Managing the Future of de Bijenkorf: Towards the Real Estate Management Strategy of a Dutch Upscale Department Store Chain

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0. Preface

This master’s thesis is about the future development of the Dutch upscale department store, de Bijenkorf in terms of real estate management plan. Upscale department stores build its characteristic by having invited selected brands, and have specific target group who have higher purchasing power than average, and now de Bijenkorf is the only upscale department store brand in the Netherlands. To take care of its target customers, it has prepared for the commensurate assortment of brands with various departments for the customers’ tastes.

As we realize that the department store itself has an image of an old fashioned retail format comparing to other newly developed retail formats, it may look decreasing retail business in these days. However, it still shows that the big retailer in the city center needs to be prepared more properly by predicting the future demands of the cities not only for their business profitability but also for the city’s image or branding. They need to keep this business and prepare more properly for the future.

This report is not about how department stores can dominate the future retail market, but about how department stores sophisticatedly can keep and sustain their business more effectively into the retail market of the city. This is all about how to prepare the future of the department stores more strategically by providing research, business strategy, scenario planning and recommendation about efficient future transition of Dutch upscale department store chains, de Bijenkorf.

Since the thesis is divided into two parts; research part and strategy/scenario part, it wouldn’t be possible to finalize the thesis without two mentors’ professional assistance. I would like to thank dr. ir. Dion Kooijman as the first mentor and ir. MBA. Monique Arkesteijn as the second mentor. Dion always supported to develop the concept, structure and direction of the thesis. He was always ready for advising every single draft of the report, and his critical notes were of great value to me. Monique was great supporter especially for the strategy and scenario planning part of the thesis. She was gave precious comment to my immature status of the strategic planning part, and provided a professional feedback to my each draft which needed significant amounts of changes and modifications. I appreciated that she accepted to be my mentor by squeezing her intensive schedule.

I also want to thank all the people who have participated in the research. Especially Eric van den Elshout who is a store manager of de Bijenkorf den Haag, Jaqueline Veenendaal who is a store manager of de Bijenkorf Rotterdam, Martijn van Dam who is from municipality of Den Haag, Renate Veerkamp and Nico Sizoo from OBR, Municipality of Rotterdam, and Jos Braakhuis, Municipality of ‘S-Hertogenbosch were kindly and enthusiastically participated in the interviews and contributed to provide crucial information for the thesis. Last but not least, I would like to thank Daliana Suryawinata, an external board of examiner from the Why Factory (T?F), supported me to proceed the thesis by providing smart and fresh feedbacks.

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Chang Ho Yeo
Summary

Fig.01 De Bijenkorf Amsterdam in 1910s (Source: Drawing No. BKORF 0100304000065, 1912, Stadsarchief Amsterdam)

Problem Statement

To see the problem of department stores, weak price competitiveness of department store is one of general problems especially in this economic situation which can cause the customers’ shopping criteria more economic or price-based purpose. The way of displaying different brands and layout of each stores are lack of specialization, and still unified solution to respect their own differentiation. As long as customer’s nominal income has been decreasing due to economic situation in these days, purchasing power is getting lower, and the tendency of preference of cheaper price of goods is getting clear when fashion outlet business is getting more successful. Due to upscale department store normally locates on center of the city due, it has always controversial to run department store business with expensive price than other stores outside of city center. Department store also has more unified and conventional way of displaying methods of each brand with selection of their goods, and this generates less specialization and differentiation in terms of the marketing style of each brand.

When ranked Dutch cities with highlighted Bijenkorf cities shows ranked Dutch cities with highlighted Bijenkorf cities, it doesn’t seem to be closely fitted very well from research of matching the relationship between the type of stores and size of the population of the cities. Even among the cities which have medium-sized de Bijenkorf stores, there is wide range of difference of population. Moreover, there are other mismatches among different types of de Bijenkorf stores and size of the market of cities. Number of departments also has a mismatch among locations with no matter with types. Excluded with specialized fashion store types, there seems no strong relationship between the numbers of departments and the physical size of the store. This seems
more location oriented alignment of departments per each city.

To setup the direction of the research, from this starting point to look into what is happening in this department store development, the report will focus on investigating more criteria which make them to locate those specific sites in those determined cities. It will also show the recommendation for more optimal solution to develop how department store de Bijenkorf, and it would be able to be in the future in terms of more optimized way according to matching the market size/capacity and type of department store.

Categories and Formats of Retailers

Compared with other retail types, department stores are general merchandisers offering mid-to-high quality products and strong level of services, though in most cases these retailers would not fall into the full-service category. While department stores are classified as general merchandisers some carry a more selective product line. It also can be categorized as the specialty market in terms of a target market served, and it is the general merchandiser with competitive pricing strategy. Also this corporate chain can have distribution in a shopping area/mall with assorted service level and advertising the promotional emphasis.

With the criteria of depth of assortment and the breadth of assortment, department store can be positioned as deep and wide assortment. One-stop-shopping and broad target group can be advantages of the department store, and low inventory turns and diffusing image of department store can be major disadvantages. Differentiation with other types is clear. As their advantages, specialty store has an image as a specialist and very good choice in categories of goods, and it has also disadvantage to have no one stop shopping, and it has more dependency on trends. It has deep assortment of goods in terms of specialization with narrow assortment of goods. For discount stores, they have high inventory turns with broad target group even though they have weak merchandise image.

Department store can be also categorized as having medium number of categories and low alternatives per category in terms of providing alternative for consideration of shopping. It also can contain high selecting consideration set when people see the screening alternatives to form consideration set. For providing information of selecting goods, department stores have medium quantity but high quality with medium comparing alternatives. Ordering and fulfillment transaction costs for department stores have immediate delivery time, low supplier delivery cost, high customer transaction costs and few locations for placing orders.

For other benefits of department store, it provides experiences of high level entertainment, social interaction and low personal security. For providing information of selecting goods, department
stores have medium quantity but high quality with medium comparing alternatives. Ordering and fulfillment transaction costs for department stores have immediate delivery time, low supplier delivery cost, high customer transaction costs and few locations for placing orders.

**About Upscale Department Store Chains**

A department store is a retail establishment which specializes in satisfying a wide range of the consumer’s personal and residential durable goods product needs; and at the same time offering the consumer a choice multiple merchandise lines, at variable price points, in all product categories. As definition of flagship store says, the designation of “flagship” is given to a retailer’s primary location, a store in a prominent location, a chain's largest store, the store that holds or sells the highest volume of merchandise, a retailer’s most well-known location, a chain's first retail outlet, or the store location in a chain which carries the most high-priced merchandise catering to the most upscale customers. De Bijenkorf is the unique upscale department store chain in the Netherlands, and de Bijenkorf has positioned itself as a brand and identity as the leader of high-standard of authenticity of lifestyle.

When all of those categorizations about department store come to de Bijenkorf, it becomes obvious that there has different position even within the category of the department store.

Due to de Bijenkorf covers different size of the formats, this sets its position in between Selfridges which is more focused on high-end target group and V&D which is focused on much lower target group than de Bijenkorf. To see the positioning of de Bijenkorf, it is necessary to compare with other department store chains in terms of size, invited brand and symbolic value. To compare with other department store chains within local level and regional level, V&D can be comparable in terms of local and national level, and Selfridges is good example to compare in terms of regional/European level of market scale.

**Rise and Falls of Department Stores**

It is good to learn from already existed historical events, and the history of department store in USA and Japan allows to think about their strategy to survive. Sometimes crisis was created by government’s regulative policy, or by their ambitious expansion of their business with strategies. Difference to understand the specific retail format as department store itself in Europe, USA and Asia caused slightly different development history, but it has functioned as the symbolic format which has led the trend of customers and retail market demand.

From the case studies of USA and Japan where already had rich history for the rises and falls of department stores, it was helpful to have insight about how department store retailers setup strategies to overcome the risk and crisis. There was three different direction of development;
restructuring original format as a typical department store, expanding the format by adopting other formats of retailers, and establishment of another type of business out of the retail market such as banking business together with retail business. For the restructuring, cutback for improving the financial structure, strategy for built and scrap, and a constriction by specialization of retail distribution.

**Brief History of de Bijenkorf with its ownership**

It is crucial to see how de Bijenkorf has been developed, and how its owners made decisions to expand stores. It is very important timing if the ownership changed from the private equity company which put the short-term profitability as a priority to the department store-specialized retailer family company. This very different style of ownership can cause different strategy for the department store management for the future. The significant lack of concurrence about department store especially shows the different time gap for the department store development. At the same time, there are more predecessors who experienced and evolved more than the Dutch department stores already. Those references for survival strategy can be considered as one of guidelines of the future management of de Bijenkorf.

**Measurements**

The most interesting forces for the scenarios are those that have much impact and are hard to predict, as these are the scenario’s you want to be able to anticipate on in an early stage. Parameters are attached to the forces of influence to discover the differences between status quo and the future development in different scenarios. Employment, spending power, population growth, educational level and retail property can be considered. Accessibility can be taken out since all the stores have their own radius of retail capacity with good accessibility. In addition, more general factors and forces can be analyzed and compared such as geographical size and numbers of visitors since those are also very important factors to see the retail market capacity of the cities.

- **Amsterdam**
  Amsterdam has 767,457 inhabitants in population, and 27,600EURO of average disposable income. Number of foreign visitors in this province is 10 million in 2009, and city size is 166 square kilometer. There are 6,113 shops in Amsterdam and the maximum rent in city center is 27,600 EURO per square meter per year. The proportion of higher educated employees is 52%.

- **Rotterdam**
  Rotterdam has 593,649 inhabitants in population, and 26,600EURO of average disposable income. Number of foreign visitors in this province is 3.5 million in 2009, and city size is 206 square
kilometer. There are 3,963 shops in Rotterdam and the maximum rent in city center is 1,800 EURO per square meter per year. The proportion of higher educated employees is 33%.

- Den Haag
Den Haag has 488,553 inhabitants in population, and 28,900EURO of average disposable income. Number of foreign visitors in this province is 3.5 million in 2009, and city size is 83 square kilometer. There are 3,457 shops in den Haag and the maximum rent in city center is 1,250 EURO per square meter per year. The proportion of higher educated employees is 37%.

- Utrecht
Utrecht has 307,081 inhabitants in population, and 30,100EURO of average disposable income. Number of foreign visitors in this province is 0.9 million in 2009, and city size is 96 square kilometer. There are 1,899 shops in Utrecht and the maximum rent in city center is 1,800 EURO per square meter per year. The proportion of higher educated employees is 55%.

- Eindhoven
Eindhoven has 213,809 inhabitants in population, and 28,800EURO of average disposable income. Number of foreign visitors in this province is 1.6 million in 2009, and city size is 88 square kilometer. There are 1,358 shops in Eindhoven and the maximum rent in city center is 1,300 EURO per square meter per year. The proportion of higher educated employees is 37%.

- Enschede
Enschede has 157,052 inhabitants in population, and 26,700EURO of average disposable income. Number of foreign visitors in this province is 0.5 million in 2009, and city size is 141 square kilometer. There are 960 shops in Enschede and the maximum rent in city center is 900 EURO per square meter per year. The proportion of higher educated employees is 30%.

- Arnhem
Arnhem has 147,018 inhabitants in population, and 27,300EURO of average disposable income. Number of foreign visitors in this province is 1.0 million in 2009, and city size is 98 square kilometer. There are 1,088 shops in Arnhem and the maximum rent in city center is 1,200 EURO per square meter per year. The proportion of higher educated employees is 40%.

- Maastricht
Maastricht has 118,553 inhabitants in population, and 27,400EURO of average disposable income. Number of foreign visitors in this province is 2.2 million in 2009, and city size is 57 square kilometer. There are 1,110 shops in Maastricht and the maximum rent in city center is 1,500 EURO per square meter per year. The proportion of higher educated employees is 40%.
Amstelveen has 80,695 inhabitants in population, and 29,400EUR of average disposable income. Number of foreign visitors in this province is 3.0 million in 2009, and city size is 42 square kilometer. There are 448 shops in Amstelveen and the maximum rent in city center is 880 EUR per square meter per year. The proportion of higher educated employees is 40%.

Groningen has 187,298 inhabitants in population, and 25,700EUR of average disposable income. Number of foreign visitors in this province is 0.5 million in 2009, and city size is 80 square kilometer. There are 1,241 shops in Groningen and the maximum rent in city center is 1,350 EUR per square meter per year. The proportion of higher educated employees is 37%.

Breda has 173,299 inhabitants in population, and 31,200EUR of average disposable income. Number of foreign visitors in this province is 2.2 million in 2009, and city size is 127 square kilometer. There are 1,255 shops in Breda and the maximum rent in city center is 1,150 EUR per square meter per year. The proportion of higher educated employees is 40%.

’s-Hertogenbosch has 139,607 inhabitants in population, and 31,300EUR of average disposable income. Number of foreign visitors in this province is 2.2 million in 2009, and city size is 85 square kilometer. There are 1,070 shops in the city of ’s-Hertogenbosch and the maximum rent in city center is 1,150 EUR per square meter per year. The proportion of higher educated employees is 40%.

Those results were tried to be changed into 10 point scale. Maximum score 10 was given to the city which had most highest score, then other score was calculated according to this logic except geographical area size and population, because the catchment area which is 30km-radius boundary was necessary to consider. In that sense, the maximum size of catchment area was given as the 10 point. In brief, all the maximum numbers are turned to the score 10, and other lower scores were calculated according to that related ratio.

From those all the scoring of seven criteria, it shows a clear division between two groups; Four big Randstadt area cities and others. Amsterdam, Rotterdam, Den Haag and Utrecht have similar range of results even though Amsterdam has definitely higher results than any other cities. At the same time, the other cities, Eindhoven, Groningen, Breda, Enschede, Arnhem, Den Bosch and Amstelveen show the similar range of the results.

It became interesting to see when it is compared with the store size of the upscale department
store in those cities, de Bijenkorf. The range and tendency of the measurement are mostly similar except some cities like Utrecht, Groningen, Breda and Den Bosch. It can be understood as the mismatch which needs to consider of making decision to do more actions in terms of store size.

The uniqueness of Dutch upscale department store, de Bijenkorf allows to find the direct relation between city retail market capacity and store size, because there are no same type of competitors in this line of retail format as the upscale department store. From the result of the measurement which came from stacked ten point scale of seven criteria, it shows difference of twelve cities current retail competitiveness with different degree of seven different criteria. It became clear for some cities like Utrecht, Groningen, Breda and Den Bosch.

To see the fashion-specialized store development, de Bijenkorf Den Bosch will be looked further as one of the three cities; Groningen, Breda and Den Bosch. As a mid-sized store development, de Bijenkorf in Utrecht will be looked further from the mismatch of the measurement study. Rotterdam and den Haag stores will be also looked further to see the development of flagship development. So, four Dutch cities of Rotterdam, Den Haag, Utrecht and Den Bosch will be considered to look more in detail to see the future development from the next chapter combined with more future strategies and scenarios. Only those selected four cities will be considered for next step, because other stores are resulted as no significantly particular issue to pick up or provoke.

**Scenarios**

The uncertainty about cities is not about cities becoming more important, since in all scenarios they will become more important. The question is about their size: large or small. The first possibility is that cities become relatively small (with 100,000 to 500,000 citizens) and are scattered across space. They serve as small economic and urban spikes. In this world, the reasons for economic activity to cluster are limited. Cities are formed because they offer a minimum scale to provide local goods and services. In such a world, firms exploit the connections between cities rather than benefiting from interactions within cities. A second option has economic activity becoming highly concentrated in a limited number of large cities. The cities are populated by several millions of people (or attract these numbers by day-to-day commuting). The cities are the meeting places of people for the purpose of trade, for the exchange of ideas, for the development of new technologies and to optimize the matching between workers and firms and between producers and consumers. The geographical area of demand for commodities or services, and the available supply of or potential demand for specified goods or services is large.

The scenarios have several important implications for the places of business. First and foremost, cities are increasingly important, but the size of the representative city differs in the various
scenarios, from just over 100,000 in Talent Towns to many millions in Metropolitan Markets. The density of these cities depends on both size and specialization. Large cities drive up the value of land and simulate high-rise buildings. Specialization benefits from frequent face-to-face interactions, which are optimized in dense urban areas. Together, size and specialization suggest that urban density is highest in Cosmopolitan Centers which is large and specialized and lowest in Egalitarian Ecologies which is small but not specialized.

Implementation of Scenarios

- Rotterdam
In terms of the size, Rotterdam can be developed as the one of urban scenarios. As Fig.37 illustrates below, for talent town scenario, Rotterdam can have capacity to make three talent towns which have between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty’. In cosmopolitan center scenario, there is less austere immigration policy, and this results in an increased number of immigrants in the Netherlands.

When Zuid-Holland province itself can function as one city, and Rotterdam and den Haag will be major parts to operate this bigger urban system than before. Egalitarian Ecology scenario is about the growth of the existing cities by keeping the size as they are. For the target cities, they can grow from the existing structure. For the metropolitan market scenario, all the cities can be functioned as the parts of operators which are the national-scaled urban system.

More than its most representative reputation as the biggest harbor city in Europe, Rotterdam also has been encouraging the creative industry with mid-high income groups and entrepreneurs. According to the increase of population, the retail market can be sensitive to those changes. Shops can be specialized for some different target groups because of inviting many specialized workers. However, the variable was calculated according to the changed ratio of population and spending power which is disposable income. This ratio was also applied to meet the number of visitors for the different scenarios. Geographical size will be the same and maximum retail rent which will be for the upscale department store location will be changed as same ratio of the increase of the disposable income.

- Den Haag
Mostly in terms of the size, den Haag can be developed as the one of urban scenarios. As Fig.39 illustrates, for talent town scenario, Den Haag can have capacity to make three talent towns which have between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty’. In cosmopolitan center scenario, there is less austere immigration policy’, and this results in an increased number of immigrants in the Netherlands.
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- Utrecht

In terms of the size, Utrecht can be developed as the one of urban scenarios. As Fig.41 illustrates below, for talent town scenario, Utrecht can have capacity to make two talent towns which have between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty. In cosmopolitan center scenario, there is less austere immigration policy, and this results in an increased number of immigrants in the Netherlands. When Utrecht province itself need to combine other province to satisfy the requirement of the necessary size to be cosmopolitan center, it is necessary to combined with Nord-Brabant region which is next to Utrecht and also has small lack to be cosmopolitan center.

To function as the one city, Utrecht and Den Bosch will be the major parts to operate this bigger urban system than before. Egalitarian Ecology scenario is about the growth of the existing cities by keeping the size as they are. For the target cities, they can grow from the existing structure. For the metropolitan market scenario, all the cities can be functioned as the parts of operators which are the national-scaled urban system.

Living and working activities spread out over space over the nicer places to stay outside of the city, and cities can be developed as the hotbeds of high-quality production, and offer opportunities for creative cooperation on a small scale. Its development direction represents a world with little income growth and modest income differentials. According to the increase of population, the retail market can be sensitive to those changes. Shops can be specialized for some different target groups because of inviting many specialized workers. However, the variable was calculated according to the changed ratio of population and spending power which is disposable income. This ratio was also applied to meet the number of visitors for the different scenarios. Geographical size will be the same and maximum retail rent which will be for the
upscale department store location will be changed as same ratio of the increase of the disposable income.

- Den Bosch

Mostly in terms of the size, den Bosch can be developed as the one of urban scenarios. As Fig.43 illustrates below, for talent town scenario, Den Bosch can have capacity itself to one talent town which has range of size between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty. In cosmopolitan center scenario, there is less austere immigration policy, and this results in an increased number of immigrants in the Netherlands. When Noord Brabant province itself need to combine other province to satisfy the requirement of the necessary size to be cosmopolitan center, it is necessary to combined with Utrecht region which is next to them and also has small lack to be cosmopolitan center.

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Translating into 10-point scale

When all the criteria are measured, the retail market size of the city can be resulted from the integration of the measuring defined different criteria. To compare each variable with same measure, it was necessary to unify as a one tool to measure like 10 point scale.

To be able to do that, all the maximum value of each criterion was calculated to point 10, and the ratio was applied to other values. This process was applied not only for the current condition of the four cities, but also covered all the numbers of four target cities with four different scenarios; regional community, strong Europe, transatlantic region, and global economy.

From the calculation, Rotterdam can have the range of the changed size of the retail market from 3% of the Egalitarian Ecology scenario to 31% of Metropolitan Market scenario. Den Haag can be predicted that the retail market will grow from 3% to 35% according to the future scenario. Other target cities like Utrecht and Den Bosch also will be expected to grow from 5% of the Egalitarian Ecology scenario to 45% of Metropolitan Market scenario. Even though the strategic vision has an abstract, qualitative character, it is important to use a quantitative analysis. The current demand can be used as a starting point, and the future demands create a solution space which has more
specific range of size.

Strategies
Strategies were developed with two different levels of categories. First, Possible strategies can be started from the corporate strategies which is about decision making point to setup the business of de Bijenkorf. When the direction of business strategy is fixed, the more micro-scaled strategies can be considered. Second, more detailed about number of stores or sizes can be thought more strategically to setup the business within the overall consistent strategy. After then, real estate strategy can be adopted from the result of the possible strategies which is higher level of real estate decision making process. In brief, the steps to figure out strategies can be three; first one is the corporate strategies which are more about big picture for the direction of the business, and second step is about department store strategies which are about store deployment and development. Last step is about real estate strategies which are more about development strategy for building level.

Generic Real Estate Strategies in Portfolio Level
The highly competitive environments many companies must operate in today are at odds with their need to make real estate commitments, which often require physical obligations far into the future. The level of confidence the company has in forecasting its future business situation – its competitive environment and strategies needed to thrive in that world – best explains how companies approach real estate decisions: strategic uncertainty drives corporate real estate decision making.

Real estate and facilities are both logistical tools that support the tasks of the organization and visual symbolic representation of the organization and its values. This results in two views on actions in organization: the rational instrumental (the facilities are designed to house an organizational structure which best serves the production technologies, available resources, and the demands of its external environment; highest value output is sought at the lowest investment cost) and the valuation-symbolic (the facility serves as a symbol of the organization's values and culture; real estate reflects the management style, the hierarchy, and the status and power of the organization's members).

Application to Analytical Framework
Actually O'Mara does not make an explicit connection between the generic strategies as presented in Fig. 47 and the analytical framework. Singer (2005) used many examples to explicitly connect the strategies and analytical framework. When all the eight forces are decided to have
suitable range to see the right direction of the corporate real estate management, seven forces like strategic uncertainty, technical dynamism, financial resources, organizational growth stage, business processes, perspective on organizational action and senior management preference are resulted in the value-based strategy. One force of stage of industry growth is concluded to have strategy of standardization, and incremental strategy was not chosen. Accordingly, the clearest condition can be changing the real estate strategy of fashion stores or even medium-sized stores to more value-based store format.

**Real Estate Strategies in Object/Building Level**

The list on the left side explains general real estate strategy, and those eight strategies were tried to be reinterpreted according to the situation of de Bijenkorf stores in the Netherlands. Since the commercial portfolio of de Bijenkorf has already been sold, and it is no longer possible for sale. In that sense, the selling real estate can be no longer an option, and other options can be stated more specifically according to the current condition of de Bijenkorf. Strategy of purchasing the real estate is also decided not to use because of the current situation of corporation.

**The Four Corporate Strategies of de Bijenkorf**

The potentially different directions of the department store can be inferred from the study of department store history. Historically, the department stores have chosen one of the directions which are firstly restructuring the department stores within the boundary of same retailer as the department store, secondly combining more retail types on the layer of the department stores, thirdly expanding their business for more non-retail sector such as banking, and lastly doing nothing for the current business.

When these strategies are translated into the size and number of stores, Selected first strategy “Restructuring Department store” can be positioned on increase in size of stores but the number of stores because this strategy is mostly about renovation/extension of the existing store branches by concentrating only department store business. Other strategies can also be positioned, and it showed the different ranges in these two criteria about stores.

**The Four Strategies for the Department Stores**

The different approaches of strategies lead to different programs and also financial implications. As a result, a wide range of solutions and implications can be explored and deliberated. Roles for stakeholders are described briefly as well as the effect on parameters that have a relation with forces of influence. The parameters function as indicators to test the flexibility of the strategy in the future scenarios. As a strategy of managing stores for the future, several strategies can be
come up in terms of number of stores and size of stores. Four possible strategies to develop department stores can be considered; First possible strategy for more concentrated on only limited flagship stores in the major cities in the Netherlands, Second option for establishing more stores in the Netherlands with various sizes. Third possibility is to invite more departments on top of the existing stores and locations. Last strategy is to develop steadier upgrading existing stores.

**Selecting the most efficient strategy**

The four department store strategies can be integrated to plausible real estate strategies, and applied to four different futures of the Netherlands by comparing with four scenarios from NL 2040. From the results of generic real estate strategy and corporate strategy, the direction to develop department stores was able to be seen. Between two criteria, number of stores and size of stores, the strategy will be increasing size of (some) stores without increasing number of stores. From this result, department store strategies were able to be extracted to two; “We have all departments” and “Steadily upgrading”. Fig. 62 illustrates the results of the positioning different strategies into same criteria which are number of stores and size of stores to keep consistency.

**Linking scenarios to RE strategies on object level**

**Step 01: Scenarios and Department Store Strategies**

Department store strategies can be fitted according to different four scenarios. According to the different cities, some scenario can take all of two strategies, but some scenario can take only one of them. To pick up some significant points of this combination, for the scenario Talent Town (TT), strategy 3 cannot be considered in the cities of Rotterdam, den Haag and Utrecht, because they can be divided into more smaller towns which need more segregated market size. For Cosmopolitan center (CC), it requires more growth of the department store size and variety of goods than strategy 04 as the center of the province while Egalitarian ecology requires almost similar direction of growth as the strategy 04. Metropolitan market scenario requires any direction of strategies of 3 or 4.

**Step 02: Department store strategies and RE strategies on the object level**

To link Real estate strategy on object level to department store strategy, each of seven RE strategies were applied to department strategies. For Department store strategies 3 which is about adding more departments on top of the existing stores, strategies about demolition and doing nothing were considered as mismatches, and the strategy of changing into new property was also not fitted with the strategy because the department store strategy is not about the changing the retail format or program but about the expansion of the department store format. Renovation of interior, deployment by another store, partial rent to another store and more shop-
n shop format were considered as related strategies.

For Department store strategies 4 which is about steady development of existing de Bijenkorf stores, strategies about demolition and doing nothing were considered as inappropriate matches, and the strategy of changing into new property was also not fitted with the strategy because the department store strategy is not about the changing the retail format or program but about the expansion of the department store format itself. Due to this strategy is about steadily growing, the strategies about deployment by another store and partial rent to another store were considered as mismatches. Only Strategies about renovation of interior and more shop-in shop format were considered as related strategies.

**Step 03: Scenarios and RE strategies on the object level**

From the results of previous steps, it is possible to infer the most relevant real estate strategies on object level according to scenarios. Since it is not possible to weigh any of scenario, the best strategies were selected according to the rule which is about the most flexible strategies that can cover the most possible scenarios. In that sense, real estate strategy number 2 and 6 which are about renovating the interior and inviting more shop-in-shop formats are the most flexible solutions in terms of covering the most of parts of the scenarios. So, those are the possible ways to to in the building level, and this results are derived from all the relation among the scenarios, department store strategies and real estate strategies on the object level.

**Recommendation**

- **Rotterdam**
  
  **Current Mismatch**
  
  An increase of the store size can be possible way due to finding the mismatch with the retail market capacity in the current situation. The current mismatch of the size of store which shows a possibility of changing the store size is expected from the calculation of the related ratio of the retail market capacity. Then, this ratio can be adapted to the existing size of the Rotterdam store. From a comparison with the retail market capacity of Amsterdam, the Rotterdam store can be grown to the 75% of the store size of the Amsterdam. Current size of the store follows exactly the same ratio with this result, so there are no current mismatches in terms of the size of the store of Rotterdam.

**Theoretical Future Possibilities of Changing the Size of the Store**

Theoretically, the possible changes for the future can be related with the four scenarios which are shown. Rotterdam store needs to cover the four different scenarios which show the range of increase from 3% to 31%. To see the maximum 31% increase of the store size, it is necessary to see the current real estate condition. 5,500 Square meter need to
grow if the store can prepare to cover all the four scenarios.

**Finding Possibility by Checking the Condition of Real Estate**

Since there is empty space on top floor since the employees of the department store have decreased gradually, the renovation of interior is necessary to make more space. From the calculation, it is necessary to extend the more space of 5,500 sqm. For the extension of building from the building, it is very difficult to do because this building is protected by law as the monumental building. By using empty office space on top floor to use as the retail/food area like restaurants and bakeries, it can become efficient to use the space.

**Finding Possibility by Checking the Chosen Real Estate Strategies**

As already decided to make possible strategies in chapter 12, the possible range of changing the store size to can be played with two decided real estate strategies below;
- Renovation of the interior of the stores
- Making more shop in shop format.

Those two strategies can be played within the defined size of the store space. According to the scenario in the future, it is efficient to give different ratio of the rental space as the shop-in shop format and their directly operated store formats.

The already existing function of restaurant or bakery can go up to the top, and this space can bring the customers to the top. Moved space can be refilled to other fashion brands to get more rent. Ultimately, the aim of this strategy is for having more empty space on ground floor which is the most profitable area to sell the luxury goods because of the most accessible and visible location of the building.

- **Den Haag**

**Current Mismatch**

An increase of the store size can be possible way due to finding the mismatch with the retail market capacity in the current situation. The current mismatch of the size of store which shows a possibility of changing the store size is expected from the calculation of the related ratio of the retail market capacity. Then, this ratio can be adapted to the existing size of the Den Haag store. From a comparison with the retail market capacity of Rotterdam, the Den Haag store can be grown to the 75% of the store size of the Rotterdam. Current size of the store follows exactly the same ratio with this result, so there are no current mismatches in terms of the size of the store of Den Haag.
Theoretical Future Possibilities of Changing the Size of the Store

Theoretically, the possible changes for the future can be related with the four scenarios. Den Haag store needs to cover the four different scenarios which show the range of increase from 3% to 35%. To see the maximum 35% increase of the store size, it is necessary to see the current real estate condition. 3700 Square meter needs to grow if the store can prepare to cover the four scenarios.

Finding Possibility by Checking the Condition of Real Estate

Since there is empty space on top floor since the employees of the department store have decreased gradually, the renovation of interior is necessary to make more space. From the calculation, it is necessary to extend the more space of 3,700 sqm. For the extension of building from the building, it is very difficult to do because this building is protected by law as the monumental building. By using empty office space on top floor to use as the retail/food area like restaurants and bakeries, it can become efficient to use the space.

Finding Possibility by Checking the Chosen Real Estate Strategies

As already decided to make possible strategies in chapter 12, the possible range of changing the store size to can be played with two decided real estate strategies below;

- Renovation of the interior of the stores
- Making more shop in shop format.

Those two strategies can be played within the defined size of the store space. According to the scenario in the future, it is efficient to give different ratio of the rental space as the shop-in shop format and their directly operated store formats. The already existing function of restaurant or bakery can go up to the top, and this space can bring the customers to the top. Moved space can be refilled to other fashion brands to get more rent. Ultimately, the aim of this strategy is for having more empty space on ground floor which is the most profitable area to sell the luxury goods because of the most accessible and visible location of the building. Plus, due to still lack of selling space needed, only rare side of the building can be renovated or extended. So, on upper level of the distribution dock can be the possibility of extension, and the upper floors of HEMA which is directly attached to de Bijenkorf store can be also another possibility with cheaper price to extend. Because the latter solution doesn’t need to be build any more building.
- **Utrecht**

**Current Mismatch**

An increase of the store size can be possible way due to finding the mismatch with the retail market capacity in the current situation. The current mismatch of the size of store which shows a possibility of changing the store size is expected from the calculation of the related ratio of the retail market capacity. Then, this ratio can be adapted to the existing size of the Utrecht store. From a comparison with the retail market capacity of Den Haag, the Utrecht store can be grown to the 90% of the store size of the Den Haag. Current size of the store is around 70% of the Den Haag store, so there is 20% of the current mismatch in terms of the store size. This result means that Utrecht store can be increased up to the 3,500 square meters already even without thinking the future changes.

**Theoretical Future Possibilities of Changing the Size of the Store**

Theoretically, the possible changes for the future can be related with the four scenarios. Utrecht store needs to cover the four different scenarios which show the range of increase from 5% to 46%. To see the maximum 46% increase of the store size, it is necessary to see the current real estate condition. 4,500 Square meters need to grow if the store can prepare to cover the four scenarios.

**Finding Possibility by Checking the Condition of Real Estate**

Since there will be empty office space on upper floor since the other tenants offices sharing this building with the department store have decreased gradually, the renovation of interior is necessary to make more space. From the calculation, it is necessary to extend the more space of 4,500 sqm. For the extension of building from the building, it is crucial to have one more storey because this building has full operated, and has possibility to stack the storey. By adding one more floor on the top, it is good situation to use the vacant office space around.

**Finding Possibility by Checking the Chosen Real Estate Strategies**

The possible range of changing the store size to can be played with two decided real estate strategies below;

- Renovation of the interior of the stores
- Making more shop in shop format.

Those two strategies can be played within the defined size of the store space. According to the scenario in the future, it is efficient to give different ratio of the rental space as the shop-in shop format and their directly operated store formats.
The already existing function of restaurant or bakery can go up to the top, and this space can bring the customers to the top. Moved space can be refilled to other fashion brands to get more rent. Ultimately, the aim of this strategy is for having more empty space on ground floor which is the most profitable area to sell the luxury goods because of the most accessible and visible location of the building. To minimize the risk, the built area can be used efficiently between self-operating and finding other retailers to rent for shop-in-shop-format.

Briefly, Utrecht store has more potential to have more square meters to invite more customers. To do, the stacking one more level can be possibility. The office around the space on upper level is planned to move out because of due date of the contract. More space needed can be built up one more level on the existing structure. The increased square meters will make the store in Utrecht as the size of flagship store. Then, it still has lack of image problem to be flagship store like other ones in Rotterdam or den Haag. It is also possibility to invest the renovation of the façade of the building because the building itself is already old enough since it was built more than 30 years.

- Den Bosch
  Current Mismatch
  An increase of the store size can be possible way due to finding the mismatch with the retail market capacity in the current situation. The current mismatch of the size of store which shows a possibility of changing the store size is expected from the calculation of the related ratio of the retail market capacity. Then, this ratio can be adapted to the existing size of the Den Bosch store. From a comparison with the retail market capacity of Enschede, the Den Bosch store can be grown up to the same size of the store size of Enschede. The current size of the store is just around 35% of the Enschede, so there is 180% of the current mismatch in terms of the store size. This result means that Den Bosch store can be increased up to the 5,500 more square meters already even without taking care of the future possibility of the changes.

  Theoretical Future Possibilities of Changing the Size of the Store
  Theoretically, the possible changes for the future can be related with the four scenarios. Den Bosch store needs to cover the four different scenarios which show the range of increase from 5% to 45%. To see the maximum 46% increase of the store size, it is necessary to see the current real estate condition. 3,900 Square meters need to grow if the store can prepare to cover the four scenarios.

  Finding Possibility by Checking the Condition of Real Estate
  Since there will be city center development near the store location. To use the existing
rented space in the city center, it is too small to extend. There has also the restriction of the extension of the building because of the planning regulation. There is one option to move in to the new development area. One building has the most potential in terms of the building size and location. It locates directly on the main roads next to the major shopping center, and it will be developed as the 6-storey building of 13,000 square meters. From the calculation, the department store needs around 11,500 sqm.

**Finding Possibility by Checking the Chosen Real Estate Strategies**

The possible range of changing the store size to can be played with two decided real estate strategies below;
- Renovation of the interior of the stores
- Making more shop in shop format.

Those two strategies can be played within the defined size of the store space. According to the scenario in the future, it is efficient to give different ratio of the rental space as the shop-in shop format and their directly operated store formats.

The function of restaurant or bakery can be invited up to the top, and this space can bring the customers to the top. Moved space can be refilled to other fashion brands to get more rent. Ultimately, the aim of this strategy is for having more empty space on ground floor which is the most profitable area to sell the luxury goods because of the most accessible and visible location of the building. To minimize the risk, the built area can be used efficiently between self-operating and finding other retailers to rent for shop-in-shop-format.

Briefly, Den Bosch store has more potential to have more square meters to invite more customers. To do, the moving the store out, and settle the other location can be the most plausible possibility. The increased square meters will make the store in Den Bosch as the size of medium-sized store instead of the small fashion-specialized format. For the new building which will be realized as the 13,000SQM with 6 floors, 11,500 sqm can be rented by de Bijenkorf and other 1,500 sqm can be rented to other shops or other functions like housing or office on top floor.
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PART 1

INTRODUCTION OF RESEARCH DESIGN

- Research Introduction
- Problem Description
1. **Research Introduction**

1.1 **Background Information of Research Objective**

Already as significant part of people’s consuming and shopping activities, department store seems a condensed area of consuming/shopping activity with all the wide range of target groups from the highest to the lowest class customers group. Plus, some upscale department stores have functioned as the identity of the city. From regional point of view, especially in some city in UK (Birmingham, Leicester), Germany (Frankfurt, Dresden), it becomes clear that this specific type of retail development is one of the crucial parts of forming the identity/branding of the city nowadays. Simultaneously, department store development seems to face big challenge from the various new types of shopping areas, and the demands of shopping could be scattered, fragmented and taken over. These urban/social phenomena everywhere in the world keep generating enough inspiration to look more carefully into what is going on this department store development.

Department stores have wide range of different kinds. Even among the same typology of department store, there are getting more diverse according to their size, aiming target groups and their locations etc. Among various types of department stores, upscale department store is one of traditional type of retail building functioned as barometer to see the market size and lifestyle of the city. From the unleashed free market regulation, enormous parts of urban periphery have super-sized stores which offer a lot of discount goods. They keep the general spatial quality and most cases of those store design have become universal. Upscale flagship department stores always locate on the one of the most expensive areas in the city.

1.2 **Research Objective and Questions**

Objective of research is upscale department store chain in the Netherlands. Plausible real estate accommodation strategy according to the future scenario would be proposed and recommended. The owner of de Bijenkorf might be further research objective. One of target groups for the research can be the upscale department store chain which is de Bijenkorf. Two main research questions are;

- What is dominant relation between department store size and market size of the cities?
- How can be optimized to manage real estate of the department stores which is up in the cloud to predict the bright feasibility?

Supporting research questions can be followed such as
- How does Selfridge Group can re-deploy or manage their differentiated Department
Stores which already in there?
- For previous strategy to deploy department stores, were there a specifically strategic rules to deploy them?
- How the size of department stores can be shrunken or expanded according to the future evolution of size of the market in the cities?
- How did they choose 12 cities to develop department stores?

1.3 Operation Method of main concept

To operationalize the research concept in terms of finding relationship between city market size and the size of operated real estate of department stores, several elements are necessary to be acquired such as:

- Population of cities which de Bijenkorf stress are located.
- Size of Bijenkorf and number of departments each store has
- Population of high salary group
- Index of wealth of the city
- Possible population change according to the future scenario

1.4 Research Process Design

To illustrate the organization of related contents, research process design can be addressed to give more clear understanding about what and how the research process could be. As a first step of research proposal will be statement of problem. Next step for research will be subdivided with two independent about interrelated pillars of research processes which are forming theoretical framework and performing practical research.

Fig. 02 Simplified Visualization of Process Design
To form theoretical framework, general knowledge about retail environment will be acquired, and this general knowledge consists of history of transformation, selection of location, and market size study about cities. Plus, to predict future growth of the city market size, scenario planning to manage unforeseen future of retail environment will be part of theoretical framework.

Performing practical research step will be about specific research about target group. This part will include history, structure, ownership, size, location, market size of the location about this target group, de Bijenkorf. In addition, showing the relation between city market size and real estate of existing department store will be addressed. The market size of the cities can be explained by using several different indices which are about geographical size, population, wealth, accessibility/proximity with other cities.

Literature, interview and case studies can be supportive material to setup theoretical base for the thesis built based on those two pillars of research process structure. Literature can be included with published books, journals, other related graduation thesis, news/articles, brochures or booklets. For interviews, relevantly related questionnaires need to be prepared, and case studies about department store development in other European countries will be supportive elements for strengthening the theoretical base of the thesis.

From research process, findings can be extracted from the research process according to the direction of the theme of the thesis, and this will be generally about reflections and conclusions from the research. Reflection will show finding mismatches between urban market size and the size of department stores which were provided or not provided. Conclusion will include recommendations which can be one of solution to improve the mismatches found, and show the optimal path from the range of strategic scenario planning.

As a last step, final product about the thesis will be provided as an accommodation strategic model and strategic planning report. That will be combined result of previous research procedure performed step by step. More visually specified diagram can be found in Appendix A.
1.5 Building up the Storyline

For organization of contents, research introduction can guide readers to make structure much clear by showing research designing in terms of contents, and storyline development process is explained to show that stories are logically related. Explaining categorization of retailers and part of study about department stores as a general research and investigating history of de Bijenkorf and other part of department store study as an objective-based research can be addressed in parallel.

From this process, problems are shown not only from general part of research but also from subjective research of objective. Those findings from separated process form the reinforced argument for problem statement. For reasoning or problem solving, more focused research process can be followed. This consists of study of regional/urban study to see urban market size and more narrow-scaled study about building information and programs as a real estate level.

Measurement is followed after this research process to show much clear result among different environments of research objectives. By defining influential forces, shifting them to measurable parameters contributes to show range of spectrum of different results. Corporate strategies which are strongly related with possible direction to be developed in the future can be addressed in parallel with plausible scenarios which are sophisticatedly analyzed and categorized by renowned national institution.

After finding match/mismatch by searching each combination between each strategy and scenario, more plausible combination of them can be extracted according to previous researched studies. Those results can be considered with real estate strategies of corporate as a next step. Then, possible options to change in real estate level can be proposed from this process. Decision making process can be followed by finding the most flexible results which can cover as wide flexible scenarios as possible. Recommendations in object/building level is addressed as more real estate management level by showing clear plausible solution in a building/object level.
2. Problem description

2.1 General Problem of Department Store

To pursue the image of department store as an integrated luxury shopping activities within city center, it is inevitable to take into account other types of stores which provide most of same brands with more discounted prices with less spatial quality and less accessible to public transportation. Weak price competitiveness of department store is one of general problems especially in this economic situation which can cause the customers’ shopping criteria more economic or price-based purpose. In addition, the way to keep brand value of department store itself can ignore each brand characteristic. The way of displaying different brands and layout of each stores are lack of specialization, and still unified solution to respect their own differentiation.

As long as customer’s nominal income has been decreasing due to economic situation in these days, purchase power is getting lower, and the tendency of preference of cheaper price of goods is getting clear when fashion outlet business is getting more successful. That means that regular customers of department store can be dispersed to those stores which already have luxury brands with significant discount rate. Especially, discount stores have low operation cost because they are normally locating in the periphery of the city with connection of motorway. In addition to this, those shops have less investment for the interior spatial quality. That reflects the operation price much lower than stores within city center location which has expensive rental price. Due to upscale department store normally locates on center of the city due, it has always controversial to run department store business with expensive price than other stores outside of city center.

As the term “department store” explains, department store has been functioned as a center of integrated shopping activity in one building. Comparing with other stores, department store has more unified and conventional way of displaying methods of each brand with selection of their goods. This generates less specialization and less differentiation in terms of marketing way of each brand. Like food hall, sports hall and living interior hall, more specialized and thematic spatial layout to display their goods is necessary to differentiate brands character. With agents who wear unified costume to show customers integrated entity of brand image of the department store itself can ignore the character of goods for each different brand with different character and concept.

2.2 Finding mismatches and setup the direction of the research

Today, de Bijenkorf has 12 stores nationwide with a variety range as sophisticatedly categorized as 3 different types; flagship store which has range of size from 15,000 to 20,000 sqm, medium-sized store which is from 7,500 to 10,000sqm, and fashion store which is around 3,000 sqm. Together with three flagship stores which locate in three top biggest cities in the Netherlands,
Amsterdam, Den Haag and Rotterdam, other two types of de Bijenkorf stores seem to be closely related with the size of market which is mostly about population.

However, when ranked Dutch cities with highlighted Bijenkorf cities shows ranked Dutch cities with highlighted Bijenkorf cities, it doesn’t seem to be closely fitted very well from research of matching the relationship between the type of stores and size of the population of the cities. Even among the cities which have medium-sized de Bijenkorf stores, there is wide range of difference of population. For instance, if we compare the population size of Utrecht and Amstelveen, there is more than 3 times difference of population between those two cities even though they have same type of stores of de Bijenkorf. More clearly visualized information can be found in Appendix C.

Moreover, there are other mismatches among different types of de Bijenkorf stores and size of the market of cities. For example, Groningen has the smallest type of de Bijenkorf even though this city has more population than Breda or Amhem or Masstricht which all have bigger type of de Bijenkorf store. In this sense, there could be more sophisticated and strategic reason to locate stores together with more criteria to make decision of where to locate. This information also can be found as more visually clarified version in Appendix C.

From this starting point to look into what is happening in this department store development, the report will focus on investigating more criteria which make them to locate those specific sites in those determined cities. Moreover, it will show recommendation for more optimal solution to develop how department store de Bijenkorf, and it would be able to be in the future in terms of more optimized way according to matching the market size/capacity and type of department store.

Plus, the research will be concentrated not only on flagship stores but also on medium-sized stores and fashion stores of de Bijenkorf. Also, the focus needs to stick to the perspective of the retailer, and it would be about recommendation of the possible change of real estate of department stores from the research of relation between the city market size and size of retail area. Some more additional issue about de Bijenkorf could be supportive elements to build the theory of the thesis. For instance, the changing situation of ownership might influence on the policy of store development, because cooperative business with V&D cannot be continued any longer.

2.3 Several Trials with Assumption

To find more criteria to understand their decision of deploying the stores, the first assumption would be proximity among cities. To see the geographical proximity including traffic infrastructure,
the road map was used. It can be seen from Appendix G as a more visually clarified version, and it shows clearly about how close they are and how they are connected by infrastructure of traffic. Based on this mapping, it became easy to adopt the information about hierarchy of planned shopping centers. The relationship between the size of market and the size of shopping center which includes department store development can be explained in Appendix J.

From the trade area radius, the geographical boundary which department stores are capable to cover the demand of shopping could be defined. Two questions can be raised,

- How the relation between the proximity and market size was generated?

- Why Utrecht and Eindhoven have similar sized format of de Bijenkorf stores in Maastricht or Arnhem even though the size and capacity seem to be very different each other?

Currently, the city proximity study based on the list of the population and trade area radius from the shopping center can be found as a more visualized version in Appendix E, and more detailed radius study as an example can be found in Appendix I. It shows how the cities can agglomerate and have more market capacity with certain physical/geographical boundary. The information about the relation between the retail size and city boundary can be shown in Appendix J.

2.4 Adding more criteria to measure urban market capacity

Number of departments also has a mismatch among locations with no matter with types. Excluded with specialized fashion store types, there seems no strong relationship between the numbers of departments and the physical size of the store. This seems more location oriented alignment of departments per each city. The alignments of department of de Bijenkorf can be found as more visually clarified version in Appendix D, E and F. From that sense, there are needs to add more criteria to measure the market capacity of cities. Due to urban market capacity strongly related with the wealth of the inhabitants, index of salary range, or the price of market in each city.

2.5 Conclusion

To see the problem of department stores, weak price competitiveness of department store is one of general problems especially in this economic situation which can cause the customers’ shopping criteria more economic or price-based purpose. The way of displaying different brands
and layout of each stores are lack of specialization, and still unified solution to respect their own
differentiation. As long as customer’s nominal income has been decreasing due to economic
situation in these days, purchasing power is getting lower, and the tendency of preference of
cheaper price of goods is getting clear when fashion outlet business is getting more successful.
Due to upscale department store normally locates on center of the city due, it has always
controversial to run department store business with expensive price than other stores outside of
city center. Department store also has more unified and conventional way of displaying methods
of each brand with selection of their goods, and this generates less specialization and
differentiation in terms of the marketing style of each brand.

When ranked Dutch cities with highlighted Bijenkorf cities shows ranked Dutch cities with
highlighted Bijenkorf cities, it doesn’t seem to be closely fitted very well from research of
matching the relationship between the type of stores and size of the population of the cities. Even
among the cities which have medium-sized de Bijenkorf stores, there is wide range of difference
of population. Moreover, there are other mismatches among different types of de Bijenkorf stores
and size of the market of cities. Number of departments also has a mismatch among locations
with no matter with types. Excluded with specialized fashion store types, there seems no strong
relationship between the numbers of departments and the physical size of the store. This seems
more location oriented alignment of departments per each city.

To setup the direction of the research, from this starting point to look into what is happening in
this department store development, the report will focus on investigating more criteria which
make them to locate those specific sites in those determined cities. It will also show the
recommendation for more optimal solution to develop how department store de Bijenkorf, and it
would be able to be in the future in terms of more optimized way according to matching the
market size/capacity and type of department store.
PART 2

GENERAL RESEARCH STUDY

- Categories and Formats of Retailers
- About Dutch Upscale Department Stores
3. Categories and Formats of Retailers

3.1 Brief Understanding of Retailing

Retailing is a distribution channel function where one organization buys products from supplying firms or manufactures the product themselves, and then sells these directly to consumers. A retailer is a reseller (i.e., obtains product from one party in order to sell to another) from which a consumer purchases products.

In the majority of retail situations, the organization from which a consumer makes purchases is a reseller of products obtained from others and not the product manufacturer. However, some manufacturers also operate their own retail outlets in a corporate channel arrangement. While consumers are the retailer’s buyers, a consumer does not always buy from retailers.

For instance, when a consumer purchases from another consumer (e.g., eBay) the consumer purchase would not be classified as a retail purchase. This distinction can get confusing but in the US and other countries the dividing line is whether the one selling to consumers is classified as a business (e.g., legal and tax purposes) or is selling as a hobby without a legal business standing.

As a reseller, retailers offer many benefits to suppliers and customer. For consumers the most important benefits relate to the ability to purchase small quantities of a wide assortment of products at prices that are considered reasonably affordable. For suppliers the most important benefits relate to offering opportunities to reach their target market, build product demand through retail promotions, and provide consumer feedback to the product marketer. Additional supportive information from internet was added in this chapter to support information about categorization of retail formats and specific department store chain, de Bijenkorf. The focal point of research in this chapter is how much each retail formats are differentiated and how is department stores including de Bijenkorf position in various categorizations. More information about the book can be found on the literature list. Additional information about categorization is from the online (http://www.knowthis.com/principles-of-marketing-tutorials/retailing/).

3.2 Ways to Categorize Retailers

While there are many ways retailers can be categorized depending on the characteristics being evaluated, retailers can be separated based on six factors directly related to major marketing decisions:

- Target Markets Served


• Product Offerings
• Pricing Structure
• Promotional Emphasis
• Distribution Method
• Service Level

Plus one more operational factor:

• Ownership Structure

However, these groups are not meant to be mutually exclusive of each other, and it can be seen in some way all retailers can be placed into each category. More detailed explanation about each factor is followed below.

3.2.1 Target Markets Served
The factor of “target market served” can be divided into three more subcategories; Mass Market, Specialty Market and Exclusive Market. More detailed explanation is continued below.

• Mass Market – Mass market retailers appeal to the largest market possible by selling products of interest to nearly all the consumers. With such a large market from which to draw customers, the competition among these retailers is often fierce due to market size and wide range of target group.

• Specialty Market – Retailers categorized as dealing the specialty market are likely to focus their business on the target buyers looking for products having certain features that go beyond mass market products, such as customers who require more advanced product options or higher level of customer service. While not as large as the mass market, the target market serviced by specialty retailers can be large.

• Exclusive Market – Appealing to this market means appealing to the customers who are often willing to pay a premium for features found in very few products and for highly personalized services. Since this target market is small-sized, the number of retailers addressing this market within a given geographic area may also be small. However, the prices of goods are normally higher than specialty market, and quantity is much smaller than the specialty market.

3.2.2 Product Offerings
Under this division, retailers are divided based on the width (i.e., number of different product
lines) and depth (i.e., number of different products within a product line) of the products they can carry.

- **General Merchandisers** – These retailers carry a wide range of product categories of broad width though the number of different items within a particular product line is generally limited with shallow depth.

- **Multiple Lines Specialty Merchandisers** - Retailers classified in this category stock a limited number of product lines with narrow width but within the categories they handle they often offer a greater selection of extended depth than are offered by general merchandisers. For instance, a consumer electronics retailer would fall into this category.

- **Single Line Specialty Merchandisers** – Some retailers limit their offerings to just one product line with very narrow width, and sometimes only one product with very shallow depth. This can be seen online where a relatively small website may sell a single product such as computer gaming software.

3.2.3 Pricing Strategy

Retailers can be also classified based on their general pricing strategy. Retailers must decide whether their approach is to use price as a competitive advantage or to seek competitive advantage in non-price ways.

- **Discount Pricing** – Discount retailers are best known for selling low priced products that have a low profit margin. To make profits these retailers look to sell in high volume. Typically discount retailers operate with low overhead costs by vigorously controlling operational spending on such things as real estate, design issues like store layout, website presentation, and by offering fewer services to their customers.

- **Competitive Pricing** – The objective of some retailers is not to compete on price but alternatively not to be seen as charging the highest price. These retailers, who often operate in specialty markets, aggressively monitor the market to insure their pricing is competitive but they do not desire to get into price wars with discount retailers. Thus, other elements of the marketing mix like higher quality products or nicer store setting are used to create higher value for which the customer will pay more.

- **Full Price Pricing** – Retailers targeting exclusive markets find such markets are far less price sensitive than mass or specialty markets. In these cases the additional value added
through increased operational spending (e.g., expensive locations, more attractive design, more services) justify higher retail prices. While these retailers tend to sell in lower volume than discount or competitive pricing retailers, the profit margins for each product are much higher.

3.2.4 Promotional Focus

Retailers generate customer interest using a variety of promotional technique, yet some retailers rely on certain methods more than others as their principle promotional approach.

- **Advertising** – Many retailers find traditional mass promotional methods of advertising, such as through newspapers or television, continue to be their best means for creating customer interest. Retailers selling online rely mostly on Internet advertising as their promotional method of choice.

- **Direct Mail** – A particular form of advertising that many retailers use for the bulk of their promotion is direct mail – advertising through postal mail. Using direct mail for promotion is the primary way catalog retailers distribute their materials and is often utilized by smaller local companies who promote using postcard mailings.

- **Personal Selling** – Retailers selling expensive or high-end products find a considerable amount of their promotional effort is spent in person-to-person contact with customers. While many of these retailers use other promotional methods, in particular advertising, the consumer-salesperson relationship is a key to persuading consumers to make purchase decisions.

3.2.5 Distribution Method

Retailers sell in many different formats with some requiring consumers visit a physical location while others sell to customers in a virtual space. It should be noted that many retailers are not tied to a single distribution method but operate using multiple methods.

- **Store-Based Sellers** – By far the predominant method consumers use to obtain products is to acquire these by physically visiting retail outlets (a.k.a. brick-and-mortar). Store outlets can be further divided into several categories. One key characteristic that distinguishes categories is whether retail outlets are physically connected to one or more others stores:
  - **Stand-Alone** – These are retail outlets that do not have other retail outlets connected.
o **Strip-Shopping Center** – A retail arrangement with two or more outlets physically connected or that share physical resources.

o **Shopping Area** – A local center of retail operations containing many retail outlets that may or may not be physically connected but are in close proximity to each other such as a city shopping district.

o **Regional Shopping Mall** – Consists of a large self-contained shopping area with many connected outlets.

- **Non-Store Sellers** – A fast growing method used by retailers to sell products is through methods that do not have customers physically visiting a retail outlet. In fact, in many cases customers make their purchase from within their own homes.
  
  o **Online Sellers** – The fastest growing retail distribution method allows consumer to purchase products via the Internet. In most cases delivery is then handled by a third-party shipping service.
  
  o **Direct Marketers** – Retailers that are principally selling via direct methods may have a primary location that receives orders but does not host shopping visits. Rather, orders are received via mail or phone.
  
  o **Vending** – While purchasing through vending machines does require the consumer to physically visit a location, this type of retailing is considered as non-store retailing as the vending operations are not located at the vending company’s place of business.

### 3.2.6 Service Level

Retailers attract customers not only with desirable products and affordable prices, but also by offering services that enhance the purchase experience. There are at least three levels of retail service:

- **Self-Service** – This service level allows consumers to perform most or all of the services associated with retail purchasing. For some consumers self-service is considered a benefit while others may view it as an inconvenience. Self-service can be seen with: 1) self-selection services, such as online purchasing and vending machine purchases, and 2) self-checkout services where the consumer may get help selecting the product but they use self-checkout stations to process the purchase including scanning and payment.
• **Assorted-Service** – The majority of retailers offer some level of service to consumers. Service includes handling the point-of-purchase transaction; product selection assistance; arrange payment plans; offer delivery; and many more.

• **Full-Service** – The full-service retailer attempts to handle nearly all aspects of the purchase to the point where all the consumer does is select the item they wish to purchase. Retailers that follow a full-price strategy often follow the full-service approach as a way of adding value to a customer’s purchase.

### 3.2.7 Ownership Structure

• **Individually Owned and Operated** – Under this ownership structure an individual or corporate entity owns and operates one or a very small number of outlets. Single ownership of retail outlets most frequently occurs with small retail stores, though there are some cases, for instance in the automotive or furniture industries, where single ownership involves very large outlets.

• **Corporate Chain** – A retail chain consists of multiple retail outlets owned and operated by a single entity all performing similar retail activities. While the number of retail outlets required to be classified as a chain has never been specified, we will assume that anyone owning more than five retail locations would be considered a chain.

• **Contractually Licensed and Individually Operated** – A retail ownership structure in which operators of the retail outlet are not the out-right owners of the business. Instead, the arrangement often involves a legal agreement in which the owner of the retail concept allows the operator to run the owner’s business concept in exchange for financial considerations such as a percentage of revenue. This structure is most often seen in retail franchising.

### 3.3 Retail Formats

• **Mom-and-Pop** – Represent the small-sized, individually owned and operated retail outlet. In many cases these are family-run businesses catering to the local community often with a high level of service but relatively small product selection.
• **Mass Discounters** - These retailers can be either general or specialty merchandisers but either way their main focus is on offering discount pricing. Compared to department stores, mass discounters offer fewer services and lower quality products.

• **Warehouse Stores** – This is a form of mass discounter that often provides even lower prices than traditional mass discounters. In addition, they often require buyers to make purchases in quantities that are greater than what can be purchased at mass discount stores. These retail outlets provide few services and product selection can be limited. Furthermore, the retail design and layout is as the name suggests, warehouse style, with consumers often selecting products off the ground from the shipping package. Some forms of warehouse stores, called warehouse clubs, require customers purchase memberships in order to gain access to the outlet.

• **Category Killers** – Many major retail chains have taken what were previously narrowly focused, small specialty store concepts and have expanded them to create large specialty stores.

• **Department Stores** – These retailers are general merchandisers offering mid-to-high quality products and strong level of services, though in most cases these retailers would not fall into the full-service category. While department stores are classified as general merchandisers some carry a more selective product line.

• **Boutique** – This retail format is best represented by a small store carrying very specialized and often high-end merchandise. In many cases a boutique is a full-service retailer following a full-pricing strategy.

• **Catalog Retailers** – Retailers such as Lands’ End and LL Bean have built their business by having customers place orders after seeing products that appear in a mailed catalog. Orders are then delivered by a third-party shipper.

• **e-tailers** - Possibly the most publicized retail model to evolve in the last 50 years is the retailer that principally sells via the Internet. There are thousands of online-only retail sellers of which Amazon.com is the most famous. These retailers offer shopping convenience including being open for business all day, every day. These e-tailers also have the ability to offer a wide selection of product since all they really need in order to attract orders is a picture and description of the product. Instead an e-tailer can wait until an order is received from their customers before placing their own order with their suppliers. This cuts down significantly on the cost of maintaining products in-stock.
• **Franchise** – A franchise is a form of contractual channel in which one party, the franchisor, controls the business activities of another party, the franchisee. Under these arrangements, an eligible franchisee agrees to pay for the right to use the franchisor's business methods and other important business aspects, such as the franchise name.

• **Convenience Store** – As the name implies these general merchandise retailers cater to offering customers an easy purchase experience. Convenience is offered in many ways including through easily accessible store locations, small store size that allows for quick shopping, and fast checkout. The product selection offered by these retailers is very limited and pricing can be high.

• **Vending** – Within this category are automated methods for allowing consumers to make purchases and quickly acquire products. While most consumers are well aware of vending machines allowing customers to purchase smaller items, such as beverages and snack food, newer devices are entering the market containing more expensive and bulkier products.

### 3.4 Position of Department Store

Fig. 03 illustrates more clearly about the position of the department stores. It can be categorized as the specialty market in terms of a target market served, and it is the general merchandiser with competitive pricing strategy. Also this corporate chain can have distribution in a shopping area/mall with assorted service level and advertising the promotional emphasis.

<table>
<thead>
<tr>
<th>Format</th>
<th>Target Market</th>
<th>Products Carried</th>
<th>Pricing Strategy</th>
<th>Promotion Emphasis</th>
<th>Distribution</th>
<th>Service Level</th>
<th>Ownership Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mom-and-Pop</td>
<td>mass</td>
<td>general, specialty</td>
<td>competitive</td>
<td>advertising, direct mail</td>
<td>stand-alone, strip center, shopping area</td>
<td>assorted</td>
<td>individually o/o</td>
</tr>
<tr>
<td>Mass Discounter</td>
<td>mass</td>
<td>general</td>
<td>discount</td>
<td>advertising</td>
<td>stand-alone, strip-center</td>
<td>self</td>
<td>corp. chain</td>
</tr>
<tr>
<td>Warehouse Store</td>
<td>mass</td>
<td>general</td>
<td>discount</td>
<td>advertising</td>
<td>stand-alone</td>
<td>self</td>
<td>corp. chain</td>
</tr>
<tr>
<td>Category Killer</td>
<td>mass</td>
<td>specialty</td>
<td>discount, competitive</td>
<td>advertising</td>
<td>stand-alone, strip center</td>
<td>assorted</td>
<td>corp. chain</td>
</tr>
<tr>
<td><strong>Department Store</strong></td>
<td>specialty</td>
<td>general</td>
<td>competitive</td>
<td>advertising, shopping area</td>
<td>shopping mall</td>
<td>assorted</td>
<td>corp. chain</td>
</tr>
<tr>
<td>Boutique</td>
<td>specialty</td>
<td>exclusive</td>
<td>full</td>
<td>selling</td>
<td>stand-alone, strip center, shopping area</td>
<td>full</td>
<td>individually o/o chain</td>
</tr>
</tbody>
</table>
From the literature, firstly department store can be also categorized as having medium number of categories and low alternatives per category in terms of providing alternative for consideration of shopping. It also can contain high selecting consideration set when people see the screening alternatives to form consideration set. For providing information of selecting goods, department stores have medium quantity but high quality with medium comparing alternatives. Ordering and fulfillment transaction costs for department stores have immediate delivery time, low supplier delivery cost, high customer transaction costs and few locations for placing orders. Other benefits in department store, we can experience high level of entertainment and social interaction and low personal security. For providing information of selecting goods, department stores have medium quantity but high quality with medium comparing alternatives. Ordering and fulfillment transaction costs for department stores have immediate delivery time, low supplier delivery cost, high customer transaction costs and few locations for placing orders. Other benefits in department store, we can experience high level of entertainment and social interaction and low personal security. More visual categorization can be seen in Fig. 04.

Fig. 04 Source: (Se Jong Ryu, The Essence of Retail I, 2010, p. 165)
From Fig. 05, with criteria of depth of assortment and breadth of assortment, department store can be positioned as deep and wide assortment comparing with other retail formats such as specialty stores, convenient stores and discounters. Those others have different position with those criteria. Also, all the different four types of retailers can have different advantages and disadvantages which are clear to define their own characteristics.

Fig. 05 Source: (Se Jong Ryu, The Essence of Retail I, 2010, p. 166)

One-stop-shopping and broad target group can be advantages of the department store, and low inventory turns and diffusing image of department store can be major disadvantages. Differentiation with other types is clear. As their advantages, specialty store has an image as a specialist and very good choice in categories of goods, and it has also disadvantage to have no one stop shopping, and it has more dependency on trends. It has deep assortment of goods in terms of specialization with narrow assortment of goods. For discount stores, they have high inventory turns with broad target group even though they have weak merchandise image.

### 3.5 Conclusion

Compared with other retail types, department stores are general merchandisers offering mid-to-high quality products and strong level of services, though in most cases these retailers would not fall into the full-service category. While department stores are classified as general merchandisers some carry a more selective product line. It also can be categorized as the specialty market in terms of a target market served, and it is the general merchandiser with
competitive pricing strategy. Also this corporate chain can have distribution in a shopping area/mall with assorted service level and advertising the promotional emphasis.

With the criteria of depth of assortment and the breadth of assortment, department store can be positioned as deep and wide assortment. One-stop-shopping and broad target group can be advantages of the department store, and low inventory turns and diffusing image of department store can be major disadvantages. Differentiation with other types is clear. As their advantages, specialty store has an image as a specialist and very good choice in categories of goods, and it has also disadvantage to have no one stop shopping, and it has more dependency on trends. It has deep assortment of goods in terms of specialization with narrow assortment of goods. For discount stores, they have high inventory turns with broad target group even though they have weak merchandise image.

Department store can be also categorized as having medium number of categories and low alternatives per category in terms of providing alternative for consideration of shopping. It also can contain high selecting consideration set when people see the screening alternatives to form consideration set. For providing information of selecting goods, department stores have medium quantity but high quality with medium comparing alternatives. Ordering and fulfillment transaction costs for department stores have immediate delivery time, low supplier delivery cost, high customer transaction costs and few locations for placing orders.

For other benefits of department store, it provides experiences of high level entertainment, social interaction and low personal security. For providing information of selecting goods, department stores have medium quantity but high quality with medium comparing alternatives. Ordering and fulfillment transaction costs for department stores have immediate delivery time, low supplier delivery cost, high customer transaction costs and few locations for placing orders.
4. About Upscale Department Store chains

4.1 Definition of department store

Department store can be simply defined as a large retail store offering a variety of merchandise and services and organized in separate departments. From Britannica concise encyclopedia, retail establishment that sells a wide variety of goods. These usually include ready-to-wear apparel and accessories, yard goods and household textiles, house wares, furniture, electrical appliances, and accessories. In addition to departments (supervised by managers and buyers) for the various categories of goods, there are departmental divisions to handle, for example, merchandising, advertising, service, accounting, and financial strategy.

To be more specific, a department store is a retail establishment which specializes in satisfying a wide range of the consumer’s personal and residential durable goods product needs; and at the same time offering the consumer a choice multiple merchandise lines, at variable price points, in all product categories. Department stores usually sell products including apparel, furniture, home appliances, electronics, and additionally select other lines of products such as paint, hardware, toiletries, cosmetics, photographic equipment, jewelry, toys, and sporting goods. According to managing type, aiming target group, location and size, department stores today have wide range of various types in the world.

4.2 Operating system of department stores

Even though there are various sales formats to operate department stores, for the corporate which operates department store business, it can have profit mostly from the margin from the sales of each invited brand. For shops of each brand, they don’t need to pay rents to use the sales space in the department stores, but they can pay back certain proportion of their income to department store owner. This margin can be major income for department store business runner to operate their business. Other sales formats can be purchasing goods of other stores directly and sell to customers. These types can be food and beverages or select shops in department stores. Giving rent to other shops can be another sales format of department store. Including shop-in shop and cinema can be rentable in department store. Promoting their own brand value and selling those can be another sales format which can have all the profit after sales.

4.3 Diverse types of department stores

There are different types of department stores can be categorized; Upscale Department Store, Mid-scale Department Store, Mid-range Department Store, Discount Department Store, and Off-
Priced Retail Department Store. Characteristics of a typical upscale department store may include sale of brand name perfumes and beauty supplies, like Burberry, Calvin Klein at the main entrance, with specialists in cosmetics there to assist customers with applying and selecting makeup. Also, general sale of name brand clothes has above an average price level, such as Dior, Chanel, Versace, Hugo Boss, etc., and when items are discounted, the price resembles that of an average priced item at a lower scale department store. Plus, sale of small household appliances like blenders, or small electronic items such as portable radios can be included together with specialized services or subset businesses such as personal shopping assistance, salons, restaurants, and/or travel agencies.

Mid-scale department store is small sized version from upscale department store depending upon location. Those types of department stores can be shown from the affiliates or branches of upscale department store chain. They can keep mostly same status and brand value of upscale department store, but there should have lack of luxury brand within lineup of leased shops in mid-scale department stores. Also, general sale of name brand clothes has a similar average price level with discounted price level of upscale department stores, and when items are discounted, the price resembles that of an average priced item at a mid-range department store. Plus, sale of small household appliances like blenders, or small electronic items such as portable radios can be included together with specialized services or subset businesses such as personal shopping assistance, salons, restaurants, and/or travel agencies. Those lists of prepared categories are almost similar with one of upscale department stores, but there is still lack of luxurious brands.

Characteristics of a mid-range department store may include sale of cosmetics, Sale of some brand names, with greater emphasis on private label brands, sale of accessories, some small household appliances, and furniture in larger locations. However, sale of cosmetics is generally not about famous brand name. Fragrances and beauty supplies may be placed further into the interior of the store, without cosmetic specialists at the counters. Mostly greater proportion of moderately-priced brand names can be included in this type of store. Plus, accessories and purses aren't upscale brand names, with greater proportion of less-known or private label branded items. Some larger locations in affluent areas often carry significant selections of brand name products including brand name accessories and fragrances kept in glass cases, and usually have cosmetic specialists in the beauty department. Brands at above-average price points, if offered at all, are generally limited and full product lines of such brands are not typically available. Smaller and more remote store locations often, the legacy of acquisitions of smaller retailers may concentrate squarely on moderately-priced merchandise.

Discount department store/super-store sells cosmetics, accessories, toys, household necessities which are generally not name brand. The “super-store” variant usually sells food products and it
has a "one stop shop" format. To comparison with mid-range department stores, it sells fewer major brand names, and it offers a wider variety of products. Also, its location more likely intends to anchor a power centre than an indoor shopping mall. Target is also considered a more upscale discount department store because it puts a greater emphasis on current fashion and on special merchandise lines. In off-price retail department stores, most products are name-branded, but they may be over-runs, seconds, or last season's stock liquidated from department stores. Products typically emphasize women's clothing and may include men's clothing, children's clothing, shoes, accessories, perfume, toys, house wares, or packaged gourmet food. Stores are most frequently located in power centers but may also appear in shopping malls. Off-price retail department stores sometimes do experiments with home goods superstores that carry a larger range and variety of house wares, including furniture.

4.4 Upscale department store chain in the Netherlands; de Bijenkorf

De Bijenkorf is the unique upscale department store chain in the Netherlands. Since it was founded in 1870 as a small store in Amsterdam, today it has offered many prestigious brands in clothing, accessories, beauty, food, and home. As the chronological development process clearly shows, de Bijenkorf has positioned itself as a brand and identity as the leader of high-standard of authenticity of lifestyle as a part of Dutch urban development history since it has been developed, transformed and evolved from 1870 in the Netherlands. As definition of flagship store says, the designation of "flagship" is given to a retailer's primary location, a store in a prominent location, a chain's largest store, the store that holds or sells the highest volume of merchandise, a retailer's most well-known location, a chain's first retail outlet, or the store location in a chain which carries the most high-priced merchandise catering to the most upscale customers.

Accordingly, the three flagship stores in Amsterdam, Rotterdam and the Hague are upscale department stores which stand in the center of the central areas in three cities. Today, de Bijenkorf has department store affiliates nationwide with a variety range as sophisticatedly categorized as 3 different types; flagship store, medium-sized store, and fashion store. In that sense, de Bijenkorf is developing three different scaled types of department stores within same brand value. To match the general types of department stores with Bijenkorf stores, it can be seen that department stores’ types are upscale department stores, mid-scale department stores and specialized stores. More research description about de Bijenkorf stores and structure will be explained in Chapter 3.

When all of those categorizations about department store come to de Bijenkorf, it becomes obvious that there has different position even within the category of the department store.
Due to de Bijenkorf covers different size of the formats, this sets its position in between Selfridges which is more focused on high-end target group and V&D which is focused on much lower target group than de Bijenkorf. So, it can be said that there is more sophisticated target group even among department stores even though department stores have merit to have broad target group with one-stop shopping with certain size of preparing goods for customers. De Bijenkorf stores have wide range in terms of size of stores with number of departments. Flagship store types can be similar with the size of Selfridge stores, and fashion specialized store type can be close to V&D when it goes to the matter of store size.

To see the positioning of de Bijenkorf, it is necessary to compare with other department store chains in terms of size, invited brand and symbolic value. To compare with other department store chains within local level and regional level, V&D can be comparable in terms of local and national level, and Selfridges is good example to compare in terms of regional/European level of market scale. Especially, Selfridges and de Bijenkorf became affiliates of same management/investment company, it is necessary to see different part and sharing part. Fashion stores and some of mid-sized stores of de Bijenkorf can be comparable with flagship stores of V&D which is biggest stores within V&D stores. Some of mid-sized stores and flagship stores of de Bijenkorf can be comparable with Selfridges except the flagship store format of Selfridges.

### 4.5 Conclusion

A department store is a retail establishment which specializes in satisfying a wide range of the consumer's personal and residential durable goods product needs; and at the same time offering the consumer a choice multiple merchandise lines, at variable price points, in all product categories. As definition of flagship store says, the designation of “flagship” is given to a retailer’s
primary location, a store in a prominent location, a chain's largest store, the store that holds or sells the highest volume of merchandise, a retailer's most well-known location, a chain's first retail outlet, or the store location in a chain which carries the most high-priced merchandise catering to the most upscale customers. De Bijenkorf is the unique upscale department store chain in the Netherlands, and de Bijenkorf has positioned itself as a brand and identity as the leader of high-standard of authenticity of lifestyle.

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PART 3

OBJECTIVE RESEARCH AND MEASUREMENTS

- History of Department Stores; Rises and Falls
- Brief History of de Bijenkorf with its ownership
- Problem Description
- Study of Twelve Cities which have de Bijenkorf Stores
- Interviews
- Measurements
5. Rise and Falls of Department Stores

Introduction
Last chapter is considerably explaining about rise and fall of department store reflected from the outside of Europe; USA and Japan which have already rich history of department store businesses. Summarization of the literature; “Essence of Retail part I” forms main content of this chapter. From this study, it illustrates how the department stores were successful, how they evolved according to changing environments around, why they failed, and how they tried to survive. This existed history outside of Europe somehow indicates some possible ways to survive for department stores in this changing market. The focal point of this chapter is to see how the department stores have been developed for their next step to survive in the future.

5.1 The Origin of Department Stores
The origin of modern type of retail is The Bon Marche which was founded by Aristide Boucicaut in Paris in early 1850. It is sometimes regarded as the first department store in the world. Although this depends on what is meant by ‘department store’, it may have had the first specially-designed building for a store in Paris. The founder established this department store as space of sharing lifestyle of high class society with general class of people, that means the business started from the idea of treating all the people as the same class of people.

Pic. 02 Source; 유통의 맥 Essence of Retail, New Suggestion (새로운 제안), 2010
In United States, Macy was founded on the 34th Street, New York in 1858 which is almost same period of establishment of the Bon Marche in Paris. However, Macy was more like big store which sells clothes and groceries instead of setup the lineup of goods like department stores. In the history of department store, the American department store Macy’s has significantly meaningful step of creating the management system which is efficiently divided by different departments and that was different with the European concept of department store which is more about display and sell various goods in big retail space. So, the English expression of “Department Store” has meaning of dealing with not just selling many goods but managing departmentalization of goods. During the period between 1850 and 1900, dry goods stores needed to manage their shops more departmentalized because the severe competition among them caused more differentiated shops with various goods and qualities. This process is the starting point of the department store business.

For the origin of department store in North East Asia including Japan, South Korea, China and Taiwan has very different story with US or European one. When the department store appeared in Japan, they recognized this format of retail as selling goods of “百貨” which means “almost everything”. To sell every goods in big space, it was natural to locate this retail format in the downtown which can attract the most customers in the city. The first time to call the department store as store of “百貨” was from the advertisement of Mitsukoshi in 1904. In the commercial, they introduced the store has all the goods, and one magazine translated this store of “百貨” to department store. Department store in Asia takes care of all the goods including foods, and sometimes includes cultural, leisure function as well.

5.2 The Rises of Department Stores

In United States, the mid of 19th century when the first department store was appeared was a growth period of capitalism in America, and development of social overhead capital such as railway system, and postal system was expanded at that time. According to the rapid urbanization including development of public transportation and using public advertisement, shopping area in the city center attracted many customers, and it was good chance to do retail business of department store like Macy’s.

The reason why department stores started to appear from the big cities in the United States was because of accessibility of the location, high potential of retail market. Those two elements are strongly related with urbanization or expansion of the cities which is on the basis of infrastructural transportation network. In case of US, bed town was built around big cities during the infrastructural system was organized, and the central facilities including department stores was planned in the center location. According to the degree of development of cities, department stores seem to have similar trajectory to be developed with the city’s one. In other words, when the cities stopped to grow, department stores also
stopped to grow in the United States. Then, locating department stores in suburban area started from 1950s.

In Japan, however, the rapid increase of infrastructural development including public, private transportation allowed leap of various means of transportation. That was a starting point of railway department store’s development. Different with National railway like JR (Japan Railroad), the railway department stores were developed by private railway/subway development companies like Tokyu, Seibu, Keio, Odakyu in Tokyo area for instance. They normally build the department stores on top of the railway stations due to the efficient usage of the land of the station. For example, Tokyu department store was established in Tokyo in 1919. Tokyu started to build the private railway line named as “Tokyu line”, and now they are doing business not only of retail but also of food, real estate, leasing, and information service sector.

For more traditional department stores in Japan, the first department store in Japan was Mitsukoshi established in 1904. They started from small stores which sold traditional Japanese wear Kimono or its garment and dried material before they enlarge their business. They intended to make their goods about wears more wide variety of choice within one building, and this became the typical prototype of Japanese department store.

In 1990s, there were also growth of retailers by acquisitions and mergers in the US. The two major department store chains, Federated Department Stores and Macy’s were merged together, and revived as the unprecedented size of department store chain. This tendency of M&A was happened not only for department store business but also other retail formats. After that, Price Club and CostCo were merged together in Membership wholesale sector, and Office Depot and Staples were merged. This tendency continued till the big merger between Sears which is American department store chain and Kmart.

In 1970s in Japan, the stores were getting bigger and bigger with the tendency which competitiveness became stronger for the bigger shop with variety and specialization of goods. Specifically, the capacity of having number of popular goods has strong competitiveness together with number of items and quality of goods. Plus, one character of Japanese stores is closer to the local community than other countries, so the stores tend to have harmony with local community.
5.3 The Falls of Department Stores

The large numbers of Japanese general merchandise store nowadays are the result of legal restriction of the department stores. When many of department stores emerged, that caused the bankruptcy of many small-medium sized store merchandisers, and Japanese government started to restrict the establishment of department store business in 1956.

Protection of small-medium retailers during 1948-1962
Between 1948 and 1962 when economy started to grow after WWII, the Japanese policy about retail distribution weighed the competitiveness fostered by a financial support to
protect merchants who are doing the small-medium retail business. Japanese government concentrated on protecting them first instead of pursuing the efficient distribution system at that time. The legal regulation established in 1956, and that was about regulative law which is necessary to have permission by government to define the size, opening hours, and opening days of department store business. In case of the special law for retailers, the governmental permission to establish retailing for wholesalers or manufacturer was necessary to restrict sales for much discounted price than retailers.

The growth of Japanese general merchandise store was strongly related with regulation of department stores. When the department store business has a peak with dominating the retail market, the restriction was setup to protect local retail market and small-medium retailers. Especially in early 1960, there was strong restriction for department store, but the general merchandise store was able to be successful to be similar format of department stores, because it was not affected by that regulation. As long as the land price was getting higher according to economic growth, there became more and more general merchandise stores urban periphery area which has cheaper land price. When we see the data, during the period of 1965 and 1984, the number of general merchandise stores increased more than twice than before comparing with the department store’s case which has 25% decreased during that period.

**Systematic Approach for Efficiency of Overall Retail Business during 1962-1973**

The aim of government was modernizing the small-medium sized retailers with protecting them by regulation. This supporting policy leaded forming the voluntary chain which was made by collaboration of small-medium sized retailers. From the end of 1960s, the aim of the Japanese government was boosting the efficiency of overall retail distribution system. They focused on effective management of all of the retail distribution system in the perspective of taking care of the problem of retail distribution as a national economy. Especially As the reaction from the environmental change such as rapid economic growth, emerging massive consuming society, lack of labor force, and acceleration of urbanization together with technological innovation which the retail business faced, the government leaded the collaboration between retailers, manufacturers and wholesalers. At the same time, they started to encourage the development of planned shopping center, retail distribution center at that period.

**Controlling the competition during 1974-1998**

After oil shock in 1973, the aim of Japanese government was to control the competition between retail distributors on the process of pursuing a modernization of that industry. The restriction law for big sized retailer was activated from 1974, and it started from the
restriction of the size of the stores. Retail format which was planned over 3,000 square meters for 10 biggest cities and 1500 square meters for other locations should get permission from the government; they need to prove their non-influence to other local retailers. This law also included the supermarket chain which was rapidly spread out and grown at that period. In that sense, this law can be understood as the largely extensively applied law from the department store restriction law in 1956.

In case of Japan, since the restriction of department store development in early 1960s, similar type as GMS (general merchandising stores) increased significantly. However, when the peak of this development of GMS around early 1970s, restriction rule was applies to GMS as same as the department store development. The restriction rule in 1974 was about to restrict quantitative expansion of GMS. Actually this restriction of department stores helped the GMS development because there were not able to be any competition among big stores due to the law which doesn’t give a permission to locate big stores nearby existing stores. Due to this rule, GMS had been protected for around 40 years with increasing profit, but this restriction law ended around end of 1980s because of long recession of retail industry in Japan.

End of restriction law of department store, 1998
One of the most significant changes in Japanese retail distribution environment was movement of releasing the regulation of retail distribution. Until early 1980s Japanese government reinforced restriction of big retail store developments because of a shrinking consumption, severe competition between big retailers, and declining city center according to stores periphery of the city boundary. However, this restriction also caused the expansion of supermarket chain which is smaller format of retailer, and this restriction started to be challenged by objection during that period which Japan had persisting surplus from the international trade with closure of domestic market. Especially from the mid 1980s, as one of methods for revitalization of the city center, promoting big sized retail development was necessary to be started to develop. Since they realized the restriction was not helping other small-medium retailers in the city any more, and for those necessities and criticism, finally the restriction law ended in 1998. Since its establishment from 1974, the law had continuously repeated revise, reassessment and relaxation of regulations, but finally ended by the reassure of US. Right after the relaxation of regulation, foreign retailers rapidly started to come and locate their stores, and the first one was “Toys r us”. When the opening ceremony of second store of Toys r us, the president Bush was invited to the ceremony in city of Kashihara, Japan.
5.4 Strategies in economic recession

Total income for retail industry in Japan started to decrease after the peak of the year in 1996. During this period, department stores and GMS significantly decreased, and other new retail types of innovative corporations emerged. In Japan, downturn of department stores and General merchandising stores was conspicuous phenomena, so massive investment for online mall has been concentrated to overcome the limit of the format as a department store. Tendency of declining business of big retailers can be from the one-sided management without taking care of customers’ needs, competitive expansion of store establishments, emerging new types of retail such as specialized store. At the same time, however, emphasizing hierarchical structure and confliction with manufacturers or wholesalers by excessive competition about PB (private brand).

For the recession period, the most general sales strategy is discount. Surely, too much discount rate can cause the company’s financial crisis or even bankrupt, but when adequate amount of discount sale has strong impact to appeal to customers and retailers. For example, Barnes and Nobles in USA developed the event of sale from 50% to 90% at both on-line and off-line store as the solution to overcome the recession. From this event which was on December in 2008, Barnes and Noble had 33% increase of customer transaction. Accordingly, there was 13% increase of profit from on-line shop.

There was also a trial to have longer opening hours to take as one of solutions to overcome the recession. Opening on Sunday and longer opening time during weekdays directly leaded the growth of turnover, but it was still shorter for the department stores than general merchandising stores which have 2 or 3 hours longer than department stores around 1980s. In Japan, many big retailers experienced not much profit for longer opening hours after 1990. One of Japanese retail companies, Itoyokado saw even decrease of profit. Especially overnight opening hours caused extra expenses for sales and management, and this directly had consequence of decreased profit.

Recession is inevitable phenomenon for capitalistic economy, it is also clear that failure of strategy in recession can be more serious than recession itself. This failure is mostly due to wrong perception of trend, and a negative influence from this affects the survival of retailers much severely than recession. In other words with example in USA, Saks which has target group as luxury market users cause the most serious problem not from the increasing profit from but from keeping the status as the fashion leader of luxury market. Moreover this finally caused Saks to shrink their retail business.
Sometimes retail formats learn each other during the recession. Eon and Itoyokado was successfully took the top position as big retailer by adopting not only general merchandising store format but also took convenience stores or other retail formats more actively. Plus they also started to open bank service to establish Seven & Holdings, and the profit is almost close to the profit of department store of Itoyokado. Some department store like Kei-Q invited the drugstore and electronic store in the department store, and this was sensational structural renovation of department store. M&A was also strategically done during recession. Eon group merged small retailers which had financially crisis, and they took the top retailer's position in Japan. Strategic allies were happened between Mitsukoshi and Daimaru to expand their buying power by co-sourcing of goods. Even the case of Seibu and Sogo has about overall alliance for management of department stores. There were also changes for the sales management of department stores. The floors for women's clothes were expanded, and invite more esthetic and beauty salons on the ground floors. Also, many events like cooking class in cooking studio were actively held. So, in general, there can have predictable direction to react in this recession period; developing the business within the department store boundary, adopting other types from department store format, doing non-retail business, and scrap or at least doing nothing.
5.5 Conclusion

It is also good to learn from already existed historical events, and the history of department store in USA and Japan allows to think about their strategy to survive. Sometimes crisis was created by government’s regulative policy, or by their ambitious expansion of their business with strategies. Difference to understand the specific retail format as department store itself in Europe, USA and Asia caused slightly different development history, but it has functioned as the symbolic format which has led the trend of customers and retail market demand.

From the case studies of USA and Japan where already had rich history for the rises and falls of department stores, it was helpful to have insight about how department store retailers setup strategies to overcome the risk and crisis. There was three different direction of development; restructuring original format as a typical department store, expanding the format by adopting other formats of retailers, and establishment of another type of business out of the retail market such as banking business together with retail business. For the restructuring, cutback for improving the financial structure, strategy for built and scrap, and constriction by specialization of retail distribution.
6. Brief history of de Bijenkorf with its ownership

6.1 Upscale Flagship Department Store Development of de Bijenkorf (1870-1966)

In 1870, ‘Warehouse de Bijenkorf’ was opened by Philip Simon Goudsmit who is founder of de Bijenkorf. This warehouse was the first store of de Bijenkorf these days. Warehouse de Bijenkorf was a small haberdashery shop in Nieuwendijk, Amsterdam. When Goudsmit passed away in 1889, his nephew Arthur Isaac took over the warehouse. Arthur directly started to buy several houses on the Nieuwendijk on to expand. To accelerate the rebuilding, the store moved in 1912 to the Dam. At first, he planned this moving as a temporary solution, but when the sales occurred at this location fivefold, he decided to settle down permanently on the Dam location. At that moment, as large retailer on the Dam he only cold get little support from mortgage banks. To solve the financing problem, the haberdashery shop became a department store. Architect JA van Straaten designed the building to get the construction contract.

In 1923, a big construction site was bought for development of de Bijenkorf in Marktstraat in The Hague. Among a number of renowned architects, Piet Kramer was eventually chosen to design the building. On March in 1926, de Bijenkorf opened its second building as concept of "a
palace of joy”. Two years after, to take the plans for a branch in Rotterdam became more concrete plan. Willem Dudok designed a spectacular “glass palace”, and the newspaper ads touted this building as a “city within a city”. In the opening event, there were 70,000 people gathered to see the building. Unfortunately, the damage by bombing during the Second World War period was so serious, so it was inevitable that a new department store needs to come. Marcel Breuer designed the new building on the same location, and it was opened in 1957. Since then, this building has positioned as one of symbols which represent the rebuilding of Rotterdam.

6.2 Medium-scale Bijenkorf under Administration of KBB (1966-1999)

The development of the group structure was a necessary to be revised from de Bijenkorf administration to KBB. On February in 1966, a group of staff management bodies established as the umbrella organization over the company, de Bijenkorf Administration. The companies maintain separate managements and their own identity. At the 100th year anniversary in 1970, the designation of Royal de Bijenkorf Administration was pinned. This created Royal Bijenkorf Administration, or KBB. The first branch outside the Randstad was in Eindhoven. It opened in 1969 by Giò Ponti designed the Italian branch of the Piazza, the square. The Piazza was for "cultural and artistic events and cheerful feasts." The fifth Branch of de Bijenkorf opened in Arnhem in 1975. In this time, there was no spectacular new building, but an existing building being renovated and updated.

To open Utrecht branch, there were already advanced plans in Utrecht for the sixth affiliate of de Bijenkorf building in 1975. Architect William Holzbauer, the drawings were ready, but unfortunately, the plan was too ambitious and in no way profitable, so two years later, de Bijenkorf opened with only a home accessories store. Turnover was good, so the plan to create a smaller but complete Bijenkorf store to set up as part of the exclusive new shopping center La Vie. On March in 1987, La Vie opened its doors with the new Bijenkorf department store. The mall was almost completely occupied by de Bijenkorf store. In 1998, after an extensive renovation by Merkx + Girod and London duo Virgile & Stone, the building on the Stadshart in Amstelveen in 1998 was ready for the opening. It was a small branch with some limited departments experimented with new concepts. Thus, in the beautifully decorated restaurant La Ruche operated, and it locates in the cosmetic section.

6.3 Rise and Falls of More Development of de Bijenkorf Under Administration of VENDEX KBB and MAXEDA (1999-2010)

In 1999, two biggest retailer decided to merge each other. KBB was the oldest, and Vendex was
Founded in 1887 and came from Vroom and Dreesmann. Since both groups of Vendex and KBB had a colorful past and an invaluable contribution to the development of retailing in the Netherlands, this merger formed as Vendex / KBB made them an internationally powerful combination that can withstand international competition. In 2001, Bijenkorf department store, part of Royal Vendex KBB, intended to take over three branches of Anson's of P & C Group. These were the branches in Breda, 's-Hertogenbosch, Groningen, each with a sales area of over 3,000 sqm. These stores were all converted into de Bijenkorf stores in 2001. However, the medium-sized store was opened in Breda, and specialized fashion store were opened in Groningen and 's-Hertogenbosch. De Bijenkorf was also preparing a new branch in the east of the country. In August 2002, the new subsidiaries opened their doors in Einschede and Maastricht in 2003. Those stores are specialized fashion stores which are more concentrated on fashion department.

By adding multi-format strategy, the new formula of de Bijenkorf was opened as the first outlet store in Batavia Stadt, Lelystad in 2003, but this business could not be longer. It closed its door after 2 years. At the same time, de Bijenkorf opened another new outlet store in Venlo in 2005. This new outlet store was started from an experience gained in Batavia Stad outlet formula, but this outlet store also was closed in 2008. The shop on the first and second floors of the former V & D property had lost its sales purpose and function, namely the sale of old stock with huge discounts from other de Bijenkorf affiliates.

In 2004 it was well-known that Vendex KBB would be taken over by a group investors, named Kohlberg Kravis Roberts & Co (KKR), Change Capital Partners and AlpInvest Partners. They were merged together in VDXK Acquisition BV). Later on Change Capital left the VDXK. In July 2004 Vendex KBB was definitive taken over by VDXK after all the shares were taken over. In February 2005 Vendex KBB sell It's, Modern Electronics and Prijstopper to Impact Retail. In May 2005 they sold Dixons and Dynabyte to Dexcom Holdings. Vendex KBB announced the sale of its property portfolio to a consortium arranged by IEF Capital N.V., a joint venture between IEF Nederland B.V. and Bouwfonds Asset Management B.V., a 100% subsidiary of ABN AMRO Bouwfonds N.V. IEF Capital Delta NV and PGGM are major participants in the consortium. PGGM, one of the largest Dutch pension funds, was also a co-financier through inflation-linked products. The asset management of the real estate portfolio was performed by Bouwfonds Asset Management, which was involved in financing the transaction as well.

With this transaction, Vendex KBB is entering into a long term sale-and-lease-back agreement for 73 stores and other properties occupied by HEMA, V&D and Bijenkorf, which would provide these formats with long term stability and operational flexibility to continue to perform successfully in the Dutch retail market. For Vendex KBB this was a significant milestone in the implementation of its strategy to focus on its core retail activities.
In July 2006 the name Vendex KBB was changed in Maxeda to mark a new company philosophy. Maxeda BV is a retail group of Dutch origin. This retail group was named from 1999 till 2004 Vendex KBB NV, and from 2004 till 2006 Vendex KBB BV. It was founded in 1999 after they merged with Vendex (with as main formula Vroom & Dreesmann) and KBB (with main formulas De Bijenkorf and Hema). In 2007 the formula Hema was sold to the British investment company Lion Capital. In 1998 the Vendex Foodgroup, with main formulas Edah and Konmar, fused with De Boer/Unigro to Laurus.

During the rise and falls of department stores has been continued, reinforcing and upgrading flagship store were also preceded. De Bijenkorf launched its online doors to the shop “deBijenkorf.nl” in 2009. This is the thirteenth branch as a reality. The shop started with women’s wear, accessories, lingerie, gifts, cosmetics and a large part of the collection from de Bijenkorf Magazine. Soon, the other added product such as housing, women and children were included in the list of selling products. Especially Beehive fashion, men’s underwear and children were getting very popular with online customers. Soon the Other Such As added product housing, women and children were also become popular for internet shoppers. The year 2010 was 140 anniversary of de Bijenkorf. 140 trendsetters cooperated with the anniversary of the Beehive. Thus launches a Beehive Special Editi140n collection of different brands and designers. With the constant addition of new brands to our wide range and by organizing a variety of events, de Bijenkorf has offered a world of inspiration for many people in the Netherlands. “Inspiration and the future are important for the customer and de Bijenkorf.” said Robert Bohemia, Marketing Director of de Bijenkorf.

One of luxurious brand, Louis Vuitton opened their first in-store boutique in a Bijenkorf department store on September in 2010, and this beautiful boutique was designed by internationally renowned architect Peter Marino, who also completed the new flagship Louis Vuitton Maison on London’s Bond Street. This is the first Louis Vuitton leased department within a Bijenkorf store and marks the first new Louis Vuitton department store partnership in the Netherlands. The Louis Vuitton Bijenkorf is the second Louis Vuitton location in the Netherlands. The store is 150 square feet and located on Bijenkorf main floor across from the designer watch department and offers a mix of Louis Vuitton leather goods, including designer handbags and luggage, alongside accessories such as Louis Vuitton sunglasses, ties and an extensive selection of women’s designer shoes.

6.4 New start under the administration of Selfridges group (2010-)

Maxeda, owned by a buyout group comprising Kohlberg Kravis Roberts & Co., Cinven Group, Permira and AlpInvest Partners, was looking to sell De Bijenkorf after it sold Dutch retail group
V&D to U.S.-based private-equity firm Sun Capital Partners Inc. in mid-September of 2010. Maxeda is looking to get around EUR280 million for the luxury department store, but it was said that the price is too high given its limited growth potential.

It was also said that the lack of real estate De Bijenkorf owned after the consortium after selling all the real estate in 2005 might dampen the price strategic buyers who are willing to pay, while there is also limited turnaround gain for financial buyers. In addition, marketing costs, making up 40% of total sales, seemed too high and failed to boost sales in the past. Moreover, the ending of the lease contracts for a number of stores created uncertainty which is not reflected in the price.

Nevertheless, Selfridges Group Limited, announced its intention to acquire the Dutch luxury department store de Bijenkorf in the Netherlands from the Maxeda Retail Group for an undisclosed sum, subject to consultation with the Works Councils, approval by the relevant competition authorities and the trade unions being informed on Nov. 2010. The chain of 12 department stores was finally owned by Selfridges Group Limited, a family owned business formerly known as the Wittington Fashion Retail Group. Selfridges Group has extensive know-how and experience in operating luxury fashion retail stores: Selfridges (UK), Brown Thomas (Ireland) and Holt Renfrew (Canada) are iconic brands with a long heritage, offering customers a truly extraordinary shopping experience with the most exclusive brands in a world-class environment.

Following the completion of this transaction, the total turnover of Selfridges Group will be approaching £2 billion. This acquisition is part of the group strategy to own and operate premier luxury stores in select markets. Selfridges Group Limited is expected to take ownership in early 2011. De Bijenkorf will maintain its identity and continue to operate as a stand-alone business run
by the management team in the Netherlands. Plus, as it can be seen in Figure 10, the significant lack of concurrence about department store especially shows the different time gap for the department store development. Simultaneously, those references for survival strategy can be considered as one of guidelines of the future management of de Bijenkorf.

6.5 Conclusion

It is good to know how de Bijenkorf has been developed, and how its owners made decisions to expand stores. It is very important timing if the ownership changed from the private equity company which put the short-term profitability as a priority to the department store-specialized retailer family company. This very different style of ownership can cause different strategy for the department store management for the future. The significant lack of concurrence about department store especially shows the different time gap for the department store development. At the same time, there are more predecessors who experienced and evolved more than the Dutch department stores already. Those references for survival strategy can be considered as one of guidelines of the future management of de Bijenkorf.
7. The twelve cities with de Bijenkorf stores

7.1 The three cities with flagship stores of de Bijenkorf

7.1.1 Amsterdam retail market

Amsterdam is by far the largest shopping city in the Netherlands. The capital's shops not only serve the local population, but also attract millions of domestic and foreign tourists every year. The main shopping streets in the city centre are Kalverstraat, Heiligeweg, Nieuwendijk and Leidsestraat. Kalverstraat alone has more than 750,000 pedestrians each week, and as a result has the highest rental level in the Netherlands. Inner-city shopping centres include Magna Plaza (6,500 sq m) and Kalvertoren (11,500 sq m).

De Bijenkorf, V&D, Maison de Bonneterie, HEMA, H&M and Zara are the anchor stores of the main shopping area. Some recently accommodated fashion retailers, such as Desigual and River Island, also have a high attraction on consumers. Apart from the main shopping streets referred to above, Amsterdam has a number of less well-known streets, each with their own distinctive character, such as Haarlemmerstraat, the area of the so-called Negen Straatjes, and Utrechtsestraat. In the southern part of the city centre P.C. Hooftstraat is an important shopping street, being home to the more highend retailers, such as Chanel and Louis Vuitton. The larger shopping centres are located outside Amsterdam's city centre.

Major traditional district shopping centres in terms of size are Boven ‘t IJ (35,000 sq m) in Amsterdam-North, Osdorpplein (36,500 sq m) in West and Amsterdamse Poort (49,500 sq m) in Southeast. Also the neighbouring municipality of Amstelveen has a large shopping centre, called Stadshart Amstelveen (47,500 sq m), which is due to the diversity of shops and the good accessibility also popular to the population of Amsterdam. Villa Arena (75,000 sq m), in Amsterdam Southeast, is with more than 80 home furnishing stores one of the largest home furnishing concentrations in the Netherlands.

City Figures

Number of residents in Amsterdam is 755,600, and number of residents within a radius of 10km is 860,500. Average disposable income per resident is 27,600 EURO. Number of shops are 6,113, and total sqm of retail stock is 1,017,400 SQM. Retail floor space per resident is 1.3 sqm. Rent of shopping streets shows wide range according to location. Size of the city is 166(land)/219(total) sqkm. Annual rent of Kalverstraat which is the main shopping street is from 2,250 to 2,700 Euro per square meter. Leidsestraat shows annual rent level from 350 to 2,000 Euro. P.C. Hooftstraat which is famous for luxurious fashion brand shops shows rent level from 400 to 1,600 Euro. With
from 950 to 1,350 Euro people can rent shops annually in SC Kalvertoren, and SC Magna plaza shows the range of annual rent from 600 to 850 Euro. The area of DSC Boven’t IJ shows the range of annual rent from 450 to 750 Euro, and DSC Amsterdam Poort shows rent level from 295 to 550 Euro. From 75 to 275 Euro, people can do retail business with this annual retail rental level in FC Villa Arena.

De Bijenkorf Amsterdam

![De Bijenkorf Amsterdam](http://www.debikenkorf.nl/amsterdam)

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### 7.1.2 Rotterdam retail market

Measured according to total retail stock Rotterdam is the second shopping city in the Netherlands. The city centre is modern and therefore quite different from the centres of the other large Dutch cities. Consequently, the entire main shopping area of Rotterdam has been developed systematically. The high streets are Lijnbaan, Korte Lijnbaan, Beurstraverse (also called Koopgoot) and Hoogstraat. Most important anchor tenants include De Bijenkorf, V&D and HEMA department stores and H&M and Zara.

Furthermore, fashion retailer The Sting will open an XL store next to the V&D building in 2011. The high-end and more specialist retailers are located at Karel Doormanstraat, Kruiskade and Meent. In the city centre many additional retail square metres are planned for the coming years. New projects include Markthal near Blaak, the redevelopment of the former post office at the corner of Meent and Coolsingel and the extension of Beurstraverse. Alexandrium I, II and III (totaling some 137,000 sq m), located in the east of the city, is one of the best-functioning peripheral retail concentrations in the Netherlands.

District shopping centre Alexandrium I is the oldest part and was earlier called Oosterhof. It is
worth mentioning that the important anchor tenant Primark recently opened its first store in the country here. The second part was completed in 1996 and comprises a stretched promenade with solely megastores. Alexandrium III is a large furnishing strip, also known as Alexandrium Woonmall. Zuidplein (70,000 sqm), located in city district South, is one of the largest covered traditional shopping centres in the Netherlands. A prominent new development outside the city centre is Parkboulevard. This project located in the west of the city will include 26,000 sq m of large-scale retail units.

City Figures

Number of residents in Rotterdam is 599,600, and number of residents within a radius of 10km is 902,600. Average disposable income per resident is 26,600 EURO. Number of shops are 3,963, and total sqm of retail stock is 846,700 SQM. Retail floor space per resident is 1.4 sqm. Rent of shopping streets shows wide range according to location. Size of the city is 206(land)/319(total) sqkm. Annual rent of Lijnbaan which is the main shopping street is from 700 to 1,800 Euro per square meter. Beurstraverse shows annual rent level from 900 to 1,500 Euro. Korte Lijnbaan shows rent level from 800 to 1,100 Euro per square meter. With from 300 to 850 Euro people can rent shops annually in Hoogstraat, and DSC Zuidplein shows the range of annual rent from 300 to 850 Euro. The area of DSC Alexandrium shows the range of annual rent from 450 to 900 Euro, and BS Alexandrium II shows rent level from 150 to 225 Euro. From 125 to 195 Euro, people can do retail business with this annual retail rental level in FC Alexandrium III.

De Bijenkorf Rotterdam

![De Bijenkorf Rotterdam](http://www.debijenkorf.nl/rotterdam)
7.1.3 Den Haag retail market

According to population The Hague is the third city in the Netherlands. Since both the Dutch government and the royal family reside in the city, it has a major role in policy making which is usually reserved for the national capital. Measured according to retail stock The Hague comes third in the Netherlands as well. The city is very popular among foreign tourists and domestic day trippers. The main shopping area is located in the historic city centre and is roughly divided into three parts. The internationally and nationally known fashion chains, such as H&M and The Sting are situated at Spuistraat and Venestraat. Consequently, the highest footfall is registered in these two streets.

Furthermore, the department stores, such as De Bijenkorf, V&D and HEMA, are located at Grote Marktstraat. To conclude, the high-end retailers can be found around Hoogstraat. In the city centre several projects, such as Spuimarkt (37,500 sq m) and the redevelopment of Haagse Passage (12,000 sq m), were completed in the past years. These projects substantially improved the attraction of The Hague as a shopping city.

As far as large-scale retail is concerned, Haaglanden Megastores (92,500 sq m) in the Laakhaven district meets this need. It is one of the largest covered shopping concentrations in the Netherlands and, besides a traditional shopping centre, also accommodates a furnishing strip. Outside The Hague, the neighbouring municipalities of Rijswijk and Leidschendam have the In de Boogaard (103,000 sq m) and Leidsenhage (73,500 sqm) district shopping centres. Thanks to the large catchment area, the capacious parking facilities and the presence of some major anchor tenants these two centres are performing very well.

City Figures

Number of residents in den Haag is 481,900, and number of residents within a radius of 10km is 750,100. Average disposable income per resident is 28,900 EURO. Number of shops are 3,457, and total sqm of retail stock is 626,500 SQM. Retail floor space per resident is 1.3 sqm. Rent of shopping streets shows wide range according to location. Size of the city is 82.6(land)/98.2(total) sqkm

Annual rent of Spuistraat which is the main shopping street is from 900 to 1,250 Euro per square meter. Venestraat shows annual rent level from 900 to 1,250 Euro. Grote Marktstraat shows rent level from 350 to 1,000 Euro per square meter. With from 600 to 950 Euro people can rent shops annually in Hoogstraat, and Haagse Passage shows the range of annual rent from 350 to 550 Euro. The area of DSC Leidsenhage shows the range of annual rent from 350 to 825 Euro, and DCS In de Boogaard shows rent level from 450 to 600 Euro. From 125 to 195 Euro, people can do
retail business with this annual retail rental level in FS/BS Haaglanden Megastores.

De Bijenkorf den Haag

![De Bijenkorf den Haag](http://www.debijenkorf.nl/den-haag)

**Fig. 14 De Bijenkorf den Haag**

<table>
<thead>
<tr>
<th>Year</th>
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<th>Floor</th>
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</thead>
<tbody>
<tr>
<td>1926</td>
<td>Flagship</td>
<td></td>
</tr>
<tr>
<td>4th Floor</td>
<td>Travel, CD - DVD - games, Gadget, Home Office, Stationery, Kiosk, Books</td>
<td></td>
</tr>
<tr>
<td>3rd Floor</td>
<td>Housing, Bed and bath, Gift Shop, La Ruche, Toilets, Nespresso Boutique, Lighting, Household, Cook Shop, Carpets</td>
<td></td>
</tr>
<tr>
<td>2nd Floor</td>
<td>Womenswear, Cosmo, Lady's shows, Customer Service, Repair Service, ATM, Wedding Service</td>
<td></td>
</tr>
<tr>
<td>1st Floor</td>
<td>Kids, Toys, Lingerie, Stockings, Master Confectioner</td>
<td></td>
</tr>
<tr>
<td>GF</td>
<td>Men'swear / Tailor Service, Cosmetics, Accessories, Diamond Point, Leather Bijoux / Watches, Nouveau Lé</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Master Confectioner, Swarovski shop, House of Caviar &amp; B Cafe</td>
<td></td>
</tr>
</tbody>
</table>

### 7.2 The six cities with medium-sized stores of de Bijenkorf

#### 7.2.1 Utrecht retail market

The city of Utrecht, located in the middle of the Netherlands, is the country’s fourth shopping city. The main shopping area includes the high streets in the historic city centre and the covered shopping centre Hoog Catharijne (70,000). Thanks to its historic character and the many restaurants and cafés, Utrecht’s city centre has a congenial and lively atmosphere. The high streets are Lange Elisabethstraat, Oude Gracht, Vredenburg, Steenweg and Lange Vistestraat. De Bijenkorf and HEMA department stores and several internationally and nationally known fashion chains are located here. The high-end retailers are concentrated in the Oudkerkhof area. Hoog Catharijne, adjoining the Central Station, is one of the largest and most visited inner-city shopping centres in the Netherlands. Meanwhile outdated, the centre will be renovated and extended by 35,000 sq m in the coming years. According to the current plans the first retail space will be delivered around 2012. The two most important district shopping centres of Utrecht are Kanaleneiland (24,000 sq m) and Overvecht (27,000 sq m), located in the residential areas of the same name.

Furthermore, the city has two peripheral largescale retail concentrations. The first and oldest one concerns a furnishing strip (70,000 sqm), including an IKEA store, located along the A12 motorway. This strip is outdated and there are plans for redevelopment in the coming years. The Wall (35,000 sq m) is a recently completed project and accommodates several XL stores. This retail
park along the A2 motorway measures almost 1 kilometre and also acts as a noise barrier.

City Figures

Number of residents in Utrecht is 299,900, and number of residents within a radius of 10km is 514,400. Average disposable income per resident is 30,100 EURO. Number of shops are 1,899, and total sqm of retail stock is 482,000 SQM. Retail floor space per resident is 1.6 sqm. Rent of shopping streets shows wide range according to location. Size of the city is 95.6(land)/99.3(total) sqkm.

Annual rent of SC Hoog Catharijne which is the main shopping street is from 650 to 1,800 Euro per square meter. Lange Elisabethstraat shows annual rent level from 1,350 to 1,750 Euro. Oude Gracht which is famous for luxurious fashion brand shops shows rent level from 700 to 1,250 Euro per square meter. With from 900 to 1,150 Euro people can rent shops annually in Vredenburg, and DSC Overvecht shows the range of annual rent from 350 to 550 Euro. The area of DSC Kanaleneiland shows the range of annual rent from 250 to 375 Euro, and Utrecht home furnishing strip shows rent level from 100 to 150 Euro. From 100 to 150 Euro, people can do retail business with this annual retail rental level in BS the Wall.

De Bijenkorf Utrecht

Fig. 15 De Bijenkorf Utrecht (source: [http://www.debijenkorf.nl/utrecht](http://www.debijenkorf.nl/utrecht))

<table>
<thead>
<tr>
<th>Year</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>Mid-sized</td>
</tr>
</tbody>
</table>

| 1st Floor | Women's Wear, Lady's shoes, Lingere, La Ruche, Kids |

| GF        | Master Confectioner, Cosmetics, Menswear, Men's Shoes, Travel Section, Fashion Accessories, Bijoux, Timepieces, Diamond Point |

| Basement  | Household, Gift Shop, CD - DVD Books, Bed and Bath, Furniture, Stationery, Curtains, Carpets, Toys, Lighting, Customer Service |

7.2.2 Eindhoven retail market

Measured according to retail space Eindhoven is the sixth largest shopping city of the Netherlands. Eindhoven does not have a historic centre, but because of the wide range of shops
and high-profile new developments, many visitors from throughout the Netherlands choose to spend a day in the city. The GLA per capita can be considered high, which means that compared to those living in other Dutch cities, the residents of Eindhoven have a relatively large shopping area at their disposal.

The high streets of the main shopping area are Demer and Rechtestraat. Where these two streets converge, the V&D department store is located. To the north of Demer, near the Central Station, the Piazza Center (22,500 sq m) can be found. This redevelopment project was completed in 2005 and accommodates among others De Bijenkorf department store and fashion retailers H&M and Zara. A second inner-city shopping centre is Heuvelgalerie (25,000 sq m), which is located behind Rechtestraat and has around eighty shops, restaurants and cafés.

Piazza Center and Heuvelgalerie both offer ample parking facilities. A third systematic developed retail concentration in Eindhoven’s city center is De Admirant (14,500 sq m), opened at the end of 2009. Outside the city centre, the Woensel residential district has a high concentration of international retail chains. The district shopping centre of the same name has doubled in size in the period 2004 to 2007, to approximately 41,000 sq m. Eindhoven also has a very strong retail park, called Ekkersrijt (45,000 sq m), located in the northern part of the city. Many internationally and nationally well-known home furnishing stores are represented here including anchor tenant IKEA.

City Figures

Number of residents in Eindhoven is 212,300, and number of residents within a radius of 10km is 382,800. Average disposable income per resident is 28,800 EURO. Number of shops are 1,358, and total sqm of retail stock is 381,700 SQM. Retail floor space per resident is 1.8 sqm. Rent of shopping streets shows wide range according to location. Size of the city is 87.7(land)/88.8(total) sqkm.

Annual rent of Demer which is the main shopping street is from 1,100 to 1,300 Euro per square meter. Rechtestraat shows annual rent level from 500 to 1,250 Euro. SC Piazza shows rent level from 300 to 1,250 Euro per square meter. With from 500 to 800 Euro people can rent shops annually in SC Heuvelgalerie, and DSC WoensXL shows the range of annual rent from 350 to 500 Euro. The area of FS Ekkersrijt shows the range of annual rent from 90 to 130 Euro.
De Bijenkorf Eindhoven

![De Bijenkorf Eindhoven](http://www.debijenkorf.nl/eindhoven)

<table>
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<table>
<thead>
<tr>
<th>2nd Floor</th>
<th>1st Floor</th>
<th>GF</th>
<th>Basement</th>
</tr>
</thead>
</table>

7.2.3 Enschede retail market

Being so close to the German border, Enschede attracts many shoppers from Germany and therefore the city has more than just a service function for the Twente region. In the past decade the city centre of Enschede has been completely redeveloped. Van Heekplein has been transformed into a modern and spacious pedestrian zone, with a large car park underneath. Virtually all of the existing shop premises have been demolished and replaced by new development. V&D opened a department store on the south side of the square, and De Bijenkorf opened its eleventh department store in the country on the west side.

In 2003 the Klanderij (20,500 sq m) and Twentec (9,000 sq m) shopping centres were completed on the east side of Van Heekplein. The covered Klanderij has anchor stores such as H&M and Mediamarkt. The Twentec retail strip comprises nine relatively larger retail units, linking up with the V&D building. Of all former high streets only Kalanderstraat, which accommodates the HEMA department store, can compete with the new shopping area in terms of footfall. Enschede has four neighbourhood shopping centres, of which the largest (12,000 sq m) is located in city district South. Peripheral and large-scale retail activity is to be found in the Schuttersveld area, where a furnishing strip (25,000 sq m) of the same name is located. Although Enschede is the most important city for fun shopping in the east of the Netherlands, the neighbouring city of Hengelo has a larger concentration of home furnishing shops, called Plein Westermaat (50,000 sq m), which includes an IKEA store.
City Figures

Number of residents in Einschede is 156,100, and number of residents within a radius of 10km is 244,100. Average disposable income per resident is 26,700 EURO. Number of shops are 960, and total sqm of retail stock is 283,000 SQM. Retail floor space per resident is 1.8 sqm. Rent of shopping streets shows wide range according to location. Size of the city is 141.0(land)/142.7(total) sqkm. Annual rent of Kalanderstraat which is the main shopping street is from 750 to 900 Euro per square meter. H.J. van Heekplein shows annual rent level from 700 to 850 Euro. SC De Klanderij shows rent level from 400 to 700 Euro per square meter. With from 250 to 500 Euro people can rent shops annually in Haverstraatpassage, and SC Twentec shows the range of annual rent from 200 to 275 Euro. The area of FS Schuttersveld shows the range of annual rent from 75 to 100 Euro.

De Bijenkorf Enschede

![Fig. 17 De Bijenkorf Enschede (source: http://www.debijenkorf.nl/enschede)](http://www.debijenkorf.nl/enschede)

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<tr>
<td></td>
<td>Caffe B, CD - DVD - games, Household</td>
</tr>
<tr>
<td></td>
<td>Wedding Service, Customer Service</td>
</tr>
<tr>
<td></td>
<td>Furniture, Travel, Cook Shop</td>
</tr>
<tr>
<td></td>
<td>Living Accessories, Lighting</td>
</tr>
<tr>
<td>1st Floor</td>
<td>Womenswear, Lady’s shoes</td>
</tr>
<tr>
<td></td>
<td>Lingerie, Kids</td>
</tr>
<tr>
<td>GF</td>
<td>Clocks, Cosmetics, Diamond Point</td>
</tr>
<tr>
<td></td>
<td>Menswear, Men’s Shoes, Leather</td>
</tr>
<tr>
<td></td>
<td>Fashion accessories, Legwear</td>
</tr>
<tr>
<td></td>
<td>Master Confectioner, ATM</td>
</tr>
</tbody>
</table>

7.2.4 Arnhem retail market

Arnhem, which lacks much of its historic centre, is an important shopping destination in the province of Gelderland. Vijzelstraat and Ketelstraat, that run into each other, are the main high streets in the city centre. Although Vijzelstraat has the highest footfall, the very important anchor tenant De Bijenkorf department store is situated at Ketelstraat. Other notable shopping streets in the main shopping area are Bakkerstraat and Jansstraat.

The opening of shopping centre Musiskwartier (32,000 sq m) in 2006 has given a major boost to the Arnhem’s city centre. Musiskwartier not only accommodates several important anchor stores,
such as V&D department store, H&M and The Sting, but also offers capacious parking facilities underneath, improving the car accessibility of the city centre. Two important district shopping centres are Kronenburg (31,000 sq m) in Arnhem-South and Presikhaaf (31,500 sq m) in Arnhem-North.

Both centres accommodate large supermarkets, a HEMA department store and several well-known internationally and nationally fashion chains. Arnhem also has a furniture strip (30,000 sq m) along the A325 motorway towards Nijmegen (Heerlenstraat). Furthermore, an IKEA store is located in the neighbouring municipality of Duiven. Both the Arnhem furnishing strip and IKEA profit from the good connection with Germany.

City Figures

Number of residents in Arnhem is 145,600, and number of residents within a radius of 10km is 271,900. Average disposable income per resident is 27,300 EURO. Number of shops are 1,088, and total sqm of retail stock is 282,200 SQM. Retail floor space per resident is 1.9 sqm. Rent of shopping streets shows wide range according to location. Size of the city is 98.1(land)/101.5(total) sqkm.

Annual rent of Vijzelstraat which is the main shopping street is from 800 to 1,200 Euro per square meter. Ketelstraat shows annual rent level from 800 to 1,100 Euro. SC Musiskwartier shows rent level from 225 to 1,100 Euro per square meter. With from 350 to 700 Euro people can rent shops annually in Bakkerstraat, and DSC Kronenburg shows the range of annual rent from 375 to 550 Euro. The area of DSC Presikhaaf shows the range of annual rent from 275 to 475 Euro, and Arnhem home furnishing strip shows rent level from 80 to 120 Euro.

De Bijenkorf Arnhem

Fig. 18 De Bijenkorf Arnhem (source: http://www.debijenkorf.nl/arnhem)
7.2.5 Maastricht retail market

The city of Maastricht is one of the most popular shopping cities in the Netherlands and attracts millions of, especially domestic, visitors every year. It owes this popularity not only to the historic character of the city centre, but also to the wide variety of shops, restaurants and cafés. In the main shopping area, largely situated along the west bank of the river Maas, Grote Staat, Kleine Staat, Muntstraat and Wolfstraat are the high streets. The international and national well-known fashion chains and De Bijenkorf, V&D and HEMA department stores are all located in these streets.

Stokstraat is the most exclusive shopping street in Maastricht and accommodates many high-end fashion stores. Two important additions to the main shopping area in the past decade are Entre Deux and Mosae Forum. Entre Deux shopping centre (12,000 sq m) is the result of the renovation of a partially disused shopping centre. Selexyz Dominicanen bookshop in the Dominican Church, which forms part of Entre Deux, is one of the most beautiful bookshops in the world. Mosae Forum (18,500 sq m) is a completely new shopping area, but nonetheless blends in with the historic centre thanks to its layout and design.

Together with these two shopping centres several parking facilities were added, improving the car accessibility of the city centre. Owing to this an increasing number of consumers from the surrounding region comes to the city centre to shop. Maastricht has no large-scale peripheral retail locations, and outside the city centre only the Brusselse Poort district shopping centre (18,500 sq m) is of any note.

City Figures

Number of residents in Maastricht is 118,300, and number of residents within a radius of 10km is 167,600. Average disposable income per resident is 27,400 EURO. Number of shops are 1,110, and total sqm of retail stock is 226,800 SQM. Retail floor space per resident is 1.9 sqm. Rent of shopping streets shows wide range according to location. Size of the city is 56.8(land)/60.0(total) sqkm.

Annual rent of Grote Straat which is the main shopping street is from 1,000 to 1,500 Euro per square meter. Kleine Straat shows annual rent level from 250 to 1,400 Euro. Spilstraat shows rent level from 700 to 1,100 Euro per square meter. With from 800 to 1,000 Euro people can rent shops annually in Muntstraat, and Wolfstraat shows the range of annual rent from 600 to 850 Euro. The area of SC Entre Deux shows the range of annual rent from 250 to 900 Euro, and SC Mosae Forum shows rent level from 225 to 700 Euro.

De Bijenkorf Maastricht
7.2.6 Amstelveen retail market

The retail offered in Amstelveen is hierarchical: it has a function city center as a center for the whole city, but also for the region. There are also a dozen shopping with a neighborhood or community care function. The size of the retail offer of the center, in relation to that of the neighborhood and local shopping together, did not differ from comparable municipalities. The ratio of food - non-food is also average. The diversity of shops is quite large, so is there a fashion de Bijenkorf, a large format of V&D and there are many chains and a host of independent retailers. There is also a wide choice of catering facilities in this “cultural trip”.

The “Rembrandthof is modern with good quality shops. The "Courtyard" is a successful renovation of the former mall. The "Rembrandthof" and the "Courtyard" are more or less similar in many shops. On the other hand, in the Rembrandweg more luxurious and expensive shops are located and the street therefore differentiates with the average shopping streets. On Friday, the market of the city square and Rembrandtweg held, and Tuesday there has an organic market. In a part of Amstelveen is paid parking, this is divided into a number of parking programs. This includes the four garages within a capacity of 2,530 cars.

In the city center, the commercial functions, working, living, culture, education and recreation at any one place. The varied range of Cultural facilities include: The central office of Library Amstelveen, The Cobra Museum, place at the Music and Dance, the art library SBK, the P60, The Schouwburg Amstelveen (and cinema), and open university.

Rents in Amstelveen vary by section of the shopping, the Rembrandthof, they lie between € 450-880 / m²vvo in the Courtyard between 550-755 € / m²vvo. Number stores that total in
Amstelveen is at present 448. Amstelveen had on January 1 this year (2005) a population of 79,036, and size of the city is 41.5(land)/44.6(total) sqkm. The municipality of Amstelveen scored when one looks at the unemployment rate just below the national average, by 6.2% compared to 6.4%. By contrast, the average disposable income in Amstelveen is significantly higher than in the rest of the country, to € 16,500 in Unlike € 12,900 landelijk. Amstelveen is rank according to CBS on the income ladder where municipalities ranked from high to low. All these data Amstelveen indicate that a relatively rich and prosperous municipality.

De Bijenkorf Amstelveen

![De Bijenkorf Amstelveen](http://www.debijenkorf.nl/amstelveen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Type</th>
<th>2nd Floor</th>
<th>1st Floor</th>
<th>GF</th>
</tr>
</thead>
</table>

7.3 The three cities with fashion stores of de Bijenkorf

7.3.1 Groningen retail market

Groningen is the fifth largest shopping city in the Netherlands and the most important one in the northern part of the Netherlands. With a stock of more than 2.2 sq m of retail space per inhabitant, the GLA per capita can be considered high. The city is nationally well-known for its lively student community and attractive city centre. The main shopping area comprises Herestraat, Vismarkt and Grote Markt. These three shopping streets all converge on the Waagstraat shopping centre (3,500 sq m), which accommodates some twenty shops in addition to a number of restaurants and cafés.

Herestraat is the main shopping street and has therefore the highest concentration of anchor tenants, such as department stores De Bijenkorf and HEMA and fashion retailer Zara. There has been relatively little new development of retail space in Groningen during the past decade, although on the west side of the city centre the Westerhaven shopping centre (16,000 sq
m) has been completed. This shopping centre consists of several largescale retail units, in which amongst others Mediamarkt and Intersport are located. The presence of an underground car park attracts a lot of people to the shopping centre.

The largest district shopping centre of Groningen is Paddepoel (15,000 sq m) located in the neighbourhood of the same name. The many concentrations for home furnishing shopping in Groningen have an important service function for the northern part of the Netherlands. The largest concentration comprises 60,000 sq m and is located in the west of the city along Hoendiep and Peizerweg. Due to the presence of anchor tenant IKEA, the Sontplein home furnishing strip in the east of Groningen is more important.

City Figures

Number of residents in Groningen is 184,200, and number of residents within a radius of 10km is 221,100. Average disposable income per resident is 25,700 EURO. Number of shops are 1,241, and total sqm of retail stock is 403,600 SQM. Retail floor space per resident is 2.2 sqm. Rent of shopping streets shows wide range according to location. Size of the city is 79.5(land)/83.6(total) sqkm. Annual rent of Herestraat which is the main shopping street is from 950 to 1,350 Euro per square meter. Vismarkt shows annual rent level from 450 to 1,000 Euro. Grote Markt shows rent level from 450 to 850 Euro per square meter. With from 125 to 275 Euro people can rent shops annually in SC Westerhaven, and DSC Paddepoel shows the range of annual rent from 225 to 575 Euro. The area of Groningen home furnishing strip shows the range of annual rent from 80 to 95 Euro.

De Bijenkorf Groningen

Fig. 21 De Bijenkorf Groningen (source: http://www.debijenkorf.nl/groningen)
7.3.2 Breda retail market
Of all the large towns and cities in the Netherlands, Breda has the most square metres of retail space per inhabitant, a clear evidence of the major service function Breda fulfils for the region. In addition to this, the historic city centre attracts visitors from outside the region as well. Breda is popular thanks to the atmosphere created by the wide range of restaurants, cafés and shops. The high streets of the main shopping area are Eindstraat, Ginnekenstraat and Karrestraat.

The most important anchor tenants in these streets are De Bijenkorf and HEMA department stores and fashion retailer Zara. The covered De Barones shopping centre (28,000 sq m) has a direct connection to Eindstraat and is the location of anchor tenants V&D department store and H&M. Besides the well-known international and national retail chains, Breda also has streets, such as Reigerstraat, De Zuidpoort, Veemarktstraat, Sint Annastraat and Wilhelminastraat, where several specialist and high-end retailers are located.

There are plans to add some 28,000sq m of retail space to Breda’s main shopping area, however, the continuation of this project, called Achter de Stallen, is still uncertain. A substantial part of the total retail stock of Breda is located in the periphery. A large-scale furnishing strip (75,000 sq m) of which IKEA is the major anchor tenant is located in the west of the city at the junctions of A16 and A58 motorways. A smaller retailpark, called Steenakker (20,000 sq m), is to be found near the football stadium. Worth mentioning is also the more traditional shopping centre Hoge Vucht (16,000 sq m), which serves the residents of the northern city districts of Breda.

City Figures
Number of residents in Breda is 171,900, and number of residents within a radius of 10km is 265,400. Average disposable income per resident is 31,200 EURO. Number of shops are 1,255, and total sqm of retail stock is 348,500 SQM. Retail floor space per resident is 2.0 sqm. Rent of shopping streets shows wide range according to location. Size of the city is 126.8(land)/129.1(total) sqkm.

Annual rent of Eindstraat which is the main shopping street is from 950 to 1,150 Euro per square meter. Ginnekenstraat shows annual rent level from 400 to 1,150 Euro. Karrestraat shows rent level from 500 to 850 Euro per square meter. With from 225 to 775 Euro people can rent shops annually in SC De Barones, and Breda home furnishing strip shows the range of annual rent from 90 to 150 Euro.
7.3.3 's-Hertogenbosch retail market

's-Hertogenbosch has a good reputation among consumers for recreational shopping. The atmosphere and congeniality of the city, the quality of the shops and the wide range of restaurants and cafés are all regarded as strong points. Of all shoppers visiting the city centre, more than half comes from outside 's-Hertogenbosch. The high streets in the main shopping area are Hoge Steenweg, Pensmarkt and Hinthamerstraat. Where Hoge Steenweg and Pensmarkt converge, anchor tenants De Bijenkorf and HEMA department stores are located.

Consequently, these two streets have the highest footfall. The partly covered Arena shopping centre (13,500 sq m) is located in the northern part of the main shopping area and accommodates among others fashion retailer H&M. Besides the well-known international and national retail chains, 's-Hertogenbosch offers many high-end and specialist shops as well. Worth mentioning in this segment are Kerkstraat, Fonteinstraat, Ridderstraat and Kolperstraat, all located south of the high streets. The many restaurants and cafés along Pensmarkt and Markt provide cheerfulness to the main shopping area. The largest district shopping centre of 's-Hertogenbosch is Helftheuvelpassage (17,000 sq m), located in the west of the city. De Bossche Boulevard (41,000 sq m), located in the east of the city, is an important shopping location for home furnishing.

City Figures

Number of residents in 's-Hertogenbosch is 137,800, and number of residents within a radius of 10km is 239,100. Average disposable income per resident is 31,300 EURO. Number of shops are
1,070, and total sqm of retail stock is 261,800 SQM. Retail floor space per resident is 1.9 sqm. Rent of shopping streets shows wide range according to location. Size of the city is 129.15 sqkm. Size of the city is 84.6(land)/91.2(total) sqkm. Annual rent of Hoge Steenweg which is the main shopping street is from 600 to 1,150 Euro per square meter. Pensmarkt shows annual rent level from 1,000 to 1,150 Euro. Hinthamerstraat shows rent level from 500 to 1,050 Euro per square meter. With from 450 to 650 Euro people can rent shops annually in Kerkstraat, and DSC Arena / Stoa shows the range of annual rent from 250 to 550 Euro. The area of FS De Bossche Boulevard shows the range of annual rent from 75 to 120 Euro.

De Bijenkorf ‘s-Hertogenbosch

Fig. 23 De Bijenkorf ‘s-Hertogenbosch (source: http://www.debienkorf.nl/s-hertogenbosch)
8. Interviews

The aim of interview with store managers is to see the real world about the current situation and future plan of the department store, de Bijenkorf. Two interviews with two store managers of de Bijenkorf flagship store in Rotterdam and Den Haag, and the information of the interviewees is enlisted below.

- Eric van den Elshout, Store manager, de Bijenkorf den Haag on 26/FEB/2011
- Jaqueline Veenendaal, Store manager, de Bijenkorf Rotterdam on 28/FEB/2011

Learning from the interviews with store managers of de Bijenkorf

From the interview, it is good to see how the managers are thinking about the future of department store development. It ensures that department stores can expands because all the methodological study can conclude the possibility of expansion, but there are many factors which restrict the expansion of business for instance, restriction of municipality to control the balance with other small retailers, or financial situation of the corporation, or economic crisis of the world which make the shopping activities more shrunken, etc. It gives grasparable range of development with amount of size to expand as well, so it ensures to keep the research continued.

The aim of interview with municipality people is to ensure the measurement tools are correct and to see the relationship between municipality and big retailers such as de Bijenkorf. Three interviews with four retail specialists of three cities of Rotterdam, Den Haag and s’-Hertogenbosch. The information of the interviewees is enlisted below.

- Martijn van Dam, Municipality of Den Haag on 07/APR/2011
- Renate Veerkamp and Nico Sizoo, OBR, Municipality of Rotterdam on 12/APR/2011
- Jos Braakhuis, Municipality of ‘S-Hertogenbosch on 09/MAY/2011

Learning from the interviews with municipality people of de three cities

From the interview, it is surprised to see that there are no restrictions or regulations for big retailers’ business. It was agreed by the specialists of municipality for using the seven criteria to measure the cities’ retail market size, and it is also related with the size of the upscale department store. Due to all the municipalities are competitive to attract more visitors and customers or shoppers, the calculation of catchment area of the cities was important to see the retail capacity of the cities. The less the cities’ sizes are, the more important the catchment area which includes the other rich small town around is.

More detailed information about interviews can be found in Appendix Q
9. Measurements

9.1 The Influencing Parameters

There are lots of forces that can influence a scenario, however not all forces are equally important. The most interesting forces for the scenarios are those that have much impact and are hard to predict, as these are the scenario’s you want to be able to anticipate on in an early stage. This focus is shown in figure shown, using the model for scenario planning (Dewulf et al., 1999, p.52-55). The forces of influence are extracted from the UAD reader (Franzen et al., 2010). Parameters are attached to the forces of influence to discover the differences between status quo and the future development in different scenarios. Thus, Employment, spending power, population growth, educational level and retail property can be considered. Accessibility can be taken out since all the stores have their own radius of retail capacity with good accessibility. In addition, more general factors and forces can be analyzed and compared such as geographical size and numbers of visitors since those are also very important factors to see the retail market capacity of the cities.

The Five influential forces

**Employment**, parameter: Amount of Shops

Employment level of retail is possible to be explained in many ways, and one of them can be number of shops in the city. Amount of shops can explain how many people can work in this city in retail sector. Due to each shops need to have certain amount of employees to sell their goods, number of shops is necessary to consider the employment level of the city especially in terms of
considering retail market size of the city.

**Spending power, parameter: Average Disposable Income**
The spending power of people can be deducted from their monthly income. In general it can be said that the higher the income, the higher the spending power. Income is based on a combination of education, employment and perseverance. So the average level of income in a certain area tells you a lot more than just numbers. The facilities (shops, education, etc.) within neighborhoods are often also a reflection of its inhabitants and their income level. So changes in the average spending power within an area can mean a big difference.

**Population growth, parameter: Amount of inhabitants**
The current amount of inhabitants will most likely change in the future under influence of birth- and death rates and migration. Even though this change is hard to predict, it is important to look to different scenarios, as there is a direct relation between the amount of inhabitants and the amount of dwellings needed. This allows to anticipate on future demand for real estate in an early stage.

**Educational level, parameter: Proportion of higher educated employees**
Educational level can be measured by seeing the number of higher educated people. Especially to measure market capacity of the city, proportion of the highly educated employees from the document; NL 2040 by CBS (Centraal Bureau voor se Statistiek) was used for the parameter.

**Retail property Market, parameter: Annual Rents**
People who own a house handle their property with care because it is their own. People that rent a house often think different about this; they don’t want to invest in something that does not belong to them. Especially with social renting, where the residents have low incomes and where the owner has small budgets. This often leads to a lack of maintenance, giving the area a bad image. Therefore it is important to keep the rent - ownership ratio in balance with one another. Thereby, social- and physical problems are often found in areas with a high percentage of social rent.

**The two additional forces of influence**

**Geographical size, parameter: Land size of the city**
As a general input to see the cities, size of the city can be one of important criteria to compare. In this case to see the retail market size, square kilometer can be resulted by being subtracted water area from total square kilometer of the city size. In addition, as the maximum demand of retail can be considered to the size of 10 kilometer radius, city size and those maximized boundary from the city center need to be considered.
Visitors: Annual number of foreign visitors

The number of foreign visitors can be calculated according to overnight stays by type of accommodation such as hotels, pensions, etc. The number is per province, so if there are more than two cities in this same province, the number was put at the same number. This data is for the year of 2009, and the source is originated from CBS (Centraal Bureau voor de Statistiek).

9.2 Measurements criteria

To measure cities according to all those six criteria, maximum numbers of each need to be set up, then all the measured results can be inside of those measurement boundaries. Each of the biggest numbers can be resulted from the market size of the city within radius of 10 kilometer. For population, maximum number can be setup as 900,000 people which is biggest number as a result of all the measurement of 12 cities' population. Spending power’s maximum level can be 31,500 EURO which is maximum amount of income among researched cities. City size has the maximum size of 314 km² which is come from the maximum retail market size of circle which has 10 km radius. Number of shops has the maximum number as 7,000 from the result of Amsterdam. The most expensive retail rental level per square meter per year is 2,700 EURO in Amsterdam.
9.3 The three cities with flagship stores of de Bijenkorf

Amsterdam
Amsterdam has 767,457 inhabitants in population, and 27,600EURO of average disposable income. Number of foreign visitors in this province is 10 million in 2009, and city size is 166 square kilometer. There are 6,113 shops in Amsterdam and the maximum rent in city center is 27,600 EURO per square meter per year. The proportion of higher educated employees is 52%.

Rotterdam
Rotterdam has 593,649 inhabitants in population, and 26,600EURO of average disposable income. Number of foreign visitors in this province is 3.5 million in 2009, and city size is 206 square kilometer. There are 3,963 shops in Rotterdam and the maximum rent in city center is 1,800 EURO per square meter per year. The proportion of higher educated employees is 33%.

Den Haag
Den Haag has 488,553 inhabitants in population, and 28,900EURO of average disposable income. Number of foreign visitors in this province is 3.5 million in 2009, and city size is 83 square kilometer. There are 3,457 shops in den Haag and the maximum rent in city center is 1,250 EURO per square meter per year. The proportion of higher educated employees is 37%.

9.4 The six cities with medium-sized stores of de Bijenkorf

Utrecht
Utrecht has 307,081 inhabitants in population, and 30,100EURO of average disposable income. Number of foreign visitors in this province is 0.9 million in 2009, and city size is 96 square kilometer. There are 1,899 shops in Utrecht and the maximum rent in city center is 1,800 EURO per square meter per year. The proportion of higher educated employees is 55%.

Eindhoven
Eindhoven has 213,809 inhabitants in population, and 28,800EURO of average disposable income. Number of foreign visitors in this province is 1.6 million in 2009, and city size is 88 square kilometer. There are 1,358 shops in Eindhoven and the maximum rent in city center is 1,300 EURO per square meter per year. The proportion of higher educated employees is 37%.

Enschede
Enschede has 157,052 inhabitants in population, and 26,700EURO of average disposable income. Number of foreign visitors in this province is 0.5 million in 2009, and city size is 141 square
kilometer. There are 960 shops in Enschede and the maximum rent in city center is 900 EURO per square meter per year. The proportion of higher educated employees is 30%.

**Arnhem**

Arnhem has 147,018 inhabitants in population, and 27,300EURO of average disposable income. Number of foreign visitors in this province is 1.0 million in 2009, and city size is 98 square kilometer. There are 1,088 shops in Arnhem and the maximum rent in city center is 1,200 EURO per square meter per year. The proportion of higher educated employees is 40%.

**Maastricht**

Maastricht has 118,553 inhabitants in population, and 27,400EURO of average disposable income. Number of foreign visitors in this province is 2.2 million in 2009, and city size is 57 square kilometer. There are 1,110 shops in Maastricht and the maximum rent in city center is 1,500 EURO per square meter per year. The proportion of higher educated employees is 40%.

**Amstelveen**

Amstelveen has 80,695 inhabitants in population, and 29,400EURO of average disposable income. Number of foreign visitors in this province is 3.0 million in 2009, and city size is 42 square kilometer. There are 448 shops in Amstelveen and the maximum rent in city center is 880 EURO per square meter per year. The proportion of higher educated employees is 40%.

9.5 The three cities with fashion stores of de Bijenkorf

**Groningen**

Groningen has 187,298 inhabitants in population, and 25,700EURO of average disposable income. Number of foreign visitors in this province is 0.5 million in 2009, and city size is 80 square kilometer. There are 1,241 shops in Groningen and the maximum rent in city center is 1,350 EURO per square meter per year. The proportion of higher educated employees is 37%.

**Breda**

Breda has 173,299 inhabitants in population, and 31,200EURO of average disposable income. Number of foreign visitors in this province is 2.2 million in 2009, and city size is 127 square kilometer. There are 1,255 shops in Breda and the maximum rent in city center is 1,150 EURO per square meter per year. The proportion of higher educated employees is 40%.

**'s-Hertogenbosch**

's-Hertogenbosch has 139,607 inhabitants in population, and 31,300EURO of average disposable income. Number of foreign visitors in this province is 2.2 million in 2009, and city size is 85 square
There are 1,070 shops in the city of 's-Hertogenbosch and the maximum rent in city center is 1,150 EURO per square meter per year. The proportion of higher educated employees is 40%.

For the results of the 12 cities, it shows various capacities for covering different seven criteria which forms retail market size of each city. It is clear to see that the difference of results can be similar with the size of the upscale department store, de Bjenkorf in each city. So, comparison between two data which are about market size and upscale store size analysis was tried to find possible match/mismatch. More zoomed-in detailed result can be found in Appendix K.

9.6 Changing results to 10-point scale

The way to make score of 10 point scale
As it is seen below table, Fig. 27, the result was tried to change to 10 point scale. Maximum score 10 was given to the city which had most highest score, then other score was calculated according to this logic except geographical area size and population, because the catchment area which is 30km-radius boundary was necessary to consider. In that sense, the maximum size of catchment area was given as the 10 point. In brief, all the maximum numbers are turned to the score 10, and other lower scores were calculated according to that related ratio.
9.7 Finding Mismatch

From those all the scoring of seven criteria, it shows a clear division between two groups: Four big Randstadt area cities and others. Amsterdam, Rotterdam, Den Haag and Utrecht have similar range of results even though Amsterdam has definitely higher results than any other cities. At the same time, the other cities, Eindhoven, Groningen, Breda, Enschede, Arnhem, Den Bosch and Amstelveen show the similar range of the results.
It became interesting to see when it is compared with the store size of the upscale department store in those cities, de Bijenkorf. The range and tendency of the measurement are mostly similar except some cities like Utrecht, Groningen, Breda and Den Bosch. It can be understood as the mismatch which needs to consider of making decision to do more actions in terms of store size.

Unique situation for Dutch upscale department store, de Bijenkorf

To see the direct relationship, this study which is about mainly comparison between the store size and retail market capacity of the city allows only suitable for the Dutch retail environment. Because there are no other competitors of retail format as the upscale department store, this relation from the research can be considerable. In addition, De Bijenkorf stores are already well-setup to cover the retail market for higher income group, so that directly allows only one retailer can do business in the Netherlands. It became clear when the list of major retailers was checked. De Bijenkorf is the only upscale department store within 18 non-food major retailers which are De Bijenkorf, V&D, HEMA, C&A, WE, The Sting, Hunkmoller, Schoenenreus, Bruna, Kruidvat, Blokker, Bart Smit, D-Reizen, H&M, Vero Moda, Zara, IKEA and Media Markt. This unique situation for de Bijenkorf allows this direction of research and analysis. More detailed information can be found in Appendix S.
9.8 Conclusion

The uniqueness of Dutch upscale department store, de Bijenkorf allows to find the direct relation between city retail market capacity and store size, because there are no same type of competitors in this line of retail format as the upscale department store. From the result of the measurement which came from stacked ten point scale of seven criteria, it shows difference of twelve cities current retail competitiveness with different degree of seven different criteria. It became clear for some cities like Utrecht, Groningen, Breda and Den Bosch. To see the fashion-specialized store development, de Bijenkorf Den Bosch will be looked further as one of the three cities; Groningen, Breda and Den Bosch. As a mid-sized store development, de Bijenkorf in Utrecht will be looked further from the mismatch of the measurement study. Rotterdam and den Haag stores will be also looked further to see the development of flagship development. So, four Dutch cities of Rotterdam, Den Haag, Utrecht and Den Bosch will be considered to look more in detail to see the future development from the next chapter combined with more future strategies and scenarios. Only those selected four cities will be considered for next step, because other stores are resulted as no significantly particular issue to pick up or provoke.
PART 4

SCENARIOS, STRATEGIES & DECISION MAKING

- Scenarios
- Strategies
- Making Decision and Conclusion
- Recommendation
10. Scenarios

Scenarios for the Dutch retail market and de Bijenkorf stores were developed based on the source of “The Netherlands of 2040” from CPB (2010), and this work is about the long-term economic future of the Netherlands. After the landmark CPB scenario studies in this respect are Scanning the Future (1992) and Four Futures of Europe (2003). They developed long-term scenarios for the world economy based on trends and comparative advantage. Their present works are based on these previous works, and extended from the tradition with a focus on how the Dutch economy may be expected to perform in different scenarios, so the report “The Netherlands of 2040”, the latest version of scenarios, can be replaced scenarios built on the shoulder of giants that are accumulated scenario studies since long time ago.

10.1 The four Scenarios for the Netherlands of 2040

The scenarios in this study are four consistent stories for such contingencies. They deal with two basic uncertainties: (i) the Future division of tasks among workers- will it occur anywhere in the world or will production occur more locally more locally, and (ii) whether the size of cities will become larger and smaller. Together, these two uncertainties lead to the four scenarios presented the figure 31 below.

The horizontal axis presents the options for the division of tasks, the vertical axis shows the possibilities for the city size. The scenarios are labeled such that the first term reflects the characterization of people and the second informs about the type of location.

Fig. 31 Four scenarios about city level (Source: The Netherlands of 2040, CPB)
The uncertainty about cities is not about cities becoming more important, since in all scenarios they will become more important. The question is about their size: large or small. This part is mostly for rephrasing or summarizing the literature, NL 2040 by CPB (2011) to see the connection between the scenarios and specific implementation to the four target cities.

The first possibility is that cities become relatively small (with 100,000 to 500,000 citizens) and are scattered across space. They serve as small economic and urban spikes. In this world, the reasons for economic activity to cluster are limited. Cities are formed because they offer a minimum scale to provide local goods and services. In such a world, firms exploit the connections between cities rather than benefiting from interactions within cities. A second option has economic activity becoming highly concentrated in a limited number of large cities. The cities are populated by several millions of people (or attract these numbers by day-to-day commuting). The cities are the meeting places of people for the purpose of trade, for the exchange of ideas, for the development of new technologies and to optimize the matching between workers and firms and between producers and consumers. The geographical area of demand for commodities or services, and the available supply of or potential demand for specified goods or services is large.

The scenarios have several important implications for the places of business, which are summarized in the first part of the figure 39. First and foremost, cities are increasingly important, but the size of the representative city differs in the various scenarios, from just over 100,000 in Talent Towns to many millions in Metropolitan Markets. The density of these cities depends on both size and specialization. Large cities drive up the value of land and simulate high-rise buildings. Specialization benefits from frequent face-to-face interactions, which are optimized in dense urban areas. Together, size and specialization suggest that urban density is highest in Cosmopolitan Centers which is large and specialized and lowest in Egalitarian Ecologies which is small but not specialized.

Fig. 32 Four scenarios about city level, Source: the Netherlands of 2040, CPB (2010)
Talent Towns (TT)

Imagine a world with relatively small cities (100,000 - 200,000 inhabitants) and specialised workers and firms. Communication technology (CT) enables specialist workers to co-operate in virtual teams, particularly in service industries. People do not have to meet in person all of the time in order to successfully design new products, improve upon production processes or devise marketing campaigns. Consequently, firms employ specialists from all over the world. Specialist workers gain from personal interaction with their fellow specialists, which determines their location choice. Meeting in person provides the opportunity to monitor the developments in their field, exchange ideas or discuss reputations. In addition, they select their place of residence on the basis of the attractiveness of the living environment and the availability and quality of consumption amenities such as restaurants, theatres, childcare centers, schools and so forth. Knowledge of business services becomes the distinctive comparative advantage of the Netherlands. Dutch consultants, financial specialists, designers and publicity experts operate worldwide.

TT is a very dynamic world with excellent opportunities, but also major challenges. The strongly competitive environment enables high-skilled specialists to earn high incomes. However, the rising top performer of tomorrow can overtake the top performer of today, and when a certain specialization becomes obsolete, an entire TT may lose its livelihood. Moreover, the wages of low-skilled workers suffer downward pressure due to global competition. The TT world faces the paradox of high demand for protection and redistribution, but limited supply. The high mobility of labor, capital and tasks puts bounds on redistribution. An elaborate social insurance system would urge high-skilled people with a small risk of becoming unemployed to move abroad, thereby eroding the premium base. Hence, substantial vulnerability and inequality together with low solidarity characterize TT.

Implementation

In this scenario, most of the big cities will be segregated to plural city functions which has a certain capacity and size which is from 100 to 200 thousand inhabitants. For Rotterdam and Den Haag, there will be three segregated talent towns from 1 city function. For Utrecht, there will be two talent towns which can be separated, and Den Bosch is possible to directly turn to talent town it itself because the population is just matching with the required size of the town. At the same time, in this scenario the population of the Netherlands yearly grows with 0,2% till 2040. Due to the concentration of people in the Randstad (Garssen and Van Duin, 2006, p. 54-55) the population of The Randstad cities including Rotterdam, den Haag and Utrecht will grow with at least the same amount. Given the 0.4% yearly growth and the current policy of the government of inner-city building (Ministerraad 2004, p.32), the population of den Bosch also will grow accordingly in 2040. The real net national income in the Netherlands grows yearly with 1.8% till
2040, in this number, inflation is taken into account. The concentration of the companies in the Randstad attracts people. This means that the real net income of the four target Dutch cities will grow with at least the same number as the real net national income.

‘Countries are too attached to their sovereignty and try to solve problems at the national level’ (Huizinga and Smid, 2005). This results in a decreased number of immigrants in the Netherlands. ‘The international competition increases the incentives to innovate, and the higher income inequality makes education more attractive’ (Huizinga & Smid, 2005). This makes it possible for each person to study. This means for the inhabitants of the target city areas that they have the possibility to grow from a low to a middle education level and from middle to a high education level. To quantify this, the percentage of high educated people living in the cities will be increased in 2040.

‘The scenario is characterized by governments that focus on the individual responsibility of citizens. The welfare state is cut back and public services are sobered down’ (Huizinga & Smid, 2005). For retail market, there will be more shops for more specific target groups, and here will be more private investment for retail development even though there will not be more increasing size of the big retailers like department stores.

Fig. 33 Possible changes of four target cities according to the scenario “Talent Town”

<table>
<thead>
<tr>
<th>City</th>
<th>Population (Number per capita)</th>
<th>Spending Power (€)</th>
<th>Higher Educational Level (%)</th>
<th>Geographical Size (km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+0.2%</td>
<td>+1.8%</td>
<td>+0.2%</td>
<td>+0.0%</td>
</tr>
<tr>
<td>Rotterdam 2011</td>
<td>593,649</td>
<td>26,600</td>
<td>33</td>
<td>206</td>
</tr>
<tr>
<td>Rotterdam 2040</td>
<td>595,000</td>
<td>27,100</td>
<td>33</td>
<td>206</td>
</tr>
<tr>
<td>Town 01</td>
<td>200,000 (-66%)</td>
<td>27,100</td>
<td>33</td>
<td>70 (-66%)</td>
</tr>
<tr>
<td>Town 02</td>
<td>200,000 (-66%)</td>
<td>27,100</td>
<td>33</td>
<td>70 (-66%)</td>
</tr>
<tr>
<td>Town 03</td>
<td>195,000 (-68%)</td>
<td>27,100</td>
<td>33</td>
<td>66 (-69%)</td>
</tr>
<tr>
<td>Den Haag 2011</td>
<td>488,553</td>
<td>28,900</td>
<td>37</td>
<td>83</td>
</tr>
<tr>
<td>Den Haag 2040</td>
<td>490,000</td>
<td>29,400</td>
<td>37</td>
<td>83</td>
</tr>
<tr>
<td>Town 01</td>
<td>200,000 (-60%)</td>
<td>29,400</td>
<td>37</td>
<td>33 (-60%)</td>
</tr>
<tr>
<td>Town 02</td>
<td>150,000 (-69%)</td>
<td>29,400</td>
<td>37</td>
<td>25 (-70%)</td>
</tr>
<tr>
<td>Town 03</td>
<td>140,000 (-71%)</td>
<td>29,400</td>
<td>37</td>
<td>25 (-70%)</td>
</tr>
<tr>
<td>Utrecht 2011</td>
<td>307,081</td>
<td>30,100</td>
<td>55</td>
<td>96</td>
</tr>
<tr>
<td>Utrecht 2040</td>
<td>308,000</td>
<td>30,600</td>
<td>55</td>
<td>96</td>
</tr>
<tr>
<td>Town 01</td>
<td>150,000 (-51%)</td>
<td>30,600</td>
<td>55</td>
<td>47 (-51%)</td>
</tr>
<tr>
<td>Town 02</td>
<td>160,000 (-49%)</td>
<td>30,600</td>
<td>55</td>
<td>49 (-49%)</td>
</tr>
<tr>
<td>Den Bosch 2011</td>
<td>139,607</td>
<td>31,300</td>
<td>40</td>
<td>85</td>
</tr>
<tr>
<td>Den Bosch 2040</td>
<td>140,000 (+0.2%)</td>
<td>31,900</td>
<td>40</td>
<td>85 (+0.0%)</td>
</tr>
</tbody>
</table>
Cosmopolitan Centers (CC)

Envision a world of large cities (each of 2 to 8 million inhabitants) with global connections hosting specialized workers and firms. In a CC city, many specialists from all over the world combine their efforts in the design and production of toys and cars, games and business software, but also a range of new products and services. Some firms and workers specialize in design, financial services or transport, others in electrical engineering or packaging. Companies acquire intermediary products and support services from all over the world. This global division of tasks relies above all on efficient and relatively cheap communication technologies, which facilitate intensive coordination between all steps in the production process. The second characteristic of this piecemeal production process is just-in-time trade in intermediate products and services, for which a stable international environment is crucial.

Cities develop into clusters of these specialized activities. The largely science-driven expansion of bio- and nanotechnology demands close cooperation between researchers in universities and firms. Also in other fields specialist workers substantially benefit from grouping together. Working on complex tasks in a common location, specialists disseminate knowledge, exchange ideas, share common facilities and establish a reputation among their peers. In addition, our strength in the past may develop in the future, and the Dutch CC cities may specialize in, for instance, company headquarters, water management and engineering, biomass technology, medical engineering, creative activities or logistics services. The prosperity of these cities might be threatened if other cities contest or take over that comparative advantage.

Implementation

In this scenario which indicates the size of the city population, the cities can be combined within the province. Noord-Holland, Zuid Holland and Noord Brabant areas can function as the one city per each, and other provinces can be combined together to meet up required size of the city in this scenario. For the four target cities, Rotterdam and Den Haag will be functioned as parts of one of cosmopolitan center, and Utrecht can be part of other agglomeration of the cities and provinces. Den Bosch also can be the part of province Gelderland which is already more than 2 million inhabitants. Geographically, Utrecht province and Genlderland province can be combined to come up with required size of polulation of this scenario.

The population of the Netherlands grows yearly with 0.4% till 2040. Due to the concentration of people in the Randstad (Garssen and Van Duin, 2006, p.54-55) the population of Randstad cities including Rotterdam, den Haag and Utrecht will grow with at least the same number. The population of den Bosch will also grow accordingly. The real net national income in the Netherlands grows yearly with 1.7% till 2040, in this number inflation is taken into account. The concentration of the companies in the Randstad attracts people. This means that the real net
income of Randstad Cities will grow with at least the same number as the real net national income. Given this growth and the inner-city policy of the government the average income in den Bosch also will be expected to grow.

There will be less austere immigration policy’ (Huizinga and Smid, 2005). This results in an increased number of immigrants in the Netherlands. This has the same effect on the four target cities’ areas due to the inner-city policy of the government. This scenario aims at solidarity and a higher investment in education; this makes it possible for each person to study. This means for the inhabitants of the area of target cities that they can grow from a low to a middle education level and from middle to a high education level. To quantify this, the percentage of high educated people living in four cities will be increased accordingly in 2040. For this scenario, a global public leadership has an important role to lead the economy, and there is positive growth of population and economy. For the immigration policy, the number of immigration will be increased.

Fig. 34-1 Possible changes of four target cities according to the scenario “Cosmopolitan Center”

<table>
<thead>
<tr>
<th>Population (Number per capita)</th>
<th>Spending Power ($€)</th>
<th>Higher Educational Level (%)</th>
<th>Geographical Size (km2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rotterdam 2011</td>
<td>593,649</td>
<td>26,600</td>
<td>33</td>
</tr>
<tr>
<td>Rotterdam 2040</td>
<td>596,000</td>
<td>27,100</td>
<td>33</td>
</tr>
<tr>
<td>Den Haag 2011</td>
<td>488,553</td>
<td>28,900</td>
<td>37</td>
</tr>
<tr>
<td>Den Haag 2040</td>
<td>491,000</td>
<td>29,400</td>
<td>37</td>
</tr>
<tr>
<td>Utrecht 2011</td>
<td>307,081</td>
<td>30,100</td>
<td>55</td>
</tr>
<tr>
<td>Utrecht 2040</td>
<td>308,000</td>
<td>30,600</td>
<td>55</td>
</tr>
<tr>
<td>Den Bosch 2011</td>
<td>139,607</td>
<td>31,300</td>
<td>40</td>
</tr>
<tr>
<td>Den Bosch 2040</td>
<td>140,000</td>
<td>31,800</td>
<td>40</td>
</tr>
</tbody>
</table>

From this CC Scenario, those four target cities will function as parts of provinces which are more regional scale which is matched with the population requirement of this scenario. So, when all the different Dutch cities can be integrated to the one city, the market size of the cosmopolitan center will be same as the regional/provincial market size which explains more below.

Fig. 34-2 Possible changes of four target cities according to the scenario “Cosmopolitan Center”

<table>
<thead>
<tr>
<th>Population (Number per capita)</th>
<th>Spending Power ($€)</th>
<th>Higher Educational Level (%)</th>
<th>Geographical Size (km2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zuid-Holland 2011</td>
<td>3,528,324</td>
<td>26,600</td>
<td>35</td>
</tr>
<tr>
<td>Zuid Holland 2040</td>
<td>3,542,000</td>
<td>27,100</td>
<td>35</td>
</tr>
<tr>
<td>Utrecht 2011</td>
<td>1,228,794</td>
<td>28,900</td>
<td>50</td>
</tr>
<tr>
<td>Gelderland 2011</td>
<td>2,004,671</td>
<td>29,400</td>
<td>37</td>
</tr>
<tr>
<td>Utrecht +Gelderland 2040</td>
<td>3,246,000</td>
<td>29,500</td>
<td>44</td>
</tr>
</tbody>
</table>
Egalitarian Ecologies (EE)

Variety and dispersion characterize egalitarian ecologies. Economic activity spreads out over medium-sized cities (100,000 - 500,000 inhabitants) that host medium-sized firms. Medium-sized cities in the east and south of the Netherlands flourish, building on their strengths in fields such as creative industries, agricultural services, healthcare products, fashion and design. Economic activity in the Randstad keeps pace, because the Netherlands retains its position in the transport of final goods all over Europe. Knowledge resides largely in the minds of the country’s generalist employees in combination with the databases and other IT-applications of firms. The IT systems enable firms to produce differentiated products that cater to differences in local demand. Living and working activities spread out over space. Due to in-house production and meager inter-firm knowledge flows, firms benefit little from being located near each other. Firms turn away from large cities and settle in medium-sized cities, which offer high-quality non-tradable private and public services, and which provide agreeable living conditions for their employees. Successful cities are hotbeds of high-quality production, and offer opportunities for creative cooperation on a small scale. EE represents a world with little income growth and modest income differentials. Because technological progress levels off and considerable wealth flows to suppliers of raw materials, disposable income grows only moderately.

Implementation

To implement the target cities to the scenario, the population of the Netherlands yearly grows with 0% till 2040. The real net national income in the Netherlands grows yearly with 0.5% till 2040, in this number inflation is taken into account. The concentration of the companies in the Randstad attracts people (Garssen and Van Duin, 2006). This means that the real net income of Rotterdam, Den Haag and Utrecht will grow with at least the same amount as the real net national income.

<table>
<thead>
<tr>
<th>City</th>
<th>Population (Number per capita) +0%</th>
<th>Spending Power (€) +0.5%</th>
<th>Higher Educational Level (%) +0%</th>
<th>Geographical Size (km²) +0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rotterdam 2011</td>
<td>593,649</td>
<td>26,600</td>
<td>33</td>
<td>206</td>
</tr>
<tr>
<td>Rotterdam 2040</td>
<td>593,649</td>
<td>26,700</td>
<td>33</td>
<td>206</td>
</tr>
<tr>
<td>Den Haag 2011</td>
<td>488,553</td>
<td>28,900</td>
<td>37</td>
<td>83</td>
</tr>
<tr>
<td>Den Haag 2040</td>
<td>488,553</td>
<td>29,000</td>
<td>37</td>
<td>83</td>
</tr>
<tr>
<td>Utrecht 2011</td>
<td>307,081</td>
<td>30,100</td>
<td>55</td>
<td>96</td>
</tr>
<tr>
<td>Utrecht 2040</td>
<td>307,081</td>
<td>30,300</td>
<td>55</td>
<td>96</td>
</tr>
<tr>
<td>Den Bosch 2011</td>
<td>139,607</td>
<td>31,300</td>
<td>40</td>
<td>85</td>
</tr>
<tr>
<td>Den Bosch 2040</td>
<td>139,607</td>
<td>31,500</td>
<td>40</td>
<td>85</td>
</tr>
</tbody>
</table>
Given this growth and the inner-city policy of the government (Ministerraad 2004, p.32), the average income in Den Bosch also will grow. Population and geographical size of the cities will stay the same, and higher educational level will stay as same as well.

**Metropolitan Markets (MM)**

Think of a few very large metropolises with more than 10 million inhabitants dominating the world. Large factories, huge office buildings and sky-high apartment blocks characterize these cities. Economic activity is concentrated in dense areas, where economies of scale and scope are optimally exploited. The hinterland and smaller cities face bleak prospects, talented workers leave and sufficient production size may never be reached. Metropolitan Markets is a world in which the winning cities take all.

In MM, IT expert systems enable managers to delegate decision-making power. Still, managers need face-to-face contacts with experts in order to assess the technological potential of the firm’s product portfolio. Hence, managers have the potential to run a large firm, as long as the various departments of the firm are situated in close vicinity to each other. Metropolises attract firms and people. In metropolises, firms find trusted business partners, knowledge centers, a large supply of generalist workers and many consumers. Where the metropolis thrives, the hinterland lags behind. The metropolis attracts all of the highly productive firms and higher-qualified people. Income inequality is large—both within the metropolis and between the metropolis and the hinterland. This may pose serious social problems for a country with a preference for equity, such as the Netherlands. An even deeper problem arises if the Netherlands fails to host a local metropolis; given the scale and scope of MM cities there is a chance that this is impossible. In that case, the Netherlands as a whole becomes a hinterland. Neighboring European metropolises would attract all company headquarters, research centers and talented people.

**Implementation**

In this scenario, all of the Dutch cities will function as a part of one city which has national scale. The population of the Netherlands yearly grows with 0.5% till 2040. Due to the concentration of people in the Randstad (Garssen and Van Duin, 2006) the population of The Randstad cities, including Rotterdam, den Haag and Utrecht will grow with at least the same number. Given the 0.4% yearly growth and the current policy of the government of inner-city building (Ministerraad 2004, p.32), the population of den Bosch also will accordingly in 2040.

The real net national income in the Netherlands grows yearly with 2.6% till 2040, in this number inflation is taken into account. The concentration of the companies in the Randstad attracts people. This means that the real net income of the four target cities will grow with at least the
same number as the real net national income. Given this growth and the inner-city policy of the government the average income in Rotterdam, den Hag, Utrecht and den Bosch will accordingly.

In Global Economy, the EU expands even further eastwards. In addition to Turkey, countries like the Ukraine also will join union (Huizinga and Smid, 2005). This results in an increased number of immigrants in the Netherlands. This has the same effect on the target city areas again due to the inner-city policy of the government. The amount of immigrants will be increased. The strong worldwide economic integration in Global Economy gives an additional boost to labor productivity. The growth of prosperity is therefore the highest in this scenario (Huizinga and Smid, 2005). A boost in labor productivity is strongly linked with education, which makes education more attractive. This means for the inhabitants of the four cities that they can grow from a low to a middle education level and from middle to a high education level. To quantify this, the percentage of high educated people living in three Randstad cities and den Bosch will be increased according to the rate of increasing the population in 2040.

In retail sector, it can be seen than more big retailers such as department stores will compete 80 each other with higher rent for the city center. The department stores will be bigger and invite more luxurious brands.

### Table: Fig. 36-1 Possible changes of four target cities according to the scenario “Metropolitan Markets”

<table>
<thead>
<tr>
<th>City</th>
<th>Population (Number per capita)</th>
<th>Spending Power (€)</th>
<th>Higher Educational Level (%)</th>
<th>Geographical Size (km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rotterdam 2011</td>
<td>593,649</td>
<td>26,600</td>
<td>33</td>
<td>206</td>
</tr>
<tr>
<td>Rotterdam 2040</td>
<td>597,000</td>
<td>27,300</td>
<td>33</td>
<td>206</td>
</tr>
<tr>
<td>Den Haag 2011</td>
<td>488,553</td>
<td>28,900</td>
<td>37</td>
<td>83</td>
</tr>
<tr>
<td>Den Haag 2040</td>
<td>491,000</td>
<td>30,000</td>
<td>37</td>
<td>83</td>
</tr>
<tr>
<td>Utrecht 2011</td>
<td>307,081</td>
<td>30,100</td>
<td>55</td>
<td>96</td>
</tr>
<tr>
<td>Utrecht 2040</td>
<td>309,000</td>
<td>31,000</td>
<td>55</td>
<td>96</td>
</tr>
<tr>
<td>Den Bosch 2011</td>
<td>139,607</td>
<td>31,300</td>
<td>40</td>
<td>85</td>
</tr>
<tr>
<td>Den Bosch 2040</td>
<td>140,000</td>
<td>32,000</td>
<td>40</td>
<td>85</td>
</tr>
</tbody>
</table>

From this MM Scenario, those four target cities will function as parts of one big city which is national scale which is matched with the population requirement of this scenario. So, when all the different Dutch cities can be integrated to the one city, the market size of the metropolitan market will be same as the national market which explains more below.

### Table: Fig. 36-2 Possible changes of four target cities according to the scenario “Metropolitan Markets”

<table>
<thead>
<tr>
<th>City</th>
<th>Population (Number per capita)</th>
<th>Spending Power (€)</th>
<th>Higher Educational Level (%)</th>
<th>Geographical Size (km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>2040</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>--------------</td>
<td>--------------</td>
<td>------</td>
<td>--------</td>
</tr>
<tr>
<td>Netherlands</td>
<td>16,555,799</td>
<td>16,639,000</td>
<td>26,600</td>
<td>33,783</td>
</tr>
<tr>
<td>Metropolitan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market 2040</td>
<td>16,639,000</td>
<td>27,300</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

**Policies for the future**

In each of the four scenarios, policymaking shows a comprehensive and consistent package of successful measures.

In *Talent Towns*, flexibility and excellence rule the world. An excellent network between cities is very important, with relations between people and place changing rapidly. It requires lot of flexibility from the Dutch labor force, and workers can meet this flexibility only if they are highly educated and specialized in a certain field. The education system should prepare workers for their specialized jobs. Universities should be specialized, and science in general should focus on the utilization of specialist knowledge. The incentives in the welfare state should favor frequent job-to-job changes and retraining. Talent Towns is a world of chances, which should be seized by workers, firms and government alike.

In *Cosmopolitan Centers*, large-scale specialization dominates. Both connections between cities and high urban quality are needed to develop and sustain successful cities in this scenario. Cooperation between government and business is crucial to develop these large specialized cities. This cooperation would help to create an attractive place of business and in sustaining a highly-rated knowledge economy. Early selection and a focus on excellence in education are required to train specialized workers. CC is a world of extremes, where high prosperity and deep recessions take turns.

In *Egalitarian Ecologies*, small is beautiful. Medium-sized cities perform a variety of tasks. The labor force is well prepared to deal with negative shocks because workers are able to change jobs quickly. EE cities don’t benefit to the full extent from new technological developments. The education system should be geared towards training in general skills and by preparing workers to perform a variety of jobs. In particular, workers should be able to collect information from many sources and apply this in their productive activities. Education should be directed towards the application of globally available knowledge. EE is a world of stability and moderate prosperity.

In *Metropolitan Markets*, size matters. Firms, workers and their activities will concentrate in a few extremely large cities. The opportunities for small-sized cities in the hinterland are limited because all economic activity is attracted by the MM city. One of the challenges for the welfare state is to redistribute between the mega-city and its surroundings. Public infrastructure has to support the development of these cities, by developing public transport and local facilities (such as office
parks). This will mainly take place within companies, with a focus on the application of the new technology in the production process and in the development of goods and services. Firms have to compete with other local firms, with limited international competition at hand. MM is a world of prosperity for the winners.

More clearly visualized tables about four scenarios from "NL 2040" can be seen in Appendix M.

10.2 Implementation of Scenarios to the Target Cities

Rotterdam
In terms of the size, Rotterdam can be developed as the one of urban scenarios. As Fig.37 illustrates below, for talent town scenario, Rotterdam can have capacity to make three talent towns which have between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty' (Huizinga & Smid, 2005). In cosmopolitan center scenario, there is less austere immigration policy' (Huizinga and Smid, 2005), and this results in an increased number of immigrants in the Netherlands.

When Zuid-Holland province itself can function as one city, and Rotterdam and den Haag will be major parts to operate this bigger urban system than before. Egalitarian Ecology scenario is about the growth of the existing cities by keeping the size as they are. For the target cities, they can grow from the existing structure. For the metropolitan market scenario, all the cities can be
functioned as the parts of operators which are the national-scaled urban system.

More than its most representative reputation as the biggest harbor city in Europe, Rotterdam also has been encouraging the creative industry with mid-high income groups and entrepreneurs. According to the increase of population, the retail market can be sensitive to those changes. Shops can be specialized for some different target groups because of inviting many specialized workers. However, the variable was calculated according to the changed ratio of population and spending power which is disposable income. This ratio was also applied to meet the number of visitors for the different scenarios. Geographical size will be the same and maximum retail rent which will be for the upscale department store location will be changed as same ratio of the increase of the disposable income.

**Den Haag**

Mostly in terms of the size, den Haag can be developed as the one of urban scenarios. As Fig.39 illustrates, for talent town scenario, Den Haag can have capacity to make three talent towns which have between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty’ (Huizinga & Smid, 2005). In cosmopolitan center scenario, there is less austere immigration policy’ (Huizinga and Smid, 2005), and this results in an increased number of immigrants in the Netherlands.

When Zuid-Holland province itself can function as one city, and Rotterdam and Den Haag will be major parts to operate this bigger urban system than before. Egalitarian Ecology scenario is about the growth of the existing cities by keeping the size as they are. For the target cities, they can grow from the existing structure. For the metropolitan market scenario, all the cities can be
functioned as the parts of operators which are the national-scaled urban system.

Fig. 39 Possible changes of Den Haag according to the four scenarios

According to the increase of population, the retail market can be sensitive to those changes. Shops can be specialized for some different target groups because of inviting many specialized workers. However, the variable was calculated according to the changed ratio of population and spending power which is disposable income.

Fig. 40 Den Haag Results according to Four Scenarios from NL 2040 by CPB in 2010

<table>
<thead>
<tr>
<th>Den Haag</th>
<th>Now 2011</th>
<th>Talent Towns</th>
<th>Cosmopolitan Centers</th>
<th>Egalitarian Ecologies</th>
<th>Metropolitan Markets</th>
<th>Bandwidth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending power (€)</td>
<td>28,900</td>
<td>€29,400 (+1.8%)</td>
<td>€29,400 (+1.7%)</td>
<td>€29,000 (+0.5%)</td>
<td>€30,000 (+2.6%)</td>
<td>+0.5% ~ +2.6%</td>
</tr>
<tr>
<td>Population</td>
<td>488,553</td>
<td>490,000 (+0.2%)</td>
<td>490,500 (+0.4%)</td>
<td>488,553 (+0.0%)</td>
<td>491,000 (+0.5%)</td>
<td>+0.0% ~ +0.5%</td>
</tr>
<tr>
<td>Educational level (%)</td>
<td>37 (+0.2%)</td>
<td>37 (+0.4%)</td>
<td>37 (+0.0%)</td>
<td>37 (+0.5%)</td>
<td>37 (+0.5%)</td>
<td>+0.0% ~ +0.5%</td>
</tr>
<tr>
<td>Number of shops</td>
<td>3,457</td>
<td>3,500 (+0.2%)</td>
<td>3,500 (+0.4%)</td>
<td>3,457 (+0.0%)</td>
<td>3,500 (+0.5%)</td>
<td>+0.0% ~ +0.5%</td>
</tr>
<tr>
<td>Number of visitors (mil.)</td>
<td>3.5 (+0.2%)</td>
<td>3.5 (+0.4%)</td>
<td>3.5 (+0.0%)</td>
<td>3.5 (+0.5%)</td>
<td>3.6 (+0.5%)</td>
<td>+0.0% ~ +0.5%</td>
</tr>
<tr>
<td>Geographical size (km²)</td>
<td>83 (+0.0%)</td>
<td>83 (+0.0%)</td>
<td>83 (+0.0%)</td>
<td>83 (+0.0%)</td>
<td>83 (+0.0%)</td>
<td>0.0%</td>
</tr>
<tr>
<td>Retail rental level (€)</td>
<td>1,250 €1,300 (+1.8%)</td>
<td>€1,300 (+1.7%)</td>
<td>€1,260 (+0.5%)</td>
<td>€1,300 (+2.6%)</td>
<td>+0.5% ~ +2.6%</td>
<td></td>
</tr>
</tbody>
</table>
This ratio was also applied to meet the number of visitors for the different scenarios. Geographical size will be the same and maximum retail rent which will be for the upscale department store location will be changed as same ratio of the increase of the disposable income.

**Utrecht**

In terms of the size, Utrecht can be developed as the one of urban scenarios. As Fig.41 illustrates below, for talent town scenario, Utrecht can have capacity to make two talent towns which have between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty’ (Huizinga & Smid, 2005). In cosmopolitan center scenario, there is less austere immigration policy’ (Huizinga and Smid, 2005), and this results in an increased number of immigrants in the Netherlands. When Utrecht province itself need to combine other province to satisfy the requirement of the necessary size to be cosmopolitan center, it is necessary to combined with Nord-Brabant region which is next to Utrecht and also has small lack to be cosmopolitan center.

![Fig. 41 Possible changes of Utrecht according to the four scenarios](image)

To function as the one city, Utrecht and Den Bosch will be the major parts to operate this bigger urban system than before. Egalitarian Ecology scenario is about the growth of the existing cities by keeping the size as they are. For the target cities, they can grow from the existing structure. For the metropolitan market scenario, all the cities can be functioned as the parts of operators which are the national-scaled urban system.

Living and working activities spread out over space over the nicer places to stay outside of the
city, and cities can be developed as the hotbeds of high-quality production, and offer opportunities for creative cooperation on a small scale. Its development direction represents a world with little income growth and modest income differentials.

According to the increase of population, the retail market can be sensitive to those changes. Shops can be specialized for some different target groups because of inviting many specialized workers. However, the variable was calculated according to the changed ratio of population and spending power which is disposable income. This ratio was also applied to meet the number of visitors for the different scenarios. Geographical size will be the same and maximum retail rent which will be for the upscale department store location will be changed as same ratio of the increase of the disposable income.

Den Bosch

Mostly in terms of the size, den Bosch can be developed as the one of urban scenarios. As Fig.43 illustrates below, for talent town scenario, Den Bosch can have capacity itself to one talent town which has range of size between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty’ (Huizinga & Smid, 2005). In cosmopolitan center scenario, there is less austere immigration policy’ (Huizinga and Smid, 2005), and this results in an increased number of immigrants in the Netherlands. When Noord Brabant province itself need to combine other province to satisfy the requirement of the necessary size to be cosmopolitan center, it is necessary to combined with Utrecht region which is next to them and also has small lack to be cosmopolitan center.
According to the increase of population, the retail market can be sensitive to those changes. Shops can be specialized for some different target groups because of inviting many specialized workers. However, the variable was calculated according to the changed ratio of population and spending power which is disposable income. This ratio was also applied to meet the number of visitors for the different scenarios. Geographical size will be the same and maximum retail rent which will be for the upscale department store location will be changed as same ratio of the increase of the disposable income.
10.3 Translating into 10-point scale

When all the criteria are measured, the retail market size of the city can be resulted from the integration of the measuring defined different criteria. To compare each variable with same measure, it was necessary to unify as a one tool to measure like 10 point scale.

To be able to do that, all the maximum value of each criterion was calculated to point 10, and the ratio was applied to other values. This process was applied not only for the current condition of the four cities, but also covered all the numbers of four target cities with four different scenarios; regional community, strong Europe, transatlantic region, and global economy.

From the calculation, Rotterdam can have the range of the changed size of the retail market from 3% of the Egalitarian Ecology scenario to 31% of Metropolitan Market scenario. Den Haag can be predicted that the retail market will grow from 3% to 35% according to the future scenario. Other target cities like Utrecht and Den Bosch also will be expected to grow from 5% of the Egalitarian Ecology scenario to 45% of Metropolitan Market scenario. Even though the strategic vision has an abstract, qualitative character, it is important to use a quantitative analysis. The current demand can be used as a starting point, and the future demands create a solution space which has more specific range of size. More visual information of the range according to the scenarios can be seen in Fig. 45.
11. **Strategies**

Strategies were developed with two different levels of categories. First, Possible strategies can be started from the corporate strategies which is about decision making point to setup the business of de Bijenkorf. When the direction of business strategy is fixed, the more micro-scaled strategies can be considered. Second, more detailed about number of stores or sizes can be thought more strategically to setup the business within the overall consistent strategy. After then, real estate strategy can be adopted from the result of the possible strategies which is higher level of real estate decision making process. In brief, the steps to figure out strategies can be three; first one is the corporate strategies which are more about big picture for the direction of the business, and second step is about department store strategies which are about store deployment and development. Last step is about real estate strategies which are more about development strategy for building level. More visual information of linking strategies in different layers can be seen in Fig. 46.

**Fig. 46 Three different layers of strategies**

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11.1 **Generic Real estate Strategies in portfolio level**

The following excerpt describes the method of generic strategies and is predominantly based on O’Mara(1999), and the summary is also based on the original texts.

The highly competitive environments many companies must operate in today are at odds with their need to make real estate commitments, which often require physical obligations far into the future. The level of confidence the company has in forecasting its future business situation –its competitive environment and strategies needed to thrive in that world – best explains how companies approach real estate decisions: strategic uncertainty drives corporate real estate decision making.

Real estate and facilities are both logistical tools that support the tasks of the organization and visual symbolic representation of the organization and its values. This results in two views on actions in organization: the rational instrumental (the facilities are designed to house an
organizational structure which best serves the production technologies, available resources, and the demands of its external environment; highest value output is sought at the lowest investment cost) and the valuation-symbolic (the facility serves as a symbol of the organization's values and culture; real estate reflects the management style, the hierarchy, and the status and power of the organization's members).

Each level of uncertainty – whether highly uncertain, moderately uncertain or fairly certain – corresponds with the different approaches to real estate decision making:
- Incrementalism in a highly uncertain strategic environment;
- Standardization in a relatively certain and stable strategic environment;
- Value-based in moderately uncertain strategic environments.

Fig. 47 Current position of de Bijenkorf stores from the source of O’Mara 1999, visualized by Singer(2005)

**Incrementalism**

An incremental strategy is a sensible response to a highly uncertain strategic environment. Companies using this strategy are unable, or unwilling, to confidently forecast their future needs. A company with high uncertainty will only acquire more space when the need is acute and the shortage of space is critical. When applied to corporate real estate decision making, incremental strategy includes taking short-term leases on space, not committing to space until current working conditions become unbearable, submitting lower cost materials for typical office furnishing, and making use of alternatives for office space.
Standardization
A standardization strategy attempts to control and coordinate facility design and real estate across the entire organization. Standards are set centrally and applied throughout the company. Standards may also be used to control administrative processes which direct the allocation, development, and administration of real estate and facilities. Standards usually are established as written policy and integrated into formal management within organization. In order to standardize real estate and facilities decision making, a company must be able to make some confident predictions about its future requirements.

Value-added
A value based strategy deliberately expresses the values and strategic direction of the company in the real estate decision-making process. It uses place as an enabler of competition strategy. The work environment has meaning for the company in non-economic terms: the organization's identity and mission, its history and future direction, the company values and corporate culture are symbolized. A value-based approach to making corporate real estate decisions can help a company position itself for future success. A value-based strategy enhances the culture and reinforces the vision of the organization as it moves forward, it can mediate the pressures for incremental and standardized solutions.

Implementation
For the criterion of strategic uncertainty, the twelve stores of de Bijenkorf can be placed on the various fields. The three flagship stores in Amsterdam, Rotterdam and den Haag can be located in the category of value-based which is highly symbolic and average strategic certainty level since they have been positioned themselves as symbolic status in each city, and their real estate strategy is stable. For four medium-sized stores in Amstelveen, Enschede, Maastricht and Arnhem have more strategic certainty with more rational rather than symbolic as standardization of real estate strategy. Utrecht and Eindhoven stores can be positioned in between standardization and value-based, and the last three fashion-specialized stores in Groningen, Breda and Den Bosch can be categorized in incremental position which has high uncertainty of strategy with less symbolic and rational value.

11.1.1 Application to Analytical Framework

Actually O'Mara does not make an explicit connection between the generic strategies as presented in Fig. 47 and the analytical framework. Singer (2005) used many examples to explicitly connect the strategies and analytical framework. This connection is presented in Figure 48 and 49 illustrated below.
11.1.2 Application to Analytical Framework: Industry Forces

As shown in Fig 48, Singer divided various analyzing forces with four categories to decide corporate real estate strategy; Industry forces, Structural Demands, Environmental Constraints & Opportunities and Cultural demands. This part is to see “Industry Forces” which are also subdivided with two elements; Strategic Uncertainty and Stage of Industry Growth.

Strategic Uncertainty

In case of de Bijenkorf, Dutch department store chain, there is strong market position as the unique upscale department store retailer in the Netherlands. Therefore, there is confidence in the future existence, but there is still need for some room to make chance since department store itself has already old enough retail format, and it needs real estate management decision for some of the branch stores which faces almost due date of lease contract of the store building. The framework indicates that this status is in the medium range of suitability and the suitable strategy needs to be value-based.

Stage of Industry Growth

General theory to see the stage of retail industry growth can be seen in Retail Life cycle theory. This theory of retail life cycle is on the basis of hypothesis which is the evolution of the corporation can be procedures of development, introduction, growth, maturity and decline. For example, the downtown department store was starting to decline even since 1940, 80 years later after the first establishment, and general department stores can have cycle till 1980. Normally, recently appeared retail formats have tendency of shorter lifecycle than other previous formats.
However, as Dion Kooijman indicates no concurrence during the initial years in Fig. 11, there is a significant time gap of around 50 years in different market environment to develop department stores. The first arcade in the Netherlands was not built until the end of the 19th century, whereas the type already went downhill in France around that time. Department stores were introduced there from the middle for the 19th century. De Bijenkorf didn’t build new premises for their department stores until 1910. In this sense, the stage of Dutch department store can have more potential to prolong the stage of “mutuality” till 2040.

Fig. 49 The Retail Life Cycle (Source: http://www-rohan.sdsu.edu/~renglish/370/notes/chapt17/index.htm)

It is interesting to see how many theories have tried to predict the retail format’s growth. As an organism, retailers have their own life cycle from emerging to declination. Due to traditional theories of corporate strategy have been made by the relationship between environments, they are definitely different with each other in different market environment on the political/ social/ cultural background.

It is obvious that department store had its peak in the past, and its status depends on the retail market mutuality of each country. When it comes to de Bijenkorf case in the Netherlands, it seems to keep stabilizing their business than expanding their business since Major flagship stores already have built in 1910s, then medium-small sized format were expanded to other cities in the country. They grow more their own market oriented with stabilizing their business. To adopt this result to the framework, “mature” stage of industry growth is suggested to have “standardization” strategy by Singer(2005).
11.1.3 Application to Analytical Framework: Structural Demands

As shown in Fig 48, Singer divided various analyzing forces with four categories to decide corporate real estate strategy; Industry forces, Structural Demands, Environmental Constraints & Opportunities and Cultural demands. This part is to see the “Structural Demands” which is also subdivided with two elements; Business Processes and Organizational Growth Stage.

Business Processes

In case of de Bijenkorf, Dutch department store chain, there is strong market position as the unique upscale department store retailer in the Netherlands. Therefore, there is strong focus for the building users like customers by locating the store in the most accessible spot in the city center. For the nature of the department store location, it emphasizes more people focus than process or client focused business process. In that sense, The framework indicates that this status is in people focused range of suitability and the suitable strategy needs to be value-based in business processes of de Bijenkorf.

Organization Growth Stage

- Development of Retail Organization by Using Greiner Curve

Larry E. Greiner originally proposed this model in 1972 with five phases of growth. Later, he added a sixth phase (Harvard Business Review, May 1998). The six growth phases are described below together with illustration of Fig. 50:
**Phase 1: Growth Through Creativity**

Here, the entrepreneurs who founded the firm are busy creating products and opening up markets. There aren’t many staff, so informal communication works fine, and rewards for long hours are probably through profit share or stock options. However, as more staff join, production expands and capital is injected, there’s a need for more formal communication. This phase ends with a Leadership Crisis, where professional management is needed. The founders may change their style and take on this role, but often someone new will be brought in.

**Phase 2: Growth Through Direction**

Growth continues in an environment of more formal communications, budgets and focus on separate activities like marketing and production. Incentive schemes replace stock as a financial reward. However, there comes a point when the products and processes become so numerous that there are not enough hours in the day for one person to manage them all, and he or she can’t possibly know as much about all these products or services as those lower down the hierarchy. This phase ends with an **Autonomy Crisis**: New structures based on delegation are called for.

**Phase 3: Growth Through Delegation**

With mid-level managers freed up to react fast to opportunities for new products or in new markets, the organization continues to grow, with top management just monitoring and dealing with the big issues (perhaps starting to look at merger or acquisition opportunities). Many businesses flounder at this stage, as the manager whose directive approach solved the problems at the end of Phase 1 finds it hard to let go, yet the mid-level managers struggle with their new roles as leaders. This phase ends with a **Control Crisis**: A much more sophisticated head office function is required, and the separate parts of the business need to work together.

**Phase 4: Growth Through Coordination and Monitoring**

Growth continues with the previously isolated business units re-organized into product groups or service practices. Investment finance is allocated centrally and managed according to Return on Investment (ROI) and not just profits. Incentives are shared through company-wide profit share schemes aligned to corporate goals. Eventually, though, work becomes submerged under increasing amounts of bureaucracy, and growth may become stifled. This phase ends on a **Red-Tape Crisis**: A new culture and structure must be introduced.
Phase 5: Growth Through Collaboration

The formal controls of phases 2-4 are replaced by professional good sense as staff group and re-group flexibly in teams to deliver projects in a matrix structure supported by sophisticated information systems and team-based financial rewards. This phase ends with a crisis of Internal Growth: Further growth can only come by developing partnerships with complementary organizations.

Phase 6: Growth Through Extra-Organizational Solutions

Greiner’s recently added sixth phase suggests that growth may continue through merger, outsourcing, networks and other solutions involving other companies. Growth rates will vary between and even within phases. The duration of each phase depends almost totally on the rate of growth of the market in which the organization operates. The longer a phase lasts, though, the harder it will be to implement a transition.

- Applying Greiner Curve to De Bijenkorf

It was tried to apply this theory to the management history of de Bijenkorf.

Phase 1: Growth Through Creativity (1912)

Here, the establishers of de Bijenkorf store found the firm in Amsterdam as a small store, and they are busy with creating products and opening up markets. There aren’t many staffs, so informal communication works fine, and rewards for long hours are probably through profit share or stock options. However, as more staff join, production expands and capital is injected, there’s a need for more formal communication. This phase ends with a Leadership Crisis, where professional management is needed for expansion. This can be the moment shifted from small store to the big department store of de Bijenkorf, Amsterdam. The founders may change their store format. In this sense, the phase 1 of Greiner Curve can be the step until they establish their first department store in Dam square, Amsterdam.

Phase 2: Growth Through Direction (1912-1957)

Growth of department store business continues in an environment of more formal communications, budgets and focus on separate activities like marketing and production. However, there comes a point when the products and processes become so numerous that there are not enough hours in the day for one person to manage them all even though they are willing to expand their business to other cities which are smaller than major cities but still having potential to do business, and he or she can’t possibly know as much about all these products or services as those lower down the hierarchy. This phase ends with an Autonomy Crisis: New structures based on delegation are called for by creating much smaller format of
the department stores than original formats in different smaller cities for the next step to expansion of business.


With mid-size store managers freed up to react fast to opportunities in new markets in new cities, the organization continues to grow, with top management just monitoring and dealing with the big issues (perhaps starting to look at merger or acquisition opportunities). Many businesses flounder at this stage, as the manager whose directive approach solved the problems at the end of Phase 1 finds it hard to let go, yet the mid-store managers struggle with their new roles as leaders. This phase ends with a Control Crisis: A much more sophisticated head office function is required, and the separate parts of the business need to work together.

![Fig. 51 Application of Greiner Curve to De Bijenkorf history with ownership](image)

**Phase 4: Growth Through Coordination and Monitoring (1998 - 2005)**

Growth continues with the previously isolated business units re-organized into product groups or service practices. Investment finance is allocated centrally and managed according to Return on Investment (ROI) and not just profits. Many trial to grow such as making smaller
format of stores or trying to do outlet business in the outskirt of the city center can be tested in this step. Eventually, though, work becomes submerged under increasing amounts of bureaucracy, and growth may become stifled. This phase ends on a **Red-Tape Crisis**: A new culture and structure must be introduced.

**Phase 5: Growth Through by internal growth from changed ownership (2005-2010)**

The formal controls of phases 2-4 starts to be managed by new ownership. This phase ends with a crisis of **Internal Growth**: no physical expansion of business but more for establishing internet shopping mall online and build new headquarter office space. Further growth can only come by developing partnerships with complementary organizations.

**Phase 6: Growth Through Extra-Organizational Solutions : new ownership (2011-)**

Greiner’s recently added sixth phase suggests that growth may continue through merger, outsourcing, networks and other solutions involving other companies. For de Bijenkorf this stage can be started as new ownership which is more department store development oriented firm. This different type of owner compared with previous firms can give new direction of development. Growth rates will vary between and even within phases. The duration of each phase depends almost totally on the rate of growth of the market in which the organization operates. The longer a phase lasts, though, the harder it will be to implement a transition.

To adopt this result to the framework, “Greiner phase 5-6” stage of organization growth stage is suggested to have “value-based” strategy by Singer(2005).

**11.1.4 Application to Analytical Framework: Environmental Constraints and Opportunities**

As shown in Fig 48, Singer divided various analyzing forces with four categories to decide corporate real estate strategy; Industry forces, Structural Demands, Environmental Constraints & Opportunities and Cultural demands. This part is to see the “Environmental Constraints and Opportunities” which are also subdivided with two elements; Technical Dynamism and Financial Resources.

**Financial Resources**

In case of de Bijenkorf, Dutch department store chain, there are investment possibilities as financial resources. Even though all the real estate properties were sold, it is necessary to plan for the extension. For the renovation or extension of building structure, there is clear space for investment to get more space to extend. Thus, unambiguous investment in differentiation of the corporation can be realized through real estate. In this sense, the framework indicates that this
status is in investment possibilities range of suitability and the suitable strategy needs to be value-based in financial resources of de Bijenkorf.

**Technical Dynamism**
In case of de Bijenkorf, Dutch department store chain, there is not so much concentration of technical dynamism currently. However, ICT makes standardization of quality of stores with efficient distribution system. Since 2009 after on-line shopping started, and the profit from the internet shopping has increasing steadily. To manage this, technological dynamism with efficient distribution of goods is necessary for the future. In this sense, the framework indicates that this status is in heterogenetic effect range of suitability and the suitable strategy needs to be value-based in technical dynamism of de Bijenkorf.

11.1.5 Application to Analytical Framework: Cultural Demands
As shown in Fig 48, Singer divided various analyzing forces with four categories to decide corporate real estate strategy; Industry forces, Structural Demands, Environmental Constraints & Opportunities and Cultural demands. This part is to see the “Cultural Demands” which are also subdivided with two elements; Perspective on Organizational Action and Senior Management Preference.

**Perspective on Organizational Action**
As O’Mara says: “Simply put companies which operate in a high rational-instrumental manner either make real estate decisions incrementally (...) or else they standardize both the design and the management of their facilities. Companies whose behavior resembles more of what the valuational-symbolic perspective describes, make real estate decisions which reflect their corporate values.”, the case of de Bijenkorf, Dutch department store chain, is more about the standardize their facility management and design. In this sense, the framework indicates that this status is in valuational-symbolic range of suitability and the suitable strategy needs to be value-based in perspective on organizational action of de Bijenkorf.

**Senior Management Preference**
In case of de Bijenkorf, Dutch department store chain, differentiation of real estate. That is one of nature of upscale department store which invites quality brands by keeping high standards of goods. Especially from the new owner of de Bijenkorf, Selfridge group, it became clear that the support to differentiate of the real estate by keeping the direction of development of upscale department store chain instead of making more smaller store formats. In this sense, the framework indicates that this status is in express business strategic range of suitability and the suitable strategy needs to be value-based in senior management preference of de Bijenkorf.
11.1.6 Conclusion
When all the eight forces are decided to have suitable range to see the right direction of the corporate real estate management, seven forces like strategic uncertainty, technical dynamism, financial resources, organizational growth stage, business processes, perspective on organizational action and senior management preference are resulted in the value-based strategy. One force of stage of industry growth is concluded to have strategy of standardization, and incremental strategy was not chosen. Fig. 52 illustrates these results below.

Fig. 52 Resulted Framework to analyze forces influencing strategic positioning visualized by Singer(2005)

Accordingly, the clearest condition can be changing the real estate strategy of fashion stores or even medium-sized stores to more value-based store format. This is also shown in Fig.53 below.

Fig. 53 Changing position of de Bijenkorf stores from the source of O’Mara 1999, visualized by Singer(2005)
11.2 Real Estate Strategies in object level

The list on the left side explains general real estate strategy, and those eight strategies were tried to be reinterpreted according to the situation of de Bijenkorf stores in the Netherlands. Since the commercial portfolio of de Bijenkorf has already been sold, and it is no longer possible for sale. In that sense, the selling real estate can be no longer an option, and other options can be stated more specifically according to the current condition of de Bijenkorf. Strategy of purchasing the real estate is also decided not to use because of the current situation of corporation. Fig. 54 shows the refined real estate strategies in object level.

Real estate strategy 1: Demolition
To make room for such a large urban development, the demolition of de Bijenkorf store can be a possibility. With this strategy, it is important to take into account the constraints of the building, its location related to other buildings and monuments. The structural condition of the building can also be important to make decision.

Real estate strategy 2: Cultivation - Renovation of interior space
If the business indicated that de Bijenkorf formula is necessary to be adjusted an internal renovation, there can be possibilities of changing spaces, departments, shops and customers’ routing. This strategy is not an extensive renovation in which the branch stores are necessary to be expanded or renovated, but only purely interior renovation. This strategy implies that an intervention is only for de Bijenkorf formula and its strategy is not for the other third parties.

Real estate strategy 3: Deployment by another department store group
The declining popularity of department stores has caused unstable situations. Growth and expansion can be a business strategy which is currently not expected from the department store groups. This strategy is about the disposal of de Bijenkorf portfolio to give a new purpose. In the Netherlands, possible other department store chains like V&D, HEMA or C&A can be option to
move in.

Real estate strategy 4: Another form of de Bijenkorf into the new property
This strategy looks at the opportunities within the real estate of de Bijenkorf by changing store to the other location of property. The new location can be more periphery of the city by giving up the prime location in the city center, or finding much suitable building up to growing demand of the retail capacity.

Real estate strategy 5: Rejection of the property for another formula/function
When corporate faces a financial crisis or economical recession which make people spend less money for luxury shopping, reducing the size of department store by using part of the building. The possible result of the strategy can be separation of the space with their own entrances and facilities.

Real estate strategy 6: Hiring/Adding More SQM for Third Parties
It can be decided that retail space is leased to other third parties. This strategy is floor space available for a different retail formula next to or under the umbrella of de Bijenkorf formula. The detail of this strategy is largely dependent on the padded business strategy, and the corporate's financial constraints can be reduced by the lease to the third parties.

Real estate strategy 7: Doing Nothing
This strategy will be no more changes or interventions in the property of de Bijenkorf.

11.3 The Four Corporate Strategies of de Bijenkorf

The potentially different directions of the department store can be inferred from the study of department store history. Historically, the department stores have chosen one of the directions which are firstly restructuring the department stores within the boundary of same retailer as the department store, secondly combining more retail types on the layer of the department stores, thirdly expanding their business for more non-retail sector such as banking, and lastly doing nothing for the current business. The more detailed study can be found on chapter 5 about history of department stores’ rises and falls in part 3 of this report.

Together with this, study of the bijenkorf according to the ownership allows to conclude that the retail business of de Bijenkorf will be concentrated on only for the department store business at lease during the ownership of Selfridges group due to the strong and clear characteristic of the management of the owner company. More detailed findings about ownership of de Bijenkorf can be found in chapter 6 in part 3. In that sense, Next detailed strategies can stem from this fixed
company strategy as restructuring the retail business within the department store format. More visual information about possible strategies in retail corporate strategy level can be seen in Fig. 55.

When these strategies are translated into the size and number of stores, Selected first strategy “Restructuring Department store” can be positioned on increase in size of stores but the number of stores because this strategy is mostly about renovation/extension of the existing store branches by concentrating only department store business. Other strategies can also be positioned, and it showed the different ranges in these two criteria about stores. Fig. 56 shows more visually to explain the different position of the corporate strategies of de Bijenkorf.
11.4 The Four Strategies for Department Stores

The different approaches of strategies lead to different programs and also financial implications. As a result, a wide range of solutions and implications can be explored and deliberated. Roles for stakeholders are described briefly as well as the effect on parameters that have a relation with forces of influence. The parameters function as indicators to test the flexibility of the strategy in the future scenarios. As a strategy of managing stores for the future, several strategies can be come up in terms of number of stores and size of stores. Four possible strategies to develop department stores can be considered;

Fig. 57 Positioning department store strategies

- First possible strategy for more concentrated on only limited flagship stores in the major cities in the Netherlands,
- Second option for establishing more stores in the Netherlands with various sizes
- Third possibility to invite more departments on top of the existing stores and locations
- Last strategy to develop steadier upgrading existing stores

Fig.57 shows the wide range of position of the four strategies to see how the strategy would be in terms of the size of stores and the numbers of the stores. More explanation of each strategy of department store business is specified below.
Strategy 01 – Flagship Store Concentration

This strategy focuses on the concentrated development of flagship stores which have most of luxurious brands in the major cities in the Netherlands. This strategy is one of the most passive strategies because other small-medium types of department store businesses will be withdrawn, and more development for the existing flagship stores in Amsterdam, den Haag and Rotterdam. Plus possibly Utrecht and Eindhoven can be left for development to flagship stores. The size of each flagship stores can be oversized to invite all the customers in the country.

Vision

The size of retail business can be shrunken, but the standard or status can be higher than before by concentrating the limited number of flagship stores to invite the luxurious items and goods for specific target group. These stores can be the ones of the symbolic places for the cities and region, and this will attract more customers from outside of the cities.

Goal

The goal of this strategy is making less stores but better stores. The 4 or 5 major cities like Amsterdam, Rotterdam, den Haag, Utrecht or possibly Eindhoven in the Netherlands can function as hub of all the luxury retail/shopping/leisure activities, and the flagship stores in those cities can be developed more luxurious upscale department stores. The infrastructural systems such as highway and train connection to reach those cities are well-developed, so customers outside from the cities can easily access to the cities to do shopping.
Strategy 02 – More Stores in More Cities
This strategy concentrates on development of more stores of de Bijenkorf in the country. This strategy is one of the active strategies in terms of quantity development of department store chain of de Bijenkorf. To cover more cities in the Netherlands, the formats need to be diversify and smaller. The stores can be located more local cities, so stores can be spread out all the country. Thus, existing size of the stores don’t need to grow due to other more stores can be developed. The radius which covers certain retail capacity to attract customers needs be shrunken with smaller store format sizes.

Vision
The size of retail business can be maximized, and stores can be located even more local cities. The standard or status can be lower than before by concentrating the unlimited number of small type of stores to invite more local items and goods for much wider target group. These stores can be spread all over the country, and accessibility to the store can be also maximized.

Goal
The goal of this strategy is making more stores with more various formats. From the existing stores, the more cities can have de Bijenkorf, and this strategy can be similar with the one of V&D which is also department store chain in the Netherlands. Size of the store can be diverse, but customers can easily go to the store and buy quality goods within the brand of de Bijenkorf. The range of the shopping capacity of each store can be overlapped each other.
Strategy 03 – We Have All the Departments!
This strategy is about adding more departments on top of the existing stores. Many potential to develop according to the trend of the department stores can be considered to add. This strategy can lead to develop bigger stores in each city. They can grow from the existing settlement, but this is not about making more stores to other locations. This strategy also can allow customers to shop all they want in one building of the department store, but can cause conflict with existing retailers in terms of making balance of retail market with existing small-medium retailers around.

Vision
Vision of this strategy is about inviting more departments which enable customers to do one-stop shopping in one building of de Bijenkorf. The size of each store can be increased. The standard or status of goods' quality can be kept as same as before, but the department stores will have more than non-food categories of goods. All the goods for lifestyle can be provided in de Bijenkorf stores.

Goal
The goal of this strategy is adding more departments which allow possible renovation or expansion of the store size. This strategy can be shown as the domination of the retail market by having more than non-food department. Accordingly, there will be more competition with other existing retailers or small-medium sized stores which have been doing the same business already. Size of the store can be more or less diverse, but customers can go to the store and buy any of their favorite quality goods within the brand of de Bijenkorf.
Strategy 04 – Steady Upgrading Stores
This strategy illustrates steady development of existing de Bijenkorf stores. No adventurous decision making with minimizing the risk can be made, and this strategy can be very sensitive to reflect the retail market of the cities. In this strategy, the number of stores is not changed, and the department number wouldn’t be changed either. Steadily upgrading the stores and the invited brands for optimized taste for their target group is the main characteristic of the strategy. So, developments are only commenced when it is necessary according to city’s retail market change.

Vision
Vision of this strategy is about steady development of department stores. That enables managers to minimize the risk of the development, and the growth of the stores can have direct relationship with the growth of the cities. The size of each store can be slightly increasing according to the change or condition of the cities. The standard or status of goods’ quality can be kept as same as before, and the department stores will have same as non-food categories of goods.

Goal
The goal of this strategy is developing currently existing department stores which allow possible renovation or expansion of the store size. This strategy can be shown as the keeping the existing retail business without taking more risk. Size of the store can be more or less standardized with few types, and the developments can be partly happened when it is necessary.
12. Decision Making

To describe the final real estate decision, two dimension's approach was applied. Firstly, figuring out four possible scenarios was conducted to see the possible changes with different direction of developments. Secondly, various levels of strategies were taken care of from corporate strategy to real estate strategy. Real estate strategy was resulted in the other results of the strategies which give the bandwidth to select or exempt.

Selecting the most efficient strategy

The four department store strategies can be integrated to plausible real estate strategies, and applied to four different futures of the Netherlands by comparing with four scenarios from NL 2040. From the results of generic real estate strategy and corporate strategy, the direction to develop department stores was able to be seen. Between two criteria, number of stores and size of stores, the strategy will be increasing size of (some) stores without increasing number of stores. From this result, department store strategies were able to be extracted to two; “We have all departments” and “Steadily upgrading”. Fig. 62 illustrates the results of the positioning different strategies into same criteria which are number of stores and size of stores to keep consistency.

For Rotterdam, the department store strategy is value-based flagship store. Due to the restriction of extension of the building within the legal protection for the heritage, the strategy needs to be concentrated on the interior renovation. The case of den Haag is more or less similar with Rotterdam. But it has more opportunity to extend their property, and more spaces can be leased to the shop-in shops or other functions of retail. Utrecht store has lack of space to grow, so leasing to other parties or rejection for the other functions can be possible to develop. Den Bosch has almost similar situation. There is not enough space for the right demand. This condition of the city and store can be the starting point of seeing the scenarios and strategies.
As Fig. 63 illustrates, department store strategies can be fitted according to different four scenarios. According to the different cities, some scenario can take all of two strategies which were selected from Fig. 62, but some scenario can take only one of them. To pick up some significant points of this combination, for the scenario Talent Town (TT), strategy 3 cannot be considered in the cities of Rotterdam, den Haag and Utrecht, because they can be divided into more smaller towns which need more segregated market size. For Cosmopolitan center (CC), it requires more growth of the department store size and variety of goods than strategy 04 as the center of the province while Egalitarian ecology requires almost similar direction of growth as the strategy 04. Metropolitan market scenario requires any direction of strategies of 3 or 4.

Step 02: Department store strategies and RE strategies on the object level
To link Real estate strategy on object level to department store strategy, each of seven RE strategies were applied to department strategies. For Department store strategies 3 which is about adding more departments on top of the existing stores, strategies about demolition and...
doing nothing were considered as mismatches, and the strategy of changing into new property was also not fitted with the strategy because the department store strategy is not about the changing the retail format or program but about the expansion of the department store format. Renovation of interior, deployment by another store, partial rent to another store and more shop-in-shop format were considered as related strategies.

For Department store strategies 4 which is about steady development of existing de Bijenkorf stores, strategies about demolition and doing nothing were considered as inappropriate matches, and the strategy of changing into new property was also not fitted with the strategy because the department store strategy is not about the changing the retail format or program but about the expansion of the department store format itself. Due to this strategy is about steadily growing, the strategies about deployment by another store and partial rent to another store were considered as mismatches. Only Strategies about renovation of interior and more shop-in-shop format were considered as related strategies. Fig 64 illustrates the combination of these two strategies to come up with object level decision.

**Step 03: Scenarios and RE strategies on the object level**

From the results of previous steps, it is possible to infer the most relevant real estate strategies on object level according to scenarios. Since it is not possible to weigh any of scenario, the best strategies were selected according to the rule which is about the most flexible strategies that can cover the most possible scenarios. In that sense, real estate strategy number 2 and 6 which are about renovating the interior and inviting more shop-in-shop formats are the most flexible solutions in terms of covering the most of parts of the scenarios. So, those are the possible ways to to in the building level, and this results are derived from all the relation among the scenarios, department store strategies and real estate strategies on the object level. Fig. 65 explains about this results more visually.
Fig. 65 STEP 03: Combining scenarios and RE strategies on object level

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<th>Scenarios</th>
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<td>De Bijenkorf Rotterdam</td>
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<td>RE strategy 1: Demolition</td>
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<td>RE strategy 2: Renovation of interior space</td>
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<td>RE strategy 6: More shop in shop format</td>
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<td>RE strategy 7: Doing nothing</td>
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13. Conclusion

13.1 Answering research questions

From the research it was mainly the structures of the theories and findings to answer the research questions which were mentioned from the beginning.

- What is dominant relation between department store size and market size of the cities?

There is a unique situation of the Netherlands. To see the direct relationship, this study which is mainly about the comparison between the store size and the retail market capacity of the city allows only suitable for the Dutch retail environment. Because there are no other competitors of retail format as the upscale department store, this relation from the research can be considerable.

In addition, De Bijenkorf stores are already well-setup to cover the retail market for higher income group, so that directly allows only one retailer can do business in the Netherlands. It became clear when the list of major retailers was checked. De Bijenkorf is the only upscale department store within 18 non-food major retailers which are De Bijenkorf, V&D, HEMA, C&A, WE, The Sting, Hunkemoller, Schoenenreus, Bruna, Kruidvat, Blokker, Bart Smit, D-Reizen, H&M, Vero Moda, Zara, IKEA and Media Markt,. This unique situation for de Bijenkorf allows this direction of research and analysis. More detailed information can be found in Appendix Q.

- How can management of real estate of the department stores be optimized?

To predict feasibility, the less risky and most efficient strategy was taken. The four scenarios were considered at first at the national level such as regional community, strong Europe, transatlantic region and global economy. This is dominant possible stories to think about real estate management of the stores. The most efficient scenario was chosen by the criterion which covers most of scenarios due to the unpredictability of the future.

At the same time, the strategies were sophisticatedly considered as various layers; Department store corporate strategies like restructuring department stores, adopting more retail formats, adopting other business from outside of the retail. The direction was set because of the ownership study of De Bijenkorf. The next layer about strategies was about deploying the store in the Netherlands. These strategies were considered together with the scenarios, and see the each combination can be possible. From the combined findings, the real estate strategies can be linked together to think about the optimized real estate management direction of the four target cities, Rotterdam, Den Haag, Utrecht, and Den Bosch.
- **How the Selfridge Group can manage their differentiated stock of Department Stores?**

First, the new owner of de Bijenkorf, Selfridge group, is a department store-specialized retail corporation. In comparison to other owners, they were the private equity company which only focuses on the profitability of the business in short term. During their ownership, there were many trials to maximize the profit under the brand name of de Bijenkorf by doing cheap outlet center in other cities or making more small brand chain stores in Breda, Den Bosch and Groningen.

This strategy is in one hand a good strategy to make more stores to get more profit as much as possible. In other hands, however, this degrades the brand value of de Bijenkorf at the same time. The customers have a strong image about de Bijenkorf. In this sense, Selfridge group can contribute the stores more like de Bijenkorf than before by upgrading necessary store formats to the right size and more brands like de Bijenkorf store.

- **For previous strategy to deploy department stores, were there a specifically strategic rules to deploy them?**

This can be the combination of two strategies. First, the biggest 5 cities in the Netherlands like Amsterdam, Rotterdam, Den Haag, Utrecht and Eindhoven were considered as a MUST location of de Bijenkorf stores no matter how close they are. Then other cities except Breda, Den Bosch and Groningen were trued to keep their logic to have their own territory to cover the customers from the catchment area of the cities. The size was measured normally as a 10-15km radius boundary for normal type of stores, and as a 30km radius boundary for flagship stores in Amsterdam, Rotterdam, and Den Haag. Due to keeping those boundaries of shopping, the location of de Bijenkorf stores sometimes doesn’t match with the population or income rank of the cities in the Netherlands because of the proximity of cities.

- **What is the optimal future relation between the size of department stores and the size of the market in the cities?**

Again, there is a unique situation of the Netherlands. To see the direct relationship, this study which is mainly about the comparison between the store size and the retail market capacity of the city allows only suitable for the Dutch retail environment. Because there are no other competitors, this relation from the research can be considerable. Due to this special condition for upscale department stores in the Netherlands, it is possible to see the relation of the retail market capacity of the city and the one specific retail corporate store size in each city.
13.2 Conclusion

Problem Statement

To see the problem of department stores, the weak price competitiveness of department store is one of general problems especially in this economic situation which can cause the customers’ shopping criteria more economic or price-based purpose. The way of displaying different brands and layout of each stores are lack of specialization, and still unified solution to respect their own differentiation. As long as customer’s nominal income has been decreasing due to economic situation in these days, purchasing power is getting lower, and the tendency of preference of cheaper price of goods is getting clear when fashion outlet business is getting more successful. Due to upscale department store normally locates on center of the city due, it has always controversial to run department store business with expensive price than other stores outside of city center. Department store also has more unified and conventional way of displaying methods of each brand with selection of their goods, and this generates less specialization and differentiation in terms of the marketing style of each brand.

When ranked Dutch cities with highlighted Bijenkorf cities shows ranked Dutch cities with highlighted Bijenkorf cities, it doesn’t seem to be closely fitted very well from research of matching the relationship between the type of stores and size of the population of the cities. Even among the cities which have medium-sized de Bijenkorf stores, there is wide range of difference of population. Moreover, there are other mismatches among different types of de Bijenkorf stores and size of the market of cities. Number of departments also has a mismatch among locations with no matter with types. Excluded with specialized fashion store types, there seems no strong relationship between the numbers of departments and the physical size of the store. This seems more location oriented alignment of departments per each city.

To setup the direction of the research, from this starting point to look into what is happening in this department store development, the report will focus on investigating more criteria which make them to locate those specific sites in those determined cities. It will also show the recommendation for more optimal solution to develop how department store de Bijenkorf, and it would be able to be in the future in terms of more optimized way according to matching the market size/capacity and type of department store.

Categories and Formats of Retailers

Compared with other retail types, department stores are general merchandisers offering mid-to-high quality products and strong level of services, though in most cases these retailers would not fall into the full-service category. While department stores are classified as general merchandisers some carry a more selective product line. It also can be categorized as the specialty market in terms of a target market served, and it is the general merchandiser with competitive pricing
strategy. Also this corporate chain can have distribution in a shopping area/mall with assorted service level and advertising the promotional emphasis.

With the criteria of depth of assortment and the breadth of assortment, department store can be positioned as deep and wide assortment. One-stop-shopping and broad target group can be advantages of the department store, and low inventory turns and diffusing image of department store can be major disadvantages. Differentiation with other types is clear. As their advantages, specialty store has an image as a specialist and very good choice in categories of goods, and it has also disadvantage to have no one stop shopping, and it has more dependency on trends. It has deep assortment of goods in terms of specialization with narrow assortment of goods. For discount stores, they have high inventory turns with broad target group even though they have weak merchandise image.

Department store can be also categorized as having medium number of categories and low alternatives per category in terms of providing alternative for consideration of shopping. It also can contain high selecting consideration set when people see the screening alternatives to form consideration set. For providing information of selecting goods, department stores have medium quantity but high quality with medium comparing alternatives. Ordering and fulfillment transaction costs for department stores have immediate delivery time, low supplier delivery cost, high customer transaction costs and few locations for placing orders.

For other benefits of department store, it provides experiences of high level entertainment, social interaction and low personal security. For providing information of selecting goods, department stores have medium quantity but high quality with medium comparing alternatives. Ordering and fulfillment transaction costs for department stores have immediate delivery time, low supplier delivery cost, high customer transaction costs and few locations for placing orders.

About Upscale Department Store Chains
A department store is a retail establishment which specializes in satisfying a wide range of the consumer's personal and residential durable goods product needs; and at the same time offering the consumer a choice multiple merchandise lines, at variable price points, in all product categories. As definition of flagship store says, the designation of "flagship" is given to a retailer's primary location, a store in a prominent location, a chain's largest store, the store that holds or sells the highest volume of merchandise, a retailer's most well-known location, a chain's first retail outlet, or the store location in a chain which carries the most high-priced merchandise catering to the most upscale customers. De Bijenkorf is the unique upscale department store chain in the Netherlands, and de Bijenkorf has positioned itself as a brand and identity as the leader of high-standard of authenticity of lifestyle.
When all of those categorizations about department store come to de Bijenkorf, it becomes obvious that there has different position even within the category of the department store. Due to de Bijenkorf covers different size of the formats, this sets its position in between Selfridges which is more focused on high-end target group and V&D which is focused on much lower target group than de Bijenkorf. To see the positioning of de Bijenkorf, it is necessary to compare with other department store chains in terms of size, invited brand and symbolic value. To compare with other department store chains within local level and regional level, V&D can be comparable in terms of local and national level, and Selfridges is good example to compare in terms of regional/European level of market scale.

Rise and Falls of Department Stores
It is good to learn from already existed historical events, and the history of department store in USA and Japan allows to think about their strategy to survive. Sometimes crisis was created by government’s regulative policy, or by their ambitious expansion of their business with strategies. Difference to understand the specific retail format as department store itself in Europe, USA and Asia caused slightly different development history, but it has functioned as the symbolic format which has led the trend of customers and retail market demand.

From the case studies of USA and Japan where already had rich history for the rises and falls of department stores, it was helpful to have insight about how department store retailers setup strategies to overcome the risk and crisis. There was three different direction of development; restructuring original format as a typical department store, expanding the format by adopting other formats of retailers, and establishment of another type of business out of the retail market such as banking business together with retail business. For the restructuring, cutback for improving the financial structure, strategy for built and scrap, and a constriction by specialization of retail distribution.

Brief History of de Bijenkorf with its ownership
It is crucial to see how de Bijenkorf has been developed, and how its owners made decisions to expand stores. It is very important timing if the ownership changed from the private equity company which put the short-term profitability as a priority to the department store-specialized retailer family company. This very different style of ownership can cause different strategy for the department store management for the future. The significant lack of concurrence about department store especially shows the different time gap for the department store development. At the same time, there are more predecessors who experienced and evolved more than the Dutch department stores already. Those references for survival strategy can be considered as one
of guidelines of the future management of de Bijenkorf.

**Measurements**

The most interesting forces for the scenarios are those that have much impact and are hard to predict, as these are the scenarios you want to be able to anticipate on in an early stage. Parameters are attached to the forces of influence to discover the differences between status quo and the future development in different scenarios. Employment, spending power, population growth, educational level and retail property can be considered. Accessibility can be taken out since all the stores have their own radius of retail capacity with good accessibility. In addition, more general factors and forces can be analyzed and compared such as geographical size and numbers of visitors since those are also very important factors to see the retail market capacity of the cities. The criteria to measure the retail market capacity were applied and tested to the 12 cities; Amsterdam, Rotterdam, den Haag, Utrecht, Eindhoven, Groningen, Breda, Enschede, Arnhem, ’s-Hertogenbosch, Maastricht and Amstelveen.

The results of each city with each measurement criterion were tried to be changed into 10 point scale. Maximum score 10 was given to the city which had most highest score, then other score was calculated according to this logic except geographical area size and population, because the catchment area which is 30km-radius boundary was necessary to consider. In that sense, the maximum size of catchment area was given as the 10 point. In brief, all the maximum numbers are turned to the score 10, and other lower scores were calculated according to that related ratio.

From those all the scoring of seven criteria, it shows a clear division between two groups; Four big Randstadt area cities and others. Amsterdam, Rotterdam, Den Haag and Utrecht have similar range of results even though Amsterdam has definitely higher results than any other cities. At the same time, the other cities, Eindhoven, Groningen, Breda, Enschede, Arnhem, Den Bosch and Amstelveen show the similar range of the results.

It became interesting to see when it is compared with the store size of the upscale department store in those cities, de Bijenkorf. The range and tendency of the measurement are mostly similar except some cities like Utrecht, Groningen, Breda and Den Bosch. It can be understood as the mismatch which needs to consider of making decision to do more actions in terms of store size.

The uniqueness of Dutch upscale department store, de Bijenkorf allows to find the direct relation between city retail market capacity and store size, because there are no same type of competitors in this line of retail format as the upscale department store. From the result of the measurement which came from stacked ten point scale of seven criteria, it shows difference of twelve cities current retail competitiveness with different degree of seven different criteria. It
became clear for some cities like Utrecht, Groningen, Breda and Den Bosch.

To see the fashion-specialized store development, de Bijenkorf Den Bosch will be looked further as one of the three cities; Groningen, Breda and Den Bosch. As a mid-sized store development, de Bijenkorf in Utrecht will be looked further from the mismatch of the measurement study. Rotterdam and den Haag stores will be also looked further to see the development of flagship development. So, four Dutch cities of Rotterdam, Den Haag, Utrecht and Den Bosch will be considered to look more in detail to see the future development from the next chapter combined with more future strategies and scenarios. Only those selected four cities will be considered for next step, because other stores are resulted as no significantly particular issue to pick up or provoke.

**Scenarios**

The uncertainty about cities is not about cities becoming more important, since in all scenarios they will become more important. The question is about their size: large or small. The first possibility is that cities become relatively small (with 100,000 to 500,000 citizens) and are scattered across space. They serve as small economic and urban spikes. In this world, the reasons for economic activity to cluster are limited. Cities are formed because they offer a minimum scale to provide local goods and services. In such a world, firms exploit the connections between cities rather than benefiting from interactions within cities. A second option has economic activity becoming highly concentrated in a limited number of large cities. The cities are populated by several millions of people (or attract these numbers by day-to-day commuting). The cities are the meeting places of people for the purpose of trade, for the exchange of ideas, for the development of new technologies and to optimize the matching between workers and firms and between producers and consumers. The geographical area of demand for commodities or services, and the available supply of or potential demand for specified goods or services is large.

The scenarios have several important implications for the places of business. First and foremost, cities are increasingly important, but the size of the representative city differs in the various scenarios, from just over 100,000 in Talent Towns to many millions in Metropolitan Markets. The density of these cities depends on both size and specialization. Large cities drive up the value of land and simulate high-rise buildings. Specialization benefits from frequent face-to-face interactions, which are optimized in dense urban areas. Together, size and specialization suggest that urban density is highest in Cosmopolitan Centers which is large and specialized and lowest in Egalitarian Ecologies which is small but not specialized.
Implementation of Scenarios

- Rotterdam

In terms of the size, Rotterdam can be developed as the one of urban scenarios. As Fig.37 illustrates below, for talent town scenario, Rotterdam can have capacity to make three talent towns which have between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty. In cosmopolitan center scenario, there is less austere immigration policy, and this results in an increased number of immigrants in the Netherlands.

When Zuid-Holland province itself can function as one city, and Rotterdam and den Haag will be major parts to operate this bigger urban system than before. Egalitarian Ecology scenario is about the growth of the existing cities by keeping the size as they are. For the target cities, they can grow from the existing structure. For the metropolitan market scenario, all the cities can be functioned as the parts of operators which are the national-scaled urban system.

More than its most representative reputation as the biggest harbor city in Europe, Rotterdam also has been encouraging the creative industry with mid-high income groups and entrepreneurs. According to the increase of population, the retail market can be sensitive to those changes. Shops can be specialized for some different target groups because of inviting many specialized workers. However, the variable was calculated according to the changed ratio of population and spending power which is disposable income. This ratio was also applied to meet the number of visitors for the different scenarios. Geographical size will be the same and maximum retail rent which will be for the upscale department store location will be changed as same ratio of the increase of the disposable income.

- Den Haag

Mostly in terms of the size, den Haag can be developed as the one of urban scenarios. As Fig.39 illustrates, for talent town scenario, Den Haag can have capacity to make three talent towns which have between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty. In cosmopolitan center scenario, there is less austere immigration policy, and this results in an increased number of immigrants in the Netherlands.

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- Utrecht

In terms of the size, Utrecht can be developed as the one of urban scenarios. As Fig.41 illustrates below, for talent town scenario, Utrecht can have capacity to make two talent towns which have between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty’. In cosmopolitan center scenario, there is less austere immigration policy’, and this results in an increased number of immigrants in the Netherlands. When Utrecht province itself need to combine other province to satisfy the requirement of the necessary size to be cosmopolitan center, it is necessary to combined with Nord-Brabant region which is next to Utrecht and also has small lack to be cosmopolitan center.

To function as the one city, Utrecht and Den Bosch will be the major parts to operate this bigger urban system than before. Egalitarian Ecology scenario is about the growth of the existing cities by keeping the size as they are. For the target cities, they can grow from the existing structure. For the metropolitan market scenario, all the cities can be functioned as the parts of operators which are the national-scaled urban system.

Living and working activities spread out over space over the nicer places to stay outside of the city, and cities can be developed as the hotbeds of high-quality production, and offer opportunities for creative cooperation on a small scale. Its development direction represents a world with little income growth and modest income differentials. According to the increase of population, the retail market can be sensitive to those changes. Shops can be specialized for some different target groups because of inviting many specialized workers. However, the variable was calculated according to the changed ratio of population and spending power which is disposable income. This ratio was also applied to meet the number of visitors for the different scenarios. Geographical size will be the same and maximum retail rent which will be for the upscale department store location will be changed as same ratio of the increase of the disposable income.

- Den Bosch

Mostly in terms of the size, den Bosch can be developed as the one of urban scenarios. As Fig.43 illustrates below, for talent town scenario, Den Bosch can have capacity itself to one talent town which has range of size between 100,000 and 200,000 inhabitants. In this scenario, countries are strongly attached to their own sovereignty’. In cosmopolitan center scenario, there is less austere
immigration policy’, and this results in an increased number of immigrants in the Netherlands. When Noord Brabant province itself need to combine other province to satisfy the requirement of the necessary size to be cosmopolitan center, it is necessary to combined with Utrecht region which is next to them and also has small lack to be cosmopolitan center.

According to the increase of population, the retail market can be sensitive to those changes. Shops can be specialized for some different target groups because of inviting many specialized workers. However, the variable was calculated according to the changed ratio of population and spending power which is disposable income. This ratio was also applied to meet the number of visitors for the different scenarios. Geographical size will be the same and maximum retail rent which will be for the upscale department store location will be changed as same ratio of the increase of the disposable income.

**Translating into 10-point scale**

When all the criteria are measured, the retail market size of the city can be resulted from the integration of the measuring defined different criteria. To compare each variable with same measure, it was necessary to unify as a one tool to measure like 10 point scale.

To be able to do that, all the maximum value of each criterion was calculated to point 10, and the ratio was applied to other values. This process was applied not only for the current condition of the four cities, but also covered all the numbers of four target cities with four different scenarios; regional community, strong Europe, transatlantic region, and global economy.

From the calculation, Rotterdam can have the range of the changed size of the retail market from 3% of the Egalitarian Ecology scenario to 31% of Metropolitan Market scenario. Den Haag can be predicted that the retail market will grow from 3% to 35% according to the future scenario. Other target cities like Utrecht and Den Bosch also will be expected to grow from 5% of the Egalitarian Ecology scenario to 45% of Metropolitan Market scenario. Even though the strategic vision has an abstract, qualitative character, it is important to use a quantitative analysis. The current demand can be used as a starting point, and the future demands create a solution space which has more specific range of size.

**Strategies**

Strategies were developed with two different levels of categories. First, Possible strategies can be started from the corporate strategies which is about decision making point to setup the business of de Bijenkorf. When the direction of business strategy is fixed, the more micro-scaled strategies can be considered. Second, more detailed about number of stores or sizes can be thought more
strategically to setup the business within the overall consistent strategy. After then, real estate strategy can be adopted from the result of the possible strategies which is higher level of real estate decision making process. In brief, the steps to figure out strategies can be three: first one is the corporate strategies which are more about big picture for the direction of the business, and second step is about department store strategies which are about store deployment and development. Last step is about real estate strategies which are more about development strategy for building level.

**Generic Real Estate Strategies in Portfolio Level**

The highly competitive environments many companies must operate in today are at odds with their need to make real estate commitments, which often require physical obligations far into the future. The level of confidence the company has in forecasting its future business situation – its competitive environment and strategies needed to thrive in that world – best explains how companies approach real estate decisions: strategic uncertainty drives corporate real estate decision making.

Real estate and facilities are both logistical tools that support the tasks of the organization and visual symbolic representation of the organization and its values. This results in two views on actions in organization: the rational instrumental (the facilities are designed to house an organizational structure which best serves the production technologies, available resources, and the demands of its external environment; highest value output is sought at the lowest investment cost) and the valuation-symbolic (the facility serves as a symbol of the organization’s values and culture; real estate reflects the management style, the hierarchy, and the status and power of the organization’s members).

**Application to Analytical Framework**

Actually O’Mara does not make an explicit connection between the generic strategies as presented in Fig. 47 and the analytical framework. Singer (2005) used many examples to explicitly connect the strategies and analytical framework. When all the eight forces are decided to have suitable range to see the right direction of the corporate real estate management, seven forces like strategic uncertainty, technical dynamism, financial resources, organizational growth stage, business processes, perspective on organizational action and senior management preference are resulted in the value-based strategy. One force of stage of industry growth is concluded to have strategy of standardization, and incremental strategy was not chosen. Accordingly, the clearest condition can be changing the real estate strategy of fashion stores or even medium-, sized stores to more value-based store format.
Real Estate Strategies in Object/Building Level
The list on the left side explains general real estate strategy, and those eight strategies were tried to be reinterpreted according to the situation of de Bijenkorf stores in the Netherlands. Since the commercial portfolio of de Bijenkorf has already been sold, and it is no longer possible for sale. In that sense, the selling real estate can be no longer an option, and other options can be stated more specifically according to the current condition of de Bijenkorf. Strategy of purchasing the real estate is also decided not to use because of the current situation of corporation.

The Four Corporate Strategies of de Bijenkorf
The potentially different directions of the department store can be inferred from the study of department store history. Historically, the department stores have chosen one of the directions which are firstly restructuring the department stores within the boundary of same retailer as the department store, secondly combining more retail types on the layer of the department stores, thirdly expanding their business for more non-retail sector such as banking, and lastly doing nothing for the current business.

When these strategies are translated into the size and number of stores, Selected first strategy “Restructuring Department store” can be positioned on increase in size of stores but the number of stores because this strategy is mostly about renovation/extension of the existing store branches by concentrating only department store business. Other strategies can also be positioned, and it showed the different ranges in these two criteria about stores.

The Four Strategies for the Department Stores
The different approaches of strategies lead to different programs and also financial implications. As a result, a wide range of solutions and implications can be explored and deliberated. Roles for stakeholders are described briefly as well as the effect on parameters that have a relation with forces of influence. The parameters function as indicators to test the flexibility of the strategy in the future scenarios. As a strategy of managing stores for the future, several strategies can be come up in terms of number of stores and size of stores. Four possible strategies to develop department stores can be considered; First possible strategy for more concentrated on only limited flagship stores in the major cities in the Netherlands, Second option for establishing more stores in the Netherlands with various sizes. Third possibility is to invite more departments on top of the existing stores and locations. Last strategy is to develop steadier upgrading existing stores...
Selecting the most efficient strategy

The four department store strategies can be integrated to plausible real estate strategies, and applied to four different futures of the Netherlands by comparing with four scenarios from NL 2040. From the results of generic real estate strategy and corporate strategy, the direction to develop department stores was able to be seen. Between two criteria, number of stores and size of stores, the strategy will be increasing size of (some) stores without increasing number of stores. From this result, department store strategies were able to be extracted to two; “We have all departments” and “Steadily upgrading”. Fig. 62 illustrates the results of the positioning different strategies into same criteria which are number of stores and size of stores to keep consistency.

Linking scenarios to RE strategies on object level

Step 01: Scenarios and Department Store Strategies

Department store strategies can be fitted according to different four scenarios. According to the different cities, some scenario can take all of two strategies, but some scenario can take only one of them. To pick up some significant points of this combination, for the scenario Talent Town (TT), strategy 3 cannot be considered in the cities of Rotterdam, den Haag and Utrecht, because they can be divided into more smaller towns which need more segregated market size. For Cosmopolitan center (CC), it requires more growth of the department store size and variety of goods than strategy 04 as the center of the province while Egalitarian ecology requires almost similar direction of growth as the strategy 04. Metropolitan market scenario requires any direction of strategies of 3 or 4.

Step 02: Department store strategies and RE strategies on the object level

To link Real estate strategy on object level to department store strategy, each of seven RE strategies were applied to department strategies. For Department store strategies 3 which is about adding more departments on top of the existing stores, strategies about demolition and doing nothing were considered as mismatches, and the strategy of changing into new property was also not fitted with the strategy because the department store strategy is not about the changing the retail format or program but about the expansion of the department store format. Renovation of interior, deployment by another store, partial rent to another store and more shop-n shop format were considered as related strategies.

For Department store strategies 4 which is about steady development of existing de Bijenkorf stores, strategies about demolition and doing nothing were considered as inappropriate matches, and the strategy of changing into new property was also not fitted with the strategy because the department store strategy is not about the changing the retail format or program but about the expansion of the department store format itself. Due to this strategy is about steadily growing, the
strategies about deployment by another store and partial rent to another store were considered as mismatches. Only Strategies about renovation of interior and more shop-in-shop format were considered as related strategies.

**Step 03: Scenarios and RE strategies on the object level**

From the results of previous steps, it is possible to infer the most relevant real estate strategies on object level according to scenarios. Since it is not possible to weigh any of scenario, the best strategies were selected according to the rule which is about the most flexible strategies that can cover the most possible scenarios. In that sense, real estate strategy number 2 and 6 which are about renovating the interior and inviting more shop-in-shop formats are the most flexible solutions in terms of covering the most of parts of the scenarios. So, those are the possible ways to in the building level, and this results are derived from all the relation among the scenarios, department store strategies and real estate strategies on the object level. In that sense, it is concluded, that those two real estate strategies need to be applied for the four target cities: Rotterdam, Den Haag, Utrecht and Den Bosch.
14. Recommendation of the Real estate strategy in the Object Level

14.1 Rotterdam: Renovating

Current Mismatch
As found out in chapter 9, an increase of the store size can be possible way due to finding the mismatch with the retail market capacity in the current situation. As it is seen in Fig. 28 and 29 in chapter 9, the current mismatch of the size of store which shows a possibility of changing the store size is expected from the calculation of the related ratio of the retail market capacity. Then, this ratio can be adapted to the existing size of the Rotterdam store. From a comparison with the retail market capacity of Amsterdam, the Rotterdam store can be grown to the 75% of the store size of the Amsterdam. Current size of the store follows exactly the same ratio with this result, so there are no current mismatches in terms of the size of the store of Rotterdam.

Theoretical Future Possibilities of Changing the Size of the Store
Theoretically, the possible changes for the future can be related with the four scenarios which are shown in the chapter 10 and 12. Rotterdam store needs to cover the four different scenarios which show the range of increase from 3% to 31%. To see the maximum 31% increase of the store size, it is necessary to see the current real estate condition. 5,500 Square meter need to grow if the store can prepare to cover all the four scenarios.
Finding Possibility by Checking the Condition of Real Estate

As Fig. 69 shows, since there is empty space on top floor since the employees of the department store have decreased gradually, the renovation of interior is necessary to make more space. From the calculation, it is necessary to extend the more space of 5,500 sqm. For the extension of building from the building, it is very difficult to do because this building is protected by law as the monumental building. By using empty office space on top floor to use as the retail/food area like restaurants and bakeries, it can become efficient to use the space.

Finding Possibility by Checking the Chosen Real Estate Strategies

As already decided to make possible strategies in chapter 12, the possible range of changing the store size to can be played with two decided real estate strategies below;

- Renovation of the interior of the stores
- Making more shop in shop format.

As Fig 64 illustrates the combination of these two strategies to come up with object level decision, those two strategies can be played within the defined size of the store space. According to the scenario in the future, it is efficient to give different ratio of the rental space as the shop-in shop format and their directly operated store formats.

The already existing function of restaurant or bakery can go up to the top, and this space can bring the customers to the top. Moved space can be refilled to other fashion brands to get more rent. Ultimately, the aim of this strategy is for having more empty space on ground floor which is the most profitable area to sell the luxury goods because of the most accessible and visible location of the building.
14.2 Den Haag: Attaching and Renovating

Current Mismatch
As found out in chapter 9, an increase of the store size can be possible way due to finding the mismatch with the retail market capacity in the current situation. As it is seen in Fig. 28 and 29 in chapter 9, the current mismatch of the size of store which shows a possibility of changing the store size is expected from the calculation of the related ratio of the retail market capacity. Then, this ratio can be adapted to the existing size of the Den Haag store. From a comparison with the retail market capacity of Rotterdam, the Den Haag store can be grown to the 75% of the store size of the Rotterdam. Current size of the store follows exactly the same ratio with this result, so there are no current mismatches in terms of the size of the store of Den Haag.

Fig. 67 Recommendation: Den Haag

Theoretical Future Possibilities of Changing the Size of the Store
Theoretically, the possible changes for the future can be related with the four scenarios which are shown in the chapter 10 and 12. Den Haag store needs to cover the four different scenarios which show the range of increase from 3% to 35%. To see the maximum 35% increase of the store size, it is necessary to see the current real estate condition. 3700 Square meter needs to grow if the store can prepare to cover the four scenarios.

Finding Possibility by Checking the Condition of Real Estate
As Fig.66 illustrates, since there is empty space on top floor since the employees of the department store have decreased gradually, the renovation of interior is necessary to make more
space. From the calculation, it is necessary to extend the more space of 3,700 sqm. For the extension of building from the building, it is very difficult to do because this building is protected by law as the monumental building. By using empty office space on top floor to use as the retail/food area like restaurants and bakeries, it can become efficient to use the space.

**Finding Possibility by Checking the Chosen Real Estate Strategies**

As already decided to make possible strategies in chapter 12, the possible range of changing the store size to can be played with two decided real estate strategies below;

- Renovation of the interior of the stores
- Making more shop in shop format.

As Fig 64 illustrates the combination of these two strategies to come up with object level decision, those two strategies can be played within the defined size of the store space. According to the scenario in the future, it is efficient to give different ratio of the rental space as the shop-in shop format and their directly operated store formats.

The already existing function of restaurant or bakery can go up to the top, and this space can bring the customers to the top. Moved space can be refilled to other fashion brands to get more rent. Ultimately, the aim of this strategy is for having more empty space on ground floor which is the most profitable area to sell the luxury goods because of the most accessible and visible location of the building.

Plus, due to still lack of selling space needed, only rare side of the building can be renovated or extended. So, on upper level of the distribution dock can be the possibility of extension, and the upper floors of HEMA which is directly attached to de Bijenkorf store can be also another possibility with cheaper price to extend. Because the latter solution doesn’t need to be build any more building.
14.3 Utrecht: Stacking

Current Mismatch
As found out in chapter 9, an increase of the store size can be a possible way due to finding the mismatch with the retail market capacity in the current situation. As it is seen in Fig. 28 and 29 in chapter 9, the current mismatch of the size of store which shows a possibility of changing the store size is expected from the calculation of the related ratio of the retail market capacity. Then, this ratio can be adapted to the existing size of the Utrecht store. From a comparison with the retail market capacity of Den Haag, the Utrecht store can be grown to the 90% of the store size of the Den Haag. Current size of the store is around 70% of the Den Haag store, so there is 20% of the current mismatch in terms of the store size. This result means that Utrecht store can be increased up to the 3,500 square meters already even without thinking the future changes.

Theoretical Future Possibilities of Changing the Size of the Store
Theoretically, the possible changes for the future can be related with the four scenarios which are shown in the chapter 10 and 12. Utrecht store needs to cover the four different scenarios which show the range of increase from 5% to 46%. To see the maximum 46% increase of the store size, it is necessary to see the current real estate condition. 4,500 Square meters need to grow if the store can prepare to cover the four scenarios.

Finding Possibility by Checking the Condition of Real Estate
As seen in Fig.67, since there will be empty office space on upper floor since the other tenants
offices sharing this building with the department store have decreased gradually, the renovation of interior is necessary to make more space. From the calculation, it is necessary to extend the more space of 4,500 sqm. For the extension of building from the building, it is crucial to have one more storey because this building has full operated, and has possibility to stack the storey. By adding one more floor on the top, it is good situation to use the vacant office space around.

Finding Possibility by Checking the Chosen Real Estate Strategies

As already decided to make possible strategies in chapter 12, the possible range of changing the store size to can be played with two decided real estate strategies below;
- Renovation of the interior of the stores
- Making more shop in shop format.

As Fig 64 illustrates the combination of these two strategies to come up with object level decision, those two strategies can be played within the defined size of the store space. According to the scenario in the future, it is efficient to give different ratio of the rental space as the shop-in shop format and their directly operated store formats.

The already existing function of restaurant or bakery can go up to the top, and this space can bring the customers to the top. Moved space can be refilled to other fashion brands to get more rent. Ultimately, the aim of this strategy is for having more empty space on ground floor which is the most profitable area to sell the luxury goods because of the most accessible and visible location of the building. To minimize the risk, the built area can be used efficiently between self-operating and finding other retailers to rent for shop-in-shop-format.

Briefly, Utrecht store has more potential to have more square meters to invite more customers. To do, the stacking one more level can be possibility. The office around the space on upper level is planned to move out because of due date of the contract. More space needed can be built up one more level on the existing structure. The increased square meters will make the store in Utrecht as the size of flagship store. Then, it still has lack of image problem to be flagship store like other ones in Rotterdam or den Haag. It is also possibility to invest the renovation of the façade of the building because the building itself is already old enough since it was built more than 30 years.
14.4  Den Bosch

Current Mismatch
As found out in chapter 9, an increase of the store size can be possible way due to finding the mismatch with the retail market capacity in the current situation. As it is seen in Fig. 28 and 29 in chapter 9, the current mismatch of the size of store which shows a possibility of changing the store size is expected from the calculation of the related ratio of the retail market capacity. Then, this ratio can be adapted to the existing size of the Den Bosch store. From a comparison with the retail market capacity of Enschede, the Den Bosch store can be grown up to the same size of the store size of Enschede. The current size of the store is just around 35% of the Enschede, so there is 180% of the current mismatch in terms of the store size. This result means that Den Bosch store can be increased up to the 5,500 more square meters already even without taking care of the future possibility of the changes.

![Den Bosch Store Map](image)

**Fig. 69 Recommendation: Den Bosch**

Theoretical Future Possibilities of Changing the Size of the Store
Theoretically, the possible changes for the future can be related with the four scenarios which are shown in the chapter 10 and 12. Den Bosch store needs to cover the four different scenarios which show the range of increase from 5% to 45%. To see the maximum 46% increase of the store size, it is necessary to see the current real estate condition. 3,900 Square meters need to grow if the store can prepare to cover the four scenarios.

Finding Possibility by Checking the Condition of Real Estate
As seen in Fig.68, since there will be city center development near the store location. To use the
existing rented space in the city center, it is too small to extend. There has also the restriction of the extension of the building because of the planning regulation. There is one option to move in to the new development area. One building has the most potential in terms of the building size and location. It locates directly on the main roads next to the major shopping center, and it will be developed as the 6-storey building of 13,000 square meters. From the calculation, the department store needs around 11,500 sqm.

**Finding Possibility by Checking the Chosen Real Estate Strategies**

As already decided to make possible strategies in chapter 12, the possible range of changing the store size to can be played with two decided real estate strategies below;

- Renovation of the interior of the stores
- Making more shop in shop format.

As Fig 64 illustrates the combination of these two strategies to come up with object level decision, those two strategies can be played within the defined size of the store space. According to the scenario in the future, it is efficient to give different ratio of the rental space as the shop-in shop format and their directly operated store formats.

The function of restaurant or bakery can be invited up to the top, and this space can bring the customers to the top. Moved space can be refilled to other fashion brands to get more rent. Ultimately, the aim of this strategy is for having more empty space on ground floor which is the most profitable area to sell the luxury goods because of the most accessible and visible location of the building. To minimize the risk, the built area can be used efficiently between self-operating and finding other retailers to rent for shop-in-shop-format.

Briefly, Den Bosch store has more potential to have more square meters to invite more customers. To do, the moving the store out, and settle the other location can be the most plausible possibility. The increased square meters will make the store in Den Bosch as the size of medium-sized store instead of the small fashion-specialized format. For the new building which will be realized as the 13,000SQM with 6 floors, 11,500 sqm can be rented by de Bijenkorf and other 1,500 sqm can be rented to other shops or other functions like housing or office on top floor.
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Appendix A

**RESEARCH DESIGN**

**PROBLEM STATEMENT**

Managing Buzzing Future of de Bijenkorf
Real Estate Accommodation Strategy Report for Department Store Retailer

---

**THEORETICAL FRAMEWORK**

1. Retail / Dep. Store Development
   - Transformed history
   - Location development
   - Development, Investment, Financing and Management

2. Strategic /Scenario Planning of Corporation
   - Scenario (from cpb)
   - Real Estate Accommodation Strategy

---

**LITERATURE**

- Published Books
- Journals
- Thesis
- News / Articles
- Brochures
- Booklets

---

**PRACTICAL RESEARCH**

1. Target Group Research
   - MAXEDA group
   - de Bijenkorf
   - Other Department Store development Case; Selfridge, John Lewis, Shinsaegye

2. Find link between 12 Dutch Cities and 12 Bijenkorfs
   - City size and Shopping Demands
   - Accessibility

---

**INTERVIEWS & CASE STUDIES**

- Case Study of selected Dutch Cities
- Interviews

---

**REFLECTIONS & CONCLUSIONS**

- Finding mismatch between demand and supply according to future scenario
- Finding mismatch between city market size and size of de Bijenkorf stores
- Combine the result of the research results
- Conclusions and Recommendations

---

**FINAL PRODUCT**

- Accommodation Strategy Model
- Strategic Planning Report including Recommendation

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Appendix C

Dutch Cities' Population & Store Types

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<th>City</th>
<th>1980</th>
<th>2000</th>
<th>2010</th>
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<td>716,919</td>
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Dutch Cities & Number of Departments of de Bijenkorf

Ranked number among cities is about population of cities (not for population of metropolitan area)

1. Amsterdam
2. Rotterdam
3. 's-gravenhage
4. Utrecht
5. Eindhoven
6. Groningen
7. Breda
8. Enschede
9. Arnhem
10. 's-hertogenbosch
11. Maastricht
12. Amstelveen
### Dutch Cities & Number of Departments of de Bijenkorf

#### Ranked number among cities is about population of cities (not for population of metropolitan area)

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<th>Travel</th>
<th>Lighting</th>
<th>Bed &amp; Bath</th>
<th>La Roche</th>
<th>Wedding Services</th>
<th>Underwear</th>
<th>Bath Products</th>
<th>Hairdresser’s</th>
<th>Cook Shop</th>
<th>Bijoux Clics</th>
<th>Confectioner</th>
<th>Furniture</th>
<th>Carret</th>
<th>Leather</th>
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<tr>
<td>9</td>
<td>Arnhem</td>
<td></td>
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</tr>
<tr>
<td>10</td>
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<td></td>
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</tr>
<tr>
<td>11</td>
<td>Maastricht</td>
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<tr>
<td>12</td>
<td>Amstelveen</td>
<td></td>
<td></td>
<td></td>
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### Dutch Cities & Number of Departments of de Bijenkorf

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Number of Departments</th>
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<tbody>
<tr>
<td>1</td>
<td>Amsterdam</td>
<td>34</td>
</tr>
<tr>
<td>2</td>
<td>Rotterdam</td>
<td>25</td>
</tr>
<tr>
<td>3</td>
<td>'s-gravenhage</td>
<td>26</td>
</tr>
<tr>
<td>4</td>
<td>Utrecht</td>
<td>25</td>
</tr>
<tr>
<td>5</td>
<td>Eindhoven</td>
<td>28</td>
</tr>
<tr>
<td>6</td>
<td>Groningen</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>Breda</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>Enschede</td>
<td>25</td>
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<tr>
<td>9</td>
<td>Arnhem</td>
<td>19</td>
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<tr>
<td>10</td>
<td>'s-hertogenbosch</td>
<td>9</td>
</tr>
<tr>
<td>11</td>
<td>Maastricht</td>
<td>14</td>
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<tr>
<td>12</td>
<td>Amstelveen</td>
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</table>

Rank number among cities is about population of cities (not for population of metropolitan area).
Appendix G

DE BIJENKORF: LOCATION

- **FASHION STORE** (3,000 sqm)
- **MEDIUM STORE** (7,500-10,000 sqm)
- **FLAGSHIP STORE** (15,000 - 20,000 sqm)
Appendix H

DE BIJENKORF: RADIUS OF SHOPPING CAPACITY

- SIMILAR SIZED CITIES WITHOUT BIJENKORF
- CITIES HAVING FASHION STORE (3,000 sqm)
- CITIES HAVING MEDIUM STORE (7,500-10,000 sqm)
- CITIES HAVING FLAGSHIP STORE (15,000 - 20,000 sqm)
Appendix I

DE BIJENKORF: RADIUS OF SHOPPING CAPACITY

- SIMILAR SIZED CITIES WITHOUT BIJENKORF
- CITIES HAVING FASHION STORE (3,000 sqm)
- CITIES HAVING MEDIUM STORE (7,500-10,000 sqm)
- CITIES HAVING FLAGSHIP STORE (15,000-20,000 sqm)
## The hierarchy of planned shopping centers

<table>
<thead>
<tr>
<th>Market Size (Population, thousands)</th>
<th>Neighborhood</th>
<th>Community</th>
<th>Regional</th>
<th>Super regional</th>
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<tbody>
<tr>
<td>20-40</td>
<td>40-200</td>
<td>100-500</td>
<td>500 +</td>
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</table>

<table>
<thead>
<tr>
<th>Floor area: GLA (thousand of SQM)</th>
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<th>Community</th>
<th>Regional</th>
<th>Super regional</th>
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<tbody>
<tr>
<td>4.65-9.29</td>
<td>9.29-27.87</td>
<td>27.87-46.45</td>
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<th>Anchor tenant</th>
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<th>Super regional</th>
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<tr>
<td>Supermarket</td>
<td>Junior Dept. Store</td>
<td>Major Dept. Store</td>
<td>Two or more Dept. Stores</td>
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<table>
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<th>Type of business</th>
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<th>Regional</th>
<th>Super regional</th>
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<tr>
<td>Convenience, service</td>
<td>Shopping, convenience</td>
<td>Shopping goods</td>
<td>Shopping goods</td>
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<table>
<thead>
<tr>
<th>Average no. of stores</th>
<th>Neighborhood</th>
<th>Community</th>
<th>Regional</th>
<th>Super regional</th>
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</thead>
<tbody>
<tr>
<td>10-25</td>
<td>20-40</td>
<td>40-100</td>
<td>100 +</td>
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</table>

<table>
<thead>
<tr>
<th>Average no. of business types</th>
<th>Neighborhood</th>
<th>Community</th>
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<th>Super regional</th>
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<tbody>
<tr>
<td>10-20</td>
<td>15-30</td>
<td>20-40</td>
<td>40 +</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Site area (thousand of SQM)</th>
<th>Neighborhood</th>
<th>Community</th>
<th>Regional</th>
<th>Super regional</th>
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</thead>
<tbody>
<tr>
<td>20-40</td>
<td>40-121</td>
<td>121-405</td>
<td>405 +</td>
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<table>
<thead>
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<th>Trade area radius</th>
<th>Neighborhood</th>
<th>Community</th>
<th>Regional</th>
<th>Super regional</th>
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</thead>
<tbody>
<tr>
<td>Up to 2414 m</td>
<td>1600-4830 m</td>
<td>4830-11265 m</td>
<td>16100 m +</td>
<td></td>
</tr>
</tbody>
</table>
Appendix K

Amsterdam

Population: 260,552
City Size: 166
Educational Level: 52

Number of Visitors: 10,020
Spending Power: 27,600

Number of Shops: 6,112
Retail Rent Level: 2,700

Rotterdam

Population: 920,640
City Size: 206
Educational Level: 53

Number of Visitors: 35
Spending Power: 26,600

Number of Shops: 1,063
Retail Rent Level: 1,800

Den Haag

Population: 488,553
City Size: 81
Educational Level: 57

Number of Visitors: 3,5
Spending Power: 28,900

Number of Shops: 3,437
Retail Rent Level: 1,750

Utrecht

Population: 322,081
City Size: 96
Educational Level: 55

Number of Visitors: 0.8
Spending Power: 30,190

Number of Shops: 1,899
Retail Rent Level: 1,800

Eindhoven

Population: 213,809
City Size: 69
Educational Level: 57

Number of Visitors: 1.0
Spending Power: 28,800

Number of Shops: 1,358
Retail Rent Level: 1,730

Enschede

Population: 157,052
City Size: 141
Educational Level: 38

Number of Visitors: 0.1
Spending Power: 26,700

Number of Shops: 960
Retail Rent Level: 900
Appendix L

De Bijenkorf Store Size of Twelve Cities

Population of Twelve Cities which Have de Bijenkorf Stores
City Size of Twelve Cities which Have de Bijenkorf Stores

City Size

Spending Power of Twelve Cities which Have de Bijenkorf Stores

Spending Power
Retail Rent of Twelve Cities which Have de Bijenkorf Stores

Number of Shops of Twelve Cities which Have de Bijenkorf Stores
Number of Visitors of Twelve Cities which Have de Bijenkorf Stores

Proportion of Higher Educated Employees of Twelve Cities which have de Bijenkorf Stores
Appendix M

Table 6.1  Main Scenario characteristics

<table>
<thead>
<tr>
<th></th>
<th>Talent Towns</th>
<th>Cosmopolitan Centres</th>
<th>Egalitarian Ecologies</th>
<th>Metropolitan Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>City size, in population</td>
<td>100k – 200k</td>
<td>2 – 8 m</td>
<td>100k – 500k</td>
<td>&gt; 10 m</td>
</tr>
<tr>
<td>Technology, knowledge</td>
<td>Communication</td>
<td>Communication</td>
<td>Information</td>
<td>Information</td>
</tr>
<tr>
<td>Direction ICT</td>
<td>Communication</td>
<td>Research-oriented</td>
<td>Information</td>
<td>Application-oriented</td>
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<tr>
<td>New GPT</td>
<td>None</td>
<td>Specific</td>
<td>General</td>
<td>General</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Similar workers</td>
<td>Similar workers</td>
<td>Different workers</td>
<td>Different workers</td>
</tr>
<tr>
<td>Knowledge spillovers</td>
<td>Radical, firm – university links</td>
<td>Applied and incremental</td>
<td>Fundamental and applied, within firms</td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>Direct applications, strong competition</td>
<td>Manufacturing</td>
<td>Manufacturing hub</td>
<td>Social tensions</td>
</tr>
<tr>
<td>World economy</td>
<td>Attracts some manufacturing</td>
<td>Fails to create CC</td>
<td>Limited trade options</td>
<td>Regional growth engine</td>
</tr>
<tr>
<td>Brazil</td>
<td>Benefits from its resources</td>
<td>Energy-intensive industries</td>
<td>Benefits from its resources</td>
<td>Some growth from natural resources</td>
</tr>
<tr>
<td>Russia</td>
<td>Stalls</td>
<td>Services centres</td>
<td>Inward-oriented</td>
<td>Several metropolises</td>
</tr>
<tr>
<td>India</td>
<td>Manufacturing</td>
<td>Manufacturing hub</td>
<td>Social tensions</td>
<td>Many metropolises</td>
</tr>
<tr>
<td>China</td>
<td>Manufacturing intermediaries</td>
<td>Manufacturing</td>
<td>Growth-constrained</td>
<td>Some metropolises</td>
</tr>
<tr>
<td>South-east Asia</td>
<td>Top-end innovation and design</td>
<td>GPT, services</td>
<td>IT products and local varieties</td>
<td>Many metropolises</td>
</tr>
<tr>
<td>United States</td>
<td>Business services</td>
<td>High-end services</td>
<td>Local varieties</td>
<td>Metropolis less common</td>
</tr>
<tr>
<td>European Union</td>
<td>Trade</td>
<td>Global market, high trust, strong trade agreements</td>
<td>High and broad, trade in intermediaries</td>
<td>Final products; limited flow of resources, non-tariff barriers</td>
</tr>
<tr>
<td>Place of business</td>
<td>Agglomeration</td>
<td>Concentrated</td>
<td>Weak, medium city size, local varieties</td>
<td>Highly concentrated</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Scattered</td>
<td>Extensive, high quality</td>
<td>Regional</td>
<td>Locally high quality</td>
</tr>
<tr>
<td>Organisation of firms</td>
<td>Virtual + air connections</td>
<td>Specialised plants</td>
<td>Medium-sized plants</td>
<td>Conglomerate</td>
</tr>
<tr>
<td>Decision power in firm</td>
<td>Virtual teams</td>
<td>Centralised</td>
<td>Decentralised</td>
<td>Decentralised</td>
</tr>
<tr>
<td>Supply chain</td>
<td>Centralised</td>
<td>Outsourcing</td>
<td>Integrated</td>
<td>Highly integrated</td>
</tr>
<tr>
<td>Capital market</td>
<td>Continental, venture capital</td>
<td>Global, equity</td>
<td>National, credit</td>
<td>City, bonds</td>
</tr>
</tbody>
</table>
Appendix Q

Interview with store managers of de Bijenkorf Rotterdam and Den Haag

The two interviews with de Bijenkorf store manager of Rotterdam and den Haag shows the plan of future supply about how the stores can be development for the near future. Also this interview provides more detailed information about rental contractual condition of de Bijenkorf and ownership structure. This consists of 10 Questionnaires and answers from 2 interviews.

Interviewer is Chang Ho Yeo, Leisure & Retail Lab, RE&H, BK, TU Delft, and Interviewees are Eric van den Elshout, Store manager, de Bijenkorf den Haag and Jaqueline Veenendaal, Store manager, de Bijenkorf Rotterdam. First one was on 26th of February in 2011, and second one was done on 28th of February in 2011.

Initial E was used for Eric van den Elshout, and Initial J was written for Jaqueline Veenendaal. Those two interviews are summarized and combined with same 10 questions, and it gives more clear information from those two specialists.

Rental & Contractual Condition

1. Management after selling real estate. Which ones are sold and which are not sold?
   E: All the stores were sold, and stores except Amsterdam, den Haag, Rotterdam and Arnhem were even started from rental contract. 4 years ago, we sold all those 4 stores, and turned to rental contract.

2. Rent contract. Which ones have almost the end of contract? Have plan to extend?
   E: I am not quite sure of when, but the 3 fashion stores’ contract is almost going to be ended. They need to be expanded, so we are looking for other sites to rent more space. Contract of flagship stores have 20-30years left, and we have intention to continue the contract of flagship stores.

Future plan, strategy of de Bijenkorf
(It will have more or bigger or smaller or newer stores?)

3. Do you already have a concrete plan to extend de Bijenkorf stores for the near future?
   E: We have a plan to have bigger 4 flagship stores and 3 fashion stores, but no more stores. More brands from Selfridges will come. Amsterdam store will be up to 25,000 sqm, and Rotterdam store will be up to 20,000 sqm, and the Hague store will be up to 18,000. Utrecht store will be upgraded to flagship store, and size will be up to 16,000 sqm. For
monumental building like Rotterdam and den Haag, they will start to use the top floor which has been using only for personnel. In the past, there were 150 employees only for administration but now there are only 6 in the Hague store. That directly shows that there are lots of empty space in this floor, and we have a plan to renovate this floor only for restaurants like the store of Amsterdam.

Using the empty space next to the store to extend the store by constructing new building is also one of possibilities. For Utrecht, another store in the building is going to move out, so this space can be taken over. Or we also can stack one more floor to renovate. De Bijenkorf is also willing to invest the construction for extension. So, we are renter, but also can be investor of renovation/extension of the building.

J: Top floor of Rotterdam store will be renovated as floor of restaurants like what Amsterdam store already renovated since there are lots of empty rooms only for personnel. Then, we can take all the restaurants up to the top floor, and we can rearrange more brands from the ground floor. Making a roof terrace is also one possibility. For 3 fashion stores, de Bijenkorf Breda will start to move to another site in the city center, and they have more square meters to rent.

Annual Turnover According to Changed Ownership in 1912, 1969, 2001, and 2010
4. Can I get the information about annual turnover of de Bijenkorf since 1912?

E&J: Since de Bijenkorf is private limited company, we don’t have to show the information of annual turnover, and it is still confidential to show.

Twelve Locations of de Bijenkorf
5. What is the reason of locating department stores in those 12 cities? (Why Not Tilburg or Almere or Nijmegen or Apeldoorn or even Alkmaar?)

E: Inhabitants and visitors are important factors, and also small rich towns which locate within 30km boundary from the store is also very important. For example, the town of Soest is rich town, and it is out of 10km boundary of Utrecht, but it is within 30km of radius boundary from the Utrecht store. They still can go to do shopping in de Bijenkorf Utrecht. So, even if there are many potential cities, they are overlapped within this 30km boundary from the stores each other. That is one of logic to locate the stores of de Bijenkorf. Locating Maastricht store was decided mostly from the potentiality of rich visitors instead of inhabitants, and Amstelveen store was decided to locate because of the rich neighbor and high proximity to Amsterdam.
Closed Business
6. For students’ point of view, to make outlet store in the distribution center in Woerden can be good idea. What do you think?
   E: It is not possible to have the store in there because of zoning plan. It is not allowed.

7. Why outlet business in Bataviastad and Chill-out department were not successful?
   E: We were not allowed to do outlet in there, because of we have already many brands in there.

   E&J: For chill-out, When it started, there was market potential, but nowadays there are a lot of similar and enough brands and retailers, so we found out that there is no market to keep Chill-out any more. To be exclusive brands, it was overlapped very much.

Possible Change from New Ownership
8. How much do you think that a new ownership from Selfridges can influence de Bijenkorf?
   J: Before, de Bijenkorf was not influenced by ownerships, all the decision was made by only de Bijenkorf, because the previous owners were private equity company. However, new owner, Selfridges Group (not Selfridges) is family group which only concerns about high-end department store chain, and the people from this company also will come to here and work together.

Business Possibility Beyond Non-food Retail
9. Is there any plan to combine more leisure program to make people stay longer?
   E&J: There is no plan to invest for more leisure activity program in e Bijenkorf.

Strategy for Local Competitors
10. What is strategy to compete with the new trend of retailers such as outlet, specialized shopping mall?
    E&J: Shopping must ne experience to enforce more for services to differentiate with other types of shops.

    E: We will invest for more events for more experience shopping instead of adding more non-retail or leisure functions.
### Appendix R

#### ROTTERDAM

<table>
<thead>
<tr>
<th></th>
<th>Education Level</th>
<th>City Size</th>
<th>Population</th>
<th>Number of Visitors</th>
<th>Spending Power</th>
<th>Retail Rent</th>
<th>Number of Shops</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Now</strong></td>
<td>3.4</td>
<td>10</td>
<td>8.6</td>
<td>8.5</td>
<td>3.8</td>
<td>4.5</td>
<td>8.6</td>
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<td>10</td>
<td>8.6</td>
<td>8.5</td>
<td>4.5</td>
<td>5.3</td>
<td>8.6</td>
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<td>9.8</td>
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#### DEN HAAG

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<th>Spending Power</th>
<th>Retail Rent</th>
<th>Number of Shops</th>
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<td>4.0</td>
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<td>8.5</td>
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<td>7.5</td>
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<td>7.2</td>
<td>5.4</td>
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<td>8.2</td>
<td>10</td>
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#### UTRECHT

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<th>Number of Shops</th>
</tr>
</thead>
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<td>4.7</td>
<td>4.4</td>
<td>2.2</td>
<td>4.3</td>
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<td>5.1</td>
<td>5.3</td>
<td>4.1</td>
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<tr>
<td><strong>strong Europe</strong></td>
<td>6.7</td>
<td>4.7</td>
<td>5.0</td>
<td>2.4</td>
<td>7.3</td>
<td>7.6</td>
<td>4.6</td>
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#### DEN BOSCH

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Appendix S (Source: Understanding Dutch Retail Destination / CBRE (2010))

Amsterdam

Rotterdam
Eindhoven

Groningen

Source: Understanding Dutch Retail Destination / CBRE (2010)
Maastricht

Main shopping area

Source: Understanding Dutch Retail Destination / CRRE (2015)