

A VIEW ON MEDIA CONCENTRATION

**CONCENTRATION AND DIVERSITY
OF THE DUTCH MEDIA 2002**

Colophon

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PREFACE

Most media companies are part of large groups. Commercial television and radio companies belong to international corporations. The daily papers, however, are still in the hands of a small number of Dutch enterprises, although their number has fallen considerably over the years. The largest suppliers on the magazine market are also part of international companies. Concentration has become a familiar phenomenon in the media sector. The effects of this concentration development on the quality of the media products, the journalistic independence and the diversity of the offer are, however, less transparent. Changes take place in rapid succession and many countries struggle with the issue of regulations and legislation aimed at preventing media concentration. It is the international component of the developments that makes it difficult to formulate arrangements that will protect the diversity of the media within the national borders. A first requirement for a cohesive media policy is a good insight into the sector and into all changes that it is experiencing. It is for this reason that the Dutch Media Authority (Commissariaat voor de Media) has been commissioned with the Media Concentration Monitor.

This is the second Media Concentration Monitor the Commissariaat is presenting to the Dutch cabinet. The Monitor provides insight into the public information supply and particularly into the effects of media concentrations on the diversity and independence of that information supply. The first report on the media in 2001 still had an exploratory nature. In the publication at hand, a number of extra elements have been added and calculations have been included on the current concentration and diversity extent in the media sector. Ownership relations have been dealt with in more detail and the report contains a separate overview of the information supply through the internet. Although 2002 was a quiet year in terms of takeovers, the media sector has certainly experienced its share of new developments and changes.

For the media companies too, 2002 was a year that meant the end of the 'bubble'. Expectations concerning the internet have seen some dramatic readjustments and stock markets plummeted. Scandals in the United States with respect to reports on financial results have cast a dark shadow over the financial markets on which the large media corporations also depend for their quotations. The economic problems have resulted in a downward trend in all sectors which is most critically felt in the area of advertising expenditures in the written press. This has turned 2002 into a year in which all progress was postponed. Consolidation, cuts and survival seemed to be overall message. Within this light it is understandable that the digitalisation of radio and television, announced already so many years ago, has still not yet become reality.

This Monitor discusses the characteristics of media concentration for the year 2002 and pinpoints the changes with respect to 2001. In the report on 2001, the year 1990 was as much as possible taken as a point of reference for mapping the trend of the past ten years. Together, both parts provide a comprehensive overview and that is the reason they have been published in print. It is our intention to be able to present a new survey of the media sector in this form every year. At the time of the publication of this report, the website www.mediamonitor.nl will be launched. The site will provide electronic access to the information of the report, and will periodically be updated according to the latest data.

Hilversum, May 2003

Commissariaat voor de Media,

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

mr. I. Brakman, commissioner

drs. L. van der Meulen, commissioner

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The report at hand 'A View on Media Concentration: Concentration and diversity of the Dutch media 2002' follows the report of the Dutch Media Authority, the Commissariaat voor de Media, for the year 2001. The report at hand contains an overview of concentration levels in the written press, radio and television. The distributors of the media, in particular the cable suppliers, are described as well and we have included an overview of the information supply through the internet. The report is the result of the Media Concentration Monitor for 2002 as developed by the Commissariaat at the request of the Dutch cabinet. The publication has been presented to the State Secretary of Education, Culture and Science, Mr. C.H.J. van Leeuwen M.A., LL.M.

The Monitor deals with the media by sector and analyses degrees of concentration and diversity of the active sectors in the information supply that offer news, analysis, commentary, background information and culture. Through papers, radio, television and increasingly the internet, information is supplied that is of importance to the democratic processes of our society. As the Dutch public has a wide choice in this spectrum of media types, the Monitor covers all sectors.

'Three is the rule' stabilizes

The Monitor shows that the daily paper, television and cable sectors are all dominated by the activities of three strong suppliers. This principle of 'three is the rule' still applies in 2002. There have been no major changes in the relations on the various markets. With respect to daily papers, interrelations between the three major publishers, with a joint market control of 90 percent of the market, have hardly changed with respect to 2001. Public Broadcasting is facing two strong commercial opponents in the television sector and the three suppliers jointly control 85 percent of the market. In the cable sector, it seemed for a short time that UPC's parent company would take over the third major company Casema, but this transaction failed to materialize partly due to an investigation of the Dutch National Competition Authority, the NMa, into a possible position of power resulting from this deal. 'Three is the rule' still prevails in the cable sector.

Internationalisation

Most media companies have an international outlook and focus. The commercial television suppliers are part of international groups, which also holds good for the main commercial radio supplier Sky Radio. The largest players on the market of general-interest magazines and specialist journals are also characterised by their international operations. Production company Endemol has been taken over by Spanish Telefonica. The daily paper publishers, however, are Dutch, just as the publishers of opinion magazines and the operators of the other commercial radio stations. The share in daily paper Het Parool acquired by De Persgroep from Flanders (Belgium) early 2003, signified the arrival of the first foreign publisher on the Dutch market for daily papers.

Cross-ownership is increasing

Diagonal ties between media companies manifest themselves in various forms. The main publishers of daily papers also put a small number of magazines on the market. A radio station is often (viewed as) an integral component of supplying television programmes and all media companies are to some extent engaged in internet activities. Daily paper publishers have only minor interests in audiovisual media because of the legal cross-ownership restrictions. A daily paper enterprise with a share on the daily paper market of more than one fourth, is not allowed to own more than one third of the voting rights in a commercial broadcasting organisation. De Telegraaf holds 30 percent of the SBS shares. Wegener has downscaled its radio interests. In addition to this, we can also discern forms of cross-ownership that are not merely aimed at extending ownership or control, but that actually intend to reinforce the content aspects of both media. A good example of this is joining Het Financieele Dagblad en BusinessNieuws Radio in one single combination. Furthermore, the newspapers of Koninklijke Boom Uitgeverijen form a combination with radio station Rebecca. In March 2003, magazine publisher Sanoma applied for a radio broadcasting licence. The publisher may be looking for a synergy between its media products. The Imca group of Erik de Vlieger envisages a cooperation between the magazine group under its holding and radio station Colorful Radio.

Shift from print to radio and television

Studies into leisure time activities have been indicating for some time that the public's attention is increasingly shifting from the press to the audiovisual media. People are watching more television and spending less time on reading papers and/or magazines. Between 1975 and 2000, the weekly number of hours of watching television has risen from 10.2 to 12.4. The number of hours that is spent each week on reading papers went down from 2.5 to 1.8 hour. This trend has proven to be a consistent one over the past 25 years and advertisers monitor and follow it. The shift from print to audiovisual is clearly visible from advertising expenditures in 2002. Advertisements with the daily papers are showing a strong decline. Especially the decreasing number of employment advertisements had a considerable impact. The volume went down with some 25 percent. But despite the general trend of a slowing economy, revenues from commercials with radio and television actually increased in 2002.

Independence and journalistic responsibility

In 2002, journalistic responsibility regularly was a topic of debate. The role of the media in the coverage of (the rise and fall of) the Dutch politician Pim Fortuyn, the fall of Srebrenica (a Muslim enclave in former Yugoslavia under protection of Dutchbat within the framework of a U.N. peace-mission) and the general elections in 2002 and early 2003, has been the subject of lengthy discussions. Both by the professional group itself and the Netherlands Union of Journalists (NVJ) and by scientists and opinion makers. Newspapers tend to pay more and more attention to explaining their journalistic choices. National daily *de Volkskrant* conducted its own analysis of the coverage in relation to the war in former Yugoslavia and the fall of Srebrenica in particular, and learnt some lessons how to cover new complex international issues. At election time, there was considerable attention for the possible arising of a so-called Mediocracy, a democracy shaped by the media. This term primarily concerns the penetrating influence of television and the growing visual culture. But the daily papers also play an important part in positioning individuals and parties. Social responsibility is important for the credibility of journalism as a whole. The professional group will in first instance have to deal with this issue itself through self-regulating measures. But the Commissariaat feels the government also has a task in ensuring a continuation and reinforcement of the Press Council in the Netherlands in cooperation with the sector.

Written press

Ownership concentration

With 32 different daily papers, two free commuter papers and hundreds of weekly titles, the reader is offered a broad and varied information package in print. But this high number of titles is in the hands of increasingly fewer suppliers. With respect to the daily papers, we can distinguish three dominant players; they jointly cater for 90 percent of the readership market. This was already the case in 2001, and 2002 has seen no changes in this respect. The market of daily papers remains highly concentrated. The national market is mainly divided between De Telegraaf group and PCM, with respective market shares of 40.6 and 54.5 percent. The regional daily papers are for 52.2 percent in the hands of publisher Wegener.

With a circulation of more than 600,000 copies, the free commuter papers have acquired a position of their own. When the circulation figures of *Het Financieele Dagblad* and the free daily papers are included in the total overview of the Dutch daily paper market, the market share of De Telegraaf amounts to 34.1 percent. De Telegraaf group assumes a remarkably strong position. In addition to being a publisher of national and regional daily papers, the group also owns a share of 21.6 percent in Wegener. PCM also takes up a strong position, not only on the national market, but also in some major cities. PCM for example holds 99 percent of the regional daily paper market and 86 percent of the national daily paper market in the city of Rotterdam. Wegener is the largest publisher of regional magazines and at the same time the largest supplier of door-to-door papers in six Dutch provinces.

On the market of general-interest magazines, Sanoma is the largest supplier of women's, men's and youth magazines and family weeklies. Sanoma controls 32 percent of the entire market of general-interest magazines. Reed Elsevier is the largest supplier on the specialist journal market.

Economic position

The economic position of the daily paper companies is under pressure. Especially PCM and Wegener are facing high burdens of debts due to acquisitions of daily paper companies in the past. The sector

experienced extensive cuts in 2002 which resulted in the integration of publishers, a loss of titles and fewer jobs for journalists. A loss of revenues can also be felt with the opinion magazines, general-interest magazines, newspapers and the free advertising press.

Editorial concentration

The number of titles on the national market has remained stable and amounts to seven; the number of regional titles has gone down by three and is currently 21 titles.

In the Monitor 2001, attention was asked for the vulnerability of the PCM group, which publishes four of the five national daily titles. This publisher carries a large social responsibility for a pluralistic offer on the national market, and possible economic problems with PCM have far-reaching consequences for the total offer of national dailies. This vulnerability has only increased in 2002.

Early 2002, three independent regional papers were joined with other titles. At the same time an intensified integration was implemented for a number of other papers, particularly aimed at lower levels of editorial staffing. This has led to a significant decrease in the papers' autonomy. The Netherlands Press Association (GDP) plays a central role in the newly arisen situation, and titles also rely on internal editorial cooperation within the group. Only in the province of Friesland, 'old-fashioned' competition between two regional dailies can still be observed. All other provinces hardly have any competition at all, and the papers cover their own geographical areas, which are not overlapping.

A decrease in the number of titles can also be seen on the market of local papers. The Netherlands Press Fund supported various internet projects in 2002, as well as newspapers and other opinion making magazines. Dailies received no additional funding.

Media policy

The measures advocated at an earlier date by the Commissariaat, concern the introduction of a maximum market share of 33 1/3 percent on the daily paper market, so that horizontal concentration is maximised and the total market for regional and national suppliers will number at least three suppliers of equal size. Furthermore, a readjustment of article 130 of the Media Act was recommended. The Netherlands Press Fund should also be able to support paper titles within a group that is profitable as such. This implies that larger contributions can be channelled to dailies through the Press Fund. Other (tax) incentives were also raised. The Commissariaat is in favour of a close examination of particularly the regional function of the dailies in order to extrapolate this aspect against the current scaling-up processes. In addition, the Commissariaat recommends a liberalisation of cross-ownership restrictions to enable further investments. This would imply a maximum limit with respect to market share on the various markets on which an entrepreneur is operating.

Television

Supplier concentration

The television sector is highly concentrated, despite the fact that there are still new suppliers arriving on the market. In terms of market share, we can discern three dominant suppliers. Public Broadcasting, HMG and SBS jointly own a market share of 84.6 percent. The other suppliers, regional broadcasters and a few foreign suppliers with programmes specifically targeted at the Netherlands, jointly hold a market share of nearly five percent. The remaining share of ten percent is taken up by foreign broadcasters and video-use. Public Broadcasting loses a little ground to the other major commercial parties every year and holds a market share of 37.6 percent over 2002. The HMG share is stable at 27.4 percent. SBS is growing: between 1995 and 2002 the SBS market share of 1.4 percent has risen to 19.6 percent.

Editorial concentration

The number of broadcasters carried by cable is still growing. In 2002, 20 stations target the Dutch market. Next to the nine channels of the three main suppliers, these are among others: TMF, MTV and The Box, National Geographic, Discovery, Cartoon Network and Eurosport. In the course of 2002, Veronica also made its 'comeback' on the air. Some licences have been granted to teleshopping channels that are broadcasting during the off-peak hours of the commercial stations. On the basis of content, these are not separately accounted for.

An inventory of the cable offer shows that with the inclusion of the foreign programme offer, there is a supply of nearly 80 different stations in the Netherlands. A remarkable figure, without even taking the

regional and local offer into account. As the cable capacity is limited, a cable operator will on average carry 32 stations to the connected households. Both on a national, regional and local level the offer consists of an impressive number of broadcasters. There is no lack of diversity in the television offer.

Diversity

The various stations are supplying a wide variety of programmes. The diversity of the total offer is high. There is a reasonable supply of special interest programmes and programmes catering for specific viewers. In the offer of the nine stations with a wide programme package - and which serve nearly 85 percent of the market - nearly all programme categories can be found. However, there are major differences between the public and commercial broadcasters in terms of programme offer, just as between especially the commercial stations. The diversity on the channels themselves is decreasing by profiling and diversification. To some extent one may speak of a form of allocation of tasks between the stations.

The three public broadcasting channels jointly present the most pluralistic programming, followed at some distance by HMG and SBS. Public Broadcasting supplies more information than the commercial stations (48% and 33% respectively) and is virtually the only one to pay attention to background information, religious and philosophical matters and education. The commercial broadcasters present a lot more fiction; 53 percent of their broadcast time is spent on films and series; this is 18 percent with Public Broadcasting. The commercial broadcasters are also broadcasting the most Dutch drama and the largest number of Dutch series. The public broadcasters provide more entertainment like quizzes and game shows, cabaret and satire, more sports and music.

The so-called 'formatting' initiative in Public Broadcasting results in more distinct and recognisable channels, but also leads to a higher level of homogeneity per station. The profiles of the stations of the commercial broadcasters have already been very much customised to the various target groups. RTL4 and SBS6 are channels for the entire family, RTL5 especially targets men in the age category of the 'commercial messages', Net5 caters for women, V8 for men and Yorin has set its eyes on young(er) viewers.

Besides the offer of BNN, programmes for the young are hardly present on the channels of Public Broadcasting. This also applies to programmes that specifically aim at reaching the elderly and minorities.

Public preferences

The total programme offer of the joint broadcasters is relatively very much in line with public preferences. But there are differences between the public broadcasters and the commercial suppliers. The public broadcasting organisations offer relatively more information than is in demand and a lot less fiction than the public is interested in. The amount of sports exactly matches the viewers' wishes. The commercial broadcasters are clearly compensating public broadcasting by offering less information and much more fiction.

Media policy

In order to prevent that the level of supplier concentration on the commercial television market becomes too high, the Commissariaat recommends to adapt legislation as to include a maximum market share of thirty percent on the viewers market. Actually, a recommendation that already dates from last year. This will guarantee that there are minimally three parties operating on the Dutch market.

In view of the Monitor results, measures to support the number of stations or a further intensification of diversity demands are for the time being not required. There is a broad range of stations available and the programmes on offer form a pluralistic package. The fact that commercial broadcasting also caters for a need, becomes clear from an analysis of public preferences. Dutch two-tier media management caters for all tastes. It should be noted, however, that the importance of the offer of the commercial stations is increasing. Their market share is still growing and public preferences are shifting towards commercial programming. Therefore, the quality and diversity of the commercial offer increasingly determines the entire television offer. This implies that the continuity and the operations of the commercial stations are increasingly vital to the diversity and quality of the presented programmes. The operational continuity of especially the commercial broadcasters is under pressure. Despite the recovery of advertising revenues, financial results remain negative. Programming focuses on concepts that generate income. On the one hand it should be noted that the enormous increase of the number of teleshopping programmes is a remarkable development. Day-time television could by now be labelled as 'window-shopping television'.

And on the other hand, we observe that evening programming is looking for concepts with some form of merchandising, or that generate cash-flows with the help of text-message revenues. The formats are developed on the basis of their commercial value to the broadcaster. Certainly in view of the fact that the stations are part of international groups, stimulation of and investments in the audiovisual sector should be reintroduced on the political agenda on a European level. More so than before, the main focus of attention should be on the development of regional and national audiovisual markets. Within the framework of the European guideline 'Television without Borders', which is to be revised, this aspect should also be taken into account.

Furthermore, the Commissariaat has also made proposals at a European level to arrive at measures against the conflict of media groups ownership and the interests of politicians, as well as including a stricter arrangement for editorial independence through programming statutes. An absolute separation between editors and commercial interests is of importance for a credible development of the media sector as a whole.

Radio

Ownership concentration

There is a considerable number of suppliers that are active on the national market of radio programmes. Next to the public broadcasting organisations, there are 15 different parties that operate radio stations. The largest commercial player is Sky Radio with its parent company News Corporation (Murdoch), which also owns fifty percent of Classic FM and has shares in Radio 538. In terms of concentration, the market of suppliers can be called moderately concentrated. Also on regional and local levels, we can distinguish various suppliers of radio programmes. In addition to the 13 regional broadcasters, there are another 47 non-national commercial broadcasters. And finally there are 287 public broadcasters offering programmes on a local level. No change in the number of national suppliers can be noted in 2002. Supplier market share is evenly distributed over the public broadcasters - 31.1 percent national and 14.8 percent regional - and the commercial suppliers who take up the remaining share of 54.1 percent on a national level.

Editorial concentration

The total number of national stations went down by one station and is currently 21. The station Love Radio stopped broadcasting end 2001. Most suppliers are presenting one programme. Public Broadcasting disposes of five regular programmes and operates one station as an extra task. Furthermore, the above-mentioned regional and local suppliers all provide one or more stations. The four broadcasters in the major cities have started a programme for minorities in their towns in addition to their regular programming activities. In terms of the number of programmes, the radio landscape is well provided for on all three levels, national, regional and local.

Diversity

Public Broadcasting offers a pluralistic package via its six stations. With information on Radio 1 and 747 AM, music in combination with information on Radio 2, pop-music on 3 FM and classical music on Radio 4 and The ConcertZender. This list at the same time sums up the most important radio formats. The commercial broadcasters also offer news via BusinessNieuws Radio, classical music via Classic FM and furthermore various genres of pop-music on the other stations. Striking feature is the limited range of specialised stations and the general low content of news and current affairs.

A combination of music and news can also be seen with the regional broadcasters and some non-national commercial broadcasters. The government aims at a higher level of diversity among the commercial radio suppliers through its airwave frequency allocation. The upcoming frequency allocation will offer five frequency lots for stations with a specific profile. The remaining four lots will be allocated according to business plan and the financial bid on the frequency, without any format obligations. With respect to the frequency allocation for non-national commercial broadcasters, there is a requirement to spend ten percent of the broadcast time on topics concerning the region.

Another government initiative to stimulate the diversity degree of the local broadcasters in the four major cities, consists of putting up funds and frequencies for a theme station for minorities. It remains to be seen whether all target groups are well catered for within the total offer. The G4 initiative for radio programmes that specifically target adolescents in minority groups, still has to prove itself. Noteworthy is also the fact that the public broadcasters offer a minimal level of information that is especially intended for young

listeners. The odd ones out are BNN with broadcasts on a number of days and the news bulletins on Radio 3. The commercial broadcasters, a favourite of many youngsters, hardly offer specific information for their target groups.

Media policy

The effect of the frequency allocation on the diversity of the entire media management, will have to become clear in the coming years. It is especially the information offer on the radio and the accessibility of the informative stations that need reinforcing. The station 747 AM is in fact an outstanding example of a public station but because of its AM-frequency it has a poor accessibility rate for its listeners. Re-allocating the public FM-frequencies could provide a solution to this issue. The only serious commercial competitor to date, BusinessNieuws Radio, also lacks a good accessibility, as the frequency only covers 25 percent of the Netherlands. Extending the information offer with the other commercial stations is worth following. The national commercial broadcasters need to realise that they mainly reach the younger target groups, which implies that they also bear the social responsibility of not only offering music. They also need to make an effort at providing information that is of interest to young listeners.

The regional public broadcasters have a very solid position within the region they are covering. It is of interest for the regional information supply that the regional broadcasters dispose of sufficient budgets in order to fulfil this function optimally. Editorial independence with respect to the provincial authorities, which also finance the broadcasting activities, is vital. There will have to be sufficient guarantees to realise this. Non-national commercial broadcasters can serve well as competitors within the region. The legal condition that these broadcasters have to spend ten percent of their broadcast time on topics concerning the region, is an important addition to a more pluralistic offer. The future will make clear whether these conditions are commercially feasible but also whether the ten percent requirement is sufficient for competition in terms of content.

Internet

Ownership and editorial concentration

The Monitor of the news offer via internet shows that there is a large number of sites in the Netherlands that offer news or access to news. In 2002, a total of 185 websites can be found that provide general news or access thereto. There are websites that offer actual news items, whether or not arising from an existing news offer in print or as (part of) broadcasting activities. In addition, one sees a wide diversity of news services that mainly focus on offering access to news in the form (theme) portals, browsers and news links. Suppliers of internet news services both come from the traditional news sectors as the press and broadcasting, but a large number of new players can also be noted. They often have a background as internet service provider or software vendor.

From the total number of websites, 36.2 percent is linked to a written medium, 31.9 percent belongs to broadcasting organisations and another 31.9 percent of the sites consists of web papers, e-zines or is derived from ISPs. The market of national websites numbers 38 sites in all from 28 different suppliers. 12 of these suppliers belong to the traditional suppliers from the written press and broadcasting, while 16 suppliers specifically target the internet.

Public preference

Visitors of sites display a media use that may be characterised as brief and superficial (headline hunting), ad hoc and with little 'brand loyalty'. Not very surprising, as this is an intrinsic characteristic of the medium itself. Even more so than with television, people are zapping through the enormous offer. In this respect, internet use differs from the use of other media. The top five sites of unique visitors (a visitor counts as one single visitor in a certain period, irrespective of the number of visits) from all news and information sites is made up of sites from major media enterprises. On first place we find telegraaf.nl, second is by nu.nl, number three is nos.nl (Teletekst) followed by ad.nl and nrc.nl. The website nu.nl belongs to Ilse Media Group, in its turn owned by Sanoma; the remaining websites belong to public broadcasting organisations and the national daily publishers. When the top five is drawn up on the basis of the number of consulted page views, the same websites reach the top positions but in a different order. In that case nos.nl is number one, followed by telegraaf.nl, nu.nl, as.nl and nrc.nl respectively.

Developments

At the end of the nineties, various news services were developed, both in broadcasting and in the press sector. Before long it became clear that internet news services require large investments, but hardly generate any profit in terms of advertising revenues. Now that the bubble of the internet hype has burst, the development of news services finds itself in a new phase with a focus on lower levels of investment. At the same time it is especially the press sector that is seeking new sources of income. For example by offering a digital format of the entire paper or access to the paper's news archives against payment. On the other hand we see that suppliers of internet news services are shifting their focus from content production to content distribution. In this respect, the added value is mainly created by selecting and presenting the news and not so much by the content of the news itself. The added value of news on the internet can be found in its content, accessibility and the offer & use structures. An analysis of the offer shows that for the time being the added value of content is still limited. McLuhan's statement also applies to the internet: 'the content of the new medium, is the old medium'. Furthermore, a dominant presence of just a few sources can be discerned with a remarkable role for the Dutch National News Agency ANP. All the more striking in view of the absence of own and new content.

Suppliers of news services mainly try to distinguish themselves through the presentation and selection of news items via e.g. file creation, networking or messages through links or categorisations of news items. A further added value aspect of the internet is that news is freely available, irrespective of time or place. It is that accessibility to news that offers the internet the opportunity of creating an added value by informing young people for example, for whom the traditional media seem to have less of an appeal.

The developments in the supply and use structure of the news via internet can be typified as follows: a profitable business model is missing; internet activities are mainly financed by revenues from other media activities; especially the absence of validated investigation methods on the use of the internet has its effects on the strength of internet as an advertising medium.

A second development is the fragmentation of public. As there are parties from various media domains active on the internet, the offer of informative and news websites is very large. This results in direct competition on the internet between parties that were previously separately active on distinct media markets. This results in a fragmentation of the number of users. Eventually the large diversity of the offer and the fragmentation of the users may lead to what is called 'ruinous competition'. It is the abundance of competition that causes parties to go under.

Media policy

There are by now two funds that stimulate the quality of Dutch internet journalism and the multimedia content on the internet: the Netherlands Press Fund and the Stimulation Fund Cultural Broadcasting Productions. In addition, the Ministry of Education, Culture and Science started the project Digital Pioneers in 2002 in order to stimulate public digital services (www.digitalepioniers.nl). Keeping up with internet developments is essential for the broadcasters in order to still be able to reach their public through internet, the moment broadband becomes available for large-scale use. Also the written media need to reinforce information on the internet with visual and audio means. It remains important to stimulate this convergence through financial support for Public Broadcasting and the active support of projects, as already initiated through the Netherlands Press Fund. Furthermore, it is desirable to liberalise the cross-ownership limitations. The need for the written media to enhance their internet information with pictures and sound, presents a challenge. New experiments concerning information supply on a local and regional level for example, can more easily be started via internet. The current cross-ownership conditions present too many restrictions for the major daily paper publishers in this field. To prevent fragmentation and in order to actually bundle journalistic capacity, a further cooperation could be stimulated between the various media types. Public-private cooperation on the internet can be an option in this context. In principle it is not desirable to have the editors of a regional broadcaster and a regional daily paper cooperate, as diversity is optimally guaranteed through independent and separate editorships. However, when it turns out that both media cannot realise a journalistic content of the internet medium through a lack of financial means, a bundling of forces should not be excluded in advance. The Commissariaat is in favour of initiating a regional experiment to this end in order to examine whether such a cooperation can offer added value in terms of content.

1. INTRODUCTION

Media Monitor 2001

On the basis of the commission of the Dutch Cabinet to the Commissariaat voor de Media in 2000 to closely monitor media developments with respect to any consequences of media concentrations, the Commissariaat presented a first report in March 2002, i.e. concerning the year 2001. This first Media Concentration Monitor presents an overview of concentration developments in the sectors of the written press, radio, television as well as in the broadcasting distribution sector. A separate description of the distribution sector contains a detailed discussion of the position of cable as infrastructure for radio and television distribution. Furthermore, the report over 2001 includes an overview of the most important legislation and regulations in the Netherlands and other European countries in the domain of media concentration. The report is a first exploration of the relations on the media market in the Netherlands. Where possible, the analysis goes as far back as 1990, placing the developments of the period in perspective.

In order to facilitate the link with the report over 2002, it has been decided to republish the first part in the same publication as the report over 2002. It is the intention of the Commissariaat to add a report on a yearly basis, consisting of an updated description of media concentrations whereby each issue of the series will contain a close examination of a specific media sector.

Media Monitor 2002

The report at hand builds on the first report and focuses on the changes in the course of 2002. The sectors of the written press, radio and television are once more described and analysed. Schematic overviews of the ownership relations of the main players are included per sector. The distribution characteristics are no longer discussed in a separate chapter, but are dealt with per sector. The report is complemented through a description of the information supply via internet on the basis of a survey commissioned by the Commissariaat and carried out by the Dutch Technology Institute – Strategy, Technology and Policy (TNO-STB). To this end, websites with news and information for a broad spectrum of users were closely examined.

The figures and charts in the report all have 31 December 2002 as reference date, unless stated otherwise. In some charts the data over 2001 differ from figures reported at an earlier date. This is caused by an adjustment of data over 2001 by the source as stated at the bottom of the chart.

www.mediamonitor.nl

Simultaneously with the report over 2002, a website is launched to make the data from the report also available on the web. In addition to charts, the website also provides information on the largest companies through fact-sheets. The website www.mediamonitor.nl will be updated at regular times throughout the year.

1.1 Aim of the Media Concentration Monitor

The aim of the Monitor is to map and visualise changes in ownership and control relations in the media sector and to outline trends and developments that may influence the diversity and independence of the media.

To put it another way, the Monitor aims at providing an answer to the following problem definition:

- To what extent can we speak of media concentration within Dutch media management?
- What developments can we discern in this respect?
- What consequences does this entail for the independence and diversity of the Dutch media and for the accessibility of these media to the public?

1.2 Forms of media concentration

Media concentration can occur in various manners. When an entrepreneur exploits multiple media within one and the same sector, publishing a number of papers for example, this is called horizontal concentration. When the separate stages of the production process are completed within one single enterprise, we speak of vertical concentration. The term cross-ownership or diagonal concentration is applied to indicate that an enterprise is in some form active in different media sectors (press, radio, television).

Structuring

The vertical production process becomes transparent through the media value chain. The media value chain identifies the different stages that are necessary to go from message via medium to the public.

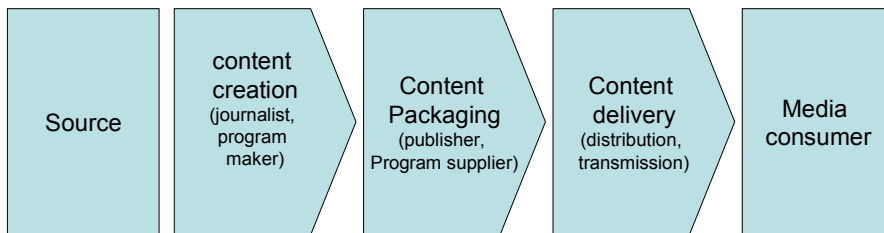


Figure 1.1 Media value chain

1.3 Terminology

In order to be able to describe media concentration, an analysis is made of the various sectors in terms of supplier concentration, editorial or programming concentration, diversity and user concentration (also see figure 1.1).

Supplier concentration

Horizontal supplier concentration is examined in this Monitor on the basis of ownership relations between media enterprises and their market share on the respective markets. The degree of horizontal supplier concentration is calculated on the basis of the Herfindah-Hirschman Index (HHI). The manner in which this index is calculated, is included in Annex 1. Based on the HHI-index, the Commissariaat will label the degree of concentration on a media market as follows:

- **Unconcentrated media market:** a market that can statistically be labelled as a market with more than ten equally large media enterprises;
- **Moderately concentrated media market:** a market that can statistically be labelled as a market with more than five and less than ten equally large media enterprises;
- **Highly concentrated media market:** a market that can statistically be labelled as a market with five or less equally large media enterprises.

Through this categorisation, the Commissariaat is following the market classification applied by competition authorities (US Department of Justice and the Federal Trade Commission, 1997).

Editorial or programming concentration

In addition to supplier concentration, editorial or programming concentration can be observed in media markets. This is the case when the editorial staff or programme makers cannot independently decide on the editorial / programming content of a media title or station. In this Monitor, the number of titles or stations with autonomy or editorial independence will be taken as the indicator for editorial concentration.

The counterpart of editorial / programming concentration is editorial / programming competition. Such competition between independent titles and stations is also referred to through the term diversity.

Diversity

Media diversity means that the editorial / programming content of the media is heterogeneous. Establishing (the extent of) media diversity requires a social-scientific content analysis of the editorial / programming content of the media. The diversity of the Dutch television offer will be the main focus of this Monitor. The diversity of that offer will be determined on the basis of a grading of television programmes according to various programme categories.

User concentration

Supplier concentration, editorial concentration and diversity are quantities on the supply side of the media. This is balanced by the media use on the user side of the market. In establishing user concentration, it is determined how public preferences are distributed over programme channels and editorial titles. By comparing the 'supply and demand' ratios of media markets, it can also be determined in how far the media offer matches the preferences of the users, i.e. the viewers, listeners and readers.

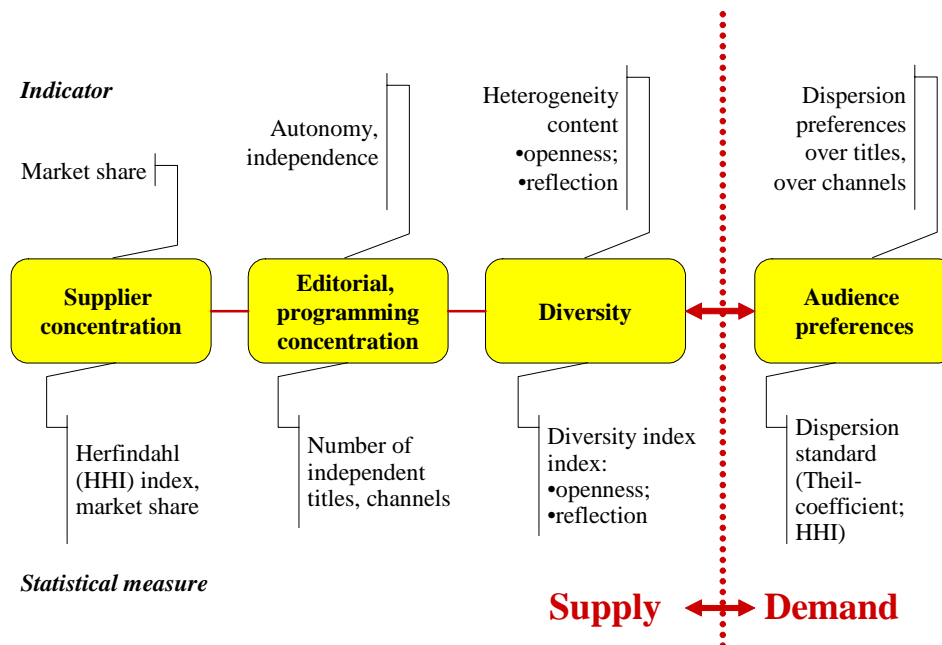


Figure 2 Media concentration: dimensions, indicators and statistical measures

1.4 Defining the relevant market: one or more media markets?

Each analysis of concentration, competition and diversity on media markets starts with the question of how these markets are to be defined. Following competition law, the central question is: what is the relevant media market? How can it be determined whether a media market actually is one single media market? Competition authorities often take demand substitution as a criterion to answer this question. When products or services in view of their qualities, price and intended use for consumers, are mutually interchangeable for these end-users, we can safely say that these products or services belong to the same market. It is customary in the media sector to consider papers, magazines, radio and television as products and services for separate relevant media markets. The first Media Monitor was also based on this premise of dividing the media sector into relevant media markets; the Monitor 2001 therefore contains a description per sector of the Dutch daily paper market, the television market, the radio market, the

magazine market and the cable sector, respectively. The same approach will be applied in the Monitor 2002.

An increasing number of observers comment on the division of media markets into the daily press, magazine press, radio and television. Given the modern media landscape and the actual use that people are making of the media, it would be more obvious not to speak of four or five different markets but of one single relevant media market in which media are mutually interchangeable. The defence of this thesis runs along two lines. In the first place, there is the line of the opinion market. Media diversity is considered a valuable asset in our society – which makes media concentration a potential risk - because media diversity is very important for the public opinion forming processes in our democratic society. Democracy and a free marketplace of ideas, i.e. a free pluralistic opinion market, go hand in hand. For the societal processes of opinion forming it is not terribly important from where and from which specific media markets - paper, radio, television - citizens acquire the building blocks for their views. For a democracy, it is merely of interest that its citizens can actually tap into a multitude of sources, which all together can be considered as one single opinion market. That is the reason that all media - from the perspective of democracy - may be considered as belonging to one and the same relevant market.

The second line of defence of the thesis “we can only speak of one single relevant media market” finds its roots in leisure time spending and the use of the media by media consumers themselves. Reading a paper, listening to the radio and watching television are ‘merely’ different forms used by consumers to arrive at one and the same thing, i.e. ‘filling’ their spare time. At times, they may read a paper, or watch television and listen to the radio a little later, but the ultimate aim is always the same: consumers want to be informed, amused and entertained. This implies that media products are increasingly considered by media consumers as being part of one and the same relevant market. This would support the findings of the leisure time spending survey among the Dutch population by the Social and Cultural Planning Office of the Netherlands (SCP) in 2002. The report shows that the total time that the Dutch population spends on media consumption is relatively consistent (1975: 18.5 hours per week; 2000: 16.9 hours per week), but within this

total number of hours per week spent on media

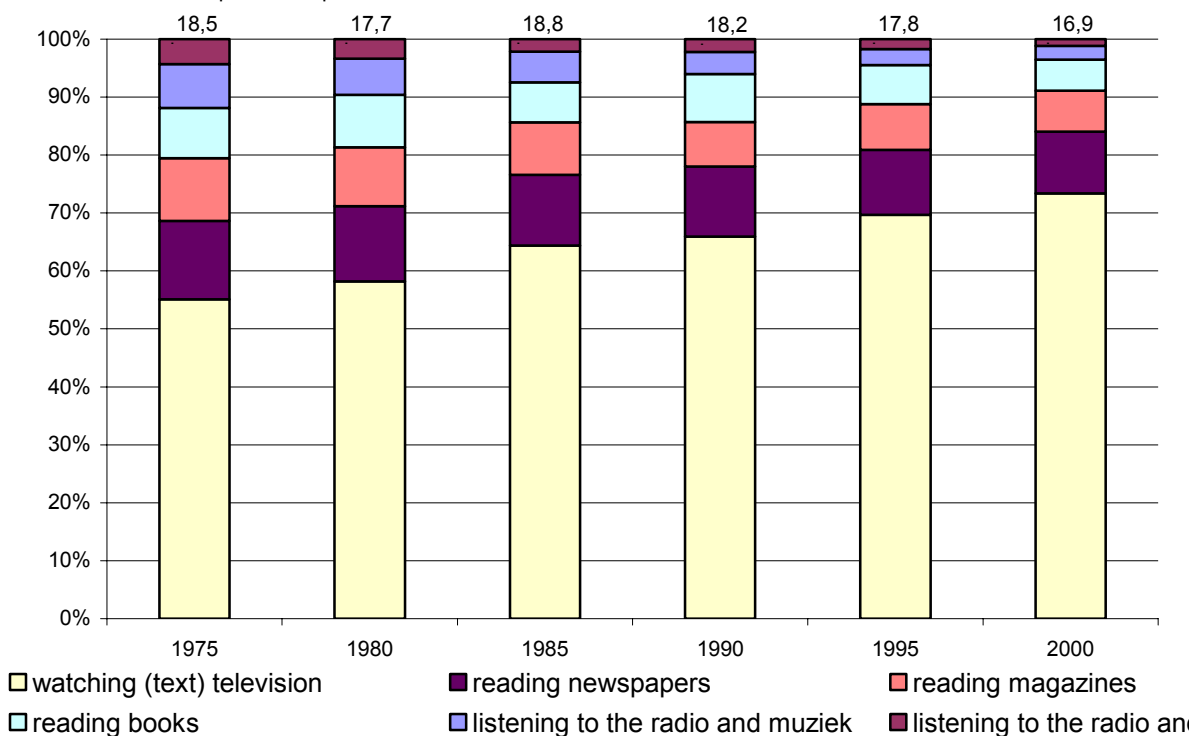


Figure 1.3 Number of hours spent on media (absolute and relative).

Source: Social and Cultural Planning Office of the Netherlands (SCP) 2002

constant plus zero end-result, we can observe that the extra time for one medium is spent at the expense of one or more others. In this manner, television has gained significant ground with viewers at the expense of time spent on reading papers, magazines and books.

In this Media Monitor, the Commissariaat will continue to regard papers, magazines, radio and television as different media products. A practical argument for this approach is that the Monitor should not alienate itself from the conventions in the media sector itself as well as in media and competition policy, i.e. a separate approach per sector (press, radio and television) of the various media types. The Monitor follows the manner in which the Dutch Competition Authority (NMa) defines the relevant market; it will be indicated per chapter on which product market the section of the report is based and which geographical market is being reviewed. But in addition to this practical reason, the Commissariaat is also taking the more factual consideration into account that no or hardly any substitution can be observed on the supply side of media markets: papers are published on entirely different principles and with completely different routines than radio and television, and it may reasonably be expected that this will not change in the near future. The various kinds of media may all offer information, but the characteristics of the media type in question are divers, thus creating different backgrounds for interpreting the backgrounds of the information supplied. Each medium has its own characteristics and makes as such a specific contribution to the information supply. It is for this reason that the press, radio and television will have to be considered separately to determine the current state of affairs with respect to media concentration, diversity of media content and the autonomy and independence of editorial staffs and programme makers. There will have to be sufficient competition per media type in order to be able to maintain a guarantee for a certain type of media quality at a reasonable price level.

1.5 Structure of the Monitor

In order to 'closely monitor' the media, as phrased in the commission to the Commissariaat, the Monitor 2002 will deal with the following:

- media enterprises, active in the domain of information supply are included in the database, stating their activities, ownership and control relations;
- supplier concentration, editorial and/or programming concentration, diversity and user concentration will be calculated on a yearly basis for the different relevant media markets (product and geographical markets);
- data concerning distribution and supply are inventoried on a regional and municipal level;
- data and observed trends are translated into possible future developments and policy.

This information will be made public on a yearly basis through a written report to the State Secretary of Education, Culture and Science. Moreover, the Monitor has the disposal of a website, www.mediamonitor.nl, where the information will be electronically available.

2. PRESS

2.1 Introduction

The Press Monitor discusses concentration developments within the written press. The main focus of attention lies on the daily paper sector, because of the specific function the dailies assume in the supply of information about democratic processes in society. In the Monitor over 2001, daily press developments of the past ten years were highlighted. In that time-frame, the daily paper sector changed into to a highly-concentrated sector. Ninety percent of the joint national and regional markets are presently in the hands of merely three publishers. These three parties publish 22 of the 28 general daily paper titles. The Press Monitor over 2002 presents an overview of the changes with respect to the preceding year. The sector's supplier and editorial concentration are recalculated and the overview concerning ownership relations has been extended. Schematic representations of the largest suppliers have been included, which also show their interests in other media types. The chapter on the press has been complemented with a description of the market of newspapers and door-to-door papers. The magazine market is also given specific attention. Both the main suppliers of opinion magazines and of general-interest magazines and specialist journals are mapped.

In order to define the relevant market, the report follows the definition framework of the Dutch Competition Authority (NMa), considering not only the geographical market but also a separate product market. This approach implies an analysis of the market of national and regional papers and on the basis of the distinct product characteristics, a separate description of the free daily papers.

With reference to the investigation into the diversity of the written media, the expertise of the Netherlands Press Fund is of great importance. The Press Fund's relevant research projects have therefore been included in this chapter.

2.2 The daily paper sector

Main characteristics

Within the daily paper supply, a distinction can be made between national and regional dailies, specialist dailies and the free daily papers. The national and regional daily papers present general news items. The seven national dailies distinguish themselves from each other through their distinct identities. The characteristics of the 21 regional daily papers are mainly determined by the regions to which they are bound. Four daily papers are considered to be specialist papers: the daily papers Cobouw, Staatscourant, Het Financieele Dagblad and Agrarisch Dagblad. Some surveys place these papers under the category 'specialist journals'. In view of the content characteristics of a daily paper, it is very plausible to include Het Financieele Dagblad in the list of general daily papers. Furthermore, the free dailies, which are distributed on railway stations and in hospitals, are taking up a more prominent position. The format and content characteristics of these papers, however, differ from the general daily papers. But in terms of attention of the reading public and advertisers, the free dailies do act as competitors. They present a general news offer with domestic and foreign news coverage. However, the items themselves are much shorter. These papers appeal to the need to consume fast and condensed information on major news events.

Chart 2.1 Daily paper publishers: titles and circulations (2002)

Publisher (listed by market share 2002)	Independent daily paper title	Effective circulation in the Netherlands*	Market share title (in %)		Market share publisher (in %) 2002
			2002	2001	
NV Holdingmaatschappij De Telegraaf					30.7
	De Telegraaf	767,175	18.3	18.3	
	Haarlems Dagblad/Leidsch Dagblad/De Gooi- and Eemlander	129,885	3.1	3.1	
	Limburgse Dagblad and Dagblad De Limburger	234,830	5.6	5.6	
	Noordhollands Dagblad	155,838	3.7	3.6	
PCM Uitgevers NV					30.6
	Algemeen Dagblad	313,942	7.5	7.7	
	De Dordtenaar	31,932	0.8	0.8	
	de Volkskrant	326,124	7.8	7.8	
	Het Parool ¹	87,734	2.1	2.1	
	NRC Handelsblad	265,321	6.3	6.2	
	Rijn en Gouwe	32,209	0.8	0.7	
	Rotterdams Dagblad	101,436	2.4	2.4	
	Trouw	123,663	2.9	3.0	
Wegener NV					28.7
	BN/De Stem	142,410	3.4	3.4	
	Brabants Dagblad	155,396	3.7	3.7	
	De Gelderlander	190,480	4.5	5.2	
	De Twentsche Courant Tubantia	137,751	3.3	3.2	
	Eindhovens Dagblad	121,984	2.9	2.9	
	Goudse Courant	14,021	0.3		
	Haagsche Courant	107,578	2.6	3.0	
	IJssel Dagbladen Combinatie ² (Gelderse Deventer Dagbladen combinatie + Overijssels Flevolandse Dagbladen Combinatie)	152,917	3.6	3.2	
	Provinciale Zeeuwse Courant	63,038	1.5	1.4	
	Utrechts Nieuwsblad/Dagblad				
	Rivierenland/Amersfoortse Courant	117,991	2.8	2.8	
Noordelijke Dagblad Combinatie BV					7.0
	Dagblad van het Noorden	180,220	4.3	4.3	
	Leeuwarder Courant	113,714	2.7	2.7	
Reformatorisch Dagblad BV	Reformatorisch Dagblad	59,350	1.4	1.4	1.4
Nederlands Dagblad BV	Nederlands Dagblad	33,419	0.8	0.8	0.8
Friesch Dagblad Holding BV	Friesch Dagblad	21,624	0.5	0.5	0.5
Koninklijke BDU Uitgeverij	Barneveldse Krant	11,376	0.3	0.4	0.3
Total		4,193,358	100.0	100.0	100.0

Specialist papers have not been included

Circulation abroad	National dailies	42,177
	Regional dailies	3,310

Source data: Central Office for Newspaper Publicity (Cebuco)

The shifts in market share per title are minimal. The differences can largely be explained from a reshuffle of clusters with Wegener papers. Furthermore, it can be noticed that the circulation figures of some

¹ Independent as per 16 January 2003.

² Accumulated circulation figures Deventer Dagblad Apeldoornse Courant/Gelders Dagblad, Veluwe Noord and Zwolse Courant/Nieuw Kamper Dagblad/Dagblad Flevoland.

papers drop a little more, altering the mutual relations with one tenth of a percent. De Telegraaf remains by far the largest daily of the Netherlands.

Chart 2.2 Specialist dailies (2002)

Publisher	Title	Circulation 2002*
Het Financieele Dagblad B.V.	Het Financieele Dagblad	61,874
Sdu publishers	Staatscourant	10,640
Reed Business	Agrarisch Dagblad	18,771
Ten Hagen & Stam	Cobouw	18,661

Source data: HOI-online, Institute for Media Auditing

* Circulation calculated over the first three quarters of the year 2002 and Q4 of 2001.

The specialist dailies appear five to six days a week. Within this category, Het Financieele Dagblad is most comparable with the national daily papers because of the width of the news offer.

Chart 2.3 Free daily papers

Publisher	Title	Circulation 2002
De Telegraaf	Sp!ts	388,394
Metro International	Metro	276,327
Total		664,721

Source data: HOI-online, Institute for Media Auditing

Circulation Sp!ts 2002: average for Q2 and Q3

Metro: average for the first up to and incl. the third quarter

The circulation of the free daily papers is considerable. Both papers can boast the circulation figures of a large national paper. The joint circulation is not far removed from the circulation results of De Telegraaf. The publisher of Metro operates on a global scale and has 25 editions of the free daily paper that is marketed in all countries under the same name. Metro's competitor in the Netherlands is Sp!ts, a publication of De Telegraaf.

Circulation

Total daily paper circulation figures in the Netherlands over 2002 amount to 4.2 million copies. The downward trend in circulation figures continued in 2002. Both the national and regional daily papers are facing a decrease in their numbers of readers. The coverage percentage also declined and is presently 60.4 percent of the Dutch households. However, it is common practice that daily papers are shared between neighbours and relatives so that the reach of the dailies is greater than the coverage degree would suggest.

Chart 2.4 Daily paper circulation in The Netherlands

Year	Circulation regional daily papers	Circulation national daily papers	Total circulation	Number of households (* 1000)	Coverage percentage per household
2001	2,353,609	1,927,619	4,281,228	6,889	62.1
2002	2,304,364	1,888,994	4,193,358	6,941	60.4

Source data: Central Office for Newspaper Publicity (Cebuco); Statistics Netherlands (CBS)

Specialist daily papers excluded

Advertising market

Next to the drop in circulation figures, the daily paper sector faced a loss of advertising revenues in 2002. The gross advertising revenues for daily papers over 2002 amount to € 926 million. This is 11.8 percent lower than in 2001. Total advertising volume went down by 12 percent. The decrease in employment advertisements in 2002 was more than 25 percent as compared to 2001. According to the Dutch Daily Press Association (NDP) the drop in advertising is not merely the effect of a negative economic trend, but also due to the advertisers' view concerning the effectiveness of advertising in print.³ The NDP stresses the need for more options in placing advertisements in which the element of surprise and a creative approach have to play a larger role. With an eye to reinforcing advertisements in print, the Netherlands Press Fund financially supported a research project of the Central Office for Newspaper Publicity

³ Annual speech chairman NDP, September 2002

(Cebuco) to examine the possibilities of advertising differentiation and options for new forms of advertising.

Chart 2.5 shows that the supply of advertisers is quite divers. The Top 10 of the largest advertisers takes up 15 percent of the advertising volume. Dependence on a single advertiser is not worth mentioning.

Chart 2.5 Top 10 advertisers in the daily paper sector in 2002 (in €*1,000)

Advertiser	Expenditures	Expenditures as percentage of total daily paper expenditures
1 Laurus International	11,649	1.9
2 Media Markt	11,254	1.9
3 Seats & Sofas	11,017	1.8
4 Correct Techn. Handelsondern.	10,127	1.7
5 Aldi	9,812	1.6
6 Kras Reizen	8,464	1.4
7 Wegener Emedia	7,928	1.3
8 Ministry of Finance	7,815	1.3
9 C&A Nederland	6,949	1.2
10 ABN Amro Bank	6,218	1.0

Calculated over the period January-November 2002

Source: BBC The Media and Advertising Bank in Dutch marketing journal 'MarketingTribune'

Financial position daily papers

The economic developments in the daily paper sector encroached deeply on the daily paper organisations in 2002. The financial results of the enterprises are under heavy pressure by the falling advertising revenues. Turnover dropped as a result of the poor economy. The continuation of daily Het Parool was threatened by the series of losses and the daily paper opted for a move out of the PCM group in order to continue independently with the help of De Persgroep from Flanders (Belgium). Other groups have tried to compensate for the economic decline through scaling-up operations, closing regional offices or cutting back on staff. According to calculations of the Netherlands Union of Journalists (NVJ), the number of (journalist) jobs in the daily paper sector fell with 945 in the period 2002/2003.⁴ Particularly the groups PCM and Wegener are facing high burdens of bank debts as a result of past takeovers of daily paper enterprises: PCM took over Dagbladunie in 1995 and Wegener purchased VNU Dagbladengroep in 2000.

Ownership relations

This section discusses the ownership relations of the largest daily paper companies, including their participations in other media sectors. The reference date is 31 December 2002.

⁴ De Journalist, 28 March 2003, a trade journal published by the NVJ and Van Veen Magazines.

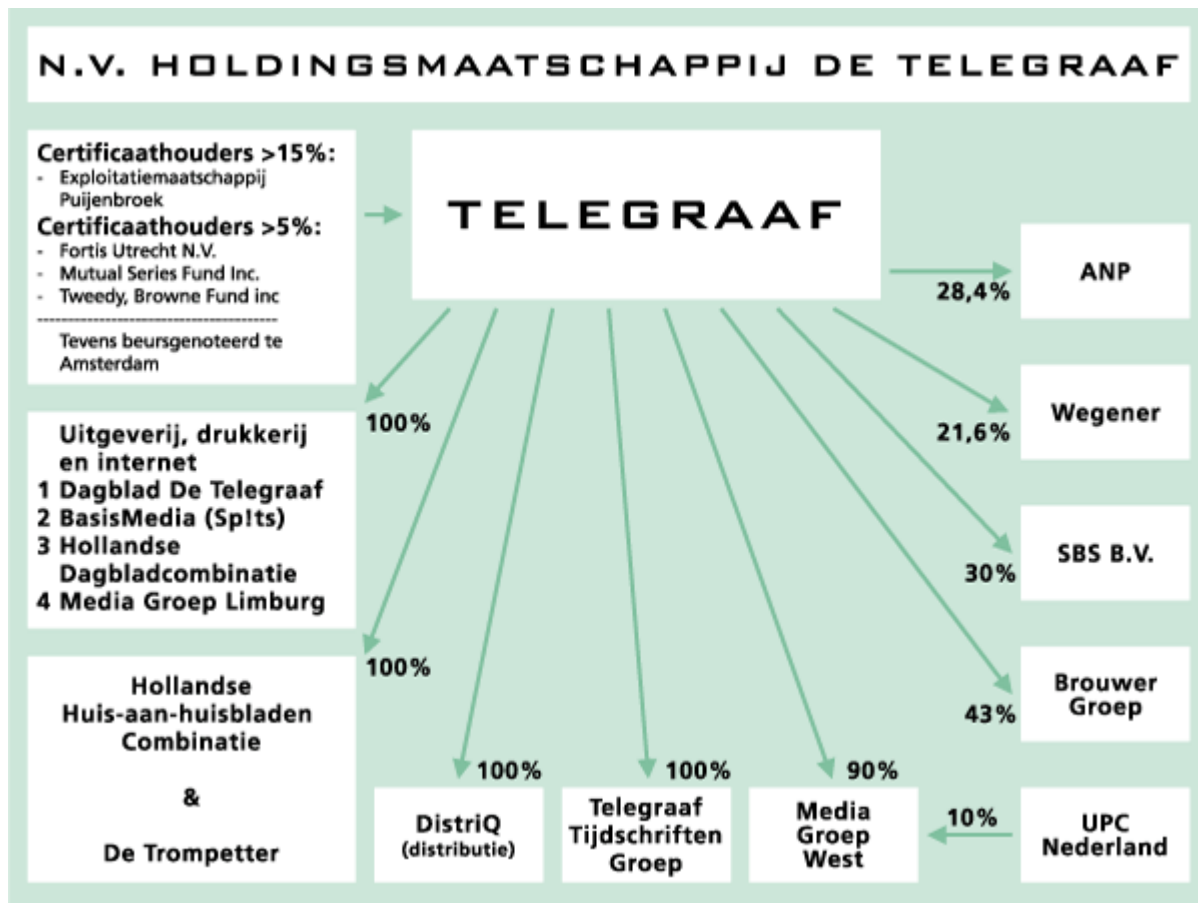


Figure 2.1 Ownership relations of De Telegraaf

De Telegraaf

The Holding De Telegraaf publishes the national daily paper with the same name, four independent regional titles and a large number of door-to-door papers. Furthermore, the publisher exploits a number of magazines and has participations in the Dutch National News Agency (ANP) and Wegener (early 2003 raised to 23.9%). De Telegraaf has various cross-media branches. Next to publishing daily papers and magazines, the enterprise controls 30 percent of the SBS share capital. The interest in radio station Noordzee FM, which De Telegraaf owned with SBS Broadcasting Nederland, has been transferred to Talpa Beheer.

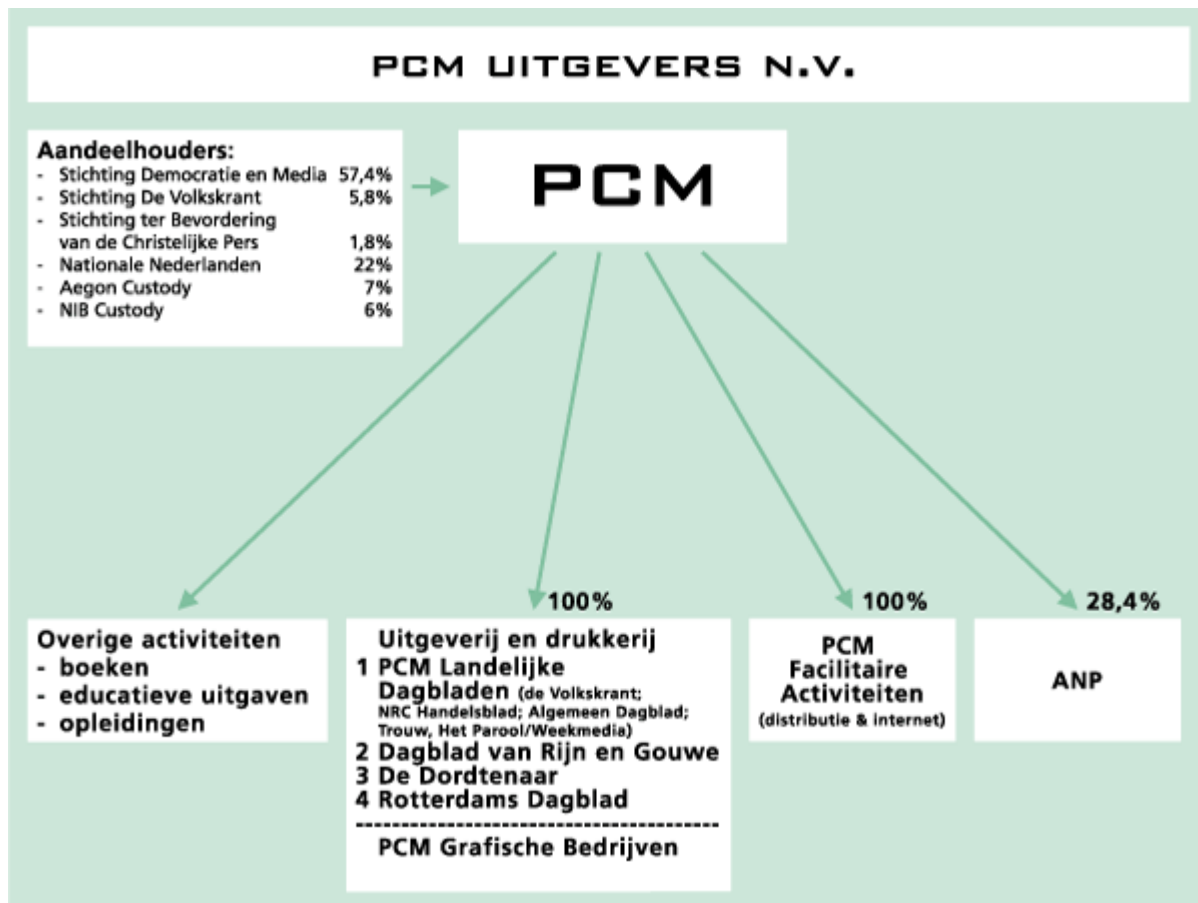


Figure 2.2 Ownership relations of PCM Uitgevers

PCM

PCM publishes four of the five national daily titles and owns another four regional daily papers and various door-to-door papers in 2002. The enterprise owns a publishing house for books and educational products and has an interest in the Dutch National News Agency (ANP). In the same manner as all daily paper companies, the enterprise is vertically integrated as all distribution activities are placed in-house within the group. The most important change that occurred with PCM Uitgevers, is the departure of daily paper Het Parool as per January 2003 from the group. Het Parool has established a new foundation under the name Stichting Het Nieuwe Parool, which holds a 35 percent interest in Het Parool BV. In this limited liability company, the editorial staffs of daily Het Parool and the door-to-door paper divisions Weekmedia have merged. The Flemish publisher De Persgroep, publisher of Het Laatste Nieuws and De Morgen, has a 32 percent interest. The employees, a few companies and private individuals set up separate foundations, which also have an interest, i.e. ten and 23 percent respectively. The daily paper will keep making use of PCM's printing and distribution facilities, however now in a client capacity. The foundation Stichting Het Parool remains the main shareholder of PCM Uitgevers NV in the newly arisen situation. Early February 2003, the name was changed into Stichting Democratie and Media. This foundation has no legal or financial ties with the new publisher. The new legal status and the underlying contract is at the same time an attempt to make the relations between Het Parool and the competing PCM daily papers more transparent. Publishing house CrossPoints was sold to Acromedia in November 2002.

Wegener

Wegener is the main regional publisher of daily papers. But the group also publishes magazines and a large number of door-to-door papers. The Wegener group has also been subject to a disentanglement of activities. As ordered by the Commissariaat voor de Media, Wegener reduced its interest in radio station

10 FM to 33 percent in December 2002, pursuant the cross-ownership conditions of the Dutch Media Act. In February 2003, it became clear that all shares had been sold to Talpa Beheer. Restructuring changes have been implemented within the holding structure. The publishers, door-to-door papers and ICT-activities are being placed in separate operating companies. Wegener sold its share in printing company Brouwer to Brouwer Groep. In 2002, Biegelaar Groep, under which the graphical activities of De Telegraaf resort, merged into Brouwer Groep. De Telegraaf retains a share of 43 percent.

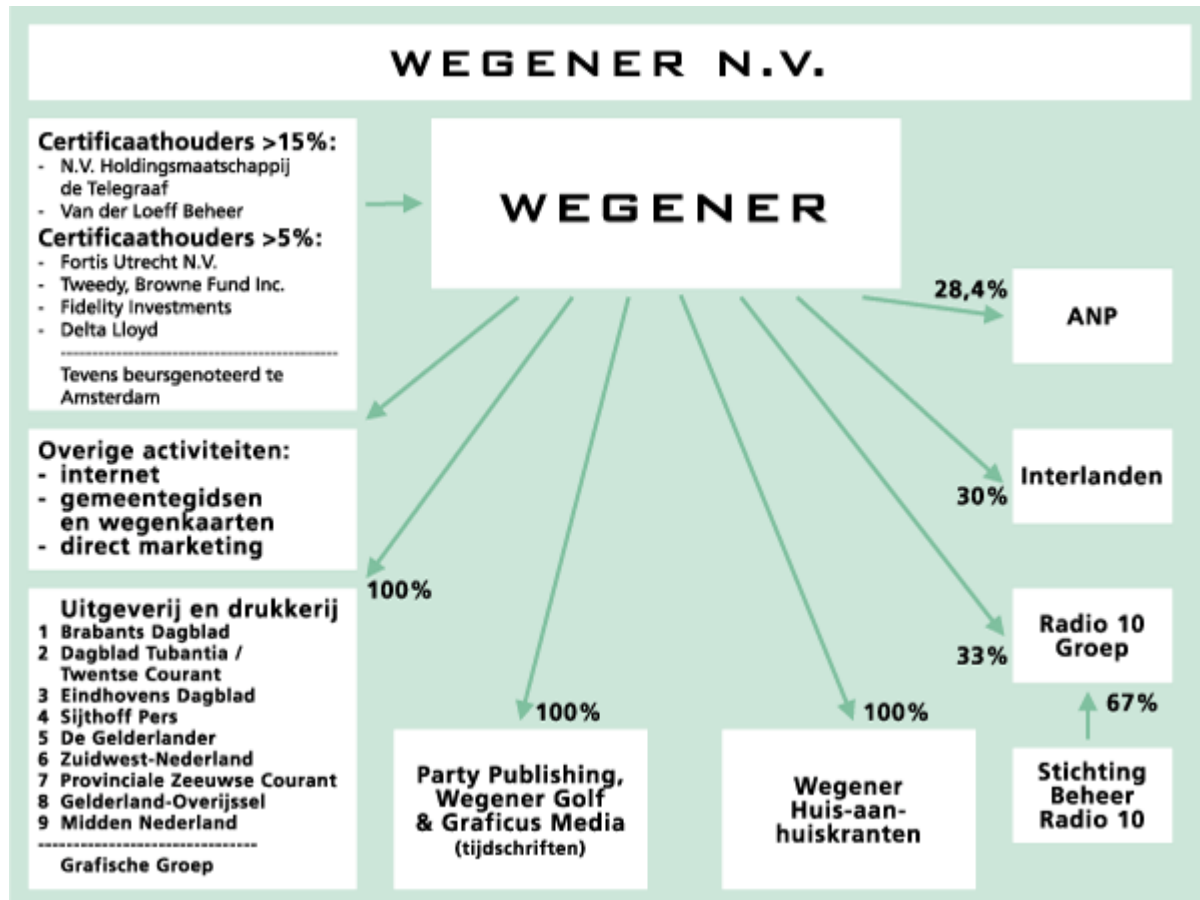


Figure 2.3 Ownership relations of Wegener

NDC

Noordelijke Dagblad Combinatie participates together with publisher Boom in radio activities and a production company. The group mainly focuses on its core activities: supplying daily papers and free advertising press.

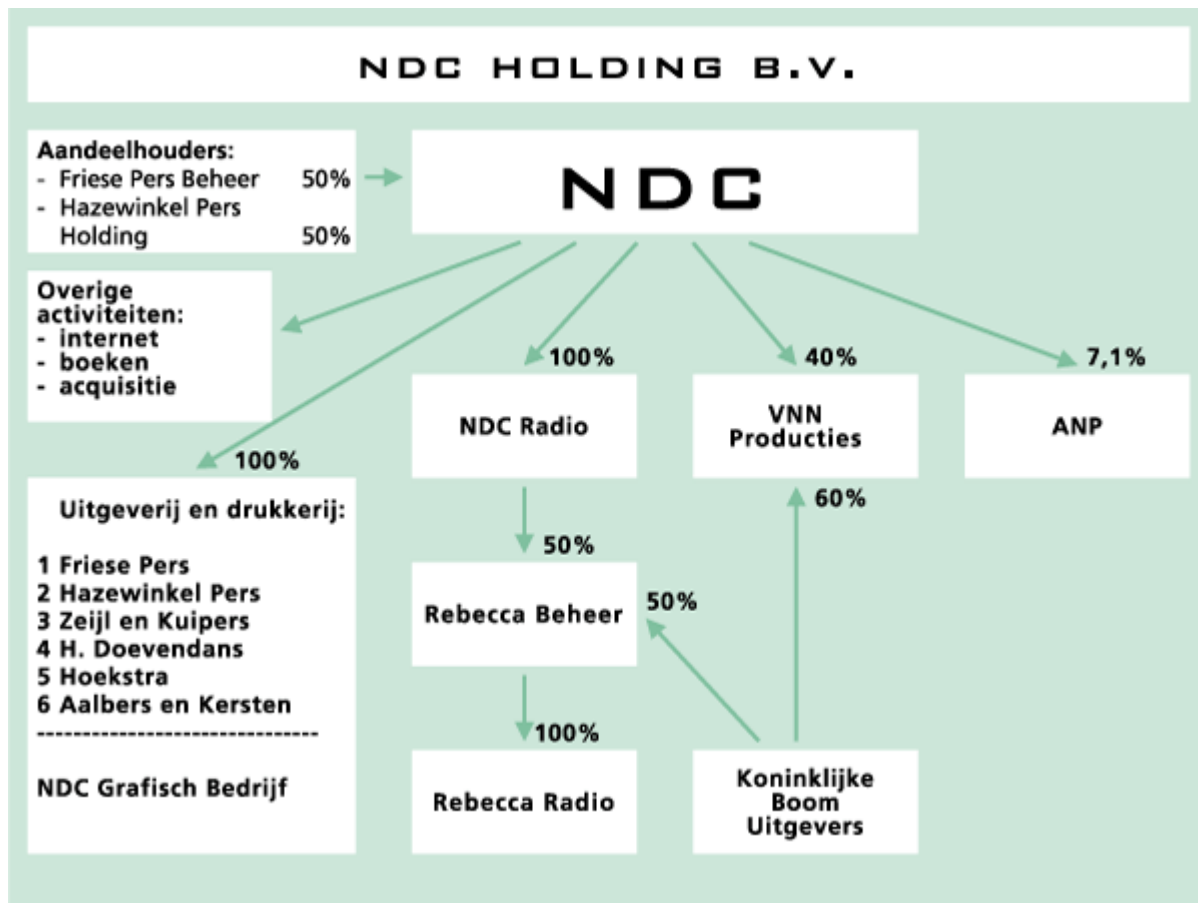


Figure 2.4 Ownership relations NDC Holding

Vertical integration

The daily paper enterprises show a high degree of vertical integration. The vertical components of the media value chain are all provided for within the enterprise itself. The journalists in the employment of the enterprise realise the first chain: the collection of news. The press agency ANP is in this respect the most important external source by far. The three largest daily paper companies jointly own 85 percent of the ANP shares. Moreover, nearly all regional dailies are united in the Netherlands Press Association (GPD). The distribution activities are also carried out by the publishers themselves. As distribution costs have risen dramatically in the past years and the daily paper distribution is confronted with major difficulties, an experiment is being conducted for a joint distribution with financial support of the Netherlands Press Fund.

Joint distribution

After an investigation carried out by the Dutch Daily Press Association (NDP) into the possibilities of a structural change of daily paper distribution, a shared project started at the end of 2002. The participants are the publishers of De Telegraaf, Wegener, PCM and NDC. Depending on the results of the small-scale experiment, the parties involved intend to establish a joint distribution company in 2003. The NDP has applied for an exemption with the Dutch Competition Authority (NMa), but up to date no such discharge has been granted.

Supplier concentration

The publishers' market shares on the total market of daily papers show only very minor changes. The number of publishers has remained stable.

**Chart 2.6 Market share daily paper publishers, national and regional
(market share in percentage)**

Publisher (listed by market share 2002)	2002	2001	Change in percentage with respect to 2001
De Telegraaf Holding	30.7	30.7	0.0
PCM Uitgevers	30.6	30.8	-0.2
Wegener	28.7	28.8	-0.1
Noordelijke Dagblad Combinatie	7.0	6.9	0.1
Reformatorisch Dagblad	1.4	1.4	0.0
Nederlands Dagblad	0.8	0.8	0.0
Friesch Dagblad	0.5	0.5	0.0
Koninklijke BDU	0.3	0.3	0.0
Total	100.0	100.0	
Total circulation (*1000)	4,193	4,255	

*Source data: Central Office for Newspaper Publicity (Cebuco)
Specialist daily papers excluded*

This chart is based on the definition of daily papers according to the classification of the Press Fund. Another possibility would be to add the dailies that are quite similar to papers in terms of content like Het Financieele Dagblad and the free daily papers.

**Chart 2.7 Market share daily paper publishers 2002
(market share in percentage)**

Publisher (listed by market share 2002)	national and regional dailies	national, regional and free daily papers	national, regional & free daily papers and Het Financieele Dagblad
De Telegraaf Holding	30.7	34.5	34.1
PCM Uitgevers	30.6	26.4	26.1
Wegener	28.7	24.8	24.5
Noordelijke Dagblad Combinatie	7.0	6.1	6.0
Reformatorisch Dagblad	1.4	1.2	1.2
Nederlands Dagblad	0.8	0.7	0.7
Friesch Dagblad	0.5	0.4	0.4
Koninklijke BDU	0.3	0.2	0.2
Metro International		5.7	5.6
Het Financieele Dagblad			1.3
Total	100.0	100.0	100.0
Total circulation (*1000)	4,193	4,858	4,920

Source data: Central Office for Newspaper Publicity (Cebuco); HOI-online Institute for Media Auditing

By including Het Financieele Dagblad and the free commuter papers in the calculation of market share, we see some changes. It is especially the high circulation of the free daily papers that results in a bigger market share of De Telegraaf group, i.e. 34.1 percent.

**Chart 2.8 Supplier concentration on the market of national daily titles
(market share in percentage)**

Publisher (listed by market share 2002)	2002	2001	Change in percentage
PCM Uitgevers NV	54.5	54.8	-0.3
NV Holdingsmaatschappij De Telegraaf	40.6	40.5	0.1
Reformatorisch Dagblad BV	3.1	3.0	0.1
Nederlands Dagblad NV	1.8	1.7	0.1
Total	100.0	100.0	
Total circulation (*1000)	1,889	1,924	
Supplier concentration			
HHI	0.46	0.47	
HHI number equivalent	2.2	2.1	

Source data: Central Office for Newspaper Publicity (Cebuco)

In the calculation of the concentration degree, only the market of national suppliers is taken into account, as these players compete on the same geographical market. There are four national publishers. From the perspective of statistical data, however, it seems that the market is divided as if there are actually two suppliers that control it. The PCM group on the one hand and De Telegraaf Holding on the other. This implies a highly concentrated market.

**Chart 2.9 Market share on joint markets of regional daily titles
(market share in percentage)**

Publisher (listed by market share 2002)	2002	2001	Change in percentage
Wegener NV	52.2	52.5	-0.3
NV Holdingsmaatschappij De Telegraaf	22.6	22.6	0.0
Noordelijke Dagblad Combinatie	12.8	12.6	0.2
PCM Uitgevers NV	11.0	10.9	0.1
Friesch Dagblad Holding BV	0.9	0.8	0.1
Kon. BDU Uitgeverij	0.5	0.5	0.0
Total	100.0	100.0	
Total circulation (*1000)	2,304	2,331	

Source data: Central Office for Newspaper Publicity (Cebuco)

The regional market cannot be calculated in the same manner as its geographical segments do not coincide. The dispersion on the entire market of all provinces and cities does show that Wegener is by far the largest publisher of regional daily papers.

Chart 2.10 Supplier concentration on geographical markets of regional daily titles in 2002 (in percentage)

	Friesch Dagblad	NDC	PCM	De Telegraaf	Wegener	BDU	HHI in Number equivalent in 2002	HHI in Number equivalent in 2001
Groningen	0.7	99.2					1.0	1.0
Friesland	15.4	84.5					1.4	1.3
Drenthe	0.2	98.5			1.2		1.0	1.0
Overijssel		0.3			99.6		1.0	1.0
Gelderland					96.0	3.8	1.1	1.1
Utrecht			6.1	4.5	89.1	0.3	1.2	1.3
Noord-Holland		25.7	74.3				1.6	1.6
Zuid-Holland		49.6	12.6	37.8			2.5	2.5
Zeeland			0.1		99.9		1.0	1.0
Noord-Brabant		0.1		99.9			1.0	1.0
Limburg			0.0	98.4	1.6		1.0	1.0
Flevoland	2.1	5.3	15.5	23.1	54.0	0	2.7	2.7
Amsterdam			100.0				1.0	1.0
Den Haag			0.2		99.8		1.0	1.0
Rotterdam			99.0		1.0		1.0	1.0
Utrecht			0.5		99.5		1.0	1.0

Source data: Central Office for Newspaper Publicity (Cebuco)

Chart 2.10 shows the distribution areas of the regional publishers. Each province faces the dominant presence of one single publisher. Only the provinces of Noord- and Zuid-Holland and Flevoland are operated by more than one publisher. However, this does not imply that there are actual competitors in one and the same geographical area. By including the data of the major cities, the activities of more publishers in some provinces become apparent but the actual operating areas do not, or minimally overlap. The big cities are 'one-paper cities'. Two publishers are operating the province of Friesland and compete for the favour of the reader throughout the province. To a lesser extent, this also applies to Flevoland where four publishers compete on some local markets.

As from the start of 2003, a new situation has arisen through the move to autonomy of Het Parool, signifying the arrival of a new supplier on the regional daily market. This has resulted in minor changes. The regional market share of PCM drops from 11 to 7.8 percent, based on the situation in 2002.

As there are also national daily papers being published next to regional ones, most provinces number more suppliers when viewed from the perspective of a joint market. It is of importance to monitor that there may be areas in which the regional daily papers are produced by the same publisher that publishes the national paper with a prominent position in the region.

The following chart therefore takes a closer look at the four major cities in order to determine whether a publisher is dominating on both the national and regional markets. The chart indicates that PCM is the largest publisher of national daily papers in all major cities. Another outcome is that PCM is the main publisher of the regional dailies in Amsterdam and Rotterdam. As per January 2003, that position on the Amsterdam regional market has changed due to the independent status of Het Parool.

Chart 2.11 Combination of regional and national daily paper markets

city	largest regional daily publisher	regional market share (in percentage)	largest national daily publisher	national market share (in percentage)
Amsterdam	PCM Uitgevers NV	100	PCM Uitgevers NV	60
Rotterdam	PCM Uitgevers NV	99	PCM Uitgevers NV	86
Utrecht	Wegener NV	99	PCM Uitgevers NV	73
The Hague	Wegener NV	100	PCM Uitgevers NV	64
Maastricht	NV Holdingsmaatschappij De Telegraaf	100	PCM Uitgevers NV	76

Source data: Central Office for Newspaper Publicity (Cebuco)

Editorial concentration

With respect to 2001, the number of autonomous daily papers went down by three titles. The result of mergers between regional daily papers. The previous Monitor stated which merger processes were initiated in 2002. At the close of 2002, the number of autonomous daily papers stops at 32 titles. Changes within the regional daily paper sector not only concern a loss of titles. The pressure of the declining economy leads to a high-speed integration of editorships.

Chart 2.12 Editorial concentration on the dutch daily paper market
Number of editorially autonomous titles*

Type daily paper	2001	2002
National	7	7
Regional	24	21
Specialist	4	4
Total	35	32

Source: The Dutch Media Authority (CvdM)

* Dailies with an independent chief editorship

Decreased autonomy regional titles

Increased cooperation between editorial staffs is a typical phenomenon for the regional daily papers. Editorial staffs are more and more subject to integration processes, leaving only separate regional editors to compose the regional quires. The Netherlands Press Association not only supplies general news items in the area of domestic news and news from abroad, but also offers contributions for supplements, features, sports, culture and art. Processing and layout takes place by the central editors. It is especially Wegener that has implemented reorganisations in this manner in its daily paper presence in the provinces of Gelderland and Overijssel, resulting in a loss of autonomous titles.

Contrary to rulings of the Dutch Competition Authority (NMa), Wegener merged the daily papers de Arnhemse Courant and de Gelderlander (also see CvdM 2002). At the end of December 2002, the NMa imposed new conditions on Wegener, among others concerning the continuation of the three regional editions of Gelders Dagblad and maintaining price levels. Furthermore, the publishers Provinciale Zeeuwse Courant and Zuidwest-Nederland (BN/De Stem) have merged as of 1 January 2003, albeit with retaining two autonomous editorships.

De Telegraaf group has consolidated the publishing activities of Mediagroep Limburg. The editorships of both titles Dagblad de Limburger and Limburgse Dagblad will be housed on a single location. Although there will still be two separate titles in agreement with the NMa-requirement; there are plans for editorial cooperation in a number of areas. This will affect the autonomy of the titles. The parent company De Telegraaf has also initiated a cooperation process in the province of Noord-Holland. In an attempt to cut jobs, the editorships of Noordhollands Dagblad and Haarlems Dagblad / De Gooi en Eemlander will have to intensify their cooperation efforts.

PCM established a new corporate component at the end of January 2003, in which the regional titles Rotterdams Dagblad, Rijn en Gouwe, De Dordtenaar and Algemeen Dagblad will have to work together commercially. Rijn en Gouwe and De Dordtenaar have been using copy from Algemeen Dagblad for considerable time. With NDC, Nieuwsblad van het Noorden, Drentse Courant and Groninger Dagblad merge into one new title. In April 2002, the first edition of Dagblad van het Noorden is published.

Diversity and independence

Diversity

Consolidating publishing activities and integrating editorial staffs inevitably leads to a decreased diversity of the daily paper press. Already at an earlier date, it was noted that the regional daily papers should increasingly be characterised as 'one-paper' regions. Maintaining separate titles while the editorships have actually already been integrated, as was ordered by the NMa in the provinces of Zeeland and Gelderland, has in itself hardly any positive effect on diversity. The titles will largely feature the same news items as the production is supplied by one single editorship. The continuous scaling-up process and loss of diversity is not only caused by a loss of subscriptions but mainly by the drop in advertising revenues in 2002. Scaling-up trends within the regional press especially affect the supply of news on a local and

regional level. It has to be noted that innovating projects are absent. A more creative approach of local and regional projects would be desirable to support especially the local democratic processes. In April 2002, the Netherlands Press Fund issued an urgent advice, pressing the State Secretary of Education, Culture and Science to take measures to protect the diversity of the local and regional press. The Fund proposed an extension of its instruments to support titles, and suggested making extra provisions as an emergency fund for local and regional papers. Furthermore, the Fund indicated that it had been drawing heavily on its financial means and that in view of the situation of the sector, a new (structural) donation is required.

Independence and public responsibility

Thanks to the traditional separation between editorship and commerce, laid down in the editorial statute, the journalistic independence is not directly affected by organisational changes. The year 2002 has been a turbulent year for all media through all attacks on their journalistic approach and public responsibility. More than once there have been ‘hypes’ in which journalism in general is criticised for focussing too much on mere incidents. The tumultuous entrance of Pim Fortuyn in Dutch politics and the coverage of his death and funeral aroused considerable debate with and between journalists and the Netherlands Union of Journalists (NVJ). And there were comments on the coverage of the general elections in 2003. Another memorable event was the presentation of the report of the Netherlands Institute for War Documentation (Niod) on the fall of Srebrenica, which included an extensive evaluation of the role of the media.⁵ By analysing the coverage of the war in former Yugoslavia, both by the daily papers and in television programmes, the report discusses the manner in which journalism influenced public opinion and the political decisions on military interventions. Following the Niod-report, de Volkskrant conducted its own analysis of the reporting on Srebrenica and made recommendations for future coverage of complex international events. In answer to the criticism, there is more attention for readership response to the paper’s content. Many have struggled with the question why the level of discontent Fortuyn evoked among the population, was not more urgently dealt with in the press. Journalism is reflecting on the question whether reporters are sufficiently aware of the real issues of the day. Public responsibility is another topic for evaluation. The Council for Social Development (RMO) calls on the journalist sector to play a more responsible role within the setting of society.⁶ Parties within the daily paper sector have developed a news monitor via the foundation of the Press Institute that is especially to provide information on how media hypes arise and what their effects are. A more central role for the Press Council is also advocated.

Chart 2.13 public preferences on the market of national daily titles (in percentage)

Daily	2002	2001	Change in percentage
De Telegraaf	40.6	40.5	0.1
de Volkskrant	17.3	17.3	0.0
Algemeen Dagblad	16.6	17.1	-0.5
NRC Handelsblad	13.7	14.0	0.3
Trouw	6.5	6.6	-0.1
Reformatorisch Dagblad	3.1	3.0	0.1
Nederlands Dagblad	1.8	1.7	0.1
Total	100.0	100.0	
Dispersion (measured in HHI) in number equivalents	4	4	

Source data: Central Office for Newspaper Publicity (Cebuco)

⁵ Wieten, J. (2002)

⁶ Council for Social Development (RMO) (2003)

Public preferences

The preferences of readers can be expressed in public preferences. This will reveal whether the preference is concentrated on one paper or spread out over a number of papers. The following chart is practically identical with the one for last year. The dispersion over the titles has not changed. The way the preferences are spread out, represents a situation with four equally strong titles. De Telegraaf is once more the paper with the strongest preference, while Algemeen Dagblad shows a structural downward trend and NRC Handelsblad is slightly up.

Chart 2.14 Daily subscription in households with growing children according to education level of the parents in 2000

Education level parents	Percentage of households with daily paper subscription
Lower general education	24
Lower vocational education	49
General secondary education/Intermediate vocational education	59
Higher vocational education/University	79

Source data: *The Social and Cultural Planning Office of the Netherlands (SCP)/Huysmans & De Haan, 2003*

Research by The Social and Cultural Planning Office of the Netherlands (SCP) shows that there are considerable differences in the Netherlands with respect to the access to papers. Only 24 percent of the parents with a low level of education that have growing children (0-18 years) have a newspaper subscription. As the educational level rises, the coverage extent increases significantly.

2.3 Newspapers and door-to-door papers

Main characteristics

The market of newspapers is served by a large number of publishers, all with a regional outlook. The total circulation figures of the newspapers are falling slightly. This signifies a continuation of the trend that has cut total circulation in half since 1990.

Chart 2.15 Market share top 10 newspaper publishers (2002) (listed by market share publisher)

Publisher	Number of titles in 2002	Market share (in percentage)	
		2002	2001
Koninklijke Boom Publishers B.V.	4	22	20
Hoekstra Uitgeverij B.V.	6	6	5
Koninklijke BDU Uitgeverij B.V.	3	6	5
Drukkerij Bakker Baarn V.O.F.	1	5	5
C. Pet B.V.	1	5	5
other publishers		56	60
		100	100

Source: *Netherlands Press Fund*

Koninklijke Boom Publishers is the most important newspaper publisher with a market share of 22 percent. Many smaller publishing houses are active in this segment as well. The publication frequency of the newspapers varies from once to a number of times a week.

**Chart 2.16 Market share door-to-door paper publishers in 2002
(listed by market share publisher)**

Parent company	Subsidiary	Circulation	Market share (in %)
Wegener		4,547	22
NV Holdingsmaatschappij De Telegraaf	B.V. Uitgeverij de Echo	756	22
	Uitgeverij Van Groenigen B.V.	729	
	B.V. Noorderpers	635	
	De Trompetter B.V.	601	
	Limburger Weekbladpers B.V.	537	
	Verenigde Noord-Hollandse Dagbladen B.V.	422	
	Kempen Pers B.V.	418	
	B.V. Reclame 't Gooi	338	
Janssen/Pers	Janssen/Pers Uitgeverij B.V.	1,028	7
	Jansen/Pers Postiljon Uitgeverij	414	
PCM	Rotterdams Dagblad B.V.	664	6
	Het Parool/Weekmedia B.V.	443	
Noordelijke Dagbladen Combinatie	Hazewinkel Pers B.V.	611	4
	Friese Pers B.V.	181	
Rodi Media	Rodi Media B.V.	539	3
	Rodi Media Zuid-Holland B.V.	73	
	Uitgeverij Rodi B.V.	69	
Buijze Pers		616	3
Stadsnieuws B.V.		327	2
Uitgeverij Vorsselmans B.V.		319	2
Koninklijke BDU Uitgeverij		294	1
Koninklijke Boom Uitgevers		240	1
other publishers		5,299	26
total circulation		20,283	100

Source: *Nijgh Media Disc.*

Circulation door-to-door papers calculated on the basis of titles that appear minimally once a week

The door-to-door papers are in general linked to the daily paper publishers, but there is also a large number of small independent enterprises. Wegener is the largest publisher of the free advertising press, followed by De Telegraaf, Janssen/Pers, PCM and NDC. The daily paper publishers historically take up an important position on this market.

A study on behalf of the Netherlands Press Fund (Bakker, 2002) reveals a high degree of concentration on a provincial level. In seven of the twelve Dutch provinces, the largest publisher controls a market share of more than fifty percent with respect to door-to-door papers.

Furthermore, three publishers (Wegener, NDC and De Telegraaf) are dominating the market in all twelve provinces. Another important finding in the study by Bakker is that the largest publishers of door-to-door papers are actually the ones that also publish the newspapers and the regional daily papers. This means that the written regional press on provincial level is mostly in the hands of one single group.

Chart 2.17 Supplier concentration door-to-door publishers per province (market share in percentage)

Province	Largest publisher	Market share in 2000
Groningen	Noorderlijke Dagblad Combinatie	74
Friesland	Noorderlijke Dagblad Combinatie	55
Drenthe	Noorderlijke Dagblad Combinatie	40
Overijssel	Wegener	51
Gelderland	Wegener	68
Utrecht	Wegener	60
Noord-Holland	De Telegraaf	44
Zuid-Holland	Wegener	28
Zeeland	Wegener	98
Noord-Brabant	Wegener	39
Limburg	De Telegraaf	56
Flevoland	De Telegraaf	35

Source data: Bakker, 2002

Ownership relations

Some changes with respect to ownership relations have occurred in the newspaper sector. In the takeover of Het Parool door De Persgroep, the free advertising press division Weekmedia was included. The NDC Holding has taken over Hoekstra Uitgeverij and the publishers Aalbers and Kersten.

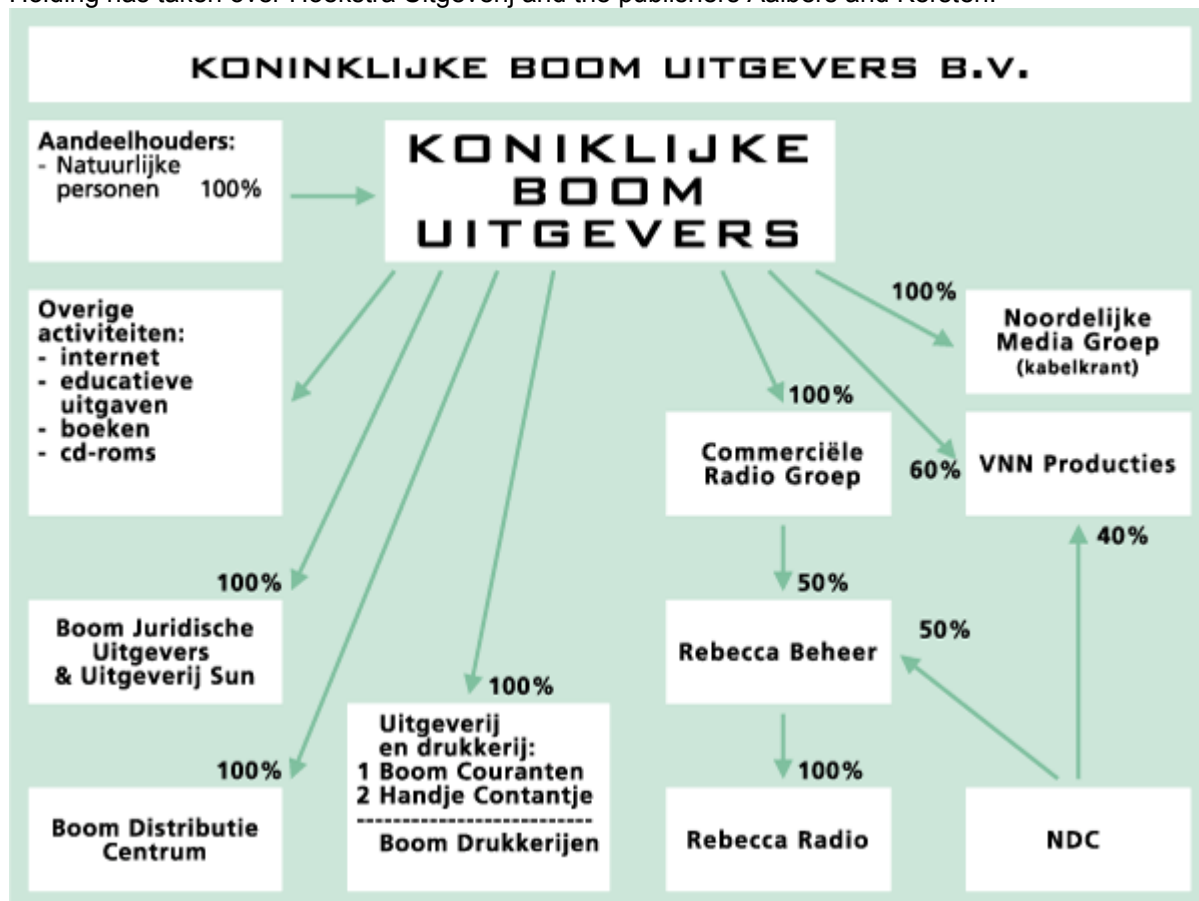


Figure 2.5 ownership relations of Koninklijke Boom Publishers

The operating companies Boom Courantenuitgeverij and Handje Contantje Uitgeverij publish newspapers and door-to-door papers respectively in the regions Friesland, Drenthe and Groningen. A considerable share of the newspapers is also presented in the form of cable TV information service. Koninklijke Boom

Uitgeverijen also operates on the market of specialist journals (legal), education materials and books. Together with publisher NDC, the enterprise owns producer Video Noord Nederland. And both parties share an equal interest in the non-national commercial radio station Rebecca.

2.4 The magazine sector

Main characteristics

The market of magazines designated for the Netherlands covers more than 2,400 different titles. Nearly 1,500 issues of this number are scientific magazines or specialist journals. Magazines are among others published by groups like Sanoma Tijdschriften and Reed Elsevier. The latter is the main publisher in the domain of the specialist journals with Sanoma Tijdschriften as the dominant player in the field of general-interest magazines. Next to specific Dutch magazines, a number of titles are produced under licence of foreign publishers. Through outlets like newsstands and bookshops, various magazines are offered from outside the Netherlands in a limited circulation.

The competitors of Sanoma Tijdschriften are some medium-sized publishers of general-interest magazines like Audax, WPG Uitgevers and the magazine division of daily publisher De Telegraaf. Wolters Kluwer, PCM and Koninklijke Boom Uitgeverijen are mainly engaged in publishing specialist journals in the field of finance, medicine and the law. Another important publisher of general-interest magazines is Nederlandse Tijdschriften Groep, dominant in special-interest music magazines. VNU Business Publications is not only a publisher of specialist journals with business and IT-titles but also global market leader in the field of market research into sales figures of consumer products and measuring radio and television audiences.

HOI, the Media Institute for Media Auditing, distinguishes 11 categories of general-interest magazines. Sanoma Tijdschriften dominates in five, i.e. women's, men's, family, youth and special-interest magazines. Reed Elsevier publishes the opinion magazine with the highest circulation figures and dominates the management magazines. Other categories concern year issues and guides, the free sponsored magazines and programme guides.

Chart 2.18 Circulation opinion magazines in 2002

Publisher	Title	2001	2002	Change in perc. as to 2001
Reed Business Information	Elseviers Weekblad	140,724	139,189	1.1
Vrij Nederland	Vrij Nederland	58,014	59,262	-2.1
Audax Publishing BV	HP / De Tijd	38,582	39,332	-1.9
De Groene Amsterdammer	De Groene Amsterdammer	15,229	13,225	15.2
Reed Business Information	FEM	32,157	35,218	-8.7
Total		284,706	286,226	-0.5

Source data: HOI-online Institute for Media Auditing

Circulation calculated over the first three quarters of the year in question and Q4 of the preceding year

The circulation of the opinion magazines is stabilising. The slight downward trend in the circulation figures continued for most magazines in 2002. The sheer number of subscribers is not sufficient for most smaller issues to survive. This is the reason why Hervormd Nederland Magazine merged with the Catholic magazine de Bazuin. De Groene Amsterdammer experienced a remarkable rise in its circulation figures after the success of its temporary daily publication. The Press Fund supported De Groene Amsterdammer and the region-bound opinion magazine from Hengelo, de Roskam. The opinion magazines are facing heavy competition from their peers and from the side of the extensive quires and supplements of the daily papers.

Chart 2.19 Top 10 magazine publishers 2002

Publisher	circulation	Market share (in percent)	
		2002	2001
Sanoma Publishers	4,772	32%	35
Reed Business Information	912	6%	7
Audax Publishing bv	740	5%	5
De Telegraaf Tijdschriften Groep B.V.	711	5%	5
Z-Press Sport & Media BV	563	4%	5
Weekbladpers Tijdschriften	532	4%	4
ANWB Media	403	3%	3
CrossPoints	375	3%	3
VNU Business Publications	341	2%	2
Brouwer Media	315	2%	1
Total circulation		14,686	14,306

Source data: HOI-online Institute for Media Auditing

Circulation calculated over the first three quarters of the year in question and Q4 of the preceding year

Chart 2.20 Circulation programme guides (2002)

Programme guide	Publisher	Circulation 2002 (*1000)	Market share (in percentage)	
			2002	2001
Veronica	Veronica Uitgeverij BV	1,096	23	23
AVRObode/Televizier	BV Programmabladen AKN	746	16	16
VARA TV Magazine	VARA	491	10	10
Mikro Gids	BV Programmabladen AKN	484	10	10
Troskompas	Tros Uitgeverij BV	470	10	10
NCRV Gids	BV Programmabladen AKN	339	7	7
TeleVizier	BV Programmabladen AKN	254	5	5
VPRO Gids	VPRO	249	5	5
Studio KRO Magazine	BV Programmabladen AKN	191	4	4
TV Krant	Tros Uitgeverij BV	172	4	4
Visie	EO	169	4	3
Satellite	Veronica Uitgeverij	37	1	1
Total circulation (*1000)			4,697	4,764
			100	100

Source data: HOI-online Institute for Media Auditing

Circulation calculated over the first three quarters of the year in question and Q4 of the preceding year

The general-interest magazines cover a wide segment of types of magazines with a strong focus on a specific target group. The main publisher is the Finnish company Sanoma with more than 50 titles. In the Top 10 of the general-interest magazines, we find a large number of member or donator magazines like the programme guides for instance. These have not been included in the above chart.

Subscribers of programme guides are in general also members of a broadcasting association. Despite NMa-rulings aimed at releasing programme data, the situation is unchanged up to date due to legal procedures. The broadcasters fear a sharp drop in membership/subscribers when faced with competition from other publishers.

Chart 2.20 presents an overview of the size of the interests at stake.

Advertising market

The magazine sector also shows it is vulnerable with respect to the declining economy. As compared to 2001, the sector is facing a drop of 1.8 percent in gross media spending. The advertising market is less sensitive to economic developments than that of the daily papers, as the magazines are relatively less dependent on employment advertisements.

Chart 2.21 Gross media expenditures in press sector (in million €)

	2001 (*1000)	2002 (*1000)	change in percentage with respect to 2001
General-interest magazines	487	496	-1,8

Source: BBC The Media and Advertising Bank

There is no dependence on specific advertisers (see chart 2.22). The largest advertiser (Sanoma) represents 2.2 percent of the advertising volume. This concerns advertisements for its own products in the various magazines.

Chart 2.22 Top 10 advertisers in magazine sector in 2002 (in €*1.000)

Advertiser	Budget	Budget as percentage of total magazine expenditures
1 Sanoma Publishers	9,611	2.2
2 L'Oréal Nederland	6,902	1.6
3 ANWB	6,790	1.5
4 Lever Fabergé Europe	6,486	1.5
5 L'Oréal Divisie Luxe Prod.	6,170	1.4
6 Beiersdorf	5,963	1.4
7 Ministry of Defence	4,742	1.1
8 Unilever Bestfoods Nederland	4,041	0.9
9 Frisia Financieringen	3,593	0.8
10 DaimlerChrysler Nederland	3,255	0.7

Calculated over the period January-November 2002

Source: MarketingTribune/BBC The Media and Advertising Bank

Ownership relations

Sanoma Tijdschriften

The Finnish company Sanoma publishes magazines in seven European countries. In the Netherlands, the enterprise makes use of various operating companies like Felicitas and Sanoma Uitgevers with titles like Libelle, Margriet, Donald Duck, Story, VT wonen, Panorama, Viva and Beau Monde. Through participations in among others Ilse Mediagroep (Ilse.nl, Startpagina.nl and Nu.nl) and Medical Media (Electronic Health Platform) and the AKN programme guides, there are branches in the domain of the internet and Public Broadcasting. Try-outs of new magazines are launched regularly in order to reach (new) target groups. Growth is mainly realised in the smaller segments. At times, titles have a very short life-cycle. In February 2002, Sanoma launched the first Dutch tabloid, the Prenza edition, but its publication ended after two months due to disappointing sales.

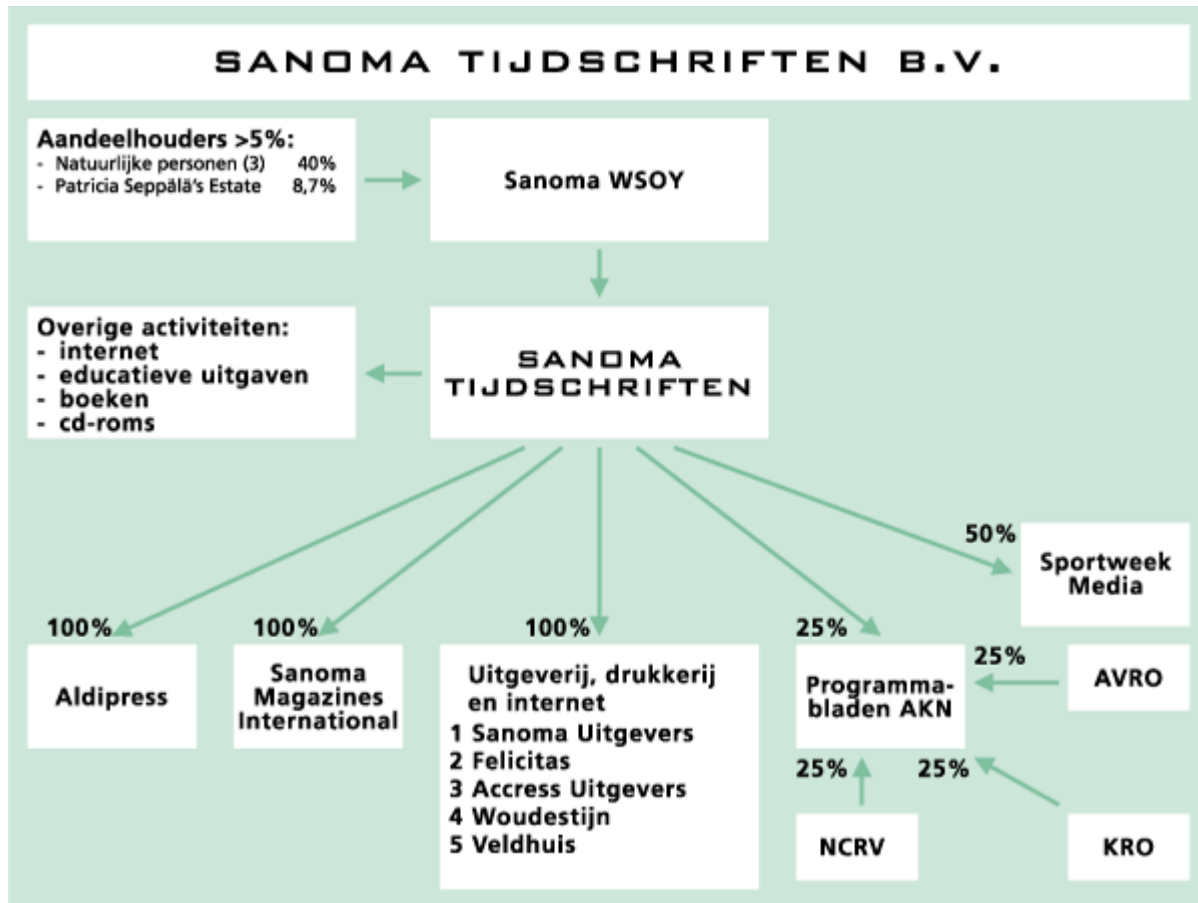


Figure 2.6 Ownership relations of Sanoma

Audax, Weekblad Pers Groep (WPG) Uitgevers and Nederlandse Tijdschriften Groep (NTG)

In addition to the opinion magazine HP/de Tijd, Audax puts out general-interest magazines in the fashion/cosmetics segment (Avant Garde) and men's magazines (Aktueel). Audax also publishes special interest magazines. Weekblad Pers Groep may feature only a few titles, but these are strong brands with high circulation figures like Voetbal Totaal, and well-known titles like the opinion magazine Vrij Nederland and Opzij. NTG is part of the investment group Imca of Erik de Vlieger and is a dominant publisher in the area of music magazines. Nearly all pop-music magazines were housed within the group in the past year.

The three major daily paper publishers also dispose of their own magazine divisions. De Telegraaf Tijdschriften Groep is the largest, with clusters for men's and women's magazines. Its most important publication is the magazine Privé. PCM and Wegener focus on more specific market segments. Via Party Publishing, Wegener is responsible for Party. PCM's publishing house CrossPoints markets the CJP Magazine (Cultural Youth Passport) and employment magazine Carp*. The publisher CrossPoints was sold by PCM at the end of 2002.

The first column (C1) states the market share of the listed publisher in the specific market segment of general-interest magazines. The C4 column indicates the total market share of the four largest suppliers in this segment. Sanoma and Reed Business, are the undisputed leaders in the area of general-interest magazines and specialist journals respectively.

**Chart 2.23 Supplier concentration magazine publishers in various markets in 2002
(listed by circulation)**

Segment (listed by circulation)	Total circulation (*1000)	Main publisher	Market share main publisher (C1)	Market share four main publishers (C4)
Programme guides	4,697	BV Programmabladen AKN	43	91
Women's magazines	4,038	Sanoma Uitgeverijen	62	90
Special-interest magazines	3,257	Sanoma Uitgeverijen	26	55
Sports magazines	1,545	Z-Press Sport & Media BV	36	69
Youth magazines	1,502	Sanoma Uitgevers	66	99
Family magazines	1,253	Sanoma Uitgevers	30	86
Specialist journals	650	Reed Business Information	32	61
Men's magazines	327	Sanoma Uitgevers	21	68
Management magazines	261	Reed Business Information	49	92
Opinion magazines	247	Reed Business Information	54	94
Year issues and guides	35	Stationery Team Europe b.v.	64	100

Source data: HOI-online Institute for Media Auditing

Circulation calculated over Q4 2001 up to and including Q3 2002

2.5 Specialist journals

Chart 2.24 Market share specialist journal publishers in 2002

Publisher	Circulation	Market share
Reed Business Information	650	32
Brouwer Media	221	11
Stichting AgriPers	196	10
Kluwer	150	7
Ten Hagen & Stam	148	7
Scope Publishing B.V.	117	6
Bohn Stafleu Van Loghum B.V.	79	4
VNU Business Publications	41	2
Sdu Uitgevers	38	2
Media Business Pers b.v.	35	2
other publishers	328	16
Total circulation (*1000)	2,003	100

Source data: HOI-online Institute for Media Auditing

Circulation calculated over the first three quarters of the year 2002 and Q4 of the year 2001

Reed Elsevier

Reed Elsevier is active in the domain of scientific and medical information (Elsevier Science), legal information, including the databank LexisNexis, Education (Harcourt) and specialist information (Cahners Business Information, Reed Business Information). In addition to publishing the opinion magazines Weekblad Elsevier and FEM, Reed Elsevier is the largest publisher of specialist journals in the Netherlands via Reed Business Information. Reed Elsevier covers the following fields of interest: transport, financial & economic information, social services, health-care, farming and the construction sector.

Next to specialist journals, information is offered in the form of books, electronic publications (CD-ROMs, websites) and through organising trade fairs for academic, medical & legal professionals, for the education sector and trade & industry. Reed Elsevier operates on a global scale.

Wolters Kluwer and VNU

Wolters Kluwer is the second largest publisher of trade journals of the Netherlands. Just as Reed Elsevier, the company provides internet-related products, CD-ROMs, books and loose-leaf publications. Wolters Kluwer is specialised in legal, fiscal and business information, medical & scientific information and educational publications. The specialist journals focus on subjects like marketing, management,

government, finance in all its aspects, the law and personnel affairs. Wolters Kluwer has world-wide operations.

Since the takeover of research bureau AC Nielsen, VNU has shifted its activities more to market research and measuring viewing and listening audiences. In 2000, the publisher sold its regional daily papers to Wegener and De Telegraaf. In 2001, VNU sold its magazine division to Sanoma. Through VNU Business Publications, VNU still puts out some trade journals in the field of management and IT. The most commonly known publication is the employment magazine *Intermediair*. VNU operates on the global markets as provider of marketing and media information.

2.6 Analysis, evaluation and policy

Supplier concentration

With a daily offer of 32 different daily papers, two free commuter papers and hundreds of weekly titles, the Dutch reader is presented with a wide and diverse spectrum of written information. But this high number of titles is in the hands of increasingly fewer suppliers. With respect to the daily papers, we can distinguish three dominant players; they jointly cater for 90 percent of the readership market. This was already the case in 2001 and 2002 has seen no changes in this respect. The market of daily papers remains highly concentrated. Early 2003 saw a slight degree of de-concentration as a result of the step to independence by daily paper *Het Parool*. This development, however, had no noteworthy effect on the concentration degree of the market.

The national market is mainly divided between De Telegraaf group and PCM, with respective market shares of 40.6 and 54.5 percent. The regional daily papers are for 52.2 percent in the hands of publisher Wegener.

With a circulation of more than 600,000 copies, the free commuter papers have acquired a position of their own. The appearance of this form of free advertising press has resulted in a number of effects. On the one hand, they take up market share from papers with a price-tag, especially with respect to sales in newsstands, but on the other hand they also reach new groups of readers. The news that the free papers offer, comes in short news items and is largely derived from the Dutch National News Agency (ANP). When the circulation of *Het Financieele Dagblad* and the free daily papers are included in the total overview of the Dutch daily paper market, the market share of De Telegraaf amounts to 34.1 percent. The character and publication formula of the free papers still differs so much from the format of the daily papers that one has to speak of two different product markets. De Telegraaf group takes up a strong position on the market of national and regional daily papers. Even more so, when its participation in the Wegener group of 21.6% is taken into account. The same can be stated for PCM, which not only controls 99 percent of the regional daily papers in the city of Rotterdam but also 86 percent of the national dailies in that town. Wegener is the largest publisher of regional daily papers and at the same time the largest supplier of door-to-door papers in six Dutch provinces.

On the market of general-interest magazines, Sanoma is the largest supplier of women's magazines, men's and youth magazines and family weeklies. Sanoma takes up 32 percent of the entire market of general-interest magazines. Reed Elsevier is the largest supplier on the market of specialist journals.

Vertical integration and cross-ownership

All companies show a high degree of vertical integration. To put it in terms of the media value chain, both the production, the packaging and the distribution processes are in the hands of one and the same publisher. The papers and magazines do make use of external sources, like the news agency ANP, the Press Association GPD and freelancers, but the major part of the news offer is supplied by their own journalists.

Cross-ownership relations emerge but the companies are redirecting their focus on their core business of daily paper activities. The major publishers of daily papers also put out magazines. Interests in audiovisual media are low as a result of the cross-ownership conditions. De Telegraaf owns 30 percent of the SBS-shares. Wegener reduced its interest in radio. All publishers are to some extent active on the internet. The most recent form of cross-ownership is the intended cooperation between *Het Financieele Dagblad* and *BusinessNieuws Radio*. Cross-ownership ties can also be observed with the newspaper publisher

Koninklijke Boom Uitgeverij through its interest in Rebecca Radio. The magazine publisher Sanoma was granted a radio broadcasting licence in March 2003.

Economic position

The written press and in particular the daily paper sector, is experiencing turbulent times. In addition to a steady drop in circulation figures, there is a strong decrease in advertising revenues from especially the employment ads. With the exception of Elseviers Weekblad, all opinion magazines are facing lower circulations; a number of them find themselves in a precarious economic position. The general-interest magazines are also confronted with a drop in advertising revenues, albeit that they seem to be less sensitive with respect to economic development than the daily papers.

In support of the daily paper sector, The Netherlands Press Fund made a financial contribution to a study that is to provide answers to the question how to close the gap with the advertisers market. The Press Fund also supports an experiment of joint distribution. These measures have not been able to prevent the implementation of large-scale cuts last year. This meant a loss of employment with all major groups. The daily paper groups PCM and Wegener face even more drastic cutbacks in order to finance takeovers of daily paper titles in earlier years.

Editorial concentration

The number of titles on the national market remained stable, while the number of regional titles went down by three in 2002. The current number of autonomous regional daily titles is 21. The Monitor 2001 noted the vulnerability of the PCM group, which publishes four of the five national daily paper titles. The publisher has an important social function in terms of a pluralistic offer on the national market and possible economic problems in the exploitation of the papers has dramatic consequences for the total offer of national daily papers. This vulnerability increased in 2002. Algemeen Dagblad has been incorporated in the Rotterdam publishing organisation to counter the problems due to lower circulation figures. Daily paper Trouw is facing extra economy measures, which may lead to a critical point.

With respect to 2001, three autonomous regional titles merged with other titles in 2002. At the same time, multiple papers implemented intensified integration processes, particularly aimed at economies in terms of editorial staffing. As a result of this, the papers' autonomy is greatly diminished. The Netherlands Press Association plays a more central role in the new situation. Only the province of Friesland still has competition between two regional dailies, competition in the other provinces is only marginal and the papers mainly cover bordering geographical areas. In the province of Limburg, there are still two daily paper titles - both published by De Telegraaf - that are competing with each other. But in view of talks on intensified cooperation, it seems only a matter of time before a form of editorial integration will be introduced.

Independence and social responsibility of journalism

The independent status of journalism was not the main topic of debate in 2002, the discussion focused on the social responsibility of journalism. The role of the media in the coverage of phenomenon Pim Fortuyn, the fall of Srebrenica and the general elections in 2002 and early 2003, was topic of extensive discussion. Both by the professional group itself as by scientists in this field. Papers tend to spend more and more attention to explaining their journalistic choices. Daily de Volkskrant conducted its own analysis of the coverage with respect to the war in former Yugoslavia and especially the fall of safe haven Srebrenica. The findings will be used in the coverage of new complex international issues.

At election time, there was considerable attention for the possible arising of a so-called Mediocracy, a democracy shaped by the media. This term primarily concerns the penetrating influence of television and the growing visual culture. But the daily papers also play an important part in positioning individuals and parties.

Media policy

In the previous report, the Commissariaat voor de Media dealt with possible media policy for the daily paper sector at great length. Since the publication of the results of the previous Monitor, and despite the urgent advice of the Netherlands Press Fund, the State Secretary for media matters has not yet discussed daily paper policy with the Dutch Lower Chamber of Parliament. The government did announce a study into media development to be conducted by the Netherlands Scientific Council for Government Policy (WRR). This proves to be an interesting trajectory to determine if, and in which manner the daily papers

can be involved in government policy. The Press Fund supported various internet projects in 2002 as well as newspapers and other magazines that influence public opinion. No contributions were made to daily papers. The measures as formulated at an earlier date by the Commissariaat concern setting a maximum market share of 33 1/3 percent on the daily paper market, so that horizontal concentration is maximised. This condition guarantees that the total market of regional and national suppliers will at least consist of a minimum of three suppliers of equal size. Another recommendation concerned readjusting article 130 of the Media Act to enable the Press Fund to financially support titles in a group that is profitable as such, implying that larger funds can be channelled to the dailies through the Press Fund. Other incentives were also proposed. The Commissariaat advocates to once more closely examine especially the regional function of the daily papers and to extrapolate it against the current scaling-up developments. Once the regional papers are banned from the village centres, they will lose their (social) function and critical comments. A role that so far has hardly been adopted by door-to-door papers or local broadcasters. The warnings of the Press Fund are not to be taken lightly and need to be looked into carefully. The Commissariaat furthermore puts up for consideration whether a liberalisation of the cross-ownership conditions would enable further investments. This would imply setting a maximum limit to market share on the various markets on which an entrepreneur operates. In the domain of the internet, room could be created for cooperation experiments, e.g. between regional daily papers and broadcasters. Such a liberalisation, in combination with temporary financial support, may provide an extra impulse to the journalistic function in the areas outside the urban areas.

3. TELEVISION

3.1 Introduction

The Television Monitor reviews concentration developments in the television sector. The Monitor 2001 covered the developments in the domain of public and commercial television over the past 10 years. The entry of commercial television in 1989 led to an increase in the number of television stations. The number of national suppliers with a broad programme package, aimed at the Dutch market (information / education, entertainment, fiction, sports and youth) rose to three (2002), the number of stations grew from three to nine. In addition, there is a large number of specialist stations with programmes in the categories youth, music, sports, nature & science and news. Despite the large number of stations that target the Dutch viewing audience, the number of suppliers of stations with a broad general programming is relatively low. This results in a high degree of concentration.

The Television Monitor 2002 provides an overview of the changes with respect to the preceding year. The levels of supplier concentration and programming concentration of the sector are recalculated and the description of the ownership relations has been extended and updated. The chapter on television is furthermore extended with a review of the non-national market: regional and local public broadcasting organisations and non-national commercial stations. For the purposes of this report, all television stations are part of the same relevant market.

In addition to a discussion of television/broadcasting, separate sections deal with television producers and cable operators. The degree of supplier concentration for independent television producers is recalculated, based on the share of produced programmes on the public channels. There were no data available on programme volumes for the commercial stations.

3.2 The television sector

Main characteristics

2002 was a turbulent year for the television sector. Public Broadcasting was the subject of wide-spread criticism. Headed by HMG, the commercial broadcasters launched a renewed attack on the unfair competition resulting from the unjustified privileged position of, and excessive government support for Public Broadcasting. Criticism focussed on unfair sponsor revenues, the notion that the Radio and Television Advertising Association (STER) is upsetting the free market system and that the price of sports rights is being pushed-up, disproportional subsidies and a public programming with too much emphasis on entertainment. The open criticism on alleged abuses on the side of Public Broadcasting resulted in a formal complaint with the European Commission on the excessive government support and an objection against the Commissariaat's approval of Public Broadcasting programming in 2001. SBS endorsed the complaint in Brussels. Also from the side of the daily papers and weeklies, there was sharp criticism on the subsidies for Public Broadcasting. The argument was that advertising expenditures in the print sector were partly under pressure as a result of the too low advertising rates and the enormous advertising volume of television. By discontinuing the STER and scaling-down Public Broadcasting, the print sector would get more air. At the same time Public Broadcasting investments in internet were not well received by the publishers and commercial suppliers of internet services like Ilse Media, which were forced to economise on their own internet investments. ABC Distributie filed a complaint with the Dutch Competition Authority (NMa) on the basis of alleged abuse of an economic position of power by the Netherlands Broadcasting Foundation (NOS) by gearing the purchase policy of films of the broadcasting associations and the Netherlands Programming Foundation (NPS).

This criticism on Public Broadcasting was only partially shared by politics. There was no basis for making substantial cuts in government contributions or the size of Public Broadcasting, as advocated by some parties. The coalition agreement did plan for a five percent cut in the broadcasting budget. There was no

support for starting new theme channels for news and culture. Investments in internet were continued and the offer of Public

Broadcasting on the internet was structured. Investigations were started into the manner in which the cuts of € 30 million were to be effected as per 2004.

The fierce debate on the essential role of Public Broadcasting and the attention for the role of television in times of political instability, hardly influenced the market positions of the main television suppliers. Relations stabilised and only minor changes could be observed in the offer and market share of the various stations. Public Broadcasting market share once more showed a slight downward trend, despite the intensified 'formatting' of its channels and additional investments in programming. The commercial broadcasters fine-tuned their diversification of the different stations, worked on economy measures and new forms of television exploitation. They succeeded in reasonably maintaining or reinforcing their positions. Advertising revenues recovered from the 2001 slump.

Chart 3.1 Public and commercial broadcasting organisations: market share (2002)
(18 – 24 hours, market share in percentage)

Broadcasting organisation	Station	Market share broadcasting organisation	Market share station	
			2002	2001
Public broadcasters		37.6		
	Nederland 1		12.4	13.4
	Nederland 2		17.0	16.6
	Nederland 3		8.2	8.5
HMG		27.4		
	RTL4		17.1	16.2
	RTL5		4.8	4.5
	Yorin		5.5	6.6
SBS		19.6		
	SBS 6		10.5	10.8
	Net 5		5.3	4.7
	V8		3.8	3.1
MTV-Europe (Viacom)		0.8		
	TMF		0.3	0.5
	MTV NL		0.5	unknown
Viva Media AG	The Box	0.2	0.2	unknown
Discovery Networks Europe (Joint venture of NBC, BSKyB, NGC)		1.3		
	Discovery Channel		0.9	unknown
	National Geographic		0.4	unknown
TF1	Eurosport	0.4	0.4	unknown
Walt Disney	Cartoon Network	0.2	0.2	0.6
Veronica	Veronica	0.2	0.2	unknown
regional		2.0	2.0	unknown
other stations		7.9	7.9	11.5
video		2.9	2.9	3.1
	Total	100.5*	100.5*	100.1*

Source data: the Dutch Television Audience Research Foundation (SKO)

* Sum not equal to 100 by rounding off

National supplier market

Public Broadcasting is the market leader in the television sector. The three stations jointly control a market share of 37.6 percent. The largest station is Nederland 2, which broadcasts among others events, sports and family programmes. Nederland 1 and Nederland 3 fall short of the targeted market share. HMG holds a solid second position on the market. RTL4 is the most popular television station with a market share of 17.1 percent. Yorin's profile as youth station did not come across, affecting market share. SBS is competing with three stations. Its market share of 19.6 percent makes it a player of the same stature as HMG and Public Broadcasting. Net5 is particularly successful on the market of female viewers in the age group of 24 to 35 years. The interest of V8 seems to be based on market strategy, i.e. fending off possible competitors.

Niche stations like MTV, TMF, The Box, Cartoon Network and Fox Kids and theme stations like Discovery, National Geographic and Eurosport, all take up modest but solid positions. The strong presence of Discovery Channel is remarkable in this group with a market share of 0.9 percent. The 'return' of Veronica as autonomous commercial broadcaster is problematic and for the time being the station has not succeeded in obtaining a position of relevance. For the first time the Monitor also disposes of data on the market share of the joint public regional television stations. The regional stations serve two percent of the viewer market.

Chart 3.1 provides no insight into daytime programming, which deviates from evening programming especially as a result of the attention for children's, youth and consumer programmes. Daytime programming (included in the chart in the Annex) shows that the market shares of the three major suppliers go down a little in favour of Fox 8 (Kids), MTV-Europe (mainly Kindernet), Discovery and National Geographic.

Supplier concentration on the viewer market

The relations in market share of the three major players on the viewer market, Public Broadcasting, HMG and SBS, only change marginally with respect to 2001.

Measured in market share of the suppliers in the evening from 18.00 to 24.00 hours, it has to be noted that Public Broadcasting - despite the general elections, the World Championship Football and all the royalty events that drew nation-wide attention - is losing 0.9 percent market share. Nederland 2 is still benefiting from its popular programmes but Nederland 1 is especially losing market share on primetime. Nederland 3 is losing more ground despite strong children's programming in the after-dinner hours and sees its viewers disappear once more to popular informative late-night programming, especially on RTL4.

The loss of market share of Public Broadcasting seems limited, but is still remarkable as 2002 was a sports year. Because sports programmes are mainly broadcast by Public Broadcasting, one might expect that this would lead to a larger market share for 2002. On the contrary, there seems to be a downward trend: since 1995 one percent is taken over by the competition every year. The loss of market share in 2002 is all the more striking as no new commercial stations entered the market that year, nor were there any successful commercial initiatives.

The HMG group consolidated its market share at 27.4 percent. RTL4 reinforced its position, partly at the expense of Yorin market share.

In 2002, SBS once more enhanced its position on the viewer market with a growth of one percent market share. For the first time since its start in 1995, SBS6 lost ground but the loss was amply compensated for by the position of Net5 and the limited growth of V8. After a number of strong years of the group as of 1995, the growth rates have been levelling out considerably in recent years.

In terms of the number of suppliers, the television sector still shows the same high degree of concentration.

**Chart 3.2 Supplier concentration on the viewer market
(market share 18-24 hours, in percentage)**

Broadcasting organisation	2002	2001	Change in percentage with respect to 2001
Public Broadcasting (NOS)	37.6	38.5	-0.9
HMG	27.4	27.3	0.1
SBS	19.6	18.6	1.0
other suppliers	13.0	12.6	0.4
Video	2.9	3.1	-0.2
Total	100.5*	100.1*	
HHI	0.26	0.26	
HHI in number equivalents	3.9	3.9	

Source data: the Dutch Television Audience Research Foundation (SKO)

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

** Sum not equal to 100 by rounding off*

Ownership relations national television suppliers

RTL Group

RTL Group is active in the Netherlands with three stations. RTL4, RTL5 and Yorin are part of RTL/de Holland Media Groep. The broadcasting licenses for RTL4 and 5 are in the name of another subsidiary of RTL Group, Luxembourg-based CLT-Ufa. The three channels feature five programmes: in addition to the three stations mentioned, Yorin exclusively targets young viewers with Yor Kiddin' during 07:00 and 18:00 hours, while RTL5 makes way for the news programme of RTLZ until 18:00 hours. Up to 2001 in the form of a joint venture with Flemish BBT (Belgian Business Television).

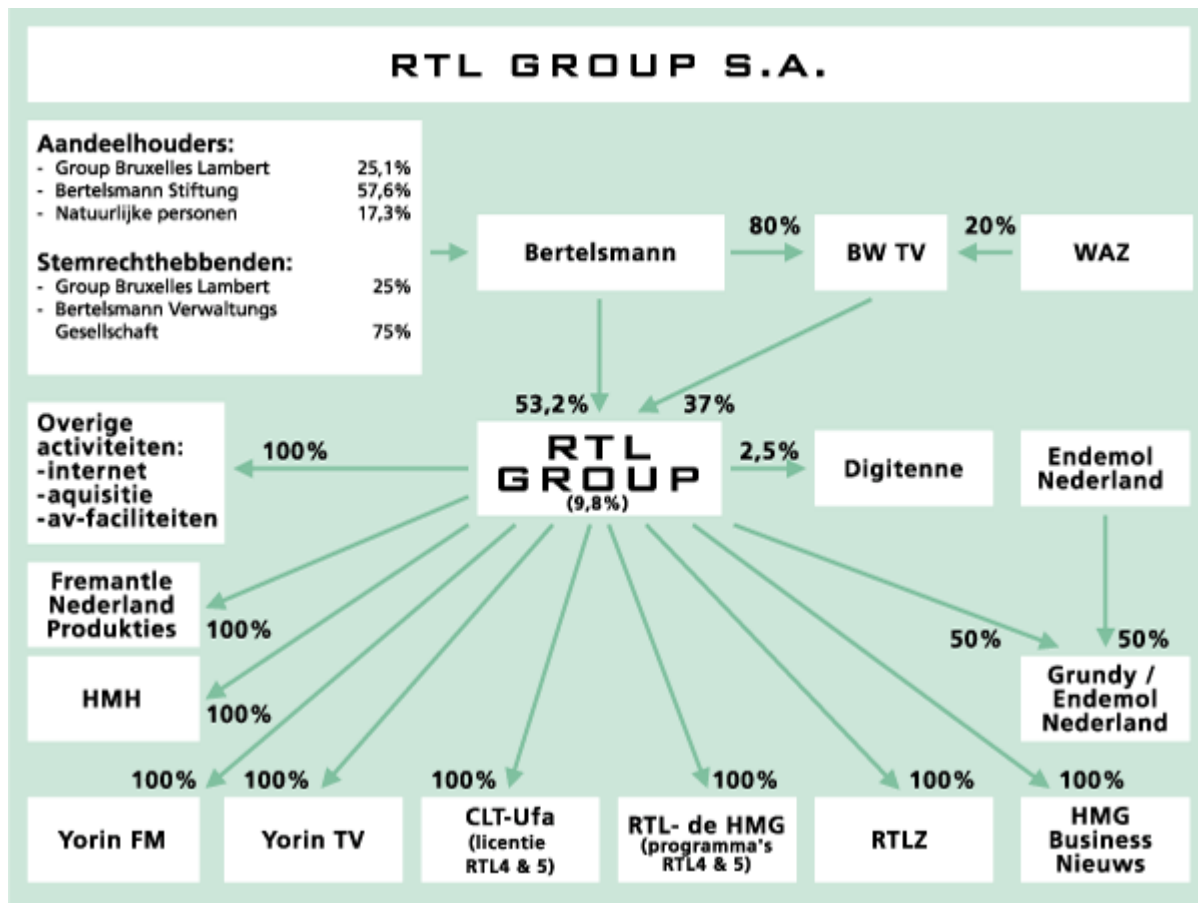


Figure 3.1 Ownership relations of RTL Group

The Dutch branch of RTL is active in the field of Teletext, radio (Yorin FM, formerly Veronica FM) and internet (rtl.nl). The group disposes of two production companies for television programmes in the Netherlands: Holland Media House and Fremantle Productions, and is partner in a third: Endemol Nederland/Grundy. The own productions are among others: Barend & Van Dorp and Idols. In the area of audiovisual facilities, film rights and the exchange of news items and footage, the company is partly self-sustaining. Commercial broadcast time on television, radio and internet is sold by the own acquisition company IPN.

Since 2000, RTL Group has been part of the German publisher group Bertelsmann, a family business. Bertelsmann owns more than 90 percent of the shares (53.2 directly and 37% via BW TV; the remaining 9.8% of RTL Group is in the hands of investors). The main investors are Group Bruxelles Lambert (25.1%) and the Bertelsmann Foundation (57.6%). The ownership relations have no bearing on the company's control structure: the centre of gravity lies with the Mohn family. In its capacity of publisher, Bertelsmann is originally active in the area of daily papers (Germany, Rumania) and books (via Axel Springer Verlag). The group owns television stations in Germany, the Netherlands France and Hungary. The main internet branch is online store bol.com. Napster, taken over in 2002, was sold to Roxio in 2002.

Public Broadcasting

Public Broadcasting exploits three television channels. Programme responsibility lies with the eight broadcasting associations, NPS, NOS RTV, Educom and eight small broadcasting-licence holders with broadcast time on the grounds of religious or philosophical principles. The broadcasting organisations are represented in the Public Broadcasting Supervisory Council. The Council has an independent chairman and a number of crown-appointed members. Daily management of Public Broadcasting is in the hands of the Management Board, among others responsible for the coordination and central control of the joint broadcasters, budgeting and financial control, NOS RTV and station management. Public Broadcasting

has a concession for ten years, the broadcasting organisations and Educom are recognised for a period of five years and the smaller broadcasting-licence holders have been granted independent broadcasting licences for the same period of five years.

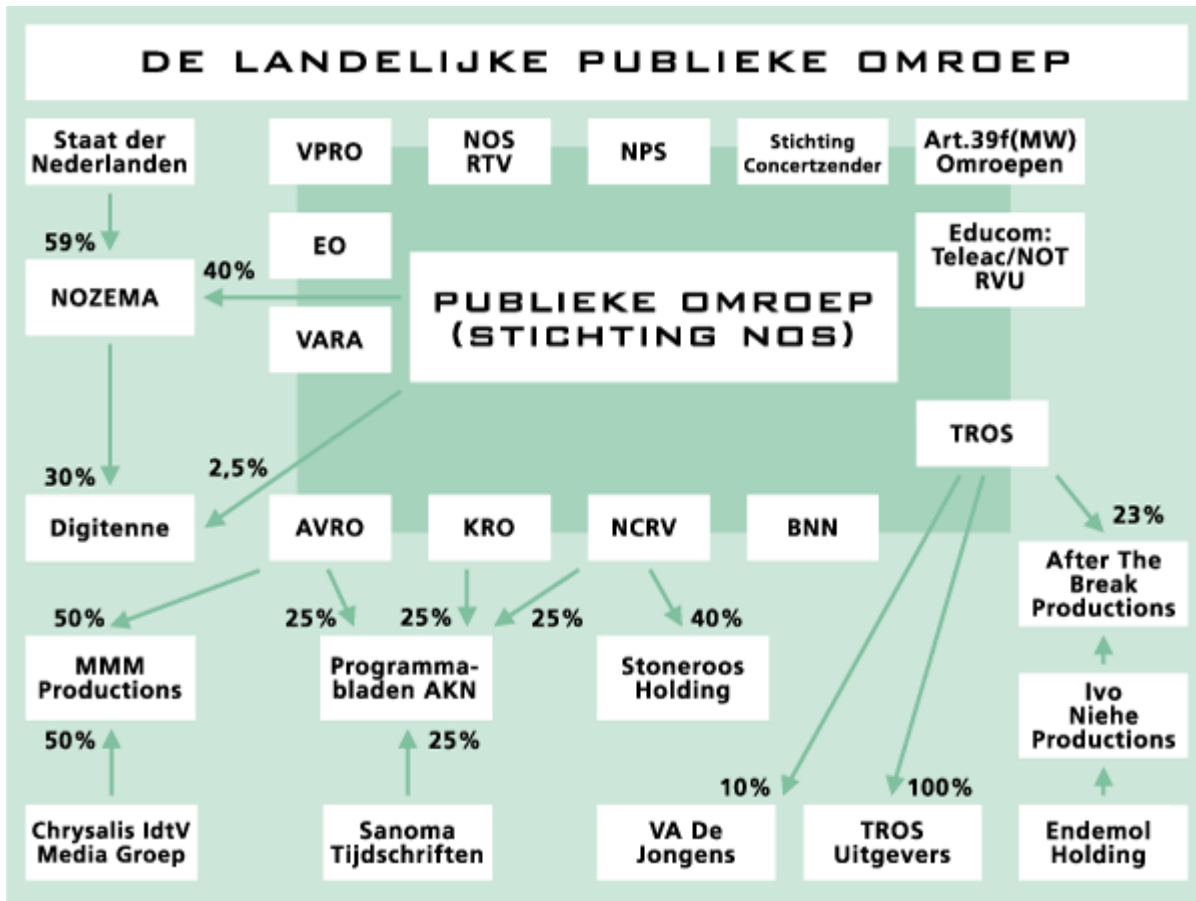


Figure 3.2 Ownership relations of the Public Broadcasting

SBS Broadcasting SA

SBS Broadcasting SA is active in the Netherlands with three programmes. SBS6, NET5 and V8 are part of SBS Broadcasting BV. The broadcasting licence for V8 is in the name of TV10, a private company with limited liability in which the Dutch SBS branch has a 50/50 interest together with Fox Kids Netherlands. The three channels feature six programmes: in addition to the three stated, Fox Kids uses the broadcast time of V8 until 18.00 hours for (partly) subtitled cartoons. The daytime broadcast time of SBS6 and NET5 features teleshopping programmes of Tele 6 and Via 5, both broadcasting under their own broadcasting licence.

The activities of the Dutch branch of SBS Broadcasting mainly concern the domain of television production (Cameo Media, which was taken over at the end of 2001) and internet (sbs.nl). Cameo is among others responsible for the news programmes Hart van Nederland and De Stem van Nederland. The websites are realised in cooperation with Endemol, i.e. in the joint venture @Fun. The Teletekst programmes for the three stations are placed in joint ventures: in SBS text with Media Groep West van De Telegraaf, in the case of V8/Fox Kids Text with Fox Kids Netherlands. In 2002, the interest in radio station Noordzee FM was sold to John de Mol's investment company Talpa Beheer. The sale of commercial broadcast time on television, radio and internet is handled in-house.

SBS Broadcasting SA is a European-oriented media company with television stations in eight, and radio stations in four European countries. Main shareholders are UPC NV (21.2%) and the chairman of the

advisory board of SBS, H.E. Sloan (10.9%). The parent company owns 70 percent of the shares of the Dutch subsidiary. The remaining 30 percent is in the hands of De Telegraaf.

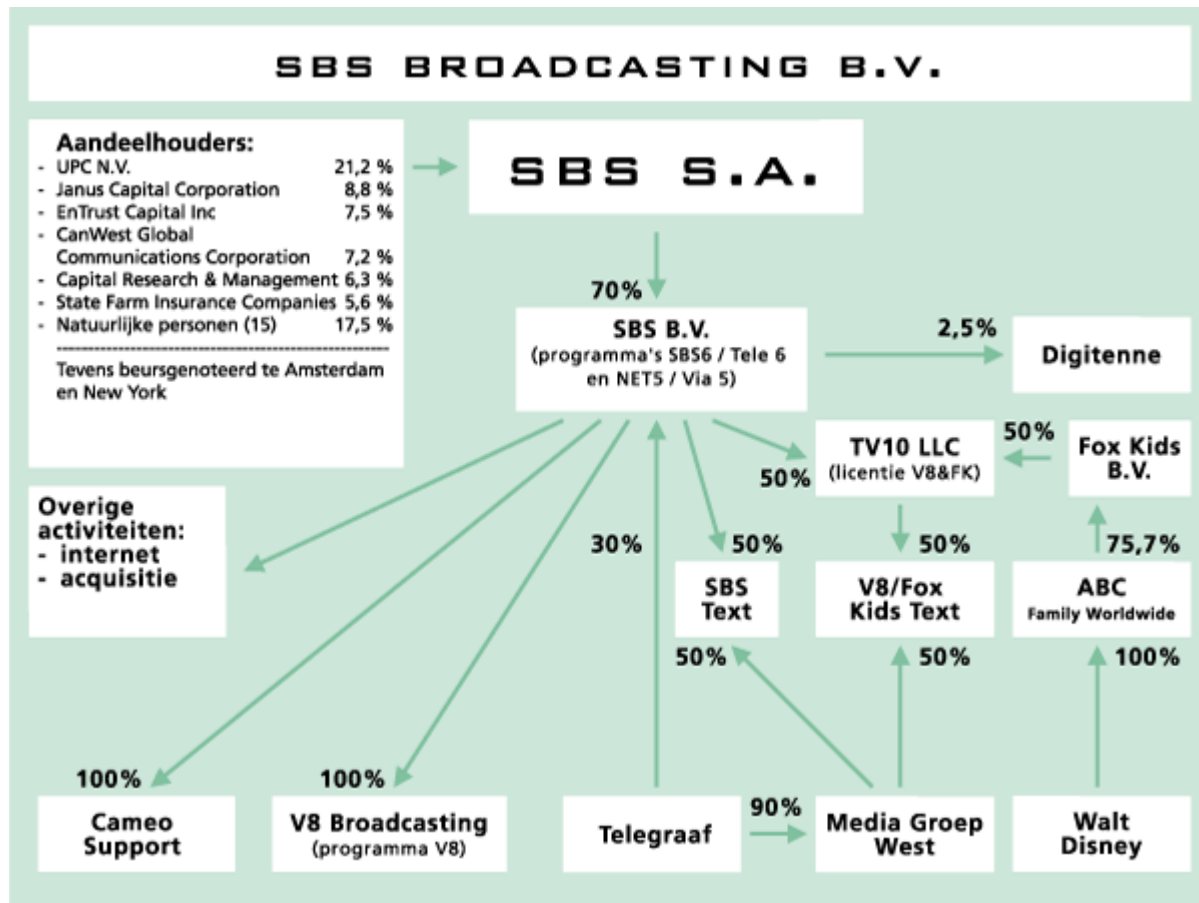


Figure 3.3 Ownership relations of SBS

MTV Networks

MTV Networks is active in the Netherlands with three stations. MTV, TMF and Nickelodeon are part of MTV Networks Netherlands. MTV and TMF provide programmes that mainly consist of music videos. The stations distinguish themselves through formats with Dutch hosts (MTV) and virtually non-stop video clips (TMF). Production activities for both stations are in the hands of MTV itself.

Multiple MTV-editions can be received in the Netherlands through satellite reception. Nickelodeon (formerly Kindernet) is broadcasting a programme in the Dutch language, aimed at young viewers up to 12 years of age. In 2002, MTV offered Vereniging Veronica the possibility of making use of its broadcast time for experiments with a new programme: a small-scale project in the evening hours on TMF and since September 2002 by sharing a channel with Kindernet. The cooperation has ended in the meantime.

Via MTV Networks Benelux and MTV Networks Europe, MTV Networks Netherlands is part of the media group Viacom Inc. In addition to MTV, Viacom owns the television station CBS in the United States and a large number of cable television stations. Viacom is also the owner of some television production companies and the motion picture company Paramount Pictures. Furthermore, Viacom has worldwide operations in the area of outdoor advertising (billboards).

Veronica

The main activity of former public broadcasting association Veronica is the publication of the programme guide Veronica Magazine. The publisher also puts out Satellite, the programme guide for satellite dish

owners, and carries out prepress activities for among others KLM and Albert Heijn. As of 1995, Veronica is a commercial broadcasting organisation. After the departure from RTL/de Holland Media Groep in 2000, the association independently presents a television and radio programme. In 2002, Veronica FM is carried on the cable in parts of the country. The association also owns 75 percent of the shares of radio station Kink FM. Veronica filed legal proceedings in 2002 against the delay in the intended auctioning of airwave frequencies. The provisions court ruled in favour of the association but the ruling is rendered obsolete by new cabinet plans to arrive at a permanent allocation on the basis of weighted criteria.

TMF experienced a short-lived experiment in the evening hours with some new programme components. As of September 2002, Veronica broadcasts a programme in a shared channel with Kindernet.

Other 'open' stations and subscription television

Fox Kids Netherlands, listed under SBS Broadcasting SA, is for 76 percent owned by Walt Disney Inc. via Fox Family Worldwide. The remaining 24 percent is in the hands of investors. Walt Disney has global operations in the domain of television, online entertainment and film production. Music station The Box was taken over in 2002 by Viva Media, active in Germany with music television and television production.

Discovery Channel and National Geographic Channel are partly in the hands of the major media groups of John Malone and Rupert Murdoch. Liberty Media Corporation Inc. owns 50 percent of the shares of Discovery Network and subscription television station BSKyB of News Corporation Inc. is for 50 percent part of a joint venture with NBC and NGC. Eurosport is still firmly in the hands of the French broadcasting company TF1. News station CNN is part of AOL Time Warner. Cartoon Network has ended its activities.

Suppliers of subscription television in the Netherlands are Canal+, cable operator UPC and Cinenova. Cinenova is in the hands of the film companies Sony Pictures Entertainment and Walt Disney subsidiary Buena Vista International. Both own 45 percent of the shares. Next to its own subscription television branch, UPC Nederland holds a minority interest of 10 percent in Cinenova. Canal+ Nederland is owned by Vivendi Universal via Canal+ Benelux and Canal+ Group. The French media group has been intending for some time to sell its entire subscription television activities. The three largest cable operators in the Netherlands are currently discussing the takeover of the component Canal+ Benelux. Canal+ implemented reorganisations in 2002. The sports branch of the pay-station was privatised and the Customer Contact Centre was closed. The company WK Producties now provides the sports productions for Canal+. Canal+ says its subscribers presently number 325,000.

Public-private cooperation on a regional level

The large daily paper publishers have virtually ended their participations in regional television due to the steady losses. This applies to all public-private cooperation initiatives. In 2002, a further disentanglement took place with the production company for Omroep Brabant. Initial shareholders were Wegener and Omroep Brabant. Omroep Brabant has taken over all shares of Wegener. Only with respect to the Limburg public broadcaster L1, one can still speak of a public-private cooperation through the participation of daily paper De Limburger (subsidiary of De Telegraaf) in the broadcasting company. With RTV Noord-Holland, the cooperation with the production company AT5, supplying programmes for the Amsterdam edition of RTV Noord-Holland (and for local broadcaster Salto), was discontinued at the end of 2002.

Vertical integration and cross-ownership

2002 saw no significant changes in terms of vertical integration and cross-ownership. SBS Broadcasting BV sold its share in Noordzee FM, which resulted in a minor de-concentration in cross-ownership range. RTL Group displays a limited form of vertical integration with the establishment of a second production company for television programmes in 2002 and a joint venture with Endemol for multimedia production company Grundy.

Finances national television suppliers

Advertising revenues

The net expenditures on television advertising showed clear signs of recovery in 2002. The television advertising expenditures increased by € 34 million to € 717 million. This signifies a growth of five percent

with respect to 2001 (€ 681 million), but is still below the expenditures of € 726 million in the booming year 2000. The Association for the Promotion and Optimisation of Television Advertising (SPOT) expects a growth rate of 3.5 percent for 2003 and in 2004 a five percent increase in advertising expenditures on television.

Chart 3.3 Net television advertising expenditures 2000 – 2002 (in €*million)

	Total
2000	726
2001	681
2002	717

Source: Association for the Promotion and Optimisation of Television Advertising (SPOT)

According to SPOT, the recovery in 2002, which took place despite the downward economic trend, was the result of the fact that advertising budgets were concentrated in the main media types and that advertising funds were taken out print and channelled to the audiovisual media. The ITC-advertisers also returned earlier to the market. Other growth sectors were the banking sector, the entertainment industry, coffee producers, soft drink companies, lotteries and other 'games of chance', ice-cream vendors and home improvement stores. The main sectors for television advertising are the car industry, insurances and the beer industry.

Chart 3.4 Top 10 television advertisers 2002

	Advertiser	Expenditures (in €*1000)	Expenditures as percentage of total television expenditures
1	Unilever Bestfoods Nederland	55,657	3.6
2	Lever Fabergé Europe	54,881	3.6
3	Procter & Gamble Nederland	54,794	3.5
4	Iglo Mora Groep	30,517	2.0
5	Henkel Nederland	24,890	1.6
6	Masterfoods	24,364	1.6
7	L'Oréal Nederland	23,780	1.5
8	Vrumona Bunnik	23,661	1.5
9	Coca-Cola Nederland	22,681	1.5
10	Heineken Nederland	20,984	1.4
C10			21.8

Calculated over the period January-November 2002

Source: BBC The Media and Advertising Bank in MarketingTribune

Government broadcasting contribution and budget Public Broadcasting

National Public Broadcasting is mainly financed through the government broadcasting contribution. This contribution is subject to an annual indexation based on price development and the growth in the number of households. The revenues for 2002 from government broadcasting contribution in total spending on Public Broadcasting and support policy & subsidies is projected at € 655.1 million. This signifies an increase with respect to 2001 of € 57 million, including a compensation of € 32 million for loss of income through public funding in 1999. The proceeds from radio and television advertising via the Radio and Television Advertising Association (STER) amount to another € 217 million. The total available media budget is € 876 million.

The cabinet announced economy measures of five percent on Public Broadcasting spending. This measure will be implemented by cutting the media budget as per 2004 with €30 million. At the request of the Ministry of Education, Culture and Science, an investigation has started into the manner in which the cuts can be realised in the broadcasting budget.

€ 676 million from the media revenues goes to Public Broadcasting for radio, television, new media and management. € 568 million is designated to television.

Chart 3.5 Television budget Public Broadcasting 2000 – 2002 (€* million)

2000	477
2001	548
2002	568

Source: Budget Public Broadcasting 2003 – 2007

Financial results and budgets commercial broadcasters

Turnover of Holland Media Groep (HMG) rose by five percent to € 318 million in 2002. Financial results fell to a loss of € 17 million. The losses are particularly caused by write-offs on Star Academy and The Bar as well as the buy-out of RTLZ partner Belgian Business Television. Production group HMG and the radio station Yorin FM showed a profit.

In November 2002, HMG announced plans to cut 120 of the 800 jobs through a restructuring process that is to be completed in 2004.

Chart 3.6 Turnover RTL/ Holland Media Groep and SBS Broadcasting b.v. (€* million)

	2002	2001
HMG	318	303
SBS	157	138

Source: annual accounts and Het Financieele Dagblad

The net losses of SBS Broadcasting S.A. in 2002 amounted to € 35.7 million. Turnover rose by 6 percent to € 510.9 million. The operational results of the Dutch stations were € 17.6 million. Turnover increased by 12.6 percent to € 197 million. SBS6 and Net5 made a little more profit than expected. V8 fell short of the expectations.

The commercial broadcasters are still reporting negative results. In order to generate more cash, a great deal of broadcast time is designated to teleshopping, especially in the afternoon hours and at night. They are also looking for formats that may be interesting to sponsors and that contain interactive aspects. These interactive formats may generate income through text message services.

Supplier concentration on the market of television advertising

Although the nineties experienced major shifts on the market of purchasers of television advertising, relations between the STER, IP and SBS have been somewhat stabilising in recent years. IP was confronted with the varying results of the HMG stations. Two of the three HMG stations lost market share on the advertiser market in 2002. Both RTL5 and Yorin saw their interest in media expenditures go down. SBS claims a market share of 27 percent of advertising expenditures for television.

Total net advertising expenditures on television amount to € 717 million in 2002. The total net proceeds of the STER are € 217 million. This figure includes radio advertising. This implies that the commercial broadcasters have jointly collected more than € 500 million.

In view of the market share of Public Broadcasting on the viewer market, the STER takes up a relatively small share of the television advertising market. This is largely due to the more limited advertising regime of the STER. Maximum advertising broadcast time with the STER is a mere 6.5 percent per day while this is fifteen percent for the commercial broadcasters, even though both apply a similar advertising maximum per hour of twenty percent. Nor is the STER allowed to offer advertising blocks within programme components.

Chart 3.7 Advertising broadcast time (in percentage)

	Timeframe 18 – 24 hours
Public broadcasting	10.7
HMG	17.0
SBS	16.3

Source data: the Dutch Television Audience Research Foundation (SKO)

The commercial programme-suppliers HMG and RTL broadcast more advertising than Public Broadcasting: 17.0, 16.3 percent and 10.7 percent respectively. Public Broadcasting spends 4.7 percent

of its broadcast time on advertising in the timeframe 2-26. Total advertising broadcast time remains below the allowed percentage of 6.5 percent.

3.3 Programming concentration

The number of stations aimed at the Netherlands increased slightly in 2002. In the course of the year, Veronica started once more with broadcasting a programme under its own name. The programme offer is also extended with a number of teleshopping stations. To enable these activities, SBS applied for two separate licences for Tele6 and Via 5. These teleshopping programmes are broadcast on the stations SBS6 and Net5 in the afternoon hours. Tel Sell also applied for a Dutch licence for a teleshopping station in 2002, which in the meantime has been included in virtually all cable packages. For the time being, Tell Sell is still making use of a British ITC-license. Despite the increase in the number of granted licences, programming concentration is not decreasing. The teleshopping stations cannot be compared to stations like Nederland 1 or SBS6. They are part of another relevant market and therefore do not complement the diversity within the existing programme offer. In April 2003, HMG started with the teleshopping programmes RTL shop and Yorin shop on the stations RTL4 and Yorin respectively. Public Broadcasting initiatives for separate news and culture stations failed to materialise. ID&Dance also saw an attempt fail to arrive at an own television station targeting lovers of dance music.

Nearly all programmes aimed at the Netherlands succeeded in continuing their activities. In 2002, there are in all three public and seventeen commercial stations. Among these are ten general programmes of Public Broadcasting, RTL/de Holland Media Groep, SBS and Veronica and ten specialist stations in the field of youth programming (Fox Kids, Kindernet and Cartoon Network), music (MTV, TMF and The Box), sports (Eurosport) and nature & science (Discovery Channel, National Geographic Channel and Animal Planet). A number of stations share a cable channel. Nickelodeon - formerly Kindernet - shares a channel with Veronica and is broadcasting in the daytime. Fox Kids fills the daytime hours of V8. In the fall of 2002, Cartoon Network cancelled the contract with all cable operators for carrying its programmes on the cable.

The level of programming concentration is based on stations that target the Netherlands with their programmes and advertising broadcast time. This can be deducted from subtitling or voice-overs in Dutch and commercials aimed at the Dutch population. Not every one of the mentioned stations disposes of the same extent of cable coverage. The general programmes can be received in 97 to 100 percent of the Dutch municipalities, whereas Veronica/Kindernet and Animal Planet merely reach 53 and 48 percent respectively. Programmes of foreign public broadcasting organisations, commercial stations like CNN and the subscription television stations of Canal+ have not been included in the calculations. The non-national television offer consists of 13 regional public programmes and 102 programmes of local broadcasting organisations. Transmission takes place by cable on the grounds of the must-carry condition imposed on cable operators. Another 18 non-national commercial television programmes are carried via the cable. And finally there are 107 public local television stations with their main activities of providing cable TV information services.

Chart 3.8 Number of radio programmes aimed at the Netherlands

National public television stations	3
National commercial television stations	17
Regional public television stations	13
Non-national commercial television stations	18
Local public television stations	102

Source: The Dutch Media Authority (CvdM)

Regional and local suppliers of television

Next to the national offer of programmes aimed at the Netherlands and the programmes of foreign public and commercial broadcasters, we find a large number of television stations with regional or local programming. Each province has a regional public broadcasting organisation, Zuid-Holland has two (TV West for the The Hague area, TV Rijnmond for the Rotterdam region). In Amsterdam, the regional broadcasting programme of TV Noord-Holland coincides with the programme offer of local broadcaster

Salto. Regional television stations supply programming with daily variations, consisting mainly of specific information, culture and entertainment from the province. The joint 2002 budget for regional public broadcasters, as made available by the provincial authorities and the government, is more than € 52 million.

Furthermore, there are 102 local public broadcasting organisations in the Netherlands that offer television programmes. In some cases more than one municipality is being served by one and the same local broadcasting organisation. We also find 18 non-national commercial broadcasters, which not necessarily cater for merely one municipality or province.

From the list of owners of non-national commercial television stations, we mention Koninklijke Boom Publishers with 24 editions of the cable TV information service programme Nieuws TV.

The market share of the joint regional broadcasting organisations amounts to two percent. The share of the regional broadcasting organisations compares in no respect to that of the national stations. The range, however, varies from 5.9 to 30.9 percent in Utrecht and Groningen respectively (timeframe 18-24 hours). As the regional broadcasters rerun their programmes in a carousel format, most viewers tune in on the regional broadcaster at one time or another to be informed of news from the province. There is insufficient information available on market share or range of the local broadcasting organisations.

3.4 Diversity national television market

Before the entrance of the commercial broadcasters, the diversity of television was mainly guaranteed by the accessibility of broadcasting management for groups representing various movements. The broadcasting associations were required to offer a general programme. In addition, small groups were granted broadcast time on the grounds of their religious or other principles for programmes that were solely designated for religious or other beliefs. The organisation of public broadcasting management is still based on this diversity principle. There are also specific programme requirements for broadcasting in general and for separate broadcasting organisations, as well as requirements per channel. These are to serve as a safeguard that Public Broadcasting presents a weighted and distinct programming offer. In 2002, De Nieuwe Omroep was given the final decision that it would not be admitted to the public broadcasting management. Extra hours of broadcast time were granted to the Buddhist Broadcasting Association (BOS). The broadcasting association for people over fifty, Max, announced its intention to join public broadcasting management as per 2004.

Diversity of the programme offer

2002 saw considerable debate on the distinguishing character of Public Broadcasting. Criticism mainly focussed on the fact that the programming scope of Public Broadcasting contained too many entertainment components and that the share of sports programmes was disproportional. From a more general perspective, there was doubt whether Public Broadcasting actually offered 'more' than the commercial broadcasters in the area of information and news.

The diversity of the television offer can be determined according to the diversity of the programmes offered by the stations. On the basis of data generated by the Dutch Television Audience Research Foundation (SKO) one may arrive at a detailed analysis of the programme offer on the national television stations. Chart 3.9 shows how the programme offer can be classified per station ('grading') using main categories like information, fiction, entertainment, sports, children's programmes and music.

The nine television stations are offering a very wide and diversified spectrum of programmes on channels that expressly distinguish themselves and complement each other. This does not imply that all information according to form and content is equally or sufficiently represented in the total offer of the television stations. Foreign films are over-represented. There is a limited supply of serious information and information on art and culture. There is little attention for music.

Both in terms of content and target group, a far-reaching diversification and channel profiling can be observed. A process that not only affected the two tiers of the broadcasting management (public and

commercial stations) but that also took place within both groups themselves. Public Broadcasting took another decision for further 'formatting' measures. EO and AVRO will swap channels as of 2004, so that Nederland 1 will be covered by NCRV, KRO and EO and Nederland 2 by TROS, BNN and AVRO. Public Broadcasting also decided that broadcasters can more often supply programmes to other channels.

Information and education

Public Broadcasting offers more information than the joint commercial broadcasters. Nederland 1, 2 and 3 dedicate 48 percent of their broadcast time to information programmes; for the commercial suppliers this figure is 33 percent. The overall percentage is much lower for the commercial broadcasters because of V8, Net5 and Yorin, which only broadcast 6, 9 and 18 percent of information programmes respectively.

Chart 3.9 Programme offer on dutch television (2002)
(timeframe 18-24 hours, national stations, in percentage of the offer in hours)

Programme category	Nederland 1	Nederland 2	Nederland 3	Public Broad- casting	RTL4	RTL5	Yorin	Net 5	SBS6	V8	Commer- cial Broad- casting	Broad- casting Manage- ment total	Viewing time (in %)
news and information	17	16	14	16	25	14	0	0	14	0	11	13	15
(serious)information and education	8	6	8	7	2	7	1	0	4	0	3	5	3
information on art and culture	10	3	5	6	0	1	1	0	2	0	1	3	4
human interest	19	8	12	13	21	14	9	7	17	5	13	13	10
leisure time, advice and service	3	2	1	2	7	3	6	2	5	1	5	4	3
other information and education	5	1	7	4	0	1	0	0	0	0	0	2	0
Total information and education	61	35	48	48	55	40	18	9	42	6	33	39	35
fiction (drama)	3	1	4	3	16	0	12	2	3	0	7	5	6
Dutch films	0	0	1	1	0	0	0	1	0	0	0	0	7
foreign fiction	16	10	10	12	11	11	30	46	17	45	23	19	13
foreign films	2	3	4	3	7	28	23	35	21	36	23	15	16
Total fiction	21	14	19	18	34	40	65	84	41	82	53	39	41
game shows and quizzes	13	11	1	8	4	0	3	1	5	5	3	5	6
cabaret and satire	1	1	6	2	0	0	2	0	2	1	1	1	2
other entertainment	2	4	2	3	5	0	11	3	4	5	5	4	4
Total entertainment	16	15	9	14	10	0	16	4	10	11	8	10	11
Total sports	0	27	3	10	0	20	0	0	6	0	5	7	10
Total music	1	8	2	4	2	1	1	0	0	0	1	2	1
Total children's programmes	0	0	18	6	0	0	0	2	0	1	0	3	2
Total number of hours	1871	1792	1870	5534	1668	1698	1671	1752	1672	1818	10279	15813	100

Source data: the Dutch Television Audience Research Foundation (SKO)
 By rounding off percentages, totals may show slight variations

The percentage of informative programmes on RTL4, RTL5 and SBS6 is comparable with the figure of the public channels. Nederland 1 is the station with the highest percentage of informative programmes, 61 percent, followed by RTL4 with 55 percent, Nederland 3 with 48 percent, SBS6 with 42 percent, RTL5 with 40 percent and Nederland 2 with 35 percent of informative programmes.

However, there are major differences between the stations within the category information. Of the commercial broadcasters, only RTL4, RTL5 and SBS6 present news programmes. Current affairs programmes can only be found with the public broadcasters and on a very small scale with SBS6. RTL5 and Nederland 1, 2 and 3 present a comparable amount of serious information, six to eight percent of their broadcast time. RTL5 has a little more on traffic and transport, Nederland 1 focuses on justice and the law, Nederland 1 and 2, and SBS6 tend to pay more attention to health(-care) and social topics. Nederland 3 is more active in the area of business and economy, and is together with RTL5 the only channel to address science and technology.

Art and the media are scarcely covered by the commercial stations; Yorin a mere 1% and SBS6 2%. The public stations spend 6 percent of their broadcast time on this category.

Attention for religion/proclamation and philosophy of life is almost exclusively the domain of Nederland 1, which together with Nederland 3 also broadcasts most educational programmes, five and seven percent respectively. Education is entirely absent on the commercial stations.

Human interest programmes are evenly distributed over the public and commercial stations. Nederland 1, 3, RTL4 and Yorin feature most talk shows and discussion programmes. RTL5 is the number one in reality TV. SBS6 broadcasts most 'docusoaps'. Show business and royalty programmes are almost exclusively found on RTL4.

Fiction

There is a considerable difference between the offer of fiction by the public and the commercial broadcasters. The commercial stations jointly spend 53 percent of their broadcast time on films and series as compared to 18 percent for the public stations. 46 percent of the commercial programming consists of foreign series and films, with Net5 and V8 topping the bill with both more than 80 percent foreign drama. Net5 programming is dictated by sitcoms, comedy and melodrama. V8 features most action and thrillers. Erotic and sex programmes are mainly the domain of RTL5 and V8. 15 percent of the broadcast time of the public stations consists of foreign drama, mainly sitcoms, melodrama and detective series. NCRV and KRO buy in bulk from the BBC. The percentage of foreign film is very limited.

The commercial stations show the largest amount of Dutch series, seven percent of the broadcast time as to three percent with the public stations. RTL4 and Yorin broadcast most Dutch drama, 16 and 12 percent of their broadcast time. The category Dutch film is hardly covered by all stations. The Netherlands Federation of Film Professionals advocated a legal arrangement in which Public Broadcasting is required to spend a minimum of 10 percent of its broadcast time on Dutch drama.

Amusement

The public channels broadcast more game shows, quizzes, cabaret and satire than the commercial broadcasters, ten percent of their broadcast time against four percent of the commercial stations. Nederland 1, 2 and Yorin broadcast the highest share of entertainment with 15 to 16 percent. Nederland 1 and 2 are number one with respect to game shows. The 'old-fashioned family game shows' can only be found on Nederland 2. Nederland 3 is the station for all kinds of cabaret programmes and satire. Reality soap is a typical feature of Yorin and V8. RTL5 broadcasts no entertainment in any form.

Sports

There is no station that can beat Nederland 2 in terms of sports programmes and the coverage of sports events. The station dedicates 27 percent of its broadcast time to sports. RTL5 is a good runner-up with 20 percent sports. SBS6 dedicates five percent of its broadcast time to sports coverage and is trying to increase that percentage. SBS6 has bought the broadcasting rights for the qualification games of the Dutch National Football Team and has renewed its contract with the Netherlands First Soccer Division. Nederland 3 features a mere three percent sports info. On the other stations, sports is virtually absent.

Music

Music is a category the stations hardly cover; four percent on the public and only one percent with the commercial broadcasters. Nederland 2 is the odd one out with relatively much attention for serious music. Pop-music also takes up a fair share of this figure and especially light music, often in the form of specials or shows by Dutch artists. On Nederland 3, the VPRO music programme Vrije Geluiden was discontinued and NPS started the programme Late Night Jazz

Children's programmes

In the evening hours, starting at 6 P.M., Nederland 3 practically has a monopoly on children's programmes for children up to 12 years of age with Z@ppelin. 18 percent of its broadcast time is designated to information, fiction and education for children and children's series.

When the broadcast hours during the daytime are included in the programme offer (see the Annex), another picture emerges. Although Nederland 3 is still broadcasting the largest amount of children's programmes in relative terms (45%), Yorin also reaches a high percentage, i.e. 32 percent.

Chart 3.10 shows the diversity of the programme offer per station according to the programme grading per station from chart 3.9 (the amount of information, fiction, entertainment, sports and children's programmes) and the way that offer relates to the preferences of the Dutch population as a whole. This will provide insight into the question how pluralistic the offer is and whether the offer matches the public preferences. As the 2002 Monitor applies a different programme offer grading, a comparison with preceding years is not possible. The diversity of Public Broadcasting, HMG and SBS is calculated in relation to the total offer of that programme supplier. This means that stations of one single supplier, that are internally very homogeneous but show a great deal of differences when compared to the other stations of the supplier, show a pluralistic offer from a supplier perspective. Public Broadcasting as a whole, for example, offers a more pluralist programme than the separate stations of Public Broadcasting.

Chart 3.10 Diversity and reflection in programme offer of Dutch television in 2002

Broadcasting organisation	Diversity*	Reflection public preferences**
	(0=minimum; 1=maximum)	(0=minimum; 1=maximum)
	2002	2002
Nederland 1	0.70	0.61
Nederland 2	0.90	0.68
Nederland 3	0.90	0.62
Public Broadcasting (total)	0.93	0.73
RTL4	0.67	0.68
RTL5	0.82	0.66
Yorin (Veronica)	0.64	0.52
HMG (total)	0.83	0.74
SBS6	0.80	0.73
NET5	0.48	0.40
V8	0.43	0.39
SBS (total)	0.62	0.53
Commercial broadcasters (total)	0.75	0.65
Broadcasting management (total)	0.86	0.75

Calculations based on data of the Dutch Television Audience Research Foundation (SKO)

** Diversity measured in terms of Theil's E (see Annex). ** Reflection measured in RD terms (see Annex).*

The stations with the most divers offer are Nederland 2 and 3, followed by RTL5 and SBS6. The total offer of Public Broadcasting is more divers than that of the commercial broadcasters. SBS shows the lowest level of diversity. Especially V8 and Net5 show a fairly one-sided programming. Public Broadcasting as a whole presents the most pluralistic offer, followed by HMG.

With respect to reflecting public preferences in the programme offer, Public Broadcasting and the stations of HMG report better results than SBS. The offer of Public Broadcasting and HMG is more in line with the preferences of the entire population. Station SBS6 is number one in reflecting the programme wishes of the population, but NET5 and V8 are far removed from the general public preferences.

Reflection

Figure 3.4 states the discrepancies between - on the one hand - the programmes supplied by the public and commercial stations and the demand for programme categories on the other. The figure shows that Public Broadcasting is offering more information / education than is in demand. The commercial stations, however, supply less information and education than is in demand. The supply of the entire broadcasting management generally matches popular demand. Public Broadcasting is lagging behind in supplying fiction as compared to the demand for that category. In terms of total supply, we can observe a slight surplus of fiction, because of the extensive supply by the commercial stations. Public Broadcasting is presenting more entertainment than is in demand, while the commercial stations on the other hand fall short of the demand. Remarkable is the balance in supply and demand of sports with Public Broadcasting. The commercial stations only offer little sports as compared to demand. From a helicopter perspective, the broadcasting management matches the public preferences quite well. A shortage or surplus with the commercial broadcasters is usually compensated for by the public broadcaster and this is also the case vice versa. Only with respect to sports and to a lesser extent concerning entertainment, the demand is greater than the supply.

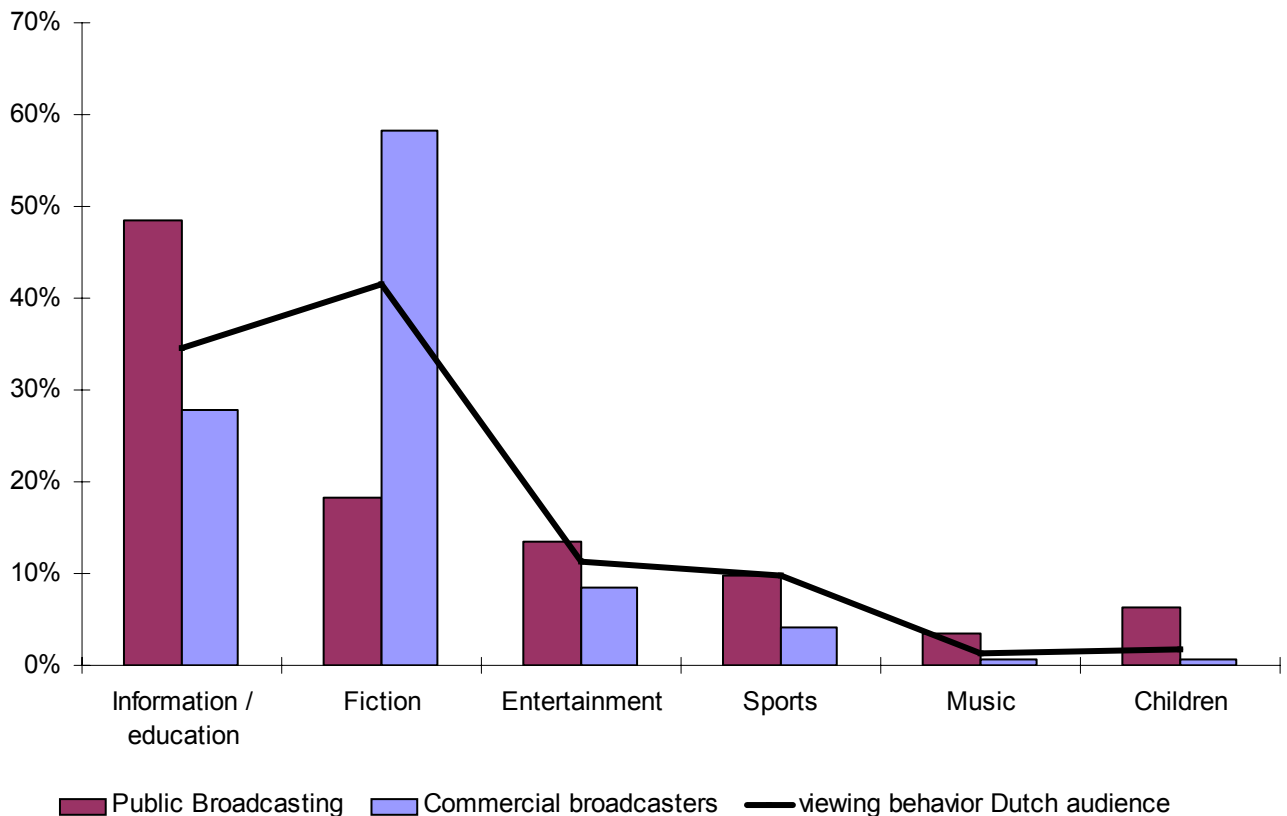


Figure 3.4 Public preferences and programme offer

Source data: the Dutch Television Audience Research Foundation (SKO)

3.5 Public preferences

Media use

With the growth of the number of stations in recent years, the viewing public dispersed more and more over the available television stations. The HHI-increase in number equivalents of 8.7 in 2001 to 9.7 in 2002 shows that the dispersion of viewers over the stations has increased once more. While Nederland 1 lost viewers after a good year in 2001, Nederland 2 recovered from the bad results in 2001. Increasingly fewer viewers tune in on Nederland 3. The popularity of RTL4 has been growing again in recent years after the slump at the end of the nineties. RTL5 has a stabile viewing public. The number of viewers that tunes in to SBS6 is stabilising. The viewing public of Net5 is increasing gradually. Yorin lost large numbers of viewers in the past few years. The number of viewers of V8 is increasing slowly. Remarkable is also the fact that the number of viewers of the other stations has remained stabile since 1990 (between 12 and 13 percent) and video-use keeps slowly but steadily declining.

**Chart 3.11 Public preferences stations on the viewer market
(market share 18-24 hours, in percentage)**

Station	2002	2001	change in percentage
Nederland 1	12.4	13.4	-1.0
Nederland 2	17.0	16.6	0.4
Nederland 3	8.2	8.5	-0.3
RTL4	17.1	16.2	0.9
RTL5	4.8	4.5	0.3
Yorin	5.5	6.6	-1.1
SBS6	10.5	10.8	-0.3
NET5	5.3	4.7	0.7
V8	3.8	3.1	0.7
other	13.0	12.6	0.4
video-use	2.9	3.1	-0.2
Total	100	100	
HHI	0.10	0.11	
HHI in number equivalents	9.7	8.7	

Source data: the Dutch Television Audience Research Foundation (SKO)

The preferences of the viewing public in 2002 are more dispersed as compared to 2001.

Viewing audience composition

The composition of the viewing public of the various stations shows considerable differences. In terms of age, gender, education and political & cultural interest, there are major differences in preferences for programmes and channels. The continuing channel profiling and targeting of the stations contributes to an ever-increasing diversification of the viewing public. By using 'blueprint programming' the stations try to attract and retain more and more target groups on their channels. While the commercial stations used their first channels to especially cater for the target groups of their advertisers and focussed on demographic groups like men, women and children with their second and third channels, the public stations tried to retain viewers with longer viewing patterns through a mix of programmes. This sandwich formula has been slowly abandoned in recent years and the three public stations have started programming according to target group and interest. Chart 3.12 shows the composition of the viewing audience of the various stations.

**Chart 3.12 Viewing audiences of public and commercial television in 2002
(in percentage)**

	Public Broadcasting			Holland Media Groep			SBS Broadcasting NV			Dutch population
	N1	N2	N3	RTL4	RTL5	Yorin	NET5	SBS6	V8	
Age										
6-12	2	3	9	4	3	5	4	4	7	9
13-19	2	3	2	4	3	9	9	5	10	9
20-34	13	16	18	20	19	30	35	23	26	23
35-49	23	26	27	26	29	30	31	30	31	26
50+	61	52	44	46	45	25	19	38	26	34
Gender										
Male	42	53	48	38	58	47	40	49	60	48
Female	58	47	52	62	42	53	60	51	40	52
Education										
Lower voc.	39	41	31	39	40	33	24	42	34	31
Interm. voc.	33	35	35	39	37	41	42	38	40	38
Higher Ac+	28	24	34	21	23	25	34	20	26	31

Source data: the Dutch Television Audience Research Foundation (SKO)

Remarkable is the fact that Nederland 1, 2, RTL4, RTL5, Nederland 3 and SBS6 have a viewing public of a relatively old age. The viewing audiences of V8, Net5 and Yorin are on the other hand composed of younger age groups. Children find their way to Z@ppelin on Nederland 3. The presence of the middle categories is higher with the commercial than with the public broadcasters.

In terms of gender, it is striking that women are over-represented in the viewing audiences of RTL4, Nederland 1, Net5 and a little less with Yorin. With respect to V8 (American fiction, Nederland 2 (sports) and RTL5, we see an overrepresentation of men.

The higher-educated are underrepresented across the entire television spectrum with the exception of Nederland 3 (current affairs and culture) and Net5 (sitcoms). People with a lower education are relatively watching more television.

3.6 Producer market

The Dutch market of television producers consists of a few very large and a couple of hundred small production companies, including freelancers registered with the Chamber of Commerce as one-man businesses. Producers in the latter category often produce a limited number of television programmes a year. In many cases they work for one and the same client, often a public broadcasting association. A number of producers also produce company films in addition to television programmes. The larger producers like Endemol and IdTV are also active on the foreign market. Occasionally, a producer also ventures into the domain of motion pictures next to the usual television programme components.

Endemol

Although the parent group was established in 1994, the operating companies were already operating independently until that time. The Endemol interest in René Stokvis Producties dates from 1999. In the same year the Netherlands Broadcasting Foundation (NOS) sold its 50 percent back to Stokvis. Already in 1996, Endemol acquired an interest in Ivo Nieve Productions, which lies somewhere between 35 and 40 percent in 2002. Endemol will hold a controlling interest in the to-be-established Stokvis & Nieve Producties. The separate operating companies Stokvis and Nieve are being maintained for the time being. Via Stokvis & Nieve Producties, Endemol also has an interest in After The Break Productions. The public broadcasting association TROS participates for 23 percent.

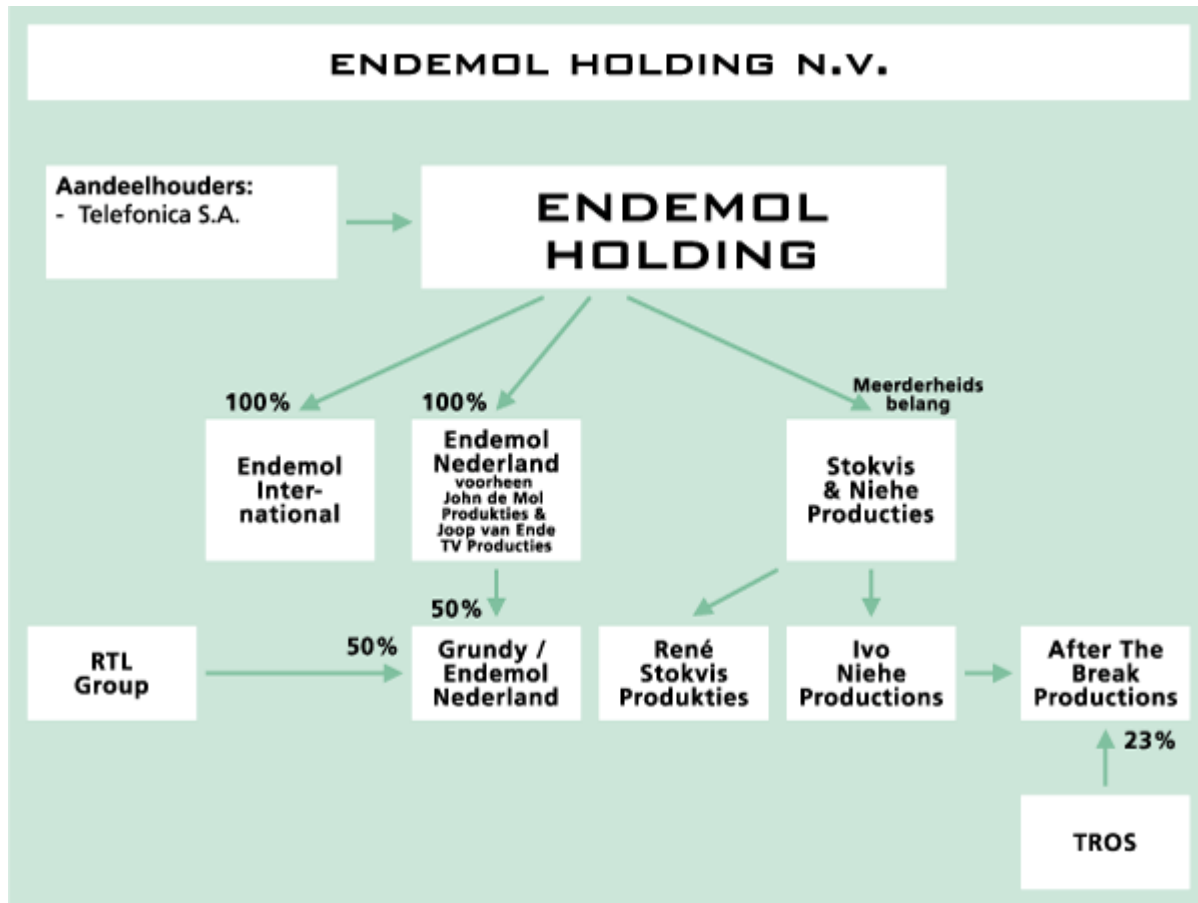


Figure 3.5 Ownership relations of Endemol Holding

IdtV

The television production company IdtV, which celebrated its twenty-fifth anniversary in September 2002, has been involved in a series of takeovers since 1999. A merger with D&D Producties in April 1999 resulted in the temporary name ID&DTV. After the incorporation of Red Forest TV in August 2001, the company changed its name back to IdtV. As a production company, Red Forest TV is specialised in multimedia programmes like the successful entertainment production *The Hunt*, a combination of television and internet. Almost simultaneously, Martell Communicatie Projecten is taken over, a company that on the one hand is engaged in television interaction and on the other hand realises events and promotion actions. At the end of 2001, IdtV enters into a joint venture with Morton Hill Media, active in the domain of television and internet. In the course of 2002, TV Dits follows, specialised in documentaries and currently operating under the name IdtV Dits. Chrysalis furthermore takes an interest of 50 percent in Medical Multi Media Producties, a production company of medical programmes and websites. This interest was formerly in the hands of Joop van den Ende TV Producties. The public broadcasting association AVRO holds the remaining 50 percent.

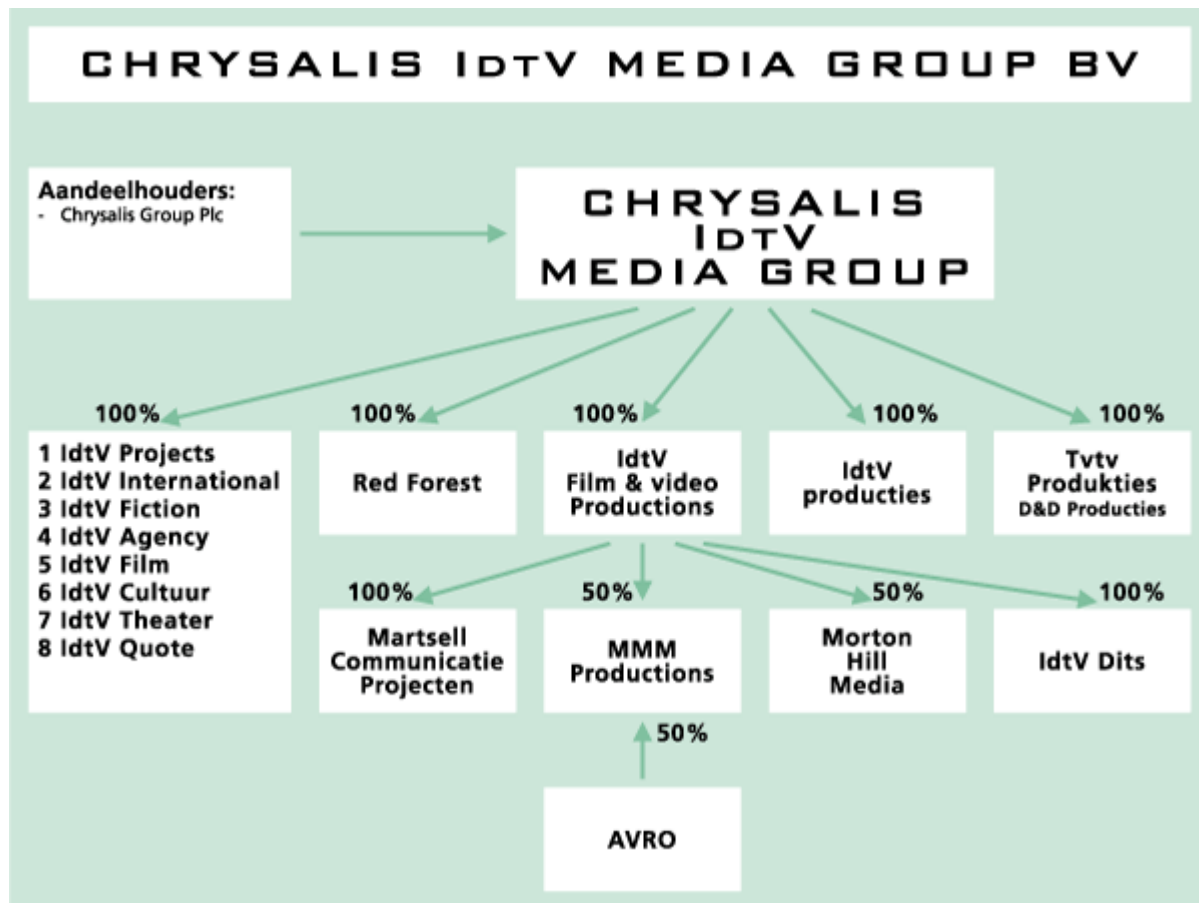


Figure 3.6 Ownership relations of IdtV

Vertical integration and media cross-ownership

Producing television programmes is in recent years increasingly often based on a multimedia principle. Websites are developed and sold simultaneously with their programme components, as is the case in Big Brother (Endemol) or The Hunt (Red Forest TV/IdtV). Producers that mostly used to work as commissioned by public broadcasting, recognize the potential of sponsored medium-independent projects in which television is only one single component. And not only the large producers are making their way into this field. CasTel Media, the television production branch of cable company Essent and supplier of the national and regional public broadcasters, has developed from a general and technical services enterprise into a multimedia production company in just five years. Newcomer on the market, Eyeworks, has established its reputation in a short timeframe with the programme series De Nationale Testen, broadcast by BNN. In order to strengthen their market position, the producers look for special expertise to realise such productions. One way of doing this, is hiring professionals, another option is merging with smaller firms, a method IdtV used on a big scale in 2001 and 2002.

Next to websites and events, interactive elements are in general an increasingly important component of television productions, e.g. voting through text messages in the programme Idols. The music station TMF was transformed by MTV in 2002 into a non-stop music station for young viewers who can directly influence the programme through text messages.

Supplier concentration

With respect to the supply of programme components for television, a distinction can be made between purchased, independent and own products. The term 'own products' is applicable to programme suppliers of broadcasters that produce their own programmes: Holland Media House/Fremantle Productions of RTL/de Holland Media Groep, Cameo Support of SBS Broadcasting (taken over in 2001) and the broadcasting associations in Public Broadcasting. Such a situation automatically implies vertical

integration. The commercial broadcasters make their own productions like Hart van Nederland and Het Nieuws. Cameo Support produces Stem van Nederland for SBS. RTL/de HMG produces programme components in-house like RTL Boulevard and Barend & Van Dorp. Public Broadcasting also produces a great deal in-house, even though the legal conditions state that at least 25 percent of what is broadcast has to be outsourced to independent producers. A similar measure applies to commercial broadcasters, but here with respect to taking off programme material from European producers. The term 'purchased products' is used for foreign productions like series and films.

Chart 3.13 shows the percentages of outsourced programmes broadcast by Public Broadcasting, originating from external production companies. Endemol is the most important supplier of independently produced programmes with more than 35 percent, followed by Chrysalis (14,9%). The other producers supply a relatively small percentage of programmes to Public Broadcasting.

Chart 3.13 Independent programme products on the public channels (2002)
(producers listed by number of produced hours)

Producer	Number of hours	Share (in percentage)
Endemol Holding	1125	35.5
Chrysalis IdtV Media Group	463	14.9
CTM – Corbeau TV makers	73	2.4
TV BV	70	2.3
Blue Horse Productions	58	1.9
Dirk-Jan Bijker Productions	58	1.9
Quasimodo BV	55	1.8
Men at Work Produkties	51	1.6
FC Klap	46	1.5
Holland Improvement TV-Produkties	43	1.4
other independent producers (177)	1073	34.6
Total	3103	100.0

Source data: Audience Survey of the Netherlands Broadcasting Foundation (NOS-KLO)

Public broadcasting organisations show large differences in the number of hours of independent programmes that they broadcast. Although TROS makes use of a large number of producers, almost 90 percent is derived from four producers. Endemol, and in particular Stokvis / Niehe, is the main production company. EO, KRO, NCRV and AVRO also take off a lot of independently produced programmes from only four producers. Endemol is once again the company that supplies most programme broadcast time. Only in the case of NCRV, Chrysalis supplies the greater part of the independently produced broadcast time. This situation places Endemol and Chrysalis in a central role with respect to Public Broadcasting as a whole and for the broadcasting associations TROS, EO, KRO and AVRO in particular.

Chart 3.14 Independent programme products on the public channels: Number of hours per broadcaster (2001)
(broadcasters listed by number of taken-off hours)

Broadcaster	number of hours	number of producers	C4 (share in % of 4 largest producers per broadcaster)	Main producer
TROS	845	28	89.8	Endemol Holding
EO	460	27	70.1	Endemol Holding
KRO	324	20	75.4	Endemol Holding
NCRV	299	31	70.5	Chrysalis IdtV Media Group
AVRO	291	23	89.3	Endemol Holding
NPS	233	45	53.4	Men at Work TV Produkties
BNN	220	13	86.7	CTM – Corbeau TV-makers
Teleac/NOT	134	22	57.1	X Productions
VARA	132	9	89.8	Blue Horse Productions BV
VPRO	121	27	51.7	Frans Bromet
RVU	48	12	72.1	Chrysalis IdtV Media Group
NOS	0	0	0	not applicable.
IKON	0	0	0	not applicable.
Total	3103			

Source data: Audience Survey of the Netherlands Broadcasting Foundation (NOS-KLO)

3.7 Cable distribution

Sector description

Cable is still the predominant infrastructure for the distribution of television programmes. The number of households that receives television programmes via satellite is nevertheless steadily growing: in 2002, another 90,000 households switched over to satellite, bringing the total to nearly 500,000. (Source: CanalDigitaal) Receiving television programmes via analogue airwave and internet can hardly be called competition. The reception of radio programmes via analogue airwave is of far greater importance by the predominantly mobile use of radios. Now that Digitenne has waited until 2003 to make a start with distributing television programmes via digital airwave, it is still unclear in how far this infrastructure will become a (serious) competitor of cable and satellite.

In order to improve the competition position of satellite suppliers with respect to the other infrastructure suppliers, the government proposed striking article 64a from the Media Act. This article bans programmes of local and regional public broadcasting organisations from being broadcast outside the municipality or province for which they are designated. This implies that these programmes can be transmitted by airwave or carried on cable in their own service area but may not be broadcast by satellite. For in the latter case, this automatically signifies that the programmes are broadcast outside the municipality or province for which they are designated. The bill is still under consideration.

Cable

Next to the three major cable operators, UPC, Essent and Casema, there are some dozens of small cable operators that broadcast radio and television programmes to households that are connected to their networks.

UPC, Essent and Casema jointly serve almost 86 percent of the total number of households. Expectations are that the number of small local cable operators will decrease in the course of time.

Ownership relations

UPC

Through UPC Nederland BV, United Pan-Europe Communications NV manages and exploits the cable network for 38 percent of the households in the Netherlands. Its core business is carrying television and

radio programmes via cable (analogue and digital), as well as offering communication services like telephony (for the business and private market) and broadband internet. UPC Programming acts as programme supplier of near-video-on-demand and digital so-called plus-packages. Next to the own activities in this area, UPC Nederland owns a minority interest in CineNova (10%), a company that offers two film channels that were up to 1 March 2003 part of the digital plus-packages and Mediacable (30%), an enterprise with services with respect to digital and interactive television.

In February 2003, the shareholders agreed to a financial restructuring of UPC NV. The main consequences are the company's change of name and refinancing operations: 'old' UPC shares (value: € 1) are exchanged for new UPC shares UPC (value: € 0.02). The Board of Directors and the Advisory Board of the current UPC NV will step down; a number of members return in New UPC Inc.. UPC's quotation on the Amsterdam Stock Exchange will be withdrawn.

The current UPC NV deploys the stated activities in North-Western Europe, Scandinavia, Central and Eastern Europe and in Israel. In Hungary, the Czech Republic and Slovakia, it also offers satellite transmission next to cable services. Through United Global Com, UPC NV is part of the media group Liberty Media Corporation Inc. The company has global operations in the area of cable and satellite transmission, thematic programme offer of television stations and interactive television as well as telephony and internet services. Chairman of the Board John Malone is the company's main shareholder. In addition to the majority interest in UPC NV, Liberty Media Corp is shareholder of Discovery Communications (50%), News Corporation (18%), Fox Family Worldwide (preference shares), AOLTime Warner, Vivendi Universal and Viacom.

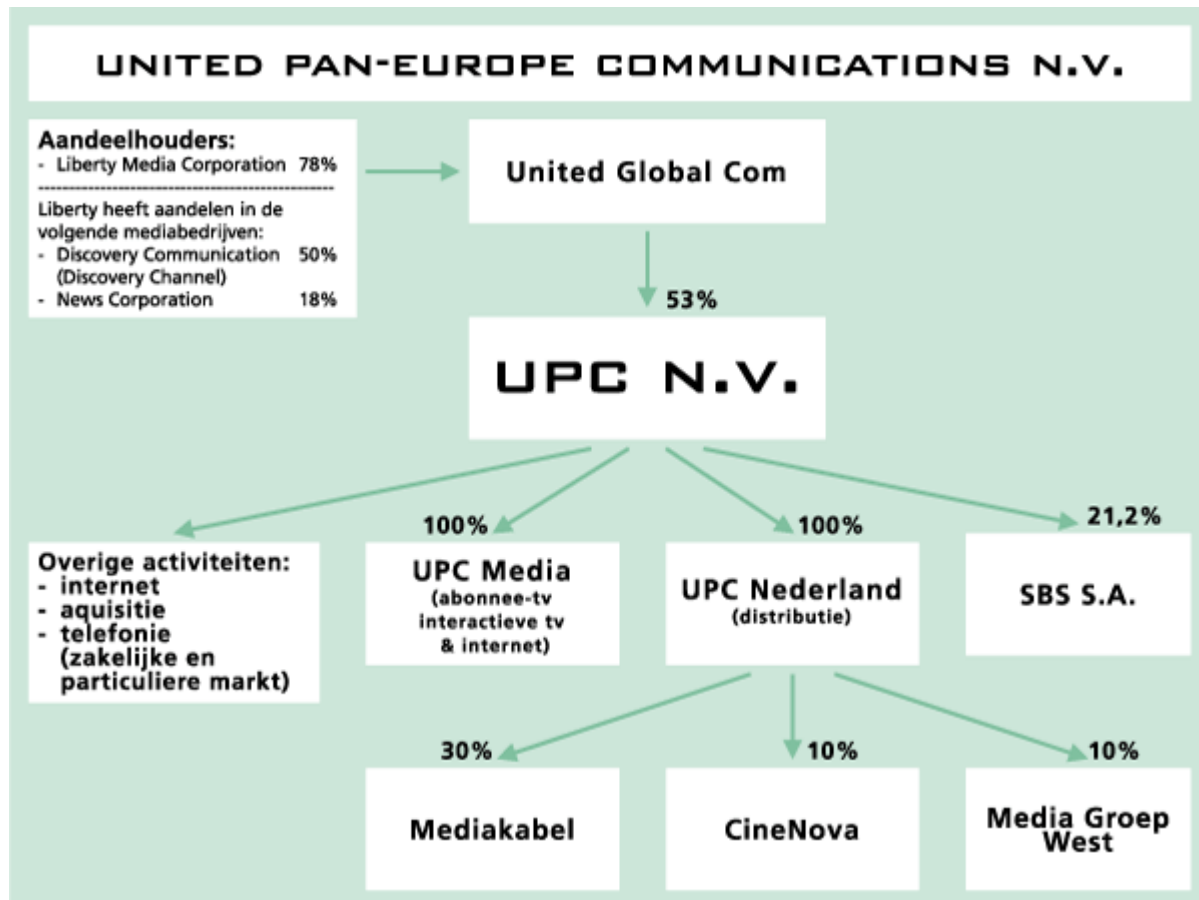


Figure 3.7 Ownership relations of UPC

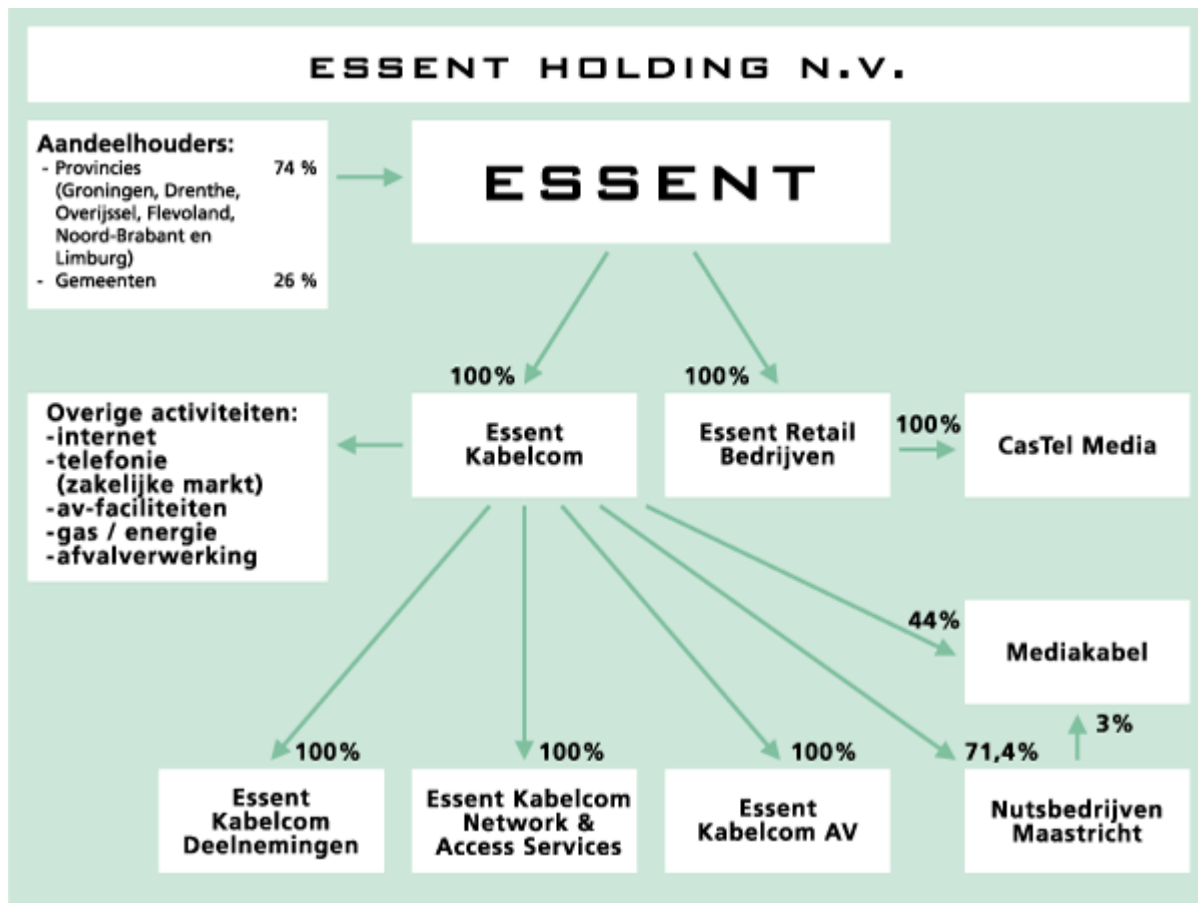


Figure 3.8 Ownership relations of Essent

Essent

Essent NV manages and exploits its cable network for 27 percent of the households in the Netherlands through its division Essent Kabelcom BV. Its core business consists of carrying television and radio programmes on the cable (analogue and digital). Services in the area of telecommunications are also offered (only the business market) as well as broadband internet. Essent Kabelcom currently supplies its own digital packages including near-video-on-demand service (Filmtime), without intervention of the Mediakabel product Mr. Zap. For the time being, Essent Kabelcom maintains an interest of 35 percent in Mediakabel.

Alongside the activities of its own cable division, Essent is engaged in a step-by-step takeover of utility company Nutsbedrijven Maastricht (57,000 connections). Essent presently controls 64.3 percent of the shares. The takeover has to be completed by 2005. Essent also disposes of its own television production company. In just five years, CasTel Media has developed from a services enterprise into a multimedia production company. Clients can be found among the regional and national broadcasters and trade & industry. Besides cable, Essent exploits energy networks (natural gas/electricity) and waste processing facilities. The shareholders consist of a number of provinces (74%) and municipalities (26%).

After a long period of being up for sale, Casema was sold by France Telecom to the American investment companies Providence Equity Partners and Carlyle Group, and British GMT Communications Partners. The price was € 665 million. Casema manages and exploits the cable network for 22 percent of the households in the Netherlands. Casema's media activities in the Netherlands consist of the distribution of radio and television programmes, exploiting programme formats, internet access and telephony via cable, offering near-video-on-demand services (Filmtime) and interactive services.

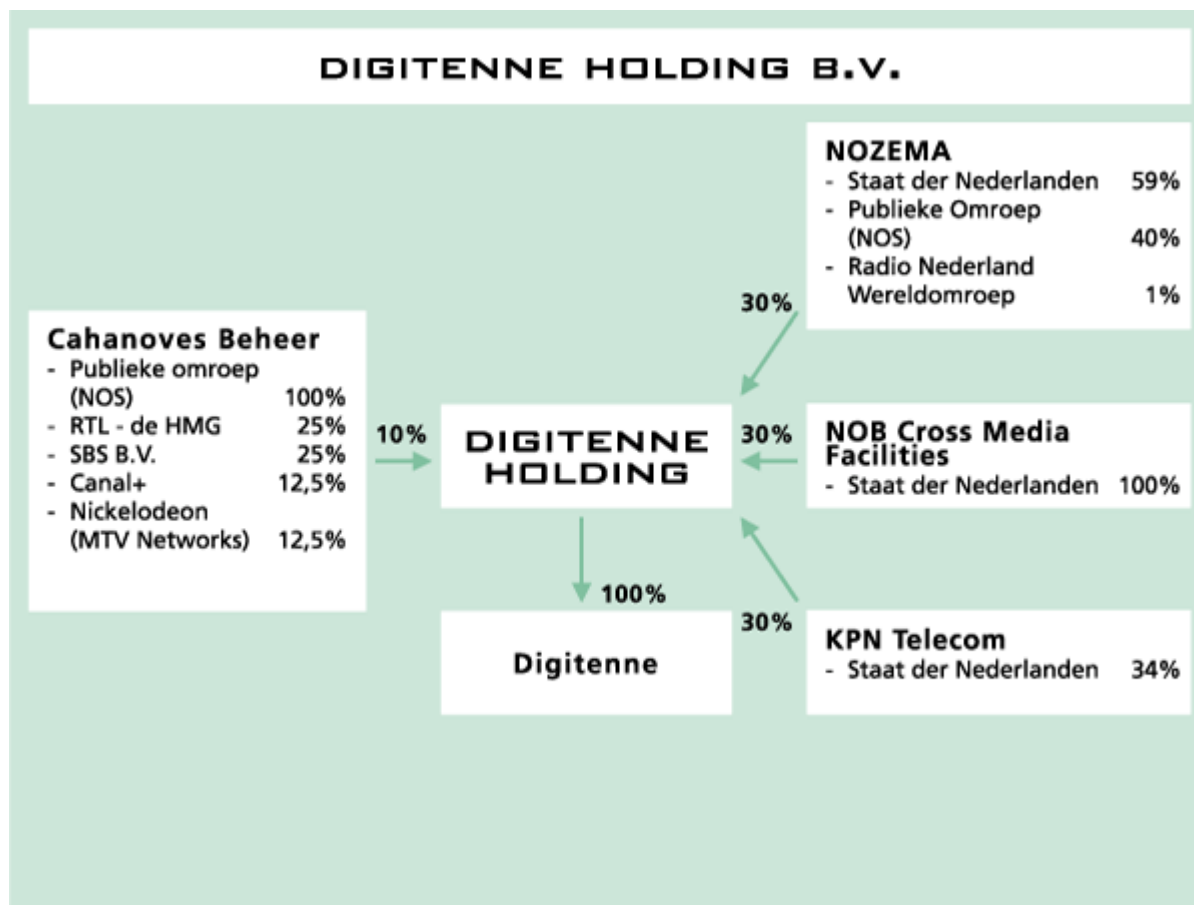


Figure 3.9 Ownership relations of Digitenne

Digitenne

Digitenne Holding is the consortium that was set up in 2001 for the introduction of digital radio and television via airwave transmission. On the one hand, the initiative sets a new national standard in the area of transmission, on the other it is an attempt to offer an alternative for cable distribution. Shareholders / partners of Digitenne BV are the privatised state company NOZEMA N.V., NOB Cross Media Facilities - the NOB-branch that is still completely in the hands of the Dutch state - and KPN Telecom, in which the Dutch state is a major shareholder. Each of these parties has a 30 percent interest. The remaining 10 percent is in the hands of Cahanoves Beheer, in which Public Broadcasting, the commercial broadcasting companies RTL/de Holland Media Groep, SBS Broadcasting B.V. and Canal+ and the MTV Networks station Nickelodeon (formerly Kindernet) have joined forces. The latter two each own 12.5 percent, while NOS, HMG and SBS control 25 percent of Cahanoves. As Public Broadcasting also has a 40 percent interest in NOZEMA, its share in Digitenne is - strictly speaking - even a little larger. The commercial market introduction of Digitenne is planned as from the second quarter of 2003, initially in the region between the towns Haarlem, Alphen, Amsterdam, Hilversum and Almere. The intention is to gradually expand the transmitter arrays in the course of 2004 so that in the long term Digitenne reception will become possible throughout the Netherlands.

Supplier concentration

Chart 3.15 lists the number of subscribers per cable distributor. Three large distributors emerge from the data: UPC, Essent and Casema. Relatively speaking, UPC has realised some growth with respect to 2001 while the figures of the other major distributors remain stabile. The fact of the matter in this sector is that changes can only come about by takeovers of other cable networks, or as a result of new technological developments.

Chart 3.15 Number of subscribers per cable operator in 2002

	Total number of cable subscribers (*1000)	% of total in 2002	Changes in percentage with respect to 2001
UPC	2,336	37.7	1.3
Essent	1,656	26.7	-0.4
Casema	1,330	21.5	0.2
Multikabel	299	4.8	-0.3
Zekatel	147	2.4	0.0
COGAS/KTMO	74	1.2	0.0
CAI Westland	61	1.0	0.0
Nutsbedrijven Maastricht	57	0.1	-0.8
REKAM	45	0.7	0.0
Alkmaarse kabel	41	0.7	0.1
ONS CAI Schiedam	35	0.6	0.0
Kabel Noord	25	0.4	0.0
CAI Harderwijk	15	0.2	0.0
CAI Brunsum	14	0.2	0.0
CAI IJsselstein	13	0.2	0.0
Kabelnet VeendamV	12	0.2	0.0
Cai Uithoorn	11	0.2	0.0
Cai Edam-Volendam	11	0.2	0.0
KTV Krimpen a/d IJssel	11	0.2	0.2
KTV Brabant-Gelderland	11	0.2	0.0
CAI Pijnacker	8	0.1	0.1
CAI Albrandswaard	7	0.1	0.0
KTV Waalre	7	0.1	0.0
Kabeltex	5	0.1	0.0
OKEM	5	0.1	0.0
Doornse CAI	3	0.1	0.0
CAS Hilvarenbeek	3	0.1	0.1
Cai Borculo	3	0.1	0.0
CAI Bleiswijk	3	0.1	0.0
Iveka	Not available		Not available
CAI Aalsmeer	Not available		Not available
Total	6,195	100.0	

Source: Dutch Technology Institute - Strategy, Technology and Policy (TNO-STB), 2002

Although three main cable distributors can be distinguished, the Netherlands de facto has a monopoly situation. The geographical market should be defined as a local market, according to the Dutch Competition Authority (NMa). It is not possible to opt for the cable distribution services of another distributor and a preference for a distributor from another region is technically speaking impossible as well. For the time being, distribution via satellite or digital airwave distribution (DVB-T) is not regarded as a comparable form of distribution.

Accessibility for programme suppliers

Chart 1.16 shows to what extent television stations are carried via cable networks in the Netherlands and pinpoints any changes with respect to 2001. Changes in the offer in television programmes, and in particular the legal minimum package, are only marginal with respect to 2001. The success of Animal Planet and the re-start of Veronica took place at the expense of the programmes ZDF and WDR1, which are usually included in the standard package. Moreover, Cartoon Network requested to be taken out of the standard package to make it possible to be included in a digital plus-package.

Chart 3.16 Programme offer in dutch municipalities

Station	% cable networks 2002 (N=600)	% cable networks 2001 (N=617)	change in percentage with respect to 2001
Nederland 1	100	100	0
Nederland 2	100	100	0
Nederland 3	100	100	0
Public Regional Broadcasters	100	100	0
RTL4	100	100	0
RTL5	100	100	0
SBS 6	100	100	0
Net 5	100	100	0
Yorin	100	100	0
ARD	100	100	0
BBC 1	100	99	1
BBC 2	100	94	6
CNN	100	98	2
Ketnet/Canvas	99	100	-1
VRT 1	99	100	-1
TMF	99	98	1
TV 5	99	97	2
V8	97	96	1
Cable TV information services	74	Not available	Not available
Discovery Channel	94	92	2
MTV	92	83	9
Eurosport	89	88	1
Info or service channel	82	Not available	Not available
ZDF	70	95	-25
The Box	65	63	2
NGC	65	57	8
RTL	58	51	7
Veronica / Kindernet	53	Not available	Not available
TRT Int.	51	60	-9
WDR 1	47	70	-23
Animal Planet	48	7	41
BBC World	34	15	19
Combination NGC/CNBC	29	18	11
ZDF 2	29	Not available	Not available
Tell Sell	28	Not available	Not available
Rai Uno	27	26	1
WDR 3	24	Not available	Not available
Home Shopping Europe	3	32	-9
TVE Int.	20	18	2
Arte	20	12	8
NDR 1	19	Not available	Not available
Euronews	19	22	-3
RTBF 1	13	16	-3
NDR 3	11	Not available	Not available
TCM	11	9	2
Phoenix CNE	10	12	-2
Sat 1	10	11	-1
MBC	9	16	-7
SWF	8	9	-1
TF1	8	Not available	Not available
France 2	26	Not available	Not available
CNBC	5	10	-5
Mezzo	5	Not available	Not available

Chart 3.16 Programme offer in dutch municipalities (continued)

Deutsche Welle	5	Not available	Not available
Cartoon Network	2	78	-76
Bloomberg	2	Not available	Not available
Landscape	1	Not available	Not available
Muzzik	1	Not available	Not available
Travel Channel	1	Not available	Not available
CNE	1	Not available	Not available

Source data: Dutch Technology Institute – Strategy, Technology and Policy (TNO-STB), 2002 & 2003

The programme councils appointed by the municipal councils, play a part in the diversity of the television programme offer distributed via cable. These programme councils advise the cable operators which 15 television programmes should minimally be distributed to all connected households. This is the so-called legal minimum-package. In addition to this minimum package, a cable operator can also seek advice from the programme council with respect to the other programmes (standard package). The total package comprises 30 to 32 programmes.

The advice of the programme councils is based on a pluralistic composition of the television programme package, taking into account all social, cultural, religious and spiritual needs in the municipality, or municipalities in the case of a programme council for more than one municipality. All social, cultural, religious and spiritual movements that can be discerned in the municipality or municipalities, are weighted in the composition of the programme council,

With the exception of the programmes of the national, regional and local public broadcasting organisations that have to be distributed pursuant the Media Act, as well as the programmes of the Dutch-language national Belgium public broadcasting service, the programme council is free in its choices. The common conviction is nevertheless that a pluralistic television programme package minimally comprises the programmes of the commercial broadcasting organisations as well as the offer of foreign public broadcasting organisations. The differences between the various packages as recommended by the programme councils to the cable operators, are especially reflected in the special-interest programmes.

3.8 Analysis, evaluation and policy

Supplier concentration

Despite the fact that there are still new suppliers arriving on the television market, the television sector shows a high level of concentration. Measured in market share, three major suppliers dominate the sector. Public Broadcasting, HMG and SBS jointly own a market share of 84.6 percent. The other suppliers, the regional broadcasters and some foreign suppliers with programmes specifically aimed at the Netherlands, jointly take up a market share of almost five percent. The remaining ten percent of market share falls to foreign stations and video-use. Public Broadcasting is losing a little ground every year to the other large commercial partners and its market share for 2002 amounts to 37.6 percent. HMG market share remains more or less stable with 27.4 percent. SBS is growing: between 1995 and 2002 the market share of SBS has risen from 1.4 to 19.6 percent.

Programming concentration

The number of stations carried by cable, is still increasing and stands at 17 stations aimed at the Netherlands. The nine stations of the three main suppliers and furthermore TMF, MTV and The Box, National Geographic, Discovery, Cartoon Network, Eurosport and Veronica which returned to the screen in the course of 2002. Some licences have been granted to teleshopping channels that are broadcasting during the off-peak hours of the commercial stations. On the basis of content, these are not separately accounted for.

An inventory of the cable offer shows that with the inclusion of the foreign programme offer, there is a supply of nearly 80 different stations in the Netherlands. A remarkable figure, without even taking the regional and local offer into account. As the cable capacity is limited, a cable operator will on average

carry 32 stations to the connected households. Both on a national, regional and local level the offer consists of an impressive number of broadcasters. There is no lack of diversity in the television offer.

Diversity

The various stations are supplying a wide variety of programmes. The diversity of the total offer is high. There is a reasonable supply of special-interest programmes and programmes catering for specific viewers. In the offer of the nine stations with a wide programme package - and which serve nearly 85 percent of the market - nearly all programme categories can be found. However, there are major differences between the public and commercial broadcasters in terms of programme offer, just as between especially the commercial stations. The diversity on the channels themselves is decreasing by profiling and diversification. To some extent one may speak of a form of allocation of tasks between the stations.

The three public broadcasting channels jointly present the most pluralistic programming, followed at some distance by HMG and SBS. Public Broadcasting supplies more information than the commercial stations (48% and 33% respectively) and is virtually the only one to pay attention to background information, religious and philosophical matters and education. The commercial broadcasters present a lot more fiction, 53 percent of their broadcast time is spent on films and series; this is 18 percent with Public Broadcasting. The commercial broadcasters are also broadcasting the most Dutch drama and the largest number of Dutch series. The public broadcasters provide more entertainment like quizzes and game shows, cabaret and satire, more sports and music.

The so-called 'formatting' initiative in Public Broadcasting results in more distinct and recognisable channels, but also leads to a higher level of homogeneity per station. The profiles of the stations of the commercial broadcasters have already been very much customised to the various target groups. RTL4 and SBS6 are channels for the entire family, RTL5 especially targets men in the age category of the 'commercial messages', Net5 caters for women, V8 for men and Yorin has set its eyes on young(er) viewers.

Besides the offer of BNN, programmes for the young are hardly present on the channels of Public Broadcasting. This also applies to programmes that specifically aim at reaching the elderly and minorities.

Public preferences

The total programme-offer of the joint broadcasters is relatively very much in line with public preferences. But there are differences between the public broadcasters and the commercial suppliers. The public broadcasting organisations offer relatively more information than is in demand and a lot less fiction than the public is interested in. The amount of sports exactly matches the viewers' wishes. The commercial broadcasters are clearly compensating public broadcasting by offering less information and much more fiction.

Media policy

In order to prevent that the level of supplier concentration on the commercial television market becomes too high, the Commissariaat recommends to adapt legislation as to include a maximum market share of thirty percent on the viewers market. Actually, a recommendation that already dates from last year. This will guarantee that there are minimally three parties operating on the Dutch market.

In view of the Monitor results, measures to support the number of stations or a further intensification of diversity demands are for the time being not required. There is a broad range of stations available and the programmes on offer form a pluralistic package. The fact that commercial broadcasting also caters for a need, becomes clear from an analysis of public preferences. Dutch two-tier media management caters for all tastes. It should be noted, however, that the importance of the offer of the commercial stations is increasing. Their market share is still growing and public preferences are shifting towards commercial programming. Therefore, the quality and diversity of the commercial offer increasingly determines the entire television offer. This implies that the continuity and the operations of the commercial stations are increasingly vital to the diversity and quality of the presented programmes. The operational continuity of especially the commercial broadcasters is under pressure. Despite the recovery of advertising revenues, financial results remain negative. Programming focuses on concepts that generate income. On the one hand it should be noted that the enormous increase of the number of teleshopping programmes is a remarkable development. Day-time television could by now be labelled as 'window-shopping television'.

And on the other hand, we can observe that evening programming is looking for concepts with some form of merchandising, or that generate cash-flows with the help of text-message revenues. The formats are developed on the basis of their commercial value to the broadcaster. Certainly in view of the fact that the stations are part of international groups, stimulation of, and investments in the audiovisual sector should be reintroduced on the political agenda on a European level. More so than before, the main focus of attention should be on the development of regional and national audiovisual markets. Within the framework of the European guideline 'Television without Borders', which is to be revised, this aspect should also be taken into account.

Furthermore, the Commissariaat has also made proposals at a European level to arrive at measures against the conflict of media groups ownership and the interests of politicians, as well as including a stricter arrangement for editorial independence through programming statutes. An absolute separation between editors and commercial interests is of importance for a credible development of the media sector as a whole.

4. RADIO

4.1 Introduction

The Radio Monitor deals with concentration developments in the radio sector. In the Monitor over 2001, developments in the domain of public and commercial radio over the past 10 years were discussed. The arrival of commercial radio has resulted in an increase in the number of radio stations since 1990. The number of national suppliers increased to 16 in 2001, the number of programmes even rose from five to 21. The concentration degree is moderate.

The Radio Monitor 2002 presents an overview of the changes with respect to the preceding year. The sector's supplier and programming concentration are recalculated and the description of ownership relations is further extended and updated where necessary. A schematic overview is included of the largest supplier, which also reflects the interests of other media aimed at the Netherlands. The radio chapter is also extended with a description of the non-national market: regional and local public broadcasting organisations and non-national commercial stations.

The definition of the relevant market in this report is based on separate national and non-national radio markets. With reference to the investigation into the extent of diversity within the radio sector, the current government policy in the allocation of airwave frequencies is of great importance. For this reason, these and other measures applied by the government in influencing the programme offer, will also be discussed in this chapter.

4.2 The radio sector

Main characteristics

Radio programmes are supplied by Public Broadcasting in the Netherlands, joined as per 1992 by commercial suppliers. Next to the national offer, each region has a number of specific suppliers with regional and/or local programming. Cable distribution also includes programmes that are not designated for the Dutch market. This concerns the programmes of public broadcasting organisations from Belgium, Luxembourg, German, France and the United Kingdom.

The overview of owners of national and non-national commercial radio stations in 2002 contains broadcasting companies (RTL Group), publishers (Koninklijke Boom Uitgeverijen, Vereniging Veronica), large international media groups (News Corporation) and private investors (Talpa Beheer: John de Mol). Public Broadcasting is the largest supplier with six radio programmes. News Corporation is the largest commercial party with interests in three national stations. Noordzee FM is the broadcasting-licence holder of the longest standing; as early as in 1992, it is the first commercial station to dispose of a Dutch broadcasting-licence.

In terms of content, radio programmes can roughly be classified in news, classical music and pop-music. The majority of the commercial suppliers is operating in the latter category. A number of stations even use one specific genre of pop-music as programming formula. Radio 2 and the regional public broadcasters apply a mix-format: these stations combine pop-music with news and general information. Most national and non-national commercial stations provide non-stop music programmes, with the exception of programmes in the morning and evening rush-hour with live hosting.

The main concern of the sector in 2002 is the allocation of FM-airwave frequencies. This was also the case in 2001. The resigned Balkenende Cabinet reached a decision on this in December of last year. The new licences are to be granted at 1 June 2003 at the latest date.

Market share

Chart 4.1 Public and commercial radio stations: market share (2002)
(market share in percentage)

Broadcasting Organisation	Station	Market share broadcaster	Market share station	
			2002	2001
Public Broadcasting (NOS)	Radio 1		8.6	8.5
	Radio 2		10.4	9.7
	3FM		9.7	10.2
	Radio 4		1.5	1.6
	747 AM		0.9	0.8
	ConcertZender		unknown	unknown
	Regional public broadcasting (total)			14.8
Total public broadcasting (national & regional)		45.9		
News Corporation	Sky Radio		13.2	14.1
Vrije Radio Omroep Nederland	Radio 538		9.9	8.2
Wegener	Radio 10 FM		7.4	8.1
Talpa Beheer	Noordzee FM		4.3	4.8
RTL-de Holland Media Groep	Yorin FM		3.6	4.2
Classic FM (= partnership firm with Sky Radio)	Classic FM		3.0	2.7
Mediad	Arrow Classic Rock		1.7	1.8
Bizned	Radio Nationaal		1.8	0.7
Vereniging Veronica	Kink FM		0.3	0.0
Hal	BusinessNieuws		0.2	0.2
Investments/W.Sijthoff	Radio			
Ranoweb	Radio 192		0.1	unknown
other national suppliers			5.7	7.2
regional commercial stations (united in CRN)				
Commerciële Radio Nederland)			2.9	2.3
Total commercial broadcasting (national & regional)		54.1		
Total		100.0	100.0	100.0

Source: Foundation Platform Radio Broadcasting organisations (Stichting PRE)

In 2002, the market is more or less evenly divided between the public and commercial suppliers. The majority of music programmes has an overall entertaining character, aimed at the target group of listeners between 20 up to 49 years of age. Pop-journalism and in particular items like live music are sporadically offered in the evening hours and during the weekend. Stations that dispose of FM-airwave frequencies primarily focus on mainstream pop-music, whereas the more specialised suppliers can only tap into their listeners through cable distribution. From a national perspective, Sky Radio owns the largest market share. The station has been holding that position for a considerable time already with a programme consisting of non-stop music, without any radio hosts.

In view of the number of stations, the share of news items in radio broadcasting is low. Only two stations provide a programme with a considerable percentage of news: Radio 1 and commercial BusinessNieuws Radio, respectively. 747 AM provides backgrounds to the news on Radio 1. On the other stations, the

news category is represented in the form of news bulletins of a few minutes on the (half-)hour. The programmes of Radio 2 and the regional public broadcasters consist mainly of (regional) news and information in the domain of culture.

Advertising revenues

There are no separate net figures available on the radio advertising market in 2002. The report of 2001 assumed a net budget of some € 200 million for the total radio sector. Public Broadcasting claimed € 72 million of this figure. An increased interest in 2002 for the medium radio resulted in higher revenues. This becomes apparent from the gross figures: € 327 million in 2002 with respect to € 293 in 2001, an increase of 12 percent. This figure should be adjusted downwards with a considerable percentage to have an idea of the net expenditures on radio advertising.

Chart 4.2 Gross radio advertising expenditures (in €*million)

	2002	2001
Total	327	293

Source: BBC The Advertising and Media Bank

Based on the kind of products that they are selling (groceries, mobile phones, cars), a wide range of advertisers make use of the medium radio to reach their prospective buyers. This implies that suppliers of radio programmes do not directly depend on one single advertiser to continue their operations.

Chart 4.3 Top 10 advertisers on radio 2002

Top 10 2002	Advertiser	Expenditures (* €1000)	Advertising expenditures as percentage of total radio expenditures
1	Albert Heijn	5,126	1.7
2	Rabobank Nederland	4,874	1.7
3	Unilever Bestfoods Nederland	4,247	1.4
4	Vodafone Libertel	3,605	1.2
5	KPN Telecom	3,570	1.2
6	KPN Mobile	3,370	1.1
7	St. Expl. Ned. Staatsloterij	3,169	1.1
8	02 Nederland	3,137	1.1
9	Citroën Nederland	2,865	1.0
10	Renault Nederland	2,462	0.8
C10			12,3

Calculated over the period January-November 2002

Source: BBC The Media and Advertising Bank in MarketingTribune

Financial position radio stations

The joint budget for the five radio programmes of the public broadcasters amounts to €105 million in 2002. This signifies a slight increase with respect to 2001.

When the distribution of funds among the stations is reviewed, it becomes clear that Radio 1 and 747 AM (35 and 25 percent respectively) receive more financial means than the three music stations (40 percent in all). 747 AM's market share is very small with background information, radio documentaries and news services for minorities and religious/philosophical/spiritual components.

The delay in the final allocation of airwave frequencies in 2002 is partly responsible for the operational position of commercial suppliers of radio programmes. This particularly applies to newcomers, which under the present conditions only have cable coverage at their disposal. Their strategies had to take the uncertainty with respect to the future into account. In some cases this resulted in laying-off staff (ID&T Radio), economy measures on internet activities (BusinessNieuws Radio) or selling off expensive medium-wave frequencies (Radio Nationaal). Right at the end of 2002, a number of takeovers took place. Insecurity on investments in the radio medium in the long term, prompted SBS Broadcasting S.A. to sell its minority interest in Noordzee FM to the private investment company of John de Mol.

In 2003, the same company also takes over Wegener's Radio 10 FM. Het Financieele Dagblad Holding becomes owner of BusinessNieuws Radio as per 1 March.

Ownership relations

The following figure presents an overview of the ownership relations of the main radio programme suppliers. Participation in other media sectors are included.

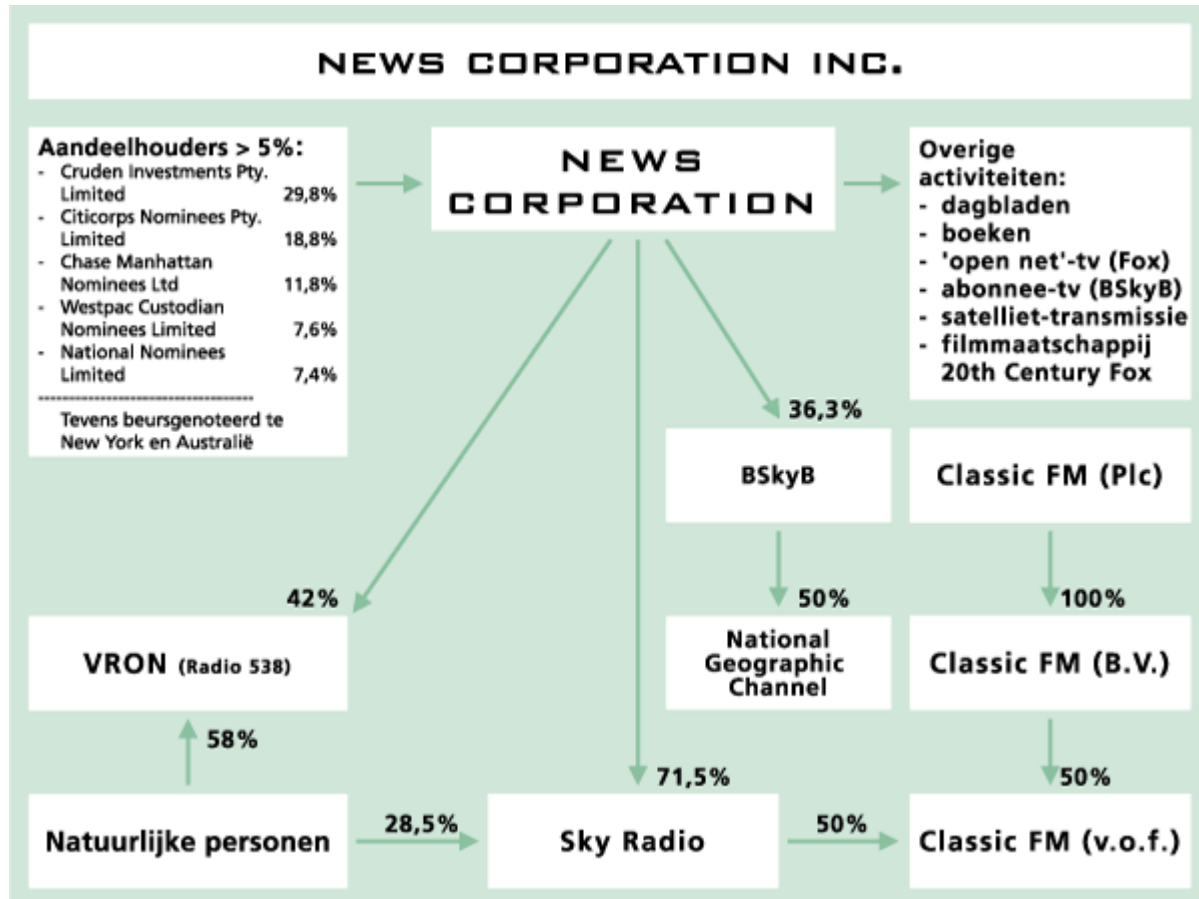


Figure 4.1 Ownership relations News Corporation

News Corporation

The Australian media group News Corporation owns a controlling interest in Sky Radio (71.5 percent) in 2002. Sky Radio provides radio programmes in the Netherlands, Denmark and in a part of Germany. News Corporation has an indirect interest in Classic FM v.o.f., a joint venture between Sky Radio and Classic FM BV. The latter is a subsidiary of Classic FM Plc., 100 percent owned by Group Wiltshire/West Radio. Classic FM Plc. is one of the largest radio suppliers in the United Kingdom.

A third station aimed at the Netherlands in which News Corporation has a direct interest, is Radio 538 (42 percent, via Lyntres Ltd.). The remaining 58 percent is in the hands of private investors. A number of these individuals also own the remaining 28.5 percent of Sky Radio. In the light of the new frequency decision and the incorporated restrictions to ties between radio stations, the investors behind Radio 538 and News Corporation agreed to a share-for share transaction in March 2003.

These three programme suppliers not only broadcast radio programmes but also operate websites and internet radio. Classic FM also publishes a magazine with an international outlook.

News Corporation global operations include publishing daily papers in among others the United States and the United Kingdom; publishing books, supplying 'open net' television (Fox Television in the United

States), supplying pay-TV (among others an interest of 36.3 percent in BSKyB). The company is also the owner of film producer 20th Century Fox. A relevant aspect for Dutch television offer is a participation in National Geographic Channel (50 percent, through BSKyB). In 2002, News Corporation increasingly focuses on satellite transmission. Pay-TV is offered in Asia, the United Kingdom, Latin America and Australia through Sky Global Network.

Hal Investments, W. Sijthoff, Het Financieele Dagblad and BusinessNieuws Holding

Investment company HAL and Willem Sijthoff are the main shareholders of the station BusinessNieuws Radio. They both own 36.3 percent of the shares of the holding Het Financieele Dagblad B.V., publisher of the daily paper with the same name. This holding recently reached an agreement concerning the takeover of BusinessNieuws Holding as per 1 March 2003. In addition to providing radio programmes, BusinessNieuws Holding is engaged in internet activities and selling advertising broadcast time. The station's activities have been fully integrated with those of the accompanying website BusinessNieuws Online (formerly The Floor). The underlying strategy is an integrated multimedia approach in the supply of financial-economic information, which also enables a complementary deployment of the various media in advertising campaigns. In Norway, Sijthoff is involved in a similar multimedia initiative with intensive cooperation between television and daily paper journalism.

Investment company Hal owns shares in a lot of enterprises in and outside the Netherlands, with activities ranging from the production of office furniture to maritime transportation (natural gas and oil) and from container storage to hearing-aids.

Nederlandse Radio Groep (Erik de Vlieger)

Erik de Vlieger Holding also intends to deploy a multimedia strategy with Nederlandse Tijdschriften Groep (NTG) and Nederlandse Radio Groep (NRG). The interest in the station Colorful Radio is placed with NRG. Since the takeover of music magazine Oor in 2002, de Vlieger owns the three largest pop-music magazines via NRT. One of his targets is realising a cooperation between music magazines and radio stations in developing programme components and attracting investors. De Vlieger's other investments include industrial mechanical engineering, real estate, shipping yards and aviation.

Other suppliers

Since its establishment, Vereniging Veronica has a controlling interest in radio station Kink FM (75 percent). In 2002, the association started once more with its own station, Veronica FM. RTL-de Holland Media Groep owns the station Yorin FM. In 2001, Radio Nationaal was taken over by the company Bizned of former Endemol administrator Ruud Hendriks. Arrow Classic Rock is in the hands of Mediad (investors Willem van Kooten and Ad Ossendrijver). Radio 192 is owned by 192 Media, the company in which some former Veronica employees participate.

Vertical integration and media cross-ownership

Through the integrated character of producing and supplying radio programmes, hardly any concentration movements take place between the different chains of the media value chain. Only the transmission of programmes via cable, satellite and ether is provided for by separate companies. An exception in this context, is the interest of Public Broadcasting in airwave operator NOZEMA. Public Broadcasting owns 40 percent of the shares. The Dutch State owns 59 percent and Radio Nederland Wereldomroep 1 percent. Suppliers of commercial radio have no interest in airwave or cable operators. There are, however, cross-ownership relations with other media. In 2002, radio programme suppliers show the same level of activity with respect to television (Public Broadcasting, RTL/de Holland Media Groep, News Corporation) and/or general-interest magazines (Veronica, NTG). On the other hand, SBS and De Telegraaf sold their interest in Noordzee FM. At the end of 2002, Wegener reduced its interest in Radio 10 FM to 33.3 percent. John de Mol has acquired both stations in the meantime.

Regional and local radio suppliers

Next to the national offer of more than twenty programmes aimed at the Netherlands and the programmes of public broadcasting organisations from abroad, we find a large number of stations with programmes on a regional or local level. For starters, each province has its own regional public broadcaster, Zuid-Holland even has two (Radio West and Radio Rijnmond). In addition, there are 287 local public broadcasting

organisations that supply radio programmes in the Netherlands. In some cases more than one municipality is served by one and the same local broadcasting organisation. And finally, we can discern 47 non-national commercial broadcasters of radio programmes, whose activities are not necessarily limited to one municipality or province.

The list of owners of non-national commercial radio stations includes Koninklijke Boom Uitgeverijen with Rebecca Radio and Wegener, which has a 50 percent interest in Radio 8 FM via Betaco Beheer. The new frequency allocation plans provide for some 25 FM-packages for this group. The main requirements to be considered for these frequencies are the legal coverage maximum - irrespective of the number of frequencies, the listening audience range may not exceed 30 percent - and a programme requirement: at least 10 percent of the programme has to consist of regional and/or local news.

In terms of offer, there is a clear distinction between regional and local public broadcasting organisations on the one hand and non-national commercial radio stations on the other. Public broadcasting organisations are bound by regulations. Minimum content percentages (50 percent) apply to regional or local information and education, as well as culture in the broadest sense of the word. The programme structure of regional radio stations shows a lot of similarities with the structure of the national public station Radio 2. Both present a mix-format of news, general information and pop-music. The non-national commercial stations offer programmes that show many similarities with national equivalents: pop-music, at times presented by radio hosts (in the morning and evening rush-hour).

The market share of the joint regional broadcasting organisations amounts to 14.8 percent. This makes the regional broadcasting organisations as a group, the stations with the best listening rates. There are no data available on market share of the local broadcasting organisations.

Chart 4.4 Market share regional radio timeframe 7-19 hours

	2002	2001	Change in percentage with respect to 2001
Radio Noord	34.1	31.8	-2.3
Omrop Fryslân	25.0	23.7	-1.3
Radio Drenthe	18.9	21.0	2.1
Radio Oost	17.9	17.9	0
Omroep Gelderland	15.9	16.1	0.2
Omroep Flevoland	8.8	7.3	-1.5
Radio M	5.5	6.0	0.5
Radio Noord-Holland	8.5	8.8	0.3
Radio West	9.8	9.9	0.1
Radio Rijnmond	12.7	13.3	0.6
Omroep Zeeland	19.8	19.9	0.1
Omroep Brabant	14.1	13.4	-0.7
L1 Radio	15.0	15.2	0.2

Market share in age group of 10 years and older.

Source: Central Marketing & Sales Organisation Regional Public Broadcasters (ORN)

The market share of the regional broadcasters is calculated per province in ratio to the national suppliers in that province. When the regional market is reviewed separately, market share of the regional public broadcasters will automatically increase as there is only competition from one or more non-national commercial stations. At the present time, we do not have specific data on this at our disposal.

The joint budget for the regional public broadcasters put up by the provinces and the government, amounts to more than € 44 million in 2002. Any municipality in the Netherlands can in principle have its own local public broadcasting organisation. Since the start of public funding of the government broadcasting contribution, a compensation for the costs of local public broadcasting organisations is included in the municipal budgets. In many cases, however, funding remains a point of discussion between the municipality and the local broadcaster.

4.3 Supplier concentration

The analysis of 2001 already stated that the number of national suppliers has increased significantly since 1990. From one single public broadcasting organisation with some five separate programmes, the number rose to 16 public and commercial suppliers with 22 programmes in 2001. At the end of 2001, Wegener ends the activities of Love Radio. The number of suppliers remained stable in 2002. The sale of Radio 10 FM to Talpa Beheer results in a decrease in the number of suppliers at the time of the publication of this report. The investment company of John de Mol already acquired Noordzee FM in November 2002, putting the number of suppliers at 15, early 2003: one public and 14 commercial suppliers.

Early 2003, the limitation in the frequency allocation concerning ownership and control ties results in a disentanglement of the interests of Sky Radio and Radio 538. A supplier may only dispose of one frequency with added provisos, and one free frequency. In case there are ties between the owners of radio stations, the consequence for one of the parties may be that the frequency application is denied. When the programmes are only offered via cable distribution, this limitation is not applicable.

It is unclear what the effect of the frequency allocation will be on the number of suppliers.

Suppliers that do not succeed in obtaining a frequency, may be forced to end their radio activities on economic grounds. Both the national and non-national markets will experience changes in the course of 2003. There are also new parties that have announced their radio plans and Sanoma Tijdschriften is considering radio activities as well. Veronica announced late March 2003 that it will not apply for frequencies for Kink FM and Veronica Radio.

Chart 4.5 Supplier concentration on the radio market, national and regional (market share, year averages 7-24 hours, in percentage, listed by market share 2002)

Broadcasting organisation	2002	2001	Change in percentage with respect to 2001
National			
Public Broadcasting	31.1	30.8	0.3
News Corporation	13.2	14.1	-0.9
Classic FM (partnership firm with Sky Radio)	3.0	2.7	0.3
Vrije Radio Omroep Nederland	9.9	8.2	1.7
Wegener	7.4	8.1	-0.7
Strengholt/SBS Radio	-	4.8	-4.8
RTL-de Holland Media Groep	3.6	4.2	-0.6
Vereniging Veronica	0.3	0.0	0.3
Talpa Beheer	4.3	-	4.3
Other suppliers	5.7	9.9	-4.2
Regional			
Public broadcasters	14.8	14.6	0.2
Regional commercial stations	2.9	2.3	0.6
Total	100.0	100.0	
HHI national radio market	0.16	0.16	
HHI national radio market in number equivalents	6.1	6.2	

Source: Foundation Platform Radio Broadcasting organisations (Stichting PRE)

In 2002, Public Broadcasting and News Corporation remain the most important suppliers of more than one radio programme when the interests in Classic FM and Radio 538 are included in the offer of News Corporation. The supplier Strengholt/SBS is replaced by Talpa Beheer.

According to concentration standards, the market of suppliers of national radio programmes in 2002 is comparable with a situation of six or seven equally strong parties operating on the market.

Programming concentration

The total number of stations hardly changes in 2002. This is partly due to the earlier mentioned delay in the frequency allocation. Nearly all programmes aimed at the Netherlands have managed to continue their broadcasting activities. In 2002, we see four public and seven commercial radio programmes via FM-airwave and cable, four programmes via AM-airwave and cable (including public 747 AM) and six stations that only dispose of cable distribution. A total of 21 national radio programmes. Although the number of suppliers did not change, the number of programmes fell to 21 in comparison with 2001 as a result of the end of the broadcasts by Love Radio. Vereniging Veronica started a second programme in 2002 under the name Veronica Radio. This newcomer has not been included in the national offer, as the station only disposes of cable distribution in a part of the Netherlands.

The non-national radio offer consists of 13 regional public programmes and 287 programmes of local broadcasting organisations. In both cases transmission takes place via FM-airwave and cable, the latter on the grounds of the must-carry condition imposed on cable operators. Furthermore, listeners can tune in to 47 non-national commercial radio programmes on the cable networks. Only 13 of these also dispose of an FM- or AM-frequency.

Chart 4.6 number of radio programmes aimed at the netherlands

National public radio stations	6	
National commercial radio stations		15
Regional public radio stations	13	
Non-national commercial radio stations	47	
Local public radio stations	287	

Source: The Dutch Media Authority (CvdM)

4.4 Diversity

The current programme offer can be labelled as moderately concentrated. The government makes a significant contribution to the level of diversity through Public Broadcasting. This is effected through six stations: two news stations, two stations for classical music, a pop-music station and one station that combines pop-music with news and general information.

The news stations of Public Broadcasting, Radio 1 and 747 AM, hardly face any competition from commercial BusinessNieuws Radio. One of the reasons is the smaller coverage via airwave distribution. Classic FM may be a serious commercial competitor of the public stations Radio 4 and The ConcertZender, but up to now it is the only one. Next to classical music, both also have a limited offer of jazz and world music. Because of the format requirements – BusinessNieuws is using FM-airwave frequencies that originally belonged to JazzRadio, which it acquired – BusinessNieuws Radio also contributes to the share of jazz music on the radio. The difference is that BusinessNieuws Radio supplies a non-stop music programme with soul, funk and blues in addition to jazz and that the programmes of the public stations have a more informative character. The same difference can be noted between Classic FM and the public stations.

All other 15 stations focus on pop-music. The programmes of these stations are showing more and more similarities in recent years. At one end of the spectrum we find the non-stop music programme of Sky Radio, at the other end lies the informative character of a number of the public stations, Radio 2 and Radio 3FM, the regional broadcasters and the commercial stations Kink FM and Colorful Radio. The Monitor over 2001 contains an extensive profile description of all stations. The survey shows that some stations focus on one or more pop-music genres, which may or may not be related. But these niche stations with their specific attention for Dutch popular music, country, dance, (hard)rock, alternative music or popular world music, only have a marginal coverage via airwave at their disposal.

By attaching conditions to the frequency allocation, the government disposes of an important instrument to directly influence the diversity of the radio offer. The sector has been waiting for some years for a final

allocation of the airwave frequencies. In the second half of 2002, an important policy change was initiated. Instead of the auctioning process, as intended by the second Kok Cabinet, the Balkenende Cabinet decided to allocate the frequencies on the basis of weighted criteria. This meant the end of the temporary allocation plans, which had already been rejected by the provisions court of Rotterdam at an earlier date. On 6 December 2002, the criteria for a weighted comparison were approved by the Council of Ministers of the outgoing Cabinet. In the allocation of the nine national lots, the diversity of the offer will be taken into account. Five stations will be reserved for a specific format, the other four are not subject to format criteria. The business plan will also be taken into account in the process and a financial bid on the frequency will only be decisive in the final analysis. The licences to be granted will have to take effect at 1 June 2003 at the latest. The internationally coordinated allocation of zero-base frequency space can take place simultaneously.

The frequency allocation will take a varied offer of stations into account. Five of the nine lots that will be operated as per 1 June 2003, are reserved for stations with specific and deviating programming formats: news, classical or jazz music, Dutch products and two non-mainstream pop-music stations. This way the government has indicated a minimum package in terms of diversity. In addition, there is also room for four stations with no format requirements.

Stimulation of a pluralistic offer is also expressed in the government policy of supporting local radio for migrants and the increased attention for (im)migrants and youth. Programme councils also play a part in the composition of the radio offer on cable; they will have to advise the cable operator on a pluralistic radio package

Local broadcaster for migrants: G4 Radio

G4 Radio is a foundation that supplies radio programmes under the name FunX aimed at minority groups in the four major cities. The station is a direct result of the paper "Media and Minority Policy" (1999) of the State Secretary Van der Ploeg at the time, in which a more multicultural character of the general media offer is advocated alongside an increase in the number of target group programmes for (im)migrants. The foundation is partly financed by the Ministry of Education, Culture and Science and functions as a production company for the local broadcasters in the four major cities. The needed extra frequency room is also forthcoming in the form of a reservation within the zero-base trajectory. The broadcasters will set up the minorities station as an additional task (theme channel). In The Hague and Rotterdam, the station has already started broadcasting under the name FunX.

Youth programming with Public Broadcasting

According to Public Broadcasting itself, it increasingly focuses on specialisation and a recognisable character of its stations. Interaction with the listeners and reaching the young function as spearheads within this policy.

BNN and NCRV are the only broadcasting associations that specifically target the young in their programming. BNN provides among others four evening-broadcasts per week on Radio 1: BNN United, a newsmagazine for young listeners with background information, studio interviews, a lot of attention for internet, reports and nightlife tips. NCRV publishes the youth weekly BuZZ with mainly pop-music topics. 3FM also disposes of its own editors for composing and presenting extra news bulletins for young listeners. All public stations try to reach more young listeners through their choice of music. 3FM broadcasts alternative ('experimental') music, has a lot of attention for Dutch talent and covers pop festivals. Radio 2 presents more music from the eighties and Radio 1 is developing its own typical music policy. 747 AM tries to achieve the same goal by its 'commentary' on the Radio 1 news bulletins and spending more attention on lifestyle. Despite these attempts, the offer of other programming components for young listeners besides music remains limited.

The role of the programme councils

The programme councils appointed by the municipality councils play a role in the diversity of the offer of radio programmes with cable distribution. These councils advise the cable operators which 25 radio programmes they should minimally broadcast to all connected households, the so-called legal minimum package. In addition to this legal minimum package, a cable operator can also seek the advice of the programme council with respect to the other programmes (standard package). The entire package usually consists of 35 to 40 programmes.

4.5 Public preferences

Chart 4.7 Public preferences dutch radio stations, national and regional
(market share, year averages 7-24 hours, in percentage)

Station	Market share station		Change in percentage with respect to 2001
	2002	2001	
Public			
Radio 1	8.6	8.5	0.1
Radio 2	10.4	9.7	0.7
3FM	9.7	10.2	-0.5
Radio 4	1.5	1.6	-0.1
747 AM	0.9	0.8	0.1
regional public stations	14.8	14.6	-0.2
Commercial			
Sky Radio	13.2	14.1	-0.9
Radio 538	9.9	8.2	1.7
Radio 10 FM	7.4	8.1	-0.7
Noordzee FM	4.3	4.8	-0.5
Yorin FM	3.6	4.2	-0.6
Classic FM	3.0	2.7	0.3
Arrow Classic Rock	1.7	1.8	-0.1
Radio Nationaal	1.8	0.7	1.1
Kink FM	0.3	0.0	0.3
BusinessNieuws Radio	0.2	0.2	0
Radio 192	0.1	unknown	unknown
other national suppliers	5.7	7.2	-1.5
regional commercial stations	2.9	2.3	0.6
Total	100.0	100.0	

Source: Foundation Platform Radio Broadcasting organisations (Stichting PRE)

Chart 4.8 Composition listening audience (highest listening ratings) radio stations (2002)
(in percentage)

	Radio 1	Radio 2	3FM	Radio 4	747 AM	Regio Radio	Sky Radio	Radio 538	Radio 10 FM	Noord-zee FM	Yorin FM	Class ic FM	Com mercial Re-gional	Radio Natio naal	Arrow Clas-sic Rock	Kink FM	Busi-ness-Nieuws-radio	Radi o 192	Dutc h popul ation
<i>Age group</i>																			
10-19	1	3	6	2	1	2	8	19	4	9	22	1	7	1	4	7	2	3	6
20-34	7	11	54	4	6	5	29	45	15	29	48	5	47	7	32	57	11	9	24
34-49	17	34	30	12	10	15	39	27	42	36	25	11	29	18	49	30	34	46	28
50-64	32	33	8	28	31	40	20	7	32	20	4	35	12	41	14	4	33	28	24
65+	44	20	3	55	53	39	5	1	8	6	1	48	5	33	2	3	21	14	18
<i>Gender</i>																			
Male	52	49	65	51	38	46	45	55	49	42	53	45	51	56	64	67	77	62	51
Female	48	51	35	49	62	54	55	45	51	58	47	55	49	44	36	33	23	38	49
<i>Education</i>																			
Lower Voc.	30	34	24	20	47	55	34	29	51	40	28	28	28	72	27	16	16	45	37
Interm. Voc.	36	41	44	24	32	32	42	45	36	38	44	42	45	23	41	40	42	32	39
Higher / AC+	33	24	31	44	20	11	24	25	13	21	27	29	27	4	32	44	42	24	23

Source: Audience Survey of the Netherlands Broadcasting Foundation (NOS-KLO)

The advice of the programme councils is based on a pluralistic composition of the radio programme package in which the social, cultural, religious and spiritual needs of the municipality are taken into account. Likewise, all different movements in the municipality are taken into consideration in the composition of the programme council.

With the exception of the programmes of national, regional and local public broadcasters, which the cable operator is required to distribute by law, as well as the two programmes of the Dutch-spoken national Belgium public broadcasting service, the programme council is free in its choice of programmes. A pluralistic radio programme package nevertheless minimally comprises a number of programmes of the national commercial broadcasting organisations and foreign public broadcasters. The difference between the various programme packages as recommended by the programme councils to cable operators, is especially reflected in the non-national commercial radio programmes and in the commercial cable TV information services. It is also of importance to note that advice is usually given on a yearly basis so that programme suppliers that were not recommended in the previous year, will have another opportunity to be included in next year's advice.

With respect to 2001, there are hardly any changes in market share of the respective radio stations. 3 FM and Radio 4 have lost a little ground, resulting in a first-ever score of 3FM of less than 10 percent. The commercial competition managed to realise a reasonable (Classic FM) to considerable increase in market share (Radio 538). As the only commercial supplier of news, BusinessNieuws Radio only succeeded in playing a marginal role in broadcasting.

Radio 2 has been experiencing a steady growth in recent years; in 2002 its market share rose once more. Sky Radio had to give up a little market share, just as in 2001, while the joint regional public stations consolidated their market position. The joint non-national commercial broadcasters (CRN) also show a slight increase, which seems to confirm the trend of an increased popularity of regional radio.

It is not clear whether the sale of the stations has been of any influence on the further decline in market share of Radio 10 FM and Noordzee FM. Nearly all suppliers of pop-music are reporting lower figures over 2002.

Radio 538 and Yorin FM hold a relatively large share among listeners in the age group up to 19. In the categories from 20 years and older, the market shares of Radio 3 FM, Sky Radio, Noordzee FM, Arrow Classic Rock and Kink FM are growing. In the age group between 34 and 49 years, the youth stations reach fewer listeners and this target group is especially served by Radio 2, 3 FM, Sky Radio, Radio 10 FM, Noordzee FM, Arrow Classic Rock, Radio 192 and BusinessNieuws Radio. In the category older than 50, classical music, like Radio 4 and Classic FM assumes a more prominent position. The age category 65 + listens mostly to Radio 1, Radio 4, 747 AM, regional broadcasters and Classic FM.

Another remarkable result is that the majority of listeners of 3 FM, Arrow Classic Rock, Kink FM and BusinessNieuws are men. The percentage of women of the listening audience of 747 AM is higher than average.

Chart 4.9 Composition listening audience public and commercial regional broadcasters 2002 (in percentage)

	Public regional stations	Commercial non-national stations	Dutch population
Age			
10-19	2	7	6
20-34	5	47	24
34-49	15	29	28
50-64	40	12	24
65+	39	5	18
Gender			
male	46	51	51
female	54	49	49
Education			
Lower voc.	55	28	37
Interm. Voc.	32	45	39
Higher AC+	11	27	23

Source: Foundation Platform Radio Broadcasting organisations (Stichting PRE)

The commercial non-national stations are especially popular with the age category up to 34 year. In the age group up to 49, we find a reasonable reflection of the demographics of the Dutch population. The regional public broadcasters mainly reach the elderly above 50. The stations find it hard to create a regular listening audience made up of younger people.

4.6 Distributors

Analogue airwave is the main infrastructure for radio, creating the largest coverage. Transmission of radio programmes also takes place by cable, satellite and internet. Transmission via DVB-T will become possible in the course of 2003: digital airwave television and radio supplied by Digitenne via airwave, but with a new distribution technology.

The frequency allocation for Terrestrial Digital Audio Broadcasting (T-DAB) has in the meantime partially been effected. Contrary to Digitenne, T-DAB does not represent a technique but a new standard for transmitting radio programmes via airwave, using a multiplex or 'frequency block'. At the receiving end (the consumer), the data are split into radio signals and any extra information in the form of text or image. The latter aspect holds the added value of the standard which is internationally regarded as the successor of FM. Within this framework, Public Broadcasting was granted a licence early February 2003 from the Dutch Ministry of Economic Affairs to enable transmissions by means of the allocated multiplex.

Initially, it was the intention to link the issue of DAB-frequencies to the allocation of FM-frequencies. Early May 2002, however, this plan was abandoned. The Ministry of Education, Culture and Science, and the Ministry of Transport and Public Works consider the introduction and exploitation of TDAB a complex issue, in which cooperation between multiple (commercial) parties is likely. The delay in the frequency allocation makes it impossible for the parties concerned to consider digital radio broadcasting as a secure factor in their future plans.

Nozema and Broadcast partners

At the present time, there are two enterprises in the Netherlands that are engaged in the transmission of broadcasting signals via AM- and FM-airwave. The Netherlands Broadcasting Transmission Company (NOZEMA) manages the infrastructure for airwave transmission and provides the transmission of radio stations. In order to promote competition within and between infrastructures, an act was passed in 2000 that is to lead to a privatisation of NOZEMA. This act, however has not been implemented up to date. In 1997, NOZEMA saw the arrival of a competitor: Broadcast Partners, owned by two private investors. There is one important difference between the two enterprises. Broadcast Partners builds transmitter networks, a necessary first step in the distribution of radio signals. For transmission purposes, however,

the company partly depends on the transmitter locations of NOZEMA. Both parties have reached an agreement in principle so that a radio station in theory can choose between two competing parties.

The range of Public Broadcasting, both by airwave and cable, is 100 percent. The range of the commercial broadcasters is not so evenly dispersed over the Netherlands and the fact that national broadcaster BusinessNieuws Radio only reaches 25 percent of the population via airwave distribution, is remarkable in this context. The differentiation in range between the stations through cable distribution is a result of the priorities as formulated by the programme councils in the various municipalities.

Chart 4.10 Potential range radio station via airwave (2002) (fm, am when stated)

Station	Distributor	FM-airwave range (potential *million listeners)	Cable range (% cable networks)
National public radio			
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
ConcertZender	not applicable	not applicable	94
National commercial radio			
Sky Radio	NOZEMA	9.6	100
Noordzee FM	Broadcast Partners	8.1	97
Radio 538	Broadcast Partners	5.3	100
Arrow Classic Rock (AM 828)	NOZEMA	unknown	97
Radio 10 FM (AM 675)	NOZEMA/Broadcast Partners	3.3	100
Yorin FM	Broadcast Partners	4.8	100
BusinessNieuws Radio	NOZEMA/Broadcast Partners	3.9	82
Classic FM	NOZEMA	5.4	100
Radio Nationaal	not applicable	unknown	86
Radio 192 (AM 1332)	NOZEMA	unknown	37
Kink FM	not applicable	not applicable	98
Country FM	not applicable	not applicable	99
ID&T Radio	not applicable	not applicable	90
Colorful Radio	not applicable	not applicable	94
Q The Beat (AM 1224)	Merlin: BBC*	unknown	3
Regional radio			
Regional public stations	NOZEMA	15.6	100
Commercial non-national stations	NOZEMA/Broadcast Partners	unknown	unknown

Source: Directorate-General for Telecommunications and Post (DGTP), 2002 (potential airwave range); The Media Institute, 2001 (operators) and the Dutch Technology Institute - Strategy, Technology and Planning (TNO-STB), 2002 (cable range)

* Foreign frequency

4.7 Analysis, evaluation and policy

Supplier concentration

There is a considerable number of suppliers that are active on the national market of radio programmes. Next to the public broadcasting organisations, there are 15 different parties that operate radio stations. The largest commercial player is Sky Radio with its parent company News Corporation (Murdoch), which also owns fifty percent of Classic FM and has shares in Radio 538. In terms of concentration, the market of suppliers can be called moderately concentrated. Also on a regional and local level, we can distinguish various suppliers of radio programmes. In addition to the 13 regional broadcasters, there are another 47 non-national commercial broadcasters. And finally, there are 287 public broadcasters offering programmes on a local level. No change in the number of national suppliers can be noted in 2002.

Supplier market share is evenly distributed over the public broadcasters - 31.1 percent national and 14.8 percent regional - and the commercial suppliers who take up the remaining share of 54.1 percent on a national level.

Programming concentration

The total number of national stations went down by one station and is currently 21. The station Love Radio stopped broadcasting at the end of 2001. Most suppliers are presenting one programme. Public Broadcasting disposes of five regular programmes and operates one station as an extra task. Furthermore, the above-mentioned regional and local suppliers all provide one or more stations. The four broadcasters in the major cities have started a programme for minorities in their towns in addition to their regular programming activities. In terms of the number of programmes, the radio landscape is well provided for on all three levels; national, regional and local.

Diversity

Public Broadcasting offers a pluralistic package via its six stations. With information on Radio 1 and 747 AM, music in combination with information on Radio 2, pop-music on 3 FM and classical music on Radio 4 and The ConcertZender. This list at the same time sums up the most important radio formats. The commercial broadcasters also offer news via BusinessNieuws Radio, classical music via Classic FM and furthermore various genres of pop-music on the other stations. Striking feature is the limited range of specialised stations and the general low content of news and current affairs.

A combination of music and news can also be seen with the regional broadcasters and some non-national commercial broadcasters. The government aims at a higher level of diversity among the commercial radio suppliers through its airwave frequency allocation. The upcoming frequency allocation will offer five frequency lots for stations with a specific profile. The remaining four lots will be allocated according to business plan and the financial bid on the frequency, without any format obligations. With respect to the frequency allocation for non-national commercial broadcasters, there is a requirement to spend ten percent of the broadcast time on topics concerning the region.

Another government initiative to stimulate the diversity degree of the local broadcasters in the four major cities, consists of putting up funds and frequencies for a theme station for minorities. It remains to be seen whether all target groups are well catered for within the total offer. The G4-initiative for radio programmes that specifically target adolescents in minority groups, still has to prove itself. Noteworthy is also the fact that the public broadcasters offer a minimal level of information that is especially intended for young listeners. The odd ones out are BNN with broadcasts on a number of days and the news bulletins on Radio 3. The commercial broadcasters, a favourite of many youngsters, hardly offer specific information for their target groups.

Media policy

The effect of the frequency allocation on the diversity of the entire media management, will have to become clear in the coming years. It is especially the information offer on the radio and the accessibility of the informative stations that need reinforcing. Radio station 747 AM is in fact an outstanding example of a public station but because of its AM-frequency, it has a poor accessibility rate for its listeners. Re-allocating the public FM-frequencies could provide a solution to this issue. The only serious commercial competitor to date, BusinessNieuws Radio, also lacks a good accessibility as the frequency only covers 25 percent of the Netherlands. Extending the information offer with the other commercial stations is worth following. The national commercial broadcasters need to realise that they mainly reach the younger target groups, which implies that they also bear the social responsibility of not only offering music. They also need to make an effort at providing information that is of interest to young listeners.

The regional public broadcasters have a very solid position within the region they are covering. It is of interest for the regional information supply that the regional broadcasters dispose of sufficient budgets in order to fulfil this function optimally. Editorial independence with respect to the provincial authorities, which also finance the broadcasting activities, is vital. There will have to be sufficient guarantees to realise this. Non-national commercial broadcasters can serve well as competitors on a regional level. The legal condition that these broadcasters have to spend ten percent of their broadcast time on topics concerning the region, is an important addition to a more pluralistic offer. The future will have to make clear whether these conditions are commercially feasible but also whether the ten percent requirement is sufficient for competition in terms of content.

5. PUBLIC INFORMATION SUPPLY VIA INTERNET¹

5.1 Introduction

The Internet Monitor deals with concentration developments in the domain of public information supply via the internet. These concern both the internet activities of the 'traditional' media enterprises like daily papers and broadcasting programme suppliers and the information supply by new players on the media market. The Monitor only makes an inventory and analysis of the supply and demand structure of informative websites (www) and search engines. Internet services are included that are of importance to the public information supply and that target the general public. The monitor adheres to the definition of journalistic information products on the internet as formulated by the Netherlands Press Fund: 'news, background information, analysis and comments, aimed at current affairs in society as a whole, partly with an eye to political opinion forming processes.'² In short, this sector analysis discusses news on the internet.

In the method that is used to analyse the concentration level in the internet domain, the Monitor follows the indicators that are also applied in the press and broadcasting sectors in so far as possible. Information supply through the internet is a relatively new phenomenon in the comprehensive media offer. There are hardly any reliable research data available to justify conclusions on the degree of supplier concentration, editorial concentration, diversity and public preferences. The position with respect to the existing media is also unclear. To what extent does news on the internet complement the existing media offer, both in terms of content, quality and accessibility? And how important is the internet within the total information supply in society? The answers to these questions will only gradually be revealed in the coming years.

The parties coming from the existing media sectors have been active on the internet since the mid-nineties, generally with information related to, or even similar with, the original sources or publications. Does this approach justify viewing the information supply via internet as a separate sector, medium or product market? Isn't the internet just another form of presenting the existing media and media content rather than a medium in its own right? What is the quality and specific nature of internet journalism? News via the internet definitely has its own characteristics and its nature, form and consumption patterns differ from those of the traditional media. But the economic basis is different as well, just as the nature of the suppliers. These differences justify approaching the news supply via internet as an independent sector within the framework of this Monitor. In this report, the internet itself is regarded as the infrastructure. The medium that makes use of the infrastructure in the form of a website or portal, is the actual information supplier.

Informative websites that offer general news, play a central role in the analysis of the degree of concentration in the internet sector. The analysis also takes into account the search engines, start pages and portals used by consumers to get access to news and information on the internet. In so far as possible, the geographical area will be 'online news services aimed at the Dutch market'. In practice this means primarily Dutch-language news services and news services of Dutch publishers, broadcasters and internet providers. The offer of the Flemish news services (Belgium) is not included.

In order to measure the internet use, various measuring methods are included. The Monitor contains a survey of the most frequently visited sites, the number of consulted pageviews and of the number of unique visitors. The report does not state which one it considers the most valid measuring method, but does indicate what the figures may say on the use of internet.

The value chain of news consists of at least three chains: the production of news, the selection and presentation of the news offer and the distribution of news. Traditional suppliers like daily papers cover all

¹ Hermineke van Bockxmeer, Silvain de Munck, Mhiera den Blanken, in cooperation with Martijn Poel.

² Bedrijfsfonds voor the Pers (2001). Kaderregeling voor het stimuleren van journalistieke informatieproducten via het internet. (Framework arrangement for the stimulation of journalistic information products via the internet). The Hague, April 2001. Netherlands Press Fund

three chains of the media value chain. The many selection and presentation possibilities of the internet, have resulted in all kinds of new players that are mainly engaged in composing the news offer and distributing this offer. We mention internet news services (content syndicators) and operators of portals and start pages. The arrival of these new intermediaries has at times been an unpleasant surprise for the existing players. PCM, for example filed legal proceedings against Kranten.com in 2000, a site with a daily news overview with direct links to articles of Dutch papers on the internet. PCM put it that it was seriously harmed by hyperlinking its daily headlines. This way, visitors skip the homepage of the paper that contains the advertisements. The court decided that Kranten.com was not acting in violation of the copyright and the databank right. Moreover, Kranten.com states its sources and does not obstruct the exploitation of the PCM-websites, in the view of the court. In the end, the lawsuit and all the extra media attention gave Kranten.com a lot of publicity and many internet users started visiting the site.

Next to the arrival of new parties in the media value chain, the user of the news offer, the consumer, also becomes more and more active. Search engines and portals offer possibilities for tracing sources independently, selecting news items or gathering information on a subject. Figure 5.1 gives a schematic representation which chains in the media value chain use which sources for composing the news offer. A news fact is picked up by a news agency, by traditional journalism (press, broadcasters) or directly by internet journalism. The news is selected and processed into an online news service for consumers. News services may have the form of a website, e-zine, portal, news start page or a news service consisting of references to articles published elsewhere. Content syndicators collect and bundle news items from a large number of sources and suppliers and offer their package to owners of websites. An example of a content syndicator is Sitecast (subsidiary of the Dutch National News Agency (ANP)).

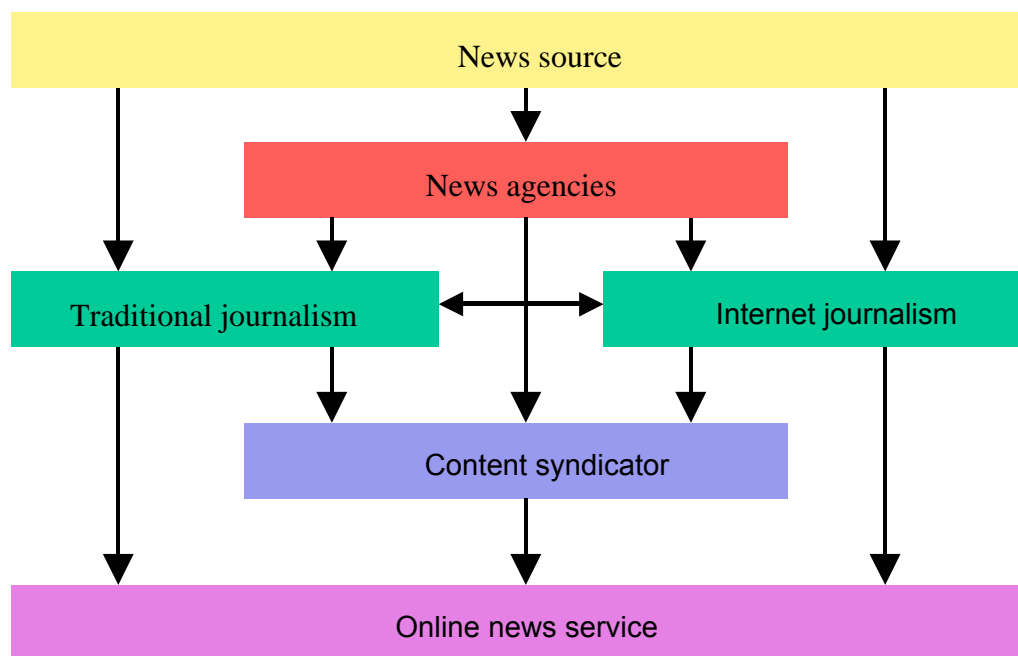


Figure 5.1 Media value chain online news services

5.2 The internet sector

In 2002, there are 185 websites aimed at the Dutch public that offer news or access thereto. The origin of the suppliers is divers. 126 suppliers (68.1%) already have operations in the existing media, like daily paper publishers, publishers of newspapers and free advertising press, and broadcasting organisations. In addition, there are 59 suppliers of internet news services that may be characterised as newcomers (internet service providers) or with activities from neighbouring sectors (telecommunications sector). The

suppliers have diverse backgrounds, from individuals to new companies, whether or not related to existing media companies. The result is a relatively large and diverse offer of news sites. It also implies that suppliers with different media backgrounds are competing directly in the digital domain. Figure 5.2 provides a visual representation.

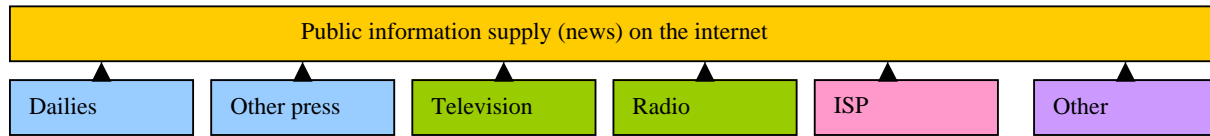


Figure 5.2 Origin news suppliers on the internet

Chart 5.1 provides an overview of the number of websites with general news and information as well as sites that offer access thereto through direct links to articles. The overview categorizes the suppliers in terms of origin.

Chart 5.1 News supply via the internet

Original domain	Origin of the supplier	Number of news sites	Total	%
Press	National daily papers	13	67	36.2%
	Regional daily papers	26		
	Newspapers/HAH papers	23		
	Weeklies	5		
Broadcasting	National	8	59	31.9%
	Regional	13		
	Local	38		
Internet	Webpapers/e-mail newsletters/ e-zines	6	59	31.9%
	Internet newspapers	11		
	News sites and start pages	18		
	Internet service providers with news site	12		
	News services and news search engines	10		
Total			185	100.0%

Source: Dutch Technology Institute - Strategy, Technology and Planning (TNO-STB) (2002)

All national daily papers, including the free editions Sp!ts and Metro, dispose of their own news sites. The titles and the content of the sites correspond to a great extent with the publications in print. An increasing number of papers make a distinction in the accessibility to articles and services for subscribers and non-subscribers.

In 2002, sections of the sites of NRC Handelsblad, Trouw, Het Financieele Dagblad and Staatscourant can only be accessed by their subscribers. Algemeen Dagblad introduced this business model in 2003. In addition to the paper site, De Telegraaf exploits the service Telegraaf-I with a separate subscription. The sites of the national dailies only present part of the edition in print. As per March 2002, Nederlands Dagblad is offering the entire paper separately in a digital edition for € 0.65 Eurocent a copy or € 21.60 per three months. And since October 2002, the full edition of De Telegraaf can be accessed via internet. By clicking on an article, it will appear on screen in a readable format. In January 2003, the dailies of PCM announced their intention of putting a complete edition of their papers on the internet. The business model is the same: digital editions are free of charge for subscribers and require (electronic) payment from other visitors. Next to complete papers, readers may order separate articles from some online paper archives. NRC offers subscribers the option of ordering articles dating back as far as three months from its digital

paper archive without any charge. Trouw and de Volkskrant charge € 1.15 a piece for articles that are no longer on their sites.³ Algemeen Dagblad charges € 2.50 for the first article and € 1.00 for any next order. Algemeen Dagblad also has the option of ordering editions from an earlier date for € 5.00.

From the total number of 42 regional daily paper titles, 26 have their own web editions. A striking element is that the sites exploited by the same publisher, have an identical layout. The fifteen sites of publisher Wegener, the five sites of HDC/De Telegraaf and the two sites of Noordelijke Dagblad Combinatie apply the same layout. Wegener calls this model the region portal. Content differs per regional edition, comparable with the edition system of the printed paper. The sites of the regional editions of de Haagse Courant (Delftse Courant, Westlandsche Courant, Goudsche Courant) are directly linked to the site of de Haagse Courant and as such do not dispose of their own news sites. Two regional titles of PCM (De Dordtenaar and Rijn en Gouwe) only present promotional information on their sites. A number of titles of Wegener do not (yet) have their own news sites (Overijssels Dagblad, Nieuw Kamper Dagblad, Dagblad Flevoland). Since April 2002, Het Dagblad van het Noorden is offering the regional quires in PDF-format at a price of € 2.00 per month.

There are 23 newspapers and door-to-door papers with web editions. Next to a large number of local publishers, there are also some large publishers like Wegener, BDU Uitgeverij and Boom Pers that exploit news sites. One of the exploitation models in these types of sites is the regional edition with a shared internet address (for instance the regional community Primaplaza.nl of Boom Pers). The absence of the opinion weeklies HP/De Tijd and Vrij Nederland is remarkable. Elsevier and Fem-Business (formerly FEM/De Week) do have their own internet sites, both with a public and a subscriber section.

National Public Broadcasting has five news sites: the portal of Public Broadcasting, the sites of NOS News, NOS Teletekst, Radio 1 News bulletins and the site of the World Service (Wereldomroep). The broadcasting portal also provides access to 33 sites of news and current affairs programmes on radio and television. These sites hardly contain any actual news but mainly present (background) information to and on the programmes and their news items. From the side of the commercial broadcasters, only RTL4 and BusinessNieuws Radio offer news on their sites. RTL4 also offers an online paper (uwkrant.nl) on the site where visitors can post their own news items. In comparison with the presence of the press with their news sites on the internet, the number of news sites of the national broadcasters are more condensed, centred around NOS and RTL4. All thirteen regional public broadcasters are offering news on their sites. Research by the Organisation of Local Netherlands Broadcasters (OLON) shows that 38 of the 80 local public broadcasters offer news through their internet sites in 2002.

With the arrival of the internet, news suppliers no longer depend on the printed press and a distribution mechanism, or access to airwave or cable in order to spread their news offer. The broad accessibility of the internet since the mid-nineties has led to a large number of news and informative sites that find their origin in the internet itself and that are as such predominantly active in the digital domain. They do not publish editions in print, nor do they broadcast programmes. These sites can be divided into a number of categories. The sites with the highest degree of journalistic content, are the many webpapers, e-mail newsletters and e-zines. These are often international specialised online publications targeting special-interest groups. Six of them are offering general news and information aimed at the Dutch-speaking regions. We can discern eleven internet newspapers, mostly exploited by local digital communities. News sites and start pages are relatively common, there are eighteen in all. These sites offer no news items themselves but only the headlines. Visitors can directly link to the source, especially the traditional media (sites of papers and broadcasters). Well-known examples of such sites are Kranten.com and the start page news.pagina.nl. Operators of these kinds of sites often originate from the IT-sector. They develop applications for the selection of news content and apply their products on their own news sites. Finally, there are twelve Internet Service Providers (ISPs) with news on their opening pages or portals. The background of these parties lies in the telecommunication sector (Tiscali, France Telecom, Versatel and Planet Internet/KPN) but some also come from the banking sector (ING Groep and Freeler). The portal services of ISPs are the business cards of the enterprise. Providers try to make internet access as attractively as possible for their subscribers and therefore often offer news, information and other services.

³ Payment is effected through Switchpoint of KPN Telecom.

Profiles of three typical players

In the internet news offer, the activities of three players are particularly interesting: the news agencies ANP and One World and Internet Service Provider Planet Internet. Their profiles show that each of these parties has a distinct way of approaching internet operations. Both the internet activities of the Dutch National News Agency (ANP) and those of Planet Internet are part of existing media and telecommunication players respectively. OneWorld originated within the internet sector itself. The ANP generates revenues with the sale of content. Planet Internet is engaged in the sale of services (internet access) so that content is mainly intended to enhance the attractiveness of the portal. OneWorld receives income from subsidies. They all cooperate with third parties, especially to secure their internet access.

The ANP B.V. was established in 1934 by the Dutch Daily Press Association (NDP) and in 2000 transformed into a private company with limited liability (B.V.). Shareholders are the Dutch daily paper publishers PCM, Wegener, Telegraaf and NDC, as well as a holding of a number of smaller daily publishers. Nearly all daily papers, radio stations and broadcasters make use of the ANP news services. Next to its activities for the traditional media, the ANP operates as a press agency for internet news services through a three-tier structure. Sitecast offers operators of websites the possibility of presenting actual content on their sites, whether or not in a number of categories. Sitecast is a cooperation between the ANP and Ooiptech and Veritate Technologies. Through ANP@yoursite, companies can provide clients with actual news in their own layout via the internet or mobile applications. The internet press agency IBP is an ANP-platform for collecting, distributing and processing content that lies outside the ANP core business (e.g. showbizz, file information, etc.). The ANP also regards its internet services as a spin-off of the distribution of news to the traditional press (i.e. its shareholders). Despite this view, the ANP has acquired a strong position in online news supply.

Since its establishment in 1995, OneWorld (originally British) has developed into an international independent and leading news and information point of the 'global civil society'. In the Netherlands, Oneworld.nl is the largest Dutch-language online source of information on international cooperation, human rights and the environment. Oneworld.nl is part of the Stichting Internetdiensten Duurzame Wereld that is partly financed by the National Committee for International Cooperation and Sustainable Development (NCDO) and Foundation Doen. The purpose of OneWorld is informing the public on international cooperation, sustainable development and human rights. Oneworld.nl is a portal for world news composed by the editorial staff of Onze Wereld and the news editors of Oneworld. It also provides access to information on organisations that are connected with Oneworld. In the coming years, Oneworld intends to expand its activities with an interactive platform, knowledge corners (alliances with other parties on a number of themes with respect to content) and the launch of an innovating network in the field of sustainable development and human rights.

Planet Media Groep is part of KPN Telecom and consists of Planet Internet and The Net. Planet Media Groep has a subsidiary in Belgium, Planet Internet België. Planet Internet provides internet access to business and private users and complements the offer with information in various news fields, especially through its portal. Mid 2002 the market share of Planet Internet amounts to an estimated 13% on the private market for internet access⁴. Planet Internet provides news, files, backgrounds and web guides with various theme categories. Under pressure of the disappointing revenues, the number of editors was cut in half at the end of 2002 (from 26 to 13 FTEs) and the editorial staff merged with the editorship of Het Net. The new editorial staff will focus more on the distribution of news and less on producing news items. Planet Internet cooperates with various parties in the field of content production (Travel Unie, Voetbal International, Stepstone, Jobtrack) and also takes off news from the ANP and footage from NEOS, supplier of moving images and streaming video for websites.

Online advertising market

Data on revenues from online advertising have been very indicative up to date. Based on an inventory among operators, BBC The Media and Advertising Bank calculated that 24 million Euro was spent on internet advertising in 2001. The market share of internet in total media spending was 0.7% in 2001. After

⁴ National Telecommunication Monitor, 2002

a boom in 2000 and 2001, online advertising expenditures fell to 15 million in the first three quarters of 2002⁵. A stagnating economic growth and the decline in the IT- and telecommunication sectors after the end of the internet hype, are mentioned as possible causes.

Which share of the advertisements on the internet is spent with news sites is unknown. The advertising revenues as a whole are an indication of the economic strength of the internet. In view of the relatively very small importance in comprehensive media expenditures, it would seem that the internet is lagging far behind the traditional media as advertising medium. Another remarkable element is that the large advertisers are often the internet companies themselves. Nielsen Netrating shows that the Top 10 internet advertisers in the Netherlands are headed by MSN, Ilse, eBay, KNVB, Microsoft and Het Net (www.nielsennetratings.com) respectively.

Chart 5.2 Gross advertising expenditures internet (indicative in millions euro)

Year	Advertising expenditures
1998	8
1999	20
2000	27
2001	24
2002*	15

Source: BBC The Media and Advertising Bank. * only the first three quarters of 2002

The research method of online expenditures and its registration is subject to a great deal of discussion, for that matter. It is not only the big difference between gross and net expenditures that contorts the image, but different definitions of digital advertisements are being used and not all operators are participating in the research efforts.

Prompted by criticism on the research method of BBC The Media, the bureau is now working with the knowledge centre Interactive Advertising Bureau Nederland (IAB) in creating a better inventory system. The data in chart 5.2 should therefore be regarded as an indication of the media expenditures on the internet. Also on an international level, the data and forecasts on online expenditures vary significantly between sector organisations, research bureaus and the companies themselves.⁶

Cut-backs editorial staff

Partly as a result of the disappointing advertising expenditures on the internet and by the lack of success of other activities, a large number of sites are not showing any profit. Even sites that attract relatively large numbers of visitors every day, report financial losses. In 2002, the management of the popular news sites Nu.nl, Planet.nl and RTL Nieuws decided on drastic cutbacks in their editorial staffing. The editorship of Nu.nl was reduced mid 2002 in a series of economy measures by Ilse Media (part of Sanoma). The editorial staff of Planet.nl was cut in half at the end of 2002 and the remaining employees merged with the editorship of Het Net. At an earlier date, Planet Internet België laid off the entire editorial staff. At the close of 2002, RTL Nieuws announced that only five of the seven editors would remain. The cutbacks in the journalistic apparatus imply that the sites no longer produce the content of the sites themselves, but focus more on the distribution of news and managing the format of the provider. The attention on the sites has shifted from the content of the news to marketing, project management and sales.

The worrisome development of internet journalism has the attention of the Netherlands Union of Journalists (NVJ) and the Netherlands Press Fund. In 2002, the Press Fund financed a research by the Amsterdam University into the social effects of online papers. In 2001, it made funds available to the NVJ for a study into the relation between internet & journalism, and the Amsterdam University studied the content of the sites of national daily papers. Since mid 2002, the Press Fund has been stimulating journalistic information products via the internet. This experimental arrangement aims at supporting press bodies in using the possibilities of the internet and internet journalism.

⁵ Since early 2002, BBC The Media and Advertising Bank is encountering problems in collecting data on internet media spending. Operators supply inconsistent data or no data at all.

⁶ Houtman (2002)

5.3 Supplier concentration and editorial concentration

In view of the short history of the news offer via internet and the developments in the sector, it is not yet possible to speak of supplier concentration in comparable terms as with respect to the traditional media sectors. However, it is possible to sketch a number of trends.

After the surge of the worldwide web in the mid-nineties, the traditional media initially show some reluctance to jump on the bandwagon. NRC Handelsblad is the first daily paper to launch a website with a selection of news from its printed edition. By the year 2000, nearly all daily papers, broadcasters and magazines have made their entrance in one way or another on the internet. There are lots of experiments and many companies and news sites start up, disappear again, are taken over or merge. The number of suppliers of online news services is fluctuating considerably during this period of high dynamics. When, despite setting up professional organisations and major investments in HR and means, the revenues from internet activities are clearly falling behind, a number of initiatives are ended. A good example is the varying internet strategy of PCM and the main initiatives by Wegener with City Online on a regional level. In 2002, the largest publishers are trying to (re)define their internet strategies. At the same time we see that international publishers are developing more and more into information suppliers in which the web is just one of the multiple publication platforms. While various daily papers experiment with content internet services against payment, search engines like Google transform into news distributors. Private individuals also start their own weblogs on which they publish their own news or items from other sources by using hyperlinks.

It has become apparent in the preceding years that especially the large publisher groups and the public broadcasters (can) afford their own journalistic internet publications. All national daily papers, for example, and some of the local and regional papers have their own internet editions. Major regional publishers like Wegener and De Telegraaf opt for a region portal (on a regional level) with different editions, or for a shared website for a number of regional papers.

In 2001, the Netherlands Press Fund⁷ observes that a lot of the material of internet publications is originally produced for other media, creating an advantage for the traditional media in the supply of news sites. This is also apparent from the relatively large number of news sites with a press(-related) background. At the same time we can see that parties from traditionally separate product markets meet on the new internet market. There they find themselves as direct competitors of each other: broadcasters compete with daily papers, daily papers with portals etc. The sites try to hold on to as many as possible clients and try to lure them with attractive content.

The origin of the parties that are emerging on the internet, has become increasingly international in recent years as a result of mergers and takeovers. This particularly holds good for ISPs but also for popular search engines and portals like Ilse and Startpagina. France Telecom is the owner of Wanadoo and Italian Tiscali owns previously independent Wish, NokNok, My Web and 12Move. The latter is the only one that is operating under its independent 'brand'. That is the reason why we see a declining number of ISPs in this segment.

In order to make statements on the extent of supplier concentration, the relevant market has to be evaluated. In view of the content of the sites, the websites of the national daily papers, broadcasters, web papers and news sites can be considered as a joint market. Following the principle of the Press Monitor, the regional market will be regarded as a separate market.

In the systematic approach of the Media Monitor, supplier concentration is calculated on the basis of market share. However, there are no reliable and comparable data at this level. The degree of supplier concentration can be analysed based on the number of titles (sites) per publisher and according to origin (press, broadcasting, internet).

Chart 5.3 contains a selection of sites that offer complete news articles with national news. Sites that merely offer headlines and links to external sources, have not been included in this overview. There are 38 sites with news articles that may be considered national news. This is 20% of the total of 185 news

⁷ Bedrijfsfonds voor de Pers (Netherlands Press Fund) (2001).

sites. These national news sites are operated by 28 publishers. This figure shows that the large majority of news sites contains local and regional news and/or only provides access to news sources through news portals and start pages. In terms of the number of sites, the daily papers are jointly the largest supplier of national news.

Chart 5.3 News supply via the internet: market for national news

Origin Domain	Origin of the supplier	Number of news sites	Number of publishers
Press	National daily papers	13	8
Broadcasting	National broadcasters	8	4
Internet	Web papers/e-zines	6	6
	ISPs with news site	12	10
Total		38	28

Source: The Dutch Technology Institute - Strategy, Technology and Policy (TNO-STB) (2002)

The thirteen national dailies in this overview are the PCM-papers Algemeen Dagblad, NRC Handelsblad, de Volkskrant and Trouw, the publications of De Telegraaf Holding (De Telegraaf, De Financiële Telegraaf and Splts) as well as a number of independent publications.

Suppliers of broadcasting sites with national news are the news sites of Public broadcasting (NOS Nieuws, NOS Teletekst, Radio 1 and Omroepportal), the site of the Wereldomroep and the sites of the commercial broadcaster RTL and uwkrant.nl of RTL and finally BusinessNieuws Radio.

The most well-known of the e-zines is the news site Nu.nl (see chart 5.4). Other sites in this overview are the e-zines 2525/news guide of internet journalist Francisco van Jole, Sapenda.nl, Dutch News Digest and Onlijn.nl. Binnenhofse Zaken is published by politiek-digitaal, an initiative of United Knowledge in cooperation with a number of institutes in the domain of politics and digitalisation (among others, Forum for Democratic Development (FDO), the KnowledgeLand Foundation (KL), The Dutch Centre for Political Participation (IPP), Electronic Highway Platform, the Ministry of the Interior and Kingdom Relations).

Chart 5.4 News supply via the internet: market for national news

National dailies	National broadcasters	Web papers/e-zines	ISPs with news sites
Agrarisch Dagblad	Business News Radio	2525/Nieuwsgids	Antenna
Algemeen Dagblad	NOS Nieuws	Binnenhofse zaken	HCCnet
Het Financieele Dagblad	NOS Teletekst	De Sapenda	Hetnet
De Financiële Telegraaf	Omroepportal	Dutch News Digest	12move
Metro	Radio 1	Onlijn	Compuserve
Nederlands Dagblad	RTL	Nu.nl	Excite@home
NRC Handelsblad	Uwkrant.nl (RTL)		reeler
Reformatisch Dagblad	Wereldbroadcaster		Ilse
Splts			Netkwesties (Xs4all)
Staatscourant			Planet
Telegraaf-I			Wanadoo
Trouw			Zonnet
de Volkskrant			

In addition to supply structure and the number of suppliers, market share is an indicator for supplier concentration. However, up to date there are no data available on market share. It is known which sites received most visitors in 2002 and the position of these sites in 2001. In the overview of Multiscope (chart 5.5) the visitors of sites that are related, have been added up. In this Top 20 we find six sites that also supply news, four of them find themselves even in the top ten positions (Ilse.nl, Omroep.nl, Telegraaf.nl, Planet.nl, Nu.nl and Hetnet.nl). The Top 10 mainly consists of sites like start pages, portals and search engines in combination with practical sites like Detelefoongids.nl and Kpn.com. We find two news sites of traditional suppliers: Omroep.nl and Telegraaf.nl.

Chart 5.5 Top 20 2002 sites with highest number of visitors

2002		2001	Site
1	▲	17	pagina.nl
2	▲	3	msn.nl
3	▼	1	startpagina.nl
4	▼	2	ilse.nl
5	—	5	detelefoongids.nl
6	*	—	google.nl
7	▼	4	omroep.nl
8	▲	12	telegraaf.nl
9	▲	14	planet.nl
10	▲	16	kpn.com
11	▲	13	clubs.nl
12	▼	8	rabobank.nl
13	▼	7	postbank.nl
14	▲	21	nu.nl
15	—	15	kaartenhuis.nl
16	▼	10	ns.nl
17	▲	22	hetnet.nl
18	▲	11	lycos.nl
19	▼	6	tiscali.nl
20	▲	23	wehkamp.nl

Source: *www.multiscope.nl 2002 2001*

The Audience Survey of the Netherlands Broadcasting Foundation (NOS-KLO) examines the popularity of sites in the news and information domain (chart 5.6). Three of the five sites can also be found in the Multiscope Top 20. The overviews are based on different research methods, for that matter, as is discussed at length in section 5.5. The Multiscope Top 20 only contains a few news sites.

Chart 5.6 Top 5 news and information domains, unique visitors

2002	Domain
1	telegraaf.nl
2	nu.nl
3	nos.nl (Teletekst)
4	ad.nl
5	nrc.nl

Source: *Audience Survey of the Netherlands Broadcasting Foundation (NOS-KLO): figures Q3 2002*

5.4 Diversity

Next to supplier concentration and editorial concentration, diversity is a third factor for the extent of media concentration. Here, the indicators are the diversity of the content of what is offered in terms of news on the internet. The overview of the number of news sites shows that there is a big supply of news. The question is how divers that supply actually is and what can be said of editorial autonomy and the journalistic quality of the offered news. Before going into these aspects, we will first discuss some backgrounds on the function of the news for internet sites.

Function of news in the business model

The internet activities of news suppliers should be viewed in the context of the underlying business model of the sites. Roughly speaking, one can say that news has three functions:

- Internet news as core business (web papers, e-zines). These editions are generally speaking independent publications and have no equivalent in print or a counterpart in broadcasting activities. An example is: Nu.nl

- Internet news related to an edition in print or broadcast. In this case, supplying news and information is the core business of a company but the internet is just one of the media that is deployed. In this category we especially find internet news services or existing media like papers or broadcasters. Examples are: NOSnieuws.nl and NRC.nl
- Internet news as support product. In this case the news site serves as a means to attract clients to other services or news is only a service to visitors of the site. The news on the sites of ISPs illustrates this well. In this category we find two kinds of news offer: news sites in which news supply is taken seriously and sites that only present commercially relevant news or news on the site's related company.

For the commercial traditional media, the news sites do not constitute an independent activity for the time being. The internet editions of papers mainly serve a marketing function with respect to the edition in print or are merely a service to the readers and surfers on the web. The internet still hardly contains any original content and the experts see very little progress on this point. At present, the internet still mainly functions as a means of transport for existing content. This raises the question what the added value of online news services is for consumers. Internet journalism has the potential to distinguish itself from traditional journalism with four characteristics: multimediality, interactivity, the use of hypertext and always being up to date⁸. Internet journalism in the sense of making use of the opportunities offered by the web in terms of news supply, has so far failed to materialise in the vision of critics. Multimediality can only be discerned in the offer of the broadcasters. The limited bandwidth, however, forms an obstruction to a breakthrough in the short term. And for the traditional press media, multimediality is for the time being simply unaffordable. Moreover they do not dispose of moving images or audio as for example the broadcasting organisations can use. It is more likely, therefore, that parties from the sectors that do have that material at their disposal (e.g. film, advertising) will become active in this area. Another aspect that is missing, is some form of model for a web coverage with an optimum use of image, sound, text and a non-linear approach. Interactivity in the form of a personal selection of content on the one hand, and on the other hand the possibility of responding in forums (communication interactivity) is still very much in its development stages. Various forums have stopped because the costs of monitoring were too high. Research among readers of online papers shows that the possibility of an individual selection of news and looking up articles in archives, creates an added value. (Beyers, 2002). But this has to be seen as a complementation on the use of existing media. Statements are made that the internet still has the most added value for specific information like professional information and hobbies. In short: from a news perspective, the internet is for the time being mainly a specialist medium (niches) and an incident or calamity medium (catastrophes, wars, but also sports and other events that receive short-lived but wide media attention).

Consumer participation

Next to the four characteristics of internet journalism, a fifth typical internet aspect is also relevant for journalism, i.e. the possibility that every individual can access the medium as producer. This is also called chain reversal. Consumers can become active themselves in all kinds of ways. This may be institutionalised in the form of site forums or by giving consumers the opportunity to produce news items, as is the case with uwkrant.nl on the RTL-site. People are also manifesting themselves privately on their own homepages or with a journalistic form of internet presence: the weblogs. Weblogs or 'blogs' in internet jargon, have become increasingly popular since 1998.⁹ Weblogs find their origin on the internet and their very right to exist depends on the net. They are produced by so-called 'bloggers'¹⁰, essentially anybody with a working knowledge of the internet who is able to produce a webpage with links to other sites. Weblogs are, often up-to-date, news overviews with articles and links to other websites that hold the blogger's interest mixed with his or her personal stories, comments or columns.¹¹ Well-known weblogs are Bieslog of actor/comedian/writer/columnist Wim de Bie and Zalmlog of (former) parliamentary chairman of the Dutch political party VVD, Gerrit Zalm. The blog-population on the internet is steadily growing, also the ones that use the Dutch language and together they form an extensive and up-to-date network of links that enable the readers to select the news of their interest.

⁸ Bardeel (2000). Deuze (2000). Beyers (2002)

⁹ When Bloggers Commit Journalism.

¹⁰ A famous blogger in 2002 was 'Tonie' with the weblog: www.tonie.net. He stopped his well-known blog on 31 December 2002.

¹¹ De Volkskrant

Paying for news on the internet

The crucial problem is that the business model of online papers has not yet reached full maturity and that the online editions presently do not generate any cash. And internet journalism is expensive, if all the possibilities are used optimally. This is one of the reasons that online papers are not given any priority in commercial enterprises like dailies and newspapers. The companies are already facing turbulent financial times with dropping circulation figures, ever-higher costs and all the difficulties posed by the distribution apparatus. Similar arguments have the same effect on the commercial broadcasters. Issues like copyrights and digitalisation & competition from new suppliers (the mentioned example of Kranten.com) turn out to be a further obstacle in the serious development of internet journalism. The biggest problem is that consumers for the time being do not (i.e. cannot and do not want to) pay for online news. From a psychological-marketing perspective, it is also hard to have consumers pay for general news services. Up to date, almost everything on the internet is for free, even matters that require a fee in the offline domain. This creates the impression that people are paying for information carriers (the printed paper, magazine or book) or for distribution (broadcasting) and access (internet) but not for the content of that service. The arrival of new mobile services, where the consumer immediately pays for services (like text messages) may signify a turning-point.

A closed section for subscribers is the most common model of paid content. However, this business model is still rarely applied. Only four of the thirteen national daily papers and two weeklies are offering this option. None of the regional daily papers and newspapers and none of the broadcasters offers content against payment. The ISPs do offer exclusive services for subscribers (webmail for instance) but the content on the sites is accessible to all visitors. The broad accessibility indicates that the sites do not rely on subscriptions but on selling advertisements.

Diversity

Characteristic for news on the internet are the many possibilities for reproducing and processing news and linking the items in a worldwide network. This leads to a situation in which the news that is offered on the internet, is available on a number of sites. The mere fact that there are 18 news sites and portals that make a living with presenting news and linking it to news sources, is a case in point. Experts are of the opinion that this situation in combination with the noted lack of internet journalism¹² results in the same content all over the internet and in particular the news items of a limited number of sources including the Dutch National News Agency (ANP). The ANP does not only assume a prominent position on the internet, for that matter but also in the news supply for the traditional media (daily papers, broadcasting). This becomes even more visible by the absence of original content. At the same time it appears that the news agencies have moved up one level in the value chain within the digital domain. They start producing their own content, a segment that formerly was reserved for publishers and broadcasters. The press agencies are competing on the internet with new parties: the content syndicators like Momac (formerly Yournews),

Another finding is that not only the items on the sites have the same content, but a lot of sites also apply a very similar category structure. A remarkable high number of sites select basically the same four main categories: general news, sports, economy and multimedia.

The large number and the apparent diversity of the news sites (185 sites, arising from three sectors) may be a false diversity. Sources are limited, one can hardly speak of original content or internet journalism and there is no progress in that area. This is also clear from the fact that the editorships of a number of news sites with many visitors (Nu.nl, Planet.nl and RTL.nl) had to implement drastic cut-backs on their staff through the lack of profitability in 2002. As a result of this, the number of sites that is actively engaged in internet journalism is rather decreasing than increasing. The repositioning of these sites from content creation to content distribution also leads to the fact that the same news is used on more sites. There is an abundance on the supply side, but its diversity is limited and only seems to become more so.

¹² Statements based on interviews with Lou Lichtenberg and Rick van Dijk of the Netherlands Press Fund, Ren de Vree of Villamedia and Mark Deuze of the Amsterdam University.

Independence

There is a lot of discussion on the often vague distinction between editorship and commerce on online news sites. Evers (2002) observes that the boundaries between editorial and commercial information are fading everywhere, and not only on the internet¹³. It is true that online news sites often have closer connections with trade and industry than papers and broadcasters. This particularly holds good for online news sites where the news primarily functions as a catch for other services and e-commerce activities. The debate on this issue does point out that interwoven interests are inevitable and that the solution is to be found in transparency. Sites have to point out to the public which content or links require payment. Search engine Google does this for example by clearly indicating which independent links require payment. The current debate among journalist professionals in various countries addresses the issue of reinforcing the reliability of internet journalism and self-regulations with respect to news-oriented sites (for an overview, see Evers, 2002). The discussion focuses on the reliability of the content, the use of information from databases, guidelines for (hyper)linking, editorial control of possibly harmful content and journalistic integrity and commercial pressure.¹⁴

Another indicator for the independence and reliability of a news site is the presence of a colophon. Is there information available on the origin of the publisher and the composition of the editorial staff and does the site offer the possibility of responding to its news items?

The national and regional daily papers, with the exception of Reformatorisch Dagblad, Het Financieel Dagblad and De Financiële Telegraaf, all have colophons on their sites. The site of Reformatorisch Dagblad does feature an identity statement and the address of the editorial staff.¹⁵ All 23 newspapers with an edition in print have colophons as opposed to the internet newspapers (without an edition in print) where only five of the twelve sites make use of a colophon to provide editorial information. The sites of the national broadcasters generally only state the address of their editorial offices. The colophons of the regional broadcasters provide more info. They often state the address of the entire radio & television and internet editorial staff. It is remarkable that while the traditional media are used to publish the data on editorial staff and individual editors, this is not a matter of course for internet publications. There are no colophons on the news sites and start pages, at best an (e-mail) address of the publisher. The sites of the ISPs also lack information on the news editors, with the exception of Planet Internet.

Journalistic independence of the publication is, next to the number of independent titles, another important factor for the degree of editorial concentration. The existence of an editorial statute is a clear indicator in this respect. In classic journalism, the editorial statute lays down the independence and makes statements on the identity of the publication (Evers, 2002). In so far as known, the online editions of the existing media generally declare that the editorial statute applies to their internet edition. In the case of Planet Internet (KPN-component), there was a conflict between editor Olsthoorn of Planet Multimedia and KPN concerning criticism on KPN in Planet Multimedia. With respect to the issue of reliability, it should be stated that brand names have to earn their earmark of quality and familiarity on the basis of their products. This was already the case for the traditional media and this is likewise the case for online news services. Deuze notes that the attachment to a specific medium is decreasing, not only on the internet but also with respect to the traditional media. Research by Beyers (2002) shows, however, that readers are loyal to their printed papers and will be more inclined to look for the digital editions on the internet.

5.5 Public preferences

Of every 100 inhabitants of the Netherlands, 64 have an internet-connection. This makes the Netherlands the number one of Europe in terms of internet-use. In addition, 73% of the Dutch population makes use of or has access to a PC.¹⁶ The computer with internet connection is acquiring a position in the way many Dutch people spend their leisure time. The total time spent on media has remained relatively stable since

¹³ Evers, H. (2002). *Internetjournalistiek. Ethische vragen?* (Internet journalism. Ethical questions?) Amsterdam, Aksant

¹⁴ Protocols proposed by the Poynter Institute and American Society of Newspaper Editors (ASNE) in Evers (2002)

¹⁵ These can be found under the not so obvious category 'Help'.

¹⁶ TNO-STB. *Netwerken in cijfers 2002* (Networks in figures 2002). Delft: 2002 (Dutch Technology Institute - Strategy, Technology and Policy)

1975.¹⁷ Both in 1995 and in 2000 nearly all Dutch inhabitants (99%) made use of minimally one medium in one week (daily paper, other papers, radio, television, teletext/cable, internet). In both measuring years, more than sixteen hours were spent on media. The Dutch population (from 12 years of age) is on average half an hour a week online. This signifies three percent of the total amount of time spent on media. Under pressure of a growing diversity in media use, the media are competing with each other for the attention of the consumer.

The research into leisure time spending (timeframe 1995-2000) by the Social and Cultural Planning Office of the Netherlands (SCP) shows that the internet as source of information is not very popular. It is information on the new media themselves that is the most popular source of information on the web. For most Dutchmen, the internet as an information source is not as nearly as important as the traditional media like television, the daily papers and radio. It is also remarkable that for the time being the internet is still seldom used for local and regional news. The offer in this field is considerable as becomes clear from the number of sites on neighbourhood and district level.

News on the internet has not yet caught the attention of the public. The medium is especially used for communication purposes (e-mail, chat) and it is also interesting for specific interests and hobbies. The use of news on the internet has a very fleeting nature, almost superficial in the sense that it is mainly a question of (hunting) headlines without any emerging ritual use. But the internet has a lot of potential as source of information. It is used on a large scale for both private and business purposes and its use is still increasing, especially broadband internet via ADSL and cable. The internet is also widely used in Dutch schools, which makes it increasingly important for the public information supply. It has become clear in recent years that the internet plays an important role in the information supply on current affairs and incidents (attack on Twin Towers on 11 September 2001, the murder of Pim Fortuijn of 6 May 2002 and the general elections in 2002). The impact of the use of internet as a source of news and information on the information supply by the other media, will emerge in the coming years

Research popularity websites

There is a great deal of discussion on the reliability and the value of data on the use of news and information sites. Research methods have not been fully developed and validated, contrary to data of the traditional media. Various research bureaus like Multiscope, Nielsen Netratings and the Audience Survey of the Dutch Broadcasting Foundation (NOS-KLO) present different figures on the basis of different survey methods. Common indicators for public preferences in the internet domain are the number of unique visitors of sites in a certain period and the number of pageviews (literally 'pages that have been seen'). Not only reliable quantitative data are missing, but there is also insufficient high-quality research into the use of the internet as news source from the perspective of the consumer. Recent research into the differences of the use of online news and printed news in de Gelderlander and De Telegraaf¹⁸ and the earlier mentioned study among Flemish readers of online papers¹⁹, are a first step towards this kind of research. In order to arrive at more reliable statements on the possible qualitative differences with respect to content or information processing of online news and news in print, more in-depth research may be required, possibly on a wider-scale.

Popularity of sites

Both Multiscope and Nielsen Netrating publish overviews of the websites that attract the largest numbers of visitors. Nielsen Netratings does this on a monthly basis, Multiscope has published a Top 20 over 2002. Chart 5.7 presents the results of both surveys. This also illustrates the difference in results, depending on the method of investigation.

¹⁷ Sociaal en Cultureel Planbureau. E-cultuur. Een empirische verkenning (E-culture. An empirical exploration) The Hague. 2002 (The Social and Cultural Planning Office of the Netherlands)

¹⁸ L. d'Haenens. c.s. (2002) Digitaal of gedrukt nieuws? Verschillen in nieuwsaanbod and nieuwsconsumptie bij een gedrukte and een online versie van de Gelderlander and De Telegraaf. (Digital or printed news? Differences in the news offer and consumption in a printed and online version of de Gelderlander and De Telegraaf.) University of Nijmegen.

¹⁹ H. Beyers (2002). De kr@nt van morgen, nog steeds op papier? Leeronderzoek e-Krant. (Tomorrow's p@per, still in print? Educational study e-Paper) University of Antwerp.

Chart 5.7 A comparison between two top 10's

	Top 10 Multiscope 2002²⁰	Top 10 Nielsen Netratings 20 January 2003²¹
1	pagina.nl	MSN
2	msn.nl	Sanoma
3	startpagina.nl	KPN
4	ilse.nl	Google
5	detelefoongids.nl	Microsoft
6	google.nl	Wanadoo
7	omroep.nl	Lycos Network
8	telegraaf.nl	Rabobank
9	planet.nl	Yahoo
10	kpn.com	Public Broadcasting

Source: www.multiscope.nl, www.nielsen-netratings.com

The Top 10 of Multiscope is headed by sites that mainly have a guide function as start page, search engine or portal. The sites of Ilse.nl, Omroep.nl and Telegraaf.nl also offer actual news. In the Nielsen Top 10 of the sites in the Netherlands with the most visitors, only the sites of Sanoma and the public broadcasters appear as media sites. Behind Sanoma we find the Ilse Media Groep, publisher of among others Startpagina's, Nu.nl and Ilse.nl. Another remarkable element of the overview is the presence of a bank (electronic banking), international search engines and portals (Google, Lycos, Yahoo) and ISPs (Wanadoo, Tiscali). MSN is at the top of the list, mainly with its online communication facilities. In both listings, MSN is a site with a lot of visitors as a provider of messenger services.

Public preferences in the news and information domain

In addition to Multiscope and Nielsen-Netratings, the Audience Survey of the Netherlands Broadcasting Foundation (NOS-KLO) conducts surveys into the use of internet. The following overview contains both sites of existing media and news and information sites with their origins in the digital domain. 'Unique visitors' are visitors that visit a domain at least once in the time-frame concerned. When a visitor visits a specific domain more often in the same period, he or she will count as one single visitor in this overview.

Chart 5.8 Top 5 news and information domains, unique visitors

Positio n	Domain	Unique visitors (*1000)	Range % (Active)	Range % (Population)
1	telegraaf.nl	747	11.37	7.67
2	nu.nl	592	9.01	6.07
3	nos.nl (Teletekst)	400	6.09	4.11
4	ad.nl	354	5.40	3.64
5	nrc.nl	306	4.67	3.15

Source: Audience Survey of the Netherlands Broadcasting Foundation (NOS-KLO): figures Q3 2002

Unique visitors are defined as the number of visitors that has visited the domain at least once in the quarter concerned. Even when a visitor visited the site more often in that period, he or she still counts as one single visitor in this overview. Active range is defined as the percentage of the number of persons that during the specific quarter actually used the internet connection from home. The population consists of all individuals older than two years accessing the internet from home.

²⁰ Multiscope bases its data on the number of unique visitors and their scores in the monthly overviews of 2002. Multiscope works with a panel of more than 1,500 internet users whose surf behaviour at home and at work is registered through log software.

²¹ The population consists of individuals older than two years who use the internet from home via a Windows environment.

Chart 5.9 Top 5 news and information domains, pageviews

Position	Domain	Pageviews (*1000)
1	nos.nl (Teletekst)	23,124
2	telegraaf.nl	23,002
3	nu.nl	18,894
4	ad.nl	8,180
5	nrc.nl	4,200

Source: Audience Survey of the Netherlands Broadcasting Foundation (NOS-KLO) based on basis of Nielsen Netrating: figures Q3 2002

In the third quarter of 2002, De Telegraaf was the best-visited site in the domain of news and information with 747,000 unique visitors. The site of Teletekst had the highest number of pageviews in the same period (more than 23 million). The Top 5 lists have three sites of daily papers (De Telegraaf, Algemeen Dagblad and NRC Handelsblad), one broadcasting site and the news site Nu.nl of the Ilse Media Groep (owned by Finnish Sanoma). It is remarkable that the same sites appear in the Top 5 of the number of unique visitors and on the list of the number of pageviews, albeit in a different order. A visit to Teletekst of Public Broadcasting seems more intensive than a visit to the site of De Telegraaf. On Teletekst, a visitor on average looks at 58 pages, against 31 pages of the site of De Telegraaf. The time-average is also higher with Teletekst (33 minutes as opposed to 20 minutes for De Telegraaf).

Chart 5.10 Top 10 media sites in numbers of unique visitors per quarter

	Site	Unique visitors (*1000)	Range % (Active)
1	www.windowsmedia.com	954	14.52
2	www.omroep.nl	743	11.31
3	www.rtl.nl	681	10.37
4	www.tmf.nl	415	6.31
5	info.omroep.nl	323	4.91
6	portal.omroep.nl	291	4.44
7	www.radio538.nl	240	3.66
8	www.foxxkids.nl	209	3.19
9	www2.omroep.nl*	199	3.02
10	www.sbsnet.nl	192	2.93

* www2.omroep.nl is a server that is only used in case of 'heavy internet traffic'. The content is the same as that of the other servers in the broadcasting domain.

Source: Audience Survey of the Netherlands Broadcasting Foundation (NOS-KLO) based on Nielsen Netrating: figures Q3 2002

The above Top 10 of media sites provides insight into the number of unique visitors of various media sites. The homepage, media bar and radio tuner of Windowsmedia²² are frequently visited and/or used. On www.omroep.nl, the homepage of NOS RTV, the index page of the NOS Nieuws site and the broadcasting portal we find the sites with the highest numbers of visitors. With respect to RTL, the RTL4-homepage, the Yorin-homepage and the site of the television programme Eigen Huis & Tuin attract most visitors.

On the 'site' info.omroep.nl, the Radio and Television Advertising Association (STER), the VARA-site and the NCRV Willem-Wever-site generate most traffic. The four broadcasting sites in this list, have an accumulated figure of 1,556,000 visitors in the third quarter. Some 12,000 visitors of this number were registered on all four sites. The number of visitors that only visited one single broadcasting site amounts to 975,000.

²² Windowsmedia is an atypical site as the pages on this site are closely related to the Windows User Interface. However, the site can also be accessed directly from the web; for this reason it is included in this overview.

Chart 5.11 Top 10 media-sites according to pageviews

	Site	Pageviews (*1000)
1	www.rtl.nl	18,656
2	www.foxtv.nl	15,445
3	www.windowmedia.com	13,925
4	www.omroep.nl	7,472
6	www.tmf.nl	5,276
8	www.bbc.co.uk	4,437
5	www2.omroep.nl	4,304
7	info.omroep.nl	4,098
9	portal.omroep.nl	2,445
10	www.veronica.nl	1,280

Source: Audience Survey of the Netherlands Broadcasting Foundation (NOS-KLO) based on Nielsen Netrating: figures Q3 2002

In the overview of the number of pageviews of broadcasting sites in the third quarter of 2003, the site of RTL is number one with more than 18.6 million pageviews. When the figures of the four sites of Public Broadcasting in this overview are accumulated, Public Broadcasting comes second with 18,319,000 pageviews (portal-, www-, www2- and info.omroep.nl).

65 percent of the visitors of the RTL-site are men. The site mainly attracts young visitors; the highest range was reached in the age category 12-17 years (17%) and 21-24 years (14%) respectively. The visitors of the sites of Public Broadcasting as a whole have a higher percentage of men (58%) than women. These sites generally attract a little older public. The highest range was obtained in the category 25 - 34 years (27%), while the major part of the visitors (30%) fell in the category 35 - 49 years.

5.6 Analysis, evaluation and policy

This first Monitor of the news offer via internet shows that there are a lot of sites in the Netherlands that offer news or access to news. In recent years, a wide spectrum of news services has emerged on the internet. The Monitor of the news offer via internet shows that there are a lot of sites in the Netherlands that offer news or access to news. There are websites that offer actual news items, whether or not arising from an existing news offer in print or as (part of) broadcasting activities. In addition, one sees a wide diversity of news services that mainly focus on offering access to news in the form of (theme) portals, browsers and news links. These services especially make an optimal use of the network character of the internet. Suppliers of internet news services both come from the traditional news sectors as the press and broadcasting, but a large number of new players can also be noted. They often have a background as internet service provider or software vendor. The striking element of this diversity is that suppliers that in the past operated on separate and distinct product markets, now face each other as competitors in the internet domain.

In the first years, the traditional media did not lead the way in developing internet news services. They were mainly looking for ways of connecting the existing activities with new initiatives. Their position seemed more of a disadvantage than anything else. Once they had been (unpleasantly) surprised by new suppliers several times (like content syndicators and news portals like Kranten.com) they decided on a frantic start at the end of the nineties to make up for lost ground. Since then, various news services have been developed both in the press sector and in the domain of broadcasting. Before long it became clear that internet news services require large investments, but hardly generate any profit in terms of advertising revenues. Now that the bubble of the internet hype has burst, the development of news services finds itself in a new phase with a focus on lower levels of investment. At the same time it is especially the press sector that is seeking new sources of income. For example by offering a digital format of the entire paper or access to the paper's news archives against payment. On the other hand we see that suppliers of internet news services are shifting their focus from content production to content distribution. It is illustrative that Nu.nl, Planet Internet and RTL carried out drastic personnel cutbacks with respect to their internet editorial staff in 2002. Another strategy to still develop a news service with lower levels of investments, is cooperation. This mainly takes place on a regional level with regional digital editions. We

also find that the same news is opened up in different ways by different news services. In this respect, the added value is mainly created by selecting and presenting the news and not so much by the content of the news itself. There are by now two funds that stimulate the quality of Dutch internet journalism and the multimedia content on the internet: the Netherlands Press Fund and the Stimulation Fund Cultural Broadcasting Productions. In addition, the Ministry of Education, Culture and Science started the project Digital Pioneers in 2002 in order to stimulate public digital services (www.digitalepioniers.nl). The coming years will make clear whether these stimulation measures are producing the desired effect.

The added value of news on the internet can be found in its content, accessibility and the offer & use structures. An analysis of the offer shows that for the time being the added value of content is still limited. McLuhan's statement also applies to the internet: 'the content of the new medium, is the old medium'. Suppliers of news services mainly try to distinguish themselves through the presentation and selection of news items via e.g. file creation, networking or messages through links or categorisations of news items. A further added value aspect of the internet is that the news is freely available, irrespective of time or place. It is that accessibility to news that offers the internet the opportunity of creating an added value by informing young people for example, for whom the traditional media seem to have less of an appeal. This may produce the so-called Metro-Splts effect. Because the news is easily available without a price-tag and because they are confronted with it almost without being aware of it on opening a portal site, they still absorb the main news items.

The current supply and use structure of news via internet is of influence on the significance of internet for that information supply. The developments can be typified as follows. There is no profitable business model. The predominant business model of news via internet is a model in which the news is made available free of charge. Offering news against payment is still a very rare phenomenon on the net. Sites depend on advertisers or sponsors that hope that visitors of the sites notice their advertisements (banners). This source of income is still very unsure and limited. Parties that generate revenues outside the internet (for example by publishing papers or operating a broadcasting organisation) mainly use (a part of) those funds for investments in internet activities. But there are limits to financing from that side. A second development is the fragmentation of the public. As there are various media domains active on the internet, there is a large offer of informative and news websites. On a regional level, for example, we find that papers, radio and television stations (commercial and public) and the free advertising press are offering regional news and information on the web. This results in direct competition on the internet between parties that were previously separately active on distinct media markets and leads to a fragmentation of the number of users. Eventually the large diversity of the offer and the fragmentation of the users may result in what is called 'ruinous competition'. It is the abundance of competition that causes parties to go under. A possible solution for offering a joint quality news supply on a regional level, is that parties start working together or merge. The question is what problems this poses in the area of media cross-ownership.

Visitors of sites display a media use that may be characterised as brief and superficial (headline hunting), ad hoc and with little 'brand loyalty'. Not very surprising, as this is an intrinsic characteristic of the medium itself. Even more so than with television, people are zapping through the enormous offer. In this respect, internet use differs from the use of other media. As there is increasing information on the use of internet, we know more about the ritual behaviour of the users. Experts are of the opinion that there is no attachment to 'brands' on the internet, at least a lot less than is the case with other media.

In terms of form and content, the production of news is still very closely connected to the original medium. Papers publish their news or parts of it on their sites, broadcasters offer (fragments of) their programmes. In the production of news, we see a strong link to the parent company. Next to content, aspects like mission statement and strategy, editorial staff, marketing, editorial statute also play a role in this respect. Furthermore, a dominant presence of a few sources can be observed, in particular the Dutch National News Agency (ANP). All the more striking in the absence of own and new content. Experts observe a development with respect to the production of news concerning the personalisation of the journalist, i.e. the name of the journalist becomes more important than the publisher's name.

There is still a lot of discussion on the reliability of research into visitors numbers and the use of sites. The traditional domain disposes of validated research methods like those of the Institute for Media Auditing (HOI), Intomart and the Social and Cultural Planning Office of the Netherlands (SCP), which are of great importance for the advertising market and for statements concerning the use of media. It will take some

years before reliable methods have been developed and generally accepted. The absence of these affects the strength of the internet as advertising medium.

The development of the added value of internet in the future depends on technological developments, its user-friendliness and the economic model. Broadband access is a requirement for acceptance and the use of multimedia applications. Without broadband access, the form (and therefore the content) of internet journalism will very much look like the traditional media. The user-friendliness of news via internet will increase when mobile user equipment becomes more popular, connections pick up speed and the form of the news adds value to news items in the traditional media. Up to date this is still insufficiently the case. And finally, it is equally true that as long as there is no profitable business model, the news supply via internet will remain a derivative of the core business of a supplier (media or other enterprise). This is also connected to the way these core activities are defined by especially the current media. Paper companies are criticised for viewing themselves too much as and positioning their activities as 'printing companies' in stead of information suppliers. Redefining those activities may lead to another strategy with respect to the internet. A related development is multi-channel exploitation. More and more commercial companies offer a mix of television, internet and mobile services (text-messages) to create new forms of interactivity and to involve viewers in their programmes (e.g. Idols, Big Brother). Here we find that different media are deployed side by side for one programme.

The strategy with respect to the news site in the coming years will depend on the above-mentioned developments. The domain is constantly changing as a result of these developments, market conditions and up to the present time, especially the lack of success. By a constant and close monitoring process of the supply of news services on the internet, it will become clear which strategy will prevail:

- Stop: major initiatives have often stopped in recent years through a lack of economic success, and it is not likely that we have seen the end of this trend. Specific site sections are also ended (forums for example).
- Minimum option: companies opt for a model with marginal investments and no or a limited offer of original content and/or internet journalism. A development pointing in this direction is the scaling-down of editorial internet staff (Planet Internet, RTL, Nu.nl, etc).
- Niches: general-news sites focus on a niche to distinguish themselves.
- Cooperation: by mergers, takeovers or alliances, sites or parts of sites can be operated together (for example a joint regional site of a radio station and a publisher or shared sites of a parent company like Wegener. The media cross-ownership issue is an important aspect in this context.
- Expansion: a supplier develops into an information supplier with different media in its portfolio that complement each other (for instance Public Broadcasting).

ANNEX

Media concentration: terminology and measuring standards

TERM	DEFINITION	MEASURING STANDARD	INTERPRETATION
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	Herfindahl-Hirschman Index HHI $HHI = \sum m_i^2$ $1/n \text{ (full competition)} \leq HHI \leq 1 \text{ (monopoly)}$ wherein m_i market share of supplier i n number of suppliers on the market	the higher the HHI, the higher the level of supplier concentration on the media market <ul style="list-style-type: none"> • unconcentrated market: $0 \leq HHI < .10$ • moderately concentrated market: $.10 \leq HHI < .18$ • highly concentrated market: $HHI \geq .18$ (US Department of Justice, 1997)
		$HHI \text{ in } \textit{number equivalents} = 1 / HHI$	the media market can be classified as a market with ...(number of) ... equally strong suppliers <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 (US Department of Justice, 1997)
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>)		

TERM	DEFINITION	MEASURING STANDARD	INTERPRETATION
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 cannot 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
Diversity (diversity, variety)	heterogeneity of the content of a medium and/or media in terms of one or more characteristics	<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) variety coefficient for continuous content characteristics</p> $D = \sigma / \mu$ <p>0 (homogeneity) \leq D</p> <p>wherein σ standard deviation μ average</p>	the larger the variety, the higher the level of diversity of media content
External diversity	content variety between various titles and/or programme channels		

TERM	DEFINITION	MEASURING STANDARD	INTERPRETATION
Internal diversity	content variety <i>within</i> a title and/or programme channel		
Reflection, reflecting 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 with the audience</p>	the larger the reflection, the more the media offer 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

TERM	DEFINITION	MEASURING STANDARD	INTERPRETATION
User 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 user concentration) \leq E \leq 1 (minimum user 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>

Chart a.2 Public and commercial broadcasting organisations: market share (2002)
(0 – 24 hours, market share in percentage)

Broadcasting organisation	Station	Market share broadcaster	Market share station
Public broadcaster (NOS)		36.0	
	Nederland 1		11.2
	Nederland 2		17.2
	Nederland 3		7.6
HMG		25.3	
	RTL4		15.8
	RTL5		4.6
	Yorin		4.9
SBS		18.1	
	SBS 6		9.3
	Net 5		4.2
	V8		2.8
	Fox 8 (Kids)		1.8
MTV-Europe (Viacom)		2.0	
	TMF		0.9
	MTV NL		0.5
	Kindernet		0.6
Viva Media AG	The Box	0.2	0.2
Discovery networks Europe*		1.9	
	Discovery Channel		1.3
	National Geographic		0.6
TF1	Eurosport	0.7	0.7
Walt Disney	Cartoon Network	0.3	0.3
Veronica	Veronica	0.1	0.1
Regional		2.1	2.1
other stations		9.9	9.9
video		4.0	4.0
Total		100.0	100.0

Source data: The Dutch Television Audience Research Foundation (SKO)
 * (joint venture of NBC, BSKyB, NGC)

Explanatory note on the calculation of diversity on television

In the calculation of the diversity degree of television, there is a difference in the extent of diversity on channel level and the extent of diversity on the level of the programme suppliers. For when a supplier only broadcasts one programme type on each of its three channels with clear distinctions between the channels, each channel will have a homogeneous programme composition. But with respect to the three channels as a whole, we can speak of a pluralistic programme composition, which is reflected in the calculation.

Chart a.3 Diversity of channels and programme suppliers

Programme category	Nederland 1	Nederland 2	Nederland 3	Public Broadcasting
news and information	17	16	14	6
(serious) information and education	8	6	8	7
art and culture	10	3	5	6
human interest	19	8	12	13
leisure time, advice and service	3	2	1	2
other information and education	5	1	7	4
fiction (drama)	3	1	4	3
Dutch films	0	0	1	1
foreign fiction	16	10	10	12
foreign films	2	3	4	3
game shows and quizzes	13	11	1	8
cabaret and satire	1	1	6	2
other entertainment	2	4	2	3
sports	0	27	3	10
music	1	8	2	4
children's programmes	0	0	18	6
Theil's E	0.70	0.90	0.90	0.93

Source data: The Dutch Television Audience Research Foundation (SKO)
 Calculations: The Dutch Media Authority (CvdM)
 Theil's E is calculated on not-rounded off percentages

Renewed calculation method diversity

The way in which the diversity is determined through Theil's E-coefficient has been slightly adjusted in comparison with the Monitor 2001. Even when a station does not spend any broadcast time on a certain programme category, the category is included in the calculation of the diversity. This implies that for all stations there is a correction for the same number of categories, i.e. n=17. The Monitor 2001 did not include categories in the calculation of Theil's E that had no actual broadcasts.

The consequence of this adjustment for the height of the coefficients is minimal. The following chart shows a comparison between the new and the old manner of calculating for the year 2002. This shows that the adjustment has little effect on the height of the coefficient. Only in the case of RTL4, the old calculation method leads to a more pluralistic offer (Theil's E = 0.74; 13 categories) than the new calculation method (Theil's E = 0.67; 17 categories).

Chart a.4 Comparison old and new calculation method diversity

	new calculation method (17 categories)	old calculation method (variable number of categories)	
	Theil's E	Theil's E	number of categories
Nederland 1	0.70	0.71	16
Nederland 2	0.90	0.90	17
Nederland 3	0.90	0.90	17
RTL4	0.67	0.74	13
RTL5	0.82	0.88	14
Yorin	0.64	0.71	13
Net 5	0.48	0.51	14
SBS6	0.80	0.80	17
V8	0.43	0.47	13

Source data: The Dutch Television Audience Research Foundation (SKO)
Calculations: The Dutch Media Authority (CvdM)

Chart a.5 Programme offer on Dutch television (2002)
(timeframe 2-26 hours, national stations, in percentage of the offer in hours)

Programme category	Nederland 1	Nederland 2	Nederland 3	Public Broadcas- ting	RTL4	RTL5	Yorin	Net 5	SBS6	V8	Commer- cial Broad- casters	Broad- casting Manage- ment total
news and information	22	43	8	24	22	6	9	29	24	0	16	19
(serious) information and education	8	7	6	7	5	53	1	1	4	0	12	10
art and culture	17	2	5	8	1	2	2	0	1	0	1	4
human interest	15	4	8	9	16	7	4	4	12	5	8	9
leisure time, advice and service	6	3	1	3	5	2	3	2	6	1	3	3
other information and education	5	1	5	3	0	0	0	0	0	0	0	1
total information and education	72	58	33	54	48	70	18	36	45	6	41	46
Dutch fiction	1	1	2	1	7	0	6	1	1	0	3	2
Dutch films	0	0	0	0	0	0	0	0	0	0	0	0
foreign fiction	8	5	4	6	17	4	20	34	22	45	21	15
foreign films and police etc.	3	2	5	3	5	12	9	19	18	37	14	10
total fiction	12	8	11	10	29	17	35	54	41	83	38	27
game shows and quizzes	9	5	1	5	18	0	7	1	3	4	6	6
cabaret and satire	1	0	3	1	0	0	0	0	1	1	0	1
other entertainment	2	2	1	2	2	0	7	3	2	5	3	3
total entertainment	12	7	5	8	20	0	14	4	6	9	9	9
total sports	1	22	1	8	0	13	0	0	4	0	3	5
total music	2	5	4	4	1	0	1	1	0	1	1	2
total children's programmes	0	0	45	15	2	0	32	5	4	1	8	11
Total number of hours	5.734	6.314	6.140	18.188	6.046	5.387	5.040	4.230	5.537	2.237	28.478	46.665

Source data: The Dutch Television Audience Research Foundation (SKO)
 By rounding-off the percentages, the totals may vary slightly.

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