Cook Islands Business Survey and Confidence Index

Report 1: 2016

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 survey conducted from December 2015 to February 2016. Over this three-month period, 314 businesses were contacted with 128 completed surveys were received - a conversion rate of 41%. The data presented in this report includes: business profile, staffing, the business climate, and revenue, costs and linkages.

The majority (83%) of survey respondents are Cook Islands residents, and most are owners, operators or managers (94%). Nearly two thirds (64%) of respondents have been in their current role for less than ten years. Nearly two thirds (62%) of businesses have been operating for more than 10 years. Over a third (37%) of businesses surveyed noted 'accommodation provider' as their primary focus, and another 21% focused on 'visitor activities/tours'. Businesses surveyed are mainly located in Rarotonga (88%), with a smaller number of businesses located in Aitutaki (9%) and Atiu (2%). The majority (98%) of businesses operate all year round.

Over one quarter (29%) of businesses employ 100% Cook Islands Maori staff, with 21% of businesses indicating 90% of their staff are Cook Islands Maori. Over two thirds (69%) of businesses indicated they have problems finding suitable staff. Nearly two thirds (60%) of respondents stated that they have training needs.

The majority of respondents are confident that their business ran well in the last year (2015) (42%/32% agree or strongly agree), and will do well in the coming year (42%/37% agree or strongly agree). Non-tourism businesses show a higher level of confidence than tourism businesses. In terms of anticipated challenges to their business, nearly one quarter (24%) of respondents mentioned climate change, followed by human resource issues (20%). Attracting higher yield visitors (19%), continued growth trajectory (18%), and the ability to develop new markets (14%) represent the major opportunities identified by businesses in the coming five years.

Respondents 'strongly agree' with the statement that "the national economy depends heavily on the tourism industry" (4.9 out of 5). "Maximising visitor spend" and "increasing tourism awareness within government agencies" are ranked as very important (4.7 out of 5).

Over one third (39%) of local businesses report an annual turnover of less than $150,000 in the last financial year. Over half (53%) of the businesses surveyed attribute more than 90% of their annual turnover directly to the tourism industry.

This initial survey represents the first in an ongoing industry survey and confidence index. The next survey will be run in August 2016.

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Figures and Tables

Introduction

This report focuses on the development of a business survey and confidence barometer that can provide real insights into the 'pulse' of the Cooks Islands business sector. The aim 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 an online business survey conducted from December 2015 to February 2016. Over this three-month period, 314 businesses were contacted, 128 completed surveys were received - a conversion rate of 41%.

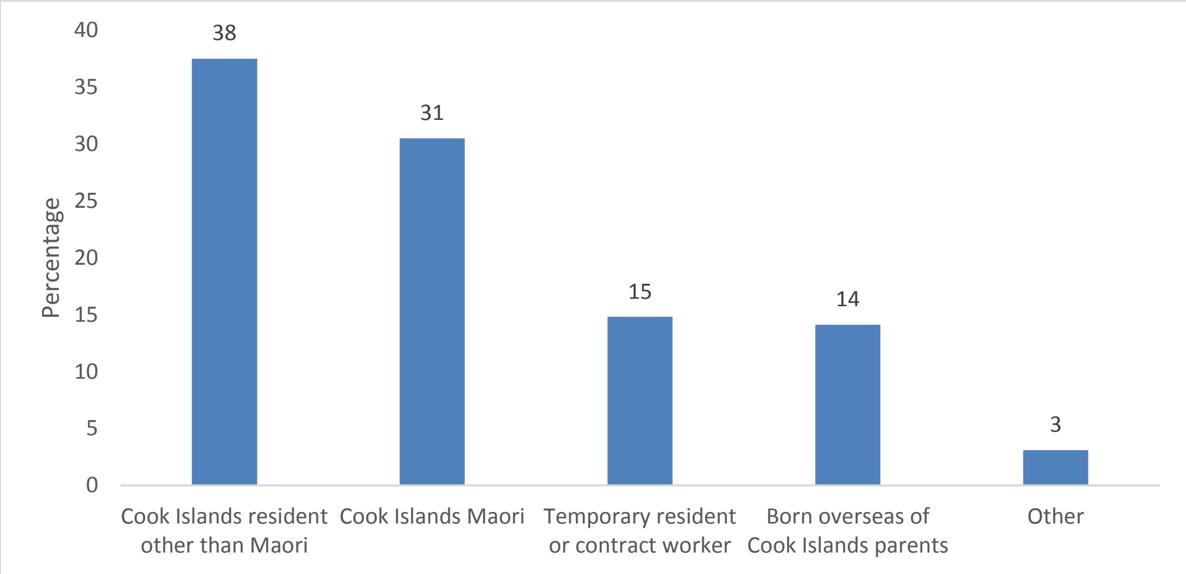
The data presented in this report includes: general business profile, staffing levels, the business climate, and information on revenues, costs and economic linkages.

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, attractions etc.) and 'other' businesses – the latter also includes businesses that also depend heavily on tourism (e.g. restaurants) and others that have a focus on a more local clientele.

Business Profile

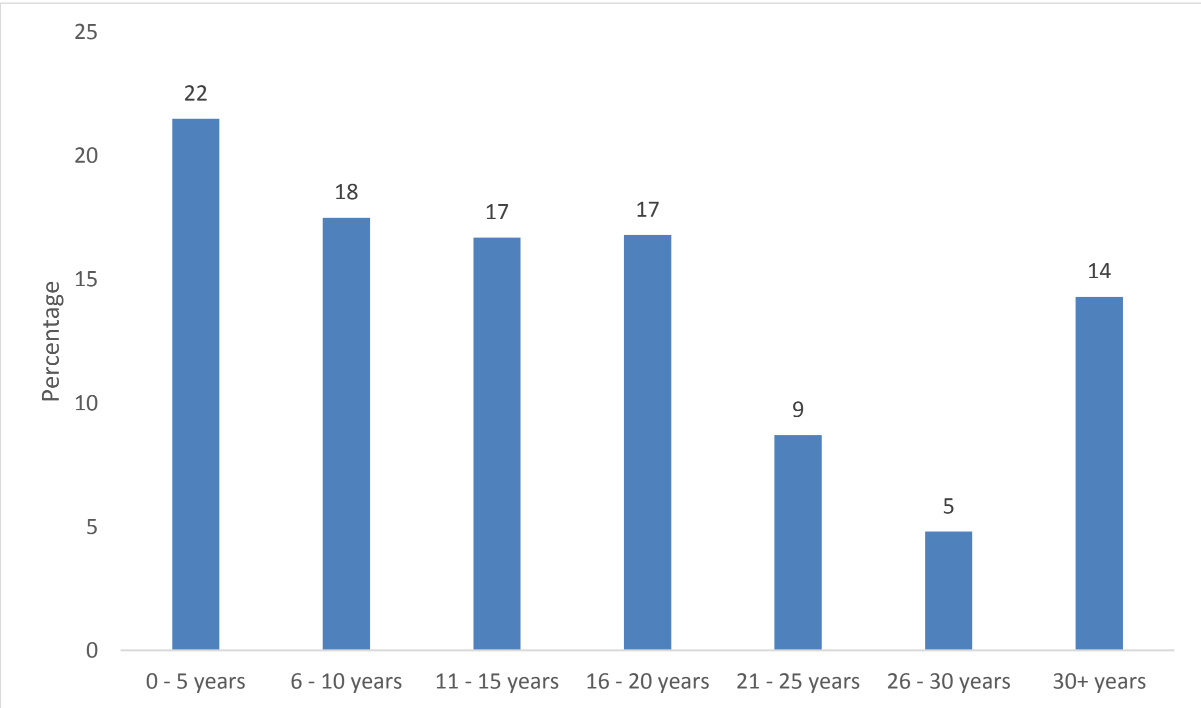
The majority (83%) of respondents are permanent Cook Islands residents - either Cook Island Maori (31%), non-Maori (38%) or born overseas to Cook islands parents (Figure 1).

Figure 1: Which of the following best describes you (n=128)



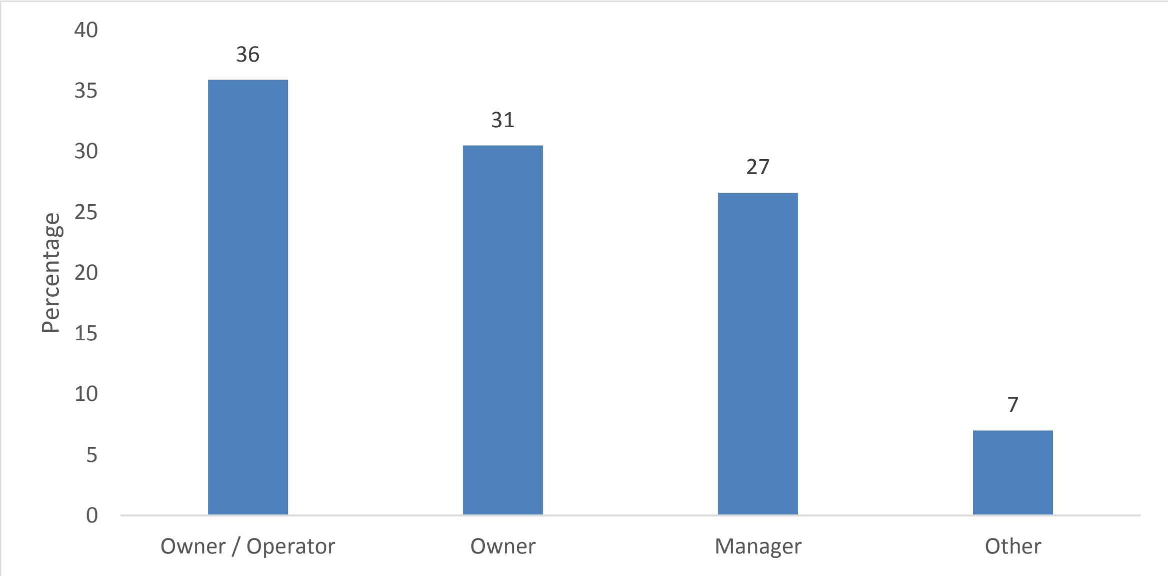
Nearly two thirds of responding businesses (62%) have been in operation for more than 10 years (Figure 2). A small, yet significant, number of businesses (14%) have been operating for more than 30 years. A fifth of businesses have been operating for 5 years or less.

Figure 2: How long has your business been operating in this country (n=126)



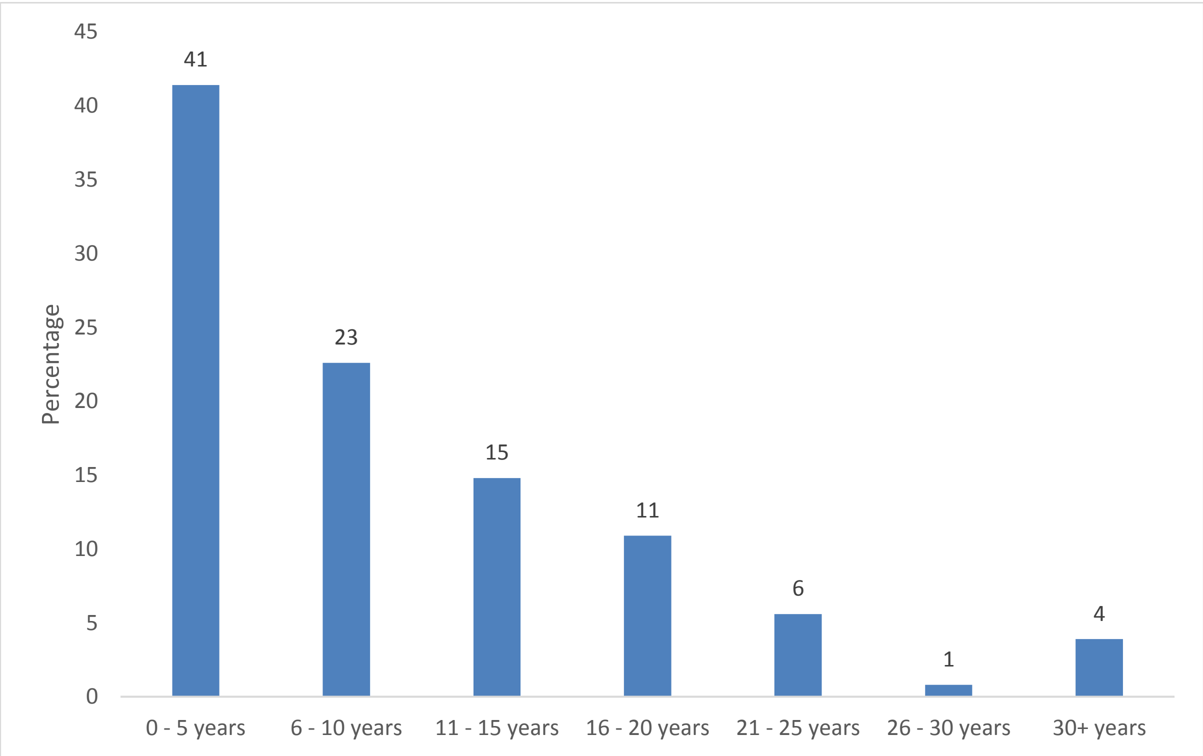
The majority of business respondents are owner/operators (36%) or simply owners (31%); a further 27% classify themselves as managers (Figure 3).

Figure 3: What is your role in this business (n=128)



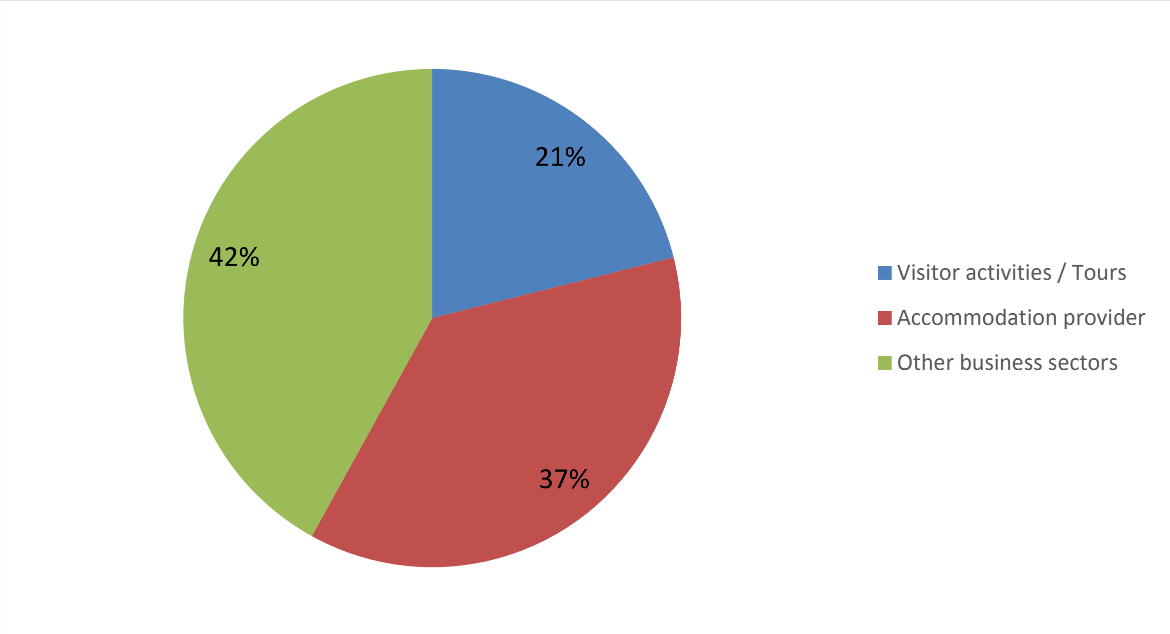
Nearly two thirds (64%) of respondents have been in their current role for under 10 years (Figure 4). Over one in ten of those surveyed have been in their role for over 20 years.

Figure 4: How long have you been in this role (n = 128)



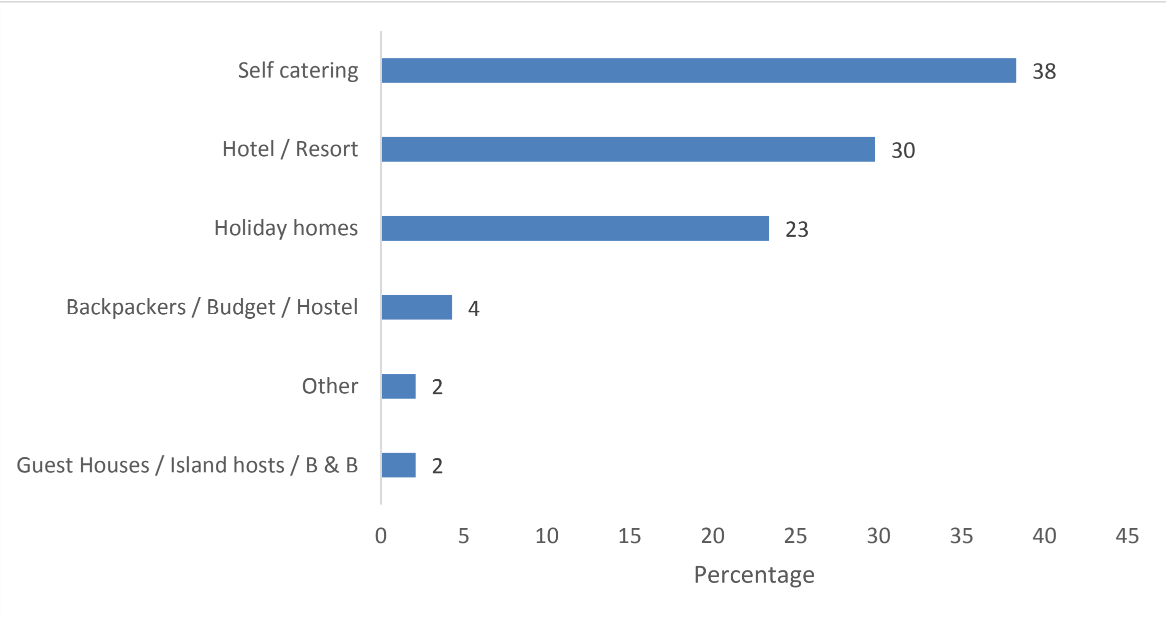
Well over a third (37%) of businesses surveyed noted ‘accommodation provider’ as their primary focus, and another 21% focused on ‘visitor activities/tours’ (Figure 5).

Figure 5: What is the primary focus on your business (n = 128)



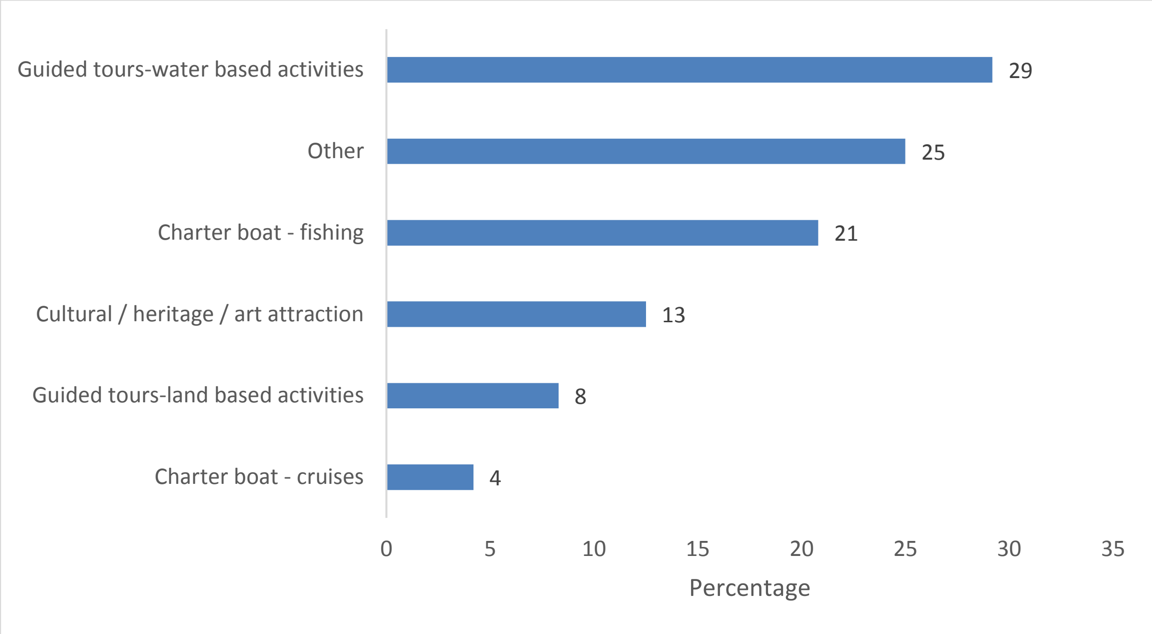
Over one third (38%) of those who have accommodation as their primary focus classify the business as being 'self-catering', a further 30% are hotels/resorts, with holiday homes making up a further 23% (Figure 6).

Figure 6: Accommodation provider: main focus of business (n = 47)



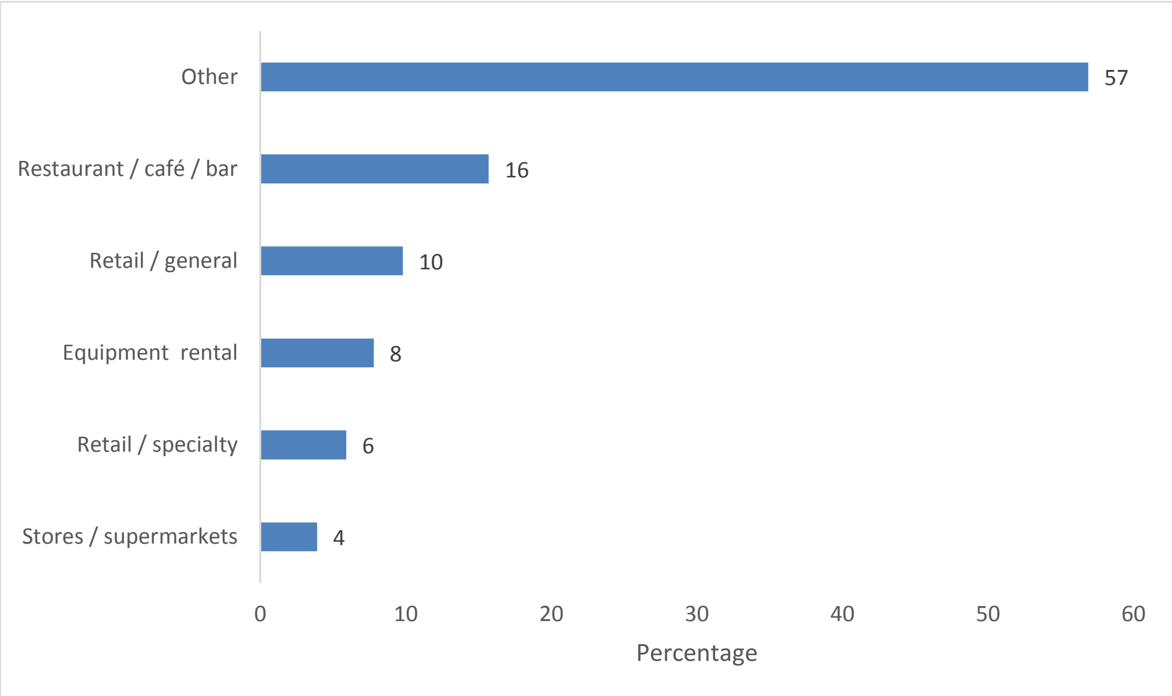
For those who have visitor activities as their primary focus, nearly one in three (29%) are classified as 'guided tours – water based activities' (Figure 7).

Figure 7: Visitor activities/tours: main focus of business (n = 24)



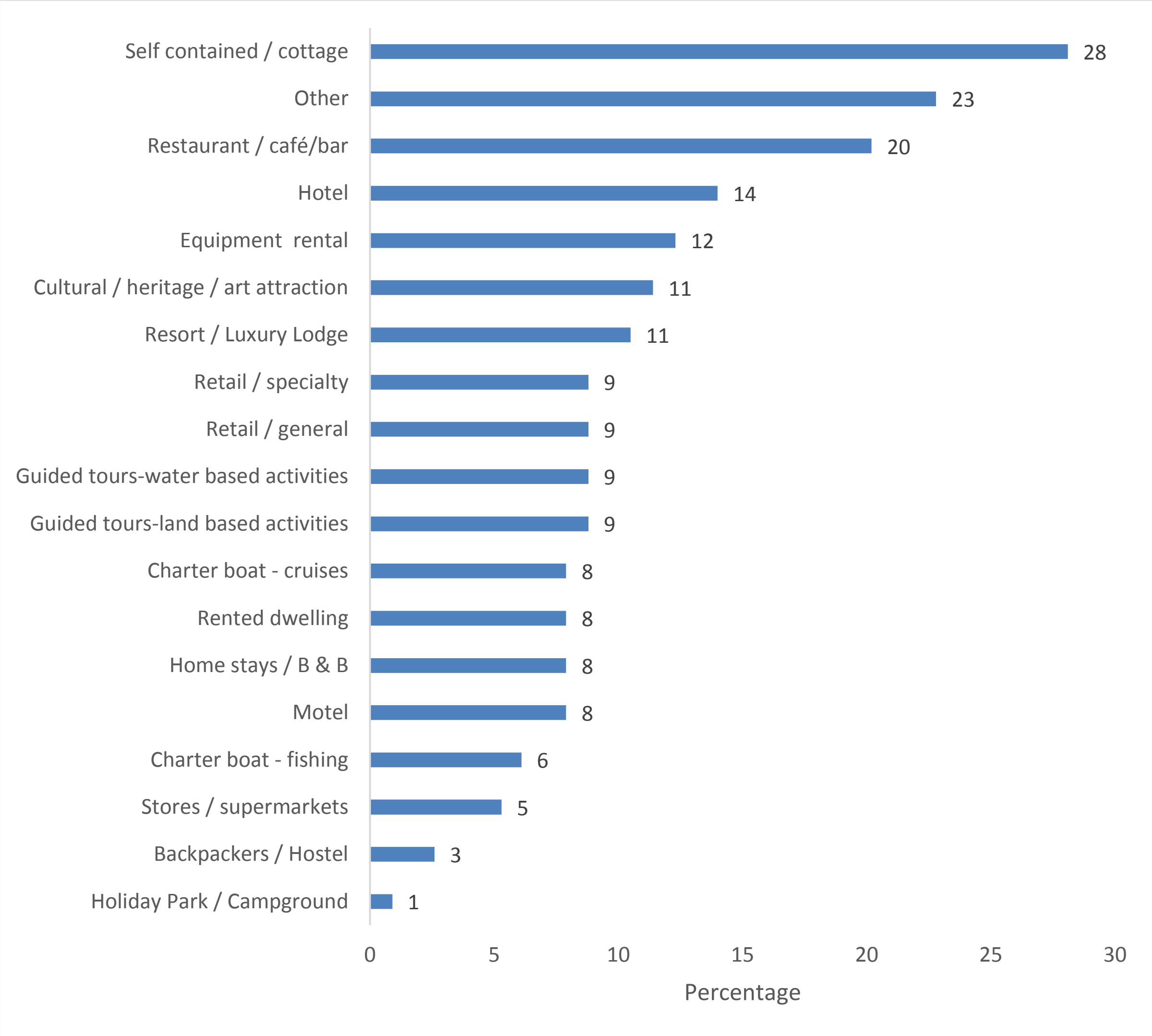
For over half of 'other' respondents the primary focus is in sectors such as banking and finance, manufacturing, energy, NGO activities, and transportation (Figure 8). 'Other business sectors' also include restaurant/cafe/bar (16%), retail (10%), and equipment rental (8%).

Figure 8: Other business sectors: main focus of business (n = 51)



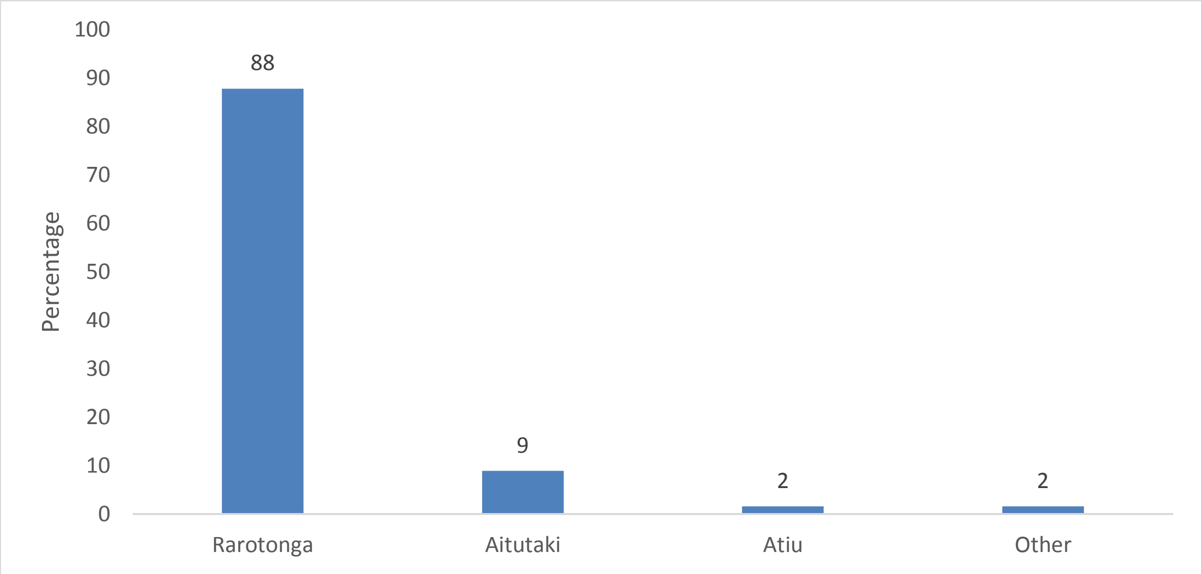
Respondents were also asked to indicate whether they had secondary business activities in addition to their primary focus. Secondary business activities were mainly focused on self-contained / cottage accommodation (28%), restaurant / café / bar (20%), hotels (14%), equipment rental (12%) and cultural / heritage / art attractions (11%) (Figure 9).

Figure 9: Secondary focus of business (n = 114)



The majority of businesses covered in the survey are located in Rarotonga (88%), with a small number of businesses located in Aitutaki (9%) and Atiu (2%) (Figure 10). Only 2% came from 'other' islands including Mangaia and Mauke. As the survey progresses we hope to increase participation from the outer islands and to find ways to encourage more awareness of and engagement with the survey.

Figure 10: Where is your primary business located (n = 123)

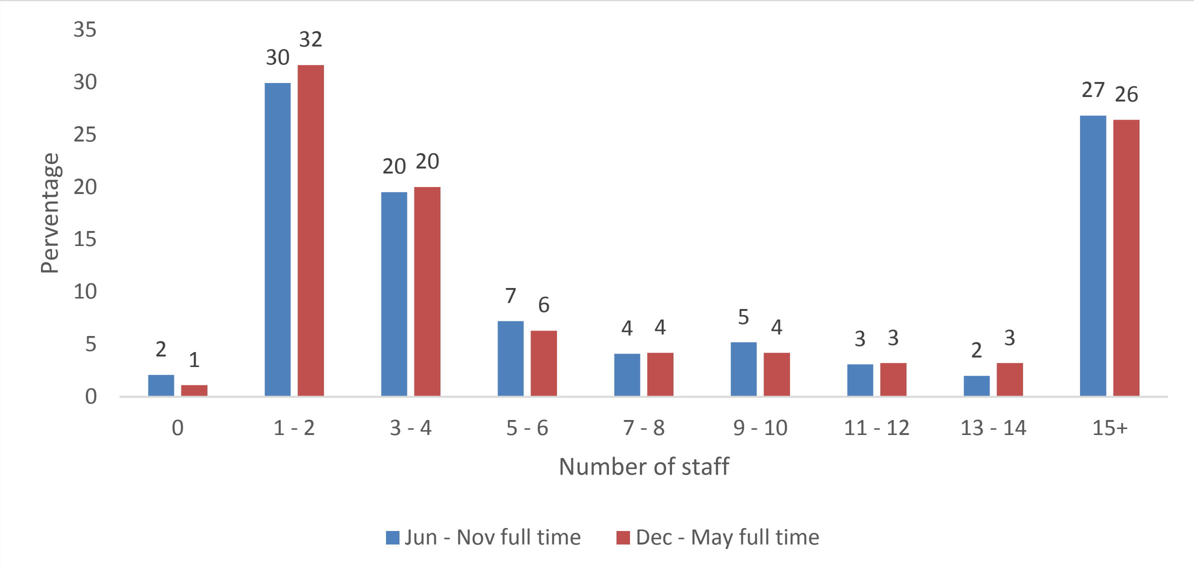


Most (98%) of businesses captured in the survey (both tourism and non-tourism) operate all year round. Of the very small number of businesses that do not operate year round, two thirds close in December and the remainder in May/June.

Staffing

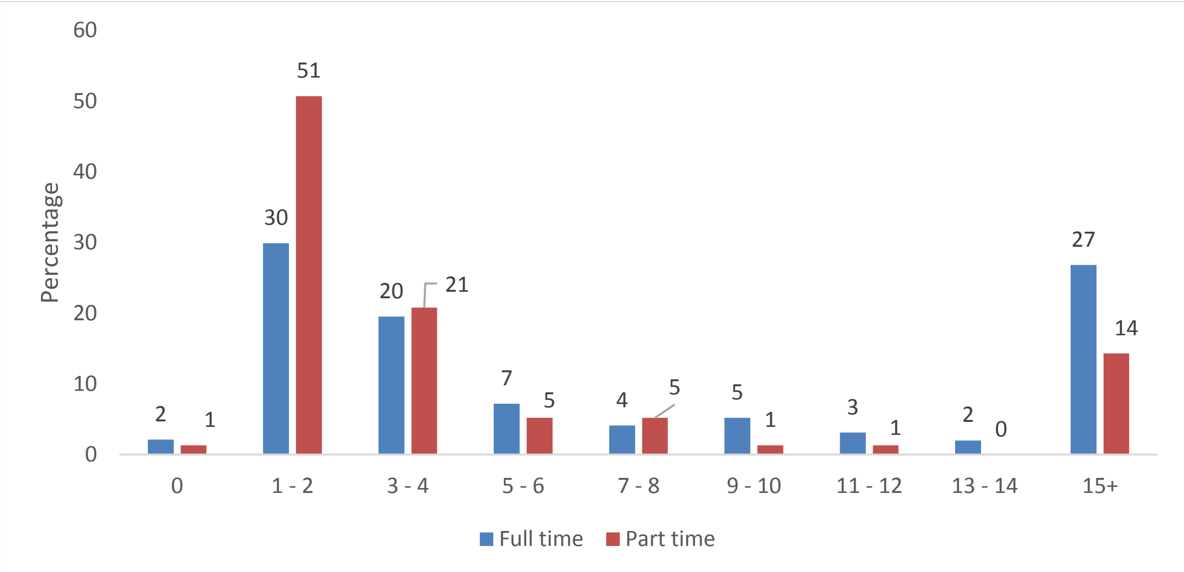
During the high season (June to November), the average number of full-time staff per business is 8 and for the low season (7) (Figure 11). We can clearly see the bifurcated nature of the businesses responding – most with either 0-4 staff or 15 and over.

Figure 11: Average number of full-time staff



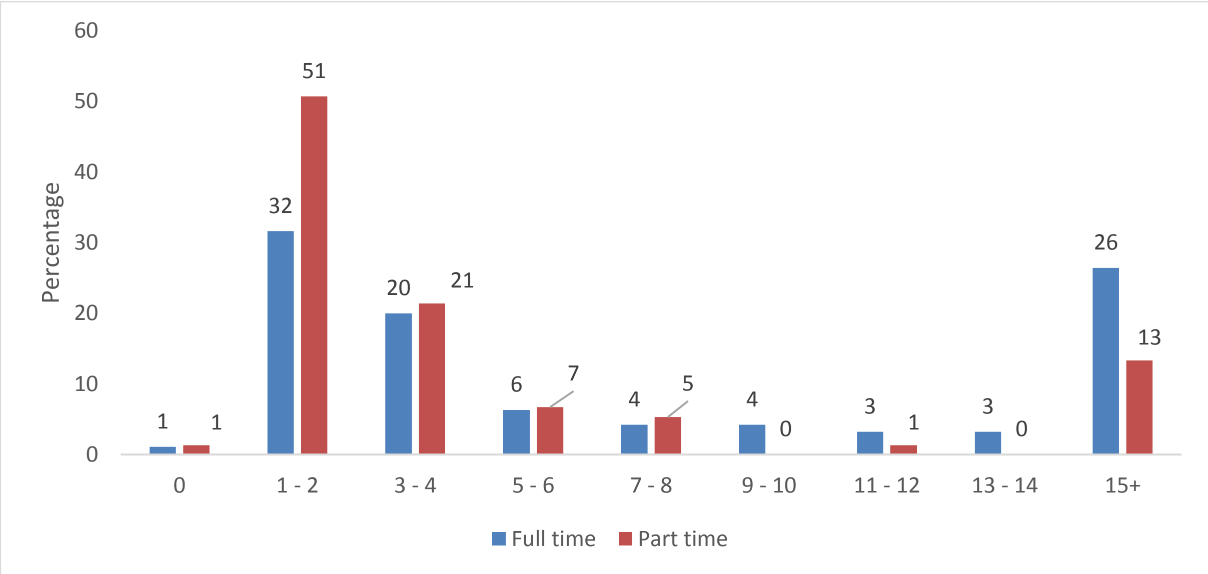
During the high season, 52% of the businesses employ four or fewer full-time staff. Over one quarter (27%) of businesses have more than 15 full-time staff (Figure 12). The majority (73%) of businesses employ fewer than 4 part-time staff.

Figure 12: Number of full and part-time employees (including respondent) from June to November (n = 97)



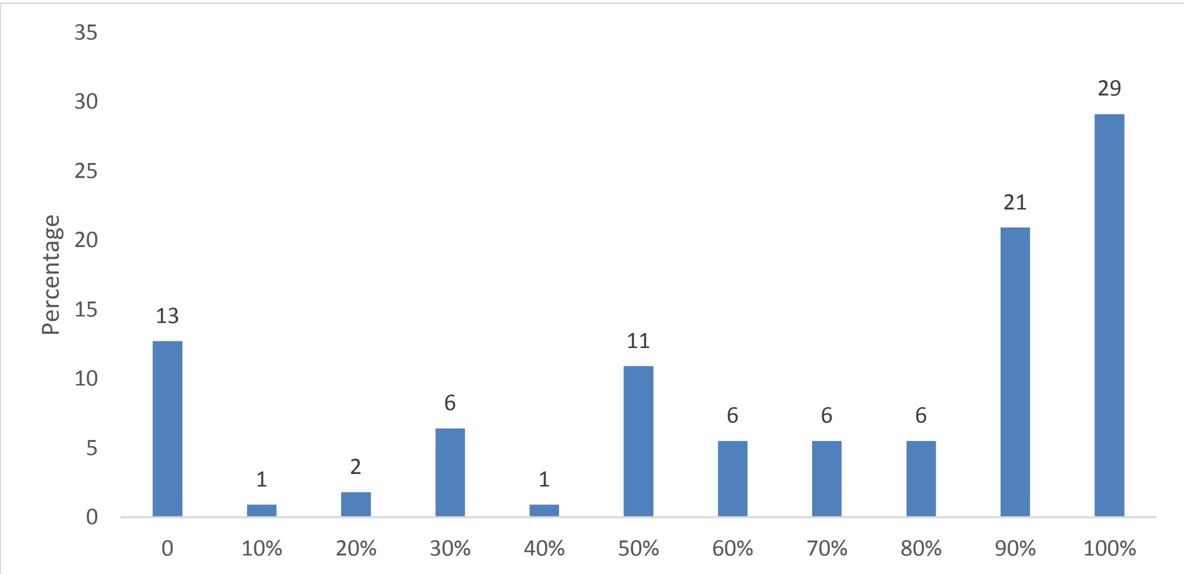
During the low season, 53% of the businesses employ four or fewer full-time staff. Over one quarter (26%) of businesses have more than 15 full-time staff (Figure 13). The majority (73%) of businesses employ 4 or fewer than part-time staff.

Figure 13: Number of full and part-time staff (including respondent) from December to May (n = 95)



Nearly a third (29%) of businesses employ 100% Cook Islands Maori staff, with a further 21% indicating that at least 90% of their staff are Cook Islands Maori (Figure 14).

Figure 14: Percentage of staff that are Cook Islands Maori (n = 110)



Over two thirds (69%) of businesses covered in the survey indicated they have problems finding suitable staff. Of those respondents who stated they have difficulty finding staff, 27% noted that they find it hard to recruit staff with the specific skills needed (Table 1). Twenty percent mentioned that it is simply difficult to find people who are willing to work or that they simply do not receive applications when they advertise (10%). A further 16% stated that it is difficult to find "reliable" staff that will turn up when needed. For a small group there was a sense that there was too much competition in the labour market and that they were disadvantaged by their size or financial status in terms of the wages and benefits they can offer.

Table 1: Problems finding suitable staff? (n=70)

Theme	Share of respondents %
Suitable skills	27.1%
Unwilling to work	20.0%
Other	18.6%
Reliability	15.7%
Limited applications	10.0%
Competition with other countries and firms	5.7%
Small company size	5.7%

* 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:

> *"Lack of skill base in consistent customer services delivery."*
>
> *"It is difficult to find sober, reliable, professional staff."*
>
> *"Very difficult to find enthusiastic locals who want to work."*
>
> *"We would love to have locals work but we can't find some..."*
>
> *"During June to November we need skilled staff. A seasonal worker work visa for Kiwis would make this easier."*
>
> *"We lose staff to NZ and Australia."*
>
> *"People can get better wages & conditions in NZ."*
>
> *"With the size of the company, it is often difficult to find the right person for the job and we try to employ cook islanders."*
>
> *"Cannot afford properly trained staff."*
>
> *"We endeavour to help reduce the amount of locals leaving our shores for supposedly green pastures by only employing locals, but this is becoming very difficult."*

Of those who did not have any difficulties finding staff, only 9 respondents added further comments. The majority of those that did comment noted that it was easy to hire family members, and that there is a waiting list of people who are looking for a job so there was always someone available. In general, these businesses were smaller and the positions mentioned were less skilled.

When hiring new employees, over half (65%) of businesses are looking for reliability and commitment (Table 2), with nearly half (48%) focusing on personality traits, such as honesty, flexibility, enthusiasm, positive attitude, and responsibility. Over one third (34%) of businesses mentioned specific skills and relevant education as being essential attributes. Only one percent mentioned being 'local' as a key factor they looked for in staff.

Table 2: What are you looking for when you hire new employees? (n=103)

Theme	Share of respondents %
Reliability, commitment	64.9%
Personality	47.6%
Skill and education	34.0%
Experience	9.7%
Local staff	1.0%

* 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:

> *"Ability to communicate and use of common sense and taking initiative."*
>
> *"Aptitude, honesty, reliability, and a desire to learn."*
>
> *"Attention to detail, work ethic, creative-minded, positive, inspired."*
>
> *"Cook islanders that are confident in interacting with visitors and have a sound knowledge of Cook Islands history."*
>
> *"Reliability, honest, sober, capability to do the job neat groomed appearance, well spoken, good communication with managers and guests."*

Over half (60%) of businesses noted that they have training needs (Table 3). Of these, over one third (38%) focused on the need to train their staff in customer service and care. Other training needs include: sales and marketing (16%), general hospitality and tourism (12%), housekeeping (12%), management skills (12%), and accounting skills (10%).

Table 3: Business training needs

Theme	Share of respondents %
Customer service	38.0%
Sales & marketing	16.0%
Hospitality and tourism	12.0%
Housekeeping	12.0%
Management	12.0%
Accounting	10.0%
Event, Leisure activity management	8.0%
Retail skills	8.0%
First Aid	6.0%
Food and beverage	6.0%
ICT skill	6.0%
Lifeguard	2.0%

* 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:

> *"As accommodation is a huge sector to the financial bottom line of the country, housekeeping training should be offered FOC to business for staff."*
>
> *"Customer care and tourism would ideally benefit the staff in general."*
>
> *"Every business could do with staff training support."*
>
> *"Hospitality school courses but they are not right for industry."*
>
> *"The skill base in the Cook Islands is poorly developed and all manner of training from basic skills to advanced skills is needed in country."*
>
> *"Training is an ongoing requirement for our business as we have a high number of casual staff. We have inhouse programs which are heavily reliant on our duty managers to induct and train new staff."*

Respondents were asked to list any local business/organisations they belong to. Only 66% of respondents answered the question - including 11% who specifically said they do not belong to any grouping. The majority of those that did respond are members of the Chamber of Commerce (34%), and/or the Cook Islands Tourism Industry Council (21%).

The business climate

Respondents were asked to rank statements relating to their levels of confidence in the business climate. Just under three quarters (74%) of respondents feel that their business ran well in the previous 12 months (i.e. 2015) (with an average response of 3.9 out of 5), and nearly four out of five (79%) respondents feel confident that their business will do well in the coming year (i.e. 2016) (with an average of 4.1) (Figure 15). Non-tourism businesses have more confidence than tourism businesses about the coming 12 months (2016) and were more positive about the previous year (2015) as well (Figure 16).

Figure 15: Please indicate your level of agreement with the following statement

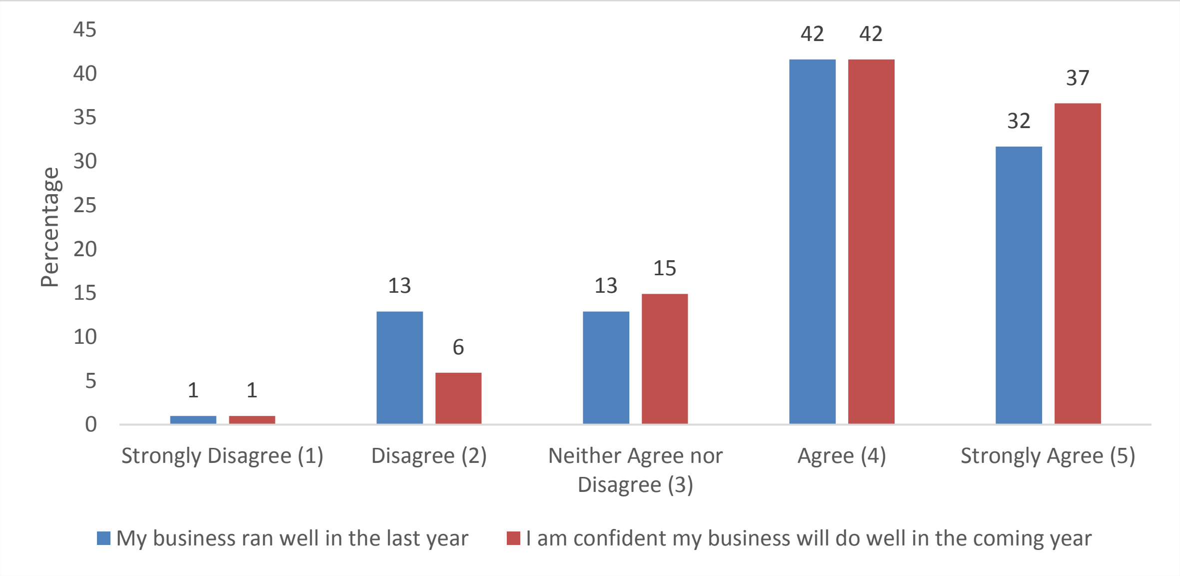
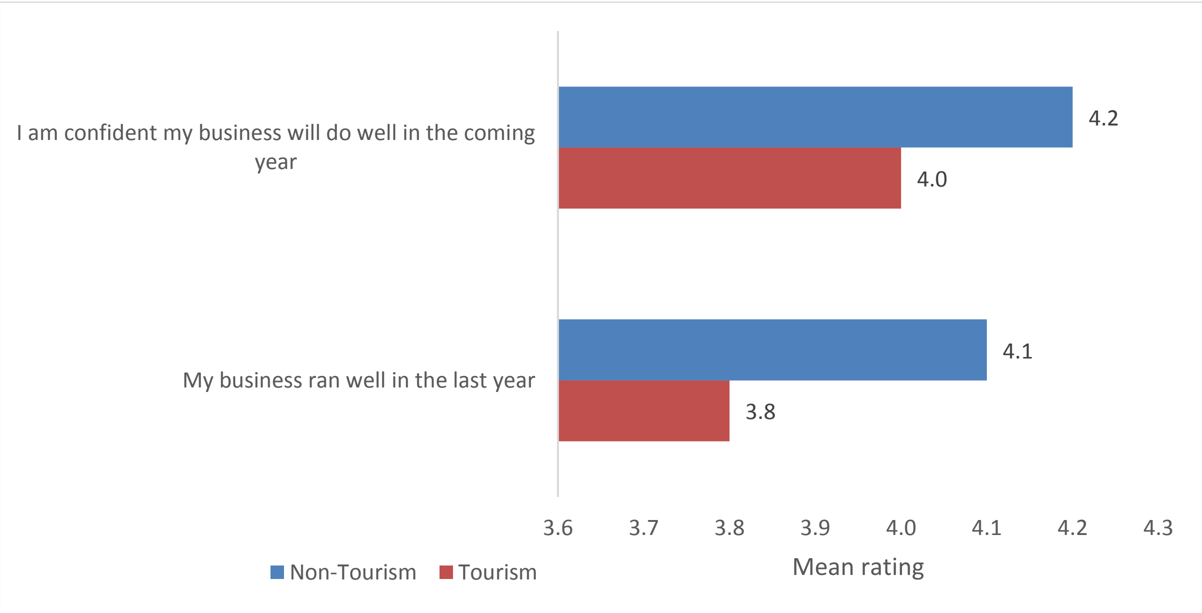
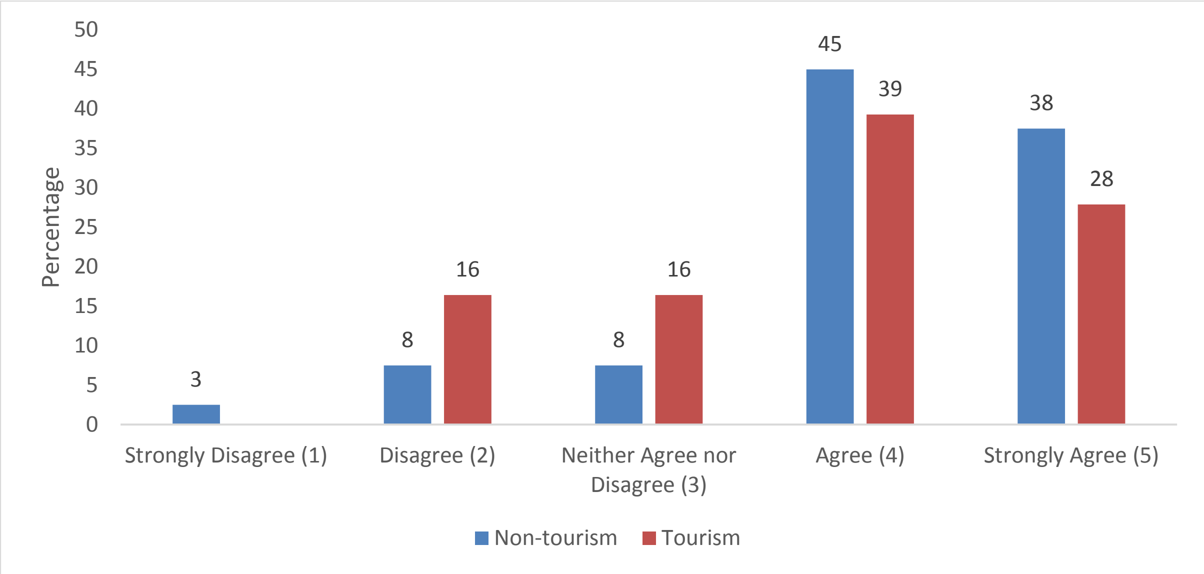


Figure 16: Please indicate your level of agreement with the following statement (n = 100)



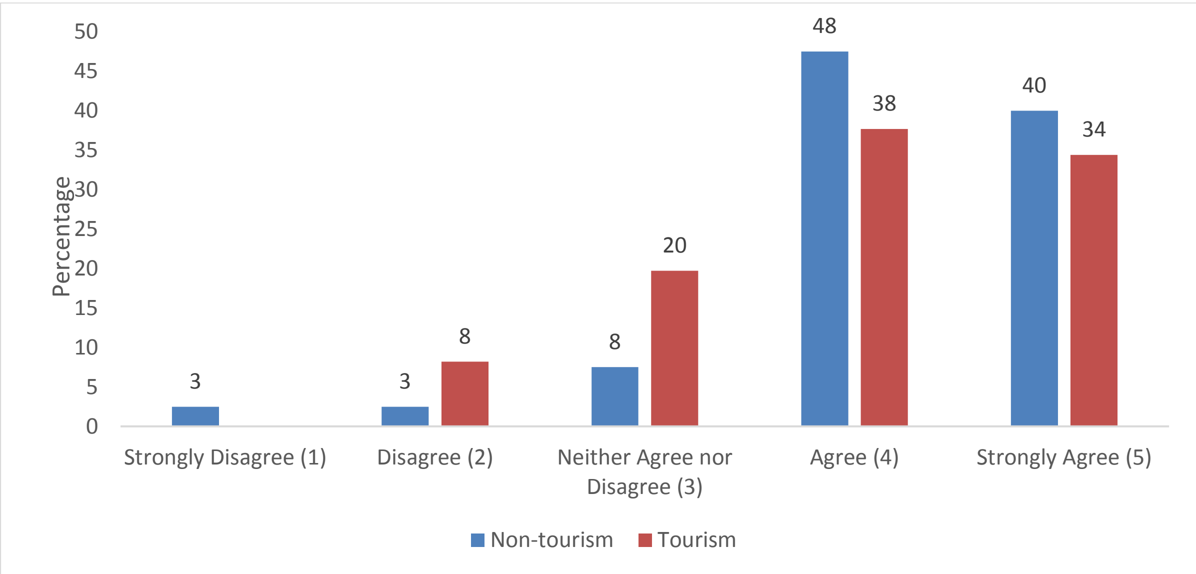
Non-tourism businesses were more in agreement with the statement "My business ran well in the last year", than tourism businesses (Figure 17).

Figure 17: My business ran well in the last year



Levels of agreement with the statement "I am confident my business will do well in the coming year", were also more likely to be higher among non-tourism businesses than their tourism counterparts (Figure 18).

Figure 18: 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 quarter (24%) of respondents mentioned that climate change/environmental degradation would be a major challenge (Table 4), followed by human resource development and availability (20%), finding enough customers (19%), political issues (16%), and competition from other businesses (15%).

Table 4: What do you see as being the major challenges that will face your business in next five years (n=96)

Theme	Share of respondents %
Climate change/environmental degradation	24.0%
Human resources	19.8%
Numbers of customers	18.8%
Political issues and regulations	15.6%
Competition from other businesses	14.6%
Living costs	9.4%
Flight connections	6.3%
Attracting investment	6.3%
World economics	6.3%
Growing customers' spending	3.1%
Advertising and marketing	2.1%

* 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:

> *"Climate change, cyclones, water shortage staff, cost of living."*
>
> *"Health of the Lagoon, Destination marketing in Nth America and Europe, more accommodation in our sector, keeping up with changing technology, air capacity."*
>
> *"lack of tourists because the island is over priced for what you get and the quality of food and service is poor and the state of the lagoon. Rarotonga will soon have nothing to offer."*
>
> *"Staff continuing to look overseas for better opportunities."*
>
> *"Erratic, politically motivated, wasteful, corrupt government."*
>
> *"Bureaucratic constraints that may potentially inhibit growth opportunities. Difficulty in recruiting skilled Cook Islanders."*
>
> *"Competition from markets and roadside stalls which are unregulated and where health & safety standards are not enforced."*
>
> *"Domestic Airfare/Travel Costs for guests from Rarotonga to Aitutaki, Sufficient quality restaurants, activities, and shops including local crafts to cater for the interest of guests, possible natural disaster."*
>
> *"Filling room nights for the low and shoulder season."*

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 "high quality/yield" tourists (19%), general business growth (18%), and the opportunity to develop more new markets (14%) (Table 5).

Table 5: What do you see as being the major opportunities for your business in the next five years? (n=89)

Theme	Share of respondents %
More high yield tourists	19.1%
General business growth	18.0%
Other opportunities	14.6%
New markets	13.5%
Marketing	9.0%
New product development	7.9%
Improved flights	6.7%
Greater collaboration	4.5%
Building on reputation	3.4%
Improved Environment	2.2%
Technology	2.2%
Investment	2.2%

* 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:

> *"More individual top end experiences and also direct business from NZ and Australia."*
>
> *"Potential increase of tourist numbers due to extra airlines/flights to Rarotonga. Willingness of people to travel further & to different destinations. Also increase in internet & mobile booking engines for accommodation."*
>
> *"A scheme where tourists can give back to the environment they come to enjoy through supporting our NGO."*
>
> *"New visitor markets - Australian / Europe / UK / USA / CHINA?"*
>
> *"Additional water-sports activities and advertising opportunities."*
>
> *"Diversifying into different areas to make up for lack of economic growth."*
>
> *"Direct to consumer marketing - Long Haul market reach."*
>
> *"Jetstar coming to Rarotonga, opportunity for growth (as we are a new business)."*
>
> *"New technologies! Especially as Raro catches up with higher speed wifi and better online packages... Still not there but it's slowly improving, which helps ALL businesses thrive! In today's world, limited wifi connection is a game changer. Once those gates are open, and more easily accessible by all, we'll witness a major POSITIVE shift in the Cooks business climate."*

When respondents were asked: "Where do you see your business going in the next five years", many of the comments received focused on continued growth trajectory (47%) (Table

6). Higher occupancy rates (9%) and greater profits (8%) were some of the other areas highlighted. Some businesses also expressed their commitment to the environment (4%), and their plan of improve products (8%) and services (3%) to fit market needs. Approximately one tenth (11%) of respondents can't see any change happening in their businesses.

Table 6: Where do you see your business going in the next five years (n=91)

Theme	Share of respondents %
Continued growth	46.7%
No change	11.1%
Higher occupancy	8.9%
Product enhancement	7.8%
Higher profit	7.8%
Other	5.6%
Environment commitment	4.4%
More clients	4.4%
Service improvement	3.3%
Technology	1.1%

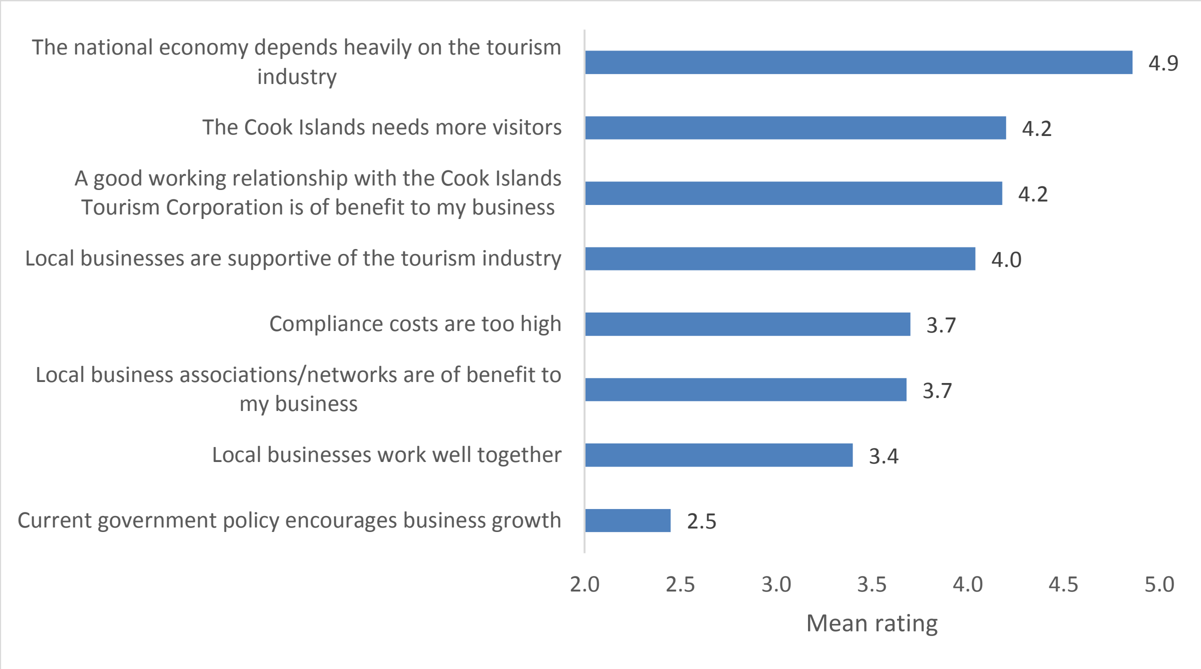
* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments included:

> *"Expansion and diversification into aligned environmentally friendly and sustainable transport solutions."*
>
> *"Would prefer to see product enhancement rather than expansion."*
>
> *"Further upgrading and refining to meet target market demands."*
>
> *"Being more environmentally aware - ecologically sustainable and organic."*
>
> *"Continually improving production standards, online development, and brand recognition."*
>
> *"Last 3 years 2013, 2014, and 2015 we have had year on year decrease in revenue. I hope this stops and flattens out or we gain some market share back."*
>
> *"Maintaining our efforts on waste management and biodiversity conservation, while building our engagement with youth for the environment."*

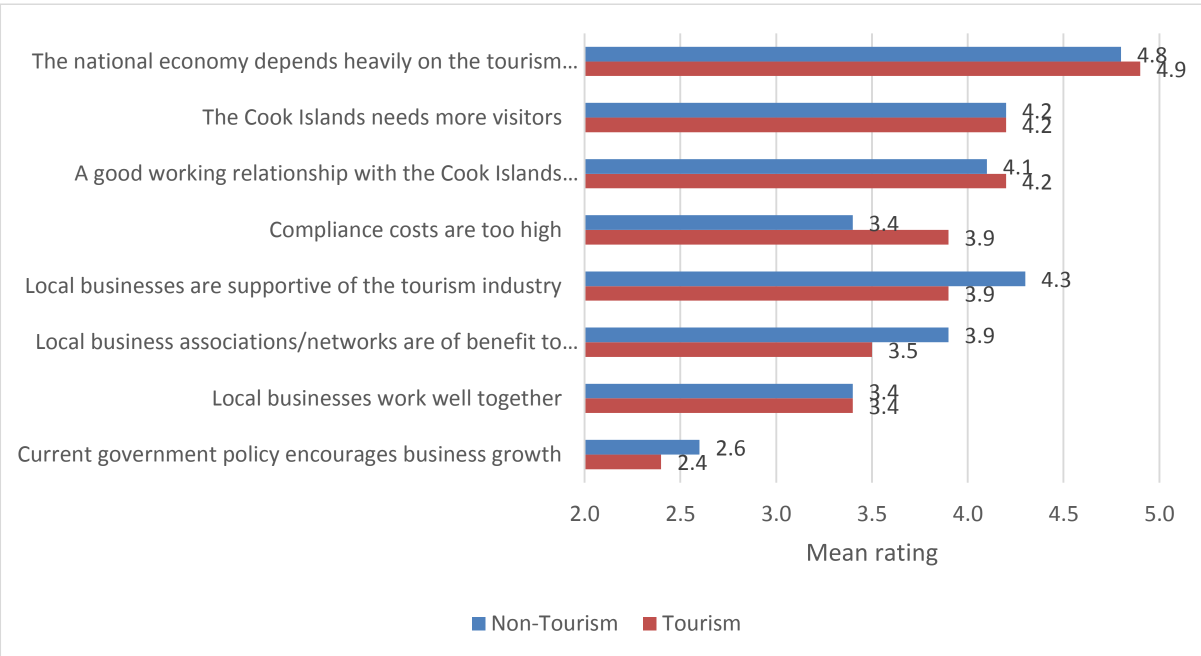
Respondents were asked to rate their agreement with a range of statements about tourism, the Cook Islands and government policy (Figure 19). The statement "the national economy depends heavily on the tourism industry" received the highest level of agreement (4.9 out of 5). "Current government policy encourages business growth", by contrast, received the lowest rating (2.5 out of 5).

Figure 19: Please respond to the following statements (n = 91)



Tourism businesses show a higher level of agreement with tourism related statements (Figure 20), such as "the national economy depends heavily on the tourism industry" and "a good working relationship with the Cook Islands Tourism Corporation is of benefit to my business". Tourism businesses also have a higher level of agreement with the statement "compliance costs are too high". Tourism businesses are less likely than non-tourism businesses to agree with the statement that "current government policy encourages business growth".

Figure 20: The importance of statements relating to the Cook Islands - tourism and non-tourism sector (n = 91)



Twenty seven respondents gave further comments, with nearly one third (30%) of these relating to policy and regulation, and 11% relating to compliance costs and standards. Comments include:

> *"More visitor needs have to be supported by improved policy and regulation around waste infrastructure and life cycle management."*

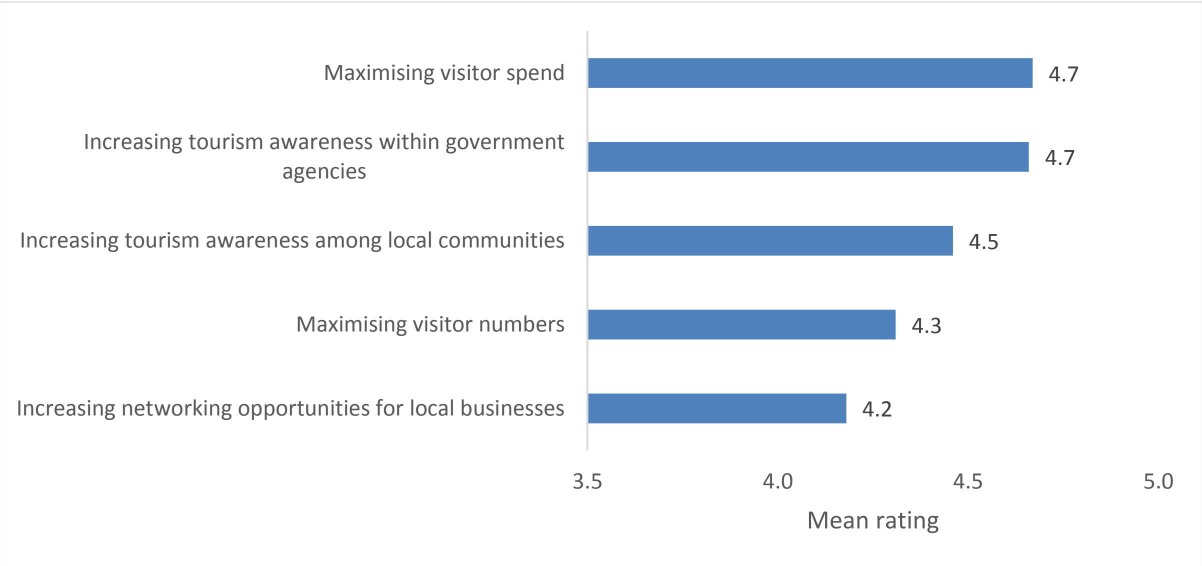
> *"Some legislation is not followed up. e.g. liquor licensing compliance checks are very slack. Impression of rules are there but nobody actually cares."*

> *"We are in desperate need of new investment but the Govt is acting as more of a gatekeeper rather than a facilitator in this area. In addition, our labour market needs are dire, especially over the high season and Govt (namely immigration) policy does not allow for smooth staffing transitions/recruitment."*

> *"The food industry is a totally uneven playing field. Examples, market stalls and roadside takeaways do not comply with Health laws and yet are given License to operate - or operate without licenses because there is no compliance officers enforcing the standards. Many toilet and waste facilities are either not adhered to or not up to standard. Our business has invested in infrastructure and facilities to comply with all standards and the costs are reflected in pricing."*

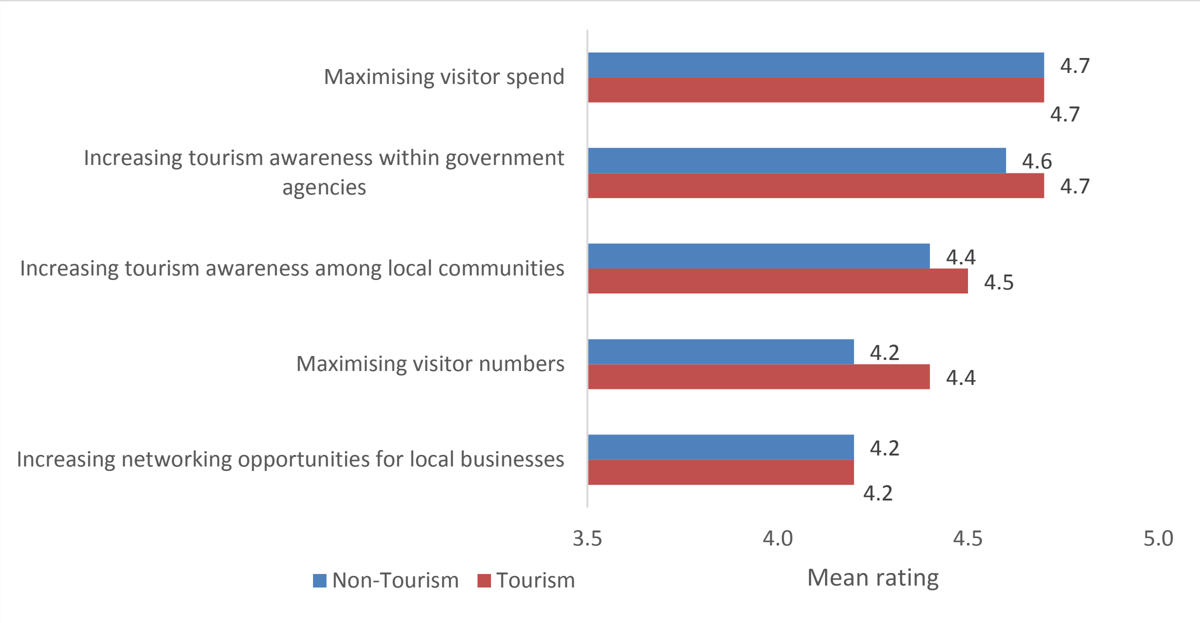
When respondents were asked to rate a range of statements in terms of their importance to the Cook Islands, "maximising visitor spend" and "increasing tourism awareness within government agencies" were given the highest scores (4.7 out of 5) (Figure 21).

Figure 21: How important are the following to the Cook Islands (n = 97)



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 within government agencies", "increasing tourism awareness among local communities", and "maximising visitor numbers" than their non-tourism counterparts (Figure 22).

Figure 22: How important are the following to the Cook Islands - tourism and non-tourism sector (n = 97)



Seventeen respondents provided additional comments relating to this question including "more quality tourists" (24%), "awareness of government" (12%), and "networking" (12%). Comments include:

> *"Since we lost Canada and all the useful flights (3/week LA and 2 Fiji flights) we have lost all the tourists that spend money. We are now left with Kiwi's that are for some reason allowed to bring their own food/drink and believe entertainment is either clubbing something to eat or getting drunk and screaming on a booze bus or racing rental scooters. We have very few quality tourists left!"*

> *"Increased tourists does not always mean increased spend. I believe deals such as Jetstar will bring the budget tourist, with a full chilly bin of food and no buying power."*

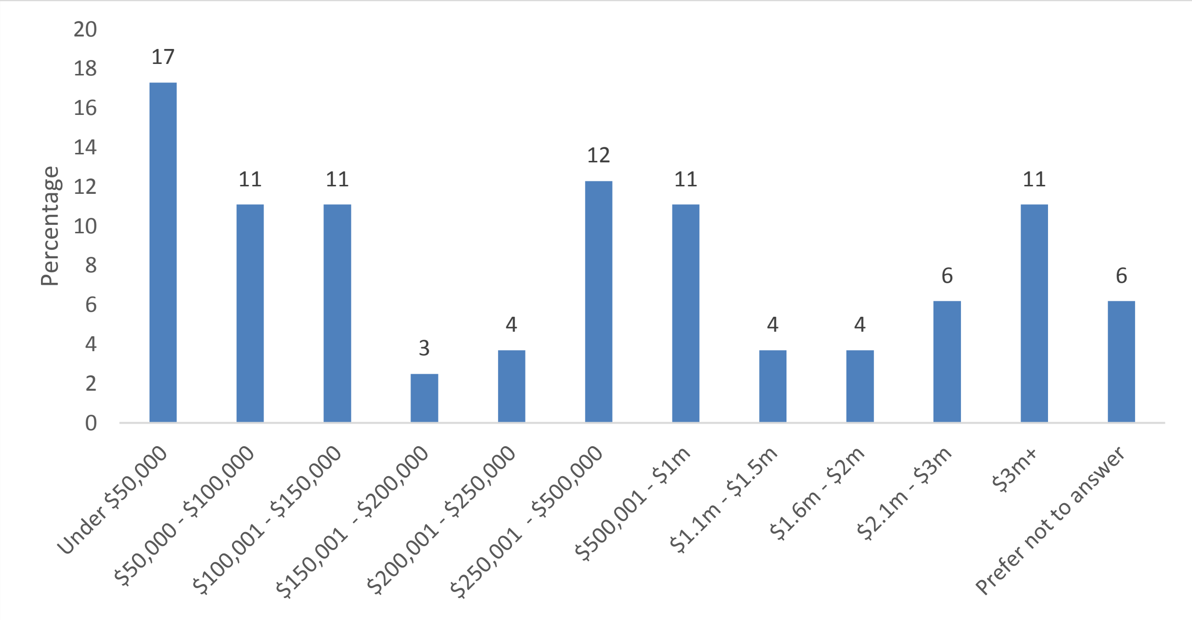
> *"Government workers must appreciate that tourism generates taxes to pay their wages/salaries. The economy is made up of interdependent parts that must work together in unison."*

> *"Government lacks the architecture for managing relationships with the Countries important economic partners. Too many agencies sending out mixed messages. e.g. NES, BTIB, RMD."*

Revenue, cost and linkages

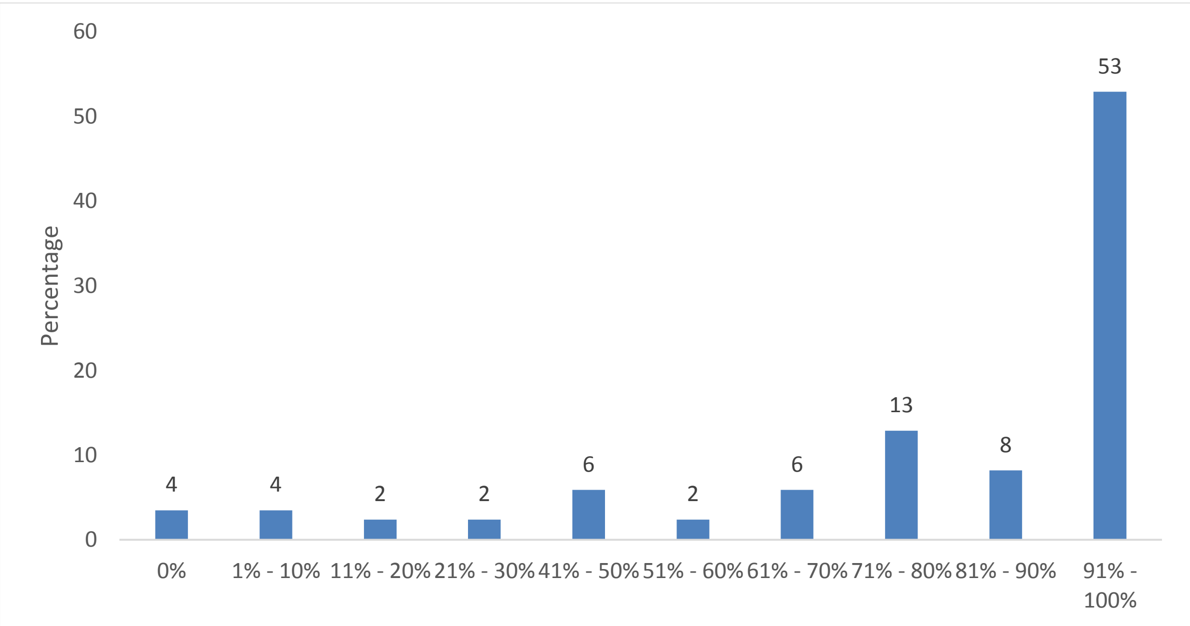
Over one third (39%) of businesses surveyed reported an annual turnover of less than $150,000 in the last financial year (Figure 23). A further 31% of businesses generated more than $1million in revenue.

Figure 23: Approximate annual turnover in the last financial year (VAT inclusive) (n = 81)



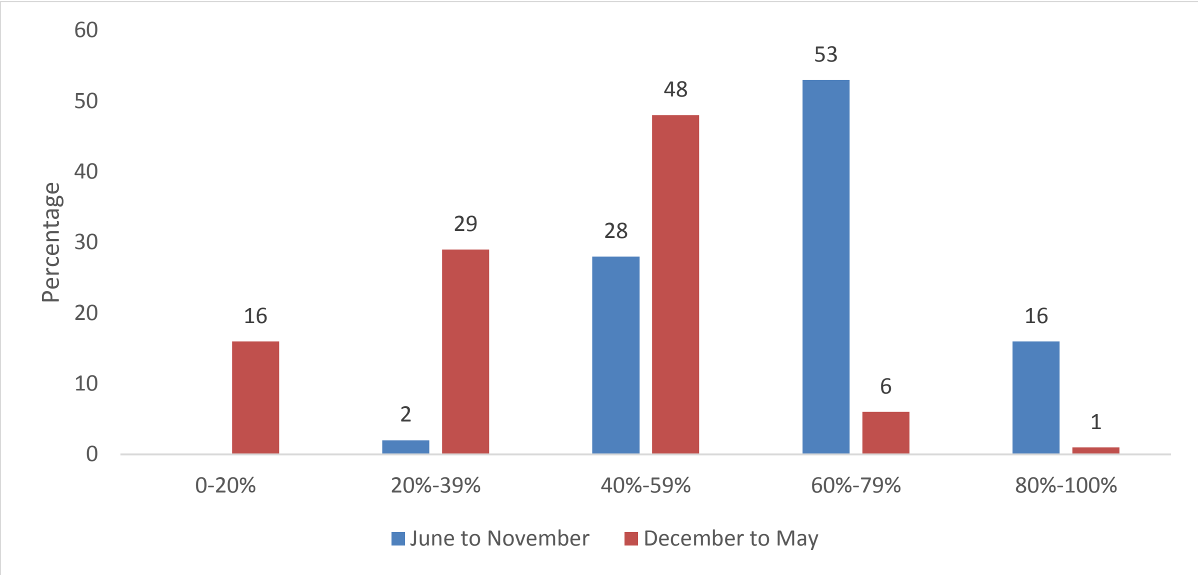
Over half (53%) of the businesses surveyed attribute more than 90% of their annual turnover directly to tourism (Figure 24). Only 8% of businesses indicated less than 10% of revenue flowing directly from the sector.

Figure 24: Approximate annual turnover estimated comes directly from tourism (n = 85)



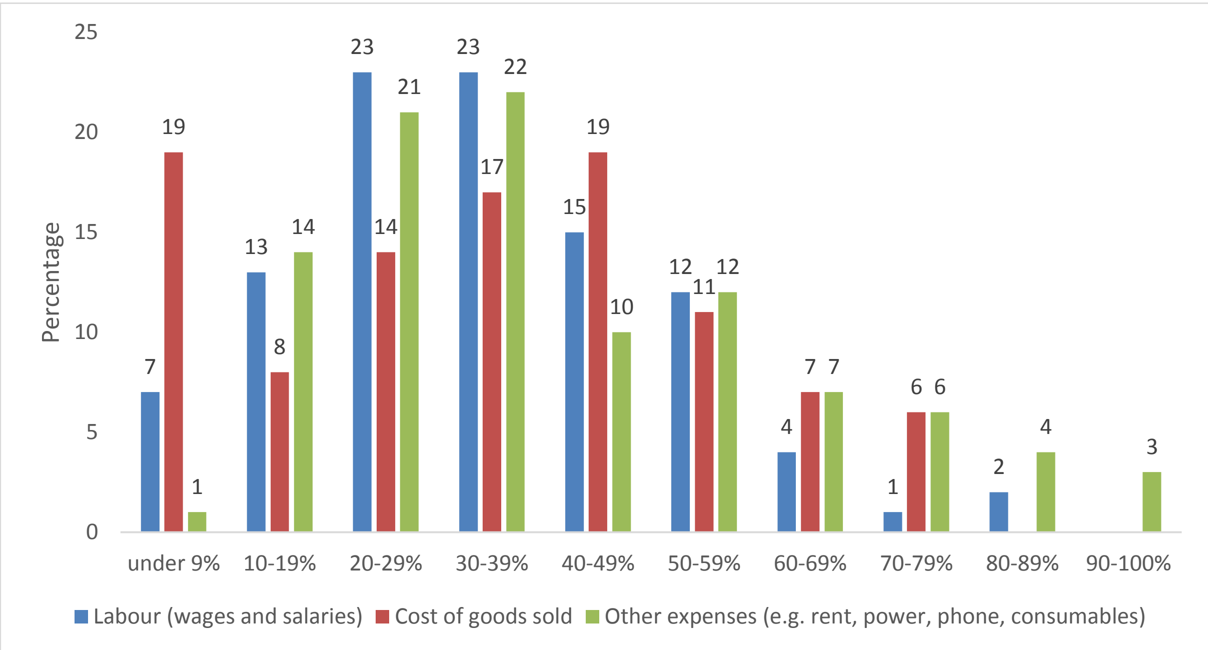
Respondents were asked to estimate what percentage of this turnover is generated in the high season (June to December) and low season (December to May) (Figure 25). Over two thirds (69%) of businesses surveyed generate more than 60% of their revenue during the high season. On average, 61% of turnover was generated during high season (39% of turnover was generated during the low season).

Figure 25: Percentage of this turnover generated in the high/low seasons (n=86)



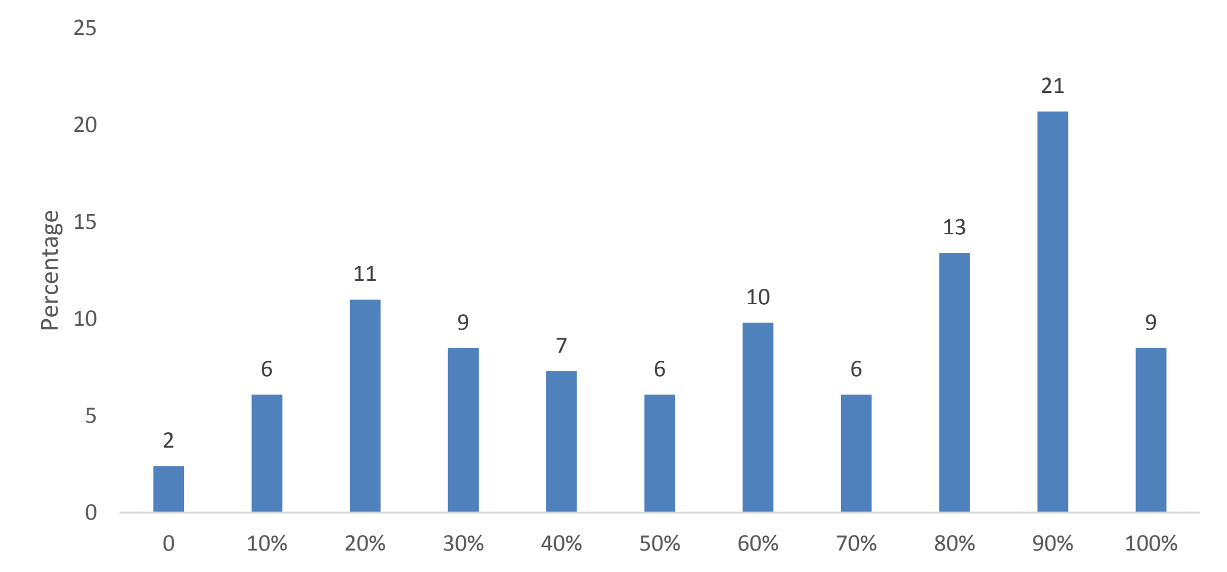
On average, 62% of business costs are allocated to labour (wages and salaries) and the cost of goods sold (31% respectively), 38% of annual business expenses are allocated to other 'other expenses including rent, power, phone and consumables (Figure 26).

Figure 26: Approximate breakdown of the business annual expenses (n=86)



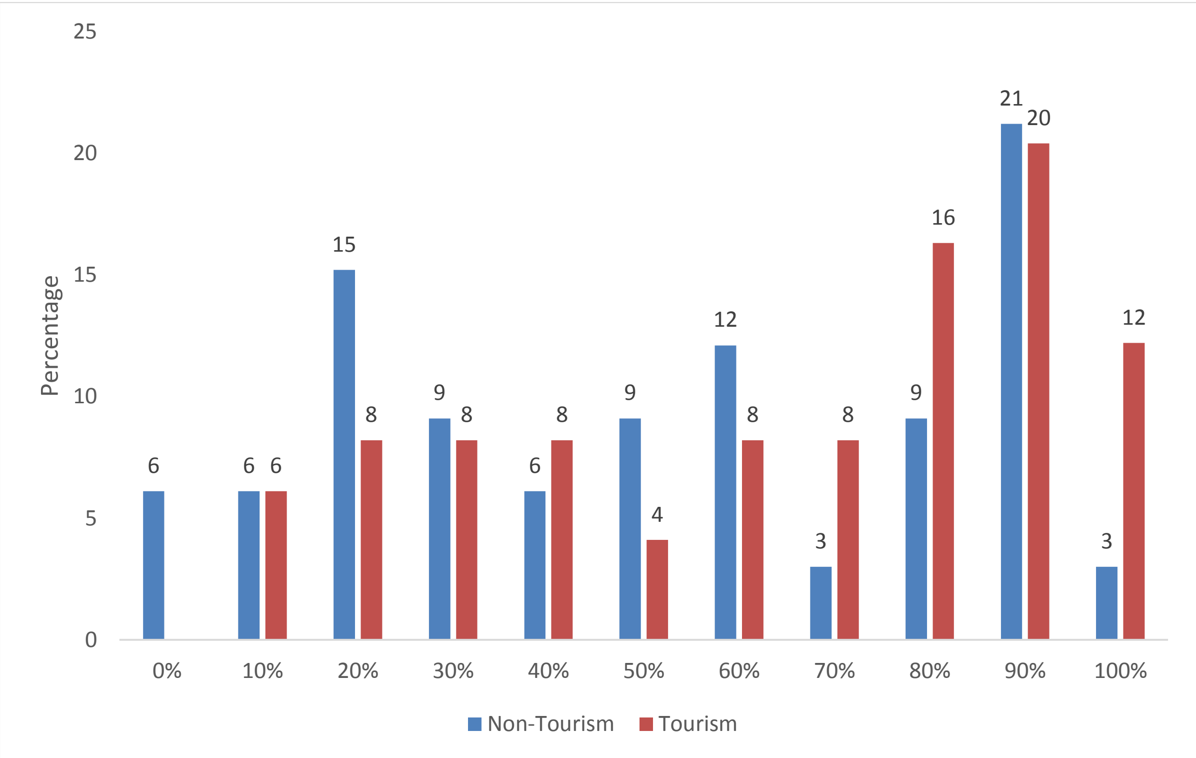
Nearly half (49%) of the businesses make more than 70% of their purchases of products and services locally (Figure 27).

Figure 27: Percentage of non-labour expenses spent annually on products and services supplied by businesses in the Cook Islands (n=82)



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 only 36% of non-tourism business make more than 70% of 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 – tourism and non-tourism sectors



Conclusions

While businesses in the tourism industry and other sectors are generally positive about their outlook, there are several concerns that emerge from the survey. Perhaps the most critical thing to emerge is the lack of cooperation and networking within the nation. This lack of cooperation hinders the ability of the country to make the most of the diverse array of tourism resources and business skills that exist.

The businesses surveyed revealed a higher level of confidence for the coming year than for 2015. There are, however, challenges that need to be addressed, such as climate change, environmental degradation, human resources, political issues and the lack of effective implementation of regulations.

There is a clear awareness of environmental and sustainability issues and a desire to develop a higher yield, higher value tourism industry, there were also a notable number of comments relating to the quality or standard of tourism declining.

This initial survey has generated a range and quality of data that provides a good 'control' from which to examine further development and performance of the Cook Islands business sector. The goal of this research programme was not simply to generate business data. 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. 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.

Data on industry costs and linkages will be used in the 2015-2016 annual International Visitor Survey report to show the indirect impacts of tourism on the local economy, by doing this it will be possible to get a clearer picture of the true value of the tourism industry to the Cook Islands.

This first survey has generated a strong response from the business sector and painted a clear picture of current levels of confidence, employment and industry needs. The next survey, to be run in August 2016, will reveal whether responses have evolved since the start of the year.

Appendix – Cook Islands Business Survey

Cook Islands Business Confidence Index Survey

Information for participants

Kia Orana.

Thank you for agreeing to take part in this important Cook Islands Business Confidence survey. Your input is both vital and deeply appreciated.

By completing the Survey you will help identify what local businesses feel about the current and future competitive climate facing the Cook Islands' tourism industry and provide input on what could be done to improve business performance. This will ensure that the tourism industry's voice can be heard more clearly. The research is also designed to provide a deeper understanding of the downstream economic impacts of the Cook Islands tourism industry - looking at how visitor spend is converted into local income and jobs.

We invite **all** tourism-related businesses to complete the survey, not just those that are directly involved in the visitor industry. 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)	❍	❍	❍	❍	❍	❍
I am confident my business will do well in the coming year (2)	❍	❍	❍	❍	❍	❍

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)	❍	❍	❍	❍	❍	❍
Local business associations/networks are of benefit to my business (2)	❍	❍	❍	❍	❍	❍
Local businesses are supportive of the tourism industry (3)	❍	❍	❍	❍	❍	❍
The national economy depends heavily on the tourism industry (4)	❍	❍	❍	❍	❍	❍
A good working relationship with the Cook Islands Tourism Corporation is of benefit to my business (5)	❍	❍	❍	❍	❍	❍
The Cook Islands needs more visitors (6)	❍	❍	❍	❍	❍	❍
Current government policy encourages business growth (7)	❍	❍	❍	❍	❍	❍
Compliance costs are too high (8)	❍	❍	❍	❍	❍	❍

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 Importa nt nor Unimpo rtant (3) (3)	Importa nt (4) (4)	Very Importa nt (5) (5)	Not Applica ble (6) (6)
Increasing networking opportunities for local businesses (1)	❍	❍	❍	❍	❍	❍
Maximising visitor spend (2)	❍	❍	❍	❍	❍	❍
Maximising visitor numbers (3)	❍	❍	❍	❍	❍	❍
Increasing tourism awareness among local communities (4)	❍	❍	❍	❍	❍	❍
Increasing tourism awareness within government agencies (5)	❍	❍	❍	❍	❍	❍

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.