

PRESENTATION

The City of São Paulo Tourism and Events Observatory (OTE), core of research and market intelligence of SPTuris, presents the 14th edition of the Tourism Monitoring Center report. The document contains month's performance analysis of September and end of the third quarter of 2015 the city of São Paulo as well as analysis of the current economic environment and its impact on world tourism, Brazilian and São Paulo.

In this edition, are still portrayed the circumstances of corporate travel sector, hospitality, events, transportation and leisure tourism, significant areas for diagnosis of São Paulo. Finally, we present the main topics contained in the report and trends for the coming months raised by OTE.

The data base for the production of this document consist of Observatory's research, in addition to information provided by official sources and obtained in sector reports that discuss each topic examined.

Luz Station - photo: José Cordeiro, SPTuris/2014



MAIN RESULTS 3RD QUARTER 2015

MEANS OF ACCOMODATION

64,35% ▼ 4,5%

hotel occupancy

320 BRL ▼ 5%

hotel average daily rate

51,51% ▲ 0,6%

ostel occupancy

51 BRL ▼ 8,9%

hostel average daily rate

TAX OVER TOURISM SERVICES

67.155.684 BRL ▲ 0,8%

tax collecting

TRANSPORTATION

3.977.985 ▼ 2,1%

passengers on Tietê, Barra Funda and Jabaquara bus terminals

17.313.267 ▲ 4%

passengers on Viracopos, Guarulhos and Congonhas airports (jun-aug period)

TOURIST INFORMATION CENTERS

25.687 ▼ 13,4%

people assisted

9.577 ▲ 17,9%

brazilian tourists

6.993 ▼ 43,5%

foreign tourists

ECONOMIC ENVIROMENT

The dollar hit in late September its highest sales value (4.14 BRL) surpassing the historical maximum of 4 BRL, according to data from the Central Bank of Brazil (BC).

The high dollar and other episodes directly influenced the increase in inflationary pressure. According to data from Brazilian Intitute for Geography and Statistics (IBGE), the Extended National Consumer Price Index (IPCA) of September changed 0.54%, being 0.32% higher if compared to the rate in August, and 0.08% below the rate registered in July. In the period of January-September, the cumulative inflation rate reached 7.64%.

The rising inflation provoke cuts in consumer superfluous spending that appear more expensive on the market, such as clothing, eating out, leisure and travel.

Proving these data, a study of Brazilian Agency Hello Research reveals that 84% of respondents claim to have cut spending in the last 12 months, including 69% with leisure and 65% with travel.

According to the International Monetary Fund (IMF), the forecast downturn in the economy this year is 3% and 1%. for 2016, the expectation is that Brazil's economy gives signs of recovery only in 2017.

source: BC, IBGE, Hello Research and IMF, 2015

WORLD TOURISM

World leaders gathered at the United Nations Summit on Sustainable Development in which the tourism sector was considered crucial to global sustainable development. Among the 17 objectives and 169 goals approved to be reached by 2030, the sector was considered essential for you ability to generate jobs and promote local culture, as well as strategically monitor the impacts and manage natural resources.

In September, it was also held a meeting with of the G-20 * tourism ministers. At the meeting, the ministers concluded that, for the next ten years, it is estimated that travel and tourism can generate 25 million new direct and indirect jobs and supports 80 million new jobs worldwide. Moreover, they stressed that the tourism sector supports jobs at all levels of society, including a higher percentage of women and young people than other sectors that make up the economy.

* formed by the finance ministers and heads of central banks of the 19 largest economies plus the European Union.

source: World Tourism Organization (UNWTO) and United Nations (UN), 2015



Latin America Memorial - photo: Caio Pimenta, SPTuris/2009

Worldwide, Brazil is the 9th largest tourism industry, according to the World Travel & Tourism Council (WTTC). The Brazilian tourism contributes 490 billion BRL to the Gross Domestic Product (GDP), more than three million jobs created and 62 million consumers in the travel market.

Also according to the WTTC, every US\$ 1 million spent on tourism in Brazil generates another US\$ 1,5 million for the Brazilian GDP. The only sector that generates more impact on GDP than travel is education. And more, for every US\$ 1 million spent of tourists, are generated 55 direct, indirect and induced jobs. The City of São Paulo Tourism and Events Observatory's Labour Market Report shows that only in the city of São Paulo, tourism is responsible for 99,000 direct and formal job positions, which can generate 2.4 informal jobs and indirect.

The commercial tourism balance, which calculates the difference between the expenses of Brazilians abroad and the portion left by foreigners in the national economy, from January to September of 2015 had a deficit of US\$ 9.8 billion. Brazilian Central Bank data show that in this period the Brazilians spent US\$ 4.4 billion less abroad than in 2014.

Only in September, Brazilian tourists spent US\$ 1.2 billion worldwide, almost half of the registered in 2014 (US\$ 2.3 billion). The spending of foreigners in Brazil in September was the same registered last year, US\$ 486 mi, whereas in 2014 we had the great event of the FIFA World Cup. The accumulated spending of foreign tourists reached US\$ 4.3 billion, falling 19%.

In the third quarter, Vinicius Lummertz, president of the Brazilian Tourism Institute (Embratur), made strategic visits to various countries to promote and strengthen the Brazilian tourism. One occurred in Argentina, the main issuer of foreign tourists to Brazil. In it, the autarchy presented the country as a destination for meetings, conventions and events to the local market. In Moscow, the aim of his visit was to strengthen relations of cooperation and trade between the two countries to reinforce the promotional campaign to attract Russian tourists to Brazil. Finally, by the Government of Peru, Embratur started a joint effort to increase the tourist flow between countries.

On the airline industry, according to the Brazilian Airlines Association (Abear), the Brazilian commercial aviation should end 2015 with a cash deficit of more than 7.3 billion BRL. This low has been driven by the rise in the dollar and the increase in estimated costs for this year.

Data from the Tourism Ministry and the Brazilian Civil Aviation Agency (ANAC) show that in Brazil, 252 cities have demand to create new routes of flight and occupy between 50% and 85% of the seats of aircraft. Increase air flow is a measure that can transform Brazilian tourism, if linked with the regionalization plan, which aims to support the management, organization and promotion of tourism in the country by regions and also in a decentralized way.

Concerning to the hospitality industry, the Forum of Brazilian Hotel Operators (FOHB) drew up in 2014 a positive estimate to the hotel performance in Brazil. The increase in hotel occupancy was expected at 2% and the daily average by 5%. But the first half of this year registered a fell of 5% in occupancy rate and in July the daily average fell 16% over the same period 2014.

Business tourism in Brazil grew 7.8% in the first half of 2015, according to the Brazilian Tourism Ministry (MTur) and the Brazilian Association of Corporate Travel Agency (Abracorp). Spending by corporate travelers moved 6.95 billion BRL in the country during this period. Still based in Tourism Ministry data, 25.3% of the tourists who seek Brazil are motivated by business tourism. These data were compared to the same period last year, the semester in which the country was preparing to host the FIFA World Cup 2014 and had consequently changed its calendar of events. It is noteworthy that the dollar in the first half of 2014 remained between of 2.20 BRL and 2.40 BRL, what possibly influenced the increase in the amount raised by business tourism in the first half of 2015.

About technology trends for the travel segment, TripAdvisor travel website released a study that shows the increasing use of smartphones in travel, from planning to its execution, in which Brazil ranks third among the respondents.

The trend of using applications for tablets and smartphones to research and travel booking, Brazil follows the pace of global growth. According to Hoteis.com, searches made by Brazilian on the company's application increased 100% compared to the first half of 2014. Referring to this increase, the search for national destinations on mobile devices was 140% higher.

source: WTTC, Abracorp, Abear, Anac, Fohb, Embratur and OTE, 2015



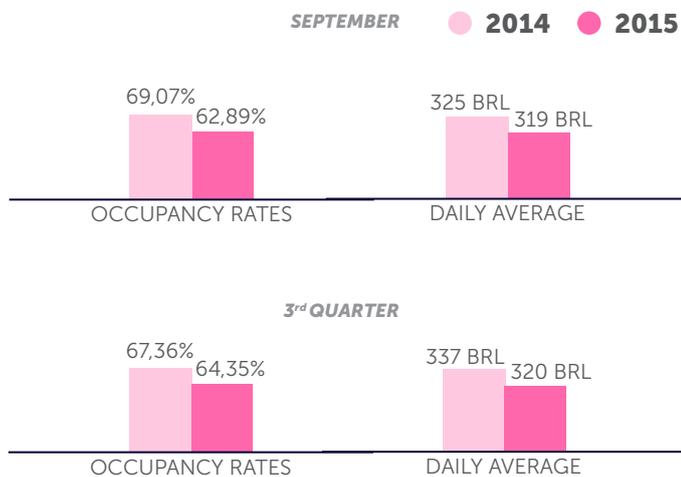
SÃO PAULO'S ACCOMODATION FACILITIES

The occupancy rate of hotels presented retraction, both in September and in the third quarter. In turn, the indicators related to hostels changed positively.

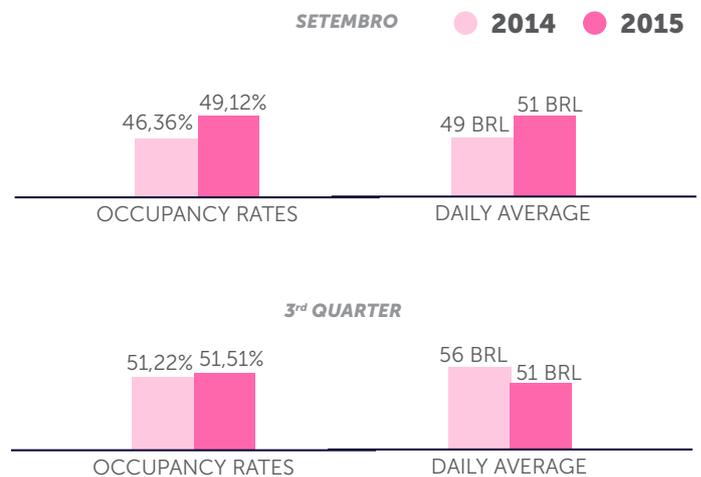
When the third quarters of 2014/2015 are compared, the daily average of hotels and hostels still faces reflexes of high tariffs for the period of the FIFA World Cup in 2014, but remain with gradual growth compared to previous years, such as 2013.

Much of the public looking for accommodation in hostels is composed of foreigners, and growing. The number of Brazilians remains stable. "The hostels in recent years, much improved the quality of their services and, in the current scenario of economic and devalued Real, is becoming good cheap lodging option for tourists visiting the city for leisure or business." Says William Perez, president of São Paulo Hostels Association (AHostelSP). "

HOTELS - OCCUPATION RATES AND DAILY AVERAGE RATES



HOSTELS - OCCUPATION RATES AND DAILY AVERAGE RATES



source: AHostelSP and OTE, 2015

TAX OVER TOURISM SERVICES

The accomodation facilities represent a large share of tax revenues and, with the decrease of almost 10% in the sector's performance, the amount of the collection of tax over tourism services was affected directly.

In addition, the corporate sector has undergone adjustments and companies have reduced the number of executives who participate in events, choosing to a ond day trip and changing the transport: plane by bus. "Companies that have decreased onlending operations to corporate travel during the period, have not yet returned to invest." Says Vivianne Martins, President of the Executive Council of Trade Federation of the State of São Paulo (Fecomercio), president of Latin American Association of Event Managers and Coporate Travel (Alagev) and director of Corporate Travel Academy.

TAX OVER TOURISM SERVICES (BRL)

	2014	2015	VARIATION
SEPTEMBER	22.951.762	22.547.815	-1,7%
3 rd QUARTER	66.601.628	67.155.684	+0,8

source: Secretaria Municipal de Finanças, Fecomercio, Alagev and Academia de Viagens Corporativas, 2015

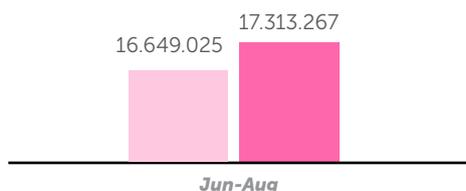


AIRPORTS

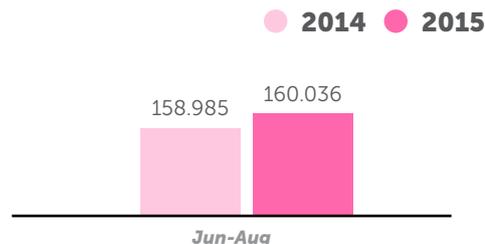
From this report, the OTE will examine the movement of the airports considering the data from the three months preceding the current month, whereas the airports of data are released at the end of the month.

Based on the months of June, July and August 2015, the movement of passengers and aircraft at three airports that serve São Paulo was higher than 2014. This result is due in part to the stability of the frequency of flights at Congonhas, whereas in July 2014 the supply of aircraft had been reduced, and the increase of about 41,000 international passengers in Viracopos, reflecting the expansion of the airport.

PASSENGERS



AERONAVES



source: Empresa Brasileira de Infraestrutura Aeroportuária (Infraero), Viracopos Aeroportos Brasil and GRU Airport, 2015

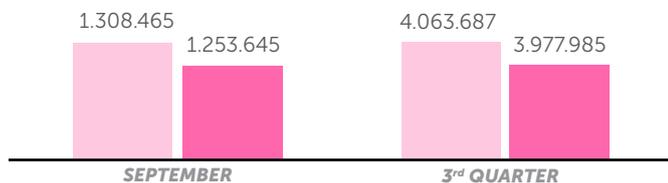
BUS TERMINALS

The Jabaquara bus station was the one which recorded proportional increase in bus and passengers. Both Barra Funda and Tiete had downturn in both indicators. The same result is repeats when analyzing the third quarter. Overall, the volume of passengers dropped by 2.1% in the quarter.

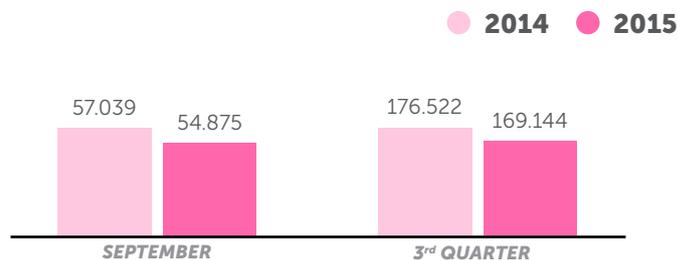
In the September edition of the Ministry of Tourism consumer survey report, the Brazilian travel intentions for the next six months using buses increased 10.3% over the same period of 2014. It is noteworthy that despite the increase in bus use intention, positive affirmations travel intentions fell 27.4%, from 31.6% in 2014 to 22.5% in 2015, which shows that the economy is affecting the purchase and consumption decisions of Brazilian and the numbers tend to remain in decline.

BUS TERMINALS MOVEMENT - SEPTEMBER AND 3RD QUARTER 2015

PASSENGER ARRIVALS



BUS ARRIVALS



source: MTur and Socicam, 2015

TOURIST INFORMATION CENTERS

The number of calls to national tourists in September and in the third quarter indicate that the Brazilian is doing more domestic travel. There is reduction in the number of calls in the quarter, partly reflections of July 2014, during which the city received large number of foreigners due to the FIFA World Cup 2014.

PEOPLE ASSISTED - COMPARISON SEPTEMBER AND 3RD QUARTER 2014/2015

	SEPTEMBER			3 rd QUARTER		
	2014	2015	VARIATION	2014	2015	VARIATION
Foreign tourists	2.255	1.971	-12,6	12.346	6.993	-43,5
Domestic tourists	2.915	2.985	+2,4	8.122	9.577	+17,9
São Paulo residents	2.385	3.073	+28,8	9.101	9.117	+0,2
TOTAL ASSISTANCES	7.555	8.029	+6,3	29.659	25.687	-13,4

PRINCIPAIS EMISSORES DE TURISTAS - ACUMULADO 2015

	INTERNACIONAL	BRAZILIAN	SÃO PAULO RESIDENTS
1	Argentina	São Paulo (SP)	Campinas
2	France	Rio de Janeiro (RJ)	Ribeirão Preto
3	Colombia	Minas Gerais (MG)	São José dos Campos
4	Germany	Paraná (PR)	Santos
5	Chile	Rio Grande do Sul (RS)	Sorocaba

source: OTE, 2015

CORPORATIVE TRAVEL

According to the Central Bank of Brazil, the Brazilian corporate travel spending abroad fell 32.2%.

The retraction of the business sector is a reflection of the current economic instability: uncertainty regarding the behavior of wages and to maintain employment, higher interest rates and inflation. In this scenario, companies assess the corporate travels more carefully.

The Abracorp shows that this year the travel industry and events in Sao Paulo closed about 4,400 job openings, both for leisure and for corporate. The turnover of the 30 largest agencies segment fell 3.6% and the number of contracted daily decreased by 2.7%, according to the Association.

The performance of the economy and spending cuts throughout Brazil directly affect the corporate sector and public enterprises are adopting new measures.

The Brazilian federal government has adopted a management policy to make direct purchases of airline tickets without passing through travel agencies. Previously, the procedure was performed through corporate travel agencies who charged a transaction fee. With the new management policy, it was possible to reduce spending on airline tickets and streamline the authorization to go on trips, which restricted the number of air tickets issued in 2015.

For the purchase of international air tickets, remains the transaction through travel agencies, but the Government intends to conduct a bid for the contract of a single agency to undertake these transactions.

source: Governo Federal, BC and Abracorp, 2015



OBSERVATÓRIO
DE TURISMO E EVENTOS
DA CIDADE DE
SÃO PAULO
SÃO PAULO TURISMO

São Paulo
turismo
www.spluris.com



FINAL CONSIDERATION

Tourism follows the current economic scenario, which in recent months has negatively influenced the consumption decisions of the Brazilians. The depreciation of the real and inflation are evident in the rise in prices of goods and services, including those related to travel, whether corporate or leisure.

In an attempt to make use of the high dollar, Embratur invest in promoting the country as the best destination for foreigners. Actions in the Americas, Europe and Asia have been constant in recent months, reinforcing the propitious moment to travel to Brazil. At the same time, the agency also promotes national destinations for Brazilians to travel option confronting the difficulty of leaving the country due to the unfavorable exchange rate.

According to the Tourism Minister Henrique Alves, "it is natural that, with inflation and unemployment, fewer people want to travel. With the more expensive dollar, who do business abroad can wait a bit. On the other hand, the same factor can attract those coming from outside, making tourism a source of funds to Brazil during the crisis."

As a result of the new federal government's management policy on purchasing airline tickets, which went on to get them directly from the airline companies, the government saved 96.2 million BRL in 2015. This new measure, besides causing a decrease in the amount of corporate travel, influenced the performance of the agencies that operationalize this kind of trip because it no longer broker the purchase of tickets.

The corporate tourism is facing changes: fairs and events are decreasing in size, length and number of participants. The reduction in corporate travel and leisure of Brazilian directly impact on the performance of Sao Paulo tourism, particularly in lodging facilities.

As a trend for the fourth and final quarter of 2015, the City of São Paulo Tourism and Events Observatory (OTE) estimates that industry numbers will be moderated. Despite the city receives many fairs and impactful events such as Fenatran and GP Brazil of Formula 1, in December the number of events is considerably reduced and the city becomes a priority issuer of tourists in the school summer holidays.

From this context and following a time series of the São Paulo hotel indicators, in a optimistic scenario there is closing projections for 2015 with average occupation in 63%. Conservative forecasts point to 60%.

The air and bus travel sectors are expected to increase in the flow of the terminals due to the long holidays of October and November, as well as leveraged drive in December due to the holiday period.

With expected retraction of the economy by 3% this year and 1% for 2016, the prospect is that Brazil's economy gives signs of recovery only in 2017. However, sustainable investment in tourism can significantly contribute to the country's economic recovery, seen its importance in generating jobs and considerable share of GDP.

Recently, São Paulo Turismo (SPTuris), responsible for promoting tourism in the capital city, have been investing in the promotion of destination within the country in order to attract more domestic tourists, boosting hotel occupancy, stimulating the bus and air transportation services and maintaining the dynamism of tourism.

The OTE will continue to follow the market and and conduct consultations by area of activity for segmented analyzes of the performance of tourism for the coming months.



OBSERVATÓRIO
DE TURISMO E EVENTOS
DA CIDADE DE
SÃO PAULO
SÃO PAULO TURISMO

São Paulo
turismo
www.spturis.com



Credits

São Paulo Turismo

President: **Alcino Rocha**

Communication and Research Manager: **Lilian Natal**

City of São Paulo Tourism and Events Observatory

Coordinator: **Fábio Montanheiro**

Technical Analyst: **Andrezza Serra**

Interns: **Disney Batista, Emily dos Santos, Lais Silva, and Raquel Azevedo**

Av. Olavo Fontoura, 1209 - Portão 35 - Anhembi - Santana - São Paulo - SP - 02012-021

Tel.: (+55 11) 2226-0626/0623 - pesquisa@spturis.com

www.observatoriodoturismo.com.br

Visit:

www.spturis.com

www.cidadedesaopaulo.com



OBSERVATÓRIO
DE TURISMO E EVENTOS
DA CIDADE DE
SÃO PAULO
SÃO PAULO TURISMO



www.spturis.com



PREFEITURA DE
SÃO PAULO
TURISMO