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The Swiss media industry is undergoing a stress test

A swingeing attack on public service broadcasting from the “No Billag” initiative, the press fights for survival, and tentative new approaches in online media: the Swiss media industry is in a state of turmoil.

JÖRG MÜLLER

It is not yet clear whether the “No Billag” initiative is just a passing challenge or represents Armageddon for the media industry. The short form of the initiative’s title has been cleverly chosen. Billag collects the mandatory licence fees for radio and television and is just about as popular with the public as the tax authorities. However, the referendum is not about the company Billag, but instead nothing short of the future of the Swiss media industry. In a nutshell, the initiative calls for the abolition of radio and television licence fees. If it is approved at referendum on 4 March, broadcasters face closure. The Swiss Broadcasting Corporation (SBC) would be deprived of its financial basis, but 34 private radio and TV channels would also be hugely affected.

The initiative was launched several years ago by a small group supported by a number of young politicians from the Swiss People’s Party (SVP) and the FDP. The Liberals (FDP). The authors of the initiative were not taken very seriously at first. But it is now clear that the once insignificant small faction has triggered probably the most far-reaching and fierce debate on media policy in Switzerland’s history. A yes vote at the ballot box could shake the Swiss media system to its core. “That would be really bad for Switzerland,” remarks Silke Adam, a professor and director of the Institute of Communication and Media Studies at the University of Berne. This is mainly because “high-quality journalism in Switzerland is already facing major financial problems”.

“Traditional journalism in crisis”

The debate over public broadcasting comes at a time when the Swiss media industry is already facing a severe stress test. The press is already experiencing fundamental change. The key factors are cost pressure, online competition and tumbling advertising revenues. “Traditional journalism is in the midst of a major crisis,” says Silke Adam.

For a start, the internet provides an unprecedented range of information but the bigger picture and a critical approach to sources often fall by the wayside. Anyone can get whatever they want from the web. There is the risk of people getting lost in figurative echo chambers where views similar to their own reverberate loudly. This presents a danger to democratic debate. Particularly in times where there is an excessive flow of information that can be manipulated

with fake news, many people believe that a duty-conscious, structuring and guiding hand that serves the public and not powerful organisations is what is needed. Well-educated and independent journalists could perform this guardian role with well-researched articles, background reports, opinion pieces and debate conducted publicly and transparently. Such debate that provides an overview is vitally important in a direct democracy, they believe.

But the traditional media are having a hard time competing with the internet. Vast amounts of advertising revenues are being diverted into social media and algorithm-controlled platforms, such as Google and Facebook. “Advertising as the publishers’ main source of revenue is shifting away from journalism. It’s hard to refinance journalistic services today,” Adam points out. At the same time, the media is fighting against the culture of free services enjoyed by users.



Major publisher makes drastic cuts

Switzerland still has lots of newspapers, but that does not detract from the fact that while the diversity of the press is dwindling, concentration in the media industry continues to increase apace. The three largest Swiss publishing companies today control over 80 percent of the German-speaking Swiss market. Tamedia’s portfolio includes “Tages-Anzeiger”, “Der Bund”, “Berner Zeitung”, “Sonntags Zeitung”, the free newspaper “20 Minuten” and many other print titles; Ringier has “Blick”, “Sonntags Blick”, “Schweizer Illustrierte” and other publications and radio stations; while the NZZ Group owns the “Neue Zürcher Zeitung”, “NZZ am Sonntag”, “Luzerner Zeitung”, “St. Galler Tagblatt” and a number of radio stations.

The changes currently taking place at Tamedia are very conspicuous. It is the media group with the greatest reach in Switzerland and it is also a conglomerate. In the free commuter newspaper “20 Minuten”, the company owns Switzerland’s most-consumed medium. The print edition alone reaches two million readers a day. This in turn attracts advertising. The company also generates a great deal of income from address trading and web-based marketplaces, such as Homegate, Ricardo and Immostreet. In 2016, Tamedia

Tamedia has cut many jobs over recent years. This has led to repeated protests – such as one in 2016 by the editorial staff at the “24 Heures” newspaper in Lausanne.
Photos: Keystone



turned a profit of 122 million francs – more than any other media group.

While Tamedia is operating in highly lucrative areas, the traditional daily newspaper industry is struggling. The group renowned for its rigorous profit orientation is now investing very little in journalism. Instead of putting the profits into innovative media projects, the group has repeatedly responded to falling revenues from subscriptions and advertising in the same way over the past 20 years – with job cuts. This is now leading to the most extreme form of internal media concentration to date. While all of Tamedia’s 14 daily titles have been retained, Swiss politics, foreign affairs, economic affairs, culture, society, background articles, science and sport will be merged into two central editorial departments – one in German-speaking Switzerland and the other in the French-speaking part of the country. Here the titles of all of the Tamedia Group’s publications will be given the same layout. These measures will hit Berne particularly hard. The two Tamedia newspapers “Bund” and “Berner Zeitung” previously had a strong, independent profile, whereas in future they will practically only be differentiated by their local sections.

The billionaire’s thirst for power

In the wake of these developments, one multi-billionaire is increasingly extending his influence in the Swiss media landscape – he is Christoph Blocher, the businessman, dominant figure in the Swiss People’s Party (SVP) and former Federal Councillor. Last year, he got his hands on the Zehnder Verlag publishing company. The Zehnder Verlag? Few people have heard of it, but it is nevertheless a powerful player. It has 38 titles with around 800,000 readers. These weekly newspapers are mainly circulated in the eastern part of Switzerland from Zurich to Grisons but also in the regions of Lucerne, Zug, Entlebuch, Emmental, Berne, Ob- and Nidwalden and Aargau. Blocher has therefore not only acquired newspapers but also a distribution network which can also be used to convey political messages if need be.

Blocher has been building up his media empire for many years. With Blocher TV he has had his own TV channel for some time and the “Basler Zeitung” has been under his control for a number of years. Blocher has continually tried to gain control of the large publishing houses and newspapers – including the “Neue Zürcher Zeitung” and the tabloid “Blick” – using various means.

However, completely new, bottom-up approaches are also emerging on the media scene, which are attempting to provide journalism in Switzerland with fresh impetus – these are media outlets existing purely online. In addition to existing smaller platforms, such as “Infosperber” and “Journal 21”, “Republik” is now set to be launched – with big plans and impressive words: “Journalism is a child of the Enlightenment. Its task is to provide a critique of power. That’s why journalism is more than just a business for any corporation.” “Republik” is seeking to establish itself as an independent, digital magazine which primarily focuses on the structuring of information and in-depth research. It aims to manage without advertising revenues and to finance itself from readers alone. An annual subscription costs at least 240 francs.

It was launched in spectacular fashion with a crowd-funding campaign in April 2017. Never before had crowd-funding been so successful for a media project. Those behind “Republik” sought to raise around 750,000 francs within a month. Then came the shock news. Some 1.8 million had been contributed in the first 24 hours alone, all before the first article had even been published.

“The Fourth Power” on the big screen

In the view of the Bernese film-maker Dieter Fahrner, this enthusiasm shows there is still a demand for guidance, structure and journalism. Fahrner worked with the Swiss media industry for around three years producing a documentary entitled “Die Vierte Gewalt” (The Fourth Power), which is due to appear in cinemas in mid-February. The film shows journalists doing their daily jobs and explores the opportunities and limits of journalism, the rapid change in the media industry and its ramifications for the public and democratic debate. Dieter Fahrner would be “delighted if the film helps to raise awareness that quality journalism takes time and costs money”.

The fact that the issue of the media has now reached cinema screens indicates its urgency and importance. For the first time, the media debate is no longer an abstract concept but something tangible that affects almost everyone. People can vote to break up or retain the Swiss Broadcasting Corporation at the ballot box. Many people will also notice from their favourite newspaper what the signs of decline mean for the press, namely higher unit costs.

Christoph Blocher, a shareholder in the “Basler Zeitung”, also acquired the Zehnder Verlag with its 38 titles last year. (Pictured: Blocher in debate with Susan Boos from the WoZ.)



“In a democracy, it’s about the general public having access to information,” as media scholar Silke Adam remarked at an event held by the information website “Infosperber”. “Well-educated people will always have this access. However, the information threshold must be kept low for everyone.” Adam does not have any panacea-like solution to the current challenges facing the media world. “But I don’t think we can do without a public service. A recent study shows that the difference in information levels between the

well-educated and those less well-educated is greater in countries with market-based media than in those where the media system is funded by a licence fee.”

Purely market-based media or public service?

The ferocious debate currently being conducted in Switzerland concerns the future of publicly funded radio and television. The abolition of radio and television licence fees – which is what the “No Billag” initiative is calling for – would result in the currently subsidised radio and television broadcasters losing three quarters of their income. The initiative’s authors argue on their homepage that these fees are “mandatory contributions which restrict the decision-making freedom of all individuals”. Everyone should be able to decide for themselves what their hard-earned money is spent on. The “No Billag” supporters therefore want to break the Swiss Broadcasting Corporation’s “quasi-monopoly” and replace it with media competition.

They have set their sights on a media landscape which is “based purely on market economics”, writes the Federal

The diversity of the Swiss press is dwindling, while the process of concentration in the hands of a small number of publishing companies continues apace. Photos: Keystone



Council in its dispatch on the popular request. And it warns: “Radio and television stations of the same quality would no longer be provided in all of the linguistic regions.” There would be no more public service, the range of opinions and services in radio and television would be reduced and high-quality journalism affected. In contrast, the current system guarantees electronic media which contributes to the successful democratic formation of informed opinion and cultural development. The Swiss Broadcasting Corporation, as a body independent of political and economic interests, is obliged to guarantee a diverse range of services which also takes account of the interests of minority groups.

Ferocious exchanges in Parliament

It is not just the Federal Council but also Parliament that is unequivocally opposed to the initiative. So far the only support for the proposal in the debate has come from the ranks of the Swiss People’s Party (SVP). SVP National Councillor Lukas Reimann has dubbed the licence fee a “rip-off” and his parliamentary group colleague Claudio Zanetti has accused the Swiss Broadcasting Corporation of being loyal to the government, EU-friendly and too left-wing in its coverage. The SVP’s Thomas Müller has called the Swiss Broadcasting Corporation a “licence-fee-funded opinion-shaper”.

The broad coalition opposed to the initiative takes the exact opposite view. National Councillor Ida Glanzmann of the Christian Democratic People’s Party (CVP) argues that opinion would be influenced and manipulated if the media were controlled exclusively by private players. Matthias Aebischer of the Swiss Social Democratic Party (SP) even warns of a “Berlusconi-like situation” arising in Switzerland, in other words media concentration in the hands of billionaires. If the initiative is approved, the Swiss Broadcasting Corporation would also be less appealing to advertisers due to its diminished reach, and foreign TV advertising windows, Google and Facebook would benefit, according to Roger Nordmann, the leader of the SP parliament.

AZ Medien and the NZZ Group merge their regional titles

Just before going to print, we received news that AZ Medien and the NZZ-Mediengruppe plan to merge their regional titles and create a company that brings 20 paid-for newspapers in 13 cantons together under one roof. The new company aims to become the number 1 in German-speaking Switzerland. And indeed if you put together the regional titles of the two publishing companies, they extend from eastern Switzerland across central Switzerland as far as Solothurn, covering most of German-speaking Switzerland. The merger still has to be approved by the Competition Commission.

mentary group. Regula Rytz, President of the Greens, believes the popular request is “purely destructive” and undermines “direct democracy”. CVP National Councillor Viola Amherd believes it is ultimately about a piece of Switzerland. The initiative does not just jeopardise the independence of information, but also the mutual understanding of the linguistic regions and urban and rural parts of the country. Peripheral regions and linguistic minorities are greatly affected.

A key argument is that no private media company could provide high-quality radio and television programmes for all regions on an economically viable basis in such a small country as Switzerland where such tremendous linguistic and cultural diversity exists. This can only be achieved by the Swiss Broadcasting Corporation which collects around 70 percent of its fees in German-speaking Switzerland but only spends 45 percent of them there. The remainder is used to cross-subsidise the parts of Switzerland where French, Italian and Romansh are spoken. The revenues are distributed so that the minorities benefit from the majority. French-speaking, Italian-speaking and Romansh-speaking Switzerland have a similar type of service to German-speaking Switzerland. That is the principle of a nation forged by the will of the people applied to journalism.

Heterogeneous opposition to the Swiss Broadcasting Corporation

The “No Billag” supporters contend that the Swiss Broadcasting Corporation has become too powerful in the media industry, leaving too little room for private companies. The SBC is indeed a giant organisation by Swiss standards. It has grown enormously since its foundation in 1931, today has around 6,000 employees and runs 17 radio and 7 television stations as well as online services and swissinfo in 10 world languages. That makes the SBC the biggest electronic media company in Switzerland. It receives annual revenues of 1.65 billion francs, with 75 % of its funding coming from fees and 25 % from commercial activities.

The nostalgic image of the erstwhile national stations “Beromünster”, “Sottens” and “Monte Ceneri” has long been consigned to the past. Any organisation the size of the SBC today will also face enemies. The emphatic rejection of the “No Billag” initiative in Parliament is therefore not a reliable barometer of the mood amongst the Swiss people. Opinion seems divided at the very least. On the one hand, the SBC programmes usually seem to score well in the ratings and opinion polls and enjoy considerable support, particularly the factual shows. On the other, the “No Billag” initiative may benefit from the extremely heterogeneous opposition to the SBC. To begin with, there is the SVP, which has

a broken relationship with the SBC. It and the conservatives still believe the SBC has a left-wing bias. Criticism is not just levelled at the SBC over political and ideological issues but also over economic ones. The SBC is also a thorn in the side of some publishing companies. Publishers are calling for the rescaling of the SBC and for it to refrain from providing specifically web-based services.

Throwing the baby out with the bathwater

The SBC’s programmes are seen by millions of people each day. Obviously not everyone agrees on the type of radio and television services provided. Criticism of media content is not just legitimate but also necessary and helps to improve quality standards. The “No Billag” referendum may nevertheless lead many people to express their dissatisfaction with individual programmes at the ballot box by voting yes, thus throwing the baby out with the bathwater. Then, of course, there are all those whose support can easily be won with the “compulsory fee” argument – especially young people who often only get their information online and have grown up with free media.

Not least in light of the fight for survival of the press, which is taking place at the same time, approval of the initiative would bring about a revolution in media policy. Switzerland would become the only country in Europe without public broadcasting. The initiative’s authors say that the Swiss Broadcasting Corporation is not the issue but rather the abolition of the compulsory licence fee. The SBC is not mentioned in the text of the initiative. It could continue to produce and broadcast programmes after the abolition of the Billag fees, but it would simply have to finance these activities itself in the same way as most other companies. But it is arguably an illusion to think that the current scope and quality of the SBC’s services could be funded purely on a commercial basis. The reality would look rather different. The abolition of the fees and the effective break-up of the SBC in its current form would leave the market open to media players with large amounts of capital available, and also, above all, to internet giants headquartered abroad.

The example of the USA shows where the path of a media system with no licence fees leads. Radio and television stations there are highly commercialised and political and in many cases outright propaganda machines – fostering the polarisation of society and undermining the basis of democracy and the search for consensus. Roger de Weck, former SBC Director General, said at an event last year that such a situation could also arise in Switzerland due to the lack of funding for journalism. This would create a political landscape where “ever more political forces no longer support the basic principles of the Enlightenment” and are trying to gain control over those media that still adhere to these fundamental values.