 to 6% in 1850, 14% in 1900, 30% in 1950, and 47% in 2000.

- » Developed Countries: $\frac{3}{4}$ of population is urbanized.

- » Developing Countries: $\frac{2}{5}$ of population is urbanized.





Summary

- Most jobs are in the service sector, especially in developed countries.
- Consumer services generally follow a regular pattern, based on size of settlements.
- Business services disproportionately cluster in a handful of urban settlements.
- Services cluster in both rural and urban settlements as a function of market areas, ranges, and thresholds, which are integral to central place theory.