



Swiss Entertainment & Media Outlook 2020-2024

Business-to-business

Pulling the future forward: The entertainment and media industry reconfigures amid recovery

Business-to-business

Segment definition

This segment covers business-to-business media, comprising business information, directory advertising, trade magazines, professional books and trade shows. Business information includes spending on business-focused data and intelligence such as financial details, including securities and credit data; marketing insights, including sales and survey research, mailing lists and demographic databases; and industry reconnaissance, including data and content covering market share information and competitor intelligence. This revenue is both digital and non-digital, and is considered consumer spending. Directory advertising covers the ad spend on both print and digital editions of directories such as Yellow Pages. This revenue is both digital and non-digital, and is considered advertising spending. Trade magazines comprises both advertising and circulation revenue from magazines aimed at a professional audience. This segment considers advertising spend in both traditional print and digital online magazines – either via a magazine website or by means of discrete digital editions of magazines distributed directly to a connected device such as a PC or tablet. Circulation revenue comprises spending by readers on printed trade magazines, including single copies obtained from retail outlets or via subscriptions, as well as spending on downloads of individual digital copies or subscriptions delivered digitally to a connected device such as a PC or tablet. This revenue is both digital and non-digital, and is reflects consumer as well as advertising spending. Professional books are those targeted at professional users (e.g. legal publishing). This segment encompasses revenue generated from sales of print (including audio) and digital versions, hence the revenue is both digital and non-digital and is considered consumer spending. Trade shows reflects revenue from spending by businesses on their exhibitions at trade shows. It does not include sponsorship of events. This revenue is non-digital, and is considered advertising spending.

Market drivers

Divergent B2B sectors

The economy is not the only factor that affects the various B2B sectors. Each faces unique structural and policy-related challenges and opportunities, trends that in many cases are having a greater impact on its fortunes than underlying economic growth.

The most obvious is the deteriorating demand for printed products, which is most pronounced in advanced economies with high rates of smartphone penetration and broadband connectivity. This has limited implications for data-rich products and experiential situations, i.e. business information and expositions. But trade directories, trade magazines and professional books are being affected irreversibly by the move away from physical publications. Each of the latter is being impacted to a varying degree, with trade directories experiencing the most radical declines, although there are signs that this trend will bottom-out in the medium term.

Data matters

Data has become an increasingly fundamental value-generating commodity for the business information segment. Developed markets are at or near full smartphone penetration rates, and emerging economies are following closely behind. The exponential growth in Big Data that goes hand-in-hand with the surging number of digital devices is highly advantageous for companies that can draw insights from it. Business information providers can harness this data to help their customers understand their own markets in new, more detailed ways and predict potential demand.

But data governance standards and the commercialisation of personal data have been focal points for policymakers in recent years, with regulatory initiatives being the result. The EU was the first mover in 2018 with the implementation of its General Data Protection Regulation (GDPR), which regulates privacy, data harvesting, marketing and personal consent.

At the heart of these regulations is privacy. Although the related regulatory costs will have to be borne by B2C and even B2B operators, the overall impact on information providers' business models is likely to be limited, since they process data in an anonymised form to build profiles of consumer types rather than identifiable individuals.

Switzerland

Business-to-business in Switzerland

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2019 - 2024 CAGR |
|--|------|------|-------|-------|-------|------|------|-------|-------|-------|------------------|
| Business-to-business in Switzerland (CHFmn) | 933 | 965 | 1'002 | 1'036 | 1'069 | 906 | 982 | 1'100 | 1'146 | 1'186 | 2.09% |
| Business information (CHFmn) | 463 | 486 | 511 | 534 | 557 | 544 | 560 | 627 | 650 | 673 | 3.87% |
| Directory advertising (CHFmn) | 137 | 140 | 142 | 144 | 145 | 133 | 136 | 138 | 134 | 130 | -1.99% |
| Digital directory advertising (CHFmn) | 68 | 79 | 89 | 99 | 105 | 108 | 111 | 115 | 116 | 117 | 2.08% |
| Print directory advertising (CHFmn) | 69 | 61 | 52 | 46 | 39 | 26 | 25 | 23 | 18 | 15 | -18.52% |
| Professional books (CHFmn) | 56 | 57 | 57 | 58 | 59 | 55 | 57 | 61 | 62 | 63 | 1.20% |
| Electronic professional books (CHFmn) | 14 | 15 | 16 | 17 | 19 | 19 | 19 | 22 | 24 | 25 | 5.49% |
| Print/audio professional books (CHFmn) | 42 | 42 | 41 | 41 | 40 | 36 | 38 | 39 | 38 | 38 | -1.08% |
| Trade magazine (CHFmn) | 118 | 117 | 118 | 119 | 119 | 99 | 110 | 120 | 120 | 119 | 0.08% |
| Trade magazine advertising (CHFmn) | 96 | 95 | 95 | 96 | 96 | 79 | 88 | 97 | 97 | 97 | 0.10% |
| Trade magazine digital advertising (CHFmn) | 26 | 30 | 34 | 37 | 42 | 42 | 43 | 54 | 57 | 61 | 7.83% |
| Trade magazine print advertising (CHFmn) | 68 | 64 | 61 | 57 | 54 | 37 | 45 | 43 | 39 | 36 | -8.13% |
| Trade magazine circulation (CHFmn) | 22 | 22 | 23 | 23 | 24 | 20 | 23 | 24 | 24 | 24 | 0% |
| Trade magazine digital circulation (CHFmn) | 1 | 2 | 3 | 4 | 5 | 5 | 5 | 6 | 6 | 7 | 10.20% |
| Trade magazine print circulation (CHFmn) | 20 | 20 | 20 | 19 | 19 | 15 | 18 | 17 | 17 | 16 | -3.08% |
| Trade shows (CHFmn) | 159 | 165 | 172 | 181 | 190 | 76 | 119 | 154 | 179 | 199 | 0.98% |

Notes: Numbers shown are rounded. Totals may not equal the sum of their parts due to rounding.

Sources: PwC, Omdia, Central Association of the German Advertising Industry (ZAW), German Publishers & Booksellers Association

Switzerland's total B2B revenue was USD 1.2bn in 2019, a 3.2% increase over the previous year and nearly double the regional average of 1.9%. With a 2.1% CAGR over the forecast period, this will take the total to US\$1.3bn by 2024.

Business information contributed more than half (52%) of that amount in 2019 and its proportionate share is growing. A 3.9% CAGR will result in the sector's revenue reaching USD 739mn by 2024, or more 57% of the B2B market.

A major driver behind this trend is Switzerland's unique position as a European test market for US consumer companies. The country's multilingual and multicultural population makes it a suitable venue for determining the viability of products earmarked for export to Europe.

Switzerland's B2B market will be hit hard in 2020 as a result of the global outbreak of COVID-19. The trade shows sector will be most affected, with revenue set to fall by 60.0% for the year. However, revenue should recover in 2021 and modest growth (1.0% CAGR) is expected through 2024.

MCH Group, the largest events business in the country and the fifth-largest globally, is undergoing a strategic restructuring. Revenue at the group level fell by 23.7% to CHF 272mn (USD 274mn) in the first half of 2019, due to the weaker exhibition cycle with no Swissbau, the declines in Baselworld, and structural changes that included the sale of Winkler Livecom. The divestment of Winkler Livecom, which provides ancillary services for other companies' live events, is part of a broader strategy shift that has included a streamlining of MCH's show portfolio as it focuses on its core events-related service offering.

