

Location! Location! Location!

By: Tom Dorr, Director

McDonald's is moving in to the Red Top Floral location on Lakeway Drive soon. McDonald's has consistently been known for making good decisions in determining where to locate their restaurants worldwide. Their long-term goal is to have a restaurant at every off-ramp of I-5. How can you, a small business owner, pick the right location for your business that will ensure success like McDonald's? It's all location, location, location. Before even searching for a site, you should describe the ideal location and make two lists: required criteria and desired criteria. Required criteria are those that must exist; if the location doesn't have all of the required criteria, it shouldn't be considered. Desired criteria are those that you would like to have but are not essential for the success of the business. McDonald's may have required criteria for the population density within a 2-mile radius to be over 30,000 people or traffic count of more than 25,000 cars a day passing the site. Desirable criteria maybe low tax rates, lenient signage laws, or an available labor force.

Zoning laws are a major factor for all businesses and are one of the first site selection criteria. Zoning laws are established to control what type of businesses can be opened and to ensure development happens in a well-planned manner. Our state's growth management act attempts to do this. The City of Bellingham uses zoning laws to keep retail areas separate from industrial/ manufacturing areas (IE: Iron Gate Industrial Park).

Retail and service businesses that have customers come to them should consider the same factors when comparing sites to locate. These businesses (dry cleaners, car washes, restaurants, etc.) rely heavily for their success on picking the right location. Consider the following questions when picking the right retail or service business location:

What is your trading area? The trading area is geographically defined as that area where your target market is located. A number of factors, the type of business, competition, type of facility (strip mall, regional mall, stand-alone facility will affect this). While some corner convenience stores may have a trading area of less than a mile radius, clothing stores like Old Navy located at Bellis Fair may have a trading area of 50 miles. To determine your trading area ask "How far will my customers drive to buy from me?" Research typical trading areas for your type of business through trade associations and industry data.

Do you have good demographic information? Once the trading area is established, the demographics of the population in this area needs to be determined. US Census data is a good place to get information and is available at the local library. By gathering demographic data on comparable areas, you can better determine which area is better suited for your business. The key is knowing who your target market is.

Research traffic counts. The number of cars passing a site each day is called the automobile traffic count and is available from the local city or county planning department. Besides learning what the available traffic passing a site each day is, it is important to know if the traffic counts are adequate to support your business. Talk to other business owners outside the area to determine what is "enough" traffic. Also look at the timing of the traffic. Is it commuters going to or from work? Shoppers?

What is the speed of the traffic? The speed of the traffic maybe critical for your business. If the cars are just rapidly passing your business they maybe going too fast to even notice it. Downtown merchants for instance are concerned that Holly Street traffic goes too fast and is just a thoroughfare for most commuters. People don't stop to shop on an impulse because of this. As a rule, though, if the speed limit is less than 35 miles per hour, speed is a positive factor in site selection.

How accessible is each site? Accessibility refers to the ease with which customers can get to your business. Positive factors include stoplights, a corner lot, more than one entrance or exit, which direction the cars are going. For example, a drive in latte stand will do better on a street with lots of morning commuters versus a take and bake pizza place will do better on the other side of the street meeting the accessibility needs of the commuter going home.

What are the adjacent businesses? Adjacent businesses that cater to the same target market will have a positive impact on your business. Having a hardware store across from a tire repair shop is a great location. Having a woman's clothing store next to an auto parts store probably isn't a good idea. One dog groomer opened next to a successful veterinarian in town and was immediately close to full capacity due to the synergy of their businesses.

Is the visibility good? How easily the business can be seen from a distance is often a critical factor for a service or retail store. Factors that influence visibility include: Is the building parallel or perpendicular to the road? Are there large trees that obstruct people's view? Is the signage good? How close to the road is the building located? If you're locating in a mall, visibility may not be a positive factor.

What is the availability of parking? What are the parking regulations? Often there are laws dictating the minimum number of parking places a business must have based on the square footage of the building. Check with the planning or parking department to learn the ordinances. For example, the restaurant you want to open maybe able to seat 45 customers at a time, however there are only parking spaces for 25. Lack of available parking will sharply impact your ability to run a successful business at this location.

Avoid these common location mistakes:

Mistake #1: Choosing a location because it is close to your home.

Mistake #2: Choosing a location because it is the cheapest. While price is a critical consideration, choosing a cheap location may be paid for in higher costs or reduced sales.

Mistake #3: Choosing a location because it is the only one available. In good economic times, good locations maybe hard to find and the landlords have the bargaining edge. Continue to adhere to your list of required criteria and don't compromise or make hasty decisions.

Find the right location and your customers will find you.