



LATIN AMERICA: POLITICS,  
ECONOMY AND SOCIETY IN 2013

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## CONTENTS

Prologue	3
Political and electoral panorama in Latin America (2013-2016) The Latin America of the three "Cs": Continuism, Centrism and middle Classes	5
Audiovisual Overview of Latin America Concentration and technological renewal	16
The protests are here to stay: Social change and mobilisation of citizens in Latin America	35
Overview of Latin American press The pre-Internet boom	51
The Latin American radio panorama The future of radio in Latin America: a new revival	67
LLORENTE & CUENCA	79



## Prologue

Latin America is currently going through a good period accompanied by the development and consolidation of the new emerging middle classes. These are demanding that their governments provide the guarantees and means to effectively exercise their rights and they want their share of the gains from economic progress.

Although it is common to talk about Latin America as if it were a homogeneous region in terms of its political, economic and social situation, the reality is that this region is anything but homogeneous. The different economic and social situations, the distinct political junctures and the diverse operating environments for companies and financial institutions are, among others, factors that lead to the diversity that characterises Latin American countries.

That is why we need to look more closely at Latin America, examining each of the features that make these countries unique.

In all of this, we need to take into account the creation of new blocks that, like the Pacific Alliance, have an impact on the current situation and influence future expectations in terms of the political and economic development of the region, as well as shaping the strategic international situation.

The next few years will be decisive for the future of the region, firstly given the “electoral rally” that will take place between now and 2016, which will determine the new political panorama of the region. Given current trends, it seems that the political situation in Latin America over the next three years will be marked by continuity, centrism and the growing importance of the middle class.

In addition, we are also seeing in Latin America a revolution in the emergence and use of the Information and Communication Technologies (ICTs) and this is proving to be a catalyst for communication becoming a key factor in the cultural development and economic growth of the nations.

So, and in contrast to the crisis in the press in Europe and the United States, Latin America is currently experiencing a boom in the readership of the written press.



Similarly, the audiovisual sector in Latin America has not remained on the margin of these transformations and it has followed the trends being seen globally. Phenomena such as technological development, the increase in the emerging classes and their purchasing power and the fragmentation of the markets are what characterise the audiovisual media sector in the region today.

The same is true for radio. Thanks to the growth of the new technologies, the radio sector in Latin America is experiencing a rejuvenation which is also leading to the appearance of new radio stations, such as those broadcasting over the Internet. Once again, the fragmented nature of the audience is leading to new strategies for broadcasting content.

All of these processes are taking place in an environment dominated by the development of the emerging classes, who have become the driving force behind social change on the continent and who, in some cases, are making their voices heard in protest against the lack of public services and infrastructures which, in their view, should be provided by the state. To date the governments have proved themselves incapable of channelling these collective demands and responding to them.

In short, Latin America is currently experiencing a period of change and the only way to understand this reality is to look at the region from a multidisciplinary perspective.

This summary includes some of the decisive political, economic and social issues affecting Latin America in 2013. We must be aware of these, and the differences between the countries, if we hope to gain a thorough understanding of this region.

**José Antonio Llorente**  
Founding Partner and Chairman



**Political and electoral panorama  
in Latin America (2013-2016)**  
The Latin America of the three “Cs”:  
Continuism, Centrism and middle Classes

Madrid, june 2013

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1. INTRODUCTION
2. DEVELOPMENT
3. RE-ELECTIONIST TRENDS IN THE REGION (2013-16)
4. CONCLUSIONS

## 1. INTRODUCTION

Between 2013 and 2016 most of the countries in Latin America will renew their executive and legislature. This electoral “rally” will be a good time to assess the political dynamics of the region, analysing in particular two phenomena:

- Discover the **predominant political tendency in the region**, after the “sway to the left” between 2002 and 2008 and the revival of the centre right candidates between 2009 and 2012.
- And study **re-electionism** as a regional phenomenon that reveals a growing **hyper-presidentialism** in most Latin America countries.

The elections in Ecuador in February 2013 and in Paraguay and Venezuela in April marked the beginning of a new Latin American election cycle that will end in 2016, by which time 17 of the 18 countries will have held their presidential elections (Mexico is the only country with elections after that year, in 2018).

It is a decisive four-year period, therefore, during which we will find out how strong the “XXI century socialism” is without Hugo Chávez, observe the progress of the reformist left in South America and check the strength of the centre right options in Mexico, Central America, Colombia and Chile.

We uphold in this report that politics in Latin America is currently marked by three “Cs”: the predominance of **centrist** political outlooks (centre left and centre right) combined with the stagnation of more radical positions; the continuism of governments in power thanks to the excellent economic situation and constant growth since 2003 - except only in 2009-; and the emergence of **new, heterogeneous middle classes** in the region with greater purchasing power (and borrowing capacity), which also explains the continuist tendency and centrist positions.

### ELECTION CALENDAR 2013-16

2013	Presidential elections in Ecuador, Paraguay and Venezuela (already held in these three countries) and in Honduras and Chile
2014	Presidential elections in Brazil, Colombia, Bolivia, Uruguay, El Salvador, Panama and Costa Rica
2015	Presidential elections in Argentina, Guatemala and Nicaragua
2016	Presidential elections in Peru and the Dominican Republic

**“There are three political and electoral tendencies in Latin America. At different times some hold more weight than others, but all three are always present”**

## 2. DEVELOPMENT

To explain that shift towards the centre in the region, we must first analyse (I) the different tendencies and (II) the political dynamics present in Latin America.

Then, in the third part of this analysis, we will study the “re-election fever” in Latin America.

### I The three major political tendencies in Latin America

Through the elections due to be held in the coming four years we will be able to see which of the three major tendencies in the region currently holds the greatest weight. The prevailing idea up to now has been that Latin America shifted either to the left (2002-2008) or to the right (2009-2012). At present, however, the political bias is actually more complex and much more heterogeneous.

The victory of Sebastián Piñera in the second round of the 2010 presidential elections in Chile appeared to confirm Álvaro Vargas Llosa’s theory of a shift to the right in Latin America (with the victories of Ricardo Martinelli in Panama, Porfirio Lobo in Honduras and Piñera in Chile).

This was a turnaround from the previous tendency, prevailing since the middle of the last decade, when people talked of the “sway to the left” in the region following the victories of Hugo Chávez in Venezuela (1998), Lula da Silva in Brazil (2002/2006), Néstor

Kirchner in Argentina (2003), Tabaré Vázquez in Uruguay (2005), Evo Morales in Bolivia (2005), Michelle Bachelet in Chile (2006), Rafael Correa in Ecuador (2006), Daniel Ortega in Nicaragua (2006), Álvaro Colom in Guatemala (2007), Cristina Kirchner in Argentina in 2007, Fernando Lugo in Paraguay (2008) and Mauricio Funes in El Salvador (2009).

However, Latin America did not experience a shift to the left before, nor is it experiencing a shift to the right now. The situation is much more complex and varied, just as the region is.

**There are three political and election tendencies in Latin America. At different times some hold more weight than others, but all three are always present:**

- **The consolidation of populist nationalism**

“XXI-century socialism”, also known as “Chavism” or “Bolivarianism”, is actually authoritarian, statist, populist nationalism. Chávez started that tendency off in 1998 and after upholding it alone until 2005 (supported exclusively by Fidel Castro in Cuba) he was then backed by new allies such as Evo Morales, Rafael Correa and Daniel Ortega.

2009 consolidated the populist-nationalism leaders in power: Hugo Chávez won the February referendum allowing him to opt for re-

**“2012 was marked by  
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election indefinitely; Rafael Correa was re-elected in the April 2009 elections; and Evo Morales won the Presidential elections in Bolivia in December of that year.

The re-election of Correa in 2013 and Chavez’s party in 2012/2013 merely confirmed that consolidation, although no new players have joined this front.

- **The advancing of the centre right**

Had there been a shift to the left between 2002 and 2009, it would have been difficult to explain the government of Mexico by the centre-right party PAN since 2000 or the Uribe government since 2002 in Colombia (led by Uribe himself from 2002 to 2010 and then by his successor-cum-rival, Juan Manuel Santos).

These two figures were joined by Sebastián Piñera in Chile, Porfirio Lobo in Honduras, Ricardo Martinelli in Panama and Otto Pérez Molina in Guatemala. And in 2012 the PRI, led by Enrique Peña Nieto, even got back into power.

- **The strength of the moderate, reformist left**

Apart from the significant exceptions to that hypothetical “sway to the left” (such as Mexico and Colombia), talking generally

of a “sway to the left”, as was the case a decade ago, over-simplified the situation, lumping together very different politics such as those of Bachelet or Lula/Rousseff (who respect political and economic freedom) with those of Chávez/Maduro, Evo Morales and Correa.

Along with the centre right and populist nationalism tendency there was, and still is, a strong reformist left tradition in the region, represented by Lula da Silva, Michelle Bachelet or José Mujica and Tabaré Vázquez.

## II Regional political dynamics

Along with the three major tendencies described above, we should stress that in recent years (2010-2013) certain dynamics have been perceived to be very strong in the region, in addition to the heterogeneity of political bias: the continuism of certain parties or leaderships in power and the predominance of centrist forces (both centre right and centre left).

- **Continuism**

**2012 was marked by continuism and the predominance of victories by the centrist candidates (centre right and centre left).**

This continuism, ratifying and supporting the political and economic management of the current governments, has been

**“The governments linked to “XXI century socialism” have consolidated their power but have not managed to spread their influence”**

favoured by the economic panorama in the region, also marked by continuism in economic prosperity, although with a few black clouds in the background: the possibility that the crisis in the European Union might eventually spread to the rest of the world, causing a slowdown in China and aborting the feeble upturn in the United States.

This prosperity has in turn enabled the governments to start up welfare programmes (conditioned direct transfers), through which large sectors of the population have pulled out of poverty forming an incipient middle class. All this has increased the population’s support for the current ruling parties.

There has been continuism, for example, in the Dominican Republic with the triumph of the ruling party, of “Leonelism” without Leonel Fernández, through Danilo Medina: his PLD party has been in power since 2004 and will remain in power at least until 2016 with Leonel Fernández’s wife, Margarita Cedeño, now as vice-president, making the lines of continuism even firmer.

That continuism also existed in Venezuela (triumph of Hugo Chávez in October 2012, subsequently ratified in 2013 with the victory of Nicolás Maduro) and in Ecuador (re-

election of Rafael Correa in February 2013).

In a way, the victory of the PRI in Mexico and the Partido Colorado in Paraguay can also be considered continuism. The PRI, a centre right party, took over from the PAN in the centre right power; and the Paraguayan Partido Colorado got back into power after holding it continuously from 1954 to 2008.

- **Centrism**

**Centrist forces have been predominant in Latin America in the past five years.**

This can be deduced from the fact that the governments linked to “XXI century socialism” have consolidated their power but have not managed to spread their influence. Nobody has joined the Bolivarian block since 2008. This political bias has even lost some followers, such as Manuel Zelaya in Honduras (2009), who had formerly been an ally of “Chavism”, or a close figure such as Fernando Lugo in Paraguay (2012).

If 2010 was the year of the so-called “turn to the centre” (with the victories of Sebastián Piñera in Chile and Juan Manuel Santos in Colombia), 2011 was the year that best expressed the ideological heterogeneity of Latin America, with the

**“The incumbents aspire to remain in power for one or several more terms and more often than not they are re-elected”**

victories of a centre right candidate in Guatemala (Otto Pérez Molina) and two centre left candidates: in Peru (Ollanta Humala) and in Argentina (Cristina Kirchner).

In 2012 that predominance of the centre was confirmed with the victory of the PLD in the Dominican Republic (a centre left party that has shifted towards a more pragmatic or orthodox position) and, especially, the PRI led by Enrique Peña Nieto in Mexico.

### III The re-electionist wave in Latin America

The re-elections of Cristina Fernández de Kirchner in October 2011, Hugo Chávez in October 2012 and Rafael Correa in February 2013 merely reinforced a general tendency within the region: the incumbents aspire to remain in power for one or several more terms and they mostly come out victorious and are re-elected with overwhelming triumphs, often in the first round, in which they obtain more than 50% of the votes.

In the eighties, when democracy returned to most of the region, excluding Cuba, the president could not be re-elected twice in succession in any Latin American country except Nicaragua, the Dominican Republic and Paraguay. This tendency changed in the nineties, when the re-electionist tendency began to triumph in most Latin American countries. Carlos Menem’s Argentina following the constitutional reform of 1994 and Alberto Fujimori’s Peru in its

1995 Constitution contemplated successive re-election for two terms in succession, which had not been contemplated in the previous constitutions (the 1979 Constitution in Peru and the 1853 Constitution in Argentina, which allowed re-election but after alternate terms).

These two countries began a tendency which spread throughout the region: other countries jumped on the bandwagon: Brazil in 1997 and Venezuela (the 1999 Constitution authorised a single re-election, but its subsequent amendment approved in 2009 allowed indefinite re-election) and in the following decade, the Dominican Republic (2002), Colombia (2005), Ecuador (2008), Bolivia (2009) and Nicaragua (2010).

In other countries, such as Panama or Costa Rica, re-election is more complicated. In the latter country, the possibility of re-election for alternate terms was approved in 2003; before that any kind of re-election was barred. Oscar Arias began this trend, being president between 1986 and 1990 and again between 2006 and 2010. In Chile, Uruguay and El Salvador the incumbent president cannot stand for re-election immediately; they must let a presidential term go by before they run for president again.

In Panama, the explanation of why immediate re-election is complicated takes us back to when Ernesto Pérez Balladares got into power on 1 September 1994, when the Torrijos-led

“Only in one country, Venezuela, is indefinite re-election permitted”

nationalism returned to power democratically. Following in the wake of his Peruvian, Argentinian and Brazilian counterparts, Pérez tried to push a number of constitutional reforms through Parliament to allow presidential re-election for a further five years. This ambition of Pérez’s ruling party was backed by three small liberal centre right parties: Liberal Nacional, Solidaridad and Cambio Democrático. The rules argued that he needed another year to complete the economic reforms and direct the smooth handover of the Panama Canal, due to be made as of 31 December 1999, a priority issue for the national economy. Unsuccessful in his attempt to change the re-election rules, Pérez led his party to defeat in the presidential elections of 2 May 1999, in which its candidate, **Martín Torrijos Espino**, was beaten by **Mireya Moscoso**, who took office on 1 September.

At present, the situation regarding re-election is, therefore, very diverse:

- Only in one country (Venezuela) is indefinite re-election permitted.
- In six countries (Argentina, Bolivia, Brazil, Colombia, Nicaragua and Ecuador) consecutive re-election is permitted, but not indefinitely.
- In another seven countries it is only possible after at least one or two presidential terms (Chile, Costa Rica, El Salvador, Panamá, Peru, Dominican Republic and Uruguay).
- Four countries prohibit re-election in all cases (Mexico, Guatemala, Honduras and Paraguay).

The possibility of successive re-election is a trend that almost always favours the ruling parties and presidents in power. Since the transitions to democracy began in the Dominican Republic and Ecuador (1978), all presidents who have sought successive re-election have won the elections, except two: in Nicaragua in 1990 and the Dominican Republic in 2004.

### 3. RE-ELECTIONIST TRENDS IN THE REGION (2013-16)

A new election rally (2013-2016) is now beginning in Latin America, in which a wave of candidates for re-election is expected.

Between 2013 and 2016, all four tendencies described above in respect of Latin American re-electionism will be observed:

- There will be **incumbent presidents who aspire** to re-election (as was the case of Rafael Correa and will be that of Evo Morales in Bolivia, elected in 2005 and re-elected in 2009, constitutional reform included).

It also looks very much as if Dilma Rousseff will seek re-election in 2014, since her popularity and management make her a natural candidate for the PT. Juan Manuel Santos will most likely be the candidate for the ruling party

**“Several former presidents hope to return to power in countries in which successive terms in office are not permitted”**

in 2014, first elected in 2010 as successor of Uribe’s policies. Now, after distancing himself from the former president Álvaro Uribe, he would seek re-election, in which he is very likely to run against Uribe followers.

The case of Cristina Kirchner in Argentina is different. The Constitution does not permit further re-election after being elected president in 2007 and repeating in 2011. She has not said she wants to be re-elected, but her closest circles and the Kirchnerite organisations (La Cámpora) working with her are clearly banking on this. The key is in the legislative elections of October 2013: getting enough votes in Congress just with the Peronists will be practically impossible. But with an overwhelming victory in the elections, it would be easier to reform the Constitution, taking advantage of the fact that the opposition is divided, fragmented and has no clear leader.

- **Several former presidents hope to return to power in countries in which successive terms in office are not permitted.**

This will be the case if Michelle Bachelet in Chile, who was in office between 2006 and 2010, Tabaré Vázquez in Uruguay, who led the left-wing Frente Amplio

into power in 2005, or Alan García (president in 1985-90 and 2006-2011) and Alejandro Toledo (2001-2005) in Peru.

Moreover, rumour has it that Tony Saca, president of El Salvador between 2004 and 2009, will be the candidate for Movimiento Unidad, running against the larger forces in the country, ARENA (his former party) and the FMLN.

- **Presidents’ wives aspiring to succeed their husbands (a sort of marital re-electionism: cases of Xiomara Castro in Honduras, Sandra Torres in Guatemala and people are speculating with that of Nadine Heredia in Peru).**

Néstor Kirchner started this trend back in 2007 when his wife, the political leader Cristina Fernández, was elected. Two presidents’ wives are currently aspiring to continue their husbands’ work. In Peru, Ollanta Humala’s wife Nadine Heredia is a strong candidate, although to enable her to run for president the election rules would have to be changed, or a new interpretation made based on the Constitution, which would permit it and would rank above election rules.

In Central America, following Sandra Torres’ defeat in Guatemala when running for president in 2011 (she even divorced her husband,

**“If the regional economic situation is maintained and the world situation, so closely linked to the region, does not get any worse, the middle class will presumably continue growing”**

President Álvaro Colom, to get round the Constitutional impediments), Xiomara Castro, wife of Manuel Zelaya, president of Honduras between 2006 and 2009, is the left-wing candidate for the 2013 elections.

And Sandra Torres, with no constitutional obstacles this time (her former husband left the presidency in 2011), has been proclaimed presidential candidate by her party, the Unidad Nacional de la Esperanza, whose political council is headed by the former president (and ex-husband) Álvaro Colom.

- Countries in which no re-election of any nature is permitted (the recent cases of Mexico and Paraguay and forthcoming elections in Honduras in 2013 and Guatemala in 2015).

#### 4. CONCLUSIONS

The following conclusions can be reached from this overview of the election panorama in Latin America for the coming four years:

- Since 2009 the vast majority of the Latin American electorate has moved towards moderate, centrist political positions. And if there are no drastic changes in the economy, this tendency is likely to continue over the forthcoming period.

Electors are pragmatic in their behaviour, avoiding radical options and supporting continuism that will guarantee economic stability and progress. This electoral behaviour giving preference to the centrist options has been favoured by prevailing economic prosperity in Latin America and growth of the middle class.

Even where the “XXI century socialism” tendencies are imposed, this is because those regimes have strong charismatic leaders (Rafael Correa or Evo Morales), who promote orthodox economic policies which, thanks to the increased income from exports, enable them to employ policies resorting to clientelism [patronage]. However, it should be noted that raw material exports are maintained because these countries have not managed to progress significantly towards industrialisation of the basic consumables they produce.

**If the regional economic situation is maintained and the world situation, so closely linked to the region, does not get any worse, the middle class will presumably continue growing, which will boost the centre right and centre left tendencies and strengthen the centrist, continuist dynamics of preferring the options that have governed so far, since with those governments the**

countries have achieved economic stability and social development.

- **Together with centrist, moderate inclinations, continuism has become one of the principal characteristics in the region.**

The re-electionist fever merely confirms that **the political systems in most Latin American countries have similar problems** which favour the re-election tendency as a solution against the little credibility of the parties among the public opinion and electorates, a constant weakening of the institutions, a natural leaning towards clientelism [patronage] and excessive personalism. In fact, one of the “victories” that must be recognised in these leaders who have emerged in Latin America is that they have managed to delegitimise the traditional politicians and parties, such that there is now little or no opposition in those countries to the ruling powers.

The collapse of the party systems in many countries and the weakness of the judicial and legislative powers has led to a concentration of constitutional and meta-constitutional powers in the figure of the president, which is known as “hyper-presidentialism”. Hyper-presidentialism, which goes hand in hand with successive re-electionism as a way of legitimising the

charismatic leader by popular vote, weakens institutionalism, boosts personalist politics, wipes out the division of powers and hampers control over the executive’s actions.

Sometimes (as in the cases of Venezuela, Ecuador or Bolivia) that hyper-presidentialism leads to what is known as “competitive authoritarianism”, explained as follows by the political scientist Steven Levitsky:

*“If Venezuela is neither a dictatorship nor a democracy, what is it? It is competitive authoritarianism, like Fujimori’s Peru. Unlike the military or single-party dictatorships, competitive authoritarianism is a hybrid regime. There are democratic institutions that are not mere fronts. There are independent media and opposition parties, and the opposition competes seriously for power (sometimes it wins, as occurred in Nicaragua in 1990), although the playing field is uneven. The opposition has fewer resources, less access to the media, its leaders and activists suffer various types of harassment and find that instead of being neutral arbitrators, the State institutions (the judiciary, electoral bodies, Sunat) are used as weapons against them. Jorge Castañeda described the 1994 elections in Mexico -another case of*

*competitive authoritarianism- as a “football match in which the goalposts were different sizes and one team has 11 players plus the referee and the other team has six or seven players.” The second team could win, but it is very difficult.”*

Phenomena such as “competitive authoritarianism”, re-electionism and hyper-presidentialism wear down the democratic institutions. Most countries in the region are full or incomplete democracies, having free elections with civil freedoms, both conditions being necessary for democracy, but that is not enough to consolidate a full democracy unless they are accompanied by a transparent government, political participation and strong, credible institutions.

Elections are an essential part of democracy. But minority rights and freedoms and human rights will

not be protected unless there are strong, transparent democratic institutions (a constitutional framework and organisations arising as a consequence of that framework) operating between election periods.

Finally, democracies with weak institutions are more vulnerable to corruption and more inclined to back a political party that is in power for a long period. Moreover, democracies with weak institutionalisation may gradually lose ground and end up as authoritarian regimes. The presence of solid institutions, which account for their actions, forestall or hamper authoritarian tendencies.

Therefore, the short-term challenge facing Latin America countries is to strengthen their political institutions in order to preserve democracy in the region and avoid the risks of re-electionism and hyper-presidentialism.



# The protests are here to stay: Social change and mobilisation of citizens in Latin America

Madrid, october 2013

**d+i** LLORENTE & CUENCA



1. INTRODUCTION
2. COMMON FEATURES OF THE PROTEST MOVEMENTS
3. CONCLUSIONS

## 1. INTRODUCTION

Chile hit the world headlines in 2006 and 2011 with student protests that put in a tight spot both centre-left governments such as that headed by Michelle Bachelet (2006-2010) and centre-right executives such as that headed by Sebastián Piñera (2010-2014).

The saucepan-bashing demonstrators took the streets of Buenos Aires in 2012 and in 2013 it was Dilma Rousseff's Brazil's turn. Just when the country was celebrating the FIFA Confederations Cup, a prelude to the World Cup 2014, there was a wave of protests in the principal cities of the country. And the protests in São Paulo, Río de Janeiro and Brasilia had scarcely ended when the streets of Lima were also filled with demonstrators protesting against Ollanta Humala's government.

The question that comes to mind is whether Latin America is entering an era marked by the turmoil of urban protests and social demands. The seeds of such phenomena have already been experienced in other countries such as Uruguay and Costa Rica and similar situations are expected to arise sooner rather than later in Mexico and Colombia.

These social protests in Chile, Brazil and Peru have a number of very special features, unprecedented in the region. They occur in a triple context of:

- Economic growth (not crisis, as in other times in the history of these countries or the current situation in Europe),
- Social change (emergence of heterogeneous urban middle classes) and
- Situation of clear dissatisfaction with the inefficient functioning of the State, the public administrations and delegitimation of the parties and political class.

**This report characterises these protest movements, studies their local dynamics in each country and makes a prospective analysis: where are they going and what effect could they have in the short term.**

“In the past, these waves of protests occurred at times of crisis and accumulated political and socioeconomic tensions”

## 2. COMMON FEATURES OF THE PROTEST MOVEMENTS

The participants in these movements, which have spread throughout Latin America, are from the new emerging classes, especially the urban middle classes and younger strata of the population. At first sight at least, there is no clear leadership and they are pragmatic movements (seeking specific improvements, rather than political utopias) although there is a certain presence of radical or ultra-left groups (such as the Communist Party in the student protests in Chile). Moreover, naturally, the new social networks (Facebook and Twitter) play a decisive role in their origin and development and almost certainly in their prolongation over time.

So all these movements have three basic features in common, which can be summed up saying that the economic situation prevailing in the region as from 2003 produced a social change that has had serious, direct political repercussions:

### They occur in situations of economic stability

The first characteristic of all these movements is an unprecedented phenomenon. They take place in a situation of economic stability and even relative prosperity, with economic growth of over 4%.

That same continuous, constant growth of the GDP in the region is behind many of the social changes that have happened (reduction of poverty and inequality and a significant growth of the middle classes) and which are related with the current protests.

In the past, these waves of protests occurred at times of crisis and accumulated political and socioeconomic tensions. For example, the closest in time were the protests in the late nineties and beginning of the following decade, which brought down the governments of Raúl Cubas (1999) on Paraguay, Fernando de la Rúa (2001) in Argentina, Gonzalo Sánchez de Lozada (2003) in Bolivia and Lucio Gutiérrez (2005) in Ecuador, among others. All these governments collapsed following massive citizen protests (then called “golpes de calle” [street uprisings] –massive demonstrations that brought

### GROWTH OF THE ECONOMY IN LATIN AMERICA

Country	2010	2011	2012	2013*
Argentina	9.2	8.9	1.9	3.5
Bolivia	4.1	5.2	5.2	5.5
Brazil	6.9	2.7	0.9	2.5
Chile	5.8	5.9	5.6	4.6
Colombia	4.0	6.6	4.0	4.0
Costa Rica	5.0	4.4	5.1	3.0
Cuba	2.4	2.8	3.0	3.0
Ecuador	2.8	7.4	5.0	3.8
El Salvador	1.4	2.0	1.6	2.0
Guatemala	2.9	4.2	3.0	3.0
Haiti	-5.4	5.6	2.8	3.5
Honduras	3.7	3.7	3.3	3.0
Mexico	5.3	3.9	3.9	2.8
Nicaragua	3.6	5.4	5.2	5.0
Panama	7.5	10.8	10.7	7.5
Paraguay	13.1	4.3	-1.2	12.5
Peru	8.8	6.9	6.3	5.9
Dominican Republic	7.8	4.5	3.9	3.0
Uruguay	8.9	6.5	3.9	3.8
Venezuela	-1.5	4.2	5.6	1.0
Sub-total Latin America	5.7	4.4	3.0	3.0

**“The underlying cause of the current social unrest is not economic (as in the eighties or between 1997 and 2003), but rather political and social”**

about the downfall of those governments—) and occurred in that economically adverse five-year period called the Lost Half Decade between 1997 and 2002 (which witnessed the fall of the Ecuador governments of Abdalá Bucaram in 1997 and Jamil Mahuad in 2000).

Now, however, the economic growth figures of Latin American countries are not only high, but moreover consolidated since 2003, with the sole exception of 2009. The region got over the world crisis without any great difficulty.

Therefore, the underlying cause of the current social unrest is not economic (as in the eighties or between 1997 and 2003), but rather political and social, although the effects of economic growth have been a very important variable in triggering transformations of that nature.

**Led by emerging middle classes**

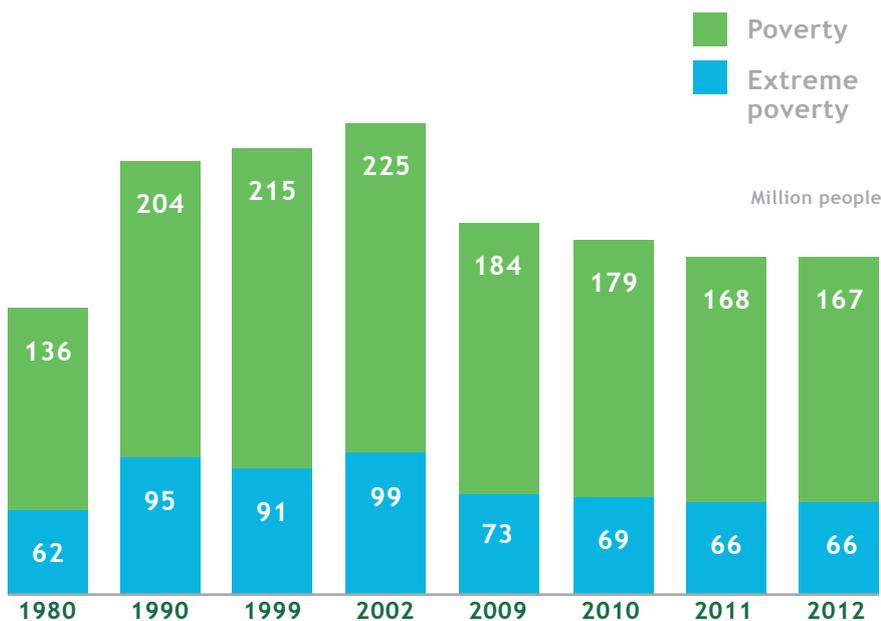
As mentioned earlier, these demonstrations were led mainly by the emerging and consolidated urban middle classes in Latin America.

These ten years of high, continuous growth in the region accompanied by social policies, especially conditioned transfers, have brought a significant reduction of poverty (from 225 to 167 million people between 2002 and 2012) and extreme poverty (from 99 to 66 million).

According to figures published by the World Bank, “the Gross Domestic Product (GDP) per capita on the continent rose at an average rate of 2.2% p.a. between 2000 and 2010. In six countries (including Argentina, the Dominican Republic, Panama and Peru), the annual growth rates of over 3% per capita were produced during this period... The combination of sustained growth (albeit far from spectacular) and the reduction of inequality led to a considerable lowering of the absolute poverty figures. The rate of moderate poverty in Latin America was lowered from 44.4% in 2000 to 28% in 2010, in spite of the global financial crisis in

**POVERTY IN LATIN AMERICA**

Poverty continues to fall in the region, but still affects 167 million people



Source: Cepal y AFP



**“The World Bank defines the Latin American middle classes as ‘urban, with better education levels, mostly employees in the private sector and with beliefs and opinions which, in general, coincide with those of their poorer and less educated compatriots’”**

the last two years of the decade (World Bank, 2011). This reduction of poverty meant that there were 50 million fewer Latin Americans living in poverty in 2010 than 10 years earlier. If compared with 2003, the reduction in absolute figures is even greater: 75 million.”

75 million people who have moved out of poverty to join the different strata of middle classes (heterogeneous and highly diversified), which have grown and over the same years.

As pointed out by the World Bank, “After decades of stagnation, the middle class population in Latin America and the Caribbean has grown by 50% from 103 million people in 2003 to 152 million (or 30% of the population of the continent) in 2009. During this period, as household income grew and inequality tended to diminish in most countries, the percentage of poor population fell considerably, from 44% to 30%. Consequently, the percentages of middle class population and poor people in Latin America are currently equal. This situation contrasts with the situation prevailing (for a long time) up to almost 10 years ago, when the percentage of poor population was equivalent to approximately 2.5 times that of the middle class.”

There are at the same time marked differences and close parallel in the mass student protests in Chile in 2011, the saucepan-bashing protests in Buenos Aires in 2012 and the protests against the increase

in public transport in Brazil in 2013. That heterogeneous urban middle class we are describing is strongly present in all of them. The Brazilian example is significant in this regard, since around thirty-five million Brazilians have moved out of poverty since 2003. Whereas in the 1990s up to 25% of the Brazilian population lived in extreme poverty, that number was reduced to 2.2% by 2009.

But what do we understand by middle class?

There is no consensus in the academic world of what is understood by middle classes, since the definitions given from the points of view of sociology (a lifestyle), psychology and economy (income brackets ranging from 10 to 50 dollars a day per capita) do not always coincide. The World Bank defines the Latin American middle classes as ‘urban, with better education levels, mostly employees in the private sector having beliefs and opinions which generally coincide with those of their poorer and less educated compatriots’.

This segment of population is now the most important link in the regional economy owing to its purchasing power and many experts consider that its sudden appearance is the greatest social change in the history of the region since the migrations from country to city in the fifties and sixties. But it is a very heterogeneous middle class, as shown in the following graph. It includes sectors half way between poverty and the middle class (those with incomes

**“The World Bank has warned of the growing unrest of the middle classes over the fact that ‘the middle classes are increasingly required to pay for services which are provided free for others’”**

of 4-10 dollars a day) and within the middle class itself there is a broad spread between the lowest incomes (10 dollars a day) and the highest incomes, which do not fall far short of the lower end of the elite (50 dollars a day).

This appearance and growth of the middle classes contributes towards the shaping of more modern, but also more complex societies. The Secretary General of SEGIB, Enrique Iglesias, has been warning about this for some time: “We are going to have a new society of middle classes. We are already seeing evidence of this. Societies of middle classes that are difficult to govern. Certain of their features require a change in the way we do politics; they are middle societies which demand new services, new ways of participating and good quality services; this is the case of education.”

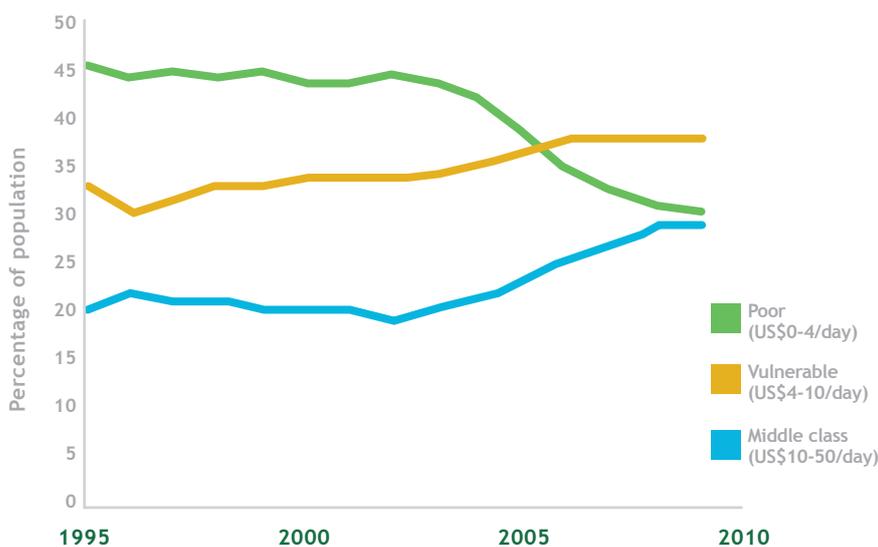
That complexity mentioned by Iglesias arises because the middle classes feel left out of a system that does not take them into account or provide any solutions to their most urgent claims. Andas mentioned in the World Bank report, the governments are running up a double deficit in respect of the demands of the middle classes:

They do not incorporate “*the objective of equal opportunities, especially in public policies.* This is fundamental to ensure that the middle classes feel that they live in a society in which it is worth making an effort and where merits are rewarded, instead of a society that favours the privileged groups.”

The World Bank has warned of the growing unrest of the middle classes over the fact that ‘the middle classes are increasingly required to pay for services which are provided free for others. A system of dual social protection based on selective assistance for the poor and on insurance (subsidised) for the middle classes might also be inadequately adapted for a large, vulnerable population that is neither poor nor middle class and whose vulnerability will increase if the external environment becomes less favourable than in the past.’

The World Bank also reveals that the public policies have so far not been capable of putting an end to “*the vicious circle of low taxes and poor quality public services which leads the middle and high classes to opt out.*”

**TRENDS IN THE MIDDLE CLASSES, VULNERABILITY AND POVERTY IN LATIN AMERICA AND THE CARIBBEAN, 1995-2009**



Source: World Bank

**“The great paradox of these protest movements is, therefore, that they occur in economically successful countries with modernised societies”**

### Growing political dissatisfaction among citizens

The great paradox of these protest movements is, therefore, that they occur in economically successful countries with modernised societies (the middle classes have grown and poverty and even inequality have been reduced).

“Prosperity cannot buy stability”, –according to the analyst and writer Moisés Naím—. “The greatest surprise of these street protests is that they take place in economically successful countries... Brazil has not only moved millions of people out of poverty, but has even managed to reduce its inequality. In all those countries the middle class is now larger than ever.”

Those economic and social changes are not being channelled by the political system, which has been incapable of adapting to the new circumstances; it still acts in the same way as in the eighties, when democracy returned to the region. There is a growing rift between the State and those middle classes. The World Bank concludes that “The middle classes will not participate in or contribute to an improved social contract if the assets they value so highly (such as protection of civil rights, education, police and the health services) are inadequately provided by the State and if they don’t perceive that the rich are contributing fairly to the social contract.”

This explains the widespread expressions of discontent that

have occurred in Chile, Brazil and Peru, since, being unable to channel their unrest through the political system, all these emerging social sectors have taken it to the streets. The writer Moisés Naím has highlighted the parallel between all these movements and their common political roots: they begin with small incidents which start to grow, the governments react inadequately (with repression, reproach or merely ignoring the protests) and this further fuels the discontent of these social sectors, which have no clear leaders.

Therefore, the political system does not appear to be capable of dealing with the demands of those middle classes, which themselves embody a social but also political change, as stressed by the secretary general of SEGIB, Enrique Iglesias: “A middle class that is practically dominating the world. The figures vary, but almost certainly 50% of the population in Latin American countries are middle class. That is an important phenomenon which must be administered politically, and this task entails a new way of doing politics.”

The political systems have proved themselves inefficient (they do not provide solutions or answers to the social demands for better public services) and do not arouse citizen support, for several reasons:

- **Inefficient State faced with a revolution of expectations**

What these governments actually face is a revolution



**“What these governments actually face is a revolution of expectations which they have so far been unable to channel or organise”**

of expectations which they have so far been unable to channel or organise: the emerging sectors have moved on to a new stage and they want and demand, above all, more and better public services.

According to Moisés Naím: “In societies going through rapid transformation, the demand for public services grows faster than the governments are able to meet it. This causes a rift that brings people out onto the streets to protest against the government and fuels other highly justified protests: the prohibitive cost of higher education in Chile, or the impunity of corrupt politicians in Brazil.”

As a result of this revolution of unchannelled expectations and consequent unrest, certain governments have lost considerable support, even to the point of electoral defeat, owing to their inability to give a political response to social demands.

This is illustrated with a few examples:

» In Chile, Sebastián Piñera has had very low levels of popular acceptance throughout his term in office: he was elected in the second round with 51.6% of the votes, but over the years of strong student protests citizen approval dropped to below 30%, according

to the Adimark poll, although there has been an upturn in recent times to around 37-39%.

- » In Argentina, Cristina Kirchner, re-elected in the first round in 2011 with 54.1% of the votes, has just seen her political party defeated in the principal districts in the local elections, obtaining just 25% of the votes, 30 points down on what she obtained two years ago, before the wave of saucepan-bashing protests were unleashed in 2012.
- » Dilma Rousseff, who had 58% approval in March, saw her popularity fall by 20 points in June – following the wave of protests coinciding with the Confederations Cup – sliding to 30% according to a Data folha poll in July.
- » The Peruvian Ollanta Humala has faced the protests in Lima just when his popularity was falling, as observed in an Ipsos poll, showing that her acceptance fell from 54% in February to 33% in July.

¿What are those middle classes asking of the political class? Better public services and a less corrupt, less patronage political system. Enhanced public services (education, health, transport and citizen security) lead to improved purchasing power,



**“Those middle classes, mostly politically disorganised, have a significant political influence because their demands put pressure on governments which are not usually ready to respond quickly”**

since fewer funds need to be tied up in private medical insurance, private education or private security.

As reflected by Michael Shifter, president of Inter-American Dialogue, “[all that unrest] is a product of economic and social progress and the expansion of the middle class in countries such as Brazil, Mexico, Chile and Colombia. Many young people in the middle classes in Latin America (students in Chile and Brazil, teachers and lecturers in Uruguay) are disenchanted with traditional politics, both right-wing and left-wing. They want the governments, which now have more funds, to provide higher quality services and they are tired of corruption and mistaken spending priorities.”

That dissatisfaction with deficient public services, sometimes –as in Brazil– exacerbated with heavy tax burdens, explain much of what has been happening in Latin America. Indeed, those middle classes, mostly politically disorganised, have a significant political influence because their demands put pressure on governments which are not usually ready to respond quickly.

As indicated by Ludolfo Paramio, lecturer at the CSIC (Spanish Scientific Research Council), “Owing to the very nature of the middle classes, both old and

new, with their aims and ambitions, they increase their demands on the State. The consolidated middle classes can continue using private education or health systems, but the new middle classes need improvements and more accessible public systems to be able to consolidate their status. Moreover, the middle classes that miss out on globalisation would also benefit from a general improvement of the public systems.”

This reflection coincides with the figures of the Americas Barometer, which indicates, for example, that “in the last decade, the Brazilians are among the Latin American citizens most dissatisfied with the welfare services provided by the government. Much of this situation is probably due to the high taxes paid by Brazilians (around 36% of the GDP) and the perception that they are paying taxes at rich country levels in exchange for services more fitting of poor countries.”

The ten most dissatisfied countries include, apart from Brazil (third), Chile (fourth) and Peru (sixth), two nations that have suffered this type of social protests. The protests in Chile in 2006 and 2011-12 focused on education and, above all, on how to rebuild the university system and finance higher education. According to Micheal Read, editor of *The Economist* specialising in

**“The system losses its legitimacy in the eyes of its citizens, who see that the State is incapable of providing them with physical or legal security, or adequate public services”**

Latin America: “In all cases they are expressions of the discontent of citizens who are less poor, less worried, at least for the time being, about the economic situation and much more demanding as regards what they want from the State and political system. Although the specific demands are different, they have that in common.”

- **Loss of legitimacy of the system**

A revolution of expectations that have not been adequately met has a direct political repercussion: the system losses its legitimacy in the eyes of its citizens, who see that the State is incapable of providing them with physical or legal security, or adequate public services and sometimes, as in the case of Venezuela and Argentina, even controlling inflation. As also mentioned in the Americas Barometer, “in 2012, around 65% of Brazilians perceived that the political system was corrupt... and (Brazil) was twenty-second out of 26 countries in the Americas in 2012 in support for the national political institutions.”

Those two circumstances, dissatisfaction with the governments’ public policies and little attachment to the institutions, are present in

the protests that have taken place in recent years in the region. Chile set the protest ball rolling with the “penguin revolution” in 2006-07, the unrest over the inadequate operation of Transantiago (the public transport system in Santiago) afterwards and in this decade the university protests in 2011, which caused Sebastián Piñera so many headaches.

Behind them all was a “revolution of expectations” of the middle classes not met by the State. “Part of this problem is caused by the success of the Concertación<sup>1</sup>: in 20 years it managed to open up access to education considerably. Secondary education was made universal and university education grew. But with a loan system with interest rates at 10% p.a., the problem blew up. And it has done so now because the students are now finishing their university studies. In 1990, one out of every five Chileans in university age got into higher education; now it is one out of every two”, comments Patricio Navia, lecturer at the Diego Portales University.

This fact, economic success that does not guarantee peace of mind or social satisfaction, merely confirms the change experienced in Chile. As reflected by the

<sup>1</sup> Concert of Parties for Democracy, a coalition of centre-left parties



**“Chile is trapped. Trapped by relentless unrest, by a deep mistrust of politicians and institutions, by a sort of persistent melancholy”**

Sebastián Edwards

economist and intellectual Sebastián Edwards in the daily newspaper *La Tercera*: “Chile is trapped. Trapped by relentless unrest, by a deep mistrust of politicians and institutions, by a sort of persistent melancholy.” “Politics sucks”, says the man in the street. “There is an institutional crisis”, repeat the women in the supermarkets. “The neoliberal model has failed”, shout the students in their demonstrations.

And he adds: “Chilean families are proud of what each of them has achieved during the last quarter of a century: moving into the middle class, the university degree of one of their daughters, their dream holiday, the grant awarded to their nephew. Personal satisfaction and social discontent coexist in present-day Chile. Many consider this illogical, but that’s the way it is.”

Meanwhile in Argentina, in 2001 during the famous “get them all out”, there was a prelude of that “middle class rebellion.” It has now reappeared in the saucepan-bashing protests of 2012 and 2013 against Cristina Kirchner’s government.

The analyst and historian Beatriz Sarlo agreed with this diagnosis, stressing that “The demonstrators,

who came from that vast, widely diversified sector of the middle classes (who, we recall, start with salaries of 5000 or 6000 pesos), were not protesting only because they could not buy dollars. They also had other slogans and converting them all into a pretext concealing their desire to have foreign currencies at the official price was to disregard them entirely. It is the symmetrical version of those who say that the participants in the anti-Kirchner demonstrations were ‘out for the plan and the choripán?’.”

In Brazil, the demonstrators in the June protests were not poor people uprooted from the shanty towns but from the middle class, which was demanding efficiency and anti-corruption measures from the State.

Long gone are the days of the renowned “he steals, but he acts”, which in the fifties raised to power figures such as Adhemar de Barros, mayor and governor of São Paulo, where people said “Adhemar rouba mas faz” (“Adhemar steals but acts”). Juan Arias, correspondent in Brazil for the daily Spanish newspaper *El País*, considers that “The new middle class is now demanding “first world public services —education, transport, hospitals—”, as

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2 a type of sandwich with chorizo [sausage] popular in several Latin American countries.



**“There is a narrow but greatly populated purgatory between those two states, characterised by considerable vulnerability and a high risk of sinking back into poverty”**

well as politicians with less corruption and squandering.”

Just as in Chile, in Brazil economic success is ironically the source of the current problems. As explained by Michael Read: “The interesting thing about the recent protests is that they reflect the success of the past 15 years, the socio-economic success that has created almost full employment in Brazil. Real salaries have been rising, up to this year, and there are far more people with more money. But there is a gulf between the size of the State and the services it provides. The tax burden in Brazil is 36% GDP, which is high for any country of that size. However, the level and quality of the public services are rather poor, in education, but especially in health and transport. If we add to this the growing awareness that there is a lot of public money and that a large part of that money is being wasted and squandered, that explains the fury and reveals the reforms that are needed.”

In short, in each of these countries the different internal dynamics and the coinciding general circumstances have converged, bringing about these outbursts. Looking at the situation more globally, we must point out that the ultimate reason, according to Carlos Malamud, researcher at Real Instituto Elcano, is:

that “in the rest of Latin America, part of those middle classes does not receive the subsidies intended for the poorest strata and want a piece of the cake, yet they are not prepared to wait for that fortunate day in the future to receive their share. Consequently, the question ‘what about my part’ is running rife throughout the region, north to south and east to west.”

This is so, undoubtedly, because the public policies have reached the poor segments of society but not so much the vulnerable middle classes with income of “between US\$4 and US\$10 per person a day. They are too well-off to be considered poor, but too vulnerable to be considered middle class. It is certainly not a small group: it covers 37.6% of the population on the continent... Moving out of poverty, –as defined by most countries and international organisations–, is not enough to join the ranks of the apparently well-off and economically secure middle class. There is a narrow but greatly populated purgatory between those two states, characterised by considerable vulnerability and a high risk of sinking back into poverty. As a group, they are probably crucial for designing the social policies of the continent, the political dynamics and the social contract in broad terms.”

**“In the short and medium terms, we could conclude that the social mobilisation of the heterogeneous Latin American middle classes is here to stay”**

### 3. CONCLUSIONS

In the short and medium terms, we could conclude that the social mobilisation of the heterogeneous Latin American middle classes is here to stay, for two basic reasons:

- Firstly, because as we have seen, the public policies of the governments in the region have not been capable of responding to the new demands raised (better public services) by these segments of the population.
- And secondly, because the region is moving towards a less favourable economic climate of deceleration, slowdown and even crisis in some cases. This unfavourable, or at least not so favourable, situation has already been admitted by the governments. In the emblematic case of Peru, the minister of economy, Luis Miguel Castilla, has admitted that “Peru has strengths, but it must urgently carry out internal tasks in order to cope with a less favourable climate.”

As pointed out by the World Bank: “Throughout most of the 2000 decade, the enhanced framework of the policies in Latin America enabled many countries to take advantage of a benevolent external environment to begin an impressive transition towards a middle class society. This created great expectations which run the risk of turning into frustration if

that transition stops. However, the region cannot rely on the external environment continuing to be as favourable as in the recent past to achieve more social and economic benefits. So a much greater effort will be required in designing policies to consolidate and make further progress in the rising mobility, making it more resistant to potential adverse disruptions. In the end, the responsibility will fall on the shoulders of the political leaders and democratic institutions in the region, which face the challenge of redefining their social contract.”

With low economic growth in much of the world (the EU in recession, the USA with weak growth and China approximately two points down in its GDP), exports will fall and, consequently, so will the State income, reducing the margin of public policies and the possibility of extending them to the middle classes. Those middle classes will grow at a slower pace this decade and will be even more vulnerable due to the smaller growth rates.

These protest movements will have three more characteristics in the near future: they will extend geographically and be clearly discontinuous.

- Not only will the protests continue, but there is a good chance they will extend to other countries such as Mexico, Colombia and Venezuela.

“It is a product of economic and social progress and the expansion of the middle class

**“The moderate middle class sectors, the backbone of the protests, have been pushed into the background as the more radical and violent groups advance and take over”**

in countries such as Brazil, Mexico, Chile and Colombia”, says Michael Shifter, president of Inter-American Dialogue, adding that “The discontent in Brazil which has surprisingly reached the surface reflects a tendency throughout the region.”

- Moreover they will be (actually they already are) movements characterised by cyclical rises and falls: very marked and active at specific, symbolic times (Confederations Cup, pope’s visit or World Cup) followed by times of less activity, when radical groups might take control of the movement, something which is already happening in Brazil. The moderate middle class sectors, the backbone of the protests, have been pushed into the background as the more radical and violent groups advance and take over. As indicated by Moisés Naím: “The protests will no doubt ease off in these countries. But that doesn’t mean their causes will disappear.”
- As to whether these movements will become institutionalised, organising themselves into parties or forces that embody their message and intentions, at least in the short term it looks as if the old parties or coalitions (such as the Chilean Nueva Mayoría –the successor of the Concertación– led by Michelle Bachelet), politicians having nothing to do with the

governments in decline (such as Sergio Massa in Argentina) or known benchmark opponents such as Marina Silva in Brazil will be able to channel the discontent. In the short term, the possibility of a cheap imitation of the Italian anti-system Five Star Movement appearing on the scene seems unlikely.

That is becoming perceptible in Argentina, for example, where the middle class and emerging middle class vote is being channelled through the tactical vote to candidates such as Sergio Massa (governor and former minister in the Kirchner government, Peronist and now opponent of Cristina Kirchner).

The results of the local elections held on 11 August indicate just that. A report published by the daily La Nación indicates that “Kirchnerism lost votes in all the urban centres of the country, falling 24% on average compared with the 2011 elections. This figure, essential to understand the severe defeat of the government, is especially illustrative of the change of direction of the middle class. According to the analysts, the bad performance of Kirchner’s government in urban centres reflects the impact of inflation, insecurity and corruption. The map includes large towns and cities in which a defeat of the FPV was taken for granted –Mendoza, Córdoba, Rosario and Santa Fe–, but also provincial cities where defeat was not expected, such as Catamarca, La Pampa, San Juan and Corrientes.”

**“The middle class lost confidence in the government’s ability to maintain the current levels of spending and well-being, which, without long-term policies, were only sustainable in the official account”**

Levy Yeyati

As indicated by the sociologist Liliana de Riz: “The combined furries that were not heeded exploded in the street and ended up making themselves heard through voting.” “The middle class lost confidence in the government’s ability to maintain the current levels of spending and well-being, which, without long-term policies, were only sustainable in the official account”, assures the academician Levy Yeyati.

Similarly, in the presidential elections in Chile this year the vote of discontent will be channelled mostly towards the former Concertación, now Nueva Mayoría, led by Michelle Bachelet, while the protest vote less attached to the traditional trends will be minority and embodied in two independent candidates, Franco Parisi and Marco Enriquez-Ominami, who will each receive around 5% of the votes.

The same thing can be expected to occur in Brazil, where Dilma Rousseff’s PT and the PSDB headed by Aécio Neves will mark the electoral flux in the 2014 presidential elections. If there are any novelties, they would come in the form of increased support for the green candidate Marina Silva, who was the third most voted in 2010, or the moderate socialist Eduardo Campos, hitherto allied with Lula and Rousseff, as governor of Pernambuco.

The scenario might be similar in other parts of the region: in Mexico there will almost certainly

be numerous demonstrations but within a very specific context: the left-wing protests (led by the radical left party of Andrés Manuel López Obrador and the more moderate PRD) against the energy reform promoted by the president Enrique Peña Nieto, aiming to attract private capital to Pemex.

In Venezuela the citizen protests against inflation, shortage of supplies and insecurity (which hit the middle and lower middle classes especially hard) will inevitably be mixed in a high polarized political context (Chavism vs anti-Chavism), local elections on 8 December and emergence of a unified, stronger opposition around Henrique Capriles while the regime faces a difficult transition between the charismatic leadership of Hugo Chávez and the much lower profile of Nicolás Maduro.

In Colombia, the May elections, negotiations in Havana with the FARC guerrillas and the current crisis of the different left-wing movements and parties will keep the protests in check. At present, those protests are more related with the problems of different trades (illegal miners, coffee growers and lorry drivers) than with the demands of the new middle classes.

In other countries (Ecuador and Bolivia, among others), these movements are unlikely to be structured in the short term. The charismatic leadership of Rafael Correa and Evo Morales and the absence of national union and political opposition forces prevent this. In Ecuador,



**“A new Latin America is being born in social aspects and the protests demonstrate those labour pains of a more modern, heterogeneous, complex, autonomous society with critical capacity”**

just the government’s decision to drill oil in the Yasuni ITT area might be used to induce young people, ecologists and indigenous peoples to challenge the extraction plans of Rafael Correa’s government.

A new Latin America is being born in social aspects and the

protests demonstrate those labour pains of a more modern, heterogeneous, complex, autonomous society with critical capacity. The challenge of the State and political system will be to respond to and channel those demands by continuing to extend the reach and improve the quality of public services.



# Audiovisual Overview of Latin America

## Concentration and technological renewal

Madrid, july 2013

**d+i** LLORENTE & CUENCA

1. INTRODUCTION
2. THE GROWING PROCESS OF CONCENTRATION AND GLOBALISATION
3. THE PERVASIVE PENETRATION OF AUDIOVISUAL MEDIA
4. THE RISE OF STATE INTERVENTION
5. THE FUTURE: BROADCAST, PAY AND DTT TELEVISION
6. CONCLUSIONS

## 1. INTRODUCTION

**The audiovisual landscape is complex and rapidly evolving in Latin America**, particularly in the almost decade and a half since the beginning of the 21st century. This profile is the result of technical, business and political changes occurring in the region.

This report will offer a portrait of television in the region highlighting the main features of the model and the challenges it will face in a future characterised by the following developments:

- **The growing process of concentration and globalisation**
- **The pervasive penetration of audiovisual media**
- **The increased intervention of the state via legislation and as a communication player through public channels**
- **The diversification of platforms for the future: broadcast television, pay and digital terrestrial television and the audience fragmentation they produce**

These four points underscore trends in the region, in line with those occurring worldwide, which involve the appearance of a number of mega-corporations that dominate and in some cases hegemonise the audiovisual market (**concentration**) in a sector that wields social influence, as more than 90% of the population has access to at least one television (**penetration**). Simultaneously, technological changes **have diversified supply and fragmented audiences**.

This situation has led to various governments —ranging from those aligned with the political centre-right such as that of Peña Nieto in Mexico and others involved in “21st century socialism” such as Rafael Correa and others with clear leftist populist leanings such as Cristina Kirchner— to try very different ways of exerting more control over mass media in general and audiovisual media in particular (**state intervention**).



## 2. THE GROWING PROCESS OF CONCENTRATION AND GLOBALISATION

The structure of television in Latin America is determined by three distinct dynamics:

- High levels of concentration in the media sector.
- High level of centralisation of the sector. This process includes the production of content in main urban centres, thus relegating the interior areas of each country to the role of consumers of content produced by others.
- Television has developed historically in the region as an essentially commercial venture, and public media have thus far failed to occupy a central position within the range of available media.

**Media concentration in Latin America** (generally the top four stations account for 80% of audience and turnover) is not a recent phenomenon, but goes back to the very beginnings of television in Latin America. What is unprecedented is the degree of integration (horizontal, vertical and multimedia) and concentration of the current television industry: media owners are also owners of landline, mobile and data transmission companies. Their business is not limited to television but also includes radio and newspapers (traditional, free, popular and sport).

This process has been accompanied by the prevalence of **modern business structures** (less related to family interests than before) that have created **globalisation-inspired alliances with major transnational groups** which themselves become, in some cases, “multilatina” companies.

This **economic and geographical concentration** is linked to major urban centres, in most cases the capital of each country.

As stated by Professor Bernardo Diaz Nosty, Founder and first President of the Association for Research in Communication and Director of the UNESCO Chair in Communication at the University of Malaga, “technological convergence and contemporary corporate logic combine to promote media concentration. Digitized messages travel faster, farther and cost less than before. Companies that already have communication resources are better able (unlike, for example, new audiovisual production groups) to disseminate the content they produce.”

The trend has brought on **appearance of communication mega-groups** such as Televisa in Mexico, O Globo in Brazil, Cisneros in Venezuela and Clarín in Argentina.

“These groups, as noted by journalist and professor at the University of Seville (Spain) Mancinas Rosalba Chávez, are connected to financial and technological (telecommunications)

“Public media have thus far failed to occupy a central position within the range of available media”

**“This concentration does not exclude the more recent appearance of regional and community media that have driven the modest level of diversification that exists”**

networks. In addition, they have been gradually merging (a dynamic which will continue in the future) and establish short-term alliances or agreements for specific actions and the purchase/sale of products.”

This concentration does not exclude the more recent appearance of regional and community media that have driven the modest level of diversification that exists. Although their range is smaller and their economic capacity limited, their influence could be key to mobilising local groups.

Concentration rates vary from country to country:

- Some television systems are highly concentrated around a **single operator** (such as Brazil’s Grupo Globo).
- There are also **duopolies** as in Mexico (Televisa and TV Azteca), Venezuela up to 2007 (Cisneros Group (Venevisión) and Grupo 1BC) and Colombia (Caracol and RCN).

Specifically, Mexico’s audiovisual structure is characterised by the historic “duopoly” of two major media groups: Televisa, owned by the Azcárraga family, and TV Azteca, in hands of the Salinas family. The channels from these two large corporations account for nearly 97% of viewers across the country, giving them major media, economic and political power.

**In Colombia, the audiovisual sector is also characterized by the duopoly** of two major media groups with a high level of concentration: Grupo Santo Domingo (Caracol) and Ardila Lülle (RCN). Both groups have alliances with international conglomerates and own broadcast and cable television stations as well as production, publishing, radio, newspaper, internet etc. According to the IBOPE audience measurement company, both national private channels account for more than 50% of audience share in Colombia (RCN with 26.9% and Caracol with 25.2%), while no public channel has more than 1%.

- In most countries in the rest of the region, three or four channels are particularly predominant. The level of concentration in the audiovisual sector in Peru is very high because just **three private national television stations** command 50% of the total television audience. According to IBOPE data, the share of América Televisión is 21.3% (Grupo Plural TV, controlled by Grupo El Comercio), while ATV (ATV Group, controlled by the Mexican-American Ángel González) holds 13.3% and Frecuencia Latina (managed by Baruch Ivcher) accounts for 13.2%.

**In Argentina, four stations** (Cana 11, Telefé, Canal 13, Canal 9 and Canal 2) account for more than 90% of the audience. However, just **three business groups** —Grupo

“If anything unites all social classes in Latin America it is that there is at least one television set in every household”

Clarín, Telefónica and Grupo ONE— control nearly 50% of all broadcast stations. In Bolivia, four channels (UNITEL, Red Uno, ATB and Bolivisión) have held 90% of the audience since the 1990s, but in the last five years a new player, the PAT network, has joined the fray.

Unlike these countries, Ecuador’s communication sector has a structure in which the state is one of the largest media hubs due to the seizure of large companies carried out in 2008 from groups of ex-bankers as in the case of the Isaias brothers. Thus the state is currently managing more than 20 media outlets, in addition to being an internet and cable television provider. Meanwhile, the space for business groups that manage private media is shrinking. Under the constitution, the Eljuri and Egas groups had to sell their media companies because they hold shares in or own financial firms outright. And now, there are only a few families running media organisations: groups such as Vivanco, Martínez, Alvarado, Mantilla, etc.

### 3. THE POWERFUL SOCIAL PENETRATION OF AUDIOVISUAL MEDIA

Despite the social differences and gaps in many sectors, if anything unites all social classes in Latin America it is that there is at least one television set in every household.

In fact, the penetration of broadcast television is extremely high throughout the region: nearly 100% in Argentina.

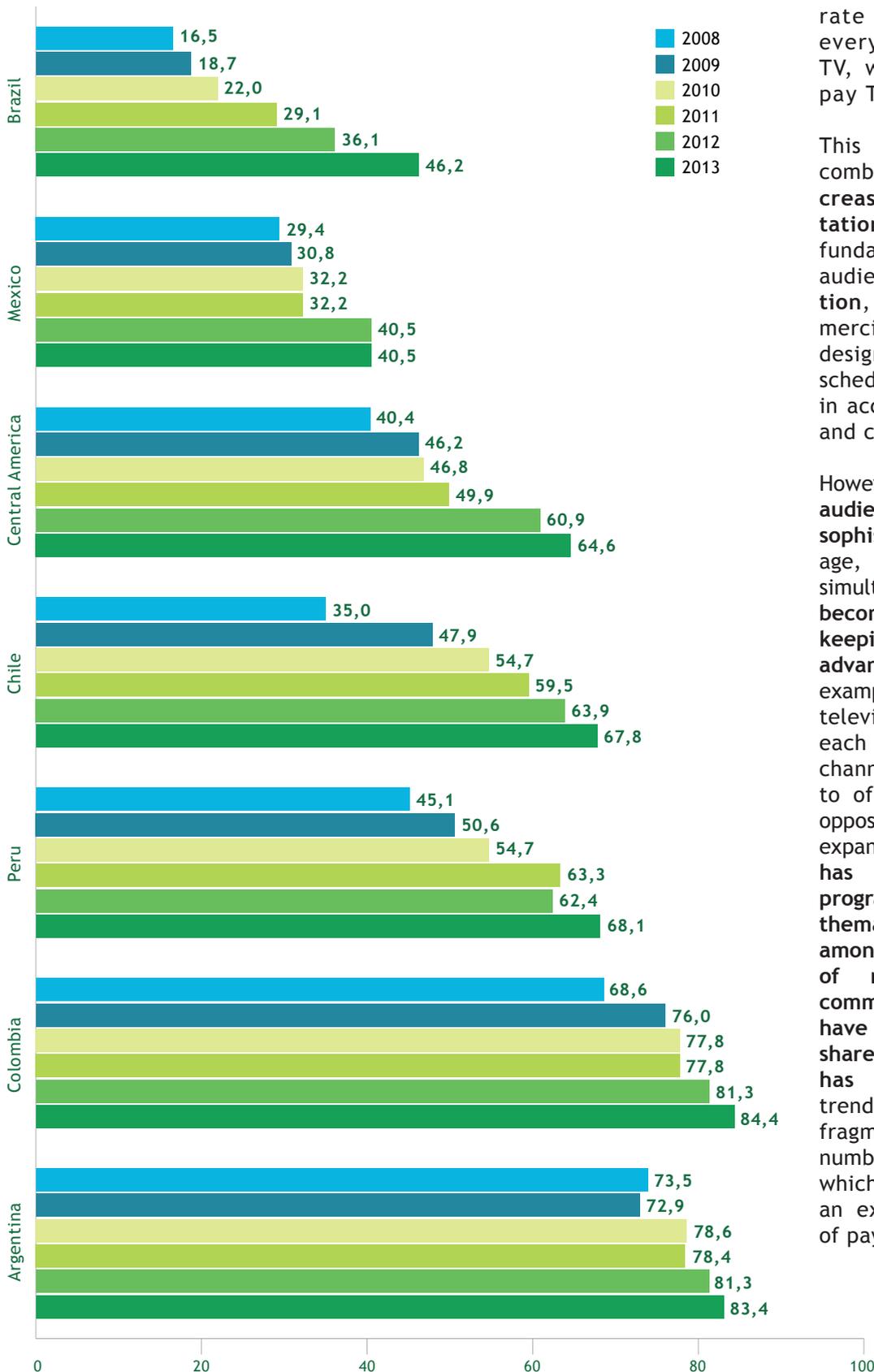
In Brazil, TV is also the medium of communication par excellence, as it has had the highest penetration rate in the region since the 1990s. Hence, Brazil is the largest Latin American broadcast commercial television market, with coverage of 98% of households that represent a potential audience of 175 million people.

Television is also the most consumed media by the 120 million people in Mexico, where 98% of households receive broadcast TV and just over 32% pay TV. The same situation exists in Colombia, where TV is the most consumed media by the country’s 47 million inhabitants, and its penetration rate is 94.4%.

Similarly, television in Peru is the country’s most widespread information technology and communication medium. It is the gateway to information, entertainment and opinion for most of the country’s nearly 30 million people. 99% of households have a television at home, and about 30% have access to pay TV. In Venezuela, the rate of household penetration is 95%.

Even in countries with lower penetration rates, the figure remains high. This is the case of Ecuador, where the

“PAY TV” PENETRATION - TOTAL INDIVIDUALS BY COUNTRY (%)



rate exceeds 90%. Almost everyone receives broadcast TV, while the penetration of pay TV is 14.5%.

This significant penetration combines with the current increase in audience fragmentation. Until the 1990s the fundamental characteristic of audiences was their segmentation, which resulted in all commercial stations developing and designing their programming schedules for audience segments in accordance with their habits and consumer availability.

However, since the 1990s, audiences have become more sophisticated depending on age, sex, social status and, simultaneously, the offer has become more diversified in keeping with technological advances (to give just one example, in Bolivia new digital television legislation will allow each frequency to carry 3 channels, making it possible to offer 66 digital channels as opposed to the current 22). The expansion of the pay TV system has broadened the offer of programming and promoted thematic specialisation amongst channels. The process of migration of broadcast commercial channels, which have lost significant audience share, towards pay TV channels has been accentuated. This trend has accentuated audience fragmentation, from a very small number of broadcast channels, which had been hegemonic, to an extremely diversified range of pay channels.

“The flood of new channels and increasingly easier and cheaper access results in a fragmentation of the viewing audience”

**This fragmentation affects ratings.** In Argentina, audience share for pay TV stood at 50% of the population during the first quarter of 2013, a record in terms of consumption of this medium. In Chile, audience share for pay TV has grown in the last five years from 40% in 2008 to 45% in 2013. In Colombia audience share for pay TV set a new record in April 2013 with a percentage of 43.5.

This reality, which is already present in these Latin American countries, is nascent but significant in others such as Mexico where Televisa is still has the largest audience share but has been losing ground. Televisa has 43.4% audience share, followed by pay TV with 27.4% while TV Azteca has been relegated to third place with 19.5% market share.

Fragmentation is making its way to Mexico through pay TV, which has increased its TV audience share by 53% in the last three years: according to the annual study conducted by Nielsen-IBOPE, pay TV outlets (about 90 channels) exceeded the audience for TV Azteca, the second largest broadcast network in Mexico.

This same phenomenon is taking place in a bigger way in Brazil. In 1993, the O Globo network had a 56-59% audience share; it now reaches only 37% of the population.

The flood of new channels and increasingly easier and cheaper access results in a **fragmentation of the viewing audience, which is becoming less concentrated and more divided, making it difficult to achieve double-digit ratings.**

These data are confirmed by audience ratings in countries such as Argentina, where **Telefe** arrived in 2012 with 11.2% share, 1.7% higher than its main competitor, Canal 13, which had 9.5%. These figures from **Telefe** were due to the great success of the series “**Graduados**” and “**Dulce amor**”. The third ranked station was Channel 9, with 4.7%. **América** was fourth with 4.3%, while **Canal 7** achieved an average of 2.7%.

The phenomenon of fragmentation occurs in both Chile and Argentina, where audiences and TV ratings barely reach double digits. **Channel 13 was the highest rated channel in 2012, with an average rating of 8.9%** because of hits such as the TV series “**Soltera otra vez**” and the reality show “**Mundos opuestos**”. Behind them came **TVN with 7.7%**, followed by **Chilevisión at 7.1%** in third place and **Mega** in fourth at **6.6%**.

**In Peru, the fight for audience share is embodied in the competition between América, ATV, Frecuencia Latina and Panamericana, while in Colombia IBOPE reports that Caracol**

“Sport in general and football in particular is one of the star products in the region”

exceeded RCN in audience share in 2012, a feat it had only managed accomplish twice since 1998. Caracol Televisión has fallen from 36% to 28%, while RCN remains at 27% after peaking at 35% in 2006. Caracol TV based its success in 2012 on productions such as “Escobar”, “El Patrón del Mal”, “Rafael Orozco”, “El Ídolo” and the reality show “La Voz Colombia”. In Brazil, TV Globo occupied the first ten places in the rankings thanks in part to its 9:00 p.m. telenovela “Avenida Brazil”, which achieved an average rating of 19.5%, followed by the newscast Jornal Nacional (14.5%) and Big Brother Brasil (13.5%).

According to a study by AGB Nielsen, **the ten most watched programs on Venezuelan television in 2012** were broadcast by Venevisión (Grupo Cisneros), with a 46% national share. The channel Televen (Televisión de Venezuela) posted a 31% share, behind Venevisión, while VTV achieved 11% and Globovisión 8%. In Mexico, the predominance of Televisa has remained relatively unaffected by TV Azteca: as stated before, Televisa has a 43.4% audience share, followed by pay TV with 27.4%. TV Azteca has been relegated to third with 19.5% market share.

As for audience tastes it should be noted that the most watched and the most popular shows continue to be those that have traditionally been broadcast:

- **Football:** sport in general and football in particular is one of the star products in the region because only

telenovelas have the ability to top football matches from the national and international leagues (the Spanish and English leagues and Europe’s Champions League), regional tournaments such as the Copa Libertadores and supranational tournaments such as the World Cup, the Confederations Cup, Eurocopa and the Copa América.

Thus, for example, in Chile, the two most-watched broadcasts in the first quarter of 2013 were the Peru-Chile match on 22 March, which headed the list at 41.8%, followed by the 41.5% share from the match between Chile and Uruguay on 26 March.

Football has become a television business, and income from TV rights for the major leagues in Latin America rose by 56% in 2012, exceeding USD \$1 billion. According to a report by the consultancy Dataxis, television rights to football matches in first division leagues in Argentina, Brazil, Chile, Colombia, Mexico and Peru generated USD \$1.07 billion. Four countries —Brazil, Argentina, Chile and Mexico— accounted for over 90% of the figure for 2012 and rights to the Brazilian championship match were valued at USD \$610 million in 2012, almost 57% of the total.

Sport broadcasts are more than a business for football clubs and broadcasters: they are also a political weapon.

**“Sport broadcasts are more than a business for football clubs and broadcasters: they are also a political weapon”**

In Argentina, Cristina Kirchner’s government acquired from the Clarín Group, with which it had had a stand-off since 2008, broadcasting rights for the local league and created “Fútbol para Todos” (Football for All) to provide broadcasts of Argentina’s league matches. Providing what until then had been available via pay TV through the state programme Fútbol para Todos was considered to be a move with clear populist overtones. In Ecuador the situation is similar: the three largest state channels (TC Televisión, Gama Tv and Ecuador TV) took over the rights to broadcast the National Football championship.

In Mexico, the fight is between private parties: a “war” for football being waged between Carlos Slim, Televisa and TV Azteca. It should be remembered that América Móvil (owned by Slim) has interests in clubs such as León, Pachuca and Estudiantes Tecos, while Televisa owns América and TV Azteca owns Morelia and Jaguares.

- **“Telenovelas”** (soap opera) are a regional phenomenon that have little to do with the well-know cheap melodrama. They offer higher production value, more professional mise-en-scène and well-written scripts performed by highly qualified actors.

They also embody a genuine television culture that transmits values and in many cases

has educational objectives and influence. According to a study by the Brazilian Society for Interdisciplinary Studies in Communication, “the telenovela became, throughout its history, not only the most profitable product for the Brazilian audiovisual industry, but also the most culturally significant format after the Brazilians began to see themselves reflected in them, sharing common points of reference.”

At this time, in 2013, the broadcast of telenovelas is the only programming besides football in each country capable of reaching and exceeding a 30% audience share. The most striking cases are “Amores verdaderos” on Televisa and “Los Rey” on Mexico’s Azteca, “Solamente vos” on Canal 13 in Argentina, “Soltera otra vez” on Canal 13 in Chile, “Avenida Brasil” on O Globo, “La reina de las carretillas” and “Solamente milagros” on América Televisión in Perú, “Tres caínes” on RCN Colombia and “Válgame Dios” on Grupo Cisneros in Venezuela.

We must take into account the fact that Avenida Brasil, the Brazilian telenovela that follows Jornal Nacional, broke audience records in Brazil and surpassed the match between Argentina’s Corinthians and Boca Juniors, South America’s biggest two teams, with a figure of 49%, one percentage point higher than the match.

“The 1990s were characterised by increasing liberalisation, deregulation and opening up of the economy in general and in the audiovisual business in particular”

- After football and telenovelas, the most watched programmes are **reality shows, game shows and talk shows**. These include the “El Programa de Susana Giménez” on Telefe in Argentina, reality shows such as “Combate” in Ecuador and “Desafío África” on Caracol in Colombia.

There are exceptions to the dominance of football and soap operas. “Periodismo para todos”, on Canal 13 in Buenos Aires, is an investigative journalism programme hosted by Jorge Lanata that has topped football in terms of viewership.

“The hegemony of telenovelas, reality shows and series in primetime network TV may be affected by the fragmentation of the audience resulting from the availability of new content, but these three genres could be reinforced through a multiplication of the number of ‘clone’ offers on future channels as the result of a conservative view of the television business,” says Daniel Condeminas, a communication consultant and professor at the University of Barcelona.

#### 4. THE RISE OF STATE INTERVENTION

The 1990s were characterised by increasing liberalisation, deregulation and opening up of the economy in general and in the audiovisual business in particular. This process facilitated

the media diversification, internationalisation and globalisation that did away with the old “home grown” aspects of these companies which had been linked to large families without external influences.

Indeed, as noted by William Mastrini (Argentine professor at the University of Buenos Aires, specialised in media concentration), one of the “essential features of Latin American media, from its appearance and up to the 1980s, is that its ownership and management was in the hands of family business groups, which were gradually expanded and gave rise to the giant conglomerates that control and concentrate ownership of the media in the region. This still occurs today, in spite of a dynamic marked by globalisation and international business alliances. These powerful family businesses grew in the shadow of political power in a relationship that benefited both parties.”

Currently two regional and political trends can be observed in regards to relations between the state and the media:

##### Growing state intervention

In the last five years, several governments in the region have made changes to their mass media policies. The degree of state regulation of ownership concentration levels has been stepped up.

In Venezuela, the audiovisual industry had traditionally been dominated by two major private media groups, Grupo Cisneros

**“The degree of state regulation of ownership concentration levels has been stepped up”**

(Venevisión) and Group 1BC, also called Grupo Phelps (RCTV-Radio Caracas de Televisión). This structure changed as the Chavez government became more powerful between 2002 and 2004 and new state-owned channels appeared (Vive and Telesur). Moreover, this structure was clearly modified in 2007 with the non-renewal of RCTV’s license and the replacement of Tves with a public station. The May 2013 sale of Globovisión, owned by the Zuloaga family for years and the only TV outlet open to the opposition, has led to uncertainty regarding its new editorial position which is now assumed to be close to the government.

In addition to the case of Venezuela, in 2008 the Ecuadorian government seized the country’s media, including two major TV channels, Gama Tv and TC Televisión, from Grupo Isaías. Additionally, it has created some public media outlets such as Ecuador TV and the newspapers El Ciudadano and PP El Verdadero. Added to this is the recent passage of the Communications Act, which mandates the distribution of 100% of the airwaves equally amongst public, private and community media.

In Argentina, Act 26.522 on Audiovisual Communication Services was enacted in 2009. It establishes guidelines governing the operation of radio and television media and creates government regulatory body, the Federal Authority of Audiovisual Communication Services. It also

seeks to limit the expansion of Grupo Clarín as it limits the number of cable channels as well as corporate concentration practices.

These governments seek to advance two objectives through these measures:

- **To create new regulatory frameworks.**

Governments in the region are in a dynamic process of making significant changes to legislation in the field of communication, as did Argentina in 2009 and Ecuador in 2013.

In that vein, the National Assembly of Ecuador recently approved by a large majority a controversial measure that regulates the media and that has been described by the opposition as a kind of “gagging” order. The regulation establishes, amongst other things, a new distribution of frequencies that substantially reduces space for the private sector. However, the aspect that the media have most complained about is the creation of two bodies: the Superintendency of Information and Communication and the Media Regulation Council.

The former is responsible for “supervision, auditing, control and intervention” and may apply economic and administrative sanctions to media organisations. Meanwhile, the Media Council will have authority in various

**“In other countries, the state has been transformed in the last five years into a media player that creates its own channels”**

areas such as the allocation of frequencies. The law also includes the concept of “media lynching”, produced by the repeated publication of information in order to “discredit or reduce” the public credibility of individuals or legal entities.

- **To provide governments with sufficient mechanisms to act as significant communication operators.**

There is no single model of public television in Latin America. Cuba’s public television holds a monopoly position typical of a totalitarian state, and public media in Venezuela are highly politicised in favour of the government. In Mexico, national public stations aim to produce unique cultural content, while in Colombia regional stations (eight in total) offer extensive public interest programming.

Moreover, in other countries, the state has been transformed in the last five years into a media player that creates its own channels that have become not only spokespersons for public policy but also private media competitors. These new state media, in the cases of Argentina, Bolivia, Ecuador and Venezuela, seek openly to compete with private groups for audience share.

Venezuela and Ecuador are two prime examples. Until 2004, Venezolana de Televisión (VTV) was the only public television operator. Now, in 2013, there are seven: besides Venezolana de Televisión, there are TVES, Vive, ANTV, Ávila TV and Telesur, the latter with two channels.

This emphasis on public television (for example, in 2007 the Rafael Correa government in Ecuador created the public television station Ecuador Tv) representing a historical dynamic change from a situation of underdeveloped public television in a market where private and commercial channels are predominant. It is worth noting in the case of Ecuador that competition between public and private channels is unlikely because the state media are funded by the state treasury, i.e. they do not compete for advertising because they do not need the income.

A different phenomenon is taking place in Mexico. There are traditional federal stations such as Canal 11, Canal 22 and TV UNAM, some of which offer good quality and excellent programming content such as Once, which has received international awards. In addition to these stations, there are also those linked to local state and

**“Given the trend of ‘21st century socialism’, or leftist populist governments seeking more interventionist roles in mass media, a liberal’ alternative is offered”**

municipal governments such as Canal 13 in Yucatan and Telemax in Sonora.

The 1980s saw the creation by state and local governments of other regional television systems. Until 2003 there had been 27 state media systems that were founded to provide a platform to showcase regional culture. Now, as noted by Raúl Trejo Delabarre, researcher at the UNAM Institute for Social Research (Mexico), “28 of the 32 states have television outlets that are run by local governments. There are a total of 253 frequencies. However, many of them broadcast at low wattage and do not entirely cover the entirety of the states in which they operate. In contrast, private broadcasters often have broader reach. For example, in Oaxaca, one of the country’s poorest states, the local government TV has 52 channels. In Huajuapán de León, Oaxaca, the state transmitter broadcasts at 700 watts while Televisa’s transmitter does so at 36,000 watts.”

#### **Commitment to liberalisation and openness**

Given the trend of “21st century socialism”, or leftist populist governments seeking more interventionist roles in mass media, a “liberal” alternative is offered for which Mexico offers a clear example in the government of Enrique Peña Nieto.

The bill put before Congress and agreed with the opposition as part of the Pact for Mexico, which he approved as the President of the Mexico with the aim of modernising the

fundamental structures of the country, is a genuine milestone in the field of Mexican television and telephony.

The reform seeks, for the first time, to liberalise the sector so as to improve services, lower prices and increase competition in the telephone and television markets dominated by América Móvil, owned by Carlos Slim, and Televisa, owned by businessman Emilio Azcárraga. We thus face the possibility of substantial changes within the Mexican television market, dominated until now by the strong Televisa-TV Azteca duopoly.

The key focus of the reform is the creation of two new national television stations by awarding frequency bands that Televisa cannot apply for. Up to a 49% share of TV networks may be under the ownership of foreigners. Producers are also required to offer their programs to all cable TV companies, while forcing companies to broadcast cable TV from all producers. It represents a new opportunity for the Mexican population, which for the first time in history is able to witness the democratisation of Mexican audiovisual media.

#### **5. THE FUTURE: BROADCAST, PAY AND DTT TELEVISION**

The short-term future of television in the region is clearly linked to technological innovations. **Pay television, in line with such technical changes and socioeconomic progress (the**



**“The dramatic growth of pay TV has been accompanied by new broadcast TV licenses”**

emergence of a middle class with consumption capacity), is gaining importance at the expense of general broadcast television. Yet at the same time it faces a challenge, that DTT may jeopardize its “reign” especially since the “digital switchover” will take place over this decade.

#### Broadcast and pay TV

At present there is a dual dynamic in the region: the dramatic growth of pay TV has been accompanied by the awarding of new broadcast TV licenses.

The Argentine government thus expects to issue 90 - 300 new broadcast TV licenses. In Mexico the Governing Council of the Pact for Mexico has agreed to create two new broadcast TV stations and a third channel to be operated by the state.

In Colombia, after the tender process for a third private broadcast TV channel failed in 2012, led by Grupo Planeta, in 2013 the tendering process may start for a third and maybe even a fourth private channel with national coverage.

In parallel fashion, Cable TV is undergoing spectacular growth in Latin America and accounts for about USD \$1.5 billion in turnover million per annum. The overall average penetration in the region is around 55%, having increased steadily from 36% over the last five years (2008-2013). In markets where pay TV has more penetration and it is more established and habitual in

households, such as Argentina and Colombia, penetration growth was around 15%. In countries such as Brazil, Chile and Mexico penetration growth between 2008 and 2012 was 118% in Brazil, 83% in Chile and 38% in Mexico, according to data from the Latin American Multichannel Advertising Council (LAMAC).

There are also huge growth prospects, particularly in the Brazilian and Mexican markets, which in gross terms have the highest subscription rates, although in relative terms they are surpassed by other countries in the region.

The main reason for this growth is that these two countries have both the largest populations in the region as well as a growing middle class. Between 2000 and 2010, middle class households and individuals went from comprising 38.4% to 42.4% of Mexico’s population, according to the National Institute of Statistics and Geography (INEGI). In Brazil some 39.5 million Brazilians entered the middle class between 2003 and 2011, according to a study by the Getulio Vargas Foundation (FGV). A middle class with greater consumption capacity can devote more resources to recreation and leisure activities where television plays an important role.

These countries also become the main area for development as TV companies can count on political (legal security in Mexico and Brazil) and social (growing middle class, some of it not vulnerable) scenarios that foster stable growth.

**“We expect to see an explosion in Mexico and Brazil in the coming years”**

“In those countries penetration growth has surpassed historical records. In the case of Mexico penetration in the period from 2007 to 2012 increased from 29% to 41%. Brazil, according to figures reported by IBOPE for eight cities, pay TV penetration in 2012 was 36.1%, which translates into an increase of 143% since 2007,” said Gary McBride, president and CEO of the Latin American Multichannel Advertising Council.

According to McBride, “We expect to see an explosion in Mexico and Brazil in the coming years, and that will contribute to the consolidation of our business in these countries. Looking at growth, we see a common phenomenon: the fastest growing penetration rates are in the middle and lower socio-economic categories.”

**Colombia, another country with a growing urban middle class, has become the Latin American country with the highest level of pay television penetration with a presence in eight out of 10 Colombian households,** according to the Latin American Multichannel Advertising Council (LAMAC). Pay television in Colombia grew by 23% in the last five years, reaching 84.4% of Colombians.

LAMAC data show Argentina in second place, having led the region up to 2012, with 83% penetration of households. Third is Chile with 60%, which between 2012 and 2013 grew by 40%. Next come Peru (53%) and Venezuela (50%), followed by Mexico (44%) and Brazil (40%).

Other markets are less powerful, but are also experiencing significant growth.

This is the case of Ecuador, where the market for pay TV reached 650,870 subscribers on 31 January, 29.9% more than the 500,893 subscribers registered on the last day of 2012. Something similar is happening in Uruguay, where Pay TV subscribers are increasing by about 10% per year.

This growing trend of pay television can be explained by several factors:

- **Competition amongst cable operators**, which has enabled a “process of massification” with new offers and more affordable payment options.
- **Social and economic improvement of the region**, embodied by a new emerging middle class with increased consumption capacity.

The industry itself admits that 2012 was very positive in terms of distribution owing to three factors: the growth of the “C class” in Brazil, the consolidation of mature markets such as Argentina and the strong performance of markets in Colombia, Peru and Chile. For all these reasons, the region stands as one of the most attractive markets for the development of pay TV.

#### The future of pay TV

In the last five years, pay television has not only consolidated its position in Latin America but has made a qualitative leap. For the first time in history, more than

half of the region's households reported having pay TV in 2012, as shown below.

In the medium term, pay television will be characterised by **two features: impressive growth and increased concentration.**

- **Impressive growth**

Television will experience some interesting changes in the next five years. Digital Terrestrial Television and the advent of internet TV will diversify supply and require pay TV operators to redefine their business models.

Although the television offer will undergo gradual changes, it seems that pay TV will remain viable and even grow. This notion is corroborated by the market intelligence consulting company Dataxis, which specialises in Latin America.

Over the next few years, pay TV will undergo consolidation throughout Latin America, where the vast majority of countries will achieve penetration rates above 70%. According to the analysis by Dataxis, the seven most significant pay TV markets in Latin America will have more than 67 million customers in 2016.

This Dataxis study indicates that by 2016 Brazil, Mexico and Colombia will be the leading countries in the medium term. They, along with Argentina, will constitute the four largest pay TV markets by customer volume with close to 90% of all subscribers.

- **Increased concentration**

Dataxis also notes substantial business concentration between 2006 and 2010. The top 10 pay TV groups in the region accounted for 73.7% of subscribers in 2010, 10.5% higher than in 2006.

The two groups with the highest rates of growth in that period were DirecTV and América Móvil, who were first and second respectively.

DirecTV has been the leader in this segment since 2007, supported by its main markets: Argentina, Brazil, Colombia, Venezuela, Chile and Peru. However, Mexican tycoon Carlos Slim has become the leading pay TV provider in Latin America,



Source: Data released by IBOPE in the Establishment Survey. Data for 2013, 2014 and 2015 are estimates by LAMAC.

“Over the next few years, pay TV will undergo consolidation throughout Latin America”

and with services such as “triple-play” took a leading position in countries such as Chile, Ecuador and Peru in 2010, Argentina and Mexico being exceptions. The Mexican group América Móvil, has surpassed the American holding company DirecTV as the leading provider of subscription television services.

## 6. CONCLUSIONS

The coming years will witness major changes in the Latin American audiovisual landscape. These changes will occur in two ways that may seem contradictory even through they share parallel characteristics.

On one hand, the process of concentration will intensify because large mega-corporations have long since followed this trend

and powerful communicational groups that hegemonise the market for broadcast and pay TV have appeared in the region.

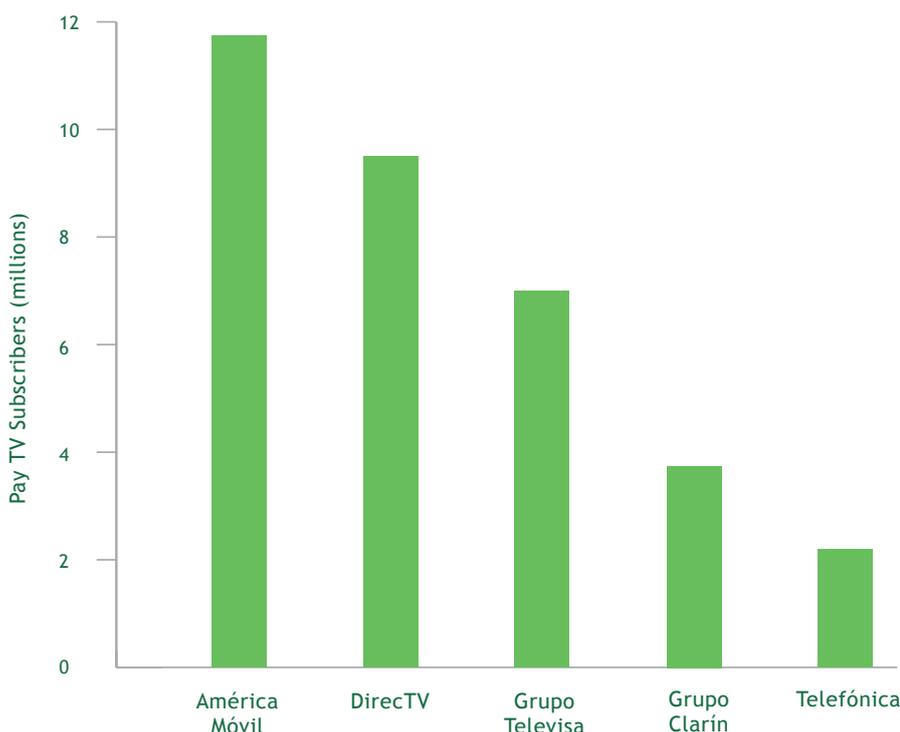
Furthermore, technological advances in communication will further increase the diversification and fragmentation of audiences due to access to information via pay TV, internet television channels, local community channels and those operated by ethnic and social minorities.

Specifically, two “revolutionary changes” in the audiovisual field will prove significant in the medium term: the “digital switchover” (and the subsequent introduction of DTT) and the rolling out of “multi-play” technology.

The main challenge for Latin America will be the “digital switchover”, which is already underway, even though Latin America is running somewhat behind Europe and the United States in this regard. At present, in 2013, only one city in the region, Tijuana in Mexico, has ceased all analogue broadcasting (May 2013). At the end of 2012 more than 12 million homes in Latin America had access to DTT, i.e. almost 10% of households with television in Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela.

According to a study published by Dataxis, in 2016 “more people in Latin America will watch DTT than analogue TV. In addition, the study predicts that by 2017 DTT will be the main television reception platform

TOP 5 LATIN AMERICA PAY TV - TV OPERATORS, H1 2012



**“The main challenge for Latin America will be the ‘digital switchover’”**

for households that are not subscribed to a pay platform in Brazil, Argentina and Venezuela. Among the countries that will record the highest number of households with access to DTT in late 2017, Brazil was first with about 65% of the total for Latin America. Mexico, with 10.3% of households, will be in second position while Argentina will be positioned as the third largest market with 8%.”

Mexico’s analogue transmissions must end no later than 31 December 2015, the same date set for Uruguay and the Dominican Republic. Brazil, Paraguay and Colombia will do the same in 2016, while 2017 will be the year for Costa Rica, Panama and Chile; El Salvador and Ecuador will do so in 2018, while in Argentina and Colombia it will come in 2019; Peru, Bolivia and Venezuela will make the definitive switch in 2020, Honduras in 2021 and Peru in 2014.

DTT will be a qualitative and quantitative change not only for television, but also for radio and other communication systems:

- Analogue TV represents an inefficient use of the spectrum as it saturates the number of channels available in a country. With DTT, a smaller amount of the spectrum being used makes it possible for more channels to exist.
- Digital signals make higher quality audio and HD video possible.

In the field of DTT, Latin America has again demonstrated its characteristic **heterogeneity by opting for three alternatives as opposed to a single homogeneous DTT system.**

Japan’s Integrated Services Digital Broadcasting standard (ISDB) was adopted by the Brazilian government in 2006, a move which prompted other Mercosur countries (Argentina, Paraguay and Uruguay) to follow suit, ruling out the European (DVB) and American (ATSC) standards that were adopted primarily by countries most closely linked to the US (Mexico, Central America, except Guatemala and Nicaragua, and the Caribbean).

This heterogeneity, beyond illustrating Latin American peculiarities, will result in serious problems when future attempts are made to make use of communication synergies in the region and promote cultural, educational and television integration due to the lack of compatibility between systems. This situation will promote isolation between countries and between the region’s two largest geographical areas (North and South America).

**The other challenge for Latin America will be the “triple-play”, which will involve changing the concept of media in general and television in particular (the provision of bundled voice, internet, television, fixed and mobile phone services as well as “Wi-Fi” wireless connectivity).**

The logic is that Latin America is going through the same process as Europe, where home triple-play has peaked and expanded into the field of mobile telephony through the creation of content targeted to that medium. Internet Protocol television (IPTV) has the capability of offering video and multichannel television content, with image quality similar to that of DVDs.

In the medium term, the world of television in Latin America will experience a profound transformation: the development and competition between digital, satellite and multi-play TV which will diversify the media through which one can view television content (triple-play with Pay TV, telephone and internet

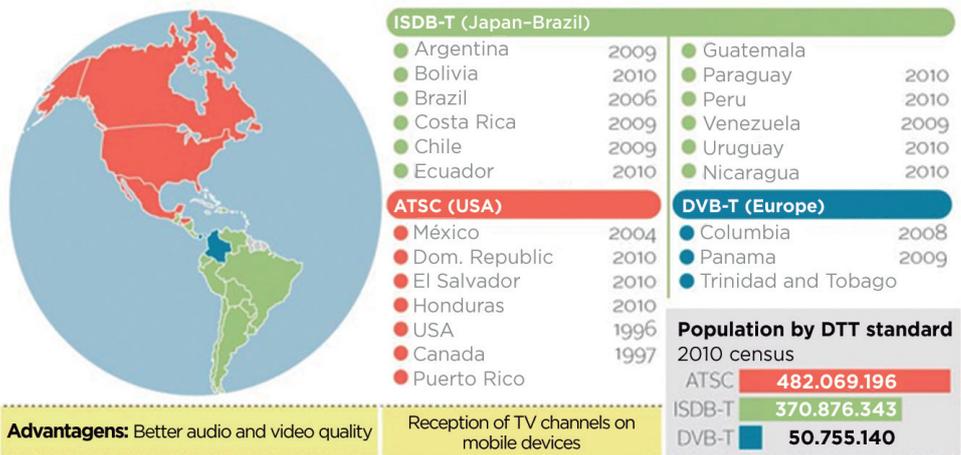
services) via computers, tablets or smartphones. Users will benefit from a more diversified array of offers and from more affordable prices, but they will not always get better quality and service.

DTT offers more channels, with better image quality and free, but its emergence comes at a time when there are other technologies that offer more features, particularly internet television, which embodies an alternative offering a la carte television and video on demand that enables the broadcast of digital content.

This duel between the DTT and multi-play will give rise to the new audiovisual map of Latin America.

### DIGITAL TELEVISION IN THE AMERICAS

► DTT (Digital terrestrial television) is the broadcast and reception of moving images and sound through digital signals (binary codes) through a network of land relay stations.



**Advantages:** Better audio and video quality

Reception of TV channels on mobile devices

#### News of interest

**Argentina:** One million decoders delivered; offer of 10 million mobile phones with broadcast TV.  
**Bolivia:** In May 2012 Bolivia TV digital broadcasting began.  
**Brazil:** 448 cities covered in September 2012.

**Columbia:** 40% DTT coverage.  
**Costa Rica:** ISDB-T standard adopted in 2010.  
**Chile:** DTT legislation debated in Congress.  
**Ecuador:** Digital TV master plan enacted in October 2012.

**Guatemala:** ISDB-T standard adopted 1 June 2013.  
**Mexico:** More than 192 decoders delivered and digital switchover concluded in Tijuana.  
**Panama:** DTT legislation enacted in 2009.

**Peru:** Digital TV master plan approved in 2010.  
**Dom. Republic:** ATSC standard adopted in 2010.  
**Venezuela:** 13 digital terrestrial stations and 300,000 decoders acquired in 2012.  
**Uruguay:** DTT legalised by decree in 2012.



# Overview of Latin American press

## The pre-Internet boom

Madrid, october 2013

**d+i** LLORENTE & CUENCA



1. INTRODUCTION
2. WHAT DO PEOPLE READ IN LATIN AMERICA?
3. GROWTH IN READERS
4. CONSOLIDATION OF THE PUBLISHING GROUPS
5. FUTURE OUTLOOK: LOSS OF READERS AND DIGITAL CHALLENGE

## 1. INTRODUCTION

Latin American press is currently thriving —growth in readers, advertising and circulation in most countries—, contrasting with the crisis in other parts of the world, especially Europe and the USA.

There are media more suited to the emerging social sectors —the lower middle classes— in content and price, alongside newspapers focusing on the interests of the higher social strata and the professional middle classes.

These are times of general prosperity throughout the region, although there are already hints of the challenges that will appear in the near future and which have commenced in some countries such as Argentina: falling numbers of readers, sales and advertising as those readers shift from printed press to the digital press on Internet.

This report analyses the following points:

- The current situation of the printed press in Latin America, referring to the number of readers, characteristics, trends and degree of business concentration.
- The short-term challenges facing the printed media as Internet advances.

We shall try to explain first of all what people read in Latin America, why the number of people reading printed press is growing in most of these countries, the business structure in the media of this region and, finally, the future outlook for printed press in Latin America.

“The Popular Press is, together with the free press, behind the current surge of readers”

## 2. WHAT DO PEOPLE READ IN LATIN AMERICA?

One of the characteristic features of the printed press in Latin America is its variety and widely differing target publics with a broad spectrum of cultural education and social levels, which in turn leads to a diversity of contents and forms of presentation.

Some 5 types of daily newspapers can be distinguished in the region: the traditional press, popular press, regional press, specialist press and free press.

- **The Traditional Press** is what is known as “the serious press”, including large, long-standing benchmark newspapers such as La Nación and Clarín in Argentina, El Mercurio in Chile, El Comercio in Peru, O Estado in Brazil or El Tiempo in Colombia, along with others that have appeared on the scene during the last half a century, such as Reforma in Mexico, Prensa Libre in Guatemala or La Tercera in Chile.
- **The Popular Press** is, together with the free press, behind the current surge of readers and exists throughout the entire region, from Mexico and Guatemala, through Peru and Brazil, to Argentina and Chile.

These newspapers are cheaper and offer everyday, local news on the subjects and areas of most interest for the working class and emerging middle class: public services, the health service, safety

and education. One of their characteristic features is that they present the contents in a clear, direct language, often using jargon, bearing in mind their target public in the middle-middle and low-middle classes. The front page is colourful with large headlines, containing news on crime & accidents, entertainment and show business.

- **The Regional Press** is very important in the largest and most decentralised countries, since the major cities in the interior have enough critical mass and volume of population, especially in the working-class districts, to maintain well-established printed media with large circulation. That is the case of countries such as Mexico, Venezuela, Colombia, Brazil and Argentina. In Ecuador, Quito and Guayaquil are the two poles where the principal media are developed, which actually operate as national press. In contrast, there is a large dispersion in countries such as Bolivia with small, provincial circulations.
- **The Specialist Press** embraces a large number of media, but two large categories stand out, those dedicated to economic information, addressed at a minority but with a high purchasing power, and sports press, which is much more massive and popular. In fact in some countries, like Mexico, Peru and Venezuela, the sports press is among the most widely read.

“What can be observed throughout the region is a competition between ‘serious’ media and popular press”

In the more socially and economically developed countries the economic media, although minority, are highly influential, as is the case of *Ámbito Financiero* and *El Cronista Comercial* in Argentina —with 74,000 and 58,000 copies a day—, *Valor* in Brazil, and *El Financiero* and *El Economista* in Mexico with 98,000 and 38,000 copies each.

In this regard, certain weekly magazines have a huge impact and are very important, such as *Veja* in Brazil with a circulation of over 1 million copies, *Qué Pasa* and *Capital* in Chile, *Brecha* and *Búsqueda* in Uruguay, *Semana* in Colombia, *Letras Libres* and *Nexos* in Mexico and *Caretas* in Peru.

- In recent years, since the late nineties, **the free press** has also developed with great success.

As pointed out by the specialist in free press, Piet Bakker, from Amsterdam University, this type of newspaper is the most recent phenomenon in the world of printed press. Its circulation grew by 140% from 1.2 million in 2005 to 2.8 million in 2010, reaching a total of 3.5 million newspapers distributed in 2011 —a penetration of 1 newspaper for every 100 inhabitants—. The number of free newspapers in the region rose from just two in 1999 to 40 and currently stands at 37 —8 in Argentina, 8 in Brazil and

7 in Mexico, these countries leading this new form of press—. The most prominent free newspaper is the *Metro International* —“Metro”—, the largest newspaper in Latin America, with almost 3 million daily readers in the metropolitan areas of Mexico, Brazil, Chile, Ecuador, Peru, Guatemala and Colombia.

What can be observed throughout the region is a **competition between “serious” media and popular press**. According to *SkyScraper Life*, a forum of multimedia information resources, which published the report “The 200 daily newspapers most widely read in Latin America: average daily circulation in 2011”, the most read newspaper in the region is the popular Peruvian newspaper *Trome*, followed in second place by *Clarín* in Buenos Aires with 348,239 a day; third was the popular *Super Noticia* in Belo Horizonte with 293,572; fourth *Folha* in São Paulo with 286,398; and fifth, another popular newspaper, *Nuestro Diario* in Guatemala City with 270,097.

The first ten places are completed with *El Tiempo* in Bogotá —6th with 269,394—, *Extra* in Río de Janeiro —7th with 265,018—, *O Estado* in São Paulo —8th with 263,046—, *O Globo* in Río de Janeiro —9th with 256,259— and *La Prensa* in Mexico City —10th with 244,299—.

As may be observed in this classification, the popular newspapers —*Trome*, *Super Noticia*, *Nuestro Diario*, *Extra* and *La Prensa*— and the traditional ones —*Clarín*, *Folha*, *O Estado*,

O Globo and El Tiempo— predominate on the market.

Analysing the situation country by country, we observe that the printed media predominating on

the markets are traditional and popular press, with a few specific cases where specialist press is more important, especially sports newspapers, and even regional press:

COUNTRY	MEANS	SALES	TYPE	COUNTRY	MEANS	SALES	TYPE
ARGENTINA	Clarín	348,000	traditional press	HONDURAS	La Prensa	60,000	traditional press
	La Nación	162,000	traditional press		MEXICO	La Prensa	244,000
	Diario Popular	96,000	popular press	El Gráfico		232,000	popular press
	La Voz del Interior	55,028	regional daily	El Norte		232,000	regional press
	La Gaceta-Tucumán	53,925	regional daily	El Informador		190,000	regional press
	Dario Deportivo Ole	49,625	sports daily	Record		180,000	specialist press
	La Capital-Rosario	39,175	regional daily	Ovaciones		158,000	specialist press
El Día-La Plata	38,362	regional daily	Reforma	135,000		traditional press	
BOLIVIA	Extra	80,000	popular press	La Jornada		107,000	traditional press
	Gente	78,000	popular press	El Economista		98,000	specialist press
	El Diario	45,000	traditional press	El Universal		81,000	traditional press
	El Deber	28,000	traditional press	Milenio	80,000	traditional press	
BRAZIL	Folha	297,000	traditional press	Excelsior	25,000	traditional press	
	Super Noticia	296,000	popular press	NICARAGUA	La Prensa	42,000	traditional press
	Extra	265,000	popular press		PANAMA	El Siglo	66,000
	O Estado	263,000	traditional press	La Prensa		65,000	traditional press
	O Globo	256,000	traditional press	PARAGUAY	Últimas Noticias	39,000	traditional press
	Zero Hora	188,000	popular press		ABC Color	39,000	traditional press
CHILE	El Mercurio	161,000	traditional press	PERU	Trome	560,000	popular press
	Últimas Noticias	124,000	popular press		El Popular	215,000	popular press
	La Cuarta	107,000	popular press		Correo	161,000	popular press
	La Tercera	98,000	traditional press		Nuevo Ojo	151,000	popular press
	La Segunda	133,000	traditional press		Líbero	106,000	sports daily
COLOMBIA	El Tiempo	269,000	traditional press		El Comercio	100,000	traditional press
	Q'Hubo Medellín	121,000	popular press	Perú 21	100,000	traditional press	
	El Espectador	58,000	traditional press	La República	50,000	traditional press	
	El Espacio	48,000	popular press	DOMINICAN REPUBLIC	Listín Digital	66,000	traditional press
COSTA RICA	Diario Extra	169,000	popular press		Hoy	50,000	traditional press
	La Nación	65,000	traditional press		Caribe	28,000	traditional press
ECUADOR	El Universo	135,000	traditional press	El Nacional	28,000	traditional press	
	El Comercio	120,000	traditional press	URUGUAY	El País	65,000	traditional press
	Últimas Noticias	69,000	popular press		La República	38,000	traditional press
Extra	69,000	popular press	VENEZUELA	Últimas Noticias	170,000	popular press	
El Salvador	Diario Hoy	57,000		traditional press	Meridiano	150,000	sports daily
GUATEMALA	Nuevo Diario	270,000		popular press	Panorama	101,000	regional press
	Prensa Libre	130,000		traditional press	Líder	100,000	sports daily
	El Periódico	30,000		traditional press	El Nacional	90,000	traditional press
	Siglo XXI	30,000		traditional press	El Universal	82,000	traditional press

Source: Author's preparation based on figures from SkyScraper Life (average daily circulation in number of copies sold in 2011)

**“In contrast to the situation in Europe and USA, in most of the Latin American countries, excluding cases such as Argentina or Chile, the number of people who read printed press is growing”**

As can be seen in this table, the competition between benchmark traditional press and popular press is clearer in Brazil than anywhere else. The daily newspaper *Folha* in São Paulo and the popular newspaper *Super Noticia* vie with each other every year for the largest number of sales. Moreover, the six newspapers with the highest sales are the popular daily newspapers *Super Noticia*, *Extra* and *Zero Hora*, and the traditional daily newspapers *Folha*, *O Globo* and *O Estado*.

In Peru, however, the predominance corresponds to popular press: *Trome* is undisputed regional leader with 560,000 copies, followed at a considerable distance by another daily newspaper of the same type, *El Popular*.

The Mexican market is dominated by the popular press —*La Prensa*—, the sports papers —*Récord* and *Ovaciones*— and the regional newspapers —*El Norte de Monterrey* and *El Informador de Guadalajara*—. The major traditional newspapers follow in fourth place —*Reforma*, *La Jornada*, *El Universal*, *Milenio* and *Excelsior*—.

Along the same lines, in Venezuela the popular press —*Últimas Noticias*—, regional press —*Panorama*— and sports press —*Meridiano* and *Líder*— top the list of most-sold daily newspapers, outstripping the traditional serious press —*El Nacional* and *El Universal*—. In

Bolivia the most-read media are the popular press such as *Extra* and *Gente*, which double the circulation of *El Diario* in La Paz and *El Deber* in Santa Cruz.

The situation is similar in Guatemala, albeit on a smaller scale owing to the size of the country: the undisputed leader is the popular *Nuestro Diario* —270,000 copies—, way ahead of the traditional newspapers such as *Prensa Libre* —130,000—, *El Periódico* —30,000— or *Siglo XXI*. Similarly, in Costa Rica *Diario Extra*, a popular newspaper, sells 100,000 copies more than *La Nación*, the benchmark daily newspaper in the country.

In Argentina, Chile, Colombia and Ecuador the traditional press is most widely read, although the popular press also have a strong presence on the market. The principal newspapers in Argentina are *Clarín* and *La Nación*; in Ecuador, *El Universo* and *El Comercio*; in Chile, *El Mercurio*; and in Colombia, *El Tiempo*. But these newspapers are followed very closely by the popular newspapers —*Las Últimas Noticias* and *La Cuarta* in Chile, *Últimas Noticias* in Ecuador, *Q´Hubo*, with its corresponding local editions, in Colombia and the weakest of all, *Diario Popular* in Argentina—.

### 3. GROWTH IN READERS

In contrast to the situation in Europe and USA, in most of the Latin American countries,

**“The improvement in the economic situation in the region has brought a higher level of resources and increased purchasing power of the population, especially the emerging middle classes”**

excluding cases such as Argentina or Chile, the number of people who read printed press is growing. From a ratio of 6.2 newspapers per 100 people in 2002, it rose to 6.7 per 100 people in 2010 while the circulation increased by 15%, according to figures published by the consultancy PricewaterhouseCoopers (PwC).

PwC forecasts a growth of the daily newspaper business in Latin America by around 5.5% per annum over the next five years, which contrasts with the 1.4% p.a. drop forecast in North America over the same period, or the growth of just 0.3% in Europe and the Middle East.

There are several reasons for this growth, which is underpinned by the rise of popular and free press and goes against the global trend:

- Firstly, **the improvement in the economic situation** in the region has brought a higher level of resources and increased purchasing power of the population, especially the **emerging middle classes, the main niche of readers of the popular press.**
- Secondly, **the consumption of free press has also grown.** The “Metro” phenomenon began in Stockholm in 1995 and reached Latin America in 2009 when this type of dailies appeared in Ecuador, Colombia, Guatemala and Peru, subsequently

extending throughout the entire continent.

As pointed out by Piet Bakker, journalist and academician at the University of Utrecht and expert in the worldwide phenomenon of free press, free newspapers will not replace paid papers, but reach a supplementary type of reader: *“The main reason for the low level of substitution seems to be that free dailies target not only new readers but also a different sort of reader. Free papers are usually also quite successful in finding that particular reader. As they aim for a –preferably urban younger– non reading audience, existing titles don’t have so much to fear from free dailies. At the same time there are many people who read both paid and free dailies, which also suggests a low level of substitution.”*

As shown in the graph “Countries, titles, editions and circulation of free newspapers in Latin America”, circulations has doubled between 2005 and 2011.

This is a global phenomenon which has extended throughout the region. Some of the most popular titles are La Razón in Buenos Aires; El Día in Bolivia; Sao Paolo Metro, Greater São Paulo, Santos, Campinas, Rio de Janeiro, Curitiba, Belo Horizonte and Destak in Sao Paolo, Rio de Janeiro and Brasilia; and in Chile, Publimetro and La Hora in Santiago, Viña del Mar, Valparaíso and Rancagua.

“There are large communication groups behind the major printed press in the region”

In Colombia, ADN in Bogotá, Medellín, Barranquilla, Cali; Al Día and Diario Libre in the Dominican Republic; Metrohoy, Metroquil and MetroCuenca in Ecuador; Publinews in Guatemala; Publimetro in Peru; Primera Hora and Ciudad in Venezuela.

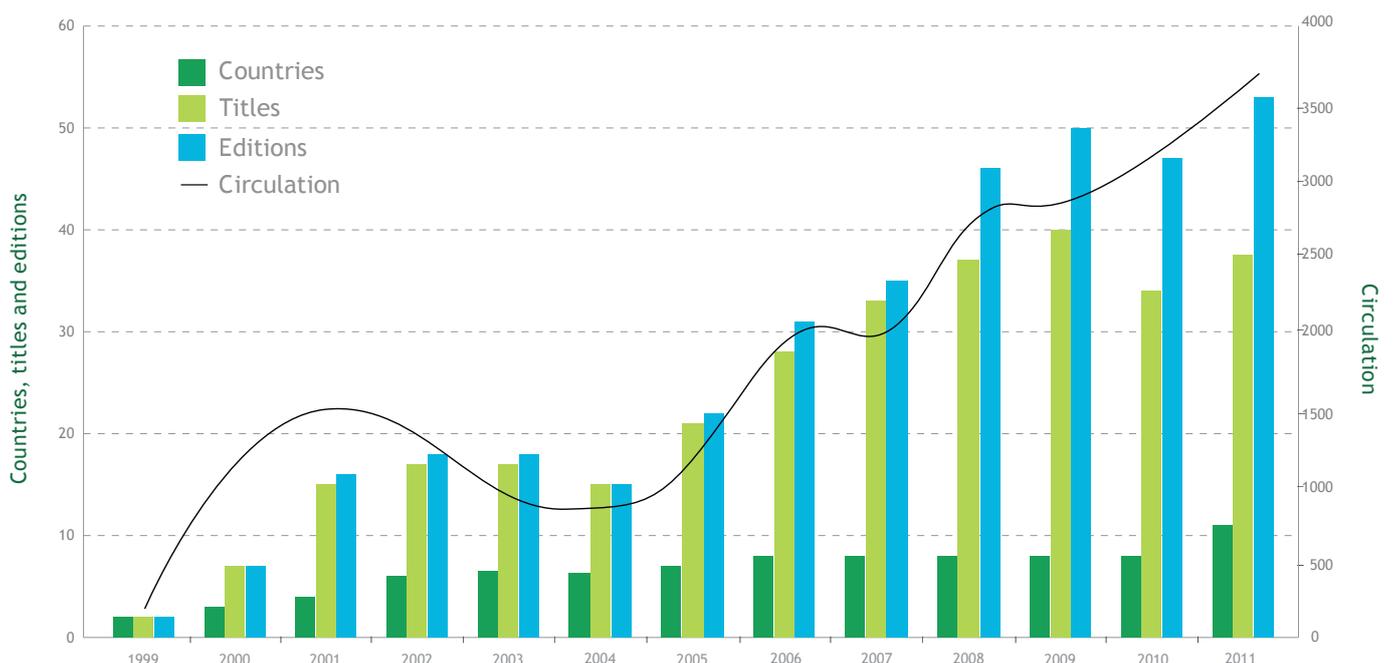
In Mexico we can find El M in Mexico City, in circulation from 2000 to 2007; El Tren in Guadalajara, created in 2000; El Nuevo Siglo, 2004-2010; El Tren in Monterrey (2005); Crónica Síntesis (2006-2010); Publimetro, with editions in Mexico City, Monterrey and Guadalajara (2006); Más por Más in Mexico City (2009); PuntoMedio in Mérida (2009); El Nuevo Mexicano in Federal District (2010) and 24horas with a national circulation (2011).

#### 4. CONSOLIDATION OF THE PUBLISHING GROUPS

There are large communication groups behind the major printed press in the region. These major corporations have the largest circulation, largest numbers of readers and largest advertising portfolios.

In Brazil, the most important paper, **O Globo**, is owned by InfoGlobo of the Marinho Group, a media conglomerate with holdings in radio, press and television. The other major group has been developed around **Folha**, related to the Frías family, which publishes the Folha de São Paulo, Agora and Valor Económico. Other prominent groups are the **RBS Group in Rio Grande do Sul** with 4 newspapers,

COUNTRIES, TITLES, EDITIONS AND CIRCULATION OF FREE NEWSPAPERS IN LATIN AMERICA, 1999-2011



Source: Piet Bakker: “The rise of free daily newspapers in Latin America”, at <http://udep.edu.pe/comunicacion/rcom/pdf/2012/Art129-149.pdf>



**“In Argentina, the Clarín Group owns the daily newspaper Clarín, which was for many years the most widely read Spanish-language newspaper in the world”**

including its flagship Zona Zero, and the **Estado Group** with O Estado de São Paulo.

In Mexico, the following groups are prominent: *El Universal Group*, Image Group –owned by Olegario Vázquez Raña, which controls Excelsior newspaper–, and *Organización Editorial Mexicana* – which is controlled by Mario Vázquez Raña, bringing together some 70 printed media–. Then there are important local groups, such as La Jornada in Mexico Federal District, and Reforma and Milenio in Monterrey, Federal District and Guadalajara.

**In Colombia, the Santo Domingo Group** controls radio and TV Caracol, the daily El Espectador in Bogota and prominent magazines such as Semana and Cromos. Furthermore, in 2012 the **Organisation of the Colombian entrepreneur Luis Carlos Sarmiento Angulo (OLCSAL)** purchased 55% of the shares in Casa Editorial El Tiempo from the Spanish Planeta Group. This firm also publishes the economic specialist daily Portafolio and ten magazines.

Juan Carlos Gómez, researcher from the media observatory at La Sabana University, points out that the interest observed in the past relationship between entrepreneurs and that sector of the press is linked with the “possibility of increasing their sphere of influence and power”: “Large economic investors need backing to increase the influence they can bear on the societies in which they are

established, so they invest in the media because this gives them symbolic power, which in turn underpins their economic power and they thus increase their influence in the sphere of politics and also their profitability.”

**In Argentina, the Clarín Group** owns the daily newspaper Clarín, which was for many years the most widely read Spanish-language newspaper in the world. La Nación, apart from the newspaper of the same name, also owns the local licences of publications such as Rolling Stone, ¡Hola! and OHLALÁ.

**In Chile there are three major groups: El Mercurio, Copesa and the Claro Group.**

El Mercurio is the largest journalistic company with more than 20 national and regional newspapers, including El Mercurio de Valparaíso, El Mercurio de Santiago, Las Últimas Noticias, El Mercurio de Antofagasta, La Estrella de Valparaíso, El Líder de San Antonio and La Prensa de Tocopilla.

The Copesa Group controls several names in radio, television and Internet, as well as press, including Pulso, La Tercera, La Hora, La Cuarta, El Diario de Concepción, the magazine Qué Pasa, Paula, BizHoy, Biut, Agrupémonos, Zoom Inmobiliario, Zoom Automotriz, Promo Service and the radio stations Zero 97.2 and Duna 89.7, among others.

Finally, the Claro Group, named after the entrepreneur Ricardo

**“All these processes are occurring in a context of modernisation of what were formerly companies that had been owned for generations by families dedicated to journalism”**

Claro, is behind Ediciones Financieras S.A., which owns Diario Financiero. The group also owns Ediciones e Impresos S.A., which publishes Revista Capital.

**In Bolivia, the Rivero family** owns the benchmark daily El Deber and controls Periodistas Asociados Televisivos, nine dailies in La Paz, Cochabamba and Potosí, two radio stations and two television channels.

**In Peru, the El Comercio Group owned by the Miró Quesada family** is the principal media group in the country, with daily newspapers such as El Comercio, Gestión, Peru.21 and Trome, along with its interest in television, through Grupo Plural TV, owner of Canal N and América TV, in which the La República Group is a minority shareholder.

**In Venezuela, the largest two newspapers, El Nacional and El Universal, are owned by the Otero Silva and Mata families, respectively.**

All these processes are occurring in a context of modernisation of what were formerly companies that had been owned for generations by families dedicated to journalism. Those families have now formed business units which are run using modern administrative and managerial methods.

For the time being, these groups have opted for a triple strategy:

- **Diversification:** while continuing to publish their

long-standing titles, they have also put popular and free newspapers on the market. This is the case of Clarín with the popular daily Muy, El Tiempo with Hoy and Copesa in Chile with La Hora (created in 2000).

The media conglomerate that publishes O Globo, the largest paper in Río de Janeiro, launched its own tabloid, Extra, sold at 65 cents, while O Globo was sold at US\$ 1.15. Following the launching of Extra by Infoglobo, the RBS Group, a media conglomerate from Porto Alegre, launched Diário Gaúcho in 1998.

The traditional media have also entered the free press business: Clarín took over La Razón in 2000; Diario Hoy in Ecuador launched Metrohoy, Metroquil and MetroCuenca, the Copesa Group in Chile brought out La Hora; El Comercio in Peru is behind Publimetro; the Planeta Group, which owns the daily El Tiempo, promotes ADN in Bogotá, Medellín, Cali and Barranquilla; El Nacional in the Dominican Republic launched Última Hora; El Día in Bolivia launched El Sol; and El M was published in Mexico by El Universal.

- **Segmentation of the journalistic market** —through specialist, sports, popular and free press— as an option to focus on readers’ needs, make the press more attractive and start publishing brief, more local news.



“The circulation of printed newspapers grew by 0.1% in 2012 in Latin America”

- **Positioning in Internet,** since, as highlighted by digital press researchers Summer Harlow and Ingrid Bachmann: “A solution is sought in Internet to the problems encountered as a result of the falling circulation and smaller advertising income of the press –Paterson and Domingo, 2008–. However, a recent report showed that 20% of the digital journalism initiatives in Latin America do not make a profit – Fundación Nuevo Periodismo Iberoamericano, 2011–.”

Although the number of readers is rising in some Latin American countries –the most representative being Peru, where sales have grown by 55% in the last 5 years from 1.2 million copies sold to 1.8 million, according to figures published by KPMG–, the socially more mature countries such as Brazil, Argentina, Colombia and Chile, with historically consolidated middle classes, are already in a very different situation as reading on Internet is rising steadily. That is the way Latin American press will go in the coming years.

## 5. FUTURE OUTLOOK: LOSS OF READERS AND DIGITAL CHALLENGE

The medium-term future of the Latin American printed press, in around five years’ time, will be hit by (a) a loss of printed press readers through migration to Internet and, as a direct consequence of this, (b) the boom in electronic media.

### Loss of printed press readers

Broadly speaking and according to the annual survey of World Press Trends published by the World Association of Newspapers and News Publishers, the circulation of printed newspapers grew by 0.1% in 2012 in Latin America –1.2% in Asia and 3.5% in Australia and New Zealand–, contrasting with a fall by 6.6% in North America, 5.3% in West Europe, 8.2% in East Europe and 1.4% in the Middle East and North Africa.

By all accounts, as the middle classes in Peru and other countries in the region become consolidated, gain more purchasing power and start entering the world of Internet, the number of people who read newspapers online will rise.

However, at least for the next few years, it looks more as if the different formats will be complementary, rather than some immediately substituting others, as highlighted by Juliana Sawaia, Manager of Learning & Insights at Ibope Brazil. According to this researcher, we are in the “tradigital” era in Latin America, in which the penetration of electronic devices on the market leads to a diversification of multiple formats for the distribution of contents and information, but where digital media now form part of the strategy of traditional media and, as such, complement them, promoting the consumption of media in general.

“Whether complementary or substituting the reading of printed press, there is a clear trend towards increasing readership of digital press”

In fact, it must be borne in mind that the numbers of Latin American online readers have grown more than anywhere else in the world: 12% between March 2012 and March 2013 – according to the annual analysis made by the firm Pingdom and a report by ComScore–. In total there are almost 160 million net surfers in the region, which puts Latin America in the forefront in the growth of Internet users. It is followed by the Asia-Pacific region with a 7% growth; Europe, with 5%; Middle East-Africa with 3% then the United States and Canada with 1%. Yet in spite of the growth of the Latin American audience, it still only represents 9% of the global Internet audience.

the penetration of Internet has grown in the region and is now over 50% in 4 countries –Argentina, Chile, Uruguay and Colombia–, as shown in the graph, and over or around 40% in 8 countries –Costa Rica, Panama, Dominican Republic, Venezuela, Brazil and Peru–.

- Moreover, the infrastructures are improving with a rise in broadband connections. There is still considerable room for growth in this aspect because, as can be seen in the following graph, despite having increased by 20% in 3 years it is still at 27%.

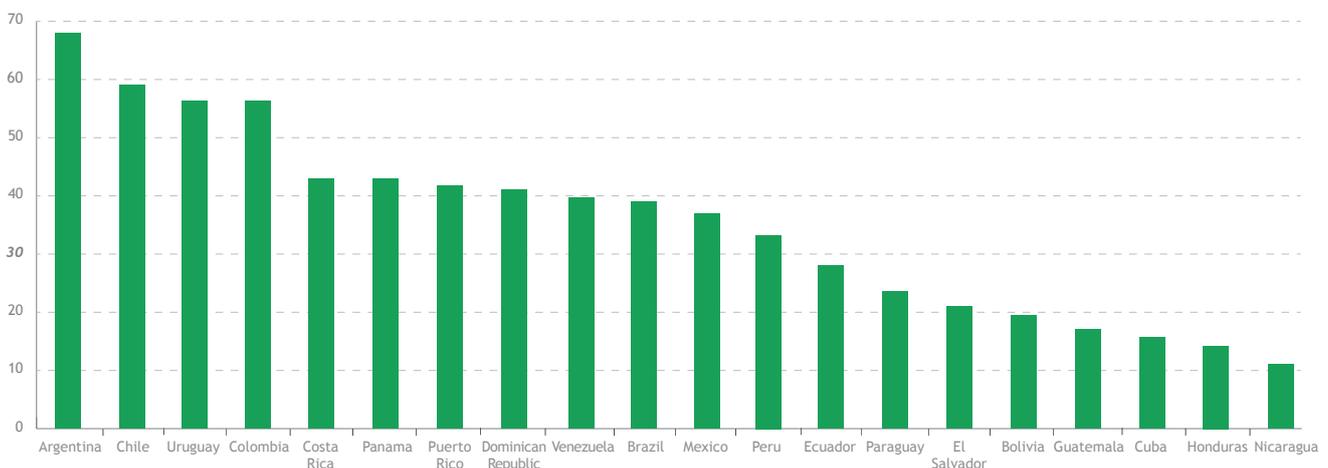
The digital challenge

Whether complementary or substituting the reading of printed press, there is a clear trend towards increasing readership of digital press:

- Because the number of consumers is rising. In fact,

“The arrival of Internet”, as pointed out by the editor-in-chief of El País, Juan Luis Cebrián, “is not a mere change in social attitudes. It is a revolution of society and civilization on a par, in the history of mankind, with the invention of the alphabet or

PENETRATION OF THE BROADBAND IN LATIN AMERICA (%)



Source: Latinoaméricalatinahoy



**“We can conclude that access to Internet changes reading habits”**

printing. And journalism is right in the thick of things.”

Along the same lines, Francisco Miró Quesada, editor-in-chief of the Peruvian daily El Comercio, said during a meeting of the Latin American Society of Journalism (Sociedad Iberoamericana de Periodismo) that “Latin American press is still enjoying a good springtime, but it must not rest on its laurels.”

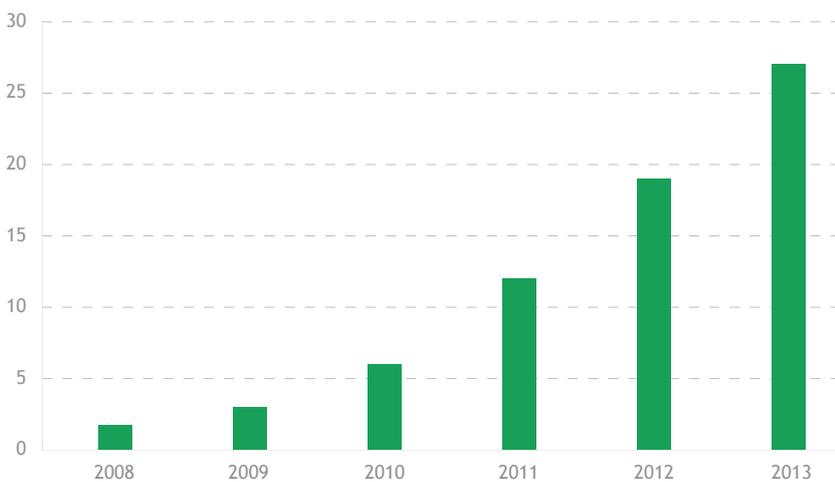
Over the past 20 years, the digital press has been through three stages. A first stage in which its contents were put online just like any other distribution channel. A second stage when Google appeared on the scene in 1998 and completely changed the behaviour of the audience. And a third stage, the current stage, marked by “the appearance of social networking (Facebook, Twitter), cell phones –mobility breakthrough– and YouTube; suddenly word gave way to image. All this made up a

new package, which changed the audience’s behaviour again. Some websites now discover that 30% of their entries come from Facebook, i.e. through the recommendation of a friend”, as pointed out by Jean-François Fogel, a French journalist expert in digital media, who ran Le Monde.com and was adviser to Grupo Prisa.

Therefore, after two decades of development and due to the latest technological progress, we can conclude that access to Internet changes reading habits. As Fogel also mentioned: “I might be wrong, but I have a feeling that the appearance of smartphones is going to have a tremendous impact in Latin America. In recent decades, families living in the poor, outlying areas of the large cities in Latin America who did not have a house of their own often had a television. That was a way of feeling that they belonged to society. Well the same families now have a cell phone. They will use that cell phone as a small computer and enter the digital world through that channel, rather than buying a tablet or a computer, which are priced out of their reach.”

In this situation and apart from certain exceptions, such as the daily newspaper Clarín, El Tiempo, La Tercera or Folha in São Paulo, the digital daily of the El Comercio Group and La Prensa in Peru, the printed press has not yet managed to adapt to the new digital media. Bernardo Díaz Nosty, professor at Malaga University specialising in press, stressed that “within

**PENETRATION OF THE BROADBAND IN LATIN AMERICA (%)**



Source: Wireless Intelligence



**“The potential for a greater inclusion of audience in the information process and more collaborative journalism is curtailed by interactivity localised in the hierarchy of the media”**

the vast presence on Internet of all kinds of daily newspapers from Latin America, the editions were essentially symbolic, with very little value added in relation to the possibilities offered by the digital support and falling far short of the codes of construction, legibility and design characterising the more highly developed digital press.

Ingrid Bachmann and Summer Harlow –the authors of a study on Latin American press on Internet–maintain that “the publication of contents on Internet follows the logic of duplication and migration rather than adopting new formats and when multimedia resources are used, it is for topics that lend themselves to this type of treatment.

Accordingly, the sections on culture, entertainment and sports include considerably more photographs, image galleries and videos than the rest, while the inclusion of audio clips is significantly more frequent in articles on politics, police & crime and education, especially for witness declarations. Once again, the results suggest that the media opt to use the web elements that are easiest to incorporate and do not especially alter the process of producing news...

According to our analysis of 19 websites of the most emblematic Latin American newspapers, they offer a limited opening to dialogue with users. These results are similar to those

obtained in studies on the media of other western countries –e.g. Hermida and Thurman, 2008; Jönsson and Örnebring, 2011–, which suggest that the editorial staff still control what news is published and how. The potential for a greater inclusion of audience in the information process and more collaborative journalism is curtailed by interactivity localised in the hierarchy of the media. As mentioned by Kim and Sawhney (2002), users have little room for reaction and the producers of contents make sure they hang on to the decision-making powers.”

All these processes–improvement of the economic situation of the population with access to other, more sophisticated and expensive communication instruments and the “technological revolution”– will eventually encourage readers to migrate from printed press to digital press. Moreover, the anticipated reduction of readers will go hand-in-hand with a reduction of advertising, since Internet has already begun to attract income from advertising. Its share of all media advertising rose from 1.6% in 2004 to 4.2% in the first half of 2010, according to the Projeto Inter-Meios, which monitors expenditure in advertising. This increase contrasts with the income from general advertising, which dropped from 16.6% to 13.4% over the same period.

There is now even a rich, new experience in Latin America regarding digital informative media. Some



**“Payment for contents is proposed as a very long-term alternative, since that culture of paying for reading the press on Internet is non-existent in Latin America”**

twenty news websites have been developed which operate as digital journalistic media. These include Plaza Pública in Guatemala –two-third financed by the University Rafael Landívar–, Animal Político and Reporte Índigo in Mexico, El Faro in El Salvador, Confidencial –a portal in Nicaragua directed by Carlos Fernando Chamorro–, Verdad Abierta and La Silla Vacía in Colombia, Ciperchile in Chile, Puercoespín and Chequeando in Argentina, Apublica in Brazil and IDL-Reporteros and Infos in Peru.

However, the growth in digital platforms is not being followed by a parallel growth in advertising income, so the printed dailies will foreseeably not be able to offset with Internet the loss of advertising income in their printed editions or the drop in sales.

PwC says that advertising in the online editions of the Latin American dailies will grow by 23.5% until 2016, three times more than in the printed versions, but with a much smaller cost of advertising on Internet.

The Achilles heel of online media is their inability to finance themselves, since the vast majority have financial problems. According to a study published by the FNPI –Foundation of New Latin American Journalism– made by Angel Alayón, 57% generate losses. Only 18.5% declared that they had generated more income than costs. Payment for contents is proposed as a very long-term alternative, since that culture of paying for reading the press on

Internet is non-existent in Latin America. To quote the assistant editor-in-chief of the Argentinian daily La Nación, Fernán Sagüer: “Online websites represent a very small percentage of the business: between 5 and 7 per cent.”

There are several alternatives for the future development of the different formats –traditional press and the press arising in the digital world–:

- The segmentation and even hyper-segmentation of content, adapting to each user and endeavouring not to broadcast to an undetermined mass of readers, but to each Internet user in particular. “Therefore, it is not a collective message to be consumed on equal terms by a mass of receivers. On the contrary, it is a specific offer which each user will choose individually to adopt his decision-making or enrich his particular data bank”, assures Tatiana Hernández Soto in her doctoral thesis: “Evolution of the principal general information digital newspapers in Latin America from the beginning of the third millennium (2000-2007). The cases of Argentina, Chile, Colombia, Mexico and Venezuela.”
- PCommitment to and further development of the use of the tools available in the digital world, such as hypertext, the multimedia option, bonding together text, fixed image – infographics–, sound –voice, music, special effects–,



**“The ground already covered by the websites of some traditional Latin American newspapers is a good starting point, but there’s still a long way to go”**

moving image –animation, videos– and interactivity between the transmitter and the receiver.

As Tatiana Soto points out: “The digital design is still faced with a number of technical limitations. The ground already covered by the websites of some traditional Latin American newspapers is a good starting point, but there’s still a long way to go. New expertise needs to be introduced. It is unarguably necessary to make further progress in the interdisciplinary work of journalists, editors, designers, photographers, infographic designers, etc., as well as in the executive vision of this new challenge for journalism. In short, newspapers need to assess and understand the real repercussions of the new platform.”

- One possible solution that is being tried and tested to cope with the falling numbers of printed press readers is the idea of focusing on the development of content as a “formula for survival” and to attract more readers. There are already experiments along these lines, such as the newspaper Zero Hora, which has 19 sections, daily theme-based supplements and content especially targeting young people –53% of its readers are less than 40 years old–.

Its secret lies in offering an enormous amount of localism, with editions adapted to each segment. That formula is repeated in Colombia through the newspaper alliance Grupo Nacional de Medios (GNM), which founded the popular daily Q’Hubo.

- Another development vector must be to take advantage of the synergies among media in the region that share the same language.

According to Díaz Nosty: “the supranational potential of the benchmark press in a cultural space where there are barely any linguistic barriers is extraordinary, but for the time being communication permeability is very low, so the media frontiers coincide with the national geographic boundaries. There is no conspicuous experience of collaboration among publishing companies or supranational projects. The first supplement distributed simultaneously by daily newspapers of different nations stemmed from a North American experience, of the New York Times. Perhaps the most advanced initiative may arise from Grupo de Diarios América, which has 11 newspapers in 11 Latin American nations with a circulation of 1.5 million copies a day, which share and offer joint resources.”



**The Latin American  
radio panorama**  
The future of radio in  
Latin America: a new revival

Madrid, december 2013

**d+i** LLORENTE & CUENCA



1. INTRODUCTION
2. THE RADIO SECTOR IN LATIN AMERICA
3. WHAT DO PEOPLE IN LATIN AMERICAN COUNTRIES LISTEN TO?
4. BUSINESS GROUPS
5. DIVERSIFICATION OF SUPPLY
6. CONCLUSION: THE FUTURE OF RADIO BROADCASTING

## 1. INTRODUCTION

Radio in Latin America, as in other parts of the world, is about to have a second wind, thanks to the application of new technologies to the medium of radio. First heard in the 1920s, radio reigned unopposed until the 1950s and 1960s when television was introduced.

The audiovisual world dethroned radio but did not lead to its disappearance or extinction, as some predicted. It survived thanks to its greater closeness to the consumers (listeners) and its greater immediacy and flexibility, but it clearly lost prominence as a means of mass communication.

However, in this second decade of the 21st century, the Internet and the new "a la carte" communication methods may lead to a radio revival. In addition, the large number of stations has made radio in Latin America more heterogeneous and flexible, adapting to the political, social, religious and ethnic needs of the listeners.

In this report we will uncover the state of radio broadcasting in Latin America today (what is listened to and who listens to it) and look at the future prospects for this medium.

Specifically, we will look in more detail at the following aspects: the state of radio broadcasting in Latin America today, the fragmentation of audiences, the heterogeneity of supply, the consolidation of the large media groups and the outlook for this medium.



**"Radio is, and will remain for a long time, the means of communication par excellence in Latin America"**

## 2. THE RADIO SECTOR IN LATIN AMERICA

The radio sector in Latin America has two virtues that put it in a very good place to keep consolidating its position:

**It enjoys prestige among the population as a whole and the listeners in particular.**

Radio continues to be very important in Latin America. Reports by Latinobarómetro<sup>1</sup> normally suggest that it is the trusted medium for much of the population, with a 55% approval rating. Radio offers people company and entertainment, and for many it is currently the only medium for finding out what is happening in their country.

This prestige is even more pronounced for the stations broadcasting in FM than it is for those operating in AM, as highlighted by the radio specialist Tito Ballesteros who concluded that "AM is becoming less valued and FM more listened to. The findings of the study support this argument: there are 6,892 AM stations in Latin America and 13,394 FM stations."

An example of this prestige and trust can be seen in Peru, where it is worth discussing the case of Radio Programas del Perú (RPP), since it is not only the means of communication with the best reputation in the country, but also the only medium in the Top 10 of RepTrak Pulse Perú 2012, a

study carried out by Reputation Institute and Inmark Perú.

### Great ability to adapt

One of the real historical virtues of this medium is its great ability to adapt to new times and to changes, thanks to being more flexible. It found an alternative role to television when television first appeared (appealing to its greater immediacy) and it has done so again with the arrival of the Internet (underlining its closeness to the listener).

As argued by Marta Garrido and Laura Pinto in an article in Radio Netherland "the new technologies, far from having supplanted radio, have made it more universal. Radio is merging with the Internet and is adapting to the social media. Despite there being an increasing number of people with access to the Internet, its use is still limited in Latin America since only 27% of people have Internet access. In any case, radio is, and will remain for a long time, the means of communication par excellence in Latin America. Although it has changed its format along the way to adapt to new times, its essence remains intact."

This ability to adapt has increased over recent times, with changes to the entire process involved in radio broadcasting: in the different areas of production, broadcasting, reception and interaction between the transmitter and the receiver.

<sup>1</sup> Latinobarómetro is an opinion poll that each year carries out around 20,000 interviews in 18 Latin American countries representing more than 600 million inhabitants.



**"The structure of the radio sector is very similar in most countries in the region, characterised by being extremely fragmented"**

From the point of view of production, the Internet is increasingly used for producing radio programmes and this encourages connectivity since it makes it possible to access a larger number of indirect sources and also to share productions in a way that is much more immediate than was possible with sending cassettes or CDs.

Thanks to the Internet, radio broadcasting has lost its ephemeral nature since the mass sharing of sound files is now possible after they have been broadcast, for example in podcast format. As a result, digital publishing and the possibility the Internet offers to store content online implies a great transformation for radio.

One example of this is the Colombian station Blu Radio, whose aim is to be a station that can be listened to on the radio, over the Internet and through mobile phones. The same is true in Peru with RPP, which in addition to being available through the television and the radio, shares information in real time on its website and adapts to the new digital platforms, such as Facebook and Twitter. It does so because of its policy of always being connected to its audience.

The way in which radio broadcasts are received has also undergone significant changes with the appearance of mobile phones that offer many more features than simple telephone communication and that have FM receivers. Similarly, mp3 players facilitate the production of content to download and share. The use of online radio

through computers, mobile phones and tablets is increasing.

### 3. WHAT DO PEOPLE IN LATIN AMERICAN COUNTRIES LISTEN TO?

The structure of the radio sector is very similar in most countries in the region, characterised by being extremely fragmented. There are two or three national channels, controlled by large communications companies, that are focused on audience numbers, and a large number of other broadcasters more focused on certain social niches, such as music stations for the young, evangelical stations for the religious groups and community stations for the indigenous sectors. It is clearly a case of having a fragmented audience and the radio stations responding to this by diversifying their service and content.

Taking as our base a study by Tito Ballesteros López in 2012 "La radio en América Latina y el Caribe, Mapa Interactivo" (Radio in Latin America and the Caribbean, Interactive Map), we can see that "the country with the fewest number of radio stations in AM and FM is Cuba (62) and the one with the most is Brazil (3,788). The Central American countries have a total of 3,649 stations while the South American countries have a total of 21,039. Brazil is the country with the most stations, followed in order by Peru and Chile."

Looking at the figures country by country, and taking into account

the lack of reliable audience figures in most of these, we can paint the following picture of the current situation:

- In **Argentina** the two generalist stations with the highest audience figures are Radio Mitre (owned by the Clarín group) and Radio 10 (belonging to the H Group until 2012 and now in the hands of the entrepreneur Cristóbal López) which have been fighting over the top spot in terms of audience figures for

over a decade. After 13 years of leadership by Radio 10, Mitre has fought back in 2013 in relation to mornings on AM.

According to Ibope figures, in June 2013, in the generalist area, Mitre had 41.6 points, compared to 19 for Radio 10. In third place was La Red, with 12.2 points, followed by Continental with 9.1. The table of the six most listened to was completed with Radio Nacional, with 5.7, and Del Plata, with an average of 4.6 points.

DISTRIBUTION OF AM AND FM FREQUENCIES IN LATIN AMERICA AND THE CARIBBEAN			
Country	Stations AM	Stations FM	Total stations by country
Mexico	675	388	1,452
Guatemala	288	52	280
El Salvador	100	148	248
Honduras	277	626	903
Costa Rica	56	69	125
Nicaragua	52	228	365
Panama	99	177	276
Colombia	850	1,124	1,974
Venezuela	680	563	1,243
Ecuador	233	926	1,173
Peru	466	2,192	2,732
Bolivia	850	262	1,112
Brazil	1,583	2,205	7,763
Chile	174	1,410	1,994
Uruguay	89	283	372
Paraguay	72	637	752
Argentina	177	1,839	1,924
Cuba	28	34	62
Dominican Republic	143	231	394
<b>Total stations</b>	<b>6,892</b>	<b>13,394</b>	<b>25,144</b>

Source: Tito Ballesteros, "La radio en América Latina y el Caribe, Mapa interactivo" (Radio in Latin America and the Caribbean, Interactive Map)

- In **Chile**, the stations with the highest audience figures, according to the international consultancy firm Ipsos, are Corazón with 8.5 %, followed in second place by Bío Bío with 7.7%. After these comes FM Dos and Cooperativa, both with an audience share of 5.3%, ADN (3.3%) and Agricultura (1.9%). These are stations with very different profiles and they are a good example of the fragmentation seen in these media and in radio in general. The audience for Bío Bío is the over 25s, while Corazón has a different target audience, the young listener.
- The pattern is the same in **Colombia**. There are two large generalist stations (Caracol and RCN) backed by powerful consortia fighting for the top spot in terms of audience figures.

Caracol Radio is the station with the largest audience, with 1,874,000 people tuning

“Radio in Brazil has experienced an enormous boom since there are a large number of stations”

in each day. Caracol has 39.31% of the speech radio market, while RCN has 26.20% and Olímpica 13.81%. In terms of listeners per network, these are 9,538,000, 6,357,000 and 3,352,000 respectively.

We can also make out the new paths that radio is taking, since we can clearly see a new development, for example with Blu Radio (96.9 FM) which saw an overall growth in its audience figures of 154%, according to the Estudio Continuo de Audiencia de Radio (ECAR, Continuous Study of Radio Audiences). This station, which began broadcasting in September 2012, saw an increase from 151,500 listeners per day to 384,400.

- In **Mexico**, in Frequency Modulation, Alfa 91.3 remains the leader, followed by La Z and La Kebuena, from Grupo Televisa; in fourth place is another from the GRC stable: Universal Estéreo, from Adolfo Fernández Zepeda, and in fifth place is Los 40 Principales, also belonging to Televisa Radio.

In AM, in terms of news channels, Carmen Aristegui, from Noticias MVS, remains at the top, followed by La Red from Radio Red, Joaquín López Doriga and Pepe Cárdenas.

- The radio in **Brazil** has experienced an enormous boom since there are a large number of stations: close to

3,700 if we add up the almost 1,700 on AM and 2,000 on FM. For a while, the habit of listening to the radio grew very rapidly but since the 1990s the penetration has been slower and always below that of television. As an advertising medium, the share of radio has remained stable and at a low level.

- In each of the two Andean countries **Bolivia** and **Peru** we see the dominance of one radio broadcasting group: FIDES in Bolivia and RPP in Peru.
- In **Bolivia**, the main national stations are Radio Fides, which has the highest audience figures, Radio Metropolitana, RED Erbol, clearly positioned on the left, Radio Panamericana, Radio Illimani, Radio La Cruz del Sur and Radio Nueva América. With broadcasting in the Aymara language: Radio Cóndor and Radio Emisoras Unidas.
- In **Peru**, according to a survey by Ipsos Apoyo, the news station RPP Noticias is the most listened to and recorded from among the list of radio stations in Metropolitan Lima, leaving the music stations in second place. This radio station is followed by Moda and Ritmo Romántica, both part of the Corporación Radial Group in Peru.

RPP Noticias also occupies the top spot in terms of audience



“The fragmentation of audiences, the heterogeneity of supply and the consolidation of the large media groups are three of the characteristics of radio broadcasting in Latin America”

figures from Monday to Friday, with 54% of responses, clearly ahead of its news and music station rivals, while at the weekend it is also the leader with 19 % of the audience.

In general, 64% of those surveyed said that RPP is the station they listen to most frequently.

- In **Venezuela**, the station that stands out is Rumbera, in Puerto La Cruz, which has the largest average audience (325,000 listeners). Another three stations in Puerto La Cruz exceed 200,000 listeners on average. In Valencia, the station Bonchona attracts 310,000 listeners. In Maracaibo, four stations, headed up by Mega, from Zulia, exceed 200,000 listeners. In Barquisimeto, the leader is Rumbera, the only one with more than 200,000 listeners. In the federal capital, the audience is divided among a large number of companies. Only three stations have more than 100,000 listeners: La Mega de Caracas, Onda Caracas and X Caracas.
- In **Ecuador**, radio is the most important and least concentrated means of communication, compared to the press and television. However, more than a third of all radio stations are located in Quito and Guayaquil, which reflects the high degree of geographical concentration of this means of communication in the two centres of economic and political activity in the country.

#### 4. BUSINESS GROUPS

The fragmentation of audiences, the heterogeneity of supply and the consolidation of the large media groups are three of the characteristics of radio broadcasting in Latin America.

For these media groups, some are multinationals like the Spanish Telefónica and Grupo PRISA. The CEO of the Spanish communications group PRISA, Juan Luis Cebrián, announced in 2013 its plan to expand in Latin America given that PRISA's Latin American radio stations now account for more than sixty percent of the division's turnover and Radio Caracol (Colombia) is, in absolute terms, “more profitable” than the cadena SER channel in Spain.

- In **Argentina**, the two main groups are the Clarín group and Telefónica, multinational companies that control two of the radio stations with the highest audience figures (Radio Mitre and FM 100). In addition, we have the H group, owned by Daniel Hadad, whose main stations were purchased in 2012 by Cristóbal López, a businessman closely linked to Kirchnerism, from the Indalo group (Radio 10, with the highest audience figures, and the FM stations Mega and Pop).

In terms of the local multimedia groups, it is worth mentioning the aforementioned Uno group (Santa Fe, Mendoza, Entre Ríos), as well as others such as the El Chubut group (Chubut), the Segovia group (Santa



“Over the last few years there has been a rash of purchases of stations by larger groups”

Cruz), the Julio Shroeder group (Neuquén), the García Hamilton group (Tucumán), the Río Negro group (Río Negro), the San Luis group (San Luis), the Cadena 3 group (Córdoba), the Ancasti group (Catamarca), the Horizonte group (Salta), the ICK group (Santiago del Estero), the Montes Group (San Juan) and the Almada group (Misiones).

- In **Chile** the two largest groups merged in 2006. The Spanish company Unión Radio, from the PRISA group, which at that time controlled the Consorcio Radial de Chile (Chile Radio Consortium) with four national stations (40 Principales, Bésame, Radioactiva and W Radio), took over the largest radio group in the country, at that time owned by the Venezuelan group Cisneros. The resulting consortium, Iberoamerican Radio Chile, has eight national stations, several of them leaders: Pudahuel, Rock and Pop, Corazón, FM Dos, Concierto, Futuro, FM Hit and Imagina.
- In **Mexico**, public radio plays an important role and the state-owned Instituto Mexicano de la Radio (Imer) is involved in commercial broadcasting through 11 stations. Worth mentioning among the private companies is the Acir group, the largest group owning and operating radio stations. The consortium has more than 180 stations and is controlled by the Ibarra López family.
- In **Brazil** the Globo group stands out and includes the radio stations Globo and El Dorado, in Río de Janeiro; Nacional and Excelsior, in São Paulo; Continental, in Río Grande do Sul; Tiradentes, in Minas Gerais, and Reporter, in Pernambuco. Also worth mentioning are the Abril group, Folha group, the RBS group and the Estado group run by the Mesquita family.

Radio Fórmula, an organisation controlled by the Azcárraga Madero family, has also developed its own network of 83 stations in Mexico and the United States. It has a very strong presence in the Mexico City market.

Over the last few years there has been a rash of purchases of stations by larger groups, which has led to the consolidation of channels such as Imagen, owned by the Olegario Vázquez Raña family; ABC Radio, controlled by Mario Vázquez Raña; Radio Centro, with the Aguirre Gómez family as the majority shareholder; Radiorama, headed by the Pérez de Anda family.

A special case is the Multimédios group, the only regional group (it operates in the north of Mexico) that combines the publication of newspapers and magazines with television stations, Internet access and the running of a radio business (jointly with the Spanish PRISA group).

“The fragmentation of the audience has come hand in hand with a heterogeneous supply in terms of the content and types of stations that seek out specific target audiences rather than generalist ones”

- In **Colombia** behind the media we can see the hallmarks of large conglomerates: RCN Televisión and Radio belong to Organización Ardilla Lülle and Caracol Radio to the Spanish PRISA group.
- In **Peru**, the RPP group is the radio channel with the greatest coverage and one of the most important and most listened to in the country. It has 7 national radio stations offering daily programming for different types of audience: Radio Felicidad, Studio 92, Radio Corazón, Oxígeno, Radio La Zona, Radio Capital and RPP Noticias. Corporación Radial del Perú (CRP), is also a large conglomerate that has segmented music stations that connect with different target audiences. Its stations are Ritmo Romántica, La Inolvidable, Moda, Oasis, Radiomar, Nueva Q FM, Planeta, Inca and Mágica. The Panamericana group has radio Panamericana and radio Onda Cero and Corporación Universal has the stations La Karibeña, La Exitosa and La Calle.

according to the Asociación de Radiodifusoras Privadas Argentinas (ARPA, the Association of Private Radio Stations), the country has a total of 10,671 stations, of which only 4,145, or in other words only 38%, have documents authorising them to broadcast. This situation is even more pronounced in FM and in the metropolitan area of Buenos Aires, where there are 251 registered stations and 550 unlicensed ones. Here there are up to 20 stations broadcasting on the same frequency and, as a result, interfering with each other.

However, beyond this fragmentation of supply one can currently make out the consolidation of three types of radio station:

#### Generalist vs Specialist radio stations

Generalist stations are those with the most impact and political influence, especially in urban areas, but they are clearly in stagnation or decline since they take longer to modernise and adopt new techniques. This is because of their more traditional format and general content (mainly news and magazine programmes) that try to appeal to the largest number of listeners.

In contrast to this generalist radio, the specialised stations that dominate FM are having striking success as they target more specific listeners with more defined interests.

#### Community radio stations

These are stations designed to support the organisation of social

## 5. DIVERSIFICATION OF SUPPLY

The fragmentation of the audience has come hand in hand with a heterogeneous supply in terms of the content and type of stations that seek out specific target audiences rather than generalist ones.

This diversification of supply translates into examples such as those in Argentina where,



**“It is the community stations that now stand out, especially those for indigenous and ethnic groups. They have a philosophy of public participation and preventing exclusion from society”**

groups, such as those created in the past by the mining communities in Bolivia. It is the community stations that now stand out, especially those for indigenous and ethnic groups. They have a philosophy of public participation and seek to prevent the exclusion of the social and ethnic groups most neglected by the country's economy.

This type of station has been very successful in some countries like Bolivia, Ecuador, southern Peru and Guatemala, especially in terms of their establishment. This is the case with Onda Local, a network of Bolivian municipal stations from the Federación de Asociaciones Municipales (Federation of Municipal Associations) created with the support of institutions such as AECID and other cooperation agencies, and the Red de Radios de los Pueblos Originarios (Radio Network of Indigenous Peoples) and the Red Patria Nueva (New Nation Network), designed to support indigenous communities and unions.

Community radio stations are characterised by UNESCO for their high level of public participation, in both management and the production of content, and their decision making structure.

#### **The survival of popular radio stations**

They were a development that took place in the 1960s and 1970s and they are still going strong today in certain places. They have the profile of rural stations with alternative ideas, associated with the trade union left or religious

groups, some connected to Liberation Theology.

The development of popular radio stations initially had a double connection; first connected to the catholic sectors as a result of experiences in educational radio, and second connected to the unions which, for example in Bolivia, have their roots in the mining stations from the 1950s and 1960s.

One example of this is in Ecuador, where since 1988 the Coordinadora de Radios Populares y Educativas de Ecuador (Corape, Coordinator of Popular and Educational Radio Stations of Ecuador) has focused on supporting educational, popular and community radio services. Its objective is to encourage “the participation of the public in the process of recognising the culture of its people, as well as achieving the democratisation of communication as the central focus of its activities.” It involves 35 affiliated stations distributed over four regional networks, Amazónica, Quichua, Binacional and del Sur, that feed the Red Nacional de Corape (Corape National Network) with information.

## **6. CONCLUSION: THE FUTURE OF RADIO BROADCASTING**

Not only has radio in Latin America not died, but everything points to it proving itself capable of adapting very well to new times and these are giving it a new opportunity, the chance to reinvent itself. Above all this is because radio continues to occupy a space that other media



**“The advances in communication have not supplanted radio, but instead have complemented it”**

cannot fill: the audience continues to prefer (or need) radio, although now it is not just in the home but rather at specific times of the day, in the work environment and increasingly over the Internet.

The advances in communication have not supplanted radio, but instead have complemented it, as noted by Juan Carlos Gómez, director of Observatorio de Medios de la Universidad de la Sabana (the University of La Sabana’s Media Observatory, Colombia), given that the arrival of new formats has encouraged the media and the professionals working in the media to make changes, required as they are to “come up with strategies and alternatives to prevent a loss of audience and this results in a benefit for the audiences who are looking for the best. Quality is always going to be popular with audiences, it is always going to help audience figures.”

What are going to be the key features of the Latin America radio panorama in the short and medium term?

- Firstly, the new paths being taken by radio are designed to strengthen the connection between the media and the listener. How?
  - » On the one hand, the future of radio will follow the route of diversified supply to adapt it to the different niches in the population.

Some developments in Latin America are following this pattern and trying to

respond to this change. In Argentina we have Vorterix, the latest project from Mario Pergolini, which combines radio, television and live events; and there is also Cienradios.com, from the Clarín group, which offers more than 400 links for online music content grouped into genre, decade and artist, among other combinations.

- » Radio in Latin America is also adapting to new times by increasingly involving listeners in programmes, therefore bringing the medium closer to the consumer.

For Juan Carlos Gómez, the aforementioned director of the Observatorio de Medios de la Universidad de la Sabana, the new proposals for morning radio are founded on the evolution of the medium, generated by the emergence of the social networks and the new electronic media.

The best way to work out what the listeners want is, according to Gustavo Gómez, from Caracol Radio, “To do what they do: listen to them. Taking the temperature on the street, in taxis, from emails and on-air calls, from Twitter... you have to listen to the listener!

In Peru, this is the format used by Radio Capital,



**“Although the traditional way of listening to the radio still exists, the consumption centre for radio has moved from the home, a fixed and stable point, to tablets, computers and mobile phones”**

belonging to the RPP conglomerate. The approach adopted by Capital has been clear and direct from the start: Giving the public a voice through telephone calls so that they can express their opinions during the programmes. “Your opinion is important” is the slogan used to promote this activity and that has been retained to date.

- Secondly, the scope and platform for the relationship between the medium and the listener are going to change, as in reality they have already done.

Not only is the relationship between the medium of radio and the listener changing, but so is the platform that supports this relationship. As was very rightly argued in the newspaper La Nación de Argentina “the dial has moved from the radio spectrum to the Internet, where there is no AM or FM. There the old formulas compete with new proposals, stations that reproduce the programming that they broadcast over the “ether” and new alternatives that are only found online.”

This has already become a very clear trend in some countries and in other countries it will arrive sooner rather than later (as the emerging middle

classes gain purchasing power and can access the new technologies). According to the audience measurement company ComScore, in December 2012 more than 3.6 million Argentinians aged over 15 listened to the radio through the Internet (20% more than in 2011) and they listened to an average of 3.16 hours. This figure only includes those doing so through their computers and does not take into account the many listeners accessing the services through specific applications on their mobile phones, either through 3G networks or Wi-Fi connections.

“Although the traditional way of listening to the radio still exists, the consumption centre for radio has moved from the home, a fixed and stable point, to tablets, computers and mobile phones, mobile devices that allow us to inform and entertain ourselves on the go”, argues Pablo Salvatori, Director of Marketing at Batanga Media, whose platform has 1.4 million registered users.

- On changing the relationship between the listener and the radio, and the platform where this relationship exists, there is also going to be a change in what is consumed, since online radio is very segmented and not very generalist.

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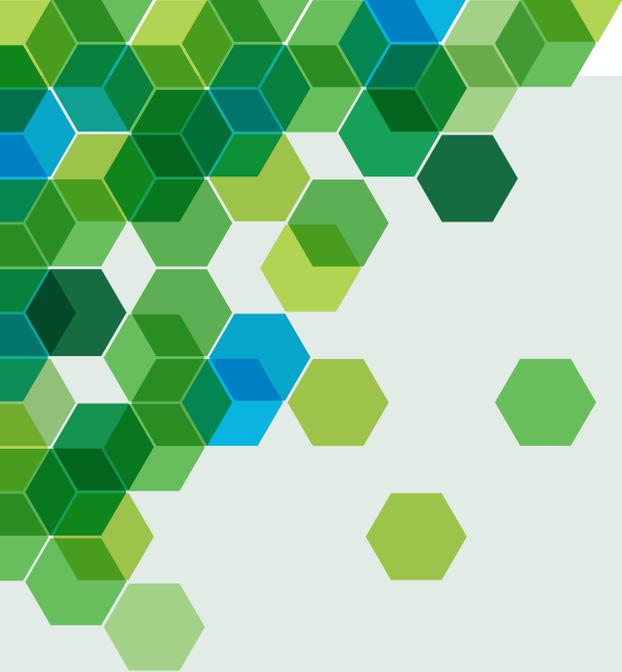
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