

Brazil

Market Summary

Arrivals to Australia continue to perform well overall (year ending July 2009). The market has been benefiting from the increased air access of the Qantas Buenos Aires to Sydney service, with more seamless connections from Sao Paulo now available. The peak season (November) is fast approaching, with affordable airfare deals prevalent in the market at this time.

1. Market News

- The Brazilian economy has started to grow after two consecutive quarters of shrinking; this is being driven by Government cuts to record interest rates, tax cuts and increased public spending to revive the economy. This together with job and wage growth has helped buoy domestic demand.
- As reported by Bloomberg.com on 24 August, Brazilian economists raised their 2010 economic growth forecast for a second week as domestic demand and investments help pull the country out of its first contraction in 17 years. In a 21 August central bank survey of about 100 economists, it was reported that Latin America's biggest economy will grow 4 per cent in 2010, according to the median estimate. This is faster than the 3.8 per cent forecast a week earlier. Gross Domestic Product is forecast to shrink 0.3 per cent in 2009.
- As reported by X-rates.com, as at 26 August the Brazilian Real exchange rate was at BRL\$ 1.55095 to AUD\$1. The Real was reported by Wall Street Journal to gain back ground on the 3 September as investors pumped funds back into the local economy.

2. Consumer Insights

- In a recent global consumer confidence survey conducted by consultancy firm Nielsen, Brazil ranked fourth for optimism among the world's economies in the second quarter of 2009. This is a good indication of improvement in the market.

For the latest in visitor arrivals, please visit '*Research & Statistics*' at www.tourism.australia.com

3. Trade Update

- Partners have indicated that competitor destinations such as Tahiti and Dubai are performing relatively well in the current market climate with Australia also performing well, partly due to competitive air deals in market from airlines such as LAN and Qantas.
- There is a general trend for strong enquiries with key partners, however there has been a reluctance for consumers to book due to influencing factors including H1N1 influenza and the economy.
- Booking yield for partners is down from 2008 with passenger numbers remaining either the same or slightly improved.
- As at July 2009, there were 42 Brazilian Aussie Specialist agents from 36 agencies, of which 23 per cent were fully qualified.

4. Airline News

- Partners are reporting that due to more seamless connections from Brazil through Buenos Aires in-line with the Qantas services, demand has been steady and there are predictions of moderate growth for the coming months.
- Airline competition remains extremely strong currently for both the Brazilian and Argentinean markets. LAN Airlines, Aerolineas and Qantas are all offering similar lead in airfares in an attempt to drive immediacy within the market for travel to Australia.
- Airlines are commenting that general travel demand is slowing, however strong performing market sectors continue to be youth and student travellers.
- Airlines are also reporting that premium level service demand is very slow, particularly for the Brazil market that has a strong corporate market.

- Representatives from the International Air Transport Association (IATA) have recently met with key members of the Brazilian government in order to offer help on how the country's aviation sector could be more competitive. IATA has reported the new Civil Aviation National Policy is a great opportunity for Brazil, with air transport supporting 2.6 per cent of the economy. In addition, IATA is campaigning for the Brazilian government to eliminate its PIS/COFINS tax on jet fuel which is estimated to collect US\$100 million annually for the government. Additionally, the association is pushing for the staged liberalisation of air fares in the country.

Source: as reported by etravelblackboard.com, 25th August 2009

5. Competitor News

- Key trade partners are reporting overall the effects of the Global Financial Crisis continue to affect long-haul travel in the Brazil market. Predictions are that the market will improve in terms of consumer confidence in travelling long-haul with Dubai and South Africa performing well.

6. Key Campaigns and Activities in Market

| Current Campaigns and Activities | | | | |
|----------------------------------|--------------|---|-----------------|----------|
| START DATE | END DATE | DESCRIPTION | TARGET AUDIENCE | PARTNERS |
| September 2009 | October 2009 | <i>Marketing support:</i> Tourism Australia is in discussion to develop partnerships with key travel wholesalers and retail consortia to focus on trade development activities and provide marketing assistance surrounding the new destination campaign. | Trade | TBA |

| Upcoming Campaigns and Activities | | | | |
|-----------------------------------|-----------------|--|--|-------------------------------|
| START DATE | END DATE | PROJECT/EVENT | TARGET AUDIENCE | PARTNERS |
| 25 October 2009 | 28 October 2009 | <i>Virtuoso Latin Academy (Miami, USA):</i> Tourism Australia will be sponsoring a dinner event at the Latin Academy in from of 130 Latin Agents and Suppliers to endorse the Aussie Specialist Program and specialising in selling Australia. | Virtuoso Preferred Partners | Virtuoso Retail Travel Agents |
| November 2009 | | <i>Aussie Specialist Drive (Brazil, National):</i> A mailing to over 400 Brazilian agencies will be completed in early November that will contain information on how to become an Aussie Specialist with the Portuguese language version now available as well as information from Qantas on new specials and deals in market for trade to promote. | Brazilian Association of Travel Agents - Member Agents | Qantas |
| September 2009 | December 2009 | <i>Trade Collateral Development (Brazil, National):</i> Tourism Australia is developing a range of collateral that will be translated into Portuguese and Spanish. Portuguese language is set for a delivery to a database of 3,600 Brazilian Agents over the course of the next few months. Collateral includes a 32 page " <i>Essential Guide to Australia</i> ", Australia map, Experiences Brochure and Tourism Australia Brand Campaign material. | Latin America Travel Trade | |

