LOCATION STRATEGIES OF AUDIOVISUAL COMPANIES COMPELLED BY THE NETWORK SOCIETY

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Msc thesis
Corporate real estate management

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April 4th, 2011
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Delft, April 4th 2011
PREFACE

This masters’ thesis is carried out at the Real Estate and Housing department, Faculty of Architecture at the Technical University of Delft in the year 2010-11.

This research seeks to understand complex corporate behaviours, which cannot be reduced to simple cause and effect relationships. It seeks to interpret the organizational behaviour surrounding a decision to relocate and suggest how the rise of the network society might affect future real estate development patterns in the context of (media) clustering.

The goal is to provide an analysis of recent (re)location by audiovisual companies that will provide useful insight to developers, communities and corporate real estate decision-makers. The research aims to identify the strategic business drivers for (re)location of audiovisual companies, driven from the perspective of the network society.

This research lies at the intersection of corporate real estate management and urban economics where the former focuses on the internal drivers leading to relocation, whilst the latter focuses on the centripetal and centrifugal forces the media cluster carry out to the audiovisual companies which affect the strategic formulation and implementation of their location strategies.

This research has undoubtedly proven to be the most intense and rewarding learning experience for me. Translating theories and concepts into measurable components is one thing; to do this scientifically accurate has been challenging, yet exciting. For aiding me in this process, I would like to extend my gratitude to Theo van der Voordt for helping me set up my research proposal. Many thanks also my first mentor Herman Vande Putte, who has helped me during the times I got stuck in the process and believe me there have been many, with his trademark abstract perspective on numerous things. Finally, my second mentor Gerard Wigmans is thanked for his aid during the process, which was mostly on a common interest that is the complexities of the network society.

To end I would like to extend my gratitude to those who have indirectly and directly supported me throughout this research, you know who you are. I hope you will enjoy reading this thesis with the same amount of pleasure I have experienced making it.

Kiran Bissumbhar
Delft, April 4th, 2011
SUMMARY

The initial intent for this research originated from the ambiguous spatial development that is apparent in the media park Hilversum. This media cluster sees several audiovisual companies leave the cluster to relocate elsewhere. It is argued that the rise of the network society plays a key role herein, as audiovisual companies produce non-physical goods. The thought is that the cluster theory, predominantly leading to advantages, might not apply for this type of companies on this location.

Research design
The network society, driven by technological developments has significantly changed the businesses of media companies. The main objective of this research is to explore the rise of the network society has impacted the drivers for location choices by audiovisual companies. The role of the media park Hilversum, the foremost media cluster of the country, has a central role in this research as the centrifugal and centripetal forces of this cluster are explored and how this impacts the location strategy of audiovisual companies.

This research is qualitative in nature and is carried out with six case studies, one of which is RTL Nederland located in the media park, which initiated this research, while the others are audiovisual companies that have moved to Amsterdam or decided to locate in the media park. This research is set up with a theoretical framework uses inputs from the fields of study of corporate real estate management and urban economics. The first focuses on the inter-organisational changes, induced by the network society, that affect the accommodation strategy and more specifically the location strategy/choice. The second field of study focuses on the role of the Media Park by investigating the cluster effects on the location choice of the audiovisual companies.

Network society
The rise of the network society has introduced two distinct and not strictly opposing concepts, with both their own spatial logic: the space of flows and the space of places. The space of flows, consisting of three layers that plead for a non-place, and space of places that goes into the distinctive features and qualities of a specific location. The network society propelled by a global informational economy sees both a spatial concentration and a spatial dispersion, as response to participate in the space of flows and respond to the space of places. This is seen in the spatial consequence of the production process. With a network society (i.e. network economy) organisations can link up their businesses units in real time due to ICT, changing the conventional time-space perception to real time connectivity. Therefore a spatial dispersion is induced, especially of low-cost production activities. However, the space of flows also induce concentration of power and control centres, such as headquarters, in top locations of (certain) large cities, habitually characterised as so called global cities.

Media cluster analysis
The analysis of the media clusters gives a comprehensive overview of the spatial developments of different aged media clusters from mature clusters like Los Angeles and London, to relatively new clusters like Toronto and Leipzig. The analysis shows that historic trajectories of cultural activities and institutional thickness (i.e. critical mass) continue to be an influential centripetal force. This is noticed throughout all clusters, especially in Leipzig, Munich and Hilversum.

A functional mix in urban areas (metropolitan areas) is key to enable growth, innovativeness as the diversified (work and) business environment of the city.
centre has distinctive (spatial) qualities that creates a competitive advantage. This is seen in the clusters of Sydney, Toronto, Vancouver and less in Los Angeles and London. The last two cluster experience agglomeration diseconomies that make the city centre less attractive and a distinct shift towards diverse business and living environments is noticed. In London there is the interurban clustering in Soho and suburban clustering that enables a cottage economy. In Los Angeles a shift towards the affluent residential areas in the Westside cities, just outside the city centre, is seen.

The rise of the network society/economy has increased the importance of the space of flows in general and in particular in the media sector, since ICT enables a form of globalisation that allows media companies to locate anywhere as long as they are within this space of flows. However, it is the space of places, the distinct qualities of a certain place, like Hollywood in Los Angeles, or Soho in London, that create the locational quality (i.e. translated into the quality of life factor for living environments and into competitive advantage for business environments) that remains the main centripetal force influencing the spatial organisation of the media companies.

Case study analysis
The case study analysis has shown that both internal and external centripetal forces influence the location strategy of the cases differently. The centripetal forces as listed in the figure below compel different location choices, seen in the case studies.

The two cases, MTV Networks and Endemol, whom not coincidentally have a transnational market focus, relocate to Amsterdam, to specifically gain from external input sharing from other industries. The other cases, whom have located in the media park, share a common non-transnational focus. This indicates that the extent of the network/market access, with regard to partaking in the space of flows, in combination with the human capital determinant, compel a shift in location towards the metropolitan area of Amsterdam.

Conclusion
The analyses of the media clusters and the case studies indicate a re-clustering development to multifunctional and multidimensional (i.e. embedded in a global network) metropolitan areas to answer to the tension that is created by the network society between participation in flows and the distinctive quality of place, wherein participation in the flows in necessary, but where the quality of place still supersedes the previous and has a dominating effect on the location strategy of audiovisual companies. The rising network society, however, also leads to strengthening the centripetal forces of the media park, which not coincidentally complies with the very same paradoxical developments seen in the settlement patterns of the other analysed media clusters.
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CHAPTER 1 RESEARCH MODEL

This chapter describes the content of this research and how it is organised. First an introduction is given to sketch the context and relevance of this research. Hereafter a problem statement is formulated accompanied by the central research question and posed hypotheses. After this, the research methodology is explained followed by the research design, integrated in a timeframe for this research.

1.1 MOTIVATION
In our globalised society the notion of place is ambiguous. While the place has arguably become less important due to globalisation, at the same time the uniqueness of each place is what makes the place so important. This ambiguous facet of place is what has motivated this research topic.

Even though globalisation has made companies more footloose than ever, they still tend to locate in clusters. This can be seen throughout the world in a variety of industries; IT-industry in Silicon Valley, CA, US, the motion pictures clusters in Los Angeles, CA, US and Mumbai, India, the fashion industry in Paris, France are just some examples of numerous successful clusters that label themselves as the place to be for that specific industry.

The development of digital technologies and better global communication systems around the millennium meshed with non-physical production characteristics of contemporary media to allow physically diffused individuals to participate in various aspects of a single production. A film producer in Los Angeles could oversee on-location production in Brazil, special effects could be added by a firm in Sydney, editing could be done in London, and music could be added in Majorca. Typesetting for a book publisher in Berlin may be done in Bangalore and mastering of an audio recording made in a studio in Milan may be done in New York.

It seems as if a contradictory development is taking place where companies are drawn to clusters, yet simultaneously operate in a network that transcends the boundary of that cluster. This is especially the case for non-physical production companies such as audiovisual companies.

The trigger for this research is this ambiguous spatial development which has manifested in the media sector. After reading a news article about RTL Nederland considering leaving the media cluster in Hilversum for a location elsewhere, the thought arose whether the conventional cluster theories do not apply for audiovisual companies, as they create these non-physical products. This thought has eventually led into the research topic of this research, which is further explored and elaborated in this chapter.

Figure 1.1 – Silicon valley, CA, US, - Hollywood, Los Angeles, CA, US, - Paris, France (from top-down)
1.2 INTRODUCTION
The media and entertainment industry was under considerable stress long before the global economy reached bottom, a digital evolution was forcing traditional media and entertainment companies to completely re-examine the way they do business (E&Y, 2009). Audiovisual companies are to a large extent affected by this development. Spatial dispersion and functional concentration are both noticeable in the audiovisual sector. Over half of the people work from home, corresponding to an important trend of the new society.

The network society, enabled by the space of flows challenges the significance of spatial proximity. The rise of the network society is not about to stagnate, on the contrary, improvements in information and communication technologies (ICT) and the increasing globalisation stimulates the developing virtual network within the audiovisual sector. This has its effects on the spatial layout of the media park in Hilversum. The identity of the media park as ‘the’ location to accommodate media companies is undergoing a transformation (Groep, van der, 2005).

Several key players have either left the media park or chosen not to locate here at all. Recently RTL Nederland announced to investigate relocation to Amsterdam (PropertyNL, 2010).

The location choice of media companies in the Netherlands has been historically dominated by the media park in Hilversum. However as the article above shows, this location is losing its attractiveness for media companies as the place to be. Is this media cluster not providing the (competitive) advantages these companies seek? Has technology substituted the conventional advantages physical proximity offer? The case of RTL follows a trend that might prelude a new development framed by the rise of the network society in understanding the advantages, disadvantages and risks of the media park in Hilversum. From this problem statement the main research question for this research is derived.

### MAIN RESEARCH QUESTION

*What are the effects of the rising network society on the location strategy/choice of audiovisual companies in the Netherlands?*

---

**RTL Nederland considers move to Amsterdam**

**HILVERSUM** – RTL Nederland, at the moment accommodated on the media park in Hilversum, is considering moving to Amsterdam. RTL Nederland is looking for 13.000 – 16.000 m² office space on three locations: Hilversum, Amsterdam North and Amsterdam Southeast. This relocation seems to be a reasonable choice taking into account that several media companies such as IDTV, MTV Network and Endemol as well as many large advertising companies are already located in the capital city. The lease of RTL Nederland with the media park expires in 2012.

The owner of the Media Park, TCN and the municipality of Hilversum started an offensive several years ago to make Hilversum the place to be for media companies. Many investments have been made in the accessibility of the area and the opening of the museum for images and sound (Beeld en Geluid) functions as eye catcher for the media park.

A relocation of RTL Nederland outside the media park will have a significant impact on Hilversum and would initiate the end of Hilversum as media city. This summer Endemol will finish its relocation to the Amsterdam Arena area, whilst SBS and MTV Network earlier chose to locate in Amsterdam. Of all public broadcasting companies, whom now all are accommodated in Hilversum, the VPRO notified to prefer an accommodation in Amsterdam.

*Figure 1.1 – News article on move of RTL (PropertyNL, 2010 - own translation)*
1.3 RESEARCH QUESTIONS
The main research question can subsequently be subdivided into several research questions. These questions are divided into questions which will be answered in the theoretical part of the research and questions that concern the empirical research.

Questions concerning the theoretical framework:

a) Which structural drivers enable the network society?
b) How do these drivers influence the corporate accommodation strategy?
c) How do these drivers influence cities’ urban planning / cluster policy?

Questions concerning the empirical research:

a) Which location factors, derived from the case studies, related to the drivers that enable the network society, are important in the decision making process for (re)location?
b) What is the strategic business driver of (re)location, compelled by the network society, in the case studies?
c) How well does the media park Hilversum comply with the characteristics of the six strategic business drivers of relocation identified by O’Mara?
d) What are the centrifugal / centripetal forces (i.e. inducement of dispersion / agglomeration) of the media park Hilversum?

1.4 HYPOTHESIS
Even though this research is inductive, a hypothesis is posed that after the empirical research will be tested. The hypothesis is as follows: the rise of the network society strengthens the centrifugal forces of the Media Park Hilversum leading to the dispersion of the audiovisual companies out of the cluster.

Even if this hypothesis is proven, this does not mean that the rise of the network society weakens the centripetal forces of the media park, as this can (still) be in effect for other types of media companies. In the section conclusions, chapter 7, the hypothesis is tested in consideration of this nuance.

1.5 RESEARCH QUALITY AND OBJECTIVE
The proposed research differs from past research in several key ways. First, it examines the internal company decision to relocate. Second, and most important, it is inductive. It has a different purpose than other studies on the topic, which are mostly driven by the quantitative methods available to the researchers to support a deductive hypothesis. This research seeks to understand complex corporate behaviours, which cannot be reduced to simple cause and effect relationships. It seeks to interpret the organizational behaviour surrounding a decision to relocate, and suggests how the rise of the network society might affect future real estate development patterns in the context of (media) clustering.

The goal is to provide an analysis of recent behaviour (i.e. (re)location) by audiovisual companies that will provide useful insight to developers, communities and corporate real estate decision makers. With this in-depth analysis theoretical concepts are investigated with empirical research to contribute new findings to this field of research.

1.6 READER’S GUIDE
This report is divided into four parts. The first part is the introduction of the research describing: the problem that motivates the research, what the aim of this research is, the research questions and the research methodology. The second part of the report consists of the theoretical framework which is set up with the literature that covers the subject media companies and of location choice, followed by a exploration of the
network society, as described by Castells (2000)

The third part of the report describes the empirical research that includes an analysis of media clusters across the globe and consequently the case study analysis of six audiovisual companies. The fourth and final part is the conclusion of this research wherein the theoretical framework and the empirical research are combined to put the research into a scientific perspective.
CHAPTER 2 RESEARCH METHODOLOGY

This chapter describes the used methodology of this research. First an overview of the research is presented in a research model followed by a description of the used methodology and the associated instruments. Next, the field of study of this research is addressed and the relevance of this research. Finally the research organisation is described.

2.1 RESEARCH MODEL & METHODOLOGY

The different blocks seen in the figure below, roughly correspond to the consequential phases P1 through P5 around which this research is organised. This research is inductive, meaning that there is an iterative link between the empirical research and the theoretical framework. This is done as the approach for the research is to base the theoretical framework upon the empirical results.

**Figure 2.1 – Research model**
2.1.1 Methodology and data gathering
At the baseline of this research the intention has been to conduct a qualitative research and not for a quantitative research. The reason for choosing to do a qualitative research lies in the relevant problems, for lack of a better denomination, that is posited at the start of this research, which requires soft data for finding apt answers to the research questions. Supportive quantitative research of so called hard data is also done, though this is only limited due to the lack of and usability of quantity of the gathered (hard) data and information.

The research subject location strategies can also be investigated using a quantitative approach. Such studies have been conducted by predominantly urban economics where a set of predetermined location factors are listed. Consequently by conducting surveys and/or questionnaires and sometimes interviews, the importances of these location factors are measured to assess its determining value in a location strategy or more specifically a location choice. Such studies are widely found in scientific journals that are focused on these types of subjects and have been used extensively in this research for not only theoretical input, but also to help steer the empirical research.

The main advantage of such quantitative researches is that a relatively large target group can be investigated and the results can be generalised more easily. However, a significant disadvantage is that such a study does not go in-depth into the internal dynamics of organisations and the external influences (e.g. political and economic) that affect strategic corporate (real estate) management decisions, which actually is the premise of the research problem of this thesis.

The problem stated in this research does in fact require a qualitative approach precisely because the external influences and internal dynamics are critical to identify and understand the strategic formulations and implementation for media organisations’ accommodation.

The rising network society, described extensively and precisely by the sociologist Manuel Castells, has intervened with the internal dynamics of media organisations. Therefore an understanding of this theory is very much needed to understand how this has changed the way media organisations, or for that matter, organisations in general, have been affected by the implications of the network society. This can be done twofold; firstly, the internal corporate changes can be investigated by identifying which driver(s) allowed the society to transform into a networked model. Information and communication technology is such a driver that enabled organisations to change working methods. The second implication is the external conditions that organisations cannot control on their own, but are very much affected by. Looking again at the driving force ICT, the economy too has become networked through various financial centres around the globe. This has intertwined national economies with each other, allowing a stagnating foreign economy to result in domestic economic turmoil that affects the very same domestic organisations prompting them to make strategic changes or restructuring measures, depending to what extent the external influences are applicable.

A sound and suited theoretical background not only allows a qualitative research to be more focused, it can also support or argue found empirical results afterwards. This is the foremost reason to conduct a thorough literature study of relevant scientific papers and articles to provide the necessary theoretical input. In interesting approach has been to explore the literature on the quantitative researches on location strategies of media companies or other type of companies of comparable industries.
These results of these studies though must be analysed most sensitive. That means that the selection of the articles is not selective, in other words that the results of these studies support the empirical results. The literature selection is based on several criteria. First, the research’s quality is taken into account. This is a rather difficult criterion to partake in the selection, but it comes down to how the research methodology is explained in set studies and the quality of the conclusion. This assessment is obviously subjective, but additional references or quotations by other authors also help herein. The second criteria is the relevance to the own research subject. Again, this is a somewhat subjective assessment where do you demarcate a border line of what is and what is not part of the research’s subject, but several key words are used to define the research subject, which then are used to search for suited literature. The final criteria are the age of the article. Articles that are written too long ago cannot fathom the current zeitgeist and are therefore not that useable as more current articles. The question can be raised when an article is too old or not, so again it is subjective assessment.

All three criteria are somewhat subjective, but nevertheless help to steer the research. Only the combination of all three criteria combined allows selecting apt articles and other literature. The doubtfulness of this selection procedure will is not taken away, but at least the motivation is determined and explained.

An explorative literature study on the complexities of the network society is conducted with a special attention to its spatial logic and spatial implications. This study is of particular importance because it examines the rise of the network society, which has been the theoretical backbone of this research.

2.1.2 Case selection
As mentioned before this research has a qualitative character. This is considered the most suited research instrument to use for the empirical research as it has to grasp the complexities created by the network society on the internal and external dynamics that affect and influence the strategic formulation and implementation of location strategies.

The case of RTL Nederland propelled this research and comparable companies, identified as audiovisual companies, are initially chosen for the case studies. Another selection criterion is that the companies left the media park Hilversum and/or did not locate in the media park rather in Amsterdam. This selection during the research proved to be biased, as it only consists of companies that have left the media park Hilversum. Three other cases are added of companies that do choose to locate in the media park. This modification in the case selection adds validity and quality to the concluding results of the empirical research, as both sides (in and out of the media park) are investigated.

The selection of the cases is further determined by the implication the rising network society has created; space of flows. This concept, based on a continuance of flows (informational, capital and traffic) that has greatly affected the media industry in particular. Therefore cases are selected that are part of and have a significant role in the space of flows of the audiovisual/media industry. In practice this means the larger, multinational, companies that operate transnational and/or rely on a wide spread network model for the business activities and continuity.

A final criterion has been that the (re)location has occurred recently, as the influences of a still rising network society are mostly in place. Recently corresponds to
no more than 10 years ago. The six selected cases are:

1. Endemol
2. MTV Networks Benelux
3. RTL Nederland
4. Omroep MAX
5. Sony Music Entertainment
6. Freelancers (7 single companies)

All cases are confined within the media segment content provision, see figure below. The operations publishing and printing are excluded, as this involves making physical goods, which is opposite to what the case selection aims for.

![Figure 2.2- Four segments of media (adapted from den Hertog, 2001)](image)

### 2.1.3 Measurement parameters case studies

The parameters that are used for the case study analysis are mostly retrieved from the results of interviews. The selection of these parameters is based on both frequency and importance. The frequency refers to how often a certain factor has been mentioned in the interview. For instance the factor human capital is named most often as it is the foremost input production factor in all case studies, so it also a qualitative factor.

An example of a frequent mentioned factor, but lacking relative importance, is one that is focused on the real estate object level: building maintenance. As the companies strongly rely on the technological infrastructure of their accommodation, the maintenance of set infrastructure is very important. This has been mentioned in fact in all cases, though it lacks importance. It is an important factor for daily business operations, but as these are not monitored and/or measured, the relative importance on strategic management decisions, such as the location strategy, is limited. These decisions focus more on organisational needs and requirements than that of real estate operations.

So the selection of these factors is a combination of frequency and importance as only those factors that meet both requirements are included. Conspicuous is to see that all included parameters, except infrastructure, do no focus on the real estate level but on the organisational level, therefore influencing foremost the strategic formulation (for a location strategy).

In total five parameters are identified, next to the centripetal and centrifugal forces, namely: human capital, infrastructure (physical and technological), network partnerships, and access to finance and markets. A small nuance is made as the added value of real estate for the organisation, which are identified as being important, are not a parameter on its own; it does (in)directly have its influence in the selected parameters. E.g. the value culture (i.e. facilitating the culture of the employees in the building) is intrinsically related to the parameter human capital. Another one is the value marketing, as the real estate object’s image/appearance has its effects on the parameters access to markets and finance.
2.2 FIELD OF STUDY
This research will be conducted from the perspective of two dominant fields of study: corporate real estate management (CREM) and urban economics. This research can placed at the intersection of both fields, as the location strategy is researched with respect to clustering (urban economics).

The network society, which originates from sociology, has a central role in the theoretical framework of this research and from which theoretical perspective the research is undertaken. However, this is not done from the perspective of sociology, rather from a corporate (real estate) management and urban area development (UAD) as the focus lies on the corporate real estate (CRE) implications in the face of organisational change aimed at location strategies and the implications it has in the urban economics of clusters and on a higher scale level such as cities.

Chapter three illustrates a coherent model that connects the fields of study to the research domains. Further elaboration on the theories of these fields of study is also described in the next chapter.

2.3 RELEVANCE OF THE RESEARCH

Academic relevance
The theme and domain of this research relates closely with the seminar concept of ‘Corporations of Cities’ which was organised by TU Delft in association with Berlage institute in May 2009. This seminar focused on the relations between the accommodation of large scale organisations and urban planning. In particular, this graduation thesis is in line with one of the five themes of ‘Corporations and Cities’ – Agglomeration strategies and location choices.

This research aims to empirically find the strategic drivers behind location choices, in the case of audiovisual companies, that have strong linkages to agglomeration strategies. Therefore this research fits well within the Corporations and Cities project and aims to add to the body of knowledge of set research theme.

Social relevance
Besides the academic relevance, this research tries to recognise the advantages, disadvantages and risks of clusters through an analysis of the media cluster in Hilversum. This is useful for urban planning departments as business parks, such as the media park Hilversum, as the spatial configuration of business parks are increasingly revised.

This research also uses the concept of the network society. This is a social phenomenon that gradually but significantly affects the media companies, which are subject of this research. A better understanding of how this phenomenon affects organisations, by in-depth case studies, will enable decision-makers to make more strategic decisions on the concept of clustering, whether that applies for companies who opt for a location in a cluster or for cities that stimulate clustering for economic benefits.
2.4 RESEARCH ORGANISATION

First mentor
The first mentor is Herman Vande Putte, MSc. Eng. Arch., MRE, assistant professor strategic corporate real estate management at the TU Delft and project leader of the Corporations and Cities project; an initiative of the TU Delft in association with the Berlage Institute in Rotterdam. As this research fits within one of the five themes that this project investigates, the choice for Vande Putte as first mentor is therefore both logical and sensible.

Second mentor
The second mentor is dr.ir. Gerard Wigmans, assistant professor urban area development at the TU Delft. Wigmans’ expertise on the network society and its implications on urban planning are important as this research explores the theory of the network society and its implications on location strategies. Hence, the choice for Wigmans as second mentor is valuable and prudent.
CHAPTER 3 THEORETICAL FRAMEWORK

The previous chapters have highlighted which field of study this research focuses on. In this chapter the theoretical input for the research is provided. First the theoretical framework, which is the base for this research, is defined and explained. Secondly, both fields of studies are investigated with a literature study of articles, books, reports, etc. that are pertinent for answering the research questions that are formulated in chapter one concerning the theoretical framework.

3.1 CONCEPTUAL MODEL

The conceptual model beneath, describes how the driver ICT enables the rise of the network society. This impact of this driver is not a deterministic; rather it is set in the context of a) organisational business factors and b) socio-economic and political perspective.

The first horizontal layer is focused on organisational level. The organisational business factors are subject to change due to the network society. The latter affecting the strategic business driver of the organisation, which on its turn affects the accommodation strategy of the organisation, of which the location strategy is an integral part.

The second horizontal layer focuses on the urban level. The network society affects the city’s socio-economic policy. This has further implications for the urban planning and in this research specifically on the cluster policy of Hilversum for the media park.

The interconnection between the eventual implications of the network society for organisations’ accommodation and cities’ policy is found in the location. Therefore this research focuses on the location strategies of companies as the network society influences this from two sides, making it that more complex, but crucial for both the organisations and the city in seeking mutual benefits.

3.2 MEDIA CLUSTER

Media clusters are a specialised form of clusters designed to produce mediated content, such as motion pictures, television programs/videos, broadcasts, audio recordings, books, newspapers, magazines, games, photography and designs, websites, and mobile content. Media clusters may have significant relations with other industries and clusters such as cultural industries, sports and entertainment activities and information and communication technologies (Picard, 2008)

There are significant differences between media clusters and many other types of clusters because media companies primarily create non-physical goods and services. They do not obtain the same benefits that industries congregating near raw resources
such as timber or iron may receive, that companies locating near producers of needed supplies such as steel manufacturers or electrical components seek, or that companies situated transportation hubs such as rail yards, river and ocean ports, or major motorway interchanges engender.

Media companies’ benefits from clustering result from access to specialized services, labour and location within a creative environment. Most media companies—particularly in the audiovisual sector—are small and mid-sized enterprises and much of their work is (short term) project driven. Consequently, the companies’ resource requirements fluctuate significantly on a project basis, which influences the accommodation needs and location choice stringently. Most media companies maintain limited workforces of regularly employed persons but then acquire specialized contract labour when projects require workforce expansion and rent facilities such as audiovisual and recording studios needed for productions with the associated technological equipment.

These practices provide the companies with flexibility to expand and contract depending upon their production orders; however, this adaptability is accompanied by the necessity of readily available external resources on demand. As a result, companies serving production companies tend to locate nearby and to maintain contact with the other firms, even between productions.

Globalisation of media industries began early in the 20th century and grew dramatically in the last quarter of the century as a result of economic, social, and mostly technical developments. Simultaneously local production expanded and domestic and regional centres of content creation developed throughout the world. An important aspect of these developments was that common production technologies and practices were employed rather than unique products based on technologies proprietary to media companies. Consequently, production skills and practices employed in one location could also be employed by media in another location and content could be exported, within the boundaries permitted by demand, technology, and policy considerations.

Media companies are thus creating parallel networks of virtual clusters, a form of globally diffused clusters that do not rely upon the traditional agglomeration and the economic benefits of location, transaction cost savings, and availability of local services and labour. These virtual clusters produce a higher dependence on social networks than local embedded clusters. Virtual clusters can function because of social networks among participants in diffused physical clusters. Networked virtual clusters do not replace local media clusters, but allow some content producers to operate simultaneously in both.

Agglomerating or centripetal forces are positive localisation externalities, i.e. labour pooling, technological and knowledge spillovers and intermediate goods supply and demand linkage (Marshall, 1961). These forces tend to lead to the local clustering of economic activity. On a broader regional level, financial externalities, i.e. market-size effects, such as economies of scale and economies of scope are also important, leading to spatial concentration of economic activities in the city and its adjacent hinterland (Koppels, 2009), introducing new spatial concepts such global cities (Sassen, 2000).

The opposed centrifugal forces include the pure external diseconomies such as high land/real estate prices, congestion, pollution interests of moving away from highly competitive urban locations to less competitive rural areas. The factors transport costs and labour (im)mobility are
elementary in the initiation of spatial agglomeration or dispersion: the lower the transport costs are, the more the forces of agglomeration will prevail over those of dispersion: the more immobile labour is, the more dispersion will prevail over agglomeration (Wixted & Holbrook 2010:5), see the figure below.

![Graph](image)

*Figure 3.1 – Costs as function of distance (adapted from Picard, 2002)*

There are three primary types of clusters: spontaneous clusters, planned clusters, and real estate-driven clusters. Clusters also differ in terms of their operational characteristics: managed cluster, cooperative clusters, and unmanaged clusters (Picard, 2008).

### 3.3 MEDIA NETWORKS

The media are like other businesses affected by the same major trends that have transformed the business world i.e. globalisation, digitisation, networking and deregulation, have radically changed media operations (Castells, 2009). The major organisational transformation of media is the formation of global networks of interconnected multimedia businesses organised around strategic partnerships. These networks are organised around dominant nodes (Castells, 2009), such as media clusters.

The necessity of linking to wide global peers was found in a study of media companies operating in the London media cluster (Nachum and Keeble, 2003). Although situated in the primary location for domestic media, it emerged that firms need to balance both local and global relations to be successful. Focusing on regional markets is not enough to sustain companies in media clusters and regional companies cannot create regional growth through endogenous activity (Turok, 2003).

The solidification and expansion of the global business media networks is also dependent on connections to non-media networks, such as: financial networks and supplier networks that are important to the operations of media networks. The growth of global media networks depend not only on their ability to configure their internal networks and expand their market and supplier networks, but also on their capacity to set up switches that ensure their connection to pivotal networks in other areas of the economy, politics and society at large; emphasising the importance of the position in the space of flows (Castells, 2009).
Technology has provided organisations with considerable locational flexibility. This locational flexibility enables organisations to make more intensive use of their office space (Gibson and Lizieri, 2001). Reducing floor space per employee ratios, improve productivity levels through cost reduction and introducing new types of workplaces are examples in how the accommodation is affected.

These interlinked forces of change have potentially profound implications for business organisation and hence for demand for business space. These include reduced aggregate demand from intensification of space usage, new and rapidly changing functional requirements, the need for less permanent space to accommodate the peripheral workforce, and a greater emphasis on flexibility both in physical configuration and in leasing or ownership (Gibson and Lizieri, 2001).

An integral implication is relocation of the business allowed by the technological developments. In order to identify how the location strategy is then aligned to the organisational change the strategic business drivers of relocation are identified (O’ Mara, 1999). These drivers will have a critical role in understanding how the network society, enabled by technology, affects the organisations’ accommodation needs and the implications it has for location choices.

(adapted from Gibson, 2006)
3.5 LOCATION STRATEGY
The rise of the network society has changed the way businesses operate in the media sector significantly. The organisational changes are motivated by the drivers that enable the network society, such as ICT. An important consequence has been the relocation of some important actors in the media sector. O’Mara (1999) has identified six strategic business drivers for relocation, see the figure below.

The strategic business drivers are divided into moves to a new geographic area and moves within the same geographic area. Beneath, these drivers are explained.

Moves to a new geographic area
- There are three major strategic business drivers to a pick up and go move. There is a desire to: a) make a major strategic repositioning of the company; b) provide the managerial workforce with more affordable and attractive housing options; and c) structurally reduce operating costs over time, though with a long pay-back period projected.

- New horizons moves are those where a new location is selected to grow a new business or reposition an existing business and mostly new employees from the area are hired.

- Consolidation to beachhead means that dispersed operations are consolidated to a location where the company already has some presence. The access to human capital invokes this strategy to employ the principal labour in this area. Although ICT allows companies to more easily coordinate between geographically dispersed locations, consolidated-site companies embrace technology in a different way.

Moves within the same geographic area
- The most compelling driver of green acres moves is the desire for more control over physical environment. Large scale green acres moves result in self-contained corporate campuses, which are buffered from their neighbours by open space.

- New urbanites are companies that relocate from a suburb to an urban setting within the same geographic area. The companies are usually attracted to the city centres.

- Recommitment means that the company decides to stay either at the same location or to locate nearby in improved facilities. The category is further divided into urban recommitment and suburban recommitment.

<table>
<thead>
<tr>
<th>LOCATION DECISION</th>
<th>PRIMARY STRATEGIC DRIVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pick up and go</td>
<td>Major strategic repositioning of the company.</td>
</tr>
<tr>
<td>New horizons</td>
<td>Achieve cost advantages for new or existing businesses.</td>
</tr>
<tr>
<td>Consolidation to beachhead</td>
<td>Increase scale economies, flexibility and control over geographically dispersed operations.</td>
</tr>
<tr>
<td>Green acres</td>
<td>Greater control over surrounding site—ability to easily expand operations on-site.</td>
</tr>
<tr>
<td>New urbanites</td>
<td>Increase cosmopolitan exposure of its workforce.</td>
</tr>
<tr>
<td>Recommitment</td>
<td>Historical affinity to a community that has retained its quality of workforce and living standards.</td>
</tr>
</tbody>
</table>
These strategic business drivers behind the location choice will be investigated for the case studies in the empirical research. The aim is to identify which of these drivers are applicable to the cases and what implications this has had for the accommodation strategy that resulted in relocation.

3.5.1 Location factors
A business location decision has major implications both for the company making the decision and the communities impacted by it. From a company’s perspective, the decision to locate or move a business, or any part of a business, is one of the most critical decisions its management has to make.

The consequences of the location choice will endure long after the decision has been made, because it will strongly influence competitive position and profitability. It is likely to be influenced by many considerations; some highly technical and cost-related, others much more intangible relating to factors such as local community and government attitudes. For this reason, the decision process is frequently arduous, lengthy and complex (Decker & Crompton, 1993).

Increasing competition and tightening markets are forcing companies to reduce operating costs in order to meet shareholder demands for profitability. Solutions are mainly found in outsourcing, consolidation of operations, relocation of operations to lower-cost locations or a combination of these (Barovick & Steele, 2001). Often agglomeration economies stress cost minimisation due to the proximity to inputs and/or markets; however, these have been undercut by the globalisation of markets, new technology, increased mobility and lower transportation and communication costs (Porter, 2000). The tendency has been to see location as diminishing in importance as globalisation allows companies to source capital, goods and technology and to locate operations wherever is most cost effective (Porter, 2000). The media industry in particular is sensitive for this development as it produces mainly non-physical products.

There is one important factor that is typically relevant for the creative business, such as audiovisual companies, that is human capital and the associated factor quality of living. Kamp, van der. (2005) emphasises the importance of human capital for small creative business and concluded that the location choice process is less rational than most people presume and personal preferences are often decisive in the choice for the (re)location. Several studies are made into the location choices of creative businesses in the Netherlands; Kamp, van der. (2005) for Amsterdam and Rotterdam, Groep, van der. (2005) for Amsterdam and Hilversum and ETIN Adviseurs (2009) for Hilversum.

According to Florida (2002) the localisation of the creative capital is the decisive factor in the location choice process. Regional economic growth is caused by the location choice of creative people with creative capital. Their location choice is determined by the quality of place. The role of the government more specifically that of the municipalities, is therefore crucial as the urban planning and regulations principally determine the quality of the place. Commissioned by the municipality of Hilversum, Freriks and Menkveld (2009) have researched how Hilversum can enhance its position as the media city, where several focal points are addressed to enhance the quality of space, in order to attract/retain media companies.

In accordance to human capital is the location factor quality of life that has been increasingly crucial in the location choice of creative industries where the (immobile) skilled labour force is the foremost input
factor for the organisation’s production activities (Florida, 2002; Rabianski, 2007). Knowledge workers preferably interact with each other in agglomerated environments to reduce interaction costs, and they are more productive in such environments (Florida, 2002). Assink & Groenendijk (2009) argue that due to socioeconomic developments like globalisation, the emergence of network societies, of knowledge-based economies and of creative economies, spatial quality has become a powerful factor in location choice and will become increasingly important in the future.

3.5.2 Political factors

Attracting a business to a city requires an ability to conceptualise and understand the company’s decision process and its basic requirements, and the ability to supply those requisites and attributes (Decker & Crompton, 1993). Increased business activity typically means more jobs, a higher level of housing starts, and more revenue for states and communities, which in turn contributes to better schools, cultural institutions, and health services. These apparent benefits have made the recruitment of new relocating/expanding companies and the retention of existing companies a main marketing concern in most cities (Decker & Crompton, 1993); e.g. the municipality of Hilversum, for example, has proclaimed itself as the media city of the Netherlands to market its position as the place to be for the media industry.

Davis and Henderson (2004) conclude that both localisation economies and business service input diversity matter, producing strong forces for agglomeration. The existence and magnitude of local scale externalities has implications for local public policy. Achieving efficient size agglomerations in an urban system requires subsidies from land rents or property taxes to internalise scale externalities (Davis & Henderson, 2004).

Cities seek competitive advantage to attract and retain those companies already established in the city. Firla-Cuchra (2009) has specified several factors which determine the competitive advantage (of cities), as shown in the figure below.

<table>
<thead>
<tr>
<th>LABOUR</th>
<th>TECHNOLOGY AND INFRASTRUCTURE</th>
<th>TAXATION AND REGULATION</th>
<th>INSTITUTIONAL AND OTHER</th>
</tr>
</thead>
</table>
| • Level of wages  
  • General skill level  
  • Specific skills (e.g. finance, accounting)  
  • Language skills | • Market infrastructure  
  • Airports and transport links  
  • Transport costs  
  • Telecoms services and cost  
  • Internet access and cost | • Transparency and simplicity of tax regime  
  • Level of taxes (corporate, personal, etc)  
  • Attitude of the tax/regulatory authority | • Institutional and market framework  
  • Property costs  
  • Political and economic stability  
  • Ease of doing business  
  • Corruption level |

Figure 3.2 - competitive advantage factors (Firla-Cuchra, 2009)
CHAPTER 4 THE NETWORK SOCIETY

4.1 INTRODUCTION

In contemporary society there is an interesting conflict apparent about claiming of space. The sociologist Manuel Castells thoroughly investigates how the spatial claims of the local and the global, described by the concepts space of flows and space of places, cause a tension in the (development) of urban spaces and their morphology. Accordingly, the basis of this phenomenon is the rise of the network society, wherein this new social paradigm dictates a new way of living.

Audiovisual companies, in a broader sense the media industry, has changed severely since information and communication technology revolutionised the social paradigm. Instant and constant connectivity has allowed society to transform into a network society, with merits to these ICT developments. Set companies have been affected significantly by the rising network society, both in their work processes as in their spatial configuration (i.e. the accommodation needs and location choice). In this chapter an exploration of the network society is made to identify the drivers that enable the network society and how these affect corporate accommodation needs and the very same urban spaces they occupy and belong to. Of special interest in this chapter are the theoretical dynamics and the practical implications of the concepts space of flows and space of places on such companies and on corporations in general.

Next a background on the rise of the network society is provided. Hereafter, the focus goes on into the spatial translation of this network society en how this affects the contemporary city and city planning. The concepts space of flows and the space of places and its underlying logic is further investigated consequently. Finally, the conclusions for this theoretical input part of the research are provided.

4.2 THE RISE OF THE NETWORK SOCIETY

The rise of the network society dates back to the 1980s. This new social model is a consequence of a comprehensive restructuring of capitalism, which for the first time embarks into a global dimension since some decades. This evolution could never have been possible without the revolution of information technology in the latter part of the 20th century. The sociologist Manuel Castells has analysed this change in capitalism and its consequences on society; the rise of a network society.

4.2.1 Background

During the 1970s the possibilities for capital accumulation, which was much needed for socio-economic growth and innovation, was getting more difficult, to a degree caused by the oil crisis. The economic system of capitalism was in need of a stringent restructuring in order to gain the necessary capital accumulation for further growth and innovation. New developments in the information and communication technology allowed capitalism to attain a global dimension, the so called informational capitalism. The notion informational refers to a specific social organisation in which information generation, processing and transmission become the fundamental sources of productivity and power (Castells, 2000).

4.2.2 Fordism

Up to the 1970s the dominant mode of development of the production process was known as Fordism, referring to the introduction of the assembly line as organisational technique (i.e. mass production), named after Henry Ford for its first introduction in his car factory. The rise in productivity as a result of this new
development could only be continued in case there was an equal mass demand in consumption. A growing demand for capital in order to pertain this system in acquiring growth and innovation to insure business continuity of production factories that were considered the economic backbone of cities or even regions, change in the way capital was accumulated was much needed.

Another problem, besides the incapability of accumulating more capital, was that the spatial organisation of the Fordistic system caused problems such as congestion and pollution. The city centres were not able to cope up with this mass development and the impact it had on the spatial claim of the city. Hence a spatial reconfiguration occurred where (large) production facilities where moved from the inner city areas to suburban areas, where there was adamant space and the conventional agglomeration diseconomies were absent, provided there was a good quality infrastructure.

Developments in information and communication technologies, combined with better modes of transport, allowed organisations to accumulate capital on a wider global scale level, and link up dispersed business units, which were moved to suburban areas and other low-cost production places even on a global level, internally with each other. This change in the economic system gave rise to a network model.

Especially transnational companies (TNC’s) that located business units and production facilities to areas with low labour costs, benefited most from the ICT-developments as their span of control was global. The control centres (i.e. headquarters) though, remained concentrated in mostly the larger cities such as New York, Chicago, London, Paris and Tokyo whilst the production facilities where moved to more peripheral areas (Castells, 2000; Sassen, 2001) These cities received great importance in the network model, as all linkages ran through these cities due to the fact that the control centres were located in these places. This allowed such cities to grow into what Sassen calls global cities, and Castells labels as the nodes in the global space of flows.

The concentration in the large cities at first caused for positive externalities caused by agglomeration economies, however the Fordistic system peaked as the agglomeration diseconomies started to outweigh the positive externalities (i.e. economies of scale, economies of scope; knowledge spillovers, etc.). The quality of life deteriorated and the urban infrastructure could not handle this degree of concentration. Congestion, scarcity of space, pollution, socio-spatial polarisation and suburbanisation occurred where the middle and high class left for the suburbs for their better quality of life.

This development of suburbanisation was also possible due to continuing improvements in both the physical infrastructure transport systems as in the technological infrastructure. The high-skilled specialised labour force, most sensitive to that quality of life factor, instigated a motion of suburbanisation that was followed by businesses for which this labour force is the main asset and production factor.

4.2.3 Upcoming network economy
The Fordistic mass production system was not functioning well to get the needed capital accumulation and introduced the post-Fordistic period characterised by; internationalisation, liberalisation and deregulation, based on a network model. The network structure is getting more dominant, both in and between organisations, though, like in the Fordistic system there still is a clear vertical hierarchy, where all power and control is concentrated in specific locations.
The network structure needed flexibility that the Fordistic system lacked. More attention and focus was required on the networks, in other words the horizontal hierarchy within and between organisations, allowing them to specialise and diversify their businesses. Castells rightly notices this evolution as prove that the old, vertical and hierarchical organised corporations were on a decline, without this being the end of large corporations such as the multinationals. (Castells, 2000:154-160)

Flexibility in the production process meant that labour increasingly got individualised. Within informational capitalism, labourers have to cope with constant changing developments that in the rigid Fordistic system were absent, meaning they had to be able to adapt to changes and innovation in the work processes. This has given rise to what is called Toyotism; known for the ‘just in time management’ and applying a total quality control. This management change led to a further vertical disintegration. The production process is increased in flexibility and allows different companies to perform different, not diversified, specific tasks. Nonetheless the control centre, the headquarters, are still on top of the production process, though in this networked structure differently than they used to, the entire process, financially, commercially and technologically, is still controlled from these points in the more horizontal network structure.

The increasing flexibility and adaptability of the economy in the last decades has only been possible due to the revolutionary evolution of ICT. The advances in information technology enabled the restructuring of all economic activity. The crucial advantage of this new economy is that capital accumulation can take place on a global level and most importantly in real time, allowing the economy to function on a global scale as a unity (Castells, 2000:92). ICT enabled capitalism to take on an unprecedented global dimension through a variety of interconnected networks.

The rise of networks is not only applicable to the economy, according to Castells, but on the entire society. Networks form a new social morphology that changes daily processes in society and its spatial configuration. The informational capitalism is the logic behind the networks. Castells defines the network as a series of interconnected nodes that vary depending on which type of network involves: e.g. the financial network consists of stock exchanges, banks, etc. These collective networks make up the so called space of flows.

A society based on a network structure is open, highly dynamic and innovative. The network is an ideal instrument for a capitalistic economy, based on innovation, globalisation, flexibility and adaptability, that tries to transcend time and space. Global networks of instrumental exchanges selectively switch on and off individuals, groups, regions and even countries, according to their relevance in fulfilling the goals processed in the network (Castells, 2000:3). That means that the relativity of place is only limited to its importance in the space of flows.

The introduction of the networked economy and that of the network society has lead to severe changes within and between organisations as the vertical hierarchy has transformed to a horizontal network model. Yet, the concentration of the centres of power and control is, just like in the Fordistic period, is still apparent in what Sassen (2000) has classified as global cities. Thus the legacy of the spatial configuration of the Fordistic period has been affected by the rise of the network society; it has enabled global cities to evolve that are at the intersection of the space of flows and on top of the space of places.
4.3 THE SPATIAL IMPACT OF THE NETWORK SOCIETY

The global informational economy sees both a spatial concentration and spatial dispersion, as response to participating in the space of flows and responding to the space of places. This is seen in the spatial dispersion of the production process in to low-cost production sites and the power and control centres in city centres that have a high spatial quality. Business units are allocated to the ideal locations depending on their function and the labour requirements. For example, simple repetitive production procedures can be located virtually anywhere, whilst for production processes which require highly educated and specialised personnel the spatial quality of a location is, especially the quality of life of set place, is decisive (Florida, 2002).

The core activities of the new economy have shifted from production activities (e.g. industrial manufacturing plants) to advanced service industries, such as finance, legal, design, technology, etc. These service industries are being allocated in several top locations, even though ICT enables such industries to locate their business virtually anywhere in the world, there still is a spatial clustering in several top locations, that grow out to be the control centres of capitalism; as global cities (Sassen, 2000:82-83)

According to Sassen, there are four specific functions for the power-centred metropolitan areas, first; centralisation of the most important organisational and control functions of the world economy, second; they are the top locations for financial institutions and services, third; they remain the most important centres for production and innovation, fourth; they are the large markets with a high purchasing power.

The informational elite, who control (parts of) the global network, concentrates in these global cities’ top locations. The spatial impact in cities witnessing such developments is that certain areas become preferred locations for both businesses as residential purposes, deliberately inducing the conventional reactions of agglomerations diseconomies such as high real estate costs, to create a micro-economy for their one. This socio-economic phenomenon where power, culture and identity have an effect on the spatial claim of the space of places, are interesting as the very same informational elite, are also an important fundament of the space of flows, as will be explained later on.

One the other hand the peripheral areas of the global cities, become progressively residential locations for middle class people. It is also a preferred location for traditional and high tech industries to remain close to the control centre. The higher the city is ranked in the hierarchy of the informational network, the more re-urbanised it gets, meaning more people and businesses are attracted to these cities (Krätke, 2003). This induces a socio-spatial polarisation, wherein the locations where the informational elite locate are disconnected from the locations of the informational non-elite. This allows cities to shatter into connected and disconnected areas within a city to the global network.

This simultaneously global connection and local fragmentation is according to Castells and Sassen, the principal determination that characterises the contemporary mega city (global city). Castells argues that one of the most significant characteristics of the global city is that it is externally connected with the global capitalistic network and other parts of the country or region it is part of, but internally discards unnecessary functional or detrimental social populations. It is this distinctive feature of being globally connected and locally disconnected, physically and socially, that makes set mega cities a new urban form, essential in both the space of flows and the space of places.
4.4 THE SPACE OF FLOWS AND THE SPACE OF PLACES

The conflict between the city of the past and the spatial organisation of the current economy is according to Castells the conflict between the space of flows and the space of places. With the concept of the space of flows Castells tries to explain the logic that is the basis of the morphological constellation and processes that make up the spatial dimension of the network society.

Castells looks as space from a sociological perspective and identifies it as: the material support of timesharing social practises. Accordingly, dominant social processes in the network society determine the space of flows: financial flows, informational flows, technological flows, flows of organisational interactions, flows of images and flows of sound. This introduces a new concept that allows a new spatial form to arise that characterises the social tendencies that dominate the network society: the space of flows. The space of flows is the material organisation of timesharing social practises that work through flows. These flows are seen as determined, repetitive and programmable sequences of interaction by participants of economic, political and symbolic structures in society. Dominant social practises are embedded in dominant social structures, which make up the institutional and organisational arrangements which internal logic has a strategic role in the formation of social practises and the social awareness of the entire society.

4.4.1 Space of flows

Castells (2000) describes the space of flows as a combination of three layers that together combine the new spatial form, seen in the figure below.

![Space of flows diagram](source: Wigmans, 2009)
The first layer encompasses the electronic circuits that allow an effective exchange of data and other ICT-based processes. ICT appliances are the material carriers that allow the flows that shape society to take place effectively simultaneous. The spatial articulation of the dominant social functions take place within the ICT enabled network. Inside the network there is no place singular as the nodes are interconnected with one another and its position is determined by which and the amount of flows that run through it. Accordingly, the network becomes the fundamental spatial configuration; places do not disappear, but their meaning and their logic become an integral part of a network and at the same time is prudent in its position within the network as the configuration of the network itself.

A sensitive analysis of the relation between ICT and space is made by Gepts (2001). According to Gepts, the space of flows are characterised being immaterial, invisible, intangible, virtual and abstract, whilst the (urban) space of places refer to the physical. In this dichotomy, ICT allows for both a centralising and a decentralising spatial development. However, this dichotomous model fails to grasp the complex and contradictory nature of the linkages. There is more to this unilaterally view explicitly the relations between both: synergy, substitution, generation and enhancement.

a) Synergy between the space of flows and space of places means that both add value to each other’s distinctive quality. A certain place can become more important as a certain flow runs through it, making it part of the space of flows and simultaneously add quality to the place.

b) Substitution refers to the replacement of physical flows by electronic flows, and physical spaces by virtual electronic spaces, allowing time-space to synchronise (e.g. effectively reduce transport costs, reduce congestion in city centres, etc.).

c) The relationship generation means that electronic flows (e.g. increasing telecommunications) generate physical flows (i.e. flows of transport of goods and people. This relationship can be seen as inducing agglomeration diseconomies since the places such as city centres become more congested due to increasing physical transport as a consequence of more information flows.

d) The final relation between ICT and space is relatively similar to the relation synergy, only it is more linear into one

Figure 4.2 – relation ICT and space (adapted from Gepts, 2001)
direction, whereas synergy works both ways. Enhancement effects express the potentiality of ICT to improve the capability, efficiency and attractiveness of physical networks such as roads, railways and airline networks.

The second layer of the space of flows, according to Castells, comprises the nodes and hubs of a network. The logic behind the space of flows is that it is devoid of place, though the first layer implicates that the network is focused in concrete places, each with their own specific physical, cultural, social and functional characteristics. These nodes and hubs link up the specific character of their locality to the rest of the network. Between the nodes and hubs there is a reciprocal uncertainty and changeable hierarchic organisation, which means that they can be excluded from the rest of the network following a socio-economic downfall. Therefore the locality of such places within a network must have its set of distinct and specific qualities that enable them to reduce the uncertainty and vulnerability of their position in a network. This has allowed traditional global cities, i.e New York, London and Tokyo, to dominate the global network economy. The informational elite have a fundamental role in the exact configuration of this second layer of the space of flows. Infrastructures are anything but the neutral, functional layer, as they are often prompted.

The third and final layer of the space of flows comprises of the spatial configuration wherein the dominant, informational elites organise themselves. The concept of the space of flows is derived from the perspective of an asymmetrical society that is composed around dominant interests in society.

The technological, informational and management elite that have the power positions in society has its set of spatial needs. It is this spatial configuration that makes up the third layer of the space of flows, though numerically the socially lower classes outweigh the elite. Castells identifies this as: people live in spaces, power rules through flows.

The spatial implications of the third layer is characterised in two ways. On the one hand the informational elite concentrate into their own community in expensive parts of the city. They form so called micro-networks of personal interest that are projected into the functional macro-networks through interactions on a global level within the space of flows. This exceeds not only the residential level, but is seen in business and leisure as well. This formation of micro-networks is a certain control and safety mechanism in order to safeguard the continuity of these micro-networks, in other words to allow them to retain their power through flows.

The second characterisation of the third layer of the space of flows is the way the informational elite distinguish themselves with a homogenisation of their identity and symbolism, a sense of cosmopolitism spread through the global space of flows, that is characterised spatially by homogenous spaces and places that are characterised by their recognisability and identity (e.g. VIP lounges in airports, luxurious hotel chains, etc.). The socio-spatial consequences of this development are especially found on building level and thus in various architectural concepts, foremost in postmodernism.

4.4.2 Space of places
‘Opposite’ to the homogenisation of the spatial character of the space of flows, there is the space of places. Place, according to Castells, is a locality whose form, function and meaning are captured by the boundaries of their physical contiguity. That means a place is clearly identifiable; cultures and history are in a pluralistic urban context
interacting with each other giving the place its own significance and expression. One of the essential aspects that make places is that their physical and symbolical qualities are heterogeneous and diverse through the perspective of its users. Sassen (2001) sees this as a driving force (or condition) that has enabled certain cities (exemplary is London) to evolve into leading global cities.

4.4.3 Remarks
The spatial logic of the space of flows and the space of places are simultaneously in effect on the organisation of spaces. Castells, however, suggests that the spatial organisational principle of which a certain place is structured either follows the logic of the space of flows or the logic of the space of places. Castells (2000) puts the space of flows as the dominant spatial configuration over the space of flows, implying that the space of flows supersedes the space of places.

By doing so, the space of flows is being set opposite of the space of places. This conceptualisation of the space of flows and the space of places is according to Sassen too deterministic. (2001:350) Also Gepts (2001) fathoms Castells’ view as totalitarian in being only on relation, namely substitution, between the space of flows and space of places, the other relations indicating a more intertwining of the both.

Sassen sees the space of flows and space of places side by side as contrary forces that create a tension, but nevertheless both are simultaneously present and in effect in the spatial organisation of places. The evolution and continuance of global cities (or mega cities) is accordingly a manifestation that, in contrary to Castells, the space of flows does not supersede the space of places.

4.5 CONCLUSION
In this section the findings of the literature study are used to answer the research questions regarding the theoretical part of this research that were posited at the start of this research. Set questions are as follows:

1. Which structural drivers enable the network society?
2. How do these drivers influence the corporate accommodation strategy?
3. How do these drivers influence cities’ urban planning / cluster policy?

The rise of the network society is the answer to a problem that arose during the Fordistic period in the 1970s. For increasing economic growth and innovation the economy transformed into a network economy, as a result of and driven by revolutionary developments in information and communication technology that allowed capital accumulation and organisational growth and innovation to take on a global dimension. This has changed the social paradigm where flows (capital, information and traffic) have increased in dominance and continues to do so.

The rise of the network society has introduced two distinct and not strictly opposing concepts, with both their own spatial logic: the space of flows and the space of places. The space of flows, consisting of three layers that plead for a non-place, and space of places that goes into the distinctive features and qualities of a specific location. The spatial logic of both concepts is fundamental in the way the network society affects corporate and urban management as ICT has an intermediary function herein, as is seen in figure 4.2, which allows both concepts to be in effect separately and simultaneously in the strategy formulation and implementation of corporate accommodations and urban area development policies.
The network society propelled by a global informational economy sees both a spatial concentration and a spatial dispersion, as a response to participate in the space of flows and respond to the space of places. This is seen in the spatial consequence of the production process. With a network society (i.e. network economy) organisations can link up their businesses units in real time due to ICT, changing the conventional time-space perception to real time connectivity. Therefore a spatial dispersion is induced, especially of low-cost production activities. However, the space of flows also induce concentration of power and control centres such as headquarters, in top locations of (certain) large cities, habitually characterised as so called global cities.

It is exactly this ambiguous character of the network society and the spatial implications it brings forth that creates a tension that requires empirical evidence in order to grasp the implications of the network society on corporations and cities separately and together.

Figure 4.3 – Spatial segregation mega cities
CHAPTER 5 ANALYSIS MEDIA CLUSTERS

To understand the ambiguity of the spatial developments seen in the previous chapter, the external context is analysed by looking at spatial developments of eight media clusters parallel to the rising network society to identify spatial patterns to elucidate the centripetal and centrifugal forces applicable on this scale level and influencing the location strategies of audiovisual companies in set clusters.

5.1 INTRODUCTION
The central theme in this research focuses on the spatial patterns and/or spatial developments through the analyses of several audiovisual companies. In this context a special attention is paid for the centripetal and centrifugal forces that are apparent both on an internal level, i.e. within set companies, as well as on an external level, namely the cluster level. Hence, in this chapter eight media clusters, including the media park Hilversum, are analysed on several parameters including the centripetal and centrifugal forces to understand how these forces on a cluster level have affected the spatial settlements of audiovisual companies and if applicable related companies in the media industry. By doing so, a framework is created in which the case study analyses can be viewed in a wider and integral perspective of the ambiguous spatial logic that the network society induces.

The notion cluster is susceptible for various interpretations that vary widely. For this reason the following definition is used to conduct this analysis (Porter, 200:254):

A cluster is a geographically proximate group of inter-connected companies and associated institutions in a particular field, linked by commonalities and complementarities. The geographic scope of a cluster can range from a single city or state to a country or even a group of neighbouring countries.

In this chapter the eight media clusters are analysed separately, including the media park in Hilversum. The analysis of the latter is more extensive and includes a quantitative data analysis. First, the used methodology for this media cluster analysis is explained. Hereafter a cross analysis is made in an overview so each cluster can be compared to the others. Finally the conclusion describes the results of this analysis and its usefulness for the subsequent part of this research.

5.2 METHODOLOGY ANALYSIS MEDIA CLUSTERS
In this section the used methodology for the media cluster analysis is described. First the selection of the media clusters is elaborated and hereafter the parameters that are used for the analysis are defined and explained.

5.2.1 Case selection media clusters
The analysis of several media clusters, in the broadest sense (i.e. strong media concentrations) is conducted using several key parameters. The selection of these clusters is related to the network society. For this analysis, only cities have been selected in countries that have been affected comparably with the Netherlands (as the media park Hilversum is the focal point of this research) by the rising network society and the associated networked economy. This has resulted in the selection of eight cities in the US, Canada, Europe and Australia, including the media park in Hilversum.
By comparing comparable media clusters to the media park in Hilversum that is comparable in the sense that the external complexities induced by the network society are similar, a qualitative benchmark is created for the media park Hilversum. With this overview a better understanding of the spatial implications of the network society is generated and the case study investigation can be conducted in this framework.

The selection of the media clusters is one-sided. That is only comparables are selected and analysed. The reason why this one-sided selection is necessary is to obtain data from clusters that have coped with and are still coping with the associated implications of the network society. If the selection would include a city and media cluster that has not comparably been affected by set implications, the spatial patterns and or developments seen in that city ought to be compared using different standards, which is exactly what is not aimed for. If for instance the ICT development is far behind, then decisions for locating somewhere do not take this (first layer of the space of flows) into account. Hence, the comparison with the media park in Hilversum would not yield in results that can help better understand the internal dynamics of the media companies (i.e. conducted with the case studies).

With this one-sided selection the environmental complexities are more or less similar as all eight cities are affected by it comparably. So the analysis would filter the spatial implications, i.e. spatial patterns and developments, which are intrinsically connected to the internal corporate dynamics (e.g. location strategy) under relatively similar external complexities.

5.2.2 Parameters media cluster analysis

For the analysis of the media clusters a total of six parameters are used. These parameters have been selected based on first empirical results and of the theoretical basis of this research. The following parameters are selected: conception, development/management, network analysis, spatial pattern/development and finally centripetal forces and centrifugal forces. For the analysis several instruments have been used, predominantly literature on the media clusters and maps to locate media companies and pinpoint the media cluster.

The parameter conception is analysed parallel to timeline of the network society to reference spatial developments in the media clusters to the developments associated with the network society. By doing so, the spatial logic of the conception can be linked to the spatial logic of that time. The parameter conception also includes the type of conception, i.e. is it planned by a governmental body or is it a spontaneously conceived.

The parameter development/management has much to do with the parameter conception as it describes how this cluster has developed since its conception. Again a link to the (rise of) network society is made.

The parameter network analysis is derived from the first findings of the empirical research, wherein the network within the organisation and between organisations are a critical factor. It also gives insight into the orientation of the cluster with regard to its competitiveness, more specifically its growth and innovation.

The final three parameters; spatial pattern, centripetal forces and centrifugal forces are connected with each other. The centripetal and centrifugal forces are effectively analysed in the parameter spatial pattern/development. The analysis of the centripetal and centrifugal forces is conducted on city scale level or cluster level if applicable. This is an important analysis as these very same parameters are analysed in the case studies only then on organisational
level. So both combined will yield in an overall view of how these two forces affect these organisations in their accommodation. Together with the parameter spatial pattern/development the benchmark to the media park Hilversum (and potential shifts to Amsterdam) is concretised, especially when both external and internal centripetal and centrifugal forces are identified.

The analysis of the latter three parameters combined with the previous three, linked to the network society, give a roughly complete overview of the spatial implications the rising network society produces. This analysis not only helps to steer the further analysis of the case studies, it also captures the spatial and environmental complexities of the network society on the city scale, and/or cluster level, useful for further related research subjects.

*Figure 5.1 – Selected media clusters*
5.3. MEDIA CLUSTER 1: HILVERSUM, THE NETHERLANDS

The media park Hilversum is a thematic business park that facilitates a cluster of media related companies with the attempt to create agglomeration economies such as synergy and economies of scale and scope. TCN Media Park, majority owner of the media park Hilversum (other owners are NOS, NPO and the municipality Hilversum) actively manages the daily operations of the cluster and controls the conduct over (real estate) developments. Several supportive functions are located within the media park, e.g. leisure activities and child day care. The motivation to integrate such functions is to create a high quality work environment for the users of the media park.

The media park is considered to be at the heart of the country’s multimedia business activities. Roughly all public and many commercial broadcasters, such as RTL Nederland are located here, as are large production companies and their affiliates. There are about 200 companies and a total of 6000 people work in the media park. In December 2010, a new land use plan is approved that allows the media park to expand with 170,000 square metres. The land use plan allows the media park to become a more integral part of Hilversum and become more open and transparent. Also an emphasis is put on adding supportive functions such as a hotel, leisure activities and small retail. Obsolete building structures are allowed to be demolished and replaced. The goal is to make the media park more attractive and vibrant.

The involvement of the municipality Hilversum and TCN Media Park to expand the media park shows how public and private alliances help to accommodate companies in the media park. The strategy used by the owner for the management of the park is so called real estate driven, which means that by developing real estate, TCN tries to attract and moreover retain companies respectively to and in the media park. This strategy has been successful in retaining Sony Music Entertainment in 2007 and recently RTL Nederland in 2011.

Spatial development

The media cluster in Hilversum was incepted in 1918 with the establishment of the Nederlandse Seintostellen Fabriek (NSF) in order to start radio broadcasting. Afterwards, with the establishment of the Hilversumse Draadloze Omroep (HDO), in 1923 many other broadcasting companies were founded according to their own (religious) beliefs in line with the pillarisation of the Dutch society. Each of these broadcasters, though all located in Hilversum to reduce expensive telecommunication costs, had their own building and offices. In the early 1950s the first television program was broadcasted and consequently the hitherto only radio broadcasters added television broadcasting into their operations. The media park Hilversum, until 1988 named Omroepkwartier, was established in 1961 and became the place where most public broadcasters were located.

The spatial configuration of the audiovisual sector was thus strongly concentrated in Hilversum; the media park to be specific, as physical proximity was much needed due to high costs for information and communication systems and technological equipment. Until 1987 much stayed as it was. Nonetheless, cable television and satellites slowly emerged throughout the 1980s, which increased the possibility for new players to enter the television broadcast market. Consequently, commercial television stations from abroad entered the television system. Moreover, Dutch television makers themselves wanted to start commercial television and additionally the European Union started to demand the privatisation of the commercial television (van der Groep, 2006). In 1987, Dutch commercial television was a fact,
because of a new media law that was launched a year before, which made foreign commercial broadcasting possible through the cable and satellite (van der Groep, 2006). This legislation was amended in 1992 so that domestic commercial broadcasting was allowed. The same spatial pattern that occurred in the 1920s was again apparent as the commercial broadcasters located in the media park in Hilversum. Again this was a cost driven strategy as the media park was equipped with a sound technological infrastructure and physical proximity allowed telecommunication costs to stay low.

The introduction of commercial television in the Netherlands led to a complete restructuring of the organisation structure of the industry. The audiovisual sector was completely reorganised and with recent digitalisation of the 1990s and the rise of new media in recent years supported by internet has again transformed the media industry, allowing an unprecedented spatial development possible as technological developments have allowed the media industry to operate from virtually anywhere and any place.

**Quantitative data analysis**

In order to identify settlement patterns first the localisation of media industry, in the widest sense, on a national scale level is identified using figure 5.1. Despite the fact that technological advances in information and communication technologies make it possible for this industry to locate anywhere in the country there still is a strong agglomeration in the Randstad, especially in the Northeast wing (Amsterdam-Utrecht) and the Southwest wing (The Hague-Rotterdam). The highest concentration is seen in the Amsterdam metropolitan area with 3645 companies (CBS, 2010). The concentration in Hilversum is smaller in absolute terms, but the industry makes up more than 50 percent of the city’s economy as is stated in the following exceptt of an interview (Appendix B, I-8)

- A lot of freelancers depend on assignments from the broadcasters. If the government plans to cut finances for the public broadcasters continues, the broadcasters will produce more in-house. This will affect the employment in Hilversum immensely, as the creative industry including the associated indirect employment count for more than half the employment here.-

Next the spatial movements on a city level are identified. Due to lack of more accurate data, this is conducted by analysing the movements of ICT-companies. Nevertheless, the development is relatively similar as the media and ICT companies are intrinsically related to each other. The analyses of the figures below are therefore only indicative.
The analysis of the full time jobs in the ICT sector show that this sector constitutes of approximately a quarter of all full time jobs in Hilversum. This means that this sector is a considerable and important economic activity for the city. The consequent figures shed light to the competitive advantage of the city. The number of settlements is steadily increasing over the years. The main contributor for this development is the group starters. Interesting is to see that immigration is declining and emigration is growing. This development indicates that the competitive advantage of the city might be declining. The number of foreclosures do not support this, as it is not increasing, but it also does not refute this observation as it is not declining either.

This quantitative analysis of data retrieved from the Central Bureau for Statistics (CBS) and Chamber of Commerce is only supportive as the data is not specific enough to understand underlying problems and investigate the settlements. Therefore additional analysis of seven other media cluster (across the world) are analysed as well. Together, they form a framework to which the media park is benchmarked. By aligning the spatial developments in the media clusters to rise of the network society, both settlement patterns as the implications of the centripetal and centrifugal forces on cluster level are identified.
Figure 5.7 – media park Hilversum (adapted from TCN media park)
Figure 5.8 – Media cluster Hilversum - Amsterdam
5.4 MEDIA CLUSTER 2: LEIPZIG, GERMANY

Before the German reunification in 1990 Leipzig was home to a thriving book publishing industry that has given the city its initial media industry. The formation of a new media cluster, comprising of mainly television and film production companies and more recently new digital media companies has not developed out of the former book publishing industry, rather as a response to urbanisation effects post reunification.

The development of Leipzig’s media industry cluster was not planned. In other words, there was no pre-existing policy programme to establish such a cluster. However, most important was the political decision to locate the public broadcasting service MDR (Middle German Television and Broadcasting Service) head office and production facilities to Leipzig (Bathelt, 2003:283-284). As a political compromise this middle ground was chosen by the three involved German states to achieve economic growth out of this industry that benefits all states rather equally.

Leipzig’s new media industry has grown primarily out of local start-ups and branch facilities that serve the MDR. In addition, the new media cluster is not the result of a pre-existing political master plan at local or regional scale. Rather the MDR’s strategy to spin out its functions into separate subsidiaries and subcontract other functions to local suppliers and services established a local supply and support sector for television and film production and reduced costs (Bathelt, 2003:285). The resulting effect has been that suppliers and service providers from other regions were required to establish branches in Leipzig or relocate their offices to the area to keep their contracts. The cluster has developed on the so called institutional thickness of a critical mass (for this cluster and even the region), namely the MDR.

The strong orientation towards the regional markets, as a consequence of the role and influence of the MDR in this cluster, bears the risk of encouraging the development of social relations which are characterised by over-embeddedness and stagnation. The companies in this media sector are neither characterized by strong pipelines to peers and markets outside the cluster nor do they engage in intensive local networking (Bathelt, 2005:105). As a result, the settlement pattern of set companies is characterised by the Fordist spatial organisation in the peripheral areas of the city, than in the multifaceted and versatile city centre.

According to Bathelt (2003:287), the growth process is still in an infant stage, and the cluster of media activities has not yet fully unfolded its vertical and horizontal structure, supporting institutions and linkages with external growth markets. Micro-businesses are located in the in the city centre with a good infrastructure, close to supporting industries and residences, the latter being often the place of work for such businesses, thus explaining these settlements.

The typical Fordist spatial pattern/development is only further enhanced as the focus is local and the network partnerships are often (only) linked to the regional focused MDR. This shows how the importance of networks being the principal centrifugal force, in other words the focal span (i.e. local in this cluster), almost directly influences or for that matter determines the spatial organisation of the cluster and the settlements of the companies it encompasses.
Figure 5.9 – Media cluster Leipzig
5.5 MEDIA CLUSTER 3: MUNICH, GERMANY

Munich is the most important centre of the film and television industry in Germany. The growth of this cluster was driven by the introduction of commercial television in the mid-1980s and by a sound institutional infrastructure which developed from the city’s tradition in film production. The development of this planned cluster also benefited from national specificities (e.g. multilingual). Though the cluster has been revitalised and propelled by strong urban governance, a fading governmental facilitation is seen soon after (Bathelt & Graf 2008:1946).

The media cluster comprises of three media parks of which the two most significant ones are those that are situated on the outer perimeter of the Munich metropolitan area. This cluster is prone to several structural weaknesses due to limited local focus and internal focus of organisations in the cluster, wherein linkages with external markets and access to international finance are surprisingly weak (Bathelt & Graf 2008:1962). Internal networks which could drive creative recombination and innovation, typical for agglomerations, are seemingly a dominating centripetal force in this cluster. There are strong internal linkages, meaning within companies, but very little between co-locaters and peers in the same cluster and on a broader level with actors in other regions and countries (Bathelt & Graf 2008:1956). The internal focus is therefore not only a centripetal force, but also a centrifugal one, chiefly for companies that do require that strong external focus.

Again the effect of the local focus of the networks on the spatial organisation of the companies in this media cluster is apparent to what is seen in the Leipzig cluster. The governmental facilitation, at the start of the planning of this cluster, enabled the companies to locate in the peripheral areas of the city, due to the abundant space and well connected infrastructure. This spatial development, away from the city centre with its financial centre, most likely induces the network gap between the media companies on one hand and the multifunctional city centre on the other, which only contributes to the inhibiting environment for innovations and growth of set companies.

This cluster’s Fordistic spatial organisation, i.e. the media parks are located out of the inner-urban areas in more peripheral areas, has the conventional advantages of agglomeration effects in hinterlands such as: low transport costs, economies of scale and economies of scope being the most significant. The local and/or regional focus allows this pattern to remain intact as this market suffices for the continuance of this cluster. With information and communication technologies changing the media landscape, a shift towards more connectivity to supportive industries on national and international level is seen (Bathelt & Graf 2008:1963), thus limiting the prospects for future economic growth of this locally embedded and focused cluster.

The equilibrium between the centripetal forces, mainly subsidiary to the local focus of the cluster, and the centrifugal forces, mainly induces and enforced by ICT developments and digitalisation, is shifting in the benefit of the latter. The companies in the cluster are benefitting from the highly segmented value chain (Bathelt & Graf 2008:1962) which enables flexibility in the accommodation of especially small scale companies and allows the current spatial organisation, infused with and limited by the local focus, to continue.
Figure 5.10– Media cluster Munich
5.6 MEDIA CLUSTER 4: LONDON, UK

The conception of the London media cluster dates back to the early 20th century and has progressed on a long trajectory of the basis of the creative and cultural life of London. A very strong concentration of the entire media industry, especially the audiovisual sector, has since been found especially in the Soho area, being in the inner city and adjacent to the central business district, to be close to peers and supportive industries.

The media cluster is characterised having very strong internal and external networks. The spatially local cluster is a node within a global (economic) framework and might have no existence outside this framework. This also explains the strong agglomeration in Soho which not accidentally is adjacent to the global financial centre in the city of London. This spatial development, though, has become fragile for especially small companies as the continuing centralisation induce agglomeration diseconomies such as high rent levels, scarcity of space, high transportation costs, overcrowding and congestion, for which set companies are particularly vulnerable.

There is however a growing evidence of decentralisation of the audiovisual sector in London (Gornostaeva, 2008:51-52). This decentralisation is happening in a counter-intuitive manner. First, it is more prominent for so called micro-production companies, which are most vulnerable to the loss of face-to-face connectivity. Second, it occurs not in the inner city, characterised by better services and connections, but in residential suburbs (Gornostaeva, 2008:58). The industry is becoming more and more cottage based in a very direct sense oriented to have the workplace at home. The suburban concentrations of the set companies are being explained not only by the specifics of industry organisations and the before mentioned agglomeration diseconomies, but also by the requirements of particular lifestyles, corresponding seamlessly to the influence the informational elite has on the urban spatial configuration in a network society.

A lot of work in the industry is done from home; therefore the residential areas of London’s inner suburbs are becoming more prominent places for attracting decentralised businesses. At the same time the involvement and therefore the significance being part of a wider global (media/economic) network motivates spatial concentration to the city centre and especially the financial district (Gornostaeva, 2008:65). This ambiguity is unerringly a result of the spatial logic behind the network society. Such an industrial setting gives rise to considerable external economies of scale and scope and is likely to develop a specific balance between the global and the local (Nachum & Keeble, 1999:37).

The settlement pattern is therefore dichotomous. The centripetal forces such as: high quality of life, physical proximity enabling face-to-face contacts, low transport costs and being close to the financial district, induces a continuance of interurban clustering. At the same time a decentralisation as a reaction to the rising agglomeration diseconomies present in the city centre is noticed. Nevertheless, interurban clustering in Soho continues to overlook the latter reaction. It seems the maturity of the London media cluster fathoms the spatial logic of the network society to be captured by both its centripetal and centrifugal forces simultaneously, allowing the settlement pattern of the audiovisual companies to take on an ambiguous view.
Figure 5.11 – Media cluster London
5.7 MEDIA CLUSTER 5: SYDNEY, AUSTRALIA

The media cluster in Sydney has emerged during the 1990s from the convergence of a strong base of information and communication technology related companies that have been able to grow and innovate due to the pre-existing economic size and structure, particularly the urbanisation economies of the city (Searle & de Valence 2005:239).

Sydney’s media industry is concentrated around the central city. The history of the city centre as the domain of the cultural and business life has ensured a high socio-economic diversity. The accompanied spatial concentration is reinforced by the strong focus of freelance multimedia-skilled workers in central Sydney, which often have their workplace in their residence (Searle & de Valence 2005:245). The spatial concentration in and around central Sydney provides access to companies’ suppliers and markets and reflects the centralised location of skilled labour, as the media companies focus on the local market and global linkages (to finance or other media companies) is less significant. This has allowed the city centre its historic character as the cultural and business centre.

The emergence of a strong concentration of media companies in the city centre generated as an integral part of the shift towards an information economy, which in view of that is located in close proximity to the financial district and the (supportive) ICT related companies. The agglomeration economies associated which this spatial concentration are however increasingly diminishing as increasing company sizes, lack of sizeable open spaces and high rent levels have led to the introduction high-tech business parks in the city’s periphery to avoid increasing agglomeration diseconomies in the city centre. The concurrent settlement pattern, though, as a result of this sector’s human capital strong presence and moreover embeddedness in and around the city centre, ostensibly still prevails.
Figure 5.12 – Media cluster Sydney
5.8 MEDIA CLUSTER 6: LOS ANGELES, USA

The media cluster in Los Angeles, more specifically the Los Angeles metropolitan area, is arguably the most mature and evolved. This cluster originated in the beginning of the 20th century on a set of favourable conditions such as: availability of creative talent, low labour costs, supportive services and a large potential market (clients and suppliers) (Gupta, et al. 2006). However, governmental facilitation, mostly aimed at financial incentives and taxation, has largely propelled the agglomeration of set cluster conducive.

The audiovisual sector specifically has a strong presence in this cluster. This has mostly to do with the pioneering role of the television and motion picture industry in Hollywood, one of the suburban areas of the Los Angeles metropolitan areas. Set companies have a strong local and global network that attracts supportive industries for the entire value such as advertising and ICT companies (Gupta, et al. 2006).

This cluster has much to say for Florida’s (2002) creative capital theory, where the informational elite, in other words the creative capital, is the primary and arguably the solely rationale of this cluster evolution in its size, competitiveness and innovativeness. This view is supported by the associated spatial organisation of this cluster. The informational elite, having a strong presence in the spatial organisation of especially the space of flows, is therefore a key component in the way this globally focused cluster has spatially developed.

In response to the agglomeration diseconomies present in the city centre (e.g. high costs of labour, high price of energy, high real estate costs, congestion, high transport costs and pollution) the media companies shift towards suburban areas, where, not coincidentally, the informational elite is based. The high quality of life, foremost, is a crucial factor where these informational elite locate it and consequently where the media companies are attracted to. This settlement pattern, in combination with the ongoing dominant character of this media cluster therefore supports the creative capital theory of Florida (2002).

The audiovisual companies in this cluster have outsourced part of the production work to Vancouver. Interesting to see is that the very same centripetal forces in Los Angeles, i.e. high quality of life, geographic conditions, physical infrastructure, shared knowledge/services and strong financial network, are present in the Vancouver cluster. This explains the choice for Vancouver as an outsource destination, but it shows the importance of the connection between set companies and financial institutions, as the Vancouver industry is dependent on financing from Los Angeles. Hence, access to finance both local and global, precisely in this cluster, is an important factor in the spatial organisation of the media sector.
Figure 5.13 – Media cluster Los Angeles
5.9 MEDIA CLUSTER 7: TORONTO, CANADA

The inception of the media cluster in Toronto in the 1990s has been attributed not only to the presence of a diverse corporate sector being the primary customer for multimedia services, but to the existence of technological infrastructure, educational institutions, and support for cultural industries, which have largely been supplied by governments.

The Toronto media cluster has been significantly affected by changes in the internet industry and concomitant globalisation. Increased market opportunities and capital availability, as a result of the networked economy, have led both to the development of new start-ups and the development of companies that have increased in size and expanded into global markets (Brail, 1998). In the mid-1990s, the media cluster was composed primarily of small companies, which provided services to large, local (or locally headquartered) corporations.

The hierarchy of this vertically organised cluster stimulated the spatial concentration in the city centre, as the headquarters, located in the central business district (CBD), attracted the small companies towards the city centre, as physical proximity created agglomeration economies, such as labour pooling, that benefited growth and innovation of the preparatory cluster (Brail & Gertler, 1997).

The cluster also has a number of strengths which facilitated its growth and development: a skilled labour force, a strong market, and the presence of cultural/financial industries. The spatial organisation has especially thrived upon the last, as the governmental facilitation has been aimed to create a coherent multifunctional CBD, of which the media cluster is an integral and significant part, see figure 5.14.

The strong governmental facilitation, not planning, ensures the mostly locally embedded and focused media cluster to utilise the multifunctional character of the CBD to attract and foremost retain the concept of the current spatial organisation. However, as mentioned before, the cluster has come under scrutiny of the networked economy, enforcing the cluster to take on a more global perspective. And herein lays its imminent threat that the governmental facilitation cannot answer to global market demands.

The centrifugal forces, as a result of socioeconomic and technological changes, are limited for the spatial organisation of the cluster, since this is already in the CBD, where the advanced service industries, such as finance, are located. However, on a physical level increased congestion, pollution and high property rents create agglomeration diseconomies in the CBD. Though the hierarchy of this cluster has shifted from a vertical organisation to a more horizontal organisation in response to the networked economy, the centripetal forces that allowed the inception and initial growth of this cluster on this location continue to dominate the spatial organisation of this media cluster.
Figure 5.14 – Media cluster Toronto
5.10 MEDIA CLUSTER 8: VANCOUVER, CANADA
The conception of the Vancouver media cluster is related to the developments of the media cluster in Los Angeles, CA, US. With the use of financial incentives issued by the government (Coe, 2001:1757) the media cluster in Vancouver is a planned and developed in the 1980s as a satellite cluster (of outsourcing production works) of the Los Angeles media cluster.

Being a satellite cluster connections to large companies operating on global level are mostly not present in Vancouver as these companies are located in Los Angeles, though there are some large companies that are in between (Coe, 2001:1766). Specifically the audiovisual sector, supportive of the motion picture cluster in Los Angeles are prevalent in Vancouver. These companies are usually small companies, as is often seen in this sector, which are engaged in a strong local network and an external linkage for (in this case) financial services.

The decision to outsource production works to Vancouver is planned, as several favourable conditions are similarly present here and in Los Angeles. Especially the high quality of life is a major centripetal force that at the outset attracts the informational elite that comprises the human capital for set cluster. Since this cluster consists of mostly small scale companies and freelancers (Coe, 2001:1759) the spatial organisation of this cluster is more consistent with the spatial implication the human capital theory, than Florida’s creative capital theory (2002). The first theory infers that not only the informational elite, as the creative capital theory does, determine the spatial configuration of the media cluster, but the entirety of the labour force. This is noticed by the increasingly growing cottage economy, wherein the workplace and residence coincide, in the areas adjacent to the city centre and the increasing competitive advantage of the city in general (Wixted & Holbrook, 2010).

The spatial organisation has been intrinsically influenced by the fact it is a planned satellite cluster. The pattern is comparable to what is also seen in Toronto, where a strong agglomeration is being pursued inside the central business district. Motivated by conventional theories on agglomeration economies, the urban governance has been aimed to concentrate the media companies (Wixted & Holbrook, 2010) to utilise the diverse amenities of the urban centre.

![Diagram of a satellite cluster](source: Coe, 2001:1759)
Location strategies of audiovisual companies compelled by the network society

Figure 5.16 – Media cluster Vancouver
<table>
<thead>
<tr>
<th>CITY</th>
<th>CONCEPTION</th>
<th>DEVELOPMENT/ MANAGEMENT</th>
<th>NETWORK ANALYSIS</th>
<th>SPATIAL PATTERN/ DEVELOPMENTS</th>
<th>CENTRIPETAL FORCES</th>
<th>CENTRIFUGAL FORCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leipzig</td>
<td>Spontaneous 1990s</td>
<td>Formed on institutional thickness (i.e. MDR) No pre-existing political master plan at the local or regional scale.</td>
<td>Primarily local focus, lack of contacts outside cluster and other industries</td>
<td>Strong agglomeration around MDR/media city located in city’s periphery. Micro-businesses are in city centre close to supporting industries and residences</td>
<td>Strong focus on regional market (i.e. local knowledge) Good infrastructure and facilities</td>
<td>Lack of external relations with supporting industries Lack in presence of various and diverse industries (monotonous)</td>
</tr>
<tr>
<td>Munich</td>
<td>Planned 1980s</td>
<td>Developed along trajectory of long tradition in film with a sound institutional infrastructure</td>
<td>Strong internal linkages, but weak on involving market and technology linkages with actors in same cluster, other regions and countries.</td>
<td>Small developments in city centre, subsequently media parks located in the city’s rim, due to abundant space and infrastructure; typical Fordistic legacy</td>
<td>Strong embedded in local market Strong base of existing infrastructure Multilingual</td>
<td>Fading governmental facilitation Weak international linkages and inhibiting environment for innovations and growth</td>
</tr>
<tr>
<td>Hilversum (Media park)</td>
<td>Spontaneous 1910s Planned 1960s</td>
<td>Institutional thickness formed on a trajectory of existing information/ communication technology base Managed media park</td>
<td>Strong internal network between established multimedia. Weak linkages with external supportive industries (e.g. advertisement, financial services)</td>
<td>Managed business park not located in metropolitan area. Institutional thickness reducing due to following shift human capital to metropolitan area(s)</td>
<td>Well established technological infrastructure High concentration of labour force (labour pool) Managed business park Low rents Governmental facilitation</td>
<td>Monotonous business park Lack of various supportive industries Lack of socio-economic diversities (i.e. ‘relative low’ quality of life) as opposed to metropolitan area(s)</td>
</tr>
<tr>
<td>London</td>
<td>Spontaneous 1900s</td>
<td>Very strong clustering in specifically Soho, formed on trajectory of basis of London’s creative and cultural life</td>
<td>Bound tightly into global interdependence (global city/hub) Very strong internal and external networks, i.a. mediated by multinationals Direct and immediate relations between global and local actors</td>
<td>Due to personnel moving towards sub-urban areas, a shift outwards of the inner-city is conspicuous (i.e. cottage economy) Interurban clustering still apparent</td>
<td>High quality of life Contemporary diverse urban business cultures/lifestyles Physical proximity (low transport costs) Strong network partnerships interurban clustering CBD</td>
<td>Decentralization to residential suburbs. Diseconomies of high rents Overcrowding Bargaining power, size, character of established networks and niche occupied in the markets Increasing spatial scale stimulates decentralisation</td>
</tr>
<tr>
<td>Location</td>
<td>Type</td>
<td>Location Characteristics</td>
<td>Forces</td>
<td>Benefits</td>
<td>Challenges</td>
<td></td>
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<tr>
<td>Los Angeles</td>
<td>Spontaneous 1900s/1920s</td>
<td>Originated on favourable conditions e.g. availability of creative talent and supporting services, high demands and a conducive government policy.</td>
<td>Strong internal and external linkages with supportive industries for entire value chain, also present in same area.</td>
<td>Shift from city centre towards affluent suburbs due to domination by the informational elite Interurban clustering.</td>
<td>Quality of life/human capital. Geographic conditions. Physical infrastructure. Financial services. Shared services/knowledge. Historic pioneering function.</td>
<td></td>
</tr>
<tr>
<td>Vancouver</td>
<td>Planned 1980s</td>
<td>(Initially) satellite cluster for Los Angeles (i.e. outsourcing) Hybrid agglomeration</td>
<td>Strong networks between local companies and with transnational investors in Los Angeles.</td>
<td>Concentrated in and adjacent to city centre to utilise the diverse amenities of the multifunctional urban centre.</td>
<td>High quality of life. Financial incentives. Strong internal/external networks. Creative capital paradigm.</td>
<td></td>
</tr>
<tr>
<td>Toronto</td>
<td>Spontaneous 1990s</td>
<td>Developed upon skills and technology trajectories of the advertising, film, and computer industries already in place.</td>
<td>Strong internal dynamic network partnerships with peers and market actors.</td>
<td>Agglomerated in the inner city/CBD due proximity to multinational and market access.</td>
<td>Existence of technological infrastructure. Supporting (cultural) industries. Strong facilitating government. Skilled labour force.</td>
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5.12 CONCLUSION

The conventional agglomeration economies that motivated a spatial concentration of media companies in the media park has now come under scrutiny as these economies answer with the necessities of the networked economy, embodied by the spatial logic of the space of flows, which the (new) media companies cope with. The organisational impact has consequently been a further internalisation to connect more apt to the global (media) network. This has changed the accommodation needs of set companies and not coincidentally their location choice.

The analysis of the media clusters give a comprehensive overview of the spatial developments of different aged media clusters from mature clusters like Los Angeles and London, to relatively new clusters like Toronto and Leipzig. The analysis shows that historic trajectories of cultural activities and institutional thickness (i.e. critical mass) continue to be an influential centripetal force. This is noticed throughout all clusters, especially in Leipzig, Munich and Hilversum.

A functional mix in urban areas (metropolitan areas) is key to enable growth, innovativeness as the diversified (work and) business environment of the city centre has distinctive (spatial) qualities that creates a competitive advantage. This is seen in the clusters of Sydney, Toronto, Vancouver and less in Los Angeles and London. The last two cluster experience agglomeration diseconomies that make the city centre less attractive and a distinct shift towards diverse business and living environments is noticed. In London there is the interurban clustering in Soho and suburban clustering that enables a cottage economy. In Los Angeles a shift towards the affluent residential areas in the Westside cities, just outside the city centre, is seen.

This brings out the importance of human capital for the media industry and thus for the spatial configuration of the media clusters. The human capital is the main input resource factor. In compliance with Florida’s (2002) creative capital theory and Sassen’s (2000) concept of the global city, the quality of life of a city is the main location factor for this human capital to settle in. This high quality of life is largely found in metropolitan areas. The media companies follow this human capital as this is an indispensable input factor, though they could locate anywhere due to contemporary advances in information and communication technologies. The cluster in Vancouver is the most exemplary of this phenomenon, exemplifying the influential role the informational elite (i.e. the creative/human capital in the media companies) has on the spatial configuration of a city. Also the recent movements of several media companies (from the media park in Hilversum) towards Amsterdam follow this analogous pattern.

The rise of the network society/economy has increased the importance of the space of flows in general and in particular in the media sector, since ICT enables a form of globalisation that allows media companies to locate anywhere as long as they are within this space of flows. However, it is the space of places, the distinct qualities of a certain place, like Hollywood in Los Angeles, or Soho in London, that create the locational quality (i.e. translated into the quality of life factor for living environments and into competitive advantage for business environments) that remains the main centripetal force influencing the spatial organisation of the media companies.
The external agglomeration (dis)economies on city/cluster level affecting the spatial distribution of media companies are analysed in this chapter. In the next chapter the internal agglomeration (dis)economies are analysed through the analysis of the location strategies of six case studies situated in the media park Hilversum and Amsterdam.
CHAPTER 6 CASE STUDY ANALYSIS

6.1 INTRODUCTION
The environmental complexities, compelled by the rise of the network society, have influenced the spatial configuration of the media cluster as seen in the previous chapter. The spatial developments seen in the various media cluster provide a framework for an in-depth investigation into the location strategies of in this case audiovisual companies, to identify a spatial pattern in this industry. The analysis of the location strategies of six case studies are described in this chapter using the analysis model seen below.

The objective of the case study analysis is to identify those centripetal and centrifugal forces, both on an internal and external level, that influence/determine the location strategy of set companies. This allows the research hypothesis to be tested.

The chapter is divided into three parts. First the used methodology for the case study analysis is described. Hereafter follows the analysis of the six cases separately. Finally, the analysis is summarised into a table that allows comparing the cases followed by the conclusions.

6.2 CENTRIPETAL AND CENTRIFUGAL FORCES
In the previous chapter the external centripetal and centrifugal forces acting on the analysed media clusters were identified. In this chapter the internal centripetal and centrifugal forces are identified and analysed into how the case studies have been affected by them. The internal centripetal and centrifugal forces apparent on the scale level of organisations are summarised in the figure below and each is described consequently.

**Infrastructure sharing**
This aspect refers to the sharing of infrastructure such transport and telecommunication facilities as well as schools, hospital and other public amenities at cluster as well as city scale level. In case of internal economies, it is seen that the infrastructure of buildings as well as the amenities like restaurants, parking and conference facilities are shared between the different departments of companies. Especially technological infra sharing is cost beneficial for media companies.

**Input sharing**
This aspect typically refers to the cost effectiveness when input factors e.g. raw material, is supplied at lower cost due to the presence of other companies resulting in scale economies. The media companies use the information input from both the sector itself and other sectors e.g. finance, legal, advertising, etc. as well. On a internal level the sharing between different business units is found.

**Knowledge spillovers**
There is internal and external knowledge spillover where a need for face to face contacts is required thus co-location is seen. It usually revolves around the exchange of non-codified information that demands for face-to-face contacts. In information sensitive sector, like the media, this is often apparent.

<table>
<thead>
<tr>
<th>CENTRIPETAL FORCES</th>
<th>CENTRIFUGAL FORCES</th>
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<tbody>
<tr>
<td>Infrastructure sharing</td>
<td>High property rents</td>
</tr>
<tr>
<td>Input sharing</td>
<td>Legacy buildings</td>
</tr>
<tr>
<td>Knowledge spillover (non-codified information exchange through face-to-face contact)</td>
<td>Business continuity, multiple sites maintained to achieve flexibility</td>
</tr>
<tr>
<td>Labour pooling</td>
<td>Clients and markets (access)</td>
</tr>
<tr>
<td>Rent seeking</td>
<td>Immobile labour, land and natural resources</td>
</tr>
</tbody>
</table>
**Labour pooling**
This aspect refers to the availability of skilled labour in an urban area which leads to concentration of firms from the same or diverse industries. Internally this can be done in the same way.

**Rent seeking**
This aspect refers to locate in a particular geographic area to be close to the political influential. Internally this is also seen between different business units.

**High property rents**
This centrifugal aspect refers to the rising property rents particular area where due to agglomeration the rent levels keep rising. On organisational level this allows to decentralise the portfolio to seek cost and asset efficiency.

**Legacy buildings**
This aspect refers to the commitment the legacy of the portfolio induces on the current accommodation.

**Immobile labour, land & natural resources**
This aspect too refers to a geographic commitment due to the restricting factor of input factors e.g. labour, land and resources.

**Clients and markets**
The location of the clients and markets can allow the portfolio to decentralise to be able to reach out to clients and markets most effective.

**Business continuity**
This aspect allows maintaining multiple sites in order to achieve flexibility within the organisation and its accommodation.

### 6.3 CASE STUDY ANALYSIS
For the case study analysis five parameters are identified, next to the centripetal and centrifugal forces, namely: human capital, infrastructure (physical and technological), network partnerships, and access to finance and markets. These parameters influence the strategic formulation of the location strategy. A small nuance is made as the added value of real estate for the organisation, which are identified as being important, are not a parameter on its own; it does (in)directly have its influence in the selected parameters. E.g. the value culture (i.e. facilitating the culture of the employees in the building) is intrinsically related to the parameter human capital. Another one is the value marketing, as the real estate object’s image/appearance has its effects on the parameters access to markets and finance.

The case studies are analysed according to the model seen in the figure below. In this chapter the strategic formulation and implementation of the location strategy of each case is analysed on the level of the location choice, the implications for the portfolio and the real estate (i.e. building scale level) implementation.

![Figure 6.1 – model case study analysis](image)
6.4 CASE 1: ENDEMOL

Founded in 1994, Endemol is a globally active company in entertainment programming and the largest independent television and digital production company in the world. The company covers all elements of the entertainment spectrum including development, production, marketing, distribution and franchise management. Endemol comprises a global network of more than 80 companies in 31 countries including the USA, the UK, Spain, Italy, France, Germany and the Netherlands, as well as Latin America, India, South Africa and Australia. In this section the accommodation of Endemol in the Netherlands is analysed, which is value chain comprises of production and distribution.

Before Endemol decided to relocate the accommodation to Amsterdam in 2006, the company was accommodated in several buildings, consisting of offices and studios, dispersed in Hilversum, Laren, Amsterdam, Almere and Aalsmeer. Constant modification of the buildings, mostly adding new parts to the existing complex, diminished the functionality of the building complexes. A significant problem was the limitations of combing divisions in their accommodation.

Another consequence has been the decrease of flexibility, especially in the studios. The studios have high operating costs, which meant that they had to be used constantly in order to cover the costs. Besides that, the studios demand special accommodation demands. In 2005 Endemol decided to centralise the different divisions, including the studios, which have resulted into a location choice in Amsterdam-Southeast.

The new accommodation is 35,930 m² and houses 800 employees and includes offices (21.740 m²)and several studios (14.190 m²). The location strategy has been influenced by five parameters, i.e. human capital, infrastructure, network partnerships, access to markets and access to finance. The global network in which Endemol participates favours a settlement in Amsterdam, as node in the global financial network, that supported by the parameters network partnerships, access to markets and access to finance. It is especially this global focus

that enables relocation to a place that facilitates that global focus, not only by accessibility, but also by its external agglomeration economies such as input sharing with advanced service industries. Finally, the human capital is predominantly found in Amsterdam. The multifunctional character of Amsterdam and particularly the nearby facilities in Amsterdam Southeast, had a decisive influence in the location choice, as the business relies much on networking and by being located in this area several synergies created through labour pooling and input sharing, are attained.

The implementation on real estate level of the relocation is typified in the figure below.

Figure 6.2 – value chain Endemol (adapted from Picard, 2002:32)
The values cost reduction, increasing flexibility and promoting image are found to be most implemented into the new accommodation (Appendix B, I-1):

- *Ideas must travel quickly between employees. Therefore the building’s design must facilitate these informal meetings though central meeting points where different functions connect with each other. The atrium at the entrance, pantries and the restaurant are such places.*

The inefficiencies in space occupancy of the old portfolio have led to a centralisation of all business functions into one building complex to not only gain from economies of scale but foremost to create operational flexibility and reducing occupancy costs. In addition cost efficiency is created by making use of flexible workplace solutions such as hot desking. Finally, the design of the new accommodation has a high level of sustainability, which reflect positive on the

<table>
<thead>
<tr>
<th>Real estate strategy level (added values)</th>
<th>Corporate real estate implementation</th>
</tr>
</thead>
</table>
| 1. Increase of productivity              | - Integration facilities and services that save time, costs and work.  
                                           | - Increase attractiveness workplace for employees  
                                           | - Improve logistics through site selection.  
                                           | - Workplace solutions that stimulate the productivity and creativity/innovativeness of employees.  
                                           | - Optimal working environment with building design (e.g. climate control, lighting and acoustics). |
| 2. Cost reduction                        | - Minimising occupancy costs.  
                                           | - Internal economies of scale through centralisation (e.g. reduce m² per employee).  
                                           | - Building complex with high-tech infrastructure (savings through flexibility). |
| 3. Risk control                          | - Relocation to new site.  
                                           | - Inflexibility of obsolete building portfolio.  
                                           | - Process of real estate development. |
| 4. Increase of value                     | - Ensuring portfolio is optimal for core business (no excessive capital tied up)  
                                           | - Sale-and-leaseback newly developed building to generate cash. |
| 5. Increase of flexibility               | - Occupation flexible accommodation with a long term perspective.  
                                           | - Introducing new workplace environments (e.g. hot desking).  
                                           | - Cost efficiency and asset efficiency through centralisation business units and building design. |
| 6. Changing culture                      | - Creating synergy advantages by placing the employees based on their function.  
                                           | - Providing ‘optimal’ working environment for employees (e.g. access to internet, clean workplaces, etc).  
                                           | - Providing amenities desired by employees (endowed by location).  
                                           | - Space efficiency to enhance work atmosphere (informal and formal). |
| 7. PR and marketing                      | - Real estate supports image and brand of the company.  
                                           | - Sustainability in building design reflects corporate image.  
                                           | - Creating a high level real estate environment for the organisation which attracts customers, high quality buildings (e.g. sustainable image) and other businesses. |

*Figure 6.3 – CRE implementation case Endemol*
company’s image. Being located in Amsterdam, a ‘global city’ also helps to promote the global market leadership the company aspires to achieve.

**Conclusion**

The location strategy of Endemol to relocate the dispersed portfolio into a new building complex with the centralisation of all business functions (i.e. offices and studios) allows achieving internal economies of infrastructure sharing and knowledge spillovers. These internal synergetic advantages enable an asset efficiency that reduces accommodation and occupancy costs.

- **Strategic partnering can be vital in this industry ... strategic partners can speed market entry or ease market entry and lower the risks associated with it. Strategic partners can also provide capital and complementary resources where they may not exist within one company. It is the kind of situation where 1 plus 1 makes 3.**

  (Appendix B, I-1)

The multifunctional and diverse character of Amsterdam, supported by the presence of the company’s human capital, invokes the external agglomeration economies of labour pooling and in particular inputs sharing, which for large (media) companies with a global focus like Endemol, whom have become intrinsically part of the global networked economy, are increasingly important.

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**Figure 6.4**

A, B) Endemol headquarter Amsterdam  
C) Atrium meeting places Endemol  
D) Informal meeting places Endemol
6.5 CASE 2: MTV NETWORKS BENELUX

MTV Networks is a division of media conglomerate Viacom that oversees the operations of many television channels and Internet brands, including the original MTV channel in the United States. MTV Networks also operate MTV Networks International. The company was established in 1984 after Warner Communications and American Express decided to divest the basic cable assets of Warner-Amex Satellite Entertainment, renaming it MTV Networks. Viacom acquired 66% of the company in 1985, and then acquired the remaining interest in 1986. It was then folded into Viacom International Inc., a subsidiary of Viacom Inc., and is no longer a distinct legal entity (Viacom annual report, 2009).

The location strategy has been influenced by mostly the parameters human capital, access to markets and access to finance. MTV’s market audience is also represented by its human capital, which is predominantly found in these urban dynamic metropolitan areas, such as Amsterdam. The close and frequent interaction between their market and the organisation has led to this specific location, where other media companies are located. Also the access to finance, is correspondingly is found in the same location as the market audience. The parameter infrastructure, in particular accessibility, has favoured this location, whilst infrastructural sharing in this location is absent. Finally the parameter network partnerships are yet again found in the same place as the market audience, thus supporting this location choice.

The value chain of MTV Networks concentrates on the production and distribution ends, which includes the creation and production of e.g. television programs, and the distribution of set programs through television broadcasts. MTV Networks enables a market and product specification, as it is part of a Viacom that has a wide horizontal integration and span of control. MTV’s market is focused on the contemporary dynamic youth. This rather distinct target group is also represented in the company’s business culture.

In 2007, MTV Networks relocated from Bussum (like Hilversum located in the Gooi-area), to Amsterdam. The new accommodation is a former shipyard in the NDSM-wharf in Amsterdam-North, which has been transformed to fit the spatial needs of MTV Networks. Hip, trendy and slick. These are the three key characteristics of MTV’s accommodation in the NDSM-wharf in Amsterdam-North (Appendix B, I-12). The business culture of openness, transparency, cosiness and connectivity has been integrated into the design of the workplaces (Appendix B, I-11):

- This location is the best of both worlds. It is an energetic, dynamic area close to the city centre. We are surrounded by creative industries which help create a creative buzz in the area. Yet at the same time with this accommodation we can express our distinct character, which you can say is hip, trendy and slick.

![Figure 6.5 – value chain MTV Networks (adapted from Picard, 2002:32)]
The implementations on real estate level, as seen in the figure below, show the significance of the business culture on not only the location choice, but also in the integration in the building’s design.

The distinct business culture has allowed MTV Network to centralise the business units into a single building, to create a flexible accommodation that facilitates that culture to stimulate employees’ creativeness and innovativeness needed to create the products the contemporary youth desires. The spatial concentration also allows reducing occupancy costs and effective use of space. The incorporation of in-house facilities and amenities such as a restaurant, are integrated to achieve internal agglomeration economies e.g. knowledge spillovers. Finally, with both the building and the location choice, the company promotes its corporate image, by which it not only wants to further enhance its market position, but in this case is also intended to attract new (media) companies to the area in order to achieve additional agglomeration economies such as labour pooling (to stimulate outsourcing) and input sharing with other (related) industries. The latter is seemingly already taking place.
Conclusion

The dynamic urban character of Amsterdam has seemingly been decisive in the location choice of MTV Networks to this city. Both the human capital and targeted market is represented here and the physical interaction between both, to extract knowledge spillovers needed to make the company products more apt to its audience, supports this location choice. The internal economies of scale are achieved by centralising all business units into one building, whilst external agglomeration economies, such as labour pooling and input sharing are increasingly apparent.

Figure 6.7 –
A) MTV headquarter Amsterdam North (NDSM-wharf)
B) Open workplace design MTV
C, D) Central atrium MTV Networks Amsterdam (below)
6.6 CASE 3: RTL NEDERLAND

RTL Nederland is a subsidiary of the RTL Group, which is Europe's second largest TV, radio and production company after the BBC, and is majority-owned by German media conglomerate Bertelsmann. It has 45 television and 32 radio stations in 11 countries. This Luxembourg-based media group operates TV channels and radio stations in Germany, France, Belgium, the Netherlands, Australia, Luxembourg, Spain, Greece, Hungary, Croatia and production companies in the United States. Until 2004 RTL Nederland was known as the Holland Media Group (HMG), a joint-venture founded in 1996 between RTL 4 and Veronica. After a series of mergers and acquisitions of in 2004 HMG rebranded itself into RTL Nederland, which has grown out to consist of five television channels and three radio stations.

RTL Nederland moved from Luxembourg into the media park in Hilversum in 2003. The company's portfolio has a size of 20,000 m² that consists of offices, production units and five studios, all located in the media park Hilversum.

The company’s organisational objective is to retain and reinforce its market position in the Dutch television and radio industry. This process is characterised by horizontal integration and control of the different business activities (television and radio) to allow an organisational flexibility through product diversification. This aligns with the aim to create unique products and serve a diverse market. The business environment therefore needs to be competitive, which has resulted in accommodating the company in the media park to generate and utilise the competitive advantage that is apparent in this cluster.

The location strategy deployed by RTL is to move within the same geographical area, within the media park, and recommit to the location and the current real estate. This decision was made in March 2011 to extent the current operational lease contract with 10 years, after an investigation of a potential relocation to Amsterdam, excluding the studios, turned out be inferior to the current accommodation. The parameters access to markets and network partnerships have contributed to this decision, as the company is strongly embedded into this media cluster where these parameters are apparent. The parameters human capital and access to finance supported the contemplated strategy of relocation (Appendix B, I-6, I-7), as these are more apparent in Amsterdam (i.e. residences of employees and proximity to the financial centre on Amsterdam Zuidas). The financial implications of the latter contemplation creates a diseconomy as the economies gained from infrastructure sharing and input sharing between the different business units through localisation in the media park would depart.

The implementation of the location strategy (in this case it is the current accommodation) is typified on real estate level in the figure below.

Figure 6.8 – value chain RTL Nederland (adapted from Picard, 2002:32)
The strategy to recommit to the current location in the media park aligns most with the values to increase flexibility, reduce costs and corporate marketing. The current accommodation is flexible as the portfolio consists of several buildings that are organised according to function. This enables spatial flexibility within a specific function creating asset efficiency. In addition the current location has lower rent levels than the potential relocation sites in Amsterdam.

- In our location choice several criteria have been taken into account such as accessibility, amenities, infrastructure, image and costs. These factors have been taken into consideration and finally Hilversum came out best.

(Appendix B, I-6)
Even though this is not a direct reduction of costs, it does allow for an optimisation of the real estate service production through especially the vertical disintegration of the value chain, which means that through this organisational flexibility part of the portfolio can be disposed of more easily (no ownership contract, only lease), and outsourcing (labour pool in media park).

Finally, the value of corporate branding is captured with the localisation in the media park. Not only RTL, but also the media park and the municipality of Hilversum, have the similar aim to be on top in their marketplace; RTL in the media industry, the media park and Hilversum as the place to be for any media company. This creates a mutual synergy advantage that is utilised by the selected location strategy.

**Conclusion**

The location choice to recommit to the media park has resulted from the perceived benefits of the apparent external agglomeration economies, i.e. labour pooling, infrastructure sharing, found in the media park and the degree to which a reputable and sizeable company like RTL Nederland is spatially and virtually embedded in set location. This results in the internal centrifugal forces to ensure the business continuity by having a flexible accommodation in multiple locations, yet being centralised within the media cluster to still gain from the external agglomeration economies.
6.7 CASE 4: OMROEP MAX

Omroep MAX is a public broadcaster aimed for people over the age of fifty. The corporation is organised with the philosophy of this group to better serve their targeted audience. The company is established in 2002 and the first televised broadcast was in 2005. The core business of this company is to create, record and broadcast television and radio programs. Being a public broadcaster, Omroep MAX’s financial management is significantly different from the other case studies, as it is does not make a profit. The company is financed with subsidies from the government. As opposed to the other cases where real estate is an asset, this is not so in this case.

Omroep MAX has a small vertical integration of the production and distribution value chain. This is due to its market specialisation, which are only people over the age of fifty. This allows the company to diversify their products (e.g. television programs) as long as it fits with its specialised market.

The company occupied an accommodation in the media park, prior to a decision to move in 2010, as a consequence of attracting real estate when needed. The location strategy of Omroep MAX is a move within the same geographical area (O’Mara, 1999) and recommit to the location in the media park until 2015 with the lease of 4000 m² dispersed over three buildings (i.e. for offices, production and recording). The portfolio is decentralised to accommodate the business units according to their function.

For the location strategy of Omroep MAX not all five parameters matter. As mentioned before, the market specialisation makes the parameter access to markets redundant. Also access to finance is seemingly less relevant, though rent seeking (as an external centripetal force) contributes to a location close the higher political powers, which control the financial distribution amongst the public broadcasters. The parameter human capital and network partnerships are interrelated into an encompassing public broadcasting system, vastly located in the media park.

This institutional thickness invokes the centripetal forces of input sharing and infrastructure sharing, which together with rent seeking have led to locate in the media park.

Figure 6.11 – value chain Omroep MAX (adopted from Picard, 2002:32)

- With our budget we are limited in what we can do with our accommodation. However, this accommodation allows the different business units to be close to each other. This means that you can hear much from each other and involvement with one another spontaneously arises. We try to facilitate this interconnectivity in the buildings’ design through routing in Het Decorcentrum and in workplace designs such as an office garden in De Spil. –

(Appendix B, l-10)
<table>
<thead>
<tr>
<th>Real estate strategy level (added values)</th>
<th>Corporate real estate implementation</th>
</tr>
</thead>
</table>
| 1. Increase of productivity            | ▪ Functional workplace solutions that stimulate the productivity of employees.  
                                          ▪ Improve logistics through site selection. |
| 2. Cost reduction                      | ▪ Optimisation real estate service production (reducing accommodation costs) through accommodate according to function.  
                                          ▪ External economies of scale in cooperation and negotiation with other public broadcasters. |
| 3. Risk control                        | ▪ Risk of real estate development transferred. |
| 4. Increase of value                   | ▪ Competitive marketplace in public broadcasting (i.e. limited risk of vacancy). |
| 5. Increase of flexibility             | ▪ Organisational and financial flexibility due to acquiring real estate when needed.  
                                          ▪ Technical flexibility by shared use of public broadcasting infrastructure. |
| 6. Changing culture                    | ▪ Functional workplace design to support employees’ specific culture (aimed at senior citizens).  
                                          ▪ Workplace specialisation (functional standardisation) |
| 7. PR and marketing                    | ▪ Historic legacy of media park image as the ‘cradle’ of public broadcasting reflects upon corporate image.  
                                          ▪ Location choice at an appropriate marketplace, in close proximity of other public broadcasters (political and financial considerations). |

*Figure 6.12 – CRE implementation case Omroep MAX*

The values cost reduction, facilitating culture and marketing are found most implemented. The decentralised portfolio is organised according to function, which means that specialisation of the accommodation allows the workplaces to be functionally supportive to the business activities. This does not contribute to internal economies of scale; though through infrastructure sharing accommodation costs are reduced. Finally, the marketing value is resultant of external rent seeking, as the location strategy is to be in close proximity to the rest of the public broadcasters for political and financial motivations.

**Conclusion**

The location strategy of Omroep MAX to recommit to an improved accommodation in the media park is induced by external centripetal forces (infrastructure sharing, input sharing and rent seeking) to spatially concentrate the public broadcasting system. However, the portfolio consisting of three buildings is decentralised as a result of functional specialisation of the business units to accommodate the value chain more opportune. This responds to the internal centrifugal force to occupy several buildings to achieve organisational flexibility to ensure business continuity, whilst still be in close proximity to gain from the external agglomeration economies.
6.8 CASE 5: SONY MUSIC ENTERTAINMENT

Prior to October 1, 2008, Sony’s entertainment business was conducted by SONY BMG, a 50% joint venture with Bertelsmann. On that date, Sony acquired Bertelmann’s 50% stake in the company, and SONY BMG became a wholly owned subsidiary. From January 1, 2009, the company changed its name to Sony Music Entertainment. In addition to being able to further lower its cost base through increased efficiencies, having Sony Music Entertainment entirely within the Sony Group will allow the company to work more effectively with the other division within the Sony Corporation (Sony annual report, 2009:30).

The value chain is focused on both the production and distribution, though the distribution is more dominant. As a result, of the five parameters (i.e. human capital, infrastructure, network partnerships, access to markets and access to finance) that influence the location strategy, the network partnerships in combination with access to markets (and indirectly access to finance) are seemingly prevailing.

Sony Music Entertainment is a record company that produces, records, distributes and markets music and entertainment products to various markets, e.g. consumers, radio stations, television networks, retailers, etc. (Appendix B, I-9). In 2007, after the lease contract with owner TCN expired, the company decided to move within the media park to a new developed building specifically designed to facilitate the high standards of the company. The company occupies 2685 m² for its 160 employees with an operational lease contract for 10 years (ends in 2017). Sony Music is focusing more on using new media to diversify their products and reach a larger market. In addition the vertical integration of these new media activities into the company have contributed to a centralisation of the different business activities into one building to achieve synergy advantages between the different, yet related, activities.

The importance of close proximity to the markets as the main distribution channel and for capital accumulation induced relocation within the same geographical area, i.e. within the media park. The strategy is also influenced by the localisation of the human capital as resource input. This indispensable input factor is mostly found around Hilversum and in the metropolitan area of Amsterdam. Considering the relative proximity of the human capital, a recommitment to the same geographic area is sensibly imminent (O’Mara, 1999). The parameter infrastructure (technology) have had a limited influence, as all technological infrastructure is internalised in the company, thus infrastructure sharing as an agglomerative effect of the media park is nullified.
<table>
<thead>
<tr>
<th>Real estate strategy level (added values)</th>
<th>Corporate real estate implementation</th>
</tr>
</thead>
</table>
| 1. Increase of productivity           | ▪ Ensuring state of the art technological infrastructure to support core business.  
                                         ▪ Efficient workplaces equipped with high-tech solutions.  
                                         ▪ Suitable location for labour pooling (leading to competiveness and innovativeness). |
| 2. Cost reduction                     | ▪ Reducing accommodation costs (e.g. contractual lease terms).  
                                         ▪ Reducing occupancy costs (though economies of scale)  
                                         ▪ In-house services that save time, costs or work. |
| 3. Risk control                       | ▪ Risk of real estate development transferred. |
| 4. Increase of value                  | ▪ Increase economic life span through high quality design and infrastructure. |
| 5. Increase of flexibility            | ▪ Occupation flexible multiple accommodation with a long term perspective.  
                                         ▪ Asset efficiency through workplace design (e.g. flexible use of space). |
| 6. Changing culture                  | ▪ Integration of in-house facilities/amenities desired by employees.  
                                         ▪ Ensuring world class workforce and world class workplace accordingly to corporate standards/business culture, yet providing flexibility for informal work atmosphere. |
| 7. PR and marketing                   | ▪ High quality accommodation reflects corporate image.  
                                         ▪ Location for media park Hilversum aligns with leadership position in industry. |

*Figure 6.14 – CRE implementation case Sony Music*

The location strategy to centralise the different business units of the value chain enables the internal agglomeration economies of labour pooling, knowledge spillovers and most importantly input sharing. The analysis of the implementation on real estate strategy level, seen in the figure above, indicates how these agglomeration economies are utilised.

The values reduction of costs, culture and marketing has proven to be most effectively implemented on real estate strategy level (Appendix B, I-9). By centralising the different business production and distribution value chains economies of scales are created that reduce the accommodation and occupancy costs.

- *Face-to-face is very important, absolutely, you are never going to replace face-to-face contact. You cannot pick up body language; you cannot build relationships truly over the phone and with video-conferencing. They help because they make things more efficient but it is never going to replace the face-to-face contact. Even internationally there is a point when you have to go and meet people even if you have seen them on a video-conferencing basis because you do not get a feel for that relationship aspect.*

(Appendix B, I-9)
The accommodation itself is designed to facilitate the corporate culture that reflects the corporate brand and image, to ensure a high quality workplace to achieve a competitive advantage resulting in a stronger market position that benefits the value chain. Finally, the flexible use of space creates an asset efficiency that is able to incorporate further expansion, but foremost allows the internal agglomeration economies (labour pooling, knowledge spillovers and input sharing) to be utilised effectively.

**Conclusion**

The location strategy of Sony Music Entertainment illustrate how the parameters access to markets and finance, which increasingly important in a networked economy, have a seminal effect on the location choice. The proximity to markets for distribution and capital accumulation have led to a localisation in the media park, not the utilisation of the conventional external agglomeration economies found herein such as infrastructure sharing and labour pooling. Finally, the internal centripetal forces, as explained before, have induced centralisation of the various business activities to benefit from the potential synergy advantages.
6.9 CASE 6: FREELANCERS

The sixth and final ‘case study’ is a compilation of seven freelancers, whom have leased a workplace in one of the several business centres in the media park. The analysis of this case is made in order to get more insight into the strategic considerations of small scale companies, in this situation a single company, in their location choice as they enjoy a high degree of flexibility in their accommodation and often operate on a very short project term. This case sheds insight into this highly flexible and footloose part of the audiovisual sector and make up a large part of this industry.

The companies that have chosen to locate in the media park are divided into two groups, first, those who (re)locate in the media park (i.e. in three cases); second, those who recommit to this location (i.e. in four cases). The motivations and strategic considerations to opt for this location are nonetheless for both groups analogous. All companies are engaged in creation and production works (e.g. creating new television formats) that fall under the production part of the media value chain.

However, that very same characteristic makes the network partnerships so much more important as their employment is often very short term and for the business continuity a strong network is essential. The network partnerships are not limited to other companies located in the media park, though most are. Consequently the access to markets is related to the location of the networks these freelancers are part of. The access to finance, on the other hand, is an interrelated factor as these single companies use their own capital to finance the organisation. The interrelation with business continuity (infused in the network partnerships) and infrastructure is apparent. By sharing the technological infrastructure of the media park, these companies can save accommodation costs and use this capital to ensure their business continuity.

- If I had to choose I would settle in Amsterdam, because you can distinguish yourself better. Nevertheless, the clients are here (i.e. media park Hilversum) so the capital is here as well. In the end nobody moves.

(Appendix B, I-13)

The agglomeration economies that are brought forth by infrastructure sharing and knowledge spillovers (of especially non-codified information) that have led to a spatial concentration in the media park and even into the same business centres are found most decisive.

The location strategy seen in this case can be typified with the analysis of the implementation on real estate strategy level, seen in the figure below.
### Real estate strategy level (added values) vs. Corporate real estate implementation

<table>
<thead>
<tr>
<th>Real estate strategy level (added values)</th>
<th>Corporate real estate implementation</th>
</tr>
</thead>
</table>
| 1. Increase of productivity              | Workplace design optimised to fit with own specific work atmosphere/ work practices.  
  | Increase in productivity through increasing competitive peers in proximity (e.g. business centre). |
| 2. Cost reduction                        | Efficient use of shared resources (technological infrastructure).  
  | Minimising accommodation costs (e.g. shared use of building facilities and services). |
| 3. Risk control                          | Short term lease/rent contracts, minimal capital tied up in real estate. |
| 4. Increase of value                     | n/a |
| 5. Increase of flexibility               | Occupation of highly flexible accommodation with a short term perspective.  
  | As flexible as possible due to lease/rent contracts (cost efficiency and asset efficiency). |
| 6. Changing culture                      | n/a |
| 7. PR and marketing                      | Location/building choice in media park reflects on the organisation |

*Figure 6.17 – CRE implementation case 6*

The values flexibility and cost reduction have found to have the most comprehensive implementation of the strategy (Appendix B, I-13). A flexible accommodation answers to the way these single companies do business, i.e. often on short term project based (Appendix B, I-13):

- **Freelancers are not part of a company or a supplier.** We work for ourselves and for a set period of time to finish the project. Chances are there might be other projects in the prospect so we want to maintain long term relationships with everybody and being in close proximity helps. -

Therefore a flexible accommodation, with the lease/rent contracts that can be terminated fairly easily, is found in the business centres of the media park. In addition, these companies are not capital intensive and cost reduction on the accommodation and occupancy is required. By sharing the high quality technological infrastructure of the media park these needs are answered. Finally, the marketing value of being accommodated in the media park reflects on the image of the organisation and helps to expand their network partnerships.

**Conclusion**

The implemented location strategy of this case gives a rather compelling indication on how these highly flexible and footloose single companies still spatially concentrate even though with contemporary information and communication technologies a spatial dispersion complies more likely. It shows the importance of physical proximity for set companies to achieve knowledge spillovers through face-to-face contacts and infrastructure sharing to save costs, to have a decisive influence on the location choice. This case is indicative of how conventional agglomeration economies still apply to even the most flexible and footloose companies and induce a spatial concentration.
<table>
<thead>
<tr>
<th>CASE STUDY</th>
<th>CRITICAL PARAMETERS</th>
<th>STRATEGY IMPLEMENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HUMAN CAPITAL</td>
<td>INFRASTRUCTURE</td>
</tr>
<tr>
<td>Endemol</td>
<td>Significant presence in metro-area Amsterdam</td>
<td>High accessibility (global connection)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technological infra internalised</td>
</tr>
<tr>
<td>MTV Networks Benelux</td>
<td>YUP culture in Amsterdam</td>
<td>High accessibility, for studios</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technological infra internalised</td>
</tr>
<tr>
<td>RTL Nederland</td>
<td>Mostly present in the Amsterdam metropolitan area and spreading to the Northwest wing of the Randstad</td>
<td>High accessibility for studios</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technological infra mostly in-house, partially outsourced</td>
</tr>
<tr>
<td>Omroep MAX</td>
<td>Found in Amsterdam and region in/around Hilversum</td>
<td>Share technological infra with other public broadcasters</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location strategies of audiovisual companies compelled by the network society</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sony Music Entertainment</strong></td>
<td>Found in Amsterdam/Hilversum</td>
<td>High accessibility (access point in media park)</td>
</tr>
<tr>
<td>Freelancers (n=7 single companies)</td>
<td>N/A</td>
<td>Technological infra sharing to save accommodation costs</td>
</tr>
</tbody>
</table>
6.11 CONCLUSION
The case studies are analysed by investigating five factors, i.e. human capital, infrastructure, network partnerships, access to markets and access to finance, that influence the strategic formulation of the location strategy. Secondly, the internal centripetal and centrifugal forces are identified to analyse the implementation of the location choice on real estate level.

The five parameters have a different prioritisation in the case studies, which therefore have a different effect on the formulation of the location strategy. The input resource human capital is in all cases indispensable, though as is seen in the case of MTV Networks the distinct culture of their human capital is specifically found in urban dynamic environments; hence the decision to locate in such an area was imminent. On the other hand in the cases of RTL Nederland and Sony Music the majority of the employees live in Amsterdam, though these companies have not located here. The parameter infrastructure, both physical and technological, is important for the cases to utilise internal and/or external infrastructure sharing regarding the (de)centralisation of the accommodation. Only the cases located in the media park benefit from this external agglomeration economy, whilst MTV and Endemol utilise only internal infra sharing.

Finally, the three parameters that influence the strategic formulation: network partnerships, access to markets and finance are strongly interrelated. All cases accumulate their capital on the same location where there markets lie, which constitutes as the core of their network partnerships and thus formulating a rather direct spatial implication for the location strategy.

Consequently, the internal and external centripetal and centrifugal forces, summarised in the figure below apparent for the media park, influence the location choice differently.

The case of Omroep MAX illustrates how rent seeking has led to a location choice close to the other public broadcasters in the media park, whilst at the same time multiple sites are occupied to ensure business continuity through a flexible decentralised accommodation. This case shows that the location strategy is influenced simultaneously by contrary centripetal and centrifugal forces. The case of Endemol is perhaps even more exemplary as the dispersed portfolio is centralised into one building to gain from input/infra sharing, though the property rents are much higher in the new accommodation, than in the previous spatially dispersed configuration.

The case study analysis has shown that both internal and external centripetal forces influence the location strategy of the cases differently. The centripetal forces as listed in the figure above compel different location choices, seen in the case studies. The two cases, MTV Networks and Endemol, whom not coincidentally have a transnational market focus, relocate to Amsterdam, to specifically gain from external input sharing from other industries.

<table>
<thead>
<tr>
<th>CENTRIPETAL FORCES</th>
<th>CENTRIFUGAL FORCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure sharing</td>
<td>High property rents</td>
</tr>
<tr>
<td>Input sharing</td>
<td>Legacy buildings</td>
</tr>
<tr>
<td>Knowledge spillover (non-codified information exchange through face-to-face contact)</td>
<td>Business continuity, multiple sites maintained to achieve flexibility</td>
</tr>
<tr>
<td>Labour pooling</td>
<td>Clients and markets (access)</td>
</tr>
<tr>
<td>Rent seeking</td>
<td>Immobile labour, land and natural resources</td>
</tr>
</tbody>
</table>
The other cases, whom have located in the media park, share a common non-transnational focus. This indicates that the extent of the network/market access, with regard to partaking in the space of flows, in combination with the human capital parameter, compel a shift in location towards the metropolitan area of Amsterdam.
CHAPTER 7 CONCLUSIONS AND DISCUSSION

In this chapter the final results of the research are presented to give answer to the research’s main research question:

What are the effects of the rising network society on the location strategy and choice of audiovisual companies in the Netherlands?

and (dis)prove the hypothesis:

The rise of the network society strengthens the centrifugal forces of the media park Hilversum leading to the dispersion of the audiovisual companies out of the cluster.

In addition a discussion on this research is provided.

The ambiguous spatial development noticed in the media park Hilversum sees several audiovisual companies leave the cluster to relocate elsewhere. It is argued that the rise of the network society plays a key role herein, as audiovisual companies produce non-physical goods. The thought is that the cluster theory, predominantly leading to advantages, might not apply for this type of companies on this location. It is therefore a well based choice to investigate the location strategies and settlement patterns of set companies as they are mostly infused with the spatial liberties that globalisation, in particular the network society, has enabled, because they produce non-physical goods, thus making them more footloose than other business sector and industries.

THEORETICAL FRAMEWORK

The network society, driven by technological developments has significantly changed the businesses of media companies. The key driver of this network society is ICT. It is in fact ICT that has allowed the networked model to not only be implemented in the global economy, but also on an internal organisational scale level, wherein different business units of set companies can be linked to each other in real time. This is the logic that supports the space of flows, wherein the flows of information and capital are networked on a global level.

The rise of the network society has introduced two distinct and not strictly opposing concepts, with both their own spatial logic: the space of flows and the space of places. The space of flows, consisting of three layers that plead for a non-place, and space of places that goes into the distinctive features and qualities of a specific location. The network society propelled by a global informational economy sees both a spatial concentration and a spatial dispersion, as response to participate in the space of flows and respond to the space of places. This is seen in the spatial consequence of the production process. The space of flows induces a spatial dispersion of especially low-cost production activities since they are linked to the other business units in real time. However, the space of flows also induce concentration of power and control centres, such as headquarters, in top locations of (certain) large cities, habitually characterised as so called global cities. It is this ambiguity that the spatial logic of the network society comprises that is particularly interesting to investigate in the media sector.

The media park Hilversum sees an ambiguous spatial development that needs explanation. The concepts of the space of flows and space of places provide a theoretical basis from which this development is seen. However, empirical research is needed and is conducted by analysing eight media clusters across the globe, which are affected comparably to the media park Hilversum by the network society. Consequently a more in-depth case
study analysis is conducted of six audiovisual companies to investigate the location strategies of set companies, for which six strategic drivers of relocation that can be divided into moves within a geographic area and moves towards a new geographic area.

**Media cluster analysis**

Eight media clusters are investigated to understand their spatial development and to discover settlement patterns that are viewed within the theoretical framework. For this analysis five parameters (i.e. conception, development/management, spatial pattern/development, centrifugal forces and centrifugal forces) are defined that are used to configure the spatial organisation of set clusters. The parameter conception and development/management allow a parallel with the development of the network society to be drawn. This explains how and why certain cluster are conceived and consequently developed. The parameter spatial pattern/development sets out to identify the spatial organisation of the cluster. This allows for both centrifugal and centrifugal forces to act upon the cluster, which on its turn influences the spatial organisation on an external cluster scale level and/or even city scale level.

The analysis of the media clusters give a comprehensive overview of the spatial developments of different aged media clusters from mature clusters like Los Angeles and London, to relatively new clusters like Toronto and Leipzig. The analysis shows that historic trajectories of cultural activities and institutional thickness (i.e. critical mass) continue to be an influential centrifugal force, that propels the agglomeration of media companies to achieve the conventional agglomeration economies that are associated with clustering such as infrastructure sharing, input sharing, knowledge spillovers and labour pooling. This is noticed throughout all clusters, especially in Leipzig, Munich and Hilversum. This has allowed the latter two clusters to even develop media parks to optimise these external agglomeration economies.

A mix of industrial sectors (e.g. finance, legal, creative, etc) and of functions (housing, leisure and business) in urban areas or more specifically metropolitan areas is key to enable growth and innovativeness as the diversified environment of the city centre has distinctive (spatial) qualities that creates competitive advantage. This is seen in the clusters of Sydney, Toronto, Vancouver and less in Los Angeles and London. The last two cluster experience agglomeration diseconomies that make the city centre less attractive and a distinct shift towards diverse business and living environments outside the city centre is noticed. In London there is interurban clustering in the Soho area and suburban clustering that enables a cottage economy. In Los Angeles a shift towards the affluent residential areas in the Westside cities, just outside the city centre, is seen. These spatial developments are not only explained by increasing agglomeration diseconomies in the preferred city centre, it is also explained by the role the informational elite, as described by Castells (2000), has on the spatial configuration of the city being one of the three layers that comprises the space of flows. It is argued that this informational elite, also referred to as human capital, which is the foremost and indispensable input factor for media companies who seek a high quality of life in cities. The Vancouver media cluster is exemplary as this city has a very high quality of life that is used by the governmental bodies to plan the media cluster precisely here as the human capital is present at this location. The high quality of life in cities, achieved through this mix of industrial sectors and functions, thus allows the human capital to locate in set areas which subsequently have a distinct and essential influence in the spatial configuration of the media sector.
The rise of the network society/economy has increased the importance of the space of flows in general and in particular in the media sector, since ICT enables a form of globalisation that allows media companies to locate anywhere as long as they are within this space of flows. However, it is the space of places, the distinct qualities of a certain place, like Hollywood in Los Angeles, or Soho in London, that create the locational quality (i.e. translated into the quality of life factor for living environments and into competitive advantage for business environments) that remains the key centripetal force influencing the spatial organisation of the media companies and their location choice.

The shift noticed from the media park Hilversum to Amsterdam corresponds to this spatial development towards the metropolitan areas and the multifaceted city centre seen throughout the other media clusters as well. However, as mentioned before it is an ambiguous development as media companies like RTL Nederland recently, have chose to locate in the media park. This suggests that the centrifugal forces acting upon the media park Hilversum do not outweigh the centripetal forces that support relocation to Amsterdam (or other metropolitan areas) in all cases. The media cluster analysis can only explain this development on an external cluster and/or city level. To understand this spatial development more comprehensive in-depth case studies are conducted of six companies that have relocated recently; two cases (Endemol and MTV Networks) have relocated in Amsterdam, and four cases (RTL Nederland, Sony Music, Omroep MAX and some freelancers) have located in the media park Hilversum.

**Case study analysis**

The case study analysis seeks to identify the location strategies of the six companies by investigating the strategic formulation and implementation of this strategy. The strategic formulation is analysed using five parameters (i.e. human capital, infrastructure, network partnerships, and access to finance and to markets) that influence the spatial implications of corporate strategic management with regard to the location from where to do business. The strategic implementation is seen in the location strategy and the internal centripetal and centrifugal forces on organisational level that induce (positive and negative) localisation externalities in the organisation’s accommodation, consequently shaping the portfolio and the implications on the real estate (i.e. building scale level).

The five parameters have a different prioritisation in the case studies, which therefore have a different effect on the formulation of the location strategy. The input resource human capital is in all cases indispensable, though as is seen in the case of MTV Networks the distinct culture of their human capital is specifically found in urban dynamic environments; hence the decision to locate in such an area is imminent. On the other hand in the cases of RTL Nederland and Sony Music the majority of the employees live in Amsterdam, though these companies have not located here. The parameter infrastructure, both physical and technological, is important for the cases to utilise internal and/or external infrastructure sharing regarding the (de)centralisation of the accommodation. Only the cases located in the media park benefit from this external agglomeration economy, whilst MTV and Endemol utilise only internal infra sharing by centralising business units together.

The three parameters that influence the strategic formulation: network partnerships, access to markets and finance are strongly interrelated. All cases accumulate their capital on the same location where there
markets lie and where the network partnerships are mapped out, thus having a global span in principal for a company like Endemol, though all parameters are confined to actual face-to-face contacts that are still much needed as is seen in several statements made by the interviewees in chapter 6.

Even though these three parameters are seemingly non-location bound, the restricting implication by the necessity of face-to-face contacts allows the formulation and implementation of the location strategy of set cases not to be devoid of the qualities of a place (media park Hilversum or Amsterdam), more generally the space of places.

These five parameters coincide not incidentally with the space of flows (more specifically flows of information and capital) that are crucial for these companies businesses and subsequently their location choice. The strategic implementation however, relates more the space of places in the location choice itself.

The two cases, MTV Networks and Endemol, whom not coincidentally have a transnational market focus, relocate to Amsterdam, to specifically gain from external input sharing from other industries such as finance and legal. The other cases, whom have located in the media park, share a common non-transnational focus. This indicates that the extent of the network/market access, with regard to partaking in the space of flows, in combination with the human capital parameter, compel a shift in location towards the metropolitan area of Amsterdam suggesting the space of places to dominate the space of flows, in compliance to the spatial development seen towards other metropolitan areas in the analysed media clusters.

**Conclusion**

The case studies analyses partially support the research hypothesis, as indeed as a result of the rising network society, audiovisual companies (e.g. Endemol) relocated outside the media park Hilversum towards Amsterdam to be specific. However, the case studies analyses also show that several companies have recommitted to a location in the media park Hilversum. This however does not disprove the hypothesis as it only states that it strengthens a spatial dispersal out of the media park/cluster, which it in fact does.

The analyses of the media clusters and the case studies indicate a re-clustering development to multifunctional/ multi-sectoral and multidimensional (i.e. embedded in a global network) metropolitan areas to answer to the tension that is created by the network society between participation in flows and the distinctive quality of place, wherein participation in the flows in necessary, but where the quality of place still dominates the previous and has a determining effect on the location strategy of audiovisual companies. The rising network society, however, also leads to strengthening the centripetal forces in the media park towards clustering, which not coincidentally complies with the very same paradoxical developments seen in the settlement patterns of the other analysed media clusters.

The analysed location strategies of the case studies do however bring a nuance to this conclusion, as this developed is supported by only those cases who’s market access goes beyond national borders and not by the other cases. This supports the view that the quality of place may not supersede the importance of participation in (global) flows; it does indicate that it has a dominating effect on the location strategy of set cases and continues to be so as the most valuable and indispensable input factor remains the
human capital, which is intrinsically spatially connected to the distinctive quality of places.

**Discussion**

In this section a discussion on the results of the research is made. The network society, specifically, the space of flows and space of places bring a paradoxical development forth, which is seen in this research. Though, with modern ICT media companies can locate anywhere, yet they still concentrate in clusters, whether this is in a mono-functional cluster like the media park Hilversum, or within a specific area in a metropolitan area, such as Amsterdam. In both cases there is a spatial concentration.

This brings out the discussion on the prospects of clustering. Obviously the agglomeration economies achieved through clustering are still apparent looking at this research; it does however raises questions on the vitality of mono-functional business park like the media park in Hilversum. As mentioned in the conclusion re-clustering prevails in multifunctional metropolitan areas that are part of a global network (e.g. finance). The region Amsterdam and Hilversum combined could be regarded as being part of the same metropolitan area, especially in comparison to the size of the media cluster in London, thus supporting the (re)localisation of media companies in metropolitan areas.

Though, a shift from the media park and or the direct neighbourhood to the municipal region is noticed. This is also apparent in other industries besides the media, especially in advanced service industries such as finance and legal. The clustering of these industries in city centres of metropolitan areas is motivated with the same reasoning. The space of places, still dominate the space of flows, as it is the distinct quality of the city centre that provides a high quality of life and competitive advantage to attract people and business respectively. Therefore clustering in multi-functional areas is not likely to disappear.

The prospect of mono-functional business parks for the media is seemingly nullified, as this industry requires diversified input sharing which is mostly found in or near city centres. However other industries, which have strict regulations, such as the petrochemical industry, or the pharmaceutical industry, do achieve great agglomeration economies in especially mono-functional business parks, as they require spatial specialisation for regulatory reasons.

The media park Hilversum rightly makes changes to become more diverse by adding leisure facilities and supportive functions like hotels. In this light, the media park Hilversum tries to facilitate those functions apparent in Amsterdam, though the quality of a metropolitan area is not just limited hereto. In fact the media park Hilversum seeks a reconfiguration of the cluster. The re-clustering that is seemingly apparent in Amsterdam, suggest that the media park Hilversum can still rely on clustering of media companies as is seen throughout the case studies. The globally focused media companies like Endemol and MTV require that participation in the flows that runs through Amsterdam be it through capital accumulation or input sharing with other sectors. The distinction with the media park lies in this focus span, which was analysed with the parameters network partnerships and access to markets and to finance. The reconfiguration of the media park Hilversum must allow further local embeddedness to create the competitive advantage that invokes the positive localisation externalities these locally focused companies seek.

Nevertheless whether the discussion is on the paradoxical spatial development of both increasing clustering and dispersion, in a
increasingly global networked society, the tension created between the space of flows and the space of places is still apparent, especially in metropolitan areas, in according to Sassen (2000) in global cities.

The tension between the space of flows and space of places is greatly evident in the media sector, perhaps more than any other sector, as the dependency on and use of ICT for business activities is indispensable. Therefore this research’s results indicating a continuance of clustering, be it in the media park Hilversum, as has been ongoing since its conception, or a re-clustering in Amsterdam to seek the positive localisation externalities of a dynamic, diverse metropolitan area, command location strategies for even the most footloose companies like media companies, to be able to cope with this tension, and for urban planners to understand how to facilitate this unavoidable paradoxical corporate demands.

It is in fact this tension that affects both corporations and cities and finding an answer to cope with this tension through the alignment of corporate real estate management and urban area development respectively, will give that synergetic advantage to both sides.
EPILOGUE

This research is not aimed to identify a set of location factors that are investigated upon in order to make a location decision. Whilst such location factors are important in the strategic location choice process, it fails to understand the more underlying strategic drivers that compel corporations to consider their current accommodation.

A study alone into for instance the found critical component in this research human capital can be broken down into several main categories of which the quality of life is the most profound one. This factor quality of life on its turn can be subdivided into dozens of themes and those again onto dozens of factors determining set quality of life (e.g. safety, criminality, accessibility, education, housing, etc.) then e.g. education can be specified into lower education, higher education private schools, public schools, ethnicity of students, scores on student tests, school rankings, ratio student-teacher, etc.) This type of study is not what this research aims for. Rather such conducted studies found in published scientific articles on location factors have been taken into consideration in the empirical analysis of this research.

My interest does not lie in the one-dimensional study into a range of (essential) location factors; this research focuses on the underlying internal and external dynamics that compel set companies to consider (change in) their accommodation strategy. The view of the network society provides such an underlying theory that explains certain spatial developments, propelled by location strategies. This is what with this research I have tried to achieve with modest success.

There is, however, on specific thing I would have done differently. First and foremost, I would initially start with the empirical research, rather than exploration of literature. Because the first findings of the empirical research already narrows the research subject which allows you to seek more apt literature and which can help steer the research further along and saves time and effort on the long run.

With regard to further research I would advice to continue with this methodology and expand the case studies with more versatile companies in size and their focus on the media value chain. This will yield in a wider selection of cases and the conclusions which can be drawn from these cases might be more suited to generalise.

Another option would to still use the methodology of this research, only very strictly select similar cases. This specialisation can also yield into more accurate results that might be generalised.

Finally, a recommendation that likely fits all graduate students, that is not to try and invent the wheel again, so try to continue with a existing research, which unfortunately was not at hand for my research, as it gives much steering into the research process, which on its own is already quite complicated, and allows you to yield more accurate and conclusive results, which at the start of every research a lot of us aim to achieve.
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RTL (2009) Annual report RTL Group


Sassen, S. (adaptation works of Sassen for reader MCD and Msc RE&H, provided by Gerard Wigmans) pp. 1-13


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APPENDIX A Interview guideline

1. START THE INTERVIEW
   - Position / description of daily work and tasks in company

2. OPENING QUESTIONS
   - What does your company produce? / What services does your company provide?
   - What is special about your company?
   - How does your company organise the production process? How does your company organise the performance?

3. NETWORKS
   - Where are your customers? (inner city, region, state/country, abroad)
   - Subcontractors / suppliers: Collaboration with other companies (same sector other sector) in the area
   - Describe the relationship: collaboration / competition
   - Collaboration with other actors in the region
     - Universities / research institutions
     - Member of business organisations?
     - Administration / organisations of public authorities
   - Quality of the relationships (satisfied with it?)

4. LOCATION FACTORS (SOFT AND HARD)
   - Why did the company settle in the city of...?
   - Why not in another city ... (country)?
   - Role of factors
     - Infrastructure (transport, IT infrastructure)
     - Labour market
     - City administration ....
     - Costs (rent/living/personnel) ...
     - Policies / support by the city/region government
     - Tax climate
     - Quality of life
     - Leisure activities
     - Region
     - Sub cultural scene
     - Tolerance – acceptance of diversity
   - Why did the company settle in this neighbourhood/quarter/part of the city? (Depending on where the company is located: why in the inner city / urban fringe / suburbia? Why not in inner city / urban fringe / suburbia? )
5. SECTOR AT THE LOCATION

- Can you describe the role of (city) for your sector? Is the city an important location for your sector in the national / international context?
- What advantages or disadvantages does the city offer in comparison to other cities for your sector?
- Image of the city for this sector

6. REAL ESTATE IMPLEMENTATION

- How are the seven values on real estate level implemented, in relation to the location strategy?
  - Increase of productivity
  - Cost reduction
  - Increase of value
  - Risk control
  - Increase of flexibility
  - Changing culture
  - PR and marketing

7. PROSPECTS - CORPORATIONS AND CITIES

- Perspective of the company at the location
- Perspective of the sector at the locations
- What could be done better by the public authorities? Wishes? What conditions can be improved?
## APPENDIX B Interview list

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### APPENDIX C Data from Chamber of Commerce

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*Bron: USA, 2009*

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*Bron: Kamer van Koophandel Gooi-, Eem- en Flevoland; het Handelsregister*
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Bron: Kamer van Koophandel Gooi-, Eem- en Flevoland, 2008
Location strategies of audiovisual companies compelled by the network society