

# **Online search habits and trends: Unlocking the secrets of the consumption preferences of Latin American consumers**

Euromonitor International

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“Tell me what you are looking for on the internet and I will tell you who you are”, could be this summer's bestseller. And for a reason: Almost all of Latin America's internet users go to search engines such as Google, Yahoo or Bing at least once a week, which reveals – at least partially – how their offline lives are, what they consume and a lot about their lifestyles. Studying the lists of the most-sought terms in recent years makes it possible to reach a first conclusion: Latin American people look for their peers. On the other hand, as the internet expands and reaches an increasingly broad public, sports, politics and the economy begin to win more converts on the web.

## Key trends

- Main target: the others;
- Emerging trends: politics and the economy;
- The big shop window.

## Commercial opportunities

- Latin America has a great inclination for the social aspects of cyberspace and not just due to the popular social networks. The others are the main targets and if it is in Spanish, all the better;
- E-banking, political candidates and sports and video entertainment are the strongest search trends in the region;
- To Latin Americans, the internet is “a big shop window”, and therefore a strong presence on it is a must for markets such as consumer electronics and domestic electrical appliances.

## Background

Internet use in Latin America is growing extremely quickly, at a rate faster than the world average. According to Euromonitor International figures, there were 193.3 million internet users in 2009, which means 139% more than in 2004 (globally, there was a 93.4% growth in the same period). Broadband penetration is also on the rise, which also increases the number of hours spent on the web by users.

The study entitled the “State of the Internet”, conducted every year by comScore, claims in its latest May 2010 edition that search engines are by far the most sought-after sites on the internet, with a penetration level of nearly 95% among users in Latin America. According to the briefing, the most visited global brands are Google, Microsoft, Facebook, Yahoo! and Terra. Google, which accounts for half of searches worldwide, has a superior presence in Latin America: 65% of all searches in the region are carried by its site.

This high penetration from search engines reveals the trademark “curiosity” of the region's inhabitants, who are still “exploring” the web, but it also allows us to know about the other lifestyles and consumption habits of these consumers. ComScore's briefing shows, for example, that most of the audience prefers content in their native language, Spanish, shared by almost every country in the region with the exception of Brazil. In that country, the Portuguese word “tradutor” (translator) is one of the 10 most sought-after words, with Spanish as the main target language.

## Main target: the others

Every year – and even monthly, nations such as the USA and Mexico, Google, Yahoo and Bing reveal the most popular searches run by the population of each country, and some local trends notwithstanding, the most popular words sought by users are the same throughout Latin America. What do online search habits reveal about consumers? First and foremost, that citizens in the region are very sociable; they like to argue, to give their opinions and to show themselves and see others. Social media are by far the most sought-after words, above traditional media. The 2009 Year-End Google Zeitgeist revealed that in almost every single country of the region, the word “Facebook” was among the top 10 searches. The only exception is Brazil, where another social network, Google's Orkut, took its place.

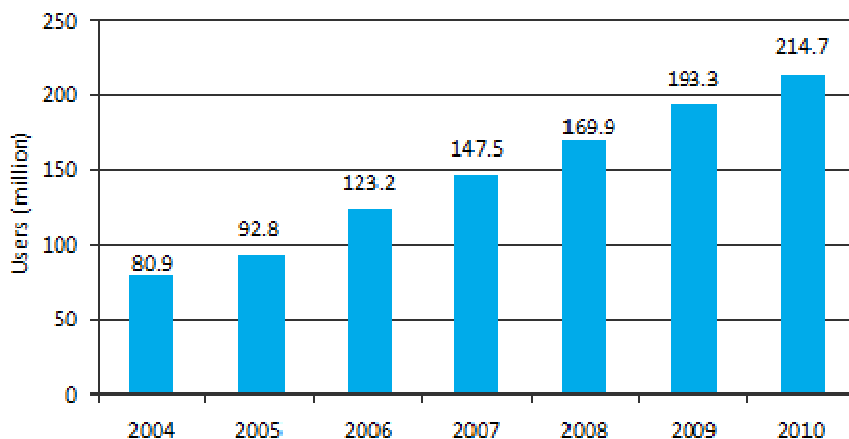
According to ComScore, the “social network” category is the most visited in the region, second only to search engines, with a penetration level of 81.9%, “due to the culturally social mood of its people”. Venezuelans, Chileans and Puerto Ricans are the people with the largest number of visits to these sites, where more than nine out of 10 people visit them. On the other hand, when the report was published last June, Twitter was 13 times larger in Latin America than last year's report. The search for people's names on search engines is also very strong.

Other popular searches describing the social nature of the region's inhabitants are related to forums, such as Taringa in Argentina, which registers about 10 million single visits a month, almost as many as Clarín, the country's main newspaper. Online dating services have shown sharp growth too: About 60 million people in Latin America were

using Match.com, an online dating service by the start of 2010, almost 20 million more than a year ago, Claudio Gandelman, Match.com CEO for Latin America, revealed to Argentina's Perfil newspaper.

**Chart 1 Internet users in Latin America: 2004-2010**

Users (million)



Source: Euromonitor International from trade sources and national statistics

Note: Data for 2010 is forecast

## Emerging trends: politics and the economy

Politics and economics are also experiencing a revival as a topic of interest in the region, a factor which explains the increasing access to the internet by adults. In countries having elections in 2009, the main presidential candidates were the “emerging trends” or the most sought-after terms. In Argentina, the expression “donde voto” (“where do I vote?”) ranked eighth on Google's emerging list.

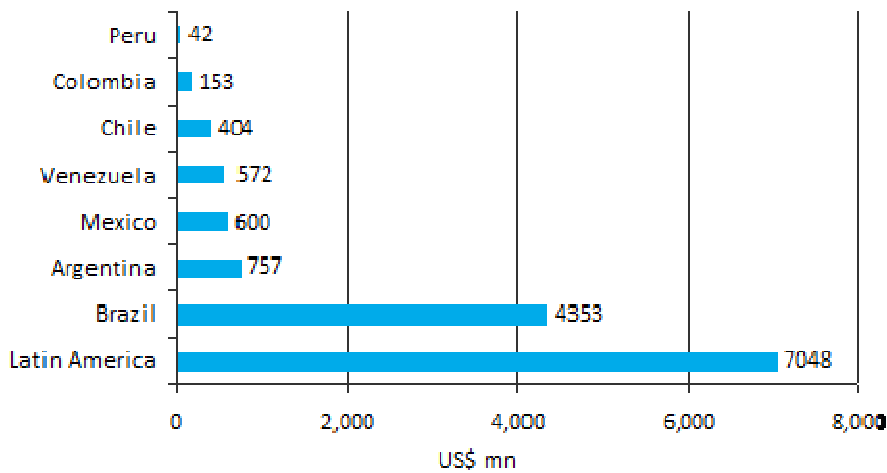
Banks and financiers began to appear as well in countries such as Brazil, Mexico and Venezuela, where e-banking is increasing its reach and stirring up interest. There are many reasons for this trend: “Mine is security, Caracas has become very unsafe and I'd rather do everything through the Internet instead of taking the money with me to the bank”, explained Mariana Cejas, a 32-year-old living in Venezuela's capital city, to Euromonitor International. Besides banks, governments have also reinforced their presence on the web in order to speed procedures linked to social security and especially taxes.

In almost every country, the terms “videos”, “you tube” and “fotos” (photos) are among the ten top searches, which shows that videos are the favourite means of entertainment in Latin America, apart from online games. “Their expansion on the web shows that the Internet has become an extension of television, but it also shows the increasing penetration of broadband in the region”, explained Ariel Torres, technology columnist for La Nación newspaper in Buenos Aires. According to ComScore's report, nearly 79% of internet users have sought or visited an entertainment site, either one with videos, humour or entertainment news.

As the internet reached the lowest classes, sports and lotteries became heavily sought-after. In Brazil, for example, the word “football” registered eight times the number of searches “swine flu” secured; while Olé, an Argentinean sports newspaper, reached the top 10 of the most sought-after terms in 2009.

**Chart 2 Internet retailing in selected Latin American countries and in Latin America as a whole: 2009**

Market size in US\$ million



Source: Euromonitor International from trade sources and national statistics

Note: Market size based on retail value RSP and at 2009 exchange rates

## The big shop window

While e-commerce is rapidly growing in the region, Latin Americans use the internet to find products and compare them rather than for buying them. That's why brands and marketing companies of products such as perfumes, consumer electronics, domestic electrical appliances and toys and games, use the web as a platform to capture their clients... in the offline world.

Pablo Blanco, a 40-year-old Argentinean lawyer, explains: "I compare the technical features, I read reviews by other users and, if possible, I see videos of the products that I want to purchase... But I do not buy them online; I want to touch them in the store."

He is not the only one, says a Google Argentina study conducted by Netpop Research, a consulting agency. The survey says that Argentines use the internet to know a product's features, its price and availability, and even the opinion of other consumers, but only 15% choose to buy online. Thus the internet is the "main influence" of half of local electronics consumers. The survey, conducted in May, was published by Google in June, and the company's directives claimed that a similar scenario prevails all over the region. The lone exception is Brazil, where e-commerce is stronger.

The search for electronics on the internet is so important in the region that MercadoLibre.com - eBay's subsidiary in Latin America – publishes an annual list of "most sought-after" articles on its site. In Mexico, for example, mobile telephones were the most sought-after items over Christmas 2009 (iPhone and Nokia phones sharing the top spot), while "Sony digital cameras" and "PlayStations" reached joint first place in Argentina.

## Outlook

What trends will be seen in the future? According to the above-mentioned study by ComScore, newspaper, radio and TV portals and other internet-based journalistic sites offers the most growth potential. By June, only 61.3% of Latin American internet users were reading or watching news online. However, Latin Americans are increasingly willing to consume information via the web, the report said. The audience for this category in Latin America is still very low in comparison with North America and Europe, where news sites are the most visited pages. Because of this, "this will be a big opportunity for local media" of Central and South America, the ComScore study added. Some of the most-visited news sites at the regional level are Terra (regional), UOL Noticias (regional) and Rede Globo (Brazil). The study showcases the audiences' intention of consuming local information, with sources and data from their countries. Blogs were visited by 61.6% of users in Latin America, and there remains a lot of room for growth in this sphere too.