Industrial Location Factors

Transportation, Factors of Production, Weber’s Theory of Industrial Location
Warm-Up

• List 5 factors that will influence where a business decides to be located.
Types of Industries

• Bulk-Reducing Industry
  – Industry in which inputs weigh more than the final product

• Bulk-Gaining Industry
  – Making something that gains volume or weight during production
Transportation defined

• The movement of materials from one place to another
  – Key factor in determining why industries locate in particular places
    • Businesses trying to minimize costs
Types of Transportation

- Truck – short-distance, best for one-day delivery
- Train – Longer distance, no need for stops
- Ship – Low cost, cross-continental
- Air – High cost, for small, high-value packages
- Pipeline – Used to transport liquids and gasses
Factors of Production

• The unique characteristics of a location
  – Land
    • The need for easy access to larger areas of land or transportation networks
  – Labor
    • Need to have access to large amount of workers
      – Skilled or unskilled determines location in MDCs or LDCs
  – Capital
    • The machines and ideas used to come up with ideas for products
Weber’s Theory of Industrial Location

- Theory that tries to explain why industries locate where they do
  - Need to be close to three factors of production
  - Trying to limit costs as much as possible
  - Bulk-Reducing industries normally located closer to production centers, Bulk-Gaining industries closer to markets
Weber’s Theory of Industrial Location

Transportation Routes

Market

Production Center

Resource 1

Resource 2