

# **Why Dutch media start-ups in the screen-based industry locate in Amsterdam**

A qualitative research focussing on start-ups in clusters, soft location factors,  
residential quality and the influence of digital developments

Student name: Nadine Duijndam

Student number: 409563

Supervisor: Erik Hitters

Master Media Studies: Media & Business

Erasmus School of History, Culture and Communication

Erasmus University Rotterdam

Master Thesis

June 23, 2015

## **Abstract**

*Currently, there is a movement of media companies that are shifting from Hilversum to Amsterdam. Therefore, this research examines why young media companies (founded in 2010 or later), operating in the screen-based industry, want to be located in Amsterdam. Based on previous theory and research, there already exist some factors that could be of possible influence on why young media companies want to locate in Amsterdam, such as soft location factors and residential quality. However, this research is an addition to literature by diving into these concepts and trying to understand why they are possibly important and how they work. Ten in-depth interviews among a variety of young media companies operating in the screen-based industry in Amsterdam were conducted. Results indicate that young media companies want to be located in Amsterdam because they can be close to each other, experience the competition around them as beneficial, gain knowledge out of the city, have easy access to a social network, are surrounded by a specialized pool of labour, the image of the city reflects on the image of their company in a positive way, the diversity that the city offers, the dynamics of the city, the 'real life' face to face interaction that the city offers and finally because Amsterdam is the place to be for (partially) digital media companies. Moreover, the results provide insights on why Amsterdam is chosen over Hilversum and possible explanations for the current movement that is going on.*

## **Keywords**

*Media cluster, start-ups, screen-based media industry, soft location factors, residential quality, digital developments on colocation, Amsterdam, in-depth interviews.*

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## 1. Introduction

### 1.1 *Introduction to the topic*

“Media are swapping Hillywood for Amsterdam” (Ali, 2010), “Debate: Will Amsterdam become the new Hilversum?”(Debat: Is Amsterdam het nieuwe Hilversum, 2013). For the past few years there has been a debate about media companies shifting from Hilversum to Amsterdam. Recently, an article appeared in the Dutch newspaper Trouw which pointed out that “The Media Park in Hilversum has to go live” (van Teeffelen, 2014). The article points out the danger of more and more companies having the intention to move to Amsterdam the last couple of years and that Hilversum needs to do something before it is too late. One of the conclusions drawn in the article is that Hilversum misses out on certain dynamics in a sense of not giving the impression of being a creative hotspot where innovative media ideas are being created. The reason for this is because the Media Park consists of a lot of grey offices and looks like an office park. This creative environment is something that Amsterdam is more associated with (van Teeffelen, 2014). This could be a possible reason for the shift from Hilversum to Amsterdam. Hilversum and Amsterdam are the main two audio-visual media clusters in the Netherlands (van der Groep, 2014). Hilversum a small city, only being 20 kilometres away from the main capital of the Netherlands, Amsterdam. In the following paragraphs a short introduction will be given about both cities as media clusters.

#### *Hilversum*

Hilversum is home to most of the television and broadcast-related companies in the Netherlands. The reasons for a relative small city becoming a big media cluster in the Netherlands, can be understood by taking a look into the history of the city (Hitters, 2011). In 1923 a radio manufacturing company (NSF) located in Hilversum. After that, several broadcast associations were established all locating near to the NSF transmission tower in Hilversum. This was the beginning of Hilversum becoming a media city. From the 1950’s television broadcasters located at this place as well, being close to the radio activities. After that, all television and radio activities clustered within Hilversum, developing the Hilversum media cluster. Currently, “the Media Park covers 36 hectares with 300,000m<sup>2</sup> of buildings” (Hitters, 2011, p. 101). Hitters (2011) describes how a third of all jobs in Hilversum is related to the Media Park in Hilversum and that the broadcasting industry is dominant, as well as Hilversum being the dominant broadcasting industry in the Netherlands. However, the last years the amount of jobs in Hilversum in the audio-visual industry has been decreasing. From 2008 to 2012 it decreased with 4% (van der Groep, 2014).

## *Amsterdam*

With 800.000 inhabitants (10 times as much as in Hilversum) Amsterdam is the capital of the Netherlands. Hilversum has always been the ‘broadcasting capital’. However, Amsterdam has been the ‘feature film capital’ of the Netherlands since in the 1950’s the film academy was established in the city centre (van der Groep, 2014). Apart from the national broadcasting industry, the majority of other cultural industries, such as media, press, arts and advertising, are clustered in Amsterdam. Rogier van der Groep, researcher and expert within this topic, states in an interview that Amsterdam is ahead of innovation compared to Hilversum. He argues that: “Amsterdam has benefited more from the developments of the recent years and Hilversum has not” (Politiek Café Interview Rogier van der Groep, 2011). Even though most of the media companies are in the advertising sector, slowly it is becoming clear that the broadcasting industry is getting interested to locate in Amsterdam. Companies such as MTV, SBS6 and Q-music moved from Hilversum to Amsterdam and there have been more companies who have been considering to do the same, such as two public broadcasters VARA and BNN (Hilversum wil VARA en BNN behouden, 2013). Kloosterman (2004) mentions how the ‘cultural industries’ are gaining importance in Amsterdam. These industries include publishing, advertising, radio and TV production, news agencies, the arts sector, and film and video production. The attractive residential characteristics and social environment in Amsterdam appear to be preconditions for attracting businesses in these sectors (Musterd & Deurloo, 2006). The reason for this is that “the exchange of knowledge and services in these industries relies heavily on face-to-face contact between producers and consumers” (Musterd & Deurloo, 2006, p. 81). Moreover, media also have been discussing the popularity of Amsterdam recently. “Amsterdam leader in colocation” is the title of an article which discusses how, comparing to other big European cities, the biggest demand for colocation of companies is in Amsterdam (Amsterdam koploper in colocatie, 2015). Especially technology, media and telecom companies are important demanders for colocation in Amsterdam. Amsterdam is also recently mentioned as the technology hotspot of the Netherlands (Helaas Eindhoven, Amsterdam is dé tech-hoofdstad, 2014). After cities such as London, Berlin and Dublin, Amsterdam arrives on the sixth place when it comes to the media- and technology sector. Amsterdam is not only attracting domestic companies, but also foreign companies. A record amount of foreign companies located in Amsterdam in 2014 (Record aantal buitenlandse bedrijven vestigen zich in Amsterdam, 2015). In total 139 companies decided to locate in Amsterdam, in comparison to 115 in 2014. These 139 companies create more than 1300 jobs and have the intention to increase this to more than 2359 jobs. In line with this movement, the article by Van der Groep (2014) shows that the employment in Amsterdam in the audio-visual industry has been increasing with 3% in contrast to Hilversum where it declined with 4%.

## *1.2 Purpose*

Arguably, Amsterdam is becoming more and more attractive for media companies to locate. Therefore, this research did not focus on Hilversum, but on Amsterdam as a cluster for media industries. The purpose was to find out why this city is attractive for media companies and why they want to locate in Amsterdam and not in Hilversum or anywhere else. Several possible explanations have been given about why Amsterdam could be attractive as a city to locate a media company. Concepts which will be more extensively discussed later on, such as residential quality (Florida, 2002; Pel, 2015; Stam, de Jong, & Marlet, 2008) and soft location factors (Musterd & Deurloo, 2006), are already mentioned as possible reasons why Amsterdam could be attractive to locate a company. However, the purpose of this research was not only to see what kind of aspects influenced the decision to locate a company in Amsterdam, but also to look further and understand how these factors are important and in what way.

The big media companies that have moved from Hilversum to Amsterdam were not the focal companies. This research focussed on young media companies that decided to locate in Amsterdam. In this case, if a company was founded in 2010 or later, it was considered as young. One of the reasons for focussing on start-up companies, was because of the recent appearance in media about the rising popularity of Amsterdam as a city to start a company. For instance an article was published last year about Amsterdam having 10 of the most hottest start-ups of the year 2014 (Amsterdam heeft tien van de hipste startups van dit jaar, 2014). Nine of these start-up companies are related to media, all of these being involved with the internet. Amsterdam has also been stimulating the growth of start-ups within their city by investing in a partnership between 75 companies called 'StartUpAmsterdam' (Floris, 2015). The goal of this partnership is to compete with cities such as Berlin and London to get the most talented people worldwide. Therefore, not via subsidies, but with millions of investments in talent, young technological companies should prefer to locate in Amsterdam instead of London or Berlin. An example of a big company that started in Amsterdam is Booking.com. Most recently, the young and very successful company 'Uber' also decided to locate in Amsterdam (Amsterdam lokt talent, 2015).

Interesting was to find out what aspects of Amsterdam make the city attractive for young media companies. Moreover, young companies will be the future, so the results could provide information for the long term. Since Hilversum is mostly broadcasting and screen-based oriented, it was interesting to focus on media start-ups that operate for the most part in the same industry. Therefore, the focus was on media start-up companies that operate in the so-called screen based industry. According to Davis, Creutzberg, and Arthurs (2009) the screen based industry is defined as the film, television, and interactive digital media sectors. When it comes to film and television, the

focal start-companies were the companies that produce films and television programmes. Davis et al. (2009) split up the interactive digital media sector into two broad groups of firms. First of all, the developers of digital media content such as entertainment software or web-content. The second category consists of the firms that enable the use of digital interactive content. For instance companies that develop software for compressing data or internet applications to visualize data. “The industry encompasses content creators and software developers for entertainment software, e-learning and education, social networking, animation, mobile, and information and reference content” (Davis et al., 2009, p. 204). The Interactive Digital Media (IDM) marketplace includes a host of services such as music, video, games, books, software and others over broadband and web interfaces to a variety of devices from smartphones to home theatre systems, through which user communities interact with the application and themselves (Sharma & Yi, 2013). In summary, it was the goal to understand why young media companies operating in the screen-based industry want to locate in Amsterdam. Therefore the following main research question is presented:

### *1.3 Main research question*

Why do young media companies operating in the screen-based industry locate in Amsterdam?

In order to answer the main research question, five different sub-questions, where theoretical concepts that are related to the main question are incorporated, will be discussed in the following paragraphs.

### *1.4 Sub-question 1*

First of all, in order to understand why media companies want to locate in Amsterdam, it was interesting to look at if characteristics of an industrial cluster play a role. Porter (1998) argues for instance that being situated within a cluster creates competitive advantages and stimulates both cooperation and competition. Therefore, the following sub-question is presented:

1: How are cluster characteristics experienced by Amsterdam based young media companies?

### *1.5 Sub-question 2*

Reducing barriers to entry and growth, enhancing regional comparative advantage (Delgado, Porter, & Stern, 2010) and helping to survive (Wennberg & Lindqvist, 2008) are a couple of mentioned aspects of a cluster that are especially beneficial for young companies within a cluster. Since this research focusses on young media companies, it was interesting to see if these companies in Amsterdam also experience start- up benefits. Therefore the following question is presented:

2: How are start-up characteristics of a cluster experienced by Amsterdam based young media companies?

### *1.6 Sub-question 3*

As Musterd and Deurloo (2006) suggest, the urban residential environment and social climate in Amsterdam appear to be cluster related preconditions for attracting companies within the screen-based industry. This is mainly because the exchange of knowledge and services relies heavily on face-to-face contact between producers and consumers. The companies in Amsterdam operate in areas where knowledge institutions are clustered. “A tradition of innovative economic talent, combined with a high degree of openness, has resulted in the distinctive Amsterdam atmosphere, a major pull factor for knowledge workers and creative individuals” (Musterd & Deurloo, 2006, p. 82). Therefore, Amsterdam created a cultural and tolerant image. Rather than the importance of ‘hard’ location factors such as rental- and transport costs of a certain place, the importance of more ‘soft’ social locations factors is studied. According to Dziembowska-Kowalska and Funck (2000), examples of these soft location factors are the following: “access to sources of specialised information, in particular technology oriented research institutions, the presence of a creative and impulse-giving socio-economic environment, and the availability of a broad and diversified supply of highly qualified personnel” (p. 2). Hitters (2011) also mentions how Hilversum is a more technical environment. “The Hilversum networks are mainly reproductive and distributive, along with the presence of many large media organizations and companies, giving it a somewhat boring image” (Hitters, 2011, p. 115). According to him, a reason for companies moving to Amsterdam and starting in Amsterdam is because it is a much more attractive place to work and live and for media staff. This is caused by Amsterdam’s extensive creative network branching out to arts and new media. Van der Groep (2014) mentions as well how Hilversum only has the broadcasting industry which almost represents the entire cultural industry of Hilversum, while Amsterdam has a much more heterogeneous concentration in the cultural industries. The industry employment in Amsterdam is divided among different cultural industries such as arts, advertising, audio-visual industries, and publishing and press. These social aspects such as access to a cultural network that a location offers might play an important role in understanding why Amsterdam is an attractive media cluster to locate for companies in the screen-based industry. Therefore, the third sub-question is presented:

3: What soft location factors are important to Amsterdam based young media companies?

### *1.7 Sub-question 4*

Another theoretical concept that might play a role in understanding why young media companies want to locate in Amsterdam, is residential quality. Residential quality is measured by the quality of life of a certain place. Campanera, Nobajas, and Higgins (2013) measure quality of life by combining objective factors and subjective indicators. Objective indicators capture situations without surveys of individuals needed. These could be for example employment status and life expectancy. Subjective

indicators tend to measure the extent to which residents ‘think’ or ‘feel’ about some aspect of life, for example whether residents feel ‘safe’ outside. Florida (2002) argues that economic success of cities is directly related to attracting ‘creative people’. Florida (2002) refers to these people as the ‘creative class’, and defines this group as following: “A fast-growing, highly educated, and well-paid segment of the workforce on whose efforts corporate profits and economic growth increasingly depend” (p. 3). The creative class operates in a wide variety of industries from journalism to finance and technology to entertainment. Things such as ethnic and cultural diversity, a thriving music scene and a great nightlife are aspects of a city that attract the creative class to live there (Florida, 2002). “The distinguishing characteristic of the creative class is that its members engage in work whose function is to create meaningful new forms” (Florida, 2002, p. 4). Therefore, they create new forms or designs that are readily transferable and broadly useful. The new forms or designs could be coming up with a strategy that can be applied to many cases or designing a product that can be widely made, sold and used (Florida, 2002). A recent article in a Dutch newspaper mentions that, from the world wide ‘quality of living’ research, it appears that Amsterdam is very attractive for foreign employers and employees to locate and house (Pel, 2015). The article highlights the importance of the residential quality for big companies and employers that need to locate their employees in a foreign country. Culture and recreation are mentioned as pluses among foreign employees. Stam et al. (2008) also mention the relationship between creative industries within a city causing economic growth, with innovation as the key mechanism. In Amsterdam these creative industries result in employment growth (Stam et al., 2008). Musterd and Deurloo (2006) argued as well how the urban residential milieu and social climate in Amsterdam appear to be preconditions for attracting businesses in cultural sectors. Therefore it is important to take residential quality into account when answering the question why start-up companies operating in the screen-based industry decide to locate in Amsterdam. The following question related to residential quality is presented:

4: How do aspects of residential quality play a role for Amsterdam based young media companies?

#### *1.8 Sub-question 5*

The final sub-topic that was focussed on, was about the influence of the recent digital technological developments on clusters. Hitters (2011) names the technological developments as one of the challenges that the Hilversum media cluster faces. For instance he argues that “the advent of cable made the proximity to the transmission tower no longer necessary, and now that the whole process from creation to transmission is done digitally, the transactions and communications between the different links in the production and distribution chain can be taken care of over large distances” (Hitters, 2011, p. 115). Karlsson and Picard (2011) also argue how digitalisation causes the lesser

importance of colocation. On the other hand, Pratt (2000) argues how place and distance will remain important in spite of the digital developments, especially when it comes to social interaction. In line with that, a recent article from Delgado, Porter, and Stern (2014) shows that currently, industrial clusters still provide benefits and creates positive effects. They mention for instance how industries located in a strong cluster register higher employment and patenting growth. Besides that they find evidence of the complementarity relationship between employment and innovation performance in regional clusters. As seen, academics do not agree about what they think that the influence is of the digital technological developments on clusters. Therefore, interesting was to see, how start-up companies operating in the screen based industry think about the influence of digital developments on the importance of colocation. The final sub-question is presented:

5: What is the experienced influence of the digital technological developments on the importance of colocation according to Amsterdam based young media companies?

The data to answer these research questions were collected on the basis of interviews. Choosing interviews as a primary source of data offers the opportunity to look beyond which concepts play a role when deciding to locate in Amsterdam, by also trying to understand how these concepts are translated into the decision making process. According to Seidman (2012) interviewing is a suitable method to use when wanting to understand the stories behind a phenomenon. Media start-up companies in Amsterdam were visited and the entrepreneur that (co) decided to locate in Amsterdam was interviewed. In total ten entrepreneurs from different companies were interviewed within one and a half month. The companies were defined as start-ups when they were founded in 2010 or later. The companies were found via several websites. First of all, via the website of the Kamer van Koophandel. This is a website where everybody needs to register when wanting to start a company. This website offered an overview of starters that registered between 2010 and 2015 operating in media branches in Amsterdam, by showing a list with the name and location of the company. Besides finding companies via the Kamer van Koophandel, other websites were used as well to find companies such as drimble.nl, dutchstartupbase.com and dutchstartupmap.com. Moreover, via the interviewed entrepreneurs new connections for possible new interviewees were made.

### *1.9 Relevance*

In this section, it is explained why this research is both academically and socially relevant, starting with the academic relevance. This research is academically relevant because it can contribute to the knowledge on several topics. First of all, with Amsterdam being a media cluster, the outcomes of this research can show whether assumptions and earlier findings about the positive effects of being

situated within an industrial cluster, such as competitive advantages (Porter, 1998) and specialized local infrastructures and institutions (May, Mason, & Pinch, 2001), are perceived by the entrepreneurs in Amsterdam as well. Since this study focusses specifically on start-ups in the screen-based industry, it can contribute to the knowledge of clusters and entrepreneurship. Delgado et al. (2010) argue that the presence of a strong cluster environment, reduces barriers to entry and growth. Interesting is to see if the entrepreneurs in Amsterdam also mention these, or other, positive aspects of starting a company within an industrial cluster. Secondly, with soft location factors becoming more important (Dziembowska-Kowalska & Funck, 2000) more knowledge will be gained about if and which social location factors play an important role when deciding to locate a media screen-based company in Amsterdam. Thirdly, several academics mention the importance of residential quality (Florida, 2002; Musterd & Deurloo, 2006). With this research more information will be available about the importance of residential quality in Amsterdam for attracting media start-up companies to locate there. As Musterd and Deurloo (2006) also speculate about soft location factors in relation to why residents are living in Amsterdam, this research is renewing because it focusses on why starting companies decide to locate their company in Amsterdam instead of residents, with a narrow focus on companies operating in the screen-based media industry. Finally, there are different opinions about the influence of the digital technological developments on media clusters. Karlsson and Picard (2011) question whether the rise of the internet might cause co-location becoming less important, because communication can easily be done digitally. On the other hand Pratt (2000) argues that place and distance are still important, especially in order to have 'real life' social interaction. In order to get more insights on this topic, the importance of co-location in the era of internet and digital technologies, will be one of the main points discussed in the interviews with the entrepreneurs. Finally, one of the most important aspects that creates academic relevance, is that this research looks beyond finding out which aspects influence why young media companies want to locate in Amsterdam by trying to understand how and in what way these aspects are influential.

This research is socially relevant because it can contribute to the debate about the shift of media companies from Hilversum to Amsterdam. Hilversum has been the dominant broadcasting city in the Netherlands for a long time (Hitters, 2011). Will Amsterdam, the biggest creative industry of the Netherlands (Musterd & Deurloo, 2006) attract the broadcasting industry to move as well to Amsterdam with the possibility that Hilversum will not exist anymore in a couple of years? Why are companies in the screen-based industry choosing to start their business in Amsterdam and not in Hilversum? What does Amsterdam have that Hilversum does not have? Why Amsterdam and not another big city in the Netherlands such as Rotterdam or Utrecht? Do the start-ups mention aspects

that point towards the benefits of operating within a media-cluster, or is it something that they don't notice or recognize? Is the appearance of Amsterdam as a cluster the reason for positioning there, or do other factors play a dominant role? If the quality of life would be low in Amsterdam, would companies still locate their company in Amsterdam? Maybe this research can provide an answer to a couple of these questions in the current debate. The outcomes can be interesting for both Amsterdam and Hilversum, showing why start-ups choose to locate in Amsterdam. Amsterdam gets to know their strengths, and Hilversum can possibly get inspiration of what they should do in order to continue being a dominant media cluster in the Netherlands. A final important socially relevant aspect of this study is the employment in both cities. As already mentioned earlier, the employment in Hilversum is declining while in Amsterdam it is increasing (van der Groep, 2014). If this will continue then it can have big consequences for Amsterdam, but especially for Hilversum creating unemployment. With this research focussing on start-ups, it is especially relevant to the topic of employment since "entrepreneurs are the primary agents who produce new companies and in turn jobs, income and wealth, and thus economic growth and development" (Stough, Karlsson, & Johannson, 2014, p. 7).

The upcoming chapters consist of the following. First a theoretical framework is written in order to set boundaries for this research and to explain and review the important concepts mentioned in the introduction. Within this theoretical framework, all the concepts in the main question and research questions were addressed. After that, the chosen method to conduct this research is explained based on argumentation and described in detail. Details on sampling, the size of the dataset, transcripts, operationalisation, method of analysis and validity and reliability are discussed. This is followed by the result section, where all the findings and themes that appeared after analysing the interviews are discussed and related back to the theoretical framework. Patterns found within the text, supported by interesting quotes, are presented. In the end, a conclusion is drawn followed by discussion points. In this section, all the information is brought together, critically observed and suggestions for further research are made.

## 2. Theoretical framework

In this chapter several theoretical concepts are described and defined on the basis of academic literature. Furthermore, previous empirical research in this field is addressed. The chapter starts with an explanation of the concept of industrial clusters and explaining the uniqueness of media clusters in comparison to industrial clusters in general. After that, start-ups and entrepreneurship within clusters is discussed. Thirdly, there is a section that focusses on location factors, particularly soft location factors. This is followed by a section that addresses the importance of residential quality on attracting companies. Finally, a section is written about the influence of digital developments on clusters.

### 2.1 *Clusters*

#### 2.1.1 *Industrial clusters*

This theoretical framework starts with a description of clusters. "Clusters are geographic concentrations of interconnected companies and institutions in a particular field" (Porter, 1998, p. 78). The cluster theory by Porter (1998) initiates from the idea that, even though communication over long distances is becoming more and more easy, most of the successful companies are still located within places where other companies from the same industry are situated as well. He argues that the immediate environment outside the businesses plays an important role. Clusters provide local knowledge, motivation and relationships. After Porter (1998) specifically defined the concept of industrial clusters, more scholars tried to do this in the following years. Morosini (2004) defined an industrial cluster as: "a socioeconomic entity characterized by a social community of people and a population of economic agents localized in close proximity in a specific geographic region. Within an industrial cluster, a significant part of both the social community and the economic agents work together in economically linked activities, sharing and nurturing a common stock of product, technology and organizational knowledge in order to generate superior products and services in the marketplace" (p. 307). According to Babkin, Kudryavtseva, and Utkina (2013), "an industrial cluster has three basic elements, which are strongly interrelated: core production, infrastructure and business infrastructure (p. 1412). As observed, the definitions have become more broad and extended. In this case, the elements within the initial definition of Porter (1998) will be maintained when discussing the concept of clusters within this research.

Now that clusters are defined, the effects and benefits of industrial clusters are discussed. When it comes to competitive advantage, Porter (1998) argues how clusters include an array of linked industries and other entities important to competition such as services, machinery, components and

providers of specialized infrastructure. Clusters are promoting both competition and cooperation. According to Porter (1998) there are three broad ways on how clusters affect competition. First of all, by increasing the productivity of companies based in the area. Secondly, by driving the direction and pace of innovation, which underpins future productivity growth. Thirdly, by stimulating the formation of new businesses, which expands and strengthens the cluster itself. Porter (1998) focusses mainly on benefits in terms of costs minimization. However, other scholars find benefits of clusters within more social and cultural aspects. May et al. (2001) mention the following aspects as benefits for clusters: Flexibility, informal networks based on frequent face-to-face interaction, trust-based interconnections among some large and many small firms and their subcontractors, specialized local infrastructures and institutions, a common skilled labour pool and the rapid diffusion of knowledge and ideas. Niu (2010) found that greater involvement of a company in an industrial cluster, enhances the knowledge-obtaining practices of that company. In this case trust played a partially mediating role within this relationship. "Trust exists in local milieus as something inherited, that any 'insider' will benefit from by default" (Bathelt, Malmberg, & Maskell, 2004, p. 39). Scott (1997) discusses the concept of the 'cultural economy of cities'. He also focusses on more social and cultural aspects of a place, with three main characteristics. First of all, the cultural economy compromises a wide variety of manufacturing services and activities. Secondly, its employment signifies its sheer size and thirdly, much of the cultural economy is located within major city centres. One of the benefits of such a cultural economy is that it ties different cultural sectors within a single city together into an evolving community with its characteristics, styles, sensibilities and themes (Scott, 1997). The findings reported in a recent article of Delgado et al. (2014) suggest that industries located in a strong cluster register higher employment and patenting growth. Besides that, evidence of complementarity between employment and innovation performance in regional clusters is found. The effect that Delgado et al. (2014) found is that both patenting strength of a cluster and the initial employment have a separate positive effect on the employment and patenting growth of component industries. A final outcome of the research was that where there is a strong cluster, new regional industries emerge. "Once established, a cluster tends to grow through a process of cumulative, self-reinforcing development involving attraction of linked activities, stimulation of entrepreneurship, deepening and widening of local labour market, thickening of local institutions and intensifying of the social cultural milieu" (Eriksson, 2011, p. 37). Examples of clusters are the wine cluster in California or the Italian leather clusters (Porter, 1998).

### *2.1.2 Unique characteristics of media clusters*

Now that industrial clusters in general are discussed, interesting is to zoom in on the uniqueness of media clusters. Creative firms are highly clustered (Boix, Hervás-Oliver, & Miguel-Molina, 2014).

According to Davis et al. (2009) “Media industries are highly clustered, and the clusters are practically always in major urban areas” (p. 203). Media firms want to open up new markets and increase their market shares, wherefore a presence in large global media centres is necessary (Karlsson & Picard, 2011). Karlsson and Picard (2011) argue that media firms are looking for a place where their special types of business activities can be supported. These kind of activities are the production and distribution of entertainment content. Secondly the acquisition, preparation, compilation and distribution of information and thirdly the sales of advertisements to advertisers. This is the reason why the clustering of media firms occurs. A possible reason for media cluster being different from regular clusters could be because the media industry is unique in terms types of products and the supply and demand side (Picard, 2005). Media cluster are unique because they are designed to produce mediated content such as audio recordings, motion pictures, television programmes, movies, games and websites (Karlsson & Picard, 2011). Because media clusters create primarily non-physical goods and services, it is interesting to study (Achtenhagen & Picard, 2011). The products do not create the value but are the outcome. Hollywood, Bollywood and Silicon Valley are some of the most famous media clusters.

Besides that, Karlsson and Picard (2011) mention that media clusters differ because they involve “a complex interplay among cultural, economic and political objectives” (p. 5). They are highly influenced by regulation (Picard, 2005). Another interesting point that Karlsson and Picard (2011) mention is that “the traditional view of why clusters work and what makes them successful may not apply fully to media industries” (p. 6). This is because the colocation benefits are not the only driving force for media clusters. Other important ones are the external forces and processes. Because of the competition becoming more global, the external linkages of firms are not always restricted to the local area. Achtenhagen and Picard (2011) mention informal knowledge flows and personal interaction as advantages of being located within a media cluster, especially because media clusters create primarily non-physical goods and services. On the other hand, the big amount of competition and price discounting are mentioned as disadvantages. Besides that, smaller firms within a cluster feel insecure about networking and sharing information with larger firms.

Now that industrial clusters and the special characteristics of media clusters are discussed, it is important to take a closer look at the special phenomenon of start-ups within clusters. Since this research focusses on young companies, the following section is about start-ups within clusters.

## *2.2 Start-ups within clusters*

According to Porter (1998), in order to create competitive advantage nowadays, continuous innovation is required. Entrepreneurship and new start-ups within clusters can contribute to this

importance of innovation. He also mentions stimulating the formation of new businesses, which expands and strengthens the cluster itself as one of the three broad ways on how clusters affect competition. Eriksson (2011) also mentions that once a cluster is established, it stimulates entrepreneurship. Isenberg (2010) notifies that it is important for governments to realize that when they want to create economic growth, they should stimulate start-ups within emerging and established clusters instead of wanting to create an entire new 'start-up cluster' which is built from scratch. Why is it beneficial for start-ups to locate within a cluster? Several scholars state that it is beneficial for firms to start within a cluster and that a cluster attracts entrepreneurship. Wennberg and Lindqvist (2008) did an empirical research and found that clusters help start-ups to survive. Besides that they found, looking at a more long-term perspective of these start-ups, that they created more jobs, higher tax payments, and higher wages to employees. In another article from Delgado et al. (2010) the authors argue that clusters have a positive impact on entrepreneurship as well. They mention that: "The presence of a strong cluster environment, which reduces barriers to entry and growth and enhances regional comparative advantage, should be a central driver of entrepreneurial vitality" (p. 498). Rocha and Sternberg (2005) also show with an empirical research in Germany how clusters positively affect entrepreneurship.

In contrast to what has been previously said, Pe'er and Keil (2013) argue that clusters do indeed attract the majority of start-ups, but also have the highest failure rate when it comes to start-up companies. According to them, this unexpected pattern appeared because clusters provide distinct benefits as well as drawbacks for start-ups. Their research suggests that clusters can enhance the survival of start-ups through three distinct mechanisms. First of all, recruiting might be easier for start-up companies because clusters attract a higher number of skilled employees. Secondly, start-ups will most likely find a larger number of specialized suppliers to work with who allow them to focus on their own activities. Finally, it might be easier for start-ups to form initial customer relationships because clusters attract a large number of customers. On the other hand, Pe'er and Keil (2013) mention how clusters also have detrimental effects on survival especially when a large number of relatively small competitors may create a high level of rivalry. In this case, clustering is a disadvantage instead of an advantage. Pe'er and Keil (2013) investigated whether start-ups in clusters equally experience these effects and found interestingly enough that this is not the case. It appeared that cluster benefits and drawbacks do not affect all start-ups equally (Pe'er & Keil, 2013). One of their main findings was that start-ups that possess below-average resources generally benefit more from clusters compared to their competitors. These companies often have a lack of resources, which are compensated by the improved access to labour, suppliers and consumers within clusters. Besides that, companies with below-average resources also suffer less from the high level of

competition within clusters. On the other hand, when it comes to human capital it is the other way around in a sense that start-up companies with above-average quality of human capital benefit more from the advantages of being located within a cluster and suffer less from the extensive amount of competition. The reason for this is because these firms have the ability to leverage employees, suppliers and purchasers in their benefit. The conclusion of Pe'er and Keil's (2013) research is that it is important for entrepreneurs to choose the location to settle carefully, in terms of matching the opportunities and challenges of a specific location with the resources and capabilities. Choosing the right location in order to profit from the benefits and shield for the drawbacks is one of the most important strategic decisions for a start-up company (Pe'er & Keil, 2013).

Heebels and van Aalst (2010) mention the importance of entrepreneurs within creative clusters, as they provide a crucial link between creative activities and economic change and development. On the other hand, "creative clusters can provide entrepreneurs with a flexible workforce possessing expertise and creativity, low labour costs, and high productivity" (Heebels & van Aalst, 2010, p. 349). Another set of scholars who emphasize on the importance of entrepreneurship within clusters are Stough et al. (2014). They argue that, in this knowledge age, knowledge is seen as the root force that sets in motion other downstream forces that contribute to development and economic growth. New knowledge is based on combinations of existing knowledge. This transformation process is called innovation. It is the most important way to think about how new jobs, income and wealth are created in the knowledge age (Stough et al., 2014, p. 7). According to Stough et al. (2014), entrepreneurs are crucial to this process because they are the persons that recognize opportunities for innovation and who manage the transformation process. The reason that clusters are important in this context is because of the positive feedback nature of these processes increase the opportunity for new company formation and continued growth.

Taking a deeper look into how entrepreneurial learning takes place, Rae (2004) did a research within creative industries and argued that entrepreneurial learning takes place in three key domains. The first domain is personal and social emergence, which refers to the process by which people develop their personal and social identity as an entrepreneur through self-perception and social interaction. The second domain is textual learning, which involves recognizing opportunities through participating in social and industry networks. In this way, entrepreneurs can gain experience, understanding and know more about how to do things in an industry and in the domain of entrepreneurship. The final domain is the concept of negotiated enterprise. This domain is about learning to engage with others and to meet common goals both within the enterprise and outside of it. A cluster can offer these entrepreneurial learning circumstances, as clusters provide "opportunities for social interaction and contacts with people who are important in one's life and

work" (Rae, 2004, p. 350). This is a very attractive aspect for especially a start-up company and could be one of the reasons for deciding to locate within a cluster.

### *2.3 Soft location factors*

As described in paragraph 2.1 about clusters, the main characteristic of a cluster is the geographic co-location. Being collocated with other firms that operate within the same industry, creates competitive advantages for a company being situated within a cluster (Porter, 1998). Clusters form at a place where a foundation of locational advantages exist (Porter, 1998). Therefore, in this section, a deeper look is taken into these beneficial location factors.

First of all, Kimelberg and Williams (2013) discuss why companies locate at a certain place. A place where the costs are as low as possible has always been an important factor for companies to decide where to locate. Costs per square meter, transport cost, cost of materials and intermediate products are the so called 'hard' location factors. Porter (1998) also focusses more on the so called 'hard location factors' such as transaction costs. However, other scholars focus more on 'soft location factors' of clusters. Dziembowska-Kowalska and Funck (2000) describe the distinction between hard and soft location factors as following: "the distinction is based on the separation between direct and indirect effects on profitability: factors that influence a region's specific conditions for a certain productive activity having, thus, a direct impact on the net profit rate, and being determined by market forces or through direct market intervention should be treated as hard location factors; all other factors exerting an indirect influence only, and having no 'visible' impact on economic outcome should be regarded as soft factors" (p. 3). Eriksson (2011) also mentions that clusters generate two types of interdependencies. First of all, traded interdependencies which are direct transactions between firms in the clusters, which could be seen as more hard factors. Secondly, he mentions untraded interdependencies which are less tangible benefits, ranging from an appropriate pool of labour to particular kinds of institutions such as universities and business associations. According to Eriksson (2011) this implies a broader socio-cultural content in which face-to-face contacts, social and cultural interaction as well as knowledge and innovation are embedded (p. 37). These untraded interdependencies tend more towards soft location factors. Dziembowska-Kowalska and Funck (2000) argue that hard location factors are losing their dominating importance in the locational choices of companies and that 'soft' location factors are becoming more important. Niu, Miles, Bach, and Chinen (2012) also mention that the importance of traded and non-traded interdependencies has changed over time. They argue that, as clusters continue to be able to sustain competitive advantage, focus has shifted from traded interdependencies to non-traded interdependencies. The importance of 'industrial atmosphere' or 'knowledge in the air' is growing in the form of collective

competitive advantages (Niu et al., 2012). Therefore, when it comes to location factors, this research will mainly focus on soft, non-traded interdependence, location factors.

Examples of soft location factors are the following: “access to sources of specialised information, in particular technology oriented research institutions, the presence of a creative and impulse-giving socio-economic environment, and the availability of a broad and diversified supply of highly qualified personnel” (Dziembowska-Kowalska & Funck, 2000, p. 2). These factors are not directly about costs, but are more focussed on social aspects of a certain location. This is about a company putting itself in a network of competitors and collaborators in an effort to foster and capitalize on innovation. As mentioned earlier, Scott (1997) mentions the concept of the cultural economy that is often situated within big city centres. He mentioned that one of the benefits of such a cultural economy is that it ties different cultural sectors within a single city together into an evolving community with its characteristics, styles, sensibilities and themes (Scott, 1997). This also refers to more soft social location factors that a place can offer, namely close ties to other cultural sectors. Later on Scott (2004) mentions the innovative energies that are unleashed from time to time in industrial clusters as information, opinions and cultural sensibilities. “In cultural-products industries, as never before, the wider urban and social environment and the apparatus of production merge together in potent synergistic combinations” (Scott, 2004, p. 468). Companies have a preference to locate at a place where uncertainty in their operating environment is at its very lowest. Therefore it is recognized that the benefits of agglomeration extend well beyond efficiency and cost minimization (Kimelberg & Williams, 2013).

As mentioned in the introduction, Hitters (2011) argues that one of the reasons why media companies want to locate in Amsterdam is because of the creative network it offers. Closeness to a cultural and creative network is also a soft location factor that a city can offer. Other scholars emphasize on the importance of closeness to a social network as well in order to mobilizing resources necessary for the process of creating firms and discovering new opportunities (Stuart & Sorenson, 2003; Christensen & Dreyer, 2005). A cluster provides the opportunity for social interaction with important people relating to one’s life and work (Heebels & van Aalst, 2010). Uzzi (1997) argues that “network ties link actors in multiple ways (as business partners, friends, agents, mentors), providing a means by which resources from one relationship can be engaged for another. In investment situations, these factors increase an actor’s capacity to access resources, adjust to unforeseen events, and evaluate risks” (p. 52).

Another beneficial soft location factor when being located in a cluster, is that the city contains a certain ‘buzz’. “Buzz refers to the information and communication ecology created by face-to-face

contacts, co-presence and co-location of people and firms within the same industry and place or region. This buzz consists of specific information and continuous updates of this information, intended and unanticipated learning processes in organized and accidental meetings, the application of the same interpretative schemes and mutual understanding of new knowledge and technologies, as well as shared cultural traditions and habits within a particular technology field, which stimulate the establishment of conventions and other institutional arrangements" (Bathelt et al., 2004, p. 38). According to Gertler (1995), the diffusion of information, gossip and news by just being within a cluster causes that actors can continuously contribute and benefit from this. One of the major benefits of buzz is that it doesn't require particular investments (Bathelt et al., 2004). This is because the information and communication is most of the time automatically received by the people that are located within the cluster. Instead of searching for information, people within clusters are surrounded by it. Naturally, buzz is spontaneous and fluid. Buzz can occur in negotiations with local suppliers or when having lunch with other employees (Bathelt et al., 2004). Being located within the same place, enables firms to understand the local buzz in a meaningful and useful way.

#### *2.4 Residential quality*

As already discussed in the introduction, Florida (2002) argues that economic success of cities is directly related to attracting creative people. Therefore, this section will look into the importance of residential quality for clusters. Heebels and van Aalst (2010) mention that the look and feel of the place itself, can be reasons for creative entrepreneurs to locate and stay in a particular place. A place represents memory, identities, meanings and associations to users and citizens (Montgomery, 2003). Both the people within a place and how the place is built can be related to these associations. Helbrecht (1998) found that the decision of location that creative firms make, is often based on the feel of a building, neighbourhood or city.

The creative people that places need to attract according to Florida (2002), he calls the 'creative class'. He defines this group of people as following "A fast-growing, highly educated, and well-paid segment of the workforce on whose efforts corporate profits and economic growth increasingly depend" (p. 3). "The human capital theory asserts that economic growth will occur in places that have highly educated people" (Florida, 2003, p. 7). These talented, creative, highly educated and entrepreneurial people are, according to Florida (2003), mainly attracted to cities because of three reasons. First of all, thick labour markets. This implies to the idea that people want to have a lot of jobs instead of just one. Since they know they will move around a lot, they want a 'thick labour market'. Secondly, diversity is an important reason to locate at a certain place. Diversity in a way that various nationalities and ethnicities are present, as well as a visible gay community. The reason for willingness of diversity is because it suggests that the place is open to all and possesses low entry

barriers to human capital. Thirdly, the quality of place is important. Florida (2003) defines the quality of place in terms of three attributes. The first one is ‘what is there’, such as the physical design, buildings and neighbourhoods. Secondly, ‘who is there’, in terms of the (creative) people, the diversity and the human energy. Finally, ‘what is going on’, which refers to bustling street life, sidewalk cafes, restaurants, music venues and active outdoor recreation.

According to Heebels and van Aalst (2010), “the role of diversity in finding inspiration involves not only a mix of people in the environment, but also diversity of the physical environment” (p. 351). Places do not only provide meeting places but also have geographical capital. Helbrecht (2004) mentions how aesthetic curiosity is an important motivator when it comes to innovation. Hutton (2006) also argues that the built environment is crucial for creative workers. Preferred physical entities are inner-city locations and old industrial buildings, because in this way the creative people feel connected to the historical meaning of the environment. Therefore, the creative class does not make a decision based on where jobs are, but choose for places that are the centres of creativity (Florida, 2002). Places with creative centres provide the creative class with inspiration. People within the creative class operate in a wide variety of industries. Florida (2002) divides two types of groups within this creative class. First of all the ‘super creative core’, for which creativity is a must. This occurs for instance in music and entertainment industries, architecture and design, education and arts. The second group is called ‘creative professionals’ and refers to people that are active in a broad range of knowledge-intensive industries, such as high-tech, financial services, and business management. “The distinguishing characteristic of the creative class is that its members engage in work whose function is to create meaningful new forms” (Florida, 2002, p. 4). Drake (2003) also argues how being around other creative people is important for people operating in creative industries. According to Drake (2003), creative people within clusters prefer being around other creative persons, because it can associate their product with a creative reputation and it can provide individual inspiration. Creativity is linked to diversity (Florida, 2003). The reason for this is because “diversity increases the odds that a place will attract different types of creative people with different skill sets and ideas” (Florida, 2003, p. 8). Sequentially, places with diverse mixes of creative people are more likely to generate new and novel combinations. In the end, greater and diverse concentrations of creative capital lead to job generation, high-technology business formation and economic growth.

Stam et al. (2008) criticize on Florida (2002, 2003) by arguing that there is a lack of causality by saying that “the creative class may be enabled to grow more easily in a booming economy, rather than be the cause of economic growth” (Stam et al., 2008, p. 119). This could mean that creative activities follow economic growth rather than causing it. Besides that, they mention how using the ‘creative

class' for research purposes is hard because of its extensive size of different definitions and estimations. For instance the earlier mentioned difference between the 'super creative core' and the 'creative professionals'. Stam et al. (2008) conducted an empirical research in order to explore the effect of creative industries on innovation, and ultimately on employment growth in cities in the Netherlands. In this case, they only focus on the 'super creative core' and they classified the creative industries in three domains: arts, media and publishing, and creative business service. They found that firms in creative industries are more innovative than in other industries, especially when it comes to media and publishing and creative business service. Besides that, creative firms within urban areas were more innovative than in rural areas. The analysis shows that in Amsterdam there is a relationship between the presence of creative industries and employment growth, in contrast to other cities in the Netherlands where this was not the case. This outcome points out again, the importance for Amsterdam possessing creative industries.

### *2.5 The influence of digital developments on media clusters*

In order to provide a framework for the final research question 'What is the experienced influence of the digital technological developments on the importance of colocation according to Amsterdam based young media companies?', the influence of these technological developments on media clusters will be discussed in this section. In the recent years, with the occurrence of the internet, a lot of things have changed. When applying this change to media clusters, there is a possibility that the idea of clustering can become less important. The reason for this is that, especially in the media sector, a lot of communication can go very quickly via a digital way. This might create that being co-located becomes less important (Karlsson & Picard, 2011; Glaeser & Ponzetto, 2007). Especially when looking at media clusters, where products do not create value but are the outcome and where local agglomerations of facilities and resources with a global (mobile) network of specialized skills and creative inputs are typically combined, media clusters move beyond the common academic conceptualization of clusters as functional clusters (Achtenhagen & Picard, 2011). This refers to the so called 'death of distance'.

Pratt (2000) does not agree with this idea and mentions that in his study about new media developers in New York's 'Silicon Alley' place and distance are still important, especially when it comes to social interaction. He critiques on the idea that the 'weightless economy' is suggesting the 'death of distance' in relation to economic and social activities that use the world wide web. The weightless economy points to the possibilities of cost-free production and distribution of e-goods such as software. "Infinite numbers of copies (all 'originals') can be made and be instantaneously available ready for use on any number of customer's computers" (Pratt, 2000, p. 7). This suggests that the consequences are that the role of physical location associated with transport of raw

materials to the producer and the goods to market are no longer relevant. This is where the suggestion of 'death of the distance' comes from, as being the end of geography as a location factor in relation to new media. Pratt (2000) mentions how the argument in favour of co-location within a cluster is weak in the case of new media considering minimisation of economic transaction costs. However, the case for untraded interdependency was high based upon the character, and the multiple and interlocking function, of these interactions. The focus of these interactions became structured and routinized social events and institutions. Important agents are able to leverage these social spaces into physical spaces, and virtual spaces. When locating a new media activity, the social milieu may be the most important factor (Pratt, 2000). Indeed, a lot of activities in new media are carried out virtually, however such virtual interaction was either preceded by, or was after, face to face meeting. Therefore, Pratt (2000) mentions that virtual communication reinforces and generates human-physical interaction, instead of replacing it. Neff (2005) also argues that place became more instead of less important to cultural production. In her research she examines the role of place and place-making within cultural industries in the digital era. She mentions that "networking, or the processes of the formation of social network ties, is concentrated in activities within narrow geographic clusters" (Neff, 2005, p. 134). The results suggest that networking events within the industry, such as ceremonies, seminars and cocktail parties, mediate access to crucial resources within the industry. Empirical research of Polèse and Shearmur (2004) showed that distance has kept its importance overtime despite technological developments. Besides that, a recent study of from Delgado et al. (2014) shows as well that clusters are still important and provide benefits for companies within these clusters. Strong clusters cause higher employment and patenting growth and complement the relationship between employment and innovation performance (Delgado et al., 2014).

Another interesting element is to think about what the digital technological developments can have as a possible influence on the media industry in terms of competition. Pratt (2005) mentions the relatively low amount of competitors as a unique aspect of operating in a media market. He mentions for example how there are few television broadcasters and newspapers in comparison to the amount of clothing shops. However, with the coming of the internet this unique characteristic might change since with the coming of the internet the entry barriers have reduced. It is relatively easy to start a company with the help of a website and to produce content by for example creating videos via a mobile phone. Therefore, the amount of competitors most likely will increase within media clusters.

### **3. Method**

Now that the theoretical framework is discussed, and boundaries for the research are set, the method section is presented. Firstly, the chosen method is described and justified. This is followed by a section on the sampling strategy. Thirdly the size of dataset is described. Fourthly, the way that the theoretical concepts were made measurable is explained in the operationalisation section. After that, the method of analysis is described step by step. Finally, a section about the reliability and validity of the chosen method is presented in order to discuss the quality of this research.

#### *3.1 Choice of method: Interviewing*

The method used in this research is of a qualitative nature. In order to answer the main research question ‘Why do young media companies operating in the screen-based industry locate in Amsterdam?’ and the sub-questions, in-depth interviewing was chosen as method. This method was selected because the purpose of this research is to understand ‘why’ a phenomenon is happening, in this case, media start-up companies in the screen based industry wanting to locate in Amsterdam. More specifically, to understand how certain concepts play a role in the decision making process and how they are being experienced by young media companies. “Qualitative researchers seek to uncover the views and meanings held by research participants, to understand the world in their terms” (Daymon & Holloway, 2011, p. 7). Within qualitative research, several methods could have been used such as focus-groups or participant observation. Interviewing was seen as the most suitable method to use because it helps to understand stories behind a phenomenon (Seidman, 2012). Qualitative interviews are conducted to reveal meanings that underlay choices and decisions (Weiss, 1995). Interviews cannot provide a mirror reflection of the social world, but it may provide access to the meanings people attribute to their experiences and social worlds (Miller & Glassner, 2010). As described in the introduction and theoretical framework, knowledge on clusters, location factors and residential quality already exists. The addition and scientific relevance of this research is to understand why these factors are important and in what way. Therefore it was important to choose a type of method that is in line with the purpose of this research. According to Miller and Glassner (2010) “it is only in the context of non-positivistic interviews, which recognize and build on their interactive components (rather than trying to control and reduce them), that “intersubjective depth” and “deep mutual understanding” can be achieved (and, with these, the achievement of knowledge of social worlds)” (p. 133). The purpose of this research is to understand why media start-up companies locate in Amsterdam and how Amsterdam is experienced by young media companies in relation to concepts as clusters, soft location factors and residential quality. Therefore, conducting

interviews with the participants was the most suitable method to use. The interview design is described in the following section.

The interviews were semi-structured. A semi-structured interview is an incomplete script in which the researcher has prepared some questions about several topics beforehand, but there is a need for improvisation (Myers & Newman, 2007). This design was used because several topics needed to be discussed, but room for anticipation on interesting answers was important as well. The design of semi-structured interviews was an important reason for using interviews over any other method that could answer this research question, for instance surveys. Since it was not possible to know beforehand what the units of analysis would answer, semi-structured interviews gave the opportunity to anticipate and ask more questions about interesting answers that were given. This caused that the dataset became richer, because of the specified answers that were given to the questions. This would not have been possible when conducting surveys.

Thematic analysis was used to analyse the data. Thematic analysis is a method for identifying, analysing, and reporting patterns (themes) within data (Braun & Clarke, 2006). It describes the data set in detail and interprets, if possible, various aspects of the research topic. Thematic analysis is inspired by the grounded theory approach, since it uses many of its developed procedures. "The value of the methodology lies in its ability not only to generate theory but also to ground that theory in data. Both theory and data analysis involve interpretation, but at least it is interpretation based on systematically carried out inquiry." (Strauss & Corbin, 1998, p. 8). However, since it is as good as impossible to formulate new theory within one thesis, this is not the goal of the thematic analysis. The goal of thematic analysis is to find patterns and themes within the data and relate that to theory. The reason why thematic analysis was considered a suitable and beneficial method for this research is because it can usefully summarise key features of a large body of data and offer a thick description of the data set. With thematic analysis similarities and differences across the data set can be highlighted. Unanticipated insights can be generated and it allows for social interpretations of the data (Braun & Clarke, 2006). Thematic analysis asks for types of questions about people's conceptualizations or ways of thinking about particular social phenomena (Willig, 2013). Within this research, all questions focussed on understanding preferences of media companies in Amsterdam. Discourse analysis has also been considered as a method to analyse, because with discourse analysis the goal is to find themes in the text as well. However, when using discourse analysis the idea is to relate the outcomes to bigger social and political issues (Tonkiss, 1998), which is not the case in this research. The goal of this research is to understand and describe why young media companies decide to locate in Amsterdam and how they experience Amsterdam as a place for media companies by finding themes within the data, but after that, the themes will not be related to bigger social and

political issues. Therefore, thematic analysis is more appropriate. The actual process of conducting the thematic analysis is described in section 3.5.

### *3.2 Sampling*

The units of analysis were the entrepreneurs that decided to locate their media company in the last five years in Amsterdam. The interviewees were selected based on random purposeful sampling. In the case of random purposeful sampling, the units of analysis need to meet several requirements, but as long as they meet those requirements, any company is suitable. Sandelowski (2000) state that "this sampling strategy is employed when there is a very large pool of potentially information-rich cases and no obvious reason to choose one case over another" (p. 249). All the entrepreneurs in the screen-based industry who decided to locate in Amsterdam could potentially provide me rich and interesting information about their reasons for wanting to be located in Amsterdam. The reason for selecting companies randomly was because it would provide a collection of diverse media start-up companies within the screen-based industry, which could possibly show differences between types of screen-based media companies. The sampling process went as following. Via several websites such as 'Kamer van Koophandel' (a Dutch website where all companies in the Netherlands needs to be registered, [kvk.nl](http://kvk.nl)), [dutchstartupbase.com](http://dutchstartupbase.com), [dutchstartupmap.com](http://dutchstartupmap.com) and other internet sources companies were found. All companies that met the requirements were selected and merged into one list. The requirements were based on three criteria. The first criterion was that the company was currently based in Amsterdam. Secondly, the company needed to be young, which meant that it needed to be founded in 2010 or later. Finally, the company needs to operate in the screen-based industry, which means that is has to be a company working in the film, television, or interactive digital media sector (Davis et al., 2009). After searching within several websites, a list of 50 companies was created. Randomly, every company on the list behind an odd number was chosen to be approached. As a result, 25 companies were approached by email. After the first approach, only 1 company that wanted to participate responded. Besides that, a few others responded with saying that they were not able to participate. In most of the cases there was no response what so ever. A couple of days after the email, the companies that didn't respond were approached by telephone. This led to one more appointment for an interview. Thus, it appeared to be very hard to find companies, since most of them did not have time to participate, especially since it was something they had to do for free. Therefore, another strategy was chosen which was more connection based. In this way, it was possible to arrange more interviews and in the end 10 people were willing to participate. Even though the strategy was changed during the process, it still met the criteria for random purposeful sampling, since every connection to a new company was fine as long as the company met the three criteria. The interviews were conducted in the start-up companies

themselves or in cafes nearby the companies in Amsterdam. Only one interview took place in a restaurant in Utrecht, because this was more convenient for the respondent at that certain date. It did not matter where in Amsterdam the companies were located. The people that I interviewed were the people that (co)decided to locate the company in Amsterdam. Accidentally, all the interviewees appeared to be male. Appendix 1 provides an overview of the participants. Within this table it is shown in what year their company was founded and based in Amsterdam, the duration of the interview, the main activities of the company within the screen-based industry, where in Amsterdam the company is located and the type of entrepreneur (young versus experienced).

### *3.3 Size of dataset*

In case of interviews, the size of a sample normally relies on the concept of 'saturation', which is the point where no new information or themes are observed (Guest, Bunce, & Johnson, 2006). Guest et al. (2006) found that this point of saturation was reached within the first twelve interviews. In this case, a total of 10 interviews were conducted. According to the findings of Guest et al. (2006), it would have been more logical to conduct 11 or 12 interviews. However, it was extremely hard to find participants that were willing to participate for free and it took a lot of time to find participants. Unfortunately, time constraints forced to stop the data collection after 10 interviews. Still this number does not deviate much from 12. Furthermore, it was noticed that in the last couple of interviews many similar answers were repeated, which indicates that the point of saturation was as good as reached. The interviews took 50 minutes on average varying from 40 minutes up to 1 hour and 5 minutes (see appendix 1). The data should have been collected within one month, but due to difficulties with finding companies that were willing to participate, it took 1,5 month in the end. There were no more than two interviews per day, in order to avoid fatigue and inattention of the researcher. The data was collected by using an audio recording application which was tested and practiced with beforehand. Two devices were brought to the interview, a mobile phone and a tablet in case one of the devices would shut down unexpectedly during the interview. After that, the interviews were fully transcribed as soon as possible. In the end, 127 pages of textual data emerged from the transcripts. The recordings and transcriptions were handled carefully and were stored at multiple places, since they formed the entire dataset.

### *3.4 Operationalisation*

In this section, it is explained how the core concepts mentioned in the theoretical framework were operationalised. Firstly the research questions are discussed in terms of how the research question relates to the sub-questions and research concepts. The main question was '*Why do young media companies operating in the screen-based industry locate in Amsterdam?*'. In order to answer this question as specific as possible, five core theoretical concepts that are related to the main research

question are divided into different sub-questions. The first theoretical concept is cluster, since Amsterdam is considered a media cluster. The concept of clusters was translated into the following sub-research question: '*How are cluster characteristics experienced by Amsterdam based young media companies?*'. Sub-question two focussed on the second core concept, which is the phenomenon of start-ups located within clusters and was as following: '*How are start-up characteristics of a cluster experienced by Amsterdam based young media companies?*'. This question is related to the main research question because the focus of the research is on young media companies. The third core concept in this research was location factors, with a special focus on soft location factors. Scholars indicate that soft location factors become more important when deciding to locate in a certain place (Dziembowska-Kowalska & Funck, 2000). Therefore, it could be a possible reason to understand why media companies want to locate in Amsterdam. The third sub-question relating to soft location factors, was as following: '*What soft location factors are important to Amsterdam based young media companies?*'. Residential quality was also mentioned as a possible explanation for Amsterdam attracting media companies (Musterd & Deurloo, 2006). This fourth core concept is translated into the following sub-question: '*How do aspects of residential quality play a role for Amsterdam based young media companies?*'. The final core concept, influence of digital developments on media clusters, is related to the main question in a way that it focusses on a media cluster, which Amsterdam is, and discusses how important it still is to be collocated with other media companies and why. Since there are different opinions between scholars, the respondents were asked for their opinion. This final sub-research questions was as following: '*What is the experienced influence of the digital technological developments on the importance of colocation according to Amsterdam based young media companies?*'. Now that the five core concept are discussed, they are each separately operationalised and defined in the upcoming sections by precisely describing them in terms of insights obtained from literature. Besides that, it is explained how each concept was operationalised by describing important characteristics and indicators. Finally, explained is how the core concepts are translated into the interview topic list.

### 3.4.1 Clusters

Porter (1998) defines clusters as "geographic concentrations of interconnected companies and institutions in a particular field" (p. 78). Especially creative firms are highly clustered (Boix et al., 2014), mostly in major urban areas (Davis et al., 2009). Clusters create both competition and cooperation. Benefits mentioned of clusters are: competitive advantages, cost minimization, local knowledge, motivation, relationships (Porter, 1998), specialized local infrastructures and institutions, flexibility, informal networks based on frequent face-to-face interaction, trust-based interconnections among some large and many small firms, a common skilled labour pool and the

rapid diffusion of knowledge and ideas (May et al., 2008), knowledge obtaining practices (Niu, 2010), tying different cultural sectors within a single city together (Scott, 1997), higher employment rate (Delgado et al., 2014), informal knowledge flows, personal interaction (Achtenhagen & Picard, 2011), innovation, intensifying social cultural milieu, stimulating entrepreneurship and deepening and widening of local labour market (Eriksson, 2011). Disadvantages mentioned of clusters are: big amount of competition, price discounting and the insecurity of smaller firms within a cluster about networking and sharing information with larger firms (Achtenhagen & Picard, 2011).

The core concept cluster was operationalised by explaining the concept shortly to the interviewees, mentioning that a media cluster is a place where a lot of media companies are located, and after that talk about advantages, disadvantages and main characteristics of the concept (cooperation, competitive advantages and competition). All of these elements were translated into questions by first asking whether it is important to them that a lot of media companies are located in one place, and after that by asking what they thought where benefits of so many companies being close together. Cooperation was translated into a question by asking if and how companies were working together with other companies within the cluster. Competitive advantage was directly translated into a question, by asking if they experienced them. Finally, the interviewees were asked if they experienced any disadvantages of being located within a cluster, mentioning competition especially if the interviewees didn't do it by themselves already. A lot of other more specific benefits such as face to face interaction and a common skilled labour pool, will be further operationalised in the topic on location factors.

### *3.4.2 Start-up companies within clusters*

Multiple scholars argue starting a company within a cluster is beneficial (Porter, 1998; Wennberg & Lindqvist, 2008; Delgado et al., 2010; Rocha & Sternberg, 2005). Reasons for this argument are that a cluster environment reduces barriers to entry and growth, enhances regional comparative advantage and helps start-ups to survive. It helps start-ups to survive because within clusters recruiting might be easier because of the higher number of skilled employees that a cluster attracts. Besides that, start-up companies will most likely find a larger number of specialized suppliers to work with which allows them to focus on their own activities. A third reason why clusters contribute to the survival of start-ups is because it might be easier to form initial customer relationships because clusters attract a large number of customers (Pe'er & Keil, 2013). Since Pe'er and Keil (2013) did find however that these benefits do not apply to all start-ups, it is interesting to see whether these benefits are mentioned by start-up companies in Amsterdam operating in the screen-based industry. Creative clusters also provide entrepreneurs with a flexible workforce possessing expertise and creativity, low labour costs, and high productivity (Heebels & van Aalst, 2010). Besides that, clusters offer

entrepreneurial learning circumstances, because clusters provide opportunities for social interaction and important contacts (Rae, 2004).

The concept start-ups within clusters was operationalised by talking about specific benefits for start-ups mentioned above. First it was asked whether the interviewee thought that Amsterdam is an attractive place for start-ups in general. After that three main characteristics were discussed. These were attraction & stimulation of start-ups, helping to survive and offering circumstances for entrepreneurial learning. Questions about if they felt like it was easy to start a company in Amsterdam (low barriers of entry), if they felt competitive advantages towards other start-ups outside of Amsterdam and about if they were experiencing support from the city (financially or in any other way) were asked in order to talk about attraction & stimulation. The second characteristic, helping to survive, was operationalised by asking questions about if they felt like it was easy for their company to grow in Amsterdam (reduced barriers of growth) and if they felt like it was easy to form relationships with clients. Thirdly, offering circumstances for entrepreneurial learning was operationalised by asking if the participants felt that Amsterdam offered easy access to important people from whom they could learn as a starting company. Specialized skill of labour, which is one of the aspects how start-ups are helped to survive, is operationalized in the topic about soft location factors.

### *3.4.3 Soft location factors*

As described in the theoretical framework, when it comes to location factors there is a distinction between hard and soft location factors. Hard location factors are tangible aspects that a place has to offer. Porter (1998) mentions hard location factors of a place such as lower transaction- or production costs. Other examples of hard location factors are parking facilities, short distances to customers or suppliers, low rental costs. The concept of hard location factors was operationalized by explaining the concept and discussing the importance of hard location factors, the advantages and the disadvantages. When the concept was explained, examples of hard location factors were given and the participants were asked how important these factors were for them when they decided to locate their company in Amsterdam. After that it was asked what hard location factors Amsterdam offers to them that are beneficial and which one were disadvantageous.

However, in this research the focus points more towards soft location factors. Dziembowska-Kowalska and Fuck (2000) describe soft location factors as all factors having an indirect influence only, and having no 'visible' impact on economic outcome should be regarded as soft factors. Eriksson (2011) refers to this concept as 'untraded interdependencies' which are less tangible benefits, ranging from an appropriate pool of labour to particular kinds of constitutions such as

universities and business associations. He directs to the importance of a broader social-cultural context in which face-to face contacts, social and cultural interactions as well as knowledge and innovation are embedded. Examples of soft location factors are “access to sources of specialised information, in particular technology oriented research institutions, the presence of a creative and impulse-giving socio-economic environment, and the availability of a broad and diversified supply of highly qualified personnel” (Dziembowska-Kowalska & Funck, 2000, p. 2), closeness to a cultural network (Scott, 1997; Hitters, 2011) and the ‘buzz’ within a city. “Buzz refers to the information and communication ecology created by face-to-face contacts, co-presence and co-location of people and firms within the same industry and place or region.” (Bathelt et al., 2004, p. 38).

The third core concept, soft location factors, was operationalized by discussing different types of soft location factors mentioned above. These were face to face interaction, local knowledge, pool of specialized labour, professional networks, informal networks, cultural networks and buzz. Face to face interaction was translated into questions by asking about if and how participants make use of face to face interaction and also how face to face interaction is an addition in comparison to digital interaction. Local knowledge was operationalised by asking a question about if participants feel like Amsterdam offers them local knowledge for their industry and how. The third soft location factor, pool of specialized labour, was operationalised by asking if interviewees felt like it is easy to find people with the needed skills in Amsterdam to work with. The fourth soft location factor, professional networks, was translated into a question about if the participants feel like it is easy to find and build a professional network in Amsterdam. Informal networks was operationalized by asking if the participants ever meet people from the industry at more informal places such as in a bar or during a lunch and the soft location factor cultural networks is operationalized by asking whether the participants have connections with other cultural industries in Amsterdam and if they get inspiration out of that. Finally, the concept of buzz is first shortly explained and after that translated into a question asking if the interviewees experience buzz in Amsterdam and if yes, to what kind of information they run into. One of the soft location factors, an impulsive giving socio-economic environment, is discussed in the topic about residential quality.

#### *3.4.4 Residential quality*

Florida (2002) mentions the importance of attracting creative people to a place in order to have economic success. The look and feel of the place itself can be reasons for creative entrepreneurs to locate and stay in a certain place (Heebels & van Aalst, 2010). The decision to locate at a certain place is often based on the feel of a building, neighbourhood or city (Helbrecht, 1998). The physical environment is important as well (Helbrecht, 2004; Heebels & van Aalst, 2010; Hutton, 2006), because creative people need to feel inspired and connected with the building in a certain place.

Things such as ethnic and cultural diversity, thick labour markets, a thriving music scene and a great nightlife are aspects of a city that attract the creative class to live there (Florida, 2002, 2003). Florida (2003) also mentions the importance of 'the quality of place', which consists of 'what is there' (physical design, neighbourhoods), 'who is there' (creative people, diversity of people), and 'what is going on' (restaurants, music, cafes). Stam et al. (2008) found that creative firms within urban areas were more innovative than in rural areas.

The fifth core concept, residential quality, was operationalized by explaining the concept shortly to the interviewee, discussing the importance of it during the decision making process by asking how important it was that Amsterdam was a nice place to live and talking about indicators of residential quality. These indicators are the feeling of a place, the environment of a place, diversity of people, quality of place and image of a place. The first indicator, feeling of a place, was operationalized by asking what the first thing was that comes into the participants' mind when they think about Amsterdam and how they felt about the city. The environment of a place was operationalized by asking whether the environment of Amsterdam inspired the participant and in what way. Thirdly, the concept of diversity of people was translated into a question asking how important the presence of people with different cultures and backgrounds in Amsterdam was to the interviewee. The fourth concept, quality of place, was operationalized by asking three different questions: whether the physical appearance of Amsterdam was important, whether being surrounded by a diversity of creative people was important and if it was important that there is a lot to do in Amsterdam such as going to restaurants or events. The image of Amsterdam was operationalised by asking if they felt like the image of the city reflected on the image of their company. Finally, a question was asked to the respondents whether they thought that residential quality and the environment of a place is equally important to every type of industry, or that the media sector is unique in this.

#### *3.4.5 Influence of digital developments*

The final topic in the interview was about the influence of digital developments on the importance of colocation. Some scholars argue that colocation will become less important because death of distance created by digital technologies (Karlsson & Picard, 2011; Glaeser & Ponzetto, 2007), whereas other scholars mention that clusters and colocation didn't become less important due to digital developments (Pratt, 2000; Neff, 2005; Delgado et al., 2014). The scholars that argue that colocation will become less important, argue this mainly because communication and content creation can be done digitally, and the need of being close to other companies loses its importance. The scholars that do argue that colocation remains its importance, or sometimes becomes even more important, argue this mainly because the social milieu and face-to-face interactions,

networking, are crucial. Interesting is to find out, what the opinion is of the interviewees on this discussion.

This core concept was operationalized by explaining what the discussion is about and arguing why digital developments possibly cause that collocation becomes less important. The participants were asked for their opinion on this topic by asking them how important they think it still is nowadays to be located close to each other despite the digital developments. Moreover, the respondents are asked if they visit network events, to see if how important the social milieu of a place still is to them. Face to face interaction is also an important part of this topic, but was mostly already discussed earlier within the topic of soft location factors. The final point discussed within this topic was about the relationship between success and location, asking whether respondents felt like place is important and a part of the success of the company despite digital developments.

The overall goal of the interview was to find out what aspects play a role when deciding to locate a company operating in the screen based industry in Amsterdam and to find out how the start-ups are experiencing Amsterdam. The interview was introduced to the participants as following. The only aspects mentioned before the interview started, was that the interview would be about the decision of locating a (media) company in Amsterdam and about their opinion on being located in Amsterdam as a media company. The actual introduction of the interview itself contained several aspects. First of all, the participant was thanked again for participating and told that there are no wrong answers. They were asked for as much detail and examples as possible. After that it was asked when the company was founded and located in Amsterdam and they were asked if they could shortly describe the main activities of their company in order to have insights on what type of company they had within the media screen-based industry. The final part of the introduction was that the participants was told the reason for conducting this research, which is the movement of media companies from Hilversum to Amsterdam. After that, the core concepts were discussed in several topics. As mentioned earlier, in a semi-structured interview a couple of questions for several topics that need to be addressed need to be prepared beforehand (Myers & Newman, 2007). In this case, there was a total of seven topics and the topics were discussed as following. The first topic was about the main research question in where it was asked what the main reasons were to decide to locate a company in Amsterdam. Besides that within this topic questions were asked about if they considered other places besides Amsterdam and a special question was asked about why they didn't choose for Hilversum. After that, six more topics were discussed. Within these six topics were the five core concepts represented and the sixth additional topic was to talk shortly about hard location factors. Even though the concept of hard location factors is not a core concept that is focussed on, it is still important to see if it also played a role next to soft location factors which is one of the core concepts.

However, hard location factors were not as extensively discussed as soft location factors. The order of the topics was as following: clusters, start-ups within clusters, hard location factors, soft location factors, residential quality, influence of digital developments. An overview of the topic list together with the order of questions asked within topics is presented in appendix 2. The interview ended with asking whether companies were planning on staying in Amsterdam or maybe moving to another place in the future. In some cases however, after asking the first question about what main reasons were when deciding to locate the company in Amsterdam, it happened that some of topics that were planned on discussing later on, were already discussed. Also, some theoretical concepts had overlap between the topics, such as specialized pool of labour which was sometimes discussed within the topic of start-ups within clusters and sometimes within the topic of soft location factors. Therefore, none of the interviews was exactly structured as planned beforehand, but for the most part it was discussed in the order described above.

### *3.5 Method of analysis*

After the data was fully transcribed, a thematic analysis was done. The analysis consists of segmenting the data and reassembling them with the aim of transforming the data into findings. (Boeije, 2009, p. 94). In order to segment and reassemble the data, the six stages described by Braun and Clarke (2006) were apprehended. The first phase was ‘familiarising yourself with the data’, which means transcribing the data, extensive reading of the data and noting down initial ideas. The data was transcribed by using Windows Media Player to play the recording. The playback speed was reduced to 0.6 in order to transcribe the interview as quick as possible without having to play back all the time. After all the data was transcribed, every interview was read extensively again and initial ideas were noted down. Initial ideas that were written down were mainly about what aspects were mentioned as important factors in the decision making process and what aspects occurred more frequently while reading the interviews. For instance, a couple of the interviewees mentioned that the fact that they already lived in Amsterdam, was an important factor in the decision making process of deciding why to locate their company in Amsterdam. In this way, it was already possible to think of some codes that could be applied to fragments in the text in the second phase of analysis, such as ‘already living in Amsterdam’. The second phase was ‘generating initial codes’, in which the data was segmented and interesting features of the data were coded across the entire data set, collating data relevant to each code. This phase is also mentioned by Boeije (2009) as ‘open coding’ in where codes were given to every interesting fragment of the text. In this phase, there was no selection yet in terms of relevance and importance. All the open codes and the frequency in which they appeared, are presented in an overview in appendix 3. Open codes were sometimes inspired by theory, naming the code exactly the same as a theoretical concept, for instance ‘Pool of specialized

labour'. In other cases the name of the code was thought of by the research herself. In the third phase the main purpose was to 'search for themes' (Braun & Clarke, 2006). This was done by 'axial coding' where connections were made between the coded fragments (Boeije, 2009). Connections between coded fragments were made, by reading the coded fragments more extensively again and comparing them with each other to see if there were similarities. For instance, several interviewees who indicated that the presence of people with different cultures was important to them, also indicated that this aspect of the city made them think more open-minded. In this way, the codes 'Open-minded city' and 'Presence of people with different cultures' were linked to each other, where open-minded character became a consequence of a lot of different cultures within the city. In this third phase, reassembling of the codes was started. Codes were collated into potential themes, gathering all data relevant to each potential theme. An example of a theme that was created was the theme 'diversity', because apart from the different cultures other aspects which contained diversity were mentioned as well, such as diversity of companies to work with and places to go. The fourth phase was 'reviewing the themes', which assesses the validity (Braun & Clarke, 2006). In this phase it was important to make a distinction between 'less important categories' and categories that could play an important role in the final findings (Boeije, 2009). This fourth phase is also referred to as 'selective coding', in where the themes were chosen that are central to the integration of the theory (Boeije, 2009). Selective coding was mainly based on which themes appeared more often than others. In the fifth phase the 'themes were defined and named' which existed of refining the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme (Braun & Clarke, 2006). Therefore, in the end, the dominant themes within the text represent an answer to the research questions. An overview of the final themes and codes is represented in appendix 4. The final phase was to 'produce the report'. This phase is reported in the 'results' section, which is presented in chapter 4.

The thematic analysis was done with the help of MAXQDA, which is a software program that helps speeding up the process when identifying patterns within a large amount of text. The program assisted in organizing, managing, and coding qualitative data in a more efficient manner. With open coding it was very easy to select a text fragment and provide it with a certain code name. After the open coding, all text fragments belonging to a certain code could be easily organized together and displayed in one document. In this way, it was easy to read all the fragments and see how they were similar, different or which other possible codes might be related to a certain code. MAXQDA was able to provide an overview of which codes were used how many times, in order to see which codes were possibly playing an important part in the analysis. Some codes were merged or a new code was created and the codes that were related to each other were put under one category which

represented a possible theme. MAXQDA offered a visual tool in which it was possible to see which codes were often used together, this was a helpful tool for discovering codes that were possibly related. The software program also offered the option to make memos along with codes, text fragments et cetera. In this way it was easy during the coding process to note down decisions that were made, such as what kind of elements belonged to a certain code or why codes were related to each other.

### *3.6 Reliability & Validity*

It is important to discuss whether the research was conducted in a credible and trustworthy way. The two core concepts in any discussion about credibility of a research in social sciences, are validity and credibility (Silverman, 2011). In quantitative research, these two concepts can be measured, for instance by letting someone else conduct the statistical analysis, and see if that person finds the exact same statistical results. In qualitative research however, this is more difficult, since interpretation of the researcher is involved and for instance an interview can never be done in the exact same way again. Reliability and validity in relation to the credibility of this research are discussed in the upcoming sections.

#### *3.6.1 Reliability*

Reliability refers to the stability of findings (Silverman, 2011). To which extent the study could have been replicated under the same conditions by another researcher (Baarda, de Goede, & Teunissen, 2001). It deals with the question whether or not some future researchers could repeat the research project and come up with the same results, claims and interpretations (Silverman, 2011). Contrary to quantitative research, in qualitative research it is not possible to do the research again and find an exact same outcome in terms of a number as the previous research project. Moisander and Valtonen (2006) mention two ways on how to improve the reliability of qualitative research. First of all, they argue that it is important to make the research transparent. This can be done by describing the research strategy and data analysis methods in a sufficiently detailed manner. Within this research, the process of how the data was analysed was extensively discussed in the previous sections by explaining which steps were taken and how that was done. Another aspect that Moisander and Valtonen (2006) mention, theoretical transparency by making explicit the theoretical stance from which the interpretation takes place. With operationalising the core theoretical concepts, it was extensively discussed how theory was operationalised into the research. Silverman (2011) also mentions that it is important for the reliability of the research that the interviewees understand the questions in the same way. Since the same topic list was used for every interview, this created a consistency in the kind of questions that was asked to the interviewees, which also indicates to a reliable research.

### *3.6.2 Validity*

Validity represents the truthfulness of findings (Silverman, 2011). It questions whether the results accurately present the social phenomenon to which it refers. Using constant comparison is also mentioned as an aspect which improves the validity. Constant comparison was done in the thematic analysis by the stage of axial coding, in where the codes were reviewed and related to each other comparing them on similarities and differences. Another way to validate a research is to use respondent validation (Silverman, 2011), where the findings are taken back to the subjects being studied. The results of the research will be sent to all the persons that participated via email. In this email it can be asked for feedback whether or not the participants can (partially) relate themselves to these outcomes. If the interviewees would say that they do recognize themselves in the results of the research, it would also be a sign of the results being valid.

## 4. Results

In this section, the results are presented in order to understand and explain why young media companies locate in Amsterdam. Themes that were found when analysing the data are discussed in this chapter. This chapter is divided as follows. Every core theoretical concept is discussed separately. These core concepts were: clusters, start-ups within clusters, location factors, residential quality and influence of digital developments. For each theoretical concept, themes that were found after analysing the interviews are discussed.

Before discussing these themes belonging to the five core concepts, it is interesting to shortly mention what factors influenced the initial decision of the young media companies to locate in Amsterdam. The main difference between factors that played a role in the decision making process were that some were more pragmatic than others. One pragmatic reason mentioned was that the entrepreneur was already living in Amsterdam when starting his business. Another was that the company was first part of a bigger company which was also situated in Amsterdam. Company 9 mentioned for instance the following.

But why Amsterdam.. well simply only because I just lived in Amsterdam. And then if you.. well you start as a sole proprietorship anyway, at least me as a freelancer, so then you just start from your home and then it is simply where you live, that is where you start.

(Company 9, founded in 2011, located in North-Amsterdam, young entrepreneur)

Other initial reasons mentioned were more related to theoretical concepts. They, for instance, had to do with characteristics of clusters or soft location factors. These other -non pragmatic- reasons are mentioned along within some of the themes discussed later on within this chapter. In the upcoming sections the themes are discussed within five different sections. Each one of them representing a core theoretical concept. Per theoretical concept between one and three themes were found.

### 4.1 Clusters

The first theoretical concept was about clusters and its (competitive) advantages and disadvantages. Two themes were found. First of all, companies prefer to locate in Amsterdam because they are close to companies that they work together with such as clients and companies that are an addition to their company. This is explained in the following section.

#### 4.1.1 Short distances to clients / additional companies

This first important aspect of why companies want to locate in Amsterdam is a very practical one. Short distances to people that the companies work with, either clients, freelancers or other

companies, are experienced as an advantage. For some companies being close to clients was important, for others being close to freelancers was important and for some of them both. For company 4, being close to their clients was the main reason to move from Hilversum to Amsterdam.

It is just nice that we can pay a short visit by bike to clients in between everything, or that they can easily come to us. While in the past in Hilversum, that was harder because we always needed to go to Amsterdam and then you lose half an hour forth, half an hour back. That was a waste of time.

(Company 4, founded in 2010 – moved from Hilversum to Amsterdam in 2014, located in East-Amsterdam, experienced entrepreneur)

Another company also argues why it is useful that people and companies he works with, are situated nearby.

If you live in Zwolle and you need to rent a camera.. good luck you know. You have to come to Amsterdam and pick up the camera and go back. I mean, the time that you lost and the money you lost in this trip, is it really worth it? I mean, maybe at here we pay more rent but in the end it compensates for sure.

(Company 10, founded in 2012, located in centre, young entrepreneur)

Company 1 also mentions why he prefers these companies he works with nearby, especially when it comes to companies that are an addition to the company.

Though it is still very nice that the one where you, you know, that are an addition to what we do, or friends who work at similar companies, that, that is close to each other. It is easy to pay a quick visit. Having a coffee whenever you have a question about something or suggesting something we can help each other out with.

(Company 1, founded in 2011, located in centre, experienced entrepreneur)

Being located close to companies that are an addition to the company or freelancers, was more often mentioned as an important factor than being close to clients who were situated throughout the whole country or even throughout the whole world in some cases.

#### *4.1.2 Competition is advantageous*

Interestingly, in contrast to literature discussed earlier (Achtenhagen & Picard, 2011), competition is not experienced as a disadvantage to be located in Amsterdam. On the contrary, it is even experienced as an advantage instead of disadvantage by young media companies operating in the screen-based industry. There are several reasons why the interviewees argue that competition is

beneficial instead of disadvantageous. First of all, several companies argue that competition is an advantage because they will be found more easily by their target group caused by so many companies within the same industry being close together. Company 3, illustrates this with the following example.

What you also see often is that.. I always wonder why all these shoes shops are so close together. But it is probably because, if a client needs shoes or they need an application, they will go to a place where he or she can choose, and if you're the only one in Delft, they will probably skip you. So it is an advantage for the clients that they can combine.

(Company 3, founded in 2011, located in centre, experienced entrepreneur)

Another company mentions how it is not experiencing competition within Amsterdam because the industry is so big that there are enough (big) clients to choose from, while if you live in a small village, you probably only have the local companies as your clients because the big companies will look in Amsterdam. Therefore he also experiences being surrounded by a lot of competition as an advantage instead of a disadvantage, because he can more easily operate nationally or even internationally instead of locally. Company 10 also argues why he experiences competition as something good instead of something bad.

And it is in a way kind of attractive to have other media companies because I.. we see it as a sort of healthy competition where in other countries it is really rough between companies and very demanding and conflicts.. but in Amsterdam I feel that every time another media company does something really good.. good job, I'm proud of them, yes absolutely. Mostly I see it as healthy competition because I'm inspired by what other people do. You know, if I see an amazing film coming out of whatever, cake film, I'm so happy that they did it and I'm so like exited that I feel like, 'oh, I want to do better', but in a positive way you know. It is like 'oh they are stepping up the game, we have to step up the game', so it's a nice.. I see it as a positive thing.

(Company 10, founded in 2012, located in centre, young entrepreneur)

Porter (1998) argues how clusters provide motivation. In this fragment, the interviewee also indicates that competition does not scare him, but motivates him to do even better. Another company mentions this as well, arguing that you shouldn't be afraid and impressed by ideas of competition, but that you should get the best out of it and turn it into something good for your own company.

#### *4.2 Start-ups within clusters*

Besides clusters in general, the research also focussed specifically on start-ups within clusters. One of the companies even initially wanted to locate in Amsterdam because there are so many start-ups within the city and he feels like it is the perfect environment and atmosphere to start a company, because that start-up scene is very alive in Amsterdam. Most of the interviewees argued that Amsterdam was an attractive city for them to start- or have a young company for several reasons. After bundling these reasons together, one overarching theme appeared why Amsterdam is attractive for young media companies. This emergent theme was knowledge and is discussed in the upcoming section.

##### *4.2.1 Knowledge*

Two different approaches to how start-ups gain knowledge from Amsterdam were perceived. First of all, the start-ups learning from bigger companies and special events within the city. Secondly, the start-ups learning from other start-ups by being surrounded by them, or even by being situated directly next to them in a co-working space.

Firstly, some young media companies mention how they can learn from bigger companies in Amsterdam. One interviewee mentions for instance that he constantly keeps track of what other big companies within the same industry in Amsterdam are doing, in order to check if his company is still ahead of the big companies in terms of innovation. Another company mentions the same thing, arguing that it is easier for small young companies to be ahead of innovation because they can more easily adapt to new things or change their strategy because that can be discussed in one afternoon instead of the long process that it needs to go through in big companies. Company 6 also mentions the following example of being situated close to big companies within the same industry.

Yes, about how we should not do it [when learning from big companies]. There are a lot of companies who are doing it wrong in our eyes, who uhm, only go for the money so quantity over quality. We go for quality, personal cooperation, one on one, they are not a number for us, they get personal guidance. We run a bit harder because we really want to keep the client [because of being a small company].

(Company 6, founded in 2013, located in centre, experienced entrepreneur)

Another company mentions as well how it is beneficial to be situated as a small company close to big companies. He argues that you can offer a more personalized cooperation and it is easier for the young company to meet the client's needs and to adapt to changes.

The second way in which young media companies are gaining knowledge from Amsterdam is because of all the business events that are organized. All the companies argue that they find these events very interesting, and some of them would like to go there more often if they would have more time.

Well only because of events [how the company gains knowledge from the city]. Because of a mobile convention or because of something like 'Appsterdam', even though I don't visit it that often, but those are the things that are organized here and that does not happen in Appingedam.

(Company 2, founded in 2013, located in centre, experienced entrepreneur)

Besides business events in general, events especially for start-ups are also visited.

What I notice especially is that there are a lot of, uhm, well events for entrepreneurs. So meet-ups, events, launching parties from other small companies. There you run into other entrepreneurs who you sometimes know from the student entrepreneurs network where I was in.

(Company 8, founded in 2014, located in centre, young entrepreneur)

Besides learning from the city through big companies within the same industry and business events, young media companies also gain knowledge from the big amount of start-ups that they are surrounded by. They feel like they can easier follow trends, because they see new ideas for companies pop-up all the time around them.

I mean it is such an entrepreneurial city, there is like ideas and apps and things popping up all the time everywhere that you know, you're always meeting these really interesting people and they talk to you about their new business model for their new app for running, but there is something in that app or in that business model that you think 'hey, if I translate that into my business, that is really going to help me grow'.

(Company 10, founded in 2012, located in centre, young entrepreneur)

Another aspect mentioned by a lot of interviewees, were the benefits of being located in a co-working space together with a lot of other companies. Not only can you learn from what other companies are doing and what the trends are, but also the other companies that you are surrounded by can give you direct knowledge and support. Company 7 is located within a co-working space and argues why that is beneficial for him.

There is a lawyer, there is a video club, so that video club made our video. The lawyer guides us with all the legal affairs, there is a financial club who does our financial part of the

bookkeeping. I'm searching for companies that can do what I cannot do.

(Company 7, founded in 2014, located in centre, young entrepreneur)

Company 8 also mentions how, within a co-working space, you can gain knowledge for aspects of your company that you are not specialized in. This is supported by Pe'er and Keil (2013), who argue that clusters provide the opportunity for start-ups to focus on their core business, because of the presence of a large number of specialized suppliers available to work with. Besides that, he mentions other reasons why it is beneficial for your knowledge to be situated within a co-working space.

You can brainstorm with people about stuff, they can help you along, we can use each other's network. Uhm, I think it is also good to sometimes, step outside of your own world. As a company you are very much focussed on one thing and you are thinking through a lot and maybe you won't find a solution, while if you talk with someone else who looks at the situation from an outside perspective, that person can give you all of sudden different insights of which you think 'Oh indeed, that is a very good idea'. So that can really help you and that is what I like about co-working spaces.

(Company 8, founded in 2014, located in centre, young entrepreneur)

In general, all companies but one did not experience any direct support, for instance financially, from the city of Amsterdam. However, they felt like entrepreneurship was being stimulated in general because of the big amount of co-working spaces for instance. Opinions on whether it was easy to grow in Amsterdam and finding persons to learn from for your company differed a lot between the companies. Interesting was however, that a difference was seen between young- and more experienced entrepreneurs. It seemed like young entrepreneurs felt like they benefited more from the city as a starting company than more experienced entrepreneurs who already had more knowledge and resources. This was also mentioned by Pe'er and Keil (2013) who argued that start-ups that possess below-average resources generally benefit more from clusters compared to their competitors.

#### *4.3 Soft location factors*

In literature often the distinction is made between hard, more tangible, location factors and soft, less tangible, location factors (Eriksson, 2011). Besides short distances to clients and additional companies that the young media companies work together with mentioned earlier in this results chapter, hard location factors were less important than soft location factors. It even appeared that most hard location factors were more experienced as a disadvantage of Amsterdam than an advantage. These disadvantages were mostly related to expensive parking and rental costs.

Rental and parking.. I hate the fact that it is so expensive, but for the other reason like closeness to clients, I guess it is like a yin and yang you know, good things, bad things. It's like 90%, 10% [good versus bad things]. The penalty of having to pay extra parking or extra living space is compensated by having clients around you.

(Company 10, founded in 2012, located in centre, young entrepreneur)

As also seen in the quote above from company 10, within the category of hard location factors closeness to clients and additional companies was of more value to young media companies than other hard location factors such as rental- and parking costs.

As opposed to hard location factors, soft location factors were of more importance when young media companies explained why they want to locate their company in Amsterdam. In line with these findings, several scholars also already argued how hard location factors are losing their dominance and soft location factors are becoming more important (Dziembowska-Kowalska & Funck, 2000; Niu et al., 2012). Three soft location factors were important in understanding why these young media companies want to locate in Amsterdam. Two of them, network and pool of labour, were already discussed in literature earlier. The third soft location factor that was important to the young media companies, image, was an emerging theme.

#### 4.3.1 Network

The accessibility to a network in Amsterdam appeared to be important for young media companies. For three of the ten companies, it was even the reason why they initially wanted to locate in Amsterdam. Most companies argue that this network is so accessible because a lot of the media industry is located in Amsterdam and also a lot of other big companies from other industries which could be potential clients. Company 1 gives an example to illustrate this.

When I look at my street for instance, and then I'm talking about clients and suchlike, potential clients. Then above me lives one of the highest bosses of one of the biggest advertising agencies of the world, next to me lives the marketing director of America Express and that is only my street. That does indicate what kind of people live here and they doubtlessly live in other places as well, but this illustrates for me what is going on within the city.

(Company 1, founded in 2011, located in centre, experienced entrepreneur)

Company 7 also illustrates how these personal contacts help him in his professional network.

Most of the business stuff occurs because of all the personal contacts that I have. I talk with that person, saying that he knows someone working at Converse that I need to talk to. Or you

tell somebody what kind of work you are doing, and then he says 'Oh, I work for Nike, that would be something for us to use'. Well, then you have Nike [as a client], and you won't have that if you stay in a small town.

(Company 7, founded in 2014, located in centre, young entrepreneur)

A lot of companies mention how they prefer to meet at more informal places. An interviewee says that he feels like most deals are closed while drinking a beer, arguing that Amsterdam is the perfect place to have a drink. Another company gives the following example of how, an informal setting right outside of his office in the sun, created an unexpected extension of his network.

Thursday we met with a guy who just came to visit a friend at our office and our office is also a co-working space. We have people from all different backgrounds and different countries and he just came to visit and we sat down, smoking a cigarette in the sun and it was super inspiring and we started talking and that lasted for three hours and we are now going to work together on a project. He is hiring us, we are hiring him you know. He was just a very inspiring guy, he had brilliant ideas, we had a lot to discuss and I guess living in Amsterdam does make you find these people easier than if you live in Zwolle.

(Company 10, founded in 2012, located in centre, young entrepreneur)

As seen, often professional and more informal personal networks are overlapped. Ties with other cultural industries and a cultural network was not necessarily mentioned and important to most of the young media companies as opposed to the literature about closeness to a cultural network and ties between different cultural industries (Hitters, 2011; Scott, 1997).

#### *4.3.2 Pool of labour*

A second, very important aspect that the city offers to young media companies and explains why companies want to be located in Amsterdam, is because of the pool of specialized labour within the city. A lot of the interviewees mention that almost everybody they work with in terms of freelancers is located in Amsterdam and also if they are searching for an employee Amsterdam offers a lot of talented people and it is easy to find someone. For two companies it played a big part in the decision making process.

It is about the staff, it is about the people. It is about freelancers that are here, it is about potential employees who are here. That is what it is all about.

(Company 2, founded in 2013, located in centre, experienced entrepreneur)

As opposed to Amsterdam, the interviewees feel like the talented and skilled people they need are not attracted to come to Hilversum which was also mentioned as an important reason of why they

prefer to locate in Amsterdam instead of Hilversum. One of the companies that moved from Hilversum to Amsterdam illustrates this.

A lot of people in our industry are in Amsterdam and they would rather not work outside of Amsterdam. Other people that are outside of Amsterdam also just love to come to Amsterdam. In Hilversum occasionally that was a struggle whenever we had a potential employee saying 'well, Hilversum that is a bit far', while actually that is nonsense, it is only half an hour by train, but still they just want to go to work by bike.

(Company 4, founded in 2010 – moved from Hilversum to Amsterdam in 2014, located in East-Amsterdam, experienced entrepreneur)

When discussing why the companies think that Amsterdam has this wide pool of specialized labour and why these people are attracted to the city, the following things were said. First of all, they think it is simply because so many media companies are located in Amsterdam, people are attracted to the place as well. Besides that, the interviewees argue that the city especially attracts a certain type of people that is needed for the media industry. Company 2 mentions the following about this.

Amsterdam is attractive for people that are slightly different than others, who have slightly different ideas or who approach things differently. People who think that they are talented, whether they really are that is another question, but it is a melting pot of people that are in general searching for a bit more liveliness than where they came from and that is something you can feel in Amsterdam. That is why I want to be here.

(Company 2, founded in 2013, located in centre, experienced entrepreneur)

Other characteristics of people that are mentioned about the type of people that Amsterdam attracts are creative, young and open-minded. Young media companies also mention that it is easier to attract international people. Company 5 mentioned the following about this.

We also work with uhm, a Spanish guy, an English guy, we work freelance with a South-African guy, so that is also a huge advantage of Amsterdam. Those guys don't come to Hilversum you know, with the train and everything. They will search here for agencies and companies. So those connections are extremely nice and pleasant. And it also just that the guys coming from different countries are really talented.

(Company 5, founded in 2010 – moved from Hilversum to Amsterdam in 2012, located in centre, experienced entrepreneur)

Company 7 also argues why it is beneficial to be located in Amsterdam in relation to attracting people from all over the world.

You can attract talent to here. A lot of people are willing to come and work here, despite the fact that they are located somewhere else in the world whereof we think that is a great place. London for instance you know. So you also have a bit more.. Amsterdam has a good reputation to a lot of people and that is super because that also means that you are able to attract the best talent in the world if you can afford it.

(Company 7, founded in 2014, located in centre, young entrepreneur)

This last quote provides a bridge towards the third theme found within soft location factors, by arguing that the reputation of Amsterdam helps attracting a lot of talented people and skilled employees. The image of Amsterdam was also one of the reasons why young media companies want to locate in the city, which is discussed in the upcoming section.

#### *4.3.3 Image*

The third theme that appeared within soft location factors, which was an emerging theme not discussed yet in the theoretical framework, was about the image of Amsterdam. Media companies want to locate in Amsterdam because the image of the city positively reflects on the image of their company. Besides that, they feel like the image of the city, which is often associated with innovation and creativity, is in line with the image that the company wants to have. A lot of interviewees mentioned this aspect and for two of the companies it was even the initial reason why they decided to locate in Amsterdam. One company makes the hard statement that -as a media company- you won't be taken seriously when you're not located in Amsterdam by clients and that they just expect you to be there. Especially internationally, towards other countries, the image of Amsterdam is experienced as important. One of the interviewees explains why.

Yes, Amsterdam is easier to explain [to other countries] than Hilversum or Utrecht or whatever. Amsterdam is just known by it. Coincidentally, yesterday a list was published of the best digital agencies of Amsterdam, we were in that one and well.. you wouldn't have been in that list if we would have done exactly the same and we would have been still in Hilversum. They won't make a list of Hilversum. You have Tokyo, New York, Amsterdam and then they move on, they won't visit Hilversum.

(Company 4, founded in 2010 – moved from Hilversum to Amsterdam in 2014, located in East-Amsterdam, experienced entrepreneur)

Interviewees mention different aspects of why they think Amsterdam has got this positive image which is also beneficial for the image of their company. For instance because Amsterdam is, according to the interviewees, associated with creativity. Moreover, the image is created by Amsterdam being a world city because it is compared with other big cities such as London and Paris.

Besides that, they argue that Amsterdam is a unique city because of the physical appearance with all the small houses and people biking everywhere. Another aspect that creates the good image of Amsterdam, is the idea that 'the best of the industry' is located within the city. Company 3 describes this as follows.

If you uhm, you just have so many things in Amsterdam, which are the best. So you have the dance school right here on the corner, which is the best one of the Netherlands. When talking about theatres then there is Carré, if an artist dreams about any place to perform, then it is Carré, and for this reason the best app-developer is also located in Amsterdam.

(Company 3, founded in 2011, located in centre, experienced entrepreneur)

The last sentence of this quote is told laughing by the interviewee, because he has an app-developing company. As seen in his quote, the other kind of companies that he refers to beside his own media company, are companies operating in the creative industries as well. This implies that the interviewee especially thinks that the best of the creative industries is located in Amsterdam. Companies also argue how they experience the image of Amsterdam as positive when talking to clients. According to them, companies always react positive when you say you're located in Amsterdam and that they would love to visit. Some companies say it on purpose to clients, because they know that the client will react positively and it will work in their favour. Some of the interviewees argue that, because Amsterdam is such a well-known city with a good image, it is easier to explain to clients where you are located. Company 8 mentions this as well, he provides an example of how the image of Amsterdam positively reflects on the image of his company.

Yes for sure [image of Amsterdam reflecting on the company], especially internationally. Amsterdam is the city that most people know of course. That gives a certain trust I think. So that for sure and within the Netherlands it is also useful when you say you are located in Amsterdam. We were located on the Prinsengracht for example, well if you mention Prinsengracht in Amsterdam on your business card, then people think 'oh, Prinsengracht' (pronounced in a positive way), wow that is pretty interesting. So that is indeed a sort of status that you get because of that.

(Company 8, founded in 2014, located in centre, young entrepreneur) (main reason by company 5 and 6 and a bit for 2)

#### *4.4 Residential quality*

Residential quality exists of a lot of different aspects. For instance the quality of place is an indicator for residential quality (Florida, 2003), which is about 'who is there', 'what is there' and 'what is going on'. Most of the interviewees argued that residential quality was important to them, either for

themselves because they are living in the city, or because they argue that if a place is nice to live in, it also attracts possible employees for the company. One of the companies even mentioned that if Amsterdam wasn't a nice place to live, he would have never located his company here. Two main themes occurred from the data that are related to aspects of residential quality. First of all the diversity of the city and secondly the dynamics of Amsterdam. These two themes will be discussed in the upcoming sections.

#### *4.4.1 Diversity*

The diversity that the city offers was also a reason of why companies prefer to locate in Amsterdam. The importance of diversity was mainly related to three aspects. Diversity of people, of companies to work with and of places to go. Company 3 describes why he prefers the diversity of Amsterdam in general.

Again the diversity. So having a choice is pleasant. Whenever something bores you, you can check-out another place one door further. Everywhere new sorts of people, new types, so you are not limited by a framed village where everybody knows each other and where everything needs to be done the same and where you cannot really stand out.

(Company 3, founded in 2011, located in centre, experienced entrepreneur)

Another company also mentions the concept of diversity when talking about why he enjoys the environment and atmosphere of Amsterdam, mentioning how a diversity of people is especially important to him.

Well the diversity. You just have a diversity of people, minds and location. You know, choice in where you can go to, history. Amsterdam is still about the people I think, yes the diversity of people.

(Company 2, founded in 2013, located in centre, experienced entrepreneur)

Several interviewees indicated that the presence of different people within the city was important to them as well. However, they were more specifically talking about people with different cultural backgrounds. One interviewee argues how the presence of different cultures influences his way of thinking.

You know, you get a sort of mix of cultures and that is positive in a way that because of it you also get different points of view, both negative and positive. I think it influences your thinking, your way of thinking, and that that results in your work. I am not able to think of a concrete work-related example, but it has.. I think it contributes to the way you approach things. I think that has its reflection on let's say what you do within your work. Your vision

becomes wider. So you're less within yourself, but you are just, well you know you hear the other side of the story.

(Company 1, founded in 2011, located in centre, experienced entrepreneur)

In the quote above, company 1 indicates that the presence of different cultures make him think more open-minded. This consequence of having a lot of people with different cultures within the city was mentioned by more companies. One company states that these people create the openness that belongs to Amsterdam. Another interviewee, who is an expat, also explains that this international, unique open mind-set is why he loves to be located in the city. Three companies mention that they work together with people from different cultures, and all experience this as pleasant and an addition to their company. Company 4 mentions the following example about how international employees are an addition to his company.

They all bring something different to the table. Other insights, but also for instance when having lunch. Normally the lunch is delivered, but once in a while, an intern was French and that person is just preparing all kinds of things from France in the kitchen for everybody, so that is just very enjoyable. We also had a freelancer from Australia, well then you have a lot of exchanges [on thoughts] with that person, so that is a lot of fun.

(Company 4, founded in 2010 – moved from Hilversum to Amsterdam in 2014, located in East-Amsterdam, experienced entrepreneur)

Secondly, besides diversity of people, diversity of places to go to is also mentioned by companies. Especially when wanting to have a drink in the city. Company 1 explains how this diversity of places to go to represents freedom to him.

I just love it, for me freedom is not that I see meadows everywhere, but that I can just go and sit on a terrace and if I think that the coffee is nasty or I think the waiter is a dick, and that I can go two doors down and there come across someone that I like or where they have a nice coffee or beer.

(Company 1, founded in 2011, located in centre, experienced entrepreneur)

Thirdly, some of the interviewees mention that they feel like they have a lot of choice in companies that they can work together with that are located within the city and who are an addition to their companies in terms of activities. Company 10 tells how he experiences this and why it is important to him.

I mean, especially in film and media in general but especially in film, you really need a whole team to work together. You can't do it by yourself. So you depend on that network [diversity

of companies to work with] very, very much. Amsterdam is a perfect city for that.

(Company 10, founded in 2012, located in centre, young entrepreneur)

#### *4.4.2 Dynamics of Amsterdam*

The second theme related to residential quality, is the dynamics of Amsterdam. The interviewees want to locate in Amsterdam, because of everything that is going on within the city. This has to do with several aspects. First of all, because of everything that is organized. These could be business events where a lot of the companies pointed out that they go to, in order to generate knowledge and a network from, but also festivals or premieres. Company 10 gives an example of something to do in the city and how Amsterdam as a city specifically offers value to him.

And things to do you know, you go to the IJ-hallen, for example if I'm looking for props for film I go to IJ-hallen in the North and I find crazy stuff there you know. Maybe there is a flea market in Zwolle, but maybe not IJ-hallen you know, the biggest in Europe. Probably not. So those are the things that the city can offer you, that will benefit you in your personal life and obviously in your business life.

(Company 10, founded in 2012, located in centre, young entrepreneur)

Secondly, the good atmosphere that is experienced by young media companies in Amsterdam is part of the dynamics of the city and a reason that companies want to locate in Amsterdam. For one company this atmosphere was even the reason to initially locate in the city.

You just want a fun atmosphere, because we're being very innovative so then you just want a positive and fun atmosphere. You just want like-minded people around you.

(Company 2, founded in 2013, located in centre, experienced entrepreneur)

This good atmosphere is, according to the interviewees, caused by all the fun things that you can do such as going to different restaurants or music venues, but also by the 'cosy' physical appearance of Amsterdam with all the small houses, canals and everybody biking around illustrated by company 7.

It is a really beautiful city. I don't know one city where you can bike along all the small houses you know. That cosy feeling where everybody is biking, that feels very friendly.

(Company 7, founded in 2014, located in centre, young entrepreneur)

A lot of companies argue that because of this cosy atmosphere and physical appearance of the city, it feels like a small town. This is illustrated by company 5.

Personally, what I find very pleasant about Amsterdam is that it is a compact city so you will easily find your way. It [the city centre] is built in a round shape you know so everything is

central. I like that a lot.

(Company 5, founded in 2010 – moved from Hilversum to Amsterdam in 2012, located in centre, experienced entrepreneur)

The companies like that, even though Amsterdam is a world city, it is still very compact and feels like a small town. This small town idea, also creates that people are very open to each other and it is easy to visit everybody and build relationship or extend a network.

For us it is the big main capital, for them (American companies in Amsterdam) it is uhm.. yes, you can talk to the CEO of the biggest company in the Netherlands, but you go to him by bike you know. That sort of clumsiness they love and that is something you do not always realise as a Dutch person that we are all very 'down to earth' and we just go by bike to clients and do some groceries here and there. So we are doing important things and internationally Amsterdam is quite, well, sort of leading but actually we are very small.

(Company 7, founded in 2014, located in centre, young entrepreneur)

According to the young media companies, this dynamic and good atmosphere also have an inspiring and energizing effect on them. Company 10 explains why.

The atmosphere, especially spring / summertime it is really nice. Everyone is out drinking and having fun and you feel that vibe in the air that calmness. I mean, I can be in my house and I get out of the house any day of the week and feel brilliant, I can't believe that I'm in the middle of.. you know one of the most famous cities in the world and I'm right there and I feel that it is so quiet, and I'm just walking down a canal and that's beautiful, that's amazing and it's very refreshing, calming, having water is always nice in a city. So that is very, very important.

(Company 10, founded in 2012, located in centre, young entrepreneur)

Another example of how the environment and atmosphere of Amsterdam work energetically is given by company 8.

You just get energy from the environment, it is such an alive city, also because it is so compact and not people everywhere, a lot of squares and cosy. Because of that, you get energy from the city.

(Company 8, founded in 2014, located in centre, young entrepreneur)

Companies also argue that because of everything that is going on, they can easily combine work and leisure within the city. This causes that work feels less like work and more like fun, which is

something that a couple of interviewees mention as advantage of being located in Amsterdam and why they love to have their company in the city.

The dynamics that Amsterdam has in terms of everything that is organized and the good atmosphere, was also often mentioned as an important reason why companies would not want to locate in Hilversum. The interviewees argued that the physical appearance of Hilversum was looking boring and industrial and that the environment was not inspirational or stimulating innovation at all. Interestingly, when discussing with the interviewees whether residential quality in general is equally important to every industry, most of the interviewees argue that it is not and that there are certain industries which need this type of environment that Amsterdam has to offer, of which the media industry is one of them. Company 4 illustrates why it is important for the industry he works in and why it is not important for another, totally different, industry.

Yeah that's is more because I think we also deal a lot with advertising agencies, with creative people who need an inspiring environment in order to be very good consistently. With a construction company that is less needed, then you just get a construction plan and that needs to be made. Then you probably focus more on cost reduction [instead of an inspiring environment].

(Company 4, founded in 2010 – moved from Hilversum to Amsterdam in 2014, located in East-Amsterdam, experienced entrepreneur)

#### *4.5 Influence of digital developments*

Scholars think differently about what the influence is of the recent digital developments on clusters and the importance of colocation. When talking to the interviewees about this topic, slightly different views were expressed. An interesting difference between the interviewees was that most of the younger entrepreneurs thought that colocation is becoming less important because they used mostly digital contact, while most of the more experienced entrepreneurs argued that personal face to face contact was of great importance to them and that colocation is still very important. Possibly this difference is caused by the younger entrepreneurs growing up with digital communication in contrast to the more experienced entrepreneurs. However, all the companies argued more or less that face to face contact is important to their company and that digital contact could not fully replace that. In line with this finding, Pratt (2000) also argued that colocation would be still important despite digital developments because of the social interaction that is needed. Why this personal face to face contact is important to young media companies in Amsterdam is explained in the upcoming section.

#### *4.5.1 Importance face to face contact*

When talking to companies about what face to face contact adds in comparison to digital contact, in which the exact same information can be communicated, the companies mentioned several aspects. First of all, the interviewees feel like face to face contact is more personal, and therefore it is easier to create a sustainable relationship with clients or other companies which indirectly causes that it is easier to work with each other for probably a long time. Secondly, some of the interviewees mention how non-verbal communication adds something to them apart from only verbal communication.

Company 2 describes this as the following.

It [media industry] is human work, just human work. People want to see a person, people want contact, people want to feel you, want to smell you so to speak, want to estimate you. You want to socialize with like-minded people, you want real communication with them, verbally, non-verbally.

(Company 2, founded in 2013, located in centre, experienced entrepreneur)

Interesting is that company 2 refers to face to face interaction as 'real' communication, which implies that digital is not. There were more companies who experienced face to face communication as more real communication. Another aspect that a couple of interviewees mentioned as an addition of face to face contact, was that it often prevents misunderstandings in contrast to digital communication. Company 9 illustrates this with the following example.

Recently there was someone that said to me 'can you take that drone shot out?'. Well there were two types of drone shot within that movie. One shot by the drone itself and the other one was someone filming a drone while it was on the ground. I took out the wrong shot instead of the good one.. That would have never happened if we would have had face to face communication.

(Company 9, founded in 2011, located in North-Amsterdam, young entrepreneur)

Moreover, an interviewee argued that with face to face contact, you most of the time also talk about other, work-related and personal, things which were not the planned topics to talk about beforehand. He argues that in this way you might learn something new, or start working on a new project while that was not the intention of the conversation, while with digital communication you most of the time only talk about the things that you planned to talk about. Other aspects mentioned that are an addition of face to face contact compared to digital contact were that the communication goes quicker and therefore it is easier to fix problems for instance and that there are no connectivity problems with digital communication tools such as Skype.

When discussing with the interviewees at what point in time they prefer face to face communication, they mentioned a couple of moments when face to face interaction is important to them. First of all, almost all the interviewees said that when working together with someone they want to meet face to face in the beginning of the process.

Especially in the base of projects that we do, you just want that everything is explained clearly.

(Company 4, founded in 2010 – moved from Hilversum to Amsterdam in 2014, located in East-Amsterdam, experienced entrepreneur)

However, most of the time face to face contact is preferred when discussing the so-called 'important things' or when 'important decisions' need to be made and brainstorming is needed. Company 1 gives an example of when something is important to him in the following text fragment.

Well I make a distinction between big things and small things. You know when it is about, say if you are working on a project with each other, then if something would be small, so for instance I think that the colour of a movie is too flat, I would send an email about it.

However, if I want discuss with him or her what the approach of the movie needs to be, I prefer to go there [to him or her]. Because I think it is important to look each other in the eyes and be able to ask questions. An email gets misinterpreted very quickly.

(Company 1, founded in 2011, located in centre, experienced entrepreneur)

#### *4.5.2 Changing media market*

Besides the importance of face to face contact, another interesting theme emerged from the data that has to do with the influence of digital developments. This theme is not about the influence of digital developments on colocation, but about the influence on the media industry and indirectly on the location of media companies. Several ideas that are already mentioned earlier within this results chapter were pointed out by the interviewees about why they prefer Amsterdam over Hilversum, such as the more attractive physical appearance of Amsterdam, the creative aspect of Amsterdam that Hilversum cannot offer or the idea that potential employees are more attracted to Amsterdam than Hilversum. However, the changing media industry is most of the time mentioned as the reason why the interviewees think that media companies are moving away from Hilversum and want to locate in Amsterdam.

You see a shift from TV to online, and Hilversum is TV, Amsterdam is new media, is online.

(Company 6, founded in 2013, located in centre, experienced entrepreneur)

This is the basic reason that the interviewees argue about why Amsterdam is becoming more attractive for media companies, because the media industry is shifting from traditional to digital and digital media belongs to Amsterdam. Company 8 mentions for instance that he doesn't understand why a big digital company is still located in Hilversum.

Yes I really wonder why they are there [in Hilversum], because they work for the most part with new media, uhm not necessarily with television and radio I think. I think that if you want to go more to the internet side, the new media side, that it is more interesting here in Amsterdam, that is something I believe.

(Company 8, founded in 2014, located in centre, young entrepreneur)

Company 10 also discusses the shift in the media industry from more traditional towards digital, but approaches it from another point of view, saying that all the big companies in Amsterdam were all of a sudden in need of digital media and that is the reason why a lot of new media companies came to Amsterdam.

But I think that [shift from television to digital media] made Amsterdam more attractive, because all the headquarters are in Amsterdam of big companies, like ING, Nike, Adidas, KLM so all the big ones are here. All the creative agencies are here as well. And I guess the shift in the market was because internet became so popular and every company and every brand felt the necessity of going online and then you saw the boom of the designers and web designers where everyone had to create an amazing website.

(Company 10, founded in 2012, located in centre, young entrepreneur)

Opinions whether everything will go digital or traditional media will keep existing differ. Company 8 has the following opinion about this.

I think that media converges more and more, so old and new media all coming together. Well and then I know for sure that RTL benefits more from for example the new.. not advertising agencies, but new creative bureaus who think up cross-media concepts. Uhm, that they [RTL] benefit more from parties that are located in Amsterdam, that have more of the new media DNA in them. Uhm, I think that those are all located here and as soon as those worlds come together, I think the worlds will come together in Amsterdam and not the other way around. I cannot imagine that a lot of companies will move to Hilversum.

(Company 8, founded in 2014, located in centre, young entrepreneur)

Interesting to mention is that, when asking the interviewees whether they thought that place was related to success, different opinions were given. On the one hand four interviewees argued that

success is always related to the quality of the product that the company offers, and that you can only create success by yourself. On the other hand, six companies said indeed that Amsterdam was partially related to the success of their company. One company said for instance that since they moved from Hilversum to Amsterdam they noticed an immediate grow, because they were able to work closer together with their clients. Another company argued that his employees create the success of his company, but that he thinks that Amsterdam attracts these employees and therefore indirectly Amsterdam contributes to the success of his company.

The interviewees all indicated that they would like to stay located in Amsterdam for the coming years. Only a few of them said that possibly, if they will grow bigger, they would maybe move to places such as London or Silicon Valley in order to develop their company as much as possible. None of the companies had any intention to go (back) to Hilversum.

## 5. Conclusion & discussion

In this final chapter of the thesis answers to all the sub-research questions and the main question are given. Besides that, the answers are related back to previous theory and literature mentioned in the introduction and theoretical framework in order to draw an overall conclusion. Furthermore, the research is critically evaluated in a discussion section.

### 5.1 Conclusion

The main question presented in the beginning of this research was 'Why do young media companies operating in the screen-based industry locate in Amsterdam?'. In order to answer this research question, five sub-questions were presented which contained five theoretical concepts. Based on the themes that appeared after analysing the interviews, the answers to these five sub-questions will be discussed in the following sections. After that, an answer to the main research question will be presented.

The first sub-question was 'How are cluster characteristics experienced by Amsterdam based young media companies?'. Two themes were found after thematically analysing the data. First of all it was seen that short distances to companies that the young media companies work together with, was one of the reasons for them to locate in Amsterdam. These companies that they are working together with were both clients and/or companies and freelancers that were an addition to the company. According to Porter (1998), "Clusters are geographic concentrations of interconnected companies and institutions in a particular field" (p. 78). As seen, the main characteristic of a cluster is the idea that companies within a particular field are located close to each other in a geographic concentration. This main characteristic of a cluster, the short distances to each other, is argued as one of the reasons why young media companies operating in the screen-based industry want to be located in Amsterdam. So it could be said that the cluster itself plays an important role in understanding why young media companies locate in Amsterdam. The second theme related to clusters was, unexpectedly, that the big amount of competition within the cluster was considered as an advantage instead of disadvantage. This finding is in contrast to the theory previously mentioned, which argued that the big amount of competition is one of the disadvantages of a cluster (Achtenhagen & Picard, 2011; Porter, 1998; Pe'er & Keil, 2013). The arguments given by the young media companies why competition is an advantage instead of disadvantage, was because they felt like their company was found more easily by the clients, easier access to big (international) companies as clients and because it stimulates them to do better. The last reason mentioned, that young media companies feel stimulated, is in line with the point Porter (1998) makes about clusters providing motivation. However, possibly in this case, with competition as motivator, in another way

than he implied. A possible explanation for this unexpected finding could be that young media companies nowadays are more used to competition as compared to relatively older media companies, because with the coming of digital media the boundaries to start a company lowered and more media (digital) companies emerged. In this way, young media companies most likely think of how they can turn a disadvantage into an advantage by seeing the benefits that competition can offer.

Secondly, a sub-question about start-up characteristics of a cluster was presented: 'How are start-up characteristics of a cluster experienced by Amsterdam based young media companies?'. When talking with young media companies about start-up characteristics one theme appeared, which was that they preferred being located as a young company in Amsterdam because of all the kinds of knowledge that it offers both from bigger companies and events and in Amsterdam as well as learning from all the other start-ups that they were surrounded by. This is in line with the idea that clusters provide knowledge (Niu, 2010; Porter 1998). Moreover, it relates back to the concept of entrepreneurial learning that Rae (2004) mentions. He argues that clusters provide circumstances for entrepreneurial learning because of "opportunities for social interaction and contacts with people who are important in one's life and work" (Rae, 2004, p. 350). It seems like the other way of how young media companies learn within a cluster, through other start-ups that they are surrounded by, is related to the concept of 'buzz' discussed among the soft location factors in the theoretical framework. Buzz is the information and communication ecology within a cluster. "This buzz consists of specific information and continuous updates of this information, intended and unanticipated learning processes in organized and accidental meetings, the application of the same interpretative schemes and mutual understanding of new knowledge and technologies, as well as shared cultural traditions and habits within a particular technology field" (Bathelt et al., 2004, p. 38). Buzz doesn't require particular investments, because the information and communication is most of the time automatically received by the companies because they are surrounded by it. The young media companies also pointed out that because they are surrounded by so many start-ups, they receive knowledge about the latest trends for instance. In this way, all the start-ups located in Amsterdam create a buzz for the other companies about knowledge on innovation.

It was seen that, besides close distances to suppliers and clients, hard location factors were not part of the main reasons of why young media companies want to locate in Amsterdam. Hard location factors were even more experienced as disadvantages of Amsterdam instead of advantages. Soft location factors on the other hand, appeared to be more important in most of the cases. The third sub-research question was 'What soft location factors are important to Amsterdam based young media companies?'. The three soft location factors that appeared to be important to young media

companies were network, pool of specialized labour and image. Young media companies want to locate in Amsterdam because of the closeness to a social network that they have in Amsterdam. This finding is in line with literature discussed earlier in where scholars argue that one of the benefits of a cluster is the closeness to social, informal networks because a cluster offers the opportunity for social interaction with important people relating to one's life and work (May et al., 2001; Heebels & van Aalst, 2010). It was also seen within the results that young media companies often prefer to meet at informal places. Achtenhagen and Picard (2011) mention that informal knowledge flows and personal interaction as specific advantages for media clusters, because media clusters create primarily non-physical goods and services. As closeness to cultural networks was also mentioned in the literature as one of the benefits of a cluster (Scott, 1997; Hitters, 2011) and considered as a possible important soft location factors for young media companies, this was not perceived when analysing the results. The network that the young media companies talked about was more pointing towards a personal and professional social network, often overlapping each other. Another soft location factor that caused young media companies operating in the screen-based industry wanting to locate in Amsterdam, was because of the pool of specialized labour that Amsterdam offers. Companies felt like it was easy to find the skilled people that they needed, because these kind of people are attracted to Amsterdam. This is also in line with theory discussed previously about the specialized pool of labour being one of the benefits of a cluster (May et al., 2001; Eriksson, 2011) and with the theory of the 'creative class' (Florida, 2002), which argues that creative people are attracted to a place which contains aspects such as cultural diversity and a thriving music scene, which are present in Amsterdam. It is not surprisingly that this theme appeared when interviewing young media companies, because Pe'er and Keil (2013) also argue that especially for start-ups with below-average resources benefit from access to labour within a cluster. Thirdly, the image of Amsterdam was mentioned as an important soft location factor of why media companies wanted to be located in Amsterdam. This soft location factor was an emerging theme not discussed yet within the literature. According to the young media companies, the image of the city reflected positively on the image of the company, especially internationally.

Fourthly, a few aspects of residential quality that are present in Amsterdam appeared to be important for young media companies. The fourth sub-research question was 'How do aspects of residential quality play a role for Amsterdam based young media companies?'. It appeared that the diversity of Amsterdam and the dynamics of Amsterdam played a role in understanding why media companies want to locate in Amsterdam. These two themes relate especially to the quality of place theory mentioned by Florida (2003). Quality of place referred to three aspects: 'who is there', 'what is there' and 'what is going on'. However, it appeared that diversity is not only preferred in terms of

people, but also in terms of companies to work with and places to go. The dynamics of Amsterdam are mainly related to 'what is going on' and 'what is there'. Everything that is going on within the city appeared to be one of the reasons why media companies decided to locate in Amsterdam. Besides that they felt like the atmosphere in Amsterdam was good, partially because of the physically attractive environment. This is in line with the argument that Musterd and Deurloo (2006) make in the introduction, saying that attractive residential characteristics and social environment in Amsterdam appear to be preconditions for attracting business. Moreover, the results support the idea that the look and feel of the place itself can be reasons for creative entrepreneurs to locate and stay in a particular place (Heebels & van Aalst, 2010).

The final sub research question was 'What is the experienced influence of the digital technological developments on the importance of colocation according to Amsterdam based young media companies?'. Different opinions were given on this topic, one saying that it is still very important despite the technological developments to be co-located and the other saying it becomes less important. However, face to face contact was still important in more or less ways to every young media company that was interviewed. This was also mentioned by Pratt (2000), who argued that place and distance are still important, especially when it comes to social interaction. He found that a lot of activities in new media are carried out virtually, however such virtual interaction was either preceded by, or was after, face to face meeting. The exact same was found within this research after analysing the interviews. Besides the discussion on the remaining importance of colocation, another theme was found within the topic of digital developments. It appeared that companies wanted to be located in Amsterdam because they felt like they were more new media companies, which belongs more to Amsterdam than Hilversum. This was also mentioned as the main idea that young media companies had about why the movement from Hilversum to Amsterdam is currently going on, because the media industry changes from traditional to more digital and multi-media. In the introduction van der Groep (2011) already mentions that Amsterdam is ahead of innovation compared to Hilversum and has benefited more from the developments of the recent years. Therefore, it comes as less of a surprise that Amsterdam is more associated with new media than Hilversum.

After discussing the answers to all the sub-questions presented in this research, the following could be concluded. The answer to the research question 'Why do young media companies operating in the screen-based industry locate in Amsterdam?' has to do with several aspects of the city. Firstly, because young media companies can be close to their clients and/or companies that they work together with. Secondly, because they see the big amount of competition in Amsterdam as an advantage to their company. Thirdly, because they can gain a lot of knowledge from Amsterdam as a

young media company. Fourthly, because of the accessibility to personal and professional networks which are extremely useful to their company. Fifthly, because the young media companies experience that they are surrounded by a specialized pool of labour and operate in a city that attract the skilled people that they need. Sixthly, because the good image of the city reflects on the image of their company. Seventhly, because the city is diverse in terms of people, places to go and companies to work with. Eighthly, because of the dynamics of the city in terms of everything that is going on and the good atmosphere. Ninthly, because of how easy it is to have face to face contact with other people. Finally, because as new young (partially) digital media companies, they feel like Amsterdam is the place to be.

As mentioned in the introduction, the reason for conducting this research was because a shift was seen from media companies moving from Hilversum to Amsterdam. As an addition to the conclusion above about why media companies want to locate in Amsterdam, it is also interesting to shortly summarize why young media companies operating in the screen-based industry do not want to locate in Hilversum. This was mainly because of the environment of Hilversum. The environment felt ugly, boring, cheerless, too production orientated and not creative nor innovative for the interviewed young media companies in Amsterdam. Furthermore, they felt like there are less opportunities in Hilversum in terms of international access because it is an unknown place for the rest of the world. Besides that, they also felt like Hilversum is for traditional media, mainly television, and new media companies do not fit there.

Now that all the research questions are answered and a conclusion is drawn, the upcoming final section of the thesis discusses the outcomes in relation to theoretical and social contributions, flaws of the research and ideas for future research in the discussion section.

## *5.2 Discussion*

In the introduction it was discussed what the scientific- and social relevance of this research is. In other words, how do the outcomes contribute to science and society. Now that the outcomes are discussed, the relevance of this research can be discussed more specifically.

This research has shown several insights that contribute to existing theory. It has shown that one of the main characteristics of clusters, short distances to other companies and clients (Porter, 1998) is indeed very important to young media companies. However, one of the disadvantages of clusters might be approached slightly different in the future by also considering it more as how it could be an advantage instead of only a disadvantage (Achtenhagen & Picard, 2011). Besides that, insights were given on how start-ups benefit from a cluster, especially when it comes to knowledge. It was seen that start-ups do not only learn from what the more established companies and organized events has

to offer to start-up companies in terms of knowledge (Rae, 2004; Niu, 2010), but that they additionally also learn a lot from each other. Moreover, the outcomes of this research provide information about which soft location factors are most important to young media companies, why these are important and in what way. The outcomes also supported the idea mentioned recently by scholars (Dziembowska-Kowalska & Funck, 2000; Niu et al., 2012), which is that the dominance of hard location factors is declining and that soft location factors are gaining more importance. The results also pointed out the importance of residential quality, contributing to theory by explaining which aspects of residential quality were important to young media companies in Amsterdam. Finally, the results gave insights on the debate that is going on about the importance of colocation. It seems like young media companies agree that colocation becomes less important when compared to the time that there was no digital communication. However, for all of the companies face to face contact was still important and therefore all the young media companies experienced that benefit of being located close to each other. This outcome is more in line with the argument that Pratt (2000) makes who argues that place and distance are still important, especially in order to have 'real life' social interaction. So it could be said based on the outcomes of this research that colocation will remain its importance despite the digital technological developments.

Socially seen, the outcomes of this research can contribute to the debate going on about the shift of media companies from Hilversum to Amsterdam. It could be said that it does not necessarily look good for Hilversum in the future. According to the interviewees, the only reason to be in Hilversum would be if you are operating in the traditional media industry, especially television. However, most of the interviewees also argue that with the change of the media industry due to digital developments, media companies become more digital and multi-media. As described in the results section, one of the companies mentioned how big Dutch media companies in Hilversum, such as RTL, would benefit more from an environment as Amsterdam when they become multi-media because they will need other types of (creative) companies that are mostly situated in Amsterdam. Besides that, it is most likely that start-up media companies in the future want to locate in Amsterdam instead of Hilversum because they will be (partially) digital and therefore will probably benefit more from the Amsterdam environment. "Entrepreneurs are the primary agents who produce new companies and in turn jobs, income and wealth, and thus economic growth and development" (Stough et al., 2014, p. 7). If start-ups will keep preferring Amsterdam over Hilversum, then it seems like the employment rate in Hilversum will most likely keep declining while in Amsterdam it will keep increasing. It is very important for Hilversum to think about how they can prevent this. As discussed in the introduction, van Teeffelen (2014) also mentioned in an article in the Dutch newspaper Trouw that Hilversum misses out on certain dynamics in a sense of not giving the impression of being a

creative hotspot where innovative media ideas are being created. This is inter alia caused by the physical appearance of the Media Park in Hilversum, which consists of a lot of grey offices and looks like an office park. The results of this research completely support these assumptions. Since the dynamics of Amsterdam is not something that Hilversum could ever live up to, because it is created over thousands of years, it might be a major challenge for Hilversum to keep being attractive for media companies. In the introduction it was also mentioned how Amsterdam tries to stimulate the growth of start-ups and has started a project called 'StartUpAmsterdam' (Floris, 2015). The goal of this is to compete with cities such as Berlin and London to get the most talented people worldwide. So they are not providing subsidies, but investing in talent. Based on the results, it could be said that this is a smart strategy of Amsterdam, since the young media companies argue that the pool of specialized labour in Amsterdam is one of the reasons for them to locate in the city.

As in any research, this research also has its flaws. First of all, after the first interview was conducted, the topic list was slightly adjusted based on how the first interview went and based on connecting the literature more to the topic list. Therefore, the consistency of the questions asked was not 100% waterproof. Besides that, even though the companies were all operating in the screen-based industry, this is still a relatively varied group of types of media companies, which could mean that some of the results do count more for video production companies and others are related more to media companies that only operate digitally. This is also a suggestion for further research, to discover whether there are differences between companies operating within the screen-based industry (Davis et al., 2009). Furthermore, criticizing on a more personal level, this was the first time for the researcher to conduct interviews and a thematic analysis. Therefore, it could be that the inexperience influenced the quality of the method used.

For future research I would suggest to examine the two emerging themes, image and changing media market. As seen in this research, the young media companies assumed that the image of Amsterdam, mostly related to being a creative world city, also affected the image of their company. A lot of theory and literature exists about a place as a brand (Kavaratzis & Ashworth, 2005; Braun, Eshuis, & Klijn, 2014) and about clusters (Porter, 1998; Morosini, 2004; May et al., 2001). Interesting would be to relate these two and discover how the presence of an industrial cluster could influence the image of a place, or the other way around how the image of a place could be of influence on the companies within a cluster. The other emerging theme within this research, changing media market, would also be interesting to examine further. Young media companies argued that they wanted to be located in Amsterdam, because that was where the 'new media' was going on, instead of the more traditional media in Hilversum. Since all the young media companies deal more and more with new digital media, this could be a possible explanation for the shift between Hilversum and Amsterdam.

Interesting would be, to examine this further and research what the influence of changes within an industry have to do with possible changes of where companies within that industry want to be located.

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### Appendix 1: Overview of the participants

Company	Foundation		Duration of the interview	Main activities of the screen-based media company	Where in Amsterdam	Type of entrepreneur (Not in terms of how many companies he already had but in terms of working experience)
	Year it was founded	Year it was based in Amsterdam				
1	2011	2011	40 minutes	Online marketing focussing on social media, creating online content, building websites.	Centre	Experienced
2	2013	2013	40 minutes	Producing so called 'data-driven' videos.	Centre	Experienced
3	2011	2011	55 minutes	Developing mobile applications.	Centre	Experienced
4	2010 Hilversum	2014	43 minutes	Creating websites, applications and games for advertising agencies.	East (close to centre)	Experienced
5	2010 Hilversum	2012	1 hour	Developing visual strategies for media companies.	Centre	Experienced
6	2013	2013	40 minutes	Producing television commercials and corporate videos.	Centre	Experienced

7	2014	2014	41 minutes	Creating an online platform to connect retailers and fashion bloggers.	Centre	Young
8	2014	2014	1 hour and 5 minutes	Creating an application where residential real estates can easily produce professional videos about houses in sale.	Centre	Young
9	2011	2011	56 minutes	Live streaming of events and video production.	North (close to centre)	Young
10	2012	2012	55 minutes	Film production.	Centre	Young

## Appendix 2: Topic list

### Topic list

#### ***Introduction***

*First of all, I would like to start with saying thank you again for participating. Important to know is that there are no wrong answers. The more information you can provide me with, the better. So feel free to tell me any detail or example that comes into your mind. Firstly, I would like to know:*

In what year was your company founded and located in Amsterdam?

Could you please describe your company in terms of main activities?

*The reason for doing this research is because there is a movement of media companies from Hilversum to Amsterdam. Because of this movement, I'm curious to find out why young media companies decide to locate in, or move to Amsterdam and not Hilversum or anywhere else. Therefore my first question is:*

#### ***Main topic***

What were the main reasons for you that made you decide to locate your company in Amsterdam?

Did you consider any other place or places?

- Specifically ask about Hilversum.

#### ***Clusters***

*Hilversum and Amsterdam are considered as the only two media clusters in the Netherlands. Amsterdam is called a 'media cluster', because a lot of media companies are clustered together in a relatively small amount of space.*

Did the fact that a lot of companies in your industry are located here, play a role in your decision to locate your company in Amsterdam?

What possible advantages do you experience from working within a city where a lot of other companies are operating within the same industry?

Do you work together with other companies within in the city?

- What kind of companies?  
- In what way?

Do you feel like you have a competitive advantage because you are located in Amsterdam, compared to other media companies outside of Amsterdam?

- What is it that Amsterdam offers you that creates a competitive advantage?

Do you experience any disadvantages from being located in Amsterdam where a lot of media companies are gathered in one place?

- Talk about competition.

### ***Start-ups within clusters***

*Now that we discussed Amsterdam as a media cluster, I would like to know more about your specific experiences as a starting company within a city where a lot of other media companies are located.*

According to you, what are the benefits of starting a company in Amsterdam?

Do you think Amsterdam is an attractive city for starting companies?

- What aspects make it attractive?

Do you feel like it is easier and more accessible to start a company in Amsterdam than outside of Amsterdam?

- What aspects make it more easy and accessible?

Do you feel like, especially as a starting company, you have competitive advantages compared to other starting media companies outside of Amsterdam?

- What kind of advantages?

Do you feel like it is more easy to grow as a young company because you are located in Amsterdam?

- What is it that Amsterdam offers you to be able to grow more easily?

Is it easy in Amsterdam to form a relationship with customers?

- How does Amsterdam contribute to this?

Is it more easy for you to find important persons from whom you can learn as a starting company because you are located in Amsterdam?

- What kind of persons?

- How do you learn from them?

Do you experience any support, for example financially, as a starting company from the city of Amsterdam?

- What kind of support?

Are there, according to you, any disadvantages when you are located in Amsterdam as a starting company?

### ***Hard location factors***

*A place can offer different types of location factors. A distinction is made between two types of factors, hard and soft ones. Hard factors are more tangible aspects that can be beneficial for cost minimization such as low rental costs, low transaction costs, easy to reach the company, short distances to suppliers or customers, parking and so on.*

Did these hard location factors play a role when you decided to locate your company in Amsterdam?

- Which ones and in what way?

Which beneficial hard location factors does Amsterdam offer you?

Do you experience any disadvantages when it comes to the hard location factors that Amsterdam offers?

### ***Soft location factors***

*In contrast to hard location factors, soft location factors are less tangible and focus more on social and cultural aspects of a place. I will discuss a couple of them with you. The first one is face to face contact.*

Do you make a lot of use of face to face contact with others for business purposes?

- Why?
- With who?
- Where?
- When?
- About what?

Do you feel like face to face contact is more easy because you are located in Amsterdam?

What does face to face interaction offer, that digital interaction cannot?

Do you feel like Amsterdam offers you local knowledge about your industry?

- What kind of knowledge?
- Talk about if they go to organized events about media.

Do you feel like it is easy in Amsterdam to find employees with the skills you need for your company?

- Why is this?
- Do you think it is an advantage that a lot of people with knowledge about media work in Amsterdam?
- Why do you think Amsterdam attracts these people?
- Do you think it is an advantage that in Amsterdam there are a lot of educational institutions such as Universities?

Do you feel like it is more easy to have access to- and build a professional networks because you are located in Amsterdam?

- Why is this?
- What kind of professional networks are important to your company?

Do you ever meet people from the industry at more informal places, such as at the bar or during a lunch?

- At what kind of places?
- Do you think this happen because you are located in Amsterdam?

Do you ever make use in Amsterdam from cultural networks such as people working in other cultural industries like the music industry or the art industry?

- With who do you have contact?
- Do you get inspiration out of this?
- Do you use this for your company?

*Another soft location factor that needs a bit of explanation is the so called 'buzz'. The buzz is a flow of information and communication throughout the city that you are surrounded by because a lot of companies operating in the same industry are located close to each other. Therefore, the buzz causes that companies do not necessary need to actively search for information, but are automatically surrounded by it. This could be information about the latest trends or techniques for instance.*

Do you experience a buzz in Amsterdam?

- What kind of information do you get out of the buzz?
- When do you run into this information?

### ***Residential quality***

*One of the final topics I would like to talk about is the residential quality. It appears that when a city is attractive to live, it also positively influences the location climate for companies. The reason that a city is attractive to live in consists of several aspects, for instance what the city looks like, what kind of people are within the city and what kind of things you can do within the city.*

How important was it to you that Amsterdam is an attractive city to live when you decided to locate your company here?

What is the first thing that comes into your mind when you think about Amsterdam?

- What is unique about Amsterdam for you?
- Do you have a good feeling when you think about Amsterdam?
- Is it important for you to have a good feeling about a place if you locate your company there?

Does the environment of Amsterdam inspire you?

- In what way?
- Does it inspire you work related as well?

Is it important for you to be surrounded by creative people?

- Do you feel like this is the case in Amsterdam?

Is it important for you to be surrounded by a lot of different cultures, people with different ethnical backgrounds?

Do you think Amsterdam is a physically attractive city?

- What elements make the physical appearance of Amsterdam attractive?
- Is this physical appearance important to you and your company?

Is it important to you that there a lot is going on in Amsterdam, for instance a lot of restaurants, museums, events, concerts and so on?

- Which activities are important to you?
- Does this help your company in any way?

Do you feel like your company is given a certain reputation because you are based in Amsterdam?

- What elements create this reputation of Amsterdam?

Do you think that the residential quality and environment of a place is equally important for all types of industries?

- For what kind of companies is it more important than others?
- Is the media industry unique in this way?

### ***Influence of digital developments***

*The final topic is about the rapid development of digital technologies. For the media industry the arrival of the internet caused a lot of change. Especially when it comes to content production and communication, which is nowadays relatively easy because of email and Skype for instance. Because of these digital developments, a debate is going on about the importance of collocation.*

What is your opinion on how important it still is nowadays to be located close to other media companies?

Do you ever go to network events such as parties or ceremonies?

- What kind of events?
- Why is this important to you?
- What does happen here that cannot take place digitally?

Do you think there is more competition nowadays because of the digital developments?

Could you be located anywhere else and have the same success that you have now?

- How important is a place in relation to the success of your company?

Do you plan on staying in Amsterdam with your company?

### Appendix 3: Open codes

'It' happens in Amsterdam	2
Accessibility professional networks	12
Advantages of cluster	8
Attitude Amsterdammers	3
Attraction of certain people	10
Attractive city	1
Attractive for starting companies	9
Attracts international employees	2
Being close together becomes less important	6
Being close together considering supplies becomes less important	1
Being close together still important considering contact	6
Biking	18
Bringing big- and small companies together	1
Business events, conferences	11
Canals	1
Changing media market	9
City stimulates entrepreneurship	4
Clients love to visit	7
Close to airport	6
Close to big companies	5
Close to companies/clients that you work together with	10
Cluster important	10
Cluster not important	4
Combining work and leisure	3
Competition	11
Competitive advantage	8
Creative environment	4
Cultural aspects of Amsterdam	6
Digital contact	8
Digital developments	11
Disadvantages Amsterdam	12
Diversity	5
Diversity in companies to work with	1
Doesn't help to grow	3
Dynamics of Amsterdam	13
Easy to find people where you can learn from	2
Easy to start a company	7
Entrepreneurial environment	2
Entrepreneurial events	3
Everything is in Amsterdam	1
Experiences make people stay	5
Experiencing buzz	7
Feeling	14
Few investment money	1
Focus is important	3
Freedom	3
Geographical location of Amsterdam	1

Good atmosphere	10
Helps to grow	8
Historical aspect of Amsterdam	3
Image	12
Importance face to face contact	16
Importance of city environment	3
Importance of residential quality for different industries	7
Important: Creative people	2
Important: Educational institutions	2
Important: Hard location factors	5
Important: Presence of people with different cultures	10
Important: soft location factors	3
Innovation	6
Inspirational environment	11
Interaction within a cluster	3
International access	3
It strengthens each other	2
Learning from start-up environment	3
Lots of organized events	6
Lots to do	6
Luxury	1
Main reason: 'It' happens in Amsterdam	1
Main reason: Already living in Amsterdam	4
Main reason: Atmosphere of Amsterdam	1
Main reason: Close to clients	3
Main reason: Entrepreneurial atmosphere	1
Main reason: Environment matches where the company stands for	1
Main reason: Established network in Amsterdam	3
Main reason: First part of a bigger company in Amsterdam	1
Main reason: Opportunities because business activity is here	1
Main reason: Pleasant city to work in	1
Main reason: Pool of specialized labour	2
Main reason: Positive influence on image	1
Main reason: Residential quality of the city	1
Meeting at informal places	9
Co-working spaces	6
Motivates	2
Movement Hilversum - Amsterdam	8
Municipality of Amsterdam	1
Need to feel happy at workplace	6
Negative points about Amsterdam in general	1
Network events, party's	3
Not attractive for starting companies	1
Not experiencing buzz	3
Not experiencing knowledge from Amsterdam	1
Not experiencing start- up support	6
Not important: Educational institutions	2
Not important: Hard location factors	5
Obtain knowledge online	2
Open-minded city	7

Parking	10
People become more busy	1
People become more busy (1)	1
Personal chemistry with clients / co-workers	4
Personal contact	8
Physical appearance of Amsterdam	12
Physical appearance of Hilversum	3
Place is (partially) related to success	6
Place is not related to success	4
Plans to stay in Amsterdam	10
Pool of specialized labour	10
Possibility's	2
Relationships with clients	3
Rent	2
Residential quality important	9
Rotterdam	8
small town	11
start-up support from Amsterdam or government	2
The best is located in Amsterdam	2
Trends	4
Trust	3
Unique aspects Amsterdam	2
When face to face contact	11
Where face to face contact	2
Where in Amsterdam	1
Why not Hilversum	14
Work style	2
Working together with others	10
Young	3

#### Appendix 4: Overview of themes and codes.





