

REPORT

Local newspapers and
bargain catalogues in Denmark

June 2020



Brancheforeningen
af Danske Distributionsvirksomheder

Local weekly newspapers and bargain catalogues play an important part in the Danish economy and in the cohesion of Danish local communities. With this report, we intend to document how we, as a trade association, manage to help solve a general social task and take responsibility in Denmark's green transition at one and the same time.

Brancheforeningen af Danske Distributionsvirksomheder, a trade association of Danish distributors, was established in 1984.

The members of the trade association are:

Nordjyske Medier A/S

Sjællandske Medier A/S

Samdistributionselskabet Midt-Vest A/S (Herning Folkeblad)

Skive Folkeblad G/S

FK Distribution A/S

Bornholms Tidende A/S

The members of the trade association are involved in the distribution of local newspapers and the communication of bargains, physically as well as digitally, according to the demands of the local communities, customers and consumers.

Since 2010, the trade association has actively contributed to reducing the total volume of print bargain catalogues by more than 50%. Danish consumers have been given the possibility of selecting which bargain catalogues they want to receive – and those they do not want to receive. This scheme is called NejTak+ (NoThankYou+) and is distributed by all members of the association.





Introduction – confronting environmental myths

In a time where the environment is justifiably at the top of the political and socio-economic agenda, the distribution of bargain catalogues has proved to be an easy victim. Everybody knows people who empty their mailboxes and immediately get rid of the contents at the recycling centre. Everybody is ready to tell everyone else that he or she never really makes use of the bargains received in the mailbox. And everybody quickly agrees that all this waste of paper means that Finland will soon run out of forest resources.

So, why not just make laws that once and for all put a stop to this volley of paper and unwanted bargains on anything from minced beef to 100 metres of beech hedge plants forced upon innocent consumers by a brutal business sector.

Because the truth is far more complex than the story told by the media and at the cafes of the metropolis.

Because this is a distribution channel that is key to the cohesion of local communities in Denmark. Bargain catalogues are the last bastion of local retailers against the global tech giants' attempt to monopolise the access to consumers. Local jobs and local growth depend on our distribution of local newspapers and on our keeping this channel open.

Because most consumers actually happen to leaf through the contents of their mailboxes, reading whatever catches their attention before they head for the recycling centre. Eighty-two per cent of all consumers who receive bargain catalogues read them. And because it is easy for consumers nowadays to tell us whether they want to make their personal selection of catalogues to go into their mailboxes or they do not want to receive any bargain catalogues at all.

And because the environmental impact is in fact much more reduced than what is a commonly held view. All bargain catalogues produced in Denmark are printed by certified printing works (carrying the Nordic Swan Ecolabel). Likewise, any catalogues printed abroad are printed by internationally eco-labelled printing works. The newsprint generally comes from certified forest resources and is recycled up to seven times. Moreover, delivery of newspapers and catalogues is usually done on foot with the help of a handcart.

This report includes a series of facts and insights that incorporate Danish nationwide distribution of local newspapers and bargain catalogues into a socio-economic structure and also confront some of the most widespread myths. As a trade association of distributors, we may not be quite independent; but we are represented everywhere around Denmark, seeing that we employ more than 10,000 young delivery persons and meet the consumers every day.

This memo is an attempt to contribute to a debate that has carried on for too long on an inadequate and emotional basis. Our trade is just as much a strong advocate of sustainability in society as any other party – perhaps stronger than most, and we have proved our dedication through numerous initiatives. Nevertheless, it is our impression that the debate remains neither balanced nor based on facts. We sincerely hope that this report will rectify the situation.



Lasse Ingemann Brodt
Chairman of the board of directors of
Brancheforeningen af Danske Distributionsvirksomheder

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Who we are – and what we do

Distribution of newspapers from a socio-economic perspective

Brancheforeningen af Danske Distributionsvirksomheder (the Trade Association) is in charge of a major part of the distribution of Danish local newspapers and catalogues, ranging from local retailer circulars to night school catalogues of classes to local church newsletters. This distribution constitutes a vital link between the local communities and consumers. It connects the small retailers with their customers. It connects the local newspapers with their readers. It connects a large number of young people with their first jobs – and many non-ethnic Danes with the Danish labour market.

Creating cohesion and connection in the Danish local communities is a duty we are proud to perform – although we are privately owned businesses, we acknowledge having corporate social responsibility. A responsibility we share with the numerous printing works, communications agencies, printed media, graphic arts firms, advertising agencies and carriers that also form part of the value chain linking all the corners of Denmark together.

An important part of our joint responsibility is the will to adapt our activities to match a green transition. In 2014, a member of the Trade Association introduced the NoThankYou+ scheme, which allows Danish consumers to select or deselect bargain catalogues based on their individual interests, and we maintain our principle that delivery of newspapers and print catalogues should mainly be made on foot or by bike.

Other players assume responsibility in other ways. The printing works in particular work hard and actively to reduce carbon footprint in several areas, from newsprint procurement to printing processes. But every party contributes to the trade being able to meet the customers' demand for sustainable, green solutions.

Our goal is to continue linking the local communities together in such a manner that we protect our climate and environment in the best possible way. However, it is possible only as long as the legislators do not remove our platform for performing our duty, for instance by introducing a JaTak (YesPlease) scheme. This scheme may seem to be a sympathetic and played-down concept. However, it is anything but so. A YesPlease scheme entails the disappearance of the financial basis for the supply of everything that we expect as citizens.

Consumers' liberty of choice

We may say YesPlease to receive bargain catalogues, but we will not receive any. Once the target groups get too small, advertising gets too expensive. A unique advertising channel will disappear and no one will be communicating local bargains to Danish consumers any longer. Bargains, mind you, that we appreciate.

Today, more than 98% of the Danish people is familiar with the NejTak (NoThankYou) scheme, but around half of them still opt for receiving bargain catalogues. The NoThankYou+ scheme was launched in 2013. This solution offers consumers the option of making their own personal selection of the bargain catalogues they want to receive. Have we any desire of depriving consumers of their liberty of choice?

Strong local community

Local newspapers are distributed together with bargain catalogues. The correlated distribution ensures that the local newspaper publishers are charged a distribution fee they can afford. If the bargain catalogues disappear, the distribution fees will increase significantly. In many cases, this will eliminate the local newspaper's basis of existence. And with it, the local community's only all-embracing forum for local politics, participatory democracy and local trade. Do we wish to keep the local newspapers?

Jobs and education for everyone

Each year, more than 10,000 young people find their first job with one of the members of the Trade Association. They earn (pocket) money and are taught to do and keep a job. They meet other people with different occupations working for us and they get hands-on experience in diversity and inclusion. Their colleagues include people from 17 different countries, which proves that it is possible to help non-ethnic Danes gain a solid footing in the Danish labour market. Do we strive to create jobs that can and will give everybody a chance?

Climate and environment

The NoThankYou+ scheme has reduced the volume of distributed bargain catalogues significantly. Our infrastructure is one of the most advanced and environmentally friendly in the world. The majority of our delivery activities are carbon neutral as most of them are performed on foot or by bike. On top of that, we recycle 88% of the paper waste delivered for recycling in Denmark.

Stakeholders – an overview



Retailers



Consumers



News



Non-ethnic Danes



Participatory democracy



Bargain catalogues
and local newspapers



Youth workers



Printing works



Trade unions



Forest resources

good reasons for keeping free delivery of bargain catalogues

1. The local newspapers

The bargain catalogues create a financial basis for the distribution of local newspapers. If the bargain catalogues disappear, so will the distribution channel of the local newspapers, leaving the local communities with no voice and no pivot.

2. Consumers

Consumers may choose for themselves which bargain catalogues they want to receive. This has reduced the volume of distributed catalogues considerably – and ensures that the distributed bargain catalogues are actually being read.

3. Retailers

Bargain catalogues in combination with the local newspapers are often the only marketing tool available to local grocery shops challenged by the increasing online shopping.

4. Competition

The bargain catalogues improve competition in the market for groceries and guarantee lower consumer prices.

5. Job creation

Logistics and distribution of bargain catalogues create jobs, including jobs to those who might otherwise not gain foothold in the labour market.

6. Youth workers

Delivering bargain catalogues is generally the first job of many young people.

7. Reduced environmental impact

No country in the world other than Denmark has succeeded in distributing bargain catalogues in a more pro-environmental manner – and the majority of our paper waste is being recycled.

+500.000
households have
registered for the
NoThankYou+ option

10.000
young people aged
13-18 work as
delivery persons

82%

of the Danes
read their bargain
catalogues

52%

of the bargain
catalogue market
disappeared between
2010 and 2019

26,7%

of the 13 to 18 year
olds apply for a job
with our members

84%

of all paper
waste is
recycled

17

nationalities
are employed
in our trade

98%

of the Danes know
the NoThankYou
scheme

51,5%

of the Danes
have joined the
NoThankYou scheme

88,5%

of newsprint is
recycled
7 to 10 times

Ja-Tak - få kun de reklamer der interesserer dig med

NejTak+

Do we actually need bargain catalogues?

Nobody reads bargain catalogues. And yet ...

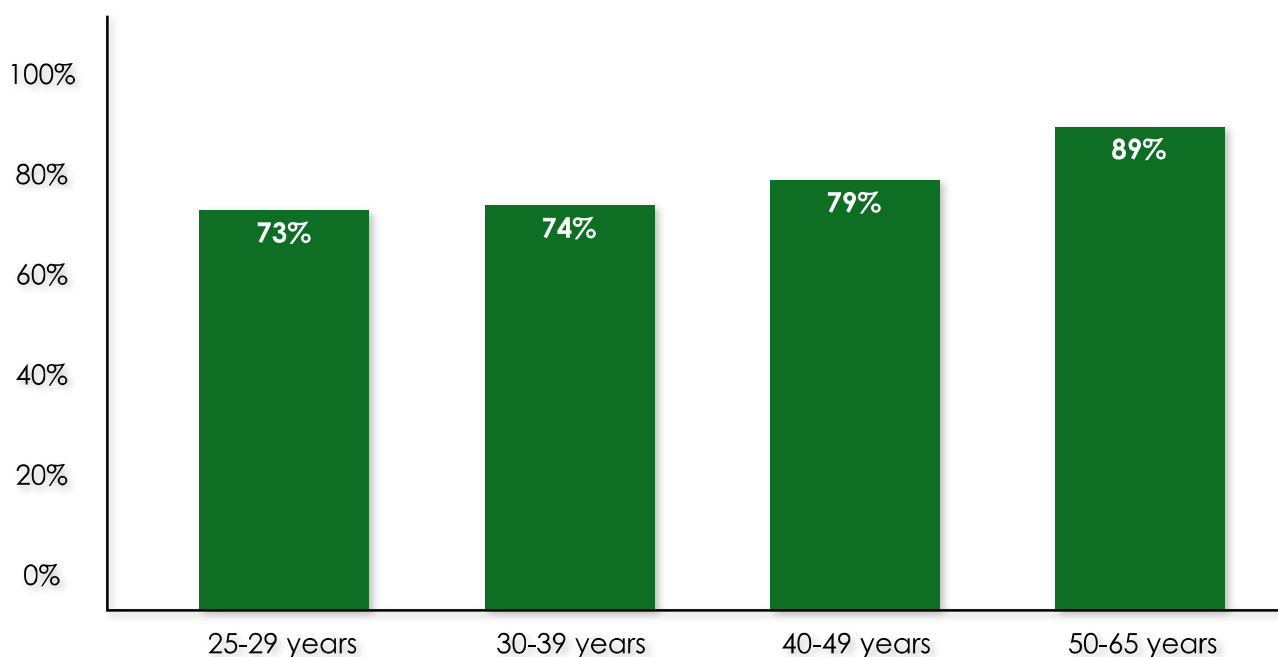
Although an increased number of consumers have opted out of receiving printed retailer circulars, bargain catalogues are still popular with Danish consumers. According to Kantar Gallup, 82% of the Danes who receive bargain catalogues read them as well. This figure is supported by surveys performed by the Danish Competition and Consumer Authority.

For just above one-third of us, our choice of supermarket is based on which goods are on offer (Tilbudskultur i dagligvarehandlen (Bargain culture in the grocery sector), 2012).

Moreover, bargain catalogues have turned out to be one of the most effective ways of advertising; and one of the least annoying according to consumers.

Bargain catalogues are popular with the Danes of all ages. The chart below is broken down by age groups.

Percentage of the respondents who receive and read bargain catalogues



Source: KANTAR GALLUP, March 2019; 1,051 interviews



In Denmark, consumers decide for themselves what they want to receive in their mailboxes

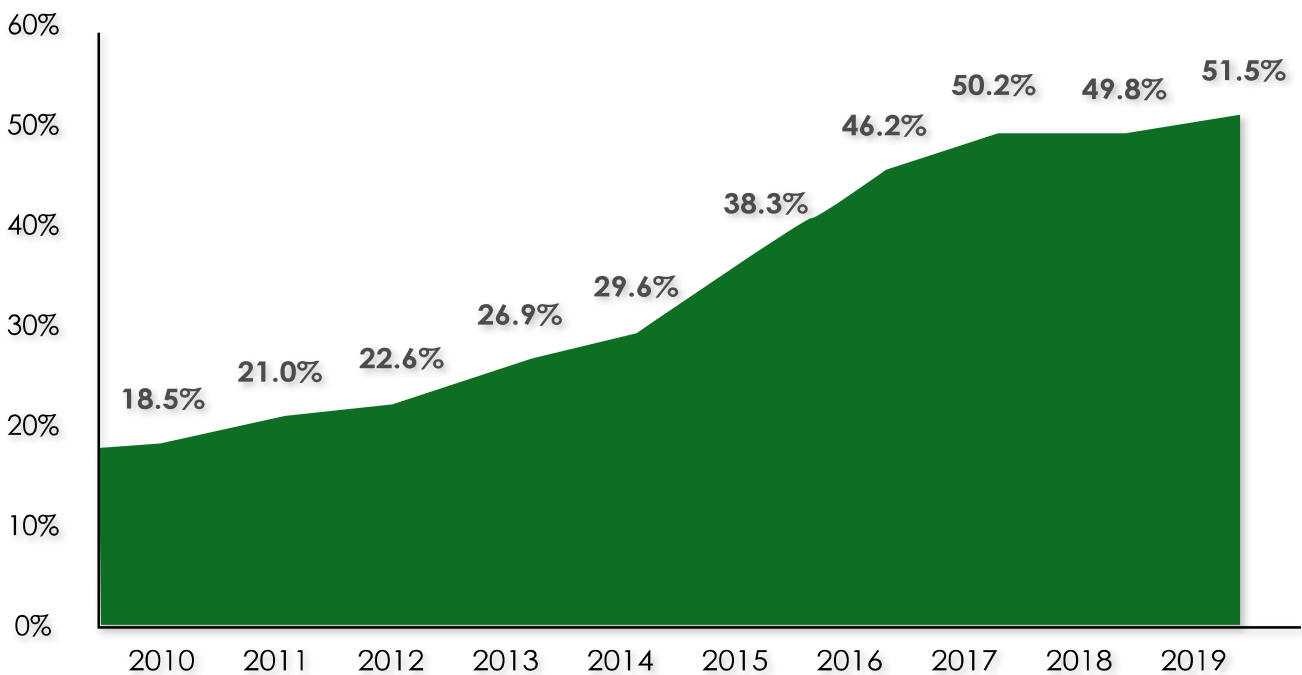
In 2013, the NoThankYou+ scheme was introduced offering consumers to make their own selection of bargain catalogues. Today, more than half a million households have joined the scheme. In other words, more than 1.2 million Danes receive exactly the bargain catalogues they want each week.

People's awareness of the NoThankYou+ scheme has been growing steadily. Around 87% of the Danes say that they know the scheme which offers consumers the option of making their own personal selection of the bargain catalogues they want to receive.

So, a majority of the respondents know that they can decide for themselves which type of bargain catalogues they want to receive. They are free to make a choice on an informed basis.

The graph below illustrates the proportion of households that have joined either the NoThankYou or the NoThankYou+ scheme. Since the launch of the NoThankYou+ scheme in 2013, the rise in new subscribers has been significant, which means that we distribute far fewer bargain catalogues. It also means that the catalogues distributed to the individual households are now far more relevant to them.

Development (%) in households that have registered for the NoThankYou scheme



Source: Postnord and FK Distribution 2010-2019



Bargain catalogues improve competition

– and guarantee lower prices

Grocery shops and supermarkets use retailer circulars and catalogues as a mean of fierce competition, which, however, benefits consumers in the form of bargains. Bargain catalogues per se also contribute to reduced consumer prices by facilitating planning throughout the entire value chain.

Consumers plan their shopping based on the bargains of the week. Retailers are able to predict demand for a specific product advertised in this week's bargain catalogue. This allows the chain's purchasers to buy in bulk at attractive prices. And manufacturers know well in advance how much they are to deliver at a given time. The result of this joint planning process is lower consumer prices – and the prerequisite is bargain catalogues.

The winners and losers of eliminating bargain catalogues

Bargain catalogues are contributing to the strengthening of physical retail shops. Bargain catalogues are the primary channel for communicating offers from retailers to consumers.

Once the bargain catalogues cease to exist, the global tech giants, such as Facebook and Google, will monopolise the communication of offers and bargains to Danish consumers through their social media platforms.

What the local newspapers say:

"The local newspapers are the cornerstone of local, participatory democracy and also a unique tool for preserving the local community and its local shopping areas. It is the editorial watchdog that keeps an eye on the local politicians and is also the media for relating positive news and stories about association activities and more. In brief, the newspapers form the lifeline of the local social cohesion and unity.

A lifeline, that is pushed by a declining advertising market, increasing digital competition and higher costs of publishing – it is the distribution of the local newspaper for those in particular who have requested it.

On their platforms, advertising will be sold to the highest bid. At first, this will entail hard times for the local grocery shop or supermarket or the local wine merchant with a limited marketing budget.

Looking ahead, we risk that local businesses and physical shops will be wiped out by large international online enterprises, such as Alibaba and Amazon. It is difficult to assess how soon this will be, but it is definitely the outcome if we remove the local marketing tools that more or less constitute the last safeguard of large and small Danish businesses against international competition.

As it is, we are well on our way to eliminate local trade in Denmark. A research made by the Danish Chamber of Commerce indicates that 3,034 physical shops have disappeared in the period from 2008 to 2018. This corresponds to a decline of 10.8%.

By safeguarding bargain catalogues – and hence the local newspapers – we seek to keep existing and thriving local communities that have active and attractive downtown areas.

Door-to-door distribution is essential to the local newspaper and the individual local community. This is the only media that embraces the entire local community, not to mention citizens in the 50+ age group. The idea of establishing a YesPlease scheme will have dire consequences for Denmark's more than 200 local newspapers. If at all available, the distribution costs of door-to-door delivery of a local newspaper will be soaring.

In other words, all local newspapers, weeklies, the local participatory democracy and the lifeline of local communities will be in danger.



A YesPlease scheme will impair local communities and democracy

Bargain catalogues sustain local community cohesion

Local newspapers are under pressure throughout the country. They experience declining income from advertising and growing competition from online media. The distribution of bargain catalogues help sustain the basis of existence of a number of local newspapers. As a distributor, we charge newspapers a low distribution fee – as compared with current market fees. We bring along the newspapers when we distribute bargain catalogues. In this way, we make sure that an effective distribution network is also used for the benefit of small media and local democracy.

If the volume of bargain catalogues plunges, the price for distributing the small, local newspapers will rise significantly. As the newspapers are already squeezed financially, this may mean a goodbye to a series of local media, and hence the local community cohesion around the country. The conditions under which the local community democracy is to thrive will be markedly impaired without access to local media.

But cohesion also includes an option of uniting in support of local businesses. It includes knowing the people you are doing business with. It includes cooperation and taking local initiatives that unite a whole village or

town district through enjoyable experiences and joint efforts. Once the local ironmonger or wine merchant disappears from the high street, we will not get a replacement. And we cannot put up invitations for our Christmas party at Alibaba's or advertise for a lost bike at Amazon's.

Numerous small shops will be challenged by growth in online shopping and by major retail chains. The bargain catalogues constitute an important opportunity for small shops to communicate directly with local consumers.

"Værket's printed programme is essential to our existence. The printed media is able to communicate in a way that no other platform manages, and user surveys have indicated on several occasions that our customers and users prefer our printed programme when looking for inspiration to new experiences."

Peter Arild Johnsen, Marketing Coordinator
Værket, a concert and theatre venue in Randers.

The local newspapers are printed on FSC paper, which is certified paper from sustainable forestry, and because of the NoThankYou scheme for retailer circulars and local newspapers, the newspapers are distributed only to those who want them and have not said NoThankYou. As a result, we avoid any unnecessary environmental impact, and there is no reason to change these prerequisites."

Steffen Glaas,
Man. director
Fonden Herlev Bladet





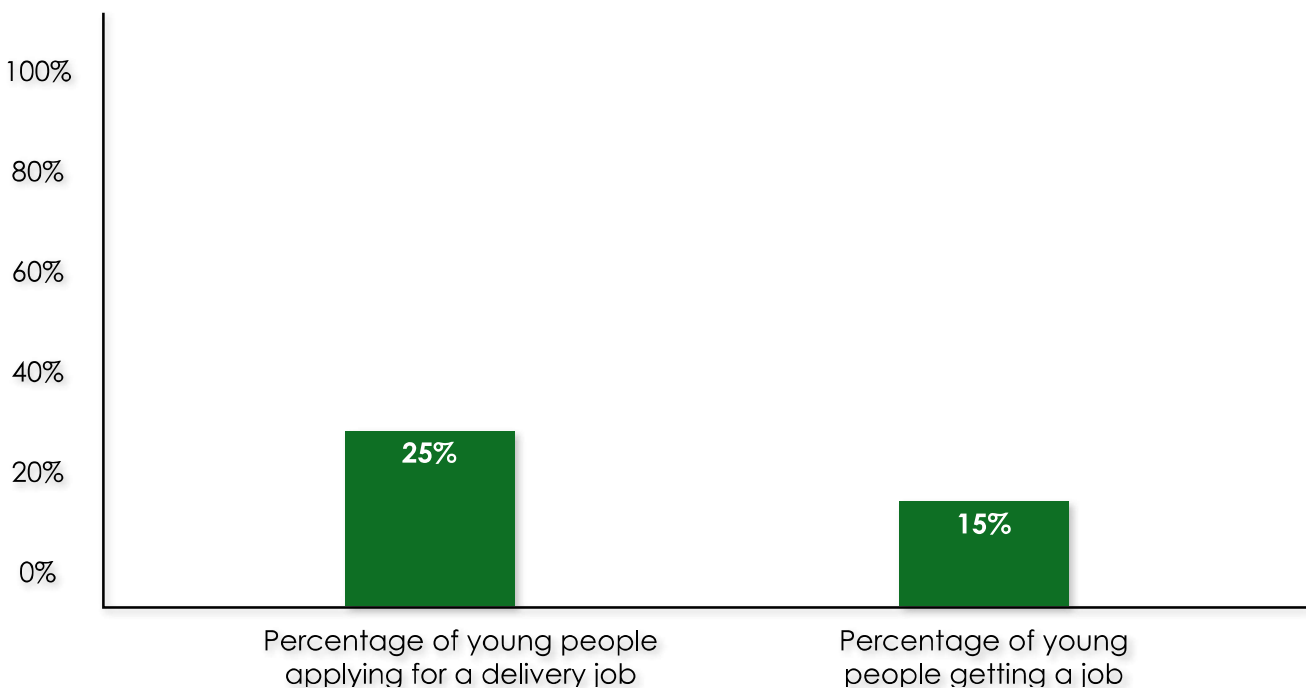
We help young boys and girls get off to a good start

Among young Danish people, 25% apply for a job as a delivery person

Our trade creates attractive jobs to young people aged 13 to 18. For them, delivering local newspapers and bargain catalogues is their first job. We are happy and proud that so many young people want to work with us. And we do what we can to help them gain good work experience they may use later on in their working life.

In 2019 alone, about 25% of one year-group of young people applied for a job as a delivery person with members of the Trade Association. Almost 60% of these young people succeeded in getting a job. This means that around 15% of all young people between the ages of 13 and 18 have worked as a delivery person of local newspapers and bargain catalogues. If we believe that children and teenagers will benefit from earning or contributing to their own pocket money, we need to keep the few options they have of getting an after-school job.

About half of a year-group of young people applied for a job as a delivery person.



Source: Brancheforeningen and DST

"The best thing about this job is that you get a lot of exercise and you earn your own money and you still have a lot of spare time because the job is really flexible"

Thea (15)



Part of important job value chain in Denmark

By offering jobs in distribution of local newspapers and bargain catalogues, the members of the Trade Association create job on equal footing with many other Danish enterprises. At present, we employ more than 10,000 young delivery persons and several hundreds of full-time salaried employees.

Yet more important may be the derived impact. According to a conservative estimate by Nordjyske Medier, thousands of jobs at printing works and local newspapers are indirectly affected by the distribution of local newspapers and bargain catalogues.

To a vast number of people, having worked with one of the members of the Trade Association has been a stepping stone on their way into the labour market.

Accordingly, the distribution of local newspapers and bargain catalogues constitutes the platform of many jobs in Denmark. For many of those who are not highly skilled or who need first-hand knowledge of Danish employment conditions, this platform has in particular formed an entry into the labour market. We believe that it is important to keep this type of jobs as they may be performed by a wide range of people, irrespective of their education, ethnic background or former relationship with the labour market.

"When employees are good at teamwork across the organisation, we tend to be less prone to reduce our colleagues to stereotypes and more likely to see each other as unique individuals with multiple qualities and different skills."

Når kolleger er forskellige
(When colleagues are different)
The Danish Institute for Human Rights, 2011





Our trade assumes responsibility

Denmark at the forefront of environmental responsibility

Compared with other countries, Denmark has one of the most environmentally state-of-the-art distribution models altogether. Our first condition is that the distribution of bargain catalogues and local newspapers should be as effective and resource neutral as possible.

This is one of the reasons why we deliver weeklies and bargain catalogues at the same time. Delivery is primarily done on foot with a handcart by our 10,000+ delivery persons. We do not use mopeds, electric bikes or the like. In 2013, in the wake of the environmental and climate debate, one of our Trade Association

members launched the consumer-controlled YesPlease scheme. We named it NoThankYou+. This scheme offers the consumers the option of receiving only the bargain catalogues they want.

Denmark is the only country in the world that makes sure that consumers receive only the bargain catalogues they want to receive. The Trade Association is still invited to the negotiating table when the existing NoThankYou scheme is discussed with the Consumer Ombudsman.

Recycling facts

According to Eurostat, 88.5% of all paper waste delivered was recycled in 2017. Waste statistics from 2016 show that the municipalities collected 84% of accessible paper waste for recycling. The collected paper may be recycled up to seven to ten times. On the whole, we take the liberty of concluding that, in Denmark, we excel at collecting paper waste and at recycling it.

Source: Eurostat, 2019. The Danish Environmental Protection Agency; Identifying consumer paper and cardboard potential, and the Waste Statistics, 2016

Carbon footprint of bargain catalogues and weeklies

There is an abundance of prejudice against and myths about environmental impact caused by the production of bargain catalogues. However, according to the trade organisation Grakom, more or less every bargain catalogue in Denmark is produced by a printing work that has been certified for the Nordic Swan Ecolabel.

The Nordic Swan Ecolabel implies strict compliance with climate and environmental requirements with regard to energy consumption, raw material, chemical additives and waste management.

The majority of the paper used for bargain catalogues comes from certified forest resources. Through the use of our various recycling systems, newsprint may be recycled up to seven times. At first for new bargain catalogues and newspapers. And subsequently for packaging, egg cartons, paper towels and many other things.

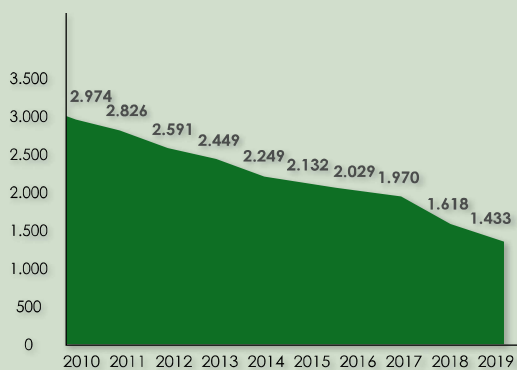
According to Martin Einfeldt, communications manager of the Danish Forest Association, paper production has a positive impact on the climate balance. And this comes as a surprise to many, he says.

“Paper is, in fact, accumulated solar energy, and once we have used the paper, it will either be recycled or burnt. As a result, energy is released for heating, for instance, which reduces our consumption of coal, oil or gas. Paper production is an excellent way of using the slower-growing or defective trees that need to be removed in a thinning process to provide more space for the remaining trees to grow before they are used in other types of production.”

Martin Einfeldt, Communications manager of the Danish Forest Association.

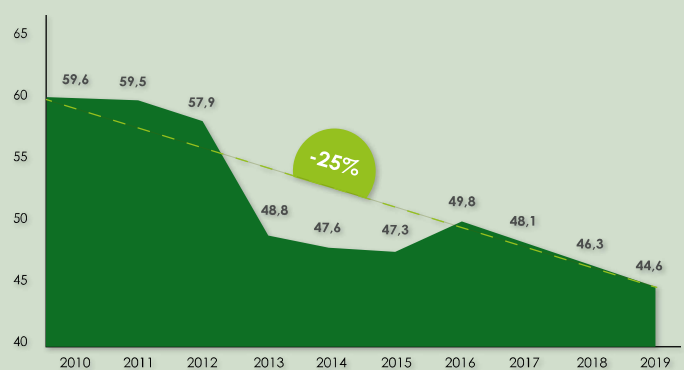


Development in distributed bargain catalogues in Denmark (million)



Source: Circular consumption survey & Trade Association (2018 - 2019)

Development in the weight of an average bargain catalogue from a Trade Association member (grammes per catalogue on average)



Source: Trade Association (2010 - 2019)

Denmark has reduced the volume of unwanted bargain catalogues

Since 2010, the total volume of bargain catalogues has been reduced by more than 50% from around 3 billion catalogues in 2010 to 1.4 billion in 2019. This trend continues and the market has, in other words, adjusted itself. One day, bargain catalogues will most likely be replaced by other channels and media that may be used locally. But such a change must take place in an orderly manner and allow for the retail businesses to adapt themselves to the new circumstances. There is no reason to pull the rug from under an entire sector. Furthermore, the weight of an average bargain catalogue in the same period decreased by 25%. This reflects an extraordinary decline in the total volume of bargain catalogues.

Exporting environmentally friendly technology

One of the Trade Association members has invested in new technology for several years, thus facilitating individual packaging of deliveries. This is the reason why it has been possible to launch the free-choice scheme NoThankYou+ in the first place. Moreover, the same

investments in packaging technology have made it possible for the sector to reduce its consumption of plastic substantially as it is no longer necessary to wrap bargain catalogues, etc., in plastic film.

In Denmark, we are far ahead of our peers in most other countries, and one of our Trade Association members is now assisting Deutsche Post in its green transition.

"At Deutsche Post DHL Group, we consider environmental and climate protection to be a corporate responsibility and a managerial challenge. In FK Distribution, Deutsche Post DHL Group has found a strong partner in the challenge of making products such as Einkaufsfaktuell (a German retailer- and TV guide) as eco-friendly and sustainable as possible."

Werner Thyssen, Leiter Deutsche Post DHL





Our next steps

A climate-friendly, low-carbon player

Bargain catalogues are often criticised for having an adverse effect on the environment. It goes without saying that – like any other type of production – our business leave a footprint as well. We do not claim that the delivery of bargain catalogues and local weeklies is a carbon neutral operation. On the other hand, we believe that this report has proved that its actual environmental impact is quite different from the multitude of myths that regrettably still exist. We also hope that we have made clear that we represent a trade that adds essential value to local communities, financially as well as socially.

How to improve

We are the first to recognise our corporate social responsibility with regard to sustainability, environment and climate. We live in a globalised world and face various large and common challenges to which both the individual person and the individual business must respond. Especially by creating more transparency with regard to our own part and effort.

As a result, the Trade Association has initiated a full life cycle study of the overall environmental impact of bargain catalogues. The study encompasses the process from the production of paper through the strengthening of the biodiversity during the process and an

assessment of transport and distribution activities, concluding with the energy consumed for recycling. The study has already been launched with the help of 2.-0 LCA Consultants, some of Denmark's leading experts in this area, ensuring an independent and precise report on bargain catalogues' total footprint.

We look forward to presenting this life cycle assessment and to a sober discussion about our trade based on facts and figures. It is important to people, local communities and the business sector.

"Our most important task is to help businesses on their journey towards a more sustainable footprint. We do so by providing state-of-the-art life cycle assessments. An accurate life cycle assessment constitutes our basis for ensuring that future development complies with environmental as well as social responsibility. On this basis, we may, together with our client, define targets that will actually make a difference for the benefit of the environment."

Jannick Schmidt, PhD and CEO,
2.-0 LCA Consultants



Brancheforretningen
af Danske Distributionsvirksomheder