

Rush in – “Cash” out

Ringier’s expansion to Eastern Europe in the 1990s

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Introduction

The economic and journalistic development of Ringier is on the one hand closely tied to its products and their structural integration in the organisation, on the other hand it is also strongly influenced by the leading figures in the company's history. In what follows we situate these factors in relation to Ringier's repeated attempts at expanding its business activities by entering and developing new markets. As we will see, the relationship is a complex one, for success or failure cannot be explained by referring to one dimension alone, but have always to be seen as the product of the interplay between different internal and external conditions which structure the course of the company. An important element here certainly is the fact that Ringier is a family-owned enterprise, which is manifest on the direct level of decision making as well as more indirectly by such values (or lack thereof) as trust and persistency. As we will see, the success of "Cash" and of Ringier in general in Eastern Europe ultimately depends more on these indirect factors than on the manifest ones.

1. Outline of Ringier's history

Today, Ringier is Switzerland's largest printer publishing house. Ringier is an internationally active company with total business volume in 2004 of over a billion CHF – i.e. roughly 810.6 million Euros.¹ Despite its success Ringier is still not quoted but owned and run by the family.² Historically, Ringier's roots date back to the year 1833. Then Johann Rudolf Ringier founds a small trade printing business in Zofingen. The first two subsequent generations of the family printers gain importance only locally, but fail as publishers. The change comes with the turn of the century as Paul Ringier, ingenious and innovative in all things related to typography, takes over the business in 1898 at the age of 22.³ The stern and ambitious patriarch would lead the growing business practically single-handedly until his death in 1960. Within a decade the company becomes one of the leading publishing houses in Europe under his leadership, a position which Ringier holds to this day.⁴ In this initial phase Paul Ringier lays the entrepreneurial and financial groundwork for the company's rise to the top of the

¹ This is an increase of 12.8% compared to 2004 (1.1 billion CHF). Regionally, Switzerland accounts for 66% of the total revenue, Eastern Europe 29.8% and Asia 4.2%. Further central figures for 2005 are: cash flow 143.2 million CHF (11.4% of the total revenue); returns after taxes 67.1 million CHF (5.3% of the total revenue); capital spending 86 million CHF; 6'441 employees world wide (cf. Ringier AG: Geschäftsbericht 2005, p. 7).

² Today, the company's shares are held exclusively by the three brothers and sisters Michael Ringier, Evelyne Lingg-Ringier and Annette Ringier. However, neither of the sisters has voting rights.

³ Johann Rudolf Ringier leads the business from 1833 until his death in 1974. He is followed by his son Franz Emil Ringier as owner until 1898 (cf. Meier; Gysin 2003, p. 21-26).

⁴ At the national fair in Bern in 1914 Ringier presents Europe's first rotogravure press, designed after his plans, which allows printing text and images in one step. In the following years Ringier constantly improves existing printing processes and creates new ones, which are partly sold under licence, and so establishes an international leading role in the area of rotogravure which lasts to this day (Meier; Gysin, 2003; Nauer, 1978).

Swiss publishers, which begins only in the 1920s with the increasing importance of the glossy magazines. At that time Ringier already has two successful titles on the market, the "Schweizerische Allgemeine Volkszeitung" (SAVZ) and the "Schweizer Illustriert Zeitung" (SIZ), and Ringier now launches a whole plethora of glossy magazines, buys out competitors and so leads the growing company to national importance. By the mid 1930s Ringier has climbed to the top of Switzerland's printers and publishing houses. The company's rapid growth is now followed structurally: in 1932 Ringier is converted from a limited partnership into an incorporated company and additionally founds a holding, which integrates the meanwhile numerous subsidiaries and co-operations.⁵ With a total of ten titles Ringier clearly dominates the magazine market in 1935.⁶ The reason for this ongoing success – despite the repercussions of the world economic crisis – is above all the strict editorial neutrality, even the apolitical stance of the magazines, which offer primarily advice and entertainment for the broad masses. The change comes in the mid 1930s. The more aggressive the German power politics presents itself after the Nazis ascent to power, the less the Swiss readership appreciates the viewless Ringier titles – with severe consequences for the publisher: subscriptions and advertisements drop, the circulations start to crumble. It is only in this situation that Paul Ringier reacts. He steps up the editorial offices and restructures the middle management, he hires two political journalists as editors-in-chief and so puts the focus on the political coverage. Ringier manages not only to absorb the losses, the circulations as well as the advertisements increase dramatically during the "spiritual defence" of the country in World War II as the magazines follow their journalism, now above all supportive of the state.

Due to this turn-around, Ringier emerges successful after the War: due to an exclusive contract Ringier has a monopoly position in the segment of radio magazines in the 1950s, the Zofingen based publisher is still leader in the segment of family and glossy magazines – in the German speaking part as well as in the Romandie. Ringier's own seven titles have a total circulation of over a million copies – which almost half of the total circulation of the Swiss press taken together (368 titles – 2.21 million copies).⁷ Ringier's postwar corporate policy of the late 1940s and the 1950s is largely marked by vertical integration; Ringier consolidates its position on the home market and starts single attempts at expanding its business into the neighbouring countries. Hans Ringier succeeds Paul Ringier as publisher after his death in 1960. But the operative management stays with Heinrich Brunner, Paul Ringier's spiritual

⁵ Cf. Meier; Gysin, 2003, p. 51 ff.

⁶ Apart from the SAVZ and the SIZ (launched in 1911) this includes "L'Illustré" (1921), "Ringier's Unterhaltungsblätter" ((1922), "Sie+Er" (1925/29), "Blatt für alle" (1930), "Frauen- und Modenzeitung" (1930), "Der Radiohörer" (1933), "Schweizer Radio-Illustrierte" (1933) and "Schweizerische Illustrierte Radio-Zeitung" (1934).

⁷ The "Blatt für alle" and the "Frauen- und Modezeitung" were merged meanwhile (1935/36), and "Pour tous" was launched in the Romandie (1946).

Regarding the circulation figures cf.: Statistik des Verbandes der Schweizer Presse, "Entwicklung der Zeitungstitel und Zeitungsauflagen seit 1939" (http://www.schweizerpresse.ch/de/statistik/ba/ba_entwicklung.shtml, 15.1.2006).

son within the company, whom he had preferred to his own offspring for his whole life. With Heinrich Brunner in control of the management, the company enters into a phase where it is run by managers coming from outside the family.⁸ The 1960s and 70s represent a phase of journalistic consolidation and integration as well as significant investment in Ringier's own printing business, and finally also mark the starting point of Switzerland's first and only tabloid – the "Blick". It is then above all the 1980s and 90s, in which Ringier orients its business activities more and more on an international level and in which it sells its products very profitably in Asia and particularly also in Eastern Europe.

2. Expansion as tradition: 1920-1990

Already sixty years earlier Ringier takes first steps to expand its business activities across the national border occur already sixty years earlier – namely to its adjacent neighbour. Yet they are all but successful: already Ringier's first attempt in the 1920s to gain ground in the German market fails. The reason behind the engagement in the German market is given by the fact that at the time more and more people in the Alsace and the south German regions subscribe to the SIZ but also to "Ringiers Unterhaltungsblätter" (RUB). The demand in Germany increases until 1924 and gives Ringier the idea to apply a simple strategy: to maximise its printing capacity by republishing successful titles in the whole common language area. The strategy is all the more promising, given that it has been applied profitably on the national level only a few years before – despite the existing language barrier. For in 1921 Ringier launches "L'Illustré" in the Romandie, a simple translation into French of the successful Swiss German SIZ, which has become Switzerland's largest magazine in the meantime. And the Romand counterpart, too, promptly establishes itself on the market.⁹

Paul Ringier's move is hence only consistent. He attempts to enter the German market with a well-tryed strategy: under the firm control of Ringier's head office in Zofingen he publishes an only marginally adapted German version of the SIZ which addresses the "solvent German middle class" mainly in middle, western and southern Germany. In July 1924 Paul Ringier commissions Erwin Hauser, bookseller and managing director of Ringier's small German outpost in Lörrach, to found the "Ringier & Co. Verlagsanstalt GmbH". It is through this subsidiary that Ringier launches the "Illustrierte Zeitung" (IZ) for the German market in

⁸ Heinrich Brunner is succeeded by Heinrich Oswald, who runs the company until his retirement in 1983.

⁹ "L'Illustré" is launched on the 10th Sept. 1921. Printing and publishing is done in Zofingen, where Robert Terrisse is employed as the magazine's only editor. His main task consists in translating the SIZ articles into French, editorial decisions and decisions about the content stayed with the Swiss German editor-in-chief of all Ringier publications, Hans Brack. It is only slowly that "L'Illustré" gains autonomy in the following years, which goes hand in hand with an abandoning of Swiss German and German focus and the developing of an own distinct profile (cf. Meier/Häussler/Hesse, 2004, p. 50).

1924.¹⁰ However, the German branch's sole responsibility is to organise the distribution, whereas the editorial work, the printing and the advertising management are all done in Switzerland. Accordingly, the strategy fails resoundingly. Produced entirely in the seclusion of the rather provincial Zofingen, the magazine misses completely the preferences and interests of both the German readership as well as the advertisers, and consequently does not stand a chance against the German competitors. As a result the IZ is soon in the red.¹¹ And although Ringier wants to get rid of its unprofitable business as quickly as possible, it has to wait four years until it finds a prospective buyer in 1928, the Berlin based "Hackebeil-Verlag". The lesson learned consists in Ringier's closing the German and international business activities, concentrating henceforth on the home market before the world economic crisis, the radical changes in the political landscape and the Second World War necessitate such a step.¹²

Ringier emerges as an economically prospering business after the War: the Swiss publisher not only defends its dominant position, but also generates substantial surplus revenues during the 1950s particularly in the printing business, but also in its activities as publisher.¹³ Among other things the surplus is used to renovate and extend Ringier's buildings, to set aside capital for reserves and amortisations, to pay back debts to the banks as well as to invest in numerous co-operations.¹⁴ Taken together, the company has still enough resources for new projects.¹⁵ But Ringier's growth is limited by the size of the domestic market. As the Swiss market for magazines is saturated a further expansion is only possible either by a new attempt at entering foreign markets or by entering a new segment of the home market. Ringier attempts both. However, its start in the daily newspaper business with the "Blick" at the end of the 1950s is not so much a voluntary decision as it is a forced step under the immediate pressure from its competitors.

Ringier's second attempt to gain a foothold in the foreign market in the first half of the 1950s is in turn a proactive step under the leadership of Paul Ringier, who at the age of 75 still runs the business single-handedly in his undisputed patriarchic style. It is of no surprise therefore that the idea for this new attempt is based very much on the same kind of reasoning as the first attempt thirty years ago: investments in the same language area, focus on the core of the publishing business, reuse of existing products and concepts, and maximisation of Ringier's own printing capacities. And this time again Ringier targets the German market. As it had done already in the 1920s, Ringier's first step consists in founding a company in Germany for the distribution of its magazines (in Constance in 1950). But Ringier has also learned its

¹⁰ The first issue of the IZ is published on the 10th Dec. 1924.

¹¹ In the first year on the market the IZ produces a deficit of 450'000 Reichsmark (cf. *ibid.*, p. 56).

¹² Cf. *ibid.*, p. 57ff.

¹³ Between 1950-60 the annual surplus is approximately 1.23 million CHF on average (cf. *ibid.*, p. 103).

¹⁴ In this context the most important investment of the following years is Ringier's purchase of shares of the department store Jelmoli. The tax value of the Jelmoli shares is assessed in 1961 already at 237 million CHF (cf. *ibid.*, p. 87).

¹⁵ Cf. Meier/Häussler/Hesse, 2004, p. 103.

lessons from its previous unprofitable engagement and does not leave its new expansion plans at that. Rather, it tries to improve the chances to enter the hard-fought German market by looking for an established German publisher in the magazine business, and thus renounces the strategy to push the expansion all on its own. The search of a suitable partner is conducted very carefully, and investment opportunities offered by former Nazi publishing houses Ullstein and Scherl are declined. Instead, Ringier co-operates with the "Otto Beyer Verlag" in 1954, based in Wiesbaden, as well as with Munich's "Weltbild-Verlag" in 1956.¹⁶ Both publishing houses are in the red and therefore open for the acquisition of interests. On the one hand the participation offers Ringier the opportunity to develop a market in one of its core businesses, i.e. women's and fashion magazines. On the other hand the Swiss publisher also has the idea to profit from Germany's economic miracle by exporting its lucrative pattern-sewing business.

Soon after that Ringier purchases interests of the "International Presse Import-Export GmbH" in Frankfurt in 1959, an international distribution company, specialised in English magazines. And it also starts an own editorial office in Frankfurt in 1959 ("Ringierco ffm"). Yet, although this second attempt to enter the German market is more broadly supported as before, it lacks a unifying and concerted strategy. Consequently, disaster strikes again: Ringier's interests in the German publishers continue to make losses as does the distribution of Ringier's own magazines as well as the foreign ones in Germany. Ringier does not succeed in getting a foot in the hard-fought and saturated German market against the established players. The company even fails in the niche of sewing patterns, for here the German publisher "Burda Moden" has itself become a worldwide concern thanks to selling sewing patterns and cannot be seriously challenged – let alone threatened – by the small Swiss publisher; all the more, given that the general interest in sewing patterns is rapidly decreasing at the end of the 1950s.¹⁷ Under these unfavourable conditions Ringier is forced to withdraw from its deficitary German co-operations. The retreat lasts well into the 1960s, for Ringier now is also increasingly engaged on the home front.¹⁸ In addition to the financial damage Ringier suffers a severe loss of image: irrespective of the economical failure of its expansion into the German market, Ringier is perceived by the public as an intransparent conglomerate and a precarious complex of power with international relations. With reference to the German publishing giant "Springer" the term "Springier" (Springer + Ringier) is created and frames the public discussion about the status of Ringier, diversity of opinion and democracy.¹⁹

¹⁶ Ringier's co-operation starts in 1956. Already two years earlier Ringier has plans to take over the Munich based Lyon publishing house, which are never put into action (cf. *ibid.*).

¹⁷ Cf. Freisinger, Gisela, 2005.

¹⁸ Cf. Meier/Häussler/Hesse, 2004, p. 104ff.

¹⁹ Cf. e.g. Der Ringier-Konzern vor dem Röntgenschirm, in Vaterland, 13.1.1968.

Ringier tries to counter the attacks by depicting itself as a bastion against the "German invasion" on the magazine market (cf. Oswald, Heinrich: Pressekonzentration. Vortrag. RUa 204).

At the beginning of the 1970s Ringier faces a fundamental change in its organisational and structural alignment. The long-serving manager Heinrich Brunner, who has run the company in the vein of his spiritual father Paul Ringier, is removed as he refuses to adapt his style of leading the company to the demands modern management standards and corporate governance. A new board of directors and especially a new CEO take over the leadership: Heinrich Oswald is the second manager at the top to come from outside the family, but he is the first one not to have worked his way up inside the company. Oswald has a background in the food processing industry and represents a new type of manager. As a result, on level of personnel policy the old-established staff is removed and replaced with managers of the new generation. On the level of the organisation the old structures are realigned: unprofitable business areas are closed; the intricately interwoven intercompany-participations are disentangled and the organisational units are restructured. Finally, the company's corporate policy is fundamentally realigned and reformulated: instead of continuing on the path of vertical integration, Ringier now forces diversification.

In the course of this development in the 1970s Ringier starts a third attempt at expanding geographically to the German market. This time, however, Ringier does not rely on its core business, i.e. magazine printing and publishing, but follows a strategy in line with the new maxim of diversification and tries to enter the market via audio-visual media and book publishing. The new expansion is the direct consequence of Ringier's take-over of the Swiss printer "C.J. Bucher AG", whose activities in the German market are inherited by Ringier, which transfers them in turn to its newly founded "Ringier Buchverlag" in 1973. In order to reach the critical mass and make the book business competitive, Ringier buys the Munich based publishers "Zuerl" and "Heering" in 1981.²⁰ At the same time Ringier enters the German market of special interest titles in the 1970s, a booming area at the time in Germany, and one which promises easy and quick profits. At the beginning of the 1980s Ringier owns eleven rather small special interest titles with circulations between 3'000 – 75'000 copies, published and distributed in Germany and which revolve around three main areas: sport and leisure, knowledge, and photography.²¹ Apart from the implementation of the maxim of diversification, Ringier here also follows the corporate strategy to maximise its printing capacities, which have grown considerably since the take-over of the "C.J. Bucher AG". The engagement in Germany soon reaches significant proportions so that the disparate activities are integrated in a separate organisational unit in 1981/82 and a subsidiary is founded in Munich. "Above all in order to be able to operate in the large German market", Oswald justifies the move, "we have shifted the emphasis and opened our quarters in Munich".²² Following

²⁰ Cf. Domo, 1981, January, p. 6.

²¹ Titles published in Germany are: Alpinismus (12'000), Drachenflieger, Fliegermagazin, Südkurs (15'000), Submarin (10'000), Natur, Warum!, Camera, Film- und Ton-Magazin (15'000), Foto-Wirtschaft (3'200), Fotomagazin (75'000).

²² New year's address 1981 of Heinrich Oswald, in: Domo, 1981, January, p. 4.

the new doctrine it is paramount that “the autonomous infrastructures grown in the past are integrated in Munich in such a way that they become a unified whole”.²³ Ringier has long term plans with its subsidiary in Munich: “The Swiss market has shown its limit of growth to Ringier”, the new director of the unit magazines/books GFR, Adolf Theobald, explains. “So we had to think where expansion is possible and where it is sensible. It is possible only abroad; it is sensible in the German Federal Republic. [...] All we will do from now on – be it the improvement of what exists or the launch of new products – will be conceived for the German speaking market”.²⁴

But Ringier never reaches the Austrian market, which it originally has also targeted. For in this third attempt as before the business activities in Germany never reach the break-even point, and as before so in the early 1980s too the new approach – diversification – fails because of a missing general business strategy. Although the different areas (audio-visual media, book publishing, special interest titles) ought to ensure a long-term growth, they are too disparate to allow a coordinated development and leads to Ringier’s dissipating of energies – in the mid 1980s the German business is subsidised with about 5 million CHF (ca 3.7 million Euros) per year. Not surprisingly, the board of directors, rearranged after the restructuring of the company’s management in 1982, calls for the immediate closing of the German business activities. However, Michael Ringier²⁵, meanwhile publisher of the 5th generation of the Ringier family, opposes the recommendation and decides to hold on to the lossy business – not least because of image reasons.²⁶ He justifies Ringier’s continued engagement with his belief in the long term success: “I see Munich merely as an intermediate step on the way to a higher objective”.²⁷

In this phase the objective in terms of publishing is the (west) European market: apart from Germany, whose market is over-saturated and where a short-term growth does not seem to be possible, France becomes the declared second profit driving region for Ringier’s international ambitions. The first – albeit timid – attempts to sell “L’Illustré” in the bordering regions of the Grand Nation date back to the 1920s and 30s, although the success is only marginal.²⁸ Now in the second half of the 1980s the publisher pools more resources into the business, as Michale Ringier puts it: “It is not easy for a publisher to export his products. It is therefore important that we go abroad in the publishing business. [...] We have better chances abroad”.²⁹ In France it is again the common language that increases the

²³ Domo, 1981, March, p. 5f.

²⁴ Cf. *ibid.*, p. 6.

²⁵ Michael Ringier attends the first course of Ringier’s journalism school, after quitting his studies at the HSG St. Gallen. He works as a journalist after graduating from the school, before joining the company’s executive committee and leading Ringier’s “new media/Germany” division (cf. Domo, 1984, nr. 10, p. 3). Since 1991 Michael Ringier runs the company alone.

²⁶ Cf. Domo, 1987, nr. 4, p. 11: “In Germany as well our image is very good”, Michael Ringier tells Domo, the company’s bulletin, “although our first steps a couple of years ago were not necessarily brilliant”.

²⁷ Cf. *ibid.*, p. 12.

²⁸ Cf. Meier/Gysin 2003, p. 41ff.

²⁹ Cf. Domo, nr. 4, p. 11.

chances. On the one hand, as before in Germany, Ringier plans to re-publish those titles in the same common language area that are already successful on the domestic market. And on the other hand, Ringier launches a new title, adapted for the French market: “We will start with the cultural magazine *Emois* and we will have *Illustré* and *L’Hébd* at the newsagents. We are very positive about this and are convinced that this could be the kick-off for a larger expansion”.³⁰ For this expansion, however, the Swiss publisher chooses the same way, which it has abandoned in Germany after it had paid dearly for its lesson: instead of co-operating with a French publisher and make use of an already existing infrastructure, Ringier starts its own subsidiary with resulting costs for the basic build-up work. “*Emois*” is intended to reach a circulation between 50-60’000 copies, in order to advance then to a European cultural magazine. Yet the lofty plans soon fail. Launched in 1987, the costly quality magazine is closed after only twenty issues – it simply is too expensive without promising any gains. This marks also the (temporary) end of Ringier’s engagement in the west European market, which turns out to be too difficult to enter, despite the (seeming) advantage of location and the common language: Ringier lacks the resources to be able to compete with European conglomerates on their home ground.

This is also a lesson learned by Christoph Ringier, who has been working in the company since 1972 and is a member of the top management since 1982. Christoph Ringier is convinced that the repeated attempts at expanding the publishing business have all been too risky and too costly. According to his own considerations, Ringier should first try to get a foot in foreign markets via the head start the company has in the area of printing, and only in a second phase should this be followed by publishing activities – custom follows print. Not surprisingly then Christoph Ringier is the driving force behind the company’s big step overseas in the 1980s – he pushes the expansion into the USA with much personal engagement.

Meanwhile the two brothers are in the top positions of the company: Michael Ringier is the new CEO after Christoph Ringier left the management and joined the board of directors.³¹ With this move the comparatively short era has ended, in which Ringier was led by managers external to the family: the restructuring of the top levels leads to the family occupying again a central position in the operative management as well as a stronger influence in Ringier’s strategic, thereby also retaining the ultimate decision-making power.³² At first sight, the allocation of different positions between the brothers – imposed by the will of their father – seems ideal as it follows a natural division of labour. And both of them agree that the

³⁰ Ibid.

³¹ Officially, the restructuring of the company’s top levels becomes effective the 1.3.1985. However, the terms used to describe the functions, “president of the advisory board” and “president of the executive board” are somewhat misleading, as there is no genuine supervisory position a chairman would have. De facto Christoph Ringier is the CEO and Michael Ringier the COO (cf. interview Grisard, 24.10.03).

³² But Hans Ringier still has the power of disposal, who holds 100% of the shares, which he divides between his children only in 1997.

company's long term growth can only be realised abroad. But there are significant differences between them when it comes to the overall direction of the expansion, which can be explained by the brother's different biographies and the related differences in their judgment about which is the adequate business strategy. Michael Ringier with his background in journalism represents the genuine publisher, who wants to push the expansion via papers and magazines. Christoph Ringier in turn is an economist, who graduated at Harvard Business School, and has strong affinities to printing technology; he is the one who plans to globalise the regionally big player. The balance of power between the two brothers together with the sure knowledge that because of the family ties they are "damned to harmony"³³, as Christoph Ringier puts it once, repeatedly leads to blockages in important decisions. By the mid 1980s the older brother Christoph asserts his vision – despite serious doubts from the board of directors and from Michael Ringier.

For the first time the publisher abandons Switzerland's adjoining markets. What is more, Ringier decides to expand the business via its printing business, which is still more profitable than the publishing side of the company. As a printer Ringier belongs to the top of Europe, particularly with regard to the technological know-how in rotogravure area. With its technological head start Ringier wants to develop new, international markets. Ringier establishes a joint-venture with the American printing company "Krueger Inc.", which holds a lucrative exclusive printing contract with "National Geographic". Ringier and Krueger each take over 50% of the printing facilities of "W.F. Hall Printing company", the seventh largest printer in the US, from "Mobil Oil" for 225 million US Dollars. Both partners each pay 20 million US dollars with their own funds, the rest is financed by a bank syndicate involving eight US banks. This is a crucial moment in two respects for the Swiss publisher: on the one hand because a considerable amount of the deal is financed through borrowing, a practice that Ringier tried to avoid under the reign of Paul Ringier but later also under Hans Ringier. On the other hand it is the sheer size of the deal, "whose dimension can hardly be imagined by anyone in Helvetia", as then Ringier's spokesman Hans Jürg Deutsch tells the astonished Swiss press.³⁴ In fact, through the US deal Ringier at one fell swoop doubles its size.³⁵

Ringier's entering the American market is proactive and its partner well chosen. Christoph Ringier realises already in the late 1970s the potential of the American market and the relative financial safety it offers at the same time, and so establishes first contacts already in 1977. In the following two years Ringier sets up a task force examines different scenarios, with the result that building an own printing plant is not cost effective. Instead, plans for co-operating with an American partner become more realistic. After first negotiations with other

³³ Cf. "Weltwoche", 31.1.1985.

³⁴ "'USA Today' wird ab heute in Adligenswil gemacht", in: "Tages-Anzeiger", 5.5.1986, p. 163.

³⁵ In 1985 Ringier has 2'800 employees, mainly in Switzerland, the annual turnover is ca. 550 million CHF. In the USA Ringier-Krueger has 2'600 employees and annual turnover of ca. 260 million US dollars.

potential US partners fail, Ringier eventually starts talks with Krueger.³⁶ Ringier is here presented with a most profitable opportunity: "Krueger Inc." does not have the necessary know-how in gravure printing, whereas Ringier's rise to the European top is exactly based on its leading role in rotogravure technology. Yet, while this first step into the America market is very circumspect and follows the operational logic, the subsequent financial engagements pose a substantial risk for the Swiss publisher: together with its partner Krueger Ringier takes over "W. F. Hall", the largest company in the paperback printing business in the USA with a 52% share in the market of, and starts a joint subsidiary "Krueger/Ringier" with headquarters in Chicago. The newly founded American subsidiary is a challenge for Ringier both on the organisational as well as on the financial level. Despite the growing economic risk Ringier takes over its former partner as Krueger runs into financial difficulties. Through the take-over Ringier additionally also acquires eight printing plants, which, however, operate in the area of offset printing and not in Ringier's own domain of rotogravure printing. All in all Ringier's total investments amount to 500 million dollars, of which Ringier finances only 50 millions, whereas a bank syndicate takes responsibility for the rest. The new leveraged buyout and the high degree of external financing turn Ringier's US expansion into such a risky venture that the company is on the brink of collapsing. Ringier pulls the emergency brake, but it is able to sell the now highly unprofitable American business only 1996.

3. The 1990s: "Cash" and the expansion to Eastern Europe

The picture is very different for Ringier's expansion strategy in the 1990's in Eastern Europe. What we can singled out here as structuring components of the expansion process stands almost in opposition to most of the previous attempts. This is already the case with the very first steps, which are to be seen as a reaction rather than as the proactive engagement characteristic for instance for the repeated attempts to get a foot in the German market. Furthermore, the Eastern European market is entirely unknown, the product which carries the expansion at the beginning – "Cash" – is not yet well established on the Swiss home market, and contrary to the company's prevailing philosophy, the operative management including the responsibility for the whole production process is largely assigned to the local branches. On a more general level these changes in the business strategy also reflect the company's "great paradigm shift" of the 1990s and the transformation of its self-conception from printer to publisher.

³⁶ Cf. Domo, 1981, January, p. 6.

3.1. "Cash"

In contrast to most of the preceding attempts to expand the company's activities the strategy in Eastern Europe differs in significant respects. Unlike the repeated efforts to get a foot in the door of the German market for instance, Ringier's first step into the unknown Czechoslovakian economy is not so much pro-active as it is reactive. It is on the one hand a former Professor for economy in Prag, Michal Voracek, who sees the possibility of launching an economy paper and contacts Ringier, as he thinks "Cash" to be the most suitable title for such a plan. And he finds Ringier's tirelessly creative mastermind and spiritual father of "Cash", Thomas Trüb, who is eager to start the project and seizes the opportunity. On the other hand, after the fall of the iron curtain Ringier is looking for new and not so high-risk investment opportunities as the US business proved to be.³⁷ The more than modest financial investment of further adds to the company's unusual quick decision to get involved in its Eastern European publishing adventure.

This is all the more surprising, given that "Cash" itself is a very recent addition to the publisher's portfolio. In 1988, only two years before "Profit" is launched, Switzerland's market for light entertainment magazines is largely saturated and Ringier is thinking about expanding and diversifying its product range via line extensions of established titles, mainly in relation with the successful "Blick", Switzerland's only tabloid and largest selling newspaper. Prominently discussed are possible titles such as "Blick für die Frau", a tabloid that would address a female readership in the style of the German "Bild für die Frau", or "Wirtschaftsblick", a business paper.³⁸ But instead of launching a simple business version of the "Blick", Thomas Trüb, then loosely attached to Ringier, together with the head of newspapers and new media Hansjürg Deutsch and then head of the executive management and co-owner Michael Ringier, decides to create a new and independent product – "Cash" – with the idea to "democratise" knowledge about the economy, i.e. to make the often intricate economic processes comprehensible for a readership without much previous knowledge in economic matters.³⁹ In this perspective the intention behind "Cash" clearly is also to break up the intellectual monopoly of Switzerland's Grand Old Lady in journalism, the "Neue Zürcher Zeitung", whose business section, Trüb feels, is written for stock brokers and economy experts but not accessible to the man in the street. Innovative as it may be, his idea is at first met with considerable criticism from within the company, mainly by other editors-in-chief who question on the one hand Ringier's public acceptance as a publisher of a "serious" title,

³⁷ The change of strategy is indirectly also influenced by the German Treuhand, which offers the Swiss publisher the opportunity to buy a newspaper in East Germany. Ringier turns down the offer as the necessary investment is beyond Ringier's financial capacities at the time, and it would have to face the competition against the large German publishing houses on their home ground. Even so, Ringier starts taking an interest in the countries east of the German border. In particular then Czechoslovakia seems to be an ideal starting point for an Expansion to Eastern Europe as it has a traditionally active civil society and a comparatively well developed industrial background. And it is still open for foreign investors, in contrast to Poland for instance, where German publishing companies already mark a strong presence (cf. Interview M. Ringier, 5.05.06)

³⁸ Cf. Interview with Thomas Trüb, 3.10.2005, p. 9.; Interview Hans Jürg Deutsch, 5.11.04, p. 53.

³⁹ Interview with Thomas Trüb, 3.10.2005, p. 10; Interview Hans Jürg Deutsch, 5.11.04, p. 53.

on the other hand consider the "Cash" concept to be too much on the tabloid side of journalism to be successful. But Trüb's project is backed by the owner Michael Ringier, who is himself strongly involved in conceptualising the new title, and "Cash" is eventually launched in 1989, shortly before the stock markets crash and before the recession is felt.⁴⁰ Paradoxically, the unfavourable economic conditions do not impede "Cash" from becoming a most successful project.⁴¹ Quite on the contrary, as Trüb would later assess himself, economic crises lead to the public's increased need in information, expertise and orientation about the causes of the crisis, remedies against it and possible developments.⁴² Thus the economic situation at that time and the journalistic structure of Switzerland's business press in general can be seen as the external factors that contribute to "Cash"'s positive development on its home market.⁴³ Equally important, however, are two internal moments: Trüb's undisputed journalistic leadership as editor-in-chief of the new title and the simple fact that at the beginning "Cash"'s editorial staff is geographically removed from the rest of the editorial offices, which have been gradually concentrated in Ringier's "press house" since the mid 70s, thus signalling that "Cash" is not part of Ringier's product range of light entertainment papers and glossy magazines. Cash is thus literally an outsider, both within the company and at the beginning also in the business press market, where it epitomises almost ideally the antithesis to traditional Swiss business reporting.

3.2. The development of the Swiss business press

"Cash" is launched amidst major shifts in the market of the Swiss business press, reflecting the changing ownership constellation as well as the journalistic and general socio-economic change.⁴⁴ The first innovation in the rigid Swiss business press market occurs in 1977 when Jean Frey AG publishes "Bilanz", a monthly glossy business magazine aimed primarily at managers at the executive level, which focuses more on people than on processes but still

⁴⁰ Cf. Interview Trüb, 3.10.05, p. 10.

⁴¹ A reader poll commissioned by Ringier reports in early 1990 that "Cash" has already developed a distinct profile, making it stand apart from other established titles such as the "Neue Zürcher Zeitung", "Finanz und Wirtschaft" or "Schweizerische Handelszeitung". On the positive side are further mentioned the openness of the paper, its general appearance, and the use of illustrative graphics. This seems to come at the expense of competence in economic matters, which readers still feel is the domain of the more traditional titles (cf. Domo, 1990, January, p. 6-7).

⁴² This is also the case in the Asian market. Cf. Interview Trüb, 3.10.05, p. During the financial crisis of the late 1990s in Asia, the circulation of the Indonesian adaption of "Cash", "Kontan", doubled (cf. Interview Trüb, 3.10.05, p. 10). "Kontan" is published once a week and is today the largest business publication in the country (cf. <http://www.ringier.ch/index.cfm?rub=189>, 17.5.06).

⁴³ The starting circulation of 90'000 copies in 1989 is more than quadrupled in 1994 (405'000 copies) and continues its fast growing trend, so that in 1995 the circulation is 737'000 copie (cf. Domo, 1989, nr.6/7, p. 12; Domo, 1994, nr. 8, p. 26; Domo, 1995, nr. 9, p. 17)..

⁴⁴ Two factors contribute to this uneven development. On the one hand it is the eroding party political ties and the resulting disappearing of the traditionally strong party press during the 1960s. In the market of glossy magazines in turn, foreign publishers, above all from Germany, try to get a foot in the Swiss market from the 1960s on. Due to the general interest structure of glossy magazines, they do not have to adapt their publications to fit the interest of the Swiss readership. However, the same does not hold in the case of the economy and the related business press. For here foreign competitors would have to publish local adpations of their titles with a strong focus on the Swiss domestic market – a financial and journalistic investment that is clearly not profitable enough for the big German publishing houses.

endorses the elitist view on economic matters.⁴⁵ “Politik und Wirtschaft”, a weekly put on the market in the mid 1980s by Jean Frey’s former managing director Beat Curti, covers the interplay between politics and the economy and like the “Bilanz” is aimed at leaders from the top level of the management as well as the political system.⁴⁶ However, the starting circulation of 50’000 copies has more than halved by 1991, and Curti, who has taken over his arch-enemy’s business in the meantime, is forced to integrate his defecitary title in the “Bilanz”. The career magazine “Katapult”, originally a section of the Bilanz, meets the same fate. It is published separately as a monthly with a criculation of 35’000 in 1990, but re-integrated in the parent title after only twelve issues.⁴⁷ Although all of these titles are journalistically innovative with their emphasis on leading business people rather than on abstract processes, they are all based on a traditional – i.e. elitist – idea of the economy and consequently target a relatively homogenous but above all rather small business elite. It is not surprising therefore that also Jean Frey’s “Weltwoche Leader”, a spin-off of the political weekly “Weltwoche” published in 1987 six times a year with a starting circulation of 40’000 copies, is an only shortlived experiment. All these titles are published in Zurich, the Swiss business capital, which reflects on the one hand the checks and balances between the big publishers, but also stresses the only marginal importance of the domestic French and Italian speaking markets until the 1990s.⁴⁸ In the Romandie the only successful titles apart from “Bilan” are “L’Agefi”, published by Alain Fabarez, and “PME Magazine”, published by the Handelszeitung Fachverlag, a subsidiary of the Verlagsgruppe Handelszeitung AG. “L’Agefi” is launched as a monthly in 1984 but then turned into a daily business paper for the business and financial elite in 1990. The monthly “PME Magazine” in turn competes directly with “Bilan” since it was put on the market in 1989. Their comparatively low circulations – taken together all three titles reach a total of just about 40’00o copies – but above all the fact that all of them were put on the market only in the (late) 1980s underscores the relative unimportance of the business press in the Romandie.

Despite the different journalistic approach of the new titles in the French and German speaking parts as well as the changing ownership structures, these changes in the 1980s come

⁴⁵ “Bilanz” has a starting circulation of 34’000 in 1981. “Bilan”, the equivalent for the French speaking market in Switzerland, is launched only eight years later in 1989 with a starting cication of 15’000 and published today by the Romandie based publishing house Edipresse. 55’000 (cf. Katalog der Schweizer Presse 1981/1989).

“Bilanz” is the re-launch of the “Wirtschaftsrevue”, a monthly business magazine published from 1962-1977, itself the successor of the monthly “Schweizerische Wirtschaftszeitung”, published from 1959-1961.

⁴⁶ As Switzerland’s political system is based on the idea of a semi professional parliament, all MPs also have a regular job. To a large extent the political elite therefore is also part of the business elite.

⁴⁷ In 1989 “Bilanz” has a circulation of 55’000 copies and is doing so well that Jean Frey decides to launch the spin-off “Katapult” in order to be able to accommodate all advertisements. Since 2005 “Bilanz” and “Bilan” are published every two weeks.

⁴⁸ The “Schweizer. Handelszeitung” is published in St. Gallen until the 1980s. “Politik und Wirtschaft” is published in Glattbrugg near Zurich. “L’impact” is the only French title launched in the 1980s; it manages to increase its starting circulation of 15’800 copies only marginally in the following years (cf. Katalog der Schweizer Presse, 1981/1989).

The geographic location of publishing houses, the degree of mutual observation of the publishers and the orientation of their titles plays also a major role in the development of Danish business press (cf. Hansen, Per/Boje, Per 2006: The Danish Business Press 1782-2005).

comparatively late in a segment of the press market which has largely been unaffected by the concentration processes that have shaped the landscape of the Swiss press since the 1960s. The development within the Swiss business press is marked above all by great continuity: since the late 1920s only two titles dominate the market, the “Schweizerische Handelszeitung” (SHZ) and “Finanz und Wirtschaft” (FuW).⁴⁹ Launched in 1928, FuW develops continuously from a small stock paper for customers of private banks to one of the renowned business papers in Switzerland.⁵⁰ For a long time, FuW is outmatched by the other traditional business publications, i.e. the “Neue Zürcher Zeitung”, the “Handelszeitung” and the “Finanz-Revue”, and so manages only minimally to increase its circulation between 1928 (500) and 1960 (3'000).⁵¹ A change comes only in the 1960s, as FuW forces a distinct profile as a paper for savers and depositors, small share holders and investors, and so increases its respectability.⁵² The editorial expansion and the increase in advertisements which follow, lead to a substantial and continuous growth in the circulation to over 53'000 in 2000⁵³, when the Zurich based Tamedia publishing house asserts its position on the Swiss market against such renowned competitors as the “Frankfurter Allgemeine”, “Neue Zürcher Zeitung” or the Romand “Le Temps” group, and takes over the FuW as the new “figurehead” in its business section.⁵⁴ As the FuW so too the SHZ is mainly an elite paper. Launched in 1861 by Friedrich von Taur during a time of excessive speculation, the then daily business paper stands out mainly for its continued criticism of intransparently kept accounts and balances – including

⁴⁹ The “Handelszeitung”, put on the market in 1861 as a weekly business paper, is published in by the “Verlagsgruppe Handelszeitung” and covers news from the economy, industry and management. The majority of the publisher’s parent company “Handelszeitung und Finanzrundschau AG” is taken over by Axel Springer in 1999. “Finanz und Wirtschaft” with a strong emphasis on the stock market and financial news, is published in 1928 at first five times a week, from the 1960s on only twice on Wednesday and Saturday. In 2000 the owner Gerhart Isler sells 100% of the publishing house “Verlag Finanz und Wirtschaft AG” to the TA Media AG, one of the big Swiss publishing houses.

⁵⁰ The FuW is the re-launch of the “Börsenberichte und finanzielle Nachrichten” of the Zurich based private bank Dätwyler & Co., whose first issue is published on the 4.10.1928 and has four pages. It includes the daily exchange rate of the Zurich stock exchange as well as news from different businesses and companies and is primarily aimed at the private bank’s customers. In 1929 the paper is organisationally separated from the bank and transferred into an own corporation, whose shares, however, are held by the bank. In the same process the paper’s title is changed to “Finanz und Wirtschaft” and it is published five times a week. After the closure of the Bank Dätwyler in 1935 the FuW’s editor-in-chief Hans Herrmann takes over and runs the paper until the 1960s (cf. “Finanz und Wirtschaft”, 1.05.2003).

⁵¹ The circulation increases only slowly: 1'200 (1933), 1'700 (1945), 2'000 (1950). What added to the slow growth of the FuW was the “Interhandel” affair (cf. König 2001) and the resulting lawsuit, which almost paralysed the paper’s development (cf. “Finanz und Wirtschaft”, 1.05.2003).

⁵² In particular the FuW’s stock index, which the paper introduces in 1955 and refines until 1959 increases both the circulation and the titles reputation. FuW’s stock index becomes a standard until the banks follow with their computer based indices. It is one of the last big innovations of the FuW’s owner Hans Herrmann, who sells the company at the age of 62 on the 17.4.1961 to the banker and lawyer Alfred Isler. Isler shapes the FuW’s development decisively in the following almost thirty years – also as interim editor-in-chief – until his death in 1988, when his son Gerhart Isler takes over the company (cf. “Finanz und Wirtschaft”, 1.05.2003).

⁵³ The circulation figures develop as follows: 6'500 (1965), 21'042 (1975), 32'197 (1985), 36'639 (1995), 53'054 (2000), 35'203 (2005). Alfred Isler enlarges the editorial offices and the publishing house substantially, from three employees in 1960 to 85 in 1995, in 2003 FuW has even 120 employees.

⁵⁴ The parent company of the “Tages Anzeiger” (TA) prints the FuW since August 1966 and intermittently also put rooms for the editorial staff and administration at the disposal of the paper. Out of this co-operation the TA company first buys 10% of the FuW shares, then in 1991 another 10% together with purchase option for the rest as sleeping partner. In 2000 the Zurich based publisher, now operating under the name “Tamedia AG”, observes its right and buys the remaining shares (cf. “Finanz und Wirtschaft”, 1.05.2003).

the accounting system of the Swiss Confederation.⁵⁵ In the course of its history, the SHZ takes over and integrates four other titles, among them the "Basler Handelszeitung". Despite its successful development, the SHZ's performance is an unstable one – not only in terms of its circulation and profit: during the Third Reich the SHZ is led by editors, who show rather dubious political leanings. And for some time the SHZ's closeness to the arms manufacturer Bührle is critically observed by the media and the general public. Since then, however, the SHZ has become an independent and professional paper, whose editorial staff has increased from three editors in 1973 to over ten in the mid 1980s. Throughout its history the readership has remained the same: people from the top levels of the management as well as self-employed persons.

Because FuW and the SHZ together cover all one needs to know about the Swiss economy, potential competitors have it difficult to challenge their position. In fact the only serious and successful attempt is made by the monthly "Schweizerische Wirtschaftszeitung" in 1959, which is published as "Bilanz" in 1977 after several makeovers and one re-launch. It is thus only the late 1990s with the emergence of the "new economy" and an increased interest in online publishing possibilities that sees new and innovative products coming on the business press market, mostly with a focus on private investment possibilities. Yet with a few exceptions such as the investment magazine "Stocks", a spin-off of the "Handelszeitung" launched in 2000, most attempts are rather short-lived and remain marginal in their importance due to their targeting a specialised segment of the market.⁵⁶

But the development of the Swiss business press is also late compared to the situation in foreign markets. In Austria for instance the emergence of the business press coincides with the decline of the political party press in what is seen as the second wave of concentration processes taking place in the early 1970s. By contrast Switzerland only has two genuine business papers at that time – which moreover remain untouched by the shifts in other parts of the press market.⁵⁷ In the case of Sweden in turn, political, socio-economical factors and changes in the tax law lead to a fundamental reorientation of the business press which predates the Swiss development for almost thirty years.⁵⁸ The Swiss development by contrast is shaped by three factors. First, unlike Austria (or Sweden) Switzerland is a multilingual country and therefore rather unattractive for foreign publishers. Second, the quasi monopoly status of the "Handelszeitung" and "Finanz und Wirtschaft" obscures the fact that there is a

⁵⁵ Initially, the paper is launched as "Schweizerische Eisenbahn- und Handelszeitung", a daily that is published also on Sunday (cf. Basler Zeitung, 25.4.1986, p. 163).

⁵⁶ "Future(s)", published by "L' Agefi" owner and Edipresse rival Alain Fabarez, is an example of an unsuccessful attempt to launch a new economy monthly in the Romandie and France. Originally conceived as a magazine for the business elite by former "Bilan" editor-in-chief Max Mabillard, Fabarez revises the concept in order to make it more accessible for a broader readership. Yet, after only eight issues he closes the magazine (cf. Klartext, 1.9.2001).

⁵⁷ A first wave of consolidation in the Austrian print media market takes place in the 1950s, other phases follow in the early 1970s and the late 1980s phases (cf. Natmessnig, Charlotte 2006: Business Press in Austria).

⁵⁸ Cf. Lindgren, Hakan (2006): On Virgin Soil. Entrepreneurs in Swedish Business Journalism in the 1960s and 1970s.

plethora of titles published by all kinds of business associations and organisations, which complements the coverage of popular magazines and business papers and makes the market even more saturated. Additionally, the liberal “Neue Zürcher Zeitung”, although a regular broadsheet, traditionally puts a strong emphasis on business and financial matters and has secured itself a leading position regarding business coverage. And third, largely unaffected by the repercussions of World War II and without the constant threat of state interventions as is the case in Sweden, the Swiss business press and the Swiss market develop without ruptures or government imposed obstructions. This also means that despite its linguistic segmentation, the Swiss market business press is a highly saturated one and publishers have to find more and more creative ways to increase the profit of their business.

3.3. Early bird catches the worm

Publishing houses can generally develop a market in two ways, either by diversifying their product range, or then by expanding into new geographic areas. In the 1990s Ringier combines both options. At first sight, however, Ringier’s very initial step into the opening markets of the former Soviet republics in Eastern Europe seems counterintuitive if not outright daring. For the first publication to be launched by a Western publishing house in the then Republic of Czechoslovakia is not a political newspaper that would critically reflect the radically changing sociopolitical conditions, nor is it a title oriented towards entertainment in the tradition of Ringier’s core business. On September 6th 1990 Ringier launches the business paper “Profit”, the Czechoslovakian *pendant* modeled after its Swiss sister “Cash”, with a starting circulation of 50’000 copies.⁵⁹ Despite the existing personal contacts between Trüb and Voracek this move is more than unusual from the perspective of Ringier’s economic interests, given that on the one hand Ringier is already substantially engaged in the US American market, on the other the private industry of the Czechoslovakian Federal Republic is still more or less at the beginning of its development and contributes just about 1% to the overall productivity of the country. Clearly, there is no need for a business paper in the CSFR. But democratic freedom is so strongly intertwined with the belief in economic prosperity that Ringier’s title clearly touches a nerve, for after only two months “Profit” reaches the break-even point, and after two further months the initial investment is paid back in full.⁶⁰ The success is so overwhelming and continuing, people’s need in these fast-paced times for orientation in a rapidly growing and constantly changing economy is so fundamental, that in 1993 “Cash” is not only published in Prague, but also in Bratislava, Bukarest, Sofia, Warsaw

⁵⁹ “Profit” – conceived by Trüb, Ringier’s press development unit and Voracek – offers basic know-how about management and how to found a business, covers joint ventures and newly opened branches of international companies, and makes predictions about the general economic development such as the unemployment rate as well as the inflation of the currency – all rounded off with a portion of gossip about business celebrities. All in all it is thus in content and style what we might call a “rough guide to capitalism” (cf. Domo, 1990, nr. 8, p. 8-9).

⁶⁰ Cf. Domo, 1991, nr. 5/6, p. 34.

und Budapest.⁶¹ Taken together, "Cash" in Switzerland and Eastern Europe has a total circulation of about half a million copies and thus becomes the largest business weekly in a Europe, which is politically only beginning to form. And the success is evidence of Trüb's conviction that "an up-to-date, attractive business paper, which offers a lot of concrete information, meets a need exactly in those countries that are on the threshold to market economy".⁶²

3.4. Growth, control and consolidation

What is central for the whole expansion process in Eastern Europe and concerns the "Cash" subsidiaries as well as all the other subsequent publications such as the tabloid "Blesk" and the involvement in TV programmes etc. is the overall balance between control on the one hand, and relative autonomy and creative freedom on the other. This is evident both on the level of the central actors and the roles they occupy as well as in relation to the structural properties of the business. Thus, Trüb in the role of the creative and energetic coordinator finds the ideal counterpart in the circumspect and judicious Voracek, who not only guarantees the long term continuity of the project, but has also the important ties to politics, journalists, and printers to translate the abstract idea into action. It is therefore only logically consistent that Voracek as the spiritual father of "Profit" should also become both its first editor-in-chief and the managing director of "Profit Inc." and of "Ringier CSFR AG", Ringier's Eastern European affiliate.⁶³

What is difficult for Trüb and his style of working, being used to critically reading and evaluating every article of the publications he is in charge of, proves to be an essential condition for the success of the project: the linguistic and cultural barrier provides enough independence for the local journalists from the parent company to fill the paper with the kind of contents and in the way they think is appropriate. In turn Ringier in late 1991 starts a training programme for their employees in Eastern Europe in journalism and marketing, which has the seemingly paradox effect of providing greater autonomy for the local branches and at the same time greater control for the parent company, for it also institutionalises key concepts and ways of thinking and acting constitutive of Ringier's corporate culture as a whole. Initial assistance through editorial teams from Switzerland, common workshops and training programmes are one of the manifestly institutionalised ways of exerting control while fostering and encouraging at the same time the journalistic potential and marketing skills of the local staff.⁶⁴ Additionally, at least in the initial stages of the expansion process

⁶¹ Cf. Domo, 1991, nr. 5/6, p. 34.

⁶² Trüb as cited in Domo, 1993, nr. 5/6, p. 3.

⁶³ Cf. Domo 1995, nr. 6, p. 24. Trüb is the CEO of Ringier CSFR AG and has the overall responsibility for the coordination and organisation for the whole expansion process (cf. Domo, 1991, nr. 5/6, p. 34).

⁶⁴ Today, the representatives of Ringier's various branches in Eastern Europe meet regularly to discuss common problems, exchange their views and foster a common corporate culture. This is so successful that the owner Michael Ringier speaks of know-how now flowing in the opposite direction, from the East to the West. To mark its

Ringier hires expats to occupy leading positions in its Eastern European outposts in order to bridge the cultural differences and exert a minimum of financial and journalistic control.⁶⁵

In this period of expansion Ringier thus contents itself to exporting concepts, which in the long run also means exporting a specific part of the overall corporate culture. The concept approach as such has three decisive advantages: first, because the concrete content of the paper is the responsibility of the local desk it ensures that the publication does not ignore the demands of the market, i.e. the needs and preferences of the readership. Second, and very simply, exporting a concept is much less of a financial risk than founding and running a whole company, possibly together with a printing plant. And thirdly, concepts can be easily adapted to meet new conditions, and thus display a great flexibility and allow for quick reactions, if new competitors should come on the market. In line with this strategy Ringier avoids building or buying printing plants if it not absolutely necessary: "print follows custom" is the motto.⁶⁶ Before new titles are launched the market is tested for demand and local printing capacities and distribution possibilities are thoroughly examined. This is also the case in Poland, Rumania, Bulgaria, and Hungary, where the local adaptations of "Cash", i.e. "Cash", "Capital", "Kesch", "Kápé" are launched between 1992 and 1993.⁶⁷ In most of these countries special interest titles such as a do-it-yourself title in Slovakia in 1992 or the buying of the long-established youth magazine "ABC" in the Czech Republic follow, in addition to women's magazines, tabloids, TV-Programmes, and majority participations in local publishing houses such as "Euroskop" in Bratislava⁶⁸. Apart from these publishing activities, Ringier tries to exert greater control over the whole process of production and distribution by cooperating with a direct marketing company from 1992 on in Prague as well as from 1993 on in Bratislava.⁶⁹

However, the euphoria of the initial gold-rush mood is quickly overtaken by the harsh reality of the general economic development. As the inflation rate is constantly high and prices for products and services rise continuously, and as some of the most important advertisers go bankrupt, the expansion makes way to a first phase of consolidation.⁷⁰ Although Ringier is still well-positioned in the market, the Swiss publisher accounts for 46% of the total circulation in the Czech Republic for example, now in 1994 Thomas Trüb declares that in the present circumstances the same financial growth and increase in circulations would no longer

175th birthday, Ringier has decided to build local journalism schools after its Swiss model in all the Eastern European countries where Ringier is active (cf. interview M. Ringier, 5.05.06; Domo 2000, nr. 3, p. 9).

⁶⁵ Cf. Interview Werfeli, 19.04.06, p. 35.

⁶⁶ Because of the limited local printing capacities and Ringier's enduring success, the company decides to join in the buying of a former state owned printing plant in Ostrava, Hungary, in 1993 (cf. Domo, 1993, issue 3/4, p. 10-11).

⁶⁷ Cf. Domo 1992, nr. 10, p. 21; Domo 1993, nr. 3/4, p. 8-9.

⁶⁸ Cf. Domo 1991, nr. 5/6, p. 34; Domo 1999, May, p. 9.

⁶⁹ Cf. Domo 1993, nr.3/4, p. 33. In 1995 Ringier CR is the largest publishing house in the Czech Republic (cf. Interview Voracek Domo 1995, nr. 6, p. 24-25).

⁷⁰ Cf. interview Trüb, 3.10.05, p. 12.

be possible.⁷¹ In fact, according to Trüb it would be very unlikely that the same “Cash” rush could be done again. Of course, in the absence of any reliable assessment of the market or predictions about the economical development, Eastern Europe had been very much a testing ground for all kinds of publishing ideas, and Ringier now is forced to concentrate on those activities where it is traditionally strong, i.e. products for a mass market. This phase of consolidation is characterised by a strict economy drive accompanied by substantial layoffs, an integration of the product range, and Trüb’s handing over of part of the responsibility to Martin Kall and the conscientious and perspicacious Sylvia Lepiarczyk, who (re-)structure and realign Ringier’s business activities in Eastern Europe in the late 1990s.⁷² Two common trends can be discerned here: in the printing sector Ringier successfully launches adaptations of its tabloid “Blick”, Switzerland’s largest selling newspaper, as well as women’s magazines. At the same time it also starts (co-)producing programmes for the growing television market, which has been absorbing more and more of the advertising capital. In turn, all of the special interest titles are sold under licence or closed including most of the local adaptations of “Cash”, which have not been able to stabilise its own readership and which have also come under increasing competition from the growing economy sections in the daily newspapers, with the exception of “Capital” in Romania, which is still owned by Ringier and sells very profitably.⁷³ Activities in Bulgaria and Poland are closed down completely in 1996. Gradually the competition to be the first in the market is replaced by the ousting competition to be the best – which above all means to be the best selling. This is not as easy in the mid-90s as it was at the beginning, given that the markets are already saturated to a great degree: in the Czech Republic alone 25 newspaper titles and well over 800 weekly and monthly magazines are published, mostly by foreign companies such as Ringer.⁷⁴ Nevertheless, by the end of the 1990s Ringier has consolidated and strengthened its position so that in 1998 Michael Ringer judges the business development in Eastern Europe without reservation as a “success story”, although the lesson learned that to be the first is not enough was “bought at a dear price”.⁷⁵

3.5. Patience, partners and persistency

In part, at least, the price is shared between Ringier and its business partners during the different stages of the expansion process. Because of the engagement in America it is clear from the very beginning on that Ringier cannot expand to Eastern Europe on its own, but is forced to look for investors and follow a low-risk strategy.⁷⁶ It does so at first with the exporting of the “Cash” concept. But the success is so overwhelming, the business

⁷¹ Cf. Interview Trüb 3.10.05, p.12; Domo 1994, nr. 3, p. 10; Interview Voráček Domo 1995, nr. 6, p. 24-25.

⁷² Cf. Interview Lepiarczyk, 11.01.06, p. 2; Domo 1998, nr. 19, p. 4. Since 2002 Sylvia Lepiarczyk is the sole responsible for Ringier Europe (Interview Lepiarczyk, 11.01.06, p. 3)

⁷³ Cf. Interview Trüb, 3.10.05, p. 12

⁷⁴ Interview Voráček, Domo 1995, nr. 6, p. 24.

⁷⁵ M. Ringier (1998) „Geduld und Zähigkeit“, *Domo* (May), p. 4.

⁷⁶ Cf. Interview M. Ringier, 5.05.06.

opportunities so numerous and the investments in “Cash” itself but also in other products become so substantial that Ringier sooner or later has to look for a partner. Ringier’s overall success in Eastern Europe is not only due to the publisher’s quick reaction after the fall of the iron curtain or “Cash”’s performance alone. For although these factors are certainly significant in their own right, one decisive instance in the company’s expansion strategy is its persistence, characteristic of Ringier’s corporate culture. The more the markets in Eastern Europe take shape the more Ringier’s patience becomes a financial burden, which the Swiss publisher can no longer carry on its own. Yet despite the sometimes rather chaotic circumstances, in contrast to some of its partners Ringier has a farther reaching perspective. The difference is accentuated most clearly when Ringier’s long term strategy is compared to that of its partner in Hungary and Romania at the beginning of the 1990s, Gannett, whose attempt to get a hold in the Eastern European market is only short-lived and clearly does not pay off. As a stock quoted corporation Gannett cannot justify the continuing financial engagement to its shareholders, and after two consecutive unprofitable years aborts the whole endeavour.⁷⁷ Ringier in turn has the advantage of having an owner who is willing to go a long dry spell if he is convinced by the basic idea. What is more, Ringier’s partners in the different stages of the Eastern European expansion co-finance the Swiss publisher’s projects and business activities. Gannett not only participates in Ringier’s expansion plans in Hungary, Romania, Bulgaria and Poland on a 50% basis, more importantly it writes off its investments completely as the management of the US publishing giant decides to end the engagement in Eastern Europe in 1996.⁷⁸

Other significant financial support comes even earlier from the Kirch Media Group, which helps to kick off Ringier’s activities in the CSFR in 1991 by contributing 49% of the total investment.⁷⁹ Kirch sells his share – now including 14 newspaper and magazines in the CR and seven titles in Slovakia – to Axel Springer Verlag in 1996. Springer in turn sells it back to Ringier in 2000 as the Swiss publisher seeks greater control over its business in Eastern Europe in the course of its efforts to restructure its various international activities.⁸⁰

The co-operation with Gruner + Jahr is the third and last strategic alliance in Eastern Europe so far. Starting in 2001 it includes a majority participation of Ringier (49,9%) with Gruner + Jahr’s “Nepszabadsag”, Hungary’s most important newspaper.⁸¹ In Slovakia, both partners establish a joint venture, with Ringier holding 49% of the interests, whereas Gruner + Jahr

⁷⁷ Cf. Interview Werfeli, 19.04.06, p. 36; interview M. Ringier, 5.05.06.

⁷⁸ Cf. Interview Werfeli, 19.04.06, p. 36; interview M. Ringier, 5.05.06. As Michael Ringier explains the Swiss publisher and its American partner have had excellent personal contacts already for a long time (cf. Interview M. Ringier 5.05.06) which might account for the more than fair terms on which their common business relationship in Eastern Europe ended. And business contacts exist well before the 1990s as Ringier is the first company to print the European edition of Gannett’s “USA Today”.

⁷⁹ Cf. NZZ, 15.1.1994; Interview Trüb, 3.10.05, p.11.

⁸⁰ Cf. NZZ, 18.1.1996; Tages-Anzeiger 6.4.2000, p. 37; Interview Deutsch, 05.11.04, p. 55.

⁸¹ “Nepszabadsag” with its strong advertising section is second in terms of circulation only to Ringier’s own “Blick”, a successful adaption of its Swiss tabloid “Blick”. Ringier is already the biggest publisher of newspapers in Hungary before the deal with Gruner + Jahr (cf. Tages-Anzeiger 6.4.2000, p. 37).

participates with 25% in Ringier's publishing and printing business in the Czech Republic.⁸² In 2003, however, Gruner + Jahr's parent company Bertelsmann takes interest in the Hungarian TV station "RTL Klub", which forces Gruner + Jahr to sell its newspaper in 2003 in order to comply with anti-trust regulation. In the course of the German publishers' restructuring their businesses, Ringier takes over "Nepszabadsag", most of Gruner + Jahr's interests in their common joint venture as well as other parts of its "Eastern empire", including titles in Romania and Serbia.⁸³ This is the last step in Ringier's expansion, which brings the Swiss publisher in exclusive possession of (most of) its business activities in Eastern Europe.⁸⁴

Initially, the quick success of "Cash" paves the way and gives Ringier enough confidence to go on and expand its activities, but to a great extent it is also the patience Ringier has already shown with other projects such as the "Blick" that is the key to its overall performance in Eastern Europe. In the initial stages of the Eastern European expansion process, "Cash"'s performance lays the groundwork for the subsequent development. Its sister magazines in the CSFR, Bulgaria, Romania, etc. allow the parent company to successfully get a foot in the door of the new markets. More than this, it also gives Ringier the opportunity to test the "concept approach" under real circumstances and at a minimal financial risk, and through the initial profit, "Cash"'s sisters contribute to financing part of the investments. Thus, in the beginning "Cash" turns out to be a veritable gold mine and through its success also contributes to implement the company's new maxim "print follows custom", constitutive of the general shift in Ringier's self-conception from printer to publishing house. Thomas Trüb is therefore certainly right when he remarks that "without Cash there wouldn't have been any business activities in the East":

Cash was like a door opener to these markets. We sent "Cash" in the Eastern market like a tracking dog, let him sniff around, watched what happened, learned from the experiences and depending on the result, we pushed the other products.⁸⁵

But it is equally important to see that the pushing of other products would not have been possible without Ringier's persistency, i.e. the parent company's and above all the owner Michael Ringier's trust in the economic and journalistic development alike. It might be of additional importance in this context that family owned businesses in general do not only have an abstract "public face" in terms of their corporate image, they also have a very

⁸² In Slovakia G+J and Ringier become the largest publishing house. Ringier already owns five titles in the segments of TV, women's and family magazines. G+J adds to it among other publications the very profitable tabloid "Novy Cas", Slovakia's biggest newspaper (cf. Tages-Anzeiger 6.4.2000, p. 37).

⁸³ Cf. Der Kontakter, 7.04.03, p. 23; Interview Werfeli 19.04.2006, p. 36-37; Interview M. Ringier, 5.05.06; Ringier Jahresbericht 2004, p. 24ff..

⁸⁴ Cf. Ringier Jahresbericht 2004, p. 24ff..

⁸⁵ Trüb as cited in Persönlich, 2001: Interview mit Thomas Trüb, May, p. 4.

concrete face in the persona of their owner. And the fact that there is a person who owns the company has shown – at least in the case of Ringier – to be of advantage in negotiations with business partners, state officials, etc.

In this perspective it is two complementary factors that make the 1990s in the end a financially and journalistically successful decade: the marketing mainly of concepts as a short-term, flexible strategy leads to quick growth and profit but also to an uncoordinated engagement in all kinds of media related areas. This is in turn balanced by a long-term orientation and by Ringier's entrepreneurial stamina, a characteristic trait of Ringier's corporate culture which plays not only a central role in the expansion but also in the company's general process of renewal and realignment in 1990s. Underlying the whole process is the integration and transformation of the quick succession of business activities which mark the beginning of the expansion into institutionalised structures that carry the further development and guarantee financial stability in a long term perspective.⁸⁶

4. Conclusion

If we look at Ringier's different attempts at expanding its business not from a perspective of time – i.e. short-term vs. long-term strategies –, but from an actor's and organisational point of view, we can describe the dynamics at work in the single stages between the 1920s and 2000 as driven mainly by a tension between control (actors) or assimilation/integration (organisation) on the one hand and trust/risk or autonomy on the other. The repeated efforts to enter the German market are marked by an imbalance between control/integration and trust/autonomy, due to the mistaken assumption during the reign of Paul Ringier that the German market, because of its geographic and cultural proximity, works very much like the Swiss one. The re-publishing of the "Schweizer Illustrierte Zeitung" as "Illustrierte Zeitung" in Germany in the mid 1920s is doomed to fail as the editorial offices are based in Zofingen whereas the rest of the organisation is left in Germany without any supervision. Not surprisingly then the title does not catch on with the German readership. The same lack of control is also the main reason for the failing of Ringier's second attempt to enter the German market in the 1950s. The scattered co-operations are too diverse to form a homogenous whole or conform to a unified strategy, a basic shortcoming that cannot be overcome by Paul Ringier's authority – i.e. the will to control – either. The next attempt at the end of the 1950s is already more consistent in that Ringier co-operates with a distribution company and starts an own editorial office in Frankfurt. Yet here again, the organisational unity cannot belie the

⁸⁶ To a certain degree, this long term perspective is already part even of the first rather chaotic phase in the early 1990s, for although Thomas Trüb is the creative mastermind rather than the coordinating manager, he quickly realises that "Cash" can only survive if there is enough indirect control, i.e. know-how transfer from Ringier to its subsidiaries in form meetings, collaboration, training courses, etc. Thereby Ringier also institutionalises part of its corporate culture in Eastern Europe and lays the groundwork for a long term perspective.

missing strategy, which would include among other things a journalistic concept. The pattern sewing business, with which Ringier seeks to make its profit, is on the sharp decline, whereas the English titles published by its partner in Frankfurt clearly do not fit in Ringier's portfolio. The expansion to France in the 1980s turn is marked by a return to the same mistake Paul Ringier has made sixty years before, i.e. the idea that Ringier is most flexible when it enters markets without partners.⁸⁷ Later then in America the turning point comes when Ringier takes over its former partner Krueger and gradually loses control of the business and sight of the original objective to enter the American market with Ringier's own know-how. For the seeming bargain in the United States comes at a time when Ringier already has significant financial commitments, and so only contributes to reducing the company's ability to act.

The success of the 1990s in Eastern Europe by contrast is characterised by a more balanced relation between trust/control and autonomy/integration. The central factor in all business activities, i.e. the financial commitment, is initially very low – and furthermore divided by Ringier and its partners. The concept approach, first realised with "Cash", which is adapted for and introduced into the new markets, proves to be crucial not only for this stage of the expansion but also for the subsequent and more substantial engagement, as the quick and significant success confirms that the company is on the right track. At the same time, the geographical distance, but above all the political, economic and cultural differences force Ringier to cede control over its Eastern European activities almost entirely to its local branches. Integration by the parent company is exerted more indirectly, by fostering a common corporate culture both on the level of the journalistic content and in relation to the management. As the performance of some of its business activities operate at a deficit, the initial autonomy is soon replaced by the parent company's taking greater control in order to coordinate and stabilise the expansion. And as Ringier had to learn before, when it tried to export its pattern sewing business to Germany in the 1960s, so it is confronted here again with market segments as dynamic and fast changing entities which force the producer to constantly adapt to new conditions. In Eastern Europe this is reflected through the launching of the "Blick" adaptations and women's magazines, which take over the "Cash" subsidiaries's leading role on the market. Yet, "Cash"'s position is also challenged on the Swiss domestic market. The "democratisation of knowledge" about the driving mechanism behind the economic system together with small private investors's increasing interest in the economy lead other papers to revise the journalistic concepts of their business sections. "Cash" reacts to the growing competition by launching the TV programme format "Cash TV" on national

⁸⁷ Generally, Ringier's collective memory as company is underdeveloped and not well integrated into the organisational structures. To some extent this might a result of the fact that it is a family business, run for a long time by members of the family, who do not see the need for a structural integration of their know-how and know-that into the organisation. Additionally, with Heinrich Brunner and Heinrich Oswald two managers coming from outside the family take over the leadership. Above all the era Oswald, during which Ringier expands to France, marks a break with the past as Oswald not only comes from outside the family but moreover from outside the company and has therefore not been part of Ringier's corporate culture.

television, thus following Trüb's original "democratisation" maxim by bringing the contents even closer to the audience. The economy of the market is thus reflected in what we could call the "economy of the content", referring to style, orientation and to the medium itself.⁸⁸

The expansion to Eastern Europe also confirms the priority of the publishing over printing side and thus marks a period of transition in Ringier's self-conception, which also reflects Michael Ringier's growing influence on the course of the company during the 1990s.⁸⁹ Ringier's expansion to the emerging markets in Eastern Europe shows that a project of such a size and duration needs above all persistency, a faculty that company owners of family businesses seem to possess more than most share holders.

⁸⁸ Ringier is planning to integrate all of "Cash"'s derivatives (print, TV, online products) on one platform, which can be accessed flexibly by the consumer (cf. interview M. Ringier, 5.05.06)

⁸⁹ Similarly, in Sweden Albert Bonnier Jr. is the first in the Bonnier group to bring up the idea of publishing a business paper – albeit almost thirty years before Ringier enters the market (cf. Larsson, Mats 2006: Markets and owners in Swedish Business Press).