

TRAVEL AND HOSPITALITY

Will the Olympic revamp luxury's interest in Brazil?

August 10, 2016



Ralph Lauren's So Paulo flagship

By STAFF REPORTS

Brazil is expected to see inbound arrivals increase by 7.2 percent in 2016, driven by its hosting of the summer Olympic Games in Rio de Janeiro Aug. 5-21, according to Euromonitor.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

The increase in international arrivals during the Games is forecasted to bring the country's total inbound travelers to 6.3 million. Brazil's recent woes have been in the news recently as the country has struggled to properly prepare for the Olympics and is currently in the midsts of a number of social, governmental and economic challenges, all of which have harmed its position as an emerging market for luxury.

Spike in potential

According to [Euromonitor](#), Rio de Janeiro is among the most popular destinations for international arrivals. Also, Rio is the only Brazilian city listed on its Top 100 City Destinations Ranking.

During the FIFA World Cup in 2014, which Rio also hosted, the city moved up 12 places in the City Destinations Ranking. As with the inbound arrival increases seen this year, Brazil also saw arrivals grow 56 percent the year of the World Cup.



Hublot World Cup 2014 watches

"Despite the political and economic crisis, corruption scandals, the Zika virus and public unrest, Brazil inbound arrivals will see healthy growth in 2016," said Caroline Bremner, head of travel at Euromonitor International, in a report. "However, because of all the challenges the country is currently facing, we expect growth will be more moderate than in 2014, when Brazil hosted the FIFA World Cup, recording 10.6 percent increase in international arrivals."

Ms. Bremner continued saying, "Following a successful 2014, international arrivals to Brazil declined by 2 percent in 2015 due to an adjust post-travel peak and the fears surrounding the Zika virus, which impacted travel decision in the late weeks of the year.

"Altogether, the country posted 124,000 less trips," she said. "With the Olympic Games, we expect Brazil, and especially Rio de Janeiro, will see an increase in international arrivals in 2016.

"Brazil is an important emerging destination with huge untapped potential over the long term."

Once a shiny emerging market blossoming with potential for luxury marketers, Brazil's issues have compelled many brands to revamp their strategies for the country.

The entire world is currently faced with an uncertain economy, but Brazil has been hit especially hard in recent years, according to a recent report by Boston Consulting Group.

Brazilian consumers, still seen as a promising growth market for luxury brands, are feeling more anxious about the future and are taking steps to cut back on consumption. Predicting the impact and duration of a stilted economy is difficult, leaving brands in a tough position as they consider whether to pull out or maintain a strong presence.

Of the 2,000 Brazilians surveyed, 51 percent say they are anxious about the future, a marked increase from 2014 and 2012, when BCG found rates of 39 percent and 30 percent, respectively. Consequently, two-thirds of consumers will be cutting back on spending in various sectors, particularly luxury goods and travel purchases, double the number who said they would do so in 2011 ([see story](#)).