

A View on Media Concentration 2002-2006

Summary of five years of research on media concentration in the Dutch market

Research department for media concentration
(Monitor Mediaconcentraties, Commissariaat voor de Media)

Quint Kik

May 2007

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Preface: the Mediamonitor explained

The Mediamonitor (short for: ‘Monitor Media concentraties’) is a specialized research unit of the Dutch Media Authority (Commissariaat voor de Media). Established in May 2001, it is responsible for conducting research in the field of media concentration in the Netherlands. We collect up-to-date information on media markets viewed as relevant by the Monitor: daily newspapers, opinion magazines, television, radio and internet. Next to market data, we also gather information on ownership structures, describing the foremost media companies active in the Netherlands. Through the Mediamonitor, the Dutch Media Authority acts as an adviser to the Ministry for Education, Arts and Science. In general, it investigates the possible consequences of media concentration for plurality and diversity of media and recommends the necessary action to be taken.

In 1999 the Mediamonitor was preceded by a government commission investigating the need for a specific monitoring instrument on concentration issues in the Dutch media market. Although it saw no imminent danger for media plurality or diversity at the time, the commission Jesserun nevertheless recommended an independent institution to keep track of developments resulting in a dominant position, especially in an ever changing market such as media. The Dutch Media Authority was given the task of developing the Mediamonitor. March 2002 saw the first report “A View on Media Concentration 2001”. Up until the fourth volume, the report provided information on the markets for daily newspapers, television and radio. In addition, neighbouring markets such as for magazines, independent television production and cable and telecom transmission of television and radio signals were described as well. The report’s main focus was on economic power, or in other words: the supply side (publishers, broadcasters), viewing media markets separately.

The central idea behind the organisation of information within the Mediamonitor was to present an overview of all the main players in the value chain for content creation, content packaging and content delivery of media. All companies involved would be arranged according to their main activities, resulting in chapters on daily newspapers, television and radio. Apart from ownership structures, key definitions in presenting the information on media concentration originally consisted of:

- concentration of providers: market or audience shares of newspaper publishers and broadcasting companies, generated through their joined titles and channels;
- editorial concentration (or plurality): calculation of the number of independent newspaper titles, television channels and radio stations;
- concentration on the demand side: market or audience shares per title and channel.

Though offering a broad orientation, the focus on market shares and ownership of the first three reports did not but indirectly touch upon plurality and diversity issues, let alone explaining the potential danger of a dominant position in media. Careful evaluation led to the conclusion the Mediamonitor needed to readjust its course slightly, in order to fulfil its purpose in full. First of, the Mediamonitor should conduct its own investigations into plurality and diversity and collect its own data, instead of using only secondhand sources. Second, instead of investigating media markets solely independently from another, future research should maintain a cross media approach. In other words: different content markets throughout all media types or platforms. Along these lines, the research should be limited to areas of great importance to democracy and the opinion forming of the public: the news and

information market. In short: the report's focus had to change from economic to opinion power, concentrating on the content instead of the suppliers, presenting a view of one market for news and information, independent from different media platforms. Coincidentally, this view was equally stressed by the Scientific Council for Government Policy in February 2005.

The results of our research are published in our annual report "A view on media concentration" and on our website mediamonitor.nl, which is currently under construction. This English summary here presents the highlights of our publications of the last five years. Starting off with a short explanation of the characteristics of the Dutch market (chapter 1), we then follow with a description of the foremost media companies (chapter 2), the main media markets (chapter 3: limited to newspapers, television and radio), concluding with a short outline of our research into the cross medial news market (chapter 4).

After five reports, 2007 finally sees a translation of our recommendations: an adjustment of the articles on media cross ownership in the current Dutch Media Law. Within the next months, a temporary law will provide new means for publishers of daily newspapers to own television channels and radio stations to a greater extent as well as the possibility for larger media companies to become multimedia enterprises, active on several platforms at the same time. Differences between new and old law will be explained in the supplement to this paper.

With the new temporary law nearly in effect, we are already looking for new ways to improve upon monitoring media concentrations. In our opinion, the only way to really safeguard plurality and diversity in the future is to establish European media monitor, specifically directed at companies active in two or more member states. The international dimension of media concentration is becoming more and more unavoidable. Changes within media are no longer confined to the Dutch borders. The main players on the television market are the first and second broadcasting companies in Europe. The number two Cable distributor in the Netherlands UPC (owned by the American based Liberty Global) has become active on a large scale in East-Europe. Elsewhere, international investment companies such as APAX, Permira and Warburg Pincus show a growing interest for media.

In 2004, the Dutch Media Authority commissioned a mapping study of media concentration and ownership in ten European countries. Using both this and the summary as a reference point, we intend to find out whether other countries share our view of the importance of European media monitor. This fall the Monitor Media Concentrations on behalf of the Dutch Media Authority will organise a full days workshop on this issue. At this instance, we hope to compare research methods and the availability of secondary data on media markets and ownership between the Netherlands and three to four other countries. In the nearby future, we are thinking of a pilot project, creating an up to date overview of the European media market.

1. The Dutch market

The national context determines to a certain extent the media landscape and media use. Media markets indeed are strongly connected to the national characteristics. For start, we therefore offer a brief introduction into the population and media use habits.

With a population of about 16.5 million The Netherlands is a middle-sized country in Western Europe. Almost half of the population lives in the so called Randstad (Rim City), one of the largest conurbations in Europe. It consists of the four largest cities Amsterdam, Rotterdam, The Hague and Utrecht. A Gross Domestic Product of €506 mld in 2005 shows for economic welfare and there's a low unemployment rate.

Most of the public and commercial content on television, internet and radio is freely available. In addition, free newspapers successfully entered a subscription dominated market. The Dutch commercial media market therefore depends more and more on advertising. According to the tradition as a trading nation the Netherlands are also a global player in the media world. Examples include the Nielsen Company, Reed Elsevier and Endemol.

At the beginning of the 20th century the Dutch society was divided into a roman-catholic, a protestant, a socialist and neutral or liberal group. This development is called pillarization and had strong effects on the media development. Each pillar for example had its own newspapers and broadcasters. Although the sixties saw a period of de-pillarization, within the unique Dutch model of public broadcasting pillarization has survived.

Nearly all Dutch households possess television and receive the signal via cable. In 2006 79 percent of the Dutch population of 13 years and older owned a PC and 76 percent used internet. Nine out of ten have internet excess at home, mainly via broadband. As usual for a comparably small country foreign media content is mostly sub-titled.

A long time analysis of time use for main activities shows clear trends (table 1.1). Use of audio and print media as main activity are losing importance since the seventies. On the other hand, computer use captures these timeslots.

Table 1.1

Development of television/radio/print media/computer participation and use

	1975	1980	1985	1990	1995	2000	2005
Media and ict: participation (%)	99	100	100	100	99	99	99
Television (including video/dvd and teletext)	94	96	98	97	96	97	95
Audio (radio and other sound storage media)	68	60	52	50	41	36	28
Print media	96	95	94	91	89	84	81
Computer (offline and online)			4	13	23	45	68
Media and ict: time use (hours a week)	18.5	17.8	19.0	18.8	18.8	18.7	18.9
Television (including video/dvd and teletext)	10.2	10.3	12.1	12.0	12.4	12.4	10.8
Audio (radio and other sound storage media)	2.2	1.8	1.4	1.2	0.8	0.7	0.5
Print media	6.1	5.7	5.3	5.1	4.6	3.9	3.8
Computer (offline and online)			0.1	0.5	0.9	1.8	3.8

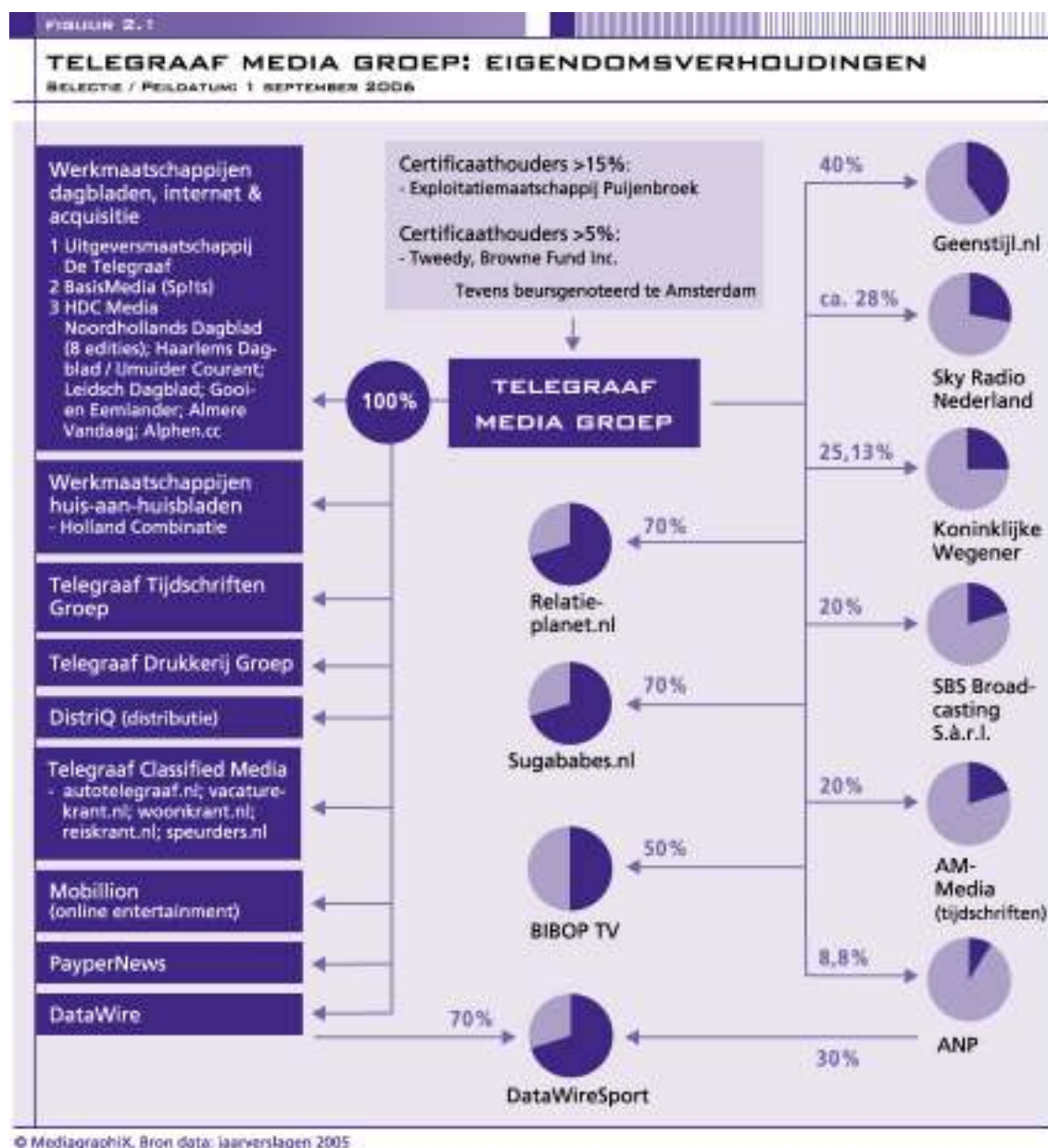
Bron: SCP (TBO'75-'05)

2. Multimedia companies: key players

Each consecutive report, the Mediamonitor describes the annual changes in the ownership structures of the foremost media companies, active on the Dutch market. These are accompanied by a recent chart which translates the changes into a clear overview.

The companies selected for the latest report consisted of the top-3 daily newspaper publishers (Telegraaf Media Group, Royal Wegener and PCM Publishers) and the top-3 television broadcasting organisations (RTL Netherlands, SBS Netherlands and Talpa Media). In addition, changes within the public broadcaster are explained as well as parties involved with distributing television, radio and internet by means of cable or telecom operator networks.

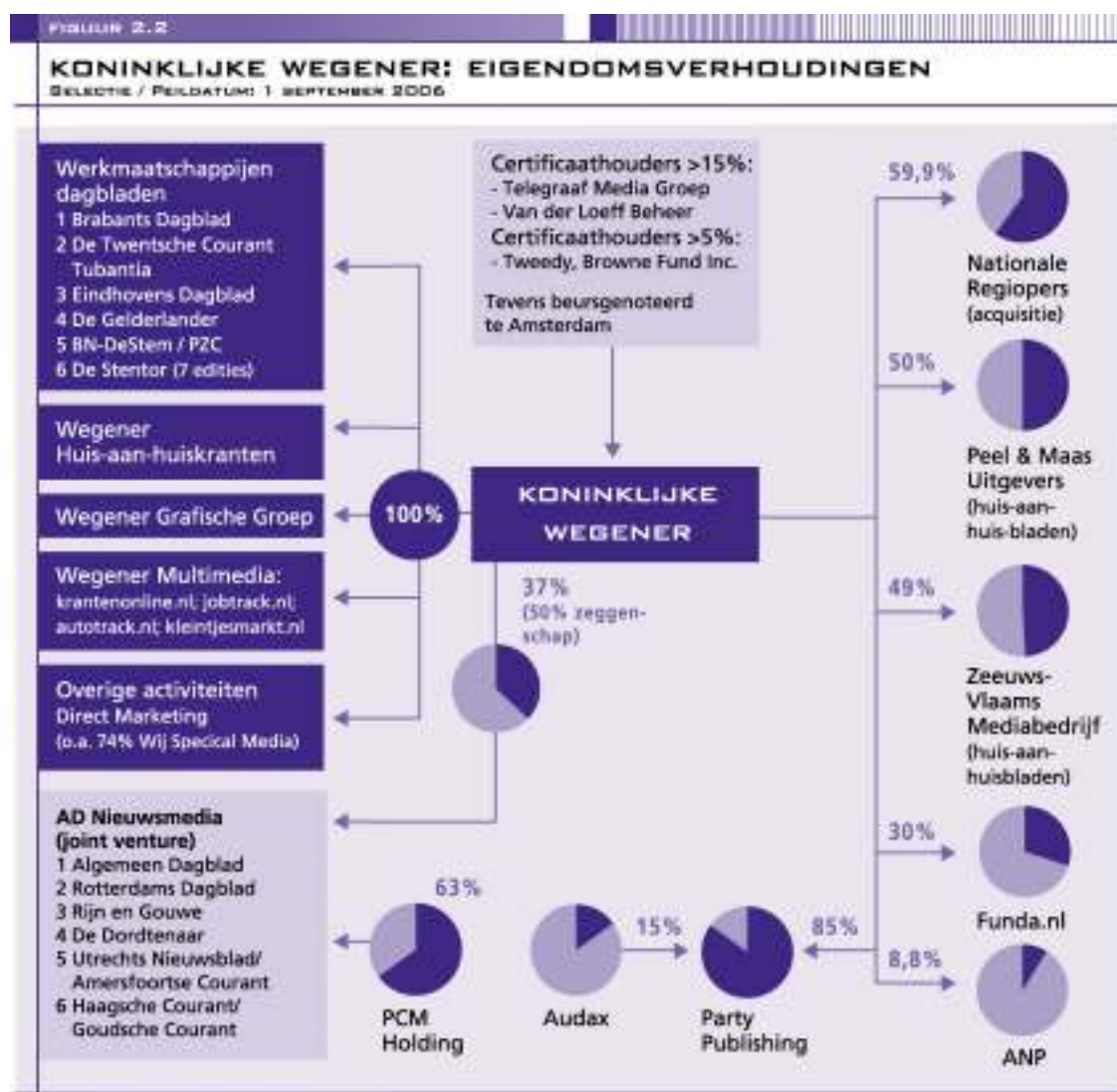
Ownership and financial highlights of top-3 newspaper publishers



Telegraaf Media Group N.V. (chart/Figuur 2.1) is a listed (Euronext), independent Dutch media group, primarily active in the field of newspapers, magazines and door-to-door papers. In addition, information is commercially exploited via the internet, (mobile) telephone and digital screens, either directly or through strategic participations.

The name Telegraaf originates from the Dutch national daily. Introduced in 1893, it grew to become the Netherlands biggest newspaper. TMG also publishes the free newspaper Sp!ts (launched in 1999) and several regional daily newspapers for the province of Noord-Holland. Although two titles in the province of Limburg were sold midway through June 2006, TMG remains the overall number one newspaper-publisher in the Netherlands.

As a company, TGM has grown through acquisitions and new product launches into a diversified media group. The company holds interests in SBS Broadcasting S.à.r.l. (20 percent, number 3 on the television market) and Sky Radio Groep (28 percent, number 2 on the radio market). TMG is also active in Belgium, France, Denmark, Sweden and Ukraine.

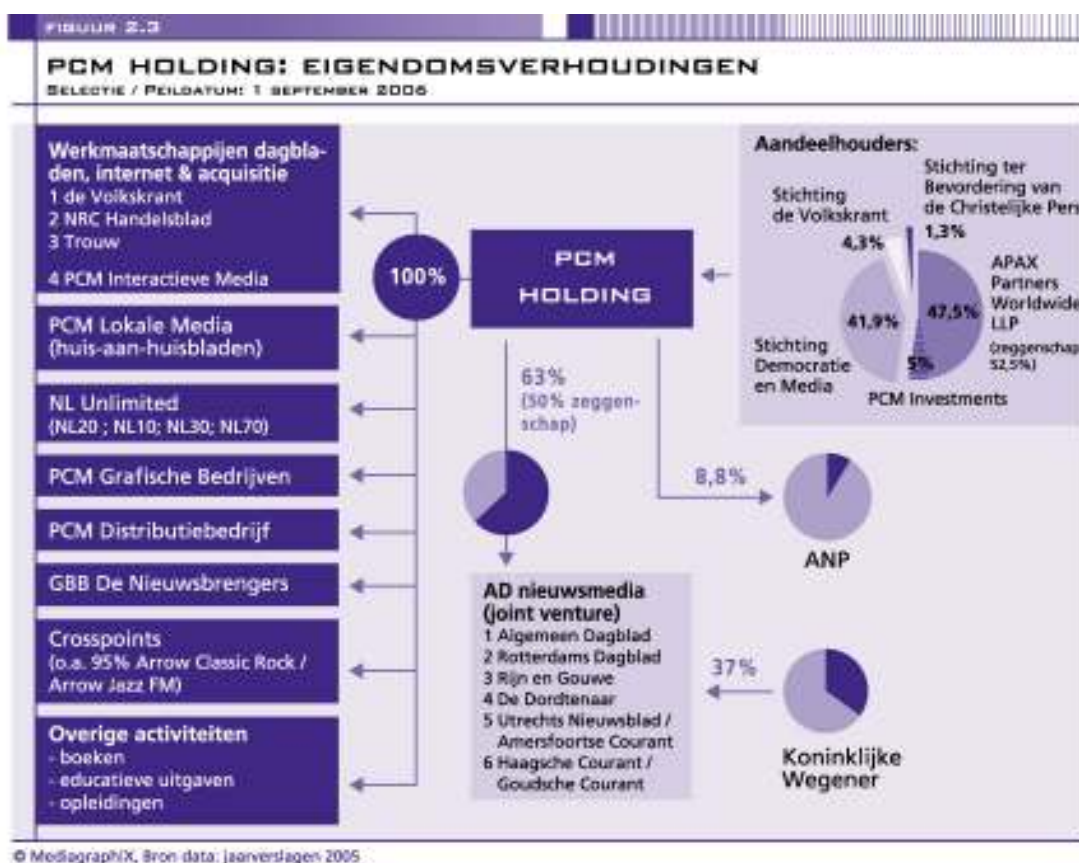


© MediagraphIX, Bron data: jaerverslagen 2005

Starting out as a small local publisher in 1903, through mergers and acquisitions Royal Wegener (chart/figuur 2.2) became number one on the market for regional daily newspapers and the number two overall, directly after TMG. Wegener is a listed (Euronext) company. Apart from daily newspapers, it is also the biggest publisher of door-to-door papers in the Netherlands and exploits information on the internet. In October 2006 Wegener sold its direct marketing division, including activities abroad.

After Wegener acquired the newspapers from VNU (nowadays known as the Nielsen Company) in 1999, the publisher was responsible for total of 20 titles in the southern, centre and eastern parts of the Netherlands. Gradually, these were combined into the seven titles Wegener publishes today. A joint venture with PCM Publishers integrated the regional dailies for Utrecht and The Hague with the PCM-owned title for Rotterdam and the national daily Algemeen Dagblad in 2005. The resulting newly titled “AD” is the first national and regional daily newspaper in one.

Until 2003, Wegener was the sole newspaper-publisher directly operating on the television- and radio-market. Following media cross ownership rules in the Dutch Media Law, the company was forced to sell TMF (in 2001, to MTV) and Radio 10 Gold (in 2003, to Talpa Media) because its share on the daily newspaper market exceeded the limit of 25 percent.



PCM Publishers (chart/figuur 2.3) is primarily active as a publisher of daily newspapers, trade and professional books and educational publications. The organisation has existed in its current form since the end of 1995. PCM is the result of a merger between three

organisations: the newspaper publishers De Perscombinatie and Nederlandse Dagblad Unie and Meulenhoff & Co, a publisher of books. Through the Nederlandse Dagbladunie, PCM became the number one publisher of national daily newspapers between 1995 and 2005, divided among four titles: Volkskrant, Trouw, NRC Handelsblad and Algemeen Dagblad. The latter was integrated in the under Wegener mentioned joint venture AD Nieuwsmedia.

The regional daily newspaper for Amsterdam, Het Parool, left PCM in 2003 to become independent. Belgian publisher De Persgroep nowadays holds a majority stake. Early 2006, PCM added two minor radio stations to its media-activities.

PCM is a non-listed company. Funds advised by APAX Partners acquired a majority stake in PCM Publishers in June 2004, but this was sold back in January 2007 to the other major shareholder, the idealistic Society for Democracy and Media.

Table 2.1
Financial overview

Newspaper publisher	Net revenue (x € 1 mln)					Employees
	2002	2003	2004	2005	2006	2006
Telegraaf Media Group	704	684	694	737	784	3,782
Royal Wegener	937	829	798	656	668	4,337
PCM Publishers	695	647	641	653	675	2,907

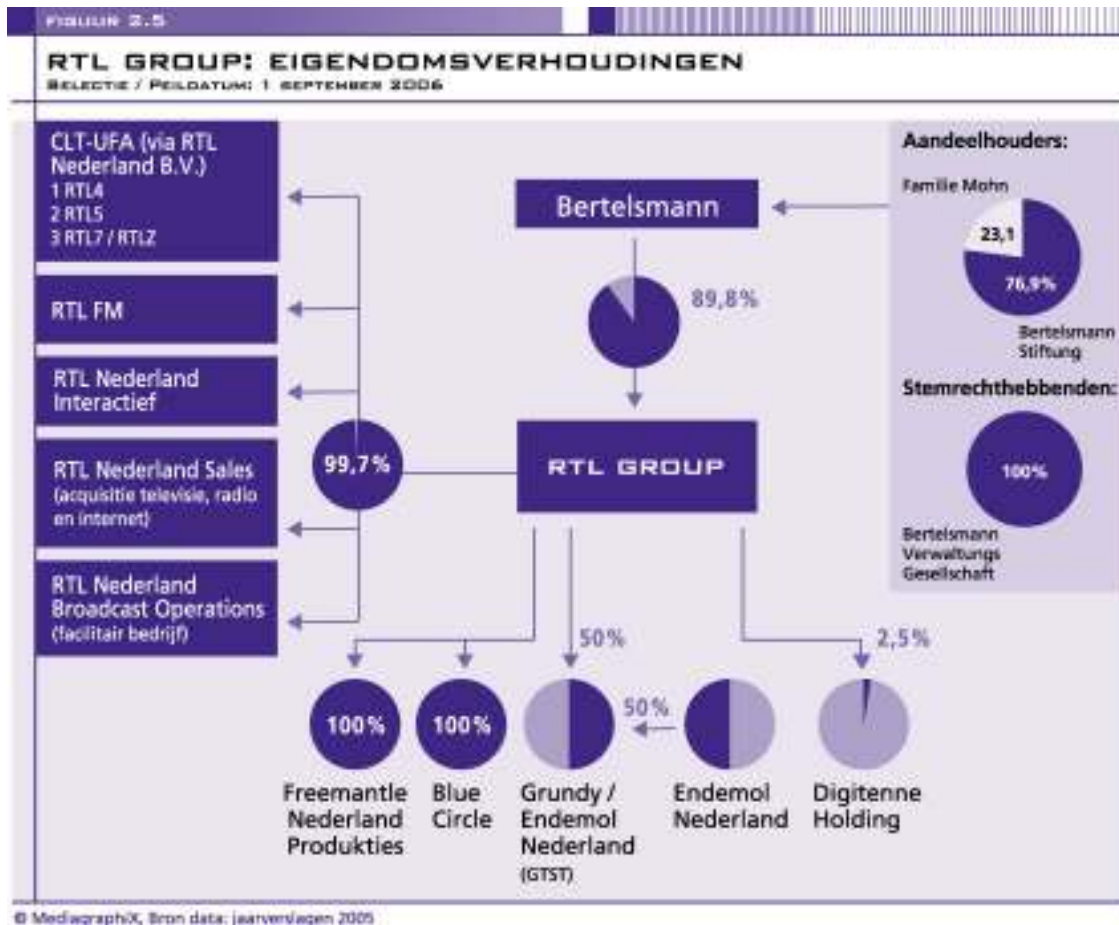
Source: annual reports

Following a temporary dip in the revenue development, Telegraaf Media Group has shown an increase of income of 100 million euro over the last three of years (table 2.1). Subscription to national and regional daily newspapers account for 36 percent of the total income, while 49 percent is derived from advertisement in both newspapers, magazines and a free sheet. Though relatively small, an ever growing percentage is earned with classified adds through company initiated websites on second-hand cars, jobs and houses.

The revenue of Royal Wegener has been in decline for several years. The Netherlands biggest publisher of regional daily newspapers has lost 281 million euro between 2002 and 2005, but shows a slight improvement in 2006. Newspaper subscriptions account for 35 percent of the revenue, while 54 percent comes from advertisement in both news- and door-to-door papers. Until October 2006 Wegener also gained income through its direct marketing division. To reduce costs, Wegener intends a higher degree of cooperation between its remaining titles, as well as a switch to tabloid format in 2007.

PCM Publishers witnesses a slight increase of its income in the last couple of years. The new joint venture AD Nieuwsmedia with Royal Wegener apparently had less of an effect on the revenues, apparently due to decrease of overall costs of the organisation. Subscriptions to one of the three national daily newspapers are responsible 30 percent of the total income, while 28 percent is gained through advertisements. The book division earns PCM 28 percent of its total income. The publisher is relatively successful with e-paper subscriptions. Spring of 2006, the publisher launched the newspaper “nrc.next”, a morning companion to its evening paper NRC Handelsblad targeted at specific reader groups.

Ownership and financial highlights of top-3 commercial broadcasters

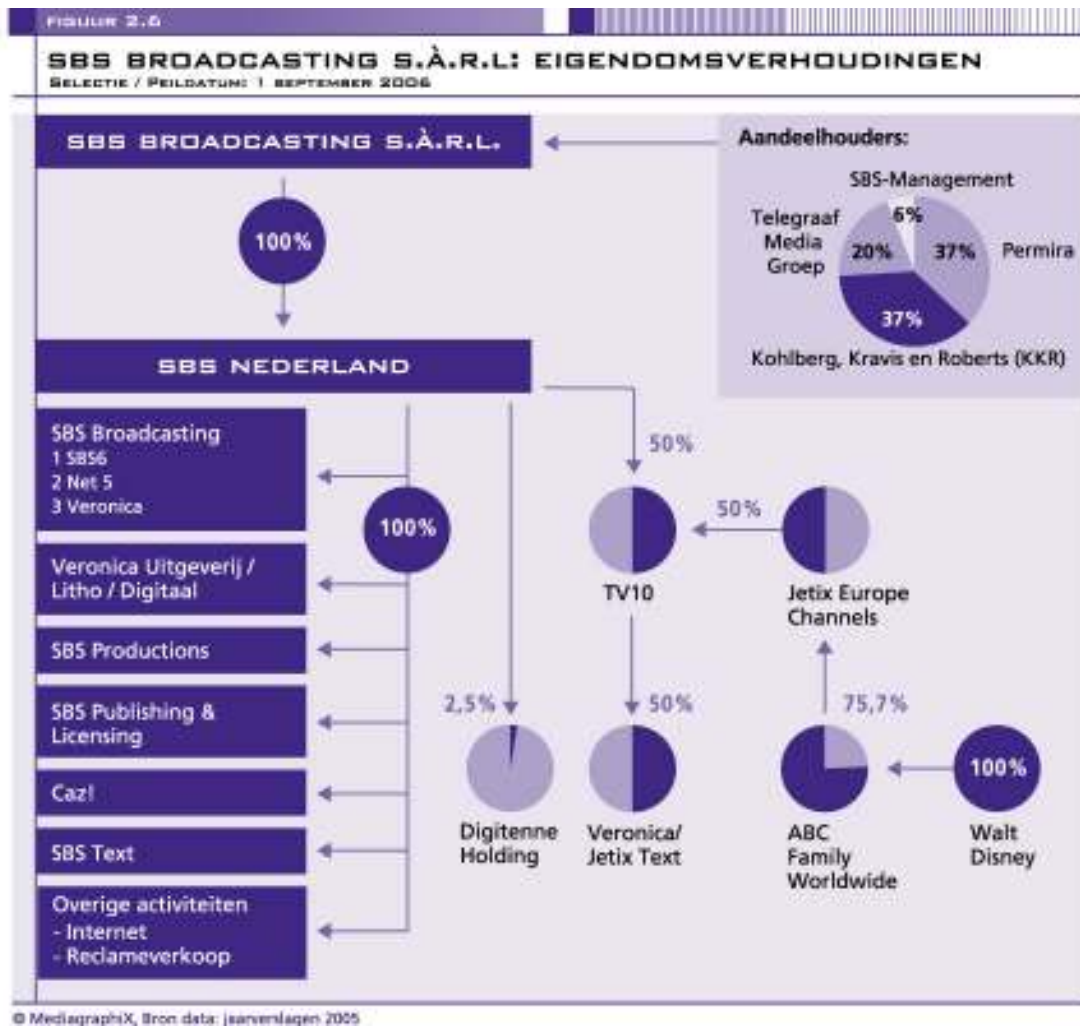


With 38 television and 29 radio stations in 10 countries, RTL Group is the leading European entertainment network (chart/figuur 2.5). The Luxembourg-based media group operates TV channels and radio stations in Germany, France, Belgium, the Netherlands, UK, Luxembourg, Spain, Russia, Hungary and Croatia. It is one of the world's leading producers of television content such as game shows and soaps, including "Pop Idol" and "Good Times Bad Times", as well as the largest independent distribution company outside US.

RTL Group was created in Spring 2000 following the merger of CLT-UFA, the TV and radio group owned by Bertelsmann AG and the Belgian-Canadian Groupe Bruxelles Lambert (GBL), with the British production company Pearson TV owned by the UK-based media group Pearson plc. In July 2001, Bertelsmann became majority shareholder of RTL Group following a stock swap with GBL. In December 2001, Bertelsmann entered into an agreement with Pearson plc to acquire its 22 per cent stake in RTL Group. Today, Bertelsmann holds 89.8 per cent of RTL Group. The remaining 10.2 per cent of RTL Group are publicly traded.

RTL Netherlands is responsible for three television channels: together RTL4, RTL5 and RTL7/RTLZ. RTL is the no. 2 broadcaster in the Netherlands. Although private broadcasting was only legalized at the start of 1992, as early as 1989 RTL4 succeeded to be the first general commercial channel on the Dutch market by means of a Luxemburg based license. From 1995 to August 2004 the company went by the name of "Holland Media Group

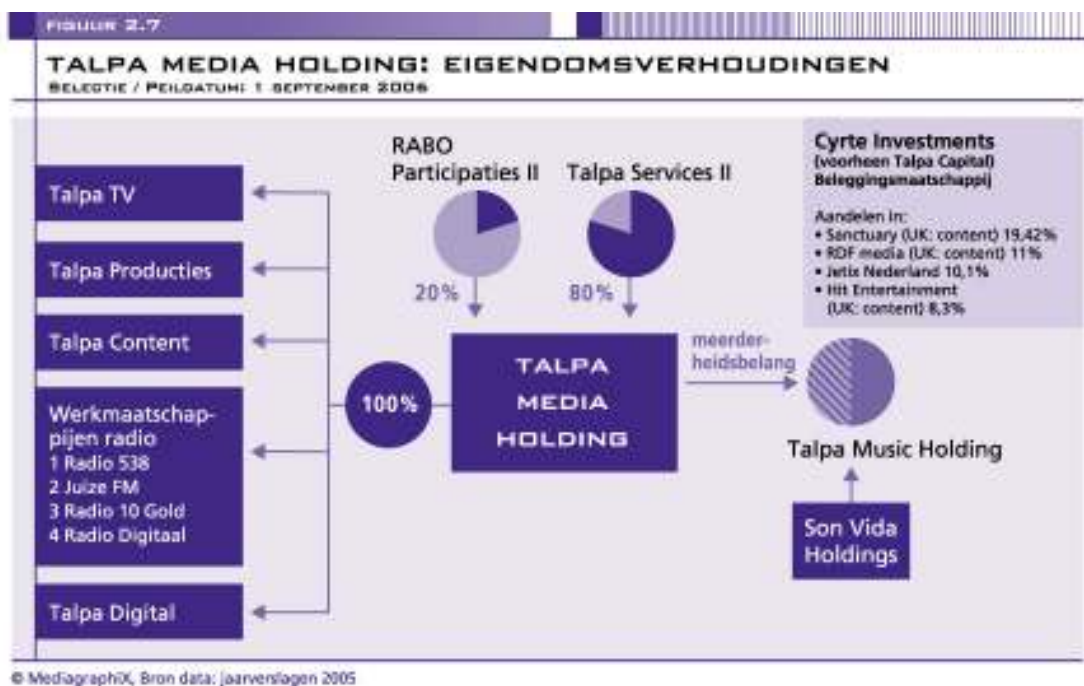
(HMG)” and was originally a cooperation between content producer Endemol, publisher VNU and Dutch broadcaster Veronica. Until 2006 RTL additionally owned two radio stations, but these were either sold (Yorin) or activities were brought to a halt due to the loss of the FM-frequency (RTL FM). Apart from television and radio continues to develop non-advertising related revenue streams, such as making programs available through internet and mobile services (sms-text messages).



With 19 commercial TV stations, 20 premium Pay TV channels, 15 radio networks and eight stand-alone radio stations across Western and Central and Eastern Europe, SBS (chart/figuur 2.6) has the second largest pan-European broadcasting footprint. As of August 2005 SBS is controlled by funds advised by two leading private equity firms, Permira and KKR. At this occasion Telegraaf Media Group sold its minority stake in the Dutch division it held since 1996 for a minority stake in the international SBS Broadcasting.

SBS Netherlands operates three television channels: it started business with SBS6 in 1995, followed by Net 5 in 1999. In 2003 arrangements were made with broadcaster Veronica to able to continue broadcasting in exchange for the lucrative programme guide Veronica Magazine, the leading Dutch weekly magazine. SBS is the no. 3 broadcaster and no. 2 private broadcaster in the Netherlands. Early 2006, SBS bought the radio station Yorin from RTL Netherlands and changed its name and forma to “Caz!” In addition to generating advertising

and subscription revenues, the company exploits opportunities to expand its multimedia portfolio from online download functions to mobile services, from live-streaming to IPTV.



In August 2005 a third commercial broadcaster entered the Dutch television market (chart/figuur 2.7). “Tien” is part of Talpa Media Holding of John de Mol, co-founder and former CEO of worldwide television production company Endemol. Talpa’s radio division was already active near the end of 2002. Its most important asset is the Dutch Radio 538. Apart from this, the broadcasting company has separate divisions for music publishing, content development and cross media activities.

Tabel 2.2
Financial overview

Commercial broadcaster	Net revenue (x € 1 mln)					Employees 2005
	2002	2003	2004	2005	2006	
RTL NL	324	327	338	358	350	641
SBS NL	194	222	269	286	n.a.	441
Talpa Media	-	-	20	80	n.a.	242

Source: annual reports

After a period of growth, the revenue of the Dutch division of RTL decreased slightly, in part due to sale of the radio station Yorin FM (to SBS) and the closure of RTL FM (table 2.2). Nearly all of the revenue was generated through three television channels. In 2006, RTL Netherlands was responsible for six percent of the total revenue of RTL Group and circa nine percent of the overall television income. The RTL Group in its turn, earns mother company Bertelsmann nearly 29 percent of its 2006 revenue.

A year earlier, SBS Netherlands saw its revenue grow with 47 percent. Its 2005 income of 286 million euro is mostly derived from the television market, while a substantial amount (66 million) was earned through selling of magazines (the ever popular program guide Veronica

Magazine). With 441 employees, the Dutch division plays an important role to the mother-company as it earns almost 35 percent of the total television revenue.

Finally, newcomer Talpa Media with 242 employees saw its revenue grow with 60 million. Active on the television market for only a few months, most of its income is generated through the Netherlands most popular radio station, Radio 538.

Both SBS Netherlands and Talpa Media haven't reported their 2006 figures as of yet.

Meanwhile, in 2005 the Dutch public broadcaster operated with a budget of 631 million euro. Of this amount, 511 million is being used by the three television channels, while radio and internet receive respectively 98 and 22 million. Family/sports channel Nederland 2 and news station Radio 1 work the highest budget: respectively 196 and 39 million euro. The public broadcaster has a complex structure with three channels comprised of programs by ten big broadcasting associations and several smaller groups, a remnant of the pillarized society.

Table 2.3

Net share of media generated revenue

Type of media	Revenue shares (%)				
	2002	2003	2004	2005	2006
Daily newspapers	24.1	21.2	20.3	19.6	n.a.
Television	17.8	17.5	17.9	18.1	
Door-to-door newspapers	15.0	13.7	13.8	13.7	
General magazines	12.0	10.3	10.0	10.0	
Professional - and managementmagazines	9.6	8.4	8.1	8.1	
Radio	5.5	5.7	5.9	5.9	
Internet	0.8	0.9	1.6	2.3	
Other	15.3	22.2	22.6	22.4	
Total	100	100	100	100	
Total revenue (x € 1 mln.)	4,097	4,272	4,240	4,307	n.a.

Source data: Nielsen Media Research

*'Other' includes 'out of home', 'direct advertisement', 'cinema', 'adressbooks' en 'professional and public fairs'.

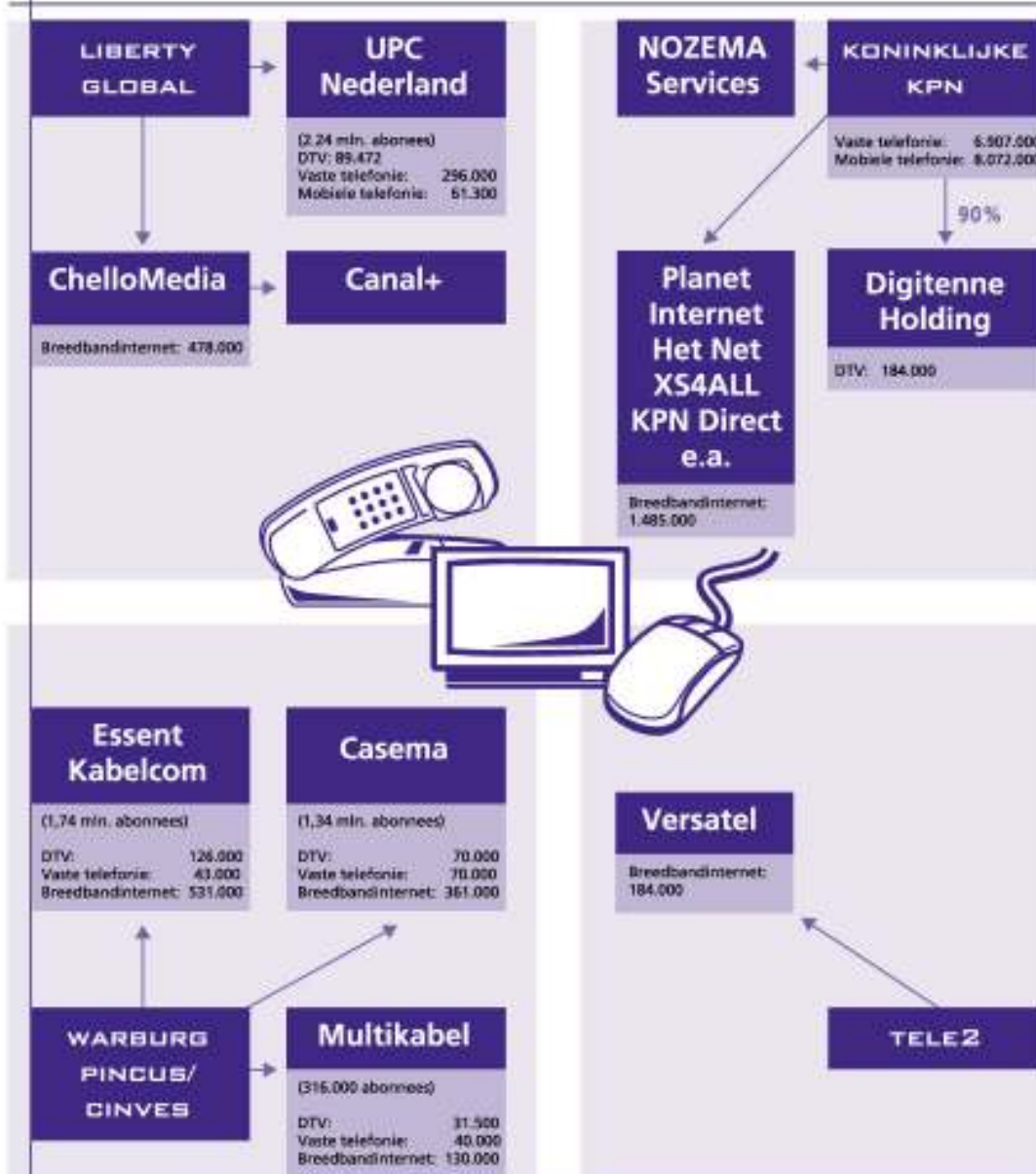
Income generated through advertisement for the period 2002 to 2005 shows a slight increase for audiovisual media and the internet at the expense of printmedia (table 2.3). In general, the newspapers and magazines saw their joined share in media generated revenue drop down from 60 percent (2002) to 50 percent in 2005. This is largely due to the daily newspapers. Next to ongoing subscription loss, they suffer an equal loss in advertisement-income. In 2002 their earnings mounted to 987 million, by 2005 this had decreased to 844, a reduction of 143 million euro. Apart from 'other', television is the biggest winner with an absolute growth of 50 million euro to 779 between 2002 and 2005. Although its share of 2,3 percent only represents about a hundred million, the internet is becoming more popular with advertisers.

Ownership and infrastructure highlights of cable and telecom-operators

The Netherlands has extremely high levels of (analogue) cable penetration, covering about 91 percent of the Dutch households (chart/figuur 2.8).

DISTRIBUTEURS: KABEL- EN TELECOMEXPLOITANTEN

SELECTIE / PEILDATUM: 1 SEPTEMBER 2006



© MediaMarkt.nl - Bron: data: TNS 2006 / amsel/nuwehouff/finan - C/06 01093006

The cable franchises are based on a local structure with one operator in each cable area, usually a municipality. The major operators are UPC (Liberty Global) and funds advised by Warburg Pincus and Cinves which in 2006 brought together the former number two (Essent Kabelcom), number three (Casema) and number four (Multikabel) to become the largest cable operator in the Netherlands 2006.

Other forms of transmission are hampered by the high degree of cable penetration. Since cable companies began offering telephone and broadband internet services to their costumers, during the last few years telecom operators started with (digital) television services distributed through their own networks. The major players are Royal KPN and Tele2 / Versatel.

3. Media markets

Daily newspapers

The daily newspaper market in the Netherlands stands apart for its equally strong national and regional titles. Since 1999 several free sheets compete with the paid newspapers. To be called a ‘daily’, a newspaper has to have a frequency of at least five times a week. For the last eight years three publishers – Telegraaf Media Group, Royal Wegener and PCM Publishers – have been dominating the market. In 2006 they control nearly 70 percent through their combined newspaper sales. Subscriptions alone are as high as 80 to 90 percent of the total circulation. In addition to paid circulation and free sheets, there’s a small but unique group of so called specialized newspapers, directed at special interest groups like farmers (Agrarisch Dagblad), construction workers (Cobouw) and a business oriented title (Het Financieele Dagblad). There are no sporting dailies like in Italy and France or popular tabloids such as The Sun in the UK or the German Bild.

Market summary

Table 3.1
Newspaper market overview 2006

	Market Share 2006 (%)	Number of titles	Market leader	2 nd ranking group	C2
National	33.8	7	TMG	PCM	94.4
Regional	36.9	19	Wegener	NDC / VBK	66.4
Combination	11.3	8	AD Nma	-	100.0
Specialized	1.8	4	FD	SDU	88.9
Free sheets	16.0	3	Metro	TMG	97.5
Total	100	41			

Source data: www.hoi-online.nl / CvdM

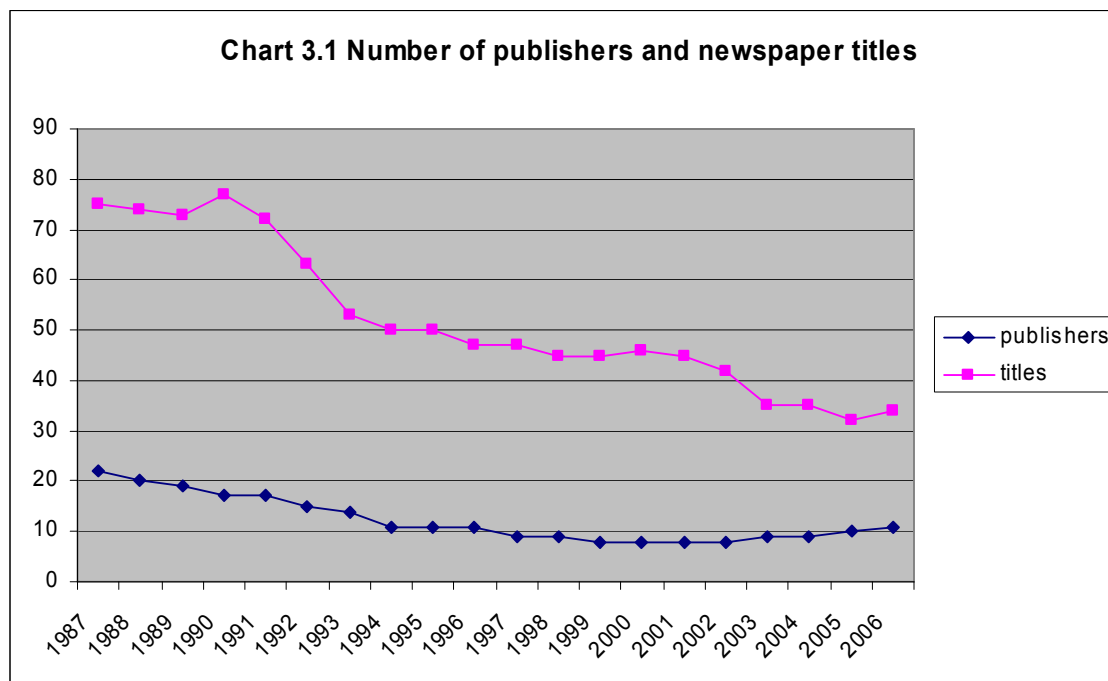
An overview of the total newspaper market in the Netherlands in 2006 is given in table 3.1. In terms of circulation, nearly 34 percent belongs to national titles as opposed to 37 percent for the regional ones. Take note that all regional daily newspapers in the Netherlands do contain a general national and international news section as well. A total of seven national titles compete with a nineteen regional ones, four specialized newspapers and three free sheets.

AD Nieuwsmedia (AD) deserves special mention. This joint venture was established by PCM and Wegener, in order to merge several regional titles for cities for the Dutch economic centre known as “De Randstad” with the national daily Algemeen Dagblad. The resulting AD posed a new problem to our analysis of the market, combining the general news of a former national title with seven different regional news sections, roughly corresponding with disappearing titles. Technically, it’s no longer possible to distinguish between a national and a regional market, which is why it is isolated as ‘combination’.

Telegraaf Media Group and PCM Publishers are responsible for most of the national dailies: five out of seven titles represent a joined market share of 94 percent. With seven titles Royal Wegener is the strongest publisher in the regional market, together with number two NDC / VBK *the* Publishers reaching 66 percent. Metro publishes the number one free sheet in the

Netherlands. It is closely followed by yet again TMG which, apart from a national and several regional titles, is also responsible for the country's second largest free sheet Sp/its.

Publisher and title count



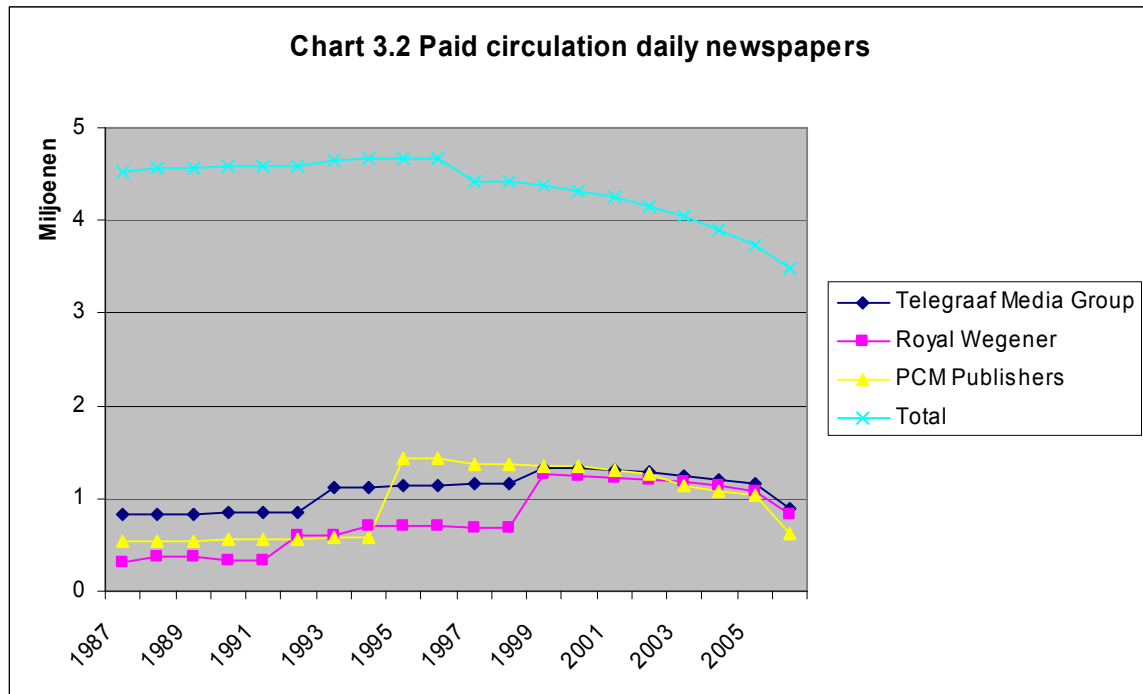
Source: CvdM

Preceded by a relatively quiet period, a new wave of mergers and takeovers on the Dutch newspaper market took place during the first half of the nineties (Chart 3.1). These developments had a significant impact on both titles and publishers. In the period between 1987 and 1994 the number of publishers drops to half its original number, while as many as one third of the original newspaper titles disappears from the market. Royal Wegener is solely responsible for two mergers and a takeover. The combined market share of the five biggest publishers of paid newspapers increases from 60 to nearly 90 percent divided among four.

During the second phase (1995-2000) both publishers and titles remain stable. PCM becomes the largest publisher of national daily newspapers in 1995, after the inclusion of Algemeen Dagblad and NRC Handelsblad (formerly Reed Elsevier). Also several newspaper titles distributed in the same region merge to become one new title. Though not visible in chart 3.2, this period also witnesses the introduction of two free sheets on the Dutch newspaper market.

From 2001 onwards, the number of titles are yet again diminished by a third, while the publishers show a slight growth. In part, this is due to titles becoming independent like the Amsterdam regional daily Het Parool and the merging of titles into the 'new' AD. Telegraaf Media Group becomes the biggest overall publisher, while Royal Wegener remains dominant in the field of regional daily newspapers after the inclusion of four major titles of VNU in 1999. The combined market share of the three biggest publishers of paid newspapers decreases from 90 percent to little over 65.

Circulation



Source data: www.cebuc.nl

Limited to paid daily circulation – excluding free sheets and specialized newspapers – chart 3.1 shows a two phase development. Until 1997 the total circulation remains relatively steady between 4.5 and 4.7 million copies. In the second phase the daily average drops back to 3.5 million in 2006. Particularly in the last eight years, decline in paid circulation becomes more serious with each year. Since 1996 the market for paid daily newspapers has been shrinking with 25 percent. Reasons include competition of free news derived through the internet and the introduction of the Dutch free sheets Metro and Sp!ts in June of 1999.

If the paid circulation of the three biggest newspaper publishers is viewed individually, certain leaps in their development stand out. Each of these coincides with important mergers or takeovers involving Telegraaf Media Group, Royal Wegener and PCM Publishers, as described above. It largely explains for their delayed decline, compared to the general trend in paid circulation felt by the market as a whole after 1996. From 1999 onwards all three eventually saw their circulation diminish with 33 (TMG), 34 (Wegener) and 54 (PCM) percent over a seven year period. Take note that in the case of Wegener and PCM this is partly caused by establishing so called ‘independent’ joint venture AD Nieuwsmedia.

Market share

Table 3.2

Total daily newspaper market

(paid circulation, free sheets and specialized newspapers)

Publisher

(arranged according to market share in 2006)

Editorial unit	Type of news-paper	Circulation (daily average)	Market share (%)					
			2006	2002	2003	2004	2005	2006
Telegraaf Media Group				33.1	32.8	33.7	34.2	30.6
De Telegraaf	national	628,759		15.8	15.8	17.1	17.4	17.3
Splts	free sheet	401,602		6.5	6.2	6.3	6.8	7.2
HDC Media (5 newspapers)	regional	255,720		5.9	5.9	5.7	5.6	5.6
Almere Vandaag	regional							
Formerly owned newspapers	free sheet	74,890		4.8	4.8	4.6	4.4	0.4
Royal Wegener				24.9	25.0	24.3	22.2	18.9
De Gelderlander	regional	163,642		3.9	4.0	3.9	3.7	3.6
de Stentor	regional	140,756		3.2	3.2	3.3	3.2	3.1
Brabants Dagblad	regional	135,842		3.2	3.2	3.1	3.1	2.9
De Twentsche Courant Tubantia	regional	113,231		2.9	2.9	3.0	2.9	2.9
BN – DeStem	regional	123,623		2.9	2.9	2.8	2.8	2.7
Eindhovenens Dagblad	regional	116,351		2.5	2.6	2.6	2.5	2.5
Provinciale Zeeuwse Courant	regional	57,316		1.3	1.3	1.3	1.3	1.2
Formerly owned newspapers	regional			4.9	4.8	4.4	2.7	
PCM Publishers				26.5	24.2	23.1	19.5	14.6
de Volkskrant	national	282,694		6.8	6.7	6.4	6.2	6.1
NRC Handelsblad	national	236,728		5.5	5.5	5.4	5.3	5.1
Trouw	national	108,342		2.5	2.5	2.3	2.3	2.4
nrc.next	national	71,484					1.0	
Formerly owned newspapers				11.7	9.6	9.1	5.7	
AD Nieuwsmedia								
AD (8 newspapers)	combi-nation	521,636					4.1	11.3
Metro Holland								
Metro	free sheet	465,224		4.9	5.4	6.6	7.8	8.4
Other				10.3	12.3	12.2	12.2	16.1
Total				100	100	100	100	100
Total circulation (mln / annual average)				1,480	1,441	1,454	1,432	1,414

Source data: www.hoi-online.nl

The total daily newspaper market including free sheets and specialized newspapers is described in more detail in table 3.2. Telegraaf Media Group is still the largest overall publisher with one strong national title (De Telegraaf), several regional ones for the province of Noord-Holland (five titles) and the free sheet Sp!ts. Among its formerly owned newspapers are two titles for the southern province of Limburg which were sold midway through 2006 the British investment company Mecom. This explains why the TMG's market share dropped slightly over the last year.

Royal Wegener and PCM Publishers (mainly national) in their turn witness a decline in market share after joining forces in AD Nieuwsmedia. Next to the national daily Algemeen Dagblad, AD replaced several independent regional newspapers in Rotterdam (formerly PCM) and The Hague and Utrecht (formerly Wegener). The new title was launched in September 2005, which explains for its sudden rise from 2005 to 2006. Wegener remains the dominant regional player in five out of twelve provinces (mostly in the south and east of the Netherlands), while PCM focuses on the national market and launched "nrc.next" in 2006.

In addition to coexisting national and regional newspapers, the Netherlands appear to have a growing market for free sheets. When the worldwide publisher of free sheets Metro entered the Dutch market in June 1999, Telegraaf Media Group immediately responded by releasing Sp!ts. The circulation of free sheets has shown a steady growth ever since, contraire to the trend of most newspapers within the paid circulation sector. Their success has even led to a further diversification into regional free sheets like Metro Rotterdam, Metro Amsterdam and door-to-door distributed Almere Vandaag (Telegraaf Media Group). Furthermore, 2007 has given birth to yet two more national free sheets: "De Pers" and "Dag". Quite possibly, this will stimulate the circulation of free sheets.

The broadcasting sector: Television

Since 2005, the television market in the Netherlands consists of three private general interest broadcasters, competing with a strong PSB. In August 2005, RTL Netherlands (1989) and SBS Netherlands (1995) were joined by former Endemol CEO John de Mols Talpa. Talpa left aside, their combined market share is nearly 75 percent. In addition to ten general interest channels, there are several special interest ones on music, childrens programs and documentaries. They are operated by internationally active broadcasters like Walt Disney, MTV and Discovery Com.

Market summary

Table 3.3
Television market overview 2006

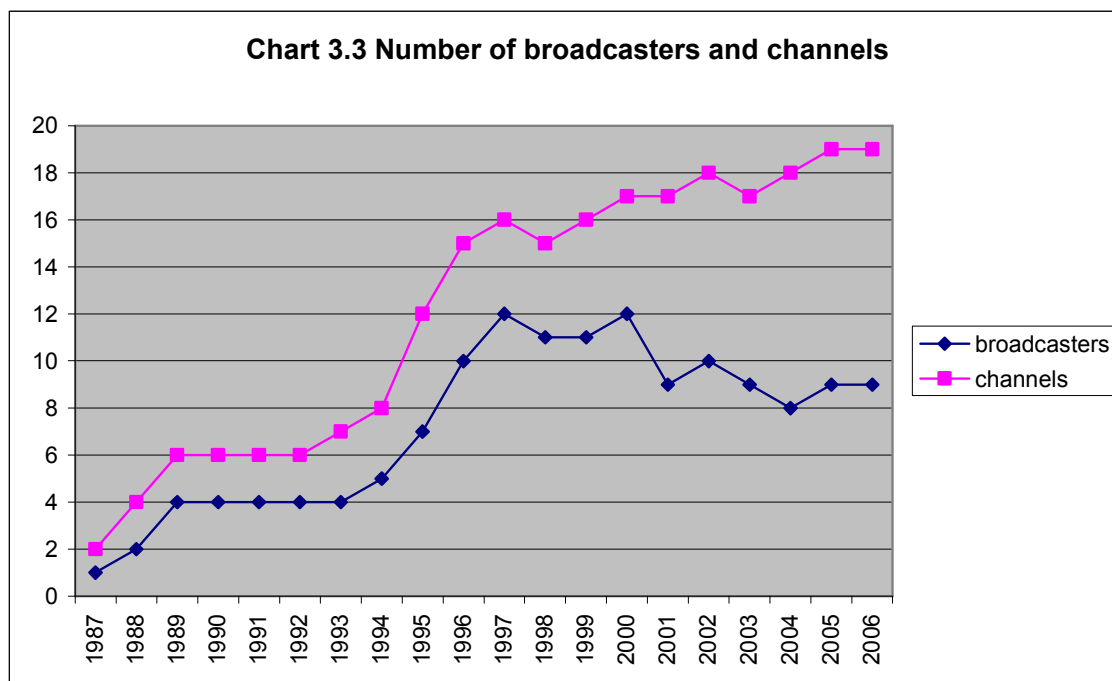
	Audience Share (%)	Number of channels	Market leader	2 nd ranking group	C3**
Public*	34.9	3	PSB	-	-
Private	54.1	16	RTL NL	SBS NL	74.9
Other	11.0	-	-	-	-
Total	100				

Source data: www.sko.nl / CvdM

*audience share including regional PSB (average of 13 province based broadcasters) / ** including PSB

A summary of the Dutch broadcasting market in 2006 is given in table 3.3. In terms of viewing time, public and commercial broadcasters on the television market relate to each other as 35 to 54 percent. Sixteen private or commercial channels compete with three of the public service broadcaster. In addition to the national PSB, there is one regional public channel for each province. On average, their market share is two percent. 'Other' includes Belgian, German and British PSB channels, public local channels, private channels like CNN and Rai Uno and vcr/dvd.

Broadcaster and channel count



Source: CvdM

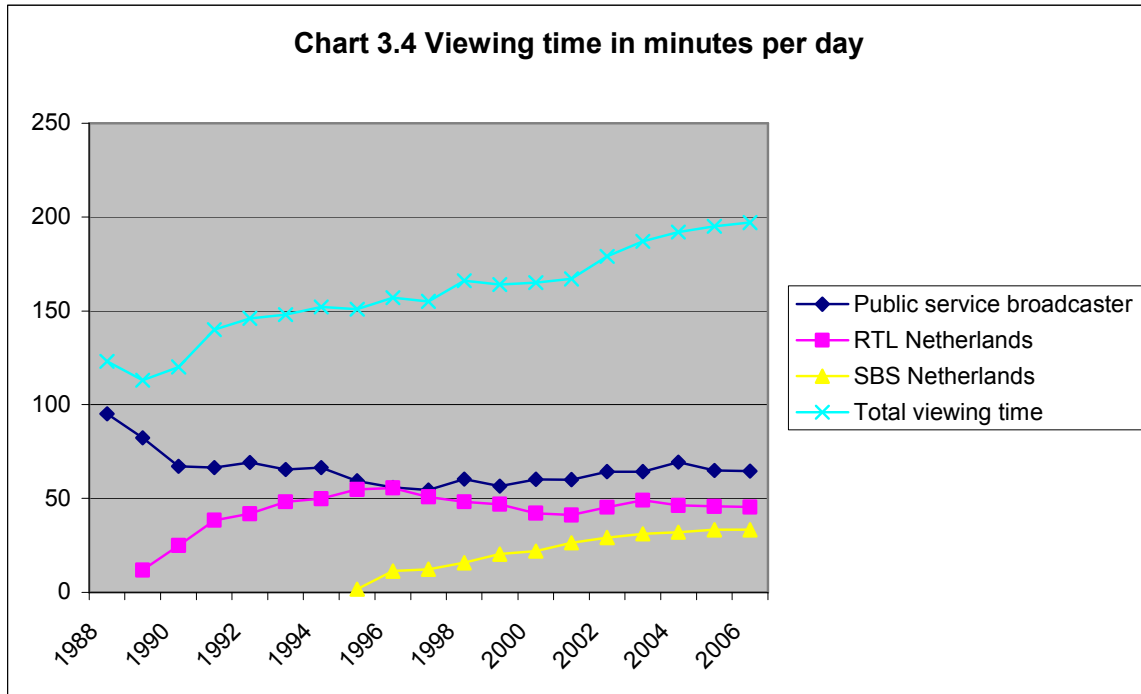
The development of the number of broadcasters and channels has been greatly influenced by the introduction of commercial television. Legalization of broadcasting through a Dutch permit more than tripled the number of channels since 1992 (chart 3.3). Until 1989, the public broadcaster rules the market with three channels. The only alternatives are public broadcasters from abroad or the then upcoming VCR.

Through a Luxemburg permit RTL4 succeeds in being the first commercial broadcaster of a general interest program intended for a Dutch audience. Directly after the legalization, the increase of commercial broadcasters in the first six years is considerable: from six to sixteen channels operated by respectively four (1991) to ten individual broadcasters. Especially between 1995 and 1996, several Dutch initiatives enter the market, among them a second general interest broadcaster SBS, the music channel TMF and Dutch subtitled versions of international channels (Discovery Channel).

From 1997 onwards, some of these niche channels are taken over by larger companies like MTV Networks owner Viacom. Others opt for strengthening their positions by establishing

new channels, for instance SBS with Net 5. In 2005 the channel count reached a temporary highpoint, with the arrival of a third broadcaster of a general interest program, Talpa Media.

Viewing time



Source: SKO

The television market in the Netherlands is characterized by a strong presence for the public service broadcaster and two major commercial broadcasters (chart 3.4). Total overall viewing time shows a steady rise, which coincides with the appearance of commercial broadcasters in 1989. Over a 20-year period, viewing time increased with 82 minutes or 73 percent. If focused on the individual broadcasters, the development of the public service broadcaster stands out. With the arrival of RTL, the PSB initially loses one third of its viewing time. The introduction of a second commercial player SBS confronts RTL in its turn with a decline in viewing time, while the PSB stabilizes. An average Dutch person in 2005 watches one of the PSB channels over an hour, the RTL channels 45 minutes and the SBS channels 30 minutes.

Audience Share

Table 3.4

Total television market

Broadcaster	Channel	Audience share (%)				
		2002	2003	2004	2005	2006
Public service broadcaster		35.9	34.4	36.1	33.3	32.8
	Nederland 1	11.1	11.2	11.1	11.9	13.1
	Nederland 2	17.2	15.7	18.4	15.1	13.5
	Nederland 3	7.6	7.5	6.6	6.3	6.2
Regional public service broadcaster	average of 13 province based broadcasters	2.0	2.3	2.2	2.2	2.1
RTL Netherlands		25.3	26.2	24.1	23.5	23.1
89,8% Bertelsmann (D)	RTL 4	15.8	16.4	15.4	14.7	13.6
	RTL 5	4.6	4.8	4.3	4.6	5.5
	RTL 7	-	-	-	4.2	4.0
	Yorin	4.9	5.0	4.4	-	-
SBS Netherlands		16.3	16.7	16.7	17.1	16.9
74% Permira - KKR (USA) / 20% TMG (NL)	SBS 6	9.3	9.6	9.6	9.8	9.6
	Net 5	4.2	4.3	4.3	4.3	4.0
	Veronica*	-	2.8	2.8	3.0	3.3
	V8	2.8	-	-	-	-
Talpa Media	Tien	-	-	-	2.2	4.4
Other broadcasters		16.5	15.9	16.0	16.2	14.8
vcr / dvd		4.0	4.5	4.9	5.5	5.9
Total		100	100	100	100	100
Total viewing time (minutes per day)		178	187	192	195	197

Source data: www.sko.nl (00-24 hours / 6 years and over)

The overview in table 3.4 shows the development on the television market, focused on individual broadcasters and channels. The public broadcaster Publieke Omroep remains the strongest player over the course of five years. At a ten and fifteen percent distance are the Dutch divisions of respectively RTL and SBS. Each operates three general interest channels and together they dominate the market. Over a five year period RTL4 and Nederland 2 remain the most popular channels. Concerning the latter this is likely to change, due to a rescheduling of the programs on all three channels of the public broadcaster in September 2006 (its effects already show in the table). Both RTL4 and Nederland 2 have been losing audience share, thanks to the steady competition of SBS and the introduction of yet another general interest channel, Talpa's "Tien". Also, a growing number of people seem to turn to vcr and dvd.

The broadcasting sector:
Radio

On the Dutch market, the public service broadcaster has an even stronger position than in television. Next to operating seven stations, this mainly has to do with a comparatively strong regional PSB. The foremost commercial competitors are Talpa Media (three stations, among them the most popular commercial one, Radio 538) and Telegraaf Media Group (three stations as well). With the help of ING Bank, the number one Dutch newspaper publisher bought Sky Radio Group from News Corporation early in 2006. Together with the PSB they dominate over 75 percent of the market. Nearly all of them cater popular music in a variety of formats. While each station has hourly news bulletins, there are but two stations exclusively programming news and information programs. A formative experience for the radio market was the auction / beauty contest of FM frequencies in June 2003. As a consequence five commercial radio stations have to meet government regulations with regard to their format.

Market summary

Table 3.5
Radio market overview 2006

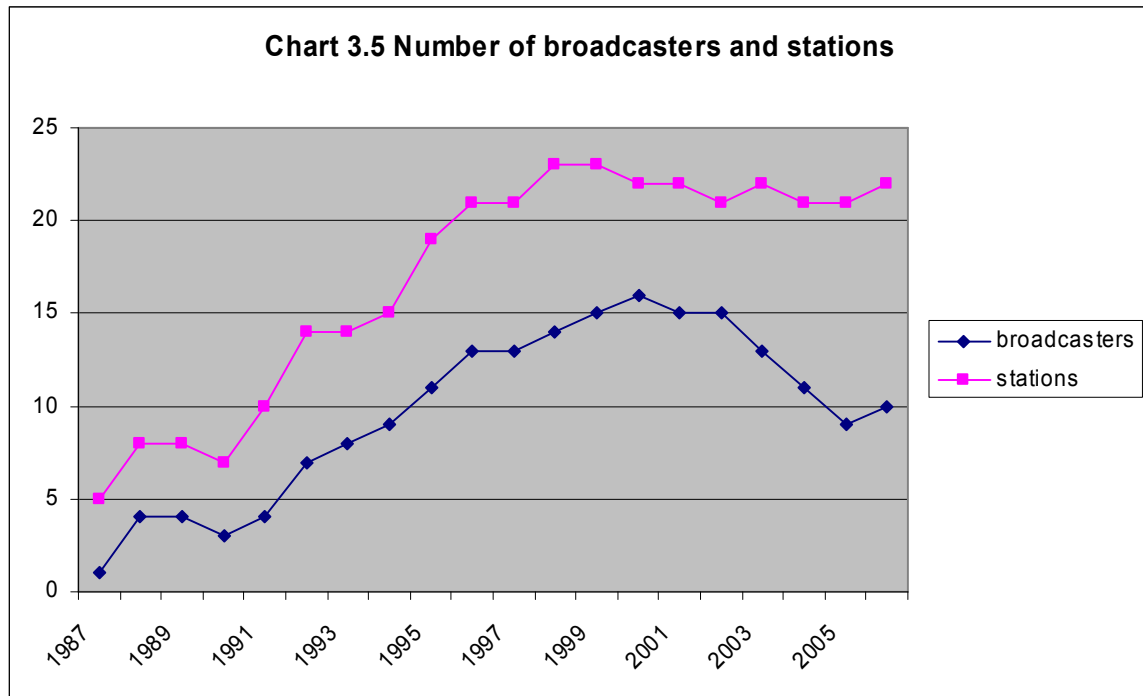
	Audience Share (%)	Number of channels	Market leader	2nd ranking group	C3**
Public*	43.7	7	PSB	-	-
Private	49.8	15	ING / TMG	Talpa Media	76.8
Other	6.5	-	-	-	-
Total	100				

Source data: www.intomartgfk.nl / CvdM

*audience share including regional PSB (average of 13 province based broadcasters) / ** including PSB

A summary of the Dutch broadcasting market in 2006 is given in table 3.5. In terms of listening time, public and commercial broadcasters on the radio market relate to each other as 44 to 50 percent, providing a more balanced situation. Fifteen private or commercial stations compete with seven of the public service broadcaster. Take note that in addition national PSB, there is one regional public channel for each province. On average, their market share is as high as fifteen percent. ‘Other’ includes various non specified stations.

Broadcaster and station count

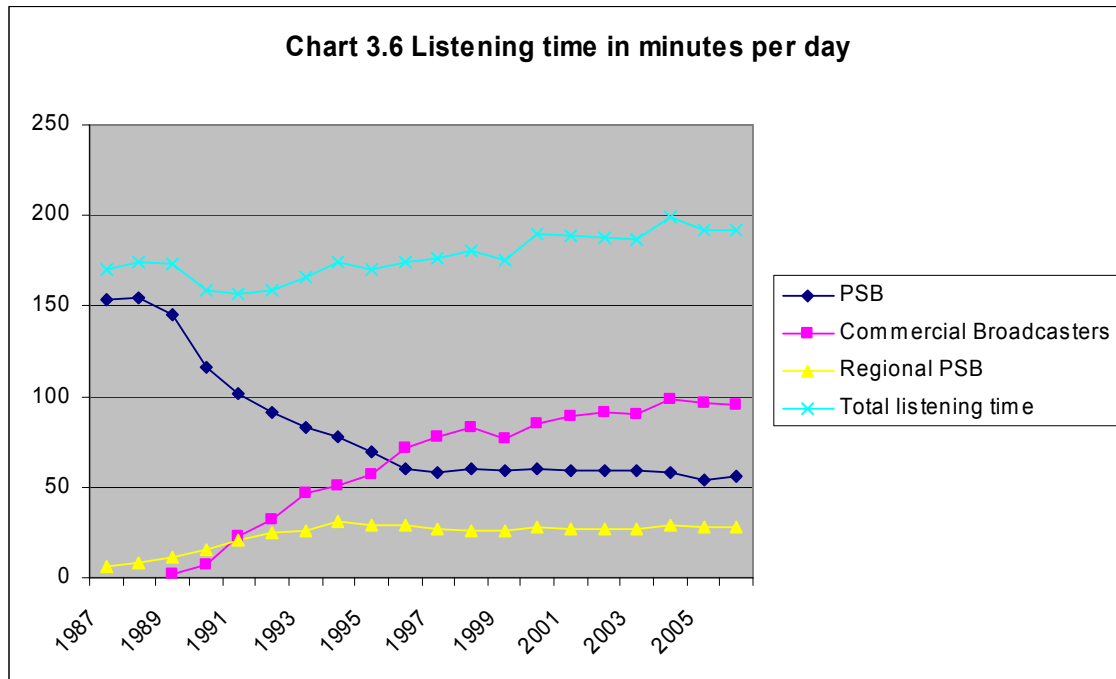


Source: CvdM

Through legalization of commercial broadcasting the number of stations more than doubled, since 1992 (chart 3.5). The five stations of the public broadcaster are dominant until 1988, with the only competition coming from abroad. Through foreign permits and transmitted via cable Sky Radio and Radio 10 Gold succeed in being the first commercial broadcasters gaining access to a Dutch audience. With commercial broadcasting legalized the increase of commercial broadcasters in the first seven years is considerable: from ten to 23 stations operated by respectively four (1991) to fourteen individual broadcasters.

Next to the introduction of commercial or private radio, the development of the number of broadcasters and stations has been influenced by the auction / beauty contest of FM frequencies in June 2003. The number of stations stabilizes, while the number of broadcasters decreased considerably from 15 (2002) tot ten. Several stations either couldn't afford a frequency or saw no commercial future after failing to obtain one. These analogue terrestrial frequencies are viewed as far more important than cable and even crucial in gaining access to large audiences. Nine out of fifteen commercial stations make use of an FM frequency.

Listening time



Source: PRE Intomart GfK

Even more than television, the radio market in the Netherlands is characterized by a strong presence for the national public service broadcaster (chart 3.6). The difference however, is the weight of the regional PSB, which adds up to a third of the time spend listening to public service broadcasting as a whole.

Total overall listening time has increased over a twenty year period, though by far not as strong as the viewing time. Until 1996, the joined commercial broadcasters gain an increasing share of the listening time at the cost of the national PSB. From 1996 onwards the time spend listening to one of the commercial stations develops in line with total overall listening time; they are solely responsible for the rise of eighteen minutes. On average, a Dutch person spends 50 minutes listening to one of the national PSB stations, while the commercial stations are listened to twice as much.

Audience share

Table 3.6

Radio market

Broadcaster	Station	Audience share (%)				
		2002	2003	2004	2005	2006
Public service broadcaster		31.2	31.4	29.4	28.3	29.0
	Radio 1	8.9	9.4	8.9	8.5	7.3
	Radio 2	10.3	10.4	11.1	10.5	11.2
	Radio 3 FM	9.7	9.1	6.7	6.6	7.6
	Radio 4	1.5	1.6	1.8	1.8	1.8
	Radio 5	0.8	0.9	0.9	0.9	1.1
Regional public service broadcaster	average of 13 province based broadcasters	14.6	14.5	14.6	14.5	14.7
Sky Radio Nederland		13.3	17.1	17.4	16.5	17.0
100% ING / TMG (NL)	Sky Radio	13.3	12.5	10.9	9.4	9.8
	Radio Veronica	-	1.8	4.3	5.0	5.2
	Classic FM	-	2.8	2.2	2.1	2.0
Talpa Media		4.3	11.1	9.5	16.7	16.0
	Radio 538	-	-	-	11.6	11.1
	Radio 10 Gold	-	5.5	4.7	5.1	4.9
	Noordzee FM	4.3	5.6	4.8	-	-
Other broadcasters		36.6	25.9	29.1	24.0	23.3
Total		100	100	100	100	100
Total listening time		188	187	199	192	192

Source data: www.intomartgfk.nl (00-24 hours / 10 years and over)

The overview in table 3.6 shows the development on the television market, focused on individual broadcasters and stations. The public broadcaster Publieke Omroep operates five stations on news (Radio 1), pop (Radio 2, 3 & 5) and classical music (Radio 4). Together with the regional PSB, it reaches an audience share of little under 45 percent in 2006.

Its foremost competitors each at distances of some 30 percent are John de Mols Talpa Media with Radio 538 (chart-oriented pop) and ING/Telegraaf Media Group with Sky Radio (non-stop soft pop). Together with the public station Radio 2 these remain the most popular national stations over a five year period. Take note: launched in 1991, Radio 538 possessed an ever growing audience share up to its current high rate. The fact it had three different owners between 2002 and 2005, explains why this isn't shown in the table.

4. The News Market

The shares of newspaper-, television- and radio use are, for two reasons, a somewhat limited indicator of the power to influence the public opinion. First of all, the percentage doesn't take content into account. It doesn't matter what a channel provides and which content is used: watching two hours of football or film counts the same as watching a two hour news program. Furthermore, the focus of the current Media Law on limited media types only (mostly newspapers, television, radio) ignores a lot of content provided by other media types which is influential for public opinion. This leads to the conclusion that limits in media law using newspaper, television or radio use are no valid indicators to measure the influence on public opinion.

In the Netherlands the "Wetenschappelijke Raad voor Regeringsbeleid" (WRR, Scientific Council for Government Policy) suggested not to classify markets on the base of technical distribution (media types) but on content. Most important is content providing news, opinion and background, in other words: what usually is understood as 'news'. The council suggested an independent governmental organisation as the Commissariaat voor de Media should monitor the news market.

Policy makers followed up on this suggestion. First of all, we needed to identify news and therefore we defined news content as such:

- updated at least once a week;
- universal, not limited to topics (e.g. sport news) or regions (European news);
- produced by professional journalists;
- independent from media types, can be distributed through every medium.

We started three research projects: 1)analysis of news production: number of newsrooms, editorial units; 2)analysis of number of different news outlets and their diversity and 3)analysis of reach and news market share.

The analysis of reach is most important for our Mediamonitor. By the end of next year we will be able to suggest an alternative measure instead of market shares. We will conduct a survey and ask for news usage the day before. We already are able to show some results based on a secondary analysis of a survey from 2004. Table 4.1 compares the market shares of the three classical markets with the news market.

The table shows the percentages on the newspaper, television and radio markets. The share on the news market is the percentage of the cumulated daily reach of all news providers together. Reach is the percentage people from the Netherlands, reached by news from one media company, regardless by press, internet or whatever.

Some companies, especially radio broadcasters, are not even present on the news market. The reason is that all of them air ANP news. ANP is the commercial main Dutch press agency, producing end products as radio news, teletext or internet news. To a certain extent the influence of ANP is underestimated because we didn't count the indirect reach: especially free sheets but also other news media distribute a lot of the short ANP news stories. This example shows that media tend to be a platform for external produced news content.

As said, we try to establish a permanent news monitor which will be updated four times a year and additionally also measure the minutes spend using news. The new law on media concentration in the Netherlands, focussing on the three markets newspapers, radio and television, is temporarily and will be evaluated in 2010. Instead of limits for television- and radiomarket shares, a maximum of for instance 50 percent reach per company and 25 percent of the whole time spend for yesterday's news could be a more adequate alternative. Changes within media use ask for a cross media approach, maybe in the future for a 'cross national / cross media' approach too.

Table 4.1
Classical media markets vs. news market in the Netherlands 2004

	News- paper circulation (%)	TV Use (%)	Radio use (%)	Total of three markets under temporary law (%)	News market % of total reach	News market Daily reach
Public Broadcasters	0	38.3	44.3	82.6	26.0	57.5
ANP	0	0	0	0	17.0	37.6
RTL Netherlands	0	24.1	5.4	29.5	13.0	28.8
Telegraaf Media Group	30.4	0	0	30.4	12.8	28.3
Royal Wegener	28.6	0	0	28.6	9.7	21.3
PCM Publishers	27.4	0	0	27.4	8.2	18.2
Sky Radio	0	0	17.4	17.4	0	0
SBS Netherlands	0	16.8	0	16.8	0	0
Radio 538	0	0	11.6	11.6	0	0
Talpa Media	0	0	9.5	9.5	0	0
Other	13.6	20.8	11.9	46.3	13.3	--
	100	100	100		100	100

ANNEX

Old Media Law (section 71 B)

A broadcasting permit may only be refused if:

- (c) the commercial broadcasting establishment, or one or more of the legal persons or companies with which it forms a group, jointly or individually have a share of twenty-five per cent or more of the market for daily newspapers;
- (d) a legal person, or one or more of the legal persons or companies with which it forms a group, pursuant to an agreement with other holders of voting rights or otherwise, are jointly or individually in a position either:
 - 1° to exercise more than one third of the voting rights in the general meeting of shareholders of the applicant; or
 - 2° to appoint or dismiss more than one third of the applicant's directors or members of the supervisory board; or
- (e) the commercial broadcasting establishment, or one or more legal persons or companies with which it forms a group, jointly or individually have a share of more than fifty per cent of the market for daily newspapers or non-daily newspapers in the area to be served by the programme service of the commercial broadcasting establishment in question, unless that same area is also served by a (public) regional or local broadcasting establishment and this guarantees a plural and diverse news provision in that area.

Explanation concerning the 'old' or present Media Law: 25 percent on a yearly basis, counting paid circulation newspapers only. Newspapers have to appear six days a week in order to be counted. The Bedrijfsfonds voor de Pers is responsible for the calculation. They notify the Commissariaat voor de Media in case a publisher exceeds 25 percent on the newspaper market and at the same time owns more than a third of either a radio station or television channel (or in general: a broadcaster).

New temporary Media Law (in effect June 2007)

Upholding the new law will be a joined responsibility between the Commissariaat voor de Media and the Nederlandse Mededingingsautoriteit (NMa, Competition Authority). When a merger or takeover occurs in the field of newspapers, television and radio, the Competition Authority will make a decision based on a calculation by the Commissariaat voor de Media.

Under this new temporary law, the market share for newspapers is limited to a maximum of 35 percent; in addition, the market share for newspapers, television and radio combined may not exceed 90 percent. Take note that the total market is viewed here as 100 (newspapers) + 100 (television) + 100 (radio) = 300 percent.