European Newspapers Find Creative Ways to Thrive in the Internet Age

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PARIS — As the death toll in the American newspaper industry mounted this month, the German publisher Axel Springer, which owns Bild, the biggest newspaper in Europe, reported the highest profit in its 62-year history.

At Springer's headquarters in Berlin, there has been no desperate talk of how to survive the recession and the digital revolution. Instead, Mathias Döpfner, Springer's chief executive, said he was looking for opportunities to expand, scouting around for acquisitions in Germany, Eastern Europe and maybe — in what would be a first for the company — the United States.

“I don't believe in the end of journalism,” Mr. Döpfner said. “On the contrary, I think the crisis can have a positive impact. The number of players will diminish, but the strong players may be stabler after the crisis.”

In much of the world, American newspapers are seen as journalism’s gold standard. But the American newspaper's business model appears to be broken. While much of Europe faces many of the same problems, a few newspaper publishers have found innovative ways not only to survive, but thrive in the face of the recession and the Internet.

Few European publishers performed as well as Axel Springer last year, and even it has warned that 2009 will be much harder as recession takes its toll. In some European countries, newspapers are in worse shape than in the United States. In France, several papers are kept alive by public subsidies. In the ultracompetitive British market, national papers struggle to make money and local newspapers are disappearing at an accelerating rate.

But there are signs of journalistic life in Europe. Circulation is falling more slowly than in the United States. Most papers have been less affected by the recession than their American counterparts because they rely on readers more than on advertisers, who tend to be more fickle.

Though no one has found a magic bullet, some European publishers have found ways to
meet the challenges. At Schibsted, an Oslo-based publisher, online activities — including newspapers, classified advertising sites and other pursuits — deliver about a quarter of the company’s revenue and the vast majority of its profit.

The star performer online is VG Nett, a Web site loosely affiliated with Verdens Gang, a tabloid newspaper. VG Nett has a profit margin of more than 30 percent and rivals Google as the most popular Web site in Norway.

VG Nett, like most newspaper Web sites, generates most of its revenue from advertising, but is starting to raise money from users. About 150,000 people pay up to 599 crowns, or nearly $90, a year for a weight-loss club. VG Nett recently started charging up to 780 crowns a year for live streams of soccer matches. And a social network connected with VG Nett charges users to upgrade their profiles. Access to news, however, remains free.

A business that has lost more than a quarter of its global sales over the last decade might not seem like the best example to follow. But alongside the wreckage left by digital piracy, new business models are emerging in the music industry — with Europe in the vanguard.

Few Europeans willing to pay for music directly, through services like iTunes, so the industry is instead bundling music costs into a broadband subscription, like basic cable channels do in the United States.

The Washington-based Project for Excellence in Journalism, skeptical of applying micropayments to newspapers, has suggested providing access to newspaper Web sites for a fee paid at the Internet service provider level. For such models to succeed, newspapers would have to work together.

A group of newspapers in the French-speaking part of Belgium have shown the possibilities and the limitations of cooperating when faced with Google, which some see as a common enemy.

Two years ago, under the banner of their trade organization, Copiepresse, the papers won a ruling in a Belgian court requiring Google to remove their content from its Google News service, which summarizes newspaper articles and provides links to their Web sites. The Belgian papers argued that Google News had violated their copyrights; an appeal is pending.

When Google wanted to expand Google News to Denmark about two years ago, lawyers for Danish publishers wrote to the company, telling them they could not do so without permission.

This has not helped newspapers earn money online, but Margaret Boribon, secretary general of Copiepresse, said, “the main issue for us is not having giants killing us.”

Axel Springer generates 14 percent of its revenue online, more than most American newspapers, even though the markets in which it operates — primarily Germany and Eastern Europe — are less digitally developed than the United States.

One reason, Mr. Döpfner said, is that Axel Springer has dared to compete with itself. Instead of trying to protect existing publications, it acquired or created new ones, some of which distribute the same content to different audiences.

At one newsroom in Berlin, for example, journalists produce content for six publications: the national newspaper Die Welt, its Sunday edition and a tabloid version aimed at younger readers; a local paper called Berliner Morgenpost, and two Web sites.
Though advertising has slumped in Germany, Axel Springer has been able to offset the shortfall by raising the price of publications like Bild, which sells more than three million copies. Now Axel Springer is looking for “undervalued assets” to buy.

Mr. Döpfner said the company would even have a look in the United States “if a meaningful position arises in a significant market.”