



Pacific Trade Invest

PACIFIC BUSINESS MONITOR 2021

COOK ISLANDS FOCUS



PACIFIC ISLANDS
FORUM SECRETARIAT

CONTENTS

Objectives	3
Key Insights	4
Sample Profile	5
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
Current Business Status	11
Confidence in Business Survival	12
Challenges as a Result of COVID-19 and Market Conditions	13
Actions Taken to Reduce Cost and Damage to Business	15
Time Frame of Sales/Revenue Returning to Business as Usual	17
Top Initiatives Needed to Support Businesses	18
Barriers to Actioning Initiatives	20
Access to Government Support	21
Satisfaction with Government Support	22
Research Methodology	23

INTRODUCTION

INSIGHTS INTO PACIFIC BUSINESSES

The COVID-19 pandemic 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.

Key industries such as tourism, agriculture and production which are central to local Pacific economies, continued to be impacted by COVID-19 and corresponding border closures, shipping disruptions, and cashflow throughout 2021.

To understand the ongoing impacts of COVID-19 on the Pacific's private sector, the Pacific Trade Invest (PTI) Network commissioned Fifth Quadrant, an independent research agency, to run a regular survey of SMEs across the Pacific region.

It has been a long road and the regular *PTI Pacific Business Monitor* surveys aim to provide governments, donors, and stakeholders with valuable data on how businesses in the Pacific are coping.

This report reviews the aggregated data collected from across the Pacific region in the eight waves of the surveys, conducted from 4 January–15 November 2021, to understand the impact COVID has had on businesses in the Cook Islands.

OBJECTIVES



UNDERSTAND THE IMPACT OF COVID-19 ON SME'S 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

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/optomise/ improve/ survive?
- What information is required?



UNDERSTAND HOW SME'S 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.)

COMPARE SATISFACTION WITH GOVERNMENT SUPPORT:

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



KEY INSIGHTS

IMPACTS ON BUSINESSES IN THE PACIFIC

15%

EXTENT AND SEVERITY OF COVID-19 WAS 15% MORE NEGATIVE IN THE COOK ISLANDS TOWARDS THE END OF THE YEAR THAN IN THE PACIFIC ISLANDS OVERALL.

The extent and severity of COVID-19 on Cook Islands businesses has increased in 2021, with 88% having reported a negative impact in the first half of the year, rising to 94% November.

COOK ISLAND BUSINESSES HAD SLIGHTLY BETTER ACCESS TO FINANCE AND CAPITAL THAN THE PACIFIC ISLANDS AVERAGE.

61% of Cook Islands respondents considered limited access to finance and capital a challenge across 2021, compared to 75% for the Pacific Islands overall.

14%

24%

NEGATIVE TOLL ON MENTAL HEALTH IN COOK ISLANDS BUSINESS OWNERS AND LEADERS WAS SEVERE, WITH 79% REPORTING A NEGATIVE IMPACT TOWARDS THE END OF YEAR, COMPARED TO 55% IN THE PACIFIC ISLANDS OVERALL.

Business decision-makers in the Cook Islands have personally felt the repercussions of the COVID-19 crisis, reporting increased negative impacts on their mental health.

TOP 3 CHALLENGES

Cook Islands Business consistently faced in 2021 as a result of COVID-19

- 1 Not knowing how long the crisis will last (+7% more than Pacific Islands overall)
- 2 Impact of closed international borders (+6% more than Pacific Islands overall)
- 3 Poor cashflow (+4% more than Pacific Islands overall)

TOP 3 INITIATIVES

Cook Islands businesses consistently required assistance with in the second half 2021

- 1 Financial support (+9% more than Pacific Islands overall)
- 2 Review/update financial position (+9% more than Pacific Islands overall)
- 3 Improve/implement online-commerce capabilities (+2% more than Pacific Islands overall)

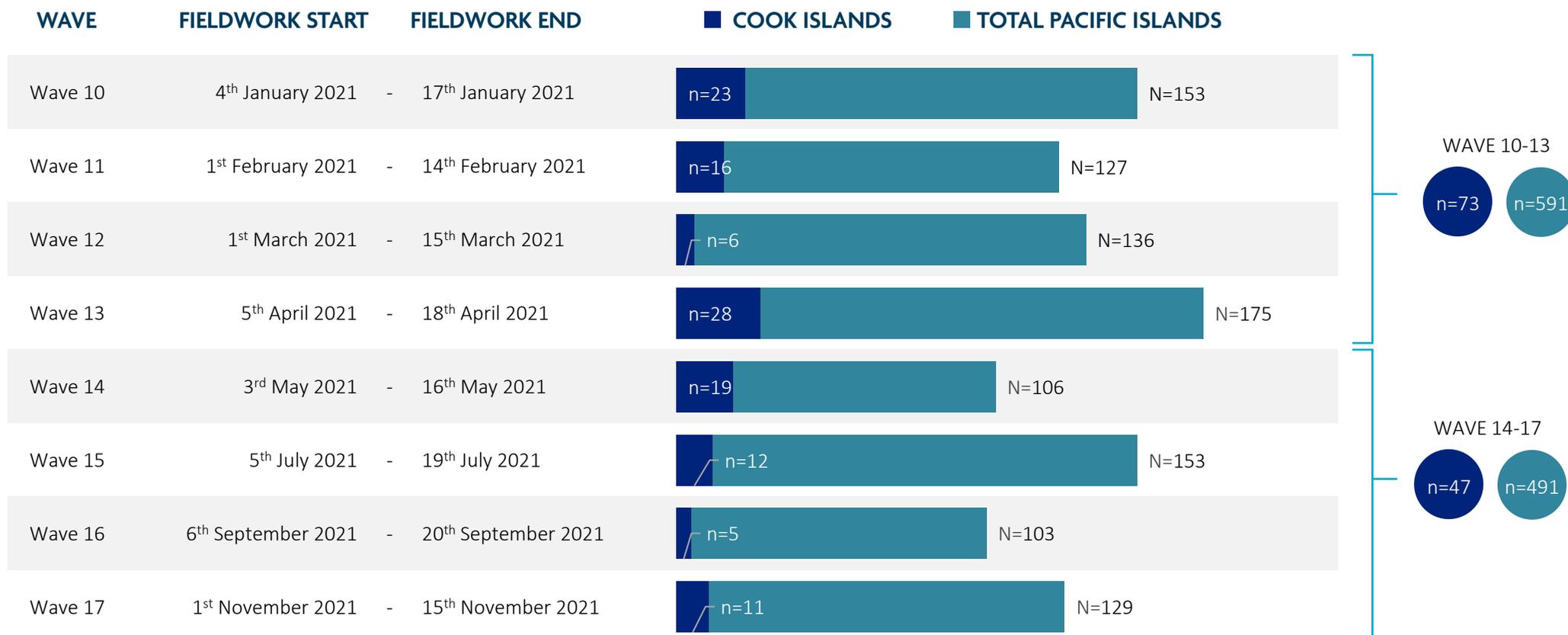
SAMPLE PROFILE

Our sample includes businesses based in the Pacific Islands. We achieved a robust sample of over n=100 for each wave in 2021 and a relatively consistent representation of businesses in the Cook Islands across each wave.

	Wave 10	Wave 11	Wave 12	Wave 13	Wave 14	Wave 15	Wave 16	Wave 17
TOTAL PACIFIC ISLANDS	153	127	136	175	106	153	103	129
Cook Islands	23	16	6	28	19	12	5	11
Federated States of Micronesia (FSM)	0	0	1	1	2	0	0	0
Fiji	46	16	24	23	17	48	18	20
French Polynesia	1	2	2	23	0	1	2	3
Kiribati	0	1	0	1	1	1	1	2
Marshall Islands	0	1	0	0	0	0	0	1
Nauru	0	1	1	7	1	0	1	0
New Caledonia	2	3	3	24	3	6	2	3
Niue	21	26	26	12	22	29	22	32
Palau	8	3	2	4	1	3	2	3
PNG	6	6	6	10	15	12	4	4
Samoa	5	5	6	7	4	9	9	13
Solomon Islands	3	4	6	9	3	6	4	1
Tonga	9	9	15	12	5	10	4	5
Tuvalu	18	30	32	1	1	5	24	25
Vanuatu	11	4	6	13	12	11	5	6

SAMPLE PROFILE

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

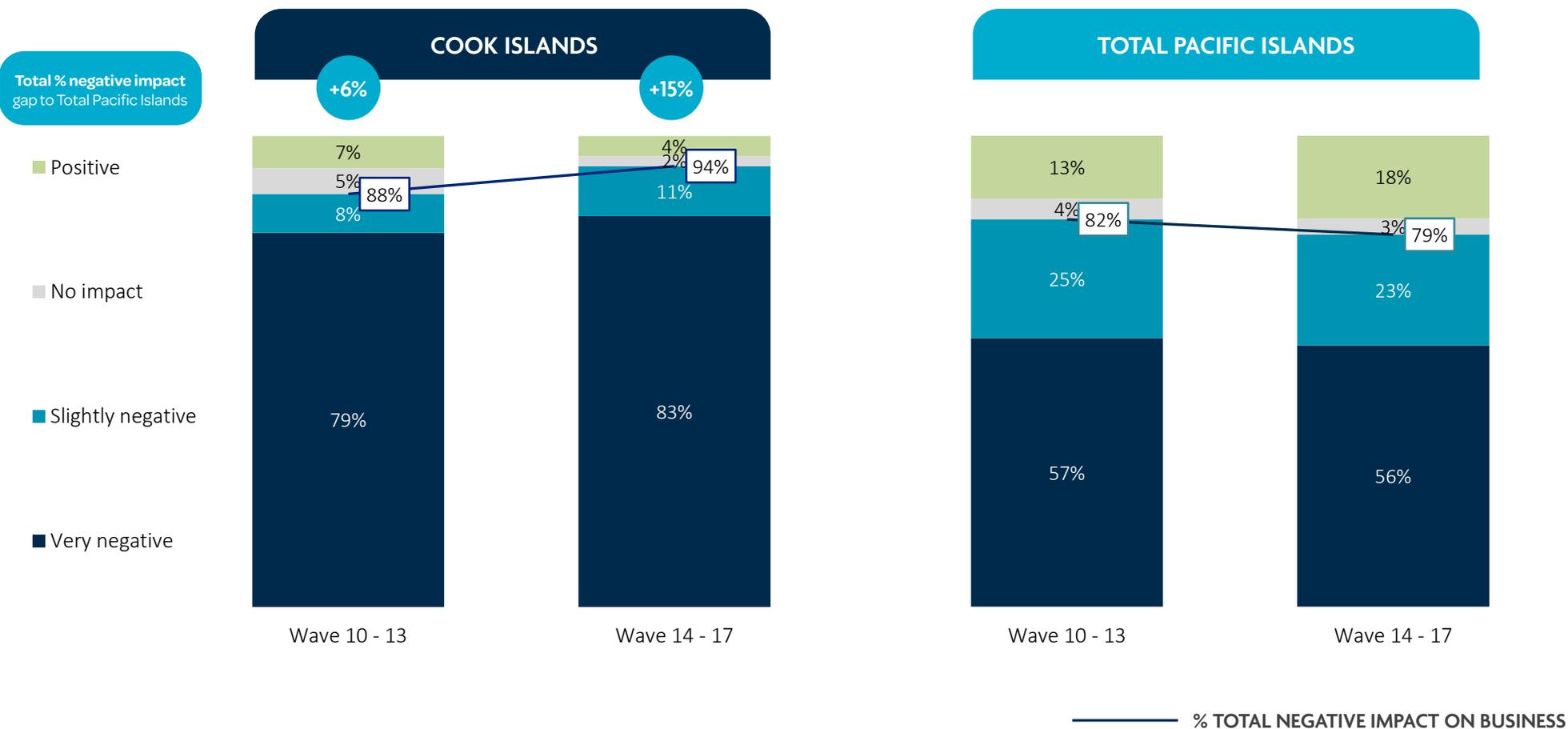


IMPACT OF COVID-19 ON BUSINESS

The negative impact of COVID-19 has remained high for businesses in Cook Islands across 2021, increasing in severity in the second half of the year.

Q

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

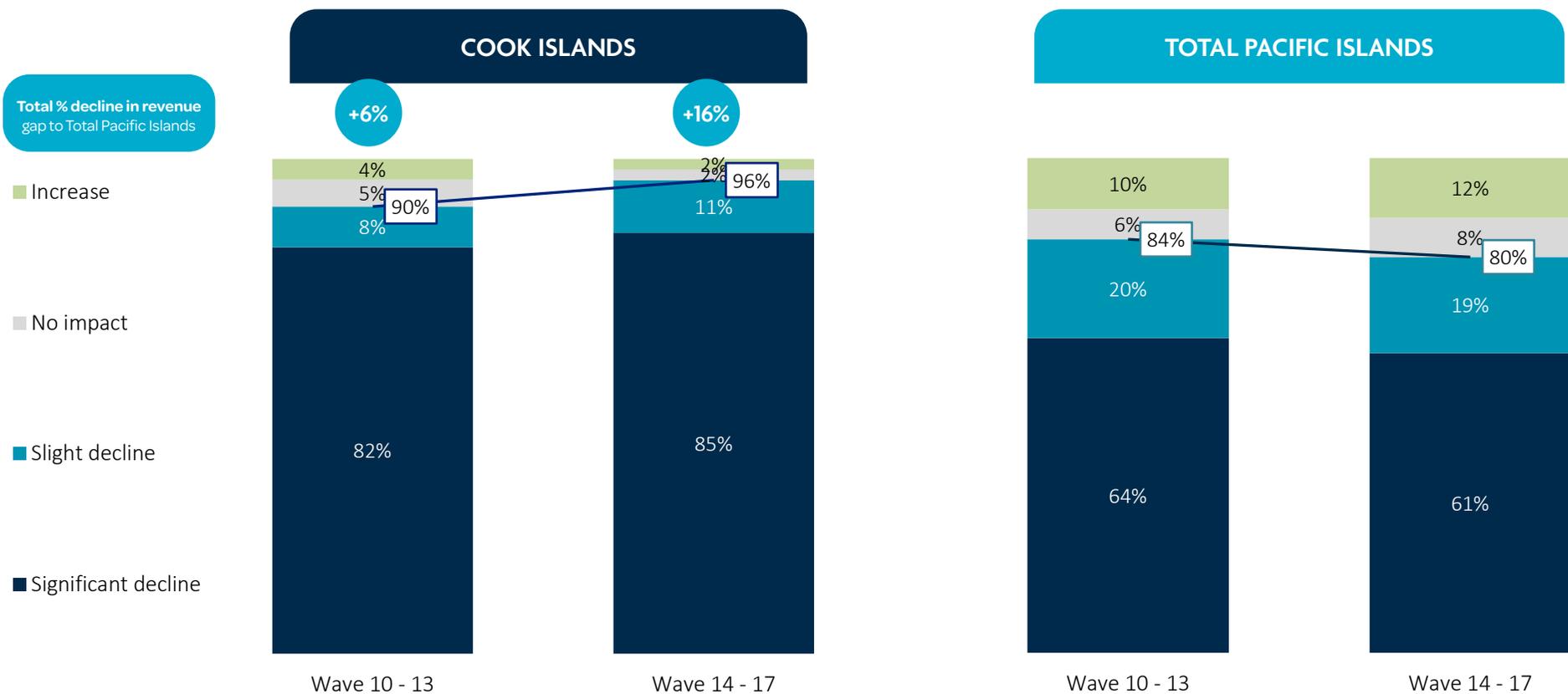


IMPACT OF COVID-19 ON BUSINESS REVENUE

The negative impact of COVID-19 on business revenue also remained high for businesses in the Cook Islands across 2021, increasing in severity in the second half of the year.

Q

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



— % TOTAL NEGATIVE IMPACT ON BUSINESS

IMPACT OF COVID-19 ON THE LOCAL ECONOMY

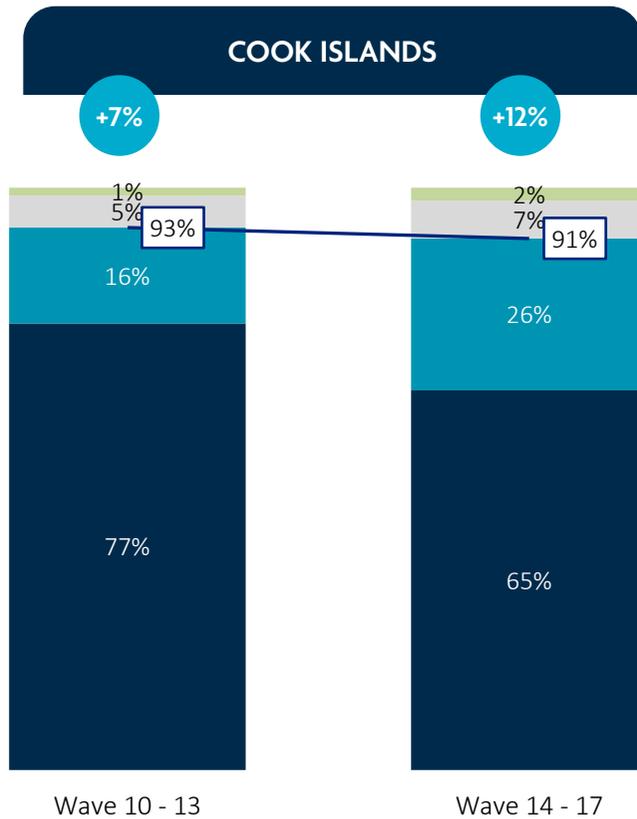
The perceived impact of COVID-19 on local economies in both the Cooks Islands and the Pacific Islands overall has improved incrementally across the year.

Q

WHAT IMPACT IS COVID-19 CRISIS CURRENTLY HAVING ON YOUR LOCAL ECONOMY?

Total % negative impact gap to Total Pacific Islands

- Positive
- No impact
- Slightly negative
- Very negative



———— % TOTAL NEGATIVE IMPACT ON BUSINESS

IMPACT OF COVID-19 ON WELLBEING

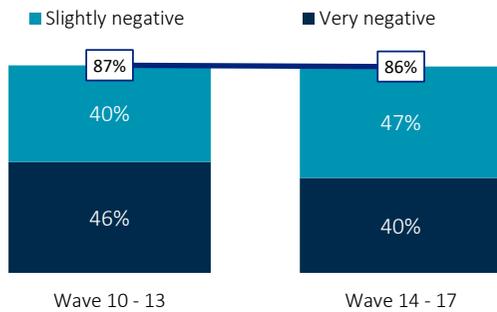
COVID-19 severely impacted the wellbeing of business owners' communities, personal financial situations, and mental health in the Cook Islands.

Q

WHAT IMPACT IS COVID-19 CRISIS CURRENTLY HAVING ON THE FOLLOWING?



THE WELLBEING OF YOUR COMMUNITY



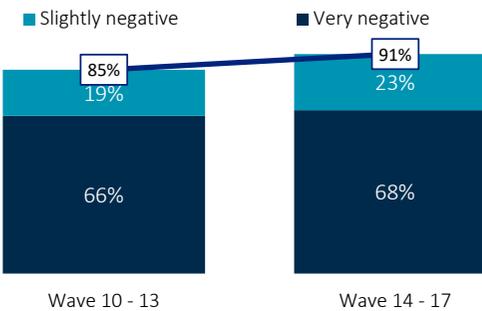
% TOTAL NEGATIVE GAP TO TOTAL

+5%

+15%



YOUR PERSONAL FINANCIAL SITUATION

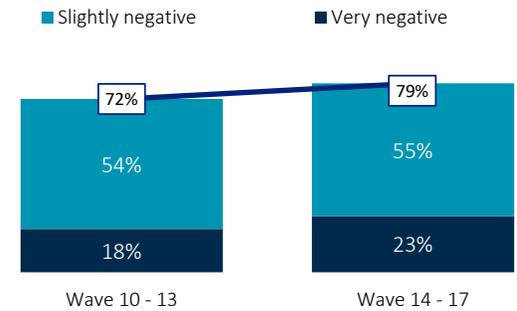


+6%

+16%

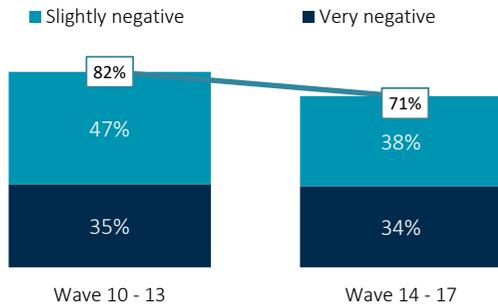


YOUR MENTAL HEALTH



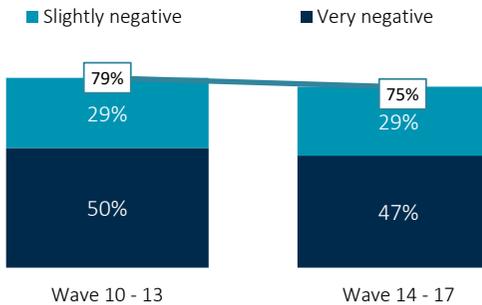
+12%

+24%



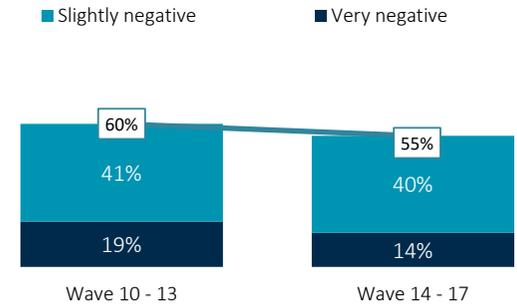
Wave 10 - 13

Wave 14 - 17



Wave 10 - 13

Wave 14 - 17



Wave 10 - 13

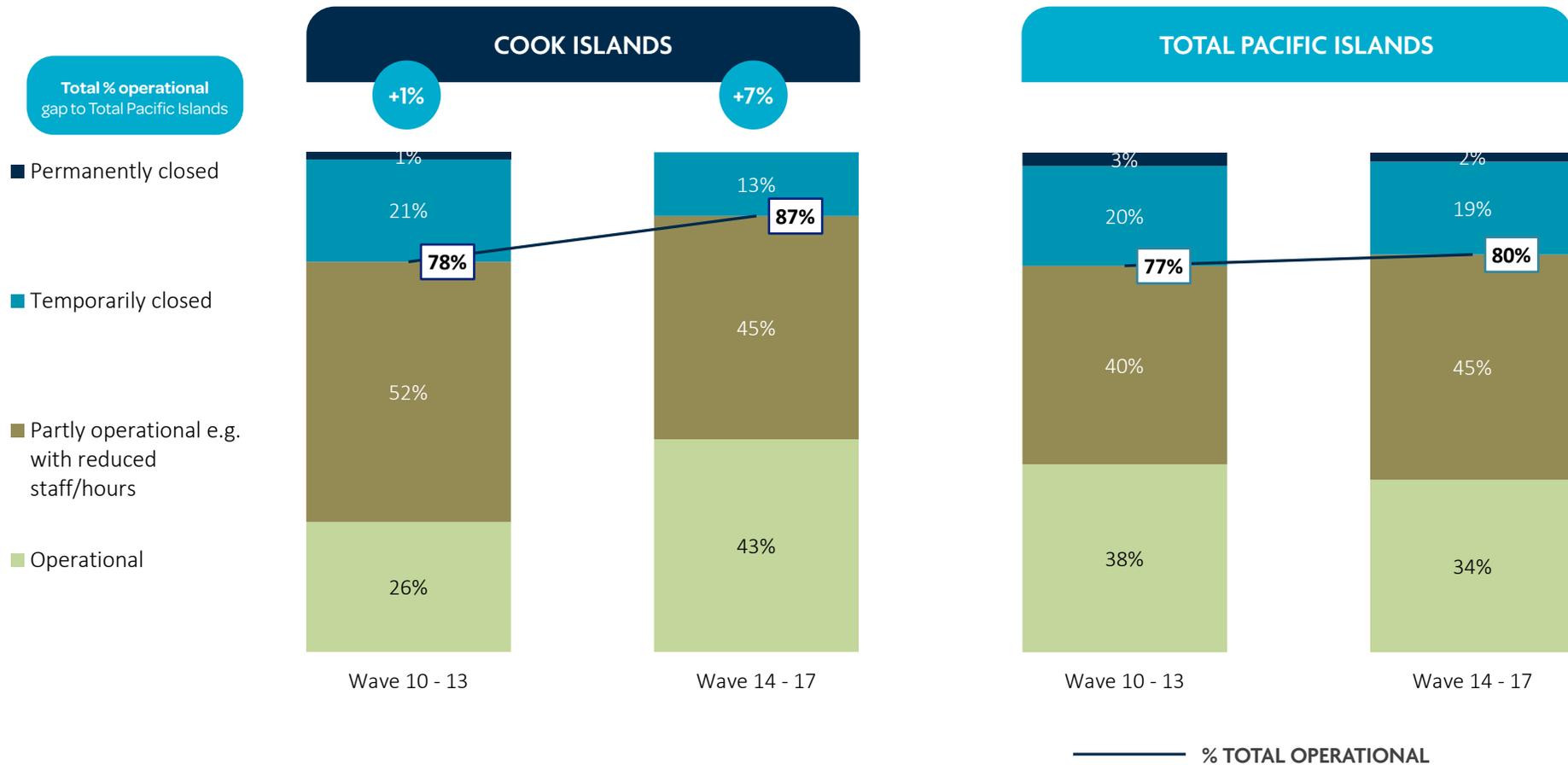
Wave 14 - 17

CURRENT BUSINESS STATUS

The ongoing impacts of COVID-19 continued to disrupt operations of the Cook Islands across 2021. Positively, the impact on operations appeared to improve in the second half of the year.

Q

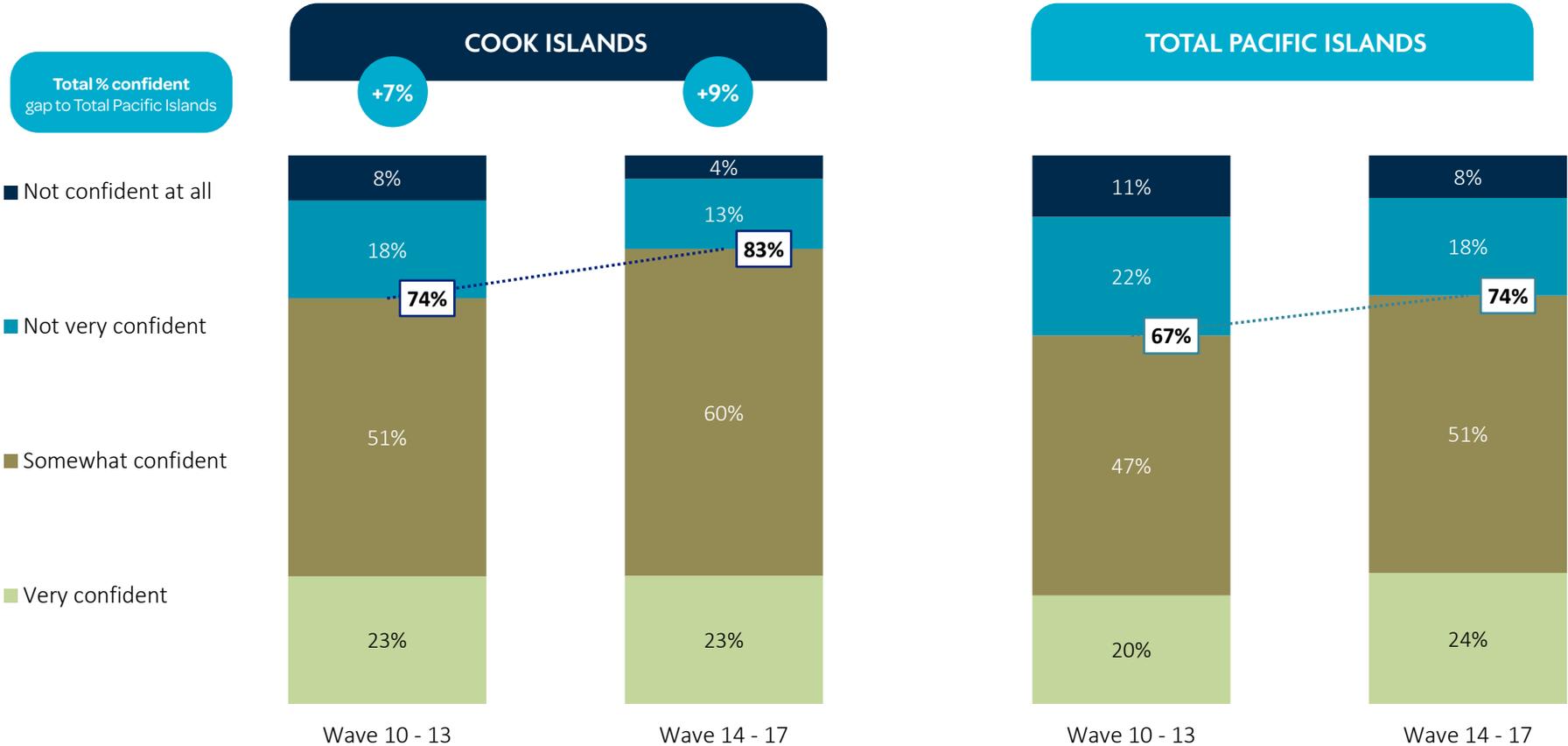
WHAT IS YOUR CURRENT BUSINESS STATUS?



CONFIDENCE IN BUSINESS SURVIVAL

Despite significant challenges, over three-quarters of businesses in the Cook Islands reported feeling confident about business survival across 2021.

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

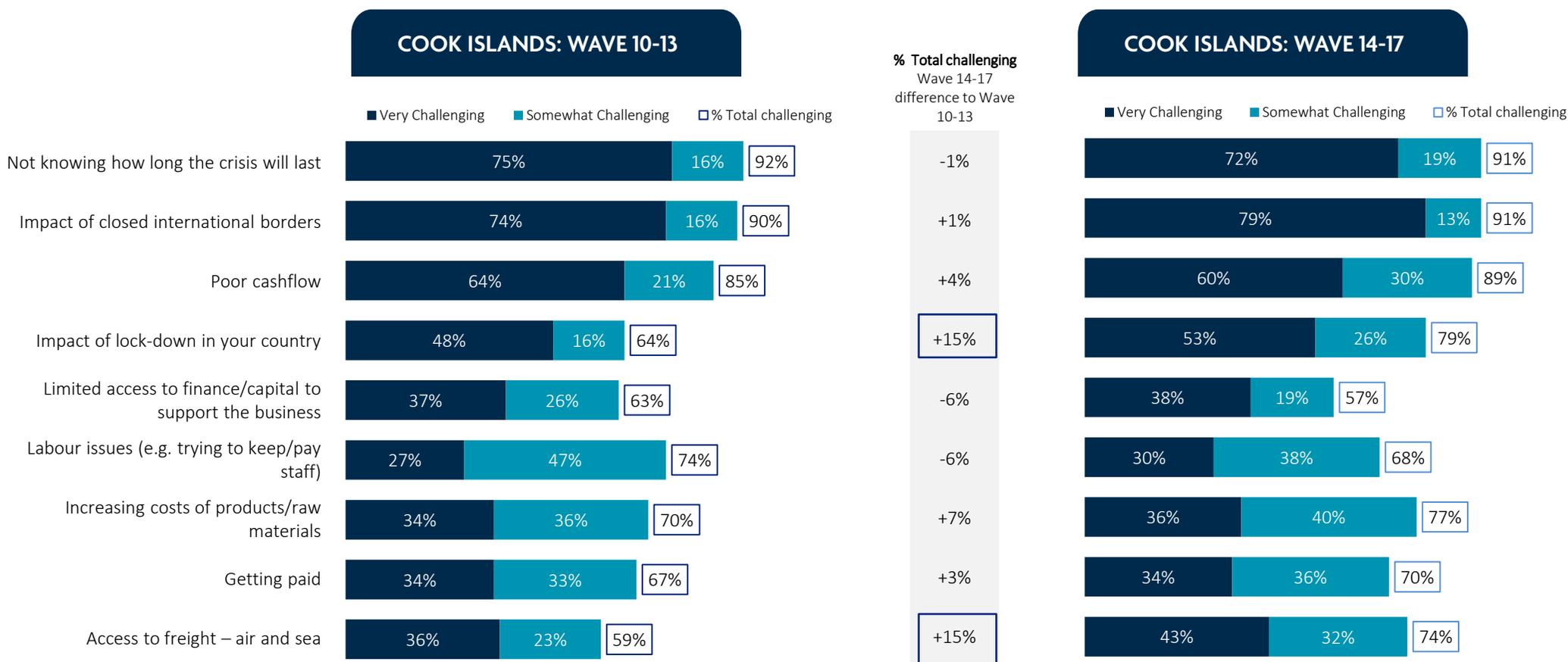


CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

Comparing the first half the year to the second, businesses in the Cook Islands increasingly found the impact of lock-down in their country and access to freight to be a challenge.

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

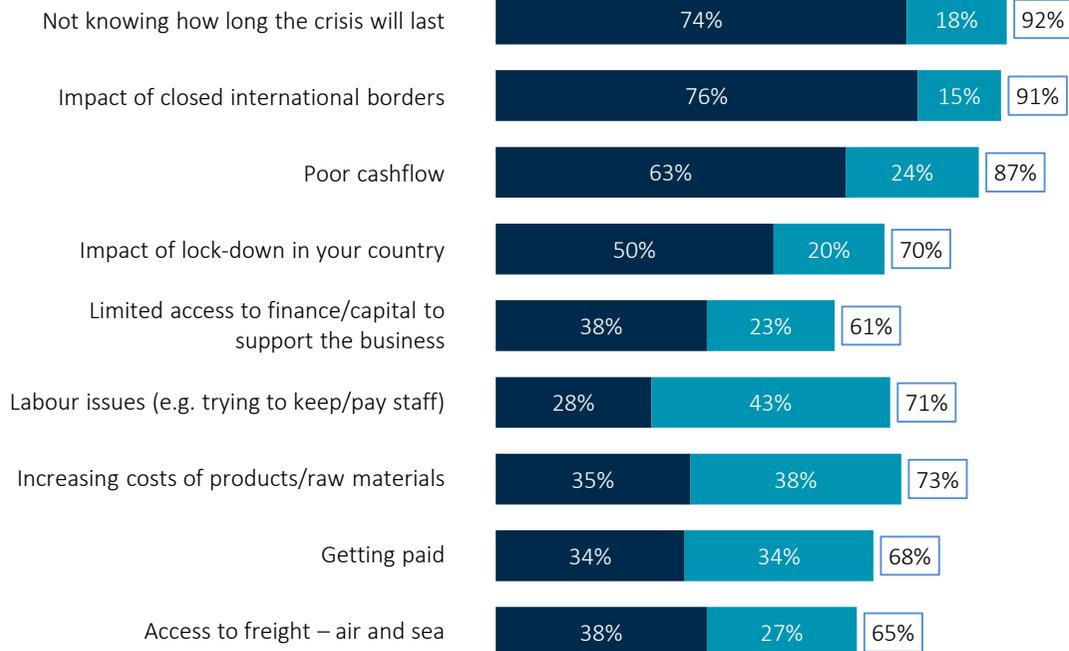
Comparing the Cook Islands to the Pacific Islands across 2021, businesses in the Cook Islands appear to have had better access to finance and support than the Pacific Islands overall.

Q

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

COOK ISLANDS: WAVE 10-17

■ Very Challenging ■ Somewhat Challenging □ % Total challenging

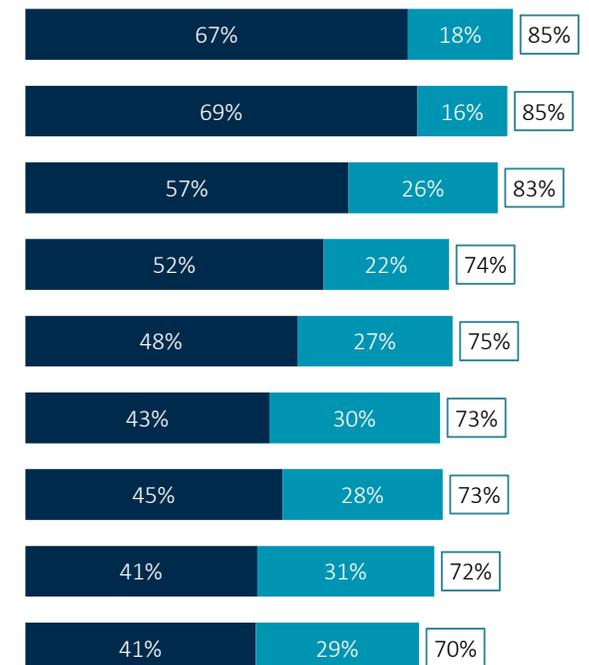


% Total challenging
Wave 10-17 gap to
Total Pacific Islands

+7%
+6%
+4%
-4%
-14%
-2%
0%
-4%
-5%

TOTAL PACIFIC ISLANDS: WAVE 10-17

■ Very Challenging ■ Somewhat Challenging □ % Total challenging

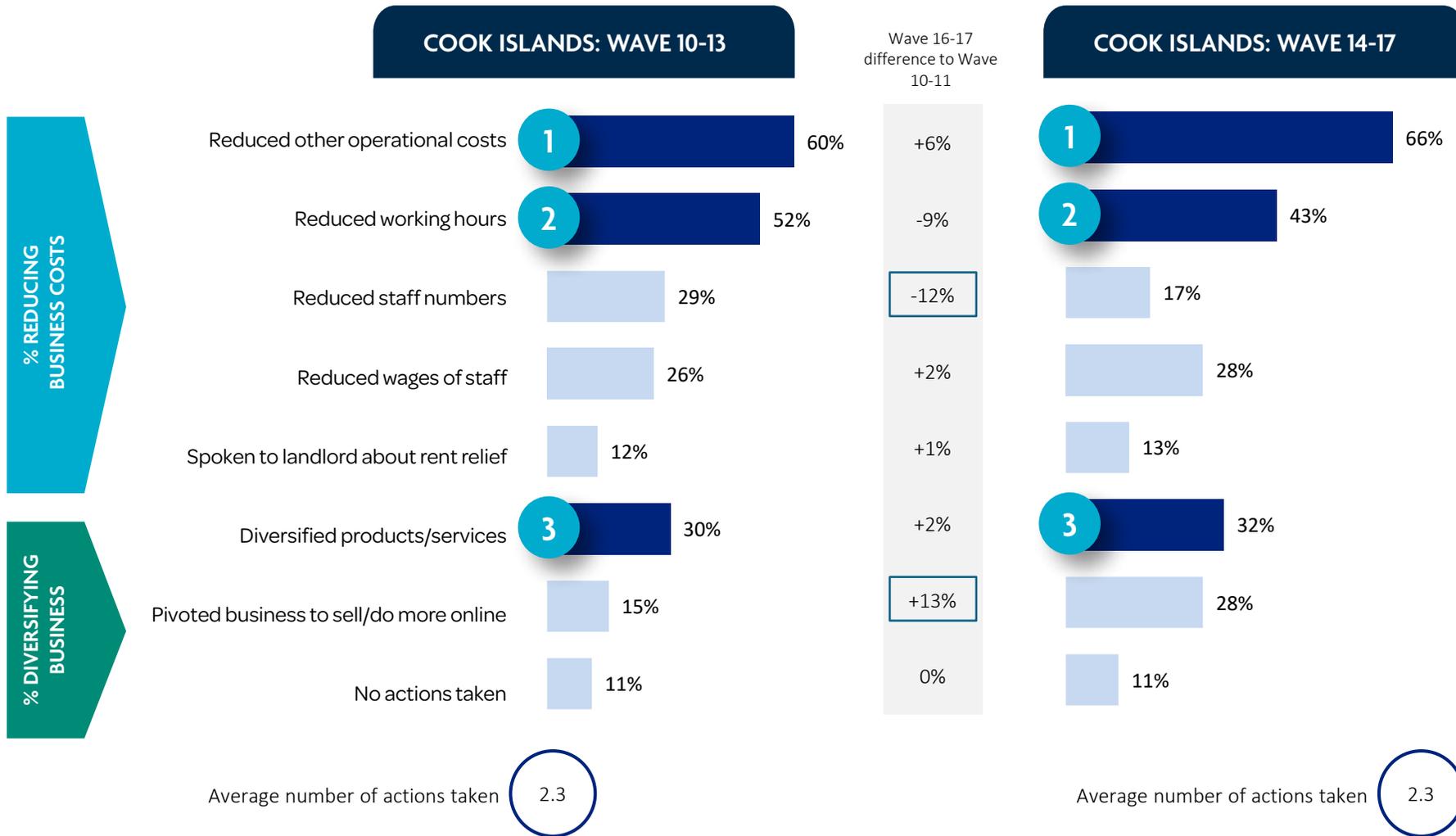


ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19 : DIVERSIFICATION VS. COST REDUCTION

Comparing the first half the year to the second, businesses in the Cook Islands increasingly pivoted to selling and doing more online, while less reduced staff numbers in order to reduce cost and damage to their business.



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

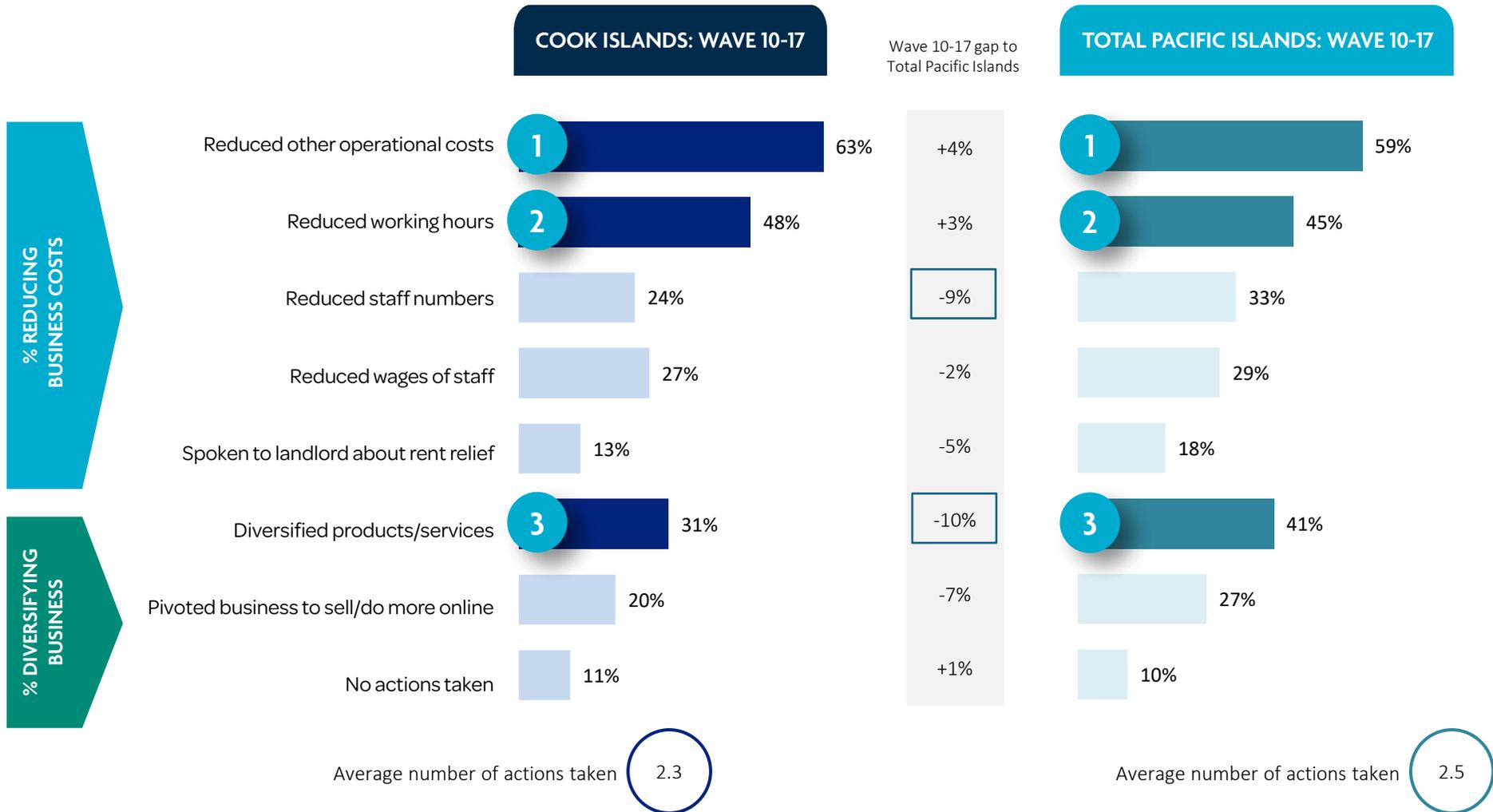


ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19 : DETAILED

In comparison to the Pacific Islands overall, less businesses in the Cook Islands appeared to reduce staff numbers and diversify products or services in order to reduce cost and damage to their business.



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



TIME FRAME OF BUSINESS SALES/REVENUE RETURNING TO BUSINESS AS USUAL

Time frame expectations for returning to business as usual, are relatively similar in the Cook Islands as the Pacific Islands overall.

Q

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

COOK ISLANDS: WAVE 10-17

TOTAL PACIFIC ISLANDS: WAVE 10-17

- Don't know/ too hard to predict
- Never
- Later than 2022
- By end of 2022
- In 2021
- Revenue is already at pre-COVID-19 levels



— % TOTAL LIKELY TO RETURN TO PRE-COVID LEVELS BY END OF 2022

TOP INITIATIVES NEEDED TO SUPPORT BUSINESS

Comparing the first half the year to the second, businesses in the Cook Islands increasingly called for support in accessing new markets and improving or implementing online-commerce capabilities.

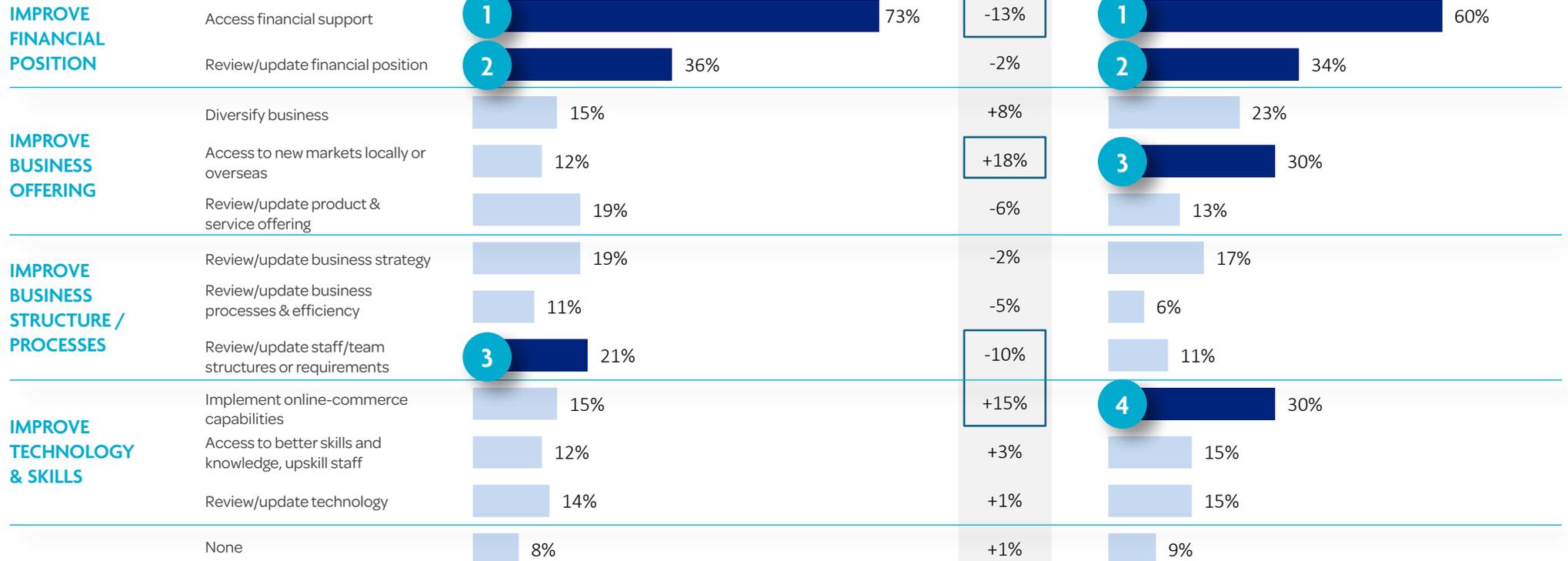
Q

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

COOK ISLANDS: WAVE 10-13

Wave 14-17
difference to
Wave 10-13

COOK ISLANDS: WAVE 14-17



TOP INITIATIVES NEEDED TO SUPPORT BUSINESS

In comparison to the Pacific Islands overall, more businesses in the Cook Islands called for financial support and reviews or updates of their financial position, while less required support to diversify their business.

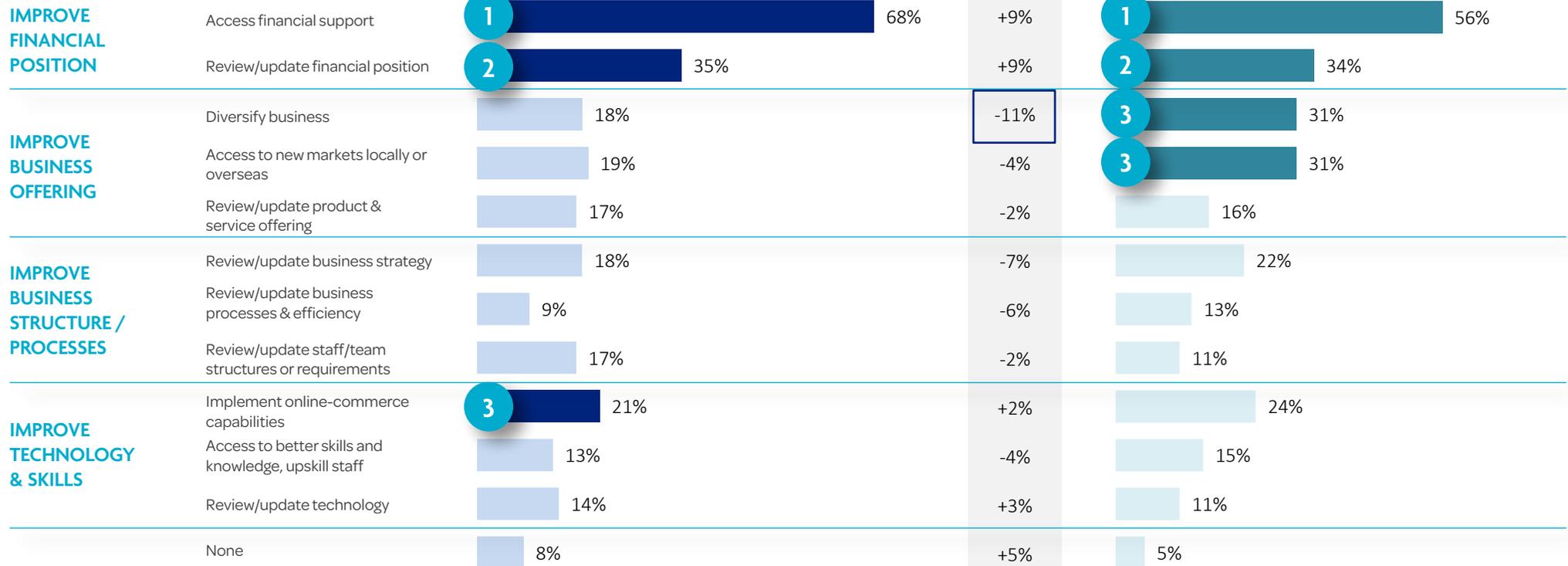
Q

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

COOK ISLANDS: WAVE 10-17

Wave 10-17
gap to Total
Pacific Islands

TOTAL PACIFIC ISLANDS: WAVE 10-17



BARRIERS TO ACTIONING INITIATIVES

The proportion of businesses in the Cook Islands facing barriers to action initiatives, appears to be higher than the Pacific Islands overall, with the key barrier being lack of finance, revenue or cashflow.

Q

IS ANYTHING PREVENTING YOU FROM ACTIONING THESE INITIATIVES?

% YES

— Cook Islands — Total Pacific Islands



Wave 10 - 13

Wave 14 - 17

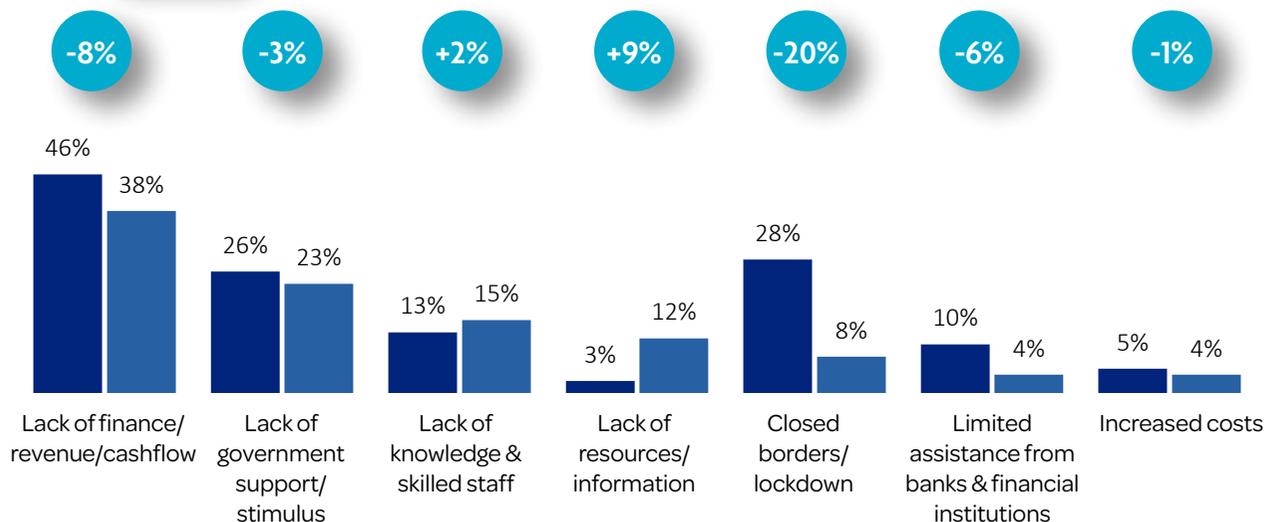
Q

WHAT IS PREVENTING YOU FROM ACTIONING THESE INITIATIVES?

Wave 14-17 difference to Wave 10-13

■ Cook Islands: Wave 10 - 13

■ Cook Islands: Wave 14 - 17



“Skilled personnel - border closures, travel restrictions *As much as we appreciate the support from government, the timeliness in receiving the financial assistance (eg wage subsidy etc) is terrible. Long delays from the time you apply to the time you receive updates on approval and receiving funds.”

– Electricity, Gas, Water and Waste services, Cook Islands

“Difficulty in accessing Government support due to criteria. The larger businesses have received support but many micro businesses & largely indigenous owned have not. The requirements by the Ministry of Finance to provide documentation has been challenging.”

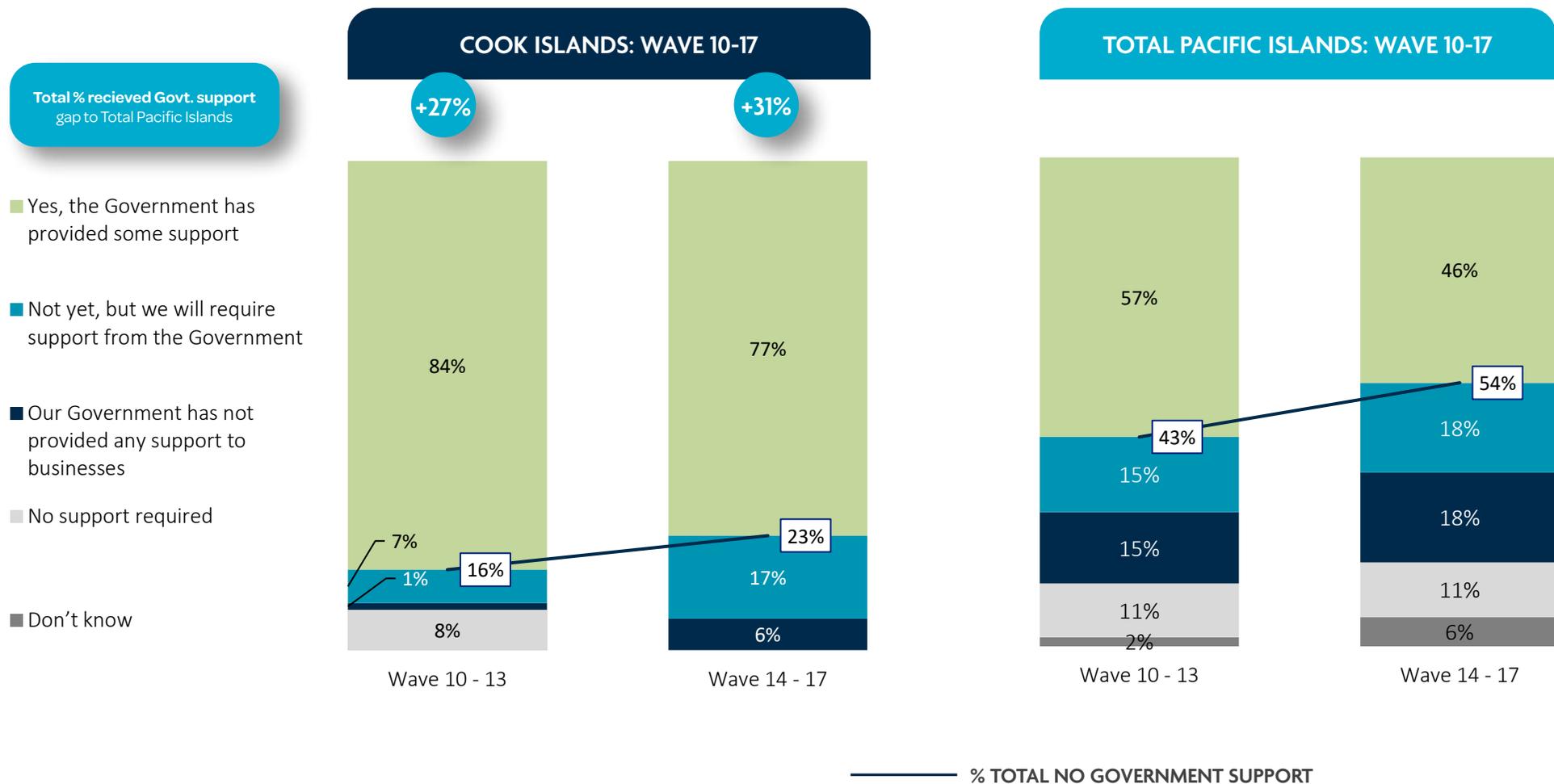
– Tourism, Cook Islands

ACCESS TO GOVERNMENT SUPPORT DURING COVID-19 CRISIS

It appears a higher proportion of businesses in the Cook Islands have received support from the Government, compared to the Pacific Islands overall.

Q

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

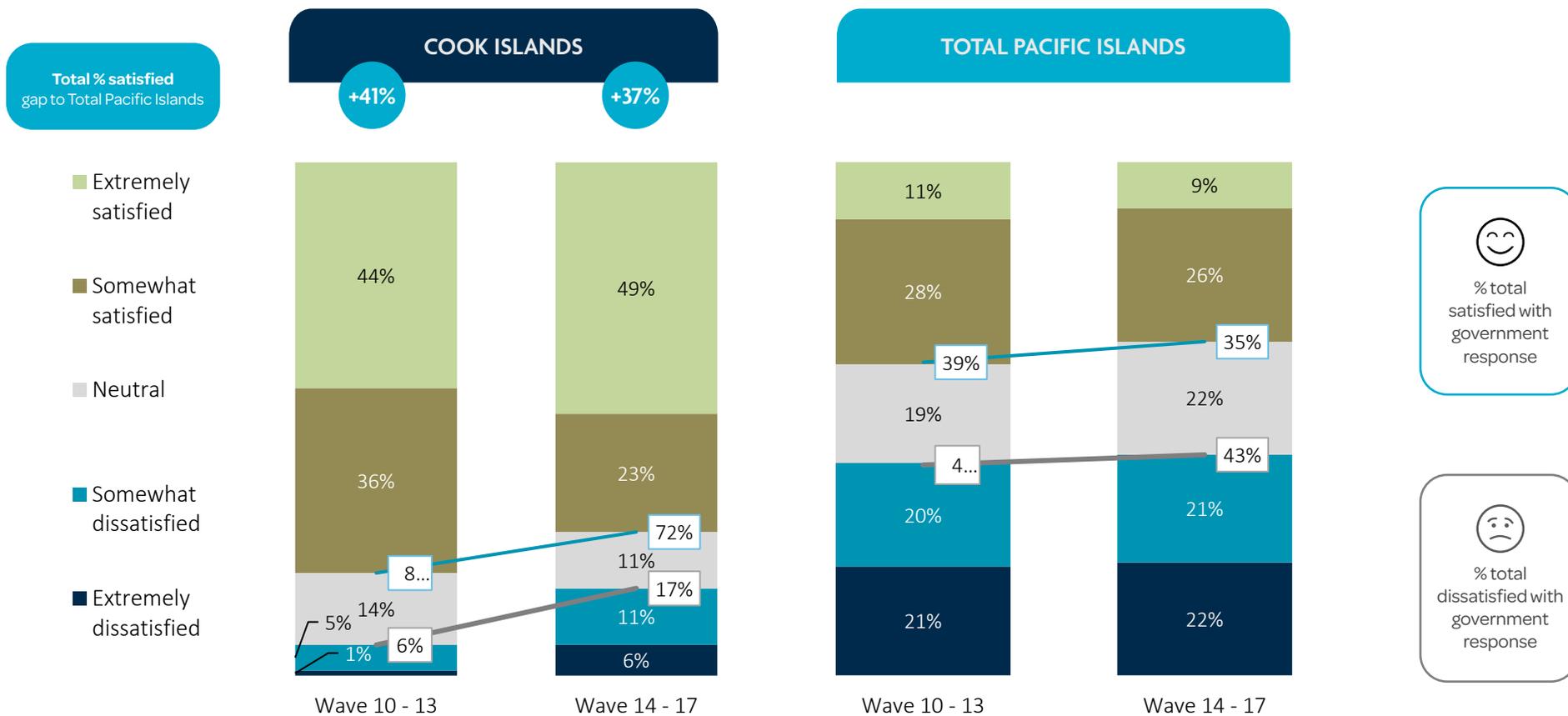


SATISFACTION WITH GOVERNMENT SUPPORT

Satisfaction with the government response is higher among businesses in the Cook Islands compared to the Pacific Islands 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
100 COMPLETED SURVEYS PER WAVE

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



HOW DID WE SPEAK WITH THEM?

8 QUANTITATIVE ONLINE SURVEYS
MINUTE

Survey invitations were sent out and distributed by Pacific Trade Invest Australia. Respondents could also opt in to receive the survey each wave.



WHEN DID WE SPEAK WITH THEM

8 IN 2021
WAVES

Online responses were collected over eight waves 4 January–15 November 2021.



N=120 TOTAL COMPLETED SURVEYS FROM COOK ISLANDS

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

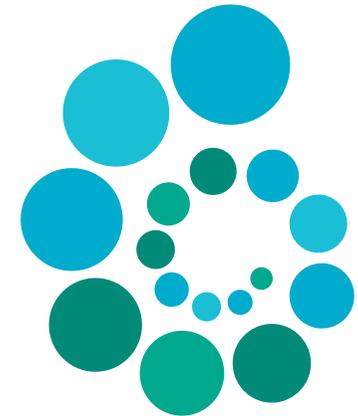
The PTI Network would like to thank all the Pacific businesses that took part in the *Pacific Business Monitor* surveys, and on-the-ground partners for their ongoing support sharing the surveys through their networks.

DISCLAIMER

The information presented in this report is based on responses received by research company Fifth Quadrant from surveys administered from 4 January–15 November 2021.

FOR FURTHER INFORMATION

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