

Mediamonitor 2019 Summary

Independent, diverse and accessible media are fundamental to our democratic society. A lack of reliable, and diverse, news sources will not enable the people to make the informed decisions they need to take to allow their democracy to function. It is to this end that Dutch legislators tasked the Dutch Media Authority with overseeing developments within the media industry and to take a particular interest in how media concentration affects the industry's independence and diversity. The Dutch Media Authority has since 2002 issued its annual report tracking these developments, the Media Monitor. The mediamonitor.nl website has also grown into a main hub for sourcing up-to-date data on the main media companies and markets.

To date, the Media Monitor mainly focussed its reporting on traditional media markets like television, radio and newspapers. Online media have been added to these in recent years. Despite the vastness and diversity offered by the internet, Dutch people in 2019 are still found massively reliant on television, radio and newspapers. The validated surveys conducted within the various industry sectors, along with data generated by certified surveys taken among Dutch people on the daily number of hours spent on media use are taken into account in measuring their use and scope. The vast share in media use the internet has come to enjoy in recent years has made conducting media market analyses based on traditional media types increasingly complicated. Online media content is increasingly being consumed and distributed across more than one type of media. As a result, the Media Monitor started looking for new ways of monitoring the diversity of both offline and online media platforms and how they are used.

The partnership entered into with the Reuters Institute for the Study of Journalism's Digital News Report (DNR) is a step in the right direction in that respect. This survey allows us to gain a better perspective on the use of offline and online news within the Netherlands and also allows us to draw comparisons with both previous years, as well as our neighbouring countries. It also reveals how companies operate on the national and international news markets, how quality news outlets are financed and tells us which technologies and digital developments are changing news use - from speech assistants to podcasts.

Concentration and Convergence

Dutch television, radio and newspaper markets have displayed severe concentration for years now. In 2017 two companies owned an 89% stake in the newspaper market, i.e. Mediahuis and De Persgroep – both Flemish companies. That situation has hardly changed, with the radio and television markets featuring a level of concentration similar to the 2017 situation. Three entities own 75% of the television market, and also three entities own 72% of the radio market. Media market concentration is becoming increasingly harder to assess. This is due on the one hand to media companies being increasingly reluctant to reveal information on issues such as circulation figures. Convergence within the media industry, on the other hand, - driven by digitalisation - is making it harder to separate individual media markets by their type. The question, however, is whether constraining the concentration of media markets based on media type, e.g. the newspaper market, is the right way of warranting the independence and the diversity of the media. We are noticing other risks, such as algorithmic filtering systems, or the increased opinion power of the media, potentially posing greater threats. Such developments are taken into account in the Media Monitor, with it also keeping a close eye on other media industry developments.

A 2018 inspection of media companies active in creating news and information content on the Dutch market reveals a number of partnerships to have been set up. This is mainly the result of the media companies attempting to upscale in the face of major international players, such as Facebook and Google, that are obtaining increasing shares of the industry's revenue. International parties held a 62% share of the Dutch digital advertising market in 2017, up from 57% in 2016. In 2018, digital advertising brought in more than half of all advertising revenue, or 1.974 million Euros. Newspaper and magazine advertising revenue in particular has suffered a decline in recent years. Radio and out-of-home advertising have remained

stable at a share of a little over 10%, with TV advertising revenue on a more modest decline, now at a 25% share.

Media companies will have to innovate if they are to reduce the increasing export of advertising spending and maintain the sector's earnings. Dutch companies have to this end employed the means of what is called Addressable TV, i.e. a concept that sees viewer profiles shared between television operators and broadcasting companies, to allow the targeting of viewers through personalised ads.

The decline in advertising revenue has forced Dutch Public Broadcasting [Dutch: Nederlandse Publieke Omroep (NPO)] to cut spending. These spending cuts have targeted overhead in order to avoid impacting journalistic content. In the meantime, Dutch public broadcasters have also tried to anticipate changes in viewer behaviour by offering new programme formats. Commercial competitor, Talpa, has opted to expand its media concern by contracting popular YouTubers and other social influencers, and popular presenters as it tries to boost its TV programming. Talpa also acquired a majority shareholding in Mood for Magazines, owner of media brand LINDA.

And so we see media companies each taking their own approach to adapting to the changing media markets. Newspaper publishers De Persgroep and Mediahuis have focussed on acquiring digital subscriptions and generating digital advertising revenue to compensate for declining circulation numbers. RTL has put its faith in its video-on-demand platform, Videoland.nl, which also offers exclusive domestic content. The reason for that decision is that Dutch media enterprises aren't just losing revenue streams to major players like Facebook and Google, they are also expecting to lose audiences to international video-streaming platforms, e.g. Netflix, Amazon Prime, YouTube Premium, Apple TV+ and Disney+. The battle for the media consumer's favour in 2019 and 2020 looks like it will be fought by competing video-streaming platforms. The introduction of these platforms will cause the current home entertainment branch to become even more fragmented.

Online Push

In 2018 Dutch citizens spent an average of eight hours and twenty-three minutes on media, with the majority of that time spent while undertaking other activities. On a daily basis, three hours and five minutes of that are spent on viewing, with two hours and thirty-two minutes spent listening, and a further forty-two minutes spent on reading. Communicating takes up an hour and four minutes a day, with gaming and other internet usage taking up an average of fifty-seven minutes per day. The fact that the traditional media's total daily share has been on a steady decline for years now, does not mean that total media consumption is also on the decline. The main cause of this lies with the digitalisation of media use, as online reading, (deferred) viewing, and listening have all enjoyed significant increases. This is due in part to the fact that more than 90% of Dutch people aged twelve and above own a smartphone through which they can access the internet. Nearly half of all individuals over seventy-five (45.9%) owns a smartphone, compared to a mere 2% for that same group back in 2012. A further 53.7% of Dutch people aged twelve and above also enjoy internet access through a smart TV set. This benefits online streaming providers such as Netflix, which reached a monthly audience of 28% in 2018. 4.4 million Dutch people aged six and above used Netflix on at least one occasion a month. YouTube even reached a monthly audience of 73%, or 11.5 million Dutch people.

Similar to television stations, radio stations are also found struggling. With the main decline noticeable among the over sixty-five, this still remains the age group boasting the highest percentage of daily audience reached (73.3%). NPO Radio 2 posted the highest percentage of audience reached (12.6% of Dutch people aged six and above) beating Radio 538 (11.5%) to first place.

One interesting development in the audio market is the growing number of podcasts providing an alternative source of news, opinion and entertainment - as well as opening up an interesting and new advertising market. Podcasts - ranging from documentaries to talk shows, to fiction and deferred radio shows - are almost always available for free and are

increasingly being brought to market by traditional media companies. The Digital News Report (DNR) shows no more than 21% of Dutch audiences to tune in to podcasts, compared to a third of US audiences. Also the survey of daily time spent reveals online is still a marginal component. As such, the Dutch podcast market is still finding its feet. It is also yet to feature audio ratings, proper revenue models and aggregated hit parades. The market could receive a boost, however, through the advent of smart speakers or voice assistants, such as Google Home and Amazon Echo. Introducing its smart speaker in October 2018, Google Home's Google Assistant has to date remained the only voice assistant to support Dutch speech recognition. Though only 5% of Dutch households currently have a smart speaker (with a further 4% intent on purchasing one), insiders nevertheless see voice activation as the future of digital communication. On-demand audio, in whatever shape or form, could become an important new source of daily news.

Newspaper circulation numbers have in 2018 again dropped compared to the previous year, down 8.2% on 2017. As a news service, however, De Telegraaf and AD are still able to reach a large online audience. The DNR, for example, found more than half of all newspaper readers to read their papers online.

Other media on the up in terms of users are social media. WhatsApp, for example, currently boasts some 9.1 million daily users, with Instagram having extended its reach from 8% in 2016 to 19% in 2019, or 2.7 million daily users. Though Facebook as a platform saw a slight drop in its use, that decline had little effect on the company as a whole, as the Mark-Zuckerberg-owned enterprise also owns popular alternatives such as WhatsApp and Instagram.

The rate at which the online media landscape changes becomes evident when we take a look at the websites that enjoyed the greatest popularity twenty years ago. None of the Top 10 sites from the year 2000 make the 2019 list. And back then, most of the services currently dominating the landscape were still ideas restricted to student dormitories. Google and Facebook, who in 2018 and 2019 celebrated their twentieth and fifteenth anniversaries, respectively, have in only a short space of time become the dominant forces in social media and communication. Despite coming under scrutiny from governments and supervisory authorities all over the world due to privacy scandals and their dominance of the advertising and information markets, they have nevertheless come to dictate how we communicate and acquire our information in a much swifter manner than governmental institutions could have envisaged. This could pose a threat to the diversity of our news feeds, yet there is one online news outlet that continues to fight US dominance in this regard: NU.nl. Since its inception in 1999 the news website has changed little in terms of its set-up and objective and has since 2002 been the most used online news source in the Netherlands.

Trust in news

News plays a big part in the life of the average Dutch individual. Certainly when compared to our neighbouring countries, our society sports but a small group of individuals not interested in the news. Though news use - online, as well as offline - in the Netherlands has suffered a slight decline, the Dutch market does feature a great number of different titles and operators.

Though this confirms the existing sentiment that young people hardly consume any news, it should be noted that such confirmation is only found in respect of offline news. Young people operate online and will generally consume news through their smartphones, though extensively through the platforms of traditional media brands. The first news item of the day is illustrative of the transition taking place from offline to online: more than half of all young people source their first news item of the day online. This figure steadily declines as we go up the demographic chart, halting at less than a quarter of all senior citizens. Only among over sixty-fives do we find the newspaper to have remained their first-choice news medium. As today's young people grow older, so will the importance of online news increase.

The use of news videos stands out, especially among young people. These they'll also find on Facebook, which is the most commonly-used social media news source. The overwhelming majority of Dutch people uses these news sources in addition to other sources. As such, there

is very little chance of Facebook causing Dutch people to end up locked inside their own news bubble - despite the growing number of individuals sourcing their news solely on Facebook.

Polarised societies are usually characterised by their people largely lacking sufficient trust in the news. In a consensual society like the Dutch, with its many parliamentary political parties, that kind of trust is high. Dutch news brands are consequently generally regarded as highly reliable. Having said that, Dutch people are slightly more worried about fake news than they were in 2018, though only marginally compared to our neighbouring countries.

Not only do we have great faith in the news media, a majority of people also feel that they aptly perform their role in society. The media are very much regarded as the guardians of our democracy, the topics they discuss are generally considered contemporary and relevant, neither superfluous, nor overly negative and as offering deeper insight. So the Dutch are found very content about their news media, more content than other similar societies. This level of content about the news media might well be the reason for our complacency: the Dutch hardly ever turn to paid online news sources. The same holds true for many other countries as well, although a higher proportion of Scandinavians are found to turn to paid online news sources. If asked to pick an online subscription for one of three types of services, however, 30% of Dutch people will nevertheless pick a news subscription. And that is a significant proportion.

Monitoring in Times of Transition

Monitoring media concentration and economic circumstances in times of digitalisation demands a lot of flexibility, year after year. We monitor the classic media markets in the same way we have always done, but we are increasingly confronted with a growing lack of information at our disposal. Increasingly less is becoming publicly available on the revenue figures of the large media companies, for example. The publication of traditional and reliable market share indicators, too, such as circulation figures, have abruptly ceased in 2018.

In addition, there's the growth in online, which in turn leads to convergence and then there's the arrival of new dominant players such as Google and Facebook. The market share these two entities enjoy makes it even harder to draft an overview of advertising spending. A perhaps more important factor is that search engines and social media platforms employ unknown algorithms that make it less discernible what news citizens have at their disposal.

We feel that transparency in respect of revenue, market share and algorithms is essential in being able to monitor concentration, opinion power, accessibility, independence and diversity. This is not only important to the Media Monitor, it also benefits society in general, given the essential role the media play in our democracy. Where necessary and useful, we will also seek to cooperate with other Dutch supervisory authorities, such as the ACM, other European regulatory authorities organized in ERGA and EPRA, and scientific organisations such as IVIR and the SCP as well as the Reuters Institute for the Study of Journalism.