

“BMW drivers are the avant-garde”

MARKET PROFILE Brazil's economy is booming and its middle classes are consuming as though there was no tomorrow. The South American giant is now home to the fourth-largest auto industry in the world. The BMW Group is leading the premium segment, with over 15,000 vehicles sold in 2011.



BMW enjoys an outstanding image in Brazil and is THE premium automobile. BMW drivers are the avant-garde.

Brazilians are laid-back and chatty, so the cliché says. But when you hear the country's 191 million inhabitants now have over 242 million registered mobile phones, you'll know things are changing. Along with their amicable interest for other people and their passion for mobile phones, they have now developed unprecedented buying power.

From poverty into the middle class

Over the last nine years, more than 30 million Brazilians have successfully risen from poverty to join the lower middle classes. And they are consuming as though there was no tomorrow – be it natural cosmetics from the Amazon, flatscreen TVs or fast food. Moreover, since the government lowered taxes on household appliances in 2011, washing machines, fridges and electric cookers have been flying off the shelves. Meanwhile, the upper middle classes are happy to take their holidays in Cape Town or on a Greek island, even though their own tropical country has 7,000 km of its own, fine beaches. The super-rich order themselves a Rolls-Royce, shop at Tiffany's – and that's not all...

The economic powers are noticing with astonishment that Brazil, which struggled with record in-

flation and mounting debts for several decades, is now the global leader in several industries. It is the world's number one supplier for twelve agricultural products and a leader in metal mining.

Over the last 10 years, Brazil's solid economic growth has been driven chiefly by China's hunger for raw materials. In 2007, huge mineral oil and natural gas deposits were discovered off the coast of Rio de Janeiro, sending the people of Brazil into a spin. And now, the Brazilians are eagerly anticipating the mega-events scheduled to take place in their country over the next few years. Problems of corruption and violence are undeniable, but finally the Brazilians have the chance to show themselves to the world from their best side – as hard-working, creative and professional. When it hosts the World Cup in 2014, the five-times football world champion will take to the international stage with confidence. Brazil's Ministry of Tourism is

expecting some 600,000 foreign visitors to the event, who will spend some €1.6 billion in the “new”, spruced up, comparatively rich country. In 2016, Rio de Janeiro will host the summer Olympic Games.

Brazil is growing – and the BMW Group is growing with it

The BMW Group recognised Brazil's growing market early on and founded a sales organisation in São Paulo in 1995. In addition, BMW Motorrad products have been rolling off the assembly lines at Manaus, in the Amazon, since 2009. And in the land of the samba, the caiprinha and VW do Brasil, BMW enjoys an outstanding image. “Here in Brazil, a BMW is THE premium automobile. A BMW is sportier than a Mercedes and has a more beautiful design, say the Brazilians. BMW drivers are the avant-garde,” explains Hen-



ning Dornbusch, President of the São Paulo sales organisation and a Brazilian himself.

Brazil is growing – and the BMW Group is growing with it. “Now is the best time to invest here. The spending capacity of wealthy, middle-class consumers is far from exhausted,” says Henning Dornbusch. The BMW Group employs almost 100 people in Brazil, where its 34 BMW, 19 MINI and 26 BMW Motorrad dealers kept busy last year, overseeing a 50% rise in sales of BMW Group vehicles. Particularly popular with young people and the creative elite is the MINI. With over 15,000 BMW and MINI models sold in 2011, the BMW Group is at the forefront of the premium segment.

São Paulo – Germany's largest industrial base

Brazil is a real melting pot of cultures. Formerly a Portuguese colony, it is now home to the descendants of Europeans, Native Americans and African slaves. Together, they form a multi-ethnic society with Portuguese as its common language. From 1818 onwards, numerous Germans also made their way to Brazil. They now play a special role in the country, being highly respected but also viewed with a critical eye. Companies such as Siemens, Bayer and Deutsche Bank have had operations in Brazil for more than 100 years, and the metropolis of São Paulo is considered the largest base for German industry. Brazil is said to be home to some 1,200 companies in part-German ownership. Its three southernmost states are heavily populated by the descendants of German immigrants – who live in German style timber-framed houses surrounded by palm trees.

Brazil is the home of superlatives. It is the fifth largest country in the world and will soon be among the top five economic powers. It is also the fourth largest automotive producer. Since the mid-1970s, Brazilian cars have been powered by alcohol, either in pure form or as an additive to petrol. An efficient, eco-friendly alternative is ethanol, made from local sugarcane. In fact, green fuels is another field in which Brazil is the leader, with greater expertise than any other country. EvS

Journalist Eva von Steinburg (43) grew up in Brazil and now lives in Munich, Germany.

OUTSIDEVIEW



Alexander Busch

Brazil: the shooting star

If I want to give somebody a better understanding of the economic boom in Brazil, I take them by underground to São Paulo's Zona Leste. This eastern quarter of the 12-million strong metropolis has totally changed since the mid-90s. Back then it was a miserable place. Slums sprawled across what was once the Italian immigrant quarter and factories stood derelict. Today, Zona Leste is packed with high-rise blocks, nightclubs, gyms and private universities, with construction cranes reaching as far as the eye can see. A three-room apartment in a place that used to be covered in corrugated tin huts now costs around €250,000.

The home of the samba, football and aero-engineering

Until recently, it was said that if the USA sneezed, South America would come down with a bad cold. But now, Brazil has picked itself up by its own shoelaces, lifting itself out of the global economic crisis. While the USA and half of Europe are suffering from a bout of flu, Brazil is in better health than it has been for a very long time. It is currently the sixth largest economy in the world – but still we underestimate this new economic power. We simply cannot believe that this land of the samba, football and dream beaches is now producing aircraft, decoding complex plant genomes, and fighting poverty with an exemplary social policy.

I have to admit that for all my 20 years of experience in Brazil, I would never have expected this tropical nation to rise at the speed it has – not only economically but also politically. It is now a leading player in the international arena.

From world trade and the climate debate to the UNO, without Brazil there would be no consensus on a lot of issues affecting the people of this world. And that is why we need to take a greater interest in the country – because alongside India, Brazil is the only other place that has yet to reveal whether its upwardly mobile economy has the capacity to become a world power by democratic means.

Alexander Busch has been the Latin America correspondent for Handelsblatt publishing for 20 years. He lives in São Paulo and Salvador de Bahia.



Brazil has 7,000 km of beaches, the most famous being the Copacabana in Rio de Janeiro. Rio will host the summer Olympics in 2016.