Why creative knowledge companies choose the Amsterdam region: the manager's view

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ACRE report 6.1

European Commission

CITIZENS AND GOVERNANCE IN A KNOWLEDGE-BASED SOCIETY

Marco Bontje
Heike Pethe
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Accommodating Creative Knowledge – Competitiveness of European Metropolitan Regions within the Enlarged Union

Amsterdam 2008
AMIDSt, University of Amsterdam

ACRE

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EXECUTIVE SUMMARY

This study investigates what are the drivers behind the decisions of the managers of knowledge intensive and creative sectors to settle in the AMA. 25 managers of creative knowledge companies and experts were interviewed in the period between March and May 2008. Four branches were selected: film, video, broadcasting and TV, web design, consultancy and computer games. The study distinguishes in the analyses between hard factors and soft factors. Hard factors are defined as accessibility, transport infrastructure, public transport facilities, public social infrastructure, technical infrastructure, availability of work, tax regime, availability and price level of office space. Soft factors are an attractive office environment, quality of life, leisure activities, sub-cultural scene, tolerance and the acceptance of diversity, participation in the civil society, social cohesion, and inequality. Using recent literature about the development of creative knowledge cities, it is assumed that soft factors increasingly determine the economic development of metropolitan regions. The study draws here on approaches by Richard Florida (2002) who underlines the attractiveness of regions for creative talent is crucial for the economic success of metropolitan regions. By creating a tolerant and welcoming atmosphere, regions offer an attractive people climate which leads to an inflow of creative knowledge workers. Following the work force, creative knowledge companies settle in the regions and economic growth takes off.

This view was challenged by another American geographer, Allan Scott. He underlines that the regional linkages between the companies are crucial for the economic development of metropolitan regions. If companies can work more effectively and produce more competitive products by relying on a regional cluster of interrelated companies, additional labour is requested which then leads to an inflow of talent. Given this background, this study also investigated the regional networks to clients, partners, information sources and other relevant nodes for the selected branches.

The location of the companies is strongly related to the place of residence of the company owners. This results confirms the importance of personal ties. A previous study of the situation of creative knowledge workers also brought to the fore that the majority of creative knowledge workers have lived for more than 10 years in the AMA.

The results show that the drivers vary between the different creative knowledge branches. The importance of hard and soft factors is judged differently by companies of the selected branches, and also their networks in the AMA have a different structure. Companies of different sectors also tend to prefer certain sub-spaces of the metropolitan region. For example, non-commercial film companies underline that an inner city location which is near to the Dutch film funds enables them to do their work more effectively. Web designers who can use the internet as a medium of communication, however, are less bound to a specific location within the AMA.

The importance of hard and soft factors is also differently judged. Whereas in the case of web designers only soft conditions are relevant for business to attract employees, in the case of the games industry accessibility of the company location by public transport plays a pivotal role. In some sectors the judgement of certain hard factors even vary between different activities. For example, public social infrastructure, in particular film funds, are important for non-commercial film companies, whereas for commercial film companies such an infrastructure does not have any major function.

The company networks are an important determinant of the company location for small companies, because they often rely on personal networks to acquire clients, partners and to access information. Again differences between the sectors appear. For example, an intensive collaboration exist between advertising and game companies and between parts of the consultancy branch and finance in the AMA. In many cases, however, the networks are oriented on the national level. The results of our case study show, that for the investigated branches a strong interaction occurs to advertising which is an important client for commercial film companies and game companies. Another important linkage exists between consultancy and finance.

The antagonism between Florida's and Scott's approaches appears to be over pronounced. Soft factors which are seen as decisive by Florida are important elements in the decision of managers to locate their companies at a certain place and for the recruitment of qualified labour. Networks are important to attract customers and to process work successfully, but they are more often related to the national level. Thus, both approaches are rather complementary than contradictory.

What means the implementation of these results for a successful regional development? Firstly, regions have advantages which can provide a large variety of sectors with different locations which are address their needs. That means, that a diverse quality of places within a region can be an economic asset. Secondly, some branches were identified as nodes which have connection to various other branches in the region. The advertising industry in the AMA, for example, is an important client for the film sectors as well for the game industry. Regions are competitive if they can identify those key branches and develop a policy which stabilises these contacts. Thirdly, small companies operate often on a more regional scale. In many cases, large companies are their customers. A competitive regional policy supports the allocation of large companies to generate synergies between larger and smaller business units.

Fourthly, many location factors are related to the national level. For example, decisions over the implementation of ICT networks, the education system and the tax regime are made on the national level. A successful creative knowledge policy is the result of an active exchange and negotiations of policy makers between the local, regional and national level.

1 INTRODUCTION

The ACRE project aims to analyse and clarify the decisive conditions for a successful creative knowledge economy in European metropolitan regions. The project is more or less half-way now. We started with exploring the state of the art in the theoretical debate about creative knowledge cities and the creative knowledge economy (Musterd et al., 2007). Each of the ACRE teams then prepared a report assessing the historic development path and the current state of economic, socio-demographic and political development of their city-region, focusing mostly on the creative knowledge economy and the people working in it (ACRE reports 2.1 to 2.13). This was followed by a comparison of the 13 individual reports, testing hypotheses about decisive factors for successful creative knowledge regions (Kovacs et al., 2007). Until that moment, the project was based on literature, policy documents and secondary statistical data. Our own data gathering started with a survey among workers in selected creative knowledge industries (ACRE report 5.1 to 5.13). This survey addressed the extent to which employees, self-employed and freelancers in the creative knowledge industries felt comfortable in their city-region. We asked questions about their residential satisfaction, their job satisfaction, and their satisfaction with the city-region in general.

In the current report, we will shift from the workers' perspective to the managers' perspective. We will present the results of interviews held with managers in a selection of creative and knowledge-intensive sectors in the Amsterdam city-region. The interviews focused on the location decisions of companies in these sectors and the extent to which existing theories and presuppositions about these location decisions are valid for the Amsterdam city-region. Is it true, for example, that 'companies follow talent' as Florida (2002) states? Or should we rather follow Scott (2006) when he stresses the importance of the regional production system? Do we recognise tendencies towards clustering of branches or groups of branches in interrelation with knowledge centres and branch-related institutions as Porter (1998) and many others have identified?

There are at least two rationales for our choice to also include the managers' perspective on conditions influencing the location pattern and dynamics of the creative and knowledge-intensive industries. First, as discussed in our literature review at the start of the ACRE project (Musterd et al., 2007), we do not intend to limit our project to testing the validity of Florida's hypotheses. We also take other theories and models of economic growth and company location decisions into account, in which the lasting importance of 'hard factors' is stressed. 'Hard' factors would include cost-related concerns like land and real estate prices; the availability of suited office space and locations; formal institutional factors like tax regimes and building regulations; connectivity and accessibility. 'Soft' factors can be concrete issues like the offer of cultural and leisure facilities and activities and attractive and affordable housing, but also factors less easy to grasp like tolerance for ethnic, cultural and lifestyle diversity or the presence of a pleasant 'urban atmosphere'. Do managers of companies in the creative knowledge sector have different location priorities than those of companies in other sectors? Do they indeed, as researchers and consultants like Florida (2002), Landry (2006) or Montgomery (2007) suggest, consider 'soft' factors equally important or even more important than 'hard' factors? Are there differences between creative industries and knowledge-intensive industries, or maybe also between segments of those still broad and varied categories? Second, we are interested to what extent location decisions of companies related to the personal life histories of the company founders and managers. One of the most interesting outcomes of our survey among creative knowledge workers (Bontje et al., 2008) was that many of our respondents worked in a certain place because they were born there, had family and/or friends there, or had studied there. We wonder if something similar might be said about founders and managers of companies in the creative knowledge sectors.

The central research questions of our interview analysis are:

1) What are the drivers behind the decisions of the managers of selected knowledge intensive and creative industries to settle at a certain location in the Amsterdam Metropolitan Area?

2) What is the relative importance of the location factors that played a role in their decision making process ('classic' factors, such as the presence of adequate and specialised labour, accessibility, tax incentives, and also 'soft' factors, such as the quality of space; atmosphere of the city and region, available high-quality residential space, etc.)?

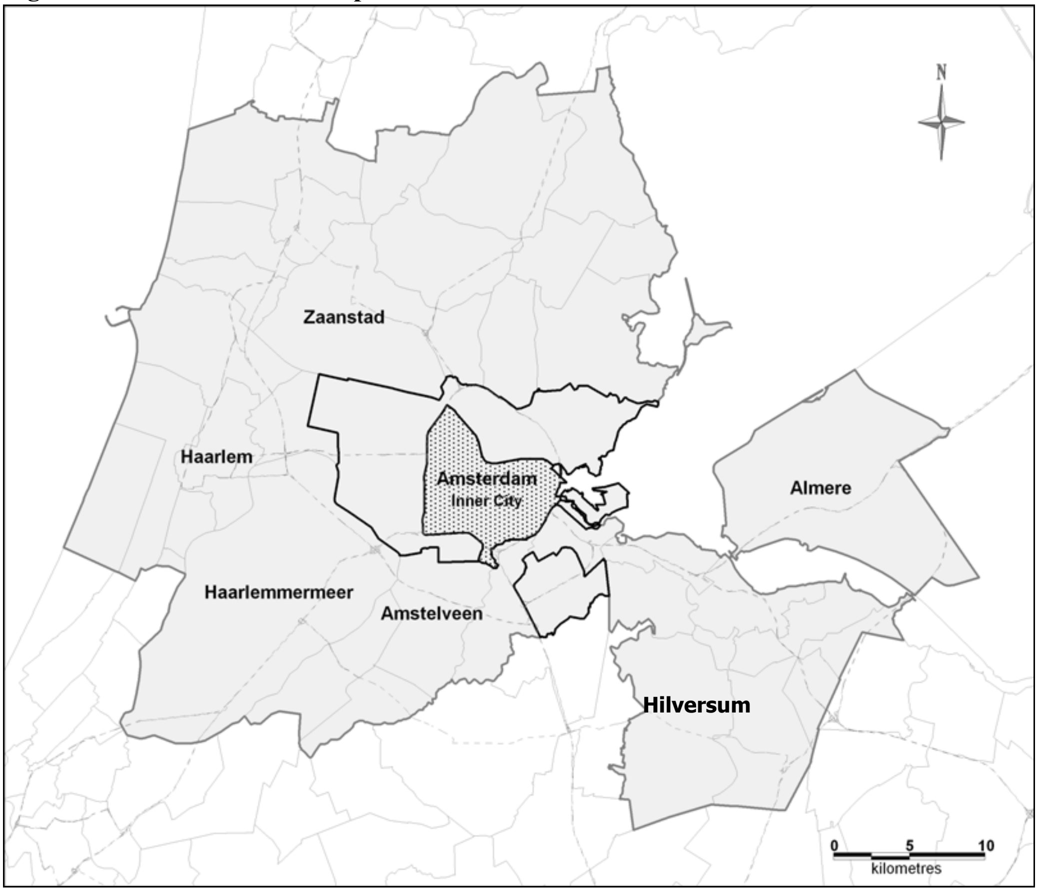
3) What is the role of the urban and/or regional government: did specific strategies to stimulate or create clusters of creative and/or knowledge-intensive activities influence the company's location decision?

Our case study area is the Amsterdam Metropolitan Area. This area includes 38 municipalities that have intensified co-operation and co-ordination efforts in policy fields like spatial planning, economic development and city-regional marketing in recent years (Figure 1, p. 3). Though several 'competing' regional entities, either informal or more formalised, do exist, the Amsterdam Metropolitan Area at this moment is the most generally accepted entity for regional co-operation, planning and development. Therefore we also consider it the most relevant regional entity for our research. The area currently includes about 2.5 million inhabitants and about 1 million jobs. Next to its core city Amsterdam, it also includes significant sub-centres such as Almere, Amstelveen, Haarlem, Haarlemmermeer and Hilversum.

The Amsterdam Metropolitan Area does not have a 'primate city' status within the Netherlands like some of the other cases in our ACRE project (Budapest, Helsinki, Riga, Sofia). It rather shares economic power with the other large city-regions in the West of the Netherlands: Rotterdam and The Hague and to a lesser extent Utrecht. Still, the Amsterdam Metropolitan Area usually scores best in international rankings and can be considered as the most advanced and competitive regional economy of the Netherlands (Bontje & Sleutjes, 2007). One of the local experts we interviewed confirmed that in the creative and knowledge-intensive industries, the Amsterdam Metropolitan Area is rather competing with cities like Stockholm, Barcelona or Hamburg than with Dutch cities like Rotterdam, Utrecht or Eindhoven. The city of Amsterdam and to a lesser extent its adjacent municipalities forms the crucial hub in the Dutch creative knowledge economy and its main link to European and global business networks. Amsterdam, however, is in turn clearly subordinate to the leading

European creative knowledge centres London and Paris (interview CCAA). In comparative perspective with the other ACRE case studies, it seems so far that the Amsterdam Metropolitan Area is able to meet the conditions for a successful creative knowledge economy relatively well. Despite mentioning several problems and worries like rising housing prices, pollution and congestion, our survey respondents were generally very satisfied with the Amsterdam Metropolitan Area as an area to live and work (Bontje et al., 2008). This report will give an indication whether this generally positive view of creative knowledge workers is shared by their managers: do they consider the city-region a good place to locate their company as well?

Figure 1.1 - Amsterdam Metropolitan Area



Source: Own presentation, cartography: K. Pfeffer.

The following chapter will present some basic statistics on the creative and knowledge-intensive industries in general and the branches we have selected for our interviews in particular. We will then continue in chapter 3 with an explanation of our research methods and the selection procedure of our interviewees. Chapter 4 will report on the main results of our interviews. Finally, in chapter 5, we will draw conclusions from our findings in an attempt to answer our research questions, but also address possible policy implications and remaining questions for further research

.

2 The selected sectors in the Amsterdam Metropolitan Area

For our interviews, we have selected four branch groups out of the creative and knowledge-intensive industries. This selection came about in negotiation with the research teams of the other 12 ACRE case study regions. Naturally they should be branch groups with significant presence in each of the ACRE regions, in order to enable a comparison of the case study results. Eventually our selection consists of two branch groups representing the creative industries, and one branch group representing the knowledge-intensive industries:

1. Business and management consultancy activities (NACE code 74.14);
2. Motion picture, video, radio and television activities (NACE codes 921 and 922); in this sector we have focused our interviews in particular on the film industry;
3. Web design (part of NACE code 722);
4. Games (part of NACE code 722).

2.1 The selected branch groups in the Netherlands and the Amsterdam Metropolitan Area

In this section we will briefly review recent statistics on the recent development and relative economic importance of the four branch groups we selected for the interviews. Our intention was to present data on the national, regional and local level for each of the branch groups. Data availability, however, appeared to be more limited than we expected. It was no problem to get national, regional and local data on motion picture, video, radio en television activities. The generous attention recently given to creative industries in the Netherlands and in Amsterdam in research and policy has meanwhile produced an impressive richness of data, often even quite detailed on a sub-local (borough and neighbourhood) level. Games and web design, however, were difficult branch groups to grasp. This dynamic group of activities has so far not been distinguished sufficiently from other ICT activities. The most usual subdivision made in Dutch ICT / new media statistics is between content, hardware and services. In more detailed statistics, software (NACE code 722) is taken apart as a branch group and games and web design are considered as parts of this branch group. Looking at their daily working practice, games and web design activities are hard to categorise in one of these categories; as we will see in the interviews, game producers and web designers usually combine creative (‘content’-related) with technical (software) and service activities. Later this year, a new statistical branch coding system (an update of the Dutch *Standaard Bedrijven Indeling*) will be introduced that will probably include a better categorisation of relatively new branches like games and web design. For now, we have to settle for the data on the ICT / new media sector and its non-ideal subdivisions, which is the closest we can get to the games and web design activities.

In the following we will look at the data available to us on each of the three branch groups (or the closest approximations of them) at the national and local (city of Amsterdam) level, and if available also at the city-regional level (Amsterdam Metropolitan Area).

2.1.1 Business and management consultancy activities

In 2007, the business service sector provided 1.15 million jobs in the Netherlands. The importance of this sector for the Dutch economy in terms of jobs is significant: the total amount of jobs in the Netherlands in 2007 was 7.72 million, which means that about 1 in 7 Dutch jobs were in the business service sector, and that this sector was the third largest of the country after retail and health care (LISA, 2007). The city of Amsterdam had 101,366 jobs in the business service sector in 2007, about 9% of the national total (O+S, 2007a). This rather modest share does not directly point at a specialisation of the city in this sector compared to the rest of the country. When we move from the local to the city-regional scale the picture looks different. The Amsterdam Metropolitan Area appears to have about 20% of all Dutch business service sector jobs. Within the Amsterdam Metropolitan Area, a strong concentration of business service sector jobs in the city of Amsterdam and its immediate surroundings becomes clear. The 'COROP area' Greater Amsterdam, containing Amsterdam and its suburban area (including also the important sub-centres Haarlemmermeer and Amstelveen), had 163,680 business service jobs in 2007; this was 71% of all business service jobs in the Amsterdam Metropolitan Area (Table 2.1).

Table 2.1 - Jobs in business services, Amsterdam Metropolitan Area, 2007

Area	Jobs (absolute)	Jobs (%)
Greater Amsterdam	163,680	70.9
- of which city of Amsterdam	*101,366*	*43.9*
Gooi / Vechtstreek	19,030	8.2
Haarlem agglomeration	14,180	6.1
IJmond	9,960	4.3
Zaanstreek	10,070	4.4
Almere [1)]	13,656	5.9
Amsterdam Metropolitan Area	230,756	100.0

1) Figures Almere: 2006
Sources: LISA, 2007; O+S, 2007a; Gemeente Almere, 2007.

In 2007, a registered total of 9,938 persons were employed in business and management consultancy in the city of Amsterdam. This was 9.8% of jobs in the business service sector, and 2.3% of all jobs in the city. These jobs were spread across 3,604 companies, implying that company size in this branch group was generally small. Looking at the neighbourhood level, the largest concentration (1,547 jobs) was found in the south-western part of borough 'Oud-Zuid', close to the A 10 ring road, immediately adjacent to Amsterdam's prestigious South Axis project. This project should result in the city's new Central Business District, an internationally competitive complex of multinational headquarters, luxury apartments and high-rank cultural facilities. Since the South Axis area already includes two multinational bank headquarters and the World Trade Centre, it is probably no coincidence that many business and management consultants are ‘right next door’ in the adjacent neighbourhood. Other concentrations, though considerably smaller, could be found in the office complex of Amsterdam South East, the southern part of the historic inner city, and an office complex at the city south-western edge where also an important international office of IBM is located (O+S, 2008).

Table 2.2 gives an impression of the development of the consultancy sector in the Amsterdam Metropolitan Area since the mid-1990s. It is clearly a very dynamic sector. Both the number of firms and the number of employees have doubled between 1996 and 2005. The most recent figures (2007) for the city of Amsterdam discussed above demonstrate that this growth has continued also in the most recent years. Two remarkable features are, first, that consultancy has both more firms and more employees in the rest of the AMA than in the city of Amsterdam; and second, that the sector has grown consistently despite the economic stagnation between 2001 and 2005.

Table 2.2 - Jobs in consultancy, Amsterdam Metropolitan Area, 1996-2005

	1996		**2000**		**2005**	
	firms	**jobs**	**firms**	**jobs**	**firms**	**jobs**
A’dam inner city	1,325	2,835	1,930	3,835	2,498	6,501
Rest Amsterdam	346	1,346	536	2,456	667	1,988
Amsterdam total	*1,671*	*4,181*	*2,466*	*6,291*	*3,165*	*8,489*
Sub-centres	820	1,816	1,291	3,326	1,856	4,002
Other municip.	1,520	3,713	2,151	3,594	3,197	5,231
Rest region total	*2,340*	*5,529*	*3,442*	*6,920*	*5,053*	*9,233*
Total AMA	**4,011**	**9,710**	**5,908**	**13,211**	**8,218**	**17,722**

The POLYNET project, looking at connectivity between firms in advanced business services in eight European mega-city regions, offers some more insight in the presence and significance of business and management consultancy in the Amsterdam Metropolitan Area. A direct comparison with the LISA and O+S data we presented before is not possible for several reasons: the POLYNET data come from a different database and are older (2002); and the regional case-study covers a larger area (the Randstad region, including the largest 4 Dutch cities and their city-regions). Still, Lambregts et al. (2005) present several facts and figures on the city level that are interesting for our study. One of the branch groups they studied is management consultancy, roughly equivalent to our group of business and management consultancy. It appeared that the city of Amsterdam was clearly the leading location for advanced business services in the Netherlands. The branch group of business and management consultancy claimed a significant share of firms within the Amsterdam advanced business services sector: about one-third. Other cities with significant presence of business and management consultancy in the Amsterdam Metropolitan Area in 2002 (though much smaller than in Amsterdam) were Amstelveen, Haarlem, Almere, Haarlemmermeer and Hilversum. Elsewhere in the Randstad, Rotterdam, The Hague, Utrecht and Amersfoort are the most important competitors, but all at a respectable distance of the city of Amsterdam. The Amsterdam dominance especially applies to firms with a European or global orientation. Interestingly, however, this does not go along with a concentration of multi-office firms or a bigger company size. Another analysis of Lambregts et al. (2004) focusing on multi-office firms shows that Amsterdam is still the dominant place in the Randstad for multi-office advanced business services, but the share of business and management consultancy in this is much smaller (about 15%), while also the share of jobs of this branch group is relatively small (20% of multi-office firms in advanced business services in Amsterdam). Apparently most business and management consultancy firms in Amsterdam are small and many probably only have one office, which seems in line with our above analyses.

2.1.2 Motion picture, video, radio and television activities

Of the three branch groups we selected for our interviews, this is the best covered branch group in national, regional and local statistics and research, also in a historical perspective. In Table 2.3 we can trace the development in terms of employment of this branch group in the last decade. However, once more we face the reality of 'contested regionalisations': different views of stakeholders on the preferred regional level of policy and funding lead to differences in available regional statistics. In the ACRE project, we consider the Amsterdam Metropolitan Area the most relevant regional entity, which is confirmed by our Local Partnership (LOP), in which local and regional governments, business organisations and creative and knowledge-intensive industries are represented. However, some national government programmes prefer to see a larger area as the most relevant regional entity. This area includes, next to the Amsterdam Metropolitan Area, also the city-regions of Utrecht and Amersfoort (the south-eastern neighbours of the AMA). One of these national government programmes is the development programme of the creative industries of the Ministry of Economic Affairs. The data presented here for the regional level come from a recent study of the creative industries in this larger region, which we will call Randstad North.

Table 2.3 - Jobs in motion picture, video, radio and television activities, 1997-2007

Sector	**Amsterdam**			**Randstad North**			**Netherlands**		
	1997	**2002**	**2007**	**1997**	**2002**	**2007**	**1997**	**2002**	**2007**
92111 Film/ video production	1,479	1,846	2,071	3,146	4,199	4,264	4,460	6,141	6,654
92112 Support film/ video prod.	272	448	414	956	1,373	1,263	1,351	1,853	1,791
9212/9213 Distribution, screening	321	615	602	774	1,076	1,130	2,544	3,143	3,035
92201 Broadcast organisation	122	402	387	5,700	6,305	6,133	6,336	7,435	7,498
92202 TV / radio production	417	598	803	793	1,423	2,405	1,090	1,770	2,798
92203 Support activities radio/ TV	188	289	305	659	1,653	2,834	1,419	2,661	3,793
Total motion picture, video, radio, TV	2,799	4,198	4,582	12,028	16,029	18,029	17,200	23,003	25,569
Total creative industries	25,755	31,928	32,813	67,414	86,467	89,750	174,899	223,750	233,827

Source: O+S, 2008; LISA, 2007.

The table makes three things clear: the motion picture, video, radio and television sector has grown fast in terms of jobs in the late 1990s; the sector as a whole has grown only slightly in terms of jobs since 2002; and the Randstad North region dominates the sector within the Netherlands, claiming more than 70% of jobs in 2007. Especially impressive is the dominance of Randstad North in the sub-sectors broadcast organisation (82%) and TV and radio production (86%).

Most of these broadcasting, TV and radio jobs are located in Hilversum, the Dutch national centre of public broadcasting since its origins just after World War I. The traditional public TV and radio cluster has attracted production and supporting companies in more recent decades, as well as some commercial broadcasters since the introduction of commercial television and radio in the Netherlands in 1989. Some of these companies have located in neighbouring municipalities like Bussum or Naarden, but hardly to the expense of Hilversum. However, since the 1990s Amsterdam has emerged as the second media centre of the Netherlands. Rather than being competitors, a division of labour seems to have emerged in which Hilversum retains most of the large broadcasting, production and supporting companies, while Amsterdam is the preferred location of smaller firms, especially start-ups, and freelancers (Van der Groep and Pfeffer, forthcoming). Another recent report on the creative industries in the Amsterdam Metropolitan Area (O+S, 2007b) confirms this: while Amsterdam had 11,618 workers in ‘media and entertainment’ spread across 3,155 company locations, Hilversum had 9,515 workers in 499 companies[1]. This status quo or situation of complementarity between Amsterdam and Hilversum might be increasingly challenged, though, looking at the recent struggle between the two cities about the Benelux headquarters of MTV, won by Amsterdam, and the Amsterdam ambition to build up a media production cluster around that MTV headquarters at the former NDSM shipyard.

Looking in more detail at sub-sector dynamics, we notice that some sub-sectors have steadily grown between 1997 and 2007, while others stagnated or even declined in Amsterdam and/or the Randstad North region after 2002. Still, the overall picture of the audiovisual media sector in Amsterdam and the Randstad North region looks quite positive: the sector has in general managed to employ an increasing amount of people, even though the decade covered in Table 2.2 includes a period of economic stagnation in the Netherlands (2001-2005). The dominance of the Randstad North in this sector remained unchallenged, and within this region, the Amsterdam Metropolitan Area plays the leading role.

In our local expert interviews, recent dynamics in the sector were stressed. Audiovisual companies have generally become multimedia companies, combining and linking the traditional broadcasting channels to web and mobile channels. Another recent phenomenon is the mushrooming of themed channels, sometimes ‘recycling’ programmes broadcasted at the ‘general’ channels but sometimes also adding new programmes or expansions of the original broadcasts, again often in a multimedia format. The same content can be spread through different channels at different moments and also reach a broader variety of target groups in this fashion (interview CCAA).

[1] The media and entertainment sector is a broader segment of the creative industries than the film, video, radio and television sector we analyse; it also contains publishing companies, news agencies, journalists, and ‘other amusement’.

2.1.3 Games and web design

As mentioned before, it appeared to be impossible to get reliable data on the number of firms in games and web design and the number of jobs in these branch groups for the Amsterdam Metropolitan Area or parts of this city-region, as well as for the Netherlands as a national reference. Instead, we will present some data for the ICT and new media sector as a whole and its sub-sectors. Web designers and game producers are usually categorised as part of the software sector (NACE code 722), which is sometimes aggregated with other branches as 'ICT services'. While web designers can indeed be seen as ICT service providers, games producers would actually find a more logical place under the header 'ICT content'. Probably later this year, it will be possible to analyse games and web design as separate branch groups in local and national statistics, but the new categorisation of Dutch business statistics needed for this unfortunately becomes available too late for this report.

Especially the games sector is such a new and rapidly changing field of economic activity that researchers and policy-makers are largely in the dark about its actual size and economic importance. One of the local experts we interviewed gave some rough indicators for the national level: in the Netherlands, there would currently about 1,000 to 1,200 fte (full time equivalent) of labour force involved in the games sector, while the sector would have a turnover of about 1 billion Euro. About half of this turnover would be in 'serious gaming', which involves the application of gaming as a means to reach 'non-gaming' goals. Examples include the application of games in management simulations, decision-making, education and health care. The 'other half' would consist of games meant for leisure and entertainment. The Netherlands so far does not have many producers of console games; the focus is mainly on game applications for websites and mobile phones. However, our respondent admitted that these rough figures and characteristics of the Dutch game sector were "figures that everybody is echoing", so the real situation and development of the Dutch game sector remains to be assessed (interview CCAA).

Table 2.4 - Number of jobs and firms in the ICT and new media sector in the city of Amsterdam, 2003 and 2007

Sub-sector	Jobs		Firms	
	2003	**2007**	**2003**	**2007**
Content	10,462	11,427	3,869	4,301
Hardware	6,044	8,492	588	541
Telecommunication	4,725	6,846	422	373
Financial	133	331	24	67
Software	8,220	8,896	1,345	2,061
Consultancy	7,630	4,572	1,165	451
Total ICT / new media	37,214	40,564	7,413	7,794

Source: O+S, 2007a.

The most detailed data about the ICT and new media sector as a whole and its broader sub-groups are available to us from the city of Amsterdam. We can compare the number of jobs and the number of firms in that city for the years 2003 and 2007 (Table 2.4). As mentioned before, the branch groups we are studying, games and web design, are included in the broader branch group software. This is the second largest branch group within ICT in both years, after ICT content. Also for this branch group, average firm size is small in Amsterdam, and it is even decreasing significantly: from 6.1 workers per firm in 2003 to 4.3 in 2007. In those 4 years, the number of firms in software has grown faster than the number of workers; it is likely that most new firms have started as self-employers or with very small teams. Overall, the Amsterdam ICT sector has grown in terms of both jobs and firms, after a serious crisis following 'the burst of the ICT bubble' around the year 2000.

For the Amsterdam Metropolitan Area, we have less detailed data from a slightly less recent date, the year 2005. In an earlier ACRE Report (Bontje & Sleutjes, 2007) we presented data on the regional ICT sector as a whole. In 2005, the Amsterdam Metropolitan Area was the second concentration of ICT firms after the region of Utrecht. ICT content and services were the dominant sub-sectors, leaving only a rather marginal role for the production of hardware. The main geographical concentrations of ICT firms were (and still are) in the southern half of the region: in Amsterdam itself, Hilversum, Haarlemmermeer, Amstelveen, and Haarlem.

The *Cross Media Monitor 2006* (Rutten et al., 2006) provides a more detailed picture for the largest centres of the Northern Randstad region. However, the sector they analysed is combining two partly overlapping sectors: ICT and new media. The subdivision in this study is less specific than the one used in Amsterdam, with three instead of six sectors: content, services and hardware. In this case, games and web design are parts of the ICT services. In Table 2.5 we present some outcomes for the largest centres of the Amsterdam Metropolitan Area which is a part of that larger region. While Amsterdam clearly stands out as the largest concentration of jobs and firms, Hilversum appears as a prominent ICT and new media location as well. Without doubt this is related to the strong tradition of audiovisual media in Hilversum (see section 2.1.2). While Hilversum is particularly strong in content, Haarlemmermeer specialises more in services. Amsterdam appears to be the strongest in both.

Table 2.5 - Number of jobs and firms in the ICT and new media sector in the largest centres of the Amsterdam Metropolitan Area, 2005.

City	Jobs				Firms			
	Content	Services	Hardware	Total ICT/NM	Content	Services	Hardware	Total ICT/NM
Amsterdam	18,748	18,369	4,921	42,038	5,648	3,061	349	9,058
Hilversum	9,767	2,188	1,031	12,986	832	344	37	1,213
Haarlemmermeer	2,098	4,680	898	7,676	221	352	55	628
Haarlem	2,210	2,828	752	5,790	718	546	89	1,353
Almere	1,237	2,801	527	4,565	460	676	88	1,224
Amstelveen	1,627	1,484	67	3,178	289	278	26	593
Zaanstad	795	1,526	439	2,760	299	306	58	663

Source: Rutten et al., 2006.

While Amsterdam is by far the largest ICT centre of the city-region, it shares the relative weakness in the ICT hardware with the rest of the regional centres of the AMA. Within the Netherlands, the main concentration of ICT hardware is found in Eindhoven in the southeast of the country; this hardware focus is related to the presence of the Philips laboratories and factories and the technical university. Philips has moved its corporate headquarters from Eindhoven to Amsterdam a few years ago, but its main research and development and production sites within the Netherlands remained in and around Eindhoven (the multinational company of course also outsourced much of its production to India, China and several other locations).

Once more, the small average firm size in Amsterdam is reconfirmed, in stark contrast to the generally large firms in Hilversum and Haarlemmermeer. Haarlem and Almere are also mainly characterised by small firms in terms of workers. Rutten et al. (2006) have also analysed the added value of the ICT sector in the Northern Randstad and the individual cities that are part of it. From this it appears that only in Hilversum, ICT content has the highest added value, again related to its specialisation as a media city; the other six main centres of our case study area derive the highest added value from the ICT services sub-sector.

2.2 The institutional context: Policies, branch organisations and networks

In an earlier report (Bontje and Sleutjes, 2007) we have discussed policies, projects, institutions, organisations and networks for the creative and knowledge-intensive industries. We will get back to this in more detail in a policy analysis later in the ACRE project. In this section, we will not discuss the institutional context of the city-regional creative and knowledge-intensive industries in detail, but only briefly review the general institutional framework for these industries and pay particular attention to the three branch groups we focus on this report: management and business consultancy, audiovisual media, and games and web design.

In recent years, as in most other European countries, the creative industries have received increasing attention of Dutch policy-makers. Several national and local policies, strategies and programmes have been developed to encourage further development of what is seen by many as a promising sector for economic growth. The creative industries were defined as one of the 'spearheads' of the Dutch national economic development programme *Pieken in de delta* ('Peaks in the delta') (Ministerie EZ, 2004). With the major concentration of most creative industries, the Amsterdam Metropolitan Area is naturally the receiver of a significant share of the national funds for the creative industries, even though other parts of the country frequently try to claim a larger piece of the subsidy pie, too. The region was very successful in its response to the 'Creative Challenge Call' in 2006, receiving subsidies for several public and private initiatives. This subsidy competition resulted from a joint policy initiative of the Ministries of Economic Affairs and Education, Culture and Sciences (Ministeries EZ and OCW, 2005).

In addition to (and partly already in advance of) this growing national policy attention, the city of Amsterdam has developed several policy initiatives itself and cities like Zaanstad, Almere and Haarlem have also become increasingly active. Amsterdam pioneered in developing a policy providing affordable work space for starting creative companies and artists, known as *'Broedplaats Amsterdam'*. This programme emerged in 2001 and will run at least until 2010. The affordable workspaces offered are most frequently abandoned office or industrial complexes, in many cases squatted initially and then formalised through the

'Broedplaats Amsterdam' programme. Meanwhile, cities like Zaanstad and Haarlem have developed similar initiatives, and Almere is now also considering transforming structurally vacant office and industrial space into 'creative hotspots'. Next to workspace provision, several other initiatives are taken to cater for the creative industries and encourage their further development. These initiatives sometimes come from local policy; sometimes they are public-private partnerships; but quite often also creative entrepreneurs themselves launch new initiatives. Prominent examples of entrepreneurial initiatives, which subsequently received local policy support, are the yearly cross-media conference PICNIC and the networking initiative Amsterdam Creativity Exchange. Some of these locally founded initiatives have gradually become more regional, resulting in projects within the informal regional co-operation network of the Amsterdam Metropolitan Area. The clearest example of this regionalisation of creative industries policies is the 'Creative Metropolis' programme (Projectgroep Creatieve As, 2006). This programme has meanwhile resulted in the founding of a regional office for the Creative Industries: Creative Cities Amsterdam Area (CCAA). The founding of CCAA was made possible through a successful application for funds out of the *Pieken in de Delta* programme mentioned before. Seven cities are involved in CCAA: 5 of them are in the Amsterdam Metropolitan Area (Amsterdam, Almere, Haarlem, Hilversum and Zaanstad); the other two participants are Amersfoort and Utrecht. CCAA has three main objectives: the bundling of already existing initiatives, knowledge, activities, and policies in the seven cities; support for professionalising the creative sector; and promotion of the creative sector in the participating cities with international trade missions, presence at international fairs, and by highlighting the Netherlands as an attractive location for foreign creative companies (interview CCAA). A related initiative with a broader scope is AIM (Amsterdam Innovation Motor), a local government offspring encouraging innovation in creative industries, ICT, sustainability, trade and logistics, and life sciences.

These general creative industries initiatives often also work to the benefit of the two creative branch groups we study in this report: audiovisual media and games and web design. More branch-targeted policy initiatives and institutions are especially available for the audiovisual media. First of all we should of course mention the Dutch public broadcasting system. Three television and five radio channels as well as a rapidly increasing amount of television and online thematic channels are available for public broadcasting organisations. Built on the tradition of catholic, protestant and social-democratic societal 'pillars', several radio and later also TV broadcasters have been founded since the 1920s, each initially making programmes for its own segment of Dutch society. Each organisation was allowed a yearly amount of broadcasting hours at the public channels based on the number of members (the general organisation form was an association). Meanwhile the public broadcasters are hardly less commercial than their commercial competitors that entered the Dutch media scene in the late 1980s. Still, the Dutch public broadcasting system is heavily subsidised by the Dutch national government, and the public programme offer is intensively influenced by Dutch policy-makers. A the local level, the city of Hilversum is very keen on keeping its leading role in Dutch TV and radio and has invested heavily in its Media Park. Amsterdam tries to attract the audiovisual media sector increasingly too, although especially smaller companies already seem to have a natural tendency to move to or stay in Amsterdam (see 2.1.2). Abandoned industrial locations like the former machine factory of Stork and the former NDSM shipyard are being transformed to attractive locations for TV, video and film producers, broadcasting companies, and newspaper publishers, which are also increasingly becoming multimedia companies. Another segment of audiovisual media enjoying generous political attention is film production. In the 1990s, the Dutch government decided to promote Dutch film productions. The Dutch Film Fund (*Nederlands Fonds voor de Film*), founded in 1993, distributes subsidies on behalf of the Dutch national government. There is a subsidy competition for films aiming at cinema screening as well as a fund for a yearly number of 'telefilms', broadcasted at Dutch public television. In the interviews with film producers we noticed that the presence of the Dutch Film Fund in Amsterdam could be considered as a reason for film companies to locate in or close to Amsterdam.

Branch-specific initiatives for games and web design are less frequent; these branches are more likely to be included in cross-sector initiatives for digital media, like the Hilversum-based cross media network and expertise centre Immovator. Web design is typically at the crossroads of ICT content, software, design and advertising and maybe for that reason seems less policy-targeted and less organised than the audiovisual media so far. Some of our interviewees of web design companies mentioned branch associations like IPAN, a network for professionals in 'interactive media', or PIBN, the platform for internet service companies. These associations do not only represent web designers, but also other affiliated parts of the ICT and new media sector. Games, on the other hand, have received increasing policy and institutional attention recently. The University of Amsterdam has recently started a master track in gaming as a part of its master in Artificial Intelligence. Some years earlier games-oriented programmes were also launched at polytechnics and secondary schools. The yearly *Nederlandse Gamedagen* (Dutch Game Days) is a rapidly growing event. The Amsterdam-based semi-public institution Waag Society is also active in developing and organising the Dutch games industry, with a particular interest in 'serious games': game applications in for example education and health care. The Waag Society was also one of the driving forces behind the PICNIC event mentioned before, in which the games industry plays a prominent role.

In stark contrast to the increasing policy interest and increasing institutionalisation of the Dutch creative industries is the situation to our third branch group, management and business consultancy. In our interviews and also through our own searches, we hardly came across any concrete examples of policies, institutions or networks specifically targeting companies in management and business consultancy. The closest to this are policies and institutions for the Dutch financial sector; from our interviews we found that many firms in management and business consultancy in the Amsterdam Metropolitan Area mainly work for this sector. Amsterdam is the leading and the most internationally oriented location for the Dutch finance, insurance and real estate industries. Despite its small home market, the Netherlands is founding place and headquarter location of several of the world's largest banks, insurance companies, and pension funds. Amsterdam has been and still is the 'epicentre' of the Dutch financial sector since the early 17th century. However, more recently this prominent national and international role of Amsterdam is under increasing threat of mergers, takeovers and possible departures of key players (Engelen, 2007). Some years ago the Amsterdam stock exchange merged with those of Brussels and Paris to from Euronext; meanwhile Euronext in turn has merged with the New York Stock Exchange. 2007 saw the turmoil about the takeover of one of the largest Dutch banking and insurance companies, ABN Amro. Three competitors, Fortis, Bank of Scotland and Banco Santander, managed to take over ABN Amro and split up the multinational company afterwards. While Fortis has decided to stick to Amsterdam as one of its headquarter locations for the time being, it remains to be seen which consequences this might have on Amsterdam as a financial centre and especially for the ambitious South Axis project, aiming to develop a top location for headquarters of multinational corporations. In 2007, an initiative was started by several important players in the Dutch financial sector to retain and further develop the prominent Dutch role in international finance. The foundation Holland Financial Centre (which was also referred to by some of our interview respondents as an important initiative) is a public-private initiative, in which the largest Dutch banks, insurance companies, several law firms, branch associations, four Dutch ministries and the municipality of Amsterdam participate. The foundation is currently working on the formulation of specific targets and projects. One of its first initiatives was the foundation of a new prestigious academic institute, the Duisenberg School of Finance, due to welcome its first students in the academic year 2008-2009 in Amsterdam. This new institute should help to train, attract and retain qualified personnel for the financial sector and also become a leading (applied) research institute.

3 RESEARCH METHODOLOGY

3.1 Choice of research method: Semi-structured interviews

For this part of the ACRE project, we decided to use qualitative research methods. We expected that in-depth interviews with managers would give us more insight in the factors influencing company location decisions. We were interested in the particular reasons of different types of companies within the creative knowledge industries to locate at a certain location. Even though several attempts have been made in academic and consultancy literature to come to generalised explanations and models of company location decisions, research practice often proves that the factors influencing such decisions vary enormously between companies, even within the same branch group or the same size category. Company location decisions can often be related to obvious reasons like accessibility, rental or land costs, or expansion of the company, but they can just as often result from particular events in the life course of the founder or manager of the company, or even be related to sheer coincidence. We considered showing this variety of factors and reasons more interesting than trying to design a generalised explanatory model for location decisions of all companies in the creative knowledge sector. Qualitative methods like interviews are better suited to reconstruct the process leading to a company location decision than quantitative methods like questionnaires.

We chose to have semi-structured interviews. These interviews generally consisted of open questions, guided by an item list. The item list contained all topics we considered necessary to answer our research questions about the location decisions of creative knowledge companies. The item list of our interviews can be found in Annex I of this report. For the readers' convenience, this is an English version, while in the interviews most often a Dutch version has been used. We preferred to work with a loosely formulated list of questions and items instead of a list of fixed questions. So our list rather suggested possible questions to our interviewers and mentioned the items to be discussed. This enabled our interviewers to react to the answers of each respondent with further questions that suited the occasion of that particular interview. Some respondents gave rather surprising answers we did not think of before; some had interesting personal stories or interesting insights in their sector we wanted to know more about; some gave initial answers that hinted at possible interesting more detailed answers. Semi-structured interviews offered the opportunity for such on-the-spot improvisations, while at the same time, the item list guaranteed that all things we considered relevant would be dealt with during the interview.

3.2 Selection of respondents

We did not aim to have a fully representative sample of company managers, which would have been impossible to reach with our preferred research method. Still, within our very limited sample, we have tried to maximise the variety of backgrounds of our respondents. We expected that company location preferences and decisions would be very different between smaller and larger companies and between branch groups. Eventually we had a total of 18 interviews with managers from the three branch groups: business and management consultancy activities; motion picture, video, radio and television activities; and computer games and web design. We have aimed to have at least one interview for each branch group in each of the following categories:

- Size: self-employed; small: 1-5 tenured staff; large: more than 5 tenured staff;
- Location: inner city Amsterdam; rest of the Amsterdam Metropolitan Area.

The distribution of respondents across these categories is shown in Table 3.1.

Table 3.1 - Respondents per branch group, size category, and location category

Respondent no.	NACE- Code Sector	Size	Part of the AMA
1	741	Self-employed	Inner city
2	741	Small companies	Inner city
3	741	Small companies	Inner city
4	741	Larger companies	Inner city
5	741	Self-employed	Suburbia
6	741	Small companies	Suburbia
7	741	Larger companies	Suburbia
8	722 (only web design)	Self-employed	Inner city
9	722 (only web design)	Small companies	Inner city
10	722 (only web design)	Larger companies	Inner city
11	722 (only web design)	Self-employed	Suburbia
12	722 (only web design)	Small companies	Suburbia
13	722 (only web design)	Larger companies	Suburbia
14	921+922	Self-employed	Inner city
15	921+922	Small companies	Inner city
16	921+922	Larger companies	Inner city
17	921+922	Self-employed	Suburbia
18	921+922	Small companies	Suburbia
19	921+922	Larger companies	Suburbia
20	722 (only games)	Self-employed	Inner city
21	722 (only games)	Small companies	Inner city
22	722 (only games)	Small companies	Inner city
23	722 (only games)	Larger companies	Inner city
24	722 (only games)	Self-employed	Suburbia
25	722 (only games)	Larger companies	Suburbia

For our selection of respondents, we used the register of companies of the Chamber of Commerce of the Amsterdam region, which is available online. We considered it more interesting both for our research and for those interested in our results (like local and regional government officials) to get more insight in the location decisions of less known companies, that is, not the companies that are already working for or negotiating with local and regional government frequently. A first random selection included 60 addresses, covering the three branch groups and all of the above mentioned categories. Companies from this list were approached by telephone. The interviewers first gave a short introduction of the ACRE project and the aim of the interview and then asked if a representative of the company would be willing to participate. Tracing the appropriate potential respondent was of course easier in the small companies than in the large ones; in the small companies most often we immediately had the right person on the phone, while in the large companies we had to talk to several persons before reaching the potential respondent. This may have contributed to more non-response in the large companies. Though several company representatives (sometimes the potential respondents themselves, sometimes people working for them like secretaries or office managers) refused participation, the first random selection was sufficient to reach our targets for the total amount of interviews and the distribution across categories.

3.3 Interviewing and analysis

When the appointments were made by telephone, the respondents could choose to have an 'on site' interview at their workplace, or a telephone interview. The last option was preferred by some respondents due to time constraints; on average the phone interviews indeed appeared to be shorter than the on-site interviews. Still, both ways of interviewing resulted in sufficient information to answer our research questions. For the interviews, we hired two interviewers of the Department of Research and Statistics (O+S) of the City of Amsterdam. Both had worked on related topics before and were experienced interviewers. Before starting to arrange the interviews, a briefing was organised to instruct the interviewers about the aim of the analysis, how to approach the potential respondents etc.

The interviews generally were between half an hour and an hour and took place in March, April and May 2008. The complete item list used for the interviews can be found in Annex I. We preferred to have the interviews recorded integrally. Before starting the interview, the respondents were asked if they would agree with the recording. Fortunately all respondents agreed with this. As a backup, in case the recording would fail or parts of it would not be clearly audible enough for transcription, a researcher of the ACRE Amsterdam team accompanied the interviewer and made notes during the interview. The recordings were saved in MP3 format and then literally transcribed by students of the University of Amsterdam; these transcribed texts then became the 'raw material' to be analysed. We started with questions about the personal background of the respondent and a short introduction to the company. This often automatically led to a company history as well: when it was founded and where and how it had developed since then. In this company history, often several of the factors we planned to ask about were already mentioned, but in case important factors were not mentioned yet, we would ask for them later in the interview.

At the end of each interview, the respondents were asked if they wanted to read the transcriptions or the concept report for approval. Most respondents preferred to read the concept report to check if they were quoted properly.

The programme Atlas-Ti was used to analyse the interview data. This programme enabled us to give codes to text segments and to group respondents' quotes by theme and keyword.

3.4 Expert interviews

Next to the interviews with managers of creative knowledge companies, we also interviewed local experts. These experts represented local and regional government, public-private partnerships and branch organisations. They were interviewed because of their experience with and knowledge of (one of) the three branch groups under study and/or the current state of the creative knowledge sector of the Amsterdam metropolitan Area in general. The expert opinions and information contributed to setting the context for the varying individual experiences of the company managers. This also included references to useful information sources (websites, reports, databases etc.) and relevant organisations and contact persons. The information we derived from these interviews has partly already been discussed in chapter 2 and will return at several points in the following chapters.

4 RESULTS

4.1 Film, video, TV and radio market

4.1.1 Overview of the interviewed firms

The branches which are selected for this case study comprise different activities in the media sector. It comprises film, video, radio and TV companies. The sub-sectors have different strategy to address their audience and to generate their revenue. Some are supported by a public funding system, other generate their revenue on the private sector. The organisation of the companies also reflects those differences. Therefore, it is important to note, that this report does not represent all sub-sectors. By coincidence, the selection of the companies mainly includes companies which are related to the film business. Only two suburban companies are related to other parts of the sector such as the production of advertisements and the production of schooling videos for private companies. Given this, the outcome of the case study can give a good, first insight in the structure and diversity of the selected sectors.

Table 4.1 - Interviewed film companies

Size	Location	Function of interviewee	Turnover in 1000 €	Employees
Self-employed	Inner city	Owner	100-200	-
Small company	Inner city	Director	1.000-5.000	2-4 full time 40 freelancer
Large company	Inner city	Owner	200 – 500	5-10 full-time
Self-employed	Suburbia	Owner	-	-
Small company	Suburbia	Owner	100-200	-
Large company	Suburbia	Director	1.000-5.000	6-10 full time

Source: Own data

Two additional remarks are important to understand the structure of the film industry: Firstly, films are produced as project work. Scott describes the intensive temporary interaction in his article about French cinema (2000, 3): "*a structure of overlapping collaborative networks [...] come[s] together around particular film projects, only to break apart and to coalesce again in new configurations around new projects*". That means that the number of employees can vary considerably depending on the different stages of a production. The company size is not a meaningful indicator in this sector. Secondly, the income source of companies depends on the product which they produce. The definition of the term "client" seems to be common sense in most of the sectors, but it does not exist for all film business in an equally clear fashion. Customers of film products can be broadcasting companies, distributors and private consumers, but often the revenues from these sources are not the main sources of income for the film production companies, since they often rely on public funding. Companies which rely on public funding are called non-commercial companies in this case study, whereas companies which gain their main revenue from private clients are called commercial companies. This is not to imply that one of these actors behaves in a non-commercial attitude.

4.1.2 Transformation in the media sector

In the region Amsterdam, a division of labour between different places has developed in the past. Hilversum, a city 30 km outside of Amsterdam, became the major production and broadcasting site in the Netherlands. Amsterdam, in contrast, developed as the primary site for movie production and the production of commercials. The respondents pointed out that the presence of the Dutch Film Academy as well as the location of all major Dutch film funds has been crucial for the movie production in Amsterdam. Similarly, the concentration of advertising agencies leads to the development of Amsterdam and the neighbouring town Amstelveen as the most important production site for commercials. Other cities in the Netherlands established programmes to attract the film industry, too. In particular, Rotterdam gives subsidies for producers, if parts of a movie are shot in the city. The city installed a film commissioner who helps film companies to organise their production in Rotterdam. Finally, Rotterdam tries to create a multimedia cluster by attracting this new branch into town. Although film producers use those offers to reduce costs and to take advantage of better production conditions, the interviewees confirm that those developments are no threat for the Amsterdam's film business.

Film festivals are seen as important events for the film industry. They are organised in several Dutch cities: in Amsterdam for documentaries, in Utrecht for Dutch movies and in Rotterdam for international movies. Although the interviewees make use of those opportunities, they continue to produce in Amsterdam.

4.1.3 Typologies of networks

In the following part, the networks of film, music and video companies are described. In general, companies maintain networks to their clients, suppliers, partners and to information sources. In addition to those four tiers, the connection to financial resources can form a fifth tier in their network. In non-commercial film business, the customer relationship often displays a different character. Due to the fact, that a large part of the financial sources is provided by public funding bodies, the network relation to financial donors is of major importance for non-commercial film companies.

4.1.3.1 Clients

The market of the interviewed companies comprises a wide range of customer relations. They serve equally for the mass and individual market. One company is still in the product development phase, so that they do not have any customer for their prospective mass product at the moment. The interviewees contact their customers personally and also through digital communication devices. More often, however, they produce films for other branches (including private customers). All companies have a high share of regular customers.

Commercial and non-commercial companies are characterised through different customer relationships. For commercial companies, customers provide their main revenue. Therefore, this relationship is pivotal for the existence of the companies. For non-commercial producers, a client relationship does hardly exist in an ordinary sense. Although different clients such as distributors and TV stations exist as customers, major revenues are allocated by public funding bodies.

Commercial film companies which were approached for our research are allocated in the suburban region, by coincidence, whereas the other companies which produce for the art and social sector have their offices in the inner city of Amsterdam. In spite of this fact, the nature of their customer relationship does not explain their locational choice.

How does their client network influence their locational choice? Depending on their size, the interviewed suburban, commercial companies serve different customers at the moment. The self-employed business pursues the development of a proto-type of a new product which is not ready for the market. The missing link to customers allows the company to act as foot-loose company, since it is able to locate at any place during the development process.

The small, suburban commercial company acts as production manager for commercial ads. Its regular clients are large advertising agencies and large companies which are situated in the Amsterdam region. It is strongly dependent on regional customers in the AMA. The region is the centre of the Netherlands for the advertising industry. Although a personal relationship to the clients is seen as a crucial element for the success of this business, a spatially more remote relationship to the customer is seen as possible. The condition is in this case that the production manager carries the burden of a peripheral location which is conceived as a personal organisational problem. Asked about a possible company location in the more peripheral city Eindhoven, the manager answers: "*That is also possible. That has only disadvantages for me, because then I need to travel a lot. But the client shall have no inconvenience of this*" (small advertising film company, suburban area).

The large suburban company which is interviewed in our case study sells an interactive video-learning programme to an international audience. This year, most customers are Dutch due to the good shape of the economy in the Netherlands. Since the interactive video-learning programme is a standardised product which is distributed internationally, the necessity to be present in the inner city of Amsterdam has not been crucial for its success. The companies regularly used the internet as a communication platform with its customers as well as regular conference meetings in the Netherlands and abroad in which its products are demonstrated to prospective customers. A location in Amsterdam or in the surrounding suburban area does not make a large difference to the clients, because they perceive the region and the city not as different entities due to their international background. The relationship to the client is not seen as a crucial reason to locate in the core city by the interviewed manager: "*For the customer relationship, I know that I could better be in Amsterdam... But it is the project context which plays a very important role... It is not the client relationship alone. I think that is a secondary reason*." (large video company, suburban area).

For non commercial film, customers in a classic sense do not exist in the same fashion as in the commercial production process. So it can be assumed that companies are more independent in their locational choice. On the one hand, the interviews underline that customer relationships are not of pivotal importance for non-commercial film companies, because network relations to funding bodies influence their locational choice in a stronger fashion. On the other hand, the interviews with the companies show that an ordinary customer relationship is important for some businesses. One large company which is situated in the inner city of Amsterdam receives their assignments from public and semi-public authorities which often have their office in the region. A self employed music composer who supplies music for documentaries names colleagues as demanders for his assignments, although his most important customers are situated outside of the Netherlands.

4.1.3.2 Information

Information and knowledge are seldom codified in the film business. Journals, books and newspapers as well as electronic messages are used, but they are considered as less important compared to personal contacts. Information is typically distributed as informal knowledge in the form of practical knowledge. The interviewees point out that face-to-face contacts are more common and more popular than the use of new communication devices. Information sources can derive from clients, suppliers, colleagues, experts, branch organisations and other publishers.

Again, differences between commercial and non-commercial companies appear. Non-commercial companies are dependent on information on the future funding policy which is provided by the major funding bodies. Since the funding bodies provide financial assistance and other income flows are more risky and often low (revenues from distributors/cinemas), the activities of the funds gain major attention. All non-commercial film companies emphasise this point: "*Look, the film fund are in Amsterdam. It is in the Jan Luykenstraat. That is near, the stimulation funds is proximate at the Leidseplein. Other funds are also here. And they organise, of course, frequently meetings to which you can pass by. And so you can maintain a certain feeling for the world*" (small film producer, inner city). In addition to that, branch organisations of the film companies such as the Dutch association of film producers invite representatives of different public organisations and ask them about the future funding policy. Although email newsletters exist, personal contacts and personal information from those organisations are seen as more important, because additional personal appointments can be made and the network contacts are more sustainable than anonymous member lists. "*For example, public organisations are very important for what I do. Because it is not commercial, in particular for non commercial producers, public organisations are important. They need to provide you information. I mean, it does not always work perfectly, but in principle you can* *always make an appointment with the ministry*." (self-employed composer, inner city). Formal networks with funding bodies are a crucial precondition for the non-commercial film producers. Since the funds are located in Amsterdam, companies attempt to locate in their neighbourhood. In addition to that, informal contacts are also crucial for the exchange of information and to build up a reputation.

In opposition to this situation, branch organisations are of minor importance for commercial companies. Although the interviewed companies point out that they were engaged in those activities, they are disappointed by their outcome. Neither formal nor informal forms of knowledge organisation are successful to provide information, because competitors often fear to reveal crucial knowledge and resources for the administration of knowledge are scarce. The access to information is often seen as a problem. "*That is a problem for ages. We are always surprised about how it works. The information is in front of the market, isn't it? We have tried for 25 years now, but we do not really understand how it works"* (large video company, suburban area). The information is found in practice, during the interaction with the clients. Often the companies face problems, however, as this example of a newly started company illustrates who is looking for a sales partner: Interviewer: "*How do you get the information about technological development and market development? Interviewee: Yes, that is always a problem. I'm a technical freak... But for sales, marketing and so on I would like to have a partner who makes the same as I, but not for the technical side, for the business side. Somebody who says Martin*[1]*, today we make appointments; we make a folder, a business plan*" (self employed programmer for music devices, suburbia). Although he has had intensive contacts with the Chamber of Commerce, he found no suitable contact person who was able to connect him to a prospective sales partner. In his view, this specialised expertise which is more remote from the core expertise of the chamber of commerce is difficult to find. The other interviewed commercial company agreed that branch organisations which distribute knowledge hardly exist for the film industry. Meetings of branch organisations are rather social events than opportunities to exchange market or technological information.

Apart from formal meetings and formal branch organisations, everyday encounters in the city or during work are also important information sources. In particular for non-commercial companies, this information about business developments and prospective proposal is seen as a reason to locate in the inner city. "*I think, for people who live outside of Amsterdam, it is a little inconvenient. It is a small world, the film world. Of course, it might work. If you are screen writer. Then, you can work with the internet, of course. But even then, you realise the connection to the film world is a little too remote. For instance the documentary producers, they live a little more remote from the city. They have much less feeling for what is going on. They have less affinity. I think that is just because of the physical distance. I think that is strange*." (small company, inner city).

Apart from that financial information, product information is relevant for production companies, too. Before a film is produced, different additional sources of information are necessary. "*For us, it is important that we have the latest knowledge of what is going on in society and in politics. We read the newspapers, but we are also in contact with different*

[1] Name changed.

people who work in different organisations, in social organisations, police, administration, youth work. We invite them for lunch and exchange ideas." (large film company, inner city). Ideas for new proposals are necessary. Information sources at the company location serve as a source for inspiration and information for new projects. "*Interviewer: "So you think, it is important to live with people of different origin in your neighbourhood. Do you receive inspiration from them? Answer: "Yes, I think so. We produced Shouf Shouf Habibi literally round the corner, we made shots there. I have the feeling that we are more connected to society. If I am in the South East of Amsterdam, then I would have a different perspective of the world. Then you use your car, you come from outside the city, you take the elevator to your office and finally you go home again. Then, you would never come to the city. That is a different perspective about your environment. And I surely think that this is important as film producer. That is the reason why I think it is good that I live in this neighbourhood."* (small film production, inner city). Research for the story line is conducted in Amsterdam. "*You always need to get a new topic and to do research. A creative manner to think is always necessary. You never make films alone. You always interact with people. You need to be creative, but with many other different people. Therefore, these are long processes. A painter is perhaps fast. Maybe you work long for a text, but in the film business, you always need much input from different persons. And you work with many organisations which are no filmmakers; they are experts for the content*". (large film company, inner city). A constant interaction with their information network is seen as a crucial precondition to realise new projects. Early access to those information sources allows those companies to bid for tenders and to compete in the mass market for scarce resources.

In conclusion, again the networks between commercial and non-commercial film companies are different. In particular, for non-commercial film producers the location and the crucial interaction with film funds are strong reasons to stay in the inner city of Amsterdam. Since they developed individual new products, they also valuate the inspiration which they get from their urban environment as a necessary input for their work. For commercial companies, the access to branch organisations appears not to be so important, but they often mention problems in accessing suitable information sources.

4.1.4 Recruitment/Labour force

The need of labour and the recruitment of labour depend on the company size. Whereas self-employed hardly mention labour issues in the interview and mostly rely on freelancers, the recruitment of labour and the availability of a suitable labour force is a pivotal point for all other film companies. Films are produced as projects. The number of attached employees and freelancers expands and shrinks depending on the stage of the project. Apart from the film production work, freelancers are also engaged for ICT, layout and other technical activities. Given the time pressure, in which films are produced, the ability of companies to recruit their project team fast is important for the success. *"So we needed to do it very fast and then, we organised it in a cowboy kind of attitude. You have not much time to prepare the film. You need to bring in everything really fast and you should not be afraid of the result".* (F3, small producer inner city). Although the companies tend to rely on persons who they know the specialisation of each project requests different expertise. Therefore, it is necessary to put a new team together for every project. "*That has to match well. Each movie is different. So you cannot use every camera man. But a bunch of people maybe such as production people. Sometimes not even that"* (small film producer, inner city). One interview partner who has produced interactive videos for 25 years with several full time, permanent employees at a suburban location underlines that this form of business is an exception in the sector. More common is that the companies work with a small number of employees (under ten persons) who have a permanent contract and recruit freelancers for the time of the project. The project team increases up to 50 or more persons, then. "*When the movie is ready, everybody toddles off. After half a year, we are working here with four persons. And for the following film you must start from the scratch, nearly.*" (small company, inner city). For the recruitment the managers use their informal networks and ask colleagues about references. "*Interviewer: And how to you reach those people? Answer: We have built up a reasonable network, but we always need to invest in it again. Camera men, sound, graphic design, internet programmers, stagehands, sometimes somebody additional for the production, director. Well, regularly we look for new people. Often we use mouth to mouth advertising. But we have a reasonable team of regular people."* (large film company, inner city). The importance of the local labour market for the film business was underlined in other studies. Scott (2000, 3) observed for the Paris film business: *"In cultural-products industries, the labour market is a key factor in the mobilisation of the specialised cultural assets that are often to be found at particular locales and the deployment of these assets throughout the production system."*

The existence of universities which provide the companies with interns and graduates as well as a specialised labour market is pivotal for this endeavour. In the Amsterdam region not only film academies provide interns for the set, there are also polytechnics which educate for administrative cultural work. Since there are still no formal courses for the production and organisation of commercial advertisements, producers of commercials cannot rely on university graduates in the same manner. "*But for the production of commercials, there are no real courses. There are, for example, courses for the production of movies, and so on..., but those students know a little about the production of commercials. That is a specific sort of sport. That I would say"* (F2 small producer, suburban area).

Non-commercial companies which can rely on different levels of education with different specialisations at universities and polytechnics in their field tend to maintain continuous contact to those higher education institutions. For other positions, the companies also tend to bring their network together on a regular basis, because they want to maintain the contact with prospective employees and freelancers for the coming projects.

"In terms of personnel, the network with my colleagues is the most important part. Because I always see them first. Surely, I ask them [neighbouring production company] first, how it worked. And with some interns, it happens as well. If we have no use for them, then they work at the [neighbouring production company] or they work somewhere else". (small advertising film company, inner city).

The personnel are often recruited from Amsterdam. "*That [residence proximate to company location in Amsterdam] is true for all persons who work here. They are selected on the grounds of their performance. In spite of that criterion, they all live here."* (small film producer, inner city). Some companies even make an active selection for practical reasons. Firstly, long commuting times reduce the available daily time budget of the hired camera men, for example. Secondly, the companies appreciate the embeddedness of their employees in the local field of knowledge which allows them to work more effectively. In the suburban area, an interviewed company underline the same reasons for its locational choice. In this case, however, the aims are to access additional urban labour market outside of Amsterdam and avoid long commuting times. In contrast to the other interviewed companies, the company produces a more standardised product with permanent employees. For the recruitment, they do not use their personal network. Since they do have less time constraints, they can use internet ads at web pages of branch organisations.

4.1.5 Location factors (hard and soft factors)

The location of the companies is mostly influenced by the residential location of the company owners. Asked about their locational choice, all interviewed companies pointed out that their companies are situated proximate to their home. This choice was made to avoid long commuting times between home and office which was seen as an addition relieve to cope with the long working hours in the business. A central location in Amsterdam is also seen as a starting point to communicate to colleagues, employees and to relevant funds. In one case, this choice of location is not seen as a rational choice, but more seen in term of everyday convenience. A second group points out that family commitments caused a move of their office to their home location or in neighbouring houses. The birth of children often motivates the company owners who live in the suburban part of the region to pursue this step.

Apart from these reasons, several other reasons are mentioned, but they are seen as less important. Depending of the company size, several factors are evaluated differently. Merely large companies talk about the accessibility of the office for employees and clients, available parking space and access to public transport system. The rent level is also only mentioned by larger companies in the inner city of Amsterdam. In the following, the importance of hard factors are discussed:

The **accessibility** of the company is only mentioned by the larger companies in the inner city and in suburban locations. Since clients, employees and partners often come to their office, proximate and sufficient parking space is relevant. The public transport system, however, is seldom mentioned by the interviewed companies. Two of the suburban companies (self-employed and small) do not receive visitors at their office location. They either communicate via internet or steer to their client's office.

As mentioned in part 4.1.3.2, the **existing public organisations and social infrastructures** are important location factors for non-commercial film companies in particular, because they obtain larger parts of their revenues from those sources. The proximity and network opportunities with public funding organisations which operate often their national office from an Amsterdam location are a pivotal point for the locational choice of the companies. A similar feature was also reported by Scott in Paris (Scott 2000, 12ff). In addition, higher education institutions which offer various courses for different occupations in the film business are seen as other important location factors, because they supply the companies with labour, in particular interns and graduates. Finally, one company which makes films about social issues in Amsterdam and the Netherlands points out that the presence of the public administration and social or health institutions allows them to cover those subjects in Amsterdam, since they need the expertise of the public servants and persons working for social welfare organisations. Although the presence of higher education institutions was also mentioned by a commercial video producer, the representative of a production company for commercials explains that the commercial advertising sector is still independent from public social infrastructure, since no higher education institutions exist for those activities.

The availability and the price of **office space** are seen as an important point by larger companies in the inner city of Amsterdam. Both film producers explain that high financial risks are involved in their productions and that they are sensitive towards high rent levels. Both point out that the cheap rents were one of the important aspects which made them select their company location. When both companies were established, the company environments did not have a positive reputation in Amsterdam. One company was even effected by burglaries. Since they make movies about juvenile delinquency, they conceive security problems not as a constraint. Both mentioned neighbourhoods have been continuously improved due to local government action and measures of the housing associations. Since this development towards gentrification pushes some fellow companies out of the quarters, they judge this policy critically.

As a last hard factor, the importance of **agglomeration economies** should be mentioned. As described in part 4.1.3, the networks to clients, partners and suppliers in the Amsterdam region is vital for most of the interviewed businesses. Although the majority of the interviewed companies had also important national and international linkages to customers and partners, few small commercial companies merely depend on local clients. The evaluation of their company networks underlines that different connections between the companies and the AMA exist.

In relation to the **soft factors**, features such as attractiveness of the housing environment, quality of life, leisure activities and sub cultural scene are hardly mentioned in the interviews. Instead several issues which address the working atmosphere and the reception of their products are mentioned as well as the importance of the social environment as a source for information and inspiration. Reasons for this might lie in the reluctance of the interview partners to talk about their personal preferences, because they don't often conceive them as relevant for their businesses. An example can illustrate this. When asked about the importance of a tolerant atmosphere, the interviewee immediately responded: "*For the company it does not matter, but I think that's gorgeous.*" (small advertising film company, suburbia). Those answers indicate that the research methodology needs to address this problem more directly. More open forms of interaction between researchers and interviewees should be found which also are able to articulate subconscious and economically less acceptable decisions about the location pattern.

The social **diversity** of the neighbourhood of their companies is seen as a source for inspiration and information by small and large production companies. This includes interaction with the neighbours as well as with the neighbouring companies. "*That we are still [after concrete moving plans] here in the neighbourhood has something to do with the* *atmosphere. The whole [neighbourhood] has changed, of course. I mean, the local movie theatre is also here. That is financed by us, the local film companies which are situated here. We pay the rent, and they show the movies. And those are real art movie films. That has a real neighbourhood function*" (small film producer, inner city). Although a vivid neighbourhood brings sometimes disadvantages and unrest to their business, the Amsterdam companies choose for those locations in spite of the disadvantages. "*... many people are here because of these facilities [adjacent sport school and movie theatre]. So the toilet is dirty, the gangway is dirty. All those things why we thought that we need to move. But this element, I think it is actually really convenient. That I thought always. It is more vivid. There is a bigger diversity. That is a stronger dynamic*" (small film producer, inner city). Instead to avoid difficult neighbourhoods, the companies put the disadvantages in relation to the advantages for their businesses. *"At this time we were busy with youth culture, and the problems young people have. They cannot feel anywhere at home. We thought that [juvenile delinquency and burglaries] does not matter. Then we face the criminality. We had the feeling that we can relate to the environment... Gorgeous, the ships come down the canal. That is a fantastic place. Really inspiring. We immediately contacted our neighbours.* " (large film company, inner city).

The production companies use the diversity of Amsterdam society as a laboratory for their work. They find a rich diversity of phenomena for their movies which they can introduce to the audience. *"So we use Amsterdam as a kind of trial field. That is quite easy. And we can rent cheaply, we have no commuting, and we have a large network. But our movies are shown in the whole country*" (large producer, inner city). The opportunity to discover different worlds within the city and to introduce and translate these worlds to and for a general audience, is also a big motivation and fulfilment for the producers. "*The best about movie making is the fact that you can dive into a subject, meet other people, get to know other worlds. Well, we do that often. Also we get the joy of new discoveries. We would like to give these encounters to other people, apart from the films,* " (large film company, inner city).

The atmosphere in Amsterdam also motivates a suburban entrepreneur to dwell about his suburban location. "For the connection to the customers, you better are in Amsterdam... It is the production context which plays a very important role... If I start over, I would not think about it, I would start in Amsterdam... That is the place to be, but it is difficult to say why? You can name different reasons and they are really interesting. Research reports which analysed the opinion of companies always name them. They did interviews with companies just like you do it with me now. Then they get 40 different opinions but this is disappointing. If I think about it, I give you now some reasons. Sometimes the people do not even know it. In economy, we know that feelings play an important role how people make choices" (large video company, suburban area). Although Amsterdam is seen as an ideal location, the business operates successfully from a suburban location due the proximity to the residential location of the owner.

In conclusion, the hard factors are for the film companies far more prominent than the soft factors.

4.1.6 Image of the city: The sector and the city, the position in the national and international scenario

In part 4.1.2, the spatial division of labour between the different sub sectors and between different cities in the Dutch film business was shown. In this part of the chapter, the reasons for such a specialisation are introduced. The statement "*Amsterdam is the place to be*" is repeated by all respondents independently. They see it as advantageous place, because there is the highest concentration of customers such as advertisement agencies for commercial producers, film funds for movie producers, public clients for documentary producers, consumers for electronic devices and a high density of film companies which are prospective clients and partners. Amsterdam is internationally known in their opinion and it has a distinctive image for international clients. Secondly, Amsterdam is conceived as the home for most persons who work in the film business or in advertising. Therefore, it is not only a favourable place to find clients and partners, it also has an attractive image for young people who enter the film business. Thirdly, the high concentration of cultural amenities in the city compared to the situation in the remaining country attracts creative persons who want to use those amenities. Since all interviewees work in Amsterdam related businesses, their opinion and knowledge about Hilversum is presented as an antipode. Both business communities are described as "*separate worlds*" (small advertising producer, suburban area) or even "*closed shops*" (self-employed composer, inner city).

Although this positive image exists, everyday experience is described in a different manner. Since there is no support for film producers like in Rotterdam and conditions for the production are difficult in the city. The image as production place is rather negative as one producer states. The city is described as "arrogant' and "reluctant to approach" film producers (small film producer, inner city).

4.1.7 Role of local government

The film industry is not only supported by the local government. Many measures are also implemented by the national government. This is especially true for non-commercial films. As mentioned before, the non-commercial companies receive larger part of their revenues from public funding which is mostly negotiated at the national level, but it is presented to the companies in Amsterdam. Although those resources are viable for some companies, not all companies depend or make use of them. In contrast to those direct measures, all government levels pass regulations and administer resources which indirectly influence the film companies. Before those indirect measures are discussed, the evaluation of direct subsidies by the interviewees is presented.

Some non-commercial companies received direct government subsidies. Another non-commercial business makes no use of funding bodies, but it works for different government organisations which act as its customer. The commercial companies rejected the idea of receiving direct support, because they conceive it as distortion of market forces, and they are opposed to the close controls which are related to public financial supports. For the non-commercial companies, public subsidies are important revenues. Compared to other countries, one interviewee explained that revenues from cinemas are smaller in the Netherlands, because

Dutch consumers visit cinemas less often. Compared to larger national markets, the market for Dutch movies is small. This results in a maximum budget of 2.5 m € for Dutch productions which can only be increased by attracting international revenues. The allocation of subsidies is mostly connected to conditions that the revenues are spent in the country of origin. That leads to increasing organisational expenses for the additional coordination of an international production.

The general aims of these funding policies are not criticised by the interviewees, but the interviewees also point out by drawing on the example of Finish innovation policy that public organisations can make an important contribution towards the situation of national companies and should not be seen as an investment without returns. In general the competition between the producing companies is high due to the limited budget.

In addition to those direct subsidies which are decided on the national level, the interviewees use also indirect subsidies of the local government. These are commonly: cheap rents of the local housing locations, and office space in 'broedplaatsen'- project. This project which is funded by the municipality tries to make cheap working space available for starting creative companies. Public conferences of the chamber of commerce are also mentioned, as well as services of the Rotterdam film commissioner. In addition, the interviewees make an array of proposals which address the level of the local government. Compared to Amsterdam, Rotterdam implemented an active economic policy to attract multimedia companies. The city employs a local film commissioner who manages the needs of local productions. It provides a fund for local productions and tries to attract multimedia companies. Those measures are seen as a model for Amsterdam. The public administration of the AMA is seen as less active and less welcoming for the needs of film companies. The support of film festivals which were established on grounds of private initiatives is also seen as a possible measure to support the film industry.

Most of the interviewed companies which are not directly dependent on public subsidies for their enterprises also mentioned different measures. These measures mainly address the local scale. The first group of proposals aim at the management of public assets. Thereby, faster and less complicated applications for film shoots on public grounds are listed, as well as the importance of the 'broedplaats' programme for cheap production spaces for the creative industry, and stronger direct advertising of business programmes of the chamber of commerce, and other semi-public organisations which address the need of start-up companies.

The second group of proposals refers to policies. Here the positive outcome of an active regional development policy is underlined which attracts large advertising or internet companies. Referring to Stockholm, the collaboration between internet business and advertising agencies is seen as a possible policy option. Active policy which takes the appearance of new distributions channels such as the internet into account is seen as a possible development. Similarly, the reluctance of public organisations to use films as small for their PR, is seen sceptically, since the number of possible orders is reduced by this trend.

Some proposals address the local and national level at the same time. The important role of higher education institutions was underlined in this case. An EU-wide exchange agency for common European production is recommended as a final proposal.

4.2 Web-design

The ICT market in the Netherlands is one of the most advanced in the OECD countries. The Netherlands ranks fourth of all OECD countries in terms of the internet penetration of private households. Nearly 70 % of all households subscribe broadband services and more than 80 % of the population has internet access at home (OECD 2007a, 130ff). Although the level of maturity is high in this country, is it often difficult to identify the exact number of web-design companies. Web-designers tend to operate from different sectors. Apart from single articles, the literature on this sector is still scarce (exception: Prattet al. 2007)

Web design is seen as a footloose business, since the producers can use the internet for communication. The examples of Russian, Indian or Chinese web-designers which host the websites of American companies are well known (cf. Pappenheim 2003; Fromhold-Eisebid and Eisebid 1999, 2003; Xiang 2002; OECD 2007b). In spite of that, the number of web-designers has been constantly growing in industrialised countries. Three reasons are often named: the small size of many customers in the industrialised countries, different cultures of designing, and the need to communicate between customers and suppliers which is more demanding for off-shore production.

4.2.1 Overview of the interviewed firms

Some company founders started as programmers, others as graphic designers or consultants. This situation is also mirrored in our sample. The interviewed company owners have started as artists, accountants, programmers, event managers and graphic designers. Web-design is a relatively new sector which has developed in the last decade. Five out of the eight interviewed companies were founded before the dot.com crash, three in the last four years.

Table 4.2 - Interviewed web design companies

Size	Location	Function of interviewee	Turnover in 1000 €	Employees
Self-employed	Inner city	Owner	20-50	-
Self-employed	Inner city	Owner	50-100	-
Small companies	Inner city	Owner	100-500	2-5 full time
Larger companies	Inner city	Partner	2,000-5,000	20-50 full time
Self-employed	Suburbia	Owner	1-20	-
Self-employed	Edge of suburbia	Owner	20-50	-
Small companies	Suburbia	Partner	20-50	2-5
Larger companies	Suburbia		no information	20-50

Source: Own data.

Due to their different size, their turnover varies between several thousand Euros and some million Euros. Some interviewed entrepreneurs employ no other persons. Starting with one part time intern the number of employees goes up to 40 persons. Some companies provide long term internet services such as web-hosting, other are mainly oriented on short term projects such as webpage design. If they offer web-design, they are more often flexible in their work and they can put in their own creative ideas. Web-hosting, however, is more related to technical standard work. Most of the interviewed companies have permanent customers. One company is active as a consultant for web-related services. Since its activity intersects with two research sectors of this report, its situation is included in both chapters (web design and consultancy).

4.2.2 Typologies of networks

4.2.2.1 Clients

The activities of web designers are theoretically less space-bound, because the internet allows everybody to access the websites independently from any spatial constraints. In spite of that fact, the design of websites might demand a close spatial relationship between customers and suppliers. How is the network between web designers and customers structured in the case of the AMA?

The spatial relationship between the interviewed web design companies and their customers depends on the way the companies acquire their customers. Some small and small companies in the inner city of Amsterdam and the suburban part of the region access their customers through personal contacts. A company which produces for publishers gives an example here: "*In Amsterdam you have several big publishers. Various people work there and they know each other from parties and other occasions. Everywhere people are made redundant, quit, go away. The best people usually go away from publishers and they seek their salvation in their own business. They all keep in touch.*" (self employed, inner city). Some self-employed and small companies have close business relationships with their partners who provide them also with customers. *"My partner implements accountancy programmes for dentists. When they need a webpage, then he recommends them to me"* (self-employed, suburbia). The personal contacts are often bound to the AMA. Less often they are related to other residential spaces where company owners and their partners lived before.

Professional organisations can also be a source for clients. Some small companies also report that they build a network. Their initial aim was to exchange information. In between it has also become a source to access customers. "*I'm also a member of a business development organisation of 20 entrepreneurs. We exchange information. We organise study trips and we exchange information a lot. That is also a very useful network, because there are also larger clients. There are also clients who need larger numbers of domains or an auction site for a small activity. Many clients come to me through this activity.*" (web consultant, inner city)

This strategy which relies on personal contacts as a main source of customers is confined to small businesses, which have a limited capacity of working hours to offer to their customers without taking on personal. Instead of recruiting employees, they rather form a network with partners to process common projects together.

Not every small company approaches their customers through personal contacts. More often they use strategies which are based on the internet. That can be simple banners on Google-run pages. "*I can be found via Google. I had a period in which it was a little quieter. Then I used Google ads. Those are ad banners which you can see on the right side at the top. You can compare them with a water tap. You open the tap and then you get orders in and then you close it again, if you have enough. That works so perfectly, but I do not know, if this is still the case. I did not use it for quite a while, because the orders come in so fast."* (self employed, suburbia).

Other companies organise platforms or web pages on a particular subject which is related to the sectors to their customers. Through these platforms they gain attention of their customers and then, they are able to offer individual web pages which are more specialised and long term contracts. "*We have thousands of clients through our portal. These are all small companies, but also large companies like the A-Hotels or B-Hotels and all the well known other hotel chains. And there is an atmosphere of trust. So you can start easily. You say: 'We do this and that, and we do in a good manner and that is because of that. I looked at your website. Don't you think it, is time to make a website?' So the way to the customer is shorter. Interviewer: So the website is a kind of shop window? Answer: Yes, as a tool, yes."* (small web company, inner city). Short assignments like the construction of a web page are often followed by long term service contracts like a continuous update of the constructed sites.

If those internet-based contact strategies are used, the communication between customers and the interviewees is often exchanged exclusively through digital communication per email. A first initial personal meeting with the customer is common. After that the customer relationship is mostly maintained by email.

The customer network of larger companies expands through the whole Netherlands. They provide platforms or build internet shops for large companies outside their sector. In this case, there is hardly any interlinkage between their company location and the location of their customers.

Both small and large companies portray the Amsterdam market as more specialised with more demanding customers. Amsterdam businesses request a higher quality and a detailed consultation. "*Talking about the local market, the SMEs market is also very large in Amsterdam, of course. There are many companies that want to use the internet in a more professional way. They do not have the knowledge on how to do this, contrary to large corporations, and that is an opportunity for us. In a superficial selection process, our company name will not come up, but due to our approach and due to our contacts on which we build, we will attract local customers. Therefore, we experienced that a regional presence is important"* (web consultant, inner city). *"It [Amsterdam] is an important place, but the clients are in the whole country. You have different segments in our business. We are in the higher segment. We do business with [large retail companies]. And you have a bunch of companies which work in the lower segment with the SMEs. All those companies which want to have a website. I do not know so much about them, but there are hundreds of companies in* *the whole country. For what we do, there are some large players. They are located in Amsterdam, Rotterdam, Delft. In Zwolle is also one. Amersfoort*". Asked about the advantages of an Amsterdam location for his company, he continues: *„But if there is something important, then it happens in Amsterdam. All our large clients have their head quarter here. So this is the place to be. You can also recognise this, if you look at our competitors which were situated somewhere in the country and now open branches in our neighbourhood to maintain the contact to the market."* (Large company, inner city)

Large companies mention that branch organisations are often useful to create trust, since the members of the organisations agree to a certain codes of conduct. Whereas two organisations for internet professionals are situated in Amstelveen (IPAN, PIBN), another organisation which certifies web traders is located in the eastern part of the Netherlands (Thuiswinkel.org). The first can be characterised as network-organisation for acquisition too, and their presence in the AMA allows companies to attract customers more efficiently.

In conclusion, the client networks determine the location of web-design companies less strongly than in other sectors. The companies profit from overall economic structure in the AMA which demands more specialised services. Since the web-designers serve customers in the whole country, their businesses are less interlinked with the AMA than in the film or consultancy sector.

4.2.2.2 Partners

The network to freelancers and partners mirrors the structure of the customer network a little bit, although there are some differences. Not all companies work together with external partners and freelancers. Some are able to provide all services in-house, because they are able to rely on other family members who offer complimentary services. In addition, security issues and sensitive technology were named as further reasons to avoid collaboration with freelancers. If companies approach their customers through personal networks, they are more likely to use personal relationships for their collaborative freelance network, too. Then their connection to external partners and freelancers is often located in Amsterdam. National networks are also very common. One company even reports an international outsourcing partnership. Recruitment platforms such as freelance.nl are equally often used to establish the contact to new partners.

The use of freelancers is very common in the sector. The dot.com crisis was a reason for one small company to change to freelance labour, because then, they are not confronted with increasing salary bills in difficult times. "*We had this experience that we had several dozen people in permanent positions. Then the market changed. First we tried really hard to improve the situation. Finally you need to pay the leaving employees something, although there is nothing in the cash box. So I decided that I never do it again in this way. Now everybody works on his or her own account*" (small web company, inner city). Other companies use freelancers for tasks outside their core business such as graphic design. The companies describe those business relations with freelancers as unstable and weak in the beginning, since they are not able to evaluate the quality and the reliability of the work of new freelancers immediately. Later on, this relationship becomes more stable, and they consider them as part of their permanent network.

4.2.2.3 Information sources

Internet technology has been established within the last ten year providing open access to many knowledge resources. Equally fast has been the development of its technology. Therefore, it is not surprising that web designers access most of the needed information resources through the medium itself and use the various platforms. *"For 90 percent of the information, we access from the internet. In this respect, the world is open for us."* (large company, inner city) The information is mostly accessed on an individual basis. Compared with other sectors in which schools, universities or branch organisations offer a large part of the knowledge, web designers describe themselves often as autodidacts who individually teach themselves the latest techniques. Educational institutions in which a large part of the knowledge is created and distributed are of minor importance in this sector. Thus, learning communities are less place based.

Information about the market development of web-design is also acquired through the internet, of course, but the interviewees describe that journals are used, too. *"For market development, I read computer journals. That's the way, I keep track of that*" (self-employed, suburbia). In this realm, associations which are based in Amsterdam are also seen as a source. Apart from networking, information about the handling of projects and legal advice are part of this interaction. *"Meetings are organised where we sometimes go to. There you can exchange information. That is handy. If you are interested in the general conditions of sale, come and see how the others approached it. Generally it is also for your clients a sort of reference which organisation you are a member of. Sometimes this generates trust*" (large company, inner city). One respondent even pointed out that he set up a network with colleagues to discuss market conditions and get new projects. The use of those information sources is related to the degree of specialisation. A business location in Amsterdam is seen here as a suitable starting point, because various information is accessible in the city. Ad-hoc workshops which have the character of business dinners are also named by another responded as a strategy to tackle appearing problems. *"We ask others for advice. We have different working groups for which we invite people to talk about specific problems. Then we offer them a nice bottle of wine and something to eat. And everybody contently returns back home"* (small web company, inner city). Less common seems the paid use of professional consultancies as an information source. Another unique case appears to be the case of a web-publisher who merely used his network relations to colleagues and clients to keep track of the latest developments. Since a large part of his work is still related to book-publishing, his situation might differ from the remaining colleagues.

Special meeting places for regular information exchange are not named by the interviewees. In contrast, they point out that the diversity of cafes, restaurants and other meeting places in Amsterdam provides an excellent environment for individual use.

Being asked about their information sources some companies surprisingly explain their strategy to be visible for customers. They describe their strategy of advertising. It appears that this outgoing information flow is of larger importance in the everyday business than the opposite flow, the inflow of information.

In conclusion, web designers relate seldom on place related information sources. In single cases, however, there are important for their business development.

4.2.3 Recruitment/Labour force

The density of labour networks differs between freelance workers and employees. Although a specialised regional labour force is of minor importance in the opinion of the interviewed companies, the contact to higher education institutions is often used to recruit new staff. Either this is organised by the employment of interns or by contacting higher education institutions e.g. through sponsoring. Since web-design is a new branch, only few specialised education programmes exist and learning on the job is a common feature. Thus, neither educational degrees nor the content of programmes play such an important role as in other occupations like law. A second strategy to recruit labour is to give employees incentives to recommend their fellow students, former colleagues or friends. In other words, the recruitment of employees relies strongly on networks either to educational institutions or of the employees. In this way, it is connected to the region. The companies do not mention the recruitment of experienced work force.

The recruitment of freelancers is more diverse. Some, small companies rely on their personal networks to find freelancers. Other use internet platforms like freelance.nl to post job ads. In this case the freelancers are distributed in the whole Netherlands and the network is less locally bound. As said before, new contacts are less stable, because the quality of the delivered work is unknown. If the quality of work fits certain standards, the companies are interested to maintain the contacts. As a result, the working relations are more stable in later stages of the collaboration. The use of freelance personnel is motivated by the opportunity to access specialised expertise, to cut down costs, and to avoid financial commitments in difficult economic situations. Self-employed can either choose to expand their business and to take on employees, or rely on other freelancers and collaborate in larger projects.

Larger companies point out that their employees value Amsterdam as a living environment (see following part 4.2.5). A location in the AMA facilitates them to gain labour more easily, since the AMA is the favourite residential location of their employees. The friendly working atmosphere operates as a motivation to choose the company (see below).

4.2.4 Location factors (hard and soft factors)

In web design, most company managers point out again that the company location is related to the homes of the managers and employees. Most interviewed managers are either raised in the Amsterdam region or/and studied in the area. Some moved to their partners who grew up in the region. Only one manager commutes everyday from a westerly community to his office in Amsterdam, but he feels a strong personal attachment to the city. All owners of self-employed and small business in the suburban region moved to their current location within the last two years. The personal ties to the region give a strong explanation for the locational choice of the companies.

Of course, other location factors are mentioned too, but they are not named first. As described for the film businesses, the evaluation of location factors strongly depends on the size of the company, although the differences are not as prominent as for the film companies. Access to transport infrastructure is not mentioned as often by small companies as by larger companies, since small companies often visit their clients at their offices and employees do not commute in. Starting with the hard factors, the other mentioned location factors will be discussed in the following.

Hard factors

Accessibility for clients and employees/freelancers is often mentioned. Larger companies, in particular, describe that a central location which can be accessed by car is an advantage for their business. In our interviews, car friendly access was mentioned more often than public transport connections. The large companies in Amsterdam also report a good access by train and bike which is convenient for their clients and employees at the same time. *"Interviewer: How important is the infrastructure? Answer: That is obvious. I mean, you turn off from the motorway and you come from outside the inner city to us. This is convenient for the employees and the clients"* (large company, inner city).

Smaller companies, mostly in Amsterdam, describe that they visit their customers and partners more often than they get visitors. A central location in Amsterdam allows them to contact and transport products easily and time-effectively. *"I live in the centre of Amsterdam where most of the publishers are located. I take the bike and within five minutes, I'm where I want to be and can fetch something. Five minutes later, I'm home again"* (self employed, inner city). *"For me personally, Amsterdam is the best company location, because you can escape the traffic and you can get along in the inner city easily. For people who come from outside to us, we are situated little more inconvenient, but this is not often the case."* (web consultant, inner city). Two small and self-employed entrepreneurs who are situated in the region hardly communicate with their customers personally; so traffic connections are of minor importance for them. Self-employed who are located outside of the city do not avoid personal contacts in general. One web designer who has also family commitments underlines that clients visit her home office which relieves her time budget. The web entrepreneurs located outside the region are happy to underline that they avoid large commuting times and traffic jams by the use of the internet for communication and by inviting clients.

Compared to the interviewed film companies, larger web design companies in Amsterdam give the office building and its environment a larger attention. The standard of the buildings as a modern building with air conditioning is mentioned for example. *"Before we were located in the [western grachten belt]. That meant, of course, less space, no air conditioning, no parking space. Now we have a parking space, a modern office building. That is the most important reasons. And it is a nice location, too"* (large company, inner city). The standard of the building is also related to other factors like the centrality of the location and qualitative factors, as we will see further below. The rent level is not seen as a burden by companies in Amsterdam. The interviewed web designers in the region who are mostly situated in Almere underlined that they are able to rent a larger home and office location there. This was a strong incentive to select the town.

Of course, the quality of the communication networks is mentioned by all web design companies which were equally content with the density of the network in the Netherlands at the moment. *"Broad band is very important, of course. Well, that is provided in the whole Netherlands now"*. About the future development the following quote represents an example for all interviewed companies: *"Yes, the super fast glass fibre, that is enough for the moment. Now there are still only a few websites with streaming video. And even then, broadband is sufficient. So, if you want to download films, if you want to work with those tools, it would be more interesting. But for the following five years, broad band should be sufficient, I think"* (self employed at the fringe of region).

Public social infrastructure such as higher education institution, schools and kindergartens is not put to the fore in the interviews with web-designers. As described before, the qualifications of web designers do not derive from formal education, but through training on the job and self education. The educational institutions are often seen as contact points for prospective employees or interns, but the expected quality of the prospective employee is more judged on the basis of their motivation. *"Interviewer: Are there important educational institutions which are important for you? Answer: Well, it changes still. I mean, we are not so much oriented on degrees. If there is somebody who is really enthusiast and who wants to learn something, that will be more important than the fact that somebody graduated from the media academy and achieved certain credits."* (large company, inner city).

The absence of child-care infrastructure is underlined by a female entrepreneur with children. Although she describes that she selected this form of working, because it gives her enough space to arrange business and family commitments, public authorities seldom take her situation and her needs into account.

Tax issues are seldom seen as a strong location factor. Small self-employed entrepreneurs point out that they appreciate tax regulations for small businesses. All companies mention that they are not receiver of any subsidies.

Soft factors

In the interviews with the web designers different soft factors are mentioned compared to the film and video companies. The quality of life and the work environment are seen as a crucial points. Of course, this varies between the different locations in the AMA. In Amsterdam, the liveliness of the urban environment and the beauty of the architecture is pointed out, and it is seen as a source for inspiration.

Some managers indicate that the soft factors even overweight the hard factors in the view of their employees. *"Yes, the reason why people work here is related again to the city Amsterdam. They do not come, because they get a nice leasing car. But because they want to work at a place with young people, which is nicely situated in the inner city. This is our advantage. Either you choose between a good salary and a leasing car, and you are in Almere or you want to work in the city and you take your bike to work"*. (large company, inner city). The managers themselves also underline the importance of their working environment: "*Amsterdam is, of course, a really convenient city for a company location. Therefore, we are there, next to the Amsterdam studios which are the oldest studios in*

Amsterdam. We are in a really cool office which is designed by young architects. If clients enter the building, they will say: From outside it does not look special, but inside it is a really cool location and that is important, of course". (small web company, inner city). This quality of place is seen in contrast to other suburban places. *"If you make your fling from your secure home harbour, then it is gorgeous – if it doesn't take you ages – then it is gorgeous to be in a more inspiring environment rather than in an horrible environment such as Hilversum [suburban town], for example"* (small web business, inner city). A vivid urban environment is seen as a good change to escape everyday routines. *"The location speaks for itself, and that is why we do not want to move. They [employees] are people who sit the whole day in front of their screen. So if you can offer them a view into the world, then you will be perfect here"* (large company, inner city).

In the suburban region, other soft factors are described which are more related to the quality of suburban life. The advantages and disadvantages are portrayed by one respondent as follows: "*This is a neighbourhood with detached houses. You don't find anything in terms of shops or schools. We have a post box, but then there is nothing where you can go to. It is more a vacation feeling. You can cycle everywhere. We needed to adapt to that, but it is gorgeous. Everybody goes with his or her slippers to the outside. And many walk their dogs*." (self-employed, suburbia)

The decision which factors are important for a successful business is also influenced by personal needs. Two freelancers who work in the suburban area can illustrate this. It is an example which also gives some insights how soft and hard factors compete with each other and what are the rationalities of those decisions. Whereas some freelancers point out that they miss the interaction with colleagues and friends in the office and the cafes, other underline that they are happy to work on their own. *"Yes, I can imagine that somebody says: 'You rather want to work with colleagues. You want to have interaction with your colleagues.' But when I concentrate on something, then I want rather not to be disturbed. Let me work. So I do not need to be bothered with that.. I do not feel locked in a small world. The interaction with colleagues is not so important, because I need to concentrate on my work. I do not have the time, simply"* (self employed, suburban area).

The neighbours of the self employed web designer who work at their suburban homes, however, lack understanding for their situation. They feel a larger social control and a less welcoming atmosphere. The neighbours who are familiar with a normal employment easily misinterpret their presence at home as a period of idleness.

Compared to film companies, web designer discuss their company location less in terms of subculture, diversity or inequality. Rather they point out the quality of life for the individuals and the attractiveness of the company locations. In the region, the leisure and the environmental value of the surrounding area were seen as important factors.

4.2.5 *Image of the city: The sector and the city, the position in the national and international scenario*

The image of Amsterdam which the interviewed companies perceive has been already described (see above). Asked about the effects of the image on their business activities, the companies in Amsterdam and the region are modest in their judgement. A typical answer in this respect is: *"Interviewer: Do you think that the image of Amsterdam has an effect on the reputation. Interviewee: "Of specific persons? Interviewer: Yes, of specific persons. Interviewee: For me not, for example"* (self employed, inner city). This answer is given independently from the company location. So the address of the company seems to have no influence on the conception of the company. Other factors seem to be more prominent in this respect such as reputation, trust, established network connections, references of former projects.

The web companies in Amsterdam, however, are portrayed in a specific manner by regional competitors. Firstly, they are seen as leading in terms of innovation and content. *"Interviewer: how do you conceive the Amsterdam region in relation to web design, web hosting. Do you think it happens here? Answer: Yes in my opinion, yes. Interviewer: Is it leading? Answer: In my opinion yes, general in the internet business."* (suburban small company). Another suburban entrepreneur confirms this view, but he also adds what consequences this reputation can lead to: *"Yes, I can imagine that this emanates, if you are an Amsterdam web design office. Then people think quickly that is a trendy and modern office. ... But if you look a little closer, that is nonsense. If you sit at the Herengracht [central, prestigious and expensive inner city location], then this can mean two things. Either you are good or you are expensive. Often it is both, but often the latest."* (self-employed, fringe of the suburb)

Apart from those symbolic impressions, Amsterdam is the node for ICT infrastructure in the Netherlands. One important backbone is located in the core city which brings together several international networks. Recently, parts of the city are provided with glass fibre connections. Compared with other European countries, the network infrastructure is faster installed and the consumers make a larger use of latest communication technology such as broadband. So the companies conceive this environment as an asset for their business. Furthermore, they point out that many specialised SME companies and that one of the most important national companies are located in the region. This allows a fast interaction with companies from other sectors. For example, branches such as advertising and publishing which use the service of web companies regularly are concentrated in the Amsterdam region.

The main business is still executed on the national level. International contacts are not often reported. One company which also runs an office in Berlin was rather sceptical of the Dutch market. *"We have an office in Berlin. You have there 80 million people. If you compare the share of unique visitors with the share of the same company in the Netherlands, there is a gap in the Netherlands. That is, because in large cities people use the internet, but in rural areas apparently even more. No idea, but Netherlands is one and a half, two years behind. You can also see this in the reachability of the internet ads, because they say that paper ads are still more important than the internet. The internet is still a strange phenomenon"* (small web company, inner city).

4.2.6 Role of local government

The influence of the local government on the activities of web-designers is comparatively low. All companies have not received subsidies since their establishment. Only one company applies for research and innovation oriented funding. In general, companies do not articulate any expectation to receive government expenditure.

Indirect support, however, is welcomed by the companies. Mostly this relates to modern infrastructure such as glass fibre networks for a fast data exchange. Some manager points out that a suitable policy for internet business is important, that the internet should be recognised for public relation tasks, and they underline the importance of public organisation as consumer of web-related services. Small companies mention the usefulness of network meetings as a possible support measure which would allow them to contact neighbouring businesses as well as schooling to keep track of the latest technological developments.

4.3 Games industry

The games industry is said to be a young sector, but the existence of game companies dates back to the 1950s. The breakthrough of the sector is strongly related to the development of computer and other hard ware devices (Izushi and Aoyama 2006). In the AMA, game companies also develop digital games for different devices and technologies at the moment: Console games which are technically the most complex games, and they are run on special console devices. Usually the games are distributed to the consumers by game publishers to whom the game companies sell their game. Furthermore, game companies develop games for computers, for the internet and mobile phone. These games are increasingly used as part of advertisement campaigns either on an internet site or on mobile phones.

4.3.1 Overview of the interviewed firms

Game companies develop their products as parts of advertising campaigns, but they also sell them as software. The total number of game companies are difficult to identify in the Dutch statistics at the moment, because they appear in the same category as web designers and software developers[2]. We mainly used an online database of the chamber of commerce (Kamer van Koophandel) to find interview partners[3]. Within the software branch[4], we identified companies that are active in the games sector. We also used a website which was set up by a branch organisation[5]. Although we wanted to follow the general research guideline, it was not possible to find a company in the size category ‘small companies’ (2-5 employees) in the suburban area of the AMA. We asked the interviewed companies during

[2] After 2008, a separate code will be given to game companies in a new statistical classification of economic activities (SBI 2008).

[3] Kamer van Koophandel: http://www.kvk.nl/, accessed in February and March 2008.

[4] NACE code 7222.

[5] http://www.gamesindustrie.nl/; database for the Dutch gaming industry: accessed in February and March 2008; platform for the Benelux gaming industry: http://www.nlgd.nl/fog/ accessed 24th April 2008.

our research about possible contact partners, but we did not find any company in this size category which is situated in the suburbia. This can either mean that no companies exist in this category or that we were not able to identify a company in this size category due to our limited data resources.

4.3.2 The branch of game developing

Apart from one company that develops PC and console games, the interviewed companies develop games for advertisement campaigns. The advantage of producing small online and mobile phone games is firstly, that a small budget is sufficient for the development. Secondly, games can be developed in a short period of time. By contrast, the development of computers or consoles games in most cases employs more people and it often undertakes a few years. The technical standard is higher and it is strongly regulated by the publishers. Consequently, the financial investment in the beginning is relatively high and often includes some risk. Hence, smaller companies in the sector focus on game developing as part of advertising campaigns. Also the interviewed console and PC game developing company started out as part of an online advertising company before their establishment as an independent company.

Table4.3 - Interviewed game companies

Size	Location	Services provided by the firm in reference to the sector	Interviewee's role in the firm	Turnover/ year in 1,000 €	Number of fully employed people
Self-employed	Inner-city	Web design, (film-) animation-, game-developer mostly for advertising campaigns	Owner	50- 100	1
Small company	Inner-city	Game and animation developer for advertising agencies	Owner	200-500	2-5
Big company	Inner-city	Online advertising company (developing games/animations for advertisement campaigns)	Owner	1,000-2,000	10-20
Big company	Inner-city	Developing PC and console games	Process director	no information	20-50
Self-employed	Suburbia	Developing games, websites and banners for advertising agencies	Owner	100-200	1
Big company	Suburbia	Online advertising company and game developing for advertising	Owner	2,000-5,000	50-100

Source: Own making.

The self-employed interviewees focus on the production of games which are parts of online advertising campaigns. The interviewed small and big companies, however, employ people for all working processes, such as web designers, art directors or programmers for the technical aspects of websites. In many companies, game departments are connected to the web design or advertising department. Therefore, it is difficult to classify the overall activity of the companies accurately, because the companies deliver products and services which transfers several branches (Molenaar 2005).

Since the first banner advertisement in 1993 online advertisement has experienced a massive growth. In 2007, the sector grew by 23% (cp. Deloitte Touche Tohmatsu 2008). In the Netherlands, *"internet advertising in 2004 soared by 65 percent, its largest increase in five years"* (Molenaar 2005: 37). The market grows steadily. The interviewed companies also profit from that growth. The interviewees state that the number of assignments has increased over time. The majority of the companies are content with their economic situation: Their order books are filled for several weeks or month in advance. Most of the interviewees feel that they are doing financially well. Some plan to enlarge the company by hiring more people or opening an office abroad. Molenaar (2005) affirms that those developments of the companies are typical for the online advertisement branch of the Netherlands. In the field of the games industry, the majority of the game publishers and game developers are located in the U.S. or Japan (Izushi and Aoyama 2006). Nevertheless, *"the Netherlands' games industry has become a nearly 1 billion Euro industry as it comes to grow within the 30 billion world wide game development sector"* (NLGD Press Release May 7th, 2008). The sector is growing 50 percent faster than any other industry in the Netherlands. Approximately 1,500 people are working in the game development sector in 2007. World wide, the focus is increasingly on serious games (for new target groups such as women and elderly people). In this field, Dutch companies strongly proceed. Some of the biggest companies in the Netherlands are located in Amsterdam. But large companies are also situated in other parts of the country such as Utrecht or Breda. Rotterdam is increasingly seen as a competitor for Amsterdam, because educational institutions and companies move to the city due to the support of the local government.

In the Netherlands, the online advertising and games industry appear to have a high growth potential, because "*the Netherlands has one of the most advanced internet markets in the world*." (Molenaar 2005: 37). A large number of households has access to computers (more than 70 percent) and many use the internet (see part 4.2). This is anticipated by an interview partner by stating that money will be reinvested from print media to online advertisement. Therefore, media companies start to buy online game companies to gain a foothold in the growing online sector. Consequently, the structures of those companies which develop games as part of advertising campaigns are likely to change. A job increase by 1,800 is expected and furthermore, it is expected of *"at least 10 Dutch-created games for the major platforms (i.e. Wii, PlayStation and Xbox) to hit store shelves worldwide."* (NLGD Press Release May 7th, 2008).

4.3.3 Typologies of networks

4.3.3.1 Clients

The main clients of the interviewed companies are found in the advertising sector. Apart from that, publishers of console games and broadcasting companies are also named. Finally, companies develop games as non-commercial projects. These are, for example, installations at pop festivals or other semi-public places. The companies try to refinance these non-commercial project by sponsors. Often companies also conceive those non-commercial products as an investment in their own image due to the increase of their visibility.

The customer network is dependent on the size of the company and on the product. The markets for console games and other types of games differ enormously as it was written before. The console game market is organised by few large international companies which are mainly situated in the US and Japan. Due to the different languages and different regulations in European countries, the European market is more fragmented and less important as other global markets. The interviewed console game company has a contract with an European publisher. Since publishers also organise marketing and distribution of the games, the client related activities are less important for console game developers.

The networks of the interviewed companies with their customers is scaled on different levels. On the one hand, self employed and small companies focus on the regional networks and sometimes also serve national customers. Their main clients are advertising companies which are located in Amstelveen and Amsterdam. Customers in Hilversum and Rotterdam are also named. Large companies are active on the international level and serve customer in other European countries and North America. In one case international customer relations were even more prominent than national or local linkages.

The current market is expanding. The acquisition of new assignments appears not to be difficult. Often companies can select which orders they want to take. "*Last week I could have worked at four companies, if I wanted. You know, so I have to choose for which one I want to work. At the moment, it's not difficult in the creative industry to find jobs, I think*" (self-employed game developer, inner city). One large company, however, describes that the sector fears an economic downturn in the future like the burst of the dot.com companies in the begin of the millennium.

Self-employed and small companies explain that the most common way to acquire customers are face-to-face contacts. These contacts with former customers or other freelancers are pivotal for freelancers. Occasional meetings after work are often supported by larger companies which organise or donate the drinks. 'Friendship' ties are important, especially for the collaboration on common assignments. Building networks with potential customers is crucial for getting assignments. Apart from personal contacts, internet based newsgroups, networks and platforms like freelance.nl are also mentioned. Larger companies use fairs and international conventions to access new customers. These fairs are less important for small companies and freelancers. Whereas freelancers often work on the site of the customers for their assignments, the contact to the customers is less frequent for other companies. It is often confined to beginning and the end of the project like it was described for the other branches of our case study. Phone, e-mail or messenger are also utilised, because they allow a fast exchange of information.

4.3.3.2 Partners

Small companies focus on customer networks within the region. They have created a large network of potential collaborators, mostly freelancers or small companies. Those partners are also situated in the AMA. Companies mention proximity to be important because they prefer to work with people they already know and they have successfully cooperated with. One interviewee says: *"But we don't really like to work with people that we can't see face to face. […], especially near the deadline it's very important to have people around. […] It's a very fast business and very short and strict deadlines. […] Therefore we really, really like our people to be close and at the end of the process there is always a meeting before it is finally launched. At that time we need all people's hands, so we really need our people to be close."* (small company, inner-city). Sometimes they rather rely on freelancers than on permanent employees because of the additional time which is necessary for supervision and the missing flexibility of the management. "*We are not really managers and we don't really look forward to having personnel. We really don't want that responsibility for other people. You know, if I leave I want to be able to leave and if I have four people that we have to pay here, I can't just leave. And that has been our philosophy for the past few years"* (small company, inner city). Self-employed and small companies form partnerships in order to take on larger assignments. Small companies and self-employed people also state that sharing the office space with other companies of the branch gives them the opportunity to take on larger assignments: *"I share my office space with another company. And if my clients come by I can say 'Hey, these are my people. They work for me.' […] And then we go into a meeting and afterwards they think 'Hey, he has office space and we can talk about things because if he is getting ill he has other people who can work for him.'"* (self-employed, suburbia). However, small companies and self-employed are not exclusively oriented towards personal interaction. They also rely on telecommunication, internet platforms and internet discussion groups, because it provides quick mean to exchange and to access information with other companies.

For the large companies personal collaboration is less important than for the other interviewees, because they employ most of the people who they need to process assignments. Especially the PC and console game developing company has employed all staff that is needed because they work on a game continuously for several years. Sometimes, they work together with local and international partners which provide certain services for them such as testing or translating which are recommended to them by their publishers.

Small and often more locally-/regionally-oriented companies are more embedded in regional networks and therefore bounded to the AMA than those who act on an international level.

4.3.3.3 Information

The exchange of information is easily organised through different channels. Face-to-face contacts play an important role for freelancers. They meet informally or join the organised gatherings to exchange information about the latest assignments and jobs. These events seem to be important to bring the freelancers and larger companies together. Informal market information is also discussed here: *"It is very important to get informal information which is very hard to get by directly asking somebody from 9am to 5pm via calling at work. It's much easier in a relaxed environment."* (small company, inner-city). Various regular meeting places are mentioned by the different companies in Amsterdam, which are organised by companies or semi-public agencies or organisations such as lectures in the pakhuis de Zwijger or the annual picnic-event. Very common is also an internet based exchange of information. Self-employed interviewees also network online through newsgroups, social networking websites or a homepage[6]. There, information about jobs is exchanged or questions concerning the assignments are addressed. Technical questions are also discussed in the internet which are rarely object in other formal or informal meeting. All large companies often meet with people from other companies, clients or competitors, but mostly on privately organised occasions. Representatives of the PC and console game company also attend big conferences for gamers. But apart from private conversations, the exchanged information is mostly related to market development. The informal meetings and networks are also used for labour recruitments.

In sum, concerning information exchange it is the size of the company that influences the connectedness to the AMA: smaller companies have their clients in the AMA and most of them focus on face to face meetings where important informal information is exchanged. In this respect, large companies with international clients are not equally bound to the region.

4.3.4 Recruitment/labour force

Due to the fast technological developments in the branch, life long learning is common. The pace of change is quick and the urge to keep informed about the latest developments is high. The most common form of organisation is project-oriented work in small groups. Interviewees mention that teamwork is common and that low hierarchies are crucial in the production process. Small companies often collaborate with others (also freelancers) for specialised activities and for outsourcing of time consuming processes. Therefore, they are highly dependent on their networks in the production process. If large companies receive assignments, they usually give it to a team. For the working process, people with different education come together. The companies mainly need qualifications such as programmers, art directors or web designers. For the PC and console game developers qualifications in game-developing, -programming and -design are relevant. Many of the companies as well as self-employed people prefer to focus just on the production process. Therefore, they source out processes that are not directly linked to the assignments. For example, accountancy or testing of games are subcontracted to other companies.

The recruitment of labour force is mainly relevant for larger companies, because self-employed and small company hardly employ permanent staff: A small company states that they prefer to work with freelancers instead of hiring people: *"We don't really (look) forward*

[6] Freelancer networking: http://www.freelance.nl/ accessed on 23rd April 2008.

to having personnel. We really don't want that responsibility for other people." (small company, inner-city).

The interviewed large companies employ between 10 and 50 persons on permanent contracts. The average age of their employees is under 30 years, although older companies which have been established in the early 1990s are active as well.

Due to the growth of the companies in the last decade, they articulate that the recruitment of staff is difficult. The interviewed companies search labour in the whole country or even abroad, because they often need highly specialised people. Apart from the AMA, the Rotterdam area is also seen as a place where many highly educated graduates finish their education. Surprisingly, other metropolitan regions such as Utrecht[7] or Groningen in which municipalities passed special programmes to support the games sector are less prominent as sources for prospective labour in the interviews. The recruitment of employees varies strongly among the companies. Personal chemistry rather than educational credentials and the chance to assess the skills of people are important for the selection of prospective employees. "*I think in the games business you recruit people who you like. Who are dedicated to games, because they love making games. You don't want to get them by paying them more, because then, they come for the salary"* (large company, inner city).

The companies use professional and private networks as well as internet platforms and recruitment sites to find employees. They organise informal meetings to maintain the contacts and they sustain strong relations to higher education institutions for the recruitment. Although they prefer to employ experienced staff, they often recruit young graduates who are in their early 20s. "*We tried to get experienced people, but most of the people are just from school or they have one or two years of experience. So the games industry is very young. It's hard to get experienced people, because they can always stay at the companies where they already work."* (large company, inner city). Headhunting of experienced staff is rejected by the companies in the games sector as an unfair practice. Due to the labour shortage, companies also try to avoid a fast change of employees and they try to give extra incentives and provide a good working atmosphere for their employees. In other words, the recruited work force is relatively stable.

Graduates are the main source of inflow. They are attracted by internships. Large companies also contribute to lessons in higher educational institutions with game related courses such as the Hogeschool voor de Kunsten (HKU) in Hilversum and Utrecht, QANTM College Amsterdam or the Hogeschool van Amsterdam[8], as well as institutions in Delft, Rotterdam or Breda. Teaching assignments at these higher education institutions give them the opportunity to asses the talent of the students and to offer them jobs. Although companies in the AMA also recruit talent from the Rotterdam area, the proximity to educational institutions matters indirectly. Many graduates prefer to stay in the AMA and therefore search for employment

[7] http://www.taskforceinnovatie.nl/ accessed on 6 July 2008.

[8] Hogeschool voor de Kunsten Utrecht-Hilversum: http://www.hku.nl/web/show accessed on March 20th, 2008 and April 24th, 2008. QANTM College for Education in 3D and game development: http://www.qantm.nl/ accessed on April 22nd, 2008 and in May 2008.

close-by. A company says that internet search for portfolios is also a purposeful manner to find workers.

The shortage of skilled people in the branch, namely programmers, art directors and web designers but also people who are specialised in certain aspects of PC and console game developing is mentioned by the interviewees. This lack of skilled labour slows down the growth of companies. Although some companies have established branches outside of the Netherlands, other companies explicitly state that they only search for employees in the Dutch market. *"We try to stay a Dutch company with Dutch language, because if [...] you have to do everything in English [...] a lot of information gets lost, it is also a lot about feelings and small details."* (large company, inner-city). In addition to integration of foreign personnel, practical problems appear with foreign recruitments such as higher recruitment costs and the search of accommodation in the difficult Amsterdam housing market.

The majority of the interviewees are sceptical about the offered education in the Netherlands. Due to the fast technological advancement, they describe that it is hardly possible to educate a labour force which is familiar with the latest trends. Therefore, they control, whether candidates took on additional assignments during their education to prove their motivation and expertise. Companies also select their employees rather by individual portfolios than by particular educational credentials. In their opinion, a better coordination of higher education programmes which concentrates on a few cutting edge establishments would also improve the quality of the graduates.

4.3.5 Localisation factors (hard and soft factors)

Many companies are established in the AMA, because the founders either have lived or worked there before. One interviewee from Delft states that he started business in the AMA because he expected the proximity to partners and customers to be an important factor for his business. Companies which are connected to the advertisement branch are located in Amsterdam.

In the following, hard location factors are discussed. The inner-city based companies which have most of their customers in the region stress that closeness to the customers is very important. For these companies, a good **accessibility** to their customers was expressed to be necessary. Personally they preferred a location close to their home to avoid long travel times. For the companies that have customers on an international or national scale, accessibility for the employees is crucial. Those also concerned about a good **transport infrastructure**, because their employees commute to the AMA from all parts of the Netherlands. Many employees use **public transport facilities** to get to the office. Therefore the companies also choose their location in terms of accessibility to public transport facilities. Consequently, large companies are located close to central stations.

One company which is situated in suburban Amstelveen disapproves the poor access to public transportation at this location. It plans to move to Amsterdam: *"Now I am in Amstelveen but that's not really good because it's completely at the end and with the metro you have to go 45 minutes and for people like interns that's not very attractive."* (self-employed, suburbia).

For those companies that search for new employees, **public social infrastructure** plays a role: higher educational institutions are important concerning labour recruitments but they do not necessarily have to be in the region: Companies also have contact to those which are located in other parts of the Netherlands.

Also a good **technical infrastructure** e.g. an outstanding internet connection is named as a positive factor for a location by the large companies. All interviewees point out that large or appropriate **office space** for an adequate price is an important location factor. Due to the fast growth of the companies, the availability of office space is of particular importance. In addition the **housing conditions** in the AMA in general, but those in Amsterdam in particular, are seen as disadvantage: *"Housing prices are a disadvantage. I bought this house so I am profiting from it and prices are still lower than London or Paris. But for the creative sector it is a bad thing because for young people it is also very hard to find a place to live here. That puts a break to people that want to start a new business. Paying rent, buying a house is very expensive."* (self-employed, inner-city). *"Housing is an issue here in Amsterdam, it's one of the, maybe, the biggest problems I think […] it's so expensive to buy a house so if you want to buy a house for a good price you have to go to Almere, that's about it. […] so it's very hard to get cheap housing."* (large company, PC and console game developer, inner-city). This is a common opinion about the housing conditions in the AMA.

In sum, accessibility and good public transport infrastructure facilities (the latter especially for those companies that act on an international scale) are the most important reasons for all companies to stay in the AMA.

Also soft factors influence the choice of the companies. They are evaluated in the following. Interviewees point out that they are located in the Amsterdam region because they have lived and worked or studied in the region before. Especially self-employed and the representative of the small company stress that they needed an inspiring environment to produce something creative. The inner city of Amsterdam is often seen as an urban environment with inspiring **diversity**. One interviewee describes how he receives inspiration by using public transport facilities, although he also owns a private vehicle: *"I have a motor bike, I have a bike, but I take the tram just to be among people. That sounds stupid but I need social interaction with people, because when you get out of the office and get home again you hardly don't see people around here."* (small company, inner-city). The centre of Amsterdam provides with its historic centre, busy streets provides a **multicultural atmosphere**. *"When you get out of the office and get home again you hardly see people around here. So I stroll along the Brouwersgracht, I go shopping in the Haarlemmerstraat, just simply to be around people. It's a very inspirational place, with nice stores that have beautiful stuff. So if I would be in Amstelveen I would be depressed […]. I am very happy to work and live in Amsterdam. Amstelveen is all new, lighter and bigger, but I love the vibrant city."* (small company, inner-city). The PC and game developing company with international customers mentions that they use the **city's culture and history** when promoting their company: *"I think what we also use as an advantage is the history of art that Amsterdam has with the museums and the creative aspect of Amsterdam, but it's more marketing then that you really use it."* (large company, inner-city). The opportunity to use cultural amenities and to go to bars and restaurants with colleagues after work is conceived as an advantage. Employees in the suburbia miss this variety of bars and restaurants at their location. They go occasionally to Amsterdam for drinks with colleagues. Companies which are located in the suburbia point out that the inner-city has many advantages in comparison with the suburbia, not only in relation to their employees, but also for attracting clients: *"If you are located in Amsterdam, at one of the canals, people say 'Wow, that's cool'. If you are located in Amstelveen in the industrial area and looking out of the window is just a brick wall, they say 'Hm!'."* (self-employed, suburbia). Some interviewees also describe the **quality of life** in the AMA and the inner-city in particular as crucial: *"Amsterdam is not so dense than other big cities. Amsterdam also feels a little bit local: I can do everything on my bike. [...] It is not very big scale so it's very intimate [...]. It is more relaxed. That is the big advantage of Amsterdam for me."* (self-employed, inner-city).

In general, the wide range of cultural activities and scenes and the offer of leisure activities is seen positively. For freelancers and small companies in the inner-city it is crucial to have a 'vibrant city' for creative inspiration. The large companies do not mention these characteristics of the city in the same manner.

4.3.6 Sector at the location:Iimage of the city

The intervieweded companies conceive Amsterdam as an internationally known city. Companies that have not acted on an international scale yet point out that the name 'Amsterdam' can promote the company additionally. Concerning its international flair, Amsterdam is even seen to be in the same category as New York and London. Amsterdam is described as a city that provides a high quality of life, because it has an historic and beautiful housing stock, it offers a multicultural flair and a broad range of culture as well as leisure activities.

4.3.7 Image of the city: The sector and the city, the position in the national and international scenario

The interview partners describe the AMA as follows: It is a hub for the advertising and the games industry in the Netherlands. Nevertheless, a interviewee states that he started his business in the AMA because potential clients such as advertising companies and other large companies are located nearby. Consequently, those companies with customers on a regional or national scale describe the AMA as 'the logical place to be'. Also some of the largest PC and console game companies of the Netherlands are located in Amsterdam, but the customers of those companies are abroad.

A couple of interviewees address the project "Media wharf" at the IJ River on the NDSM-Terrain[9], where policy strategies intend to attract companies of the creative industries. Those companies which are located in the suburbia, expect such places to become a creative hub as soon as a larger number of companies settle there, so this area gains a 'cool' image: *"At the IJ*

[9] http://www.mediawharf.nl/; Policy strategies for attracting creative businesses, the "Media Wharf" NDSM Werf Amsterdam: http://www.ndsm.nl/ accessed on April 22nd, 2008. http://www.mediawharf.nl/ accessed on May 15th, 2008. See also: BIS Publishers (2006) for further information.

*river you have this area where L*B*[10] and MTV are located and there you want to sit, there you want to be […]. It's a nice policy strategy."* (self-employed, inner-city). Those companies mention that the atmosphere of the inner city is crucial for a creative working processes. They question if creative work is possible in the new environment which is situated outside the inner city. Although Amsterdam is seen as hub, a growing number of talented and skilled people in the games industry, such as programmers, web designers, graphic artists, come from the Rotterdam area and Delft. Large companies assume that this is because of a higher number of educational institutions which are located in Rotterdam.

In the PC and console game developing branch, the region of Amsterdam competes against the United Kingdom, United States and Japan which accommodate the highest number of game publishers. Referring to that, one interviewee questions the focus on the Amsterdam region and proposes to consider cooperation on the national scale. *"Yes, I think also that if you look (at) it from that way, they should be thinking about working together with other provinces and not compete, you know. Put first the Netherlands on the map. [...] We are not competing against Utrecht."* (large company, inner-city).

4.3.8 Role of local government

Founders of the companies address that local government does not play an important role for them and their company. They state that there are few direct contacts with the local government. One company uses direct subsidies (WBSO-subsidies for a technical development project). Other companies mainly mention indirect support. That can be the participation in foreign trade missions or publicly subsided conferences ('Picnic") or lectures (at 'De Zwijger'), the rent of office space in incubators or the use of Greenwheel cars. Often companies point out that their everyday experience with the municipal administration is positive. Self-employed and small companies are sceptical about the use of public support, because they perceive themselves as successful and autonomous businesses. "*Financing [from public institutions] is not very important. We have always been a very healthy company. In Dutch we say: 'We have a big sandwich for what we do.' So we don't really need support in what we do from somebody else. We are autonomous*" (small company, inner city). When they are asked about possible strategies of support by the local government, various points are mentioned by the companies.

Financial help mediated by local organisations is seen as a helpful strategy to support start-up companies. The proposals and wishes differ among the companies due to their size, but many state that they like to have a contact person at the local or regional level.

The problem to find adequate office space for a decent price in the inner city of Amsterdam is mentioned by companies of all sizes. Consequently, the ongoing commitment of the municipalities to offer space for starters is appreciated. Since the interviewed companies are not informed about the various initiatives which the municipal government takes to provide

[10] A large PC game developing company

office space for starters[11], the distribution of information about these initiatives should be an ongoing concern.

Opportunities to exchange information and to get access to international markets are proposed by larger companies. That could be through delegations to other countries where potential customers or important competitors or collaborators are located to allow first contacts and networking. Because PC or console game development is a complex and time intensive process which asks a large budget and is risky, subsidies are seen as helpful support. In contrast to products of the film companies, the products of the game industry are not seen as culture. Since games, graphics and music also represent art and culture like films, the games industry should also be allowed to get access to funding for art and culture. The companies emphasis that an interdisciplinary engagement of professionals from different fields such as architecture, music, art would provide an opportunity to develop innovative products. Furthermore, they point out that game companies are hardly conceived and addressed as creative actors that contribute to public installations and other interactive art projects. Companies are often interested to use public space for installations. A freelancer who developed an installation for the Dutch "lowland" festival describes the motivation for this kind of non-commercial work: "*We don't get money for our work, but help with the material. We get a lot of attention as we will be at the 'Lowlands'. We see advantages for us. We don't want a lot of money, but we see the advantage of so much attention*" (self-employed, inner city).

The negative image of games in the political discussion was also conceived as a problem through which games companies were attributed with a negative image and additional regulations, although products of many companies are neither violent nor insulting.

As far as the role of universities is concerned, different universities and higher education institution offer different courses which are not coordinated. A coordination of those courses can bundle the activities. "*I think you should look at the whole country. You should select which universities should be involved in games making, make a powerful centre of knowledge. We are competing against Los Angeles, against San Francisco, against Tokyo. We are not competing against Utrecht. This is a global business*" (large company, inner city).

In sum, all interviewed companies do not interact with local government often and it is not a reason to stay within the AMA.

[11] Neither agencies like Creative City Amsterdam Area (www.ccaa.nl) which provide support for the creative industry nor 'broedplaatsen'-organisation (http://www.broedplaatsamsterdam.nl/) nor the 56 existing buildings which host studio workshops were mentioned by the interviews with the self-employed companies (http://www.piga.amsterdam.nl/contents/89229/01bedrijfsverzamelgebouwenlijst042008.doc: http://www.loket.amsterdam.nl/loket/centralestad/product/89229/doelgroep/ondernemer)

4.4 Consultancy

4.4.1 Overview of the interviewed firms

The consultancy sector is highly diverse, because in particular small and small companies tend to focus on a certain sector in which they offer their expertise. In the case of our research it is not surprising that most of the interviewed companies offer knowledge for financial business. Table 4.4 shows that four out of the seven interviewed consultancies are active in the financial market. The financial market is one of the most important sectors in Amsterdam. In Amsterdam one out of eight workers were employed by the financial service sector in 2001 (Engelen 2007, 1311). Another important field is the internet business in which two of our respondents are active. Finally, one company works in the public relations business.

Table 4.4 - Interviewed consultancy companies

Size	**Location**	**Consulting sector**	**Function of interviewee**	**Turnover in 1000 €**	**Employees**
Self-employed	Inner city	Web design	Owner	50-100	-
Small company	Inner city	Financial services	Director	100-200	
Small company	Inner city	Financial services and ICT	Director	200-500	2-5
Larger company	Inner city	PR	Owner	5,000-10,000	50-100
Self-employed	Suburbia	Financial services	Owner	200-500	-
Small company	Suburbia	Financial services and agriculture	Owner	500-1,000	2-4-
Larger company	Suburbia	Internet	Director	1,000-5,000	5-10

Source: Own data.

4.4.2 The transformation of the consultancy sector in the AMA

The literature on the location factors of business services is slowly growing and only few publications address the situation of business services and consultancies in particular. Gluckler is one of the few that undertook the endeavour to show the differences between knowledge service and other companies that cluster in metropolitan regions. Knowledge services are not produces in value chains, because a significant supplier relationship is missing. New knowledge is mostly attained within the client relationship and often produced at the site of the client rather than through an intensive interaction at the location of the company. Networks to partners are relevant to extend market opportunities, but their spatial relationship is also weakly related to the location of the companies. Instead business development is more constrained by the access to social networks than by geography. In particular interpersonal referrals account for a large number of new customers in this business which addresses the importance of tight personal networks and reputation (Gluckler 2006, 950f). Since a large group of the interviewed consultants are active for financial organisations, the development of this sector is even more important in our case study.

The financial sector in Amsterdam is still one of the most important single branches. The Amsterdam stock exchange is said to be the first established trading platform of financial products in the world. It was supplemented with the option stock market in 1978 which was also the first of its kind. After both merged in 1997, the Amsterdam stock market merged with the Paris and Brussels stock market to Euronext in 2000. Two years after the stock market migrated to a virtual platform. Since that the decline of Amsterdam as a financial centre is feared, firstly because of the burst of the dot com-bubble, more recently due to the acquisition of 20th largest bank of the world ABN_AMRO (Economist 2007, 67) by the Spanish, Belgium and British consortium. Since 2002, the turnover, the number of transactions, and the value of share emissions in Amsterdam have slumped drastically (Engelen 2007, 1312). The number of foreign traders and banks which are present in the city declined and the virtualisation also had a spatial effect. Engelen describes this spooky process (Engelen 2007, 1318) *"The spatial effect of virtualization is a growing territorial dispersion of brokers and traders, at least in the Amsterdam area. Many traders have left the city centre and have moved to the outskirt of the city, especially the southern and south-eastern parts of Amsterdam. For many foreign traders virtualization meant that there was no longer a functional need to be located near the Amsterdam exchanges"*. The large institutional investors in the Netherlands such as the pension funds and also the multinationals moved large parts of their business to the larger stock markets, because they want to access highly specialised, innovative market with a high liquidity which offers a better competitive environment than Amsterdam. Engelen concludes here: *"Only large, liquid and cheap markets attract the right number of the right variety of clients – that is those who can understand, appreciate, and have a need for higher order assets. It is primarily this dynamic that is responsible for the decline of Amsterdam. Amsterdam has missed out on the financial innovations that make up a growing share of the daily trading flows of the main financial centres*" (Engelen 2007, 1322). The largest supplier of financial innovations the so called hedge funds are found in competing London. Their expertise requests more space related skills, and it is more unlikely to migrate to higher level markets as Faulconbride, Engelen, Hoyler and Beaverstock (2007, 293) underline. In our case study however, the business of most of the interviewed consultancy companies were related to new financial products.

The history and the situation of the financial industry in Amsterdam is mirrored in the interviews. Although Amsterdam is still seen as the centre of the financial industry, its position is strongly contested by the recent developments. The interviewees refer to the past strength of Amsterdam in the option market and the early migration of the stock market on virtual platforms. Furthermore, the engagement of foreign financial institutions in Amsterdam is also mentioned as an indicator for Amsterdam's attractiveness. At the moment, they conceived three important challenges for the financial market in Amsterdam and in the Netherlands: Firstly, the importance of innovative products for the financial market, because they provide future revenues. Although those products and businesses provide future income sources, the importance of those actors has not been recognised, but rather sceptically evaluated by the public and by political representatives in the opinion of the companies. In the recent years, additional regulations were passed by the parliament or by the European legislative to ensure a higher degree of transparency and control of those markets. On the one hand, those measures created a higher degree of security. On the other hand, they also lower the agency for financial actors. In addition to that, one company underlines that Amsterdam cannot longer be seen as the centre of financial innovation, since the suppliers of innovative products are either located in London or in Rotterdam or Den Haag. Secondly, the pension funds are conceived as important actors in the financial market. Their market power, however, is not directed to the national market, but they are rather international players. Thirdly, risk management has a long tradition in the Netherlands. Since the needed number of specialists for this field is rather limited, this field of activity does not lead to a substantial rise of employment. The Dutch ministry of finance established a task force for improving the business conditions in the Netherlands, the so called Holland Financial Centre. The policy and the effects of this institution are contested by the interviewed companies (see part 4.3.6). The ability to supply innovative products and the engagement in foreign markets are seen as future directions for the development of the financial market of the AMA.

In the other investigated sector publish relations, the situation is portrayed different. Den Hague which is one of the important locations for international public relations agencies due to its government district loses importance for the benefit of the European capital Brussels. Amsterdam, however, which is still seen as the international capital of the Netherlands and hosts various European headquarters increasingly gains importance in the public relation sector, in particular for private business. International multinational companies start to see privately owned companies in Amsterdam as a suitable investment for acquisition.

4.4.3 Typologies of networks

4.4.3.1 Clients

The interviewed companies describe that they have a multi-tier network to their customers. Often they either have a strong local and international network or they have national and international customers. One company even allocated their customers on three levels. That is on the regional, national and international scale. In our case, small companies use the region as the link for their international network, the small companies start more often from the national level and then relate to international customers. Given the small number of interviews, those results, however, should be treated with caution. Compared to other investigated branches, the spatial scope of activities is much larger in consultancy. The interviewed companies contact their clients normally through their personal networks which they have established from previous assignments. Rarely do they name branch organisations as a source for new clients. Usually, the relations to their customers are long term with a high share of permanent customers. They see trust and reputation as important elements in their customer relationship. On the one hand, this indicates that the customer relationships are stable and long term relations, on the other hand, this also indicates that new actors have difficulties to enter the market due to the strong social and professional ties.

4.4.3.2 Partners

Inter-firm collaborations are more common than in the other branches. All respondents collaborate with external partners. That can be freelancers, but more formal collaborations with companies are also common that offer products at different stages of the value chain. Most commonly the networks are national, but two interviewed companies have strong international relations with daughter companies or headquarters abroad. Small companies often use more local networks for collaboration. This can either be the case for more standardised tasks or specialised tasks such as translations which are more remote to their core activities. Peaks in client demand are processed with external parties. Other companies use partners as strategy to access a larger client. Their network can be on the local level, but is more commonly at national or international level. Formal international business relations are part of the business model of two companies who act as local sales and consultant branch for specialised software products or as an investment holding with operative companies in foreign companies.

Some companies describe that they access through those networks to freelancers and partners additional labour capacity, because they do no want to growth with own employees. *"Once we had twenty persons in our company. They had all permanent contracts. At this time, we were busy with the management of people. That itself is not so bad... But I think it is also nice to be busy with the tasks themselves."* (large company, inner city). Networks are also used as substitute for company growth. *"We have developed a philosophy. I don't know everything in detail, but at the same time other people have exactly this expertise which lack more general knowledge. I'm on my own a little bit too small for some organisations, because they want continuity or a larger concentration of knowledge. Then, I said, why do we not collaborate with other entrepreneurs. I gathered some people with specific expertise. The economic aim was in this period what I called 'working apart together' relation. We constituted us as a single party and called ourselves 'The N*-Network'. ... Personally I think that is the future of organisations to operate as network-companies"* (small consultant, suburbia). Other companies describe more common motivations. They want to address larger clients or offer their customers additional expertise or products. Using this strategy they can access larger customers and keep more long term customers relations.

The partner relations scarcely bind the companies to the AMA. One interviewed company is so strongly embedded in a local network that its business is strongly related on those contacts. In other cases, the national and international networks to partners are more important.

4.4.3.3 Information sources

The importance of information sources is again strongly related to the business activity. Whereas consultancies in the financial services often and sometimes exclusively rely on the business network to access information, some ICT related companies use the internet more often to access product information and their business network and newsletters and magazines for new market information.

4.4.4 Recruitment/Labour force

In general the employment in business services has increased in the last decades. Often this is explained by the deepening division of labour between the companies which rather rely on external services than to employ costly experts permanently within their organisation. The development of the employment is related to the branches which the companies consult. In the case of our research, these are financial organisations and internet related companies. For the first, the companies describe a negative development in the early years of this millennium. Companies lay off employees due to virtualisation, but also due to lower turnover in Amsterdam. In addition to that, various jobs in financial organisations are related to certain age groups. This forces the employees to search for more senior jobs or to establish their own businesses. The decline of work force leads to an increase of small companies. The development of the internet related services took a different avenue, as it was described in chapter 4.3.2.

The recruitment of the labour force depends on the form of employment in the case of the consultants, too. Companies of all sizes work with freelancers, although not all companies use freelancers. As said before, companies decide for freelancers in order to avoid long term commitments and to be more flexible in their organisation. Often freelancers are used for ICT-related activities. No interviewed company reported a continuous use of freelancers for consultancy work. Here, the company rely on business partners. The network with the freelancers expands from the AMA to the rest of the Netherlands. For internet-related consultancy freelancers provide an opportunity to substitute employees (see above). Again, the companies report that they tend to establish long term relationships to the freelancers. Commonly, freelancers are recruited via business or private relations or through contacting universities.

One company which conceives freelancers as their largest competitors describes the problem financial organisations sometimes face, if they work those 'free agents': *"I spoke often to those freelancers. They have always told me stories that they would like to work with you, but then they immediately ask 'What's in it for me?' I do not want to become a job agency "* (small IT consultant, inner city).

The form of employment in small and larger companies varies again. Sometimes, the company is a collaboration of few equal partners who only take on a secretary for administrative work. Then, the requested qualification is not so high. Other companies comprise of one director and several employed persons. The interviewed consultancies point out in this case that they search for experienced labour, and that they have less use for graduates. Due to this fact, their contacts to universities are not so intensive as in the other interviewed sectors. They are more concerned with labour shortages in certain qualifications in their sector. The companies use their business and personal networks for the recruitment of personnel. These strategies are not only the most successful in their opinion, it also allows them to evaluate the qualifications of the candidates and their reliability. In contrast to other sectors, those recruitment networks are often international. Firstly, they can access a larger labour pool. Secondly, this strategy also allows them to access international customers. In the view of one company, international assignment can be an effective incentive to sign a contract with their company. *"There are a bunch of people who like it to work internationally... this* *often give you a new dimension, because you have to cope with other cultures"* (large consultancy, suburbia).

The quality of the interaction between their employees and the management is often mentioned by the interviewed companies. For instance, they mention specific qualities of their client relations which make them attractive for prospective employees. That can be either an international assignment with a high standard of amenities or a strong social cohesion within the company: *"If we give them assignments abroad, then we tell them to take their partner with them for the weekend. And if they have a longer assignment, it will be not a hotel, but an apartment"* (small IT consultant, inner city). Both representations underline that the lack of experience personnel and elaborated recruitment strategies are more important than in other sectors.

4.4.5 Location factors (hard and soft factors)

The location of the company is again often determined by the place of residence of the managers. Again, the interviewed managers have a strong personal relation to the AMA, because they grew up or studied in the AMA. In contrast to other sectors, more persons point out that the first occasion why they came to the AMA was related to professional reasons. During their biography, they more often report that they have lived abroad or had frequent engagements in other countries. Although this group of interviewees is still strongly oriented towards the AMA, they maintain more social and professional contacts internationally. One could conclude that the interviewed consultants are more footloose than entrepreneurs in other sectors. At the moment, however, most of their business models are designed in this way that they combine their international expertise with business opportunities in the Netherlands. The directions of the flows (income, products and services and knowledge) which they generate are as well outgoing as incoming.

The **accessibility** of the company location by car is mentioned as an important factor by the interviewed companies. Several interviewees describe the disadvantages of an inner city location. Regular traffic jams during the peak hours in this part of the town are a major location disadvantage in their opinion. No interviewed company choose the historic Grachten-belt as a company location, although they often point out that an office in this location is still highly prestigious. Instead the companies which are located in the inner city are at those places which allow a good access from the inner urban motorway. Only two consultants report that they use public transport amenities. Some underline that the use of cars is more accepted by their customers. *"You do not take the public transport, if you want to go to your client. Usually it does not happen this way. You need to be mobile and that means usually by car"* (large company, suburbia). Remote working is another strategy which is used by one ICT-related consultancy to reduce the commuting time of their employees and collaborators. Companies with international clients and partners also underline the convenience of a nearby airport.

The **agglomeration economies** are of declining importance in the opinion of the interviewed customers. Amsterdam is still the most important place for the financial market in the Netherlands. Closeness to the city centre is seen as important by consultants who work for the financial sector. Amsterdam and also its region, however, loose importance to other places in the Netherlands and abroad. The problems of large financial companies in the recent years and the scepticism of the public and the government for the supplier of new financial products such as hedge-funds are seen negatively. In addition, **public and private branch organisations** are not seen as important as in other branches (film sector) for their business development. Ministries which are also seen as important for a few businesses are located outside of the AMA. Apart from the small companies which point out the demand for specialised services in this large agglomeration, larger companies often relate to other national and international spaces which provide them new business opportunities. This is not saying that the companies reported difficulties in finding customers. On the contrary, they have enough customers, however, they often lack employees to process the given orders.

Public social infrastructure is again discussed in terms of higher education facilities. The institutions are again seen as sources for the recruitment of new personnel. Since some of the companies rely more often on experienced personnel this is not as pronounced as in the other investigated sectors. Also in contrast to other sectors, the expertise and the authority of universities is mentioned as an additional factor. One company describes that the introduction of new products is combined with sponsored research of university scholars which describe possible ways of applications, risks and the scope of use.

Technical infrastructure is also important for the interviewed companies. This fact is seldom mentioned by the companies directly, although they have large incomes in electronic trading and internet related activities. It can be assumed that the provided infrastructure works so well that a special articulation of this fact is no longer necessary.

The **tax regime** and existing regulations are important hard factors for consultants. Firstly, the activity of many companies is related to the interpretation of this administrative framework for their customers. Secondly, the set regulations limit or expand their business opportunities.

The importance of office space depends on several factors. Firstly, the location and the reputation of the address is related to sector in which the businesses active. The internet-related businesses pay less importance to this issue than the financial consultants. Secondly, some companies have not established an office which they use for their clients. Two small and small companies report that they often use hotels, cafes and clubs as well as the offices of their business partners to meet clients and other business partners. Therefore, they start their activities from their home or an office adjacent to their house. In these cases, the location and the price of offices is not relevant for their business. The plan of one of these entrepreneurs to move his office to a ship on the nearby IJsselmeer underlines that spatial proximity to his clients or to the urban environment is not necessary in his case.

Other companies which are active in financial services point out that the location of the offices is used to underline the **reputation** of the consultancy. Soft and hard factors are discussed together. Although the accessability of the company location is usually seen as a pivotal point in the consultancy business, one interviewee reported that the urban atmosphere and reputation of an inner city location motivated him to relocate his business from a suburban location: "*I thought about it [the relocation] very long, because it has consequences for my employees. Everybody is used to commute by car, to park the car free in front of the* *office. At this location, it is different. I only recruit persons who live in Amsterdam. By coincidence, I live around the corner. I have a parking space in the back yard of my house. We have three company cars that can be used by everybody. There was also the question, if my clients accept it, but increasingly they are really happy that we are situated at a location like this. We also think that this office fits to us very well. The clients feel very comfortable, more comfortable as in a standard office location with suspended ceilings and strip lighting. It has more atmosphere and good vibes."* (large company, inner city).

The image and the reputation of an office location are compared to the price level and the accessibility and infrastructure of offered buildings. In this respect, inner city locations are attractive and the price level is affordable. A more expensive, but prestigious alternative are offices at the Zuidas in Amsterdam, the new financial centre of the region. Some interviewees, however, criticise the lack of meeting places, the orientation on the inside and wide empty spaces at the Zuidas which does not give them the opportunity to meet as many people as in the inner city and which is conceived as lacking a soul. Further alternatives can be found in the newly constructed IJ-shore. This location is associated with no particular image and reputation, but is central. The offices have a modern infrastructure and better access is guaranteed compared to those building in the inner city. The dynamic of the environment and the existing social mix in those areas underline the reliability and the dynamic of the newly established companies.

As reasons why entrepreneurs choose a location close to their home, the interviewees report more often soft factors such as the attractiveness of the environment and the quality of life. They even cope with disadvantages which derive from a missing infrastructure in suburban villages in order to be located in an attractive environment. *"In terms of the business you can think of better places. For the copy shop and this sort of things, you need to drive to the next town"* (small company, suburbia). One person also points out that he wants to work close to his family to have more time for his children.

The presence of accessible and high standard meeting places is underlined by the consultants, where they can meet their clients and partners in a trustful atmosphere. An interviewed public relation manager who underlines the richness of the cultural amenities in Amsterdam on the one hand, says in respect to his business on the other hand: "*When we have guests from abroad, it is very disappointing to see that we do not have any amenities in Amsterdam which are high level and do not close too early*." (large company, inner city).

Some interview partners indicate that the social cohesion within the financial sector is large and that outsiders have difficulties to understand and imitate suitable codes of conduct. The risk which is involved in the investment and the trust which business partners need to agree on transactions is named as reason for this strong social cohesion. An entrepreneur who consults for ICT infrastructure is heavily opposed to the idea to participate in branch organisations, since personal obligations are often involved in those engagements. In this case, the ability to determine the degree of social obligations and social interaction was valued higher.

Other soft factors are only reported by individual entrepreneurs. One manager describes that the opportunity to work internationally is related to experiencing other cultures. The ability to work in a diverse environment is seen as a motivation for international assignments by the manager, but it also conceived as such by some of his employees who have a foreign background.

The lack of tolerance and the announcement of a new anti-islamistic movie by a rightwing politician seriously threatened one business who is active in Pakistan. One manager had to be rerouted to the Netherlands because of the fear of riots against Dutch business in Pakistan.

4.4.6 Role of local government

The government influences the interviewed consultancies in different scales. The national scale is by fare more important than the local level. On the national level laws and regulations are passed which define the limits of the financial sector. That can either be tax regulations such as the 30 % reduction rate for foreign employees or transparency laws for new investment products. On the national level the economic policy is determined to stimulate the financial sector. For example, under the chair of the ministry of economics a board, the Holland Financial Centre, was established to develop a strategy for the future of the financial sector. The effects of this policy are sceptically assessed. The interviewed fear that Dutch businesses loose their ability to innovate with new financial products which is seen as one of the best business and employment opportunities in the future. A policy which wants to cut top salaries is also seen negatively, since then those jobs would be created in other countries. Other consultants who operate in developing countries also point out that the most important public institutions are found on the national levels. For example they receive a subsidy from the ministry for foreign affairs for their engagement in upcoming markets. From those organisations they would also like to see more support to simplify complicated import and export regulations with third world countries.

The local level is relatively unimportant in this respect. As a negative example the activities of the council in Frankfurt/Main in Germany are reported. The stock exchange was moved from an inner city location to an industrial terrain from which it is moved again to a suburb which is 35 km outside of Frankfurt. The disability of the local council to find an inner city location for the stock market in collaboration with the private sector is interpreted as a lack of understanding for the financial market. In Amsterdam the high crime rate in the Western inner districts was also seen as a location disadvantage. Due to this, the interviewee searched for a property in the suburban area.

4.5 Main drivers for settlement

In the report, four sectors were investigated as case studies: the film sector, web-design, consultancy and the game industry. We analysed the networks of companies and location factors which are divers for creative knowledge companies to accommodate in the AMA. Of course, individual factors differ between the selected sectors. The largest difference exists between businesses which are supported by public funding bodies and privately financed companies. This particularly applies to the film sector compared to the other sectors. Other differences can be explained by different client structures. Some sectors are related to particular key sectors. For example, many consultants in the AMA work for the financial sector. Other sectors such as the web designers offer services which are consumed by all sectors. The customer structure has implications for the degree of embeddedness in the AMA. Since the financial sectors as well as the advertising sectors which is important for film and game business are concentrated in the AMA, film and game and consultancy companies are more bound to the AMA than web designers.

One factor, however, is mentioned by nearly every interviewed company. The location of residence is seen as a main driver to locate companies in the AMA. Of course, this answer might be biased by the relatively small size of the interviewed companies. But since the majority of the companies in the AMA belongs to this size category, this answer can give some insights in the rationality of locational choice in the AMA. The reasons for this locational choice again vary between the sectors. Whereas web designers and consultants point out that the quality of life in the region is an important driver, managers in the film sector and in the games industry rather name diversity and urbanity as soft location factors. Since the AMA offers these qualities in different parts of the region, the diversity of the quality of places within the AMA is an asset for regional development for the creative knowledge economy.

Furthermore, the ICT infrastructure in the AMA is mentioned by many companies, although it is not seen as the most crucial point for the allocation in the region. But since it is mentioned by all sectors and companies of different size and locations, this location factor can be seen as decisive for the development of the region.

Other factors which are less dominant are described in the following:

For the film sector, three important factors can be identified. This is the presence of the advertising sector for commercial companies. The advertising sector is concentrated in Amsterdam and Amstelveen. It provides business for producers of commercials. For non-commercial film companies the presence of national funding bodies in the AMA is crucial. In addition to that, the labour market in the AMA is another important factor for the film sector. Films are produced as projects which means that in a very short time people in different functions and with different expertise are needed for recruitment. This diverse labour market binds film companies also to the AMA. The presence of educational facilities is also slightly more important for this sector than for other investigated sectors.

Web designers are not so closely embedded in the AMA as the film companies. This sector serves clients which are situated in the whole of the Netherlands. The partners are also located in all parts of the country, the communication can also be run with internet devices and most information can be accessed by this medium. In addition, partners and freelancers can be accessed through internet, too. Small web design companies report that they often rely on personal networks, but even some of them have their most intensive collaborations with persons remote from the AMA. In one respect the economic structure of the AMA is important. Due to the centrality of the AMA, the division of labour between the businesses in the AMA is more advanced than in other spaces. Specialised and higher business segments of the market are located in the region which means that the AMA provides specialised demand for the web designers.

Consultancies work for different sectors. In our case study, the majority of interviewed companies is related to the financial market. Although the network relations of this sector are the most extended and they comprise national and international contacts, personal networks are of larger importance than in other sectors. Customers, partners and labour are accessed through personal networks. Personal reputation and trust are pivotal elements in the everyday business. Since Amsterdam is still the most important location for the financial sector in the Netherlands, the AMA keeps its status as first ranked location for the consultancy business. Recent developments in the financial sector show that large companies loose importance. This might lead to a continuous decline of the AMA as an important location for the financial sector. In addition, the reputation of particular locations is an important factor for companies which receive visitors in their offices. The most representative places are in Amsterdam. They are the inner city grachten-belt and the Zuidas.

Computer games companies receive a large part of their clients from the advertising sector and they interact with web-designers. The sector is comparatively small so that many entrepreneurs locate at a place where a decent amount of other companies of their branch is situated with whom they can exchange information and collaborate. In terms of location factors, manager in the games industry point out that accessibility by public transport and diversity and quality of the urban environment are important factors.

4.6 Strengths and obstacles of the AMA as a competitive region

The AMA has many assets for the investigated branches: a favourable economic structure and major cultural organisations, an excellent ICT infrastructure and a diverse urban and suburban environment which are favoured by the different groups of the creative knowledge industry.

Parts of the film sector access large parts from their income from public funds which are mainly located in Amsterdam. The financial and the advertising industry are important clients for some of the investigated branches. Web designers, games developers and parts of the film business receive orders from this sector. Amsterdam is the centre of the Dutch advertising industry. Large international companies still move to Amsterdam so that the future development of this branch will be positive. The financial industry has equally strong linkages to some of the investigated branches, in particular the consultancy companies. Undoubtedly, Amsterdam is also the centre of finance in the Netherlands, although the future development is less stable. The market has lost importance in the last five years.

The structure of the economy in the AMA provides clients from different segments and from a variety of branches. In particular, web designers that serve a high diversity of businesses have access to a rich diversity of customers. Although web designers profit from the excellent ICT-infrastructure in the AMA, all other investigated sectors do too.

Managers of all branches point out that the location of their business is strongly related to their residential choice. They have strong personal ties to the AMA, and they conceive the region as an attractive environment. This result is very similar to the outcome of the previous study which analysed the view of the creative knowledge workers (Bontje et al. 2008). The differences between the workers of the different sectors are also stressed by the managers. Managers in consultancy and web design underline the importance of the quality of life as a soft factor more strongly than the managers in the film business. The latter, however, point out that a diverse environment gives them inspiration for their work. The advantage of the AMA is that it can offer both qualities in different parts of the region: in the inner city a vivid urban atmosphere and a high density of cultural amenities are found, and in the suburban area an attractive green environment exist. Furthermore, the interviews in this case study show that the image of the city is an effective asset for the recruitment of employees. The clients are less influenced by this factor. This indicates again that soft factors such as image have a bigger impact on the residential choice than on the locational choice of companies.

Fortunately, large obstacles for the development of the AMA as a creative knowledge region do not exist. Some uncertainties are related to the future of the financial market which can hardly be influenced on the local level. In this respect, the national government and supra-national institutions as well as private actors on the national and international level have larger power to influence the situation.

5 CONCLUSIONS

5.1 The AMA – a creative knowledge region?

The ACRE project developed a research framework to analyse the conditions which stimulate creative knowledge companies in the metropolitan regions (Musterd et al. 2007; Kovacs et al. 2007). The framework distinguishes between the importance of hard and soft factors. Drawing on classic location theory, regional development is explained by variables such as the accessibility, transport infrastructure, public transport facilities, public social infrastructure, technical infrastructure, availability of work, tax regime, availability and price level of office space. In contrast to these factors, the importance of qualitative, soft factors such as an attractive residential environment, quality of life, leisure activities, sub-cultural scene, tolerance and the acceptance of diversity, participation in the civil society, social cohesion, and inequality is underlined. In particular, the work of Richard Florida (2002) proposes that economically successful regions are not only characterised by the availability of a skilled labour force (talent) and by the ability to offer innovative products and services (technology), but also by a tolerant and welcoming atmosphere which is open to persons deriving from different backgrounds and life styles. If regions can offer such an attractive people's climate, talent will be attracted and companies will take the change to make use of the talent. Whereas Florida emphasises the physical infrastructure and the urban amenities such as cafes, restaurants and bars which serve as meeting points, the British cultural planning consultant Landry stresses the regional institutional and economic context.

The importance of the regional context is underlined by different concepts which do not only focus on the development of creative cities, but they want to describe general trends in post-industrial regions. They describe linkages between different regional actors and how common values and practices account for successful regional development. The concept of 'learning regions' (cf. Furst 2001) highlights regional spill-overs and learning effects between large transnational companies and local SMEs in regions through the exchange of employees and supply networks. Barthelt and Gluckler (2002) put to the fore the importance of common values and practices in the 'embeddedness'-approach. For example, the concept of 'industrial districts' describes how SME production companies offer globally competitive products because their actors rely on a regional labour force, shared values and a dense institutional framework to exchange knowledge which reduces transactions costs. In particular the American geographer Allan Scott underlines that a successful regional development of creative knowledge regions is not so much related on the local atmosphere and the attraction of talent, but it is rather the result of a concentration of companies. Those clusters of companies which are strongly interlinked to each other produce goods and service along the same production chain. In the words of Porter (1998, 78), they are "geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition". Although international and national processes should not be underestimated in their importance, it is the ability of the regional clusters to manage and connect the national and global flows in such a manner that globally competitive products are generated. In other words, those concepts rather point out that social and economic linkages between the local producers, consumers, labour and other institutions are pivotal for the regional success. In contrast to Florida, they do not conceive the soft factors such as tolerance and openness as crucial, but they underline the importance of inter-company networks.

In the previous ACRE-report the situation was analysed for the creative knowledge workers (Bontje et al. 2008). The results showed firstly, that large differences exist within this group. Not only the location pattern between creative and knowledge professional differs which was also shown by Musterd and Deurloo (2006) before (also Musterd 2004), but apart from strong socio-economic differences within the group, creative knowledge workers in the inner city and in the suburban area also use cultural and social amenities differently. In both areas however, the majority of the creative knowledge workers were satisfied with their environment, working and housing situation. Furthermore, the report showed that many creative workers have strong social ties to the AMA and have lived more than 10 years in the region. The results, however, demonstrated also that soft and hard factors are individually not more and less important, but that each set of variables is strongly related to particular regional spaces and socio-demographic groups. Given those results, similar outcomes are also expected in this study.

What are the conditions that stimulate the AMA as a creative knowledge region? Which hard factors and soft factors do managers of creative knowledge companies conceive as important in this case? How do the networks between companies and to regional institutions influence the regional development of the four selected branches film, video, broadcasting and TV, web-design, consultancy and games?

The study selected companies of different sizes in each sector. Since the size categories distinguish between self-employed, micro-businesses (2-5 employees) and larger companies (6-200 employees), the situation of small companies comes to the fore. It should be kept in mind that the opinions of managers of small business are articulated in larger detail in this study than they are usually conceived in the public. Although the majority of businesses in the AMA are covered by this size category (0-5employees), the majority of employment is provided by larger businesses (> 6 employees). In addition to that, small companies often avoid to be frequented by clients. In this case, the office space which they request is often less prestigious. They are less dependent on a proximate location to their clients and employees. The judgment of location factors differs considerably from other businesses of their branch. Given this background, this study can follow the conditions for small enterprises particularly well.

The location of the companies is strongly determined by the location of residence of the company owner. This result again underpins the importance of social ties of the active population in the AMA. The previous study of creative knowledge workers showed similar results.

Table 5.1 shows the most important conditions why companies of the selected branches locate in the AMA. Which factors are so important that they attract creative knowledge companies to Amsterdam?

Table 5.1 - Most important condition of investigated branches to locate in the AMA

Location	**Inner City**	**AMA**	**Inner City**	**AMA**
Factor	**Film**	**Web design**	**Games**	**Consultancy**
Hard factor	Public social infrastructure: film funds, cultural amenities, higher education Labour market Rent		Access to public transport	agglomeration economies
Soft factor	Diversity	Quality of life	Diversity	Reputation
Networks type in the AMA	Film funds/ Advertising Labour	Clients- all sectors	Clients – advertising	Clients- finance Partners- finance

Source: Own data.

The conditions vary between the sectors. The different investigated branches tend to locate in certain parts in the region. Whereas film and games companies often underline the importance of an inner city location because of the diversity, urbanity, the rich networking opportunities, and the good access for their employees in those spaces (in particular games companies), web designers and consultants are less oriented to particular regional places. For some branches the hard and soft location factors are important reasons why they are located in the AMA, in other branches the networks to clients, partners or other points of interest are pivotal.

The judgement of hard and soft factors varies between commercial and non-commercial companies. The interviewed non-commercial film companies in our case study underline that several public institutions are important for their business. The film funds are important financial sources which have their offices in Amsterdam. Slightly less important are the Nederlandse Film Academie and the cultural amenities in the city which are also supported by public subsidies and provide inspiration and educated labour. Since film companies produce their products in project-work, they depend on a skilled local neighbour market in which they can recruit specialised labour very quickly. Since the companies do not report difficulties in the recruitment of personnel such as labour shortages and they often prefer to employ labour from Amsterdam for practical reasons, this hard factor is less decisive than the others. As soft factor, film companies consider the diversity of the urban environment as an important factor, because it gives them inspiration, opens up their view for social developments. It provides them with a convenient social atmosphere. Commercial companies in the film sectors are often related to the AMA through the advertisement agencies which are situated in Amsterdam and Amstelveen.

Because of the use of the internet, the web designers are less connected with the region. They use the internet to contact clients, to exchange with partners and to access information. For many hard factors which are important for web design, there are hardly no differences in the conditions at the regional and national level. This applies for higher education institutions and for the technical infrastructure. The employees and freelancers are recruited on the national level, so that local interconnection to higher education institutions are less. The soft conditions are different at the local level. Web designers conceive the quality of life of their environment as important. This factor, however, relates to different meanings which depend on the company location. In the inner city, urbanity and attractive architecture are conceived under the header quality of life. In the suburban district, a green peaceful environment is described under the same term. This soft factor is used as a kind of umbrella term to describe qualities of places, but it is less useful to determine local factors. Managers with employees underline in particular that Amsterdam and other cities in the AMA are conceived as an attractive environment by their employees. Therefore, they are more attractive for employees, if they are situated in Amsterdam. In other words, the atmosphere which was called people climate by Florida, is important for those companies to recruit labour.

The assessment of hard factors in the consultancy sector is similar to the judgement of web designers. Many location factors such as technical infrastructure, tax conditions, public social infrastructure are more relevant at the national level. The conditions in Amsterdam differ not so much from other places in the Netherlands. The companies recruit only experienced work force, so higher education institutions are not crucial labour sources. The agglomeration economies are an important asset, because clients and institutions in the highest business segment are available in Amsterdam. This is especially true for consultants that work for financial organisation and public relation agencies, but for web consultants who serve national and international clients this factor is less important. If the companies have a separate office which they use to receive customers, the reputation of the location is an important soft factor. Since most of the 'good addresses' are still in the AMA, this is an important asset of the region. Although the interviewed manager also refer to the quality of life, this soft factor is less important than the networks to clients and partners (see below).

Games companies are often located at central locations because their employees commute from a large catchment area. A good public transport connections is an important hard factor for their companies. As a soft factor a diverse urban environment is often named by the managers, since they provide inspiration and amenities to go out after work.

The importance of network depends on several factors. Firstly, the company size plays a decisive role. Small companies tend to rely more often on personal networks to gain clients, work with partners and access market information than larger companies. Of course, the client network is the most important contact to other organisations, since not all companies collaborate with partners or access information through personal networks. Secondly, the importance of face to face contacts is related to the ability to use of modern communication devices for the working process. Web designers and game companies commonly use the internet to communicate with their customers, partners and also to access information. In consultancy, face to face contacts are seen as important, since the exchanged information is often confidential. Interestingly, the use of ICT does not automatically lead to more national or international contacts. International business contacts are seldom motivated by the ability to access communication devices. In contrast, in consultancy ICT devices are less often used, but the share of international contacts is the highest. Another motivation for an international engagement derives from the labour shortages in the sector in the Netherlands. Thirdly, companies of different branches are not equally related to the AMA due to their network relations. The network in the consultancy branch is related to the AMA. Their clients, their partners, information source and investors are often also situated in the AMA, but at the same time they often have equally important networks to other towns in the Netherlands and abroad. Their relation to the financial sector which is concentrated in the AMA is important. In the games industry, small companies also report strong network relations in the AMA. Mainly small companies collaborate intensively with other companies in the AMA. Their client network, however, is the most international of all sectors, although strong ties exist between advertising agencies and the game industry in the AMA. In the film sector the strongest networks are informal and mostly oriented to the labour market and to information or financial sources. This sector is an excellent example to demonstrate fourthly that the network relation within one sector can be considerably different. Whereas commercial film companies have often strong local networks to clients in the advertising sector, non-commercial companies tend to maintain networks to public funding institutions. Similarly networks in the consultancy sector are also strongly related to the activities to the companies. If consultants do not work for financial organisations, their networks relations to the AMA can differ considerably.

Given this background, it is difficult to maintain the antagonism between Florida's and Scott's ideas. Florida's idea of a people climate does not coercively run against Scott's convictions that regional clusters are the most important preconditions for the regional development. The networks of the companies in the investigated sectors exist on the regional, national and international scale. The scale of the network is often related to the size of the company. Larger companies need to extend their networks to the national scale in order to get enough clients. In some sectors, international networks are preconditions for the activities of the companies. In addition to that, the internet and internet communication devices enable companies to gain national customers more easily. The example of self employed web-designers who advertise their services through Google illustrates this development excellently. The most important network relations to clients and partners are on the national level in our case study. At the regional level important connections exist too. They are visible in the AMA between the advertising sector and games companies and commercial film companies and between the financial sector and the consultancy sector.

Florida's notion of a people climate is crucial in two aspects. Firstly, entrepreneurs often select a company location which is near to their residential location. Secondly, the recruitment of employees is easier, if the company is situated in an attractive urban environment. For example, game companies and web designers report that they selected a company environment which is attractive for their employees.

In other words, hard and soft factors and the access to networks are not necessarily substitutes, but they can also work complementarily.

5.2 Implications for regional competitiveness of region

This study focussed on the location factors and networks of small companies. Small companies and large companies are strongly interrelated. Small companies often gain work from large companies. In some cases, key sectors such as advertising or finance are crucial for the allocation of those small business. In this respect, the competitiveness of metropolitan regions derive from their ability to attract and maintain attractive business conditions for large companies in key sectors.

The location factors differ between companies of different sectors, but also differ between different spaces within a metropolitan region. If metropolitan regions are able to offer different conditions in different parts of the region for different sectors, the economic development profits from this fact.

Many location factors are not related to local or regional conditions, but to the national level. Amsterdam clearly profits from the fact that it is capital of the Netherlands and that many cultural institutions are located in the city. In addition to that, Amsterdam can also profit from the fact that the policies for sectors which are situated in the city are negotiated at the national level. For example, the ministry of finance installed a task force to improve the conditions of the financial sector in the Netherlands. Although the outcomes of those initiatives do not gain the agreement of all participating actors, the cooperation between local, regional and national level appears to important for the success of the creative knowledge regions. The Netherlands is one of the countries in which the national government developed a policy for the creative knowledge economy. This approach should be continued and intensified.

Non commercial film companies depend the most on public social infrastructure and on a low local rent level. In our case study this is reported by larger producers in the inner city. At the moment, these companies pay reasonable rents to semi-public housing organisations. They also report that their company environment is increasingly upgraded by direct and indirect government action. In addition, other creative branches which also favour inner city locations such as web design and gaming do not face a similar risk as film companies. These creative branches increasingly compete with film companies for attractive inner city locations, because they expand and they also settle at locations which have similar soft factors such as diversity. A creative city policy identifies the vulnerability of branches and observes changing conditions.

Although the situation in the AMA is positively judged by most of the companies, some companies report problems to access information sources. The AMA has several agencies which are active and experienced to consult starters with this information, but they are seldom known by the managers of creative knowledge companies. In order to improve the access of starters to those existing institutions, these institutions should be advertised more actively in relevant media.

Last but not least, many companies report labour shortages and difficulties in the recruitment of experienced labour. This is especially true for the gaming and consultancy sector. Some companies even reported that they established branches in other countries, because they were not able to recruit enough labour. Since labour shortages reduce the national income in this case, policies should address these issues. This can be tackled through the improvement of higher education programmes or working or tax conditions for highly skilled labour.

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APPEDIX

Copy of interview guidelines in Dutch

A) Algemene vragen over het bedrijf

- Wat voor een soort bedrijf is dit bedrijf? Producten, diensten.
- Wanneer is het bedrijf opgericht en sinds wanneer is dit gevestigd op de huidige locatie?
- Hoe is het productieproces/dienstenproces georganiseerd?:
    * Waar zitten de klanten?
    * Wordt met andere belangrijke personen of –bedrijven samengewerkt en waar zijn deze gevestigd?
    * Hoe makkelijk is het om contacten of informatiebronnen te organiseren in de Amsterdamse regio?

B) Werving van hoog gekwalificeerd personeel

- Hoe is het arbeidsproces georganiseerd binnen het bedrijf?
- Waar en op welke wijze wordt personeel geworven?
- Hoe belangrijk is de nabijheid van hogere onderwijsinstituten voor het bedrijf?

C) Netwerken

- Hoe belangrijk zijn informele contacten voor het bedrijf? (in termen van concurrentie en innovatie)
    o Welke informele netwerken bestaan er in de stad / regio?
    o Welke kennis of informatie wordt uitgewisseld in informele bijeenkomsten?
- Met wie werkt u samen?
    o Bedrijven uit dezelfde branche / uit andere branches
    o Universiteiten / onderzoeksinstituten
    o Is uw bedrijf lid van een brancheorganisatie?
    o Overheid / publieke sector

D) Locatiefactoren Amsterdamse regio

- Waarom is het bedrijf gevestigd in de regio Amsterdam? Wat zijn de voordelen vergeleken met andere steden/regio's?
- Welke rol speelt deze stad / regio voor uw branche? Is het een belangrijke locatie voor uw branche in nationaal en/of internationaal perspectief?

- Rol van factoren voor uw bedrijf, voor u persoonlijk en/of voor uw personeel:
  - o Infrastructuur (transport, ICT)
  - o Arbeidsmarkt
  - o Lokale / regionale / nationale overheid (beleid, regelingen, belasting etc.)
  - o Kosten (huur bedrijfspand, woonkosten, personeel
  - o Imago van de stad / regio Amsterdam
  - o Sociale banden met stad / regio (vrienden, familie)
  - o 'Quality of life'
  - o Uitgaan, vrijetijdsaanbod
  - o Cultureel aanbod (inclusief 'subcultuur')
  - o Tolerantie, acceptatie van diversiteit
- Welk imago heeft, volgens u, de regio Amsterdam? In hoeverre heeft dit imago een rol gespeeld in de vestigingskeuze van uw bedrijf?
- Waarom is het bedrijf specifiek gevestigd in deze buurt/deel van de stad? (afhankelijk waar bedrijf gevestigd is: waarom in de binnenstad? waarom in de ring? waarom in het suburbane gebied? waarom niet in één van de andere delen van stad / regio?)

E) Overheidssteun

- Is overheidssteun relevant voor uw bedrijf?
- Wat voor een soort steun ontvangt u? (financieel, advies, bemiddeling,…)
- Wat kan, volgens u, verbeterd worden door de overheid (gemeente, regio, etc.)? Wensen? Verbetering bepaalde condities?

F) Toekomst

- Wat zijn de toekomstverwachtingen voor uw bedrijf? (korte en langere termijn)
- Wat zijn de toekomstverwachtingen voor de branche op deze locatie?
- Heeft u ooit overwogen uw bedrijf te verplaatsen? Zo ja, waarom?

Opmerkingen

- Zijn belangrijke punten betreffende uw bedrijf niet aan de orde gekomen? Wilt u nog iets toevoegen?
- Andere opmerkingen over de belangrijkste locatiefactoren die geleid hebben tot de vestiging van het bedrijf op de huidige locatie.