

Free Daily Newspapers

FDN NEWSLETTER NO. 54 – www.newspaperinnovation.com - 900 subscribers – February 2010

Romania	Germany	France	Austria	Metro
32 editions of Adevarul de Seara (p. 1-2)	Welt Aktuell launched (p. 1)	Trade union fights Direct Matin (p. 4)	Publishers quarrel over racks (p. 3)	15 years of Metro International (p. 3-4)

Europe 1995 - 2010

In 2009 average free circulation in Europe dropped with 19% from 26.2 to 21.3 million. When we compare average circulation in 2010 with 2009 another drop of 9% can be recorded. The number of countries with free dailies went down from 33 in 2008 to 32 a year later (-Estonia) and to 29 (-Turkey, -Ukraine and -Lithuania) in 2010.

In 2007 there were 139 titles published in Europe; that number dropped to 82 in 2010. This also means less competition; in 2006 and 2007 there were 4.5 different free titles published on average in every country; in 2010 this is only 2.8.

The FDN barometer this month is devoted to Europe 1995 – 2010. In the table **average** and **end of year** circulation, the number of free dailies published in each year and the countries with free dailies are listed.

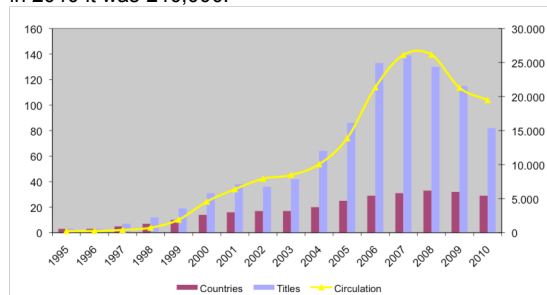
Average circulation differs from **end of year** circulation. In the **end of year** circulation only free dailies that are published at the end of December are taken into account – closed down papers are not included while papers launched during that particular year count in full. For papers that are published throughout the year, however, auditing organizations use average circulation. Therefore it makes sense to use average circulation for all papers.

This means that closed down papers are now also taken into account while new launches are partly included. A paper closed down at the end of October is included for 10/12 of its circulation, papers launched in the beginning of November for 2/12. In years with more closures than launches the average circulation is higher than the end of year circulation (that would be 19.6 million for 2009).

Circulation (x 1000), titles & countries Europe

	Countries	Titles	Average circulation	End of year circulation
1995	3	3	231	231
1996	3	3	249	249
1997	5	7	403	558
1998	7	12	737	918
1999	10	19	1.915	2.711
2000	14	31	4.574	5.294
2001	16	38	6.389	7.373
2002	17	36	7.929	8.347
2003	17	42	8.476	8.797
2004	20	64	10.068	11.029
2005	25	86	13.891	15.412
2006	29	133	21.367	24.304
2007	31	139	26.121	26.928
2008	33	130	26.165	25.707
2009	32	115	21.309	19.584
2010	29	82	19.485	19.485

As can be seen in the graph below, the number of titles is now less than in 2005, although circulation is still higher, an indication that more smaller papers have closed down. In 2006 the average circulation of a free daily was 160,000; in 2010 it was 240,000.



(bigger picture on the website)

LAUNCHES

New Springer free daily in Germany

Welt Aktuell, the free paper distributed to airline passengers in Germany, debuted on January 4. The paper is handed out to all Lufthansa passengers (business and economy) on domestic flights in Germany after 16:00 each weekday afternoon. The paper counts 12 tabloid pages. Content comes mostly from other Axel Springer papers like Die Welt, Welt am Sonntag and Welt Kompakt. Circulation is 30,000.



Since the closure of airline paper Süddeutsche Zeitung Primetime (also an afternoon paper for Lufthansa passengers), Germany was without free

papers. Earlier in 2009 the free train/plane Handelsblatt am Abend (Holtzbrinck group, Handelsblatt) closed down. Before that there were other (unsuccessful) train/plane papers like die Sportzeitung (2006-2007, also in cooperation with Lufthansa), FTD Kompakt (Financial Times Deutschland, 2003-2006) and ICE-Press (Der Spiegel, 1997-1999).

The fastest growing free daily

Free daily Adevarul de Seara is the free evening spin-off from Romanian paid morning paper Adevarul which was acquired some years ago by Dinu Patriciu, probably the richest Romanian at this moment, who is said to have a fortune of approx. €2 billion.

It started with seven editions in October 2008: Bucharest, Arad, Timisoara, Iasi, Cluj-Napoca, Bacau and Oradea. Each local edition has its own staff and also has its own frontpage. In December 2008 seven more editions were added: Ploiesti, Resita, Deva-Hunedoara, Suceava, Botosani, Targu Mures and Baia Mare.

In 2009 18 new editions were launched between February and September: Craiova, Targu Jiu, Brasov, Sibiu, Bistrița, Constanta, Râmnicu Vâlcea, Drobeta Turnu Severin, Alba Iulia, Braila, Buzau, Focsani, Galati, Piatra Neamt, Pitesti, Satu Mare, Slatina and Targoviste.



Launching 32 local editions of a free daily within one year is something no other paper has been doing in the past. Total (BRAT) audited circulation of the paper was 465,000 at the end of 2009. The publisher even claims a circulation of 530,000.

OBITUARIES

20dk Istanbul

In 2008 two free dailies launched in the Turkish capital Istanbul: Gaste (March) by independent publisher Free News and one month later 20dk (20 minutes) by incumbent publisher Dohan Group (Hürriyet, Milliyet, Posta). After one year Gaste closed down.

I missed, however, the closure of 20dk one month later. The paper claimed a circulation of around 200,000.

After Estonia (2008), the Ukraine and Lithuania (2009) also Turkey is without free dailies.

CIRCULATION

Heute circulation over half a million

Free Austrian daily Heute has increased its circulation in the second half year of 2009 compared to the first six months from 493,000 to more than 500,000 according to the latest ÖAK research.

The average circulation of the paper in 2009 was 493,000. Of these copies 335,000 are distributed in Vienna. Apart from that there are editions in Niederösterreich (St. Pölten) and Oberösterreich (Linz/Wels/Steier) with a circulation of 94,000 and 53,000.

Free/Paid paper Österreich had an average weekday free circulation of 153,000 copies in 2009.

Frees 2nd, 3rd & 4th in France

Free daily 20 Minutes is the national paper with the highest circulation in 2009 in France according to the latest OJD research. The paper distributed 710,000 copies on average every weekday.

Metro is the second national daily with 658,000 copies while the Direct Plus papers (Marseille, Lille, Lyon, Paris, Nice, Strasbourg, Rennes, Montpellier, Bordeaux and Toulouse) distributed 649,000 copies (excluding Paris free evening paper Direct Soir: 345,000 in 2009).

The regional paper Ouest France, however, is still the paper with the highest circulation in the country (more than 750,000 copies). National papers like Le Monde, Le Figaro and L'Equipe have a circulation between 300,000 and 350,000.

Circulation of 20 Minutes declined compared to 2008 (783,000) while also Metro cut circulation compared to the previous year (738,000). The Direct Plus papers distributed 666,000 copies in 2008; Direct Soir had a circulation of 493,000.

Free dailies don't distribute for six weeks in summer. Metro was published on 205 days, 20 Minutes on 210 days and the Direct Plus papers on 215 days.

Almost 60% of the Direct papers and 20 Minutes are distributed through racks; Metro uses racks for 34% of its circulation. The remainder of the circulation is mainly hand distributed although 20 minutes uses also direct distribution (5%).

Expansion plans for City AM

London free business daily City AM plans to expand circulation this year by distributing at train stations outside London to target commuters at the beginning of their journey.

City AM will also be available for business class passengers on British Airways flights at London City Airport. Circulation of City AM in January was 88,000; average circulation in 2009 was 98,000.

READERSHIP

Evening Standard 9th, Metro 3rd

Readership of the Evening Standard in the last months when the paper moved to free distribution increased to almost 1.37 million according to Stephen Brook in The Guardian. Brook compares readership data over the last three months with the 6 months preceding that.

This increase (+140%) is exactly in line with the increase from 250,000 to 600,000 copies (also +140%) of the Evening Standard when it introduced the free distribution model. This means the paper has 2.3 readers per copy – either paid or sold.

Metro reaches 2.7 readers per copy; also London Lite had 2.7 readers per copy in their last surveyed period. The London paper reached 2.2 readers per copy in the first half of 2009.

With 1,370,000 readers the Evening Standard would be the 9th paper, surpassing the Daily Record, the Guardian and the Independent.

In the latest public available readership data (October 2008 – September 2009) Metro finally surpassed the Daily Mirror, it is now the 3rd best-read paper in the UK after the Sun and the Daily Mail.

Only two other UK national papers saw their readership increase since 2005/2006: The Times (+2%) and the Daily Star (+15). The Daily Telegraph, The Independent and the Daily Record lost 10% or more.

ADVERTISING

Bullet hole ads in Spits

To promote the launch of the Gangsterboys movie in the Netherlands, free daily Spits not only contained a front-page ad for the movie and the full back page, but also had five (fake) bullet holes on the front page: two in the Spits logo, one in the ad and two at the bottom of the page.



Mozambique Verdade with condom

I have seen free papers with holes, with wraps, with half wraps, with inserts, with pages sticking out, with stickers, with musical chips, with soap glued inside... but I never saw a free paper with a condom inside.

Free Mozambique weekly Verdade was (probably) the first to do so. In one of the February editions a condom was glued inside the paper, much to the surprise of the readers. The distribution took place in cooperation with DKT, an NGO that carries out awareness of the importance of using condoms in all sexual relations.

On the Facebook website of Verdade two dozen pictures of the condom distribution action are posted.

Verdade also operates a YouTube channel (VerdadeTruth) with videos of the distribution of the paper. Great movies of eager readers in Mozambique as you can see on this sample.

Metro Fashion deluxe magazine

On February 26, Metro Belgium distributed another issue of their Fashion deluxe magazine. The magazine was distributed together with the daily newspaper of that morning, which was also be printed on glossy paper for the occasion.

The focus was on the new spring and summer fashion collection, design, and Belgium designers. Both the paper and the magazine are distributed in two versions; a green French language edition and a blue Dutch language version. Total circulation of the magazine is 290,000.

ONLINE

Metro France with Citizenside

Readers of Metro France can now upload their news photo's directly to citizen reporting website MetroReporter. The newspaper developed the website together with CitizenSide, a platform for citizen pictures and videos. If the pictures are published in the printed editions or on Metro's website, the maker is paid between €10 and €70. (Editorsweblog)

CitizenSide also cooperates with broadcaster RTL and free daily 20 Minutes.

Metro Holland with Traffic Radio

Free Dutch daily Metro is since this week cooperating with Internet radio station Traffic Radio. The radio show – meant for car drivers during rush hour – can be listened to via the mobile phone.

Every day, news from Metro will be featured in the morning radio show Spitsradio. ("Spits" means rush hour, however, it is also the name of competing free daily by the Telegraaf Media Group.)

LEGISLATION

Österreich loses lawsuit

Free Austrian paper Heute will keep its exclusive right to distribute in the Vienna public transport system. Competitor Österreich tried to have the exclusive right removed at the Austrian "Kartelgericht" but the court decided to grant Heute the right.

The Vienna administration is now thinking of allowing Österreich more positions in the Vienna streets.

Between the two competitors a long history of quarrels on boxes and racks has been going on, with Heute complaining, the city removing some racks and Österreich putting them back again and suing the competitor. (Der Standard)

Israel freedom of expression...

After the proposed law whereby newspapers cannot be foreign owned in Israel, also another proposal is targeting free newspapers in the country. Marina Solodkin, a member of the opposition Kadima party in the Israel parliament Knesset wants to limit the free distribution of newspapers to no more than a year.

Solodkin told Israel National News:

I am in favor of freedom of expression and pluralism, but in the current situation, there is a danger of centralization – one paper for the lower classes that want a free newspaper, and one for the upper classes. (...) Maariv is in danger of folding. There must be fair competition; it is unfair if a newspaper can cause another to close because it's given out for free. This is what I am trying to prevent.

PUBLISHERS

20 Minutes recovers in Q4

Schibsted's free dailies 20 Minutes (France) and 20 Minutos (Spain) both saw revenues increase in Q4 2009 compared Q3 while both operations also showed a profit (EBITA) for the last quarter of 2009.

In France revenues also increased compared to Q4 2008; in Spain revenues dropped compared to the year before. For the full year 2009, however, the 20 Minutes operations still lost money. The French online operation was break even in Q4 2009 while the Spanish website lost € 0.2 million.

15 years of Metro

On 12 February 1995 the first Metro was launched, meaning that Metro Stockholm celebrated its 15th anniversary in February.

Because of Metro, worldwide newspaper markets look very different today than 15 year ago. The 36 million copies of free dailies that are handed out every day are only here because of Metro. Between 70 and 100 million people in 60 countries read a free newspaper every day.

In the past 15 years, however, Metro only made a profit (\$13 million) in 2006. The losses for 2009 were the highest ever (€22 million), although Q4 showed a remarkable recovery (see below).

Metro now is a very different company compared to what it was even 5 years ago. The recession, the extreme competitive situation in many countries and the strategy of the new CEO, Per Mikael Jensen, led at least to five profound – and related – changes.

1. From **competition to cooperation**. Metro was a very aggressive company in the first 10 year of its existence, but it is much more open for cooperation now. Full ownership was the rule then – it is partnership now. In Denmark and Sweden incumbent publishers own Metro shares and cooperate on advertising; in Hungary Metro works with Springer, in Spain with 20 Minutos, in the UK and Belgium Metro cooperates with “non-Metro” Metro’s.
2. From **ownership to franchise**. Full ownership is now a minority model for Metro. Franchise or minority is the dominant model now. It is a less risky business to operate but also a business with lower revenues.
3. From **Europe to the rest of the world**. The focus in the first years was to have Metro in almost every Western European country; with even Germany high on the list. The most recent launches of Metro are outside that area: Mexico, Brazil, Ecuador and Russia.
4. **Divestments & cost cutting**. The number of closed down and divested editions is high in the last years: Spain, Poland, Croatia (closed down), the Czech Republic, Finland, USA, Italy, Portugal (divested); Headquarters cost have been reduced substantially.
5. **Web revenues**. Probably the most problematic issue is how to make money online. As a paywall is not the most promising strategy for a free newspaper, Metro is developing online partnership as well in the last period, for instance with Foursquare (Canada), CizitizenSide (France), TraineePartner and Traffic Radio (the Netherlands) and Jobzonen (Denmark).

Q4 2009 turning point for Metro

Notwithstanding lower revenues in Q4 2009, Metro International made a profit of € 5.9 million against a loss of € 9.8 million in Q4 2008. These are the highest profits in a single quarter ever for Metro International.

This suggests a turning point for the company; divesting of loss making operations and cost cuts apparently were successful. Headquarters costs, for instance declined year-on-year by 27 percent.

Results for the full year, however, still shows a operating loss of € 13.4 million (2008: loss of € 19.9 million). Excluding closed and divested operations the operating loss was € 3 million (2008: loss of € 6 million).

For the whole year 2009 operations in Sweden, Denmark, the Netherlands, France, Hong Kong, and Chile were profitable. Losses were reported for Hungary and Greece.

The associated companies in South Korea, Brazil, Mexico, the Czech Republic and Canada contributed to Metro’s revenues in a positive way. Online is still a money-losing business.

TITLES

The *Direct Matin* battle

Strikers at the Brodard Graphique printing plant in Coulommiers destroyed 150,000 copies of French free daily *Direct Matin* on February 3. Between 30 and 40 strikers put water on the copies by using the fire hoses at the factory. Also the tires of two trucks were cut.

Total circulation *Direct Matin* is around 450,000; *Direct Matin* printed more papers later to make up for the destroyed copies. (Le Monde, L’Express)

The main problem is that Vincent’s Bolloré’s *Direct Matin* moved from the “newspaper” printing plant of Le Monde to the “commercial” printing plant of Brodard. The trade union CGT wants newspapers to be printed at newspaper printers, while newspapers prefer commercial printers where trade unions are less powerful and rates are lower.

In the conflict between French trade union CGT and Vincent Bolloré, the publisher of free daily *Direct Matin*, a new chapter was written when the union published a fake free daily ‘*Direct Malin*’ (malin: evil or mischievous) February 5.



The fake issue focuses on the fact that Bolloré, CEO of one of the most profitable companies in France, has moved to a cheaper printing plant (where CGT has less influence). It also covers the relation between Bolloré and president Sarkozy.

Not covered in *Direct Malin* is how the people working at the new printer are thinking about the actions directed at *Direct Matin* and at their jobs.

After a strike at the printing plant and the destruction of newspapers, copies of free French daily *Direct Matin* were stolen in Paris on February 9. Several thousand copies were taken from a distributor by five or six men and were later found in the Bois de Boulogne. There will be an official police inquiry according to the Morandini website.

The theft – probably inspired by the actions of the union “CGT du Syndicat du Livre” (SGLCE-CGT) – is yet another incident in the battle between the union and *Direct Matin* owner Vincent Bolloré after he moved to a cheaper (and non-SGLCE-CGT controlled) printer.

Apparently there are still strikes and other actions going to prevent *Direct Matin* from printing or distributing papers. News, however, is hard to get. French media hardly report on the case.

An exception is the blog of Claude Soula on the Nouvelle Observateur website where he explains why the media cover the story. French newspapers fear the printers union, if they report on this issue; printers immediately will go on strike or block distribution. Soula calls this “censorship” by the union.

The stakes are high, if other papers would move over to ‘commercial’ instead of ‘newspaper’ printers, the cost of printing could drop with more than 60% while the power of the union would be broken.

Palo Alto covered in the NYT

The newspaper market in small city of Palo Alto in the Californian Silicon Valley was the subject of an informative article in the New York Times on 26 February. The city has two free dailies, one free weekly – all of them profitable according to their publishers.

The Daily News, also distributed in San Mateo, Redwood City and Burlingame, distributes 30,000 copies while the circulation of the Daily Post is little more than half of that. In terms of journalism, both dailies have rather different approaches, although they both cover the city extensively with their small staff (only 5 people working for the Post).

New design for Shpic

Macedonian free daily Shpic recently introduced a new design, replacing the first design from 2006 when the paper was launched. The old blue logo with an old fashioned font was replaced with a modern red logo.

Apart from Shpic (in Macedonian) also a free paper in Albanian is published by the same company: Koha. The publisher also publishes paid paper Vreme.

As there is no circulation audit in the country and my knowledge of Macedonian (or Albanian) is limited, the circulation is the claimed number by the papers themselves: 125,00 for Shpic and 25,000 for Koha.



20 Minutes photographers on strike

French free daily 20 Minutes (Schibsted/Ouest France) wants to end contracts with half of the 12 photographers working for the paper since six years. The management wants to employ only 6 photographers in the future, which is the reason for the strike the photographers have announced. (Lyon Capitale)

Local De Pers launched

Since the beginning of February, the cooperation between Dutch free daily De Pers and the free weeklies of regional partner Wegener (Mecom group) can be seen in the new free weekly MaasstadPers in Rotterdam.

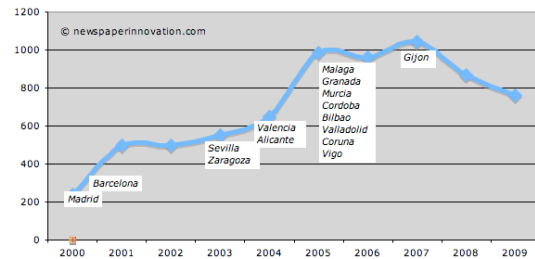
Wegener provides local content while De Pers is responsible for national news. The paper, however, has the typical look and feel of De Pers, with the same color, the same logo and the same font. It also looks more like a regional or national daily than a free weekly.

Total circulation of the Wednesday-weekly is 365,000. There are four editions distributed in Rotterdam. Most of the distribution is to households although there are also racks in shopping centers and other public places.

10 years of 20 Minutos

On February 3, 2000, the first issue of free daily Madrid y M@s was launched in the Spanish capital. In November an edition for Catalonia, Barcelona y M@s, followed.

Norwegian publisher Schibsted bought the newspapers in 2001 and changed the title into 20 Minutos, just like their first free dailies in Switzerland and Germany. Spanish publisher Zeta (El Periodico del Catalunya, Sport) acquired 20% of the operation in 2005. In 2009 Schibsted bought back this minority share.



Editions for Sevilla and Zaragoza were added in 2003; Valencia and Alicante followed in 2004. In 2005 the paper expanded to Malaga, Granada, Murcia, Cordoba, Bilbao, Valladolid, Coruna and Vigo. An edition for Asturias (Gijon) followed in 2007. (bigger picture on website)

Circulation increased until 2007 to more than a million, after that the recession forced 20 Minutos to cut circulation, like all Spanish free dailies.

EVENTS

Linz: 11 March

I will speak about the development of free local newspapers at the meeting of the Austrian regional publishers (Verband der Regionalmedien Österreichs) in Linz on March 11. <http://www.vrm.at/>

Mechelen: 20 May

The School of Journalism in Mechelen (Belgium) organizes the Community-Oriented Media Conference where I will present. <http://mec.khm.be/ICCS.php>

Bogotá: 2-6 June

At the IX World Media Economics and Management Conference in Bogotá (Colombia), organized by the School of Communication at La Sabana University, I will present a paper on print media developments and foreign ownership in Central and Eastern Europe. <http://www.worldmediaemc.com/>

Questions & suggestions: piet.bakker@uva.nl
web: www.newspaperinnovation.com