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International Media Concentration Research Project
Brazil chapter
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Country overview – 2010

- Population* – 191 million – 67,7% in the South and Southeastern states (2010 Census)
- Gross Domestic Product (GDP)* – US$ 1,87 trillion (R$ 3,14 trillion)
- Illiteracy rate – 9,7%
- Advertising market**: US$ 13,3 billion (R$ 22,2 billion)
- Media shares: TV 60,9%; newspaper 14,1%; Magazine 7,7%; Radio 4,4%; Cable TV 3,7%; Internet 4,3%; Cinema 0,4% (Midia Dados 2010)

* IBGE – Brazilian Institute of Geography and Statistics
** ABAP – Brazilian Association of Advertising Agencies
Laws and regulation

- Radio and TV – The Brazilian Code of Broadcastig dates from the 60’s, with minor changes during the military regimen (60’s-80’s) due to the National Security Law
- 1995 – Pay TV Law
- 1997 - General Law of Telecommunications (the creation of the National Telecommunication Agency – Anatel)
- 1999 – Community Broadcasting Law
Laws and regulation

- 2002 – Law organizes the participation of foreign companies in the media sector:
  - maximum of 30% of the social capital in broadcasting radio and TV, newspapers, and magazines
  - maximum of 49% in cable TV
  - 100% allowed in DTH TV

- 2010 – National Conference on Communication – debates on the new basis for national policies regarding the telecom and media sectors
Media industries overview – 2010

ICT equipment in households*

- TV – 94.7% = 55,446 households with TV sets
- Radio – 91.4% = 53,500 households with radio sets
- Mobile phone – 82% = 202.94 million of cell phones
- Wireline phone – 44% = 41.4 million of fixed phone
- Desktop PC – 34% = 18.3 million of households
- Satellite Dish – 24%
- Pay TV – 10% = 7.466 million of subscribers

* Survey on the Use of Information and Communication Technologies in Brazil 2009, by the Brazilian Internet Steering Committee and IBGE – Brazilian Institute of Geography and Statistics.
Telecommunication industries overview – 2010

Broadcasting

- Broadcast TV - 8 commercial networks + 2 State networks
- Multichannel : 1 cable network – Net; 2 DTH - TVA, Sky (7.46 million subscribers)
- Radio - 4.646 radio stations (AM, FM, SW and TW) + 4.030 community radio channels
Telecommunication industries overview – 2010

PC access
- Portable computers (notebooks) are present in 5% of Brazilian urban households

Internet users
- 67.5 million users (most of them within the 15-to 29-year-old age group)
- In 2009, for the first time, the Internet access from home (55%) was greater than the access from public centers (41%)
- 27% (13.5 million of urban households) are connected to the Internet (13% in 2005)
Telecommunication industries overview 2010

Broadband

- The National Broadband Plan expects to reach 40 million of households by 2014 (11,9 million in 2010)
- The state company Telebras (Brazilian Telecommunications S.A.) was recreated as the main administrator for the sector.
- Telecom industries are interested in using the existing fiber optics network to enter in the multichannel sector.
The web industry – 2010

ISP

- Two Brazilian groups lead the sector: Globopar (20.5%) and Folhapor (18.2%). The Spanish Telefónica (Terra) ranks 3rd (15.1%).
- Since 2009 the Vivendi group controls a medium-size regional company (GVT)

Search engines

- The dominance of Google – 97% of all internet search volume in 2009
- Microsoft Bing (1.8%) and Yahoo! / Cadê (0.7%)
Search Engines

<table>
<thead>
<tr>
<th>Year</th>
<th>Google</th>
<th>Microsoft (Bing)</th>
<th>Yahoo! / Cadê?</th>
<th>Altavista</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>31.5</td>
<td>34.0</td>
<td>39.0</td>
<td></td>
</tr>
</tbody>
</table>

Monthly Search Volume (million access)
Print media industries overview – 2010

Book Publishing
- In one decade (2000-2009), the Prisa-Santillana group, from Spain, became the main book publishing company in Brazil (16% of the market share)
- Originally a book store chain, the Brazilian controlled Saraiva became the 3rd publishing company in 2009.

Magazines
- The Abril Group dominates the market share, since 2006 with the participation of the South African Naspers.
- Around 40% of the market is pulverized, with many small publishing groups.
Book Publishing

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Rev (mil R$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>1.9</td>
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<tr>
<td>1997</td>
<td>2.1</td>
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<tr>
<td>1998</td>
<td>2.5</td>
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<tr>
<td>2000</td>
<td>2.9</td>
</tr>
<tr>
<td>2001</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Legend:
- Prisa/Santillana Group
- Abril Group / Vivendi
- Universal
- Saraiva Group
- Editora FTD
- Ediouro Group
- Editora Moderna
- Record Editorial Group
- IBEP/Nacional
- Sextante
- Nova Fronteira
<table>
<thead>
<tr>
<th>Year</th>
<th>Abril Group / Editora Abril</th>
<th>Globopar / Editora Globo</th>
<th>Editora Escala</th>
<th>Ediouro Group / Duetto</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>70%</td>
<td>20%</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>2001</td>
<td>60%</td>
<td>15%</td>
<td>10%</td>
<td>5%</td>
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<tr>
<td>2002</td>
<td>50%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
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<tr>
<td>2003</td>
<td>45%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
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<tr>
<td>2004</td>
<td>40%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
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<tr>
<td>2005</td>
<td>35%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
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<tr>
<td>2006</td>
<td>30%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
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<tr>
<td>2007</td>
<td>25%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
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<tr>
<td>2008</td>
<td>20%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
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<tr>
<td>2009</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Total Rev (mil R$) | 2.0 | 2.8 | 3.7 | 5.5 | 5.6 |

Legend:
- Blue: Abril Group / Editora Abril
- Orange: Globopar / Editora Globo
- Red: Editora Escala
- Green: Ediouro Group / Duetto
The movie industry overview – 2010

Film
- Three American companies dominate the distribution segment: Fox (26.4%); Sony (16.1%); and Warner (11.6%).
- Globo Filmes (no data available), Imagem, and Rio Filmes represent around 10% of the market share.

Movie Theaters
- The American Cinemark (34%), the British UCI (10%), the Brazilians Severiano Ribeiro (8%) and Cinematografica Araújo (6%) are the leading companies.
- Cinemark and UCI: movie theaters in shopping malls – no mergers or acquisitions, but the utilization of different commercial spaces.
Movie Theatres

<table>
<thead>
<tr>
<th>Year</th>
<th>Cinemark</th>
<th>UCI</th>
<th>Severiano Ribeiro Group</th>
<th>Cinematográfica Araújo</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2003</td>
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<td>2009</td>
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Total Ver (mil R$)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Ver</th>
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<tbody>
<tr>
<td>2002</td>
<td>529,7</td>
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<tr>
<td>2003</td>
<td>784,5</td>
</tr>
<tr>
<td>2004</td>
<td>695,1</td>
</tr>
<tr>
<td>2005</td>
<td>727,1</td>
</tr>
<tr>
<td>2006</td>
<td>970,4</td>
</tr>
</tbody>
</table>
The pay TV industry overview – 2010

Multichannel

- Globopar/Net dominates (+ 40%), followed by The DirecTV group (14%). Cable and DTH technologies.
- Since 2007 the telecom companies (Telefónica, Telemar, and Embratel) are investing in this segment.

Video Cable Networks

- The only industry with no data found – regarding either total or particular revenues.
Some conclusions

- Broadcast TV and Multichannel – predominance of Globopar, with participation of the Mexican Telmex
- Magazines – predominance of the Abril Group, with the participation
- Book publishing – domestic and foreign controllers
- ISP – domestic and foreign controllers
- Search engines – Microsoft Google!
- Radio broadcasting and newspaper – predominance of domestic ownership
- Film, movie theaters & video cable network – predominance of foreign companies
Main actors on the scene – 2010

America Móvil (wireless telecom)
Cinemark and UCI (movie theater)
Estado Group (newspaper, radio, news agency)
Folhapar (newspaper, ISP)
Fox (film)
Globopar (TV, multichannel, magazine, ISP, video cable network, book publishing); Infoglobo (newspaper, online newspaper, news agency); SGR (radio, internet content; audio content)
Google (search engine)
Naspers (magazine)
Ongoing (newspaper, internet content)
Portugal Telecom (wireless telecom; ISP)
Prisa-Santillana (book publishing)
Main actors on the scene – 2010

Saraiva group (book publishing)
Sprint / France Telecom (wireline telecom)
Sony (film)
Telecom Italia (wireless telecom; multichannel)
Telefónica (wireless telecomm; ISP)
Telemar Part. (wireless & wireline telecom, multichannel, ISP)
Telmex (wireline telecomm, multichannel)
Time Warner (film, video cable network)
Universal Church group (TV, radio, newspaper)
Vivendi (wireline telecom, ISP)
Walt Disney Company (film, video cable network)
Getting the information: private sources, public sources

- Financial reports / paid content
  1. Strategy Experts Firms - such as Pyramid Research or Lafis Market Analysis
  2. Consulting and Audit Firms - Pricewaterhouse Coopers; KPMG Brazil
  3. Commercial Databases, such as Filme B
Getting the information: private sources, public sources

2. News outlets

Valor Econômico (daily economy newspaper)
Reuters Brazil
Observatório da Imprensa (Press Observer – online only)
Teletime Magazine
Revista Negócios da Comunicação (Communication Business Magazine)
Getting the information: private sources, public sources

Public sources means digging

1. Online Databases

The Brazilian Institute of Geography and Statistics
The Brazilian Internet Steering Committee
The Brazilian Association of Radio and Television Broadcasting
The Brazilian Association of Newspapers
Anuário Telecom (Telecomm Yearbook)
Anuário Anatel
InterMeios Project (Media investment numbers allocated to advertising)
Teleco – Intelligence in Telecommunications
TeleBrasil – Brazilian Association of Telecommunications
Companies’ Annual Reports