



Pacific Trade Invest

PACIFIC BUSINESS MONITOR 2020

FIJI FOCUS



PACIFIC ISLANDS
FORUM SECRETARIAT

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INTRODUCTION

INSIGHTS INTO PACIFIC BUSINESSES

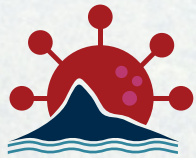
The COVID-19 outbreak has caused a global health emergency and an economic slowdown impacting millions of small and medium-sized enterprises (SMEs) around the world, including the Pacific region.

International tourism is a driving sector for local Pacific economies, but travel restrictions in 2020, including border closures, have affected businesses in this region.

To understand the ongoing impact on the Pacific's private sector, Pacific Trade Invest (PTI) commissioned Fifth Quadrant, an independent research agency, to run a regular survey to understand the ongoing effects of COVID-19 on businesses in the Pacific.

This report reviews the data collected from across the Pacific region in the first nine waves of the survey, conducted from 18 May–13 December 2020.

OBJECTIVES



UNDERSTAND THE IMPACT OF COVID-19 ON SMES IN THE PACIFIC:

- Track impact on business revenue
- Track impact on the local economy
- Track level of concern regarding business survival
- Track impact on mental health

COMPARE SATISFACTION WITH GOVERNMENT SUPPORT:

- Track satisfaction with government response and support
- Track access to government support



UNDERSTAND HOW SMES IN THE PACIFIC ARE REACTING TO THE CRISIS:

Track how businesses are adapting to the crisis to reduce impact and damage (e.g. reduced wages, staff/operational costs etc.)

IDENTIFY KEY AREAS OF SUPPORT NEEDED TO RECOVER FROM THE IMPACT OF COVID-19:

- Expectations regarding speed of recovery
- Initiatives taken to optimise/improve business readiness for upswing
- Understand the key challenges
- What assistance do they need to adapt/optimize/ improve/ survive?
- What information is required?



SAMPLE PROFILE

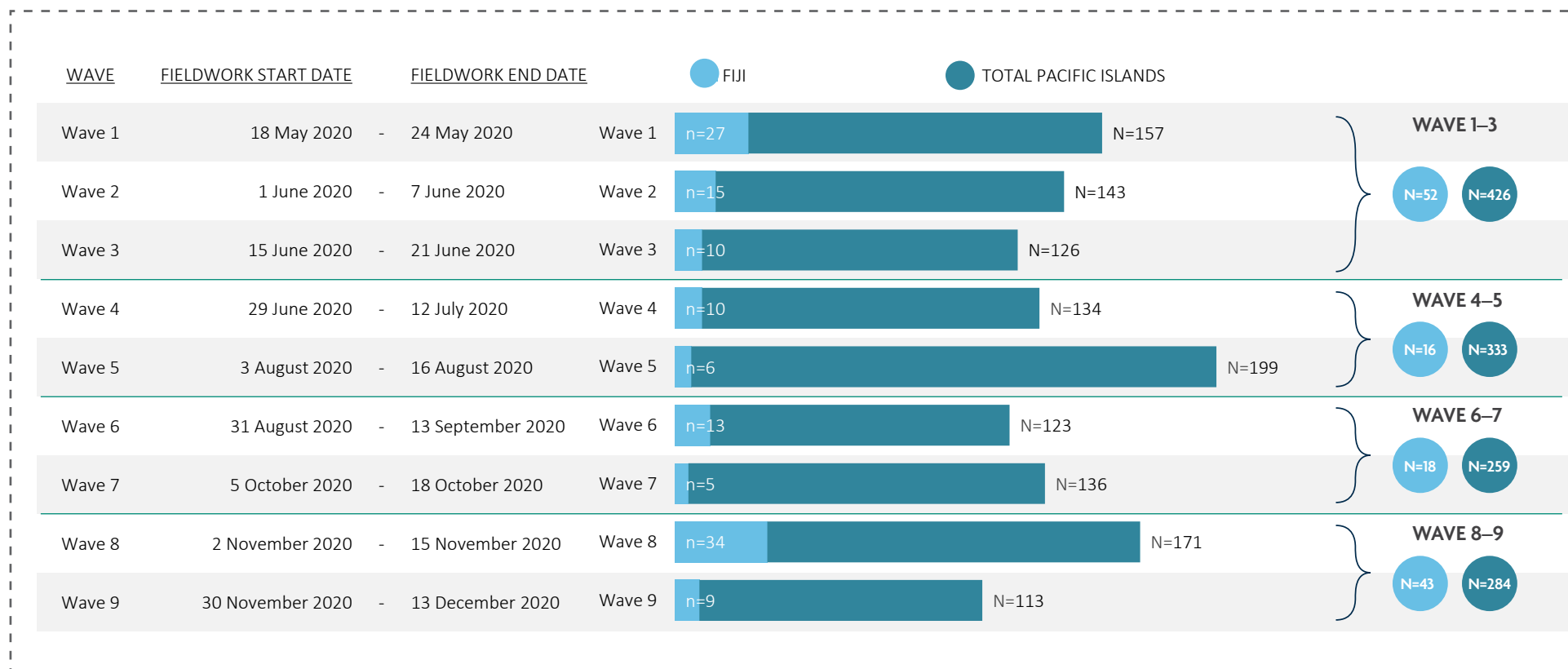
LOCATION

Our sample includes businesses based in the Pacific Islands. We achieved a robust sample of over n=110 for each wave in 2020 and a relatively consistent representation of businesses in Fiji across each wave.

	Wave 1	Wave 2	Wave 3	Wave 4	Wave 5	Wave 6	Wave 7	Wave 8	Wave 9
TOTAL PACIFIC ISLANDS	157	143	126	134	199	123	136	171	113
Cook Islands	10	4	4	2	20	4	31	19	17
Federated States of Micronesia (FSM)	1	0	0	0	0	0	0	0	0
Fiji	27	15	10	10	6	13	5	34	9
French Polynesia	3	0	4	2	0	1	0	1	1
Kiribati	6	2	3	2	4	1	2	4	0
Marshall Islands	1	1	1	0	0	7	1	0	0
Nauru	1	0	2	0	1	0	1	1	1
New Caledonia	8	10	7	9	25	12	7	10	6
Niue	2	36	10	52	41	18	22	36	30
Palau	2	13	16	4	5	9	4	4	3
PNG	19	26	16	12	18	4	5	6	4
Samoa	15	10	12	5	10	10	9	8	4
Solomon Islands	8	8	13	8	30	6	6	9	9
Tonga	32	9	16	15	18	10	8	11	2
Tuvalu	2	1	1	4	13	15	26	15	20
Vanuatu	20	8	11	9	8	13	9	13	7

SAMPLE PROFILE

As base sizes were low for some waves, 2020 waves were combined into four periods as shown below to maximise the validity of the data and ensure reliable comparison of Fiji to the total Pacific Islands.

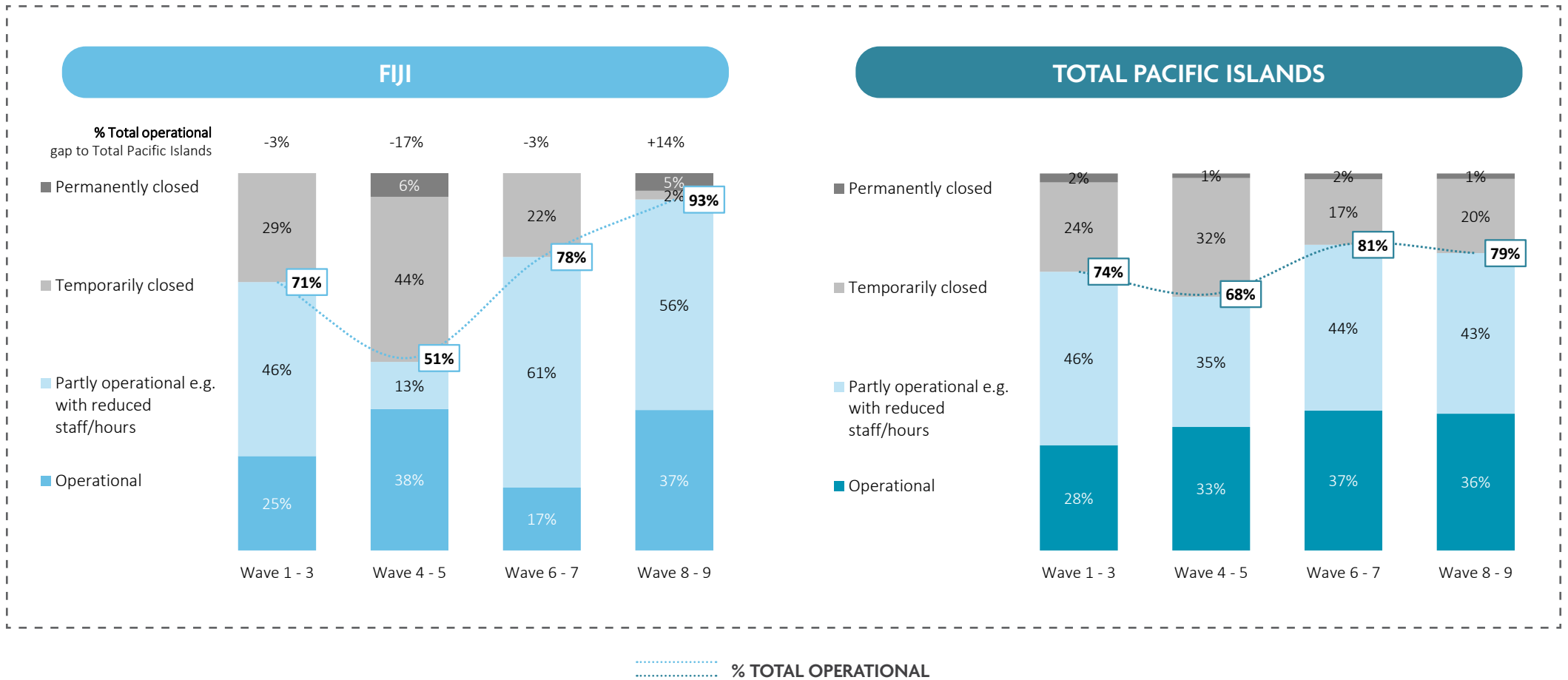


IMPACT OF COVID-19 ON BUSINESS STATUS

The COVID-19 crisis has had a significant impact on the normal operation of businesses in Fiji, especially from July to October (Wave 6-7), but positively most businesses were either operational or partly operational by the end of 2020, a much higher proportion than the Pacific Islands overall.

Q

WHAT IS YOUR CURRENT BUSINESS STATUS?



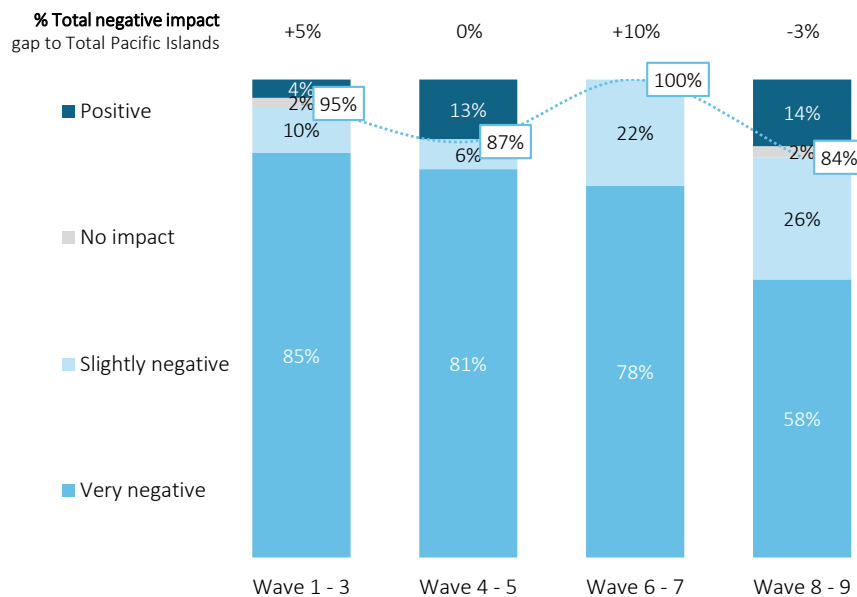
IMPACT OF COVID-19 ON BUSINESS

Negative impact on business has remained high across 2020 for businesses in Fiji and across the Pacific Islands, although businesses in Fiji are more likely to have experienced a very negative impact on their business from May to October 2020 (Waves 1-7).

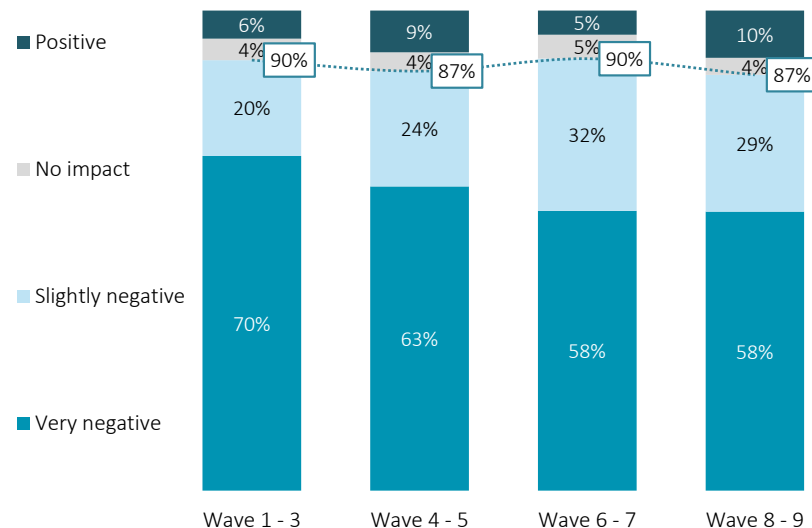
Q

HOW WOULD YOU DESCRIBE THE IMPACT OF THE COVID-19 OUTBREAK ON YOUR BUSINESS?

FIJI



TOTAL PACIFIC ISLANDS



..... % TOTAL NEGATIVE IMPACT

IMPACT OF COVID-19 ON BUSINESS REVENUE

In line with greater negative impact and less businesses fully operational, a greater proportion of businesses in Fiji have faced significant declines in revenue compared to the Pacific Islands overall.

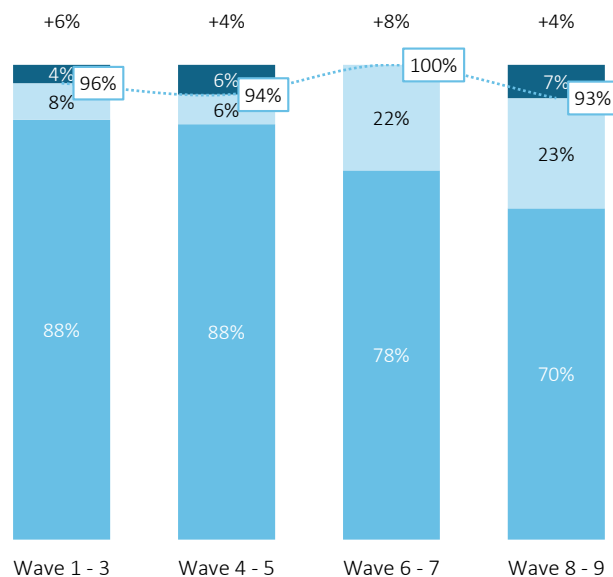
Q

WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS SALES/REVENUE SO FAR?

FIJI

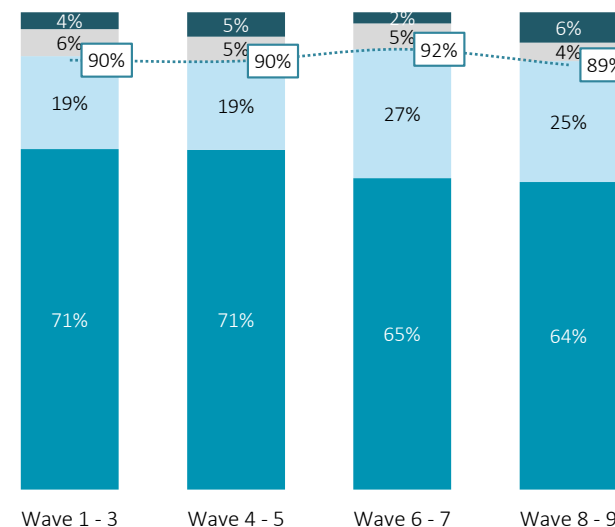
% Total decline in revenue gap to Total Pacific Islands

- Increase
- No impact
- Slight decline
- Significant decline



TOTAL PACIFIC ISLANDS

- Increase
- No impact
- Slight decline
- Significant decline



..... % TOTAL DECLINE IN REVENUE

IMPACT OF COVID-19 ON THE LOCAL ECONOMY

Positively, those reporting a very negative impact on the local economy in Fiji has gradually declined over 2020, although 69% still reported a very negative impact.

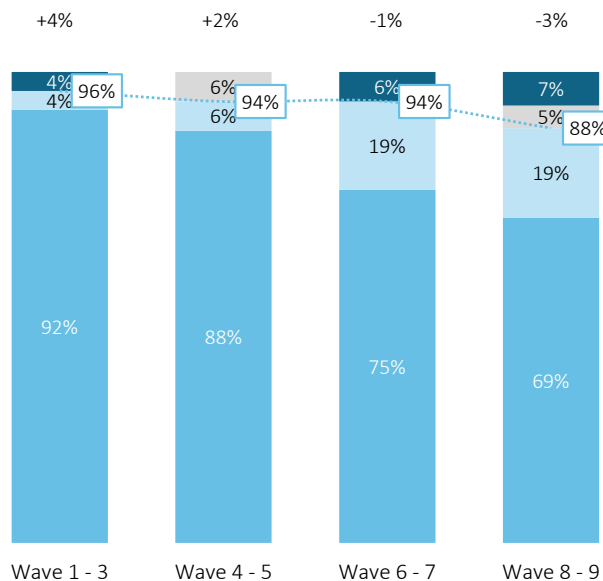
Q

WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR LOCAL ECONOMY?

FIJI

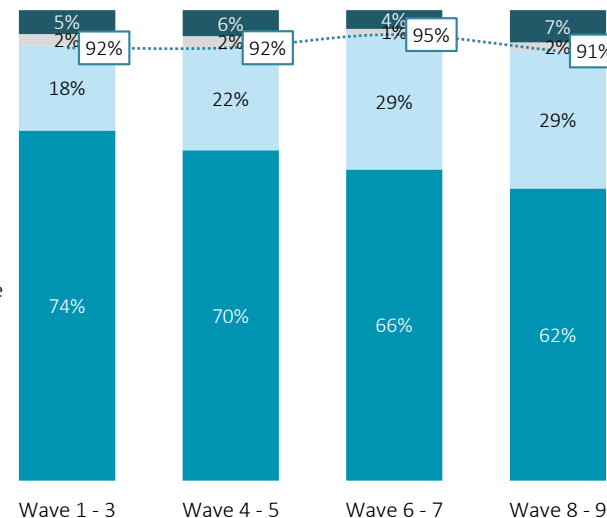
% Total negative impact gap to Total Pacific Islands

- Positive
- No impact
- Slightly negative
- Very negative



TOTAL PACIFIC ISLANDS

- Positive
- No impact
- Slightly negative
- Very negative



..... % TOTAL NEGATIVE IMPACT

IMPACT OF COVID-19 ON WELLBEING

The negative impact on community wellbeing, personal finance and mental health among decision-makers in Fiji has significantly improved at the end of 2020.



WHAT IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING...?



THE WELLBEING OF YOUR COMMUNITY

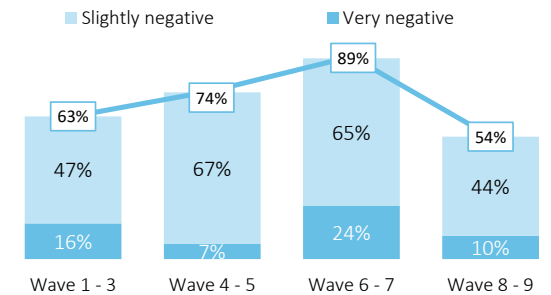
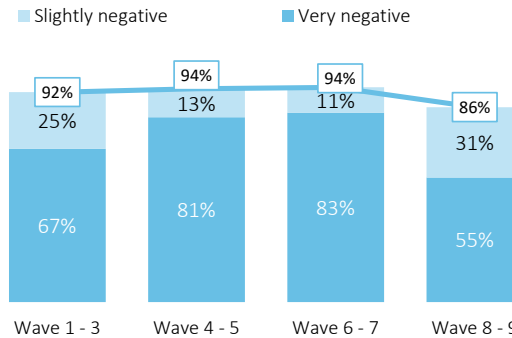
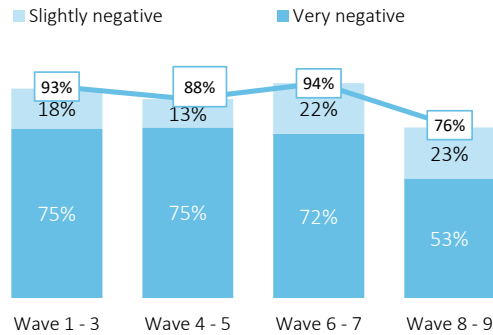


YOUR PERSONAL FINANCIAL SITUATION



YOUR MENTAL HEALTH

FIJI



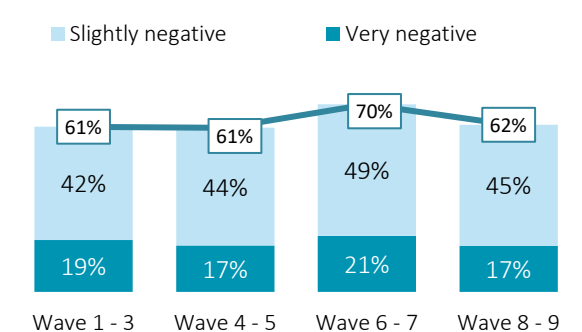
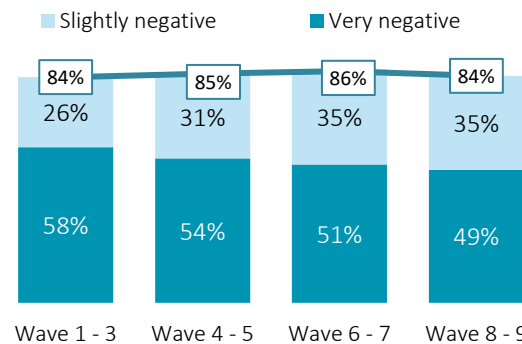
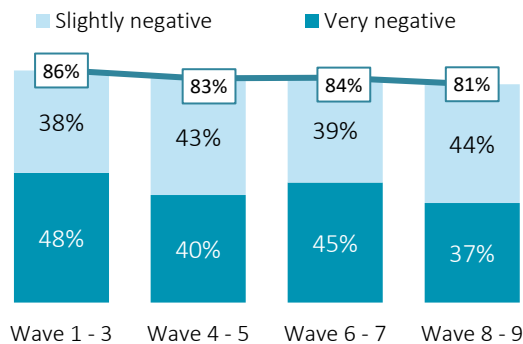
% total negative gap to total

+7% +5% +10% -5%

+8% +9% +8% +2%

+2% +13% +19% -8%

TOTAL PACIFIC ISLANDS



IMPACT OF COVID-19 ON EMOTIONAL STATE

Despite recent improvements in business conditions and outlook, levels of worry remain high for approximately 50% of Fiji decision-makers. Positively, happiness levels in Fiji significantly increased at the end of 2020, reflecting improvements in mental health among Fiji decision-makers during this time.

Q

THINKING BACK OVER THE LAST 2 WEEKS, HOW OFTEN DID YOU FEEL...?

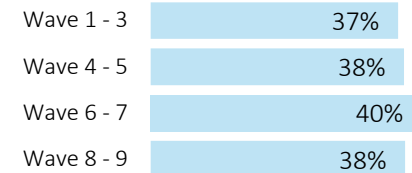
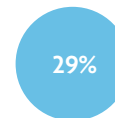
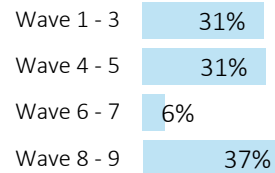
FIJI

TOTAL PACIFIC ISLANDS



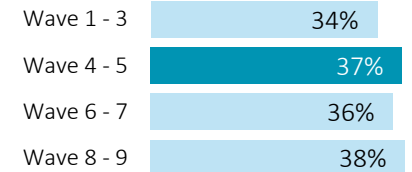
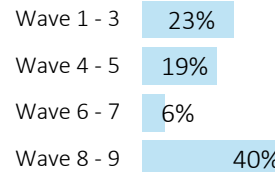
OPTIMISTIC

% Felt optimistic all/most of the time



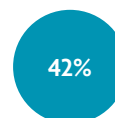
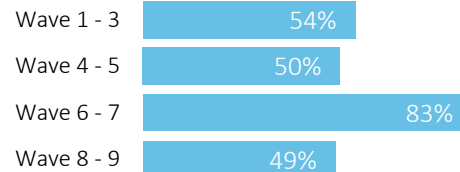
HAPPY

% Felt happy all/most of the time



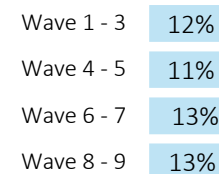
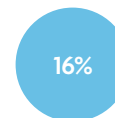
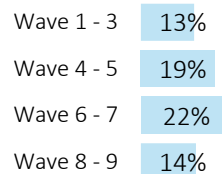
WORRIED

% Felt worried all/most of the time



ANGRY

% Felt angry all/most of the time

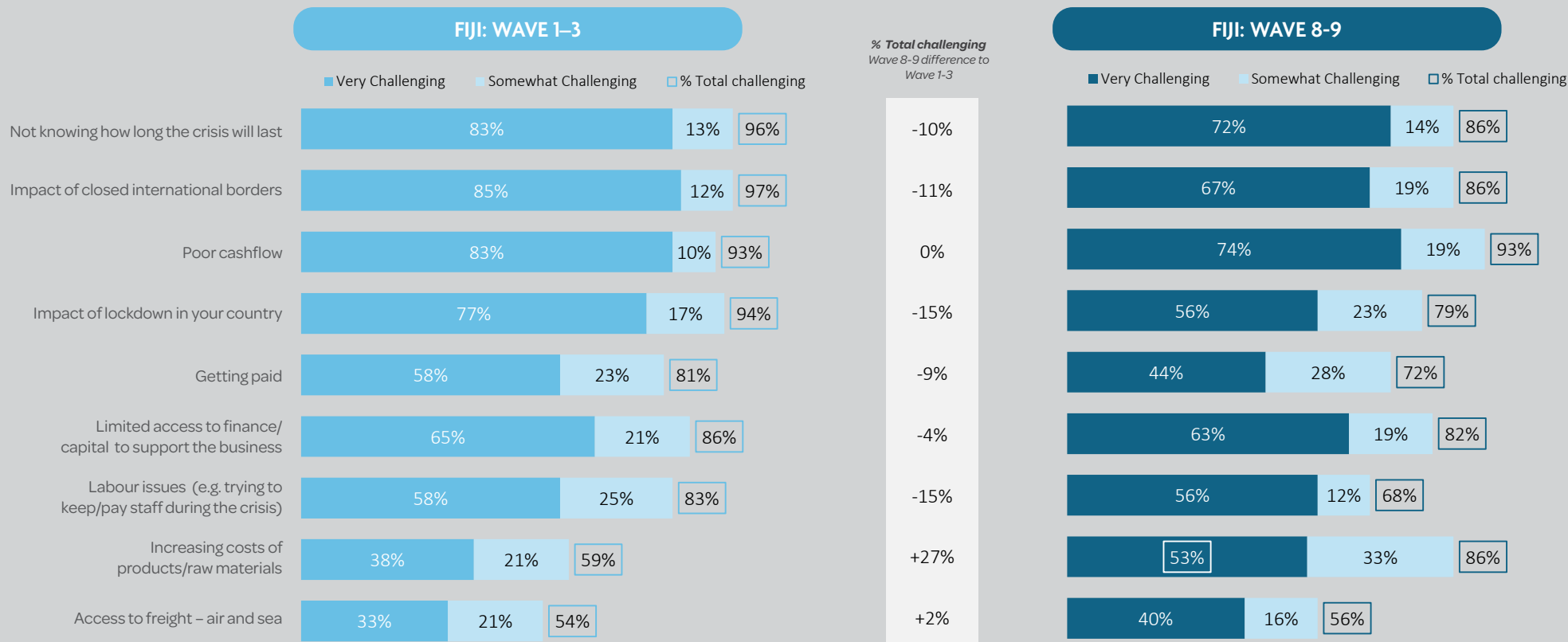


CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

The extent of challenges faced by Fiji businesses slightly declined across most factors by the end of 2020 as businesses adapted to the conditions. The increasing cost of products/raw materials has become increasingly challenging for a greater number of businesses in Fiji.

Q

HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?



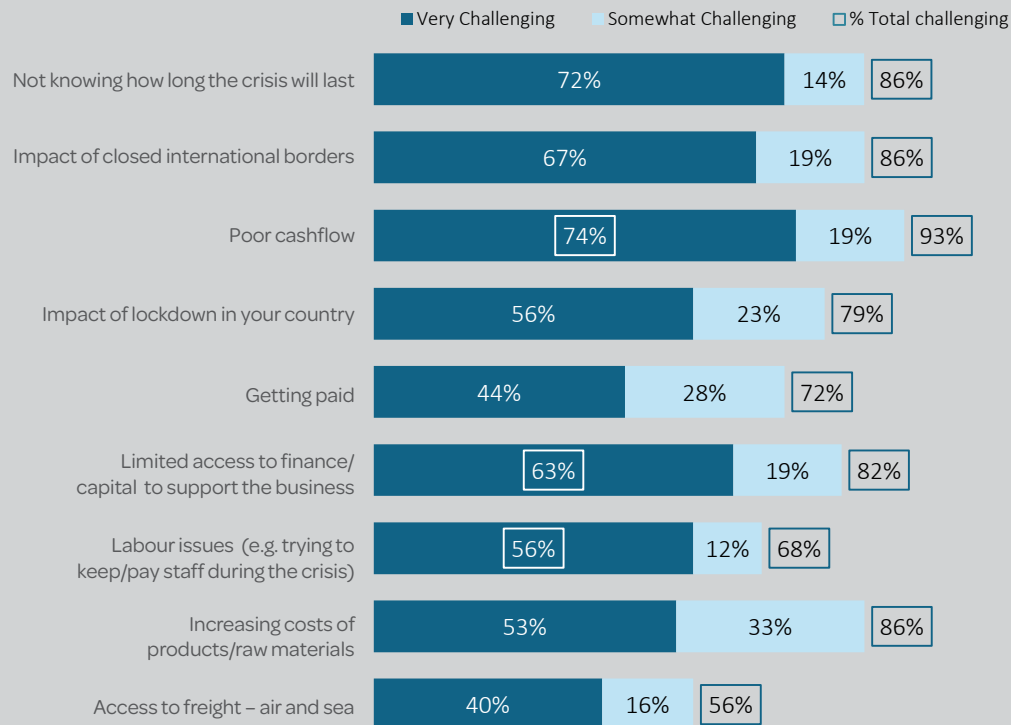
CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

Towards the end of 2020, businesses in Fiji were more likely to be very challenged by poor cashflow, limited access to finance and labour issues compared to the Pacific Islands overall.

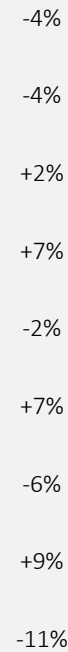


HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

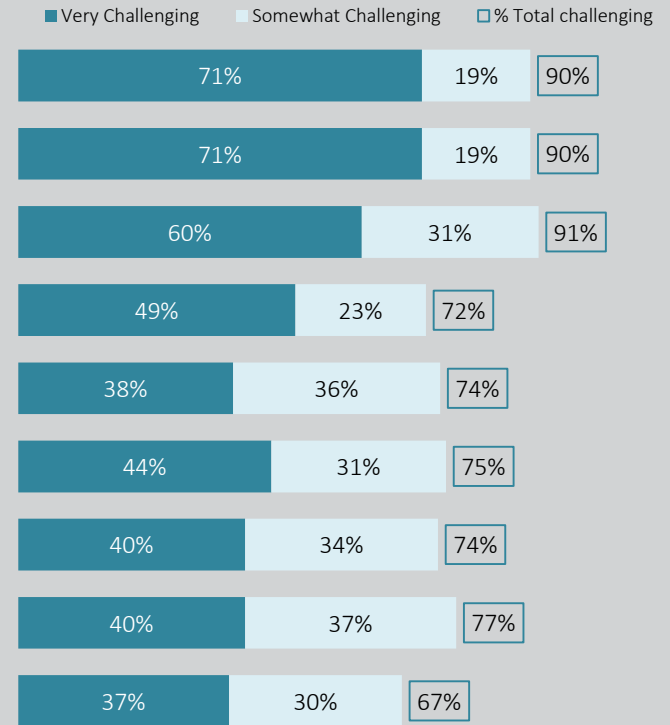
FIJI: WAVE 8-9



% Total challenging
Wave 8-9 gap to
Total Pacific Islands



TOTAL PACIFIC ISLANDS: WAVE 8-9

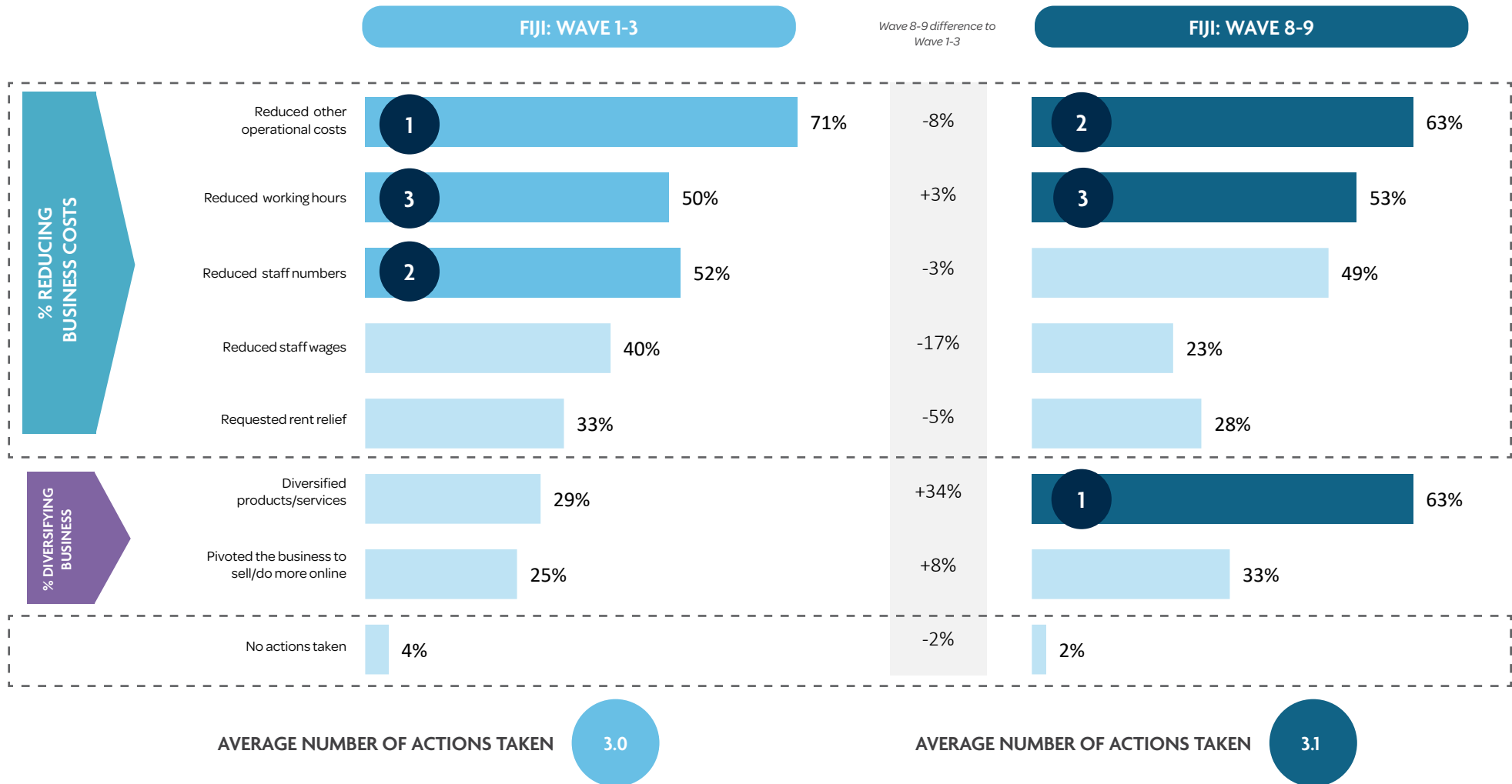


ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19

The last two months of 2020 saw businesses in Fiji shifting from reducing business costs (particularly staff wages) and focusing on diversifying their offering to generate alternative revenue streams as borders remain closed.



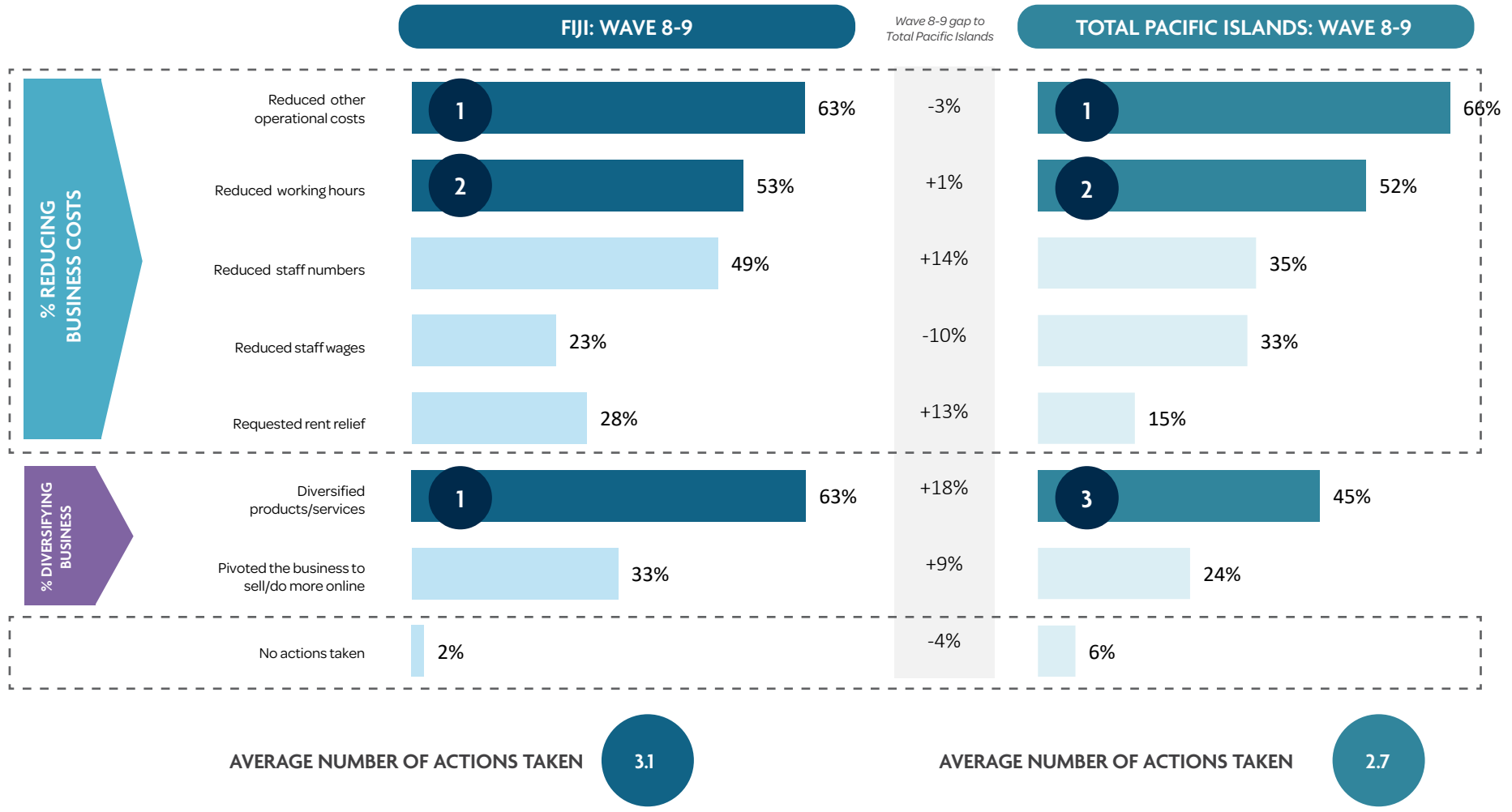
INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.



ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19

Compared to the Pacific Islands overall, Fiji businesses were more likely to diversify towards the end of 2020.

Q INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.



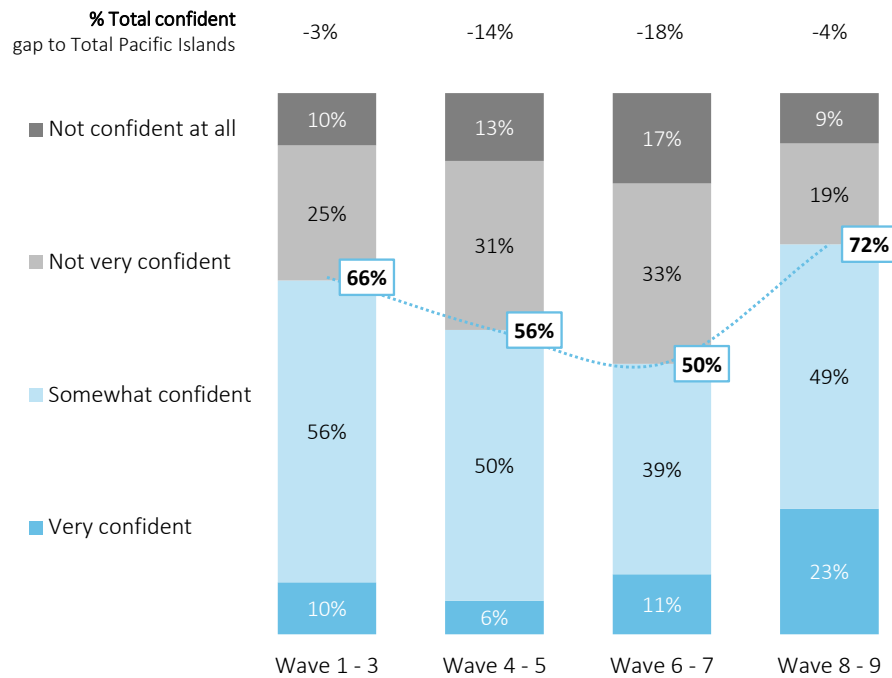
CONFIDENCE IN BUSINESS SURVIVAL

Fiji businesses have shown significantly lower confidence in business survival across 2020 compared to the Pacific Islands overall. However, those very confident have increased towards the end of 2020, and is now on par with the rest of the Pacific Islands.

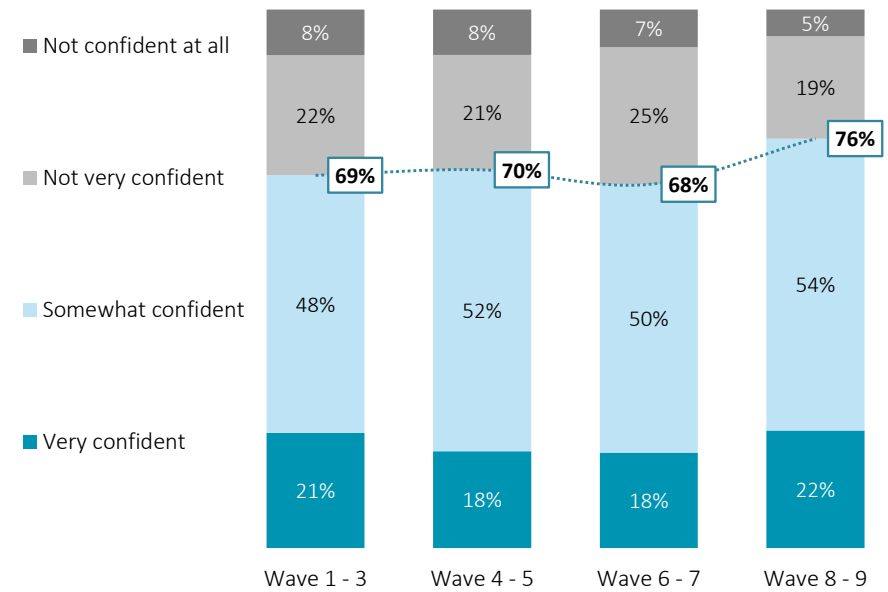
Q

HOW CONFIDENT ARE YOU THAT YOUR BUSINESS WILL SURVIVE THE COVID-19 CRISIS?

FIJI



TOTAL PACIFIC ISLANDS



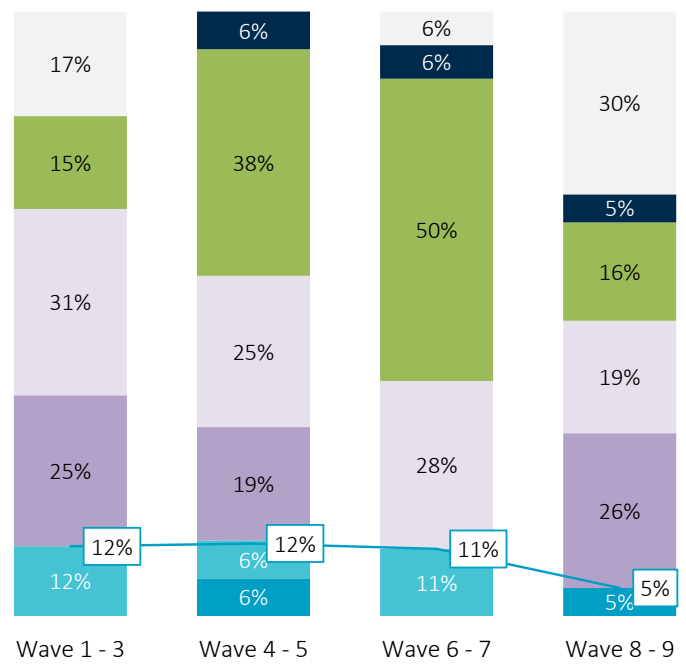
..... % TOTAL SATISFIED WITH GOVERNMENT RESPONSE

TIMEFRAME OF BUSINESS SALES/REVENUE RETURNING TO BUSINESS AS USUAL

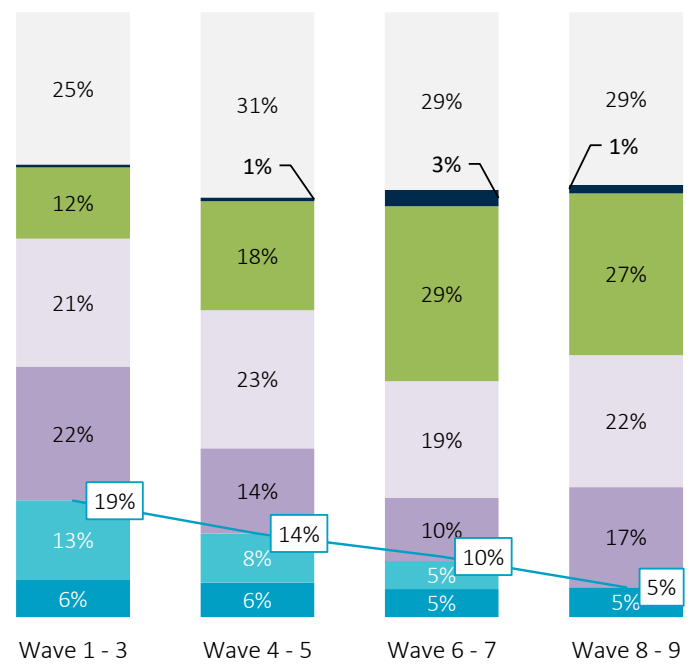
Timeframe expectations of returning to business as usual in Fiji gradually shifted back as 2020 progressed, a trend seen across all the Pacific Islands. Businesses in Fiji are more optimistic for an earlier return, with over a quarter expecting to return to business as usual in the first half of 2021.

Q WHEN DO YOU BELIEVE YOUR BUSINESS SALES/REVENUE WILL RETURN TO PRE-COVID-19 LEVELS?

FIJI



TOTAL PACIFIC ISLANDS



- Don't know/ too hard to predict
- Never
- By 2022 or later
- By 2nd half of 2021 (July – December)
- By 1st half of 2021 (January – June)
- By end of 2020
- Revenue is at pre-COVID-19 levels

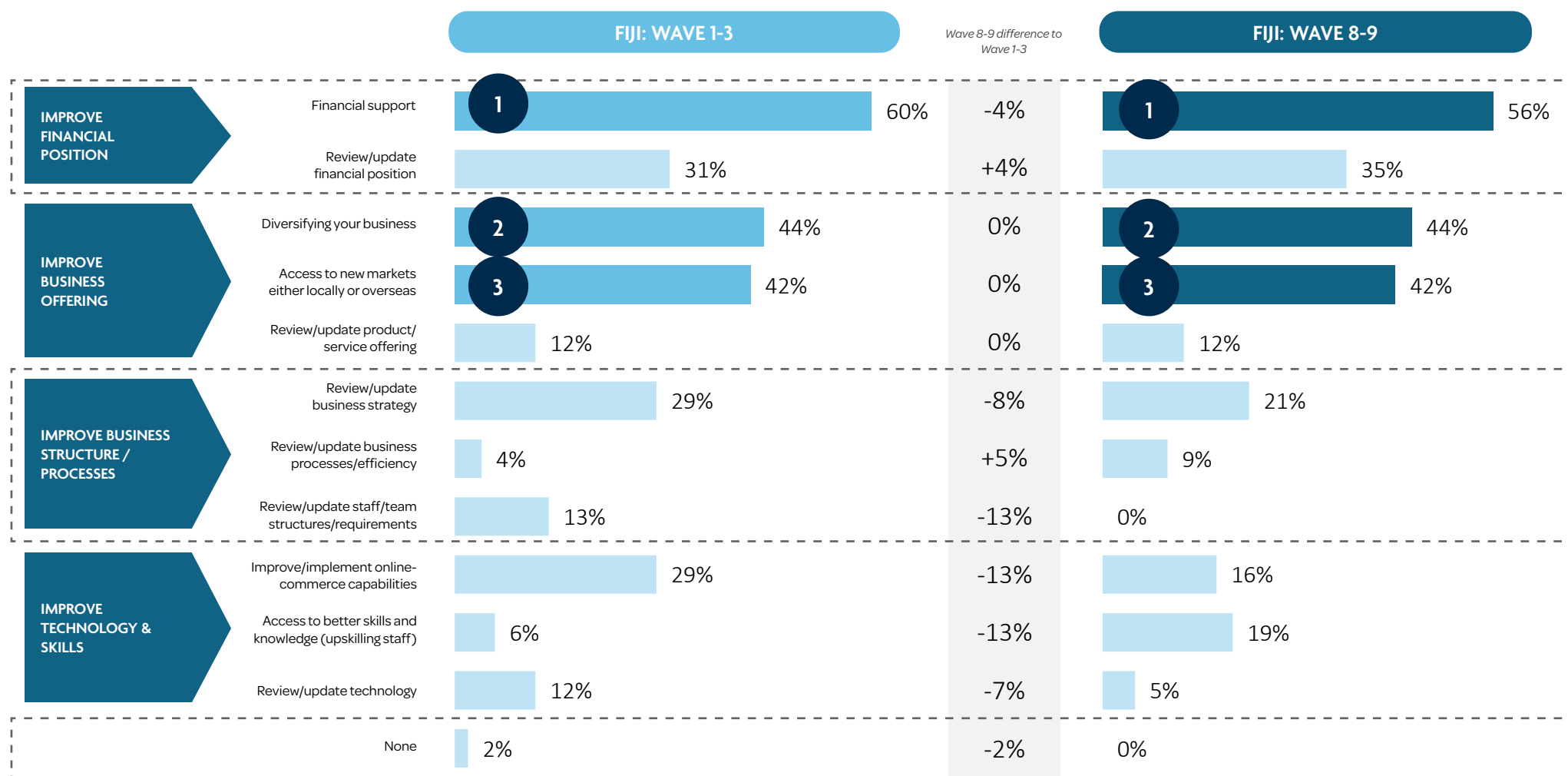
————— TOTAL RETURNED TO PRE-COVID LEVELS BY END OF 2020

TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

Financial support, diversification and access to new markets were the top three initiatives needed to support businesses in Fiji across 2020.

Q

WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?

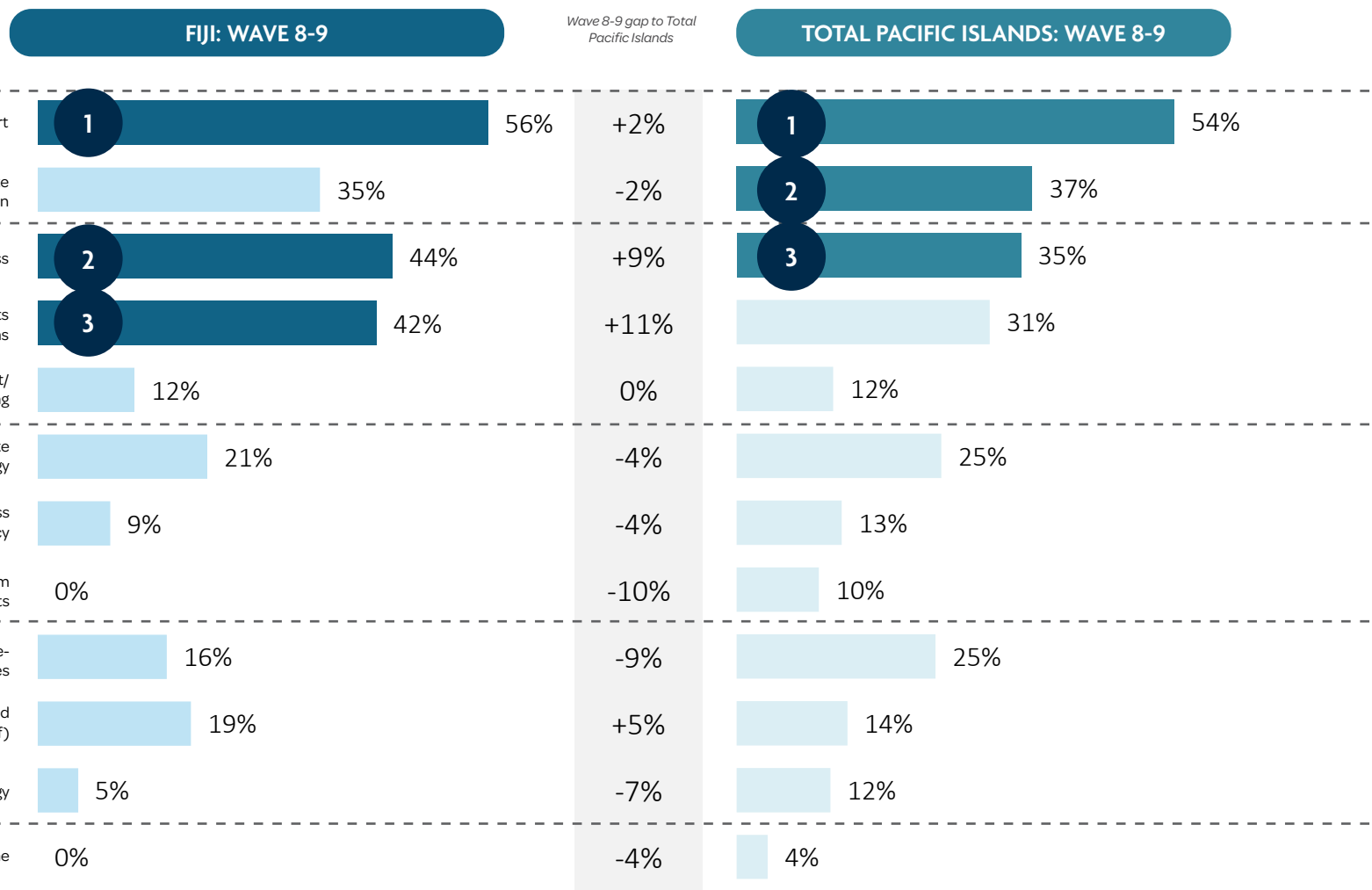


TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

Compared to the rest of the Pacific Islands, Fiji businesses are more likely to be looking to access new markets and diversify their business but are less likely to be implementing online commerce capabilities and reviewing team structures.

Q

WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?



BARRIERS TO ACTIONING INITIATIVES

The proportion of businesses in Fiji facing barriers to change has progressively declined over 2020. The key barrier is the lack of finance, which highlights their increasing need for financial support due to revenue decline. Increasing costs and limited assistance from banks have also become more of an issue towards the end of 2020.

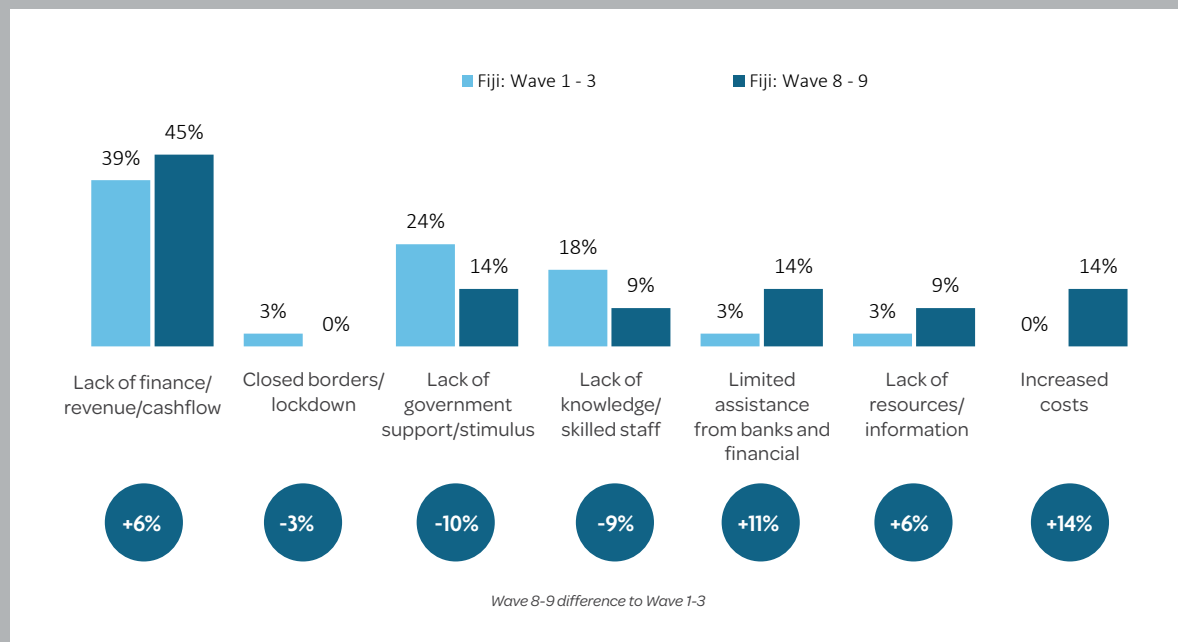
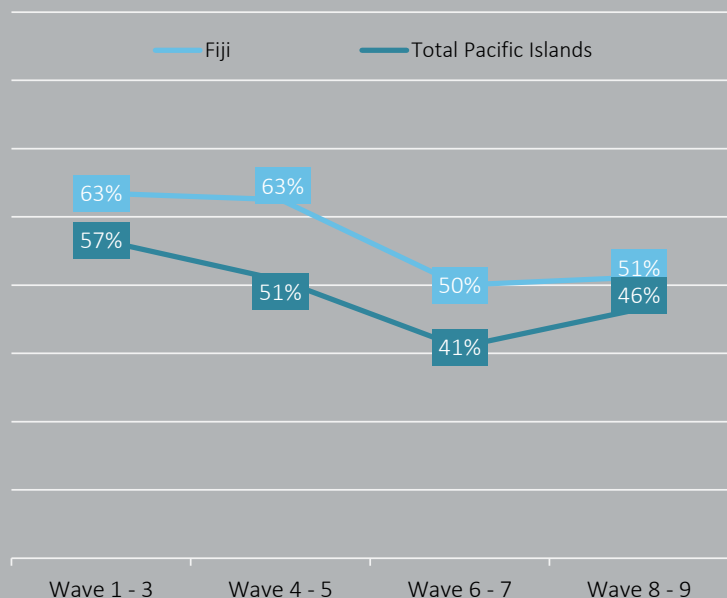
Q

IS ANYTHING PREVENTING YOU FROM ACTIONING THESE INITIATIVES?

Q

WHAT IS PREVENTING YOU FROM ACTIONING THESE INITIATIVES?

%YES



"Funding is unfortunately extremely difficult to come by in situations like this as there's virtually no money floating around in the economy. The government also hasn't really bothered to help SME's financially. The only thing that has been done is push out recommendations to banks and financial institutions to offer payment holidays on loan accounts."

- SME, Wholesale Trade, Fiji

"Access to centralized information and advisory to reach out to. It's difficult to know where to go and who to talk to."

- SME, Professional, Scientific & Technical Services, Fiji

"Westpac bank won't accept loan applications from customers who haven't previously had a commercial loan with the bank. Have been a Westpac customer for over 10 years but never required a loan facility from them, hence not able to obtain short term cashflow assistance."

- SME, Tourism, Fiji

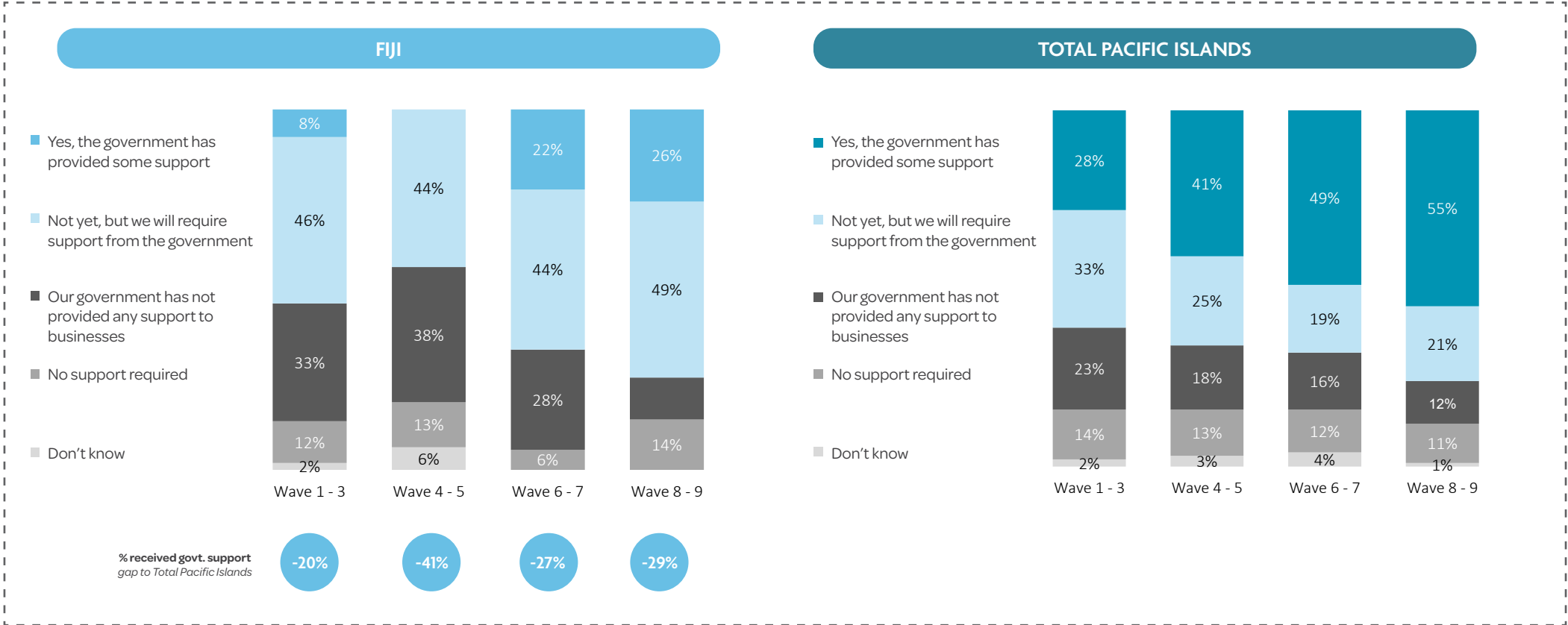
"I want to go online but website, artwork and media cost money. Setting up platforms for online payment costs money. Locals banks are charging \$20,000 to set up online payment platforms."

- SME, Agriculture, Forestry & Fishing, Fiji

ACCESS TO GOVERNMENT SUPPORT DURING COVID-19 CRISIS

The proportion of businesses reporting that their government has not provided any support is much higher among those in Fiji. Only 26% report receiving support at the end of 2020, compared to 55% across the Pacific Islands.

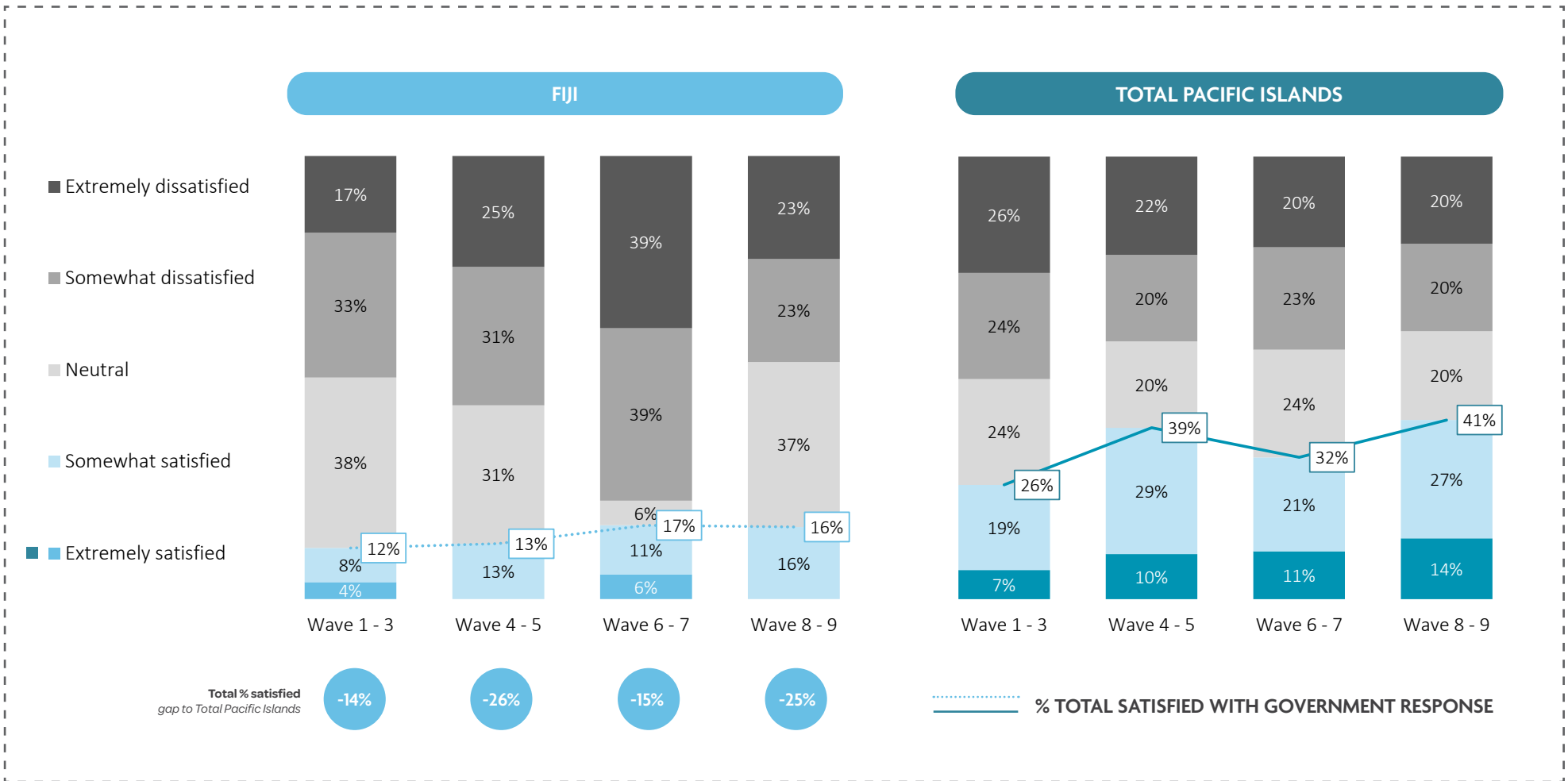
Q HAS YOUR BUSINESS ACCESSED ANY SUPPORT FROM YOUR GOVERNMENT TO HELP YOU THROUGH THE COVID-19 CRISIS?



SATISFACTION WITH GOVERNMENT SUPPORT

In line with less support available, businesses in Fiji are much less satisfied with the way the government has supported their business through the COVID-19 crisis.

Q HOW SATISFIED ARE YOU WITH THE WAY YOUR GOVERNMENT HAS SUPPORTED YOUR BUSINESS THROUGH THE COVID-19 CRISIS?



RESEARCH METHODOLOGY



WHO DID WE SPEAK WITH?

MORE THAN

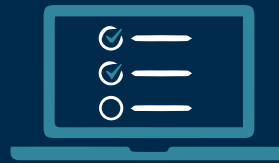
110

COMPLETED
SURVEYS PER WAVE

All respondents are key influencers or decision makers in their business. All businesses are based in the Pacific Islands.

N=129

TOTAL COMPLETED
SURVEYS FROM FIJI



HOW DID WE SPEAK WITH THEM?

8

MINUTE

QUANTITATIVE
ONLINE SURVEYS



WHEN DID WE SPEAK WITH THEM?

9

WAVES

IN 2020

Online responses were collected over nine waves between 18 May–13 December 2020.

PACIFIC TRADE INVEST

The PTI Network is an agency of the Pacific Islands Forum Secretariat and is the Pacific's leading trade and investment promotion agency. With offices in Australia, China, Europe and New Zealand, the PTI Network develops and promotes trade and investment across international markets.

ACKNOWLEDGEMENTS

The PTI Network would like to thank all the Pacific businesses that took part in the Pacific Business Monitor Surveys, and on-the-ground partners for their ongoing support and who shared the surveys through their networks.

DISCLAIMER

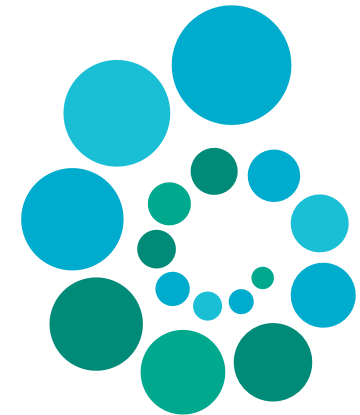
The information presented in this report is based on responses received by research company Fifth Quadrant from surveys administered from 18 May–13 December 2020.

FOR FURTHER INFORMATION

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