

6.2: Comparing Location Benefits

Learning Objectives

- Compare and contrast the benefits of various retail locations

How To Choose A Location For A Store or Restaurant



Where are you going to locate your business? A mall? Main Street? Or off the beaten path somewhere? Each potential area has pros and cons to consider! Let's take a look at some of these spaces.

Unplanned shopping areas, also called central business districts (CBD), are spaces that have simply developed over time. A downtown area in a small town, neighborhood districts or strips along highways would be considered unplanned locations. These were not intentionally create as areas for retail to be located, but have morphed and developed into shopping spaces. These unplanned shopping spaces may be freestanding, isolated stores in rural locations too. Unplanned shopping areas have their pros and cons. Typically, they have developed out of need. They may have high pedestrian traffic or be located near public transportation. Unfortunately they also have parking issues, security issues (each business would need their own) and a potentially high shoplifting rate.

These unplanned spaces have some of the coolest non-traditional spaces. A farm store that sells products from the farm in a rural location, or a restaurant that is off the beaten path. These fun little places that are most likely freestanding, potentially in isolated areas have several advantages. The cost of occupancy may be quite low. They are separate from competition and there may be few restrictions for them to operate. Parking can be pretty easy too. Unfortunately, these types of locations won't get any foot traffic and there are no other stores drawing business to them. They need to stand out and have something worth travelling to get!

Planned shopping areas include malls, which were architecturally designed for shopping. Many have anchor stores, or large retail stores, with smaller stores between them. These locations can be strip malls, enclosed malls (like the Mall of America), or any other intentionally created space for retail. Typically, these places are owned by a property development firm, with many tenants, shared common spaces. These planned spaces typically have high visibility and customer traffic. Once shoppers come in, they walk around, right? Parking is usually in a lot format, so lots of space to park, but the cost of occupancy in these planned areas can be high. This can be offset with greater sales, due to the additional foot traffic, but it is definitely something to consider.

There are a variety of planned shopping areas including:

1. Omnicenters are large planned centers that may include a variety of retail formats in a single shopping location. Usually put in larger population areas, they are intended to meet the needs of cross-shopping consumers.
2. Lifestyle centers are located in upscale areas and have specialty chain stores, restaurants and even theatres.
3. Outlet centers are another form of planned shopping area. Originally, these locations were used to sell damaged, discontinued or surplus merchandise, but they are now selling product made by retailers specifically for the outlet stores. These products may be of a lower quality than sold at their regular retail outlets.

4. Mixed use developments may have shopping, restaurants, hotels and residential space all within one planned space. People can live, work and eat in a proximal area.

So whether you do all of your analysis and end up in a planned or unplanned space, each will have benefits and negatives. It will depend on what your product or service is, your price point and a variety of other demographics to determine the best location for your business. Finding this information using the U.S. Census Bureau, GIS analysis and other sources of information to determine a good fit.

Practice Questions

<https://assessments.lumenlearning.co...sessments/9196>

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