

# TOURISM INDUSTRY IN BRAZIL EXPECTS 7.5% INCREASE IN REVENUE IN 2013



The Ministry of Tourism in Brazil issued an estimate of the leading companies after a recent survey. Revenues reached 13.1% in 2012 and the country is expecting a 7.5% increase this year.

The 9th Annual Tourism Economy Conjuncture Survey that was released on May 6 was conducted by the Ministry of Tourism in collaboration with Getulio Vargas Foundation and eighty leading tour operators across nine different industrial sectors in Brazil.

**After combining account for 22% of the tourism industry, together these companies produced total revenue of \$57.6 billion in 2012 which was a 13.1% increase compared to 2011.** Based on the performance of these companies, this year's growth should be driven by increased demand for travel from the emerging middle class, recommencement of the country's economic growth and Brazil's exposure from the events it will host including FIFA Confederations Cup this year, FIFA World Cup next year and the Rio de Janeiro Olympic Games in 2016.

Jose Francisco, director, Tourism Ministry's Studies and Research Department, said that the expansion of the industry in 2013 may in fact exceed the estimates that have been made, though they are very cautious about their forecasts. However since last year too, the revenues did exceed the estimates derived from the poll, there are chances of the same happening this year round.

According to Francisco, this survey is reflective of the increase in travel among Brazilians - a trend that has been on the rise over the last few years. A total number of 60 million Brazilians travelled across the country in 2012 which itself was a 4% increase from 2011. This population made 197 million trips in all.

Of the eighty companies that were polled, eleven were travel agencies, eighteen were hospitality companies, five were car rental companies, twelve were tour operators, eight were fair organizers, seven were event organizing companies, six were road transport companies, four were airlines and nine were incoming tourism companies. The final results showed that company expenses increased by 12%, personnel increased by 4.1% and prices increased by 9.6% since 2011.

**While event organizing companies saw maximum increase in revenues at 23%, travel agencies ranked second with 21% and fair organizing companies followed third with a 14.9% increase.** Incoming tourism was the only sector that saw a decline in revenues last year as it went down 3.7%.

Prices increased most for travel agencies at 24% while lodging and incoming tourism followed with 13% and 11.5% respectively. Airlines saw the maximum increase in costs where they went up by 17.8% while event organizers and car rental companies went up by 16.4% and 13.2% respectively.

On the personnel front, event organizing companies saw an increase of 16.2% while travel agencies saw an increase of 10.5%. On the other hand, airlines saw a 0.1% fall in their employees last year

while incoming tourism companies reported a decline of 1.4%. Though airlines are still adjusting with this decline, incoming tourism has already found stability.

The forecast of the companies show that in 2013, costs should increase by 4.7%, prices should go up by 3.8% and employees should also increase by 3%. The companies that were polled plan to invest 13.3% of the revenue they have generated last year for this year's expansion plans though tour operator companies and car rental companies plan to invest 20% and 34.2% respectively.

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