

Television in Brazil: Citizen Kane Revisited, or as the Globo Turns?

A seasoned expert shows how television dominates daily life in Brazil and is a massive exporter of programs around the world. **By Antonio Brasil**

Every evening over 50 million Brazilians tune in their TV sets. Television is embedded in such a way in family life in Brazil that programming tends to regulate people's lives. Television dominates daily life to an extent unrivalled elsewhere in the world, except, perhaps, in the United States. But despite a number of television networks, all eyes in Brazil are mainly glued to one single channel: TV Globo. This is a huge media empire that some believe is capable of everything – at least in Brazil. But the media giant has stumbled over serious financial woes, decisions over utilizing new technologies, and greater competition in the fast-growing Brazilian television market.

There are interesting parallels

between the television industries in the U.S. and Brazil. Brazil has one of the world's largest and most productive commercial television systems, and is one of the largest exporters of television programming in Latin America and around the world, particularly of telenovelas.

Its biggest television network, TV Globo, is the fourth largest commercial network in the world, ranking behind only the three U.S. giants. Like many of the largest global media conglomerates in the U.S. and elsewhere, TV Globo's holdings include papers, weekly magazines, radio stations, a television network, an Internet presence, cable, movies, telecommunications, records and books.

Television became a truly mass

medium in Brazil earlier than in most developing countries. "Because most Brazilians read few newspapers and even fewer books, and 98 per cent of us have ready access to a television, this type of mass media acquires an importance that should not be regarded lightly in our country," said Sao Paulo University Professor Renato Janine Ribeiro.

Given this sort of television penetration of Brazil's continent-sized territory and its 70 percent audience share in a country of 170 million (where a quarter of the population is illiterate and millions more are semi-literate), Ribeiro's assertion has a strong basis in reality. But statistics fail to illustrate the reach of Globo's power in the Brazilian market. It can turn fiction into reality, control Brazilian politics, or even elect presidents.

Brazil is South America's biggest and most influential country. It takes up almost half the continent and it is one of the world's economic giants. Brazil is renowned for its football prowess, coffee production and lively music such as samba and bossa nova. But in a mixture of humor and cynicism, the country is also described by Brazilians as a "sleepy giant." So far, Brazil has been unable to develop its full potential. Social conditions are harsh in the big cities of Rio de Janeiro and Sao Paulo, where a third of the population lives in favelas, or slums.

Brazil has a history of economic boom and bust, with its attempts at development hampered in the past by

high inflation and one of the biggest foreign debts in the world. It has had to be bailed out in times of crisis, but economic reforms in the 1990s brought some stability to the country's finances. Reforms included privatization and the opening of its markets.

Last year, Luiz Inacio Lula da Silva, a former shoeshine

boy and metal worker, became Brazil's first left-wing president in four decades. His success story seems out of a TV soap opera. Lula also knows well the scale of poverty and exploitation in Brazil. Like a TV hero, he pledged to tackle corruption and Brazil's economic woes, improve education and create jobs. But Lula cannot make the same mistakes as his predecessors. Brazil's president says he'll attempt the impossible in one of the world's most unequal societies. However, even these moderate goals are likely to strain the unity of Lula's consensus government. He also knows that in order to achieve his political, economic and social goal, he needs media support. And in Brazil, media means Globo.

Globo Empire

Media ownership is highly concentrated in Brazil. Home-grown conglomerates such as Globo dominate the market and run TV and radio networks, newspapers and pay-TV operations.

"There is an ongoing struggle in Brazil that makes disputes over American-owned Big Media look like a game of Monopoly," said Carlos

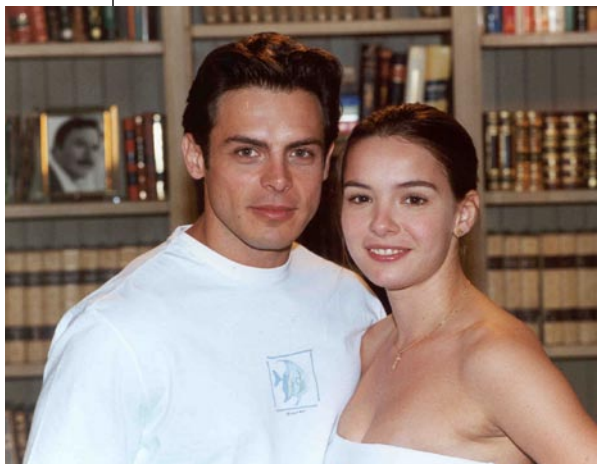
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Castilho, former Globo London News bureau chief and current media analyst. TV Globo's power is immense. It has 78 stations and 8,000 employees throughout Brazil. *The Christian Science Monitor* reported recently that its activities generated some 35,000 jobs. The network's programs are shown in 112 countries, including the United States (on Spanish language stations) and China.

According to *Brazil em Dados* (Brazil's Statistics), the TV Globo Network is also one of the 40 largest Brazilian enterprises. The network produces 75 percent of its own programs, has 74 percent of the audience on prime-time, 69 percent at nighttime, 56 percent in the morning, and 59 percent in the afternoon. In dispute with several other TV networks, including SBT, Record, CNT and Bandeirantes, Globo gets 75 percent of all the advertising money spent on TV in Brazil.

Brazilian-made dramas and soaps are exported to more than 100 countries around the world.

Brazil is also one of the largest pay-TV markets in the region, with over 2 million subscribers. Growth is expected to continue (currently only 7 percent of TV households have pay-TV). The total potential market is estimated at 10 million to 12 million TV households by the year 2007. Globo Cabo S.A. is a cable television operator in Brazil, operating under the brand name NET in the major Brazilian cities, including operations in Brazil's three



Luigi Baricelli and Regiane Alves - husband and wife in "Laços de Família".

largest cities, Sao Paulo, Rio de Janeiro, and Belo Horizonte. Globo Cabo also offers broadband Internet services, data communication and multimedia services for corporate networks.

Brazilian Telenovelas

Brazilian-made dramas and soaps are exported to TV markets around the world. The Brazilian telenovelas became good enough, as commercial television entertainment, to be exported throughout Latin America and into Europe, Asia and Africa. According to Prof. Janine Ribeiro, "The Brazilian way of dealing with emotions, especially those that concern relationships, is partially shaped by the most popular genre in Brazilian television: the novella."

Globo's three slick nightly soap operas still account for 30 percent to 35 percent of all television revenues and \$32 million annually in sales to 52 nations, including the United States. In 1995, Globo invested \$120 million to build a state-of-the-art television



Carolina Dieckmann and Vera Fischer - daughter and mother in "Laços de Família".

production center just outside Rio that includes four studios with set-building and costume-making factories, a fire department, a bank and a restaurant. Daniel Filho, director of Central Globo de Criação (Globo Central of Creation) believes that to make a novela is less risky than other TV programs. "The long novela can be altered according to the public's preference and this is good television and business," he said. This kind of television production is responsible for the Padrão Globo de Qualidade (Globo pattern of quality), as it is known, and is also responsible for Globo's success.

The rivalries between the big four TV networks in the United States often generate great interest in the U.S. media. But those companies are far more evenly matched than their Brazilian counterparts. In Brazil, Globo is so far ahead of the pack, in terms of both technical standards and audience share, that it makes news if even one rival program manages to clinch the top spot in the ratings. "There is no real competition in the Brazilian television industry, and that's the problem," said

Dines. "Globo's competitors never had the talent, resources and business capacity to create an alternative. They only know to produce television exactly like Globo. Only worse."

Trouble in TV Land

Nowadays, the Globo empire is facing problems that are more typical to its own soap operas. Financial crises, the death of a media magnate and fierce media war are hot ingredients in this dramatic saga. Roberto Marinho, dubbed the Citizen Kane of Brazil for his news and entertainment empire, died at the age of 98 last year. Marinho had often been criticized for supporting Brazil's former military dictatorship to obtain Globo's monopoly-like reach. But he was praised for his influence in business and in politics. "I'll fight with the army minister, but not with Roberto Marinho," once declared Tancredo Neves, a former Brazilian president.

Headlines in the Brazilian and international press announced that Brazilians mourned the TV mogul. Hundreds of Brazilians, including soap stars, housewives and government leaders attended the funeral. Marinho created the nationwide Globo television network, which turned Rio de Janeiro into a Brazilian Hollywood. He had taken over the small family newspaper, *O Globo*, while in his 20s and quickly expanded what became known as Organizacoes Globo into radio, TV, publishing and Internet businesses. But now, after years of super-sizing its empire with foreign loans, it seems that Globo's golden age is coming to an end.

But according to Carlos Castilho, the death of Roberto Marinho is not a

major setback. “The biggest problem is that Globo does not have a heavy-weight voice in negotiations with the government anymore,” he said. “The three sons share the control of the Globo empire. But none have the same status and imposing respect as their father. And this is particularly important considering that Globo now needs help from the government to renegotiate its debts.”

Single-handedly, Globo accounts for 55 percent of the global debt of all Brazilian media corporations. Most of that money is concentrated in cable investments that haven’t paid off. Brazil’s recession has hit its media sector hard, and Globo is no exception. Since October 2002, the media conglomerate started to delay payments and is anxiously looking to reschedule its debt payments. With the real undervalued relative to the dollar, the company is finding it increasingly difficult to meet loan payments. “If Globo fails to get the cash injection from Brazil’s congress, it will suffer a severe setback,” Castilho said.

Media War

Globo is not the only Brazilian media company facing financial problems. The joint debt of all major Brazilian media groups is \$3.2 billion. Eighty percent of that amount is dollar-denominated debt; short-term debts make up 83.5 percent of the total.

But other television companies are split on what the desirable outcome of the government’s Globo decision should be. There is a threat of a media war in Brazil. Four networks have resigned from the Brazilian Association of Television and Radio Broadcasters after

the organization began to negotiate with the state-controlled National Bank for Social and Economic Development for help in tiding over Globo. Three of these networks (SBT, Rede TV and Record Television) are in favor of the loan being used only for new investments and not for debt payments. On the other hand, Rede Bandeirantes (based in the city of Sao Paulo) labels the possible government assistance “immoral.”

But, so far, despite Globo’s political muscle, President Luiz Inacio Lula da Silva and the Brazilian Congress have proved reluctant to play along. Not wishing to press his luck with voters hard hit by economic recession, Lula has placed the burden for a final decision on Brazil’s congress.

The new public financing program for the media has divided the industry, leading to the recent departure of two national stations from the Radio and TV Association, and calls by the National Association of Newspapers (ANJ) for a transparent lending process, *O Globo* reported.

According to *O Globo*, the National Bank for Economic and Social Development (BNDES) seeks to finance the media on a case-by-case basis. But for some media analysts and mainly for Globo’s competitors, the BNDES lending process must be “transparent,” and that the media industry should not receive privileged treatment in relation to other branches of the economy.

There are several short-term effects of the current financial problems in Brazilian media in general and for Globo, in particular. For Castilho, Globo’s big debt does not represent a concrete threat to its survival as the leading television network in Brazil. But

it will have to make strategic changes. And this will surely mean conceding more space for its competitors. The real problem involves the future. The current crisis is compromising Globo's capacity to invest in new technologies like digital television and prepare for media convergence. This is the big problem and the major challenge regarding the future of Brazilian television.

The Empire Strikes Back

Globo is still fighting for its vision of the future of media in Brazil. The Marinho brothers, heirs of a troubled empire, are still concerned about their role regarding the future of Brazilian television. Despite their financial problems, they are seeking to extend their media empire in other new technology areas. They are working together with other broadcasters, the industry and the Brazilian government to define a digital TV standard.

The intention is to adopt one of the two digital standards available: the American ATSC or the European DVB. Both standards will be carefully tested to determine which one best fits Brazilian needs. The ATSC standard was developed for channels of the same bandwidth as Brazil's and with high definition as a goal. But the DVB standard has the potential of providing a better usage of the spectrum, which may be very important for Brazil. These are important and urgent decisions that will determine the future of Brazilian television.

In terms of programming, Globo also opened a new production center. PROJAC is equipped with the latest technology available for television production, including digital HDTV

and stereo audio recording. Initially, the high-definition programming will be composed of film and sports events. The production of high-definition programming will be increased as the base of digital receivers becomes significant and Globo solves its current financial problems.

Globo executives continue jetting around the world, looking for places a Brazilian production company might find an appreciative market. Like Brazilian steel and sugar, the Globo telenovelas are a product that is also king at home. Globo is leader in the home market but it needs to grow outside Brazilian borders.

In an era of greater competition and choice, Globo is thriving by forging alliances with foreign and domestic corporations rather than by political muscle and going it alone. While Globo used to control a limited number of areas such as television and radio, it now has a presence in many more businesses—albeit without full control.

“The Brazilian [media] market is huge and needs a lot of capital. There is room for many players,” Dines said. “This is the beginning of the age of diversity.”

Globo is looking for international partners. Globocabo, for example, has 2 million subscribers of high-speed Internet service and online video images. Globo wants to develop the technology for e-commerce and interactive television, the latter allowing viewers to vote on how to end TV Globo's popular soap operas or receive the latest statistics on a favorite soccer player while watching a game. Before the current financial crisis, *Forbes* magazine described Globocabo as one of the world's 20 smallest companies

with the most growth potential in the 21st century. Globo still has one of the largest installed networks of fiber-optic cable in Brazil that was designed for telephone service. But the future depends on solving the short-term financial problems.

Future Threats

But for Alberto Dines, the main threat for the future of Brazilian television comes from another source of competition: the fast growing and greatly enriched evangelical networks. "They have a political agenda and they want control the country. They are not concerned with quality and innovation. They want to communicate with the masses and for that, they would do anything," he said.

According to Dines, the current problems of the Brazilian media are mainly related to the current economic problems in the country. "The media industry only develops or expands when the economy also develops and grows. One or two years of significant economic growth can change everything," he said.

Despite the typical Brazilian optimistic view of the future, Castilho reminds us about some problems ahead. "In terms of media convergence and new technologies, it seems that most Brazilian TV producers and executives think that nothing is going to change radically in the near future," he said. "This kind of attitude might have serious and unexpected consequences for the future of the Brazilian television industry."

And he may be right. The new technologies also seem to threaten to bring in a new wave of largely U.S.

programming. The audience studies so far do not indicate a strong audience response to them, except perhaps among a globalized elite and upper middle class. The dominant characteristic of Brazilian television still seems to be that of a strong national system with a distinct set of genres very popular with its own audience and in export. But for Professor Joseph Straubhaar, author of several books on Brazilian media, he said the dominant characteristic of Brazilian television still seems to be that of a strong national system with a distinct set of genres very popular with its own audience and in export.

One thing is certain, Brazil may seem like a puzzling and contradictory country to the outsider or uninitiated. But regardless of their occasional excesses and recurrent financial problems, Brazilians are proud of their television culture. There's no doubt that they do know how to produce some of the most popular and creative television programs in the world.

Dr. Antonio Brasil, a veteran TV journalist and professor at Rio de Janeiro State University, is currently a visiting scholar at the Rutgers University School of Communication, where he is conducting postdoctoral research in new media.