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Autor: Livio, Balts
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Open to competition

Focus on TV


(Illustration: mediacolor's/Gerhard Gepp)

Will the TV boom literally turn our heads square?

Liberalisation in the visual media market has triggered sweeping changes in the world of TV. How long the boom will last is in the hands of the public and the advertising industry.

1998 marked zero hour in Switzerland for the nation-wide private TV market when, in a turnabout of their media policy, the Federal Council approved new guidelines for their licensing practice. The move brought about a fundamental revision of certain clauses of Swiss radio and television law which until then had protected the Swiss public provider SRG against local competition in the country's various language regions.

Balts Livio *

The scramble for advertising revenues

The green light for more competition triggered a veritable goldrush. Since then five new competitors have joined Presse-TV (the channel jointly run by NZZ, Ringier, Basler Media Group and German-Japanese DCTP which since 1993 has been co-operating with SRG on a channel-sharing platform that is unique in Europe) and the organisers of private channels Teleclub (pay-TV) and Star TV.

The hard-fought battle for viewers and advertising revenues was launched in August last year by the Swiss window of German channel SAT 1. Backed by the Ringier publishing group, this local channel currently broadcasts National League A football once a week but is planning to expand. This was followed by the launch in October last year of a second private TV channel, Tele 24, which was developed primarily as an information channel based on the regional offerings of Tele Züri.

August of this year saw the opening of a local Swiss slot jointly implemented by two German companies RTL and Pro Sieben, to provide 100 minutes of "infotainment" on weekdays from 18.00.

First private full channel

Finally, last September TV 3 and music TV channel Swizz celebrated their premieres. TV 3 is now the first full, privately-operated Swiss channel. Owned in equal part by TA-Media AG and the American SBS Broadcasting SA of Luxembourg, the channel's goal is to position itself in second place behind SRG within the next three years, gaining a 10 to 15% share of the market and achieving break-even.

Various publishing companies have also been drawn by the lure of this new market. In recent months established channels such as Tele Bärn, Tele M 1 (Mittelland), Tele Basel and Tele Tell (central Switzerland) have been joined

Swiss TV via satellite

Swiss TV can now be received throughout Europe thanks to satellite communications. Eutelsat's Hotbird 3 satellite will now feature six Swiss Radio International (SRI) channels and all six SRG TV channels among its 300 or more channels. To receive these you need a digital parabolic antenna (diameter dependent on reception area) including a receiving converter. Since the programmes are encoded due to territorial restrictions on broadcasting rights, you also need a DVB receiver (set-top box) compatible with the French Viaccess encoding system, as well as a Sat Access Card (available from SRG for CHF 50). The annual subscription fee is CHF 120. For further information, see Internet page http://www.srgsat.ch. ***BL***

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*Balts Livio is on the editorial staff of the electronic media/information technology department of the "Neue Zürcher Zeitung".

by Tele top (north-eastern Switzerland), Tele Ostschweiz (St. Gallen) and Tele Südostschweiz (parts of the cantons of St. Gallen, Grisons, Schwyz and Glarus).

Share of the advertising pie

While television accounts for around 56% of total advertising costs in Italy, 33% in France and 24% in Germany, in newspaper-dominated Switzerland the figure for 1996 was under 10%. A year later the first quantum leap was registered (+18.4% to CHF 432.7 million), followed by another dramatic jump in 1998 (+10.3% to CHF 519.3 million). Even now the amount spent on TV advertising is expected to grow at a rate of 10 to 15%, although it must be noted that the above figures are gross. Adjusting for discounts, free spots, etc., the effective proceeds from TV advertising may be 20 to 30% lower. Taking this into account, experts estimate a net income from TV advertising of CHF 342 million for 1997 and only CHF 402 million for 1998.

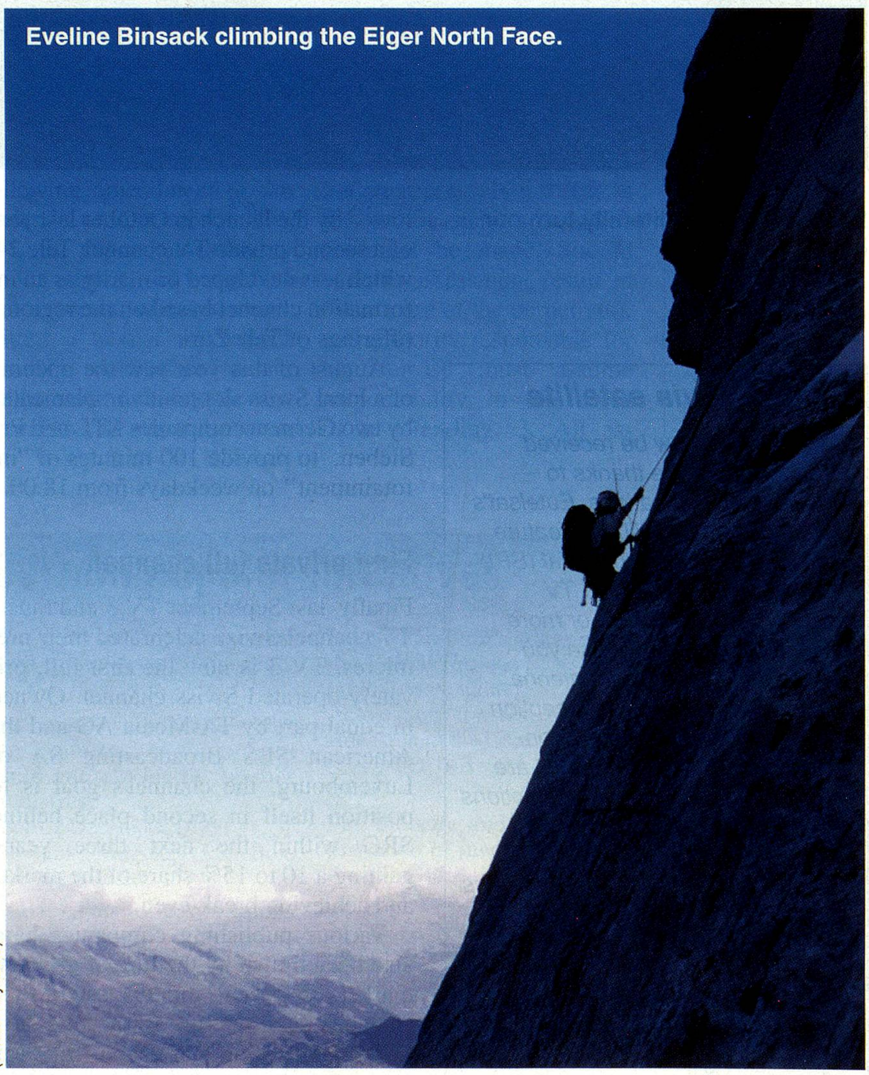
Modest growth rates

Is the economic viability of such a costly business guaranteed by such figures? Opinions differ. As may be expected, channel operators are optimistic, while market analyst opinion ranges from cautious to sceptical. In a study commissioned by the Federal Office of Communications at the end of 1998 Prognos, the well-known Basle Centre for Economic Research, concluded that the net market volume for TV advertising would rise to only CHF 439 million by 2002. Hence TV advertising would only account for 9.5% of total advertising revenues.

In terms of the basic trend, other studies largely agree with the Prognos findings. Indeed, the business service "Media Trend Journal" estimates even lower figures. Given annual growth rates of 9% for the 1999–2001 period, it estimates net advertising revenues of only CHF 370 million for German-speaking Switzerland for 2001. Given that the annual budget of TV 3 alone is CHF 73 million, the conclusions of the "Media Trend Journal" that only a substantial growth in TV advertising could secure economic viability are highly plausible.

Process of concentration in sight

Forecasting in the communications market is a risky business. But it is relatively safe to say that over the medium term the Swiss private TV market will undergo changes. Subjected as it has been to cut-throat competition, the relatively small market will demand tribute in the form of mergers and new alliances. Leading the way is Tele 24, which has already signed co-operation agreements with Tele Ticino and Tele Südostschweiz. ■


Eveline Binsack climbing the Eiger North Face.
(Photo: Keystone)

North Face Live

In mid-September SF DRS drew a large international audience with its 30-hour direct broadcast of an ascent of the Eiger North Face. The live report was the most technically demanding in the history of Swiss TV and required an army of specialists – 47 technicians, 10 Swisscom staff and 10 alpine guides – to make sure everything ran smoothly.

To give viewers at home a climber's-eye view of the ascent, the four climbers (three men and one woman) wore a helmet fitted with a camera and microphone and carried in their rucksacks a transmitter weighing five kilograms. Other spectacular pictures were transmitted by ten cameras installed at fixed locations along the route.

Even TV-3 head Jürg Wildberger willingly admitted that SF DRS had scored a major coup, adding that his private TV channel is not yet capable of producing anything on that scale: "At present the financial and human resources are beyond our capabilities."

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