

WHERE SHOULD I BUILD MY BUSINESS?

Overview:

In this lesson students will learn how to identify the market areas of some of the major retailers in their communities. To accomplish this, they will survey consumer travel behavior and create hypothetical businesses in their hometowns.

Connections to the Curriculum:

Geography, economics, social studies

Connections to the National Geography Standards:

Standard 11: "The patterns and networks of economic interdependence on Earth's surface"

Time:

Two to three hours

Materials Required:

- Two maps of your hometown
- Pencils, pens, or other markers

Objectives:

Students will

- understand the concept of a market area or hinterland;
- learn how geographers depict market areas;
- be able to distinguish a retailer's market area; and
- understand the importance of "range" and "threshold."

Geographic Skills:

Acquiring Geographic Information
Organizing Geographic Information
Analyzing Geographic Information

S u g g e s t e d P r o c e d u r e

Opening:

Give your students maps of their hometown. Have them mark their homes, nearby convenience stores, the nearest shopping mall, the barber shop or hair salon where they have their hair cut, their favorite music store, grocery store, and other businesses. Students should then draw the market areas for several of these establishments based on their own experience and that of fellow students. A market area is the area surrounding a shop from which the bulk of its customers are drawn.

Students will check their maps later by surveying the travel behavior of other consumers.

Development:

Ask your students to list a number of questions a future business owner might ask about the location of a business.

Make sure students discuss two important geographic questions pertaining to the market area: Are enough customers located in or near town to justify building the business at all? Assuming there are enough customers, where is the best location?

Give your students another map of their hometown.

Ask each student to choose a hypothetical business and draw it in a location on the map that represents their best educated guess at the market area for that business.

List the reasons students give for the locations they choose.

Ask whether students took into account the distance a typical consumer would be willing to travel (the consumer's range) or the minimum number of customers needed within a given area to support the business (the commercial threshold).

Discuss with your class how the ranges and thresholds differ for a convenience store and a professional sports stadium.

Ask how a geographer might determine the range for a certain business. (One direct method is to survey consumer travel behavior.)

Assign students to survey a minimum of ten people about a business in their community. Have them ask consumers such questions as "What is the maximum distance and time you would travel to shop at this store?" and "What factors have influenced your choice of this store above competitors?"

Upon completing the interview, students should create a map using lines to show traffic and pedestrian flows and the movements of goods and services. The width of each line should be thicker in places where volume is higher. This map should also show where clusters of people live and their destinations as consumers. Ask your students to analyze the map for directionality (people on this side of town go to this store and not that store—why?) and other kinds of urban behavioral issues. This type of analysis is useful for a geographer or a businessperson in choosing where to place different commercial establishments. It may also be useful for people choosing a place to live!

Closing:

At the conclusion of this activity, ask students whether the consumers they interviewed answered their questions in terms of time or distance. Often a person will respond to questions about how far they are willing to travel in units of time, as road conditions have a considerable impact on travel time. Compute the average distance or time consumers will travel to reach a given sort of business. Graph this information (time or distance on one axis, type of business on the other) to see how ranges differ depending on the commercial establishment under discussion.

Suggested Student Assessment:

Ask students to prepare a business plan, part of a request for a bank loan, in which they must apply what they learned about threshold and range to justify their business and its location.

Aaron Doering of Century High School in Rochester, Minnesota, contributed classroom ideas for Standard 11.