

PRESENTATION

The research center and market intelligence of SPTuris, the Observatory of Tourism and Events São Paulo Turismo (OTE) presents the 20th edition of the Tourism Monitoring Center report.

In this report, the OTE brings the analysis of the end of the first quarter of the year in the São Paulo tourist market and follows with a survey of the prospects for the coming months, in addition to the monthly performance of March 2016.

Full reports of the indicators mentioned here are available at: observatoriodoturismo.com.br



Avenue Paulista
Photo: José Cordeiro, SPTuris/2015

MAIN RESULTS/ 1ST QUARTER 2016

MEANS OF ACCOMODATION

56,22% ▼ 0,3%

56,22%: hotel occupancy

R\$ 310 ▼ 0,5%

310 BRL: hotel average daily rate

49,79% ▲ 5,3%

49,79%: hostel occupancy

R\$ 54 ▼ 1,5%

54 BRL: hostel average daily rate

TAX OVER TOURISM SERVICES

R\$ 69.308.687 ▲ 6,6%

69,3 million BRL: tax collecting on 1st quarter of 2016

TRANSPORTATION

4.171.444 ▼ 6,1%

passengers on Tietê, Barra Funda and Jabaquara bus terminals

11.336.147 ▼ 6,1%

passengers on Viracopos, Guarulhos and Congonhas airports in january and february of 2016

TOURIST INFORMATION CENTERS

29.954 ▼ 9,2%

people assisted

2.168 ▼ 18,9%

brazilian tourists

3.420 ▼ 4,3%

foreign tourists

ECONOMIC ENVIROMENT

The International Monetary Fund announced that the world economy will grow on average 3.2% in 2016. However, for Brazil is expected to decline. According to the Focus of the Central Bank (BC) report, the financial market lowered inflation estimate for the 2016 and follows with pessimistic forecast for the Brazilian economy. The National Index of Consumer Price (IPCA) fell from 7.4% to 7.3%, marking the third decline followed the gauge. Despite the decline, the index remains above the 7% ceiling.

The estimate of Gross Domestic Product (GDP) increased to 3.7% negative in 2016. Closing In 2015, GDP fell by 3.8%. If the forecast for 2016 is confirmed, the country will register for the first time, two consecutive years of contraction in the economy. The dollar rate in the first quarter of the year were recorded between R \$ 3.50 and R \$ 4.15, revealing a progressive decrease from the 2nd half of February.

The country's service sector had 5% decrease in January and 4% in February, compared to the same period of 2014. The data are from the Brazilian Institute of Geography and Statistics (IBGE) and show that these are the biggest falls since 2012 for the respective months. In March, the activity continued decreasing but less expressive than in previous months.

source: FMI, BC and IBGE, 2016

WORLD TOURISM

Terrorist attacks such as those suffered the cities Brussels and Istanbul and epidemics impact on global tourism. Every four international tourists, one changed their vacation plans last year because of concerns about the health status or security of the countries intended to visit. The results of a study conducted by AIG Travel insurance show that 83% of tourists avoid traveling to certain destinations by terrorist activity account and 31% due to the emergence of epidemics.

In France, despite terrorist attacks in 2015, tourism was not badly shaken. The most popular tourist destination in the world had increased by 0.9% in the number of tourists totaling about 84.5 million, the result of policies to attract more visitors from China, India and Singapore. The growth was 22.7% in total Asian tourists in the place.

After being approved the visa waiver in the Brazil tourism trips for visitors from Australia, Canada, United States and Japan during the Olympic and Paralympic Games Rio 2016, other Mercosur countries such as Argentina, Chile, Paraguay and Bolivia, analyze monitor Brazil in exoneration visas. The goal is to attract more tourists to the region, moving increasingly to the local economy.

source: AIG Travel, 2016



TOURISM IN BRAZIL AND SAO PAULO

According to Euromonitor forecast, the number of international tourists is expected to increase in Brazil by at least 5%, due to the Olympic Games and Paralympic Games Rio 2016. The trend is that the percentage is higher, but health problems as the Zika virus may contain this growth. Expedia data show that in 2015, travel demand to Brazil grew 60%. Only in Salvador, the increase was almost 80% in Rio next January 70%, followed by São Paulo, with about 50%.

In 2015, domestic tourism reached exponential growth of over 120%, representing more Brazilians traveling in their own country. For 2016, the preference for domestic destinations continues, according to data from OTA ViajaNet, among the ten most popular destinations for Brazilians, eight were within Brazil itself.

The Tap, Portuguese airline, is running a campaign in Europe showing some sights of Brazil with the motto "In Brazil, there is a place to discover." As preliminary results, the company detected an increase of 16% on the arrival of Europeans in the country over the same period of 2014. According to data of the Portuguese Tourism and Travel Agency Association, the Portuguese almost exhausted packages to Brazil during Easter 2016.

The forecast is that the holiday in the state of São Paulo has generated a number of 407.346 trips, with an estimated cost of R \$ 570.1 million. The projection was made by the Ministry of Tourism based on the average spend and travel frequently on national holidays. As information ViajaNet, the city of São Paulo was the most sought after destination for the Easter period, data were reinforced by Momondo seeker.

source: Euromonitor, Expedia, Viajanet, Tap, APAVT and MTur, 2016



Pinacoteca do Estado
Foto/photo: José Cordeiro, SPTuris/2015

SÃO PAULO'S ACCOMODATION FACILITIES

According to the monthly survey conducted by OTE, the performance of São Paulo hosting means it was negative for the month of March. The data show a decline of 5.7% in occupancy rate compared to the same month 2015, while daily increased 0.3% in the same period.

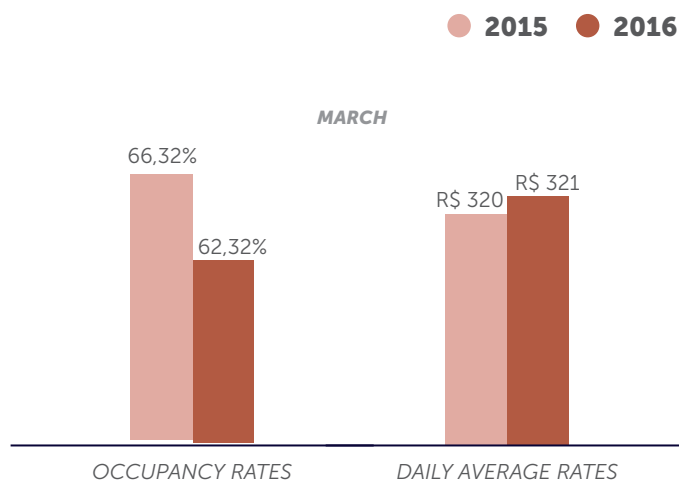
The hostels follow the same performance of the hotels, showing decline in their indicators, with average occupancy of 50.4%, representing a decrease of 2.04%, and average daily total of \$ 60, an increase of 10%.

The indicators related to hotels fell by 0.3% in occupancy and 0.5% in average daily in the first quarter (Jan-Mar) 2016 with respect to 2015. Since the occupancy rate of the hostels increased by 5, 3% and down 1.5% in the comparative media daily.

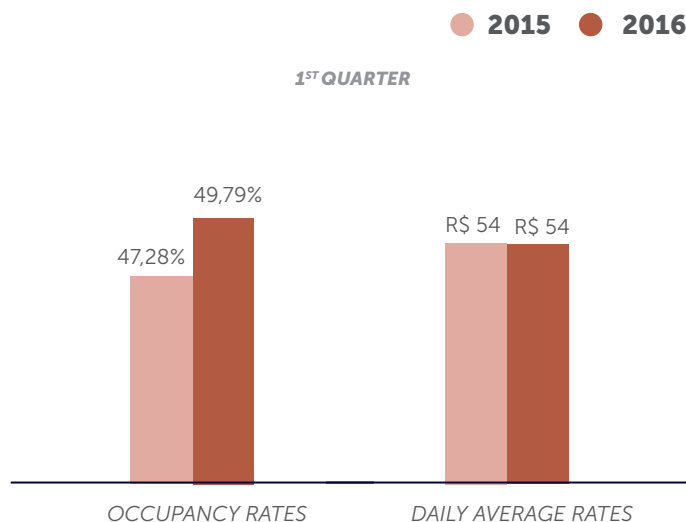
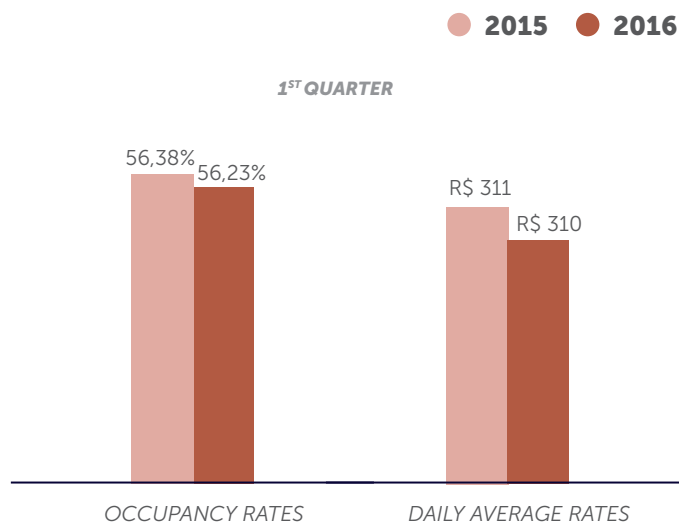
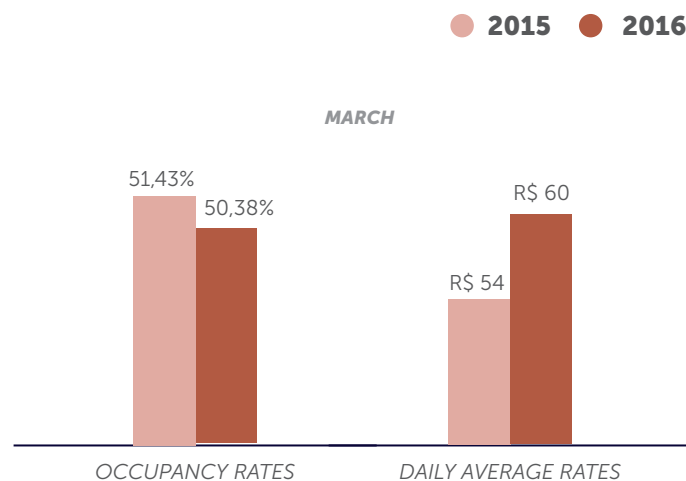
According to the study South American hotel panorama, the HVS / HotelInvest the time of economic and political uncertainties exemplify the instability scenario experienced by South America. Financial instability also hit the performance of the hotel market, which shows a paradox reviewing results bitter while estimating optimistic expectations of medium-term growth resumed.

The database of the Tourism and Event Centre is composed of internal records obtained through direct contact with the lodging facilities of the city of São Paulo. The data presented here are the result of the performance of about 11 thousand housing units (IUs).

HOTELS - OCCUPATION RATES AND DAILY AVERAGE RATES



HOSTELS - OCCUPATION RATES AND DAILY AVERAGE RATES



source: OTE and HVS/HotelInvest, 2016



BUS TERMINALS

In March, passenger landings of the three bus terminals that serve the city of São Paulo - Tietê, Barra Funda and Jabaquara - fell by 2.3%, 8.3% and 4.0%, respectively, compared the same month of 2015. in the same comparison, the bus arrivals had negative growth for the same terminal: -7.0%, -5.8% and -4.0.

In the extended holiday of Easter, 172,000 people left the state capital bus by three bus terminals. According to Socicam passenger terminals, over 600 thousand people (departures and arrivals added) passed through the terminals between 25 and 28 March.

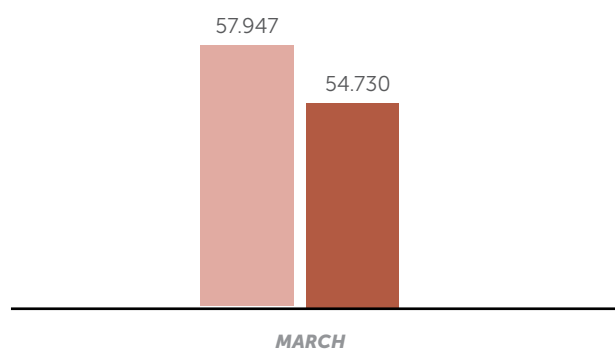
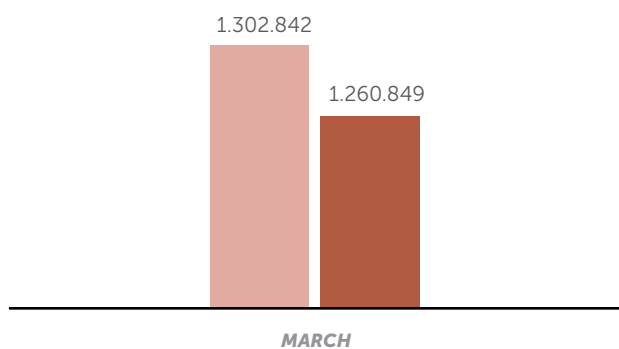
In the quarter (Jan-Mar / 2016), however, the variation of the passengers and bus arrivals arrivals numbers were negative, -6.1% and -7.1% respectively, compared to the same period of 2015.

BUS TERMINALS MOVEMENT - COMPARISON MARCH 2015/2016

PASSENGER ARRIVALS

BUS ARRIVALS

● 2015 ● 2016

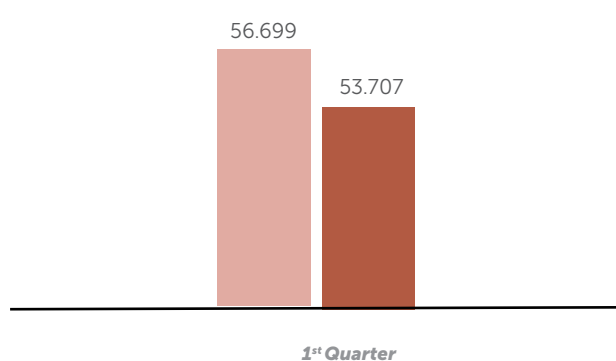
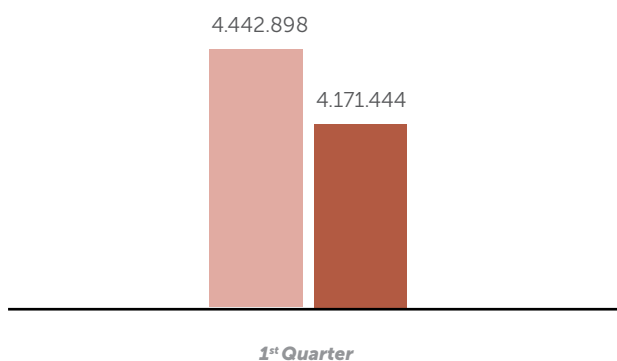


BUS TERMINALS MOVEMENT - COMPARISON 1ST QUARTER 2015/2016

PASSENGER ARRIVALS

BUS ARRIVALS

● 2015 ● 2016



source: Socicam and OTE, 2016



AIRPORTS

According to information from the IATA (International Air Transport Association), despite the positive numbers in air traffic rates in the world in January 2016 compared to the same month of 2015, Brazil had the worst regional performance. The overall flow of passengers grew by 7.1% and the number of seats on the aircraft increased by 5.6%. Thus, the average occupancy rate of aircraft stood at 78.8%, up 1.1 percentage points.

In the country, there was a decrease of 4.1% in passenger traffic on domestic flights in the annual comparison. The number of seats fell 2.6% and the average rate of use of aircraft decreased by 1.3 percentage point. With this new downturn, the domestic air demand has already shrunk by more than 1% in the last 12 months.

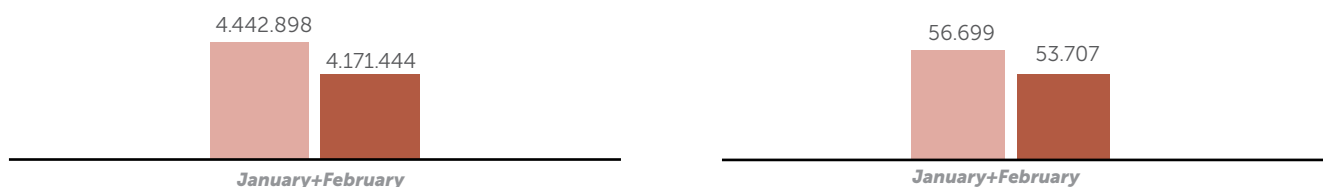
Despite investments of R \$ 16.6 million made by Infraero (Brazilian Airport Infrastructure Company) over 2015 airports it manages, including Congonhas, the flow of passengers and aircraft are showing falls in the early months (Jan-Feb) of 2016 compared to the same period of 2015. according to figures collected by the OTE with concessionaires the airports of Congonhas, Guarulhos and Viracopos, the flow of passengers fell 3.5% (from 11.7 to 11.3 mi) and aircraft decreased by 3% (from 105.2 to 101.8 thousand).

MOVEMENTS AT AIRPORTS - COMPARISON JANUARY AND FEBRUARY 2015/2016

PASSENGERS

AIRPLANES

● 2015 ● 2016



source: IATA, Infraero, GRU Airport, Viracopos and OTE, 2016

TAX OVER TOURISM SERVICES - CITY OF SAO PAULO

According to data obtained from the Municipal Finance (SMF), the amount collected in Service Tax (ISS) from the tour group in March 2016 represented an amount of R \$ 21.5 million, accounting for 2.4% of the total collected in County.

This amount represents an increase of 9.2% compared to March 2015. The increase appears more significant if we consider that last year the Carnival, an event that moves the city economically, took place in March. Taking into account the first quarter (Jan-sea) growth was 6.6%, from R \$ 65 million in 2015 to R \$ 69.3 million in 2016.

TAX OVER TOURISM SERVICES (BRL)

	2015	2016	VARIATION
March	19.727.771	21.541.315	+9,2%

	2015	2016	VARIATION
COMPARISON 1 ST QUARTER 2015/2016	65.029.045	69.308.687	+6,6%

source: Secretaria Municipal de Finanças and OTE, 2016



The Tourist Information Centers (CITs) of São Paulo had a negative variation of 11.9% in total of visits during the month of March compared with the same month last year. The number of visits to the local population fell 13.9% and the attendance of foreign tourists decreased by 5.9%.

In the first quarter of the year (Jan-ocean), the CITs had negative variation compared to the same period of 2015 and -4.3% of all cases, -18.9% in calls to the population and -4.9% the number of foreign tourists.

The types of information most requested by tourists and locals who sought advice and information about the city in CITs were related to location (22.0%), transport (20.6%), art and culture (16.2%) and services (13.3%).

In the list of top emitters of tourists to the city in March 2016, led among international tourists, Brazilian and São Paulo, respectively, Argentina, Sao Paulo and Campinas.

PEOPLE ASSISTED - COMPARISON MARCH 2015/ 2016

	MARCH		VARIATION
	2015	2016	
Foreign Tourists	3.130	2.945	-5,9
Domestic Tourists	3.503	2.962	-15,4
Sao Paulo residents	3.299	2.841	-13,9
TOTAL ASSISTANCES	9.932	8.748	-11,9

PEOPLE ASSISTED - COMPARISON 1ST QUARTER 2015/2016

	2015	2016	VARIATION
Foreign Tourists	10.442	9.987	-4,3
Domestic Tourists	10.496	8.512	-18,9
Sao Paulo residents	12.054	11.455	-4,9
TOTAL ASSISTANCES	32.992	29.954	-9,2

MAIN ORIGIN OF TOURISTS - ACCUMULATED 2016

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

source: OTE,2016



The main sectors of the Brazilian economy (industry, trade and services) continue to fall at the beginning of 2016, following the negative performance recorded nationwide in 2015. Tourism, significantly influenced by other sectors also retracts, even minimal, in all its activities. However, in addition to notice that tourism does not face the same difficulties globally, with some exceptions, the WTO follows pointing out that this is the sector that can contribute positively to the economy of each country / region.

Although epidemics and terrorist attacks that has become recurrent in the last six months around the world, tourism is still growing. Demand for air passengers in the world, the flow of Asian visitors in Europe and the US and the interest of foreign tourists in Brazil (most likely motivated by the Olympic Games in 2016 and the devaluation of the real against the dollar and the euro) grew.

National results indicate that the Brazilian travelers do not want to stop making tourism but are showing behavioral changes. It is noticed greater demand for more affordable alternatives. This directly impacts the choice of destination (nearest places of origin are preferred) and services (transport and more economical hosting means).

In São Paulo, despite also feeling the effects of the economic environment, tourism indicators presented tending to stability, with minor variations up or down. Some of the data that proved positive in comparative from Jan-Mar / 2016 and Jan-Mar / 2015 were moving in hostels, hotels on weekends and in the collection of the ISS, possibly driven by culture and leisure tourists. Already in transport, both road and air, the indices showed negative growth compared to the first quarter 2015.

As already provided in diagnostics and reports submitted by OTE, the recession in Brazil should continue in 2016, even lighter. Similarly, tourism in the country will continue on alert. The deals offered by airline companies, lodging facilities and transport, in addition to more economical alternative options remain the main factors that will weigh in the decision and trip planning. From these trends, the tourist market should be aware of the potential travelers needs, offering options to adapt to this new reality, as more economical lodging, travel packages with shorter, more options national destinations.

How large expected impact for local tourism this year, attention is focused on the Olympic Games in Rio de Janeiro in August. The expectation is that the number of tourists grow strongly. Secondary host cities like Sao Paulo, Brasilia and Belo Horizonte, should be alert to exploit this potential, noting however that, as the World Cup, the demand will be timely and should not be the main focus of the labor market to encourage the tourism economy in Brazil.

Credits

São Paulo Turismo

President: **Alcino Rocha**

Tourism and Events Observatory

Communication and Research Manager: **Lilian Natal**

Coordinator: **Fabio Montanheiro**

Technical Analyst: **Andreza Serra**

Interns: **Disney Batista and Lais Silva,**

Apprentice: **Emilly dos Santos**

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

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

observatoriodoturismo.com.br

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cidadedesaopaulo.com

facebook.com/observatoriodoturismoeeventos

