
Cheaper Computers Bring Explosive Growth to Brazil's Internet Commerce

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Brazil's electronic commerce should generate 9.6 billion reais (US\$ 5.6 billion) in revenues and reach 13.5 million Brazilians in 2008. Last year, ten million of them spent 6.5 billion reais (US\$ 3.8 billion) in all varieties of goods on the Internet.

The robust figures for this year - 45% growth in revenues and 30% increase in number of consumers - should repeat themselves in the next five years, specialists ensure.

The optimistic forecast regarding the expansion of electronic commerce was disclosed by the IAB Brasil (Interactive Advertising Bureau Brasil). And the expansion is going to be sustained by the democratization of access: a growing number of people is discovering the Internet in Brazil, especially consumers with lower purchasing power and those living far from large urban centers.

"This share of the population took longer to have access to technology and lose their fear of using the Web, but now they are ready to consume," says Ari Meneguini, IAB Brasil's executive director.

According to Meneguini, up until 2006, Internet in Brazil was still a privilege of the wealthy and of a small share of the average-income population.

"Last year, families with a monthly income of between three and five Brazilian minimum wages (currently the equivalent of US\$ 243) were those that led computer purchases," says the director at IAB Brasil.

According to him, access to the main tool required for entering e-commerce became easier since the government reduced taxes on the machines, last year, and also due to the depreciation of the dollar, as many components are imported.

"The cost of equipment decreased approximately 20% in 2007. The credit supply, plentiful and easy to obtain, led many people to get financing in order to purchase the much-dreamed-of computer," he says.

Last year, 10.7 million computers were sold. "For the first time in the history of the country, computer sales surpassed those of television sets (10.5 million in 2007)," states Meneguini.

According to him, this month Brazil ranked fifth in the global ranking for number of computers, with 27 million machines in operation, growth of 20% in one year.

Currently, 24% of Brazilian households are connected to the Internet. Access to the worldwide web also grew in public spaces. Between 2006 and 2007, the percentage of the population that accesses the Internet from cyber cafés grew from 30% to 49%.

"I have done research work in various cyber cafés, and the use of this option of Internet access is more common than people imagine. Many people use the cyber café as virtual office," he explains.

The current estimate is that approximately 40 million people have access to the Internet, and by the end of this year this figure is expected to increase to 45 million people.

"This makes the Internet the second leading mass communication media, losing only to television," says Meneguini.

The IAB Brasil was born as the Interactive Media Association in 1998. A non-profit organization, it presently counts on around 60 affiliated institutions, including Websites, portals, consultancy firms, technology companies, agencies and content producers focussed on interactive media such as the Internet, email, interactive TV, platforms for transmission of commercial messages via mobile phones and handsets ("PDAS"), as well as new communication channels that might emerge with the advance of technology, and which allow for the publishing or transmission of commercial messages with features similar to the ones currently in use.

The organization promotes domestic and international exchange of experience and technical knowledge by means of courses, lectures, publications, articles and researches, whose results are of common interest to the market, aiming to create better business conditions for its associates.

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