

# Free Daily Newspapers

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## We're not dead, we're only shrinking

**H**ow come, that the words of Rupert Murdoch, one of the most unreliable people in newspapers, is taken as a token of truth and a source of sheer wisdom by journalists? Murdoch, who said the WSJ website would go all-free after he bought it and reversing that policy later - and saying now that all online news should be paid for. The guy is changing opinions faster than other people change underwear. His latest move - thinking about closing the London paper - is leading to headlines suggesting that the paper is already closed down (no, it's not).

In the 12 months to June 2008, NI Free Newspapers posted a £12.96m loss. (£16.48m during previous 12 months). The company has entered into a consultation period to rethink the strategy. The paper has a circulation of 500,000 and a readership of more than 1.1 million. September 16 is mentioned as the last day of the paper.

The Financial Times wrote "Freesheet no longer viable model for papers selling news" which was slightly off the mark, but I admit that "London cannot support four free dailies in a recession" doesn't sound half as sexy.

FT's Salamander Davoudi also wrote about "News International's decision to close its only freesheet" which is not just off the mark but totally wrong. In Australia the publisher owns two free dailies, four editions in total while also the two editions of the Daily Beachcomber (USA) are owned by News International.

What is happening in London - and in Sweden, Denmark, Switzerland, the Netherlands, Spain and Italy - is that more than two free dailies, in this case two evening papers, one morning paper and one financial paper, competing in a crowded market (almost a dozen paid papers, including the part-free Evening Standard) in a recession, will not lead to profits for all titles. Specially free evening papers, a model proved to be very difficult in other parts of world, will suffer. In all markets mentioned above free dailies have closed down already.

We will see more closures this year; in French speaking Switzerland and Ireland competing papers will merge, while many free papers are cutting circulation, also more titles have introduced or extended the summer closure.

Does this mean it's the end of free daily newspapers? Not really. It means that the combination of competition (two or more, but certainly four or five titles) and an economic recession could be lethal for free dailies - at least for the weaker ones. With one down, remaining papers will profit.

Competition is worse for free than paid papers because they are perfect substitutes - which make them an easy target for advertisers looking for discounts. A recession always hurt newspapers more because they rely on vulnerable ads (jobs, retail, cars, real estate, classified).

But with paid newspapers also losing circulation and with many of them losing money (where's the FT article "Paid no longer viable model for papers selling news"?) there

certainly is room for a free paper as the young urban audience is growing and valuable for advertisers. Room for one at least and two perhaps, but not for three or four.

## LAUNCHES

### Blick am Abend St. Gallen & Luzern

With St. Gallen and Luzern/Zug editions, Swiss free evening paper Blick am Abend now publishes five editions while circulation is expanded to 261,000. In St. Gallen and Luzern the editions will be produced by two journalists in each city according to Persoenlich. So far there were editions for Zurich, Berne and Basle.

### Starkville Dispatch

The Starkville Dispatch, the first Mississippi free daily, was launched July 8. The paper is owned by The Commercial Dispatch Publishing Company, and is published in the afternoon, Monday to Friday and on Sunday. The paper is the Starkville edition of The Dispatch, which serves Columbus, the rest of "The Golden Triangle" and western Alabama. According to the publisher the markets of Starkville and Columbus became more distinct, which led to the decision to make a separate, free edition.

The paper serves Starkville and the Mississippi State University. Readers can also subscribe for home delivery for \$12 per month - which was also possible for the 'old' Dispatch. Publisher Birney Imes says in the first issue:

*In a time when most news about newspapers is doom and gloom, we hope this expansion will show that our industry is not only viable but essential to the Golden Triangle.*

The Starkville Dispatch distributes 1750 free daily copies. Apart from that there are 125 copies distributed through paid home delivery. The Commercial Dispatch had a daily circulation of about 700 (400 delivery & 300 rack sales) in Starkville before the launch of TSD, meaning paid home delivery dropped but total circulation increased in the 23,000 people college-town.

### Metro International in Ecuador

Both free dailies by Ecuador media group Grupo Hoy, MetroHoy in Quito and Metro Quil in Guayaquil, are published from 15 July on as a Metro International franchise by Company Diarios Unidos Del Ecuador S.A (DIUNESA), with Metro International having a 15% stake with an option to increase that in the future.

The MetroHoy in Quito was launched in 2001 by Edimpres SA, publisher of paid paper Hoy. In 2007 a Guayaquil edition was launched, competing with El Metro de Guayaquil (launched 2007). This title changed its name to La Calle de Guayaquil in 2007; in the beginning of 2009 the paper stopped publication.

Metro also publishes free dailies in Chile (since 2000), Brazil (since 2007, minority share) and Mexico (2006, 49% ownership, 2 editions). Between 2000 and 2001 Metro published an edition in Argentina.

## PLANS

### Free Toronto evening daily

On September 8 a new free daily, called t.o.night, will launch in Toronto. The paper will cooperate with the Toronto BlogTO, which will produce a page of local content daily. The new daily will print 100,000 copies a day and will be distributed between 3:30 and 6:30pm near subway stops and other transit touch-points in the city.

Toronto has two morning free dailies: Metro (2000) and 24 Hours (2003) and apart from that a lively free daily history. In 2000 Torstar launched GTA Today, which merged with Metro a year later. Sun Media/Quebecor launched FYI Toronto - all in the same week. From 2005 to 2006 CanWest published Dose in Toronto.

### From Printed blog to Blogpaper

The Printed Blog, a free weekly planning to go daily or even twice a day, actually went nowhere. The idea was to use content from bloggers and have them take a share in the profits for compensation. Founder Joshua Karp run out of money after 6 months and 16 issues.

Meanwhile, back in the UK, a new, somewhat similar project emerged. Theblogpaper, an online compiled printed paper by bloggers, will be distributed in London on September 25 with a circulation of 5000. The paper will count 20 to 30 pages. After the test, the founders will decide whether the paper will be circulated more often.

### WAZ plans U-Bahn tabloid

German publisher WAZ (Essen), the second newspaper publisher in Germany after Springer (Bild), is thinking about a new tabloid paper to attract a younger audience according to CEO Christian Nienhaus in an interview in German magazine Horizont.

The name 'U-bahn Zeitung' (subway paper), however suggest also a way of distribution that comes very close to a free commuter paper, still considered as the arch enemy of paid newspapers in Germany. The target audience is indeed the commuter according to WAZ.

Earlier, similar attempts with a cheaper small-format paper in Frankfurt (News), Cologne (Direkt), Saarbrücken and Cotbus (20 cent) failed. Springer tested the cheap Extra without success although Welt Kompakt seems to do OK (seems, because the publisher does not break out separate data for Die Welt and Welt Kompakt).

Money for the new paper could come from Austria, as WAZ wanted to sell their 50% share in Kronen Zeitung. Recently Der Standard reported that the deal with Kronen Zeitung is off - WAZ will keep its 50% share.

## OBITUARIES

### Only one edition of News left

The Basle and Berne editions of free daily News closed down. The papers were published in cooperation with paid papers Basler Zeitung, Berner Zeitung and the Tamedia group. The Zurich edition, called Tages Anzeiger News, will remain. In December 2008 the Mittelland edition was already closed down. Circulation in Basle and Berne was 100,000.

News was launched in December 2007 as a reaction to free daily '.ch' that was considered to be a competitor for Tamedia's free 20 Minuten. News sold advertising in cooperation with Tamedia's paid papers in the same markets. After the closure of .ch in May the position of

News changed. It served its purpose as spoiler but was not making money while it competed with 20 Minuten at the same time.

In June the paper was integrated with other Tamedia operations and got a new design. But as the paper was still losing money, the Basler Zeitung (owning 25% of the Basle edition, with Tamedia owning 75%) said it thought about closing the Basle edition. Basler Zeitung already operates free local paper Baslerstab so News was competing with their own paper as well. In Berne Tamedia owns paid papers Berner Zeitung and Der Bund.

### Ergo online only

Free Indian paper Ergo, launched in December 2007 by Kasturi and Sons Ltd., publishers of The Hindu, closed down. The paper distributed 50,000 copies in the Chennai area, and was aimed at young ICT professionals.

The publishers blame the world recession for the closure of the printed edition. The website www.goergo.in, however, will continue. With the closure of Ergo, India loses its only free daily newspaper.

### RIP Record PM

The last issue of Scottish free evening paper Record PM was published Friday 10 July in Glasgow and Edinburgh. The Aberdeen and Dundee editions were closed down in 2008. According to the management, however, the closure could be temporary. (AllMediaScotland)

The paper was launched by paid paper Daily Record (Trinity Mirror) in 2006 a cover price of 15p. In January 2007 went all-free. The maximum print run was 38,000 - down to 13,000 in the last months. Trinity Mirror is also a partner of Associated Newspapers' Metro in Scotland.

### RushHour silently ended

In November 2006 Canadian media group CanWest proudly presented RushHour, a free afternoon commuter tabloid for Ottawa, to be distributed Monday to Thursday - with an edition online weekend. Circulation was 20,000 - later cut down to 8,000. In February 2007 editions for Calgary and Edmonton (five days a week) followed, joint circulation of both new editions was around 15,000.

The launch was a somewhat half-hearted (afternoon, small circulation) attempt to re-enter the free daily market in Canada after the Dose-disaster and the launch of strong competitors by Metro International (and local partners) and Sun Media (24 Hours/Heures) in several markets (including Ottawa, Calgary and Edmonton).

Without any publicity the Ottawa edition was closed down in April 2008, followed by both other editions. CanWest - faced with debt problems - failed to mention the closure (they did mention the launches). Marv Carlson of ABYZ Newslinks, who lives in Calgary, even checked train and bus stations and called up the paid mother paper Calgary Herald (without being called back), but never found any trace of a RushHour - the paper, that it.

## CIRCULATION

### Heute beats Österreich in audit

After a long struggle free daily Heute is now also audited by the official Austrian ÖAK circulation audit. Heute distributed 473,000 copies in total in the first six months of 2009 - 332,000 in the capital Vienna, 93,000 in Niederösterreich (St. Pölten) and 48,000 in the Linz area. Before the official date became available, however, Heute boasted a circulation of more than 530,000.

Free/paid paper Österreich sold 111,000 copies in total and distributed 123,000 copies for free, most of them in the Vienna area. In 2008 free circulation was 115,000.

### **MEN cuts circulation**

Circulation of the Manchester Evening Post will not be audited by ABC because the free/paid paper cut free circulation on Monday till Wednesday. Since April the paper is increasing free distribution on Thursday and Friday. On Saturday there are no free copies handed out. Since ABC requests a "consistent and regular pattern" of free distribution MEN can no longer be audited.

Total circulation on Thursday and Friday is 165,000; on Monday, Tuesday and Wednesday it's 89,000. Paid circulation on Saturday is 67,000. Average free circulation was around 80,000 in 2008. (Guardian)

### **20 Minuten cuts circulation**

Almost 10% of the circulation will be cut by Swiss free daily 20 Minuten although management calls the operation optimisation. Distribution went up in 2007 from 431,000 to 550,000 - partly because of the new competitor ".ch". Now that title is no longer around and the recession also affects Switzerland, circulation will be down to 500,000 copies. The paper expects no decline in readership according to Persoenlich.

### **Belgium & Luxembourg**

The circulation data for the first six months in Belgium (by CIM) indicates that both editions of free daily Metro (Concentra) jointly distribute 259,000 copies, making it the third paper in Belgium. The combination Het Laatste Nieuws / De Nieuwe Gazet distributes 284,000 copies; Nieuwsblad / De Gentenaar 263,000.

The French edition had an average of 122,000 copies (121,000 in 2008) while the Dutch language edition distributed 137,000 on average (133,000 in 2008).

In Luxembourg L'Essentiel distributes 84,000 copies (73,000 in 2008), while Point24 distributes 59,000 copies (57,000 in 2008). These papers are no. 1 and 3. Paid paper Luxemburger Wort has a circulation of 71,000.

## **READERSHIP**

### **All UK frees increase readership**

Mixed emotions at TheLondonpaper. The last NRS readership survey showed an increase to more than 1.1 million readers, meaning more than 2 readers for every copy. The paper started with 800,000 readers and is now closing in on competitor London Lite with 1.13 million readers (but with a lower circulation).

Also Metro gained in readership, now reaching for the first time more than 3.5 million readers. Most paid papers lost readers although The Guardian, the Times and the Daily Express gained some readers compared to the first 6 months of 2008.

### **Zurnal24 sole winner in Slovenia**

Readership of Slovenian free daily Zurnal24 increased with 20% in 2008/2009 compared to 2007/2008 according to the latest NRB survey. The free paper, owned by Austrian Styria Medien, now has 242,000 daily readers, making it the second best-read paper in the country.

Tabloid Slovenske Novice is with 342,000 the best read paper in the country, although it lost 3% in readership. Delo is 3<sup>rd</sup> with 138,000 readers (-17%), followed by

Dnevnik with 125,000 readers (-18%) and Vecer (122,000; -20%).

The Saturday edition žurnal is now the best-read weekend paper with 357,000 readers because competitor Nedeljski dnevnik - leading for decades in the country - went down from 416,000 to 340,000 readers.

The digital portal zurnal24.si is the most visited newspaper portal with 330,000 unique monthly visits.

### **Israel Today increases readership**

Israel Today increased its reach in the first 6 months of 2009 compared to the last half of 2008 from 23.2% to 26.9%. There was no information on readership of free papers Israel Post or 24 Minutes.

Paid paper Yediot Ahronot saw its exposure rate fall from 35.9% to 34.2% according to the TGI-research. Ma'ariv increased reach to 14.4% from 13.8% in 2008. Haaretz' exposure rate was unchanged at 7.5% (Globes)

### **L'Essentiel 2<sup>nd</sup> in Luxembourg**

Free daily L'Essentiel is the second Luxembourg newspaper after paid paper Luxemburger Wort, reaching 27% of the population. Luxemburger Wort reaches 43%.

Free daily Point 24 reaches 15% of the Luxembourgers. Other paid papers (Tageblatt, Zeitung von Letzebuenger Vollek, Le Queotidien, Letzebuenger Journal and La Voix du Luxembourg) follow on place 4 to 8.

### **Monthly readership paid & free**

Although readership of paid newspapers seems to be rather stable during the year, readership of free newspapers changes more rapidly, most of all because free dailies tend to stop publishing during the summer or cut circulation.

The Dutch readership survey organization NOM started in 2008 with tracking the monthly readership of newspapers. Readership of free dailies is dropping in July and August 2008, in September it picks up again. Also January and December show lower readership. Paid national and local readership is more stable (Cebuco).

### **Danish free dailies 1, 4 & 5**

Free MetroXpress is the best read Danish newspaper in April-June 2009 with 522,000 daily readers. Paid papers Jyllands Posten (452,000) and Politiken (422,000) are 2<sup>nd</sup> and 3<sup>rd</sup>. Free daily 24timer (owned by Metro International) is 4<sup>th</sup> with 384,000 readers while Urban (Berlingske) is 5<sup>th</sup> with 374,000 readers. (MediaWatch)

### **Spanish frees down in readership**

20 Minutos, for several years the best-read Spanish newspaper, lost its leading position to sports paper Marca in the last AIMC readership survey (October 2008 - May 2009). 20 Minutos now has 2,527,000 daily readers, against 2,767,000 readers for Marca. In the previous period (April 2008 - March 2009) 20 Minutos was leading with 2,772,000 readers - Marca had 2,749,000 readers.

El Pais is 3<sup>rd</sup> with 2,101,000 readers (2,182,000 in previous period). Also Qué! and ADN lost readers, as a result of the cuts in circulation and closed down editions. Qué! went from 2,116,000 to 1,885,000; ADN now has 1,495,000 against 1,671,000 in the previous period.

20 Minutos is the 9<sup>th</sup> news portal in Spain (11<sup>th</sup> in previous period) with 871,000 monthly visitors, up from 810,000 in the previous period. Not all Spanish news sites, however, are covered by the research.

## ADVERTISING

### DNews sees advertising increase

In disregard of the recession, free Italian paper DNews (Milan, Rome, Bergamo and Verona) saw a 10% rise in advertising revenue (€3.4 million) in the first 6 months of 2009 compared to the same period last year.

According to Claudio Noziglia, president of publisher Mag Editoriale Srl, national advertising increased with an average of 50% every month. Half of advertising is national, the other half local. The publisher hopes to have a total revenue of €7 million by the end of the year, which would mean an increase of 25% compared to 2008. Next year DNews expects to reach break-even (Publicitalia).

## ONLINE

### Examiner online expands

The Examiner online network expanded with 20 markets and is now reaching 110 cities. The news is mostly written by users ('examiners'). The free paper version is published in San Francisco and Washington.

Five of the new cities are in Texas (Waco, Corpus Christi, Lubbock, El Paso, Midland-Odessa); Bakersfield (CA), Colorado Springs and Atlantic City (NJ) are among the other new markets. (EuroInvestor)

### Urban bans news from website

No more than one journalist and two interns worked for the website of Urban (Berlingske Officin / Mecom). But all of them have to go because 'news' is no longer the focus of the website according to Urban editor Henrik Bay in Journalisten.dk. The website attracted not enough visitors to "monetize" the news operation. The paper stopped on July 2 for the summer holiday and will return with a website that features a PDF version of the printed edition.

Total losses of Urban were around €7 million (50m Dkr) according to MediaWatch. This was deducted from the documentation Urban supplied when they applied for funds from the Danish Press Board. Berlingse director Lisbeth Knudsen expects Urban to be profitable in 2012 according to the MediaWatch article.

### Jobzonen in MetroXpress & 24timer

Danish free dailies MetroXpress and 24timer closed a deal with Danish recruitment website Jobzonen.dk. Ads from the website will now also appear in the printed and online editions of both papers. (MediaWatch)

Jobzonen is owned by the leading publishers in Denmark: JP/Politken Hus and Berlingse Media, and by broadcaster TV2. The free dailies are owned by Metro International (51%), A-Pressen (24.5%) and JP/Politiken Hus (24.5%).

### Nyhedsavisen resurrected online

One year after the bankruptcy of free daily Nyhedsavisen its website avisen.dk will be relaunched as a news website owned by A-pressen and Freeway. Eight journalists will work for the website. (MediaWatch)

### Citizen Journalism for 15min

Lithuanian free daily 15min started the citizen journalism project Jkrauk Ziniu whereby readers can upload stories and pictures to the 15min website. The most prominent feature is the PhotoPolice section where readers upload pictures of traffic accidents and incidents. (Opinjia)

## DAG.nl closes down in October

Dutch Internet news portal DAG.nl, the last remains of free daily DAG that was closed down in October last year, will stop operating in October 2009. Eight people will lose their job. DAG.nl is now operating as an online news platform and is also providing news for other websites. De Volkskrant, paid paper of DAG's owner PCM, is offering to take over these services.

## LEGISLATION

### Irish Competition

The Irish Competition Authority "has determined to carry out a full investigation" in relation to the proposed Metro and Herald AM merger. Irish Times, DMG Ireland (Associated Newspapers) and Independent Newspapers want to acquire Fortunegreen Limited, the publisher of Metro Ireland (now owned by Irish Times, DMG and Metro International) and merge the paper with Herald AM (Independent Newspapers).

The Competition Authority said it was not able to conclude that the proposed acquisition will not substantially lessen competition without carrying out a full investigation. A final decision has to be reached before November 26. Interested parties are invited to make submissions until 17 September 2009.

However, it looks like a weird move, resulting only in extra work for the Competition Authority, because what's the problem here? Less papers than a year ago, but still one more than 5 years ago.

### Danish newspaper state support

Free Danish daily Urban, published by Berlingske Media (Mecom), will receive 7.3 million Dkr (€1 million) support from the Danish Newspaper Board. The money must be used to develop the paper over the next three years. It's the highest support the Newspaper Board has handed out since it started operating three years ago. Berlingske is required to put in an equal sum. Earlier, also MetroXpress and 24Timer received support for distribution. At that time Urban criticized these media for accepting support.

After MetroXpress and 24Timer received distribution aid of €2.3m each for 2009 and Urban will get €1m state support, paid newspapers complained that their 'pot of gold' is shrinking. It is expected that also Urban - the paper 'forgot' to apply for distribution aid in 2008 - will get €2.3m next year, meaning that free papers will receive a total of almost €7m. Total available state support for distribution in Denmark is €44m.

The Danish Newspaper Association asked Lars Løkke Rasmussen, the minister responsible for media to raise the total amount of distribution aid. (MediaWatch)

Danish papers have a 0 (zero) V.A.T. rate and are according to the World Association of Newspapers the most expensive newspapers in the world...

## PEOPLE

### Leaving Metro

Rather suddenly four senior Metro Executives decided to leave Metro International according to a press release:

*"Mr. Jan Sjöwall (Senior Vice President of Corporate Development), Mr. Steve Nylund (Executive Vice President - Head of Corporate Development), Mr. Sakari Pitkänen (Vice President of Metro Interactive) and Mr. Robert Patterson (Executive Vice President) have all decided to leave Metro for individual reasons."*

## De Pers & Wegener

Dutch free daily De Pers - owned by millionaire Marcel Boekhoorn - will be printed and distributed by regional publisher Wegener (majority owned by Mecom). Earlier the free daily, announced that advertising sales would be handled by Wegener. The cooperation will go on for 'several' years according to De Pers' director Ben Rogmans. 20 people have left De Pers or have moved to Wegener as a result of the operation. (Adformatie)

Wegener director Joop Munsterman wants to make De Pers "the largest daily in the Netherlands" according to an interview in De Pers. When De Pers was launched in 2007, director Cornelis van den Berg boasted that it would have the highest circulation in the Netherlands within a year and be profitable as well. History proved him wrong while he was forced to leave after little more than a year.

How the new effort will be brought about is a mystery. De Pers has been cutting costs and sacking staff in the last years while Wegener is part of the debt-ridden Mecom. De Pers cut back circulation to 200,000 from almost 500,000 in 2007 and 370,000 in 2008.

Mecom wants to take Wegener from the stock exchange - opposed by the minority share holders - probably to mortgage the company to pay the huge debts. Clearing out Wegener is more likely than investing in it. Munsterman has experiences with free papers, he used to be in charge of the free weeklies of the company.

## Sanoma's free better than paid

The sales of Sanoma's freesheet division Kaupunkilehdet 'decreased slightly', mainly because of the merger between Metro and Uutislehti 100 in 2008. The company is still confident about the free division, because, according to the publisher's 2009-I (January-June) report: Kaupunkilehdet has gained market share in the advertising market, since free sheets in general are performing better than the media market in general.

## Metro Italy sale confirmed

Metro International confirmed the sale of their Italian operation on July 31. New owner is New Media Enterprises, controlled by Salvatore Puzzo and printing company Litosud (20%). The new owners will be publishing Metro Italy as a franchise. Mario Farina (20%), one of the owners of Litosud also member of the board of MAg Editoriale, the publisher of free daily DNews. This could possibly lead to cooperation between the papers.

The journalists of the paper, however, were objecting to the sale because there were not enough guarantees for the independence and future of the paper. (Affaritaliani, Infodem, Pubblicitalia)

The transaction is estimated to have a positive cash flow impact for Metro International of approximately € 1.5 million in 2009 according to Metro.

Metro publishes six editions (Rome, Milan, Bologna, Florence, Genoa, Turin), with a total circulation of around 800,000 and 1.8 million daily readers. Leggo (Caltagirone, Il Messaggero) is the largest Italian free daily. Metro and City (RCS, Corriere della Sera) compete for the second place. E Polis and DNews follow on position 4 and 5.

Metro started in Italy in July 2000 with an edition in Rome, Milan followed in October of that year although Schibsted won the official tender but could not launch the paper as

Norway was a non-EU country. The other editions started in 2005. Veneto and Bergamo closed in 2009 and 2008.

## Metro story and Jensen interview

On Kristine Lowe's blog there is an analysis of the Metro franchise strategy that is worth reading, it's about Metro as the McDonald's of newspapers, without using that name in a negative way.

I should add that the comparison is already several years old. When Metro launched in France in 2002, the paper (and competitor 20 Minutes) was greeted with angry comments from trade unions and paid newspapers, naming it the McDonald's of the press - indicating that it was junk food compared to paid papers. Former CEO Pelle Tornberg turned that argument around and proudly called Metro the McDonald's of newspapers that was going to steal readers from the paid press. In Ellen Spørstol's thesis (2003) Metro and 20 Minutes were already compared to McDonalds (and Ikea).

On the franchise-strategy, the list below shows all Metro's, only five operations are fully owned, three more are majority owned (plus one Russian edition) while the Canadian Metro is a 50/50 operation. The remaining Metro's are minority owned or pure franchises.

- Hungary - 100%
- the Netherlands - 100%
- Greece - 100%
- Hong Kong - 100%
- Chile - 100%
- France - 67% , 33% TF1
- Sweden - 65% , 35% Schibsted
- Denmark - 51% , A-Pressen 24.5%, JP/Politiken 24.5%
- Canada - 50% 'financial interest' (Halifax 17%)
- Russia - 58% St. Petersburg, 1% Moscow franchise
- Mexico - franchise, 49% , 51% Inmobiliaria Torraco and MX Shares
- Czech Republic - 40% , franchise, 60% Mafra
- Korea - franchise, 30%
- Brazil - franchise, 30% , 70% Grupo Bandeirantes
- Portugal - franchise, 20%, 80% Holdimédia
- Ecuador - franchise, 15% , 85% Grupo Hoy
- Italy - franchise, owned by New Media Enterprise
- Finland - franchise, owned by Sanoma
- USA - franchise, owned by Seabay Media Holdings
- Ireland (a Metro UK operation, 10%, to be sold)
- Closed down: UK, Switzerland, Argentina, Poland, Croatia, and Spain

Supporting the franchise / partnership hypothesis is the fact that several operations were in fact fully or majority owned in the past: Italy, USA, Portugal, Czech Republic and Finland; while some of the majority owned now (Sweden, Denmark) were fully owned in the past. There was a strategy to increase ownership in the past (Hungary, the Netherlands), that seems to be reversed now (although in St. Petersburg ownership increased).

Some franchises or minority ownership operations are the result of legal issues, particularly a ban on foreign ownership (Brazil, Mexico) or tax reasons (Canada).

## Metro 2009 Q2 results

The second quarter was - again - not very good for the world's largest publisher of free newspapers. With the recession still hurting sales, the small operating profit in Q2 2008 changed to a loss in Q2 2009 (adjusted €1.2m, net €3m). The net loss was €3.7m.

Net revenues (adjusted for currency movements, closed and divested operations and revenues lost due to the Easter Holidays) declined by 12 percent. Net revenues decreased by 26 percent to €61m. The net loss for the

first 6 months was €18.9m, sales decreased with 25% compared to 2008.

Good news is the decline in costs by 11%, the sale of the loss-making US-operations, the divestment in Portugal and the acquisition of the majority in the Moscow Metro.

### **Direct Sport 450,000 copies**

Direct Sport, the free sport weekly of Bolloré's Direct media group, distributes 450,000 weekly copies six weeks after the launch on June 12. Bolloré's Direct brands also include the commercial TV station Direct 8, free morning and evening dailies in Paris (Direct Matin, Direct Soir) and free dailies in Nantes, Nice and Toulouse. (Le JDD)

## TITLES

### **Metro UK closes regional offices**

Free UK paper Metro will cut 30 jobs in the regional "Metro Life" departments. In Metro Life arts, entertainment and food is covered. The layoffs will result in the closing down of regional offices in Manchester, Glasgow, Newcastle, Birmingham and Bristol. The Metro Life sections will be produced by Metro's partner titles and publishers (Trinity Mirror, Johnston Press) in the future. (PaidContent, The Guardian)

### **Cape Cod Day**

Cape Cod Day - a Tuesday-Saturday free paper - is published on Cape Cod (Massachusetts) during the holiday season by GateHouse Media. The first issue appeared on June 23. Circulation is 25,000. It is only published in June, July and August when the Cape Cod community is at its holiday peak.

Cape Cod Day is printed in a square format and counts 32 pages. It's filled with listing of events, news, sports and some longer stories, many of them focused on arts and culture. More than a third is filled with ads.

Similar papers - called the Daily Beachcomber - are published by the Seacoast Media Group in Hampton (NH) and York (ME). SMG is part of the Dow Jones Local Media Group, which in turn is part of Rupert Murdoch's News International.

### **New Metro design**

All Metro International editions will have a new design at the end of September. Chile was first on August 12. The colour of the masthead background (from dark to lighter green - repeated on inside pages) is different while there is a different font for headings as well on the front page.

Most changes, however, are on inside pages, as was explained in the Swedish edition that got the new design on August 17 - that issue contained also an interview with Spanish designer Al Triviño. Earlier Triviño re-designed the Sunday Times and The Australian.

Apart from the total redesign (lay-out, colours, fonts, headings, icons) new sections are introduced: 1. News, 2. Sports and 3. Entertainment & TV; and a + (Plus) section (fashion, life style, tourism).

France (August 31), Denmark (September 3) and USA probably will be next, followed by the other editions, the Netherlands will introduce the new design in the third week of September. On the Read Metro website all pdf's of Metro International's editions (18 countries) can be viewed as e-paper and can be downloaded.

### **MetroXpress sponsors exhibition**

In December 2009, the UN Climate Change Conference COP15 will be held in Copenhagen. Until the beginning of the conference on December 7, Danish free daily MetroXpress will publish one picture from the Copenhagen 100 Places to Remember Before they Disappear exhibition, developed by Co+Life. The exhibition was shown first in Arhus and will be in Copenhagen from September 26 on.

### **Denver: 1 paid down, 2 frees up**

Clyde Davis Free-Daily blog ran an interesting piece on the newspaper situation in Denver, a town made famous by the closure of the Rocky Mountain News, a paper most people never heard off until it closed down. In the same town, however, two free papers are doing quite well: The Aurora Sentinel and The Denver Daily News.

The first paper is serving the Denver suburb of Aurora (300,000 population) since 2004, first as free daily The Aurora Sun. In 2007 the paper merged with weekly Aurora Sun and is now published as Aurora Sentinel Free Daily. People can pick up the paper from 1,000 racks and boxes. The paper has a weekday (Mon-Thu) circulation of almost 9,000 copies while its Friday weekend edition prints 16,500 copies. Paid weekly Aurora Sentinel has a circulation of 7,500.

The Denver Daily News is more a city paper so there is not too much competition between the two. It is part of the Price/Pavelich group that also publishes free papers in Vail and Palo Alto.

### **Major changes in Switzerland**

In these months, the Swiss print media will see some major changes. Leading paid tabloid Blick (Ringier) will go through another concept change, free sister-paper Blick-am-Abend launched two new editions, the competition between free dailies in the western French speaking part will cease to be while leading free daily 20 Minuten will target more local markets.

Blick, once the leading paper, now second in circulation and readership after Tamedia's 20 Minuten. The paper moved to a small half-Berliner format less than two years ago, with the extra feature of an integrated sports section at the back printed upside down. The reader had to turn the paper over to read it. One of the 'hidden features' was that the paper could not be shared between family members. This non-sharing of the paper will be ended in October as Blick will go back to its old format and will print in different sections.

In July publisher Ringier announced personal changes as well. Blick-director Thomas Passen stepped down and was succeeded by Caroline Thoma, formerly the director of the now defunct free daily .ch. Bernhard Weissberg, formerly editor of the Sunday paper and free daily Heute, stepped down as editor in chief of Blick. A successor is not yet appointed according to Persoenlich.

The problem of Blick is that it not only feels competition from 20 Minuten but also from its own free evening paper Blick-am-Abend, which is more successful than its predecessor Heute, but does not make any money (in contrast to 20 Minuten). Blick-am-Abend expanded to Luzern and St. Gallen. Blick, Blick-am-Abend and Sontags-Blick will be integrated in one newsroom.

Free market leader 20 Minuten will introduce a local media portal for communities, according to director Marcel Kohler in an interview in Persoenlich. It will also target smaller and local advertisers, thereby competing with local papers as well.

The last major change is the merger between French language free daily 20 Minutes and Le Matin Bleu, as a result of the merger between the two publishers Tamedia and Edipresse. The time frame is not yet certain as it waits the approval of the Swiss competition authorities.

Le Matin Bleu closed down for the summer from Monday 20 July till August 16. The main reason for the closure is the recession according to Persoenlich. Competitor 20 Minutes will cut circulation from 237,000 to 200,000.

### **A thin line between paid and free**

Free/paid Austrian daily Österreich has a aggressive marketing whereby people get incentives (iPods, coffee machines, €100 cash) when they subscribe to the paper. One of the most wanted presents is a free highway voucher (Autobahn-Vignette), something Austrians need for the Autobahn. Österreich handed out vouchers with a value of €1.5 million without paying Asfinag, the government organization that issues the vouchers. In total Österreich bought €7.7 million worth of stickers.

Österreich defends itself in Der Standard by saying that Asfinag has unpaid advertising bills and that subscribers have not paid yet. This suggests that you can subscribe to Österreich, receive the voucher, but refuse to pay your subscription, which makes Österreich not only free to paid subscribers but also giving them a free Autobahn-Vignette (€74 for one year).

Not all is free in Austria, however. Free Sunday paper Rundschau am Sonntag recently ended the free distribution because of dropped advertising revenues. From now on readers 'are asked' to pay 50 cents for a paper. Yes 'asked', because these papers are distributed in bags in public places where the public 'can' put money in box. How many people actually do that is the big secret in Austria but the common name for these bags are Klaubbeutel (grab-bag) which indicate that only part of the readers actually pay.

Rundschau am Sonntag has a circulation of 320,000 and although the editor says the public reacts 'positive' to the move (Der Standard), he fails to say how many of the readers put 50 cent in the box.

### **Politico daily again in September**

Politico, the Washington based website/newspaper moved to a five-days-a-week schedule in February of this year, making it a 'real' newspaper. The five days-schedule, however, is only in the weeks Congress is in session five days. In March, May, June and July the paper was published four or five times week almost every week.

End of July the paper had its last run of the five-days schedule, in the first week of August Politico published Monday to Thursday. The paper will return in September with an (almost) daily schedule.

In an article in Vanity Fair, Michael Wolff analyses the success of Politico. He concluded that although the website is the driver for the success, the free daily is the money-maker. Who said "print is dead"?

### **Young Reader Prize Metro Poland**

The project 'Round Table 2009' by Polish daily Metro has been honoured with a Jury Commendation in the World Young Reader Prize contest, organized by World Association of Newspapers and IFRA.

The project carried out by Metro in cooperation with Polish Youth Association has been recognised in "public service" category. The jury appreciated the ability to

engage young people in democracy-related issues as well as the energy and passion of the team.

### **Uncertain 5min fate**

Swedish publishing group Bonnier recently sold Latvian newspaper group Diena to local Latvia company Nedela S.A., led by Aleksandrs Tralmaks, former CEO of Diena and managing partner of Catella Corporate Finance. The sale included apart from leading Latvian newspaper Diena also the business daily Dienas Bizness. (Publicitas)

So far there is no news on 5Min, the free daily that was part of the Diena group. 5Min was launched in August 2005 and was distributed in different Latvian and Russian editions. Total circulation was around 85,000. An item on Latvian website Delfi suggests that 5Min is still being published. In December 2008 the paper moved from a 5 to 4 days a week, dropping the Monday edition.

The Baltic Course reported that also Estonian entrepreneur Kalle Norberg, the chairman of Ekspress Group, Gunnar Kobin, and the founders of the company Skype were financially involved in the purchase.

### **Tab goes broadsheet, longsheet**

Palo Alto free daily The Daily News - founded in 1995 - will go through another format change (broadsheet) after it went from long tab to short but broader tab in May of this year. This fall the paper will double in length going from 11.5 inches wide by 11.25 inches deep to 11.5 inches wide and 21 inches deep. (free-daily.com)

As the first format was 11 inches by 16 inches, only the length of the paper seems to change. (By European standards this is not a broadsheet - it must be 16 inches wide at least).

Even if it was something of a broadsheet, it would not be the first or only free broadsheet in the world. Briefing (Dallas), the Colorado Daily (not 100% about that one), The Sports Hankook (Korea), Baslerstab (Switzerland) were/are broadsheets as well.

### **Diario Prensa - most southern free**

Started already on March 21, 2001, free Diario Prensa, published in the Argentine city of Ushuaia, now is in its 8<sup>th</sup> year. The publisher started with a paid weekly Prensa Libre in 1988 - closed down in November 2001. Ushuaia is the most southern city in the world, located in Tierra del Fuego, the most southern part of Argentina. It is also distributed in Rio Grande and Tolhuin.

The paper is published five days a week, counts 20 pages on average and is printed mostly in black and white. Circulation is unknown. The publisher also operates a radio station: FM Prensa.

### **El Diario de Concepcion**

El Diario de Concepcion, a free daily published 7 days a week, started on March 20, 2008 in Concepcion Chile. The paper seems to be 'temporary' free, it wants paid distribution in the future. It carries the text "Edición independiente que circula junto a La Tercera", suggesting it is distributed together with paid paper La Tercera, the fourth paid paper in Chile, published by Copesa.

The same publisher also owns the La Hora (morning) and La Hora de la Tarde (evening) free dailies in capital Santiago. El Diario de Concepcion is published in cooperation with Universidad de Concepción. Circulation is unknown so far. (ABYZ Newslinks)

## La U Buenos Aires

Another free newspaper was 'discovered' (ABYZ newlinks) in South-America, this time in Buenos Aires, Argentina. The free paper "La U" probably started as a university newspaper but moved to general distribution some years ago. The circulation is around 23,000 according to IVC.

Sergio Szpolski, the owner of free daily La Argentino, once owned the paper but sold it around 2007. Current publisher is Frio Terminal Rosario SA - controlled by Luis Cetrá, also owner of Radio Continental. Publication is rather unstable according to our Argentine sources.

## New recycle bins for London

Since last week, London's Camden area is provided with 70 new recycle bins, a joint effort by the Camden Council, and both free evening papers thelondonpaper and London Lite. The bins - added to the 120 already existing bins - have been put around Holborn, Euston and Tottenham Court Road underground stations.

## Shopping bag free news

Moscow shoppers don't get 'just' a bag with their groceries, they get a free newspaper bag in some cases. Since August 2008, a Moscow firm distributes 150,000 copies of their 'GazetaPaket' - which you can carry AND read. Content mostly consists of advertising, although there are some news items, a crossword puzzle and recipes as well on the bagpaper. (Olaf Koens)

## Daily Post ads Saturday edition

Palo Alto free daily The Daily Post launched a Saturday edition. The Post started last year by Jim Pavelich and Dave Price as an extension of the SF Daily Post. The SF edition closed down this year and now only the Palo Alto edition is published, it covers the SF Peninsula from Burlingame to Mountain View.

Pavelich and Price started the Palo Alto Daily News in 1995 and sold it in 2005 to Knight Ridder. Competitor The Daily News publishes five days a week: from Tuesday to Saturday - until last year it even had a Sunday edition.

## RESEARCH

### German book on free dailies

Just published in Germany by Nomos Verlag: "Gratis-Tageszeitungen in den Lesermärkten Westeuropas", edited by Prof. Dr. Michael Haller (University Leipzig).

Several newspaper markets in Europe are covered. I also contributed a chapter (3.1 Übersicht über den Gratis-Zeitungsmarkt in Europa, pp. 27-46). The book can be ordered from the NOMOS website.

In the introduction, the General-Anzeiger für Lübeck und Umgebung is said to be the first free daily ever - although it seems to be more of a mixed free/paid model. Information on Wikipedia and the company's (now Lübecker Nachrichten) website completed the picture.

The paper was founded in 1882 by Charles Coleman (1852-1936), who's family was from Scotland, as a free twice-a-week advertising paper in Lübeck. In 1885 the paper went daily. From the beginning the General-Anzeiger für Lübeck had a mixed model, for 60 pfennig it was home delivered during three months.

Unknown, however, is when the free distribution ended. The company website states that the 'sold' circulation in 1887 was 5,000. In 1890 total circulation was 12,800 in

1890, suggesting that there was indeed a fair amount of free distribution.

In the thirties the paper was taken over by the Nazi's, while it merged with the NSDAP paper Lübecker Volksbote in 1942 - the new paper was called Lübecker Zeitung. In 1945 the paper was closed down. A year later new owners got permission to start the Lübecker Nachrichten. In 1971 Axel Springer bought 20%, later increasing this later to a 49% ownership - in 2009 the share is sold to Madsack.

## Thesis on Danish frees available

The thesis on the political function of Danish free and paid newspapers is online now on newspaperinnovation. It can be downloaded from the resources page (2009). The author Aske Kammer was rewarded an 'A' indicating his supervisors were quite pleased with the result.

The general conclusion was that free dailies (MetroXpress, Urban and the now defunct Nyhedsavisen) offer quite a lot general political news, sometimes even better than tabloid papers, although they offer less background and opinion than traditional broadsheet papers. This is even more important because groups that usually don't read newspapers, do read the free dailies. In other words: society gains from free dailies.

## EVENTS

### Cardiff: September 9-10

At the Future of Journalism conference, organized by the Cardiff University I will present a paper about user-generated content for media websites.

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

### Austria: September 24

I will talk at the meeting of Gruppe Wochenzeitungen und Magazine (weekly paper and magazines) of the Austrian Publishers Organization VÖZ in Langenlois.

<http://www.voez.at/>

### Budapest: October 6

I will talk at "Effective and valuable print ads conference", organized by the Hungarian Association of Newspapers.

<http://www.mle.org.hu/index.php>

### Moscow: October 8-10

At the Media Readings conference in Moscow, organized by the Moscow State University, I will present a paper about print media developments in Eastern Europe.

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

### Zurich: 19-21 November

At the "Journalism Research in the Public Interest" conference in Zurich I will present a paper on Blogging on Dutch media websites.

<http://project.zhaw.ch/de/linguistik/jrc.html>

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