These Slides Accompany the YouTube Video Tutorial:
https://www.youtube.com/watch?v=ZZn8Sd1oXeE

# Losch's Theory

Profit Maximization
Weight gaining Industries
Mkt Oriented - Bakery

(Weber) Least Cost Approach
Traditional Heavy Industries
Iron & Steel

Basic Idea is DEMAND

## Customers at Boundary – Indifferent – Can go Anywhere

## Assumptions

- Each product has different market based on importance.
- Isotropic surface.
- Even purchasing power.
- Constant supply of goods and services.
- People live in isolated evenly spaced farmsteads.
- Demand decreases with increase in transportation cost.
- Entrepreneurs - aim of profit maximization.
- Pure competition with no economic discrimination.
- Each market has monopolistic competition.
- He ignored transport cost, labour cost, and agglomeration cost.
- Minimize movement of consumers through space.
- New production plants could enter market if profitable.

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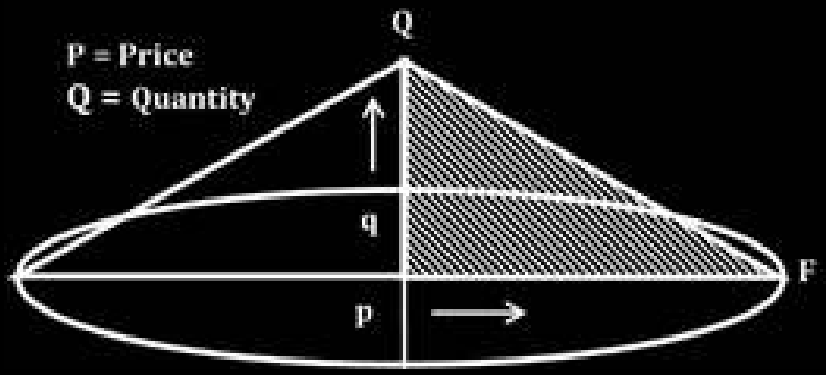
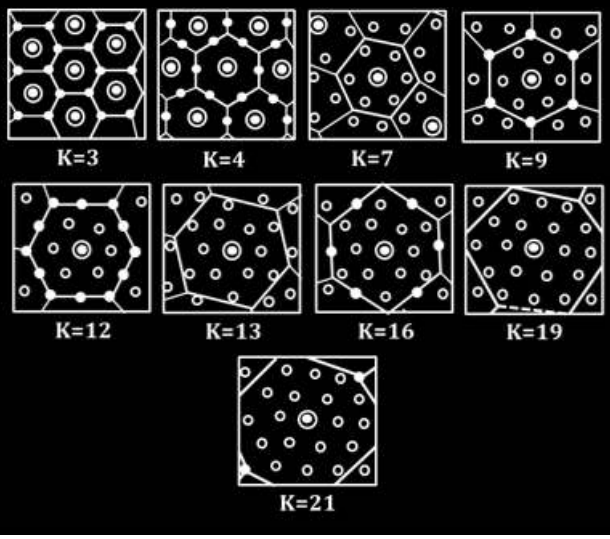
## Demand Cones




## K-Values under Losch



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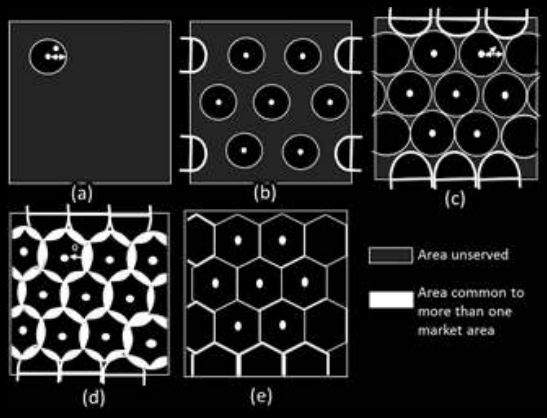
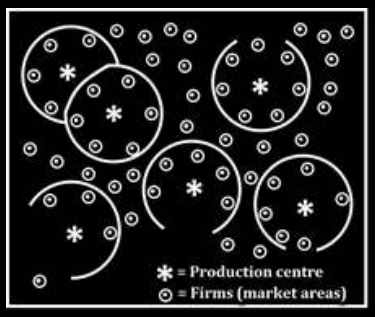
## Why Hexagons?




## Profit Maximization Stage

- Factories concentrate for profit
- Mal-distribution – Shrinkage of area
- Circular pattern – decides future of industry



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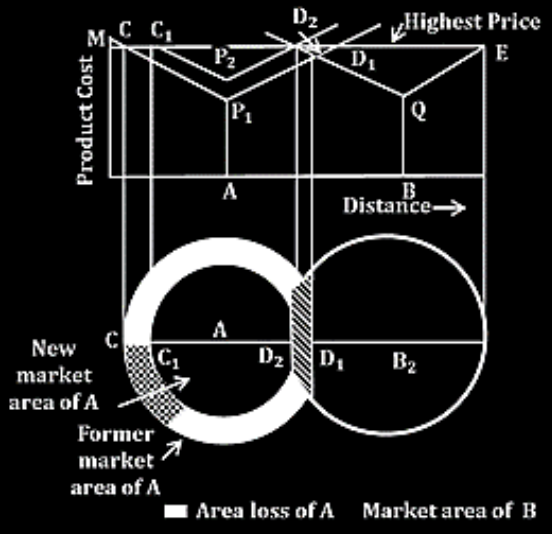
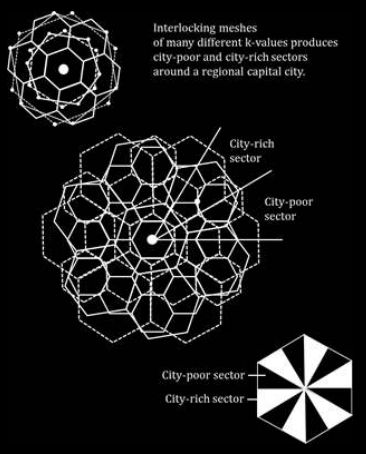
## New Market Boundaries




## Development

- Starts from bottom of system
- Hexagon – best for mkt area
- Nest of hexagons
- Superimposition of K Values
- Hexagons are rotated 30° with common center

- Rich & poor sectors arise (12)
- To obtain maximum degree of spatial association of central places



## Merits

- Removes limiting constraints from Christaller's model allowing more variation in threshold, sphere of influence, and K values.
- Does not assume that settlement is based only on three aspects of marketing, transport, and administration but by combination of many.
- Maximum purchases would be made locally.
- Reduce total distance between production points allowing largest number of production locations to coincide.
- Minimization of aggregate transportation costs.
- Existence of specialized production centers.

## Demerits

- Assumption of isotropic surface severely limits its direct applicability.
- It is more complex and abstract.
- Model overemphasis the demand.
- Fails to account problems arising from locational interdependence of industrial plants.

# Christaller vs Losch

Assumes triangular patterns and hexagonal market areas

Used concept of range, threshold and hierarchy

| Christaller's Model | Losch's Model |
| --- | --- |
| Starts from top of hierarchy. | Starts from bottom of hierarchy & urbanizing region as combination of smaller centers. |
| Better explains urban system from Frontier (USA). | Better explains development of service in area of dense agricultural settlement (Europe). |
| Mainly concerned with retailing and services. | Increases scope by adding local manufacturing. |
| Is more applicable to planning. | Is theoretically more accurate. |