



Location decisions - Enterprise

One of the most important decisions a business has to make is where to locate. By selecting the best location, a business could get more customers, improve its efficiency and generate greater profits. A business will have to consider many factors when determining where to locate a new branch or operation:

- It may choose a site with the cheapest land or buildings.
- It might decide on a location that is convenient for key employees. A business needs to be able to recruit staff with the right skills base.
- It might choose a site that has easy access to raw materials. For example, many frozen food factories are located near fishing ports to reduce transport time taken and to keep fish fresh.
- The key factor could be the transport and service **infrastructure**. Many businesses require easy access to good road and railway links and modern telecommunication services. These ensure that they can meet service or delivery deadlines.



Enterprise Rent-A-Car is an internationally recognised **brand**, operating within the United States, Canada, the UK, Ireland and Germany. It is a **service business**. Its customers include:

- businesses, who may require regular car rentals for their staff or visitors
- individual customers, who may want to hire a car when they are on holiday or if their own vehicle has been involved in an accident.

Enterprise sites need to have good transportation links and easy access. They also need to be close to their customers. This helps to ensure Enterprise can keep its promise to customers on the speed and efficiency of its service. Enterprise also needs to be open to changing customer demand. For example, a major new housing development may generate a new source of customers in an area.

Enterprise sets a boundary for a new location aiming to be within a six-minute drive time for its customers. It also needs to be close to **referral sources**, such as vehicle repair centres, mechanics and dealerships. These are some of the places where Enterprise may acquire new customers. Once it has been decided to establish a branch in a particular location, Enterprise managers consider the suitability of potential sites. Enterprise needs its branch sites to have good access and parking space. They should be easy to get to at all times. If the area around the site experiences frequent traffic jams, this might inconvenience customers. Enterprise managers undertake an initial property analysis to see if a site is worth further investigation. They use a comprehensive checklist to evaluate each location. This includes looking at other planning applications being made in the area, estimating the cost of setting up the branch and considering the impacts promotional signs will have at and around the site.



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Questions

1. List the different factors that firms have to take into account when making location decisions?

2. Describe how a good location can also help to promote the Enterprise brand.

3. Explain the benefits of getting the right location for a business.

4. Analyse whether 'closeness to customers' is the most important location factor for firms.

Task

Scenario: Enterprise has decided to open a new branch in your local area. Carry out some research to find the ideal location for the new branch, taking into consideration the location factors that are important to the business. Create a presentation showing your recommended location and the reasons why you have chosen it.

What have you learned?

Create a mnemonic to help you remember the different factors affecting the location decisions made by firms.