

Location of retail businesses: the characteristics of different types of physical stores and shops

Cost

A major factor when deciding where to locate a retail store is the cost of the premises. These costs can include buying or renting the premises and business rates.

The size of the store/land and the geographical location will affect the cost.

Size

It is important that a retail business selects a site that is not too small and not too big. This will depend on what the retailer sells and the possible future plans.

Buying a site too large will be expensive and a waste of money. While buying a site that is too small could result in lost sales as there is limited space to display products.

Also consider the space needed to store products, receive deliveries and if any office space is needed.

Footfall

Retailers need a good number of customers to make the business successful.

Stores located on busy high streets or in shopping centres or transport hubs tend to get high levels of footfall, whereas those located on side streets or rural areas tend to get lower levels of footfall.

By having a high level of passing trade, a business is more likely to attract new customers and customers making an impulsive purchase.

Access

Access is all about entering and exiting the store as easily as possible.

Access is very important for retail stores. All retailers need good access for their customers, and some need good access for their deliveries.

Customers must be able to get there by car or public transport, park their car, walk to the store, get into the store, or find it, if they are new customers.

Parking

Choosing a location that has plenty of parking and/or free parking car parks may help to increase footfall. Parking is a major consideration when people go shopping. The increase in the number of cars on the road has consequently caused access problems into town centres and city centres.

Infrastructure

Retail businesses need good sources of energy and water, efficient drainage and waste disposal and good transportation.

Good communications and postal services can also be important. In the digital age, internet coverage (Wi-Fi) can be essential to infrastructure.

Competition

The closeness of the shop to the business' competitors is a major decision when deciding where to locate. Many retailers selling the same product will decide to locate near to competitors to increase footfall. Though some will wish to locate where there is little or no competition.

Local demographics

The demographics of the area where the retail store is to be located is very important. Demographics is concerned with the population size, the age distribution, types of households, ethnic minority groups and income of customers.