

Dutch Media Monitor 2021

Summary, conclusion and recommendations

1.1 Summary

2020 was a disaster year for the fields of the arts, culture and hospitality, but to a lesser extent for the media sector, at least in the Netherlands. Three of the largest media groups active in the Netherlands – DPG Media, Mediahuis and RTL – report increased use of television, radio and online newspapers, and in 2020 all three made a profit despite the corona crisis. After a slight decline in advertising revenues for television, a moderate decline for radio and a strong decline for newspapers in 2020, everything indicates that this decline will be compensated in 2021. Bottom line, therefore, nothing special seems to be going on with 2020.

Nothing could be further from the truth. The digital transformation has been boosted, newspaper readers are making increased use of online subscriptions, and competition in the audio-on-demand market is growing. Also the decline of traditional linear viewing via television packages has slowly begun. The decline is to a certain extent caused by the growth of online platforms and the increasing number of paying subscribers to audiovisual live and on-demand streaming services. Not only media users are shifting to online, also advertising spending. Google and Facebook are increasingly benefiting from this. It is very understandable that traditional media companies are not satisfied with their position in markets with - expected - shrinking turnover. And that traditional media companies also want to get more benefits from online subscriptions and online spending. This seems to require an increase in scale, which can be created through collaboration or concentration.

Unlike expectations a year ago, not the financial crisis, but the digital transition and increasing media concentration are the two central themes of the Media Monitor 2021. The Media Monitor is the annual report by the Dutch Media Authority and closely monitors media developments and media diversity.

Media consumption in 2020: more screen time at home and more digitization

In the corona year 2020, daily viewing of television, daily listening to radio stations and daily browsing through websites and apps has remained constant. Only daily reading of newspapers continued to decline. This has consequences for printed newspapers. In September 2021 it's been announced that the afternoon printed editions of Het Parool and NRC will no longer be distributed in 2022, at least not in all regions. For years there has been a visible shift from analogue or print to online media. Media content is distributed and consumed more and more cross-media. Also the national audience measurement organisations will introduce a new cross-media research methodology in 2022, the National Media Survey (NMO), in which individual audience viewing, listening, reading and browsing research will be combined through a single, integrated system.

Viewing

The television set is by no means superfluous. In 2020, television viewing time has increased, clearly benefiting from corona lockdowns. During the lockdowns, viewing time is significantly longer than in the same period in 2019. Mobile devices have therefore not yet replaced the television screen. Increased viewing time can be fully explained by an increase in catch-up viewing and on-demand content other than the traditional television channels.

People of 65 years and older use the television screen almost exclusively (92 percent) to watch television channels. This share decreases with age. In the youngest group of 6 to 12 year olds, only half use the television screen to watch television channels (both live and catch-up).

Daily viewing of television channels has hardly changed. NPO 1, the main channel of the public broadcaster and the two commercial channels with the highest viewing rates, RTL 4 and SBS6, all aimed at a broad target group, increased their daily viewing significantly with two percentage points.

Online audiovisual platforms are used on smart televisions, but mostly on mobile devices. More than half of the Dutch population occasionally used YouTube and Netflix in 2020. NPO Start (and NPO Start Plus), the catch-up and on-demand service by the Dutch public-service broadcaster, is being used by more than a quarter of all Dutch people and is therefore in third place among video providers. Videoland, the catch-up and on-demand service from commercial broadcaster RTL, has shown a clear upward trend in recent years and follows in fourth place; one sixth of all Dutch people use this service. YouTube is no longer just used by young people. The age group up to 34 years old in particular consumes a wide range of audiovisual platforms and watches YouTube, next to Netflix, NPO Start/Plus and Videoland.

In times of crisis, the Dutch audience seems to embrace the television screen. On the one hand, because of a greater need for news and information via the television channels, especially among adults aged 35 and older. On the other hand, the lockdowns gave an extra boost to the use of streaming services, which are used more by young people in particular.

Listening

Also the radio device still exists. Unlike the TV screen, radio is mostly used to listen to live radio. More and more live radio is listened to online. The share of non-live radio of total listening time is increasing. Less than half of the people aged up to 34 years old listens to live radio.

Time spend on listening to radio stations increased slightly in 2020. During the lockdown we mainly listened at home and at home we listened a little longer. Despite this, in 2020 compared to previous years, daily listening to radio stations has decreased slightly. This is caused by Dutch people aged up to 50 years old.

The public-service channels NPO Radio 1, NPO Radio 5 and the joint regional public broadcasters mainly reach the 65+ age group. NPO Radio 2, the channel that reaches the most Dutch people on a daily basis, is particularly strong in the age group 35 to 64 years old. The major commercial radio stations – Qmusic and Radio 538 – reach relatively many people in the age group up to 49 years old. No radio station still reaches 10 percent of people up to the age of 20 every day. That wasn't the case in 2018 and previous years.

As with television, online and on-demand providers are popular. Spotify is in first place, followed by Apple Music and NPO Radio 2. Talpa Digital Audio is also one of the popular online audio services. Young people not only frequently use Spotify, but are also the main listeners to podcasts. More than half of Dutch people up to the age of 34 regularly listens to podcasts.

In the field of audio (listening) we are therefore witnessing a similar trend to that of video (watching): an increase among young people using paid or unpaid online services, such as podcasts. This trend is also increasingly being adopted by the slightly older age groups.

Reading

Daily reading of newspapers has been declining for some time already. Ten years ago, a daily newspaper reached two thirds of all Dutch people aged 13 and older; in 2019 only just under 40 percent. Unlike television and radio, newspapers failed to benefit from the lockdowns in 2020 and lost more than 4 percentage points in daily reach compared to 2019. On an average day in 2020, newspapers reached less than 35 percent of Dutch people aged 13 and older. This percentage is mainly kept at this level by the group of Dutch people aged 50 and older. Fewer contacts outside the home had a certain influence on the decrease in 2020. There were fewer opportunities to buy a printed newspaper, and cafes, libraries and hairdressers – which often offer newspapers – were closed. Due to reduced contacts, daily newspapers were also passed on less to each other. Also the printed edition of free newspaper Metro, available mostly at train stations, has been cancelled.

More and more people read newspapers online. This transformation was already quite advanced and was amplified during the pandemic, due to less contact with printed newspapers. For most newspaper brands, more than half of the readers read exclusively online.

Not only the news from daily newspapers is available through online channels, also news from broadcasters and digital born news services. NOS.nl, the public-service broadcaster's news platform, has the largest daily reach in 2020, followed by NU.nl, a digital-born platform, and in third place is a newspaper brand, namely the AD. All online news services have benefited from the corona crisis. Particularly the enormous increase in reach of the online platforms from broadcasters RTL and NOS is striking. Due to advanced digitization, the news media brands originating from daily newspapers reach both slightly older readers (usually on paper) as younger readers (mainly online).

Free local newspapers have not been able to digitize to compensate for their declining use. Several newspapers had to stop. Daily reading of these free local papers is therefore declining sharply. Also the circulation and daily reading of newsmagazines fell sharply after 2010. Unlike newspapers, newsmagazines have been struggling to attract online users. 70 percent of the readers of EW (formerly known as Elsevier Weekblad) solely use the printed edition. The fact that newsmagazines are lagging behind in the online field is not the case in neighbouring countries. In Germany for example, newsmagazine Der Spiegel is the number two in online news following the public broadcaster's news platform.

Even after a year of disinformation and algorithmization dominating the public debate, social media platforms are still going strong. While the major networks see their growth in user numbers stabilizing, Instagram, YouTube and TikTok are still growing in the Netherlands. With the exception of Facebook, the larger social media networks are also increasingly being used for news gathering. The four largest social media platforms are all owned by tech giants Facebook and Google. Due to strongly digitised media use, especially among the young, the need for media brands to go cross-media is becoming increasingly evident.

Media companies and media markets in 2020: a pivotal year

2020 was a pivotal year for the digital transition and for media concentration in the Netherlands.

A pivotal year for the digital transition

DPG Media, Mediahuis and RTL have reported profits and their turnover has not decreased either. That in itself is very good news. Perhaps in the long term it is even better news that newspaper publishers have succeeded with their strategy to attract new readers and to sell more online subscriptions. An industry that feared going down ten years ago now seems very commercially healthy. RTL is also getting more and more income from subscriptions. Videoland and other on-demand platforms are also succeeding in attracting new subscribers.

As a result of the corona crisis in 2020, advertising revenues have fallen significantly; especially spending on newspapers and magazines. However, the first months of 2021 show that advertisers have made a comeback and commercial broadcasters are very positive about television advertising spending. The radio market is also pleased with the recovery in the first half of 2021. Digital advertising spending is constantly increasing; even in the corona year. But both publishers and commercial broadcasters are less positive about this. An increasing share of digital spending – already 77 percent – goes to Google, Facebook and other foreign tech giants. Dutch media companies do not unjustly fear that television and radio spending will also become digital spending in the future, following the example of newspaper and magazine spending. And that tech giants could profit the most from this.

It is a turning point for the digital transition, because daily newspapers are already well on their way online and the broadcasters are also increasingly finding the cross-media route. Both have to take into account the increasing use of on-demand audiovisual content and live streams. The fact that television shows produced by streaming services have surpassed traditional television shows at the Emmy Awards illustrates that this shift also concerns high-quality content. Will shifted television and radio spending also increase the profits of the Big Tech platforms in the future? In this regard, an efficient organization of distribution – who is in charge of the content and who is in charge of the purchase and sale of digital advertisements – will play a key role. Cross-media scale, more paying subscribers and being able to target advertisements to non-paying users who leave their login details, could guarantee the survival of Dutch media companies.

A pivotal year for media concentration

The Dutch Media Authority has had the task of monitoring media concentration for twenty years now. During that time, investment companies have taken over Dutch media companies and concentration has gradually increased. The Temporary Media Concentrations Act of 2007 – which was intended to prevent the market shares of media companies from becoming too large – was fully withdrawn a few years later, resulting in an extremely concentrated newspaper market. The idea of classifying markets based on function – for example the news market – and setting boundaries for these markets was never implemented.

In 2020, DPG Media acquired Sanoma and media concentration has reached a new level, which was unimaginable ten years ago. The largest newspaper publisher has taken over the largest magazine publisher, including also the largest commercial news site NU.nl. An information giant has emerged!

During corona times we got used to colours that showed us the way; green: you can travel, yellow: there are risks, and red: no travel. The Media Pluralism Monitor 2021 also uses these colours. In their country report about the Netherlands, the indicator 'News media concentration' turns red: "News

media concentration (85%) indicates a high risk. The market is concentrated both in terms of audience share as well as market share. There is no media legislation restricting ownership of media.” The fact that other European countries are also ‘red’ does not reduce the risk.

The acquisition of Sanoma, a magazine publisher and owner of NU.nl, by DPG Media was a deal that surpassed all previous take-overs. DPG Media's ambition is to be the most important partner for online advertisers or, in other words, to become the largest cross-media company in the Netherlands. After the acquisition, DPG Media is the first media company with a turnover more than 1 billion euros. Broadcasters Talpa Network and RTL Nederland turnovers are not even half of this. The ambition of DPG Media corresponds not only with their practice of taking over large commercial television channels in Belgium, they had also planned to acquire RTL Nederland. Sometimes, however, invisible behind one company is another company.

In this case Bertelsmann, a large Germany based media company and owner of RTL, which has the ambition since May 2021 to become 'national champion' in every country it's active. Bertelsmann apparently believes that this is possible in the Netherlands by announcing in June 2021 that RTL Nederland and Talpa Network will merge. The merger has not yet been approved by the authorities.

1.2 Conclusion and recommendations

In the last fifteen years, the digital transformation has mainly been dominated by decreasing printed newspaper circulation and increasing use of online news sites, including the traditional newspaper brands' platforms. Readers of printed newspapers are getting older and therefore the number of readers is decreasing. The time will come when these printed newspapers will no longer be profitable to produce and to distribute.

This year there are clear signs of a future-proof digital newspaper market. After a long phase of free online news, newspapers managed to successfully implement paywalls and/or login walls. Young people are also increasingly willing to pay for an online newspaper subscription. At first we thought that in addition to a mobile data subscription and a streaming service subscription, news readers would not spend any more money on news and information. Fortunately, that's not the case. By making it common for viewers to pay for content, Netflix has perhaps contributed to newspapers having a future as e-paper, website, podcast or (audio) newsletter. And perhaps in the future they can even offer 'television news', such as the German Bild TV, a newspaper brand that received permission to provide a television streaming service. This may seem strange, but it could be an indication for future developments: media companies will increasingly become cross-media.

In the meantime, it has become clear that after the digital transformation of newspapers, television viewing is also changing. It might take longer than futurists outline, but the rise of Netflix and YouTube, the success of RTL's Videoland, and the enormously increased competition in the field of video-on-demand by mainly American providers are a clear signal: less linear, more on demand. In corona year 2020, linear viewing time is stable due to increased viewing among the elderly. However, young people's linear viewing decreases and most don't even buy a television set when they start living on their own. In the first two weeks of September 2021, both daily viewing and the average daily viewing time between 6 p.m. and midnight are 15 percent lower than in the first two weeks of September 2020. The stabilising of viewing time seems to have been temporary. The television packages currently still provide a diverse range of channels, but the question is whether the need for television packages will decrease as the need for linear content continues to decrease.

Channels become less important if the content is also provided online. NLZIET, containing both public-service and commercial broadcasters content, already offers a strong on-demand platform

with additional linear content. It is expected that in a few years' time television packages will share the fate of newspapers and will have to accept a declining and aging subscription group. With our study on contentment with television packages, we will keep an eye on future developments. In the Netherlands, more money than ever is being spent on advertising. The shift from offline to online viewing, listening and reading behaviour means that advertising spending on traditional media is gradually switching to digital spending. As digital spending increasingly flows to Big Tech companies such as Google and Facebook, the major broadcasters and publishers are rightfully concerned about their advertising revenues. RTL's answer to this development is striving to be 'national champion'. Even at a time when decrease of linear viewing time is slow, the two leading commercial television broadcasters in the Netherlands want to merge, led by RTL.

This merger seems to be a logical step for the Dutch audiovisual sector and for RTL in particular. The Works Councils of both companies support the merger. However, the Dutch advertisers' union BvA is critical of the proposed merger. They consider it of great importance to have sufficient choice from qualitative television channels in order to be able to reach target groups as effectively as possible. They fear that this will no longer be the case if the number of media companies decreases.

The industry expects the responsible market regulator to approve the merger of RTL Nederland and Talpa Network, with or without conditions. The Media Monitor is tasked with monitoring the consequences of media concentrations on the diversity and independence of Dutch media. A causal relationship is not straightforward: what is cause and what is effect? But based on our many years of experience with this monitoring, we do have the knowledge to point at risks. Concentrations bring synergy effects and thus provide savings potential. RTL assumes savings of more than 100 million euros per year. This increases the risk of erosion of media content. When 'national champions' compete with global players, this can be at the expense of local partnerships, smaller companies and – in this case certainly – local content producers. And probably also at the expense of advertisers, who can no longer ignore this 'champion'.

In order to limit the risks for diversity and independence of the proposed merger as much as possible, we make the following four recommendations prior to the merger:

1. Ensure a future-proof public service broadcaster

The Minister of Primary and Secondary Education and the Media has indicated which instruments can help to safeguard and promote media pluralism: “financing public-service media, providing support to journalists or news organizations and guaranteeing editorial independence.” That’s why it is necessary to think about the future of public broadcasting. This mainly concerns the question of how public broadcasting can provide independent and diverse media content in a changing media landscape, characterized by the digital transition and increasing media concentration. Especially in the field of information, but also in the field of cultural diversity. After the acquisition of Sanoma by DPG Media, public-service news platform NOS is the only online news service in the top 12 that is not in foreign hands. If the public service broadcaster in the market for television, radio and video will soon no longer have to deal with various major players but only with RTL, they could, together with the digital transition in the field of television and radio, face negative consequences for their effectiveness. This justifies a future-proof, independent and sufficiently financed public broadcaster that is able to create independent and diverse news content.

2. Ensure a level playing field between Dutch broadcasters

The jurisdiction is determined by the location of the head office of a media service and where the editorial decisions are taken. Because of this, there is a chance that RTL Nederland will replace the Dutch permissions for the Talpa Network channels for Luxembourgish license(s) after the takeover. If this will be the case, they will no longer have to comply with the Dutch Media Act. The Luxembourg media legislation is traditionally an almost literal translation of the Audiovisual Media Services Directive (AVMSD Directive), without a detailed elaboration or stricter rules. Nor does the Luxembourg Media Act contain any obligation to join NICAM, the Netherlands Institute for the Classification of Audiovisual Media. For a level playing field, it would be preferable that all RTL channels aimed at the Netherlands will have to comply with Dutch media legislation, as this applies to all Dutch media providers.

3. Ensure a level playing field between Dutch media companies and Big Tech

Big Tech companies – in particular Google and Facebook – don't have to comply with many rules. Compliance with the Dutch Media Act only includes some of their video content. We support the recommendation of Dutch media companies to aspire a level playing field with the Big Tech companies. Dutch media companies ask for opportunity and support for cooperation, for example in the field of artificial intelligence and the development of a joint independent digital infrastructure. This is in line with our plea in last year's Media Monitor for more cooperation, in which we argued that cooperation negates further acquisitions and the resulting increasing inequality between international and local players.

4. Ensure ownership transparency

It is crucial that all media companies are transparent about ownership structures and central financial indicators. Unfortunately, that has not been the case in recent years. One major Dutch media company didn't publish their information, while the other companies did. Transparency is an important part of a level playing field. Although this problem is likely to resolve itself with increasing concentration, it would be helpful if large media companies were transparent about ownership relationships and central financial key figures. Alternatively they could be obliged to make sufficient information available to the Dutch Media Authority to include in our monitoring.