

A view on media concentration

Concentration and diversity of the Dutch media in 2001

Commissariaat voor de Media / The Netherlands Media Authority
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This report is the executive summary of the Dutch version published in March 2002 titled 'Mediaconcentratie in beeld' and is presented by commissioner Inge Brakman in Barcelona October 11th, on the 14th Television and Film Forum and October 25th for the EPRA in Ljubljana.

Preface

There is a regular request for attention for media concentrations. The media are of major importance to the opinion-forming and democratic processes of our society. Media concentration may have an adverse effect on these areas. Only recently, the Dutch Lower Chamber of Parliament expressed its concern on the loss of plurality and possible uniformity of the media supply in terms of content as a result of media concentrations. On an international level, dominant players are (e)merging that incorporate a large number of elements of the media value chain in one single company, e.g. the production and distribution of information and the control of rights. In response to the creation of large American corporations such as AOL-Time Warner, a scaling-up and concentration process of activities in the domain of the press, broadcasting, cable, film and music is also the prevailing trend in Europe. The national commercial broadcasters in the Netherlands are part of large international corporations. The important question in all of this is: what consequences do these forms of media concentration have for the content, quality and diversity of the information and media supply in society.

Concepts like 'diversity' and 'quality' of the media are not easily measured, but are of vital importance to our society. With its paper *Grondrechten in het digitale tijdperk (Fundamental rights in the digital era)* of 2000, the government underlines its proactive role in creating favourable conditions for a pluralistic information supply in case the market fails in this respect. But at which point can we speak of a loss of diversity? At which point should the authorities come into action, and especially, how? Despite media legislation and competition law, media concentration seems a process that is hard to contain.

The Media Concentration Monitor will provide further insights into the complex sector of the public information supply to society, will indicate relations, spot trends, provide a view in retrospect and look to the future. The Netherlands Media Authority, the Commissariaat voor de Media, has been commissioned to continuously and closely monitor media developments in order to recognize any trends and developments at an early stage that (may) threaten the plurality and the independence of public information supply.

This report is a summary of the Dutch version as published in March 2002. It contains a first inventory of the media sector and a start to a practical monitor. There is specific attention for sector components that have been in the public eye in recent times such as the cable (operator) sector and the position of the daily press. The inventory is of an exploring nature. The Media Authority considers it important to follow the public debate, to supply it with information and, where necessary, to address it so that the monitor may supply an angle for developing policy.

Within the portfolio arrangement of the Media Authority's Board of Commissioners, the Media Concentration Monitor falls under the responsibility of Ms. I. Brakman.

Hilversum, October 2002

Commissariaat voor de Media,

prof. dr. J.J. van Cuilenburg, chairman

Ms. mr. I. Brakman, commissioner

drs. L. van der Meulen, commissioner

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1

Introduction

The term 'media concentration' can be viewed from many angles. The ample material up to date in the form of literature, studies and observations is proof of this. So far investigations into media concentration in the Netherlands have mainly focussed on the written press and in particular the daily paper sector. Recent years have seen a growing interest in new players in media management, e.g. commercial broadcasters, cable operators, internet service providers and telecommunications companies. The Media Authority will have to make choices, both in collecting information and in the investigations it conducts (or commissions). This report is a first exploration of the possibilities to map media concentration and in particular its effects. It provides an overview of the various media sectors (press, television, radio and distribution) and their bottlenecks. This report also contains an inventory of the most important media enterprises in the Netherlands. The main legislation and regulations in the Netherlands and other European countries in the area of media concentration are described as well. In addition to this report, a separate report will also comment on a specific analysis of the cable (operator) sector, commissioned by the Media Authority and conducted by the Dutch Technology Institute – Strategy, Technology and Policy, TNO-STB.

1.1 Objective of the Media Concentration Monitor

At the request of the Dutch State Secretary of Education, Culture and Science, *dr.* F. van der Ploeg, the Media Concentration Committee reported in April 1999 on the need for additional regulations with respect to concentration in the Dutch media sector.¹ The committee arrived at the conclusion that there are sufficient regulations within the existing legal framework to combat the adverse effects resulting from concentrations in the media sector. The committee did recommend to have the media developments closely monitored by an independent body. The cabinet decided to commission this task to the Netherlands Media Authority. On the basis of a structure developed by the Media Authority (November 2000), the monitor took effect in May 2001.

The monitor's objective is gaining insight into concentration movements of media companies and their effects on the diversity, the accessibility and the editorial independence of media. The monitor has to supply up-to-date information on media companies concerning their control ratios (market shares, activities and corporate strategies). In addition, there will be yearly analyses that enable monitoring developments over the years and comparing these developments with the concentration activities of the enterprises.

1.2 Forms of media concentration

The most classic form of media concentration is horizontal concentration within one media market, for example the market of only dailies or the television market. Concentration can also take place in a vertical direction. Vertical media concentration occurs when a media enterprise controls and manages more than one chain in the production and the distribution of media products. A third form of media concentration is diagonal concentration. We speak of diagonal or cross-media concentration, when a supplier – a publisher or a broadcaster – also moves into the field of other media types; for instance a publisher who also becomes engaged in a radio or television station in addition to a daily paper.

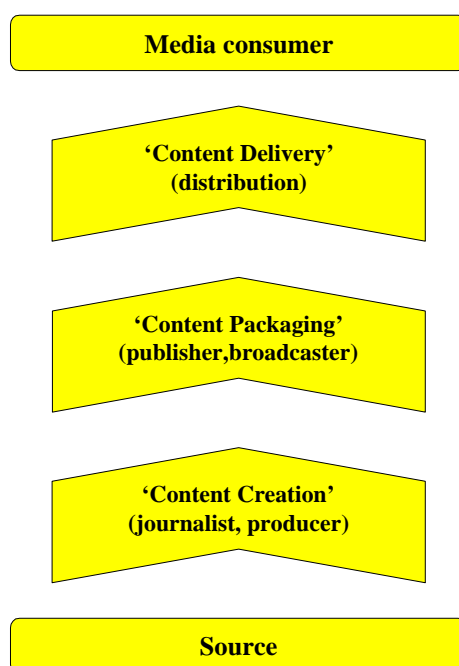
¹ Commissie Mediaconcentraties, 1999, *Profijt van Pluraliteit (Plurality Benefits)*: On concentrations in the media sector and the request for special regulations, The Hague: Media Concentration Committee

1.3 Media value chain

Concentration can take place in the various chains of the media production process. In the communication sector, it is customary to make a distinction between three chains of the media value chain: *content creation*, *content packaging* and *content delivery* (see Figure 1).

By definition, horizontal concentration takes place in one single chain, vertical concentration is concentration of two or more chains in the media value chain. The Media Concentration Monitor as the Media Authority envisions it, will cover each of the chains within the media value chain.

Figure 1 The Media Value Chain



1.4 Problem definition

Against the background of the preceding, the definition of the problem the Media Authority endeavours to answer through the Media Concentration Monitor, can be formulated as follows:

- *To what extent does Dutch media management show forms of media concentration?*
- *Which developments can be discerned in this context?*
- *What consequences does this entail for the independence and the diversity of the Dutch media and for the accessibility of those media to the public?*

1.5 Analysis structure

This report provides an overview of the main sectors in the public information supply: the written press, radio & television and distribution. Although the role of the distribution sector in the production of information does not yet have any significance, this sector still remains the vital chain between radio & television and the consumer. The distribution capacity determines the transmission of programmes and as such has an effect on the plurality of the offer. This report is still based on the traditional offer of information to the public. Public information supply through internet has not yet

been incorporated in this concentration monitor. The Media Authority intends to make room for this form of information supply in its next Media Concentration Monitor.

The analysis for the concentration monitor has been conducted in separate and distinct sectors. Although the issue is increasingly raised whether the various media types (press, broadcasters, internet) may function as each other's substitutes, this report does not take this assumption as its premise.

The various media types strongly differ in terms of nature & form and are also quite distinct in the patterns in which they are used or 'consumed'. It is for this reason that the Media Authority assumes that the press (dailies, magazines) and radio & television are operating on different product markets. The media as a whole may create a diverse offer in the Netherlands. But for a diverse information sector it is of importance that each sub-sector (press, radio, television) is diverse and offers the public high quality. Only then the various media can measure up with quality as each other's competitors within the consumers' use of leisure time and as such become supporting pillars for our democracy.

1.6 Media concentration: terminology

Linguistically, the term 'concentration' indicates a process and the term 'degree of concentration' refers to a state of affairs. For the sake of readability, the shorter term 'concentration' will be used to indicate both the process and the state of affairs.

In order to shed light on concentration in the media sector and its consequences, an analysis will be conducted of ownership concentration, editorial concentration, diversity and user concentration of the different media markets (also see Figure 2).

Ownership concentration

With respect to ownership concentration the monitor examines which owners or suppliers of daily papers or stations there are for example and what the ownership and control structure is on the market concerned. Horizontal supplier concentration (within the same media market) is expressed in the Herfindahl-Hirschman Index (HHI) (see Box 1). This index makes it possible to calculate the concentration of a market on the basis of the number of owners and their market shares.

The HHI-index (see Box 1) varies numerically between $HHI = 0$ and $HHI = 1$ divided by the number of suppliers. Because HHI is a somewhat abstract calculation quantity, the index is also expressed in number equivalents (NE). The result in number equivalents describes the structure of a market in terms of the corresponding number of equally strong enterprises.

An HHI in number equivalents of for instance $HHI_{NE} = 3$ means that the concentration of the market corresponds with the level of concentration of a market with three equally strong enterprises.

In this report, the index will be interpreted according to the American method² in which we will qualify media markets as:

- *unconcentrated: a market of more than ten equally strong enterprises; or*
- *moderately concentrated: a market of between five and ten equally strong enterprises; or*
- *highly concentrated: a market of less than five equally strong enterprises.*

Editorial concentration

Editorial concentration shows the extent to which editorial staff *cannot* autonomously decide on editorial content of a title or station. Within this analysis, the focus of attention lies on editorial or

² US Department of Justice and the Federal Trade Commission, 1997, *1992 Horizontal Mergers Guidelines, [including Revisions to Section 4 on Efficiencies, April 8, 1997.]*, Washington: US Department of Justice.

programming autonomy and independence. The number of titles or channels with editorial autonomy is measured. The word 'diversity' is often used as the counterpart of this form of concentration and sometimes the term 'external plurality'.

Diversity

Plurality, for reasons of clarity referred to in this report as 'internal plurality', indicates the heterogeneity of the content of a medium. In particular the classification into programme types (programme grading), which we have at our disposal in the Netherlands, offers the possibility of commenting on the internal diversity of the television offer. This categorisation also enables determining to what extent the programme offer manifests itself as reflection and openness in terms of diversity (for these terms we refer to the Annex to this report).

User concentration

Facing the media offer, there is the media use on the consumer side of the media market. Each chapter of this report will comment on user concentration, i.e. the question to what extent public preferences may or may not focus on certain titles, channels and programme components (content categories). In order to quantify user concentration statistically, a statistical dispersion standard will be used (see the Annex to this report).

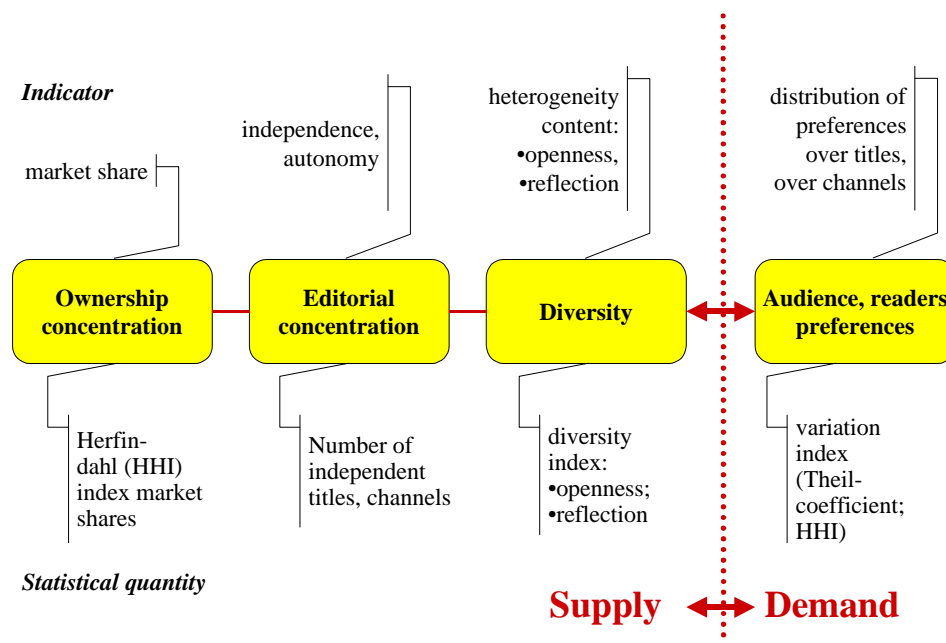
Relevant market

It goes without saying that a correct analysis of media concentration also always requires defining the 'relevant market'. This study follows as closely as possible the manner in which the Dutch Competition Authority, the NMa, describes the relevant market. The relevant market, product or service market is indicated per chapter, as well as which geographical market is being examined.

Overview

Figure 2 provides an additional overview of the mutual relation between the four different concepts of the concentration monitor. Moreover, the figures show what may serve as *indicator* for supplier concentration, editorial concentration, etc.; at the bottom of the figure is specified which *statistical standard* will be used for ownership concentration, editorial concentration, etc.

Figure 2 Media concentration: dimensions, indicators and statistical quantities



1.7 Structure of the monitor

This first report of the Media Concentration Monitor also describes the structure of the monitor. The Media Authority intends to produce periodical reports on media concentration. In order to 'closely monitor' the media, as formulated in the commission to the Media Authority, a number of matters will be recorded on a yearly basis:

- *media enterprises in the area of information supply are included in the database with entry of their activities, ownership and control relations;*
- *supplier concentration, editorial and/or programming concentration, plurality and user concentration will be calculated on a yearly basis;*
- *data concerning distribution and supply are inventoried on regional and municipal level;*
- *data and observed trends are translated into possible future developments and policy.*

Yearly, or more often when actual developments prompt this, a report will be presented to the State Secretary of Education, Culture and Science. Data of media enterprises and the extent of media concentration will also be made public on a website especially set up for this purpose.

2

Press

2.1 The sector

Table 1 provides an overview of daily paper publishers with their respective national and regional daily titles. It concerns titles with their own (chief) editorship.

*Table 1 Daily paper publishers: titles and circulations (2001)
(listed by market share publisher)*

<i>Publisher</i>	<i>Independent daily title</i>	<i>Effective circulation in the Netherlands*</i>	<i>Market share title (percentage)</i>	<i>Market share publisher (percentage)</i>	
PCM Uitgevers NV	Algemeen Dagblad	329,596	7.7	30.8	
	De Dordtenaar	32,673	0.8		
	NRC Handelsblad	263,935	6.2		
	Het Parool	89,137	2.1		
	Rijn en Gouwe	31,116	0.7		
	Trouw	127,837	3.0		
	de Volkskrant	332,660	7.8		
	Rotterdams Dagblad	101,475	2.4		
NV Holdingmaatschappij De Telegraaf	Noordhollands Dagblad	155,169	3.6	30.7	
	Haarlems Dagblad/Leidsch Dagblad/De Gooi- en Eemlander	132,759	3.1		
	De Telegraaf	779,200	18.3		
	Limburgse Dagblad en Dagblad De Limburger	239,026	5.6		
Wegener NV	Haagsche Courant	127,428	3.0	28.8	
	Provinciale Zeeuwse Courant	61,029	1.4		
	Utrechts Nieuwsblad/Dagblad Rivierenland/Amersfoortse Courant	118,328	2.8		
	Deventer Dagblad	30,038	0.7		
	Apeldoornse Courant/Gelders Dagblad, Veluwe Noord	35,942	0.8		
	De Gelderlander	220,265	5.2		
	Brabants Dagblad	157,345	3.7		
	Eindhoven's Dagblad	123,397	2.9		
	De Twentsche Courant Tubantia	137,927	3.2		
	Zwolse Courant/Nieuw Kamper Dagblad/Dagblad Flevoland	68,816	1.6		
	BN/DeStem	143,571	3.4		
Noordelijke Dagblad Combinatie BV	Leeuwarder Courant	112,775	2.7	6.9	
	Nieuwsblad van het Noorden/Drentse Courant/Groninger Dagblad	181,966	4.3		
Friesch Dagblad Holding BV	Friesch Dagblad	19,553	0.5	0.5	
Nederlands Dagblad BV	Nederlands Dagblad	32,770	0.8	0.8	
Reformatorisch Dagblad BV	Reformatorisch Dagblad	57,950	1.4	1.4	
Koninklijke BDU Uitgeverij	Barneveldse Krant	10,887	0.3	0.3	
	Total	4,254,570	100	100.2**	

Source: Cebuco (Central Office for Newspaper Publicity)

Specialist papers not included.

* Effective circulation abroad 2001: National: 39,085, Regional: 3,226, Total: 42,311

** Sum not equal to 100 due to rounding off.

The circulation development is showing a negative trend. Even when taking into account that the data for 2000 are based on a new circulation registration (HOI-figures instead of Cebuco-figures), which in itself has led to a slight downward readjustment. With the regional papers, the negative development already started in 1992. As from 1997, the national papers are also confronted with a slight decrease in their circulation figures. The position of the regional papers as a whole with respect to the national titles has also changed. In 1990, regional dailies had a share of 59% of the entire market. This figure has now fallen to 54%. The decline becomes especially clear when it is extrapolated against the increase in the number of households. This clearly shows that both segments are presently confronted with the phenomena of a decreasing popularity of reading.

Table 2 Circulation daily papers

<i>Year</i>	<i>Circulation regional daily newspapers</i>	<i>Circulation national daily newspapers</i>	<i>Total circulation*</i>	<i>Number of households (* 1000)</i>	<i>Coverage percentage per household</i>
1990	2,715,773	1,874,622	4,590,395	6,061	76
1995	2,698,185	1,959,908	4,658,093	6,469	72
2000	2,362,727	2,032,904	4,395,631	6,819	64
2001	2,330,622	1,999,923	4,330,545	6,889	63

Source: Cebuco (Central Office for Newspaper Publicity), Netherlands Press Fund, Statistics Netherlands (CBS)

**These circulation figures include Het Financieele Dagblad and de Staatscourant.*

Advertising market

Advertising revenues have increased in recent years. The volume of personnel advertisements, for instance, increased with 14% between 1999 and 2000. Moreover, the daily papers have fully benefited from the growth in marketing budgets for technology and telecommunication companies and internet. In 2001, the advertising volume went down considerably.

The percentage of advertising revenues in relation to the aggregate revenues has shifted somewhat in the recent period. Daily newspapers have become more dependent on advertisers. In 2000, the share of revenues from subscriptions and the sale at newsagents' of the total profit amounted to 41%, in the mid-nineties (1993/1994) this was still around 50% (source: Dutch Daily Press Association, NDP).

Table 3 Gross advertising expenditures daily newspapers (in millions €)

<i>Year</i>	<i>Advertising Expenditures</i>
1998	606
1999	650
2000	715
2001	676

Source: BBC Media and Advertising Bank

2.2 Ownership concentration

Of the circulation of the national daily newspapers of nearly two million copies, PCM accounts for a little over one million copies and De Telegraaf for nearly eight hundred thousand. The Herfindahl Index of ownership concentration indicates that the national daily market has a market structure in terms of number equivalents that is similar to a market with two equally strong enterprises ($HHI_{NE} = 2.1$). According to competition standards, the daily paper market should be considered highly concentrated.

Table 4 Ownership concentration on the market of national daily titles (2001)

<i>Publisher</i>	<i>Circulation</i>	<i>Market share (percentage)</i>
Nederlands Dagblad NV	32,770	1.7
PCM Uitgevers NV	1,054,028	54.8
Reformatorisch Dagblad BV	57,950	3.0
NV Holdingmaatschappij De Telegraaf	779,200	40.5
<i>Total</i>	1,923,948	100
<i>Concentration</i>	HHI = 0.47 HHI number equivalents = 2.1	

Source data Cebuco
(Central Office for
Newspaper Publicity)

Ownership concentration on the regional market

The product market of regional daily papers also shows a high level of concentration. This market has one single dominant publisher. With a circulation of 1.2 million copies on a total circulation of 2.3 million copies of regional papers, Wegener holds 52.5% of the circulation of all joint regional markets.

Table 5 Market share on joint markets of regional daily titles (2001)

<i>Publisher</i>	<i>Circulation</i>	<i>Market share (percentage)</i>
Friesch Dagblad Holding BV	19,553	0.8
Kon. BDU Uitgeverij	10,887	0.5
Noordelijke Dagblad Combinatie	294,741	12.6
PCM Uitgevers NV	254,401	10.9
NV Holdingmaatschappij De Telegraaf	526,954	22.6
Wegener NV	1,224,086	52.5
<i>Total</i>	2,330,622	99.9*

Source: Cebuco
(Central Office
for Newspaper
Publicity)

* Sum not equal to 100 by rounding off.

With the regional dailies, we can discern a large number of different geographical markets (regions, towns, provinces). Most provinces are served by merely one single regional daily paper publisher. In the province of Utrecht there are more suppliers operating regional titles: Wegener, PCM Uitgevers, De Telegraaf and BDU. Nevertheless, the Utrecht regional product market is also highly concentrated because of the dominant position of Wegener. In the province of Friesland, we see a competition between two regional dailies of different publishers. The provinces of North Holland, South Holland and Flevoland have several publishers operating their regional markets. Whether this implies there is actual competition, remains to be seen. The areas that the regional publishers cover within the provinces seem to be bordering rather than overlapping operational areas. It turns out that four towns have no competition on their regional product markets.

Local newspapers

Local newspapers provide local news coverage. They appear at least once and maximally five times per week, against payment. The number of titles went down in the past 25 years from 140 in 1975 to 61 in 2001.

*Table 6 Local newspaper publishers (2001)
(listed by marketshare publisher)*

<i>Publisher</i>	<i>Number of titles</i>	<i>Weekly circulation*</i>	<i>Market share (percentage)</i>
Boom Pers	4	90,195	20
Wegener	6	37,920	8
BDU	4	28,640	6
Hoekstra	6	24,775	5
C. Pet BV	1	22,130	5
Bakker	1	21,375	5
Banda	1	17,728	4
Eilanden-Nieuws	1	15,520	3
Harsveld	1	13,900	3
Langeveld & de Rooy	1	13,600	3
Other	unknown	168,865	37
		<i>Week circulation top 10</i>	264,408
		<i>Total week circulation</i>	454,648

Source: Bakker (2002)

Weeklies

The weeklies make an important contribution to the pluralistic opinion forming process. The weeklies, which come out every week, mainly provide analysis, commentaries and opinions concerning social developments. Their readership market, however, is shrinking. The circulation is going down and the magazines not only compete sharply among themselves, but are also facing competition from the magazines that come with the daily papers. The five weeklies are all housed with different publishers. The ownership ratios have been stable in recent years.

Table 7 Circulation (2001)

<i>Publisher</i>	<i>Circulation</i>	<i>Market share (percentage)</i>
Elseviers Weekblad	140,992	53.4
Vrij Nederland	61,062	23.1
HP / DeTijd	37,403	14.2
De Groene Amsterdammer	13,267	5.0
HN Magazine	11,500	4.3
<i>Total</i>	264,224	100

Source: HOI (Institute for Media Auditing)

Magazines

The magazine market is characterised by strong segmentation. The Dutch Motorists' Association ANWB with a circulation of over three and a half million copies of its magazine *Kampioen* is leading the field. It should be noted, however, that the *Kampioen* is published in combination with ANWB membership. On the 'free' market of magazines, the Finish company Sanoma, which took over the magazine portfolio from VNU in 2001, is the largest publisher of magazines on the basis of the number of titles and joint circulation figures.

Table 8 *Magazines: the circulation-top-25 (2000)*

<i>Publisher</i>	<i>Title</i>	<i>Circulation</i>
ANWB Media	Kampioen*	3,589,645
Audax Publishing	Weekend	246,893
CrossPoints	CJP Magazine 18+*	210,388
	CJP Magazine 18-*	195,923
IDG	Computer!Totaal	191,333
KBO	Nestor	222,003
Sanoma	Libelle	643,873
	Margriet	426,135
	Donald Duck	336,593
	Story	273,849
	Groter Groeien	196,000
	VT Wonen	171,669
	Panorama	158,794
	Viva	150,895
	Beau Monde	150,458
	Fancy	147,558
	Mijn Tuin	147,558
Senior Publishing	Plus	230,279
Stichting FNV Pers	FNV Magazine*	713,684
Telegraaf Tijdschriften Groep	Privé	348,574
Uitgeverij De Reader's Digest	Het Beste	261,280
VNU Business Publications	Computer Idee	162,858
Weekbladpers Tijdschriften	Voetbal Totaal*	735,533
	Voetbal International	189,947
Wij Special Media	Wij Jonge Ouders	237,097

Source: NUV (Dutch Publishers Association)

* *Membership subscriptions.*

2.3 Analysis, evaluation and policy

Concentration

The Netherlands is par excellence a country with a rich publishing tradition. The oldest daily newspaper of our country, the *Oprechte Haarlemsche Courant*, dates from 1656 and is nowadays called *Haarlems Dagblad*. In the past decennia, the daily newspaper market has become highly concentrated. In 2001, the total number of daily paper publishers went down to 8. Ninety percent of the entire daily paper market is in the hands of three publishers. When splitting the concentration up into relevant markets, the high level of concentration also becomes transparent. On the market of national dailies, PCM Uitgevers reaches a market share of 54.8% and the Holding De Telegraaf holds 40.5%. At regional level, large parts of the country have one single publisher that determines the offer. The Wegener group with 52.5% of all regional dailies, holds the strongest position on the regional market.

The analysis is conducted on the basis of the premise of the Netherlands Dutch Competition Authority, the NMa, that the regional and the national daily newspaper markets should be considered as separate product markets. This means that national dailies are not viewed as substitutes for regional papers. The Netherlands Press Fund also cautions that there are by no means always adequate alternatives, especially for regional daily titles that are discontinued.

The publisher with the most product diversification is De Telegraaf. Next to activities in the area of dailies, regional and national, door-to-door papers and magazines, the group owns interests in broadcasting companies. This group uses the space provided by the Media Act in the field of cross-ownership with 30% of the shares of SBS and a joint participation in radio Noordzee FM. In addition, De Telegraaf operates together with UPC in Media Groep West.

Editorial concentration

Concentration on the market of national dailies has not led to editorial concentration. The number of national daily titles has remained more or less stable since 1990. Only Het Parool is nowadays a regional paper instead of a national daily paper. The fact that four of the five large national daily titles are being published by one single group, makes for a vulnerable situation. As a result of this, the external plurality of the national daily press largely depends on the policy conducted with PCM Uitgevers. In case of a declining economy, the social function of this group may clash with its role of entrepreneur.

Between 1990 and 2001 the number of autonomous regional daily papers went down by 12 titles. As per May 2002, (net) three autonomous titles will disappear as well. Contrary to the situation in the seventies and eighties³, supplier concentration in the nineties was accompanied by editorial concentration and thus reducing external plurality. With the decrease of the number of titles, forms of compartmentalisation have also disappeared. Daily papers such as Waarheid and Vrije Volk, or the denominational daily Het Binnenhof have either ended their activities or have been incorporated in papers with a more general signature. At this time Nederlands Dagblad, Reformatorisch Dagblad, Friesch Dagblad and Trouw are seen as denominational daily papers.

Autonomy and independence

Supplier concentration has also had its effect on the autonomy of the daily papers. The Netherlands Press Association (GPD) cooperation platform which is supplying nearly all regional titles with news, is assuming an increasingly central role in its supply of news items. The most recent major takeover of the VNU daily papers by Wegener has led to a discontinuance of their own VNU cooperation, VNU's editorship in The Hague and its Zuid-Oost Pers (the correspondents abroad). As a result, various papers are using the same news sources. Where regional dailies had their own art and culture desks and special editors for national and international news items, an increasing part of this stream of copy is derived from the GPD. Some large companies are also demonstrating a tendency towards clustering in the editorial production between the own papers. Papers are becoming more dependent on the GPD and the ANP (the Dutch National News Agency). The ANP also fulfils an important role for newcomers. A commuter paper like Metro could hardly exist without it.

The editorial independence of journalists is laid down in editorial statutes and in this area there are no problems worth mentioning. However, the statutes are lagging behind with respect to the creation of big groups in the relation group managing director/chief editor.

Internal diversity

The effects of supplier concentration on internal plurality are difficult to measure. Extensive investigations into the composition and the origin of newspaper articles will have to precede any statements. Diversity has probably increased in the period at hand. The number of editorial pages

³ On this J.J. van Cuilenburg, J. Kleinnijenhuis and J.A. de Ridder, *ibidem*.

has risen by 15% in the last ten years. Papers apply more colour print, have added special quires and the national dailies now publish magazines as well. For the time being, the scale increase has resulted in thicker and more complete papers. The extension of regional papers focuses mainly on extra information with special issues and theme papers, and less so with respect to primary news supply.

Accessibility

With respect to accessibility, no major problems can be discerned on the side of the consumers. However, the publishers point at the sharp increase in costs and personnel problems for door-to-door delivery of subscription papers. With the help of the Press Fund they are investigating a possible cooperation between the different groups in delivery matters.

Supervision

Supplier concentration and in relation thereto, editorial concentration of daily papers has been able to take place without any legislative interference.

At the end of the eighties, the Lower Chamber of Dutch Parliament passed up on the possibility of preventing further group forming by blocking concrete proposals for legal press merger regulations. Especially with respect to preventing concentration on the national daily newspaper market, this has turned out to be a missed opportunity of some proportions.

As of 1997, mergers and takeovers fall under the supervision of the Competition Authority, the NMa. It can pose actual conditions to takeovers or mergers, or take action when the position of power is abused. The NMa also looks at market shares, but certainly not exclusively so. Processes that are taking place within a group, like mergers of daily titles, generally fall outside NMa's scope of supervision. The NMa attached conditions to the takeover of the VNU daily paper group by Wegener. Wegener was ordered to sell the daily papers De Limburger and Arnhemse Courant. De Limburger was sold to De Telegraaf group and Arnhemse Courant has eventually merged with the daily De Gelderlander on the basis of the appeal court ruling. Only after the editorial merger, the Trade and Industry Appeals Tribunal ruled that the NMa had ordered the sale of the paper on sound grounds. However, the title had been discontinued in the meantime. Posing 'content' conditions was not accepted by the Trade and Industry Appeals Tribunal. This has led to the fact that although the region of Zeeuws-Vlaanderen has two separate titles that are distributed, the two dailies use the same editorial supply with respect to the stated area.

Current developments

Publishers are under increasing pressure. The costs for paper and delivery to the door are rising while on the other hand they are faced with decreasing revenues due to lower circulation figures and a drop in advertising revenues. In 2000, advertising revenues rose, but 2001 saw the start of a negative development. As overall revenues in the past period have become more dependent on advertising, the declining economy bears heavy on profitability. The publishers are losing their 'exceptional position' with the authorities. Horizontal and vertical price arrangements as well as the advertising compensation and the daily paper compensation arrangement have been or are being lifted. Moreover, competition with other media types in terms of leisure activities is making its mark.

In the past period, the answer to these developments has been found in scaling-up (bigger editorial co-operational platforms, discontinuing independent titles, closing down regional offices) and diversification.

Under influence of the developments as laid out, the discussion has arisen in recent months whether the government should play a role in supporting the daily paper sector. The parliamentary group of the Dutch Christen-Democrat party CDA and the Netherlands Union of Journalist NVJ press for a stronger government policy with respect to facilities for daily paper companies. In the meantime also the Netherlands Fellowship of Chief Editors and the Dutch Daily Press Association are of the opinion that a coherent media policy has to be developed. The Netherlands Press Fund states as well that these developments are reason for serious concern.

The Media Authority observes a decrease in the number of regional daily papers and takes note of the loss of employment for journalists within the daily paper journalism sector as a whole. In the past, not every loss of a title had negative effects on the news supply. As stated, papers have also become more complete.

The question remains when this development will reach its critical point. When can we speak of a favourable journalistic climate that creates optimum support for our democracy and serves as a counterweight against the increasingly commercial influences and the so-called *infotainment* mix?

The Dutch daily newspapers are seen as a breeding ground for independent journalism with a good separation between editorship and commerce. Surreptitious advertising and sponsoring, present with public and commercial broadcasting, are not yet an issue, partly through the editorial statute and the internal control of large editorships. The daily papers are of great importance for interpreting the news for purposes of investigative journalism and following events in our society consistently and critically.

The medium is particularly suited for analysis and in-depth coverage. Papers are also of importance for offering expression possibilities for various groups in our society. Next to news items, the paper reserves space for opinions and letters from readers. One would say that the Netherlands also has a reputation to uphold in this respect.

On granting the 3rd star to a restaurant in the Netherlands, the Michelin-jury commented that high-quality cooking can only thrive through a high gastronomy culture. This line of thought similarly applies to high-quality journalism. Only a sound journalistic culture will make for high-quality products.

If only a few daily papers remain, they will not succeed in maintaining a journalistic culture together with the audiovisual media in a strongly changing society. Fact is that there are more and more information sources that require interpretation and verification and that daily paper journalism is facing developments that are taking place at a speed that is only increasing. And the present situation seems to indicate that in the coming years this process is to be tracked with fewer journalists on the job.

Remarkable is the fact that major dailies are cutting down on their investments in internet. It is the link between daily and internet, with the paper's journalistic quality, professionalism and independence, that makes the internet site a reliable and indispensable guide in the abundance of information. The concerns from the sector, politics and the Netherlands Press Fund are also signals that are not to be discarded.

Media policy

A legal arrangement to prevent a further concentration within the daily paper press can only consist of setting up economic criteria such as market shares. When assessing the concentration on the basis of the present relevant market, it becomes clear that the biggest players have already reached a market share of more than 50%. In this sense, containing market share would seem to be an outdated instrument. However, the Media Authority does not consider it unthinkable that the three largest publishers may arrive at some form of co-operation. A merger between players on the national daily paper market will undoubtedly lead to objections from the side of the NMa. A large national publisher taking over a regional partner may lead to a more balanced view of the NMa. In the opinion of the Media Authority, it is of public interest that there are strong independent regional daily papers in addition to a range of national daily titles. In order to make this possible, one may think of both a legal maximum market share and of incentive measures for a temporary support of the daily papers. We therefore advocate a renewed investigation into the possible effects of legal press merger regulations with a maximum share of the joint national and the regional markets (excluding autonomous growth) of 33 1/3 %.

In addition, the Media Authority recommends the development of support measures. The Press paper of the State Secretary of Education, Culture and Science of 10 December 2001 already indicates that support policy is desirable on two essential components: the process of settling down

of large groups of migrants and stimulation of internet development. The Media Authority feels that both proposals are desirable. The Netherlands Press Fund support is largely committed to small-scale projects and to a lesser extent to existing media such as daily newspapers. The Press Fund should also be able to support projects of papers within groups that are in themselves profitable. In that case, article 130 of the Media Act will have to be readjusted as it requires proof that support from other sources is not, or not sufficiently available. This is harder to prove within a profitable group than for a small publishing firm, while the diversity can be of equal importance. The Press Fund disposes of sufficient knowledge of the sector to assume that responsible choices will be made. The budget of the Press Fund would, however, probably not be sufficient. It is important to know that, on the basis of the Media Act, the Minister can yearly determine a percentage with a maximum of 4 percent of the total advertising revenues for radio and television (national, regional, local, public and commercial). Due to sufficient own capital (€ 15 million at the time of this report), the Press Fund has made no claim on this condition since 1988.

The Press Fund could also be asked to examine alternative forms of distribution for example. In view of developments abroad, it may also be an option to move to smaller units instead of larger ones, to uncouple ownership, production and printing of papers. Other proposals like the VAT-zero-rate suggested by the Netherlands Union of Journalists could once more be examined on their merits by the Press Fund. It is not unthinkable that the sector agrees on deploying the lower VAT-rate for effective measures to combat the decreasing popularity of reading.

3

Television

3.1 The sector

Dutch broadcasting management has a two-tier structure. This means that there are broadcasting institutes that are primarily financed through public funds, next to commercial broadcastes who have to finance themselves.

In the Netherlands, a total of 80 different television channels are offered through cable. This means that a household can on average choose from 32 television stations per cable package.

This television package consists of a public broadcaster taking up three channels, and two commercial programme suppliers (Holland Media Groep and SBS NL), which each operate three channels. The consumer also has foreign broadcasters at his disposal, which not specifically aim at the Netherlands. They are commercially or publicly financed programme suppliers. In addition, the consumers can choose from a number of suppliers of subscription television of which Canal+ is the best known. The consumer also has access to regional and local television stations.

*Table 1 Public and commercial broadcasting organisations: market share (2001)
(18 – 24 hrs., market share in percentage)*

<i>Broadcaster</i>	<i>Channel</i>	<i>Market share broadcaster</i>	<i>Market share channel</i>
Public broadcasters (NOS)		38.5	
	Nederland 1		13.4
	Nederland 2		16.6
	Nederland 3		8.5
HMG		27.3	
	RTL 4		16.2
	RTL 5		4.5
	Yorin		6.6
SBS		18.6	
	SBS 6		10.8
	Net 5		4.7
	V8		3.1
Other suppliers		12.6	12.6
Video		3.1	3.1
	<i>Total</i>	100.1*	

Source: NOS-KLO (** Audience survey of the Netherlands Broadcasting Organisation)

* Sum not equal to 100 by rounding off.

1. RTL/Holland Media:

RTL/HMG SA is holder of three commercial concessions (broadcasting licenses), which are used for providing the channel RTL4, RTL5 and Yorin – The Movement. RTL4 and 5 are using a Luxembourg concession. Yorin TV B.V. makes use of a Dutch broadcasting license. In the spring of 2000, the RTL Group came into being after a merger between the broadcasting company

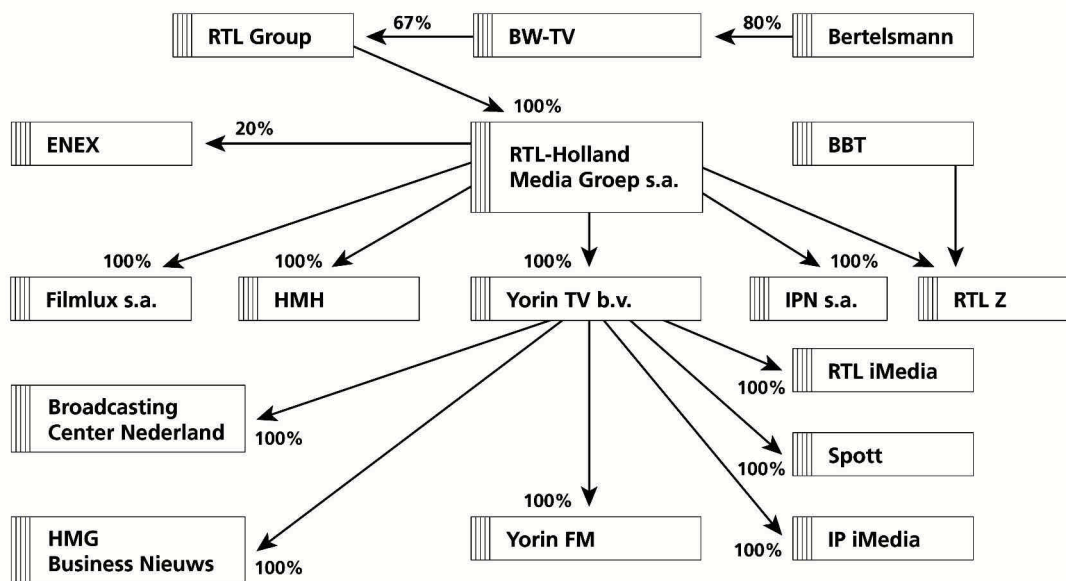
CLT/UFA and television producer Pearson-TV. The media group Bertelsmann GmbH holds a large majority (67%) of the RTL Group shares (as per March 2002: 90.2%).

Together with Belgian Business Television (publishers Roularte Media and De Tijd) RTL/HMG has a joint venture under the name RTL Z. This specialised programme (financial economic information) is daily on the air since June 2002, preceding the RTL5 programme.

In addition to providing and producing television formats and programme components, RTL/HMG is engaged in producing and providing one radio channel: Yorin FM. Via RTL iMedia, the digital content of teletext programmes and websites of the various radio and television formats is produced and provided. HMG Business Nieuws supplies news items for all media types. RTL/HMG has an interest of 20% in ENEX SA for the exchange of news material. Finally, RTL/HMG disposes of its own commercials sales organisation: IPN SA for the sale of commercial broadcast time for radio and television and a separate branch for internet (IP iMedia).

Figure1 RTL/Holland Media Groep SA

OWNERSHIP RELATIONS RTL/HOLLAND MEDIA GROEP SA



SBS Broadcasting B.V. is the owner of three commercial concessions which are used for providing the channels SBS6, NET5 and V8. As of November 2000, SBS SA and Fox Kids Europe (part of Walt Disney) each have a 50% stake in the subsidiary company TV10 B.V. Under the approval of TV10, V8 started broadcasting as per 1 May, sharing a channel with Fox Kids. Swedish SBS owns 70% of the shares of the Dutch SBS. The daily newspaper group De Telegraaf owns 30%.

As of November 2001, SBS B.V. disposes of 100% of the shares of the television production company Cameo Support, producer of the news programmes Hart van Nederland and SBS Nieuws.

In addition to providing and producing television formats and programme components, SBS B.V. holds 51% of the shares in the joint venture Publmusic together with NV De Telegraaf. This

company was established in October 1999 together with music publisher Strengtholt for radio station Noordzee FM. The SBS and De Telegraaf shares are placed in the limited liability company SBS Radio B.V.

The digital content of teletext programmes is provided through the partnership firm SBS Text v.o.f. SBS holds 55% of the shares, the remainder is in the hands of Media Groep West, owned by Telegraaf (90%) and UPC (10%). Via @Fun, a joint venture with Endemol Entertainment, the digital content of the website for the various television formats and programme components is produced since March 1999.

Figure 2 Ownership relations SBS Broadcasting SA

OWNERSHIP RELATIONS SBS BROADCASTING (NL)

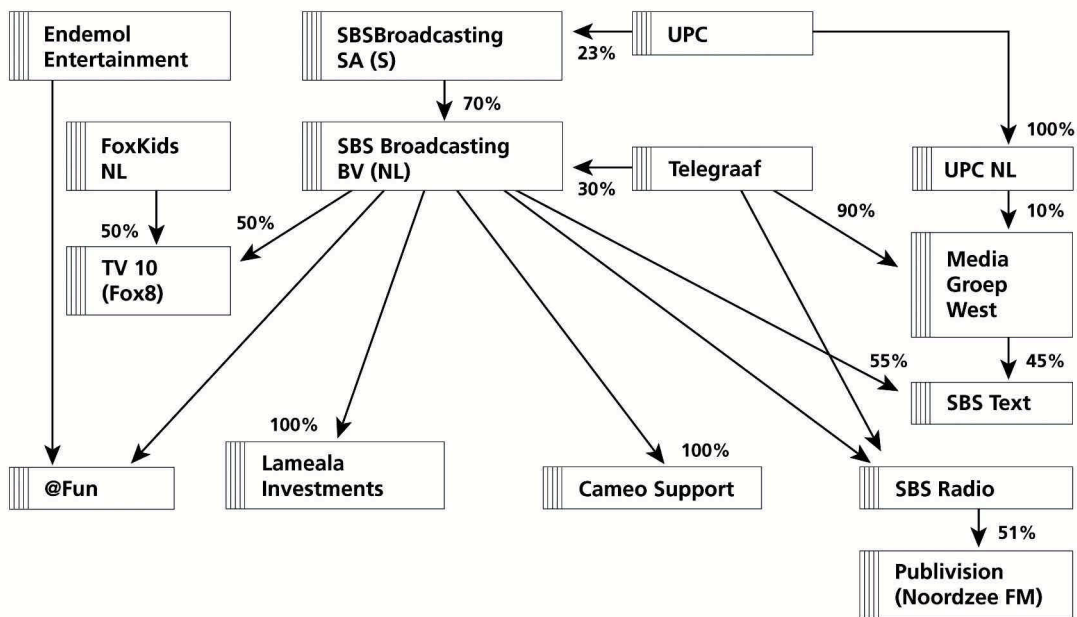


Table 2 Advertising expenditures television (2001)

	€*million	Percentage
STER	196	28.8
Commercial broadcasters	485	71.2
<i>Net advertising expenditures</i>	681	100

Source: BBC/VEA Year book Media Expenditures, STER*, SPOT**

* Radio and Television Advertising Association

** Association for the Promotion and Optimisation of Television Advertising

The revenues of the Radio and Television Advertising Association STER have not risen over the years and in 2001 they were even lower than in 1999. The increase in advertising revenues has completely been taken up by the commercial broadcasters. The figures from 2001 show that the share of commercial broadcasting is still increasing.

Table 3 Development of the television advertising market
(media expenditures in million €)

Sales organisation	1990		1995		2000		2001	
	€	%	€	%	€	%	€	%
STER	200	70.7	202	41.8	215	29.6	196	28.8
Commercial broadcasters	83	29.3	281	58.2	511	70.4	485	71.2
<i>Total</i>	283	100	483	100	726	100	681	100
<i>Index figure (1990=100)</i>		100		171		257		241

Source: BBC/VEA Year book Media Expenditures, STER*, SPOT**

* Radio and Television Advertising Association

** Association for the Promotion and Optimisation of Television Advertising

The public broadcasters had to give up considerable market share, from 62 percent in 1990 to 38.5 percent in 2001. But during the entire period, public broadcasting has always remained market leader. In 2001, the public broadcasters are also leading the market with a market share that is more than 20 percent higher than that of SBS and 11 percent higher than the HMG share. The arrival of SBS on the Dutch market with three competitive stations meant a loss of market share for both the public broadcasting organisations and HMG. In the end, both had to give up an almost equal share, public broadcasting nearly seven percent; HMG more than eight percent. It is remarkable that the other stations have hardly lost any market share, despite the constant introduction of new stations. The share of video use seems set on a slow but steady decline.

The concentration of broadcastes on the Dutch market has clearly decreased through the arrival of commercial broadcasting. The HHI_{NE} of 2001 – comparable to a situation of nearly four equally strong suppliers on the viewer market - is considerably higher than in 1990.

Table 4 Ownership concentration on the viewer market
(market share 18-24 hours, in percentage)

Broadcasting organisation	1990	1995	2000	2001
Public broadcasters (NOS)	61.6	45.2	39.5	38.5
HMG	21.0	35.5	27.4	27.3
SBS		1.4	14.5	18.6
Other suppliers **	12.4	13.2	15.3	12.6
Video	5.0	4.4	3.3	3.1
<i>Total</i>	100	99.7*	100	100.1*
<i>HHI</i>	0.47	0.37	0.27	0.27
<i>HHI in number equivalents</i>	2.1	2.7	3.7	3.6

Source market share: NOS-KLO
(Audience survey of the
Netherlands Broadcasting
Association)

* Sum not equal to 100 by rounding off.

** In the category 'other suppliers' the market shares of TMF, Cartoon Network, foreign stations and the other stations have been included.

3.2 Editorial concentration

The number of channels aimed at the Netherlands from which the viewers can choose, has developed from four stations in 1990 to 24 in 1995. Since then the growth continued to 30 stations in 2000 and 32 in 2002. These 32 stations constitute the average standard package the cable operators compose from a total offer of eighty stations. The increase is caused by the arrival of more and more commercial stations and the offer of cable news on local and regional level. After the original (almost exclusive) monopoly position of public broadcasting around 1990, the market is characterised by increasing competition in the following years. But the number of suppliers does not match the growing number of stations for that matter.

Table 5 Average number of television stations aimed at the Netherlands

	1993	1994	1995	1996	1997	1998	1999	2000	2001
Average number of programmes	20	22	24	27	28	31	30	30	32

Source: TNO/STB,
2002

Table 6 presents the programme offer of the stations. On the basis of these content categories one can more or less distil the diversity level.

The programme grading system has been replaced as per 2001 by another system. The following overview still uses the old grading system.

Table 6 Programme supply on Dutch television (2000) (time 18-24 hours, national stations, percentage of the offer in hours)

Content category	N1	N2	N3	Public broad- casters (total)	RTL4	RTL5	Yorin (Veronica)	SBS6	Net 5	Fox8 (Kids)	Commer- cial broad- casters (total)	All Broadc- asters (total)	Viewing time audi- ence (in %)
General information	45	29	42	38	40	43	20	47	15	19	31	33	35
General education	7	13	7	9	3	5	0	2	3	1	2	5	4
Dutch drama	3	1	4	3	10	0	12	9	2	11	8	6	8
Foreign drama	29	12	12	18	26	36	57	24	72	50	44	35	24
Game shows/ quizzes	8	7	4	6	10	0	3	4	4	3	4	5	6
Other entertainment	7	7	9	7	9	3	7	8	2	5	6	6	7
Sports information	0	18	4	7	1	5	0	3	0	1	2	4	7
Sports coverage	0	10	0	4	0	7	0	2	0	4	2	3	8
Youth information	0	0	3	1	0	0	1	0	0	0	0	1	0
Youth education	1	0	9	3	0	0	0	0	0	0	0	1	1
Dutch youth drama	0	0	1	0	0	0	0	0	0	0	0	0	0
Foreign youth drama	0	0	2	1	0	0	0	0	1	6	1	1	0
Youth entertainment	0	0	1	0	0	0	0	0	0	0	0	0	0
Denominational	0	2	0	1	0	0	0	0	0	0	0	0	0
<i>Total</i>	100	100	100	100	100	100	100	100	100	100	100	100	
<i>Total number of hours</i>	1,875	1,946	1,896	5,717	1,753	1,772	1,722	1,778	1,830	1,719	10,574	16,291	

Source: NOS-KLO

All stations spend a relevant part of their broadcast time on informative programmes. In this respect, SBS6 is number one with 47 percent, whereas Net5 is the odd one out with a mere 15 percent. The sponsored service programmes of the commercial broadcasters also fall under the category 'informative programmes'. In public broadcasting, sponsoring is banned from informative programmes.

The informative programmes are also appreciated by the viewers. Where television spends a total of 33 percent of its broadcast time on this content category, 35 percent of the viewers tunes in on them. Public broadcasting gives more attention to informative programmes than the commercial broadcasters. The ratio is 38 versus 31 percent. Including education and information and youth education, the ratio is even higher, i.e. 51 versus 33 percent.

For the ratio in the content category youth education it is relevant to mention that public broadcasting has a specific task in this area and that with Educom, the public side of the broadcasting management has a separate educational broadcasting institute in its ranks.

Generally speaking, all stations spend almost as much broadcast time on foreign drama as on informative programmes. Between 33 and 35 percent of the broadcast time is spent on these categories. The commercial broadcasters, however, broadcast twice as much foreign films and series as the public broadcasters. The ratio is 44 versus 18 percent. Especially the commercial stations Net5, Yorin and V8 are windows for foreign products. They respectively spend 72, 57 and 50 percent of their broadcast time on this content category. RTL5 and Nederland 1 make up the average in the category foreign drama. They dedicate 36 and 29 percent of their broadcast time to it. Nederland 2 and 3, but also RTL4 show relatively few foreign product.

The appreciation of the viewers for foreign series and films is lower than for informative programmes. The viewing time is 24 percent and that is considerably less than the offer of 35 percent.

It may be concluded that in particular commercial broadcasting organisations are highly dependent on foreign offer and the possibility of acquiring rights on these products.

In the category 'other entertainment' the commercial and public stations are somewhat in balance. However, on Nederland 1, RTL5 and Net 5, this type of programming is entirely missing. RTL5 and Net 5 are a little out of line with low shares of three and two percent.

It is remarkable that the television stations have so little attention for Dutch drama. A mere six percent of the broadcast time goes to this content category. With the public broadcasters this concerns three percent of their broadcast time, for the commercial broadcasters it amounts to eight percent. RTL5 even offers no Dutch drama at all. Exceptions are SBS6, RTL4 and Yorin. The latter stations feature the daily soaps GTST and ONM. The public's appreciation for Dutch drama is good, with 8% of the viewing time.

Youth programming is almost entirely in the hands of public broadcasting and in particular Nederland 3. This channel accommodates the youth programme block Z@ppelin. On the side of commercial broadcasting, Fox Kids is of course the exception. It should be noted that the calculations concern the time frame 18:00 – 24:00 hours, so that a large number of youth programmes have not been included (Telekids, NOT school television, etc.).

Table 7 lists the characteristics of the various public and commercial channels in the Netherlands. The table shows that the three public channels draw a relatively large number of people over the age of fifty. Young people watch the public channels relatively seldom. Nederland 1 is relatively often selected by women, while men relatively often watch Nederland 2. The viewers of most channels have a lower level of education than the average Dutchman. This is consistent with the established fact that watching television is a favourite pastime of the lower educated. Only Nederland 3 and Net 5 score a little better among viewers that are a little higher on the educational ladder. In terms of political interest, the viewers of Nederland 1 and Nederland 3 are more interested in politics. This is accompanied by a higher level of interest in culture with the viewing audiences of these two channels.

With respect to the commercial broadcasters, RTL4 and RTL5 relatively serve a little older audience. Yorin and Net 5 on the other hand cater for more middle-aged viewers. The other stations differ only a little from the Dutch population in terms of age. RTL4 reaches a relatively large number of women whereas RTL5 is the favourite of men. A relatively large part of the male population also watches V8. In terms of social level, the higher social classes (A, B1) select RTL4, RTL5 and SBS6 relatively seldom. This is coupled with a relatively lower level of education of the viewing audiences of RTL4, RTL5 and SBS6. The commercial stations reach similar proportions of the population in the various regions. Both political and cultural interest of the viewing audiences of Yorin and Net 5 are relatively on the low side.

*Table 7 The viewing audience of public and commercial television (2001)
(percentage)*

	<i>N1</i>	<i>N2</i>	<i>N3</i>	<i>RTL4</i>	<i>RTL5</i>	<i>Yorin</i>	<i>SBS6</i>	<i>NET5</i>	<i>V8</i>	<i>Dutch population</i>
<i>Age</i>										
6-12	2	2	7	4	3	4	4	4	8	9
13-19	2	3	2	4	4	9	5	8	11	9
20-34	13	16	19	18	21	34	23	33	25	23
35-49	22	25	26	26	30	29	30	32	27	26
50+	61	53	46	48	42	23	37	23	29	34
<i>Gender</i>										
male	42	55	49	38	55	46	50	44	59	48
female	58	45	51	62	45	54	50	56	41	52
<i>Education</i>										
Lower Voc.	37	39	30	42	37	31	42	26	34	31
Intern. Voc.	36	37	35	38	39	43	39	40	38	38
Higher Ac.+	28	25	35	19	24	26	19	33	28	31
<i>Political interest</i>										
low	34	37	28	49	44	54	52	51	49	46
middle	45	44	46	38	42	36	37	39	38	40
high	21	19	25	13	14	9	10	10	12	14
<i>Cultural interest</i>										
very low	26	37	28	42	42	45	48	37	40	38
low	27	30	25	29	29	29	28	30	29	26
middle	29	23	29	21	21	19	19	25	23	23
high	18	10	18	8	8	6	5	8	7	12

Source: NOS-KLO

3.3 Analysis, evaluation and policy

Concentration and diversity

The level of concentration has decreased in the past ten years, but still shows a limited number of parties in some chains. After a public broadcasting market share of nearly 100 percent in 1990, three major parties jointly claim a market share of 84 percent in 2001. The remaining percentage of sixteen percent is taken up by regional and foreign suppliers. The same pattern emerges from the advertising market. However, the ratios of the advertising market differ from those of the viewer market. The advertising revenues of public broadcasting have remained more or less stable; the extra advertising spending of the last decade has flown to the commercial broadcasters. Where public broadcasting had a viewer market share of 38 percent in 2001, that share in net advertising expenditures is only 28.8 percent.

The external plurality of broadcasting management has increased. From four stations in 1990, the Dutch viewers now have nine stations at their disposal, provided by the three major players. Public broadcasting disposes of three channels, the same number as HMG and SBS. In addition, each province has its own regional television station, and in some municipalities there is a local broadcaster that provides programmes. Then there is the large number of stations that can be received by cable, on average 32 per standard package. Via satellite, the offers amounts to some hundred stations from all over the world. The commercial stations' expansion is directly linked to the advertising market. In order to be able to cover a certain segment of the advertising market, the commercial broadcasters have connected the profiles of the stations with each other. No one will be surprised that HMG's stations are operating on the same advertising market as those of SBS.

Informative programmes are the pillars of the public television stations, whereas foreign drama forms the backbone of five of the six commercial television stations (Table 6).

The programme content category 'general information' (Escort) covers a very large number of widely divergent programmes. Table 6 contains the note that the classification according to the old Escort grading system prevents giving a comprehensive picture of the full broadcast range of informative programmes. A closer analysis, which can be conducted as from the year 2001 with the help of the new MJB programme grading system, will be needed to evaluate the quality of the information per station.

There is reason for concern about part of the informative programmes of the commercial broadcasters that are interesting for sponsors and in some cases merely exist by the grace of a sponsor.

A further striking aspect is the large dependence of commercial broadcasting on foreign programme material and rights in foreign hands.

Finally the low share of Dutch drama, especially in the programming of the public broadcasters, is reason for concern.

Media policy

After 1989 the television sector developed from a public broadcasting monopoly into a competitive market with a large number of commercial programme suppliers next to the public broadcasters. On the side of those commercial broadcasting organisations, the strong position of HMG and SBS is remarkable. Together with public broadcasting, HMG and SBS account for over eighty percent of the viewer market. So far, other commercial broadcasters have only been able to conquer a small market share. The 'decentralisation' of the television market that took place in the nineties, has resulted in a television sector with three large parties and many small ones. Further developments in that direction are not to be expected, at least there are no indications at the present time. In view of this, the Media Authority proposes to also develop concentration regulations for the television market in order to prevent some form of 'relapse'. For it would be very undesirable when the television market would re-concentrate and move from three to two parties. The conditions posed to public broadcasting are sufficient to guarantee a pluralistic offer from that side. However, to prevent a commercial supplier

from assuming a too dominant position on the viewer market, German legislation could serve as an example for the Netherlands. In Germany, it is determined that a supplier cannot hold a share of the viewer market of more than thirty percent, this in order to prevent a 'vorherrschende Meinungsmacht' (predominant opinion maker). Such a condition would have no immediate effect for the current broadcasters in the Netherlands, but poses a clear limit for the future.

Furthermore, the Media Authority advocates more attention for programming independence. International developments and the interweaving of information with entertainment and commerce are cause for concern. Preventing too big media conglomerates on an international level, will have to be discussed within the European Union. For the Netherlands itself, it is advisable to further investigate how a strict division between programming and commerce can be guaranteed, especially against the background of an increasingly creative but at the same time also more and more aggressive strategy of advertisers in television programmes.

4

Radio

4.1 The sector

The Dutch public media management numbers five radio channels and one theme channel, co-ordinated by the Public Broadcasting Organisation, the NOS. The programme components of the five public stations are mainly produced by the broadcasting organisations themselves. The composition of the five programmes is the responsibility of station supervisors and shows increasing horizontal programming. On all stations the programme components are interrupted on the hour by news bulletins and weather forecasts. On Radio 1, 2 and 3FM, this is also the case on the half hour during the morning and evening rush-hours. News bulletins are mostly 'sandwiched' between blocks of radio commercials, provided by the Radio and Television Advertising Association, the STER. On Radio 4 and 747 AM there are relatively few commercial breaks, the Concertzender has no news or commercial interruptions.

As per February 2002, there are fourteen commercial radio stations programmed at the Netherlands. The commercial offer provides one news station, one classical music station and twelve stations with a pop music format. On workdays, all stations are largely horizontally programmed. Most stations have 24-hour a day programming, some partly apply a non-stop format. On all stations programme components are interrupted on the hour by news bulletins and weather forecasts. A few stations also interrupt their programmes on the half hour, as well as for extra traffic information during the morning and evening rush hours. In almost all cases the bulletins are supplied by the news agency ANP. Most commercial stations have multiple interruptions for commercials in addition to the commercial blocks before and after news bulletins.

*Table 1 Public and commercial radio channels: market share (2001)
(market share in percentage)*

<i>Broadcasting organisation</i>	<i>Channel</i>	<i>Market share broadcasting organisation</i>	<i>Market share station</i>
Public broadcasting (NOS)	Radio 1	8.5	30.8
	Radio 2	9.7	
	3FM	10.2	
	Radio 4	1.6	
	747 AM	0.8	
Regional public broadcasting (total)		14.6	14.6
<i>Total public (national and regional)</i>	<i>broadcasting</i>	45.4	
News Corporation	Sky Radio	14.1	14.1
Mediafactory	Radio 538	8.2	8.2
Wegener	Radio 10 FM	8.1	8.1
SBS/De Telegraaf	Noordzee FM	4.8	4.8
RTL-HMG	Yorin FM	4.2	4.2
Classic FM/Sky Radio*	Classic FM	2.7	2.7
Mediad	Arrow Classic Rock	1.8	1.8
Radioned	Radio Nationaal	0.7	0.7
Veronica	Kink FM	0.0	0.0
HAL Investments/W. Sijthoff	Business Nieuws Radio	0.2	0.2
Other national suppliers		7.2	7.2
Regional commercial channels (united in CRN Commercial Radio Nederland)		2.3	2.3
<i>Total commercial (national and regional)</i>	<i>broadcasting</i>	54.3	
Total		99.7**	

Source market share: NOS-KLO

* *Classic FM is a partnership firm under Dutch law with Sky Radio and the British parent company Classic FM as partners.*

** *Sum not equal to 100 by rounding off.*

The advertising revenues are roughly estimated at more than € 200 million. The STER takes up € 72 million of this amount in 2001. This amounts to approximately 36% of the advertising market. The total budget for radio increased sharply between 1990 and 2001; from € 49 million to the stated € 200 million.

Through the accurate description of target groups per station, radio enables very targeted advertising. This is reflected in the figures. The bulk of the remaining advertising revenues goes to stations with a large coverage such as Sky Radio and Radio 538.

As a result of an increase in the number of suppliers, the concentration on the radio station market has decreased in the past 12 years. In 1990, the market was divided in such a manner as if there were two parties of almost equal size. In 2001, the situation is comparable to a market with six equally large parties. The conclusion would be that the market has changed from a highly-concentrated market into a market with a moderate concentration.

Table 2 Ownership concentration on the radio market, national and regional
(market share annual average 7-24 hours, in percentage, listed by market share 2001)

Broadcasting organisation	1990	1995	2000	2001
<i>National</i>				
National Public Broadcasters	73.3	40.6	31.4	30.8
News Corporation		6.9	14.7	14.1
Classic FM/Sky Radio		0.6	2.2	2.7
Mediafactory		4.0	7.8	8.2
Wegener		10.6	8.5	8.1
SBS/De Telegraaf		9.0	5.1	4.8
RTL-HMG		1.3	4.7	4.2
Veronica		0.9		
Other suppliers	17.0	9.5	10.4	9.9
<i>Regional</i>				
Public stations	10.1	17.1	14.8	14.6
Regional commercial stations (united in CRN Commercial Radio Netherlands)		9.0	0.4	2.3
Commercial stations				
<i>Total</i>	100	100	100	100
<i>HHI national radio market</i>	0.63	0.24	0.16	0.16
<i>HHI national radio market in number equivalents</i>	1.6	4.2	6.1	6.2

Source: NOS-KLO

In radio, the decreased supplier concentration has also resulted in a decrease of the programming concentration. In 1990, the total offer of five programmes or stations was concentrated with one single broadcaster: public broadcasting. In 1995, the number of programmes increases to 15, a rise that can be fully attributed to the commercial suppliers. In 2001, the number of programmes amounts to 22, an increase that is once again mainly to the account of the increased number of commercial suppliers. A remarkable fact is also that the programme increase in radio is virtually parallel to the increase in the number of commercial suppliers of radio stations.

Table 3 Number of national radio channels

Channel	1990	1995	2000	2001
Public	5	5	6	6
Commercial	0	10	15	16
<i>Total</i>	5	15	21	22

With the exception of the Concertzender, the public radio stations dispose of the airwave frequencies in such a manner that they have a national coverage of 100%. The *must carry*-condition included in the Media Act guarantees almost the same coverage via cable. Airwave distribution is of crucial importance, as many people listen to the radio outside the house: in their car and at work. In practice it turns out that even in the living room, cable reception is in itself not sufficient. In view of their quality and range, FM-frequencies are preferred over medium airwave (AM).

Coverage via airwave is essential for a competition position. Table 4 shows that stations that have acquired a frequency on the basis of a format, such as Noordzee FM and Business Nieuws Radio do not have the same range as public broadcasters. BNR can hardly become a serious competitor for public informative radio stations in this manner.

*Table 4 Potential coverage radio stations via airwave (2001)
(FM; AM when stated)*

Station	Distributor	FM-airwave range (potential, * million listeners)	Cable range (% Dutch municipalities)
<i>National public radio</i>			
Radio 1	NOZEMA	15.6	100
Radio 2	NOZEMA	15.6	100
3FM	NOZEMA	15.6	100
Radio 4	NOZEMA	15.6	100
Radio 5 / 747 AM	NOZEMA	15.6	100
Concertradio	not applicable	not applicable	99
<i>National commercial radio</i>			
Sky Radio	NOZEMA	9.6	100
Noordzee FM	Broadcast Partners	8.1	96
Radio 538	Broadcast Partners	5.3	100
Arrow Classic Rock (AM 828)	NOZEMA	unknown	98
Radio 10 FM (AM 675)	NOZEMA/Broadcast Partners	3.3	100
Yorin FM	Broadcast Partners	4.8	99
Business Nieuwsradio	NOZEMA/Broadcast Partners	3.9	87
Classic FM	NOZEMA	5.4	99
Radio Nationaal (AM 1224)	Merlin: BBC	unknown	59
Radio 192 (AM 1332)	NOZEMA	unknown	3
Kink FM	not applicable	not applicable	99
Country FM	not applicable	not applicable	96
ID&T Radio	not applicable	not applicable	57
Colorful Radio	not applicable	not applicable	82
<i>Regional radio</i>			
Regional public stations	NOZEMA	15.6	100
Commercial non-national stations	NOZEMA/Broadcast Partners	unknown	unknown

Source: DGTP, 2002 (potential airwave coverage)/The Media Institute, 2001 (operators)/TNO-STB, 2002 (cable coverage)

*Foreign distributor.

4.2 Analysis, evaluation and policy

Ownership concentration

Since allowing commercial broadcasting licence-holders to the Dutch radio management, the number of broadcasters has sharply increased. The concentration has decreased: in 2001, the number of suppliers on the national market has risen to 17. Where national public broadcasting still could count on three quarters of the total radio market in 1990, it now has to share that position with four other parties: Sky Radio, Radio 538, Radio 10 FM and the joint regional public broadcasters. Public

broadcasting accounts for the largest market share: the five make up a share of 30.8%. The joint regional broadcasters hold 14.6%. News Corporation Ltd is an excellent runner-up, accounting for a market share of 14.1% with Sky Radio. In addition, this group has an interest in Classic FM (market share 2.7%) and Radio 538 (market share 8.2%).

Radio suppliers are mostly made up of the public broadcasters, with activities in the field of television, radio and television production and radio distribution, and publishing company Wegener, which holds the strongest position on the regional daily paper market and is owner of Radio 10 FM, on position number five with a market share of 8.1%.

Programming concentration

In addition to resulting in a decrease in ownership concentration, the rise in the number of radio stations has also led to a lower level of editorial concentration. Up to 1992, public broadcasting supplied information (two stations), classical music (one station) and pop music (two stations). In the year 2001, the public stations are facing commercial formats for information (Business Nieuws Radio), classical music (Classic FM) and pop music (14 stations). Next to these stations, numerous radio stations can be listened to at regional and local level, both public and commercial. A large number of foreign public channels is also carried via cable.

Plurality

The news stations Radio 1, 747AM and Business Nieuws Radio together form a reasonably pluralistic information package. Through the contributions of Radio 2 and the regional stations, the more popular mix between music and information is guaranteed. The regional stations all spend more than 50% of their broadcast time on informative or cultural programmes aimed at the province in question. The local broadcasting organisations even add a local dimension to the spectre. The stations that aim at classical music, also seem to complement each other reasonably well. The pop-music stations target three distinguishable formats: entertainment, entertainment/informative (infotainment) and entertainment with a specific genre of music. The offer of these stations is still insufficiently examined to answer the question whether all music genres are represented. There are stations for minorities, but they still have difficulties in finding their way. In the meantime, allocated air wave frequencies have been guaranteed and an attempt is made to set up a good programming for minorities through local broadcasters in the four major cities. The framework of this report did not include an extensive analysis of the offer for minority groups through the so-called open channels.

Accessibility

The current discussion on a reallocation of airwave frequencies has for the time being not yet resulted in a final solution. The scarcity in airwave frequencies commands government policy, of which plurality is an important aim. It is striking that the range through the air is noticeably lower for stations with a special format (news and pop-music stations that broadcast a certain genre of music) than for the public stations.

Evaluation

No direct bottlenecks have been observed in the area of supplier or concentration. Accessibility through airwave frequency is a requirement for a pluralistic radio package. For a station like Business Nieuws Radio, a reasonable competitive position can only be developed through a range that is comparable to the coverage of public broadcasting. The frequency policy of the government shows serious flaws. Suppliers still do not have any certainty, which leads to lots of legal actions and general unrest.

Media policy

For reasons of plurality, the Media Authority recommends to base the frequency allocation on a balanced allocation. In this allocation, packages can be favoured on the basis of their contribution to the total plurality of the radio offer. The remaining frequencies could be allocated through a tender. The airwave range of at least one commercial news and informative station should acquire national coverage.

5

Distribution

5.1 The sector

In the year 2002, consumers have access to broadcasting programmes through four infrastructures: cable, satellite, analogue airwave connections and internet. Cable is the dominant infrastructure for carrying television programmes with a market share of 91% of the number of Dutch households. The satellite's market share is 6.2%. This share is growing steadily but will remain a marginal one for the time being. Only 2.8% of the Dutch households receives television channels through analogue airwave connection (TNO-STB, 2002). As a result of the popular mobile use of radios, airwave reception of radio programmes is far more significant, for that matter. The offer through internet has for the present time a complementary nature and its quality is hardly competitive. With granting a licence for exploring digital airwave connections to the Digitenne consortium early 2002, a new competitor enters the market of the present infrastructures. The national implementation of this new infrastructure will take some years, however.

Significant market shifts will therefore not take place in the immediate future. The relations on the market for the distribution of television programmes are as follows:

*Table 1 Market share different infrastructures (2001)
(in percentage)*

	1998	1999	2000	2001
Cable	89.4	90.5	90.5	91.0
Satellite	3.7	4.9	5.0	6.2
Airwave	6.9	4.6	4.5	2.8

Source: TNO/STB, 2002

After the privatisation and liberalisation of the cable market, the number of cable operators has decreased considerably. In the mid-nineties there were still a few hundred operational cable operators. This number has plummeted through mergers and takeovers. We now have three major cable operators (UPC, Essent and Casema), who jointly operate 84% of the number of connections. Next to these three, there are some twenty small local or regional cable operators.

Table 2 Cable operators on the Dutch market (2001)

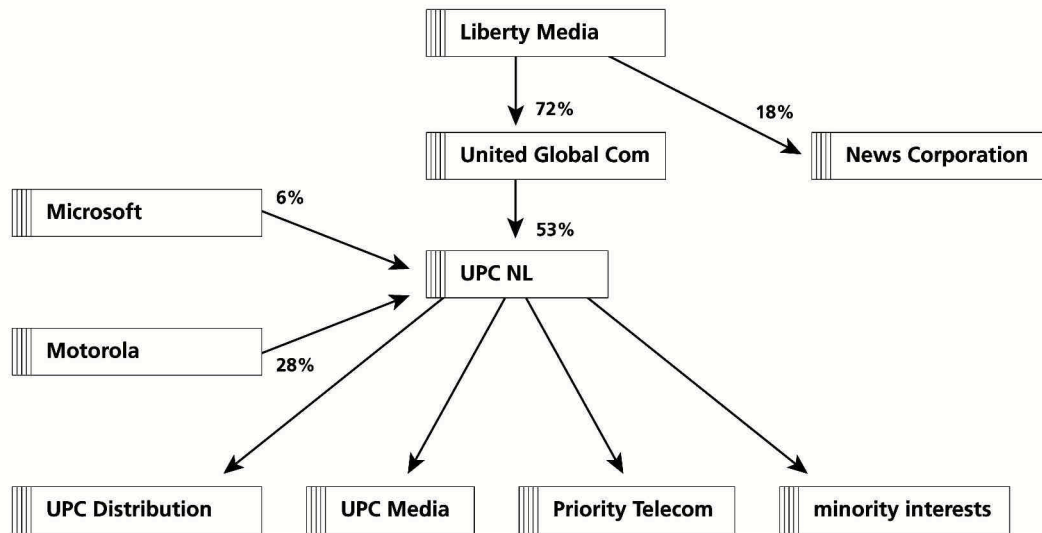
<i>Cable operator</i>	<i>Number of subscriptions (*1000)</i>	<i>Market share (in percentage)</i>
UPC	2,241	36.1
Essent	1,670	27.1
Casema	1,314	21.3
Multicable	315	5.1
Zekatel Basisdiensten	148	2.4
Other (24 operators)	472	7.7
<i>Total</i>	6,160	100

Source: TNO-STB, 2002

After the takeover of the parent company United Global Com (UGC), UPC is now part of the American media group Liberty Media. This takeover was not unexpected, as UPC is confronted with a heavy debt burden (€7.6 billion, 17-7-2001) which was financed with Liberty Media. Liberty Media deploys various activities (video programming, satellite communication services, cable and telephony, technology, internet/interactive television) and is shareholder in a large number of media enterprises (including 18% of News Corporation, 50% of Discovery Communications and 9% preferred stock of Fox Family Worldwide (www.libertymedia.com, 2002). Recently, Liberty Media has strongly expanded its activities on the European market, especially in Germany.

Figure 1 Ownership relations UPC

OWNERSHIP RELATIONS UPC



5.2 The distribution sector and plurality

When we consider the entire country, a total of 80 television channels and 71 radio channels can be received via the Dutch cable networks. Cable operators are legally bound to carry seven television and nine radio channels. These so-called *must carry* channels - the channels of the Dutch national, regional and local public broadcasters and the channels of the Belgium/Flanders public television and radio broadcasters – are part of the legal minimum package of fifteen television and twenty-five radio programmes that cable operators must offer all their connections. In order to guarantee the plurality of this minimum package, programme councils advise on its composition. In practice it turns out that the programme package all cable subscribers receive (the standard package) is considerably larger than the legal minimum package and that the programme councils also advise on this standard package (and not merely on the minimum package) (TNO-STB, 2002). The standard package consists on average of 32 television and 34 radio programmes. The size and composition of this package differs per cable network. Nevertheless, 21 television and 19 radio channels are carried via more than 90% of the cable networks. Programmes of a number of commercial broadcasting organisations (RLT4, 5, Yorin, SBS6, Net5) and of the public German broadcaster ARD are carried on all cable networks. With respect to radio, it appears that in addition to the programmes of the legal minimum package also the programmes of Sky Radio, Radio 538 and Radio 10FM can be received

in all cable households. Next to the standard package, UPC, Essent and Casema, as well as a number of smaller cable operators, offer digital plus-packages consisting of theme channels in the area of news, film, music, sports and 'adult' material.

5.3 The distribution sector and accessibility

Relevant for access to cable is the question, what offer is distributed at what price and what development this relation shows. Table 5 (chapter 3) points out that an average of 32 television and 34 radio channels are carried via cable networks in 2001. At the end of 2001, the consumer pays on average € 10.32 per month. This was on average € 9.53 in 1999. In recent years, the average subscription price has risen on average four percent per year. This means that the price of subscriptions has risen more than consumer prices (yearly rise of two percent).

Furthermore, there are differences in the offer and the price of the standard package offered through cable. CAI Brunssum is for example the most inexpensive cable operator with € 0.12 per channel, while Essent is the most expensive with € 0.17. The average subscription prices of the other two major cable operators UPC and Casema are a little lower with € 0.15. There are not only price differences between cable operators, but also within the offer of one and the same cable operator. The manner in which the prices of the standard packages are calculated, lies at the basis of this. Prices are not only the result of historic development. When the municipal cable networks were taken over by commercial cable operators, long-term agreements on the maximum price (or price increase) were often an integral part of the purchase contract.

Table 3 Offer and prices of distribution infrastructures broadcasting programmes

<i>Infrastructure</i>	<i>Reception equipment (in €)</i>	<i>Subscription per month (in €)</i>	<i>Number of television programmes</i>	<i>Number of radio programmes</i>
Cable	not applicable	10,32	32	34
Satellite				
Astra	450-600	not applicable	48	44
Canal Digital	525	6	100	115
Airwave				
Analogue	23-115	not applicable	12	12
Digital/Digitenne*	250-400	10	25	16
Internet				
ADSL	150-300	50-84		
Cable	100	10-100		

Source: TNO-STB

* Estimate, as Digitenne has not yet entered the market.

5.4 Analysis, evaluation and policy

Ownership concentration

In the distribution monitor, the various infrastructures for the distribution of broadcasting programmes have been compared: analogue and digital airwave, cable, satellite and internet. The various sectors have been examined, the competition and concentration between the sectors and the plurality and accessibility of the offer via the different distribution infrastructures.

With a market share of 91% of the households, cable is the dominant infrastructure. On two markets (carry broadcasting package to consumers and distribution capacity for broadcasters) cable holds a monopoly position. For the consumer there is only one supplier. There is no or hardly any competition with airwave (including Digitenne), satellite or internet as a result of the too high switching-costs and the necessary extra effort changing provider requires. Broadcasters depend to a great extent on cable operators for carrying their programmes. This holds good for suppliers of both public and commercial. Exception to this are the pan-European programme suppliers (Eurosport), which do not aim at a maximal coverage in one specific region. For programme suppliers, the market is divided into three major parties with ample range: UPC (36.4%), Essent (27.1%) and Casema (21.3%). UPC is the biggest player who also opens up the markets in the rest of Europe. On the relevant geographical market, we can speak of full concentration. Market shares on national level will therefore say little on the concentration in the sector. But the mere conclusion that it does not matter how many cable operators are operating in the Netherlands, is understating matters. For broadcasters negotiate with multiple cable operators and this way gain insight into the carry through compensations and other conditions (for instance agreements on the electronic programme guide, EPG). Moreover, the 'competition' between cable operators may produce a self-regulating effect. They learn from experience even though they are not operating on the same geographical markets.

Diversity and accessibility

Cable plays an essential role in the plurality and accessibility of the channel offer. It is clear from this chapter that the cable's programme offer is pluralistic and extensive, also in comparison with the programme offer that can be received via airwave, satellite and internet. The cable operators carry on average a pluralistic offer of 32 television programmes and 34 radio programmes against a relatively low price. The price of the offer via cable can compete with that of the offer through the other infrastructures (satellite and, as is to be expected, digital airwave). A disadvantage of satellite and digital airwave is that consumers are faced with high switching-costs if they choose for one of these infrastructures instead of cable.

The performance of cable for broadcasters depends in particular on the range and the cost structure. Where the reception of broadcasting programmes via one single infrastructure suffices for a consumer, broadcasters want to be present on as many as possible infrastructures to enable access to the largest viewing and listening audience possible. Particularly for the commercial broadcasters, this leads to a position of dependence with respect to cable. The legal commission to the local broadcasting institutes puts them in a nearly similar position as the commercial broadcasters.

With respect to the future, next to the accessibility of the reception of broadcasting channels for consumers, the access of programme suppliers to distribution infrastructures is of importance. This in view of the fact that cable operators have the possibility of offering their own services. The access conditions of the programme suppliers to the digital platform are also of great importance. Which role the cable operator can play in this, is for the time being unclear, also in view of the increasing vertical integration (development of own services, exclusive access of own internet service providers). This will be a crucial topic for the accessibility and plurality of the information supply, which needs further monitoring in the years to come. Issues may be the access (conditions) to the electronic programme guide (EPG), changes in the nature and price of the standard package and the plus-packages, lock-in strategies, exclusive access relations of service suppliers and possibilities of exploiting (parts of) the digital platform themselves (for example by Canal Digitaal). The current legislation and regulations guarantee in any case the diversity through the advice of the programme councils and the accessibility of a legal minimum package of radio and television channels.

A more qualifying evaluation on the role of cable in the distribution of broadcasting programmes offers the following insight (also see the TNO-STB investigation):

- *the cable provides a pluralistic broadcasting programme offer for a relatively low price (international comparison, TNO-STB, 2002). The relation price/offer has been stable for some years;*

- *the complaints of consumers with respect to cable particularly concern the quality of internet access and telephony and the way cable operators handle these complaints. Competition, and the resulting freedom of choice, raises the quality of the offer via cable;*
- *consumers do not yet consider the different infrastructures as equal competitors and therefore not as alternatives. The high switching-costs add to this. There is still insufficient competition between infrastructures;*
- *changing to another service provider, means changing to another infrastructure. There is no competition within the infrastructure itself. This particularly applies to internet access and telephony. Announced amendments have to change this in 2002 by opening up the cable for alternative service providers;*
- *cable operators are operating in a complex environment with different interests (consumers, programme suppliers, politics). They are balancing between the guarantees of public principles (plurality and accessibility of programme offer) and the commercial and transparent exploitation of a cable network and/or new services;*
- *internationalisation of policy by cable operators in combination with European distribution policy of programme suppliers leads to a situation that certain programmes can no longer be included in the standard package. These programmes disappear behind the decoder. Within this framework, the position of power of a cable operator on the Dutch market is relevant for the plurality and accessibility of the offer;*
- *vertical concentration, for example between a cable operator and a programme supplier (e.g. UPC and SBS) can lead to bottlenecks, certainly when the programme supplier is granted preferential access this way, not only to cable, but also to the digital platform.*

Media policy

The evaluation of the competition position of cable in relation to its performance indicates that there are no major problems at the present time. However, it remains to be seen how the digitalisation and strategy of the cable operators will be effected in the future and which consequences this has for the plurality and accessibility of the broadcasting offer. Insight into the strategy of cable operators and the creation of digital platforms is essential for answering this question. At the present time, the major Dutch cable operators are experiencing an uncertain financial position and digitalisation falls short of the expectations. And not just because of the high investment costs, which the cable operators find very difficult to raise at the present time. In spite of the good will and intentions of all parties involved, the discussions on a general standard for the digital decoder have not yet reached such a stage that we can expect an agreement in the near future on the standard for the most important service that will become possible through digitalisation: interactive television. The cable density, the low-threshold access to the cable and the high switching-costs hamper the competition of alternative infrastructures. Cable operators themselves indicate finding it hard to develop into commercial operators with an attractive service package for their customers. The Telecommunications Act, the Media Act as well as agreements with local municipalities on the takeover of cable networks have produced a very complex environment for the cable companies. Diversity and accessibility aims on the one hand and technological innovations and economic targets on the other, are a source of friction. It should be examined whether a strict Open Network Provision (OPN) regime is sufficient to prevent a cable operator from favouring its own channels and services over those of others. At the same time, this is another reason to give the programme councils more authorities by expanding their mandatory advisory competence to the standard programme package.

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Annex

Media concentration: terminology and measuring standards

Herfindahl-Hirschman index

(1) $HHI = \sum m_i^2$
 $1/n$ (full competition) $\leq HHI \leq 1$ (monopoly)

(2) $HHI_{\text{in number equivalents}} = HHI_{NE} = 1 / HHI$

wherein m_i market share of supplier i
 n number of suppliers on the market

With formula (1) the competition intensity in a market can be calculated as the sum of the squared market shares of n enterprises. For monopoly applies $HHI = 1$ and with full competition in which all enterprises have an equal market share, applies $HHI = 1/n$.

Using the Herfindahl- Hirschman Index HHI, the American authorities distinguish three levels of concentration of a market (US Department of Justice and Federal Trade Commission, 1997):

<i>'unconcentrated'</i>	$0 \leq HHI < .10$	in <i>number equivalents</i> : a market with more than ten equally strong enterprises
<i>'moderately concentrated'</i>	$.10 \leq HHI < .18$	in <i>number equivalents</i> : a market with between five and ten equally strong enterprises
<i>'highly concentrated'</i>	$HHI \geq .18$	in <i>number equivalents</i> : a market with five or less equally strong enterprises

<i>Term</i>	<i>Definition</i>	<i>Index</i>	<i>Interpretation</i>
Ownership concentration	concentration of ownership and control of mass communication means in a certain media market in the hands of one or more suppliers		
Horizontal ownership concentration	Ownership concentration within one and the same media market	<p>Herfindahl-Hirschman Index HHI</p> $HHI = \sum m_i^2$ <p>$1/n$ (full competition) \leq HHI \leq 1 (monopoly)</p> <p>wherein m_i market share of supplier i n number of suppliers on the market</p> <p>HHI in <i>number equivalents</i> = $1 / HHI$</p>	<p>the higher the HHI, the higher the level of supplier concentration on the media market</p> <ul style="list-style-type: none"> unconcentrated market: $0 \leq HHI < .10$ moderately concentrated market: $.10 \leq HHI < .18$ highly concentrated market: HHI $\geq .18$ <p>(US Department of Justice, 1997)</p> <p>the media market can be classified as a market with ...(number of) ... equally strong suppliers</p> <ul style="list-style-type: none"> unconcentrated market: a market with more than ten equally strong enterprises moderately concentrated market: a market with between five and ten equally strong enterprises highly concentrated market: HHI $\geq .18$: a market with five or less equally strong enterprises <p>(US Department of Justice, 1997)</p>

<i>Term</i>	<i>Definition</i>	<i>Index</i>	<i>Interpretation</i>
Vertical supplier concentration	Supplier concentration within one and the same media market of different chains in the information chain (content creation, content packaging, content distribution)		
Diagonal or cross-media supplier concentration	supplier concentration across media markets or different media types		
Editorial concentration	extent to which editorships and/or programme producers <i>cannot</i> autonomously take decisions on the editorial content of a title and/or programme channel	number of editorial independent press titles and/or programming independent programme channels	the larger the number, the lower the level of editorial and/or programming

<i>Term</i>	<i>Definition</i>	<i>Index</i>	<i>Interpretation</i>
<p>Diversity</p> <p>(diversity, variety)</p>	<p>heterogeneity of the content of a medium and/or media in terms of one or more characteristics</p>	<p>(1) entropy index for nominal content characteristics (categories/classifications):</p> $D = (- \sum p_i \cdot \log p_i) / \log n$ <p>0 (homogeneity) \leq D \leq 1 (heterogeneity)</p> <p>wherein p_i proportion in category i n number of categories</p> <p>(2) variaton coefficient for continuous content characteristics</p> $D = \sigma / \mu$ <p>0 (homogeneity) \leq D</p> <p>wherein σ standard deviation μ mean</p>	<p>the larger the variety, the higher the level of diversity of media content</p>
External diversity	content variety <i>between</i> various titles and/or programme channels		
Internal diversity	content variety <i>within</i> a title and/or programme channel		

<i>Term</i>	<i>Definition</i>	<i>Index</i>	<i>Interpretation</i>
Reflection, reflective diversity	extent to which media content matches the preferences of media users	<p>RD (reflective diversity)</p> $= 1 - \sum z_i / 2$ <p>0 (minimum reflection) \leq RD \leq 1 (maximum reflection)</p> <p>wherein z_i difference between the actual proportion of content type i and the proportion of the corresponding preference within the audience</p>	the larger the reflection, the more the media supply reflects the preferences of the users
Openness, open diversity	extent to which various types of media content are evenly treated in the media	<p>OD (open diversity)</p> $= 1 - \sum y_i / 2$ <p>0 (minimum openness) \leq OD \leq 1 (maximum openness)</p> <p>wherein y_i difference between the actual proportion of content type i and the proportion of i in case of maximum openness (is equal to 1 divided by the number of categories of content types)</p>	the higher the level of openness, the more the different media types are equally represented in the media

<i>Term</i>	<i>Definition</i>	<i>Index</i>	<i>Interpretation</i>
audience concentration	concentration of user preferences in a certain media market for one or more titles and/or programme channels	<p>(1) Herfindahl-Hirschman Index HHI</p> $HHI = \sum m_i^2$ <p>$1/n$ (minimum user concentration) \leq HHI \leq 1 (maximum user concentration)</p> <p>wherein m_i market share of title, programme channel i n no. of titles, programme channels on the market</p> <p>(2) Theil's relative entropy standard</p> $E = (-\sum m_i^{-2} \log m_i) / {}^2 \log n$ <p>0 (maximum audience concentration) \leq E \leq 1 (minimum audience concentration)</p> <p>wherein m_i market share of title, programme channel n no. of titles and/or programme channels</p>	<p>(1) in the case of HHI: the lower, the less user preferences concentrate on one or more titles and/or programme channels</p> <p>(2) in the case of Theil's coefficient: the higher, the less user preferences concentrate on one or more titles and/or programme channels</p>

Annex

Broadcasters and channels and stations in the Netherlands

RTL/Holland Media Groep: RTL4, RTL5/Z and Yorin – The Movement

As part of the RTL Group, the three channels belong to the German Media Group Bertelsmann. RTL4 is the first commercial station of the Netherlands (1989, at the time under the name RTL Veronique) and especially aims at viewers between 20 and 49 years old and within this age category in particular at women. The programme mainly consists of shows, quizzes, comedies, news, talk shows, Dutch drama and special interest magazines.

As of 5 June 2001, on workdays and on Saturday's on RTL5, room has been made for a financial economic programme block (06:00 – 18:00 hours) under the name RTL Z. The usual programming is resumed at 18:00 hours with sports, news, documentaries, comedies, reality-tv and films.

'Yorin – The Movement' has replaced 'Veronica – The Young One' as of 1 May 2001. The station aims at being a multimedia platform for the integration of television and radio with internet, events and concerts. Yorin aims at young adults in the age category of 20 to 34. With respect to programme content, the station is not very different from its predecessor Veronica. Most programme components and hosts have moved along. In the daytime, Yorin provides a youth programme under the name 'Yorkiddin'.

SBS Broadcasting Nederland: SBS6, NET5 and V8

SBS Nederland is part of the Swedish SBS Broadcasting. As per 2001, when the parent company acquired an interest in FOX8 (TV 10), broadcasting activities in the Netherlands have been taking place through three channels. From 28 Augustus 1995, SBS6 provides a programme aimed at viewers between 13 and 49 years old. The current four pillars are reality-tv, amusement and entertainment, films and sports. The channel owns the broadcasting rights of a large number of events: the Dutch Premier Soccer League Cup, the Amstelcup, World Championship Darts, Ajax Tournament, Domino Day and television coverage of the First Soccer Division in the Netherlands. Regular programming stops these events.

The programme NET5 starts in March 1999, and has the same target group of viewers between 13 and 49 years, with a slight preference for women and the higher educated. The four pillars on prime time are: 'high-profile' Dutch quality programme components, accessible informative programme components, quality films and awarded drama series and comedies. In practice, the share of Dutch products is very low in relation to the bulk of foreign material. Between 07:00 and 18:00 hours, the station is used by KinderNet5.

As per 1 May 2001, SBS is providing a programme on the previous channel of TV 10/Fox 8. V8 aims at viewers in the age category from 15 to 25 years, with a slight preference for men. The pillars are action films, action series and high-profile Dutch programme components. The Dutch products mainly consist of reality-tv and game shows. Erotic films are broadcast during the weekend. From 06:00 to 18:00 hours, the station is used by Fox Kids.

The Music Factory

After the takeover by MTV Europe in April 2001, TMF is part of Viacom. Since its establishment in 1995, TMF has been broadcasting video clips 24 hours a day. For the time being, MTV Europe is maintaining the formula with Dutch hosts and relatively a lot of attention for Dutch products. The age category of 13-19 years is part of the TMF target group. In addition to clips, TMF provides interviews, concerts, specials on artists and theme weekends. Commercial breaks consist of Dutch commercials. TMF can be received by cable in 98% of the Dutch households.

Kindernet

After the take-over by MTV Europe in December 2001, Kindernet is part of Viacom. KinderNet provides a programme of eight hours in the daytime on the station NET5 (SBS Nederland). The programme aims at children up to 13 years of age, is presented in Dutch and consists of cartoons with voice-overs in Dutch and programme components in Dutch, like Ernst, Bobbie and the rest, Alfred Jodokus Kwak and Bassie & Adriaan. Contrary to Fox Kids, part of the programming is aimed at children younger than six years. Commercial breaks consist of Dutch commercials. Together with NET5, Kindernet is carried via cable in all Dutch households.

Fox Kids Europe: Fox Kids NL

This channel is part of Fox Kids Europe, which in its turn is part of Fox Family Worldwide, the company of News Corp and Saban Entertainment, which was taken over by Walt Disney in July 2001. Fox Kids Nederland is using the V8 channel for broadcasting activities in the daytime. This is taking place on the basis of an agreement to the takeover of TV 10 (Fox8) by SBS in November 2000. The programme aims at children from six to 12 years of age, is partly presented in Dutch and consists of subtitled cartoons, including Pokémon, Power Rangers and Digimon. Commercial breaks consist of Dutch commercials.

The Box Holland

This is a joint venture between American Liberty Media and Dutch Quote Media. The Box provides music videos round the clock that can be requested by viewers by telephone (60 euro cent per minute). In order to keep the waiting times as short as possible, the station operates with more than forty regional versions. In addition to video clips, also short informative items on music and films are broadcast. Commercial breaks consist of Dutch commercials.

MTV Europe: MTV NL (MTV Networks Benelux)

The station is part of MTV Networks Europe, which belongs to the media group Viacom. MTV NL is the programme of the global MTV network that is customised to the Dutch market. MTV NL is broadcasting video clips twenty-four hours a day and since September 2000 the station is increasingly using Dutch hosts and subtitling. At the same time the station seems to be more concerned with catering for the specific taste and particularities of the Dutch market. After the station's takeover from daily paper publisher Wegener in April 2001, Viacom has become the owner of MTV's main competitor in the Netherlands, The Music Factory. Contrary to the TMF target group of the 13 to 19 age group, MTV focuses a little more on the category from 20 to 34 years of age. Next to clips, MTB also provides interviews, artist specials & theme weekends and the evening programming features different 'fun' components. Commercial breaks consist of Dutch commercials.

Eurosport International: Eurosport Television

As of January 2001, Eurosport is fully owned by the French broadcasting company TF1. Havas Images and Canal+ have sold their interest of 49.9%. Eurosport is the largest pan-European television station and is represented in the Netherlands through a limited liability company for entering into contracts with cable operators and the sales of commercial broadcast time. The programme features commentary in Dutch and can be watched 17 hours a day. It includes soccer, car racing, cycling, tennis and the Olympic Games. On average one third of the reporting is live. Commercial breaks contain commercials aimed at the British, German and Dutch markets. A second station, aimed at sports news (Eurosport News), was launched in September 2002. In the Netherlands it can only be watched as part of a subscription to a digital package with cable operators UPC and Casema.

Turner Broadcasting System Netherlands: Cartoon Network, Turner Classic Movies and CNN International Europe

All three channels are fully owned by the American corporation Turner Broadcasting System, which is for 75% in the hands of AOL Time Warner. In the Netherlands, Turner is represented by a limited

liability company for entering into contracts with cable operators. The programming of the channels that can be received in the Netherlands is roughly as follows.

CNN International Europe provides news 24 hours a day, with a focus on major developments in the various regions of the world. The programme numbers fourteen national editions. Programme components of CNN International Europe are produced in England. They also present financial and sports news. Commercial breaks are not specifically aimed at the Dutch market.

Cartoon Network offers a programme of sixteen hours a day, consisting of cartoons of Hanna Barbera (Flintstones), Warner Bros. (Bugs Bunny) and the own studios (Cow & chicken). Contrary to KinderNet and Fox Kids, the programme has a wide target group of all ages.

Turner Classic Movies broadcasts film classics and documentaries on film **hour** a day. The programmes of both TCM and Cartoon Network are completely subtitled in Dutch. Only the latter contains commercial breaks with commercials aimed at the Netherlands. TCM has no commercial breaks.

National Geographic Channel

NGC is a joint venture of NBC (25 percent), National Geographic Channel (25 percent) and British Sky Broadcasting (50 percent, for 37.5 percent owned by News Corp). Three quarters of the station's broadcast time is used for providing mainly scientific documentaries, Dutch spoken or subtitled.

Between 06:00 and 12:00 hours, CNBC Europe offers a programme with mainly financial economic news. Commercial breaks consist of Dutch commercials.

Discovery Networks Benelux: Discovery Channel and Animal Planet

The first channels is part of Discovery Networks Europe, which is for 50% owned by Liberty Media International through the American Discovery. The Dutch edition is a programme of eighteen hours, consisting of documentaries on various topics: (extinct) animal species, history, earth, the universe and technical items. Discovery Animal Planet is a joint venture of Discovery and BBC and offers 18 hours of programme components on animals (pets and animals in the wild). The larger part of the programmes is subtitled in Dutch. Commercial breaks consist of Dutch commercials.

Subscription television: Canal+, Cinenova, UPCtv/Arrivo

Since June 2000, Canal+ Nederland is for 49 % owned by the music and film company Vivendi Universal via Canal+ Benelux and the French Canal+ Europe. Canal+ is offering two channels in the Netherlands (+1 and +2) with films and sports. Together with the Netherlands Broadcasting Organisation OS, the company has the broadcasting rights for the soccer games in the Dutch Premier Soccer League KPN Eredivisie and the Champions League. Commercial breaks are rare, and never during films.

As of May 2000, Cinenova, owned by the motion picture companies Sony Pictures Entertainment (45 percent) and Buena Vista International (45 percent) and cable operator UPC (10 percent) is providing films 24 hours a day on two channels without commercial breaks.

UPC Media is offering theme channels in plus-packages (UPCtv) and a near-video-on-demand-service (Arrivo). This service consists of multiple channels, with an automatic start of the same film on a different channel after some time. Subscribers can indicate by phone that they wish to 'rent' a certain film. After payment, the film will be passed through. The theme channels of UPCtv are Extreme Sports Channel, Club (lifestyle), Avante (on aviation and space travel, boats and cars), Reality TV, and Expo (art and design).

Walt Disney

Since the takeover of Fox Family Worldwide (parent company of Fox Kids Europe) in July 2001, Disney owns 76 percent of the shares Fox Kids Nederland.

Fox Kids Nederland is shareholder in TV 10, the station on which it provided separate programmes next to Fox 8. Through the takeover of Fox 8 by SBS Broadcasting BV, the latter became the new joint shareholder.

Fox Kids Nederland is broadcasting on the station that it shared with Fox 8. In an agreement between Fox 8 and SBS, whereby SBS took over the station, it is stipulated that Fox Kids Nederland may keep on using the station in the daytime. In May 2001, SBS started the V8 programme. The Fox Kids programme is broadcast every day and roughly spans the timeframe from 06:30 to 10:00 hours. Fox Kids provides a website that specifically aims at children. They can become member and collect points by participating in all kinds of activities on the site. The website also offers a chatroom, a forum for programme reactions and an explanation for parents.

<i>Term</i>	<i>Definition</i>	<i>Measuring standard</i>	<i>Interpretation</i>
Supplier concentration	concentration of ownership and control of mass communication means in a certain media market in the hands of one or more suppliers		
Horizontal supplier concentration	supplier concentration within one and the same media market	<p>Herfindahl-Hirschman Index HHI</p> $HHI = \sum m_i^2$ <p>$1/n$ (full competition) \leq HHI \leq 1 (monopoly)</p> <p>wherein m_i market share of supplier i n number of suppliers on the market</p> <p>HHI in <i>number equivalents</i> = $1 / HHI$</p>	<p>the higher the HHI, the higher the level of supplier concentration on the media market</p> <ul style="list-style-type: none"> unconcentrated market: $0 \leq HHI < .10$ moderately concentrated market: $.10 \leq HHI < .18$ highly concentrated market: HHI $\geq .18$ <p>(US Department of Justice, 1997)</p> <p>the media market can be classified as a market with ...(number of) ... equally strong suppliers</p> <ul style="list-style-type: none"> unconcentrated market: a market with more than ten equally strong enterprises moderately concentrated market: a market with between five and ten equally strong enterprises highly concentrated market: HHI $\geq .18$: a market with five or less equally strong enterprises <p>(US Department of Justice, 1997)</p>
Vertical supplier concentration	Supplier concentration within one and the same media market of different chains in the information chain (<i>content creation, content packaging, content distribution</i>)		

<i>Term</i>	<i>Definition</i>	<i>Measuring standard</i>	<i>Interpretation</i>
Diagonal or cross-media supplier concentration	supplier concentration across media markets or different media types		
Editorial and/or programming concentration	extent to which editorships and/or programme makers <i>cannot</i> autonomously take decisions on editorial content of a title and/or programme channel	number of editorial independent press titles and/or programming independent programme channels	the larger the number, the lower the level of editorial and/or programming concentration