



## How to choose the right location for your business venture

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A good friend had recently spoken to me about a second jewellery shop that he wants to open. It reminded me once more about how important the decision concerning the location of a business is.

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The principle applicable is that the more pedestrians pass the business the more expensive the premises will be regardless of whether you are going to buy or rent. Shop owners or shopping centre management base their rental tariffs purely on the “passing trade” of shoppers.

Manufacturing businesses establish themselves mostly in industrial areas because impulse buying by their customers is not as important as with retail businesses.

Alternatively, a boutique owner will want to attract the attention of as many pedestrians as possible and will therefore establish itself in a busy shopping centre.

Another reason why businesses should carefully consider their location is because relocating is expensive and troublesome especially when leases have already been signed. Also consider the following:

- Do the products of the business lend itself to impulsive buying? The more products are bought impulsively the more it becomes important to choose a location in a busy shopping centre with high pedestrian traffic. Alternatively, an antique merchant does not need to rent premises in a busy shopping centre because his products are not bought impulsively.
- Is safe parking available?
- A manufacturing business must be accessible for both its supplier of raw materials as well as the buyers of its produced product.
- Research should be done in advance about the management of a shopping centre. Ask current renters about aspects like safety, services, and the general maintenance of the centre. Bad complex managers could be an endless pain in the neck!
- Always find out about the regulations of the local government that applies to your business. A small welding venture can perhaps easily do business from a garage at home, but the neighbours may perhaps be opposed to it.

- Always try to establish in advance who your business neighbours are going to be before you commit yourself to a specific location.
- Prospective entrepreneurs must also decide beforehand whether they really want to be in a business premises like a shopping complex, industrial section, or an office park. It is more affordable to do business from a residential home, provided that the local regulations allow it. The so-called home office has its disadvantages, but even so, many advantages.

In any case entrepreneurs should never decide on a business location based on it being the cheapest.

*Prof Tommy du Plessis shares his thoughts on choosing the right location for your business venture. Prof Du Plessis was the Director of the NWU Business School from 2003 to 2017.*