

Brasil News Media Landscape Trends

September 2021



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Estimates of newspaper revenues are based on a composite of public sources as cited throughout the report. This aggregate information was also tested against Accenture's proprietary datasets and publicly available company-level information and reporting. Where equally reliable and authoritative estimates varied from one another, an average of the available data is reported.

All figures in the report are quoted in the local currency.



Executive summary

The Brazilian media landscape has fundamentally changed in the past two decades. The internet democratised how content is created and consumed, enabling new channels of communication between businesses and consumers.

These changes have significantly disrupted traditional newspaper revenues. Despite the GDP of Brasil growing 19% between 2007 and 2018, newspaper revenues over that time have slightly declined.

Since 2007, newspaper revenues fell 18 million Reals. The decline in classifieds revenue was more than five times larger than that – declining over \$106 million BRL in the same time period. Newspaper revenues have stayed constant only due to growth in circulation revenues. In the meantime, classifieds advertising now happens on several pure play online sites: digital-only businesses which host listings for a specific niche such as job advertisements, second-hand cars and household items, or real-estate listings. These businesses are often supported by local investors, including news publishing businesses.

In the meantime, over half (62%) of the growth of online advertising has come from new growth rather than displacing the existing markets of traditional advertising. These new advertising dollars are coming in part from the rapidly growing participation of small and medium-sized businesses in advertising spending, as they are now able to choose from a more diverse array of advertising platforms.

The decline of print classifieds and the increase in online advertising is ultimately driven by a change in reader behaviour. The share of the news-consuming population which rely on print news fell from 50% in 2013 to 23% in 2020, while reliance on online news stayed constant. 66% of Brazilians report relying on social media for news, compared to 45% of Americans or ~35% of Europeans.



1

What caused the decline in Brazilian newspaper revenues?

Newspaper revenues stayed constant despite a large increase in GDP

Brasilian newspaper revenues have stayed constant despite the increase in GDP by over 19%.

Newspaper revenue in Brasil stayed nearly constant at 3.4 billion BRL from 2007 to 2018.¹ This is despite a growth in GDP over the same period of over 19%.

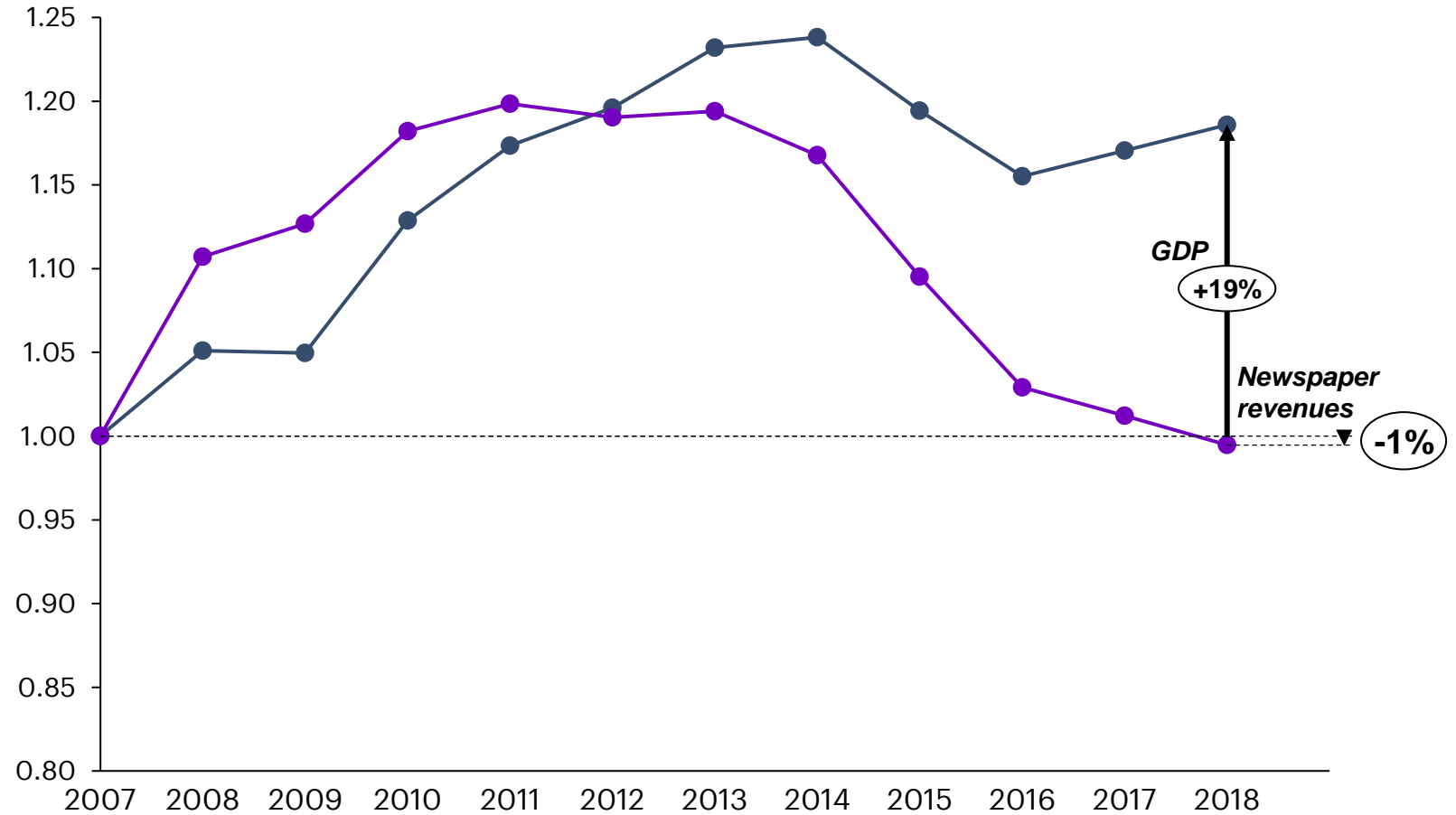
This flat performance hides a volatile decade for Brazilian newspapers. As the overall economy grew and raised household incomes, newspaper revenues also increased rapidly. Richer households buying more newspapers and attracting more advertising dollars.

However, soon newspaper revenues in Brasil followed global trends and declined steeply. This period was characterised by significant innovation in the media sector. Programmatic advertising lowered the cost of advertising and increased access. Online marketplaces replaced traditional classifieds models. And changes in consumer behaviour associated with the launch of internet-enabled handsets and associated software led to far greater people both consuming information and making purchases online.

¹ Data from Global Media & Entertainment Outlook, provided in constant USD, has been converted to local currency based on the exchange rates cited in the Global Media Monitor, and adjusted for inflation based on data from the World Bank and Banco Central do Brasil.

Brasilian newspaper revenue relative to GDP

Growth in GDP and newspaper revenues (Indexed to 2007 values)



Sources: Global Media & Entertainment Outlook (2012 – 2018 reports covering past five years), World Bank, Banco Central do Brasil (2020), Accenture analysis.

NOTE: Index is constructed based on data provided in inflation-adjusted local currency units.

Classifieds revenue fell more than 5x as fast as total revenue

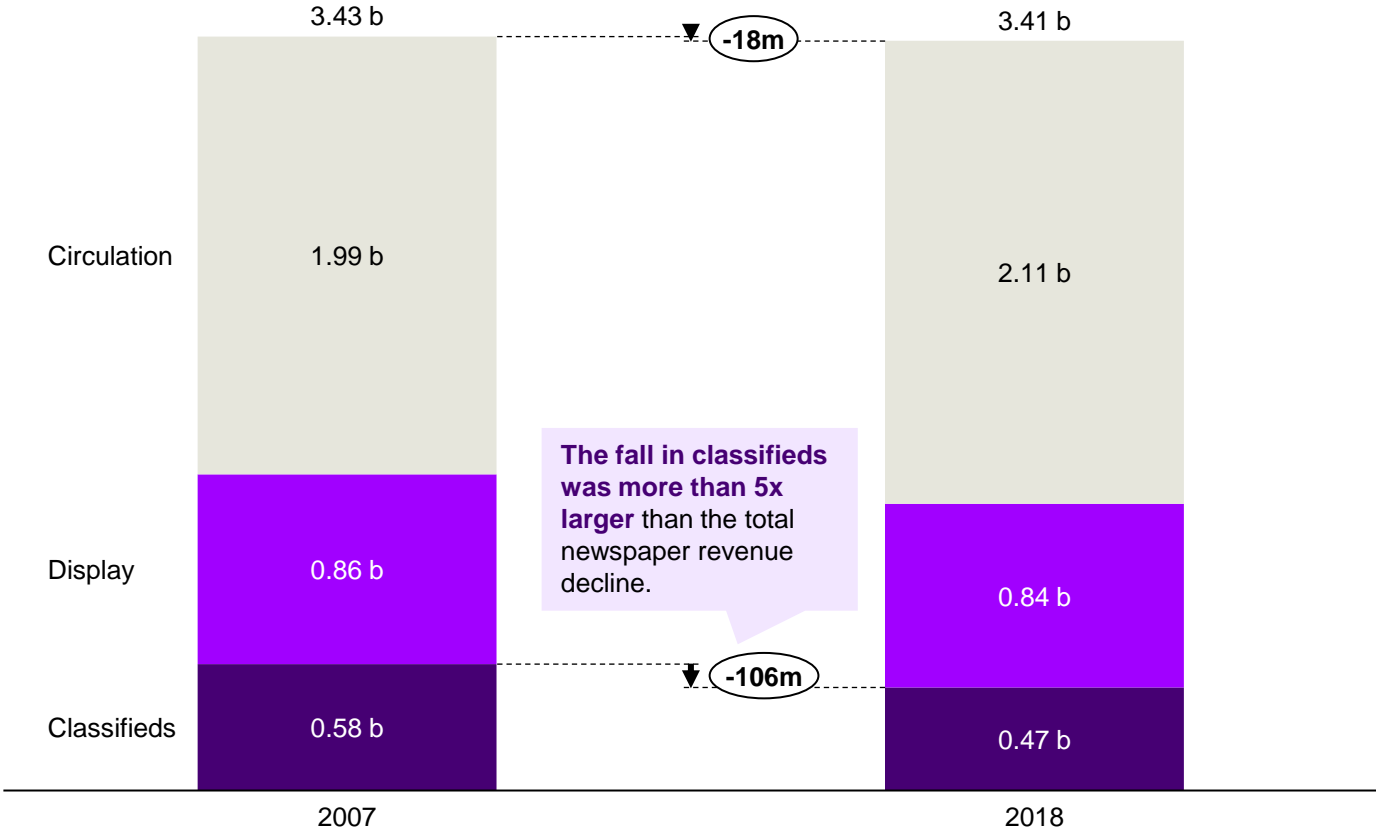
While total newspaper revenues fell 18 million Reals, classifieds revenues fell 86 million BRL over the same time period.¹

Newspaper revenues are comprised of three segments. "Circulation" revenue is from the sale of print newspapers or subscriptions to digital products. "Display" refers to banner advertising and other large advertising shown on print papers or digital news sites. "Classifieds" refers to small-scale text advertising traditionally used by small businesses, sell second-hand goods, or advertise employment opportunities and personal news.

Circulation was the dominant source of revenue for Brazilian newspapers even in 2007, making up 1.99 billion BRL out of a total of 3.43 billion BRL (58%). This revenue actually grew to 2018, while classifieds revenue fell by 106 million Reals. The scale of that decline was over 5x faster than the decline in overall newspaper revenue.

Brasilian newspaper revenue by segment

Total domestic newspaper revenue by segment, quoted in inflation-adjusted BRL



¹ PwC, AEDE, InfoAdex; WAN - IFRA, Accenture analysis.

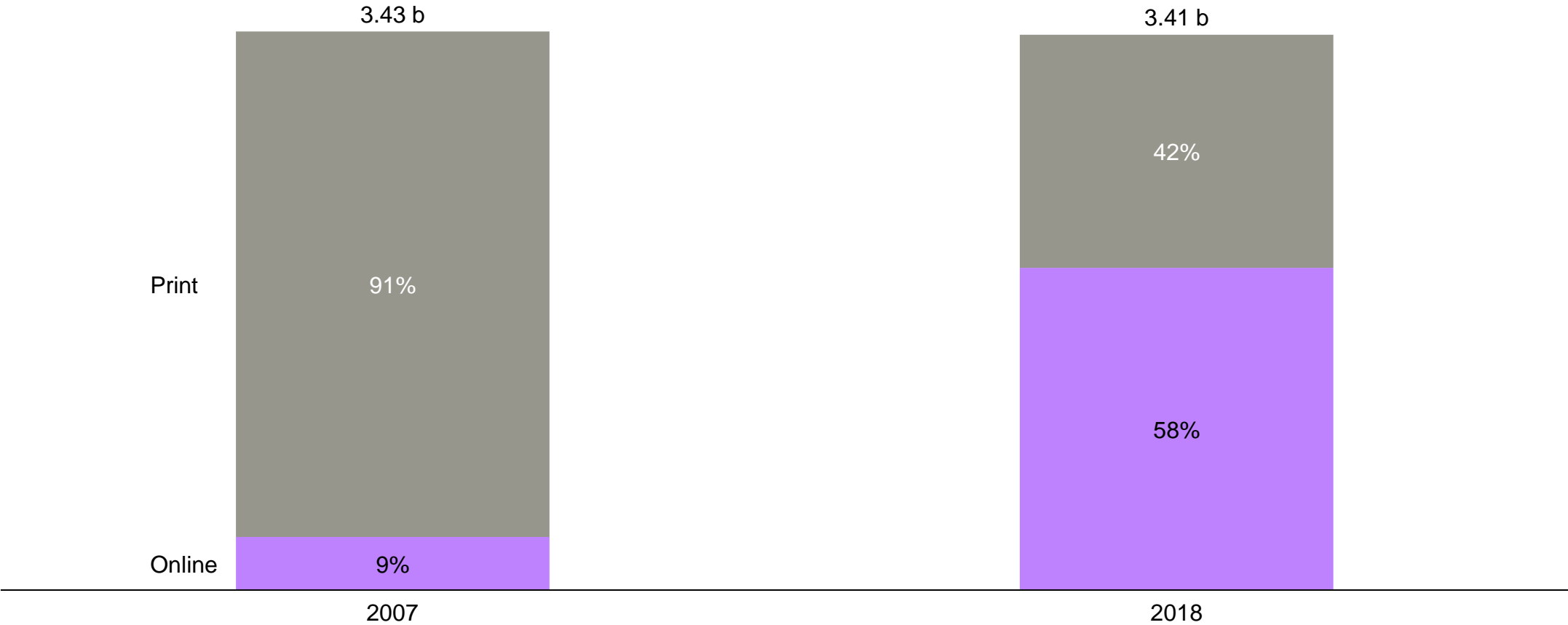
² Newspaper classified revenue is assumed to primarily come from print, as companies who own online classifieds platforms such as Classificados Brasil operate these as distinct business units from newspapers. Some newspapers offer free digital classifieds or have readers advertise on affiliated digital classifieds businesses.

Note: Components may not sum exactly to totals due to rounding. Sources: Global Media & Entertainment Outlook (2012 - 2018 reports covering past five years); Wharton School of Business (2018); Banco Central do Brasil (IBGE/IPCA inflation) (2020); Accenture analysis.

The online share of newspaper revenues has skyrocketed from 2007 to 2018

Newspaper revenue, print versus online

Share of newspaper revenues by print versus online



Online classifieds platforms are the dominant force in the classifieds market

Digital classifieds now dominate classifieds advertising, attracting 77% of its revenue

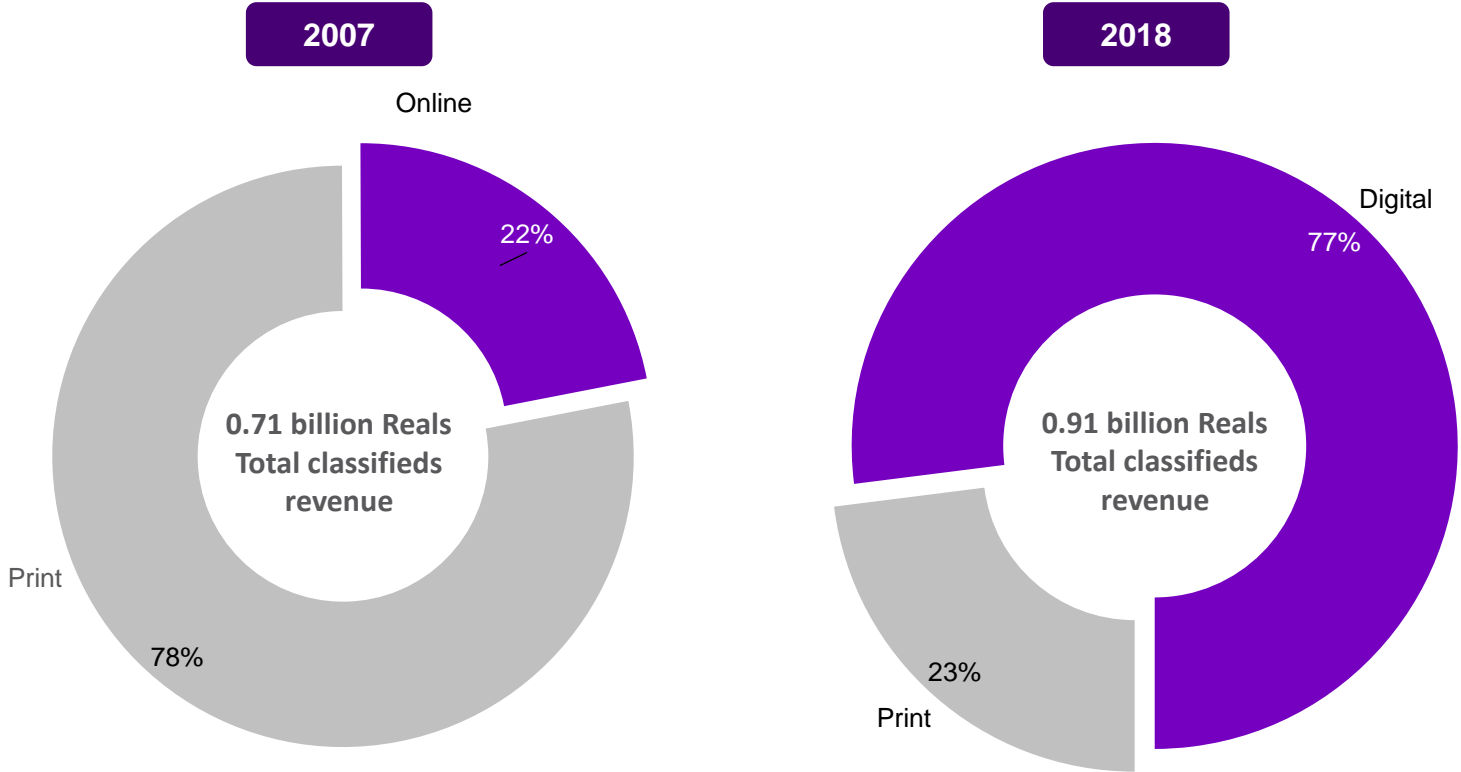
The classifieds advertising market is comprised of both print classifieds and digital classifieds. Print classifieds are dominated by newspapers and also include trade magazines and other print directories. Digital classifieds represent a variety of different online platforms – though the majority tend to be “pure play” sites which focus on a particular product or market niche.

Brasil has a variety of online classifieds platforms. OLX has been a dominant force in digital classifieds for the past decade. Local sites like VivaReal and Classificados Brasil for real-estate, webmotors for second-hand cars, and vagas.com.br for jobs provide digital destinations for classifieds advertising.

The dominance of digital platforms in the classifieds advertising market is likely underreported. Since many digital classifieds platforms provide for free listing, or facilitate person-to-person transactions that are not recorded, the official data sources represent only a part of the overall digital classifieds market.

Classified advertising revenues, print versus digital

Share of total classifieds revenue, 2007 to 2018



Note: Digital classifieds revenue are likely to be an underestimate as they exclude “P2P” (person-to-person) advertising such as on AirBnB, Facebook Marketplace or dating websites. These are excluded from most datasets of advertising data as they are difficult to observe in full, or are based on free-to-use platforms. As such, the above conclusions are conservative – in all likelihood, the total classifieds market is even more dominated by digitals today than estimated above.



2

**Where did the growth of
online advertising revenues
come from?**

The advertising market grew significantly despite print revenue declines

The total Brazilian advertising market grew 3.1 billion BRL from 15.3 billion BRL in 2003 to 18.4 billion BRL in 2018.

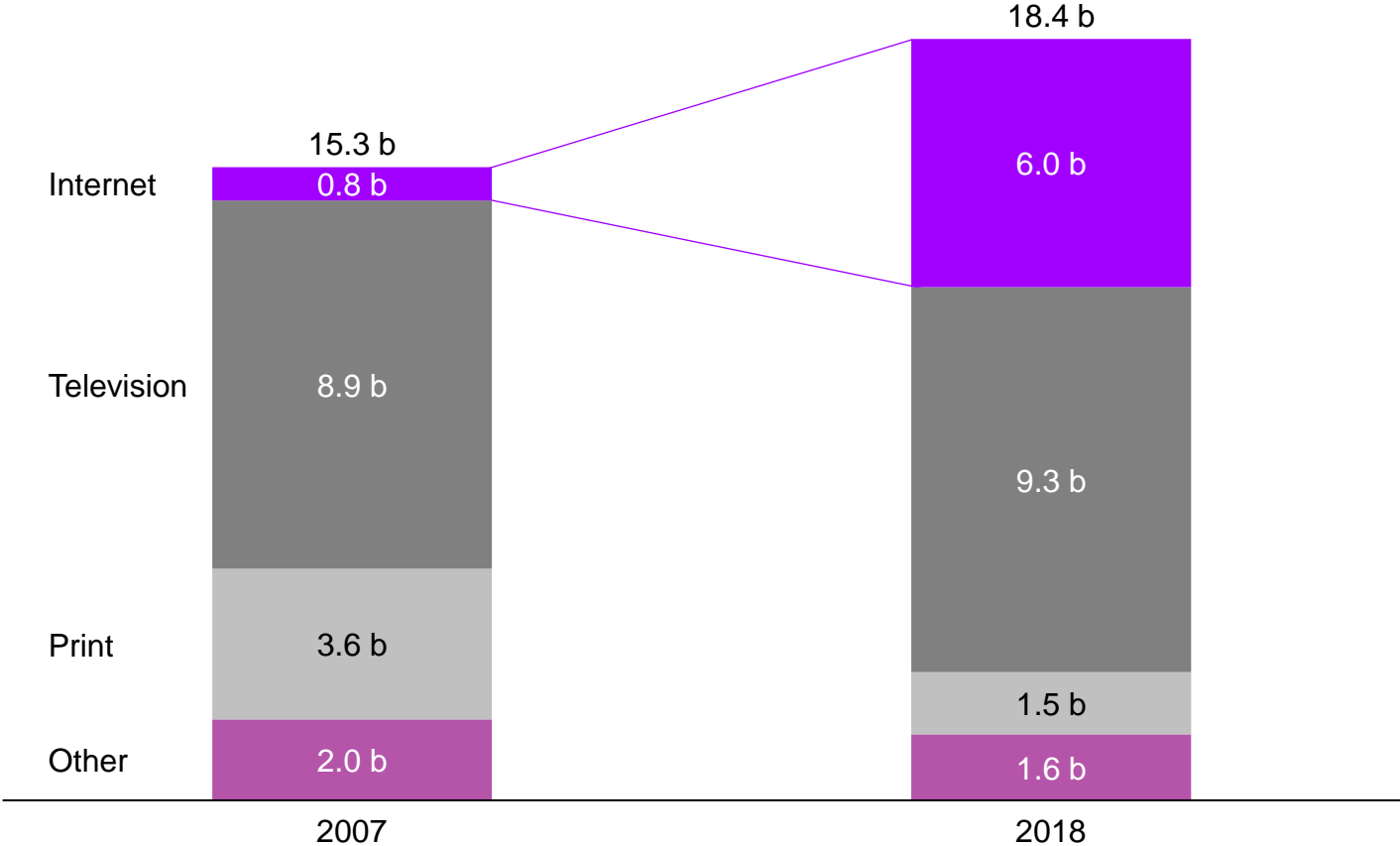
The total advertising market is separated into three categories: "Internet" advertising includes all advertising which occurs online – including under the brand of traditional advertisers such as news websites or television streaming. "Television" advertising includes only broadcast television. And "Print and other" includes print newspapers & magazines, radio, and outdoor advertising.

Internet advertising grew by 5.2 billion BRL in the years from 2007 to 2018. Television advertising also grew slightly in that time period, from 8.9 billion BRL to 9.3 billion Reals. This growth was offset by a decline of print and other advertising, from 5.6 billion BRL to 3.1 billion Reals.

The growth in online advertising represents an overall growth in advertising expenditure, rather than a cannibalisation of existing revenues. It represents an increased ability for businesses to connect with their consumers.

Total domestic advertising revenue by segment

Inflation-adjusted Brazilian BRL (billions)



SOURCE: SP Kagan (2020), Accenture proprietary data (2020), Accenture analysis.
 NOTE: Data provided in US dollars were converted based on exchange rates quoted in the relevant data sources and deflators as provided by the World Bank and Banco Central do Brasil.

Internet advertising has grown predominantly from new opportunities

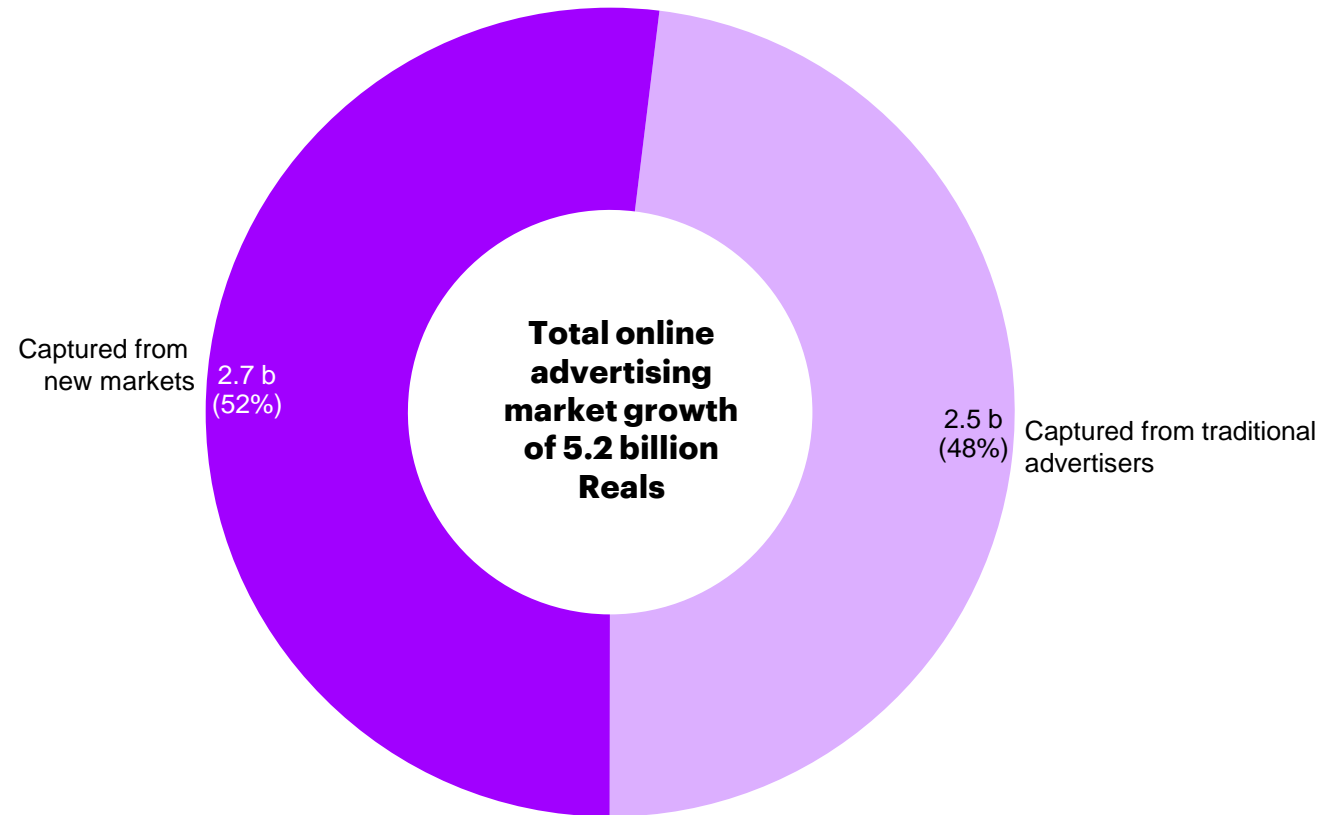
The value of online advertising has grown significantly from 0.8 billion BRL in 2007 to 6 billion BRL in 2018.

Online advertising represents an entirely new way for advertisers to connect with their clients. Among other things, it created a scalable and cost-effective opportunity for small and medium-sized businesses to reach consumers in a particular niche or locality. The OECD has highlighted the transformational effect that online advertising has had for small and medium enterprises (SMEs) – including in enabling access to new markets, and affordable access to advanced targeting, market segmentation and impact analysis.¹ According to research from Deloitte in 2013, advertising can be especially valuable investment for SMEs: their return on investment (ROI) is eight times higher than that of a large advertiser.³

Online advertising has grown for the most part (52%) from the overall growth in the advertising sector. New markets in online advertising include new technologies like search engines (both general and for particular apps and websites), new business models like online pure play websites, and the online presence of legacy players such as websites of newspapers and magazines.

Sources of growth of internet advertising revenue

Internet advertising revenue in 2018, by attributed source



¹ OECD (2021), "SMEs in the online platform economy, Chapter 3: The Digital Transformation of SMEs", Available at: <https://doi.org/10.1787/bdb9256a-en> ² DirConfidential (2020), 'IAB pronostica que en 2021 el 71% de la inversión publicitaria será digital'. ³ IAB Europe (2018), "Programmatic Advertising for SMEs" Available at: <https://iabeurope.eu/blog/guest-blog-programmatic-advertising-for-smes/>



3

How have reader preferences changed over time?

Globally, paying audiences for news continue to grow, driven primarily by digital circulation

Globally, the demand for news has remained strong. Print circulation has remained stable over the five years to 2018, while paying digital audiences have grown rapidly.¹

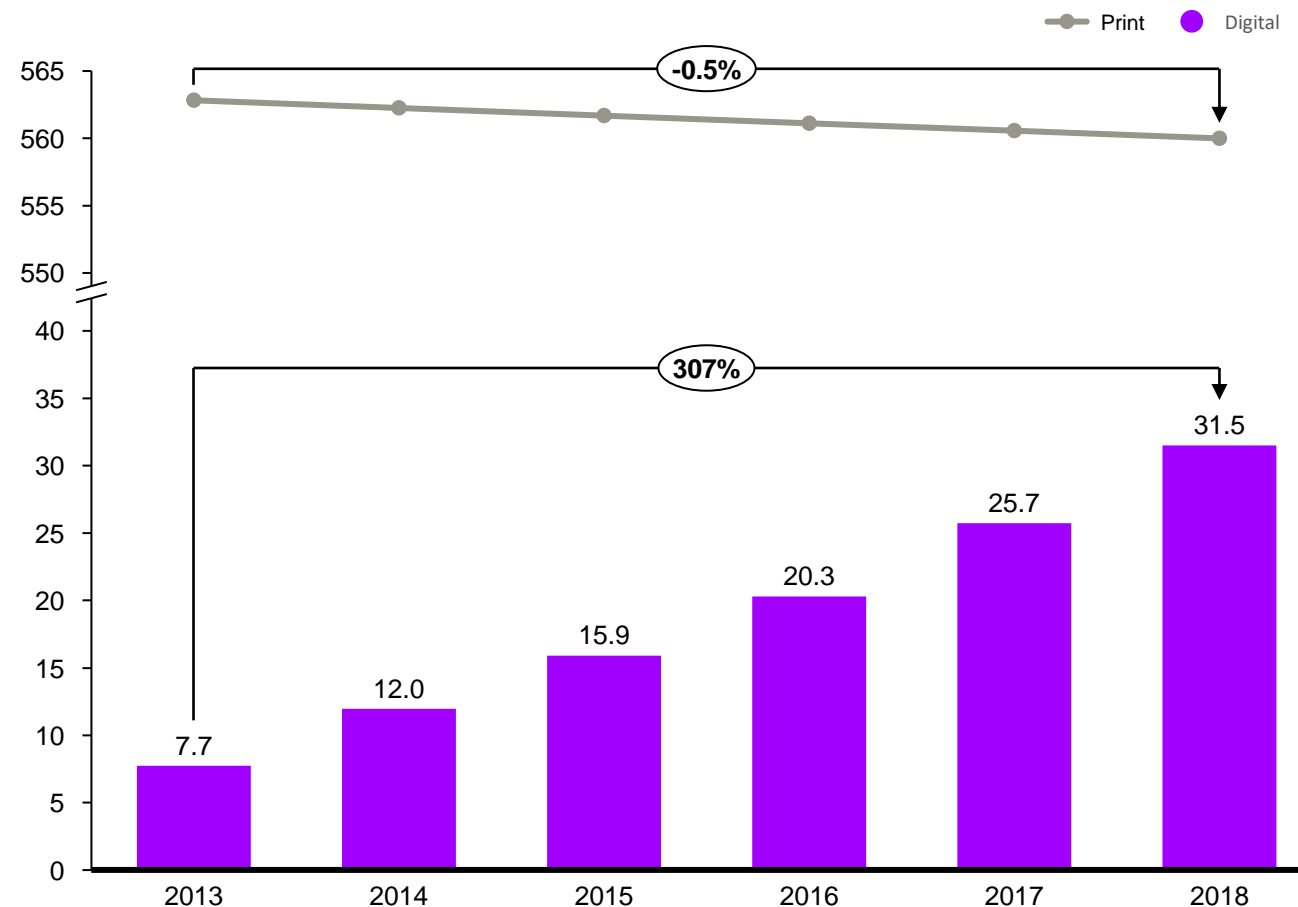
Global print circulation figures remained relatively stable between 2013 and 2018, falling by just 0.5%.

However, paid digital circulation has grown rapidly as publications deploy new payment models and content strategies. Data shows that consumers are willing to pay for digital news. Between 2013 and 2018, digital circulation volumes increased by 307% to reach 31.5 million paying subscribers.

Across all news publications globally, the fall in paid print subscriptions has been more than offset by growth in paid digital news subscriptions. Between 2013 and 2018, the number of paid print subscriptions fell approximately 3 million while paid digital subscriptions increased by 26 million.

Global average daily print and digital circulation

Millions of units daily, 2013-2018

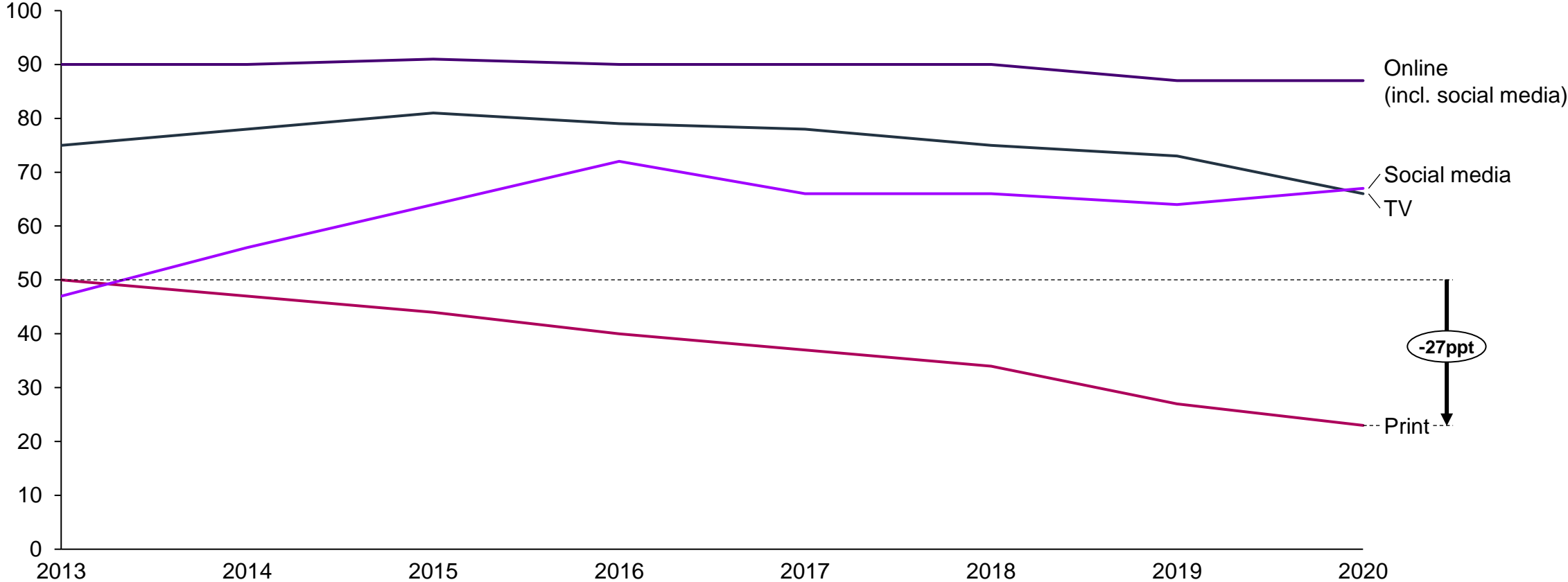


¹World Association of News Publishers, 'World Press Trends 2019'.

The share of people accessing news online has remained high over the past several years while the share of people accessing print news has more than halved

Means of accessing news

Share of news consumers in Brasil which use that medium for news, by medium (print and online) %



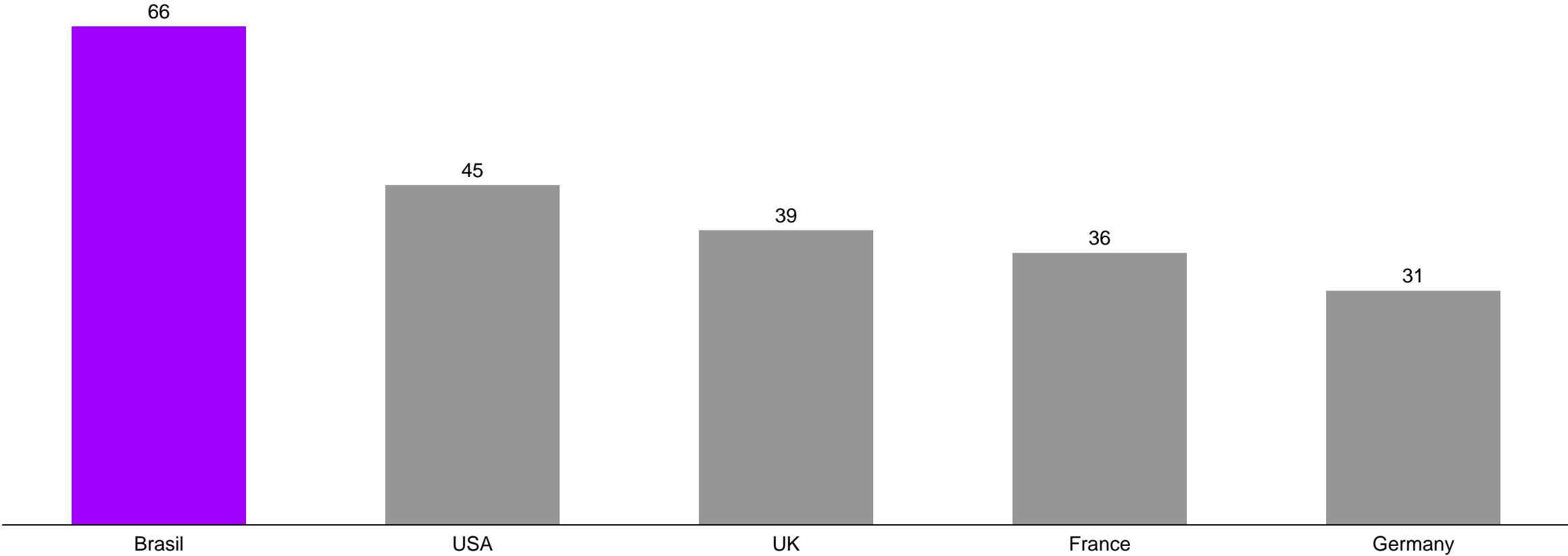
SOURCE: Reuters Digital News Report 2020



66% of people in Brasil report using social media as a source of news – a much higher share than in other major global economies

Use of social media for news

Share of population which use social media for news, by country (%)



SOURCE: Reuters Digital News Report 2020



Glossary and notes

“Newspaper revenues” refers to total income earned by print and digital news products. It is not an estimate of total corporate revenue of the parent companies of news organisations. For example, some newspaper companies also earn revenue through investments in live events, technology platforms, or ‘pure play’ websites. In keeping with statistical standards, these are not counted as part of newspaper revenues.

“Display advertising revenue” is earned from the placement of visual display advertisements in print papers or on websites. They are traditionally larger than classified advertising, and include greater variety of image or font designs.

“Classified advertising revenue” is earned from the listing of predominantly text-based notes in print papers or on websites. They are traditionally smaller than display advertising, and tend to be of more uniform size and design. They most commonly advertise small businesses, second-hand goods, real estate, jobs, or personal notices.

“Circulation revenue” is earned from fees paid by readers to access the news. They include the cover price of print newspapers, recurring subscriptions for online access, or any other fee-to-read model.

Estimates of newspaper revenues are based on a composite of public and proprietary sources. Key sources include the Global Media and Entertainment Outlook, Reuters Digital News Report, and macro-economic data from the Brazilian central bank. This aggregate information was also tested against Accenture’s proprietary datasets and publicly available company-level information and reporting. Where equally reliable and authoritative estimates varied from one another, an average of the available data is reported.

All figures in the report are quoted in local currency. Estimates from some sources were provided in foreign currencies, in which case they were converted to the local currency at the appropriate rate: as either provided in the source, or the annual average at the time of the source being compiled. Figures are quoted in inflation-adjusted terms unless marked otherwise.

Calculating classified share of the newspaper revenue decline

This report estimates that classifieds revenue fell more than 5x as fast as overall newspaper revenue from 2007 to 2018. This is calculated as a simple fraction where the difference in classified revenue between those years is divided by the difference in total revenue over the same period. The years 2007 and 2018 were chosen as this was the window of time in which news revenues peaked and began their sustained decline (see page 5).

Calculating source of online advertising revenue growth

This report estimates that 53% of the online advertising market in 2018 comes from new market growth. This is calculated by conservatively assuming that online advertising was responsible for all of the nominal decrease in advertising expenditure in traditional categories. As such the 53% is the difference in advertising expenditure between 2007 and 2018 expressed as a share of the total size of online advertising expenditure in 2018.