

Göteborg university
Department of Journalism and Mass Communication

English summary of the dissertation:

**En tidning i tiden? Metro och den
svenska dagstidningsmarknaden**

**[A Paper for Its Time? Metro and the
Swedish Newspaper Market.]**

Swedish Text and Summary in English. 396 pages.
ISBN: 91-88212-00-9. ISSN: 1101-4652

Ingela Wadbring (ingela.wadbring@jmg.gu.se)
Department of Journalism and Mass Communication,
Göteborg University
Box 710, SE-405 30 Göteborg

Doctoral dissertation presented at the Department of Journalism and
Mass Communication, Göteborg University, in April 2003

From the time the free daily newspaper Metro was introduced in Stockholm in 1995 until the autumn of 2002, Metro International has expanded its free paper operations to 25 locations worldwide. Other companies have since then launched similar newspapers – over 80, in fact. Of these, about 50 titles remained on the international newspaper market in the late 2002. Not only was it the start of a new paper, it was also the start of something quite new in the newspaper world, both in Sweden and internationally. What follows is a short summary of the chapters in this doctoral dissertation.

STUDYING NEWSPAPERS

This chapter presents the historical and theoretical perspectives used to illustrate *Metro*'s start and expansion. The chapter also includes the statement of purpose and the research questions addressed in the study, as well as a description of the methodology and material used in the empirical analysis.

Introduction

From the time it was introduced in Stockholm in 1995 until the time of this writing in the winter of 2002/2003, free daily newspaper *Metro*, owned by *Metro* International S.A., has expanded its operations to 25 locations worldwide. Other companies, such as Norwegian Schibsted, British Associated Newspaper and several local newspaper companies have launched similar free daily newspapers – over 80, in fact. Of these, about 50 titles remained on the international newspaper market in the fall of 2002. The question, then, is whether the launch of *Metro* in Stockholm can be seen as the start of something new in the newspaper world.

To understand *Metro*'s success both in the readership and advertising markets, it is important to situate the paper in a historical perspective. The Swedish newspaper market, and that of neighboring Norway and Finland, is quite distinctive in the sense that newspapers have long occupied a very strong position. At the same time, however, many features of the newspaper markets here resemble the situation in other western countries.

A number of phases can be identified in the history of the newspaper. The first phase began with the introduction of the newspaper in the 1600's. The second phase can be dated to the 1800's, when newspapers changed from being narrow special interest papers aimed at an elite readership to broader papers with mass appeal. At the turn of the past century, the third phase could be said to begin. In this phase, ownership relationships changed dramatically, as idealistic organizations and political parties established papers in a way that had never been seen before. The fourth phase began after the Second World War and is characterized as the "death" of morning newspapers, whereby many

papers went out of business. It was also at this time that evening tabloid papers and weekly free sheets entered the market.

Although weekly free sheets have existed for a long time both within and outside Sweden, they cannot be considered newspapers in the sense of *Metro* and similar free dailies. Furthermore, traditional weekly free sheets have long been viewed with skepticism, and their status in Sweden has not been high. The question is whether the launch of *Metro* marks the beginning of a new, fifth phase in newspaper history.

Statement of purpose and research questions

The empirical aim of this dissertation is to describe the newspaper *Metro* and explain its success and significance to the newspaper market. This will be done by asking the following three questions:

- 1) What is *Metro*?
- 2) How has the paper been received by readers?
- 3) How has *Metro* influenced readership and advertising markets?

Perspectives on newspaper markets

Metro will be analyzed with the help of several perspectives. One important influence on the establishment and maintenance of a medium is its ownership structure and organization. Another important factor is editorial content. Finally, no matter how good the content may be, no paper will succeed if the papers are not distributed to the readers in the first place.

The media operate on two markets – readership and advertising. Because *Metro* is completely dependent on advertising revenue, the advertising market is a key subject of analysis. Similarly, because advertisers buy access to readers, it is also important to study the readership market.

While the readership and advertising markets can be seen as the most immediate structural elements influencing success or failure, other contextual factors also come into play. The most important of these are the political, technical and economic contexts.

Political factors include laws, regulations and policies such as press subsidies. Ownership structures are included here, particularly the ideological question of whether or not a free daily such as *Metro* is acceptable. Technological advances have been undeniably significant over the past few decades. Audiences can choose among more types of media and more channels, and the newspaper industry finds itself in a technological environment featuring simplified production processes and Internet publishing. Economic factors both at the micro- and macro-level are also important. Here the issues are revenues and costs, maintaining competitive power and strategies and surviving business cycles. At the same time, all of these perspectives must be situated within a global context. *Metro* is an export concept, and other newspaper companies and

individual actors have started up similar papers in other countries – in this way the *Metro* phenomenon is a global concept.

Methodology and material

Documentary analysis of annual reports, parliamentary publications and agreements, interviews with people connected with *Metro* and content analysis of the newspaper form the material foundation upon which the first research question is addressed.

The second question, which asks how *Metro* has been received by readers, has been addressed mainly through survey questionnaires, but also with the help of focus group interviews with young people in Stockholm.

Question three, on how the market has changed since the launch of *Metro*, has been mainly addressed with the help of statistics from various external sources. These include circulation, penetration and advertising statistics. Material used to analyze *Metro* and the role of similar papers outside of Sweden include studies conducted by foreign researchers on the spread of various free dailies as well as information from the industry press, financial analyses, general population statistics, statistics from the World Association of Newspapers (WAN) and contacts with foreign researchers and newspaper publishers.

THE NEWSPAPER

The first primary question asks simply: What is *Metro*? Two chapters address this question. The first examines the paper's launch and subsequent development, while the second looks at the paper's form and content.

Metro takes off

The founders of *Metro* were three people from different backgrounds in the newspaper industry. They met in the early 1990's. Before they met, each of the three had been considering ways to produce a new kind of paper, with a new type of distribution, maximizing new technology, reducing staff size, printing brief news summaries, etc. In short, what later came to be *Metro*, and what largely distinguished it from other papers.

The one who picked up the idea and was willing to finance it was Swedish financier Jan Stenbeck and what later became the Modern Times Group (MTG).

One of the core ideas was the low cost base, which resulted from the placement of both distribution and publication costs outside the company. The distributor became the public transport system of the greater Stockholm region, the wire service TT delivered news and the paper was printed at a printing

house owned by other newspapers in Stockholm. As a result, *Metro* was a lean organization.

It didn't take long before *Metro* expanded. The first was the weekend paper *Metro Weekend*, a subscription-based paper launched in 1996. However, this lasted only three months. Within Sweden, *Metro* was also launched in Gothenburg (1998) and in the southern county of Skåne (1999). Outside Sweden, *Metro* has been launched in 26 locations, although 4 of these have since shut down.

To create a relationship with its readers, Club Metro was set up. It exists in all countries where *Metro* operates, offering discounts and special deals for members worldwide.

Form and content

Of course, one of the reasons behind *Metro*'s success is its content. Just because a paper is free does not make it interesting to read. It must contain something that readers appreciate. The founders of the paper wanted to make a paper with brief news summaries that could be read in the course of an average subway ride.

Metro's design was a part of the concept itself, and the look of the paper has remained essentially constant since its launch in 1995. It looks basically the same wherever it appears in the world. The design is intended to make the paper easy to read in locations that are not necessarily reading-friendly, such as subways. It is a tabloid format consisting mainly of news bulletins and short articles. Illustrations are relatively rare. The paper does not feature editorial pages, debate pages, or specialized information such as obituaries. However, each issue contains a column that takes up and discusses a topical issue. A larger cover story is also published daily. The three Swedish versions of *Metro* are quite similar to each other, though not identical.

In large measure the content profile at *Metro*'s start was similar to that of *Dagens Nyheter*, the largest traditional morning paper in Stockholm. The main difference was of course the larger volume in *DN*. The proportion of TT material was large in the beginning, but over time Stockholm *Metro* reduced its dependence on TT and began making greater use of other wire services.

THE READERS

The second research question asks how *Metro* has been received by readers. Two chapters address this question. The first looks at readership behavior, while the second examines readership attitudes.

Reading Metro

When *Metro* started in Stockholm there was a "black hole" in Stockholm's newspaper readership market. Compared to the rest of the country, fewer people read morning papers. The first measurement of *Metro* showed that it reached a large share of readers in Stockholm.

Metro grew. In the Stockholm region it reached a penetration of 40 percent by 1997, and it has remained at this level since then. Daily penetration in the Gothenburg region is about 30 percent, and in Skåne it has risen from 13 percent to over 30 percent in just three years. For the most part, readers of *Metro* are those who ride public transport, but these are far from the only readers. The reading time is shorter for *Metro* than for traditional morning papers in the respective regions, and although it does tend to be read "on the way" somewhere, it is also read at home or at work in not insignificant numbers.

The readership market as a whole has expanded since the launch of *Metro*; and in some ways *Metro* has become a complement, not just a competitor. Most of the those who read *Metro* also read another paper. Younger people have taken to the paper. This is the group which, to a larger extent, did not read any other paper on a regular basis before *Metro* appeared. This is also the case in regard to other "weak" readership groups, such as immigrants and blue collar workers. Thus *Metro* has been able to attract groups that the traditional morning papers previously had difficulty reaching. This is important because it means that, despite much of the thinking about the waning popularity of the newspaper, the paper phenomenon is not rejected, not even among those who are usually characterized as "weak".

Attitudes toward Metro

The fact that people read *Metro* at all says something about its status on the readership market. However, attitudes toward the paper say something more about its status and meaning. The credibility of a paper is worth measuring both among the general public and among readers, because each says something about the paper. The judgement of the general public says something about the paper's position in society, while readers' attitudes say more about the paper itself. *Metro* is not judged in the same way as other morning papers, particularly by the general public. This can in part be due to a lack of familiarity with the paper relative to the other morning papers, but also to the fact that it has not yet attained "morning paper status".

On the other hand, when the paper is judged by its readers, most indicators show that the paper is appreciated. It is useful on a trip, there is nothing glaringly missing from the paper, and on a graded scale it receives in principle the same rank as traditional morning papers. What is most valued by readers is its readability – in general it is judged quite similarly to a morning paper.

One difference between attitudes toward *Metro* and traditional morning papers is that *Metro* does not generate emotional engagement.

THE MARKETS

The third main research question addresses *Metro*'s position in the newspaper market: How has *Metro* influenced readership and advertising markets of the daily press? Two chapters examine this question: the first looks at changes in the advertising and readership markets where *Metro* operates in Sweden, while the second focuses on new free dailies and markets both within and outside Sweden.

Changes in the markets

To obtain a sense of the impact of *Metro* on newspaper advertising and readership markets as a whole, one can compare the three key indicators of circulation, penetration and advertising revenues prior to and after *Metro*'s launch. There are three possible markets in Sweden where this comparison can be made – Stockholm, Gothenburg and Skåne. In Skåne, however, *Metro* was introduced quite recently, in 1999, and the following year the market was shaken by the closure of the long-running Social Democratic newspaper *Arbetet*. Because this relative turbulence in the Skåne market, the before and after comparison will be applied to the Stockholm and Gothenburg markets only.

After the launch of *Metro* in Stockholm and Gothenburg, there was an increase in gross circulation and penetration in the newspaper market. Most titles experienced a slight drop in circulation and penetration, but this loss was minor in relation to the circulation and penetration obtained by *Metro*. Reduction in both circulation and penetration among the other papers has occurred throughout the 1990's, thus it is likely that this tendency would have persisted with or without the introduction of *Metro*. However, in terms of circulation, *Dagens Nyheter* in Stockholm is the paper that appears to have been most affected by the launch of *Metro*.

In terms of advertising, *Metro* began with a low intake level, but this has increased both in terms of volume and shares of revenue. This is the case in both the Stockholm and Gothenburg regions. The changes that can be observed for other papers in the respective markets cannot be clearly linked to the start of *Metro*; the paper that seems to have been most affected by *Metro* in terms of advertising revenues is *Svenska Dagbladet*. Taken together, the market data can be interpreted in a variety of ways; the problem is that it is impossible to know what would have happened if *Metro* had **not** been launched.

New free dailies and newspaper markets

Metro has been at least as significant beyond the border as within it. The launch of the paper has led to many similar launches in just about every part of the world. It has also triggered the launch of similar models in Sweden, particularly in the Stockholm area.

Not only has *Metro* created a stir in Stockholm, its expansion abroad has contributed to the creation of new free sheet markets. According to Metro International, in the winter of 2002/2003 *Metro* was operating in 22 locations outside Sweden, including South Korea, where *Metro* was launched in the form of a franchise. In some countries, Metro International is not the sole owner, but shares ownership with local partners. In about half of the locations, the paper is distributed with the help of public transport, in the other half the paper is distributed by hand.

Similar papers have been launched in many places throughout the world. Some were started in markets where *Metro* or a similar free daily had already been introduced, while in other markets the launch of free dailies appears to be preventative, anticipating the new market conditions. In the winter of 2002/2003, free daily newspapers exist on every continent except Africa. *Metro* as an idea, as a concept, has spread widely. Even if not all of the new launches are immediate consequences of Metro International's *Metro*, it is still a fact that hardly any free daily newspaper existed prior to *Metro*'s launch in Stockholm in 1995.

A PAPER FOR ITS TIME?

In order to successfully launch a new paper, numerous hurdles must be cleared. *Metro* was able to do this. The first hurdle it cleared was getting readers and advertisers to approach a new paper. This was done by starting a paper that was both familiar and new in relation to established papers. It was free, it had relevant content and it was distributed where people were concentrated. Once the readers were reached, the advertisers soon followed.

Because the paper was financed by a large concern, there was access to both capital and "surplus" infrastructure within the concern. Other surplus benefits one could use were those that already existed on the market: wire services, printers and the subway system. By taking advantage of the market in this way, it was possible to maintain a low cost internal strategy (i.e. a lean production), while at the same time maintaining a high price strategy vis-à-vis the advertising market.

Both the social climate and technical developments were important preconditions for the launch and success of *Metro*. The paper started right in the middle of the 1990's, which was a decade of media deregulation and expansion. It

thus became a new medium among other new media. The technical circumstances made it possible to take advantage of already existing technical systems in terms of both production and publication.

Many of the characteristics of *Metro* are reminiscent of other times and other papers. But the combination of traits is new. *Metro* the newspaper is definitely a success in Sweden, but somewhat less definitely abroad. However, the concept of *Metro* – the free daily newspaper – is something which has come to stay both in Sweden and abroad. *Metro* is a paper for its time. Both as a paper and as a concept.