

Chapter 12

Services and

Settlements

Services and Settlements: Key Issues

1. Where Are Services Distributed?
2. Where Are Consumer Services Distributed?
3. Where Are Business Services Distributed?
4. Why Do Services Cluster in Settlements?

Key Issue 1: Where Are Services Distributed?

- **Service:** activity to fulfill human want or need for sale
- **Settlement:** permanent collection of buildings where people reside
- Services cluster in settlements, especially in developed countries.

Economic Structure

1. Primary sector

- Direct extraction of resources
 - Fishing, mining, forestry, or agriculture

2. Secondary sector

- Manufacturing that processes, transforms, and assembles raw materials as well as making finished consumer goods

3. Tertiary sector

- Providing goods and services to people for payment
 - Retail, banking, law, education, government, etc.

Tertiary Sector (Services)

Types of Services

1. Consumer

- Provide services to individual consumers who desire them and can afford to pay for them

2. Business

- Facilitate the activities of other businesses

3. Public

- Provide security and protection for citizens and businesses

Percentage of GDP from Services

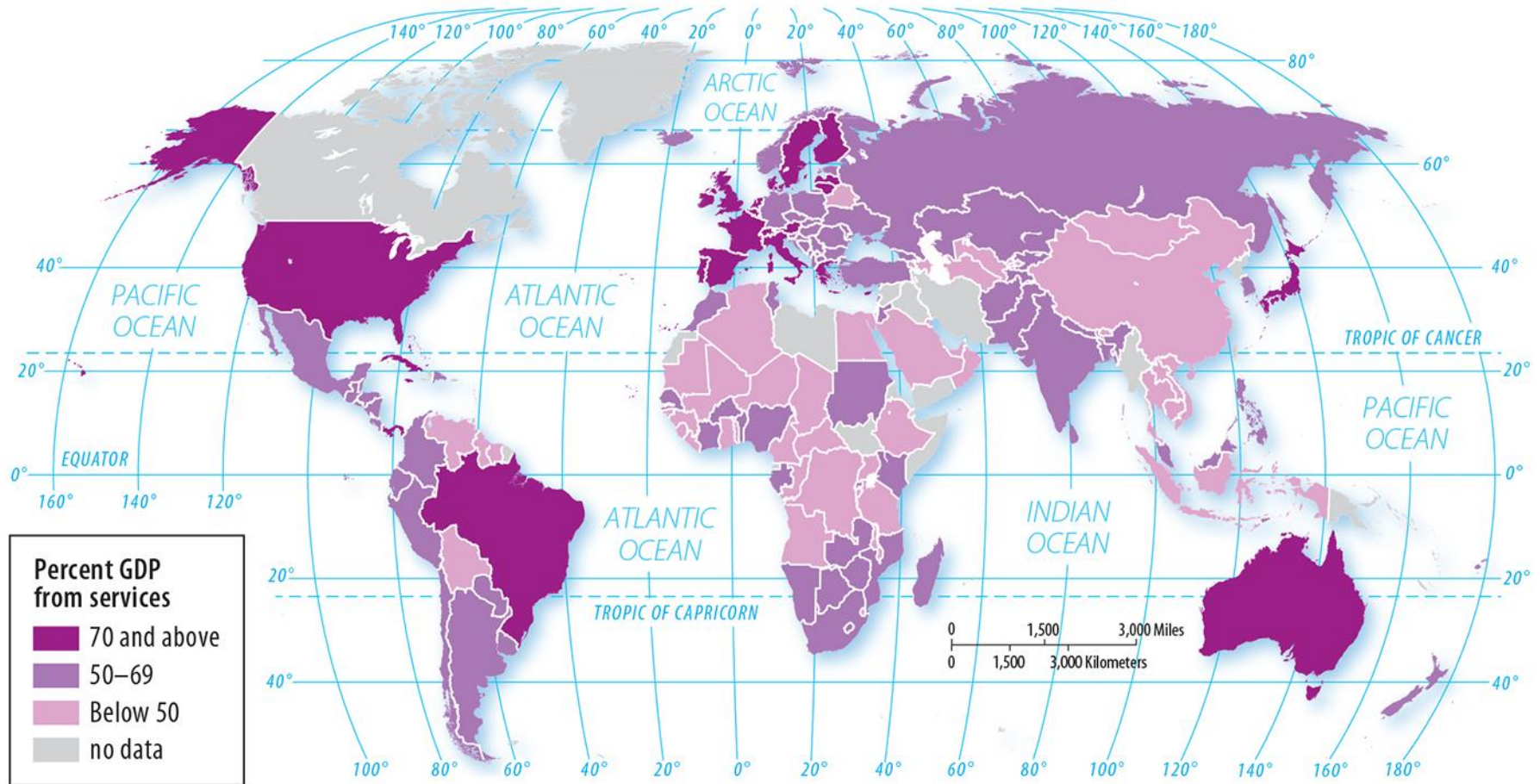
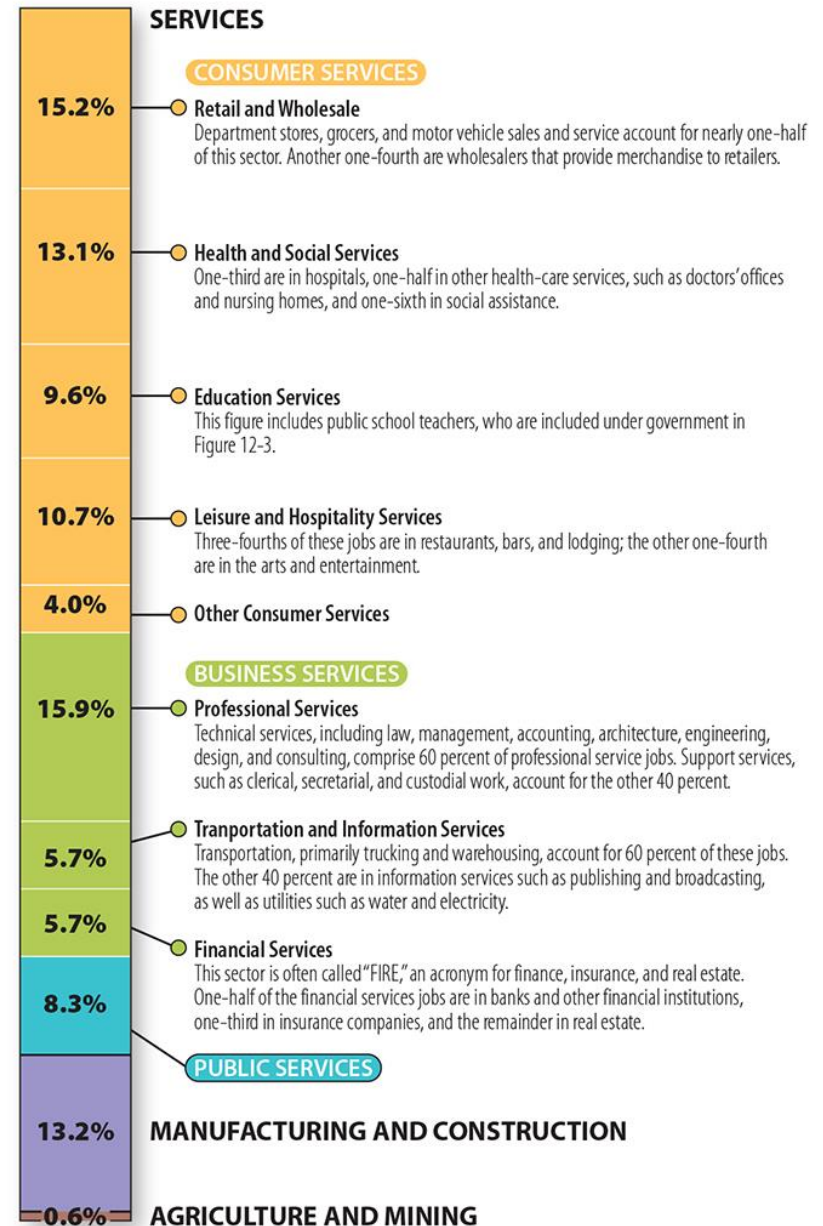


Figure 12-1: Services are the major contributor to GDP in developed countries.

U.S. Employment

Figure 12-2: More than 85 percent of all jobs in the United States are some form of service. Half are consumer services, and one quarter are business services.



U.S. Employment Growth

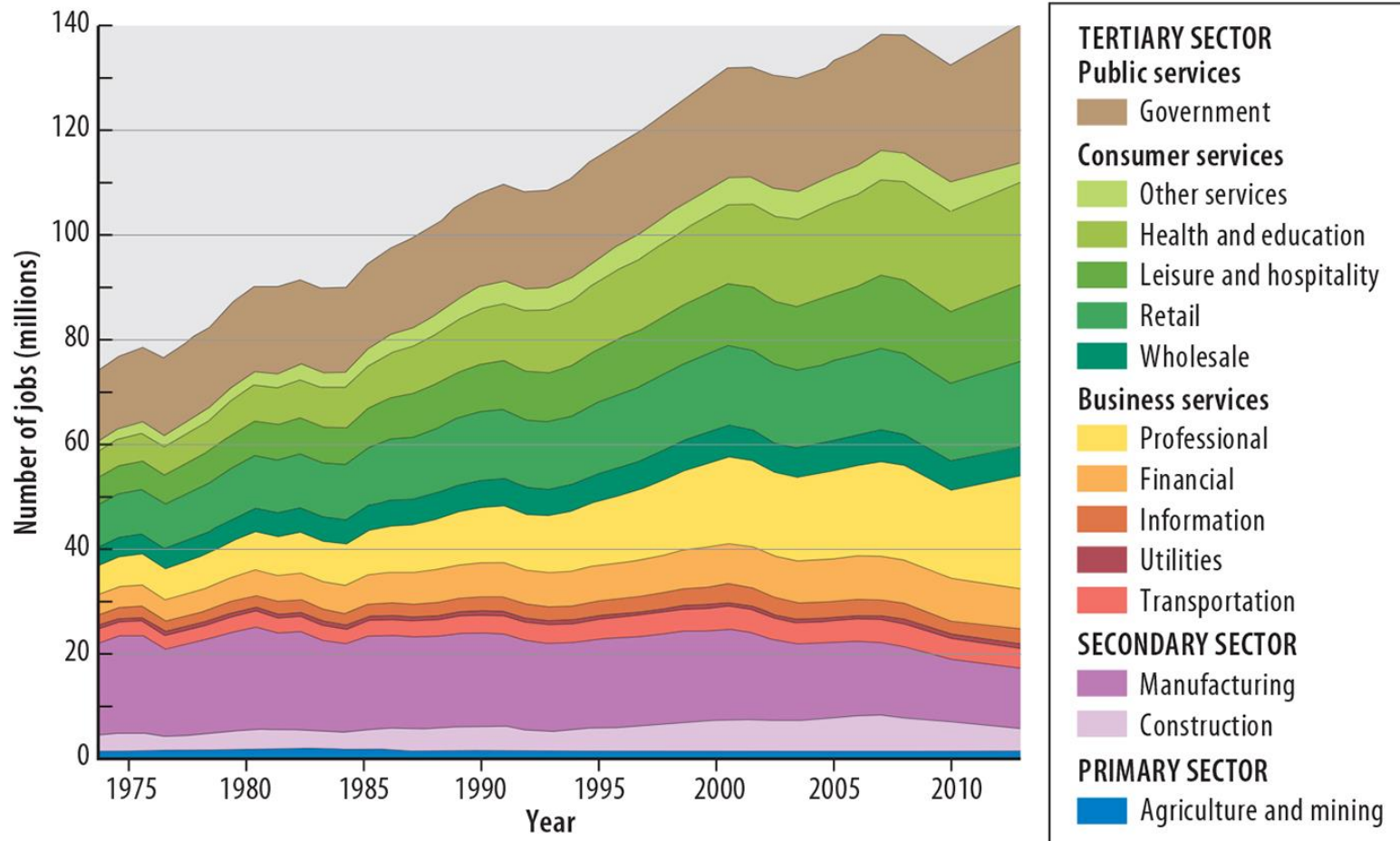


Figure 12-3: Recent employment growth in the United States has been in the tertiary (service) sector, especially consumer services.

Key Issue 2: Where Are Consumer Services Distributed?

2.1 Central Place Theory

2.2 Hierarchy of Consumer Services

2.3 Market Area Analysis

2.4 Periodic Markets

Central Place Theory

- **Central place:** market center where people exchange goods and services
- **Market area:** region surrounding central place
- **Range:** how far people will travel for a service
 - more basic services have shorter ranges
- **Threshold:** minimum number of people to support a service
 - must be enough potential customers

Market Areas as Hexagons

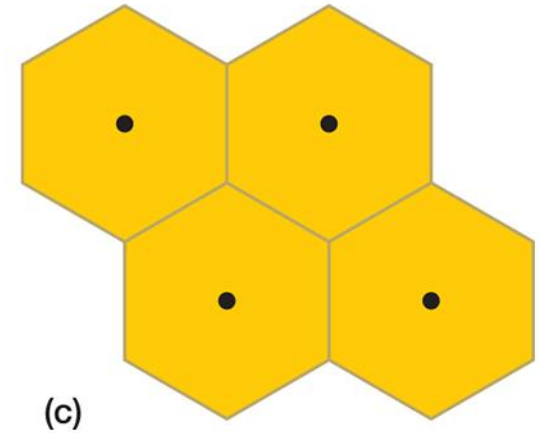
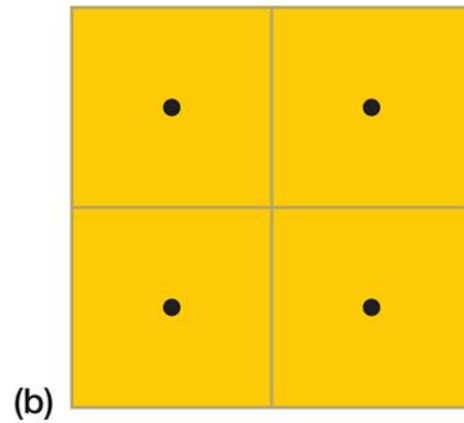
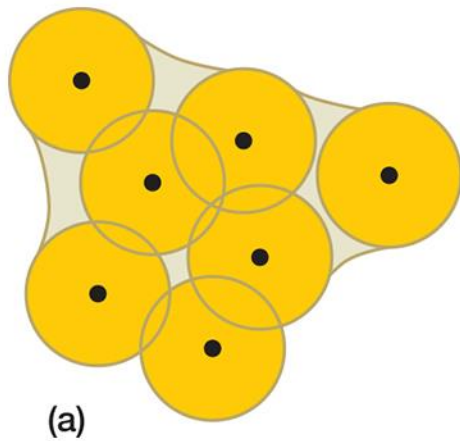


Figure 12-4: Hexagons approximate a circle without leaving gaps, so are used to symbolize market areas in central place theory.

Daily Urban Systems

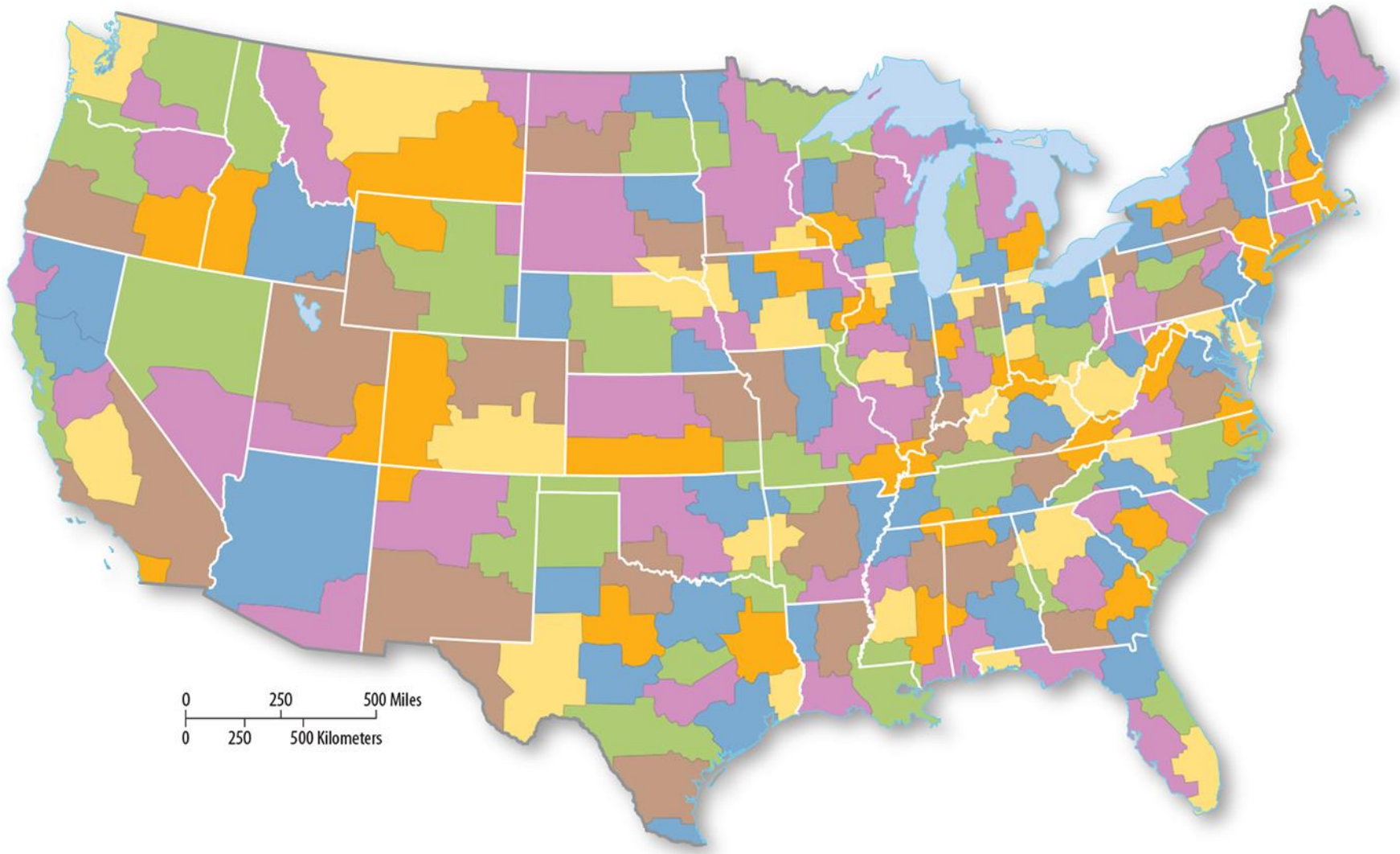


Figure 12-5: Daily urban systems regions represent functional ties, which can be considered market areas for some services.

Threshold, Range, and Market Area



Figure 12-6: Threshold is the number of people required to support a particular service, and range is the maximum distance a person is willing to travel for that distance.

Hierarchy of Consumer Services

Central place theory predicts

- Many small settlements with small threshold/range services
- Fewer large settlements, services with large thresholds and ranges

Developed countries often follow the **rank-size rule**:

- n^{th} -largest settlement is $1/n$ the population of largest settlement.
- Exception: **primate cities**

Central Place Theory in North Dakota



Figure 12-7: Following the predictions of central place theory, there are many hamlets, fewer villages, even fewer small towns, and only one city in the region mapped here.

Central Place Theory in North Dakota

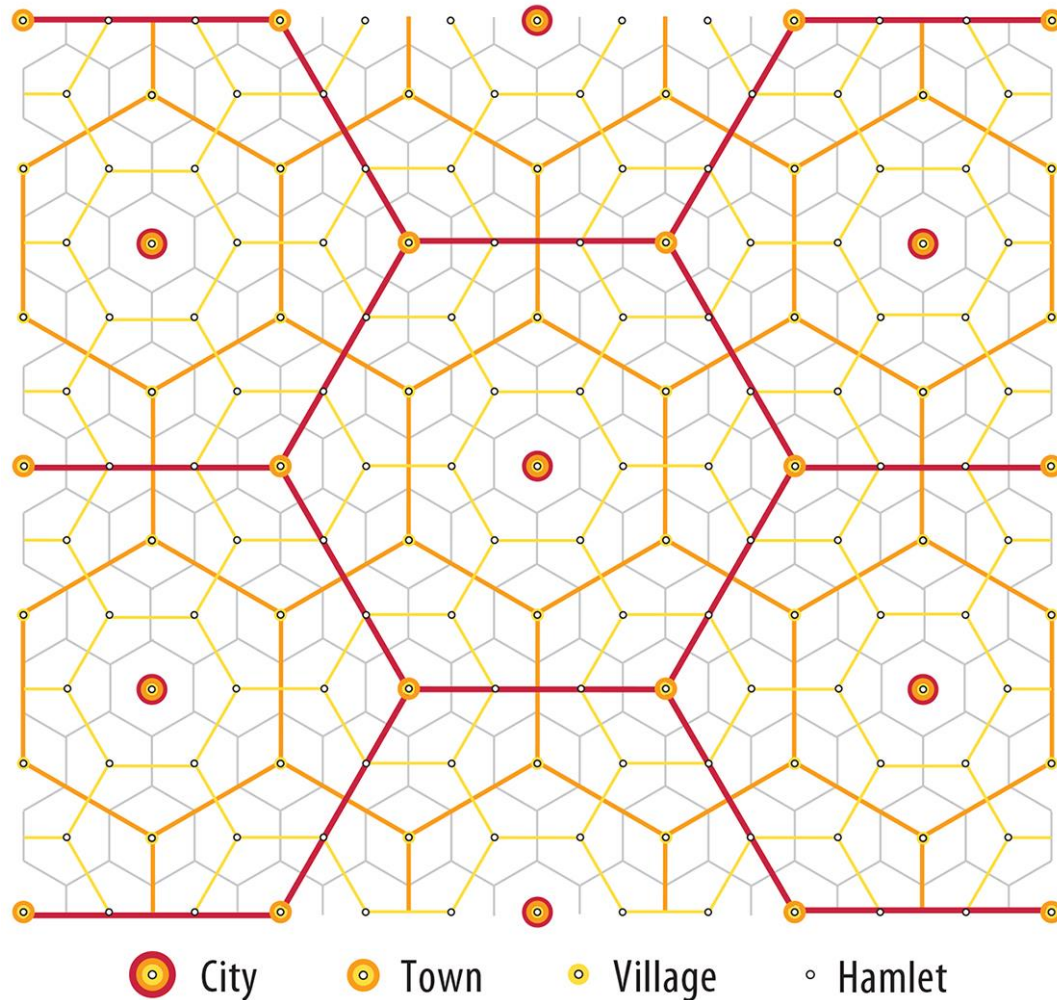


Figure 12-9: An abstract model of central place theory shows the market areas of small settlements are nested within the market areas of larger settlements, and so on.

Rank-size Distribution of Settlements

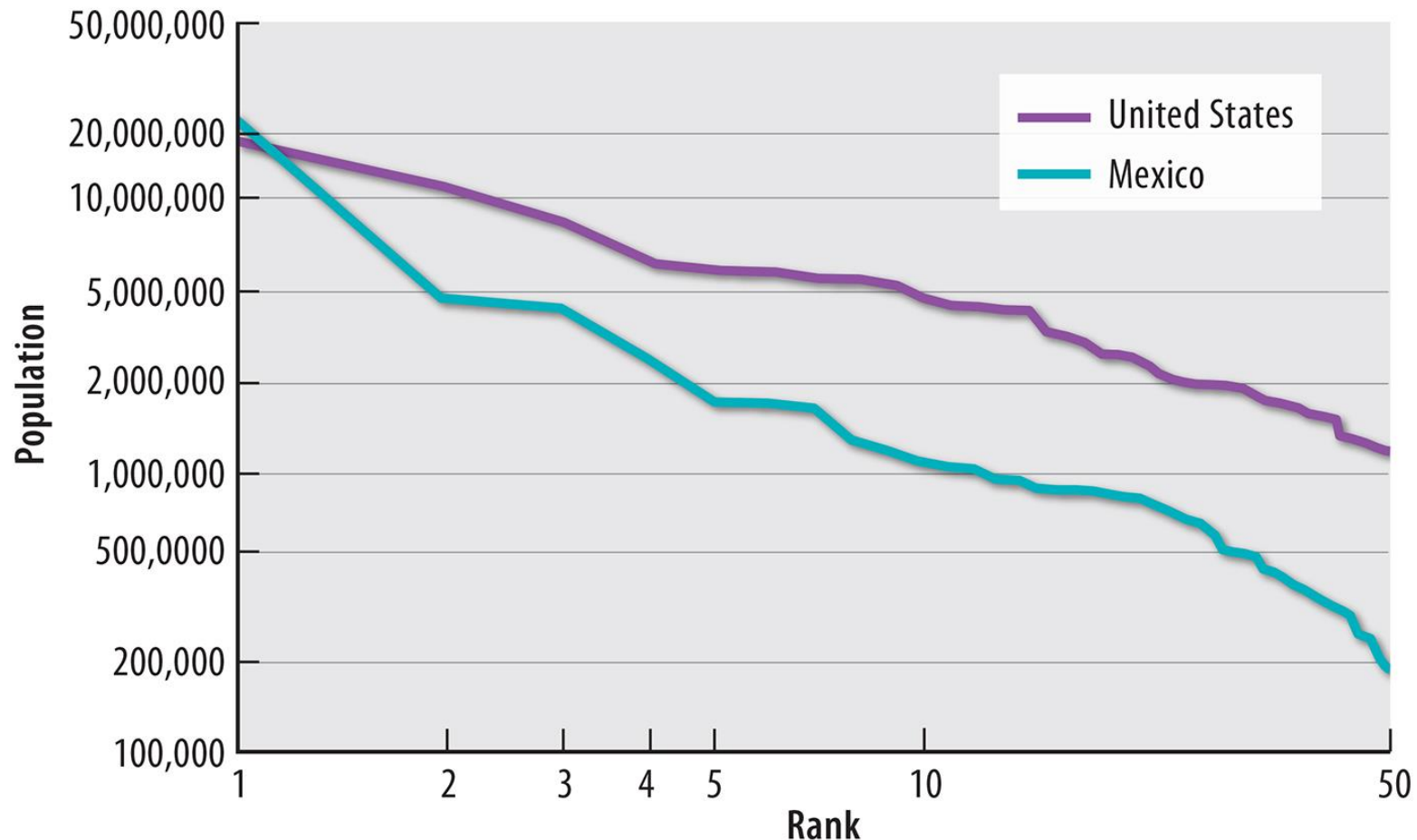


Figure 12-10: Rank-size rule predicts the 10th largest city should have about $1/10^{\text{th}}$ the population of the largest city. This is observed in the United States, but not as closely in Mexico.

Debate It!: Walmart and Settlements

Benefits

- Lower prices
- Employment to low-skill workers
- Locations often in areas with few other options

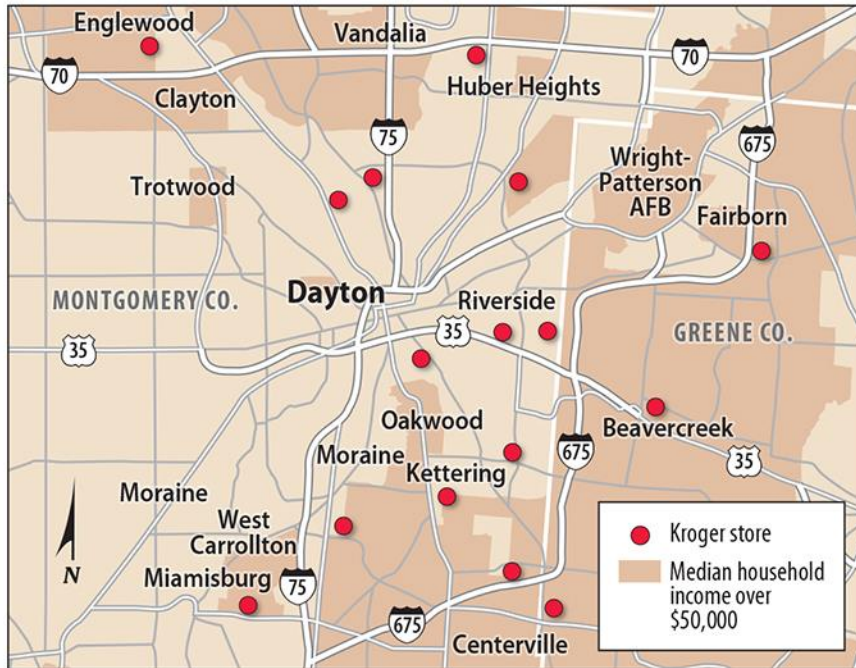
Harms

- Wages too low for workers to prosper
- Imported products hurt American industry.
- Locally owned shops forced out of business

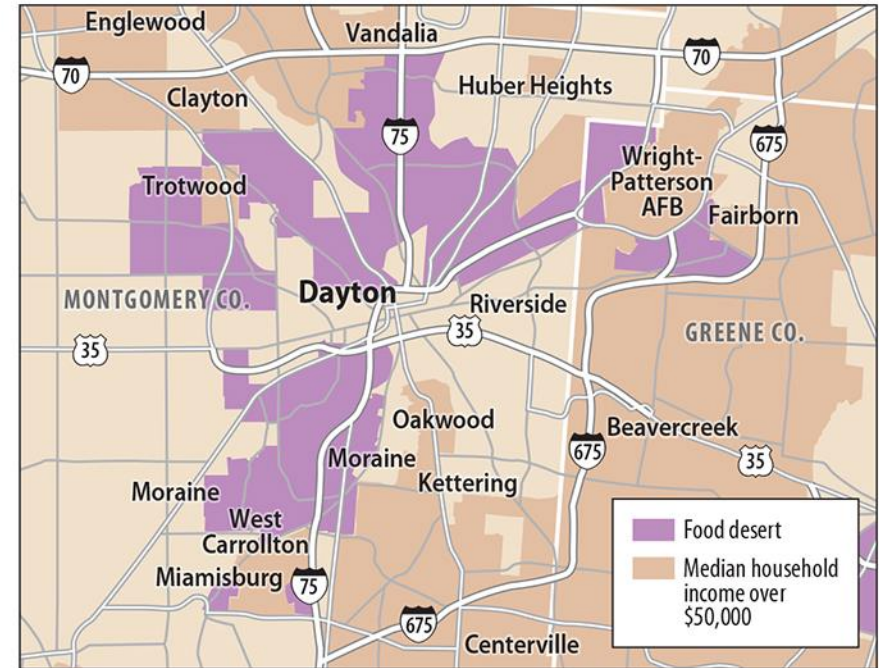


Figures 12-13 and 12-14: Walmart provides jobs, but its business practices are controversial.

Market Area Analysis: Food Deserts



(a)



(b)

Figure 12-15: Supermarkets tend to be located near high-income neighborhoods. Food deserts are defined as areas with low-income residents and poor access to groceries.

Periodic Markets



Figures 12-16 and 12-17: Periodic markets allow small settlements to have access to more services a few days per week or month, like in Ethiopia (left). Merchants travel to another village in China for a periodic market (right).

Key Issue 3: Where are Business Services Distributed?

3.1 Hierarchy of Business Services

3.2 Business Services in Developing Countries

3.3 Economic Specialization of Settlements

Hierarchy of Business Services

Business services cluster in global cities:

- Financial institutions
- Corporate headquarters
- Law, accounting, and other professional services

Global cities defined by combination of factors on their importance (not just size)

- Commonly centers of large threshold/range consumer and public services

Global Cities

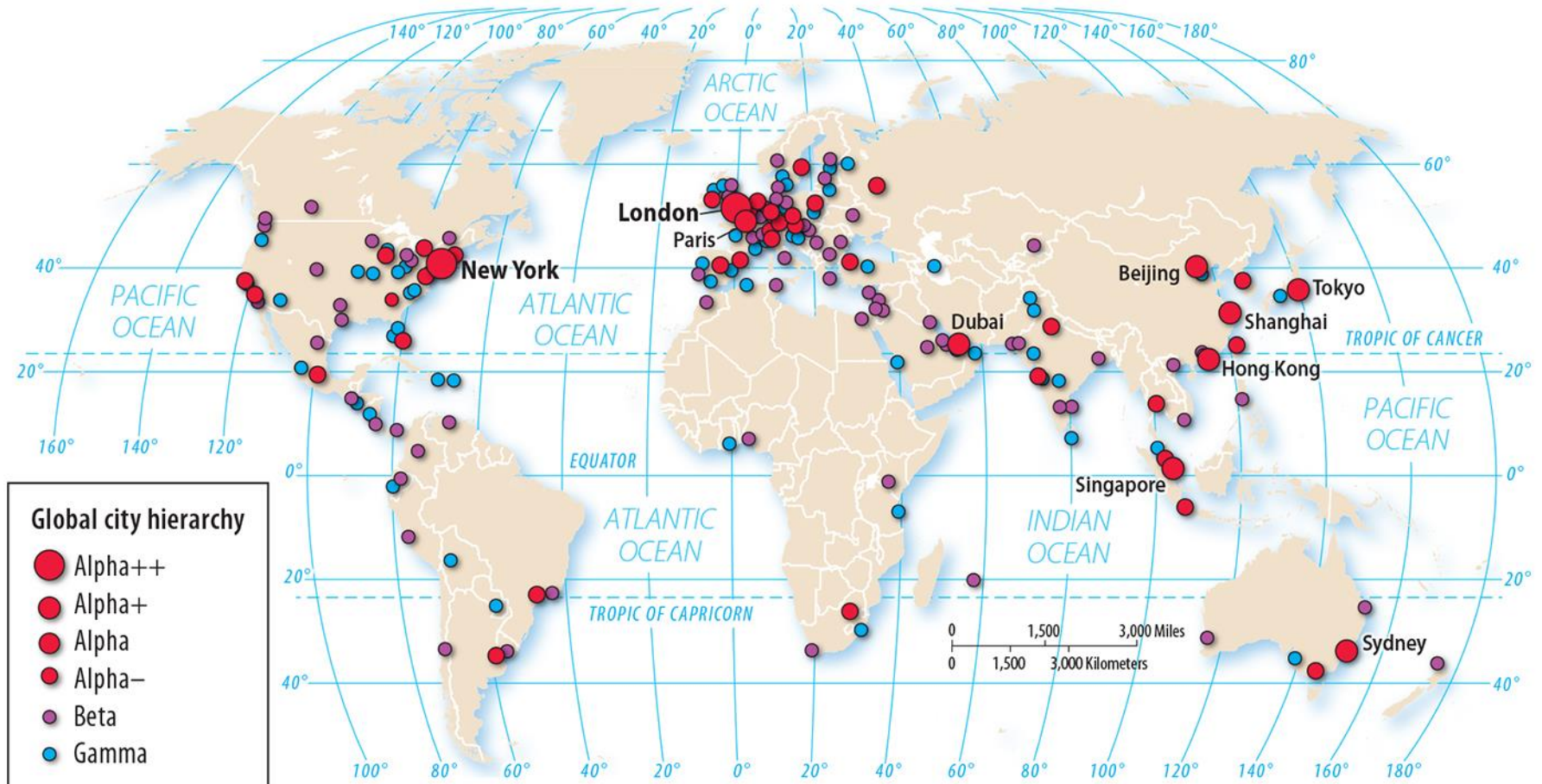


Figure 12-20: Global cities follow a hierarchy where the most globally influential world cities, London and New York, are ranked highest.

Global Cities in North America



Figure 12-21: As with central place theory, there are more lower-order global cities and few higher-order global cities.

Business Services in Developing Countries

Offshore financial services for:

- Taxes
- Privacy

Business-process outsourcing locations selected for:

- Low wages
- English-speaking ability

Offshore Financial Service Centers

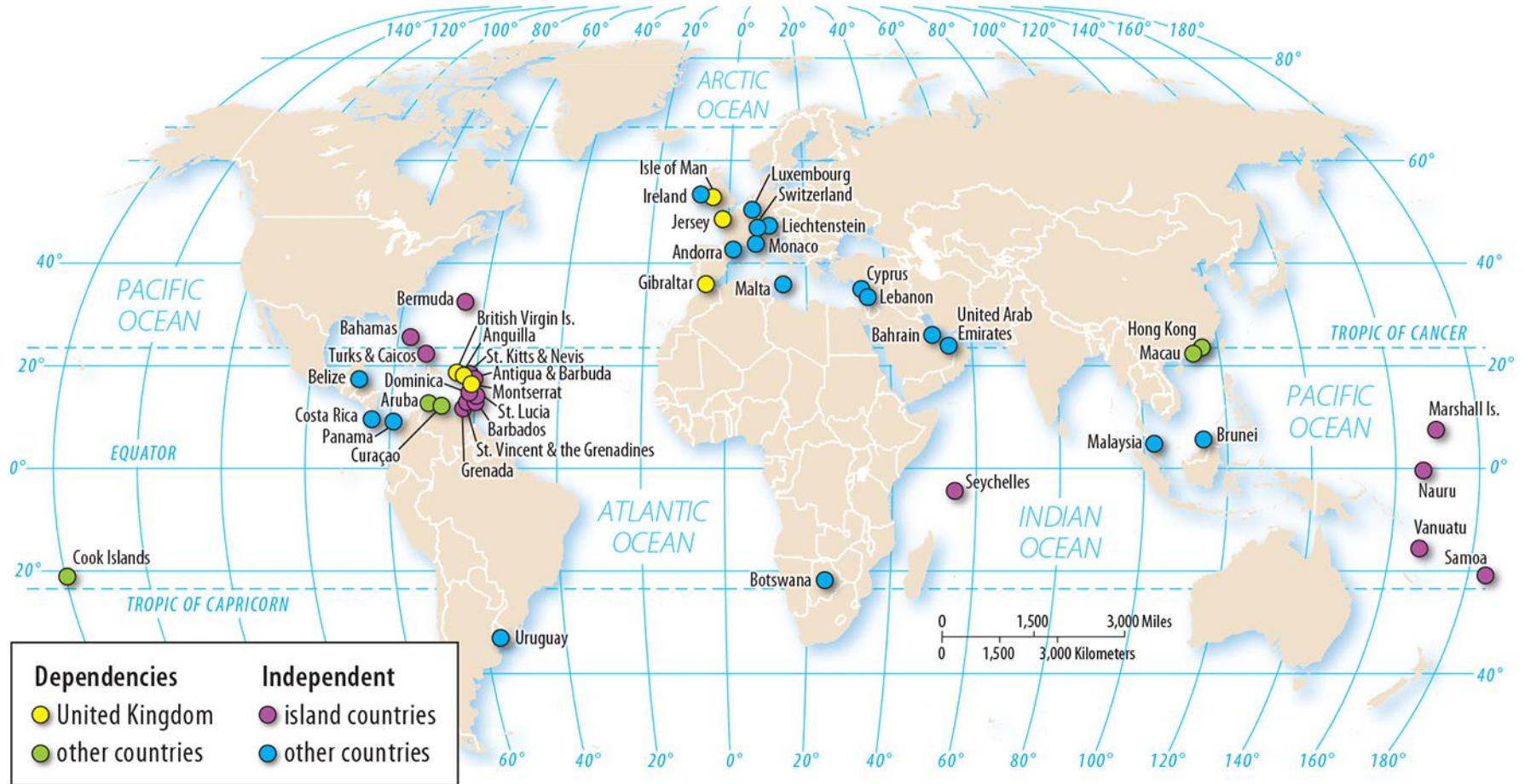


Figure 12-23: Offshore financial service centers are mostly microstates or dependencies, and most microstates are small islands.

Call Centers



Figures 12-24 and 12-25: India is a popular location for businesses to outsource their call center work (above) because of low wages and workers who speak English (right).

Economic Specialization of Settlements

Settlements specialize in economic activities:

- **Basic business:** exports outside settlement
- **Nonbasic business:** serves customers in settlement

Talented workers not randomly distributed:

- Attracted to job opportunities
- Cultural factors most important

Economic Base of U.S. Settlements

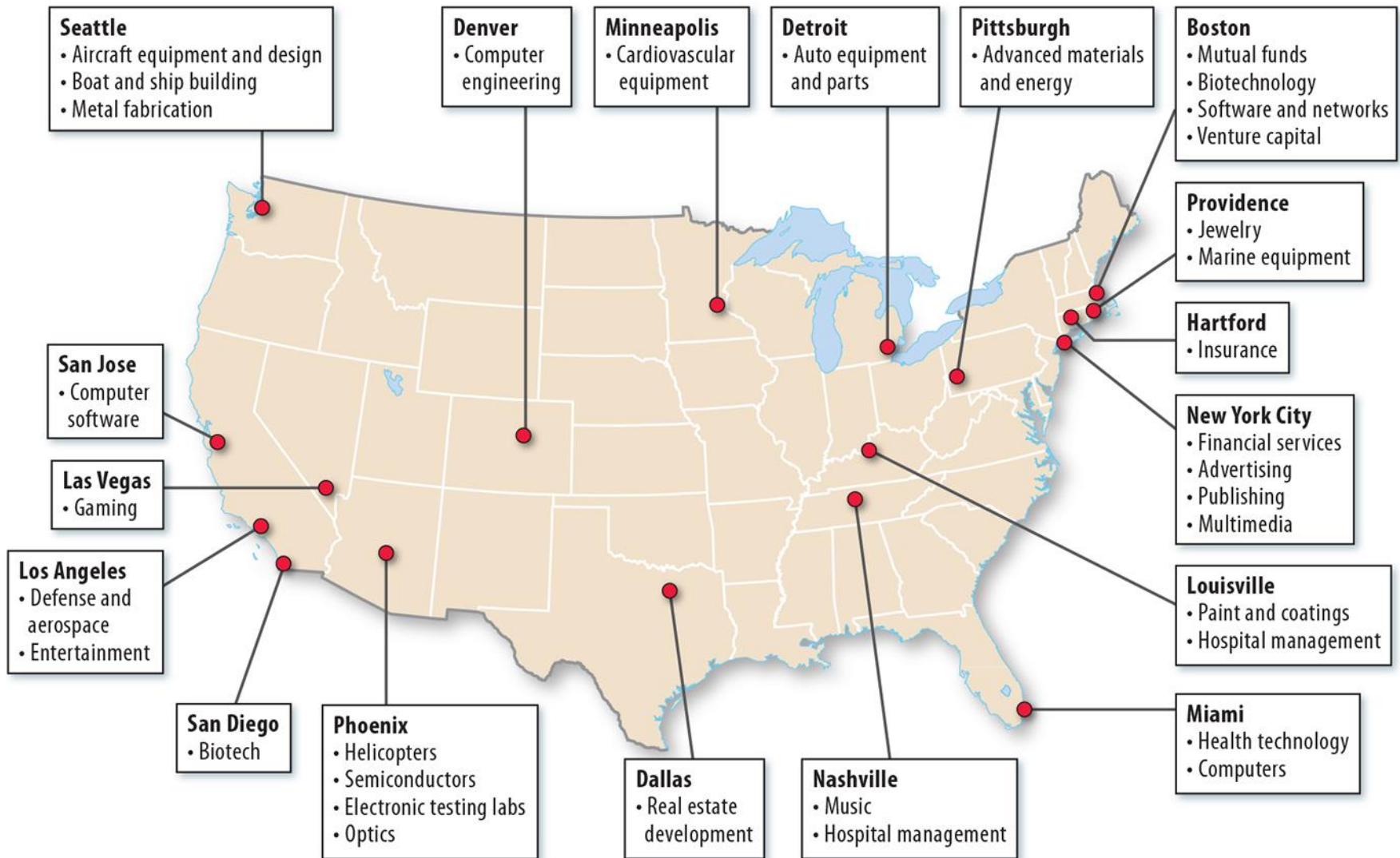


Figure 12-26: Settlements specialize in different economic activities.

Scientists and Professionals in the U.S.

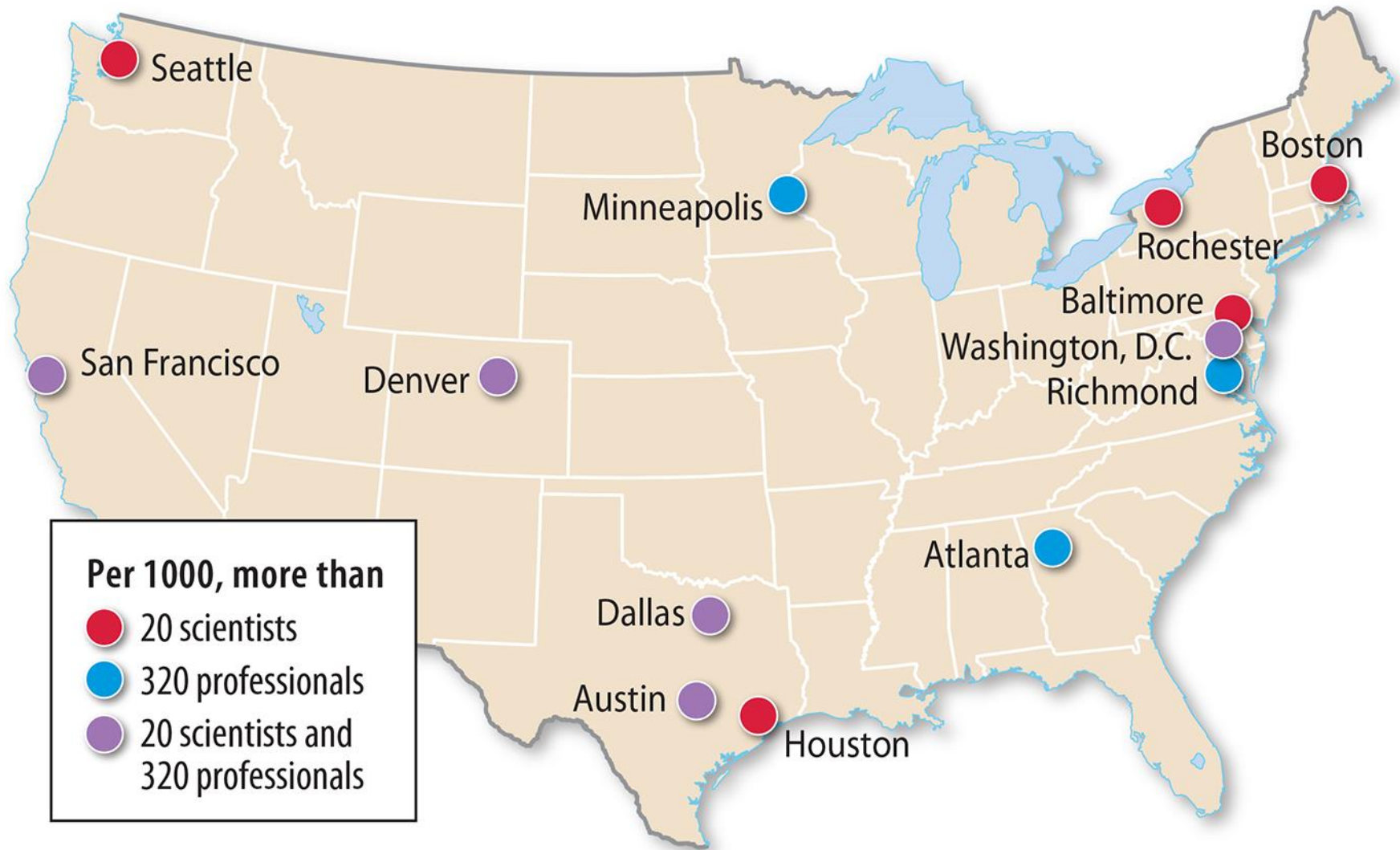


Figure 12-29: Scientists and professionals cluster in some U.S. cities more than others.

Coolness Index

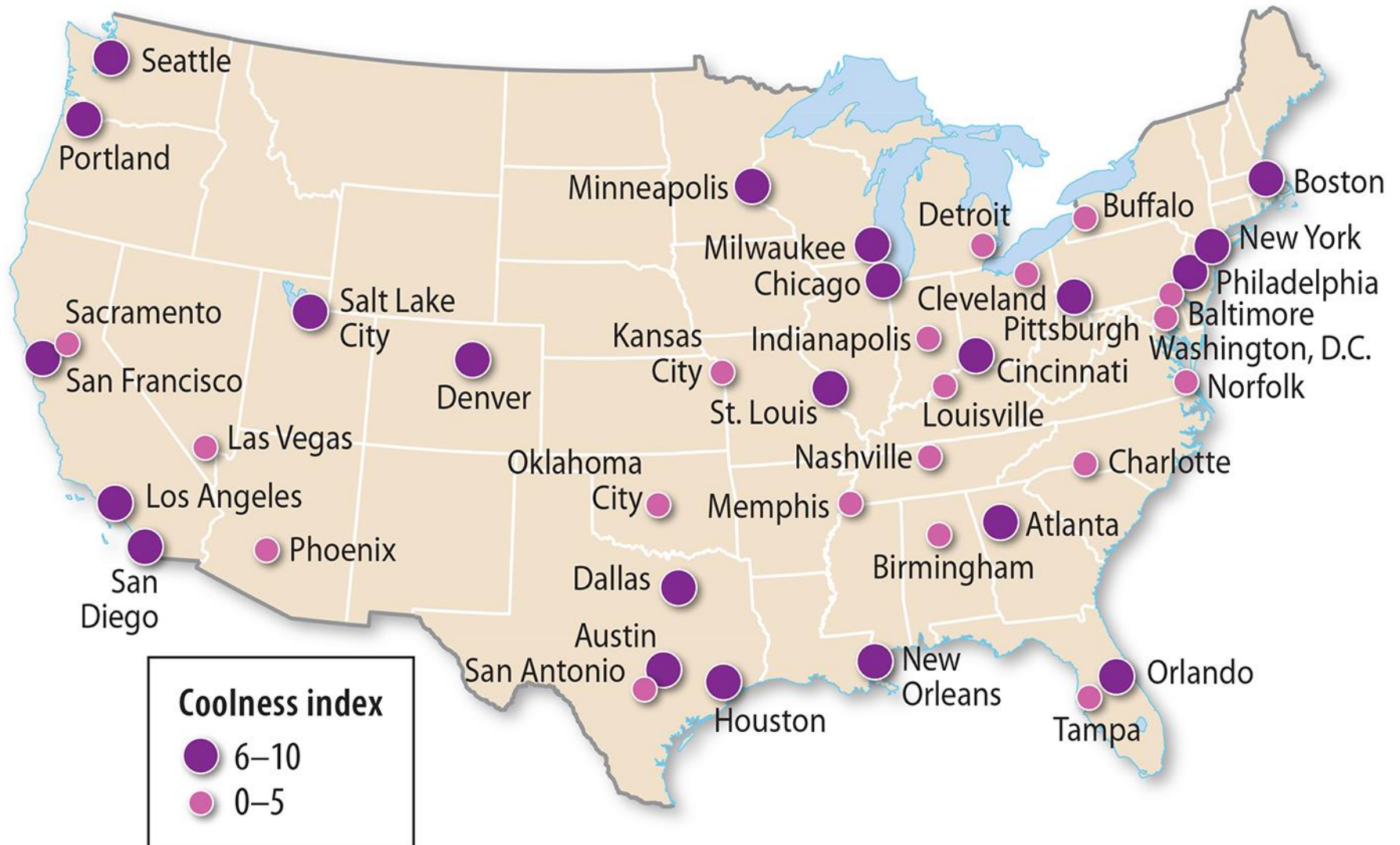


Figure 12-30: Richard Florida found talented professionals preferred cities ranked high in “coolness” by POV Magazine.

Key Issue 4: Why Do Services Cluster in Settlements?

4.1 Services in Rural Settlements

4.2 Services in Early Urban Settlements

4.3 Percent Urban

4.4 Size of Urban Settlements

Services in Rural Settlements

Two types of rural settlements:

- **Clustered:** families live in close proximity, fields surround settlement
 - circular clustered
 - linear clustered
- **Dispersed:** isolated farms, especially in the United States

Circular Rural Settlement



Figure 12-31: A small circular rural settlement in Tanzania is called a boma.

Linear Rural Settlement



Figure 12-32: a linear rural settlement in Quebec, which follows the French long-lot tradition

Clustered U.S. Rural Settlement



Figure 12-33: a clustered rural settlement in Newfane, Vermont

Dispersed U.S. Rural Settlement



Figure 12-34: an isolated farm in New Jersey

What Type of Settlement?



Services in Early Urban Settlements

- Prehistoric urban settlements:
 - consumer services: likely religious
 - business services: trade of foods, clothing, tools
 - public services: political leaders, defense
- Ancient urban settlements: trading, public, and consumer services
 - peak Roman Empire
- Medieval urban settlements
 - renewed emphasis on trade and public services

Largest Urban Settlement 3000–500 B.C.



(a)

Figure 12-36(a): Large urban settlements before the time of Christ were located in the Fertile Crescent.

Largest Urban Settlements 500 B.C.–A.D. 1800



(b)

Figure 12-36(b)

Percent Urban

- **Urbanization** has two dimensions:
 - number of people living in urban settlements
 - percentage of population living in urban settlements
- Urban settlements differ from rural:
 - large size
 - high density
 - social heterogeneity
- Percent urban has increased and continues

Percent Urban by Country

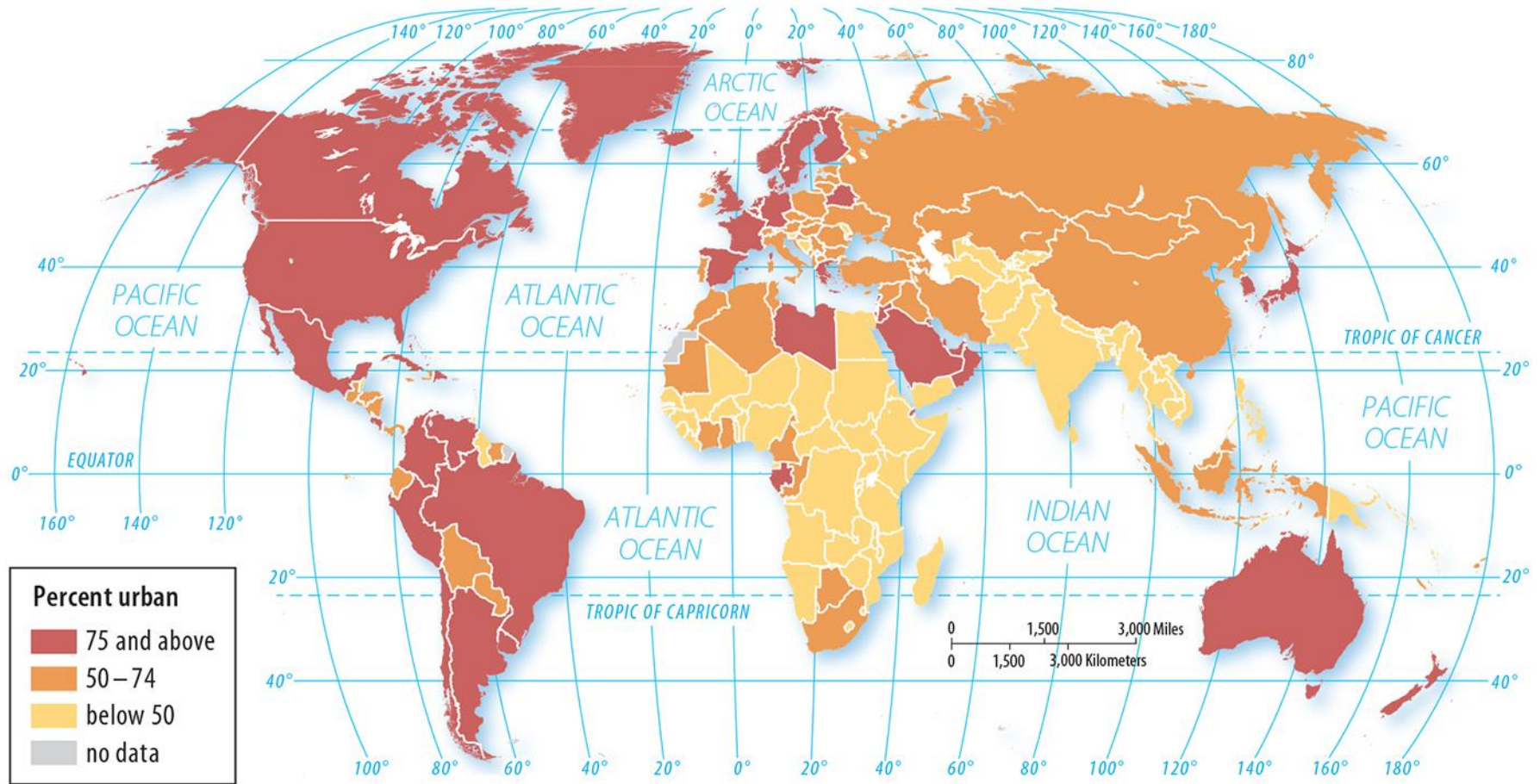


Figure 12-40: The world is on average more than half urbanized; developed countries are generally more urbanized than developing countries.

Urbanization Trends

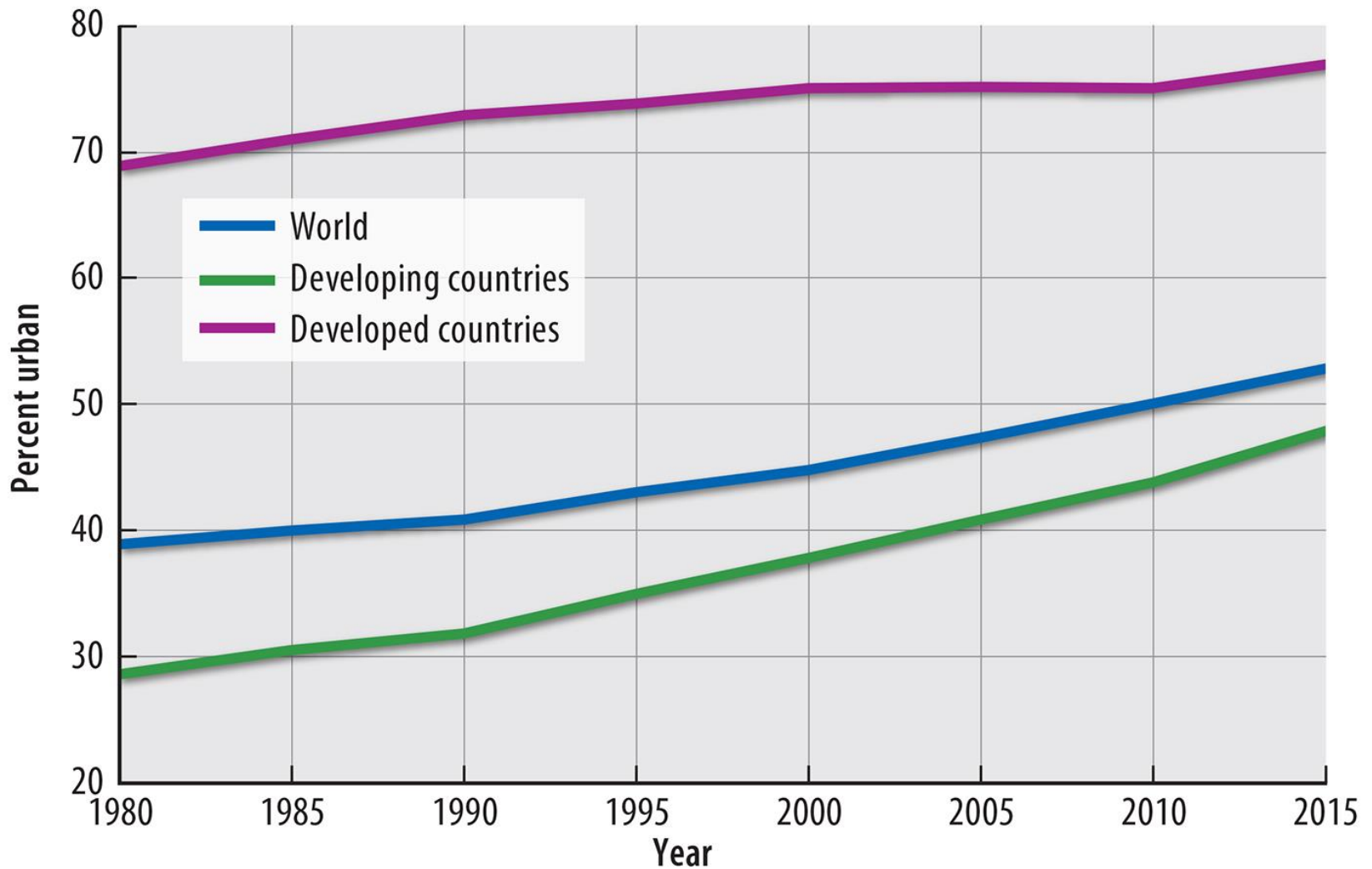


Figure 12-41: Urbanization has increased in both developed and developing countries.

Size of Urban Settlements

- Urban settlements growing larger
- More of world's largest cities in developing countries
- Fastest-growing urban settlements in developing countries

Urban Settlements of 2+ Million

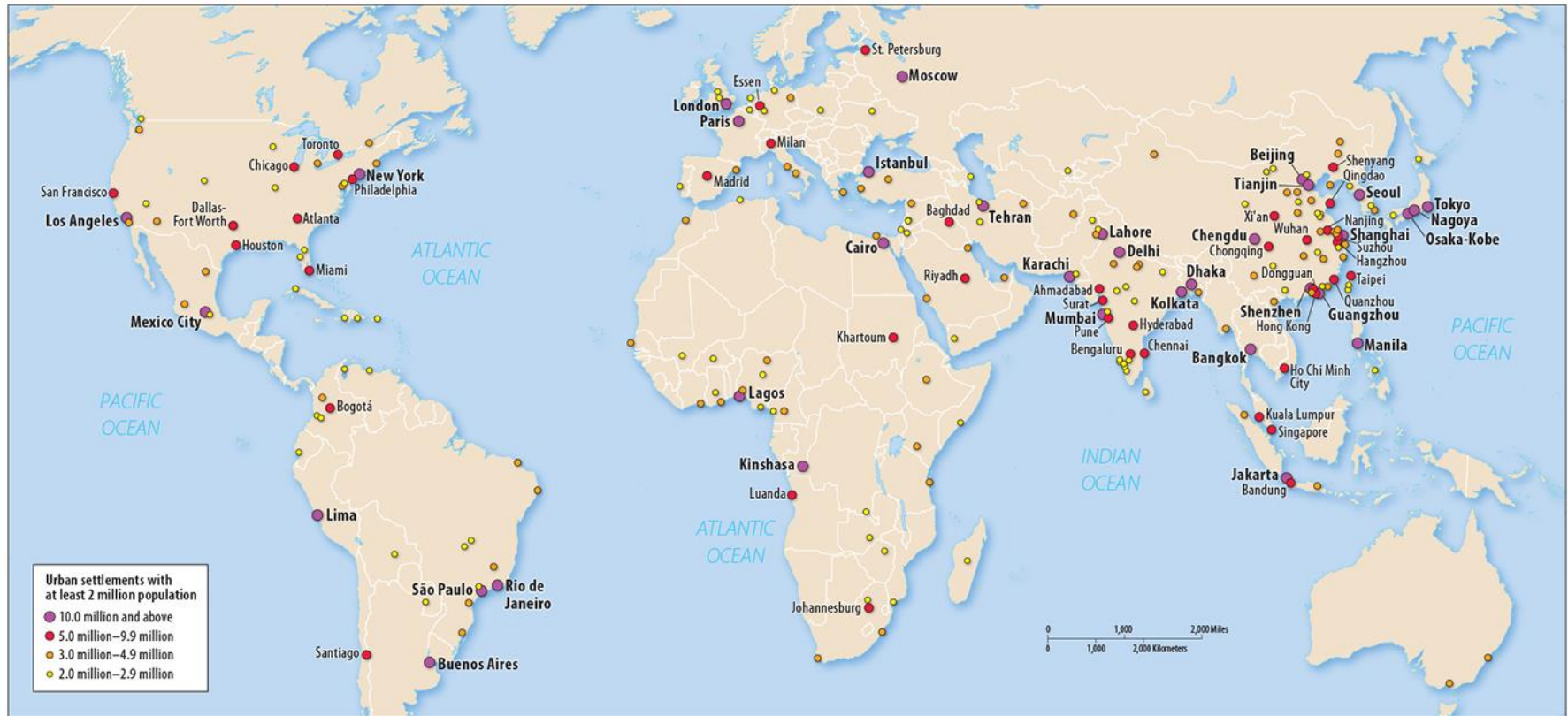


Figure 12-42: While developed countries are generally more urban as a percentage, most of the world's largest settlements are in developing countries.

World's 100 Fastest Growing Cities

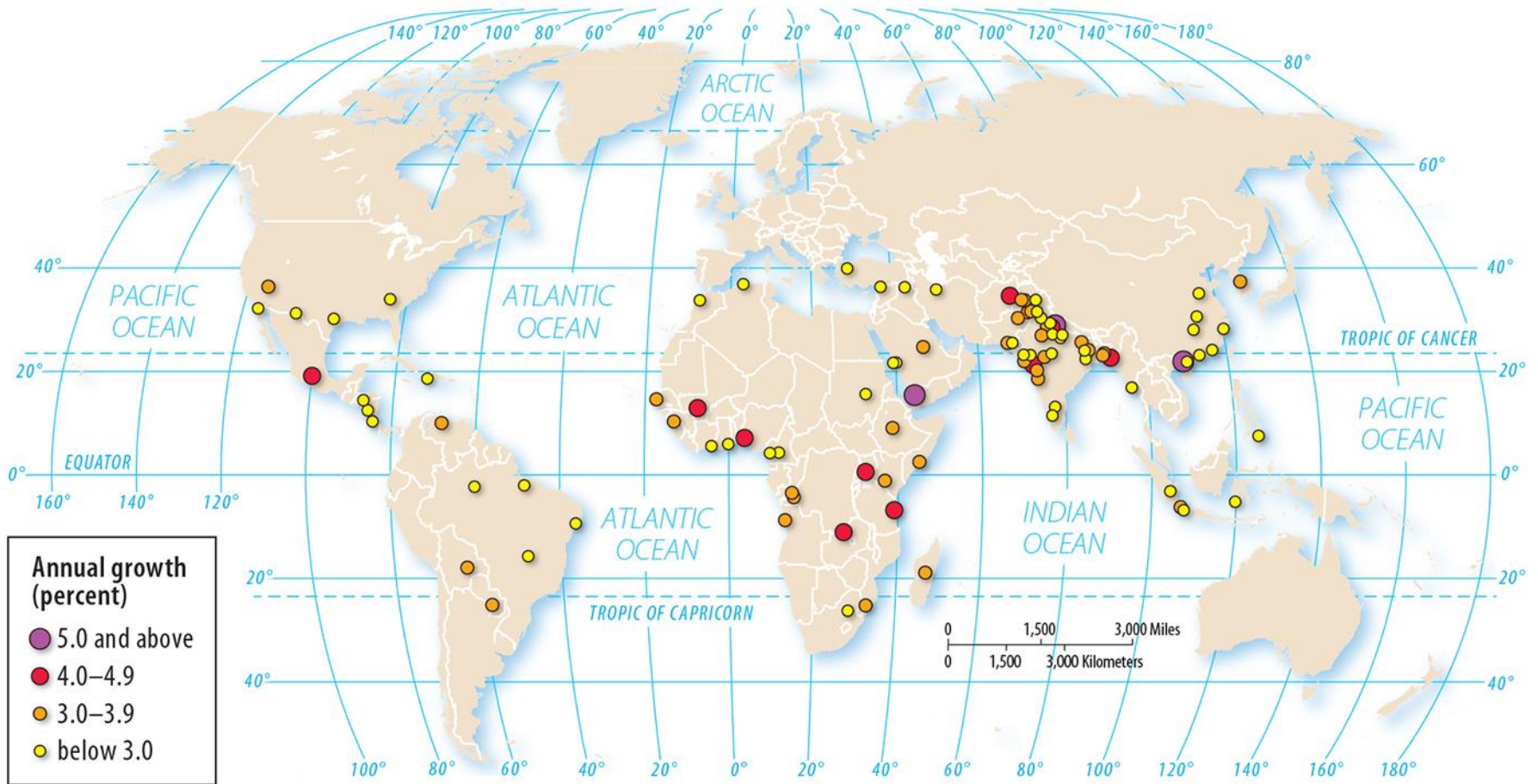


Figure 12-43: Nearly all are in developing countries.

World's Largest City: Tokyo



Figure 12-44: Toyko-Yokohama has about 38 million inhabitants.