

services and settlements

Chapter 12 part 1 of 2

Where are services distributed?

Service: any activity that fulfills a human want or need and returns money to those who provide it (tertiary).

1. **Consumer Services:** provide services to individual consumers who desire them and can afford to pay for them.
 1. Example: retail, health, education, leisure (movies, concerts, sporting events)
2. **Business Services:** helps facilitate the activities of other businesses
 1. Example: professional services, transportation services, financial services
3. **Public Services:** provide security and protection for citizens and businesses
 1. Example: police officers (local), governors and senators (state), president (national).



The Settlement...

close link between services and settlements because services are located in settlements!

Settlement: a permanent collection of buildings where people reside, work, and obtain services.



Locational Criteria (the GEOGRAPHY of it):
PROXIMITY TO THE MARKET!
(HOW CLOSE IS THE SERVICE TO THE CONSUMER OR HOW FAR?)



WHAT IS A MORTGAGE BROKER?



BORROWER



MORTGAGE
BROKER



MORTGAGE
LENDER / BANK



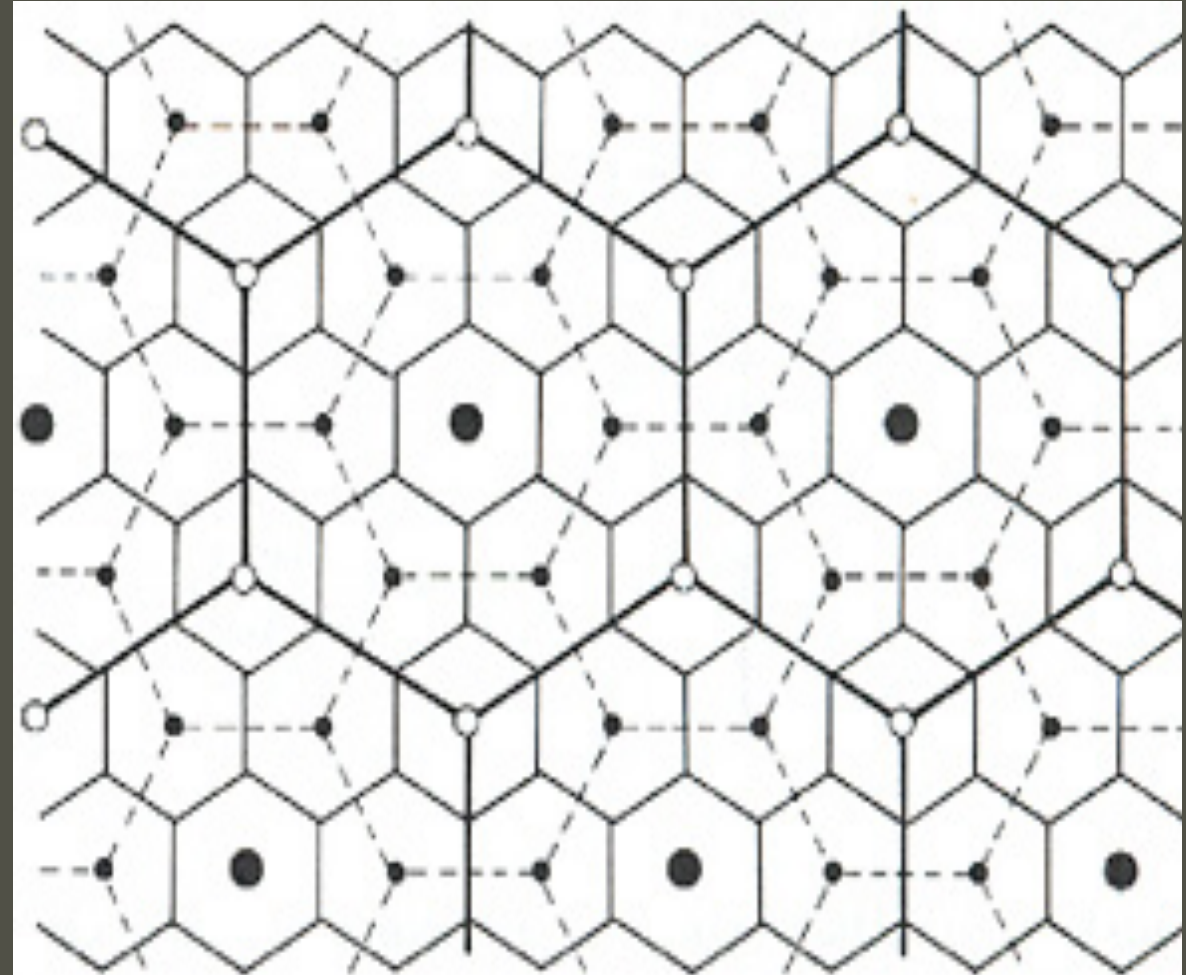
Central Place Theory

Helps explain how the most PROFITABLE LOCATION can be identified

Created by: Walter Christaller | Edited by: August Losch & Brian Berry

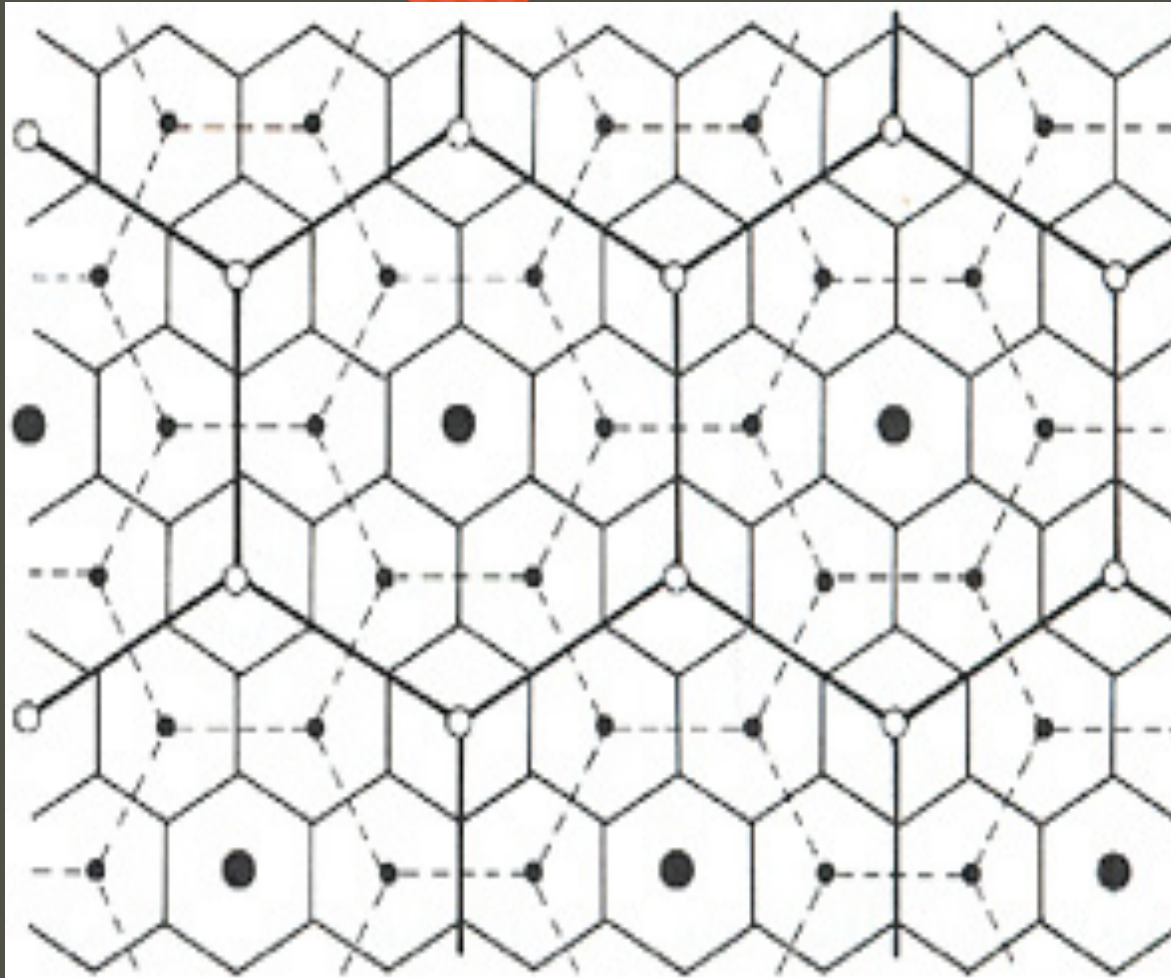
Central Place: market center for the exchange of goods and services by people attracted from the surrounding area [maximizes accessibility to that particular service]

The area surrounding a service from which customers are attracted is the **market area** or **hinterland** [nodal region – where the core is the most intense]



The Central Place and Market Area

Geographers draw hexagons around settlements (because they do not leave GAPS like circles and have less variation from the center than squares).



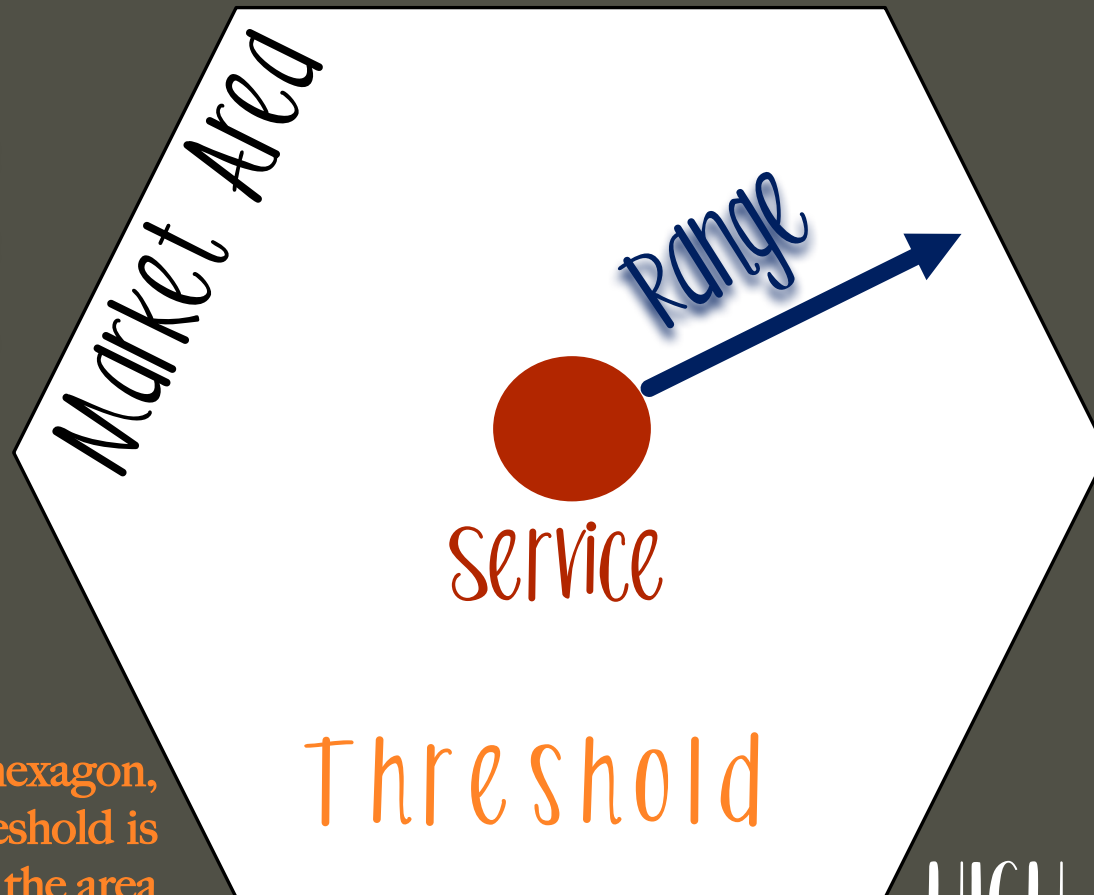
People prefer to get services from the **NEAREST** location so consumers near the center of the circle obtain services from local establishments; whereas, the consumers on the periphery of the hexagon will choose to obtain services from other nodes.

Consumers on the circumference of the market-area circle are equally likely to use the services or go elsewhere.

Range and Threshold of a Service

How far are you willing to travel for a McDonalds? To see a doctor for a serious illness? To watch a ball game?

The **maximum** distance people are willing to travel to use a service is known as the **RANGE**



The **minimum** number of people need to support the service - (x-amount of people needed to buy at least 1 item to keep the service open) is known as the **THRESHOLD**



The market area is the area of the hexagon, the range is the radius, and the threshold is a sufficient number of people inside the area to support the service

HIGH INCOME V. LOW INCOME

Hierarchy of Consumer Service: Nesting of Services and Settlements

Hexagons of various sizes based on MDC and LDCs.

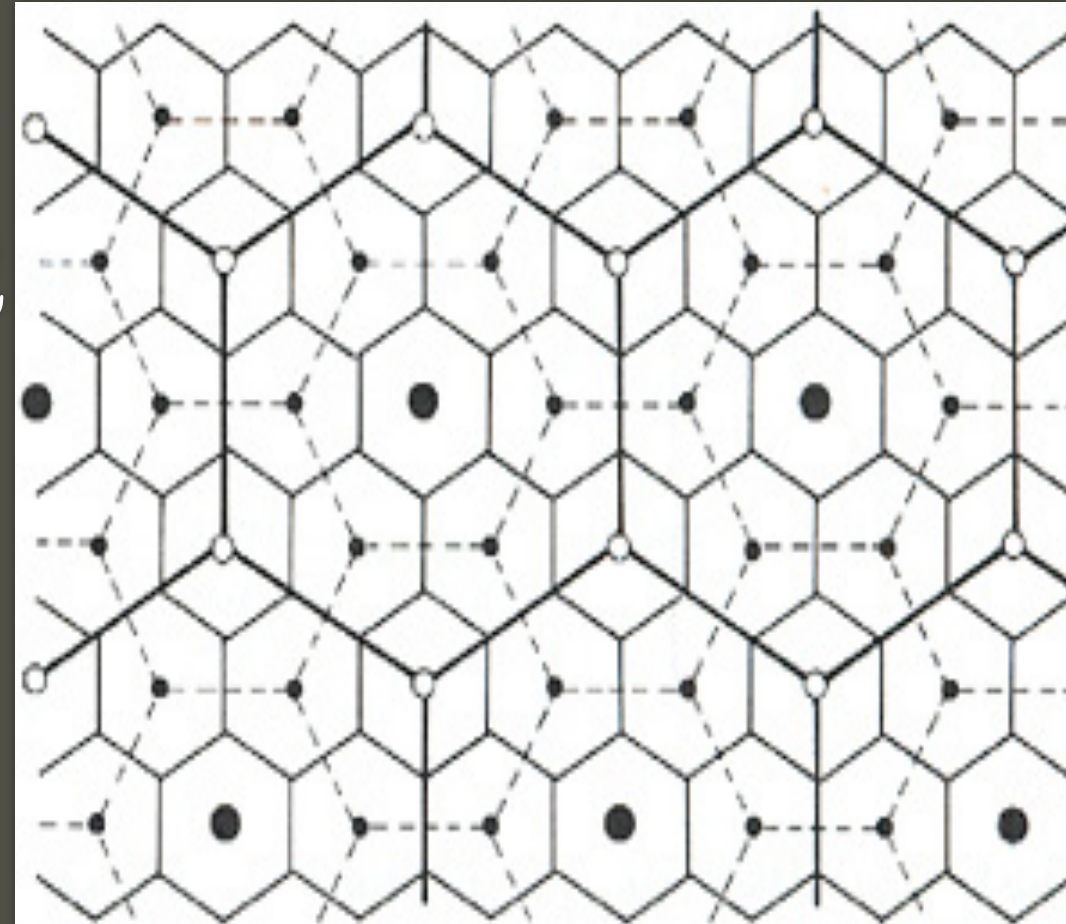
Can be interrupted by physical features (mountains/bodies of water).

Smaller settlements have small thresholds/ranges

Larger settlements have large thresholds/ranges

Settlements (smallest to largest):

- Hamlet
- Village
- Town
- City



Rank-Size Distribution

RANK-SIZE RULE

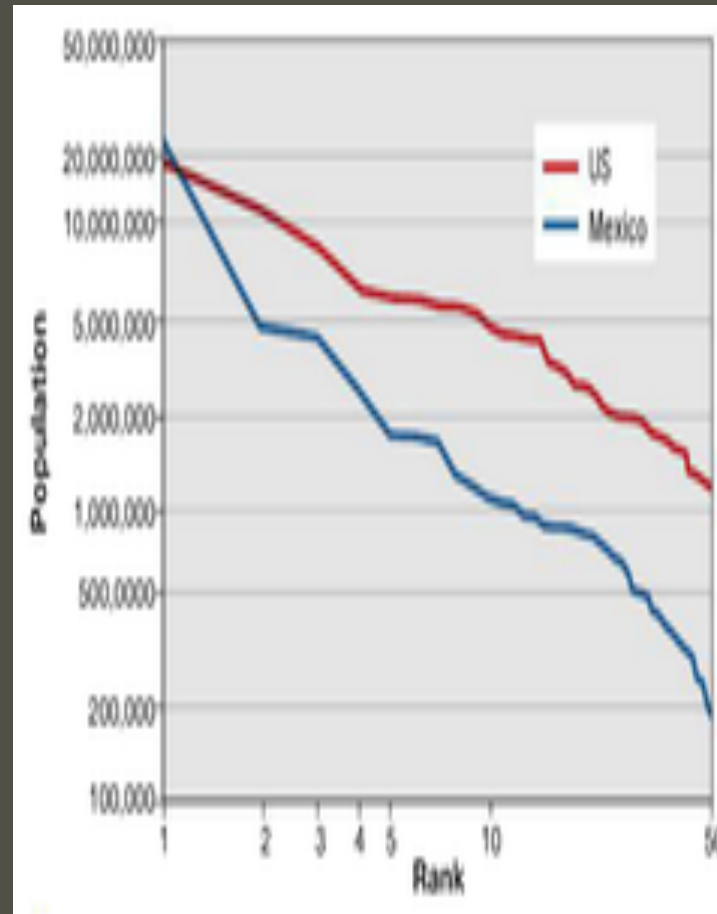
A country's n^{th} -largest settlement is $1/n$ the population of the largest settlement.

If following rank-size rule, the second-largest city is one-half the size of the largest and the fourth largest city would be one-fourth the size of the largest.

If plotting, it should be a fairly straight line (not completely straight).

The United States closely follows the rank-size rule.

Wealthy Countries tend to follow Rank-Size



PRIMATE CITY RULE

The largest settlement has more than twice as many people as the second largest settlement.

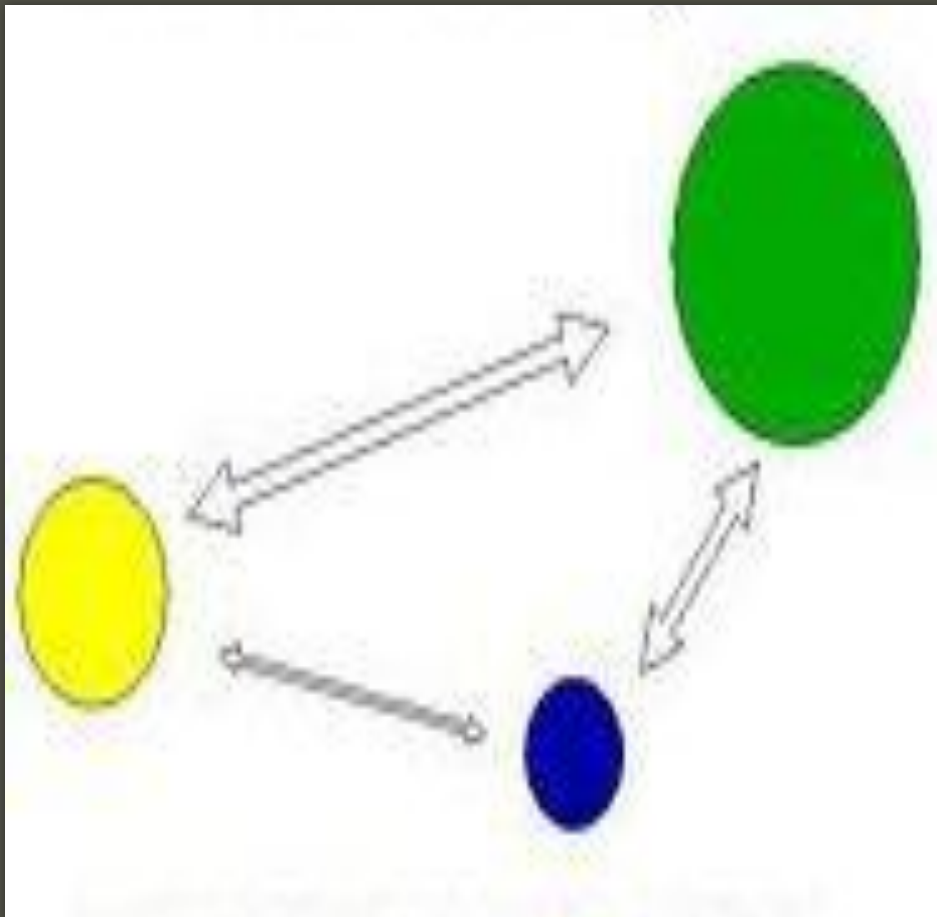
The country's largest city would be known as the primate city.

Mexico follows Primate City Rule with Mexico City being five times larger than the second largest settlement (Guadalajara)

Usually less wealthy countries tend to follow Primate City Rule –unfortunate because people have to travel farther to find an Urban Area

Market Area Analysis

The Gravity Model



Predicts the **optimal location** of a service is directly related to the number of people in the area and inversely related to the distance people must travel to access it.

The best location is one that **minimizes** the distances that ALL potential costumers must travel to use it.

TWO types of consumer behavior:

1. The greater the number of people living in a particular place, the greater number of potential customers for a service.
2. The farther people are from a particular service, the less likely they are to use it.

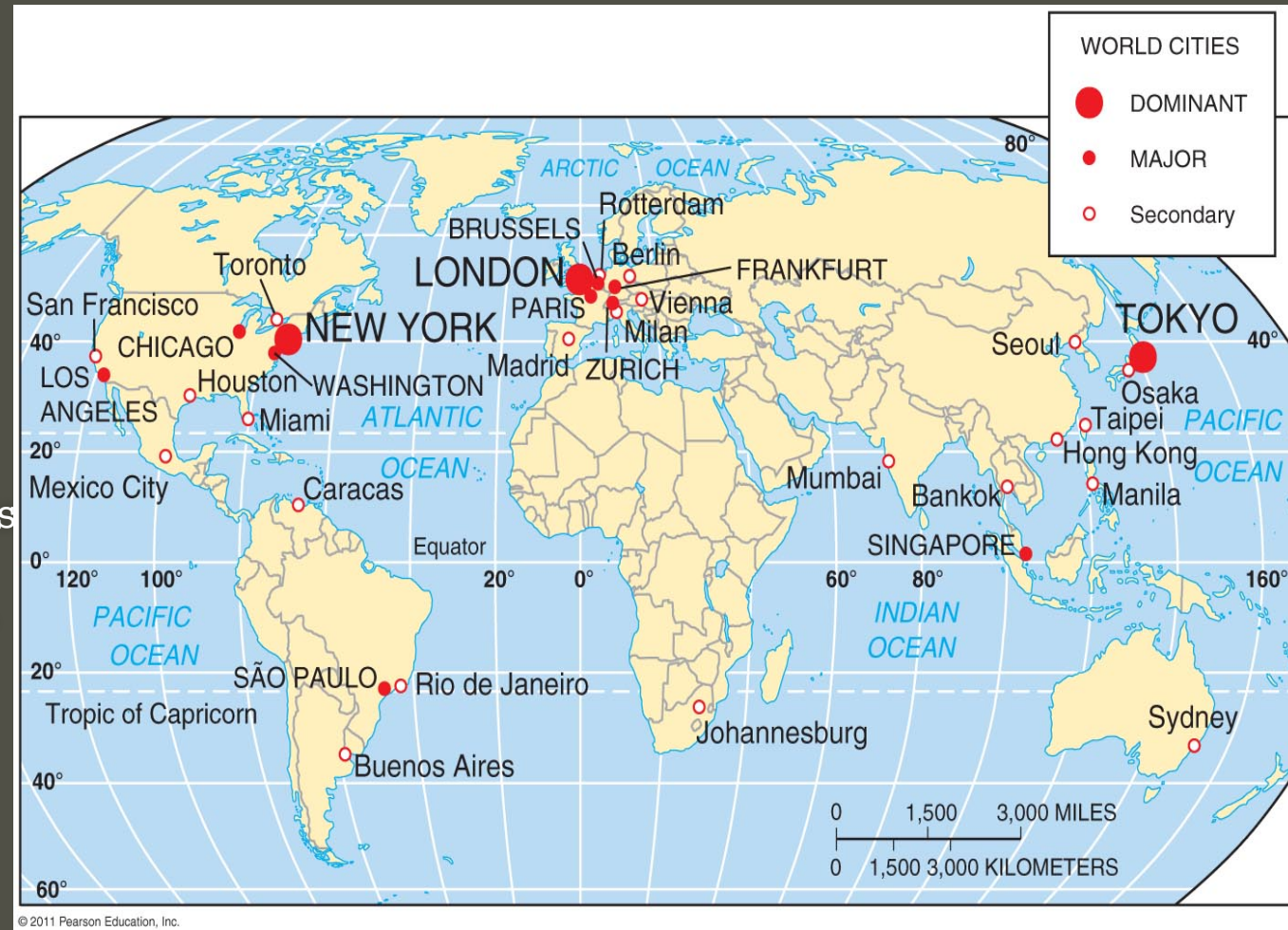
Hierarchy of Business Services Global Cities (World Cities)

BUSINESS SERVICES IN GLOBAL CITIES

■ At the center of the flow of information and capital

- Headquarters of large corporations are clustered in global cities, and shares of these corporations are bought and sold on stock exchanges located in global cities
- Lawyers, accountants, and other professionals cluster in global cities to provide advice to major corporations and financial institutions.
 - Advertising
- Headquarters for major banks, insurance companies, and specialized financial institutions

■ Broken into 3 levels: alpha, beta, and gamma



Factors used to identify Global Cities:

Economic factors:	Number of headquarters for multinational corporations, financial institutions, and law firms that influence the global economy.
Political Factors:	Hosting headquarters for international organizations and capitals of countries that play a leading role in international events.
Cultural Factors:	Presence of renowned cultural institutions, influential media outlets, sports facilities, and educational institutions.
Infrastructural Factors:	MAJOR INTERNATIONAL AIRPORT, HEALTH-CARE FACILITIES, AND ADVANCED COMMUNICATIONS SYSTEMS. Technology was supposed to reduce the need for clustering of services in large-cities, but it hasn't.
Communications:	The telegraph and telephone in the 19 th /20 th century and the computer in the 20 th century made it possible to communicate immediately with coworkers, clients, and customers around the globe.
Transportation:	The railroad in the 19 th century and the car/plane in the 20 th century made it possible to deliver people, inputs, and products quickly. Modern transportation and communication enable industry to decentralize and has diminished the primacy of global cities in the world economy.

Consumer and Public Services in Global Cities

Global cities have retail services with extensive market areas, but they have even more retailers than large size alone would predict.

- Wealthier people live in global cities (high-end products sold there)
 - Global cities offer plays, night clubs, restaurants, bars, and sporting events.
 - Contain largest libraries, museums, and theaters.
 - Example: London presents more plays than the rest of the UK combined and NY has the most theaters than the rest of the US combined.
- Centers of national or international political power



Business Services in Developing Countries

OFFSHORE FINANCIAL SERVICES:

- Small countries, islands and microstates, exploit niches in the circulation of global capital by offering offshore financial services.
- Provide 2 important functions:

Privacy:	<ul style="list-style-type: none">• Bank secrecy laws can help individuals and business evade disclosure in their home countries.• Protects assets (malpractice, divorce)
Taxes:	<ul style="list-style-type: none">• Taxes on income, profits, and capital gains are typically low or nonexistent.• US loses 70 billion in tax revenue each year because companies operating in the country conceal their assets in offshore tax havens.

Economic Base of Settlements:



1. **Basic Industries:** exports to consumers outside of the settlement.
2. **Nonbasic Industries:** enterprises whose customers live in the same community – consumer services.
3. **Economic Base:** communities unique collection of basic industries
 - **Significance:** exporting by the basic industries brings money into the local economy, thus stimulating the provision of more nonbasic consumer services for the settlement.
 - New basic industries attract new workers to a settlement (and families) and the settlement continues to grow and expand.

Differences Between Urban and Rural Settlements

Louis Wirth:

- ▣ ARGUED DURING THE 1930S THAT AN URBAN DWELLER FOLLOWS A DIFFERENT WAY OF LIFE THAN DOES A RURAL DWELLER.
- ▣ DEFINED A CITY AS A PERMANENT SETTLEMENT BY 3 MAJOR CHARACTERISTICS
 - ▣ LARGE SIZE
 - ▣ HIGH DENSITY
 - ▣ SOCIAL HETEROGENEITY



Large Size	<ul style="list-style-type: none"> • RURAL SETTLEMENT – KNOW MOST OF THE PEOPLE OR ARE RELATED TO MANY OF THEM. • URBAN SETTLEMENT – YOU CAN ONLY KNOW A VERY SMALL PERCENTAGE OF THE OTHER RESIDENTS. YOU MEET MOST OF THEM IN SPECIFIC ROLES (SUPERVISOR, LAWYER, SUPERMARKET CASHIER, ETC). • DEVELOP DIFFERENT SOCIAL RELATIONS
High Density	<ul style="list-style-type: none"> • SOCIAL CONSEQUENCES – ONLY WAY A LARGE NUMBER OF PEOPLE CAN BE SUPPORTED IN A SMALL AREA IS THROUGH SPECIALIZATION. • ENCOURAGES PEOPLE TO COMPETE FOR SURVIVAL IN LIMITED SPACE.
Social Heterogeneity	<ul style="list-style-type: none"> • URBAN: LARGER THE SETTLEMENT THE GREATER THE VARIETY OF PEOPLE. • OFFERS UNUSUAL PROFESSIONS, SEXUAL ORIENTATION, OR CULTURAL INTERESTS. • MORE TOLERANT OF DIVERSE SOCIAL BEHAVIOR AND CAN FIND PEOPLE WITH SIMILAR INTERESTS; BUT COULD FEEL LONELY AND ISOLATED • RURAL SETTLEMENT: UNUSUAL ACTIONS MIGHT BE NOTICED AND SCORNE

Louis Wirth

- 3-part distinction between urban and rural settlements may still apply in LDCs.
 - MDCs: social distinctions between Urban and Rural residents have blurred.
 - Nearly everyone in an MDC is now urban.

All but 1% of workers in MDCs hold urban type jobs.

Cars, TVs, Phones, Transportation has reduced difference of Rural and Urban.