



Cook Islands Business Survey and Confidence Index

Report 1: 2017

Prepared for Cook Islands Tourism Corporation

**New Zealand Tourism Research Institute
Auckland University of Technology**

www.nztri.org

May 2017

Acknowledgements

NZTRI would like to acknowledge the support of numerous organisations in the Cook Islands in undertaking this ongoing research, and in particular the Cook Islands Tourism Corporation (special mention to Metua Vaiimene and Jake Numanga) and Cook Islands Chamber of Commerce (special mention to Lynne Samuel and Stephen Lyon). This report was prepared by Simon Milne, Mindy Sun, Sam Li, Robin Potter and Sasha Kaalman.

Executive Summary

The report presents results from an online business survey conducted from February to April 2017. Over this three-month period, 314 businesses were contacted with 97 completed surveys received - a conversion rate of 31%. The data presented in this report includes: business profile, staffing, the business climate, revenue, costs and linkages.

The majority (78%) of survey respondents are Cook Islands residents, and most are owners, operators or managers (99%). Over two thirds (67%) of respondents have been in their current role for less than ten years. Nearly two thirds (60%) of businesses have been operating for more than 10 years. Just under half (49%) of businesses surveyed noted 'accommodation provider' as their primary focus, and another 16% focused on 'visitor activities/tours'. Businesses surveyed are mainly located in Rarotonga (88%), with a smaller number of businesses located in Aitutaki (8%), Atiu (1%) and Mangaia (1%). The majority (99%) of businesses operate all year round.

Over one quarter (30%) of businesses employ 100% Cook Islands Maori staff, with 13% of businesses indicating 90% of their staff are Cook Islands Maori. Nearly two thirds (65%) of businesses indicated they have problems finding suitable staff. A further 65% of respondents stated that they have training needs.

The majority of respondents are confident that their business ran well in the last year (2016) (48%/29% agree/strongly agree), and will do well in the coming year (49%/38% agree/strongly agree). Tourism businesses show a higher level of confidence than tourism businesses about the last year. In terms of anticipated challenges to their business, over one quarter (30%) of respondents mentioned climate change and general environmental concerns, followed by limited human resource issues (26%). Over one quarter (26%) of businesses identifies that more tourists, especially high yield tourists, represent the major opportunities in the coming five years. Over half (56%) of businesses feel confidence that the business will going well with continued growth in the next five years.

Respondents 'strongly agree' with the statement that "the national economy depends heavily on the tourism industry" (4.7 out of 5). "Increasing tourism awareness within government agencies" and "maximising visitor spend" are ranked as very important (4.5 and 4.4 out of 5).

Over one third (38%) of local businesses report an annual turnover of less than \$150,000 in the last financial year. Over half (58%) of the businesses surveyed attribute more than 90% of their annual turnover directly to the tourism industry.

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Introduction

This report focuses on a business survey and confidence index that can provide real insights into the 'pulse' of the Cooks Islands business sector. The aim of this survey is to engage the private sector in research and to provide a better platform for the 'voice' of the tourism industry and other sectors to be heard.

The report presents results from the 1st Cook Islands Business Confidence Index Survey conducted from February to April 2017. Over this three-month period, 314 businesses were contacted, 97 completed surveys were received - a conversion rate of 31%. Over half (58%) of the respondents had participated the last Cook Islands Business Confidence Index Survey.

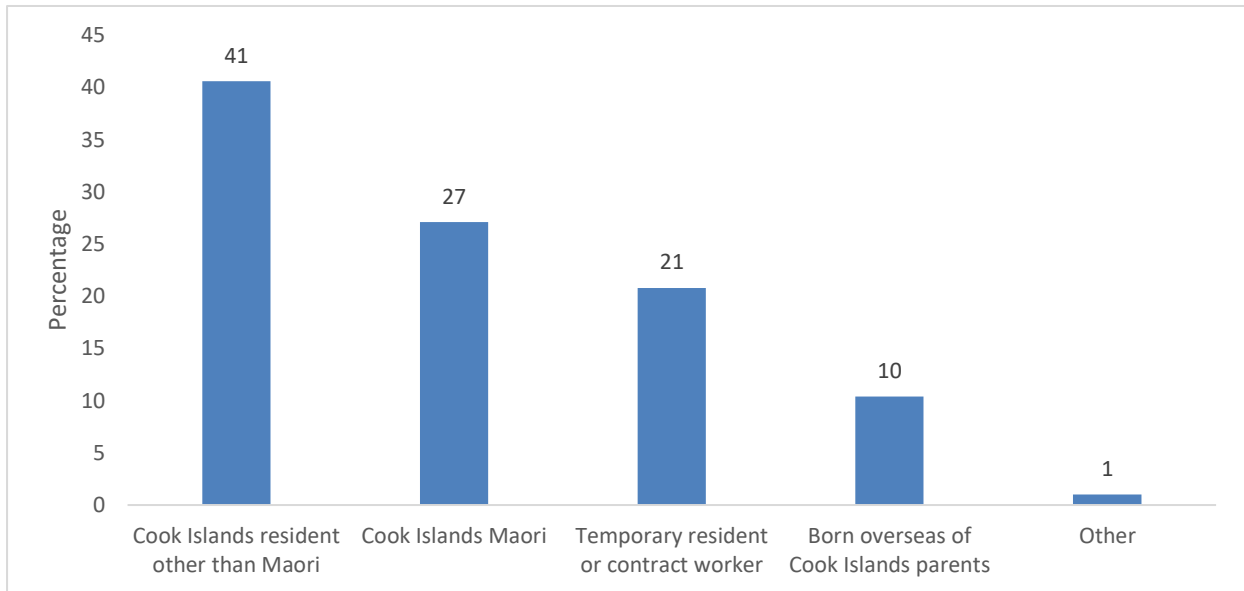
The data presented in this report includes: general business profile, staffing levels, the business climate, and information on revenues, costs and economic linkages.

Because the national economy is so dependent on tourism there are few businesses that don't rely to a considerable degree on the direct or indirect economic impacts that tourism brings to the local economy. For the purposes of this survey we split much of the analysis between 'tourism' (accommodation and tour operator) and 'other' businesses – the latter also includes businesses that may depend heavily on tourism (e.g. restaurants) and others that have a focus on a more local clientele.

Business Profile

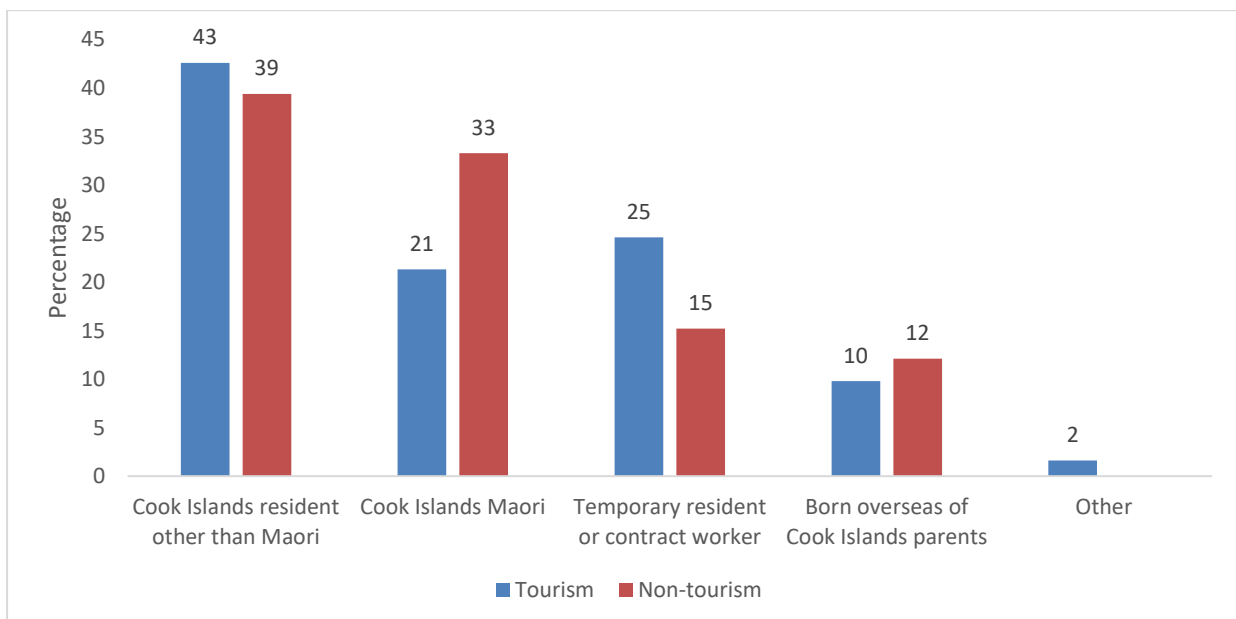
The majority (78%) of respondents are permanent Cook Islands residents - either Cook Islands Maori (27%), non-Maori (41%) or born overseas to Cook islands parents (10%) (Figure 1).

Figure 1: Which of the following best describes you



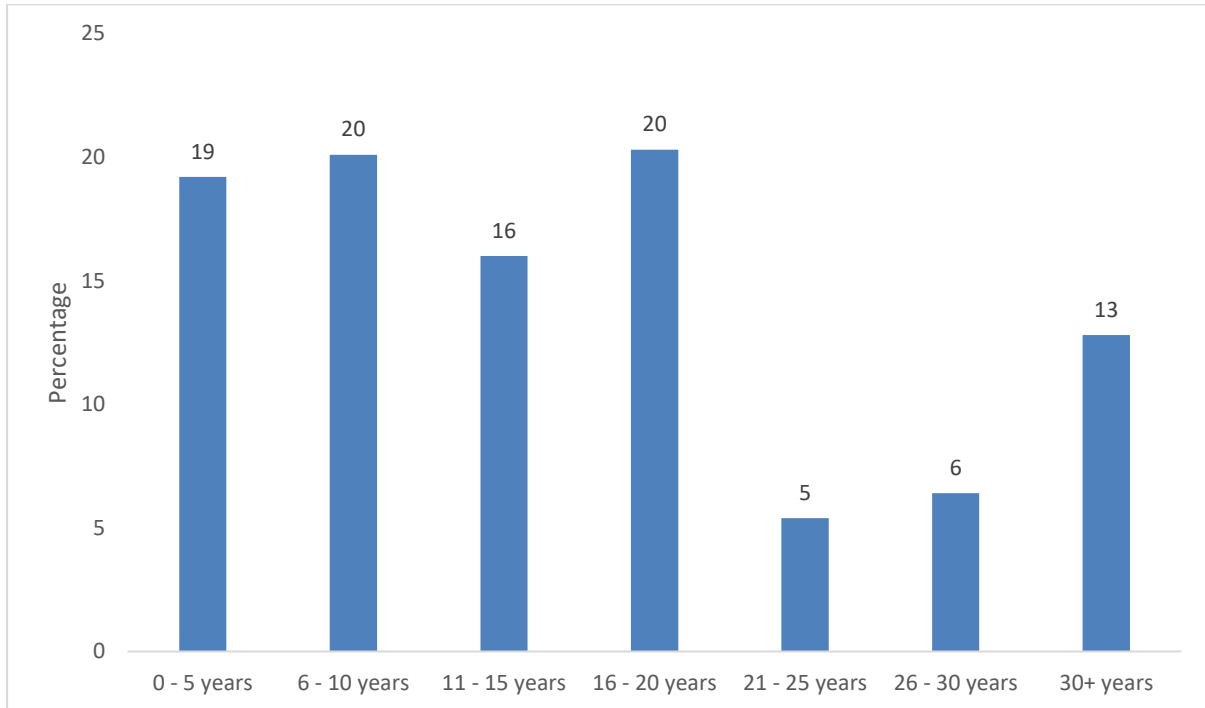
Tourism businesses attracted more temporary residents or contract workers (25%) than non-tourism businesses (15%). On the contrary, more Cook Islands Maori worked in Non-tourism businesses (Figure 2).

Figure 2: Which of the following best describes you - tourism and non-tourism



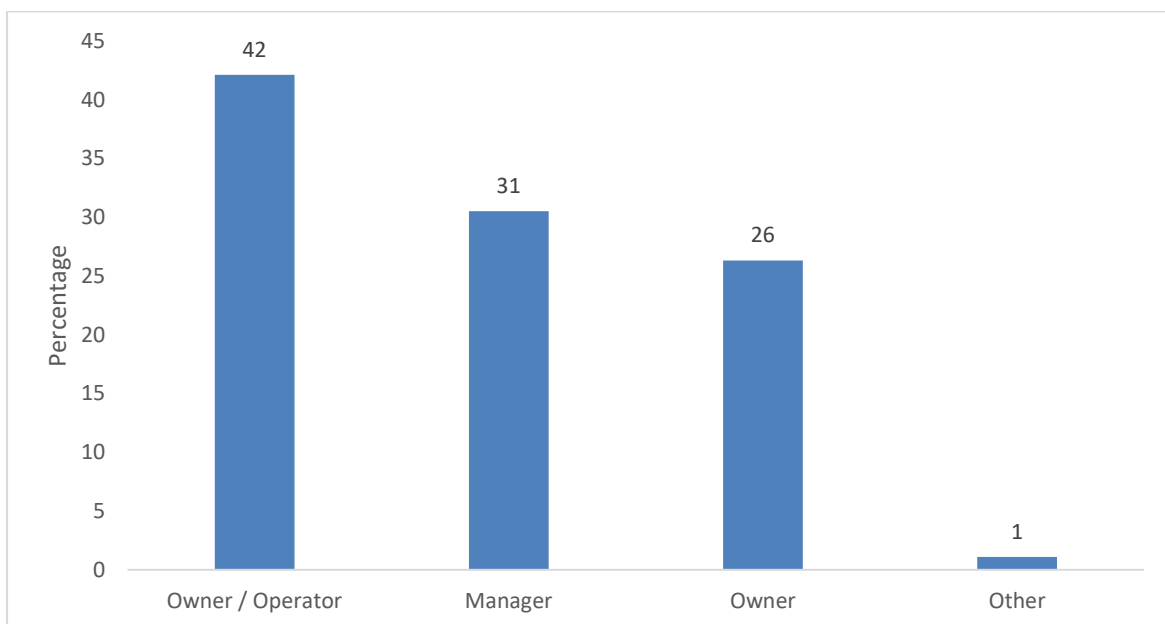
Nearly two thirds of responding businesses (60%) have been in operation for more than 10 years (Figure 3). A small, yet significant, number of businesses (13%) have been operating for more than 30 years. Nearly a fifth (19%) of businesses have been operating for 5 years or less.

Figure 3: How long has your business been operating in this country



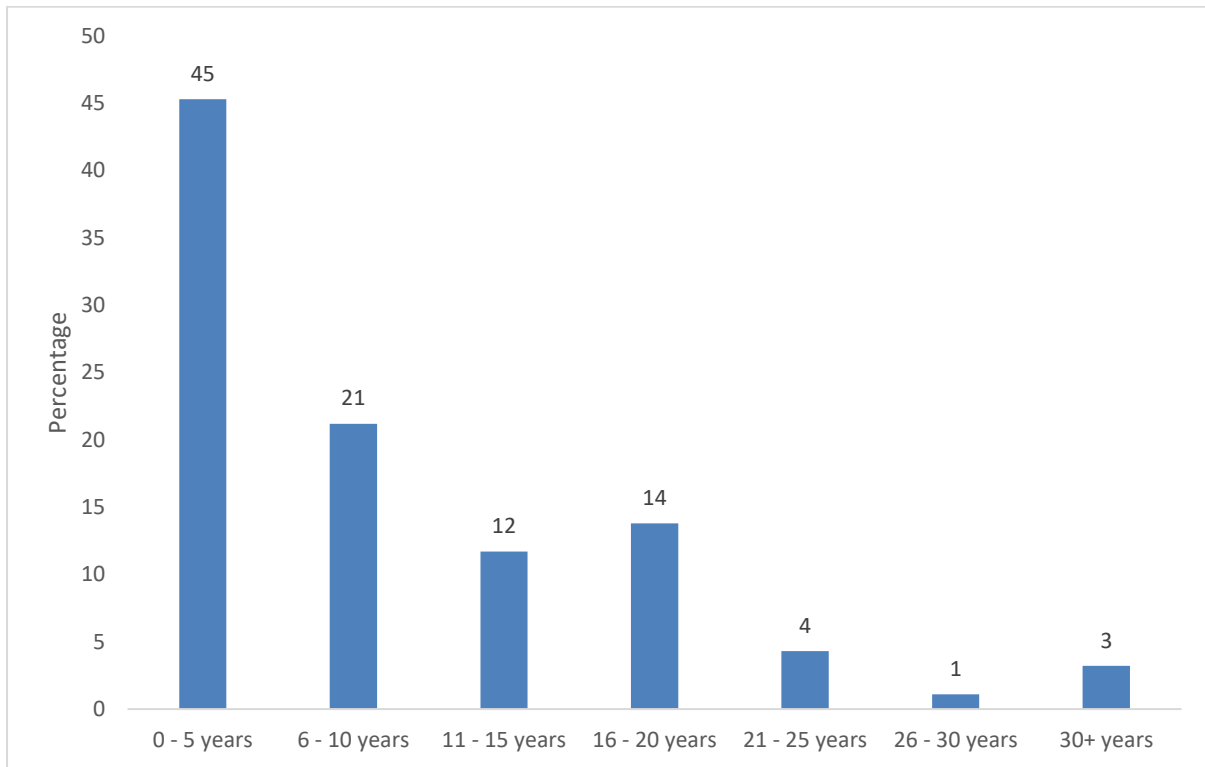
The majority of business respondents are owner/operators (42%), managers (31%), or simply owners (26%) (Figure 4).

Figure 4: What is your role in this business



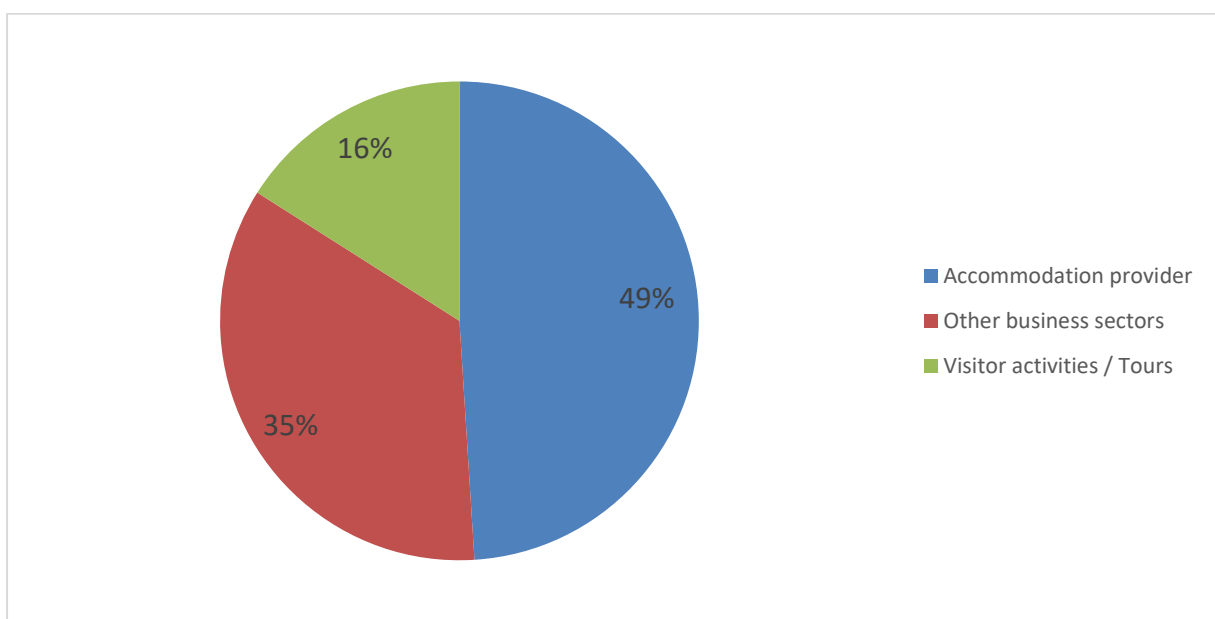
Over two thirds (67%) of respondents have been in their current role for under 10 years (Figure 4). Only 8% of those surveyed have been in their role for over 20 years.

Figure 5: How long have you been in this role



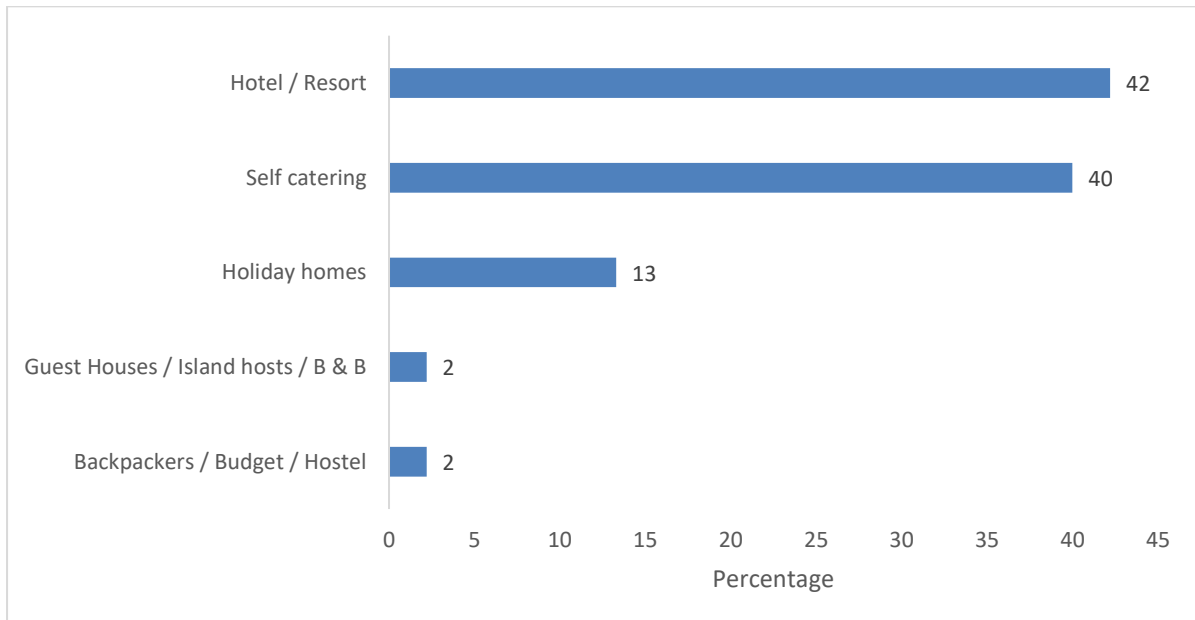
Nearly half (49%) of businesses surveyed noted 'accommodation provider' as their primary focus, and another 16% focused on 'visitor activities/tours' (Figure 6). Over one third (35%) of businesses surveyed are non-tourism businesses.

Figure 6: What is the primary focus on your business



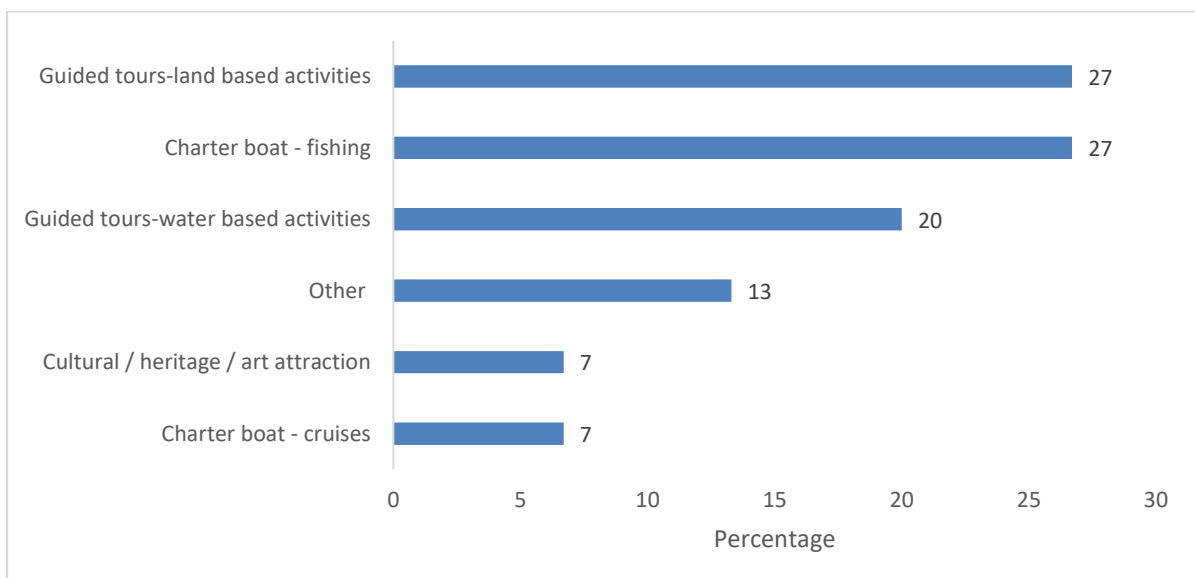
Nearly half (42%) of those who have accommodation as their primary focus classify the business as hotels/resorts, a further 40% are 'self-catering', with holiday homes making up a further 13% (Figure 7).

Figure 7: Accommodation provider: main focus of business



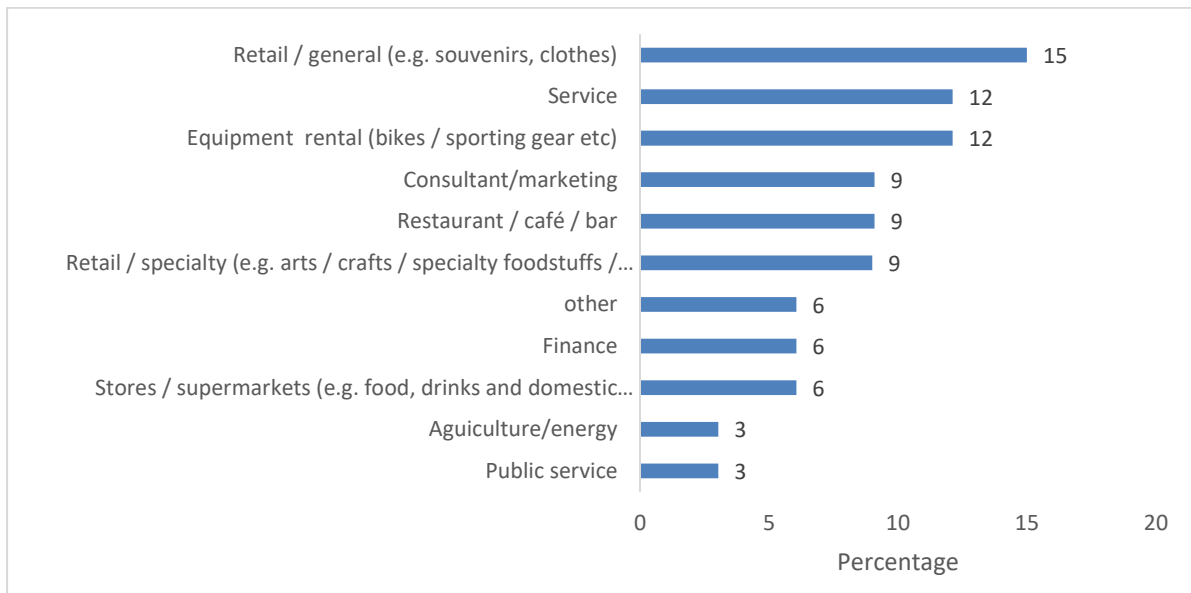
For those who have visitor activities as their primary focus, over one quarter (27%) are classified as 'guided tours – land based activities' or 'charter boat – fishing' (Figure 8). "Other" businesses include tourism publications.

Figure 8: Visitor activities/tours: main focus of business



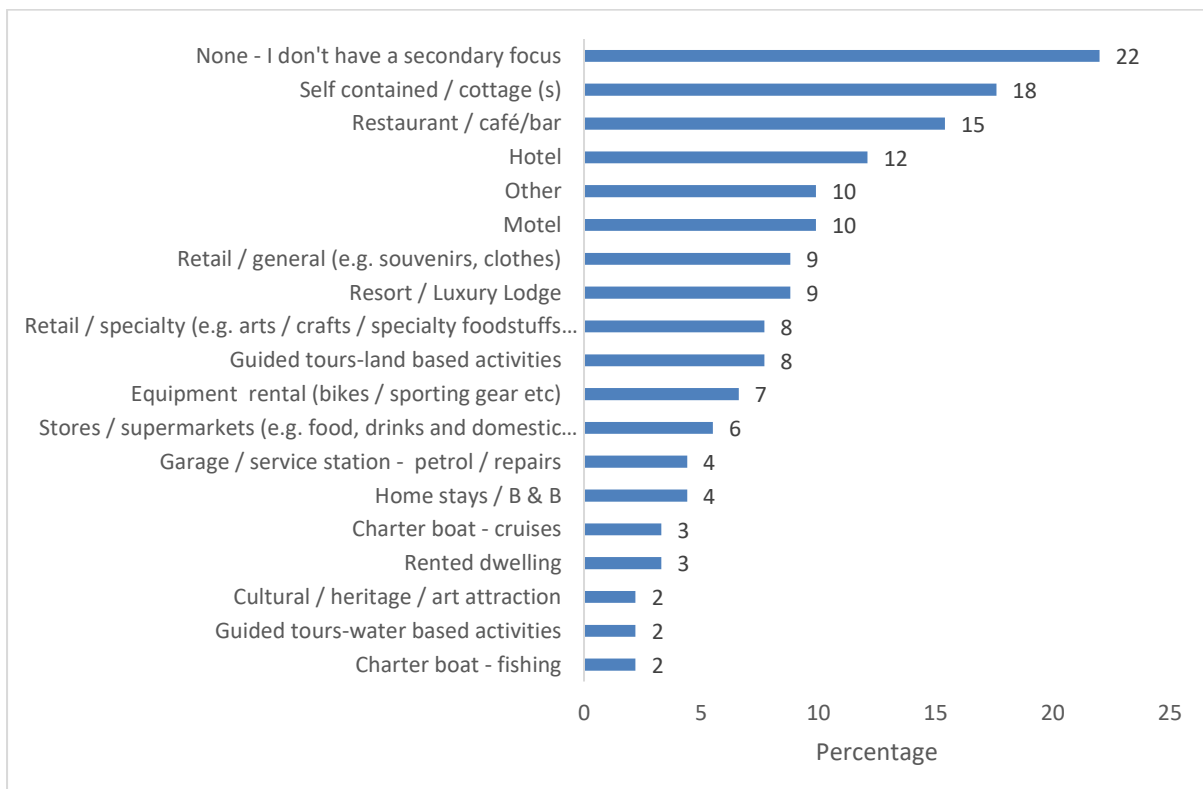
'Other business sectors' include general retail (15%), private service (12%), and equipment rental (12%) (Figure 9). "Other" businesses include printing and publishing.

Figure 9: Other business sectors: main focus of business



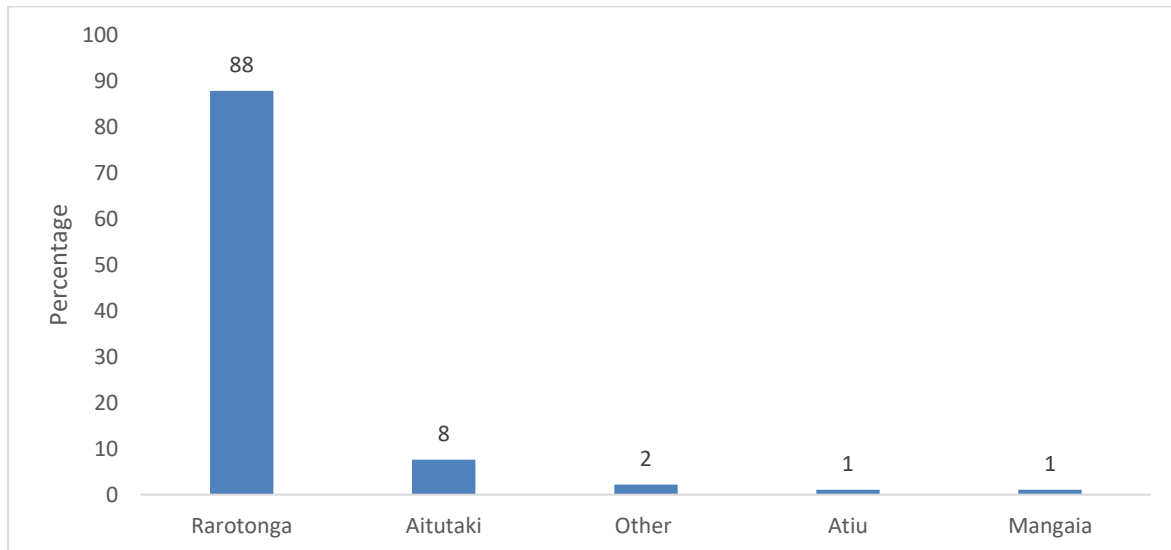
Respondents were also asked to indicate whether they had secondary business activities in addition to their primary focus. Over one fifth (22%) of respondents don't have a second focus. For those who have secondary focuses, the business activities were mainly focused on self-contained / cottage accommodation (18%), restaurant / café / bar (15%), hotels (12%), and motels (10%) (Figure 10). "Other" businesses include building suppliers, OTA, and other travel related businesses.

Figure 10: Secondary focus of business



The majority of businesses covered in the survey are located in Rarotonga (88%), with a small number of businesses located in Aitutaki (8%) and Atiu (1%), and Mangaia (1%) (Figure 11). Approximately 2% came from other outer islands including Pukapuka and Rakahanga.

Figure 11: Where is your primary business located?

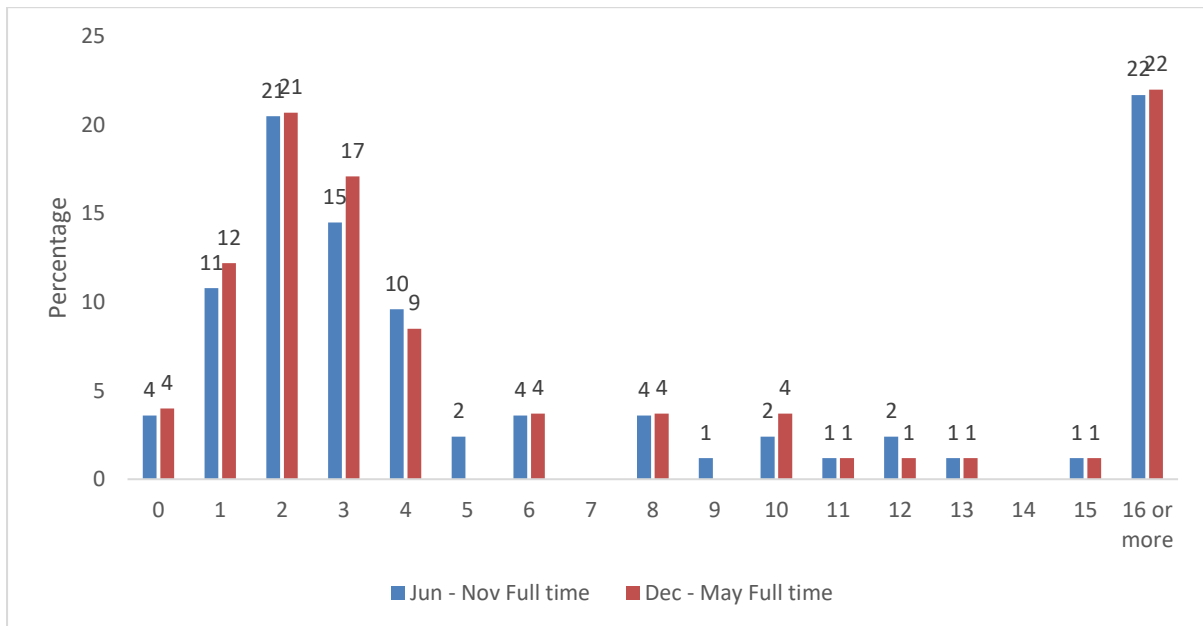


Nearly all (99%) of businesses captured in the survey (both tourism and non-tourism) operate all year round.

Staffing

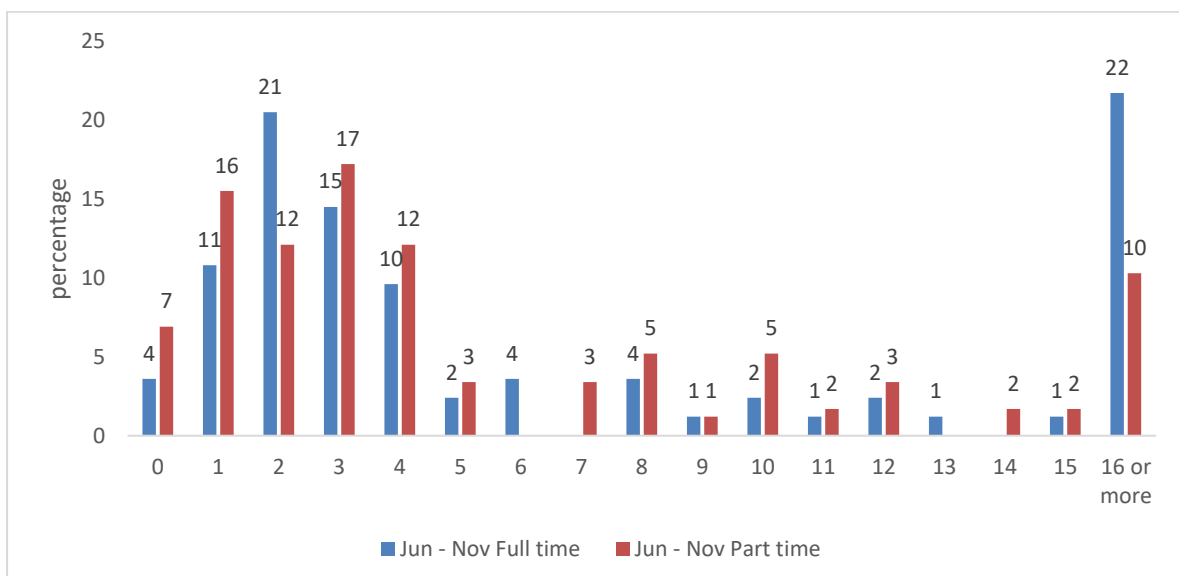
For both high season (June to November) and low season (December to May), the average number of full-time staff per business is 7 (Figure 12). We can clearly see the bifurcated nature of the businesses responding – most with either 1-4 staff or 15 and over. Nearly all of the businesses that participated in the survey hire at least one full time staff member.

Figure 12: Average number of full-time staff



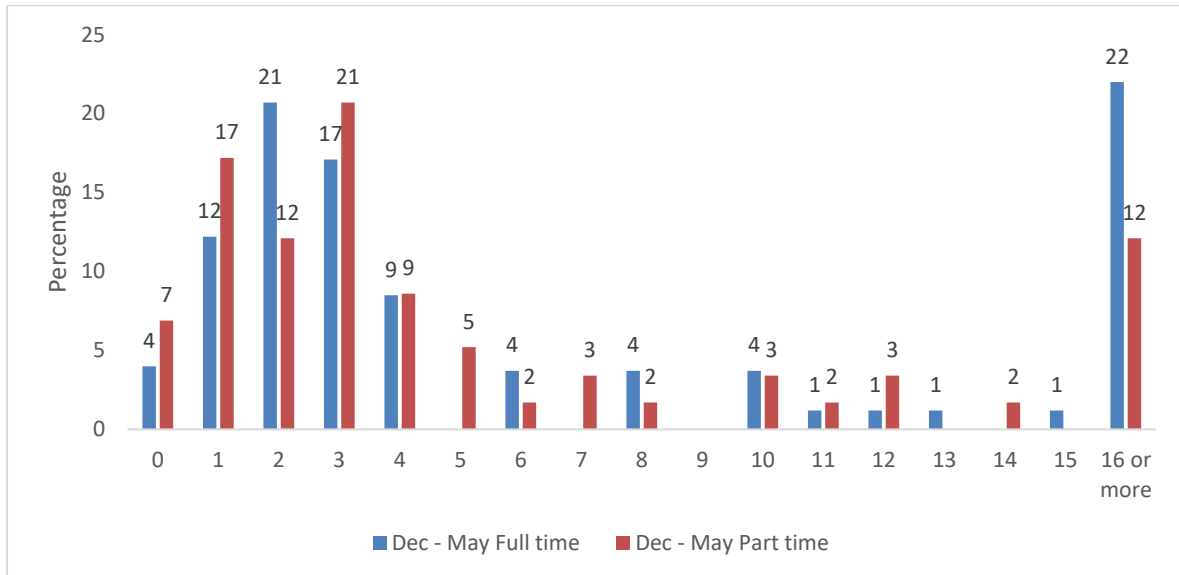
During the high season (June to November), over half (61%) of the businesses employ four or fewer full-time staff. Nearly one quarter (23%) of businesses have more than 15 full-time staff (Figure 13). The majority (64%) of businesses employ fewer than 4 part-time staff.

Figure 13: Number of full and part-time employees (including respondent) from June to November



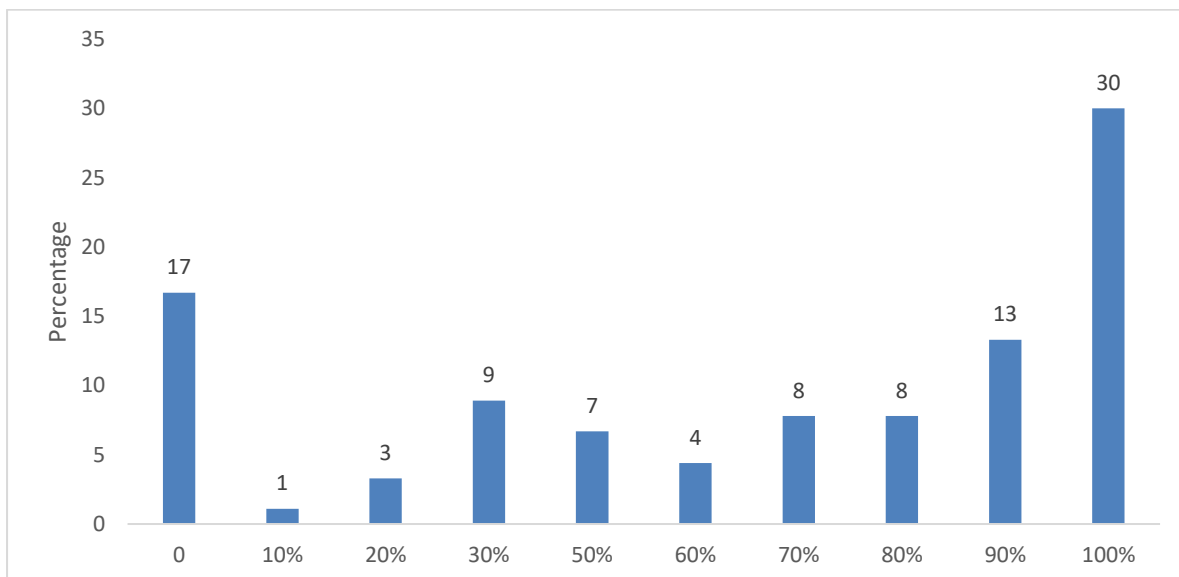
During the low season (December to May), the average number of full-time and part-time staff per business are 7 and 6. Over half (63%) of the businesses employ four or fewer full-time staff. Nearly one quarter (23%) of businesses have more than 15 full-time staff (Figure 14). The majority (66%) of businesses employ 4 or fewer than part-time staff.

Figure 14: Number of full and part-time staff (including respondent) from December to May



Nearly one third (30%) of businesses employ 100% Cook Islands Maori staff, with a further 13% indicating that at least 90% of their staff are Cook Islands Maori (Figure 15).

Figure 15: Percentage of staff that are Cook Islands Maori



Nearly two thirds (65%) of businesses covered in the survey indicated they have problems finding suitable staff. Of those respondents who stated they have difficulty finding staff, over one third (34.9%) noted that they find it hard to recruit staff who are reliable and honest

(Table 1). A further thirty percent mentioned that it is difficult to find suitable human resources in the Cook Islands. Another 20.9% stated there was a sense that the local people were not willing to work.

Table 1: Problems finding suitable staff?

Theme	Share of respondents %
Reliability and honesty	34.9
Suitable skills	30.2
Unwilling to work	20.9
Limited local human resources	11.6
Self-initiative	11.6
Other	7.0
High staff turnover	2.3

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments included:

“It’s hard to find reliable, hardworking staff that are also trustworthy.”

“Housekeeping and Restaurant particularly challenging to find local staff that are reliable, honest and willing to work the hours.”

“Skilled workers not available, have to train.”

“Literate, numerate, computer literate, honest hard working people with good English and admin skills.”

“Hard to attract locals or skilled workers.”

“Put ads in the paper and sometimes don't get a single response. Have the best luck getting staff through recommendations from my current staff.”

“Difficult to find staff with common sense and the ability to think outside the box.”

“The population on Aitutaki is small anyway - finding reliable staff is a challenge.”

Of those who did not have any difficulties finding staff, the majority of those that commented noted that they have loyal staff, and that their staff may introduce their friends and/or they are not recruiting currently.

When hiring new employees, over half (61.7%) of businesses are looking for reliability and honesty (Table 2), with nearly half (43.2%) focusing on good work ethics, such as commitment, puncture, and working hard. Over one quarter (27.2%) of businesses mentioned personality, such as friendliness, enthusiasm, and patience. Another one quarter (24.7%) mentioned specific skills and relevant education as being essential attributes. Twenty percent mentioned positive attitude towards learning is an important aspect. There are seven percent

mentioned being ‘local’ as a key factor they looked for in staff which is higher than last years’ 1st survey (1%).

Table 2: What are you looking for when you hire new employees?

Theme	Share of respondents %
Reliability and honesty	61.7%
Good work ethics	43.2%
Personality	27.2%
Skill and education	24.7%
Ability and willingness to learn	19.8%
Local staff	7.4%
Experience	4.9%
Other	2.5%

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments on what businesses are looking for in employees included:

“Reliability, honest, capability to do the job, well spoken, Good communication with managers and guests.”

“Alcohol, drug and smoke free. [Being] able to work alone, work to a high standard and in a timely manner, and turn up on time.”

“Can do attitude, team player, confident, reliable and pride in self and surrounds.”

“Honesty, hardworking, reliable, passionate about fishing, friendly, responsible.”

“Dependability, honesty, friendly personality, skills required or prepared to learn.”

“International qualification/certifications/good character traits like strong work ethic, going above and beyond what is required.”

“Technical Maritime training.”

“Cook Islanders, reliable, knowledge of our history and culture, confident with people.”

Nearly two thirds (65%) of businesses noted that they have training needs (Table 3). Of these, nearly one third (48.1%) focused on the need to train their staff in customer service and care which is much higher than 1st survey last year (38%). Other main training needs include: general hospitality and tourism (19.2%), housekeeping (13.2), management skills (11.5%), accounting skills (11.5%), and ICT skills (9.6%). In Particular, nearly two percent (7.7%) of businesses mentioned Kia Orana Values or Kia Orana service courses.

Table 3: Business training needs

Theme	Share of respondents %
Customer service	48.1%
Hospitality and tourism	19.2%
Housekeeping	13.5%
Management	11.5%
Accounting	11.5%
ICT skill	9.6%
Technical skills	7.7%
Kia Orana Value	7.7%
Food and beverage	7.7%
Sales & marketing	5.8%
First Aid	5.8%
Lifeguard	1.9%
Retail skills	1.8%

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments on training needs included:

“Customer service, bar management, computer and accountancy skills.”

“Customer service is remedial, ongoing on the job training, systems and procedures pertaining to the travel business.”

“Business growth training, public speaking/presentation training.”

“Housekeeping and public relations, customer care.”

“We just received the Kia Orana Values presentation and it was great. We could do further Customer Service, Hospitality Care, Staff Morale, Culture awareness, Environment Care.”

“Motorbike & Vehicle Mechanic courses, customer service courses.”

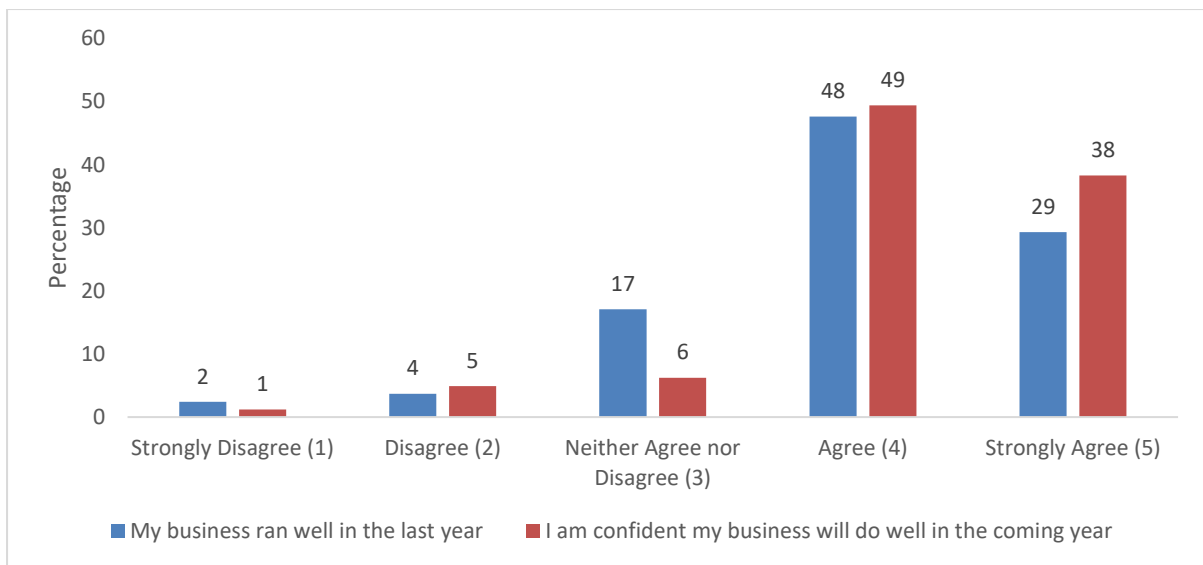
“Marketing and strategy mentoring.”

Respondents were asked to list any local business/organisations they belong to. Just over two thirds (66%) of respondents answered the question - including 4% who specifically said they do not belong to any grouping. The majority of those that did respond are members of the Chamber of Commerce (45%), and/or the Cook Islands Tourism Industry Council (42%).

The business climate

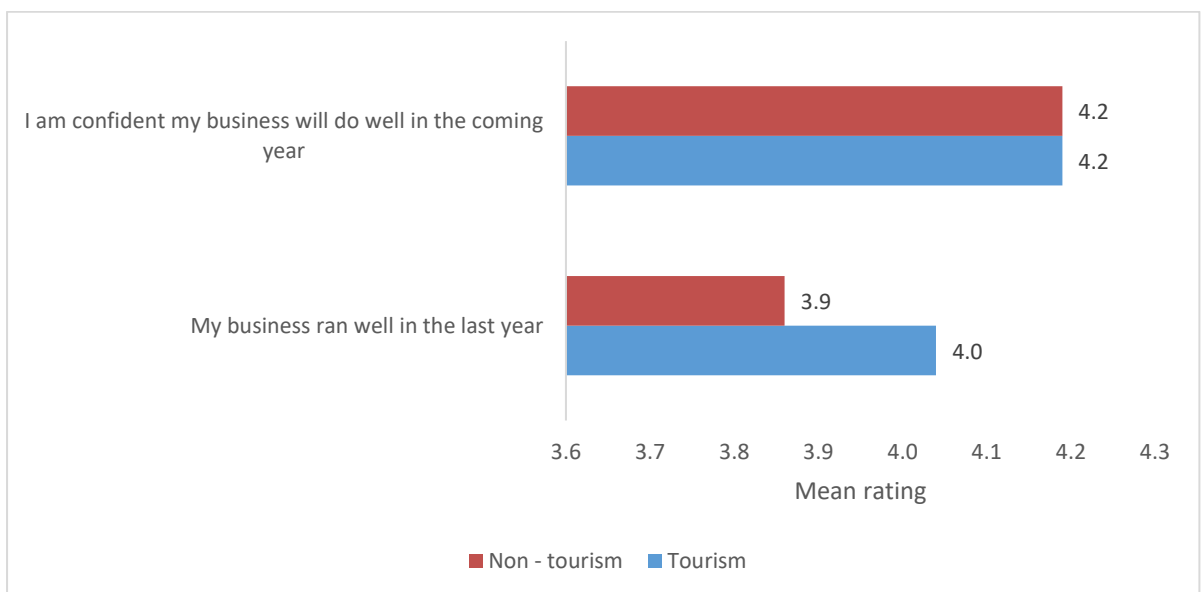
Respondents were asked to rank statements relating to their levels of confidence in the business climate. The majority (77%) of respondents feel that their business ran well in the previous 12 months (with an average response of 4.0 out of 5), and nearly nine in ten (87%) respondents feel confident that their business will do well in the coming year (with an average of 4.2) (Figure 16). Compared with the 1st survey of last year (3.9 and 4.1 respectively), businesses shows a higher level of agreement with these two statement.

Figure 16: Please indicate your level of agreement with the following statement



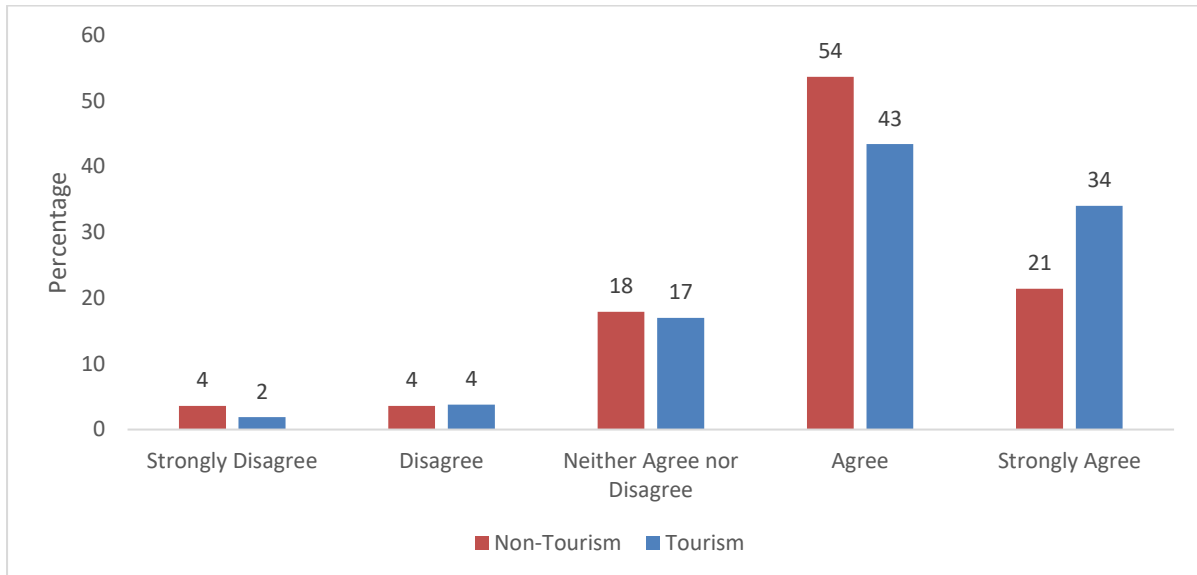
Tourism businesses have the same level of confidence as non-tourism businesses about the coming year, but tourism businesses were more positive about the previous year (Figure 17).

Figure 17: Please indicate your level of agreement with the following statement



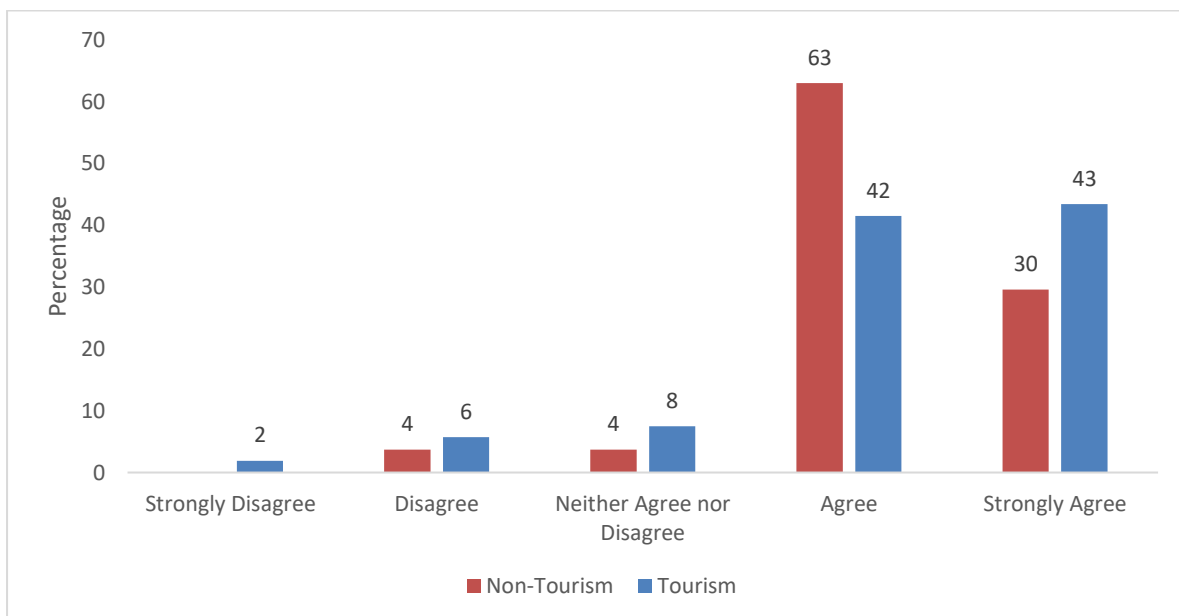
Non-tourism businesses were more in nearly the same level of agreement with the statement “My business ran well in the last year (75%), than tourism businesses (77%) (Figure 18). However, more tourism businesses (34% vs 21%) strongly agree with this statement. Compared with the 1st survey last year, tourism businesses showed an upward trend on that their business ran well in the last year.

Figure 18: My business ran well in the last year



Non-tourism businesses have a higher level of agreement with the statement “I am confident my business will do well in the coming year” (93%), than tourism businesses (85%) (Figure 19). However, levels of “strongly agree” with the statement, tourism businesses (43%) were much higher among than their non-tourism counterparts (30%).

Figure 19: I am confident my business will do well in the coming year



Respondents were asked to answer: “What do you see as being the major challenge that will face your business in the next five years?” Nearly one third (30.3%) of respondents mentioned that climate change/environmental degradation, especially the Muri Lagoon case, would be a major challenge (Table 4), followed by human resource development and availability (26.3%), competition from other businesses (18.4%), operating cost (11.8%), and political issues and regulations (11.8%). Compared with the 1st survey last year, more businesses mentioned climate change and environment issues, and human resources.

Table 4: What do you see as being the major challenges that will face your business in next five years?

Theme	Share of respondents
Climate change or environmental degradation	30.3%
Human resources	26.3%
Competition from other businesses	18.4%
Operating costs	11.8%
Political issues and regulations	11.8%
Number of tourists	10.5%
Infrastructure	9.2%
Advertising and marketing	7.9%
Business development	7.9%
Flight connections	7.9%
Destination development	6.6%
Investment	3.9%
World economics	2.6%

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments included:

“The Muri Lagoon algae bloom, poor political decisions, further increases in cost of doing business.”

“Environment issues - health of the lagoon, climate change, lack of 'information' given to tourists and poor decision making with regards to these issues.”

“Cyclone, environmental issues, lack of Cook islands people to employ, economic constraints in other countries, negative attitudes of local people towards tourism.”

“Retaining good staff. General market climate for travellers - maintaining visitor numbers & spend.”

“Air Capacity, heavy reliance on NZ Market, Environment (Rubbish/dogs) detracting from visitors enjoyment.”

“Air services - government corruption and incompetence - environmental degradation - availability of labour.”

“Online presence competition, shareholders expectations, maintenance, environmental problems.”

“Keeping up with the growth of tourism, road and, noise from motorized tourism activities, lack of outlets and promotion for accommodation under 10 rooms.”

“Operating costs (telephone & internet charges, rental fees, maintenance, etc.).”

“Visitor Numbers increasing, not enough experienced staff.”

“An inability of government and its various agencies to complete various infrastructure projects or to provide leadership as required. Continued push from within industry and tourism towards the Chinese market.”

Respondents were asked to respond to the question: “What do you see as being the major opportunities for your business in the next five years?” Respondents mentioned more tourists, especially “high quality/yield” tourists (25.7%), general business growth (21.4%), and the opportunity to develop more new products (20%) (Table 5). Compared with 1st survey last year, more businesses identified high yield tourists and product development are main opportunities.

Table 5: What do you see as being the major opportunities for your business in the next five years?

Theme	Share of respondents %
More tourists or high yield tourists	25.7%
General business growth	21.4%
Product development	20.0%
Target market segments	17.1%
Tourism growth	12.9%
Marketing	11.4%
Improved flights	4.3%
Other opportunities	4.3%
Technology	4.3%
Local human resources	4.3%
Greater collaboration	2.9%
Improved Environment	2.9%

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments included:

“Gaining more customers from Rarotonga as it is now saturated. Hopefully more high yield customers.”

“Taking more advantage of OTA marketing/booking; increased Northern Hemisphere awareness of the Cooks.”

“Getting more of the visitors to Rarotonga to travel further to Atiu island.”

“Ability to change farming technology, restricting open field farming to shade house, to target products on demand, maintain consistency of produce to ensure meeting the demands. Produce what’s needed to cater for the number of visitor into the Cook Islands.”

“To be able to consolidate the business and offer an authentic island experience. As so many countries modernise & go 'high-tech' there is a market for the 'back to basics', relaxed paradise & genuine culture sort of holiday. Exactly what we aim to offer.”

“We are looking at targeting the ego tourism.”

“Maximizing repeat business. Building new markets.”

“Improvement of the amenities we have to offer and more awareness of Aitutaki not just being a day trip destination.”

“Increase in airline capacity and airlines coming into the country, increase in direct and repeat business, possibility to purchase neighbouring land to expand.”

“Adding on with extra villas as a mini resort style.”

“Being the best quality bicycle service and Polynesian cycling experience. Achieving international standards in bicycle sales and service, cycling tourism and racing. Leading the way for cycling in the Cook Islands.”

When respondents were asked: “Where do you see your business going in the next five years”, over half of the comments focused on continued growth trajectory (56.1%) (Table 6). A number of businesses (13.6%) will focus on product enhancement, such as product diversity, and development more locally grown products. Nearly ten percent (9.1%) of businesses indicated that they would like to maintain their current level of business activity (9.1%). Some comments (9.1%) stated that they will try to improve the quality of their service. A number (6.1%) of businesses mentioned they would love to expand the business, but this depends on the tourism development and other factors, such as airline and infrastructure capacity, the ability of the new manager, and the tourism development. Compared with the 1st survey last year, more business felt confident with continues growth in the next five years.

Table 6: Where do you see your business going in the next five years?

Theme	Share of respondents %
Continued growth	56.1%
Product enhancement	13.6%
No change	9.1%
Service improvement	9.1%
Depends	6.1%
Environment concerns	6.1%
Technology	4.5%
More network	3.0%
Other	3.0%
Higher occupancy	3.0%
Higher profit	3.0%

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments included:

“Hoping to expand our business to include a cafe, several different bicycle tours and creating mountain bike trails and BMX ramps.”

“Focus on increase direct business and repeat and referral business. Hopefully we can expand into neighbouring land so that we can increase capacity as we are almost at full capacity all year round.”

“Further improving the product we offer and the service we provide. Expansion would be great but is not currently an option (adjacent land not available).”

“Should the products meet the demand consistently when required, locally grown products, meets the demand of the visitors, the ability to expand.”

“More a fine-tuning of what we currently do. Always room for improvement but to keep the property well-maintained & offer the experience that guests expect - especially when so many are influenced by social media.”

“Going into the weddings and family reunions and special occasions.”

“Value added products from fruits grown. Marketing of tours to increase exposure.”

“Achieving a better mix of guests (Source market diversification).”

“More Internet based marketing.”

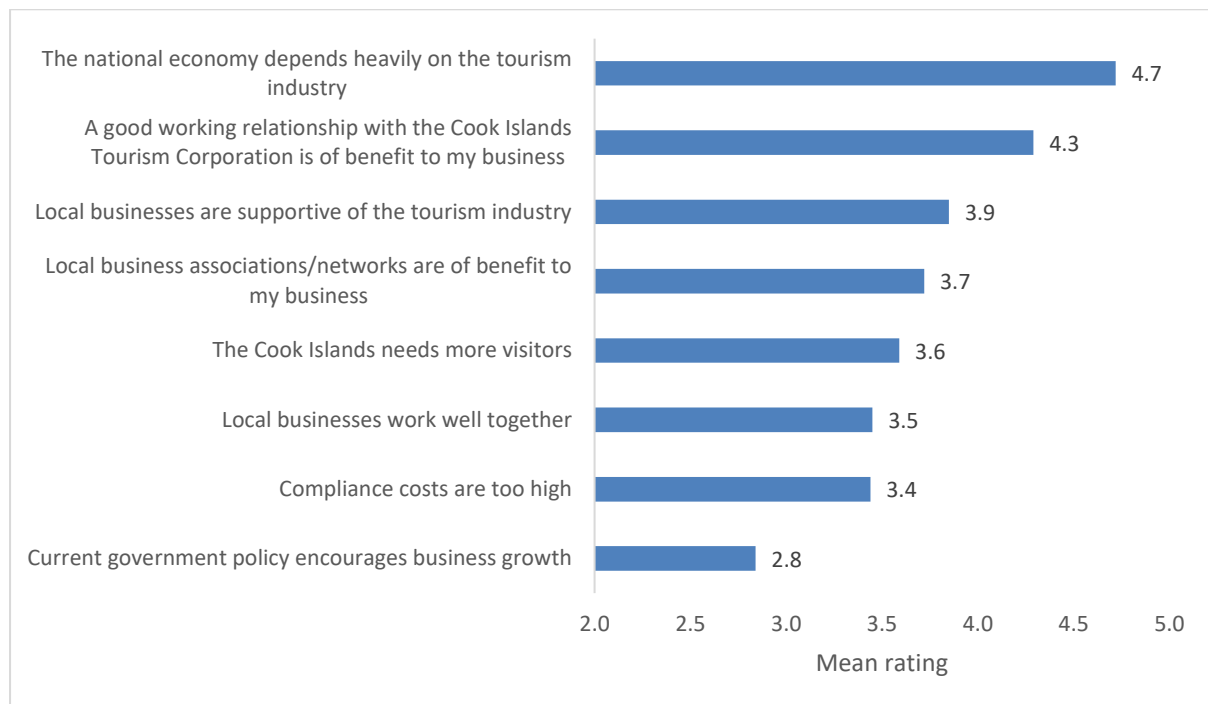
“Should grow, if good infrastructure is put in place, and all have to contribute, not just accommodators.”

“Continual capex to maintain and improve quality of service and guest satisfaction.”

“Sustainably hopefully with regards to environment, local people and overseas visitors.”

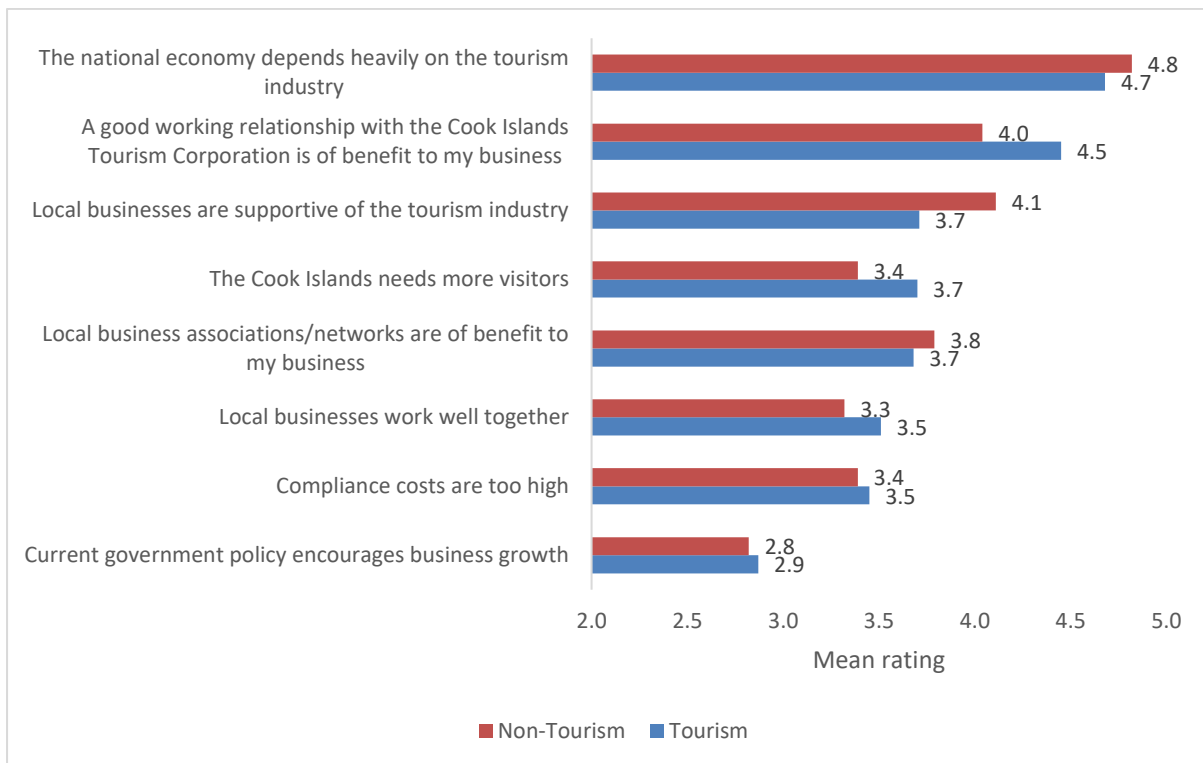
Respondents were asked to rate their agreement with a range of statements about tourism, the Cook Islands and government policy (Figure 20). The statement “the national economy depends heavily on the tourism industry” received the highest level of agreement (4.7 out of 5). “Current government policy encourages business growth”, by contrast, received the lowest rating (2.8 out of 5). In the 1st survey of the last year, there are obvious decrease occurred from 4.2 to 3.6 on “the Cook Islands needs more visitors”.

Figure 20: Please respond to the following statements



Tourism businesses show a higher level of agreement compared with their non-tourism counterparts with “a good working relationship with the Cook Islands Tourism Corporation is of benefit to my business”, “the Cook Islands needs more visitors”, “local business work well together”, “compliance costs are too high”, and “current government policy encourages business growth”(Figure 21). Tourism businesses are less likely than non-tourism businesses to agree with the statement that as “the national economy depends heavily on the tourism industry”, “local business are supportive of the tourism industry”, and “local business associations/networks are of benefit to my business”.

Figure 21: The importance of statements relating to the Cook Islands - tourism and non-tourism sector



Sixteen respondents gave further comments, including:

“As tourism numbers continue to grow we must be vigilant to protect our natural environment and to ensure that the government take this seriously and infrastructure is upgraded and developed to handle the influx of visitors and development.”

“Compliance costs? There are apparently compliances that are not-enforced & nobody can explain - e.g. sewage/waste water 'compliance'. Cost of having passport stamped annually for work/residence is rather high!”

“Government needs to invest heavily into infrastructure in order to sustain current tourist growth.”

“The Cook Islands does need more visitors, but more mid to high end rather than the Budget traveller. We are a small country even boutique so I think the type of visitor is important maybe an even mix of visitors.”

“The Cook Islands Tourism Board focus very strongly on the Accommodation/Restaurant side of business development and little support is given to private sector that does not operate directly in this field.”

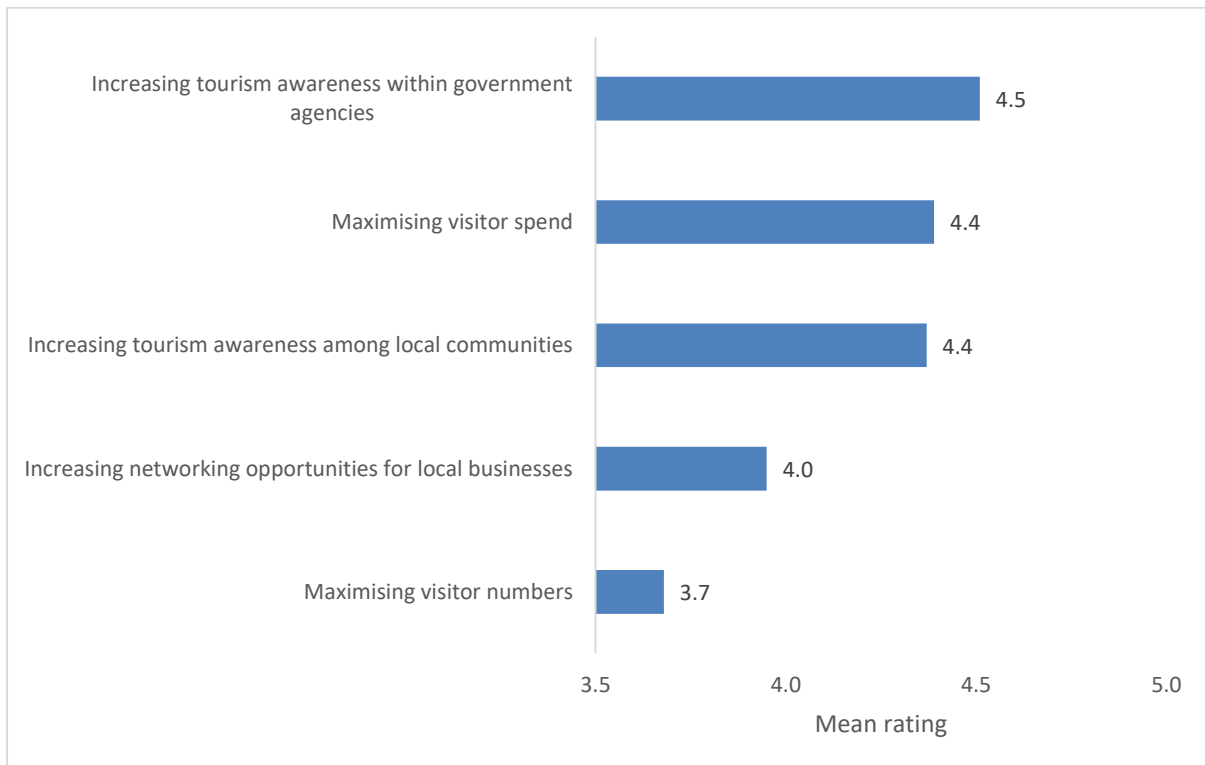
“The expanded tourism budget seems to have lost any focus on getting visitors to the outer islands. All marketing seems to be to Rarotonga. Little marketing is done on Rarotonga to excite visitors to go to the outer islands.”

“There is not a strong community influence. Communication to all, for upcoming events and reminders are non-existent, therefore how can you promote Rarotonga to guest.”

“We have a fine balance on Aitutaki with regards to 'compliance' and rules. Tourists come here because there are few rules and everyone self regulates (to a high enough standard) but rules and compliance to those rules need to be policed, especially by the health and police department.”

When respondents were asked to rate a range of statements in terms of their importance to the Cook Islands, “increasing tourism awareness within government agencies” (4.5 out of 5) “maximising visitor spend” (4.4), and “increasing tourism awareness among local communities” (4.4) were given the highest scores (Figure 22). Compared with the 1st survey of the last year, fewer businesses rank “maximising visitor numbers” as the most important aspect (4.3 last year).

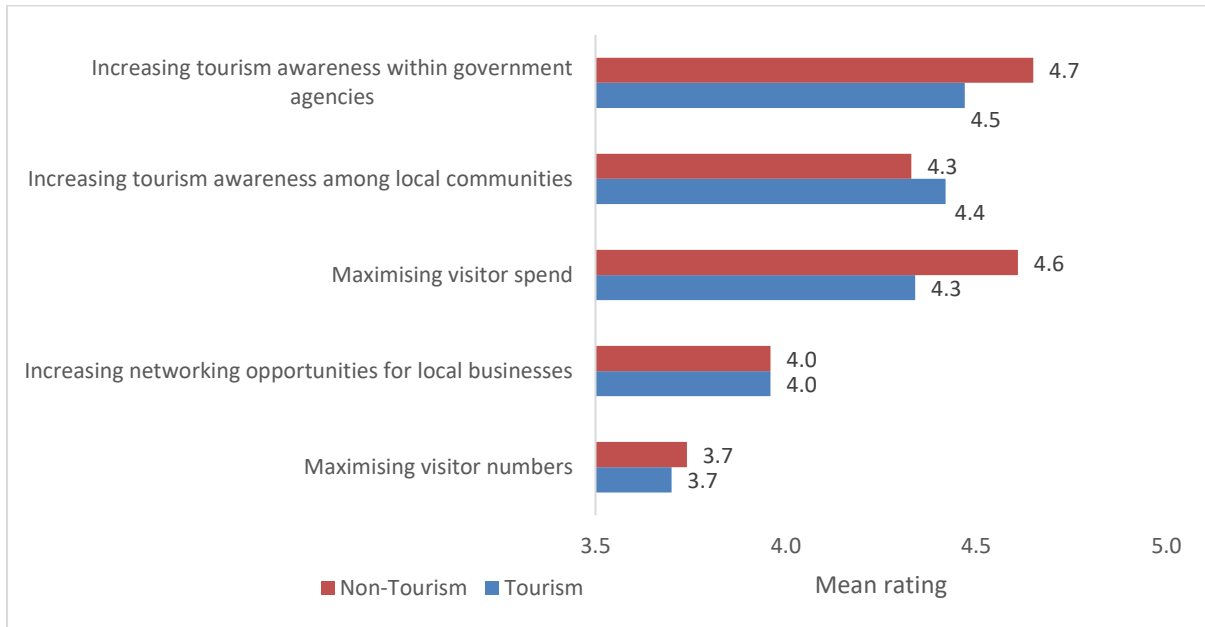
Figure 22: How important are the following to the Cook Islands



There were some variations in responses to these statements between tourism businesses and ‘other’ sectors. Tourism businesses in particular assigned a higher degree of importance to “increasing tourism awareness among local communities”, than their non-tourism counterparts (Figure 23). Non-tourism business ranked high level of importance in “increasing

tourism awareness within government agencies”, “maximising visitor spend”, and “maximising visitor numbers”.

Figure 23: How important are the following to the Cook Islands - tourism and non-tourism sector



Additional comments relating to this question included:

“Again, need more up-market tourists & not relying almost entirely on New Zealand.”

“As tourism is such a huge part of the economy, a greater appreciation within the community & government agencies is essential. Everyone has to work together.”

“Everybody locally knows that tourism is at the top of the food chain so to speak for tourism for the country.”

“Getting visitors to go to the outer Islands would describe as “Very Important”.”

“Maximizing visitors if infrastructure can handle it. Don’t create more or new accommodation, give intensives to improve what we have, and build on land available on existing accommodation properties.”

“Other businesses need to make doing business affordable, namely telecommunications. As an internet-based business we can hardly keep up with the costs and ineffective service.”

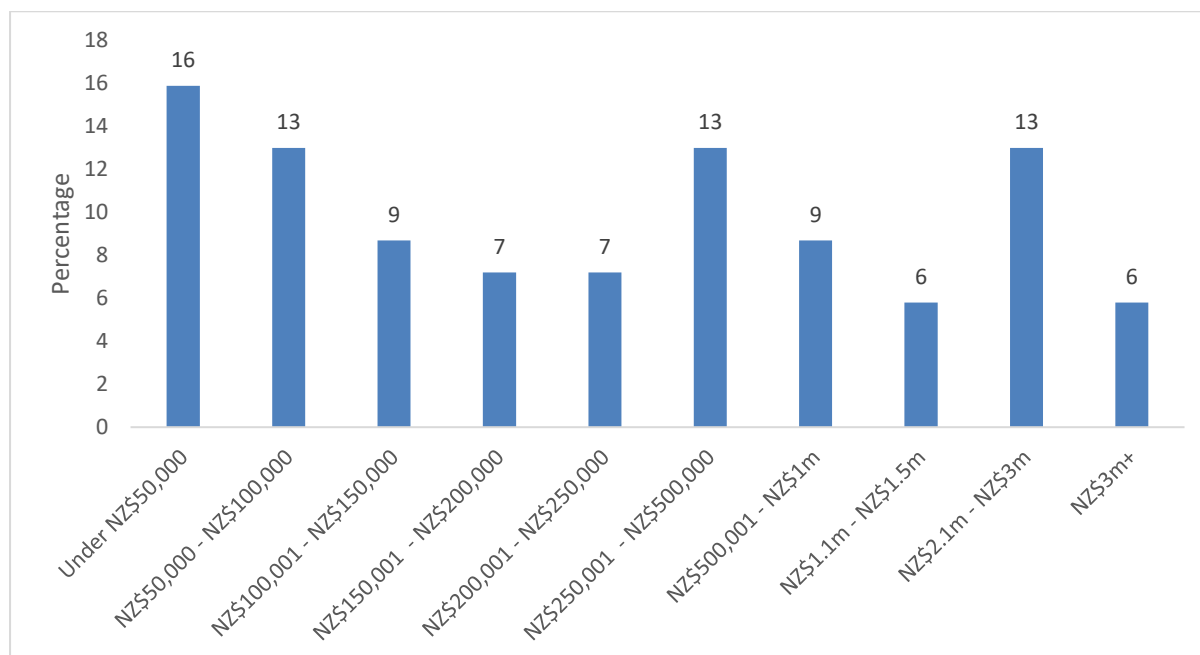
“Perhaps we need to be maximizing the type of visitor we want as opposed to the quantity of people eg a small group of wealthy individuals with versus large groups of backpackers with very limited funds!”

“The people of the Cook Islands should be encouraged to step up and not rely on the Tourist Accommodation premises and the like to cater for the visitors. Small loan funding outlets made available to purchase items like fertilizers, pesticides, water tanks to support crop production on a regular basis. It is not the number of the visitors nor the amount they spend. The local people have to step up contribute rather than relying on the business industries to cope.”

Revenue, cost and linkages

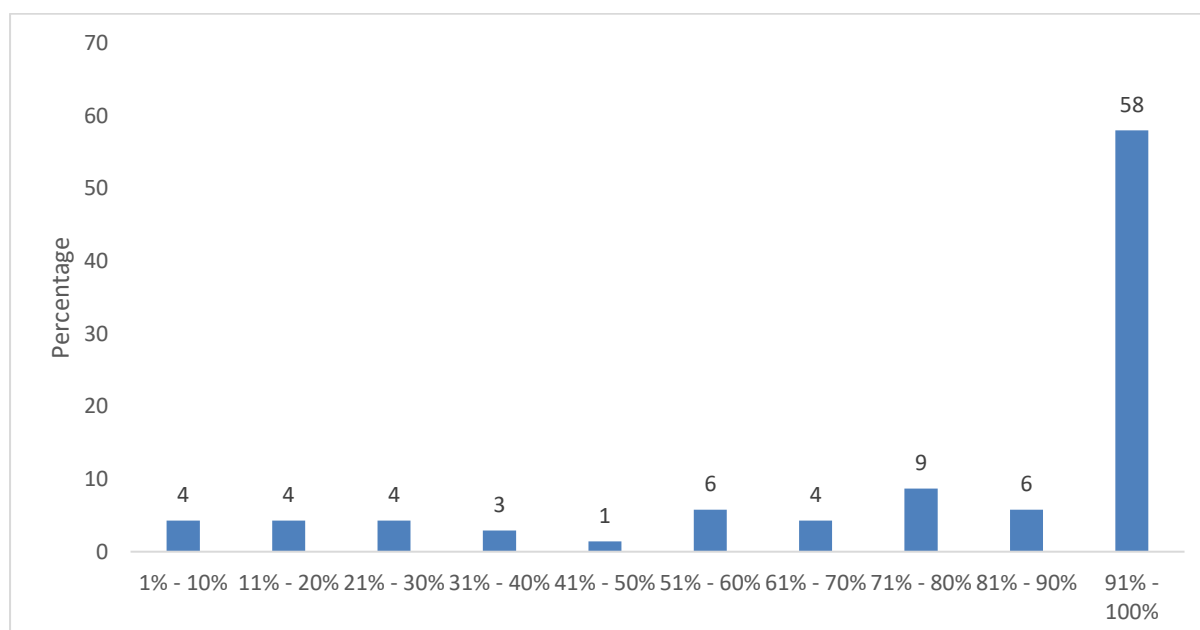
Over one third (38%) of businesses surveyed reported an annual turnover of less than \$150,000 in the last financial year (Figure 24). A further 25% of businesses generated more than \$1million in revenue.

Figure 24: Approximate annual turnover in the last financial year (VAT inclusive)



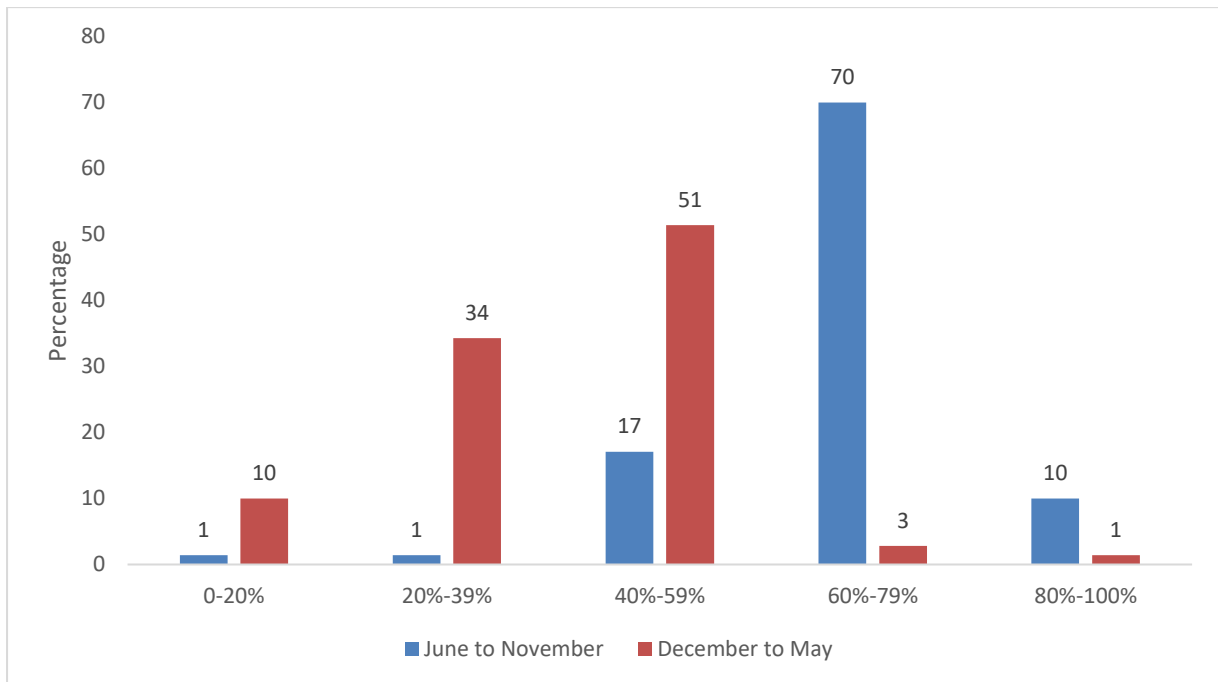
Well over half (58%) of the businesses surveyed attribute more than 90% of their annual turnover directly to tourism (Figure 25) which is higher than the 1st survey last year (53%). Only 4% of businesses indicated less than 10% of revenue flowing directly from the sector.

Figure 25: Approximate annual turnover estimated to come directly from tourism



Respondents were asked to estimate what percentage of this turnover is generated in the high season (June to December) and low season (December to May) (Figure 26). On average, 63% of turnover was generated during high season (38% of turnover was generated during the low season). Over three quarters (80%) of businesses surveyed generate more than 60% of their revenue during the high season which is much higher than the 1st survey last year (61%).

Figure 26: Percentage of this turnover generated in the high/low seasons



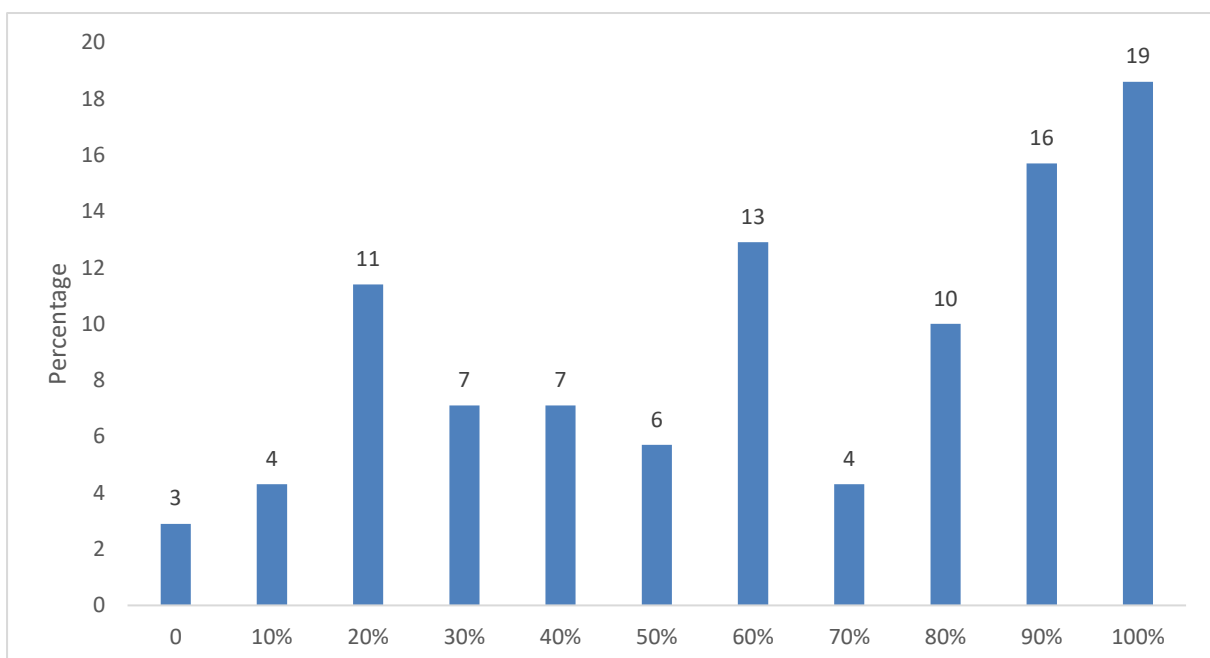
On average, 62% of business costs are allocated to labour (wages and salaries) and the cost of goods sold, 38% of annual business expenses are allocated to 'other expenses including rent, power, phone and consumables (Figure 27).

Figure 27: Approximate breakdown of the business annual expenses



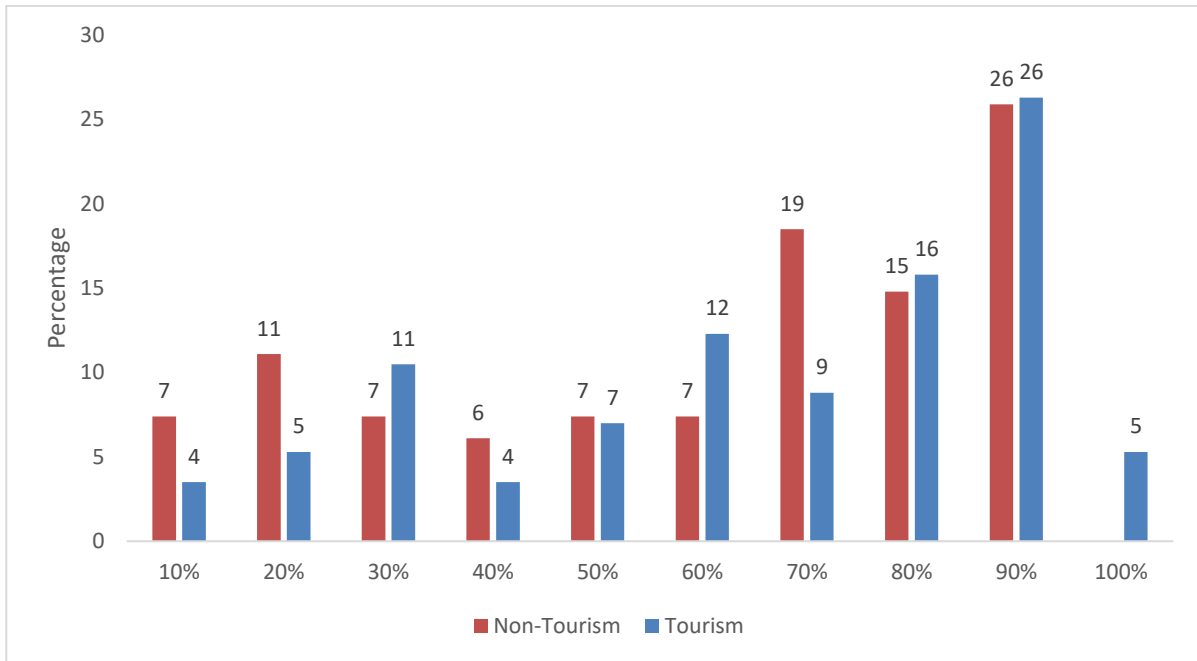
Nearly half (49%) of the businesses make more than 70% of their purchases of products and services locally (Figure 28).

Figure 28: Percentage of non-labour expenses spent annually on products and services supplied by businesses in the Cook Islands



Well over half (56%) of the tourism businesses make more than 70% of their non-labour purchases through businesses based in the Cook Islands, while 60% of non-tourism business make more than 70% of purchases of products and services locally (Figure 29).

Figure 29: Percentage of non-labour expenses spent annually on products and services supplied by businesses in the Cook Islands – tourism and non-tourism sectors



Conclusions

A business confidence index survey was conducted to identify how businesses felt about their growth, confidence in the economy. The Survey indicates that, for the second year running, most businesses in the Cook Islands are positive about their general performance.

It is encouraging that over half of businesses hire at least 80% of their staff are Cook Islands Maori. However, the depopulation and unwillingness to work are main challenges for these businesses. There does not appear to be significant issues in the Cook Islands workforce at the current time with the majority of businesses have problems finding suitable staff, or have training needs for their current staff.

This research underscores the challenges businesses face and the opportunities businesses see when they make purpose a priority. The survey results revealed a higher level of confidence for the coming year than in the previous survey. There are, however, challenges that need to be addressed, such as climate change and environmental degradation, limited human resources, and the competition from other businesses. Businesses feel strongly that the Cook Islands need more tourists, especially high yield tourists in the future.

There is a clear awareness of that the national economy depends heavily on the tourism, and a desire to develop a higher yield, higher value tourism industry. While businesses in the tourism industry sectors are more positive about a good relationship with the government agencies can benefit their businesses. It is critical that there is a sense that current government policy does not encourage business growth. It is important that government should provide enough support for tourism development, such as improving infrastructure capacity, reducing compliance costs etc.

Overall, these survey results provided a relatively consistent message on the health of the Cook Islands' economy. It is also to bring industry together around a common cause: the need to generate cost-effective and robust data that can be shared in a way that can guide the development of local business policies. The Business Surveys are an important barometer of how the industry feels about itself, it highlights the big issues and gives crucial data to plan the way forward. Our hope is that this work will not only raise awareness of the value and importance of research but also lead to closer collaboration and networking between stakeholders in the industry and a deeper understanding on the part of government of pressing industry needs.

Appendix – Cook Islands Business Survey



Cook Islands Business Confidence Index Survey

Information for participants

Kia Orana.

Thank you for agreeing to take part in the Cook Islands Business Confidence Index survey. Your input is important and very much appreciated.

By completing the Survey you will be helping to provide a better understanding of the current business climate facing the Cook Islands and the challenges and opportunities that lie ahead. Your participation ensures that the business sector's voice can be heard more clearly by policy makers and the nation as a whole.

We invite **all** businesses to complete the survey, regardless of sector or size. This survey will take approximately 10-15 minutes to complete.

Please be assured that all your answers will be kept in the strictest confidence and can in no way be linked to your personal details. The research is funded by the Cook Islands Tourism Corporation and conducted by the New Zealand Tourism Research Institute at AUT University, Auckland, New Zealand.

To thank you for your participation, you can go into the draw to WIN an \$800 Air NZ travel voucher courtesy of Cook Islands Tourism. Enter by completing the prize draw section at the end of the survey.

[Take the survey](#)

Participation is entirely voluntary. By taking the survey you are giving consent to be part of this research.

Aggregated results of this research may be used in journal and conference publications. A summary of the results of this research will also be available on www.nztri.org in 2016.

Cook Islands Business Confidence Index Research

ABOUT YOU AND YOUR BUSINESS

As a local Cook Islands business operator, you are invited to participate in the business survey. The aim of this research is to gain a better understanding of the visitor industry in the region and to develop a visitor strategy that can enhance benefits for local communities and businesses. The survey is focused on all the businesses in the Cook Islands, not just those that are totally involved in the visitor industry.

Please note the information you give below is confidential and cannot be linked to your business in any way

1. Which of the following best describes you?

- Cook Islands Maori (1)
- Cook Islands resident other than Maori (2)
- Born overseas of Cook Islands parents (3)
- Temporary resident or contract worker (4)
- Other (please specify) (5) _____

2. How long has your business been operating in this country?

- 1 year or less (1)
/
- 30+ years (31)

3. What is your role in this business?

- Owner (1)
- Manager (2)
- Owner / Operator (3)
- Other (please specify) (4) _____

4. How long have you been in this role?

- 1 year or less (1)
/
- 30+ years (31)

5. What is the primary focus of your business? (select one only)

- Accommodation provider (1)
- Visitor activities / Tours (2)
- Other business sectors (3)

Answer If 5. What is the primary focus of your business? Accommodation provider Is Selected

Q38 5.1 Please indicate which of the following best describes the primary (main) focus of your business (tick one only):

- Hotel / Resort (1)
- Self catering (2)
- Holiday homes (4)
- Guest Houses / Island hosts / B & B (5)
- Backpackers / Budget / Hostel (3)
- Other (please specify) (9) _____

Answer If 5. What is the primary focus of your business? Visitor activities/Tours Is Selected

Q39 5.2 Please indicate which of the following best describes the primary (main) focus of your business (tick one only):

- Charter boat - fishing (1)
- Charter boat - cruises (2)
- Guided tours-land based activities (3)
- Guided tours-water based activities (4)
- Cultural / heritage / art attraction (5)
- Horse / pony trekking (6)
- Other (please specify) (7) _____

Answer If 5. What is the primary focus of your business? Other businesses sectors Is Selected

5.3 Please indicate which of the following best describes the primary (main) focus of your business (tick one only):

- Restaurant / café / bar (1)
- Stores / supermarkets (e.g. food, drinks and domestic supplies) (2)
- Retail / general (e.g. souvenirs, clothes) (3)
- Retail / specialty (e.g. arts / crafts / specialty foodstuffs / antiques / collectibles) (4)
- Garage / service station - petrol / repairs (5)
- Equipment rental (bikes / sporting gear etc) (6)
- Other (please specify) (7) _____

6. Please indicate which of the following best describes the secondary focus of your business (tick as many as apply):

- Hotel (1)
- Motel (2)
- Backpackers / Hostel (3)
- Holiday Park / Campground (4)
- Home stays / B & B (5)
- Resort / Luxury Lodge (6)
- Rented dwelling (7)
- Self contained / cottage (s) (8)
- Charter boat - fishing (9)
- Charter boat - cruises (10)
- Guided tours-land based activities (11)
- Guided tours-water based activities (12)
- Cultural / heritage / art attraction (13)
- Horse / pony trekking (14)
- Restaurant / café/bar (15)
- Stores / supermarkets (e.g. food, drinks and domestic supplies) (16)
- Retail / general (e.g. souvenirs, clothes) (17)
- Retail / specialty (e.g. arts / crafts / specialty foodstuffs / antiques / collectibles) (18)
- Garage / service station - petrol / repairs (19)
- Equipment rental (bikes / sporting gear etc) (20)
- Other (please specify) (21) _____

7. Where is your primary business located?

- Rarotonga (1)
- Aitutaki (2)
- Atiu (3)
- Mangaia (4)
- Mauke (5)
- Other (please specify) (6) _____

8. Does this business operate all year round?

- Yes (1)
- No (2)

Answer If 8. Does this business operate all year round? No Is Selected

Q10 8.1 What months do you operate (tick as many as apply)?

- January (1)
- February (2)
- March (3)
- April (4)
- May (5)
- June (6)
- July (7)
- August (8)
- September (9)
- October (10)
- November (11)
- December (12)

STAFFING

Q13 9. Please indicate below how many full and part time staff (including yourself) that your business employs in the high and low season.

	June to November	December to May
Full time (30+hours/week) (1)		
Part time (less than 30 hours/week) (2)		

10. Please indicate the percentage of your staff that are Cook Islands Maori

- 0 (1)
- 10% (2)
- 20% (3)
- 30% (4)
- 40% (5)
- 50% (6)
- 60% (7)
- 70% (8)
- 80% (9)
- 90% (10)
- 100% (11)

11. Do you have any problems finding suitable staff (please comment)?

- Yes (1) _____
- No (2) _____

12. What are you looking for when you hire new employees?

13. Do you have any training needs for your business?

- Yes (1)
- No (2)

If you would like to comment, please do so here:

Answer If 11. Do you have any training needs for your business? Yes Is Selected

What training you think would benefit your business?

14. Please list below any local business or industry organisations that you belong to:

THE BUSINESS CLIMATE

15. Please indicate your level of agreement with the following statement, where 1 = strongly disagree, and 5 = strongly agree.

	Strongly Disagree (1) (1)	Disagree (2) (2)	Neither Agree nor Disagree (3) (3)	Agree (4) (4)	Strongly Agree (5) (5)	Not Applicable (6) (6)
My business ran well in the last year (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am confident my business will do well in the coming year (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16. What do you see as being the major challenges that will face your business in the next five years?

17. What do you see as being the major opportunities for your business in the next five years?

18. Where do you see your business going in the next five years?

19. Please respond to the following statements. On a scale of 1 (strongly disagree) to 5 (strongly agree) would you say that:

	Strongly Disagree (1) (1)	Disagree (2) (2)	Neither Agree/Disagree (3) (3)	Agree (4) (4)	Strongly Agree (5) (5)	Not Applicable (6) (6)
Local businesses work well together (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Local business associations/networks are of benefit to my business (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Local businesses are supportive of the tourism industry (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The national economy depends heavily on the tourism industry (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A good working relationship with the Cook Islands Tourism Corporation is of benefit to my business (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The Cook Islands needs more visitors (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Current government policy encourages business growth (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Compliance costs are too high (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you would like to comment, please do so here:

20. How important do you believe each of the following is for the Cook Islands, where 1 = very unimportant, and 5 = very important:

	Very Unimportant (1) (1)	Not very important (2) (2)	Neither Important nor Unimportant (3) (3)	Important (4) (4)	Very Important (5) (5)	Not Applicable (6) (6)
Increasing networking opportunities for local businesses (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maximising visitor spend (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maximising visitor numbers (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increasing tourism awareness among local communities (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increasing tourism awareness within government agencies (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you would like to comment, please do so here:

REVENUE, COST AND LINKAGES

Information about how your businesses links to and impacts on the Cook Islands economy is vital to help us understand the true value that tourism brings to the nation.

21. What was the approximate annual turnover of your business in the last financial year (VAT inclusive)?

- Under \$50,000 (1)
- \$50,000 - \$100,000 (2)
- \$100,001 - \$150,000 (3)
- \$150,001 - \$200,000 (4)
- \$200,001 - \$250,000 (5)
- \$250,001 - \$500,000 (6)
- \$500,001 - \$1m (7)
- \$1.1m - \$1.5m (8)
- \$1.6m - \$2m (9)
- \$2.1m - \$3m (10)
- \$3m+ (11)
- Prefer not to answer (12)

22. Approximately what percentage of the annual turnover would you estimate comes directly from tourism?

- 0% (1)
- 1% - 10% (2)
- 11% - 20% (3)
- 21% - 30% (4)
- 31% - 40% (5)
- 41% - 50% (6)
- 51% - 60% (7)
- 61% - 70% (8)
- 71% - 80% (9)
- 81% - 90% (10)
- 91% - 100% (11)

23. Approximately what percentage of this turnover is generated in the high season and during the rest of the year? (Please ensure that these two percentages add up to 100)

_____ June to November (1)

_____ December to May (2)

24. Please provide an approximate breakdown of your annual business expenses below. (Please ensure that these two percentages add up to 100)

_____ Labour (wages and salaries) (1)

_____ Cost of goods sold (3)

_____ Other expenses (e.g. rent, power, phone, consumables) (2)

25. Approximately what percentage of your non-labour expenses do you spend annually on products and services supplied by businesses in the Cook Islands?

- 0 (1)
- 10% (2)
- 20% (3)
- 30% (4)
- 40% (5)
- 50% (6)
- 60% (7)
- 70% (8)
- 80% (9)
- 90% (10)
- 100% (11)

If you would like to share any other comments, please do so below.