

Christmas Sales Up 3.5% in Brazil, After Inflation

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Brazilian Christmas sales in shopping malls posted real growth (discounting inflation) of 3.5%, according to figures disclosed by the Brazilian Association of Retailers (Alshop). From January to December sales also grew 3.5%.

Among the sectors with the best performance in Christmas sales are perfumery and cosmetics (9%), glasses and accessories (14%), garments and shoes (4%), household appliances (3%) and books, DVDs and CDs (5%). The toy and bag, case, and travel bags and equipment presented reductions of 5% and 4%, respectively.

According to sector figures, in 2008, 21 shopping malls were inaugurated, allowing for 4,647 new shops, generating 46,500 jobs. In all, there are 689 shopping centers in the country, with 85,000 shops. Sector revenues in 2008 reached 70.7 billion reais, 6.4% more than in 2007.

There are also 79 new shopping centers being built, of which 23 should be inaugurated in 2009, with 3,000 new shops and 30,000 new jobs. Sector revenues should reach 74.3 billion reais (US\$ 31.3 billion) in 2009. In all, investment should reach 8.3 billion reais (US\$ 3.5 billion) over the next two years.

According to the president at Alshop, Nabil Sahyoun, the number of shopping malls should grow in 2009 as they have already started building, but if they could they would put these new constructions on "hold". "As these constructions have already started and should receive investment of around 50 million reais (US\$ 21.1 million), they must be concluded as soon as possible."

He explained that when these works are ready the businessmen responsible for building them will seek franchisers and good retailers who need to expand their businesses despite the period of economic crisis.

Sahyoun pointed out that due to the global crisis the sector should downsize, but it is still too early to forecast numbers. According to him, this should become clear in March, as January and February are traditionally important months for shopping centers.

"If our economy is not answering to expectations and our retail shrinks, we will certainly have to downsize." According to him, the sector is heterogeneous and that is why it is not possible to say what sectors should suffer most with the crisis.

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