

LEAST COST THEORY (SAMPLE RESPONSES)

Factor Influencing Location	Definition	Huffman Company	Braum's Corporation
Labor	Companies choose locations based on the availability, cost, and productivity of local labor, whether it's to access a skilled workforce or to benefit from lower wage costs.	Huffman moved the company to Ohio so that the business could be near steel mills and rubber companies. This allowed the company to have cheap and quick access to the materials needed for the production of their bikes.	As they became more successful, Henry and Bill were able to expand their business and hire more workers to run the shops, transport goods, and help on the farms.
Agglomeration of Economies	Businesses cluster near complementary industries and resources to maximize economies of scale and reduce operational costs, strategically positioning themselves to benefit from shared infrastructure and market proximity.	Huffman partnered with other companies to help market and sell their products to customers. They initially chose companies from the automotive industry before branching out into larger department stores as the company grew over time.	As the business continued to grow, Braum's started to expand their business beyond just selling dairy products. They created fast food restaurants that featured a small market area where customers could purchase common grocery items and produce.

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Transportation	Companies choose locations close to the necessary transportation routes, raw materials, and markets to minimize shipping and transportation costs.	Bicycles were shipped by trucks and trains from Ohio to stores because it's a central spot in the U.S. that makes it easier to reach customers.	Refrigerated trucks traveled the highways of Kansas to deliver ice cream to 60 stores. Easy access to highways I-35 and I-40 makes it simpler to transport milk, cheese, butter, and ice cream to the 280 Braum's stores across Oklahoma, Kansas, Missouri, and Texas.

Source:

Yadav, S. (2024, March 28). Factors of industrial location: Theories of industrial location. *Geographic Book*. <https://geographicbook.com/factors-of-industrial-location-theories-of-industrial-location/>