



Pacific Trade Invest

PACIFIC BUSINESS MONITOR 2020

VANUATU FOCUS



PACIFIC ISLANDS
FORUM SECRETARIAT

CONTENTS

Objectives	3
Sample profile.....	4
Impact of COVID-19 on business status.....	6
Impact of COVID-19 on business	7
Impact of COVID-19 on business revenue.....	8
Impact of COVID-19 on the local economy.....	9
Impact of COVID-19 on wellbeing	10
Impact of COVID-19 on emotional state	11
Challenges as a result of COVID-19 and market conditions	12
Actions taken to reduce cost and damage to business	14
Confidence in business survival	16
Timeframe of sales/revenue returning to business as usual.....	17
Top 3 initiatives needed to support businesses.....	18
Barriers to actioning initiatives.....	20
Access to government support during COVID-19 crisis.....	21
Satisfaction with government support.....	22
Research methodology.....	23

INTRODUCTION

INSIGHTS INTO PACIFIC BUSINESSES

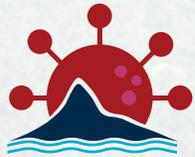
The COVID-19 outbreak has caused a global health emergency and an economic slowdown impacting millions of small and medium-sized enterprises (SMEs) around the world, including the Pacific region.

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

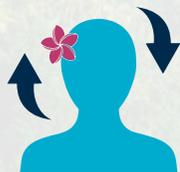


UNDERSTAND THE IMPACT OF COVID-19 ON SMES IN THE PACIFIC:

- 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

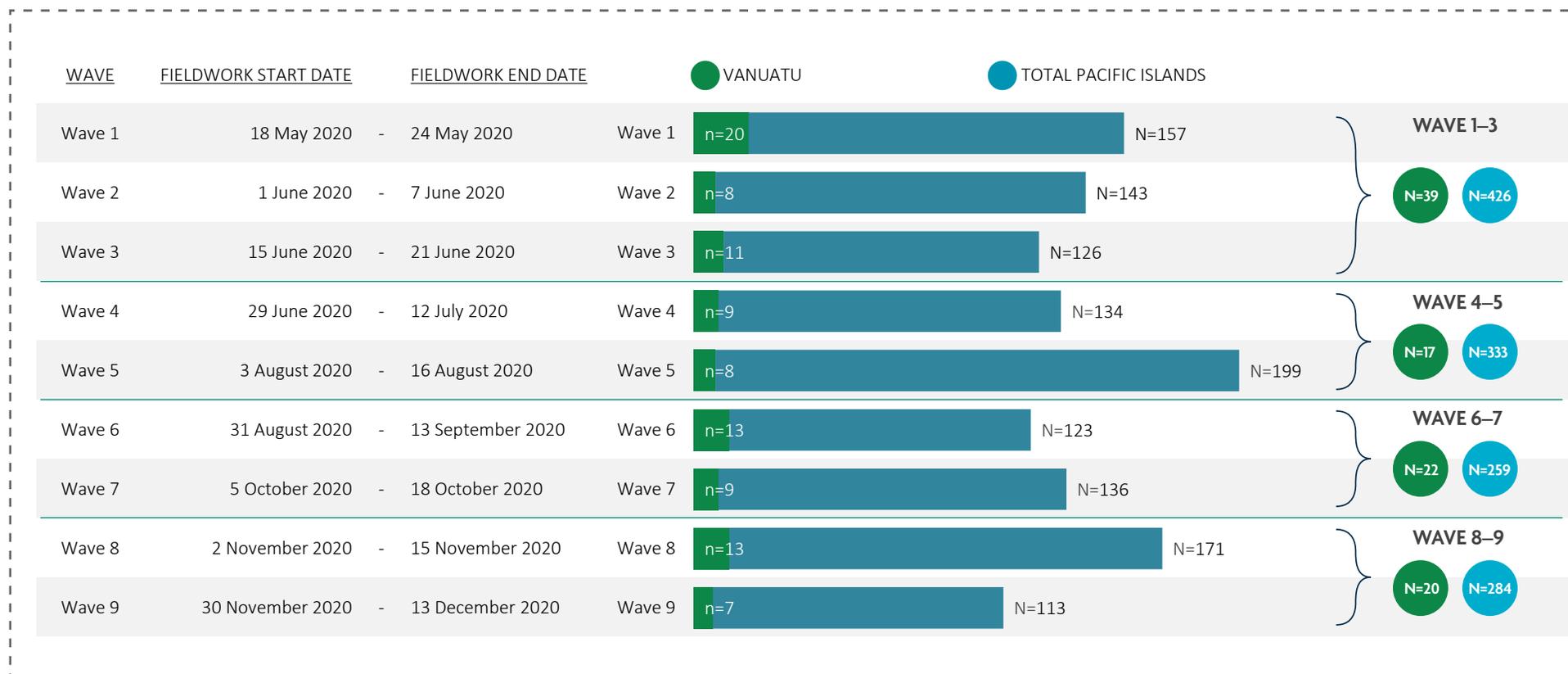
LOCATION

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 Vanuatu 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 Vanuatu to the total Pacific Islands.



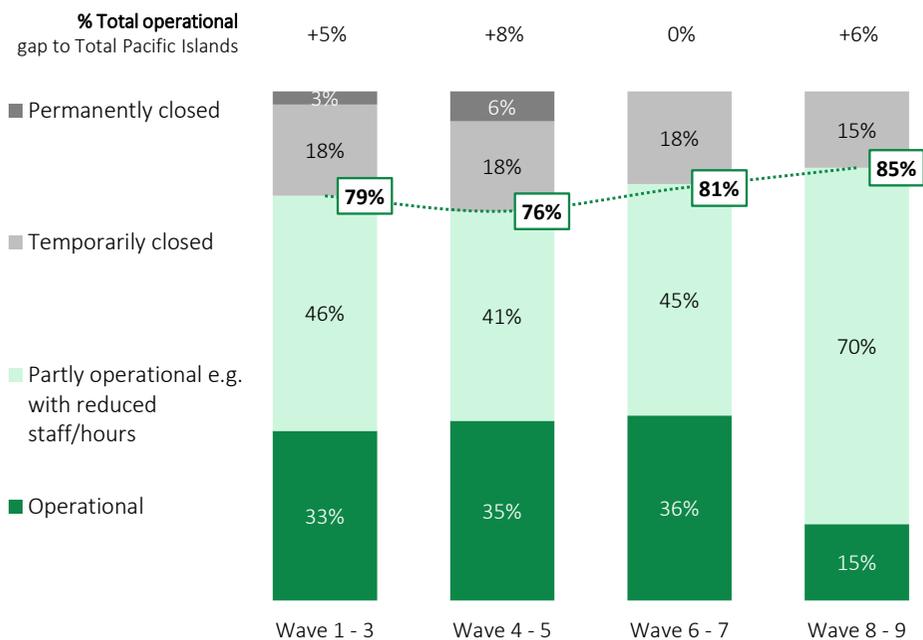
IMPACT OF COVID-19 ON BUSINESS STATUS

COVID-19 has had a significant impact on the normal operation of businesses in Vanuatu, especially from November to December 2020 (Wave 8-9), where only 15% of businesses were fully operational compared to a third in previous months.

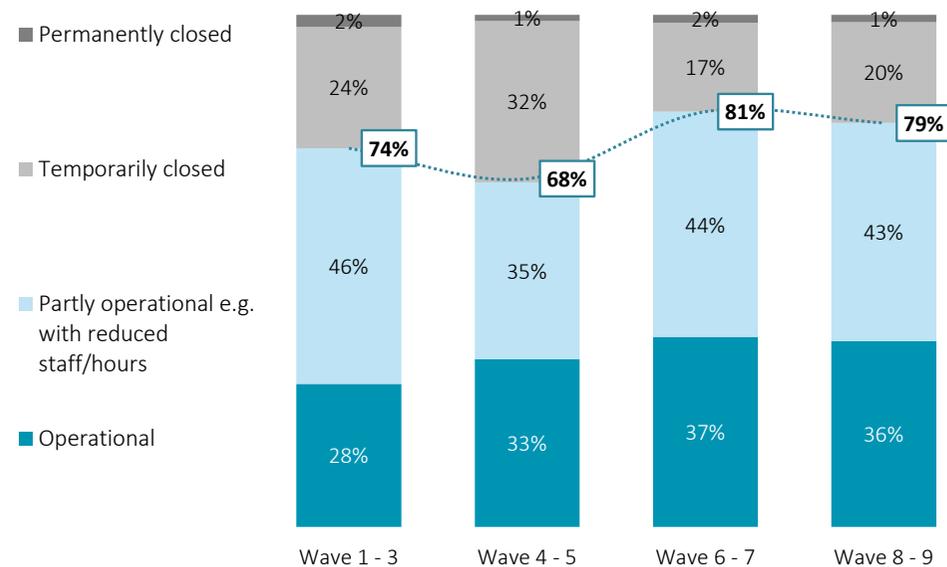
Q

WHAT IS YOUR CURRENT BUSINESS STATUS?

VANUATU



TOTAL PACIFIC ISLANDS



..... % TOTAL OPERATIONAL

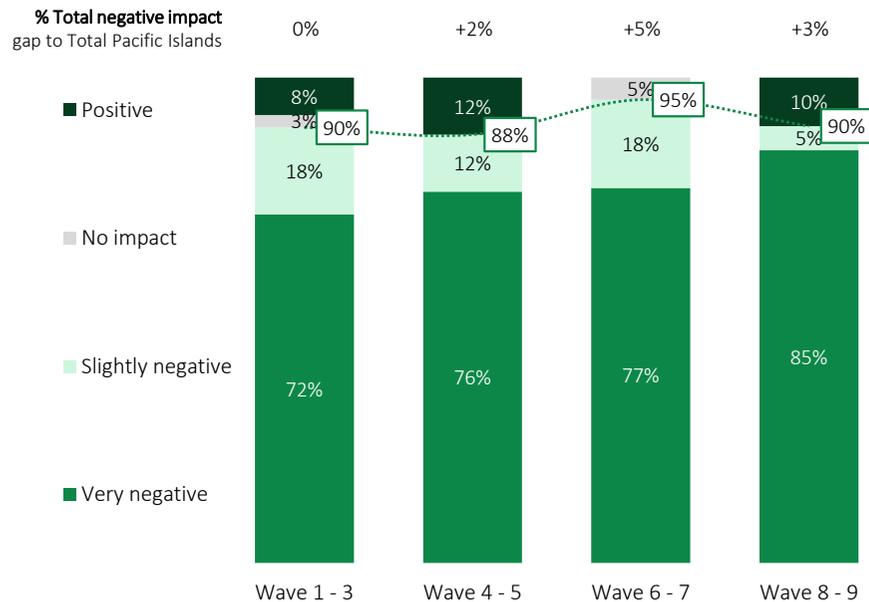
IMPACT OF COVID-19 ON BUSINESS

The negative impact on business has remained higher for businesses in Vanuatu across 2020 compared to the rest of the Pacific Islands. November to December 2020 (Wave 8-9) saw those experiencing a 'very negative' impact on their business jump to 85%, the highest level since tracking began.

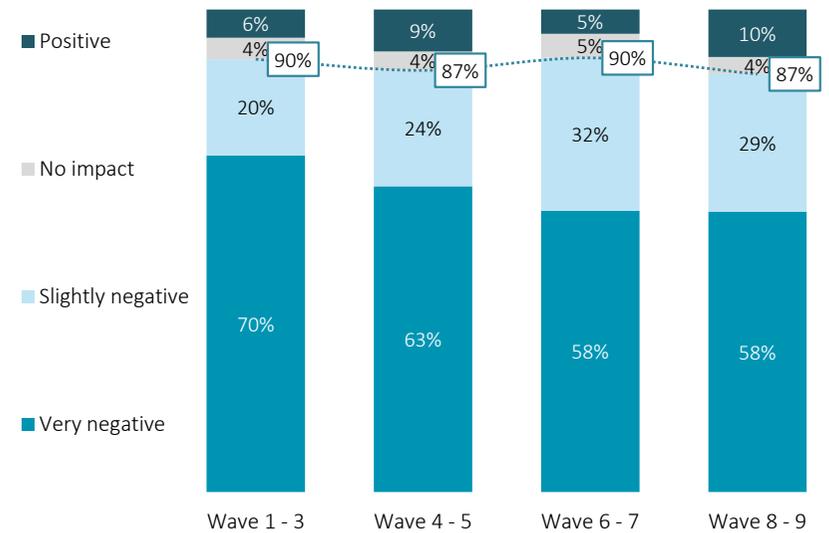
Q

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

VANUATU



TOTAL PACIFIC ISLANDS



..... % TOTAL NEGATIVE IMPACT

IMPACT OF COVID-19 ON BUSINESS REVENUE

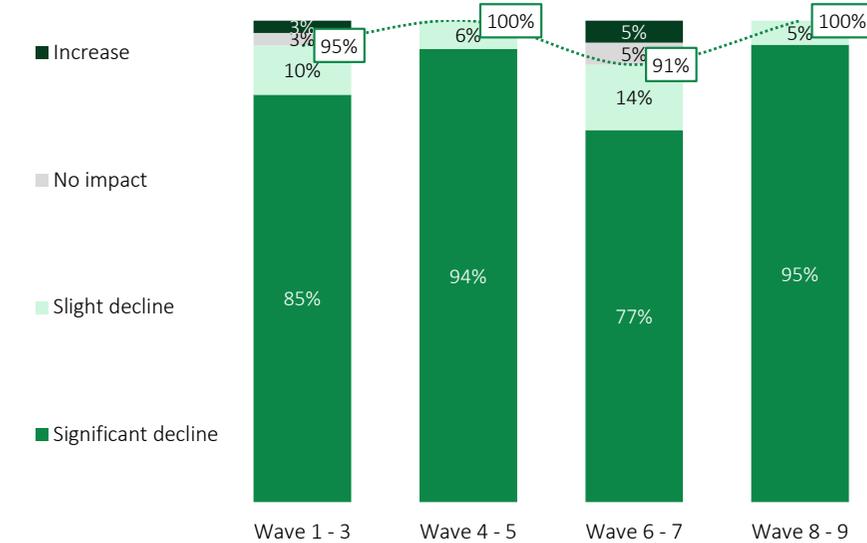
A greater proportion of businesses in Vanuatu have faced significant declines in revenue compared to the rest of the Pacific Islands.

Q

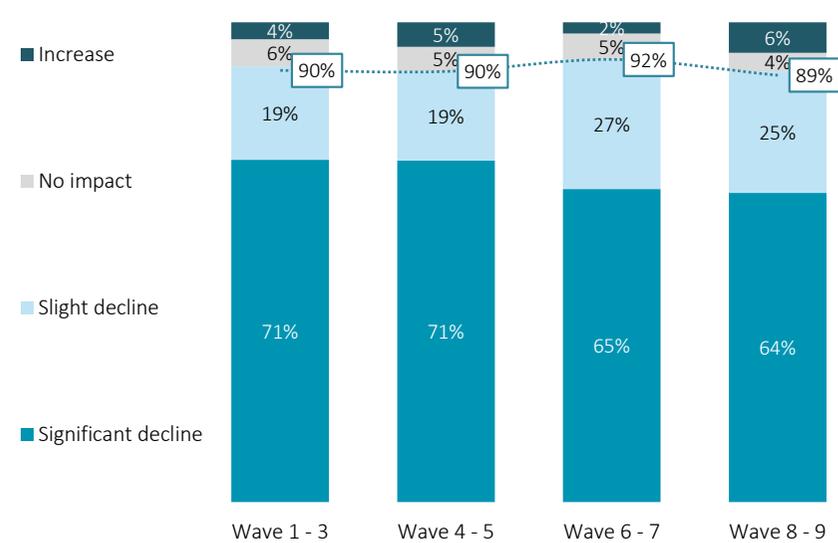
WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS SALES/REVENUE SO FAR?

VANUATU

% Total decline in revenue gap to Total Pacific Islands



TOTAL PACIFIC ISLANDS



..... % TOTAL DECLINE IN REVENUE

IMPACT OF COVID-19 ON THE LOCAL ECONOMY

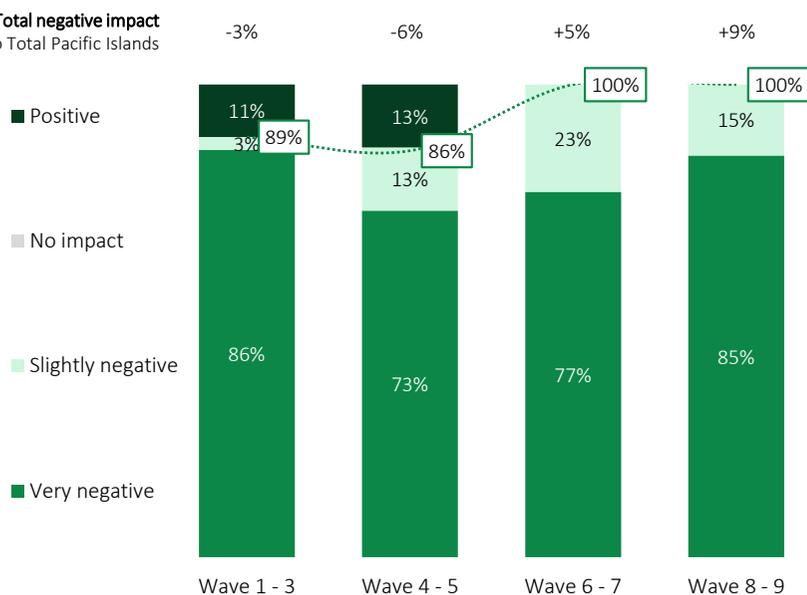
Those reporting a 'very negative' impact on the local economy in Vanuatu remained much higher than Pacific Islands overall throughout 2020.

Q

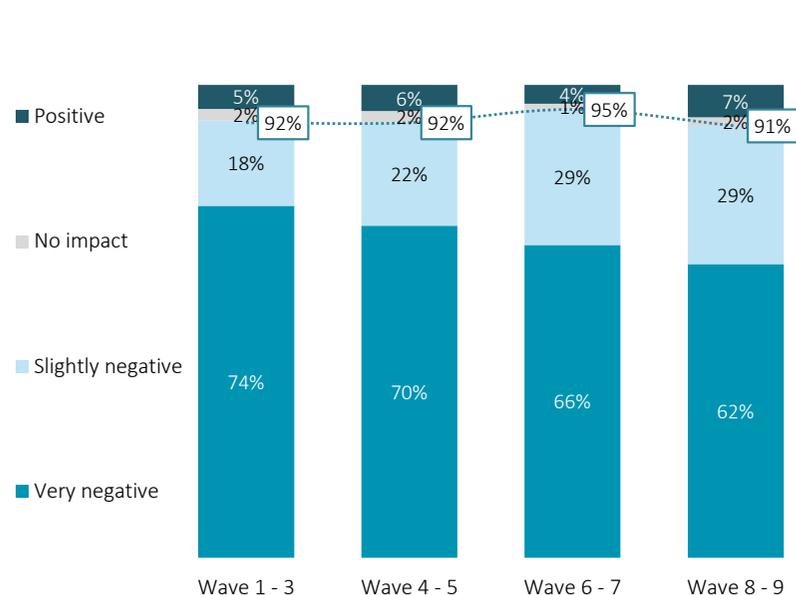
WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR LOCAL ECONOMY?

VANUATU

% Total negative impact gap to Total Pacific Islands



TOTAL PACIFIC ISLANDS



..... % TOTAL NEGATIVE IMPACT

IMPACT OF COVID-19 ON WELLBEING

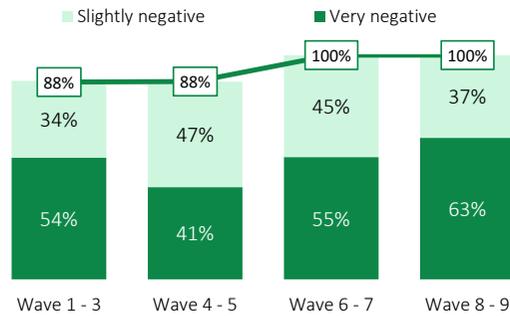
Decision makers in Vanuatu also perceived a greater negative impact on the wellbeing of the community and their financial situation compared to the Pacific Islands overall.



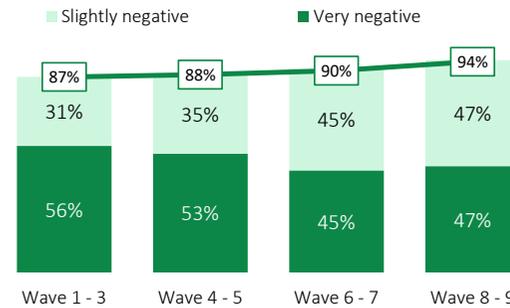
WHAT IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING...?



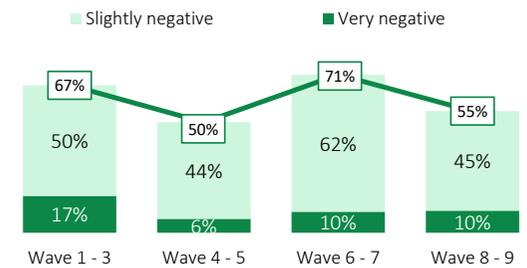
THE WELLBEING OF YOUR COMMUNITY



YOUR PERSONAL FINANCIAL SITUATION



YOUR MENTAL HEALTH



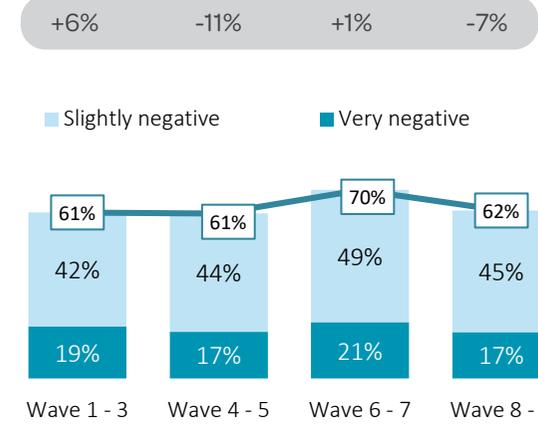
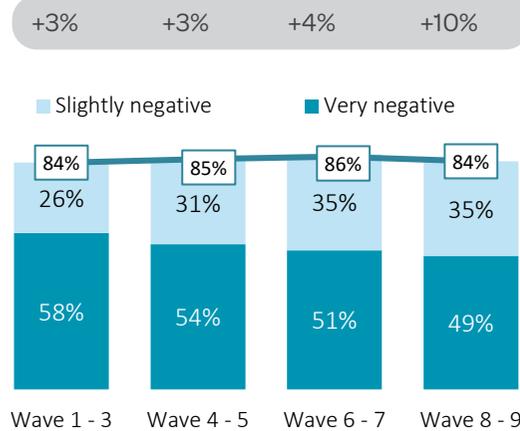
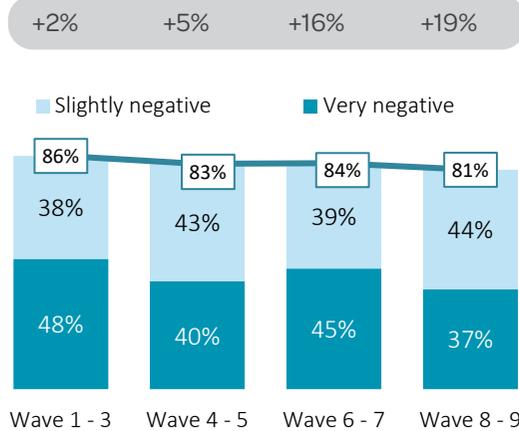
VANUATU

VERY NEGATIVE SLIGHTLY NEGATIVE

TOTAL PACIFIC ISLANDS

VERY NEGATIVE SLIGHTLY NEGATIVE

% total negative gap to total



IMPACT OF COVID-19 ON EMOTIONAL STATE

Despite challenging business conditions faced by Vanuatu decision-makers, it is positive that levels of optimism and happiness are significantly higher than the Pacific Islands overall.

Q

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

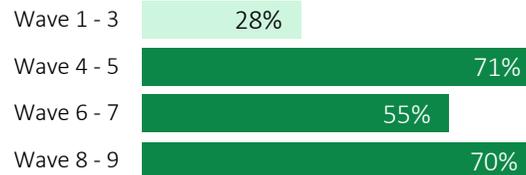
VANUATU

TOTAL PACIFIC ISLANDS

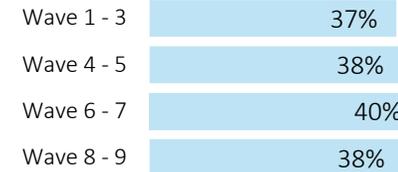


OPTIMISTIC

% Felt optimistic all/most of the time



2020 Average

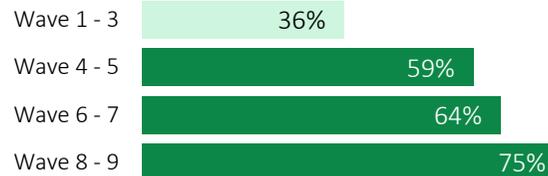


2020 Average

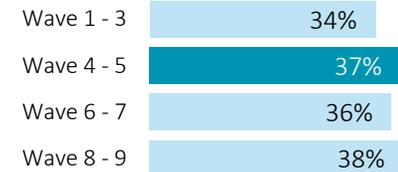


HAPPY

% Felt happy all/most of the time



2020 Average

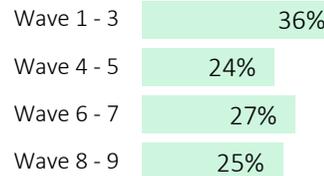


2020 Average

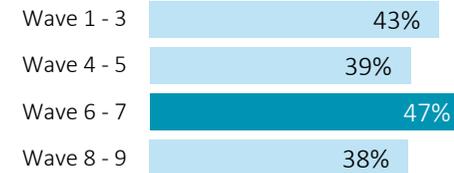


WORRIED

% Felt worried all/most of the time



2020 Average

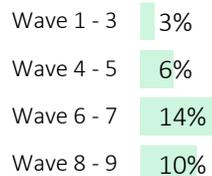


2020 Average

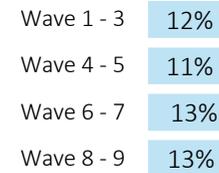


ANGRY

% Felt angry all/most of the time



2020 Average



2020 Average

CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

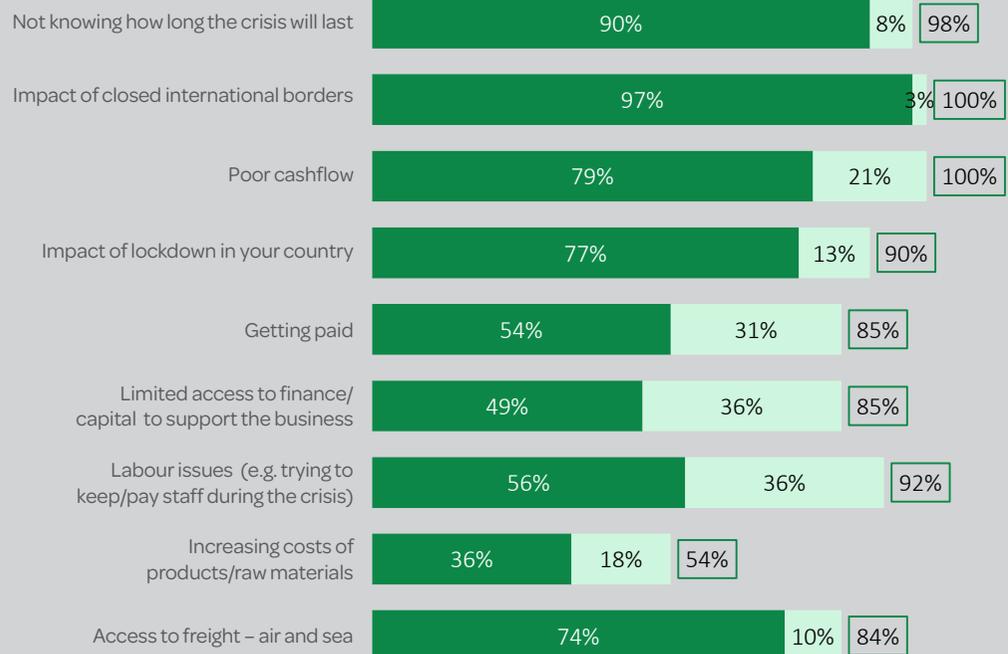
By the end of 2020, the extent of challenges faced by businesses in Vanuatu slightly declined as businesses adapted to the conditions. However, the increasing cost of products/raw materials has become increasingly challenging for more businesses in Vanuatu.

Q

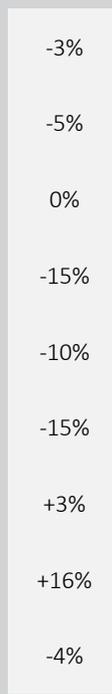
HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

VANUATU: WAVE 1-3

■ Very Challenging ■ Somewhat Challenging □ % Total challenging

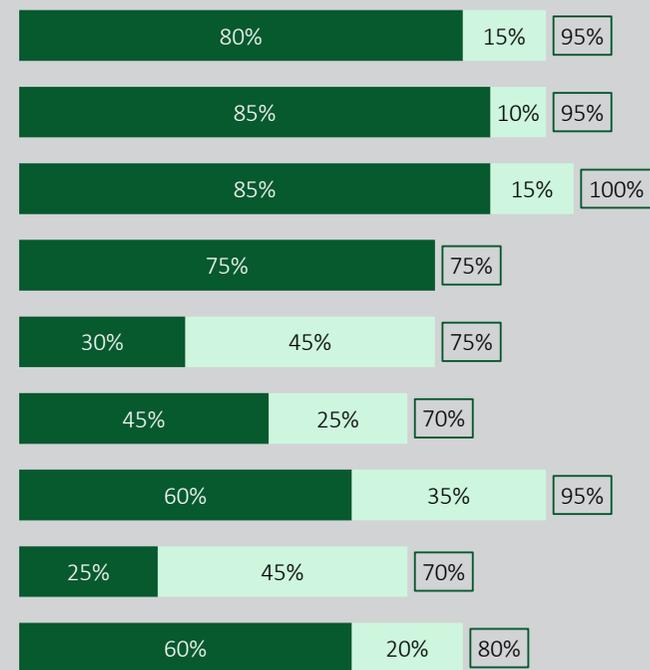


% Total challenging
Wave 8-9 difference to
Wave 1-3



VANUATU: WAVE 8-9

■ Very Challenging ■ Somewhat Challenging □ % Total challenging



CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

Towards the end of 2020, businesses in Vanuatu were more likely to face more challenges compared to the Pacific Islands overall, particularly with the impact of lockdown, labour issues and access to freight.



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

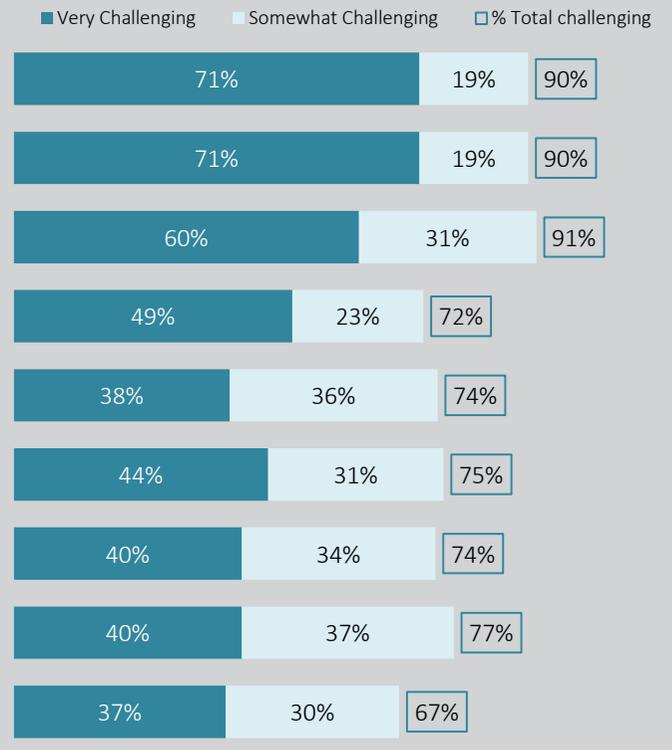
VANUATU: WAVE 8-9



% 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

Businesses in Vanuatu are implementing more actions to reduce cost and damage since the beginning of the pandemic, to counteract the declines in revenue. Positively, more businesses are now focusing on selling more online to generate alternative revenue streams as borders remain closed.

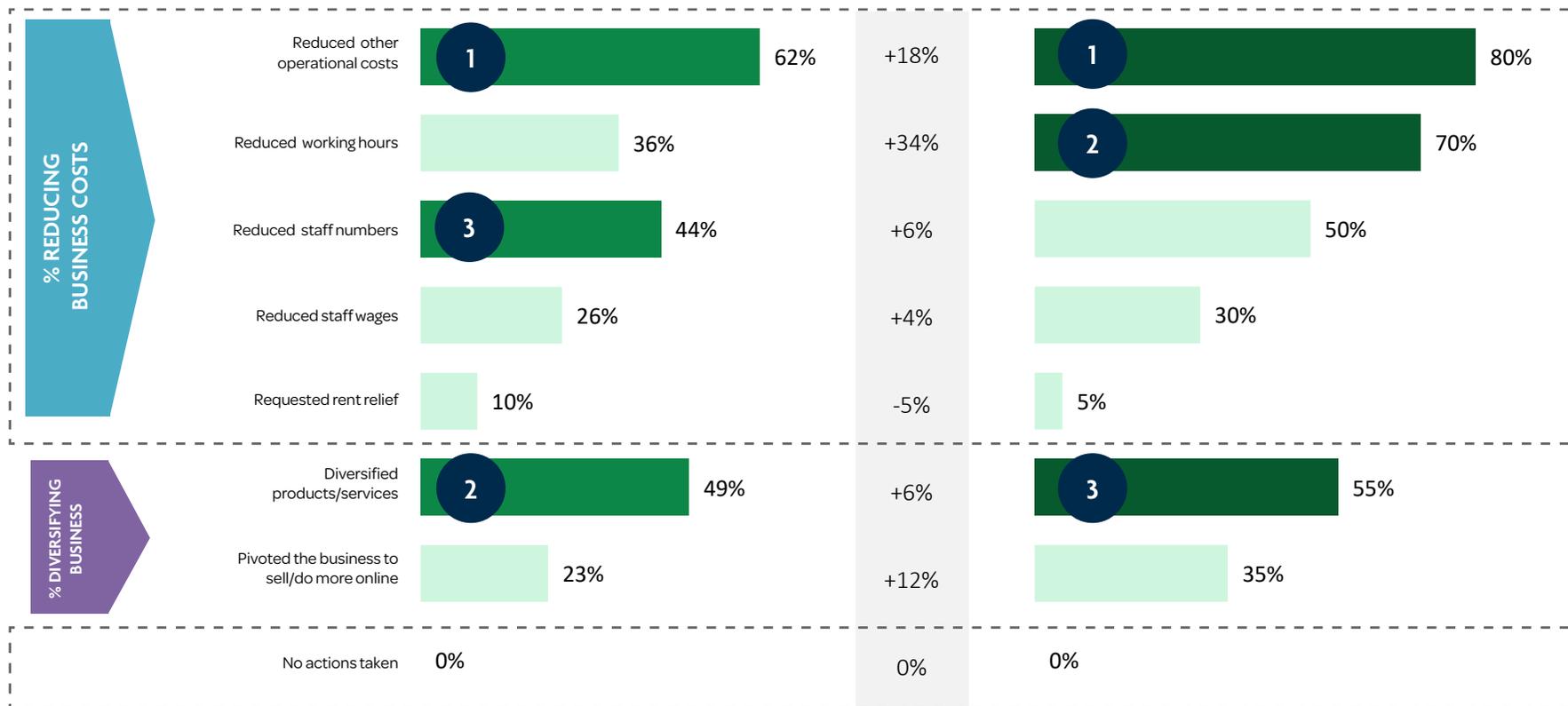


INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.

VANUATU: WAVE 1-3

% difference
Wave 8-9 to Wave 1-3

VANUATU: WAVE 8-9



AVERAGE NUMBER OF ACTIONS TAKEN

2.5

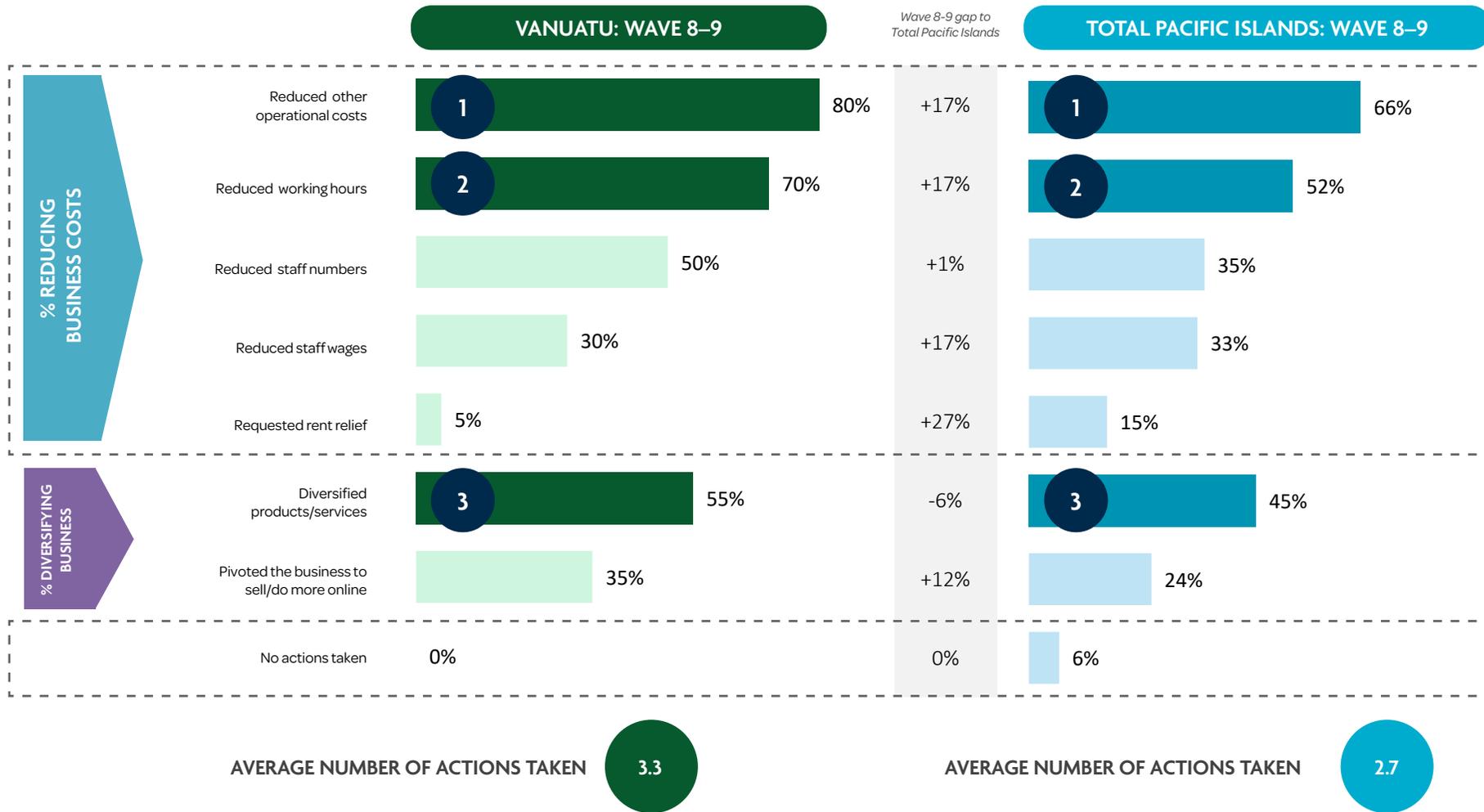
AVERAGE NUMBER OF ACTIONS TAKEN

3.3

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

Compared to the rest of the Pacific Islands, businesses in Vanuatu are taking more actions to reduce cost and damage as they have been more severely impacted.

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



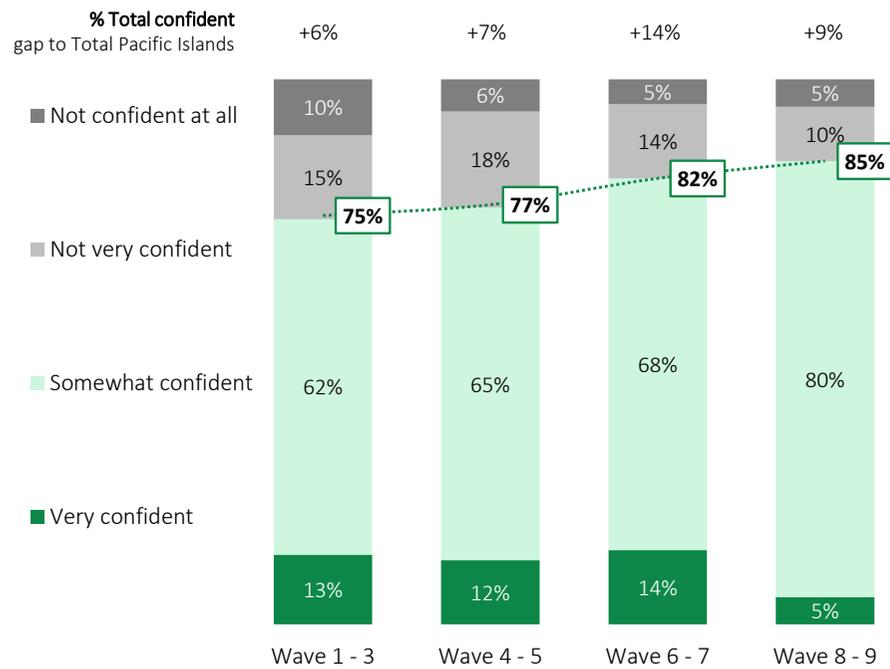
CONFIDENCE IN BUSINESS SURVIVAL

As the negative impact has been greater in Vanuatu, the proportion of businesses showing high confidence in survival is much lower among businesses in Vanuatu.

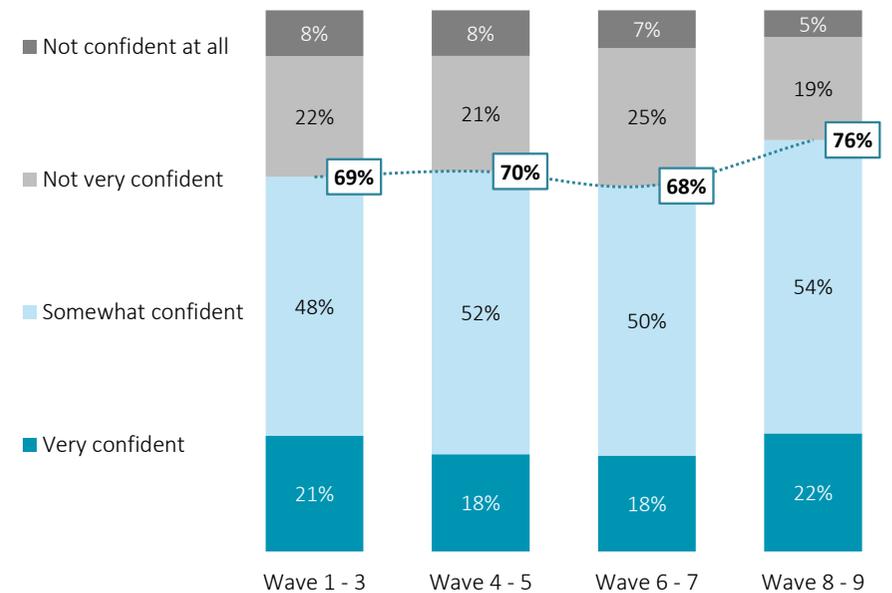
Q

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

VANUATU



TOTAL PACIFIC ISLANDS



..... % TOTAL SATISFIED WITH GOVERNMENT RESPONSE

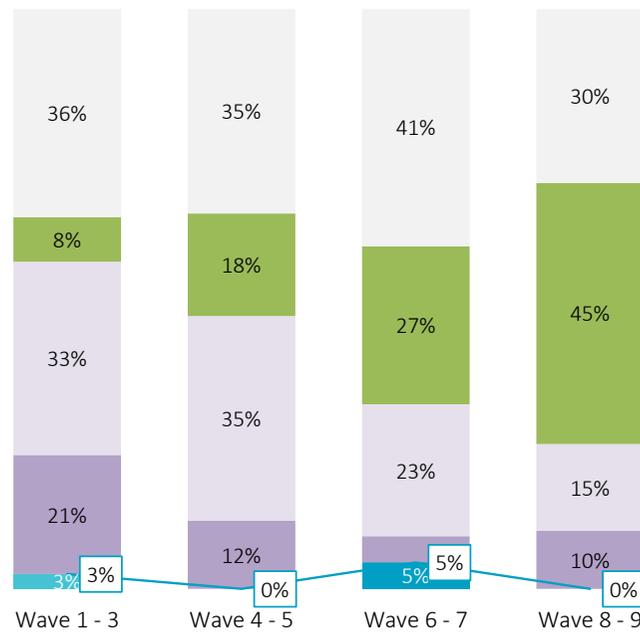
TIMEFRAME OF BUSINESS SALES/REVENUE RETURNING TO BUSINESS AS USUAL

Furthermore, the timeframe of recovery is expected to be later in Vanuatu, with 45% expecting to return in 2022 or later and only 25% expecting to return in 2021.

Q

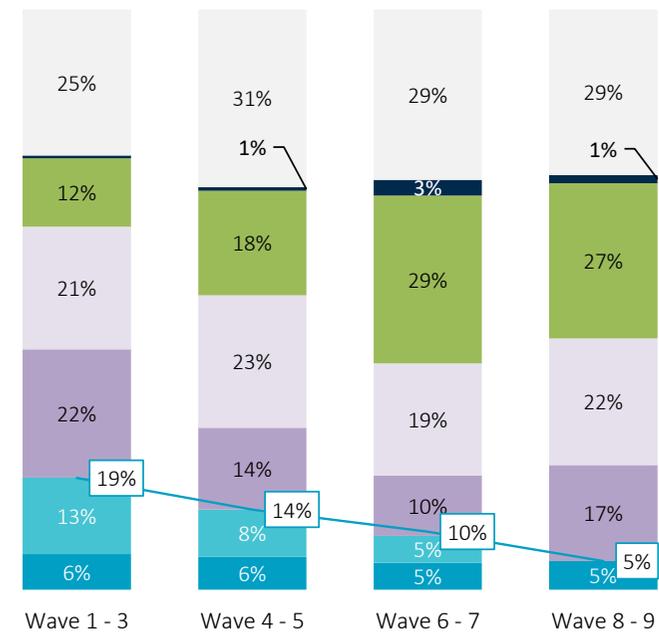
WHEN DO YOU BELIEVE YOUR BUSINESS SALES/REVENUE WILL RETURN TO PRE-COVID-19 LEVELS?

VANUATU



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



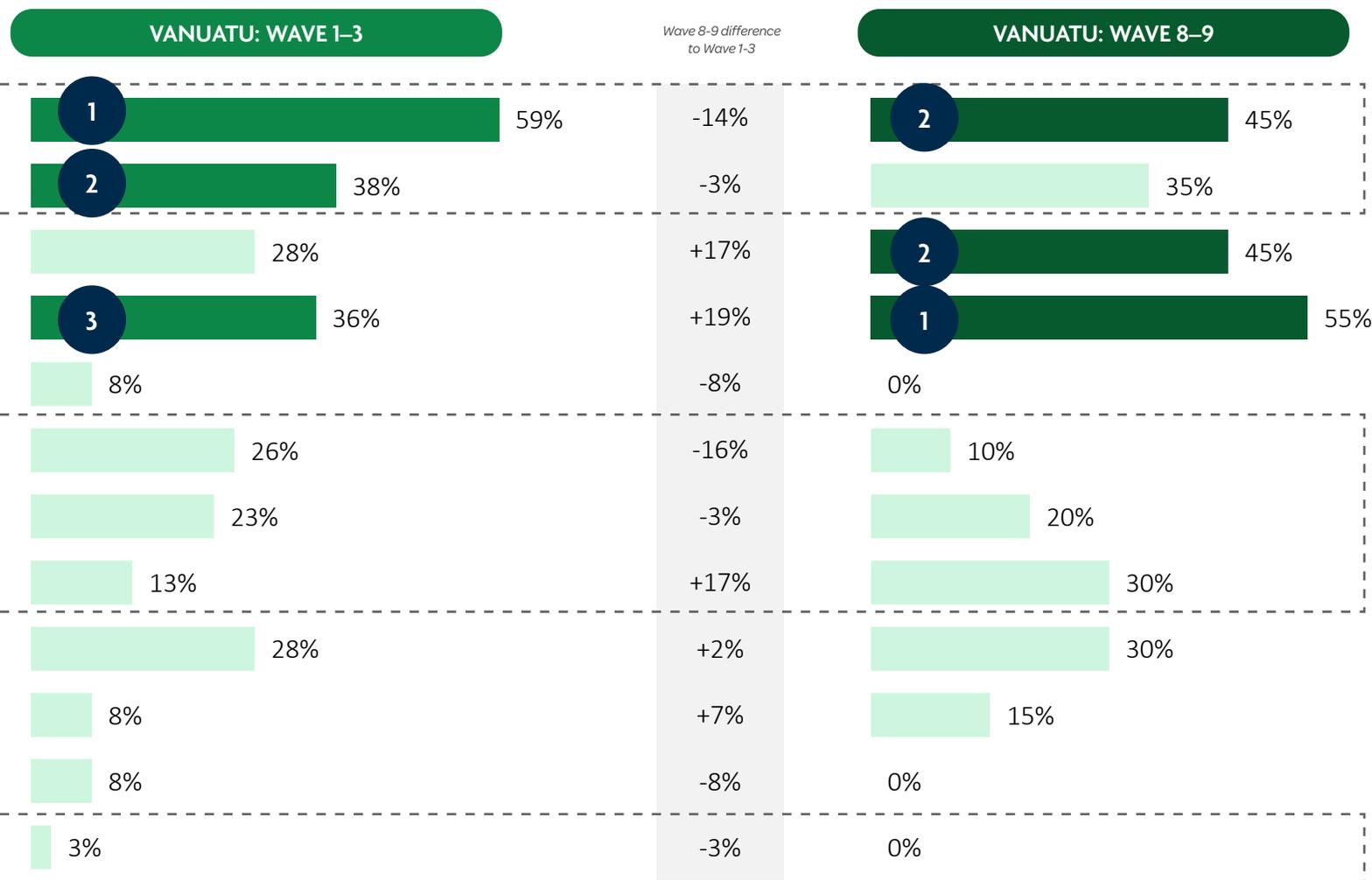
TOTAL RETURNED TO PRE-COVID LEVELS BY END OF 2020

TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

Access to new markets, diversification and reviewing team structures have become more important for businesses in Vanuatu at the end of 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, businesses in Vanuatu are more likely to be looking to access new markets and diversify their business but are less likely to review their business strategy, product offering and technology.

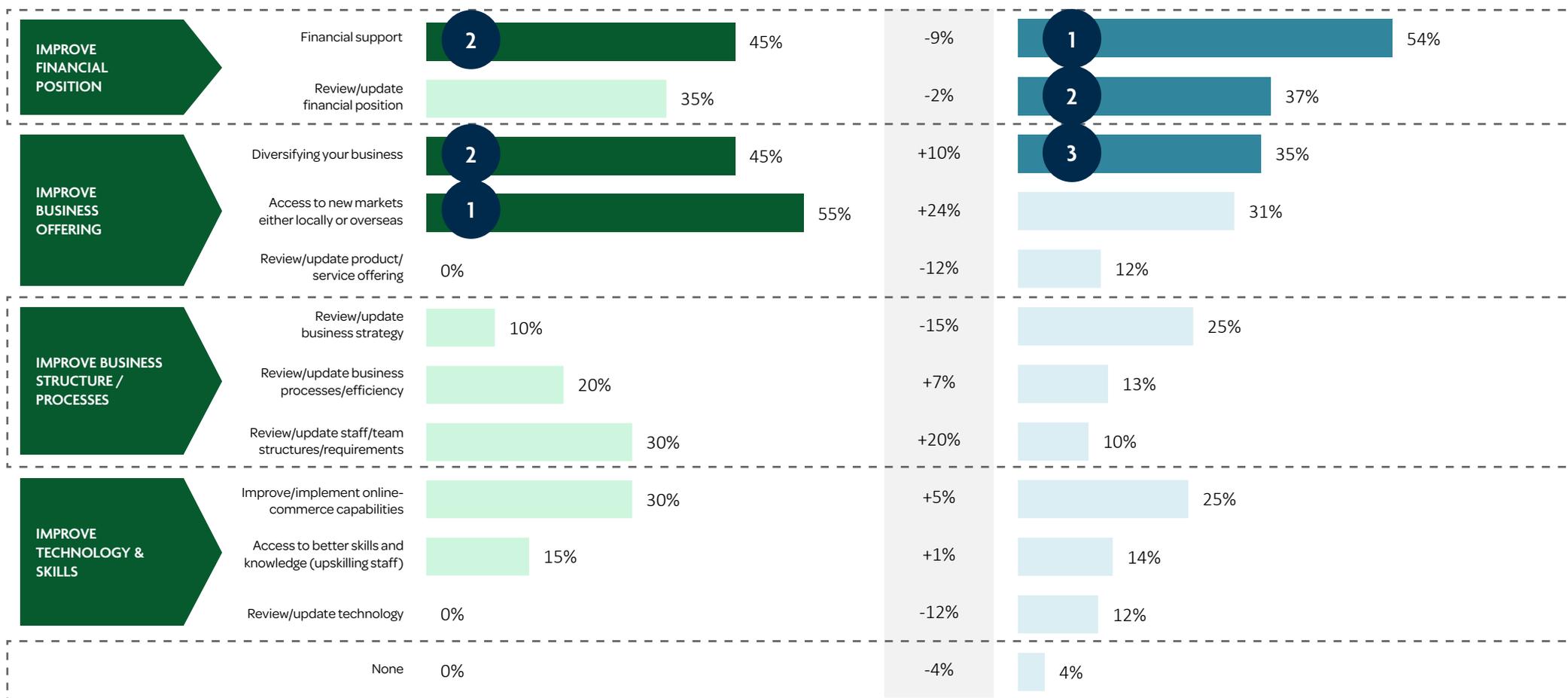
Q

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

VANUATU: WAVE 8-9

Wave 8-9 gap to Total Pacific Islands

TOTAL PACIFIC ISLANDS: WAVE 8-9

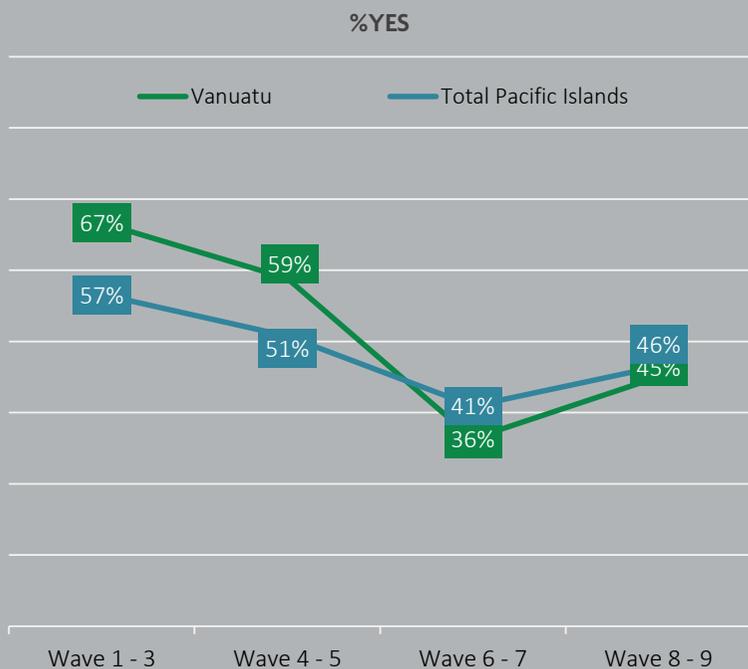


BARRIERS TO ACTIONING INITIATIVES

The proportion of businesses in Vanuatu facing barriers to change has progressively declined over 2020, with now just over half experiencing barriers. The key barrier for Vanuatu businesses at the end of 2020 was lack of government support.

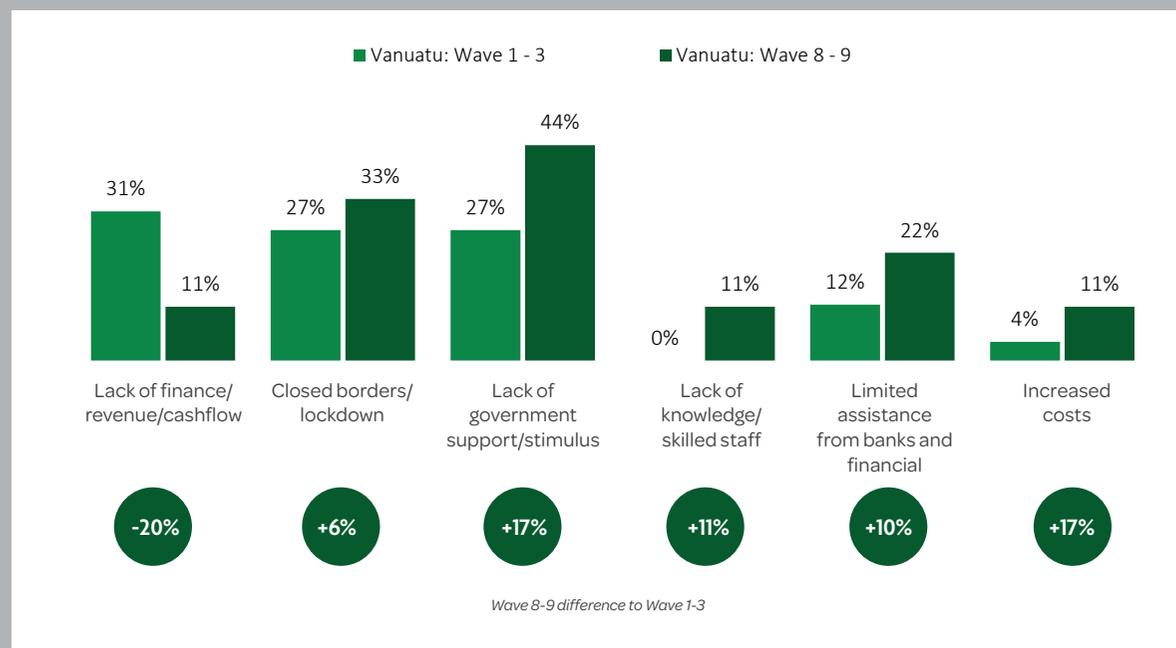
Q

IS ANYTHING PREVENTING YOU FROM ACTIONING THESE INITIATIVES?



Q

WHAT IS PREVENTING YOU FROM ACTIONING THESE INITIATIVES?



"It is extremely difficult accessing additional financial support, as local Government can only do so much and the Commercial Banks will only provide a finance repayment holiday (with interest only payments) for an unknown period of time at this stage. Diversification is happening, but this will take another 4-6 months before the production starts materialising and the cash-flow requirements for this are difficult to fund. On-line sales would be good, but with the border closures and no flights, shipping is extremely difficult, and delivery cannot be guaranteed, therefore this option will be very feasible once restrictions are over."

- SME, Agriculture, Forestry & Fishing, Vanuatu

"Government strategic priorities are very minimal, almost zero for Fisheries SMEs, (compared to Agriculture and Forestry) even before the COVID19 situation. And costs of red-tape regulations are too high and keep increasing every year. Loan interests are too high."

- SME, Agriculture, Forestry & Fishing, Vanuatu

"Government is prohibiting us from bringing in trained staff from overseas, even for the most skilled positions. They are also looking at placing hotel manager as a position for citizens. Impossible!"

- SME, Accommodation, Hospitality & Food Service, Vanuatu

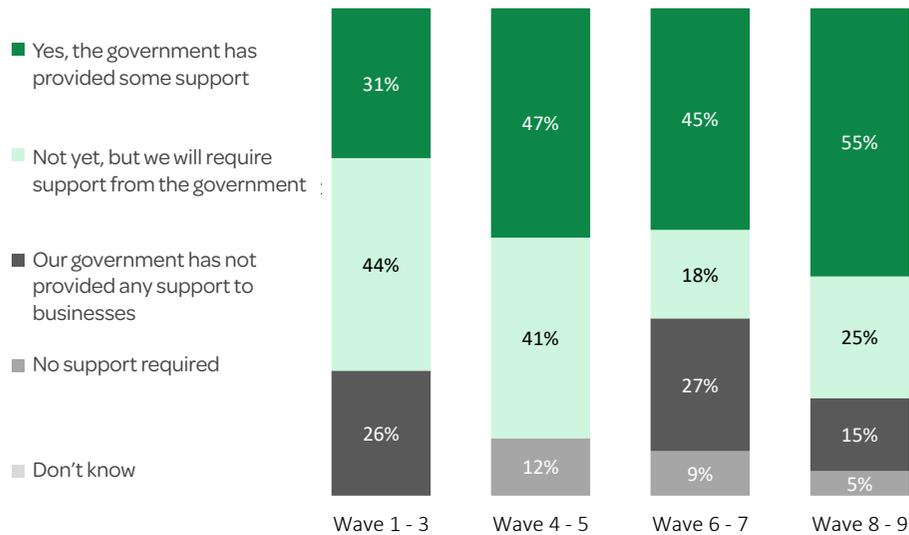
ACCESS TO GOVERNMENT SUPPORT DURING COVID-19 CRISIS

The proportion of businesses receiving government support in Vanuatu is relatively on par with the rest of the Pacific Islands.

Q

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

VANUATU



% received govt. support gap to Total Pacific Islands

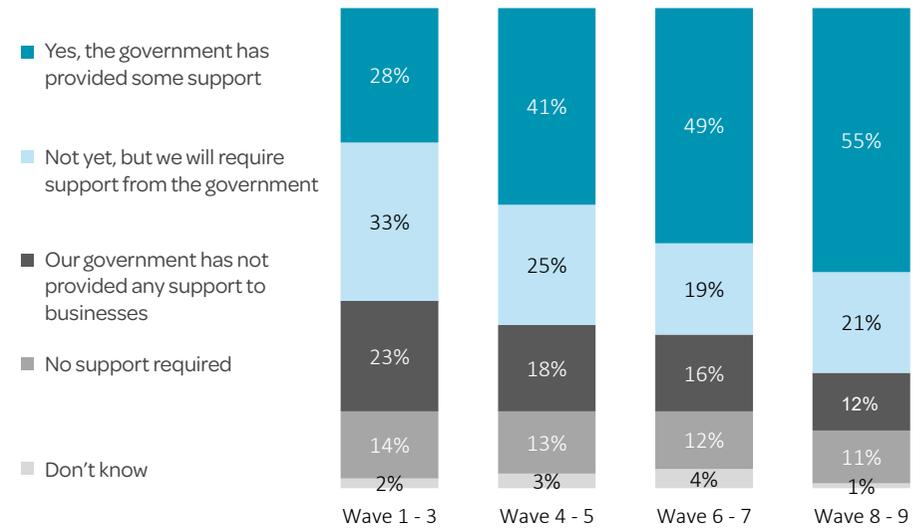
+3%

+6%

-4%

0%

TOTAL PACIFIC ISLANDS

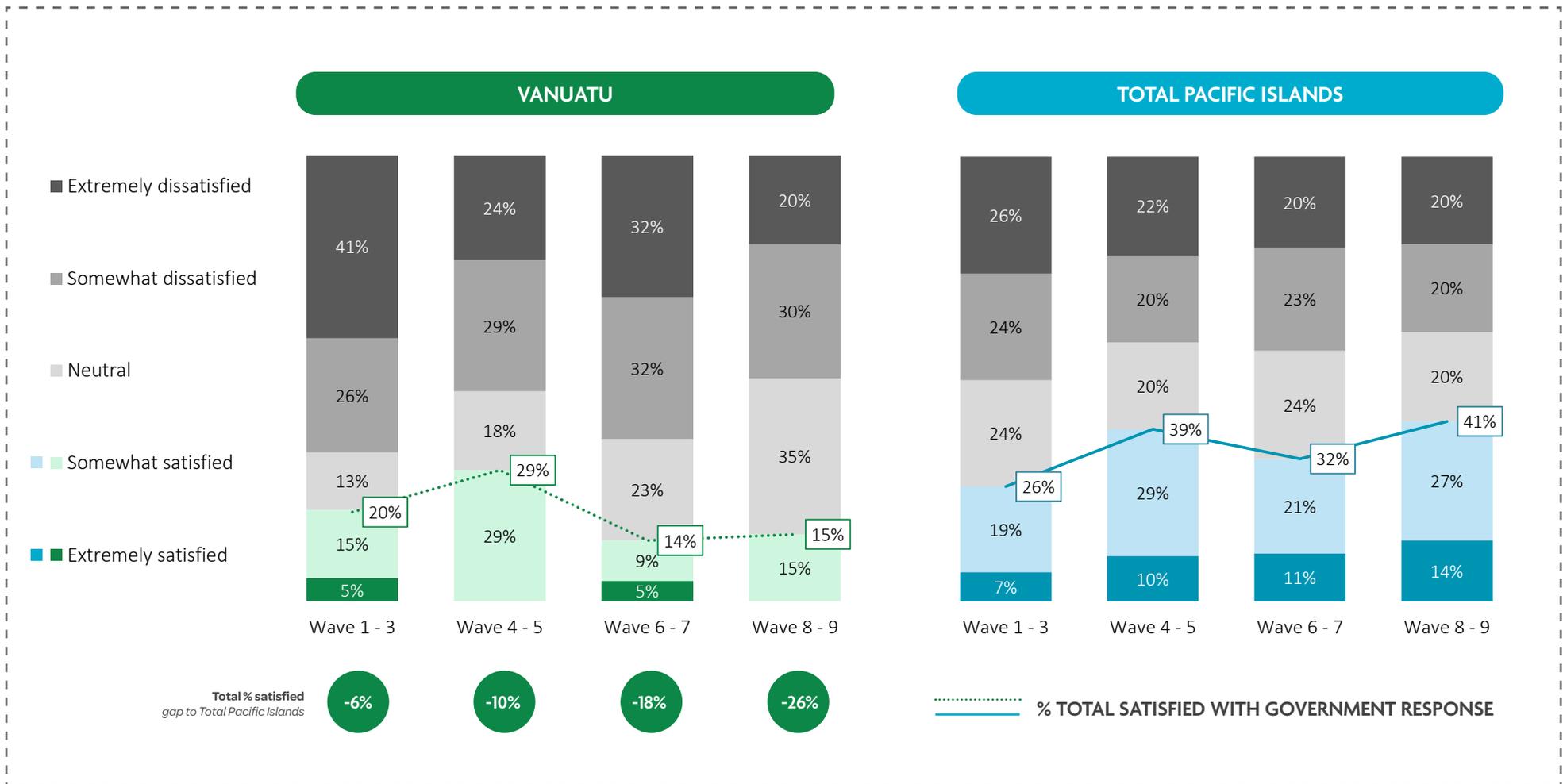


SATISFACTION WITH GOVERNMENT SUPPORT

Despite this, businesses in Vanuatu are much less satisfied with the way the government has supported their business through the COVID-19 crisis, indicating that the support given has not been sufficient to cover the higher declines in revenue seen for businesses in Vanuatu.

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=98

TOTAL COMPLETED SURVEYS FROM VANUATU



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

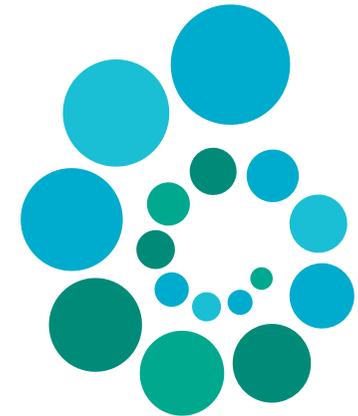
The information presented in this report is based on responses received by research company Fifth Quadrant from surveys administered from 18 May–13 December 2020.

FOR FURTHER INFORMATION

Cath Cooksley-Little

General Manager – Marketing, Communications & Tourism

Cath@pacifictradeinvest.com



Pacific Trade Invest

