9 Location and scale – Part 1 —Answers

Answers

Work through these after trying the questions yourself.

9.1 Rent, wages, transport costs or grants (any one).
9.2 Worker skills, nearness to customers/suppliers, the owner's wishes (any one).
9.3 It falls.
9.4 Rising average cost when a firm grows too big.
9.5 It is at its lowest.

9.6 It is a *purchasing* (bulk-buying) economy of scale. Because the chain buys in huge quantities, suppliers give it large discounts, so each item costs less than it would for a small shop buying only a few —lowering the average cost per unit.