Bela a Fela

Favela Tours

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EXECUTIVE SUMMARY

Globally, one in every eight people live in a slum (UN-Habitat, 2016). It is an alarming statistic, yet a harrowing reality for many people in Brazil. In 2010, a census showed that more than 20% per cent of Rio de Janeiro’s population live in favelas (Hurrell, 2011). The unemployment rate in Rio De Janeiro has risen by 33% since 2016, which is an alarming number contributing to the slum community (Forbes, 2016).

These informal settlements have a lack of institutional support and government presence (Rodet, 2016). Traditionally, there exists a perception that slums are unwanted parts of society that ought to be avoided where possible. This was shown by the accusations from slum residents of ‘forced evictions, police violence and wasted spending’ during the lead up to the 2016 Olympics in Rio (Kweifio-Okai, 2016).

Our business Bela a Fela, proposes the establishment of ‘Bela a Fela Tours’ in the Santa Marta favela in central Rio. This is to ensure fair access to consistent employment opportunities with skill development to slum dwellers. Our proposal is a tourism venture that highlights Santa Marta as a community of incredibly resilient inhabitants, fostering creativity and cultural expression. Our point of differentiation from those tours already operating, is their cultural emphasis with home cooked meals as an option, cultural sites included in the route and our aims of giving back to the community.

Through this depth of integration with the community, we aim to raise awareness of the issues of inequality and job insecurity with tourists, at the same time as overcoming the negative stereotypes associated with life in favelas, something our name ‘Bela A Fela Tours’, which means Beauty and the Beast in Portuguese, embodies. This proposal aims to foster decent work and sustainable economic development in the slums by employing locals between the ages of 18-25 as tour guides.

BUSINESS OVERVIEW

Slum tourism has been defined as tourism that involves visiting run down and impoverished areas (Ma, 2010). It is getting plenty of attention today as a practice that should be subject to responsible reflection (Manyara, Jones, & Botterill, 2006). Using tourism as a vehicle for sustainable development is now becoming an important item on the agendas of public policy planners. However, how to best use tourism as a tool to employ disadvantaged individuals is still being explored by international and national organizations as well as by local governments and authorities and is subject to wide debate.

Bela a Fela Tours plans to provide a tour package of Rio’s favelas, specifically in Santa Marta. Santa Marta is the smallest slum in Rio as well as the safest, so it is ideal for walking and rickshaw tours (Momondo, 2015). The area is host to various artistic projects and cultural expression and is also well known among tourists for being the backdrop of Michael Jackson’s music video “They don’t care about us”.

Bela a Fela Tours will only hire residents of the slums to be tour guides. We will run a four week English intensive and employability readiness course for all employees before they become a tour guide. This will upskill all employees not only for their time at Bela a Fela but for future full-time employment. The tour guides will greet customers at the cable car station and give them a general overview of Rio, Santa Marta and the problems that exist in the slums today. The tour group will then catch the free cable car to the top of the hill in Santa Marta and walk down to ‘Praça Cantão, the square at the entrance to Santa Marta. The guide will then explain to the customers the cultural significance of the square and the ongoing community artwork project that takes place there.

BUSINESS OBJECTIVES

The three main objectives of Bela a Fela Tours are:
Connection – to facilitate cross-cultural interactions and meaningful connections between populations that would otherwise not come into contact.

Education – to educate tourists on the cultural richness and resilience of favela life (reassess the negative stereotypes), while also highlighting the huge injustices and inequalities and galvanizing some sustained interest in these issues.

Empowerment – to not only employ short term some of the community, but to enable them to improve their English and develop transferable soft skills associated with work in the hospitality and tourism industry and to provide predictable income streams outside of the informal or criminal sectors.

MAKING IT HAPPEN

Bela a Fela tours will be giving guided tours through the slums of Rio de Janeiro, specifically the Santa Marta area. To make this happen a couple of key performance indicators must be taken into consideration: The organizational structure we recommend to apply, how we structure our team of staff and the actual implementation of the idea itself.

ORGANISATIONAL STRUCTURE:

The recommended organizational structure for Bela a Fela is a matrix structure integrating geographical and functional areas throughout the model. Engaging local inhabitants in management positions offers Bela a Fela the advantage of having leaders who are familiar with important local environmental aspects for the business such as the legal environment and culture (Ingram, 2017).

STAFF:

Bela a Fela will employ 18-25-year-old residents from Santa Marta. The youth in Rio’s favela’s lack opportunities for ‘normal’ jobs and thus a high proportion are engaged in criminal circuits and gangs (Fernandes, 2013). For this reason, we will focus on the employment of local youth. Once they have undergone the intensive English training outlined earlier, armed with their local knowledge of the area they will have the basis for being a tour guide, from there practice is what is required. So, this target of disadvantaged 18 to 25-year old’s will form the basis for our lower level employees. Older and more entrepreneurially experienced members of the community will fill our middle and higher management positions to ensure smooth running of the tours day to day. We aim to operate under a relatively centralized model to ensure consistency among tours (Lunenburg, 2012), however, we will run decision gateway sessions with all employees monthly should the tour guides themselves have suggestions on what to add to the tours based on their experiences of what works well.

IMPLEMENTATION

Our company will have two different types of tours. One will be done on foot and the other by Rickshaw, (is a bike with a carriage attached which can hold two or three people each). The company will start with fifteen employees who work six hours a day and one manager. Each day, two three hour guided tours will be given by each guide and this will operate all year around. December till March are the busiest seasons with tourists visiting Rio de Janeiro. The less busy months can, in the future, be used to train new personnel as well as running tours for those who visit outside of the peak seasons (Araujo, 2013).
The total contribution of travel and tourism to Brazil’s GDP stood around USD 163 billion as of 2017 and is forecast to rise by 2.5% in 2018. In 2018 the Brazilian economy is expected to attract 5,992,000 international tourists with Rio De Janeiro as the number two destination accounting for 21% of all foreign visitors. Through this we have identified significant market reach potential if we are to set ourselves up as early movers in the community driven slum tourism space.

Before 2008, very few people considered visiting favelas as a must do activity. However, with time, perception has been changed. In 2014, over one million tourists visited a township, a favela, a barrio or a slum demonstrating the rise of slum tourism. The Brazilian government tried its best to hide the slums and was even know to use its army protect international tourists from slum community (Murphy, 2010). Government plans backfired as it increased curiosity among tourists, and according to The Brazilian Business (2013) nearly 42,000 Rio tourists visit the slum areas every year. The government is beginning realize the potential in this space now, however, the initial benefactors of it have been mainly private tourism agents, rather than the community themselves, something we at Bela a Fela Tours aim to turn on its head.

Bela A Fela faces two kinds of competitors during its business operation. The direct competitors are tours and travel agencies operating within Santa Marta. There is no specific tour company concentrated on slum tour agency alone in Santa Marta. So, Bela A Fela can take a first mover advantage as a company that focuses solely on slum tourism in this geographical area. However, our indirect competitors are tour agencies that provide overall tour packages of Rio de Janeiro. Some of these tour companies such as Rio Adventures Tours, Expeditions & Adventures providing day slum tours in Rocinha, representing indirect competitors. However, these tour companies operate slum tourism as an option rather than the major business.

The primary target market of Bela a Fela will be culturally adventurous tourists interested in the history and the various aspects of culture that have helped shape slum life. This segment of tourists will also help Bela a Fela bring in students of research, social work, tourism, journalism and photography who are interested in a deeper level of engagement in the community than they might not get with normal traveling routes and tours.

The secondary target customers of Bela a Fela will be leisure tourists. These tourists have a primary motivation to take break from everyday routine and experience new tourist attractions. Inside this segment, there are individuals, family, couples, friends and families with upper-medium purchasing power. Leisure travel spending generated 87.9% of direct travel and
tourism GDP in 2017 compared with 12.1% for business travel spending. The clients will fall from the age group of 20 and above who are deeply motivated by travelling and experiencing new ways of life.

**MARKETING STRATEGY**

Bela a Fela will use Integrated Marketing Communications (IMC) to create awareness around our offering and build interest. Tourist attractions come in two forms: natural and man-made and we aim to focus on both in our tour routes. This includes an incredible top view of Santa Marta, street art, a bronze statue of Michael Jackson and the Santa Marta favela painting project.

Socio-economic benefit: Bela A Fela will also promote how a single tourist’s visit can provide employment opportunities to youths and women in the slum areas. This value will match the target market with their need to support and help minority groups in low socio-economic areas. We will also market the indirect benefits through exposure of local businesses and entrepreneurship in Santa Marta with the help of slum tourism.

Bela a Fela is focusing on influencing the early adopters, which are the segments identified above in our target market section. So, in terms of the adoption and diffusion process we will focus our marketing efforts toward our primary target of culturally adventurous customers.

**MARKETING CHANNELS**

**PHYSICAL DISTRIBUTION NETWORKS**

**Strategic partnerships:** We plan to do this through creating a strategic partnership with Visitor Information Centers (VICs). VICs play a major role in providing guidance and recommendations about things to do and see in the area. By partnering with VICs, we can allow these agents to resell our tours and activities, which will give them a chance to earn commission and us to boost our sales.

**Collaboration with educational institutes:** We aim to collaborate with institutes such as the Global Enterprise Experience by sending invitations to institutes and organisations for their research work or giving them the opportunity to do an internship in Santa Marta. For example, we could send an invitation to students of Kathmandu University School of Management to conduct their 2-credit social experience project in Santa Marta on their own expense.

**E-COMMERCE**

**Websites:** In this generation where every detail can be found online, it is important for Bela A Fela to have an online presence. Taking this into consideration, Bela A Fela will have its own website where tourists can visit and access all the information regarding tours, types of tours, benefits, price and services. However, as a new to slum tourism industry, Bela A Fela will work with destination websites. These websites will help drive tourists to our website. This is a sample of the website the team has create, browse the link to get an enhanced understanding and appreciation for our mission at Bela a Fela.  [https://felaabela1.wixsite.com/belaafela](https://felaabela1.wixsite.com/belaafela).

**FINANCIAL OVERVIEW**

The following section includes a financial analysis for Bela a Fela Tours. All calculated costs have been transferred from centavos to U.S Dollars.

**COST BREAKDOWN**

<table>
<thead>
<tr>
<th>Cost Breakdown of Bela a Fela tours</th>
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<tbody>
<tr>
<td>Rickshaw tour</td>
<td>20</td>
</tr>
<tr>
<td>Walk tours</td>
<td>15</td>
</tr>
<tr>
<td>Tour and lunch in slum houses</td>
<td>30</td>
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There are three tour options for at Bela a Fela tours. One rickshaw tour cost 20 USD. A walking tour costs 15 USD. A tour and lunch is 30 USD.
Under capital costs, 15 rickshaws have been purchased for the first year. Each rickshaw cost price is estimated around 1600 U.S dollars. The training costs will be provided on relationship development and English language to tour guides. The revenue is expected to grow 6% each year and the costs are expected to grow by 8% every year as new staff will be hired and expenses of hiring and training will increase. Income tax is incurred at 15%.

The number of tourists among three types of tours has been divided in 3:2:1 ratio assuming visitors would prefer rickshaw tours first, walking tours second and lunch & tour third.

Even though Bela a Fela is Portugese, it is a statement which can be translated into many other languages and countries. Bela a Fela is a proposal that can scale into new slum areas and to meet new opportunities. Moreover, with the growing income and low expenditures, expanding our business proposal is a viable possibility.
REFERENCES


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