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## ABOUT US

### Best Press Shop Contest (BPSC): Saarbach presents awards to shops



+++ Nine press dealers with an international range have been awarded the title of “Best Press Shop in 2011“. Six dealers received a revolving newspaper stand and three sales outlets a shelf voucher in recognition of their commitment to the sale of international press. According to an EHASTRA survey, over 8,000 press sales outlets are supplied with international press. Dealers stocking over six title nationalities in their range were selected from these outlets. Following this, 450 press stores were visited by the DPV field sales force. The following press stores made a particularly positive impression and in recognition were awarded a certificate for Best Press Shop in 2011:

Kulturkaufhaus Dussmann, (Berlin), Suzan, (Dortmund), Tabakshop Föry, (Rastatt), Eva Declercq, (Offenburg), Cemal Alptürk, (Berlin), Tabak-Börse Böhme, (Sarstedt), pre.go Klett-Passage, (Stuttgart), Tabak Fuchs, (Velbert), Tabak Shop Spehn, (Trossingen).

## MARKET

### Policy decisions expected on the German wholesale system

+++ Two court cases decide the future of the distribution of newspapers and magazines in Germany. The Federal Supreme Court, Karlsruhe came to a decision back in October and in January a case will be brought before the County Court in Cologne. Both cases involve Bauer Publishing House. The press industry see their wholesale system threatened and with it diversity of opinion at the newsstand. This is probably the most important court case in years for the wholesale branch and will take place at 11 a.m. on 24th January 2012 in Room 227 of the Cologne County Court. The case will clarify whether it is admissible for the German Association of Press Wholesaler to negotiate on behalf of all wholesalers how much wholesalers and publishers earn on a sold newspaper or magazine copy. The plaintiff is the Bauer Media Group, which publishes titles such as “TV Movie“ and “Auf einen Blick“. Exactly three months lie between this date (File number: 88 O 17/11) and the last landmark lawsuit between Bauer and the wholesale branch: on 24<sup>th</sup> October the Federal Supreme Court (BGH) in Karlsruhe ruled that Bauer could terminate their agreement with the Press

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wholesaler Heinz-Ulrich Grade at the beginning of 2009, without specifying any reasons and replace them with their own company, PVN. +++

### **Valora takes out new loan**

+++ The Swiss company Valora had announced back in 2010 that they planned to become one of Europe's leading commercial enterprises by 2015. The company has now procured fresh funds for further expansion. On 30th November Valora signed a contract with 13 Swiss and foreign banks for a syndicate loan amounting to 300 million Swiss francs. The new agreement managed by UBS AG replaces the former loan facility of 200 million Francs. The loan will run over a period of five years. The "Valora4Growth" as it is called is, as announced back in November 2010, to be financed from the company's existing funds as well as foreign funds. For this reason, Valora has stated that they currently have no need to utilise the authorisation to increase the loan, which had been granted by the general assembly in April 2011. Despite the difficult current business situation, Valora intends recommending an unchanged dividend of CHF 11.50 per share to shareholders at the upcoming general assembly for the 2011 Financial Year. +++

### **Valora free to take over Falter in Aachen and opening P&B store in a Berlin Shopping Centre for the first time**



+++The branch network of Valora Retail Deutschland has increased by 12 railway station sales outlets in the state of North Rhine-Westphalia: This week the Federal Cartel Office approved Valora's takeover of Falter Books and Press. Railway station press outlets at high-frequency traffic locations in Münster, Aachen and Bochum will transfer to the sector market leader. The other stores, which are part of the takeover are located in Düren, Euskirchen, Krefeld, Mönchengladbach, Rheydt, Siegburg and Solingen, meaning that Valora Retail now runs 37 branches at 30 railway stations in NRW.



Back in September, Valora Retail Deutschland had announced expanding with the P&B press and book trade brand beyond railway stations and airports. A 260 m<sup>2</sup> P&B branch has now been opened as planned in Berlin's showcase Europa-Center Shopping Centre. The store stocks approximately 100 newspapers, 2,300 magazines and 3,000 books. As in other P&B Shops, such as in Hamburg's Gallery, Valora has integrated a post office counter into the store to take advantage of the high customer frequency. The shopping

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centre located at the Breitscheidplatz in Berlin-Charlottenburg is frequented by up to 40,000 visitors per day. +++

## E-MEDIA

### E-Books: cartel suspects Apple and publishers



+++ The European commission suspects that the computer company Apple may have formed a cartel with international big publishers for digital books. Europe's biggest competitor guardian has therefore introduced cartel proceedings to investigate. Also affected are the German publishing group Georg von Holtzbrinck and the Macmillan Publishing House said the EU authorities in Brussels. The proceedings were directed against five publishers. Along with Georg von Holtzbrinck, these included Hachette Livre from France, Harper Collins (USA), Simon & Schuster (USA) and Penguin (Great Britain). There was no deadline for the end of the examination. The companies can expect high fines if the accusations of the European Commission are confirmed. Price and market agreements to the detriment of consumers and customers are strictly prohibited in the EU.+++

### ZMG publisher survey: newspaper Apps on the rise



+++ The significance of APPS for daily newspapers is rapidly increasing according to the result of a publisher survey carried out by ZMG (Zeitungs Marketing Gesellschaft). According to the survey, 61% of publishers offer Apps for Tablet PCs or other mobile terminals. Most APPS (68%) entail charges. One third of publishers offer their own contents for their Apps and not just contents from the printed edition or the website. 57% of the publishers who to date are not offering an App, are planning a mobile application soon or are in the process of developing one. 71 publishers in all took part in the survey. +++

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## PUBLISHERS

### 30% additional sales at category marketing campaign



+++ In autumn 2011, Presse-Grosso Marketing GmbH (PGM), Condé Nast, DPV Gruner+Jahr, MZV Moderner Zeitschriften Vertrieb and Olympia Publishers carried out an advertising campaign throughout Germany for high-quality men's magazines with the theme "Men are ... versatile". GQ, KICKER, MEN'S HEALTH and PLAYBOY men's magazines received a prominent display in press stores from 15th August to 9th September. Wholesalers acquired 1,700 retailers throughout Germany for participation in the campaign. The campaign results are now in, following receipt of all unsolds: "The campaign issue of all four titles registered considerable increases. Average sales per campaign dealer more than doubled compared to dealers who did not take part in the campaign. The sales increase registered as a result of the campaign is a particularly positive point for us; campaign participants register an increase of approx. 30%", said Elmar Mathews, managing director of Presse-Grosso Marketing GmbH. "The success of the initiative shows how much potential there is in the segment of high-class men's magazines for the trade also. The campaign has very effectively made readers more aware of this segment", said co-initiator Roland Bollendorf, Distribution Director of Condé Nast Verlags GmbH, who was also satisfied with the campaign and the increased positioning of the titles at the point of sale. +++

### Lagardère and Hearst close mega deal



+++ The French conglomerate Lagardère has parted with seven Chinese magazines. The company announced that the relevant negotiations had been concluded with the US-American Hearst Corporation. The deal includes the sale of a share in MARIE CLAIRE. This almost closes the mega deal between Hearst and Lagardère, announced at the beginning of 2011, where Hearst will take over the rights to over 100 magazines from 15 countries from Lagardère. Only the ELLE brand and all merchandising rights have remained with

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Lagardère, the original publisher. Lagardère claim to have made Euro 659 million from the sale of their magazine line. +++

### Branch prognosis of newspaper publishers: "Presumably a little better than in 2011"



+++ BDZV-Präsident Helmut Heinen is carefully optimistic for the upcoming year. "The industry will presumably do a little better than in 2011", said BDZV President Helmut Heinen recently. For 2012 he is expecting at least stable distribution income, and advertising proceeds which are approximately the same as last year, "providing that the Euro crisis does not throw the German economy into a strong slump". The current 2% to 3% per year drop in circulation has slowed down somewhat, especially since the industry is registering more and more success with online scope and paid contents. Heinen said further that the development of the industry was "satisfactory" in 2011. Publishers' income remained quite stable. It had been possible to offset declining advertising volume, amounting to minus 3.5%, against increased distribution earnings. The year however had been disappointing compared to the development of the total economy. The BDZV President is of the opinion that it is very difficult to keep high-quality press in some regions with migration and weak economic performance. Heinen stressed the need to simplify mergers. The government's bill did not however go far enough. It should be possible to save newspapers before they go bankrupt. +++

### Biggest US newspaper publisher announces online pay walls



+++ As a result of the eroding print business, more and more US publishing houses are electing to protect their online contents with pay restrictions and so acquire digital subscribers. Gracia Martore, head of Gannett Co., the biggest US newspaper publishing house has now announced to analysts that the publisher will be developing the user restrictions of their newspaper website at the beginning of this year. Gannett publishes 82 newspapers throughout the country, including the circulation market leader USA TODAY. Gannett had been experimenting with pay walls on three of their newspapers since last year. Since the WALL STREET JOURNAL and the NEW YORK TIMES have introduced a restriction from a certain number of read articles onwards, in so-called "metered models", more market participants are following suit. As yet, there have only been half-hearted attempts on the German market to charge for online contents. In this country newspaper publishers have to date been focusing on free websites and fee-based Apps. +++

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## 2012 brings hope of many new women's magazines



A first glimpse at what „Season“ might look like.

+++It is difficult to create customer loyalty to a woman's magazine, says Volker Breid, managing director of the Women's/Family/People sector at Gruner + Jahr, Europe's biggest magazine house: "A curse because almost no title can be sure of loyal readers and a blessing because even new magazines have a chance and publishers can try out more in this market." But G+J's new bi-monthly women's magazine "Season" will take up the challenge and target women aged 29 - 49 (see picture). Bettina Wünderich editor-in-chief describes her magazine as a "secret weapon against today's "excesses and chaos". The struggle for the reader's approval is probably nowhere as strong as in the women's magazine sector. 34 weekly titles (total sold circulation 9.9 million copies, ABC figures, 3rd quarter 2011), four fortnightly (1.7 million copies) and 53 monthly titles (9.9 million copies) are already competing against each other in Germany. And yet no other segment launches so many new titles – for thanks to adventurous readers, there is hope for new women's magazines to find regular and not just temporary readers. Marquard Media ("Cosmopolitan", "Shape") plan to launch a project with "Hot", which is to be a combination of magazine and website. And following the two good results of the test issues of "Cover" with around 80,000 sold copies, Burda will presumably be publishing it regularly. The publisher is also said to be interested in a German edition of the fashion magazine "Harper's Bazaar". +++

## More and more German magazines as Apps – but also increase in circulations of printed titles

+++ German magazine publishers are on the offensive. While not so long ago many of them were worrying about the digital challenges, they are now using the opportunity to develop new distribution channels for their contents. The number of pay Apps offered by publishers has for example quadrupled over the past 9 months, according to a survey carried out by the Association of German Magazine Publishers (VDZ). The industry is however not only developing well in the digital area. According to the VDZ, 55 new printed titles came onto the market last year. "Magazines about country life and children's and teen magazines are booming", said VDZ CEO Wolfgang Fürstner. Monthly women's magazines also increased in circulation. On the whole, publishers had recovered well from the 2008 crisis. In 2011, turnover increased again, by 1.4% to Euro 7 billion. VDZ is expecting slightly less growth for this year. Fürstner urged politicians to create fair competition rules: "The market power of Apple, Amazon, Facebook and Google is so great in the meantime that there is a risk of market failure in some segments." Google with its monopoly as it were as a search machine decides which offers and editorial contents are found and shown first. If however one platform controls the market, economic markets and diversity of opinion are at risk. +++

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Sources: FAZ 07.12.2011, 10.12.2011, dnv - der neue vertrieb 25-26/2011, Journalist 13.12.2011, Tagesspiegel 3.12.2011, taz 03.12.2011, Journalist de, 07.12.2011, dnv-online 15.12., 18.12., 12.12., kress 20., 22., 23.12.2011.

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