# Brazil: Netflix, VPNs and the ‘Paying’ Pirates

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**BRAZIL**

60%: Proportion of the total population in Brazil that has access to the internet

37th: Netflix is the 37th most visited website in Brazil (Alexa ranking)

2.2 million: Estimated number of subscribers to Netflix Brazil

38%: Proportion of VPN users from Brazil who have accessed the US Netflix in December 2014

From late 2014, the ‘news’ that Netflix had started to block anonymous or unidentified IP addresses spread all over the internet. The overall reaction from Brazilians who used location-masking practices presented similarities to the universal five stages of loss and grief[[1]](#footnote-1):

1. Denial and Isolation:

‘I use ‘Hola’ to see the American Netflix. If Netflix decides to block me, I will go back to Torrents and Netflix will lose a customer’.

2. Anger:

‘Media corporations are stupid and greedy. People will go back to Torrents!’

3. Bargaining:

‘If I only have access to half the catalogue, I should only have to pay for half the catalogue. It should be my right to access what I want and the way I want’.

4. Depression:

‘Why are they imposing such limitations? I use VPN to practice my English...’ [Netflix Brazil does not offer subtitles in English yet].

5. Acceptance:

‘That’s the way things work and they won’t change. However, it is a setback, and it is against the reality of globalization.’

Netflix is the 37th most visited website in Brazil.[[2]](#footnote-2) It arrived in 2011, and with over two million subscribers in 2015, Brazil is the world’s second fastest growing country in terms of subscriber numbers. However, it does not completely meet consumers’ demands for a number of reasons, including the limited catalogue available and the lack of English subtitles. Therefore, many Brazilians are turning to VPNs and proxy servers to get access to the US Netflix video library or geoblocked websites from the US and other countries. In fact, recent market research[[3]](#footnote-3) suggests Brazil is the third-largest VPN market in the world. The country also has the third largest number of unauthorized users on the U.S. Netflix site.

Brazil accounts for a considerable share of the global informal audience. In addition to VPN and proxy use, previous research estimates that over 20 million Brazilians are involved in illegal downloading on a daily basis.[[4]](#footnote-4) Brazil is the largest South American country and as one of the five BRICS nations (along with Russia, India, China and South Africa) it also holds an important position as a major emerging economy.[[5]](#footnote-5) Its media landscape is shaped by local, European, Hispanic and Anglo-American influences – and as an enclave of Portuguese within South America’s Spanish-language media ecology, it has a particularly complex and cosmopolitan media landscape. For all these reasons, Brazil warrants attention as a unique site for understanding global media flows, both formal and informal.

This chapter investigates how Brazilian television audiences create an alternative system of TV viewing through geoblocking circumvention practices. My analysis draw on various sources, including articles and editorials from newspapers, magazines and blogs, as well as online reader comments, forums, and other online spaces where these practices are discussed.

## **Overview of the Media and Digital Landscape in Brazil**

To understand TV streaming in Brazil, it is important to consider the context in which these activities take place. Limited access is the main reason why people download media. As in most nations, Brazil’s TV system is shaped by broadcast rights and licensing arrangements that often result in delays or the total unavailability of television shows. Audiences in Brazil who wish to watch American TV shows may have to wait months, or even years, until they can see these shows locally. Furthermore, much of the population is priced out of the market for legal DVDs, which are too expensive for the poorest communities.

Since the 1950s, US TV shows have been popular with Brazilian audiences. In the early 1970s the government started to invest in national television production to minimize the reliance on U.S. imports. Ever since then, Brazilian telenovelas have become increasingly popular as well as nationally and internationally recognized for the quality of their plots and production. Local telenovelas have a wide audience and are mostly offered on free-to-air television.[[6]](#footnote-6) In contrast, U.S. TV shows are primarily aired on cable television.[[7]](#footnote-7)

What is generally understood, in regards to Latin American television programming, is that free-to-air TV caters to the mass audience while cable caters to elites, and the advertisers that target them. In late 2014, there were over 19 million subscribers to cable television in Brazil, which corresponds to 29% of households.[[8]](#footnote-8) Having a cable connection is an essential status symbol for the middle classes. Surprisingly, about 33% of cable subscribers only watch free-to-air television channels: they pay for the service to get a better signal or to not feel ‘inferior’ to friends and family who have cable television.[[9]](#footnote-9) Cable audiences are also concentrated in the southeast region,[[10]](#footnote-10) the most populated and urbanized area of the country, composed of the states of Rio de Janeiro, Sao Paulo, Minas Gerais and Espirito Santo. While Brazilian free-to-air TV offers relatively good quality content, people are starting to want access to a wider selection of programming. However, not everyone can afford the cost of a cable connection, which means that TV viewing in Brazil is organized along class lines.

Socio-economic inequalities also shape internet access and use in Brazil. Although internet access has grown in the 2000s for a number of reasons – including falling broadband prices, federal government investment in school computers, and free wi-fi in public spaces – internet access is still restricted to a portion of the population. In Brazil, 120 million people (60% of the total population) have access to the internet, and 48% of these users have home connections.[[11]](#footnote-11) Internet access at home is most common in highly populated cities with high concentrations of wealthy people, such as Sao Paulo and Rio de Janeiro, and less common in rural states such as Maranhao and Piaui.[[12]](#footnote-12)

These socio-economic factors help to explain the uneven take-up of video streaming in Brazil. In recent years streaming services have multiplied as telcos and media companies invest in VOD platforms. Figure 1 illustrates some of the services available:

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| --- | --- | --- | --- |
| **Service** | **Availability** | **Price (US$)** | **No of videos** |
| Netflix | Available to the general public | $6.60 per month | 1500+ |
| Now | NET HD subscribers | Free / from $1.30 per title | 20,000+ |
| Cine Sky HD | Sky HDTV subscribers | From $3.30 per title | 36 |
| Sky Online | Sky subscribers | $5.20 per month or pay per view | 2,300+ |
| Vivo Play | Available to the general public | $5.20 per month | 5000 |
| GVT on demand | GVT subscribers only | Free / $1 per video | 5000 |
| ClaroVideo | Available to the general public | $4.60 per month or pay per view | 1200+ |
| HBOGo | HBO/Max on Sky subscribers only | Free for cable subscribers | 1500+ |
| Telecine Play | Telecine subscribers only | Free for cable subscribers | 1500+ |
| Muu | Globasat subscribers only | Free for cable subscribers | 3000 |

However, despite the proliferation of legal streaming services, Brazilian internet TV viewing is still substantially informal in nature. Like the vibrant pirate DVD economy, which is still a strong feature of Brazil’s urban streetscapes, unauthorized TV streaming and downloading is a mainstream practice.

On the internet, it is possible to find a great number of user-led informal video networks provided by Brazilian audiences. Torrents, still the most popular option in Brazil, can be easily accessed from major trackers like The Pirate Bay as well as numerous local websites, such as Filmesviatorrents.com.br which maintains an organized database of films, television shows and anime. File-hosting websites and cloud storage platforms are also used to share video content, with catalogues organized by title, season and episode number. Generally, they are offered with subtitles in Portuguese. Brazilian internet culture has also produced sophisticated fan-driven translation systems. The *legender* (fansubber) community translates Western television shows and films, mostly from the US and UK, into Brazilian Portuguese.

Streaming unauthorized material from YouTube is another popular option. Users have uploaded countless films and television shows on YouTube, which are available in dubbed versions or with subtitles in Portuguese. Further, global entertainment companies often make available on their websites, or Facebook pages, teasers, promos, trailers and sneak peeks of television shows and films. Often this content is geoblocked. However, after observing the Facebook page of US networks like ABC and NBC, I noticed that within a couple of hours after the videos have been released, it was possible to find them on YouTube with subtitles in Portuguese. The most popular informal video streaming website in Brazil, which has a catalogue of films and television content[[13]](#footnote-13), is MegafilmesHD.net. They claim to have over 23,000 films in their archive. Another informal streaming service is Popcorn Time, which promotes its own (paid) VPN service (VPN.ht) so that audiences can use it anonymously.

It is also important to consider the legal context to these practices. Recent years have seen a number of significant developments in Brazil, most notably the passing in 2014 of Brazil’s pioneering *Marco Civil* law [Civil Rights Framework for the Internet]. Like a Bill of Rights for the Brazilian internet, the *Marco Civil* ‘[e]stablishes principles, guarantees, rights and obligations related to the use of the Internet in Brazil,’[[14]](#footnote-14) introducing a safe harbor system and setting out principles for national internet governance, including net neutrality, freedom of expression, and the right to privacy. The bill is viewed internationally as a significant development for expression and civil rights online. Other BRICS countries have pursued more restrictive internet governance systems as a response to the piracy problem. In contrast, Brazil has taken a dramatically different approach:

…as soon as Brazil signed Marco Civil into law, it became the largest country to enshrine net neutrality in its legal code, among its other welcome provisions on privacy, intermediary liability and accessibility and openness of the internet…With Marco Civil passed into law, Brazil, in its domestic law, is asserting itself as a potential world leader in internet freedom.[[15]](#footnote-15)

The *Marco Civil* is currently undergoing another revision including a public consultation process. In early 2015, Netflix executives joined the discussion, declaring their support for the bill and reassuring their Brazilian subscribers that they would not experience any issues. However, the *Marco Civil* is yet to address VPNs and geographic circumvention practices.

Enforcement of internet and piracy laws in Brazil remains patchy. When it comes to copyright crime, penalties are rarely enforced because of limited policing capacity. Given Brazil’s overcrowded jails, copyright infringement is treated as a minor infraction. The government prefers to invest in copyright education rather than prosecution. The high levels of digital piracy in Brazil, therefore, appear to be a result of (but not limited to) a lack of law enforcement, the high cost of accessing cable television, and restricted access to international video content in general.

## **Circumventing Geoblocking in Brazil through VPN and Proxy ‘Pirata’**

A quick search of Brazilian internet sites will produce hundreds of piracy and circumvention resources, such as VPN and proxy services, step-by step instructions in blogs, video tutorials on YouTube, and numerous advice articles and FAQs. Some of the websites and blogs have illustrated step-by-step guides on ‘how to set up a VPN’ or ‘how to use proxy to camouflage your IP address’. As with user-generated torrents, subbing and streaming services, the VPN ‘pirate’ network is highly collaborative.

Circumvention tools have many uses in Brazil. Some people use VPN and proxy services to access websites that are blocked in the location where they are accessing internet from, such as libraries, schools and at work. Therefore, they use these services to access websites such as those with video content (e.g. YouTube) or social media, such as Facebook. Proxy services such as Unlocator are often preferred for their superior speeds; these may be more suited to streaming than encryption services. In my observation of circumvention communities I also noticed that many Brazilians recommend Hola Unblocker as an alternative to the paid and more complex VPNs. The Hola browser plugin is free to install and use – but as noted in the Introduction to this book, it has been known to sell user bandwidth to third parties for botnet attacks.

There are also audiences that want to access video content from their original sources. For instance, since late 2014, accessing the US Netflix catalogue has been a popular discussion topic in Brazilian internet forums. There are two main motivations for accessing the US Netflix service. First, Netflix Brazil has a limited catalogue: the US version offers many times more content, whereas the local version generally offers a lot of content that has already screened widely in Brazil. Second, Netflix subtitles are only available in Portuguese; there are no English captions available, as in the U.S. Netflix service. This is a source of disappointment for the many Brazilian students who use captions to practice their English language skills. They naturally prefer the U.S. service.

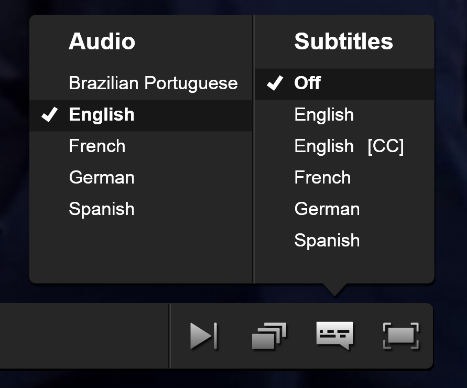


Fig. 1. English captions on streaming content are highly valued by some Brazilian internet users, especially language students.

Interestingly enough, Brazilian Netflix fans have also produced a Portuguese subtitling workaround for those using the U.S. site. There are many tutorials on how to incorporate subtitles created by amateur subtitlers, such as the Legenders, into the video content available in the U.S. Netflix.

In terms of understanding these practices as piracy, I have frequently observed in forums that the argument ‘if I pay for a Netflix subscription in Brazil, I should be able to access the US catalogue’ was often used. There is also an ‘all or nothing’ attitude, with many users stating that ‘if Netflix start blocking my VPN I will move to Popcorn Time, downloads, and torrents’. I did notice however, that there were many people in these discussions either defending Netflix Brazil, accepting their policies – to a certain extent – on geoblocking and distributions rights.

I have also noticed a certain willingness to pay for access to content among Netflix VPN pirates, which is quite different from the attitude of audiences that informally download content.[[16]](#footnote-16) Some Netflix subscribers even mentioned that they have minimized or even ceased torrenting since they signed up for the service. Everyone who mentioned the monthly subscription of R$19.90 (about USD6) per month said the price was fair.

Once again, it is important to note that only 60% of the population in Brazil have access to the internet. Among them, over two million people subscribe to the Netflix Brazil service and of this number, only certain users have the tech know-how and English skills to be a Netflix VPN pirate (assuming that they use their Netflix Brazil account details to connect to the US Netflix). This is an elite community – highly educated, middle-class people from the cities. They are the target audience not only for Netflix but for other VOD services.

## **Paying Pirates or Netflix Audiences?**

The popularity of Netflix in Brazil not only reflects the growing interest in VOD but also illustrates a great demand from early adopters who are not satisfied with free-to-air and pay-TV. Yet, for many audiences the limited Netflix Brazil catalogue is the main motivation for using VPNs to access the U.S. service.

Netflix’s CEO, Reed Hastings, has mentioned that they plan to end the geoblocking of their services one day, however negotiating intellectual property on a global scale is complex. Geographic circumvention is a competitive informal business model. It can be predatory, it can be collaborative but above all, it can inform industry about unmet demand and market gaps. The many different ways of circumventing geoblocks in Brazil raises questions about the differences between pirates versus audiences. Are they paying VPN pirates or legitimate Netflix audiences?

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