

The revenue of a viewing minute in The Netherlands

2019-2022

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1. Introduction

Over time, watching television has become part of video consumption. Linear television viewing still determines a large part of that consumption, but the rise of non-linear viewing such as delayed viewing and streaming services put linear viewing in a different perspective. Not only in time, but also in money. This analysis provides insight into these developments in The Netherlands and shows how the current television and video market is financed by the advertiser, but increasingly also the viewer.

The main results and conclusions of the analysis are:

- In 2022, sales in the television and video market in The Netherlands totaled almost €2.6 billion. That is €1 billion more than five years ago.
- With a growth of 143% compared to 2018 and a total turnover of almost € 1.2 billion, SVOD is by far the largest driver behind market growth.
- The viewing time share of SVOD/TVOD has increased from 19% to 27% in the period 2018-2022
- The turnover share of SVOD/TVOD increased from 33% to 46% in the same period
- This makes the viewer almost as important as the advertiser when it comes to turnover in the television and video market.

Read all the details of the analysis, including the evaluation of the 2019 forecasts, in this article.



2. Purpose of the analysis

The purpose of the analysis is to gain insight into the revenue flows of the television and video market. These are partly the budgets of the advertisers, but viewers are increasingly making an important financial contribution to the costs of broadcasting rights for sports matches and the production budget of programs, series and documentaries. So much so that the relationship between time and money is shifting considerably.

An earlier analysis in 2019 showed that a minute of TVOD/SVOD yields more than a minute of linear TV and/or AVOD. And that development has continued in recent years.



3. Short review

Before looking at the current situation, it is a good idea to briefly recall what the outcomes were in 2019. The growth in the market was clearly on the TVOD/SVOD side, where viewer revenues had increased from €129 to €484 million in five years. In combination with an increase in viewing time of 60%, this results in more than double the revenue per minute in 2018¹ compared to 2014.

Table 1: key figures for advertiser and viewer revenue by type of video, 2014/2018

	2014	2018	2018 compa red to 2014
Spot/non-spot and AVOD			
Viewing time in minutes	196	167	-15%
Revenue (€ million)	908	992	9%
Revenue per minute (€)	4.63	5.94	28%
TVOD/SVOD			
Viewing time in minutes	25	40	60%
Revenue (€ million)	129	484	275%
Revenue per minute (€)	5.16	12.10	134%

Source: SKO, Telecompaper, Nielsen and Pathé Thuis

The part financed by advertisers fell 15% in viewing volume and increased 9% in advertising revenue. That means 28% more revenue per viewing minute. That is of course a significant increase and, measured in terms of size, it was still the largest source of income for publishers at the time, with a share of 67% (€ 992 million compared to € 1,476 million).

In other words: the viewer has become more important as a source of financing for video content between 2014 and 2018. The question is to what extent this trend has continued.

¹ The revenue per minute is a ratio where the annual turnover is divided by the number of viewing minutes per day.

4. Viewing volume 2018-2022

For an up-to-date overview of TV screen viewing volumes, measurement data from SKO's ² Audience Measurement was used, supplemented with data from Media:Tijd and Trends in Digital Media (TIDM) from GfK. See page 17 for a more detailed explanation of the method.

Table 2: Screen time in minutes per day, 2018-2022

SKO (6+)	2018	2019	2020	2021	2022
Linear	139	136	136	127	108
UGK	17	20	24	27	30
Video/DVD/HD + other	32	36	46	46	43
TV screen time	188	192	206	200	181
Other devices (estimation *):					
Linear	2	3	3	4	4
UGK	3	4	4	4	5
Streamed/Downloads	8	8	10	12	14
Other (YT)	6	7	7	8	9
Screen time other devices	19	22	24	28	32
Total screen time	207	214	230	228	213

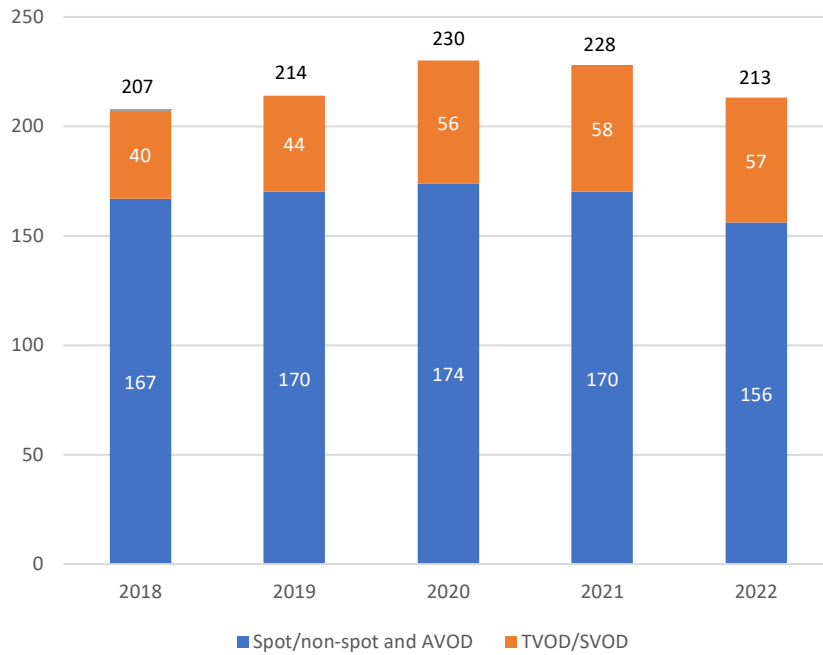
Source: SKO, *estimation by Nielsen and Het Media Loket based on Media:Tijd 2018 and Trends in Digital Media (GfK).

The total screen time will be 213 minutes per day in 2022, of which 181 minutes on the TV screen and 32 minutes on another device. Linear viewing time shows a downward trend, with a consolidation in 2020 due to COVID-19. Time shifted viewing and viewing of streaming services (most of Video/DVD/HD + other) will increase until 2020 and level off towards 2022.

By dividing the viewing volumes into a part that is financed by advertisers (Spot/non-spot and AVOD) and a part that is financed by viewers (SVOD and TVOD), insight is gained into the ratios.

²SKO provided the viewing figures for the Dutch market until August 2023, from September this was transferred to NMO (National Media Research).

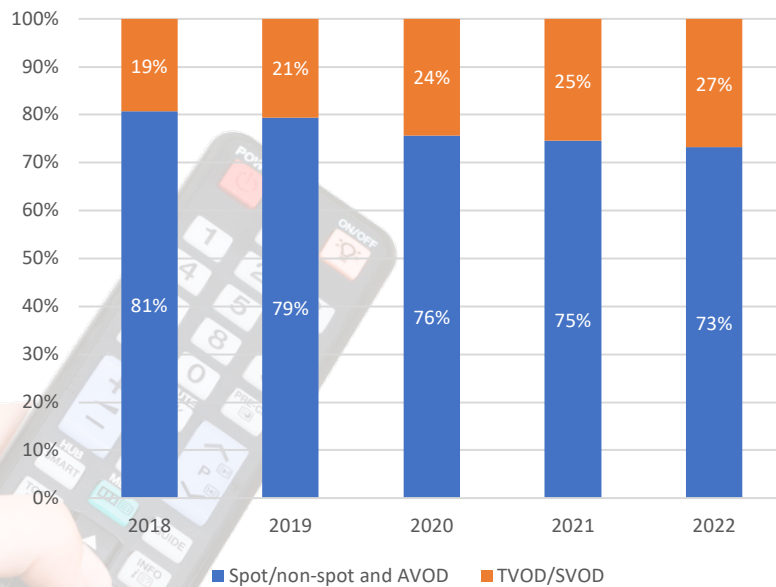
Graph 1: screen time (min./day) by funding by advertisers and viewers, 2018-2022



Source: SKO, Nielsen and Het Media Loket

The advertiser's share will still be by far the largest in 2022 with 156 minutes. That is a share of 73% compared to viewers (27%). In 2018, those ratios were still 81% versus 19%. Viewers are indeed gaining ground, albeit on a modest scale. Note that the TVOD/SVOD portion has barely grown in absolute terms since 2020.

Chart 2: share of screen time by funding by advertisers and viewers, 2018-2022

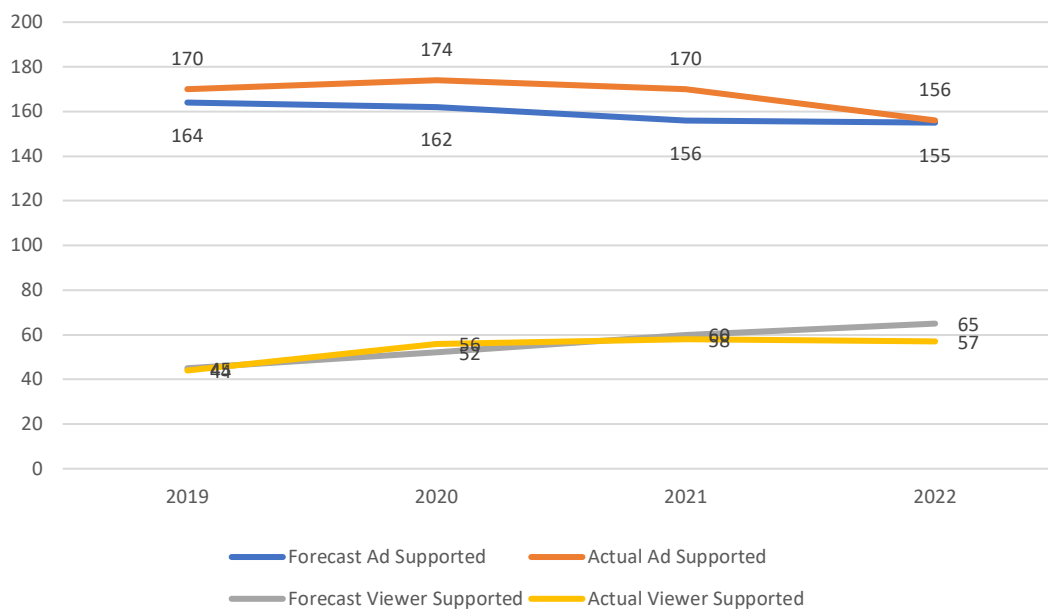


Source: SKO, Nielsen and Het Media Loket

4.1 Viewing time forecast

In the previous edition of this analysis, a forecast was drawn up for all parameters in 2019. One of them is of course the viewing time. The forecast indicated that linear viewing time would continue to decrease due to the popularity of AVOD and SVOD. The viewing time for this would actually increase. The total viewing time will increase slightly up to and including 2022. However, screen time on television will decrease slightly, linearly making way for time shifted viewing (UGK), Video/DVD/HD and other. The streaming services are in this last category.

Graph 3: Forecast and actual viewing time. 2019-2022



Source: Nielsen/Het Media Loket

For the *ad-supported* part, there is an underestimation of (especially) the linear viewing time for 2020 and 2021. This is largely due to COVID-19, which caused extra hunger for news. The forecast for 2022 was 155 minutes. Reality is only 1 minute away.

For the *viewers supported* part, the forecast and reality are reasonably in line up to and including 2021, but in 2022 this part of the viewing time will stagnate. It seems that there is a limit to consuming streaming services.

5. Revenue flows 2018 - 2022

To calculate the revenue per minute, you obviously need insight into the various revenue flows. When the most current figures were collected, retroactive adjustments were also made to the revenue, especially SVOD. This has to do with the availability of more detailed data regarding the costs of the various subscriptions. In addition, it is now possible to calculate with quarterly data instead of the much coarser annual averages. These adjustments may show minor deviations from previously published data.

The revenue to the various forms of TV from 2018 to 2022 is as follows:

Table 3: turnover in € million by Spot/non-spot, AVOD and TVOD/SVOD, 2018-2022

	2018	2019	2020	2021	2022
Spot/Non-Spot	789	794	714	864	938
AVOD	203	247	294	405	461
SVOD	444	507	660	809	1,130
TVOD	40	42	50	45	45
Total	1,476	1,590	1,718	2,123	2,574

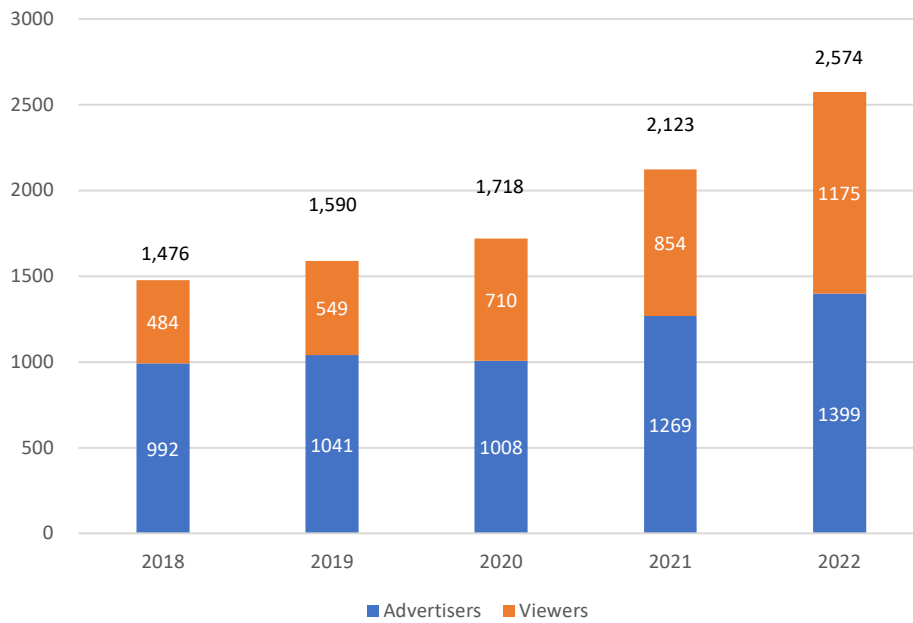
Source: Telecompaper/Nielsen

Revenues have grown by more than € 1 billion in five years to almost €2.6 billion in 2022. The strongest growth comes from SVOD, which will be the only one to exceed €1 billion in 2022. That is 40% more than the year before. The growth in the number of services, increased rates and the 'stacking' of services by consumers are the main causes behind this growth in turnover. According to Mediatrends 2022, a study commissioned by Nationaal Media Onderzoek (NMO, Dutch JIC for audience Measurement), the average number of streaming services is 1.9 per household in 2022 compared to 1.7 in 2021.

Adding up the revenue to the two categories 'advertisers' and 'viewers' produces the following picture:



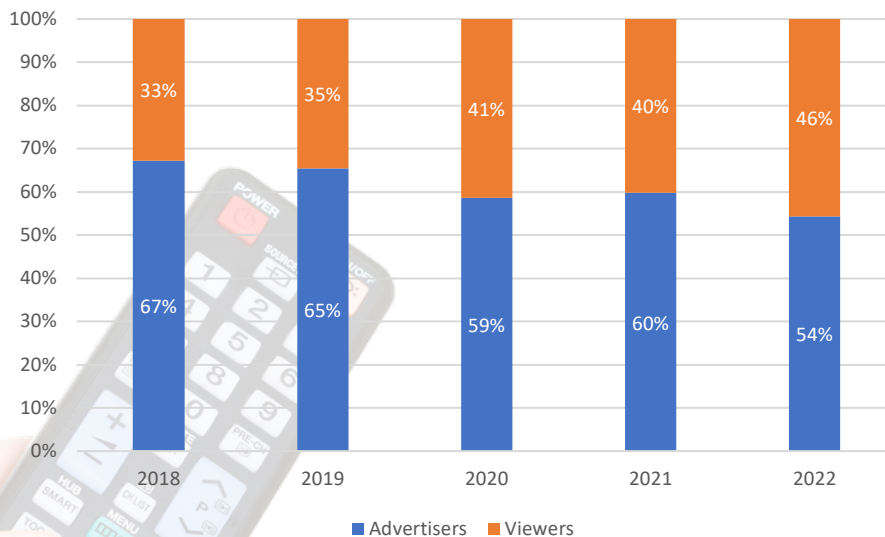
Graph 4: turnover in € million by Spot/non-spot, AVOD and TVOD/SVOD, 2018-2022



Source: Telecompaper, Nielsen

In terms of viewing volume, the distance between the advertiser and viewer was quite large, but in terms of revenue, the viewer is closely following the advertiser's heels. In 2018, the viewers' spending share was 33%, but this has now risen to 46%. This means that almost half of the video volume is financed by the viewers.

Graph 5: revenue shares by Spot/non-spot, AVOD and TVOD/SVOD, 2018-2022



Source: Telecompaper, Nielsen

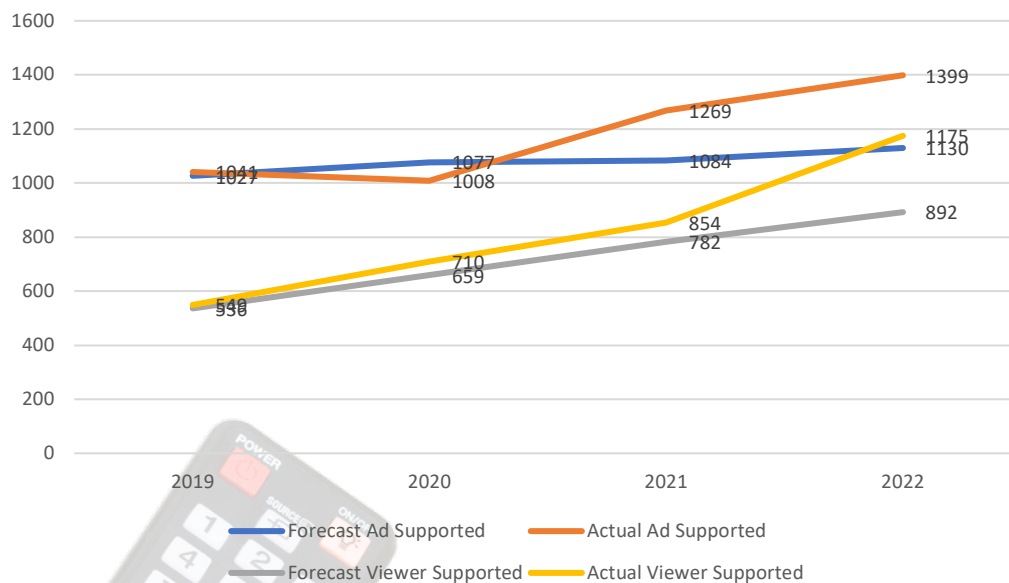
5.1 Forecast of cash flows

Just as for the viewing time, a forecast was made in 2019 of the development of the various revenue flows. It was expected that viewer and advertiser spending would be close to each other at a ratio of 44% to 56%. Reality gives a ratio of 46% against 54%, so that this is a correct forecast. However, the underlying amounts are significantly out of line.

In 2019, it was expected that there would be declining growth in subscriber income due to saturation in the streaming market. However, the lockdowns because of the corona pandemic led to an opposite development. The streaming services became the source of entertainment for consumers who were confined to their homes - and therefore to the TV. Growth did slow down in 2021, but the increase was nevertheless still at a higher level than forecast.

Subsequently, no fewer than three new VOD services entered the Dutch market in 2022. First came HBO Max, followed later that year by Viaplay and SkyShowtime. This led to an increase in revenue from viewers of 154% to € 1,130 million and not the € 847 million (+91%) that was expected in 2019.

Chart 6: Forecast vs. actual viewer and advertiser turnover, 2019-2022



Source: Nielsen/Het Media Loket

The forecast for advertiser revenue was that it would decline because of declining linear viewing

time, restrictions imposed by the government on Ster (sales house of the Dutch public broadcaster) and competition from streaming services and international online platforms. In 2019, this was based on a slight decrease (1%) in revenue from spot/non-spot advertisements. But due to the corona outbreak, advertisers quickly ensured the protection of their finances. This resulted in a decline of no less than 10% in media spending on television in 2020, while a modest growth of 2% had been expected.

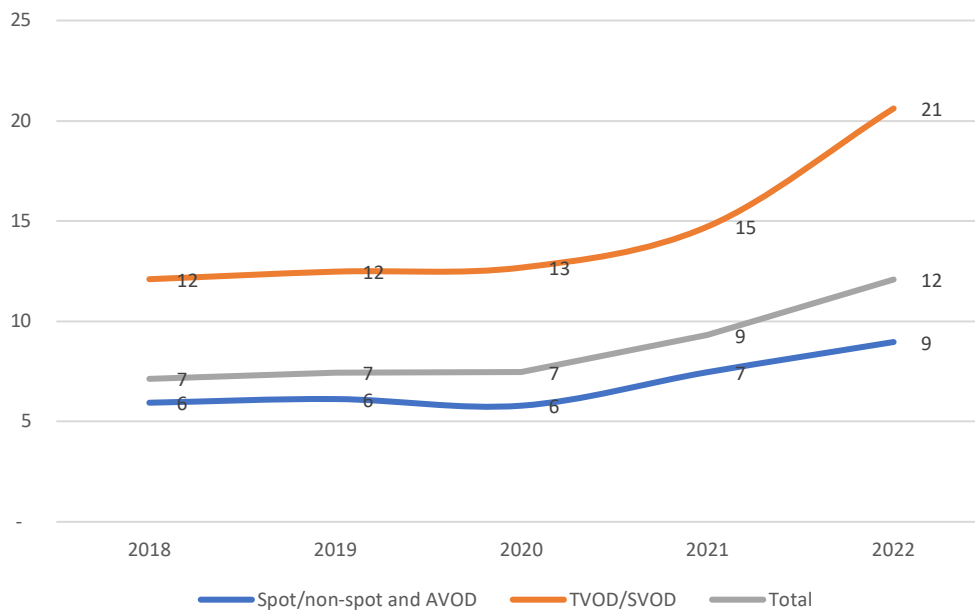
In 2021 we then assumed a decline of 4% in advertiser spending, partly because there were no major sports events that usually provide an *uplift*. However, television advertising showed unprecedented resilience with spending growth of 21% to € 864 million, up from € 780 million. The end of the pandemic in 2022 was then 'celebrated' with another increase of almost 9%, from which a baseline had been assumed. Instead of the slight decline of 1% in 2022 compared to 2018, there was an exuberant growth of 19%.



6. Revenue per viewing minute

Now that the viewing volumes and revenue flows have been mapped out, the 'revenue per viewing minute' can be calculated. This is a theoretical ratio, where the annual revenue per category is divided by the average viewing time per day of the corresponding category.

Graph 7: turnover (€) per viewing minute to Spot/non-spot and AVOD and TVOD/SVOD, 2018-2022



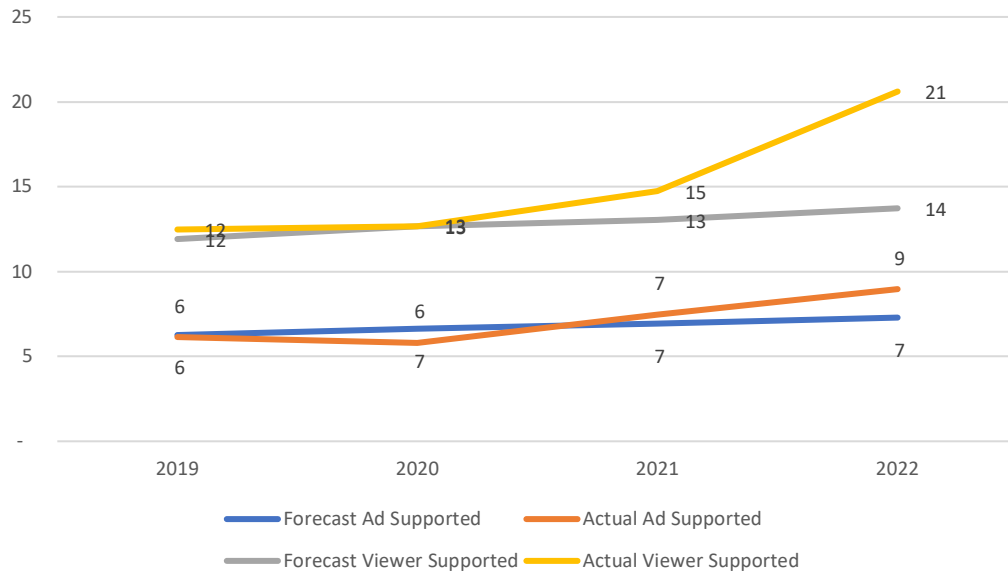
Source: Nielsen/Het Media Loket

The revenue per viewing minute for TVOD/SVOD is above market average for the entire period 2018-2022 and therefore above that of Spot/non-spot and AVOD. The revenue per minute in the viewer part shows a strong upward trend, especially from 2020, to almost € 21 in 2022. The advertiser part yields a lot less at just € 9. Compared to 2018, this is an increase of more than 50%, but the viewers show an increase of 70% compared to 2018.

6.1 Forecast revenue per viewing minute

It goes without saying that the reality regarding the yield per minute differs from the forecast. Or the other way around of course. This is due to the differences in viewing times and revenue. The revenue per viewing minute in 2022 amounted to € 12.10, a plus of 69% compared to 2018, where we assumed € 9.20 (+32%). Both viewers and advertisers spent more than expected on subscription fees and advertising. This led to a viewing minute yielding almost a third more than expected.

Graph 8: Forecast and actual revenue per viewing minute, 2019-2022



Source: Nielsen/Het Media Loket

And will a minute of video in 2022, as expected, yield almost twice as much for the viewer as for the advertiser? The answer is yes, more than twice as much. According to the forecast, the viewer would earn € 13.70 per minute in 2022, compared to € 7.30 from the advertiser. In reality, advertisers spent almost a quarter more and ended up with € 9.00 per minute. The revenue from viewers turned out to be one and a half times as high as expected and amounted to € 20.60 instead of € 13.70.



7. Key figures and conclusions

Measured over a longer period, the differences between the viewer part and the advertiser part are even more visible. In the viewer-financed section, viewing time will increase from 25 minutes per day in 2014 to 57 minutes in 2022 and turnover has increased almost tenfold. The revenue per minute goes from € 5.16 to € 20.61 in the same period.

Table 4: key figures for advertiser and viewer revenue by type of video, 2014/2018/2022

	2014	2018	2022	2018 comp ared to 2014	2022 compa red to 2018	2022 compa red to 2014
Spot/non-spot and AVOD						
Viewing time in minutes	196	167	156	-15%	-7%	-20%
Revenue (€ million)	908	992	1,399	9%	41%	54%
Revenue per minute (€)	4.63	5.94	8.97	28%	51%	94%
TVOD/SVOD						
Viewing time in minutes	25	40	57	60%	43%	128%
Revenue (€ million)	129	484	1,175	275%	143%	811%
Revenue per minute (€)	5.16	12.10	20.61	134%	70%	299%

Source: SKO, TIDM, Telecompaper, compiled by Nielsen/Het Media Loket

The advertiser section shows that viewing time has decreased by 20% since 2014, but that turnover has increased by 54%. This automatically means an increase in revenue per minute (94%). These figures are favorable in themselves, but they still contrast somewhat sharply with the developments in the viewership section.

The update of the analysis of viewing time and turnover shows that the position of the viewer as a financier of video content has further increased in recent years. Although viewing time remains stuck at around 58 minutes per day, more is being spent on subscriptions to streaming services. If this trend continues, the viewer will soon be the largest financier of video content. The advertiser now sees that the part where advertising can be advertised is shrinking, creating price pressure, especially in the linear viewing part.

The latter is very topical. The costs per GRP (Gross Rating Point) have increased by no less than 48% in 2022 compared to 2018. In 2018, € 460 was paid for a GRP in the target group 25-59 years, in 2022 this will have increased to € 683 (source: TV Annual Report Screenforce 2022). Especially in 2022, the 20% price increase was far above the long-term average.

8. Method

The 'Revenue per viewing minute' analysis is based on data from various data sources. First of all, this is the time spent on video consumption, divided between linear, time shifted viewing and other (mostly streaming services).

As in 2019, measurement data from the NMO Kijkonderzoek (Dutch JIC for audience measurement) was used for an up-to-date overview of TV screen viewing volumes. No current data is available for the consumption of video on devices other than the television screen. Until 2018, Media:Tijd could still be used, but that research was not repeated afterwards. Based on the data from Trends in Digital Media (TIDM) from GfK, an estimate has been made of the viewing volume for linear, time shifted viewing and other on other devices. This showed that the 2019 forecasts could remain intact. TIDM records, among other things, the ownership of devices and the extent to which those devices are used for watching television and series and films.

Figures from Screenforce (Dutch TV marketing organisation), Nielsen and VIA Netherlands were used for advertisers' revenues. From this it can be distilled on an annual basis how much advertisers spend on video advertising. Consumer spending can be derived from data from Telecompaper and Pathé, where the number of subscriptions in combination with the subscription prices lead to viewer revenue.

By dividing the annual revenue per component by the number of minutes per day, the ratio 'revenue per minute' is created for each of the individual components.

