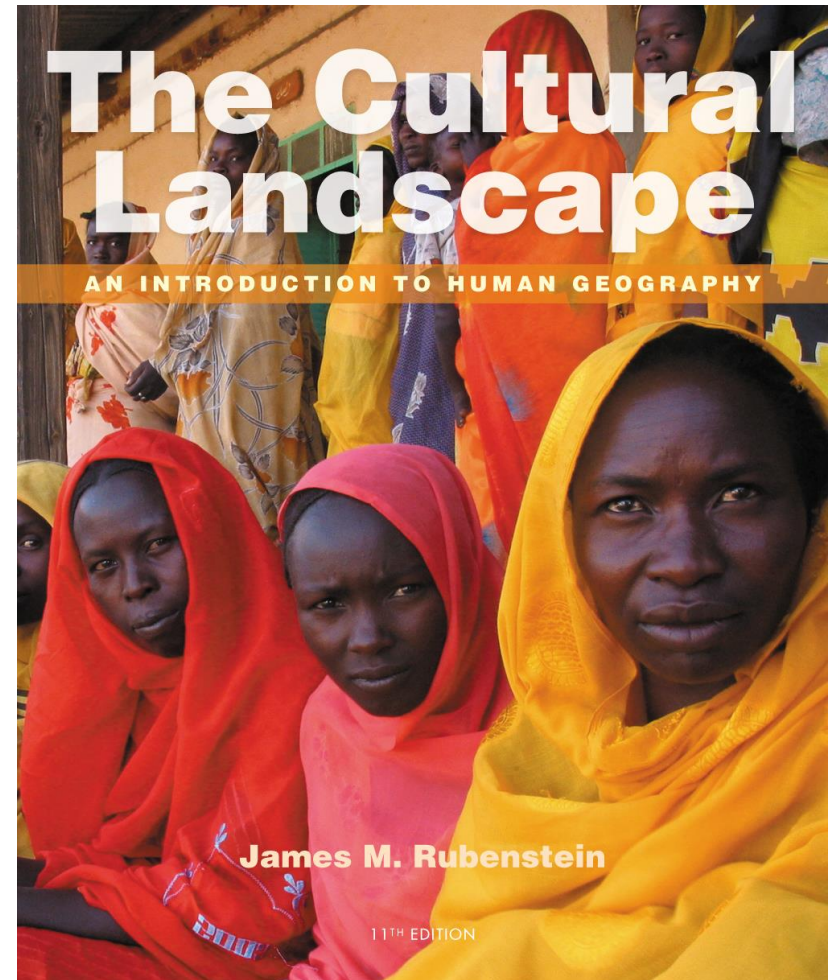


The Cultural Landscape

Eleventh Edition

Services and Settlements

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University of Nebraska-Lincoln



Key Issues

- Where are services distributed?
- Where are consumer services distributed?
- Where are business services distributed?
- Why do services cluster in settlements?

Learning Outcomes

- 12.1.1: Describe the three types of services and changing numbers of types of jobs.
- 12.2.1: Explain the concepts of market area, range, and threshold.
- 12.2.2: Explain the distribution of different-sized settlements.
- 12.2.3: Explain how to use threshold and range to find the optimal location for a service.
- 12.2.4: Understand the role of periodic markets in the provision of services in developing countries.

Learning Outcomes

- 12.3.1: Describe the factors that are used to identify global cities.
- 12.3.2: Explain the two types of business services in developing countries.
- 12.3.3: Explain the concept of economic base.
- 12.4.1: Describe the difference between clustered and dispersed rural settlements.
- 12.4.2: Explain the types of services in early settlements.

Learning Outcomes

- 12.4.3: Identify important prehistoric, ancient, and medieval urban settlements.
- 12.4.4: Explain the two dimensions of urbanization.

Where Are Services Distributed?

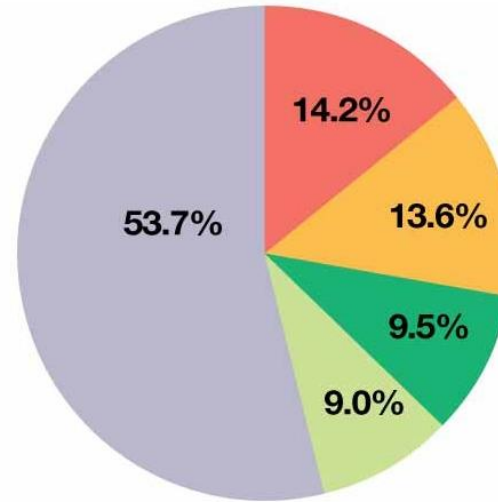
- Three Types of Services

1. Consumer Services

- Principal purpose is to provide services to individual consumers who desire them and can afford to pay for them.
- Constitutes nearly $\frac{1}{2}$ of all jobs in the U.S.
- Subdivided into four main types of consumer services:
 1. Retail and Wholesale Services
 2. Education Services
 3. Health and Social Services
 4. Leisure and Hospitality

Consumer Services

- Retail & Wholesale
- Health & social
- Education
- Leisure & hospitality
- Other U.S. jobs

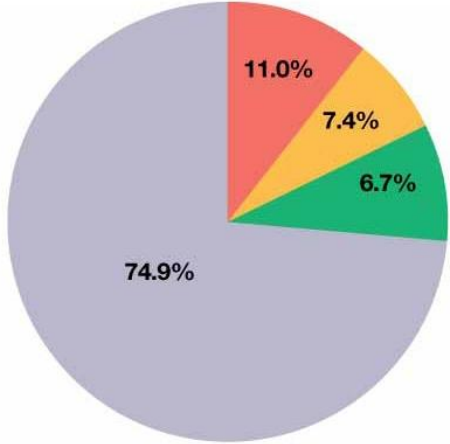


Where Are Services Distributed?

- Three Types of Services

- 2. Business Services

- Principal purpose is to facilitate other businesses.
 - Constitutes $\frac{1}{4}$ of all jobs in the U.S.
 - Subdivided into three main types of business services:
 1. Professional Services
 2. Financial Services
 3. Transportation Services



Where Are Services Distributed?

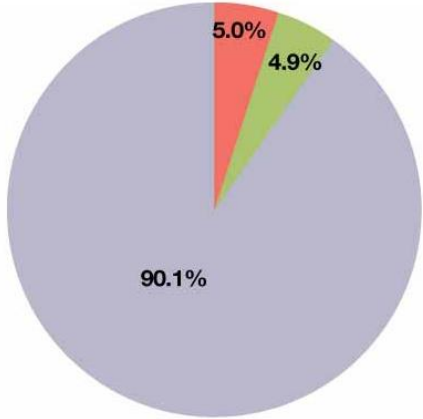
- Three Types of Services

- 3. Public Services

- Purpose is to provide security and protection for citizens and businesses.
 - Constitutes about 5% of all jobs in the U.S.
 - Workers divided among various levels of government.
 - » Federal Government: 1/6 of public sector employees
 - » State Government: 1/4 of public sector employees
 - » Local Government: 3/5 of public sector employees

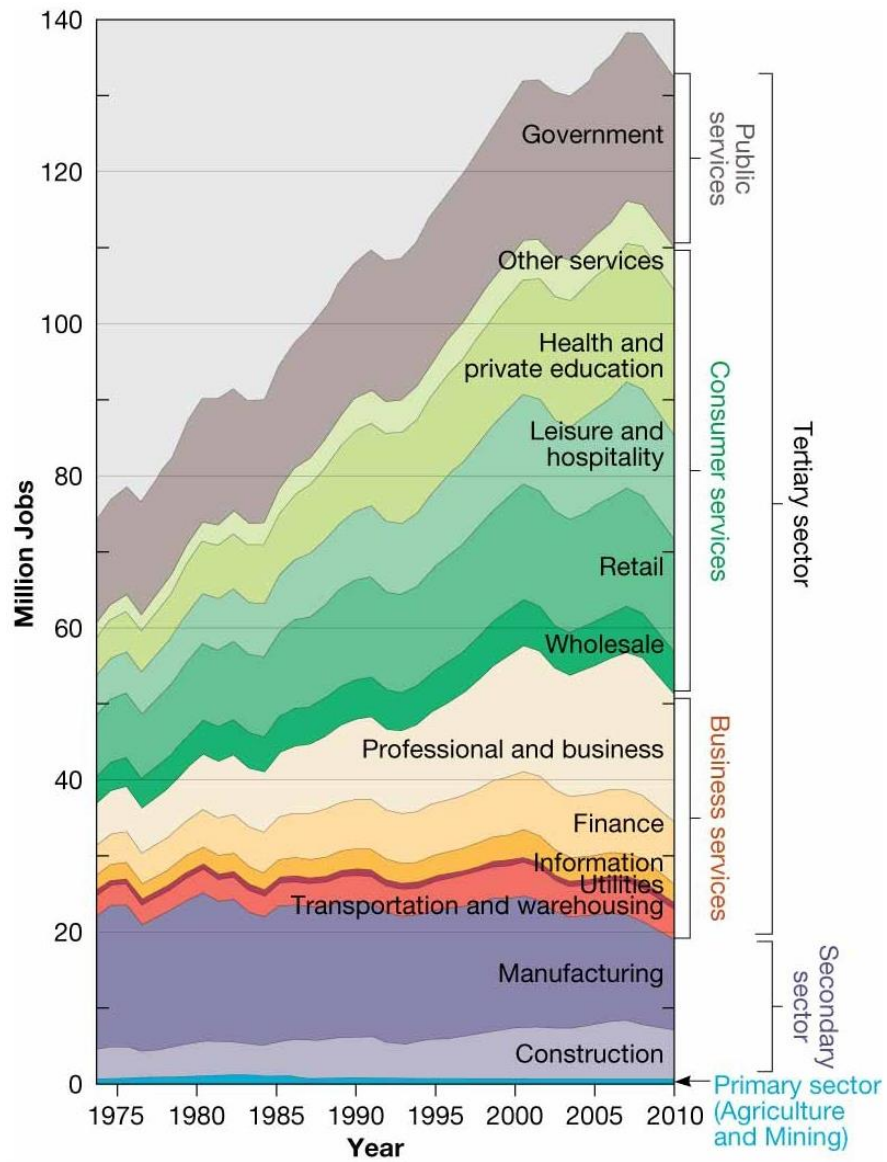
Public Services

- Government workers
- Other services
- Other U.S. Jobs



Where Are Services Distributed?

- **Rising and Falling Service Employment**
 - Service sector of the economy has seen nearly all the growth in employment worldwide.
 - Service sector has also been most negatively impacted by the recession.
- **Change in Number of Employees**
 - Within business services, jobs expanded most rapidly in professional services e.g. engineering, management, and law.
 - Within consumer services, fastest increase has been in provision of health care.



Where Are Consumer Services Distributed?

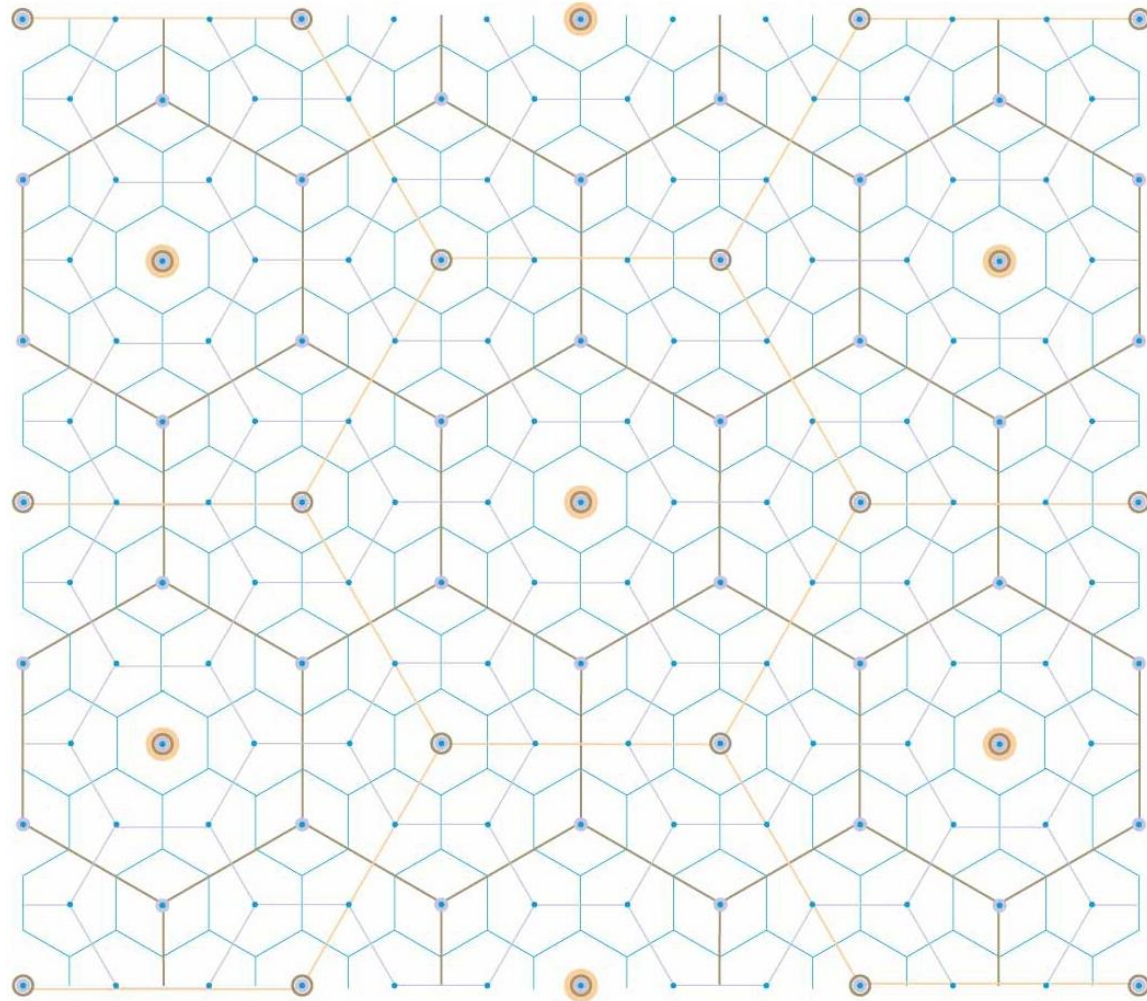
- Geographers use *central place theory* to help explain why consumers services follow a regular pattern based on size of settlements, with larger settlements offering not only more consumer services but also more specialized ones.
 - Geographer Walter Christaller proposed the concept of a a central place in the 1930s.

Where Are Consumer Services Distributed?

- Market Area of A Service
 - A *central place* is a market center for the exchange of goods and services by people attracted from the surrounding area.
 - Its is centrally located to maximize accessibility.
 - A *market area*, or *hinterland*, is the area surrounding a service from which customers are attracted.

Where Are Consumer Services Distributed?

- Range and Threshold of a Market Area
 - The *range* of a service is the maximum distance people are willing to travel to use it.
 - People travel short distances for everyday services. e.g. groceries and movie rentals
 - People travel greater distances for services offered exclusively in specific places. e.g. concerts and professional sporting events
 - The *threshold* of a service is the minimum number of people needed to support the service.
 - Service providers determine the suitability of a service center by overlaying the range of potential customers to its threshold.



Where Are Consumer Services Distributed?

- Hierarchy of Consumer Services
 - Only consumer services that have small thresholds, short ranges, and small market areas are found in small settlement.
 - Larger settlements provide consumer services that have larger thresholds, ranges, and market areas.
 - Developed countries have numerous small settlements with small thresholds and ranges and far fewer large settlements with large thresholds and ranges.

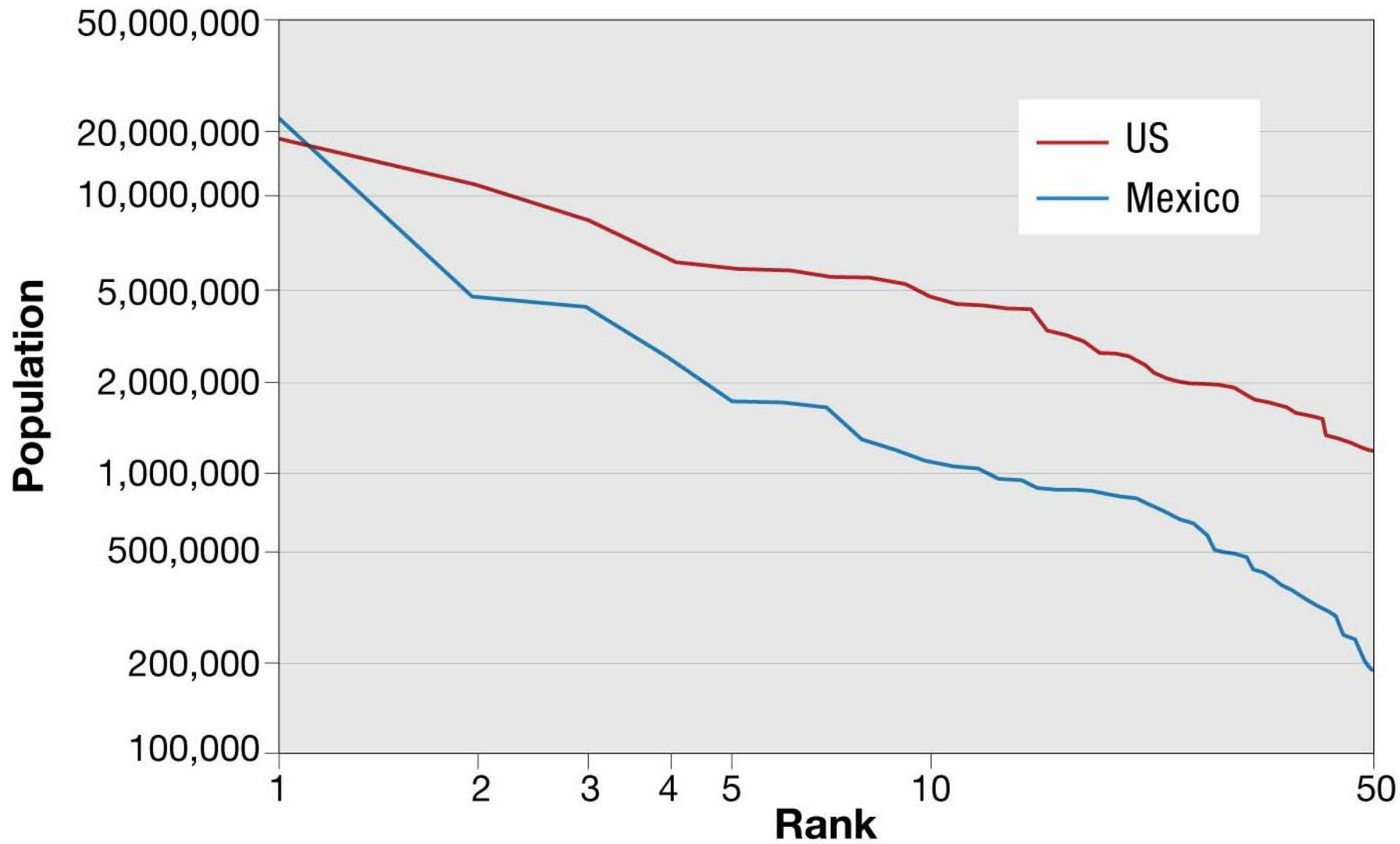
Where Are Consumer Services Distributed?

- Nesting of Services and Settlements
 - Central place theory posits that market areas across a developed country would be shaped as a series of hexagons of various sizes, unless interrupted by physical features.
 - Four different levels of market area exist:
 1. Hamlet (smallest)
 2. Village
 3. Town
 4. City (largest)



Where Are Consumer Services Distributed?

- Rank-Size Distribution of Settlements
 - Ranking settlements from largest to smallest in many developed countries produces a regular pattern or hierarchy.
 - *Rank-size rule* states that the country's n th-largest settlement is $1/n$ the population of the largest settlement.
 - Plotting populations on logarithmic paper produces a straight line.
 - Exceptions include the presence of a *primate city*- a city more than twice the population of the second-ranking settlement.



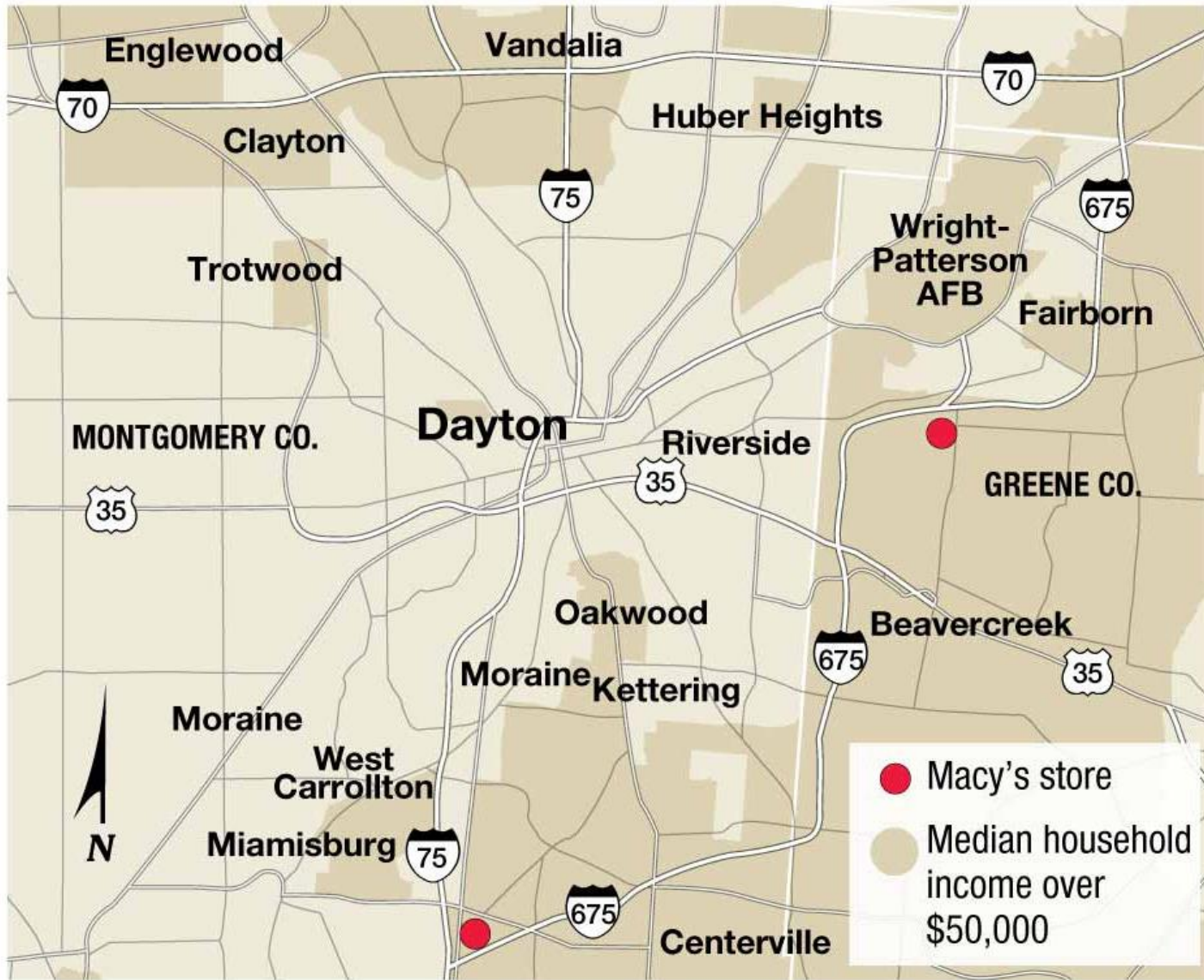
Where Are Consumer Services Distributed?

- **Market Area Analysis**

- Service providers believe that the location of a business is the most important factor to its profitability.
- Steps to Determine Profitability of a Location
 1. **Compute the Range**
 - Survey local residents about willingness to travel a specific amount of time to the potential site of a new store.
 2. **Compute the Threshold**
 - Identify how many patrons are needed to meet expenses.
 3. **Draw the Market Area**
 - Draw the range around potential location of new store, then identify whether or not the threshold is met within that radius.

Where Are Consumer Services Distributed?

- Market Area Analysis
 - The *gravity model* predicts that the optimal location of a service is directly related to the number of people in the area and inversely related the distance people must travel to access it.
 - Essentially, the best location will be the one that minimizes travel for all potential customers.

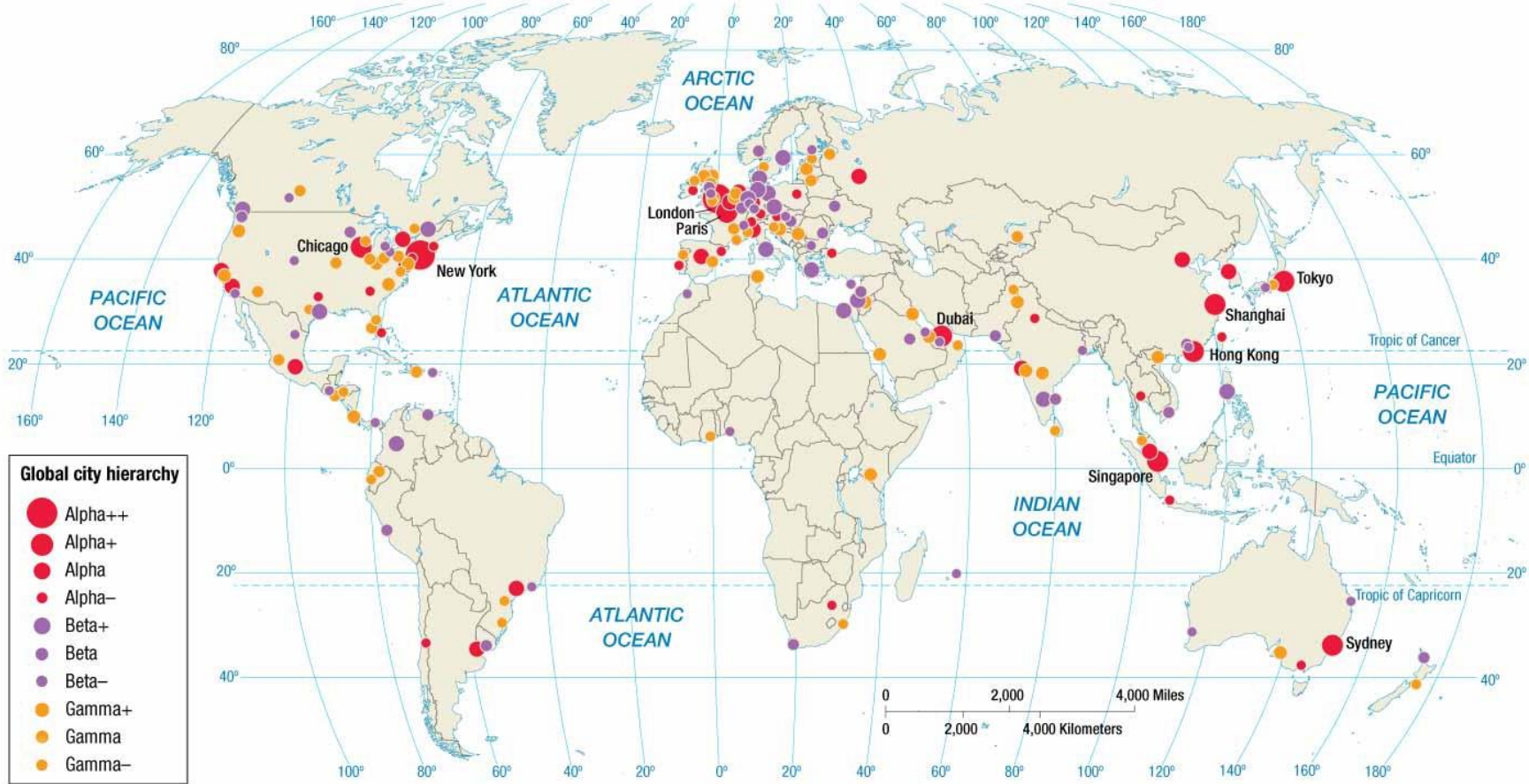


Where Are Business Services Distributed?

- Hierarchy of Business Services
 - All urban settlements provide consumer services, but not every settlement of a given size has the same number and types of business services.
 - Urban settlements tend to specialize in one or a few specific business services.
 - Geographers distinguish four levels of urban settlements according to their importance as business services providers.

Where Are Business Services Distributed?

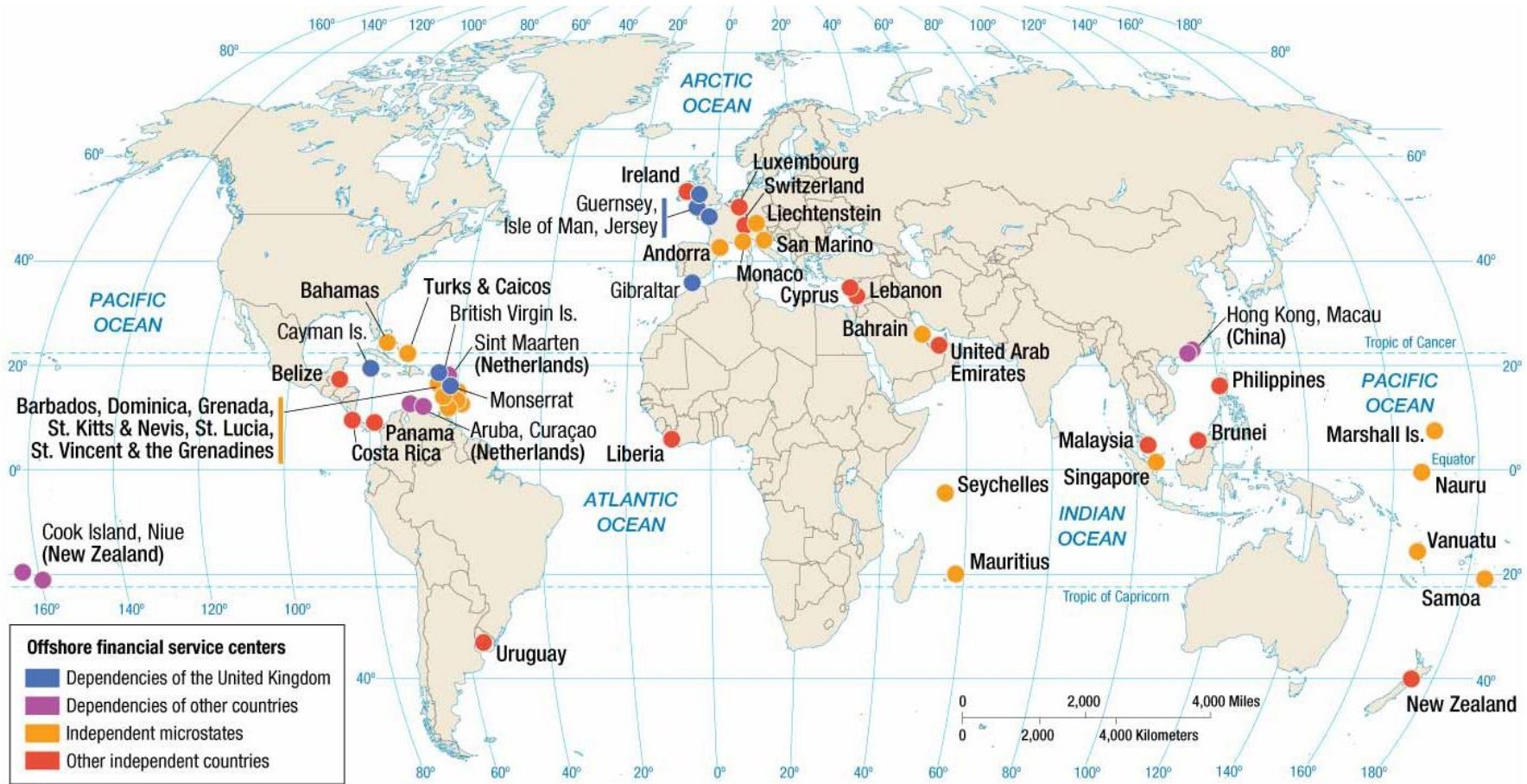
- Hierarchy of Business Services
 - Business Services in Global Cities
 - *Global cities or world cities* are at the top of the urban settlement hierarchy.
 - Center of the flow of information and capital in the global economy.
 - Location of countless large corporations' headquarters.
 - Global cities area divided into three levels: alpha, beta, and gamma, which, in turn, are further subdivided based on economic, political, cultural, and infrastructure factors.
 - » Examples – alpha++ (New York) and alpha+ (Chicago)





Where Are Business Services Distributed?

- **Business Services in Developing Countries**
 - Some businesses locate in developing countries, because they tend to offer supportive laws, weak regulations, and low-wage workers.
 - Primarily there are two main types of business services offered in developing countries.
 1. **Offshore Financial Services**
 - Taxes
 - » Tax breaks include little to no taxes on income, profits, and capital gains.
 - Privacy
 - » Bank secrecy laws can help individuals and businesses evade disclosure in their home countries.



Where Are Business Services Distributed?

- **Business Services in Developing Countries**
 - Primarily there are two main types of business services offered in developing countries cont'd.
 2. **Business-Processing Outsourcing**
 - *Back-office* functions, such as insurance claims processing, payroll management, transcription work, and other routine clerical activities, can be performed at a lower cost, if they are performed by workers in developing countries.
 - » Developing countries with a large labor force fluent in English are relatively more attractive to firms seeking a place to outsource some of their routine work.

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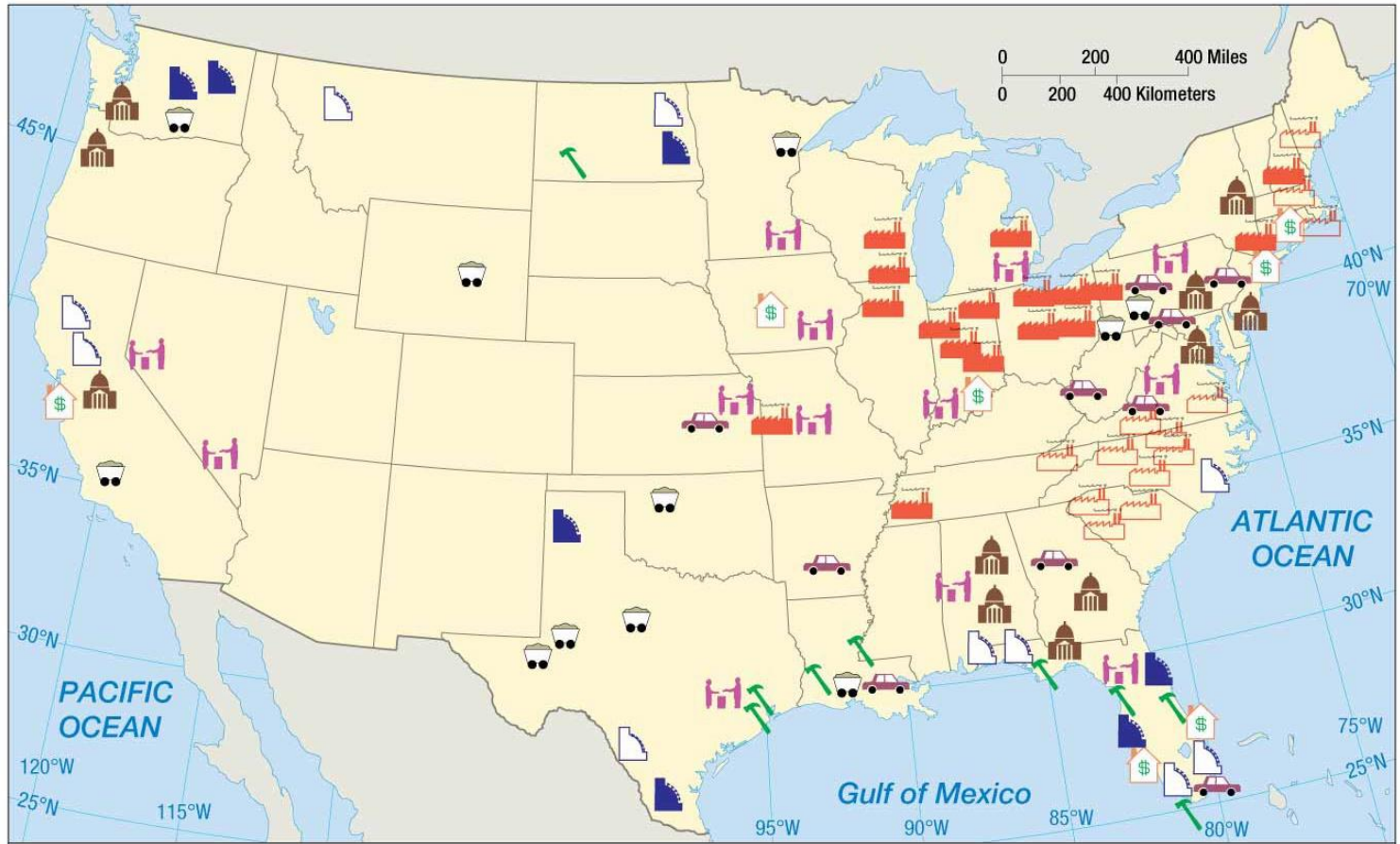
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Where Are Business Services Distributed?


- Economic Base of Settlements
 - A settlement's distinctive economic structure derives from its *basic industries*, which export primarily to consumers outside the settlement.
 - *Nonbasic industries* are enterprises whose customers live in the same community-essentially, consumer services.
 - A community's unique collection of basic industries defines its *economic base*.
 - Economic base of a postindustrial society, such as the U.S., are in business, consumer, or public services.
 - Ex. Computing and data processing services: Boston



Primary sector

 Mining

Secondary sector

-  Construction
-  Manufacturing—durable goods
-  Manufacturing—nondurable goods

Consumer services

-  Retail trade
-  Wholesale trade
-  Personal services

Business services

-  Finance, insurance, real estate
-  Transportation, communication, and public utilities

Public services

 Public services

Why Do Services Cluster in Settlements?

- Services in Rural Settlements

- Rural settlements tend to take one of two forms.

1. *A clustered rural settlement* is an agricultural-based community in which a number of families live in close proximity to each other, with fields surrounding the collection of houses and farm buildings.
 - Typically include homes, barns, tool sheds, and consumer services, such as religious structures, schools, and shops.
2. *A dispersed rural settlement*, typical of the North American rural landscape, is characterized by farmers living on individual farms isolated from neighbors.





Why Do Services Cluster in Settlements?

- Services in Rural Settlements
 - Services in Early Settlements
 - Early Consumer Services
 - Places to bury the dead
 - Religious leaders stationed at burial sites to perform service of saying prayers for the deceased.
 - » Likely encouraged the building of more permanent structures for ceremonies and dwellings.
 - Manufacturing centers
 - Early Public Services
 - Primarily tasked with offering protection to everyone in the settlement.
 - » Walls built around settlements for protection.
 - » Defenders (soldiers)

Why Do Services Cluster in Settlements?

- Services in Rural Settlements
 - Services in Early Settlements (cont'd)
 - Early Business Services
 - Settlement served as a neutral ground where several groups could safely come together to trade goods and services.
 - Officials in the settlement provided producer services.
 - » Regulating the terms of transactions
 - » Setting fair prices
 - » Keeping records
 - » Creating a currency system

Why Do Services Cluster in Settlements?

- Urbanization
 - Earliest Urban Settlements
 - Prehistoric Urban Settlements
 - Earliest urban settlements were probably in the Fertile Crescent of Southwest Asia and North Africa.
 - Among the oldest is Ur in Mesopotamia (present-day Iraq)



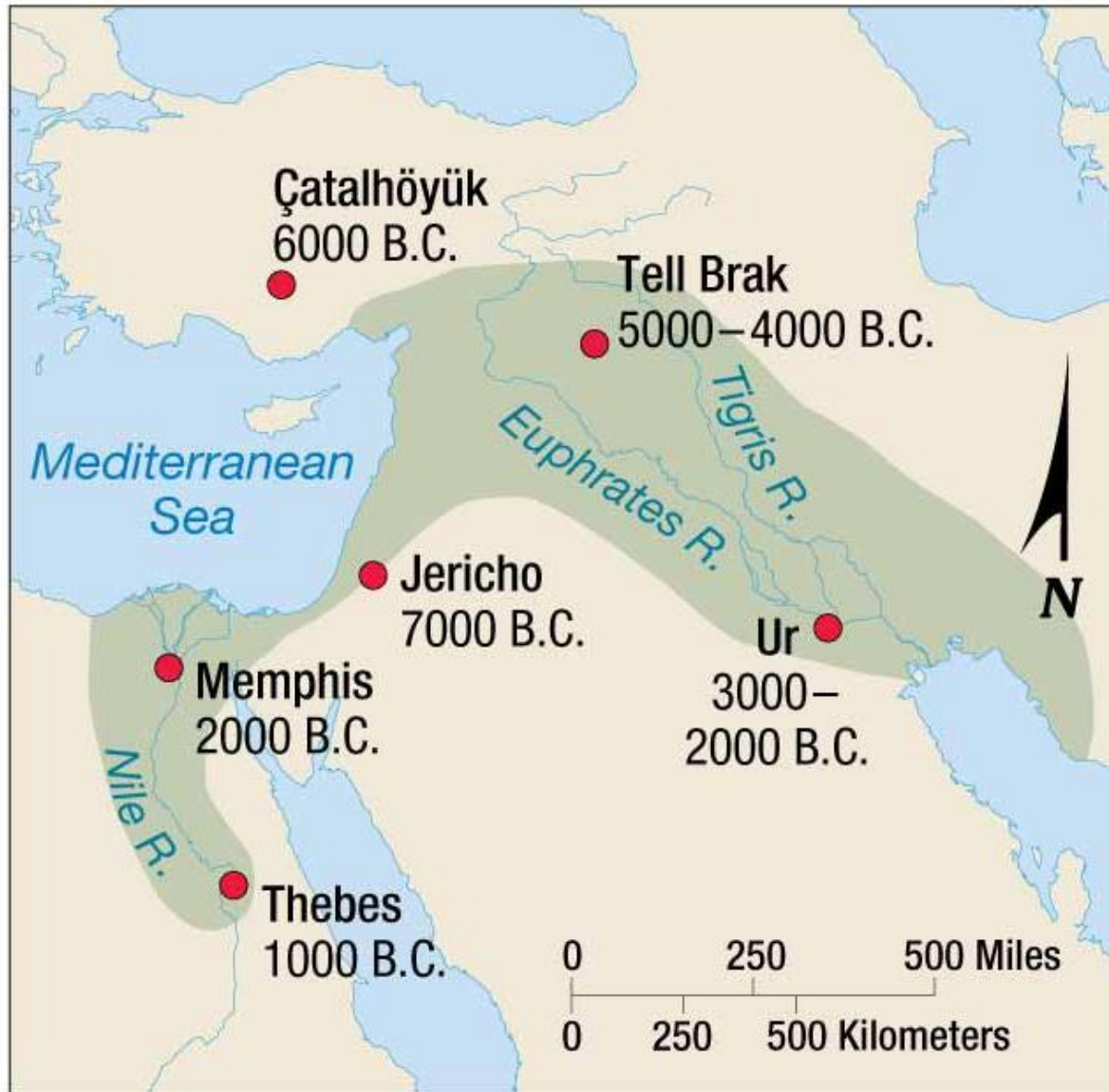
Why Do Services Cluster in Settlements?

- Urbanization

- Earliest Urban Settlements Cont'd.

- Ancient Urban Settlements

- Settlements first established in eastern Mediterranean about 2,500 B.C.
 - » Knossos (on the island of Crete)
 - » Troy (in Asia Minor- [Turkey])
 - » Mycenae (in Greece)
 - Aforementioned urban settlements were primarily trading centers and organized into *city-states*- independent self-governing communities that included the settlement and nearby countryside.
 - » Athens was the largest city-state in Greece
 - » Rome was believed to have grown to a population between 250,000 and 1 million.



Why Do Services Cluster in Settlements?

- Urbanization

- Earliest Urban Settlements Cont'd.

- Medieval Urban Settlements

- Dense network of small market towns serving the needs of particular lords covered much of Europe.
 - Largest medieval European settlements served as power centers for the lords, church leaders, and as major market centers.
 - Tallest and most elaborate structures were usually churches.
 - Usually surrounded by walls.

Why Do Services Cluster in Settlements?

- Urbanization

- Rapid Growth of Urban Settlements

- The process by which the population of urban settlements grows, known as *urbanization*, has two dimensions.

1. An increase in the *number* of people living in urban settlements.

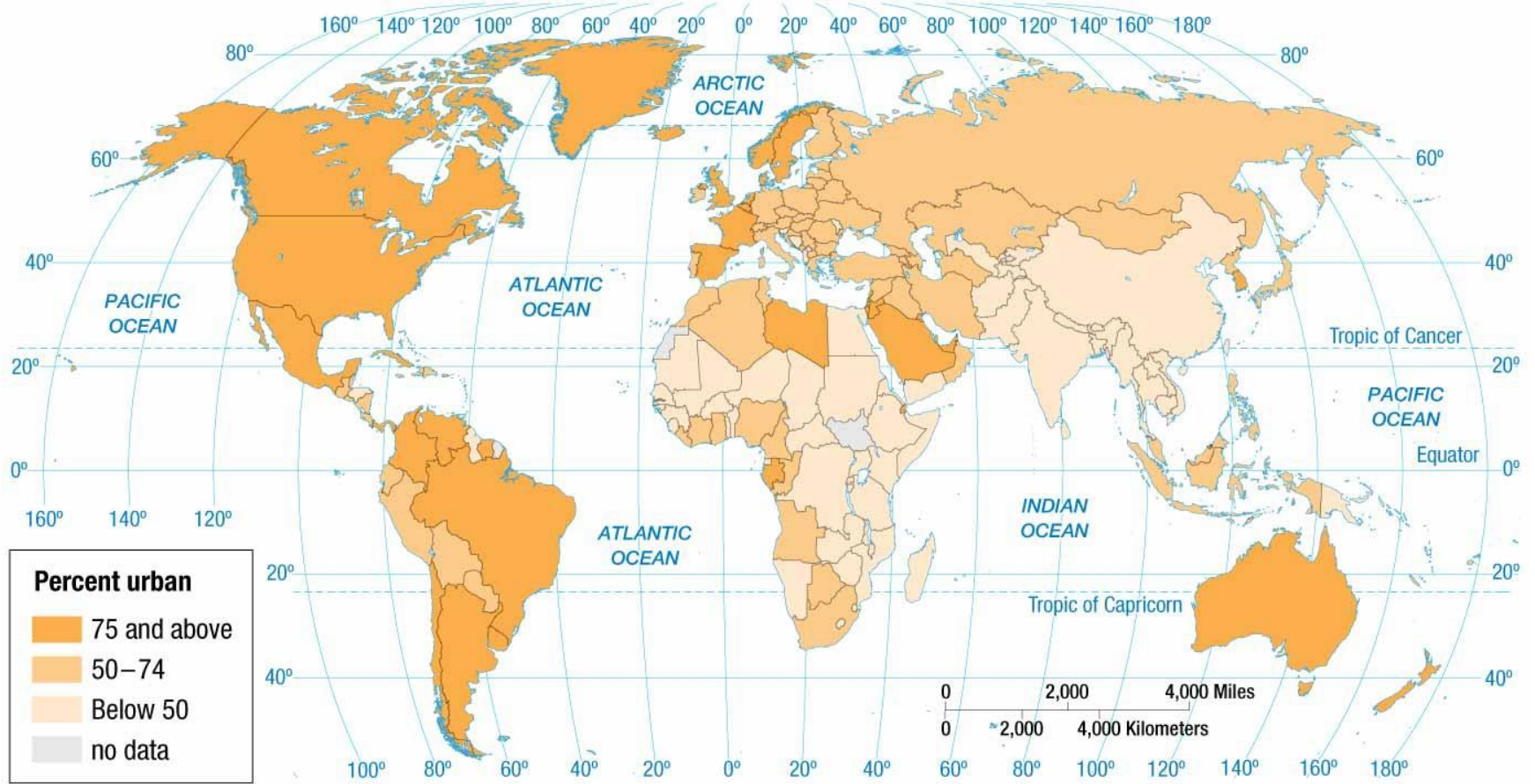
- » Developing countries have 8 of the 10 most populous cities.

2. An increase in the *percentage* of people living in urban settlements.

- » Percentage of people living in the urban settlements has increased from 3% in 1800 to 6% in 1850, 14% in 1900, 30% in 1950, and 47% in 2000.

- » Developed Countries: $\frac{3}{4}$ of population is urbanized.

- » Developing Countries: $\frac{2}{5}$ of population is urbanized.





Summary

- Most jobs are in the service sector, especially in developed countries.
- Consumer services generally follow a regular pattern, based on size of settlements.
- Business services disproportionately cluster in a handful of urban settlements.
- Services cluster in both rural and urban settlements as a function of market areas, ranges, and thresholds, which are integral to central place theory.