



Pacific Trade Invest

PACIFIC BUSINESS MONITOR 2020

COOK ISLANDS FOCUS



PACIFIC ISLANDS
FORUM SECRETARIAT

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INTRODUCTION

INSIGHTS INTO PACIFIC BUSINESSES

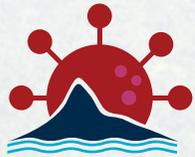
The COVID-19 outbreak has caused a global health emergency and an economic slowdown impacting millions of small and medium-sized enterprises (SMEs) around the world, including the Pacific region.

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

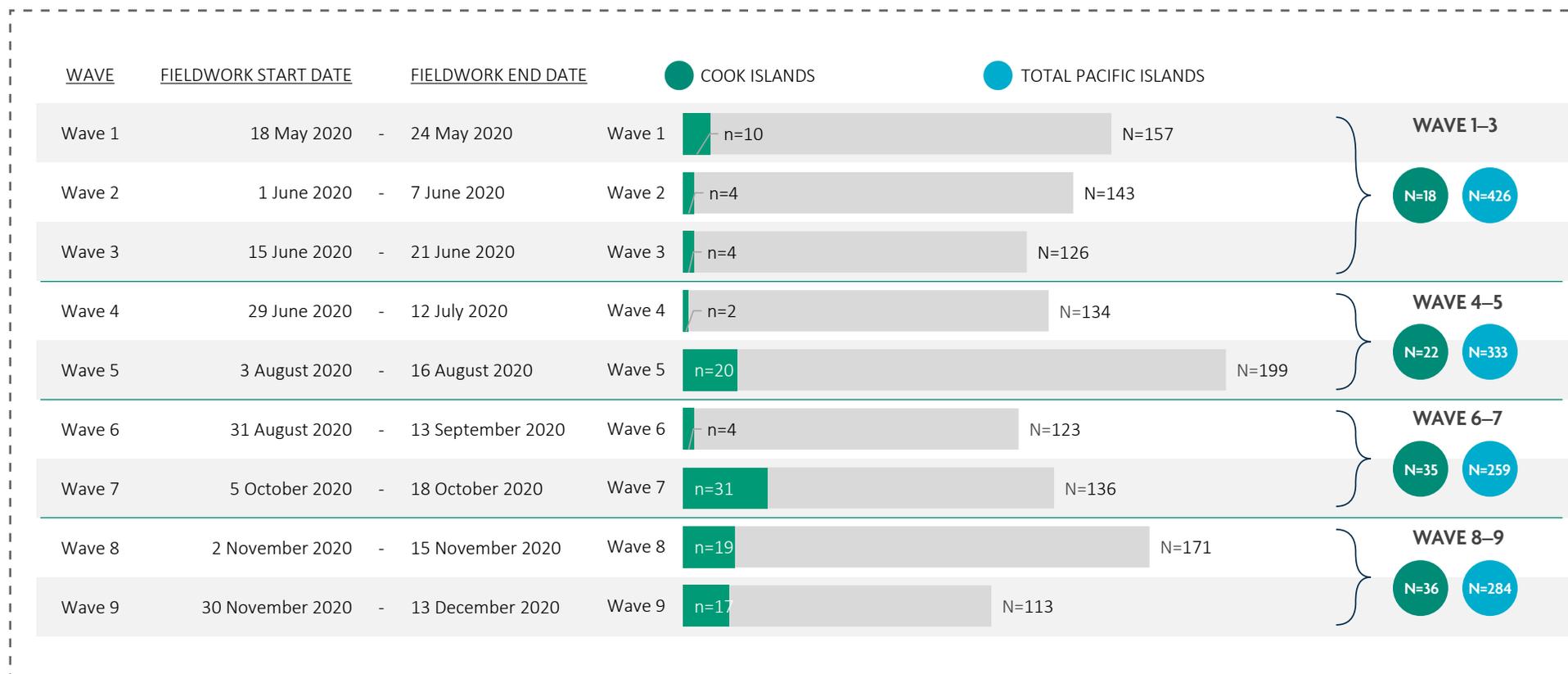
LOCATION

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



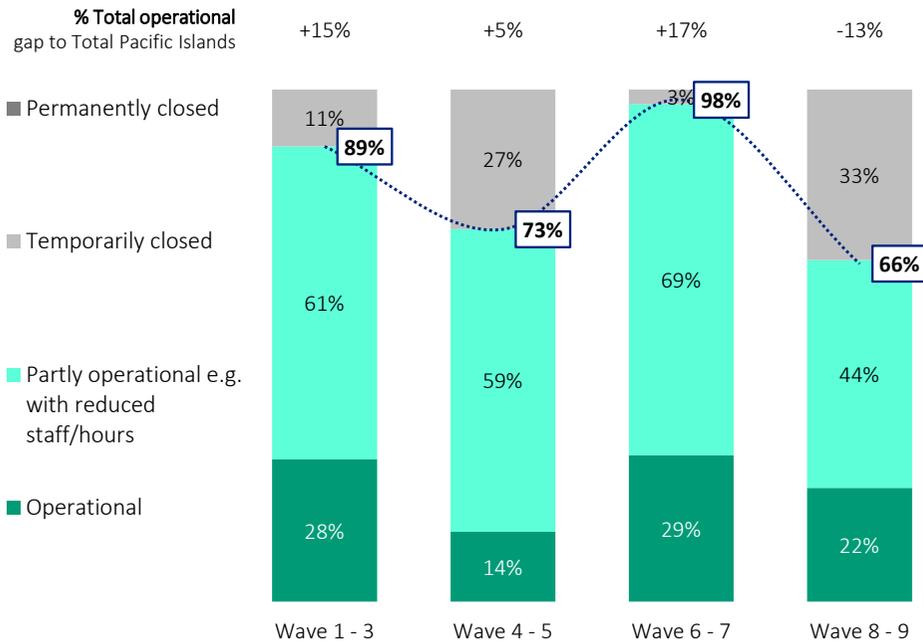
IMPACT OF COVID-19 ON BUSINESS STATUS

The COVID-19 crisis has had a significant impact on the normal operation of businesses in the Cook Islands across 2020, with only 22% fully operational by the end of 2020 compared to 36% across the Pacific Islands. Although there are no reports of permanently closed businesses, a third are still temporarily closed in the Cook Islands as international borders remain closed.

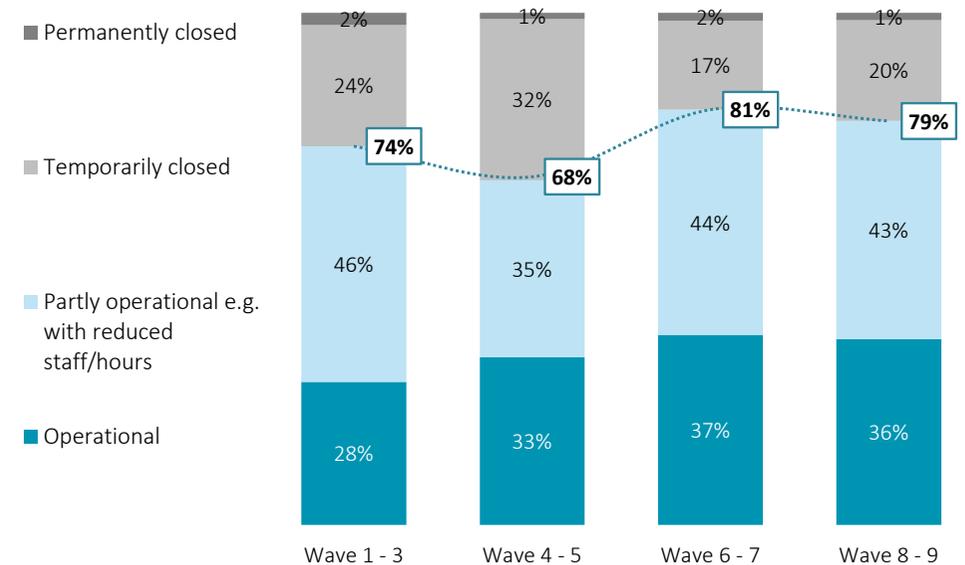
Q

WHAT IS YOUR CURRENT BUSINESS STATUS?

COOK ISLANDS



TOTAL PACIFIC ISLANDS



IMPACT OF COVID-19 ON BUSINESS

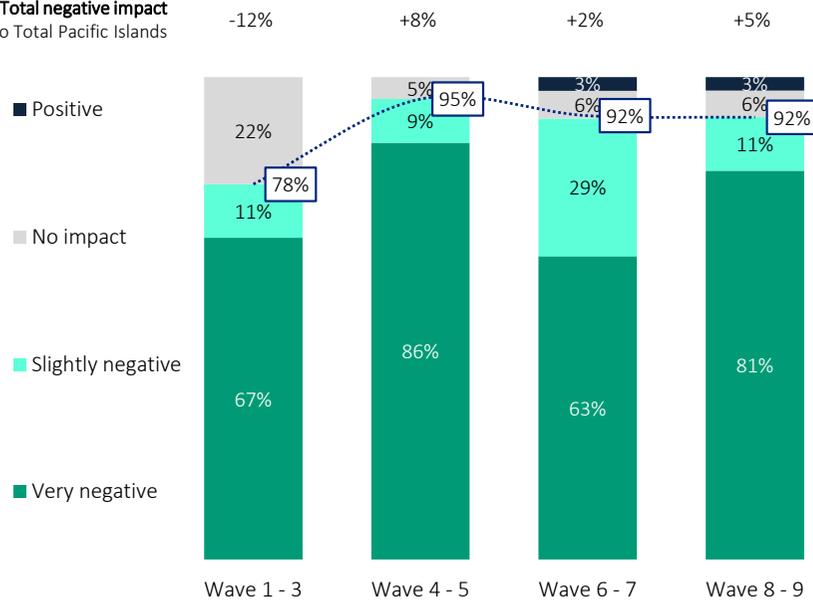
The negative impact on business remained high across 2020 for businesses in the Cook Islands and the Pacific. However, businesses in the Cook Islands are more likely to have experienced very negative impact on their business from July to December 2020 (Waves 4-9).

Q

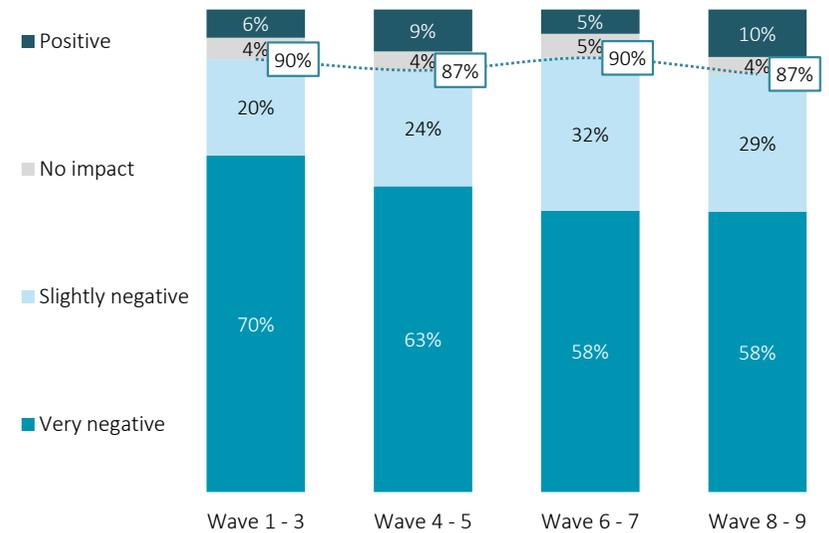
HOW WOULD YOU DESCRIBE THE IMPACT OF THE COVID-19 OUTBREAK ON YOUR BUSINESS?

COOK ISLANDS

% Total negative impact gap to Total Pacific Islands



TOTAL PACIFIC ISLANDS



IMPACT OF COVID-19 ON BUSINESS REVENUE

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

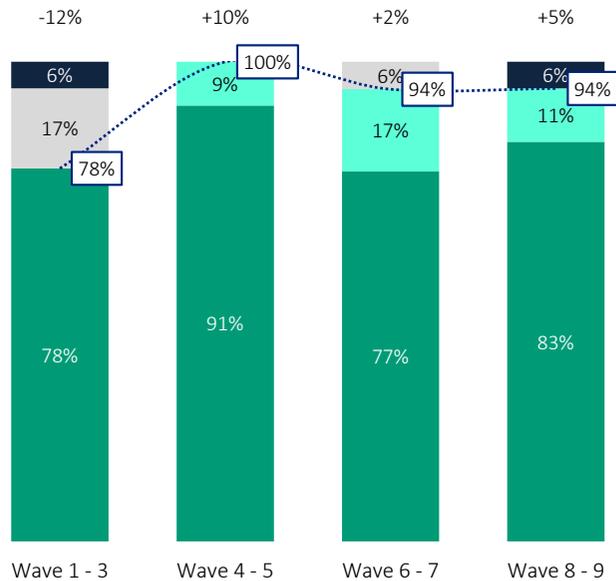
Q

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

COOK ISLANDS

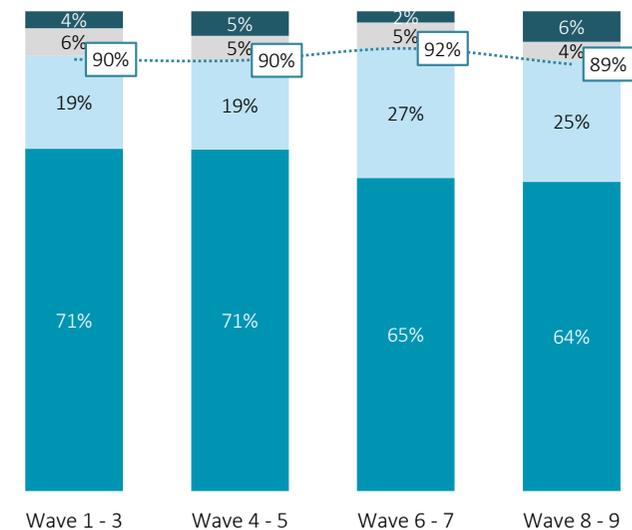
% Total decline in revenue gap to Total Pacific Islands

- Increase
- No impact
- Slight decline
- Significant decline



TOTAL PACIFIC ISLANDS

- Increase
- No impact
- Slight decline
- Significant decline



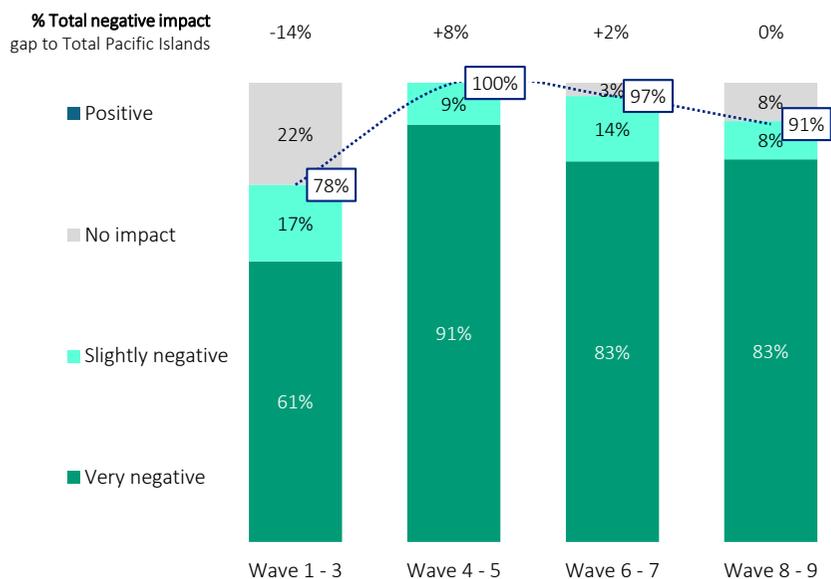
IMPACT OF COVID-19 ON THE LOCAL ECONOMY

Those reporting a very negative impact on the local economy in the Cook Islands has remained high throughout 2020, especially from July to December 2020 (Waves 4-9) where the very negative impact was much greater than across the Pacific region overall.

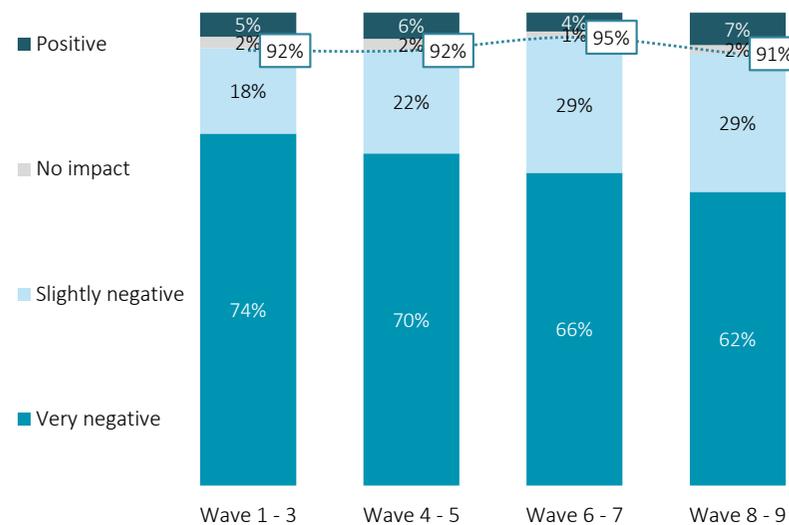
Q

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

COOK ISLANDS



TOTAL PACIFIC ISLANDS



IMPACT OF COVID-19 ON WELLBEING

In line with greater negative impact and less businesses fully operational, decision-makers in the Cook Islands have reported greater levels of 'very negative impact' on their community wellbeing and financial situation across 2020.



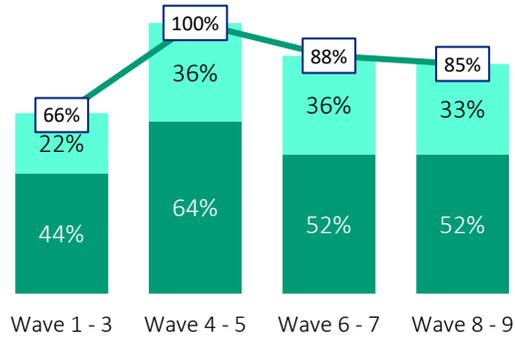
WHAT IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING...?



THE WELLBEING OF YOUR COMMUNITY

COOK ISLANDS

VERY NEGATIVE SLIGHTLY NEGATIVE

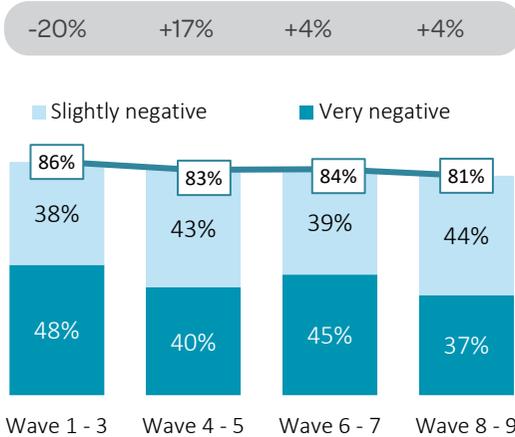


Wave 1 - 3 Wave 4 - 5 Wave 6 - 7 Wave 8 - 9

TOTAL PACIFIC ISLANDS

VERY NEGATIVE SLIGHTLY NEGATIVE

% total negative gap to total



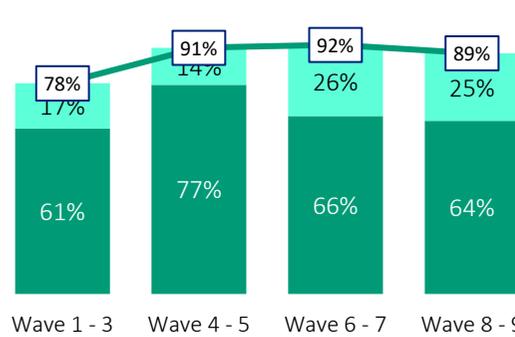
Wave 1 - 3 Wave 4 - 5 Wave 6 - 7 Wave 8 - 9



YOUR PERSONAL FINANCIAL SITUATION

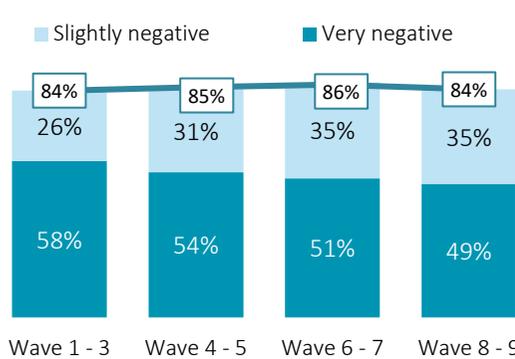
COOK ISLANDS

VERY NEGATIVE SLIGHTLY NEGATIVE



Wave 1 - 3 Wave 4 - 5 Wave 6 - 7 Wave 8 - 9

-6% +6% +6% +5%



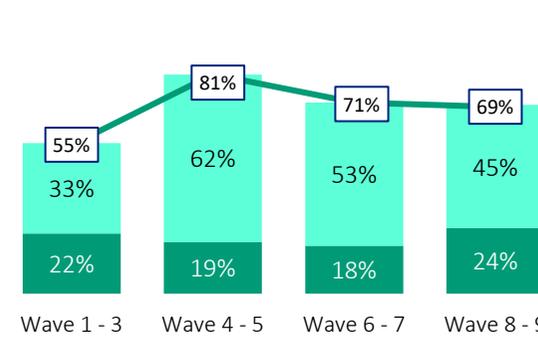
Wave 1 - 3 Wave 4 - 5 Wave 6 - 7 Wave 8 - 9



YOUR MENTAL HEALTH

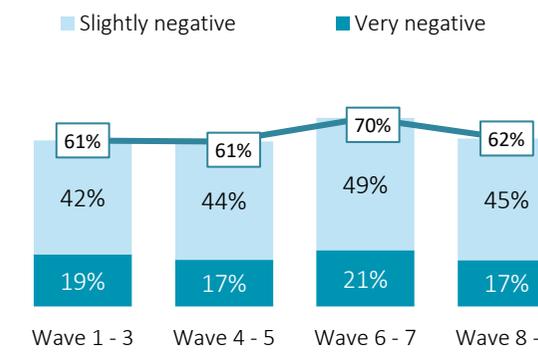
COOK ISLANDS

VERY NEGATIVE SLIGHTLY NEGATIVE



Wave 1 - 3 Wave 4 - 5 Wave 6 - 7 Wave 8 - 9

-6% +20% +1% +7%



Wave 1 - 3 Wave 4 - 5 Wave 6 - 7 Wave 8 - 9

IMPACT OF COVID-19 ON EMOTIONAL STATE

Just over a third of decision-makers in the Cook Islands have felt happy or optimistic all/most of the time in 2020, but have shown higher levels of worry, especially in the earlier months of the pandemic compared to the Pacific overall.

Q

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

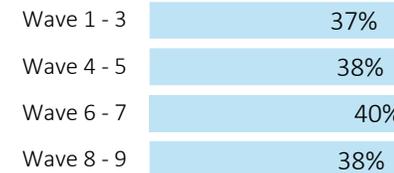
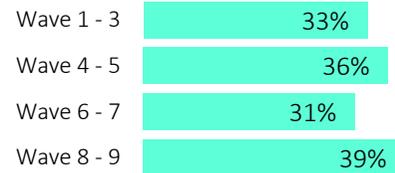
COOK ISLANDS

TOTAL PACIFIC ISLANDS



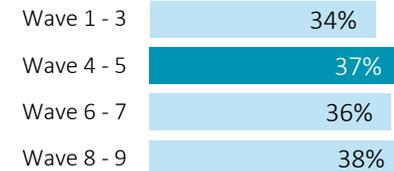
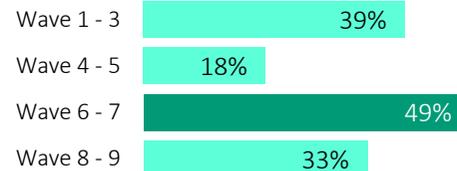
OPTIMISTIC

% Felt optimistic all/most of the time



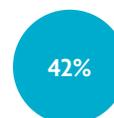
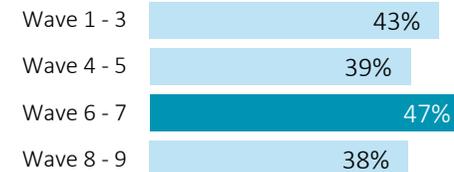
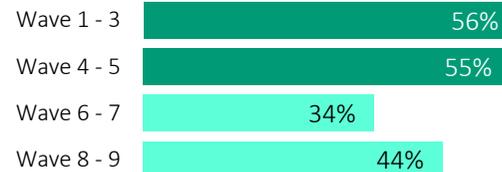
HAPPY

% Felt happy all/most of the time



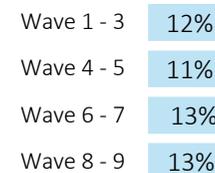
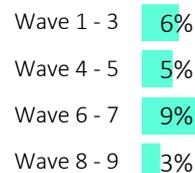
WORRIED

% 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

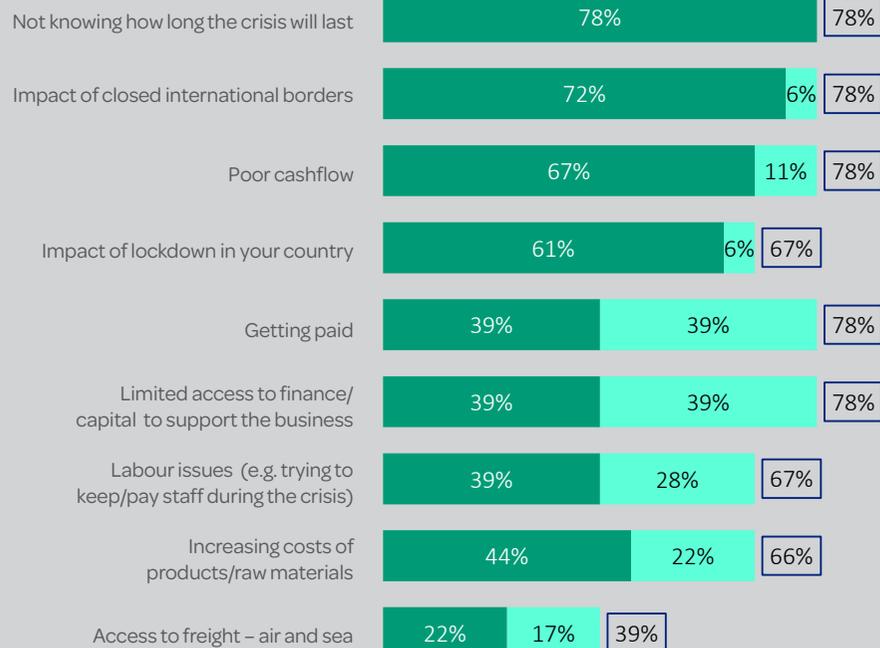
Compared to earlier in 2020, businesses in the Cook Islands have become increasingly challenged by not knowing how long the crisis will last, the impact of closed borders, poor cashflow and especially access to freight.

Q

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

COOK ISLANDS: WAVE 1-3

■ Very Challenging ■ Somewhat Challenging ■ % Total challenging

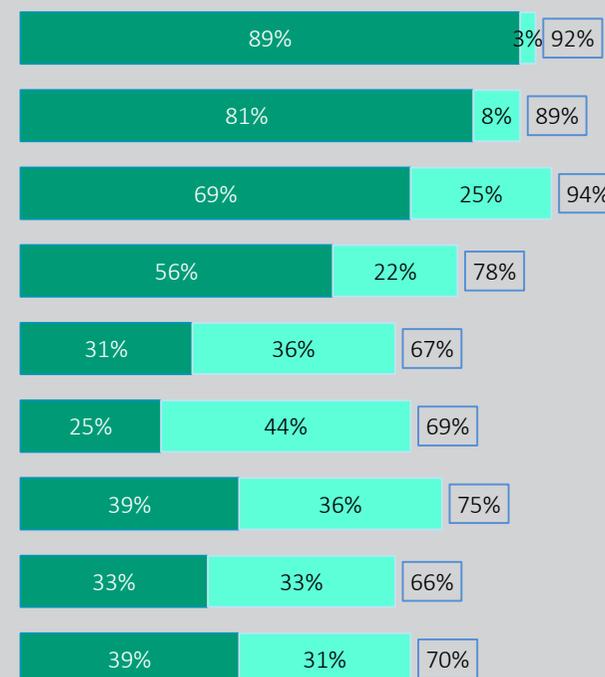


% Total challenging
Wave 8-9 difference to
Wave 1-3

+14%
+11%
+16%
+11%
-11%
-9%
+8%
0%
+31%

COOK ISLANDS: WAVE 8-9

■ Very Challenging ■ Somewhat Challenging ■ % Total challenging



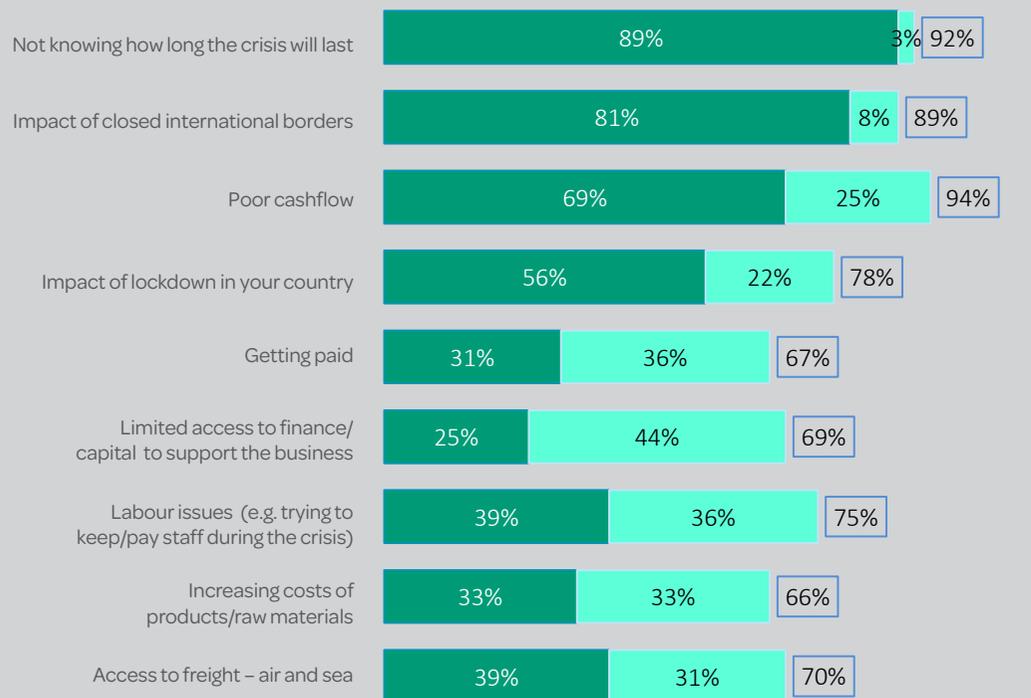
CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

Towards the end of 2020, a higher proportion of businesses in the Cook Islands were very challenged by the three main issues due to COVID-19: i.e., not knowing how long the crisis will last, the impact of closed international borders and poor cashflow compared to the Pacific Islands overall.

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

COOK ISLANDS: WAVE 8-9

Very Challenging Somewhat Challenging % Total challenging

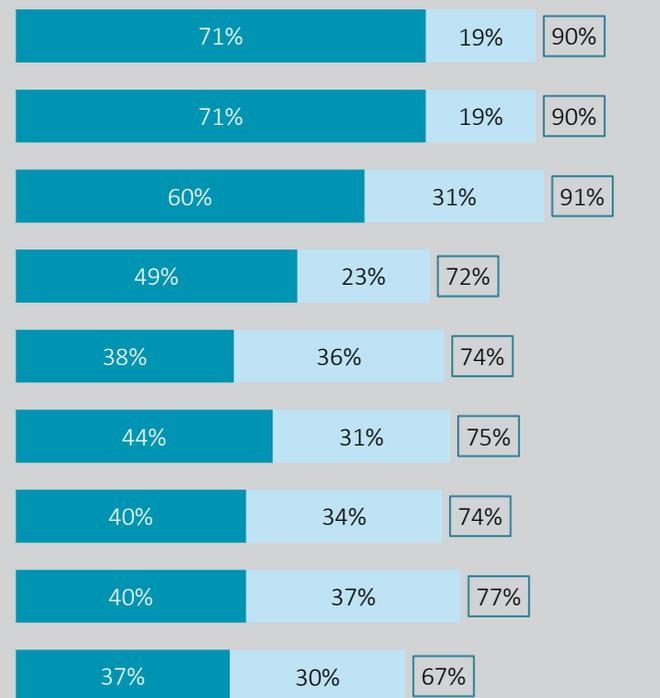


% Total challenging
Wave 8-9 gap to
Total Pacific Islands



TOTAL PACIFIC ISLANDS: WAVE 8-9

Very Challenging Somewhat Challenging % Total challenging



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

Towards the end of 2020, businesses in the Cook Islands were actioning more initiatives to reduce cost and had an increased focus on reducing operational costs but positively, over a third are now diversifying their products/services and pivoting to sell more online as a way of generating alternative revenue streams as international borders remain closed.

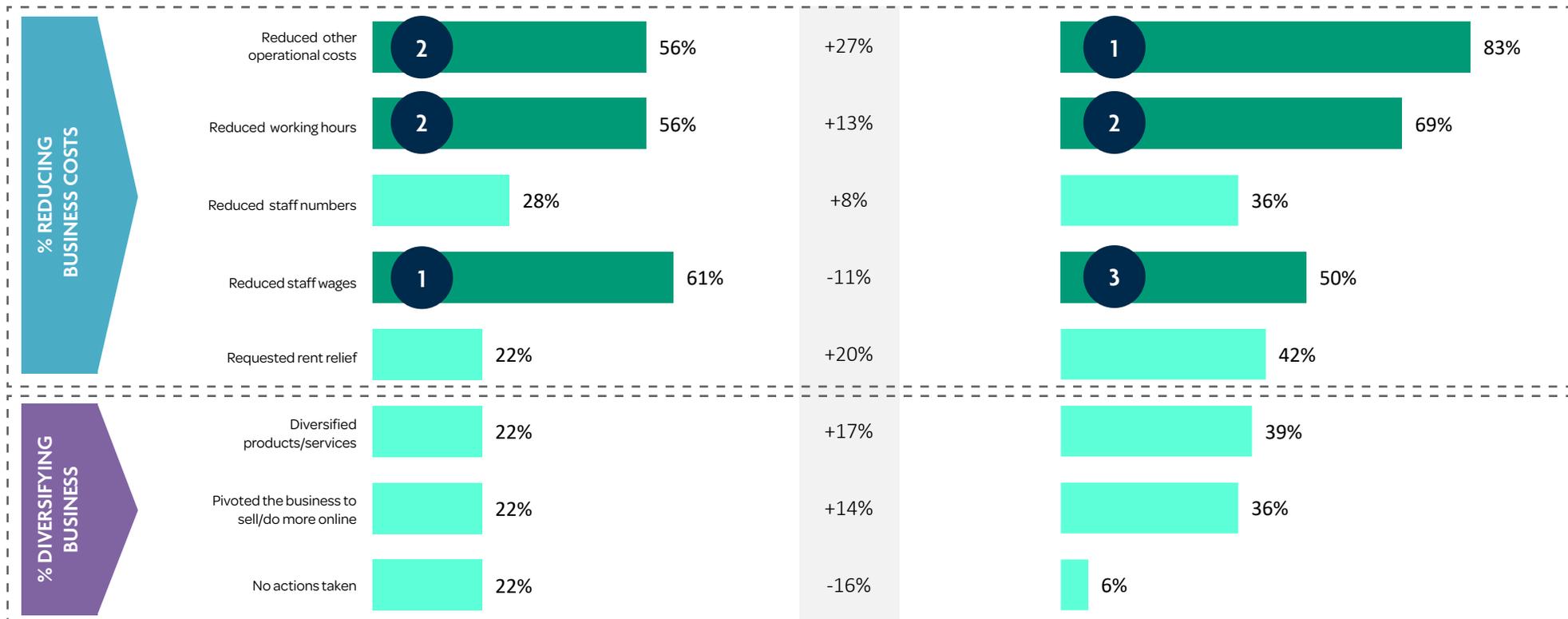


INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.

COOK ISLANDS: WAVE 1-3

% difference
Wave 8-9 to Wave 1-3

COOK ISLANDS: WAVE 8-9



AVERAGE NUMBER OF ACTIONS TAKEN

2.7

AVERAGE NUMBER OF ACTIONS TAKEN

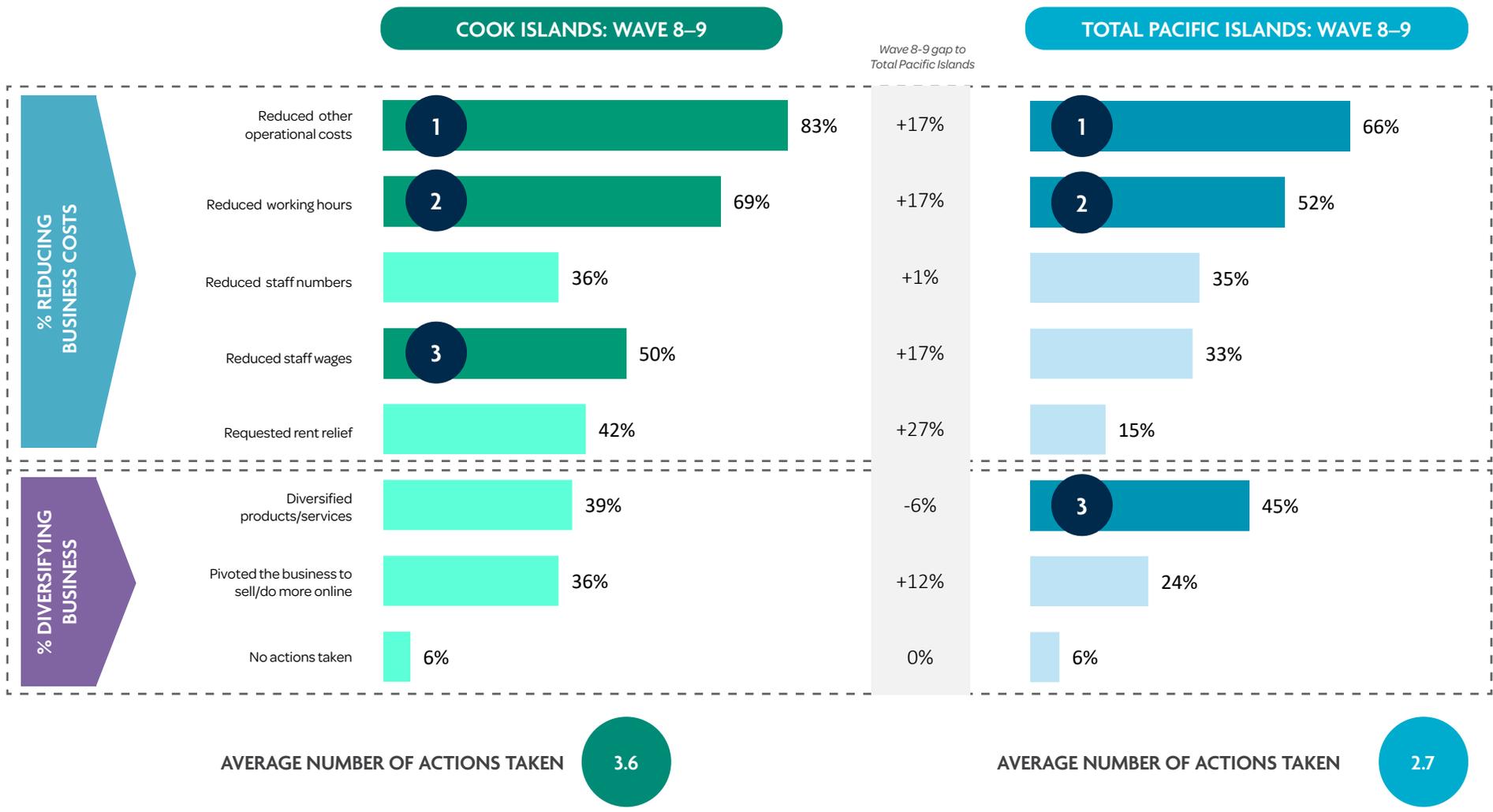
3.6

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

Businesses in the Cook Islands are taking more actions to reduce cost compared to the Pacific Islands overall, likely because Cook Islands has had a greater negative impact and more significant decline in revenue due to COVID-19.

Q

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



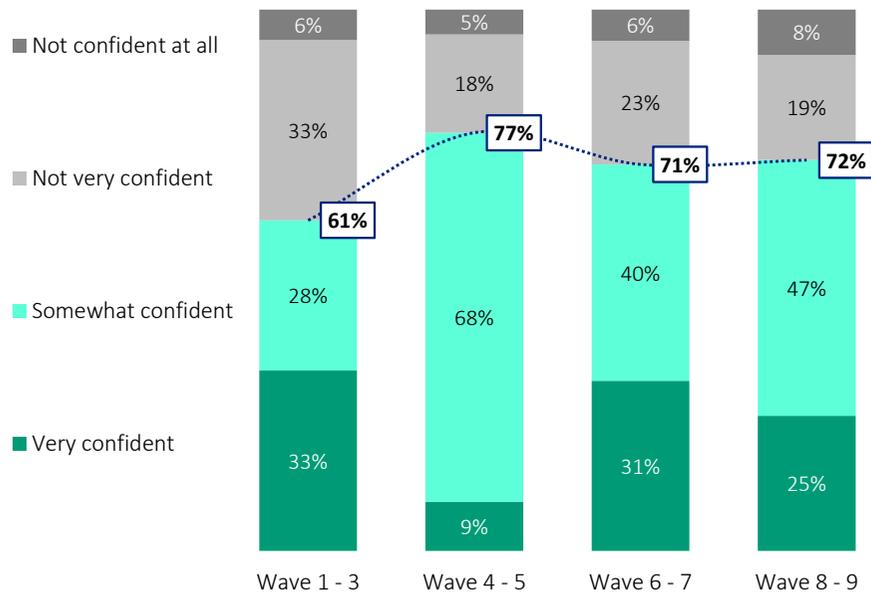
CONFIDENCE IN BUSINESS SURVIVAL

Positively, and despite significant challenges, just under three quarters of businesses in the Cook Islands are confident they will survive the COVID-19 crisis and one quarter are very confident.

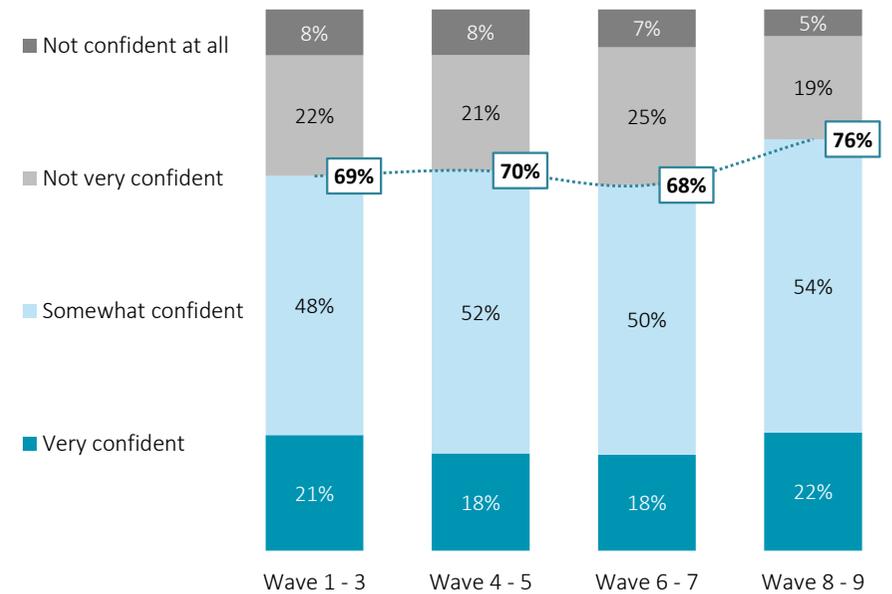
Q

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

COOK ISLANDS



TOTAL PACIFIC ISLANDS



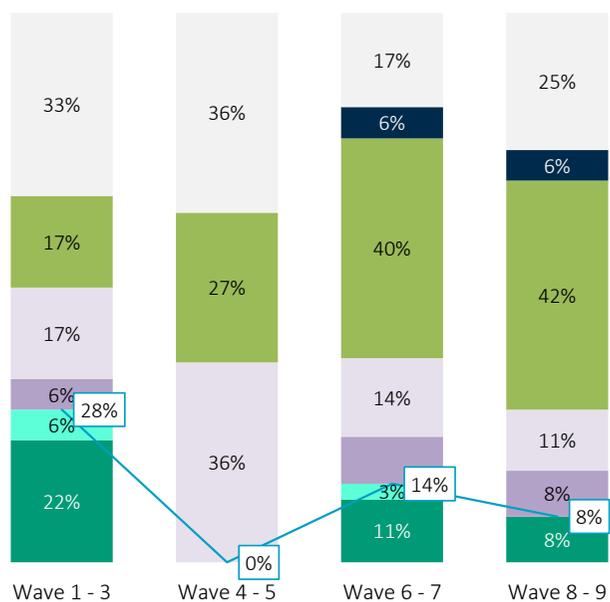
TIMEFRAME OF BUSINESS SALES/REVENUE RETURNING TO BUSINESS AS USUAL

Expectations of returning to business as usual in the Cook Islands has gradually shifted back as 2020 progressed, a trend seen across all Pacific Islands. 42% of businesses in the Cook Islands are now expecting to return to business as usual by 2022 or later, which is much higher than the Pacific Islands overall.

Q

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

COOK ISLANDS



TOTAL PACIFIC ISLANDS



TOTAL RETURNED TO PRE-COVID LEVELS BY END OF 2020

TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

Due to the significant revenue impact, 61% of businesses in the Cook Islands were increasingly looking for financial support and over a third were looking to review their financial position towards the end of 2020.

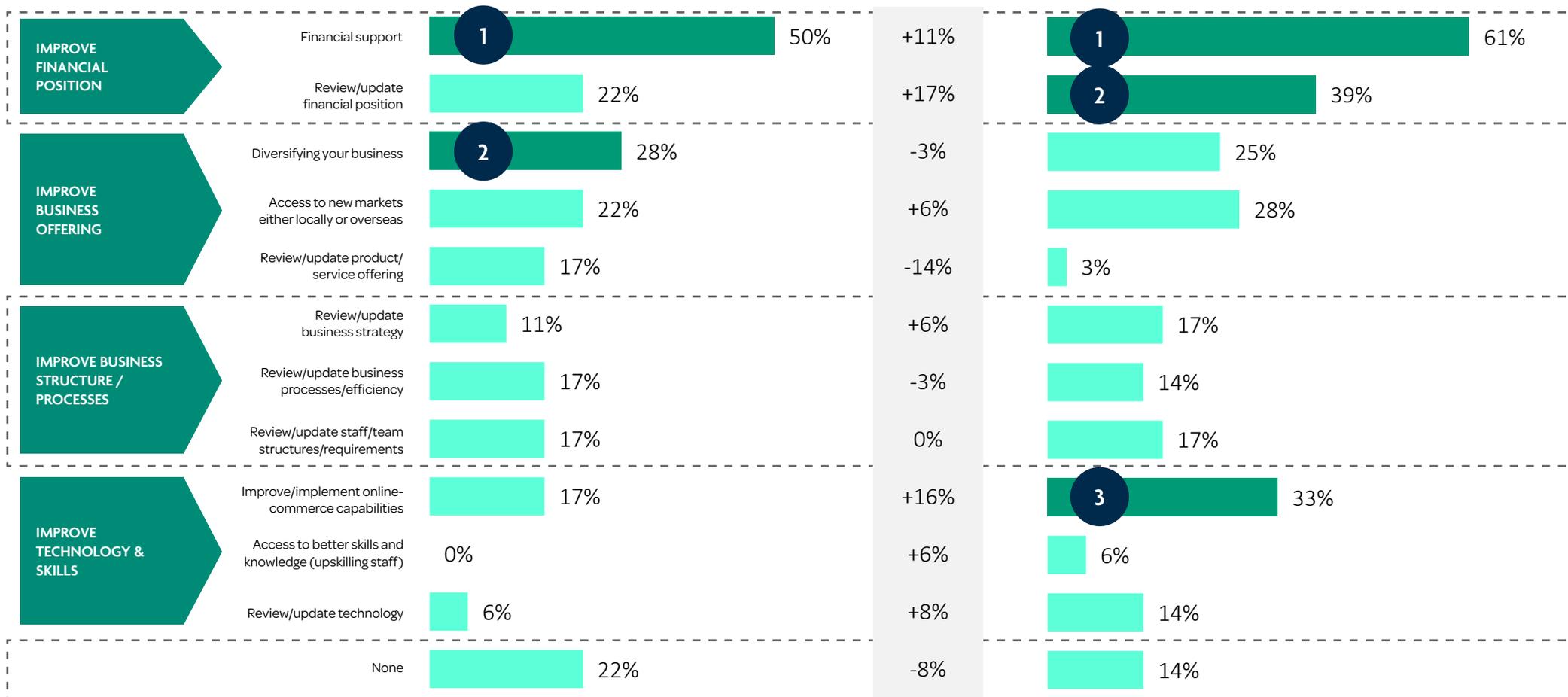
Q

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

COOK ISLANDS: WAVE 1-3

Wave 8-9 difference to Wave 1-3

COOK ISLANDS: WAVE 8-9

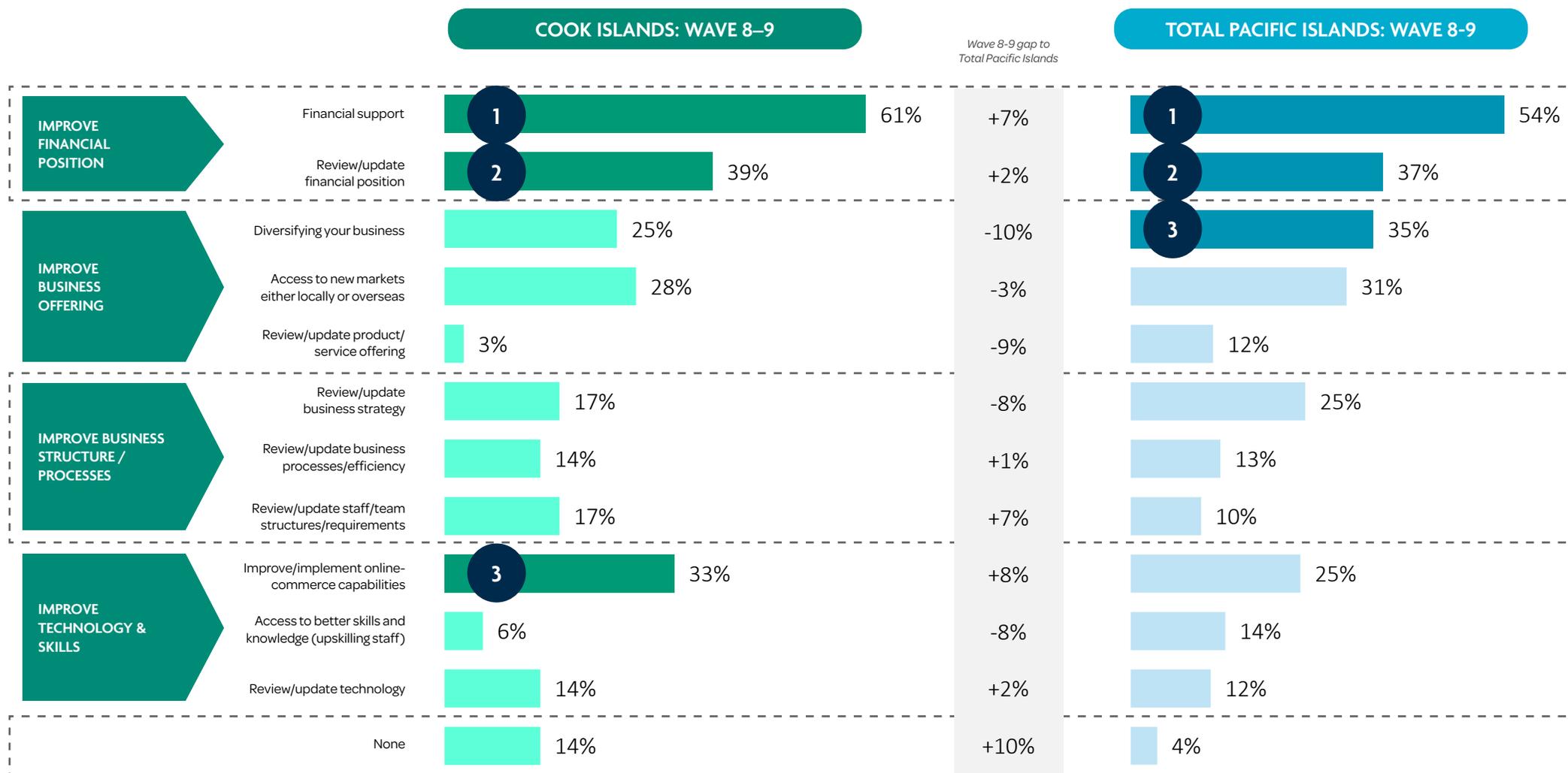


TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

Compared to the Pacific Islands overall, businesses in the Cook Islands are more likely to be looking to implement online-commerce capabilities.

Q

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



BARRIERS TO ACTIONING INITIATIVES

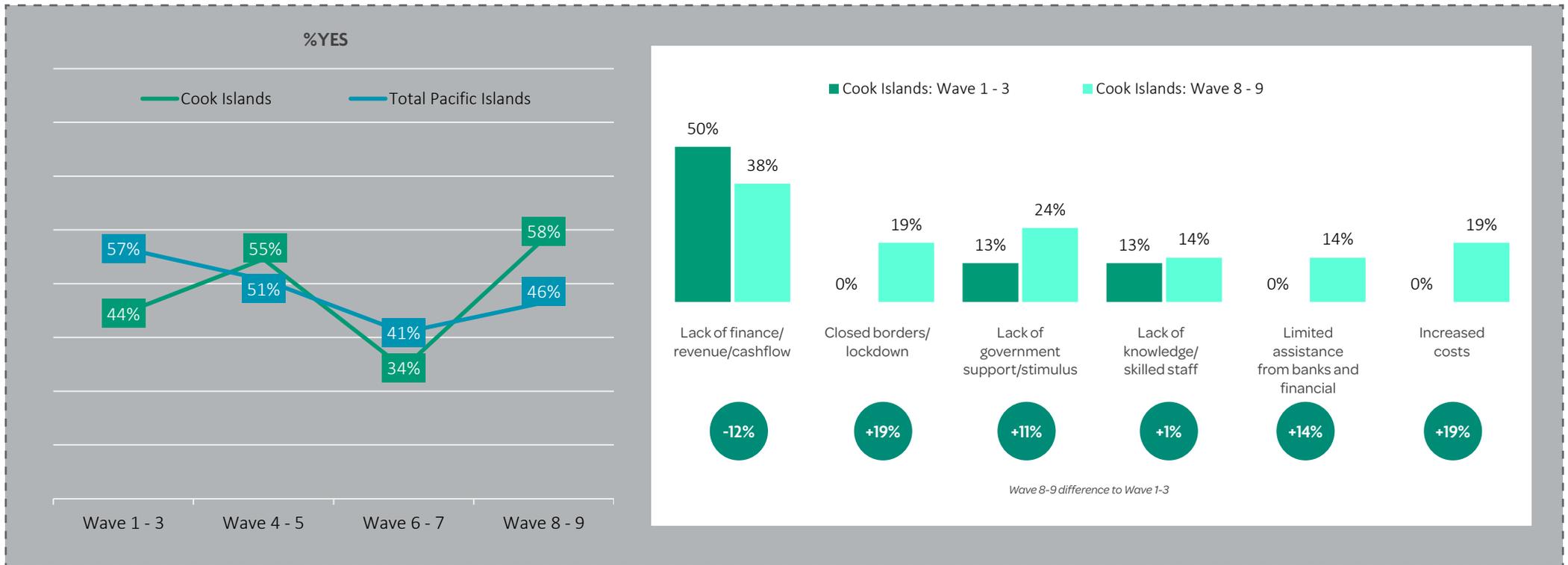
The proportion of businesses in the Cook Islands facing barriers to implementing change increased to its highest level since tracking began at the end of 2020. The key barriers are lack of finance/revenue and lack of government support, which highlights their increasing need for financial support as most businesses are either partly operational or temporarily closed.

Q

IS ANYTHING PREVENTING YOU FROM ACTIONING THESE INITIATIVES?

Q

WHAT IS PREVENTING YOU FROM ACTIONING THESE INITIATIVES?



"Finance - ongoing monthly operational costs to stay afloat are crippling and apart from Government support, our Banks are promising to help but when you ask for Funds - 3 months later - still waiting. Very high interest rates from banks also crippling Interest deferrals - but business still adding to debt at end of it all. Banks being too negative in approach."

- SME, Tourism, Cook Islands

"Government assistance (wage subsidy) has not included anything for directors/owners of businesses."

- SME, Accommodation, Hospitality & Food Service, Cook Islands

"It's all well and good looking to increase and develop new markets however the cost of freight and postage takes most of the profit and makes the transaction questionable. With air freight doubled in cost we are no longer able to supply many of our customers. The NZ Government is subsidizing flights to the Cook Islands for passengers but not freight in and out of the country. Some assistance in exporting would enable us to maintain staff and develop the business."

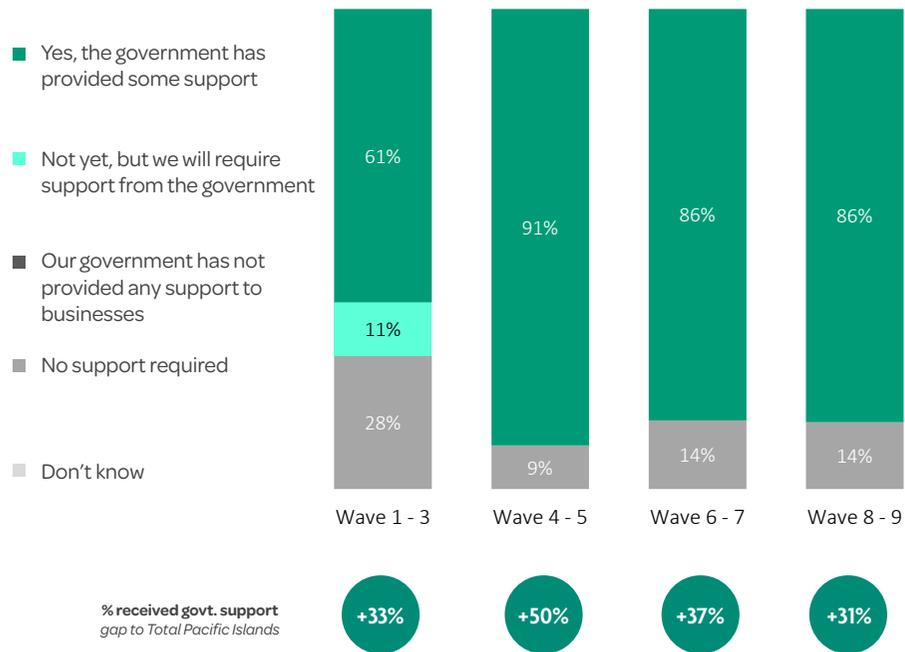
- SME, Manufacturing, Cook Islands

ACCESS TO GOVERNMENT SUPPORT DURING COVID-19 CRISIS

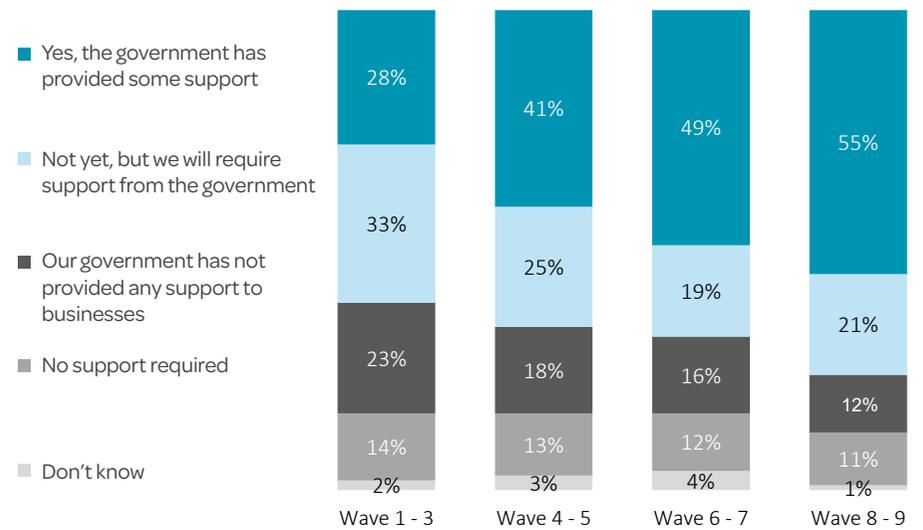
Positively, 86% of businesses in the Cook Islands have received support from the government, which is much higher than Pacific Islands overall.

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

COOK ISLANDS



TOTAL PACIFIC ISLANDS

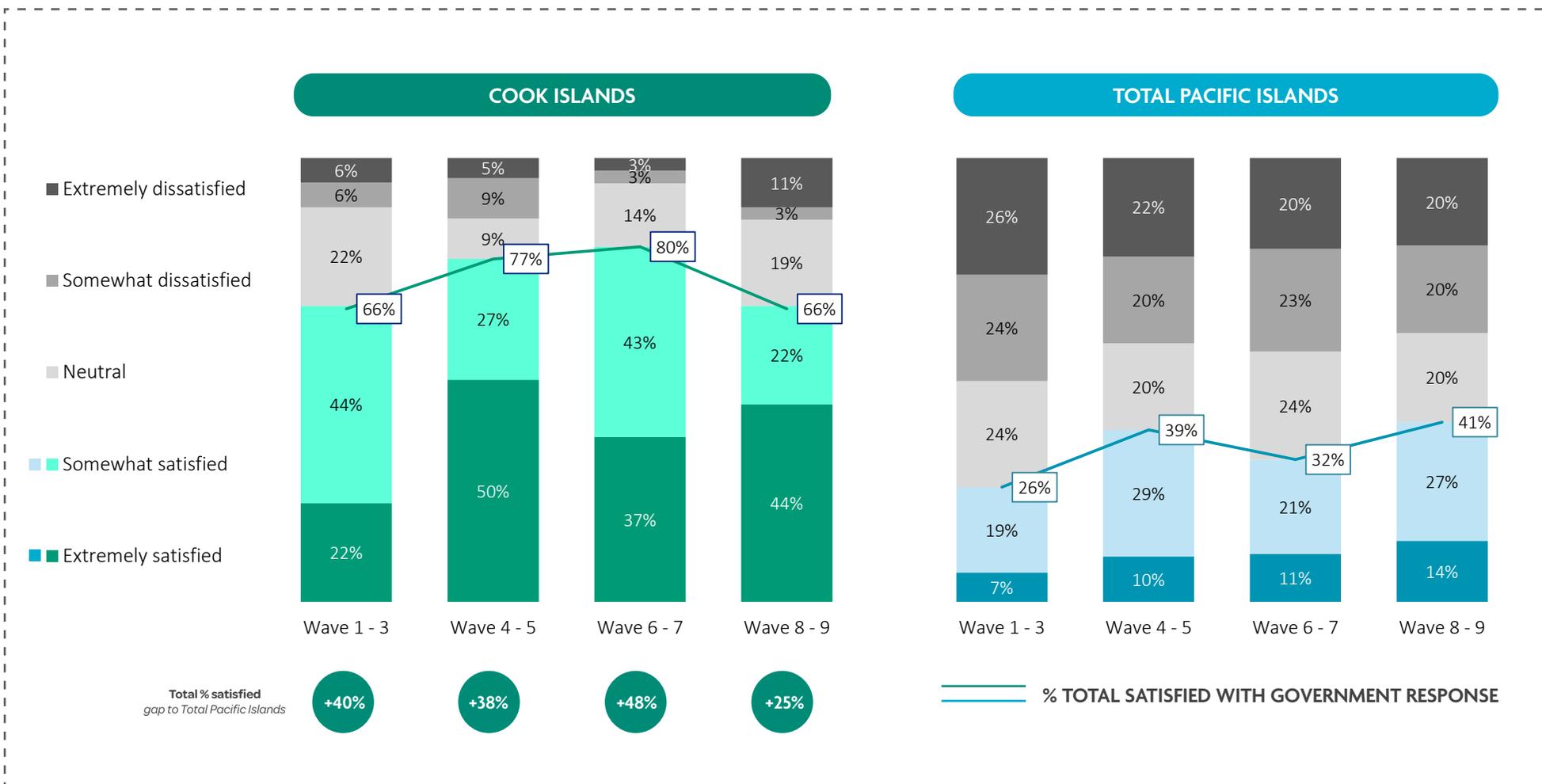


SATISFACTION WITH GOVERNMENT SUPPORT

In addition, satisfaction with the governments' response is also much higher among businesses in the Cook Islands compared to Pacific Islands overall. 44% of businesses were extremely satisfied with the government in the Cook Islands at the end of 2020, compared to 14% overall.

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=111

TOTAL COMPLETED SURVEYS FROM COOK ISLANDS



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

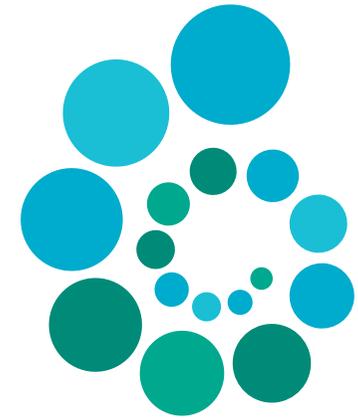
The information presented in this report is based on responses received by research company Fifth Quadrant from surveys administered from 18 May–13 December 2020.

FOR FURTHER INFORMATION

Cath Cooksley-Little

General Manager – Marketing, Communications & Tourism

Cath@pacifictradeinvest.com



Pacific Trade Invest



PACIFIC ISLANDS
FORUM SECRETARIAT



fifth
quadrant