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## 1 Introduction

The task of reporting on media concentration was granted to the Flemish Media Regulator (*Vlaamse Regulator voor de media (VRM)*) by the Flemish media decree.

On a yearly basis VRM presents a report to the Flemish policy makers containing information on the positions occupied by agents in the Flemish media sector. This report is also made available to the general public (via website and print copies).

The current text aims at making VRM's report on media concentration 2018 accessible to English speakers.

The underlying text will function as a manual on how to find a way in the Dutch version of the report, rather than as a translation of the full text of the report.

This manual consists of

- an introduction describing the content of the report
- an overview of the different chapters
- the main findings of the media concentration report 2018
- a translation of the table of contents of the report
- a translation of the lists of tables and figures

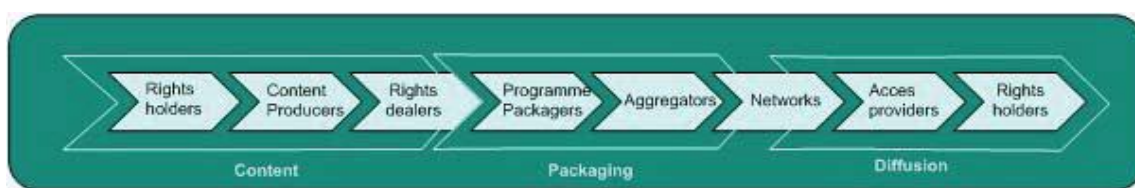
Concentration can be approached from many angles. From the publication of its first report in 2008, VRM opted for an approach from an economic point of view. We therefore focus on the relationships between the different players in the market, rather than e.g. performing content analysis.

VRM uses Michael Porter's concept of value chains in order to define the media sector.

In a value chain, all links where added value is created are identified, thus tracing a chain from content producer, over aggregator, via distributor, to the final customer.

This chain can be less or more fragmented. Within every link of the chain a different form of competition may exist (depending on the number of suppliers and their relationship to the demand in the following link).

Andersen (2002) drew a value chain for the audiovisual industry for the European Commission.

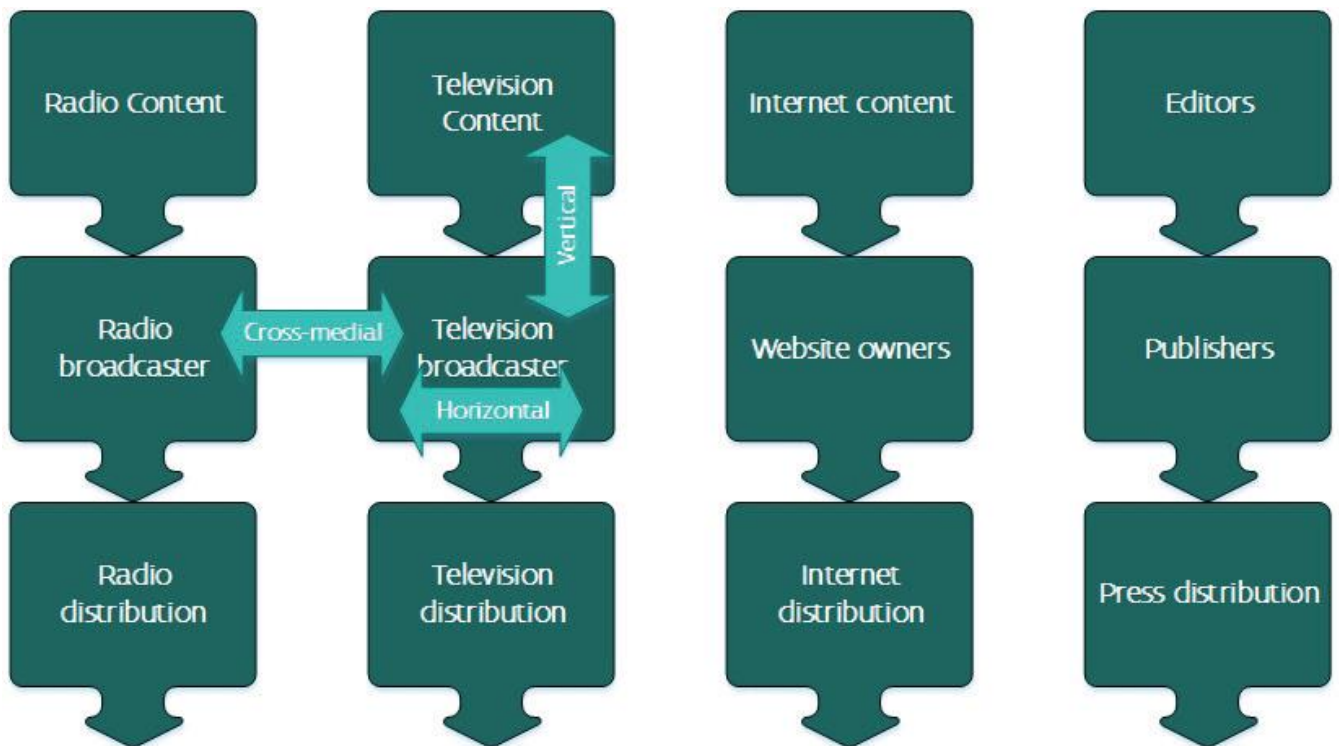


**Figure 1:** Value-added chain for the audiovisual industry

Source: Andersen, European Commission (2002).

The markets for media products are double-sided markets. On the one hand, consumers buy media products containing information and entertainment. On the other hand, advertisers buy consumers' attention for their advertisements. The chain must thus be followed in two directions.

While studying media concentration, one can differentiate between horizontal, vertical and cross-medial concentration.



**Figure 2:** Different types of media concentration

Source: VRM based on M. Porter

- Horizontal concentration occurs when the number of players within one link is limited
- Vertical concentration occurs when following links in one chain are owned or controlled by a limited number of players
- Cross-medial concentration exists when there is an entanglement between the suppliers of various media products

In the first chapter of the report the Flemish media industry is defined.

Flemish media groups are described in the second chapter. Information on shareholders, company structure and product offerings is given for every media group.

In the third chapter, information on media concentration is quantified and financial results and facts and figures on popularity of media brands are given.

Throughout the report, interesting facts that do not fit the general framework are elaborated in so-called "Information Fragments", with a specific layout.

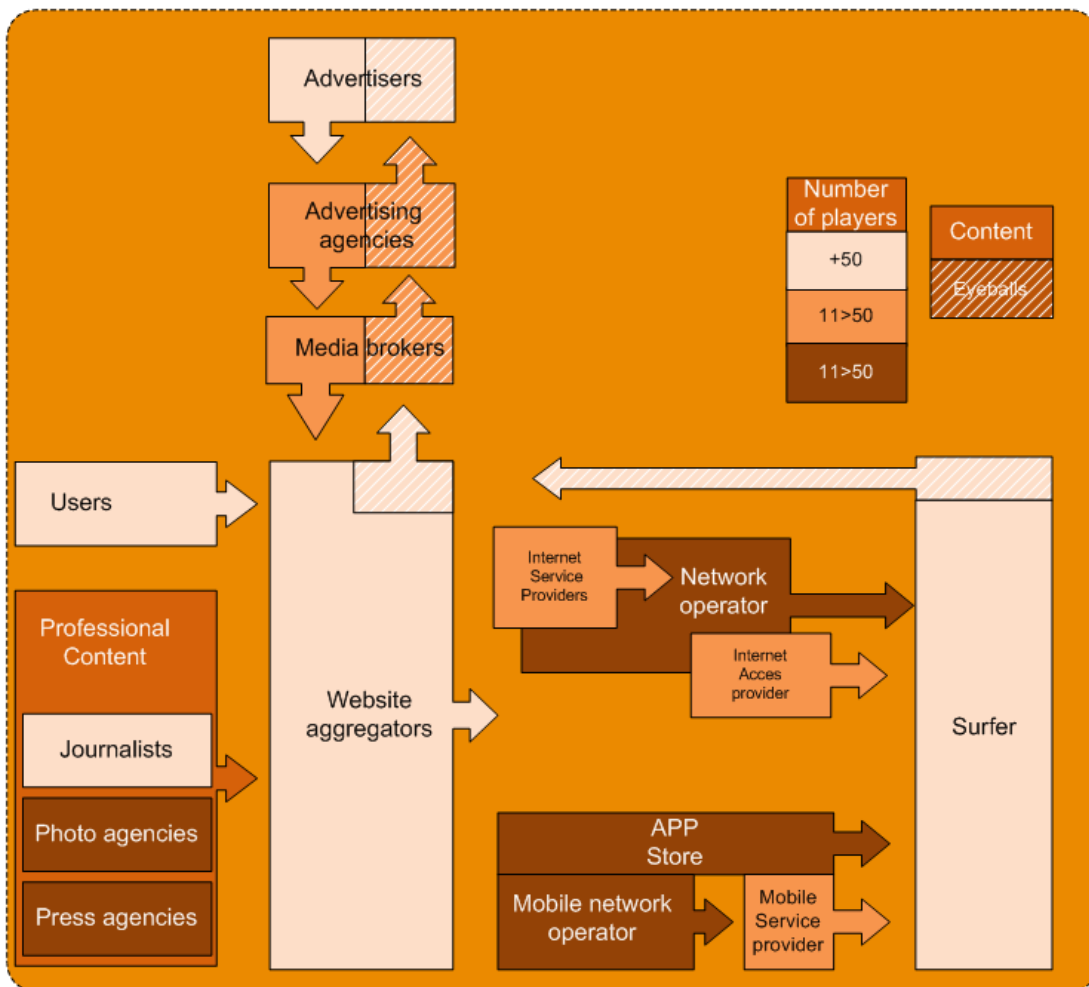
The fourth chapter gives information on measures that are taken to enhance diversity and media plurality in Flanders. It also mentions possible new legal initiatives, stressing a number of them as policy suggestions.

The conclusions of the report are formulated in chapter 5.

## 2 Overview of the Media Concentration Report 2018

### 2.1 Chapter 1: Defining the Flemish media industry

In the first chapter of the report, the Flemish media industry is defined. The value chains of radio, television, internet and print media are depicted and the players that are present in every link are identified. A colour code gives a first indication of the degree of concentration. Figure 3 is the value chain for the internet.



**Figure 3:** Internet value-added chain

VRM lists all companies that are active within a certain link of the value chain, together with their product offering and company number (as shown in table below).<sup>1</sup>

Name	Company number	Offer
De Persgroep Publishing nv	403506340	De Morgen
		Het Laatste Nieuws/De Nieuwe Gazet
Mediahuis nv	439849666	De Standaard
		Gazet van Antwerpen
		Het Belang van Limburg
		Het Nieuwsblad/De Gentenaar
Mediafin nv	404800301	De Tijd

<sup>1</sup> In Belgium, information identifying all companies is gathered in a central government-operated database, BCE. Each company has its unique identification number. A lot of information on the company can be found using the 'public search' function of the database on the website of BCE: <http://kbopub.economie.fgov.be/kbopub/zoeknummerform.html>

**Table 1:** Publishers of newspapers

Next to the four media types (radio, television, print media and internet), VRM describes convergence and cross-media trends in the Flemish media landscape.

We conclude the chapter with a first indication on horizontal media concentration (by counting the players present in the different links).

## HORIZONTAL CONCENTRATION

MEDIUM	CONTENT	AGGREGATION	DISTRIBUTION
● Radio		National radio broadcaster	Radio signal transmission
		Network radio broadcaster	
		Local radio broadcaster	
● Television	Facility companies	Television broadcaster (linear and non-linear)	Service providers and network administrators
	Production companies	Regional television companies	
● Print media	Press and photo agencies	Publishers of daily newspapers	Distributors of the press
	Advertising companies	Publishers of free press	
	Media centers	Publishers of periodicals	
● Internet	Advertising companies	Companies behind websites in the Flemish media sector and news websites	Internet service providers/ Network providers
		Social media accounts	Mobile operators
		Apps of Flemish media companies	Social media networks
			App stores

### Legend

Number of players
>50
11>50
1-10



# SHAREHOLDERS

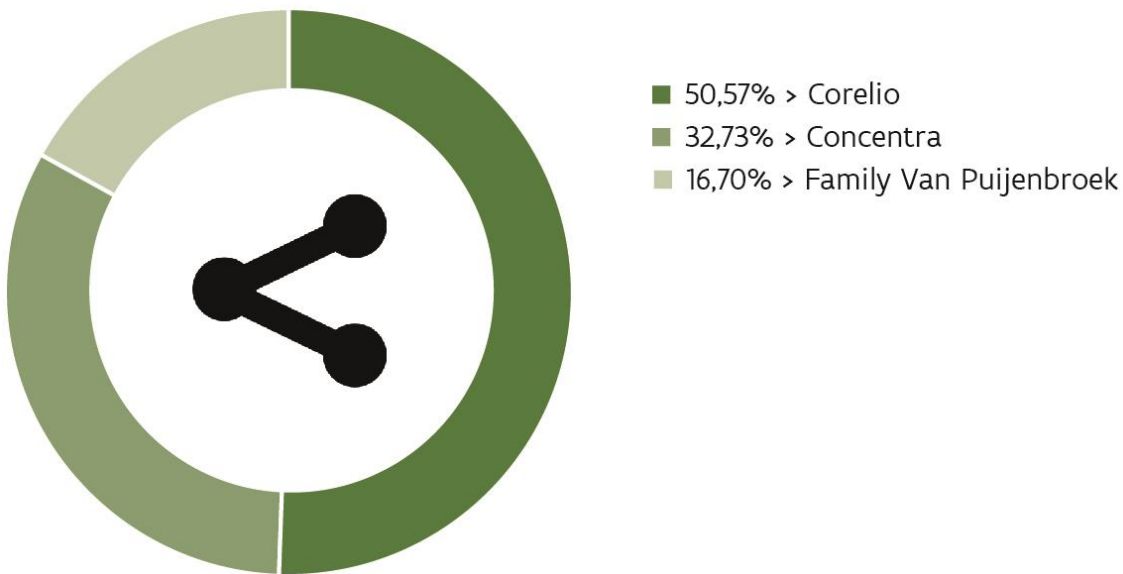


Figure 5: Shareholders Mediahuis NV

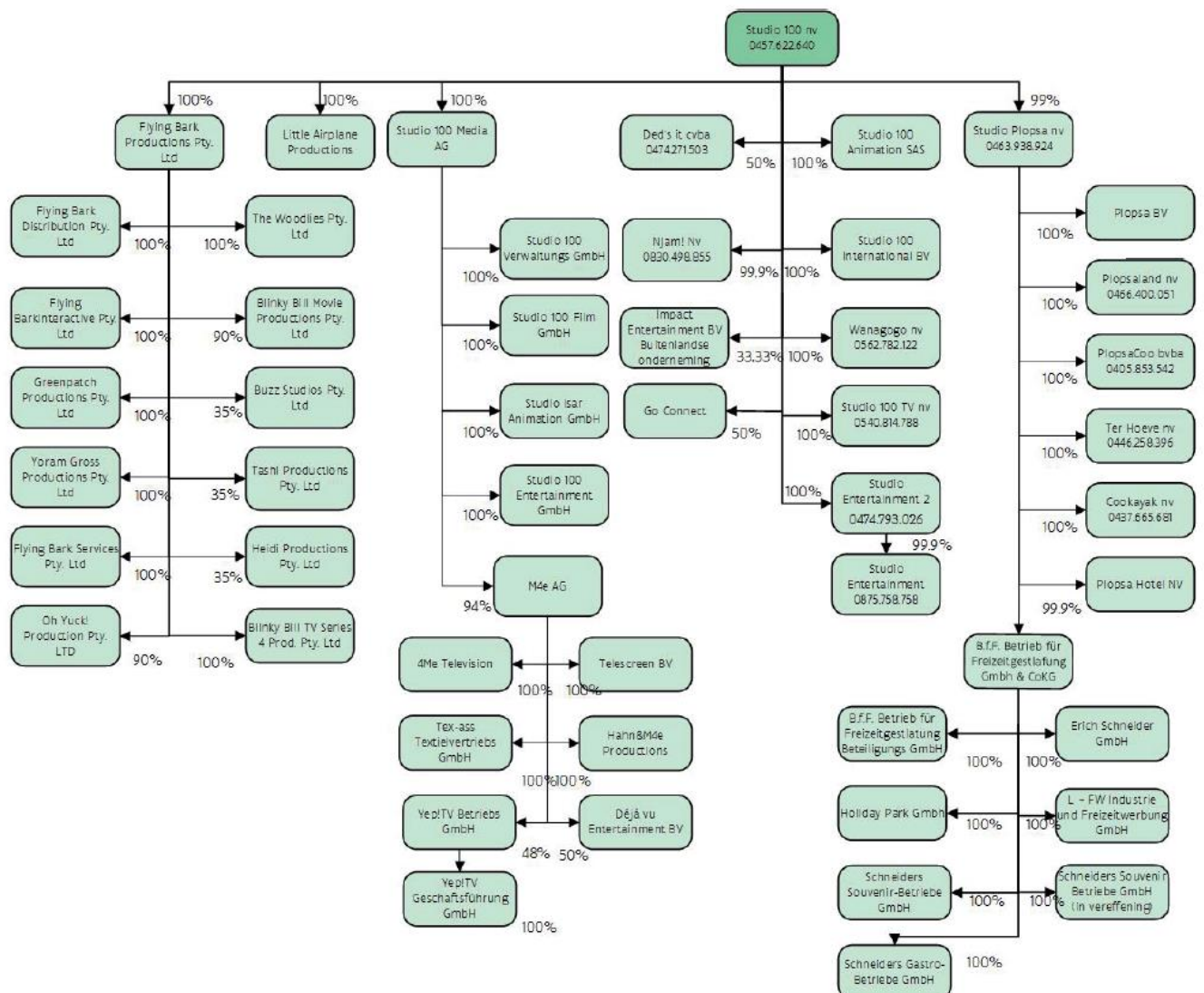


Figure 6 Group structure Studio 100

An overview of product offerings per media group is given in a grid, citing the brand names while distinguishing between different media forms and the different stages of the value chain. An indication of the geographical reach of the product is given by a symbol.

## BRAND OVERVIEW


















BRAND NAME	RADIO		TELEVISION			DAILIES	PERIODICALS	INTERNET		MOBILE INTERNET		ADVERTISING	OTHER
	Content + aggregation	Distribution	Content	Aggregation	Distribution	Content + aggregation	Content + aggregation	Content + aggregation	Distribution	Content + aggregation	Distribution		
• Studio 100 products													
• Studio 100 TV													
• Studio 100 Hits													
• Njam/ Njam.tv													
• Studio 100 Go													

Table 3: Brand offering grid of a group





Brand name	Product or activity under full control of the group
(Brand name)	Product or activity that was transferred to another group after the closing of the annual accounts
Brand Name	Product or activity in which the group participates
	Product available in or aimed at a part of Flanders (e.g. local television or regional newspaper)
	Product available in or aimed at the whole of Flanders
	Product with a French equivalent and aimed at the Belgian Market
	Product aimed at a foreign market

Table 4: Legend of the brand offering grid

### 2.3 Chapter 3: Information on media concentration

In the 3<sup>rd</sup> chapter of its report, VRM studies concentration for each media type.

First, vertical, horizontal and cross-medial integration are briefly described.

Secondly, there is an analysis based on financial information. A table with an overview of the most recent financial information of the main players in the specific link of the value chain is given, together with a graphic of the evolution of the average of these values over the last 10 years. VRM uses the following financial values :

- 10/15: Equity
- 20/58: Assets
- 70: Turnover
- 70/76: Operating Income
- 9901: Operating profit/loss
- 9903: Profit/loss before taxes

- 9087: Average number of employees

VRM calculates the average for all companies in a sector, and the year 2008 is used as a benchmark. The CPI (consumer price index) is also included in the figures. In Belgium, all companies have to report their financial statement to the National Bank of Belgium. The financial statements can be integrally consulted on its website.<sup>2</sup>

## FINANCIAL FIGURES

COMPANY NAME	EQUITY	ASSETS	REVENUE	OPERATING INCOME	OPERATING PROFIT	PROFIT (-) FOR TAX	EMPLOYEES
	10/15	20/58	70	70/76A	9901	9903	9087
• Medialaan nv	48.400.415	233.737.750	260.339.312	322.137.465	49.969.065	46.310.146	570
• JOEfm nv	24.804.104	26.717.120	8.955.654	9.273.895	2.366.668	2.469.476	18,40
• Vlaanderen Eén nv	1.417.866	5.251.468	8.755.630	8.783.710	621.170	587.089	22,4

Table 5 Financial figures 2017 national private radio

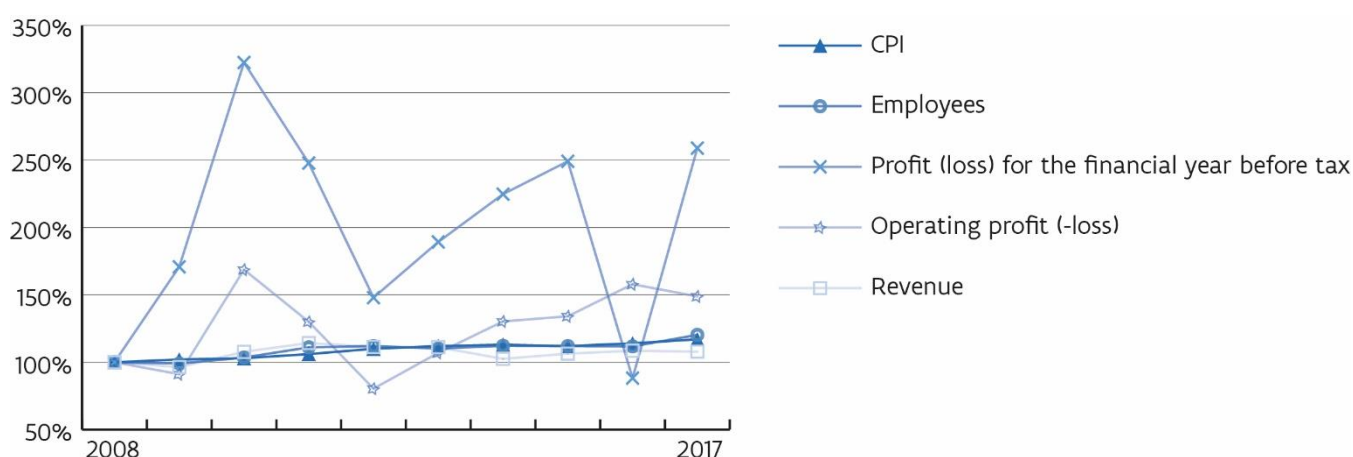


Figure 7: Evolution of average values 2008–2017 national private radio

Thirdly, there is an analysis based on audience shares. This information comes mostly from CIM.<sup>3</sup> There are several figures taken into account:

- Radio: audience shares and average listening duration Mar-Jun 2018
- Television: audience shares 2017
- Print media: paid circulation (print+digital) and total print circulation 2017
- Internet: daily average website visits 4-24 June 2018
- Social Media:
  - Facebook account: likes
  - Twitter account: followers
  - Instagram account: followers
  - YouTube channel: subscribers
 These numbers were collected by the VRM in August 2018.
- Apps: the number of downloads as provided by Google Play, collected in the summer of 2018.

We measure media concentration by calculating C4 and Herfindahl (HHI) indexes. These are traditional indicators to measure concentration in an industry. The indicators can be calculated per product category, both on the basis of financial data such as sales, as well as on the basis of popularity data, e.g. viewers.

The evolution of the prices of media products is also studied in the third chapter.

<sup>2</sup> <https://cri.nbb.be/bc9/web/catalog?execution=e2s1>

<sup>3</sup> CIM (Centrum voor Informatie over de Media) is a non-profit organization whose members are advertisers, advertising agencies, media agencies and the media. CIM provides its members with current information and numbers about the reach of the most important Belgian advertising media: press, cinema, internet, radio, television and billboards. <http://www.cim.be/nl>

Subsequently, the Flemish media landscape is situated in an international context.

Finally, a new section is introduced in our report 2018 about regional and local journalism, in which the VRM investigated the evolution of regional sections of national newspapers and the existence of purely local news media in the 308 Flemish municipalities.

In the conclusion of chapter 3, an overview of all the calculated indexes is given.

## CONCENTRATION (HHI)

MEDIUM	CONTENT	AGGREGATION	DISTRIBUTION
• Radio	Content providers	Radio groups = Radio stations =	Radio signal transmission
• Television	Production companies	Broadcasters groups ↘ Broadcasters stations =	Broadcast signal transmission
• Print media	Editors	Newspaper titles =	Distribution
	Press and photo agencies	Newspaper publishers =	
	Advertising agencies	Magazines titles =	
	Media centers	Magazines publishers ↗	
• Internet	Content providers	Websites =	Internet distribution
	Advertising agencies and media centers	Websites groups ↗	

### Legend

No value has been calculated
Non concentrated (value < 0,15)
Moderately concentrated (value between 0,15 and 0,25)
Strongly concentrated (value > 0,25)

The evolution (increase, decrease, status quo) in comparison to 5 years ago is visualised by using the symbols ↗, ↘, =.

## 2.4 Chapter 4: Stimulating diversity - remedies and suggestions for policy makers

The fourth chapter gives information on measures that are taken to enhance diversity and media plurality in Flanders. It also mentions possible new legal initiatives underlining a number of them as policy suggestions.

These measures were described according to an existing schedule that distinguishes restrictions, counterweight, economic intervention, transparency and organizational measures. Generally, it was noted that audiovisual media are subject to more rules than print media and internet.

Category	Application in Flanders
Restrictions	<ul style="list-style-type: none"> <li>• Ownership restrictions</li> <li>• Regulation</li> <li>• Application of articles 189-192 Media Decree</li> <li>• Signal integrity</li> <li>• Net Neutrality</li> <li>• Switch to DAB+</li> </ul>
Counterweight	<ul style="list-style-type: none"> <li>• Must-carry, Must Offer</li> <li>• Public service broadcaster VRT</li> <li>• Fund Pascal Decroos for investigative journalism</li> </ul>

	<ul style="list-style-type: none"> <li>• Obligation of subtitling (news) programmes</li> <li>• Flemish Journalism Fund</li> <li>• Promotion of European and independent productions</li> </ul>
Economic interventions	<ul style="list-style-type: none"> <li>• MediAcademie</li> <li>• Support of regional broadcasters</li> <li>• Stimulation of the audiovisual sector</li> <li>• Project grants for media initiatives</li> <li>• Screen Flanders</li> </ul>
Transparency	<ul style="list-style-type: none"> <li>• Media concentration report</li> <li>• Supervision of compliance by the public broadcasters of the Flemish Community's management</li> <li>• Licences, broadcasting permits, notifications</li> <li>• Media education programmes</li> <li>• Diamond project</li> <li>• Reporting on Net Neutrality</li> </ul>
Organisational measures	<ul style="list-style-type: none"> <li>• Founding of VRM</li> <li>• Belgian and European competition authority</li> </ul>

**Table 6:** Policy measures to enhance diversity and media plurality

## 2.5 Chapter 5: General Conclusion

A general conclusion is given in the fifth chapter.

### 3 Main findings of the Media Concentration Report 2018

In the **first chapter** the Flemish Media sector has been described.

The local radio landscape has been thoroughly reformed. The local radio licenses were reassigned and a new form of radio-stations, the commercial network radio-stations, was introduced. Four approved commercial network radio-stations could start from the beginning of January 2018.

The licenses for country-wide radio have been prolonged, under condition that DAB+ is adopted by these stations by 1 September 2018. All country-wide

Distributor Telenet has started in September 2017 for TV programmatic advertising (Smart Ad). Distributor Proximus is likely to follow by 2019.

In the past years, we saw a tendency whereby linear television stations tend to aim at more specific audiences (e.g. KADET, aimed at boys between 8 and 12, Q2 aimed at families...). In 2018, we didn't see a prolongation of this tendency. Instead, it looks like distributors are searching for exclusive deals with linear television stations (Proximus – Studio 100 TV) to distinguish and to enrich their own offer from the competitors' offer.

Foreign video services and platforms, and non-linear viewing gain more popularity. This puts the publicity gains under pressure.

A number of Flemish local television stations are facing financial difficulties.

As far as distribution is concerned, the number of players is limited.

The Flemish newspaper market is evolving, editorial websites of the newspapers have a strong focus on video. This is a clear trend towards more convergence. The number of titles of daily newspapers has been stable for many years, but there are changes in terms of ownership. The market for magazines remains unstable. Ownership of a number of titles changed.

**Printed press** now aims at digital presence, with apps and presence at social media platforms.

In the distribution sector, independent newspaper outlets experience difficult times. The major distributor of free press in Flanders, BD, also announced a major remediation operation.

The different possibilities of the **internet** are intensively used. Social media, websites and apps have been added as extra channels of traditional media forms. Also, a number of news websites and web magazines that have no ties with traditional forms media emerge.

On the internet foreign companies hold key positions. The most popular social media forms, app stores and search engines are held by American companies. This has negative effects for the Flemish media sector, which publicity agencies try to counter by working together.

New possibilities for online advertising are being examined. Examples are native advertising and influencer marketing. For with 'traditional' internet advertisements efficiency losses might occur, i.e. because of doubtful internet pages, fraudulent clicks and adblockers. However, these new forms of publicity are more difficultly identifiable as publicity, and hence more controversial.

On the internet, personal information can be collected in various ways. This data is used to be able to use 'personalized advertising'. Facebook came into the eye of the storm after a privacy scandal about data.

Convergence and cross mediality have become common practice in the Flemish media landscape. Media brands have become the most important anchorage points, and can be exported from one medium to another.

In the **second chapter** of the report media groups are studied. In an ever changing media landscape these groups try to gain ever stronger positions, for instance by entering into changing strategic alliances.

The period 2017-2018 forms a pivot point in this. Three media groups (De Vijver Media, Mediahuis and Mediaaan) that consisted of intersections of other Flemish media groups were fully included within one group, which is why 2 of them (De Vijver Media and Mediaaan), in contrast to the 2017 report, are no longer mentioned in the 2018 report.

Some expanding takes place through acquisitions, which in their turn may cause the end of certain collaborations between groups.

Another possibility to reinforce the groups general position is through enhancing vertical integration, i.e. taking positions in other links of the value chain..

As described in chapter 1, some groups target certain products at specific groups of the population. This may cause the company to expand or shrink its portfolio.

In the second chapter VRM also examined the cumulation of personal mandates in media companies. Indeed there are still a number of persons with a large number of mandates, but this is largely decreased because of the new frequency schedule in the local radio landscape that has become reality in 2018.

In the **3th chapter** a number of indicators are calculated.

According to studies, the average Fleming, although less and less frequently, continues listening to the **radio** to be informed about the current situation.

Financially the radio sector is doing quite well. Radio loses less advertisement revenues because of the internet.

The previous observations about concentration persist, i.e. because of the very strong position of public service broadcaster VRT.

This concentration problem is partially caused by the scarcity of radio spectrum. Digitisation could help to resolve this problem. Therefore policy makers want to promote the use of DAB+. At the moment, DAB+ is rarely used in Flanders.

The online popularity of radio brands was also studied. Here as well public broadcaster VRT's dominance is significant. We can also conclude that radio stations aimed at a younger audience count most visits on their websites and followers on social media.

**Television** remains a popular medium to inform oneself. In spite of the popularity of new forms of tv-consumption like Netflix, traditional broadcasters stay relatively strong.

Due to new technologies the income models of television have changed. This causes tensions about income division between players. Content producers, aggregators and distributors all want to claim as big a share as possible.

Financial figures show difficulties for regionals broadcasters and high profitability for distributors. We notice a downward trend in number of VOD and the subsequent income.

Telenet, the dominant player on the distribution market, gains positions in other sections of the value chain, by investing more in content. De Persgroep Publishing/Medialaan, previously only content producer and aggregator, now also chooses the path of distribution.

In general, within the television sector, we measure a low degree of concentration with production companies, a stronger degree of concentration with broadcasters, and a high degree of concentration in the distribution sector.

**Print media** face difficulties due to declining sales and falling ad revenues. This is particularly the case for the magazines. The market of magazines is shrinking. Financial figures show high profitability for the big distributor, which is almost a monopolist. Small independent newspaper outlets however face difficulties.

In contrast to magazines, newspapers are managing to (partially) compensate the decline in printed sales with the rise of digital sales. Especially the "quality" newspapers have high digital sales, and those sales have become an important share of the total sales. The so called "popular" newspapers have fewer digital sales and are falling behind, but want to focus more on this in the future.

The concentration at newspaper publishers level has dramatically increased through the creation of Mediahuis in 2013. Since then the 7 main Flemish newspapers are published by merely two publishers, De Persgroep Publishing/Medialaan and Mediahuis. The market for magazines is somewhat less concentrated.

It is difficult to measure concentration levels of the **Internet**, as a surfer can easily visit a lot of websites, and many popular websites are controlled by foreign companies. Yet we notice, in reference to websites of Flemish media groups, a high concentration in terms of groups and a low concentration in terms of available websites.

Media companies extensively use the possibilities of the internet for their products. Websites, social media and apps have become firm extensions for a lot of media brands from radio, television and print media.

The relative popularity of radio, TV and print media brands in their own medium, is not always reflected on the internet equivalent. News media are very popular; their websites are the most visited ones. They perform well on social media as well, along with media brands that have a rather young image.

The evolution of the **prices of media products** is also studied in the third chapter. The cost for radio, TV and print media rises again in 2017, even faster than the consumer price index. However the indirect cost to enjoy media products, such as the cost of a computer or a smartphone drops (the increasing electricity price is an exception to the rule).

The Flemish media landscape is also situated in an **international context**. Due to the language barrier, it is not easy for Flemish media companies to develop activities abroad. Unsurprisingly, the acquisitions of De Persgroep Publishing/Medialaan and Mediahuis take place mainly in The Netherlands.

The internationalisation of the TV-market increases, in every part of the value chain.

In the printed press sector, there is relatively little foreign presence.

In general, different forms of horizontal, vertical and cross medial concentration exist in different segments of the Flemish media sector. For the aggregation of classic media products 80 to 100 % of market share is held by 5 media groups. VRM repeats that concentration can threaten the diversity of the offer.

The policy makers intervene in different manners, which are described in **chapter 4**.

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### **Vlaamse Regulator voor de Media (VRM)**

The mission of the *Vlaamse Regulator voor de Media (VRM)* or Flemish Regulator for the Media, is to enforce the media regulations in the Flemish Community, settle disputes related to the media regulations and issue media recognition and licenses in accordance with the regulations. It consists of two chambers, a general chamber and a chamber for impartiality and the protection of minors.

In Belgium, each cultural community has its own audiovisual media services regulatory body: the Flemish regulator for the Media (VRM) in the Flemish-speaking community, the High Council for the Audiovisual sector (CSA) in the French-speaking community, and the Media Council (Medienrat) in the German community. Radio and television broadcasting in the Brussels Capital Region, as far it concerns the two communities, is regulated by BIPT (Belgian Institute for Postal services and Telecommunications). BIPT is a federal administration that is the regulator for electronic communications, the electromagnetic spectrum of radio frequencies, the audiovisual media in the Brussels-Capital Region and the postal market.

<http://www.vlaamseregulatormedia.be/en>

<http://www.csa.be/>

<http://www.medienrat.be/>

<http://www.bipt.be/>

Since 2008, VRM publishes a yearly report on media concentration in Flanders. VRM aims to make the report, written in Dutch, accessible for the international public. That's why VRM chose to write an English guide for the 2016 version of the report. The document contains on the one hand a 'manual' for interpreting the Flemish report and on the other hand a translation of the main conclusions of the report.

This English document, as well as the report, can be found on the English version of the website of VRM

<http://www.vlaamseregulatormedia.be/en> .