

# BRAZIL'S TOURISM AND HOTEL SECTOR BENEFITED FROM THE WORLD CUP



The World Cup of 2014, held in Brazil, was the much needed positive publicity for the country, which had a tarnished reputation due to the various internal problems. Brazil is presently dealing with a recession as well as inflation rates of 6.5 percent.

During the summer world cup season, more than a million visitors of foreign nationalities came to the South American country to watch the matches. Initial indicators illustrated that each of the twelve cities that hosted the matches profited from the influx of tourists and the country's hotel sector continues to benefit despite the economic challenges Brazil faces at large.

According to a study carried out by JLL's Hotel and Hospitality Group called, "Lodging Industry Numbers in Brazil 2014," **hotels in Brazil are trying to reduce costs and expenses while maximizing the revenue.** JLL contacted 450 hotels, resorts and condo hotels throughout the country to understand the hotel sector's performance in the year 2013. Although operating expenses, especially for food, beverage, and labor, were higher, they managed not to have an effect on the overall gross operating profit, which saw a year over year increase of 6.2 percent.

The research discovered that hotel owners managed to decrease expenditures by employing methods for operating efficiency and adequate use of technology. **Consequently, this resulted in a 36.6 percent increase in overall gross operating profit in the year 2013.**

Despite the decrease in occupancy levels, which have dropped by 3.6 percent during the last two years, most owners of hotels have witnessed a rise in daily room rates on average by 23 percent.

Occupancy rates at hotels in Brazil increased to 65.9 percent in 2013, although it was not primarily foreign tourists who were occupying the hotel rooms. Brazil has a population of 200 million people, and these local residents are the majority, specifically 83.7 percent, of guests at Brazilian hotels. Majority of the hotel guests are business travelers while 18.4 percent of visitors are leisure travelers.

The Fórum de Operadores Hoteleiros do Brasil (FOHB) is optimistic regarding growth in Brazil. The FOHB and the government of Brazil have been working hand in hand to promote Brazil as an attractive tourist destination for both international and domestic tourists.

Even though Brazil's overall economy is facing a series of challenges, Dilma Rousseff, the current president, who is running her second term, is promising to fiercely face the economic issues to improve Brazil's economic situation.

In the meantime, **Brazil's economic instability makes it an attractive destination for international tourists with an exchange rate that is favorable for foreigners**, due to Brazil's weak currency. While the World Cup 2014 was Brazil's chance to shine and show the country as a top notch tourist destination, another chance is soon approaching as the 2016 Summer Olympic Games to be held in Rio are fast approaching.

Any qualms and uncertainties that existed about Brazil's capacity to handle the 2016 summer Olympics were assuaged due to enormous success of the 2014 World Cup. With Rio's attractions such as the Carnival and its rain forests, Brazil's tourism sector should expect to keep growing and hotels to increase in number.

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