

## Is Rio Ready for the 2016 Olympics?



May 09, 2016

Rio sees new development, hotels and attractions as it prepares for the 2016 Olympics

By: Mark Chesnut

A scary virus. A political upheaval. An economic slump. These certainly aren't ideal conditions for staging one of the world's most famous sporting events — or for luring international visitors. But tourism insiders see lots of good news coming from Rio de Janeiro as it gets ready to take to the world stage again.

However, it's not that they don't acknowledge the negatives. As Brazil's original jet-set vacation destination prepares to host the Olympic Games (Aug. 5-21) and the Paralympic Games (Sept. 7-18), the city has grappled with everything from construction delays and fear of the Zika virus to the sharp devaluation of the nation's currency and the possible impeachment of Brazilian president Dilma Rousseff. So, what does all this mean for Rio's growth prospects and for companies that sell travel to Rio?

Michael Nagy, director of the Rio Convention & Visitors Bureau, is decidedly optimistic.

“We are actually 10 percent up over last year in terms of international arrivals in Rio,” he said, adding that attendance for the Olympics is expected to be off the charts. “The U.S. market is coming in a big, big way, and especially now, with the dollar being in such an attractive situation.”

Gilson Lira, acting president of Embratur, Brazil’s tourism organization, struck a similarly positive tone.

“We had a record number of international visitors at this year’s Carnival,” he said. “Rio de Janeiro alone received more than 1 million tourists. There was also an increase in hotel occupancy, up 15 percent compared to last year. According to the Rio de Janeiro chapter of the Brazilian Hotel Industry Association, the overall average occupancy in the city was 85 percent.”

### **Money Matters**

One of the negatives currently affecting Brazil — the devaluation of its currency, the real — is actually a potential selling point for foreign visitors.

“Until two years ago, Brazil was booming,” Nagy said. “The economy was high, real estate products were doing great, petroleum was up and Brazil — and Rio especially — was very expensive.”

Today, the strong dollar, the cheap real and the boom in hotel construction in Rio have created a perfect storm for travelers looking for better deals (except during high-demand events such as the Olympics).

“Today, because of the World Cup and because of the Olympics, Rio has gone from 26,000 rooms to 62,000 hospitality options, which makes things more competitive,” Nagy said. “It has become a competitive destination, and it will continue to be a competitive destination due to the economic crisis we’re going through. With the dollar being strong, now is the time to come.”

## **The Sporting Surge**

Indeed, the World Cup and the Olympics have helped to ignite growth and investment in a city that some say had been lagging behind other world-class tourism destinations.

“The Olympics and the World Cup have elevated Rio’s awareness on a global platform and made it more of an iconic destination than it previously had been,” said Joshua Smith, associate director of private travel for Travcoa. “The long-term viability of Rio will result from continued efforts by the Brazilian government, but the options from infrastructure for those events will also help.”

Another money- and time-saver — at least for now — is the suspension of the visa requirement for travelers from the U.S., Canada, Japan and Australia. Travelers from those countries who visit Brazil between June 1 and Sept. 18 are exempt, and they don’t need to prove they have tickets to attend Olympic events.

“For those who want to feel a bit of the Olympic experience at a cheaper rate, come before or after and take advantage of this fantastic setting,” Nagy said.

According to Julia Carter, director of sales for Brazil Nuts, a tour operator that specializes in South America, Rio’s hotel boom will make it a more attractive destination.

“There’s going to be more competition,” Carter said. “And the quality overall is going up. Before, the problem wasn’t just the quantity; the quality was bad.”

Even Rio de Janeiro’s already-busy downtown is witnessing growth, with new hotels sprouting up, taking advantage of redevelopment in the area called Porto Maravilha (Marvelous Port). The most visually striking symbol of the rejuvenated downtown is the Museu do Amanha (Museum of Tomorrow), a waterfront science museum housed in a striking building designed by Santiago Calatrava.

The biggest boom, however, is farther south, in the Barra da Tijuca neighborhood — often simply called Barra — where hotels are popping up near new office buildings, cultural and retail developments and Olympic venues.

“In Barra, we have a lot of the entertainment business,” said Christophe Lorvo, general manager of Grand Hyatt Rio de Janeiro, which opened in March. “We have large concerts at

HSBC Arena; we have the arts center, Cidade das Artes; and we have Rock in Rio, the large entertainment event. So, there are a lot of activities taking place, and the shopping centers are high-end in this part of town. It's really a new Rio, in a way. Also, this area doesn't have favelas [shanty towns], so that makes it more secure. I think there's a lot of opportunity."

Laura Castagnini, general manager of the new Hilton Barra Rio de Janeiro, hopes the Olympics highlight Barra's many positives.

"The area has pristine beaches, great shopping and entertainment venues for the leisure traveler and Latin America's largest convention center," Castagnini said. "And now it has a great pool of hotels."

Still, it may take a while for Barra to outshine legendary neighborhoods such as Copacabana and Ipanema, according to Marco Bransford, owner and director of MBransford Rio Private Tours, an upscale local tour operator.

"Most of my clients want the five-star hotels in the Zona Sul [South Zone]," he said, referring to the area where both beachfront neighborhoods are located. "Few show interest in visiting Barra. No doubt, the number of new properties being built in that area — and the publicity it will receive in the press during the games — will attract more tourists wanting to stay in this part of town and explore the beautiful sites of its fantastic shore southwest of the city."

### **Olympic Proportions**

Verifying the exact number of tickets sold to the Olympics is tricky business. An April report on CNNMoney claimed that only half of the tickets for the Olympics had been sold and that Brazil's minister of sports, Ricardo Leyser, was looking for new ways to promote the event. But Embratur's Lira discounted that report.

"We are confident that ticket sales will be great by the time the event begins," he said. "With more than 2.75 million Olympic tickets sold by the first of February, the 2016 Rio Olympics have reached 74 percent of the expected financial collection target."

Carter of Brazil Nuts thinks ticket prices are currently in a holding pattern.

"There's a lot of demand," she said. "But I think there's somewhat of a bottleneck with pricing right now. People who probably paid good money when they bought directly from the

International Olympic Committee are now trying to hold out to get a good return. Likewise, people who want to purchase tickets are holding out to make sure they don't pay too much. Both sides are standoffish."

### **Calming Fears**

With a major sporting event, attractive exchange rates and new hotels and attractions — as well as two neighborhoods that are increasingly viable alternatives to Copacabana and Ipanema — Rio de Janeiro certainly has a lot of excitement to impart to those who might consider a visit. However, finding the right words to ease the fears of nervous globetrotters who have seen too many negative headlines may be key to selling the destination.

"We're not getting cancellations anymore, but travelers' fears are always a concern, because it's better to have good news in the newspaper than bad news — and Brazil is not at the moment getting the good news," said Sintia Gomes, general manager of Sheraton Grand Rio de Janeiro, which is wrapping up renovations that have lifted it into the Sheraton Grand category.

Educating clients and customers is crucial, according to Carter.

"What I would say — and what is pretty much always the case in Brazil — is that even in the face of very tumultuous political times, the tourist industry isn't much affected," she said. "I don't think any tourist going to Rio is going to feel the political issues whatsoever, in the same way that anyone who went to Greece last year didn't feel there was some big crisis going on."

Grand Hyatt's Lorvo says this kind of turmoil is not all that unusual in South America.

"Countries in this part of the world have their crises," he said. "But Brazil has never been a violent country. There is no revolution taking place. Yes, there's a political crisis, but it doesn't affect the experience people will have. We saw that when they organized the World Cup, and it will be the same with the Olympics. Brazil knows how to organize live events. They know how to welcome people."

Eduardo Camargo, director of development for Brazil at AccorHotels, which is opening its first MGallery and MamaShelter properties in Rio this year and has been one of the fastest-growing hoteliers in the city, sees the issues as part of a cycle.

"We are facing a 'down' in the cycle," he said. "I can't foresee how long it's going to last, but the cycle will change again."

Paulo Villela, marketing director of RioTur, the city's municipal tourism office, is confident that current challenges will not create problems for travelers, or for the Olympics.

"The political crisis in the federal government has no impact on the tourist flow to Rio de Janeiro, nor on the final stretch of preparations for the Olympics," he said. "Mayor Eduardo Paes has already repeated statements to the effect that all sports venues will be ready in time for the competition."

Regarding the Zika virus, Villela notes that the games will take place during one of the coolest times of year, when the *Aedes aegypti* mosquito that spreads Zika will be far less prevalent. "Travel agents can tell clients expressing concerns that the Zika virus is not as much of a threat now in Brazil, but precautions should still be taken by those vulnerable," said Ashish Sanghrajka, president of Big Five Tours & Expeditions, which offers luxury tours in Brazil.

Sanghrajka adds that Rio's future as a tourism destination will depend on more than just a successful World Cup and Olympics.

"These events have certainly helped to bring the destination into the spotlight," he said. "Long-term results, however, will depend on Brazil's next steps in terms of remaking itself, and that includes on the sustainability front."

Nagy of the Rio Convention & Visitors Bureau says tourism organizations are working to keep the momentum going.

"We've been diligently and continuously working to create relationships with travel agents within markets like the U.S.," he said. "And we're working with the U.S. Tour Operators Association and other organizations to allow people to understand what the product is, so that when Mr. and Mrs. Smith in Arkansas see the Olympics and call their travel agent, the agent will know what to tell them."