UNDERSTANDING LOCATION PREFERENCES AMONG DUTCH FASHION RETAILERS

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READERS GUIDE

This research proposal is divided into three sections. The structure is based on the (chronological) subsequent stages in the research process.

Section I –Research proposal (Chapter 1.1/1.2): This section presents the background of the research, the problem statement, the objective and the main research question.

Section II – Research methodology (Chapter 1.3): This section presents the research methodology. The section will discuss the research design, the data collection and the research organization.

Section III – Theoretical framework (Chapter 2): This section discusses classical location theories, a Dutch retail impact model, the classification of retail locations, and finally discusses literature on store location selection criteria.

CONTENTS

PREFACE

The study of Architecture has brought many disciplines to my attention; however my interest has grown gradually towards the disciplines management & retail. The highly dense Dutch build environment, which of course needs to be managed in a decent way, and the historic city centres where retail brings people together are two areas of interest that give me great inspiration and motivation to conduct this study.

During a six month internship in 2013 at the shopping centre management division of CBRE, I have come to know the retail sector a lot better. Since then, I am considering a career in this dynamic sector. Therefore, I want to use my knowledge and skills – which I have developed since the start of my education at the Technical University of Delft – to better comprehend this market.

With regards of the current turmoil in the retail sector i.e. rise of online shopping, growing vacancy rates, bankruptcies, and so forth, my attention has been directed to the locational decision problems that fashion retailers are faced with. In this research project *"Understanding location preferences among Dutch fashion retailers"* I will reflect on store location selection criteria among Dutch fashion retailers in a post-crisis era.

I thank anyone who helped me to this point, including my two supervisors Dion Kooijman & Monique Arkesteijn.

Fernando Peralta | 19th of August, 2014

CHAPTER 1   RESEARCH PROPOSAL AND METHODOLOGY

1.1 INTRODUCTION

This chapter serves as an extended introduction of the current developments in the retail sector as well as to discuss relevant topics and theories that support and confine the research topic which is store location selection criteria among retailers.

1.1.1   Change in the retail landscape, current trends

The Dutch retail sector has undergone an intense transformation during the past decades. A walk through the shopping streets of the Netherlands shows the diversification of retail stores characterized by diverse positioning profiles like: deportment stores, convenience stores, specialty retailers, international franchises and pop-up stores. The retail offer has been enriched by a variety of retail forms aimed at satisfying the needs of different types of consumers in various shopping locations (Evers, Kooijman, & Van der Krabben, 2011, pp. 29-57). However, in the past decade the retail sector has been confronted with on the one hand increasing vacancy rates, increasing number of bankruptcies, decreased purchasing power of consumers and on the other hand exciting pop-up concepts and online shopping. These developments have been a result of the sociocultural and economic trends (the recession, technological innovations, the experience economy, etc.) our society has been faced with. Retailers in their turn are always re-thinking their strategy in order survive in a highly competitive environment, creating a tension between their demand and the current retail supply. A concise analysis of current trends in the retail sector can be found in appendix A.

1.1.2   The recession, vacancy and bankruptcies

The tension between demand and supply is noticeable by growing vacancy rates, bankruptcies, and the growing differentiation between retail location and cities, which all have a direct and visible impact on the shopping streets in our cities. Since the economic crisis, retailers have been coping with a decreasing sales numbers (HBD, 2013a). The Central Bureau of Statistics (CBS) in the Netherlands has monitored a gradual growth of purchase power of consumers since 1985 (CBS, 2013). However, from 2010 to 2014 there has been a decrease of purchase power among Dutch consumers, respectively -0,5%, -1,0%,-2,5%, 1,25%,-0,5% (year-on-year) (CPB, 2013, p. 11). The Dutch Bureau for Economic Policy Analysis, Het Centraal Planbureau (CPB), predicts that the Dutch economy will lack behind the European and Global economic recovery. Consumption will continue to decease, however less than recent years (CPB, 2013, pp. 8-10).

The economic crisis has also led to growing vacancy rates in the retail market. Vacancy has grown to 8% or 3 million m^2 of the total retail supply (Buitelaar, Sorel, Verwest, Van Dongen, & Bregman, 2013, p. 121). In city centres of small towns and villages, in centres of "shrinking cities", and in B-

and C-locations in larger cities, vacancy rates are above the national average of 8% (Buitelaar et al., 2013, pp. 55-56). Of the total vacancy of 3 million square meters retail floor area, approximately one million square meters can be found on these peripheral large scale retail concentration with an average of 13% of vacancy (Kooijman, 2013, pp. 40-41). Gertjan Slob, research director of Locatus – a independent organisation monitoring the retail market in the Netherlands – predicts that the vacancy rate will increase to 10% the coming years (Platform31, 2014, p. 43). Several reports from retail branch organisations (Platform31, 2014, pp. 41-42) (CBW-MITEX, 2010, pp. 18-20) state that we can speak of an oversupply of retail space in the Netherlands. Especially, the rate in which the total supply has been growing is least to say remarkable. The last decade the total retail supply has grown with 15% (from 26 million m^2 in 2004) (Platform31, 2014, p. 43). While vacancy is an indicator of an oversupply of real estate, it is difficult to be say we have a structural problem at hand, because, is it not yet clear how other crucial developments like online shopping or the lacking economic recovery will have an effect on the demand of retail space (Buitelaar et al., 2013, p. 42).

Nevertheless, the yearly bankruptcies among retailers have increased from 560 in 2010 to almost 900 in 2013 (Platform31, 2014, p. 72). The research of Overbosch (2012, p. 55) exhibits that the independent retailers are contributing most to the decline of store numbers. See figure 1. Retailers who provide white-goods, books & music, and electronics are disappearing from the main shopping streets, thereby making room for new retail entrants. Since 2005, 502 electronic stores have disappeared from the Dutch city centres (Overbosch, 2012, p. xi).

Figure 1, decline independent retailers (Overbosch, 2012, p. 55).

In 2006 the NRW, the Dutch retail association, made predictions about transitions in retail locations. They predicted that in the Netherlands there would be a growing differentiation between powerful and vital cities like Amsterdam, Utrecht, The Hague and Rotterdam on the one hand, and on the other hand more average cities (less historic, no universities, less innovative) that cannot compete well against the larger ones (NRW, 2006, p. 34). Large corporate retail firms, as well as investors are vigorously analysing which retail locations will perform well the coming years and of course which retail locations will cope with (structural) vacancy (Platform31, 2014, p. 34). Comprehending these dynamics is necessary to assure continuity of their business, and revenues. As a consequence large retail franchises are actively targeting scarce A1-locations in larger cities, and thus a change in strategy or at least in location preference is notable. Several indications support the prediction that A1-

locations in large cities are not only preferred over others, but that they are actively targeted. For example the:

- *Bijenkorf will close 5 of their 12 stores in Arnhem, Enschede, Groningen, Breda and Den Bosch, because these locations do not comply with the requirements to reach "an international top level". Meanwhile they will focus on the next cities: Amsterdam, Rotterdam, The Hague, Utrecht, Maastricht, Eindhoven and Amstelveen* (nu.nl, 2013).
- *Primark has opened 7 stores in Rotterdam, Amsterdam and Almere among others, since 2008. New stores will follow in Rotterdam, The Hague, Enschede and Venlo in and after 2014* (Advies-EB, 2014).

When we focus on change in retail branches in A1-locations in the Netherlands an interesting development is noticed. In the period of 2003-2012 the market-share of fashion retailers has increased strongly from 37% to 43% in A1-locations, compared to other branches. See figure 2. An analysis by DTZ shows that the market share of fashion retailers on A1-locations has grown the strongest in Amsterdam, and behind it Maastricht, Rotterdam and Haarlem (DTZ, 2013, p. 3) DTZ states that A1-locations ask for corresponding business models with short lifecycles of products and fast continuously changing assortments (DTZ, 2013, p. 5). These types of business models are typical for retailers in the fashion industry.

Figure 2, Changing market share retail branches in A1-locations in the Netherlands 2003-2012 (DTZ, 2013, p. 3).
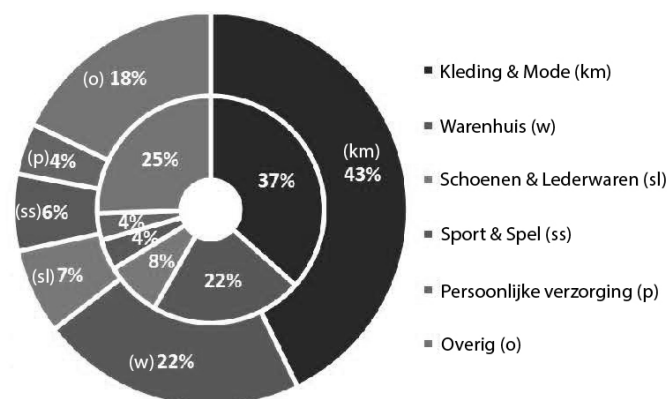
Furthermore, the research of Jacobs (2007, pp. 66-68) also exhibits that Dutch consumers are not only becoming more and more mobile, but that they are willing to travel longer distances to shop, thereby visiting nearby shopping centres less frequently. The growing popularity of top retail location, combined with the willingness of consumers to travel longer distances to shop, seems to have a strengthening effect on the growing differentiations between shopping locations.

1.1.3   Preliminary interviews

In an informal interview with Clemens Brenninkmeijer (Managing Director Redevco), René Vierkant (Financial director Syntrus Achmea Real Estate & Finance), and Maarten van Lit (Director LMBS retail) I have discussed some interesting topics regarding fashion retailers. They say that retailers in

the fashion industry are starting to think differently about their store locations. While some smaller and less experienced retailers "follow" industry leaders in their strategy i.e. opening stores in the locations where the completion is located, more experienced retailers take on a more strategic approach when considering new store locations. It is these experienced retailers we are interested in in this study. Furthermore, this conversation shed some light on the locational ambitions of retailers. Before the crisis, retailers where eager to open stores in smaller central retail areas and supporting retail areas to have a large national spread, whereas now they act more careful. Therefore some have turned their focus towards solely top retail locations.

In another informal interview with Machiel Wolters (Research Director CBRE), he states that fashion retailers are not only considering "traditional" factors anymore when selecting store locations – such as convenience, number of passers byers, and rent prices – but also "new" factors are arising like the "marketing potential" and a "24-hour economy" in A1-locations, and factors like the "street characteristics" of A2- and B-locations e.g. 9-straatjes, Utrechtsestraat.

1.1.4 Location, location, location

The paragraphs above show three important developments in the retail sector. First, the retail market is coping with a decreasing demand for retail space or at least with a decline of consumption. Second, vacancy rates and bankruptcies are gradually growing. However, the vacancy numbers are still relatively low, expect in peripheral locations and "shrinking cities". Third, there seems to be a growing differentiation between retail locations. A1-locations stay popular, because of their historic value and great numbers of passers buyers. These locations have become more and more popular among large franchises that create a viable business, despite the high rent prices. While electronics retailers are disappearing from the main shopping streets (this branch has been studied studies in depth by Overbosch 2012), the market share of fashion retailers seems to be growing on top retail locations. Considering these developments, it seems only logical for retailers to look carefully to their location strategy, in order to respond wisely to the current changing environment and market. These developments describe my motivation to study fashion retailers and store location in this research.

The importance of location decisions in retail strategy is well recognized in historic research. To ensure long-term viability, retailers must not only take into consideration competitors' future reactions, but also the changing environment (Ghosh & Craig, 1983, p. 56). Location is perhaps the most important variable determining long-term success of a retail business, among others like: size, store image and service level (Ghosh & Craig, 1983, p. 56; Jones & Simmons, 1987, pp. 1-23). While marketing elements like – store image, service level, quality, pricing, and assortment – may be easily changed in response to a changing environment, store location represents a long-term decision that can be changed only at a considerable cost (Ghosh & Craig, 1983, p. 56). Therefore a critical element of a retailer's strategic plan is a location strategy. As Ghosh and McLafferty (1987) point out:

It is through the location that goods and services are made available to potential customers. Good locations allow ready access, attract large numbers of customers and increase the potential sales of retail outlets. In the extremely competitive retail environment, even slight differences in location can have a significant impact on the market share and profitability. Most importantly, since store location is a long-term fixed investment, the disadvantages of a poor location are difficult to overcome (Brown, 1989, p. 450).

1.1.5   Theories

In the past retailers have made store location decisions based on intuition and past experience. However, as retailers began to recognize the critical importance of a store's location, many retailers started using more systematic and analytical forecasting techniques in the location selection process (Ladle, Stiller, & Stiller, 2009). Since the 1920's, there has been a growing interest and application of a variety of models to solve location decision problems: Hotelling's (1929) "principal of minimum differentiation", Reilly's (1931) "law of retail gravitation", Christaller's (1933) central place theory, and Huff's (1964) attraction models (also see chapter two).

1.1.6   Selecting store locations

Since the publishing of the pioneering studies mentioned above, in which distance, competition and agglomeration are the main components – there have been many applications and modifications of these models. By adding additional components, practitioners and researchers have put much effort to make the models more realistic (Li & Lui, 2012, pp. 591-592). Several criteria are used in location analysis. Kuo, Chi, and Kao (2002, pp. 204-205) distinguish seven categories of criteria for choosing a store location: (1) population characteristics, (2) magnet, (3) store characteristics, (4) competition, (5) availability, (6) convenience, (7) and economic stability. Based on a literature review of fifty-three studies, Turhan, Akalin, and Zehir (2013, pp. 391-396) also present seven categories of criteria for choosing store location: (1) performance measures, (2) population structure, (3) economic factors, (4) competition, (5) saturation level, (6) magnet, and (7), store characteristics. These seven categories are in line with the previous categories, and add a new category "saturation level" (see chapter two for a detailed description). By studying these factors retailers can analyse how desirable an area is for its success.

However, it has been noticed that there is a lack of well-rounded research into the selection criteria necessary for the evaluation of potential store locations (Turhan et al., 2013, p. 392). While all factors within these categories should be considered to provide a useful insight in the choosing of a good location among other alternative, they cannot all be equally important in all location decisions (Turhan et al., 2013, p. 396). Prevalent research does show that prioritizing among different selection factors is necessary. For example, when a retailer considers two provinces to open new stores, it seems logical to consider the population structure (population growth rate, age, education level, occupation, etc.) and economic factors (monthly income, house ownership, etc.), while store characteristics (parking

convenience, sidewalk width, passenger traffic, etc.) seem less important in this scale of analysis. Another example is that of the research of Karande and Lombard (2005), who study spatial proximity among retail competitors. They study the retail structure on a micro- or store level to provide a better understanding about store location and competitive interaction (Karande & Lombard, 2005, pp. 688-689). In their study on a micro-level, competition factors are very important. These two examples indicate that different scales may ask for different selection factors when choosing a store location.

However, there is little found in the literature conceptually and empirically on (1) how retailers or experts/consultants consider or choose between the different selections criteria when analysing store locations in different scales of analysis, and (2) whether these selection criteria have changed in the course of time. This study addresses these gaps.

1.2 RESEARCH PROBLEM AND RESEARCH QUESTIONS

1.2.1 Problem statement

As a result of the economic crisis and the decreased purchasing power of consumers, the retail sector has been confronted with increasing vacancy rates and an increasing number of bankruptcies in the past decade. Furthermore, there seems to be a growing differentiation between the retail locations in the Netherlands. On the one hand, A1-locations are becoming extremely wanted – especially among fashion retailers – and on the other hand, consumers are becoming more and more mobile, thereby visiting smaller nearby shopping centres less and less. Fashion retailers in their turn are being forced to rethink their location strategy in order to survive in a hypercompetitive environment, creating a tension between demand and supply. For them, location is perhaps the most important variable determining long-term viability. Choosing store locations, therefore asks for a comprehensive analysis. However, after a long period of economic growth and a heavy growth of the retail supply, it is not clear how retailers should prioritize between location selection factors in a market that now faces vacancy, bankruptcies, an oversupply of retail space, and a growing differentiation between retail locations. In other words, it is not clear which selection criteria for store locations are important in a post-crisis era, and whether this has changed compared to times of economic growth. Considering these recent trends, we can say that the retail market is a different one than 10 years ago, and it seems necessary for retailers to re-evaluate their store location decisions. This assumption categorizes the problem statement of this research:

In the retail market which has gradually been growing in the past decades, but now faces rising vacancy rates, and a growing differentiation between retail locations – it has become unclear how fashion retailers prioritize between store location factors (now and in the future), when considering (new) store locations.

In our problem statement we assume that different times ask for different store location selection criteria, however this study could reveal that this is not the case and that "traditional" selection criteria are still being pursued. In this case it would still be interesting to investigate this topic and discover why store location selection criteria are the same in times of economic growth and times of an ending recession. Furthermore, this study focusses on fashion retailers; however this phenomenon is also interesting among other retail branches.

1.2.2 Research questions

The main research question:

Which selection criteria for store locations are considered important among fashion retailers, in a post-crisis era – and why?

The sub-questions:

In order conduct a sound and comprehensive research five sub-questions have been used to answer the main research question:

1. What does historic research reveal about the selection criteria of store locations and what methods are used in the Netherlands?
2. How has the current supply of fashion retailers been changing in the past 10 years?
3. Which selection criteria are important in a store location analysis, on a national- and regional - and local scale, and why are certain criteria more important than others (in the past and in the future)?
4. Which selection criteria are important in a store location analysis in the central retail area of Amsterdam, and why are some more important than others (in the past and in the future)?

The research questions above can be summarized in the conceptual model of this research, which shows the variables of research. See figure 3.

Figure 3, conceptual model (ill. by author)
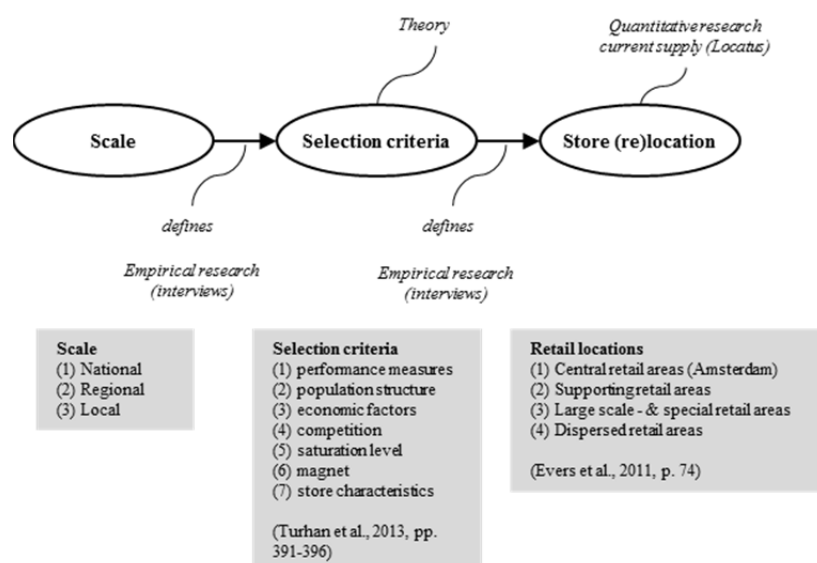
1.2.3 Research aim and intended end product

This study is explanatory in nature and its purpose is to contribute to the literature addressing locational selection methods of retail stores and to investigate store location selection criteria among fashion retailers in particular. Specifically, two objectives are pursued:

1) *To discover if Dutch fashion retailers prioritize between store location selection criteria on various scales and in a central retail area in particular (In the past, in the present, and in the future).*

2) *To explain why particular selection criteria are considered more important than others, and if this has changed or will change in a post-crisis era.*

The end product will be a ranking of categories of selection criteria among fashion retailers and a comprehensive explanation why some factors are considered more important than others. The results will provide useful insights in the selection criteria among fashion retailers to help understand why retailers locate where they are, but also where they might be in the future. In other words, this study will shed light on the changing demand of fashion retailers.

1.2.4 Target group

The practical usability of this research project is twofold. First, by understanding how retailers choose their store locations this study provides direction for policy makers and municipal actors in a market faced with vacancy and bankruptcies. Understanding which selection criteria are considered important when choosing store locations, might bring them a step closer to mitigating the effects of e.g. vacancy, by understanding where retailers want to be situated, and helps to predict which retail locations might cope with vacancy in the future. Second, this study provides direction for managers by identifying if store location selection criteria have changed among fashion retailers, considering that the retail market is undergoing great changes.

1.2.5 Graduation Company

For my research I can work with the company CBRE, who has offered to provide me with a graduation internship starting in September. Their expertise and in-house knowledge can be used to: to extract useful data, conduct interviews, and validate findings. As a commercial company they have full access to data from Locatus, which will be necessary to answer the second research question. Guidance will be provided by Machiel Wolters, head of the research team of CBRE Netherlands.

1.2.6 Relevance

Academic relevance

Professional real estate management requires scientific knowledge about the best fit between organization structures on the one hand and solutions for accommodating people on the other hand. This implies locational decision problems. The Corporate Real Estate Management department

(CREM) of the TU Delft mentions a key observation in this regard: "A complicating factor is the dynamics of society and organizations, whereas buildings are rather static. It often occurs that even before a building is finished the organization and processes that have to be accommodated have changed already drastically" (De Jonge, Arkesteijn, & Van der Voordt, 2013, p. 4). This key observation also applies to retail sector, where scientific knowledge and practice examples directed towards the (changing) demand or supply is deemed to be important.

Social relevance

Retail plays a very important part in our society and economy and some even believe it to be the most important function in an urban area (Evers et al., 2011, p. 16). A crowded shopping street is a universal sign of a vital, successful and healthy city, while vacancy in the plinths of main shopping streets has negative effect on how people perceive a city. Moreover, the retail industry is one of the few businesses that contributes to the liveability of the direct surroundings, creating many and relatively easy accessible jobs (Evers et al., 2011, p. 16). The importance of retail as a function of the city is also emphasized by the main goal of Dutch retail planning, which is to maintain and strengthen the economic functioning of the shopping centre hierarchy, including city centres (Spierings, 2006, p. 602). By studying how retailers choose their store locations, policy makers, municipal actors, and managers can gain knowledge about how location strategies are changing; how the demand is changing; and what the impact could be on the build environment.

1.3 RESEARCH METHODOLOGY

This part of the study provides background information about the research methodology and a brief definition of its main elements. We will discuss which research strategy is appropriate in the proposed study and we will discuss the research design selected for this study

1.3.1 Research type

R. Kumar (2011, pp. 10-15) identifies different research types seen from three perspectives: application of the findings, objectives of the study, and the mode of enquiry. From the perspective of application there are two categories: pure research and applied research. Applied research the research methods are applied to collect information about a certain problem or phenomenon so that the information gathered can be used in other ways, such as the enhancement of understanding a phenomenon. Pure research aims to add to the existing body of knowledge of research methods. Thus this study can be typified as an applied research.

From the perspective of the research endeavour, the research type can be classified as descriptive, correlational, explanatory or exploratory. This research will be mainly of an explanatory nature to explain how fashion retailers prioritize between selection criteria of a store location.

Finally a distinction can be made between two approaches to enquiry: the structured approach and the unstructured approach. In the structure approach the research process is predetermined. The unstructured approach, by contrast, allows flexibility. The unstructured approach is more appropriate to determine the extent of a problem of phenomenon, whereas the unstructured approach is used to explore variation/diversity in a problem or phenomena (R. Kumar, 2011, p. 13). The structured approach is also classified as quantitative research and unstructured as qualitative research.

A quantitative approach primarily uses positivism perspectives for developing knowledge i.e., cause and effect thinking, reduction to specific variables and hypotheses and questions, use of measurement and observation, and the test of theories (Bryman, 2012, pp. 27-37). This approach is used when you want to quantify the variation in problem or phenomenon (R. Kumar, 2011, p. 13). A qualitative approach is primarily based on interpretivism perspectives i.e., explaining and understanding social actions, with the intent of development a theory (Bryman, 2012, pp. 27-37). Qualitative research is used if the purpose of the study is to describe a situation or phenomenon, and establishing the variation without quantifying it (R. Kumar, 2011, p. 13). In short, it is common to describe quantitative research as concerned with the testing of theories and qualitative research as concerned with the generation of theories. By contrasting these approaches it may seem that they are incompatible. However, (Bryman, 2012, pp. 37-38) shows that they can be successfully combined within a single study. This approach is called a mixed methods approach. In the next paragraph I will explain why a mixed methods approach is appropriate for this study.

1.3.2 Research strategy: a mixed methods research

It is helpful to distinguish between two main research strategies: a quantitative approach and a qualitative approach. This distinction is ambiguous, because it is regarded by some as a fundamental contrast of methods and by others as no longer useful or even as false Bryman (2012, p. 35). However, this distinction will be used because it is a simple way of classing different methods of research in order to choose a research strategy.

To describe the research strategy for this study, the four research sub-questions serve as the basis. Theory-oriented research is used to explore and set the basis of this research. Leading research will be reviewed to answer the first sub-question: "What does historic research reveal about the selection criteria of store locations and what methods are used in the Netherlands?"

By answering the second sub-question, "How has the current supply of fashion retailers been changing in the past 10 years?" we want to get a better understanding about the current situation (current supply). In this regard, a quantitative approach is appropriate, because we want to "measure" where the fashion retailers are situated and how the current supply has been developing in the past years. Which locations have become more (or less) wanted? This is done by collecting and analysing data from Locatus – as has been done by Overbosch (2012, pp. 39-43) for electronics retail – to "measure"

(changes in) the current supply among fashion retailers. By understanding where fashion retailers are situated, we can ask experts which selection criteria are important when considering these specific retail locations.

By answering the third sub-question, "Which selection criteria are important in a store location analysis, on a national-, regional - and local scale, and why are certain criteria more important than others (in the past and in the future)?" a better understanding is sought about the demand of fashion retailers i.e., which criteria they find important when choosing store locations on a national, regional and local scale (macro-level). A quantitative approach in the form of surveys could be used to find out the criteria that have been used in the past. However, this study aims to find out whether the selection criteria have changed or will change in the course of time (future demand), and if possibly new selection criteria will arise. Furthermore, we want to explain why certain selection criteria are considered more important than others in a changing market. In this regard, a qualitative approach is appropriate, in which expert interviews will be the main technique to gather the information from fashion retailers.

By answering the final sub-question, "Which selection criteria are important in a store location analysis in the central retail area of Amsterdam, and why are some more important than others (in the past and in the future)?" not only a better understanding about the future demand is sought, but we want to focus on a specific central retail area of Amsterdam (micro-level). In this regard, a qualitative approach is appropriate, in which expert interviews will also be the main technique to gather the information.

In conclusion, the primary aim of this research is to understand the phenomenon of store location selection criteria among fashion retailers. In this regard, this study is mainly of a qualitative nature. However, in order to pursue a more comprehensive understanding of the area of enquiry, a quantitative study is applied to describe (changes in) the current supply. Therefore a mixed methods research strategy is chosen, with the general aim of "completeness" of the area of enquiry.

1.3.3 Research design

Bryman (2012, pp. 50-77) identifies five different types of research designs: experimental, cross-sectional, longitudinal, case study, and comparative. From these five research designs, two are appropriate for this study: a cross- sectional design and a case study.

> *"A cross-sectional design entails the collection of data on more than one case and at a single point in time in order to collect a body of data in connection with two or more variables, which are then examined to detect patterns of association" (Bryman, 2012, p. 58).*

Within a cross-sectional research design, the predominant research strategy can be either quantitative of qualitative. When the predominant strategy is quantitative then relation between theory and research

is a deductive one (testing of theories), and when the predominant strategy qualitative the approach tends to be inductive (generation of theories) (Bryman, 2012, p. 69).

All sub-questions of this research are of a cross-sectional nature, because their aim is to find out the prevalence of a phenomenon or problem, in this case, the current retail supply and the selection criteria for store locations. We want to obtain the overall "picture" as it stands now, by taking a cross-section, in this case, data collection from Locatus and interviewing retail experts, at this moment of time. In this regard our cross-sectional research design only differs in approach i.e. a quantitative or a qualitative approach.

The final sub-question of this study, zooms in on the central retail area of Amsterdam and A1-locations in particular, to get a deeper understanding of which selection criteria are used among fashion retailers in Amsterdam, if this has changed in the course of time, and if so, why? In this regard, this part of the study can be typified as a case study design:

> *"A case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 2003, p. 13).*

Central retail areas in Amsterdam are selected as case study for two reasons. First, the retail locations where fashion retailers predominantly situate are central retail areas. See figure 4. Second, Amsterdam is one of the cities where the increase of market share among fashion retailers has been the strongest. In the period of 2003-2012, the total market share of fashion has grown from 37% to 43% on A1-locations in the Netherlands (DTZ, 2013, p. 3). Especially, Amsterdam, Maastricht, Rotterdam and Haarlem show a great increase in fashion, from which Amsterdam shows the greatest increase.

Figure 4, Distribution retail branches in main shopping locations (Evers, 2011, p. 15).
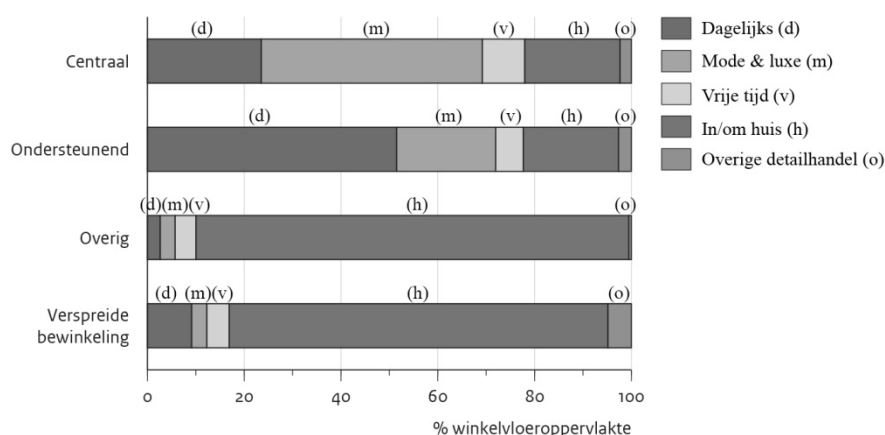
In conclusion, this study uses a cross-sectional study design with a case study element. The research strategy is mainly qualitative; however a small quantitative study is also performed. The methodological considerations described above are summarized in the proposed research design for

this study. See figure 5. These steps should not be seen as linear, because the research process follows an iterative process. Steps will be repeated to find the desired results and contemplate and adjust when more information is available. Each step has its own input, output and method. In other words: each step has its own objectives, results, research methods and research techniques. Each step will provide input for the succeeding step to build upon.

Figure 5, Research design (ill. author).
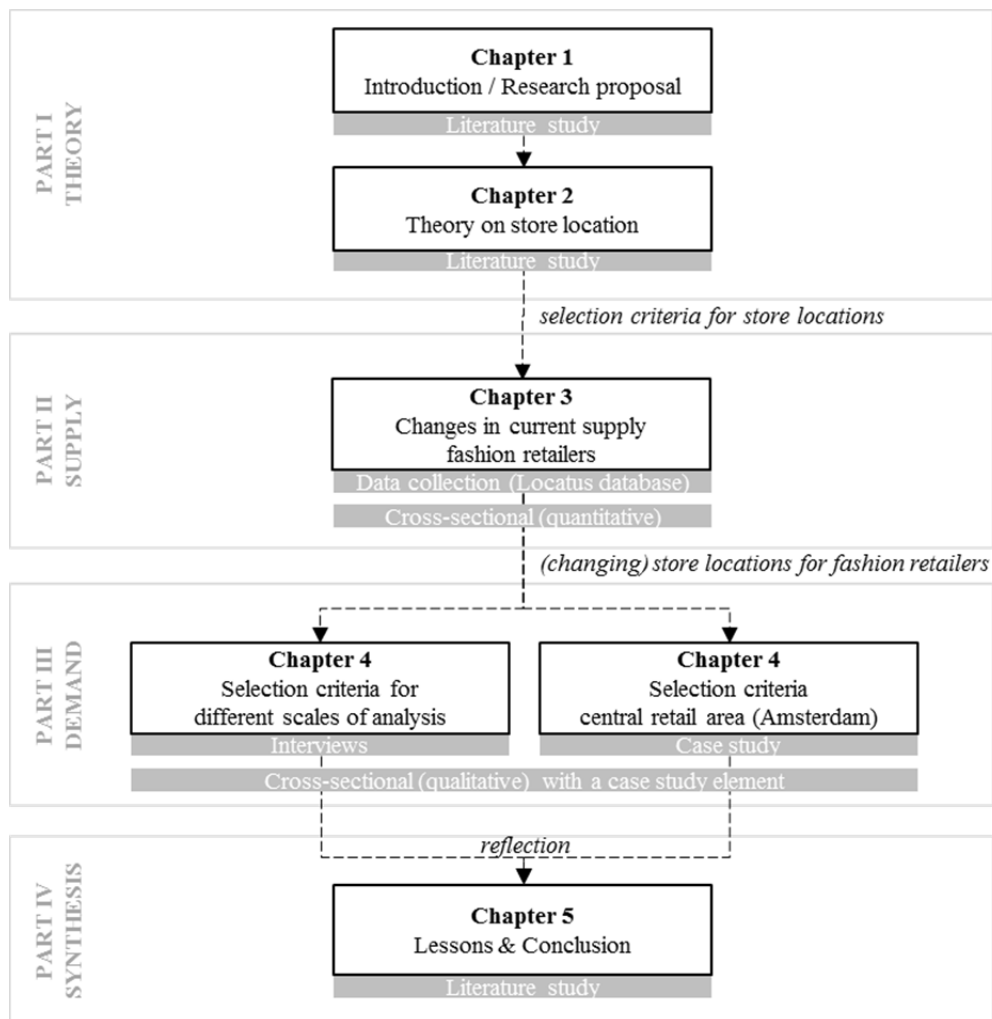
1.3.4 Data collection

This part of the study describes which information is required to answer the research questions and how the data is collected. Furthermore, we will explain how to cope with reliability and validity issues.

Question 2: "How has the current supply of fashion retailers been changing in the past 10 years?"

Objective	To measure how the market share of fashion retailers has changed in the past years in the main retail areas in the Netherlands: 1) central, 2) supporting, 3) large scale and 4) other.
Required data	The data required is of a secondary nature i.e. it is readily available. It only needs to be extracted from the Database of Locatus, which makes this part less extensive.
Methods	Extract data from Locatus database
Instruments	Primarily the software of Locatus and excel.
Concept	Current supply/ market share
Variables	Number of stores & square meters.
Time	1 week

Question 3: "Which selection criteria are important in a store location analysis, on a national-, regional – and local scale, and why are certain criteria more important than others (in the past and in the future)?"

Objective	To get a better understanding about the demand of fashion retailers i.e., which criteria they find important when choosing store locations on a national, regional and local scale (macro-level) (in the past and in the future). Furthermore, we want to explain why certain selection criteria are considered more important than others in a changing market.
Required data	The required data to answer the questions are 1) the selection criteria that are regarded on three scales of analysis: national-, regional – and local scale, 2) a ranking of the regarded selection criteria for each scale, and 3) an explanation why these particular selection criteria are considered important (in the past and in the future).
Methods	Semi-structured interviews with 6 retail experts (retailers and managers/brokers)
Instruments	Interview guide and ATLAS.ti
Concept	Selection criteria for store locations
Variables	(1) performance measures, (2) population structure, (3) economic factors, (4) competition, (5) saturation level, (6) magnet, and (7), store characteristics
	Notice that these variables are of a categorical/nominal scale, because we do not want

	to measure them.
Data analysis	Thematic analysis of interview transcripts
Time	6-7 weeks

Question 4: "Which selection criteria are important in a store location analysis in the central retail area of Amsterdam, and why are some more important than others (in the past and in the future)?"

Objective	To get a better understanding about the demand of fashion retailers i.e., which criteria they find important when choosing store locations in the central retail Area of Amsterdam (in the past and in the future). Furthermore, we want to explain why certain selection criteria are considered more important than others in a changing market.
Required data	The required data to answer the questions are 1) the selection criteria that are regarded on A1 and A2 retail locations, 2) a ranking of the regarded selection criteria, and 3) an explanation why these particular selection criteria are considered important (in the past and in the future).
Methods	Semi-structured interviews with 8 retail experts (retailers and managers/brokers)
Instruments	Interview guide and ATLAS.ti
Concept	Selection criteria for store locations
Variables	(1) performance measures, (2) population structure, (3) economic factors, (4) competition, (5) saturation level, (6) magnet, and (7), store characteristics
	Notice that these variables are of a categorical/nominal scale, because we do not want to measure them.
Data analysis	Thematic analysis of interview transcripts
Time	6-7 weeks

1.3.5 Evaluating the research: reliability and validity

In the case of the second research question which describes the current supply, validity can be guaranteed because the measurement is straightforward. We count the number of stores and the total square meters in a certain retail area. Locatus, the firm who provides the numbers, makes a distinction between four main retail areas: 1) central, 2) supporting, 3) large scale- & special, and 4) "dispersed". This approach should give a proper measurement of the current supply for fashion retailers. To ensure reliability and thus ensure that the measurement is consistent and accurate, Locatus will be contacted

to ask how they measure the current retail supply of fashion retailers. Do they count each store or do they depend on average yearly growth? The extent of accuracy will follow from this enquiry.

To ensure reliability and validity in the qualitative part of this research (research questions 3 and 4), we use the concepts described by R. Kumar (2011, p. 185): *"Trustworthiness in a qualitative study is determined by four indicators – credibility, transferability, dependability and conformability – and it is these four indicators that reflect validity and reliability in qualitative research"*. According to Kumar credibility parallels internal validity, transferability parallels external validity, dependability parallels reliability and conformability parallels objectivity.

Credibility refers to the extent that the results are credible and believable from the perspective of the participant in the research. It is believed that the respondents are the best judge to determine whether or not the research findings have been able to reflect their opinions and feelings accurately (R. Kumar, 2011, p. 185). Therefore, to ensure credibility we will contact the respondents of the interviews and ask for confirmation and validation approval in order to judge to what extent they agree with the findings.

Transferability refers to the degree to which the results could be generalized (R. Kumar, 2011, p. 185). To deal with transferability in this study, we will extensively and thoroughly describe the research process for others to follow and replicate.

Dependability refers to whether you would obtain the same results if you could observe the same twice thing. As qualitative research implies flexibility and freedom, it is difficult to establish dependability. However, by keeping an extensive and detailed record of the process for others to replicate a certain level of dependability can be reached (R. Kumar, 2011, p. 185). In this regard, a good and "complete" documentation of the interview transcripts will be very important in this study.

1.3.6 Performing a case study

Case study methodology is mainly used to collect, analyse, compare and draw lessons from research data and is a form of qualitative research. This method is especially used in the academic field of urban planning and management to examine contemporary real-life situations and provide the basis for the application of ideas (Heurkens, 2012, p. 119).

Flyvbjerg (2006) describes important misunderstandings using case study methods, concerning bias towards verification and validity. According to critics, case studies contain a bias towards verification i.e. a tendency to confirm the researcher's preconceived notions. However, Flyvbjerg (2006, pp. 235-237) argues that experience indicates that the case study method contains a greater bias towards falsification of preconceived notions that towards verification, because the researcher is able to adjust his hypotheses and subjective preconceived notions by studying and reflecting on the empirical object of study.

Another important issue is that of validity of case studies. According to critics general, theoretical (context-independent) knowledge is more valuable than concrete, practical (context-dependent) knowledge (Flyvbjerg, 2006, p. 221). Critics of case study research state that the study of a small number of cases can offer no grounds for establishing reliability or generality of findings. Flyvbjerg (2006, p. 225) argues that this depends on the case and how it is chosen. The case study is ideal for generalizing using the type of test called "falsification" (Flyvbjerg, 2006, p. 227). Flyvbjerg (2006, p. 224) mentions that the in-depth case study is well suited for identifying "black swans", which can result in interesting insights that possibly could not be found by researching quantitative data. This study benefits from a case study, because we seek the underlying motivation and reasoning for regarding a particular selection criteria as "important" when considering store location. It also allows us to discover "new" selection criteria.

Heurkens (2012, p. 120) discusses that one of the main aspects of case study research to deal with validity, is the triangulation of data. "Triangulation is the use of more than one method or source of data in the study of a social phenomenon so that findings may be cross-checked" (Bryman, 2012, p. 717). By applying triangulation through using different sources of data and research techniques the validity of research results increases (Heurkens, 2012, p. 120). Therefore, different methods or techniques of data collection are applied within this case study research: document and literature reviews and interviews. Heurkens (2012, p. 120) describes another important consideration when working with case studies. He states that, because case study research generates a large amount of data from multiple sources, a systematic organization of this data is very important. It prevents the researcher from becoming overwhelmed by the amount of data and to prevent the researcher from losing sight of the original research purpose and questions. Therefore, it is important to make some methodological choices for the case study research: scope versus depth, comparative analysis, and lesson-drawing.

Scope versus depth

The first issue is to make a trade-off between scope versus depth when selecting cases for comparison. The chosen dimension should support your research purpose. By choosing a broad scope one is able to draw more valid conclusions for a broader population, as one does not focus on isolated phenomena (Heurkens, 2012, p. 120). The purpose of the research, in that case, is to draw general conclusions on a variety of cases through variable-orientated quantitative research. However, the purpose of this research is not to draw general conclusions, but to gain a deeper understanding of which criteria are important for retailers in a changing market, and gain insights if this new market implies a different approach or even new selection criteria. For this purpose an in-depth case study is used to answer the research question. Thus, we choose depth over scope.

Comparative analysis

A second issue in case study selection is the issue concerning comparative analysis. A characteristic of case study research is that the focus is on a contemporary phenomenon within its real life context. Therefore, issues arrive concerning conceptual equivalence and context- and time-dependency (Heurkens, 2012, p. 121). One could state that when comparing case study results the cases should be similar and thus comparable. Comparing different fashion retailers with different business and target groups, in this regard would not seem wise. However, comparative analysis does not require the things being compared to be identical, but they need to be commensurable. In other words they need to be conceptually equivalent, which means that one can study them with the same conceptual (theoretical) constructs or models (Heurkens, 2012, p. 121).

Lesson-drawing

Finally, we will discuss the issue of lesson-drawing with case study research. Like Heurkens (2012) this research will follow the three levels of lesson-drawing provided by (Janssen-Jansen, Spaans, & Van der Veen, 2008, p. 8):

- *Inspiration: collecting and valuating data and information on innovative experiences and practices;*
- *Learning implies adaptation of the information collected and evaluated in the inspiration phase, including retrieving underlying ideas, obstacles and changes;*
- *Transplantation: the knowledge transfer is complete and an innovative practice has been adopted by the 'learning' country, often adapted to local circumstances.*

This research will focus on the lesson-drawing levels of "learning", by focusing on the underlying reasoning and insights from fashion retailers and experts in the retail industry.

1.3.7 Semi-structured interviews

In this study we choose for semi-structured interviews because its capacity to provide insights into how participants view (traditional) selection criteria in a changing market (post-crisis times). The semi-structured interview allows for flexibility in the conversation (Bryman, 2012, pp. 469-472) to comprehend why certain criteria are deemed more important than others and if this has changed or will change in the course of time. The flexibility of this approach also allows us to discover "new" criteria that have not been considered or where less important in the past. In order to perform a semi-structured interview a preliminary interview guide is proposed to cover the crucial topics.

The first set of questions regard asking the participants to rank the seven proposed categories of selection criteria for three different levels (national, scale, and local) in times of economic growth and in times after a recession. In this regard we do not want a comprehensive quantitative measurement of an actual ranking for the Netherlands. However, we want discover if certain criteria have become more important that others and the especially the reasoning behind the answer. We also want to explore if

retailers are looking at location from a new perspective, now that certain retail areas face rising vacancy and others are becoming more and more popular.

Table 1, Interview guide semi-structured interviews

Interview guide
1. *Which selection criteria did you consider important 10 years ago, in times of economic growth, when considering retail locations on a national scale?*
2. *Which selection criteria did you consider important 10 years ago, in times of economic growth, when considering retail locations on a regional scale?*
3. *Which selection criteria did you consider important 10 years ago, in times of economic growth, when considering retail locations on a local scale?*
4. *Which selection criteria do you consider important in a post-crisis era – in times where on the one hand we cope with vacancy and bankruptcies, and on the other hand A1-locations are becoming even more popular and scare – when considering retail locations on a national scale?*
5. *Which selection criteria do you consider important in a post-crisis era – in times where on the one hand we cope with vacancy and bankruptcies, and on the other hand A1-locations are becoming even more popular and scare – when considering retail locations on a regional scale?*
6. *Which selection criteria do you consider important in a post-crisis era – in times where on the one hand we cope with vacancy and bankruptcies, and on the other hand A1-locations are becoming even more popular and scare – when considering retail locations on a local scale?*
7. *Do you think that new selection criteria that different from the traditional selection criteria are arising in the current and future retail market?*

The second set of questions regards asking the participants similar questions as the first set. However, we zoom in on A- and B-locations in Amsterdam.

Table 2, Interview guide semi-structured interviews Amsterdam

Interview guide
8. *Which selection criteria did you consider important 10 years ago, in times of economic growth, when considering retail locations in Amsterdam?*
9. *Which selection criteria do you consider important in a post-crisis era – in times where on the one hand we cope with vacancy and bankruptcies, and on the other hand A1-locations are becoming even more popular and scare – when considering retail locations in Amsterdam?*
10. *Do you think that new selection criteria that different from the traditional selection criteria are arising in the current and future retail market of Amsterdam?*

1.3.8 Selecting the participants

To answer the research questions we will contact experienced managers of large fashion retailers and real estate managers or brokers that consult large fashion retailers with location decision problems. We choose large retailers because they take on a more strategic approach to their locational decisions and have far more experience in this regard compared to smaller independent fashion retailers.

Below the selection criteria are presented. In table 3, we have presented possible firms that match the criteria, however there are many more. Early in the research the research it is possible to replace a certain firm if the required information is difficult to obtain or to access. Furthermore, we do not aim for a specific fashion retailer, but for experienced experts, who know the retail market very well and can provide insights not only about his own ideas, but also how other fashion retailers look at store location.

Selection criteria retailers:
1. The fashion retailers should have a national coverage, and should also be active in Amsterdam.
2. The fashion retailer should be of a significant size and should manage their organization and stores on a more strategic level: at least 20 stores in the Netherlands.
3. Retailer information should possible to access. Therefore, the retailer should be established firms in the Netherlands, with a relatively rich history in order to be able to analyse this history: at least 15 years active in the Netherlands.

Table 3, Participants interview rounds (Cofra Holding, 2014; H&M, 2014; Inditex, 2014).

Firm	Active in NL	Store formulas	Stores and countries
1. H&M	1980s		+2600 stores in 53 countries
2. Inditex	1999	Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe	+6300 store in 89 counties
3. Cofra Group	1841	C&A	2000 stores in 24 countries

As for managers or brokers in the retail market, we want to interview participants with enough experience in the retail market to answer the research questions. Therefore only senior managers will be contacted. Currently I have had insightful informal discussions about changes in the retail sector: with Clemens Brenninkmeijer (Managing Director Redevco), René Vierkant (Financial director Syntrus Achmea Real Estate & Finance), Maarten van Lit (Director LMBS retail), Tessa Vosjan (NRW), Albert Hoogland (Shopping Centre Management CBRE), and Machiel Wolters (Research Director CBRE). They were all open participate or at least assist in the finding of a suited interviewee to assist with my research. Interviews with suited participants will be planned in September and conducted in October.

Selection criteria managers:
1. Participant needs to have at least 10 years of experience in the retail industry.
2. Participant needs to be familiar with the retail market of Amsterdam.

CHAPTER 2 LITERATURE STUDY

This chapter consist of a review of classical location theories, a review of Dutch retail impact models, a review of how retail locations are classified, and finally a review of literature on store location selection criteria. The purpose of this section is to get a better understanding of how retailers approach location decision problems.

2.1 CLASSIC LOCATION THEORIES

Since the 1920's, there has been a growing interest and application of a variety of models to solve location decision problems. Classic location theories – such as Hotelling's (1929) "principal of minimum differentiation", Reilly's (1931) "law of retail gravitation", Christaller's (1933) central place theory, and Huff's (1964) attraction models (also see chapter two) – have provide a strong basis for others to build upon. They often form the basis to deal with location decisions problems in the composition of retail areas.

2.1.1 Hotelling's (1929) "principal of minimum differentiation"

According to Hotelling's Law, there is an 'undue tendency for competitors to imitate each other in quality of goods, in location, and in other essential ways' (Hotelling, 1929, p. 41). The law is named after Harold Hotelling (1895–1973) who described the idea in an Economics Journal article, 'Stability in competition' (1929). Hotelling's Law is also referred to as the principle of minimum differentiation or Hotelling's linear city model. With his famous example of ice vendors at the beach, Hoteling explains why retailers tend to locate near each other. The underlying idea is that any firm would gain, through an increase of its market share, by establishing close to its competitor on the larger side of the market. The firm squeezed between two firms at the centre of the market, will experience a vanished market.

2.1.2 Reilly's (1931) "law of retail gravitation"

According to Reilly's "law of retail gravitation" the purchase power of citizens of two cities is distributed in direct relation to the size of the population of each city and in indirect relation to the square of the distance towards that city (Evers et al., 2011, pp. 230-231). In essence, it is a method of evaluating human behaviour that measures the likelihood that individuals will gravitate toward a store depending on the individuals' travel distance, the travel distance to alternative stores, and the inherent drawing power of each location (Ladle et al., 2009, pp. 8-9).

Reilly'sLaw can be expressed mathematically as: $d = D/ 1+\sqrt{(Pb/Pa)}$. Here d is the breakpoint, D is the distance between the centres a & b, and Pb/Pa is the relative size of the population of the two centres. As expected, for centres of the same size, $d=D/2$, and if Pa is larger than Pb, the point of indifference is closer to b. As the size of Pa becomes very large with respect to b, d tends to D,

meaning the customer will always prefer the larger centre unless they're very close to the smaller one. Thus, *d* will give the distance from *Pa*, also called the breakpoint. As an example: after leaving a store a you remember something that you wanted to buy; it just so happens that you are headed towards an alternative store b. The break-point can be thought of as the point after which you would travel towards store b instead of store a because of its notional "gravity". This would happen sooner, for example, if store b is an equivalent store but with greater square footage, suggesting that you are more likely to go to store b for greater available utility. This notional gravity can be influenced by a number of things, but square footage is simple and effective.

2.1.3   Christaller's (1933) central place theory

According to Jacobs (2007, pp. 23-25) the theory of Chirstaller is based on the need for a consumer to buy a product. The market area of a product is determined by the maximum distance that consumers can or will travel to purchase a product. If a supplier wants to offer a product, than a minimum demand for that product is needed. Enough consumers should want to buy that product. The demand differs per product. Each product has its own market area e.g. when purchasing a car consumers are willing to travel greater distances compared to purchasing milk. In this regard, different types of stores have different levels of demand and different sizes of catchment area.

A combination of low demand and small catchment areas will be more likely to occur than a combination of a high demand and a large catchment area. The latter combination is mainly found in more centrally located places. As a result, the number of branches and the variety of the products is greater in more centrally located places central places, compared to peripheral locations. Christaller concludes that a hierarchy exists in the functional structure of cities. De biggest and most central places dominate over the average size places, which in their turn dominate smaller places. See figure 6. According to Christaller, consumers attempt to minimise the distance when purchasing a product, therefore the consumer will always choose the nearest centre which offers the desired product.

Figure 6, Diagram of Christaller's central place theory (de Souza, 1990, p. 258).
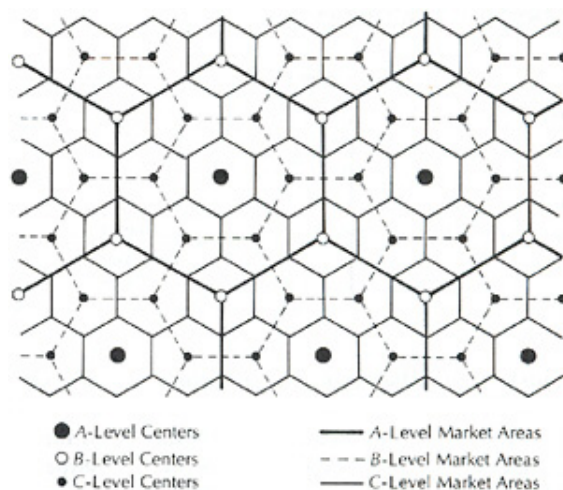
2.1.4 Huff's (1963) attraction models

The most important innovation in locational models, using pioneering theories, comes from Huff (1963), who has converted Reilly's theory to a workable probabilistic model (Evers et al., 2011, p. 231). In this model the probability *Pij* that a consumer located at *i* will choose to shop in store *j*, is expressed by the function of the distance *D* to and the attractiveness of A to all competing stores. This model is expressed by the following formula:

$$P_{ij} = \frac{A_j^{\alpha} D_{ij}^{-\beta}}{\sum\limits_{j=1}^{n} A_j^{\alpha} D_{ij}^{-\beta}}$$

Where:
- *Pij* is the probability that a consumer located at *i* will choose to shop in store *j*
- *Aj* is a measure of attractiveness of store j, such as square footage
- *Dij* is the distance (or travel time) from *i* to *j*
- *α* is an attractiveness parameter estimated from empirical observations
- *β* is the distance decay parameter estimated from empirical observations
- *n* is the total number of stores including store *j*.

Evers et al. (2011, p. 232) discuss the popularity of the model, as well as the problems. The popularity of the model can be attributed to its conceptual appeal and relative ease of use. Only two variables are considered: attractiveness and distance/travel time. However, there is some critique. Especially, determining the "distance decay" parameter is considered problematic, because this variable has great impact on the results. Distance decay is determined on the basis of historic consumer behaviour, while the probabilistic models used in practice are mostly used to describe a future situation.

2.2 AGGLOMERATION EFFECTS AND THE COST OF SHOPPING

The underlying thought of Hotelling (1929) is that given a number of similar stores operating within the same market sector will achieve superior performance if they are clustered together. Nelson (1958), build upon this notion and formulated the "theory of cumulative attraction", arguing that retailers of different categories also benefit from being located near to each other (Li & Lui, 2012, p. 593). Both theories are supported by the many examples of specialized areas such as "fashion high streets" and restaurant rows, on the one hand, and concentration of restaurants, fashion stores, and cinemas, on the other hand.

The effects of agglomeration are further discussed by Kumar and Karande (2000, pp. 170-171), who state that agglomeration is advantageous because it facilitates multipurpose shopping by consumers. Multipurpose shopping allows consumers to save time and thus effectively reducing their shopping cost by benefiting from economies of scale.

According to Becker (1965, pp. 516-517) shopping is part of the overall household production process and household determine how much, what and where they buy by evaluating the cost of shopping against the benefits. In addition to the cost of products, to total cost of shopping include inventory, transportation, and search costs. For example, the cost of shopping for similar groceries at the Albert Heijn for households who live near the store are lower than for households living farther away. Also, the costs of shopping for households whose incomes are high are more than that for households with relatively low incomes due to higher "opportunity cost of time". Opportunity cost of time can be considered to be the value of time expenditure (Karande & Lombard, 2005, p. 690).

The tendency of a 24-hour economy, in which retailers provide a 24-hour service, reduces the opportunity cost of time of consumers. Consumers might find it more convenient to shop at night or after working hours, because their opportunity cost of time is lower at that time. Retailers, who provide this service, partially reduce the opportunity cost of time for consumers. In theory, consumers sub sequentially have more to spend on products, thereby increasing store sales (V. Kumar & Karande, 2000, p. 172). Last year the municipality of Amsterdam conducted a test, in which certain shopping streets got the permission to open 24-hours: Arenaboulevard, Amsterdamse Poort, Van Baerlestraat and the PC Hooftstraat. However, none of the retailers have made use this permission and restrained to regular closing hours (AT5, 2014).

2.3 PLANNING SCIENCES IN THE NETHERLANDS

In the Dutch retail market, models that aim to match demand and supply, define size and spreading of new developments, and define the effects of new developments, are called DPO, "distributieplanologisch onderzoek" in Dutch (Evers et al., 2011, pp. 217-218). These methods are based on historic research like Reilly's (1931) "law of retail gravitation" and Christaller's (1933) central place theory. In Dutch planning sciences the most important DPO method is also called "distributieplanologisch onderzoek", which is the same as the collective name for similar methods (Evers et al., 2011, pp. 217-218). To prevent confusion we will abbreviate this method will small characters (dpo). A dpo, which used to be compulsory by law in the 70's and 80's, aims to analyse (future) demand and supply of retail space and translate this to a programme of new retail developments. While this method is used when important decisions are made when planning new retail developments, retail specialists and experienced planners regard a dpo out of date. This is because the method is partially based on assumptions which have led to conflicting results among proponents and opponents of new developments. This is because the method is partially based on assumptions which have led to conflicting results among proponents and opponents of new retail development. The "Netherlands Leisure Centre" is an example of a large retail development which gained a bad reputation because of conflicting research on the future effects of the shopping/leisure centre (Evers et al., 2011, pp. 234-237)

2.4 CLASSIFICATION OF DUTCH RETAIL AREAS

There are three main ways to classify retail areas in the Netherlands: the classification according to the Dutch retail research organisation Locatus, A-, B-, and C-locations on the basis of the amount of passers byers, and on the basis of consumer shopping motives.

2.4.1 Central, supporting, large scale & special, and dispersed

Locatus makes a distinction between central retail areas, supporting retail areas, large scale- & special and "dispersed" retail areas (Evers et al., 2011, p. 74). Central retail areas include traditional large city centres and main shopping streets in smaller cities and villages. Supporting retail areas include city district centres, neighbourhood centres, and local centres. The category large scale & special retail areas include large retail concentrations like Alexandrium in Rotterdam and special retail areas like Schiphol, and Factory Oulet Centres like Bataviastad and Rosada. The type "dispersed" include all other retail areas outside the categories described above. See table 4 for the square meters of retail in these retail areas.

Table 4, Main classification retail locations (Evers, 2011, p. 14; Evers et al., 2011, p. 74)

Retail location types	Total m^2 (2011)	Total m^2 (2010)
Central retail areas	10.513.766	10.460.279
Supporting retail areas	4.112.675	4.125.395
Large scale - & special retail areas	4.050.501*	3.980.966
Dispersed retail areas	9.048.962	8.938.356

Large scale (3.945.812 m^2), special (104.689 m^2)

This study mainly focusses central retail areas, because these are the retail locations which predominantly houses fashion retailers.

2.4.2 A-, B-, and C-locations

Retail locations can be classified according to the patronage/passers byers. Bolt (1995, pp. 289-292) classifies A-, B-, and C-locations:

A1-location: Located in central retail areas with 75-100% of the maximum patronage capacity. Situated in the proximity of multiple "magnets" (e.g. V&D, H&M, Bijenkorf), along a double-sided shopping street. The street image is created by multiple double sided contiguous stores, where franchise chains (most of which have a national coverage) are predominantly present: minimum of 50% are franchise chains.

A2-location: Located in central retail areas with 45-80% of the maximum patronage capacity. These shopping streets have a direct connection with A1-locations. At least one "magnet" should be present

or nearby. The street image is created by multiple double sided contiguous stores, where franchise chains (most of which have a national coverage) are present: minimum of 25% are franchise chains.

B1-locations: 15-45% of the maximum patronage capacity. The street image is created by many less familiar retailers, predominantly specialized independent retailers. In Dutch they are called "midden- en kleinbedrijven" (MKBs), which corresponds to the English "small- and medium enterprises" (SMEs). These streets are often "side streets" or streets that finally end in A1-locations. Minimum of 15% are franchise chains.

B2-locations: 15-35% of the maximum patronage capacity. These locations are the same as B1-locations; however the shopping street is separated by traffic. These shopping streets are also often "side streets", where the street image is not created by contiguous stores.

C1-locations: 5-15% of the maximum patronage capacity. These are locations outside or adjacent to central retail areas, with traffic and a parking possibility. These locations lend themselves for shopping with a specific purpose (goal).

C2-locations: These locations are no longer considered to be in the main shopping areas. The street image is created by few retailers (that can only afford low rent prices), heavy traffic or an alley-characteristic.

This study mainly focusses on A1-, A2-, B1-, and B2-locations, because these are the retail locations which predominantly houses fashion retailers.

2.4.3   Run, Fun and Goal

Retail areas can also be classified according to the shopping motives of consumers. Evers et al. (2011, pp. 54-55) identifies three motives: grocery shopping (run), recreational shopping (fun), and shopping with a specific purpose (goal). With grocery shopping the following factors are considered important: availability (assortment), convenience (distance, travel time, comfort), and accessibility. With recreational shopping, shopping as an activity can be considered more important that the actual purchasing of products. According to Cachinho (2012, p. 32) (among others), we live in an "experience economy" where shopping has become a pleasurable "leisure experience" in itself. Finally, we have the motive of a shopping with a specific purpose, where the consumer shops at a specific store for a specific article and multipurpose shopping is no longer a primary goal. The guarantee of availability, efficiency and price are more important that other factors e.g. the remaining assortment. Examples can be a vacuum cleaner which has proven satisfactory in the past, or buying a washing machine after extensive online research.

Fun shopping is predominantly found in central retail areas, whereas run shopping is relatively dominant in supporting retail areas. As for goal shopping, it is dominant in large scale- and special

retail areas where for consumers can purchase products for in and around the house, and do-it-yourself (DIY) products.

2.5 SELECTION CRITERIA FOR STORE LOCATIONS

According to Turhan et al. (2013, pp. 391-396), criteria for choosing a store location are classified in to seven categories: (1) performance measures, (2) population structure, (3) economic factors, (4) competition, (5) saturation level, (6) magnet, and (7), store characteristics. The proposed selection criteria by Turhan et al. will be discussed in the next paragraphs. See table 5 on page 40 for a comprehensive summary of the selection criteria.

2.5.1   Performance measures

When considering a new store or entering an existing one, future and past performance is extremely important. Therefore, the most common used measures to consider are store profits, market share, retail patronage, and price elasticity.

2.5.2   Population structure

To make a good choice of good store locations, population characteristics should be included in the selection process. Knowledge about the demographic structure of the market in any potential location is especially important for the retail manager. By understanding the demographic structure, retailers can match their target market more effectively. Furthermore, people's consumption patterns are not easily changed due to their financial circumstances or longstanding habits. Therefore knowledge about their "purchase habits" of people who live or work in a certain area, are important for retailers to describe customers (how they shop, frequency, how far they will travel, preferred places, preferred hours).

Several factors such as such as the number of households, population size, population density, population growth rate, customer size and density, age, gender, education, occupation, marital status, household size, travel time (or distance), politic attitudes, social classes and cultures, and purchasing habit can be used to define characteristics of the population in the potential store location.

2.5.3   Economic factors

The economy of a population represents a part of the population structure. However, in this categorisation it presented as a separate category.

The decision to locate a store in a given market depends on several economic factors, including household income, income distribution, mobility (autos-per-household), residents' willingness to spend their money at the store, the source of income, rentals and so forth. Furthermore, the type and price of houses in the area, the proportion of home ownership vs renting, the per capita sales all reveal the economic structure of a given area. The number of persons employed in a household, the total

average income for each household, and the regularity and frequency of their income are indicative of the ability of residents to purchase products. By considering these economic factors retailers can take into account the spending power, retail sales potential, profitability, patronage behaviour and price sensitivity of a given area.

2.5.4 Competition

In search of a good retail location retailers need consider their competitive environment. In direct competition, a new store will be forced to enter into rivalry with available stores offering the same products in order to capture more shares from the market. As for indirect competition, retailers who offer unrelated products are also viewed as the prospective competitors of new entrants into market because they are competing for the same consumer euros. Thus they share the same market share, directly or indirectly. The actual effects of competitors is however very difficult to measure. However, there are some important factors to consider about the competitive environment: the spatial distance between retail stores, the size and number of competitor stores, shopping alternatives, settlement with comparison to competitors, relative competitive strength, competitors' sales volume, stiffness in competition, and the quantity, quality and extent of aggressiveness. Furthermore, the presence of particular retailers such as Apple, Primark, or H&M, may also attract more trade from greater distances. Thus, positively affecting the pedestrian flows for others retailers who locate near their flag ship stores.

2.5.5 Saturation level

The saturation of an area or market refers to the extent to how the demand of that area is serviced by the current retail. Traditionally managers have used the index of retail saturation (IRS) to measure the attractiveness of a particular market. The index is a useful tool to measure whether a higher profit can be achieved in that market. The IRS is the ratio of demand for a product or service divided by available supply. The IRS can be measured as followed: IRS = ((P) (A.E.))/S.

P is the numbers of people in the area who are customers for the particular line(s) of merchandise; A.E. is the average retail expenditure in the area for a particular trade; and S is the total amount of space for selling a particular line of trade in all stores in that area (in square feet). Thus, the IRS represents the total retail sales per square foot of its space in that particular market for a particular line of retail trade.

Understanding the saturation of the market is crucial for retailers. In a market where there are too few stores selling a specific good or service, the needs of the population stay unsatisfied. For retailers to locate in such an area would be profitable. However, when a market has too many stores for a particular line of products some retailers may not meet their selling goals in order to be a profitable and viable business.

A similar concept of saturation is also used in the Dutch dpo method, where (future) demand and supply are measured in order to investigate if a certain retail development is desirable (Evers et al., 2011, pp. 221-228).

2.5.6   Store characteristics

To gain competitive advantage or to enhance the performance of the stores, retailers should carefully consider their array of store characteristics. Turhan et al. (2013, p. 395), classifies store characteristics in three basic categories: (1) easy in accessibility, (2) store-image attributes, (3) and costs.

Each attribute of the store can favourably or unfavourably affect the sales potential of the store. In literature, "ease of access" that refers to the ability of consumers to find a store easy and quickly, is one of the most discussed factors including: parking convenience, sidewalk width, traffic density, store visibility, etc. Store-image attributes refers to atmospherics, assortments, and quantity and quality of products, etc. For example, by increasing product assortments retailers can benefit from economies of scale. Food-retailers such as Albert Heijn and the Jumbo deploy this strategy. Improving store atmospherics, for example, through better layout such as more or less counters does not only have an impact on revenues but also on expenses. Finally the cost of the building, rent, renovating of the store, and so forth are important factors to consider when choosing a store.

2.5.7   Magnet

"Magnets" is used to described crowd points (hospital, market, churches, etc.), culture and education organization (library, universities, etc.), government and business organization (offices, etc.), and vehicle maintenance (parking area, garage, etc.). When evaluating a potential location for a store, the presence of "magnets" is (at least for some retailers) an important variable. For example, book stores, music stores, and office supply stores benefit from locating near universities and offices in a retail area. The great advantage of the presence of magnets is that they attract more trade from greater distances, and the pedestrian flows will be larger when retailers locate near one or more magnet retailers. Thus, the potential in terms of visiting customers per day will be influenced for retailers who locate near magnet.

Table 5, Selection criteria for store location (Turhan et al., 2013, pp. 399-402).

1. PERFORMANCE MEASURES	
- Store sales or demand	- Market share
- Store profit	- Price elasticity of store
- Store patronage or brand loyalty	

2. POPULATION STRUCTURE	
- Gender	- Population densityPopulation growth rate
- Age (i.e. % Elderly)	- Customer size
- Education level	- Customers density
- Marital status	- Travel time (or distance)
- Occupation	- Social classes & subcultures (ethnicity, nationalities represented, racial composition)
- Household size	- Purchasing habits
- The number of households in the trade area	
- Population size (The number of persons residing in a trade area)	

3. ECONOMIC FACTORS	
- Household monthly income	- House value
- The amount of money that will be available for buy my goods and services	- The percentage of homeowners as against renters
- Total disposable income	- Rentals
- The willingness to spend their money	- Elasticity of rental contract period
- The purchasing power of the residents of a community	- Autos owned
- The regularity and frequency of their income	- The numbers of persons employed in a family
- The source of income	- The type of house
- House ownership	- The per cent of household heads with college degree

4. COMPETITION	
- The spatial proximity to competitors	- Relative competitive strength
- The size and/or numbers of competitor stores in trade area	- Competitors' sales volume
- Competitors' shopping alternatives	- Stiffness in competition
- Settlement with comparison to competitors	- The quantity, quality and extent of aggressiveness in competition

5. SATURATION LEVEL	
- Consumption level	- The average per capita expenditure for these goods
- The number of people in the area who are likely customers for the particular line(s) of merchandise	- The total space devoted to selling those goods in all stores in the section

6. STORE CHARACTERISTICS	
Ease in Accessibility	**Store-image attributes**
- Parking convenience	- Atmospherics
- Pedestrian crossing	- Number of checkout counters
- Sidewalk width	- Square area (front area, square area, selling area etc.)
- Road width	- Formation
- Existence of alternative roads	- Assortments of product
- Topographic barriers (rivers, highways,lakes, street, hill, etc.)	- Pricing of product
- Distance to main road	- Quantity and/or quality of product
- Vehicle traffic density	
- Passenger traffic	**Costs**
- Personal recruitment or operation hours	- Cost (of building, renting, buying, renovating, transport etc.)
- Store visibility	
- Corner location or located near road intersection	

7. MAGNET	
- Crowd point (hospital, market, hotel,foot courts, temple etc.)	- Government and business organization (office building, government office, etc.)
- Culture and education organization (school, studying centre, library etc.)	- Vehicle maintenance (gas station, parking area, garage etc.)
- Relaxation (recreation centre, department store, KTV and club, cinema, or theatre, organization, beauty parlours, museum,park, financial organization, beauty parlours, museum, athletic, zoo etc.)	

2.6 Preliminary discussion

A review of pioneering research regarding location decision problems has revealed interesting insights that can be related to current retail market. According to literature consumers are prone to be attracted to (preferably close) large retail agglomerations to benefit from multipurpose shopping and reduced total shopping costs (this includes travel and search costs). However, recent studies also show that consumers are willing to travel longer distances to shop. Traveling longer distances in this regard fits with the shopping motive "Fun", because consumers can relatively easily visit the larger, more historic cities of the Netherlands for a relaxing day of recreational shopping. Therefore it seems, at least for fashion retailers, that distance to the consumer is a less important factor to consider that it used be.

Retailers, in their turn, are prone to agglomerate near each other in order to service their consumers with multipurpose shopping, reducing their total shopping cost. Fashion retailers fit well in this description, because they are mostly located near each other, and thus provide the same benefits to their customers.

However, when the market is saturated, the benefits of agglomeration does not weigh against the loss of market share because there simply will be too many stores compared to the demand. Nevertheless, the market share of fashion retailers on top retail locations is still growing. The heavy competition and extremely high rent prices on these locations, does not directly make you assume that a healthy and viable business is easy to pursue on such locations. Therefore it seems interesting to discuss whether other reasons apply for fashion retailers to still target these locations, despite the heavy competition and high rent prices.

Furthermore, the store location selection criteria proposed in the literature hold many important variables for retailers and managers to consider when considering a new or redeveloping an existing store. However, there are so many factors to consider that retailers are forced to choose between the most important ones for them. Selecting the appropriate selection criteria is deemed to be different in an era of economic growth in which expansion growth was possible, as opposed to the time we live in today in which the numbers of vacancy and bankruptcies are growing and the economic recovery is a slow and difficult to predict process.

These observations reveal interesting questions on which retail experts could shed some light on and they also support the importance to conduct this research.

APPENDIX A: TRENDS IN THE RETAIL SECTOR

The consumer, and a changing way of consumption

Consumers are constantly renewing their needs, wants and desires, changing their behaviour and lifestyles, with direct effect on shopping activities. Prahalad and Ramaswamy (2004, p. 123) mention an important shift in the role of the consumer from isolated to connected, from unaware to informed, from passive to active. The two main drivers for this change are a generally higher education level, and the rise of the internet. The changes in consumer profile result in new shopping behaviour, where a more smarter and conscious consumer becomes more demanding. Along this trend consumers also seem to spend their money differently during the economic downturn. Since 2008 the total revenue in the retail sector has declined with 9% to 81 billion in 2013 (Platform31, 2014, p. 5). Due to the economic downturn the purchase power of consumers has declined over the years, having direct effect on their spending behaviour. While the total revenue of the non-food sector has declined with 7,5% in comparison with the total revenue of the year 2000, the total revenue of the food sector has grown with 37% in comparison with the total revenue of the year 2000 (HBD, 2013a). From 2008 on there is a clear trend in declining revenues for the non-food sector and growing revenues for the food sector. Another important trend is the changing demographics in the Netherlands. The time of a population pyramid with a relatively small number of older people and a relatively large number of young people has past. While in 2010 there were the same number of people above their 40's as there were people below their 40's. In the next 10 years this will shift to 50 years (CBW-MITEX, 2010, pp. 64-72). The number of young people will remain roughly the same, while the number of adult and elderly people will significantly increase. This means that, a certain demographic of consumers with relatively high purchase power and certain needs, will grow.

Change in consumer preferences are not straightforward and clear, however retail branch organisations have made an effort to describe the trends that follow change we see in consumers. For this study I will use the trends described by the report of CBW-MITEX, *Retail 2020,* because this report sums the most important trends among consumers mentioned in relevant articles, reports and retail magazines.

Table A1, Created from CBW-MITEX report, Retail 2020 (CBW-MITEX, 2010, pp. 31-123; HBD, 2011, pp. 9-19,56-65; Nozeman, Van der Post, & Langendoen, 2012, pp. 122-159)

Trends	Change in consumer preference
Individualization	Own and unique style important
	Customization
Cross channel commerce	Online shopping (next to Offline shopping and Catalogue shopping)
The digital super consumer	Consumers increasingly sophisticated and demanding
	Constantly seeking for opinions
	Change from need to want
End of the population pyramid	More elderly consumers with relatively high purchasing power
	More 1 person households
	Depopulation peripheral locations
Glocalisation	Consumers value local retailers, but also choose greatly for international retailers
Priority	Less visit to the city centre
	Consumers shop more in the weekends
	Consumers shop less during the day
	Consumers want to shop when it fits them best
Transparency	Consumer is better aware of the product/service and origin

New middle market segment	Value for money
	Acceptance of price/value products like Primark, IKEA, H&M
Conscious consumer	Consumers spend less and more consciously
	Consumers want to know the product
	Purchase power has decreased
	More sales used products
International upcoming markets	Consumers buy more and more from foreign countries

Trends among retailers

Retailers are always trying to respond to (changing) consumer behaviour or are trying to influence the consumer with new brands or new retail concepts (Evers et al., 2011, p. 87). The paragraph below describes the recurring trends among retailer.

Growing differentiation between retail location and cities

In 2006 the NRW, the Dutch retail association, made predictions about transitions in retail locations. They predicted that in the Netherlands there would be a growing differentiation between powerful and vital cities like Amsterdam, Utrecht, The Hague and Rotterdam on the one hand, and on the other hand more average cities (less historic, no universities, less innovative) that cannot compete well against the larger ones (NRW, 2006, p. 34). Large corporate retail firms, as well as investors are vigorously analysing which retail locations will perform well the coming years and of course which retail locations will cope with (structural) vacancy (Platform31, 2014, p. 34). Comprehending these dynamics is necessary to assure continuity of their business, and revenues. As a consequence large retail franchises are actively targeting scarce A1-locations in large cities, and thus a change in strategy or at least in location preference is notable. DTZ states that A1 locations ask for corresponding business models with short lifecycles of products and fast continuously changing assortments (DTZ, 2013, p. 5). These types of business models are typical for retailers in the fashion industry.

On the other hand retailers who provide white-goods, books & music, and electronics are disappearing from the main shopping streets. Since 2005, 502 electronic stores have disappeared from the Dutch city centres (Overbosch, 2012, p. xi).

Vacancy

Vacancy in the retail sector has grown to to 8% or 3 million m^2 of the total retail supply (Buitelaar et al., 2013, p. 121). In city centres of small towns and villages, in centres of "shrinking cities", in B- and C-locations in larger cities, vacancy rates are above the national average of 8% (Buitelaar et al., 2013, pp. 55-56). Of the total vacancy of 3 million square meters retail floor area, approximately one million square meters can be found on these peripheral large scale retail concentration with an average of 13% of vacancy (Kooijman, 2013, pp. 40-41).

Enlargement stores and convenience

In the past year total square meters in the retail sector has gradually been growing, while the total amount of stores has been relatively stable. In other words, stores have become larger and according to

even exponentially (Evers et al., 2011, p. 13). See figure A1. Large peripheral retail developments, that began in the 80´s (Evers et al., 2011, p. 94), of course have an impact on the growing average size of stores. Peripheral locations, with low rent prices and high accessibility have been the best location for large scale retail developments to sell voluminous products, mainly furniture and DIY-products. However there are other examples like the introduction of the store formula Albert Heijn XL of Ahold in 2002, now counting 30 stores in the Netherlands (Albert Heijn, 2013). By introducing larger stores in their business model, Ahold can benefit from economies of scale.

Figure A1, (Evers, 2011, p. 13).

Next to the enlargement of stores, there has also been a trend of smaller store formulas on convenience locations like transportation hubs, gas stations. In 1999 Ahold introduced the first convenience Albert Heijn in a train station, which in 2001 was renamed AH to go (Albert Heijn, 2014). According to Kreijkes (2009, p. 79), show that this "convenience" strategy that originated from the inner urban strategy was very successful after the crisis. Ahold, then discovered a new consumers, the "quick travellers", who's stay is around 3 minutes in the store. For these customers, Ahold launched the "AH to go" shops which are located in train stations, filling stations, subways, city centre, and even in big offices. Today, Ahold has an AH to go in all the largest train stations in the Netherlands, and Ahold wishes to expand even more in city centres.

Internationalization, franchising and bankruptcies

Another remarkable trend is the growth of franchise stores in A1 and A2 locations. In cities with over 100.000 citizens the franchise stores has grown from 40% in 1984 to 78% in 2011 (Platform31, 2014, p. 38). Furthermore, almost all branches in retail have been coping with so called "category-killers". These are large chain franchises, often international, who manage to obtain a great market share in a short amount of time. Their selling points are large product assortments and low prices. Two well know examples are IKEA and MediaMarkt, two large international franchises who make it difficult for retailers to compete with. Meanwhile, the yearly bankruptcies have increased from 560 in 2010 to almost 900 in 2013 (Platform31, 2014, p. 72). The research of Overbosch (2012, p. 55) exhibits that the independent retailers are contributing most to the decline of store numbers. See figure A2.

Figure A2, Decline of independent retailers. (Overbosch, 2012, p. 55)
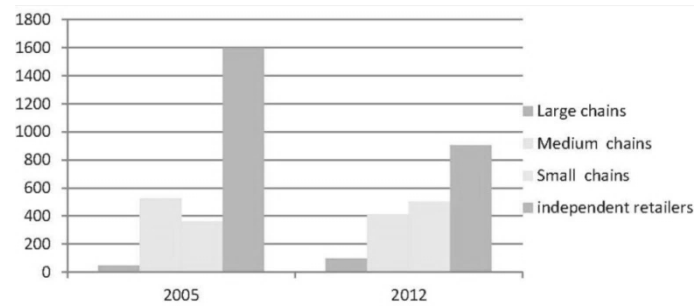
Experience economy, leisure and hybridization

Nowadays "experience" seems to be a key ingredient when it comes to shopping. Not only do retailers need to have a large assortment and provide great variety, but they also need to excite the consumers. A combination of stores, cafes, restaurants, cinemas and other leisure-activities are therefore necessary to provide a pleasurable experience. In this line of thought, Cachinho (2012, pp. 32-33) describes the changing function of urban retail in three stages. First, modernity until (50-60's), where shopping places are utilitarian premises serves an economy of needs. Secondly, post-modernity (70-90's), witch stores as spaces of synthesis (retailtainment), serving an economy of signs. And Thirdly, hyper-modernity (after the 90's), with stores as places of entertainment and life experience, serving an economy of fascination. Shopping, in this regard is no longer, and has not been for a long time, a basis activity to satisfy consumers' basic needs. Shopping has become a pleasurable "leisure experience" in itself Cachinho (2012, p. 32). This evolution to an experience economy can be supported with the theory of Maslow, who states that once basic human needs are satisfied, at once other and "higher" needs emerge, with the need for self-actualization at the top of the hierarchy (Maslow, 1943, pp. 375-385). Self-actualization can be described as the need of an individual to do what he is fitted for: "what a man can be he must be"(Maslow, 1943, p. 382). We can safely say that in western countries where people are relatively wealthy, individuals are pursuing a "higher", may be even the "highest" need i.e. self-actualization. There is a need for self-expression and independence.

Table A2. Urban retail changes (Cachinho, 2012, p. 133).

Attributes	Modernity (until 50–60's)→	Post-modernity (70–90's) →	Hyper-modernity (after 90's) →
Kind of retail spaces	Traditional stores owned by small shopkeepers	New retail concepts and formats owned by multiples and big corporations	Diversity of retail concepts and formats owned by multiples and big firms
Spatial organization	Hierarchical structure dominated by the city centre, based on centrality and proximity	Centre-periphery dialectics based on accessibility, circulation and parking facilities	Post-hierarchical structure based on topological and hyper-real spaces and virtual places
Retail offer	Goods and services according to standardized mass production lines	Goods and services according to a wide variety of lines and market segments	Brands, signs, atmospheres and consumer experiences
Functions	Shopping places as utilitarian premises. Economy of needs	Stores as spaces of synthesis: retailtainment. Economy of signs	Stores as places of entertainment and life experiences. Economy of fascination

Another development that fits well in an experience economy is the concept of pop-up stores, also known as guerrilla stores. Vacant stores and offices, sometimes on unique exiting places are temporary

transformed into a temporary selling points but especially into an exciting marketing channel (Loggers & Kooijman, 2014, pp. 44-45). There are many successful examples of pop-up stores like beach store of H&M at Scheveningen in the summer of 2011 and the Alfa Mito store in shopping centre Stadshart Amstelveen in 2012. While the financial feasibility of a pop-up store is limited, the societal value of preventing vacancy and deterioration, but also the marketing value of a project or location seems to an important purpose (Loggers & Kooijman, 2014, p. 52).

Figure A3, Pop-up H&M beach store in Scheveningen (Retail Design Blog, 2011).

Virtualisation

Technological innovation has brought many new developments to the retail sector. Consumers nowadays use social media, smartphones, and websites to research, compare, rate and to buy their products. Of all online consumer purchases, the most purchases have been in telecom, consumer electronics, computer hard- and software and clothing & shoes. While the total revenue of the retail sector has been declining, the total revenues from online shopping have been gradually growing. Online shopping accounts for 10,9% of the total non-food purchase, including telecom-subscriptions and excluding travel & insurances. If the food-sector is included, online shopping accounts for 5,7% of the total consumer purchases. In comparison to the year 2000 these percentages are respectively 0,5% and 0,3% (HBD, 2013b). In this regard, the total market share of online retail is still limited in the Netherlands. The Top-3 (Ahold including Bol.com, RFS Holding including Wehkamp.nl, and Zalando) have a market share of 22% (Platform31, 2014, p. 39).

Some remarkable developments are: new virtual shops e.g. bol.com in Utrecht station; possibility to shop 24/7 online; opening of physical stores of telefoonkopen.nl(30 stores), Coolblue (4 stores, in the BENELUX) and Shoebazaar.nl; shopping street "9 straatjes" goes online (HBD, 2011, pp. 39-45).

Furthermore, since introduction of the first AH pick-up point in Heemstede, in October 2012, Ahold has created 15 more pick-up point, where consumers can pick up their groceries they have bought online. Pick-up points are situated in location that are easy to access by car (Albert Heijn, 2013).

Developments in governmental policy

Research shows shifting retail planning ideologies in the Netherlands. Since the 1970s the Netherlands have known restrictive guidelines with the main goal to preserve city centres and the complementary shopping centres (Spierings, 2006, p. 602). However, since the rise of these guidelines retailing planning policy have become less and less restrictive and above this deregulation and decentralisation of retail planning policies have caused controversy among retailers and owners of retail real estate. New to be approved guidelines, again restrict the development of new retail locations to preserve city centres and the complementary shopping centre (Spierings, 2006, pp. 607-608). These shift in planning ideology also has an effect on the retail landscape, however it will not be a main research subject for this research.

APPENDIX B: PROVISIONAL TABLE OF CONTENTS OF THE FINAL REPORT

Preface
Management Summary
Readers' Guide
Terminology
Abbreviations
Introduction

Chapter 1 Research proposal and methodology
1.1   Introduction
1.2   Research problem and research questions
1.3   Research methodology
Chapter 2 Literature study
2.1   Classic location theories
2.2   Agglomeration effects and the cost of shopping
2.3   Planning sciences in the Netherlands
2.4   Classification of Dutch retail areas
2.5   Selection criteria for store locations
2.6   Conclusion

Chapter 3 Quantitative study
Describes the current demand of fashion retailers and the way it has developed in the last 10 years

Chapter 4 Store location selection criteria based on scale of analysis
This chapter explains why the demand of fashion retailers i.e., which criteria they find important when choosing store locations on a national, regional and local scale (macro-level) (in the past and in the future). Furthermore, this chapter explain why certain selection criteria are considered more important than others in a changing market.

Chapter 5 Store location selection criteria – the case of Amsterdam
This explain why the demand of fashion retailers i.e., which criteria they find important when choosing store locations in the central retail Area of Amsterdam (in the past and in the future). Furthermore, this chapter explains why certain selection criteria are considered more important than others in a changing market.

Chapter 6 – Insights
The final chapter presents the findings, a discussion, and the conclusion for this study. Furthermore a review of the research process in presented.

Literature
Appendices

Appendix C: Planning

Phase	Time period (week and date)	Official dates
1. Finalizing proposal		
a. Finalise literature review (dpo, and annual reports)	w36 (1-7 sept)	
2. Answering research question 2 (quantitative study)		
a. Contact Locatus about how they measure the supply	w36 (1-7 sept)	
b. Gather data from database	w36-37 (1-14 sept)	
c. Write down results and conclusions	w37/38 (8-21 sept)	
3. Answering research question 3 (interviews)		
a. Work out the semi-structured interview	w37/38 (8-21 sept)	
b. Contact participants	w37/38 (8-21 sept)	
c. Conduct interviews (interviews to be scheduled preferably in October and begin November at the latest)	w40/45 (29 sept - 9 nov)	
d. Analyse interview transcripts	w45/47 (3-23 nov)	
e. Write down results and conclusions	w47/48 (17-30 nov)	
4. Answering research question 4 (case of Amsterdam)		
a. Work out the semi-structured interview	w37/38 (8-21 sept)	
b. Contact participants	w37/38 (8-21 sept)	
c. Conduct interviews (interviews to be scheduled preferably in October and begin November at the latest)	w40/45 (29 sept-9 nov)	
d. Analyse interview transcripts	w45/47 (3-23 nov)	
e. Write down results and conclusions	w47/48 (17-30 nov)	
f. Presentation P4	w48 (24-30 nov)	w49:P4
5. Final report & presentation		
a. Review main literature and possibly new if necessary	w50/51 (8 dec -12 dec)	
b. Analyse main findings separately and parallel to each other	w51/2 (15 dec-4 jan)	
c. Write conclusion and discussion	w1/2 (29 dec - 11jan)	
d. Write the reflection on the research process	w3(5-18 jan)	
e. Write management summary	w3 (12-18 jan)	
f. Write preface	w3 (12-18 jan)	
g. Presentation	w3/4 (12-25 jan)	w4/5:P5

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