

Reinventing newspapers

Free dailies - readers and markets¹

Piet Bakker

The Amsterdam School for Communications Research (ASCoR)
Faculty of Social and Behavioral Sciences, University of Amsterdam

In the period 1995-2002 75 free daily newspapers were introduced in 26 countries. In some countries (the Netherlands, Sweden, Switzerland, Iceland, France, Italy, Spain) free papers are responsible for substantial part of the total daily circulation in metropolitan areas. The first aim of this paper is to make an inventory of these newspapers; where they are published, who publishes them, and what is their circulation. The second aim is to present a framework that can be used to answer questions about readership, markets and publishers. Where do readers come from? Is a new audience emerging or do these free dailies only attract people who used to read 'regular' newspapers? How do publishers react? Are free dailies a threat or an opportunity?

Introduction

The Dutch newspaper market is a market of mergers and concentration. In 1995 three firms controlled 73% of the circulation, in 2000 this figure rose to 90%; the number of newspaper publishers and the total circulation dropped in this period. The last new title entered the market more than 20 years ago and lasted only a week. But on June 21, 1999, two newspapers were launched in the Netherlands (in 2000 a third free - afternoon - paper was launched but it only lasted until 2001). Both new papers were distributed free to users of the public transport system and were available from Monday till Friday. Now, after three years, the joined circulation of these free newspapers is over 700,000 (*Metro*: 308,000; *Sp!ts*: 406,000) in a market where 'regular' newspapers sell 4.3 million copies each day, which means that free papers have 14% of the total weekday circulation.

Not only the Dutch market was invaded very rapidly, also in Spain (Madrid, Barcelona) and Switzerland (Bern, Basle, Zurich) several new papers were introduced within little more than one year. In Italy three different publishers, Metro International, Caltagirone (*Ill Messaggero*) and Corri re della Sera launched free papers in Rome, Milan, Turin, Naples, Florence, and Bologna between July 2000 and September 2001 with a total circulation of 1.5 million; in 2002 three different free papers: *Metro*, *20 Minutes* (Schibsted), and *Marseille Plus* (Hachette) were introduced in Paris, Lyon and Marseilles with a combined circulation of more than 1 million (Jacob & Vulser, 2002). In table 1 the market share of paid and free newspapers is presented for

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these countries and for Sweden, Iceland and Switzerland, where free newspapers have also a substantial market share.

Table 1 Market share of paid and free newspapers in seven countries

	The Netherlands	Sweden	Switzerland	Iceland	France	Italy	Spain
Paid newspapers	4,400	3,700	2,666	93	8,799	6,024	4,300
Free newspapers	714	384	596	70	1,050	1,529	914
Tota circulation	5,114	4,084	3,262	163	9,849	7,553	5,214
Market share free papers	14%	9%	18%	43%	11%	20%	18%

Source: *World Press Trends* 2001 (paid newspapers); circulation figures for paid newspapers are from 2000, except for Iceland (1999) and France (1998), circulation figures for free newspapers are from 2001/2002.

Free papers are not new. From the beginning of the industrial revolution so called 'free sheets' were produced. But most of them were (and still are) published on a weekly basis and serve mainly as an advertising platform for local businesses and carry some news and service for local communities. There are only a few early examples of daily free papers, in the Netherlands for instance a free daily was distributed in the city of Eindhoven in 1983, but it only lasted for three weeks (Van den Plasse, 1999, p. 100).

The new free newspaper is a different kind of animal. It is aimed at the general public in metropolitan areas and published five from Monday till Friday (the Stockholm and Hong Kong *Metro's* have also a weekend edition) and. They have a comparatively cheap distribution system, mostly through the public transport system, although some alternative ways of distribution exist; copies are also distributed in office buildings, shopping malls, hospitals, and university campuses while in Iceland and Zurich the free paper is delivered door-to-door. Free papers have a small editorial staff; Metro has a staff of 40 people, 15 to 20 of them journalists, for every edition (Metro Annual Report, 2000; Wadbring & Weibull, 2000; Arnoud & Peyrègne, 2002). Size does not seem to matter in these cases, the Canadian editions in Toronto (145.000) and Montreal (100.000) had a staff of 40 people, as does the new Hong Kong edition (300.000), this edition started with 18 journalists. Non-Metro free dailies seem to employ more journalists (Arnoud & Peyrègne, 2002). The Paris *20 Minutes* has 26 fulltime professional journalists. Competing national and metropolitan dailies employ at least ten times as many journalists. For news the free dailies rely heavily on wire services, third party material (graphics, photopraps, television-schedules, product-information and stock news); the *Metro*-chain has in addition their own Metro World News service. To reduce costs further the use of a strict format for every *Metro* edition in the world is compulsory.

These new papers penetrated an almost closed newspaper market. In the period 1996-2000 in the US and Europe the amount of newspapers dropped slightly, while circulation was also falling (*World Press Trends*, 2001; *Editor & Publisher Yearbook*, 2001). Newspapers did not expect these new competitors. Publishers mainly invested in online editions. The amount of dailies with

online editions doubled or tripled in most countries in the last four years (*World Press Trends*, 2001) although it has been next to impossible to make a profit with these online publications.

The rise of the new free dailies

The first 'modern' free daily, *Metro*, was founded in Stockholm, Sweden in 1995; editions in other countries soon followed. In 2002 the now Luxembourg based publisher Metro International S.A. (formerly Modern Times Group) claims that it has a readership of 10 million and publishes 23 editions in 15 countries. The latest editions were published in France (Paris, Marseilles, Lyon) and Hong Kong in 2002. A *Metro* franchise has been launched in Seoul in May 2002. This latest edition is not owned by Metro International but it uses the same format and also the Metro World News service. The Canadian *Metro's* are also not fully owned by Metro International, for legal reasons both titles are published in partnership with local firms (Torstar in Toronto and Transcontinental in Montreal). The Metro International version is called *Metro*, *Metropol*, *Metro Directo*, *Metro Gratisz*, *Metropolis Daily*, *Metro Directe*, *PubliMetro*, *Metrorama* or *MetroXpress* (not every *Metro* is a Metro International title, other *Metro's* are published in the UK, Moscow and Belgium by local publishers). Metro International is responsible for 50 percent of free daily newspapers.

The Norwegian firm Schibsted publishes its version of the free daily (*20 Minutes*) in Switzerland (Bern, Basle, Zurich), Spain (Madrid, Barcelona), France (Paris), and until recently in Germany (Cologne). The third 'chain' is Associated Newspapers (UK) with six editions in the UK and a total daily circulation of 840,000; almost half of it (375,000) is published in London. Other free daily newspapers are or were published by firms like Springer (Germany), Kronenzeitung (Austria), the Regionale Uitgevers Groep (Belgium), News Corp/Murdoch (Melbourne), and De Telegraaf (The Netherlands).

So far, 75 free papers have been introduced the last six years in 26 countries in three continents (see Table 2). In 2001 Wilkinson counted 45 titles in 21 countries. In some cities or countries (Stockholm, Cologne, Buenos Aires, The Netherlands, Zurich, Basle, Bern, Toronto, Newcastle, Singapore, Rome, Milan, Melbourne, Paris, Marseilles) more than one free paper was published. In some cases (Cologne, Toronto, Zurich, France) it has led to a genuine newspaper war (Arnoud, 2002; Fitzgerald, 2001; McMullan & Wilkinson, 2000; Vogel, 2001; Wyss, 2000). Some papers were closed down or merged with their competitors (Table 3). Now, almost 50 free dailies exist and there are more to come. Rupert Murdoch (*The Times*) was thinking about a second London free paper although this seems to be shelved. Other free papers are planned in Brazil, New York and Berlin.

Table 2 Introduction of free newspapers 1995-2002

Europe	Sweden (Stockholm* 1995, Göteborg 1998, Malmö 1999) Czech Republic (Prague 1997) Hungary (Budapest 1998) The Netherlands (national* 1999) Finland (Helsinki* 1997) Germany (Berlin 1998; Hamburg, Munich 1999; Cologne* 2000) UK (London 1999; Glasgow, Birmingham, Leeds, Manchester*, Sheffield, Edinburgh, Newcastle 2000) Switzerland (Zurich* 1999, Basle*, Bern* 2000) Belgium (2000) Italy (Rome* 2000; Milan* 2000; Turin, Naples, Florence*, Bologna* 2001) Poland (Warsaw 2000) Iceland (2001) Greece (Athens 2001) Spain (Barcelona*, Madrid* 2001) Denmark (Copenhagen 2001) Russia (Moscow 2001) Austria (Vienna 2001) France (Paris*, Lyon, Marseilles* 2002)
America's	Chile (Santiago 2000) Argentina (Buenos Aires* 2000) USA (Philadelphia, New York 2000, Boston 2001) Canada (Toronto* 2000; Montreal 2001)
Asia/Pacific	Singapore* (2000) Australia (Melbourne* 2001) Hong Kong (2002) Seoul (2002)

* = more than one free newspaper introduced.

Table 3 Closed down or merged free newspapers

Europe	Sweden (Stockholm: Everyday, Stockholm News) The Netherlands (News.nl) Germany (Berlin; Hamburg, Munich; Cologne) UK (Newcastle) Switzerland (Zurich)
America's	Argentina (Buenos Aires) USA (New York) Canada (Toronto)
Asia/Pacific	Singapore Australia (Melbourne)

The papers have a circulation between 50,000 (Montreal) and 406,000 (The Netherlands). The total estimated circulation is around 9,500,000 (see Table 4). This means that something like 25 million people read a free newspaper every day, because every copy is read by two or three people. Total reading time is said to be a little under 20 minutes (Wilkinson, 2001).

Table 4 Free newspapers: countries, markets, titles, publishers, circulation 2001/2002

Country	City (title)	Publisher	Circulation
Sweden	Stockholm, Malmö, Gothenburg (Metro)	Metro International	384,000
Finland	Helsinki (Metro)	Metro International	105,000
Denmark	Copenhagen (MetroXpress)	Metro International	140,000
Iceland	Reyjavik (Frettabladid)	Vizir	70,000
Netherlands	National (Metro)	Metro International	308,000
	National (Spits)	Telegraaf	406,000
UK	London, Midlands, Scotland, North West, North East, Yorkshire (Metro)	Associated Newspapers	837,000
	National (Metro)	RUG	200,000
Switzerland	Zurich, Basle, Bern (20 Minutes)	Schibsted	300,000
	Zurich (ZürichExpress)	Tamedia / NZZ	194,000
	Basle (Baslerstab)	Basler Zeitung	102,000
Czech Rep.	Prague (Metro)	Metro International	174,000
Hungary	Budapest/National (Metro)	Metro International	302,000
Poland	Warsaw (Metropol)	Metro International	182,000
Italy	Rome, Milan (Metro)	Metro International	414,000
	Rome, Milan, Turin, Naples, Florence, Bologna (Leggo)	Caltagirone	715,000
	Milan, Florence, Bologna (City)	Corriere della Sera	400,000
Greece	Athens (Metrorama)	Metro International	101,000
Spain	Barcelona (Metro Directe), Madrid (Metro Directo)	Metro International	414,000
	Barcelona, Madrid (20 minutes)	Schibsted	500,000
Austria	U-Express	Kronenzeitung	150,000
Russia	Moscow (Metro)	Moscow Metro	unknown
France	Paris Marseille Lyon (Metro)	Metro International	500,000
	Paris (20 Minutes)	Schibsted	450,000
	Marseille (Marseille Plus)	Hachette	100,000
Chile	Santiago (Publimetro)	Metro International	119,000
Argentina	Buenos Aires (La Razón)	Grupo Clarin	230,000
USA	Philadelphia (Metro)	Metro International	152,000
	Boston (Metro)	Metro International	183,000
Canada	Toronto (Metro Today)	Metro International	181,000
	Montreal (Montréal Métropolitain)	Qubecor	50,000
	Montreal (Metro)	Metro International	104,000
Singapore	National (Today)	MediaCorp	250,000
Australia	Melbourne (MX)	News Ltd.	90,000
Hong Kong	National (Metropolis Daily)	Metro International	300,000
Korea	Seoul (Metro)	Metro Int. franchise	400,000
		total	9,507,000

Frameworks for analysis

So far not much general research has been done on the subject of free dailies (see Picard, 2001; Wilkinson, 2001; Arnoud & Peyrègne, 2002). There is also research on the Swedish situation (Wadbring & Weibull, 2000). In other countries free newspapers were introduced much later - from 1998 on - which explains the lack of research. In the Netherlands some doctoral theses exist (Schaap, 2000; Van der Veer, 2000) and there is also a recent study on the Swiss situation (Bachman, Brander & Lenz, 2001). Vogel (2001) gives an extensive account about the German market. Furthermore there are research reports from the industry itself (mainly from free papers to prove their value to potential advertisers) and news items and commentaries on recent developments, especially during a 'newspaper war'.

The main questions from all these sources can be divided into two categories:

- *economic questions* concerning readership, business models for new and existing firms, competition, circulation, entry barriers, advertising and marketing; and
- *legal questions* on unfair competition, cartels, the right to carry the 'metro' title or using the term 'newspaper', the right of non-EU firms to own publishers, unfair treatment by authorities and public transport systems.

Most of the legal cases have been lost by traditional publishers according to McMullan and Wilkinson (2000). But more important, these legal disputes can be headed under what Picard (2001) calls *obstructional strategies*, he notes that such a strategy "is not a particularly useful competitive response because it rarely changes the market dynamics or forces the competitor out of the market" (p. 170). This is illustrated in Italy where the Norwegian firm Schibsted was successfully kept out of the market (because Norway does not belong to the EU) but where nevertheless three different firms now distribute 1.5 million free papers daily. Economic pressures however, can be successful, as demonstrated in the Cologne case. In France disputes with trade unions have even led to paper-burning and harassing the people who handed out the free papers on the street (Arnoud, 2002). These obstructional strategies and legal issues are not further explored in this paper.

Economic issues

The most important question concerns the development of the newspaper market as a whole. How do readers react to free dailies? Is the market growing or do readers switch from a 'regular' newspaper to a free one? Important is the claim from free dailies that they attract a new and much younger public than 'regular' newspapers. We should bear in mind that in a lot of markets (UK, the Netherlands, Sweden, Switzerland, Germany, USA) readership is falling (see also Hendriks, 1998). Also, attracting a young audience is indeed a serious problem for newspapers.

We will develop a substitution/cumulation model to map changes in readership and shifts in the newspaper market. When a new competitor enters the market, four things can happen, concerning potential readers of the new product:

- readers of paid newspapers will *not change* their behavior although they could read the free paper;
- readers can trade in the old for the new (*substitution*) because readers find it "substantially similar in format and content" (Picard, 1989, p. 30);
- people can read both products (*cumulation*); or
- the product can attract *new readers*.

In figure 1 this is presented graphically; paid newspapers suffer only from substitution.

Figure 1 Cumulation & substitution – short-term effects

Current readership of paid newspapers		Used to read paid newspapers	Did not read paid newspapers
No change	Cumulation	Substitution	New readers
Don't want to read free newspapers	Readership of free newspapers		

The implication of this model is that a new competitor can take away some of the existing readers (substitution). Cumulation is predictably high in markets where readership of paid newspapers is already high as in the Netherlands and Sweden (McMullan & Wilkinson, 2000). There is also little doubt that the new medium will attract new users. A quantitative model will be presented later but it is clear that when the amount of readers who trade the paid newspaper for the free one is substantial, this will harm existing publishers.

This is only the short-term effect. In the long run other movements are possible (see figure 2);

- readers who read free *and* paid papers can change to paid *or* free newspapers only. Research on newspaper reading and gratifications received could shed some light on the possible future behavior of this group;
- on the other hand new readers could move over to a paid newspaper in the future.

In relation to this last possibility, Roger Parkinson, the President of the World Association of Newspapers (WAN) stated that "there is evidence that not only are these media attractive to young readers, but they may also be attracting young people to the paper product itself." (*Quotes from the conference*, 2001, p. 2; see also McMullan & Wilkinson, 2000) This development is said to occur in the UK where the London Metro successfully promotes *The Evening Standard* and the *Daily Mail* (Picard, 2001). The success of promotion for paid newspapers or the moving over from free to paid newspapers can for instance be measured by tracking the weekend single copy sales of newspapers. These should rise if the hypothesis of moving over or successful promotion is correct.

Figure 2 Cumulation & substitution – possible long-term effects

Current readership of paid newspapers		Used to read paid newspapers	Did not read paid newspapers
No change	Cumulation	Substitution	New readers
Don't want to read free newspapers	Readership of free newspapers		

When constructing a quantified model some problems rise. Reliable data are hard to come by, particularly when new firms are not welcomed by existing ones. This for instance is evident in sources like *World Press Trends* (2001) and the *Editor & Publisher Yearbook* (2001) where in

some cases free newspapers are mentioned but their circulation is not included in the statistics. Traditional publishers ignore these figures because, in most cases, they don't see free newspapers as a genuine product. Because organizations of established publishers are the main source for the statistics, comparable data are hard to come by. In almost every case data from publishers of the free newspapers themselves have to be used.

The second problem has to do with the definition of what we see as the 'relevant market'. In the Netherlands publishers of regular newspapers have argued that the influence of free newspapers on total sales of newspapers was negligible. Picard (2001) estimates that at the most a 2 percent drop in paid circulation can be attributed to free dailies. But is the total market the relevant market? A more reliable method would be comparison with morning papers (when the free competitor is a morning paper), or even better with the single copy sales of morning papers on weekdays in the metropolitan areas where the new competitors are published. Alternative models should be used when free papers are published in the afternoon or six days a week. For the Netherlands data from the four national daily morning papers (*de Telegraaf*, *Algemeen Dagblad*, *de Volkskrant*, *Trouw*) are used (Table 5). Figures indicate that subscription has hardly suffered, except for the last year, but also that single copy sales have dropped more than 10% in the period of competition from free dailies. Wadbring and Weibull (2000) indicate that in the Stockholm market subscription was also affected.

Table 5 National morning newspaper and free paper circulation (* 1000) in the Netherlands 1997-2001

	<i>Subscription</i>	<i>Index 1997 = 100</i>	<i>Single copy sales</i>	<i>Index 1997 = 100</i>	<i>circulation of free papers</i>
1997	1,271	100	307	100	
1998	1,321	104	306	100	
1999	1,324	104	285	93	515
2000	1,327	104	275	90	594
2001	1,305	103	263	86	695

Sources: Oplagespecificaties Dagbladen 1996-2001; Persmediamonitor 2001.

A quantified model can be useful for answering questions about readership and circulation, the effects on the total market and shifts within that market. Although single copy sales have dropped by more than 10%, the absolute figures (43,000 copies in four years) compared to the total circulation of the free papers (695,000) indicate that substitution is – at least in the short term – not that important. The drop in subscription in 2001 however could have been influenced by free papers. Cumulation (reading paid and free papers) and 'new readers' are more important. It should be noted however that there is some substitution and long-term effects are not yet known. The claim that "Readership of free newspapers may (...) be considered independent of, and therefore not a competitor, to paid-for newspapers" (*Free paper readers ...*, 2000) is not exactly true.

A more detailed research is needed to reveal the nature of the new readership. Where do these new readers come from? Are they indeed younger than the audience of the paid newspapers?

Readers of free dailies

To answer questions on readership we use statistics from the new papers themselves and some academic research.

- In 2001 Bachman, Brander and Lenz concluded after interviewing more than 800 readers in Zurich (where three free newspapers existed) that younger readers (under 30) were far more inclined to read free newspapers than older readers.
- Research from *20 Minuten* shows that in 2001 29% of the age group 'Kids' (10-13 years) consider themselves as regular readers of *20 Minuten* (D&S Institut für Markt und Kommunikationsforschung, 2001).
- The three free Zurich newspapers reached 36% (*ZürichExpress*), 40% (*20 Minuten*) and 22% (*Metropol*) of the age group of 14 to 34 (Mach Basic, 2001).
- A recent research showed that 37% of the *Sp!ts* readers are between 13 and 35 years old, for national papers this percentage is 24% (*Bereik Sp!ts*, 2002).
- *Metro* claims that 41% of their daily readers are under 30 (Sjöwall, 2001).
- The Australian free daily *MX* claims that 72% of their readers are under the age of 35 (*MX Reader Profile*, 2001).
- Almost 80 per cent of Associated's Newspapers *Metro* readers (UK) are reported to be between 16 and 44 years old (Wilkinson, 2001).

It can be safely assumed that free papers indeed very capable of reaching younger readers. Also they seem to attract considerably more female readers, Metro International claims a 50/50 male/female readership while the UK-*Metro's* claims a 42% female audience.

Marketing by paid newspapers

From a marketing point of view the possible long term effects are the most promising, why not jump on the bandwagon and try to convince new readers that reading a paid newspaper isn't such a bad idea? Free newspapers have succeeded in changing "non-readers into readers" (Picard, 2001, p. 170; see Verwimp, 2001 for a critique on this approach) but publishers of traditional newspapers have so far done very little to explore this new public. Marketing efforts could take different forms, a few examples are:

- money off coupons for the Saturday or Sunday editions of traditional papers (the UK, see Picard, 2001);
- cross promotion for paid newspapers by advertising in free newspapers;
- distributing in specific time slots (not after 9.00 or 10.00) so other newspapers are not harmed by free distribution (the Netherlands: *Sp!ts*, the UK-*Metro's*);

- joint distribution with a 'regular' paper (in Paris *France Soir* carries *Metro* as a free supplement; see Arnoud, 2002);
- distributing free newspapers via the traditional newspapers kiosks (the Netherlands) so buyers feel compelled to buy other products also;
- introducing other kinds of subscription possibilities like a Saturday and/or Sunday subscription or a combined weekend/Monday subscription (Denmark, Sweden, the Netherlands);
- distributing free 'slimmed down' sample copies of traditional papers via public transport (in Germany Spiegel-Verlag and Deutsche Bahn handed out *ICE-Press* to first class passengers on ICE trains; the now closed down New York free paper *Daily News Express* could also be seen as an appetizer for the 'regular' *Daily News*).

Apart from promotion for paid newspapers and attracting new readers, synergy can be created by joint advertising in paid and free newspapers. Also publishing weekly or biweekly free papers can create advertising synergy (and maybe reader interest), the Warsaw *Metro* (by Agora) for instance is using this model. Publishers of free newspapers have also other possibilities of expanding their reach. In some areas they publish also weekend editions (Stockholm, Hong Kong); in Switzerland in the non-metropolitan areas of Basle the free paper *Baslerstab* is published twice a week while *ZürichExpress* has the possibility of subscription.

Business models

Free dailies always compete with paid newspapers, and sometimes with other free papers. We can distinguish between different kinds of publishers and different objectives (see also Wilkinson, 2001; Picard, 2001; Arnoud & Peyrègne, 2002). First of all the new non-local foreign firms entering the market. This is the *Metro* and *20 Minutes* model of Metro International and Schibsted. This is the *invasion* model. Publishers are entering the market for profits. The Swedish example proved that this was indeed possible, it took *Metro* only one year to make profits in Stockholm (Wadbring & Weibull, 2000). This model is in most cases a very 'lean and mean' operation, "Outsourcing is a keyword in the Metro business model" (Arnoud & Peyrègne, 2002, p. 6). Costs are reduced as much as possible by employing very few journalists, using a lot of third party material, not owning printing presses and applying a very strict chain-format. A special case is the Moscow *Metro* which is published by the public transport company itself.

On the other hand a lot of free dailies are published by local firms who also publish local or national dailies in the same market where the free dailies are published. Three different models can be distinguished.

- The *defense* model when the second paper is only published because of the launching of another free paper. This was visible in the Netherlands where the publisher of the biggest morning paper *De Telegraaf* introduced a free paper (*Sp!ts*) the same day as

the Dutch *Metro*. In Cologne two local firms (Springer and DuMont Schauberg) launched free papers when Schibsted published *20 Minuten*. After one year *20 Minuten* gave up whereupon the other two papers ceased publication. Qubecor published the free *Montreal Metropolitain* to protect the advertising interests of *Le Journal de Montreal* (*Quebecor launches free paper...*, 2001). In Stockholm and Göteborg existing newspapers published a weekly free paper (Wadbring & Weibull, 2000).

- The *prevention* model where publishers launch a free paper to prevent another firm to enter the market; INMA-director Wilkinson (2001, p. 4) calls these 'spoiler-publications'. In the UK and Austria this has been the case. In Norway two free papers were released twice a week to prevent new competitors from entering the market (Wadbring & Weibull, 2000), in Paris the weekly *A Nous Paris* had less success in keeping out the free papers.
- The *expansion* model, when local publishers launch a free paper, not to prevent another publisher from making profits but for profit themselves. Here the predominant way of operating is achieving synergy by combining activities in the paid and the free paper (advertising, marketing, housing, distribution, and sometimes even newsgathering).

It may be difficult to distinguish between expansion and defense. In some cases defense or prevention models can develop into expansion models (UK, Belgium, the Netherlands). This is in fact inevitable because defense and prevention models are typically short term models. No company will endlessly keep a money-losing free paper alive.

A *promotion* model is operating when the free paper is mainly used as an promotion tool for a 'regular' newspaper, the German free *IC-Press (Der Spiegel)* and the New York *Daily News Express* are examples.

Only in the invasion and expansion models firms are entering a market with a new product for profit; the promotion model is a marketing tool; in the defense and prevention model publishers are willing to lose money for some time. Often their paid papers cross-subsidize the free dailies. This means that markets where free papers are published are often imperfect, and competition is by definition 'not fair'. Price dumping, cross subsidizing, operating publications at a loss are not 'fair' and because of that possibly harmful for customers. Furthermore it may hinder innovation and provoke actions from anti-cartel authorities.

Conclusion

Free newspapers are here to stay, in the last few years more than 70 new titles have been launched and almost 50 survived. It has been proved that it is possible to make a profit and even to publish

more than one newspaper in a metropolitan area. Because free dailies have also proven to be attractive to a younger audience, the future looks relatively bright. Problems may rise because of 'unfair' behavior of competitors. The readers of the free dailies are likely to be 'new readers' indeed; (young) people who did not read a newspaper before although some substitution is possible. Other markets and possible long-term effects should be studied in the future. These long-term effects are the most promising for existing firms, but then more and new marketing and promotion activities are needed.

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