

Political situation: 'Join, more work, less rules'

After eight years, 'Purple' (a combination of blue – liberal and red – social democratic) ended in 2002. Under supervision of Prime Minister Balkenende the new political party LPF would "clean up the mess of Purple", together with CDA and VVD. A crisis in the LPF in 2002, which lasted for eight months, led to the fall of the Balkenende government. D66 replaced the LPF in the second Balkenende government that labours for a strong economy, a decisive government, a better democracy and a safer society. Therefore the pursued policy is aimed at the recovery of the Dutch competitive force, a reduction of the mania for organisation and bureaucracy, strengthen the responsibility and voice of citizens and society and guarantee safety. Everybody should contribute to the solution of the problems of the Dutch society according to its own capacity and means.

Sources: www.parlement.com and www.regering.nl

Business climate

After three years of decrease, investments will probably show an increase in 2004 and 2005, owing to the recovery of product growth. Since the recovery of the European economy at the end of 2003, exports are rising considerably. Especially transit will increase excessively in 2004 and 2005 by growth rates around 10%.

The employment situation seems to improve. The number of vacancies and temporary work increases, which traditionally marks a prosperous job market. In 2005 employment is expected to grow lightly.

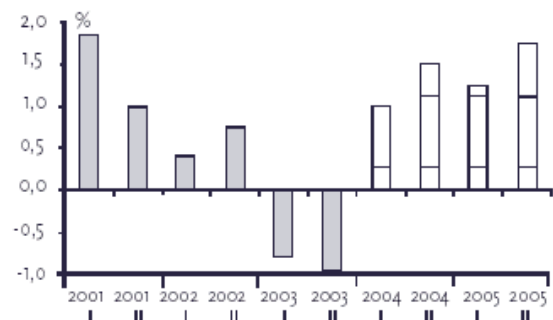
Source: the Central Planning Bureau

Economic forecast

The Dutch economy is generally expected to grow by 1.25% (GDP) in 2004. The growth pace will slowly recover to 1.5% in 2005.

Source: the Central Planning Bureau

Economic growth in the Netherlands, 2001-2005¹



¹ GDP growth compared to the same period last year

Trends in advertising

Advertisers spent over €3.9 billion gross in traditional media (television, radio, dailies, magazines, out-of-home and cinema) in 2003. This is an increase of almost 15% compared to 2002. The net media spending in 2003 reaches the same level as in 2002, caused by rising discounts in media land and politico-economic developments, such as the Iraqi war. In contrast to 2002, the number of advertisers grew with 4% in 2003. The average gross media budget per advertiser has increased, as well as the contribution of the advertiser's top 100.

The media branch recovered in 2004. Compared to 2003, the net media spending increased by 0.3% until €1.7 billion in the first six months of 2004. Internet and billboards have shown the highest rise. The expenses on television and radio also have grown. The recovery of daily newspaper advertising continues, while trade journals and management magazines will be in coming. Cinemas have shown a decrease of advertising spending.

Sources: Carat Media facts The Netherlands 2004 and BBC

Gross media spending according to BBC measurements (first three quarters of 2004 vs. 2003):

Media category	(P1-10) 2003	(P1-10) 2004	Index	Shares 2004
Daily newspapers	€ 532,369	€ 603,144	113	16%
<i>National dailies</i>	€ 257,117	€ 287,278	112	8%
<i>Regional dailies</i>	€ 222,224	€ 249,184	112	7%
<i>Free dailies</i>	€ 53,029	€ 66,682	126	2%
Magazines	€ 302,011	€ 320,067	106	9%
Brochures	€ 323,465	€ 318,631	99	9%
Other prints	€ 229,724	€ 221,338	96	6%
Television	€ 1,445,530	€ 1,768,461	122	48%
Radio	€ 273,828	€ 300,039	110	8%
Cinema	€ 10,458	€ 10,087	96	0%
Out Of Home	€ 138,986	€ 161,652	116	4%
Total	€3,256,371	€3,703,418	114	100%

Source: BBC

Advertising trends in daily newspapers

Total circulation of Dutch daily newspapers amounted 4,061,322 copies in 2004. Compared to 2003 this corresponds to a decrease of 3.4%. The domestic circulation of 4,020,563 copies consisted of 90% subscribers. The Netherlands has the world's highest percentage of subscriptions.

Daily newspapers were distributed at around 75% of the Dutch families. The newspaper was handed on more often. A quarter of the Dutch population passed on his/her daily newspaper to someone outside the family, compared to a fifth part in 2003.

The new initiatives taken by the Dutch daily newspaper sector have proven to be very successful. The introduction of new advertising products, new subscriptions, development of digital products, regional sections, new sizes, daily sports papers and Sunday newspapers show positive results. Appreciation for newspaper advertisements is increasing and the number of advertisers of national brands and services is growing. The average reading time of daily newspapers remains stable at a level of over 40 minutes, despite a considerable rise in media categories in the past few years.

Since three years the advertising volume of Dutch daily newspapers increased in the third quarter of 2004. Advertising volume is recovering with an increase of 1%, caused by the 2% growth of daily newspaper advertisements. The market is moving upwards.

Sources: NOM, Cebuco and BBC