

Trends and Business Models in Free Circulation Publications

There's no such thing as a free lunch! So, why are free-access publications doing so well?

Today's Panel

- ◆ Craig McMullin, Assoc. of Free Community Papers (USA)
- ◆ Rob Paterson, Friday-Ads (UK)
- ◆ James Kendall, Flyer Publishing (USA)
- ◆ Lawson Muncaster, Metro (UK)

Association of Free Community Papers

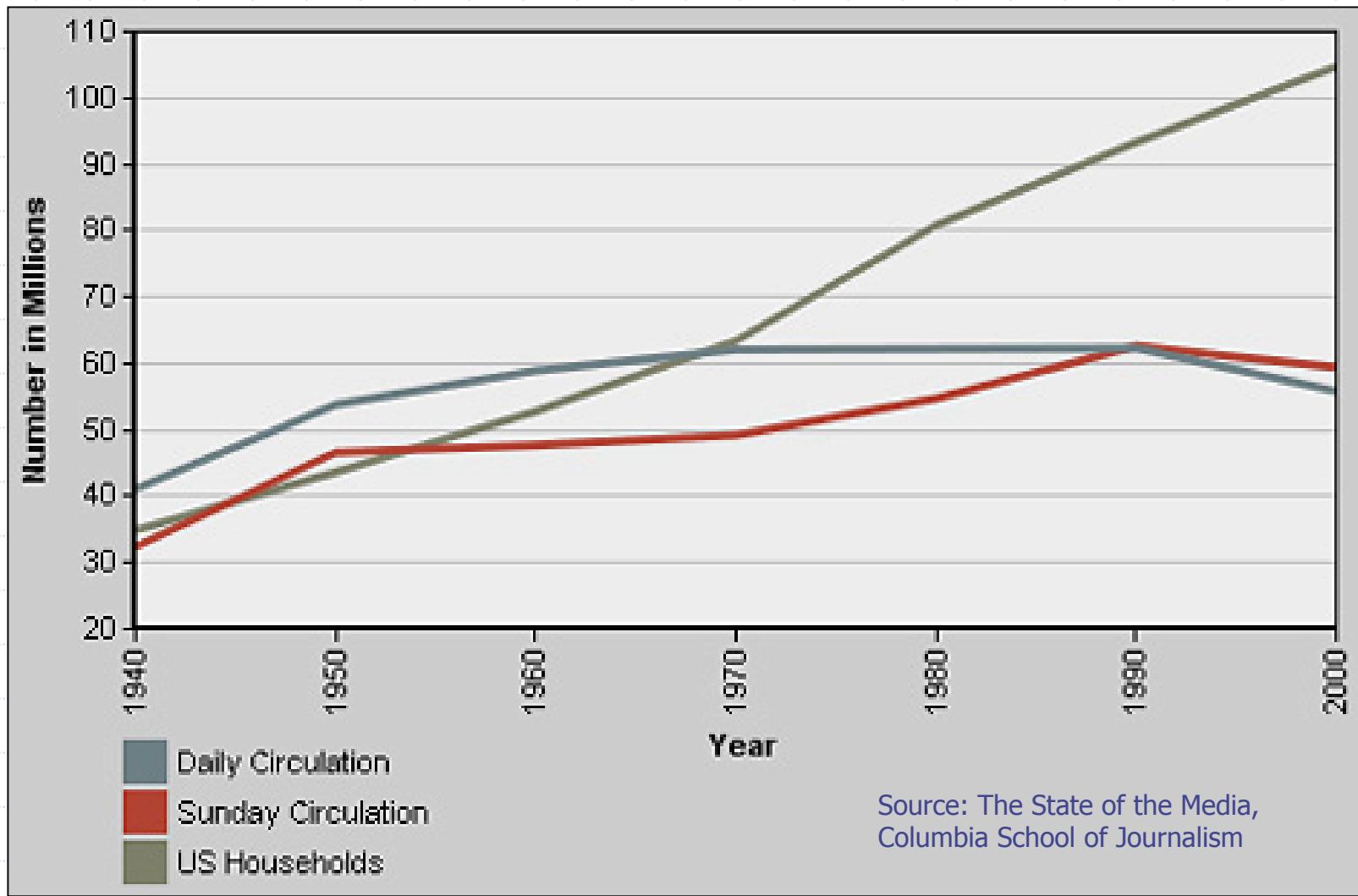
- ◆ Represents publications with total circulation in excess of 40 million homes in US, Canada and Japan
- ◆ Publications vary widely
 - Home-delivered and rack-delivered shopping guides
 - Community newspapers, home-delivered and rack-delivered
 - Niche products (parenting, seniors, ethnic, religious)
 - Classified verticals (automotive, real estate, employment)
- ◆ Common factor is that all are free-access publications

Free Circulation Trends in US

◆ Paid Circulation has been decreasing

- *“By 1990, however, even the boost from a growing population was not enough to maintain how many newspapers were sold each day. By 2002, weekday circulation of U.S. newspapers had dropped 11 percent in 12 years.”* (Source: The State of the Media, Columbia School of Journalism)

Metro Daily Newspaper Audience



Response to declining circulation

- ◆ Metro Dailies distributing free sections
 - Washington Post publishes *Express*
 - Chicago Tribune publishes *Red Eye*
 - Chicago Sun-Times publishes *Red Express*
 - Others distribute entertainment, employment, preprint wraps to boost distribution
 - Most dailies receive less than 15% of revenue from circulation

Growth in Free Distribution

- ◆ Circulation of Association of Alternative Newsweeklies is about 7 million homes, nearly all free
- ◆ Circulation of Suburban Newspaper Association has moved from less than 10% free distribution in 1980 to about 50% free distribution in 2004
- ◆ AFCP estimates free distribution publications to exceed 100 million in US, and rising

AFCP experience

◆ Largest growth areas

- Niche products (Parenting, seniors, ethnic publications)

◆ Rack distribution is getting popular

- Less expensive than home delivery
- Very low barriers to entry
- Allows self-selection of readers

Case Study – Village Voice (New York, NY)

- ◆ Granddaddy of Alternative Newsweeklies in US, started in 1955
- ◆ Originally sold for 5 cents, increased to \$2 cover price
- ◆ Switched to free distribution in 1996
- ◆ Circulation immediately increased from 100,000 to 250,000
- ◆ Advertising revenue gain has more than offset the decline in circulation revenue and increased printing costs