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Swiss Entertainment & Media Outlook 2024–2028

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Introduction

With revenues up 1.7% to CHF 21.4 billion, Switzerland's entertainment and media (E&M) industry recorded less strong growth in 2023 than in 2021 and 2022.

The slowdown has been due to a combination of factors. On the one hand, we have inflation and the higher cost of living recently faced by consumers, due among other things to the war in Ukraine and its effect, for example, on energy prices. On the other hand, the 'post-COVID effect' has been waning: by 2023, the rebound from COVID-related restrictions, especially segments with in-person interactions such as live music or trade, was in decline.

Against this backdrop, E&M providers are set to face a more challenging operating environment in the next four or five years, with growth slowing after 2024. A compound annual growth rate (CAGR) of 1.1% is predicted (compared with the 1.7% CAGR predicted in our last outlook for the five years to 2027), translating into revenue of CHF 22.6 billion in 2028 for the entire industry in Switzerland.

In such a dynamic market landscape, the E&M industry is urged to fundamentally reconsider its existing business models in order to tap into new growth potentials. As an industry closely impacted by changing consumer behaviours and technological advancements, E&M providers should for example embrace digital transformation, leverage data analytics to personalise content delivery and audience engagement, or explore new revenue streams to remain competitive.

In this report, we go into more detail about the outlook for the E&M market in Switzerland up to 2028 and take a nuanced look at the developments behind these expectations. We'll summarise the most important findings in each segment. And, with generative artificial intelligence (GenAI) on everybody's lips, we'll explore the current use cases and future opportunities for harnessing this radically disruptive technology in the E&M market.

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Business-to-business (B2B)

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

Segment definitions

Business information includes spending on business-focused data and intelligence such as financial information, 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. The trade magazines segment comprises both advertising and circulation revenue from magazines aimed at a professional audience. The trade shows segments comprises revenue from spending by businesses on exhibition at trade shows; it doesn’t include sponsorship of events.

B2B

B2B market growth in 2023 was driven by the ongoing strong return of trade shows, which increased by 38.8% year-on-year, contributing to 9.2% overall growth for the year. The rebound in trade shows is expected to slow from 2024 onwards, as the market has not only returned to its pre-COVID-19 level, but exceeded it, with a CAGR of 2.0%. This is expected to bring total trade show revenue to CHF 245 million by 2028 (up from CHF 222 million in 2023).

Growth in the metrics for B2B segments other than from trade shows will be slower, with business information expected to grow at a 1.6% CAGR. This remains by far the largest generator of revenue within the market, and its dominant position will be entirely unchanged by 2028. A critical catalyst for the segment is the EU’s prioritisation of digital transformation in its economy and public services, recognising the importance of such a transformation in terms of ensuring Europe’s competitiveness and elevating its standing in the global digital landscape, where it trails behind the tech vanguards of China and the US.

While trade magazine advertising will see very minor growth (0.2% CAGR), this will be cancelled out by a slight (0.0% CAGR) decline in circulation. This will mean a peak in total trade magazine revenues (stemming from circulation and advertising) in 2025, and revenue of approximately CHF 130 million in both 2023 and 2028.

Fig. 1: Trade shows drive growth in 2023
Switzerland, B2B revenue, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
Category	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2023–28**
Business information	606	596	599	667	698	718	733	742	749	754	1.6%
Professional books	63	60	64	66	68	68	69	70	71	70	0.7%
Print	43	39	41	41	41	40	40	39	39	38	-1.4%
Digital	20	21	23	25	27	28	29	31	32	32	3.7%
Trade magazine advertising	104	100	102	103	103	105	105	105	104	104	0.2%
Print	59	54	51	46	42	40	38	36	33	31	-5.9%
Digital	45	46	51	57	61	65	67	69	71	73	3.7%
Trade magazine circulation	26	22	25	26	26	26	26	26	26	26	0.0%
Print	21	17	19	19	19	18	18	17	17	17	-2.2%
Digital	5	5	6	7	8	8	8	9	9	9	2.4%
Trade shows	206	61	110	160	222	229	234	238	242	245	2.0%
Total	**1,005**	**839**	**900**	**1,022**	**1,117**	**1,146**	**1,167**	**1,181**	**1,192**	**1,199**	**1.4%**
Year-on-year (%)		**-16.6%**	**7.3%**	**13.6%**	**9.2%**	**2.6%**	**1.8%**	**1.2%**	**0.9%**	**0.6%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Trade shows

MCH Group, the largest exhibition organiser in the country and the 15th-largest such company worldwide, has returned to growth after a difficult pandemic period. In the first half of 2023, the company reported an increase in operating income that resulted in its first net profit since 2019.

Despite the preference for in-person conversations, an important trend within trade shows is the increasing role of digital live events. The pandemic accelerated the adoption of digital alternatives, leaving lasting changes in how trade shows operate. This includes options for virtual attendance and the use of digital tools for matchmaking and wayfinding at events. In situations where individuals are physically unable to attend trade shows, digital alternatives are required, meaning that advances made during the pandemic are vitally important to ensure industry experts don't miss out on important events.

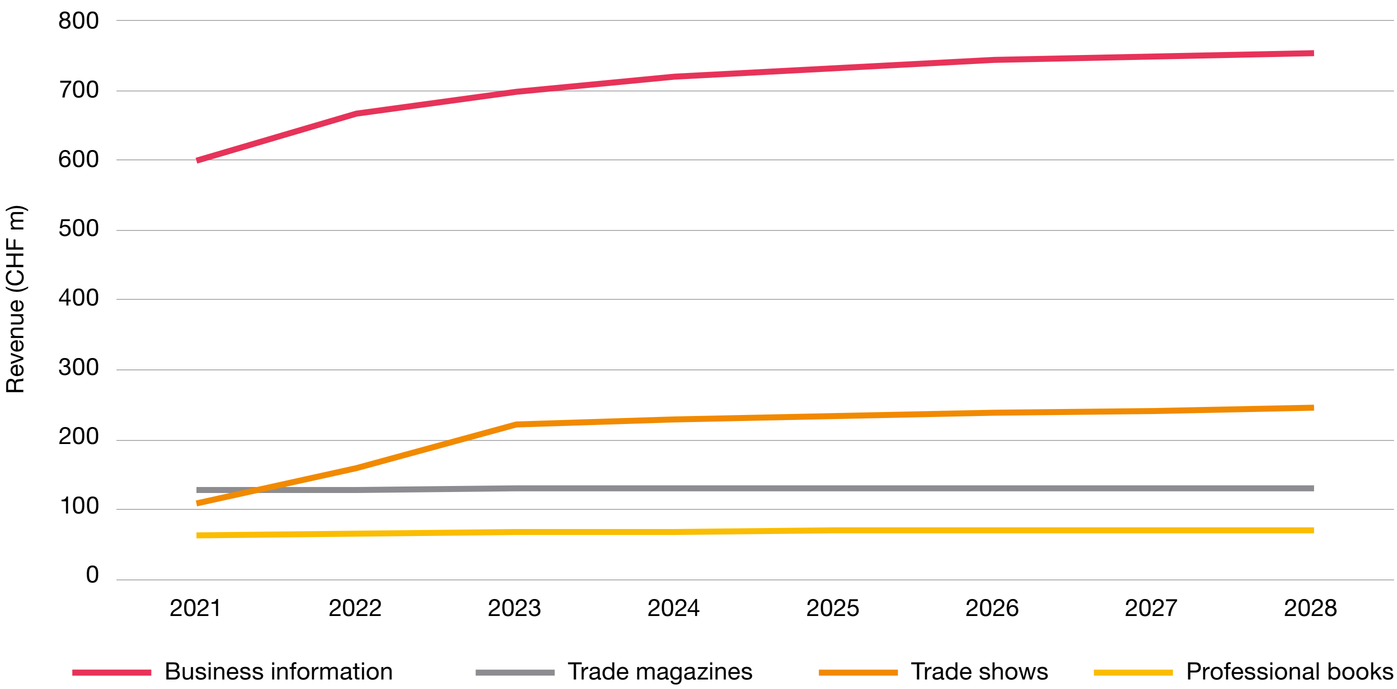
Among Switzerland's leading annual trade shows is Swiss MedTech Expo, the third-largest trade show in the European medical technology market. Every year, around 170 medical device manufacturers, system and component suppliers, service providers and educational institutes congregate in Lucerne to discuss a variety of topics including regulatory standards, manufacturing and smart engineering.

Market consolidation and diversification

The wider B2B market has seen considerable large-scale consolidation recently. The merger between NielsenIQ (NIQ) and GfK, finalised in July 2023, established a major entity in the consumer intelligence sector. This strategic tie-up merged the capabilities of both companies, aiming to enhance the analysis of consumer behaviour and market insights. It's notable for integrating NIQ's strengths in fast-moving consumer goods with GfK's expertise in consumer technology and durable goods, providing a more comprehensive view of the consumer market.

There's is also a long-term trend towards diversification among large B2B media groups, which are adapting their portfolios to changing market demand and technological advances. This strategy often involves expanding beyond traditional print media into digital platforms (including online publications, podcasts, webinars and social media channels), information and data-intelligence products, and trade shows. For example, there are no major pure-play trade magazine publishers. Instead, magazines act as a funnel to direct B2B customers to higher-growth, higher-margin products such as events and databases. Print media are considered far less flexible, with their digital counterparts providing instant access to content, increased interactivity and a wider reach, and eliminating the costs involved with printing and publishing – which can be an efficient cost-saver.

Fig. 2: Trade shows and business information will drive growth post-2023
Switzerland, B2B revenue by sub-segment, 2021–2028 (CHF m)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

2

Cinema

This segment comprises cinema revenue (including box office and advertising).

Segment definitions

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

Cinema

Like several other Western European cinema markets, the film sector in Switzerland is slowly recovering from losses sustained in the COVID-19 pandemic era. Overall box office revenue in Switzerland is predicted to be CHF 229 million by the end of the forecast period in 2028, up on the pre-pandemic figure of CHF 193 million in 2019. Admissions in 2028, at just over 13 million, will be 800,000 higher than in 2019.

Revenue is helped by the fact that Switzerland has one of the highest average ticket prices in the world, with admission typically costing CHF 16.40 in 2023.

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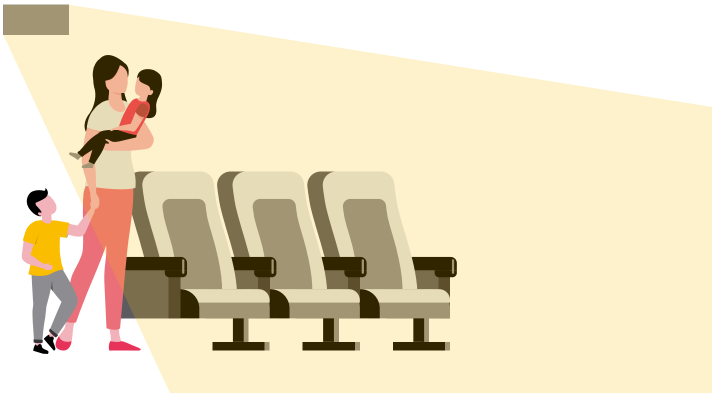


Fig. 3: Box office revenue will surpass pre-pandemic level in 2025
Switzerland, cinema revenue, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
Category	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2023–28**
Box office	193	67	85	138	176	181	204	216	224	229	5.4%
Advertising	34	9	14	24	28	30	31	33	34	35	4.7%
Total	**227**	**76**	**99**	**162**	**204**	**210**	**235**	**249**	**258**	**264**	**5.3%**
Year-on-year (%)		**-66.4%**	**30.5%**	**63.5%**	**25.5%**	**3.3%**	**11.8%**	**5.9%**	**3.4%**	**2.6%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

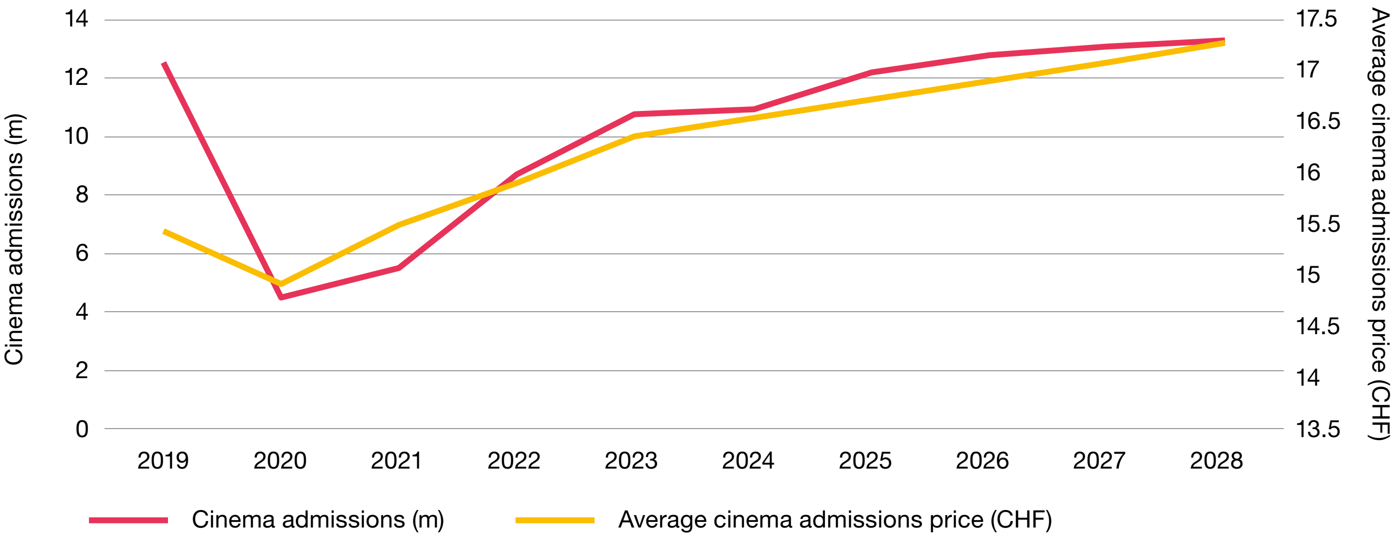
An increase in box office revenues in 2023 was aided by the significant success of a variety of Hollywood blockbusters, notably Barbie, Avatar: The Way of Water, The Super Mario Bros. Movie, Oppenheimer and Fast X, which accounted for over 30% of box office revenue in 2023. The success of Avatar: The Way of Water came despite the fact that the film was released midway through December 2022; despite its short release window, it was the highest-grossing film in that year. Oppenheimer was the only one of these films to not already feature as an established franchise or IP.

Several European films screened at major festivals in 2023 had Swiss involvement, including Alice Rohrwacher's La Chimera. Swiss feature documentaries continue to win awards abroad, with filmmakers like Thomas Imbach and Peter Mettler being feted internationally.

Meanwhile, Swiss film comedies are also breaking through, as witnessed in early 2024 when Netflix took the rights to Sabine Boss's local box office hit The Neighbours from Upstairs. The Swiss-Italian musical Gloria! was selected to compete for the Berlin Festival's Golden Bear award but lost out to the documentary Dahomey, which was a co-production between Benin, France and Senegal.

The 2024 Cannes Film Festival highlighted Swiss cinema, naming Switzerland as the 'Country of Honour' and hosting a series of key discussions involving Swiss industry figures organised by Swiss Films, the Swiss Federal Office of Culture and the Swiss Broadcasting Corporation. The upcoming 2024 European Film Awards Ceremony, which will take place in Lucerne, was also promoted.

Fig. 4: Admissions move past pre-pandemic levels in 2026
Switzerland, cinema admissions (CHF m) and average admission price, 2019–2028



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Cinema admissions in 2023 continued to recover well, with 10.8 million admissions in 2023, although this is still below the 2019 level of 12.5 million. On average, German-speaking Swiss visited the cinema 1.1 times in 2023, while French-speaking Swiss went 1.6 times. Swiss films made up 6.3% of all the films shown that year. Solid growth in admissions is expected over the forecast period, and with a CAGR of 4.3% this metric is expected to grow to 13.3 million by the end of 2028. Growth in admission numbers will be reflected in a steady increase in box office revenue.

Swiss productions

The Swiss production landscape was altered in 2023 with the news that an existing law that required local TV companies to invest in local productions had been extended to streaming platforms. The law requires companies to invest 4% of revenue generated in Switzerland into local productions. This will result in the allocation of more funds from major platforms such as Netflix and Amazon Prime to Swiss cinema. This extra money will be dispensed by the companies themselves, and can either be invested in licensing an already completed film, financing films completely, or participating in a co-production. In 2024, investments in Swiss film productions totalling up to CHF 18 million are expected owing to this new law.

Swiss filmmaker Peter Luisi will make history on the release of his latest film, The Last Screenwriter, which he claims is the first feature-length film to be made from a script written by ChatGPT. Luisi asked the AI to generate a plot, characters and story outline separately before asking it to write a feature-length script using all the generated elements. The 76-minute film was shot in January 2024, and Luisi hopes to premier it at a summer festival.

3

Internet access

This segment covers spending on accessing the internet and is split into two categories: fixed broadband and mobile internet.

Segment definitions

Our prior studies looked at access revenues, which could be broken down into mobile internet and fixed broadband. Mobile internet included internet access over the medium of cellular air interfaces, generally via a 2.5G network or higher. This covered internet access via mobile devices and for connected devices that use embedded modems, dongles and data cards. Fixed broadband included both wired and wireless connections in the form of 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.

This segment now includes spend and other metrics related to accessing the internet.

Total service revenue refers to revenues generated by fixed voice, fixed broadband access and value-added services delivered to residential and enterprise customers by communications service providers, as well as mobile service revenue from the provision of subscriber voice and non-voice services, including roaming charges and net interconnection revenue.

The mobile subscriptions segment corresponds to total 5G, 4G, 3G and sub-3G mobile subscriptions. The data tracks active subscriptions, corresponding to the total number of active connections in regular use on a network, including MVNOs hosted on it.

The fixed voice subscriptions segment comprises subscriptions to voice services offered by communications service providers across all fixed telephony networks and technologies including cable, ISDN, PSTN, VoIP and fixed wireless telephone. Subscriptions include consumer and business customers accessing services on a retail basis.

Internet access

Switzerland is one of the more valuable internet access markets in Europe, despite its relatively small population. While Sweden and Denmark were ahead of Switzerland in terms of share of households with internet access in 2003, in 2023 almost every Swiss household had access to the internet (99.7% compared with the 93.1% EU average). Yet the market is still expected to see a marginal increase over the forecast period with a CAGR of 0.2%, increasing total revenues from CHF 8.6 billion to CHF 8.7 billion.

Mobile service revenue continued its upward trajectory in 2023, albeit marginally, with year-on-year growth of 0.8%. Fixed service and mobile service are trending in different directions, with fixed service revenue expected to decrease at a -1.3% CAGR. However, total service revenues will see a marginal increase over the forecast period as mobile gains offset this loss.

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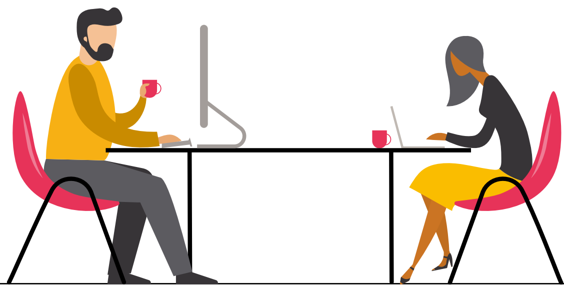


Fig. 5: Swiss service revenue to experience marginal increase
Switzerland, total service revenue, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
Category	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2023–28**
Fixed service revenue	4,209	4,075	4,124	4,097	4,018	3,957	3,903	3,854	3,806	3,758	-1.3%
Year-on-year (%)		-3.2%	1.2%	-0.7%	-1.9%	-1.5%	-1.4%	-1.3%	-1.3%	-1.3%	
Mobile service revenue	4,719	4,542.2	4,443	4,576	4,613	4,671	4,744	4,821	4,897	4,970	1.5%
Year-on-year (%)		-3.7%	-2.2%	3.0%	0.8%	1.3%	1.6%	1.6%	1.6%	1.5%	
Total service revenue	**8,928**	**8,617**	**8,567**	**8,673**	**8,631**	**8,628**	**8,647**	**8,675**	**8,702**	**8,728**	**0.2%**
Year-on-year (%)		**-3.5%**	**-0.6%**	**1.2%**	**-0.5%**	**0.0%**	**0.2%**	**0.3%**	**0.3%**	**0.3%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

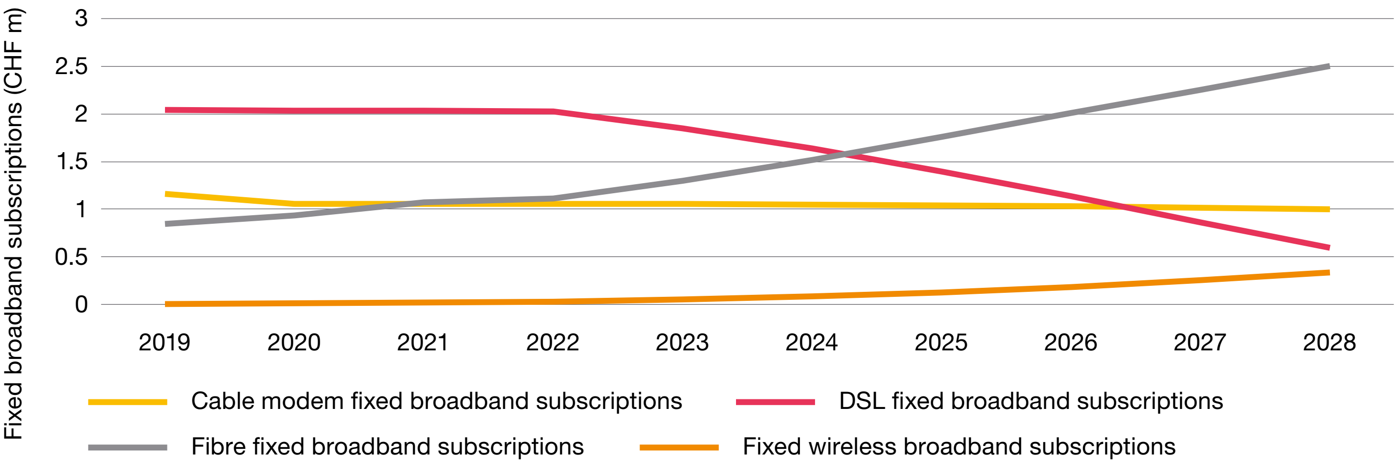
Internet infrastructure

Although a generational upgrade to the infrastructure that underpins the access market will have made significant headway by the end of the forecast period, fierce competition and the burden of decades of multibillion-dollar investment are spurring a global surge in consolidation as operators pursue mergers and takeovers to reduce costs and achieve economies of scale. Telecoms operators consider such merger and acquisition activity a necessity. As a result, regulators are having to reassess traditional thresholds of what constitutes an abuse of market power, because consumers in many nations face the prospect of just a handful of powerful players dominating the market.

The move to 5G mobile and full-fibre fixed broadband technology has also become a global geopolitical focal point, with nations increasingly basing future growth in GDP on the successful, widespread rollout and uptake of next-generation services.

On the subject of consolidation, Swisscom announced that it had acquired 100% of Vodafone Italia in March 2024, with the aim of merging it with Fastweb, Swisscom's Italian subsidiary. The transaction was approved by the Italian government in May 2024, and will combine the 3.4 million Fastweb customers with Vodafone's 20 million, making it the second largest telecoms company in Italy.

Fig. 6: Fixed fibre will become the prevailing broadband technology
Switzerland, total fixed broadband subscription by technology, 2019–2028 (CHF m)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Fibre rollout

Switzerland will see a significant rollout and uptake of fibre-to-the-home (FTTH) across the forecast period, as the country's major telecoms companies look to upgrade their infrastructure. In February 2024, Swisscom reaffirmed its pledge to expand its fibre-optic coverage while gradually phasing out the existing copper network. The company has aims to expand fibre-optic coverage from the current 46% to 57% of the population by the end of 2025, and to have increased this figure to between 75% and 80% by the end of 2030. Additionally, Swisscom plans to have expanded 5G+ coverage to 90% of the Swiss population by the end of 2025. Following on from this in 2030, all of the existing copper network will eventually be phased out in favour of fibre optics, with significant energy savings as a result.

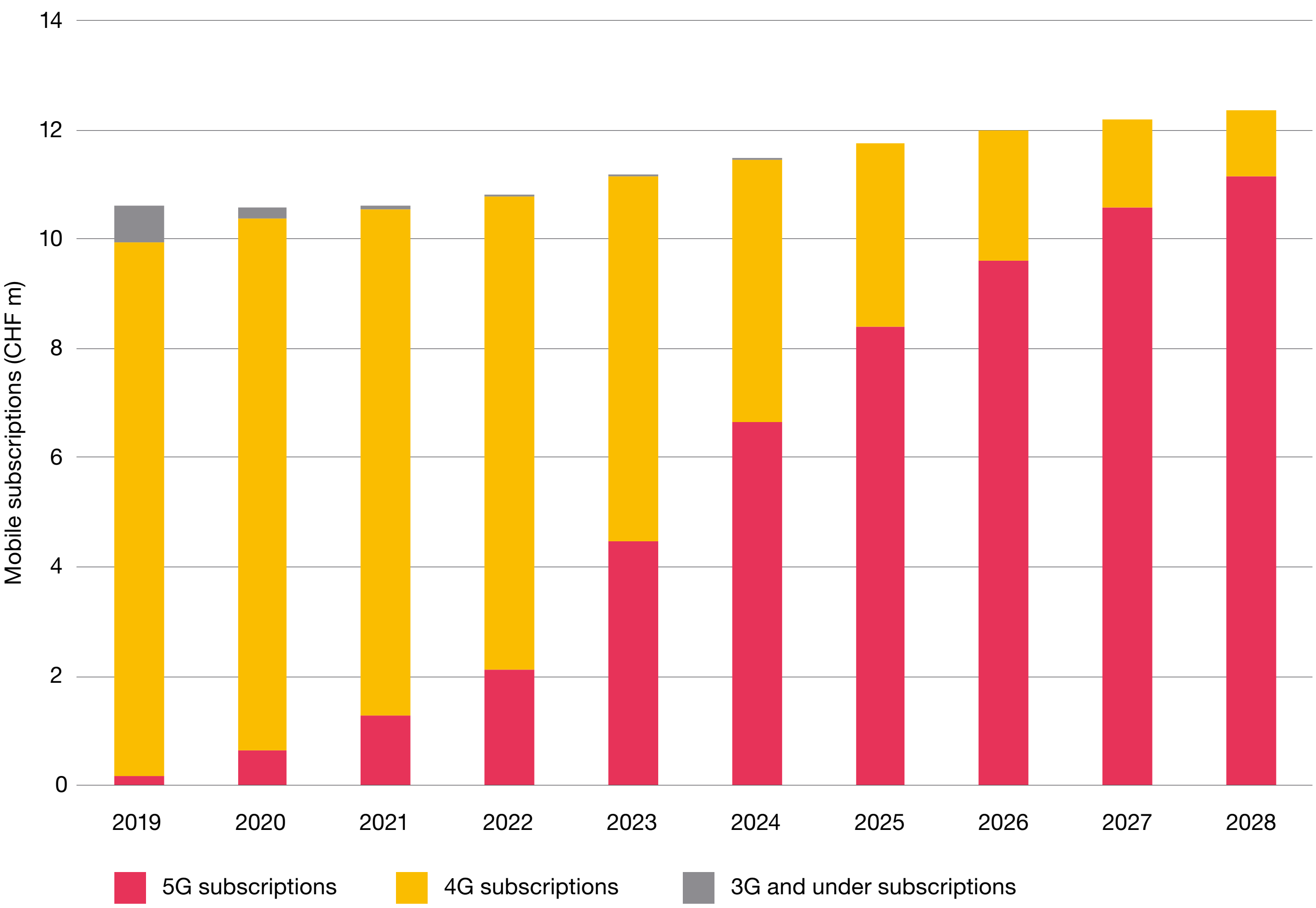
However, the country's Competition Commission (COMCO) fined Swisscom CHF 18 million in April 2024 for unlawful conduct relating to its fibre expansion campaign. Swisscom had been implementing a point-to-multipoint (P2M) technology since 2020, which it states is the most efficient and cost-saving method for implementing fibre-optic cable. The company also argued that much of the FTTH infrastructure in other EU markets had been similarly implemented. However, COMCO ruled that Swisscom must use point-to-point (P2P) technology instead, which Swisscom argues will take significantly longer to install, especially in rural areas, as well as costing far more. COMCO's decision comes following an investigation that began in 2020 with the aim of determining whether P2M coverage stifles competition.

Sunrise has a long-standing partnership with Swiss Fibre that has been in place since 2013. As part of the agreement, both companies committed to providing stable access to fibre-to-the-home (FTTH) fibre-optic infrastructure through areas covered by Swiss Fibre Net. The agreement was renewed as recently as May 2022. Meanwhile, Salt concluded an almost two-year long agreement with Swisscom in March 2023, which saw Salt invest in Swisscom's fibre-optic expansion while taking no ownership stake in it. The partnership essentially involved Salt buying a long-term right to use Swisscom's fibre with the aim of extending its reach to potential customers.

5G

In line with Swisscom's plans to increase coverage, 5G will become the dominant mobile subscription form by 2028. Currently, 5G makes up 40% of Swiss mobile subscriptions, but this proportion will have increased to 90% by 2028. The remaining 10% will be made up of enduring 4G subscriptions, while 3G and under will have been entirely phased out by 2025. The rapid uptake of 5G since 2019 has been due to 5G's significant upgrades in speed over 4G combined with low latency, which has positively affected a wide variety of industries including healthcare, finance, Internet of Things (IoT), manufacturing and smart technology.

Fig. 7: 5G will become increasingly dominant
Switzerland, mobile subscriptions by technology, 2019–2028 (CHF m)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

4

Internet advertising

This segment comprises spending by advertisers either through a wired internet connection or via mobile devices.

Segment definitions

The types of advertising (wired or mobile) are classified primarily by format rather than transport mechanism or device. Total internet advertising comprises online television, digital music streaming, podcast, esports streaming, newspaper, consumer magazine, trade magazine advertising, non-broadcaster VOD, mobile AR advertising and in-app games advertising, which are also all included in their respective segments, as well as retail internet advertising and pure-play internet advertising revenue.

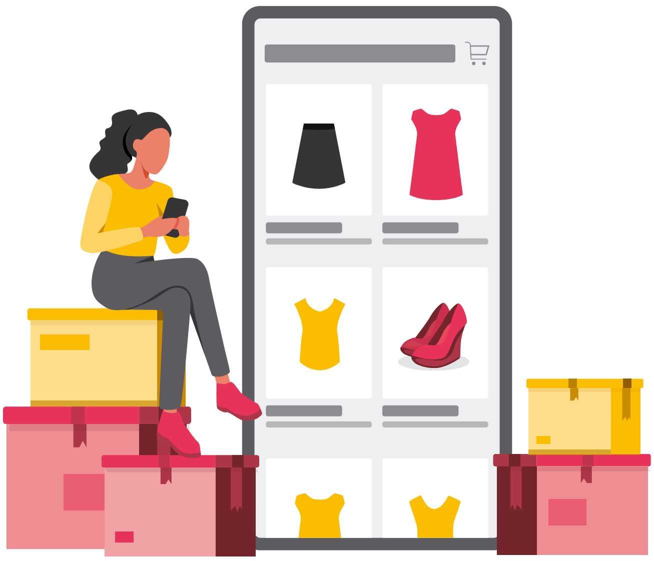
Internet advertising

Switzerland has an incredibly mature internet advertising market, and total revenue will see solid growth over the forecast period, increasing from CHF 3.1 billion in 2023 to CHF 4.0 billion in 2028 at a 5.5% CAGR. The primary drivers of growth will be video internet and paid search, which will see CAGRs of 10.4% and 8.3% respectively, although in the case of video this increase comes from a revenue base that is less well established. More mature revenue streams such as traditional other display internet advertising revenue will show steadier growth.

Fig. 8: Paid search and video will drive growth up until 2028
Switzerland, total internet advertising revenue, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
Category	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2023-2028**
Classified internet advertising revenue	492	485	517	558	593	615	638	659	680	702	3.4%
Other display internet advertising revenue	833	890	1,141	1,188	1,232	1,271	1,309	1,344	1,379	1,411	2.8%
Retail other display internet advertising revenue	8	10	18	25	33	42	52	62	74	85	20.8%
Traditional other display internet advertising revenue	825	880	1,123	1,163	1,199	1,229	1,257	1,282	1,305	1,326	2.0%
Paid search internet advertising revenue	498	542	795	875	975	1,085	1,195	1,295	1,383	1,452	8.3%
Retail paid search internet advertising revenue	16	23	46	76	113	159	199	233	260	286	20.4%
Traditional paid search internet advertising revenue	482	519	749	799	862	926	996	1,062	1,123	1,166	6.2%
Video internet advertising revenue	114	130	174	225	263	300	336	369	401	432	10.4%
Total internet advertising revenue	**1,937**	**2,047**	**2,627**	**2,846**	**3,063**	**3,270**	**3,478**	**3,667**	**3,843**	**3,997**	**5.5%**
Year-on-year (%)		**5.7%**	**28.3%**	**8.3%**	**7.6%**	**6.8%**	**6.4%**	**5.4%**	**4.8%**	**4.0%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia



Google and Meta lead the Swiss market, with Meta a significant player in the social media space (although TikTok is gaining ground) and Google dominating search advertising. A digital services report from DataReportal indicated that Meta had nearly 3.1 million users in early 2023 in Switzerland, compared with TikTok's 2.1 million. This is a closer gap than in 2022, when data from the platform indicated that Meta had 3.2 million users versus TikTok's 1.7 million, highlighting TikTok's increasing popularity.

A 2023 study on behalf of the Swiss Publishers' Association tested users' preferences for a search engine displaying news media versus one without this offering. It found that more than 70% of users surveyed preferred the search engine with media, which supported the publishers' hypothesis that their content is valuable to Google. This has led to calls for the government to implement legislation similar to Australia's News Media and Digital Platforms Mandatory Bargaining Code, which obliges big tech platforms to pay publishers for reusing their news content. The study mentions compensation payments to publishers as high as CHF 154 million.

Retail media

Companies across the media space, including broadcasters and social media platforms, are increasing their focus on retail media. For example, TikTok has placed e-commerce at the heart of its growth strategy, launching TikTok Shop in more markets during 2023 and making strategic acquisitions of other commerce companies. While TikTok has carved out a leading position in the global social video segment, its position is being threatened by attempts to ban or force the sale of the app in the US.

In fact, an increasingly stringent regulatory environment is set to shake up the broader internet advertising market. Pivots to privacy by regulators, coupled with the actions of leading platforms to deprecate third-party cookies and other identifiers, are driving up the value of first-party data. This is leading to new data partnerships supported by new, privacy-focused data management and sharing technologies such as data clean rooms.

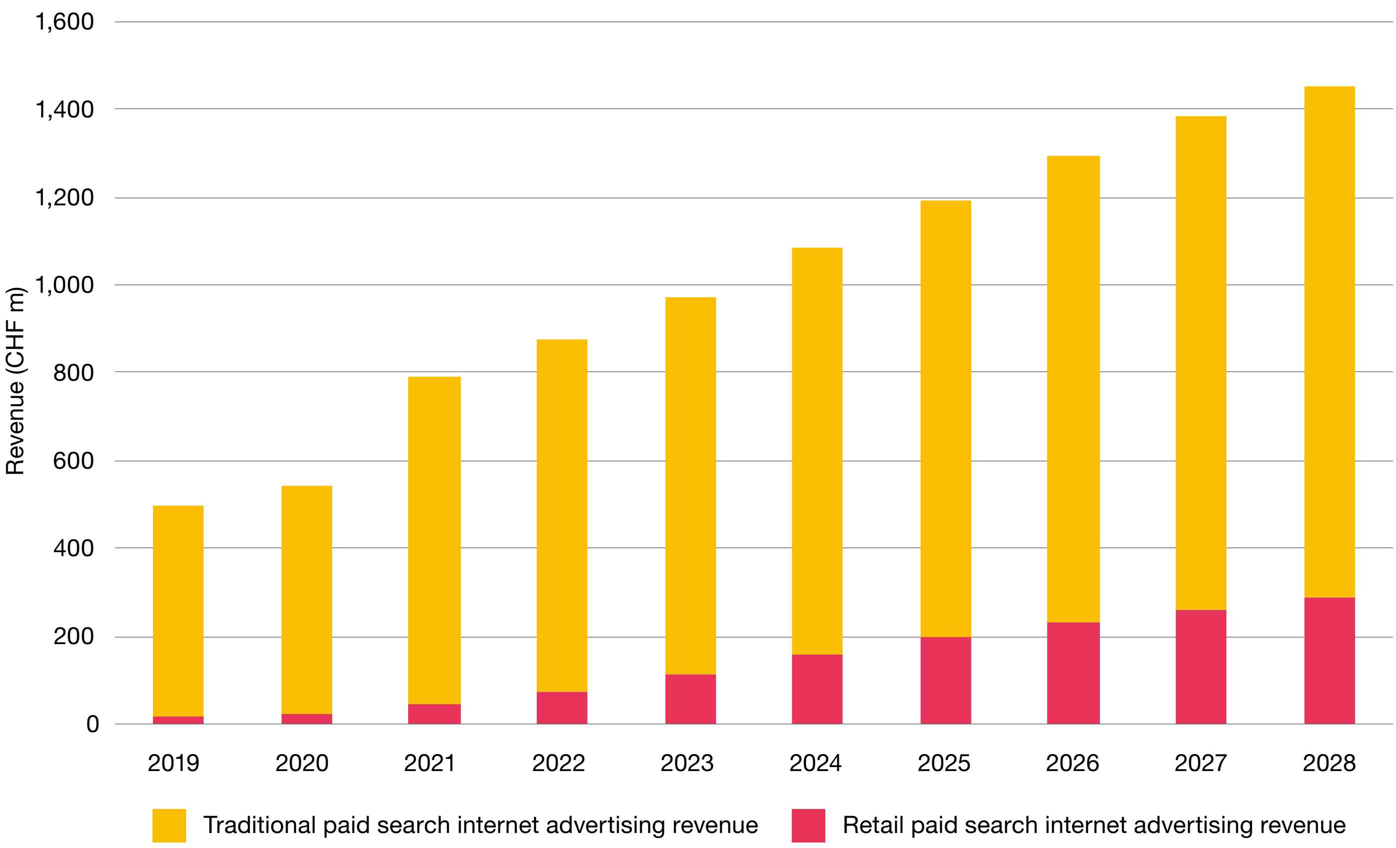
These developments are also shifting more power into the hands of the big tech companies and their 'walled garden' ecosystems. However, regulators are paying increased attention to curtailing the power of big tech in the internet advertising market, including ongoing attempts to break up big tech's stranglehold in the US and the EU's Digital Markets Act.

Search internet advertising

In 2023, paid retail search internet advertising revenue, which refers to the revenue from keyword-based search advertising on retailer-owned websites and apps such as Amazon and Galaxus, will account for 12% of total paid search revenue. Traditional paid search internet advertising revenue, which refers to the revenue from all adverts on search engines excluding retailer-owned websites and apps, will remain dominant over the forecast period. However, the proportion of paid retail search revenue is increasing and will have grown its proportion of total paid search revenue to 20% by 2028.

These developments are also shifting more power into the hands of the big tech companies and their 'walled garden' ecosystems.

Fig. 9: Retail will claim a greater portion of paid search revenue by 2028
Switzerland, paid search internet advertising revenue, 2019–2028 (CHF m)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Regulatory developments

In recent years, the Western European market has largely been defined by regulation. The EU's Digital Markets Act (DMA) prohibits companies designated as 'gatekeepers' – including Meta, Google and ByteDance – from using consumers' data to track and target them across their network of apps and services without explicit permission – that is, not through a clause buried in the terms of service. For example, this precludes the use of first-party data from a user's interaction with Facebook to target ads to them on Instagram, and vice versa, by default. It will also prevent big tech players from automatically combining user data with that generated or supplied by third parties to target ads to individuals. This came into effect via the DMA in March 2024 across Switzerland and other countries in the region, with users of the big six tech companies finally being granted permission to stop the combination of their data across platforms.

The act also requires that these gatekeepers share more data with brands, agencies and vendors acting on their behalf, but this will be moot should users refuse permission. As a result, the regulation will have an impact beyond big tech's walled gardens.

The loss of universal personalised targeting is likely to reduce the premium that many players can charge for ads on their services. AI technology, which can be used to create and target ads in a contextual and cohort-based – rather than personalised – manner, will be crucial in protecting the premiums that Meta and others can charge for targeted ads.

5

Music and radio

This segment covers consumer spending on music, both live and recorded, plus radio licence fees and advertising.

Segment definitions

The music and radio 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 doesn't 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, and revenue from both consumer and advertising spending.

Music and radio

Switzerland's music and radio revenue saw year-on-year growth of 10.4% in 2023, largely driven by the continuing strong rebound of live music following the pandemic, although marginal growth is expected overall through to 2028. Live music revenues saw 28.5% growth in 2023, although this growth is expected to slow from 2024 onwards with a CAGR of 2.1%, with the industry having exceeded pre-pandemic levels in 2023.

Music streaming will be among the fastest-growing revenue streams, with a 3.3% CAGR taking revenue from CHF 208 million in 2023 to CHF 245 million in 2028. Music has increasingly moved towards highly accessible streaming services, which in turn has driven a downturn in physical recorded music, which will decline at a -1.7% CAGR over the forecast period.

Fig. 10: Streaming will drive growth over the forecast period
Switzerland, music and radio revenue, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
Category	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2023–28**
Total recorded music	209	219	246	248	262	276	284	290	294	296	2.5%
Physical recorded music	43	34	34	28	24	23	22	22	22	22	-1.7%
Digital recorded music	139	163	189	198	215	229	238	243	246	248	2.9%
Downloads	18	13	10	8	7	6	5	4	3	3	-15.6%
Mobile	0.5	0.4	0.4	0.3	0.4	0.4	0.4	0.3	0.3	0.2	-12.9%
Streaming	120	150	179	190	208	223	233	239	243	245	3.3%
Streaming advertising	12	17	21	24	26	28	29	30	30	30	2.9%
Streaming subscription	108	133	158	166	182	195	204	209	213	215	3.4%
Performance rights	27	21	22	21	22	23	23	24	25	25	2.6%
Synchronisation	0.5	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.0%
Live music revenue	437	91	202	382	490	506	518	528	536	543	2.1%
Live music ticket sales	359	73	164	315	409	423	434	443	450	457	2.2%
Live music sponsorship	78	18	38	67	81	83	84	85	86	86	1.2%
Total music revenue	**646**	**310**	**448**	**630**	**752**	**782**	**802**	**818**	**830**	**839**	**2.2%**
Traditional radio advertising revenue	144	105	110	118	123	126	128	130	131	131	1.3%
Public radio licence fees	475	457	472	469	468	467	467	465	465	465	-0.1%
Total radio revenue	**619**	**562**	**582**	**587**	**591**	**593**	**595**	**595**	**596**	**596**	**0.2%**
Total music and radio revenue	**1,265**	**872**	**1,030**	**1,217**	**1,343**	**1,375**	**1,397**	**1,413**	**1,426**	**1,435**	**1.3%**
Year-on-year (%)		**-31.1%**	**18.1%**	**18.2%**	**10.4%**	**2.4%**	**1.6%**	**1.1%**	**0.9%**	**0.6%**	

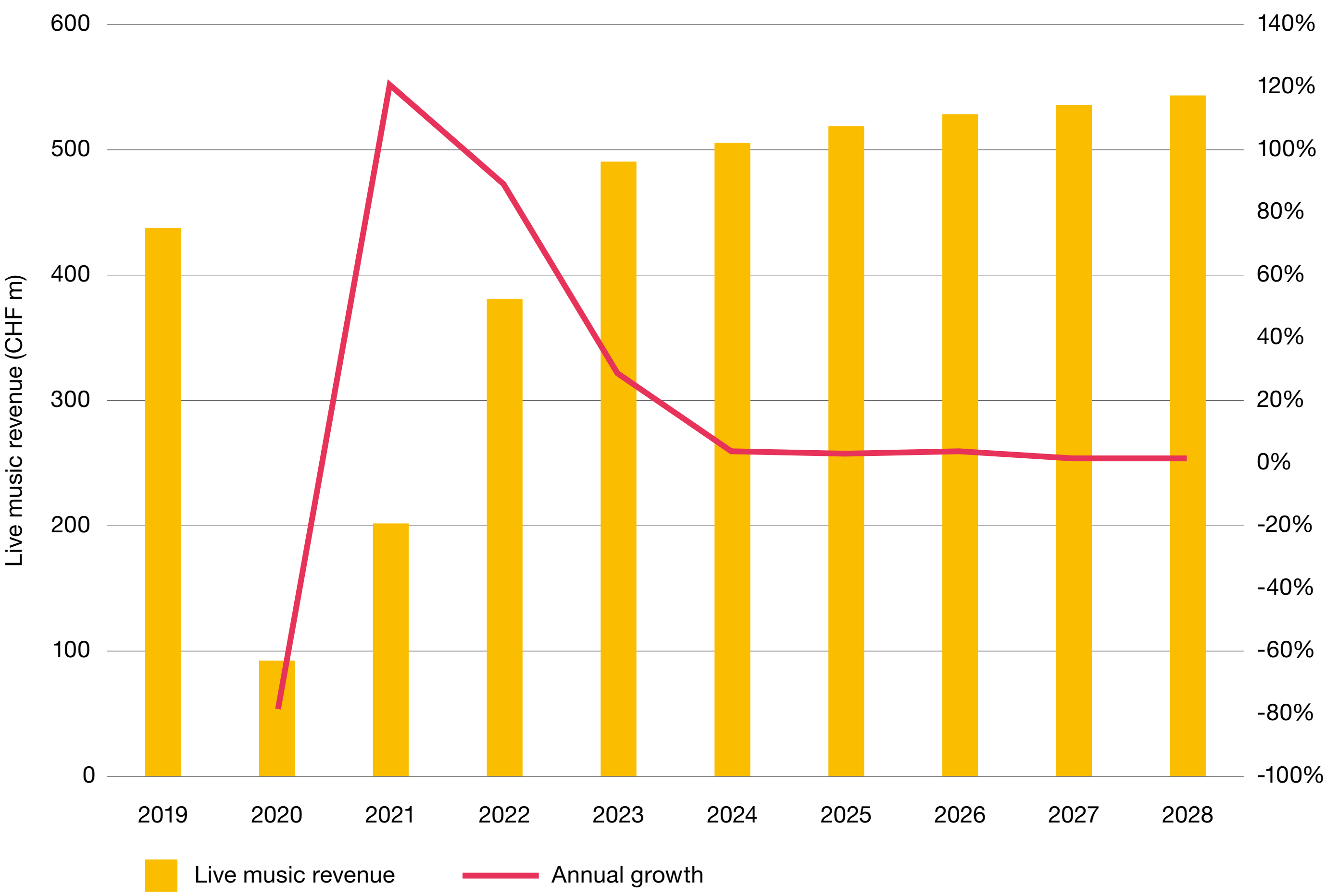
Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

[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.

Switzerland-based financial services company Utopia Music has struggled after the acquisition of 15 companies between 2020 and 2022, among them UK independent physical music distributor Proper Music Group and US-based royalties outfit Lyric Financial. In 2023, Utopia placed both its UK and Finnish R&D businesses into liquidation and consolidated its research activities at its Swedish operation. Utopia had previously focused its efforts on blockchain-based solutions for the music industry, but now seems to have pivoted to artificial intelligence.

The Swiss music industry has been boosted internationally with the support of Pro Helvetia, a Swiss public foundation that supports arts and culture. In 2023, Pro Helvetia supported the music events WOMEX in Spain and Visa for Music in Morocco, which gave international exposure to various Swiss artists who subsequently performed at the events.

Fig. 11: Live music drives growth in 2023
Switzerland, live music revenue (CHF m) vs annual growth (%), 2019–2028



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

The annual public licence fee that funds the Swiss Broadcasting Association (SRG SSR) was made compulsory in 2011 and currently stands at CHF 335, levied on individual households. However, in August 2023 a proposal to cut the licence fee to CHF 200 garnered over 100,000 signatures, forcing the federal government to schedule a popular vote on the cut. The organisers of the initiative claim that CHF 200 is enough for SRG to provide basic services. Opponents of the proposal point out that the reduction in the licence fee causes a shortfall of around CHF 500 million in SRG's annual budget, thereby diminishing, among other areas, the broadcaster's ability to produce original content that reflects the high cultural diversity of the country. SRG's annual revenue amounts to around CHF 1.4 billion, funded partly by the public licence fee and partly from advertising and content reselling fees. SRG claims that its radio stations are the leaders in their respective language markets, with an overall 58% national reach. In November, the Federal Council rejected the federal popular initiative and decided to lower the fee to CHF 300 in two steps by 2029. The vote could take place in 2026.

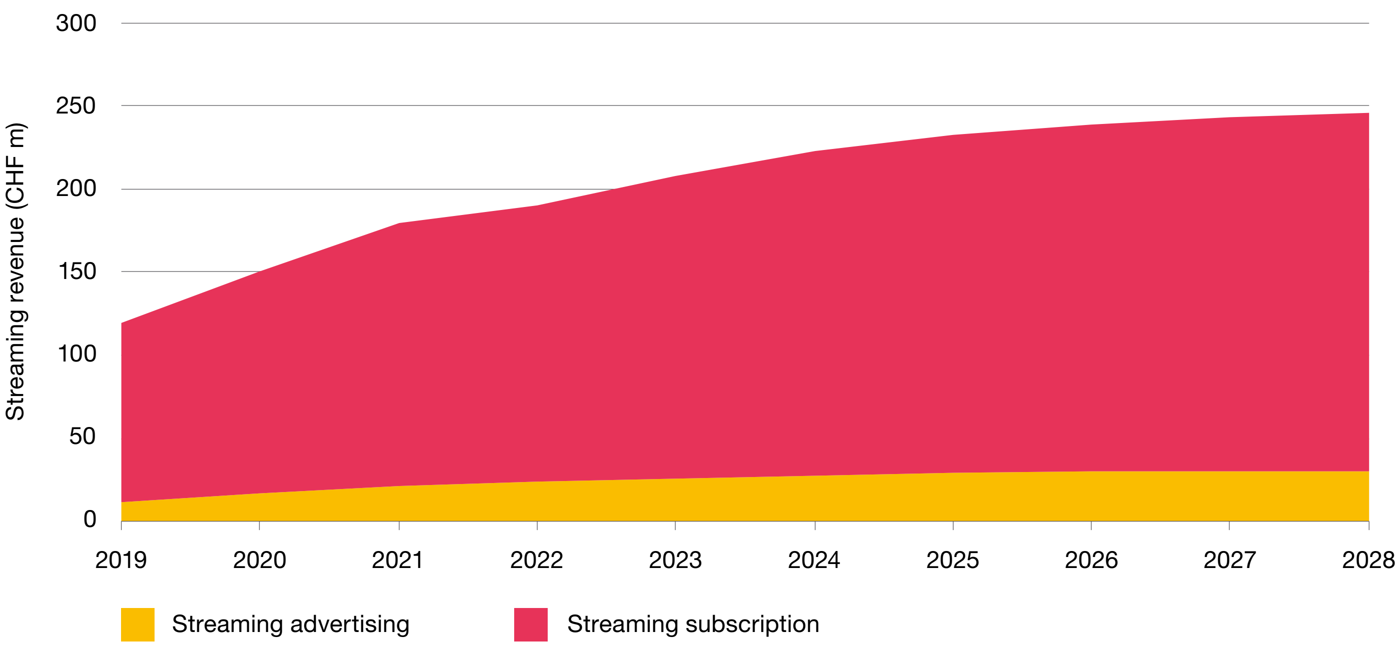
CH Media is the largest private radio group in the country, with 12 stations including Radio Argovia, Radio 24, FM1, Radio Pilatus and Radio Bern. The company claimed 1.6 million daily listeners for its stations during the second half of 2023, with Radio Pilatus leading the market in German-speaking Switzerland (224,000 daily listeners) followed by Radio 24 (214,000). CH Media also reported solid daily listening figures for its DAB+ stations: Radio Melody (105,000), Virgin Radio Switzerland (76,000) and Flashback FM (66,000).

Switzerland's radio industry was originally set to go purely digital at the end of 2024, but in October 2023 the Federal Council extended the FM licences for another two years to allow more time for FM broadcasters to migrate to digital. Around 81% of radio listening in the country is already digital (through DAB+ and streaming services).

Streaming subscription revenue will see a solid increase over the forecast period with a CAGR of 3.5%, taking revenue from CHF 182 million in 2023 to CHF 215 million in 2028. According to a survey carried out by Ipsos in April 2023, Spotify and Apple Music are the country's most popular music streaming services among listeners who pay, with an estimated 52% of Swiss consumers using Spotify and 25% using Apple Music. Despite these numbers having increased from 2022, YouTube remains the most popular way for Swiss consumers to listen to music online, with a reported 73% using the platform. While growth is expected to continue over the coming years, streaming platforms will need to find a way to lure greater numbers of paying customers to drive further growth.

Fig. 12: Streaming subscription fees will dominate

Switzerland, digital streaming music revenue, subscription vs advertising, 2019–2028 (CHF m)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

6

Newspapers, consumer magazines and books

This segment covers consumer and advertising revenues from newspapers, magazines and books in both physical and digital form.

Segment definitions

This segment comprises revenue from both consumer spending on newspapers and consumer magazines (both physical and digital) and advertising in newspapers and consumer magazines (physical and digital). It covers all daily newspapers, including weekend editions and free dailies. This revenue is both digital and non-digital and comes from both consumer and advertising spending. The segment further comprises revenue generated from the sale of consumer books (i.e. bought by consumers for personal use), including both print and electronic editions. It includes all daily newspapers, including weekend editions and free dailies. Weekly newspapers are included in markets where data is available. For books, 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 another physical medium) are included within the print category. This revenue is both digital and non-digital, and is from both consumer and advertising spending.

Newspapers, consumer magazines and books

The total revenues generated by the newspapers, consumer magazines and books market in 2023 was CHF 1.9 billion, a 3.6% year-on-year drop. This decline is expected to persist until 2028, with total revenue decreasing at a -2.9% CAGR to CHF 1.7 billion. This is driven by continuing declines in print media, with the print formats of newspapers, consumer magazines and books all expected to see declines. While each metric is also expected to see increases in digital revenues, these will not be enough to offset the losses. In turn, this will lead to overall declines across the three different formats, as print revenues account for a much larger base than digital currently does.

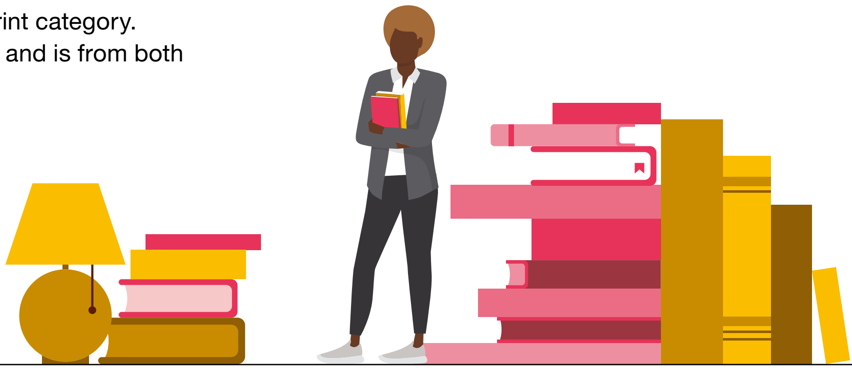


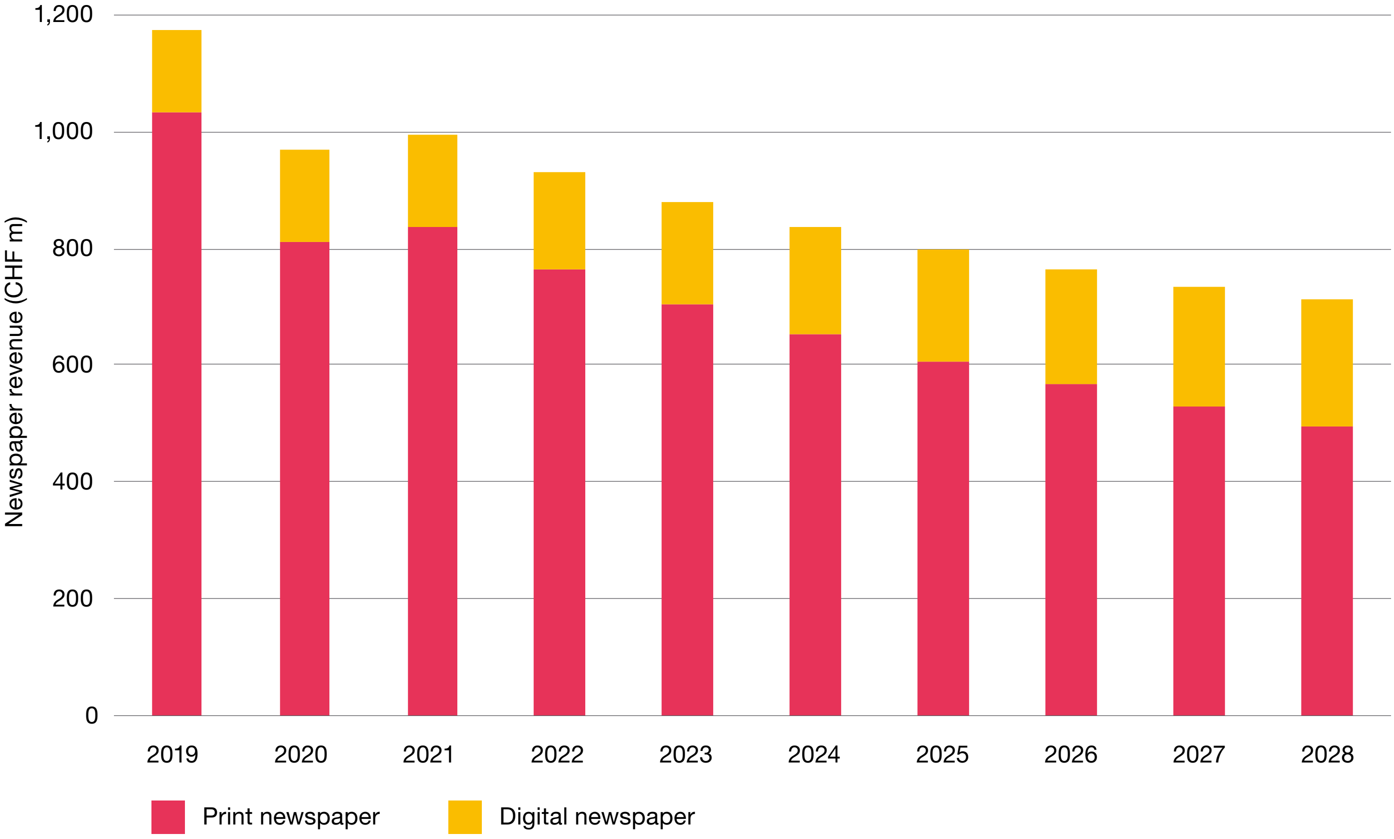
Fig. 13: Print drives overall downturn
Switzerland, newspapers, consumer magazines and books revenue, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
Category	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2023–28**
Newspaper advertising	667	545	556	528	503	483	468	459	451	447	-2.3%
Print	561	432	442	412	383	359	340	325	312	302	-4.6%
Digital	106	113	114	116	120	124	128	134	139	145	3.9%
Newspaper circulation	509	423	440	403	376	353	328	306	285	266	-6.7%
Print	471	380	393	352	321	294	266	241	217	195	-9.5%
Digital	38	43	47	51	55	59	62	65	68	71	5.2%
Total newspaper	**1,176**	**968**	**996**	**931**	**879**	**836**	**796**	**765**	**736**	**713**	**-4.1%**
Consumer magazine advertising	349	298	287	277	268	262	257	253	251	250	-1.4%
Print	296	242	228	213	200	188	178	168	160	152	-5.3%
Digital	53	56	59	64	68	74	79	85	91	98	7.6%
Consumer magazine circulation	299	247	275	267	260	254	247	242	235	229	-2.5%
Print	291	238	266	258	250	244	237	231	224	218	-2.7%
Digital	8	9	9	9	10	10	10	11	11	11	1.9%
Total consumer magazine	**648**	**545**	**562**	**544**	**528**	**516**	**504**	**495**	**486**	**479**	**-1.9%**
Consumer books	563	559	551	541	536	531	525	515	503	489	-1.8%
Print	506	494	484	471	463	455	446	433	418	401	-2.8%
Digital	57	65	67	70	73	76	79	82	85	88	3.8%
Total newspapers, consumer magazines and books	**2,387**	**2,072**	**2,109**	**2,016**	**1,943**	**1,883**	**1,825**	**1,775**	**1,725**	**1,681**	**-2.9%**
Year-on-year (%)		**-13.2%**	**1.8%**	**-4.4%**	**-3.6%**	**-3.1%**	**-3.1%**	**-2.7%**	**-2.8%**	**-2.6%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

The best-selling books in 2023 were from a range of Swiss and international authors. American author Rebecca Yarros's fantasy romance novels Fourth Wing and Iron Flame, both published in 2023, performed well and were propelled to success by the BookTok movement, in which people use short-form videos on TikTok to discuss books. Also in the charts was German thriller writer Sebastian Fitzek with Die Einladung (The Invitation), alongside Swiss author Silvia Götschi with Reichenburg. In the growing electronic books market, streaming subscription services are popular, with Swedish platforms Nextory and BookBeat both having launched in Switzerland in recent years.

Fig. 14: Digital will increase its share of revenue
Switzerland, newspapers, print vs digital revenue, 2019–2028 (%)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

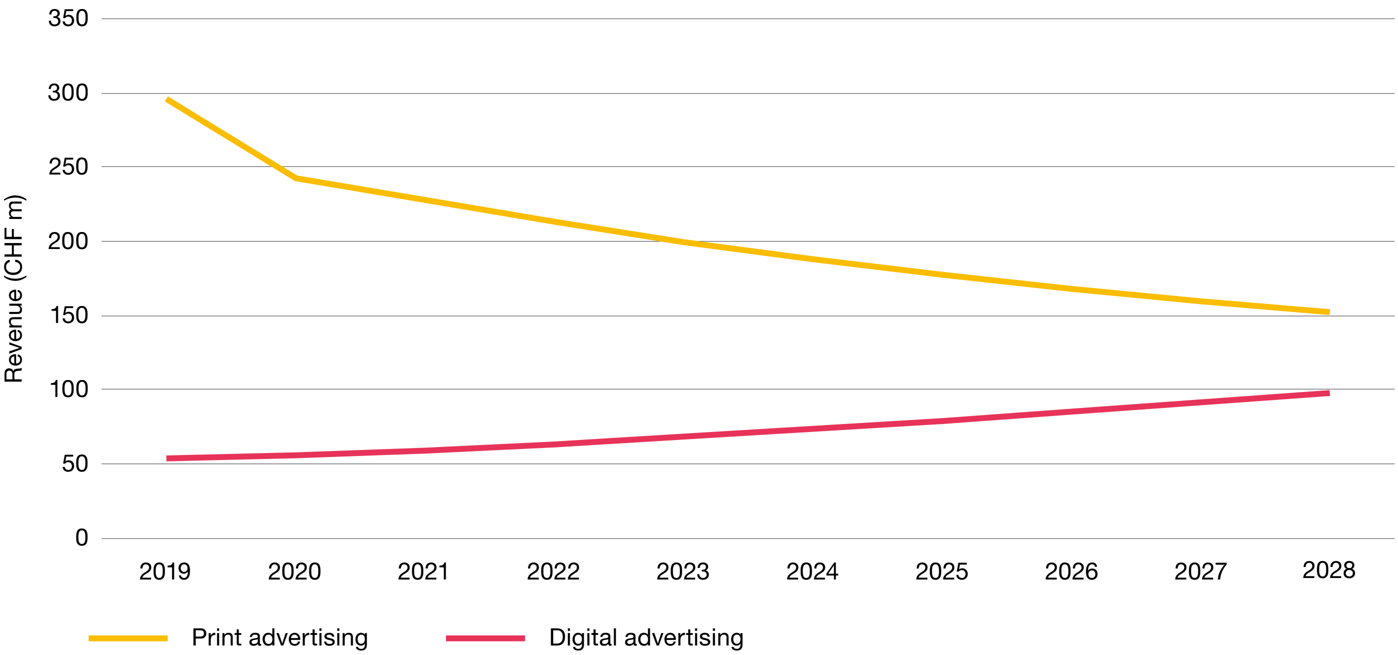
Digital news

The market has been shifting towards digital for years, and newspaper publishers have to compete with alternative sources of news such as social media, news aggregators and digital-only outlets, some of which are free to use. The pandemic accelerated the shift to digital, prompting more people to get their news online. And social media continues to grow, particularly as younger generations, who have grown up using the medium, start engaging with news.

In Switzerland, 76% of people get their news online, according to the Digital News Report 2023 by the Reuters Institute and the University of Oxford; this figure compares with 34% from print. In 2016, 82% of Swiss people got their news online and 63% from print. Being able to monetise online content, either through subscriptions or advertising, is important. News publishers are collaborating to try to increase their efficiency and respond to the dominance of big tech firms like Google and Meta, which take the majority of digital advertising revenue globally. Media companies and publishing houses – working together as the Swiss Digital Alliance – have set up OneLog, a single sign-on solution for both free and paid-for online content. The project allows publishers to offer personalised, cross-platform content and will also enable them to gather first-party data, which will be increasingly important when third-party cookies are phased out in 2024.

Popular titles in Switzerland include the free daily 20 Minuten (which has adopted a social-media-first strategy and is pushing content out to social platforms), Le Matin Dimanche, Le Temps and Blick. According to the Reuters Institute's Digital News Report 2023, 20 Minuten is the most frequently used online news source. For TV, radio and print, it ranks second after the public broadcaster.

Fig. 15: Gap between print and digital will close significantly
Switzerland, consumer magazines, print vs digital advertising revenue, 2019–2028 (CHF m)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Consumer magazines

The consumer magazine market is following a similar pattern to that of newspapers as shrinking print revenue, particularly in the advertising sector, drives an overall decline. Digital advertising and circulation revenue are both growing, but print still accounts for most of the revenue in both the advertising and circulation sectors, leading to overall declines.

For many magazine publishers, print is now just one element of a brand, serving as the shop window for a broader content offering that might include social media, e-commerce, interactive content and audio/video content. Publishers are also extending their offline reach. For example, fashion titles Vogue and Elle have both launched paid membership schemes that offer priority access to events, discounts and special gifts. This is also true of women's fashion magazine Annabelle, which offers access to events, competitions and special offers in exchange for either an annual or a monthly subscription fee.

7

Out-of-home (OOH)

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

Segment definitions

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

OOH

Switzerland remains the fourth-largest OOH market in Western Europe, trailing only Germany, the UK and France. In 2023, the post-COVID-19 recovery in the Swiss market slowed to year-on-year growth of 6.7% from 17.0% in 2022. However, pre-COVID levels of revenue will have been fully recovered by 2024, although a greater proportion of this will be accounted for by digital compared with 2019.

In 2023, total OOH revenue reached CHF 477 million, and total revenue is set to increase at a marginal 0.9% CAGR over the forecast period, reaching CHF 499 million by 2028.

Fig. 16: Growth will remain slow up until 2028
Switzerland, OOH advertising revenue, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
Category	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2023–28**
Physical OOH advertising revenue	411	308	300	335	350	351	348	346	343	343	-0.4%
Digital OOH advertising revenue	73	65	82	112	127	141	148	152	156	156	4.2%
Total OOH advertising revenue	**484**	**373**	**382**	**447**	**477**	**492**	**496**	**498**	**499**	**499**	**0.9%**
Year-on-year (%)		**-22.9%**	**2.4%**	**17.0%**	**6.7%**	**3.1%**	**0.8%**	**0.4%**	**0.2%**	**0.0%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Growth over the forecast period will largely be driven by an increase in digital OOH revenues, which will rise at a 4.2% CAGR over the forecast period. This will see the share of revenue stemming from digital avenues increase from 27% in 2023 to 31% in 2028. Physical revenue will see a marginal decrease over the forecast period with a CAGR of -0.4%, in line with declines in physical revenues worldwide in almost all global markets.

Following Goldbach's acquisition of Clear Channel Outdoor's Swiss business in 2022, the newly rebranded Neo Advertising, APG|SGA's and hence also JC Decaux's closest competitor in the country has been investing in its digital inventory and winning new contracts. The company strengthened its position in Zurich by winning a tender for 34 Cityplan installations offering 30 digital advertising spaces and renewed its contract with the city of Lucerne, which encompasses 560 displays.

In February 2023, Goldbach Neo published the results of a study in concert with PwC Switzerland, which found that almost 67% of the CHF 227 million in concessions and rental fees for advertising media goes to public owners. This demonstrates the net benefit that OOH advertising has for cantons and municipalities by way of royalties.

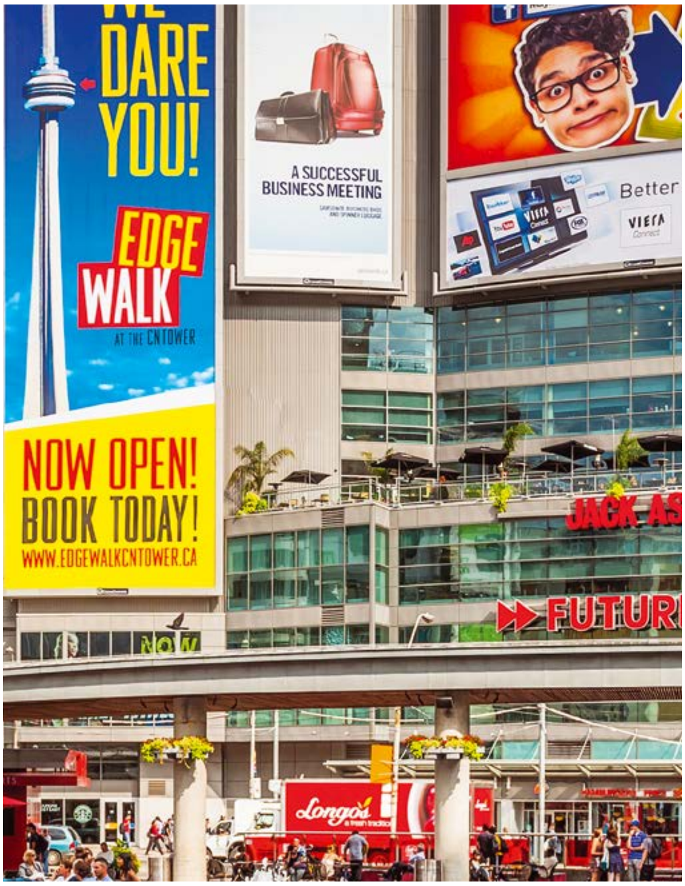
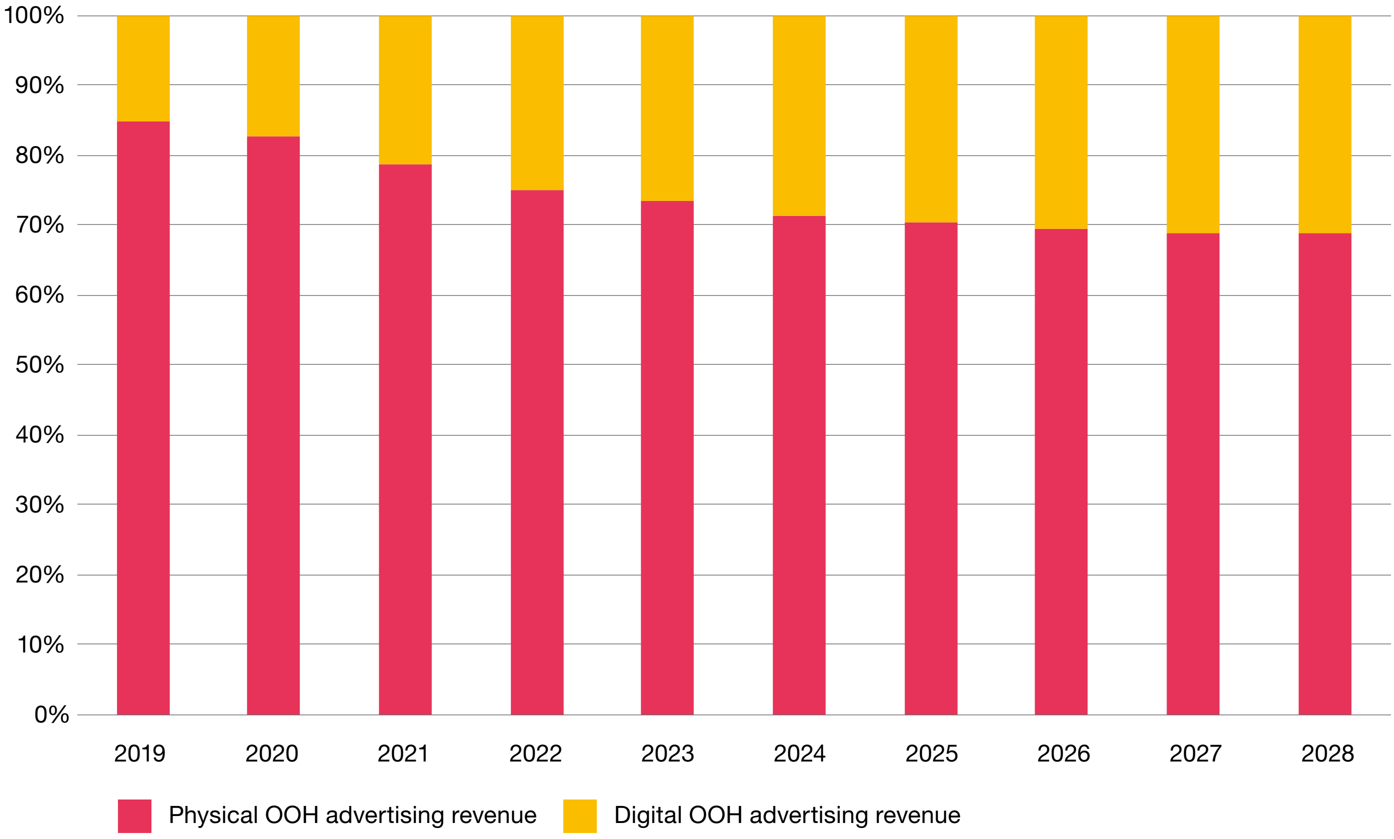


Fig. 17: Digital will increase its share of revenue
Switzerland, physical vs digital share of OOH revenue, 2019–2028 (%)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Digital OOH (DOOH)

While DOOH has faced criticism for its energy consumption, on a per-impression basis it's far more energy-efficient than any other medium, whether traditional television advertising or reaching people through their rechargeable smart devices.

Digital billboards generate higher revenue for inventory owners because of the increased available ad space they provide compared with static equivalents, which may only be able to display one or two ads during a contracted period. DOOH signage can show around 12–16 ads, allowing multiple advertisers to be contracted to share the same space simultaneously. This can deliver between four and eight times the revenue on a screen-for-screen basis.

DOOH also has the potential to evolve alongside other developing technologies such as augmented reality and AI, which could help create widely used digital ad formats. Possible implementations of AI include being able to instantly generate a wide number of varying creative approaches for a single ad campaign. AI could also be used to make minor on-the-fly alterations to ads, including shifting the colour of an ad slightly to make it clearer to see in different weather conditions.

However, there are obstacles to using AI in DOOH campaigns, most notably content moderation. Companies will need to be very careful regarding the parameters they set, as inappropriate or offensive displays could lead to significant PR and reputational issues as well as potential legal problems. While significant progress in this regard isn't expected over the forecast period, it's something that stakeholders will need to keep a close eye on in the future.

8

Over-the-top video (OTT)

This segment comprises consumer spending on video accessed via an over-the-top (OTT)/streaming service.

Segment definitions

The filmed content of over-the-top (OTT)/streaming services (such as Netflix) is accessed via a broadband or wireless internet connection and is viewable on a PC, TV, tablet, smartphone or other device that 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.

Over-the-top video

It's important to note that the data below has been totally restated from last year. We always strive to provide the most accurate possible numbers, and are prepared to take on new assumptions – particularly in opaque areas of the entertainment and media landscape – if we believe they offer a better representative picture of that area. In the case of SVOD revenue, we have decided to take on board an alternative methodology that yielded higher numbers, since we feel this better reflects the scale of revenue in Switzerland.

The Swiss OTT market is competitive and nearly saturated, but revenues continue to grow because households are 'stacking' multiple streaming services. A study by moneyland.ch conducted in 2023 indicated that 28% of respondents pay for a subscription to a single streaming service, while at least 10% pay for two subscriptions, 5% for three subscriptions and 2% for four subscriptions. Total OTT revenue grew 17.2% year on year in 2023 to reach CHF 743 million. In 2023, SVOD accounted for 97.4% of total OTT revenue, and this proportion will marginally increase to 97.9% by 2028.

The entrance of further large international online services such as Disney+ and Paramount+ has intensified competition in the Swiss OTT market and given consumers a greater choice of entertainment providers, although this has driven an increase in prices as well as in the complexity of services. While price increases provide a reliable way to bolster revenues, platforms must be careful not to drive away consumers, as the cost of living situation and inflation continue to grip markets globally. A significant drop in subscribers towards the end of 2023 for Netflix in Spain has been attributed to recent price hikes. In a move to diversify its revenue streams and further grow subscriptions, Disney+ became the first major Swiss streaming provider to launch an ad-supported tariff in November 2023. It also added a new premium tier to its tariff portfolio – a practice that has been prominent among other providers in recent years. Other OTT providers may follow in Disney's footsteps and revamp their tariff portfolios over the next few years.

The move towards ad-supported tiers is expected to reignite customer growth for Disney+ as it has for Netflix in other parts of the world. Disney+ will be competing more strongly at the lower end of the market, offering cheaper tariffs to consumers. The introduction of ad-supported tiers gives consumers more flexibility to choose those features that are necessary for them, and ads are often more positively received than price increases. As the economic climate remains uncertain, other OTT providers will consider following in Disney's footsteps and revamping their tariff portfolios.

Partnerships between telcos and OTT providers will remain key to aiding customer retention, because telcos can offer customers a convenient way to add and manage online video subscriptions.

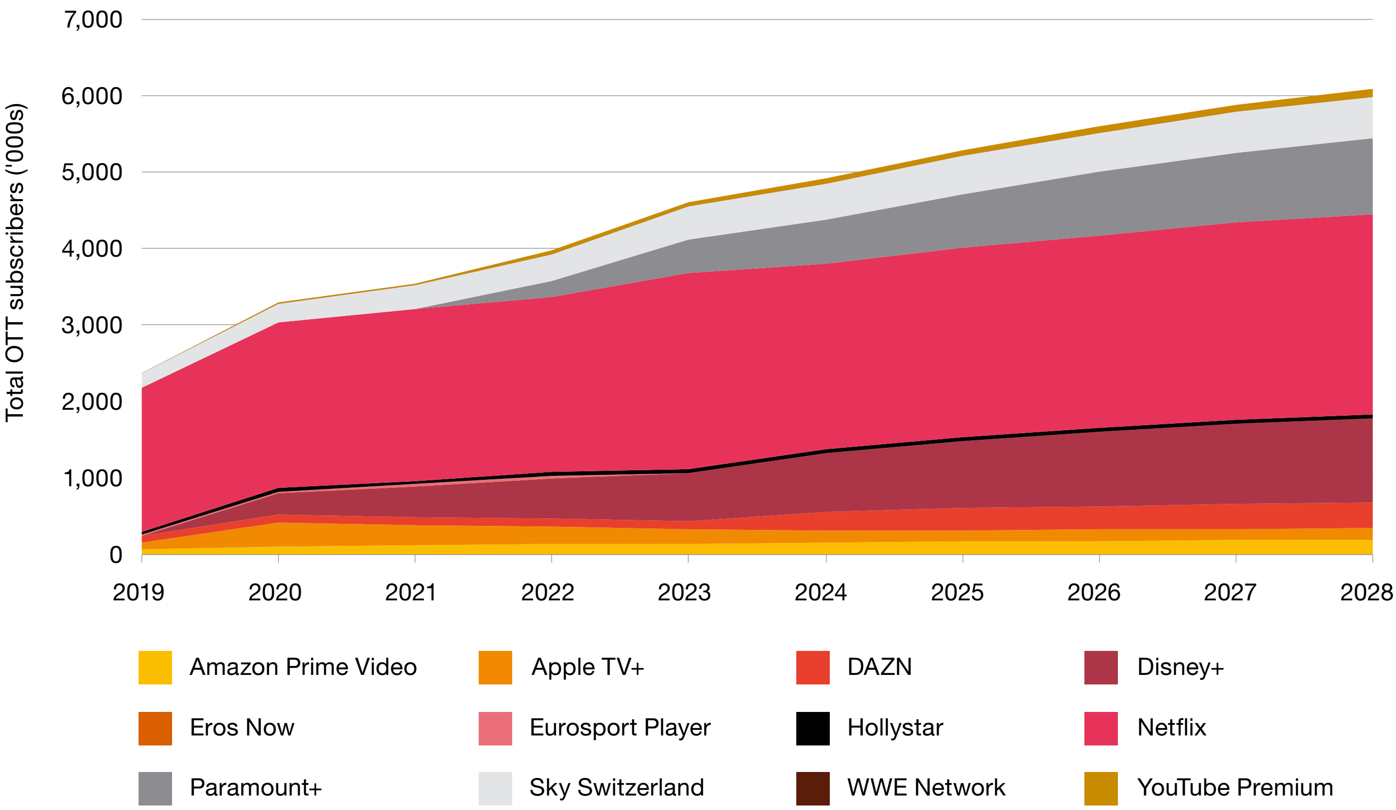
Fig. 18: Growth will be driven by SVOD
Switzerland, OTT video revenue, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
Category	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2023–28**
Subscription VOD	367	470	559	615	724	791	831	868	901	930	5.1%
Year-on-year (%)		28.1%	18.9%	10.0%	17.7%	9.3%	5.1%	4.5%	3.8%	3.2%	
Transactional VOD	19	19	19	19	19	19	19	20	20	20	1.0%
Year-on-year (%)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.3%	0.0%	0.0%	
Total OTT video	**386**	**489**	**578**	**634**	**743**	**810**	**850**	**888**	**921**	**950**	**5.0%**
Year-on-year (%)		**26.7%**	**18.2%**	**9.7%**	**17.2%**	**9.0%**	**4.9%**	**4.5%**	**3.7%**	**3.1%**	

Splits	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Subscription VOD	95.1%	96.1%	96.7%	97.0%	97.4%	97.7%	97.8%	97.7%	97.8%	97.9%
Transactional VOD	4.9%	3.9%	3.3%	3.0%	2.6%	2.3%	2.2%	2.3%	2.2%	2.1%

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Fig. 19: Paramount+ to become third most popular service by 2028
Switzerland, total OTT subscribers by service, 2019–2028 (thousands)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Netflix remained the largest OTT provider in Switzerland, with a market share of 57% by the end of 2022, but its share has come under pressure as alternative platforms grow in popularity. Disney+ has rapidly grown its customer base since its launch in 2020 and accounted for 13% of OTT subscriptions in 2022, which makes it the second-largest OTT provider.

Paramount+ successfully launched in Switzerland in 2022 and accounted for 5% of all OTT subscriptions by year-end. Strong growth for Paramount+ will be driven by the partnership with Swisscom, which grants access to a significant library of content. The blue SuperMax bundle will include Disney+, Paramount+, Sky Cinema and blue Max for CHF 24.90 per month, which will save customers more than 35% compared with paying for each platform separately.

In January 2024, DAZN announced that it had signed a new distribution agreement with Sky, which will see the sports streaming service launch on the Sky platform. Sky customers will save CHF 5 over the regular DAZN offer, which will help to boost subscriptions. Significantly, DAZN announced in June 2024 the extension of broadcasting rights for Serie A and Ligue 1, while becoming the exclusive broadcaster for both leagues in Switzerland for the first time. This marks a significant shift in strategy for DAZN in Switzerland.

The company has also named former Canal Plus executive Brice Daumin as chief executive of operations in France and Switzerland. This new, aggressive strategy will drive strong subscriber growth for DAZN over the forecast period.

Eurosport Player was eventually discontinued in January 2023 as Discovery phased it out to focus more on Discovery+, which is currently not available in Switzerland. This follows BT Group's announcement of an agreement with Warner Bros. Discovery to merge BT Sport with Eurosport. This was approved, and BT Sport later rebranded as TNT Sports.

Local competition comes from pay TV operator Swisscom's blue Play streaming platform, while public broadcaster SRG SRR offers Play Suisse. The platform blue Play is also boosted by coverage of the Swiss football league and UEFA Champions League. In October 2023, Swisscom launched a combined pay TV and streaming box, and it partnered with Disney+ to include the platform within the service. This followed Swisscom's partnering with Paramount+ in September 2023 to offer the service through its pay TV platforms, which will help push Paramount+ to becoming the country's second-largest OTT platform, as will the absorption of Showtime into Paramount+, which will increase the library of content for subscribers.

9

Traditional TV and home video

This segment comprises consumer spending on basic and premium pay TV subscriptions, consumer spending on public licence fees, and physical home video revenue.

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 that penetration will not exceed 100%. Physical home video covers consumer spend on movies, TV programming and other premium filmed entertainment content, on DVD or Blu-ray.

Major players including Swisscom and Sunrise suffered from pay TV subscriber losses at the end of 2023, leading to an overall downturn in revenues. Sunrise ameliorated this somewhat by providing two new pay TV offers.

Subscription TV

Subscription TV revenue in Switzerland will increase at a 1.6% CAGR to reach CHF 1.6 billion in 2028, up from CHF 1.5 billion in 2023. Swisscom remains the pay TV market leader having reported close to 1.6 million pay TV subscribers by the end of 2023, marginally down from 2022. Swisscom has benefited from owning several important sports rights deals, including the domestic Swiss football league, which recently saw a five-year extension to the previous agreement, taking it up to 2030.

Fig. 20: Pay TV will display solid growth post-2023
Switzerland, traditional TV and home video revenue, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
Category	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2023–28**
Pay-TV subscription	1,612	1,619	1,697	1,593	1,474	1,554	1,565	1,576	1,585	1,595	1.6%
Public licence fees	1,368	1,370	1,377	1,387	1,387	1,387	1,388	1,387	1,194	1,194	-3.0%
Physical home video	54	46	37	28	22	17	13	11	8	6	-22.9%
Total traditional TV revenue	**3,034**	**3,035**	**3,111**	**3,008**	**2,883**	**2,958**	**2,966**	**2,974**	**2,787**	**2,795**	**-0.6%**
Year-on-year (%)		**0.0%**	**2.5%**	**-3.3%**	**-4.2%**	**2.6%**	**0.3%**	**0.3%**	**-6.3%**	**0.3%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Major players including Swisscom and Sunrise suffered from pay TV subscriber losses at the end of 2023, leading to an overall downturn in revenues. Sunrise ameliorated this somewhat by providing two new pay TV offers, including the launch of Apple TV+ on its TV service with an integrated app and, in the run-up to Christmas, free access to a number of channels including Premium Plus (with more than 40 TV channels, such as National Geographic, Romance TV and Cartoon Network), available at no extra cost.

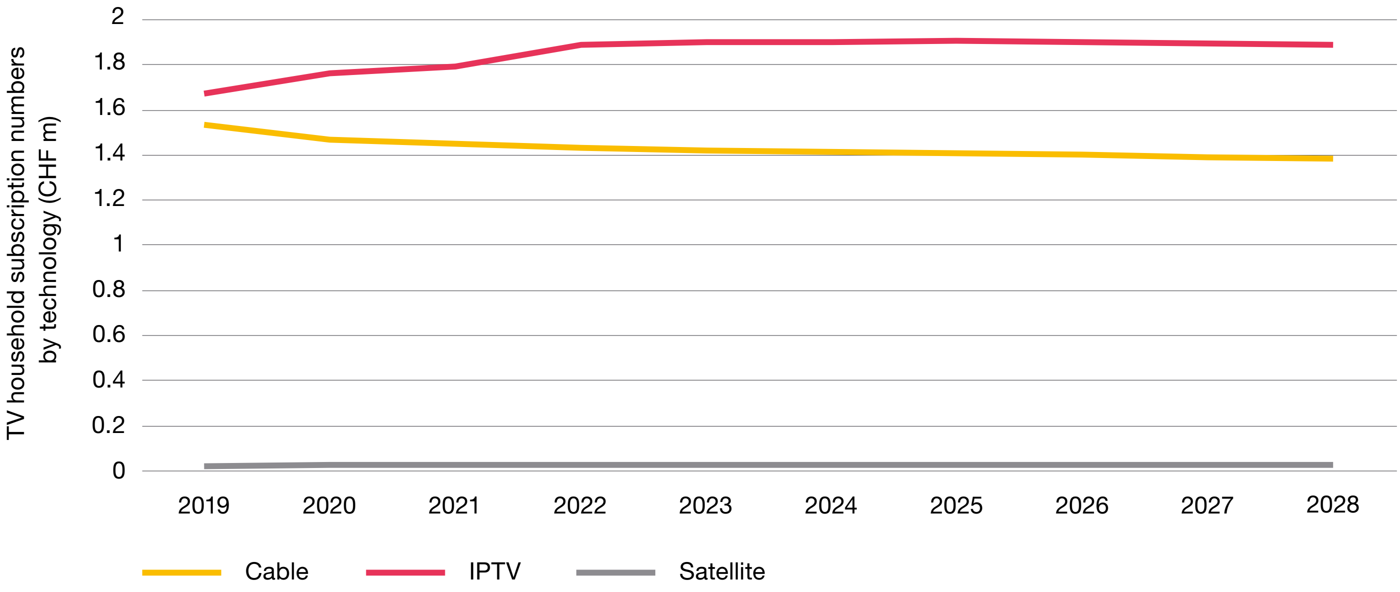
Liberty Global, the parent company of Sunrise, has continued to forge ahead with several initiatives to expand and drive revenue in Switzerland. At the start of 2024, the company made investments to acquire cable operator CityCable Lausanne, with more than 17,000 households and businesses transferred to Sunrise. The company also announced that it would spin off 100% of Swiss operating company Sunrise to shareholders. Chief executive Mike Fries said this action would put ‘value in their hands’, but added that it was too early to provide details on pricing. Despite this progress, Sunrise announced at the end of 2023 that it would be cutting up to 200 jobs in Q1 2024 in an attempt to streamline the business and reduce costs. The impacted jobs largely concerned management and roles without direct customer contact, while all client-facing roles were unaffected.

Elsewhere, a legal dispute between Swisscom and Sunrise was settled in April 2024 after Swisscom had sued Sunrise for CHF 90 million in damages for an alleged breach of contract regarding a shared mobile network. However, the lawsuit has now been withdrawn with the two having reached an out-of-court agreement.

Subscribers and prices

Despite concerns over subscribers, Switzerland's traditional pay TV players remain in a relatively strong position, particularly Swisscom. Depending on the language region, the blue Play media library includes up to 10,000 films and series episodes, and is free of charge for customers with the blue M subscription level or higher. It's available via the Swisscom Box, a smartphone and tablet app, a web player on blue.ch and a smart TV app on Apple, Samsung and LG devices.

Fig. 21: Subscriptions will see marginal continuing decline
Switzerland, TV subscription households by technology, 2019–2028 (CHF m)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Because only some Swiss operators implemented price increases in 2023, they now face the risk of increased churn, particularly as Swisscom pledged to maintain prices throughout 2024. Potential revenue gains are at risk if too many customers churn in search of cheaper tariffs and more certainty. Swiss operators need to refine their retention tactics and prioritise other distinguishing factors such as customer service or network quality. Moreover, to prevent customers from switching to competitors, operators should leverage their own sub-brands – particularly for those customers looking for simple and cheap tariffs. As an example, Wingo serves as Swisscom's cheaper brand, allowing Swisscom to serve more customer segments through price and product differentiation.

To counter cost inflation, Swisscom ran several cost-saving initiatives focused on optimising network maintenance and efficiency improvements; this resulted in accumulated saved costs of CHF 60 million in 2023. According to the telco, these initiatives put it in a strong position to absorb higher costs, which means there will be no price increases until 1 January 2025.

Switzerland's traditional pay TV players remain in a relatively strong position, particularly Swisscom.

Public licence fees

Concerning public licence fees: as previously mentioned, the Federal Council rejected the federal popular initiative '200 francs is enough!' (SRG SSR Initiative) on 19 June 2024 because SRG SSR requires sufficient financial resources to provide equivalent journalistic services in all of Switzerland's language regions. Nevertheless, in line with its aim of easing the financial burden on households and businesses, the Federal Council decided in favour of a gradual reduction in licence fees to CHF 300 per year by 2029. The first reduction will be made in 2027.

10

TV advertising

This comprises all TV advertising revenue, including broadcast and online.

Segment definitions

Broadcast television covers all advertising revenues generated by free-to-air networks (terrestrial) and pay TV operators (multichannel). Online TV advertising consists of in-stream adverts and reflects revenues from pre-roll, mid-roll and post-roll ads around TV content distributed by broadcaster-owned websites.

TV advertising

The TV advertising market had been declining prior to COVID-19, and this trajectory has not altered significantly enough to reverse this trend. Total TV advertising revenues were recorded at CHF 647 million in 2023, a year-on-year decrease of 5.4%. While there will be less drastic falls in years with sporting events, which can expect to command strong advertising revenue with their captive audiences, a continued decline in overall revenue is expected through to 2028. While these falls in the intermittent years are expected to lessen in severity somewhat, a continued decline in overall revenue is expected through to 2028.

Overall decreases will be driven by continuing declines in broadcast TV, which will drop at a CAGR of -4.7% over the forecast period. As such, the market is rather rigid, with little investment being made in the expensive infrastructure. Instead, in light of declining revenues broadcasters are focusing on increasing efficiency and cost optimisation. Viewing habits have increasingly been shifting away from broadcast TV in favour of OTT platforms and on-demand content, although a decline in 2024 will be offset somewhat by the European Football Championships and the Olympics, both of which will take place in the summer. In contrast, online TV will see year-on-year increases in revenue over the forecast period, at a 6.3% CAGR. However, these gains will not be enough to mitigate overall losses in TV advertising, as online TV advertising revenues are far lower than broadcast TV. Despite this, online TV's share of TV advertising will increase marginally from 4% in 2023 to 6% in 2028.

Fig. 22: Advertising revenue expected to decline
Switzerland, TV advertising market, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
Category	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2023–28**
Broadcast TV	704	617	678	662	622	612	560	550	500	490	-4.7%
Year-on-year (%)		-12.4%	9.9%	-2.4%	-6.0%	-1.7%	-8.5%	-1.8%	-9.1%	-2.0%	
Online TV	18	18	19	22	25	28	31	32	34	34	6.3%
Year-on-year (%)	17.2%	4.1%	5.1%	15.8%	13.6%	12.0%	10.7%	3.2%	6.3%	0.0%	
Total TV advertising	**722**	**635**	**697**	**684**	**647**	**640**	**591**	**582**	**534**	**524**	**-4.1%**
Year-on-year (%)		**-12.0%**	**9.8%**	**-1.9%**	**-5.4%**	**-1.1%**	**-7.7%**	**-1.5%**	**-8.2%**	**-1.9%**	

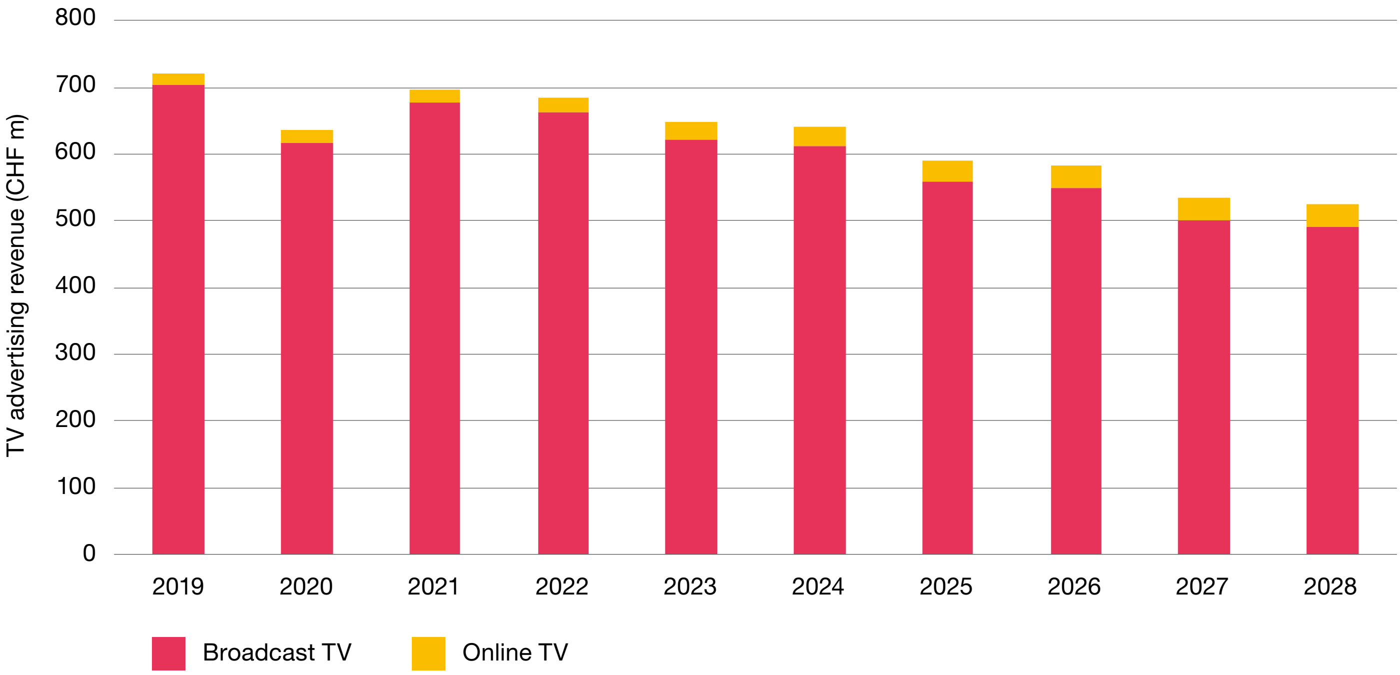
Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Sports broadcasting

Public broadcaster SRG SSR remains Switzerland's largest public broadcaster, with its funding provided by a public licence fee. The company has established a strong foothold in sports broadcasting within Switzerland, covering both domestic and international sport. In 2023 alone, the network broadcasted over 16,700 hours of sport, with 8,600 hours of live transmissions. Additionally, the network features a platform that showcases sports with smaller followings, including floorball and equestrian sports. The network received a boost in February 2023 when it secured free-to-air rights to the UEFA Champions League.

The broadcaster will cover one match a week from the start of the 2024/25 season for three years, alongside coverage of the Europa League and Conference League. Live football attracts some of the largest audiences, with SRG boosted by its coverage of the 2022 FIFA World Cup. SRG will also benefit from the broadcast of the 2024 European Football Championships and the Olympics, where strong advertising opportunities could be generated thanks to Switzerland's participation in both events. Generally, years with major sport events – such as 2024, 2026 and 2028 – see significantly smaller negative growth rates than other years.

Fig. 23: Online TV will increase in prominence
Switzerland, TV advertising market split by category, 2019–2028 (CHF m)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

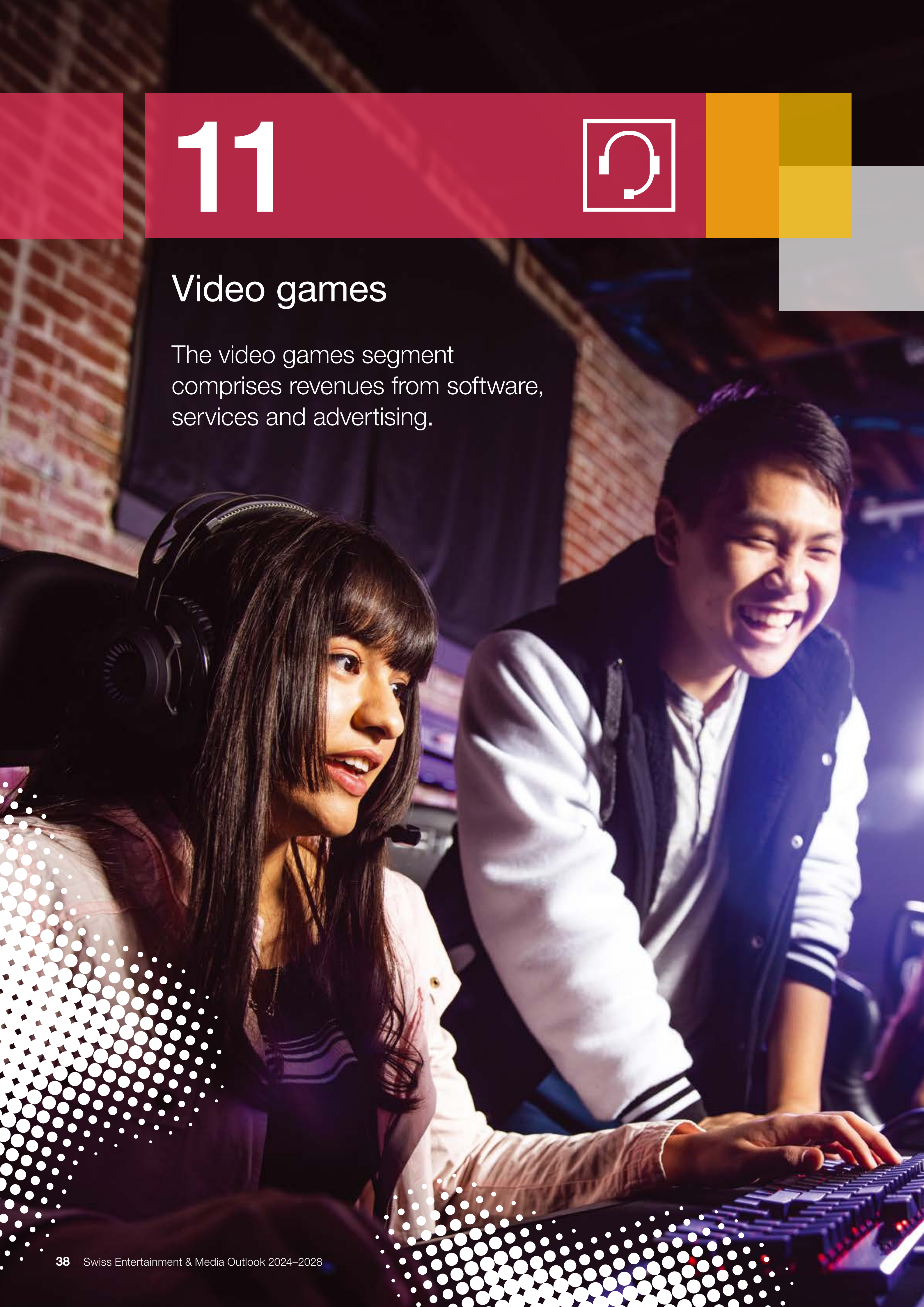
AVOD

The increasingly strong position of OTT is opening up advertising-based video on demand (AVOD) as a more expansive source of revenue within advertising. Major streaming brands are increasingly looking to advertising-supported plans to boost take-up and seek new revenue streams as global growth begins to slow. OTT advertising also offers more data and targeted ad opportunities that previously couldn't be tracked in the linear ecosystem. Hybrid streamers are particularly well positioned to tap into brand advertising budgets earmarked for TV. Streamers also have an opportunity to attract performance ad budgets and potentially even retail media ad spend, particularly if and when shoppable ad formats take off. Netflix became one of the first streamers to release ad-supported plans across its platforms to selected global markets. The launch proved successful in these selected markets, which included Germany and France, with the company reporting in January 2024 that 40% of sign-ups in supported markets were choosing the advertising tier. This has led the company to scrap the basic tier for new subscribers, leaving a choice of the ad-supported plan, standard or premium.

11

Video games

The video games segment comprises revenues from software, services and advertising.



Segment definitions

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.

Video games

Total video games revenue reached nearly CHF 1.5 billion in 2023 and is expected to reach CHF 1.8 billion in 2028, growing at a CAGR of 4.0%. Much of this growth will be driven by a 6.6% CAGR in social/casual gaming, while traditional gaming will remain flat over the forecast period. Within traditional gaming, console games revenue will increase at a minimal 0.1% CAGR, but this will be offset by flat growth in PC gaming. Physical PC game revenues will suffer a significant decline up until 2028 in line with other global markets, while physical console sales will also drop off, albeit at a much gentler rate.

Fig. 24: Social/casual gaming will drive growth
Switzerland, video games revenue, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
Category	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2023–28**
Traditional gaming revenue	464	510	515	539	577	601	607	592	577	578	0.0%
Total console games revenue	282	313	307	335	380	407	414	400	386	381	0.1%
Physical console games revenue	126	137	127	125	125	117	120	111	96	93	-5.7%
Digital console games revenue	113	129	129	155	182	203	206	202	201	202	2.1%
Online/microtransaction console games revenue	43	47	51	55	73	87	88	87	89	86	3.3%
Total PC games revenue	182	197	208	204	197	194	193	192	191	197	0.0%
Physical PC games revenue	16	11	7	4	2	1	0.7	0.3	0.1	0.04	-54.3%
Digital PC games revenue	91	105	112	112	109	108	108	108	108	115	1.1%
Online/microtransaction PC games revenue	75	81	89	88	86	85	84	84	83	82	-0.9%
Social/casual gaming revenue	495	629	763	799	832	865	951	1,026	1,091	1,147	6.6%
App-based social/casual revenue	298	384	442	434	425	424	457	483	510	536	4.8%
In-app games advertising revenue	187	236	313	358	400	435	488	538	576	607	8.7%
Browser-based social/casual revenue	10	9	8	7	7	6	6	5	5	4	-10.6%
Integrated video games advertising revenue	41	41	41	41	42	42	43	43	43	44	0.9%
Total video games revenue	**1,000**	**1,180**	**1,319**	**1,379**	**1,451**	**1,508**	**1,601**	**1,661**	**1,711**	**1,769**	**4.0%**
Year-on-year (%)		**18.0%**	**11.8%**	**4.5%**	**5.2%**	**3.9%**	**6.1%**	**3.8%**	**3.0%**	**3.4%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Physical PC game revenues will suffer a significant decline up until 2028 in line with other global markets, while physical console sales will also drop off, albeit at a much gentler rate.

While traditional gaming remains a solid contributor to overall video game revenues, this proportion will shrink over the forecast period, from 40% in 2023 to 33% in 2028. Within traditional gaming, digital sales are the primary driver of revenue, generating 50% of total revenue. The decrease in physical sales across both console and PC will only reinforce the position of digital sales within traditional gaming, increasing the proportion to 55% by 2028.

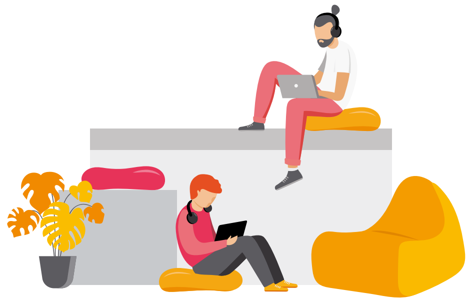
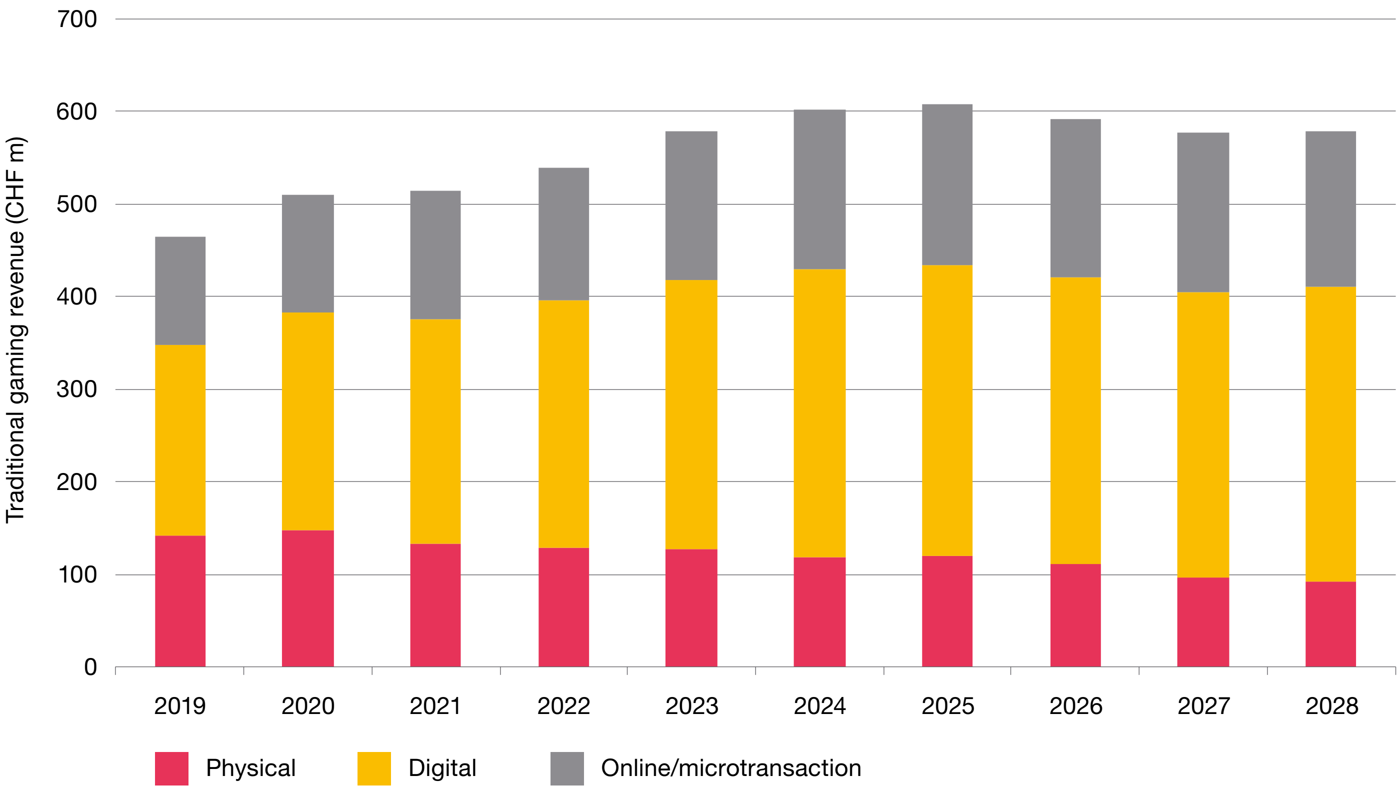


Fig. 24: Physical decline will be offset by growth in digital and online/microtransaction
Switzerland, traditional gaming revenue breakdown, 2019–2028 (CHF m)



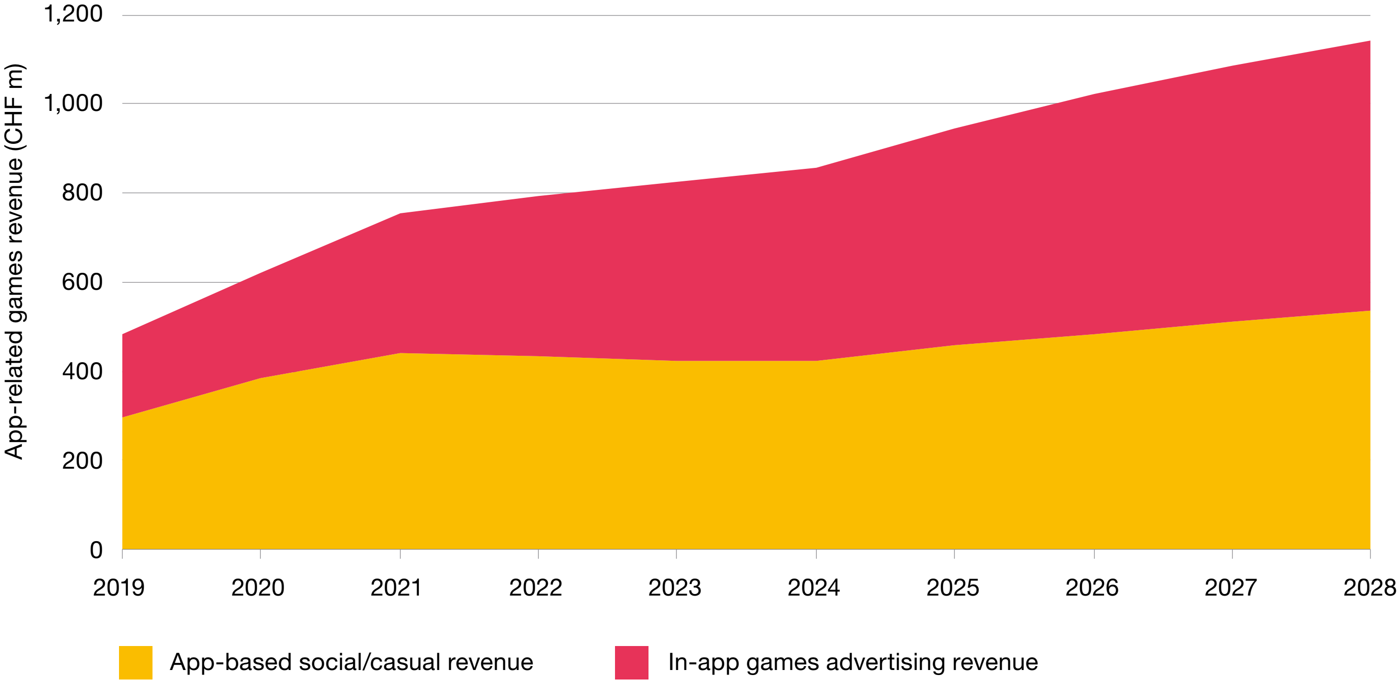
Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Pressure on the industry

It turns out that 2023 wasn't the best year for console hardware sales globally, with the Xbox Series X and Nintendo Switch suffering year-on-year declines. Only the PlayStation 5 saw growth, with the console breaking the 50 million barrier in December, leaving it on track to outsell the PlayStation 4. The decline in sales of the Nintendo Switch is unsurprising given that the console reached its seventh year on the market, and can even be seen as a testament to the strength of the console's longevity in that 2023 was its first year of declining sales. Elsewhere, sales of the Xbox Series X have largely collapsed in Europe, with sales of console exclusives on other platforms such as Marvel's Spider-Man 2 and Super Mario Bros. Wonder strengthening the position of the Switch and PlayStation 5 – in sharp contrast to the Series X, which has struggled with a lack of first-party exclusives.

Elsewhere, 2023 saw record levels of redundancies in the industry with several major studios laying off significant numbers of employees. More than 6,000 jobs had been cut by the end of 2023; 2024 has been even worse in this regard, with more than 10,000 layoffs as of June. This has created an atmosphere of real uncertainty within the industry. Various reasons have been suggested for the layoffs, including overspending on the part of some developers and the need to cut costs. Others have speculated that the pandemic caused an increase in the size of many workforces, which now need reducing. Concerns also remain about the increasing use of AI and how it could potentially be used in video game development to further lower costs.

Fig. 25: Advertising will increase in prominence over the forecast period
Switzerland, app-based social/casual gaming revenue vs in-app games advertising revenue (CHF m), 2019–2028



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

The rise in popularity of social and casual gaming was accelerated by the COVID-19 pandemic.

Opportunities in social and casual gaming

The rise in popularity of social and casual gaming was accelerated by the COVID-19 pandemic. While the number of players may have dropped off somewhat, thanks to the accessibility of smartphones there's still a strong core base of mobile gamers. This player base is likely to expand, and the increasing development of 5G will continue to improve connectivity for multiplayer games. For example, in January 2024 it was announced that Fortnite will return to iPhones following a four-year break after creator Epic Games removed it from the App Store owing to disagreement with Apple's policies.

12

VR, AR and the metaverse

This segment comprises revenues from virtual reality (VR), augmented reality (AR) and the metaverse.

Segment definitions

Virtual reality refers to head-mounted systems that immerse wearers in a stereoscopic, wholly virtual environment or scene where they can look around and optionally move and interact, enabling individuals to enter places or scenarios beyond their physical reality. This segment comprises consumer spending on VR video and VR games.

Augmented reality refers to a technology that superimposes a digital image on a user's view of the world, enabling individuals to blend any sort of digital information into their physical reality. Mobile AR apps make use of the AR capabilities of mobile devices to blend digital information or objects on a screen into the perceived environment.

The metaverse can be seen as a virtual world, a shared environment where users can do everything they would expect from the real world, from private to professional work settings. It can be accessed via both traditional computing devices such as desktop computers and more immersive alternatives such as VR and AR headsets.

VR and AR

Strong growth is expected for total VR and mobile AR revenue over the forecast period, with revenues increasing from CHF 161 million in 2023 to an anticipated CHF 299 million in 2028, at a CAGR of 13.1%. However, current growth in VR is slow owing to the relatively poor sales of a variety of VR headsets, with 2023 year-on-year growth of 36.4% in total VR and AR revenue almost entirely driven by mobile AR advertising revenue. This is increasingly growing thanks to the ongoing development of AR and its increasing sophistication, which is drawing more ad spending. Data from Shopify indicates that AR ads often perform better than static display ads, with consumers more compelled to buy a product from AR advertising. This will help drive bigger spending for advertising campaigns in the future.

The fastest-growing metric up until 2028 will be VR video revenue with a CAGR of 51.6%, although this figure is due in part to a very low base. Growth in total mobile AR revenue is expected to be strong despite the well-established revenue base, with a CAGR of 13.1%. Increased connectivity and data coverage will contribute strongly to this growth, as will increased ad spending.

Fig. 26: Expectations of growth in VR/AR have been reduced
Switzerland, video games revenue, 2019–2028 (CHF m)

	Historical data					Forecast data					CAGR %
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023–28
VR video revenue	0.4	0.5	0.9	1	1	1	2	2	4	8	51.6%
VR gaming revenue	4	5	7	11	13	14	15	15	16	18	6.7%
Total VR revenue	**4**	**6**	**8**	**12**	**14**	**15**	**17**	**17**	**20**	**26**	**13.2%**
Mobile AR advertising revenue	10	17	24	54	88	94	106	116	122	129	7.9%
Mobile AR consumer revenue	8	11	16	52	59	77	98	118	133	143	19.4%
Total mobile AR revenue	**18**	**28**	**40**	**106**	**147**	**171**	**204**	**234**	**255**	**272**	**13.1%**
Total VR and mobile AR revenue	**22**	**34**	**48**	**118**	**161**	**186**	**221**	**251**	**275**	**298**	**13.1%**
Year-on-year (%)		**54.5%**	**40.9%**	**146.3%**	**36.4%**	**15.5%**	**18.8%**	**13.6%**	**9.6%**	**8.4%**	

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

VR market players and headsets

The Meta Quest 2, launched in 2020, was the catalyst for the explosive growth of standalone VR headsets, which revitalised the entire VR market in 2021 and 2022. The popularity of the Quest 2 can be attributed to its affordability, versatility and convenience: it can be operated without the need for a PC or console. Additionally, its ease of use and a large library of compelling applications made the Quest 2 the best-selling VR headset to date. The Quest platform is also the largest VR ecosystem in the world and the leading VR content platform.

Despite VR's popularity among enthusiasts, mass-market status remains many years away. Compared with the installed base of other consumer devices such as smartphones, tablets and smart TVs, VR is a small segment – and it will remain so throughout the forecast period.

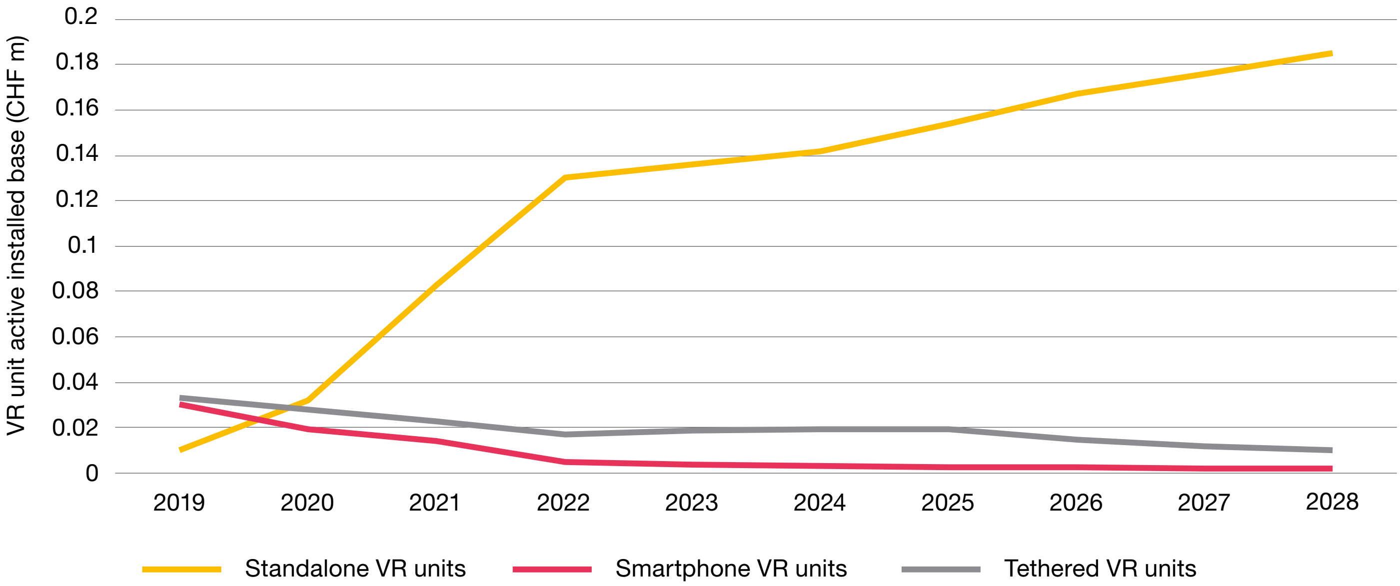
The performance of the important new headsets Meta Quest Pro, PSVR2, HTC XR Elite and Pico 4 contributed to relatively disappointing results in 2023, prompting a downgrade in the market outlook. There were several reasons for the underwhelming performance of these headsets, including their general affordability, consumers' focus on other technologies (such as AI) and the lack of scalable use cases for both the private and professional sector.

The launch of Apple Vision Pro introduced a new dimension to the immersive headset landscape, albeit with uncertainties. While Apple's entry sparked excitement, its short-term impact on the total headset market was also felt by other headset manufacturers. With recent announcements of the headset rolling out in markets outside the US (e.g. the UK, France, Germany), its availability is likely, at least in the short-term, to increase interest in the immersive tech market across the globe.

Standalone VR sales are set to grow at a steady pace in 2025, before steeper growth anticipated from 2026 onwards. The Meta Quest 3, released in October 2023, will see steadily increasing sales throughout the forecast period. While the Meta Quest 2 still holds the predominant market share at the time of writing, the Meta Quest 3 will at some point become the dominant headset on the market and will see strong growth, ensuring a significant increase in standalone VR sales from 2026. Additionally, the Apple Vision Pro is expected to be available on the Swiss market later in the forecast period, supporting growth in headset sales. Currently, the headset isn't for sale in Switzerland and has only seen a limited release in Europe.

Fig. 27: Standalone VR will dominate

Switzerland, VR unit active installed base, 2019–2028 (CHF m)



Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

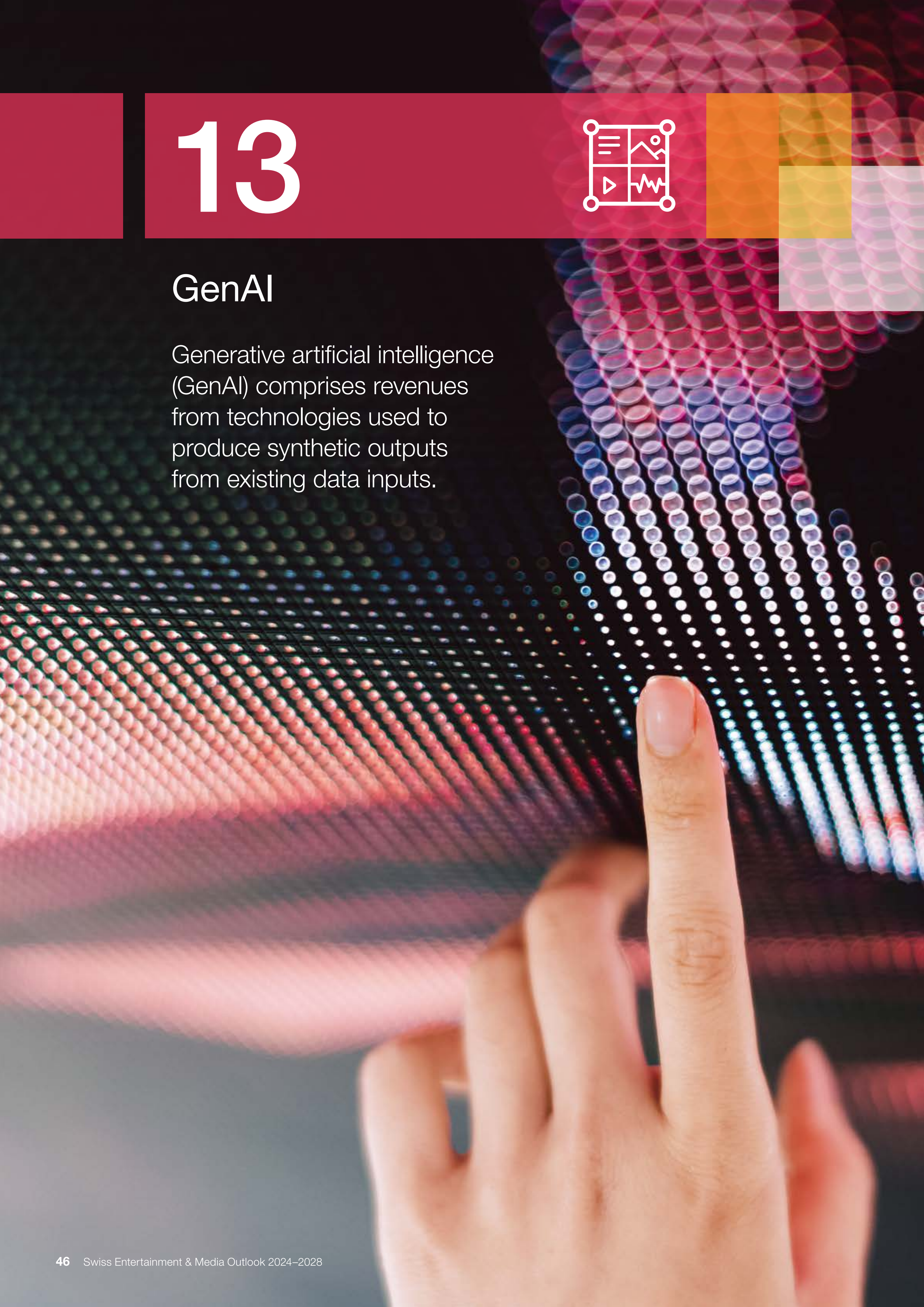
Addressing the fundamental challenge of VR headsets' form factor is paramount if mass-market adoption is to be achieved. The persistent obstacle of having to wear a bulky headset for an extended period continues to hinder widespread acceptance, underscoring the need for innovation and improvements to the current form factor in order to propel VR into the mainstream.

Immersive technologies and the metaverse

Immersive technologies such as AR/VR are being used in the enterprise space in several sectors including construction, medicine, real estate and education. The most common use cases include training and education, workspace productivity, immersive visualisation, remote assistance and customer engagement.

The expectation is that immersive technologies and virtual worlds such as the metaverse will become increasingly relevant for the Swiss economy. In particular, technological developments in edge computing, connectivity and artificial intelligence are making it easier to use the technology and integrate it in private and professional settings. It's important to understand that immersive technologies provide a new way for individuals to interact with digital content. In future, the handheld or physically stationary screen is likely to be perceived as too disruptive and insufficiently aligned with natural behaviours and workflows. Once that happens, immersive technologies – provided they're sufficiently mature – will make for use cases outside traditional physical screens in the form of headsets, glasses, lenses or neural interfaces.

In future, the handheld or physically stationary screen is likely to be perceived as too disruptive and insufficiently aligned with natural behaviours and workflows.



13

GenAI

Generative artificial intelligence (GenAI) comprises revenues from technologies used to produce synthetic outputs from existing data inputs.

Segment definitions

Generative artificial intelligence refers to the use of neural networks, advanced deep learning models and other AI technologies to produce (i.e. generate) novel synthetic outputs from existing data inputs.

Generative AI has seen a huge increase in public exposure and interest since the launch of ChatGPT in November 2022. ChatGPT is a conversational AI interface that utilises a fine-tuned version of a large language model (LLM) based on the Generative Pre-trained Transformer (GPT) architecture. The app, developed by US company OpenAI and available to users as both a free and paid version, can respond quickly to text-based queries or prompts in a seemingly competent and human manner.

ChatGPT can perform a diverse range of tasks, including translating or summarising texts, writing poetry and short stories, and producing knowledge-based essays, emails and computer code. The utility and value for many students and workers was obvious, and within a year OpenAI reported over 100 million monthly active users.

Other major text models include Gemini from Google, whose multimodality enables it also to process images, audio and video in addition to text. Gemini's Pathways system is also capable of tailoring the tone of its conversation depending on the user, and the model can refer to information it has already generated. Its information is sourced from Google Search and other Google products. Anthropic's Claude model has been attempting to gain traction with users with the recent release of a new Android app, following on from an iOS version in May 2024. In addition to its basic text functions, Claude also includes real-time language translation and the ability to summarise information provided in links to web pages.

A range of image-generation apps based on similar technologies has also been released. Images from free-to-access generators including OpenAI's Dall-E and Stable Diffusion flooded social media and, in some cases, won competitions, including the 2022 Colorado State Fair's art competition and the 2023 Sony World Photography Awards. As a result, public awareness of the capabilities of these new tools quickly increased. While OpenAI's Sora isn't the first text-to-video model, the company's February 2024 demonstration highlighted that AI could also produce videos of acceptable quality.

Other significant video-generation models include Luma and Kling. While Luma offers accessible services for making video production easier through simple text prompts, Kling is capable of generating longer videos with extreme realism, as its AI videos exhibit more realistic physics for objects and individuals.

Suno and Udio have led the way in sound-generation platforms, with both capable of generating musical tracks from simple text prompts. Both platforms have received significant financial backing, and Suno has claimed that more than 10 million people have created music using the tool. However, both platforms have come under intense scrutiny after record labels including Sony Music, Warner Records and Universal Music Group filed a lawsuit against the platforms for significant copyright infringement.

Switzerland & GenAI

Since 2018, Switzerland has been working to develop a series of digital guidelines including for AI. In 2020, guidelines were developed for the use of AI in the federal administration, designed to ensure its responsible and human-centric application. These guidelines have been consistently developed and improved over the years, and in November 2023 the government requested an overview of possible regulatory frameworks to ensure close alignment with future regulations produced by the EU as well as laws that have recently been passed, such as the Artificial Intelligence Act in December 2023.

The EU took the lead in developing regulation for AI, with a framework first proposed in April 2021. The Artificial Intelligence Act successfully passed voting in the European Parliament and was adopted in March 2024. The Act will be phased in over the next three years, overseen by the European AI office, which was established in February 2024 as part of an AI Innovation Package that will also support startups and SMEs through the GenAI4EU initiative. The Coordinated Plan on Artificial Intelligence published in 2018 and updated in 2021, and 2024's 'Communication on boosting startups and innovation in trustworthy artificial intelligence', similarly aimed to accelerate and align AI investment.

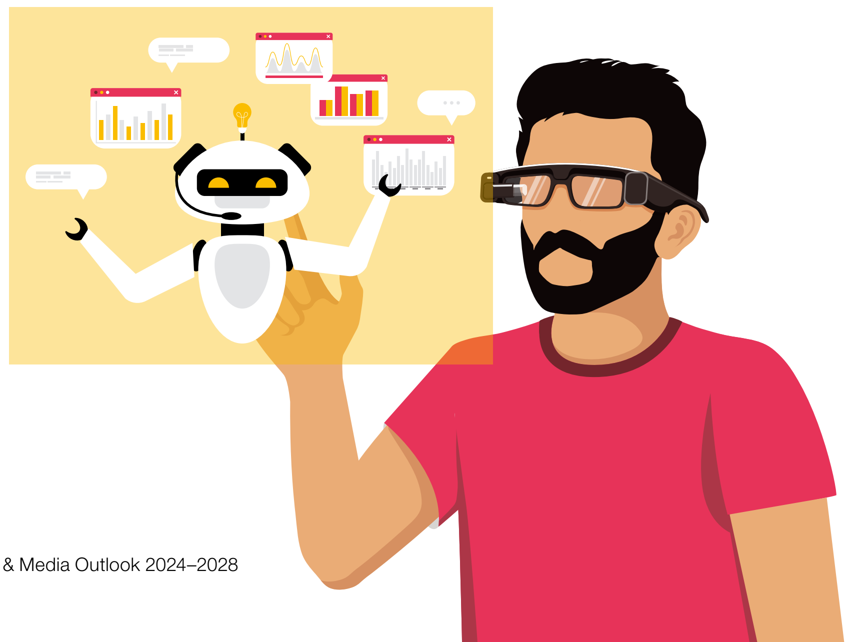
In Switzerland, 91% of surveyed executives believe that generative AI has the power to stimulate revenue growth rather than simply enable cost reductions to be achieved.

In Switzerland, 91% of surveyed executives believe that generative AI has the power to stimulate revenue growth rather than simply enable cost reductions to be achieved. Owing to the strength of the industries that the technology is most likely to benefit, such as finance, media and technology, Switzerland is likely to benefit greatly from the increasing development of AI. Early usage of AI in Switzerland has revolved largely around text functions, although its use in image and video is likely to increase in the coming years as tool development becomes more sophisticated. Looking at a possible best-case scenario, AI could increase Switzerland's gross domestic product by up to CHF 50 billion by 2030, with the nation having among the highest growth potential across 20 industrialised countries, according to analysis conducted by PwC. Media companies are among the industries that are likely to benefit most from the new technology.

Swiss applications have included pharmaceutical company Novartis using AI to design molecule structures to aid in medicine development. Elsewhere, Swisscom has partnered with Nvidia with a CHF 100 million investment to help develop generative AI supercomputers in Switzerland and Italy.

At the 2024 World Economic Forum, researchers, thought leaders and decision-makers discussed the threat of AI-driven misinformation and how to protect against deception through deepfakes. The AI House Davos hosted an agenda on the best use cases for AI, balancing possible innovations within industries such as quantum computing and biotechnology with the potential risks.

The WEF also saw the pooling of research resources on a national level to create the Swiss AI Initiative. The aim is to develop and train open, new LLMs, with clear guidance on how the models are trained and what data can be gathered. Another initiative created at the WEF event was the Pilot Gen AI Redteaming Network, which is designed to unite tech leaders, AI experts and policymakers in exploring AI safety and risk management. The venture is being led by the Swiss Federal Department of Foreign Affairs.



E&M applications

AI has already taken on a significant number of practical applications within the E&M sector. Chatbots are being used more frequently by companies to answer questions and provide customer service. AI-powered assistants have also taken on greater prominence in recent years, with devices like the Google Assistant and Alexa becoming integrated into entertainment systems, allowing consumers to control their equipment through voice recognition.

Automated AI processes have also increased efficiency in the video games industry. AI-powered music tools have made it easier for composers to create soundtracks, while AI has also been utilised in the creation of character models and animation, freeing up time for other processes while saving money in the process. A survey from games engine designer Unity in March 2024 revealed that 62% of surveyed game studios use AI to some degree, with the primary uses being for prototyping, concepting, creating assets and worldbuilding. However, its more widespread usage has been met with scepticism from many video game developers owing to the potential for job losses. Major studios including Larian and CD Projekt Red have stated that there are interesting use cases for AI, but that their priority is to ensure that it doesn't come at the cost of actual jobs. One such interesting use case involved CD Projekt Red implementing AI into Cyberpunk 2077 to recreate the voice of a voice actor who had passed away. The studio was reluctant to recast the role, and the actor's family was supportive of the decision.

Elsewhere, OTT platforms such as Netflix and Amazon Prime have already begun integrating machine learning into their platform, allowing the service to recommend TV series and films to people depending on an analysis of their viewing habits. As this process improves, services will be able to refine and tailor even more accurate recommendations to subscribers.

The journalism industry has begun to reap the benefits of AI, notably through the Associated Press's use of automated stories. This began in 2018 when the company realised that producing recaps for college basketball games in the US was taking up a significant amount of journalists' time. It switched to producing these via an automated platform to allow journalists time to focus on other, more investigative pieces of journalism. However, the simplicity of writing such recaps is what allows AI to excel at them; current AI lacks the nuance and sophistication to replace real journalism. So far, AI has necessitated a retooling of the news industry as opposed to changing it fundamentally.

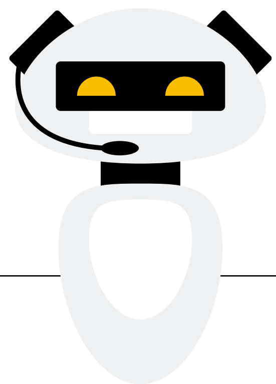


Fig. 28: AI has widespread applications in E&M
Positive applications by E&M segments

AI applications by E&M segment

Business-to-business	Newspapers, consumer magazines and books	OOH	Video games	VR, AR and the metaverse
Analytics companies will benefit from utilising AI for data collection and simple research tasks to free up resources, improving efficiency and cutting costs.	Newspaper publishers have begun to use AI in implementing dynamic paywalls, which predicts when a user is most likely to subscribe. AI can also be used to determine how much free content to provide to a user before they subscribe.	Marketers have begun to use generative AI to produce visuals used in digital ads. This is likely to become more prominent in the future for the sake of efficiency and cost-cutting.	Video game developers have already begun utilising AI for tasks such as coding, component creation and voice creation. This has led to greater profitability due to cost-cutting.	Generative AI could greatly assist with metaverse development by enabling content creation on the fly, allowing for more detailed enviroments.

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Development

Investment to support the continuing development of AI models and apps has increased. In January 2024, Crunchbase reported that generative AI start-ups raised nearly USD 50 billion in 2023. OpenAI raised a USD 10 billion commitment from Microsoft alone. Much of that investment comes in the form of cloud computing services, with Microsoft making significant investments in computing infrastructure designed to support AI.

Beyond generative AI, investment funding in the industry has targeted verticals where AI can provide a significant advantage: information security, medical imaging and diagnosis, drug candidate discovery and customer service automation.

The capabilities of emerging AI systems are impressive and have considerable ramifications. Capabilities in text generation, data analysis, programming, graphics design, videography and a host of other functions will offer considerable advantages and efficiencies. Product enhancements could upset established product preferences and market share. Albeit from a low base, Bing saw marked improvements in search market share after integrating ChatGPT.

Risks and challenges

However, although articulately communicated, errors in responses from AI models are common. Business processes will need to retain a human in the loop, but for the workers in the industries affected, the efficiencies brought about by AI are likely to lead to job cuts. This will disproportionately affect junior positions, with ramifications in terms of the development of knowledge, process expertise and careers. Social dislocation is likely as employment demand falls in white-collar and creative professions that have so far largely been protected from labour automation.

Advances in AI will also support further automation in manual professions such as driving and fruit-picking. While new roles may emerge, displacement will be painful for many and the concentration of wealth will increase. National and global economic structures will need to adapt and governments will need to work actively to ease the impact on individuals.

Many of those individuals, knowingly or not, will have contributed to the databases of text and images that trained the systems responsible for the loss of their jobs. This highlights the copyright issues that have emerged as writers, publishers, and music and graphical artists have identified or in some cases reproduced their own works by prompt engineering AI models.

The computing demands of AI are considerable. In 2020, Lambda, a provider of GPU cloud services for AI, calculated that training the 175 billion-parameter version of GPT-3 would require the equivalent of 355 GPU years of computing power. GPT-2 had just 1.5 billion parameters. While specifications for GPT-4 have not been revealed, industry speculation puts it at 1.76 trillion parameters.

Generative tools can create plausible content in seconds, making it easy to generate a steady flow of content. This has been used to flood marketplaces with AI-generated books, including some with potentially dangerous false information. In September 2023, Amazon limited Kindle Direct Publishers to publishing a maximum of three titles per day as a precaution. Amazon also required content to be marked as AI-generated or AI-assisted. Online content farms are similarly using generative AI tools to generate low-value, search-optimised content, which can overwhelm higher-value content in search rankings. Users of online platforms are also beginning to fill services with AI-generated responses to queries.

While these are revenue-generation strategies without harmful intent, AI can also be used to pursue more directly harmful disinformation objectives by conducting ‘coordinated inauthentic behaviour’. Networks of sites that appear to be real news providers can be spun up and populated with a mix of targeted filler content and disinformation. Bots in comment sections and on social media can be omnipresent and convincing. AI-powered tools can also be used to generate real-looking video news stories with computer-generated virtual humans or deepfakes of real newscasters lending stories plausibility. AI-powered deepfakes of politicians and celebrities can further sow malicious intent.

A real-world example of this occurred earlier in 2024, when a political consultant for a Democratic candidate faced charges after faking a call sent to thousands of people in New Hampshire. The call featured the AI-generated voice of US President Joe Biden encouraging listeners not to vote in the country’s primary elections in January 2024.

Beyond the ramifications of disinformation on real-world events, such a swamping of the internet with low-value or plainly inaccurate content has implications for fresh models used to train AI models of the future. The phrase ‘garbage in garbage out’ has long been used to describe the limitations of computer systems, and as humanly intelligent as generative AI may sometimes seem, today’s AI systems operate under the same limitations.

There are also significant risks to AI application within the E&M industry. A number of lawsuits have been launched against AI companies, notably including Sony Music, Warner Records and Universal Music Group against Suno and Udio for copyright infringement. Google had a lawsuit filed against it in July 2023 by anonymous plaintiffs for alleged misuse of personal information and copyright infringement including Spotify playlists, TikTok videos and books being used to train Gemini.

Job cuts are another significant risk, with many fearing that AI will be used as a means of replacement as it becomes more sophisticated. This was a key component of the writers’ strike that took place in Hollywood, with the outcome of the strikes determining that AI couldn’t be solely used to write scripts, and that studios could reject the use of AI in writing if copyright laws were infringed. Additionally, studios can’t train AI models using scripts written by writers, which should limit the number of potential lawsuits filed by writers.

Fig. 29: Significant hurdles remain for widespread adoption
Negative consequences by E&M segments

AI applications by E&M segment

Video games

The rush to embrace AI has led to ethical concerns over how AI models are being trained, and significant concerns over job losses. Voice actors have also raised concerns over AI and the potential usage of their voices without their consent by companies to save money.

Newspapers, consumer magazines and books

Chatbots have recently proven themselves to be seen as competitors to news outlets. The New York Times announced it would take legal action against Microsoft and OpenAI for copyright infringement as the newspaper's content was being used to train chatbots.

Cinema

One of the key issues in the Hollywood writer's strike was about the use of AI. The final agreement stated that while AI-generated text can't be considered source material, producers can train AI models on writers' work, while writers will still be credited for scripts that contain some AI work. Major concerns still remain about potential job losses in the future.

Music and radio

Sony Music, Universal Music Group and Warner Records launched a lawsuit against AI firms Suno and Udio for major copyright infringement. The landmark case could signal the future legal difficulties AI in music faces.

Internet advertising

Generative AI currently threatens paid search advertising revenue due to its potential to offer greater search functionality than the major search engines.

Source: Switzerland Entertainment and Media Outlook, PwC, Omdia

Potential

Despite these risks and challenges, the focus on AI has increased exponentially in the last year, with many industries seeing potential opportunities for increasing efficiency while simultaneously reducing costs. Increased AI automation could significantly alter workflow processes, allowing workers to focus their attention on other tasks. The degree to which AI is affecting different jobs varies widely, with manual jobs like secretarial duties being at a high risk of complete replacement by AI, while the demand for roles including machine-learning specialists and information security analysts has gone up. It's likely that many workers in highly skilled positions will have to adapt to integrating AI into their roles; this will probably also be true in the E&M sector, particularly for people in the video games industry, where a lot of the groundwork in game development could be carried out by AI in the future.

The degree to which AI impacts on various sectors will also be affected by regulation. There's currently significant pressure on the US government to provide more stringent regulations to prevent mass copyright infringement, as well as other ethical concerns such as deepfakes and misinformation that could potentially be influential in elections. Many governments and regulators are currently hard at work to provide more stringent frameworks for AI. Regulation in the industry will only improve in the coming years – years that will see AI harnessed to its full potential in ways that positively affect many of these industries.

Conclusion

There has been a transition in revenues across the E&M industry, with the rebound from COVID witnessed giving way to expectations of normalised growth from 2024 onwards. In 2023, there was particularly powerful growth in segments such as VR and AR, cinema, OTT video, and music and radio, driven largely by streaming revenues. Other segments had a rather challenging year owing primarily to sharp drops in print newspapers and consumer magazines, physical home video, pay TV subscriptions and broadcast TV advertising. A shift in consumer behaviour towards digital alternatives led to declines in more traditional segments such as print media and traditional TV. Conversely, internet advertising, as well as VR and AR, have become major drivers of revenue in the E&M industry, with a growing share of total E&M spending attributed to digital sources.

In addition, new technologies such as AI are changing the landscape for advertising. Generative AI is a powerful, hugely disruptive technology with far-reaching impacts and implications for the E&M industry. On the other hand, the associated challenges and risks also need to be addressed proactively. Disruption can be uncomfortable, and generative AI raises concerns such as its impact on jobs and on data and intellectual property protection, as well as ethical issues. Taken together, these factors can exacerbate discrimination, bias, misinformation, manipulation and abuse. All these issues must be addressed if generative AI is to be a force for good and produce the benefits and opportunities of which it is so capable.

The operating environment for the E&M industry will be more challenging in the next four or five years. Those that buck the trend of slower growth will be companies that recognise the shift in consumer preferences to digital and are able to harness new digital technologies to transform the user experience.

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