

The rise of free daily newspapers in Latin America

El crecimiento de la prensa diaria gratuita en América Latina

Piet Bakker¹

Recibido el 24 de mayo de 2012 – Aceptado el 16 de julio de 2012.

ABSTRACT: Whereas most continents see circulation of newspapers drop, Latin America is one of the few areas in the world with rising newspaper circulation. A substantial part of this rise is caused by the introduction of free newspapers in a dozen countries on the continent. We map this development, discuss possible reasons for the rapid growth and try to answer whether this introduction has substitution effects on paid newspapers. The growth of this new format is most probably caused by economic growth while we conclude that substitution is low, meaning that free dailies serve a new reading audience in Latin America.

Key words: free newspapers, media substitution, newspapers, Latin America, business models

RESUMEN: Considerando que la mayoría de los continentes ve la caída de la circulación de los periódicos, América Latina es una de las pocas áreas del mundo, con un crecimiento de la circulación de periódicos. Una parte sustancial de este aumento se debe a la introducción de la prensa gratuita en una docena de países del continente. Tenemos un mapa de este desarrollo, se discute las posibles razones para el rápido crecimiento y se trata de responder si esta introducción tiene efectos de sustitución de los periódicos de pago. Lo más probable es que el crecimiento de este nuevo formato sea causado por el crecimiento económico, mientras que nosotros llegamos a la conclusión de que la sustitución es baja, lo que significa que los diarios gratuitos sirven a una nueva audiencia lectora en América Latina.

Palabras clave: prensa gratuita, la sustitución de medios de comunicación, periódicos, América Latina, modelos de negocio

When it comes to newspapers, Latin America shows a relatively low penetration of daily newspaper as no more than 6.7 newspaper copies are distributed per every 100 inhabitants

in 2010. In Western Europe (particularly the Nordic countries, German-speaking countries, the UK and the Netherlands), Northern America (Canada and the USA) and

1 Piet Bakker is Professor Cross Media Content and Quality Journalism at the Hogeschool Utrecht. Piet.Bakker@uva.nl

some Asian countries (Japan, Hong Kong, Korea, Singapore, Taiwan, the Gulf States) penetration is significantly higher. In Latin America TV apparently is a much more popular mass medium, comparable to the situation Southern Europe. But contrary to Western Europe and Northern America, newspaper circulation is on the rise in Latin America, growing with 15 per cent from 23 to 27 million between 2005 and 2010. Almost half of this growth is the result of the rise of free daily newspapers on the continent, rising from 1.2 million in 2005 to 2.8 million in 2010 and 3.5 million in 2011. In 2000 only Chile, Brazil and Argentina had a free daily, five years later this grew to eight countries while there are free dailies in eleven countries in 2011.

Aim of study

The first aim of this article is to map how circulation of paid and free newspapers has developed in this continent, as no recent data are available on this subject. Latorre (2004; 2007) covered the subject some years ago, but since then, the situation changed substantially. We will track all launches – and closures - of free papers in Latin America and the development of circulation of free and paid papers. To put this development in perspective we will briefly cover how free dailies have been introduced worldwide and how the introduction in Latin America developed compared to other areas in the world. After that we compare the

development of paid and free dailies on the Latin American continent, providing data on circulation, titles and market share per country.

A second question is how the emergence of the new printed format relates to the performance of traditional paid newspapers. This there substitution of paid by free newspapers or is the development of free papers independent of paid circulation? There is no specific Latin American research available on this subject but European; Asian and North-American research indicates that substitution is modest in most cases. Habann, Nienstedt and Rothhaas (2008) interviewed Italian students on their attitudes towards free and paid dailies and conclude that cannibalization between the two is not very likely as they perform different functions. Paid papers perform better for information and opinion forming; free papers were seen as more entertaining. Wolswinkel (2009) came to a similar conclusion based on interviews with 245 young people in the Netherlands who mainly read free dailies, not because they are very interested in ‘news’. Free dailies are mainly read to ‘kill some time’, readers of paid papers on the contrary ‘make time’ to read a newspaper. Nip (2007, 11) interviewed newspaper readers in Hong Kong and concluded that the “two kinds of newspapers are used in different contexts and give very different meanings to their users” Mahoney and Collins (2005, 17) researched substitution by analysing

readership data and reader profiles of free and paid papers in Chicago, New York, Boston and Dallas. They concluded that “free dailies do not cannibalize paid readership” and also did not expect that readers of free dailies would move on to paid papers in the future. Bakker (2008, 437) analysed circulation in seventeen European countries and found “only one clear example of substitution: Iceland. In some markets like Denmark, the Netherlands and Switzerland, and maybe in Belgium and France, there are indications that free papers had some (minimal) impact”.

In the conclusion we will discuss the consequences of the availability of free newspapers for advertisers, publishers, journalism and society.

Method

To measure the performance of paid and free newspapers we will mainly use circulation and population data. The last complete public dataset on worldwide distribution of newspapers (World Association of Newspapers) dates from 2011 and concerns 2010 circulation, although in some cases 2009 is used because later data were not available for all countries. Data on population is taken from CIA Factbooks (2000; 2005; 2010). Free newspaper circulation is gathered by the author and concerns all years until 2011. This data is gathered from various sources: auditing research, publisher’s information, press kits,

professional and trade magazines and academic research.

In total 24 Latin American countries were included in the research on paid and free circulation: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Puerto Rico, Suriname, Trinidad and Tobago, Uruguay and Venezuela. Some smaller Caribbean countries and two countries without complete circulation data on paid newspapers (Peru and Belize) were excluded. Newspaper penetration per 100 inhabitants is used as an indication of the distribution and use of newspapers in a given country. Household penetration would be actually a better indicator for the availability of newspapers in a population, but these data are not available for most Latin-American countries. Readership data would be the best indication or actual use of newspapers – also this data is unavailable for most Latin American countries. Some newspapers do publish their own readership data, but consistent year-on-year data on all titles would be needed to measure changes in use and possible substitution.

The free newspaper phenomenon worldwide

The newspaper that sparked off the worldwide introduction of free dailies was Metro Stockholm in 1995 (Larson,

1996; Wadbring, 2003). Metro launched from 1997 on in 16 other European markets: the Czech Republic, Hungary, Finland, the Netherlands, Greece, Italy, Poland, Switzerland, the UK, Denmark, Spain, France, Portugal, Russia and Croatia. In 2000 the first non-European Metro was launched in Argentina. Canada, Chile, the USA, Korea, Hong Kong, Mexico, Brazil followed in the period until 2007. In the years 2009-2011 Metro's were launched in Ecuador, Colombia, Guatemala and Peru. Latin America became a selected growth area for Metro. The company shifted its focus from countries with saturated markets (Western Europe, Northern America) to developing countries in Asia and most important Latin America. Only Chile is fully owned by Metro in Latin America. In Colombia Metro has a 51% majority; franchises with a minority interest are operated in Ecuador, Guatemala and Peru. In some countries foreign media ownership is legally restricted. In Brazil Metro International owns therefor 29.9% of the paper, in Mexico Metro International owns 49%.

In 1997 other publishers started launching free newspapers as well; by 2000 there were free dailies in 24 countries, this increased to 43 in 2005 and 60 2008; after that the number dropped slightly to 56 in 2011. With non-Metro papers three business models are dominating. First of all there were incumbent publishers that feared Metro or other entrepreneurs

would threaten their market, so they launched free papers before a new competitor could enter the market or at the same time a competitor launched (Picard, 2000). Examples can be seen in Austria (Kronen Zeitung), Denmark (Berlingse, JP/Politiken), the Netherlands (Telegraaf), UK (Associated Newspapers), Finland (Sanoma), Poland (Agora) and Italy (Caltagirone, RCS), Dominican Republic (Baninter) and Chile (Copesa).

The second model is the Metro-imitation of an entrepreneur; independent companies launching free newspapers in individual markets like Schibsted (Germany, Switzerland, Spain, France), Austria (Fellner), Denmark (Dagsbrunn), Greece (City Press), Iceland (Frettabladid), Argentina (Grupo 23), Brazil (Cofina), and the Dominican Republic (Omnimedia).

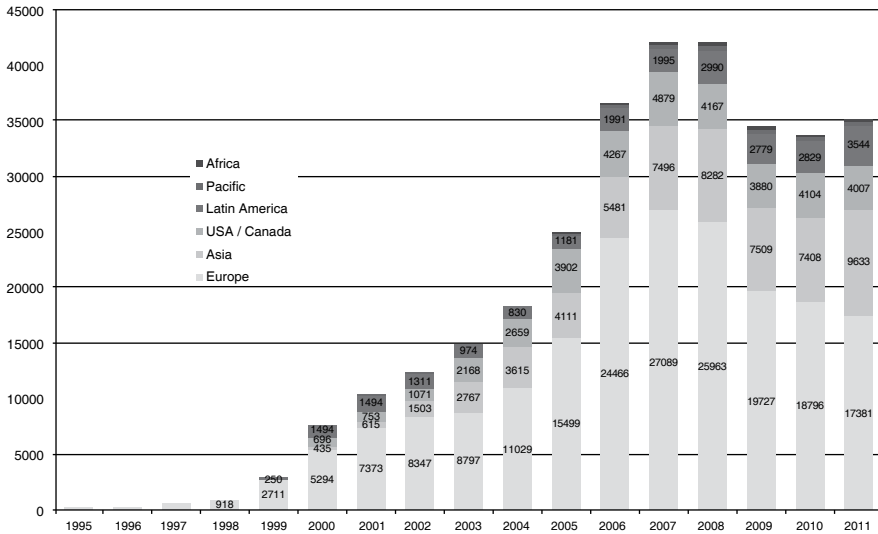
The third model is an extension model by incumbent publishers who launch free dailies as a brand extension or extra advertising option, sometimes as a reaction to an already successful free model in their market. These models only emerged after some years when free newspapers proved to be an established business model. Examples can be found in Sweden (Bonnier, Schibsted), the Netherlands (PCM), Luxembourg (Editpresse), Romania (Adevarul), Ecuador (Edimpres) and Colombia (El Tiempo).

Total circulation reached its zenith in

2007/2008. After the economic crisis circulation dropped sharply, but increased again in 2011 particularly by circulation increases in Asia and Latin

America. The share in total free newspaper circulation of Latin America is 10% in 2011 – in 2005 this was 5%.

Figure 1: Development of free newspaper circulation worldwide; circulation (x 1000)



Source: authors's research

Paid and free newspapers in Latin America

The circulation of newspapers in Latin America has always been relatively modest, at least compared with Western Europe and Northern America. Even with a circulation of almost 27 million in 2010, penetration (the number of papers per 100 inhabitants) is low. In 2010 there were 6.7 papers distributed for every 100 people living on the continent. But as

newspaper penetration is dropping in Western Europe and Northern America, Latin America shows an increasing penetration, as it was 6.2 in 2005. This rise is even more remarkable because the continent showed a substantial increase in population – 6% in five years – this increase was more than matched by the increase in circulation (+15%). In other words: the newspaper-reading population increased more than twice as fast as the population in total.

Part of the growing importance of newspapers in Latin America is the result of incremental growth of existing papers that distribute more copies and the launch of new titles in some markets; almost half the growth, however, is caused by the relatively new phenomenon of free daily

newspapers – their circulation increased with 140% within five years (table 1) from 1.2 million in 2005 to 2.8 million in 2010. In 2011 circulation of free daily newspapers on the Latin American continent was already 3.5 million, thanks for new launches and increased distribution of existing titles.

Table 1 Population, circulation and penetration of newspapers, Latin America, 2005-2010

		2005	2010	Change in %
Population (x 1000)	15+	372.830	396.944	6%
Circulation (x 1000)	paid	22.053	23.962	9%
	free	1.181	2.829	140%
	total	23.234	26.791	15%
Penetration (per 100 inhabitants)	<i>paid</i>	5,9	6,0	
	free	0,3	0,7	
	total	6,2	6,7	

Sources: World Press Trends 2006, 2011 (paid circulation), CIA Factbooks 2005, 2010 (population), author's research (free newspaper circulation).

For eight countries on the Latin American continent there is also circulation data from 2000. Only half a dozen countries show a penetration of 10 copies per inhabitants or more in 2010: former Dutch colony Surinam, US-related Puerto Rico, Trinidad and Tobago,

Venezuela and Cuba². Paid newspaper penetration seems to be stable (or plus or minus 1 point) in most countries between 2005 and 2010, with the exceptions of Costa Rica (a very erratic pattern), Puerto Rico and Venezuela (showing substantial drops) (table 2).

2 The high daily newspaper penetration in Cuba, however, is suspicious. In 2000 the World Association of Newspapers reported an estimated total daily circulation of 600,000. In 2006 this was changed suddenly (also for previous years) to 1,800,000 without any explanation. Even the first number seems very high, it is actually very hard to find or buy a newspaper in the country.

Table 2 Number of newspaper copies per 100 inhabitants, Latin America countries

Países	paid			free			all		
	2000	2005	2010	2000	2005	2010	2000	2005	2010
Argentina	6	4	4	3	1	1	9	5	5
Bolivia	3	2	2				3	2	2
Brazil	6	5	6	*	*	1	6	5	7
Chile		5	4	2	2	2	2	7	6
Colombia		5	4			1		5	5
Costa Rica	11	5	9				11	5	9
Cuba	7	20	19				7	20	19
Dominican Republic	5	4	4		4	3	5	8	7
Ecuador	15	6	7		1	1	15	7	8
El Salvador		6	6					6	6
Guatemala		6	6					6	6
Guyana		6	6					6	5
Haiti		0	0					0	0
Honduras		5	4					5	4
Jamaica		6	6					6	6
Mexico		6	6	0	0	1		6	7
Nicaragua		5	4					5	4
Panama		9	10					9	10
Paraguay		3	3					3	3
Puerto Rico		20	14					20	14
Suriname		16	16					16	16
Trinidad and Tobago		16	14					16	14
Uruguay	2	5	5				2	5	5
Venezuela		13	10		1	1		14	11

Note: a zero (0) means that there are actually newspapers distributed but penetration is lower than 1 copy per 100 inhabitants, * means that circulation is unknown (or not officially reported). Blanks in 2000 mean that paid circulation was not reported in World Press Trends.

Data based on World Press Trends 2006, 2011 (paid circulation), CIA Factbooks 2005, 2010 (population), author's research (free newspaper circulation).

The changes in free newspaper penetration are much more pronounced. The number of countries with free dailies goes from four in 2000 to six in 2005 and to eight in 2010; in 2011 free newspapers were also introduced in Bolivia, Peru and Guatemala. Penetration of free dailies, however, is still modest (1 copy per 100 inhabitants), except for the Dominican Republic and Chile. The growth (around 15% on average each year after 2000) and total circulation in Latin America (growing to 3.5 million in 2011) is substantial.

Free dailies in Latin America

The first free daily newspaper in Southern America was Sao Paolo's Metro in 1974, a paper still being published in Brazil's largest city. It was also the first free daily in the world using the 'Metro' name and the first to be distributed in the subway system. After that, it lasted 25 years before the next free daily appeared when La Razon was launched in Argentina (see appendix 1 for a full overview of free newspapers launched on the Latin American continent).

In 2000 Chile (Metro and La Hora by incumbent publisher Copesa) and Mexico (El M by paid paper El Universal) followed while the number

of titles increased to eight. In 2001 three free dailies were introduced in the Dominican Republic (Diario Libre, El Expreso, Ultima Hora) while new titles were launched in Chile (La Voz de la Tarde) and Argentina. Ecuador had its first free daily in 2002 (MetroHoy by Edimpres).

The situation more or less stabilized until 2005 when Venezuela got two free titles (Primera Hora and Diario de Caracas) and Argentina saw the number of free papers rise to eight. 2006 saw further expansion in Colombia (Diario Occidente), Brazil (Destak), Ecuador (La Calle de Guayaquil) and Mexico (Metro and Crónica Síntesis).

The number of titles increased until 2009 with launches in Brazil (Jornal Estação Notícia, Jornal Placar and MetroMagazine), Chile (El Diario de Concepcion, VmasV), Bolivia (El Sol de Santa Cruz), Columbia (ADN), Mexico (PuntoMetro Merida) and Venezuela (Cuidad CCS).

In 2010 the first drop in the number of titles was caused by closures in Brazil, Chile, Ecuador and Venezuela. 2011 saw another increase when Metro launched in Colombia, Guatemala and Peru; Bolivia got its first free daily and 24horas started in Mexico (table 3).

Table 3: Free newspapers in South-America, 1999-2011, number of titles

Países	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Argentina	1	3	6	6	6	5	8	8	8	9	8	8	8
Bolivia													1
Brazil*	1	1	1	2	2	2	3	6	8	11	12	8	8
Chile		2	3	3	3	2	2	2	3	4	4	3	3
Colombia								1	1	2	2	2	3
Dominican Rep.			3	4	4	2	2	2	2	2	2	2	2
Ecuador				1	1	1	1	2	2	2	2	1	1
Guatemala													1
Mexico		2	2	2	2	3	4	6	6	5	7	8	7
Peru													1
Venezuela							2	2	2	2	3	2	2
Total	2	8	15	18	18	15	22	29	32	37	40	34	37

Source: authors's research * In Brazil the Sao Paulo Metro was launched in 1974.

The number of editions increased from 2 in 1999 to 23 in 2005 and more than doubled again to 54 in 2011. Metro publishes papers with several

editions in Brazil (9), Mexico (3) and Ecuador (2), Destak in Brazil publishes three editions, ADN in Colombia has four different local editions (table 4).

Table 4: Free newspapers in South-America, 1999-2011, number of editions

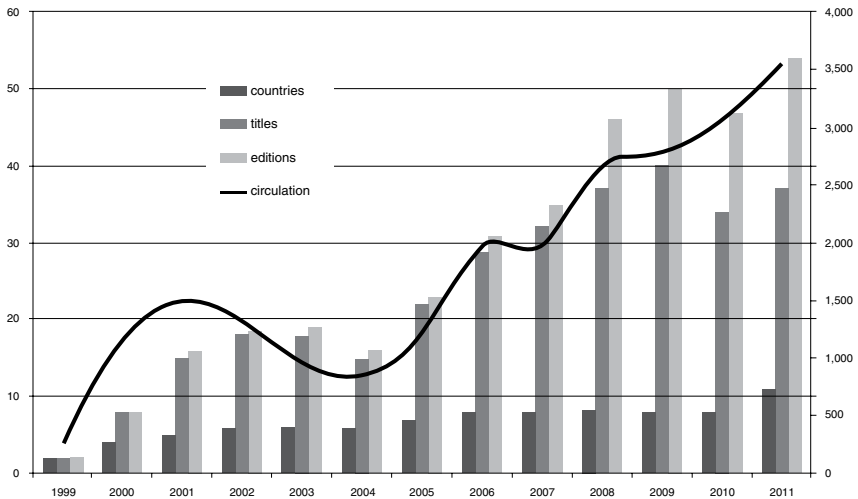
Países	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Argentina	1	3	6	6	6	5	8	9	9	11	9	9	9
Bolivia													1
Brazil	1	1	1	2	2	2	3	6	8	12	15	14	17
Chile		2	4	4	4	3	3	3	4	5	5	4	4
Colombia								1	1	5	5	5	6
Dominican Rep.			3	4	4	2	2	2	2	2	2	2	2
Ecuador				1	1	1	1	2	3	3	3	2	2
Guatemala													1
Mexico		2	2	2	2	3	4	6	6	6	8	8	9
Peru													1
Venezuela							2	2	2	2	3	2	2
Total	2	8	16	19	19	16	23	31	35	46	50	46	54

Source: authors's research

In terms of circulation, the picture is more erratic. The reason is partly that circulation is usually not officially audited in Latin America – and when it is, free papers usually do not take part in this auditing (Argentina and the Dominican Republic being the exceptions). This means that the claimed circulation by publishers is the only data available, and publishers have the inclination to overestimate circulation, particularly at the start of a paper. Also a stable number of titles does not mean a

stable circulation. Some papers may drop or increase their circulation, while the closure or launch of a small local paper has a different impact than the closure or launch of a national or metropolitan edition. The substantial drop in total circulation between 2001 and 2004 is mainly caused by closures and circulation drops in Argentina (Metro, El Diaro de Bolsillo), closures in the Dominican Republic (El Expreso and Ultima Hora) and Chile (VmasV) (figure 2).

Figure 2: Countries, titles, editions and circulation of free newspapers in Latin America, 1999-2011



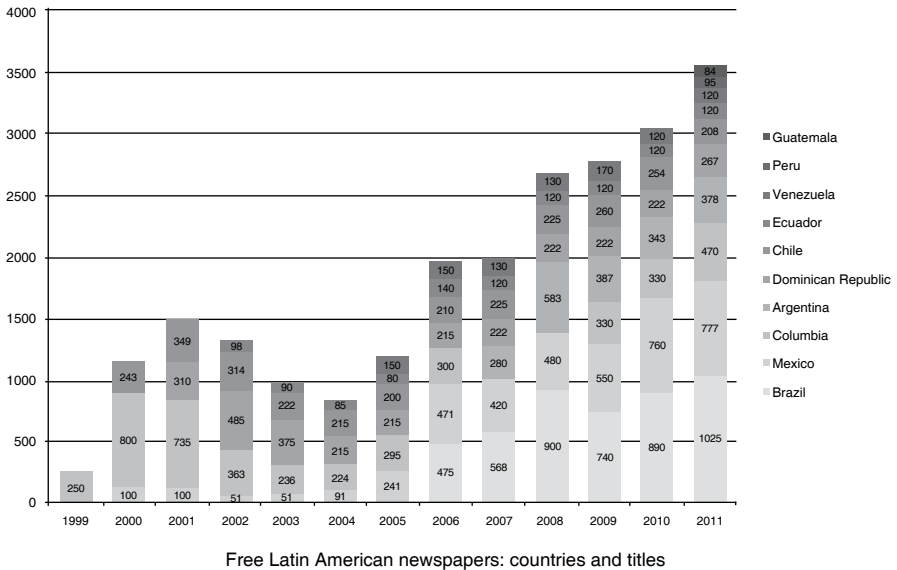
Source: authors's research

Note: Circulation is on the right axis; countries, titles and editions on the left axis.

It should be noted that in some countries circulation of free papers is rather stable while others show a more erratic pattern. In Chile circulation has been around 200,000 since 2003; also the Dominican Republic (200,000

since 2004), Ecuador and Venezuela show a stable circulation. Argentina is showing growth and decline throughout the last dozen years; Brazil, Mexico and Colombia show a rise over the total period (figure 3).

Figure 3: Circulation per country of free newspapers in Latin America, 1999-2011



In Argentina, Metro launched (as Publímetro) in 2000 in Buenos Aires, where incumbent publisher Spadone converted paid evening paper La Razon - started as a paid paper in 1905 - to a free daily the year before; in 2000 the majority of the shares were sold to Grupo Clarin. Metro closed down in 2001 during an economic crisis. In 2008 a second Buenos Aires free daily, El Argentino, was launched. In 2011 there were also six smaller local models available. In San Luis (Extra de Bolsillo), Posadas (Noticias de la Calle), Mendoza (Diario Jornada) and Ushuaia (Diario Prensa) free papers have been published for ten years or more.

Brazil saw Portuguese publisher Cofina and Metro International

launching free newspapers from 2006 on. In 2011 Cofina's Destak is present in São Paulo, Brasília and Rio while Metro is publishing nine local editions (São Paulo, Greater São Paulo, Santos, Campinas, Rio de Janeiro, Curitiba, Belo Horizonte, Brasília, Porto Alegre). MetrôNews is still being published in São Paulo while there are also five smaller local free daily newspapers in Brazil, the oldest (2002) being Coletivo Brasília.

Metro is present in Mexico where it launched editions in Monterey, Mexico City and Guadalajara. Mexico City has three more free dailies (Más por Más, 24horas and El Nuevo Mexicano) while other frees are published in Monterey and Merida.

In Chile Metro –called Publimetro– competes with La Hora from incumbent publisher Copesa while there is also a local free paper El Diario de Concepcion (see Larenas Martinez, Ramoz Flores & Siegel Silva, 2002). In Ecuador the Metro franchise by Edimpres (publisher of paid paper Hoy) is the only remaining free paper after the closure of La Calle de Guayaquil. The paper – called Metrohoy - originally launched in 2002 by Edimpres and is a Metro franchise since July 2009. Metro International launched in 2011 in Guatemala (as Metronews) and in Peru Metro (as Publimetro). Peru is operated together with El Comercio as a Metro International franchise. In Guatemala Grupo de Emisoras Unidas holds 75% of the shares.

Columbian free daily ADN –four markets (Bogotá, Medellín, Barranquilla, Cali)– is a sister publication of the nowdefunct Spanish free daily ADN, owned by the Catalan Planeta Group. In 2011 Metro launched in Bogota (as Publimetro), in cooperation with Grupo Nacional de Medios. In Cali

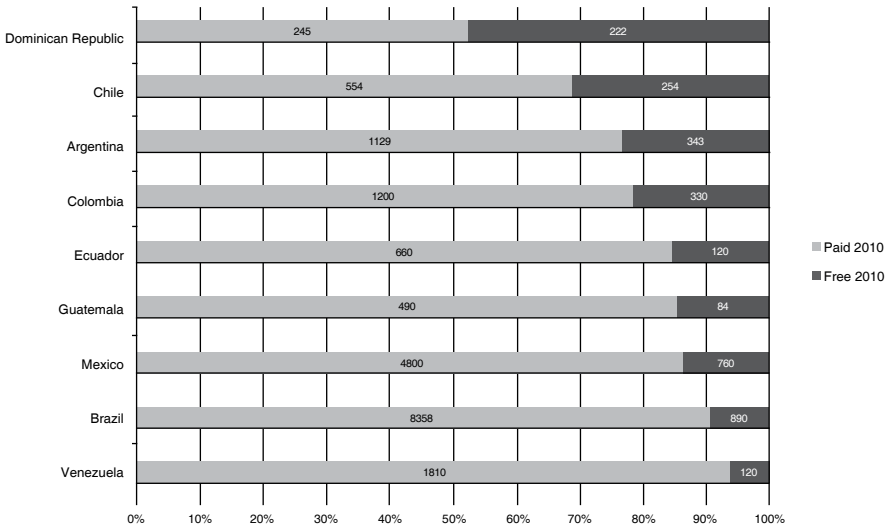
local free daily Diario Occidente is published since 2006.

Venezuelan leading publisher El Nacional publishes the dominant free daily Primera Hora, competing with government-owned Ciudad CCS. In 2011 El Sol de Santa Cruz by paid paper El Día was launched in Bolivia as the first free daily in the country.

Market shares

Free dailies have a market share of more than 20 per cent in four of the nine countries with free dailies for which we have data. Leading is the Dominican Republic where free dailies Diario Libre and Al Día both have a circulation of 110,000; leaving paid papers far behind. Also in Columbia (ADN and Metro), Chile (Metro and La Hora) and Argentina (La Razon, El Argentino and six smaller local papers) market share of free dailies is substantial. The country with the highest circulation of free dailies (Brazil) shows a market share of 10 per cent of free dailies. In Guatemala, Mexico and Ecuador free dailies have a market share of around 15 per cent (figure 3).

Figure 4. Market share of paid and free newspapers in Latin America 2010 (circulation x 1000).



Sources: World Press Trends 2006, 2011 (paid circulation), own research (free newspaper circulation). (Free circulation in Guatemala is from 2011; paid circulation in Venezuela from 2009.)

There is no data on paid circulation for Peru available in World Press Trends.

In this country, however, there is data on individual titles. The largest paper is *Trome* (circulation 405,000); the second is *Nuevo Ojo* with 130,000 copies while *El Comercio* (Metro's partner) is the third paper with a circulation of 100,000. Metro (Publmetro) would be the fourth paper in the country. As the circulation for four other papers is also published and the total circulation of all these papers is 850,000, Metro would have a market share of 10% if we include only these papers. Actual market share is probably lower as there are also other paid papers available. The circulation of the only Bolivian free daily is unknown.

Substitution

The simultaneous rise of free and paid circulation in many Latin American countries suggests that substitution is not a very important factor. In countries with low newspaper readership targeting new readers seems more obvious than trying to lure existing readers away from paid titles. It should be noted that there is no sign of less TV viewing in these market while also Internet penetration is rising with a rapid pace. This could point at more media consumption anyway, not a switch between media by users (Picard, 2000). Economic developments in particular explain growth in free circulation to a large

extend. As free papers have only one source of income –advertising– the (expected) spending power of the population is the decisive factor for publishers to launch a free paper or expand its reach by increasing circulation or launching new editions. In a recent OECD-report (2010, 3) the growth in the region (2004-2008) is mentioned plus the fast recovery expected in 2010:

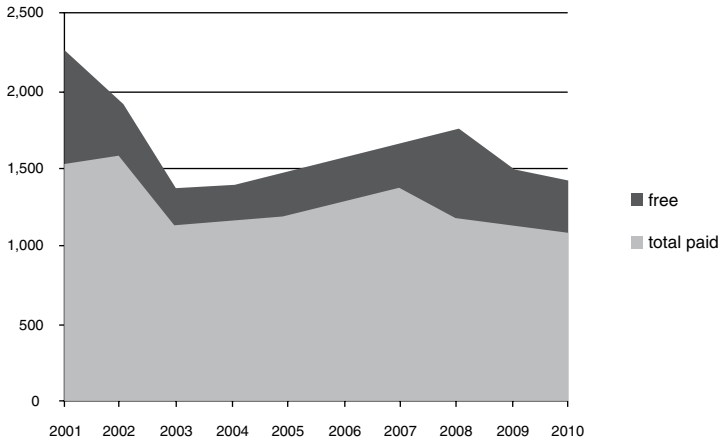
“... it is already apparent that Latin America is rebounding from the shock more rapidly than the majority of developed economies. Most importantly, it is doing so without compromising its significant progress towards its long-term development goals. The rate of recovery is expected to be substantial in 2010, even if short of the typical growth rates of over 5% that characterised the bonanza of 2004-08.”

These economic developments coincide with the data in figures 2 and 3 that show a sharp drop before 2004 and fast recovery afterwards. The recession of 2009 is hardly reflected in circulation change (growth slowed down) although the number of titles dropped in 2010 before picking up again in 2011.

Notwithstanding the economic explanations for growth in decline, there have been a number of closures on the continent. One explanation is that free newspapers mainly compete with other free newspapers in the same market (Callius & Lithner, 2007). This explains the rather high number of closures in markets with several free newspapers. Cities like Buenos Aires (Argentina), Sao Paulo, Rio de Janeiro (Brazil), Santiago (Chile), Santa Domingo (Dominican Republic), Guayaquil (Ecuador), Mexico City, Guadalajara (Mexico) and Caracas (Venezuela) saw competition between free daily newspapers but also the closures of titles.

Even if the development of total circulation is no indication for substitution, it could be that in individual countries other patterns emerge. Paid circulation data for the years before 2005 is often incomplete. For three countries with a substantial free circulation there is, however, available data. In Argentina a drop in free circulation in 2002 and 2003 is accompanied with a sharp drop paid circulation (after a small rise in 2002) in 2003. The decline in paid circulation from 2008 on is followed – not preceded – with a rise in free circulation. Neither of these movements suggests substitution (figure 5).

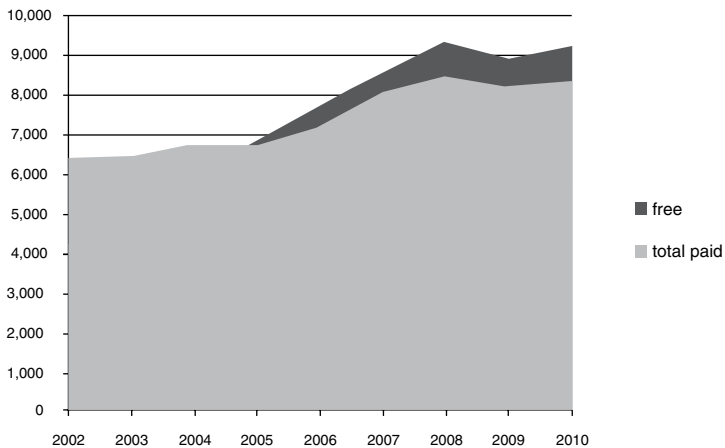
Figure 5: Circulation (x 1000) of paid and free newspapers in Argentina 2001-2010.



In Brazil paid circulation increases after the introduction of free dailies in 2005 (except for a small drop in 2009), so also in this market there is no sign of substitution (which would be

demonstrated by a drop in paid circulation at the same time or immediately after a rise in free circulation).

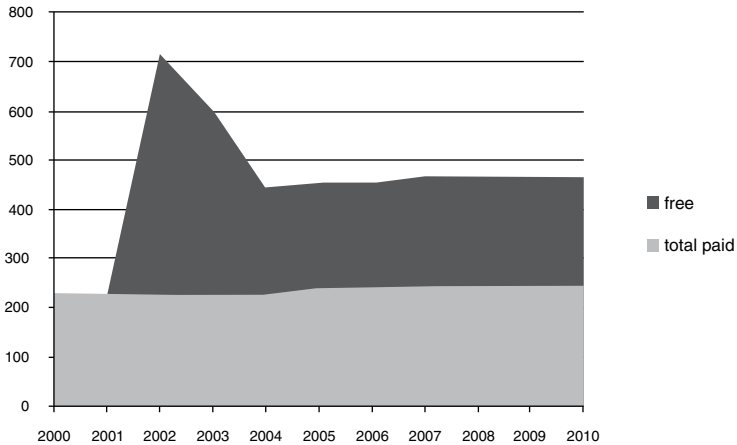
Figure 6: Circulation (x 1000) of paid and free newspapers in Brazil 2002-2010



The paid circulation in the Dominican Republic (figure 7) seems to be totally

unaffected by the introduction of free dailies in the country.

Figure 7: Circulation (x 1000) of paid and free newspapers in the Dominican Republic 2000-2010.



The main reason for the low level of substitution seems to be that free dailies target not only new readers but also a different sort of reader. Free papers are usually also quite successful in finding that particular reader. As they aim for a – preferably urban younger – non reading audience, existing titles don't have so much to fear from free dailies. At the same time there are many people who read both paid and free dailies, which also suggests a low level of substitution (Bakker, 2002; 2007).

Conclusion: readers, business models and advertisers

Free newspapers have been introduced only recently on a substantial scale in

Latin America. In 2005 the circulation reached one million while during the last five years circulation increased every year with more than two digits. Almost half of the Latin American countries – including all major markets – now have free dailies, in most cases with markets shares of ten per cent or more.

From a societal point of view the low substitution could mean that predominately low newspaper reading countries – a category where most Latin American countries fit in – could develop into markets where more people actually do read newspapers. The same pattern can be observed in some Southern European countries like Portugal, Spain, Italy and Greece.

It has an economic background, with more people being of interest for advertisers who fund the paper, but it has also potential political impact as the consumption of news increases.

For advertisers this new newspaper model clearly offers chances to target a new urban audience. An audience with spending power is obviously increasing in these developing markets. In a fragmented market a newspaper offering a mass audience in a very specific time slot and locally targeted, could be a very successful model. This also explains why publishers of paid papers also publish free dailies – they offer advertisers new markets and can use their existing businesses (printing, distribution, sales, ICT, editorial, back-office) for the new paper as well.

Latin American countries did not

have many urban ‘mass circulation’ papers recently as TV was the most important mass medium for the majority of the population. These new free dailies are also less ‘political’ compared to traditional paid newspapers. Many of the new free dailies are published or (partly) operated by foreign companies (Cofina, Metro International, Planeta) that have a clear business perspective. The political parallelism model (Hallin & Mancini, 2004) is therefore less applicable in these cases, political parallelism does not work easily with the model of the commercial free daily. The developing newspaper markets in Latin America reflect profound changes in the economy, education and the composition of the population. But it could also have an impact on social and political environment.

Appendix 1: free newspapers published in Latin America, 1974-2012

Country	Market	Title	Launch	Closed
Argentina	Buenos Aires	La Razón	1999	
	Buenos Aires	Publimetro	2000	2001
	Buenos Aires, Cordoba, Mendoza	El Diario de Bolsillo	2000	2003
	San Luis	Extra de Bolsillo	2001	2008
	Posadas	Noticias de la Calle	2001	
	Ushuaia	Diario Prensa	2001	
	Mendoza	Diario Jornada	2002	
	Buenos Aires	La U	2005	
	Buenos Aires	La Gaceta del Cielo	2005	
	San Juan	Huarpe	2005	
Buenos Aires	El Argentino	2008		

Bolivia	El Sol de Santa Cruz	El Día	2011	
---------	----------------------	--------	------	--

Brazil	Sao Paolo	Metrô News	1974	
	Brasilia	Coletivo Brasilia	2002	
	Campos Gerais	Pagina Um	2005	
	Sao Paolo, Rio de Janeiro, Brasilia	Destak	2006	
	Curitiba	Jornal do Ônibus	2006	
	Londrina	Jornal de Londrina	2006	
	Sao Paolo, Greater São Paulo, Santos, Campinas, Rio de Janeiro, Curitiba, Belo Horizonte	Metro	2007	
	Campo Grande, Porto Alegre, Brasilia	Diario do Pantanal	2007	2009
	Baixada Fluminense	Correio da Baixada	2008	2008
	Rio de Janeiro	Metro (Metromagazine)	2008	2009
	Sao Paolo	Jornal Placar	2008	2009
	Sao Paolo / ABC	Jornal Estação Notícia	2009	

Chile	Santiago, Viña del Mar, Valparaíso, Rancagua, Concepción	Publimetro	1996	
	Santiago, Viña del Mar, Valparaíso, Rancagua, Concepción	La Hora	1996	
	Santiago	La Hora de la Tarde	1997	
	Santiago	La Voz de la Tarde	1997	1999
	Valparaíso	VmasV	2003	2005
	Conception	El Diario de Conception	2004	

Colombia	Bogotá, Medellín, Barranquilla, Cali	ADN	2004	
	Cali	Diario Occidente	2006	
	Bogotá	Metro	2007	

Dominican Rep.	National	Diario Libre	1997	
	National	El Expreso	1997	2003
	National	Al Dia	1998	
	National	Ultima Hora	2001	2003

Ecuador	Quito, Guayaquil	MetroHoy	2002	
	Guayaquil	La Calle de Guayaquil	2006	2009

Guatemala	Guatemala City	Publinews	2011	
-----------	----------------	-----------	------	--

Mexico	Mexico City	El M	2000	2007
	Guadalajara	El Tren	2000	
	Guadalajara	El Nuveo Siglio	2004	2010
	Monterrey	El Tren	2005	
	Mexico City	Crónica Síntesis	2006	2010
	Mexico City, Monterrey, Guadalajara	Publimetro	2006	
	Mexico City	Más por Más	2009	
	Merida	PuntoMedio	2009	
	Mexico City	El Nuevo Mexicano	2010	
	National	24horas	2011	

Peru	Lima	Publimetro	2011	
------	------	------------	------	--

Venezuela	Caracas	Primera Hora	2005	
	Caracas	Diario de Caracas	2005	2009
	Caracas	Cuidad CCS	2009	

REFERENCES

BAKKER, P. (2002). Reinventing Newspapers; Readers and markets of free dailies. In Picard, Robert G. (ed.) *Media Firms; Structures, Operations, and Performance*. Mahwah, New Jersey / London: Lawrence Erlbaum. 77-87.

BAKKER, P. (2007). Free Daily Readership. In *Worldwide Readership Research Symposia Vienna 2007*, 63-74.

BAKKER, P. (2008). "The simultaneous rise and fall of free and paid newspapers in Europe". *Journalism Practise*, 3, 427 – 443.

CALLIUS, P. & LITHNER, A. (2007). *Daily Reach and Beyond*. In Worldwide Readership Research Symposia Vienna 2007, 357-372.

HABANN, Frank, HEINZ-WERNER Nienstedt & Nina ROTHHAAS. (2008). "Free Sheet Newspapers versus Traditional Daily Newspapers: Competing or Complementary? An Empirical Comparison of their Gratifications to Readers". *Studies in Communication Sciences*, 8(2), 185-219.

HALLIN, D.C. & MANCINI, P. (2004). *Comparing media system; Three models of media and politics*. Cambridge: Cambridge University Press.

LARENAS Martinez, M. RAMOS Flores, C. & SIEGEL Silva, M.P. (2002). El Fenómeno de los Diarios Gratuitos. Santiago (Thesis) Downloaded 20 September, from 2004www.udp.cl/comunicacion/publicaciones/periodismo/t2002/Larenas_Ramos_y_Siegel.pdf.

LATORRE, V. F. (2004). "Diarios Gratuitos: Una Opción Cada Vez Más Seria Para Captar Lectores". *Cuadernos de Información*, 16 - 17, 18-26.

LATORRE, V. F. (2007). "La moda de los diarios gratuitos". In *Anuario de Medios 2007*, 327-332.

LARSSON, S. (1996). The paper that took the subway to the readers. (first published in *Makt & Media*, 1996) Downloaded from <http://www.a4.net/artikel.asp?id=212&eng=1>

MAHONEY, K. P. & COLLINS, J. H. (2005). *Consumer Newspaper Choice in Markets with Free Print Options: Are Free Daily Newspapers Competition or Opportunity for Traditional Paid Products?* Download from www.scarborough.com/press_releases

NIP, J.Y. (2007). *Re-contextualizing news use: Free metro papers in Hong Kong*. Paper Presented at the Future Of Newspapers Conference, Cardiff, September 2007.

OECD (2010). *Latin American Economic Outlook 2010*. Development Centre Of The Organisation For Economic Co-Operation And Development. Downloaded from <http://www.oecd.org/dataoecd/48/14/44121339.pdf>

PICARD, R. (2000). "Strategic responses to Free Distribution Daily Newspapers". *JMM Journal of Media Management*, 2 (3), 167-172.

WADBRING, I. (2003). *En tidning i tiden; Metro och den svenska*

dagstidningsmarknaden. (A paper for its Time? Metro and the Swedish Newspaper market.) Göteborg: Institutionen för Journalistik och Masskommunikation.

WOLSWINKEL, H. (2008). *New Paper Reading: The Explaining Factors of Newspaper Reading of Young Adults*. Master Thesis, Psychology University of Twente.

WORLD FACTBOOK, the (2000, 2005, 2010). www.cia.gov/library/publications/the-world-factbook.

WORLD ASSOCIATION OF NEWSPAPERS. *World Press Trends (1996-2011)*
Paris: World Association of Newspapers.