Improving the profitability and sustainability of tourism since 1999

Cook Islands Business Survey and Confidence Index

Report 2: 2019

Prepared for Cook Islands Tourism Corporation

New Zealand Tourism Research Institute
Auckland University of Technology

www.nztri.org

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Executive Summary

The report presents results from an online business survey conducted from September to November 2019. Over this three-month period, 314 businesses were contacted with 68 completed surveys received - a conversion rate of 22%. The data presented in this report includes: business profiles, staffing, the business climate, business confidence, revenue, costs and linkages. This Business Survey and Confidence Index report is the eighth to have been produced since 2016. The survey is conducted at approximately six-month intervals (to generally reflect low and high seasons). In addition to the regular reporting there is also a supplementary set of power point slides presented in the Appendix that highlight key time series trends.

The majority (71%) of survey respondents are Cook Islands residents, and nearly all (91%) respondents are owners, operators or managers. Nearly three quarters (72%) of respondents have been in their current role under ten years. Over half (59%) of businesses have been operating for more than 10 years. Nearly half (46%) of businesses surveyed noted ‘accommodation provider’ as their primary focus, and another 17% focused on “visitor activities and tours”. Businesses surveyed are mainly located in Rarotonga (90%), with a smaller number of businesses located in Aitutaki (7%), and Atiu (1%). All businesses (100%) captured in the survey operate all year round.

Eighteen percent of businesses employ over 16 Cook Islands Maori staff, with only 9% of businesses indicating none of their staff are Cook Islands Maori. Half (50%) of businesses hire between one and four women. Nearly two thirds (62%) of businesses indicated they have problems finding suitable staff. A further 57% of respondents stated that they have training needs in their business.

The majority of respondents feel that their business ran well in the last year (2018/19) (48%/35% agree/strongly agree), and will do well in the coming year (40%/39% agree/strongly agree). Tourism businesses show a higher level of confidence than non-tourism businesses about the last year and also the coming year. In terms of anticipated challenges to their business, one third (33%) of respondents mentioned human resources being a significant issue. Over half (59%) of those surveyed feels confident that their business will experience continued growth over the next five years.

Respondents ‘strongly agree’ with the statement that “the national economy depends heavily on the tourism industry” (4.8 out of 5). “Increasing tourism awareness within government agencies” is ranked as a very important factor to focus on at a national scale (4.4 out of 5).

Over one quarter (28%) of local businesses reported 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.

Overall there is a positive feeling about future business prospects in the coming year with figures being consistent with recent previous reporting periods. The trend of tourism businesses tending to exhibit a higher level of confidence than their non-tourism counterparts continues unabated. In terms of future challenges the key issue of labour resources availability and quality remains a major concern and has in fact grown to its highest level since the survey began four years ago.

Table of Contents

Figures and Tables

Introduction

This report focuses on a business survey designed to provide real insights into the 'pulse' of the Cooks Islands business sector. The aim of this survey is to provide a better platform for the 'voice' of the tourism industry and other economic sectors to be heard, and to also engage the private sector as active participants in research.

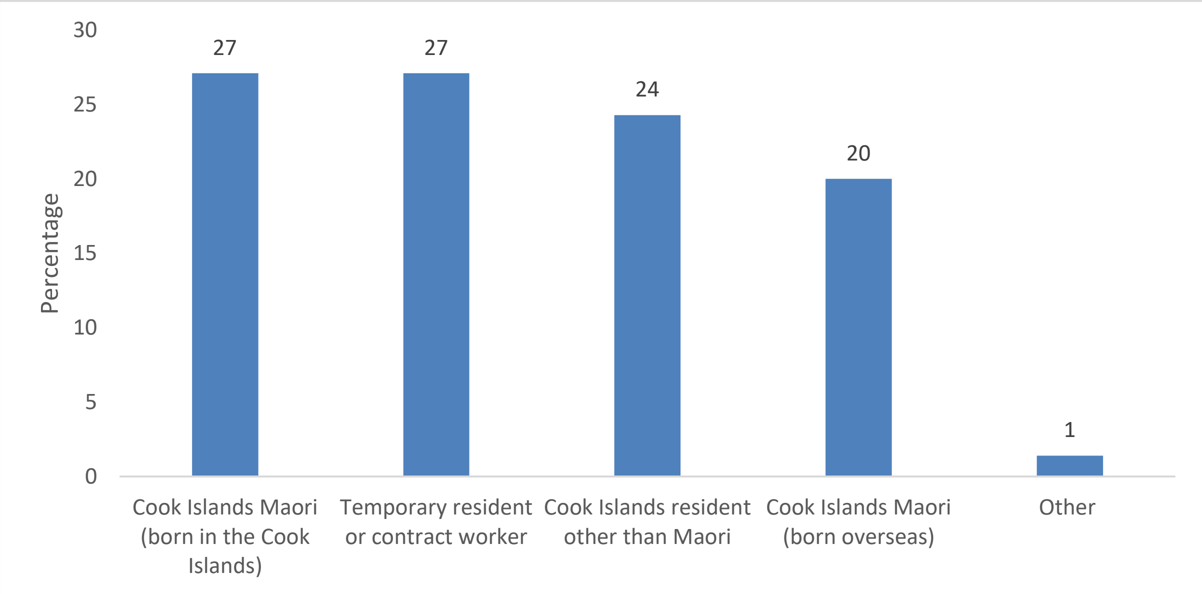
The report presents results from the Cook Islands Business Confidence Index Survey conducted from September to November 2019. Over this three-month period, 314 businesses were contacted, 70 completed surveys were received - a conversion rate of 22%. Over two thirds (73%) of the respondents had participated in the last Cook Islands Business Confidence Index Survey. This survey is the eighth to have been produced since 2016 with a low and high season survey being conducted every year at approximately six month intervals. This is now the fourth tourism high season survey. In addition to the regular survey report there is also a supplementary set of figures presented in the Appendix that highlight key time series trends.

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 do not rely to a considerable degree on the direct or indirect economic impacts that tourism generates. For the purposes of this survey, we split much of the analysis between 'tourism' (accommodation and tour operator) and 'non-tourism' businesses – the latter includes businesses that may depend heavily on tourism (e.g. restaurants) and others that have a focus on a more local clientele.

Business Profile

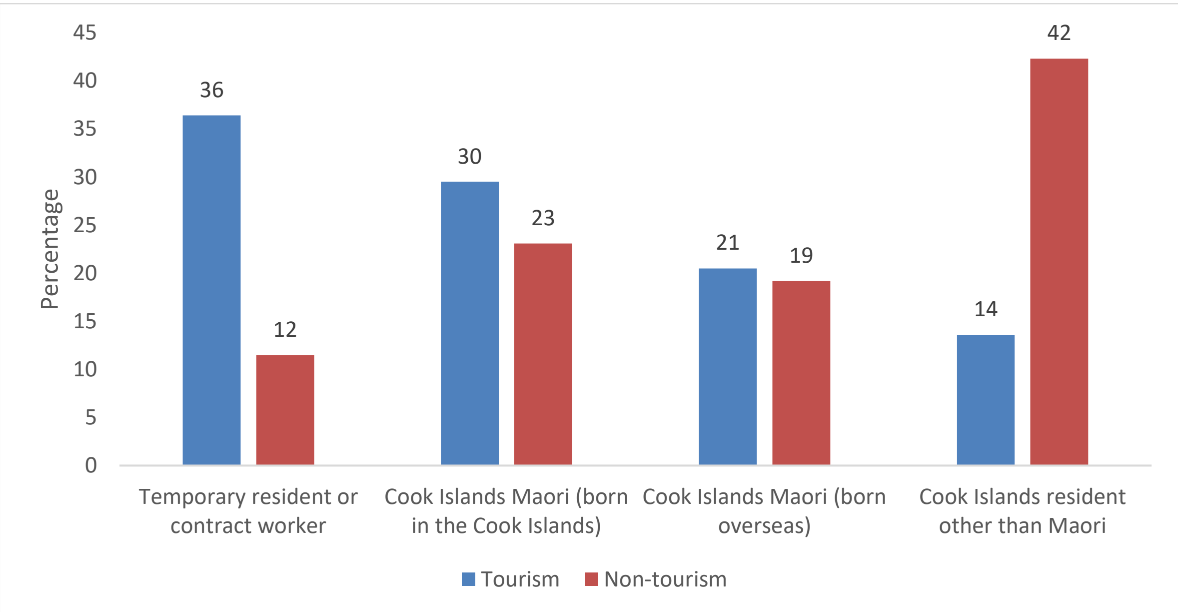
The majority (71%) of respondents are permanent Cook Islands residents - either Cook Islands Maori (27%), or non-Maori (24%), or born overseas to Cook Islands parents (20%) (Figure 1).

Figure 1: Which of the following best describes you



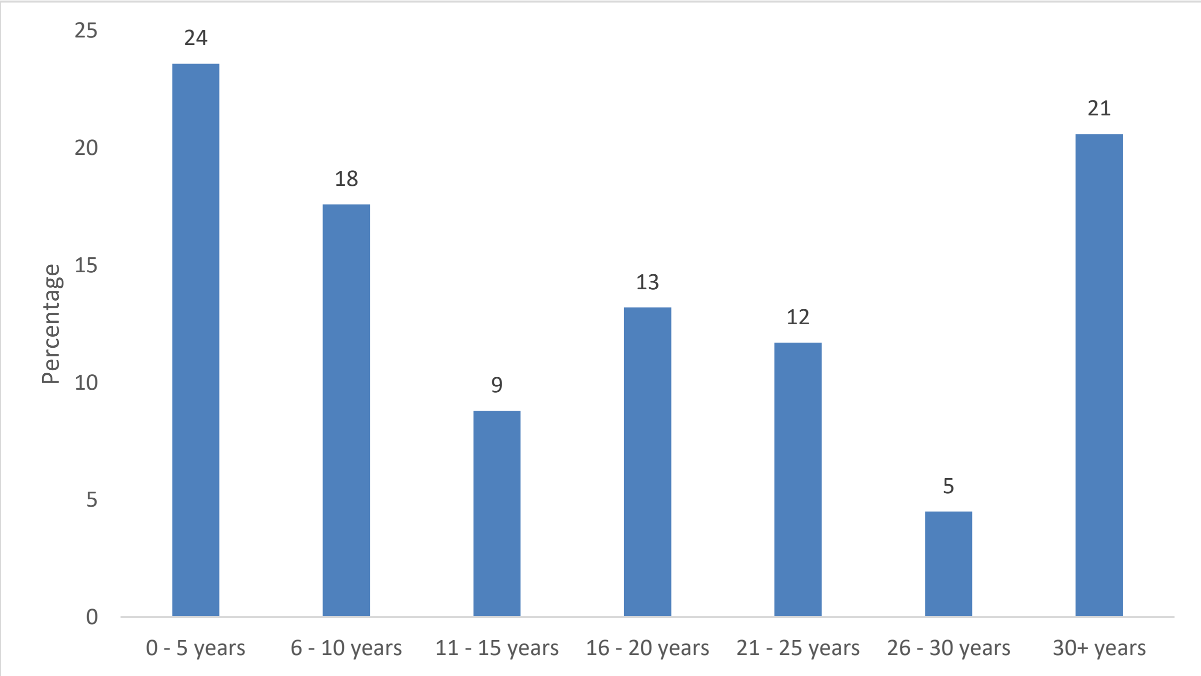
Survey respondents from tourism businesses are more likely to be temporary residents or contract workers than those found in non-tourism businesses. In contrast, Cook Islands non-Maori residents were the most common category of respondents from non-tourism businesses (Figure 2).

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



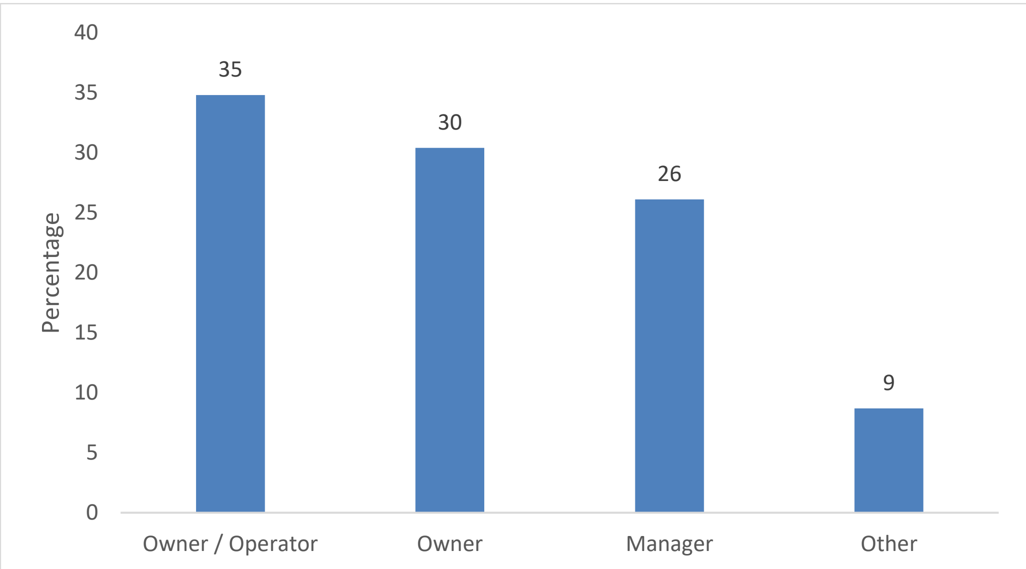
Over half of responding businesses (59%) have been in operation for more than 10 years (Figure 3). A significant number of businesses (21%) have been operating for more than 30 years.

Figure 3: How long has your business been operating in the Cook Islands



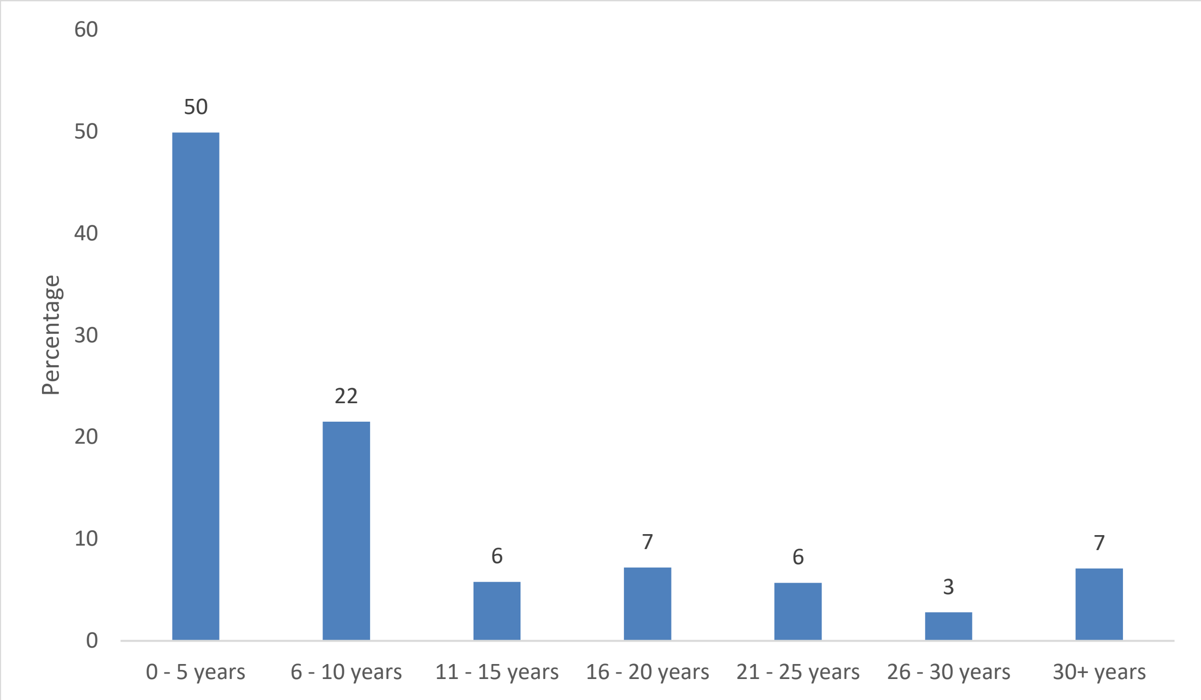
The majority of business respondents are owner/operators (35%), owners (30%), or managers (26%) (Figure 4). Nearly half (47%) of business respondents are women.

Figure 4: What is your role in this business



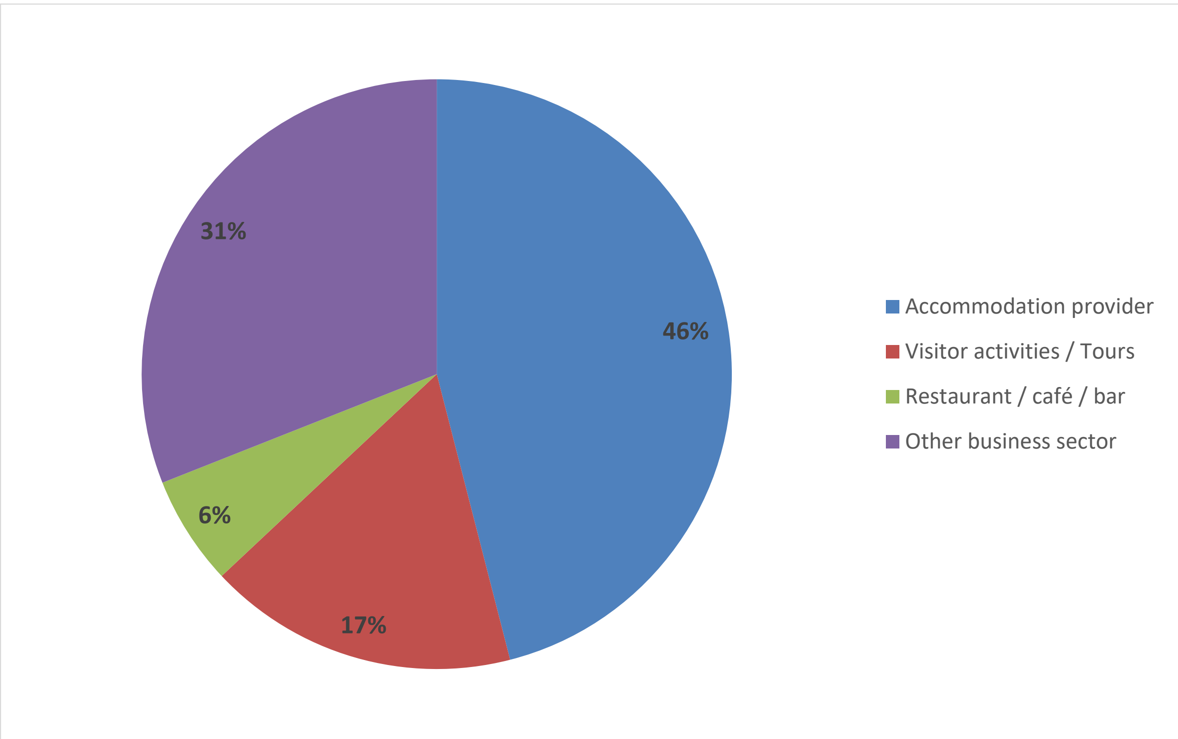
Nearly three quarters (72%) of respondents have been in their current role for under 10 years (Figure 5). Only 16% of those surveyed have been in their role for over 20 years.

Figure 5: How long have you been in this role



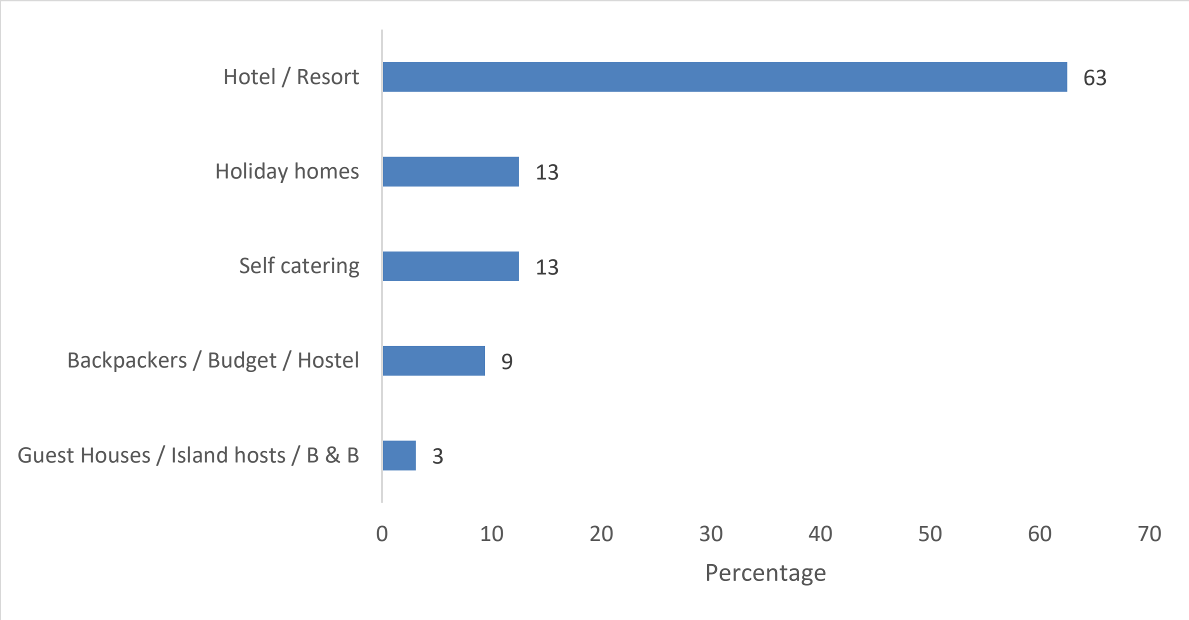
Nearly half (46%) of businesses surveyed noted 'accommodation provider' as their primary focus, and another 17% focused on 'visitor activities/tours' (Figure 6). Over one third (37%) of businesses surveyed are non-tourism businesses (this includes restaurants / café / bar).

Figure 6: What is the primary focus on your business



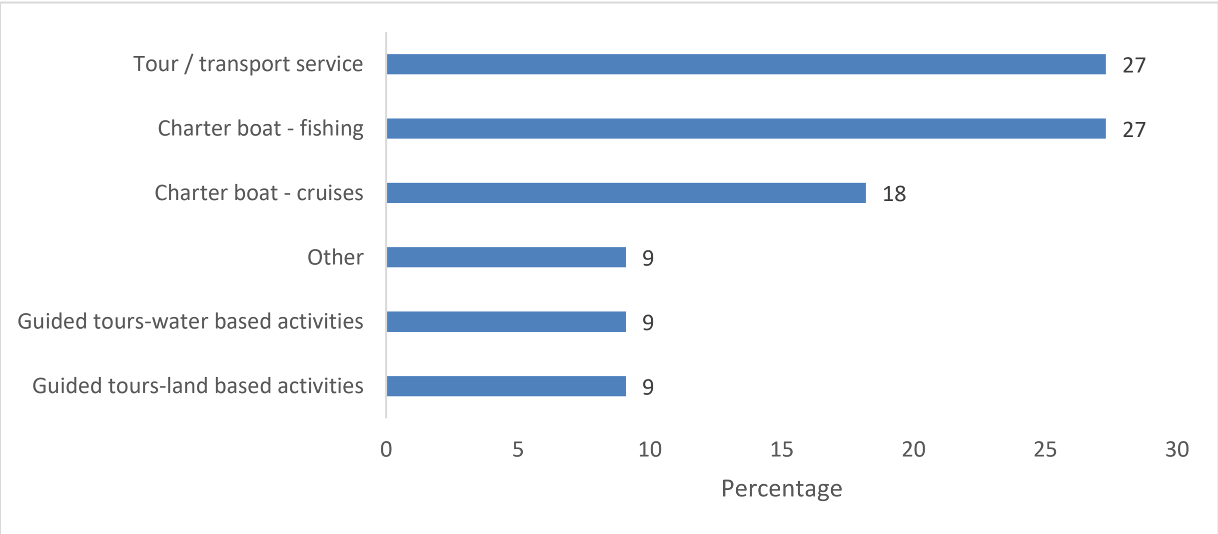
Nearly two thirds (63%) of those who note accommodation as their primary focus classify the business as being a hotel/resort, a further 13% are holiday homes, with 'self catering' making up another 13% (Figure 7).

Figure 7: Accommodation provider: main focus of business



For those who indicate visitor activities as their primary business focus, over a quarter (27%) are "tour/transport service", and a further 27% are "charter boat-fishing". Nearly one in five (18%) are classified as "charter boat - cruises", (Figure 8).

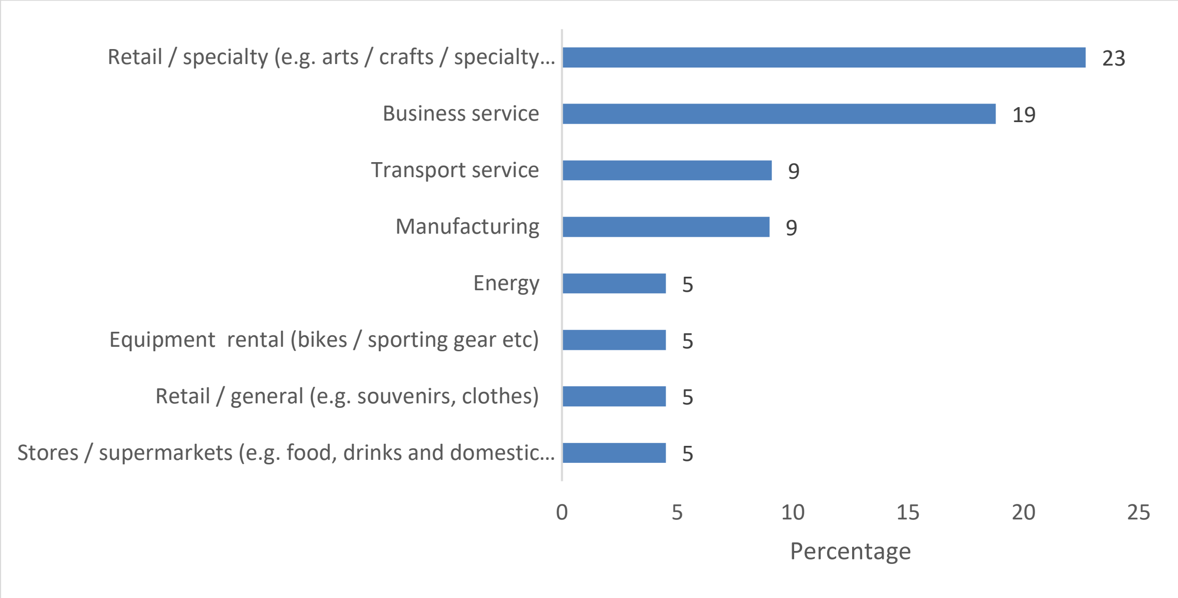
Figure 8: Visitor activities/tours: main focus of business*



*: n<10.

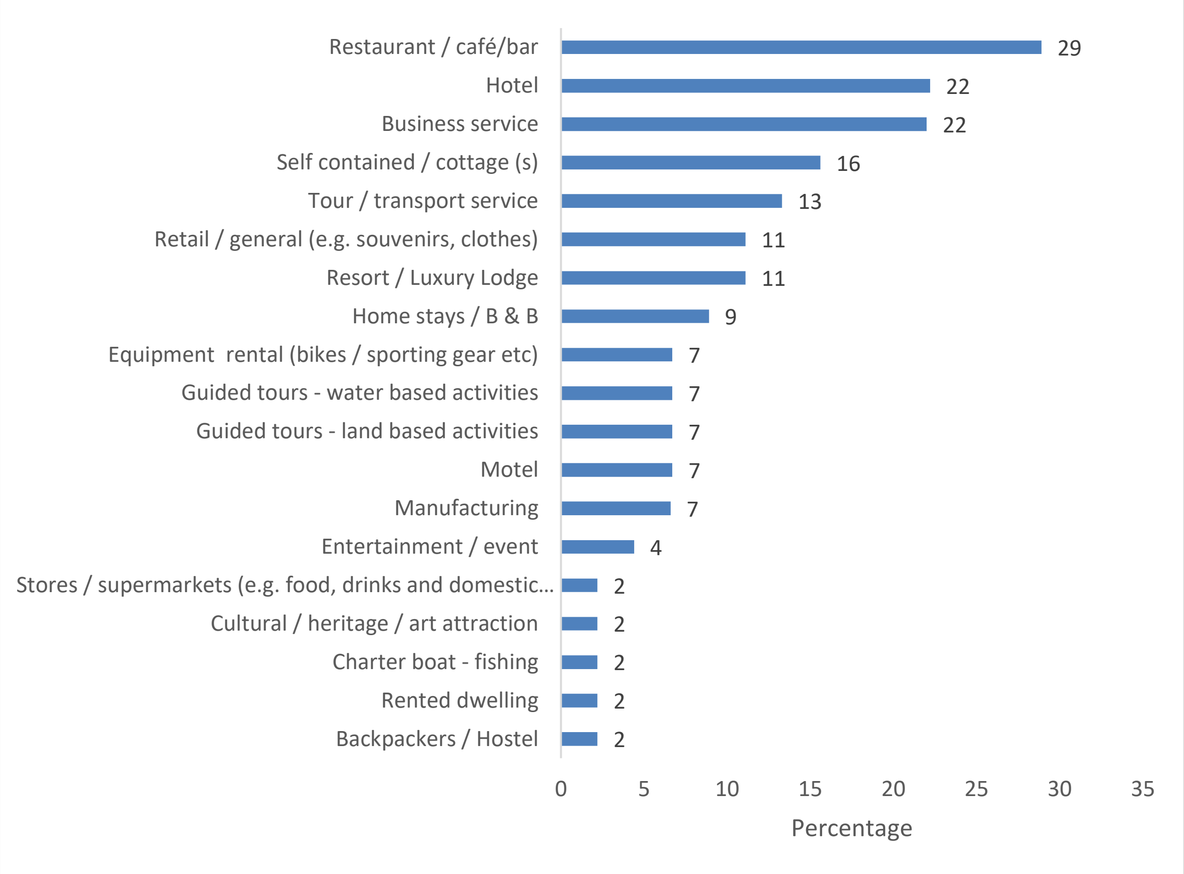
'Other business sectors' include special retail (23%), business service (19%), transport service (9%), and manufacturing (9%) (Figure 9).

Figure 9: Other business sectors: main focus of business



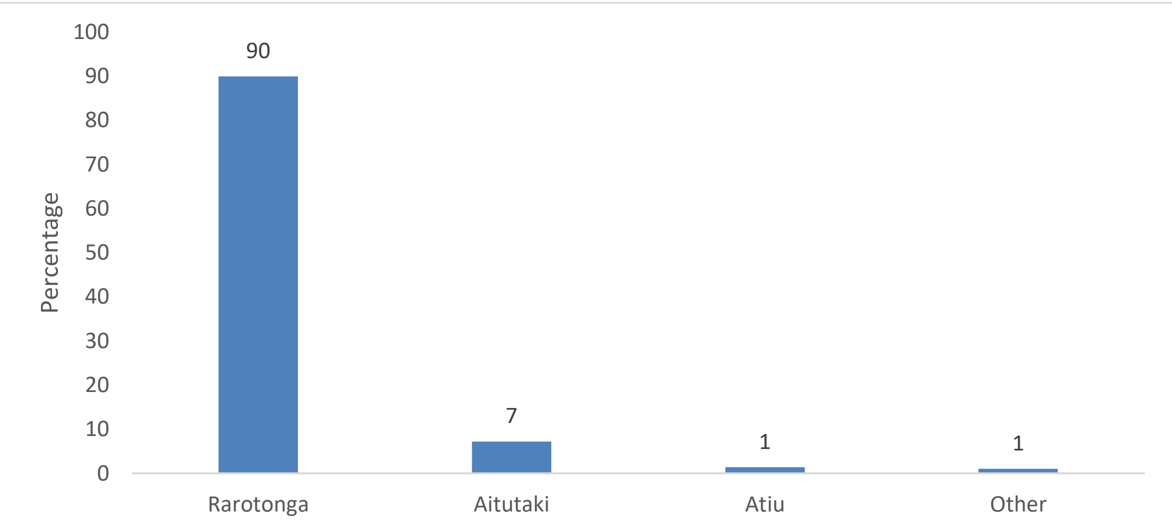
Respondents were also asked to indicate whether they operate secondary business activities in addition to their primary focus. Nearly a third (30%) of respondents do not have a secondary business focus. For those who have a secondary business activity, these are mainly focused on restaurant/café/bar (29%), hotel (22%), business service (22%), self-contained accommodation or cottage (16%), tour and transport service (13%), general retail (11%), and resort/luxury lodge (11%) (Figure 10). If all accommodation options are combined, we see this represents 69% of the total.

Figure 10: Secondary focus of business



The majority of primary businesses covered in the survey are located in Rarotonga (90%), with a smaller percentage located in Aitutaki (7%) and Atiu (1%) (Figure 11).

Figure 11: Where is your primary business located?

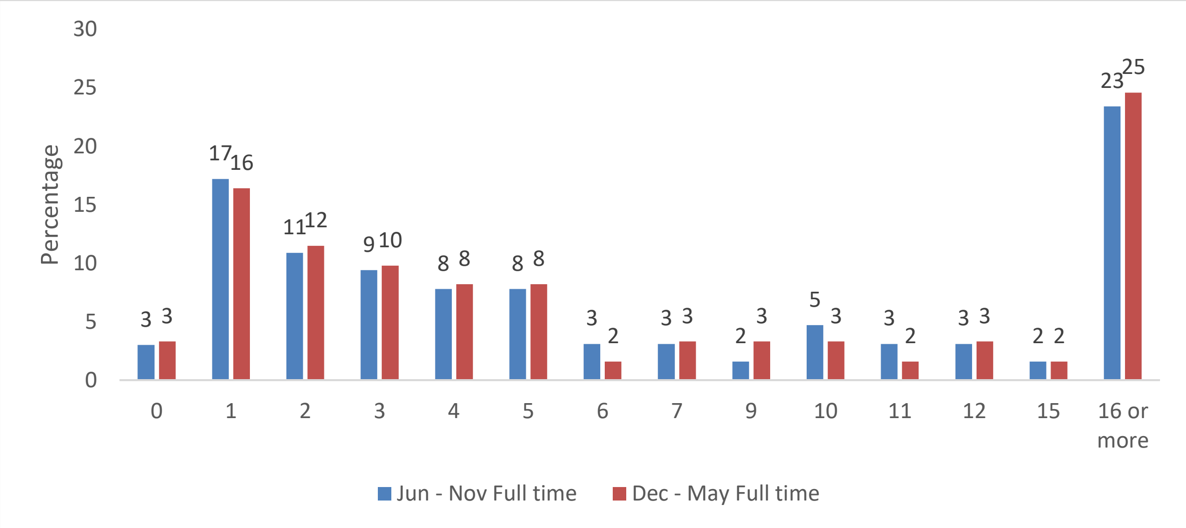


All businesses (100%) captured in the survey (both tourism and non-tourism) operate year round.

Staffing

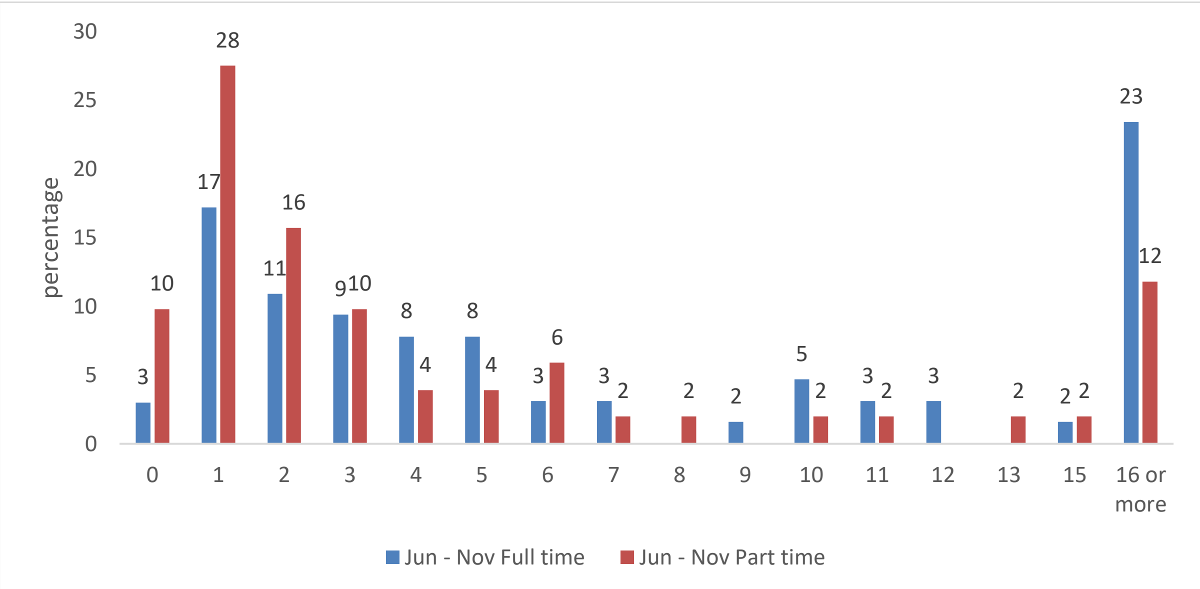
For both high season (June to November) and low season (December to May), we can clearly see the bifurcated nature of full-time employment within the businesses responding – most having either 1-5 staff or 16 or more (Figure 12). Nearly all (97%) of the businesses that participated in the survey hire at least one full time staff member.

Figure 12: Average number of full-time staff



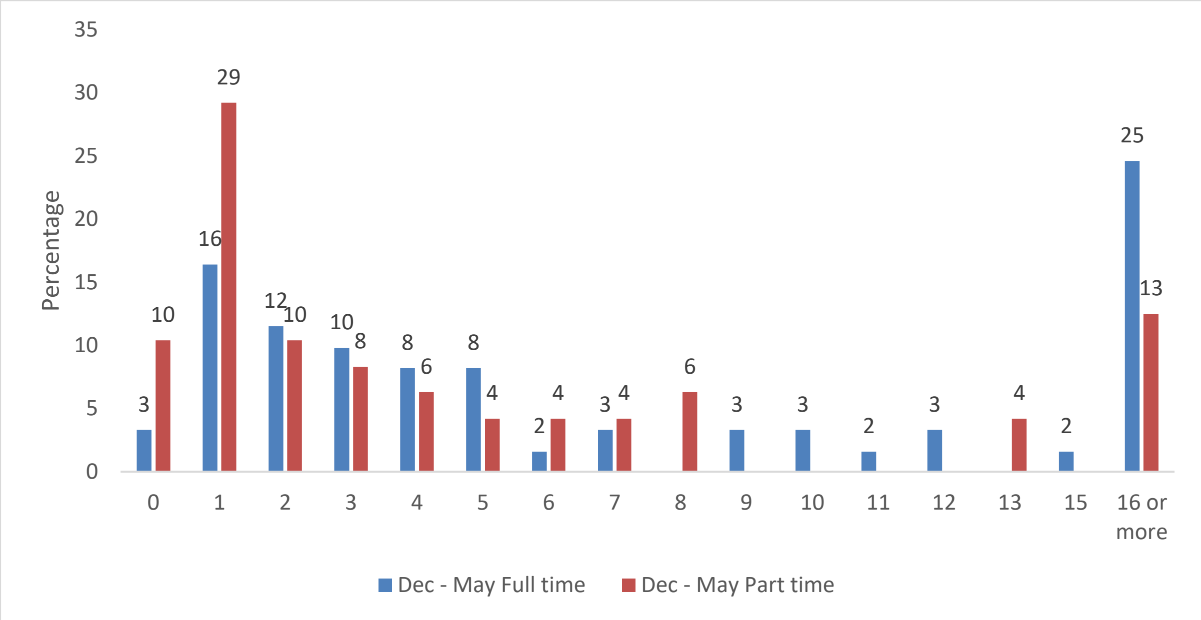
During the high season (June to November), the average number of full-time and part-time staff employed per business is 8 and 6 respectively. Nearly half (48%) of the businesses employ four or fewer full-time staff. Nearly one quarter (23%) of businesses have more than 15 full-time staff (Figure 13). The majority (67%) of businesses employ fewer than 4 part-time staff.

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



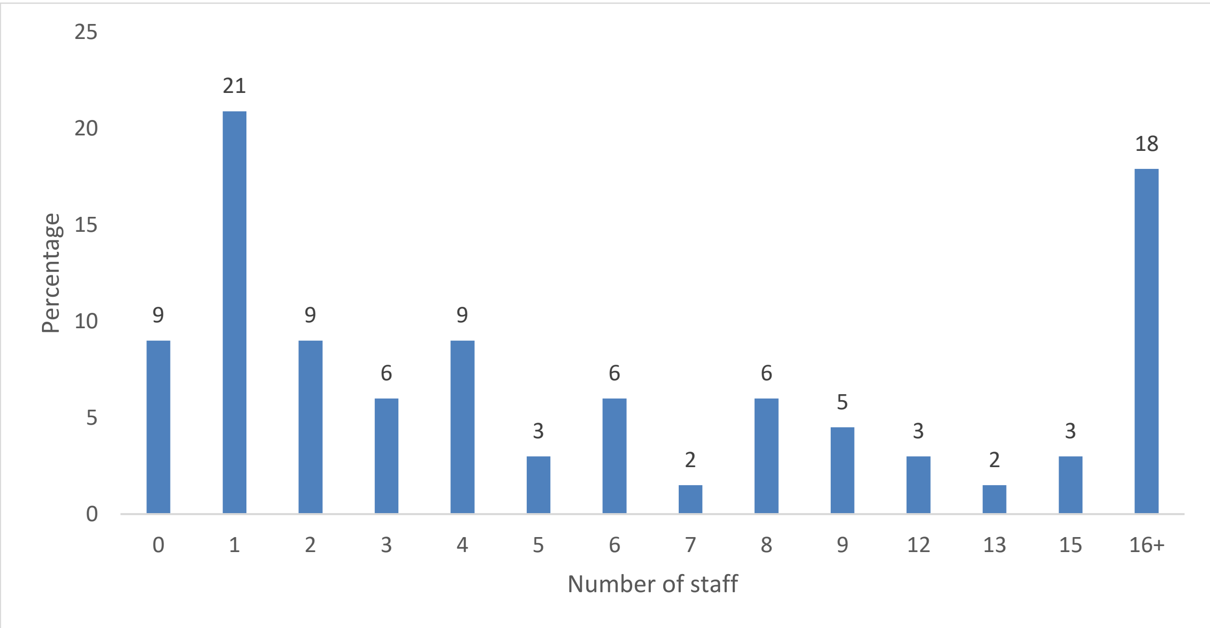
During the low season (December to May), the average numbers of full-time and part-time staff per business are 8 and 7 respectively. Nearly half (49%) of the businesses employ four or fewer full-time staff. One quarter (25%) of businesses have more than 15 full-time staff (Figure 14). The majority (65%) of businesses employ 4 or fewer part-time staff.

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



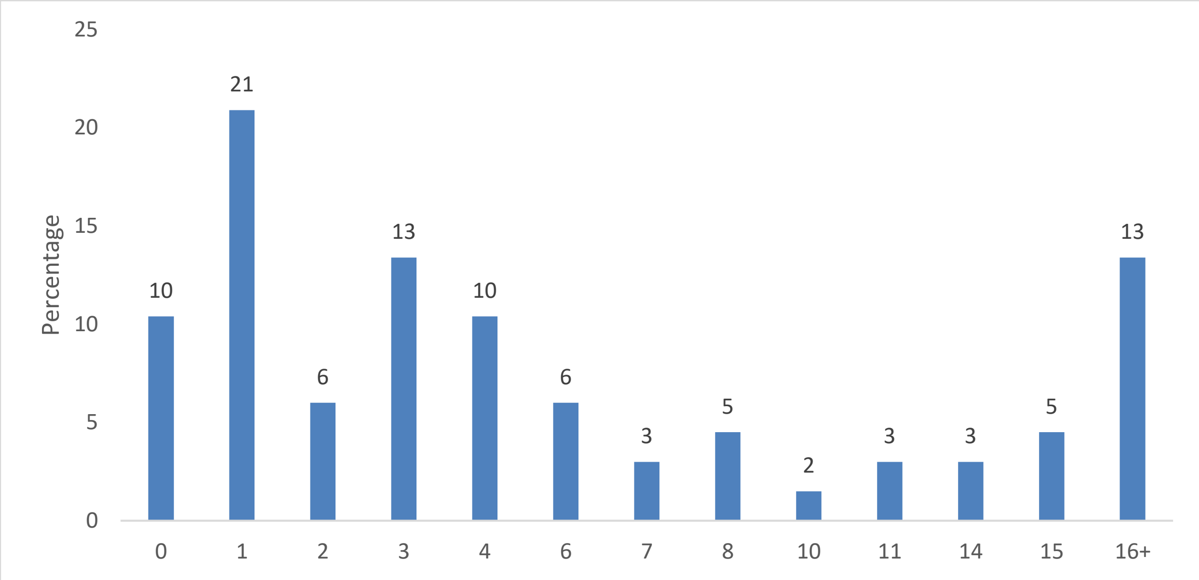
Eighteen percent of businesses employ 16 or more Cook Islands Maori staff, with only 9% not employing any Cook Islands Maori staff (Figure 15).

Figure 15: Number of Cook Islands Maori staff



Half (50%) of businesses hire between one and four women. Thirteen percent of businesses hire over 16 female employees (Figure 16).

Figure 16: Number of staff that are women



Nearly two thirds (62%) of businesses covered in the survey indicated they have problems finding suitable staff. Of the respondents who stated they had difficulty, nearly one third (31%) noted that it is not easy to find staff with suitable skills (Table 1). A further 21% stated that they find it hard to recruit qualified staff in general. Other difficulties include limited local human resources (17%), hard to find staff that are reliable and honest (17%), unwilling to work or with little interest to apply for a job (10%), and high staff turnover (7%).

Table 1: Problems finding suitable staff?

Theme	Share of respondents
Suitable skills lacking	31%
Hard to find qualified staff	21%
Limited local human resources	17%
Reliability and honesty	17%
Unwilling to work or little interest	10%
High staff turnover	7%
Competition with government	3%
Flexible hours needed	3%
Lack of experience	3%
Lack of work ethics	3%
Legal barriers for hiring foreigners	3%
No problem	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:

> *"Hard to find qualified personnel to fill in major roles."*
>
> *"Not enough interest, very few applicants to choose from."*
>
> *"Not easy to find well educated and reliable local staff, foreign people are hard to hire because of legal barriers."*
>
> *"Many locals seem to lack any work ethic - particularly part-time workers."*
>
> *"Lack of trade training opportunity."*
>
> *"Especially for weekend work."*
>
> *"There's no guarantee that staff will remain for a long period of time. When a better opportunity comes along, they leave."*

Of those who did not have any difficulties finding staff, the main reasons are having a reliable existing team or being able to rely on family members to help.

When hiring new employees, over half (57%) of businesses are focusing on good work ethic, positive attitudes, and reliability and honesty (Table 2). Over one third (38%) are focusing on specific skills and relevant education. A further 16% emphasized the importance of personality traits such as friendliness and a happy nature.

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

Theme	Share of respondents
Good work ethic and attitude	57%
Reliability and honesty	57%
Skills and education	38%
Personality	16%
Experience	8%
Ability and willingness to learn	7%
Culture, Kia Orana value	5%
Local staff	2%
Team player	2%

* 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 when hiring new staff included:

> *"Committed and hard workers who can multitask."*
>
> *"Willing to Learn; Customer Service Oriented."*
>
> *"Primary industry expertise and experience."*

"Honesty, integrity, competence, reliability, positive attitude, and if we get some technical skills as well it's wonderful."

"Strong customer service cognisant of the Kia Orana Values."

"Good customer service, honesty, team player, tidy and smart, maturity, on time, good attendance."

"Excellent customer service, reliable, honest, ideally Cook Islanders."

"Honesty, Positive Attitude, Reliability, Flexibility and Communications Skills. We can teach the rest."

"Motivation, reliability, education, long term commitment."

"Honesty, reliability, hardworking, initiative, bubbly personality and great people skills."

"General abilities, attitude, openness to be trained and developed, same basic skills like maths, ability to communicate confidently."

Over half (57%) of businesses noted that they have training needs (Table 3). Of these, nearly one third (31%) focused on the need to train their staff in basic customer service and care. Other training needs include: ICT skills (28%), general hospitality and tourism (25%), management skills (14%), trade or technical skills (14%), accounting and financial skills (8%), workplace ethics training (8%), housekeeping (6%), agricultural skills (3%), and Kia Orana Values or Kia Orana service courses (3%).

Table 3: Business training needs

Theme	Share of respondents
Customer service	31%
ICT skills	28%
Hospitality and tourism	25%
Management	14%
Trade or technical skills	14%
Accounting or finance	8%
Work ethics	8%
Housekeeping	6%
Agriculture	3%
Kia Orana values and cultural understanding	3%
Other	3%
Product development	3%
Sales and marketing	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 on training needs included:

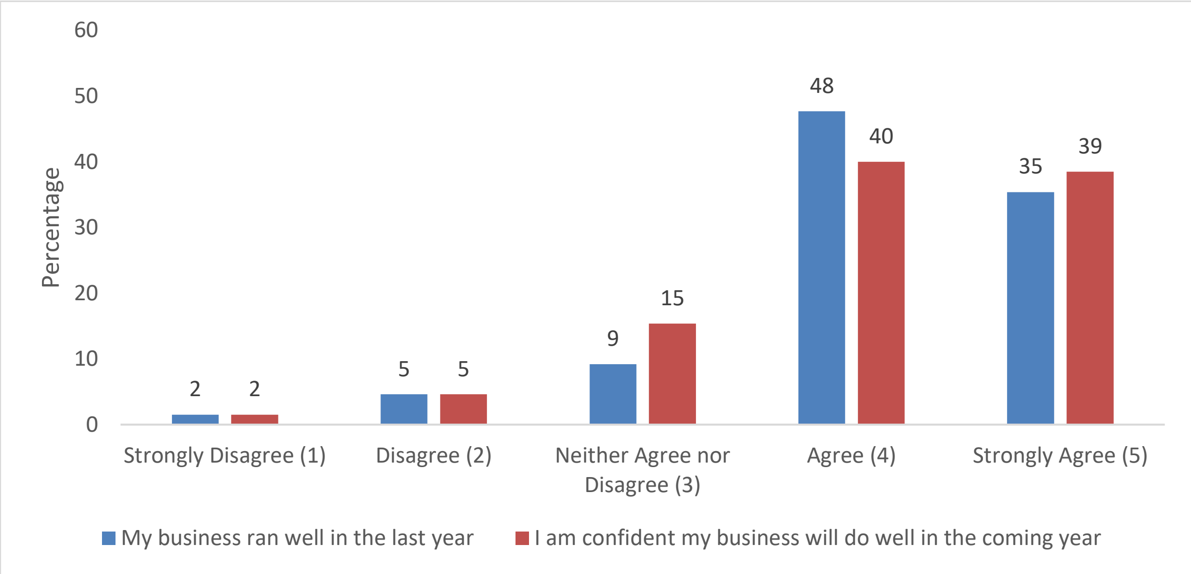
> *"General business skills, financial management skills, technical skills related to hospitality, technical skills related to engineering and maintenance and construction."*
>
> *"Hospitality based skills. Basic life skills i.e. punctuality, presentation."*
>
> *"Front-line hospitality-based training."*
>
> *"IT systems to improve booking reservations."*
>
> *"Basic maintenance skills."*
>
> *"We conduct lower level training on the job, including sales training, we need more higher-level management training like leadership, accounting, advance excel training, etc."*
>
> *"IT training; Tax & Employment law."*
>
> *"Customer service. Computer skills."*
>
> *"Social media, Instagram."*

When asked to list any local business/organisations they belong to - over three quarters (76%) of respondents answered. The majority of this group are members of the Chamber of Commerce (57%), and/or the Cook Islands Tourism Industry Council (40%).

The business climate

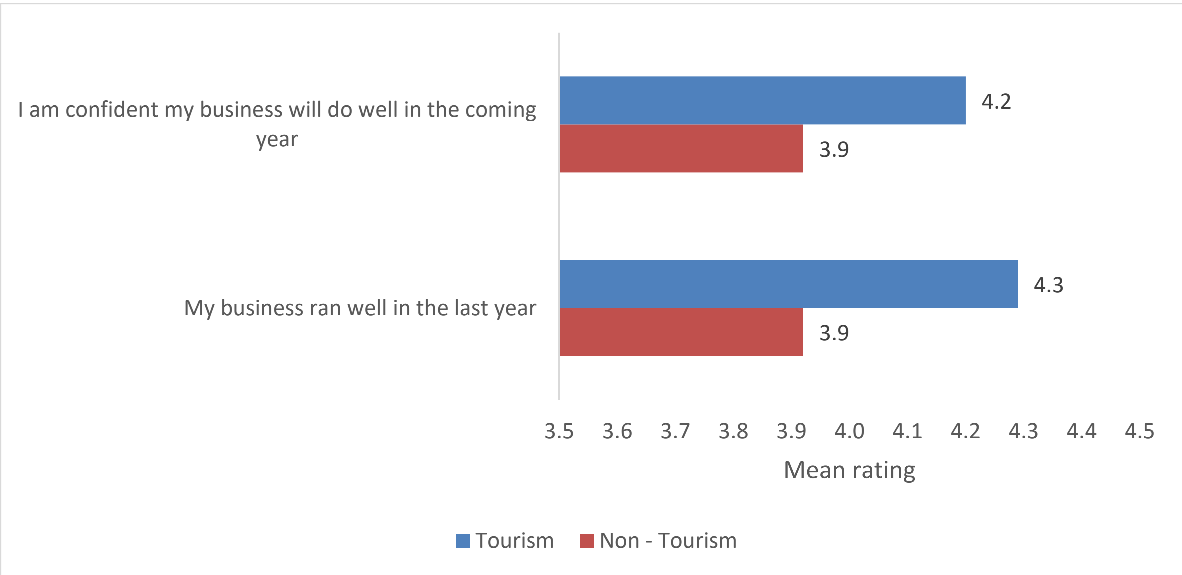
Respondents were asked to rank statements related to their level of confidence in the business climate. The majority of respondents feel that their business ran well in the previous 12 months (83%), and also feel confident that their business will do well in the coming year (79%) (an average of 4.2 and 4.1 out of 5 respectively) (Figure 17).

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



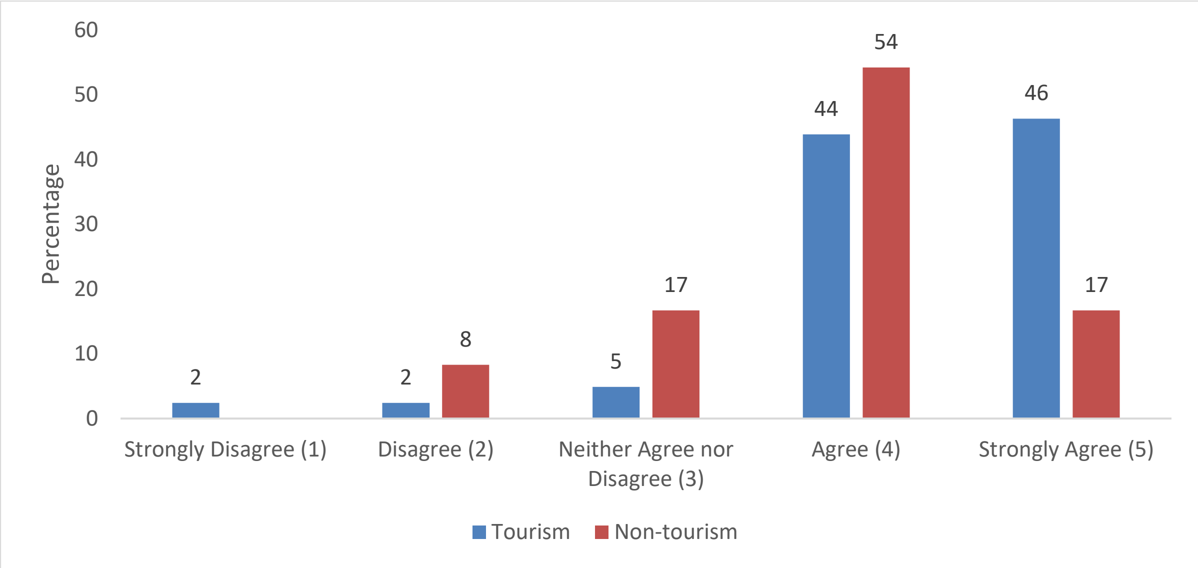
Tourism businesses indicated a higher level of confidence than their non-tourism counterparts for both the past and coming years (Figure 18).

Figure 18: Please indicate your level of agreement with the following statement



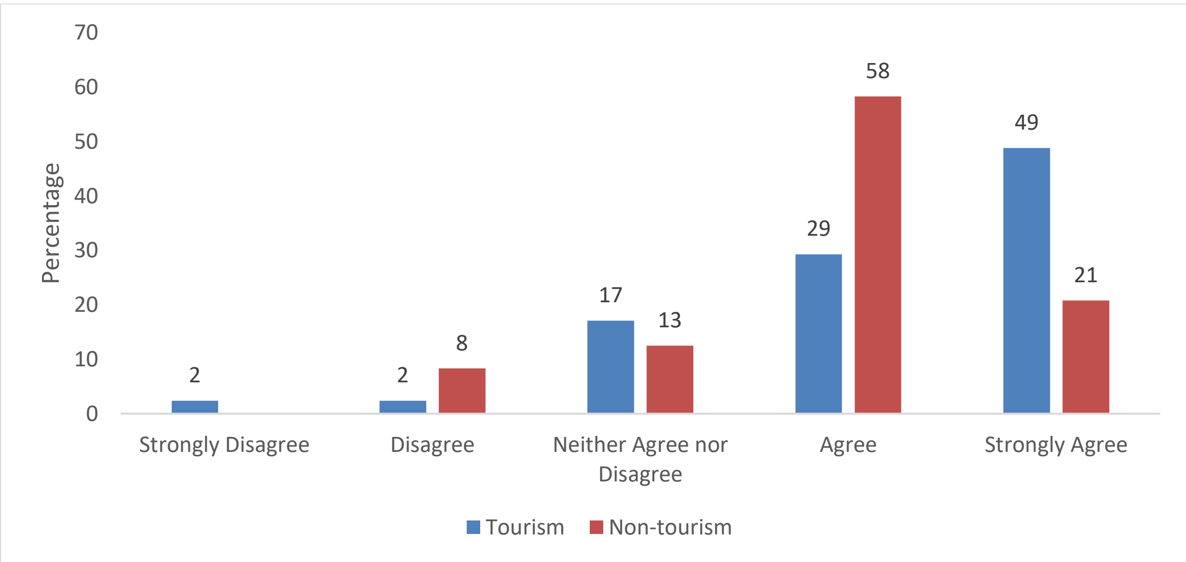
Tourism businesses were clearly more confident with the statement "My business ran well in the last year (90%), than non-tourism businesses (71%) (Figure 19). It is worth noting that tourism businesses are considerably more likely (46% vs 17%) to 'strongly agree' with this statement.

Figure 19: My business ran well in the last year



Tourism businesses and non-tourism businesses exhibited similar confidence with the statement "I am confident my business will do well in the coming year" (78% vs 79%) (Figure 20). Tourism businesses (49%) were significantly more likely to "strongly agree" with the statement than their non-tourism counterparts (21%).

Figure 20: I am confident my business will do well in the coming year



Respondents were asked: "What do you see as being the major challenge that will face your business in the next five years?" One third (33%) of respondents mentioned human resources (Table 4), followed by competition from other businesses (28%), climate change or environmental degradation (20%), number of tourists and tourism development related issues (15%), barriers to business development (10%), and flight related issues (10%).

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

Theme	Share of respondents
Human resources	33%
Competition from other businesses	28%
Climate change or environmental degradation	20%
Tourists and tourism	15%
Business development challenges	10%
Flight related issues	10%
Advertising and marketing limitations	7%
Infrastructure	7%
Operating costs	7%
World economic situation	7%
Political issues and regulation	5%
Destination development	3%
Number or quality customers	3%
Investment or financial support	2%

* 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:

> *"Employing & maintaining suitable staff. Proliferation of (unregulated) cheap accommodation - e.g. Air BnB. 'Unfair' trading by same properties - as unregulated, many do not pay taxes on accommodation income etc."*
>
> *"Continued Staff shortages. Competitive markets to the Cook Islands. Lack of Flight capacity."*
>
> *"Competition, high priced food imports, no possibility of going more eco (e.g. not allowed to produce solar power even if we want to, eco-friendly products like bio degree take away plates and straws way too expensive."*
>
> *"Downturn in the NZ market - hopefully not. Threats to our environment. People's attitudes towards tourism (negativity)."*
>
> *"Having enough accommodation for our visitors. Weather pattern changes, higher seas, extreme weather."*
>
> *"Lack of knowledge of the Tourism markets and trends."*
>
> *"Expansion permissions."*

"Suitable staff support from government or anyone."

"Over pricing and labour costs."

"Government unpredictability & Taxes."

"Changes in the distribution of tourism products online."

Those surveyed were asked: "What do you see as being the major opportunities for your business in the next five years?" Respondents often mentioned general business growth (37%) including expansion, upgrading of facilities and improving services. Other opportunities mentioned are product development (15%), targeting new market segments (15%), and the continued growth of tourism (14%). Twelve percent of respondents mentioned they would be more environmentally friendly by adopting eco-friendly or energy efficient approaches (Table 5).

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

Theme	Share of respondents
General business growth	37%
Product development	15%
Target market segments	15%
Tourism growth	14%
Being more environmentally friendly	12%
More or high yield tourists	10%
Technology or ICT	10%
Marketing	7%
Investment	5%
Staffing	5%
Government support	2%
Greater collaboration	2%
Improved flights	2%
Other opportunities	2%

* 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:

"Increasing our exports."

"Positive growth in relation to a stable government tourism and commercial enterprise."

"Increased tourism, returning local population."

"Business expansion to Aitutaki."

"Grow business together with the growth of tourism numbers, improving internal processes, have a strong team."

"Rebrand and up standards to create a new market."

"Sustainable practices, better marketing, cheaper air travel."

"Grow quiet months, upskill the team."

"Expansion of the business dependent on good tourist numbers."

"Tourism CI concentrating more on quality than quantity."

"Technological advancement and business systems/process automation."

"Sustainability, online marketing, unique resort."

"Being able to increase the level of direct business so that it becomes the majority of our business rather than having to pay 30% plus commissions to wholesalers whether traditional wholesalers or online travel agents."

"Wider exposure to the European markets."

"More awareness for healthy food and lifestyle in the Cook Islands."

"Reducing waste."

"With the strong performance in the economy, option to invest in renewable energy or environmentally conscious products."

"Lead the way environmentally, direct marketing."

When respondents were asked: "Where do you see your business going in the next five years", over half of the comments focused on a growth trajectory (59%) (Table 6). A further 12% of businesses expect to focus on enhancing a specific product, seven percent of businesses intend to develop new markets, and seven percent of businesses foresee no significant change in the next five years. Five percent of businesses stated that they will further commit to environmental responsibility.

Table 6: How do you see your business evolving in the next five years?

Theme	Share of respondents
Continue growth	59%
Product enhancement	12%
New markets	7%
No change	7%
Environment commitment and concerns	5%
Staff changes	5%
Uncertainty	5%
Higher occupancy	3%
Higher profit	3%
Management	3%
Marketing	3%
Service improvement	3%
Upgrade facilities	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%.

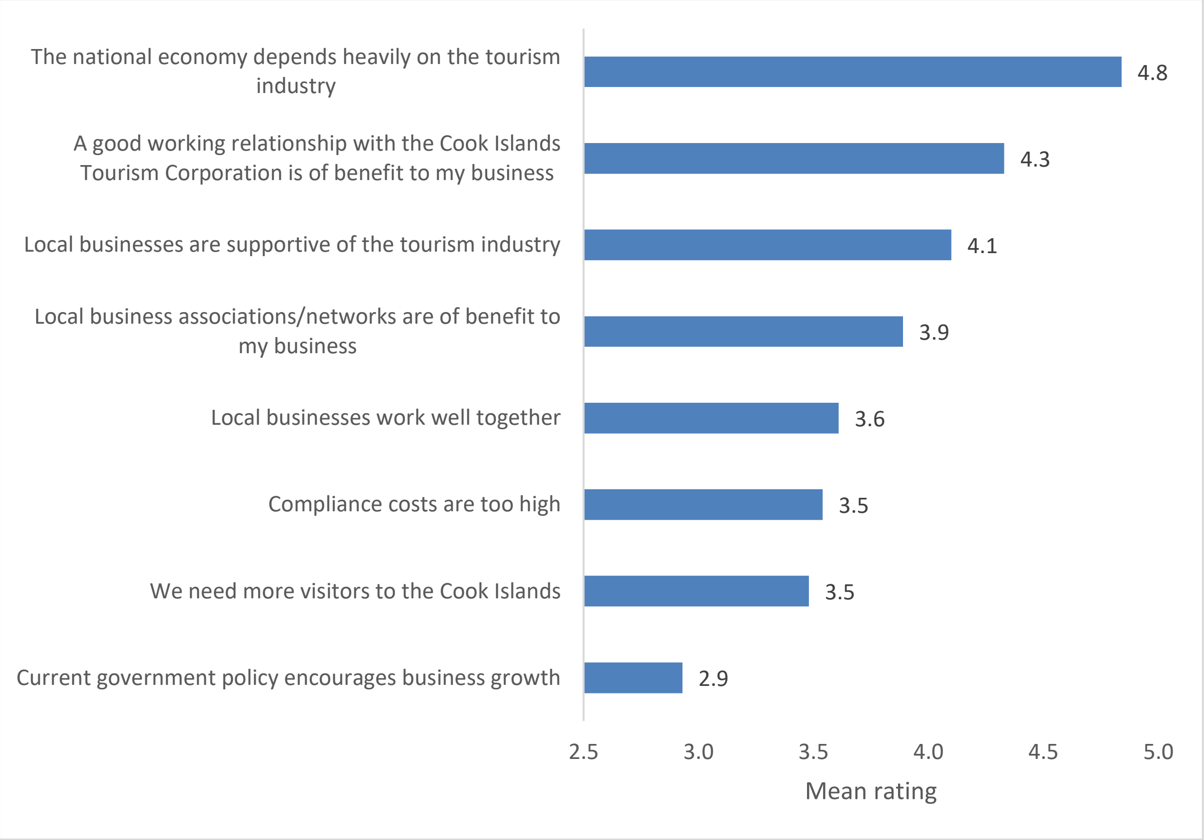
Comments included:

> *"The development of our business in the next five years will be high in demand from our guests."*
>
> *"Growing, but not as strong as the last 5 years."*
>
> *"Uncertain when facing the challenges resulting from a lack of infrastructure investment over the last 50 years."*
>
> *"It will become more digitally based with artificial intelligence playing a major if not the major role in the management of the business."*
>
> *"Evolving and changing to cater for new opportunities."*
>
> *"Finetuning product offering and listening to customer feedback."*
>
> *"Building long term rental for staff so not reliant on others or out of control increases."*
>
> *"To have our business more environmentally friendly with the different initiatives arising thru education and awareness."*
>
> *"Well and steady with focus on more eco solutions where possible."*
>
> *"New product offerings, expansion into other areas."*
>
> *"Increase revenue with higher rates while decreasing occupancy."*
>
> *"Bigger inventory, more sustainable practices, more offerings to guests."*

“More a case of maintaining business. Continue to do what we do and do it well.”

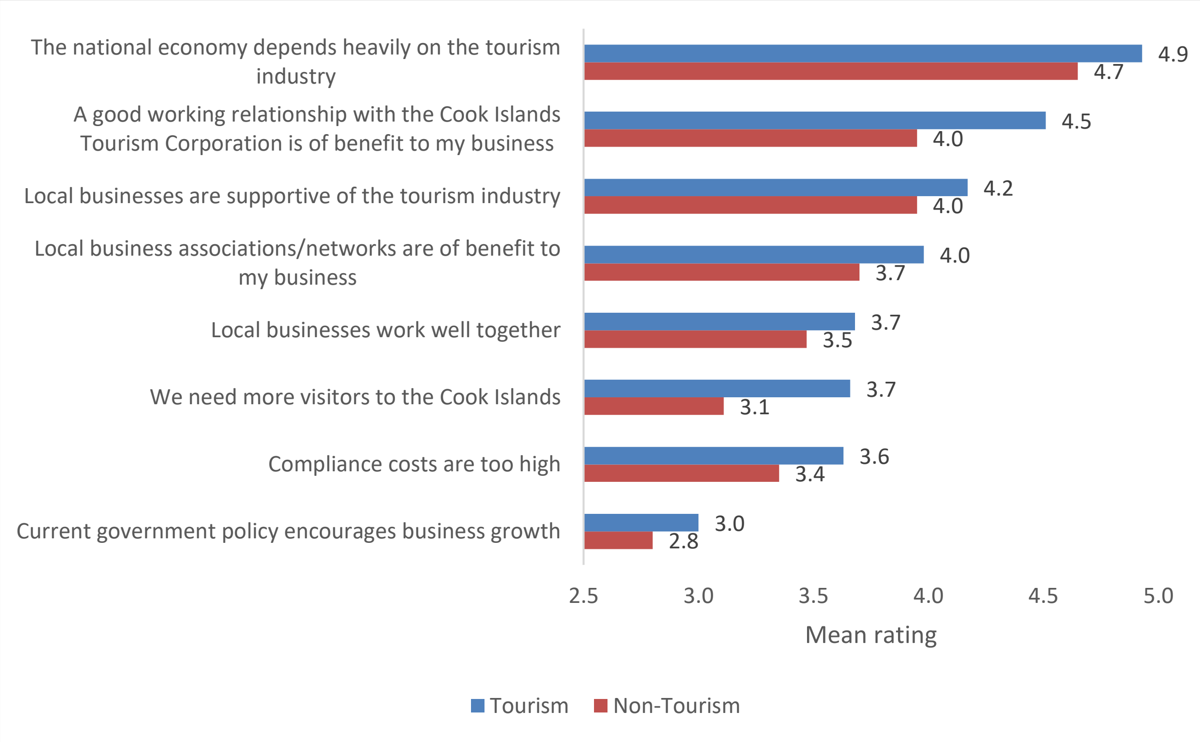
Respondents were asked to rate their agreement with a range of statements about tourism, the Cook Islands, and government policy (Figure 21). The statement “the national economy depends heavily on the tourism industry” received the highest level of agreement (4.8 out of 5). “Current government policy encourages business growth”, by contrast, received the lowest rating (2.9 out of 5).

Figure 21: Please respond to the following statements



Tourism businesses show a higher level of agreement than their non-tourism counterparts across all of the statements (Figure 22).

Figure 22: The importance of statements relating to the Cook Islands - tourism and non-tourism sector



Some respondents provided further comments, including:

> *"Focus on Off Peak Season to create more capacity to cater for the increase."*

> *"We don't need more visitors we need them to stay longer and spend more."*

> *"We need higher spending tourists and stronger quality control."*

> *"We need quality Tourists visiting Rarotonga."*

> *"Government needs to assist small businesses access roads. Too much levy on rental car operators."*

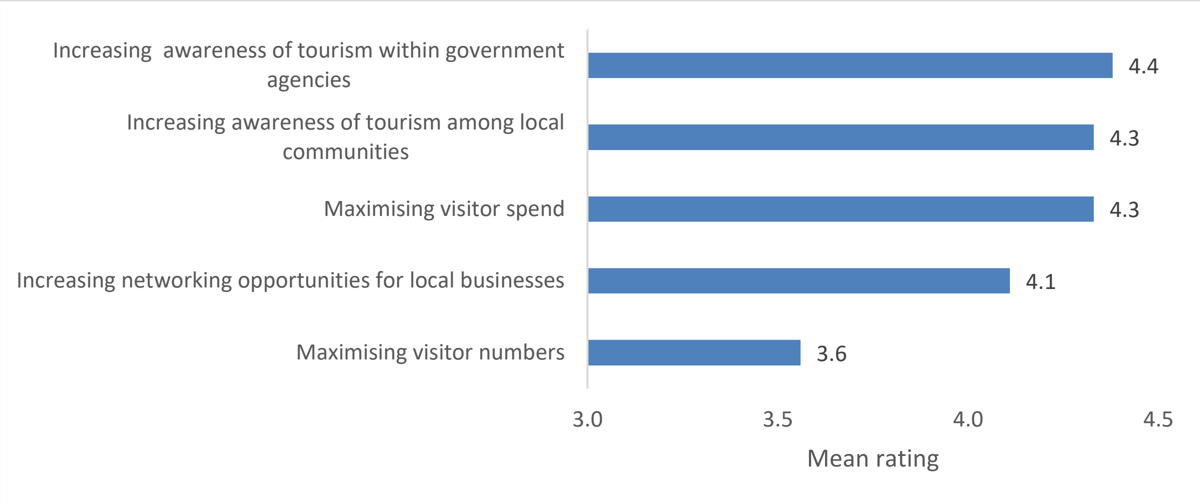
> *"The policy of tourism growth of low cost budget tourism of limited value to the economy is not a sustainable policy and should not be supported."*

> *"Tax breaks for the businesses that do generate high turnover that allows the government to continue producing other avenues of revenue and not just the businesses that they target for value added tax revenue, instead grow the other sectors and invest in these sectors to produce a positive outcome, instead of just relying on a couple of sources of revenues to carry them over to the next term."*

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" (4.4 out of 5), "increasing tourism awareness among local communities" (4.3), "maximising visitor spend"

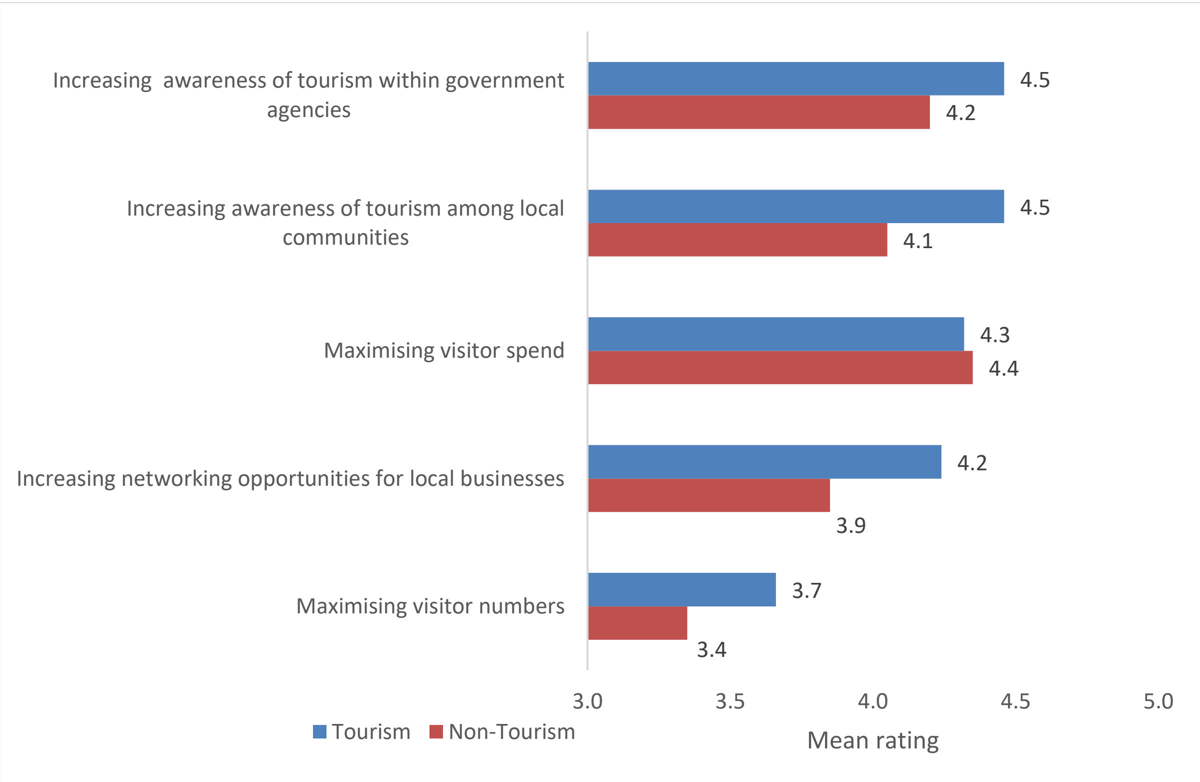
(4.3), and “increasing networking of tourism within government agencies” (4.1) were given the highest scores (Figure 23). “Maximising visitor numbers” received the lowest rated response (3.6).

Figure 23: How important are the following to the Cook Islands



When compared to their non-tourism counterparts, tourism businesses assigned a higher degree of importance to all of the statements provided except “maximising visitor spend” (Figure 24).

Figure 24: How important are the following to the Cook Islands - tourism and non-tourism sector



Additional comments relating to this question included:

"With the lack of alternate Industry, we need to do tourism better so our upper end tourist numbers remain our focus. Infrastructure needs to reflect guest expectations. Island style and feel should be protected but better facilities, i.e. roads, water, sanitation, sewage."

"…focus on yield and spend, not bums on seats/beds. The destination can only cope with so many visitors arrivals before it becomes detrimental to the environment and quality of life in the Cook Islands."

"Visitor numbers are important, but the infrastructure needs to keep up."

"Maximise visitor experience."

"Local tourism businesses need to work and network together be inclusive."

"Need to focus on sustainable Tourism."

"We are fixated with the number of tourists rather than being selective in our decision making to recognise our natural resources and the significant impacts that high volume tourism damages our sustainability."

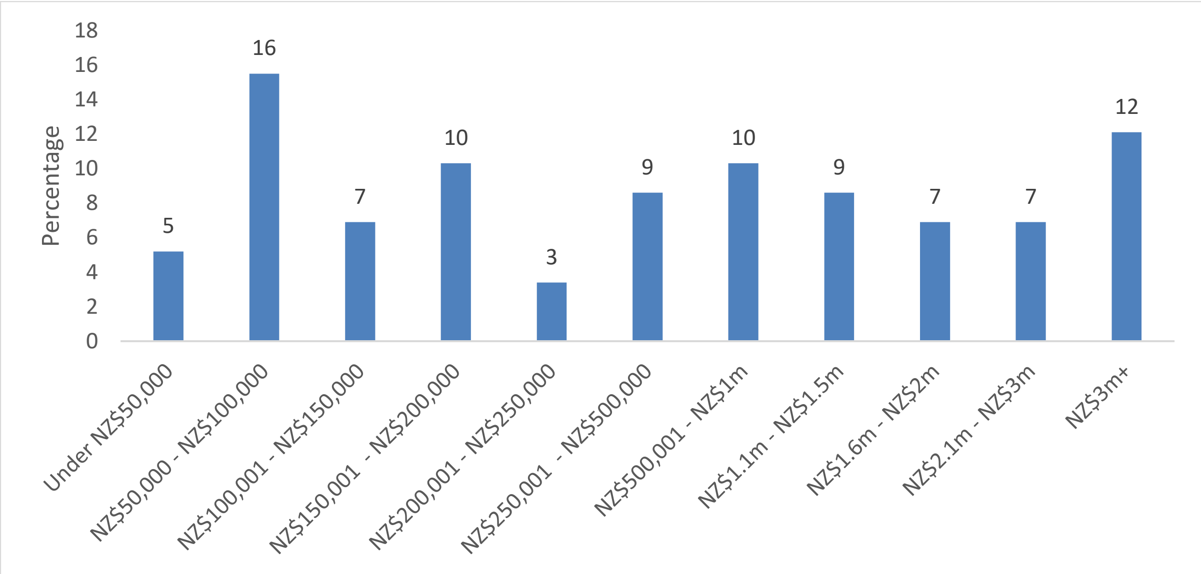
"Only maximise visitor numbers to suit the infrastructure and adequate accommodation."

"With growth there needs to be infrastructure, so spend the money on this and we can have progressive growth accordingly."

Revenue, cost and linkages

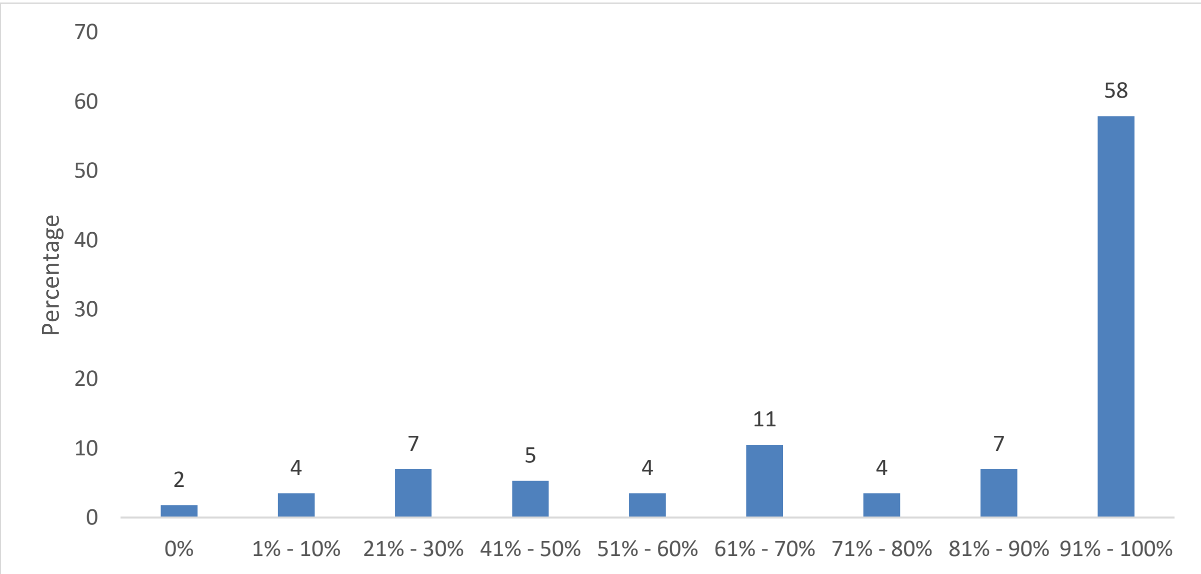
Over one quarter (28%) of businesses surveyed reported an annual turnover of less than $150,000 in the last financial year (Figure 25). A further 35% of businesses generated more than $1 million in revenue.

Figure 25: Approximate annual turnover in the last financial year (VAT inclusive)



Over half (58%) of the businesses surveyed attribute more than 90% of their annual turnover directly to tourism (Figure 26). Only 6% of businesses indicated that 10% or less of their turnover is generated directly from the tourism sector.

Figure 26: Approximate annual turnover estimated to come directly from tourism



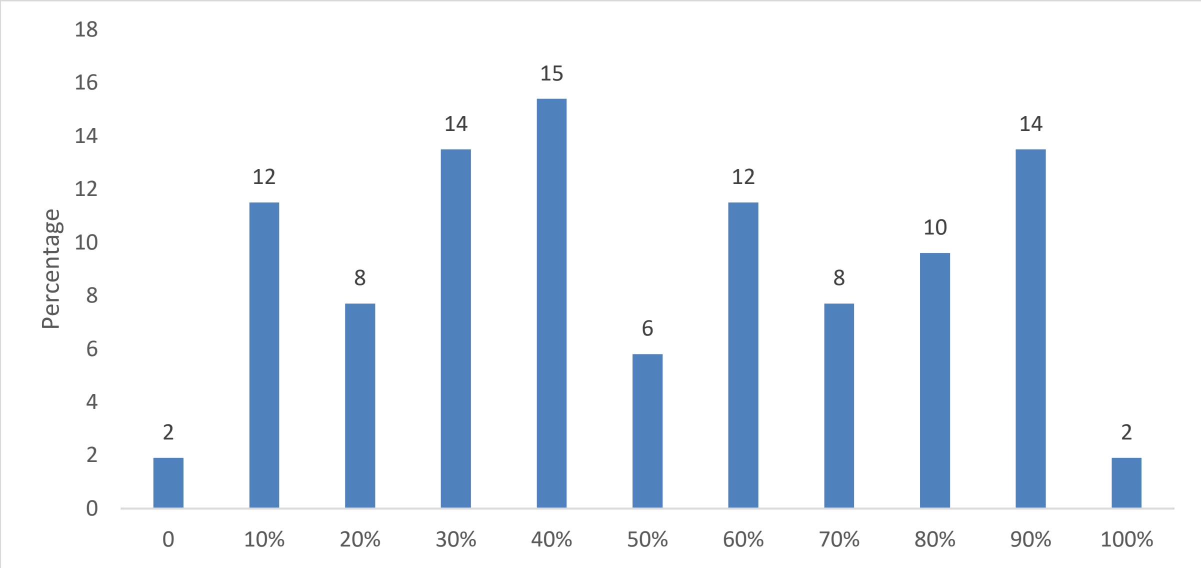
Respondents were asked to estimate what percentage of this turnover is generated in the high season (June to November) and low season (December to May). On average, across all business types, 60% of turnover was generated during the high season, and 40% of turnover was generated during the low season. The figures for tourism and non-tourism businesses are 62%/38% and 56%/44% respectively.

On average, 31% of business costs are allocated to labour (wages and salaries) and 35% are allocated to the cost of goods sold, while 34% of annual business expenses are allocated to ‘other expenses including rent, power, phone and consumables. A breakdown of the spread of costings across the sample is provided in Figure 27. For example 29% of businesses say that their labour costs comprise 30-39% of total costs while 24% say that costs of good sold account for 40-49% of total business costs.

Figure 27: Approximate breakdown of the business annual expenses

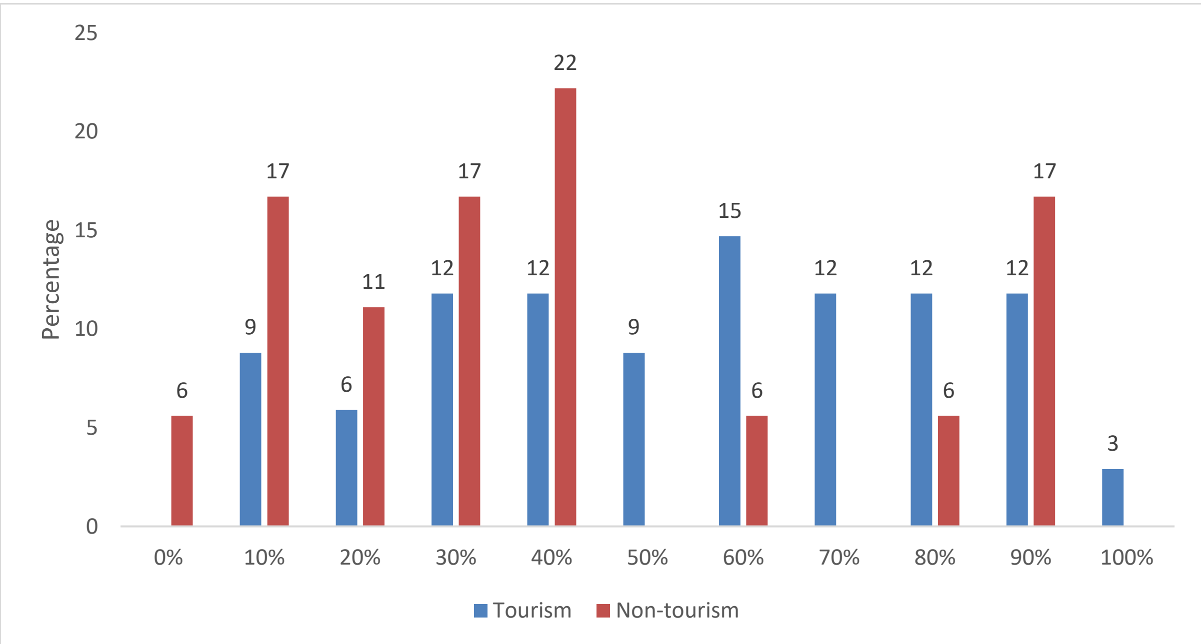
One third (34%) of the businesses make more than 70% of their purchases of products and services locally (Figure 28). Over one in five (22%) spend 20% or less of their non-labour expenses locally.

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



Well over one third (39%) of the tourism businesses make more than 70% of their non-labour purchases through businesses based in the Cook Islands compared to 23% for non-tourism operators (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

This report presents results from an online business survey conducted from September to November 2019. This survey is the eighth to have been produced since 2016, with both a tourism low and high season survey being conducted every year at approximately six month intervals.

The majority of respondents feel that their business ran well in the last year (2018/19), and will do well in the coming year (2019/20). Tourism businesses show a higher level of confidence than tourism businesses about the last year and the upcoming year. Respondents indicate that limited human resources, increasing competition and environmental degradation are the key challenge facing their business. Tourism growth, product development, and market segmentation represent the major opportunities for business growth in the coming five years. Over half of those surveyed feel confident that their business will experience continued growth over the next five years.

This research underscores the challenges Cook Islands businesses face and the opportunities that exist for development. It is clear from the time series data presented in the following Appendix that confidence levels within the tourism sector tend to drop in the low season. Tourism businesses continue to show a higher general level of confidence than non-tourism businesses.

Overall, these survey results provide a relatively consistent message on the health of the Cook Islands' business sector. The work highlights the value of generating ongoing cost-effective and robust data that can be shared in a way that can guide the development of local business policy and strategy. The Business Survey offers a timely barometer of future economic activity, it highlights the big issues and gives crucial data to plan the way forward.

One challenge we need to address is the fall in survey responses for this year. It will be vital to promote the survey and also disseminate findings if we are to regain and maintain the past response rates of 30% and higher into the future.

APPENDIX
SUMMARY OF TIME SERIES TRENDS 2016-2019

Phase 1 –Low season 2016 (Dec 2015 to Feb 2016)
Phase 2 – High season 2016 (Sep to Oct 2016)
Phase 3 – Low season 2017 (Feb to Apr 2017)
Phase 4 – High season 2017 (Aug to Oct 2017)
Phase 5 – Low season 2018 (Feb to April 2018)
Phase 6 – High season 2018 (Oct to Dec 2018)
Phase 7 – Low season 2019 (Mar to Jun 2019)
Phase 8 – High season 2019 (Sep to Nov 2019)

Table 7: Respondents across eight phases

	Phase 1 (round 1 of 2016)	Phase 2 (round 2 of 2016)	Phase 3 (round 1 of 2017)	Phase 4 (round 2 of 2017)	Phase 5 (round 1 of 2018)	Phase 6 (round 2 of 2018)	Phase 7 (round 1 of 2019)	Phase 8 (round 2 of 2019)
Number of responses	**128**	**124**	**97**	**106**	**84**	**113**	**68**	**70**
Conversion rate	**41%**	**40%**	**31%**	**34%**	**27%**	**36%**	**22%**	**22%**
Had participated the survey previously		**37%**	**58%**	**57%**	**58%**	**52%**	**68%**	**73%**

Figure 30: Which of the following best describes you?

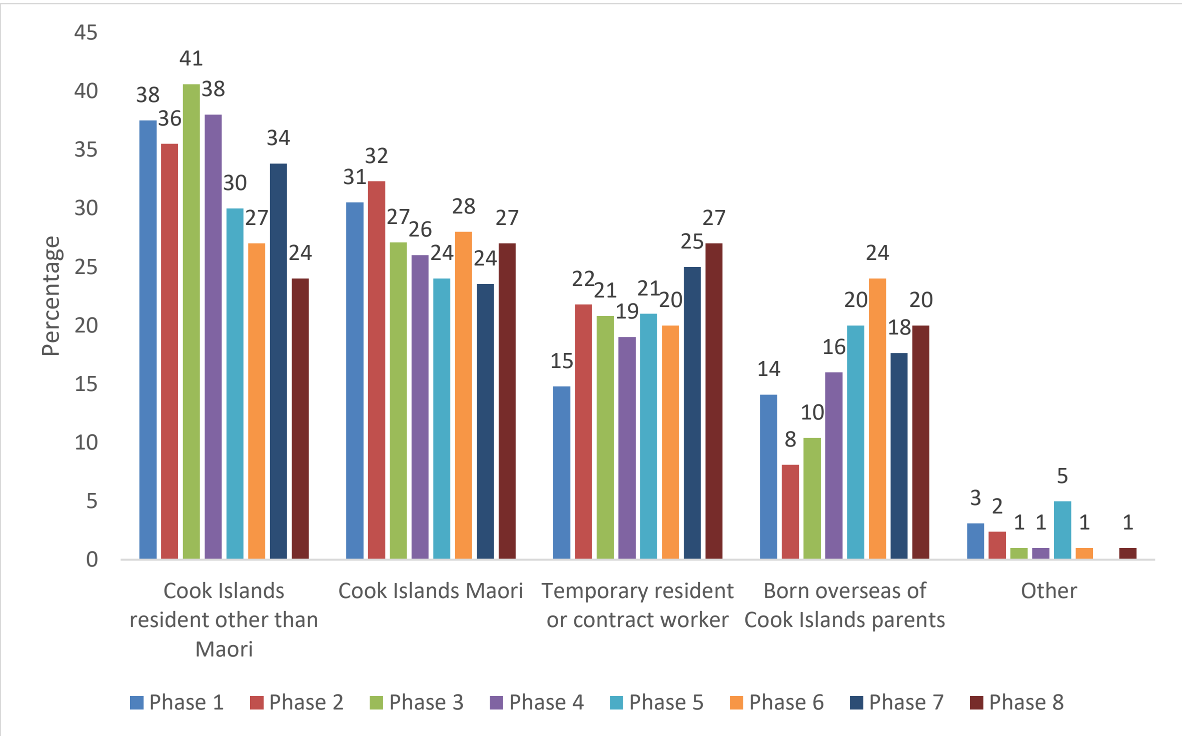


Figure 31: What is the primary focus of your business?

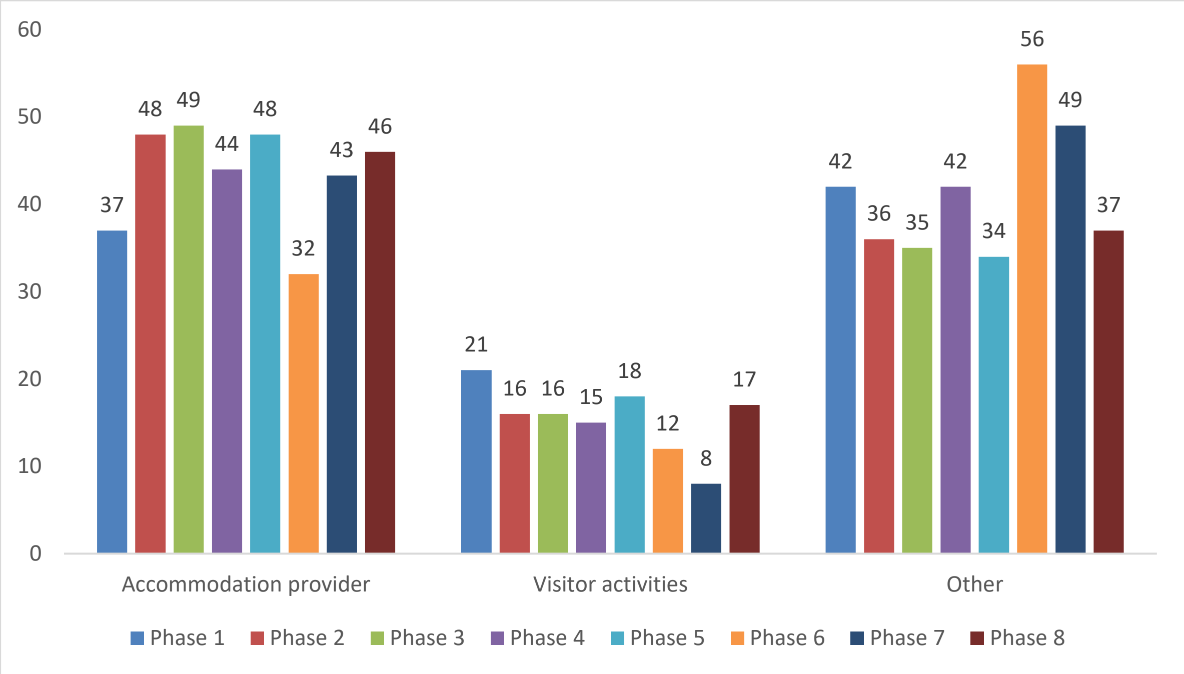


Figure 32: Accommodation provider: main focus of business

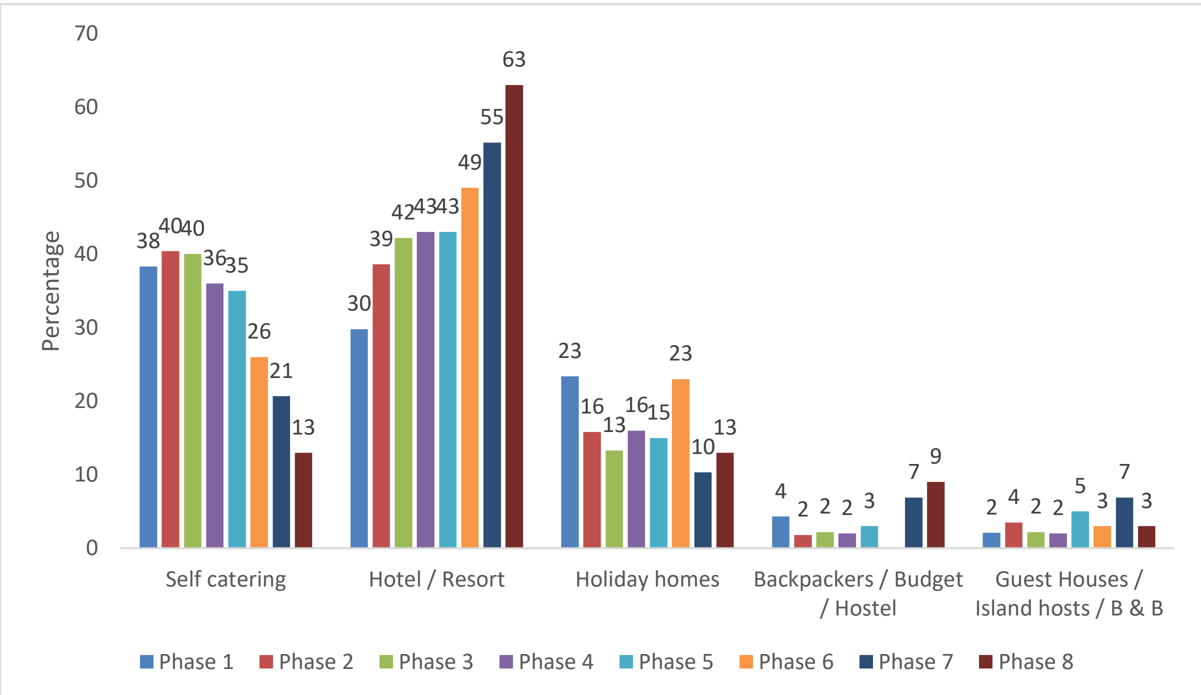


Figure 33: Visitor activities / tours: main focus of business

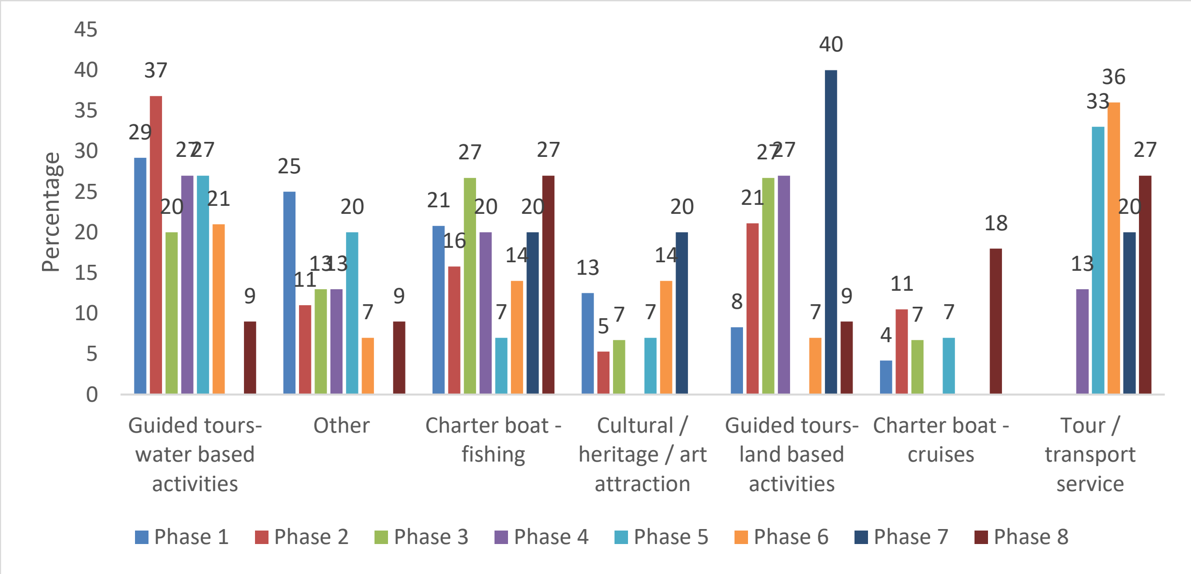


Figure 34: Where is your primary business located?

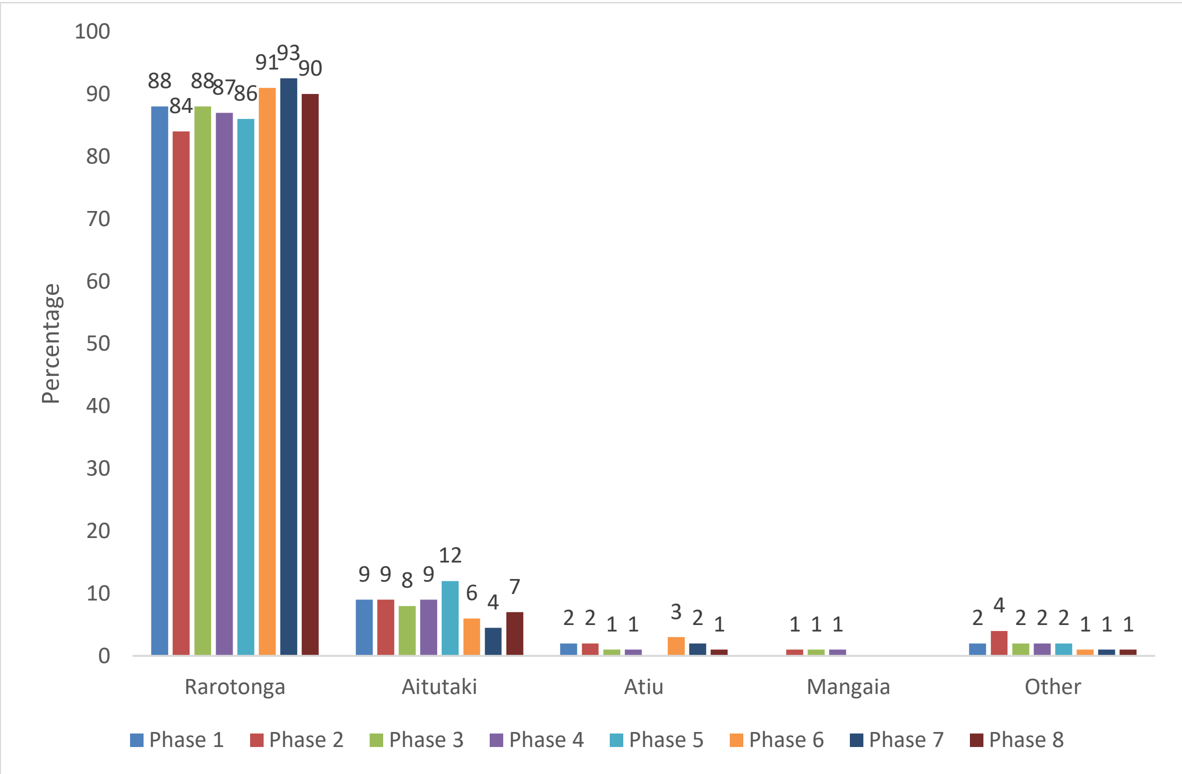


Figure 35: Your level of agreement with the following statement

Figure 36: My business ran well in the last year

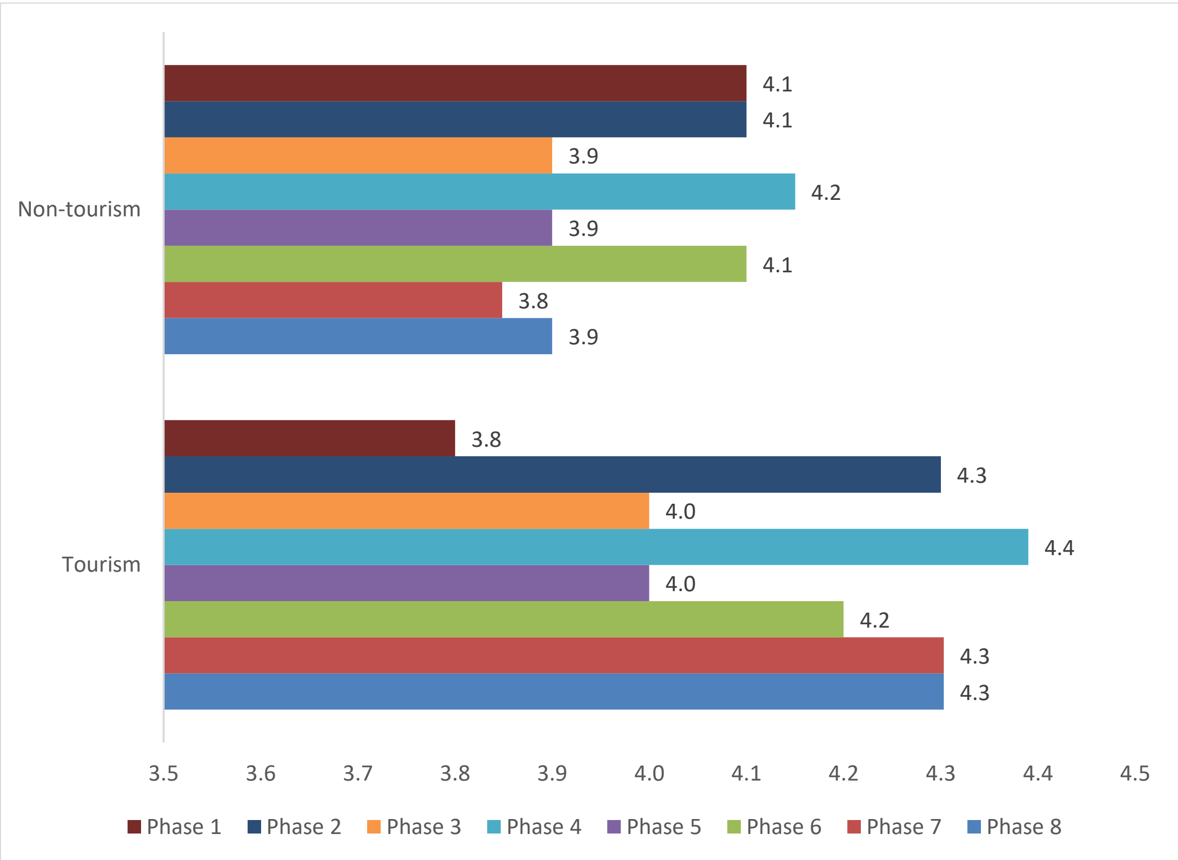


Figure 37: I am confident my business will do well in the coming year

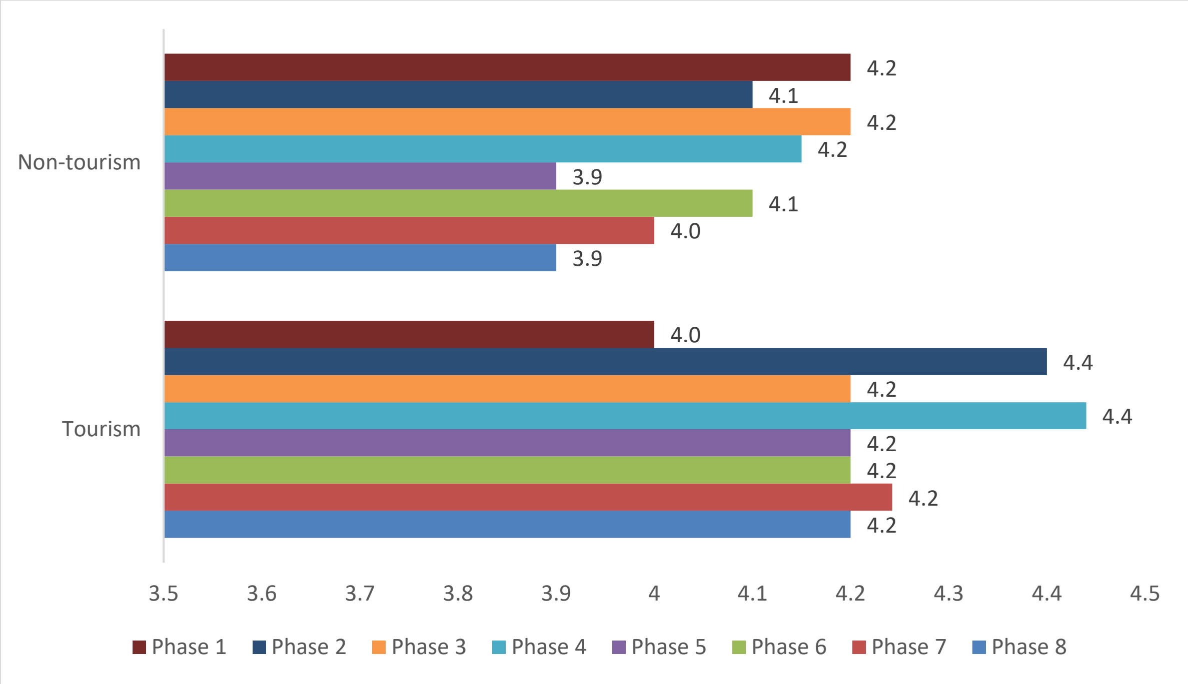


Figure 38: What do you see as being the major challenges that will face your business in next five years?

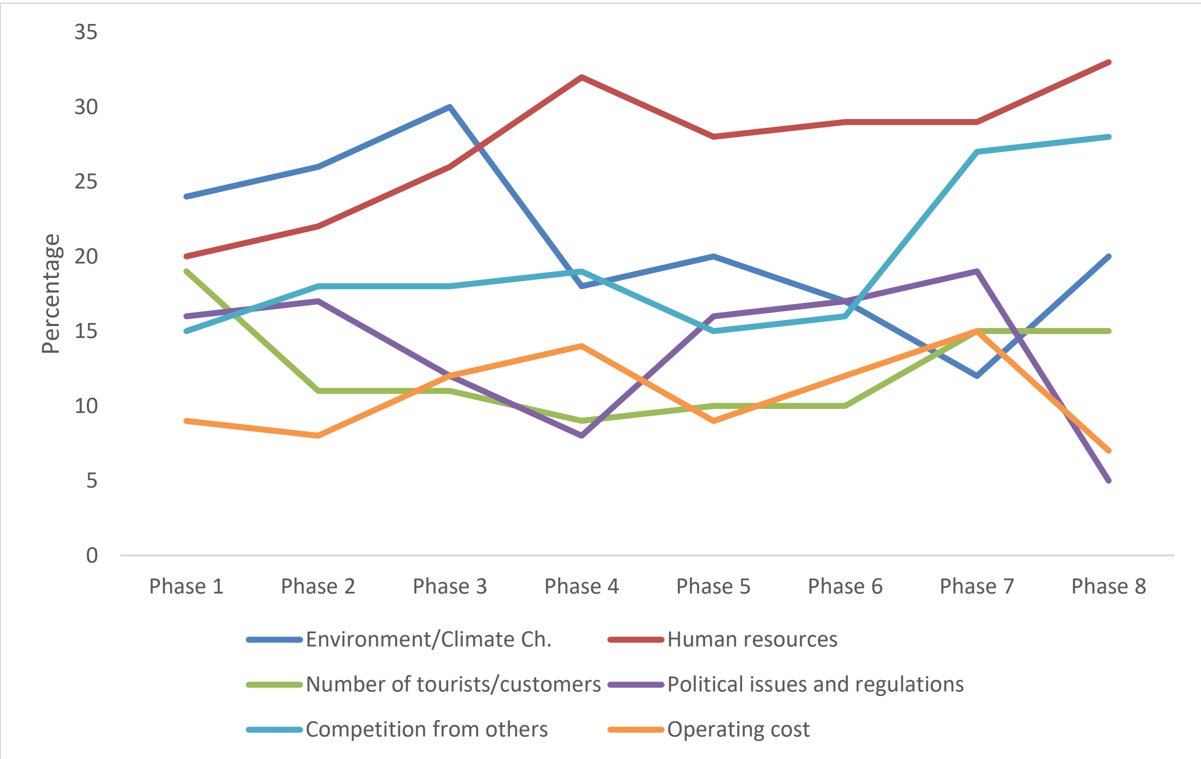


Figure 39: What do you see as being the major opportunities for your business in the next five years?

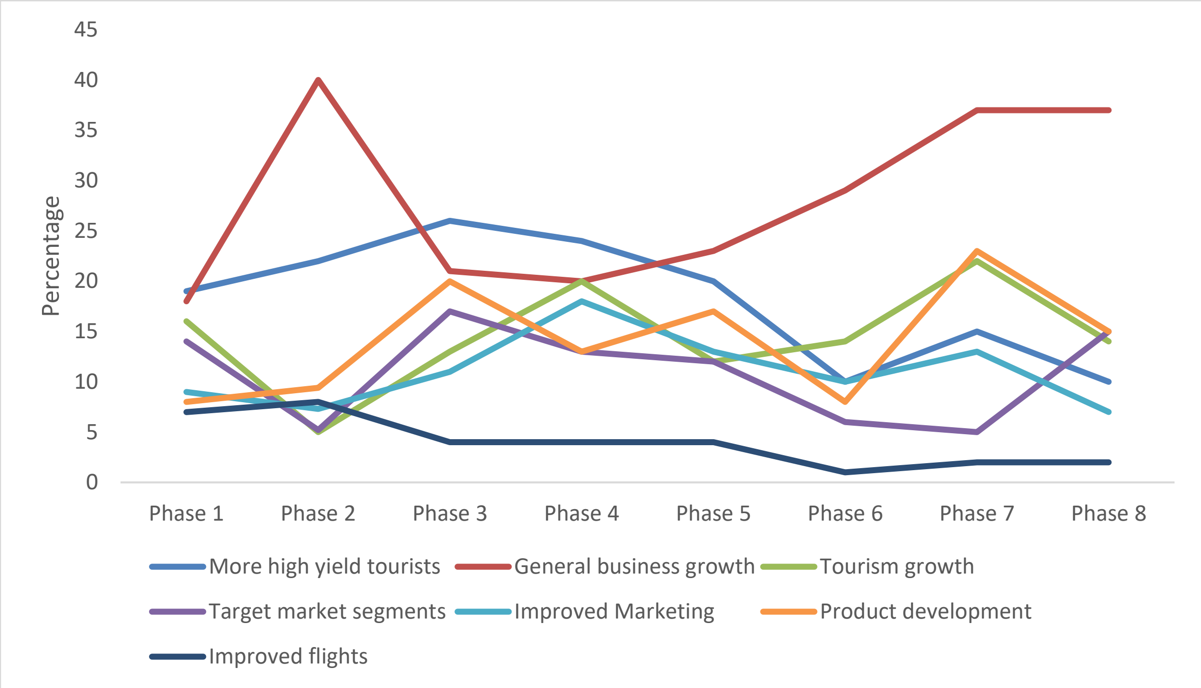


Figure 40: How do you see your business in next five years?

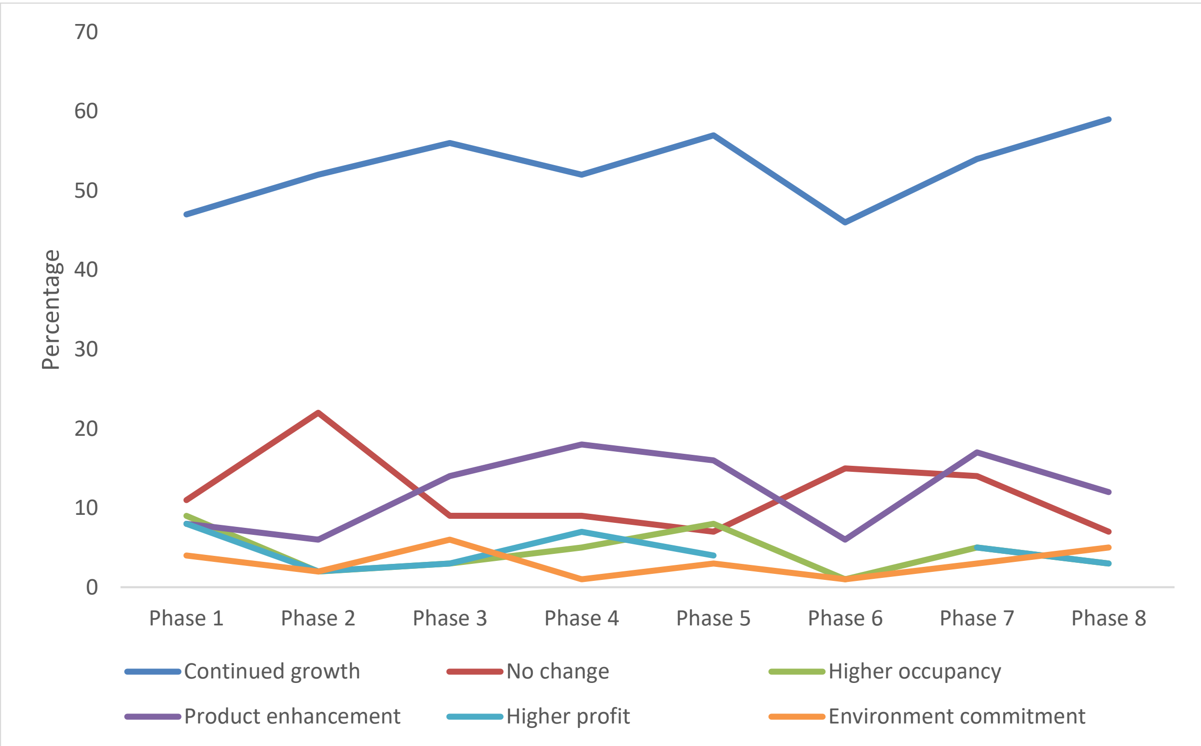


Figure 41: The importance of statements relating to the Cook Islands

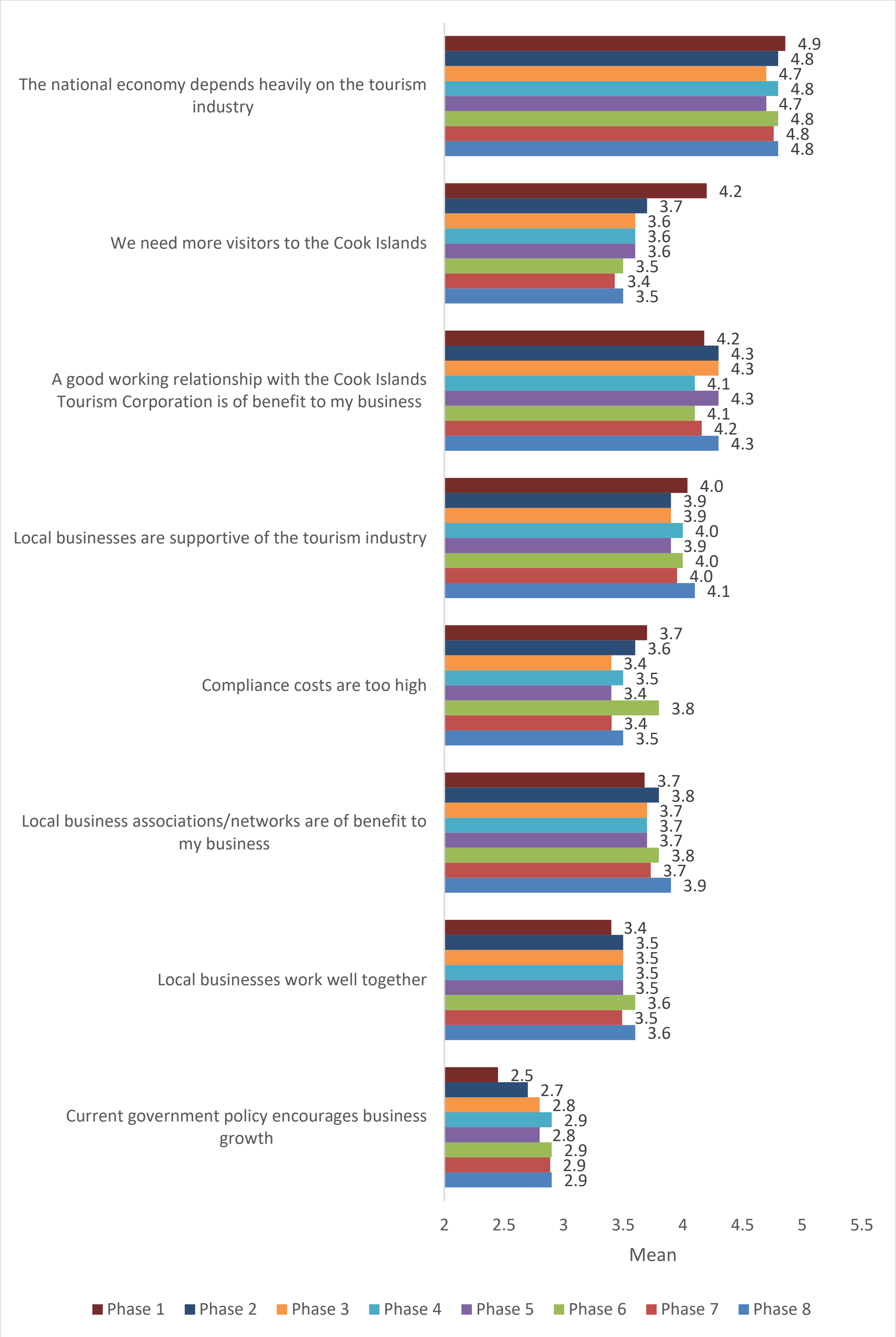


Figure 42: The importance of statements relating to the Cook Islands – tourism and non-tourism

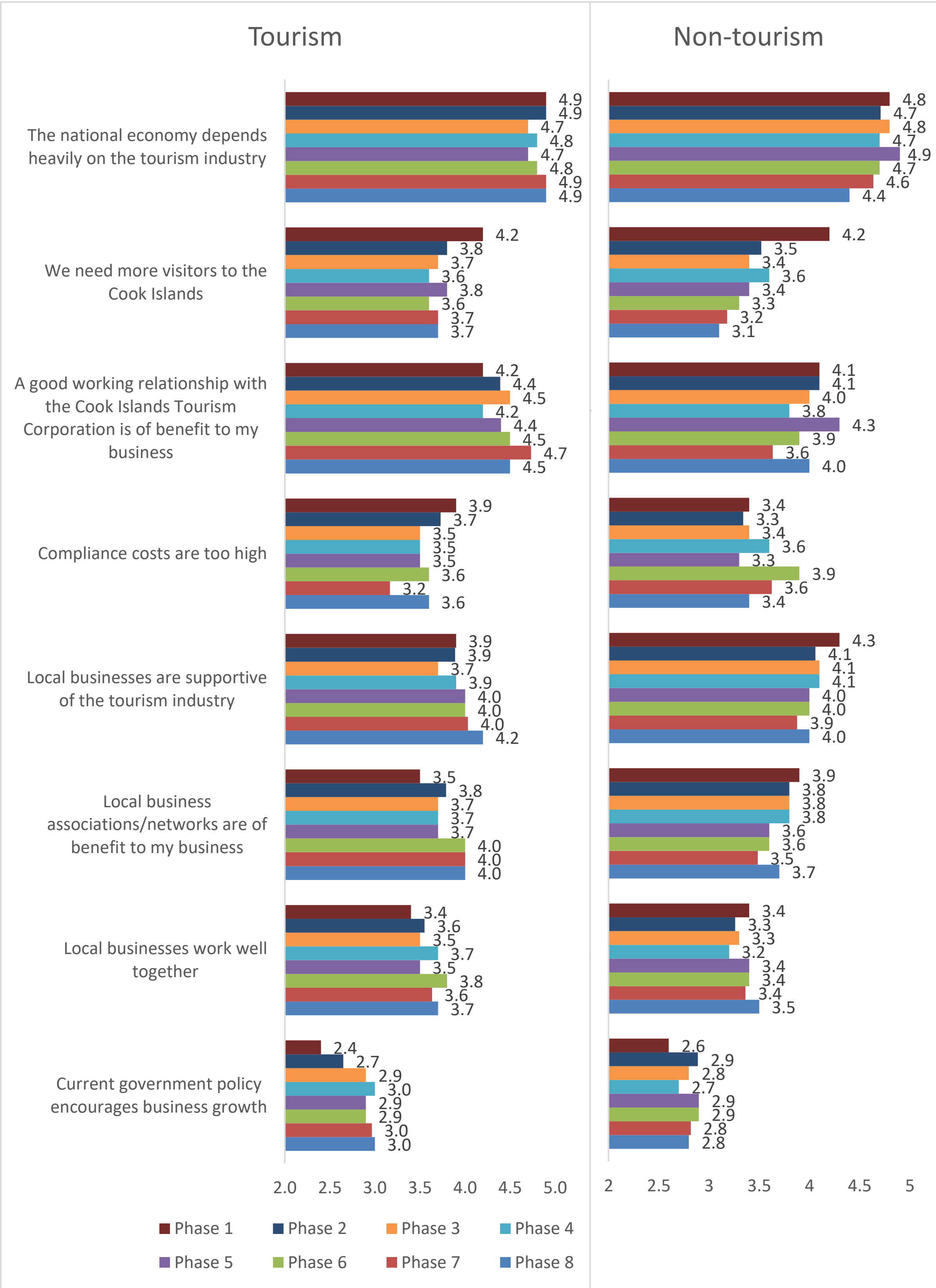


Figure 43: How important are the following to the Cook Islands?

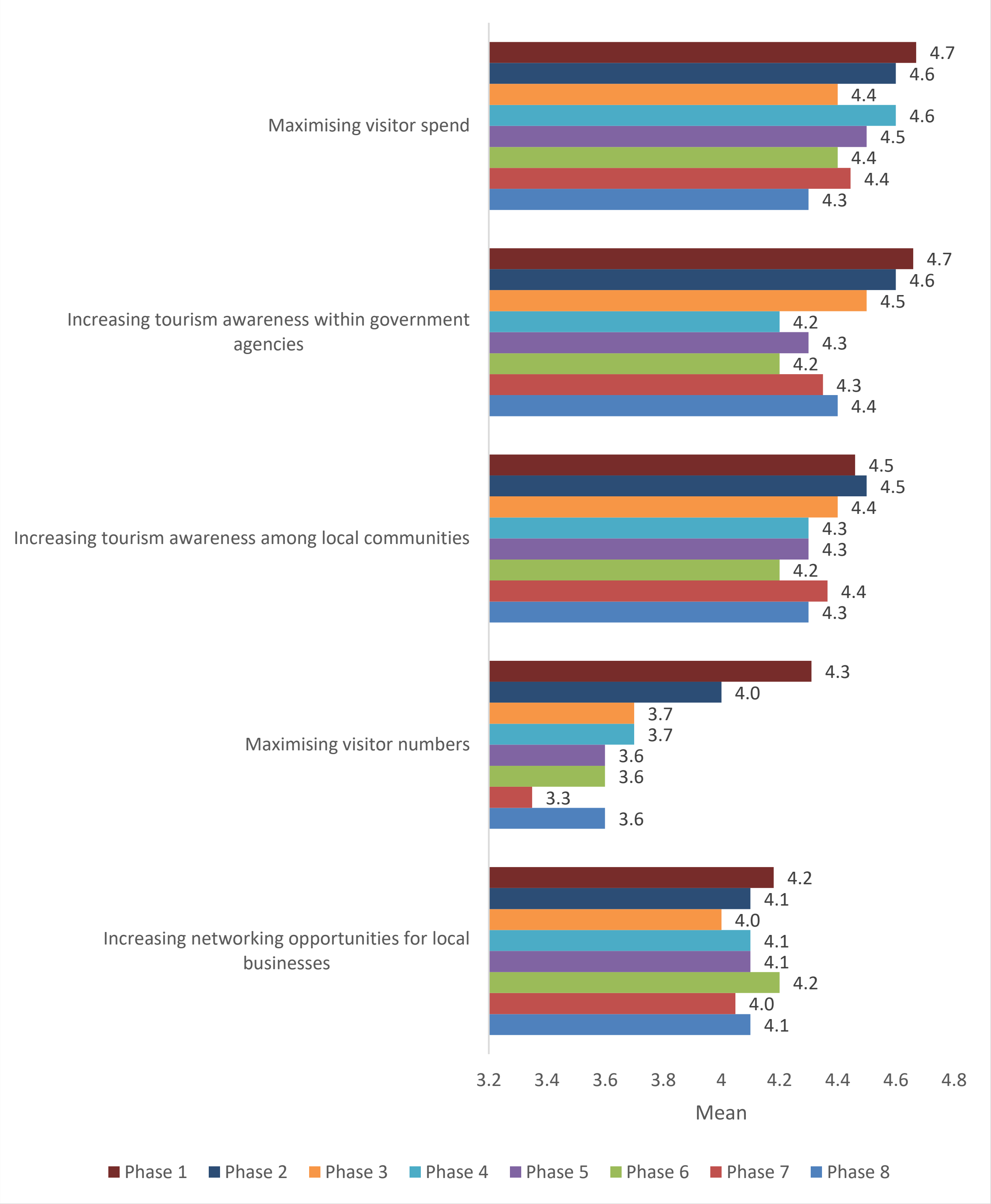


Figure 44: How important are the following to the Cook Islands? – tourism and non-tourism