



Bert Habets

(CEO - RTL Nederland)

“Big budgets are no guarantee for success”

“All companies in the broadcasting industry are currently reviewing their operational structure. Advertising expenditures are down dramatically, so we have to look at our cost base and address potential new sources of income. But at RTL Nederland we had already started to restructure before the downturn materialized. Our strategy for 2008 was focused on strengthening our core business, exploring additional sources of income and putting more effort into digitization. Most major decisions on structural cost reduction have already been made. That is why we outsourced our technical production facilities last year. So when the economy turned on us this year, we had already laid the foundation for successful execution of our new strategy.”

“Nevertheless, more recent economic developments have forced everybody to look at the whole picture again. At holding level, RTL Group (Bertelsmann - ed) announced a twenty-percent cost reduction. We are now in the process of

re-examining our cost base, knowing we already made major steps in the previous year. Every company within the group will have to present its own plans. It is important however to remember that Bertelsmann is a family-owned company with a long-term media investor’s view on this industry. In other words, we want to emerge stronger from this economic downturn. The focus is not just on cost reduction; our aim is most certainly also to innovate and expand our digital media activities.”

“RTL was founded twenty years ago. You could call us the inventors of commercial television in the Netherlands. This innovative drive has stayed with us throughout the years. We have forever changed the way people watch television and the way advertisers promote their products and services. We grew from an entrepreneurial broadcaster into an all-round media company that has its place in the heart of Dutch society. We gave the audience the first real soap with ‘Goede Tijden, Slechte Tijden’ and the first soap with real

people 'Big Brother'. We started the trend of talent shows and were responsible for the first DIY (Do It Yourself) programme. The latter is a good example of our quest to stay close to society. We have the ability to be the first in turning simple everyday themes into trends for a large audience. We did this with living, cooking and seven years ago we took spirituality mainstream. These are topics that will be close to people's hearts for the long term. Therefore they are important to us and our advertisers."

"Broadcasting is a creative business. Big budgets are no guarantee for success. I prefer to look at this business from another angle: less budget forces us to focus and be more creative. Compared to previous years we have already seen major improvements this season. RTL4 has increased its market share with a few notches; it is the leading family channel again. Important to me is that we beat the average. We aim to outperform the market. If we get better results than the competition, we are doing our job well. Better results refer not only to coverage in general. We also programme for relevant reach. RTL has positioned its channels very clearly in order to reach the relevant target groups for its advertisers. We monitor the results carefully. RTL4 is a broad, family-oriented channel, RTL5 is our youth channel, and RTL7 is aimed at men, while RTL8 targets women. All important target groups are covered, which gives advertisers a choice."

"In our programming and selection of new productions we have taken a different approach. My view is that a more involved cooperation with advertisers makes the difference. We involve them in an earlier stage, aligning in the concept phase of a programme. This way we can effectively incorporate their marketing and communication targets into the programme. Nine months ago we founded RTL Concepts specifically for this purpose. It is a creative unit where we can strategically develop concepts that meet the advertiser's demands. The partnering between RTL Concepts, our sales teams and our programme unit with advertisers enables us to develop blockbuster programmes. We have already booked great results this way. A good example of this approach is Who's the Chef? By incorporating all media, including digital, we developed a very successful cooking platform. These kinds of projects tick all the boxes. They are entertaining for a relevant audience and at the same time meeting the advertisers' demands."

"While strengthening our relationship with advertisers we need to keep an eye on each channel's position and performance in the market. We always aim to make the perfect match between the sponsor's goals and the consumer's needs. To find the right match is a delicate process. In our industry there is a strong development in branded content. We have always been a pioneer in this field and are achieving great results. That sparks new energy to continue on this path and is also why we stress the importance of collaboration between multidisciplinary teams. This way of working definitely opens up new possibilities. We are in a good position to develop cross-media concepts as we are leading in television and radio, while we are a strong player online and moving up. With the right media fit we are very attractive to advertisers. Sometimes we are their major partner, and sometimes we collaborate with advertising agencies and media buyers. The eco system of branded content is very diverse."

"In this new structure we are more focused on the ownership of formats, or at least on being the first in the licensing battlefield. Our people scan the world for new ideas. If they spot a new trend on the other side of the world, it is on my desk the next morning. Being the first is crucial. That was already part of the game in television, and has become even more important now that we are dealing with digital media."

"It is obvious to us that media consumption will change dramatically over the next few years. That is why we started investing in digital media early on. The momentum is there. But in the digital domain we need to think differently. Websites, for instance, are traditionally linked to specific television programmes, and as a result the traffic to those sites depends on programming. When programmes reach the end of their lifecycles, you lose your audience on the linked websites. This is why we are now thinking in terms of verticals for specific interest domains. We have accumulated great knowledge and content in different areas of expertise such as cooking. We now use this to create new products that are linked with our television activities, but which can stand alone and still create relevant reach."

"One example of this approach is Eten Vandaag (Food Today), our new cooking vertical. That concept was created online and incorporates all our expertise gained through our activities in television. Eten Vandaag is a broad concept as it encompasses cooking at home, dining out and ordering in. This means we make use of our own content, but we also

use user-generated content. In addition, we partner with companies that have additional expertise. In this case we made a deal with IENS, the biggest restaurant site in the Netherlands for the dining out section. By working together we achieve more. We are now looking at verticals which represent other interest domains that are important to our target groups and our advertisers, such as living and gaming. In some domains we will seek collaboration, in others we will follow our own path. We might even acquire companies or properties in the digital domain, in order to improve our position. If we cannot be a top five player in a certain vertical, it does not make sense to try.”

“On the Internet it is even more important to capture the right relevant audience. The verticals are one way to create more relevant reach. Since 2007 the whole banners and buttons business has lost much of its attraction, because online display advertising is sold at dump prices at the moment. Display will become a purely performance-based product. Advertisers are looking towards opportunities to reach more specific audiences. We believe streamspots and sponsoring have the future. We have a strong position in video on demand. This year we upgraded our catch-up TV service, RTL Gemist, and with great result. Our enormous amount of high-quality content makes us a very competitive player. It got us the ninth position in the STIR top ten and we aim to move up that ladder quickly.”

“While we are moving into new markets, we have to keep an eye on the public broadcasters. Last year for example, they launched seventeen digital thematic channels with public funding. That did not make any sense. The use of public funds to compete in new digital domains limits and could even block commercial enterprise. My opinion is that we should avoid market disturbance of public broadcasters in new media. It is a topic that also has the attention of RTL Group, as we face similar problems in other countries with public broadcasters.”

“As you can see, our business is influenced by many powers that be: the consumer, our clients and the government. But we stand strong and intend to grow even stronger. We are following the consumer into new markets where we aim to excel. Our core business is stronger than ever and we are not afraid of change. We are more than willing to invest in our growing digital activities. And in all we do, our clients are number one.”