



# **Communications, media and internet concentration in Brazil, 2019–2021**

## **Acknowledgements**

This report is an initial summary of the work carried out in Argentina in 2022 and 2023 from the ICEP research center (Cultural Industries, communication policies and public space) of the National University as part of the Global Media & Internet Concentration Project [www.gmicp.org](http://www.gmicp.org) (GMIC Project), led by Professor Dwayne Winseck, School of Journalism and Communications, Carleton University. It is funded by the Social Sciences and Humanities Research Council of Canada and aims to provide an independent, long-term analysis of the communications, internet, and media industries in close to forty countries. Its goal is also to better inform research, teaching, and public and policy-related discussions about these issues.

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# Analyzing the Communications, Internet, and Media Industries

## Insights from the Global Media & Internet Concentration Project—**Brazil**

### Executive summary

This report investigates media developments and market concentration trends across nearly two dozen communication, internet and media industries that make up the Brazilian network media economy. We start by studying each of the sectors covered individually before grouping them into three larger mid-range categories of similar types of services: telecoms and internet access sectors, online and traditional media services, and core internet sectors. Ultimately, the report brings all of these sectors into a holistic view of the network media economy during the period from 2019 to 2021. In a country where research on media ownership with few exceptions has occurred in a scattered manner, the objective of this report is to examine simultaneously specific media sectors so that we can understand their unique characteristics, dynamics and trends and learn about the general structure of the sector in Brazil.

Between 2019 and 2021, the combined income of all the sectors studied increased by 18.5%, although if we consider that inflation for the period reached a similar number, we can conclude that there were no changes. The general stability contrasts with the differences that can be seen when comparing the various industries included in this report. The sector with the most important percentage growth is Internet advertising, an issue that undoubtedly affects other traditional media industries (newspapers, radio and television) that have lost ground in comparison. Within telecommunications, the increase in income from ISPs, the stability of mobile telephony and the fall in income from fixed telephony and the multichannel video distribution (MVD) sectors stand out. Another industry that showed strong growth in its turnover was digital music.

The concentration levels of the media, telecommunications and Internet industries can be considered very high in general. In any case, it is advisable to formalize some details. If the CR4 indicator is considered, the greatest concentration occurs in the Internet applications sector, followed by telecommunications, and finally by the media and cultural industries. While in the Internet and media sectors concentration has remained

stable, in telecommunications there has been a decrease in concentration levels due to the appearance of new ISP operators at the local level.

When considering the HHI indicator, it is observed that the lowest levels of concentration are in online news and the written press. Television presents a moderate but important concentration. In contrast, internet services score very high on the HHI and in several cases are close to monopoly. If the trend of those three years studied is observed, relative stability can be seen with the exception of the decreases in concentration in the broadcast sector and especially in audiovisual streaming services. After a devastating start in Latin America, Netflix is beginning to experience greater levels of competition.

The highlights of this report can be summarized as follows:

- Telecommunications companies collect the majority of revenue from the network media economy.
- In Brazil, there is a very high concentration of ownership in the telecommunications and Internet services sector. Within the online media and traditional media services the situation is not so homogeneous and in general the concentration rates are lower than those of telecommunications and the Internet.
- At a general level there is a slight downward trend in concentration levels.
- This decline is mainly explained by the fall in concentration indicators in the ISP, online video services and broadcast television sectors.
- Three large groups of actors can be identified: national in the media sector, international in telecommunications and global in the Internet.
- Among the national groups, Globo stands out, which has a strong conglomerate dimension, with dominance in broadcast television and radio, and a strong presence in newspapers and magazines. Its attempts to enter the telecommunications and internet sectors have not been successful so far.
- The other largest groups are foreign owned. In the telecommunications sector, Telefónica of Spain and America Móvil of Mexico stand out. These two groups dominate the majority of Latin American telecommunications markets.
- They are the most important by revenues in Brazil.
- There is little regulation that limits concentration in the communications sector in Brazil.

In Latin America, media systems adopted the North American broadcast business model at a formative stage. Brazil was no exception.

This model fueled concentration, but in the region another important characteristic was added: geographical concentration in a productive center that distributes to the entire

country. In the case of Brazil, that place is a contest between São Paulo and Rio de Janeiro.

In the 1990s, an important economic restructuring took place that, among other policies, promoted the privatization of public companies. The large telecommunications groups mentioned above have their origins from that time.

From the earliest days of the 21st century, global internet corporations arrived and promoted a new transformation of the markets, a process that is still developing.

Investigating the concentration in Brazil involves studying the relationships between national, international and global groups. And, therefore, doing so within the framework of an international investigation that allows experiences to be contrasted is of vital importance.

# Introduction

In 2023, Brazil reached ninth place in the world economy with a GDP (Gross Domestic Product) estimated at US\$ 2.13 trillion. It is the largest country in Latin America by territory, number of inhabitants and gross domestic product.

This report presents data on the structure of the cultural, telecommunications and Internet industries from 2019 to 2021. It also analyzes the levels of concentration in the aforementioned sectors and the main trends.

The impact of the digital economy and the challenges it represents for traditional industries will be analyzed. One of the main changes is observed in the distribution of advertising resources. At the same time, it is worth noting that although it is the largest economy in the region and has the largest cultural industries, its cultural influence is constrained due to the language barrier. It is the only Portuguese-speaking country in Latin America. However, it has stood out as a provider of soap operas worldwide.

One of the challenges for Brazilian cultural companies is to sustain their revenue levels in the face of the emergence of global players like Netflix. Netflix's investment per episode far exceeds what Globo can invest in an hour of soap opera, for example.

In the case of telecommunications companies, they have compensated for the decline in the landline sector with the rise of broadband. There is a strong commitment from the Globo group to compete in the IPTV market but the results remain to be seen.

Finally, in the sector of social networks and internet applications, global players have no competition.

The overall communications and media economy in Brazil saw revenue stagnate over the period 2019 to 2021. The main focal points of growth were the digital sectors: music and video streaming, ISP, and internet advertising. Other sectors, like newspapers, broadcast radio and television show stagnation, while wireline and pay TV are declining in terms of revenue.

A high concentration has been registered, mainly in internet applications. Although a slight drop in concentration levels has been observed, it will be important in future reports to see if this trend is confirmed.

The report is organized in four parts. The first presents the general characteristics of the politics, economy and communication systems of Brazil. In the second, an analysis is carried out of the sectors into which the study has been divided: telecoms & internet access services, online media and traditional media services, and core internet sectors. The third part is intended to carry out an overall comparative analysis. Finally, some first conclusions and trends are presented.

# Media concentration: What to study, why, and how

## Brazil: A strong and unequal economy

In January 2023, Luis Ignacio Lula da Silva began his third administration as president of Brazil. Unlike his previous candidacies, in the last election he had the support of large media groups (Globo, Folha do São Paulo) that wanted to end the far-right government of Jair Bolsonaro (2018-2022). Lula belongs to the center-left Partido dos Trabalhadores (PT), which formed a broad alliance with center-right parties to regain power. On other occasions the mainstream media had supported center-right candidates, Lula's adversaries at that moment. The PT's relationship with the mainstream media was never good, although it did not reach levels of confrontation like those that existed, for example, in Venezuela or Argentina.

With more than 214 million inhabitants, Brazil is the most populous country in Latin America, and has enormous urban conglomerates (São Paulo, Rio de Janeiro, Porto Alegre, Brasilia, Recife, Salvador, Manaus, among many others) and a powerful economy that has been based on vigorous industrial and commercial development since the 1940s. According to the size of its GDP, Brazil is currently the ninth largest economy in the world. The country has a multicultural social matrix and important socioeconomic differences between the southeast of the country, where the most dynamic part of the Brazilian economy is concentrated, and a much more impoverished north. Although the sustained growth of Brazilian economy has improved the nation's social scenario, it remains an unequal country. According to the Gini Index (48.9) Brazil is one of the countries with the worst distribution of wealth in Latin America, only surpassed by Colombia and Costa Rica.<sup>1</sup> Recent studies highlight that the richest 10% of the population absorbs almost 59% of the country's income.<sup>2</sup>

At the political level, the democratic system has been maintained for almost forty years following a long dictatorship (1964-1985). However, it had to go through important crises such as the dismissal of presidents Collor de Melo (1992) and Dilma Rousseff (2016). Jair Bolsonaro's administration (2018-2022) had some similar characteristics to that of Donald Trump in the United States, and when he lost the election, he promoted a coup d'état that was unsuccessful.

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<sup>1</sup> Statista Research Department ([2023, October 23](#)) Latinoamérica: coeficiente Gini desigualdad de ingresos por país, Statista.

<sup>2</sup> Fernandez, D ([2021, December 7](#)). 4 dados que mostram por que Brasil é um dos países mais desiguais do mundo, segundo relatório, BBC News.

However, the historical socioeconomic gap of the country, in which structural poverty reveals the regressive signs of poor distribution and goods and services appropriation must be analyzed within the framework of the abundant Latin American attributes that characterize Brazil, whose communication and cultural market is, in absolute terms, the most relevant in the region, although its relative levels (access per capita) are far below countries such as Chile, Argentina, or Uruguay.

Radio and television were and are the gateway to cultural products for millions of Brazilians. Media ownership is characterized by persistently high levels of concentration and is based on groups of family-owned media groups, whose control is maintained through generations by successive generations of family members. Since the beginning of radio and television, the production of these industries has remained geographically very centralized, with their production centers in Rio de Janeiro and São Paulo. A particularity of Brazil, which distinguishes it from the rest of the countries in the region, is that a large part of the radio and television licenses are in the hands of politicians, especially members of Congress. Although the National Constitution expressly bans this, in reality this rule has not been respected. Another institutional group that has a strong presence in media ownership is the church, especially the evangelicals.

Since the 1990s, with the liberalization of telecommunications, this sector has become more dynamic and has received foreign investment, a fact that provides it with a different nuance from that of the media.

There are two clearly differentiated sectors based in Brazil. On the one hand, the media sector where the national media group, Globo, stands out, and on the other hand telecommunications, with the presence of foreign companies Telefónica and América Móvil. A third group, of growing importance, operates with a minimal physical presence in Brazilian territory: internet platforms

Communication policies in Brazil in the 21<sup>st</sup> century have proven more effective in promoting access than in limiting concentration. Although the country is below the regional average in access to communication goods and services, in recent decades the situation has improved. However, the growth in access has been through traditional providers who have seen their market power increase both in terms of quantity and quality.

At a legal level, the reform of the Constitution in 1988 proposed a chapter dedicated to communication policies. It was then established, among other things, that the media cannot be the subject of a monopoly or oligopoly. However, while these sections (Sections 220 to 224) were adopted, they have never been enforced, nor were there significant advances in the several initiatives that proposed changes that would have affected the interests of the main media groups in the country (Bizberge, 2020).

Law No. 12,485 (Conditional Access Service Law - SeAC-, known as the pay TV law), passed during the government of Dilma Rousseff (2011-2016), contains provisions to avoid cross-ownership concentration between media and telecommunications companies.



During the government of Michel Temer (2016-2018), Congress sanctioned the 2017 Law 13,424, which made the rules for radio and TV licenses more flexible by allowing, among other things, their automatic renewal and the transfer of quotas and shares without the need of being authorized by the Executive (Bizberge, 2020).

More recently, the Brazilian congress, with a majority made up of right-wing parties, approved a bill that increases the number of TV concessions that the same group can hold at the national level from 10 to 20 (Martins, 2023).

The concentration of media and the telecommunications sector in Brazil has always been very important. Previous studies (Mastrini & Becerra 2006, 2017) show that according to the CR4 index it is among the highest in the world. This continued to be true in an earlier iteration of an international media concentration research project led by Eli Noam (2016). While we must await further results from other research groups in the GMIC Project, for now, we can say that our efforts to update the data for this report shows that high level of concentration continues to define the situation in Brazil. The fact that it is one of the most important economies on the planet makes the study of concentration in this country more relevant. There is also a close relationship between the political system and the owners of the media that has made the transformation of such a concentrated system difficult.

Market growth has not generated a favorable environment for the emergence of new operators. The growth of the pie has only created a larger slice for the dominant operators. As it is the largest market in the region, the predominant companies in Brazil ensure a prominent place in the regional context.

The concentration of the media in Brazil has been addressed in a series of classic, although partial, research studies. The pioneering works of Sergio Caparelli (1982) and César Bolaño (1988) stand out, where a detailed analysis of the characteristics of the television system in Brazil is carried out. Brazilian television is the most economically and politically important media, the main source of information and entertainment. The works of Caparelli and Bolaño give an account of their historical foundation process and the main trends in terms of concentration in the 20th century.

Janine Aies and Suzy dos Santos (2017) updated research on the structure of Brazil's communication system and the problems of media concentration. They also return to the analysis of the deeply intertwined relationship between politicians and the media, while adding the patriarchal characteristic. It is also worth mentioning the work of Juliano Domínguez whose doctoral thesis was on concentration in broadcast TV in Brazil (2015) as well as other more recent works (2021).

Two civil society reports have also contributed data and insights into the contemporary state of media concentration in Brazil. The 2017 Media Ownership Monitor (MOM) report, for instance, describes the main media groups in the country and offers a lot of information on the structure of communication groups and their owners. The report

highlights the subsidiary relationship of these conglomerates with regional media groups that allow them to reach even higher audience levels.<sup>3</sup>

The Intervozes research collective, which participated in the MOM project, has repeatedly monitored the media structure. Its work highlights the degree of concentration and diversity on the Internet, specifically analyzing the content, application and services layers that Brazilians encounter most directly in their day-to-day lives (Intervozes, 2019). In 2023, the organization published a book in which various actors update the debate on media concentration (Intervozes, 2023).

As in all Latin American countries, in Brazil the markets for cultural industries, telecommunications and the Internet are not very transparent. Consequently, consistent, long-term, comprehensive and quality economic data is extremely hard to come by, even impossible in many critically important areas, as the pages ahead in this report will make clear. In addition, there are no official sources collecting or providing reliable information. The task is “simpler” for the telecommunications sector than for the media. ANATEL, the Brazilian telecommunications regulator, publishes reports with information on subscribers and total income in the sector. Company balance sheets are another important source of information, mainly for telecommunications companies. Overall, a significant amount of information has been obtained that allows us to understand the structure and concentration of most of the important sectors of Brazil's digital media economy.

However, in some markets it was not possible to obtain information on how the main firms distribute income and audience and therefore concentration indices could not be prepared. These are the cases of the radio market, the phonographic industry, music streaming, the book industry and digital games, for instance. The case of the country's main media outlet, Globo, also poses a significant obstacle because its annual report and other financial reporting documents are not available to the public on the web. In addition, it is not possible to access turn-over and other important information from the international big tech conglomerates on a country-by-country basis. Instead, the data they provide groups together the entire Latin American region.

Other markets, such as the written press and magazines, do not provide information on their economic income, but it was possible to develop the CR4 and HHI indices based on the sales percentages that these companies present. In the case of online news media and social media platforms, the CR4 and the HHI were prepared from cross-references between unique visits and market share.

In sum, the researcher's task is complicated by these realities and we are forced to seek as much data as possible through semi-official and secondary sources and compare them to other sources and general international databases.

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<sup>3</sup> Intervozes (2017) *Media Ownership Monitor: Brazil*.

# Data, analysis and discussion

## Telecoms and internet access services

Brazil has the largest sustained-growth telecommunications market in Latin America. In the last year it grew by 3.8% according to data provided by the IBGE.<sup>4</sup> According to the national agency ANATEL (Agencia Nacional das Telecomunicações), in 2022, 338 million subscriptions to mobile broadband, both fixed and mobile telephony, and cable television have been registered. During 2022, 5G mobile service started in Brazil, although its reach is limited to 5% of the population so far.

The most developed market is that of mobile telephony and it continues to grow swiftly, while the number of landline telephone lines and pay television subscribers has been declining in recent years. Within mobile telephony, 56.9% of the lines correspond to postpaid plans and the rest are prepaid. In terms of adoption, there are 117 mobile phone subscriptions per 100 inhabitants.

Fixed broadband reached 46.6 million homes by 2023<sup>5</sup> and its growth is another of the telecommunications sector drivers. Access through fiber optics is found in around 34 million subscribers. This means that roughly 50% of homes had access to fixed broadband services as of 2023, and that three-quarters of the broadband connections have been upgraded to fiber optic lines. In terms of adoption, there are 21.1 broadband connections per 100 inhabitants; 12.6 landline telephone lines per 100 inhabitants; and 5.8 per 100 households have cable television subscriptions. It should be noted that although quantitatively Brazil's numbers are much higher than those of any other Latin American countries, if access is considered in relation to the number of inhabitants, there is still a great deal of room for future market growth. Furthermore, development until today has been very uneven in geographical terms (not only rural and urban but between the different regions of the country).

Income from the telecoms and internet access services sector is high. As has been noted, the greatest weight in the sector is mobile telephony, which in 2019 recorded almost half of the group revenue, made up of telecommunications, cable TV and the Internet. The other important sector is internet provision services, while landline telephony and cable television have a lower revenue.

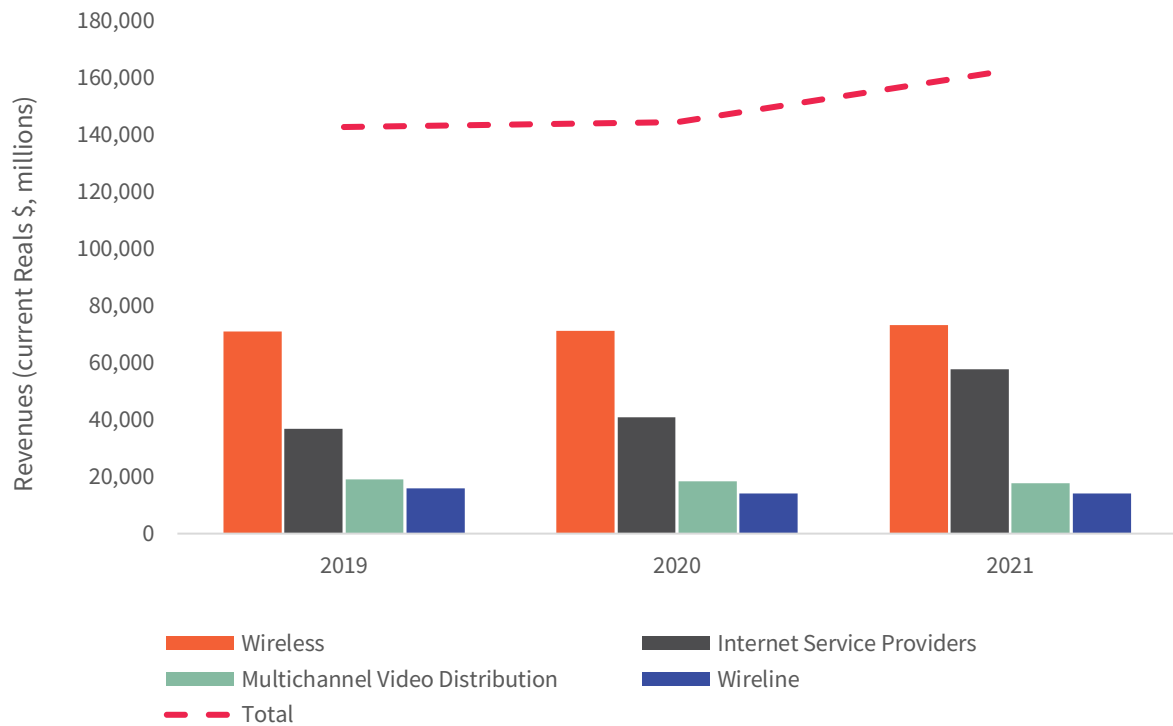
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<sup>4</sup> [Panorama do mercado de telecomunicações no Brasil](#) (2023, September 5).

<sup>5</sup> [Raio-x: a penetração da banda larga por fibra na América Latina](#) (2023, July 17).

The revenue for the four sectors that we examine, and on a pooled basis for telecoms and internet access sectors as a whole over the period from 2019 to 2021, are depicted in Figure 1, below.

**Figure 1: Revenues for the telecoms & internet access services, 2019-2021 (current Reals \$, millions)**



**Source:** see “F.1 Revenues telecoms” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets

During the years examined, two sectors showed income growth and two sectors saw their turnover decrease. The sector that showed the greatest rise was Internet distribution, which went from 36.8 billion reais to 57.6 billion reais (+63.9%). The increase in revenue is explained by the increased uptake of home internet service, the transition from older copper-based networks to fiber optics and, most likely, the effects of the COVID-19 pandemic, when adoption rates started to grow substantially reflecting the increased centrality of home life to everyday life. Mobile telephony went from 70.9 billion reais to 73.2 billion reais (+3.33%).

Fixed telephony has been declining for some time. In the period analyzed, its turnover fell by around 15%. Finally, although the cord-cutting phenomenon does not have the depth of other countries such as the United States, revenue for the pay television distribution sector fell by 7.4%.

The sector's total income grew by 13.6%, driven by internet and mobile phone services.

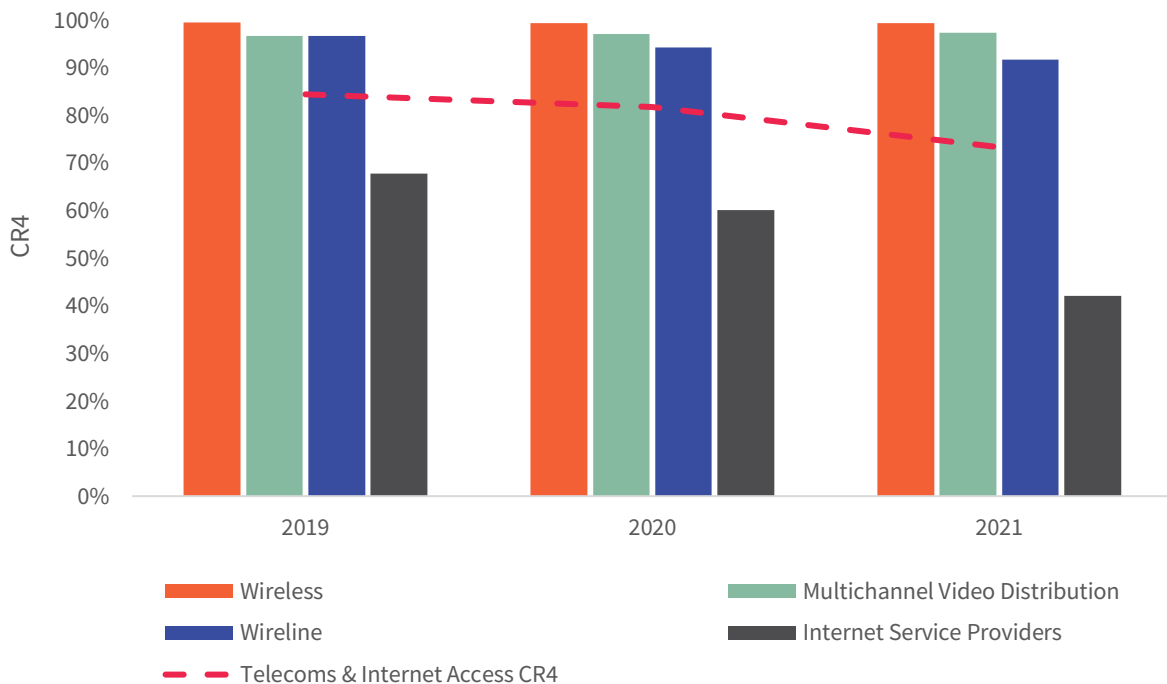
## Sector by sector presentation of data, analysis and discussion based on concentration metrics.

### The Brazilian telecommunications oligopoly

The Brazilian telecommunications market is highly concentrated according to the CR4 index, recalling that when the four companies with the greatest power hold more than 60% percent of the total market it is considered to be highly concentrated, uncompetitive and difficult-to-access for new participants markets. Based on this measure, three of the four sectors examined in this report have a CR4 score over 95%. Internet connection providers show a lower number, although it, too, is a highly concentrated market.

The CR4 results for the four sectors that we examine, and on a pooled basis for telecoms and internet access sectors as a whole, are depicted in Figure 2, below.

**Figure 2: CR4 scores for the telecom & internet access sectors, 2019-2021 (based on revenue)**



Source: see “F.2 CR4 telecoms” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

The telecommunications and internet market in Brazil are mainly held by two companies: Telefónica (from Spain) and América Móvil (from Mexico) through their

commercial brands, Vivo and Claro, respectively. Both companies have a presence in the four markets analyzed. While Telefónica leads the mobile telephone and internet services markets, América Móvil predominates in fixed telephony and multichannel television distribution.

The markets dominated by Telefónica are the most economically important, which is why the company holds such a privileged position in the sector. Telefónica's presence in all markets facilitates the provision of quadruple play services with consequent competitive advantages. In 2021, the Spanish company held 40.1% of the mobile telephone market, 25.6% of fixed telephony, 16.2% of internet connections and 9.5% of multichannel distribution services.

In turn, its main competitor, América Móvil, accounted for 26% of mobile telephony, 33.9% of fixed telephony, 22.5% of internet connection and 34% of multichannel television services.

The preeminence of these two players is not threatened by the presence of Italian Telecom through the TIM commercial brand, which participates in the mobile (23.2%) and fixed (4%) telephony markets. It also has a marginal percentage of internet connections (1.6%). The presence of América Móvil and Telefónica is not challenged by Oi (the fourth player in the market) either. In December 2020, Oi sold Oi Móvil (mobile phone business line) to Vivo, TIM (Telecom Italia) and Claro (América Móvil), which will distribute their clients among the different regions of the country. The operation was approved in 2022 by the Administrative Council for Economic Defense (CADE) and the National Telecommunications Agency (ANATEL).

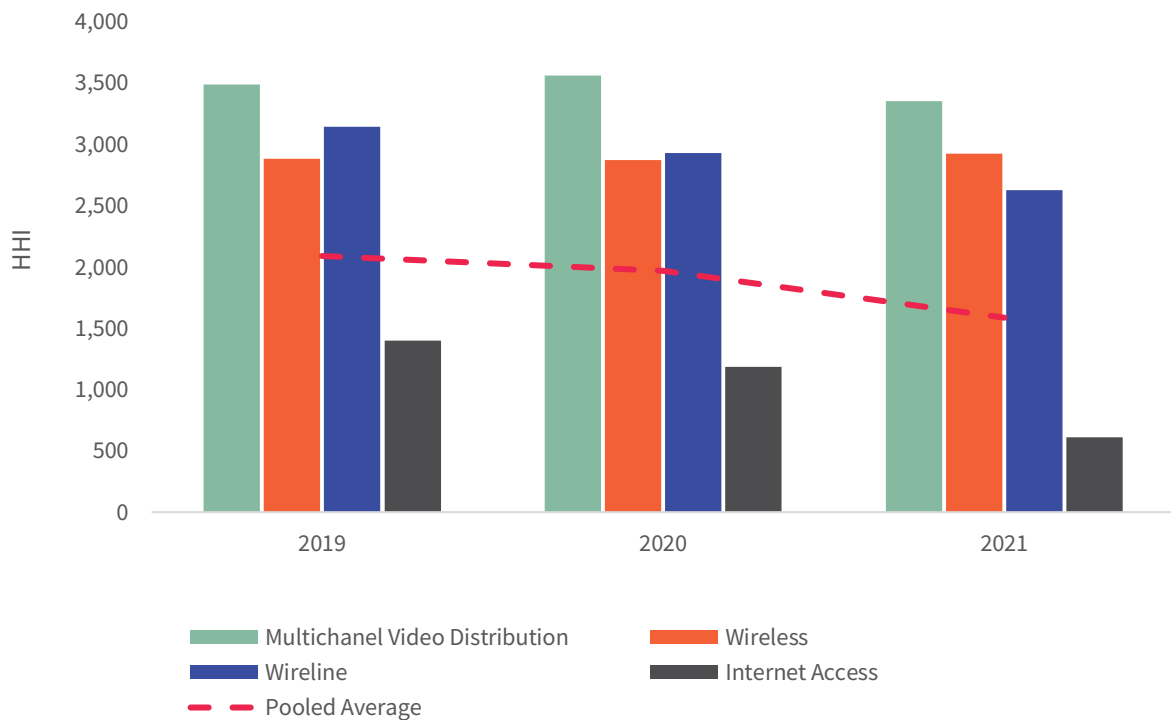
The internet access services market is the most competitive given that there is a group of small operators that together exceed 40% of the market. They are Brazilian companies and among the most important are Alloha Fibra and Brisanet. It is considered that there are over ten thousand ISPs in Brazil, of which 97% have less than ten thousand clients and only thirteen percent have more than two hundred thousand. Reflecting this vast number of small independent ISPs, the HHI score for the internet access sector is less than 1500, a result that underscores a low level of concentration.<sup>6</sup>

Figure 3, below, illustrates the HHI index trends over time for each sector of the telecoms and internet access services.

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<sup>6</sup> Recall that, according to the HHI measure, an HHI result between 1500 and 2500 denotes a moderate level of concentration while anything above this number reveals a market with high concentration. When there is an index greater than 1500, a merger that raises the indicator by more than 100 points can be made subject to review by the competition commissions. In Brazil, the competition authority with responsibility for the telecommunications and internet access service is Conselho Administrativo de Defesa Econômica (CADE).

**Figure 3: HHI scores for telecoms and internet access services, 2019-2021 (based on revenue)**



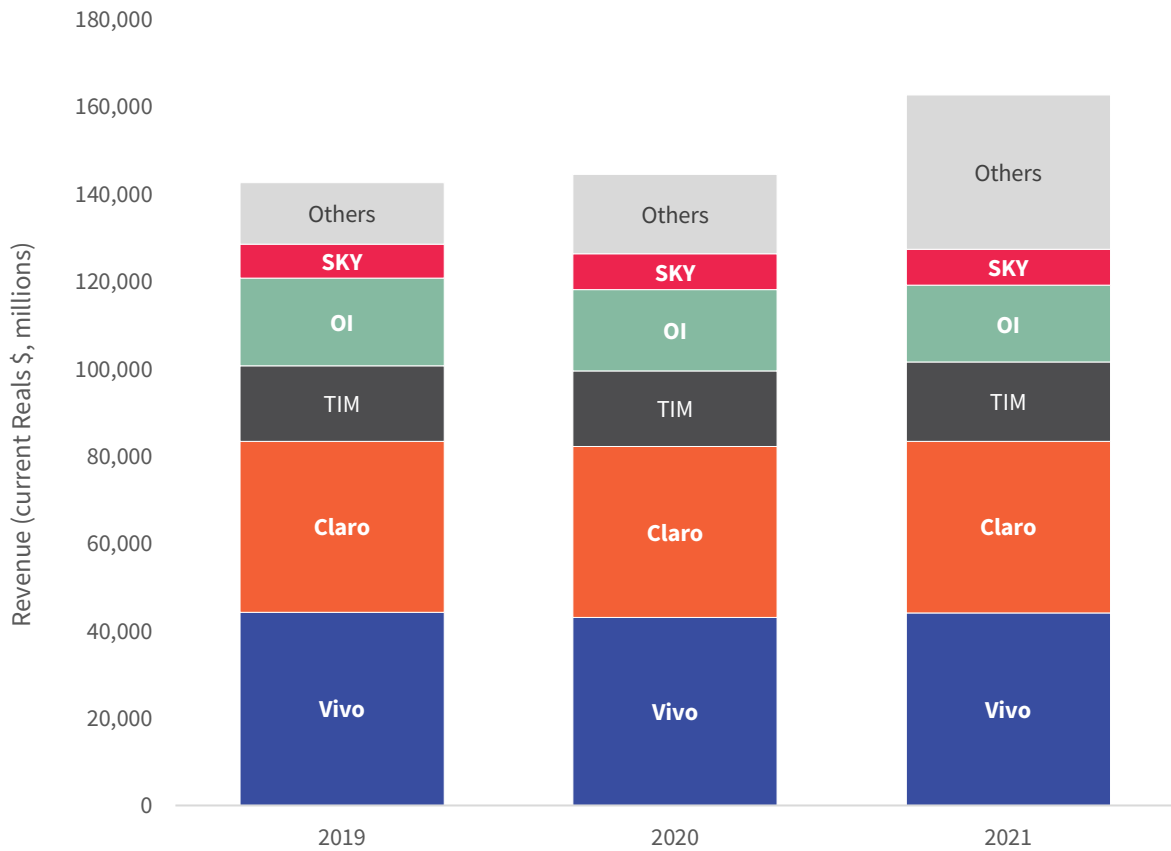
*Note: ISP does not consider small operators that have 57.9% of the market in 2021*

**Source:** see “F. 3 HHI telecoms” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

According to the data obtained, the fixed and mobile telephony markets, as well as the multichannel television market, are highly concentrated. As already explained, these segments are dominated by three companies: Telefónica, América Móvil and Italian Telecom.

The internet access market went from moderate to low concentration in the period analyzed. It should be noted that in this market, it has not been possible to discriminate the income of small operators that have not been considered for the preparation of the HHI index. If they were included, a higher number would be reached, although not significantly different, given that the market percentages of these operators are small individually.

**Figure 4: Leading telecoms operators, 2019-2021 (based on revenue)**



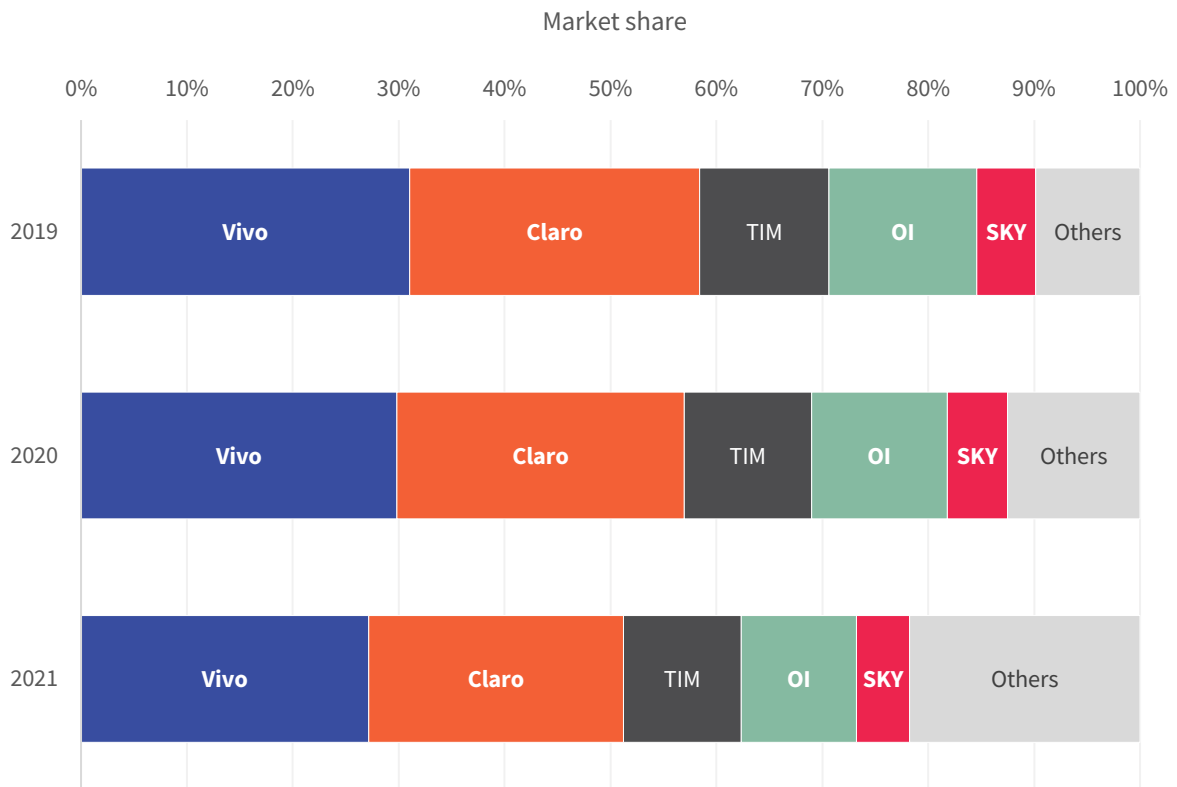
**Source:** see “F. 4 Leading Telecom operators” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

Revenues from the telecommunications and internet access sector have remained stable in the 2019-2021 period. The distribution of revenues between large groups does not show significant variations either. Figure 4 highlights the revenue growth of the smallest players in 2021, driven by small companies that provide internet access.

Although the concentration levels of the telecommunications and internet access sectors in Brazil have proven to be very high, in the years examined, a slight decrease is identified in both the CR4 index and the HHI for each of the individual sectors that comprise this grouping and when they are pooled together into the category we are considering here.



Figure 5: Leading telecom operators by market share, 2019-2021 (based on revenue)



**Source:** see “F. 5 Market Share” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

If the pooled average of the telecommunications and internet access market in the 2019-2021 period is considered, the smallest operators have come to occupy 10 to 22% of the market share of revenues.

The market with the most competition, internet access providers, is a more recent and still expanding market. Given that the large operators have concentrated in the most populated cities in the country, a segment of the market has been left unattended but which is being taken advantage of by local operators. Although purchases of small operators by the large ones have occurred, new smaller operators are still emerging. It is still to be seen what happens when larger investments are necessary to sustain and expand the network.

In the fixed telephony market, a slight downward trend was observed in the level of concentration, although it still remains very high. The mobile telephone and multichannel television markets are not only among the most concentrated, but have hardly registered any variations in the CR4 and HHI indicators over the period that we have examined.

During 2022, outside the scope of this study, the fourth operator Oi (with original Portuguese capital, later sold to the French company Altice) had to close its operations

and its clients were distributed among the three remaining larger players. Given that, concentration indicators in Brazil will be higher when we present our results in future editions of this report.

## Online media and traditional media services (content media)

### The importance of being digital

Traditional cultural industries represent an important sector of the economy in Brazil. According to the Itaú Cultural observatory, in 2020 they represented 3.11% of Brazilian GDP.<sup>7</sup> All markets have shown sustained income in recent years. Broadcast television (often referred to in Brazil and other Latin American countries as “open television”) continues to be a very important medium, with a high penetration rate and a consolidated audience. Its turnover is higher than that of the rest of the cultural markets, although its growth is moderate and even lower than inflation for the period 2019-2021 (8.5% vs. 18%).

As broadcast television was and is the main source of access to audiovisual content, the development of pay television happened slowly. It should be noted that for many years Brazil had one of the lowest penetration rates of paid audiovisual services in Latin America. Between 2019 and 2021, however, the sector's revenue growth was 13.89%, a number just below the inflation of the period. The incorporation of low-class sectors into a low- middle class is a factor that helps explain the growth of pay television.

Video streaming services are third in economic importance. The growth of the streaming video market growth is the most important of all cultural sectors and in three years covered by this report, its revenue increased by 67.3%, from 5.8 billion reais to 9.8 billion reais. The growth is explained almost exclusively by the deployment of Netflix, and in recent years other platforms such as Disney, Amazon and HBO.

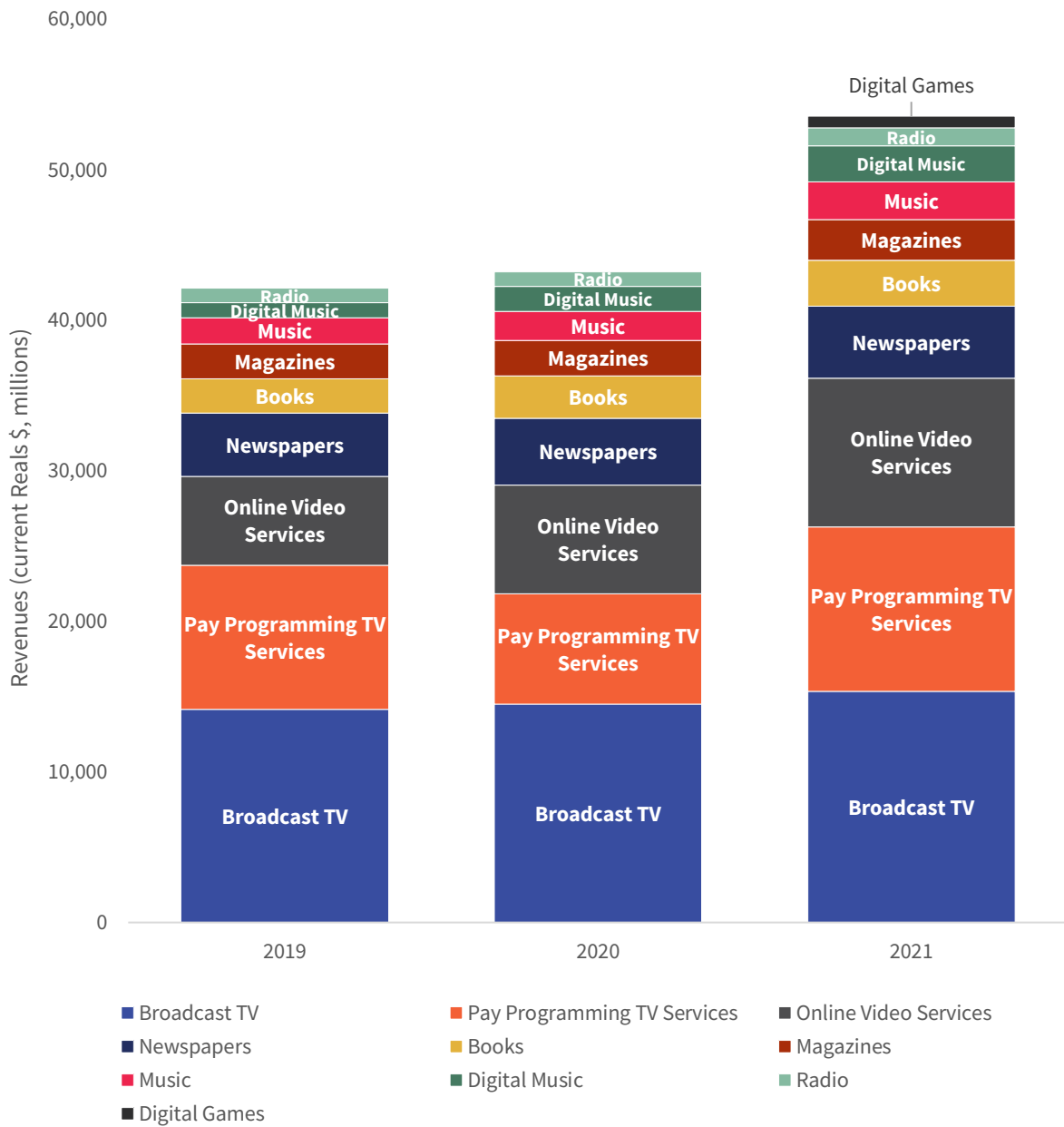
If the three markets linked to audiovisual consumption are considered (broadcast television, pay television and video streaming), in 2021 they reached 67.4% of all income from cultural markets. Combined revenue across these three sectors also shot up from 29.6 billion reais in 2019 to 36.1 billion reais two years later.

Figure 6 illustrates the revenue trends over time for each sector of the online media and traditional media services.

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<sup>7</sup> The industries measured do not fully coincide with those in this report, but the study is cited as an example. Observatorio Itaú Cultural ([2023, April 10](#)). Pib da economia da cultural das industrias creativas: a importancia da cultura e da criatividade de para o producto interno bruto Brasileiro.

**Figure 6: Revenues for online media and traditional media services, 2019-2021 (current Reals \$, millions)**



*Note: 2019 and 2020 do not include Digital Games*

**Source:** see “F. 6 Revenue cultural industries” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

The remaining cultural markets are smaller. The press sector is the next most important, although its turnover represents half that of online video services. The growth of their revenues has barely kept pace with the inflation of the period.

When analyzing the revenues of "traditional" cultural industries (radio, books, newspapers and magazines) we observe that their income is stagnant, with the partial exception of music.

The only sector that has had exponential growth (240%) is digital music. During 2021, the revenues generated by music streaming practically equaled that generated by sales of the traditional music industry. Thus, while the traditional music industry generated revenue of 2.5 billion reais, streaming music services reached 2.4 billion reais.

As a whole, the online and traditional media group of sectors has seen total revenue rise significantly from 42.1 to 53.5 billion reais between 2019 and 2021, an increase of 27%--9% percent above the inflationary increase. As has been seen, income growth above inflation is based on online video and music services, while traditional industries appear stagnant or to have declined slightly.

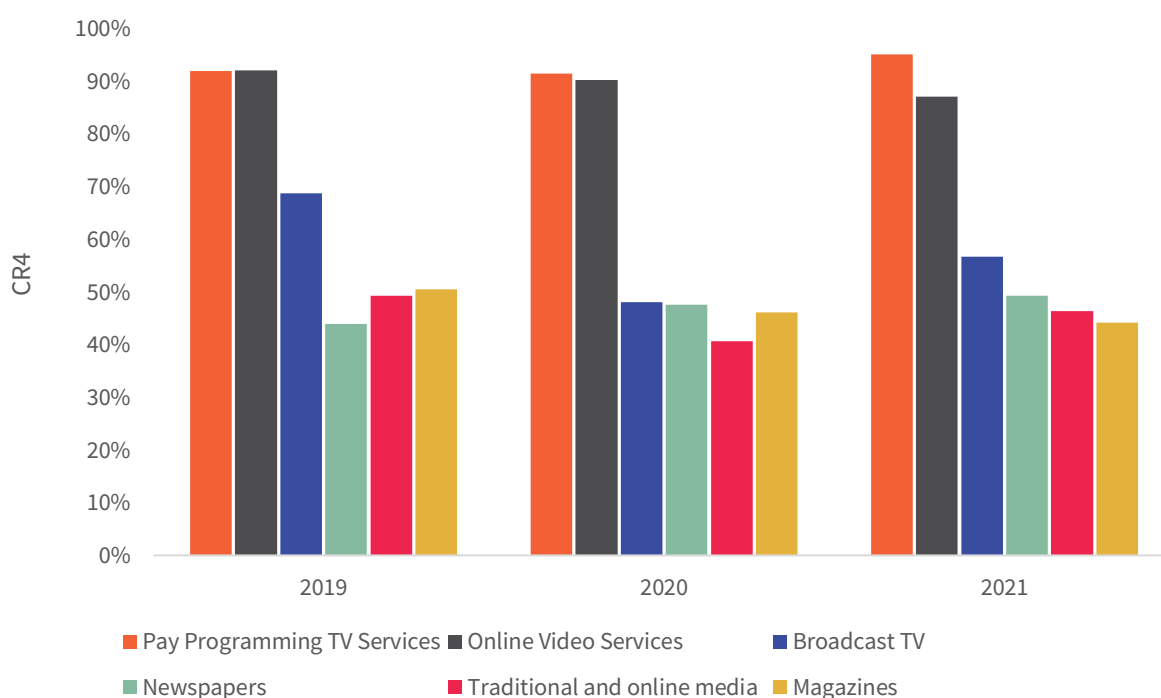
### **Large national media ownership groups threatened by global platforms**

High levels of concentration in the cultural sector in Brazil is an enduring historical fact. Radio and television, for example, have been very centralized, both economically and geographically, since the beginning of broadcasting in the country, circa 1923 for radio. The introduction of television in 1950, with its production center in Rio de Janeiro, accentuated this trend. The subsequent advent of new services such as pay television and audiovisual streaming have not changed these stubborn historical and institutional realities but reproduced them, albeit with their own distinctive characteristics and actors. In fact, pay television and online streaming video and music services have actually registered higher levels of concentration than their predecessors.

For example, whereas the CR4 and HHI for broadcast television were 56.6 and 1256, respectively, in 2021, for online video services, they were 87 and 4709, respectively. Meanwhile, the press has maintained a more diversified scenario, with a CR4 of 35.4 and an HHI of 494 in 2021. That said, and as an overarching observation, it is evident that the media sector is much less concentrated than the telecoms and internet access services sector based on CR4 and HHI metrics.

These realities are depicted in Figure 7, below.

**Figure 7: CR4 scores for traditional and online media services, 2019-2021 (based on revenue)**



*Notes: CR4 TV 2021 is calculated based on audience. Magazines calculated based on circulation.*

**Source:** see “F.7 CR4 cultural industries” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

The Brazilian case has three particular media ownership features that distinguish it from other Latin American countries and countries outside the region. First, a large part of the radio and television licenses are in the hands of politicians, especially members of Congress. Although the national constitution expressly prohibits this possibility, in reality this rule has not been respected. A second phenomena that deserves to be highlighted is the presence of media groups linked to the evangelical church and chain ownership of television stations through which regional broadcasters buy the large networks’ programming and retransmit it, increasing the level of audience concentration. Third, in addition to being highly-concentrated, media ownership groups in Brazil continue to be dominated by a small number of families whose control is maintained through generations among its members. While family-owned and controlled media groups in Latin America is not unusual, it is especially high in Brazil by even the standards of the region, to say nothing of its exceptionally high levels by international standards.

In the audiovisual sector, we can start with the broadcast television market. While concentration in this market is not particularly high according to the usual standards of

the CR4 and HHI, the story changes once we place it in the context of the ongoing and extensive role played by cross-media ownership in Brazil. Indeed, extensive cross-media ownership has been a defining and enduring feature of the media landscape in Brazil for the last century. This reality has also fundamentally shaped the history of television in the country.

The main broadcast TV group, the Globo Organization, for example, exemplifies this long tradition of cross-media ownership and consolidation. In 1925, for example, Globo already had a newspaper, to which it added radio in 1944 and television in 1965. Since the 1970s it has maintained undisputed leadership in the broadcast television market. Its network includes 5 owned stations and 115 affiliates. In 2020, it controlled 33.8% of the revenue and 32.1% of the audience. It also has a very important participation in the pay television channel market and until 2021 it had a minority participation in the main pay television system, SKY, but sold this stake in 2022 to the Argentine group Wertheim—the majority shareholder of SKY.

In the case of television, a marked decrease in the HHI indicator is observed due to the loss of Grupo Globo's audience in favor of small local stations, but mainly due to the increase in video streaming consumption. It has been estimated that Globo's soap operas, one of its strongest programs, have lost 40% of their audience.<sup>8</sup> However, we have not been able to take this loss into account completely when calculating CR4 and HHI scores because audience measurements are made at the national and not local level. Furthermore, differences in how each of these sources measure audiences and revenue lead to results that require great caution when making comparisons across time.

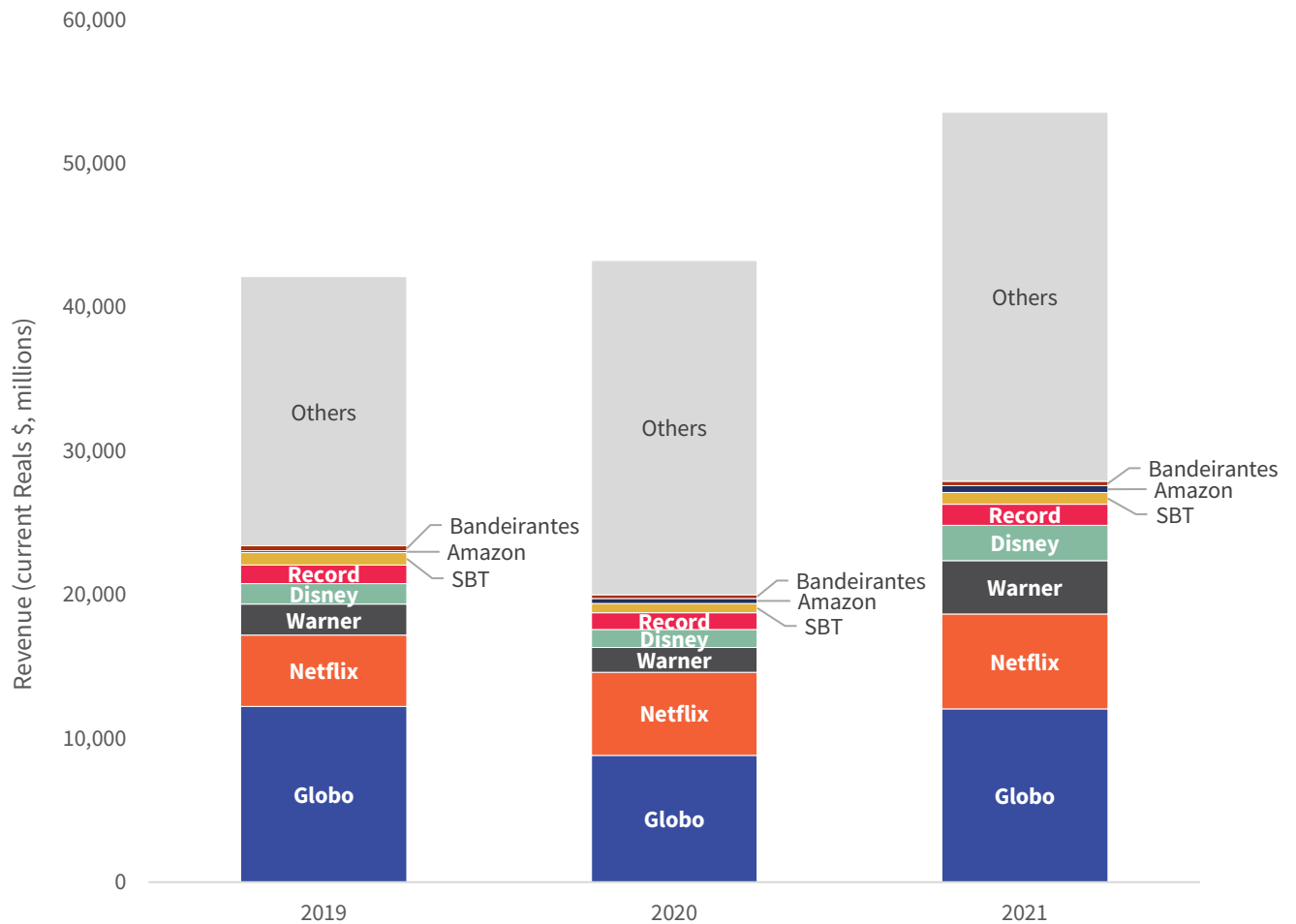
Pay television and video streaming services are the other markets that comprise the audiovisual sector, both of which are characterized by the strong presence of foreign players. In the pay television services market, the Globo group dominates with just over half of the market based on revenue (50.5%). The top four ownership groups in the pay programming television services market are: Globo, Warner and Disney. The CR4 and HHI for this market in 2021 were 95,04 and 3701, respectively, levels that were stable from three years earlier.

The online video market continues to be dominated by Netflix, which accounts for 84.5% of the market by revenue in 2019 and 80% in 2020, followed by Globoplay (owned by Globo), and its 6.4% stake in the market based on revenue in 2019 and 7% in 2020. In third place was Amazon with 1.5% and 4.75% of revenues respectively. Unfortunately, it was not possible to obtain the data for 2021. But the entry of Disney+ in November 2020 has altered the structure of the market. The top four streaming services in Brazil as of 2020 were: Netflix, Globo, Amazon and Claro. As of 2020, the HHI for the online streaming market was sky-high at just above 6,400. It is likely, however, that subsequent years will see a decline due to the entry of new players such as Disney.

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<sup>8</sup> Castro, D. (2023, October 23). Em guerra contra todos (até ela mesma), Globo perde '24 milhões de uns'.

**Figure 8. Leading groups in traditional and online media, 2019-2021 (based on revenue)**



**Source:** see “F.8 Leading Traditional and online Media” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

Pooling the results across the television, pay television and video streaming markets reveals that the four largest groups accounted for more than 46% of the market based on revenue in 2021. As such, we can say that the three markets in Brazil remain concentrated by the standards of the CR4. The last two markets are also characterized by high levels of foreign ownership. This is most evident in video streaming but also seen in the pay TV signal market: along with Globo, the other main programming company is Warner. Leadership in these both segments is divided between the “national champion” Globo, on the one side, and global multimedia giants such as Netflix, Disney, Warner, on the other.

It is important to highlight that the pooling was carried out with the only three markets where revenue data is available. Since all revenues from the traditional and online

media sector were considered, the averaged indicators appear lower than they really are.

Our attempts to examine concentration trends in the radio market have been stymied so far by the complete lack of data sources for recent years. While data on this sector was collected by the Inter-Medios project (linked to the Meio&Mensagem magazine) covering the period from 2003 until 2017, that research has since been discontinued. There are no official statistical sources on this sector, either, to help fill in the blanks. Consultations with academics who also research the industry confirm these observations regarding the complete lack of up-to-date information on the radio broadcasting industry. While the business chamber ABERT appears to have such data, it denied our access request. Kantar IBOPE Media was also contacted but its reports are paid, with price values oriented towards corporate clients, not academic ones. This has, obviously, posed a barrier to our goal of providing the most comprehensive and up-to-date account possible of the media industries in Brazil. It is also a reminder of why we must do our best to surmount such obstacles, while using our own expertise and experience to fill in the blanks as needed. Despite such efforts, however, sometimes reality and business interest trump academic curiosity and willpower.

Finally, the other two markets with data on concentration are newspapers and magazines. In both cases, the concentration is lower compared to the audiovisual sector.

Within the written press, we highlight the five groups with the highest revenues in this sector and a relatively equal share of the newspaper market. The publishing house Semper Editora group publishes the two printed newspapers with the largest circulation in the country (Super Notícias and O Tempo). It belongs to the Medioli family that has strong ties with the Catholic and evangelical churches. They also have major investments outside the cultural industry in, for example, cargo transport, storage, logistics, steel, energy, agriculture, sugar mills, automotive trade and sports.

The Marinho family controls the Globo group, a multimedia conglomerate with a dominant presence in the audiovisual sector and considerable participation in the newspaper market through two major circulation newspapers, "O Globo" and "Extra", and the economic information newspaper "Valor Econômico", which has a smaller distribution but remains highly influential.

The Frías family is the owner of the Folha group, where "Folha de São Paulo" stands out, one of the most prestigious newspapers in the country. Another important group is the Mesquita family, which controls "O Estado de São Paulo" while also having significant investments in radio and digital news. Finally, the Sirotsky family's RBS group owns the main newspapers in the southern region of the country. It, too, has investments in radio stations and news portals.

The magazine market is more concentrated than that of the written press. Grupo Abril, owned by the Civita family especially stands out. The Civita group's main publication is the "Veja" magazine, which accounts for 21.7% of sales. The Abril group also has another 18 magazines that serve the Brazilian market. In total, the Civita family



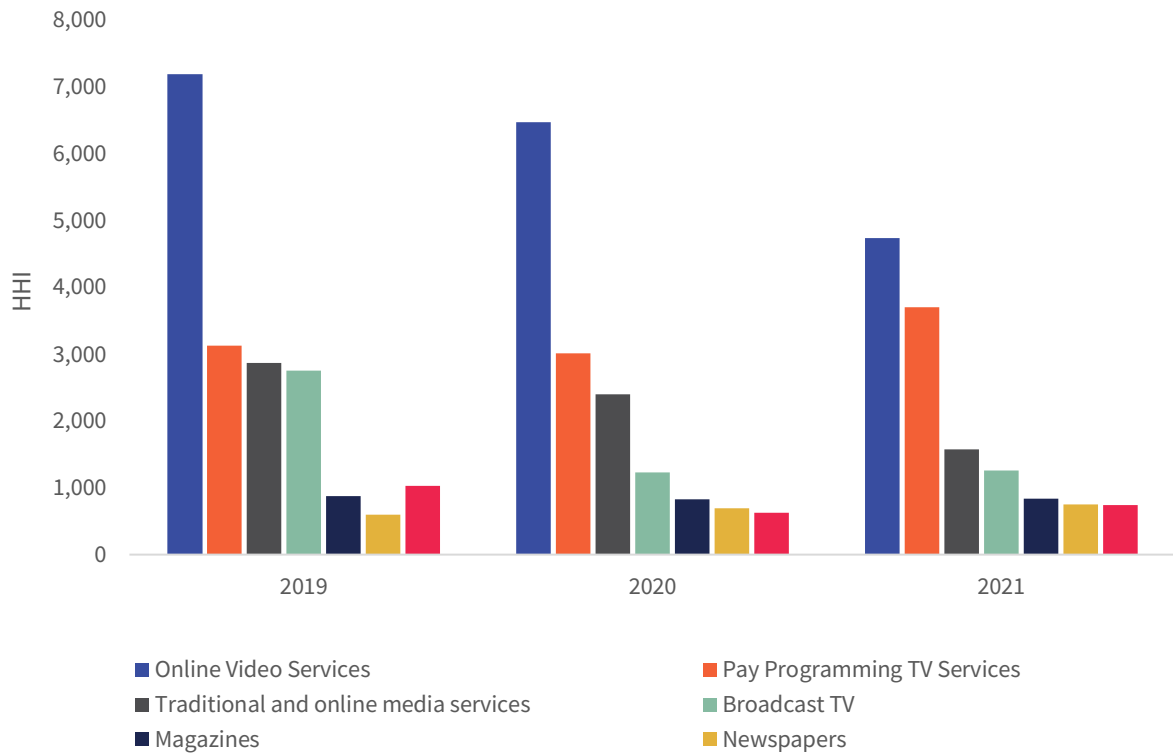
accounted for 48% of the magazine sector based on circulation in 2021. This was a number similar to that obtained in 2019.

The second most important operator is the Globo group, releasing the magazine “Época” and 15 other periodical publications.

Both in the written press and in the magazine market, concentration is relatively low. It should be noted that while concentration in the written press has increased by 20% in the period studied, concentration among magazines has decreased slightly.

The results based on the HHI measure are depicted in Figure 9, below.

**Figure 9: HHI scores for traditional and online media services, 2019-2021 (based on revenue)**



*Note: Broadcast 2021 calculated based on audience. Newspapers calculated based on circulation of the 10 largest newspapers. Magazines calculated based on circulation of the 10 largest magazines.*

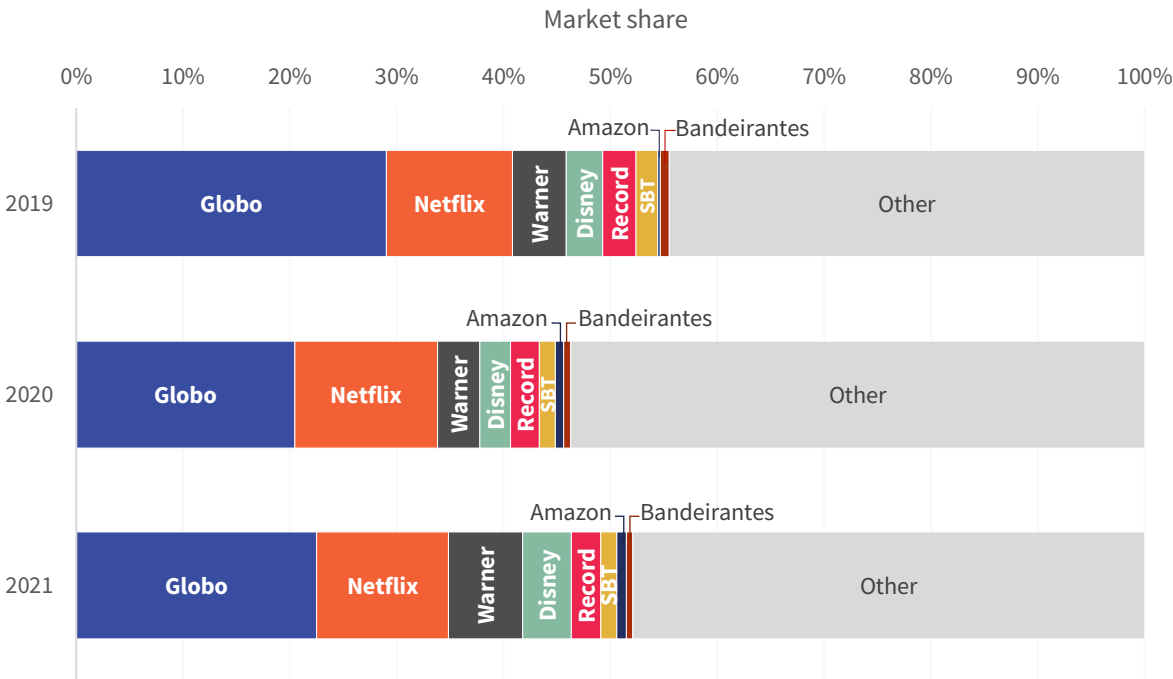
**Source:** see “F. 9 HHI Cultural industries” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

When considering the HHI indicator, it is evident that the media sector is much less concentrated than the telecommunications sector.

In the so-called traditional cultural industries (television, press, magazines) there are lower levels of concentration than in the online media services and pay television services that are tightly intertwined with the telecommunications and Internet sectors.

There was no substantial increase in concentration in any of the markets studied over the period from 2019 to 2021. On the contrary, on average, the HHI of the sectors where complete information was obtained has been reduced by 13%.

**Figure 10: Leading groups in the traditional and online media sectors, 2019-2021 (based on market share)**



**Source:** see “F. 10 Leading groups in traditional and online media Sector” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

It is also important to highlight that Figure 10 is incomplete since it has not been possible to have data from several groups. For example, in the case of Grupo Globo, its income in the radio, newspaper and magazine markets remains to be considered.

Although both of these measures—the CR4 and HHI—suggest that concentration levels are relatively low and have drifted downwards slightly in recent years, it is important to

emphasize that the concentration of the media in Brazil can still be considered to be high for several reasons.

The Globo group is active in most markets, and has a dominant presence in critically important media sectors such as television and the press. Other smaller groups complete the picture. In the last 10 years, however, both big national groups such as Globo and these smaller media enterprises have faced stiffening competition from online media and social networks.

While television continues to receive the majority of advertising revenues, its position is beginning to be threatened by online advertising. The situation is even more fragile in the written press and magazine markets, which are experiencing slumps in both sales and advertising revenues.

As is the case in most countries, the greatest threat to audiovisual and print media comes from the online / digital world, whose proposal is more attractive, especially for young audiences. Faced with this challenge, different economic and political responses appear. For instance, the Globo group has launched its own digital market aimed at selling programmatic advertising for its content and its other journalism and entertainment companies in collaboration with Google.<sup>9</sup> At the political level, it has promoted a bill that would force internet platforms to remunerate content producers. Although the bill was not approved, it remains under discussion since it was included in the draft reform of the Copyright Law.

## Core internet applications

The rapid growth of online media and social networks can be seen in the evidence presented in Figure 11, below. It depicts explosive growth in the online advertising market, whose revenues soared from just over 3.6 billion reais in 2019 to 6.9 billion reais in 2021. This was also a massive increase relative to conditions a decade ago, when internet advertising in Brazil was just taking off and revenue for the sector was 1.5 billion reais in 2012.

Figure 11 below is also interesting for what it *does not* show, namely revenues for any of the other fast-growing online media sectors that are covered by the GMIC Project and which are upending the cultural industries, but for which we lack meaningful data: for example, app distribution, streaming music services and online news sources. Consequently, researchers' efforts, including our own, to glean meaningful insights into the implications of these developments now confront a blackhole due to the fact that international streaming services and big tech conglomerates' information disclosure practices and regulated obligations in this regard are extremely weak. This is a problem

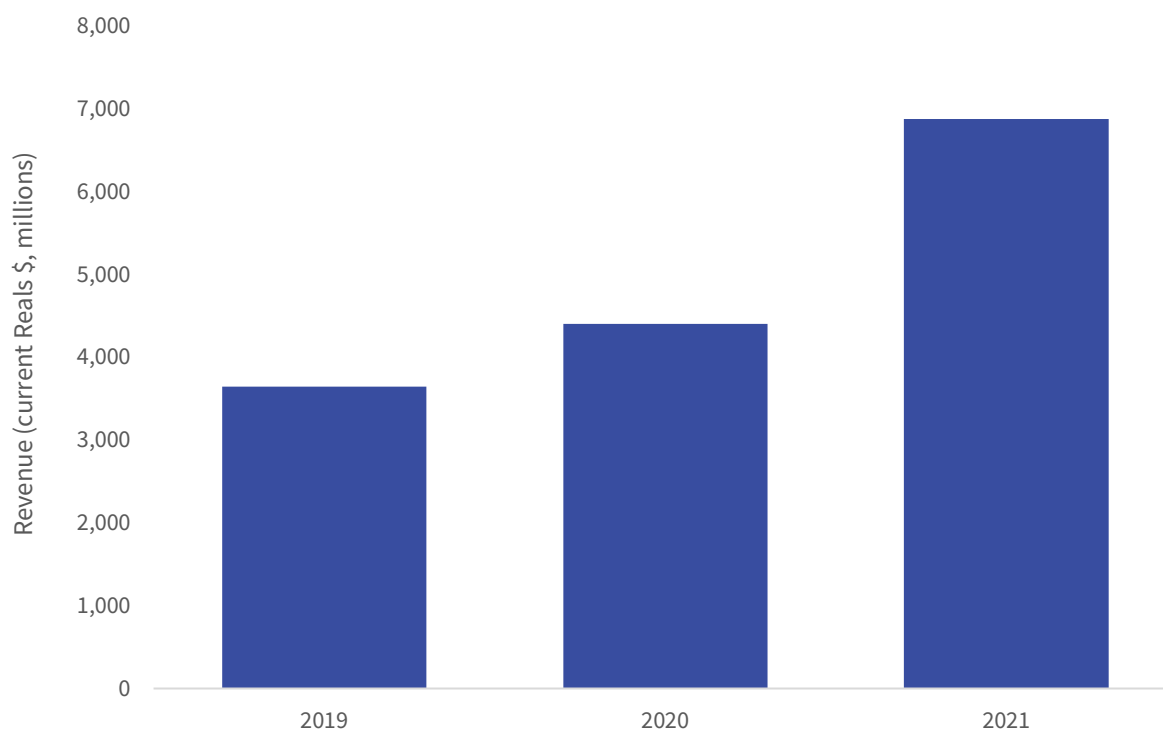
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<sup>9</sup> Pacete, L. (2021, December 10). Globo entra em nova fase de digitalização com aposta em Cloud. *Forbes Tech*.

of the highest order and needs to be addressed urgently, lest we be satisfied with flying blind into the future.

Figure 11, below, illustrates the revenue trends over time for internet advertising.

**Figure 11: Revenues for internet advertising, 2019-2021 (current Reals \$, millions)**



**Source:** see “F.11 Revenues Internet” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

According to Meio&Mensagem, the internet's growth trend continued in the advertising market during 2022. The medium recorded a media purchase movement 15% higher than in 2021, reaching the amount of \$7.5 billion reals. The internet also increased its share in the advertising market, taking 35.7% of the total investments made in the country in the period. This is the largest share ever recorded on the internet within Cenp-Meios’ monitoring.<sup>10</sup>

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<sup>10</sup> Sacchitiello, B. (2023, March 9). Cenp-Meios: mercado publicitário brasileiro cresceu 7,7% em 2022. Meio&Mensagem.

The Brazilian internet advertising market is largely dominated by Alphabet (Google, YouTube) and Meta (Facebook, Instagram, WhatsApp), although in recent years TikTok has joined the arena.

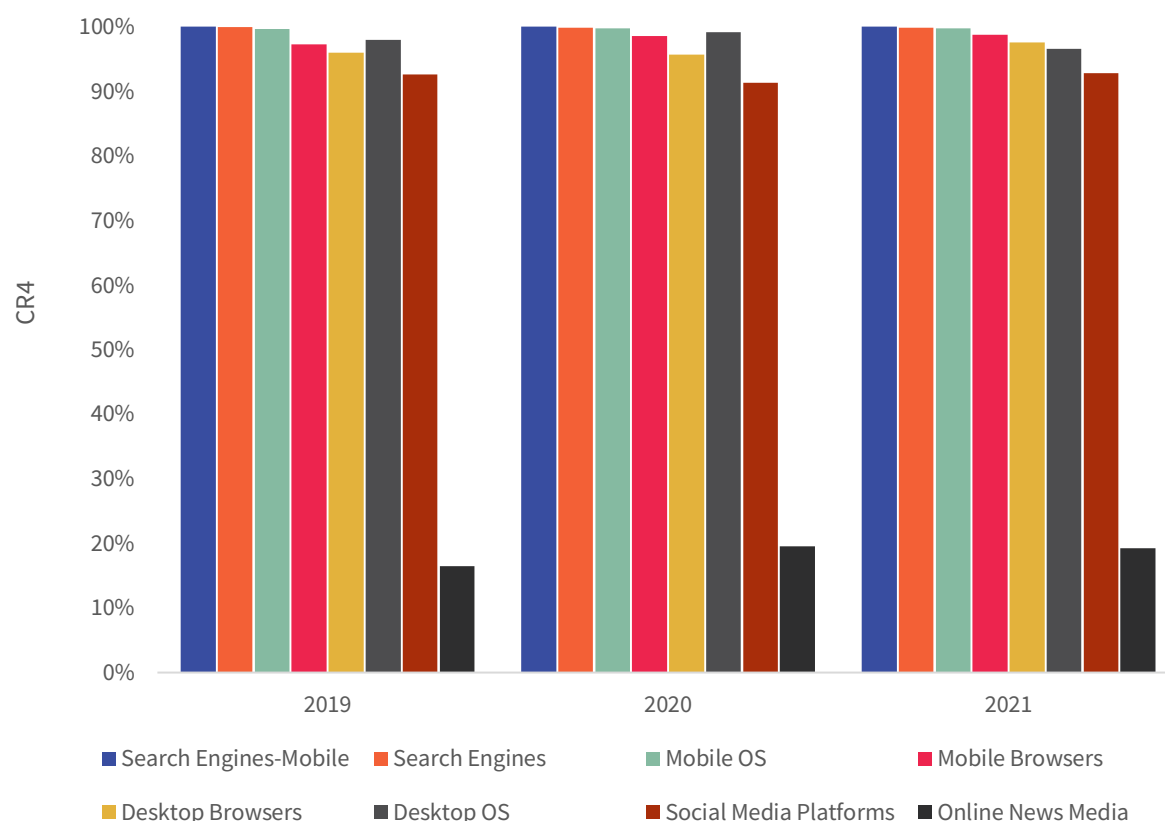
As seen above, the arrival of these big players mainly affects Brazilian media groups that have seen their income decrease. Broadcast television recorded, in 2022, the lowest share of advertising spend in recent years: 41.7%. In 2021, the medium had a 45.4% share of the advertising pie. There was also a slight reduction in total media investment directed to broadcast television: from \$8.9 billion reais in 2021 to \$8.8 billion reais in 2022.

### **The rise and consolidation of Internet monopolies?**

In the early days of the internet we saw the promise of diversity. With the passage of time we have seen that economic logic prevail and the economies of scale necessary for the development of several of its applications bring us closer to a reality of virtual monopolies in most of its markets. In the next section we analyze the characteristics of the internet market in Brazil

With the exception of online news, the rest of the markets linked to the internet present the highest levels of concentration of all the sectors studied in this report. In fact, most tools used to access the internet support a maximum of three players, in a quasi-monopoly situation. In Figure 12, below, the contrast between the last gray column that represents online news media, and the rest of the internet sectors that maintain a very high CR4 is clearly seen.

**“With the exception of online news, the rest of the markets linked to the internet present the highest levels of concentration of all the sectors studied in this report”**

**Figure 12: CR4 scores for core internet sectors, 2019-2021**

*Notes: Online news media calculated based on unique visits. Social media platforms calculated based on page views, not unique visitors.*

Source: Statcounter. For Monthly Unique Visitors (MAU) the eMarketer source was used. Mobile OS calculated based on Android and iOS. Desktop OS calculated based on Windows, OSX and Linux Mobile Browsers calculated based on Chrome, Safari and Samsung.

**Source:** see “F. 12 CR4 Internet” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

It is important to highlight that in the case of the internet, all CR4 and HHI indices were carried out based on market percentages not income, given that these data are not available in Latin America. For this reason, the core internet sector will not be included in the overall pooled comparisons.

In the case of news on the internet, a very large dispersion can be seen. The Globo group has one of the portals with the most unique visitors, although it only reaches 6.8% of the total share. Two other media groups that are among the most visited are Folha (2.1%) and Editorial Abril (1.9%). Other sites for accessing news on the internet are digital portals such as UOL and Terra.

It should be noted that it is not possible to differentiate access to social networks for news consumption. A survey by the Reuters Institute indicates that in Brazil 28% of people use Facebook to access news, 19% YouTube and 11% Twitter.<sup>11</sup> This would indicate that the use of social networks is a much more important source of information than news portal sites.

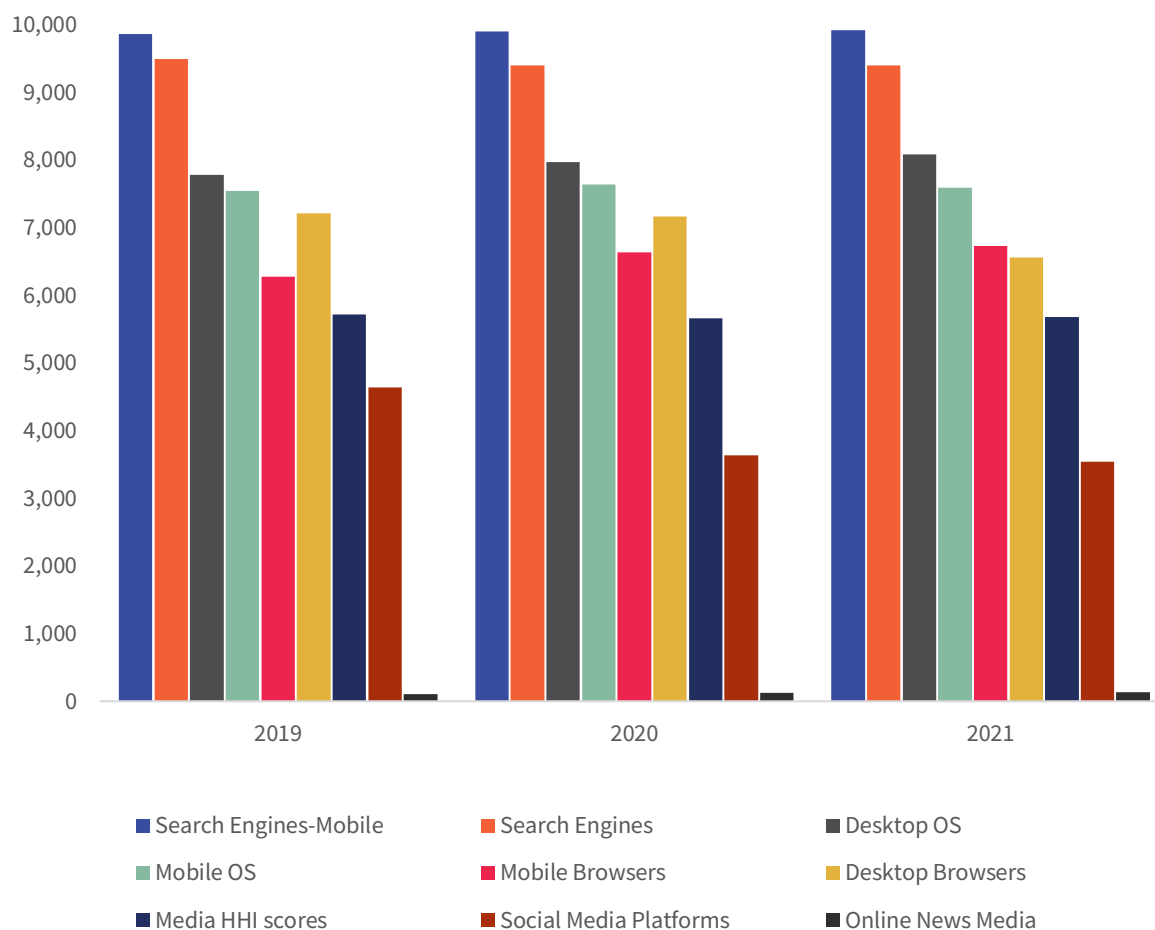
The rest of the markets are highly concentrated and, in all cases, dominated by global companies. In the case of social media platforms, Facebook is widely dominating, and it reaches 51.4% of users. This figure is far from the dominance it had in 2016, however, when it totaled 84%. According to the data obtained, Instagram adds 10% to that total, but that does not compensate for the fall of Facebook. In fact, the social media market is the only one that shows a decrease in concentration in the 2019-2021 period. It strikes the attention, however, that TikTok does not appear. This is because the source used (Statcounter) does not account for the presence of TikTok in the period 2018-2023 for any of the 3 countries in the Southern Cone. A report from Insider Intelligence, however, indicates that TikTok in Latin America in 2021 had 120.7 million users and was ranked third in social media users after Facebook and Instagram. TikTok's market share in Latin America would reach 27.7% of non-unique users (Ceurvels, 2022).

In Figure 13 we can see the concentration data determined by the HHI index for the internet markets in Brazil in the period 2019-2012.

**“the social media market is the only one that shows a decrease in concentration in the 2019-2021 period”**

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<sup>11</sup> Newman, N., Fletcher, R., Robertson, C.T., Eddy, K., and Nielsen, R. (2022). *Reuters Institute Digital News Report 2022*. Reuters Institute for the Study of Journalism.

**Figure 13: HHI scores for core internet sectors, 2019-2021**

**Source:** see “F.13 HHI Internet” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

In contrast to the original promise of a decentralized, diverse and open internet, the reality is that concentration for the internet sector is extremely high. In fact, most markets operate in the form of a virtual monopoly, or duopoly or tight, three-way oligopoly. Alphabet (Google), notably, has a dominant presence in almost all markets: search engines mobile (99.6%), search engines (96.9%), mobile OS (Android 86.3%), mobile browsers (Chrome, 80.9%), desktop browsers (Chrome, 80.3%). Where it does face some competition, it tends to be a duopolistic rivalry with Apple in some select markets and a similar situation but with a different rival in a few other sections. Thus, for instance, Google competes with Apple in mobile operating systems (ie. Android versus iOS), app distribution (Google Play versus Apple’s App Store) and search engines (Google versus Safari).

In relation to the internet advertising market, total revenue went from 2.9 billion reais in 2018 to 6.8 billion in 2021, according to eMarketer. It was not possible to obtain market



share data by company, although information was obtained for some companies from the Statista website. The main player in this market is Facebook, although there is no precise data on its revenues; the YouTube advertising market was 3.4 billion reais in 2021; while Mercado Libre totaled 736 million; and Amazon, 66.8 million. While these figures are illustrative, unfortunately, using such diverse sources, i.e. eMarketer and Statista, respectively, does not allow us to reliably calculate market share for each of the company or, consequently, to pass precise judgement on the state of market concentration in the online advertising sector and trends over time.

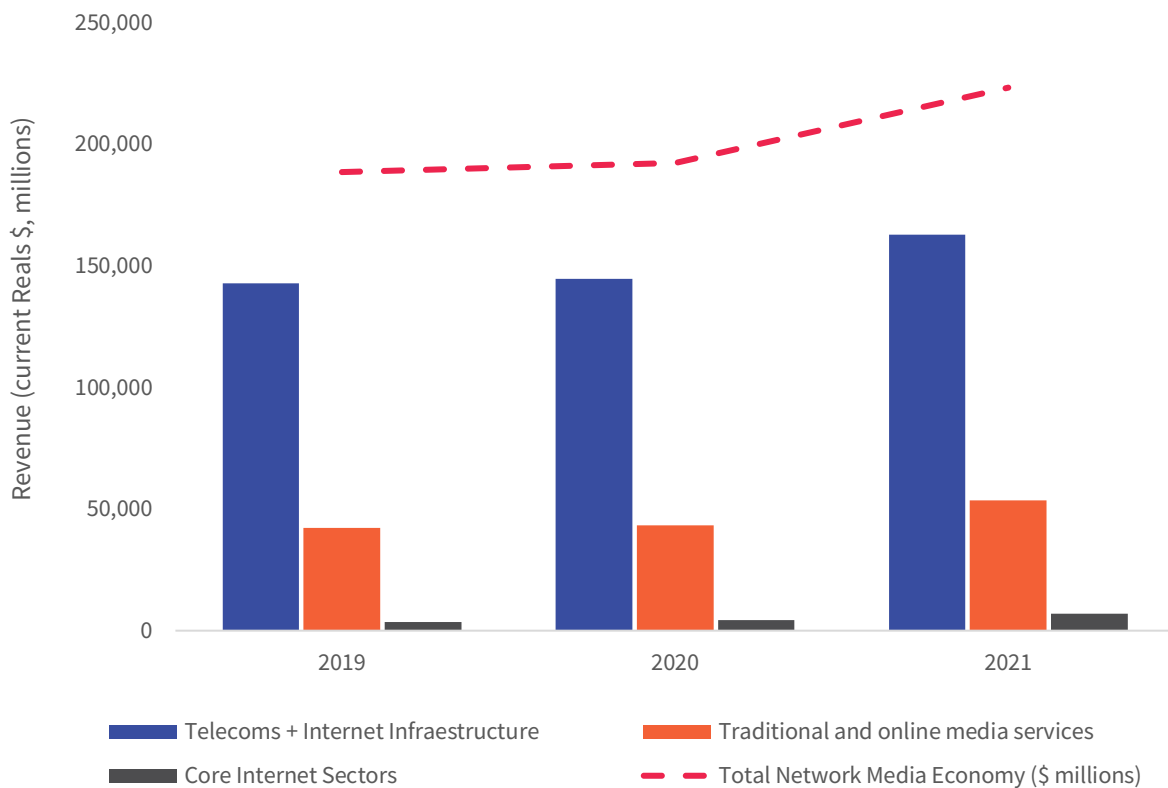
Beyond big tech behemoths, Microsoft dominates desktop OS with 89.7% of the market with its Windows system. During the Partido dos Trabalhadores governments (2003-2016) there were public policies aimed at encouraging the use of non-proprietary operating systems, but those efforts had very limited effects. For example, the presence of Linux in Brazil reaches 2.1% of the market.

Most internet markets have characteristics that stimulate concentration, such as very high economies of scale, high investments and network effects. Therefore, it is not surprising that it is among the most concentrated markets of all those analyzed. The possibility of new competitors emerging is not observed, with the exception of the online news market, which is the only one that presents low levels of concentration.

# Development and concentration trends across the communication, internet and media: A stable high-concentration scenario

It can be stated that in the three years studied in this report, the industries showed an increase in their revenues that more or less kept pace with the country's inflation, which was 18%. In Figure 14 we show that revenues across the communication, internet and media industries that we have been able to obtain reliable data for from 188.4 billion reais in 2019 to 223.1 billion reais in 2021.

**Figure 14: Development of network media industries, 2019-2021 (current Reals \$, millions)**



**Source:** see “F.14 Total revenues NME” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

When analyzed together, all the sectors increased their income between the years 2019 and 2021. However, it is important to analyze the development of each subgroup of sectors that we cover and to build-up from there toward a more holistic perspective. In the internet sector it was only possible to determine the income from online advertising, which is undoubtedly the fastest growing market with revenue for this sector rising by 88% in the period between 2019 and 2021. Surprisingly, the traditional and online media industries are in second place with an increase in turnover of 27%. When analyzing the behavior of each market in particular, it can be seen that this general increase has mainly been driven by sustained growth in the video streaming (67%) and digital music (139%) markets, and to a lesser extent the book sectors and recorded music industry. Traditional media such as the press, radio and television only increase their income proportionally with the country's inflation.

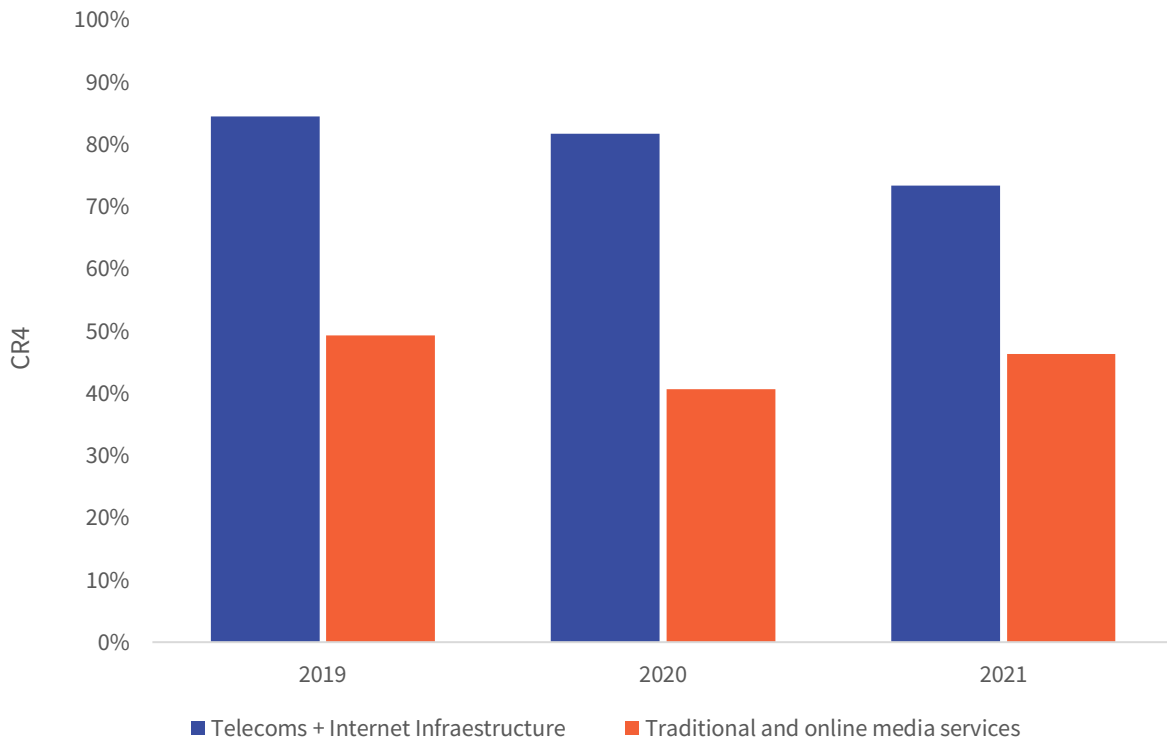
Finally, the telecoms and internet access services sector show low growth of only 14%, barely keeping pace with the rate of inflation over this period. The significant increase in income linked to ISP services was offset by stable revenue for mobile telephony and the decline in fixed telephony and the distribution of multichannel television signals.

Generally speaking, the growth of the media economy (18%) was very modest if one considers that inflation for the three years as a whole was around the same figure. Of course, the disparity in performance between sectors shows that the media economy is in an unstable phase with winners and losers and many markets still searching for a sustainable model in the medium and long term.

When comparing the concentration by grouping of industrial sectors, it is highlighted that none has a CR4 index score of less than 60% for the first four players in each market. It is also possible to observe that online media and traditional media services maintain the lowest levels, followed by telecommunications and internet industries, as shown in Figure 15 below.

**“the disparity in performance between sectors shows that the media economy is in an unstable phase”**

**Figure 15: CR4 scores for the network media economy, 2019-2021**

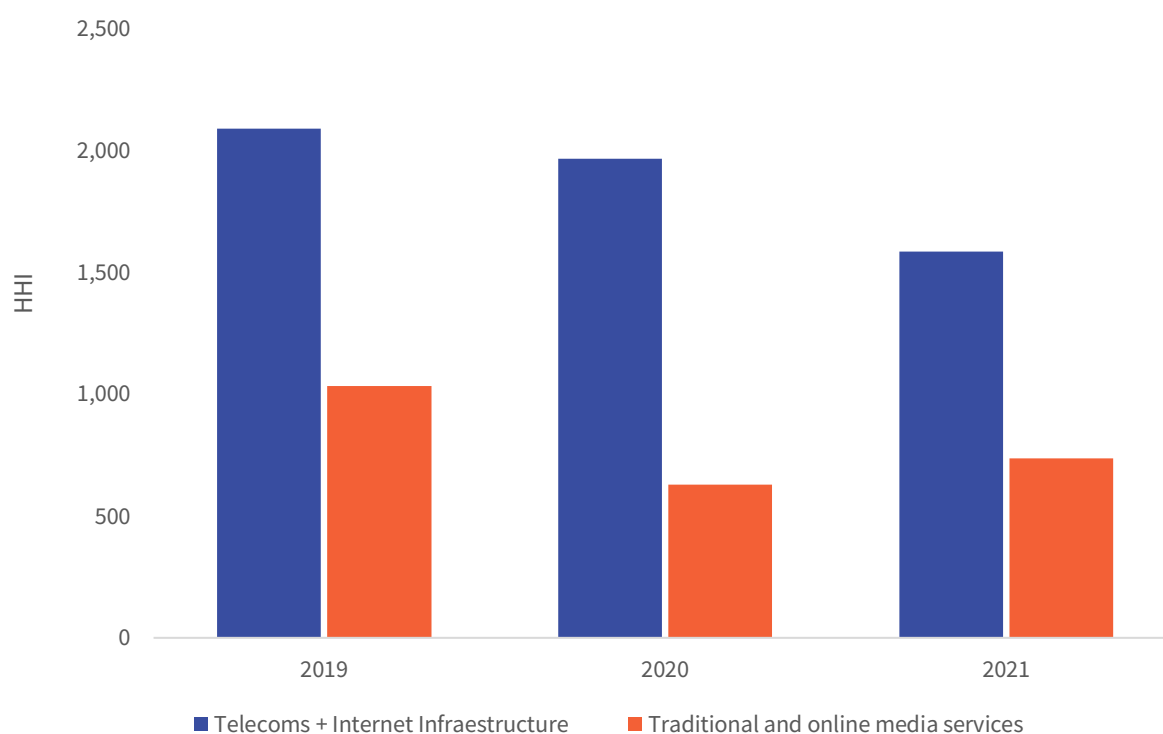


**Source:** see “F.15 Media CR4” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

If the dominant position of the four largest companies is taken as a reference, a slight decrease in concentration is observed in Brazil in the period 2019-2021. In any case, concentration is very high in each of the sub-groupings depicted in Figure 15, above. As usually happens in most Latin American countries, concentration in the traditional and online media sectors is less than in the telecoms and internet access services sector.

Figure 16, below, presents a comparative table with the concentration levels reached by the industrial sectors groups according to the HHI index.

**Figure 16: HHI Scores for the network media economy, 2019-2021**



**Source:** see “F.16 Media HHI” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.

As Figures 15 and 16 above show, two of the industry subgroups covered by this report are characterized by high levels of concentration based on the CR4 and HHI measures. However, we can also see that there are some significant differences between each of the subgroups. The upshot of those differences can be expressed as follows: for media markets through which citizens are informed, concentration levels are lower than telecommunications and the internet. In the telecoms and internet access services sector, concentration is very high with the quasi-duopoly presence of Telefónica and América Móvil.

In order to better compare concentration levels across media in Brazil, Figure 17, below, presents a summary snapshot of the HHI scores for each of the sectors in which it was possible to obtain data as of 2021.

**Figure 17: Concentration rankings on the basis of HHI scores, 2021**

<b>Low Concentration</b> <b>(100 ≤ 1,500)</b>	<b>Moderate Concentration</b> <b>(1,500 ≤ 2,500)</b>	<b>High Concentration</b> <b>(2,500 ≤ 10,000)</b>
<ul style="list-style-type: none"> <li>✓ Online News Media 113</li> <li>✓ Internet Access 609</li> <li>✓ Traditional and online media HHI 737</li> <li>✓ Newspapers 754</li> <li>✓ Magazines 838</li> <li>✓ Broadcast TV 1256</li> </ul>	<ul style="list-style-type: none"> <li>✓ Telecom &amp; Internet Access HHI 1585</li> </ul>	<ul style="list-style-type: none"> <li>✓ Wireline 2626</li> <li>✓ Wireless 2921</li> <li>✓ Multichannel Video Distribution 3352</li> <li>✓ Social Media Platforms 3539</li> <li>✓ Pay Programming TV Services 3701</li> <li>✓ Online Video Services 4709</li> <li>✓ Desktop Browsers 6557</li> <li>✓ Mobile Browsers 6724</li> <li>✓ Mobile OS 7591</li> <li>✓ Desktop OS 8085</li> <li>✓ Search Engines 9393</li> <li>✓ Search Engines-Mobile 9920</li> </ul>

To understand Figure 17 in its full dimension, it is necessary to remember that the values were calculated based on revenues in the case of telecommunications and traditional media, but market share based on a variety of other metrics for the rest of the cultural and internet industries. Given this lack of a common metric for all sectors, the comparisons and contrasts that we offer must be seen as being partial and limited.

According to the HHI index, there is considerable variation between the different sectors of the network media economy in Brazil. Some, as Figure 17 shows, can be characterized as quite diverse and pluralistic, such as online news, internet access, newspapers, magazines and broadcast TV. As will be seen in the following section, the main problem of concentration in the media sector is in the levels of concentration in large groups that have an important participation in all media markets, with a marked predominance of the Globo group.

The vast majority of the sectors that make up the network media economy, however, fall within the highly concentrated zone by the standards of the HHI. Some of those are well-established communication and media sectors, such as wireline and wireless communications and pay television services, but what stands out in the “highly concentrated” column is how many core internet services and sectors score extremely high on the HHI index. In other words, far from being a new frontier of diversity, pluralism and wide-open competition, nearly all the core internet services we have examined are opposite of such features.

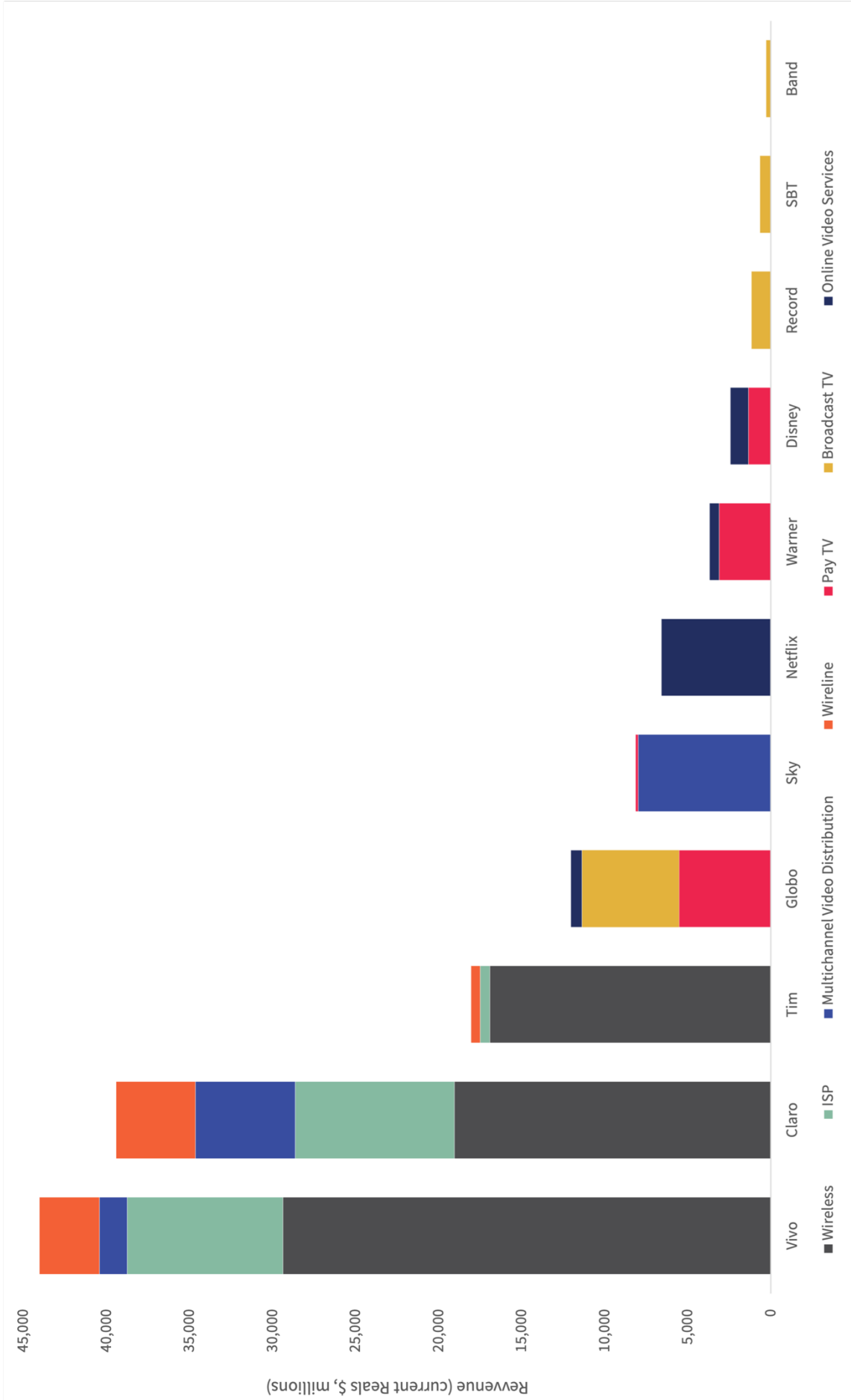
## Brief discussion of largest firms and notable changes over time

Analyzing the revenues of the main companies in the network media economy requires pooling together each company’s revenue in each sector they operate in order to provide a holistic view of each company’s stake in the network media economy. Thus, in contrast to our starting point where we looked in detail at developments and trends on a sector-by-sector basis, in this, our concluding section, we draw a composite view that tries to capture the whole of the network media economy, and the place of each major company for which we have satisfactory information in it.

To this end, Figure 18, below, shows the largest companies based on the revenue across the network media economy.

**“the main problem of concentration in the media sector is in the levels of concentration in large groups that have an important participation in all media markets”**

Figure 18: Leading communications-internet and media companies in Brazil, 2021 (current Reals \$, millions)



Source: see “Fig 18 top companies” sheet in the Excel Workbook accompanying this report and related sheets for each sector in the GMIC Project—Brazil open data sets.



Figure 18 presents a first sample of the main groups present in the network media economy in Brazil in 2021. However, before proceeding any further, we must be clear that there are several pieces missing from the puzzle. Crucially, the global internet companies do not provide data broken down by country. Given this, the revenue figures shown are useful for illustrative purposes but must be treated with caution. The revenue data for Alphabet, for example, was obtained from a website article<sup>12</sup>, while the Amazon data is only for its Prime Video service. In addition, and so far, it has not been possible to obtain reliable data from Meta at all. Lastly, it was also not possible to obtain data collected by companies in the radio, newspapers and magazine markets. Such data would have increased the turnover of national groups and, therefore, likely changed several details of our analysis. However, this approach allows us to develop a first classification of the existing groups in Brazil.

The three types of groups that participate in the network media economy are: national groups with a strong presence in the audiovisual, press and publishing industries; the telecommunications groups with a strong presence of international capital, and finally the global groups that operate in social networks and internet services.

As we have already mentioned, global internet groups do not break out their revenue by market and country. Beyond the lack of accurate data, there is no doubt about Google and Facebook leading several markets as well as the income they generate, just as Netflix stands out in terms of its dominance of the online video services market. In a news story that did not clearly indicate the sources, it claimed that Google's total turnover in Brazil during 2021 was 104 billion reais.<sup>13</sup> We do not include this information in the table until we have confirmation of the numbers. The amount is striking because, if true, Google's income in one year would exceed those of the two telephone companies combined, and would multiply by ten the income of the main media group, Globo.

It was not possible to obtain information regarding Meta's revenues in Brazil. The third global group is Netflix, which in a few years has come to occupy a prominent place among the leaders by revenue in Brazil. With its 6.6 billion, it already invoices almost half of the Globo Group and more than the rest of the country's broadcast channels.

International groups dominate the telecommunications market, the collection of sectors that have the highest revenue amongst those we study. As in the rest of the Latin American countries, there is a dispute for market leadership between Telefónica and América Móvil in each segment of the telecommunications and internet access market. In Brazil, Telefónica operates mainly under the Vivo brand and América Móvil with the Claro brand. Telecommunications companies have a great economic importance due to their turnover, but their ability to influence the public agenda occurs indirectly. They are large advertisers and lobby permanently, but they do not own media directly. This differentiates them from the large media groups in Latin America (Globo, Clarín,

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<sup>12</sup> Quanto o Google fatura no Brasil? *Insights* ([nd](#)).

<sup>13</sup> Quanto o Google fatura no Brasil? *Insights* ([nd](#)). *Insights*.

Televisa) that are not only large economic structures, but also use their media to pressure political power.

Telefónica is a company created by the Spanish state, but its main shareholder is currently Saudi Telecom, followed by an investment fund and some Spanish banks. It is the fourth most important telecommunications company in Europe and the thirteenth worldwide. Its dominance of the mobile phone market, where the most important revenues are generated, transforms it into Brazil's largest company in the digital media economy.

América Móvil is a Mexican-owned company. Its main shareholder, Carlos Slim, is one of the richest people in the world. América Móvil operates in 18 countries in America and is another of the largest telecommunications companies worldwide. Brazil is América Móvil's main market, where it has the largest number of users and is its largest source of income. It is the undisputed leader in the multichannel video distribution market.

In third place by economic importance is the Italian company Telecom through the TIM brand, which is the third mobile telephone operator by revenue, although its total billing reaches less than half of what the leading companies obtain.

In fourth place, there is the Marinho family's Grupo Globo. The Globo Group, for example, has vehicles or networks central to the broadcast television markets (Red Globo, audience leader), pay TV (with content managed by the Globosat subsidiary, including the GloboNews channel and dozens of others, among them) which include sports channels to access football), internet (with Globo.com, the largest Brazilian news portal), radio (having two networks of its own, Globo AM / FM and CBN, appearing among the top ten); in the print media, it has highly relevant newspapers such as O Globo, Extra, Valor Econômico and Expreso de la Información and magazines such as La Época, Crecer, Galileo, Marie Claire and many others. It also has one of the country's main news agencies, Agencia O Globo (AOG). The Globo Group also operates in markets such as phonographic, cinematographic and publishing. According to the study carried out by the Media Ownership Monitor in 2017, Grupo Globo reached 43.86% audience, without considering its participation on the internet, with the most important news portal in Brazil.<sup>14</sup> Unfortunately, it was not possible to obtain all the income data of the Globo group in Brazil.

The fifth group by economic importance is Sky, whose main markets are pay television (MCVD) and internet distribution (ISP). For many years it belonged to AT&T, but in November 2021 it was sold to the Werthein family of Argentina. Its vertical integration is limited.

The other media group that has a high vertical integration is Record of the Macedo family, linked to the Universal Church of the Kingdom of God. Its presence in the broadcast television market stands out with RecordTV, which has fifteen owned and operated stations and ninety affiliates, and which host the news channel RecordNews. It

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<sup>14</sup> Entrevoces ([2017](#)). La hegemonía de la concentración sin límites. *Media Ownership Monitor Brazil*. MOM.

has nine radio stations in the main cities of the country. In the written press it controls the *Correio do Povo*, and the R7 portal. It has not been possible to reach Record group's discriminated billing data.

As the MOM report points out: "The strategies and adaptation of some of the Brazilian groups to the scenario of multiple communication devices, with the so-called technological convergence, allowed them to expand their market share. Many of these groups are reorganizing their information production structures, reducing the number of professionals hired and expanding the responsibilities of their journalists to work in multiple media."<sup>15</sup>

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<sup>15</sup> Intervezes ([2017](#)). La hegemonía de la concentración sin límites. *Media Ownership Monitor Brazil*. MOM.

## Conclusion: Stable revenues, high concentration and dispute between sectors

The revenues of the network media economy went from 188.4 billion reais in 2019 to 223.1 billion in 2021. This 18% increase in billing volume must be analyzed together with Brazil's inflation index, which in the same period was 18.89%. Therefore, it can be stated that revenues remained stable in relation to the economic situation of the country. An important observation is that 10.06% of inflation was accumulated during 2021 as a consequence of the COVID pandemic. In future reports, with greater stability, we will be able to better evaluate the behavior of the various industries that make up the network media economies.

The network media economy is highly concentrated. As mentioned above, three well-differentiated types of actors can be distinguished that dominate each of the segments into which this study has been divided: national media, international telecommunications and global internet. Although there were some moments of cross investments between the three sectors, currently the groups remain segmented by these large structures.

The main groups present structures that imply vertical and diagonal integration (i.e. cross-media ownership), with a pronounced balance in favour of the latter type. Ownership groups such as Globo have extensive cross-media holdings, as we have shown, although none of them manages to be present in all the markets. The structure of ownership behind these media conglomerates is mainly familial in the media, whereas mixed ownership combining regional and international capital backs the main telecommunications groups (Telefónica and América Móvil) and US-based capital and global funds stand behind the multinational internet companies (e.g. Google, Meta, Netflix). In another words, within the media, national capital predominates, while in the rest of the markets, foreign capital prevails.

Although the Brazilian Constitution prohibits monopolies and promotes competition, there is no legislation in the country that restricts the concentration of property, so the growth of groups is given by their economic capacity, rather than legal limitations. The Brazilian model is characterized by the hegemony of the private system, although the 1988 Federal Constitution establishes the complementarity between the public, state and private communication systems. There are some public media but they do not have a significant audience or economic importance.

Although it is possible to assume that the participation of Big Tech companies such as Google, Meta, Amazon, Netflix, Apple, Microsoft, Sony, Spotify, Bytedance (TikTok), and Twitter have increased their income in recent years, this data must be confirmed. The

growing importance of advertising resources allocated to social networks allows us to infer this.

Telecommunications companies continue to collect most revenues from the network media economy. Although they do not constitute the most dynamic part of the sector, they have achieved an income structure that is maintained over time. At some point, they ventured into the media sector, but currently there are no movements in that direction.

The sector of online media and traditional media services, in which audiovisual services, music and the publishing sector stand out, faces important challenges with the arrival of large global entertainment operators and social networks. For now, the sector does not record large losses, although movements are being observed to reorient its business models. As shown in Figure 4, print and television revenues have remained stable and have accompanied inflationary growth. The main threats so far come from a loss in audience and advertising market share. Many communication groups continue to belong to family structures that make it difficult for capital to enter without dissolving family power. A unique feature of Brazil is the ownership of media by politicians, mainly legislators, as well as by religious groups linked to Protestant electronic churches.

Another issue that is outside the scope of our research but has been highlighted by the Media Ownership Monitor report is that the Brazilian media with the largest audience is controlled, directed and edited, for the most part, by an economic elite made up of white men with little internal diversity in terms of race, gender and identities.

As a general trend we can see a slight decrease in concentration levels in recent years in Brazil. For example, in the case of telecommunications companies the HHI went from 2,726 in 2019 to 2,377 in 2021. In the audiovisual and publishing sector it went from 2,867 to 1,572 in the same period. Finally, in the internet sector, the decrease in the period 2019-2021 was from 5711 to 5673. Of course, this is only indicative of general behavior and what happened in each market must be analyzed in depth. In any case, it is indicative that markets with lower HHI have had more pronounced declines than the ones with the highest HHI. This contributes to thinking that when dominant positions are reached, the entry of competition is increasingly difficult.

To qualify this answer, it is necessary to make two complementary remarks. The first one is that the slight decrease starts from very high concentration levels. The second is that we are witnessing a time of change in the economic structures of the sector, which in some cases causes new competitors to emerge.

It is also clear that the internet sector is the one with the highest concentration, which is the most stable, and is controlled by global companies that have no identification with territory. Paradoxically, however, the even deeper incursion of these companies into the Brazilian media economy means that, at least for now, their effect will be to reduce concentration by offering new services, new choices, and new competitors. However, we should not be confused; this will likely be a short-term benefit, while the long-term threat is that such actors will undermine the existing national, regional and

international groups that have dominated for so long, but whose future is now very uncertain.

The telecoms and internet access services market also shows high concentration, although less than that of the internet services and applications. The operating companies are foreign but have a presence in the Brazilian territory and a direct link with their clients.

Finally, the audiovisual media, the written press and the publishing sector show the lowest levels of concentration. At the same time, they have presented more changes in the indicators in the period analyzed. In most cases, they respond to family structures and seek to adapt their economic model in a period of uncertainty marked by the emergence of much more economically powerful digital competitors.

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