

Competition and collaboration between Swedish newspapers – an overview and case study of a restructuring market

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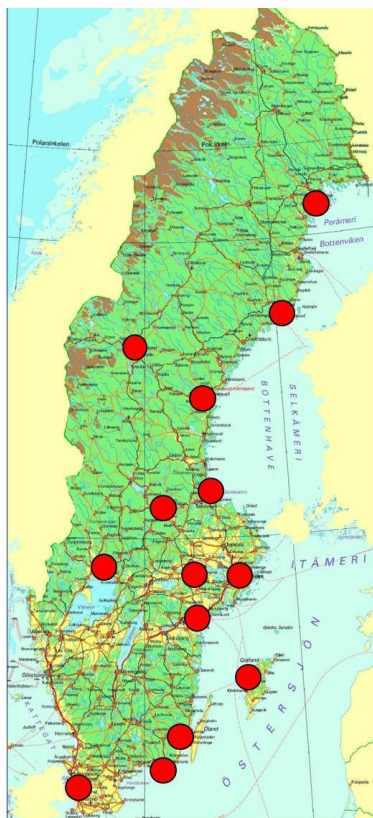
Abstract

Historically, mergers and acquisitions tend to come in waves, but no wave is identical to the previous (Gustafsson, 2006). Like in many European countries, the Swedish newspaper market is in a phase of consolidation (Sánchez-Tabernero & Carvajal, 2002). Whereas ownership now is concentrating to fewer hands, the number of newspaper titles remain fairly stable and instead new collaborative alliances are emerging. This reveals new questions and dilemmas for both media policy makers and media managers who need to address the duality between competition and cooperation in newspaper markets. Based on a mail survey to second newspapers in competition cities, and a short case study, this paper describes and discusses the most recent state of collaboration and ownership concentration in Swedish competition cities.

1. Press policy and the competition cities

Over the years, the concepts of *diversity*, *competition* and *choice* has been guiding Swedish press policy. However, these concepts have never been properly defined and therefore been open for changing interpretation over the years (Finansdepartementet., 1993). However, the tactical solution to the policy objective has been to use subsidies to maintain as many provincial newspaper titles as possible (Ots, 2009). The so called ‘competition cities’ (konkurrensorter) with more than one newspaper have attracted considerable attention in that they are said to represent the bastions of diversity, competition and choice when it comes to newsprint, making them monuments over the successes of Swedish press policy. They offer diversity of supply, competition on the newspaper market, and choice for the buyer. To this date there remains fifteen such cities ranging from north to south – Luleå, Umeå, Östersund, Sundsvall, Falun, Gävle, Karlstad, Karlskoga, Eskilstuna, Stockholm, Norrköping, Visby, Kalmar, Karlskrona and Malmö (Figure 1). However, in line with a general search for collaboration and efficiency in the newspaper industry, competition in these cities is changing.

With *competition city* we mean competition between (at least) two daily, subscribed newspapers on the same geographical place of issue. In the so called competition cities there is a diversity of supply where more than one daily newspaper present their collection of local news, there is market competition for advertisers and customers challenging the actors to consistently improve their offerings and market performance, and this results in choice for the consumer who is not stuck with a monopolist supplier of subscribed, home delivered, mainly proprietary, local news, printed on paper. However, this connection between the goals and the implementation of the policy needs to be continuously reassessed as the process of de-politization of the press progresses (Weibull, 1995), as people appear to decreasingly value the political affiliation of



the paper when they select news source (Picard, 2003), as media convergence makes rival newspapers regard TV, internet, and free-sheets as their mutual enemies for both advertisers and readers (Ots, 2006), and as new technology such as the internet provides people with an abundance of choice between potential news sources. Also some of the assumptions made between policy objectives and policy implementation do not appear entirely clear. For instance, several studies have showed that the degree of competition actually can have a detrimental effect on the diversity of content, (Napoli, 2004, 2006; Van Der Wurff, 2005). In other words, markets with less competition may actually produce more content diversity. This means that many weak papers tend to spend their limited resources on duplicating similar content whereas a single strong actor would have more resources to appeal to a broad audience. Hence, if content diversity is sought, these findings encourage more collaboration between newspapers, and some of the best opportunities for this is found in the competition cities.

The collaborative situation on provincial newspaper markets has been studied at a number of earlier occasions in Sweden - Visby, Härnösand, Helsingborg (Alström & Nord, 2000, 2002, 2003) Norrköping, Eskilstuna, Örebro (Ots, 2006). Similar studies have been made also in other

Nordic countries (e.g. Andenæs, 2003) The challenges for the policy system to deal with these ongoing challenges has also been discussed (Nord, 2008; Ots, 2009).

2. The duality of collaboration and competition from a media policy perspective

From the view of competition policy, *competition* is desirable to ensure well functioning markets that presents consumers with the power to vote with their money. If dominant market positions are avoided people can choose between offerings of different content, quality and price. From the perspective of cultural policy, competition also means that a variety of opinions and perspectives are provided a place to coexist in the public sphere. Especially in northern European media systems, where media by tradition are seen as biased and politically affiliated (Hallin & Mancini, 2004), market competition is a fundament for democracy in that it ensures competition of opinions – a variety of voices, interpretations and perspectives in the public debate.

Now, it is not only *competition* on local media markets that is interesting to policymakers, but also *collaboration*, since it is seen to lead to a more efficient use of resources. Therefore, in the implementation of press policy there is a duality and inherent tension between collaboration and competition on local markets, captured in the guiding principles as formulated by the government.

Competition between newspapers on regional markets should be stimulated. The presence of two or more newspapers per place of issue is necessary to readers' freedom of choice. (...) Collaboration between newspaper firms should be encouraged, as it offers obvious advantages in terms of utilization of resources. (Gustafsson & Hadenius, 1976, p. 58)

In other words, the democratic function of the media make cultural policies strive for broader media supply than the market would uphold without intervention (Ots, 2009). At the same time it appears that the broad supply cannot be upheld with subsidies alone, but there is a need to encourage newspapers to seek additional synergies through collaboration. Seen from this perspective increased differentiation and competition is desired since it and more collaboration than normal competition policy would support. So whereas diversity and competition has been sought, it has been desired that newspapers find ways to collaborate in ways that saves resources but does not compromise the journalistic independence. Internationally, policy makers have tried different ways to address this duality, for instance editorial letters (Rolland, 2004) or joint operating agreements (Borden, 1995; Busterna & Picard, 1993).

3. The duality of collaboration and competition from a management perspective

The tension between collaboration and competition is also a problem of media management (Ots, 2005). Seen from the perspective of an owner of two newspapers, increased collaboration and integration between the different units can potentially release synergies and increase overall efficiency of operations. However, according to classic organization theory it can also impose bureaucracy, stifle development and slow the organization's reaction to external change (Lawrence & Lorsch, 1969). Perhaps most importantly, too close collaboration will take away the unique selling point of the product in the eyes of the customer. If the same organization should put two product brands on the same market rather than one monopoly brand, they need to be distinctly different and thereby provide additional value to their respective target audiences (Ots, 2006). Differentiation and competition between the units makes them specialize and react faster to change, but at the cost of synergy. So for the media organizations the challenge is to strike a balance between integration that can create synergies and differentiation that provides reader value (Ots, 2005).

In marketing and management theory, the concept of *coopetition* has been used to describe that firms acting on the same market can both cooperate and compete at the same time (Bengtsson & Kock, 2000). For newspapers, coopetition means that in one department or area they can be fierce enemies for publishing the best news or attracting new subscribers. At the same time they may have a joint advertising sales company where they fight a mutual enemy like free-sheets, commercial radio or local commercial TV. However, as research shows, cooperative and collaborative units needs to be separated from each other (Bengtsson & Kock, 2000). Seen from this perspective it is more a challenge how to strike the balance between what areas to compete in and where to collaborate as well as how to organizationally design this. Some writers projects that in a market where collaboration has become the norm, competition will increasingly happen between alliances of collaborators (Gomes-Casseres, 1996). In this scenario, collaboration will not only be about finding small benefits, but about maneuvering and finding strategic position in winning market constellations.

4. Ownership changes in competition cities

Since the late 1990's the Swedish newspaper industry has gone through a phase of consolidation, where ownership has shifted in a large number of newspapers (Gustafsson, 2006). Whereas the actual number of newspaper titles has remained relatively stable, ownership has been concentrated to fewer hands. This process is parallel and integral to the ongoing strategic formation and transformation of a handful powerful newspaper groups (Gustafsson, 1995) – most notably Bonnier, Schibsted, and Stampen, but also introducing new constellations like Norrköpings Tidningar and Mittmedia. However, it has been noted that there are clear societal benefits of ‘differentiated competition’ where competition plays out on parallel markets – local/provincial, metropolitan, freesheets, taboids allowing for a power balance between multiple owners (Gustafsson, 2010). This process of ownership concentration has been accentuated in the competition cities, where in a number of cases both local papers belong to the same newspaper groups. Since the late 1990's the ownership carousel has played out the following way (Table 1).

Table 1. Ownership changes in competition cities since 1999 (Competition city in *italics*, newspaper with changed ownership in **bold**)

1999	<i>Visby</i> . Norrköpings Tidningar acquires both local competitors on Gotland, Gotlands Allehanda and Gotlands Tidningar . Whereas the initial thought was to merge the papers, the management decided to try and keep two editorial products in something that resembled the American JOA model.
2000	<i>Norrköping</i> . Norrköpings Tidningar acquires the local competitor Folkbladet . The form of collaboration between local competitors inspires other actors to look for similar opportunities.
2001	<i>Umeå</i> . Västerbottens-Kuriren (Umeå) acquires 50% of the shares of the local competitor Västerbottens Folkblad . In 2003 the ownership is increased to 91%, since it had been difficult to agree on the best forms of collaboration without a dominant owner.

- 2002 *Luleå*. Norrköpings Tidningar acquires **Norrbottens-Kuriren** in Luleå. Due to the distance to the mother corporation collaboration opportunities are initially limited.
- 2002 *Örebro and Karlskoga*. Nerikes Allehanda acquires **Karlskoga-Kuriren** and **Örebro-Kuriren**. Thereby NA owns both newspapers in Örebro.
- 2003 *Eskilstuna*. Inspired by Norrköpings Tidningar, Eskilstuna-Kuriren acquires their struggling local competitor **Folket**.
- 2003 *Kalmar and Karlskrona*. **Barometern, Blekinge Läns Tidning**, Borås Tidning and Smålandsposten merge into the joint holding company Gota Media. Initially this has little effect on the competitive situation in Kalmar and Karlskrona.
- 2003 *Sundsvall*. Mittmedia strengthens their position in central Sweden when Sundsvalls Tidning acquires the local competitor **Dagbladet Nya Samhället**.
- 2003 *Gävle*. Mittmedia copies the Sundsvall collaboration model in Gävle, acquires **Arbetarbladet** and creates forms Gävletidningar AB as a platform for close collaboration between Arbetarbladet and Gefle Dagblad.
- 2004 *Karlskrona*. The newspaper group Gota Media and the publishing house Albinsson & Sjöberg acquires **Sydöstran**. The other local paper in Karlskrona, Blekinge Läns Tidning is already one of the founding members of Gota media.
- 2005 *Östersund*. For roughly 1 800 million SEK the newspaper group Centertidningar (Hallands Nyheter, Södermanlands Nyheter, Länstidningen i Södertälje, Nynäshamns Posten, Norrtelje Tidning, Lidingö Tidning, Ljusdalsposten, **Östersunds-Posten**, Hälsingekuriren and Hudiksvalls Tidning) is acquired from the Center party by a newspaper consortium consisting of three main actors - Stampen, Mittmedia, and Eskilstunakuriren. In principal Mittmedia takes the northern newspapers (Jämtland, Ångermanland) – and Stampen takes those in southern and western Sweden (Halland)¹². Eskilstuna-kuriren gets Södermanlands Nyheter from Stampen³. The newspaper consortium forms the collaboration entity Mkt Media AB particularly around technical development and platforms for business opportunities around new technology. In this process Mittmedia enters the competition city Östersund.
- 2005 *Örebro*. Nerikes Allehanda discontinues **Örebro-Kuriren** due to decreasing circulation and thereby NA stands as sole newspaper in Örebro.

¹ <http://www.journalisten.se/artikel/10424/bonusar-foersvann-naer-centertidningar-saldes>

² <http://st.nu/ekonomi/1.613185-mittmedia-koper-op-och-halsingetidningarna>

³ <http://folket.se/nyheter/1.109073>

- 2006 *Östersund*. Mittmedia takes over **Länstidningen** in Östersund. In 2005 Östersunds-Posten was acquired through the Centerpress deal so now Mittmedia controls both newspapers in Östersund⁴.
- 2007 *Luleå*. Norrköpings Tidningar acquires Norwegian Orkla's share of **Norrländska Socialdemokraten**. Since 2002 they already own Norrbottens-Kuriren in the same city. The newspapers form the new collaboration entity Norrbotten Media AB.
- 2008 *Falun*. **Dalarnas tidningar** are purchased by Mittmedia for 3-400mkr⁵. One of the editions in the package is Falu-kuriren which means that Mittmedia enters the competition city Falun⁶
- 2010 *Kalmar*. **Östra Småland** is in financial difficulties and is acquired Gota Media which already includes the local competitor **Barometern**⁷. The initial collaborations announced includes printing and advertising production⁸.
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Printed daily newspapers is a shrinking market which has forced newspaper companies to rationalize. The wave of mergers is due one expression for this, and as the opportunities for internal rationalizations are exhausted, search has turned outside the firms to find additional synergies between newspapers. Whereas collaboration over the past decade has become the norm in provincial press, as seen from numerous examples like Norrköping, Umeå, and Eskilstuna, it has been almost impossible to overcome traditional rivalry and initiate collaboration without a simultaneous change in ownership (Ots, 2006). In this process, a few strong ownership constellations have emerged.

As seen from table 2 below, the newspaper group Mittmedia now owns seven newspapers in competition cities, Norrköpings tidningar owns six, and Gota Media four. Over the last two years, Norrköpings Tidningar has switched focus from coepetition between local competitors to initiating more strategic collaboration between large and financially sound provincial papers. In this development Norrköping Tidningar acquired two of Sweden's largest provincial papers - Östgöta Correspondenten in 2008 and Upsala Nya tidning in 2009.

The traditional definition of a 'competition city' implies at least two daily newspapers with different owners competing in the same geographical region of issue. From table 2 we can conclude that out of 15 competition cities only four cities of this type remains - Falun, Karlstad, Malmö and Stockholm. In all other competition cities, there is today some sort of collaboration and ownership affiliation between the newspapers.

⁴ <http://www.journalisten.se/artikel/14923/oep-kunde-laesa-konkurrentens-loep-innan-tryck>

⁵ <http://www.mediavarlden.se/component/content/article/92-arkiv/1720>

⁶ http://www.svd.se/nyheter/inrikes/mittmedia-koper-dalarnas-tidningar_699051.svd

⁷ <http://www.dagensmedia.se/nyheter/print/dagspress/article3030869.ece>

⁸ [http://www.smp.se/nyheter/ekonomi/gota-media-koper-ostra-smaland\(2223705\).gm](http://www.smp.se/nyheter/ekonomi/gota-media-koper-ostra-smaland(2223705).gm)

Table 2. Newspaper ownership in competition cities 2010

City	Title	Newspaper group	Circ.	Coverage
Collaboration cities				
Eskilstuna	Eskilstuna-Kuriren	Eskilstuna-Kuriren AB	30300	46%
	Folket	Eskilstuna-Kuriren AB	4700	7%
Gävle	Gefle Dagblad	MittMedia Förvaltning AB	25700	31%
	Arbetarbladet	MittMedia Förvaltning AB	22600	27%
Kalmar	Barometern	Gota Media AB	42300	53%
	Östra Småland	Gota Media AB	8900	13%
Karlskrona	Blekinge Läns Tidning	Gota Media AB	34500	53%
	Sydöstran	Gota Media AB	11100	13%
Luleå	Norrbottnens-Kuriren	Norrköpings Tidningar	19600	31%
	Norrländska Socialdemokr.	Norrköpings Tidningar	33300	32%
Norrköping	Folkbladet	Norrköpings Tidningar	6500	8%
	Norrköpings tidningar	Norrköpings Tidningar	41800	53%
Sundsvall	Dagbladet Nya Samhället	MittMedia Förvaltning AB	11800	21%
	Sundsvalls Tidning	MittMedia Förvaltning AB	29600	50%
Umeå	Västerbottens Folkblad	Västerbottens-Kuriren	12300	11%
	Västerbottens-Kuriren	Västerbottens-Kuriren	34700	50%
Visby	Gotlands Allehanda	Norrköpings Tidningar	9200	39%
	Gotlands Tidningar	Norrköpings Tidningar	12100	49%
Östersund	Länstidningen Östersund	MittMedia Förvaltning AB	12500	21%
	Östersunds-Posten	MittMedia Förvaltning AB	26400	45%
Competition cities				
Falun	Dalarnas Tidningar	Mittmedia Förvaltning AB	33060	48%
	Dala-demokraten	AB Dala-demokraten	16400	15%
Karlskoga	Karlskoga Tidning	Nya Wermlands Tidning AB	7300	37%
	Karlskoga-kuriren	Nerikes Allehanda	5100	27%
Karlstad	Värmlands Folkblad	Värmlands Folkblad AB	18700	17%
	Nya Wermlands Tidningen	Nya Wermlands Tidning AB	52800	49%
Malmö	Sydsvenska Dagbladet	Bonnier	11560	38%
	Skånska Dagbladet	Skånska Dagbladet	30900	5%
Stockholm	Dagens Nyheter	Bonnier	29230	24%
	Svenska Dagbladet	Schibsted	19210	14%

Source circulation and household coverage figures: www.dagspress.se.

5. Method

The remainder of this paper aims to go deeper into describing what forms of collaboration is being used in the competition cities. A short survey with open ended question (appendix 1) was sent out to newspapers in the ten competition cities (excluding the five cities where the competing newspapers still did not have any form of ownership affiliation – Falun, Karlskoga, Karlstad, Malmö and Stockholm). The

survey asked the newspapers to describe the type and degree of local collaboration. Nine out of ten newspapers returned usable answers.

In order to provide some deeper insights about current and future drivers for market consolidation and collaboration, a case-study of Norrköpings Tidningar complements the survey material. This is based on secondary data and in-depth interviews with current deputy vice president of NTM Group Sören Andersson and former vice president of Norrköpings tidningar, Björn Jacobsson. The case puts the issue of collaboration in a wider perspective asking where collaboration is taken next given the trends of alliance building between financially sound papers such as Mittmedia, Norrköpings Tidningar Media (NTM), and Stampen.

6. Findings – collaboration activities in competition cities

The information from the survey is collected in Table 3. The type of collaborations that the newspapers seek can be divided in three categories; administrative efficiencies, editorial efficiencies and marketing.

Table 3. Collaboration activities in competition cities

	Main owner	Circ.	HH Cover	Merged	Administrative collaboration				Editorial collaboration					Sales collaboration	
					IT	Adm.	Print	Ad prod.	Sport	Photo	Current affairs	Web	Suppl	Events	Ad sales
Visby Gotlands Tidningar Gotlands Allehanda	NTM	11672 8657	49 36	1999	x	x	x							x	x
Luleå Norrl. Socialdemokr. (NSD) Norrbottens-Kuriren	NTM	15194 14783	32 31	2007	x	x	x	x			x				x
Norrköping Norrköpings Tidningar Folkbladet	NTM	40957 6287	53 8	2000	x	x	x	x			x				(x)
Gävle Arbetsbladet Gefle Dagblad	Mittmedia	22264 25459	27 31	2003	x	x	x		x	x					x
Sundsvall Sundsvalls Tidnings Dagbladet Nya Samhället	Mittmedia	28264 11512	50 21	2004	x	x	x								o o
Östersund Länstidningen Östersund Östersundsposten	Mittmedia	12207 25896	21 45	2006	x	x	x		x						x
Eskilstuna Eskilstuna-Kuriren Folket	E-K	26436 3857	46 7	2003	x	x	x								x
Umeå Västerbottens-Kuriren Västerbottens Folkblad	V-K	30340 6648	59,3 11	2002	x	x				o o				o	x
Karlskrona Blekinge Läns Tidning Sydöstran	Gota	34500 11100	53 13	2009	x	x	x		x			x	x		x
o = Future collaborations planned x = Collaborations initiated after merger															

Administrative collaboration include efficiencies sought in a number of areas such as IT (computers and hardware, digital platforms, software, telephones) administrative services (salaries and economy, switchboard, customer services, buildings and maintenance), printing (shared printing facilities and distribution), and in some cases advertising production (meaning in-house facilities and personnel to

design, layout and administrative advertisements for advertisers who do not have an external advertising agency).

All surveyed newspapers have been looking for administrative efficiencies, which is the basic idea of most described newspaper collaboration models (e.g. JOA). In other words, efficiencies in distribution, IT, printing, administrative services and personnel, should be shared, and respondents claim that the main argument is that it releases resources to focus on editorial quality and development. The use of administrative efficiencies does not appear to change depending on owner or the relative size of the collaborating papers – whether they are similar in size, like in Luleå or Gävle or very different in size like in Eskilstuna or Norrköping. Umeå is the city where the administrative efficiencies have been the most difficult to achieve. Even though initiatives were initiated early in the process, it appears the mere idea of collaboration caused strong internal resistance in the newspaper organizations that were so rooted in regarding each other as enemies. Even after an ownership affiliation was initiated in 2002 the problems persisted, and it was not until Västerbottens-Kuriren became majority owner in 2003 that coordination could be reached. Other cases like Eskilstuna and Norrköping confirm the picture that until the newspapers share ownership affiliation with a strong majority owner, local competitors have been unable to achieve most forms of collaboration.

Editorial collaboration include various efficiencies sought in content production. It currently covers areas such as sport, photo, current and foreign affairs and local news. This is a more sensitive area where newspapers tread more carefully in fear that it may compromise journalistic integrity, the differentiation and uniqueness of the brand, and as a consequence the consumer confidence in the product and the right for second papers to receive operational press support from the state. The newspaper group Mittmedia has initiated editorial collaboration around sports news in two of the cities where they are active. The criticism they received when trying this in Gävle did not stop them from applying the same model in Östersund a few years later. The solution is a shared news agency which produces articles for both the competing newspapers⁹. The newspapers in Umeå which are not part of the Mittmedia group are envisioning employing a similar model in the future. Recently the newspaper group Norrköpings Tidningar Media (NTM) has taken steps in the same direction in Norrköping and Luleå¹⁰. The collaboration has taken the same form, meaning that the newspaper group forms their own newswire service which produces news for all affiliated newspapers, much in the same way as national newswires do, but with the difference that in this case the articles are produced *by* affiliated journalists primarily *for* affiliated newspapers. The NTM newspapers do not however primarily talk about sports news but in broader terms of ready-made pages for current and foreign affairs. This does *not* necessarily mean that the competing newspapers cover the same news, only that the published articles are produced by the same supplier within the newspaper group. Thereby the newswire service has been the solution to the problem of journalistic independence. By establishing an independent unit with which the competing newspapers have a transaction relationship, collaboration can be achieved while leaving the journalistic departments seemingly separated. Still, questions can be raised about what impact this development has on the news coverage, style, and the diversity of opinion in the newspapers.

Marketing collaboration focuses on mainly two aspects, advertising sales and consumer marketing. Today all newspapers in the study have a shared unit for advertising sales. In the case of Norrköping it is however limited to a specific area and in Sundsvall it is still under development. The main reason for collaboration is to form joint advertising packages and thereby increase sales which can be particularly important for the smaller newspapers. Yet another reason is for tax planning, and in order to minimize the advertising taxes paid the Newspaper publishers organization (IU) has advised all their members to organize their sales

⁹ <http://www.journalisten.se/artikel/11584/gaevletidningars-nyhetsbyra-goer-kommuntidning>

¹⁰ <http://www.kuriren.nu/arkiv/2007/08/25/Lule%25E5/1113584/En-enda-dagstidning-i-l%25E4net.aspx>

units separated from the parent company. When it comes to consumer marketing this is still considered an important part in order to keep the competitive spirit alive between the papers, and therefore most newspaper groups have chosen to keep them out of collaborative activities.

7. The growth of NTM Group – A case study

Being one of the most expansive players on the provincial media markets, Norrköpings Tidningar Media is one of the best examples to illustrate the drivers for ownership consolidation and group formation. Formed in 1758, making it Sweden's oldest daily, the conservative newspaper was long a strong but solitary force on a provincial market. In 1998 a decision was taken that made Norrköpings tidningar one of the pioneers in achieving collaborative competition between affiliated newspapers.

We saw where this market was heading. So the strategy that we outlined in 1998 had three parts. First, that we would grow through acquisitions, that we would buy other companies. Second, that we would have an organic growth in new media business on the markets where we are present. And third, that we would collaborate with those who wanted to collaborate with us. And we have worked along this strategy since then. (Sören Andersson, deputy vice president, NTM)

The background was a view on the decline in newspaper circulation as an irreversible trend. That the printed paper, the present cash cows of the media companies, were not promising to be a viable business model in the long term. At the same time the converging media landscape meant new competitors entering local markets, for instance TV4 and the Bonnier group that announced their planned establishment of local news companies during 2011¹¹.

For the local papers, growth was needed to make news production more efficient, to achieve economies of scale, and to be able to spread costs over more markets and larger production volumes. They needed to sacrifice short and medium term profits in order to grow future revenue. This included necessary cross media investments in TV, multimedia and free-sheets to keep dominance over the local media market. Specifically this meant that the organizations needed to find new channels to maintain and build reach in their local markets. They felt that they needed a more holistic and customer oriented approach to the local media markets including more diverse business models, better knowledge through market research and advertising measurement, in short a more engaged and knowledgeable relation to both media and markets.

We made the projection that in the long term, the press, the morning dailies will have difficulties to maintain the volume and revenues they currently have in advertising. In the long term there is also a downward trend in terms of circulation. We can't see anything within a foreseeable future that would take away all our circulation or advertising, but the trend will keep going down. (Björn Jacobsson, former Vice President of Norrköpings Tidningar, personal interview 2005)

This led to a wave of acquisitions. Steps had been taken in the past, like the local competitor Östergötlands dagblad, which was taken over during the 1950's. In 1999 Norrköpings Tidningar became main owner to both newspapers on Gotland and initiated a close collaboration between the two, particularly on the advertising market. In 2000 the local competitor in Norrköping, Folkbladet was acquired and synergies were sought balancing cost efficiencies with enough editorial differentiation to maintain both brand differentiation and press support for Folkbladet. In 2002 a more unexpected acquisition of Norrbottens-Kuriren was made in the competition city Luleå. The take-over resulted in a radical improvement of Norrbotten-Kurirens financial result, and in 2007 the acquisition of Orkla's share in the primary Luleå-paper, Norrländska Socialdemokraten, allowed more local synergies to be created. This was followed by structural affairs with two large independent newspapers – in 2008 Östgöta Correspondenten in Linköping was acquired, followed by a merger with Upsala Nya Tidning in 2010. This

¹¹ <http://press.tv4.se/output/iframe/article.aspx?id=200572>

also marked the birth of the new holding company Norrköpings Tidningar Media AB. In all the cases ownership control was central to the philosophy of NTM.

There has to be tight ownership ties if you intend to push collaboration as deeply as we do. Otherwise it will not work. So we make sure that we have decisive power in all our collaborative relationships, which allows us to drive processes that are sometimes really uncomfortable for the individual newspapers. Changing corporate culture can be a tough transition, but at the end of the day somebody needs to set the agenda. However, it is my experience that we always manage to agree on the overall direction. In fact we are all quite professional and there is little politics in our corporate sphere. (Sören Andersson, Deputy Vice President of NTM Group, personal interview 2011)

Even though responsible managers claim that it was mainly coincidental, the acquisitions of Östgöta Correspondenten and Upsala Nya Tidning marked a somewhat new direction for NTM towards large markets and strong provincial papers without local newspaper competitors. Several managers confirm that Norrköpings Tidningar had continuously been contacted after during the 2000's by newspapers wanting to initiate collaborations, but had turned most offers down. Yet, Correspondenten and Upsala Nya Tidning showed that also large and economically sound papers had realized that they couldn't restructure their business on their own.

After the deal with Folkbladet in 2000 we were basically littered with offers from secondary papers, but we have categorically turned them down. Folkbladet was unique in the sense that it benefitted both newspapers and it is difficult for me to see that we could find those conditions anywhere else. (Björn Jacobsson, former Vice President of Norrköpings Tidningar, personal interview 2005)

The collaboration in competition cities had allowed Norrköping tidningar to create efficiencies in administration, infrastructure and printing. Today NTM includes a shared IT department, finance department, Human Resources function, two back office departments for advertising production, along with coordinated efforts for printing and distribution. The new partners opened up new possibilities – not only were they all local market leaders, but they were also acting on close but not overlapping geographical markets. Norrköpings Tidningar and Östgöta Correspondenten had before the merger started a gradual cooperation around advertising sales and printing, and one initiative led to the other.

We have to cut costs all the time in order to create capacity for development and growth. Today we have a production company that employs 40 people that develops new media for both internal and external use, along with film and TV. We develop necessary competence, and at the same time demonstrate that we have the skills and capabilities to do this. When potential partners see this, then we get collaboration proposals as a consequence. (Sören Andersson, Deputy Vice President of NTM Group, personal interview 2011)

The production company works from the premise that web-TV alone will not be sufficient to cover the needs of the future converged media corporation. NTM's broadcasting operation, 24nt, launched its fifth local news channel in 2011 – and now the TV collaboration also included the previously unaffiliated newspaper group Helsingborgs Dagblad. All development of editorial platforms, systems and process had been centralized – designed once and applied eight times at the different newspapers. The new additions also opened up for editorial collaborations. This was something that Norrköpings Tidningar had dismissed in the past, since they felt that shared content between local competitors would damage consumer confidence in the products. However, sharing content between newspapers operating on separate markets was a different story.

Corren and NT can freely switch and share articles with each other. So there are probably around 5 or 6 articles every day that are published in both papers, they produce a joint weekend supplement, and split the work on a number of other supplements between the papers. (Sören Andersson, Deputy Vice President of NTM Group, personal interview 2011)

Additionally, in August 2011 NTM will launch a joint news service based in Norrköping that serve the eight newspapers with 24-hour content updates on their web-sites. In effect this will mean that the newspapers can offer news coverage and presence even at times when the local newsdesk is unstaffed. The diversification of the operations means that 25% of the advertising revenue today comes from sources other than the subscribed morning daily. Here internet and TV advertising show the fastest growth. At the same time work continues improving the shared newspaper processes and structures. This includes issues with infra structure, accounting, price lists, as well as improved collaboration between the marketing departments on consumer sales.

We are currently working at a slightly calmer, more thoughtful pace where we actually start to discuss more long term visions again. Of course we are observing what happens in Umeå and Gävle, but we have had a very intensive race over five years and we don't have to be first with everything. At the same time there is still a lot to do, and we are fighting a tough local media reality where the map is continuously redrawn. (Sören Andersson, Deputy Vice President of NTM Group, personal interview 2011)

8. Discussion

Swedish media policy has sought to maintain media pluralism by maximizing the number of newspaper titles. In this process, the relationship between newspaper owners, legislators and the issue of collaboration has been complex. On the one hand policy-makers have wanted to incentivize collaboration in forms that increases the availability and choice for consumers. Distribution support is one such example where newspapers are subsidized for sharing their distribution channels with competitors. However, operational support has in essence sought to increase the diversity and choice for the consumer by discouraging collaboration between competing newspapers. Even though this was not the main intention of the subsidy, it gave smaller newspapers the financial flexibility to resist invitations from their dominant competitors (Ots, 2006). Several of the takeovers in competition cities are enabled by the economic decline of the second papers, but they are also motivated by the primary paper managers (e.g. in Eskilstuna, Örebro, Kalmar) not as an expansion strategy but as an emotional and defensive measure to protect the local newspaper market, its journalists, and traditions.

It appears that the wave of mergers in competition cities is over, largely because there are no more independent newspapers left to acquire. Today there are only four independent secondary papers remaining; Dalademokraten in Falun, Vermlands Folkblad in Karlstad, Skånska Dagbladet in Malmö and Svenska Dagbladet in Stockholm. Recently, Mittmedia moved their positions forward in Falun by acquiring Dalarnas Tidningar and the editor-in-chief of Dalademokraten proactively invited a far-reaching collaboration based on the Gävle-model to secure the future of the financially struggling publication¹². However, this time Mittmedia actually claimed to have their priorities elsewhere. Though Mittmedia has not hesitated to enter collaborations in competition cities in the past, their managers now appear to have changed their views on synergies, or that their new media investments is draining their budget, and/or the price tag on Dalademokraten is currently too steep. This coincides with the trend among financially sound primary papers to start new ventures for business development in new media, new technical solutions, process development, and training, among other things.

- In 2005 Mkt Media was formed between the newspaper groups Stampen, Mittmedia and Eskilstuna-Kuriren

¹² <http://www.journalisten.se/artikel/20335/dala-demokraten-inte-pa-mittmedias-inkoepslista>

- In 2007 Stampen restructures their holdings and one of Sweden's largest provincial papers, Nerikes Allehanda (Örebro) forms a new regional entity with VLT (Västerås)¹³. Stampen emerges as a counterforce to Bonnier and Schibsted.
- In 2008 Norrköpings Tidningar Media (NTM) emerges as an alternative alliance structure when one of Sweden's ten largest newspapers, Östgöta Correspondenten is acquired.
- In 2010 another top ten newspaper, Upsala Nya Tidning (UNT), joins the NTM family by switching 50% of UNT shares for a 20% share of NTM.
- In 2011 Gota media acquires the three collaborating newspapers Kristianstadbladet, Ystads allehanda and Trelleborgs Allehanda from Bonnier¹⁴.

The old types of synergies were more of a defensive, cost-cutting character and it was a last resort for second papers to avoid bankruptcy. As noted by Folkbladet in Norrköping, responsible managers regretted that they waited to accept a collaboration agreement until a point where they no longer had anything of value to bring to the table (Ots, 2006). Umeå is another example where two newspapers with a collaborative vision has shown how politically infected and complex even minor collaborative steps (for instance regarding printing) can be without a single strong owner in charge. So ownership turned out to be a basic premise in the competition cities. Further, the search for synergies always started with administrative functions which were not considered to interfere with editorial matters. Newspaper groups Mittmedia and Norrköpings Tidningar became pioneers in restructuring local newspaper markets from competition to co-competition. Not only financially, but also politically they proved the project possible. Early on they took slightly different positions where Norrköpings Tidningar emphasized the benefits of keeping the competitive spirit between the papers. Mittmedia were pushing the synergies further by allowing a more collaborative form of co-competition, including also editorial production. Almost a decade after Norrköpings Tidningar initiated collaboration model on Gotland they appear to have revised their view on co-competition opening up also for editorial collaborations. Just like Mittmedia they do this through a shared news service within the newspaper group. Also the last group entering competition cities, Gota Media, appear to have been open for various types of editorial collaborations much in line with Mittmedia's Gävle model¹⁵. So in essence, around a decade after the first collaboration was initiated on Gotland, there appear to be a single dominant model forming which have been adopted in most competition cities with only minor variations.

This is however not the end of the story, and the market seems to have reached a new phase of restructuring, and it seems like the split of the Center press group in 2005 fuelled the formation of a handful of dominant newspaper groups – besides Bonnier and Schibsted, also Stampen, Mittmedia and NTM. Suddenly everybody seems to have embraced the need for collaboration in order to prepare for the future generation local media markets. Alliance building has become a race to get a good position. In that sense, it appears like the new types of collaborations we see on provincial newspaper markets are more forward looking. So whether the initial collaborations were used to bring costs down, the new types of collaborations are initiated between financially sound newspapers with high circulation figures in strong newspaper groups. These collaborations are used to develop technology and ideas to seize new business opportunities that can be applied in all collaborating newspapers. What the next years promise to reveal is how well these alliances can manage and develop their acquired positions to consolidate their local market power and reap the returns on their investments in terms of reach and revenue.

¹³ <http://www.journalisten.se/artikel/13270/stampen-bli-stoerst-i-sverige-pa-dagstidningar>

¹⁴ <http://www.ystadsallehanda.se/skane/article1498197/Sydsvenskans-systertidningar-saljs.html>

¹⁵ <http://www.journalisten.se/artikel/20787/blt-och-sydoestran-utoekar-samarbete>

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