



ADDED VALUE BY PRINT.

**Success models for newspaper publishers
around the globe**



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Print:

Eisele Druckerei
on a ROLAND 700, Augsburg

Printed in Germany 2002

Print media rising world-wide

Successful media entrepreneurs around the globe are relying on solid publishing virtues. Instead of losing their breath in the sensation-dominated ratings contest, they are concentrating on reader, user and audience interests. The upshot is the media must fulfil their social responsibility to create real added value.

The print media, especially newspapers, secure the loyalty of target groups with money to spend if information needs are suitably addressed in terms of media and use requirements. By cleverly adapting TV-influenced design concepts and

using navigation and interaction elements inspired by the Internet, the print media are succeeding in positioning themselves as a linking instrument in tandem with the TV and online world. It's worth taking a look at the big wide world of the media. Where do newspaper publishers around the globe see their markets and the future of the newspaper? With these issues in mind, we spoke to leading newspaper publishers in South Africa, Thailand, Australia, the USA, South America and Germany within the framework of a world tour from 29 April to 6 May 2002.

Key players on all continents are full of ideas, innovative power, and unconventional

concepts, in spite of difficult market conditions. They are searching intensively and successfully for optimum new solutions to expand reader and user groups as well as coverage.

The print media are repositioning themselves. We want to use this opportunity to emphasize the advantages and possibilities of print media to a broad public.



Autumn 2002

Augsburg

Germany

Gerd

Finkbeiner,

CEO of

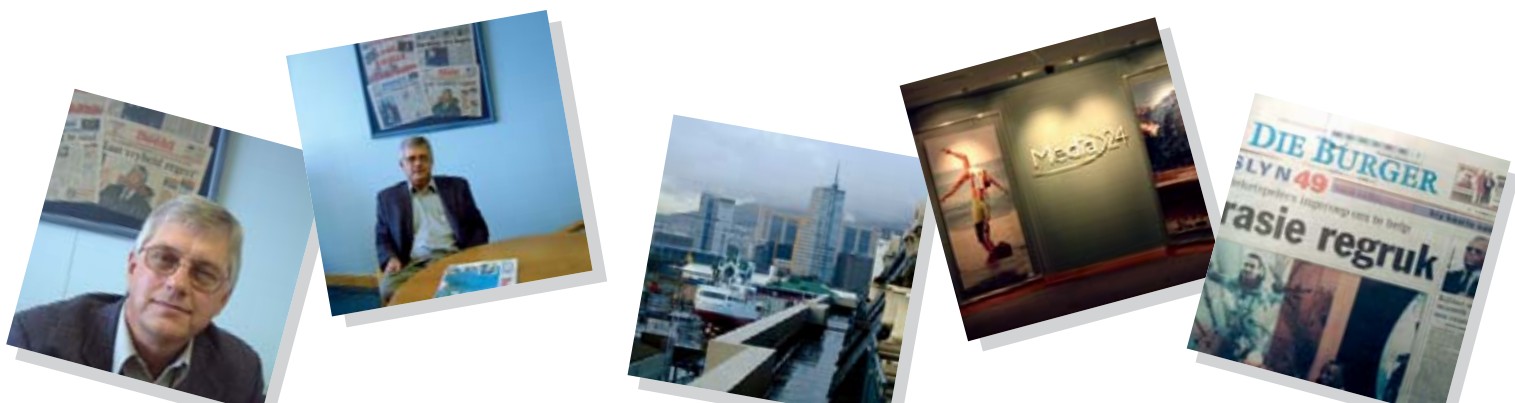
MAN Roland

Druck-

maschinen AG.



Quality, not quantity: South Africa's media are pushing high quality services



“If you only look at the ratings as a publishing entrepreneur, you lose out”, says Jan Malherbe, responsible for the most successful newspaper and magazine publications in South Africa. A key feature of the print market in his country is the high dependency on advertising revenues, which make up two thirds of turnover. Bookings are made at very short notice, in some cases on the same day, and may not materialize at all if there is sufficient overnight market success. By utilizing new reader potential for niche products in the sports sector, for instance, Media24 has been able to minimize market risks. The fragmentation of markets must be accompanied by specialization in media services.

Perfect editorial quality is the prerequisite for securing readers’ loyalty. “Editorial quality must be right to hold onto readers. More than ever before, the success of a newspaper is defined by its production quality.”

It has therefore been necessary to invest millions in state-of-the-art workflows and production technology. The environment in which the media operate has, however, changed dramatically. In future, the integration of on-line media will be essential to cover customers’ needs. “The Internet is still not really a mass medium; it fulfils more of a complementary function alongside traditional media”. Malherbe is concentrating on establishing new services which combine print elements by using digital technology.

The first stage is to use the Internet as a specific marketing instrument to generate subscriptions for print titles and to introduce new reader groups to the newspaper. “Directing data flows correctly is our hardest task. Often we have to achieve high quality printing results from mediocre data material supplied by agencies”.

Malherbe still lacks suitable business models for personalized media services. He says it is still unclear how revenues will cover costs. The individualization of contents is technically possible, but a lot of learning steps are still necessary. So far initial experiments have only taken place with print-on-demand in the educational sector in South Africa.



29–30 April 2002

Cape Town

South Africa

An interview with

Jan Malherbe,

CEO of the news-

paper division

of the Media24

Group.



Media culture as a socio-political mission: Thailand is enriching the Asian newspaper scene

Example one –Thairath Daily



The biggest newspaper in the country has been published by the family business The Vacharaphol Co. Ltd since its foundation in 1948. Thairath covers around a third of the market, equivalent to a circulation of approximately one million newspaper copies a day. The Thairath Daily reaches around 25 readers per issue – i.e. around 25 million people a day. The company has adopted unusual methods to develop this potential. So far the Thairath Foundation has funded the construction of 101 schools for 34,000 pupils. “The money we receive from the public flows back to the public in a certain way. We always keep in mind that we are an integral part of society to highlight the advantages of democracy to the population and promote the development of society as a whole.”

Thairath has built a modern production plant to achieve optimum publishing conditions for its newspapers. In 1996, a new printing building was put into operation, which set new standards. Six GEOMAN machines from MAN Roland produce around a million printing orders for six different newspaper editions alternately every day. As there is no public infrastructure for distribution in Thailand, the company also distributes its newspapers itself. The centralized production system in Bangkok is typical of publishing in Thailand. With an increasing readership, Thairath is however already thinking about introducing satellite production.

With the increasing opening-up of the country, economic growth and therefore consumption must also be promoted. The media are the fulcrum here. The ratio of advertising to sales revenues

in Thailand is different to other parts of the world. Only 55% of turnover is achieved via advertising. The newspaper's content is split 50:50, i.e. advertising and editing are distributed equally.

The Thai are also very keen on using several media at the same time. The television is on almost everywhere. The Internet is catching on more and more in the Bangkok area.

“Through the parallel use of media, the Internet and television are not the enemies of print media. Electronic media provide information in a matter of seconds and are omnipresent. We, on the other hand, offer in-depth and background information to the news once or twice a day with our newspaper issues.”



1 – 2 May 2002

Bangkok

Thailand

An interview with

Kitti Yimlamai,

Production

Manager of the

Thairath Daily.



“A Quality Newspaper for the Quality of the Nation.”

Example two – Matichon Media Group

The second major media group in Thailand has also made the social and economic development of the country its mission. At the end of the 1970s, journalists formed a daily newspaper with eight staff members, which finally evolved into the Matichon Media Group. Nowadays, the company publishes daily and financial newspapers, magazines and books.



After the collapse of the world economy in 2001 the management of Matichon decided to take new steps; the motto was: "A Quality Newspaper for the Quality of the Nation." In concrete terms, this means focusing more on news, reporting, commentaries, and opinion articles, a simple, understandable style for absorbing contents quickly and greater emphasis on entertainment to create a higher fun factor when reading newspapers. The positive echo came promptly, namely increased sales figures and higher sales revenues. "We were able to significantly increase editorial quality within a very short time by actively including employees to improve our products and make them

even more reader-friendly." Discussions also took place with correspondents from the regions regarding pending changes, and their assessments and suggestions were taken onboard.

From a publishing and editorial point of view, Matichon is above all relying on diversification in the print sector and a better understanding of readers' needs. It is also essential to address young readers' needs.

Matichon has a similar opinion to Thairath when it comes to the Internet. Information can be disseminated faster through the Internet than has so far been possible with print media. It sees a good opportunity in the future to combine both media, with print having the unbeatable advantage of instilling more trust than the fleeting digital media.

"The print medium is the best solution for our country, which is still in the throes of economic development. Knowledge and wisdom come from reading and less from looking or listening. Print media form the heart of education, the business world and knowledge. The concise formula 'read & think' is shaping our further social development."



1 – 2 May 2002

Bangkok

Thailand

An interview

with Pongsak

Payakvichien,

Senior Executive

Director of

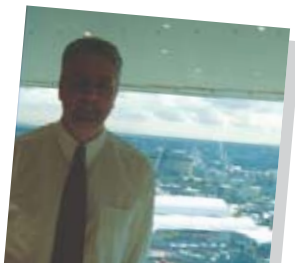
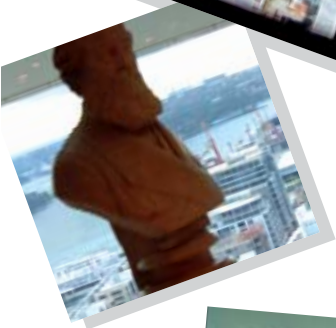
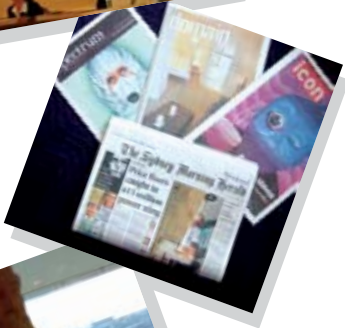
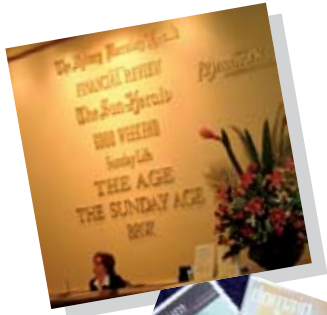
Matichon Public

Co. Ltd.: "Read

and think!"



Learn from new media: Australia as a newspaper Mecca



The Fairfax media group was founded over 160 years ago as a newspaper company and is now the publisher of Australia's leading daily and business newspapers. The company's business success is based on a stringent, strategic orientation towards the newspaper business – without the risk of wasting resources in the myriad of other media. Its maxims are to build up and continually reinforce qualitative market

leadership in its choice of subject, editorial work, and service to the reader. Even with more than 70% advertising revenues, independent journalism is still the guarantee for achieving revenue from a combination of “commerce & information”.

Fairfax also wants to capitalize on the ever-increasing fragmentation of target groups.

Newspapers are still the most efficient way of reaching a mass audience in Australia. In addition to the general interest sections, a lot of specialized subjects are therefore picked up in supplements. "These specials are expensive, but they make economic sense because we can distribute them over different locations – with low localized costs."

Nevertheless, a market-dominating Internet news site was established early on, above all with the aim of attracting young readers to the Fairfax media brands. The company also broke new ground in newspaper design and editorial preparation. For readers in a hurry, key information is summarized on a half-size page, and small ads are enhanced with carefully prepared specials.

The Internet inspired Fairfax to make the layout of the newspapers more flexible and reader-friendly. By cleverly balancing up-to-the-minute news services in the Web and an editorial understanding shaped by high expectations of modern production technology in the newspaper sector, Fairfax can be successful on both media platforms.

Australian readers expect newspapers virtually in magazine quality. At the same time, technology must ensure that the copy deadline and delivery are as close together as possible. The Sydney Morning Herald alone comprises 400,000 copies a day and currently contains over 100 pages.

Fairfax also wants to retain the newspaper sector as its key pillar in the future and build on its success. The combination of editorial reporting and rubric adverts

will also play a key role. Whether this will lead to individualized newspaper production is still unclear. The company is open to such ideas if it makes economic sense. The same applies to the development of innovative cross media concepts. Fairfax' strategy for the future is consciously down-to-earth: enrich organic growth with optimized business processes by making acquisitions which strengthen the core newspaper business.



3 – 4 May 2002

Sydney

Australia

Mark Scott,

Director of

Organization

and Develop-

ment at the

Fairfax Media

Group:

"Our company

must be robust."



A wealth of new ideas in the west: Omaha is relying on modernity and a broad view



In spite of a 117-year old history, the Omaha World Herald Group has certainly not gathered any dust. Since autumn 2001 it has been operating the most modern newspaper production system in America. The prudent management of the publisher John Gottschalk proved its worth during the American newspaper crisis in the eighties and nineties. He decided to opt for a long-term

strategy instead of the typical crisis management: "approach staff and reducing quality." The aim is to develop editorial quality and closeness to the reader. In 2001, the company was able to use a 125 million dollar investment to revamp the whole of its print production with three state-of-the-art GEOMAN machines from MAN Roland and an innovative warehouse and logistics centre.

“We believe in the need to provide the total population of our state with up-to-date and relevant information.” The Omaha World Herald is one of the top 50 titles in the country and is the only US newspaper which covers a whole federal state. The most interesting contributions are compiled from the approximately 6,000 messages received daily to satisfy the general interest needs of the heterogeneous readership. “Modern media use and the resulting needs of consumers are completely different to those five or ten years ago.”

With a market share of over 70%, the Omaha World Herald has the best brand in the USA. Three factors are mainly responsible for the



above-average acceptance, namely an innovative distribution concept, product optimization and the principle of “handsome content”, i.e. sound journalistic handiwork and reader-friendly quality in its implementation. By setting this high standard, Gottschalk vouches for the maximum authenticity of print media, a benchmark which electronic media cannot achieve. For the newspaper as an advertising vehicle, it is essential to focus on coverage and print quality, as advertising customers expect perfect colour quality; it’s what they pay for. The task of modern printing technology is therefore to structure the “newspaper” product attractively for the reader with its advertising elements. By combining print and direct marketing – in contrast to the mass distribution in television – the company currently captures approximately 50% of all advertising revenues in its region.

To be successful in the future it is important for Gottschalk to use potential outside the core business, too. This is where the Internet comes in. The Internet portal www.omaha.com, which is structured as a news site, offers highest topicality. Gottschalk also sees the Web as a place for individualized news services in the future. “As a newspaper, we must be permanently involved with the reader. In the case of print media, each element – whether picture, character, or colour – is an essential information vehicle within itself which can only work in concert with the rest.”



6 May 2002

Omaha

Nebraska/USA

John

Gottschalk,

CEO, Omaha

World Herald:

“Technology

serves the

product.”



Growth market South America: Media boom in Brazil

Three examples – O Estado, Folha, and O Globo



In Brazil there are extreme social differences between the poor majority of the population and the just over 20% of the 170 million Brazilians who belong to the sophisticated middle class. Radio and TV cover over 90% of the market in Brazil. In comparison, the newspaper is not a mass medium with high coverage, as only

less than ten percent of households are reached. Media makers see the use of print as an indicator of social developments. Those who can read can earn better money. It is therefore not surprising that the readership mainly comes from the affluent upper class of the country, which makes high demands and virtually expects newspapers in magazine quality.

The traditional newspaper O Estado (founded in 1875) from São Paulo has always been a highly ambitious newspaper. The abolition of censorship for all the country's newspapers in 1976 was mainly due to its commitment to accelerate the transformation of Brazil and aid the enforcement of freedom at the end of the sixties. Independence and economic health are the basic requirements for O Estado to achieve its goals of "representing values" and "establishing credibility".

"Our readers are extremely demanding, as design and media have a high standard and importance in Brazil." Using the best technologies for the best product is therefore O Estado's proviso for addressing above all young readers. The quality of the colours and pictures must

optimally transport the contents to make print products seem as good and up-to-date as products on TV. Advertising customers are extremely interested in obtaining data about accessible reader groups via digital systems in future.

O Estado has developed its own Internet portal, although the number of users in Brazil has stayed relatively low up to now. O Estado therefore sees new opportunities in targeted address selections and supplements supplied with the newspaper.

There is still some way to go, however, before the personalized newspaper is available.

"Spending power and education are absolutely crucial to our success as media providers. As media entrepreneurs in Brazil, we can achieve dynamic growth within our own population in the long term if we succeed in promoting educational programmes and literacy to expand working and consumer markets."



7 – 8 May 2002

São Paulo

Brazil

Interview with

Francisco

Mesquita Neto,

CEO, O Estado

Media Group.





7 – 8 May 2002

São Paulo

Brazil

An interview

with Luis Frias,

CEO, Folha

Media Group.

Local rival Folha is adopting a different strategy and is focusing more on the Internet. The recently founded UOL is now the largest Internet provider in Latin America. The company is focusing clearly on market dominance. The newspaper Folha de São Paulo achieves a circulation of 500,000 on workdays and 600,000 at weekends.

Folha operates a joint venture with O Globo, the largest media group in the country, which publishes the most important business newspaper in Brazil. The newspaper's strong market presence is due to its timely conversion to four-colour printing newspaper production. In the early nineties, when scepticism about the new technology was still rife even in Europe and the USA, the decision was made. Luis Frias compares this

quantum leap to the conversion from black and white to colour television. "At that time we initiated a new newspaper era through continuous colour printing."

Business in the newspaper field and the Web are fundamentally different, as far as Folha is concerned. "We do not see any obvious synergies between print and the Internet for us as a media group; the business model is also too different." He sees more common ground in the case of advertising customers. Tests were recently conducted via cross promotion to assess whether online users can also be made into print readers or vice versa. Luis Frias believes in the strong growth of digital formats, but is convinced that

business with print media will continue to exist for a long time to come.

"Print is in much better shape now in the 21st century than analysts predicted in 1995." An important option is, however, to structure the printing process digitally to prepare information specific to target groups. Cost calculations will show whether digital printing productions will be established in the future with individual contents for specific reader groups.



At O Globo, the largest media group in Brazil, they see the development of media as complementary as well. Print will continue to play an important role, in spite of the proliferation of electronic media. O Globo built the largest newspaper production plant on the continent a few years ago – with the latest printing technology from MAN Roland.

They believe: print media will always have its place in society. As the first O Globo company, the newspaper of the same name was founded in 1925. The Infoglobo sector which evolved from this is now the largest print media company in Latin America.

“In O Globo’s case, it’s true to say that electronic and print media complement each other. The same news that appears for a few seconds on TV can be gleaned in more detail in the newspaper.” Even if television now actually represents the main business segment, print has always been important.

O Globo also sees print and the Internet as media which mutually benefit each other rather than as competitors. Admittedly, information is available faster on news sites such as Globo News, but the printed newspaper still facilitates detailed and in-depth reporting. In future, it therefore wants to link up the individual areas further to satisfy its own corporate claim of providing information, entertainment, and education.

At the same time, O Globo always aims to provide the highest quality standards, as only quality guarantees long-term success. “The speed of electronic media for the dissemination of news has also led to newspapers practising a more interactive, analytical, and investigative journalism in order to provide more service.”



7 – 8 May 2002

Rio de Janeiro

Brazil

A visit to

João Roberto

Marinho,

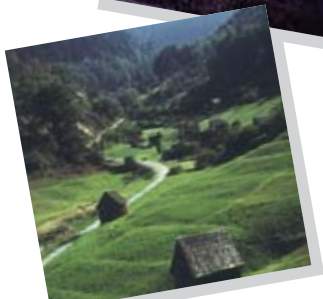
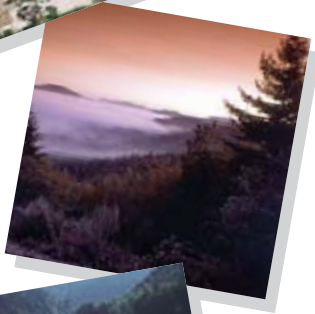
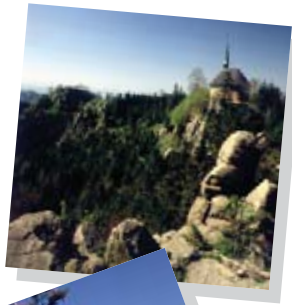
Vice President

Organizações

Globo.



The newspaper market in Germany: Living in exciting times



“It’s no longer enough to just push a decent newspaper through reader’s letterboxes every morning. The customer is quite clearly asking about the use value of the newspaper: ‘What does my newspaper actually do for me?’”

The publisher of the Pforzheimer Zeitung, Albert Esslinger-Kiefer, is convinced that the newspaper-publishing crisis in Germany was largely self-inflicted. For at least 20 years – inspired by the healthy economy – all the warnings from experts were ignored. Newspaper proprietors did not feel it was necessary to adapt their newspaper to changing reader needs.

Admittedly, there has been no lack of innovative ideas during the last few years, but the cramped market frequently put an abrupt stop to creative ideas for economic reasons – especially in the case of local newspapers. “Our business has changed more drastically in the last decade than in the four previous decades. We still print on paper – but the way we do it is equivalent to a quantum leap. We are living in exciting times.”

An essential factor for the success of a newspaper is its quality. Hence, Esslinger-Kiefer has invested in the latest colour newspaper printing technology, namely a GEOMAN from MAN Roland. The newspaper, which can already look back on a 210-year tradition, offers its advertising customers an optimum editorial environment on the one hand and a product with high acceptance.

On the other hand, it can still offer attractive advertising rates, thanks to new printing technology. The remarkable result: no comparable newspaper in the south west of the country prints more colour ads.

The readers of the Pforzheimer Zeitung place great demands on the newspaper – both in terms of content and presentation. This means that on the road to producing a “quality paper” not only modern printing technology is important, but also a successful relaunch and constant efforts to place good editorial content in a sophisticated framework.

As newspapers such as the Pforzheimer Zeitung do not provide any special interest subjects, but act as a regional all-rounder, the field of the individualized newspaper will scarcely play a role in the near future.

Also, says Esslinger-Kiefer, it is hardly worthwhile for a local newspaper to link up to other media. Therefore, print will continue to be the core business.

The future strategy of the Pforzheimer Zeitung has already become reality. The company is a successful service provider in the advertising and reader market. This also includes efficient customer relationship management. The communication of benefits is being put into practice in the foundation of the PZ Forum, for example – now a well-known institution in the town; up to 200 people attend talks on all kinds of subjects. The forum is becoming more and more popular.



10 May 2002

Pforzheim

Germany

Albert Esslinger-Kiefer, Managing Director and publisher of the J. Esslinger mbH & Co. KG, relies on reader relationship.







A quantum leap in communication

Seven golden rules for the importance of print media form the basis for the “Success by Print” global initiative:

1.

Print media are fascinating and unique.

A perfect look and haptic make print media highly attractive and unique in their effect.

2.

Print media link up the world.

Digitalization makes it possible to connect the print and online world. Information is printed on paper to make digital contents real and visible beyond the screen. We use fast networks to transmit printed data to the place of issue. Advertising is carried out in newspapers and magazines to make Web services successful in the Internet.

3.

Print media are technologically dominant.

Digitalization has led to a quantum leap in communication with print media.

4.

Print media increase efficiency.

In marketing, target groups can be addressed through newspapers and magazines quickly, cost-effectively and with a high degree of high quality. The reader does not need any expensive access technologies to use print. Print consumption “works” any time any place.

5.

Print media support new business models.

Digital print technologies allow publishers to establish personalized communication with print media cost-effectively: whether as a “tailored newspaper” or “one-to-one direct mailing” – there are many possible ways.

6.

Print media extend added value.

If you do not know what is technically feasible today, you will battle with problems as an advertising operator, creator, or publisher tomorrow. Creation, production, and information access must be seen and used as a unit to achieve maximum added value.

7.

Print media make success visible.

No personality, company or organization can do without print media. Anyone establishing an image or documenting their existence or activities will resort to print media.

Andreas Weber

in conversation

around the globe

Andreas Weber

43, works internationally as a journalist, book author and communications expert. At the same time, he is the managing partner of @andreas WEBer global communication GmbH, based in the Gutenberg city of Mainz. He is the founder and spokesman of DigitaldruckForum www.digitaldruckforum.org.





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