Choosing the Right Location and Layout
Choosing a Location

- The right region of the country
- The right state in the region
- The right city in the state
- The right site in the city
Choosing the Region: Sources of Information

- Census data
- World Wide Web
  - [http://www.census.gov/](http://www.census.gov/)
  - [http://govinfo.kerr.orst.edu/](http://govinfo.kerr.orst.edu/)
- Survey of Buying Power
- Editor and Publisher Market Guide
Choosing the Region: Sources of Information

- The American Marketplace: Demographics and Spending Patterns
- Rand McNally’s Commercial Atlas and Marketing Guide
- Zip Code Atlas and Market Planner
Geographic Information Systems (GIS)

- Computerized programs combining map-drawing with database management capability.
- Search through virtually any database and then plot the results on a map.
- Visual display reveals otherwise hidden trends.
Choosing the State

- Proximity to markets
- Proximity to raw materials
- Wage rates
- Labor supply needs
- Business climate
- Tax rates
- Internet access
Choosing the City

- Population trends
- Competition
- Clustering
- Compatibility with community
- Local laws and regulations
- Transportation networks
- Police and fire protection
- Cost of utilities and public services
- Quality of life
Retail and Service Location Considerations

- Trade area size
  - Retail compatibility
  - Degree of competition
  - Index of retail saturation (IRS)
  - Transportation network
  - Physical, racial, or emotional barriers
  - Political barriers
Retail and Service Location Considerations

- Customer traffic
- Adequate parking
- Reputation
- Room for expansion
- Visibility

(continued)
Retail and Service Location Options

- Central Business Districts (CBDs)
- Neighborhood locations
- Shopping centers and malls
  - Neighborhood shopping centers
  - Community shopping centers
  - Regional shopping centers
  - Power centers
Shopping Centers and Malls

- **Neighborhood Shopping Centers**
  - 3 to 12 Stores; anchor is supermarket or drugstore

- **Community Shopping Centers**
  - 12 to 50 stores; anchor is department or variety store

- **Regional Shopping Malls**
  - 50 to 100 stores; anchor is one or more major department stores

- **Power Centers**
  - Combines drawing power of a mall with convenience of neighborhood shopping center
Retail and Service Location Options

- Near competitors
- Outlying areas
- Home-based businesses
Manufacturing Locations

- Foreign trade zones
- Empowerment zones
- Business incubators
Business Incubators

- Organizations that combine low-cost, flexible rental space with a multitude of support services for their small business residents.
- More than 900 in operation across the U.S., and a new one opening, on average, every week.
- They work!! Firms that “graduate” from incubators have a success rate of 87%.
- Average incubator houses 20 businesses employing 55 people.
Layout:
External Factors

- Adequate size to accommodate business needs.
- Create the proper image or “personality” for the business in the customer’s eyes.
- Entrances must *invite* customers to come in.
Create effective window displays and change them often; they can be powerful sales tools.

Must comply with Americans with Disabilities Act.

Pay attention to the business sign, the most direct method of reaching potential customers.
A Business Sign

- Tells potential customers who you are and what you’re selling.
- Must comply with local sign ordinances.
- Should be visible, simple, and clear.
- Should be changed periodically to avoid becoming part of the background.
- Should be legible both day and night.
- Must be maintained properly.
Building Interiors

- **Ergonomics** is an integral part of any design.
- Proper layout and design pays off in higher productivity, efficiency, or sales.
- Proper lighting is measured by what is ideal for the job being done.
- Careful selection of colors can create the desired impressions among customers and employees.
- Appealing to *all* of the customer’s senses can boost sales.
Three Layout Patterns

- Grid
  - Rectangular with parallel aisles; formal; controls traffic flow; uses selling space efficiently
  - Supermarkets and self-service discount stores
Three Layout Patterns

- **Free-Form**
  - Free-flowing; informal; creates “friendly” environment; flexible
  - Small specialty shops
Three Layout Patterns

- **Boutique**
  - Divides store into a series of individual shopping areas, each with its own theme; unique shopping environment
  - Small department stores
Layout Guidelines

- Know your customers’ buying habits and plan your layout accordingly.
- Display merchandise as attractively as your budget will allow.
- Display complementary items together.
- Recognize the value of floor space; never waste valuable selling space with nonselling functions.
Factors to Consider in Manufacturing Layouts

- Type of product
- Type of production process
- Ergonomic considerations
- Economic considerations
- Space availability within the facility
Manufacturing Layouts

- Product layout
- Process layout
- Fixed position layout
- Functional layout