Expanded radio. Rearrangements in Brazilian audio media markets

Marcelo Kischinhevsky
Universidade do Estado do Rio de Janeiro | Brazil | marcelok@uerj.br

Leonardo de Marchi
Universidade de São Paulo | Brazil | leonardodemarchi@gmail.com

Abstract

Digitisation and the surge of new intermediaries in audio media market have been reshaping record and radio industries worldwide. More recently, streaming services are a group of new intermediaries that grow fast as Internet broadband becomes more available in developed as well as developing countries. One of the most profitable music markets in the world, Brazil is being targeted by these new actors, such as Deezer and Spotify, which opened sales offices in the country and announced deals with recording labels to offer millions of local artists’ tracks. They vie for consumers’ attention with regional/local services such as RadioTube, Radioteca.net, Blaving, and those that reject copyright-based business model, evoking the peer-to-peer logic of some of its predecessors, such as Napster, KaZaA, The Pirate Bay. In this exploratory study, we focus on these rearrangements in audio media contents’ circulation and consumption, in order to map the reintermediation of the Brazilian music market. It gathers the results of research projects developed at the University of the State of Rio de Janeiro (UERJ) and at University of Sao Paulo (USP) (Brazil).

Keywords
audio media; radio; music industry; streaming
Audio media is one of the most active segments in Brazilian media industries, but there are several gaps in economic data concerning to radio and music companies. Researchers face precarious and irregular data collecting in these sectors. Most cited inquiry about audio broadcasting in Brazil was published in 2008, by the prestigious Fundação Getulio Vargas’ Instituto Brasileiro de Economia (Ibre/FGV), ordered by Associação Brasileira das Emissoras de Rádio e Televisão (Abert, the national broadcasting companies association). This report gathered information from 917 radio stations from all over the country and estimated sector’s added value equal 0.49% of the Gross Domestic Product (GDP), just behind the garment industry (0.61%). It also showed that audio broadcasting was responsible for 143,500 direct jobs, and other 159,100 indirect ones. Another important media research, published by the Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística, IBGE, a federal autarchy), places radio among “information services”, besides TV, telecom, cinema, computing, books, press and others. As a result, it is very difficult to measure audio broadcasting real participation in the Brazilian culture economy, and the lack of reliable information deeply affects advertising markets’ perception of its relevance.

Unlike other media industries’ segments, which depend upon advertising investments from public sector, radio rely heavily on local retailers, which represented 45% of the segment revenues in 2007. According to the Projeto Inter-Meios, radio stations have earned the equivalent of 2,664 billion of Brazilian reais (approximately 600 million euros), in 2014, what represents a 6.7% share of national advertising investments. But Abert itself admits that this share probably is much bigger, since official data come from less than 200 out of 4,500 radio stations. The lack of data shall be worsened in the next years, since the data collecting has been discontinued on August 2015.

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1 See “Análise do perfil sócio-econômico do setor de radiodifusão no Brasil”, September 23, 2008, Ibre/FGV.
3 Ibre/FGV.
4 The most cited source about market research in Brazil, Projeto Inter-Meios was a consortium of media groups, formed in 1990 and coordinated by Meio&Mensagem, a Brazilian journal dedicated to advertising industry. See: https://www.linkedin.com/company/projeto-inter-meios.
because major new actors in Brazilian digital media markets, such as Google and Facebook, refuse to share their revenues’ information\(^7\).

The same occurs with music segment, whose numbers lost credibility throughout the last decades, after several sales data falsification scandals. It was only in 2014 that, for the first time, the Brazilian Association of Record Producers (Associação Brasileira dos Produtores de Discos, ABPD) released a market report according to the statistics parameters used by the International Federation of Phonographic Industry (IFPI), covering the total production of the local record industry, including numbers provided by the independent segment\(^8\). Although the numbers can be questioned, Brazilian recorded music market have earned 581.7 million Brazilian reais (approximately, 130 million euros), being 40,6% derived from physical sales (CDs, DVDs), 37,5% from digital revenues (streaming, paid download, mobile phones), and 21,1% from the royalties on public performance of copyrighted material. These numbers, however, does not include important sources of revenue, such as tickets’ sales for concerts or radio and Internet executions of copyrighted works. Still according to ABPD, in the digital segment specifically, audio and video streaming services represented more than half of phonographic industry income, equaling 111.370 million of Brazilian reais (approximately, 25 million euros), an increase of 53,6% compared to 2013.

Yet in 2014, services such as Deezer and Spotify – although with derisory sums (140.000 and 23.000 Brazilian reais, or 30.000 and 2.500 euros respectively) – showed up for the first time in payments sources’ table of Escritório Central de Arrecadação e Distribuição (Ecad, responsible for collecting royalties on music public performance on radio, TV, internet and all sorts of public and private events in Brazil) annual report\(^9\).

The beginning of the activity of streaming services, the decline of physical record sales and radio stations inability to respond to the new digital businesses competition are clearly related. We cannot understand radio today as an isolated medium. It is necessary to characterise audio broadcasting as a productive chain, as Prestes Filho describes it, in his research about music industry in Brazil. The author defines productive chain as “an hybrid complex, constituted by a set of industrial activities and specialised services that relate each other within networks, complementing themselves in a interdependent system focused on artistic, economic, and corporate common goals” (Prestes Filho et al., 2004, p. 29).


This chain comprehends several actors, and different institutional levels, engaged in activities distributed by interpenetrated links. By adapting Prestes Filho methods developed to investigate the music economy, we have identified the following items in audio broadcasting industry productive chain: 1) pre-production (recording, transmitting devices’ manufacturing; audio studios instalments; computing etc.); 2) production (information gathering, writing, recording, editing audio contents, such as reports, programs, spots, jingles; sound branding); 3) distribution (analogue broadcasting, streaming, podcasting, internet or satellite signatures’ services); 4) marketing (corporate, customised radio stations, developed for shops’, offices’ ambiance and/or branded content – about this phenomena, see Kischinhevsky, 2015a; freemium services); and 5) consumption (listening on analogue or digital radio, paid TV, internet, in public and private spaces).

In this article, we work with the concept of “expanded radio” in order to understand how audio broadcasting as a medium goes far beyond the Hertzian waves (Kischinhevsky, 2012). Expanded radio establishes a dialogue with other knowledge areas, especially audiovisual and literature, in which concepts like “expanded cinema” (Youngblood, 1970) brought to light with the impact of TV, videotape, and interactive experiments on the 1960s cinema – “expanded television” and “expanded narratives” (Carlón, Fechine, 2014, among others) have been developed.

Expanded radio comprehends a media complex in which take part AM/FM radio stations, web radios, podcasting, paid TV, social media, mobile phone companies, and new internet actors, that we call “social radio services” (Kischinhevsky, 2012). These services blur the boundaries between established media, gathering audio on demand, and streaming as well. Social radio services seek to offer not only a locus of audio media contents’ distribution and consumption, but also a place to negotiate identities, social and cultural representation. In these platforms, interactors are constantly asked to build users’ profiles, in order to have access to a flux of sound archives that generate precious data to music companies and other media groups. This data feeds new contents’ prescription (Gallego, 2012) and can be used to establish connections with other users, building on-line social networks linked to other social media as Facebook, Twitter and Google+. Yet, social radio services offer a range of interactional practices, such as instant mailing, file sharing, tagging, collaborative contents, stats, news circulation, events’ announcements, merchandising, etc. (Kischinhevsky, 2016, 2014a, Kischinhevsky & Campos, 2015).

Social radio articulate multiple platforms of audio distribution, online social networks, media and electronic industries, posing challenges to AM/FM radio and download services, stimulating new interactional practices with listeners and deeply affecting artists’ communication strategies. Platforms such as SoundCloud, RadioTube, Radioteca.net, and Blaving enable different types of small and independent broadcasters, like community, local radio
stations, and individual entrepreneurs. In the other hand, companies like Deezer and Spotify cooperate with majors and also independent phonographic labels in order to offer millions of tracks to its users worldwide.

In this article, we focus on the biggest international social radio services’ strategies to approach the Brazilian market and how AM/FM stations interact with these new competitors, key to circulation and consumption of audio digital contents nowadays. These rearrangements in audio media circulation and consumption bring a reintermediacy in radio and phonographic industries, posing threats to musical and news/talk and information radio stations that now are compelled to establish their own digital platforms or negotiate partnerships in a new media environment. The article presents the results of two research projects on the digitisation of the audio market in Brazil, one developed at the Universidade do Estado do Rio de Janeiro (UERJ) and the other at Universidade de São Paulo (USP), both in Brazil. The research was developed based on the observation of the web pages of streaming services and thirty-one semi-structured interviews conducted with agents of records and radio markets, during 2013 and 2015.

**Decline of AM/FM radio stations**

Brazilian radio networks have grown fast in the 1990s, accompanying FM formats’ consolidation. Nevertheless, in the last decade, the audiences of analogue radio stations experienced a steep decline, as the new digital actors force their entrance on the media markets.

Main media groups such as Globo Radio System (Sistema Globo de Rádio, SGR) announced several downsizing actions, extinguishing brands (Globo FM, Beat 98, Multishow web radio) and replicating CBN AM (an All News network) and Globo AM (a popular Talk station) programming on FM dial, in Rio de Janeiro and São Paulo, the two biggest audio broadcasting markets in Brazil. Production costs decrease, as networks grow all over the country, thanks to scale gains offered to small media groups, which quit contents’ production and keep only 5% of programming windows for local ad spots.

Although radio has great capillarity in Brazil, market concentration has been growing along the years, whether because of political and economic lobby at the Brazilian Congress or due to the structurally faint regulation of that market (Kischinhevsky 2011a, 2011b). If, on the one hand, major radio networks grow all over the country, on the other, community radio is forbidden to establish networks and severely regulated by the Brazilian National Telecommunications Agency (Anatel). There were 4,641 licensed community radio stations until December 2014, almost half of 9,771 operating stations in the country\(^{10}\). Still, if these stations are put aside, 18% of AM/FM stations

in that year belonged to or were affiliated to national networks. The website Donos da Mídia (Media Moguls, in a free translation) list 20 radio networks, with 910 affiliates\(^\text{11}\). Most of them are related to national media conglomerates (SGR and Bandeirantes Group), regional groups (Brasil Sul Network – RBS) and religious denominations. It’s a more spread medium than television – which represents more than half of Brazilian advertising market share –, but not as democratic as some researchers seem to believe (Magnoni, 2010).

Radio has national presence, and its audience concentrates in most important metropolitan areas of Southeast and South regions. In 2014, according to the Pesquisa Brasileira de Mídia (Brazilian Media Research, sponsored by the Brazilian government), 61% of the population regularly listens to radio, and 21% do it every day. But the numbers are very different if we watch closely at age and income listeners’ data: among youngsters between 16 to 25 years-old, only 15% use to listen to the radio, against 26% among the older population (65 years-old or more); 24% of listeners have studied up to 4 years, against only 15% that have been through college\(^\text{12}\).

Despite rapid growth of the authorised community radio (from 3.386, in 2008, to 4.641 operational stations, in 2014), commercial AM/FM stations stagnated. With public policy aimed to expand the offer in smaller cities, up to 15.000 inhabitants, FM grew from 2.732 in 2008 to 3.209 in 2014, while the number of AM stations has stabilised (from 1.749 to 1.781 in the same period)\(^\text{13}\). The expansion in numbers was not accompanied by market share increases, what undermines radio ability to survive in a media competitive environment, in which digitisation standards like IBOC/HD Radio, DAB, DRM, and ISDB do not seem to be an option anymore\(^\text{14}\).

In December 2013, the Brazilian government authorised AM stations to migrate to FM frequencies, and 1.386 out of 1.781 required to take part in the process. According to the projection of the Ministry of Telecommunications of Brazil, AM would be turned off within three to four years from that moment\(^\text{15}\). But, there are several issues concerning migration in the biggest metropolitan areas, where FM dial is already congested, not to mention the coverage in rural areas, especially in the Amazon region, where the population have always faced a poor radio offer (Kischinhevsky, 2014b).

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\(^{11}\) See [http://donosdamidia.com.br/redes/radio](http://donosdamidia.com.br/redes/radio). Donos da Mídia is an independent data repository about media ownership in Brazil. Data collecting was initiated in 1987, by journalist Daniel Herz and his group of researchers, in order to map media political and economic links.


\(^{14}\) Brazilian telecom regulatory agency, Anatel, promoted IBOC and DRM standards’ testing along the 2000s, but the poor results discouraged main media groups to invest in transmission digitisation (Kischinhevsky, 2014b).

In 2008, in terms of content broadcasted, on AM grids variety programmes (24.2%), national music (21.1%), journalism (17.5%), religious programmes (14.4%) and sports (9.3%) were dominant, while national music (37.5%), variety programmes (20.3%), foreign music (17.8%), journalism (9.3%) and religious programmes (6.3%) prevailed on FM programming. But along with the decay of AM, there was a replication of the All News, Talk Shows in FM stations of the main networks’, reducing the diversity of programmes.

Local news and niche programming seem to anchor business models, with different outcomes. Generic musical FM formats struggle to survive to the competition with Internet new actors. In this new scenario, popular announcers’ mediation may be the difference between success and failure.

Declining revenues led main actors in radio industry to shut down Internet initiatives – more than 40 SGR’s web radios were discontinued, and most of the remaining ones are automated, downsized to a single notebook. SGR prioritised investments on CBN and Globo brands and its websites, as well as Bandeirantes, Gaúcha, Jovem Pan, and other major broadcasting groups.

Smaller media groups, inversely, articulate with social media and social radio services such as SoundCloud, Blaving, RadioTube, and Radioteca in order to amplify their contents’ reach.

SoundCloud allows filtering users by location, but lists only eight cities: London, Los Angeles, Paris, New York, São Paulo, Buenos Aires, Chicago, and Toronto. Among hundreds of São Paulo users, we can highlight rock radio 89 FM, with 7,272 followers, and several individuals and web radios, such as Rádio Emmanuel (audio contents devoted to Spiritism), Linha Direta (runned by PT’s – the Brazilian Labour Party – local directory), and Web Rádio Câmara SP (São Paulo Chamber of Councilors official station).

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16 See “Análise do perfil sócio-econômico do setor de radiodifusão no Brasil”, September 2008, Ibre/FGV.
17 In 2005, São Paulo’s All News network BandNews started to operate in Rio de Janeiro, leasing former indie rock station Fluminense FM frequency; in the same year, SGR counter-attacked replicating All News network CBN signal in FM, what led to the end of its Adult Contemporary station Globo FM; in 2009, Super Radio Tupi, formerly an AM leader Talk Radio station, replaced its Pop Contemporary Hit Radio station Nativa FM – dislocated to a leased frequency; in 2010, Tupi’s main competitor, Radio Globo AM, started to replicate its signal first leasing Manchete FM frequency and afterwards shutting down its Pop Contemporary Hit Radio station Beat 98. The same phenomena have been occurring in other Brazilian metropolitan areas.
18 Swedish startup established in 2008, now with headquarters in Berlin. In 2013, SoundCloud has announced that it reached 40 million profile users and 200 million occasional listeners. It has been used by major international players, like Unicef Radio (1.3 million followers) and BBC World Service Radio (87.3 thousand followers), in order to reach broader audiences with selected audios (special reports, interviews, programs, and also hard news). In an interview, one of its co-founders compared the service to a “Youtube for audio”. See https://soundcloud.com/ and also “Who’s listening to SoundCloud? 200 million”, by Jefferson Graham, USA Today, July 17, 2013: http://www.usatoday.com/story/tech/columnist/talkingtech/2013/07/17/whos-listening-to-soundcloud-200-million/2521363/.
Blaving is a smaller player, operating in Uruguay, Paraguay, Argentina, Brazil, and Chile. It does not publish annual reports, but claimed to have reached 150,000 users in only six months after its launch. Presented as “The Vocal Social Network” and as a “Voice Twitter”, Blaving offer tools to record and publish audios up to two minutes in length (the so-called “blavs”). It is mostly used by individuals, but some radio stations like Guaíba, from Porto Alegre, circulated bulletins through the service, which allows users to share contents via Facebook, Twitter, and Youtube.

RadioTube, in turn, is a collaborative website established in 2007 and controlled by non-governmental organisation Criar Brasil. It gathers less than 4,000 users, but it plays a key role in the Brazilian community radio scene, since more than 1,500 community stations’ activists, college radios, and individual entrepreneurs search for audio, text and video contents on this platform. These contents can be downloaded and replicated freely on analogue radio stations, web radios, or circulate through on-line social networks – it’s linked to Facebook, Twitter, Youtube, and also offer RSS feeds for podcasting. It uses Creative Commons licensing. Most popular posts reach thousands of listeners and hundreds of downloads.

Another similar initiative linked to NGOs is Radioteca.net, which calls itself a “broadcasters’ social network”. A collaborative website, it was launched after radio producers meeting during the 2nd American Social Forum, that occurred in Quito, Ecuador, in 2004, at the International Centre for Advanced Studies in Communications for Latin America (Ciespal, by its Spanish acronym). Based in a free contents’ management software, the Cyclope3 GPL, Radioteca was established in 2006 and has opened offices in Costa Rica and Argentina. It gathers more than a thousand social movements’ activists and community radio stations from all over Latin America, and also from US, Europe, and Japan. In 2014, Radioteca had 10,686 users, of which 2,378 were presented as “radio stations”, 1,241 as “programs/producers”, 157 as “production centers”, 96 as “networks” and 50 as “news agencies”. Most popular audios reach thousands of listeners and downloads. Creative Commons licensing is also used.

In the other corner in this tug of war between social radio services, we have major players such as Deezer and Spotify, which brings artists’, labels’ “radios”. Deezer announced November 2015 a deal to offer hundreds of Brazilian podcasts, exploring a new niche. This strategy may deepen, in the

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21 See http://radioteca.net/inicio.
22 Data provided by website managers in an email interview, March 22, 2014.
next few years, coopetition logic (a fierce competition with some level of cooperation) that has been reshaping audio markets.

Agents, Interests and conflicts in the digital record market in Brazil

Since the late 1970s, Brazilian record market has been one of the top ten in revenues worldwide. The modernisation of the record industry in Brazil began in the 1960s, when record companies started to invest heavily in technology and A&R (Artists and Repertoire, in the industry's jargon). The modernisation of the recording equipment bestowed the record companies to take advantage of the emergence of new composers and performers that emerged through successive musical movements, such as the *bassa-nova*, *jovem-guarda*, *tropicalismo*, and the *música popular brasileira* (MPB – Brazilian Popular Music).

In the following decade, taking advantage of the so-called “Brazilian economic miracle” (a brief period of fast economic growth based on the industrialisation of the Brazilian economy amidst a fierce dictatorship during the period 1964-1985), and the policy for local cultural industries supported by the authoritarian political regime, the Brazilian record industry expanded in a remarkable way. In 1979, for example, more than 66.2 million records (long plays, singles, and cassette tapes) were sold in the country, against 25.1 million in 1972: an 163.88% increase. Between 1970 and 1976, record companies’ revenues grew around 1,375% (Ortiz, 1988). At the end of that decade, Brazil became the sixth most profitable music market worldwide, according to IFPI (Dias, 2000; Morelli, 2009; Vicente, 2014).

During the 1990s, another expansion wave came along due to structural transformation of the record industry itself. Some of the most relevant changes were the adoption of: the Compact Disc (CD) as the only music media at disposal, the lean production strategy (recording studios, record factories and other sectors that used to be internalised were divested) and more rational investments in A&R. As a result, according to Brazilian Record Producers Association (ABPD), record sales grew 114.38%, jumping from 45.2 million units to 96.2 million between 1990 and 1999 (De Marchi, 2016).

Nevertheless, in the turn of the millennium, the Brazilian record industry started to experience a continuous and steep decrease in record sales and revenues as well. Between 2000 and 2009, physical sales contracted around 72.66%, falling from 88 million units sold to 25.7 million. ABPD’s affiliated companies registered a 61.22% fall in revenues, from 814 million Brazilian reais to only 315.6 million in 2009 (approximately, from 200 million euros to 70 million euros, considering the rate exchange by December 2015. In 2014, Brazilian phonographic market was valued in 581.7 million Brazilian reais (about 120 million euros), still below 1990s levels (ABPD, 2015).
Without any surprise, "piracy" was blamed for the decline. For ABPD this concept was divided into two complementary categories: the counterfeiting of physical discs and the unauthorised file sharing through P2P (peer-to-peer)\textsuperscript{23}. Although there is little doubt that piracy was an important component in the industry’s crisis, the fact is that record companies do not admit that the structure of its own market fundamentally changed. As Internet broadband became more available to Brazilian musicians and consumers, they started to explore alternative methods of production, distribution and consumption of recorded music, increasingly leaving aside the act of buying physical records in department stores (De Marchi, 2016; Herschmann & Kischinhevsky 2011, among others).

As the revenues derived from the physical sale were declining, some musicians started to produce and to distribute their own work through the Internet. That was the case of autonomous artists, such as independent rock groups Móveis Coloniais de Acaju\textsuperscript{24} or O Teatro Mágico\textsuperscript{25}. By choosing not to sign with any kind of record label, these bands started to distribute their own records freely on the Internet, using General Public Licenses like Creative Commons, in order to increase their fan base and, hence, get revenues from concert tickets sales and from selling merchandising items (t-shirts, bottoms, premium CDs and DVDs).

As traditional major record industry players (major record companies, the main local independent labels, publishing houses) fail to respond to the rapid market changes, the first local electronic startups appeared, offering digital goods and services for music businesses.

In that first moment of a digital phonographic market in Brazil, tech companies focused on digital phonograms’ sales and on free audio media distribution platforms. Among them, stands out iMusica, a startup established in 2000, in Rio de Janeiro, which developed a pioneer online MP3 archive sales system. The company offered a wide array of services, acting as a content aggregator, white label, and encoder depending on the demands of their different clients (advertising, electronic equipment manufacturers, mobile phone companies, websites, retailers, labels, independent artists and all kinds of music entrepreneurs) (De Marchi, 2014). iMusica built a reputation in digital market as reached licensing contracts with more than 20,000 labels from all over the world. Its catalogue has more than 15 million songs, what

\textsuperscript{23} According to ABPD, counterfeiting share grew from 3% in 1997, when cassette copies were the main concern, up to 57%, as CD became the dominant format for music industry. In the other hand, so-called illegal downloads through P2P services such as Napster, Kazaa, Gnutella, and others represented an estimated loss of 2 billion Brazilian reais (more than 450 million euros) in 2005 fiscal year (ABPD, 2006). These astonishing numbers, otherwise, are questioned by several cultural markets’ researchers, in terms of methodological approaches (Silveira, 2010). A counterfeit CD won’t be necessarily a replacement for an official product, since consumers choice depends on a series of factors, including price and access.

\textsuperscript{24} See http://www.moveiscoloniaisdeacaju.com.br.

\textsuperscript{25} See http://oteatromagico.mus.br/2014/.
turns iMusica into the most important player in the mobile phone key market. In 2014, Claro – a mobile phone company controlled by Mexican-based América Móvil – became the main stakeholder in iMusica, formerly owned by Brazilian technology venture capital firm Ideiasnet.

So, in that first moment, Brazilian digital record market was divided, in general lines, into two main groups: 1) those local enterprises that focused on digital sales for final consumers and mobile phone companies; and 2) those entrepreneurs that distributed their content freely as a way to draw public attention and sell other goods and services, like concert tickets and merchandising material (De Marchi, 2015).

Despite the pioneer role of these entrepreneurs, these digital enterprises seem to have failed in establishing a digital record market in Brazil. Several factors contributed to it. In the case of digital archives sales platforms, the companies were unable to develop a business model that could barely rival free file sharing programs. As a result, the traditional industry players didn’t have the necessary confidence to invest in their digital solutions.

What is more, there was not a single change in digital contents regulatory framework. In a harsh contrast with the US, that approved the Digital Millennium Copyright Act as early as 1998, the Brazilian Congress approved a brand new Copyright Law, in the same year of 1998, that didn’t have any provision concerning the digital environment. As a matter of fact, the new Copyright Law was based on a maximalist concept of the authors’ rights that resulted in a restriction of innovation in digital market (Wachowicz, Santos, 2010).

This scenario changed in the 2010s, after the deals announced by YouTube and Ecad (the Brazilian copyright office, that congregates most musicians, composers and artists’ associations, labels, and publishing companies) and by Apple Inc. and União Brasileira de Editoras de Música (UBEM, the union of the publishing music companies), in order to open its iTunes Store in Brazil. Although these agreements did not completely solve legal uncertainty, they created a communication channel between Brazilian copyright holders (artists, publishing companies, labels) and new international digital actors.

Following YouTube and iTunes, other players opened their offices in Brazil, from contents’ aggregators like The Orchard, CD Baby and Believe Digital to streaming services as Rdio (2011, in a joint-venture with Brazilian mobile phone company Oi that ended up in 2013), Deezer (2013), Spotify (2014) and Tidal (2015), among others. Their entrance changed the dynamics of the local music market. These services were big enough to generate revenues through the payments of royalties on copyright, creating the

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26 In 2006, ABPD started to publicise digital music sales data, including paid downloads, web radio and streaming services’ subscriptions and ad-sponsored services. In 2007, digital sales accounted for only 8% of labels’ revenues, but in 2014, as we see, this share peaked to 37.5%.

necessary confidence for the traditional players as to invest in the digital market.

Streaming is the most visible face of phonographic and radiophonic industries’ reshaping. Reborn as music companies, old major labels establish worldwide agreements with new intermediaries of the industry. According to the IFPI’s Digital Report 2015, there were already 41 million paying users of international streaming services such as Spotify, Pandora and Deezer, an expansion of 46% against the previous year. In 2014, streaming companies’ subscriptions, ad-supported revenues surged 39% and represented 32% of the US$ 6.9 billion earned by phonographic industry in the digital markets\(^{28}\) – in 2011, streaming revenues were about 14%. Most of these companies, as we saw, have established offices in Brazil, which seems to pave the way for new business models.

Social radio services like Spotify and Deezer, as well as iTunes, used content aggregators’ mediation to access local labels’ catalogues. The Orchard and Believe Digital are preferential partners to the majors and the biggest local indie labels such as Biscoito Fino and DeckDisc. Autonomous artists and small phonographic companies, in the other hand, appeal to iMusica or the Brazilian-American company One RPM.

This new intermediacy plays a key role in digital market, since royalties are paid for copyright collector office Ecad and contents’ aggregators (in webcasting or simulcasting activities). The payments are still modest in comparison to those from TV, AM/FM stations, but we expect a boom in the next few years (for more on Ecad role and copyright issues in Brazil, see Francisco, Valente 2016).

Part of this growth comes from mobile audiences\(^{29}\). The four big telecom players in the country announced several joint ventures with international companies: Telecom Italia Mobile reached a deal with Deezer; Vivo (owned by Telefónica de España) relies on a renewed Napster/Rhapsody paid service; Claro, controlled by Mexican-based company América Móvil, developed its own service, Claro Música, initially called Ideias Musik and launched in 2012, powered by iMusica\(^{30}\).

This alliance between social radio services and telecom sector explains why streaming revenues augmented significantly, while paid downloads and ringtones stagnated. It seems that we’ve been experiencing a transition period, from a portability culture – in which consumers’ listening was focused on podcasting and other downloaded audio archives – to an access culture.

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\(^{29}\) According to Nielsen, Ibope data, 76.1 million smartphones were active in Brazil in November 2015. Statistics from telecom regulator agency, Anatel, shows that teledensity in the country was above 138 for each 100 inhabitants in March 2015. See [http://www.anatel.gov.br/Portal/exibirPortalNoticias.do?acao=carregaNoticia&codigo=36556](http://www.anatel.gov.br/Portal/exibirPortalNoticias.do?acao=carregaNoticia&codigo=36556).

(Kischinhevsky, 2015b). A period in which paying for digital contents does not face too much resistance anymore.

**Preliminary conclusions**

As more international platforms continue to be available in Brazil, the digital audio media market seems to open even more possibilities for local entrepreneurs. Not only new electronic enterprises as Tidal and Google Play become available to Brazilian consumers, hungry for local musical content, but also Deezer started to use podcasting and Apple launched its Beats One, creating more competition for local radio stations. This poses a new set of new channels for local content producers, deepening the challenges posed to traditional media players. It is likely that the audio media market changes even more deeply in the following years, although in unpredictable ways.

Radio and phonographic industries seem to converge further, deepening unbalances in audio media Brazilian market. AM/FM radio stations and different types of electronic companies are in move, developing unusual coopetition (a mix of cooperation and competition) strategies, suggesting the predominance of collective platforms.

Regulatory framework will be decisive in the next few years, granting or not the survival of analogue waves radio stations. Meanwhile, we may notice a surge in consolidation, since new major players establish new intermediacy and replace former privileged companies. It is no surprising that once iTunes launched its operations in Brazil, local on-line shops such as iMusica and Mercado da Música were shut down – iMusica, which almost monopolised digital phonographic market in the 2000s now is a smaller, divested company, owned by America Móvil’s Brazilian mobile subsidiary, Claro. In 2015, we saw key international players Rdio and Grooveshark shutting down their operations, what highlights consolidation trend also in social radio services.

Consolidation can be noticed as well along the growth of radio networks, that threatens diversity and plurality of voices on the dial. In a complex, rapidly evolving digital media scenario, main media groups, with financial capacity to invest in their own platforms and in contents’ producing, tend to prevail. But there’s still room for those smaller players and entrepreneurs which will be able enough to benefit from collective, innovative, collaborative platforms.

In this sense, audio circulation on social media major actors brings opportunities to new players but also reinforce inequalities, once smaller media groups won’t have enough funding to become visible in Facebook’s algorithm. As we saw, reintermediation in Brazilian audio media markets manifests itself in several levels, posing critical challenges for radio,
phonographic industries as well as for other new players, from innovative startups to major independent streaming services.

References


