

Free daily journalism – anything new?

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Denmark became the most competing newspaper market in Europe within a few months after five free dailies launched between August and October 2006. The direct consequences on current affairs journalism will be quite minimal as journalism for commercial media is not new at all and the professional level is not likely to differ. Examples from other competitive markets like Iceland and Spain support this view. Journalistic output will be different, most of all because of the minimal staff at most free dailies, and the absence of weekend editions. Long term and indirect effects might be felt because the pressure on advertising market will increase, rates and revenues for incumbent newspapers will drop, thereby hurting the financial basis for most incumbent publishers. The question is put forward why incumbent publishers choose this way of competing with a entrepreneur instead of investing in editorial content of their paid papers.

Five papers launched in two weeks. This probably never happened in any country in the last 100 years. But it happened in Denmark in August 2006. Two editions of *Centrum* in Aalborg, *Dato* and *24timer* to be distributed in all major urban areas, and *MetroXpress Aften* in Copenhagen. And that was not all, commuter daily *Urban* introduced a new design and increased circulation while *Nyhedsavisen* launched on October 6 of the same year. All launches concerned free papers. Within two months Denmark

Table 1
Free and paid paper circulation (*1000) in Denmark 2001-2007

	2001	2002	2003	2004	2005	2006	2007*
MetroXpress Copenhagen,** Århus (2002), National (2004)	140	199	177	212	238	353	251
Urban Copenhagen, Århus (2004), National*** (2006)	108	181	171	215	223	330	330
Dato Copenhagen, Århus	-	-	-	-	-	200	400
24timer Copenhagen, Århus, Aalborg, South-Jutland	-	-	-	-	-	395	500
Nyhedsavisen Copenhagen, Odense, Århus	-	-	-	-	-	160	400
Centrum Morgen**** Aalborg	-	25	24	27	24	24	24
Centrum Aften Aalborg	-	-	-	-	-	65	65
JPArhus plus Århus	-	-	50	50	50	50	50
Xtra Odense	-	-	-	-	25	26	26
Total	248	405	422	504	560	1.603	2.046
Paid circulation	1.456	1.433	1.381	1.325	1.290	-	-

* March 2007

** The evening (Aften) edition in Copenhagen was closed down in December 2006

*** Replaced editions for Aalborg, Henning, Odense and Jutland launched in 2005

**** Centrum Morgen was a 2006 relaunch of the existing free daily 10 Minutter

became the most competitive newspaper market in Europe. Unemployment among journalists vanished overnight while competition, something journalists are supposed to like very much, increased to a level not shown before: five national distributed free dailies, competing with established titles like *Jyllands-Posten*, *Politiken*, *Berlingske Tidende*, *Ekstra Bladet* and *BT*. And in major urban markets like Aalborg, Odense and Aarhus free and paid local papers compete as well (see table 1).

Within two months 60% of the total Danish weekday circulation consisted of free papers – in 2005 this was 30%. The country will be a new model in newspapers – only tested in Iceland so far. A model that might come to other European countries too, where many eyes are set on the little kingdom by the sea. The publisher of *Nyhedsavisen* is looking for other markets too, Norway, Sweden and the Netherlands are said to be on the short list, while plans for the US are already made public: Boston first and maybe as much as a dozen other cities after that. The future could look dramatically different from the standard newspaper market we know now; a model already used for commercial air-to-air television (no subscriber base or fee structure but only advertising income), could become also the model for the majority of the newspaper circulation.

Will new titles keep flooding the market and will existing titles get into problems because they lose circulation and advertising income, which would result in cost cutting business models, axing of editorial jobs and editorial policies aimed at pleasing advertisers? Is this the death of serious journalism and a nightmare for democracy? Before we will explore possible consequences of the free paper flood, we will address the fundamental question of commercial media and look to Iceland and Spain, the two markets where already the majority of newspaper circulation is free.

Commercial journalism

Free newspapers are financed by ads. But is this different from 'normal' papers? In fact, most newspapers in Europe depend more on advertisers than on sales. In the US many papers see 80% of their revenues coming from advertisers. But even 50% means that a paper cannot survive without advertisers, and does, in other words: depend on them. Commercial television and radio, most magazines, and almost every website depends only or mainly on advertising. Only public service broadcasting and state or party run media escape the market forces of capitalism. Non-commercial journalism is not the model, it is the exception – and it is getting more exceptional every day.

Iceland and Spain

Iceland is leading the way when it comes to free dailies – remarkable for a country that was only famous for starting a war on cod without having an army. In Iceland 75% of the circulation consists of free newspapers. *Fréttabladid*, launched in 2001, a sometimes 100-page tabloid is distributed door-to-door seven days a week with a circulation of 103.000; *Bladid* (2005) has a circulation of 80.000. The main casualties were tabloid *DV* – losing circulation and ended up being bought by the publisher of *Fréttabladid* – and the tiny *Dagur* which disappeared. The other paid paper *Morgunbladid*, however, hardly did lose circulation in the last five years. So we have four instead of three papers, a tabloid losing readers but more people reading more newspapers than five years ago. The content of free papers is of course the real test. But we should give readers some credit; it is hard to imagine that people pick up the paper from the porch for years without finding any value in it.

Also in Spain more free than paid papers are distributed. The paid titles did not suffer according to *World Press Trends* (1996-2006). There are 4.8 million copies of free papers distributed in Spain every weekday (see table 2). Free daily *20 Minutos* is the best-read paper in the country with 2.4 million readers and a circulation of 963.000 (2.5 readers per issue). *El País* grew 15% in the last 10 years; as did *El Mundo*. Other paid titles (*ABC*, *Marca*) lost

Table 2

Free dailies and paid circulation (*1000) in Spain 2000-2006

	2000	2001	2002	2003	2004	2005	2006
20 Minutos (Schibsted)	240	500	500	550	650	986	963
Metro (Metro International)	-	414	393	590	700	815	768
Qué! (Recoletos)	-	-	-	-	-	965	964
ADN (Planeta)	-	-	-	-	-	-	910
Others (23 free titles 2006)	30	112	178	401	528	733	1166
Total free	270	1026	1071	1541	1878	3499	4771
Paid circulation	4.261	4.274	4.157	4.185	4.240	4.200	-

circulation, but across the board the paid market remained stable, also because of heavy weekend readership. More people read more papers than five years ago. Readers won't find any of the in-dept analyses in *Metro* that they would find in *El País* nor political editorials in *Qué!* that they would expect in *ABC*. But all free newspapers do an adequate job of reporting current affairs, all have more local reporting than most of the national ones (*20 Minutos* especially) while they do other things (life style, entertainment) much better.

A free door-to-door daily in Denmark, who will suffer?

Will the introduction of door-to-door titles change the media landscape dramatically? Since *Metro* and *Urban* were introduced in 2001, paid Danish papers lost 10% of their circulation. This happened in almost every European country – also in Germany, Luxemburg and Norway where there are no free papers. But there are many reasons for the decline – especially young people spend more time on other media like the Internet, mobile phones, commercial television and games – but free dailies no doubt played their part in the decreasing circulation. It also looks as if tabloids suffered more; probably because they rely more on single copy sales.

Free door-to-door dailies will not only compete with subscription papers but also with single copy sales; if you pick up a paper from the doormat you don't have to buy one at the station if the content is more or less the same. But if the new paper wants to look more like a traditional paper, the real hard-core tabloids don't have too much to fear – they already took the hit when free commuter dailies were introduced. Also the existing free dailies will not suffer very much; their Unique Selling Point is their distribution. And this is hardly affected by door-to-door distribution – the choice of *Nyhedsavisen* to distribute in public transport as well, however, is affecting *Urban* and *MetroExpress*. Many people read paid *and* free papers or *several* free papers. A new title will not immediately force others out of the market. Journalists always say they like competition (but maybe not from free papers) but readers don't seem to care that much.

Elite newspapers, business newspapers, and strong local brands won't be the main victims. Readers are attached to brands and many will identify with a title regardless of content or price. General national papers and weaker local brands may be hurt more by new titles. If these succeed in strong local coverage, local papers may feel the heat. But the Danish titles don't seem to go for in-depth local coverage. *Dato*, *Nyhedsavisen* and *24timer* have two to four editions but are typically spoilers – to confuse readers and spoil the advertising market for the competition (and probably for themselves and other media as well, including paid papers). Publishers prefer the term 'protection' but it's basically the same thing. Journalist like competition, readers don't care but publishers hate it.

When plans of free door-to-door papers were first aired, these plans involved the "whole of Denmark", later plans were of course more modest. With distribution being very expensive, free papers won't be delivered to every farm in Jutland and to every Danish island. It is more likely that only one in four to one in six households will get them. Even getting them to every house in greater Copenhagen, Århus, Odense and Aalborg will be quite a task. So outside those areas, chances are not that big for a new competitor. So far, all three free door-to-door papers have not reached their target, all of them print and distribute 400.000 to 500.000 copies but readership is still disappointing with something like one reader for every two copies. But at the same time readership does go up – distribution still is very problematic for the new papers while complaints over waste and neglected stickers on post boxes are increasing.

The introduction of free door-to-door dailies will not cause a major turnaround were paid titles will be forced to close down, although some things will definitely change. Circulation and readership will drop – readership even more than circulation. The three main paid papers *Berlingske*, *JP* and *Politiken* already lost something like 30% of their readers since 2002, while free newspapers attract more readers. *Urban* and *MetroXpress* were the best read papers in Denmark at the end of 2006, *24timer* was 6th after *JP*, *Politiken* and *Ekstra Bladet* while *Nyhedsavisen* (9th)

was closing in on *Berlingske* (8th) and *BT* (7th), *Dato* closed the top ten (*Price Matters*, 2006).

Crucial will be – apart from the local presence, the Saturday/weekend edition, like *Nyhedsavisen* introduced. If the new titles succeed in real competition in the weekend, this may well lead to lower revenues for existing papers and to less money for journalism. Most money is made on the weekend editions, an area that traditional free dailies did not invade until October 2006.

Free journalism

But if there will not be a major turnaround, will journalism be the same after the introduction? The first place to look for examples of free newspaper journalism is of course *Metro*, the inventor of the free commuter daily.

Metro International tries to save money on anything, including journalism. In 2005, according to their annual report (*Metro Annual Report 2005*, 2006), they again succeeded to lower the relative costs for newsgathering. Only 10% of the total budget goes to journalists, which is lower than any paid newspaper. In total not more than 400 journalists work for the almost 70 editions of the paper; an average of six for each edition. An edition in a major market like Stockholm, Paris, Madrid or New York may employ 40 to 50 people, half of them journalists, but smaller editions work with much less people. *Metro* employs free lancers, uses wire copy plus the services of their own Metro World News and of course does not need journalists for the weekend editions.

The result is a coverage that is quite adequate on current affairs. And they do some own reporting as well, not as often and as thorough as other papers, but it is there. The paper has its own agenda and also makes other choices on some issues. A free daily usually is much more than just a printout of the national wire service. If you read the whole of *Metro* (or any other free daily) you probably know as much or even more about the world as from the first section of any national daily (*Project for Excellence in Journalism*, 2005) or from watching the TV news. It is simply not true that free dailies mainly report on Brad Pitt's latest movie

or the whereabouts of Paris Hilton. They do a much better job on entertainment than most other dailies – but they do more than that.

The main difference is not the first section – the most read section in every newspaper – but every other section and the weekend editions. The journalism you will find in those parts is not the sort of journalism free papers specialize in. If the new titles want to compete with traditional ones, this is the contested area. But with a *Metro*-like investment in journalism this is highly unlikely.

Other models

Not every free paper in the world, however, uses the *Metro* model. Schibsted, with the *20 Minutes* concept in France and Spain (and formerly also in Switzerland) has another approach. The *Metro*-concept was not created in a newspaper environment, but *20 Minutes* was. From the beginning *20 Minutes* used more journalists than its Swedish counterpart. This resulted in a newspaper with more local coverage, and also a better-read newspaper in France and Spain; in Switzerland *Metro* was even forced to move out of the country. It also resulted in higher costs and a longer road to profitability. But readers reward investment in journalism. Also other papers (*City AM* in London, *De Pers* in the Netherlands, *Metro* UK, *E Polis* editions in Italy) use more editorial staff than *Metro*. Also *Urban* employs more journalists than *Metro* (and is more expensive to make). The *Nyhedsavisen*-approach is more like Schibsted than like *Metro*, according to the amount of journalists (100) they want to employ. These journalists are also needed for the weekend edition and because *Nyhedsavisen* will not use Ritzau wire copy – when other free papers will also be restricted in using Ritzau copy, this will also lead to higher costs.

In general: free papers use less journalists, don't have foreign correspondents, don't have a heavy cultural department etc. Journalists at free papers are paid less, and are younger. *Nyhedsavisen* also hires journalists on different conditions than other Danish papers. This may mean a step back in working conditions but not necessary worse journalism. It will, probably, lead to higher output per journalist.

Scenario's

In the most optimistic scenario, the introduction of free papers will only improve the quality of the news (more competition, more diversity) and will increase the amount of people reading it. Most papers won't have to fear new titles while many people will read extra papers and some who did not read a paper before, will now. The footnote to this scenario is the fact that the new titles probably will only be distributed in high-density affluent urban areas.

A more pessimistic scenario is that the new titles will convince quite an amount of readers that the free one is just as good as the paid one. But if the new titles can, they can probably do this only because they do compete on content (and not only on price), which basically means that they offer more or less the same content. This could only be done by newspapers with a substantial staff and extensive local reporting. But this scenario also has a footnote. A newspaper business model with emphasis on advertising and not on editorial content can make different choices when journalism is concerned. In these operations it is no longer the head editor who is in charge but the CEO of the company. This may affect journalism in a negative way. Adjusting the paper to advertisers' needs is in fact a real danger. This seems to contradict the earlier argument that every (western) newspaper is in fact a commercial operation. But moving to a situation where a vast majority is depending *only* on advertising might be different from the situation we know now.

On the other hand, free newspaper journalism did already have a big impact on journalism in the Western world. If there hadn't been a *Metro* introduced in Stockholm in 1995, and if this model would not have been launched in almost every European market afterwards, would we have seen the massive introduction of tabloids in almost every European country? And a tabloid is of course much more than a broadsheet folded in half. It involves other journalism, shorter, more compact and more visual. This influence started ten years ago – the new door-to-door free daily is just another phase.

In the short run another scenario is not unlikely. Both *JP/Poli-*

tiken and *Berlingske* will lose face if they pull back and *Dagsbrun* is determined to go ahead. *Dato* and *24timer* are spoilers – if it wouldn't have been for *Nyhedsavisen*, they wouldn't have been launched, they have a curious objective: to get another paper out. Launches to spoil the market – but at what cost? Journalists may like competition, readers don't care, publishers hate it but advertisers love it. Rates will drop – also for paid papers. In the short run, but probably longer, everybody will lose money. And, readers who switch to free papers will probably never come back. Also it is much easier to give discounts than to rise rates. The money invested in free spoilers is not invested in journalism, not even in journalistic competition. Publishers had the choice to invest in journalism but did go for spoiling the market in the hope that the market can be protected.

One word on spoilers. The journalists working there don't have less quality than others, they are not working with less enthusiasm than others – and journalism is as much fun as at any other place. But the conditions and resources provided by the publisher are different: less investment in journalism because competition on content is not the main objective. Lousy printing times and an early deadline. And most of all the uncertainty about what happens if the mission is accomplished? Kill the paper?

But spoilers do not change basic market conditions nor reading habits. Attacking free dailies might be barking up the wrong tree. There is something happening in newspapers, young people are leaving it (Lauf, 2001) – circulation is dropping, but blaming free newspapers for it is not only shortsighted. It also means that other causes are not attacked. It is a dangerous strategy, turning a blind eye to other problems.

Journalism has been heavily criticized, tabloidization is attacked, trust in newspapers is declining. Circulation is dropping, digital media are gaining users. But internet is still an underdeveloped area in terms of business models for most newspapers. Working conditions for journalists and pay are under pressure (Picard, 2006). People don't rely on papers like they used to. Innovation in newspapers is quite low – except for the tabloid craze. Newspapers are not the mass media they were and they probably never will. But attacking a newcomer in the hope that all things

will turn to normal when they are moved out, is a mistake. It will never be the same – and there are probably more urgent things to be done.

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