

The loyalty to pay TV in periods of economic difficulty in Mexico and Brazil

La lealtad hacia la televisión de pago en tiempos de dificultades económicas en México y en Brasil

A lealdade para a televisão paga em tempo de dificuldades econômicas no México e no Brasil

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ABSTRACT

This article explores how socioeconomic status and level of education relate to the retention or change of media habits, such as cable or satellite television viewing, in periods of a stagnant or declining economy. Particularly, we explore two of the most important markets in the Latin American region (i.e., Brazil and Mexico), which went through similar economic downturns, but different social experiences in recent years. Survey data from Kantar Media's Target Index (TGI) Latina service—the most extensive market study in the region—and qualitative data from a second online survey conducted through eCGlobal online panel have been analyzed. Data reveals that the rush to cancel cable or satellite television services did not occur at the high rates expected and were not remarkably influenced by social class, as they were by education factors.

Keywords: pay TV; habits; economic crisis; Latin America.

RESUMEN

El estudio explora cómo el estatus socioeconómico y el nivel educativo de la población condicionan la conservación o cambio de hábitos de consumo mediático en tiempos de dificultades económicas. El artículo se centra en el contexto latinoamericano, específicamente en Brasil y México, los dos mercados más importantes de la zona. En ambos casos, los países atravesaron períodos de crisis económicas similares, aunque distintas experiencias sociales. Los datos utilizados provienen de una encuesta realizada por Kantar Media Target Index—el estudio más extenso de la región— así como de una segunda encuesta digital realizada por eCGlobal. Los resultados revelan que la urgencia por cancelar los servicios de televisión de pago no fue tan elevada como se esperaba. Asimismo, el nivel educativo ofrece una mejor explicación del residual abandono de la televisión de pago que la clase social.

Palabras clave: televisión de pago; hábitos; crisis económica; latinoamérica.

RESUMO

O estudo explora como o status socioeconômico e o nível educacional da população condicionam a conservação ou mudança de hábitos de consumo midiático em tempos de dificuldades econômicas. O artigo centra-se no contexto latino-americano, especificamente no Brasil e México, os dois mercados mais importantes da área. Em ambos casos, os países atravessaram períodos de crises econômicas semelhantes, embora distintas experiências sociais. Os dados utilizados provêm de uma enquete feita por Kantar Media Target Index—o estudo mais extenso da região— assim como de uma segunda enquete digital feita por eCGlobal. Os resultados revelam que a urgência por cancelar os serviços de televisão paga não foi tão elevada como se esperava. Do mesmo modo, o nível educativo oferece uma melhor explicação do residual abandono da televisão paga que a classe social.

Palavras-chave: televisão paga; hábitos; crise econômica; América Latina.

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INTRODUCTION

Latin America has historically presented one of the most volatile economies in the world. Between 1970 and 1998, the region underwent an economic crisis every two years (Naím, 2015) leading Latin Americans to get used to understanding “crises as routine” (Becerra & Mastrini, 2010, p. 612). However, between 2004 and 2013 the region experienced unprecedented growth that benefited people from the lower socioeconomic strata significantly more than in previous periods. From 2005 to 2012, public spending on social policies increased at twice the rate of economic growth in the region and the percent of people living in poverty dropped from 34 to 21 percent. As a result, one-third of Latin Americans joined the middle class (in 1990, that figure was 17 percent) and, for the first time, this middle class outnumbered those living in poverty (Naím, 2015, p. 647).

The pattern of alternating crisis and growth periods, while minimized throughout the beginning of the 21st century, was not totally eliminated and a new crisis took place starting in 2015. As China’s economy stuttered, demand for commodities that represent Latin America’s main exports decreased sharply, pushing overheated local economies spiraling down into recession. This time the economic downturn did not only affect the poor. A significant percentage of those who climbed to a middle-class status on the last boom were at risk of falling back into the poverty they have just overcome. A survey by *Latinobarómetro* (Naím, 2015, p. 647) suggested that this economic downfall is expected to have a new and unexpected social impact. Some 50% of Latin Americans surveyed thought that the improvement in their living conditions was permanent and giving up what they just earned—including their new media consumption habits—was a painful proposition that became all too real, starting in 2015. Hundreds of thousands of Brazilians, for example, gave up cable TV in 2016 (Possebon, 2017).

Based on the correlation between income and educational level (Van Deursen & Van Dijk, 2014), and following previous work carried out in the region (see Straubhaar, Sinta, Spence, & Higgins, 2016), this article explores how socioeconomic status and level of education relate to the adoption and retention of media habits (Carey & Elton, 2010) in a period of economic downturn or recession. The article focuses on the consumption of pay TV, that is, television funded—at least partially—by its subscribers, and usually delivered by satellite or cable. Particularly, the study

explores the most important markets in the region (i.e., Brazil and Mexico), which went through similar economic downturns but different social experiences in recent years, allowing for a comparison of the direct impact of a macroeconomic variable, such as gross domestic product (GDP), on media consumption.

LITERATURE REVIEW

Cable and satellite TV became a mass audience technology in the US and Europe, starting in the 1980s (Baldwin & McEvoy, 1988). In many developing countries, satellite and cable television are not a mass-audience technology, but a middle-class or even upper-middle-class one (Straubhaar, 2007; Straubhaar, Castro, Duarte, & Spence, 2019). Having a subscription to this service is conditional, based on (a) the *technical access*, understood as the physical availability of the signal and the devices required; (b) the *social access*, based on the know-how to use the service, and (c), the economic resources to maintain the subscription (Kling, 1999).

In general, initial access to any new technological development is dominated by people occupying advantageous positions in terms of income, educational level and geography, among others (DiMaggio & Hargittai, 2001; Wei & Hindman, 2011). The high-speed technological progress we have been witnessing leads, thus, to constant new inequalities between people; in other words, it makes the digital divide a moving target (Hilbert, 2010, p. 11). This can also be seen in terms of a knowledge gap, in which those with more wealth and education usually get the first access to the knowledge carried by a new technology, and are able to employ that knowledge to their own advantage (Bonfadelli, 2002; Finkelievich, 2007).

To explore how fundamental changes in a country’s economy affects people’s economic capital (Bourdieu, 1984) and, in particular, what type of media people can afford, this article works with the concept of *household*: a transactional system that represents an economic, social and cultural unit. It is where the family lives and where the so-called *moral economy* emerges (Silverstone, 1994). Following Kopytoff (1986), Silverstone (1994) explains how the act of buying and owning objects gives the commodities that circulate within the formal economy a singular meaning, a unique biography. Objects are not ontologically meaningful per se. People must imprint meaning on them by giving them “a place in the network of the home and everyday life” (Berker, Hartmann, Punie, & Ward, 2006, p. 6).

The moral economy of the household is, hence, “an economy of meanings and a meaningful economy” (Silverstone, 1994, p. 48). The moral economy contributes to the creation and maintenance of what Giddens (1991, p. 38) named ontological security, that is, a “person’s fundamental sense of safety in the world”. This stability is challenged by any new technology introduced into a household (Hartmann, 2006) which needs to be integrated in people’s day-to-day routines, structures and values of their environments (Berker et al., 2006, p. 2). In stressful and difficult times, as it happens during economic crises, consumers modify their purchasing patterns, rethinking what is considered a luxury or a necessity, and redefining their willingness to pay for certain services. Almost all economic models of human behavior assume a rational decision-making process, which involves attaining a goal through the most cost-effective approach regardless of the value of such goal (Allingham, 2002). The rational choice model of economics—a fundamental axiom of Neoclassical Economic theory—would presume that, in times of scarcity and instability, the costs associated with most luxury and dispensable items would be the first to be cut to preserve economic well-being (Simon, 1955). However, during periods of sour economy, pay television seems to behave as a hedonic product (Medina, Herrero, & Etayo, 2016), a concept that emphasizes the emotional dimension of the consumption of media products (see Clement, Fabel, & Schmidt-Stölting, 2006).

Media habits exist “so that media consumption behaviors may be enacted efficiently and without conscious thought when triggered by relevant external or internal stimuli” (LaRose, 2010, p. 217). In social sciences, one of the most popular definitions of *habit* comes from the French scholar Bourdieu (1984), who understands *habitus* as a “necessity internalized and converted into a disposition that generates meaningful practices and meaning-giving perceptions” (p. 170). In other words, in Bourdieu’s oeuvre, *habitus* was understood as (mostly) unconsciously internalized dispositions, schemas, and forms of know-how and competence that subjects acquire informally through their early childhood socialization, and whose internalization predispose the subjects to generate new forms of actions that reflect upon those original socialization experiences (Swartz, 1997, 2002). In Bourdieu’s work, *habitus* often approximates patterns of behavior by class since it also reflects cultural and economic capital (1984).

Consumption patterns and practices influence the construction of self and social identities, as individuals endeavor for status and the negotiation of their social positions, which are created and maintained via a specific lifestyle (Yar, 2006). Thus, certain *habitus* seem to be common to members of a social class or status group. This brings up another pivotal concept in Bourdieu’s model of human practices, the term capital. In his introduction to Bourdieu’s work, Swartz explains (2002) that habits are formed with particular types and amounts of capitals—such as economic capital (wealth), cultural capital (knowledge) and social capital (networks)—and explains how the social theorist clearly identified the existing connection between class and many consumer practices, and between consumer behavior and level of income. However, Bourdieu is critical of “crude economic accounts of practices,” and refers to the way in which the “disposition of *habitus*” mediates in such connections (Swartz, 1997, p. 164).

In some economically advanced societies, differences in cultural taste, consumption and lifestyles “are losing their grounding in social stratification” to be “more a matter of individual self-realization” (Chan & Goldhorpe, 2006, p. 2). Academics such as Bauman are among the group of scholars of this theory of freedom whose attraction relies on explaining “a number of mechanisms that account for social change and the autonomous capacity of individuals to work with consumption” (Southerton, 2002, p. 172). Drawing from these two approaches, Southerton (2002) concludes that, although the class-based constraints advocated by Bourdieu are not the exclusive mechanisms at play in the process of identification, economic, cultural, and social resources are still crucial bases of identification. Furthermore, both the physical apparatus of a service like cable TV, the wires and cable box, as well as the content itself, adds to the social status of the household, like the example of TV sets themselves (Leal, 1990). This creates symbolic capital (Bourdieu, 1984), that viewers might be loath to give up. For instance, a study of the Dominican Republic found that people often paid to have cable TV in their homes, even though they did not have the cultural capital to actually use and enjoy it, because of the status it gave them (Straubhaar & Viscasillas, 1991).

TV can be considered as a social mediation technology; a “legitimated” artifact “governed by group-based reciprocal expectations that enable, but also set conditions for, the maintenance of our social sphere” (Ling, 2012, p. 7). Furthermore, shared consumption

practices give a basis upon which class and hierarchical boundaries are created (Southerton, 2002). Even though “media habits are weakened when contexts are disrupted (they) may survive radical contextual disruption if individuals recreate the contexts for themselves” (LaRose, 2010, p. 206). According to this, people would readapt their economic situation to maintain their access to media such as pay TV and, consequently, maintain their socio-cultural condition.

THE LATIN AMERICAN REGION

The characteristics of free broadcast television within a country are a key factor in the emergence and development of pay TV. In Brazil and Mexico, where broadcast television followed the U.S. commercial model, pay-multichannel television came to represent the opportunity to have access to a more diverse and higher-quality television content (Sinclair, 1999).

Pay TV services increased their penetration in the Latin American region during the first decade of the 21st century (Straubhaar et al., 2015), riding a wave of economic growth and related expansion of education. In 2011, the Brazilian Pay-TV Law (Law 12.485) led to, for example, the emergence of new distributors and production companies, to the diversification of narrative formats, to the erosion of TV Globo’s hegemony and, consequently, to the emergence of new models of citizenship (Carter, 2019). In Mexico and Brazil, pay TV’s penetration grew between 2004 and 2014 from 18% and 15% to 43% and 49%, respectively (Straubhaar et al., 2015).

However, the two largest economies in the region took significant slumps in 2015 in contrast to the previous period. In Brazil, the GDP went from US\$2,456 billion in 2014 to only US\$1,804 billion in 2015. The number of people within the bottom 40% of the socio-economic strata increased by almost 2 million in one year or 17 percentage points more than the growth in the Top 10% of SES (socio-economic status), which continued to grow despite the recession. In Mexico, the GDP drop was not as pronounced—from US\$1,299 to US\$1,153 billion—but the social impact was arguably stronger. Here, the bottom 40% SES grew significantly more than the region’s average (65%), the Top 10 SES decreased 12% and the Next 20% dropped another 17% (TGI Latina, 2014-2015).

The economic capital—a pre-condition to access the more sophisticated media habits, beyond the limited options offered by free over-the-air broadcasting—suddenly became less available to a large swath of

the population in these countries in 2015. And, as we demonstrate, the cultural capital to appreciate the new material afforded by these media habits may have never been there, as both those educated and those who were not took to paid media during the boom years. So, we focus on the *force of habit* and the low elasticity in technology adoption processes to analyze how these subscribers retained—or not—their pricey media services or took to new cheaper (but more complex) options, such as online video. The contrast between the two countries can help understand how media habits, new and old, fare during economic crises that turn paid media into the kind of luxury expense that struggling families may have to re-evaluate.

METHOD

This study considers data from a syndicated face-to-face survey that includes audio-visual consumption and media habits conducted by Kantar TGI Latina, the most extensive market study in the region. Specifically, the TGI (or Target Index) covers the following eight countries: Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Venezuela. In this article, full year (double base) data from 2014 and 2015 were used for comparison.

TGI studies consist of two annual cumulative rounds of face-to-face interviews with samples of 10,000 statistically representative panelists in each market. All survey data is audited by local research associations to guarantee a minimum 95% confidence level on basic crosstabs as explored in this paper. Kantar made the data briefly available through its proprietary analytical tool, which does not allow for access to individual response level and thus precludes from more sophisticated statistical analyses beyond cross-tabulations, such as those produced for this paper. All tables included in this article are statistically significant crosstabs of independent variables (Country, year, SES, Education) and dependent variables (Pay TV subscription and reasons for adoption/no adoption) that clearly demonstrate the relationships between independent and dependent variables¹.

Kantar TGI Latina’s results were complemented by a second online survey in the first quarter of 2018, designed by the researchers and conducted in collaboration with eCGlobal online panel, where the topic of this article was specifically addressed. This was an exploratory and mostly qualitative study, with limited extrapolation or predictive value, given

SES	Brazil		Mexico	
	eCG (2018)	TGI (2015)	eCG (2018)	TGI (2015)
Top 10	6	13	7	8
Next 20	24	26	28	19
Next 30	45	30	52	29
Next 40	25	31	13	43

Education	Brazil		Mexico	
	eCG (2018)	TGI (2015)	eCG (2018)	TGI (2015)
Secondary	43	78	20	73
University	54	21	74	26

Table 1. SES and Education Variances 2014 vs. 2015 (%)

Source: Own elaboration based on data from eCG and TGI.

the self-recruitment nature of the sample. There were 377 participants in Brazil and 363 in Mexico, interviewed during the first two months of 2018. The recruitment was made amongst eCGlobal panel members in Brazil (506,000+) and Mexico (165,000+) and the self-selected sample consisted of the following demographic distribution. The gender distribution skewed more female in Brazil (56%), but more male in Mexico (63%). The age distribution was slightly older in Mexico (35%) than in Brazil (27% above 45 years of age). These variations, however, are unlikely to have yield a major bias in the respondents' perceived economic impact on their media habits, as they speak on behalf of the larger households they belong to. Beyond the statistical distribution of the online survey, the two goals of this secondary contact were to (a) provide qualitative insights to further corroborate our understanding of the real and perceived impact of macroeconomic crises on media consumption habits, and (b) increase the reliability of the results.

While TGI made use of indirect variables to calculate an index for the attribution of a SES valid across the region (Urquijo & Lobl, 2003), we purposely asked eCGlobal respondents to self-evaluate their SES status along the same measurements to consider a potential perception gap. Since participants in an online panel are not expected to belong to the lowest social class and the overall distribution does not seem to contradict

the more statistically valid TGI figures, the higher concentration of respondents who self-reported belonging to the lower middle class seems fitting.

RESULTS

In 2014, TGI Kantar estimated that some 18 million Mexican and 37 million Brazilian individuals were paying for some form of pay TV subscription and 24 million and 40 million, respectively, were not. As stated before, socio-economic status is key in the study of media affordability. In 2014-2015, the penetration of multichannel television services (i.e. cable and satellite reception) in Brazil was higher at the top social-economic class (Top 10%) than in Mexico, where the distribution among classes seems to follow the overall pan-regional figures in Latin America.

Despite the stronger economic downturn in Brazil between 2014 and 2015, the impact on the penetration of these services was almost null. The milder downturn in Mexico during the same period, however, led the upper class to drop pay TV and, paradoxically, the lower classes showed an actual increase (around 4 percentage points).

The trend could be associated with the markedly higher penetration of pay TV among the more educated (those holding a University degree) in Mexico, while Brazil seems to present only slightly higher initial

SES		Top 10%		Next 20%		Next 30%		Next 40%	
		Total Pop.	Mch Subs						
PAN	2014	10.4	15.4	21.4	27.2	30.9	32.7	37.3	24.7
	2015	10.6	14.9	21.4	27.0	30.6	31.9	37.5	26.1
BRA	2014	12.3	20.5	26.4	36.5	30.9	30.0	30.4	13.0
	2015	13.0	20.4	25.5	34.6	30.4	29.6	31.1	15.4
MEX	2014	8.69	14.6	20.3	30.0	28.4	31.3	42.6	24.0
	2015	8.18	12.6	19.4	27.2	29.3	32.1	43.1	28.1

Table 2. SES Distributions for Total Population vs. Multichannel Subscribers 2014-2015 (%)

Source: Kantar TGI Latina³.

Education		No School		Secondary		University	
		Total Pop.	Mch Subs	Total Pop.	Mch Subs	Total Pop.	Mch Subs
PAN	2014	1.24	0.49	76.6	70.5	22.0	28.8
	2015	0.95	0.37	76.0	70.6	22.9	28.8
BRA	2014	2.08	0.69	76.8	68.6	21.1	30.7
	2015	1.48	0.55	77.9	70.6	20.6	28.9
MEX	2014	0.96	0.51	75.5	64.7	23.5	34.8
	2015	0.87	0.32	73.3	65.1	25.8	34.6

Table 3. Education Distribution Total Population vs. Multichannel Subscribers 2014-2015 (%)

Source: Kantar TGI Latina.

penetration among the educated than among the non-educated, with those with secondary education showing lower subscription levels than the pan-regional benchmark. Notice that the downturn led educated subscribers in Brazil to drop down to the pan-regional levels, while those with secondary education actually increased their participation and the large drop among the non-educated still kept the penetration levels way above the regional benchmark. By contrast, the more educated Mexican residents barely changed their minds about spending money on pay TV, while those with no education dropped even lower than the regional levels.

REASONS TO SUBSCRIBE TO PAY TV

In Brazil, where we saw that multichannel adoption is stronger amongst the upper classes, the variations in justifications from one year to another were not as

pronounced as in Mexico. In both countries, the main two reasons to subscribe to pay TV are “to have more television channels” or “to have a better reception”. Consistent with times of financial difficulties, the drive for more channels dropped across all different SES in both countries. The demand for “some” television entertainment continued strong and having a better reception was a fundamental condition.

An increased elitization in Brazil is observed with the growth in subscription reasons such as “staying up to date with the latest technology” and “better reception”. On the other hand, the lower classes, whose local operators are known to be driven to pay TV to gain access to sporting events (the 2014 World Cup was a major selling point for pay TV and also for new television-sets²) have indeed presented the largest drop in such reasoning from a high year to a low one.

BRAZIL - SES	Top 10%			Next 20%			Next 30%			Next 40%		
	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF
To be up to date with the latest technology	25.6	26.7	1.1	24.2	23.7	-0.5	24.5	22.1	-2.3	22.2	22.4	0.2
To have a better reception	59.1	61.3	2.2	62.9	62.2	-0.6	66.8	63.8	-3.0	62.9	64.3	1.4
To have more TV channels	72.7	68.7	-4.0	68.8	63.1	-5.7	66.5	61.9	-4.6	64.1	59.6	-4.5
To receive entertainment & information from other places	34.7	33.9	-0.7	28.1	30.1	2.0	27.5	25.3	-2.2	23.4	24.4	1.0
To receive movie programs	36.1	35.8	-0.3	27.4	30.3	2.9	28.2	29.3	1.2	21.1	25.3	4.2
To receive sports programs	21.7	19.2	-2.5	16.8	15.0	-1.8	17.6	15.9	-1.7	18.3	11.1	-7.1
Other	3.09	3.01	-0.1	3.47	2.51	-1.0	2.82	2.36	-0.5	2.46	1.43	-1.0
Not Sure	1.27	0.73	-0.5	1.49	1.6	0.1	1.19	1.29	0.1	3.44	2.39	-1.0

MEXICO - SES	Top 10%			Next 20%			Next 30%			Next 40%		
	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF
To be up to date with the latest technology	15.3	24.0	8.7	16.0	26.2	10.2	15.5	25.4	9.9	13.0	21.0	8.0
To have a better reception	23.4	42.3	18.9	26.3	32.6	6.3	28.5	36.8	8.3	26.6	44.1	17.5
To have more television channels	52.9	41.5	-11.4	46.5	42.1	-4.4	50.2	40.3	-9.9	42.6	38.0	-4.6
To receive entertainment & information from other places	25.8	19.3	-6.5	21.2	18.9	-2.3	18.9	15.1	-3.8	20.9	16.6	-4.3
To receive movie programs	15.0	11.6	-3.4	11.4	10.9	-0.5	11.4	10.0	-1.4	12.3	11.7	-0.6
To receive sports programs	4.87	5.18	0.3	5.54	5.75	0.2	4.72	4.07	-0.7	3.93	3.68	-0.3
Other	2.98	3.15	0.2	3.15	3.53	0.4	2.81	2.99	0.2	2.5	3.36	0.9
Not Sure	0.97	0.64	-0.3	1.74	0.73	-1.0	1.83	1.54	-0.3	4.26	2.28	-2.0

Table 4. Reasons to Subscribe by SES Distribution 2014-2015 (%)

Source: Kantar TGI Latina.

In both markets, the strong broadcasting services offered by the likes of TV Globo (Brazil) and Televisa (Mexico) may dampen demand for “more channels” particularly when funds are short. But the elites living

in Mexico seem to have abandoned this reasoning a lot more than those in other classes. For both upper- and lower-class Mexican residents, the driving force to subscribe in a down year was the simple desire to “gain

BRAZIL - Education	University Education			Secondary Education			Did not attend school		
	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF
To be up to date with the latest technology	26.9	27.1	0.2	23.2	22.3	-0.9	21.0	16.0	-5.0
To have a better reception	61.7	63.1	1.3	64.0	62.7	-1.2	62.3	62.4	0.1
To have more television channels	72.9	65.9	-7.0	66.4	62.5	-4.0	54.8	42.0	-12.8
To receive entertainment & information from other places	34.4	32.8	-1.6	26.2	26.9	0.8	18.7	23.5	4.9
To receive movie programs	33.2	33.9	0.7	26.6	29.0	2.4	17.5	12.0	-5.4
To receive sports programs	20.1	18.0	-2.1	17.5	14.6	-2.9	8.51	11.0	2.5
Other	3.51	2.4	-1.1	2.85	2.41	-0.4	4.32	1.64	-2.7
Not Sure	1.17	1.09	-0.1	1.79	1.54	-0.3	2.91	8.91	6.0

MEXICO - Education	University Education			Secondary Education			Did not attend school		
	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF
To be up to date with the latest technology	16.3	26.1	9.7	14.5	23.3	8.8	1.11	18.8	17.6
To have a better reception	26.0	37.4	11.4	26.9	38.8	11.9	28.4	67.9	39.4
To have more television channels	47.9	39.3	-8.6	47.5	41.0	-6.5	62.4	21.3	-41.0
To receive entertainment & information from other places	23.0	20.9	-2.1	20.0	15.1	-4.9	19.7	0	-19.7
To receive movie programs	11.6	10.5	-1.1	12.5	11.2	-1.3	6.94	0	-6.9
To receive sports programs	5.2	5.12	-0.1	4.63	4.28	-0.3	0	0	0
Other	3.3	3.52	0.2	2.64	3.11	0.5	1.61	5.26	3.7
Not Sure	2.31	0.61	-1.7	2.24	1.84	-0.4	2.33	2.35	0

Table 5. Reasons to Subscribe by Education Distribution 2014-2015 (%)

Source: Kantar TGI Latina.

better reception” of television signals. This could be simply a factor of market circumstances, but the puzzle persists in Mexico regarding the increased justification, even among lower classes, based on “keeping up with latest technology”. This reasoning seems to be the kind of luxury expected only from those with extra cash available and not something everyone would consider, especially in a down year.

The education variable seems to be a stronger determinant than economic conditions of reasons to

subscribe in Brazil and Mexico. It is still surprising that the less educated would become more likely to justify their pay TV subscriptions as either a “desire to be up to date with the latest technology” or “receive entertainment and information from other places”. By all means, these are more in line with an elite lifestyle than people likely to be directly affected by economic issues. It could be possible to speculate that these are more socially desirable responses that those who are less educated intuitively felt would make them “look better” to the interviewers.

BRAZIL - SES	Top 10%			Next 20%			Next 30%			Next 40%		
Reasons for NOT Subscribing to Pay TV	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF
Would like multichannel service, but it is too expensive	1.12	0.32	-0.8	1.22	1.15	-0.07	1.96	2.17	0.21	5.32	3.97	-1.36
Not interested in television	6.6	5.49	-1.11	11.59	9.1	-2.49	17.48	14.85	-2.64	24.23	22.09	-2.14
Not interested in receiving additional TV service	3.36	2.3	-1.06	4.98	4.62	-0.36	7.56	7.16	-0.4	11.77	8.7	-3.07
It is not available in area of my residence	0.43	0.23	-0.21	0.27	0.51	0.24	0.46	0.25	-0.2	0.53	0.39	-0.14
It is too expensive	4.48	4.2	-0.28	8.46	8.56	0.09	15.32	17.25	1.93	31.6	29.21	-2.4
Already receive clear TV signals	0.33	0.19	-0.14	0.47	0.67	0.2	0.65	0.47	-0.18	0.93	0.5	-0.43
The service is poor and not reliable	0.43	0.4	-0.03	0.3	0.33	0.03	0.59	0.46	-0.13	0.39	0.74	0.35
The price is not commensurate with the service offered	0.51	0.64	0.13	1.49	0.91	-0.58	1.32	1.02	-0.29	1.34	1.53	0.19
No reason in particular	4.05	3.64	-0.41	6.12	5.45	-0.67	10.54	9.37	-1.17	13.15	13.59	0.44
Other reason	0.9	0.83	-0.07	0.77	0.56	-0.22	1.37	0.86	-0.51	1.47	1.03	-0.44

MEXICO - SES	Top 10%			Next 20%			Next 30%			Next 40%		
Reasons for NOT Subscribing to Pay TV	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF
Would like multichannel service, but it is too expensive	0.84	0.22	-0.61	0.78	0.18	-0.61	1.47	0.75	-0.72	2.29	1.5	-0.79
Not interested in television	9.15	11.3	2.14	10.96	12.28	1.32	15.47	15.58	0.11	21.19	18.08	-3.11
Not interested in receiving additional TV service	2.29	2.79	0.5	4.52	4.18	-0.35	5.67	5.01	-0.66	7.39	4.89	-2.5
It is not available in area of my residence	0.23	0.34	0.11	0.78	0.51	-0.26	1.42	0.65	-0.76	2.39	1.3	-1.09
It is too expensive	6.3	6.86	0.57	8.97	10.99	2.02	19.17	20.6	1.43	34.31	37.45	3.15
Already receive clear TV signals	0.35	0.5	0.15	1.28	0.39	-0.88	1.13	0.6	-0.53	1.05	0.63	-0.42
The service is poor and not reliable	0.49	0.52	0.02	0.97	0.98	0	2.29	2.02	-0.28	2.52	2.01	-0.51
The price is not commensurate with the service offered	1.55	0.48	-1.07	1.33	0.52	-0.81	1.99	0.86	-1.13	1.97	1.07	-0.9
No reason in particular	5.6	4.51	-1.08	7.7	4.05	-3.65	7.33	5.95	-1.37	8.38	6.66	-1.72
Other reason	1.9	1.52	-0.38	1.68	1.67	0	1.53	1.19	-0.34	2.22	2.3	0.08

Table 6. Reasons for not subscribing by SES 2014-2015 (%)

Source: Kantar TGI Latina.

BRAZIL - Education	University Education			Secondary Education			Did not attend school		
Reasons for NOT Subscribing to Pay TV	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF
Would like multichannel service, but it is too expensive	5.82	2.88	-2.94	2.99	2.62	-0.36	1.27	0.69	-0.58
Not interested in television	25.4	30.75	5.35	18.21	15.69	-2.52	10.03	8.46	-1.57
Not interested in receiving additional TV service	14.41	12.61	-1.8	8.07	6.63	-1.44	5.43	4.88	-0.55
It is not available in area of my residence	1.78	0.3	-1.48	0.41	0.38	-0.03	0.33	0.27	-0.06
It is too expensive	36.97	30.22	-6.75	19.57	19.79	0.22	6.31	5.79	-0.52
Already receive clear TV signals	0.25	0.98	0.73	0.75	0.46	-0.29	0.3	0.57	0.28
The service is poor and not reliable	0.25	0.13	-0.12	0.42	0.59	0.17	0.51	0.23	-0.28
The price is not commensurate with the service offered	0.76	0.22	-0.54	1.21	1.15	-0.07	1.53	0.99	-0.54
No reason in particular	10.79	9.04	-1.75	9.83	9.6	-0.23	7.56	6.44	-1.12
Other reason	1.15	0.28	-0.87	1.27	0.79	-0.48	0.9	1.03	0.13

MEXICO - Education	University Education			Secondary Education			Did not attend school		
Reasons for NOT Subscribing to Pay TV	2014	2015	DIFF	2014	2015	DIFF	2014	2015	DIFF
Would like multichannel service, but it is too expensive	2.38	0	-2.38	1.83	1.18	-0.65	0.95	0.22	-0.73
Not interested in television	20.58	20.95	0.37	17.59	16.25	-1.34	12.59	13.85	1.27
Not interested in receiving additional TV service	5.53	4.62	-0.91	6.52	4.78	-1.75	3.81	4.15	0.34
It is not available in area of my residence	1.73	0	-1.73	1.73	1.02	-0.7	1.17	0.5	-0.68
It is too expensive	37.86	47.53	9.66	26.48	29.36	2.89	8.79	11.38	2.59
Already receive clear TV signals	0.41	1.66	1.25	1.16	0.55	-0.61	0.76	0.56	-0.19
The service is poor and not reliable	0	0	0	2.43	1.67	-0.76	0.55	1.81	1.25
The price is not commensurate with the service offered	2.1	0	-2.1	1.97	0.99	-0.98	1.29	0.51	-0.78
No reason in particular	3.28	3.96	0.68	8.05	6.12	-1.93	6.76	4.84	-1.92
Other reason	0.87	0	-0.87	2.1	1.95	-0.15	1.24	1.41	0.16

Table 7. Reasons for not subscribing by Education 2014-2015 (%)

Source: Kantar TGI Latina.

REASONS NOT TO SUBSCRIBE TO PAY TV

Other than lack of interest in pay TV services, a concern for pricing remains the primary reason for not subscribing year after year across both countries. Unexpectedly,

fewer members of the lower classes in Brazil presented this reason in 2015, during the economic downturn. By contrast, more of the lower classes in Mexico did present pricing as a reason for not subscribing in 2015.

Likewise, a growing share of Mexican residents across all educational backgrounds indicated that pay TV was too expensive for them, with an increase year after year among the more educated (with a University degree). Education did not seem to be a factor in Brazil, as the proportion of those stopped by pricing barely changed.

IMPACT SURVEY

To explore people's perceptions about how the economic crisis affected purchasing power, we bypassed indirect variables and asked a panel of online respondents: "How much would you say that the 2015 economic downturn affected you personally?" Answers were measured on a Likert scale, where 1 represents "had no impact in my personal capacity to buy things", 3 means "neutral" and 5 represents "significantly reduced personal capacity to buy things". Results reveal that the economic downturn impacted Brazil's inhabitants purchasing power, since 52% (n=197) of the respondents marked the two highest values of the scale. Most notably, 25% of those were also members of the top social classes (Top 10 and Next 20%). In Mexico, 45% (n=164) of the respondents considered that the economic downturn reduced their purchasing power. And 27% of them self-reported as belonging to the top 10% of the SES strata, compared to only 5% in Brazil.

Only 19% (n=70) of the respondents from Brazil were not pay TV subscribers in 2014 nor in 2015. In Mexico, this percentage drops to 10% (n=36). To specifically explore if the economic downturn that occurred in 2015 influenced pay TV subscribers' decision to continue with or drop the subscription, the survey asked the respondents to remember if they were paying for this service in 2014 and 2015. Results reveal that 47% (n=179) of the respondents were pay TV subscribers in 2014 and continued to be in 2015, despite the economic difficulties. Of them 9% (n=6) considered that the crisis did not have any impact in their purchasing power and 33% (n=21) considered that it reduced their capacity to buy things. Only 9% (n=35) were pay TV subscribers in 2014, but dropped the service in 2015 and, 9% (n=33) became subscribers in 2015. Even though about a third of multichannel subscribers perceived the economic impact to be strong, they still maintained their subscriptions.

In Mexico, 69% (n=251) of the respondents were pay TV subscribers in 2014 and 2015. Of them, 15% (n=21) considered that the crisis did not have any

impact in their purchasing power and 19% (n=26) considered that it reduced their capacity to buy things. Only 7% (n=25) had pay TV in 2014 and interrupted the subscription the year after, and 8% (n=30) started paying the subscription in 2015. Contrary to Brazil, the perception that the economic crisis was serious was not very different among those who dropped service or not, which suggests the trends may not be strongly connected.

Asked about the main three reasons why they decided to initiate a pay TV subscription, subscribers' main goals in Brazil were, first, to receive movie programming (61% and n=197), second, to have more TV channels (60% and n=193) and, third, to receive entertainment and information from other places (42% and n=135). Subscribers to pay TV before 2014 opted to continue with this service for the same three reasons: to receive movie programming (58% and n=189), to have more TV channels (56% and n=181) and to receive entertainment and information from other places (41% and n=132). The three main reasons to not be a pay TV subscriber in Brazil are: "too expensive" (29% and n=110), "the price is not commensurate with the service offered" (17% and n=65) and "already have clear TV signals" (11% and n=40). The reasons to subscribe were not very different for subscribers who dropped their subscriptions during the economic depression and those who continued to subscribe or even started to subscribe in 2015, attesting to the stability of perceived value for the service.

In Mexico, to have more TV channels (56% and n=185), to receive movie programming (52% and n=170) and to have a better reception (49% and n=162) were the main three reasons to subscribe to pay TV. Among those who were subscribers in 2014 and continued with the service in 2015, having access to films was the first reason to maintain the subscription (61% and n=201), followed by having more TV channels (58% and n=191) and improving the level of reception (48% and n=157). "No specific reason" (40% and n=144), "too expensive" (34% and n=123) and "the price is not commensurate with the service offered" (27% and n=97) were the main reasons given by those who did not have pay TV.

Contrary to what was observed in Brazil, there was a difference between those who continued *versus* those who dropped their subscription in 2015. Mexican residents were convinced to stay mostly due to their desire for sports programming and, amongst those who dropped their service, the most common reason for having pay TV was seeking entertainment from abroad.

LEVEL OF SATISFACTION WITH FREE OPEN-AIR TV

A low level of satisfaction with free open-air TV may explain people's decision to pay for watching TV. To explore the opinions of Brazilian and Mexican residents about the broadcast service they receive, the following question was posed: "What is your level of satisfaction with free open-air TV in your country?"

Free open-air TV in Brazil and Mexico generates different levels of satisfaction among the population, with no specific pattern. In Brazil, 27% (n=101) of the people who completed the questionnaire considered that they were dissatisfied with the free open air television offered, while 25% (n=93) labelled their level of satisfaction as "neutral". In Mexico, 29% (n=107) were dissatisfied, 22% (n=80) were satisfied and 26% (n=96) marked the option "neutral".

Only a small percentage of both Brazilians and Mexican residents were very satisfied with this service (7% and n=26 in Brazil, and 4% and n=14 in Mexico), less than half of those who said that they are "very unsatisfied" (16% and n=59 in Brazil, and 20% and n=73 in Mexico). To dig deeper, the survey included an open-ended question to collect people's justifications of their level of satisfaction with this TV service.

"Low quality", "vulgar", "poor", "corrupted", "repetitive" and "non-educational" are some of the main words used by Brazilian residents in the online survey to describe and express their dissatisfaction with free open air TV, some of whom also have technical problems receiving the digital signal. Some respondents went further and criticized the type of content broadcasted and the ideological values transmitted, as the following comments reveal:

"It makes the population stupid";

"It offers an apology to homosexuality and to the left-wing ideology";

"Useless informative content that favors cultural Marxism, immoral programs and fake news";

"The soap operas promote a review of one's sexuality among young people, while cartoons foster violence".

Mexican residents considered that free television in the country is "poor", "repetitive" and offers access to a very limited number of channels, an issue that becomes especially relevant in some areas of the country, where the reception of the signal is not good. Many respondents also pointed out the overabundance of commercials and the lack of high-quality cultural and educational programs, whilst others refer to some

content: censorship practices and the privatization of sports content:

"Even though films are presented as 'premier', they have been repeating the same films for years which are, moreover, from the previous century. Programs are dull and boring";

"Catching the signal is a problem —we lose it continuously";

"They screen commercials every 3 minutes. Films are manipulated and censored".

When asked to justify their answers, people who considered themselves to be neutral regarding the level of satisfaction with free open air TV in Brazil and Mexico echoed some of the same concerns pointed out by unsatisfied people (e.g., the low quality and technical problems, and the lack of diversity and new programs). Another portion of these respondents were either not big TV consumers or who preferred pay TV, and also people who considered that, although there is margin for improvement, the service is sufficient.

The fact that broadcast or open-air TV in Brazil is free seems to play a key role among satisfied people: "It meets the expectations one can expect from a free service", said one respondent. Satisfied and very satisfied respondents highlight the good quality of the transmission and image available in their homes, mainly since the arrival of the digital signal, the variety of programming to meet different viewers' tastes and distract people from their day-to-day routine. The competition with internet-distributed television services, such as Netflix, is seen as an incentive for free open-air TV to improve its programming and include more TV series, as a respondent pointed out. In Mexico, people seem to be satisfied with the introduction of HD, an aspect that was also highlighted by people who were unsatisfied with or neutral about the service. Although some respondents pointed out that the service has improved in the last years, they consider the programming to be "diverse", "coherent", able to "satisfy the basic entertainment needs of the population" and even "the best service in Mexico".

An analysis of the respondents' opinions in the open-ended question reveals the connection that some people make between socio-economic status and TV services. An unsatisfied participant living in Brazil explained that broadcast TV offers programming without quality due to its aim of reaching people from a low socio-economic status, exclusively. On the other hand, a very satisfied respondent indicated that s/he is satisfied because poor people cannot afford a pay TV subscription.

CONCLUSIONS

This investigation presents unexpected results that sometimes defy common sense expectations. The *rational choice* model of economics would presume that, in times of scarcity and instability, the costs associated with most luxury and dispensable items would be the first to be cut to preserve economic well-being. Considering that the penetration of pay TV is relatively recent in Brazil and Mexico (Straubhaar et al., 2015), one would expect that a notable portion of the population would cancel their pay TV subscriptions in light of the economic crisis of 2015, particularly those in the lower social classes. However, results revealed that such a rush to cancel services did not occur at the rates expected and were not really influenced by social class (lower classes actually subscribed more during the crisis), as they were by education factors (the educated dropped more during the crisis). This may be related to the fact that people try to readapt their economic situation to maintain their status and social sphere (Straubhaar & Viscasillas, 1991; Ling, 2012). In fact, one could argue that people work harder to maintain the media, informational, and cultural aspects of their status, reflecting their importance to the household.

It would seem that once the new entrants to the consumer market got a taste of pay TV services, they were not necessarily rational and objective about the decision to eliminate the recently acquired expense during uncertain times to offset some financial hardship, real or potential. Within the comfort of their homes, Brazilians and Mexican residents of different social groups enjoyed the multiple channel selections and kept their families safe from the elevated street violence that tends to accompany economic downturns in these countries (Muggah, Szabó de Carvalho, & Aguirre, 2018). As highlighted in the literature review, it also seems likely that having been successfully domesticated into the home, these services would now be costly to drop in terms of family well-being and satisfaction. Pay TV seems to have become, thus, a hedonic good (Medina et al. 2016).

The new video entertainment alternatives through the Internet had not become generally known just yet in 2015 and not yet widely adopted as *cheaper* alternatives to pay TV. In fact, there is some dispute whether Internet video streaming services such as Netflix can really be considered cheaper alternatives, given that they presuppose subscribing to a broadband Internet connection of reasonable speed, which costs an average of US\$34 in Brazil and US\$27 in Mexico

(Mapping Internet..., 2017) and some minimum technology savviness to be adopted.

Despite the economic similarities of the two countries studied, the trends in media adoption and retention following the 2015 crash were not as similar between them as one would expect. Moreover, the role of cultural vs. economic capital in determining behavior (dropping pay TV to save money) could not be directly asserted as expected. For instance, educated Mexican residents were more likely to drop pay TV than educated Brazilian residents.

The article has addressed a current topic at the intersection between media economics and media sociology. With a focus on the two main Latino American markets (i.e., Brazil and Mexico) the investigation had shed light on how socioeconomic status and level of education relate to the adoption and retention of media habits in a period of economic downturn. Despite the unique access to Kantar TGI Latina data, the most extensive market study in the region, and the collaboration established with eCGlobal to design and conduct the second survey, there are two main limitations. First, Kantar Media does not give access to individual level data, meaning that a regression analysis could not be conducted. To reach a deeper understanding of media habits during sour economic periods, future research would benefit from approaching the topic from a more quantitative perspective. Second, there is a 3-year gap between the collection of the two types of data analyzed. Although our respondents acknowledged being able to recall information from the last three years, conducting the two phases of data collection in parallel would have strengthened the results.

This project culminates with the formulation of new research questions. For example, future studies should clearly identify the extent to which differences in cultural versus business environments may explain the diverse reactions to sudden economic instability. Is one culture more akin to the values presented by pay TV than the other and thus more inclined to keep it, even at a higher relative cost during economic downturns? Or is it just because companies in one market were more adapted to the usual economic fluctuations in Latin America and thus better prepared to offer financial deals that could keep more subscribers engaged during the downturn? In the first case, the issue of cultural capital becomes more relevant, while on the latter it is the economic capital that dictates media adoption and retention.

The advent of new and potentially cheaper streaming media services is widely expected to disrupt the pay TV business worldwide and Latin American regions with unstable economies may skip technologically ahead and grow streaming vs cable/satellite multichannel

subscriptions. In this case, cultural capital may be key to handling the more sophisticated technology and adoption patterns may widely diverge from those observed in this study, requiring new exploratory investigations.

NOTES

1. For more information, see Straubhaar et al., 2016.
2. See Freitas, 2015.
3. Pan-regional calculations are based on a combination of the following markets: Argentina (national sample), Brazil (11 major markets), Chile (Gran Santiago), Colombia (six cities), Ecuador (Quito/Guayaquil), Mexico (national sample), Peru (Lima, DF), Venezuela (six markets).

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