Swiss Entertainment & Media Outlook 2022–2026

Exploring the new normal for the E&M industry

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Introduction

Switzerland's entertainment and media (E&M) revenue grew strongly in 2021, as the country, like the rest of the world, recovered from the effects of the COVID-19 pandemic. Industries that were more severely impacted in 2020 such as live music and cinema made strong comebacks, though they were still below their pre-pandemic levels. Meanwhile, segments such as video games and over-the-top (OTT) video have risen to new heights after thriving under lockdown conditions. They are now outperforming pre-pandemic forecasts.

This report goes into more detail about the outlook for the E&M market in Switzerland until 2026. We summarise the most important findings in each segment then take a deeper dive into consumer spending, the opportunity for blending gaming with online video as well as advertising.

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1 Business-to-business (B2B)

This segment covers B2B media, comprising business information, trade magazines, professional books and trade shows.

Segment definitions

Business information includes spending on business-focussed data and intelligence, such as financial, including securities and economic credit data; marketing, including sales and survey research, mailing lists and demographic databases; and industry, including data and content covering market share information and competitor intelligence. This revenue is both digital and non-digital, and is considered consumer spending.

Professional books are those targeted at professional users (e.g. legal publishing), and this segment considers revenue generated by sales across both print (including audio) and digital. This revenue is both digital and non-digital, and is from consumer spending.

Trade magazines comprises both advertising and circulation revenue from magazines aimed at a professional audience. This segment considers advertising spending in both traditional print and through digital online magazines – either direct through a magazine website or 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 direct from retail outlets or via subscriptions as well as spending on downloads of individual digital copies or subscriptions delivered digitally directly to a connected device such as a PC or tablet. This revenue is both digital and non-digital, and is from both consumer and advertising spending.

Trade shows considers revenue from spending by businesses on exhibitions at trade shows. It does not include sponsorship of events. This revenue is non-digital, and is considered advertising spending.

Fig. 1: Trade shows to recover and business information to continue growing, while professional books and trade magazines plateau
Switzerland, B2B market, 2017–2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Business information	557	582	606	596	599	665	695	720	737	747	4.5%
Professional books	63	64	64	60	64	66	67	68	69	69	1.7%
Print	45	44	43	39	41	41	41	41	40	40	-0.6%
Digital	18	19	20	21	23	25	26	28	29	30	5.5%
Trade magazine advertising	104	104	104	100	103	103	104	104	104	104	0.2%
Print	67	63	59	54	51	46	42	38	36	34	-8.1%
Digital	37	41	45	46	51	57	62	65	68	70	6.5%
Trade magazine circulation	25	25	25	22	25	26	26	26	26	25	0.3%
Print	22	21	21	17	19	19	19	18	17	17	-2.5%
Digital	3	4	5	5	6	7	7	8	8	8	8.2%
Trade shows	188	197	206	61	110	157	184	206	220	229	15.9%
Total	**936**	**972**	**1,005**	**839**	**900**	**1,018**	**1,077**	**1,123**	**1,155**	**1,175**	**5.5%**
Year-on-year (%)		**3.8%**	**3.4%**	**-16.6%**	**7.4%**	**13.0%**	**5.8%**	**4.3%**	**2.8%**	**1.8%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

B2B

Switzerland's total B2B revenue rose 7.4% to CHF900mn in 2021. A forecast increase in the compound annual growth rate (CAGR) of 5.5% will drive the market's value to CHF1.2bn by 2026.

The country sees a contribution from its business information sector that is slightly above the regional average. It stood at 60.3% before the pandemic, spiked to 71% as other sectors suffered in 2020 and then settled at 66.6% with the subsequent rebound of trade shows.

In general, demand for B2B products is positively correlated with GDP growth. With rising demand, companies make more sales, and as their available cash increases they are more willing to spend on products and services that deliver insights and revenue opportunities to further their growth. Typically, B2B expenditure is reined in during periods of recession. However, some sectors are more sensitive to macroeconomic conditions than others. When the economy suffers and stock markets start fluctuating, demand for financial data stays consistent. However, sectors that relate to advertising tend to suffer more heavily during economic downturns, as these tend to be the first to be cut by companies.

Business information is still in high demand

As mentioned, demand for business information usually remains strong during periods of economic uncertainty. This has been exactly the case in Switzerland over the past two years, and business information has outperformed all other B2B categories. This is partly down to companies relying on information and data during these periods of uncertainty, where these are often business-critical and help to inform strategic and commercial decision-making. Furthermore many information providers were able to continue delivering their digital products and services during stay-at-home measures over the past two years.

Business information is forecast to expand at a CAGR of 4.5%, from CHF599mn in 2021 to CHF747mn in 2026.

Trade shows to recover after COVID-19 disruption

Conversely, trade shows have been hit hard by the pandemic over the past two years, as event organisers were forced to cancel or postpone to restrict the spread of COVID-19. It's a huge change in fortunes for a sector that was the second-largest in the B2B industry and showing signs of continued growth prior to 2020. In 2021, trade shows revenue amounted to CHF110mn, down 46.6% compared with 2019.

Understandably, the pandemic affected the confidence of many trade show organisers, who did not want to risk planning events only for them to be cancelled at the last minute due to COVID-19 surges. This slowed the recovery of trade shows in 2021. However, the latter stages of the year saw a higher number of trade shows taking place. This helped increase revenue to CHF110mn following the worst year on record for event cancellations in 2020.

During the approximately two-year hiatus of live events, trade show organisers ran virtual events as a temporary replacement. Online trade shows tend to focus on presentations, discussions and panels, which are easier to host virtually. However, they are less effective at replacing traditional in-person trade shows, where exhibitors are free to walk around halls and communicate with others. Many businesses that rely on human interaction at trade shows for new business opportunities struggled to gain the exposure they needed at virtual events, despite the best efforts of present-day tech. This increased the need for a return to in-person events. However, some smaller trade shows are expected to switch permanently to digital or hybrid models, as virtual events often have significantly lower set-up costs compared to physical events, even if monetisation options are more limited.

The largest domestic organiser in the country, MCH Group, was still facing pandemic-related challenges moving into 2022. In November 2021, it announced once again that its flagship luxury watch trade show, Baselworld, which had previously been postponed to May 2022, would no longer go ahead. However, as pandemic restrictions are relaxed or removed entirely, it looks like these challenges may be only temporary. In March 2022, MCH announced better-than-expected 2021 financial results despite the impact of the pandemic, indicating a return to growth for trade shows in general. The company showed positive second-half results, partly due to the successful Art Basel event in September 2021. This was a welcome return for a trade show that attracted 93,000 attendees in 2019 but was cancelled in 2020. Its restoration to its usual June slot in 2022 has been hailed as a sign that the trade show sector is rebounding.

According to an FTI Insight survey released in March 2021, 46% of nearly 500 business decision-makers in the UK and US said that trade show budgets were going to be increased above pre-pandemic levels. The main reason given is that many companies view trade shows as a way to boost the exposure of their products and services after COVID-19-related disruption affected their trade. This is another indication of positive post-pandemic prospects for trade shows in mature markets such as Switzerland.

With greater confidence in the return to live events in 2022, the recovery is expected to be swift. The forecast indicates that trade shows will revert to their pre-pandemic growth, with revenue increasing at a CAGR of 15.9% to CHF229mn by 2026 – significantly exceeding 2019 levels. 2023 is set to be the first full year without any COVID-related restrictions since 2019, which will help speed up the sector's recovery.

Professional books and trade magazines to decline after COVID-19 bounce

Professional books and trade magazines, meanwhile, have historically comprised little more than one-fifth of B2B revenue between them. Both made solid recoveries in 2021, but this growth will be short-lived. Demand for printed products had been falling for some time, and the pandemic exacerbated this trend, especially in mature markets that had already begun the transition to digital. Professional books have proved more resilient than trade magazines, which were further weakened by advertisers rapidly shifting away from print editions. Although these sectors' growth rates fluctuated during the pandemic, they will settle down during the latter years of the forecast period.

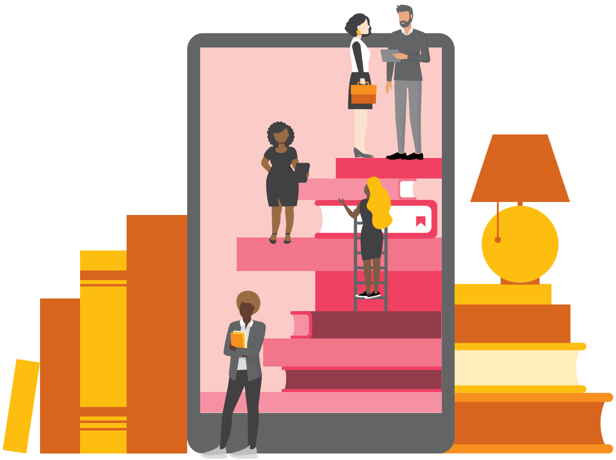
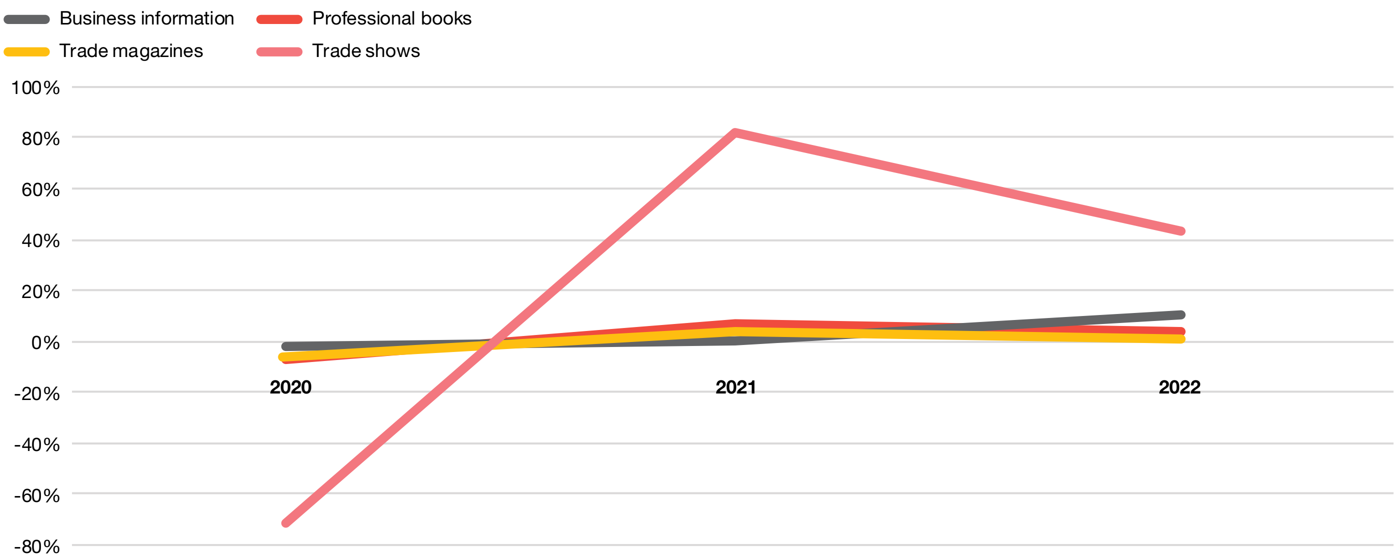


Fig. 2: Trade shows to see the most volatile recovery from COVID-19
Switzerland, annual B2B revenue growth by sub-segment, 2020–2022 (%)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

2 Cinema

This segment comprises cinema revenue (including box office and advertising). This revenue is non-digital, and includes both consumer and advertising spending.

Segment definitions

Cinema revenue comprises consumer spending at the box office for theatrical motion pictures and advertising spending at the cinema including on-screen adverts prior to the movie. It does not include revenue from merchandise or concessions. This revenue is non-digital, and from both consumer and advertising spending.

Cinema

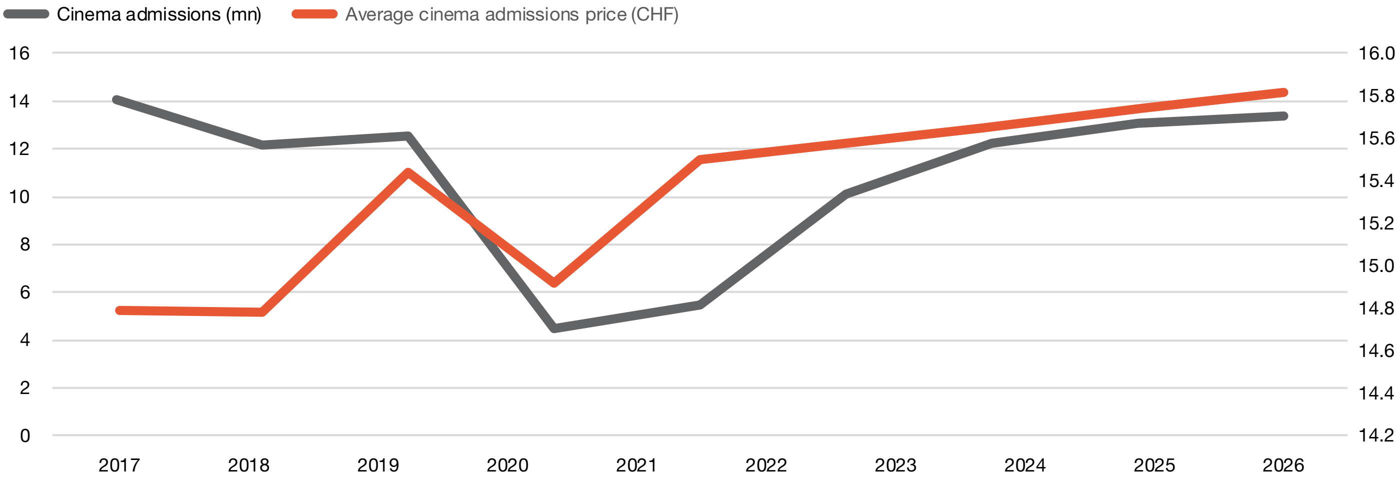
The cinema sector in Switzerland will experience modest growth over the forecast period, gradually recouping the losses suffered during the COVID-19 pandemic. Box-office revenue is forecast to stand at CHF215mn in 2026. That is only slightly higher than the CHF205mn achieved in 2017, and total cinema revenue will not recover to pre-pandemic levels until 2024.

Fig. 3: Cinema revenue to return to pre-pandemic levels by 2024
Switzerland, cinema market, 2017–2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Box office	205	179	193	67	85	158	191	205	210	215	20.4%
Advertising	32	32	34	9	14	22	24	24	25	25	12.3%
Total	**237**	**211**	**227**	**76**	**99**	**179**	**215**	**229**	**235**	**240**	**19.3%**
Year-on-year (%)		-11.0%	**7.7%**	-66.4%	**30.5%**	**80.7%**	**19.7%**	**6.7%**	**2.5%**	**2.4%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Fig. 4: Cinema admissions to slowly recover from pandemic-related disruption
Switzerland, cinema admissions (mn) and average admissions price (CHF), 2017-2026



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Admissions will reach nearly 14mn in 2026, down by around 320,000 on 2017 levels. However, they will still be significantly higher than the 2020 low of 4.5mn, caused by COVID-19 shutting cinemas for most of the year.

Domestic productions had a 14.9% share of the Swiss market in 2020, which is relatively low given the absence of competition from US films during the early stages of the pandemic. However, Switzerland is a diverse market in which films are released in different languages. The presence of two Swiss titles, Ursula Meier's La Ligne and Michael Koch's Drii Winter, in the main competition at the 2022 Berlin International Film Festival was hailed by local producers as evidence that the Swiss film industry is in good health. In May 2022, a new law was passed through a referendum to ensure that streaming services such as Netflix reinvest 4% of their Swiss revenue in local production. This will help raise funds for the production of Swiss films.

The Swiss Film Awards 2022 took place in Zurich in March. The Swiss Film Academy awarded the prize for best feature film to OLGA, a story about a Ukrainian gymnast exiled from her homeland and training for the European Championships while living in Switzerland. The award for best documentary film went to Ostrov – Die Verlorene Insel (Lost Island). In addition to this, four new Swiss-produced films celebrated their premiere at the Cannes Film Festival in May 2022: Continental Drift, De Humani Corporis Fabrica, The Water and 99 Moons.

One trend evident in most markets, including Switzerland, is that audiences are getting younger. Older cinema-goers have been slow to return as the pandemic wanes.

For example, Sony's Spider-Man: No Way Home had huge worldwide box-office receipts of CHF1.6bn in late 2021 and early 2022, making it one of the most successful films in history. This was a film aimed at a younger audience. Despite the appetite among this demographic for streaming video content, the experience that cinemas offer continues to attract young consumers.

According to filmdistribution.ch, the best-attended film by admissions between January and May 2022 in both the German and French speaking regions was the Warner Bros hit Fantastic Beasts: The Secrets Of Dumbledore, followed by the Disney hit Doctor Strange In The Multiverse Of Madness. The third spot was Universal's The Bad Guys in the German-speaking region, and 2021 film Qu'est-Ce Qu'on A Tous Fait Au Bon Dieu? in the French-speaking part. In the Italian-speaking area, the most attended film to date was Sony Picture's Uncharted, followed by Fantastic Beasts and Doctor Strange in second and third spots.

3 Consumer books

This segment comprises revenue generated from the sale of consumer books (i.e. bought by consumers for personal use), including both print and electronic editions.

Segment definitions

Revenues are assigned to the format of the book sold rather than the means of distribution, i.e. print editions bought from online retailers contribute to print revenues. Hard-copy audio books (i.e on CD or other physical medium) are included within the print category. This revenue is both digital and non-digital, and is from consumer spending.

Consumer books

Total consumer books revenue in Switzerland is forecast to decrease from CHF615mn in 2021 to CHF589mn in 2026. This is primarily driven by print books declining at a CAGR of -2.4%, falling from CHF484mn to CHF430mn.

E-books and audiobooks have continued their expansion in the country with revenue predicted to rise from CHF131mn in 2021 to CHF160mn in 2026, increasing at a CAGR of 4.1%. In fact, digital books will represent 27% of total consumer books revenue by the end of the forecast period. Audiobook companies Nextory and BookBeat have both launched in Switzerland, in December 2020 and July 2021 respectively, taking advantage of their strong market positions in other German-speaking nations.

Fig. 5: Rise in digital not enough to offset overall decline
Switzerland, consumer books market, 2017–2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Print	539	521	506	494	484	472	463	454	443	430	-2.4%
Digital	88	101	112	127	131	136	142	148	154	160	4.1%
Total	**627**	**622**	**618**	**621**	**615**	**607**	**605**	**602**	**597**	**589**	**-0.8%**
Year-on-year (%)		**-0.7%**	**-0.6%**	**0.4%**	**-1.0%**	**-1.2%**	**-0.5%**	**-0.5%**	**-0.8%**	**-1.2%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

In October 2021, five associations in the Swiss book industry came together to launch the Liber project, which aims to ensure a diverse and thriving book industry by supporting publishers, authors and booksellers. Readers can donate CHF30 or CHF60 and in return receive a book voucher for CHF50 or CHF100 respectively, which can be redeemed in more than 400 bookshops across the country. The voucher scheme is supported by a CHF400,000 donation from cantons, cities and foundations as part of COVID-19 emergency funding for the book industry.

Events

The effects of COVID-19 on the consumer books market continue to be felt. While 2020 saw most in-person book fairs and other events cancelled or moved online, 2021 saw a mix of in-person and virtual events. May 2022 saw the return of the Geneva book fair, which took place between 18–22 May 2022 at Promenade de la Treille, with French writer Laurent Gaudé as the guest of honour. At the event, the Kourouma Prize 2022 was awarded to Osvalde Lewat for Les Aquatiques, a novel about African society. According to Europe Comics, the book fair is the second-largest French-speaking book fair in the world, attracting 100,000 attendees and 1,000 authors.

The annual Antiquarian Book Fair Zurich took place between 5–7 November 2021 at Kunsthaus Zurich, the 25th staging of the event and the first since 2019. Book fairs enable publishers, authors and literary agents to network and agree deals on areas including the buying and selling of rights and the translation of texts. Other, more consumer-focused fairs offer discounted books for purchase.

Local author sets up publishing company

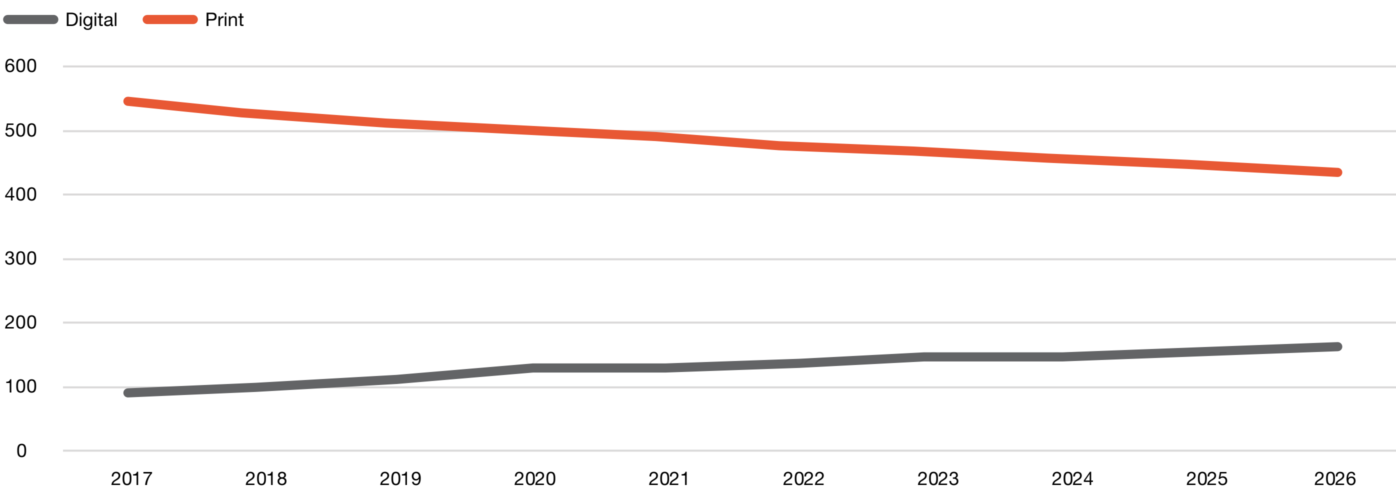
In February 2022, Swiss author Joël Dicker set up his own publishing firm in Geneva called Rosie & Wolfe as a form of self-publishing, an increasingly popular route for many authors. He published his sixth novel L'Affaire Alaska Sanders through this firm in March, and he is also republishing his first five novels, which were previously published by Bernard de Fallois.

Forecast

Although the pandemic increased the uptake of digital formats, print will remain dominant. Children's books – especially board books (books made out of paperboard instead of paper to cope with the wear and tear young children impose on books) – and hardback books are consistently selling well. This is due to their strong physical presence as well as their educational and entertainment value.

Digital formats are slowly gaining more revenue share, but aren't expected to overtake print in the longer term. Consumption preferences are, however, increasingly shifting towards the unlimited subscription model, especially for audiobooks. This mirrors trends in other segments of the entertainment and media market, where streaming services such as Netflix, Disney+, Apple Music and Spotify are popular.

Fig. 6: E-books and audiobooks drive increasing digital revenue
Switzerland, print vs digital consumer books, 2017–2026 (CHFmn)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

4

Internet access

This segment considers spending on accessing the Internet, and is split into two categories: mobile Internet and fixed broadband.

Segment definitions

Fixed broadband includes both wired and wireless connections, and is a subscription to residential or business Internet access services delivered to a home, office or other fixed location provided by cable, MMDS modem, xDSL, FTTx, WiMAX, proprietary wireless broadband, Ethernet, power line communications and satellite broadband technologies. Satellite services which rely on a fixed device mounted to a house are used in similar ways to, and so serve the same market need as, xDSL, FTTx, cable modem and other forms of fixed-line broadband, and are thus considered a form of fixed broadband. Fixed broadband households are further broken down into high, medium and low-speed connections.

Mobile Internet considers Internet access over the medium of cellular air interfaces, generally via a 2.5G network or higher. This covers Internet access via mobile devices and for connected devices that use embedded modems, dongles and data cards.

Internet access

The Swiss internet access market will achieve a CAGR of 2.7% between 2021 and 2026, with revenue increasing from CHF5.5bn to CHF6.2bn. The fastest-growing market segment is mobile internet access, which is expected to expand at a CAGR of 5.1% to reach CHF2.8bn by the end of the forecast period. Meanwhile, revenue from fixed broadband access will rise at a more modest CAGR of 1.0%, reaching CHF3.5bn by 2026.

Fig. 7: 5G launches and higher fibre speeds are driving increased internet access revenue
Switzerland, internet access market, 2017–2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Fixed broadband access revenue	3,064	3,260	3,237	3,290	3,316	3,357	3,402	3,427	3,448	3,483	1.0%
Year-on-year (%)		6.4%	-0.7%	1.6%	0.8%	1.3%	1.3%	0.7%	0.6%	1.0%	
Mobile Internet access revenue	1,728	1,880	2,084	2,113	2,161	2,271	2,401	2,528	2,650	2,764	5.1%
Year-on-year (%)		8.8%	10.9%	1.4%	2.3%	5.1%	5.7%	5.3%	4.8%	4.3%	
Total Internet access revenue	**4,792**	**5,140**	**5,321**	**5,403**	**5,476**	**5,628**	**5,803**	**5,956**	**6,099**	**6,247**	**2.7%**
Year-on-year (%)		**7.3%**	**3.5%**	**1.5%**	**1.4%**	**2.8%**	**3.1%**	**2.6%**	**2.4%**	**2.4%**	

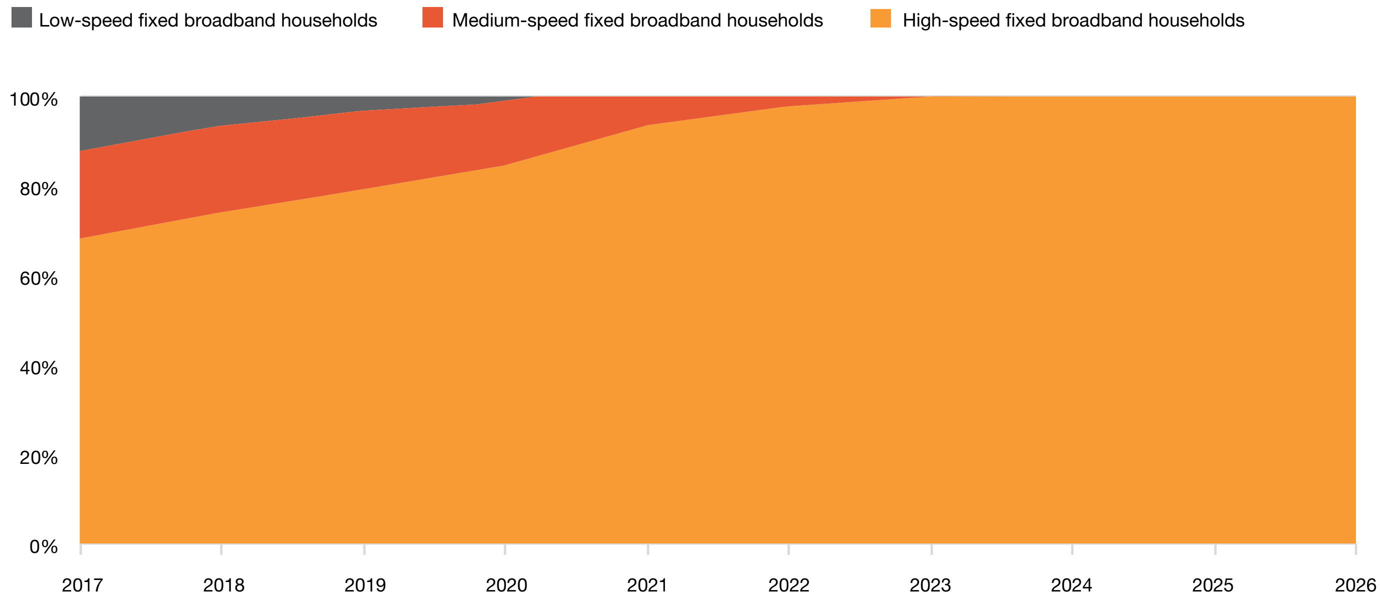
Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Switzerland has the highest fixed broadband penetration rate in Western Europe at 113%. High-speed broadband penetration is at 94.9%, and this is expected to rise to 100% by 2023. Fixed broadband accounted for 60.5% of total internet access revenue in 2021, with mobile making up the other 39.5%. By 2026, fixed broadband will make up 55.8% of revenue and mobile 44.2%.

Broadband speeds and the fibre rollout

In December 2021, the Swiss Federal Council proposed increasing the minimum fixed broadband speed for universal service providers by a factor of eight: from 10Mbit/s download and 1Mbit/s upload to 80Mbit/s and 8Mbit/s respectively. The proposition is set to take effect from 2024. The purpose of the universal service is to guarantee the availability of affordable

Fig. 8: Every household will have high-speed fixed broadband by 2023
Switzerland, number of fixed broadband households by speed, 2017–2026 (%)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

and reliable telecom services. Swisscom was selected as the universal service provider in 2017, and its licence is due to expire in 2022.

The Swiss telecoms market has seen competition intensify over the past two years following the merger of Sunrise and UPC and the launch of the converged offering Sunrise We in 2021. This strengthened Sunrise UPC's position in the market, moving around 280,000 UPC mobile customers who previously used Swisscom's network over to Sunrise's mobile network in June 2021 when the network integration was completed. Sunrise customers have been able to use UPC's fibre-optic cable network since October 2021.

Although Switzerland has an excellent broadband infrastructure and one of the highest broadband penetrations in Europe, fibre rollout continues to be slower than in neighbouring countries. The ruling on Swisscom's use of a single-fibre model, a point-to-multipoint architecture (P2MP), by the Competition Commission (COMCO) in 1H22 will have a great impact on fibre rollout speed in the coming years. Swisscom disclosed that it is likely to lower its coverage goal from 60% of households to 50% by 2025. In the meantime, Swiss operators have launched fixed wireless access (FWA) 5G services as an alternative technology for areas not yet covered by fibre-to-the-home (FTTH) networks.

Addressing churn

Telecoms operators have begun offering new services and brands in order to gain market share and reduce churn. In October 2021, Swisscom strengthened its entertainment proposition by introducing "blue Play", a comprehensive video library offering a wide range of series and films. It is available free of charge to existing TV customers on its blue TV M, L or XL tariffs. The operator plans to add "blue Music" to its portfolio in 2022, which will feature large open-air festivals, special music sessions and exclusive live acts.

In November 2021, Salt launched a new mobile sub-brand, GoMo, which offers unlimited data, SMS and calls for CHF9.95 per month. The operator guarantees this price for life to the first 50,000 customers who sign up. In December 2021, Sunrise UPC collaborated with Gamestream to launch a new cloud-gaming platform, which is priced at CHF9.90 per month for Sunrise Mobile postpaid customers. The first three months are free of charge.

5G

Switzerland leads the rollout of 5G in Europe, with Swisscom – the first Swiss operator to launch 5G – dominating the market. The company is working with Ericsson on 5G deployment, and in 2021 the partnership was extended for another three years. Swisscom closed its 2G network in April 2021 to reuse the frequencies for its 4G and 5G networks. Other operators have indicated similar plans for their 2G and 3G networks to be closed in the coming years. Sunrise and Salt are the other two operators driving 5G in Switzerland.

The 5G rollout will spur increased mobile internet access revenue, contributing to a CAGR of 5.1% over the next five years. With its improved speeds and low latency, 5G will entice customers to sign up to new contracts that generate higher average revenue per user (ARPU). Enhanced speed also brings new use cases such as immersive technology and console-quality gaming which can be monetised through these contracts from mobile operators. This makes connectivity even more valuable than in previous years.

5 Internet advertising

This segment comprises spending by advertisers either through a wired Internet connection or via mobile devices. The types of advertising (wired or mobile) are classified primarily by format rather than transport mechanism or device.

Segment definitions

Total Internet advertising comprises online television, newspaper, consumer magazine and trade magazine advertising, which are also all included in their respective segments. The wired sub-segments consider paid search, display and classified formats. Display is broken down further between video and other display. The revenues are digital, and from advertiser spending.

Search Internet advertising involves placing ads on web pages that show the results of search engine queries (e.g. Google AdWords).

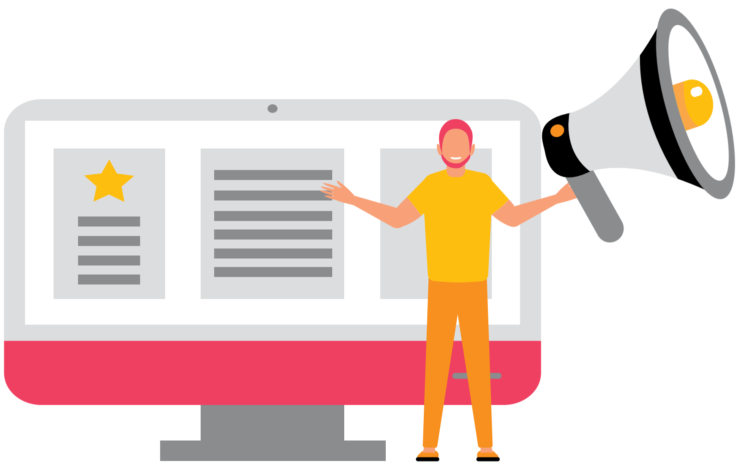
Classified Internet advertising is advertising posted online in a categorical listing of products or services. A fee is paid by an advertiser to display an ad or listing around a specific vertical such as automotive, recruiting or real estate.

Display Internet advertising comprises revenues from traditional ads placed on web pages in many forms, including banner ads and branded content/native advertising. Other Internet advertising formats (affiliates, rich media, email) are also included under this category. Ads sold through programmatic advertising are included here, but we do not break down revenue by method of selling. Broken down from display Internet advertising revenue is video Internet advertising revenue, which comprises revenue from in-stream video advertising (pre-rolls, mid-rolls, post-rolls) and out-of-stream video advertising. It includes revenue from both traditional broadcasters and Internet-based websites, including YouTube.

Mobile Internet advertising comprises all advertising delivered to mobile devices via formats designed for the specific device. It is split into the sub-segments of mobile paid search Internet advertising revenue and mobile display Internet advertising revenue. Mobile display Internet advertising revenue is broken down further into mobile video Internet advertising revenue and mobile other display Internet advertising revenue."Social" advertising occurs across a range of wired and wireless sub-segments, but is not broken down separately. Figures for total advertising eliminate any double counting.

Methodical reference

Much of the Internet advertising market is owned by big tech companies such as Google, Meta (formerly Facebook) and Amazon, with smaller companies making up the remainder. In 2021, as part of an intensive new modeling process to increase granularity, we revised our Internet advertising data and Switzerland's market has been resized to account for this new exercise.



Internet advertising

Total revenue in the Swiss internet advertising market stood at CHF2.6bn in 2021. It is expected to increase at a CAGR of 4.4% to reach CHF3.2bn by 2026. This growth is slower than the regional average CAGR of 6.6%.

Fig. 9: Internet advertising revenue grows 27.5% post COVID-19
Switzerland, internet advertising market, 2017–2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–2026**
Total internet advertising revenue	**1,605**	**1,794**	**1,921**	**2,025**	**2,581**	**2,782**	**2,934**	**3,049**	**3,129**	**3,195**	**4.4%**
Total wired Internet advertising revenue	**1,119**	**1,179**	**1,176**	**1,200**	**1,376**	**1,458**	**1,515**	**1,558**	**1,594**	**1,625**	**3.4%**
Paid search Internet advertising revenue	369	393	311	331	433	447	454	459	461	463	1.4%
Classified Internet advertising revenue	414	454	492	485	518	554	587	616	645	675	5.5%
Display Internet advertising revenue	336	332	373	385	425	456	474	484	487	487	2.7%
Other display Internet advertising revenue	285	276	300	305	320	329	330	328	320	312	-0.5%
Video Internet advertising revenue	51	56	73	80	105	127	144	157	167	175	10.7%
Total Mobile Internet advertising revenue	**486**	**615**	**744**	**824**	**1,205**	**1,324**	**1,419**	**1,491**	**1,536**	**1,569**	**5.4%**
Mobile paid search Internet advertising revenue	152	180	171	189	316	341	371	396	416	432	6.5%
Mobile display Internet advertising revenue	334	436	574	636	889	984	1,048	1,095	1,119	1,137	5.0%
Mobile other display Internet advertising revenue	312	408	533	586	820	895	938	964	969	968	3.4%
Mobile video Internet advertising revenue	22	28	41	50	69	89	110	131	150	169	19.7%
		11.8%	7.0%	5.4%	27.5%	7.8%	5.5%	3.9%	2.6%	2.1%	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

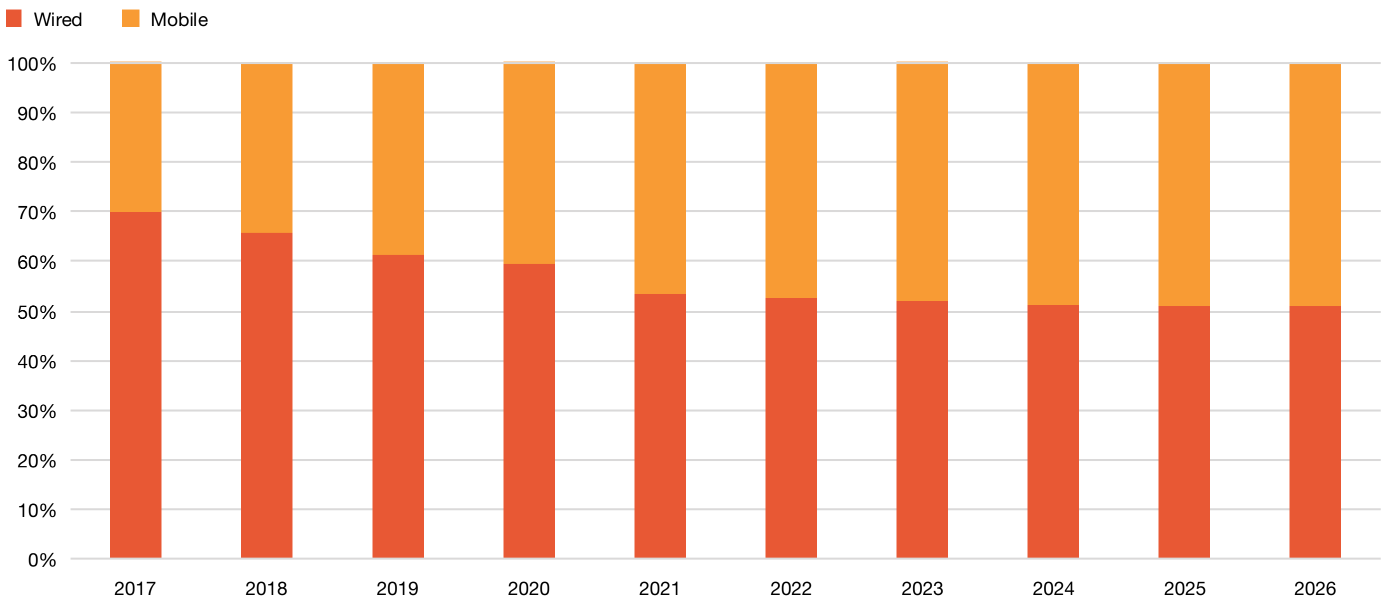
The internet advertising market experienced dramatic growth in 2021, as online media continued to expand its share of total advertising revenue during a year when advertiser budgets corrected following the height of the COVID-19 pandemic in 2020. The pandemic has strengthened consumer interest in digital content and services, which has supported this rebound in advertiser spending.

The market has expanded rapidly in recent years, but over the forecast period year-on-year growth will begin to slow. This is due to the market reaching maturity; as previously mentioned, Switzerland has the highest fixed broadband penetration rate in Western Europe, which reached over 113% in 2021.

Mobile dominates the market and is driving growth, which will expand at a CAGR of 5.4% over the forecast period, with revenue soaring from CHF1.2bn to CHF1.6bn. This compares with an increase at a CAGR of 3.4% for the wired sector, where revenue will climb from CHF1.4bn to CHF1.6bn. In 2021 mobile accounted for 47% of total Internet advertising revenue, and this share will rise to 49% by 2026.

The fastest-growing part of the mobile sector over the forecast period will be video display, with an increase at a CAGR of 19.7%. The fastest-growing part of the wired sector will also be video display, with an increase expected at a CAGR of 10.7%. Meanwhile, revenue is set to grow much more slowly in the other display category, with an increase in CAGR of 3.4% predicted for mobile and a decline in CAGR of -0.5% in wired.

Fig. 10: Mobile expands its advertising market share
Switzerland, internet advertising market by share, 2017–2026 (%)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

The internet advertising market continues to be led by global digital giants Google and Meta. According to estimates from Omdia, these two companies accounted for a combined 50% of global net online advertising revenue in 2021.

The dominance of big tech companies is drawing increasing scrutiny from regulators across the globe. Governments are seeking to limit the power of these companies and protect the revenues of independent publishers across the open internet. Indeed, the growth of internet advertising has changed the competitive landscape in the media ad industry, with regulation largely struggling to keep pace with big tech's increasing dominance. However, there are signs of a change in dynamic in a number of countries. Australia's News Media and Digital Platforms Mandatory Bargaining Code, which was signed into law in the first quarter of 2021, requires global tech players to pay publishers for news content that is hosted or linked to on their platforms. Switzerland and other countries such as Canada may follow this trend.

Switzerland has some of the world's strictest privacy regulations, with three major laws protecting consumers online: Article 13 of the Swiss Constitution, the Federal Act on Data Protection (DPA) and the General Data Protection Regulation (GDPR). The country is also home to a thriving ecosystem of privacy and security organisations. In March 2022, two Swiss companies, Nym Technologies and HOPR, were set up to protect people's privacy online, particularly from big tech companies. The companies are developing mixed network (mixnet) technology, which creates a decentralised network which is independently operated rather than a centralised network owned by a single big tech entity that uses it for its own benefit. Token-style reward activities are used to entice people to get involved as data mixers as well as potential service users. These networks could support decentralised finance and medical technology (such as detecting when an elderly patient has had a fall) while keeping people's data secure. While these initiatives could reduce the effectiveness of data collection by big tech companies and advertisers, they provide a solid grounding for providing protection for people's privacy and will force data collectors and marketing companies to innovate their campaigns.


HOME
NEW COLLECTION
UP TO 50% OFF
DESIGNER'S CHOICE COLLECTION
SHOP NOW
BRANDS
SOCIAL
TRENDS

6 Music and radio

This segment comprises consumer spending on music, including both physical and digital recorded music and live music played at concerts, as well as revenue from sponsorship of live music, but does not include revenue from merchandise or concessions at live music events. It also includes revenue from consumer spending on radio licence fees[1] and all advertising spending on radio stations and radio networks. This segment includes both digital and non-digital revenue as well as revenue revenue from both consumer and advertising spending.

Segment definitions

The recorded music component comprises physical and digital. All consumer spending is measured at retail level, which can be substantially higher than the wholesale or trade value revenues sometimes reported. This segment includes both digital and non-digital revenue, and is revenue from consumer spending.

Physical recorded music covers any retail or online purchase of official physical albums (i.e. CDs), single sound recordings or music videos.

Digital recorded music considers the sale of any licensed music distributed digitally to connected devices (including PCs, tablets, smartphones and dedicated music players), and is split between streaming and downloads. Downloads includes revenues from any licensed recorded music downloaded via app stores or licensed services (such as iTunes). Streaming comprises revenue from subscription and advertiser-supported streaming services (such as Spotify).

Performance rights revenue is generated for record companies and performers by the use of recorded music by broadcasters and in public venues.

Synchronisation rights revenue represents earnings from the use of music in advertising, film, games and television programmes.

For live music, consumer spending on tickets is included along with sponsorship revenues. This segment is non-digital and represents revenue from consumer and advertising spending.

In radio, public radio licence fees are included (see footnote 1). Revenue from radio advertising on radio stations and radio networks is tracked as net of agency commissions, production costs and discounts.

Music and radio

Switzerland's music and radio market was worth CHF1bn in 2021, up 21.0% from CHF860mn in 2020. Revenue is forecast to increase at a CAGR of 3.4% to reach over CHF1.2bn in 2026.

Live music revenue rose by 120% to CHF202mn in 2021, although this is below half of pre-pandemic levels. However, revenue is set to increase at a CAGR of 14.4% to reach CHF394mn by 2026.

[1] The radio fee and television fee aren`t separated and are paid as one levy, which is collected by SERAFE AG. The public radio licence fee shown in this chapter is estimated and based on historical data.

Fig. 11: Live music grows 120% after COVID disruption, helping the industry to grow overall revenue by 21.0% year-on-year
Switzerland, music and radio market, 2017–2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Total music revenue	**608**	**610**	**615**	**266**	**393**	**574**	**612**	**620**	**627**	**633**	**10.0%**
Total recorded music	**177**	**174**	**178**	**174**	**191**	**204**	**216**	**225**	**233**	**239**	**4.6%**
Physical recorded music	65	51	43	34	34	30	28	26	25	24	-6.7%
Digital recorded music	84	96	107	118	135	150	164	174	182	188	6.9%
Downloads	31	24	18	13	10	7	5	3	2	1	-32.7%
Mobile	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.2	0.2	-13.9%
Streaming	52	71	89	104	124	143	159	170	179	186	8.4%
Streaming advertising	5	6	8	8	10	12	14	17	20	23	17.5%
Streaming subscription	47	65	81	96	114	131	144	154	160	164	7.4%
Performance rights	28	26	27	21	22	23	24	25	26	27	3.7%
Synchronisation	0.3	0.6	0.5	0.4	0.4	0.5	0.5	0.5	0.6	0.6	5.3%
Live music revenue	**431**	**436**	**437**	**92**	**202**	**370**	**396**	**395**	**394**	**394**	**14.4%**
Live music ticket sales	353	358	359	73	164	302	323	322	322	322	14.5%
Live music sponsorship	78	78	78	18	38	68	73	72	72	72	13.9%
Total radio revenue	**632**	**622**	**651**	**594**	**648**	**652**	**615**	**597**	**596**	**594**	**-1.7%**
Traditional radio advertising revenue	151	144	144	105	141	143	142	142	141	141	0.0%
Public radio licence fees	481	478	507	489	507	509	472	456	455	453	-2.2%
Total music and radio revenue	**1,240**	**1,232**	**1,266**	**860**	**1,041**	**1,227**	**1,227**	**1,218**	**1,223**	**1,227**	**3.4%**
Year-on-year (%)		**-0.7%**	**2.8%**	**-32.1%**	**21.0%**	**17.9%**	**0.0%**	**-0.7%**	**0.5%**	**0.3%**	

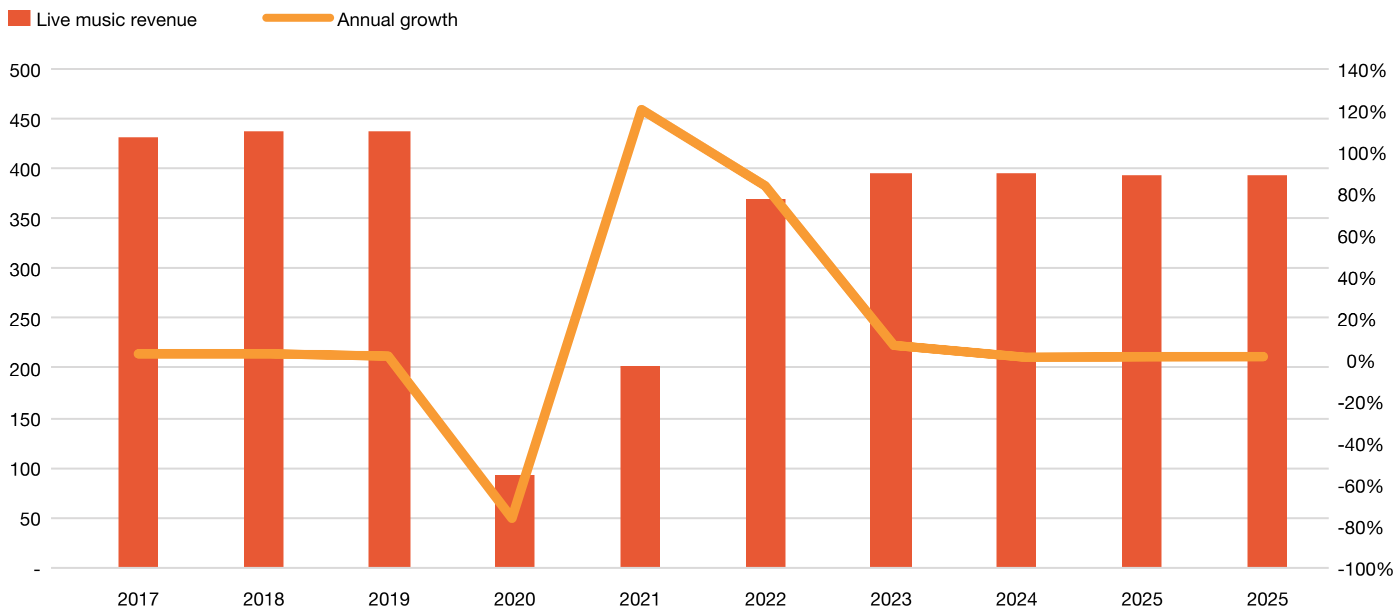
Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

The longstanding Montreux Jazz Festival secured the backing of Julius Baer in a five-year deal concluded in December 2021. The Swiss private bank supported the headline summer music festival in July 2022, which attracted around 250,000 visitors to more than 370 concerts. It also supported the event's new MJF Spotlight digital music platform, which aims to promote young musical talent. In addition, Julius Baer will back the Autumn of Music Festival, which is presented by the Montreux Jazz Artists Foundation. The event will feature emerging Swiss artists, as well as workshops by leading jazz artists, concerts and jam sessions. The 56th edition of the main festival is scheduled to begin on 1 July 2022.

There are many notable open-air festivals in Switzerland. One example is OpenAir St. Gallen, which took place from 30 June to 3 July 2022 and featured headline acts such as Muse, Sam Fender and Mando Diao. It is normally attended by around 30,000 people per day. Another example is Openair Frauenfeld, which took place between 6–9 July and pulls in around 100,000 attendees each year. A third highlight is Zurich Openair 2022, which will take place from 24–27 August 2022 and features Arctic Monkeys and Kings of Leon. This year also saw a notable return of the open-air Gurtenfestival in Bern in July after the last two editions were cancelled. The event normally pulls in 20,000 attendees each day.

The music sector's recovery also includes Samsung Hall – a 5,000-capacity venue in Dübendorf, Zurich that opened in 2017. It will host performances from Jack White, The Black Crowes and Chris de Burgh among others in 2022. Ticketmaster Switzerland is now partnering with the venue to provide ticketing services for shows.

Fig. 12: Swiss live music venues reopen after COVID-19 disruption
Switzerland, live music revenue (CHFmn) vs annual growth (%), 2017-2026



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

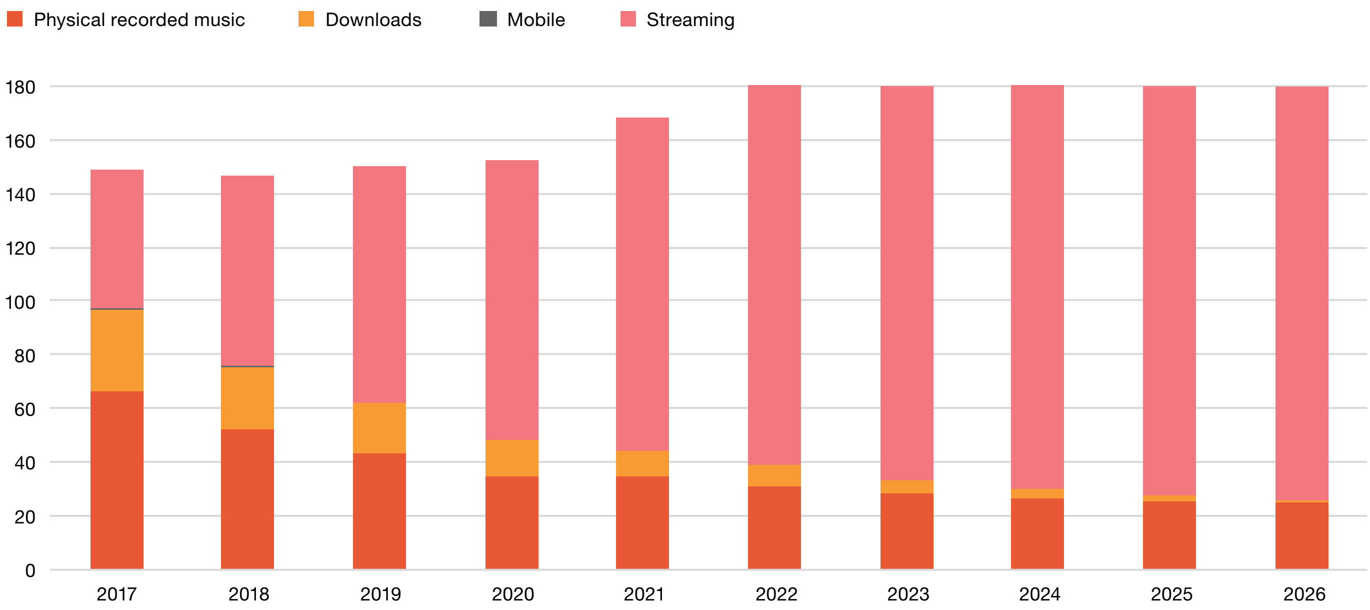
In February 2022, IFPI Switzerland released the annual figures for the Swiss music market and claimed to have seen the strongest growth in almost 30 years. IFPI Switzerland also stated that music streaming giant Spotify had neglected Swiss music artists by not providing any resources to showcase local talent, and that this is holding back Swiss music creation.

Digital music streaming continues to drive revenue growth for recorded music around the world, as streaming providers keep expanding their geographical footprints. Spotify, for one, rolled out services in almost 90 new markets around the world in 2021, having launched in Switzerland ten years earlier.

Growth in these services has been fuelled by the shift from traditional formats to digital streaming. It also has been helped by ease of access to vast libraries of content and bundling with other services such as mobile contracts and over-the-top services.

Music rights have become a valuable, in-demand asset, and record companies are looking to acquire catalogues and utilise intellectual property. Although in many countries the catalogues have been commoditised there are examples of acquisitions, such as Apple's purchase of Primephonic in August 2021. Music rights are valuable because the owner companies can license the music to non-music services such as fitness, online video services and advertising. That practice is pushing up prices, especially with well-funded investment firms also in the hunt armed with billions of dollars.

Fig. 13: Streaming shows continued growth, while buy-to-own segments fall
Switzerland, digital recorded music revenue by sub-sector, 2017–2026 (CHFmn)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Music will also play a huge role in the metaverse, mainly as ambient music to enhance experiences in virtual settings such as video games. Several video games titles have already hosted live music events in the virtual world. Travis Scott performed to 12.3mn virtual attendees at a Fortnite event in 2020, helping to shape music's position in the gaming industry. Success from concerts such as this and the strong music culture of games like Fortnite led Fortnite's owner Epic games to acquire music streaming service Bandcamp in March 2022. This brings the worlds of music and gaming even closer and enhances their service. We will likely see more of these live concerts as technology for virtual experiences improves.

Radio

Funds raised from the public radio licence fee contributed around 82% of total radio revenue in Switzerland in 2020. This helped compensate for the 27.1% fall in advertising investment suffered by the industry at the outbreak of the COVID-19 pandemic. While there was a brief bounce back in 2021 as advertising revenue rose by 34.3% to CHF141mn, the level of investment from advertisers into the sector in the forecast period is predicted to be relatively flat. As a result, when coupled with the licence fee, total radio revenue over the next five years is expected to dip to CHF594mn in 2026 down from CHF648mn in 2021, resulting in a CAGR of -1.7%.

Radio broadcasting in Switzerland is divided according to the national languages of the country's four distinct regions. As a result, independent media company SRG SSR is responsible for providing public broadcasting services as follows: SRF (German) with six stations, RTS (French) with four stations, RSI (Italian) with three stations and RTR (Romansh) with one station. SRG's annual revenue amounts to around US$1.6bn, funded partly by a public licence fee levied on individual households (81%) and partly from advertising and content reselling fees (19%). SRG claims that its radio stations are the market leaders in their respective languages, with an overall 58% national reach.

CH Media is the country's largest private radio group. It has eight stations, including Radio Argovia, Radio 24, FM1, Radio Pilatus and, more recently, Radio Bern, which it took over in January 2021. In November 2021, the company ceased operating its Virgin Radio Switzerland channel, stating that a completely new programme would be launched on the station's DAB+ slot as a replacement.

In August 2021, the country's radio broadcasters agreed to the switch-off of FM transmitters at the end of 2024 as originally planned. There had been proposals to bring the date forwards to August 2022 or January 2023, but broadcasters decided to allow more time for listeners to upgrade to digital devices. Around 75% of the population has already transitioned to digital either through DAB+, online or with TV networks. Furthermore, 2.1mn digital radios had been fitted in vehicles by July 2021.

7 Newspapers and consumer magazines

This segment comprises revenue from both circulation (consumer spending) and advertising in newspapers and consumer magazines. It considers both physical print editions and digital editions. It includes all daily newspapers, including weekend editions and free dailies. Weekly newspapers are included in markets where data is available. This revenue is both digital and non-digital, and is from both consumer and advertising spending.

Segment definitions

Advertising revenue considers advertising spending on both print editions of newspapers and digital newspapers, which includes all advertising on newspaper websites, tablet apps and smartphone apps. It also considers advertising spending for consumer magazines in both traditional print format and through digital online magazines – either directly through a magazine website or magazines distributed directly to a connected device such as a PC or tablet. Licensing of merchandise, live events and e-commerce are not included in the segment.

Newspaper circulation revenue comprises consumer spending on newspapers, including print (newsstand purchases and subscriptions to the print edition) and digital (digital subscriptions and payments for newspapers delivered directly to connected devices such as a PC, tablet or smartphone, including fees to access online content).

Circulation revenue for consumer magazines comprises spending by readers on either single sales from retail outlets or via subscriptions in print, and via downloads of individual copies or subscriptions delivered digitally direct to a connected device such as a PC or tablet.

Newspapers and consumer magazines

Total newspaper revenue across Switzerland will fall at a CAGR of -4.4% during the forecast period. Circulation revenue faces the steepest decline, decreasing at a CAGR of -6.4% to CHF316mn. Print newspaper advertising revenue will fall at a CAGR of -4.9% to CHF344mn over the same timeframe.

The Swiss newspaper and consumer magazine market is fragmented, with a relatively large German-language market, a lesser-scale French-language market and a small Italian-language market in the south of the country.

The most-read title is 20 Minuten, a freesheet launched in 1999 that targets young, urban-dwelling citizens but is available in all parts of the country. Other popular publications include Neue Zürcher Zeitung and Blick.

The COVID-19 pandemic was dubbed an "extinction-level event" for newspapers. Companies hoped to see a resurgence in traditional reader and advertiser investment as the peak passed. However, that has failed to materialise. Newspaper proprietors have clawed back only a tiny proportion of the CHF208mn in revenue that the pandemic wiped from the industry in 2020. 2021 saw year-on-year growth of 2.9%, adding just CHF28mn in revenue.

In the battle for survival of the fittest during what was dubbed an "extinction-level event" for newspapers at the outset of the pandemic, the biggest news brands have benefitted the most from the modest recovery. Smaller titles covering local issues and regional geographies have been hit hardest. The industry has also been hurt in recent years by the rise of online content, which offers readers information which is free and easy to access but not as factually reliable as content from more established news outlets.

Fig. 14: The rise of digital formats is not enough to offset overall decline
Switzerland, newspaper and consumer magazines revenue, 2017–2026 (CHFmn)

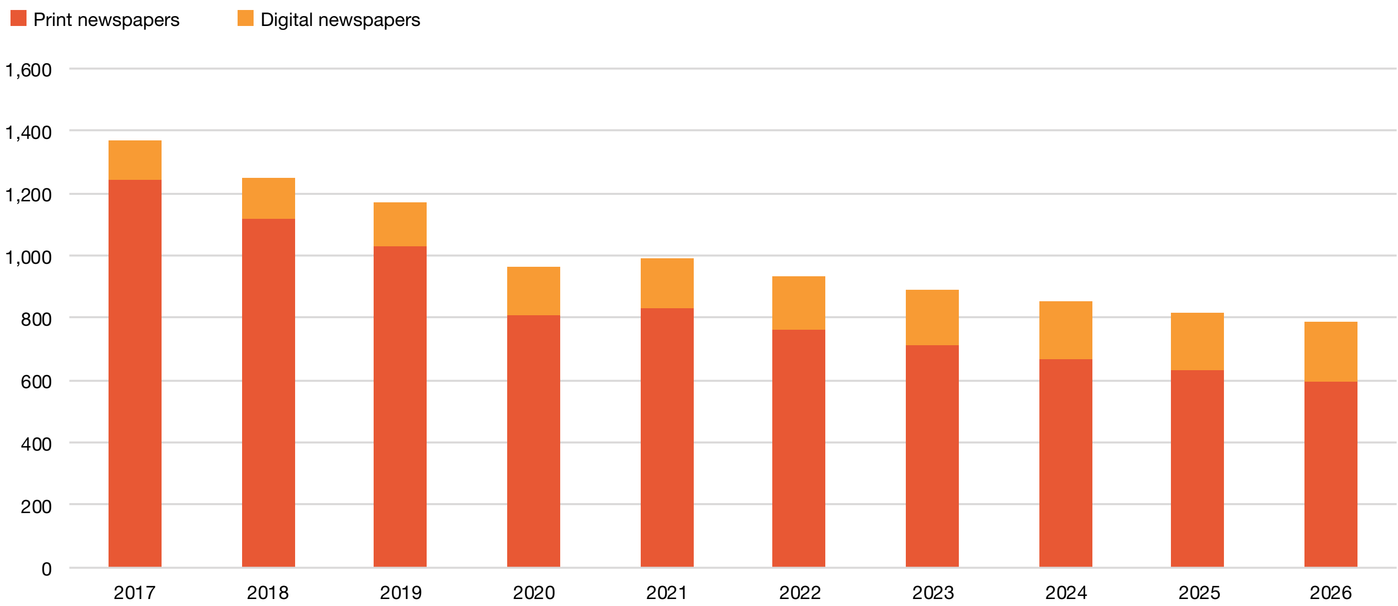
	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Newspaper advertising	789	712	667	545	556	533	512	496	486	478	-3.0%
Print	692	610	561	432	442	417	392	372	357	344	-4.9%
Digital	97	102	106	113	114	117	120	124	129	134	3.3%
Newspaper circulation	585	548	509	423	440	405	380	359	337	316	-6.4%
Print	557	515	471	380	393	354	326	301	276	252	-8.5%
Digital	28	33	38	43	47	51	54	58	61	64	6.2%
Total newspaper	**1,374**	**1,260**	**1,176**	**968**	**996**	**939**	**892**	**855**	**823**	**795**	**-4.4%**
Consumer magazine advertising	393	379	349	298	287	278	268	263	259	257	-2.2%
Print	348	330	296	242	228	215	201	191	182	174	-5.3%
Digital	45	49	53	56	59	63	67	72	77	84	7.2%
Consumer magazine circulation	327	315	299	247	275	269	262	256	251	245	-2.3%
Print	320	307	291	238	266	260	252	246	240	235	-2.5%
Digital	7	8	8	9	9	9	10	10	10	10	2.9%
Total consumer magazine	**720**	**694**	**648**	**545**	**563**	**547**	**530**	**519**	**510**	**502**	**-2.2%**
Total newspaper and consumer magazine	**2,094**	**1,954**	**1,824**	**1,513**	**1,559**	**1,486**	**1,422**	**1,374**	**1,332**	**1,297**	**-3.6%**
Year-on-year growth (%)		**-6.7%**	**-6.6%**	**-17.1%**	**3.0%**	**-4.7%**	**-4.3%**	**-3.4%**	**-3.0%**	**-2.7%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Overall, advertising revenue is the dominant income stream for Swiss newspaper publishers. It will fall at a CAGR of -3.0% to CHF478mn and increase its share of total revenue from 56% to 60% by 2026. However, this overall figure masks mixed fortunes for print and digital. Print newspaper advertising revenue will fall at a CAGR of -4.9%, sinking to CHF344mn in 2026. Meanwhile, digital newspaper advertising revenue will increase at a CAGR of 3.3% to CHF134mn.

Digital circulation revenue will rise at a CAGR of 6.2% in digital circulation revenue, although at CHF64mn it remains an insignificant income stream for publishers, accounting for just 20% of total circulation revenue.

Fig. 15: Digital newspapers increase market share
Switzerland, revenue from print vs digital newspapers, 2017–2026 (CHFmn)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

In February 2022 the public voted on whether to supply aid to the newspaper and media industry, which has suffered from declining print numbers as news has shifted online. The plan was passed in June 2021 to inject CHF150mn into broadcast and print media each year, which includes newspaper delivery and online media of CHF70mn. However, this was rejected, with the Yes vote only winning 45.4% (1,085,237 votes) and the No vote winning the remaining 54.6% (1,303,243 votes). This means that the newspaper and media industry will have to innovate their offering, focusing more on online formats as print continues its downwards trajectory.

The cost of printing has increased rapidly. Supply chain issues have pushed up newsprint prices, and the rising cost of energy has required printing facilities to spend more on production. Some newspapers have responded by printing on different types of paper and reducing the size of their print publications to save costs.

Meanwhile, marketing spending continues to shift to the major tech companies – and not just Google, Facebook and Instagram. Amazon continues to gain power, Snapchat and Twitter are growing, and newer competitors such as TikTok are rapidly expanding their influence. This shift means that newspaper publishers will continue to face a difficult battle to boost digital advertising revenue even though news media audience numbers have remained strong in the past few years, kept engaged by the pandemic.

Consumer magazines

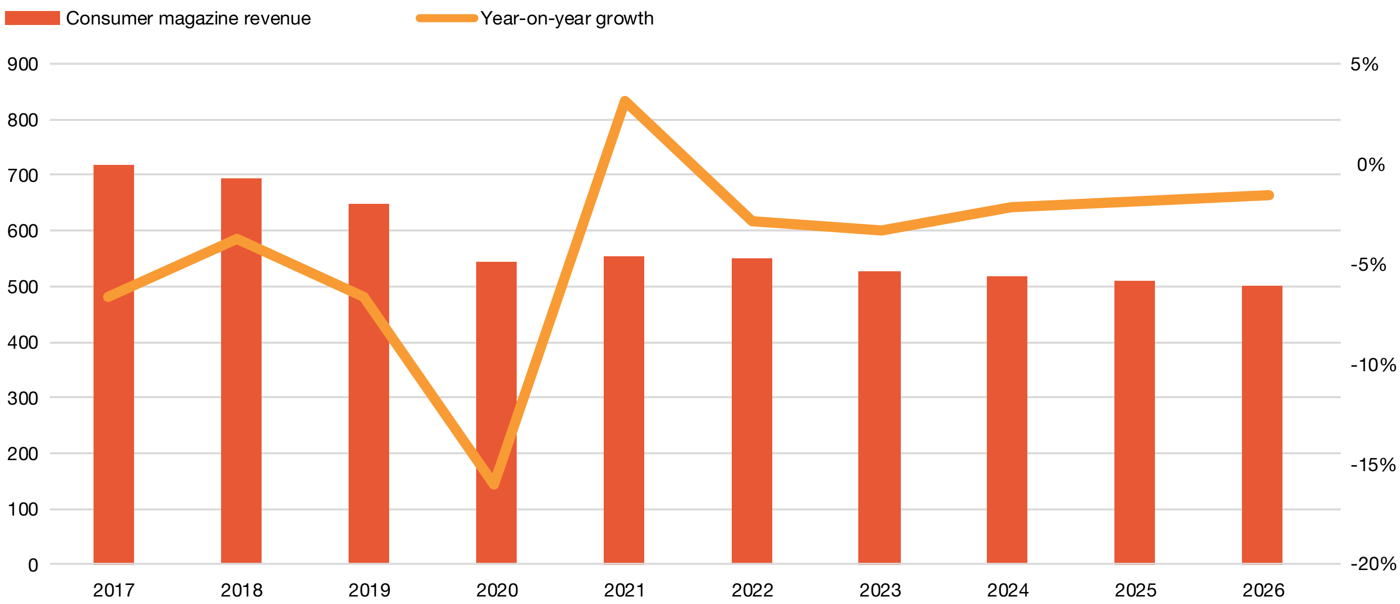
Total consumer magazine revenue in Switzerland is set to decline to CHF502mn in 2026. With a CAGR of -2.2%, it is shrinking faster than the global average of CAGR of 2.1%.

A 6.7% CAGR rise in digital magazine income will not stave off an overall revenue decline of CHF61mn due to its small contribution at just CHF94mn in 2026.

Swiss publishers will derive their income from circulation and advertising in almost equal amounts.

Total advertising revenue will decline at a CAGR of -2.2% to CHF257mn, with total circulation revenue falling at a CAGR of -2.3% to CHF245mn.

Fig. 16: Consumer magazines bounce back briefly after COVID-19 disruption but continue to fall year-on-year
Switzerland, consumer magazine revenue (CHFmn) and annual growth (%), 2017–2026



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Magazine publishers are struggling to replace significant declines in traditional revenue with new models at scale. Tech giants will continue to attract the vast majority of new digital advertising spending, and it is hard for smaller media groups to compete with the analytics and consumer data that Google and Facebook can offer. At the same time, newer competitors such as TikTok are competing for advertising dollars and consumers' attention.

Publishers across the region will increase digital revenue at a healthy rate, but it will fall short of stemming an overall decline caused by steep print losses. This ongoing decline will see digital advertising revenue overtake print advertising revenue during the forecast period.

While most traditional publishers are struggling, some are managing to thrive by adopting a mixed ecology, building true digital scale via advertising, circulation and e-commerce while managing the decline of heritage print products. Areas that are driving successful digital brands with high engagement include video and niche hobbyist content.

8 Out-of-home (OOH)

The out-of-home (OOH) advertising market consists of advertiser spending on out-of-home media. OOH comprises total advertiser spending on all formats of out-of-home media, and is split between physical and digital. Advertiser spending is tracked as net of agency commissions, production costs and discounts.

Segment definitions

Traditional physical out-of-home media includes billboards, street furniture (bus shelters, kiosks), transit displays (bus sides, taxi toppers), sports arena displays and captive ad networks (in venues such as elevators).

Digital OOH includes any out-of-home advertising media that is connected to the Internet (e.g. smart billboards).

OOH

Switzerland's OOH advertising market showed growth of just 2.4% in 2021. Total OOH revenue reached CHF382mn – CHF102mn short of the all-time high recorded in 2019. Still, Switzerland's OOH market has the lowest growth rate in Western Europe at a CAGR of 4.3%. It is set to be worth CHF471mn by 2026.

OOH is on a long-term growth trajectory, and continues to establish itself as a critical component of the overall advertising mix. The medium has proven to be insulated from the erosive effects of digital and mobile advertising, unlike other, more traditional formats such as linear TV and print advertising.

Fig. 17: Growth in physical OOH advertising to slow down as digital rises
Switzerland, OOH advertising market, 2017–2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Physical OOH advertising revenue	402	401	411	308	300	332	349	349	349	348	3.0%
Digital OOH advertising revenue	49	62	73	65	82	93	110	119	124	124	8.6%
Total OOH advertising revenue	**451**	**463**	**484**	**373**	**382**	**425**	**458**	**468**	**474**	**471**	**4.3%**
Year-on-year (%)		**2.7%**	**4.5%**	-22.9%	**2.4%**	**11.4%**	**7.7%**	**2.3%**	**1.1%**	-0.5%	

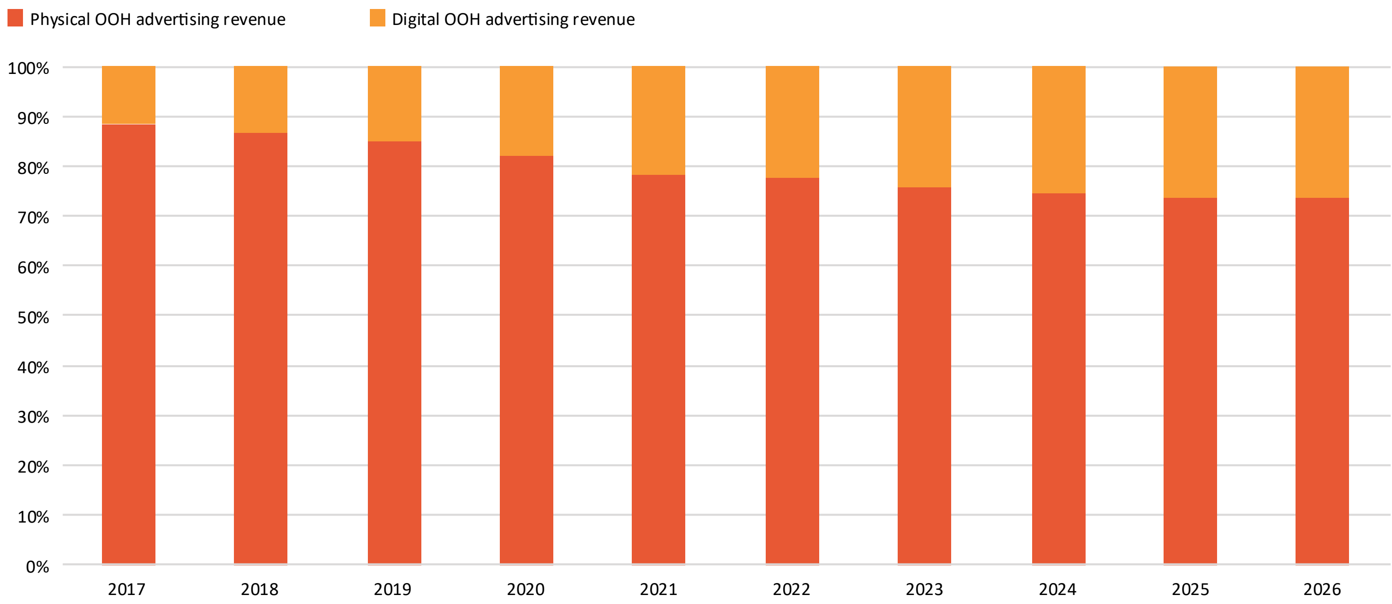
Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

The market is large, owing to high levels of disposable income among Swiss consumers. However, the digital part of the market is underdeveloped. It represented only 21.5% of revenue in 2021, and this will rise only marginally over the next five years to 26.2%. There's little incentive for media owners to install new large, static outdoor billboards.

Instead, investment will go towards LED screens, which are becoming less expensive. LED screens deliver higher yields and a greater return on investment, and they serve to future-proof inventory. Traditional poster displays continue to suit street furniture and transport, and as a result physical OOH is more robust in this context.

The growth of digital will be propelled by the development of programmatic buying, which enables advertisers to log in to OOH-dedicated demand side platforms (DSPs) and book the digital out-of-home (DOOH) inventory they want. This flexibility will cement OOH's place in the wider marketing mix and reduce the friction between supply and demand, resulting in more revenue flowing to the medium.

Fig. 18: Digital to increase its share of total OOH from 21.5% to 26.2%
Switzerland, physical vs digital share of total OOH revenue, 2017–2026 (%)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

The largest player in the Swiss market is APG|SGA, which is 30% owned by French OOH giant JCDecaux, the world's largest OOH company. APG|SGA has been expanding its sites over the past year through acquisitions and tender biddings. In September 2021, APG|SGA acquired WWP Plakatwerbung AG, and as of January 2022 was operating 150 of its poster sites. A further 500 poster sites were incorporated into APG|SGA subsidiary Alpenplakat AG. In November 2021, the company also won a tender for the municipality of Sierre in the canton of Valais that covers 67 media, including 42 commercial and 25 cultural display surfaces. APG|SGA already owns more than 2,500 boards in the area.

APG|SGA has also extended its collaborations and partnerships with several mountain locations, including Anzère, Arosa-Lenzerheide, Grächen, Grindelwald-Männlichen, Jungfraubahnen, Ovronnaz, Scuol and Zermatt Bergbahnen AG.

Also, APG|SGA partnered with JCDecaux to offer support to startups in JCDecaux's Nurture programme, which launched in Switzerland in September 2021. The project helps startups and young companies to build brand awareness and trust through OOH advertising, helping to create a stronger ecosystem of Swiss companies and brands.

Other players include Neo Advertising, which won a contract with Zurich's public transport provider Verkehrsbetriebe Zürich in May 2021. As part of the agreement Neo has taken over around 1,200 billboards in and around Zurich, primarily located at busy stations. Some of these billboards were digitised in the first weeks of 2022 in an effort to create the largest DOOH network on public property in Switzerland, with more than 250 digital screens.

As of February 2022, outdoor advertising company Clear Channel holds the majority tender in the City of Zurich. This included increasing its billboard portfolio by 216, a process which started in February 2022, adding to the over 2,100 it already had in operation across the city. The spaces acquired included two megaposters at the city's main railway station and one in the central square, which can be seen by millions of people over a single campaign. The poster in the central square has since been used to show Coop's "TSCH TSCH" barbeque campaigns and is fully booked for 2022.

In March 2022, the City of Geneva approved a restriction of OOH advertising on public property. These regulations will be brought in by 2025. This comes after five years of debates on whether or not to restrict billboards in the city, with arguments coming for and against.

9 Over-the-top video (OTT)

This segment comprises consumer spending on video accessed via an OTT/streaming service (such as Netflix).

Segment definitions

OTT video revenue comprises revenue from stand-alone services (such as Netflix) whose filmed entertainment content is accessed via a broadband or wireless Internet connection and is viewable on a PC, TV, tablet, smartphone or other device which bypasses TV subscription providers. These services are split between transactional video on demand (TVOD) and subscription video on demand (SVOD). TVOD services (such as iTunes) deliver filmed entertainment content via the open Internet and do not require a subscription. SVOD services (such as Netflix) are also delivered over the open Internet, but require a subscription.

Note that this category includes revenue from stand-alone operator OTT services such as MTG's Viaplay or Sky's Now, which do not require a subscription to a core TV service, but excludes revenue from operator "TV Everywhere" packages (such as Sky's Go or Comcast's Xfinity) that bundle OTT with conventional pay-TV services.

OTT

The OTT market experienced record growth in 2020 as households spent more time at home during the COVID-19 pandemic and sought entertainment. Expansion is set to slow over the next five years, with total revenue rising at a CAGR of 6.5% to reach CHF242mn, up from CHF177mn in 2021.

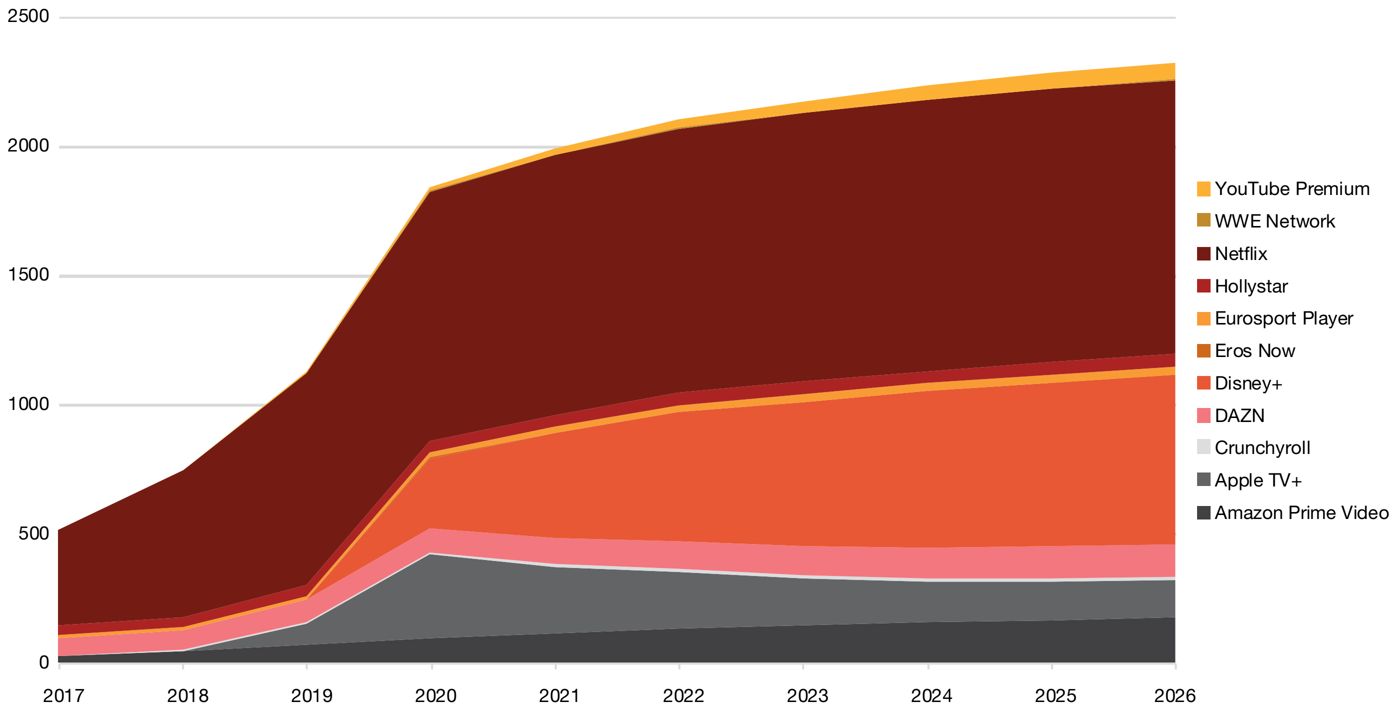
Fig. 19: Continued rise in subscription revenues drives overall OTT video growth
Switzerland, OTT video market, 2017–2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Subscription VOD	64	77	88	125	158	186	200	210	217	223	7.1%
Year-on-year (%)		20.5%	13.7%	42.2%	25.9%	18.2%	7.3%	4.9%	3.6%	2.4%	
Transactional VOD	19	19	19	19	19	18	19	19	19	19	0.1%
Year-on-year (%)		2.2%	1.5%	-0.1%	-0.4%	-4.2%	1.3%	1.0%	1.2%	1.2%	
Total OTT video	**83**	**97**	**107**	**145**	**177**	**205**	**219**	**229**	**236**	**242**	**6.5%**
Year-on-year (%)		**16.4%**	**11.3%**	**34.6%**	**22.4%**	**15.8%**	**6.7%**	**4.6%**	**3.4%**	**2.3%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Netflix is the nation's leading subscription video-on-demand (SVOD) platform, with around 1mn subscribers. In November 2021, Netflix announced its commitment to investing in local productions and original content in Switzerland. Other players such as Disney+, Apple TV+ and Amazon Prime Video are striving to grow their share of the highly competitive OTT market. Their main competition are domestic pay-TV services like Swisscom and UPC. For example, in November 2021 Swisscom launched a platform called "blue Play", featuring exclusive premieres of Swiss productions. It plans to launch separate versions of the offering in each language. Meanwhile, Sky Deutschland has expanded its presence in the OTT market since 2017, working with UPC to strengthen its sports offering.

Fig. 20: Netflix and Disney+ drive growth in subscribers to over 2.3mn
Switzerland, total OTT subscribers by service, 2017–2026 ('000s)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

OTT players responded quickly when consumer habits changed during the COVID-19 pandemic. Several new services from local and global players launched in Switzerland, intensifying competition for existing services. One of the new services is the popular Brazilian SVOD platform Globoplay, operated by Brazilian broadcaster Globo. Globoplay entered the US market in 2020 and was launched across numerous European countries, including Switzerland, in October 2021. It offers a wide portfolio of on-demand content such as telenovelas, series and Brazilian films, as well as live content. Furthermore, Nordic Entertainment Group (NENT) has announced plans to expand its coverage of Viaplay into new territories, including a Swiss launch in 2023.

While English is widely spoken in Switzerland, many foreign streaming services struggle to source content in all four of the country's official languages. However, in November 2020, the Swiss Broadcasting Corporation launched a streaming platform named Play Suisse, which offers local and international TV shows and films in these languages. As a result, it has since become the second most popular OTT video streaming service in the country based on a Digimonitor survey, with 10.2% of the population having used it to watch videos.

In May 2022, Swiss voters backed a proposal to ensure that OTT video streaming services reinvest 4% of their Swiss revenue in local production. This will help promote local content generation and ensure that Swiss TV and film production does not decline due to increasing competition from streaming services content made abroad. In the same referendum, the public voted for streaming companies to ensure that 30% of their content comes from Europe (as has been the case in the European Commission since the beginning of 2021). The move was made to protect and stimulate investment in the European TV and film industry.

10 Traditional TV and home video

This segment comprises consumer spending on basic and premium pay-TV subscriptions, consumer spending on public licence fees, physical home video revenue and on-demand video services via a TV subscription provider. This revenue is digital and non-digital.

Segment definitions
Consumer spending on basic and premium pay-TV subscriptions includes video on demand (VOD) and pay-per-view (PPV) accessed from cable operators, satellite providers, telephone companies and other multichannel distributors. It considers only the primary pay-TV subscription in each household, so penetration will not exceed 100%. It captures all instances where a TV service can only be legitimately received by paying a subscription fee to an operator.

Cable TV households receive TV programming primarily via an operator which has historically delivered services via cable/MMDS technology.

Internet protocol TV (IPTV) households receive TV programming primarily via a telecoms operator, wholly or partly using managed Internet protocol TV technology.

Satellite TV households receive TV programming primarily via an operator which has historically delivered services via DTH/SMATV satellite-TV technology.

The segment also includes consumer spending on public licence fees. Where the public licence fee also covers provision of radio services a proportion of the total has also been included in the Radio segment, but 100% of the total fee is shown in the TV section and figures for total revenue eliminate any double counting. This revenue is non-digital and from consumer spending.

Physical home video covers consumer spending on movies, TV programming and other premium filmed entertainment content on DVD or Blu-ray. The purchase of physical home video products – on DVD or Blu-ray – is included here, with all spending considered including retail and online. Rental revenue, comprising spending on rentals of videos at video stores and other retail outlets along with DVD or Blu-ray discs distributed by mail services, is also included. Ultraviolet sales – where the digital version is bundled with a physical disc – are recorded under physical home video revenue.

Traditional TV and home video

Pay-TV subscription revenue in Switzerland will increase at a CAGR of 2.2%, reaching CHF1.9bn by 2026. This steady growth comes in spite of a high level of pay-TV penetration. The total number of households with pay-TV subscriptions stood at 3.3mn in 2021, and will rise at a CAGR of 0.1% in the five years to 2026. This includes a 0.6% CAGR increase in in internet protocol television (IPTV) subscriptions, which is mostly offset by a slight fall in cable subscriptions. Revenue growth will come from upselling customers to premium services, including multiroom, HD and 4K channels.

Fig. 21: Revenue from public licence fee to decline while pay-TV sees modest rises
Switzerland, traditional TV and home video revenue, 2017–2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Pay-TV subscription	1,680	1,693	1,612	1,619	1,697	1,737	1,773	1,809	1,845	1,896	2.2%
Public licence fees	1,354	1,379	1,368	1,370	1,377	1,387	1,292	1,247	1,243	1,238	-2.1%
Physical home video	89	71	54	46	37	33	26	20	16	13	-19.3%
Total traditional TV revenue	**3,123**	**3,143**	**3,035**	**3,035**	**3,110**	**3,158**	**3,091**	**3,076**	**3,104**	**3,146**	**0.2%**
Year-on-year (%)		**0.6%**	**-3.5%**	**0.0%**	**2.5%**	**1.5%**	**-2.1%**	**-0.5%**	**0.9%**	**1.4%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

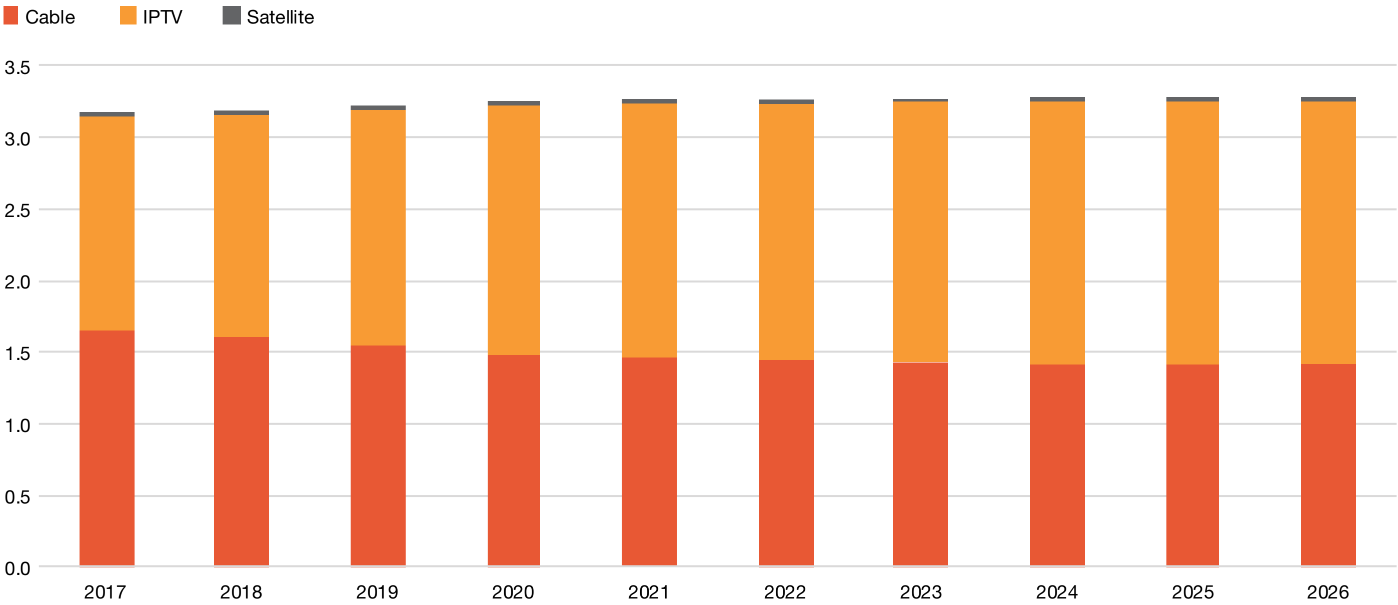
As the TV market has become ever more saturated, competition has intensified. Today's consumers can choose from a large number of different offerings. Swisscom is the pay-TV market leader, and at the end of 2021 had a 37% share of the pay-TV market with 1.6mn TV access lines, up 0.3% year-on-year. Swisscom launched its blue TV streaming service on Apple TV and net+ TV boxes in 2021. Convergence offerings are at the heart of Swisscom's portfolio, combining mobile and fixed-line, broadband and TV services. At the end of 2020, Swisscom acquired the broadcasting rights for all matches in the top Swiss football leagues from 2021 to 2025, further strengthening its position in the TV market.

Linear viewing has been negatively affected by the launch of many OTT services in Switzerland. Examples include Paramount+, which will launch at some point in 2022, and Disney+, which launched in 2020. Many providers have turned to bundling pay-TV with these OTT services, as well as providing "lite" offerings to encourage low-volume users to watch pay-TV.

Liberty Global completed the acquisition of Sunrise Communications in November 2020, and merged the company with UPC Switzerland in 2021 to form Sunrise UPC. It is the second-largest telco in Switzerland, and also provides cable and IPTV services. At the end of 2021, it had 1.2mn video subscribers, including 918,100 enhanced video subscribers and 320,800 people signed up to basic services. In October 2021 it launched a new IPTV service called yallo TV, which comes with a dedicated Android TV device that provides access to streaming services. Subscribers to yallo's home fibre broadband and 5G services receive the TV offering free of charge.

In March 2022, Sunrise UPC partnered with Swiss commercial broadcast group CH Media to enhance its TV offering. CH Media operates channels 3+, 4+, 5+, 6+, 7+, TV24, TV25 and S1 as well as its streaming service oneplus, which will become part of Sunrise UPC's TV offering. However, in May 2022 Sunrise announced that it would become the main brand in the new Sunrise UPC entity. Shortly after this, the company launched its Sunrise Up service, offering discounts of CHF20–100 on its TV, mobile and broadband services. The operator also offers a TV XL package, which includes linear channels as well as a subscription to Netflix.

Fig. 22: IPTV to increase its lead as cable declines
Switzerland, TV subscription households by platform, 2017–2026 (mn)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Like many markets in EMEA, Switzerland charges licence fees to protect local production and independent news services. However, in April 2022, the Swiss government announced plans to reduce the TV and radio licence fee in the next two years. This comes after they reported a surplus of between CHF415–438mn, which is planned to be used to reduce the public licence fee rather than reinvesting in TV and radio stations.

The physical home video category has been deteriorating rapidly, as consumer preferences switch to digital and on-demand content. This shift is enabled by the growth of superfast broadband, allowing consumers to move away from physical home video. In many markets, the reduction in this form of entertainment has been slowing in recent years. However, the decline is crossing a critical threshold, as supermarkets – frequently the last bastion of bricks-and-mortar sales – are starting to abandon sales of physical home video. This development will hasten the decline of the physical format by greatly reducing casual spending.

11 TV advertising

This segment comprises all TV advertising revenue, including broadcast and online. Advertising revenue is net of agency commissions, production costs and discounts in all territories. This revenue is a combination of non-digital (TV) and digital (online).

Segment definitions

Broadcast television covers all advertising revenues generated by pay-TV operators and free-to-air networks.

Online TV advertising consists of in-stream adverts only, combining revenues from pre-roll, mid-roll and post-roll. Overlays (where advertisers use a video overlay layer to deliver an ad unit) are not included within this definition. This revenue is considered digital.

TV advertising

Switzerland has a mature TV market, and viewing patterns have shifted towards on-demand content across devices. This has impacted the TV advertising market, as linear viewing minutes fall and advertisers increasingly look towards online services or other media types. After two consecutive years of decline, TV ad spending grew 9.7% in 2021 to reach CHF697mn. Even as the economy recovers from the recession brought on by COVID-19, long-term trends in viewing will prevent TV advertising revenue from reaching pre-pandemic levels within the next five years. Revenue will decline at a CAGR of -1.2% to reach CHF658mn in 2026, down from CHF722mn in 2019.

The influence of the online TV advertising sector will see a strong expansion at a CAGR of 10.4%. As audiences embrace on-demand content, advertisers will increasingly turn their attention to ad-supported VOD platforms, particularly when targeting younger consumers. Online TV will account for 4.8% of total TV advertising expenditure in 2026, up from 1.9% in 2018.

Fig. 23: Growth in TV advertising shifts to online TV
Switzerland, TV advertising market, 2017–2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Broadcast TV	774	766	704	617	678	692	685	674	643	626	-1.6%
Year-on-year (%)		-1.0%	-8.1%	-12.4%	9.9%	2.0%	-0.9%	-1.6%	-4.6%	-2.6%	
Online TV	13	15	18	18	19	22	24	27	30	32	10.4%
Year-on-year (%)		15.4%	17.2%	4.1%	5.1%	11.9%	11.8%	13.8%	8.9%	5.7%	
Total TV advertising	**787**	**781**	**722**	**635**	**697**	**713**	**709**	**701**	**673**	**658**	**-1.2%**
Year-on-year growth (%)		**-0.8%**	**-7.6%**	**-12.0%**	**9.7%**	**2.3%**	**-0.5%**	**-1.1%**	**-4.1%**	**-2.2%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

SRG

Public broadcaster SRG is mostly funded by income from the licence fee. However, it remains vulnerable to downturns in the advertising market, with 12.4% of total revenue in 2021 attributable to TV advertising and sponsorship. The broadcaster reported that it made a small loss in 2021, primarily due to the difficult advertising environment during the COVID-19 pandemic.

SRG continues to lead the ratings in each linguistic region of Switzerland. The broadcaster reported that its share of all-day audiences in German-speaking areas (covering its channels SRF 1, SRF zwei and SRF info) declined to 29.3% in 2021, down from 30.3% a year earlier. The market is extremely competitive, with over half of all-day audiences viewing foreign channels. The effect is slightly reduced in prime-time hours, where SRF achieved an even-stronger performance. SRG reported that its German-speaking channels took 35.3% of prime-time audiences in 2021, down from 35.8% in 2020. SRF 1 was the leading prime-time channel with a 28.6% share, followed by ZDF with 6.0% and ARD with 5.6%.

SRG saw its audience share in French-speaking Switzerland increase during 2021. The broadcaster's RTS 1 and RTS 2 channels took a 27.2% share of all-day viewing, up from 26.2% in 2020. In prime-time hours the channels accounted for 34.0% of viewing, up from 32.8% in the previous year. RTS 1 leads the ratings with a 29.3% share of prime-time viewing, followed by TF1 with an 8.8% share and M6 with 7.8%.

Nearly 48% of prime-time viewing in French-speaking Switzerland is attributable to foreign channels, and this trend is also evident in the Italian-speaking market. SRG's Italian channels RSI LA 1 and RSI LA 2 took 34.2% of prime-time viewing in 2021, up from 32.0% in 2020. RSI LA 1 leads the ratings with a 28.5% share, followed by Canale 5 with 6.6% and RSI LA 2 with 5.7%.

Digital KPIs

TV advertising proved especially vulnerable to the impact of COVID-19 in 2020. Many core advertisers – including travel, fashion and entertainment – drastically cut their budgets in response to the global crisis and in anticipation of a downturn in consumer spending. Swiss TV advertising was hit particularly hard, falling by 12.0% in 2020 compared to the global average drop of 8.5%. In 2021 the advertising recovery was strong, with revenue growing by 8.1% worldwide and an even higher 9.7% in Switzerland. Global online TV advertising revenue saw particularly rapid growth of 26.7%, buoyed by new users and launches.

As video advertising transitions into the digital-first era, companies selling traditional linear TV ads must evolve. In particular, they must cater to buyers' new preferences for digital KPIs, targeting, reporting and optimisation capabilities.

In December 2021, SRG SSR extended its TV advertising agreement with Admeira until 2025. Admeira is entirely focused on TV advertising, which attracted the attention of SRG SSR to work on its TV ad campaigns. Admeira has also partnered with TF1 Group, MySports, SWISS1 and other advertising pools to offer advertising solutions for companies and small businesses. Its portfolio spans most of the country's major channels, including SRF 1, SRF zwei, SRF info, RSI LA 1, RSI LA 2, RTS 1, RTS 2, SWISS1 and TF1.

The majority of TV viewership continues to be live, however the proportion of time-shifted television is increasing. The newly revised Gemeinsame Tarif 12 (GT12) offers additional revenue to TV stations to compensate for reduced advertising income through time-shifted TV. This tariff will offer new advertising formats in time-shifted TV such as start ads, pause ads and fast forward ads, which customers of the broadcasters can pay a fee to skip through. Despite these advantages, the deployment of such ads has been delayed due to the technical complexity involved in implementation. According to the boss of Sunrise UPC, André Krause, this form of advertising will not be implemented before the second half of 2022, and most likely will be at the end of the year. Therefore, it is expected that the bulk of this new advertising will come into force in 2023, and with that some additional revenue through replay TV ads in broadcast TV.

Ad-funded online video

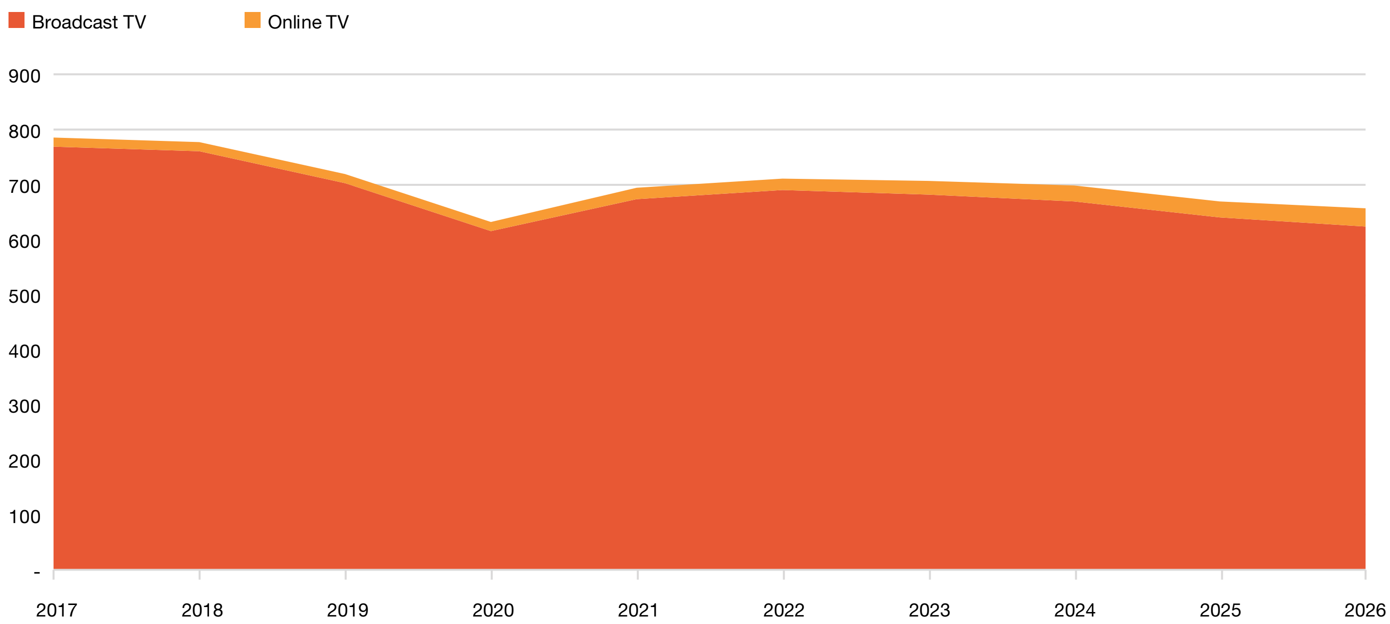
An inexorable viewing trend is the slow but inevitable movement towards consumption patterns that are based more on VOD. These business model innovations are partially driven by new technology and partially by reactions to consumer trends. Changes in ad technology and monetisation offer new methods of selling and placing ads.

VOD growth was a highlight in 2021. Even though traditional VOD models are performing well, businesses are also innovating around the ad-funded model and continuing to roll out free advertising-supported streaming (FAST) linear-friendly services.

There are now three ad-funded VOD models: pure-play advertising-based VOD (AVOD), favoured by broadcasters and multichannel networks; hybrid solutions, such as Comcast's Peacock, which are capturing audiences who don't want to pay the full price for an à la carte service, and premium subscription video on demand (SVOD) and FAST services, which are ideally suited for monetising library content across more casual audiences.

Over the next few years there will be strong growth in all these models, which look to be able to co-exist, each with their own function. However, pure-play AVOD platforms aren't being monetised as successfully as broadcaster-owned services in many markets around the globe.

Fig. 24: Rising revenues from online TV advertising won't be enough to offset the overall decline
Switzerland, TV advertising market split by category, 2017–2026 (CHFmn)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

12 Video games

This segment comprises consumer spending on video games software and services (not hardware or devices) across both traditional and social/casual gaming, as well as revenue from advertising via video games.

Segment definitions

Traditional gaming comprises revenues associated with playing games on PCs and games consoles (both TV-connected and portable). This includes physical (disc-based) game sales at retail (both bricks-and-mortar and online retailers), digital game sales (including Steam, Good Old Games and Origin for PCs, and the PlayStation Store, Xbox Games Store and Nintendo eShop for consoles) as well as additional downloadable content (DLC) and subscription services. Online/microtransaction revenue also includes spending associated with free-to-play Massively Multiplayer Online games (MMOs) but does not include spending on social and casual browser-based games, which are included in the social/casual gaming component.

Social/casual gaming revenues includes consumer spending on and in app-based games on tablets and smartphones as well as browser games aimed at a casual audience (e.g. Ruzzle and Zynga's Words with Friends). This includes revenues associated with the purchase of social and casual game apps, subscription services for social and casual games and the purchase of virtual items within social and casual games. This also includes revenues associated with "hardcore" mobile games (e.g. Infinity Blade 2).

Video games advertising revenue only includes static advertising in video games. It does not include dynamic advertising inserted into or displayed alongside the game in an app or browser during play.

Fig. 25: Social and casual gaming to take the lead amid slowing growth in PC and console gaming
Switzerland, video games market, 2017–2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Traditional gaming revenue	**390**	**435**	**465**	**510**	**513**	**535**	**560**	**572**	**577**	**578**	**2.4%**
Total console games revenue	247	266	282	313	306	318	332	333	329	320	1.0%
Physical console games revenue	131	130	126	137	125	123	119	116	112	107	-3.1%
Digital console games revenue	80	97	113	129	129	140	153	154	149	140	1.7%
Online/microtransaction console games revenue	36	39	43	47	51	55	59	64	68	73	7.5%
Total PC games revenue	143	169	182	198	208	217	228	238	248	257	4.4%
Physical PC games revenue	23	20	16	11	7	4	2	1	1	0	-47.0%
Digital PC games revenue	60	81	91	105	112	119	126	131	134	135	3.9%
Online/microtransaction PC games revenue	60	69	75	81	89	93	99	106	113	122	6.5%
Social/casual gaming revenue	**305**	**376**	**494**	**629**	**763**	**890**	**923**	**1,018**	**1,103**	**1,170**	**8.9%**
App-based social/casual revenue	233	263	298	384	442	501	467	506	536	554	4.6%
In-app games advertising revenue	62	102	187	236	313	381	449	506	561	612	14.4%
Browser-based social/casual revenue	11	10	10	9	8	7	7	6	6	5	-9.0%
Integrated video games advertising revenue	**39**	**40**	**41**	**41**	**41**	**41**	**42**	**42**	**43**	**43**	**1.3%**
Total video games revenue	**735**	**851**	**1,000**	**1,180**	**1,316**	**1,466**	**1,524**	**1,632**	**1,722**	**1,791**	**6.4%**

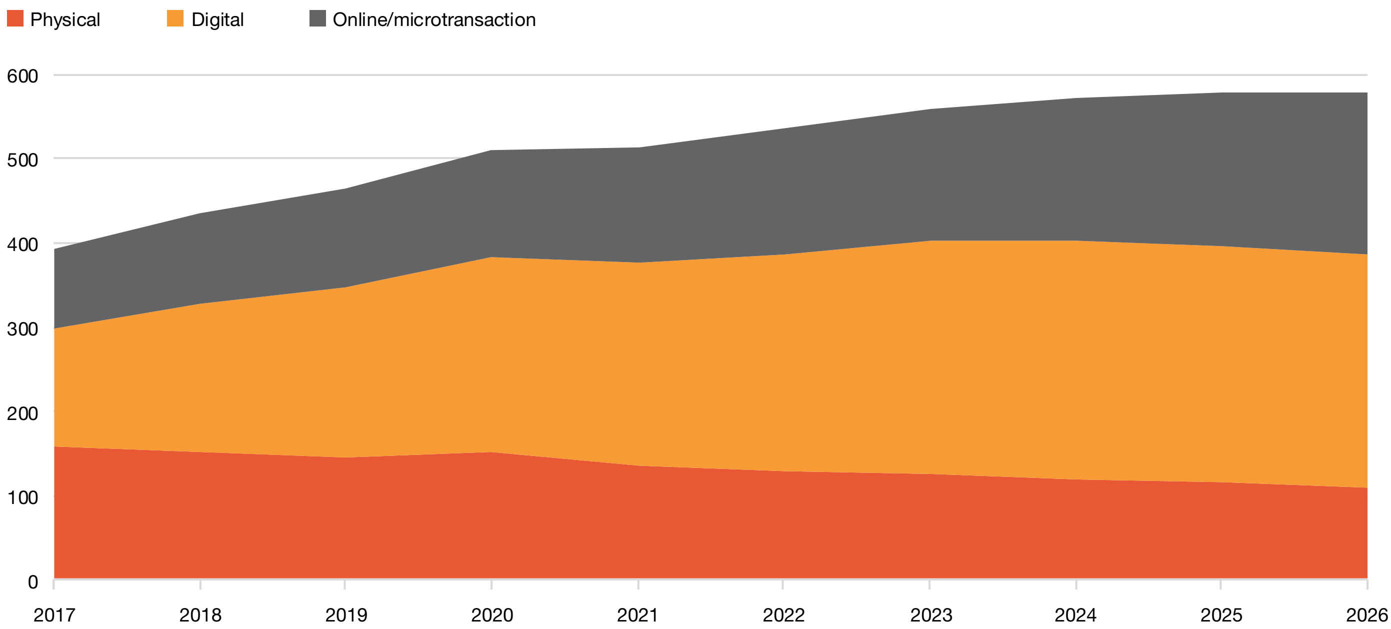
Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Video games

Switzerland's video games market grew by 11.5% year-on-year in 2021. Most of that was driven by a 21.2% rise in social and casual spending. In-app games advertising revenue is growing particularly quickly, adding CHF313mn in 2021 alone.

Despite these gains in the app gaming space, Switzerland's traditional gaming revenue is unusually resilient compared to its neighbours. While the segment accounts for around one-quarter of total revenue in Germany and Austria, it holds firm at 38.9% of spending in Switzerland and will fall only slightly to 32.2% by 2026. Meanwhile, the overall video games revenue was CHF1.3bn in 2021 and will rise to CHF1.8bn in 2026.

Fig. 26: Gaming shifts towards online and microtransactions as physical formats decline
Switzerland, traditional gaming revenue by sub-segment, 2017–2026 (CHFmn)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Console gaming developments

November 2020 saw the release of three major new consoles: the PS5 from Sony Microsoft's premium Xbox Series X and the Xbox Series S, which is built for digital gaming.

The consoles reflect their manufacturers' diverging market strategies. Sony's strategy carries over from its success with the PS4, focusing on high-quality, traditionally packaged and marketed exclusives, which in 2021 included Deathloop and Ratchet & Clank: Rift Apart (which topped the Swiss charts in late June and early July 2021, according to VGChartz). Microsoft, by contrast, is encouraging consumers to buy its Xbox Game Pass subscription service, which offers free access to all its exclusive titles.

Due to disruption to development caused by the pandemic, many games initially scheduled for release in 2021 were delayed until 2022. Therefore, 2022 will be a more impressive year for traditional PC and console gaming than last year. A number of delayed releases, such as Dying Light 2 Stay Human and Horizon: Forbidden West (which was number one on the Swiss charts in late April 2022 according to VGChartz), hotly anticipated multiformat Elden Ring and the PS5's God of War Ragnarök later in 2022, with the Xbox's Starfield following in 2023. These games and others will add much-needed content to these consoles' limited libraries of AAA games.

Mobile gaming

Historically, the traditional and mobile games markets have been seen as separate entities. Traditional gaming has focused on dedicated, high-powered gaming machines and premium-priced, big-budget titles. Mobile gaming, meanwhile, has revolved around casual, accessible games based on free-to-play models.

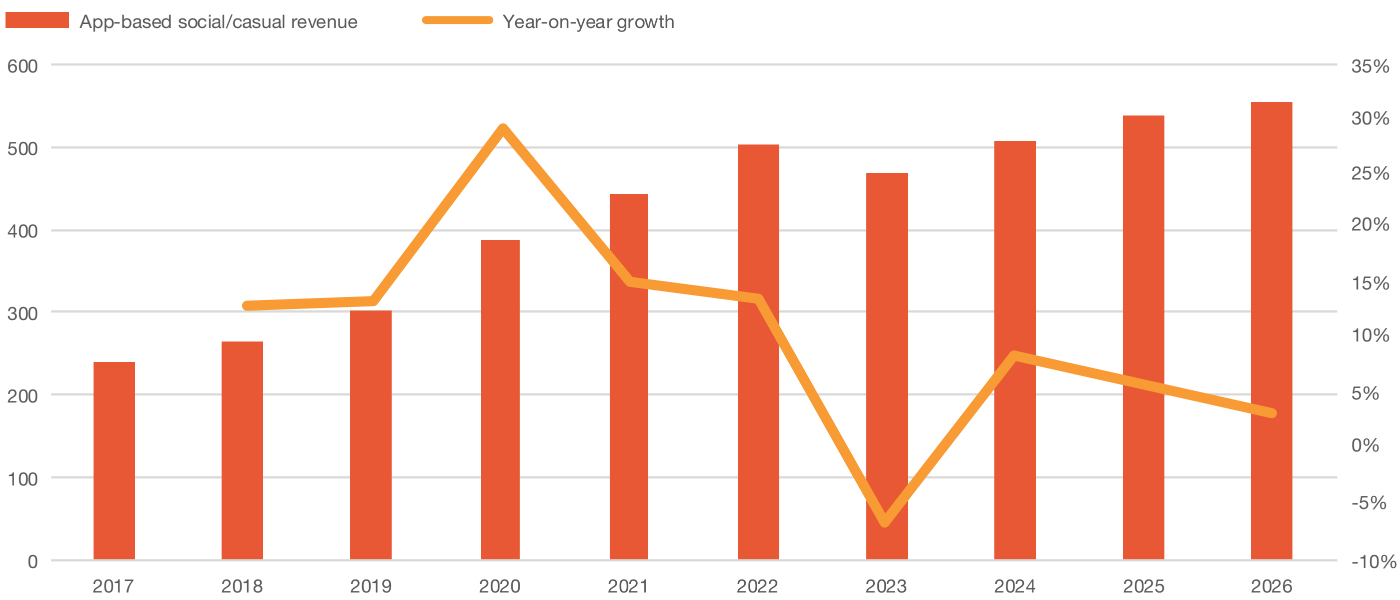
But as the mobile gaming market matures and smartphones become more powerful, developers are able to create ever-more sophisticated games for these devices. Casual titles such as Candy Crush Saga now sit alongside battle royale first-person shooters such as Garena Free Fire. Meanwhile, traditional gaming is increasingly open to the business models that have made mobile gaming so successful. For example, free-to-play, microtransaction-led games are becoming common among console and PC games.

As a result, there's growing potential for games to straddle both the traditional and mobile gaming markets.

Two major recent examples of this are Epic's battle royale first-person shooter Fortnite and the online multiplayer deduction game Among Us. These games enable audiences using both traditional and mobile gaming devices to play together through cross-play systems.

Single-player cross-market games also have significant potential. One example is Genshin Impact (which features an in-game location called Mondstadt that was potentially inspired by the Swiss city of Bern). Playable on PC, PS5, Switch and mobile devices, the game had generated gross revenue of around CHF2.1bn from mobile alone by June 2022 since its release. Almost CHF9.1mn of this was from the Swiss market.

Fig. 27: Return to a new normal causes app-based social/casual gaming revenue to dip in 2023
Switzerland, app-based social/casual gaming revenue (CHFmn) and year-on-year growth (%), 2017–2026



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

13 Virtual and augmented reality

This segment comprises consumer spending on paid downloads and in-app purchases relating to mobile augmented reality (AR) apps, from the publishing of advertisements within mobile AR apps as well as consumer spending on virtual reality (VR) video and VR games.

Segment definitions

AR refers to a technology that superimposes a digital image on a user's view of the world. Mobile AR apps are those that make use of the AR capabilities of mobile devices, either as a core factor of their functionality or simply as a feature.

Mobile AR consumer revenues are generated directly from end users from paid downloads and in-app purchases relating to mobile AR apps. This revenue is digital, and comes from consumer spending. Mobile AR advertising revenues are generated from the publishing of advertisements within mobile AR apps. This equates to the full value paid by advertisers to place those ads. This revenue is digital, and comes from advertiser spending.

VR refers to a head-mounted system that immerses a wearer in a stereoscopic, wholly virtual environment or scene where they can look around and optionally move and interact. This segment comprises consumer spending on VR video and VR games.

VR video revenue comprises revenue from subscription top-ups, streaming fees, electronic sell-through (EST) and physical purchases.

VR gaming comprises revenue from free-to-play/micro-transactions, subscription top-ups, digital transactions and physical purchases.

AR

Mobile AR revenue has shot up from just CHF7mn in 2017 to CHF39mn in 2021. It is forecast to reach CHF97mn in 2026, equivalent to a CAGR of 19.9% from 2021 to 2026.

This revenue is primarily driven by mobile AR advertising, which made up 61% of total mobile AR revenue in 2021, falling to 53% by 2026. Over the same period, mobile AR consumer revenue will increase its share from 39% to 47%, as AR gaming and 5G in-venue AR use cases drive rapid growth in app-store spending.

Mobile AR advertising revenue comprises AR adverts (e.g. branded Snapchat Lenses) and ordinary adverts served alongside in-app AR-enabled content. It is driven in particular by the growing use of AR face filters in social media/video apps such as Instagram and TikTok. Instagram face-filter usage boomed three years ago after it enabled tens of thousands of third-party creators to start making their own filters, turning the social network into mobile AR advertising's leading player, with about 50% global share in 2021. Instagram and TikTok are two of the world's most lucrative media platforms, and the strong growth in mobile AR advertising revenue anticipated in 2022 is a continuation of the standout performance from the former and the meteoric rise of the latter recorded during 2021. Furthermore, according to research from Shopify, AR ads see a 94% improvement in conversion rates compared to normal digital ads, compelling ever more brands to invest in this format.

VR

Total VR revenue in Switzerland in 2021 reached CHF8mn, after growing 47.9% from 2020. It is forecast to grow to CHF39mn in 2026 at a five-year CAGR of 36.3%.

This is driven primarily by advances in VR gaming revenue, which will grow to CHF34mn in 2026 at a CAGR of 35.6%, while VR video revenue will rise just CHF4mn over the next five years to CHF5mn in 2026, equivalent to a CAGR of 41.8%.

Several new VR use cases have emerged in Switzerland over the past year. In October 2021, researchers at the École Polytechnique Fédérale de Lausanne created open-source software that allows users to virtually visit space, including the Moon, planets and galaxies. The program is called the virtual reality universe project (VIRUP), and the software can be viewed through VR headsets, 3D glasses or ordinary PCs. One example of an enterprise use case is Airbus Helicopters partnering with VRM Switzerland to develop a VR simulator for the H125 helicopter in November 2021. This simulator provides immersive virtual experiences to pilots during training, thus helping to improve safety.

Fig. 28: VR revenue to grow almost twice as fast as mobile AR revenue
Switzerland, VR and AR market, 2017-2026 (CHFmn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
VR video revenue	0	0	0	1	1	1	2	3	4	5	41.8%
VR gaming revenue	3	4	4	5	7	12	17	22	28	34	35.6%
Total VR revenue	**3**	**4**	**4**	**6**	**8**	**13**	**19**	**25**	**32**	**39**	**36.3%**
Mobile AR advertising revenue	3	4	10	18	24	35	43	48	50	52	17.0%
Mobile AR consumer revenue	4	8	8	11	16	21	28	35	40	45	23.7%
Total mobile AR revenue	**7**	**12**	**18**	**29**	**40**	**56**	**71**	**83**	**90**	**97**	**19.9%**
Total VR and mobile AR revenue	**10**	**16**	**22**	**35**	**48**	**69**	**90**	**108**	**122**	**136**	**23.4%**

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

VR headsets are still fairly niche devices, with active units not going beyond 5% of the population at any time in the forecast period. The headset market has changed significantly over the past decade, when most VR headsets released were smartphone-connected or PC-tethered devices. Advances in technology saw the first standalone VR units in Switzerland released in 2018. They quickly became the most popular VR devices, with 83,000 units active in 2021 growing to 343,000 by 2026. Their popularity is down to greater ease of use, since standalone devices can be worn straight away without being tethered to a smartphone or PC. The success of Meta Quest 2 has greatly contributed to the explosive growth of the standalone category.

During the same period, smartphone-connected VR headsets will decline from 14,000 active units to just 4,000. This is due to drawbacks such as the devices draining consumers' smartphone batteries and requiring more steps and time to set up (launching the app on the phone, slotting the device in and navigating the menu with clunky controls).

Meanwhile, tethered VR headsets will grow from 34,000 to 54,000. These devices (particularly high-end models) have some of the best technical specifications in terms of resolution and performance. However, they require a powerful PC or a console, and the set-up usually involves multiple steps.

Fig. 29: Standalone VR headsets to grow the fastest, while use of smartphone-connected units falls
Switzerland, VR market, 2017–2026 (mn)

	Historical data					Forecast data					CAGR %
Category	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2021–26**
Standalone VR units	-	0.004	0.010	0.032	0.083	0.140	0.193	0.239	0.288	0.343	32.8%
Smartphone VR units	0.065	0.047	0.030	0.019	0.014	0.009	0.007	0.006	0.005	0.004	-22.2%
Tethered VR units	0.029	0.041	0.043	0.041	0.034	0.034	0.035	0.041	0.046	0.054	9.7%
Total VR units	**0.094**	**0.092**	**0.083**	**0.092**	**0.131**	**0.183**	**0.235**	**0.286**	**0.339**	**0.401**	**25.1%**

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Metaverse – the beginnings

October 2021 marked the headline-grabbing rebrand of Facebook as Meta. Since then, the metaverse has without doubt become the most used – and least understood – term in entertainment and media. Simply put, the metaverse should be seen as a virtual shared space where users can do everything they'd expect from the real world. It ultimately promises a stunningly realistic 3D digital world where you can, for example, purchase and sell goods and services and interact with people, customers and communities.

How far away is the concept from reality?

An immersive version of the internet will not become the default for some time. A major reason is that today's VR headsets are sometimes deprecatingly described as being the size of a house brick. Of course, relatively early versions of devices being overly cumbersome is very much a part of the history of technological breakthroughs, from home computers to mobile phones. Ultimately, what companies with a vested interest in AR, VR and the metaverse need to achieve is a headset which is roughly as easy to put on and wear as a pair of glasses. Meta's Project Cambria may prove to be a breakthrough here.

Another key reason is that the technology for this vision is not yet in place. The necessary bandwidth stretches beyond current capabilities, as do the latency requirements and today's edge computing capabilities. All of this is needed to create an immersive internet that gives users a virtual shared space where they can do everything they'd expect from the real world.

Metaverse use cases – advertising

Advertising in the metaverse remains an under-explored area, but it is essential that players across the industry keep tabs on developments. Meta's patent applications include reference to personalised advertising within AR environments and, by extension, the AR and VR enabled metaverse. They also include a potential new metaverse-led ad format, whereby a third party would be able to sponsor the appearance of an object within a virtual store.

VR and AR provide never-before-seen concepts for advertising and create ample opportunities in the metaverse. These advances will also lead to a much more granular and potentially more effective ad measurement and targeting ecosystem.

Metaverse use cases – gaming

Since many games already create immersive virtual worlds, they are strong starting points for the concept of a metaverse. Recent years have seen the emergence of various games that offer a range of entertainment, social and cultural activities inside their own worlds while also providing a functioning economy that includes commerce between users and from other brands – metaverses by any other name. Examples include some of the world's biggest titles – Minecraft, Fortnite and Roblox – as well as newer names such as Zepeto and Core. Some titles offer monetisation beyond gaming. For example, The Sandbox and Decentraland enable users to buy virtual plots of land using cryptocurrency. Second Life, meanwhile, was launched back in 2003, and sees new possibilities now the metaverse concept has such high-profile backing.

These games have various strengths that give good indications of best practice in a metaverse. Roblox's rich economy enables commerce for brands and creators alike. Fortnite has a clear drive for interoperability across platforms and an emphasis on compelling live events. Meanwhile, Minecraft aims to become a tool for self-improvement, and positions itself for a future of extended reality (XR).

Metaverse games are striving to provide a rounded offering in order to attract users and entice them to spend more and more time in digital worlds. Games worlds in general have a strong opportunity to become new platforms for a variety of entertainment, from film and music to celebrity culture and sports. This in turn requires them to partner with rights holders and celebrities across the world of entertainment. In July 2021, for example, Roblox struck a deal with Sony Music to offer new commercial opportunities for its artists. A month earlier it reached an agreement with another music company, BMG.

It is imperative for metaverse games to boast a raft of entertainment while respecting copyright. They must also have the immense scale and complimentary aims to attract strong partners (acquisitions are another route too, as exemplified by Fortnite owner Epic Games' purchase of Bandcamp). Games such as Fortnite or Core can be further enriched through licensing deals in music, TV, film, other video games, sports, and comics and manga. Radio, podcasts and audiobooks could be next on the list, as could tie-ins with news and magazine outlets. The key point is that metaverse games offer a new platform to bring entertainment offerings directly to millions of users.

At the same time as such titles are aiming to broaden their offering, brands and other non-native companies are looking to understand which games best fit their need to find effective outlets for digital opportunities, and which are rapidly becoming equipped to do so. Metaverse games have opened up new digital shopfronts with a massive potential customer base. Zepeto in particular, with the prominence it gives to detailed avatar personalisation and openness to third parties, has enabled clothing and make-up brands to offer digital goods. Early adopters include Gucci, Ralph Lauren and Dior Beauty.

Metaverse use cases – fashion

Several metaverse-focused fashion developments have taken place in Switzerland – a seemingly popular use case at this early stage in the metaverse. In February 2022, it was announced that the St. Gallen-based startup collectID had raised CHF3.2mn from investors such as SeventySix Capital and Hellen's Rock. collectID enables people to transfer their physical clothing into the virtual world, offering new routes for clothing brands to reach their customers.

Another Swiss company, Mioo Tech, which was created by Italian fashion brand Mion, received part of the HBAR Foundation's CHF228mn metaverse fund, one of the first companies to do so. The HBAR Foundation provides funding to "builders and creators to overcome the challenges of bringing their ideas to market". Mioo Tech converts fashion products into non-fungible tokens (NFTs), which it plans to make available in the metaverse. Also, as of 8 June 2022 customers at the Jelmoli Zurich clothing and accessories store can use AR goggles to browse and buy textile collections created by students at the Swiss Textile College. This further adds to the mix of virtual shopping.

Local developments

Zurich has a high standing in the development of the metaverse, as Meta (Facebook), Google, Disney Research and Magic Leap have all opened offices or research labs in the city. The Swiss Federal Institute of Technology Zurich (ETH Zurich) and the Swiss Federal Institute of Technology Lausanne have helped attract these prominent companies, which are now creating new jobs in Switzerland. For example, Meta has announced that it plans to hire 150 new staff to work on the metaverse in Zurich. Microsoft has also created a lab in Zurich focused on applied research in computer vision for mixed reality and AI.

Switzerland is host to an immersive metaverse platform which is focused on digitising every street in the world and connecting them all to blockchain. The DecentWorld platform launched on 1 March 2022 and people have already started purchasing real estate in the metaverse, therefore attracting the attention of the fintech scene.

Conclusion

The Swiss metaverse ecosystem is at an early stage, but it is already beginning to thrive. Companies are looking to Switzerland for its strong blockchain, crypto and technology market, and going forward we can expect big developments to take place in the country regarding the metaverse, especially as Meta (Facebook), Google and Microsoft have all concentrated their metaverse activities in Zurich. Switzerland's progressive culture could also foster the right regulatory, privacy and security initiatives to help the metaverse industry develop.

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