

Technique and Scale Considerations

- Everything that's Economy of Scale is scale, then after that, technique and scale are tied together.

- Scale consideration continued
 - Diversification
 - Those groups who are invested in horizontal diversification but they enter a different unrelated product market to make their investments less risky
 - Infirm scale economies: Agglomeration
 - Agglomeration economies: benefits that firms gain by clustering near other firms (Northgate gets more business with all the bars being together)
 - People go to Lane's to get fried chicken and then when you get there, you have to choose between Lane's and Cane's. They're adding to their clientele because there's only one place to go.
 - Product linkages: firms locate near one another and they are able to use same raw materials, distribution and assembly costs are reduced
 - Service linkages: occur when enough small firms locate in one area to support specialized services (fried chicken, eg)
 - Marketing linkages: occur when a cluster is large enough to attract specialized services
 - Urbanization or industrial-complex economies: a combo of production, service, and marketing linkages concentrated at a particular location
 - The State and Economic Geography
 - The economic landscapes of capitalism are not simply the products of "free markets"
 - The extent of state involvement varies historically and geographically
 - Legal system shapes economies
 - Governments also set fiscal and monetary policies
 - Evolution of Industrial Location Theory
 - Comparison of optimal patterns to the real world reveals decisions not always optimal
 - 1. Firms may have more than one critical site or situation factor, each favoring a different location
 - 2. Even with just one critical factor, more than one critical location may emerge
 - 3. Incomplete information makes it difficult for firm to calculate and compare costs of competing locations (construction, roads, disasters)
 - 4. Firms may make decisions based on company history and inertia
 - 5. Government loans, grants, regulations, etc. influence decisions
 - 6. Non-economic factors play a role, especially for "footloose" industries (sunbelt)

- Organizational Structure
 - Firms are usually hierarchically organized
 - Several basic formats or models
- The Product Life Cycle
 - The ipod was genius and was introduced and patented, then it was heavily promoted (Itunes and Itunes gift cards) and they start earning huge revenue, other companies start to take part in this because there's money to be made even though they're late to the game. The technology begins to become obsolete so they die off.
 - Business Cycles and Regional Landscapes
 - Right now we're going through a technological boom and we have waves of technical advancement, as we can see in Kondratiev waves.
- The State and Economic Geography
 - Highway Interstate system has allowed regions to flourish because they have access to the network and can get and send goods more easily
 - Federally owned land can be used for hunting but plays a big role in location because you can't really buy it, unless you're mining.