

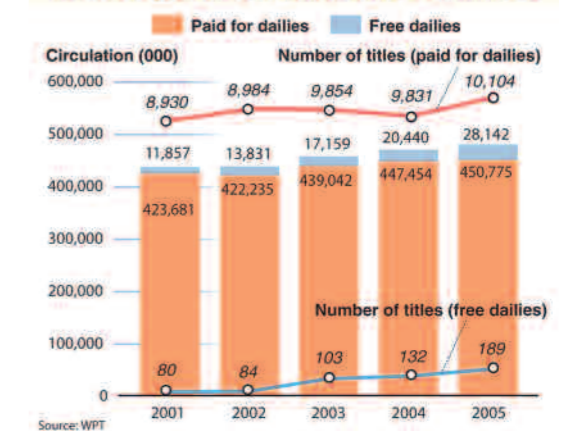
Executive summary

Profound and disruptive market interruptions are challenging the newspaper industry in the 21st Century. Among them, changing circulation patterns and emerging competitors – inside and outside the traditional newspaper industry – are forcing publishers to rethink their approach to how newspapers are brought to market.

Contrary to persistent predictions of the demise of newspapers, in truth, a surge of new daily newspapers has flooded markets worldwide in the past five years. The demand for new printing presses has never been greater. The demand of newsprint is up on every continent except North America, where circulations are shrinking.

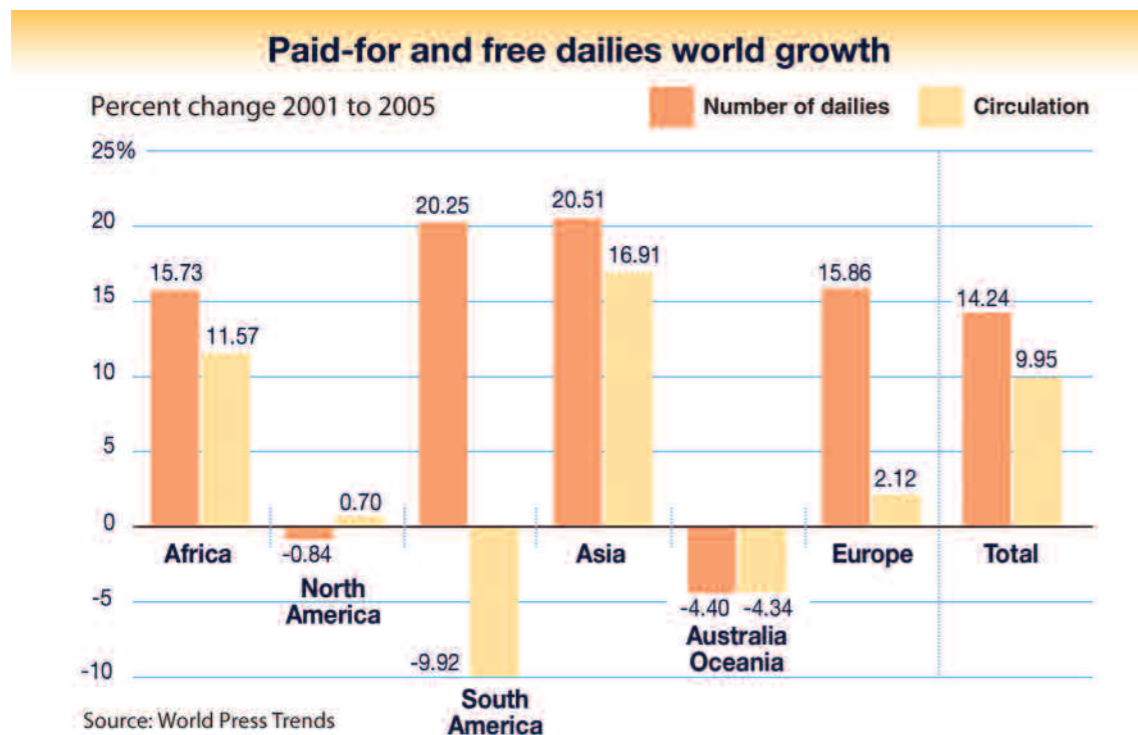
According to statistics of World Press Trends, an annual publication of the World Association of Newspapers, updated in October 2006, there has been a quiet revolution in the number of daily launches. This burgeoning growth of daily titles worldwide has largely gone unnoticed by market makers and media pundits obsessed with the digital media revolution. Meanwhile the real-world growth of newspaper titles and circulations continue inexorably.

World paid for and free dailies



Consider:

- The total number of paid-for newspapers grew by 1,179, and the number of free dailies grew by 109 titles, between 2001 and 2005.
- In 2005, the total number of paid-for daily newspaper titles worldwide jumped over the 10,000 mark for the first time in history, fueled by a steady 13 percent growth since 2001, when there were 8,930 paid-for dailies.



- Total free daily circulation worldwide has more than doubled from 2001 to 2005, from 12 million copies in 2001 to 28 million in 2005, an increase of 137 percent.

The growth trends are seen in both positive and negative lights. In parts of the developed newspaper regions – Europe, North America and Australia/Oceania – these trends, which are the result of hyper-competition, are causing upheaval. In the developing world, the growth is seen as positive and rife with revenue-making opportunity.

Three key trends are shaping the print newspaper landscape worldwide:

- A proliferation of new genres of newspapers – targeting new audience segments and requiring creative marketing and distribution scenarios

- The surge of new, free titles thrust into the paid-for market, are the result of many publishers rethinking the cover-price revenue model in place for more than 400 years. “Free” is a growing expectation of newspaper audiences worldwide, influenced by the pervasive expectation of free content on the Internet

- The trend of the shrinking newspaper format, from broadsheet to tabloid, has challenged publishers to carefully plot out the transition and maximize new advertising prices and distribution strategies

Whilst the number of titles and total circulations are on the upswing, the era of the one-size-fits-most newspaper is on the decline in many parts of the world. A new era is dawning, and it is about launching new,

tailored newspapers for targeted groups to complement the general circulation papers. It is about competing in an increasingly crowded media marketplace where readers are in control of their media consumption. With so many media choices, consumers are opting to choose media that “speak” to them, and do not settle for traditional media in the form that they have always been published. Unlike broadcasters, newspapers see fragmentation as an opportunity to aggregate new audiences, improve their relevance to existing readers and provide attractive markets to advertisers.

The new newspaper landscape is about adding to the newspaper company’s stable of new printed products that complement the core product, whilst maintaining their own identities and adding to the newspaper companies’ circulation and advertising market share. For many newspaper companies, this strategy is called the “audience aggregation” or “portfolio expansion”, whereby newspaper companies achieve greater circulation and advertising market share by launching new titles targeted at new audiences. This report will detail the growing strategy of precise audience targeting and aggregation designed to deliver audiences and profits well into the future.

This report captures the art and science of developing a new print title, through numerous case studies and step-by-step phases of newspaper launches in Europe, Africa, Australia, North America, South America and Asia.

This report also looks at specific tactics on how some of the world’s most dynamic newspaper markets are braving new newspaper challengers on the circulation and advertising battlefields. One of those tactics is market “spoiling,” which is essentially the attempt to dilute an incoming newspaper title’s ability to gain distribution and advertising market share by launching a competing title targeted at the same audience and with the same distribution strategy.

One such newspaper market experiencing hyper-competition is the Netherlands. Since 1999, when the free commuter daily Metro arrived on the scene, the advertising and circulation market share started to fracture. Traditional publishers have been fighting back ever since. This report chronicles the launch of a fresh approach to Dutch newspapering, born

in March 2006. The title is called nrc next, a quality, paid-for tabloid that has achieved a 70,000 circulation as of October 2006. Another title from sister PCM Uitgevers newspaper de Volkskrant and an outside investor will arrive in early 2007, and is expected to shake up the Netherlands’ free newspaper market with high-circulations – Metro and Sp!ts – each reporting a half-million daily circulations.

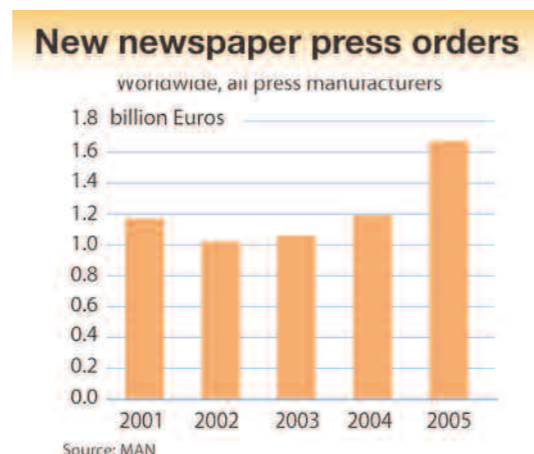
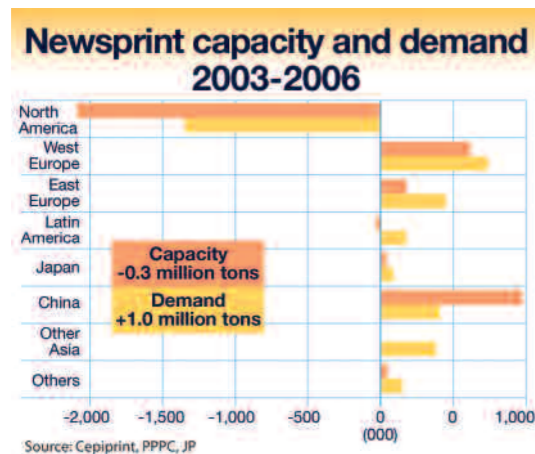
This report will feature a chapter on the conundrum of the free newspaper megatrend – the threats and opportunities that lie in “going free,” and the tactics for paid newspapers to compete with free papers. One of the case studies is that of the Manchester Evening News, which has decided to drop their cover price in the centre of Manchester and reposition the newspaper as a free and paid combination in 2007. This report will chronicle the plan in detail.

Among the worldwide new newspaper launch case studies are:

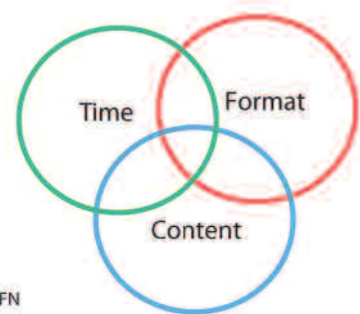
- Apple Daily in Hong Kong and Taiwan
- Daily Sun in South Africa
- RedEye in Chicago, USA
- Dato and 24 Timer in Denmark
- Libre and Inquirer Compact in the Philippines
- Dozens more titles, worldwide

Some industry analysts predict that the over-saturated newspaper markets like the Netherlands, Denmark and the United Kingdom might lose newspaper titles in the coming years. They reckon there is not enough advertising spend to sustain all of them. The report provides a survival guide for newspapers in overcrowded media marketplaces, including business and marketing planning for laser-focused positioning in hyper-competitive environments. In fact, in late November 2006, Metro ceased to publish its MetroXpress Aften edition in Denmark, which had a 100,000 free distribution.

The strategy to develop new print products is deceptively simple. In order to grow a new audience for a new print product, publishers are refining the art of market segmentation. This report details several examples of the exhaustive research conducted on audience segments in order to be successful for a launch of a targeted print product. In essence, the publisher must ensure the product is relevant and compelling to the targeted audience in three key spheres: Content, Format and Time.



Spheres of relevance



Source: SFN

At least one element of the newspaper world has remained constant: Content is King.

Quality journalism remains the global currency for the newspaper industry. Publishers of winning, new print publications have learned quality journalism that is relevant and compelling to the daily lives of targeted readers, is key to the success of new product launches.

Among the types of targeted newspapers detailed in this report are:

- Immigrant newspapers in non-native languages
- Commuter editions and other free newspapers
- Youth market and young adult titles
- Lite versions of established papers
- Newspapers for various socio-economic groups and literacy levels

In addition to targeted content, publishers of new titles have learned that the content strategy must be combined with the elements of format and time to ensure an enduring success.

Formats relate to size of the newspaper, including the varying sizes of broadsheet or tabloid, and also paper stock. Most new print

products today are launched in tabloid format, the convenient, more condensed and more portable size preferred by a growing segment of readers. This report will chronicle in detail the growing trend of compact formats, listing almost 100 broadsheets re-launched in the past five years, and will profile more than a dozen of these relaunches that have been successful in Europe, North America, Australia and Asia.

Format also is about the editorial formatting – the categories of content; the balance of text, photos and graphics; whether content should be long-form or short-form; and the voice it is delivered in – serious, humorous, edgy or straightforward journalistic style. Time relates to when the newspapers are made available to readers by whatever distribution means, in the morning or afternoon, or during commuter times, for example. The key is to provide them with the product within the window of relevance to their daily lives.

The report also highlights the positioning strategy for new newspaper products among other titles in a media marketplace. Using the Kotler model for positioning a product, considerations must be made for pricing and for product type as they would fit in the puzzle of the individual marketplace. The trick is to target a niche that will draw sizable circulation and advertising share.

Never before in the 400-year history of newspapering have there been so many profound and disruptive challenges. The successful publisher seizes on market trends and new audiences to extract greater circulation and advertising market share. Delivering defined audience segments is achieved by providing audience members with the relevance of content, format and timing that compels them to consume the newspaper.

2006 circulation winners after format changes

Country	Title	Change period	New format	As broadsheet	As compact	Increase
UK	The Independent	May-04	compact	226,000	260,000	15%
UK	The Times	Nov-04	compact	635,000	685,000	8%
UK	The Guardian	Oct-05	berliner	288,000	375,000	30%
India	The Times of India		dual	1,284,000	2,439,000	90%
Australia	The Courier-Mail	3-Oct	compact	214,000	553,000	158%

Sources: WPT, SFN research