

# Free Daily Newspapers

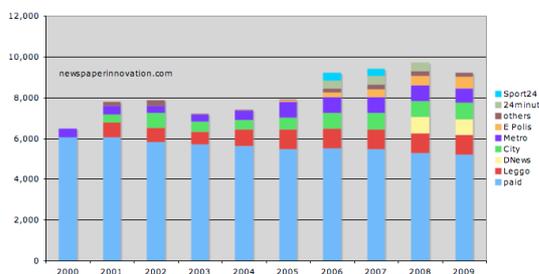
FDN NEWSLETTER NO. 46 – www.newspaperinnovation.com - 900 subscribers - May 2009

Launches	Closures	Metro	London	Research
USA, Brazil, Sweden, France, (p. 2-3)	Austria, SF Post & Star, Spain (p. 3)	Sued in France & Italy, urban in Sweden (p. 4/6)	Bids for tube contract (p. 4-5)	Italy, Austria & online (p. 7)

## Unbundling Metro

**M**etro International sold the US titles and plans to sell Italy and Portugal, either in total or in part. For the full year 2008, the total losses in Italy and Portugal together amounted to €2.5m.

The graph below (full version on website), shows why Italy is such a difficult market for free papers. In 2009 free papers have a market share of more than 40% (with paid dailies slowly losing circulation) but with 5 national titles, the market is still very crowded. Particularly in a recession advertising revenues will be under pressure.



Metro is the free paper with the longest history in Italy, launching in 2000 in Rome and Milan. It expanded to more markets in the northern part, although it closed some editions in 2008 and 2009. Current circulation is around 730,00 (free circulation is not officially audited).

Competitors started in 2001: Leggo by Caltagirone (Il Messaggero, Rome), and City (RCS media group, Corriere della Sera, Milan). Both expanded to more markets later, with Leggo (12 editions) becoming the best-read free daily. Leggo has a circulation 1 million, City prints almost 800,000 copies.

In 2006 part-free Il Sardegna (Sardinia) expanded to 13 more markets with E Polis editions, introducing a local free model with more pages that also was distributed on Saturdays. In 2008 three more editions were launched. Investor Alberto Rigotti bought the paper in 2007. Total circulation is around 590,000.

Former E Polis employees started a similar model, DNews, in the beginning of 2008 in Rome, Milan, Bergamo and Verona, having a circulation of 650,000.

Two major free dailies closed: free sports daily Sport24 in 2007 and free afternoon daily 24minuti (April 2009).

### Portugal

Free dailies in Portugal still have the majority of the newspaper market, but with 'only' four general free papers competing. Destak, formerly a free weekly, and Metro (owned by Metro for 65%) started at the end of 2004 with editions in Lisbon, in 2005 both launched in Porto as well.

In 2006 free business paper OJE launched while sports paper Diário Desportivo started in the beginning of 2007 - the sports paper closed down after a few months. In June

2007 'quality' paper Meia Hora was launched by Cofina, owner of Destak and of paid paper Correio da Manhã.

In September 2007 a 4<sup>th</sup> national general free paper launched: Global Noticias, by Controlinveste, publisher of paid papers Diário de Notícias, Jornal de Notícias, 24 Horas and O Jogo (sports).

In this market Metro is now competing with three papers that are backed up by publishers of paid papers. With the recession very strong in Portugal - a sale or merger seems to be inevitable.

### Metro USA

Metro International sold their USA operations (New York, Philadelphia and Boston) on June 2 to Seabay Media Holdings, a company formed and controlled by Pelle Törnberg, the former CEO of Metro International,

The three titles have a combined circulation of 590.000 daily copies. Seabay Media will publish Metro under a service and license agreement with Metro International. The effect of the proposed transaction is estimated to be around 2\$m.

Pelle Törnberg, CEO of Seabay Media commented:

*We are excited and look forward to continuing the business after completion and to further develop Metro in the United States. In the current economic situation advertisers are looking to brands like Metro that represents a strong offering through better value and reach.*

Per Mikael Jensen, CEO of Metro International:

*Metro USA will continue as a licensed operation to Metro International under strong leadership from one of the experts in the business. After a rough 2007, we have seen many improvements in Metro USA and losses have decreased significantly. I'm confident that Metro USA will reach profitability and steady growth.*

### The "zero-tolerance" strategy

In the 2008 annual report Metro CEO Per Mikael Jensen explained the Metro strategy that was responsible for the sales: consolidation in Europe, cost control, expansion in Russia, Asia and Latin America and "a zero-tolerance strategy towards loss-making operations." In 2008 9 out of 20 operations were profitable. The real test for the company – for most newspaper publishers – will be 2009 with Q1 showing the first signs. In the Q1 presentation, 8 of the 13 majority owned newspapers lost money:

- \* Sweden: €0.4 profit
- \* The Netherlands: break even
- \* Denmark: MetroXpress profit, 24timer losses
- \* Hungary: losses
- \* Spain (closed down), losses
- \* France: losses
- \* Italy: losses
- \* Portugal: losses
- \* Greece losses
- \* USA (about to be sold)
- \* Hong Kong: profit
- \* Chile: profit

The Associated Operations (minority shares, franchises) showed a net loss €0.5m in Q1 of 2009 (a profit of €0.2 in Q1 2008). Korea is making a profit, as are Mexico and St. Petersburg. Brazil and Canada showed sales increase in Q1, but there was no information on profits or losses, in the Czech Republic only a decline in sales was reported.

Without the sale of Swedish (€35.4m) and Danish (€3.6m) shares Metro would have been in serious problems. CFO Anders Kronborg writes in the 2008 report:

*Metro International was unable to meet a break-even operating result for 2008. This resulted in non-compliance with one of the key covenants of the multi-currency revolving bank facility, triggering the requirement to raise funds to repay the outstanding bank loans of € 28.7 million. Further, the Board of Directors assessed that the Group does not have sufficient working capital to continue the operations, execute the Metro International's strategy and implement cost saving measures to increase shareholder value.*

Kinnevik – the largest shareholder with 44% of shares and 39% of the votes – came up with the new working capital provision for 2009.

As on Metro's 10% shareholding in FortuneGreen Ltd, publisher of Metro Ireland is said that:

*an understanding has been reached regarding Metro International's transfer of this 10 percent share although no final contract has yet been signed.*

Metro International expects newsprint price to fall, in November CEO Jensen said would shop in Russia if newsprint price would go up – but instead Metro extended the contract with Swedish paper producer Holmen.

Total fees for Board and (Vice) Presidents is €4.3m, €1.2m for CEO Per Mikael Jensen: €646,000 in salary, €336,000 variable remuneration, €118,000 'other benefits' and €136,000 pension costs. In the Scandinavian press, the €336,000 has been called a 'bonus' and was criticized. Metro reacted with a press release stating that it "refers to the deferred stock that was agreed with Per Mikael Jensen when he joined Metro" and that Jensen "declined to receive any bonuses for 2008."

#### 2009 outlook

Metro expects losses in April and May: in April local currency sales declined by 18% against the same month 2008 to €19.2m. In April, Metro recorded an EBIT loss of €1.2m (2008: €0.6m). For May, Metro forecasts that sales will decline year-on-year by 9% to €21.4m. The operating EBIT result for the Group in May 2009 is estimated to be €0.2m (2008: €0.1m). All excluding Spain).

## LAUNCHES

### Fresh.ink

The first version of Fresh.ink, the free local daily by The Colorado Springs Gazette was launched May 6. The paper has also an online epaper version and can be downloaded as pdf.

The paper counted 20 pages today and will be distributed from Wednesday to Saturday. Circulation is unknown. The editorial staff consists of two people.



### Cape Cod Day / Daily Beachcomber

The Daily Beachcomber, a summer-only 5-days-a-week free daily is published during the last two years in Portsmouth (N.H.). This the Cape Cod Day will have try at the model. Both papers are targeted at tourists.

The Cape Cod Day is published by GateHouse Media New England and will be published in during 11 weeks in June, July and August, Tuesday through Saturday with a circulation of 25,000. (free-daily.blog, E&P)

### 18 minuter Upsala

Swedish local paid paper Upsala Nya Tidning launched 18 Minuter May 11. According to UNT, the paper is published with a circulation between 15,000 and 20,000 and will contain local, national and international news.

The publisher offers advertising packages for UNT (148,000 circulation) and 18 minuter. The paper is targeted at 15 to 40 years old that don't read UNT. The paper will be made by three journalists covering the local area and use material from Stockholm press agency TT Spektra for the rest of the content.

With the name, the paper is in between 5min (Latvia), 10 Minutter (Denmark), 15min (Lithuania, Ukraine), 20 Minutos / Minutes (France, Spain, Switzerland), 24 minuti (Italy) and Meia Hora (=half hour, Portugal). The name also relates to the area code 018 for Upsala.

### Direct Toulouse launched



Another edition of the free Direct newspapers of the Bolloré Group, Direct Toulouse, was launched March 2 with a circulation of 29,000.

After Nice it is the second launch in 2009 of the chain that also operates free dailies in Paris (a morning and an evening paper) and in Nantes.

The papers operate jointly with the 'Plus' free papers that are operated by local publishers in Bordeaux, Marseille, Lille, Lyon and Montpellier. That is why the Direct papers have a tiny 'plus' on the right side of the masthead. A Direct edition for Strasbourg is planned as well.

Vincent Bolloré will launch Direct Sports, a free sports weekly June 12. The magazine is distributed Fridays together with Direct Soir. The Bolloré group will use material from commercial TV station Direct 8 and the free dailies. The new magazine will use journalists from the defunct weekly magazine Sport as well. (JMM)

### Jornal Estação Notícia

Another 'discovered' free daily - launched in 1999 as a weekly in the southern Sao Paulo area in Brazil: Jornal Estação Notícia. The paper moved in 2009 to a daily schedule, from Tuesday to Friday. Estação Notícia is in Berliner format, with a circulation of 30,000. Publisher is Estação Notícia Editora.

The paper is distributed at train stations, near traffic lights, at universities and in bakeries, pharmacies and markets. 42% of the readers is female, 59% is 35 years or younger. (found by ABXY newslinks).

## Free sports daily Sao Paulo



Verdão vence a primeira em casa e respira na Libertadores. Mas que ninguém se engane: Luiza está a perigo

On April 22 new free sports Jornal Placar daily was launched in Sao Paulo (Brazil). The paper is published five days a week - Monday to Friday - with a circulation of 80,000. From November 10 to December 9 the paper was testing the waters with publication during the Brazilian football championship.

The paper is printed and distributed by Destak, the free general paper, published by Andre Jordan and Portuguese media group Cofina. Publisher Editoria Abril S.A. also publishes the sports magazine Placar in Brazil as well as other magazines like Playboy and Men's Health. All editions can be viewed online and downloaded as pdf. (ABYZ newslink)

## OBITUARIES

### Oberösterreichs Neue

Free Austrian paper Oberösterreichs Neue, published in the Linz area, closed down. Declining advertising revenues in the recession pushed the local free daily over the edge. When the economy improves a re-launch would be possible according to Mediahaus Wimmer, the publisher of the paper. Wimmer also publishes paid paper Oberösterreichische Nachrichten in the Linz area.

Die Neue, as the paper was called, launched in August 2006 and had a circulation of 60,000. Also in August a Linz edition of Vienna free daily Heute was launched. This edition, with a circulation of around 80,000 is still around.

### SF City Star & Daily Post

In the San Francisco area - once flooded with free papers - several papers closes down. The Daily Post moved in the beginning of this year to Palo Alto, where it also publishes an edition. The last edition of the City Star, free local 'neighborhood' daily in San Francisco, was published Friday May 15.

After the closure of the Baltimore Examiner, this is the second free daily of Anschutz' Clarity Media closing. The Star had a circulation of around 6,000 and shared offices with The Examiner. The last edition contained no local news at all. The paper will be replaced by a section on Wednesdays and Fridays in the Examiner, Anschutz's metropolitan free daily. (free-daily.com)

The Star was launched on November 1, 2006, mainly to compete with the San Francisco Daily (Now SF Daily Post) that was launched six months before by Dave Price and Jim Pavelich.

The Daily News closed editions in 2009 while the Eureka Reporter stopped publishing. The Tahoe Daily Tribune is now distributed three days a week.

### Diario de Almeria

In the first months of 2009 free local Spanish daily Diario de Almeria closed down. In January the paper was still there but now the website is down. The paper was published by Livisa Investment, S.L. and had a circulation of 11,000 in Almeria.

The same owner closed down sister paper Diario del Mediterraneo (Benidorm/Valencia) already in 2006. In 2004 the company launched a free local daily in Madrid: El Universo de Madrid. In April 2008 another publisher took over the paper, in December it closed down.

## Not 3 but 3 free dailies in Mexico

Free daily El M, launched in Mexico in 2000, was closed down in 2007 (as was pointed out by one of our readers). There is no information about El M on the website of El Universal, the paid Mexican daily that published El M. The paper claimed a circulation of 50,000 to 100,000.

## CIRCULATION

### Dutch 2008 circulation

Both leading free dailies in the Netherlands, Metro and Spits, increased their circulation in 2008 compared to 2007 according to the official audit data from HOI. Metro went from 516,000 to 532,000 (+3%) while Spits increased its circulation with 2% from 421,000 to 430,000. After paid paper De Telegraaf these two titles are 2nd and 3rd in the Netherlands.

Third free daily De Pers saw circulation drop with 23% from 479,000 to 367,000 copies. Total free circulation in the Netherlands dropped from 1.9 million to 1.4 million; also because fourth free daily DAG closed down.

Almost all national paid papers saw circulation go down - with 3% average in 2008 compared to 2007. AD (-4%) and NRC Handelsblad (-5%) lost more than average. Cheap NRC Handelsblad spin-off NRC.Next saw paid circulation increase with 3%.

De Pers cut back circulation to 200,000 copies in May. The footprint of the paper will be smaller in the future, concentrating on the main metropolitan areas Amsterdam, The Hague and Rotterdam. Reason is the cooperation with publisher of local dailies Wegener (owned by Mecom) on advertising. As Wegener covers many areas outside the main western metropolitan areas, the publisher wants to offer advertising in Amsterdam, The Hague and Rotterdam.

According to de Volkskrant owner Marcel Boekhoorn already invested €50 million in De Pers.

### In London City AM picking up

Of the London free dailies, Metro, thelondonpaper and London Lite, show a very stable circulation over the last years with 1.36 million copies for Metro (total UK), 500,000 for thelondonpaper and 400,000 for London Lite.

City AM cut back circulation at the end of 2008, it went down from more than 100,000 to 87,000 in December and January. In March the paper is back to 104,000 copies, the highest circulation since years.

## READERSHIP

### Australia 2004-2009

In the last six years, most paid Australian newspapers lost readership, with national daily The Australian and the Courier-Mail (Brisbane) being the exceptions with stable readership, according to Roy Morgan research.

All paid papers saw readership go down in the 12 months leading to March 2009 compared to the same 2007/2008 period. All three editions of free afternoon newspaper mX saw readership increase over the last years, although the Melbourne edition shows a stable pattern.

## Media-Analyse will include frees

After more than eight years, free daily newspapers will be included in the Austrian Media-Analyse readership survey. At the end of 2008 the board of Media-Analyse decided to talk about including free papers as well. After the part-free paper Österreich was included, reasons for not researching other titles became very weak.

Total free circulation in Austria is around 620,000 with 'heute' leading in that area with more than 500,000 daily copies, while Österreich distributes 115,000 copies for free. The first all-included survey, however, will probably only be available in 2010.

## Danish readership fluctuations

Earlier we reported on Danish readership in 2008 and over a longer period based on 6-month periods. Four different newspapers took the no. 1 position since 2005: paid paper Jyllands Posten and free dailies MetroXpress, 24timer and Nyhedsavisen.

Monthly data show substantial fluctuations. While Jyllands Posten was no. 1 in the second half of 2008, MetroXpress is leading in the first months of 2009 with 488,000 readers in April against 461,000 for Jyllands Posten.

MetroXpress lost more than 80,000 readers compared to the previous month. Also 24timer and Urban lost readers in April compared to March - although all gained in March compared to February. The overall picture is that readership of frees is less stable than that of paid papers - most of those, however, are losing readers.

The average over the first 4 months makes MetroXpress the leader with 516,000 readers before Jyllands Posten with 486,000. Unless the April data indicate a trend, MetroXpress will probably lead in the first half of 2009. As Danish free papers don't publish in July (and part of August) their average 'July-December' data will be lower.

## ADVERTISING

### Sattelüberzug from *Blick am Abend*

In biking countries the saddle cover "Sattelüberzug" is used for advertising purposes. Swiss free evening Blick am Abend fitted thousands of Swiss bikes with covers. The paper asked readers for stories and photos about bikes. The winner wins "a bike tour for two people".

## ONLINE

### 20 Minutes iPhone app

French free daily 20 Minutes launched an iPhone application in March. Readers can access the daily news, but also choose to open with sports, arts & stars, slide shows or tech news; they can watch news movies and customize their opening page ('ma une'). The application also serves as a "Reporter Mobile" device. Users can take news photo's and send them directly to 20 Minutes.

Swiss free daily 20 Minuten already launched an iPhone application in 2008.

### New thelondonpaper website

London free daily thelondonpaper relaunched its website with more focus on user-generated content (comments, reviews) and entertainment.

The website also has a Facebook Connect option, which means that when readers comment on stories they will appear in their Facebook newsfeed. (Brand Republic)

## PUBLISHERS

### Metro sued for using Metro brand

In France and Italy Metro International is being sued for using the Metro trademark according to the 2008 annual report. Although the party suing Metro is not identified, it is very likely that it is the German Metro/Makro wholesaler that successfully sued Metro in Hungary in 2008.

If the German wholesaler wins, Metro must cease to use the Metro name, "which may negatively affect the business operations in these countries". The current claim is a maximum of €1.1m. The claims will increase when the infringement continues.

Metro Spain is party to a lawsuit from a third party sales agency for termination of a contract without notice and breach of the noncompete clause demanding damages of € 6.4 million. Metro Spain has contested the claims.

In Sweden there is still an issue with the Swedish tax office. In July 2008 the court decided that disputed taxes (€7m) had to be paid. Metro appealed in August 2008 on which the Tax Authority has granted a deferral, "a decision is expected in 2009".

### Metro St. Petersburg

Metro International has acquired 58.5% of the shares and capital in the St. Petersburg Metro. In 2005 Metro closed a franchise deal with the free daily that started as a free weekly in 1997 and moved to daily distribution in 2004. In Moscow the Metro edition is still operation as a franchise with a minority share of Metro International.

Metro also wants to sell and outsource the software development: all advertising and production systems and the development and management teams of the business unit. Metro International will continue to use the software via a license agreement.

### Bolleré's frees do well in 2009

Although Vincent Bolleré's industrial empire saw a small drop in revenues in Q1 2009, his free dailies did well. The 23% increase in 'other activities' were mainly attributed to better advertising results for Paris free dailies Direct Matin (with Le Monde) and Direct Soir, and TV station Direct 8.

### News, & Tagi integrate newsrooms

Swiss publisher Tamedia will cut staff in the coming months with 80 people at Zurich paper Tages-Anzeiger and Berne daily Der Bund. The editorial departments of the two local papers will cooperate more in the future.

Free daily News, internet news portal Newsnetz and the Tages-Anzeiger will integrate newsrooms to cut down costs as well. (Persoenlich)

## TITLES

### NI bids for London morning slot

Transport for London is asking for new bids for the underground distribution contract that will expire in March 2010. The exclusive morning contract is now held by Associated Newspapers to distribute Metro. The bids for the contract have to be issued before June 3. The new contract will be for 7.5 years instead of the 11 years of the current contract. (Press Gazette)

Rupert Murdoch's News International (The Sun, The Times, thelondonpaper) is bidding for the contract according to Brand Republic. There are three options if it

get the contract in March 2010: moving the London paper to the morning, launching a morning edition of the London paper or starting a new title.

News International competes with incumbent Metro (Associated Newspapers). Metro's managing director Steve Auckland believes its status as the incumbent could play in its favour: "It has got to be in our favour, as they know that we know what we are doing." If not, Metro has to be hand-distributed at the entrances of the tube stations (as the London paper and London Lite are now).

## 20 Minutes strike against job cuts

Last Thursday French free daily 20 Minutes was not published because the staff went on a 24 hours strike to protest against the plans to cut jobs at the free daily.

The plans involved cutting 18 jobs at the paper by not renewing the temporary jobs. The management and the staff are now negotiating a revised plan for saving costs. Subeditors and chiefs of some departments might lose their jobs. The paper also wants to reduce the page count from 24 to 16. (Electron Libre, Le Monde)

## Cuts in California

The free Daily News in Palo Alto (California) has trimmed the height of the paper from 16 to 11.25 inches, making the page 25 percent smaller. Also the masthead of the paper changed. Reason for the change is that the paper now uses the presses of its sister newspaper, the (paid) San Jose Mercury News. (San Francisco Peninsula Press Club through free-daily.com)

## From free to paid... a smart move?

After Rupert Murdoch's plea to start charging for online news, the discussion about "free or paid" popped up everywhere. Online, however, is not the only "free zone" in news. If online could be better of charging, why not apply that to free newspapers as well.

At the end of 2008, free Bluffton Today moved from free to paid. The move attracted a lot of attention, also because the paper was the darling of the We-Media movement, with a focus on user-generated content and citizen journalism. Except from a Terry Heaton Twitter posting in which he claims that the paper lost 3/4 of their audience, there is no news on the result of the switch.

Another free paper making the same move is the UK free weekly Kent on Sunday. The Kersh Media blog post is not encouraging. Because of falling advertising revenues the paper is now asking 90p - a price very few readers are willing to pay.

## Cheap paid paper with free mX

Rupert Murdoch wants its papers to charge for online content but off line he sometimes follows a totally different path by offering paid papers for a discount price. In his homeland Australia, Murdoch's News Limited operates free daily mX in Melbourne, Sydney and Brisbane.

On Saturday the mX readers could pick up a copy of The Herald Sun (Melbourne) for only \$1 with the coupon they found in this week's mX. Newsagents are compensated in full by News Ltd. (Australian Newsagency Blog)

## New News look

Swiss free daily News got a new layout on June 2. The most important change is that the link between the paid papers of publisher Tamedia and the different News editions will be more visible. Above the - now centered - 'NEWS' masthead the logo's of Basler Zeitung, Berner Zeitung and Tages-Anzeiger (Zurich) are featured.

Advertising is jointly sold for the local combinations while also the editorial departments will be integrated. The News newsroom will move in with the Newsnetz newsroom, the joint online operation for the five paid papers of Tamedia. (Persoenlich)

The change means that News will not close down in the near future. There was some speculation on this part because the paper was launched as a defensive measure against free paper .CH that was closed down a month ago. Apparently owner Tamedia thinks it would be a smart idea to have at least two free newspapers in the market so the position of the free flagship 20 Minuten is secure.

The owners of .CH have not found anyone to take over the closed down paper, even the price of 0 francs did not bring in new investors according to Persoenlich.

## Outlandish MetroXpress editors

Danish rock group Outlandish will be in charge of the editing of the Danish free daily MetroXpress Thursday, June 4. In April rock group De Sorte Spejdere (Anders Lund Madsen and Anders Breinholt) edited the paper.

## €1.1m for Nyhedsavisen employees

More than half a year after the bankruptcy of Danish free daily Nyhedsavisen in September 2008, former employees are being compensated with a total of more than Dkr 8 million (€1.1 million).

Journalism union journalistforbundet reported that 56 former staff members are compensated by the Employees' Guarantee Fund; 17 employees were paid the maximum of €15,000. The union is still trying to get compensation for freelancers as well.

## Crónica Síntesis Mexico City

Another free daily discovered by Marc Carlson of ABYZ newslinks, this time in Mexico City where Crónica Síntesis was launched on May 8 2006. The free evening paper had an initial circulation of 100,000 and is published by paid paper La Crónica de Hoy. The paper is distributed in traffic, in shopping malls, at Metro entrances and on flights of Mexicana de Aviación.

Also Publímétrico (since 2006) is published in the capital. Crónica Síntesis was launched one week before the Metro International (49%) paper.

## Diario Jornada Mendoza

Thanks to the ongoing research of Marv Carlson of ABYZ newslinks another Argentine free daily was discovered. This time in Mendoza (western Argentina) were the Diario Jornada is published by Jornada S.A. "sin costo para el lector" with a circulation of 30,000.

The paper counts 16 pages and can be viewed in electronic format as well. Diario Jornada is in its 7th year, meaning that the launch was in 2002.

## Coletivo Brasilia

Another free daily discovered by ABYZ newslinks: Coletivo, published in Brazil's capital Brasilia. Circulation of the free evening paper - published seven days a week - is around 90,000. Page count varies between 16 and 24 pages.

The paper is distributed in rush hour traffic, at universities and government centers. Coletivo is in its 8th year, meaning it was launched in 2002. Publisher is Grupo Comunicade de Comunicacao. The same publisher also distributes a free weekly: Jornal de Comunicade.

## Heute thinks about Sunday edition

The economic crisis has not hurt Austrian free daily Heute as it increased advertising revenue in Q1 of 2009 with 17%, mostly because of special offers by retailers. "The crisis is not a crisis for us" said Heute director Eva Dichand to press agency APA. She expects that already this year the circulation of the paper will officially be published by auditing organisation Österreichischen Auflagenkontrolle (ÖAK).

Also the 2009 readership could be published by official survey institute Media-Analyse as it is already including questions about the free daily's readership for two years. The rules of Media-Analyse, however, prevented these data to be published. New rules are now about to be put into effect. One of the future plans of the free paper with a circulation of more than 450,000 in three editions, is launching a Sunday paper according to Der Standard.

The free daily already published weekend magazine 'Live' but sold this to paid market leader Kronen Zeitung in the beginning of this year. Kronen Zeitung is owned for 50% by Eva Dichand's father in law Hans Dichand.

## Hoy ends household distribution

Free Spanish language daily Hoy (Tribune Company) in Chicago will stop household delivery altogether on May 28 and increase the number of distribution points in the city. It is not clear how circulation will be affected by the measure according to E&P. Hoy also introduced a new design last Monday.

## Metro Sweden's urban focus

From August on, the national ('Riks') edition of Metro Sweden will not be available in 13 cities in the North and South-East of Sweden. Circulation of the editions in Stockholm, Gothenburg and Malmö will increase.

Metro wants to reach 40% of the population in those three areas, something that seems possible after the competition is much less than a year ago. Competitor Punkt.se (Schibsted) stopped altogether while City (Bonnier) is only available in Malmö as a daily - in Stockholm and Gothenburg it is published 3 times a week.

Also circulation of the Riks edition in Borås, Halmstad, Norrköping, Västerås, Eskilstuna, Jönköping, Trollhättan, Örebro, Falun, Karlstad, Uppsala, Gävle, Linköping and Varberg will be increased with more than 20%. Metro will be printed in 4 instead of 7 places from that time on.

Metro Sweden's director Andreas Ohlson told Resumé that the 'urban focus' switch was not meant as a cost cutting operation although the ending of distribution in the 13 cities "released resources" for the move.

## London, city of frees

Reading UK evening frees is something of an experience for the non-UK citizen. If you're not familiar with the 'stars' from "Britain's got talent", if you don't watch Eastenders everyday, if you're not the kind of person who wants to be informed about Paris Hilton's, Victoria Beckham's and Pete Doherty's whereabouts on a daily basis, you're going to miss the 36 (thelondonpaper) and 40 (London Lite) pages within minutes.

To be fair: Lite got "The Far Side", the "get it of your txt" and a story on banned garden gnomes. Thelondonpaper is probably the most 'feminine' free daily I ever saw: Helen Mirren, Beyoncé and (!) Paris Hilton on the cover, and lots of women inside.

In the morning a fresh City AM, a Metro (48 pages - no sight of Paris Hilton, Victoria Beckham or Pete Doherty) and a Daily Telegraph (90 p.) with "Day 12" of the "Expenses File".

I also got London's 5th free daily: The 'new' Evening Standard. The 'bulk' circulation of the Evening Standard has been classified as 'hospitality' copies distributed to airlines and to hotels. This might be true to some extent but many copies were just handed out for free to anyone who would pick up one, no questions asked, no marketing, no subscriptions, no coupons. The business model behind this actually puzzled me as the Standard never was into readership, only in circulation.

## thelondonpaper loses.. but less

On May 8 News International published results for thelondonpaper. Compared to the first 10 months of operation (September 2006 - June 2007) the paper lost less money in the next 12 months: 'only' £12.9m (€14.5m) against £16.8m (€19m) in the first 10 months.

Turnover in the year to June 2008 was £14m (€15.7m), up from £8m (€9m) in the first 10 months. Costs were around £25m (€28m) in both periods. Staff size went up from 52 to 78, the number of editorial staff increased from 33 to 44. (Guardian)

## Free dailies in Greece

In the beginning of May I was in Greece doing some research, and visiting free daily City Press. The talk at City Press made it clear: Q1 was a very difficult quarter for all newspapers, with the old 2008 contracts expiring and advertisers extremely careful with new contracts.

The weird thing in Athens, however, is that newspaper boxes are almost always empty, only very early in the morning a copy can be found at major subway stations. City Press does three different distribution runs but nevertheless papers disappear quickly. Sometimes more than a dozen empty boxes and lined up.

Apart from City Press two other free dailies are published: Metro and (the much smaller) Metropolis. The other boxes belong to free weeklies. City Press also distributes its Free Sunday through the boxes.

## Vail Starbucks war resumed

In the previous newsletter we reported that peace returned in Vail (Colorado) after The Vail Mountaineer and Vail Daily were allowed to distribute in Starbucks coffee shops. Vail Mountaineer publisher Jim Pavelich, however, emailed that his paper was again banned:

*What originally was a ban of the Vail Mountaineer from the shelves from corporately owned Starbucks stores in Vail Village, Avon and Edwards was thought to have been reversed by Starbucks in April. Since then, we at the Mountaineer were surprised to once again be informed that our paper was not allowed inside these shops.*

*The banned originated as a result of a deal between Starbucks and the Vail Daily, the other newspaper in the area, in which the publisher of the Vail Daily told the Vail Mountaineer that the Vail Daily was giving Starbucks free ads in return for keeping the Mountaineer out. He has since said they weren't free, but also said they don't have to pay for them.*

*This has turned into a fun-filled quest for the staff of the Mountaineer who daily have the pleasure of reminding local businesses that they have to pay for their Vail Daily ads while the Seattle company does not.*

## PEOPLE

### Théo Bouchat steps down

On 1 June 2009, Serge Reymond will take over from Théo Bouchat as CEO of Edipresse Switzerland. Reymond worked for Galenica and Swatch. From 2007 until the end of 2008, he was Chairman of Naville.

Bouchat worked as a journalist for the Tribune de Lausanne and at the Swiss Television (TSR). In 1998 he joined Edipresse and became CEO in 2007. Bouchat realized the Matin's change to tabloid in 2001 and he oversaw the launch of free daily Matin Bleu in 2005.

Le Matin Bleu will be integrated in the French 20 Minutes editions of Tamedia - probably in the last months of 2009.

### Two new Metro board members

At the Metro shareholders meeting in Luxemburg, two new board members were appointed. Didier Breton, a member of the senior team of Pamoja Capital, a private equity business and Erik Mitteregger, a member of the board of Kinnevik since 2004.

### Ryssdal new Schibsted CEO

Norwegian media company Schibsted appointed Rolv Erik Ryssdal as new CEO. He succeeds Kjell Aamot. Ryssdal will start 1 June 2009.

Ryssdal has been in Schibsted since 1991. He was CEO of Aftonbladet in Sweden and of VG in Norway's VG. Since 2008 he was CEO of Schibsted Classified Media.

## RESEARCH

### The religion of cross media

I presented at the the 10encomunicació series in Barcelona. Main topic was that many news organizations went heads on into an integration/convergence process where they fully integrated traditional off line and online media. They transferred the business model to a new environment where revenues were much lower.

Cases presented were of public broadcasting media (Denmark, Netherlands), paid papers (Austria, Spain, the Netherlands) and free papers (Spain, France, Austria).

I argue that full integration without a sound business model and might lead to higher costs, slower decision making, unhappy staff and permanent losses. Also some alternative business models were presented.

<http://www.slideshare.net/newspaperinnovation>

### Thesis on Italian 'freepress'

There is only a limited cannibalization of paid papers because of the availability of free dailies (called 'freepress' in Italy) according to Beatrice Ferrario's master thesis in Media Management at the University of Lugano. Beatrice Ferrario researched readership and circulation of paid and free in Rome, Milan, Turin and Florence.

Free dailies' readers are rather similar to the readers of the most read newspaper in any market. In Rome, the readers of Il Messaggero were not that different from the readers of free papers. Free papers are - just like the best-read local paper - 'regular' papers, read by the average citizen. If there is competition, it's between frees and the best-read in the market. Competition between free papers is substantial, with high overlap between titles, particularly in Milan and Florence.

Proving substitution, however, is difficult because free circulation is not audited; readership of free dailies is researched by Audipress only since 2006 (introduced in 2000/2001). The long term effect is therefore not clear.

Although there might be some cannibalization, many readers read only free dailies: 2.3 million, 4% of population in 2007. Free dailies also seem to attract more younger women than paid papers. The thesis (in Italian) can be downloaded from the resources page.

### Research on Austrian market

Together with my colleague Josef Seethaler, I wrote a chapter for "Die österreichische Medienlandschaft im Umbruch", a book edited by Birgit Stark and Melanie Magin, published by the Verlag der Österreichischen Akademie der Wissenschaften in Vienna (ISBN 978-3-7001-6614-6). The book can be ordered from the website.

In Supporting Concentration or Promoting Diversity? The Impact of Free Dailies on the Austrian Newspaper Market we track the influence of free dailies in Austria, the most monopolistic newspaper market in Europe.

The book will be presented June 9 at 18:00 in Presseclub Concordia in the Bankgasse 8 in Vienna.

### Paid/free newspaper strategies

I presented in Athens at the New Media & Information conference about paid/free newspaper strategies. More than half of the circulation of free dailies is controlled by publishers of paid newspapers. With both free and paid papers they target hard-to-reach younger readers.

In the January/February issue of the INMA magazines Ideas, I already published an article on this subject: Mixed paid/free models target the total audience (pdf).

## EVENTS

### Amsterdam: June 6

At the yearly University Day at Amsterdam University I will discuss the future of the written press.

<http://www.alumni.uva.nl/universiteitsdag/>

### Antwerp: June 13

I moderate the 2<sup>nd</sup> day of the Dutch-Flemish newsmedia meeting in Antwerp and talk about state press aid.

<http://www.inma.org/2009-NLVL.cfm>

### Amsterdam: June 22

Celebrate the 10<sup>th</sup> anniversary of free newspapers in the Netherlands with editors and directors of free dailies.

<http://bit.ly/4glay>

### Cardiff: September 9-10

At the Future of Journalism conference (Cardiff University) I will present on UGC for media websites.

<http://tinyurl.com/4nywuv>

### Moscow: October 8-10

At the Media Readings conference (Moscow State University), I will talk about print media in Eastern Europe.

<http://www.journ.msu.ru/eng/conference.htm>

### Zurich/Winterthur: November 19-20

Journalism Research in the Public Interest conference.

Questions & suggestions: [piet.bakker@uva.nl](mailto:piet.bakker@uva.nl)  
web: [www.newspaperinnovation.com](http://www.newspaperinnovation.com)