Definition

• The transport of materials to and from a factory
  – Key factor in determining why industries locate in particular places
  – Goal: minimize cost of transporting
Bulk-Reducing Industry

- Industry in which inputs weigh more than the final product
- Example: Iron Ore
Bulk-Gaining Industry

• Making something that gains volume or weight during production
• Example: Cars
Other Industries

• Single-Market Manufacturers
  – Specializers with only 1-2 customers
  – Ex. Motor vehicle parts

• Perishable Product Manufacturers
  – Both industries must locate close to customers
  – Ex. milk
How to Transport?

- 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
Break-of- Bulk Point

• Break-of-Bulk Point
  – Location where transfer of travel modes is possible
  – Cost rises with additional break-of-bulk points
Factors of Production

• The unique characteristics of a location
• Three traditional production factors:
  – Labor
  – Land
  – Capital
Labor

• Workers
• The **most** important site factor
• Labor-intensive industry
  – Industry where paying workers is high percentage of total costs
Land

- New factories need lots of space (one-story facility)
- Proximity to major highways is most important
Capital

• Key source: borrowed money
• Industries located near available capital
  – ‘Auto Alley’ – Michigan, Indiana, Illinois
  – LDCs have great difficulty obtaining capital