# Ch. 12 Services

Key Issue 1: Where did services originate?

*Service- any activity that fulfills a human want or need and returns money to those who provide it.*

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

*Consumer service- provides services to individual consumers who desire them and can afford to pay for them.*

*Retail services- provide goods for sale to consumers.*

*Personal services- provide for the well-being, health, and personal improvement of individual consumers.*

*Business services- facilitate other businesses through 1.* producer services *which are banks, insurance, lawyers, engineers, etc and 2.* transportation and information services *which are businesses that diffuse and distribute services.*

*Public services- provide for the security and protection of citizens and businesses.*

The service sector is subdivided into three types: consumer, business, and public services.

The breakdown is as follows: (numbers in brackets are % of total pop in that service.)

SERVICES

Public

Consumer

Business

( ~ 4%)

Retail Personal Producer Trans. and Info

(1/4 pop) (1/5 pop) (1/6 pop) (7%)

All of the growth in employment in the U.S. has been in the service sector.

*Clustered rural settlements- settlements where a number of families live in close proximity to each other, with fields surrounding the collection of houses and farm buildings. Ex. Circular rural settlements, linear or “long-lot” settlements.*

*Dispersed rural settlements- characteristics of the contemporary N. American rural landscape. Settlements in which farmers living on individual farms are isolated from neighbors. Common in Mid-Atlantic and Midwest.*

*Enclosure movement- to improve ag production, Great Britain transformed the rural landscape by consolidating individually owned strips of land into single, large farms. Sometimes the land was taken by force.*

Key Issue 2: Why are consumer services distributed in a regular pattern?

*Central place- a market center for the exchange of goods and services by people attracted from the surrounding area.*

*Central place theory- a geographic concept that seeks to explain how services are distributed and why a regular pattern of settlements exists. Proposed by Walter Christaller in the 1930s. Christaller’s theory states that cities and services have a hierarchical setup. That is that the largest cities have the most services with the largest range, and their range overlaps those of smaller settlements which are spaced at even intervals between the mega-cities.*

*Market area- hinterland; the area surrounding a service from which customers are attracted. Represented by hexagons, because they are relatively uniform and do not overlap or gap when nested together.*

*Range- the maximum distance people are willing to travel to use a service. Ranges are farther for certain services like concerts or sporting events, and they are shorter for everyday services like groceries. Not measured just in absolute distance, but also the amount of time it takes one to arrive, given certain traffic conditions.*

*Threshold- the minimum number of people needed to support the service. Every enterprise has a minimum number of customers required to generate enough sales to make a profit. Once the range of a service has been calculated, a provider must ensure that enough individuals are within that range to meet the service’s threshold.*

The optimal location for a business is one in which it has the most number of people within its range with a minimum driving distance/time without overlapping the range of a similar service and thus risking the possibility of losing customers to that competitor.

*Rank-size rule- there are two different definitions.* One is that in a given country, the *n*-th largest city contains 1/*n* the pop of the largest city. Meaning that the country’s second largest city contains ½ the pop of the largest city. The other definition is that if for instance a country had a city with 1,000,000 people, then it would have two cities with 500,000, four cities with 250,000, etc.

*Primate city rule-* *the largest settlement in a state has more than 2x pop of the second largest city; in which case that city is referred to as a primate city.*

Key Issue 3: Why do business services locate in large settlements?

Every settlement in an MDC such as the U.S. provides services to people in a surrounding hinterland, but not every settlement of a given size has the same number and types of business services. Business services disproportionately cluster in a handful of settlements.

Ancient world cities were organized into *city-states- independent self-governing communities that include the settlement and the nearby countryside.* Some ancient world city examples are: Ur, Titris Hoyuk, Athens, and Rome.

After the fall of the Roman Empire, urbanization was halted for some time. However, when it resumed, certain cities emerged as medieval world cities. These cities were trading capitals, government seats, and religious centers. Some prominent examples are: Baghdad, Constantinople, Kyoto, Beijing, and Cairo.

In modern times, several world cities have emerged where a high percentage of the

world’s business is transacted and political power is concentrated. These cities are centers of business services, and they stand at the top of the central place hierarchy in the provision of consumer services. The modern world cities are those that are most closely integrated into the global economic system and at the center of the flow of information and capital. The three modern world cities are New York City, London, and Tokyo. The other levels of major cities are:

-Command and control centers: contain the HQ of many large corporations, well-developed banking facilities, and concentrated businesses. Ex. Boston, Denver, etc.

-Specialized producer-service centers: responsible for the fabrication of a

specific good or service. Ex. semiconductors in San Jose; cars in Detroit; etc.

-Dependent centers: provide unskilled jobs and depend on decisions made in world cities. Ex. Ft. Lauderdale, Las Vegas, etc.

*Basic industry- industries that export primarily to consumers outside the settlement and thus bring in capital from outside the settlement.*

*Nonbasic industries are enterprises whose customers live in the same community.*

According to researcher Richard Florida, the principal reason enticing talented individuals to cluster in some cities more than others is cultural rather than economic. Those cities with a higher degree of cultural diversity (measured by % gay men, % cultural facilities per capita, and “coolness index”) attract a higher number of talented people. (college-educated, scientists, professionals)

Key Issue 4: Why do services cluster downtown?

*Central business district- (CBD) the area of a city commonly referred to as downtown;*

Retail services in the CBD tend to be those with a high threshold (although in recent

years, these have migrated to the suburbs), high range, and retail servicing

downtown workers. Producer services tend to locate downtown since the actual location of their business is not critical and so cluster in the CBD for accessibility.

High land costs in the CBD (more than $1,000,000,000 per acre in Tokyo) have led to intensive use of the land that is available. Cities often have underground networks, and subways to facilitate the movement of the masses. In addition, the buildings are vertical rather horizontal. Skyscrapers are especially common because they allow large amounts of people and equipment to reside/work in a relatively small land area. Due to the high price of land, manufacturing is less common downtown than in the past, instead many companies choose to move to the suburbs where land is cheaper, but the CBD is still readily accessible. Fewer people are living in the CBD than in the past. One reason is that the businesses are more able to pay the high rents associated with downtown apartments, and also many people want to move to the suburbs to access better schools, less crowded streets, and larger homes. The few residents left downtown are often poor and trapped in a cycle of poverty.

Because of the availability and low cost of land in the suburbs, many department stores and other businesses with high thresholds that used to be downtown, have clustered in the suburban malls. These malls are agglomerations of various services in one large building or network of buildings surrounded by parking, that is easily accessible from a nearby road junction.