

Free Newspapers – an Update



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Foreword

This report is a follow-up to the paper authored by Valérie Arnould and Vincent Peyrègne, completed in May 2001 and published in April 2002 as Ifra Special Report 6.25 under the title "Free Newspapers – An International Market Survey". This complementary study provides an update on the development of free commuter newspapers in Europe. It offers comprehensive information on the evolution of the European press and about the most important companies to publish this new format of newspapers on the international market. The study presents a picture of the free newspapers between 1995 and early 2004. This should be viewed only as a snapshot of the current situation: the development of free newspapers is far from over,

as new titles are launched and disappear. This report includes a comprehensive analysis of present developments in Switzerland. Taking into account relevant market developments, reading habits and typical features of the business model are elaborated upon. Particular attention is given to the title "20 Minutes". To complete the picture, a typology of Swiss journalists is presented. A special acknowledgement is offered to all people interviewed who patiently assisted in answering a host of questions.

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Marcus Haas

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Contents

| | | |
|----------|--|----|
| 1 | Introduction | 4 |
| 2 | Trends in the European newspaper industry | 5 |
| 2.1 | Daily newspapers | 5 |
| 2.2 | Free print products | 5 |
| 3 | Market survey | 7 |
| 3.1 | Two Scandinavian groups on the march | 7 |
| 3.1.1 | Metro International S.A. | 7 |
| 3.1.1.1 | Major concept ingredients..... | 7 |
| 3.1.1.2 | Key development figures | 8 |
| 3.1.2 | The Holding AG 20 Minuten..... | 9 |
| 3.1.2.1 | Major concept ingredients..... | 10 |
| 3.1.2.2 | Key economic development data..... | 10 |
| 3.2 | Development survey of free newspapers in Europe..... | 10 |
| 4 | Empirical case study – Switzerland | 13 |
| 4.1 | Analysis of contextual conditions | 13 |
| 4.2 | Major developments of Swiss daily newspapers | 14 |
| 4.2.1 | Structure of the Swiss press | 15 |
| 4.2.2 | Evolving markets | 16 |
| 4.3 | Market entry for commuter newspapers: case study of “20 Minuten” | 18 |
| 4.3.1 | Genesis and development | 18 |
| 4.3.2 | Local press structure, competition and environment..... | 20 |
| 4.3.3 | Analysis of “20 Minuten”..... | 23 |
| 4.3.4 | Comparison of “20 Minuten” and “Metropol” | 27 |
| 4.3.5 | Journalist profile and usage | 28 |
| 4.3.6 | Reactions from established newspaper publishers | 29 |
| 4.3.7 | Market developments and impact on established publishers | 31 |
| 5 | Conclusions and outlook | 34 |
| 6 | Bibliography | 37 |

1 Introduction

The “Cologne newspaper war” lasted from end 1999 to mid-2001 and brought the daily press into the focus of the media discussion in Germany. The issue concerned the legitimacy of a new type of newspaper. Specifically, this was about the free newspaper “20 Minuten” belonging to the Schibsted Group. The title refers to the average time required by the commuter to reach his place of work by using public transportation. The free publication was financed through advertising and distributed by hand and display racks. The format and contents were targeted to the young and urban population. The outcomes were considerable legal battles and retaliation from local established publishers. Millions were lost and “20 Minuten” was closed down. Does that mean that a new type of press failed?

From an international perspective, the impression is quite different. By late 2002, about 50 titles with a total of more than 10 million copies were distributed in numerous cities in Europe, North and South American and the Asia/Pacific area.¹ These free publications are successful with readers and advertisers alike and exert pressure on established publishers. This phenomenon may be traced back to Sweden where “Metro” was first launched in 1995 by the Modern Times Group (Kinnevik) which until then had had no experience in the publishing industry, having started in forestry and steel.² Following the successful launch in Stockholm, the standardized concept experienced a worldwide success and led to the creation of the publicly quoted Metro International. This alerted established publishers to the concept. The Norwegian publisher Schibsted launched its own product “20 Minutes” in competition with Metro in some major European cities. In the United Kingdom, Associated Newspapers managed to launch its own version on a franchise basis with regional publishers (such as the Daily Mirror Group) with several editions. What is behind this phenomenon which against a

background of social trends such as individualisation and globalisation was recently dubbed one of the major print innovations of the last decade by the World Newspaper Congress? Is it really a newspaper or just another form of freebie? Is it really a lasting innovation in terms of publishing? Is it the right stuff and does it reach new readers?

Or are free commuter newspapers a blind alley threatening established paid-for newspapers which are already in trouble? In Chinese writing, the ideogram for crisis is composed by the signs for danger and opportunity. This new challenge, along with the internet, may be regarded as both for newspaper publishers.

This report will briefly examine general trends in the European newspaper publishing industry, in particular the development of circulation and advertising in relevant countries. Secondly, we will review basic facts concerning the most important projects in this field, and take a look at the most significant data concerning this new type of media (1995 to early 2004). The geographical area is Europe, as 80% of these titles are distributed in European cities. The criteria of selection are defined in a working hypothesis. The developments in Switzerland will be described and analysed in a more comprehensive empirical analysis. The focus here is the observation of change and impact linked to the market entry of the free commuter newspaper “20 Minuten”. An economic analysis follows, entailing a media-specific approach. The industrial-economic paradigm of Scherer (“Structure-Conduct-Performance”) is then applied to the newspaper market and expanded to take into account the relevant surrounding conditions. Special focus will be given to an exploratory case study devoted to “20 Minuten”. Interviews with experts form the brunt of the empirical survey. These were conducted with media experts, editorial executives and decision-makers in the publishing industry of Zurich, Basle and Berne.³

¹ See Ingela Wadbring (2003), p. 327 ; Vincent Peyrègne (24 January 2003), p. 3 ; Carly L. Price (11/2002), p. 17. Vogel states that, by late 2001 36 editions are published with a total edition of about 6.4 million on workdays. See Andreas Vogel (11/2001), p. 5.

² Cf. Ingela Wadbring (2000), p. 20, Arnould/Peyrègne (3/2002), p. 5.

³ In addition, results from an international conference in Rome will be reviewed, contacts with other researchers are made and statistical material and various documents are analysed.

2 Trends in the European newspaper industry

Until June 2004 the European Union had 15 members: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.⁴ From one country to the next, there are structural differences in the press market and the national press culture as in the communication style on the national and local levels which are more or less pronounced.⁵ This survey will focus on those countries where free commuter newspapers were or have been present on the market for a longer period of time, i.e. the EU members Austria, Denmark, Finland, France, (retroactively) Germany, Greece, Italy, the Netherlands, Spain, Sweden and the United Kingdom. To these should be added the Czech Republic, Hungary, Poland, Russia and Switzerland. As far as market entry for free newspapers is concerned, it is necessary to take into account the specific structures and contextual circumstances on the local and national levels in each case. This survey will present an in-depth study of Switzerland where the two main titles "Metropol" (Metro) and "20 Minutes" initially were competitors, which enables a direct comparison and an analysis of the factors of success and failure in a longer perspective. Moreover, the established publishers launched preventive measures which must be analysed in the context of strategic management, including their effectiveness.

The following section looks at the development of relevant indicators. When we speak of the press in this report, we refer primarily to the trends in the daily newspaper industry and of the free newspapers. We will review the main differences in Europe's national press markets, as well as basic indicators such as circulation per population, circulation and advertising revenues. The data are supplied by the 2003 edition of the annual survey "World Press Trends published by the World Association of Newspapers (WAN).⁶

2.1 Daily newspapers

In terms of penetration for instance, there is a clear North-South divide: the highest figures are found in countries like Switzerland, the UK, the Netherlands, Germany, Austria, Sweden, Norway and Denmark; conversely, France, Italy and Spain register relatively low penetration.⁷ The total number of dailies in Europe fell by ten titles from 2001 to 2002 (from 1,100 to 1,090). The decline in the number of daily titles during this period was the most significant in Sweden, compared to other relevant European

countries. Conversely, Russia enjoyed the highest increase in daily titles, going from 238 to 436. Over the five-year period (1998-2002) the EU lost 49 dailies. The biggest increase over this period lay in the Czech Republic, whereas Denmark recorded the greatest loss. Considering the total circulation of dailies, sales declined in 11 of 15 EU countries from 2001 to 2002. Other countries in Western Europe (Norway, Iceland and Switzerland) also saw daily circulation decline. The greatest decline was registered by Greece. Circulation remained stable in Spain. 11 out of 15 EU countries recorded circulation losses over the period 1998-2002, the most significant being Austria while Poland was the biggest winner. Spanish circulation was stable also over this period.⁸

The advertising revenues of dailies fell the most in Germany and increased the most in the Czech Republic (2001-2002); this applies also to the five-year period (1998-2002). Both circulation and advertising revenues declined overall during this period.⁹

2.2 Free print publications

The definition of free newspapers varies considerably from one European country to the next. In France or Belgium, such products are generally free weeklies containing exclusively classified advertising. In the UK, the Netherlands and Denmark there are free regional weeklies which include general editorial content similar to that of paid-for newspapers. They are nevertheless more local in character

| Country | | | | | | Change in % | |
|----------------|--------|--------|--------|--------|--------|-------------|-----------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 1998/2002 | 2001/2002 |
| Austria | 2,669 | 2,896 | 2,503 | 2,438 | 2,403 | -10,0 | -1,4 |
| Czech Republic | 1,802 | 1,764 | 1,704 | 1,727 | 1,690 | -6,9 | -2,1 |
| Denmark | | 1,528 | 1,481 | 1,456 | 1,433 | -9,5 | -1,6 |
| Finland | 2,343 | 2,320 | 2,304 | 2,307 | 2,268 | -3,2 | -1,7 |
| France | 8,268 | 8,212 | 8,182 | 8,164 | 7,844 | -5,1 | -3,9 |
| Germany | 25,016 | 24,565 | 23,946 | 23,838 | 23,240 | -7,1 | -2,5 |
| Greece | 672 | 676 | 681 | 671 | 628 | -6,5 | -6,4 |
| Hungary | 1,700 | 1,659 | 1,625 | 1,665 | 1,595 | -6,2 | -4,2 |
| Italy | 5,881 | 5,914 | 6,073 | 6,057 | 5,888 | 0,1 | -2,8 |
| Netherlands | 4,522 | 4,482 | 4,443 | 4,375 | 4,311 | -4,7 | -1,5 |
| Poland | 3,011 | 2,958 | 2,820 | 3,695 | 3,598 | 19,5 | -2,6 |
| Spain | 4,300 | 4,300 | 4,300 | 4,300 | 4,300 | 0,0 | 0,0 |
| Sweden | 3,807 | 3,721 | 3,700 | 3,685 | 3,671 | -3,6 | -0,4 |
| Switzerland | 2,676 | 2,679 | 2,666 | 2,634 | 2,594 | -3,1 | -1,5 |
| United Kingdom | 18,921 | 19,602 | 19,052 | 18,915 | 18,898 | -0,1 | -0,1 |

Table 1: Total daily circulation – country comparison (1998-2002)

Source: Author's presentation based on World Association of Newspapers (2003), p. 10 and Larry Kilman (June 2003), p. 2.

⁴ The EU welcomed ten new member countries in June 2004.

⁵ Cf. Schroeder, Michael (1994), p. 41-.

⁶ Cf. World Press Trends 2003. No data are supplied for Russia by this survey.

⁷ Cf. World Press Trends 2003, p. 11. This North-South divide may be detected in Europe also in terms of readership. Scandinavia enjoys the highest reach whereas countries like Spain, France and Portugal have weak readership figures. See also the BDZV (editor) p. 492.

⁸ Cf. World Press Trends 2003, p. 8,10 ; Larry Kilman (June 2003), p. 2.

⁹ Statistics are missing however in terms of advertising revenues for Denmark, Finland, France, Poland, Switzerland and the UK. See World Press Trends 200, pp. 10 and 14.

| Country | | | | | | Change in % | |
|----------------|--------|--------|--------|--------|--------|-------------|-----------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 1998/2002 | 2001/2002 |
| Czech Republic | | 4,700 | 4,100 | 4,000 | 3,600 | -21,7 | -10,0 |
| Denmark | 8,142 | 8,142 | 8,142 | 8,260 | 7,378 | -9,4 | -10,7 |
| France | 34,741 | 34,839 | - | - | - | - | - |
| Germany | 88,189 | 88,540 | 88,540 | 90,753 | 88,900 | -0,8 | -2,0 |
| Hungary | 160 | 190 | 210 | 270 | 322 | 101,3 | 19,3 |
| Italy | - | - | 200 | 1,570 | 2,100 | - | 33,8 |
| Netherlands | 31,194 | 31,000 | 20,750 | 20,526 | 20,392 | -34,6 | -0,7 |
| Poland | - | - | - | 306 | 387 | - | 26,5 |
| Sweden | 2,390 | 2,292 | 2,592 | 1,717 | 2,313 | -3,2 | 34,7 |
| United Kingdom | 27,420 | 26,800 | 28,133 | 25,652 | 42,078 | 53,5 | 64,0 |

Table 2: Circulation of free newspapers by country (2001-2002, 1998-2002)

Source: author's presentation based World Press Trends 2003, p. 34]

and distributed directly to households.¹⁰ Over the last few years it became clear that “the reach and success of all types of free newspapers worldwide has grown, although the current economic slowdown has curbed advertising sales and circulation growth for many of these publications in the same way it has affected traditional paid newspapers.”¹¹ As free newspapers developed and matured, consolidation also helped reduce the number of free titles in some countries. An example of this is the decline in free weeklies in the Netherlands and the UK. Another problem is the lack of data transparency in terms of audited reader-

ship figures and other statistics concerning free print publications. In surveys like World Press Trends, general figures are offered on the development of the spread of free newspapers, but no discrimination is made between the various types of free publications.¹²

In terms of titles, the yearly comparison (2001-2002) clearly shows that the strongest increase took place in Italy, and the greatest decline in Poland. Over the five-year period (1998-2002), the number of free titles increased most in Austria, and fell most in the Czech Republic. In terms of annual circulation growth in the European countries, the greatest loss occurred in Denmark and the greatest increase in the UK. Over the five-year period, circulation of free newspapers declined sharply in the Netherlands, and rose significantly in Hungary.¹³

The data on advertising expenditure given in World Press Trends are not always consistent for all the countries concerned. According to the available figures, the Czech Republic had the poorest performance on a yearly basis, whereas revenues in Hungary increased the most; the same applies to the five-year comparison (1998-2002). Circulation and advertising both increased slightly over this period.¹⁴

¹⁰ Cf. Price, Carly L. (11/2002), p. 12; Arnould, Valérie/Peyrègne, Vincent (3/2002), p. 6.

¹¹ Cf. Price, Carly L. (11/2002), p. 14.

¹² Cf. Price, Carly L. (11/2002), p. 16.

¹³ Cf. World Association of Newspapers (2003), pp. 32, 34

¹⁴ In terms of circulation, this trend concerns the Czech Republic, Denmark, Germany, the Netherlands, Sweden and the UK. As far as advertising is concerned, this applies to the Czech Republic, Hungary, Sweden and the UK. Cf. World Press Trends 2003, p. 34, 36.

3 Market survey

In order to clearly distinguish this new type of newspaper from the traditional free newspapers and from the more recent editorial formulas (such as free regional and community newspapers or alternative newsweeklies), the following characteristics were chosen: news medium, periodicity, publicity and universality. The format is that of a newspaper. There is a front page and several printed pages of content. It is published periodically, daily in most cases (i.e. at least five times a week). It is free and available neither by copy sale nor by subscription. There is no distribution through home delivery, but only in three forms: free stacks in shops, display racks in public places and hand distribution.¹⁵ Research shows that the data are not yet sufficiently transparent: some countries where free newspapers are distributed still lack serious circulation and readership auditing.¹⁶ In this context, the European section of the International Federation of Audit Bureaux of Circulation (IFABC) during an annual conference in Florence in September 2000 decided to establish a working group on free newspapers, in charge of developing an appropriate control system.¹⁷ The auditors identified the procedures of the British ABC as being an ideal type. At an IFABC conference in Johannesburg in May 2001, the participants concluded that none of the current practices for auditing circulation of free newspapers offers a satisfactory and common solution. The working group recommended the members of the IFABC to publish the circulation figures of these new publications well apart from the market statistics of traditional newspapers. Hence the British ABC was called to handle the protocol.¹⁸

3.1 Two Scandinavian groups on the march

The Stockholm Metro was first published in 1995 by the Modern Times Group. Since then, the international company is called Metro International S.A. and still belongs to the Kinnevik Group.¹⁹ The original idea was first conceived by three students who initially failed to interest banks and established publishers in the innovative project. This changed when they submitted the idea to the Kinnevik Group, led by the Swedish media entrepreneur Jan Hugo Stenbeck.²⁰

The Stockholm edition of "Metro" was profitable already in its first year; this was followed by a national and international expansion. Metro International and the 20 Minuten Holding AG are still the only publishers of free

commuter newspapers to have an international presence, i.e. in several countries.

3.1.1 Metro International S.A.

"A Global Message in a Local Language" is how Metro International describes the worldwide expansion of the Metro editions.²¹ In March 2004, there were 34 Metro editions in 16 countries (in 14 languages) published in Europe, North and South America and the Asia/Pacific. According to its own figures, Metro thus has a total circulation of more than 4.5 million free copies of the newspaper distributed and approximately 13 million readers in almost 70 cities. Most market entries occurred in 2000. More recently (2003–2004), Metro International intensified the national expansion in Denmark, France, Poland and Spain.

Already the logo depicting a globe on the front page shows that the group has a global strategy. Only an analysis of the content will establish to what extent the current editions are regionalised.²² In general, the group's objective is a rapid international expansion, establishing a standardised concept in the target countries, albeit allowing for slight accommodations to local conditions. As a result, the various editions are very similar in form and content, but not identical. This far-reaching standardisation aims at producing synergies. To attain this objective, large-scale international advertising campaigns are carried out. Metro's basic idea here is to generate revenue from a metropolitan area with a minimum population of 1 million, mainly from the local business which carries products, then expand nationally to grow circulation, to reduce fixed costs also on the national level and become an attractive choice for national media planners.²³

Clearly, the editorial concept of Metro International S.A. is in many respects subject to the principle of shareholder value, which stipulates outsourcing, profitability and international growth, as well as profit margins for the producer and the immediate associates.²⁴ The approach is above all about controlling the business channel and getting a product at minimum cost to extract maximum profit with the thinnest possible publication.

3.1.1.1 Major concept ingredients

The basic business model is linked to the fact that there was no morning distribution of daily newspapers in Stockholm, i.e. people couldn't take along their newspapers to

¹⁵ The data on which the following analysis is based come from several sources, including international market surveys, company data and statistics from national monitoring organisations.

¹⁶ Cf. Roper, Dean (12/2002), p. 30.

¹⁷ Cf. ZAW (Editor) (2001), p. 247. www.ifabc.org

¹⁸ Cf. ZAW (Editor) (2002), p. 230; www.metro.lu

¹⁹ Cf. Metro International p.A. (5/2002), p. 6; Wadbring, Ingela (2000), p. 20; Leonarz, Sandra (1/2002), p. 45.; www.mtg.se; www.kinnevik.se

²⁰ Cf. O.V. (11/2001), p. 25. Stenbeck died in August 2002. See also Modern Times Group (www.mtg.se).

²¹ Metro International p.A. (5/2001), p. 4.

²² This report will examine this issue within the empirical analysis of the title "Metropol" in Switzerland.

²³ Cf. Metro International p.A.-Statement (10/2003), p. 2.

²⁴ Cf. Meckel, Miriam (2001), pp. 147, 183.

read on their way to work. The Metro founders recognised this need and thus the idea of a free commuter publication was born.²⁵ The Metro concept therefore assigns a significant role to strict cost containment. The goal is to be considerably below the costs of the competitors, in particular by using outsourcing. This also includes distribution: in general, Metro is distributed to people in the morning who are heading for work on public transportation.²⁶ At the outset, exclusive distribution contracts were signed with the local transport authorities in the various cities in order to reach as many commuters as possible on the underground, trains and buses but also at bus, underground stops and stations during morning rush-hour. Metro was then distributed by hand or displayed in separate racks.²⁷ At present, business is increasingly conducted without exclusive agreements with the transit authorities, and distribution channels are primarily determined by local conditions.²⁸

As a rule, the newspaper is printed at the facilities of other newspaper publishers. In Sweden, "the paper was printed at a printing house owned by other newspapers in Stockholm".²⁹ The editorial content is also central to the concept, for the fact that a newspaper is free of charge does not mean that it will be read in the longer term; the paper must contain something which the readers want. Cost-cutting is imperative also in the editorial department, and news is supplied chiefly through national news agencies.³⁰ A typical edition should contain a large selection of local, regional, national and international news, provided in several short articles on one page, so as to offer the reader several points of entry. The newspaper, in the manner of a "print radio", gives a neutral summary of what has happened in the last 24 hours.³¹ However, each edition contains a column discussing a certain topic. A cover story (feature article) also appears daily. All Metro editions are based on a standardised layout and design in tabloid format, aimed at facilitating the production.³² On the group homepage in November 2003, the readership is described as follows: "The newspaper (...) is typically read by a 48%

female readership. 48% of people under 35 years of age in distribution areas read Metro at least once a week."³³ Unlike established newspaper publishers, Metro International had no statistics or readership profiles. To compensate for this, "Club Metro" was founded in order to collect information on the anonymous readers.³⁴ The Club has grown in parallel with the international expansion of the group. In late 2002, it supposedly had 1 million members worldwide.³⁵ The Club also has its own internet platform, where its activities may be found under the title "Metropoint". This contains an explanation and overview with direct links to each website.³⁶ For Metro International the internet also provides a cost-effective distribution channel for the Metro editions, and a tool for growing circulation and readership.³⁷ The internet presence of Metro so far has no editorial significance (in the sense of exclusive articles etc), as Metro International does not consider this a business opportunity.

Another important component of the business model is Metro World News (MWN) which accentuates the international character and the internal syndication aspect. This wholly-owned international news agency based in London offers tie-in possibilities that help economies of scale are made to reduce the production cost per copy and give competitive edge over other publishers of free newspapers. Metro International's main source of revenue is allegedly advertising. In addition to the national expansion, the international advertising campaigns are important. Metro International stresses these campaigns, but in reality they have had a feeble impact so far on the national, regional or local revenues. Metro International S.A. as a corporation also benefits from funding in terms of investment or risk capital from its mother company and the financial markets.³⁸

3.1.1.2 Key development figures

On 11 February 2004, Metro International announced that it had closed the last quarter (Q4 2003) in the black for the first time. The net sales increased by 43% from

²⁵ Cf. O.V. (11/2001), p. 25; Deutsch, Danielle (8/2001), p. 20; Wadbring, Ingela (2003), p. 329.

²⁶ Metro International p.A. (5/2001), p. 1; Metro International p.A. (5/2002), p. 1, 16; Wadbring, Ingela (2003), p. 329.

²⁷ Cf. Metro International p.A. (5/2002), p. 16; Arnould, Valérie/Peyrègne, Vincent (3/2002), p. 7; Vogel, Andreas (11/2001), p. 584.

²⁸ Cf. Metro International p.A. (5/2001), p. 5; Metro International p.A. (5/2002), p. 16; Arnould, Valérie/Peyrègne, Vincent (3/2002), p. 7.

²⁹ Wadbring, Ingela (2003), p. 330.

³⁰ Cf. Wadbring, Ingela (2003), p. 329.

³¹ Cf. Metro International p.A. (5/2002), p. 1.

³² Metro International p.A. (5/2003), p. 4, 16; Wadbring, Ingela (2003), p. 330; Metro International p.A. (5/2002), p. 18; Arnould, Valérie/Peyrègne, Vincent (3/2002), p. 6.

³³ Cf. Metro International p.A. (5/2003), p. 2.

³⁴ Cf. Metro International p.A. (5/2001), p. 5, 25; Wadbring, Ingela (2003), p. 330.

³⁵ Cf. Metro International p.A. (5/2003), p. 11; Metro International p.A. (5/2002), p. 22; Morin, Colette (8 11/2002). Morin is Marketing Manager for Metro Italy.

³⁶ Cf. www.metropoint.com

³⁷ Cf. Metro International p.A. (5/2001), p. 24; www.metro.lu; www.metroworldnews.com; www.metropoint.com; www.metro.se; www.glocalforum.org

³⁸ Cf. Metro International p.A. (5/2002), p. 14., 19, 24.

\$142.8 to \$203.6 million (2002-2003). The losses decreased during this period from \$63.2 to \$10.9 million. Most of the net sales in 2002 and 2003 were recorded in Europe (\$117.6 million and \$165.2 million respectively). Inside Europe, Sweden represented the largest portion of net sales in 2002 and 2003 (\$47.8 million and \$56.8 million respectively).³⁹

Moreover, 7 Metro editions were in the black by late 2002 according to company reports. After Metro Stockholm (launched in February 1995 and profitable since the first quarter of 1996) and Metro Gothenburg (February 1998 – Q1/2001) there are the editions in Prague (June 1997 – Q2/2001), Budapest (September 1998 – Q2/2001), the Netherlands (June 1999 – Q2/2002), Santiago de Chile (January 2000 – Q4/2001) and Athens (November 2000 – Q1/2002).⁴⁰ In late September 2003, the editions in Sweden, Hungary, the Netherlands, Chile, Toronto and Barcelona announced yearly profits, according to Metro International.⁴¹

3.1.2 20 Minuten Holding AG

The Norwegian media group Schibsted went public in the late 1980s. This former family newspaper and publishing business transformed itself through a strategy of expansion into a leading Scandinavian media group.⁴² According to the strategy, the traditional media should be consolidated and developed, but more should be invested in new media.⁴³ As a large Scandinavian newspaper publisher, Schibsted already had some experience with free newspapers, not as a producer but as a competitor. The Stockholm edition of Metro competes with the tabloid *Aftonbladet* which is owned by Schibsted. This means that Schibsted had the opportunity to observe and appreciate the potential of this new type of venture. For primarily defensive reasons, the company brought out the free "avis1" in April 1999 in order to prevent the launch of a Norwegian edition of Metro, an initiative which proved successful. Subsequently, Schibsted decided to get into the business of free newspapers directly, which should be seen in a legal context. According to a Norwegian law adopted in the late 1990s, no newspaper publisher may control more than 30 percent of a regional market. No sanctions are taken against existing monopolies, but the legislation is

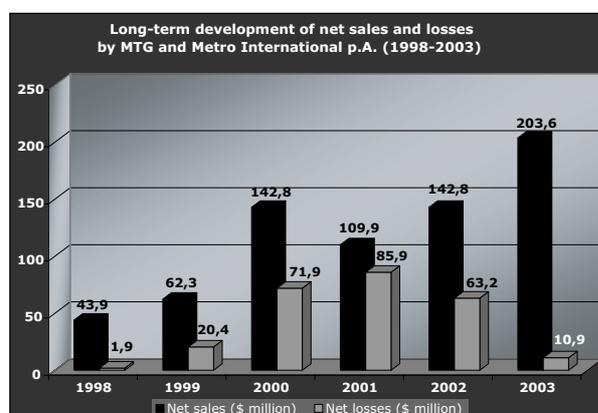


Table 3: Long-term development of net sales and losses by MTG and Metro International S.A. (1998-2003)

Source: author's presentation based on own research

used for evaluating takeovers. As a result, none of the three largest media groups may hold more than 30 percent of the country-wide business. A corollary is that Norwegian groups like Schibsted must look abroad if they seek to expand.⁴⁴ In April 1999, the 20 Minuten Holding AG was founded in Switzerland (ownership structure: Schibsted ASA 41 per cent, the rest is equally divided between the British venture capital company APAX and the Swiss banking group A&A).⁴⁵ This holding company based in Zurich controls the Europe-wide business of launching new editions of the free newspaper.⁴⁶ 20 Minuten was first published on 13 December 1999, in Cologne and Zurich. Thus Schibsted preceded Metro International in Zurich by six weeks. The latter launched its product *Metropol* in Zurich on 31 January 2000. The developments in Switzerland will be examined more extensively in this study within the in-depth empirical analysis. In Germany, the 20 Minutes project was cancelled in July 2001. In Europe, the expansion of 20 Minutes covered Spain (Madrid, Barcelona, Seville and Saragossa) and France (Paris). In late 2003, Schibsted published eight editions in eight cities in three European countries. According to the group, total circulation in the third quarter of 2003 was 1.36 million copies and daily readership 3.3 million.⁴⁷ A national expansion in Spain (Seville and Saragossa) and in France en-

³⁹ Cf. www.metro.lu

⁴⁰ Presentation by Peyrègne, Vincent (24/1/2003); Presentation by Roper, Dean (7/11/2002); Cf. Metro International p.A.-Presentation (2/2003), p. 20.

⁴¹ Cf. Metro International p.A.-Präsentation (10/2003), p. 7.

⁴² Cf. Schibsted (3/2003), p. 2, 6, 12, 18; Arnould, Valérie/Peyrègne, Vincent (3/2002), p. 32.; Vogel, Andreas (11/2001), p. 581.; O.V. (11/2001), p. 25.

⁴³ Cf. Schibsted (3/2003), p. 6.

⁴⁴ Cf. O.V. (11/2001), p. 25.

⁴⁵ In March 2003, the ownership structure changed, as "20 Min Holding AG (owned 41% by Schibsted ASA) has entered into an agreement with Express Zeitung AG, which is owned by Tamedia (82,5%) and Berner Zeitung (17,5%), about a cooperation and sale of the operation in Switzerland". Blom Tindlund, Elisabeth (3/2003), p. 1.

⁴⁶ Cf. Wigdorovits, Sacha (10/2002), p. 11; Vogel, Andreas (11/2001), p. 582.

⁴⁷ Cf. Schibsted (3/2003), p. 24.; Schibsted (3/2002), p. 24.

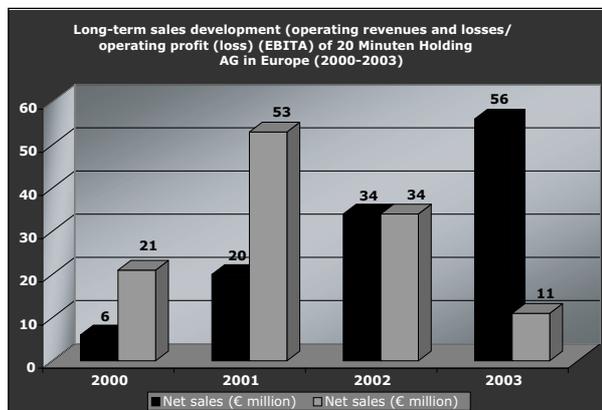


Table 4: Long-term sales development (operating revenues and losses/operating profit (loss) (EBITA) of 20 Minuten Holding AG in Europe (2000-2003)
Source: author's research

sued, where in late February 2004 local editions were launched in Lille, Lyons and Marseilles. The national expansion in France amounted in March 2004 to a total circulation of 1.58 million, and a daily readership of about 3.5 million. At this date, Schibsted published free newspapers in 11 European cities in three countries, which makes it the sixth largest newspaper in Europe.⁴⁸

3.1.2.1 Major concept ingredients

At first glance, 20 Minutes looks like an imitation of the Metro venture. Both papers are distributed free of charge to commuters and are financed exclusively through advertising. The editorial content is a mix of news, entertainment and services. The writing style is reminiscent of "print radio". The target audience is the fast-moving urban population which is otherwise difficult to reach via print media. "The newspaper, which is published five times a week to coincide with commuter flows during the morning rush, is based on fast updating and service with focus on four areas: news, entertainment, consumer information/guides and interactive services. The target group comprises young, active urban people. This group, not great newspaper consumers, is difficult to reach via other media".⁴⁹ Strict cost containment is a central concern, as is the goal of national and international development in order to grow circulation, reduce fixed costs and attract more advertising revenue. 20 Minutes should become and remain

"lean and mean".⁵⁰ But the project should also be considered as a new venture under development, including the editorial concept, which unlike Metro International may rely on the experience of an established newspaper publisher. In addition, the internet platforms, specifically the cross-media philosophy which includes mobile telephony, play a greater role than within the Metro project.⁵¹ Whereas Metro International S.A. has largely standardised its editions and format, Schibsted has adopted the motto "think global, act local". As a result, the relevant countries have opted for "glocalisation" and therefore regionalisation.

3.1.2.2 Key economic development data

In 2000, the 20 Minuten Holding (i.e. all free newspapers in Europe) registered a net sales figure of EUR 6 million, in 2001 EUR 20 million, in 2002 EUR 34 million and in 2003 EUR 55.8 million according to Schibsted. The 2003 sales are divided geographically as follows: Switzerland EUR 27.2 million, Spain EUR 16.3 million and France EUR 12.3 million. The corresponding losses amounted to EUR 21 million, EUR 51 million, EUR 34 million and EUR 11 million. The number of employees rose from 120 in 2000 to 218 in 2002.⁵²

The first profits from an edition of 20 Minutes were registered in Switzerland, "the company recorded its first month with profits in November 2002".⁵³ In the second quarter of 2003, 20 Minutes allegedly experienced a "significant growth in turnover" according to a quarterly report, which was explained by growing revenues and stable costs. In this report, the economic development in Switzerland, Spain and France was described as follows: "The Company in Switzerland posted a profit in April, May, June, while 20 Minutes in Spain posted a profit in both May and June. (...) Growth in revenue has also been good in Paris, but the company experienced a sluggish market for classified advertising".⁵⁴

3.2 Development survey of free newspapers in Europe

Next to Schibsted and Metro, other groups, publishers and individual actors became interested in this new business model for different reasons and brought free newspapers to many markets in Europe. In this context, Vogel remarks that the free newspapers produced by regional or

⁴⁸ Cf. Yndestad, Stein (3/2004), p. 1.; Aamont, Kjell/Berger, Trond (2/2004), p. 16, 27, 34; Aamont, Kjell/Berger, Trond (10/2003), p. 14.

⁴⁹ Schibsted (3/2002), p. 24.

⁵⁰ Cf. Peyrègne, Vincent (24.1/2003), p. 4; Wigdorovits, Sacha (10/2002), p. 13.

⁵¹ Cf. Wigdorovits, Sacha (10/2002), p. 13.

⁵² These figures refer to operating revenues, and operating profit (loss) before taxes and interests. Cf. Yndestad, Stein (3/2004), p. 1.; Aamont, Kjell/Berger, Trond (2/2004), p. 16, 27 Aamont, Kjell/Berger, Trond (10/2003), p. 14; Schibsted (3/2003), p. 29; Schibsted (3/2002), p. 28; www.schibsted.no

⁵³ Schibsted (3/2003), p. 25.

⁵⁴ Schibsted (8/2003), p. 5; Schibsted (10/2003), p. 26.

| Launch date | Country | City | Titel | Circulation | Company |
|-------------------|----------------|---|-------------------------|-------------|--|
| 13 February 1995 | Sweden | Stockholm | Metro | 244.300 | Metro International S.A. |
| 25 April 1997 | Finland | Helsinki | Uutislehti 100 | 220.000 | Janton Oyj |
| 7 July 1997 | Czech Republic | Prague | Metro | 182.000 | Metro Ceska Republika a.s. (Metro International S.A.) |
| 16 February 1998 | Sweden | Gothenburg | Metro | 84.300 | Metro International S.A. |
| 7 September 1998 | Hungary | National | Metro | 322.000 | MTG Metro Gratis Kft (Metro International S.A.) |
| 16 March 1999 | United Kingdom | London | London Metro | 395.000 | DMGT - Associated Newspapers |
| 21 June 1999 | Netherlands | National | Splits | 387.384 | De Telegraaf |
| 21 June 1999 | Netherlands | National | Metro | 290.000 | Metro International S.A. |
| 7 September 1999 | Finland | Helsinki | Metro | 116.000 | Oy Metro Lehti Ab (Metro International S.A.) |
| 13 September 1999 | Sweden | Region Skane (Malmö, Lund, Trelleborg, Helsingborg) | Metro | 100.000 | Metro International S.A. |
| 15 November 1999 | United Kingdom | Midlands (Birmingham) | Metro | 85.000 | Trinity Mirror as franchise of DMGT |
| 15 November 1999 | United Kingdom | Scotland (Edinburgh, Glasgow) | Metro Scotland | 115.000 | Trinity Mirror as franchise of DMGT |
| 15 November 1999 | United Kingdom | North West (Manchester, Liverpool) | News North West (Metro) | 109.000 | DMGT - Associated Newspapers |
| 13 December 1999 | Switzerland | Zurich | 20 Minuten | 160.000 | Schibsted / 20 Minuten Holding AG |
| 15 Januar 2000 | United Kingdom | North East (Newcastle) | Metro | 53.000 | Trinity Mirror as franchise of DMGT |
| 3 July 2000 | Italy | Rome | Metro | 210.000 | Edizione Metro Sarl/Metro Publicita Sarl (Metro International S.A.) |
| 1 September 2000 | Switzerland | Basel | Baslerstab GES | 201.000 | Basler Mediengruppe |
| 2 October 2000 | Switzerland | Basel | 20 Minuten | 80.000 | Schibsted / 20 Minuten Holding AG |
| 2 October 2000 | Switzerland | Bern | 20 Minuten | 80.000 | Schibsted / 20 Minuten Holding AG |
| 30 October 2000 | Italy | Milan | Metro | 200.000 | Edizione Metro Sarl/Metro Publicita Sarl (Metro International S.A.) |
| 6 November 2000 | Poland | Warsaw | Metropol | 180.000 | TPP Sp.zo. O. (Metro International S.A.) |
| 13 November 2000 | Greece | Athens | Metrorama | 93.000 | Metrorama Publishing Ltd. (Metro International S.A.) |
| 16 November 2000 | Spain | Barcelona | Metro Directo | 210.000 | Metro International S.A. / Metro News SL |
| 21 November 2000 | Spain | Bilbao | El Nervion | 50.000 | Grupo Correo |
| 15 January 2001 | United Kingdom | Yorkshire (Leeds, Sheffield) | Metro | 74.000 | DMGT - Associated Newspapers |
| 5 March 2001 | Italy | Rome | Leggo | 200.000 | Mediengruppe Caltagirone |
| 19 March 2001 | Austria | Vienna | U-Express | 150.000 | Media Print Zeitungs- und Zeitschriftenverlag GmbH (Dichand/WAZ) |
| 21 May 2001 | Italy | Milan | Leggo | 200.000 | Mediengruppe Caltagirone |
| 23 August 2001 | Spain | Barcelona | 20 Minutos | 200.000 | Multiprensa Holding SL/Schibsted bzw. 20 Minuten Holding AG |
| 23 August 2001 | Spain | Madrid | 20 Minutos | 300.000 | Multiprensa Holding SL/Schibsted bzw. 20 Minuten Holding AG |
| 27 August 2001 | Spain | Madrid | Metro Directo | 270.000 | Metro International S.A. / Metro News SL |
| 31 August 2001 | Denmark | Copenhagen | "MetroXpress" | 135.000 | Metro Xpress Denmark A/S (Metro International S.A.) |
| 15 August 2001 | Poland | Warsaw | Metro (neu lanciert) | 130.769 | Agora-Konzern |
| 3 September 2001 | Italy | Milan | City | 200.000 | Rizzoli Corriere della Sera (RCS) |
| 3 September 2001 | Italy | Rome | City | 200.000 | Rizzoli Corriere della Sera (RCS) |
| 24 September 2001 | Denmark | Kopenhagen | Urban | 182.000 | Orkla Media AS-Berlingske Officin AS |
| 18 February 2002 | France | Paris | Metro | 350.000 | Metro International S.A. / Television Francaise 1 S.A. |
| 18 February 2002 | France | Marseille | Metro | 100.000 | Metro International S.A. / Television Francaise 1 S.A. |
| 18 February 2002 | France | Marseille | Marseille plus | 100.000 | Hachette |
| 1 March 2002 | France | Paris | 20 Minutes | 450.000 | Schibsted / 20 Minuten Holding AG |
| 15 March 2002 | France | Lyon | Metro | 50.000 | Metro International S.A. / Television Francaise 1 S.A. |
| 3 April 2002 | Denmark | Aarhus | "MetroXpress" | 65.000 | Metro Xpress Denmark A/S (Metro International S.A.) |
| 15 August 2002 | Russia | Moskow | ExtraM | 500.000 | ZAO Extra M Media |
| 21 October 2002 | Sweden | Stockholm | Stockholm City | 250.000 | Bonnier |
| 1 November 2002 | Spain | Seville | 20 Minutos | 50.000 | Multiprensa Holding SL/ Schibsted/20 Minuten Holding AG |
| 15 June 2003 | Greece | Athens | City Press | 100.000 | KPM Publishing SA |
| 15 September 2003 | Spain | Seville | Metro Directo | 50.000 | Metro International S.A. / Metro News SL |
| 15 September 2003 | Spain | Saragossa | Metro Directo | 50.000 | Metro International S.A. / Metro News SL |
| 18 November 2003 | Spain | La Coruna | Metra Directo | 50.000 | Metro International S.A. / Metro News SL |
| 1 November 2003 | Spain | Saragossa | 20 Minutos | 40.000 | Multiprensa Holding SL/Schibsted / 20 Minuten Holding AG |
| 19 January 2004 | France | Toulouse | Metro | 30.000 | Metro International S.A. / Television Francaise 1 S.A. |
| 2 February 2004 | Denmark | 10 more Cities | "MetroXpress" | 40.000 | Metro Xpress Denmark A/S (Metro International S.A.) |
| 2 February 2004 | Spain | Valencia | Metro Valencia Hoy | 50.000 | Metro International S.A. / Metro News SL / Ediciones Primera Plana de Alicante |
| 2 February 2004 | Spain | Alicante | Metro Alicante Hoy | 20.000 | Metro International S.A. / Metro News SL / Ediciones Primera Plana de Alicante |
| 2 February 2004 | France | Lille | Metro | 30.000 | Metro International S.A. / Television Francaise 1 S.A. |
| 24 February 2004 | France | Lille | 20 Minutes | 65.000 | Schibsted / 20 Minutes France SAS + SPIR + SOFIQUEST |
| 26 February 2004 | France | Lyon | 20 Minutes | 80.000 | Schibsted / 20 Minutes France SAS + SPIR + SOFIQUEST |
| 28 February 2004 | France | Marseille | 20 Minutes | 80.000 | Schibsted / 20 Minutes France SAS + SPIR + SOFIQUEST |
| 1 March 2004 | Poland | National + four more cities | Metropol | 60.000 | TPP Sp.zo. O. (Metro International S.A.) |

Table 5: Market survey of free commuter newspapers in Europe (1995-March 2004)

Source: independent research based on various sources (expert interviews, online queries, statistical material from national ABCs, financial analyses, company reports, international surveys)

national publishers no longer are marketed to pre-empt the strategies of Metro or Schibsted; instead “press groups in neighbouring countries realise how a new advertising medium is emerging with qualities of its own”.⁵⁵ The following market evaluation portrays the development of European free newspapers from 1995 to 2004. Titles which have since disappeared are not taken into account.

Table 5 describes the development from 1995 to March 2004. The free commuter newspapers were considered according to the criteria of the working definition, and circulation figures were updated. Thus, total circulation of free newspapers in Europe reached around 8.8 million copies in March 2004. These are published in 89 cities in 16 countries.⁵⁶

⁵⁵ Vogel, Andreas (11/2001), p. 584.

⁵⁶ This total was calculated independently, based on several different sources; further specifications will be given in particular cases.

4 Empirical case study – Switzerland

This section details the results of an empirical study of free commuter newspapers in Switzerland. There were several reasons for choosing Switzerland. The two Scandinavian groups and their worldwide and Europe-wide editions of 20 Minutes and Metro met here for the first time as direct competitors in German-speaking Switzerland. The competition lasted for about two years; Metropol withdrew from the Swiss market in February 2002. Further, 20 Minuten has been on the market longest of all editions of the newspaper published by 20 Minuten Holding AG. It then becomes possible to compare the business models and to identify the factors of success and failure.⁵⁷ Moreover, there were countermeasures taken by established publishers whose impact will be examined in more detail. In this context, we will look at the effect on the established dailies by the appearance of free newspapers. The WEMF AG für Werbemedienforschung is in charge of auditing circulation in Switzerland, and regularly publishes media analyses. This organisation has recorded readership figures from the outset for the new titles 20 Minuten and Metropol in the category free newspapers. 20 Minuten was first included in official circulation figures in the 2003 survey (Basis 2002).⁵⁸ In the following, some basic information about the Swiss media landscape and the development of local conditions is provided. Then some detailed analyses of the local conditions, with particular stress on the case study of 20 Minuten. After a retrospective overview follow an examination of the main components of the newspaper, a comparison of Metropol and 20 Minuten, a profile of Swiss journalists, user patterns, reactions from established publishers as well as market development and the impact on existing publishers. The theoretical basis for the empirical study is the industrial economic model developed by Scherer (Structure-Conduct-Performance paradigm), taking into account the specific conditions and in particular the interaction between the press structure (national, local), the market behaviour and results.⁵⁹

4.1 Analysis of contextual conditions

Federal Switzerland is a multicultural community. There are three major linguistic areas, defined by groups of cantons. Tessin is Italian-speaking, the cantons Freiburg,

Waadt, Wallis, Neuenburg, Geneva and Jura constitute francophone Switzerland (or Western Switzerland) and the remaining cantons make up German-speaking Switzerland.⁶⁰ In 2000, the latter had a population of 5.11 million (71 per cent), the francophone region 1.78 million (24 per cent) and the Italian-speaking community 310,200 people (5 per cent).⁶¹

In terms of environment, the population structure (age, housing and family composition), urbanisation and short and long term commuter statistics are of particular interest for free newspapers. The basic data was supplied by the

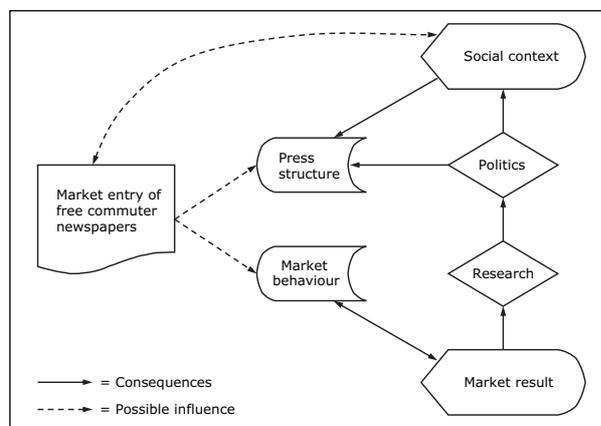


Table 6: Possible impact by free newspapers on the press market

Source: author's research based on Scherer, Frederic M. (1990), p. 4; Krietenbrink, Reinhild (7/2000), p. 26; Schoegel, Kerstin (2001), p. 30; Jarren, Otfried/Bonfadelli, Heinz (Editor) (2001), p. 168.]

Swiss agency for statistics, the most recent demographic data being the census of 2000. In late 1999, the Swiss population in constant residence was around 7.16 million, compared to 7.20 million a year later. The population is clearly ageing as a result of rising life expectancy and lower birth rates; this trend is destined to continue over the next decades.⁶²

In terms of family structure, the number of one-person households is rising, and households with 3 to 5 members

⁵⁷ The theoretical framework is based on the four elements of a market oriented business model (positioning, cooperation, core business profile, revenue sources). Cf. Schögel, Marcus/Birkhofer, Ben/Tomczak, Torsten (2000), p. 28f.; Deutsch, Danielle (8/2001), p. 10.

⁵⁸ Cf. WEMF (4/2003), p. 1. The latest newspaper circulation figures are regularly published by the WEMF in April (for instance, 1999 figures are published in 2000). See WEMF (4/2000), foreword. Because of its short market presence, Metropol was never included in the official circulation figures. MACH Basic collects the annual readership statistics, the most recent of which were published in August 2003. Cf. WEMF (8/2003).

Since 2000 the reach of Swiss print media are measured, using the international standard reader-per-copy.

Cf. WEMF (8/2002), p. 7. "The reach (reader-per-copy) gives either in percent or as a projection the share or the number of people who read an average copy of a title", WEMF (8/2002), p. 89.

⁵⁹ Cf. Scherer, Frederic M. (1990), p. 4; Krietenbrink, Reinhild (7/2000), p. 26; Schoegel, Kerstin (2001), p. 30; Jarren, Otfried/Bonfadelli, Heinz (Editor) (2001), p. 168.

⁶⁰ Cf. www.statistik.admin.ch; Der Spiegel (editor) (10/2003), p. 374.

⁶¹ Cf. www.statistik.admin.ch

⁶² Cf. www.statistik.admin.ch

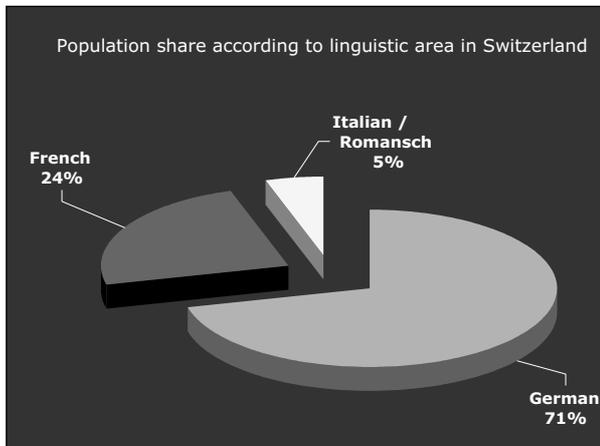


Table 7: Population share according to linguistic area in Switzerland
Source: author's presentation based on the Bundesamt für Statistik (www.volkszaehlung.ch); Custer, Ueli (10/2003), p. 5.

are declining. In 2000 there were about 3.1 million households (+6.9 percent compared to the year before); 1.1 million or more than a third were one-person households. This may be compared to 14.2 percent of one-person households in 1960. The number of one-person households in urban areas (25%) increased twice as much as in rural areas.⁶³

According to the census of 2000, about three quarters of the population live in urban areas, i.e. in a municipality belonging to an urban community. Urbanisation is clearly progressing.⁶⁴

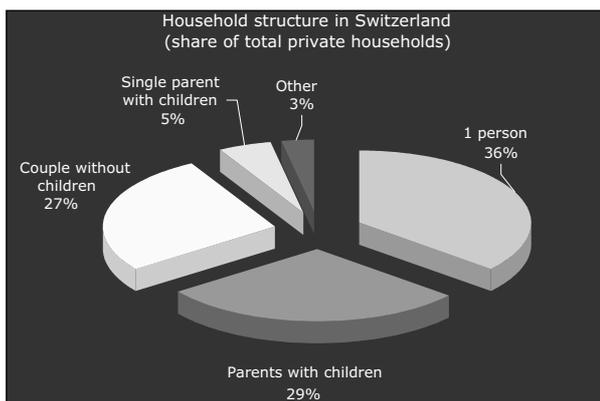


Table 8: Household structure in Switzerland (share of total of private households). Source: Bundesamt für Statistik (www.volkszaehlung.ch); Custer, Ueli (10/2003), p. 4.]

In the context of the free commuter newspaper concept, the commuter statistics are important since “parallel to the urbanisation of Switzerland, fewer people are working in their place of residence”.⁶⁵ In the 2000 census, commuter behaviour was analysed. The long-term work commute has steadily increased over the past 90 years. Since 1960, the percentage of commuters has increased by ten percent every decade, reaching 57.8 percent in 2000.

There is a strong trend in favour of motorised means of transportation.

Similarly, communications increasingly take place by car. Trains included, the use of public transportation is declining. If you separate the work commuting time from the type of transport, it turns out that in 2000 half of the commuters had a commute of less than 15 minutes, a third between 15 and 30 minutes and 10 percent a commute between 30 minutes and an hour.⁶⁶

4.2 Major developments in Swiss daily newspapers

A specific feature of the Swiss media landscape is that it reflects a part of Europe. There are in fact four national languages and thus four media landscapes (although Italian and Romansch are generally put into one category).⁶⁷ The particular features of these national press structures may be found at the local level, but as far as the current competitive situation is concerned, each local market carrying a free newspaper should be considered separately. In terms of market entry for free newspapers in Switzerland, some particular points may be made. At the national level, the press structure and the competitive situation in Ger-

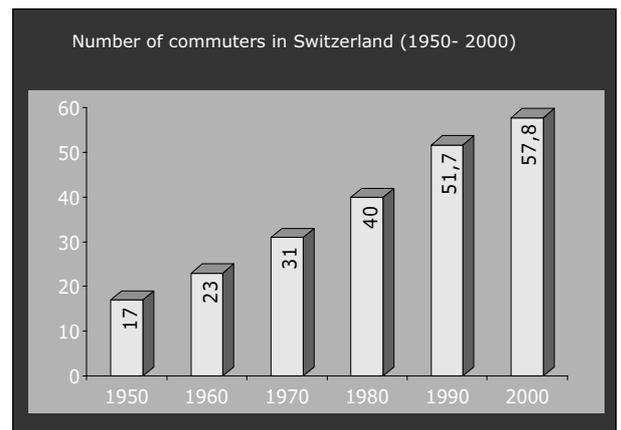


Table 9: Commuter share (per cent)
Source: author's presentation based on Bundesamt für Statistik (www.volkszaehlung.ch); Custer, Ueli (10/2003), p. 3.]

⁶³ Cf. Custer, Ueli (10/2003), p. 2; www.statistik.admin.ch

⁶⁴ Cf. Haug, Werner/Schuler, Martin et al (5/2003), p. 9; Custer, Ueli (10/2003), p. 1, 7; www.statistik.admin.ch

⁶⁵ Custer, Ueli (10/2003), p. 1.

⁶⁶ Cf. Haug, Werner/Schuler, Martin et al (5/2003), p. 4.

⁶⁷ Cf. Meier, Werner A./Schanne, Michael (1994), p. 36. Article 116 of the Constitution of the Swiss Confederation declares German, French, Italian and Romansch the national languages of Switzerland.

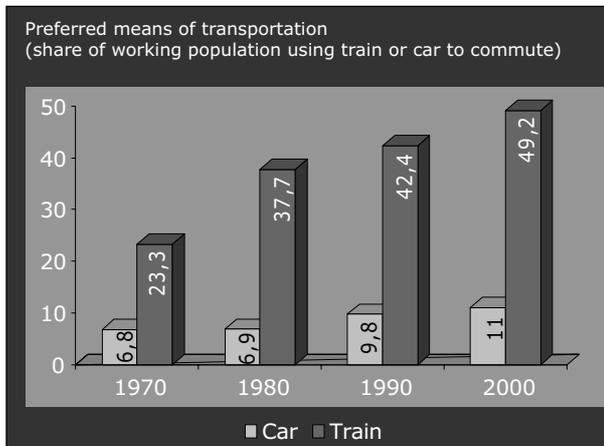


Table 10: Transport (share of working population that takes the train or the car to work)

Source: author's presentation based on Bundesamt für Statistik (www.volkszaehlung.ch); Custer, Ueli (10/2003), p. 3.

man-speaking Switzerland are particularly relevant, as this is the only region where this new type of paper is published (Metropol and 20 Minuten). As far as the local press and competition are concerned, the regions Zurich, Basle and Berne are of particular interest (the so-called "golden triangle").

4.2.1 Structure of the Swiss press

The Swiss press structure has its own characteristics, like the national press structure of Germany for instance. These are high penetration, concentration, the importance of regional newspapers and the strong local attachments of many dailies, private ownership and dependence on advertising revenues.⁶⁸ Because of limited geographical space and the cultural, political and religious diversity in Switzerland, a dense and pluralistic press environment developed.⁶⁹ In terms of newspapers (i.e. published at least once a week), the density was high. As in many other European countries, over the last decades the number of publishers declined in Switzerland, but not only because of the country's size, followed by concentration and consolidation.⁷⁰ Moreover, in recent years there were practically no successful market entries. Because of strong regionalisation and unlike other industries, there were no foreign competitors which in the age of globalisation could have supplied alternatives.⁷¹

The concentration of titles which began in the 1960s accompanied a doubling of total circulation. In other words, Switzerland has an ever smaller number of titles producing a growing circulation.⁷²

This is valid also for dailies. The daily newspapers which enjoy high circulation also are those which, because of their leading market position, grow disproportionately. Conversely, because of the concentration the number of small dailies is in constant decline. Increasingly, cooperation characterises both publishing and advertising (advertising pools) but also the editorial department (head sheet system).⁷³ This is how, recently, the Mittelland-Zeitung was created through the merger of Aargauer Zeitung, Oltner Tageblatt, Solothurner Zeitung and Zofinger Tagblatt, which gave birth to one the largest dailies in central Switzerland (circulation about 200,000 and 374,000 readers).⁷⁴

The market for German-language dailies in terms of circulation is dominated by the national tabloid "Blick", published by Ringier which is the largest publisher in Switzerland.⁷⁵ The traditional daily newspaper market in German-speaking Switzerland is marked above all by the strong regional papers. Dailies, which in Switzerland are published four to six times a week have (with the exception of Blick) an agency for local and regional news. This also applies to the Neue Zürcher Zeitung which has also national and international coverage. The nine largest dailies come from German-speaking Switzerland;

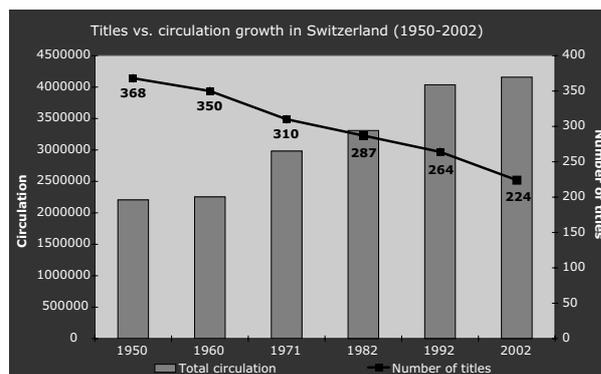


Table 11: Titles vs. circulation growth in Switzerland (1950-2002)

Source: author's presentation based on Verband Schweizer Presse (www.schweizerpresse.ch)]

⁶⁸ On Switzerland, cf. Meier, Werner A./Schanne, Michael (1994), p. 49. On Germany, cf. Meyn, Hermann (1999), p. 85.

⁶⁹ Cf. Meier, Werner A./Schanne, Michael (1994), p. 49.

⁷⁰ Cf. Erdmann, Georg/Fritsch, Bruno (1990), p. 56; Meier, Werner A./Schanne, Michael (1994), p. 55; Stiftung Werbestatistik Schweiz (2003), p. 17, 19.

⁷¹ Cf. Deutsch, Danielle (8/2001), p. 12f.

⁷² Cf. Marr, Mirko/Wyss, Vinzenz/Blum, Roger/Bonfadelli, Heinz (2001), p. 39; Rathgeb, Jürg (1998), p. 164.

⁷³ Cf. Marr, Mirko/Wyss, Vinzenz/Blum, Roger/Bonfadelli, Heinz (2001), p. 39. Through association, there are cost savings and greater attraction for advertisers. This trend favours having a central newsroom for several departments. Cf. Schütz, Walter J. (2000), p. 472.

⁷⁴ Cf. O.V. (4/2001), p. 36.

⁷⁵ Cf. www.ringier.ch

| Title | Publisher | Perio- dicity | Audited circula- tion (2002) | Net penetration | | Full page ad | | Price 1000 | |
|-----------------------|--|------------------|------------------------------------|-----------------|---------|--------------|--------|---------------|----|
| | | | | in % | in 1000 | b/w | 4c | b/w | 4c |
| Sonntagsblick | Ringier AG | 1 day/week | 312'312 | 25-Feb | 1'026 | 14'352 | 24'704 | 14 | 24 |
| Blick | Ringier AG | 6 days/week | 292'292 | 18-Mar | 746 | 20'315 | 29'908 | 28 | 41 |
| Tages-Anzeiger | Tamedia AG | 6 days/week | 234'518 | 13-Jul | 559 | 14'590 | 23'076 | 27 | 43 |
| Le matin dimanche | Edipresse Publications SA | 1 day/week | 203'838 | 45.4 | 604 | 19'012 | 33'465 | 30 | 54 |
| Sonntags Zeitung | | 1 day/week | 202'100 | 20.0 | 813 | 18'530 | 26'968 | 24 | 34 |
| Mittelland Zeitung | | 6 days/week | 193'665 | 9.0 | 366 | 20'051 | 28'218 | 56 | 78 |
| Neue Zürcher Zeitung | Neue Zürcher Zeitung AG | 6 days/week | 166'291 | 8.0 | 324 | 12'548 | 18'863 | 42 | 64 |
| Berner Zeitung | Espace Media Gruppe | 6 days/week | 163'000 | 08-Apr | 341 | 14'170 | 19'689 | 47 | 65 |
| Die Südostschweiz | Südostschweizer Presse AG | 6 days/week | 138'117 | 6.0 | 243 | 15'840 | 19'688 | 69 | 86 |
| Neue Luzerner Zeitung | Neue Luzerner Zeitung AG | 6 days/week | 133'304 | 07-Jan | 289 | 12'893 | 17'912 | 50 | 69 |
| St. Galler Tagblatt | St. Galler Tagblatt AG | 6 days/week | 110'209 | 05-Jun | 226 | 10'909 | 15'250 | 53 | 74 |
| Basler Zeitung | National-Zeitung und Basler Nachrichten AG | 6 days/week | 103'649 | 05-May | 226 | 11'652 | 15'852 | 56 | 76 |
| 24 heures | Edipresse Publications SA | 6 days/week | 88'543 | 18-Mar | 243 | 8'536 | 15'072 | 35 | 63 |
| Tribune de Genève | La Tribune de Genève SA | 6 days/week | 75'029 | 14-May | 193 | 8'439 | 14'592 | 45 | 77 |
| Le matin semaine | Edipresse Publications SA | 6 days/week | 66'531 | 23-Mar | 310 | 6'370 | 12'901 | 21 | 43 |

Table 12: Prices and performance of the largest Swiss dailies (2003)

Source: author's presentation based on WEMF (4/2003); WEMF (8/2003); Verband Schweizer Presse (www.schweizerpresse.ch)

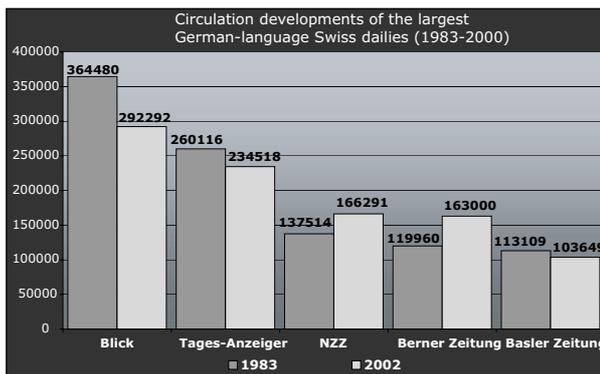


Table 13: Circulation developments of the largest German-language Swiss dailies (1983-2000). Source: author's presentation based on WEMF (4/2003), p. 1.; Verband Schweizer Presse (www.schweizerpresse.ch)

| Publisher | Sales | Profits | Employees | Sales/profit quota |
|-----------------------------|---------|---------|-----------|--------------------|
| 1 Ringier AG | 1'033.0 | 39.2 | 5'419 | 3.8% |
| 2 Edipresse Publications SA | 705.8 | 13-Jun | 3'485 | 1.9% |
| Tamedia AG | 640.3 | 35.6 | 2'004 | 5.6% |
| 4 NZZ-Gruppe | 481.5 | -49.7 | 2'095 | -10.3% |
| 5 Basler Mediengruppe* | 311.9 | n.v. | 1'800 | n.v. |
| 6 Espace Media Groupe | 233.0 | 22-Jun | 965 | 9.7% |
| 7 AZ-Medien Gruppe | 198.4 | 0.6 | 634 | 0.3% |

* The fiscal year currently ends on 30 June

Table 14: The largest publishers in Switzerland (late 2002). Source: author's presentation based on Verband Schweizer Presse (www.schweizerpresse.ch)

only the tenth title, 24 Heures, hails from the francophone West.

In addition, Switzerland has a strong tradition of free weeklies which mostly carry classified advertising and hardly any editorial content at all. These free sheets are categorised under free newspapers/official journals and are affiliated with the Verband der Schweizerischen Gratiszeitungen (VSGZ).⁷⁶ In late 2002 there were 392 titles with a total readership of 2.9 million (include 2.4 million German-speakers).⁷⁷ The first free weekly with editorial content, Züriwoche, was founded 20 years ago in Zurich. However, it never recouped its costs and ceased publication in 1998.⁷⁸ In recent years, several large Swiss publishers tried to expand their position and diversified production into other fields, although print media remains the most important in economic and publishing terms.⁷⁹ Newspaper and magazine publishers are increasingly attempting to widen their core business to combine the print product with television, radio and internet operations.⁸⁰ This development entailed technical and legal changes, and led to a dual structure of suppliers with public and private producers.⁸¹

4.2.2 Evolving markets

In the field of electronic media, Switzerland experienced an enduring change in the supply market. The background was the new law on radio and TV (RTVG) enacted by Parliament in the summer of 1991. Since this date, private entrepreneurs and producers may obtain radio and television concessions, in competition with the public Swiss radio and television.⁸²

This liberalisation of the radio and TV markets multiplied the programme offers. New technologies such as the internet led to media fragmentation. Already a few years after its launch, the internet represented 23 minutes of media consumption and indeed the highest growth rate. Overall, media use increased regularly in Switzerland in recent years. Compared to four hours and 40 minutes in 1980, average media consumption per person and day was six hours and 48 minutes in 2000.⁸³

The research service SRG-SSR provides important background to the media consumption and reader behaviour in Switzerland. This firm continuously analyses the behaviour of TV and radio consumers relative to other media.⁸⁴ The rising supply of television channels and internet platforms would seem to stand out at first sight, but re-

⁷⁶ Cf. www.gratiszeitungen.ch; Stiftung Werbestatistik Schweiz (2003), p. 17, 19.

⁷⁷ Cf. World Association of Newspapers (2003), p. 32; WEMF (8/2003), p. 185.

⁷⁸ Cf. Arnould, Valérie/Peyrègne, Vincent (3/2002), P. 20; Deutsch, Danielle (8/2001), p. 11f.

⁷⁹ Cf. Deutsch, Danielle (8/2001), p. 14; Porter, Michael E. (1999), p. 402.

⁸⁰ Cf. www.tamedia.ch

⁸¹ Cf. Henkel, Christiane (2000), p. 29; Meier, Werner A./Schanne, Michael (1994), p. 55f.; Custer, Ueli (2004), p. 1-4; Custer, Ueli (2003a), p. 5-12.

⁸² Cf. Meier, Werner A./Schanne, Michael (1994), p. 65.; Custer, Ueli (4/2000), p. 1.

⁸³ Cf. Custer, Ueli (4/2000), p. 1.

⁸⁴ Cf. SRG Forschungsdienst (2001), p. 58.

mains in proportion if you recall that the average media consumption per person and day increased considerably.⁸⁵ In 2000, 69 percent of the German-speaking Swiss population read a daily newspaper according to the SRG study. Broken down according to gender and age, we find that men read longer than women, and that the younger the readers are, the less they read. Female readership is 67 percent vs. 71 percent for men. 10 percent of those surveyed read a newspaper once a week or not at all. 15-19 year olds have the least interest in newspapers, as 20 percent of this group almost never open a paper. The average reading time in this segment is ten minutes. 81 percent of the 65 year olds read a newspaper daily. The 30-44 year olds spend 20 minutes per day against 38 minutes for those aged over 65.⁸⁶ Overall, it is obvious that in the longer term the newspaper is losing out to television and radio.

Daily newspapers are in a constant inter- and intramedia competition.⁸⁷ On one hand, they compete for readers and on the other for advertising revenues. In the 1970s, free sheets became a competitor to the local and regional newspapers in terms of display advertising and classifieds. The arrival of television commercials led above all to an intense competition for national advertising campaigns.⁸⁸ The foundation Werbestatistik is the Swiss organisation for observing trends in advertising, the volume of which is chiefly determined by the GDP.⁸⁹ The relationship between advertising sales and GDP is called advertising intensity. In Switzerland, GDP did not always evolve in parallel with advertising revenues, but confirms that “weak GDP growth has a negative impact on advertising volume”.⁹⁰ In 2002, the advertising share of GDP declined to the level of 1998.⁹¹

Whereas in 2000 (i.e. during the launch of the free newspapers in Switzerland) FS 4.72 billion (excluding direct advertising) were invested, which represented a 7.8 percent increase and an all-time high. This figure fell again in 2002 to FS 4.25 billion (excl. direct advertising).⁹² Thus net advertising sales in 2002 were lower than in 1999, and the size of the loss compared to the previous year was also a record. Looking at the sales development in a longer perspective (1984-2000), it is clear that the net

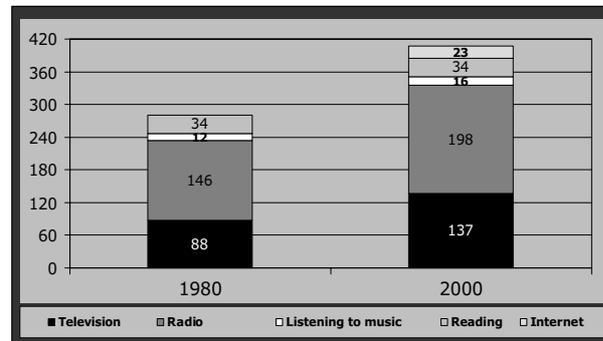


Table 15: Media use in German-speaking Switzerland 1980/2000 (Media consumption in minutes per day, total population)

Source: author's presentation based on Custer, Ueli (4/2000), p. 3.]

volume (FS 305 million in 2003) never saw such a decline year-on-year since 1984.⁹³

In terms of market share of individual media, where traditional media like TV, radio and newspapers are important, the print media (paid-for newspapers, free newspapers, magazines and professional publications) still enjoy the largest share of the advertising pie in Switzerland.

In late 2002, paid-for newspapers represented FS 1.6 billion and thus the largest market share, 37.6 per cent.⁹⁴ However, after a period of growth (1993-2000), the share of paid-for newspapers in the media mix declined again from 2000 to 2002.⁹⁵

Magazines show a slight gain in market share, which is accounted for mainly by special interest and hobby publications, as professional and general public magazines decreased in circulation.⁹⁶ Schnell tries to explain this somewhat contrary development of newspapers and magazines by saying that the latter in part substitute for high-circulation regional newspaper titles in terms of media planning. Also, the need for strong regional newspapers to counter 20 Minuten and the diverse Sunday press has supposedly decreased.⁹⁷ Free newspapers and official journals lost one percent in market share from 1997 to 2002, and showed a

⁸⁵ Cf. Deutsch, Danielle (8/2001), p. 15.

⁸⁶ Cf. SRG Forschungsdienst (2001), p. 42f.

⁸⁷ Cf. Schütz, Walter J. (2000), p. 469.

⁸⁸ Cf. Custer, Ueli (4/2000), p. 1.; Erdmann, Georg/Fritsch, Bruno (1990), p. 70.

⁸⁹ Cf. Heinrich, Jürgen (1994), p. 74.

⁹⁰ Stiftung Werbestatistik Schweiz (2003), p. 15.

⁹¹ Cf. Custer, Ueli (7/2003), p. 1, 3.

⁹² Cf. Stiftung Werbestatistik Schweiz (2003), p. 11.

⁹³ Cf. Custer, Ueli (7/2003), p. 1, 7.

⁹⁴ Cf. Stiftung Werbestatistik Schweiz (2003), p. 16.

⁹⁵ Cf. Stiftung Werbestatistik Schweiz (2003), p. 16; Schnell, Kevin (10/2003), p. 1; www.schweizerpresse.ch; Custer, Ueli (7/2001), p. 20.

⁹⁶ Cf. Schnell, Kevin (10/2003), p. 1; Stiftung Werbestatistik Schweiz (2003), p. 21; Custer, Ueli (7/2003), p. 1.

⁹⁷ Cf. Schnell, Kevin (10/2003), p. 1.

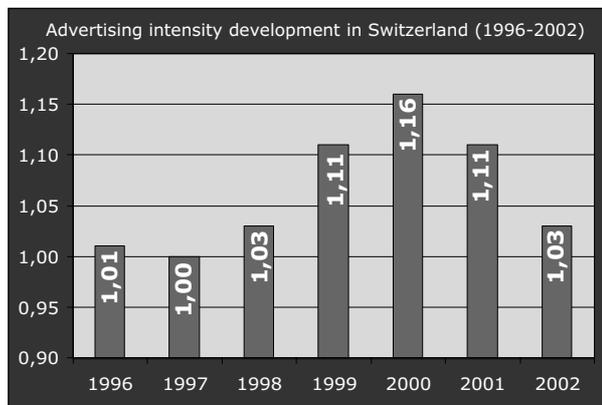


Table 16: Advertising intensity in Switzerland (1996-2002)

Source: author's presentation based on Stiftung Werbestatistik Schweiz (2003), p. 14; Custer, Ueli (7/2003), p. 3.]

net loss in advertising sales of FS 28 million in 2001/2002.⁹⁸

The press category was by far the greatest loser. The main reason is (un)employment: in one single year (2001/2002) sales for a value of FS 232 million were lost. This represents 68 percent of the global loss, or even 81 percent of the loss of all newspapers.⁹⁹ Since the absolute rock bottom of the 1990s (1993), the classifieds market experienced growth until 2000.¹⁰⁰ The FS 320 million obtained in 2002 remain a relatively high result compared to the period 1993-1997, but the 42 percent decrease within one year remains extraordinary.¹⁰¹

Looking at the various press groups, it is clear that the losses are the greatest for high-circulation subscription newspapers (dailies over 50,000 copies) in 2001/2002, even though they still enjoy the highest sales.¹⁰²

The category free newspapers/official journals represent 87 percent of the advertising sales in German-speaking Switzerland. Among free newspapers, the category representing a circulation between 10,000 and 50,000 increased the most in 2001/2002, + 7.3 per cent.¹⁰⁴

Television markedly increased its share over the period 1997-2002. This increase may however be attributed to a

lower loss of advertising, and thus it is more a case of growth thanks to weak competitors than because of own strength.¹⁰⁴ Radio enjoyed a slight growth in market share in the period 1997/2002. Advertising income increased by 0.5 percent 2001/2002 which reflects an increase in sponsoring and a simultaneous fall in spot advertising. Hence the gains were almost exclusively made by the private radio stations.¹⁰⁵

4.3 Market entry for commuter newspapers: case study of "20 Minuten"

The local press structures of the distribution area covering Zurich, Berne and Basle (the "golden triangle") are significant and will be examined in brief analyses. In this context, Switzerland is divided into economic zones (Wirtschaftsgebiet, WG): Zurich (WG 43), Basle (WG 31), Bern (WG 15), Berner Oberland (WG 22), Solothurn (WG 32), Berner Seeland (WG 33) and Berner Mittelland (WG 34). The statistical offices of the relevant cantons supplied the basic data.

4.3.1 Genesis and development

Originally, the free commuter newspaper 20 Minuten should have been launched in late February 2000, but when it became clear that Metropol had an exclusive distribution agreement with the Swiss railways (SBB), 20 Minuten reacted by secretly planning an early start.¹⁰⁶ Thus 20 Minuten was launched already on 13 December 1999 in Zurich.¹⁰⁷ Schibsted had several grounds for choosing Zurich for the launch of its own concept of a free commuter newspaper. The largest economic metropolitan area in Switzerland enjoys, like Stockholm, "a reading, above-average educated population with strong purchasing power, a very developed network of public transportation and one of the strongest advertising markets per capita in Europe".¹⁰⁸ In addition there were industry-specific factors which would favour the launch of a free newspaper, as talks with advertisers, media planning experts and agencies indicated that there was deep dissatisfaction with existing titles, and interest in a quality paper targeting a young audience.¹⁰⁹ In implementing the project 20 Minuten, the representatives of the Scandinavian media

⁹⁸ Cf. Custer, Ueli (7/2003), p. 2, 11.

⁹⁹ Cf. Custer, Ueli (7/2003), p. 1, 6; Stiftung Werbestatistik Schweiz (2003), p. 34.

¹⁰⁰ Cf. Custer, Ueli (7/2001), p.20; Stiftung Werbestatistik Schweiz (2003), p. 34.

¹⁰¹ Cf. Stiftung Werbestatistik Schweiz (2003), p. 34; Custer, Ueli (7/2003), p. 1, 6

¹⁰² Cf. Stiftung Werbestatistik Schweiz (2003), p. 28.; Custer, Ueli (7/2003), p. 2, 10.

¹⁰³ Cf. Stiftung Werbestatistik Schweiz (2003), p. 31f.; Custer, Ueli (7/2003), p. 2, 10.

¹⁰⁴ Cf. Schnell, Kevin (10/2003), p. 1.

¹⁰⁵ Cf. Schnell, Kevin (10/2003), p. 1f.; Stiftung Werbestatistik Schweiz (2003), p. 56.; Custer, Ueli (7/2003), p. 1, 8.

¹⁰⁶ Cf. Arnould, Valérie/Peyrègne, Vincent (3/2002), p. 7; Wigdorovits, Sacha (10/2002), p. 11. Wigdorovits was one of the decisive developers of the 20 Minuten project in Switzerland, and a member of the board until February 2003.

¹⁰⁷ Cf. Wigdorovits, Sacha (10/2002), p. 5, 9.

¹⁰⁸ Cf. Wigdorovits, Sacha (10/2002), p. 9.

¹⁰⁹ Cf. Wigdorovits, Sacha (10/2002), p. 9f.

group had opted for “glocalisation” (think global, act local). Schibsted let its Swiss partners develop and determine the content and design of 20 Minutes, as well as the format (Swiss tabloid). Following the national expansion in early October 2000, three regional editions (Zurich, Berne, Basle) were also published, and a substantial internet portal was launched.¹¹⁰

From the very beginning, Schibsted sought a Swiss partner, whereby the search soon focussed on a financial investor which led to the partnership with Ernst Müller-Möhl and his A&A Actienbank. Thus Schibsted’s industrial skills would be complemented by bringing financial know-how into the joint venture.¹¹¹ A second investor for the 20 Minuten Holding AG was the British investment bank Apax, which was supposed to prepare the company for an IPO. Schibsted, A&A and Apax divided 20 Minuten Holding in three equal parts. This would ensure that the return on investment would not be neglected in further business developments, and that costs would be severely controlled. The Norwegian-Swiss project tried to alleviate the alleged handicap in terms of distribution compared to Metropol (no agreement with SBB) by using hand distribution. Since no distribution racks were allowed inside the tramway stations, newspapers were mostly hand distributed by young people.¹¹² 20 Minuten is printed in Austria and Switzerland between 11 and 11.30 pm. Distribution begins between 2.30 and 3 am and by 6 am everything should be ready. The management then negotiated a printing agreement with the Vorarlberger Medienhaus VM (Austria) just across the border, where the Zurich edition of 20 Minuten is printed. During the national expansion including the cities of Basle and Berne, a second printing partner was found. These two editions are printed by the AZ Grafische Betriebe in Aarau (Aargauer Zeitung). Pagination varies between 32 and 56, the average being 40 pages.¹¹³ 20 Minuten was first recorded in the WEMF bulletin for the year 2002 with a total free circulation of 325,838 copies, but no information was available concerning differences between the distribution areas Zurich, Berne and Basle.¹¹⁴ In mid 2002, this figure was split between Zurich (160,000) and Basle and Berne (roughly 80,000 each). “Unsold” copies were less than 5 per cent.

By late September 2002, the number of employees was 76, of whom 40 worked in editorial and production, 25 in publishing and 11 in the online operation. In terms of distribution, 20 Minuten then negotiated an agreement with the Zurich transport authorities to put distribution racks in

busses and trams. This exclusive deal runs until 2004 and costs 20 Minuten FS 1.5 million per year. To this should be added similar contracts with the transport companies in Basle and Berne for distribution in stations, trams and busses.¹¹⁵ After Metropol withdrew from the market, 20 Minuten took over the exclusive agreement with the SBB for distribution on the Zurich tram network, which yielded a 20 percent increase in distribution.¹¹⁶ Currently, the 20 Minuten Holding has contracts with almost all transport authorities in Zurich, Berne and Basle. In addition to the latter, other contractual partners are a couple of smaller transport companies and an association which regroups eight transport companies in Berne. Finally, agreements with each municipality led to the setting up of “Cityboxes” in central and densely frequented places in the city centre. Zurich for instance has 140 such boxes for the intra city commuters. 20 Minuten also cooperates with the media company Tamedia and the NZZ group for the transport and hand distribution. Tamedia and NZZ jointly own the independent distribution company ZUVO which has accepted a commission from 20 Minuten Holding. Thus, in spite of competition a partnership was established which is supposed to cut costs by 50 per cent, i.e. a win-win situation. By late 2001, 20 Minuten also began cooperation with the retail chain Kiosk AG. The copies of 20 Minuten were distributed centrally and Kiosk AG dispatched them to its sales points. However, the agreement was severed after a short time; Kiosk AG explained the decision by saying that fewer paid-for newspapers were being sold because of 20 Minuten being on the newsstands.

There were also strategic changes in the field of distribution. At first, a push strategy was adopted where 250 distributors were out and about to distribute 20 Minuten by hand. This was followed by a pull strategy, as people now actively seek out the paper. Moreover, this change had to do with Metropol’s withdrawal which enabled the elimination of inefficient distribution channels. During rush hour, distributors hand out the paper between 6.30 and 8.30 a.m. in Zurich. Demand now allegedly exceeds supply in Zurich, Berne and Basle; according to complaints, circulation is too small and the boxes empty too quickly. 20 Minuten CEO Bollmann fears that, as the younger readers get up later they may not receive the paper; thus the readership structure could change in favour of the established subscription newspapers. Getting rid of used copies is no longer a problem, as many people take the paper along and throw it away individually; remaining copies are taken care of by 20 Minuten Holding AG. In

¹¹⁰ Cf. Wigdorovits, Sacha (10/2002), p. 10. The internet portal should cost FS 5 million per annum, but is profitable since November 2002, generating around 14 million page impressions. Cf. O.V. (12/2002); Deutsch, Danielle (8/2001), p. 75.

¹¹¹ Cf. Schroeder, Michael (1994), 33; Wigdorovits, Sacha (10/2002), p. 11.

¹¹² Cf. Wigdorovits, Sacha (10/2002), p. 12.

¹¹³ Cf. Wigdorovits, Sacha (10/2002), p. 15.

¹¹⁴ Cf. WEMF (4/2003), p. 1.

¹¹⁵ Cf. Arnould, Valérie/Peyrègne, Vincent (3/2002), p. 7.

¹¹⁶ Cf. Wigdorovits, Sacha (10/2002), p. 12.

March 2003, a decisive change occurred in the ownership of 20 Minuten. Originally, Tamedia had planned to launch its own free newspaper Express in Zurich. But during negotiations shortly before the launch, Tamedia joined forces with the Berner Zeitung (Espace Media Groupe). The Express Zeitung AG (Tamedia 82.5 per cent/Berner Zeitung 17.5 per cent) then took a 49.5 stake in 20 Minuten Schweiz AG. The remaining 51.5 percent are still held by 20 Minuten Holding AG, but will be sold to Express Zeitung AG in two operations by end 2006 which will then have taken over the free newspaper. Until then, management control over 20 Minuten will remain with the holding company and its shareholders. The contracting parties remain silent about the conditions of the transaction.¹¹⁷ Thus the launch of the Express became superfluous and the Zurich Express was reconverted into the Tagblatt der Stadt Zürich. This confirmed what had already been discussed by media experts, i.e. that Tamedia had pushed the project “Express” this far in order to have a weighty bargaining tool against other potential buyers of 20 Minuten, such as Ringier.¹¹⁸ The successive takeover of 20 Minuten (Schweiz) AG by Tamedia subsidiary Express Zeitung AG was authorised by the competition authority without further ado on 17 September 2003.¹¹⁹ On 3 April 2003, the 20 Minuten (Schweiz) AG had brought another free product to the German-language press market, 20 Minuten Week, an entertainment guide with a circulation of 50,000. The guide is distributed by hand at newsstands, in cinemas and City-Disc outlets in Zurich, Basle and Berne. Since October 2003 it is also available in Zurich trams. According to the publisher, the weekly magazine for lifestyle and going out for the young and those who stay young is published every Thursday from 4 p.m.; the target audience, as with the newspaper, is the young, active, outgoing and shop-till-we-drop readership. Central features are Sounds and Music, Fashion and Shopping, DVDs, Computer and Mobile Communications. The magazine also carries the complete cinema and television programmes, as well as event tips for metropolitan Zurich, Berne and Basle.¹²⁰ Eight months after the launch, 20 Minuten Week reached 218,000 readers per edition according to a survey.¹²¹ The latest addition to the 20 Minuten family arrived on the market in late January 2004. Entitled “the guide”, this monthly magazine in A6 pocket format wants to give readers a preview of the coming month, as a complement to the weekly entertainment guide. Topics are top events of the month, cinema news, overview of metropolitan events

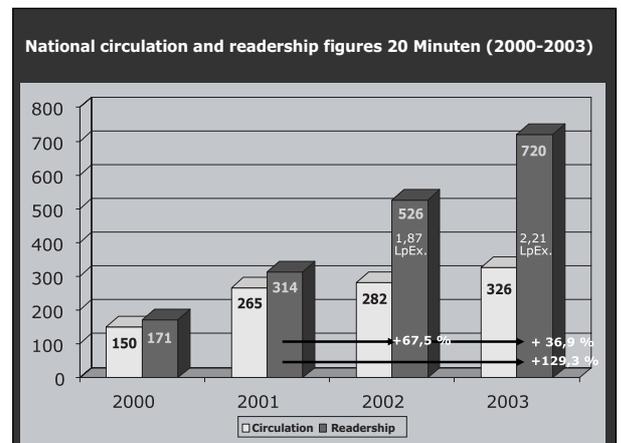


Table 17: Circulation and readership development for 20 Minuten (2000-2003). Source: author's presentation, based on WEMF (8/2003); WEMF (8/2002); WEMF (8/2001); WEMF (4/2003).

and lifestyle product news. “the guide” is distributed as a stapled insert with 20 Minuten Week and available in Zurich, Berne and Basle. Circulation at launch was 70,000 copies and a national development is planned.¹²²

4.3.2 Local press structure, competition and environment

The main distribution area for 20 Minuten is the canton Zurich or the so-called “Millionen Zurich” (WG 43). The canton Zurich is situated in the east midlands and stretches from the Rhine in the north almost to the foot of the Alps. Zurich has a population of 1.2 million (2000) which makes it the most populous of Swiss cantons and one of the most densely populated regions in Europe.¹²³ At first sight, the canton offers a diversified newspaper landscape, including national and regional titles, free print products, single copy and subscription publications, and newspapers of varying publication frequencies. The largest local dailies are Tages-Anzeiger, Blick and Neue Zürcher Zeitung. Regional titles are Landbote, Zürcher Oberländer, Zürcher Unterländer and Zürichsee-Zeitung which also have a strong presence in the districts. The Tages-Anzeiger was founded 1893 in Zurich and is the core product of the much more recent multimedia company Tamedia.¹²⁴ The content of the daily is a tightrope exercise: on one hand the paper is national and on the other aims at being a regional daily and a newspaper for the city of Zurich. It positions itself as a quality regional daily with national

¹¹⁷ Cf. Blom Tindlund, Elisabeth (3/2003), p. 1; O.V. (3/2003), p. 1.

¹¹⁸ Cf. O.V. (3/2003), p. 1.

¹¹⁹ Cf. sda (10/2003).

¹²⁰ Cf. www.20min.ch/intern/week

¹²¹ Cf. O.V. (12/2003).

¹²² Cf. www.20min.ch/intern/theguide.pdf; O.V. (11/2003).

¹²³ Cf. Borter, Cornel and others (4/2003), p. 6; www.statistik.zh.ch.

¹²⁴ Cf. Meier, Werner A./Schanne, Michael (1994), p. 16.

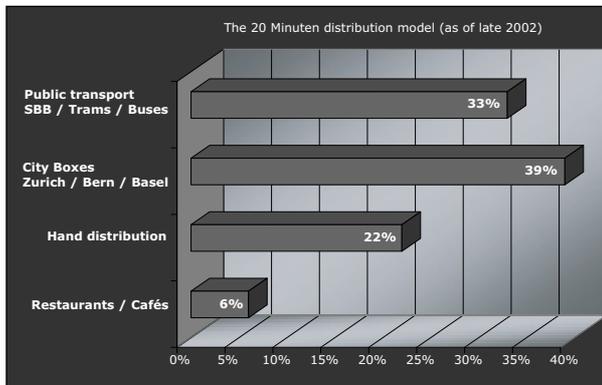


Table 18: The 20 Minuten distribution model (as of late 2002)

Source: author's presentation based on Fischlin, Othmar (8.11/2002), p. 27 (presentation).

reach, rather in the middle between the higher positioned NZZ and the smaller local and regional papers and the more recent free newspapers. The Tages-Anzeiger is 90 percent by subscription and is also sold through the various single copy channels, of which 6 percent through the classical newsstands. 30 to 35 percent of revenues come from sales and 65 to 70 percent from advertising and supplements. In 2002, the newspaper had a paid circulation of 234,518 copies (216,174 in subscription and 18,344 in single copy sales).¹²⁵ In 2003, the paper was read by 559,000 people, and registered a net penetration of 13.7 per cent. Most of the Tages-Anzeiger readership is found in the Zurich economic area (i.e. 364,000 readers which translates into a penetration of 36.5 percent and thus the paper's main distribution area).¹²⁶

In economic terms, a monopoly appears when one single supplier exists on a given market, and whose outcome is not affected by the prices of other suppliers, i.e. no competition.¹²⁷ The Tages-Anzeiger has indeed the highest penetration in WG 43 and a certain market domination, but is nonetheless subject to a number of competitors. As a reaction against the rising weekly press, in particular Sunday papers, the advertising pools Swiss Pool I and II were founded. The goal is to offer advertisers an integrated bundle at a discount for German-speaking Switzerland, so as to reduce administrative costs. Swiss Pool II also contains leading newspapers in Western Switzerland such as 24

Heures.¹²⁸ The advertising structure is clearly tilted towards classifieds, i.e. the local rather than the national market.

The Neue Zürcher Zeitung is supposedly the second oldest, still-published newspaper in the world.¹²⁹ According to chief editor Bütler, NZZ's essential features are qualified information and opinion forming based on liberal thinking, although the business goal is to publish a quality paper for politics, economics, culture and science, independent of particular interests. There is an international and a national edition, in which the stress is on the Zurich region. As a national quality daily, the NZZ has no direct competitor although the Tages-Anzeiger is considered the main competitor because of its national orientation. Further, within the Zurich distribution area there is indeed direct competition between the two, as this edition of NZZ contains more local information. In terms of advertising, the NZZ competes with other dailies and with the weekly press, in particular with those which also have a readership interested in economic issues. The NZZ also offers a differentiated combination of titles to advertisers.¹³⁰ On average, the NZZ gets 30 percent of revenues from sales and 70 percent from advertising and supplements. More recently, this split comes closer to 40/60. Like the Tages-Anzeiger, the NZZ is a subscription paper: in 2002, paid circulation was 166,291 of which 155,078 in subscription and 11,213 in single copy sales.¹³¹ In 2003, it had a total of 324,000 readers, and a net penetration of 8 per cent. The NZZ is most strongly represented in the WG 43 (147,000 readers, or 14.8 per cent).¹³²

The tabloid Blick was founded in 1959. Together with the Sunday paper Sonntagsblick, the Ringier-owned daily covers all of German-speaking Switzerland and holds a monopoly position as a national tabloid, although it competes with other dailies in the regional markets. In 2002 Blick had a paid circulation of 292,292 copies (170,965 in subscription and 121,327 in single copy sales).¹³³ In 2003, Blick reached 746,000 readers (net penetration 18.3 per cent).¹³⁴ In the same year, the paper reached 145,000 readers in WG 43 (14.5 per cent).¹³⁵ In its genre, Blick is less aggressive than its German or British counterparts. More recently, the paper is set to include more information on politics and economics, as opposed to emotional reporting

¹²⁵ Cf. WEMF (4/2003), p. 48.

¹²⁶ Cf. WEMF (8/2003), p. 116.

¹²⁷ Cf. Heinrich, Jürgen/BaBeler, Ulrich/Koch, Walter A. (1995), p. 189.

¹²⁸ Cf. WEMF (8/2003), p. 46.; Meier, Otto (2004), p. 1.; Schnider, Urs (9/2003), p. 1.

¹²⁹ Cf. Meier, Werner A./Schanne, Michael (1994), p. 13, 102.

¹³⁰ Cf. WEMF (4/2003), p. 46.; Meier, Otto (2004), p. 1.; Custer, Ueli (2004), p. 1.

¹³¹ Cf. WEMF (4/2003), p. 34.

¹³² Cf. WEMF (8/2003), p. 116.

¹³³ Cf. Meier, Werner A./Schanne, Michael (1994), p. 52f.; WEMF (4/2003).

¹³⁴ Cf. WEMF (8/2003), p. 96.

¹³⁵ Cf. WEMF (8/2003), p. 116.

on sex and crime or scandals.¹³⁶ According to chief editor de Schepper, “campaigns” should have a decisive influence on content. This refers to big spreads dedicated to in-depth features which according to de Schepper make the newspaper incomparable in its distribution area, by starting a discussion on a given topic which *Blick* then may present in all its aspects, in an informative and entertaining (and emotional) manner.¹³⁷

As far as the local press market in Zurich is concerned, it is necessary to take into account lifestyles and population structure (basic data is supplied by the Zurich statistical bureau). Zurich’s leading role is clear in the context of its situation, i.e. as the largest metropolitan region in Switzerland by far. The canton as well as the WG 43 and the distribution area have experienced above-average growth.¹³⁸ On the other hand, the immigrant population, age structure, household and family structures remain within the national average.¹³⁹ We also need to consider the commuter statistics of canton Zurich. Accessibility through public transportation (given as a percentage of the population) increased in the canton Zurich by two percent between 1990 and 1998 (from 92 to 94 per cent).¹⁴⁰ 37 percent of the population used public transportation in 2000. The canton Zurich benefits from an extensive tramway network which is used by 20 percent of the working population. Comparing the census of 1990 and 2000, it appears that tramway use had a growth rate above the average in the canton cities and in the Zurich catchment area (from 14.7 to 19.7 per cent). During this period, the worker commute share in Zurich declined by 2.5 per cent, although trams and buses continue to dominate in total and in Zurich (15.5 per cent).¹⁴¹ The Zurich public transportation system is used by all segments of the population, so that the profile of passengers on the VBZ network only slightly differs from the overall population structure. Thus, women, 14-34 year olds and people from higher-income households are slightly overrepresented.¹⁴² According to the VBZ annual report, 298.4 million people travelled on the network in 2002, i.e. 815,301 people used the transport means of the VBZ every day.¹⁴³

In the economic area WG 31 the *Basler Zeitung* (Basler Mediengruppe) holds a monopoly position since 1977, ac-

ording to chief editor Platz. Director of publishing Sommer prefers to talk of a weakened dominant market position, for since the arrival of *20 Minuten* it is no longer possible to speak of a monopoly. In WG 31 there is also the independent subscription paper *Baslelandschaftliche Zeitung* which is family-owned and strongly implanted above all in the canton Basle-Country. According to Platz and Sommer, the flagship *Basler Zeitung* (Basler Mediengruppe) is a politically independent subscription paper (approx. 90 percent subscription) for the region and beyond, although the heart of the distribution area is northwestern Switzerland and the Basle area. In 2002, the regional paper had a paid circulation of 103,694 copies (96,400 in subscription and 7,249 copies in single copy sales).¹⁴⁴ Sales are split 70/30 (advertising, copy sales and subscription). Publicitas is in charge of the paper’s media planning and advertising sales. The *Basler Zeitung* also participates in the already mentioned Swiss Pool. Display advertising dominates and classifieds “normally” represent 30 percent of sales; this means the paper feels the downturn as strongly as the *Tages-Anzeiger* or the *NZZ*. According to Sommer, the strongest competitors for the *BZ* are the Sunday papers published by Tamedia, Ringier and the *NZZ* group. There is also the *Baslerstab* (Inserateunion AG) which has partly been transformed into a free commuter newspaper and is therefore an internal competitor to the *Basler Zeitung*. So are a number of smaller local papers, in particular free advertising sheets, which also belong to the Basler Mediengruppe.

The metropolitan region of Basle has developed, but it has grown less than Zurich or Berne.¹⁴⁵ The population has increased slightly.¹⁴⁶ The share of immigrant population in the canton Basle-City in 2001 (27.8 per cent) was clearly above the national average (20.1 per cent) and in the canton Basle-Country below (17.5 per cent); long-term, it is set to grow in both cantons.¹⁴⁷ The canton Basle-Country had a gender and age structure similar to the national average (2001).¹⁴⁸ The canton Basle-City on the other hand has a smaller young population and a larger older population than the Swiss average.¹⁴⁹ The long-term developments of the household structure in both cantons essen-

¹³⁶ Cf. Wigdorovits, Sacha (10/2002), p. 10.

¹³⁷ Cf. Custer, Ueli (10/2003), p. 1; Borter, Cornel et al. (4/2003), p. 7; www.statistik.admin.ch

¹³⁸ Cf. www.statistik.zh.ch; Borter, Cornel et al. (4/2003), p. 28; Custer, Ueli (10/2003), p. 2.

¹³⁹ Cf. www.statistik.zh.ch

¹⁴⁰ Cf. Haug, Werner/Schuler, Martin et al. (5/2003), p. 15.

¹⁴¹ Cf. Haug, Werner/Schuler, Martin and others (5/2003), p. 15.

¹⁴² Cf. Amschler, Harald (1998), p. 1.

¹⁴³ Cf. www.vbz.ch; Haug, Werner/Schuler, Martin et al. (5/2003), p. 7, 15.

¹⁴⁴ Cf. *WEMF* (4/2003), p. 7.

¹⁴⁵ Cf. Haug, Werner/Schuler, Martin et al. (5/2003), p. 15; Custer, Ueli (10/2003), p. 1.

¹⁴⁶ Cf. www.basleland.ch; www.statistik.admin.ch

¹⁴⁷ Cf. www.statistik.admin.ch

¹⁴⁸ Cf. www.basleland.ch

¹⁴⁹ Cf. www.rsd.bs.ch

tially follow the national pattern.¹⁵⁰ In terms of commuter statistics, 42 percent of the population use the city transport network.¹⁵¹ 20 percent of the Basle population used the car in 2000. According to its annual report, the Basle city transport authority had a total of 117.3 million passengers in 2002, or a daily average of 320,395.¹⁵²

Looking at the Berne distribution area for 20 Minuten, it appears that the Berner Mittelland is the most important, as in WG 34 alone the free newspaper reaches 118,000 of the 194,000 readers.¹⁵³ There was clearly competition in this stronghold of 20 Minuten until the Espace Media Groupe took a stake in Bund AG. The largest newspapers here are the regionals Bund and the Berner Zeitung. There are also the Berner Bär (city and country editions) belonging to Espace Media Groupe which was also partly transformed into a free newspaper, and the free Anzeiger Region Berne, an official journal belonging to Bund AG. As is the case with the Tages-Anzeiger within Tamedia, the Berner Zeitung is the flagship of the Espace Media Groupe and combines the fact of being a regional newspaper with national ambitions. The Berner Zeitung is also, beside the Aargauer Zeitung, the most regionalised, i.e. it carries several so-called “split editions”. This means that a paper like the Solothurner Zeitung has the same cover as BZ, but local pages of its own which are produced by its own newsroom. The Berner Zeitung is, in circulation and readership, the largest subscription paper in its distribution area: in 2002 paid circulation reached 163,000 (158,818 in subscription and 4,182 in single copy sales).¹⁵⁴ According to MACH Basic 2003, the regional newspaper reaches 341,000 readers.¹⁵⁵ The Berner Mittelland (WG 34) and the Berner Oberland (WG 22) are the two main distribution areas for the Berner Zeitung. In 2003, the paper reaches 185,000 people alone in this area (net penetration 44.3 per cent) or 94,000 readers (a reach of 62.6 per cent).¹⁵⁶ The Berner Zeitung has the usual financing model and a rather more balanced split between display and classified ads (employment is the most important of the latter). The second largest subscription paper in this area is Bund, founded in 1850 as a regional, liberal quality paper, more serious according to chief editor Spörri than the tabloid Berner Zeitung. The most incisive change at Bund occurred mid-

2003 because of the paper's large deficit, and is being discussed as the “Berne model”. The Espace Media Group has a stake in the Bund Verlag AG, thus creating a system where two independent titles share the advertising operation. Since 1 January 2004, the common edition of Berner Zeitung also includes the regional newspaper Bund.¹⁵⁷ The development of urban areas such as the Berne region (WG 32,33,34) and the city of Berne is of particular importance in this respect. The Berne region is situated in the centre of the Swiss midlands. The capital Berne is the largest city in the canton and the fourth-largest city in Switzerland. In 2001, there were 300,000 people living in the region, and 126,661 in the city. In terms of population, housing and family structures, the urban area of Berne and in particular the city of Berne reflect the national trends, i.e. more elderly people than young, the number of one-person households is increasing, the share of married couples with children is falling.¹⁵⁸ The commuter statistics for the city of Berne show that 20 percent used their car and 35 percent public transportation in 2000.¹⁵⁹ On weekdays, 260,000 people on average use the Bernmobilnetz, i.e. the bus and tramway network which has 20 lines.¹⁶⁰

4.3.3 Analysis of “20 Minuten”

The following section is an analysis of the main components of the free commuter newspaper 20 Minuten (editorial and advertising elements) and its publishing philosophy which is given concrete form in the concept, and the editorial part which gives format to the news.¹⁶¹ We will also examine the relationship with the online operation. The sample included 15 print editions for Zurich, Berne and Basle from 2 to 6 December 2002 as well as the online offer during this period.

Clearly, the basic philosophy of a title is of paramount importance for a free newspaper, i.e. an idea which determines the market positioning and the fundamental objectives of the paper. This idea translates into a concept which deals exclusively with formal elements.¹⁶² The editorial content of a title must be clearly separated from the advertising part. It represents the publishing performance and defines the function and self-image of the paper. For this, the journalists have a number of print and online informa-

¹⁵⁰ Cf. Schneider-Sliwa, Rita et al. (1999), p. 31.

¹⁵¹ Cf. Haug, Werner/Schuler, Martin et al. (5/2003), p. 6

¹⁵² Cf. www.bvb-basle.ch

¹⁵³ Cf. WEMF (8/2003), p. 103-116, 235.

¹⁵⁴ Cf. WEMF (4/2003), p. 8.

¹⁵⁵ Cf. WEMF (8/2003), p. 93.

¹⁵⁶ Cf. WEMF (8/2003), p. 103, 113.

¹⁵⁷ Cf. Meier, Otto (2004), p. 1f.; Schnider, Urs (9/2003), p. 1; Meier, Pierre C. (10/2003), p. 2.

¹⁵⁸ Cf. www.statistik.admin.ch; Gächter, Ernst (5/2002), p. 2; Der Spiegel (Hrsg. 10) (2003), p. 374.

¹⁵⁹ Cf. Haug, Werner/Schuler, Martin and others (5/2003), p. 5, 7.

¹⁶⁰ Cf. www.bernmobil.ch

¹⁶¹ Cf. Schroeder, Michael (1994), p. 26.

¹⁶² Cf. Schroeder, Michael (1994), p. 27.

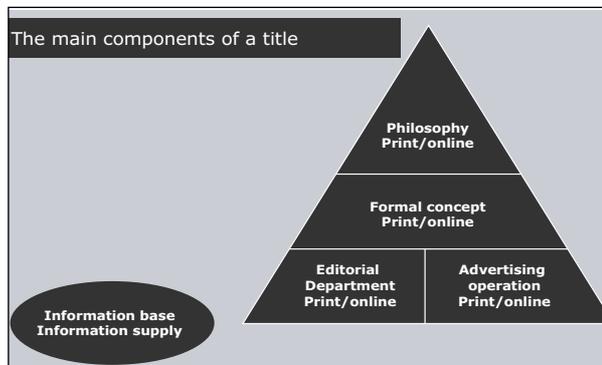


Table 19: Main components of the title

Source: author's presentation based on Schroeder, Michael (1994), p. 26.

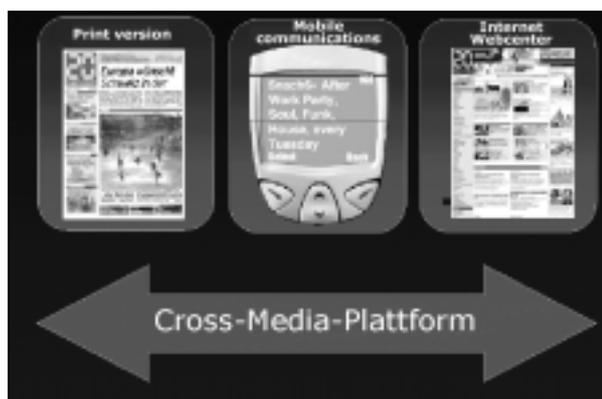


Table 20: The "three pillar concept" of 20 Minuten

Source: author's presentation based on Roine, Niels (8 Nov. 2002)

tion sources at their disposal. The advertising operation is equally important for our inquiry as 20 Minuten must finance its activities solely by selling advertising space. Important components here are market categories, advertising volume, advertising structure and the relevant business areas. The analysis also takes into account possible cross-media opportunities.

According to Roine, 20 Minuten tries to be "young, modern, credible, inspiring, colourful" and "to young, affluent urbanites, who are time-starved and curious, in search of experiences and an understanding of the world around them, 20 Minutes is the quality media tool for getting informed, entertained and connected in a convenient and inspiring way".¹⁶³

Chief editor Eisenhut makes it clear that the target audience is "the young", i.e. 14-29 year olds. Currently, the

main objective is to become number one in German-speaking Switzerland in this age group, by using a strategy directed towards filling market gaps. To Eisenhut, this is a particularly interesting field, since established newspapers also in German-speaking Switzerland are not reaching this segment, despite an array of projects and pages devoted to the young. 20 Minuten positions itself as the paper for young, urban "people on the move" which should be strong where traditional newspapers are weak. To this mobile readership is offered firstly news (which should be politically neutral), but also entertainment in short, simple and comprehensible articles (adapted to the reading situation), so as to achieve a certain balance. According to Eisenhut, what is decisive is the "mix" between politics and tabloid issues. Secondly, the close link between the newspaper and the web center is important, as the concept of 20 Minuten is a "three-pillar multimedia" concept which is about accompanying young people on public transportation in the morning through the newspaper, and retaining them afterwards through internet and mobile services, connecting with them also through community building for as long a time as possible. Thus print readers should be attracted to the website. In the advertising market, the 20 Minuten positioning is that of "cross-media platform" (integrating newspaper, web centre and mobile communications) in the Golden Triangle, and strongest advertising platform for the young. The web centre is important for the desired image ("cool and fast").¹⁶⁴

The formal concept is a single section newspaper with colour coding and is altogether very colourful. 20 Minuten is published in the smaller Swiss tabloid format and not the typical one. The free newspaper is stapled to prevent it from falling apart and to give greater reading comfort when the reader is on the move (e.g. in the bus).¹⁶⁵

The 20 Minuten logo is a blue box showing "20" in white digital numerals and beneath it "minuten" in lower-case white letters. The logo stands for the time needed to read the paper in public transportation, and refers to the multimedia aspect, i.e. that the print product is closely linked to the web centre.

For recognition purposes, the online offer has a similar logo, but instead of "minuten" it carries "min" and "ch" in lower-case which are linked through a small white cross in a red circle.¹⁶⁶

The logo appears in the upper left hand corner of the cover page; underneath the reader generally finds three boxes of the same size as the logo with colours corresponding to the topics, headlines, pictures and page references. At the top next to the logo is an ad, generally flagging a game etc. at the website (www.20min.ch). Beneath comes the rest of the page, as well as the teasers to the left. A thin

¹⁶³ Roine, Niels (8.11/2002).¹⁶⁴ Cf. Deutsch, Danielle (8/2001), p. 74f.¹⁶⁵ Cf. "20 Minuten": Edition of Zurich from 6. 12. 2002, p. 1ff.¹⁶⁶ Cf. www.20min.ch, retrieved on 20.6.2003.

band is left over on the bottom as advertising space. A topic is presented under a double headline (main headline) in twelve lines of text over two columns with larger type. Beneath it, a large photo and text with smaller double headline to the left and a couple of lines and page reference. The font size is here identical to the one used inside the paper.¹⁶⁷

After the cover page, the editorial content of the print version of 20 Minuten is presented as follows: News/politics (red/9-11 pages), People/entertainment (orange/2 pages), Sports (green/2-5 pages). Then comes a relatively comprehensive service section (blue/6-9 pages with various headings) which also includes other elements belonging to entertainment, and finally the business pages (light blue/1-2 pages). The editorial part generally contains eight to twelve articles and notices, with a maximum of 50 lines for the teasers. Exceptions do exist, but there are no background stories. A page carries no more than two photos. There are no infographics, as the format does not permit it. Articles are mostly signed by the journalist, alternatively the longer features are marked with abbreviated journalist or agency signatures.¹⁶⁸ News in brief are printed in the set format of the “20 Minuten” box. The latter is mostly used on the newspapers, but occasionally also on other pages. Page 2 is devoted to international and national news, and local news is found on the next two pages. This is also where the editions differ, i.e. Zurich, Berne and Basle each have their own local content under the same cover page (with slight differences in the service pages), although also the cover page may be different, according to the local news appearing on it. Next in the newspapers are generally two pages for domestic and foreign issues.¹⁶⁹ The business page is published every Monday and the rest of the week there are two pages under the heading “Money”. Here we may note the first element of editorial cooperation or outsourcing, as these two pages are produced by the Cash newsroom.¹⁷⁰ However, the final say remains with the 20 Minuten editor. Overall, this cooperation is positive according to Eisenhut although there are problems. At Blick (which like Cash belongs to Ringier) a competitor to 20 Minuten, this cooperation is perceived as negative. The next section, “People”, stands for entertainment. This also includes culture, according to Rüttimann, and not elitist but popular culture.¹⁷¹ Sports take four pages on Mondays, otherwise two, placed before or after “People”.¹⁷² Then comes the blue service pages with alternating headings. The daily sleuth game “John Twenty” is published under



Table 21: 20 Minuten logotype

Source: 20 Minuten Zurich edition, 6 December 2002, p. 1



Table 22: Logo of 20 Minuten Web centre

Source: screenshot www.20min.ch (6 December 2003)



Table 23: Cover page of 20 Minuten Switzerland

Source: 20 Minuten, Zurich edition (2 December 2002, p. 1)

¹⁶⁷ Cf. “20 Minuten”: Zurich, Berne, Basle editions from 2 to 6 December 2002, p. 1.

A year on, nothing in this format has changed. Cf. “20 Minuten”: Zurich, Bern, Basle editions from 1 to 5 December 2003, p. 1.

¹⁶⁸ Cf. “20 Minuten”: Editions of Zurich, Bern, Basle from 2 to 6 December 2002.

¹⁶⁹ Cf. “20 Minuten”: Editions of Zurich, Bern, Basle from 3 December 2002, p. 2-11.

¹⁷⁰ Cf. “20 Minuten”: Edition of Zurich from 2 December 2002, p. 11; “20 Minuten”: Edition of Zurich from 3 December 2002, p. 13, 15.

¹⁷¹ Cf. “20 Minuten”: Edition of Zurich from 2 December 2002, p. 16f., 34; “20 Minuten”: Edition of Zurich from 3.12.2002, p. 20f., 28.

¹⁷² Cf. “20 Minuten”: Edition of Zurich from 2 to 6 December 2002.

the blue colour coding. This is a comic strip with a daily quiz, which may be found on the website under the heading "Today's case". Winners' names are published on the following day.¹⁷³ Other headings in the service section are "Wheels" (automobiles), "Break" (quiz and horoscope), "Comic", "Webpage" (the website in print) or "TV". There are also cinema, "What's up" (event calendar) and the weather.¹⁷⁴ The most important source for the print version are agency material and photos from outside sources (Swiss wire agency, Associated Press, Reuters, Sportinformation and presstext.schweiz).¹⁷⁵

In terms of content, 20 Minuten generally picks the tabloid story of the day and gives it a relatively sober presentation. The agency material is adapted in language and layout, and sometimes elaborated through in-house research into a longer feature. The connection to games and the website is constantly favoured. In this context, the challenge is to get feature stories before the agencies and the established newspapers, which will then follow suit a couple of days later. The publication of an evening paper during the 2002 football world championship parallel to the free newspaper contributed to its image. Entertainment and foreign news articles should be in-house based, in toto for the Berne edition and half of the articles in the Basle edition. The web centre should firstly be an added value against other media where 20 Minuten has no competitors, whereby the print version is used as a mass medium and the internet as an interactive medium to attract as many readers as possible to the website. The 20 Minuten website should be predominantly editorial: all the teasers and many articles from the print version are republished, but not all of the newswires. The main categories (left hand tool bar) are "News", "Entertainment", "Community", "Service", "Auto/Immo/Job". In addition, there is the section "Intern" where new projects are presented and the heading "Online Zeitung" where the 20 Minuten editions are available as "E-paper" since March 2003. The "E-paper" ceased publication in 2004 for financial reasons, as the agency wanted to charge more for the material. An erotic channel was introduced in late 2002 but quickly cancelled. Readers may also search the entire archive at no charge. The multimedia aspect is still modest; trailers to movies may however be viewed. There is no in-house production of audio or video sequences. As a complement, mobile communications have a role in the form of online games (SMS bingo) and the like. Lotteries for instance are generally conducted via SMS. In this context, a more developed news service

for sports results was introduced.¹⁷⁶ Overall, the website offers a large variety of topics, focussing on entertainment, interactivity and community building. These possibilities are highlighted on the website which offers news, games, surveys, dossiers, discussion forums and more. Moreover, there are some independent initiatives, such as "Beauty-Duels" destined to enhance entertainment value and user loyalty. According to Wälty, 80 percent of the online material are produced exclusively for the website, and 20 percent come from the print edition. This figure includes the material which has been edited and formatted for the online edition (news recycling). A first comprehensive re-launch of the website was implemented in 2004.

Online editor Wälty describes the relationship between the print edition and the web centre as complementary, not in the sense of deepening but of a wider horizon. There are many links between the print product and the website in the form of blue web icons which in the article orients the reader towards surveys, forums, games, slide shows etc. on www.20min.ch. A lot of the editorial content is enriched in the web version. Conversely, survey results from the web are then returned to the print version (this is made explicit by a "feedback" button). In the paper version is an extra "webpage" featuring these results.¹⁷⁷

The web page is not only a platform for following-up, but also a newpage in the internet. It should also have its own advertising space, and the cross-media ambition should generate revenues. As an example, contests are announced in the paper version which are then played or filled out online. The result is published in the newspaper and when the winner receives his prize, e.g. a trip, this may again be used in the paper. In addition, there is cross promotion in the context of the own publicity, e.g. 20 Minuten promotes a radio station in an article, in return for which the newspaper gets a free spot. So far the web centre is losing money. In the medium term, it should be financed so as to break even. However, the web centre should have an essential influence on the advertising volume for the print edition and improve the paper's image in the relevant target audiences, according to marketing manager Obwegeser. In practice, business conversations often start with cross media promotion and ends with some ads for the printed paper. Nevertheless, the advertising often comes in because the cross media strategy is used initially in sales talks. CEO Bollmann points out that in terms of education, advertising clients in Switzerland are not yet ready for cross media initiatives, and above all

¹⁷³ Cf. "20 Minuten": Edition of Zurich from 2 December 2002, p. 13.

¹⁷⁴ Cf. "20 Minuten": Edition of Zurich from 2 December 2002, p. 27-40. The sections "Break", "Comic", "Webpage", "TV" / "www.tv.20min.ch", "Kino", "What's up" (event calendar), and the weather "Wetter" bzw. "wetter.20min.ch" are daily features. In addition, there are occasional sections, e.g. "Chillout", "Best of" or "Nightfever", which belong to the entertainment and popular culture items. Cf. "20 Minuten": Zurich edition of 2 December 2002, p. 34; "20 Minuten": Zurich edition of 3 December 2002, p. 28; "20 Minuten": Zurich edition of 6 December 2002, p. 53.

¹⁷⁵ Cf. "20 Minuten": Zurich edition 2 December 2002, p. 23.

¹⁷⁶ Cf. www.20min.ch, retrieved on 6.12.2002 und am 6.12.2003.

¹⁷⁷ Cf. 20 Minuten": Edition of Zurich vom 2.12.2002.

shy away from the costs. Media agencies want to plan their campaigns and their cuts without too much ado, according to Bollmann. They are not at all interested in discussing cross media operations, he says. Thus, advertising in the print version will remain the main source of financing. His goal is to have a total of 40 percent advertising in terms of content in the printed paper (30 percent national, 70 percent local). There are no international advertising campaigns planned within the Europe-wide 20 Minuten alliance (France, Spain, Switzerland), according to advertising director Gasser. The national advertisers represent above all the multimedia industry and entertainment electronics. Large distributors like Migros or Coop are still absent. On the local level, classifieds dominate: telecoms, electronic games, real estate, employment ads and automobiles.¹⁷⁸

4.3.4 Comparison of “20 Minuten” and “Metropol”

The free commuter newspaper Metropol was published in German-speaking Switzerland from early 2000 until the beginning of 2002. Metropol arrived on the market in Zurich a couple of weeks after 20 Minuten, with the objective of generating revenues from the local advertising market. For the market entry, the subsidiary Metro Publication Schweiz AG was founded.¹⁷⁹ This was followed by a national expansion in September 2000 to the larger cities in German-speaking Switzerland (Basle, Berne, Aargau, Solothurn and St. Gallen) as the local advertising market was inadequate. It also had to do with the fact that the Tages-Anzeiger already covers a lot of the local market, which keeps the contact costs low for the local advertising clients. Metropol published a basic edition for the Zurich area, and a national edition in which the content (especially news and services) was partly adapted to local requirements. Advertising space was sold for the global edition of the regional editions (i.e. Basle or Berne /Mittelland).¹⁸⁰ As the distribution area grew, the newspaper planned to find financing mainly from the traditional national advertisers. In September 2001, a few months before it ceased publication, the distribution area changed as Metropol disappeared from Zurich. In terms of entrepreneurial philosophy, Metropol's goal following the international example was to become the most profitable newspaper in Switzerland, and break even after two years, which had to do with the explosive growth of the group and its financing. Because of the unexpected competition from another free commuter newspaper, this goal proved unattainable. According to experts, the main reasons for Metropol's failure were a poor image and insufficient regionalisation of the editions compared to 20 Minuten. Metropol was produced with a much leaner editorial team (17 journalists), in order to cut costs as much as possible. International and nation-



Table 24: Homepage of 20 Minuten Switzerland (2003)

Source: screenshot www.20min.ch, 29 December 2003



Table 25: Homepage of 20 Minuten Switzerland (2004)

Source: screenshot www.20min.ch, 26 March 2004

al news dominated, and the main sections were politics, economics, sports and culture. A longer feature should appear every day. Metropol had a higher market positioning, almost as the NZZ equivalent of a free newspaper. It carried more text in many short units, and less photos. Metropol was also in the Swiss tabloid format, stapled and every page in 4-colour; but there was no colour coding and the product seemed overall a lot more serious. For this reason, there was a regular guest column for well-known personalities. Letters to the editor were printed. The service section contained weather, cinema, comics, television programmes etc. and a weekly cinema guide. Towards the readership Metropol had a more general positioning than

¹⁷⁸ Cf. “20 Minuten”: Editions of Zurich, Bern, Basle from 2 to 6 December 2002.

¹⁷⁹ Metro was called Metropol in Switzerland because of the trademark of the German chainstore Metro.

¹⁸⁰ Cf. Deutsch, Danielle (8/2001), p. 60

20 Minuten as a quality paper for educated commuters, with a target audience of professionals, financially independent and educated 15 to 45 year olds (with emphasis on the 20-29 segment).¹⁸¹

In the advertising market, Metropol saw itself as the newspaper for high-income and well-educated people. In 2001, the advertising structure was made up of 55 percent display ads, 40 percent employment and 5 percent classifieds. As far as distribution was concerned, Metropol had an exclusive agreement with the SBB for 172 railway stations in the Zurich area, which represented a strategic advantage over 20 Minuten. In addition, there were distribution racks at VBZ stops, other newspaper racks and 130 hand distributors. Finally, there was a brief collaboration with the Kiosk AG which was then ended for reasons similar to those in the 20 Minuten case. Costs were however allegedly a third below those of 20 Minuten.¹⁸² Metropol's online strategy was radically different from that of 20 Minuten. The internet presence was a small complement to the print product, operated at low cost. It was above all a platform for the Metro Club which in Switzerland never gained a real importance, however.

4.3.5 Journalist profile and usage

Information was collected through a survey covering journalists whose main occupation is employment at free commuter newspapers in Switzerland. One goal was to establish a profile of the typical journalist working for this kind of publication. Socio-demographic data resulting from the survey, almost as a statistical average, make it possible to draw the composite picture of a journalist working for a free newspaper in German-speaking Switzerland which will be briefly given here. Other aspects, such as average working conditions, will also be mentioned. The "typical" journalist is a single man, with no children. He has been working in journalism for no more than four years and earns approx. FS 6,000 net per month. He is 27 years old, holds a university degree but no formal journalistic training. He works between 36 and 45 hours a week, spending most of his time on texts. In terms of job satisfaction, he ranks the possibilities of on the job training as the most negative and the relationship with his colleagues as the most positive element. In the category "role understanding" (own description of journalistic tasks) the statement "inform the public as neutrally and accurately as possible" receives the highest rating, although the effective realisation of this goal in the everyday work is what gets

the most positive appreciation. The least approval was awarded to the statement "consider myself a counterpower to the economy". The political line of the free newspaper is mostly described as "neutral". In the category "professional rules" (unusual behaviour towards sources) the statement "give voice to a different opinion" got the highest approval, whereas "disclose the source" was strongly rejected. In the category "unusual research methods", most of the participants would be ready to use private material, whereas the use of hidden cameras or microphones are not considered legitimate. As far as the "environment" is concerned, the influence of particular reference groups on the journalistic work and the influence of readers are the most appreciated, whereas political parties have the least importance. Press releases are generally considered to "provide necessary information", but very few think that they are "superfluous". Most journalists think the public is "progressive", but few think it is "influential".¹⁸³

A study in mid-2001 at the University of Zurich examined the use of free newspapers vs. paid-for newspapers in the Zurich area.¹⁸⁴ Readers of the three free newspapers Zurich Express, Metropol and 20 Minuten were compared to those of NZZ, Tages-Anzeiger and Blick. According to this study, 65 percent of the surveyed read the free newspapers several times a week or even daily, and only a minority is consistently unfavourable. But this does not happen at the expense of the paid-for newspapers, for survey participants neither reduced their subscriptions, nor limited the time spend on reading the paid-for newspapers. This confirms that free newspapers are no substitute for established newspapers, but are rather seen as a complement. To what extent free newspapers may convince non-readers to consume print media was not established by the survey.¹⁸⁵

Free commuter newspapers are read above all to get informed about essential news in a short time. This is the reason most frequently cited, and clearly shows that free newspapers are seen as a quick information medium. Thus, 70 percent of those surveyed read up to 15 minutes per day in the free newspaper, and almost half say that they skim through it.¹⁸⁶

In the summer of 2001, a Zurich market research institute commissioned by 20 Minuten examined reader behaviour among children (10 to 13 year olds) and teenagers (14 to 17 year olds). The chief conclusion was that free commuter newspapers do not substitute for traditional titles, but they have managed to mobilise new readers

¹⁸¹ Cf. "Metropol": national edition of 4 September 2001.

¹⁸² Cf. Deutsch, Danielle (8/2001), p. 60.

¹⁸³ Author's survey.

¹⁸⁴ Cf. Bachmann, Andreas/Brander, Chantal/Lenz, Sarah (6/2001), p. 3.

¹⁸⁵ This ought to be verified over a longer period, which is currently not possible because of the limited market presence of the product.

¹⁸⁶ Cf. Bachmann, Andreas/Brander, Chantal/Lenz, Sarah (6/2001), p. 12.

(even children and teenagers) and get them to read newspapers.¹⁸⁷

4.3.6 Reactions from established newspaper publishers

The Swiss publishers directly concerned by the newcomers initially limited themselves to defensive measures. Tamedia managers for instance wrote to approx. 900 economic and political decision makers in Zurich to encourage a boycott of 20 Minuten, warning against the profound negative impact on the Swiss media landscape that this kind of free publication would have. Active measures followed against this new type of press in German-speaking Switzerland in the form of publisher-owned free newspapers in the concerned cities, which were transformed even before 20 Minuten and Metropol entered the market, and would produce a new image and an upgraded editorial content.¹⁸⁸ In Zurich, there was Zurich Express, in Basle the Baslerstab and in Berne the Berner Bär. Since the mid-19th century, Zurich had the Tageblatt der Stadt Zurich, an official journal belonging to NZZ (40 per cent) and to Tamedia (60 per cent). It was transformed into the Zurich Express in late August 1999, but the ownership structure remained unchanged. What changed was the enlargement of the catchment area, the introduction of hand distribution and the elimination of the Saturday edition. Subsequently the paper was distributed to 10 percent of the commuters, targeting the younger readership in terms of content, using more colour and imitating the genuine free newspapers. But it had to contain the official advertisements of its predecessor.¹⁸⁹ This was aimed at protecting the Tages-Anzeiger and the Tagblatt.

15 journalists produced the paper in the classical Swiss format and two parts with a clear structure (34 pages). The first part contained news from Zurich, Switzerland, the world, economics, sports and in the second part services and portraits. In terms of the content, it resembled a miniature television newscast. The online operation had an enlarged masthead function.¹⁹⁰ In the context of the arrival of Tamedia and the Berner Zeitung in the 20 Minuten Holding AG, the pre-emptive strategy became superfluous and Zurich Express was reconverted into the Tagblatt der Stadt Zurich.

The Basler Mediengruppe (BMG) redesigned the traditional free newspaper Baslerstab in early September 2000. Until then, this publication had been published since 1923 as a free service and advertising sheet. In addition, the editorially stronger free paper Basler Woche had been published since early 1998. The two products were now

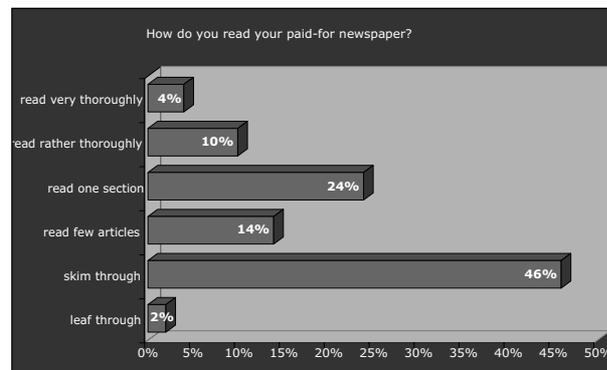


Table 26: Reader behaviour (paid-for newspapers) in Zurich (2001)

Source: author's presentation based on Bachmann, Andreas/Brander, Chantal/Lenz, Sarah (6/2001), p. 12.

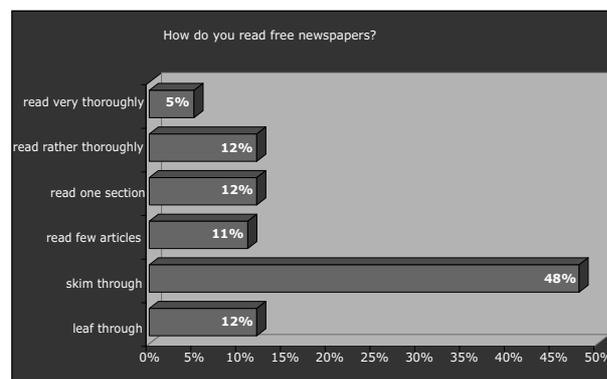


Table 27: Reader behaviour (free newspapers) in Zurich (2001)

Source: author's presentation based on Bachmann, Andreas/Brander, Chantal/Lenz, Sarah (6/2001), p. 15.

merged and developed. Since then, Baslerstab has one edition for the city of Basle (20-24 pages, Monday to Friday) and one edition for the Basle region (36 pages, Wednesdays and Fridays) which are distributed to 10% of the commuters. This is also a traditional two-part paper in the Swiss format.

The paper is produced by 15 journalists and focuses on local news. It attempts to position itself as the second newspaper, i.e. as a complement to the Basler Zeitung, in particular by having its own local cover stories. National and international news have no place. The Baslerstab is distributed to all households and companies, by hand distributors and through 170 racks.¹⁹¹ The internet site of

¹⁸⁷ According to this survey, 25 percent of children read a newspaper several times a week in 1995. In 2001, 74 percent read a free commuter newspaper several times a week. Cf. d&ts Institut für Markt- und Kommunikationsforschung (10/2001), p. 3.

¹⁸⁸ Cf. Wigdorovits, Sacha (10/2002), p. 14.

¹⁸⁹ Cf. Vogel, Andreas (11/2001), p. 583.

¹⁹⁰ Cf. "Zurich Express": edition of 6. 12. 2002; www.zuerichexpress.ch, viewed on 6. 12. 2002.

¹⁹¹ Cf. "Baslerstab": edition of 6. 12. 2002; Vogel, Andreas (11/2001), p. 583

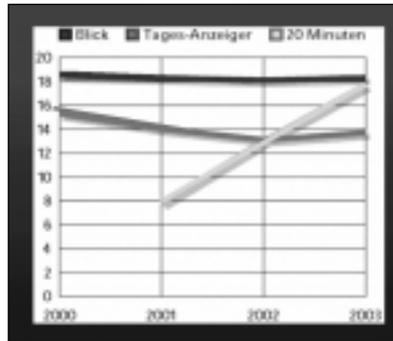


Table 28: Development (2000-2003) of the three largest dailies in German-speaking Switzerland (net penetration readers per edition in percentage in the language area). Source: author's presentation based on WEMF (8/2003), p. 96; WEMF (8/2002), p. 97; WEMF (8/2001), p. 46; Custer, Ueli (2003b), p. 3.

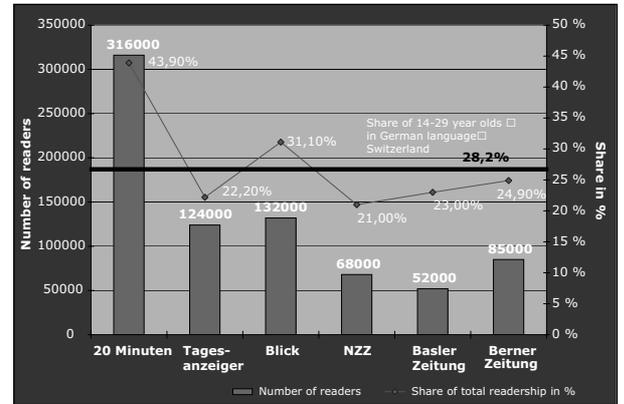


Table 30: Share of 14-29 year olds in the readership of the national edition of 20 Minuten compared to other dailies. Source: author's presentation based on WEMF (8/2003), S. 98-101.

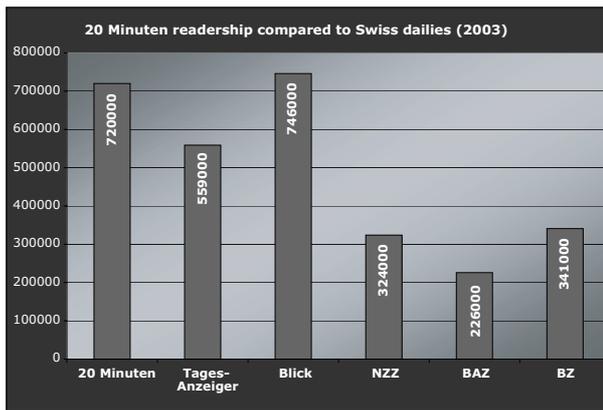


Table 29: 20 Minuten readership compared to the large German-language Swiss dailies (2003)
Source: author's presentation based on WEMF (8/2003), pp. 93-97.

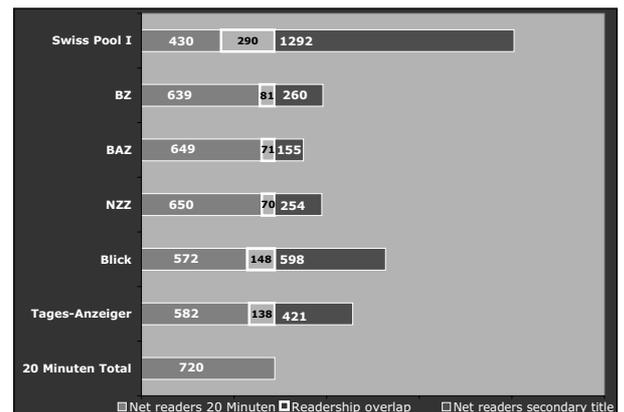


Table 31: Number of multiple readers (20 Minuten and other newspapers) as well as Swiss Pool I (2003, thousands). Source: author's presentation based on WEMF (8/2003), pp. 137-144; WEMF (8/2002), pp. 133-140.

Baslerstab is dominated by editorial material from the print version which is sketched out on the homepage. There is no daily news, nor any national or international news. Various links are present, e.g. to a large section of classifieds in cooperation with Swissclick, to the cinema programme, an event site and to the city map and timetable. Finally, there is an archive, a newsticker from the Basler Zeitung and various media data. There are no elements of interactivity or multimedia.¹⁹²

As 20 Minuten was launched, the redesigned free newspaper Berner Bär was launched in Berne. Until 20 Minuten appeared, this free paper founded in 1983 was published as a weekly advertising sheet and distributed to all households in Berne, edited by an independent publisher owned by Espace Media Groupe. Since then, the editorially expanded regional paper is published twice weekly with a city edition (28 pages, Tuesdays and Thursdays) and a country edition (28 pages, Wednesdays and Fridays). It is

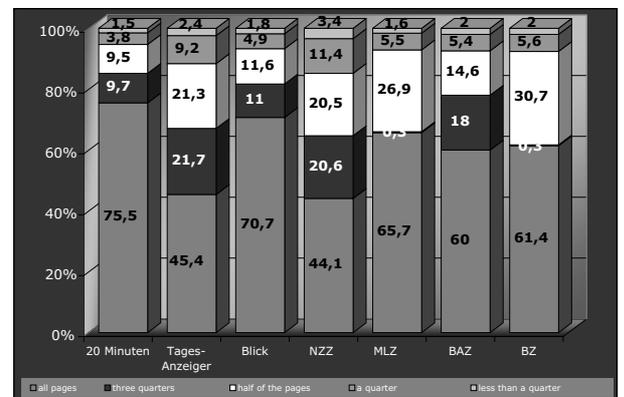


Table 32: Attention rate per page in comparison (daily papers German-speaking Switzerland, 2002)
Source: author's presentation based on WEMF (8/2002)

¹⁹² See www.baslerstab.ch, retrieved on 6. 12. 2002.

also published in two parts, Swiss format with more pictures than text. In terms of content, the *Berner Bär* is above all a platform for local advertisers, in particular retail and gastronomy. It is a tabloid for gossip and consumption, putting the emphasis on people, portraits of local entrepreneurs and cooperates with various partners on events. It positions itself for readers as a second paper next to *Berner Zeitung*. According to the chief editor, it was relaunched primarily against the *Anzeiger Region Berne*, and not against *20 Minuten* in the first place. The Bund obtained the concession for this official journal “for various political reasons”. Commercially speaking, the *Berner Bär* should be fighting against this advertising sheet. The publication still goes to the households, but also to 10% of the commuters in the Berne central station through distribution racks, and by 150 hand distributors in busy spots. The distribution in the country is done by the *Anzeigenwerbezentrale*.¹⁹³ The internet version of the *Berner Bär* is a redirect to the news portal of the owner Espace Media Groupe (www.espace.ch). The website of the free newspaper offers above all international, national and regional news. International and national news are supplied by agencies and enriched with multimedia elements. The regional news are supplied by the print edition of *Berner Zeitung* and the free *Berner Bär*. There are also internet dossiers for certain topics. Sections like “Shops and shopping” are of the PR-kind and of great importance. There are databanks for going out, event tips and a classifieds section (real estate, jobs, automobiles). The link to the printed *Berner Bär* appears in the continued people stories, dominated by photo galleries (postcard applications).¹⁹⁴

According to media experts, the launch of *20 Minuten* did not give rise to any change in the editorial concept of the established newspapers (imitation or contrasting). At the *Tages-Anzeiger* for instance, managers were determined from the start not to grant any “quality concessions” to the free newspaper. The Bund reacted by developing the paper’s strong points, i.e. by producing even more inhouse material (contrasting).

4.3.7 Market developments and impact on established publishers

According to the latest readership figures from MACH Basic 2003, *20 Minuten* takes second place among the

German-language Swiss daily newspapers. It gained 212,000 readers in 2002 against 194,000 in 2001. Compared to the previous edition, *20 Minuten* enjoyed the highest growth of all MACH titles. It thus won in all three main distribution areas. The penetration rose in WG 31 (Basle) from 22.5 to 30.1 per cent, in WG 3 (Berner Mittelland) from 21.5 to 28.4 percent and in WG 43 (Zurich) from 22.9 to 30.4 per cent. In all of the three economic areas *20 Minuten* was number 2 after the market leader. The distance is in Basle approx. 20 percent from the *Basler Zeitung*, in the Berner Mittelland 16 percent from the *Berner Zeitung*, and in Zurich only 6 percent compared to the *Tages-Anzeiger*. The penetration of *20 Minuten* increased also in other areas, so as to yield an average of 17.7 for German-speaking Switzerland in 2003, compared to 13 percent in the previous year. For the whole of German-speaking Switzerland, *20 Minuten* thus overtook the *Tages-Anzeiger* (13.7 per cent) and is only 0.6 points behind *Blick* (18.3 per cent).¹⁹⁵

Significant gains in penetration in the longer term were also made by the *Berner Zeitung* (total) and by the *Baslerstab* (total). In 2000–2003, the *Berner Zeitung* gained 2.1 percent which above all has to do with the integration of newspapers in the Berner Oberland. The total penetration of the *Baslerstab* increased by 0.7 per cent.¹⁹⁶ On the other hand, the *Tages-Anzeiger* and the *Berner Bär* lost 1.6 percent and 1 percent respectively in the same period.¹⁹⁷

Considering the gender split, more men than women read the national edition of *20 Minuten* in 2003 (56/44 per cent). In terms of age structure, the national edition is in first place among the target group 14–29 year olds (12.8 percent against 43.9 percent in total readership). A similar result is observed in the other age groups, except in the segment 66–99 where *20 Minuten* takes the third place.¹⁹⁸

The largest readership overlap is with *Blick*. In 2003, 148,000 readers read the national editions of both newspapers. In second place come the 138,000 readers who read both *Tages-Anzeiger* and *20 Minuten*.¹⁹⁹

In terms of contact quality, *20 Minuten* is number one in attention rate per page of all German-language Swiss daily papers in 2002.²⁰⁰ Seventy-six percent of *20 Minuten* readers look at all pages of the paper, against 45 percent for the *Tages-Anzeiger* and 44 percent for the *NZZ*.²⁰¹

¹⁹³ Cf. Vogel, Andreas (11/2001), p. 583.

¹⁹⁴ Cf. www.bernerbaer.ch, viewed on 6 December 2002.

¹⁹⁵ Cf. WEMF (8/2003); WEMF (8/2002); Custer, Ueli (2003b), p. 1.

¹⁹⁶ Cf. WEMF (8/2003); WEMF (8/2000); Custer, Ueli (2003b), p. 7.

¹⁹⁷ Overall, the daily newspapers in German-speaking Switzerland show a growth of 16.7 percent which are chiefly due to the free contacts of *20 Minuten*. Cf. WEMF (8/2003); WEMF (8/2000); Custer, Ueli (2003b), p. 1, 3.

¹⁹⁸ Cf. WEMF (8/2003). The situation is similar in the isolated economic areas. This young target group has a newspaper readership below the average in German-speaking Switzerland.

¹⁹⁹ Cf. WEMF (8/2003).

²⁰⁰ Cf. WEMF (8/2002). This data was not available for 2003.

²⁰¹ Cf. WEMF (8/2002).

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Basellandschaftliche Zeitung | 27279 | 26612 | 26135 | 26963 | 26136 | 24535 | 24003 |
| Basler Zeitung | 114565 | 115297 | 115858 | 115409 | 114503 | 109095 | 103649 |
| Berner Zeitung | 132555 | 134153 | 134649 | 135723 | 136610 | 162200 | 163000 |
| Blick | 322032 | 315548 | 317160 | 314170 | 309309 | 309444 | 292292 |
| Der Bund | 64685 | 64900 | 66055 | 68175 | 68463 | 68212 | 66424 |
| Der Landbote | 44019 | 44348 | 44679 | 45021 | 46032 | 46700 | 48016 |
| NZZ | 160335 | 162330 | 166525 | 169118 | 169623 | 170113 | 166291 |
| Tages-Anzeiger | 282333 | 283139 | 281792 | 279912 | 268179 | 260000 | 234518 |
| Zürcher Oberländer Ges. | 46973 | 45563 | 46260 | 44593 | 44159 | 44118 | 43846 |
| Zürcher Unterländer | 18657 | 18845 | 19397 | 19696 | 20284 | 20844 | 20875 |
| Zürichsee-Zeitung | 46776 | 43441 | 41658 | 47423 | 47412 | 47494 | 47023 |

Table 33: Long-term development (1996–2002) of circulation in daily newspapers in German-speaking Switzerland

Source: author's presentation WEMF (4/2003); WEMF (4/2002); WEMF (4/2001); WEMF (4/2000); Custer, Ueli (5/2003), p. 1.; Ueli, Custer (5/2001), p. 1.

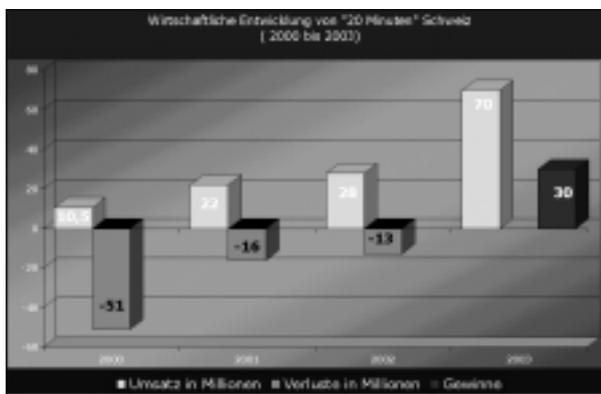


Table 34: Economic development (sales/losses/profits) for 20 Minuten Switzerland (2000–2003 in FS million)

Source: author's presentation and research; Custer, Ueli (1/2004), p. 1; Schnell, Kevin (5/2003), 1, 3; Wigdorovits, Sacha (10/2002), p. 7; Fischlin, Othmar (8.11/2002), p. 36

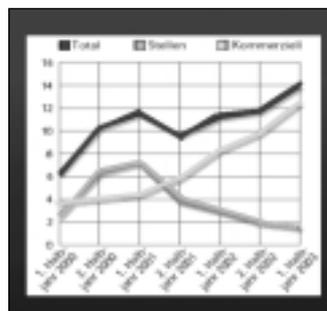


Table 35: Development of advertising volume for 20 Minuten (first half 2000–first half 2003)

Source: author's presentation based on Ueli (9/2003), S. 3; www.vsw-assp.ch

According to the WEMF circulation figures (2001/2002) Blick and the Tages-Anzeiger took the largest losses (17,152 and 15,482 copies respectively). Slight increases were recorded by the Berner Zeitung (800) and the Züricher Oberländer (31).²⁰²

Over a longer period (1996–2000), it is clear that the Tages-Anzeiger saw its circulation decline sharply, whereas the Berner Zeitung strongly increased its circulation (23 per cent). This marked increase took place between 2000 and 2001 and is connected with the integration of newspapers in the Berner Oberland. The Tages-Anzeiger's decrease in circulation began already in 1997, but became even sharper in 1999/2000. The circulation of Basler Zeitung remained practically stable until 2000 before falling sharply. Blick began its decline already in 1992. Circulation then increased slightly in 1997–98 before falling again. The loss becomes clear in particular from 2001 to 2002. The NZZ managed to increase circulation until 2001, only to suffer clear losses in the following year. Bund followed a similar path. A striking feature is that the smaller regional newspapers in the Zurich area (except the Zürcher Oberländer) managed to markedly increase their circulation.²⁰³

Readers of 20 Minuten enjoy an above average education and purchasing power (2003). For instance, in terms of university diplomas, the free newspaper takes third place with 56,000 readers behind NZZ (84,000 readers) and the Tages-Anzeiger (73,000 readers). Concerning purchasing power, 41.7 per cent of its readership are to be found in the segment FS 8,000 and more compared to the NZZ (63.6 per cent), the Tages-Anzeiger (52.6 per cent) and the Basler Zeitung (42.9 per cent), whereas the average for German-speaking Switzerland is 34.8 per cent. Looking at the equivalent WEMF statistics (affinity of readers according to product category), it is clear that the readers also spend this money. When comparing prices for a 4-colour advertising page per thousand readers (2004), 20 Minuten turns out relatively priceworthy, although it offers a smaller format (tabloid).²⁰⁴

20 Minuten does not have the same position in advertising sales as it does in terms of readership; but the growth is clear in this field as well.

According to an evaluation of the advertising volume in 2003 by Custer, 20 Minuten is number three among daily newspapers. Custer multiplies the price per page in the national edition (FS 24,150 in 2003) with the 3,864 advertising pages, and reaches FS 93.3 million. He then deducts 25 per cent discount, giving the net sales for 2003 as approx. FS 70 million, which means that the free newspaper clearly has managed to break even. Using the same method, Custer calculates net sales for the Tages-Anzeiger to be FS 130 million, for the NZZ FS 72 million, and for Berner Zeitung and

²⁰² Cf. WEMF (4/2003). These losses compared to 2001 have to do with a new and more rigid practices for circulation auditing. The Tages-Anzeiger could have had an audited circulation of 248,000 instead of 234,518. Cf. Custer, Ueli (5/2003), p. 1.

²⁰³ Cf. WEMF (4/2003); WEMF (4/2002); WEMF (4/2001); WEMF (4/2000); Custer, Ueli (5/2003), p. 1; Ueli, Custer (5/2001), p. 1.

²⁰⁴ Cf. WEMF (2003).

Blick FS 56 million, the difference being that these titles also generate sales revenues (whereas 20 Minuten relies almost exclusively on advertising revenues).²⁰⁵

The commercial volume grew consistently since the first semester of 2001, which more than compensated the losses in employment advertising in the same period.²⁰⁶

In the print version, new advertising forms may also be observed. At regular intervals, the actual front page appears on page 3. The logo remains on the cover, but otherwise the paper looks “wrapped” in four pages of advertising (a package from one single advertiser).²⁰⁷ These innovative advertising forms sometimes go rather far. The text of the logo 20 Minuten was thus by one advertiser transformed into “2 Minuten” to communicate the message of an internet provider. In other words, what may be written in 20 minutes may be known in 2 minutes with the help of this company.²⁰⁸ Looking at the advertising pages of the other newspapers, it is clear that compared with the first half of 2002 and 2003, the NZZ incurred the heaviest losses (- 330 pages of advertising), followed by Blick (-266).

This represents a relative loss of 11.5 per cent for NZZ. The losses of Blick, Tages-Anzeiger and Basler Zeitung oscillate around 15 per cent. Bund had a minus 26.7 per cent and its new co-owner, the Berner Zeitung, lost 8.1 per cent. The share of employment advertising has declined sharply in all newspapers, and almost by half in the case of the Tages-Anzeiger compared to 2001 (from 51.2 to 26.5 per cent). However, the Tages-Anzeiger remains the number one newspaper in terms of global advertising volume.²⁰⁹

In the online department in late 2003, the website www.20min.ch took second place among the newspaper web offer with 192,000 users (7.4 per cent) behind www.blick.ch (366,000 and 14.2 per cent).²¹⁰

Concerning the possible impact of the market entry of 20 Minuten on the established publishers, readers lost by for instance the Tages-Anzeiger have not simply become readers of 20 Minuten. Other factors must equally be taken into account, such as the negative economic outlook after the peak in 2000, more severe auditing practices, restructuring and downsizing measures. The readership figures (2000-2003) show, however, that the newspapers active in the same distribution area as 20 Minuten (Tages-Anzeiger excepted) have rather lost fewer readers.²¹¹ Publishing director Berg also attributes the Tages-Anzeiger's losses, which were the most obvious in the Zurich area, to 20 Minuten. According to him, the so-called duty readers who are not really interested in political reporting are the ones

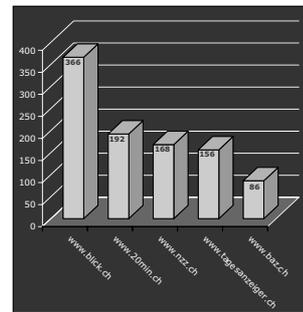


Table 36: Comparison of heavy and medium users of newspaper websites (2003, thousands of users)

Source: author's presentation based on WEMF (9/2003)

who have switched to 20 Minuten. This is where the heavy losses were registered. These readers allegedly did not go to the Tages-Anzeiger because the Tagblatt der Stadt Zurich was very well positioned in the readership. As a result, when the latter was transformed into the Zurich Express, and as Metropol and 20 Minuten appeared on the market, these readers found an adequate alternative for free.

The other relevant dailies saw their circulation drop. In Berne, Bund recorded losses which because of editorial restructuring were concentrated mainly in the Berner Oberland and Seeland. In this region, the Bieler Tageblatt increased its circulation which seems to indicate a direct connection. On the other hand, 20 Minuten supposedly explains the drop in single copy sales. However, the latter increased by 70 per cent in 2001, but reached a new low in 2002. The sharp circulation decline of the Basler Zeitung, the connection to 20 Minuten seems more reasonable, as the loss is of similar size (-5,000 copies). For Blick, the 2001/2002 comparison revealed a drastic drop which has to do with the tightened auditing practices and, according to de Schepper, the fact that Metropol and 20 Minuten were strongly focused on Zurich, and only subsequently reached Basle and Berne, which meant that Blick incurred greater losses in several markets.²¹² In summary, the concerned daily newspapers were losing circulation long before the appearance of 20 Minuten, but this trend was then reinforced. As for as the advertising market is concerned, media experts could see no significant negative consequences; losses are rather attributed to the difficult economic situation since the peak in 2000. According to publishing director Berg, the Tages-Anzeiger has experienced volume displacements.

²⁰⁵ Cf. Custer, Ueli (1/2004), p. 1f.; Custer, Ueli (9/2003), p. 1; Wigdorovits, Sacha (10/2002), p. 7; Cf. www.schweizerpresse.ch

²⁰⁶ Cf. Custer, Ueli (9/2003), p. 1.

²⁰⁷ Cf. "20 Minuten": Zurich, Bern, Basle editions of 5 December 2002; Fischlin, Othmar (8.11/2002).

²⁰⁸ Cf. Fischlin, Othmar (8.11/2002).

²⁰⁹ Cf. Custer, Ueli (9/2003), p. 1. In addition to the 1,705 pages of the global edition of 20 Minuten, 933 pages were only published in the regional editions.

²¹⁰ The heavy and medium user of a website is somebody who uses the site at least once a week, either from home or outside of it. Switzerland counts altogether 2.6 million internet users. Cf. WEMF (9/2003), p. 2.

²¹¹ Cf. WEMF (8/2003); WEMF (8/2000); Custer, Ueli (2003b), p. 2.

²¹² Cf. Custer, Ueli (5/2003), p. 2.

5 Conclusions and outlook

The free commuter newspaper represents a novel type of press on the international newspaper market which is here to stay.²¹³ The editorial concept is an innovation in newspaper publishing. The Europe-wide market situation demonstrates the enormous potential which so far is represented by the Scandinavian press groups Schibsted and Kinnevik. But other experienced media groups are progressively becoming active in this field as well. They take defensive moves but also attempt to develop this new business model by launching their own free newspapers. The ensuing explosive growth has thus shaken markets which otherwise were saturated and mostly characterised by decline and diminishing share in the media mix. The pressure to innovate from this new type of newspaper on the established publishers is also growing in the internet age and at a time of economic difficulties.²¹⁴

This report has concentrated on a case study of the development of 20 Minuten in Switzerland. The major conclusions resulting from the analysis will be presented briefly in the following section, as well as the typical features of this business model. The analysis of the surrounding context, i.e. the readership behaviour at national and local level, highlights structural transformations. These are in particular the urbanisation of Switzerland, the increasing mobility of its population, the ageing of the population structure, increased immigration and a rise in one-person households (individualisation as a megatrend). In terms of reader behaviour, the media mix reveals an unfavourable trend for newspapers, whereas radio and television have gained market share. Especially in the younger segments, the German-language newspapers score lower results than in other age groups, and not only because of the general ageing of the population.²¹⁵ Young people are increasingly using electronic media for various reasons, including the internet. In addition, the media offer is more diversified

(media fragmentation) and reader attention is split, which increases the desire among advertisers for products targeted for specific groups. Looking at the press structure of the national and local level, the usual forms of media concentration and diversification of the media groups appear clearly, as do the high barriers to market entry.²¹⁶ The emergence of free commuter newspapers should also be seen in the context of these social and structural processes of change.

The free newspaper 20 Minuten cleared the barriers to market entry and other hurdles, and also had to compete against another genuine free newspaper, Metropol, as well the products of established publishers and in particular had to fight in a difficult economic situation.²¹⁷

Currently, thanks to an explosive growth in readership the paper takes second place among Swiss daily newspapers, and the advertising-circulation spiral has ensured that advertisers react correspondingly to permit break-even, although the return on investment is still some way ahead. 20 Minuten has evolved into an independent advertising vehicle with a quality of its own, whose unique selling propositions are the number one position among the young and a relative high effectiveness for the advertising pages.²¹⁸

As far as the behaviour of the established publishers is concerned, the market entry of 20 Minuten provoked only slight alterations of editorial policy and content. Existing publishers reacted mostly by publishing their own free newspapers, transforming existing publications which were subsequently distributed to 10 percent of the commuters, and the rest to households. In the case of Zurich Express, the function of an official journal also had to be maintained. This half-hearted confrontational strategy didn't work, especially not in Zurich where the Tages-Anzeiger lost readers massively to the Zurich Express and

²¹³ Many features of the free newspapers are reminiscent of other newspapers and other times. What is new is the combination of these features. The editorial concept represents an innovation in the field of daily newspapers.

²¹⁴ This development is similar to the enormous growth of advertising sheet a couple of decades ago in almost all Western European countries. At the time, there was a similar discussion on the justification of these free products, just as with free newspapers today. After sometimes heavy opposition, established publishers are now adopting this business model by bringing free products to market or by taking over existing free newspapers.

²¹⁵ Until now, this situation would not change despite projects like Newspapers in Education or youth pages or supplements. A Swiss example in this respect would be the cancellation of "Ernst".

²¹⁶ According to MACH Basic 1999, before Metropol and 20 Minuten appeared, an advertiser using the usual newspapers in the Zurich area (14 years and over) would have a reach of 89 percent (11 percent are non-readers) which in this area corresponds to a potential of 75,000 people. Cf. WEMF (1999); Classen, Oliver (11/1999), p. 1. Increasingly, media companies and others are cooperating, sometimes across borders, and media groups try to grow internationally.

²¹⁷ This was only possible thanks to a large sum of risk capital, provided by various investors into this start-up project.

²¹⁸ Cf. Wigdorovits, Sacha (10/2002), p. 7. By focussing on younger readers, 20 Minuten differentiates itself in the advertising market from the established newspapers. In this respect, the paper is comparable to direct advertising to young people, where distribution has to be fast to reach highly mobile consumers who are not available to advertising at home. Cf. Vogel, Andreas (11/2001), p. 584. The growth phase of 20 Minuten is not necessarily over, and it is likely that the paper becomes the largest Swiss daily in 2004. By then it will in reality be more than 720,000 readers as the readership includes many children (age 10-13) who are not included in the MACH Basic survey. To which should be added the new products 20 Minuten week" and "the guide" which have created a 20 Minuten family. The title thus has new uses which transfers the image to the new products and makes it possible to widen the advertising or according to specific target groups.

overall registered the largest readership losses among the established dailies.²¹⁹

A new competitor means that established newspapers may lose readers and subsequently advertising revenue. There may be budget restructuring. The case study of this report shows that isolated newspapers lost circulation and readers because of the appearance of 20 Minuten. But the free newspaper merely accelerated an already existing downward trend. Not least because of the losses, Tamedia decided to take action to eliminate the competitor by taking it over. But also because of the success of 20 Minuten, the Express AG (majority owner Tamedia, with Berner Zeitung) is taking over the free newspaper by late 2006 and will allegedly attempt to catch new reader segments. Some sabre rattling was necessary prior to this in order to manage the run for the now recognised commuter newspaper. So far, no financial details of the deal have been disclosed.²²⁰

In terms of the business model, 20 Minuten clearly positions itself as a quick read for the urban mobile youth, which amounts to further developing the Metro concept. This is also evident in the increasingly important online operation which is closely linked to the print product, and contains several added-value components. It mainly functions as an interactive medium and should increase the quality as an advertising vehicle and the image according to specific target groups. 20 Minuten also obtained a comparative advantage over Metropol which didn't aim for differentiation but for cost cutting as a strategy.²²¹ Mobile communications are another important complement. Cooperation is taking place chiefly with the transport authorities, news agencies, event organisers, other newspapers (Cash), electronic media (cross promotion) and printers, whereby the takeover through Tamedia and the Berner Zeitung (Espace Media Group) will supply new options and existing partnerships will disappear.²²² Revenues will come chiefly from advertising on national and local pages, but international advertising campaigns in association with France and Spain will have no place. Alternative sources

of income are provided by online business (cross media platform) and mobile communications. But the innovative character of the business model is not only the exclusive reliance on advertising revenues, but may be observed also in the editorial concept. This is a new type of newspaper, a compact newspaper which consciously renounces indepth information and opinion, favouring instead a wide news coverage, entertainment and services. Moreover, the format is innovative (stapled one volume tabloid, modern 4-colour design) and portable so as to make reading on the way to work easier, and it is a product which corresponds to what young people want. In this context, the trend towards tabloids in Switzerland becomes visible, as shown by the recent experiments with Blick or the development of Le Matin. 20 Minuten has filled a niche which for a long time was empty or at least insufficiently occupied.²²³ Those who previously were staring out of their bus window are now reading a newspaper. Young people are reading 20 Minuten on the tram. Many are talking about the content, but also discussing politics. Considering the unwillingness of young people to pick up a newspaper, the social relevance of free newspapers should not be underestimated, even if they predominantly contain recycled and adapted agency material.

Readership figures indicate that 20 Minuten increasingly is establishing itself as an independent medium in people's daily habits, and that picking it up on the way to work becomes as natural as switching on the radio in the car.²²⁴

The implementation of the new business model and the reactions of the established publishers have led to an enlargement of the readership. This is also shown by the readership overlaps. 20 Minuten has also opened up a new reserve of readers who are receptive to printed information, but "does it in a different manner than other newspapers".²²⁵ One of the first duties of the established publishers must be to learn the lessons from this. The times when one single type of newspaper could satisfy the needs of an entire region are over.

²¹⁹ Tamedia also launched the magazine "What's Up" for going out, in reaction to 20 Minuten. In early 2003, the publication was distributed on Wednesday nights in greater Zurich, in order to fill remaining gaps. Cf. Custer, Ueli (2003a), p. 3. The confrontation strategy was altogether half-hearted, so as not to cannibalize the existing daily newspapers through the redesign of Zurich Express. The Tages-Anzeiger lost circulation, in subscription but mostly in single copy sales. But as detailed in the analysis, these losses are not due exclusively to 20 Minuten.

²²⁰ Ringier in particular was allegedly interested in 20 Minuten. The sales price was not made public, but the investment costs alone for 20 Minuten in Switzerland have been estimated at FS 80 million. Zurich Express was reconverted into Tagblatt der Stadt Zurich.

²²¹ Strategically speaking, Metropol was considered by advertisers to be "neither cheaper nor better". Cf. Deutsch, Danielle (8/2001), p. 61. The technical infrastructure for the 20 Minuten webcenter was supplied by Schibsted. The chief reasons for Metropol's failure according to experts lie in the formal aspects and in the lack of regionalisation. In addition, the paper was expected to break even within two years. In particular because of 20 Minuten's success, this goal became unattainable and the paper ceased publication after about two years.

²²² As media companies get involved, there are synergies (editorial, advertising bundling etc).

²²³ The Swiss tabloid format was adopted also by "Le Matin" as a preventive measure against the possible arrival of a free newspaper in Western Switzerland. The newspaper subsequently experienced an astonishing upswing which also had to do with the change of format.

²²⁴ These are the basic factors of success behind 20 Minuten, in addition to strict cost containment.

²²⁵ Cf. WEMF (8/2003); Custer, Ueli (2003b), p. 2.

The relationship between free newspaper and paid-for newspaper shows that there is substitution and complementing. Next to the short-term losses, free newspapers may be an opportunity for the print media as a whole, e.g. when an enriched 20 Minuten reaches more people and thus strengthens the print media within the media mix. It is also interesting to observe how the “double” readers will behave and to what extent young non-readers who are brought to read through papers like 20 Minuten, will switch to paid-for newspapers. Most media experts fear that free newspapers will get people used to getting news-

papers in general for free.²²⁶ The empirically established success of 20 Minuten in Switzerland and the takeover by Tamedia make it more likely that other publishers abandon their negative or hesitant attitude. They will further develop this new business model in various ways in order to reach new readers and thus create new profit opportunities.²²⁷ The phenomenon of free newspapers will have a durable impact on the newspaper market in the developed countries with a well developed public transportation system.

²²⁶ In fact, it was the newspapers themselves which had made readers used to “free content”, whereas currently the opposite trend is underway in the internet.

²²⁷ Various models may be imagined here, such as a “subscription commuter newspaper with early distribution”, i.e. a young tabloid distributed jointly with a subscription paper. According to Custer, households have different reading needs which in this way would be better satisfied. The greatest advantage of the model is supposedly the possibility of charging a subscription fee of FS 50 per year for the tabloid paper. Settling this with the paid-for newspaper would give rise to no extra cost. Cf. Custer, Ueli (2003a), p. 4.

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