

Free Daily Newspapers

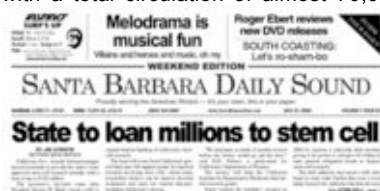
FDN NEWSLETTER NO. 19 – AUGUST 2006 – www.newspaperinnovation/free - 460 subscribers

Launches	Plans	Readership	Publishers	Update
Brazil, Germany, Ecuador, Italy p.1-2	ParisPlus, Italy, Scotland, US, Holland p. 2	Spain, HOY (US), Ireland p. 3	Mecon, Metro. Associated, p. 3	Canada, US p. 3

ANALYSIS: LOCALS

The days of the locals

There is still romance in making newspapers. Jeremy Gordon (23 years old) started at the *Palo Alto Daily News* as a 19-year old stringer. After one year he was full time employed, and within another two years, still in college, became managing director of the whole chain: six editions with a total circulation of almost 70,000 in 2005. After



Knight Ridder decided to sell the papers, Gordon left and started the *Santa Barbara Daily Sound* in late

March of this year. Friends and relatives were able to come up with the \$250,000 to start the paper. In June the paper increased circulation from 3,500 to 5,000; also profiting from problems at the *Santa Barbara News-Press*.

Gordon was not the only one who walked out off the *Palo Alto Daily News*. Also founders David Price and James Pavelich left, starting the *San Francisco Daily* in May. This paper started circulation 5000 and a staff of eight. In 19th century fashion, chances are good that you get the paper also delivered by the owners themselves. Price and Pavelich also launched free dailies in Aspen and Vail and started the *Denver Daily News* in 2001.



Co-founder of the Palo Alto group, David Danforth, also was involved in free dailies in New Hampshire (Berlin, Conway), Aspen and Santa Monica. Colorado Mountain News Media operates a chain of four free dailies in Colorado (Aspen, Vail, Glenwood Springs & Summit County). E.W. Scripps has two free dailies.

In 2006, apart from the SF and Santa Barbara enterprises, also free dailies started on the Florida Marco Island (the *Marco Daily Eagle*, E.W. Scripps), in Humboldt County (Ca – *The Eureka Reporter*) and in New Hampshire, the *Manchester Daily Express*.



In total, more than 25 local free dailies are published today in the US (half of them launched in the last 5 years) with a total circulation of more than 400,000 with the Palo Alto group and the *Nashville City Paper* being the only ones with a circulation of more than 50,000. The majority is published in three states: California, Colorado and New Hampshire.

There is some similarity between business models of the *Metro's* (7 million circulation) and the local operations: make a paper at minimal costs: The *Santa Barbara Sound* employs four full time employees (including the owner), a

part-time ad salesperson and some stringers. The other 'secret' is targeting the local advertisers that don't really need bigger paid-for papers. But it is romance and hard work; getting up at 5 AM to hand out the paper and often in the office until midnight. (*E&P, free-dailies.com*)

US Local Free Dailies 2006 (circ. * 1000)

City	Title	since	circ
Riverside	the d	2003	20
SF Bay area	Palo Alto Daily News	1995	68
San Mateo	San Mateo Daily Journal	2000	22
Santa Monica	Santa Monica Daily Press	2001	16
San Francisco	San Francisco Daily	2006	5
Humboldt County	Eureka Reporter	2006	25
San Diego	Our Local News	2005	?
Santa Barbara	Santa Barbara Daily Sound	2006	5
Aspen	Aspen Daily News	1978	13
Aspen	Aspen Times	1978	14
Boulder	Colorado Daily	1972	30
Vail	Vail Daily	1981	15
Glenwood Springs	Glenwood Spr. Independent	2000	13
Grand Junction	Grand Junction Free Press	2003	20
Steamboat Springs	Steamboat Today	1989	9
Summit County	Summit Daily News	1989	12
Telluride	Telluride Daily Planet	2001	4
Denver	Denver Daily News	2001	12
Marco Island	Marco Daily Eagle	2006	?
Douglas	Douglas Daily News	2005	6
Berlin	Berlin Daily News	1994	8
Conway	Conway Daily News	1989	15
Laconia	Laconia Daily Sun	2000	8
Manchester	Manchester Daily Express	2006	3
Bluffton	Bluffton Today	2005	17
Nashville	Nashville City Paper	2000	64
			424

Also in other countries local free dailies are flourishing. In Canada Black Press operates a chain of more than 10 local papers in British Columbia, the latest *The Northern News* (Smithers) was just added this June. In Spain almost 20 smaller local free dailies are published (Murcia, Benidorm, Bilbao, Valencia, Alicante, Malaga, Cadiz, Tarragona, Almeria, Lleida). In Switzerland a local free daily is published since 1996. The oldest free local daily is still going strong in Australia, the 100-year old *Manley Daily News* (News International) since 1906.

LAUNCHES

Business News Germany

Trying to be as low profile as possible, the Holtzbrinck Verlag (*Handelsblatt, Wirtschaftswoche, Tagesspiegel*) launched *Business News* on 7 August. The free daily is the successor of the compact *News* that was launched in 2004 in Frankfurt. Circulation of *News* (50 cents) was probably never more than a few thousands although the company aimed at 25,000 in the beginning. In Cotbus and Saarbrücken Holtzbrinck publishes even cheaper compacts with the title *20 Cent*.

Business News is the careful move to the free model. The launch date (in the middle of the holidays), the content (business and finance), circulation (only 80,000) and the way of distribution (only through 1000 office buildings) indicate that Holtzbrinck does not want to upset any other German publisher. *Bild*-publisher Axel Springer mad clear in no uncertain terms that it would defend its position at

any cost. But so far the Business News launch did not lead to spoiler products, like Springer's *Gratissimo*, which was announced in case Schibsted (*20 Minuten*) or Metro International would launch in Europe's biggest newspaper market. Also other publishers like WAZ (Essen), Dumont (Cologne) and Reinische Post (Düsseldorf) have not reacted.



The 32-page *Business News* will launch in eight German markets and is made by a staff of 30 people. It uses the resources of other Holtzbrinck papers and will compete with *Wirtschaftswoche* and *Handelsblatt* (with which *Business News* offers joint advertising) and with *Financial Times Deutschland*. (*Welt am Sonntag*, *Tagesspiegel*)

Second free daily Ecuador

On July 10th a new free daily *El Metro de Guayaquil* was launched in Guayaquil, the second city of Ecuador. Circulation is 60,000.

Destak crosses ocean

Portuguese group Cofina, publisher of free daily *Destak* in Lisbon and Porto and of free sports daily *Penalty* in Spain launched a free daily in Sao Paulo, Brazil, the biggest city in South-America. The name is also *Destak* and the paper is published in cooperation with publisher Andre Jordan who will hold 70% of the company's shares, Cofina and its publisher Metro News will own both 15%. The initial investment will be €4m while circulation will start at 200,000. The paper will count between 20 and 32 pages. Publishers expect the paper to reach break-even in three years. (*Clarín*, *Sapo.pt*)

With launches in Germany, Ecuador and Brazil, there are free dailies in 40 countries, total circulation is 28 million.

PrimoPiano in Piano di Sorrento

The community of Piano di Sorrento (13,000 inhabitants) now also has a free newspaper: *PrimoPiano*, published by daily *Il Mattino*. (penisolasorrentina.info)

PLANS & RUMORS

thelondonpaper: September 18th

News International (*the Times*, *the Sun*) will not wait for the official results of the bid for the London afternoon distribution slot. From September 18 on, 400,000 copies of *thelondonpaper* paper will be daily distributed by 700 hawkers from 4.30 pm on. The paper is aimed at 18 to 34 years old in Central London and Canary Wharf and will have 48 pages maximum; 70 people will work for the paper, which will directly compete with the *Evening Standard* and free sister publication *Standard Lite*. (*The Times*)

In order to counter the new competition the first edition of the *Evening Standard* will be scrapped to move the deadline for the new first edition from 7.45 to 9.00 am. (*Guardian*)

Bolloré & Le Monde for ParisPlus

French business tycoon Vincent Bolloré, publisher of the new French evening free daily *Direct Soir*, has entered into a joint venture (50/50) with elite newspaper *Le Monde*

to publish a third Paris morning paper that will challenge *20 Minutes* and *Metro*. *Le Monde* will be responsible for printing and editorial content, Bolloré for advertising and the business side. *Direct Soir* is also published in the capital but both *20 Minutes* and *Metro* (combined circulation 700,000) are not exactly flooding the city; by 10 am it is already quite difficult to lay your hands on any free paper (this is the only reason you will see me in a McDonald's in Paris, to pick up the *Metro*).

Le Monde opposed free dailies "a death knell for quality journalism" when they made their notorious entree in France in 2002 although they also tried to get a share of Schibsted's *20 Minutes* (owned now for 50% by publisher Ouest France). The *Le Monde* group launched *Montpellier Plus* in November 2005. Is it, however, not certain that the new project will be a *plus*-title although with a Paris edition the combination will be very attractive to advertisers. The JV is also meant to block the project by *Le Figaro* and commercial broadcaster M6 to launch a free paper. (*Les Echos*)

New Dutch free door-to-door

Investor Marcel Boekhoorn and chief editor of business magazine *Quote* Jort Kelder are mentioned as the men behind plans for a door-to-door distributed Dutch quality free tabloid with a circulation of 1 million. Launch date is February 2007. Also PCM (*Volkskrant*, *NRC Handelsblad*, *AD*, *Trouw*) is thinking about a free daily. (*Sprout.nl*, *Volkskrant*)

Record At Five for free or 15p

Scottish tabloid *The Daily Record* wants to move the competition with arch rival the *Scottish Sun* to the afternoon by launching a free or cheap (15p) lite edition: *The Record At Five*. There is already a staff of 20 people, including 12 journalists, working on the project. The model would look like the *Standard Lite* edition of the *Evening Standard* in London. Publisher Trinity Mirror already distributes *Metro* in Scotland. (*Sunday Herald*)

Free sister for La Repubblica

Italian publisher Editoriale L'Espresso SpA (*La Repubblica*) is thinking about launching their own free daily to compete with *Metro*, *Leggo* & *City*. Milan could be the first city. (*AFX*)

Metro Italy will distribute for the first time a beach edition this summer, Spanish and French *Metro*'s were the first to start with beach editions. Also Greece will get one.

Virginian-Pilot thinks Link

Link, a youth-oriented 32-40 page tabloid will be launched by the *Virginian-Pilot* this fall. The paper, with an initial circulation of 40,000, has a staff of 12 journalists. (*PilotOnline.com*)

Dutch rail rolls out TV

Competition is rising for Dutch free newspapers. Last year Dutch railway operator NS experimented with free TV in some trains. Now the test proved to be successful more trains will be equipped with TV-screens, starting with 1200 Intercity trains. Commercial broadcaster RTL lost its place in the consortium to telecom operator KNP. (*NRC*)

CIRCULATION & READERSHIP

20 Minutos Spain gains and leads

The Spanish EGM research on newspaper readership in Q2 2006 revealed that *20 Minutos* was the only free daily

with increasing readership. The paper by Schibsted (the Zeta group has a 20% share) now has 2,448,000 daily readers, a gain of 2%. For the first time *20 Minutos* passed sports paper *Marca* as best read paper, *Marca* has 2,418,000 daily readers. *ADN* is for the first time audited and has 1,047,000 daily readers, which makes the reported circulation of 1.1 million at least somewhat suspect. *Qué!* lost 2% and now has 1.9m daily readers. *Metro* lost 6% of its readers and now has 1,721,000 daily readers. Most paid dailies have fewer readers than the free ones: *El País* (1,970,000), *El Mundo* (1,269,000), *ABC* (809,000). (*PRNoticias, El Mundo*)



Hoy: 185,000 copies

Spanish language free daily *Hoy* (Chicago, LA and New York) has an audited (CAC) circulation of 185,000 and 536,000 readers according to the paper itself. The weekend readership (including weekend edition *Fin de Semana* in Los Angeles and Chicago) is 474,000. (*E&P*)

Dublin: Freebies hurt Red Tops

The Irish versions of the red top tabloids *Daily Mirror*, *Daily Star* and *Sun* seem to be hurt more from the new free dailies on the market *Herald AM* and *Metro* than the broadsheets. Weekday circulation is down by 4 to 8% although Sunday sales are better. Another reason could be that the *Irish Daily Mail* has reduced its cover price. (*The Irish Times*)

Metro (Associated Newspapers, Metro International, Irish Times) has asked the Irish Competition Authority to force the Joint National Readership Survey to include *Metro* in future research. If no decision is taken soon, it will be at least 2008 before official *Metro* (or *Herald AM*) data will be included. (*Times Online*)

PUBLISHERS & TITLES

Montgomery also in free dailies

UK investment company Mecom (David Montgomery) recently acquired Nordic publisher Orkla and now also owns the Danish free daily *Urban* that is published by *Berlingske Tidende*. Earlier Mecom bought papers in Germany (Berliner Verlag, *Hamburger Morgenpost*) and the Netherlands (Limburg Media Group). (*The Guardian*)

Revenue shift in Hong Kong

All three Hong Kong free dailies have seen their revenues rise in the first six months of 2006. *Metro*, *Headline Daily* and *am730* were main winners and are now responsible for 10% of the total newspaper advertising income; *Metro* takes almost 50% of this share. Market leaders *Oriental Daily News* (-10%) and *Apple Daily* (-6%) both lost in a still booming Hong Kong market. (*AsiaMedia*)

Metro Int. 2005 Annual Report

- 10 of 17 country operations profitable on yearly basis
 - Hong Kong 30% operating margin
 - France profitable first time
 - Prague profitable again
 - USA & Spain still performing poorly
 - for 2006 group profit expected
 - increased stake in Seoul (29.9%)
 - editorial costs down to 10%
- The 2nd quarter of 2006 already showed a profit of \$6.5m.

Metro Sweden filed a complaint against competitor *Stockholm City* (Bonnier) because of price dumping. Swedish results suffered because of these practices.

Metro UK exclusives under attack

Associated Newspapers (*Metro* UK) has exclusive distribution rights with almost every UK rail operator but uses only few stations to distribute *Metro*. This could keep other publishers from distributing free dailies. The papers is available at 22 of Southern's 160 stations, in 69 of 199 stations of Central Trains, at 10% of 210 First Great Western's stations, and in a few of the more than 500 stations of Southeastern and Northern Rail. Not all railway operators have exclusive deals with AN, the contract of South West Trains applies only to 40 stations while Silverlink and c2c have non-exclusive contracts. Chiltern Railways has a contract with the weekly *Commuter Herald*. (*Media Guardian*)

RedEye revamps website

Chicago free daily *RedEye* (by *Chicago Tribune*) upgraded www.redeyechicago.com with more original content and renamed its loyalty program to iSociety, cashing in on the iCraze. (*E&P*)



UPDATE



4th Italian national chain develops

In the last newsletter we wondered if there was a 4th Italian chain of free dailies was developing. Information from Italian readers confirms this. Niki Crause, the media tycoon from Sardinia, apparently wants a piece of the action of the (almost) free press too. He started in February/March of this year in the north with *Il Vicenza*, *Il Padova*, *Il Verona*, *Il Bergamo*, *Il Venezia*, *Il Mestre*, *Il Brescia* and *Il Treviso*, while in May he launched *Il Firenze*. In Sardinia two editions are published. Rome, Milan, Bologna and Naples are scheduled for next September and October. Publisher is the E Polis group. Total circulation is 394,000.

The titles have a cover price of 50 cents although the majority seems to be distributed for free. The concept also seems to differ from other papers as it not only thicker (56 to 64 pages) but also carries editorials, sometimes by the owner, who seems to lean to the moderate left.

EVENTS

Free Press Conference Barcelona

The Second International Free Press Conference, organized by the Catalan Free Press Association, will take place in Barcelona October 25-27. Speakers include Guillermo Culell (*Clarín*, Argentina), Floyd Weintraub (*AM New York*), Juan Varela (*Periodistas21*), Alfonso Nieto (University of Navarra) and myself. The full program is available at www.jornadespremsagratuita.com.



Questions & suggestions: piet.bakker@uva.nl
 websites: www.newspaperinnovation.com/free
users.fmg.uva.nl/pbakker/freedailies