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Allowing a Factory outlet center: a choice based on data?

A bachelor thesis about the way governments decide if a Factory outlet center will get permission to be build.



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Abstract

Factory Outlet centers are a (relatively) new concept in Europe. While it looks like a future proof concept, a lot of initiatives were rejected throughout the years. The questions that will be answered is:

How is it decided whether or not a location is suited for a factory outlet center?

A FOC can cause both competition and synergy for neighboring municipalities. It has also influence on employment and infrastructure.

The case of FOC Assen vs FOC Zuidbroek is used to answer the question. The initiative of Zuidbroek got rejected a few years ago while Assen probably will go through. These locations are really close to each other, the hypothesis is that the decision is mainly based on political factors and interpretation than on actual differences between the locations and the projects themselves.

Comparing the different researches that have been written about the two locations, did not lead to a significant difference according the feasibility and the influence on the surroundings. Assen has only a small plus over the location in Zuidbroek.

Semi structured Interviews with 4 people (2 for Zuidbroek, 2 for Assen) who were involved with the decision procedure have been done. Because the reports are open for interpretation, it is almost impossible to convince other politicians with the existing numbers: you can interpreted most of the content the way you like it. . Reasons like the origins of the party, influence of companies, using the FOC to get something else done, the influence of the alderman, the influence of other cities and the principle to maintain the applicable rulings in all cases were mentioned as reasons to vote in favor or against a FOC. This makes it very hard to predict the outcome.

For project developers, this makes it hard to come up with an initiative. Even when the location is good and the influence on the surroundings is not really bad, it could be the case that the realization of the project will not go through because of reasons that have nothing to do with that, like the political climate and the sympathy of the governments for certain projects.

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Chapter 1: Introduction

1.1 Background

Because of increasing free time and prosperity, retail is becoming more and more important in the modern society (Gorter, 2003). This leads to more and more entrepreneurs that see chances to earn their money in retail. Entrepreneurs need to come up with new concepts to be different than the competition and the fact that consumers want new experiences over and over again (Hajer & Reijndorp, 2001). This leads to innovative new concepts on the market and the disappearing of old concepts. More and more shops disappear because they cannot compete with the internet shopping, which is getting easier and more common every day. In 1998, Pine & Gilmore already came up with the concept of the experience economy: you need to sell experiences to consumers, instead of only a product, to extend your life as a company. Shopping needs to be a fun day off that consumers will remember, so there is a bigger chance that they will come back. There are several ways to do this, but shopping in a nice environment with an opportunity to eat and drink is one of them. Shopping is getting more about entertainment. In the past this function was only fulfilled by the inner cities. Nowadays a lot of people switch to the so called “pleasure factories” for their shopping and entertainment. These are built in the more periphery regions (Meijering, 2001). Entrepreneurs are looking for locations that are easy accessible and a terrain that they can shape the way they want to create the ultimate experience. The concept of a Factory Outlet center (FOC) is an example of such a “pleasure factory”.

There are more ways to define a FOC. Van der Wiel en Bulthuis (1991) describe FOC’s as an agglomeration of factories that sell their own products, without using distributors. These different factories (at least 20) are all situated in the same building or in different buildings but in an area that you can see as one (Ecostra, 2013). Consumers describe the FOC’s as a place where they can get brand names at lower prices in a one-stop shopping environment. FOC’s are often located near highways and tourist sites, they are also seen as an form of recreation (Labay & Comm, 1991).

Because FOC’s look like a future proof concept, more and more municipalities have had permissions requests from entrepreneurs who wanted to realize a FOC in their municipality. A lot of these requests have been declined throughout the years. This while a FOC looks like something that is future proof and it can give your municipality a unique selling point.

1.2 Research problem and research question

Building a Factory Outlet Center will have a big influence on the region that it will be built in. In most countries the government has to give their permission to start the building of such a big project. It then has to weight the pro’s and con’s to come to a final decision. There is not much information available about how the local governments make these decisions and what the factors are they base their decision on. A case has been found that illustrates this.

Recently the municipality of Assen (a city in the North of the Netherlands) gave their permission over a FOC initiative. The last step is the approval of the Province council, but Jacques Tichelaar (Commissioner of the King for the Province of Drenthe) already gave his approval. Most of the time the voting in the Province council is then just a formality (Wollerich & Oosting, 2016). The FOC will almost certainly become reality. Contrary, a few years ago (2013), there was an initiative to build a FOC in Zuidbroek from the same Coronel. The plans were very concrete. The Province council of

Groningen rejected this. They didn't want to change the "destination plan" for this area because they didn't like the plan and didn't believe it could help the area. There is only 40 kilometers between Zuidbroek and Assen (figure 1). So what arguments come into play when governments decide over these FOC's? And can this be supported with data or are there other factors that come into play?

The Case of Zuidbroek versus Assen will be used to find an answer on the research question:

How is decided whether or not a location is suited for a factory outlet center?



Figure 1: Building locations for the Assen and Zuidbroek FOC initiatives

1.3 Scientific relevance

There is not much research available about how the decision procedure for FOC's and similar projects goes. Most research is focused on the influence a FOC will have or has on a surrounding municipality. This research tries to get insight in what politicians see as important factors.

There are, among data, also political reasons why plans are rejected or approved. For example, the entrepreneur stated that he would find another location if the Assen location would not go through (Wollerich & Oosting, 2016). A FOC nearby in a municipality that is not yours, is even worse than the possible negative effects it can have on your own municipality. When you have one in your own municipality, you still have the positive effects to compensate.

This research will give insight in these reasons. This can help project developers, local shop owners and the population of the areas, to gain more insight in such procedures.

1.4 Structure of the thesis

In the second chapter, the theoretical framework for this research will be described. In this framework you will find some relevant location choice theories and the influences a FOC can have on its surroundings. This framework will help to understand why the decision to reject or accept a FOC is so hard for local governments. In the methodology, the methods that are used to find an answer for the research question has been written out. First, the case of Assen versus Zuidbroek will be described further. The other part is about the way the semi structured interviews have been done. After that, there is a chapter about the results: the answers that followed out of the interviews. The last chapter will be an conclusions paragraph, a summarization of the results.

Chapter 2: Theoretical framework

The literature gives insight in how places for FOC's can be chosen and which influences they can have on the surroundings. First some relevant location theories will be described, to explain how shops normally choose their place.

2.1 Location theories

Christaller's central places theory (1933) is one of the oldest and most important theories that can explain the location of retail and urban development. In Christaller's model the population is divided equally over the surface. Every point in the area is just as easy reachable as every other point. None of the equal products that are sold has a competitive advantage, producers and consumers act rational and are fully informed about the possibilities and consumers will go to the nearest place that can fulfill their needs.

Two criteria decide where retail or urban development will take place: Coverage and threshold. Cities exist because of their central position in a certain area. Consumers will need goods and services that they cannot find in their own area. For this, they will go to the nearest place that has these goods/services available. Consumers are not willing to travel an equidistant for every good. This is called the coverage. Threshold is the minimum a producer has to sell to make profit. The number of people he needs, differs per product. For example: people buy food more often than clothes, so you need less coverage to start a shop for food. Shops with articles that need the same coverage, will be located together. In this way, an order of shopping centers will arise. There is the central place, that has the highest ranked shopping area, with shops that are complementary to other smaller shopping centers. This is the center with the most shops and the biggest shopping area. The other places surrounding the central place, have less products and services available: simply because they cannot reach the threshold with another seller of the same product so close.

Another theory, Myrdal's theory of cumulative causation tells us that shop owners want to establish their shops near to each other on the best locations, cause this can lead to the biggest economies of scale. Because of the success of the already existing shop, people will come to the area and this makes it easier for the new shops (Bolt, 2003)

Nelson (1958) theory of cumulation of attraction states that consumers want to compare products from similar ranges, to make a better decision. He states that a wide range of products (a lot of comparable products) and a deep range of products (variation in the products) leads to the best range of products. This combination is one of the most important success factors for a shopping area (Bolt, 2003).

If we follow these theory's, it would be logical if FOC's would be located in/near inner cities. In practice, this is not the case very often, because of the conditions that have to be met to exploit a successful FOC. Also, because of it's size, you can see a FOC as a new location for shops.

2.2 Conditions for a Successful FOC

Meijering (2001) came up with a list of conditions a FOC has to fulfill to be feasible and successful. She uses data from American FOC's to support these conditions.

- It has to be big enough: more than 10.000 square meters of shops. It needs to have diverse and attractive offers, not only one kind of clothes with big discounts, but different brands. This can convince people to travel solely to go to the FOC.
- A location with enough space for parking facilities and development or extension for the FOC.
- A location that can be easily reached with both car and public transport.
- The catchment area has to contain enough potential visitors. This means 6-8 million people within 120 kilometers.
- A good visible and recognizable area with attractive surroundings
- A combination with complementary functions like hospitality and leisure.
- A nice environment with a cozy atmosphere (entertainment function).
- Make sure that there will be no so called blurring. This can be done by making an agreement between the city and the FOC.

As you can see, it is hard to fulfill the conditions of a FOC in an inner city. If it is possible to buy 10.000 square meters, it will be very expensive. Also, it is hard create enough free parking space next to it. This is the reasons FOC's are most of the time situated in more periphery places. This leads to competition between FOC's and inner cities.

2.3.1 Effects: Synergy and competition

Van Eeden (2010) has developed a mode (figure 2) to show the relation between a shopping area in inner cities and a shopping center in the periphery (like most FOC's).

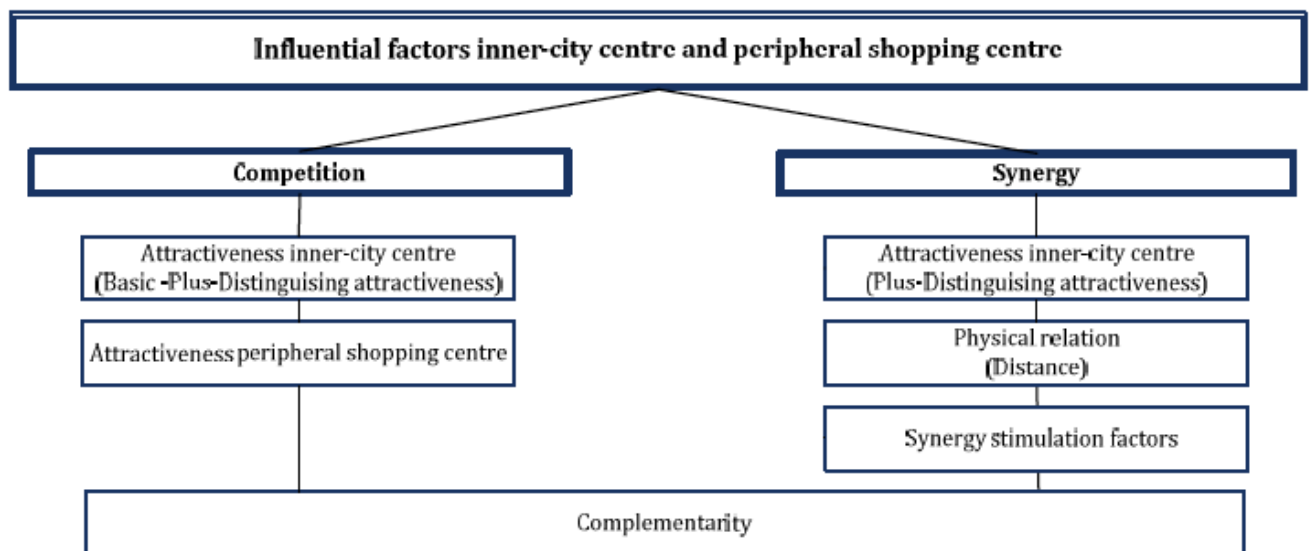


Figure 2: Competition and synergy factors (van Eeden, 2010)

As you can see, an FOC can cause both synergy and competition for the inner city (figure 2). This depends mainly on the factors that are described in the model. HBD (2005) comes with the same conclusions. It adds that when the FOC is bigger, it has a bigger negative influence on the surroundings, not only on the inner city of the closest city but also on inner city's further away.

Negative effects on the inner city are the biggest when the FOC products match the products that are sold in the inner city (Thomas et al., 2003). Van Eeden (2010), BRO (2011) and HBD (2005) found a decrease in revenue in the corresponding branches for Lelystad (-13,5%) Roermond (-2,5/5%), Bicester (-7%) and Maasmechelen (-10%). This led to the closing down of some of the shops in these branches. There is no example of a FOC which led to higher revenue in the corresponding branches in the surroundings. Most of the time municipalities try to make agreements with the FOC about the type of products they are allowed to sell, but such agreements are not “legal” because of European rulings. If FOC’s decide that they are not willing to respect the agreement anymore, they can because there is no legal base for the agreement in the first place.

Positive synergy effects have been found by Schmude (2006) which stated that spin off effects can be generated by customers that spend extra in other stores and restaurants, not related to the FOC. Synergy is something that cities would like to achieve. Van Eeden (2010) states that this can be stimulated by city branding through the FOC, improvement of the physical relation, synchronizing the opening hours, organize events and make the city look nice so that both places are attractive. A positive effect that HBD (2005) found is that some of the entrepreneurs will invest in their own shops, because they hope that this will lead to more costumers. This makes the inner city more attractive and can cause more synergy.

The percentages of FOC customers that visit both the FOC and the inner city, differs enormously. Van Eeden (2010), BRO (2011) and HBD (2005) found only 3% for lelystad, 10% for Maasmechelen, 20% for Bicester and 40% for Roermond. The difference is that the FOC’s in Roermond and Bicester are located on walking distance from the inner city, while the FOC’s near Lelystad and Maasmechelen are located in the periphery. Vogels & Will (1999) their research was about the influence of different FOC’s in Great Britain on the inner city of the nearest city’s. Their conclusion was that in general you could say that a FOC will have a positive effect on the inner city when it is located near the inner city (except for the specific branches that the FOC hosts their selves) while a FOC located in the periphery will have a negative influence on the inner city of the nearest city(ies). So while a FOC that is connected with the inner center can lead to synergy effects, FOC’s that are located further away from the inner center will normally cause competition for the inner city.

2.3.2 Effects: Employment effect

The building of a FOC can provide a lot of jobs. In the first place the realization itself. A new building and new infrastructure has to be build. Because FOC’s are normally really big and expensive projects, this could lead to significant increase in the revenue for the local building and transport sector. When the FOC is realized, these temporary jobs will be substituted for structural employment. The number of jobs varies: this is depending on the number of employers the FOC needs, but also on the number of jobs that will disappear because of the competition the FOC causes for existing shops. Normally this is a positive effect. No examples have been found of FOC’s that caused negative employment effects for the total area. There are 3 types of employment that will be created by a FOC

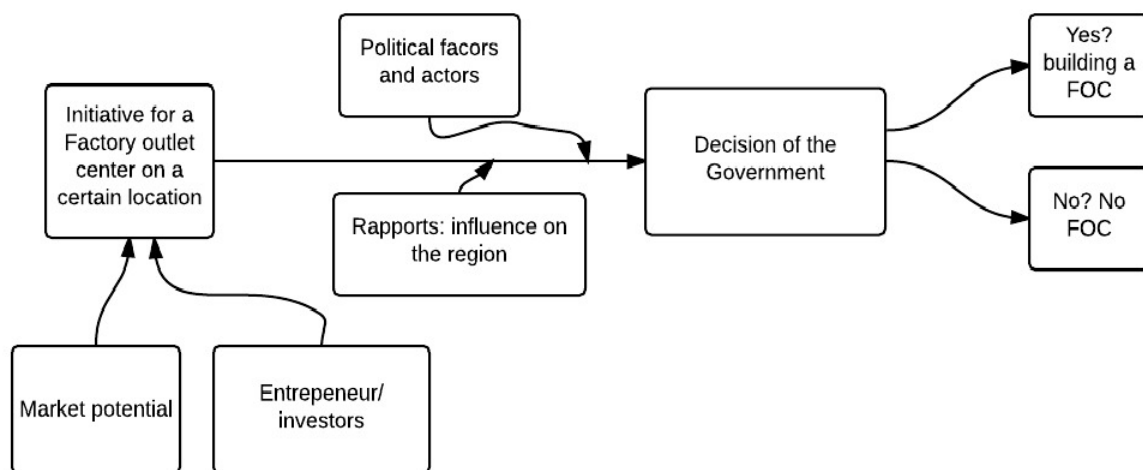
- Primary employment: people that work in the shops in the FOC and in the hospitality.
- Secondary employment: Supporting staff like: jobs in supply, guards and cleaners.
- Tertiary employment: this is employment that arises because the employees of the FOC can spend more because they have a job now (Droogh & Frielink, 2013).

2.3.3 Effects: Infrastructural effects

Because FOC's are so big and are built so that people can come by car, this will have a huge effect on the local infrastructure. The external costs for traffic (noise, emissions, accidents and infrastructure) will increase enormously, along with the traffic volume. Also, the increase of urban sprawl (in the case of a periphery location) will lead to more car use, which will lead to more pollution. All this can lead to extra infrastructural costs for the local governments, especially when there is no good infrastructure available already. Especially for municipality's that are small and not used to so much traffic, this is something to think about (Meyer- Cech & Berger, 2009).

2.4 The Model

In this part the theoretical model will be explained. This helps to explain the links between the different parts in the research.



In the model you can see that for an initiative, you need a market potential and an investor. The first part of the results covers the market potential for both FOC's. They will only be compared, no judgement about the feasibility will be given. After that, the municipality has to decide whether or not the initiative can go through. They are influenced by the results of research reports, political factors and actors before they make their decision. The political factors and actors and the parts of the rapports stakeholders see as important, will be covered in the results part.

2.5 Hypothesis

Based on the theory, the following hypothesis is formulated:

- *Political reasons are the main factor in the decision making process according FOC's.*

The hypothesis is based on the case and the fact that the distance between Zuidbroek and Assen is only a 40 minutes' drive. Both of the plans were developed by the same project developer (Coronel) who thought both locations were good. Both are situated in the periphery with good highways near the location. The biggest difference is another province and the exact location. No possible reason has been found in the literature to make a different decision over both. That's why the hypothesis is that Political reasons are the main factor.

Chapter 3: Methodology

The research question will be answered by using semi structured interviews about a specific case. While a case study has as disadvantage that you cannot generalize the outcome, it gives opportunities to go deeper into the case and find underlying layers (Grit & Julsing, 2009). Normally a case study is used to provide insights in a situation or to solve a problem. Because the purpose is to provide insight in the way the decision is made, this is a suited method for this research.

3.1 Justification of the case

The case Assen versus Zuidbroek has been chosen because the outcome of the procedure is different, while there are a lot of similarities in the features of the FOC and the location.

The total surface of the FOC Zuidbroek was planned to be 15.000 square meters. They wanted to divide this surface into 70 to 80 units. There were already plans for making it even bigger, but first they wanted to start with this surface. They wanted to divide the shops as following: 70% clothing and fashion (including sports), 20% Shoes and leatherwear, 10% remaining. They wanted to lure brands from the higher segment, comparable with Maasmechelen and Roermond (Ecorys , 2011).

They wanted to build The FOC in Zuidbroek a few kilometres away from the inner city. Zuidbroek only has a few stores so it is not really interesting to visit it. It is a really small city with only 3,700 inhabitants (Stadindex.nl, 2014).

The FOC in Assen is planned to be 15,000 square meters, with an option for an extra 7,000 meters in the future. There is room for 60-80 units. This is similar to the FOC idea in Zuidbroek. The segment will be “middle plus”, the same segment as Batavia city in Lelystad. 2/3 of the units will be used for fashion brands, the rest will be for sports and hospitality. The location will be near the TT circuit, a location 5-6 kilometers away from the inner city(Cityworks, et al., 2015). Assen has 67.000 (CBS, 2014) inhabitants.

Both projects are more or less the same. The biggest difference is that FOC Assen will be located near a big city. FOC Zuidbroek will be near a small city. Because a FOC is a service of the highest order in the theory of Christaller (Bolt, 2005) people are willing to travel further for it. This fact makes it more relevant how many people are in the area in total.. The research reports give us more insight in the specifications of the surroundings.

There is a report written by CityWorks et al.(2015) that collected most of the data about Assen. There is also a “second opinion” research done by DTNP (2016). The data and conclusions will be critically analyzed. The reason that 2 researches will be used, is to get a more complete view. The research done by DTNP is mainly focused on pointing out the “mistakes” Cityworks et al.(2015) has made, so this will give an complete overview. The parts that the focus will be on are: potential market area, synergy effects, revenue effects and employments effects. Those are the themes that have been covered by all the relevant researches in Assen and Zuidbroek. The other researches that have been found are not from professional research organizations or have not been used in the decision procedure.

For Zuidbroek there are severable researches available written by different organizations. First there is one written by Buzimkic (2014) . There are also reports written by Broekhuijs Rijs advisering (2009, commissioned by surrounding municipality's), Goudappel Cofeng (2009)(commissioned by the municipality of Menterwolde), BRO (2012, commissioned by Groningen city club) and a second opinion research done by Ecorys/ Redema consultants (Ecorys , 2011). The last report that lead to

the final decision was written by Droogh & Frielink (2013), commissioned by the province of Groningen. The same factors will be analyzed. In this case the report of Droogh & Frielink (2013), which was a second opinion research controlled by an independent commission, and the research done by Buzimkic (2014)(who is an independent researcher that didn't get paid by anyone) can provide the best view.

Only the factors that differ in the different locations will be covered. For example, the common trends about the retail sector that have influence on both FOC's, will not be treated. Important to mention is that all available researches are based on numbers that are found in research done in the FOC's in Batavia city and Roermond. Recalculations have been made to make comparing easier. For example, both used different maximum driving hours to calculate the potential market area. This has been made even. For a more detailed description of the comparison between the different reports, go to appendix 4.

	Zuidbroek	Important comments	Assen	Important comments
Potential market area	2.3 million	Declining population (except for the city of Groningen)	2.6 million	Declining population (except for Assen itself)
Expected visitors	1.1 - 1.4 million	Assumption: More attractive than existing FOC's	1.2 million- 1.4 million	Assumption: More attractive than existing FOC's
Expected revenue	35.75-45.6 million		39-45.5 million	
Synergy effects	Not expected because of location	Maybe the city of Groningen will see an increase of visitors with 0.2%	Not expected because of location	Possible synergy effects for the specific area it will be located, maybe some extra visitors for Assen
Revenue/ competition effects	A decrease of 7% in whole North East Groningen	Zuidbroek itself has not enough shops in the relevant sector to make calculations for Zuidbroek	A decrease of 4.4- 8.3% in the sports and retail section in Assen	6-12 percent of the shops in the sports- retail sector will have to close, while Assen already is one of the cities with the most vacant shops
Netto structural employment	283-463	This is a poor area, so jobs will have relatively more influence	310-340	

Table 1: comparison of the researches

There is only a small difference between the two locations (table 1). The comparison of the market area and the synergy effects lead only to a small advantage for Assen, while the advantage for Assen on the synergy effects are even mainly subjective. The revenue effects are almost impossible to compare in an objective way. The employment effects are better in Zuidbroek, because the impact on the total number of jobs in the region will be much bigger.

In general one can say that there is not a huge difference and that the projected data are not a reason to reject the proposal for Zuidbroek and to approve the project in Assen. This gave reason to do some interviews with people that were directly involved to see what politicians used as arguments to come to the decision.

3.2 Semi structured interviews

Semi structured interviews have been held with 4 stakeholders: the reason semi structured interviews are used is because they give structure on the one hand and they give freedom for the respondent and the researcher on the other hand (Edwards & J.Holland, 2013). This is needed because it is possible to come up with questions that need to be asked, but the most interesting ones are the reasons and stories that are unexpected. In this way (semi structured interviews), the respondents have more freedom to speak about what they think is important. The interview questions and why these specific questions are asked are described in appendix 1.

Semi structured interviews with 4 different people will be outlined. Politicians that were/are involved with the decision making according to the FOC in Zuidbroek and Assen are interviewed. In total, 4 interviews have been held. For Assen, respondent 1, member of one of the parties that was in favor of the project, has been interviewed to gain an insight in the proponents side. The interview with respondent 2, member of one of the parties that was against the plans, has been used to see the other side. In this way, both sides of the story can be seen. For Zuidbroek 2 members of the advice council have been interviewed. They both seated in the independent counsel which controlled the second opinion research, so they can provide an insight on a more neutral base. Because both of the projects are in different phases, done in a different time and the decision procedure will be done differently, it is hard to interview the same kind of persons for both projects. The reason interviews are used, is because this could help to find in which way governments make decisions over such complex and unpredictable projects.

The interviews have been held between 1 May and 15 May. All respondents are visited. This to make it as easy as possible for the respondents. The interviews have been recorded so the analysis could be done more secure. The politicians have been found by research on the web. An e-mail has been sent to people that fitted the profile. Respondent 1 and 2 have been found on the website of the city council of Assen. The name of respondent 3 was in one of the documents. She gave the advice to interview respondent 4, because this person could give some more insight information according to respondent 3. In the results part, no names or even numbers of the respondents are named because this is not relevant and the anonymity of the respondents has to be secured.

The answers on the interview questions will help to gain insight in the decision process regarding the projects. The main subject of the interviews is to gain insight in the political process. The interviews will be analyzed on reasons for rejection or approval that are mentioned by the respondents. These will be found by transcribing the interview and then highlight the mentioned reasons and categorize them.

The information collected by the interviews, will provide reasons for rejection and approval and will give some insight in the process. This will help to answer the main question: How is decided whether or not a location is suited for a factory outlet center?

Chapter 4: Results

The interviewed stakeholders provided a whole list with arguments (political and economic reasons) that have been included in appendix 2. In this part, the comments of the respondents per theme will be clustered to give a better insight in the decision. And help to answer the question How is decided whether or not a location is suited for a factory outlet center?

4.1 The procedure

The decision making procedure is very complex. For a description of the official procedure take a look at appendix 7. Appendix 6 tells something about the official statements that have been used by the governments to justify the decisions. This part will mainly focus on what the respondents mentioned about the procedure.

Both procedures were different than normal procedures according to the respondents. The procedures were filled with emotions and tensions between opposing parties. There was also a lot of attention from local, regional and national media more than in normal procedures. This because a FOC can have a lot of influence on for example the local shops and shops in the neighboring municipalities, as stated in the theoretical framework. For both processes, the elected councils had to make the decision instead of the appointed directors, like the alderman and the mayor. The process was also really long compared to normal decisions.

Different parties tried to influence the process. For example the local shop owners, regional and national organizations that defends the interests of smaller business, neighboring communities, the alderman, experts in the field of spatial science and economic science and media. They all try to convince the politicians to vote for the position they stand for. It is hard to imagine for outsiders how big these lobbies are. Most of the parties tried to convince the different parties that the competition a FOC will cause for the inner city, is enough reason to reject the plans.

4.2 The role of the research reports

The research reports are primarily made because they are needed for the ladder procedure (appendix 7). They are also used to provide the politicians with information and to help them to form an opinion. The problem with this is that almost every organization hires their own examination. Because those reports are all based on assumptions, there are a lot of discussions over the assumptions the different reports use. Each side uses their examination to defend their point and the other side tries to refute the assumptions that has been used by the other reports. This makes it hard for the politicians what to believe. They realize that the reports are based on assumptions and cannot forecast what will happen exactly, especially cause the context will differ from already existing FOC's.

As you can see in the comparing that has been made between the reports of Zuidbroek and Assen, research reports come up with more or less the same information but draw different conclusions. This makes it even more difficult to use it to make a good decision.

While there is research about competition and synergy available, reports don't use these data but come up with their own conclusions.

4.3 Reasons used to vote in favor

The respondents came up with a lot of reasons in favor that have been used by their selves or others in the process. They are clustered in this part. It starts with the more economic reasons, and the last arguments are more or less political reasons. Sometimes some comments are added to make a comparison with the available theory.

-Market: there is simply a market for it. There is a need in the North for a FOC. According to Meijering (2001) this is questionable (she states that you need 6-8 million people in 120 minutes, the locations only cover around 4,5-million), but a lot of the parties are convinced that there is enough market potential.

-Spin off for the area: the FOC can help an area or region to increase its economic development. Primarily by creating work, but also as a pull factor for other companies that might will open near to the FOC to share the customers.

-Tourism: it can function as a tourism attraction. the respondents don't think that people will book a vacation in the area just for the FOC, but they think it can be another reason to go to the region and it can lure day tourists. It can also help to increase the brand awareness of the municipality it is build in. It can increase the total marketing power of the city.

-Earnings for the municipality: the selling of the ground can provide the municipality with a large amount of money. More tourists and other companies that follow in the slipstream of a FOC can increase this even more

- Employment: the FOC will create a lot of employment, at least a few hundred jobs. Something almost every municipality wants.

-Principal statements: If someone wants to invest in an area, why would you stop it? It's weird to stop these kinds of projects. The idea of a manufactural society is old so we should stop with this.

-Fear: the fear that if Assen would reject the plan, the entrepreneur will go to another municipality in the neighborhood, which will lead to only the downsides the FOC can have on a municipality. .

-The origins of the party: some parties have to be in favor because of their origins. For example, the right winged entrepreneur party cannot vote against these kind of projects. Their voters will not accept that.

- Use their vote to get something else done: one of the parties used the voting to pledge for a motion to force the municipality to make a plan to improve the inner city. They only wanted to vote in favor if the municipality would also invest in the inner city. It is possible that there are more parties that did these kind of deals.

4.4 Reasons used to vote against

-Competition for the inner city: the FOC will cause competition for the inner city. This is not desirable. The city itself will not profit from the visitors of the FOC. None of the respondents believed in any kind of Synergy effects. The FOC will lead to less visitors in the inner city. This is in line with the theory, which expects competition from FOC's that are built in periphery regions.

-The assumptions are not convincing enough: when there is only a 10 percent difference, the FOC will not generate enough revenue to exist. This then will force the FOC to innovate its inventory of shops, which will make the FOC more like a "normal" shopping center. This will cause even more competition.

-The location of the FOC: a FOC located in the periphery, will not help the municipality. It is better to talk with the entrepreneur and try to find a location in the inner city so the synergy effects for the city will be better. This is in line with most research that has been done.

-The context is different: in the North the average income and the culture is different. You cannot use numbers from other parts of the land as reference.

-(Qualitative) job loss: the FOC will create jobs, but these jobs will be part time jobs. The jobs that disappear will be full time jobs.

-Competition for other cities: The FOC causes also competition for other cities. These cities try to influence the decision procedure and some politicians have a broader perspective than their own municipality.

-Fear for change: some politicians are just afraid for future changes. They still believe in a constructible society, in which the government decides where things are sold and by who. If there are just a few things that maybe lead to negative effects, they will vote against an initiative.

-The existing policies: there are also politicians who think it is weird that you make exceptions on existing policies. They say that it is weird that the government decided to not allow shops in the periphery regions and now make an exception for this specific project.

-The origins of the party/ ethical considerations: some parties are just against the initiative because this is in line with the origins of their party. For example, there was stated that it is not ethical to seduce people to buy more and more instead of "teach" them to be happy with what they already have. This was a statement of a more conservative party.

4.5 Political or rational choice

The respondents were also asked if the choice that was made was more a political or a rational (based on the reports) choice.

Two respondents stated that it is solely a political choice. One respondent stated that the report does not give enough evidence in favor or against to base a decision on. The other added that the politicians function is to assess the risks (in calculations) that such a report brings with it. The

politicians are influenced by a lot of stakeholders while making the decision: they have to decide who they want to follow.

The other two respondents stated that it is a combination of both. They stated that the conviction that the report gives a clear view of the expected influence on the society, is an important part in the decision. The political part of the decision is mainly the part that some parties used this for political deals and the fact that all kind of parties try to influence each other.

4.6 Conclusion

The decision procedure for a FOC is a really intense and difficult process that took at least a year in both cases. A lot of different stakeholders try to influence the process. While you would expect that politicians would base the final decision on reports that they hire expensive examinations for, the interviews led to more diverse reasons to reject or approve a FOC proposal. For every party, there are different reasons to base their vote on. Most parties use the reports partly, but also other reasons to come to their final statement. This is mainly because the reports are based on assumptions and this makes it hard to base a decision on. Also, every party uses the same data to make a different statement.

There are simply so many good reasons to reject or approve a Factory Outlet center, that it is a very difficult decision. The theory provides reasons to vote in favor (employment, synergy) but also to vote against (competition, infrastructure). The stakeholders even came up with other reasons that sound plausible, but from which the exact influence have not been researched yet, like city marketing or a possible spin off effect.

To answer the question “How is decided whether or not a location is suited for a FOC?”, you can say that outside the suitability of the location itself and the interpretation of the data by the politicians, the willingness and enthusiasm of the local and regional politicians plays a huge role. Most reasons that have been used can be researched or can be supported with data. There are on the other hand also a lot of reasons that have been used that cannot be supported with data at all. For example, the origin of the party has nothing to do with the potential of a location, but it influences the way the party votes. Fear that another city will build a FOC if their own municipality rejects the proposal, is also a factor that says nothing about if the location is good or not, but will influence the voting. The best example is to use the voting as part of a deal to get something else done. This has nothing to do with the FOC itself. All these factors make it really hard for an entrepreneur: he has to find a location that is suited and also has a good political climate that will approve his plans. It is not possible to confirm the hypothesis *Political reasons are the main factor in the decision making process according FOC's solely on the retrieved data*, but you could say that it is very likely.

Chapter 5: Conclusion

Factory Outlet centers will have a big influence on the area they are built in because of their size and their projected visitors and employees. This effect can be both positive (synergy, employment) or negative (competition, effect on the environment and infrastructure). This is why sometimes, even while FOC's are seen as future proof concepts, FOC initiatives get rejected by the local or regional governments. The case of Assen versus Zuidbroek is a case that is special one, cause one got rejected and the other one got approved, while the distance between them is not big. This raised the question "How is decided whether or not a location is suited for a Factory Outlet center? ".

In the research reports that have been analyzed (Buzimkic, 2014; DTNP, 2013; Cityworks et al., 2015; DTNP, 2016) , data from FOC Roermond and Batavia City have been used to make calculations for Zuidbroek and Assen. After comparing the two initiatives, there is not much evidence coming from the reports that Assen is a better place and that it is a much better location/ initiative than Zuidbroek.

Interviews with 4 respondents that were involved in the FOC decision procedure for Assen or Zuidbroek, led to more insight in the way the decisions are made. While the data that are provided in the reports are still important according to some of the interviewed persons, political factors like what your party stands for, fear and the use of your vote to get something else done, are at least that important in the decision about whether or not a FOC may be build. Two respondents stated that the decision is based on political factors/ risks that politicians have to weigh. One of them even stated that it is always a political choice, cause the data are not that clear to make a decision based on that. The other 2 respondents stated that it was a combination, where both the numbers and political factors like fear, influence off other actors and the use of this procedure to get other things done, were important.

Political factors are based on these cases, probably the biggest factor in this. This means that it is hard to know the outcome when you start a procedure to get permission to build a FOC. The hypothesis , *Political reasons are the main factor in the decision making process according FOC's*, is likely, based on this research. There is after all no big objective difference in the calculations that have been made for both potential locations. It is on the other hand also hard to base the decision on the available data: for example, It is clear that a more periphery location like the ones in Zuidbroek and Assen, will cause completion for the inner city, but the question still remains if you think this is more important than the possible benefits a FOC brings.

For project developers and entrepreneurs this is a very tedious outcome, cause this means that, even while a location is good and the negative influence will be little, it is possible that the government will not give it's permission, because some of the parties have non rational/ non proved arguments or just think that the benefits do not compensate the cons. This while developers and entrepreneurs have to invest a lot in the researches and sketches that should convince the government.

It is hard to say if it works the same way in other cases and countries. In some countries it is much easier to get permission than in the Netherlands for example. Because all reports are based on speculation and the numbers can never be trusted, you can say that it will always be a political choice, cause they have to weigh the risks either way. It is unclear which influence a future FOC will have on the surroundings and this makes it a hard an though decision for politicians.

5.1 Reflection on the research

There are a few things in this research that could have been done better:

- The procedure for Assen is not officially finished. There is still a small chance (even while most people think it is just a formality) that the province will reject to change the destination plan, like happened in Zuidbroek. This means that it could be that there are 2 projects compared that both didn't go through. When the project was started, it looked like it was only a formality, but during the process, doubts about this came up. On the other hand, this does not change the outcomes, but only can add some more reasons.
- Because the main question had to be changed to a broader question in the end of the process while the writing was almost finished, it could be that the research is not written in the good direction and the research question is not totally answered. The interviews for example already have been done after it had to be changed.
- Spending more time on interviews and less time on the analyses of the reports, could give more insight in the process.

5.2 Recommendations

To get a better view on the feasibility of a FOC on a certain location, it would be a good idea to do better research than the reports that are now available have done. You could for example ask people in different time zones around the area if they would visit the FOC. Also, it would spare a lot of money when the 3 northern provinces would come together with a statement about FOC's and find a good location for one. All the initiatives and the uncertainty about the outcome, costs the society a lot of money and effort. Because of political and local interests, it is almost impossible to realize this, but it would be good for the economy. The "ladder" procedure looks like a useable instrument to decide if a FOC can be build, but as you can see in the analyses, the criteria are open for interpretation. This procedure is not useful and it would be good if this was a more concrete procedure.

Also, this research did not answer the question whether or not the North or another location, is a good location for a FOC at all. It would also be a good idea to do research for this.

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Appendix 1: Interview guide

In this appendix, the interview guide that has been used for all the interviews, will be explained. Because it was a semi-structured interview, sometimes other questions have been asked but these were the main questions.

1. Can you tell something about yourself and your role in the decision making process?

This is more of an introduction question to start the review. Globally the role is known, that's why they have been asked to get interviewed in the first place.

2. What's your opinion on FOC's in general and why?

This question is to find what their opinion is on the phenomenon. This will give insight in if they are against/ in favor of the phenomenon in general or just in their own specific case. This will tell something about the underlying reasons for being against or in favor. Further questions that have been asked (if not answered directly) are what kind of regions are suited for a FOC and could it be an impulse to a region.

3. Why did you vote in favor/against the initiative of building a FOC in your region? / Why are you against/ in favor of the initiative?

This will give the reasons why they are against or in favor of the initiative they are interviewed about.

4. Can you think of reasons to vote in favor/against the FOC (other than their own vote)?

This will provide reasons that are used by others. If not answered, the question is asked if they think these reasons are plausible.

5. Can you tell something about the decision procedure?

This is an open question: this will give insight in which kind of groups/ people try to influence the decision making procedure and how certain processes work. If not told about, the question: who did try to influence the process, will be asked.

6. What is the role of the research reports about the project?

This will give insight in how politicians value certain reports. Further questions will be asked (if not answered) about: does everyone read these reports, what do you think are the most important parts, how do you value the information.

7. Is the decision mostly based on political or on rational (from the report) reasons?

Practically the main question. How is the decision made? Because fear and prestige were mentioned in articles, the respondents are asked about these specific themes if not mentioned.

8. Which initiative is /was the best (Zuidbroek vs Assen vs Winschoten)? Why?

This has been asked to force the respondents to think about reasons that are used/can be used to make a distinction between nearby locations. No choice is also a good answer.

9. Would it be possible to have more than one FOC in the North?

This question is asked to check if, according to the respondents more than one initiative could go through.

Appendix 2: List of reasons

This is the list of used reasons that is provided by the interviewed respondents to vote in favor or against a FOC initiative.

Political reasons +	Political reasons -	Economic reasons +	Economic reasons -
Used as a pressure method: we vote in favor, if you take our motion to improve the inner city	The lobby of the companies and shops in the inner city: they are very influential.	The North of the Netherlands is relatively unprovided in this area.	The negative influence on the inner city: less people will visit the shops there.
You have to follow the trends if you want to develop. They are unstoppable	Fear for change	If someone wants to invest so much money in an area, it is stupid to block it. Even if it does not work out, the building itself still provided money for the area.	Rulings about products the FOC can sell are impossible to maintain. In this way, there is a big chance that it will become like a normal shopping center.
To increase the “brand awareness” of the city	It is weird to make an exception on the existing policy.	To lure more people to the province	The chances for success are “average”
Progressive parties: their voters won’t accept if they vote against the initiative	Conservative parties: things has to stay the same	An extra recreation possibility for tourists	Area aspects: in the north the average income is much lower, uncertain if people have the money to spend in the outlet
The political relation between the fraction in the town council and the fraction in the province council	The political relation between the fraction in the town council and the fraction in the province council	To make the city more future proof (unique selling point)	There is no need, the need is created
Fear that, if it does not go through, another city will give permission and the own city will only have the cons	The factory outlet center has to be built near the inner center so the city can profit more. This location is bad.	An suspected increase in employment.	The employment is not qualitative: most of the jobs will be part time jobs.
It could be a start for more development in	Ethical principles from certain parties: it is not	The selling of the ground provides	The numbers are based on assumptions.

the area, something the municipality has been wanting for years. The FOC can create spin off	good to make people consume more and more.	money	If these assumptions are 10 percent too high, the center will be a disaster
In the case of Assen: the alderman was in favour and tried to convince the council to vote in favor	All kind of stakeholders that influence politicians: "experts", companies, organisations, citizens, other municipalities.		
You cannot stop the development, in the end, somewhere in each area, a FOC will rise. You better do it in your own city.	A big municipality/ city, with a lot of power on the province council, does not want it to go through		

Appendix 3: Factory outlet centers in the Netherlands

There are already 3 existing FOC's in the Netherlands. The most famous one is Batavia stad, near the city of Lelystad. It was founded in 2001. There are also FOC's in Roermond (Roermonder Outlet founded in 2001) and Roosendaal (Rosada outlet founded in 2006). The biggest is the FOC in Roermond (Ecostra, 2013). Rosada has 36.000 square metres. Batavia stad has 26.000 square meters and Rosada outlet 17.500 square metres. 65 percent of the visitors of the FOC in Roermond come from Germany (Ecostra, 2013).

The Netherlands are in the top 5 of countries with the most FOC's per 1000 square kilometers. Related to the number of inhabitants, the Netherlands are only on the 10th spot (Ecostra, 2013). Throughout the years a lot of initiatives were rejected by Province or municipality councils or were just infeasible. Examples were plans in Bleizo, Haarlemmerliede, Almelo (Ecostra, 2013) and Zuidbroek. In Halfweg project developers are actually realizing a FOC that will be ready at the end of 2017. In Winschoten, Assen and Zevenaar the projects are still in the initiative phase.

In her research about whether or not FOC's are still desirable in the Netherlands (2014), Rixt Zijlstra concluded that in general the pros do not compensate for the cons. This is mainly because there are already too much "winkelometers" (Shopping Square meters) in the Netherlands. On the other hand she stated that for the development of an underprivileged region, it could be profitable to open a FOC. Zuidbroek is such an area. In the same research she highlighted both Assen as Zuidbroek as regions with market potential because there is no FOC near enough to serve these regions

Appendix 4: Comprehensive calculations and explanation

To gain insight in if one of the locations is rationally better, the expected numbers will be mapped and eventually compared. First the feasibility will be mapped, after that the influence on the surrounding area. There are two reports that will be used for Zuidbroek: the research done by CityWorks et al. (2015) commissioned by the municipality of Assen and the province of Drenthe and a “second opinion research” done by DTNP (2016). They just recalculated all the findings of Cityworks et al (2015). In this way, the most objective view can be created.

For Zuidbroek the Buzimkic (2014) and the second opinion research done by Droogh & Frielink (2013) will be used. This because the DTNP research has been used to make the final decision and because Buzimkic (2014) is an independent researcher with no strings attached. Because both are more or less (or say that they are) independent, the most objective view can be created.

To make it easier to compare both Assen and Zuidbroek, there has been chosen to use the different subjects Buzimkic (2014) uses. Those are common subjects that are used in almost every research according to the influence and feasibility of FOC's.

Those are the following subjects:

Potential market area: This will analyze the area to see if it is possible for the FOC to maintain when it is build.

Synergy effects : This describes the effects that the FOC can have on the surroundings, for example because people come to visit the FOC and also visit the city. Synergy effects are also the other way around: people can visit an attraction and afterwards/ before that they go to the FOC.

Revenue effects: These are the effects the FOC has on the total revenue in the area.

Employment effects: The FOC will provide jobs. Also, jobs will disappear because some shops will close because they cannot compete with the FOC.

Only the factors that differ in the different locations will be covered. For example, the common trends about the retail sector that have influence on both FOC's, will not be treated. Important to mention is that all research is based on numbers that are found in research done in the FOC's in Batavia city and Roermond.

Potential market area- Zuidbroek

The potential market area is found by calculating how many people live within 0- 90 car minutes from the location (van den Broek, 2014). This makes a total of 4.4 million people. According to the calculations of Buzimkic (2014), the number of visitors of the FOC Zuidbroek will be between 1.5 and 1.7 million. This is calculated by taking a worst case scenario and a best case scenario. The projections mostly differ because there are also other FOC's available in the 60-90 car minute area. It is uncertain if they will choose for Zuidbroek or another FOC within 60-90 car minutes. Droogh & Frielink (2013) comes with the same numbers (1.5-1.7 million) and they use the same calculation. They state that you have to realize that the calculations assume that the FOC Zuidbroek has more attraction power than the FOC's in Roermond and Batavia city have. Buzimkic (2014) states in his

conclusion that the success of the FOC will depend on the willingness of the investor to make the FOC qualitative good and attractive.

Both Droogh & Frielink(2013) and Buzimkic (2014) state that the North east region of Groningen has a declining number of inhabitants, something that has to be taken in account because most potential visitors come from this area.

Another important part is the revenue. The projected revenue is 44 – 59 million (Buzimkic, 2014; Droogh & Frielink, 2013) this differs a lot, because the number of visitors is also uncertain. Both state that the revenue per square meter is substantially lower than the revenue's in FOC Roermond and in Batavia city.

Potential market area- Assen

CityWorks et al. (2015) only make use of the 0-60 time zone, because they think that, because of the increased numbers of FOC's, the contribution of the 60-90 minutes zone is really small. There are 2.6 million people in this area. This can lead to 1.2- 1.4 million visitors. They also use numbers from a research they have done with tourists. They use this to give an indication on how many tourists will visit the FOC. They state that around 325.000- 650.00 tourists will visit the FOC. This leads to a total of 1.6- 2.1 million visitors per year. They come to a total value of 52-68 million. According to the second opinion research of DTNP (2016) the number of times people visit within the 0-30 area, is to positive. Also, the research done under tourists leads to a far to positive prediction. The question asked was "would you consider to visit a FOC while you are in Drenthe?". Considering is not the same as doing it.

Cityworks et al. (2015) make the notion that Drenthe as a whole has a declining population, but Assen has a growing population. This means that in the 0-30 time zone the total population may not decline, but for the total 0-60 this might be the case.

The best market area

Before comparison is possible, the assumptions need to be equal. Because the tourist part of Cityworks et al. (2015) is questionable, these numbers have not been taken into account. The assumption they make that because of an increased number of FOC's maybe the 60-90 zone will not be significant anymore will be used to make it even for both. For Zuidbroek, the new number will be 2.3 million. If the same assumptions are used for the number of visits related to the driving distance, this leads to a potential of 1.1- 1.4 million visitors. Cityworks et al.(2015) use 32.50 euro's spending per visitor per day, Buzimkic (2014) and Droogh & Frielink (2013) use 30.00. Because Cityworks et al. has more recent numbers, this will be used in the calculation in table 1.

	0-60 minutes	Number of visitors	Revenue
Zuidbroek	2.3 million	1.1-1.4 million	35.75-45.5 million
Assen	2.6 million	1.2-1.4 million	39-45.5 million

As you can see, the number of expected visitors doesn't differ much when the same calculation is done for both centers.

All researches say something about population decline. Both the provinces Drenthe and Groningen suffer from this. The cities of Assen and Groningen on the contrary are still growing. You can say that both locations are comparable on this point. The only difference is that Assen will be really close to the FOC while Groningen is on a 20 minute drive.

Conclusion for the market area: there is a small plus for Assen over Zuidbroek, but it is not significant.

Synergy effects- Zuidbroek

Buzimkic (2014) describes that Batavia City and Roermond both have attractions nearby: Batavia city has a museum, the aviadome and a yard (Bataviastad.nl, 2016) and the FOC of Roermond is nearby the inner city where all kinds of services are available. The location for Zuidbroek has no services in a radius of 10 kilometres. When you take a radius of 50 kilometers, there are more, cause than it covers the whole province of Groningen. Those attractions only pull 1,3 million visitors per year (Provincie Groningen, 2015), because of that, the projected synergy effects are low. Droogh & Frielink (2013) have the same vision. There could be some Synergy, but this will be really small because of the small number of visitors and the distance.

Inner Cities can also be an attraction that lead to synergy effects. For example Roermond (where the FOC is situated close to the inner city) has these benefits. In Zuidbroek, this situation is different. There are only small cities located, except for Groningen (22,7 kilometres) both Droogh & Frielink (2013) and Buzimkic (2014) state that it is hard to predict of people will visit both Groningen and the FOC. Both state that Groningen is maybe to attractive and people will stay there all day. Both conclude that there is no reason for them to increase the potential number of visitors because of Synergy effects. Droogh & Frielink (2013) even says that is more realistic to make the number of predicted visitors even lower because there is no synergy at all.

Predictions about the synergy effects the other way around are only made by Droogh & Frielink (2013). It states that only Groningen might profit a little bit and that its number of visitors will increase by maximum 0.2% percent a year. The other cities won't profit

Synergy effects – Assen

Cityworks et al. (2015) state that there will be an extra 50 million that will be spend in the region of Assen instead of in other cities, because of the FOC. Also, they say something about combination visits(visiting the FOC first and then the inner city). They assume that 5% of the people from the 30-60 area will visit Assen. They say that people from 0-30 area already know Assen and still will come. They speculate that this will give the city extra revenue's around 130.000- 214.000 a year. They say that this is indeed not much. According to DTNP (2016) the tourist predictions are optimistic, because the research that has been done is not good, as stated before (Market area- Assen).

Another assumption that is made, is that because there is now an extra attraction, more tourists will come to Drenthe or they will spend more. Also, because the FOC location will be ne near the TT circuit, this might be an impulse for this area. The FOC can be "starter" for the spatial economic development off this area.

The conclusion is that the negative effects can only be partly compensated and that it is important to stimulate combination visits. In total more will be spent in the region, so below the line the FOC is a positive development (Cityworks, et al., 2015).

The best synergy effects

All researches that have been analyzed are not very positive about possible synergy effects. The main reason is that there are no big attractions in the neighborhood.

The FOC location in Assen is closer to the center of a “big” city than the location in Zuidbroek. The location in Assen is only a few kilometers away from the center of Assen. Still, many combination visits are not expected by Cityworks et al. (2015).

Because it is hard to predict synergy effects and even harder to calculate them, it is almost impossible to compare both. The chances for combination visits in Assen are a little bit more logical because of the distance between the FOC and the inner city of Assen.

Conclusion for the synergy effects: a really small plus for Assen.

Revenue effects - Zuidbroek

Both Buzimkic (2014) and Droogh & Frielink (2013) calculations end in that 7% of the fashion and sports spending in North-east Groningen will go to the FOC. The effects on the local shopping centers will differ, depending on how far they are from the FOC. For some it will be more, for others less. Also, the kind of shops in the center (percentage of sports and fashion) defines the revenue loss for every inner city independently. Droogh & Frielink (2013) notices that is hard to predict. For example, in Lelystad in the beginning people only spend 4% (2002) off their total spending on Outlet and sport in the FOC, a few years later this was 20% (2008).

Buzimkic (2014) notices some other problems with the revenues in the North east area. A big problem in North east Groningen is the population decline. PBL (2011) states that the decline will be 26% between 2000 and 2030. Also ABN AMRO (2015) states that the amount of money people are spending in inner cities will decline with 17.3%. These combined factors can cause a lot of problems in the inner cities, with or without a FOC. Droogh & Frielink (2013) describes that, even without a FOC present, inner cities in the North east of Groningen face problems, caused by for example internet shopping. The FOC could be the final push for some areas, but it is not totally caused by the FOC.

Revenue effects – Assen

The research done by Cityworks et al (2016) is far more detailed than the other researches on this point. They calculated the shift in spending for every city independently. For Assen, the total shift to the FOC will be between 4.4 and 8.3 for the spending on sports and fashion. Other cities in the 0-30 minute drive area will face on average a decline of 2.9- 5.6%. Because Assen is already higher than the average, other municipalities in the area will face a lower decline. Cityworks et al. (2015) mention that the total decline in spending per cities is depending on the kind of shops in the inner cities. If they look like the shops that are also available in the FOC, the inner city will be hit harder.

DTNP (2016) calculates that this will lead to a further increase of vacancy off 1.600-3.600 square meter in Assen. This means that 6-12% of the current retail and sports in the inner city will close because of the FOC.

The revenue effects

The revenue effects on the surroundings of Zuidbroek are bigger because the total revenues there are much smaller. This means that the impact of the FOC will be bigger. On the other hand, Assen already has really big problems with vacancy in the inner city. Like stated by professor Pen, It is already one of the cities with the most vacancy in the Netherlands (Dagblad van het Noorden, 2015). When more shops will close, there will be the risk that it will be the end of the inner city as a serious option for shopping.

Conclusion for the revenue effects: hard to decide which one has the less worst revenue effects. Both locations have their own problems.

Employment effects - Zuidbroek

The number of structural full time employers that will be generated by the FOC is 465 fte. This is for both the retail as the hospitality, the primary sector. There will also be around 80 fte in the secondary and tertiary sector. In total there will be around 545 fte, or around 486 fte, depending on the method you use (Buzimkic, 2014). Droogh & Frielink (2013) comes to between 412 and 588. The difference is there because Buzimkic (2014) takes the middle of the projected revenue(51 million) and uses this for his calculation. Droogh & Frielink (2013) uses the lower and upper range (44 and 58 million). Among this, there also temporary jobs because of the construction of the FOC. This is usually expressed in working years. Buzimkic (2014) estimated 330 working years and Droogh & Frielink (2013) comes to 326.

There is also a loss of jobs in the region because of the revenue the FOC takes over from local shops. This results in problems for these local shops: they have to fire employees or will, in the worst case, go bankrupt. The projected loss of jobs is 109 according to Buzimkic (2014) and 129-161 according to DNTP (2013). The difference is there because DNTP (2013) uses the range and “average revenue per fte” of another year than Buzimkic (2014) does. In total the netto employment will be 283-427 (DNTP, 2013) or between 377 and 463 (Buzimkic, 2014).

Employment effects- Assen

According to cityworks et al. (2015) the number of structural full time employers will be 403-521, taking in account the worst and best case scenario's. They used the same multiplier as in the Zuidbroek research. The number of job loss will be around 93-181. The net job creation will be between 310 and 340. They note that most of the jobs will be part time jobs.

The number of “working years” for the building of the FOC will be around 260. DTNP (2016) has nothing to add on these numbers.

The best employment effects

In fact, there is almost no difference in the employment numbers. The differences are there because all researches use different “average revenue per fte” statistics. Because the projected revenues are almost the same for both centers, both will create more or less the same number of jobs.

The number of working years is higher for Zuidbroek, because the calculation is different. This is because the FOC in Zuidbroek uses different numbers per working year. The total investment in Assen will be 32 million (Cityworks et al., 2016) and the total investment of Zuidbroek was going to be 30 million (Buzimkic, 2016; Droogh & Frielink 2013). Both will create somewhat comparable working years.

The number of jobs that will be created has far more impact in the poor region of North East Groningen than it has in Assen. There are less jobs around there, so this could be a big opportunity for the area.

Conclusion for the employment effects: Zuidbroek wins this one. The jobs created will have a bigger influence, from a relative view, on the area.

The best overall: conclusion

There is only a small difference between the two locations. The comparison of the market area and the synergy effects lead only to a small advantage for Assen, while the plus for Assen on the synergy effects are even mainly subjective. The revenue effects are almost impossible to compare (also, subjective this could be possible). The employment effects are better in Zuidbroek, because the impact on the total number of jobs in the region will be much bigger.

In general one can say that there is not a huge difference and that the projected numbers are not a reason to reject the proposal for Zuidbroek and to approve the project in Assen. You can only decide on the base of numbers if there would be a clear minimum of market areas, with good calculations underneath it. This is not the case.

Appendix 5: Comments made by Professor Elhorst on FOC researches

An interview with professor Elhorst gave an insight in how these researches are made. He also wrote something about this in the regional newspaper, Dagblad van het Noorden.

According to him, all the reports, written by the different organizations, are looking all the same. They have the same numbers, but all use them in different ways to make a different conclusion. It is time to take the next step: for example find out what would be the ideal size of a FOC in the north or how many people would visit. All the organizations claim that they have numbers from the existing FOC's. The truth is that those numbers came from secondary sources: the numbers from Roermond came from a report from the VVV limburg (tourist organization) and the numbers from Lelystad came from a newspapers article. No one knows if these numbers are true, cause the existing FOC's are not willing to publish their numbers. Because none of the organizations have trustworthy numbers and none are willing to do/ have the money to do research their selves, all researches use the same numbers from the reports that have been written before. So you can do like 10 researches, if they will be done like they have been done till now, it will be impossible to say something about a good location or the feasibility of a certain center.

The comparison of the different researches and the comments made by professor Elhorst, do not give a reason to say something about Assen or Zuidbroek in an objective way based on the found numbers. Something that is also recognized by the politicians according to Professor Elhorst. He states that they sometimes "forget" it during the debates, but all know that the reports cannot give a clear view about the feasibility.

Appendix 6: The official Government statements about the decisions

There is an official statement made by the province of Groningen about why Zuidbroek got rejected. Summarized they use the following argumentation.

The province didn't want the FOC to cause blurring in the retail sector. Because they think it is impossible to arrange rules to prevent the FOC from selling certain products (European rulings) they see it as normal shops and normal shops have to be built in existing shopping areas.

They state that a FOC will have a negative influence on the surrounding shopping areas, while there is already a lot of vacancy. They are willing to let someone build a FOC in one of the existing shopping areas in East Groningen, but only if this can be done by restructuring the inner city so that the total square meters of shops will not rise. They know this will also affect surrounding municipalities, but this has to be accepted. They understand that the disappearing of some of the shopping areas cannot be stopped, with or without a FOC. There is a summary about the research done by Droogh & Frielink (2013) but they did not use it to make their point (Provincie Groningen, 2013). Also, there is no conclusion about whether or not the location is good or if it is a feasible idea.

In Assen they used more different arguments. They started with the conclusion that it is not possible to make an outlet center in the inner city. Also, they state that they want to promote tourism in the area that will be developed.

Their comments about research that has been done by Cityworks et al. (2015) is the following: it is based on assumptions, but these assumptions are the best possible approximation of the future. Also, the assumptions are really "reserved", and even with these reserved assumptions, there is space in Assen for a FOC.

They also use the following reasons, that are not part of spatial planning according to them:

- Empowering of the economic structure and employment: retail already have problems, regardless of the FOC. So many jobs will be created that it would be weird to reject the initiative.
- Tourism: another "day attraction" in Drenthe. Maybe a starting point for more in that area.
- Finance: Almost no cost, because the entrepreneurs will pay for almost everything. Benefits: selling of the ground, more tourist, more employment.

-Sustainability: the center will be really sustainable, will use almost no energy. Also the entrepreneurs will pay for the replanting of the forest.

In the end they also say something shortly about the scenario that the FOC wouldn't go through in Assen, but will go through in another place in the north. If that happens, Assen will only have the costs, not the benefits. Also, there is a part about the amendments that have been made by parties to vote in favor. The first one is that a plan has to be made to (re) develop the inner city (Rasker, 2016). The second is that the FOC cannot have competition advantages compared to the inner city, for example free parking while you have to pay in the inner city (D66, 2016).

The province still has to give their permission for the initiative to go through, but as stated in the introduction, normally this will be no problem. As you can see, Assen could also use the arguments of Zuidbroek to vote against and Zuidbroek could have done the opposite with the arguments of Assen.

Appendix 7: The “Ladder” procedure

All FOC initiatives have/ had to pass the so called “ladder for sustainable urbanization” (Cityworks et al, 2015). After that, the municipalities have to ask the provinces to start the “destinationplan procedure”, because most initiatives will be built in the periphery, which most of the time is not meant to build retail. For the province council, this ladder is still important to judge the initiatives.

The so called “ladder”, which the government has to proceed for every destination plan that arranges new urban developments, has the following steps:

- 1: The new urban development has to provide in a current regional need. This need must be weighed against the supply
- 2: If there is an actual regional need, there have to be described if this need can be fulfilled within the existing urban area, by using the available grounds by restructuring, transformation or other manners.
- 3: If it is not possible to fulfill the need within the existing urban area, a description is needed about how the transportation options to the new area are or will be developed (Citywork et al, 2015).

One of the main reasons the reports about the FOC’s are made, is because it is officially needed for the “ladder”. When the ladder procedure is finished and the conclusion is that there is a need and the proposed location is a good one, the province can decide to change the destination plan for the area. Then the FOC initiative can go through.

There is an important difference in the decision procedure of both projects. While normally the province is responsible for the “ladder” decision, in Assen the municipality already did the research and they asked the municipality council to vote over it. Something that normally only happens after the ladder decision has been made. So in the Assen case, the role of the municipality is much bigger. The province has all the information and only have to decide if they want to agree with the town council (Gemeente Assen, 2016). In a letter that has been sent to the province after the decision, there is also stated that province and municipality worked together throughout the process (Gemeente Assen, 2016).