

Concentration in the Swiss Online News Sector: Enhanced Diversity or just More of the Same?

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1. Introduction

This paper looks at whether the thesis of an enhanced diversity in the news sector resulting from the increased importance of online journalism can in fact be upheld.

Main Research Question:

- Does the available technology tend to increase the number of information providers in Switzerland and thus also broaden the diversity of available information? Or are we witnessing an increased concentration rather than an enhanced diversity and plurality?

Further Research Questions:

- Which actors in the online sector are able to provide a high-coverage information offer in Switzerland?
- Which actors are profiting from growth in the Swiss online advertising market?

2. Methods

Data

- Online news sites and press titles which reach at least 0.5% of population in the 3 large Swiss language regions (Online Data: Unique Users per Day UUpD, NET-Metrix¹; Press Data: Circulation, WEMF²)
- Gross ad revenue for online media (Data: Mediafocus³).

Analysis

- Comparison of online and press title diversity.
- Assignment of main owners (publishers; pure online players not present in the press sector) per title.
- Comparison of online and press owner diversity.
- Reader and advertising market share of the 3 most important publishers in the press sector (Tamedia, Ringier and NZZ Group).

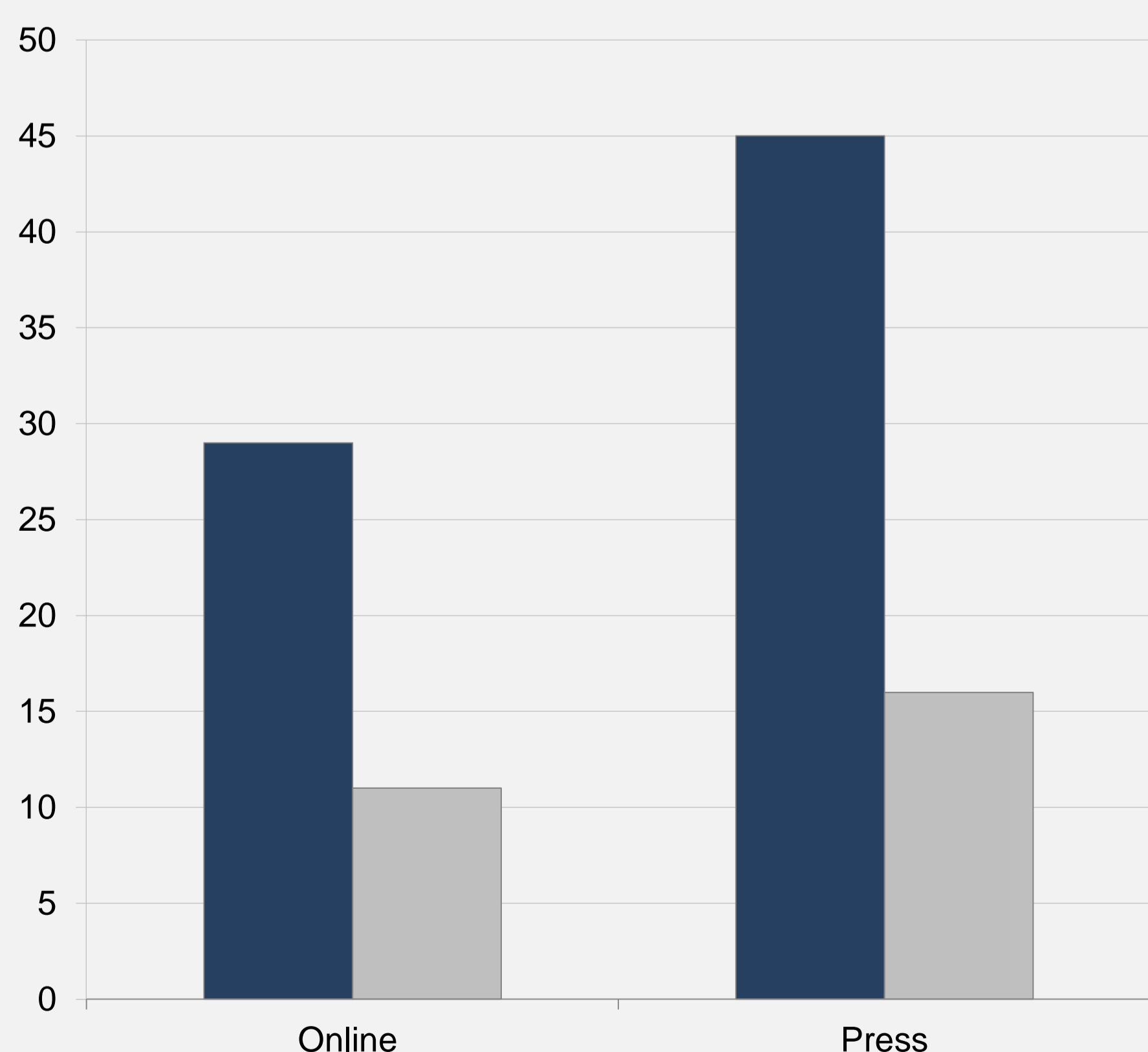


Fig.1: Title and owner diversity online vs. press

Displayed are the number of titles (blue columns) and owners (grey columns) for the online and press sector in 2013.

3. Results

- Title and owner diversity in the press sector are higher than in the online sector (Fig.1).
- High and growing concentration in the online and press sector: 3 publishers control 78% of press (fög 2014⁴) and 53% of online reader market (Fig. 2).
- High concentration in the online advertising market: 3 publishers earn 65% of gross advertising income (Fig. 3).
- Although a fast growing market, the big 3 are able to keep their share of advertising income over time (Fig. 3).
- Concentration on title level: Usage and ad revenue are focused on few far reaching titles (Tab. 1).

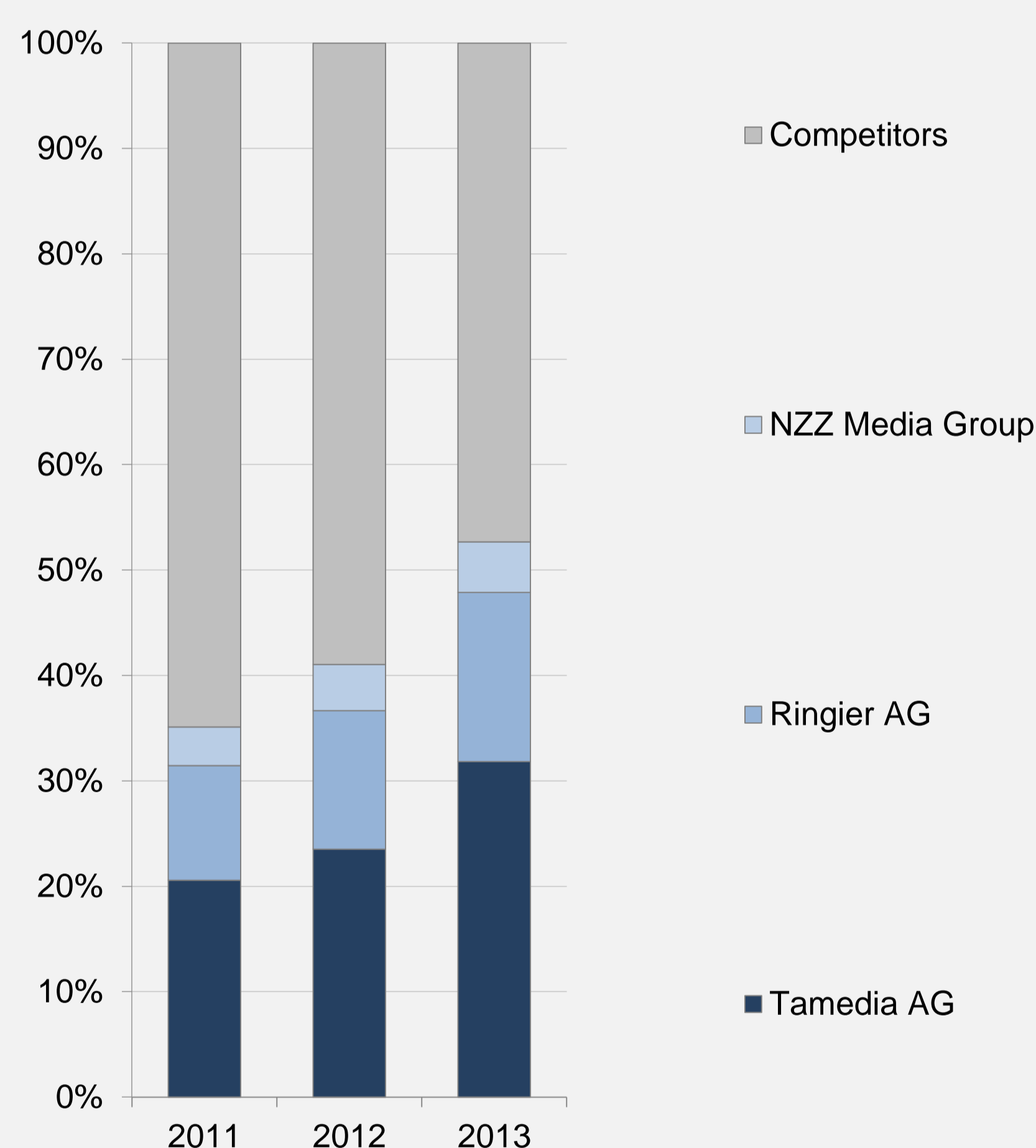


Fig.2: Concentration in Swiss online reader market

Displayed are the shares in online market for the 3 most important publishers of the Swiss press sector, based on media usage measured as unique users per day (blue columns).

Title	Owner	UUpD	% of Ad Rev
20minuten.ch	Tamedia	710500	17.8
blick.ch	Ringier	553500	12.2
bluewin.ch	Swisscom	449000	12.2
newsnet*	Tamedia	358000	15.9
microsoft.ch	Microsoft	231500	6.9

Tab.1: Ad revenue of most frequented news sites

Displayed are percentages of ad revenue for the 5 most frequented news sites (total: 20 best performing titles).

* Newsnet is a network of total 7 news sites cooperating in news production and advertising.

4. Conclusion

- Due to high entrance barriers only providers with vast financial resources can establish online news sites.
- As publishers of the press sector dominate the online market, hopes that online journalism itself leads to information plurality must be seen as delusive.
- Concentration leads to advantage in advertising business (economy of scale) and intensifies further concentration.
- Concentration is a threat to democracy as diversity and quality of offerings are decisive for opinion forming.
- Journalism is mostly a byproduct for pure online players not present in the press sector. Therefore contribution to information diversity is estimated as low (fög 2014⁴).

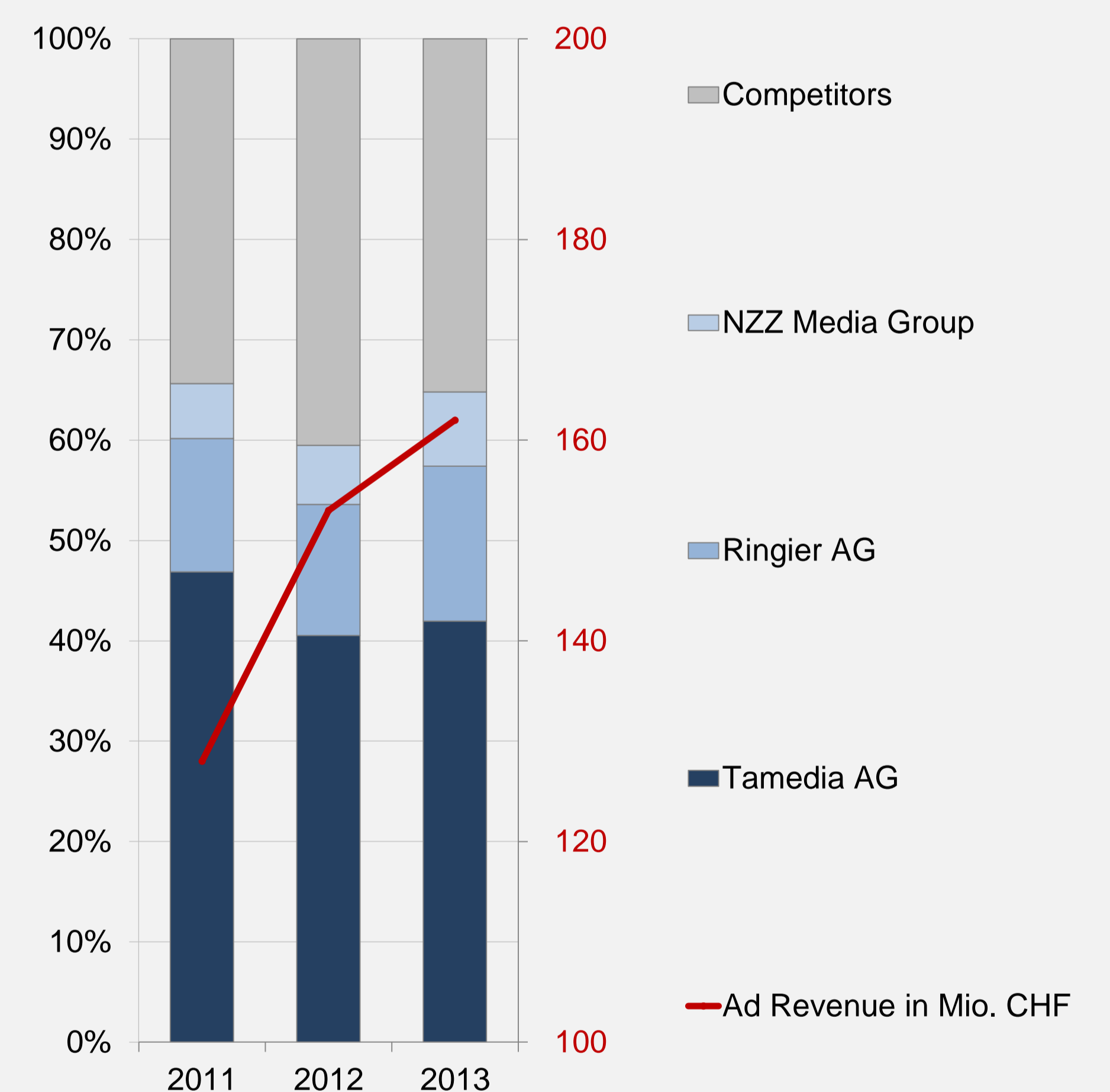


Fig.3: Concentration in Swiss online advertising market

Displayed are the shares in the online advertising market of the 3 most important publishers of the Swiss press sector (blue columns). Additionally total advertising revenue in the Swiss online market is indicated (red line).

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