Communications, media and internet concentration in Switzerland, 2019-2021

Global Media & Internet Concentration Project

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Acknowledgements
We thank Professor Dwayne Winseck, Guy Hoskins, Blue Miaoran Dong, and Agnes Malkinson for their guidance in the project, their suggestions on the criteria to collect the data, and for their patience in waiting for this report.

We are also grateful to Professor Natascha Just, Professor of Communication and Chair of the Media and Internet Governance Division at the Department of Communication and Media Research of the University of Zurich, for hosting us at the Institut für Kommunikationswissenschaft und Medienforschung (IKMZ) and engaging with us and other experts in the field in valuable discussions on the topic of media concentration, especially during the Shout Korean Committee event held at the University of Zurich in late 2023. Useful comments and comparisons were also made with the Italian team of the GMICP and so thank you as well to Mattia Gatti and Professor Massimo Scaglioni for their insights and fruitful exchanges. Several other colleagues in online webinars organized to manage sector-by-sector research and analysis also provided useful insights and guidance. Finally, we would like to thank all the participants of the 2022 GMICP Summer Conference, held in August 2022 at Carleton University's Dominion Chalmers Center in Ottawa, Canada; at this conference we presented the first results of our research, and the precious feedback we received from other participants helped us pursue our research objectives.

We also thank our colleague Colin Porlezza, Senior Assistant Professor of Digital Journalism at the Institute of Media and Journalism (IMeG), for his reading on an earlier version of this report.

In addition, we extend our appreciation to Simona Schmid and Thomas Häusler of the Swiss Federal Office of Communication (OFCOM/BAKOM) for their assistance in guiding us to pertinent sources of crucial data for our research. Their insights and support significantly enhanced the depth and reliability of our study.

Recommended citation

Mazzoni, P., Martini, M., Ferrigato, R., Lüthi, E., & Balbi, G. (2024). "Communications, media and internet concentration in Switzerland report, 2019-2021." Global Media and Internet Concentration Project. http://doi.org/10.22215/gmicp/2024.3.19.1.

Data accessibility

 The underlying data sets for the figures in this report are available here, as well as on Dataverse, a publicly-accessible repository of scholarly works created and maintained by a consortium of Canadian universities. Questions and Corrections: If you have questions or believe that any of the data that we report is mistaken, please let us know.

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Analyzing the Communications, Internet, and Media Industries

Insights from the Global Media & Internet Concentration Project—**Switzerland**

Introduction

This report focuses on concentration levels and trends in more than twenty media and internet markets in Switzerland over the period from 2019 to 2021.

It draws three main conclusions regarding the Swiss media landscape. Firstly, the Swiss media market is characterized by a high level of concentration based on the criteria of the CR4 and HHI indexes. Data suggest that this is due to the significant presence of public companies and multinational players, particularly in the telecoms and internet access services and core internet services areas, and by the smallness of the country which results in a limited number of resources. Secondly, this report highlights Switzerland's alignment with international trends, i.e., declining revenues from traditional media, shrinking newspaper circulation, and an overall increasing relevance of the digital sectors. Notably, however, traditional media appear to be declining a comparatively slower rate in Switzerland than other countries, with public service broadcasting remaining particularly influential. Finally, the report underscores the significant peculiarities of the Swiss market that make it a unique case on a global level. Despite its small size, the Swiss Confederation is composed of four linguistic regions and 26 cantons characterized by a strong federalism and the principle of subsidiarity. On a federal level, the disclosure of revenues and other relevant data is a legal requirement only for publicly-listed companies. Consequently, the Swiss media market remains highly opaque, with a severe lack of official control over information provided by media organizations; a peculiarity that underscores both the complexity and the urgency of further investigation in this direction.

Executive summary

- Low transparency standards. Due to weak regulations and obligations with respect to corporate information disclosure, researchers face significant obstacles when it comes to accessing primary data from companies and secondary data from third-party institutions. This problem is especially acute in the case of Switzerland.

- High market concentration levels in the telecoms and internet access services sectors. This is due to the dominant position of a formerly state-owned company (Swisscom, currently 51% state-owned) and the merger between two major private players (Sunrise and UPC) in 2020.

- Multilingualism represents a significant factor in traditional and online media services, which results in a fragmented market with limited resources.

- The strong presence of foreign media from neighboring Germany, France, Austria and Italy, especially in the sector of Broadcast TV.

- The public service is a key-player in the traditional and online media services area, especially in the broadcast TV and radio sectors. Moreover, from 2018 this market area displayed a higher level of concentration due to the creation of CH Media, a joint venture between different private players.

- Core internet services are dominated by two foreign players: Alphabet and Apple.

- Relevance of publicly-owned and foreign media and big tech companies. Among the top five companies by revenue, two are Swiss (Swisscom and SRG SSR) and three are foreign multinationals (Alphabet, Liberty Global, Apple).

Media concentration: What to study, why, and how

Understanding the Swiss case: Media concentration in a multilingual confederation

Switzerland, also known as Swiss Confederation, has political, demographic and economic peculiarities. From a political perspective, the Swiss Confederation is made of 26 member states (known as cantons) that have their own constitution, judiciary and law enforcement. Cantons are in charge of the management of important areas (e.g., healthcare and public education) and, perhaps more crucially, maintain control over taxation. This leads to significant differences between cantons and a high level of institutional complexity.

With a total population of 8,670,300, Switzerland is divided into four linguistic regions, i.e., German (62.3%), French (22.8%), Italian (8%) and Romansh (0.5%). Over two-thirds of the population regularly use more than one language and about one fourth (23.1%) do not have one of the four national languages as their main language (Federal Statistical Office, 2023). This is also related to both the significant presence of foreign nationals (25.5%) and the fact that 40% of the population has a migration background (Federal Statistical Office, 2023). On a global level, Switzerland ranked first in the Human Development Index (UN Development Programme, 2022) and fifth both in terms of gross domestic product per capita (IMF, 2023) and global competitiveness (WEF, 2019).

The Swiss media landscape has historically reflected these political, economic, and cultural peculiarities (see Porlezza, 2019; 2024). Traditionally, through the Post, Telefon und Telegraph company (PTT), the Swiss government played a crucial role in managing regional and national telecommunication networks like post, telegraphs and telephones and in the distribution of national media content. The 1848 constitution made the centralization of the postal system in Switzerland a federal task. Telecommunication services like telegraph services (launched in 1851) and telephone services (1880) were also placed under the state monopoly, but often developed unequally in the different regions. The PTT was also responsible for transmitting radio programs from the 1920s and television programs in the 1950s for the public service broadcaster SRG SSR, as the majority of broadcasting transmission was cablecast in the country. In 1997, following the Telecommunication Act, the whole sector of telecommunications was privatized and PTT was split into Swiss Post, a public company, and Swisscom, a limited company owned for 51% by the Swiss Confederation (on the history of telecoms in Switzerland see Fischer 2008; Balbi et. al 2014 chapter 1).

In the history of broadcasting, the Schweizerische Rundspruchgesellschaft (Swiss Broadcasting Corporation), known as SRG SSR (today called Schweizerische Radio- und Fernsehgesellschaft), was founded in 1931 as the umbrella organization of all four Swiss regional radio services, after several years of regional "anarchy" led by private licensed stations. Radio broadcasting was recognized as a public service in 1930. The first TV programs for the German-speaking part of Switzerland were launched in 1951 and later in other regions (for example, in the Italian speaking part just in 1958). Color TV was launched in 1968, and high-definition television services in 2007 (on the history of SRG SSR see Egger and Drack 2000; Aziz et al. 2006; Steigmeier et al. 2012).

In line with developments in other European countries, the Federal Government opened the doors to local private and commercial radio channels in Switzerland in 1983, albeit on a trial basis, and in the face of the reality that foreign stations from Germany, France, and Italy were already listened to before that time. The relevance of foreign broadcasting (especially TV) still persists today, as this report will show.

Studies on the Swiss history of digital media such as the Internet and mobile telephony are relatively rare, especially in terms of market and media concentration. Within this landscape, the Global Media and Internet Concentration Project represents a unique opportunity to shed light on several grey areas of the Swiss media market. Firstly, it enables comparison along different lines, including the size of a country and its standing in the global economy, thus facilitating the identification of similarities and differences between the different cases. Secondly, due to the linguistic and migratory complexity of the Swiss case, mapping media concentration in neighboring countries (Germany, France, Italy and Austria) allows the identification of cross-border influences and media strategies. Finally, as this report shows, the high level of concentration presented by digital media, also in comparison to traditional media, needs to be understood for the possible impacts that newer generations of communication and media might have on those already in place.

Tracking media concentration in an opaque market

The main sources used to fill the Swiss dataset are the annual reports of the different media companies, which include the revenues of the individual sectors. These data were crossed-checked and, where needed, complemented with the reports of the Swiss Federal Office of Communications (OFCOM) and, as will be mentioned later, by other international databases when no other data were available.

Federal reports published by OFCOM focus on the telecommunications market, including data on the total revenues for each sector, the total number of subscribers and the players in the markets. However, as stressed by the Euromedia Research Group (2021), in Switzerland the disclosure of revenues and other relevant data is a legal requirement only for publicly listed companies, and with minimum transparency standards. Accordingly, official information on the ownership structure of non-listed commercial media organizations is mostly not available, incomplete, or left to individual companies. As Meier & Trappel (2022) underscore, the lack of authoritative control over information provided by media organizations in both quantitative and qualitative terms leads to the consequence that Swiss media transparency is weak. This state-of-affairs is also reflected in Switzerland’s low scores for data transparency and open data, with the country recently ranking 47th on the Global Open Data Index 2016/2017, for example.

Indeed, while several reports on the Swiss media market are available for public readership, they all draw information from the same sources, namely, the media companies (Bonfadelli & Meier, 2021). These same companies, federal sources or commercial organizations do not publish information on a number of specific media sectors covered in this report, which makes it very difficult to gather and cross-check data for those sectors. Given these limitations, we had to turn to major databases created by commercial consultancies and international organizations to help fill in the blanks. For example, we employed data provided by the Price Waterhouse Coopers' (PWC) *Global entertainment and media outlook* for the total revenues of some sectors, the European Audiovisual Observatory, and S&P Global Market Intelligence for others, as cited in the pages ahead. Where these secondary sources did not offer complete data, we complemented them with those provided by online data aggregators, such as StatCounter and Statista.

In the following section (Part III), we present the results of our sector-by-sector analysis. These results are mainly, but not always, based on revenue. The analysis of the collected data allowed us to assess the current level of media concentration in several sectors in Switzerland. The collected data will be aggregated in three main areas:

- Telecoms and internet access services
- Traditional and online media services
- Core internet services

For each area, we will offer a general overview, a detailed analysis of both aggregated revenues and concentration metrics (CR4 and HHI) and a general discussion of the presented results. At the end (Part IV), findings will be discussed together, thus offering a birds-eye view on the state of media concentration in Switzerland.

Data, analysis and discussion

Telecoms and internet access services

General overview

In Switzerland, the telecoms and internet access services market is dominated by four main players: Swisscom, Sunrise UPC (Liberty Global), Quickline Holding, and Salt (NJJ Capital). The first three players are present in all the four sectors that compose the "telecoms and internet access services'' area: wireline, wireless, internet service providers (ISP) and multichannel video distribution (MVD). Salt (NJJ Capital) is present in all the sectors except wireline.

Two important characteristics of the Swiss telecoms and internet access services segment should be highlighted. First, Swisscom is currently one of the main players in the telecoms and internet access services area; until 1998, it used to be part of PTT, a state-owned company. At present the Swiss Confederation still owns 51% of the shares of Swisscom and maintains control of the company. The particular status of Swisscom, which still responds by law to a public service mandate, makes the company the leader of the Swiss wireline, wireless, ISP and MVD markets (see 3.1.2 “Revenues”). The second aspect of the Swiss telecoms and internet access services market is the relatively recent merger of two big players: Sunrise and UPC.[1] In November 2020 the UK Company Liberty Global, that already owned UPC since 2005, took over Sunrise Communications with a $7.4 billion deal.

Revenues

In USD, combined revenues for all segments of the telecoms and internet access services market[2] increased significantly from $10,552.9 million in 2019 to $12,319.0 million a year later, before falling drastically to $8,944.5 million in 2021.

As shown in Figure 1, below, between 2019 and 2020 revenue grew significantly from $5,202.1 million to $6,266.1 million for the wireline, ISP and MVD sectors, combined, but in 2021 revenue for these sectors dropped to $4,913.8 million. Similarly, the wireless business

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[1] The UK Company Liberty Global, which has owned UPC since October 30, 2005, bought Sunrise on November 11, 2020.

[2] Includes wireline, ISP & MVD sectors and mobile wireless.

grew significantly from $5350.8 million in 2019 to $6,052.9 million in 2020. A year later, however, it became a particularly weak sector as market revenue plunged to $4,030.7 million.

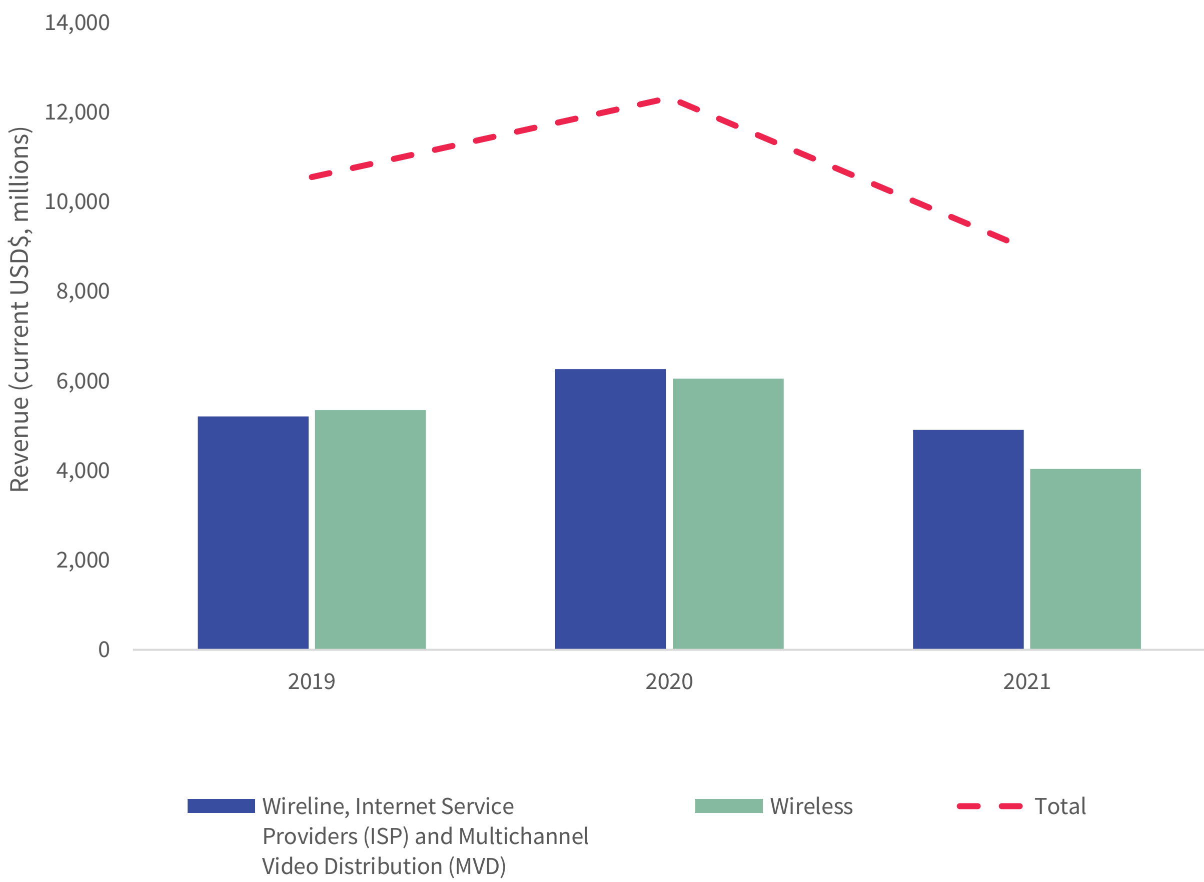
Unfortunately, it is not possible to be any more specific with respect to the revenues for each of the different services provided on fixed lines (wireline, ISP, MVD). This is mainly because Swisscom, the largest operator in these sectors and accounting more than half of their revenue, does not disclose specific figures for each of these different fixed line services on a stand-alone basis. Consequently, it is impossible to trace how revenues are distributed across each of the different segments of the fixed line sector. Therefore, we will consider the sectors as one aggregated value inclusive of wireline, ISP and MVD. This approach is in line with the data provided by the Federal Communication Office, which only differentiates between fixed and wireless services.

"...combined revenues for all segments of the telecoms and internet access services market increased significantly from $10,552.9 million in 2019 to $12,319.0 million a year later, before falling drastically to $8,944.5 million in 2021."

These figures also need to be treated with caution because much of the drop in revenue in 2021 for the telecoms and internet access services market is exaggerated by currency exchange fluctuations. This is a significant factor because the CHF to USD exchange rate between 2020 and 2021 dropped from 1.1326 to 0.9177, thus inflating the loss of business volume described above. Accordingly, the decline in revenues reported a moment ago would be much more modest if accounted for in its original currency (CHF), with a small loss on wireline, ISP and MVD (from 5,532 to 5,354 million CHF) and a larger loss on wireless (from 5,344 to 4,392 million CHF).

Figure 1, below, illustrates the revenue trends (current USD) between 2019 and 2021 for each sector of the area telecoms and internet access services.

Figure 1: Revenues for the telecoms and internet access services, 2019-2021 (current USD$, million)



Between 2019 and 2021, two main players dominated the telecoms and internet access services market in all four sectors: Swisscom, with 50%-60% of the market share by revenue, and Sunrise UPC, with 20%-30% of the market share by revenue. As previously stressed, these two macro-players have different origins. Swisscom is a limited company and represents the legacy of the public services. As such, it still responds to a public service mandate. Sunrise UPC, in contrast, is the result of a recent merger between two large Swiss providers (Sunrise and UPC) under the control of Liberty Global, a British-Dutch-American multinational telecommunications company. By merging the second and the third biggest players, Sunrise UPC strengthened its presence in all sectors of the telecoms and internet access services market.

A third important player, Salt (NJJ Capital), is particularly active in the wireless sector where it maintains a relatively strong and stable presence. Between 2019-2021, its market share by revenue fluctuated between 13-17%. Salt also expanded into the ISP and MVD sectors beginning in 2018, where it has steadily increased its revenue while doubling its share of the market from a modest 1.9% in 2019 to 3.7% (based on revenue).

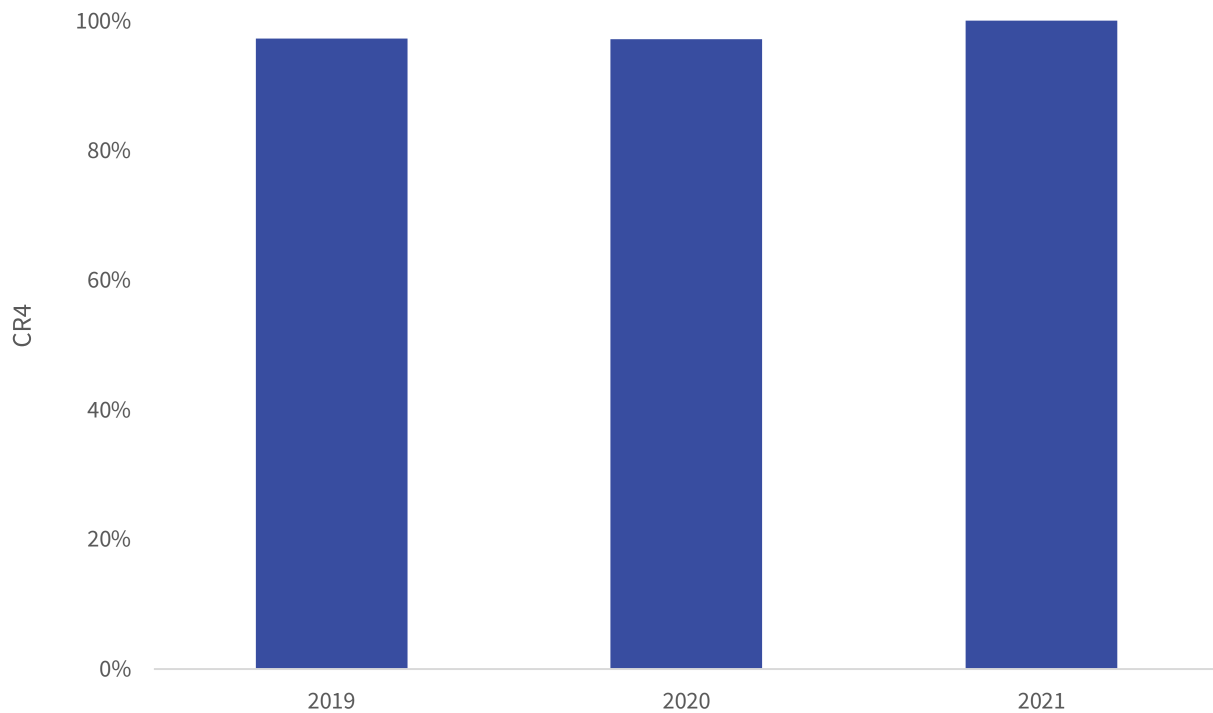
Finally, Quickline Holding plays a small but stable role in all four sectors, where it controls around 2.5-3% of the market share by revenue. Other minor players are also active in all markets, although they do not individually count for more than 1% of the market share by revenue.

Concentration metrics: CR4 and HHI

The concentration level for the telecoms and internet access services has been calculated using the CR4 and the HHI indexes based on market share by combined revenues for fixed and wireless services. The CR4 index represents the market share of the four biggest players in each market, while the HHI index takes into consideration the market share of every player in the same market. The results according to both concentration metrics can be seen in Figure 2 CR4 index and in Figure 3 HHI index.

Figure 2, below, illustrates the CR4 index between 2019 and 2021 for the fixed and wireless markets that comprise the telecoms and internet access services segment.

Figure 2: CR4 scores for the telecom and internet access services, 2019-2021 (based on revenue)



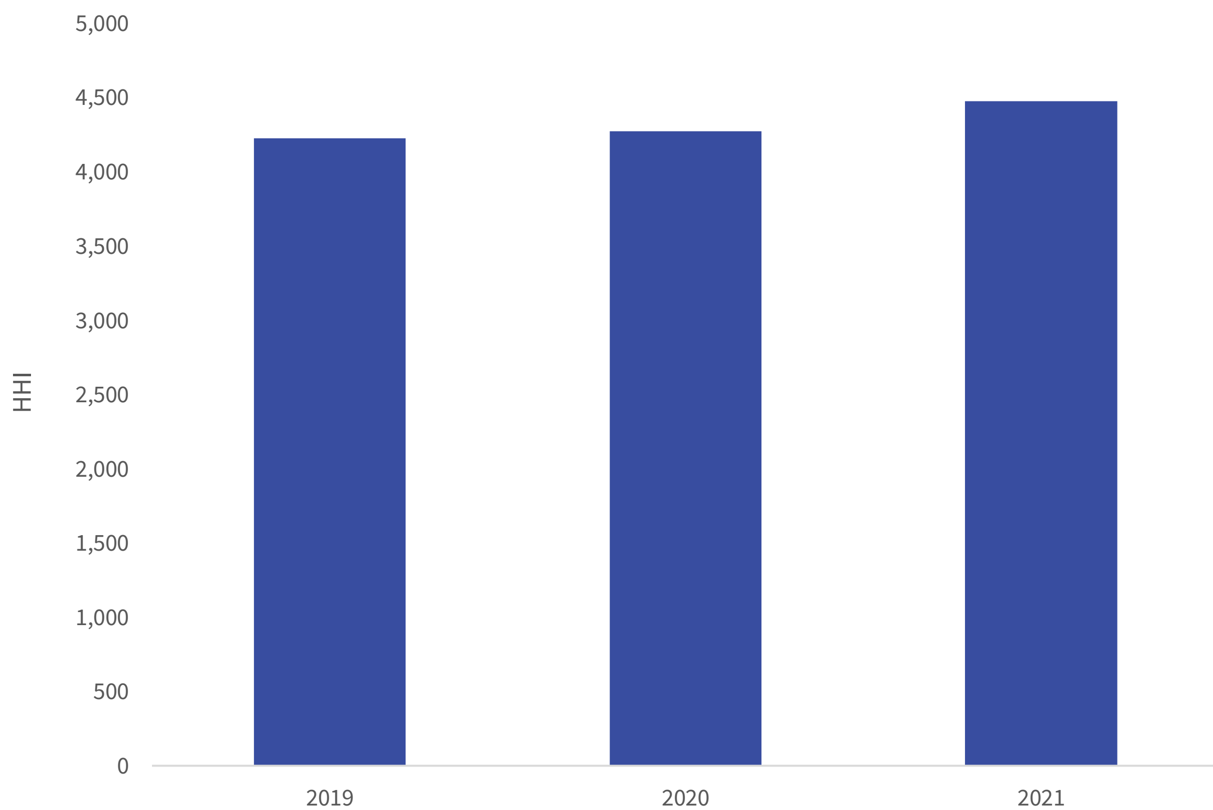
As Figure 2 shows, the fixed sector in Switzerland is highly concentrated. In 2019, the CR4 index was above 90 (out of a maximum of 100). It declined significantly in 2020 (82.4), only to return to previous levels (87.6) after the merger of Sunrise and UPC.

Similar trends and dynamics also apply to the wireless sector, but the overall Concentration Ratio Index (CR4) for this sector tends to be higher for such services compared to fixed lines. Between 2019 and 2020, concentration in the wireless market dropped significantly, with the CR4 falling 97.5 to 85.3 respectively, but this proved to be short-lived after UPC's acquisition of Sunrise late in the previous year restored concentration at an even higher level in 2021 (100%). As a result of that take-over, three main players now dominate the wireless market: Swisscom (60%), Sunrise (CVC Capital Partners) (20%), and Salt (17%).

The trends just described for fixed and wireless markets on a stand-alone basis are also reflected in the very high concentration levels that define the combined telecoms and internet access services segment, as Figure 2 also shows. Based on this more holistic view, the Telecom and Internet access services area has a stable CR4 index through 2019 and 2020, 97.3 and 97.2 respectively, and rises further in 2021 to 100. This increase is explained by UPC's (Liberty Global) acquisition of Sunrise in 2021. Thus, by 2021, the telecom and internet access services sector was divided among the following four players: Swisscom (60.5%), Sunrise UPC (Liberty Global) (26.4%), Salt (NJJ Capital) (10.4%) and Quickline Holding (2.7%).

Figure 3, below, illustrates the HHI index between 2019 and 2021 for the fixed and wireless markets that jointly make up telecoms and internet access services segment.

Figure 3: HHI scores for the telecoms and internet access services, 2019-2021 (based on revenue)



In terms of the HHI, Figure 3 shows that the market is highly concentrated by the standards of this measure.[3] Mirroring the changes just reviewed for the CR4 index, the HHI values decreased in all sectors until 2020, but then increased significantly again in 2021. Overall, the HHI index for the telecoms and internet access services area was stable at 4225-4300 in 2019 and 2020, but then shot upwards again to 4476.3 in 2021 on account of the merger of Sunrise and UPC and as revenues contracted significantly during the year.

The high concentration levels across the telecoms and internet access markets are mostly because Switzerland is a small country. Accordingly, there is less space for local competitors to grow and enter the market. Indeed, with just four or five big players in the telecoms and internet access services market, high CR4 and HHI values are to be expected. The main players (Swisscom, Sunrise UPC, Quickline Holding, and Salt) are active in all the four sectors (wireline, wireless, ISPs and multichannel video distribution), with the exception of Salt, which does not compete in the wireline market. All other players are under 1% of the market share by revenues and therefore not considered in these computations.

As shown earlier, Swisscom is the market leader in the telecoms and internet access services sectors, followed by Sunrise and UPC (from 2021, Sunrise UPC (Liberty Global)). Salt and Quickline Holding play a minor but still significant role in these sectors. It must also be noted that Salt has carved out a steadily increasingly role in the wireless market since entering the market in 2018. In the wireless sector, the majority of the market is still controlled by Swisscom (60%), followed by Sunrise (Sunrise UPC (Liberty Global)) (20%) and Salt (NJJ Capital) (17%). Quickline Holding accounts for the rest with a relatively small share of the market (3%).

Despite the country's political and socio-economic partition, the Swiss telecoms and internet access services market displays persistently high levels of concentration. Differences in the market shares by revenue across the different cantons or linguistic regions could not be estimated as the companies do not publicly disclose these data. In general, however, we can say that the merger between two major market players in 2020—UPC and Sunrise—drove a sizeable increase in the CR4 and HHI values for all markets in the following year. Accordingly, this reflects a major transformation in the Swiss telecoms and internet access services market, which is likely to have a long-term impact on the media landscape.

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[3] According to the United States Department of Justice's 2010 Horizonal Merger Guidelines, the following HHI thresholds serve as guidelines for interpreting the state of competition / concentration in a market: under 1500 is «low concentration», from 1500 to 2500 is «moderate concentration», from 2500 to 10000 is «high concentration».

Traditional and online media services (or content media)

General overview

In this report, traditional and online media services consist of nine different sectors: broadcast TV and radio, traditional music, online music, games, newspapers, magazines and online news media, and online video services[4].

In Switzerland, the content media market is characterized by (i) the simultaneous presence of some private groups, (ii) several small local players,[5] (iii) the significant influence of large foreign media companies and (iv) the centrality--mainly for radio and television--off the public service. This is due to both the geo-political and socio-economic characteristics of the Swiss Confederation already mentioned at the beginning of this report. All neighboring countries (Germany, Austria, France and Italy) speak one of the Swiss national languages and represent the main market for content media produced in those national languages (i.e. German, French and Italian). Due to this asymmetry the Swiss market is characterized by a high penetration of foreign media products. Rather intuitively, the Italian speaking region tends to consume media produced in Italy, the French speaking region media produced in France, and the German speaking region media produced either in Germany or Austria. Just to exemplify the relevance of this phenomenon, the 2021 market report of the Booksellers and Publishers Association states that 82.7% of the Swiss-German book market was composed by foreign products (SBVV, 2021).

Another characteristic of the Swiss content media market, as previously highlighted, is the relevance of the public sector. In the broadcast TV and radio sectors, for example and most notably, the main player is the Swiss Public Broadcasting company SRG SSR. Multilingualism also plays a very substantial role in shaping Switzerland's media landscape. Indeed, the Swiss public broadcaster is the only "national" broadcasting service and consists of four language units for each of the main linguistic groups that make up the country: German (SRF), French (RTS), Italian (RSI) and Romansh (RTR). Likewise, commercial providers are compelled to select a precise target audience along linguistic lines.

The newspaper sector is dominated, on a national level, by four main domestic and European ownership groups: TX Group, NZZ Media Group, Ringier Alex Springer Media and CH Media. CH Media is a joint venture of AZ Medien and NZZ Media Group and it is also the

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[4] In the GMICP there is also the Pay TV Programming services sector, but in the Swiss context such services are included in the Multichannel Video Distribution sector and cannot be separated and presented on a stand-alone basis.

[5] These players are not calculated in this report individually because each single player does not reach 1% market share by revenues.

main private group operating in the TV and radio broadcasting sectors. These large companies account for the majority of newspapers published in the German and French languages, including a significant number of local or regional newspapers each.

The online video services sector is dominated by five major multinational companies (Amazon Prime, Apple TV+, Disney+, Netflix, and YouTube Premium). Similarly, and with some overlaps, the online music sector is composed of seven players: Amazon Music, Apple Music, Deezer, Pandora, SoundCloud, Spotify and YouTube Music. It should be also noted that for two of the analysed sectors (traditional music and digital games) we could only retrieve the total market shares by revenue while, in one case (pay TV programming services), no data is available. These limits are specific manifestations of the broader problem regarding the lack of transparency and publicly-available information that we referred to at the outset of this report.

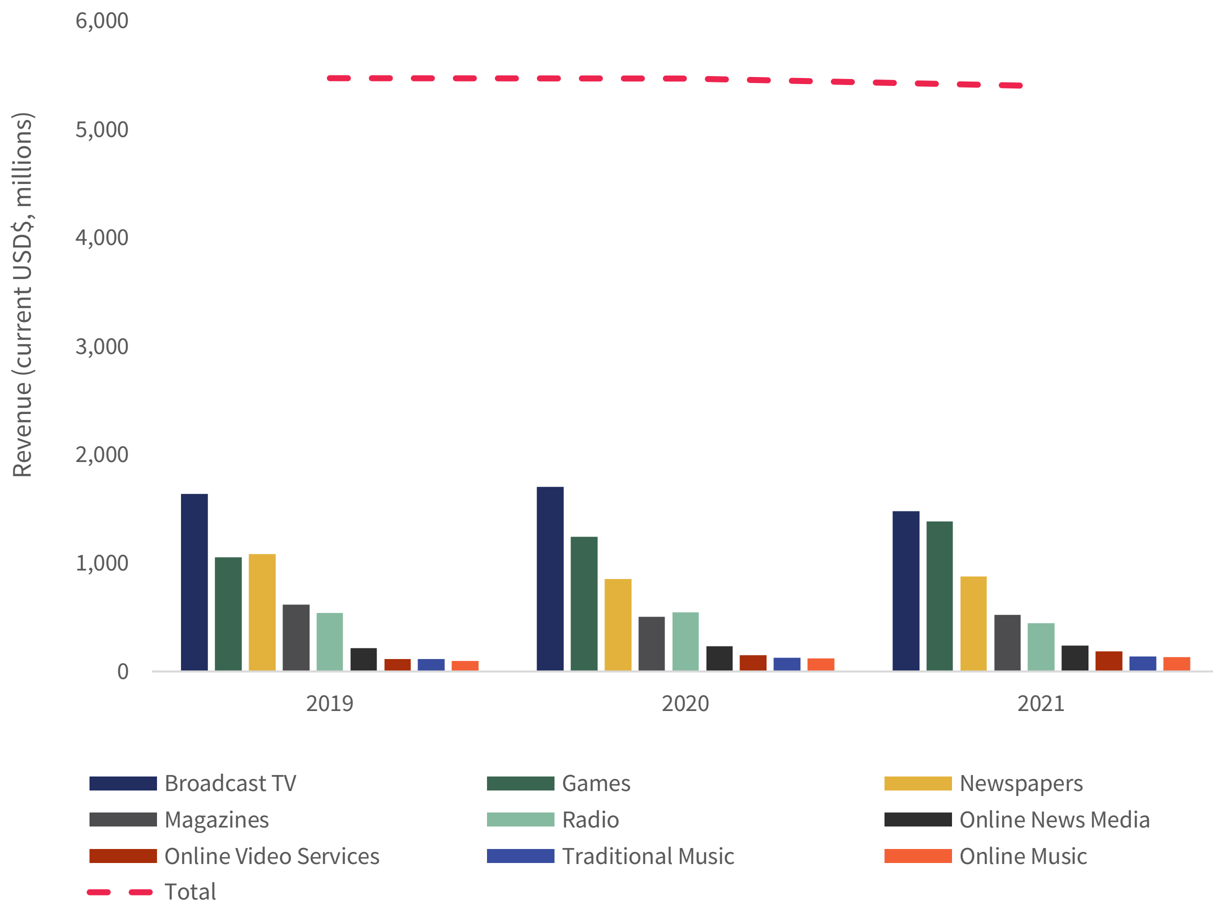
Revenues

Figure 4 provides an overview of the sectors that compose the traditional and online media services segment based on revenue. At first glance, it can be noted that the aggregated total revenues remain relatively stable over the years, with a slow declining tendency. Thus, in 2019, for example, total combined revenue for traditional and online media was $5,470.8 million and were basically the same the next year (i.e. $5,469.6 million), but then slipped to $5,398.4 million in 2021.

"These limits are specific manifestations of the broader problem regarding the lack of transparency and publicly-available information…"

Figure 4, below, illustrates the revenue trends (current $) between 2019 and 2021 for each sector of the area traditional and online media services.

Figure 4: Revenues for traditional and online media services, 2019 – 2021 (current USD$, million)



In 2019, the driving sectors of the traditional and online media services segment were broadcast TV ($1,639.6 million), newspapers ($1,084 million) and digital games ($1,050 million). The same sectors continue to lead the market in 2021, but with the digital games sector continuing to grow at a brisk pace ($1,384 million) while broadcast TV ($1,476.7 million) and newspapers ($877 million) both saw significant revenue declines. In fact, while the broadcast TV sector grew in 2020, ($1,702.5 million), revenue declined significantly the following year. Similarly, the newspapers sector saw revenue drop sharply from $1,084 million in 2019 to $853 million in 2020, before ticking upward in 2021 ($877 million).

It must be kept in mind, however, and as already underlined in the previous sector, that revenues for the broadcast TV and newspaper sectors were originally accounted for in CHF. In this case, the impact of the CHF/USD exchange rate fluctuation between 2020 and 2021 is significant. Indeed, while in USD the revenues of radio and broadcast TV seem to shrink (from $2,245.6 to $1,919.74 million), when considered from the vantage point of the original currency (CHF) they display a slight growth (from 1,982.7 to 2,091.9 million CHF). The growth of the digital games sector, originally accounted for in USD, is in line with global trends. In other words, the digital games sector is growing fast globally, and this is also the case in Switzerland.

Besides broadcast TV, newspapers and digital games, three other important sectors are radio, magazines and online news media. The radio sector grew slightly between 2019 and 2020 (from $541.2 million to $543.1 million) only to drop to $443 million in 2021. In contrast, the magazines sector seems to follow the same evolution of the newspaper sector: revenue decreased between 2019 and 2020 (from $616 million to $504 million) but then rose again in 2021 ($520 million), although not enough to regain the lost ground of the previous year.

The online news media sector has grown steadily over the years, from $216 million in 2019 to $241 million in 2021. Finally, three relatively minor sectors (online video services, online music services and traditional music) have all grown significantly. Between 2019 and 2021, the online video services market saw revenue jump from $113 million to $186 million, while revenue for the online music market also leapt from $99 million to $129.7 million over the period. Even traditional music saw revenue rise significantly from $112 million to $141 million over the same period.

Over the last decade, there has been a growing concern regarding the negative impact of the rise of tech giants on the traditional media market. In comparison to this global trend, the Swiss sector seem to show significant resilience. This is probably due to two concurrent factors, i.e., the centrality of the public service and the overall aging population of Switzerland.

The relevance of linguistic diversity and foreign players in the traditional media market

In both the broadcast TV and radio sectors, the public service is a key-player as it responds to a public mandate, i.e., to represent the country in the eyes of its citizens and maintain its linguistic and cultural diversity. In other words, the strong position of SRG SSR is not a casual result of market dynamics but a politically motivated strategy to compete with the strong foreign media influence (and also to make up for the small media market that probably cannot support strong commercial broadcasters).

It is important to recall that, given such realities, the Swiss public broadcasting service has four different units, one for each of the four national languages, and this is the case for both its television and radio services: German (SRF), French (RTS), Italian (RSI) and Romansh (RTR). However, as with other aspects of our analysis, it is once again impossible to have a complete mapping of the revenues in Swiss broadcast TV and radio sectors based on these regional and linguistic divisions. Consequently, we consider the state of public service broadcasting based on the overall situation at the national level while pointing to distinctive regional and linguistic conditions as much as the available evidence allows.

The market is mainly composed of one public company, Swiss Public Broadcasting SRG SSR, and one private group, CH Media. Both players' broadcast TV and radio channels and do not distinguish between TV and radio services in their business reports. For this reason, in terms of revenues our report will consider broadcast TV and radio broadcasting as a single sector. In terms of audience, in contrast, it is possible to define the distribution for the two sectors separately.

In the TV and radio sector, the Swiss public service SRG SSR holds about 73% of the market and its revenues come mainly from a license fee paid annually by Swiss citizens, and from advertising. Revenues coming from this form of fee are also split, in small part (9.65%), with licensed private television and radio stations that have a public service role on a local and regional level. Although license fees can represent a significant amount of the financial resources for local media companies, private providers rely mostly on advertising revenue. For example, CH Media, the biggest private group in this sector, receives less than 1% of the total license fee.

The complex structure of the Swiss Confederation and its relatively small size also enables foreign players to enter the Swiss traditional media market. Indeed, broadcasters based in neighbouring Germany, Austria, France, and Italy often expand their operations in the regions of Switzerland that speak the same language. As Table 1 shows, the presence of foreign players into the Swiss TV market is significant. In terms of market share by audience, the Swiss TV market is composed 41.6% by foreign broadcasters, 37.6% by the Swiss public sector, and 20.7% by the Swiss private sector.

Table 1, below, illustrates the Swiss TV audience of 2022.

Table 1: Swiss television audience, 2022

	Viewers	Market share by audience
Public Service – SSR SRG	3,032,000	37.6%
Private Swiss Broadcasters	1,672,000	20.7%
Foreign Broadcasters	3,352,000	41.6%
Total	8,056,000	100%

The online video services market grew from $113 to $186 million between 2019 and 2021 and consists of a handful of major international players: Netflix, Amazon Prime, Apple TV+, Disney+ and YouTube Premium. Over the studied period, Netflix maintains its leading position and accounts for more than half of the market by revenue. However, Netflix's market share decreased from 56.3% in 2019 to 50.6% in 2021. This is in line with trends observed in other GMICP reports for Canada, France and Italy (but not South Korea). Two other multinational players trail Netflix in the Swiss online video services market: Amazon Prime, which had a market share based on revenue of 18%, 17.1% and 16% in 2019 through 2021, respectively, and Apple TV+, which accounted for 12%, 11.6% and 11% of the market based on revenue for each of those years, respectively. Therefore, these latter two players also saw a slight decrease in their market shares between 2019 and 2021. Disney+ has also seen significant growth in recent years, with its share of the online video services market based on revenue growing from 8.3% in 2019, to 10.8% the following year and 14% in 2021. Similarly, YouTube Premium has also increased its market share from 5.3% in 2019 to 8.5% in 2021.

The growth of these companies is probably related to the fast-paced growth of the online video services market over the course of the COVID-19 pandemic and its impact on family habits. Altogether, the big five international services account for nearly all of the $186 million online video services market in Switzerland.

As mentioned a moment ago, the online music market is also growing swiftly in Switzerland, and likely for the same reasons, with revenue surging from $99 million to $129.7 million between 2019 and 2021. It is also divided up amongst major international service providers, with some overlap with the online video services sector. In fact, the Swiss online music market is divided up among seven players: Amazon Music, Apple Music, Deezer, Pandora, SoundCloud, Spotify and YouTube Music. However, one player stands head-and-shoulders above the rest: Spotify. From 2019 to 2021 Spotify maintained, on average, a market shared of 48% by revenue, followed by Apple Music with an average of 18.3% of the market and Sound Cloud (around 14%). Thus, while the online music sector is an increasingly clouded field, Spotify has maintained its standing at its centre and in control of nearly half of all revenue.

Finally, the newspaper, magazines and online news media sectors are also dominated by a small number of groups, but in these cases, it is local and European media groups rather than international players that stand out, namely the TX Group, CH Media, NZZ Media Group and Ringier Axel Springer Media. Once again, in their business records, these groups aggregate revenues coming from newspapers, magazines and online news media, which makes it impossible to definitively attribute their revenue and market share to each of these sectors on a stand-alone basis. For this reason, these three sectors will be considered as a single sector when discussing CR4 and HHI indicators, which we will refer to as the 'news media' sector. An additional issue is that it is not possible to obtain information on the revenues in the Italian speaking part of Switzerland for these sectors. This is mainly because the main publishing group, Gruppo Corriere del Ticino, does not share its financial reports and, as previously stressed, Swiss regulations do not require them to do so.

From 2019 to 2021, the Swiss news media sector is led by TX Group, with around 38% of market share by revenues. It is followed by Ringier Axel Springer Media, with around 19%, NZZ Media Group (14%) and CH Media (12%).

Concentration metrics: CR4 and HHI

The CR4 and HHI[6] indexes were calculated for the following sectors: broadcast TV and radio, online video services, news media, and online music. Available data on the pay programming TV services, traditional music, and digital games sectors were not sufficient to calculate the concentration indexes for these media sectors.

As previously outlined, we treat the TV and radio broadcasting sectors together because it is not possible to reliably present the revenues for either of these sectors or the actors in them on a stand-alone basis. Given this, what we can say is that SRG SSR, the only federal and publicly funded company, is the main player in both markets (73% of market share by revenue). It is important to outline that CH Media, the second main player in this sector, is a

[6] The CR4 index represents the market share of the four biggest players in each market, while the HHI index takes into consideration the market share of every player in the same market.

joint venture of AZ Medien and NZZ Media Group. It only entered the Swiss broadcasting sector at the end of 2018. Since 2019, CH media has seen its estimated revenue and market shares grow from $202.1 million and 10.5%, respectively, in 2019 to $245.4 million and 11.4% in 2021. Over the time frame that we have examined, however, CR4 levels for the combined broadcast TV and radio sectors have stayed relatively stable at around 85% (see Figure 5, below, for more details). Presumably, this will change once we look back further in time in later editions of this report, and if we can successfully obtain more data in order to analyze the broadcast TV and radio markets on a stand-alone basis.

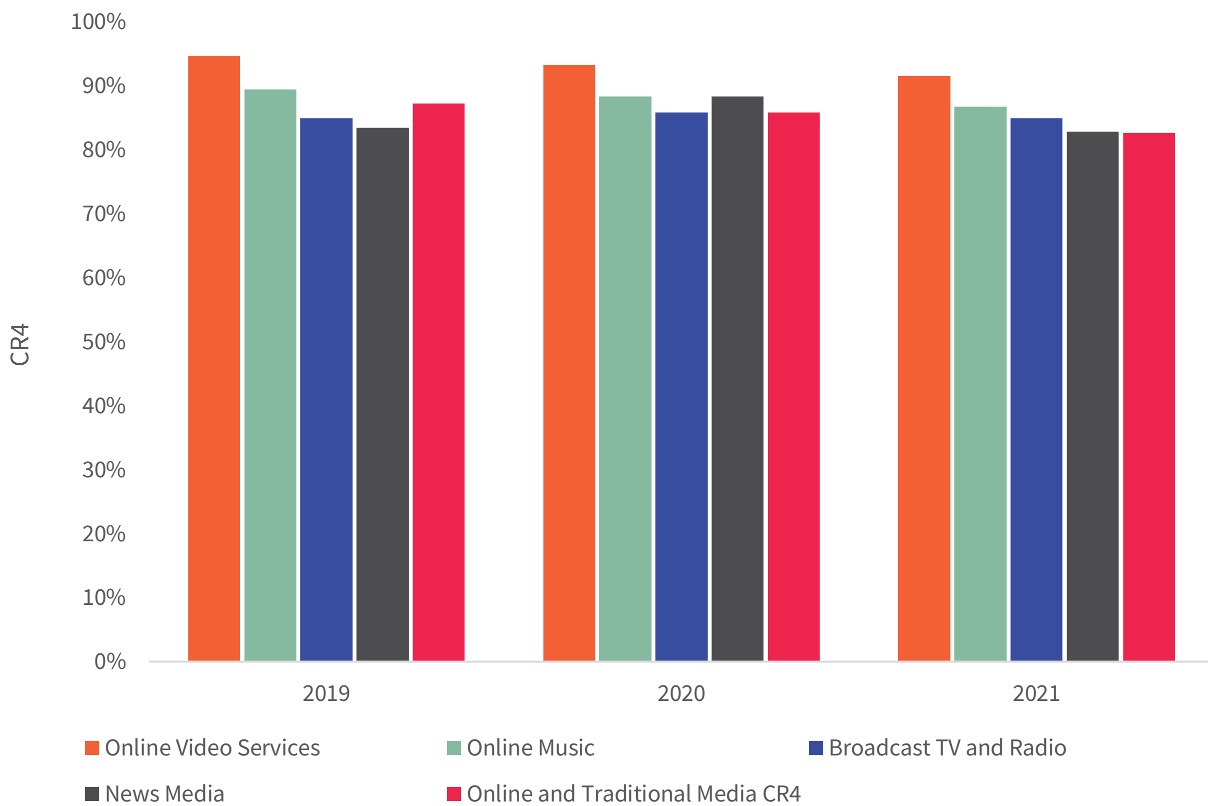
It should also be noted that, while foreign players account today for 41.6% of the broadcast TV market by audience, they are mostly foreign national television broadcasts that do not register revenues in the Swiss market. A totally different story can be told for Swiss radio broadcasting. Looking at the Swiss radio market shares by audience, for example, we notice a modest incidence of foreign broadcasters, with the audience distributed among regional Swiss radio channels. As highlighted in Part II, regional radio broadcasters have a long tradition and are held in high regard by the Swiss population as an important local media outlet.

In the news media sector, the CR4 index increased significantly from 83.4 in 2019 to 88.4 in 2020, but then decreased just as significantly in 2021 (82.9). This is probably due to the state supporting the media sector during the pandemic in 2020. Indeed, the primary beneficiaries of this emergency government funds were likely the top four media groups, which include the public service broadcaster, SSG SSR.

In the online video services sector, the emergence of several new players at a global level caused concentration in this market to decrease from a CR4 of 94.7 in 2019 to 91.5 two years later. A similar trend also applies to the online music services market where the CR4 fell slightly from 89.5 in 2019 to 86.8 in 2021. These slight declines, however, did little to alter the basic fact that the online video and music markets both remain highly concentrated by the standards of concentration ratios.

Figure 5, below, illustrates the CR4 index between 2019 and 2021 for each of the traditional and online media services covered in this report.

Figure 5: CR4 scores for traditional and online media services, 2019-2021 (based on revenues)

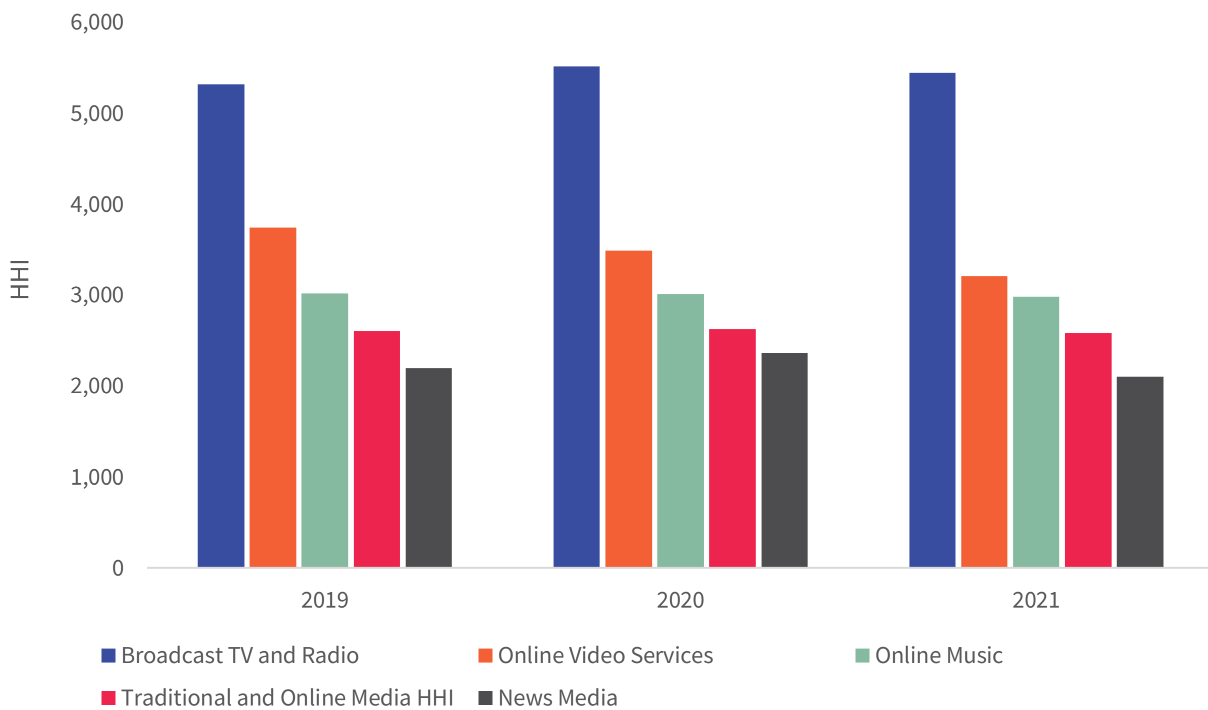


As Figure 5 shows, the general Swiss market for traditional and online media services is highly concentrated. However, in the three years under scrutiny, the average CR4 decreased modestly from 87.3 in 2019, to 85.9 in 2020 and finally to 82.6 in 2021. This outcome is mostly a result of the general stability of the CR4 index for the most relevant sector according to revenues (broadcast TV and radio), and the decrease of the same index for the second most relevant sector (news media). It's also important to outline that both these sectors received state support during the pandemic in 2020. Indeed, the primary beneficiaries of the emergency government funds were likely the top media groups. All 4 sectors have a CR4 score above 80 which remains fairly stable at very high levels, with a slight decline in concentration for the news media, online video and music sectors. The most relevant company for traditional and online media services, according to his revenues, is SRG SSR (45% of market share by revenues), followed by three News media companies TX Group (18%), CH Media (12%) and Ringier (10%).

The HHI index (Figure 6) reaffirms the conditions described by the CR4 index. All sectors scored values higher than 2500—except for the news media sector—thus, indicating an overall stable and highly concentrated market. This is particularly significant for the broadcast TV and radio sector, where the public service broadcaster (SRG SSR) represented more than 70% of the market share by revenue, while the second largest broadcast ownership group, CH Media, accounted for roughly 11% of the marked based on revenue. Consistently, the HHI index is very high in all the studied years with little to no variation.

Figure 6, below, illustrates the HHI index between 2019 and 2021 for each of the traditional and online media services sectors examined in this report.

Figure 6: HHI scores for traditional and online media services, 2019-2021 (based on revenues)



As Figure 6 depicts, traditional broadcast TV and radio services continue to display high levels of concentration based on the HHI metric. In contrast, the online video and music services markets, respectively, have seen concentration levels decline over time, significantly in the case of the former and only slightly in for the latter. Nonetheless, both sectors continue to be firmly in the zone of high concentration based on the standards of this metric. Such ongoing high levels of concentration in both sectors reflects the fact that a relatively small number of international big tech companies such as Netflix, Apple, Amazon, Disney, Alphabet and Spotify continue to dominate the online video services or online music markets, and sometimes both, as the case may be.

This is the case of Netflix, for example, which continues to account for more than half of the online video services market by revenue. Likewise, Spotify holds close to half of the Swiss online music service market. In general, the average HHI for traditional and online media services in the years under consideration remained stable, going from 2598.8 in 2019 to 2621 a year later, and then decreased slightly in 2021 (2581.0). These very modest fluctuations suggest that high levels of market concentration are stable features across traditional and online media services markets in Switzerland. Of course, there are occasional exceptions, such as the significant decline of the HHI for online video services.

At the same time, these results also lead us to conclude that significant sectoral differences continue to define the Swiss content media market. Neither the broad processes of digitization or the growing centrality of the internet have erased such differences, although they have changed their nature. The ongoing strong presence of national public services, for example, has led to increased concentration in the broadcast TV and radio sectors, while the growing competition among digital multinational companies has produced the opposite effect.

As a final note, the newspaper sector represents another peculiar case: it is the only content media sector with moderate concentration levels. This is due to the presence of four different domestic and European media groups, with many other small local players that occupy precise segments of the market along linguistic and political lines. While the unique nature of the press stands out in relation to other media sectors *within* Switzerland, this finding is consistent with trends in other countries as well. In other words, the newspaper market in many countries tends to be characterized by low- to moderate-levels of concentration.

According to casual observations, such results could be celebrated as a sign of a more diverse news media sector. At the same time, however, this can also be read as an indicator of a fragmented and weakening media sector, and a sector that is vulnerable to forces keen to exploit this state-of-affairs. To put a fine point on these observations, just because a media sector becomes more concentrated is not necessarily a bad thing (e.g. a trend that exists in broadcast TV and radio because of the stable position of the public broadcaster, SRG SSR); while conversely, lower or falling concentration scores do not automatically equate to a more desirable and pluralistic public sphere.

Core internet services

General overview

The core internet services area is composed of nine sectors: app distribution, internet advertising, social media platforms, search engines-mobile, search engines, mobile operating systems (OS), desktop OS, mobile browsers, and desktop browsers. While different players compete in each sector, several multinational tech giants are active simultaneously in different sectors and often dominate each of the markets they operate in. This is the case, for example, of companies such as Alphabet, Apple, Yahoo! and Microsoft, which are present in several sectors.

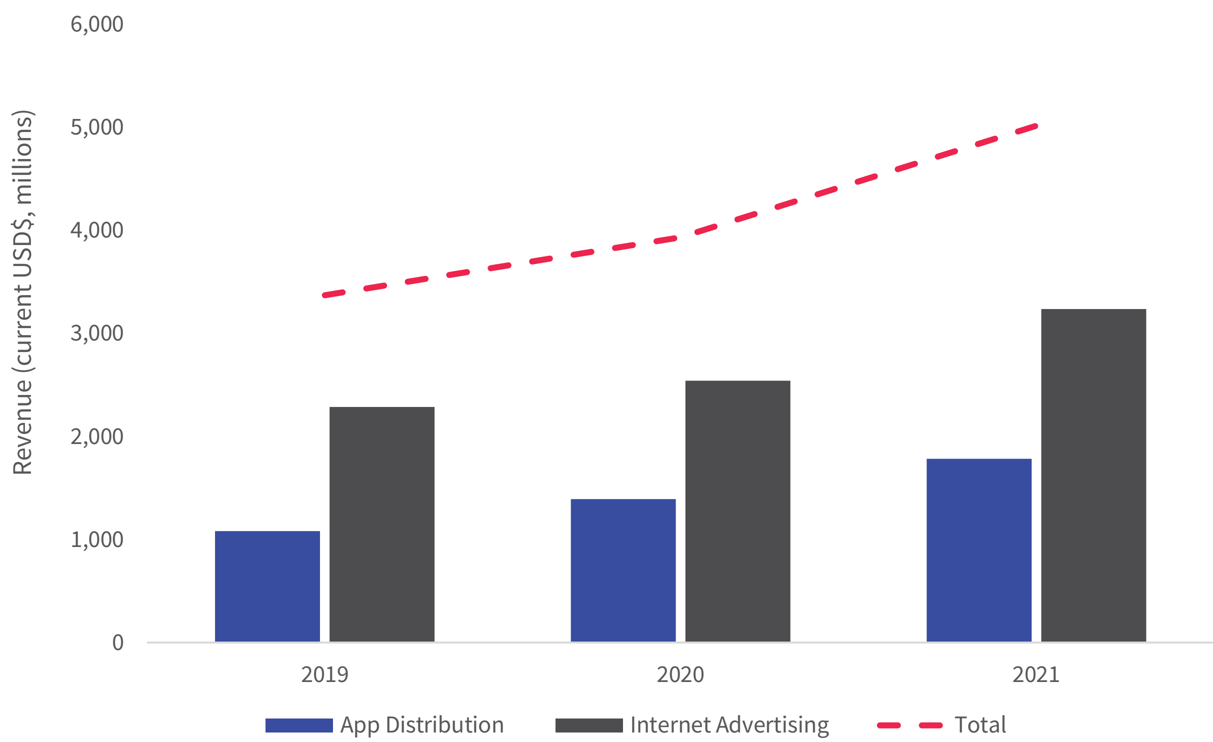
In this area, the data gathering process was challenging. This is because information provided by companies often proved to be neither reliable nor comparable, while federal sources lacked intelligence on these activities entirely. For this reason, we used the online data aggregator Statista to obtain the total revenues of internet advertising, app distribution and social media platforms and Price Waterhouse Coopers'(PWC) *Global entertainment and media outlook* to obtain data for search engines, social engines-mobile, mobile browsers and desktop browsers.

"...information provided by companies often proved to be neither reliable nor comparable, while federal sources lacked intelligence on these activities entirely."

Revenues

In line with the Global Media and Internet Concentration Project guidelines, the core internet services area of the Swiss market is described through the revenues of two main sectors: app distribution and internet advertising. Figure 7, below, illustrates the revenue trends (current $) between 2019 and 2021 for both sectors.

Figure 7: Revenues for core internet services, 2019-2021 (current USD$, million)



Total revenue for app distribution and online advertising in Switzerland soared from $3,367 million in 2019, to $3,930 million in 2020, and $5,010 million in 2021. This overall increase of $1,643 million in just two years is in keeping with the ongoing fast-paced growth of the digital market on a global level and the very high internet penetration rate in Switzerland (98%).

The most relevant sector in this area is internet advertising. This sector has the highest total revenues in each of the three years studied. Its business volume is also growing extremely quickly, passing from $2,284 million in 2019 to $2,541 million in 2020, and reaching $3,231 million in 2021. By this latter year, online advertising revenue alone was roughly twice that of combined revenue for the news media sectors (i.e. newspapers, magazines, and online news media).

According to data reported by Statista, the internet advertising sector is dominated by one main player: Alphabet. Indeed, by summing up the market shares of Google and YouTube, we see that Alphabet controls about half of this market share by revenues (**2019:** 50.1%, **2020:** 48.4%, and **2021** with 52%), while all other players hold significantly lower shares. There have been some changes over time, but they are very modest. Take, for example, LinkedIn. Between 2019 and 2020, this social networking platform increased its share of the online advertising market significantly from 0.8% to 4.9% between 2019 and 2020, although its share of online advertising then fell back to 2.5% a year later. Instagram's share of online advertising went from 2% in 2019, to 0.7% in 2020, and 2.7% in 2021, while TikTok had obtained a 1.2% share of online advertising revenue after entering the market in 2021.

The app distribution sector has also experienced a significant growth in revenues over the years, albeit at a slower pace. In 2019, the total revenues in this sector reached $1,083 million, further increasing to $1,389 million in 2020 and totaling $1,779 million in 2021. Overall, in 2021 the internet advertising sector represented 64.5% of the revenues in the core internet services area, while the app distribution sector held the remaining 35.5%.

The app distribution sector in Switzerland is, *de facto*, a duopoly. This is in line with realities in many other countries, although, as some GMICP country reports, such as for Korea, indicate, some Asian countries serve as important exceptions to this rule. According to market data published by Statista, Apple is the major player in the Swiss app distribution market. It has steadily maintained and increased its advantage with its share of user downloads rising from 50.1% in 2019 to 54.7% in 2020, to 57.2% in 2021. At the same time, Alphabet's share of app downloads decreased from 49.5% in 2019 to 42.1% in 2021.

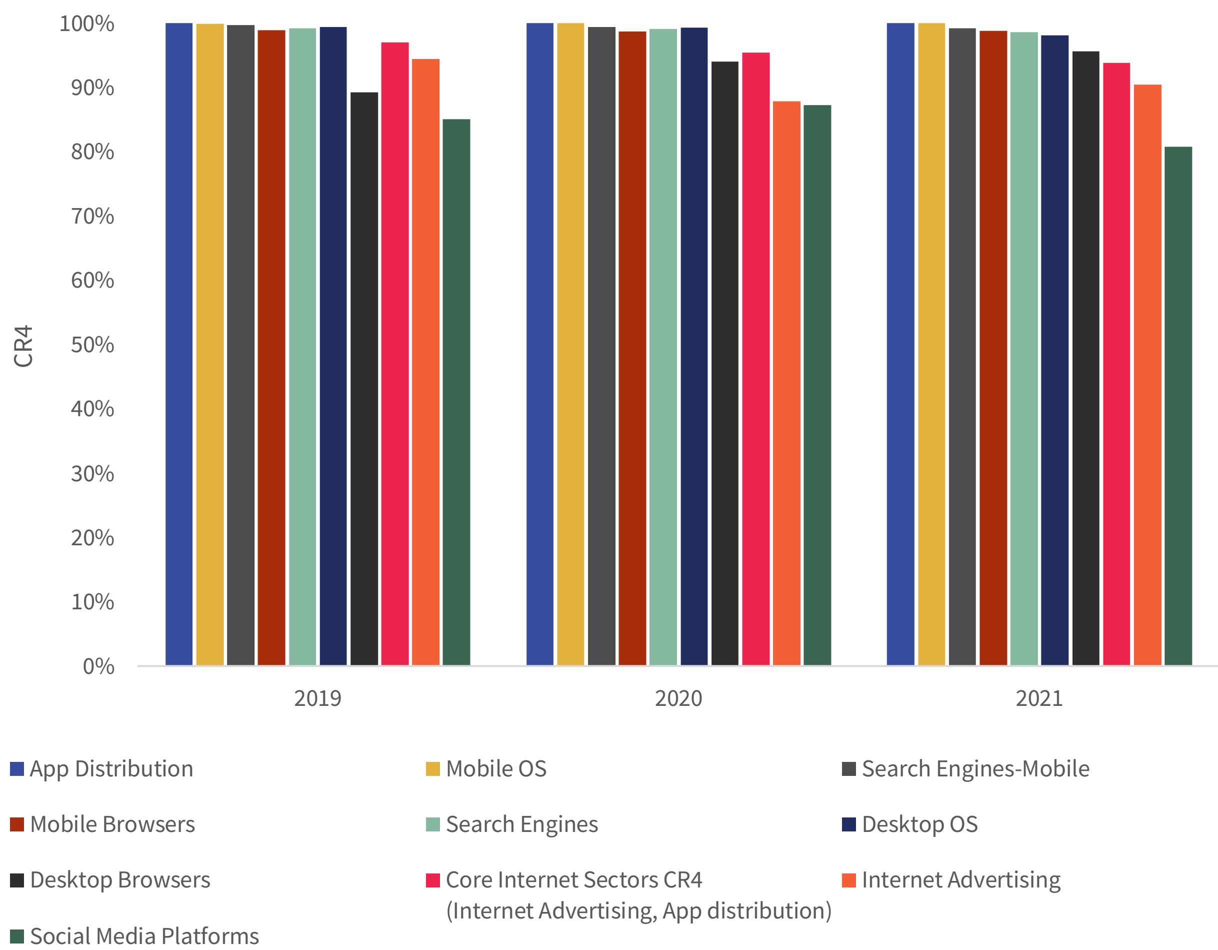
Concentration levels for the core internet sectors based on the CR4 and HHI metrics

In Switzerland, many of the sectors composing the core internet services area present extremely high levels of concentration. In terms of CR4, only one sector (social media platforms) scored less than 90 over the three-year period covered in this report. Overall, however, the CR4 index for the core internet services as a whole slightly decreased over time, drifting downward from 97 in 2019, to 95.4 in 2020 and 93.8 in 2021. While remaining within the high-level range, the HHI for core internet services also decreased modestly over the years, passing from 4644 in 2019 to 4508.2 in 2020 and 4300 in 2021. Overall, however, the average HHI scores for core internet services in Switzerland is still nearly twice the threshold used to designate a highly concentrated market. This indicates that such conditions are entrenched, with Alphabet and Apple controlling around 60% and 30% of the market respectively.

While in the first two areas media concentration indicators were always calculated on the basis of the market shares by revenue, in the core internet services area market shares by revenues are not always possible. Therefore, in these cases we relied on usage data, such as market shares by users/downloads (%), market shares by 1000 monthly unique visitors (%) and market shares by potential users (%).

Figure 8, below, illustrates the CR4 index between 2019 and 2021 for each of the area core internet services covered in these pages.

Figure 8: CR4 scores for core internet services, 2019-2021



As we observed a moment ago, there have been some modest changes over time in the online advertising market. Some new players such as Tiktok have recently entered the market, other sizable entities that have long been active in this market, such as Microsoft's LinkedIn and Meta's Instagram, have also slightly increased their stake in the online advertising market. Despite these modest changes, the reality is that the online advertising market in Switzerland continues to be thoroughly dominated by Alphabet. While overall CR4 scores for the area core internet services sectors fell from 97 in 2019 to 93.8 in 2021, the fact remains that, collectively, these sectors remain extremely concentrated, and stubbornly so.

The app distribution sector is even more highly concentrated and the only sector amongst those we examine to maintain a CR4 score of 100 in all three years studied. In fact, the app distribution market is dominated by two macro competitors: Apple, with an average of 70% of the market shares by revenues, and Alphabet, with approximately 30%. Apple's overwhelming dominance of app distribution in Switzerland also reflects that fact that it also occupies a dominant position in the Swiss ICT market, implying that its dominance in that area has been leveraged to carve out dominant positions for itself in other core internet services.

In each of the other five sectors covered in this report—search engines-mobile, search engines, mobile OS, desktop OS and mobile browsers—the CR4 score consistently remained above 98 and unchanged between 2019 and 2021. Consequently, in contrast to early hopes that imagined the internet as a space for multiplicity and diversity, data from Switzerland align with those of most countries to underscore, once more, that the digital market tends to be almost completely dominated by a relatively small number of multinational tech giants.

The search engines-mobile sector is characterized by a near monopoly as the main player, Google (Alphabet), controls more than 95% of market shares based on the metric of 1000 monthly unique visitors over the 2019 to 2021. All other players (Yahoo!, Bing, DuckDuckGo and Ecosia) share of the market based on this metric was below 1%. While Google's share drifted down slightly over the years from 98% to 97%, this change is not substantial and underscores the persistent high levels of concentration in this sector. At the same time, all the minor players showed slow to no growth: Bing (0.23%; 0.38%; 0.47%), DuckDuckGo (0.62%; 0.81%; 0.99%), and Ecosia (0.55%; 0.59%; 0.66%). Their impact on mobile search is, in other words, tiny and inconsequential.

Google also maintains a near monopoly in the desktop search engines sector, even though its dominance slowly declined from 95.1% in 2019, to 92.5% in 2020 and 91.9% in 2021. Simultaneously, most of the minor players picked up the difference with Bing's share of desktop search rising from 4.5% to 5.1%) between 2020 and 2021 Yahoo!'s share ticking up from 0.63% to 0.83% over the same period, DuckDuckGo increasing its share ever-so-slight from 1.1% to 1.4% and Ecosia eking out a small increase in its share of desktop search visits from 0.71% to 0.95% over the 2020-2021 period. The fact that the CR4 hardly budged amidst such modest changes—the CR4 for desktop search declined from 99.2 in 2019 to 98.6 two years later—underscores the reality the desktop search sector is extremely highly concentrated and Google, for all intents-and-purposes—a monopolist in this domain within Switzerland.

The mobile OS sector is again a duopoly divided between iOS (Apple) and Android (Alphabet). In 2019, iOS represented 50.1% of the market shares by users/downloads and Android 49.5%. Over the studied period, iOS increased its advantage while Android shrank, leading the two companies to hold 57.2% and 42.1% of the mobile OS market in 2021, respectively. Once again, the CR4 values reflect the existence of a duopoly, scoring more than 99 points in all the three years.

In a similar way, the desktop OS sector is dominated by two main players: Windows (Microsoft) and OS X (Apple). In 2019, Windows held 66.3% of the market shares by user and OS X the 31.2%. The gap between these two players increased over the years, with Windows passing from 66.7% to 68.5% and OS X from 30.9% to 28.1% between 2020 and 2021. Linux and Chrome OS, the two minor players in the market, followed different trajectories: the presence of Linux decreased over the years (1.8%, 1.4%, 1.2%) while that of Chrome OS increased slowly (0.15%, 0.22%, 0.29%).

Mobile browsers is the fifth and last sector that has a CR4 index consistently higher than 98 over the three years. Despite being composed of 8 to 9 players between 2019 and 2021, this market sector is dominated by three main players: Safari (Apple), Chrome (Alphabet) and Samsung. Overall, the popularity of Safari increased, while that of Chrome and Samsung shrunk. Safari went from holding 48.3% of the market shares by user in 2019 to 52.3% in 2020 and 54.3% in 2021. In the same period, Chrome, the second biggest player, went from 37.5% to 34.8% and, finally, 33.9%. The third player, Samsung, also lost part of its customers, going from 11.7% market share in 2019 to 10.3% in 2020, before finally falling below the 10% of market shares in 2021 (9.3%). Besides these 3 main players, all the others control less than 1% of the market (Opera, Android, UC Browser, Edge Legacy). The only exception is Firefox which, between 2019 and 2020, accounted for around 1.3% of the market.

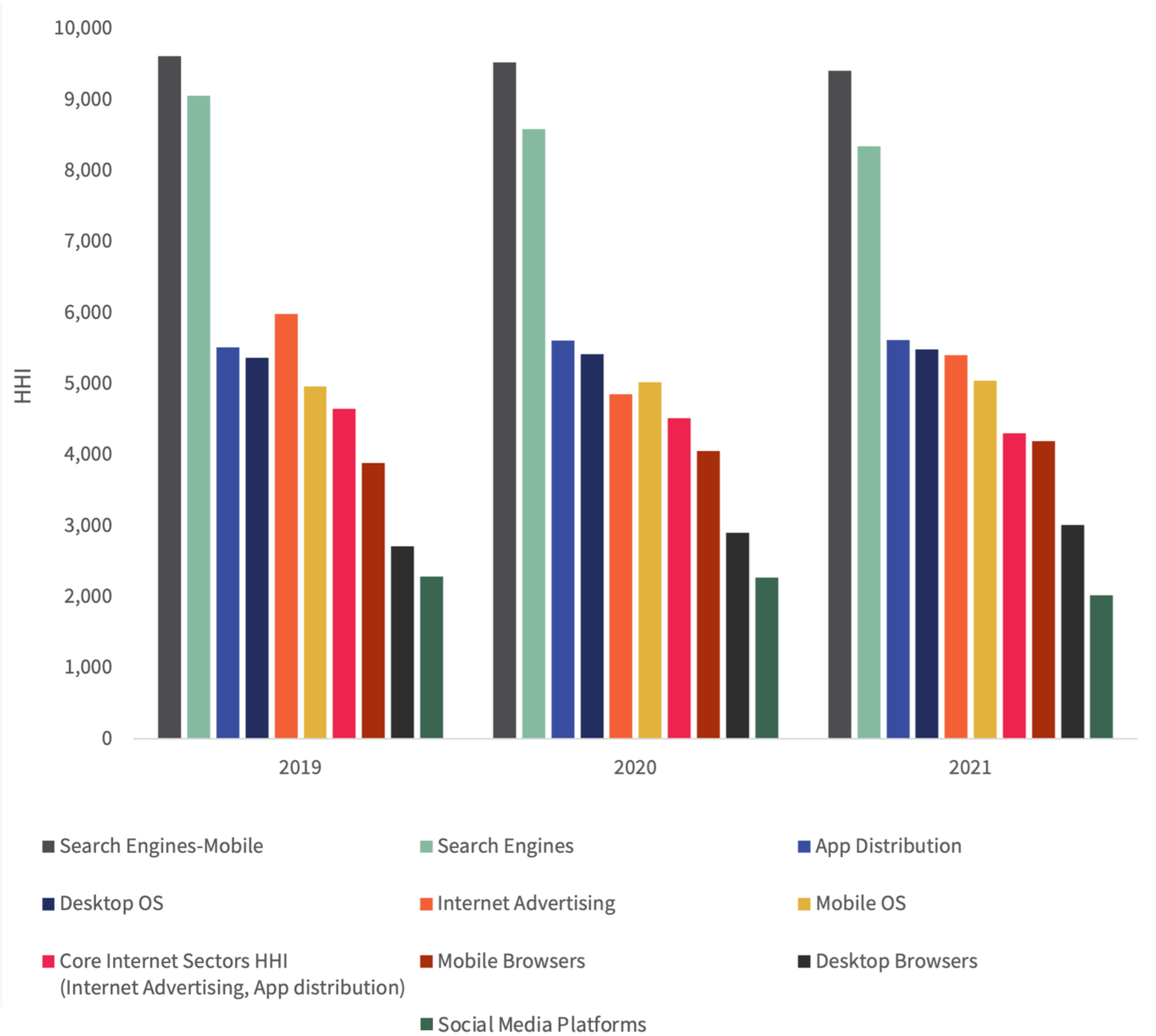
The desktop browser sector is the first one in the core internet services area whose CR4 value was, at least in 2019, significantly lower (89.3). However, this value grew rapidly in the studied period, reaching 94 in 2020 and 95.6 in 2021. This is due, in part, to a series of transformations in the browsing services offered by Microsoft. In 2019, Microsoft developed Edge Legacy while maintaining Internet Explorer, before changing the name of the latter in Edge (2020) and eventually dropping Edge Legacy altogether (2021). This reorganization of the services seemed to impact Microsoft's stance, as it held an aggregate of 17.6% of the desktop browser market shares in 2019, 14% in 2020 and 15.8% in 2021. However, the main factor contributing to the jump in the CR4 index is related to a dynamic that can be observed in other sectors of the core internet services, i.e., the presence of a single dominant actor and its progressive taking over of the entire market. In this case, the main player is Chrome (Alphabet), followed by Safari (Apple) and Firefox. As Chrome's presence rose from 43. 9% in 2019 to 45.9% a year later, and to 46.8% in 2021, the market shares held by its rivals fell; thus, between 2019 and 2021, Safari share of desktop browser users fell from 19.2% to 18.9% while Firefox saw its share of desktop browser users fall from 16.2% to 14%.

The social media platforms sector, while still highly concentrated, has the lowest level of concentration amongst the core internet services examined in this report. The CR4 score for social media platforms declined from 85 in 2019 to 80.7 in 2021. While still high, the relatively lower level of concentration of this sector is due to the presence of several minor-but-still-significant players. This is the case, for example, for Twitter and Pinterest. While both companies' saw a decline in their share of social media traffic over the three years we examined, in 2021 they still accounted for 4.4% and 7.1% of the market, respectively. Moreover, this sector is also more balanced than the others studied, with a fairer distribution of market share among the top four players: Alphabet (**2019**: 37.5%, **2020**: 36%, **2021**: 33.9%), Meta (**2019:** 32.5%, **2020**: 34.6%, **2021:** 31.1%), and Microsoft (**2019:** 15.3%, **2020:** 16.2%, **2021:** 15.8%).

Figure 9, below, illustrates the HHI index between 2019 and 2021 for each sector of the area Core internet services.

"The social media platforms sector, while still highly concentrated, has the lowest level of concentration amongst the core internet services examined in this report."

Figure 9: HHI scores for core internet services, 2019-2021



As shown in Figure 9, the average of the HHI index of the core internet sector area drifted down slightly over the years, passing from 4644 in 2019 to 4508.2 in 2020 and 4300 in 2021. Despite this slight decreasing trend, however, the average concentration level for core internet services remained far above the 2500 threshold, just as was the case for each of the individual sectors that make up this segment, as shown earlier.

Within this general trend, some variations can be noted. As previously highlighted by the CR4 index, similar results can been seen for each of the sectors examined. The headline is that all nine sectors of the core internet services examined in this report are extremely highly concentrated, as shown in Figure 9. Search engines—both mobile and general—as well as app distribution, internet advertising and operating systems are all at the top of the list, with HHI scores more than double the threshold used by this standard to designate a highly concentrated market (and with search engines being three- to-nearly four times that threshold). At the opposite end of the list, we find several sectors that are at the lower end of the highly concentrated zone: social media platforms, and desktop browsers are the least concentrated sectors. Mobile browsers are in the middle of this group, with an HHI that hovers around 4,000 in the three years we studied.

Development and concentration trends across the network media economy

Network media economy

In keeping with the 'scaffolding approach' behind our analysis, we now move from studying revenue and concentration trends for each sector on a stand-alone basis to grouping similar industry sectors into three more general categories: telecoms and internet access services, traditional and online media services and core internet services. The point of doing this is to move from a close, detailed analysis of individual media sectors (a micro-level analysis) to a more general, mid-range analysis of similar communication and/or media sectors, and finally to a macro-level and holistic analysis of the network media altogether. The main point is to present, analyze and compare data across these three mid-range segments and time based on total revenues as well as the CR4 and HHI indexes. The aim is to examine common features across the more general categories as well as the differences between them.

Overall, we will refer to the three areas together as the "network media economy". At the last stage of our analysis, we will once again group each of the three categories just introduced into an integrated and holistic view of entire network media economy in Switzerland. The results of that exercise lead to a portrait of the top twenty communications, internet and media companies in Switzerland based on their activities and revenue across all sectors of the network media economy and that have been covered in this report (see Figure 13, "Leading Communications-Internet and Media Companies in Switzerland 2021").

Revenues

Over the course of the period covered in this report, the telecoms and internet access services segment had the highest revenues, followed by traditional and online media services, and then core internet services. However, these three areas show different trends. For the telecoms and internet access services segment, revenues are decreasing, while for the core internet services segment revenues are rising. Turning our attention to traditional and online media services, we can see that revenues have remained fairly stable, albeit with traditional media sectors such as broadcast TV and radio, newspapers and magazines losing ground while revenue for their online media counterparts such as music, games, video services and news media have seen a brisk increase in revenue over the past three years.[7] Therefore, it can be predicted that in the future the financial relevance of these areas might change, with a consequent change in their political and cultural role. This said, it must be kept in mind that the revenue presented in this report were originally accounted for in CHF, and their decrease is largely due to the very significant and worsening exchange rate change between USD and CHF in 2020 and 2021. In other words, the picture we paint based on USD is worse than conditions really are when considered from the vantage point of the Swiss currency.

Overall, combined revenue across the network media economy in Switzerland remained stable over the years, as illustrated in Figure 10, below. As noted earlier, this trend masks some significant variations within this overall configuration, such as the different ways the pandemic affected the different market areas over the three years covered by this report. On the other hand, this stability must be considered apparent: the changing in the exchange rates we previously highlight effect it in a way that, net of this changes, the overall trend is one of growth across each of these segments of the media economy.

Figure 10, below, illustrates the revenue trends (current $) between 2019 and 2021 for the network media economy.

“Overall, combined revenue across the network media economy in Switzerland remained stable over the years.”

[7] Data reported in USD. These figures must be treated with caution on account of the significant exchange rate fluctuations between 2020 and 2021.

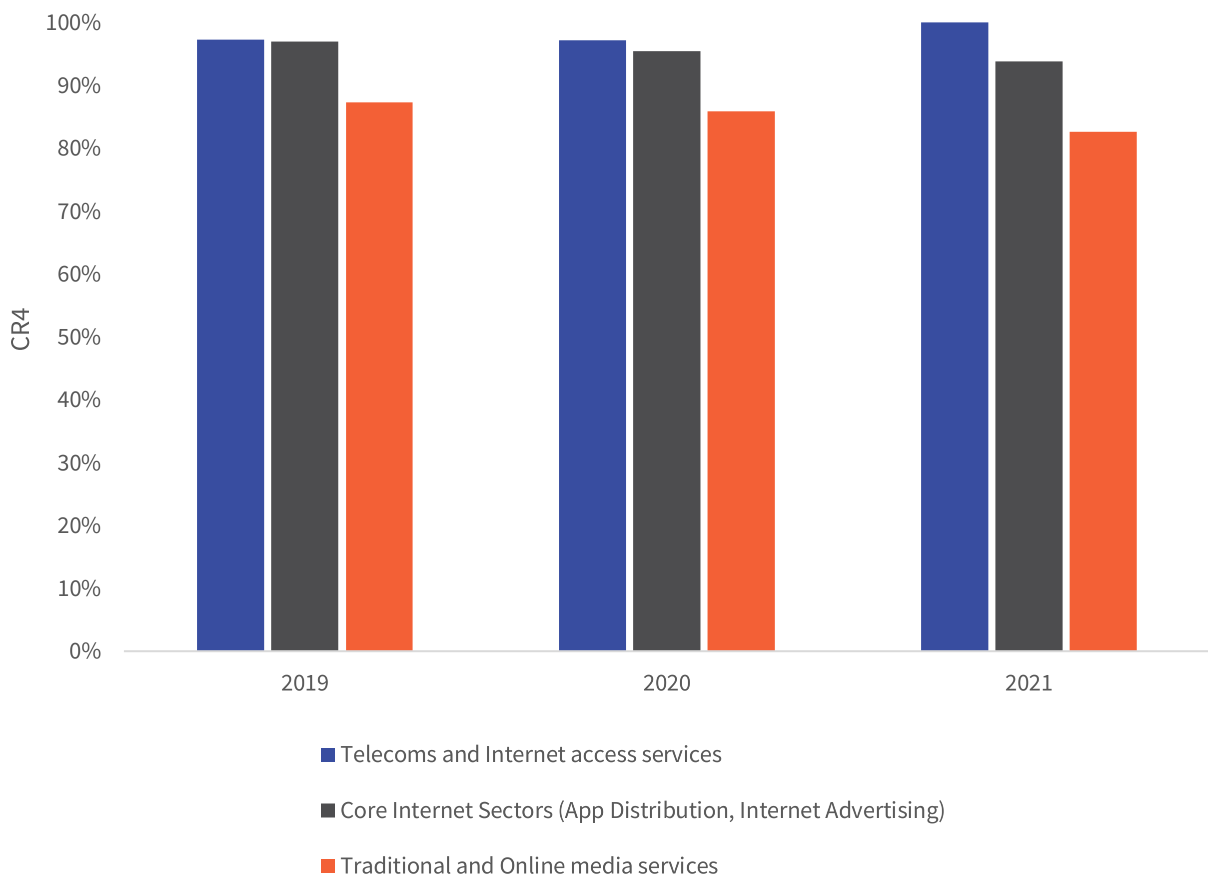
Figure 10: Development of media industries, 2019-2021 (current USD$, million)

Network media concentration levels and trends based on the CR4 and HHI metrics

The telecoms and internet access services examined in this study had the highest average CR4 index over time, even accounting for the slight ups-and-downs from one year to the next. The core internet sector presents a similar CR4 in 2019 but, following an opposite trend, its values decrease in the following years. While the CR4 results for traditional and online media services were the lowest of these three groups, the difference was modest and the end results still land at the relatively high level of between 87.3 and 82.6 over the 2019-2021 period, with a slight downward trend.

Figure 11, below, illustrates the CR4 index between 2019 and 2021 for the network media economy.

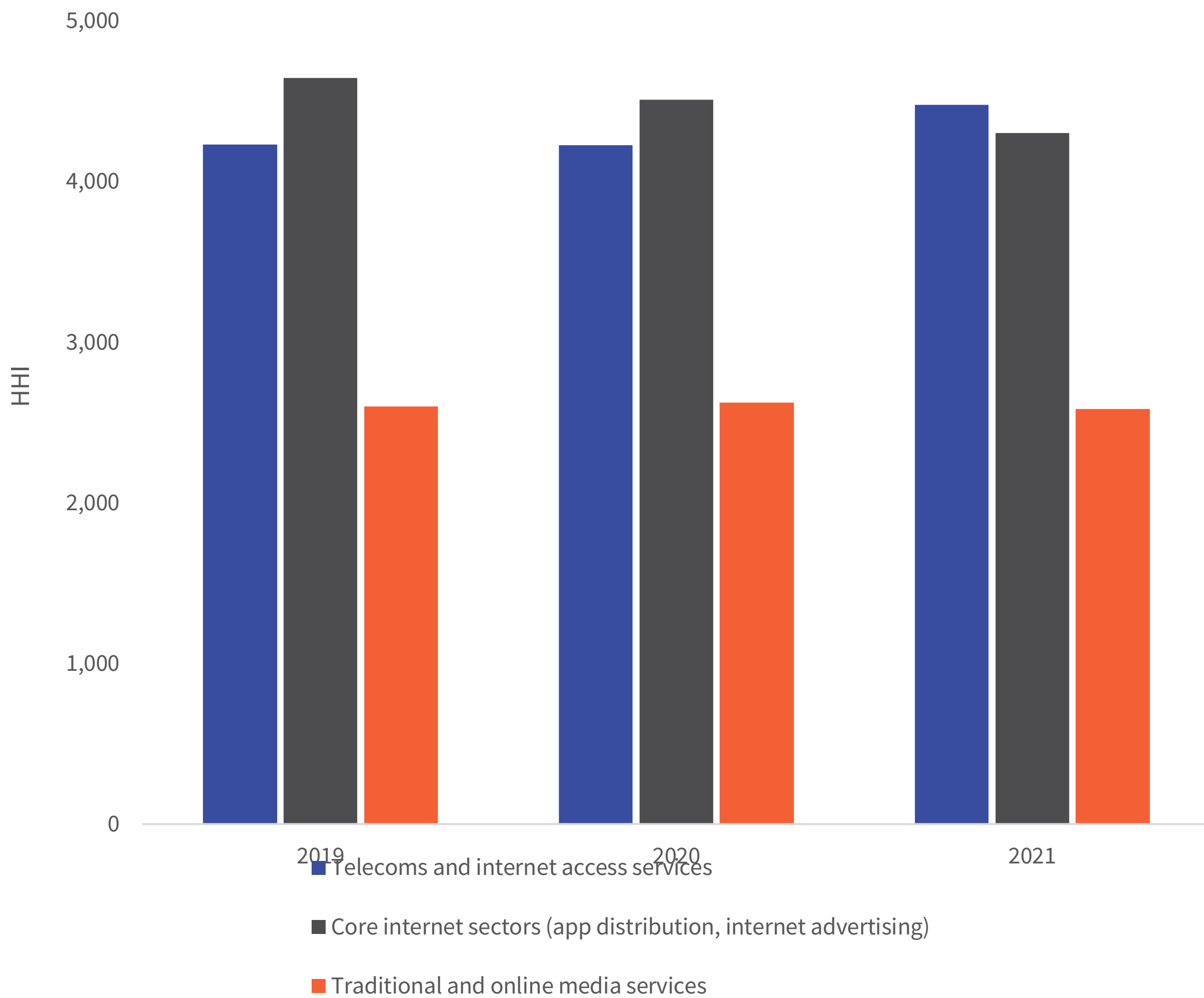
Figure 11: CR4 scores for the network media economy, 2019-2021



HHI scores also reveal high levels of concentration in each of the three mid-range sector groupings that make up the network media economy in Switzerland. For instance, HHI scores for telecoms and internet access services and core internet sectors, respectively, stayed in the 4,000 to 4,400 range across the three years covered by this report. While the HHI values for the two areas are similar, there is some jockeying for position between them over time, with the core internet sectors having the highest HHI score in 2019 and 2020, while a year later, telecoms and internet access services became the most concentrated area. The HHI, on the other hand, for traditional and online media services is considerably lower (around 2,500-2,600), but still falls within the highly concentrated zone by the standards of this measure.

Figure 12, below, illustrates the HHI index between 2019 and 2021 for the Network media economy.

Figure 12: HHI scores for the network media economy, 2019-2021



The data presented in this section underscores how each of the mid-range groups that form the Swiss network media economy is characterized by high concentration levels, although with significant differences between sectors the telecoms and internet access services sectors and core internet sectors, on the one hand, versus the traditional and online media services sectors, on the other. High concentration levels are related to two main factors: the dominant position occupied by Swiss companies within specific sectors (e.g., Swisscom or SRG SSR) and the presence of large multinational companies across different sectors (e.g., Alphabet or Apple).

Leading communications-internet and media companies in Switzerland in 2021

Accordingly, Figure 13, below, provides a portrait of the leading communications, internet and media companies based on the aggregate revenues from the many sectors we cover in this report.[8] To deal with the reality that stand-alone revenue data for each of the sectors we cover is incomplete, in several instances we have grouped sectors into a single column. Again, this choice reflects the situation of the Swiss media market: namely, these sectors are dominated by the same players, but it is difficult to parse their revenue figures in a manner that neatly fits with the sector definitions of the GMIC Project. Given this latter constraint, it often the case that we can only publish firm-level revenues only in aggregate forms that cut across different media sectors. The aggregate total revenues of the top 20 players in the Swiss media market amounted to $15,325.1 million (USD) in 2021, and respectively the total amount of the network media economy is equal to $19,352.9 million (USD).

In 2021, Switzerland scored 56.2 in the CR4 index and, interestingly, 74.7 in the CR10 index. Overall, the CR4 and CR10 indexes indicate that the Swiss media market in 2021 can be considered to be concentrated, but only moderately so by these standards. This, as the data shown above suggest, is partly due to the strong presence of publicly funded or former publicly funded companies in some core sectors. These data not only highlight the fact that the top 4 players hold more than an half of the market, but also that this tendency towards concentration is further accentuated among the top ten companies.

In contrast, the HHI score of 1076.7 for the whole network media economy in 2021 reflected a lower level of concentration by the standards of this measure. The HHI result in Switzerland is in line with that of Canada (where the HHI is 1137 in 2022), but higher than France (HHI 935 in 2021), South Korea (HHI 542 in 2021), and Italy (HHI 689 in 2021). The Swiss HHI it is in the range of low concentration index (under 2500), but it is the highest amongst the countries that have published the GMICP nation report so far.

Figure 13, below illustrates the total revenue for the network media economy in Switzerland for 2021. It also shows the total revenues for as well as the leading Communications-Internet and Media Companies in Switzerland as well as the CR4, CR10 and HHI scores for that year as well.

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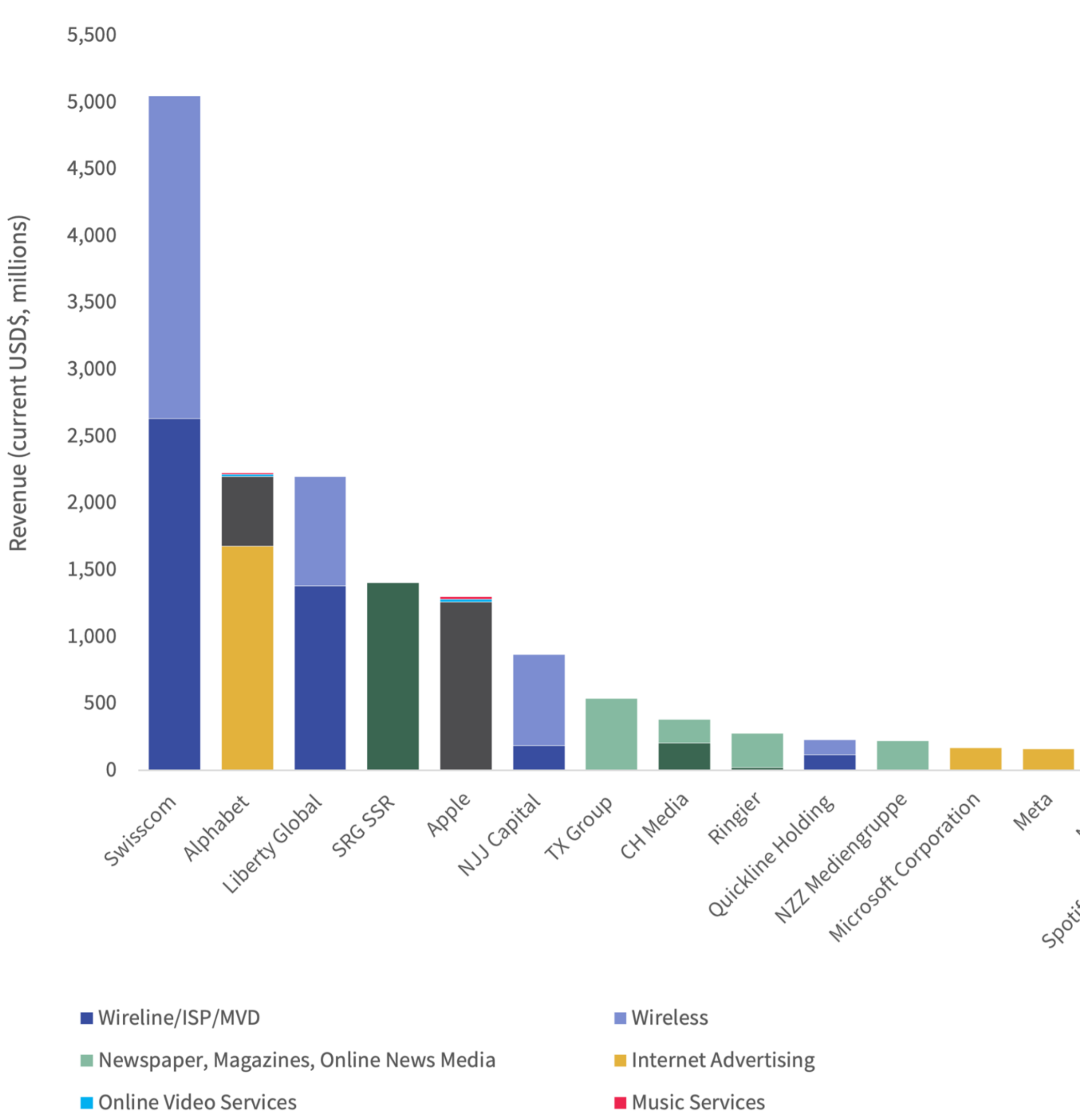
[8] In most cases, business reports were not available. Data on these sectors were derived by combining information published in PwC's Global Entertainment & Media Outlook, Statista and other media monitoring associations. Accordingly, data in these sectors should be considered as an estimate.

Figure 13: Leading communications-internet and media companies in Switzerland in 2021



Total revenue	**$19,352.91**
CR4	56.2%
CR10	74.7%
HHI	1,076.7

In 2021, the biggest player in the Swiss media market was a Swiss company: Swisscom. Swisscom is a communications company partially controlled by the Swiss government, which owns 51% of the shares. Based on the sum of its revenues across the markets in which it operates, Swisscom singly-handedly accounts for 26.1% of total revenue in the $19.4 billion (USD) network media economy in Switzerland. This reflects the fact that Swisscom not only operates in the biggest sectors, i.e. the telecoms and internet access sectors, of the network media economy but that it is also the biggest company in those sectors. Indeed, in each sector in which it operated, Swisscom's revenues were more than double of those of the second and third players.

The second largest player by total revenues in 2021 was Alphabet, with estimated total revenue from its operations in Switzerland of $2,226.8 million, that correspond with the 11.5% of the network media economy. As a multinational company active in digital services, Alphabet's revenues are derived from four different streams: internet advertising ($1,675.5 million), app distribution ($523 million), online video services ($15.8 million) and music services ($12.5 million).

The third player by total revenues was also a multinational telecommunications company, Liberty Global, whose yearly revenues in Switzerland ($2,197 million; 11.4% of the network media economy) were quite close to those of Alphabet. In terms of market sectors, however, Liberty Global is a direct competitor of Swisscom, as its revenues came primarily from the Wireline/ISP/MVD ($1,378.8 million) and the Wireless ($818.2 million) markets. Liberty Global is the owner of Sunrise UPC.

While a significant gap in total revenues was noticeable between the first and the second player, a lesser yet still important gap existed between the total revenues of Liberty Global and those of the fourth and fifth player. The fourth largest player in the Swiss market was the public service radio and television broadcaster (SRG SSR). With $1,404 million revenues, and 7.3% of the general network media economy, SRG SSR almost completely dominated the Broadcast radio and TV sectors.

Similarly, to what has already been highlighted in the case of Alphabet, Apple (the fifth player, $1,299.1 million; 6.7% of the network media economy) relied on revenue streams coming from three online media services sectors, namely app distribution ($1,256 million), online music services ($22.7 million) and online video services ($20.4 million).

The total revenues of the next seven players decreased progressively in a range from $860 to $150 million and account, altogether, for 13.8% of the network media economy. The sixth largest player, NJJ Capital, has $865.9 million total revenues divided between the wireless sector ($684.8 million) and the wireline/ISP/MVD sector ($181.1 million). Interestingly, the seventh, the eighth, and the ninth player all participated in the same market sectors, i.e., the newspaper/magazines/online news media sector. In this area, the main players were TX Group (total $535.1 million), CH Media, active also as the most important private group of the TV/radio broadcasting sector (total $377.7 million), and

Ringier, also with a small presence in the TV/radio broadcasting sector (total $274.5 million). The tenth player, Quickline Holding, had total revenues of $224.8 million divided between wireless ($112.4 million) and wirelines/ISP/MVD ($122.4 million). The eleventh was, again, a publishing group active in newspaper/magazines/online news media sector: NZZ Media Group had a total revenue of $219.8 million, but it is fundamental to note that CH Media (8th position) is a joint venture of two groups, AZ Medien and the NZZ Media Group. Therefore, the actual revenues of NZZ Media Group are in fact higher than its eleventh position.

The twelfth and thirteenth players compete in the same sector, internet advertising, and are both international tech giants: Microsoft, with $164.5 million revenues, and Meta, with $159.8 million revenues.

The last 7 players had total revenues under $100 million per year and are all, rather interestingly, multinational digital companies. Indeed, the fourteenth player was Netflix, with total revenues of $94.2 million in the online video services, the fifteenth was Spotify Technology SA, with $68.9 million revenues in the online music services sector, and the sixteenth is Amazon, sharing its activity between the online video services ($29.7 million) and the online music services markets ($12.6 million).

Conclusion

This report shows at least two different sets of conclusions. On the one hand, Switzerland is affected by global trends which are characterizing media and internet sectors: the most relevant area in the market is the telecoms and internet access services, Core internet services is increasing its financial relevance over time, and there is an increase of concentration in several sectors, with some oasis where markets are only moderately concentrated.

On the other hand, there are several peculiarities of the Swiss market. First, from 2019 to 2021, the revenues for the traditional and online media services stagnated. This does not mean that traditional media in the country are as relevant as in the past (for example, the decline of the overall circulation in newspapers started at least in the mid 1990s), but that the decline of traditional media in Switzerland is slower compared to other countries. As a matter of fact, public service broadcasting is still very relevant in the country.

Second, while there are some fluctuations within each sector and across combined sectors, the changes overall tend to be modest. The only significant changes over the three-year period we studied took place in the telecoms sector. This is classic in small countries where mergers and acquisitions (for example Sunrise and UPC in 2020) can totally change the picture. Being a small country matters for media and internet concentration. Indeed, in Switzerland, there is a high penetration of “foreign media”, as can be noted in the case of online video services, which coexist with a limited national production and sales.

At the same time, in small countries the media regulation tends to be more intense and the tendency is towards a more interventionist approach (up to protectionism) (Puppis 2009). This latter aspect might contrast with another peculiarity of Swiss media markets according to the secondary literature: in Switzerland, media concentration is not a big issue at the political level and, in a small and fragmented market like this one, a certain degree of concentration is taken for granted (Bonfadelli, Meier & Trappel 2006). The merger of UPC and Sunrise, for instance, was approved by the federal Competition Commission (Wettbewerbskommission - WEKO), whih stated: “There is no threat that effective competition will be eliminated. It is indeed unlikely that UPC/Sunrise and Swisscom will coordinate in the future” (WEKO, 2020).

A fourth and connected characteristic of the Swiss media system, as we have underlined several times, is the lack of transparency in data. Several datasets which are common in other European countries do not exist in Switzerland. Consequently,, especially for smaller and private players, accessing data is difficult. Other existing databases are accessible only with high fees, an issue which, in this case, is shared with other nations. Then, European datasets are often not useful since Switzerland is not included in them; Switzerland, in fact, is not part of the European Union and, as such, it is often cut out of European reports. A final key aspect impacting the national media systems is the fact that Switzerland is a multilingual and multicultural society (Badillo and Bourgeois, 2013): indeed, the four linguistic regions make the market highly fragmented in terms of audiences, users, and financial resources.

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