

Solomon Islands Tourism Business Survey

December 2020 – February 2021



SOLOMON ISLAND GOVERNMENT



Acknowledgement:

The Solomon Islands Tourism Business Confidence Index would not have been possible without our partners.

Thank you to Tourism Solomons for their support towards this project.

Your assistance is greatly appreciated.

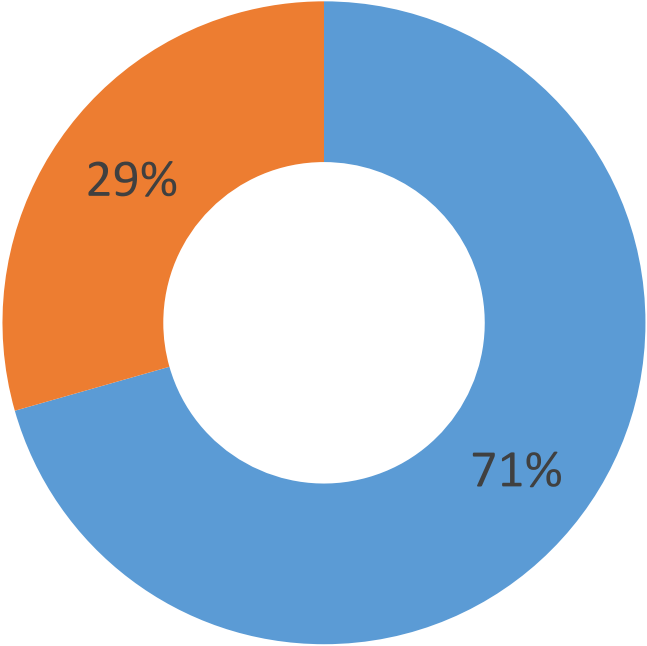
Background

- The Solomon Islands Tourism Business Survey and Confidence Index report presents results from an online tourism business survey conducted from December 2020 to February 2021. Over this three-month period, 152 businesses were contacted and 34 completed surveys were received - a conversion rate of 22%.
- The data presented in this report include: general business profile, staffing levels, membership, the business climate, and information on revenues, costs and economic linkages. The survey also gathers key information about how businesses are impacted by and are responding to the evolving COVID-19 situation and helps to understand the types of advice and support they value and need.
- In terms of 'Main business focus', 21 respondents are accommodation providers, 6 respondents are visitor activities and tours providers, and 7 respondents are focused on other tourism activities.
- The dataset is analysed to help us to present the 'voice' of the tourism industry and to gain insights into the impact of COVID-19 on the economy.

Report Structure



71% of respondents are Solomon Islanders

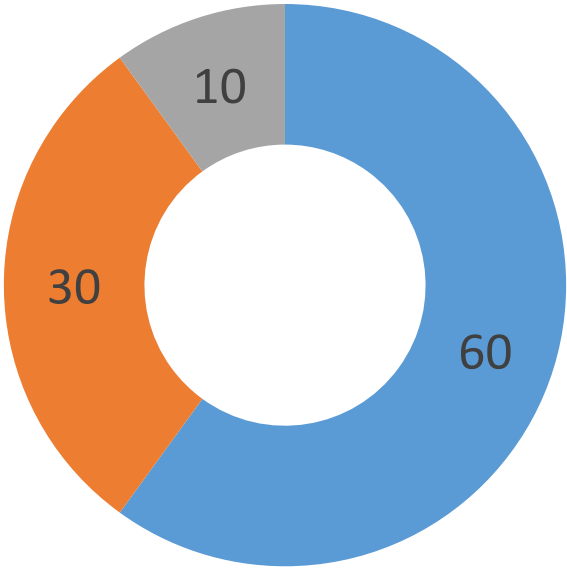


■ Solomon Islander ■ Non-Solomon Islander

Note: based on total number of respondents 34.

For those non-Solomon Islanders:

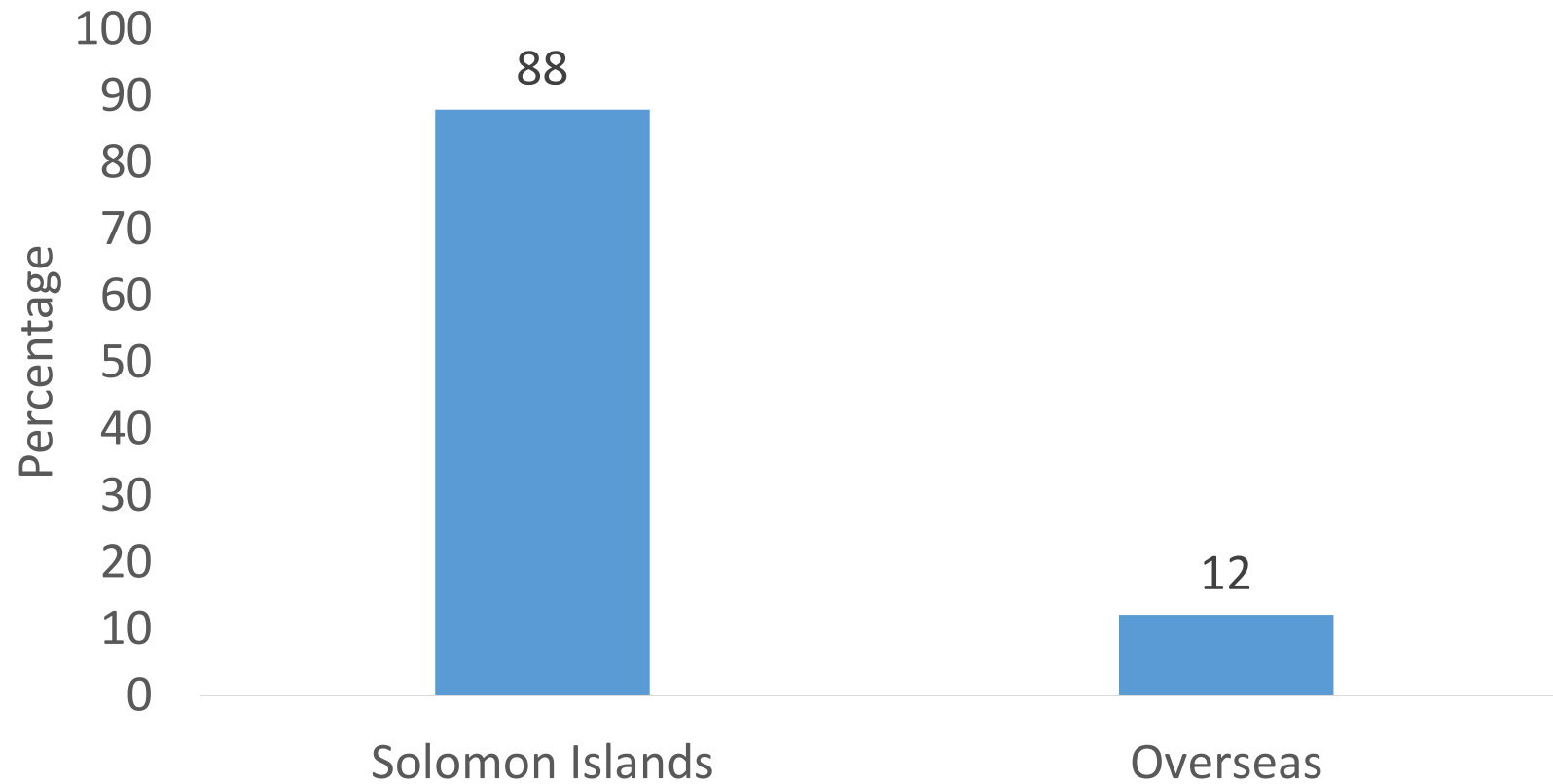
60% of respondents are Solomon Island residents



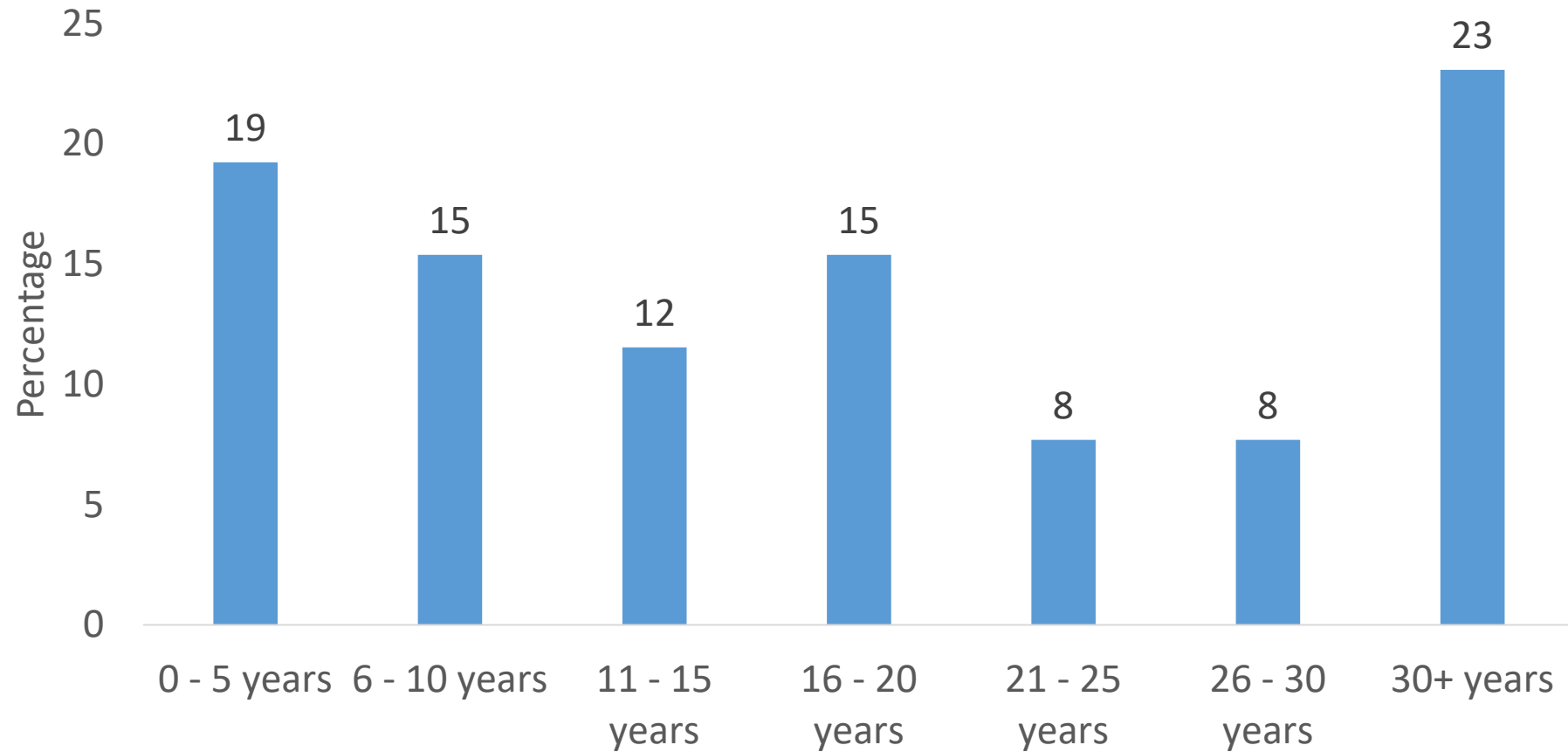
- A Solomon Island resident
- Other
- A temporary resident or contract worker in Solomon Islands

Note: based on the number of respondents 10.

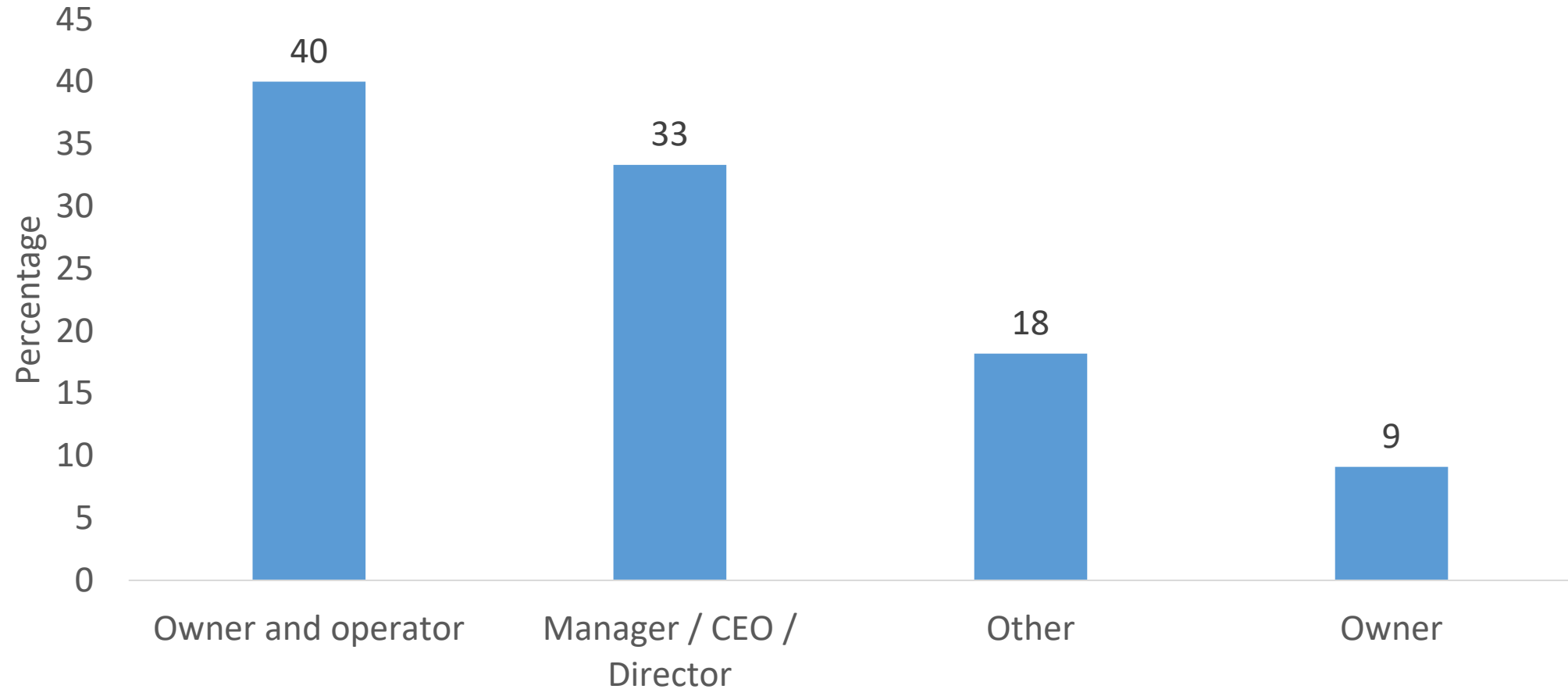
9 out of 10 respondents spend the majority of their time in Solomon Islands



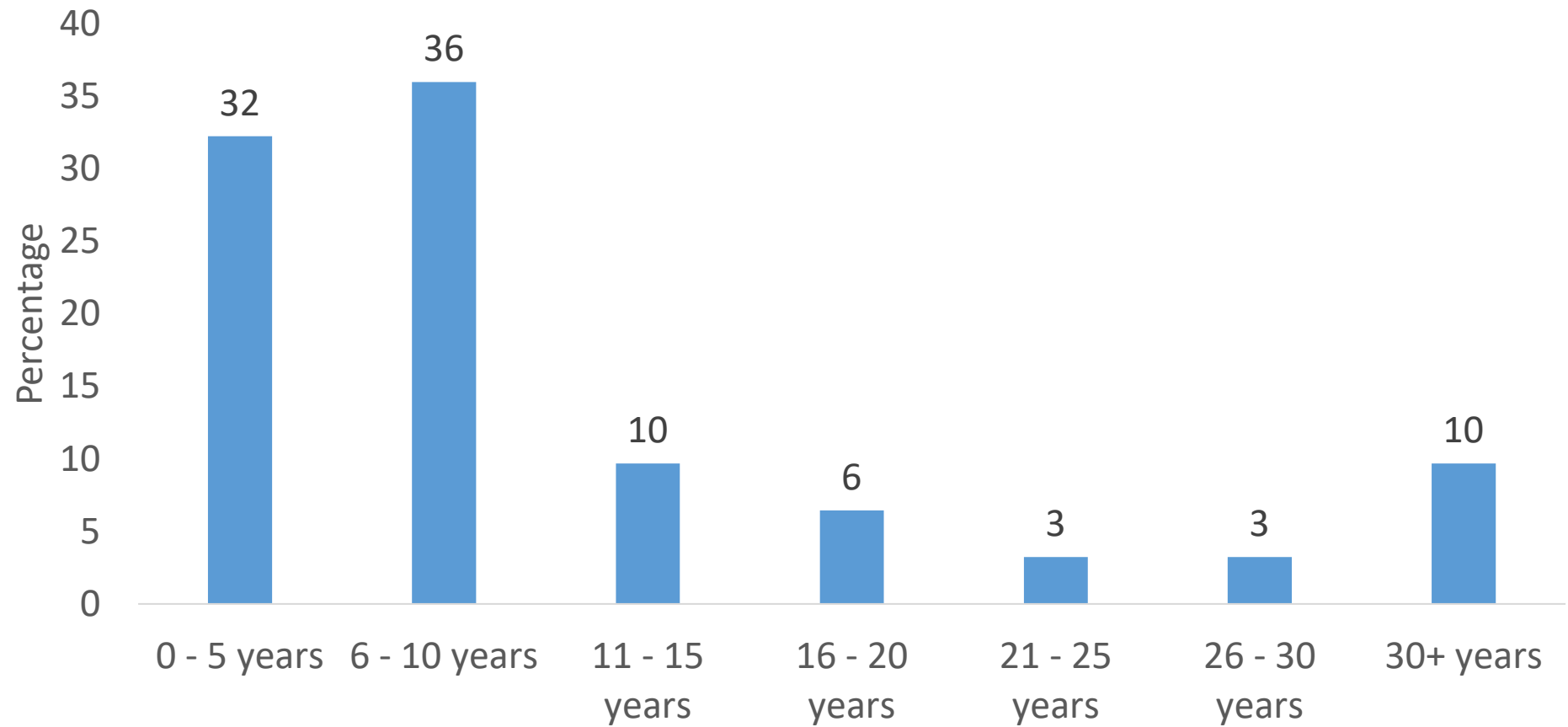
Two thirds of businesses surveyed have been operating in Solomon Islands over 10 years



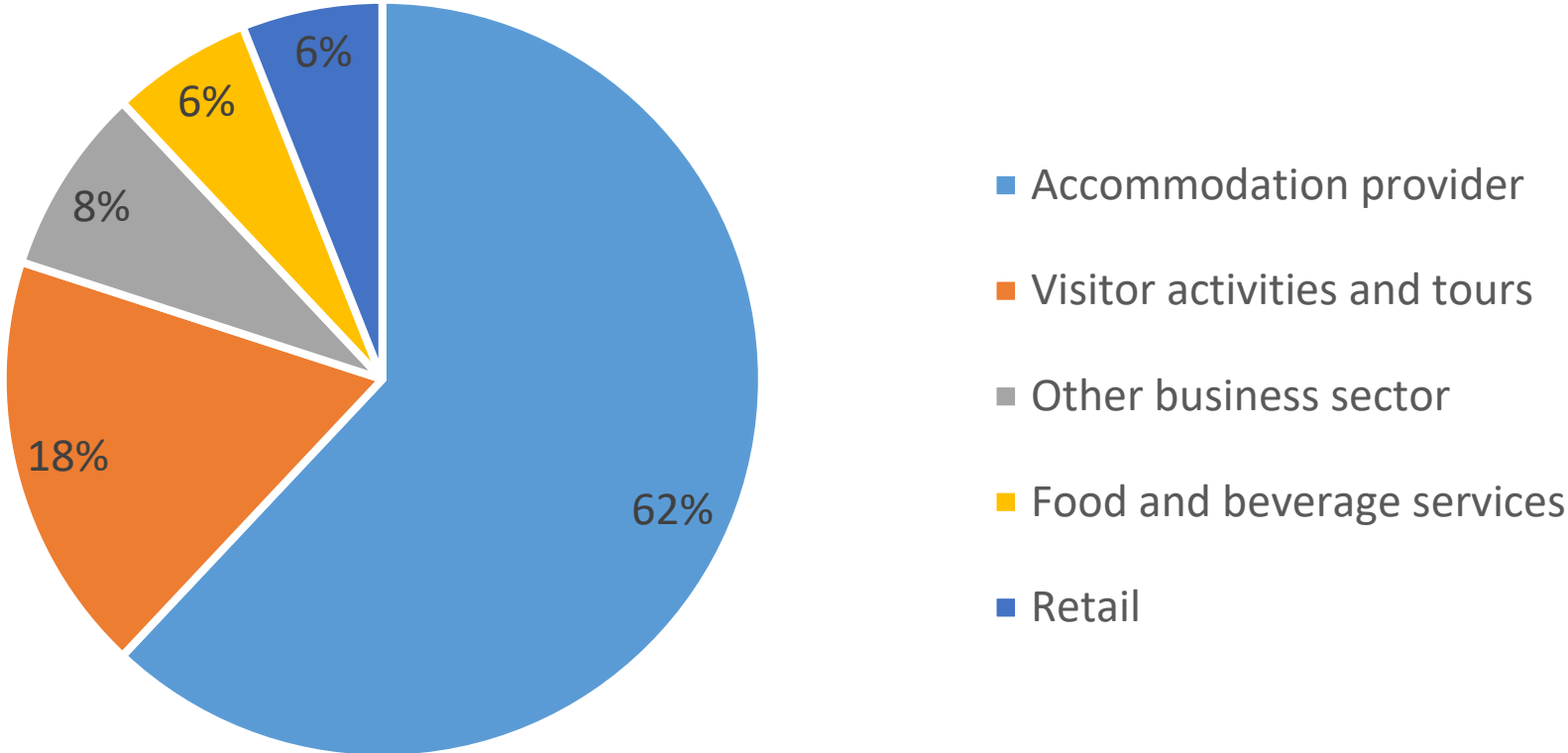
Most respondents (40%) are owner/operators, 33% Manager/CEO/Director



Over two thirds (68%) have been in their current role for 10 or less years

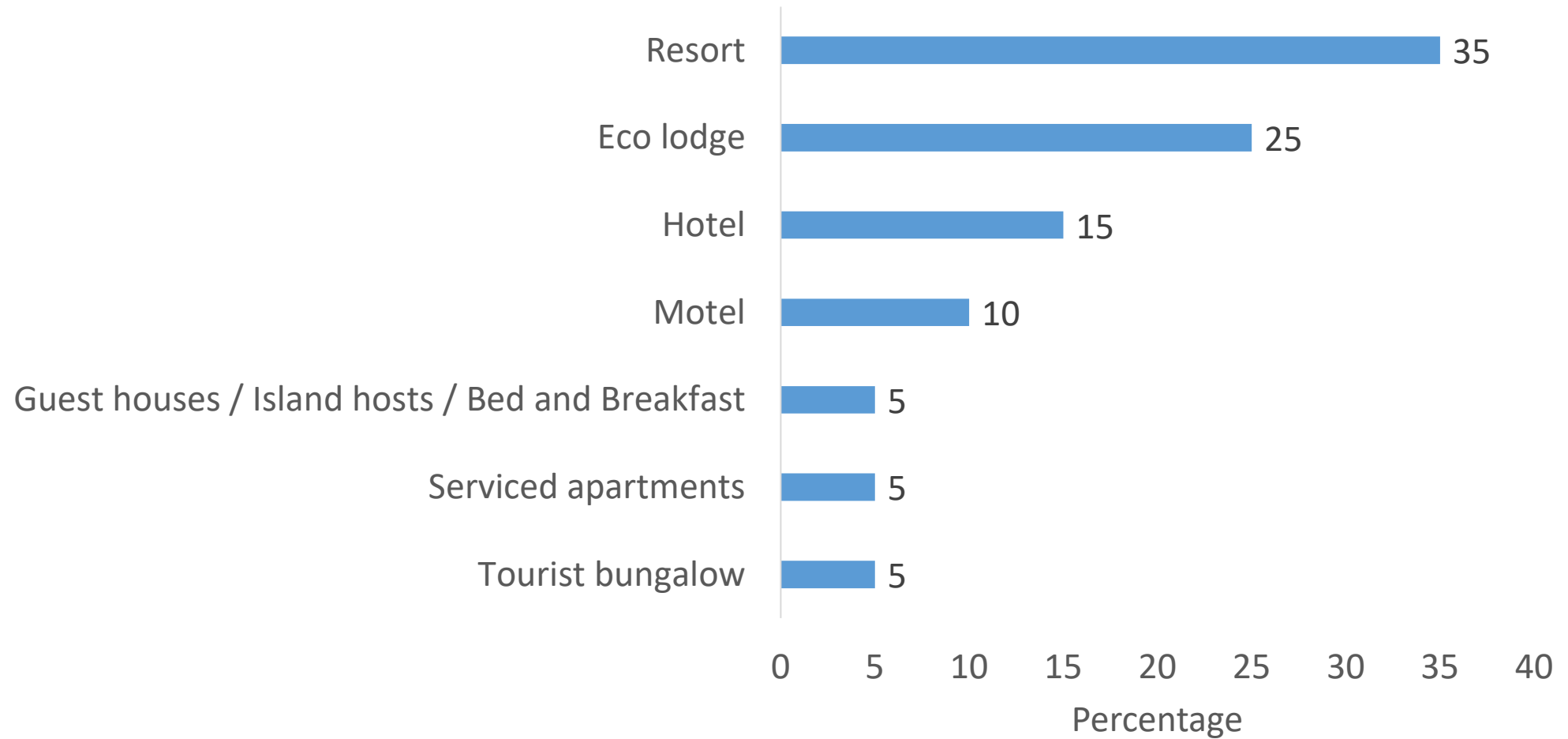


Accommodation (62%) and Activities/Tours (18%) dominate the sample



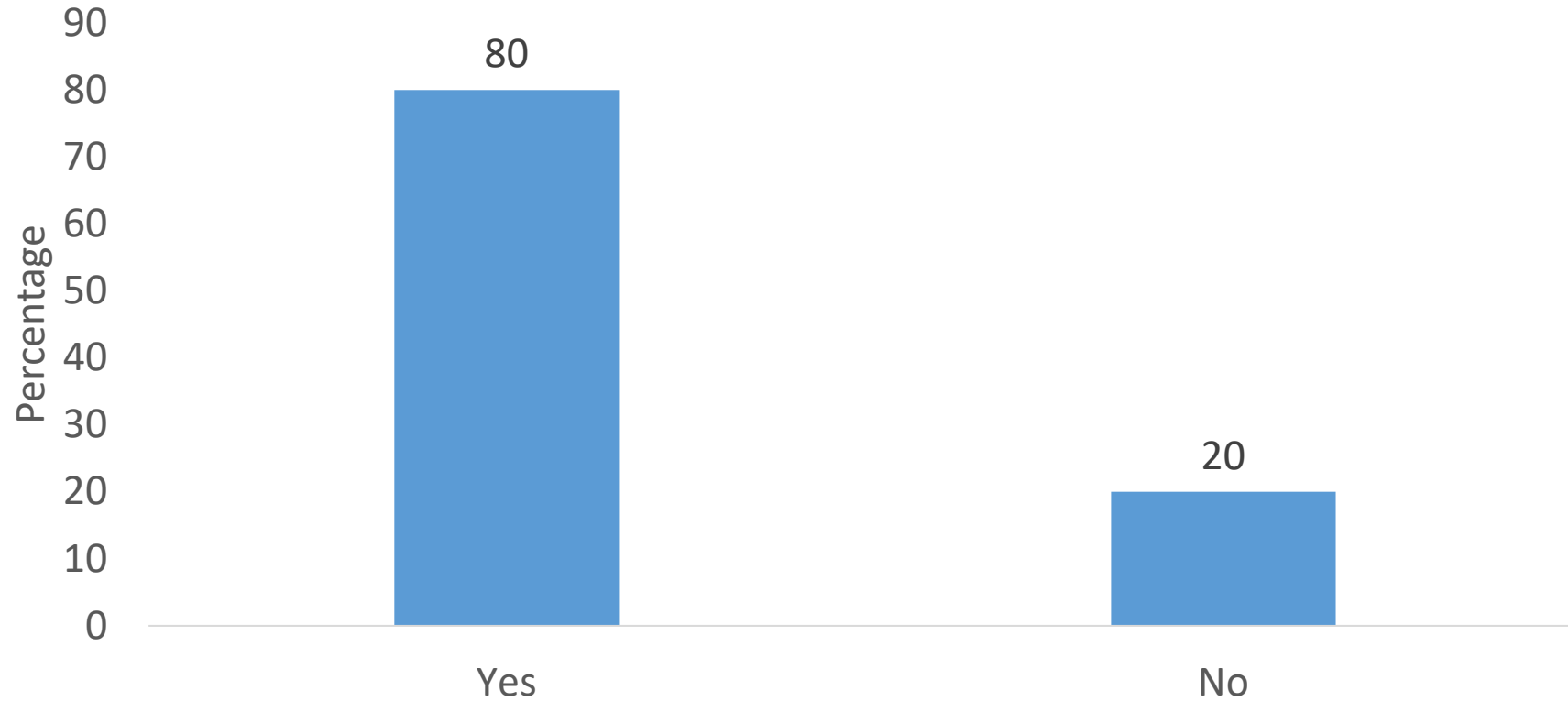
Accommodation:

Resorts, Ecolodges and Hotels account for 75% of accommodation responses

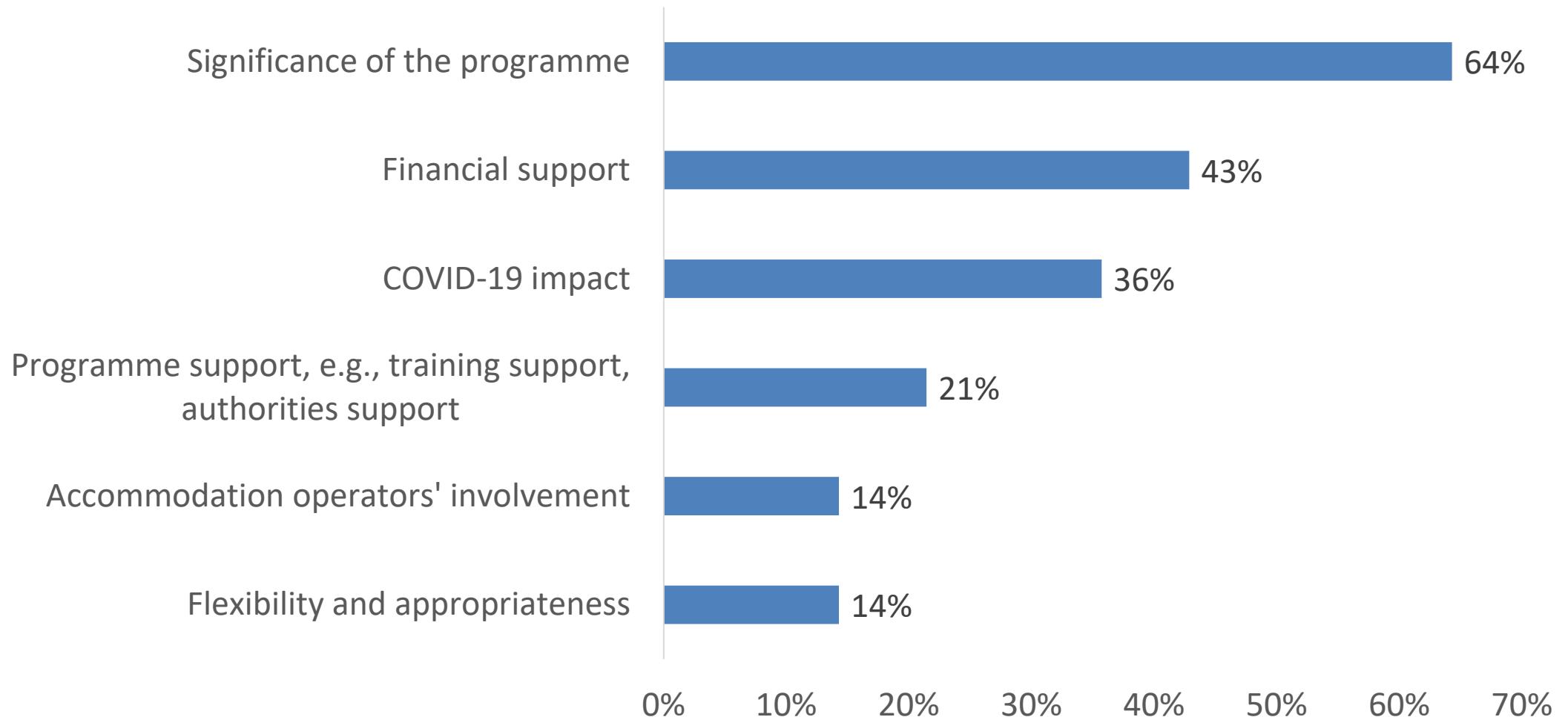


Accommodation:

Four in five accommodation respondents are aware of the 'Minimum Standards and Classifications for Tourism Accommodation' programme



Comments about the 'Minimum Standards and Classifications for Tourism Accommodation' programme focus on the following:



Note: n = 14.

Note: Multiple responses, therefore total does not add up to 100%.

Comments on 'Significance of the programme' (64%)

- A good initiative.
- This programme is a very vital aspect of this industry the Tourism industry. It will help to improve the standard of the present situation to a Minimum standard which will attract tourist both foreign and local especially in terms of accommodation with the facilities and also the recommended measurement of building sizes and rooms, dressing codes, transport and the overall hospitality that suppose to be provided.
- I'm fully aware of the Minimum Standards and Classifications For Tourism Accommodation programme. In my view it is a very vital aspect of this industry especially when it comes to guideline regarding the types of facilities, types of bungalows with their recommended measurements of the room sizes, dressing codes and the overall hospitality service to be provided by staff.

Comments on 'Significance of the programme' (64%)

- I think they are necessary.
- This programme plays a very vital role to the improvement of the present standard of our business to a much higher level mainly to meet the Minimum Standard which will stimulate our tourist both local and overseas.
- It is in the best interest of the industry that minimum standards was introduced. Without such standards, our efforts to sell this country as a competitive destination will be a waste of time and resources.
- The Minimum Standards is good.

Comments on 'Financial support' (43%)

- **Another issue is the financial back up of responsible authorities to keep this programme rolling.**
- **Needs financial backup.**
- **Some form of incentive need to be given to businesses who need to upgrade to meet minimum standards.**
- **A good initiative but responsible ministry(s) need to help operators financially and by way of training to achieve the required minimum standards and classification.**
- **Also one of the contributing factor was lack of financial backup from responsible authorities to kick start this programme.**

Comments on 'COVID-19 impact' (36%)

- **At present I'm finding it really hard to roll out or implement this programme because of financial difficulty especially with the effect of COVID-19 which really affects the business operation.**
- **At the moment there is no implementation of the programme due to the effect of COVID-19 which heat really hard on our shoes that really affect the operation of the business.**
- **This programme was not carried out due to the effect of COVID-19 which hit hard on our shores and really affects our business operation.**

Comments on 'Programme support' (21%)

- **And by way of training to achieve the required minimum standards and classification.**
- **Also the lack of support from responsible authorities to support this programme.**
- **However, existing operators need to be supported so that they can be able to upgrade to meet the minimum standards.**

Comments on 'Operators' involvement' (14%)

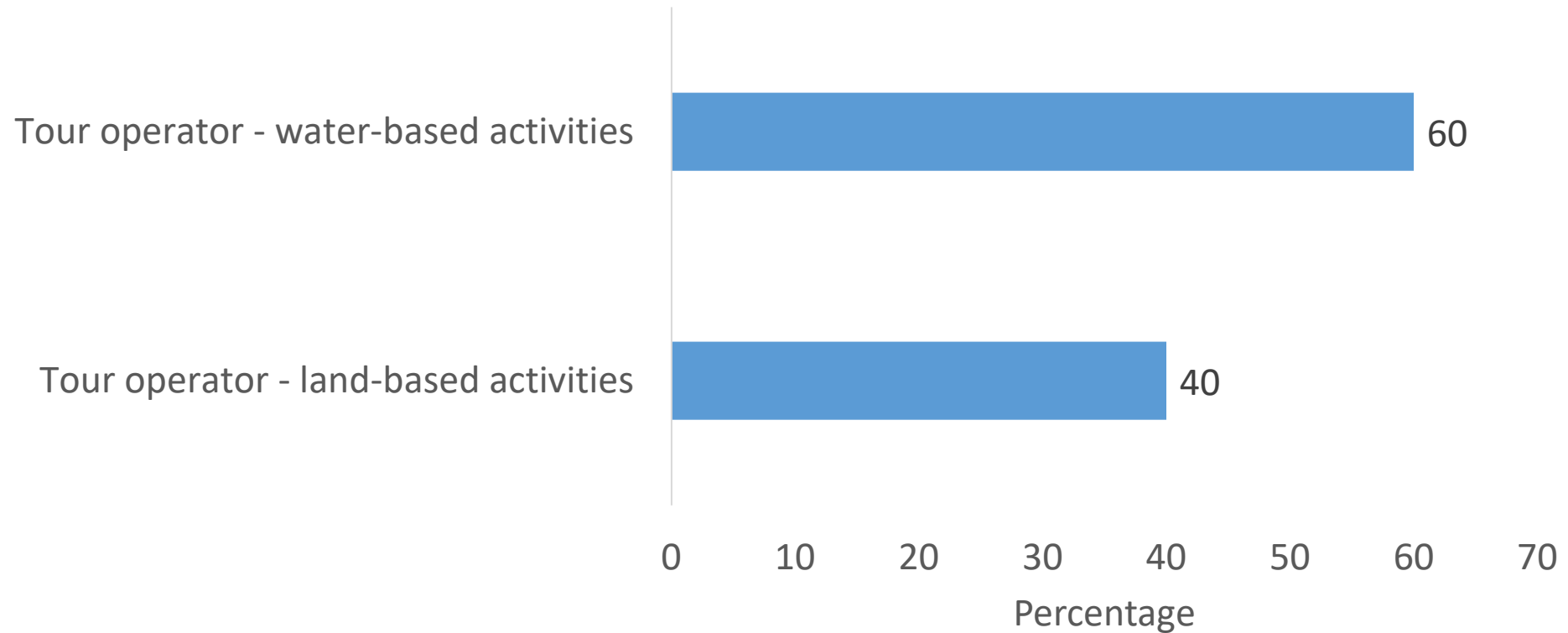
- **The Minimum Standards are good but was done without consultation with accommodation operators. Some form of incentive need to be given to businesses who need to upgrade to meet minimum standards.**
- **Realistic requirements that we meet in most cases. COVID-19 has meant that we have been unable to finish our plan of achieving full compliance, but generally we have a high degree of compliance.**

Comments on 'Flexibility and appropriateness' (14%)

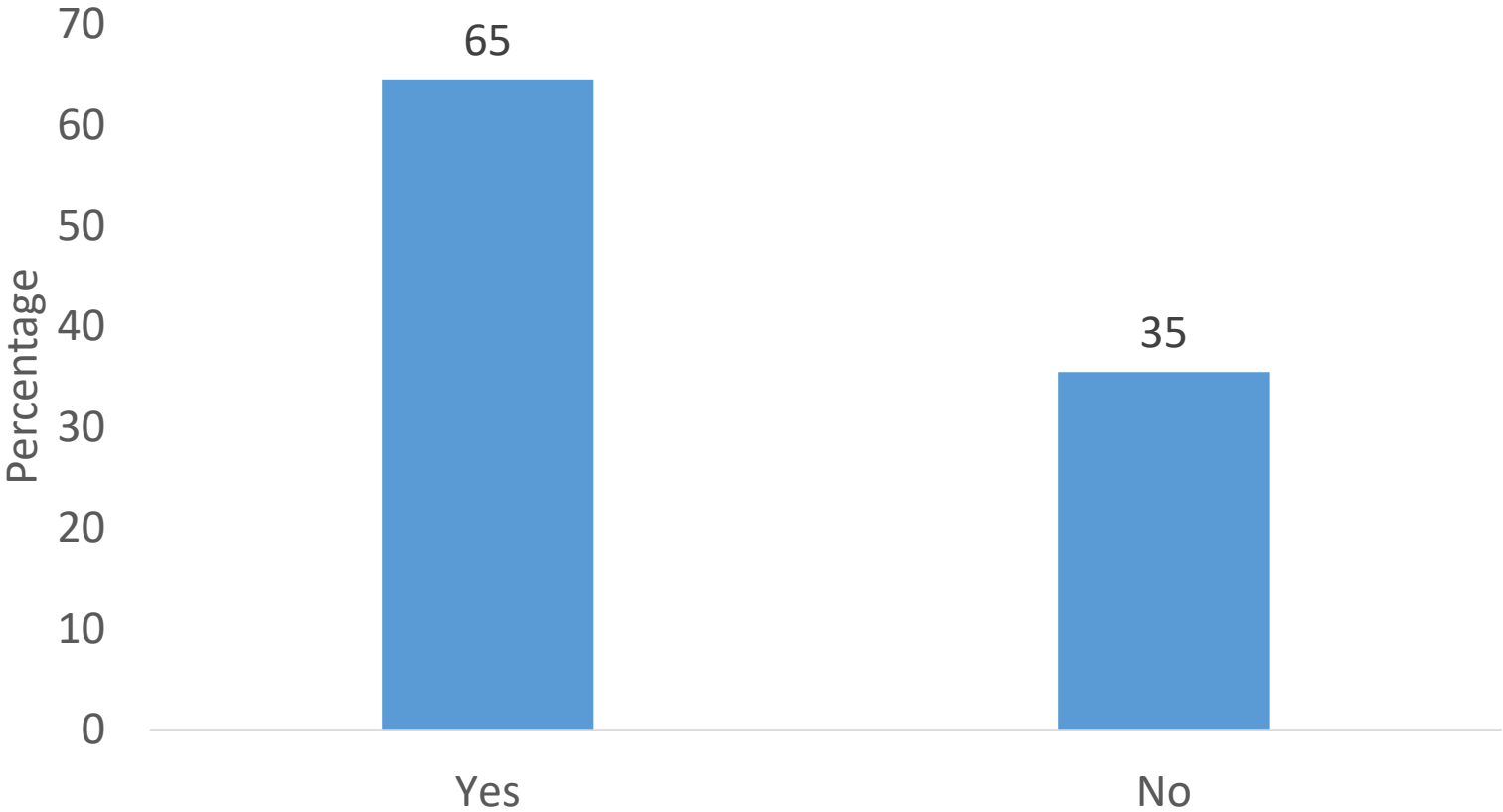
- I feel it's about 50% appropriate.... More could be done
- For Resorts, Rest houses & Lodges in particular the base level is a very bare minimum. Generally to be financially viable the provider must have high enough standards to be able to charge a high enough fee to attract inbound clients and to air degree agents. From the base level up the standards are a bit too prescriptive at times seemingly not flexible enough to cater for the Solomon characteristics (e.g. Solomons is warmer than Fiji so running hot water may not be as important).

Visitor activities and tours:

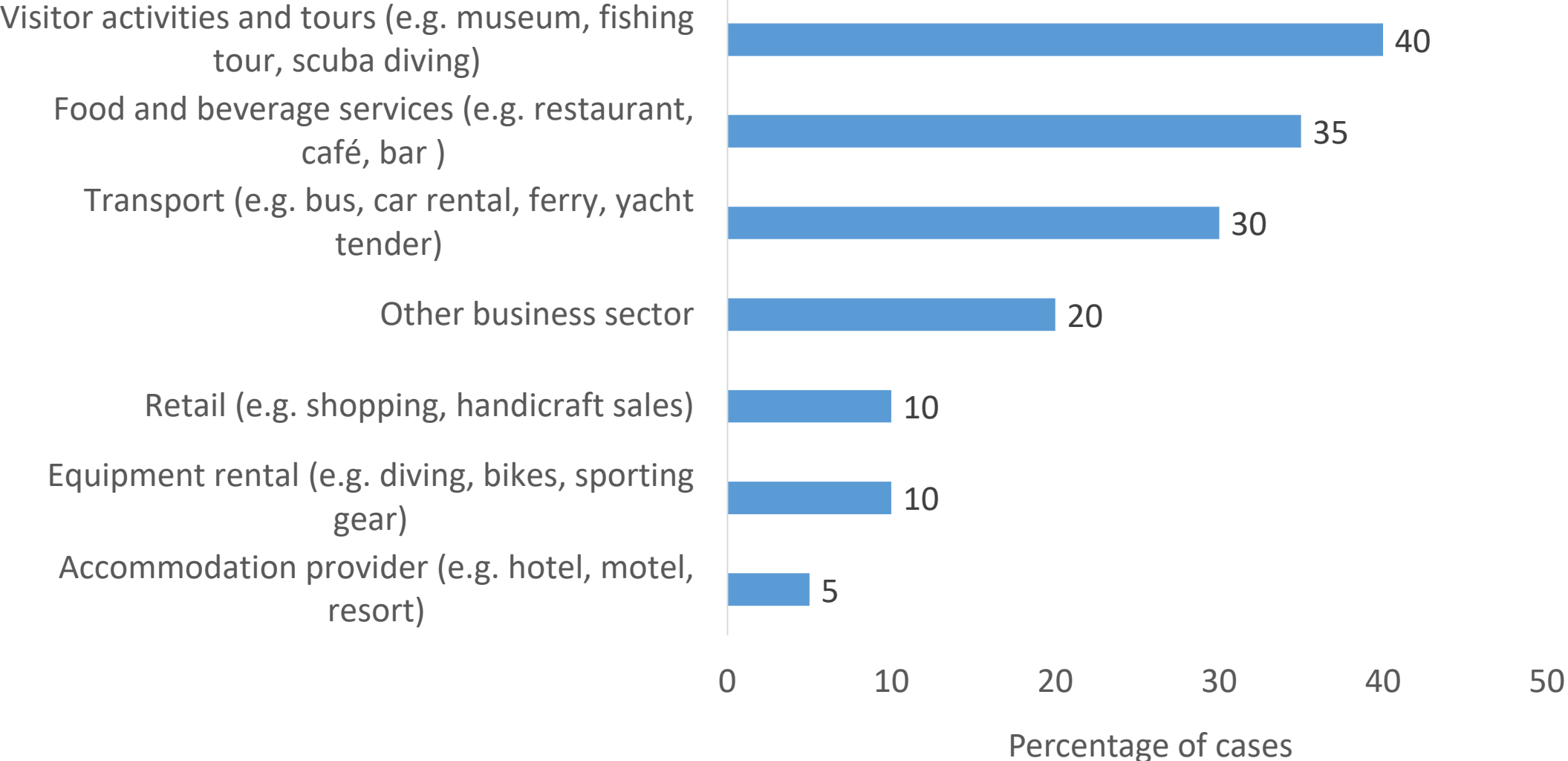
60% of activity/tour businesses are water-based activities providers



65% of all businesses surveyed have a secondary focus of some kind

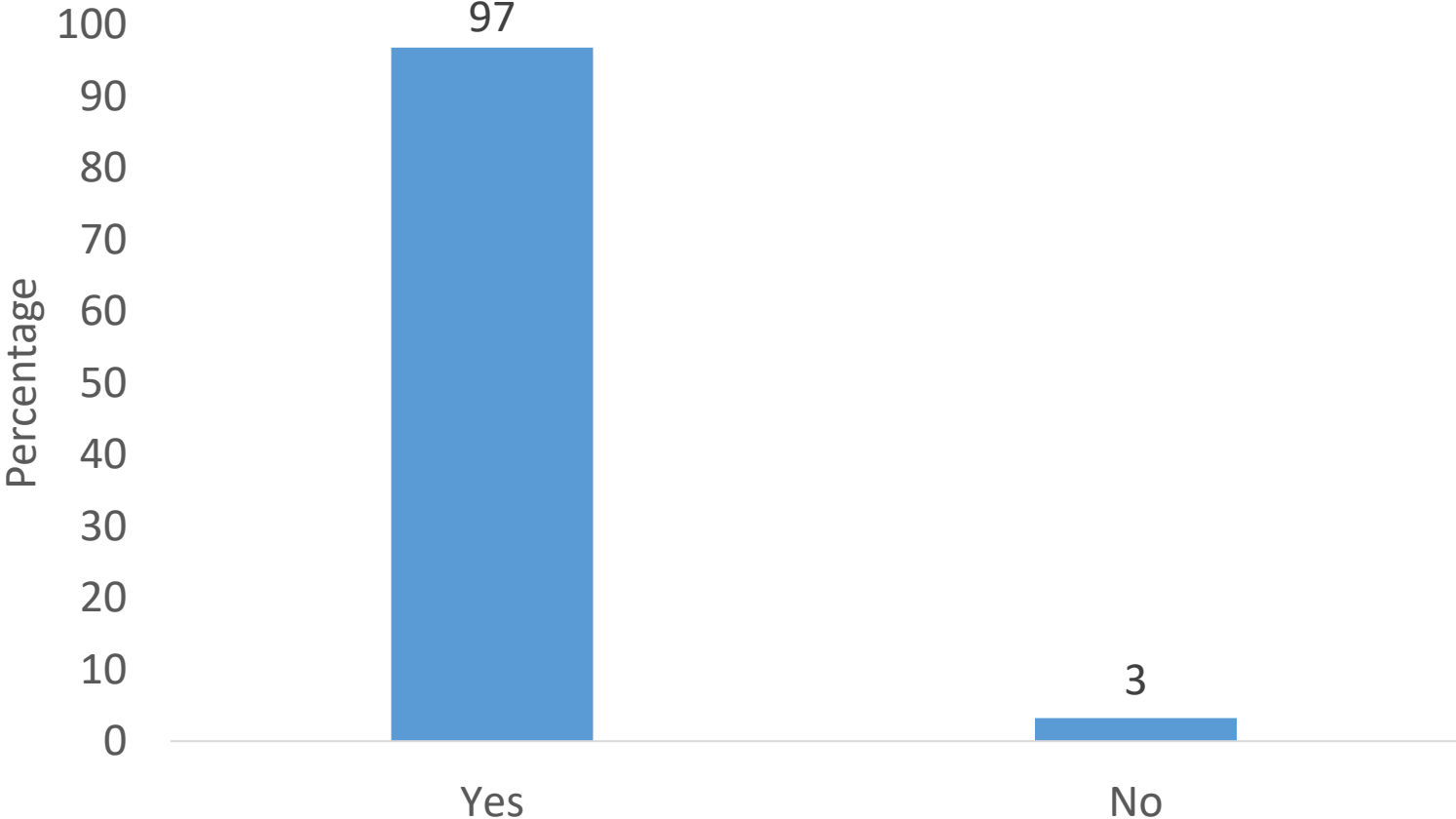


40% secondary focus activities are in the visitor activities and tours segment

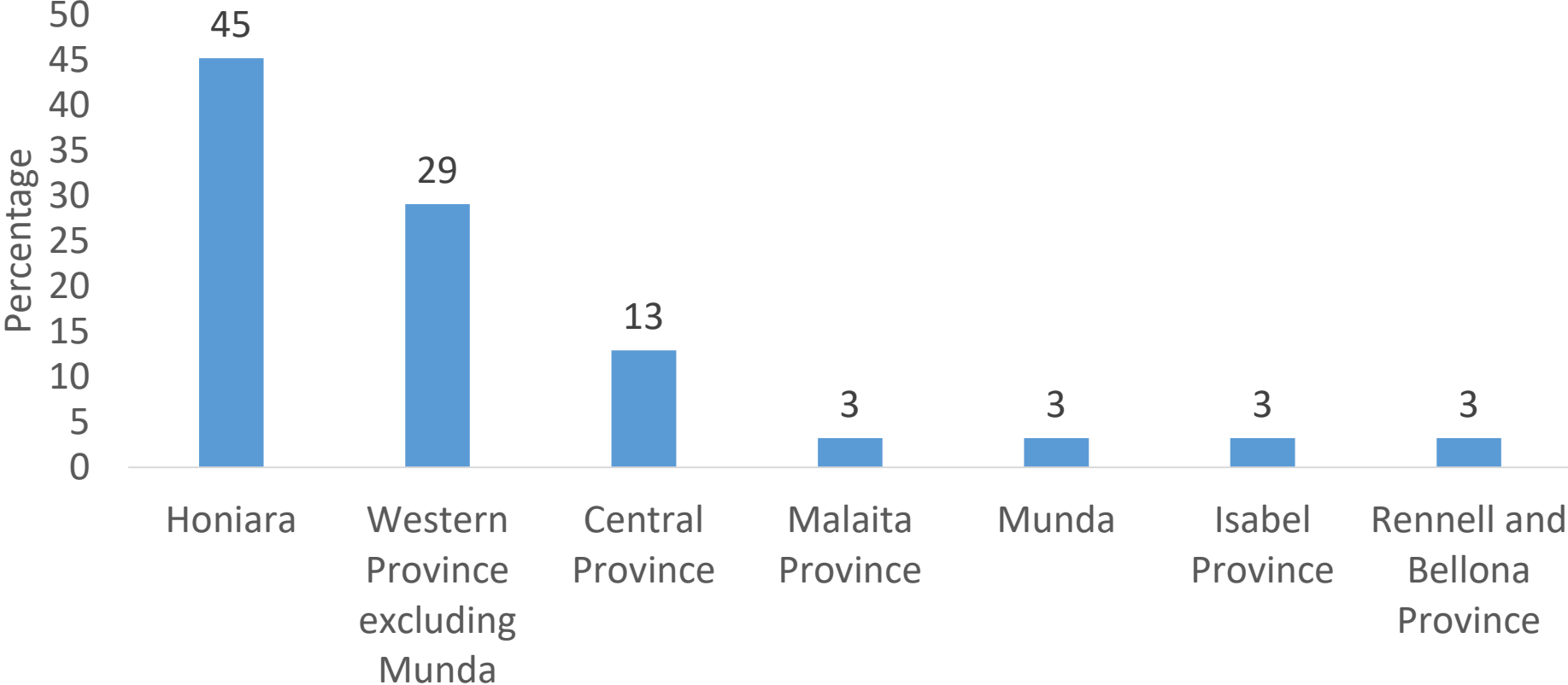


Note: Multiple responses, therefore total does not add up to 100%.

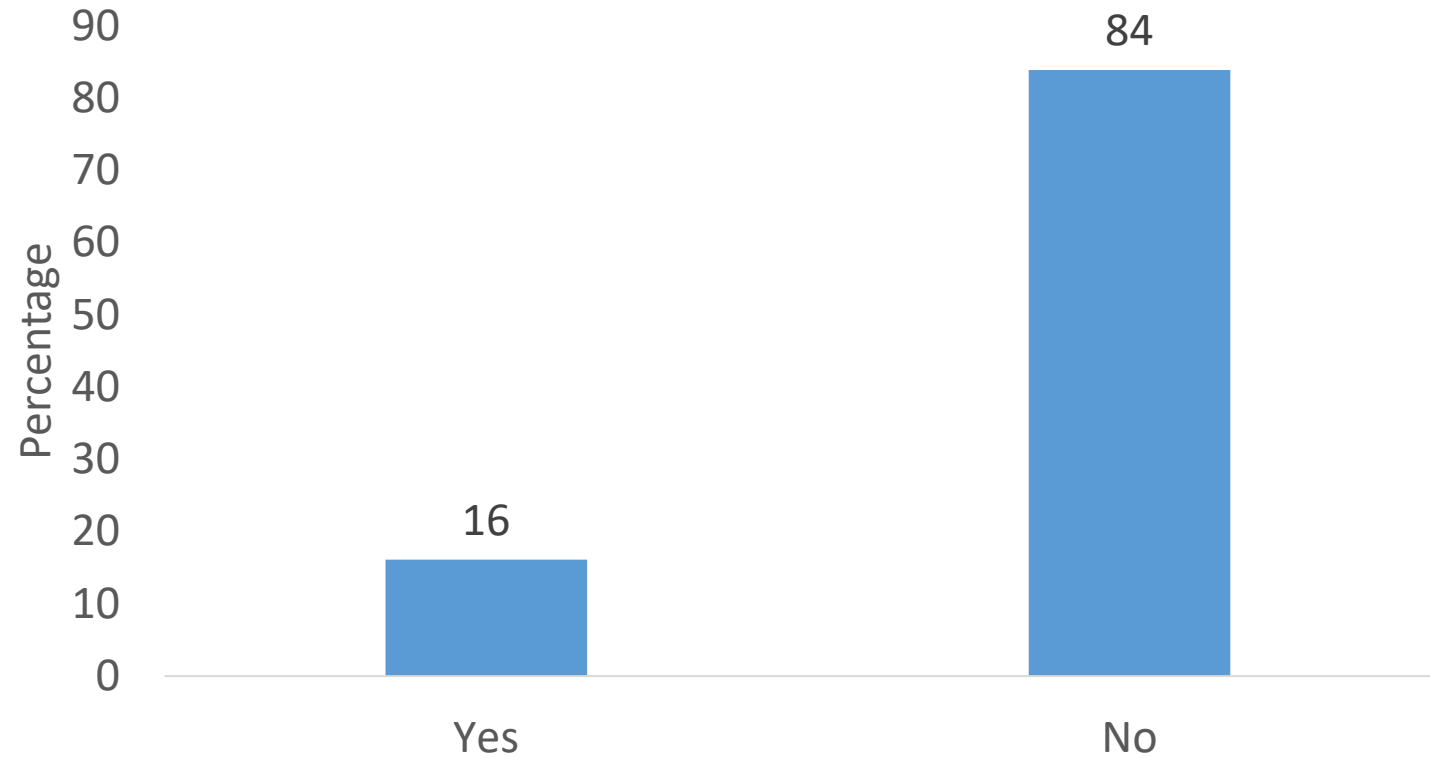
97% of businesses surveyed usually operate all year round



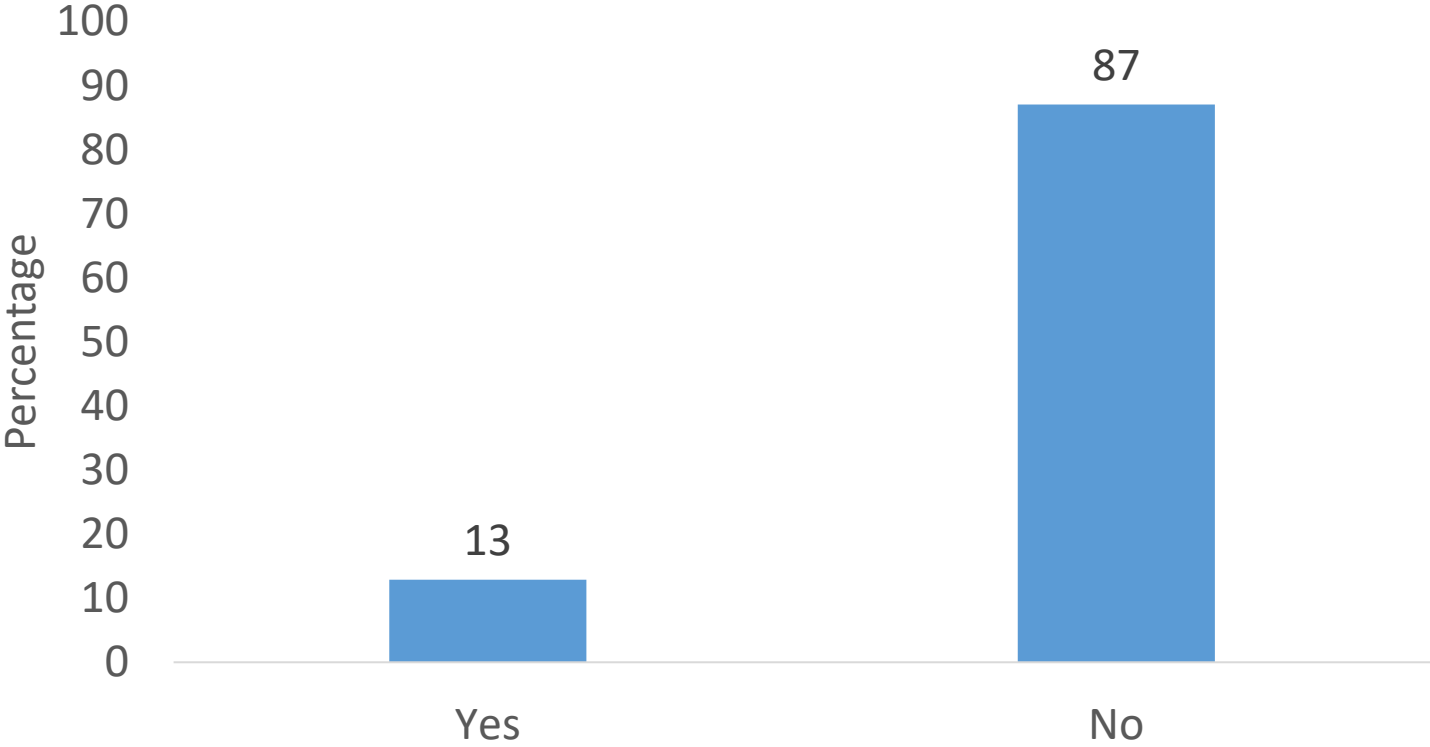
Honiara is the main location for businesses



The majority of businesses (84%) do not operate in any other provinces



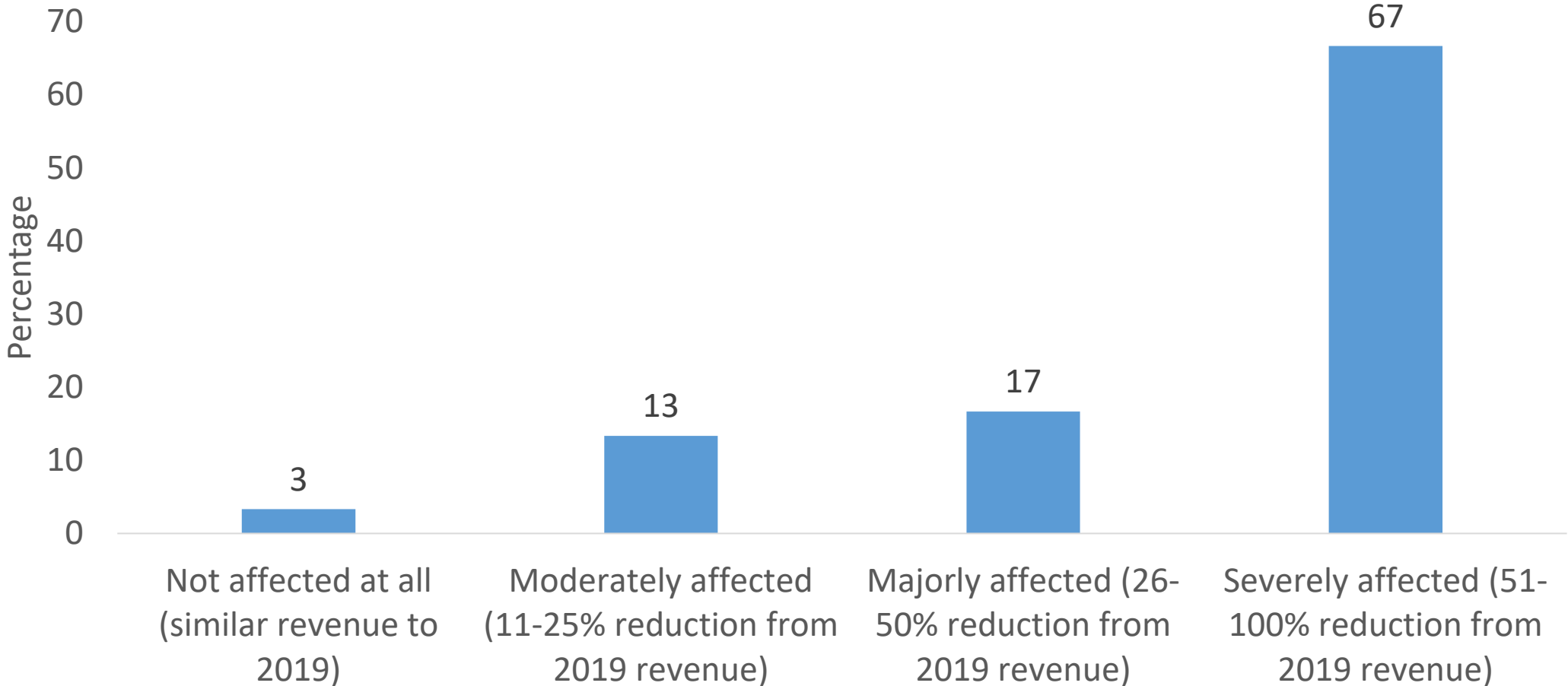
Very few businesses (13%) have a head office located overseas



Report Structure



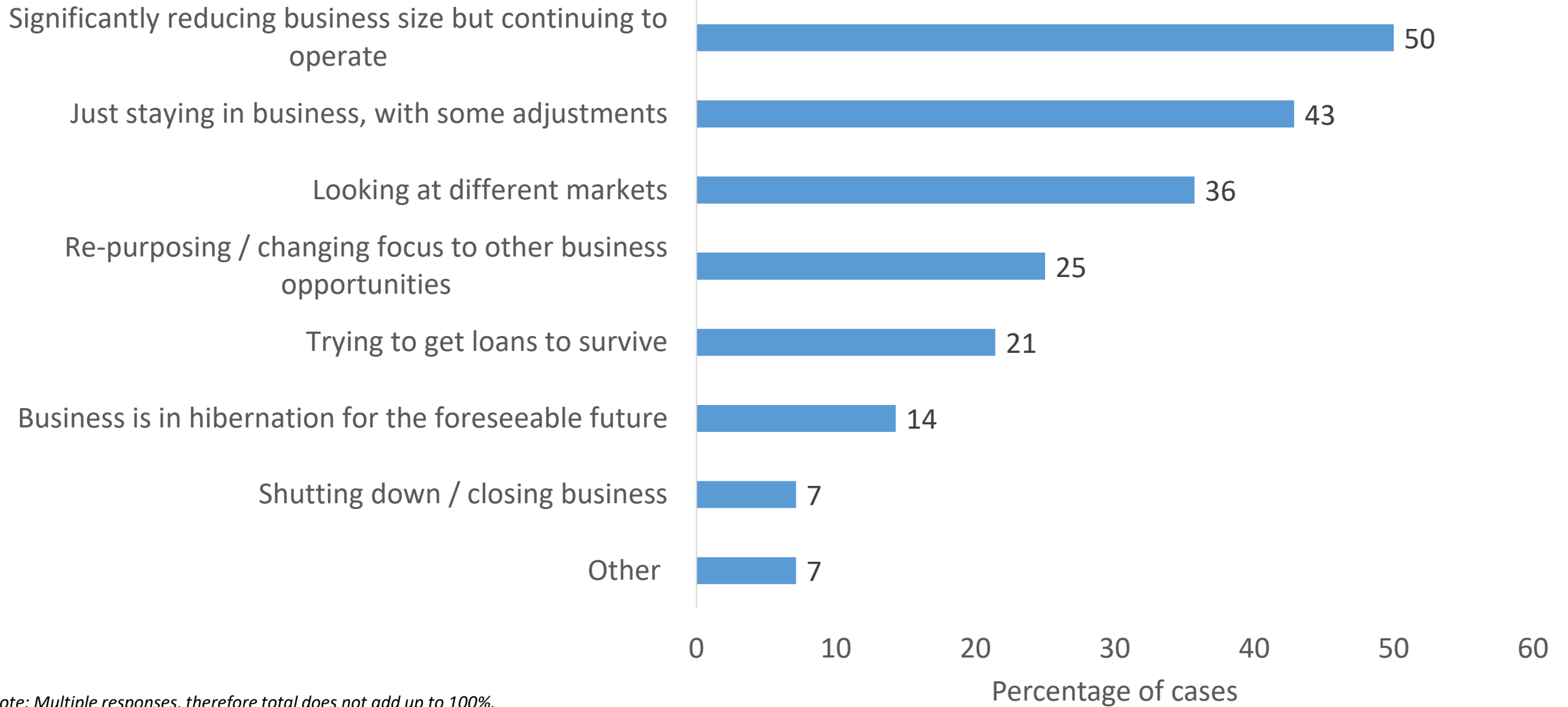
67% of businesses say their revenues have been severely affected by COVID-19



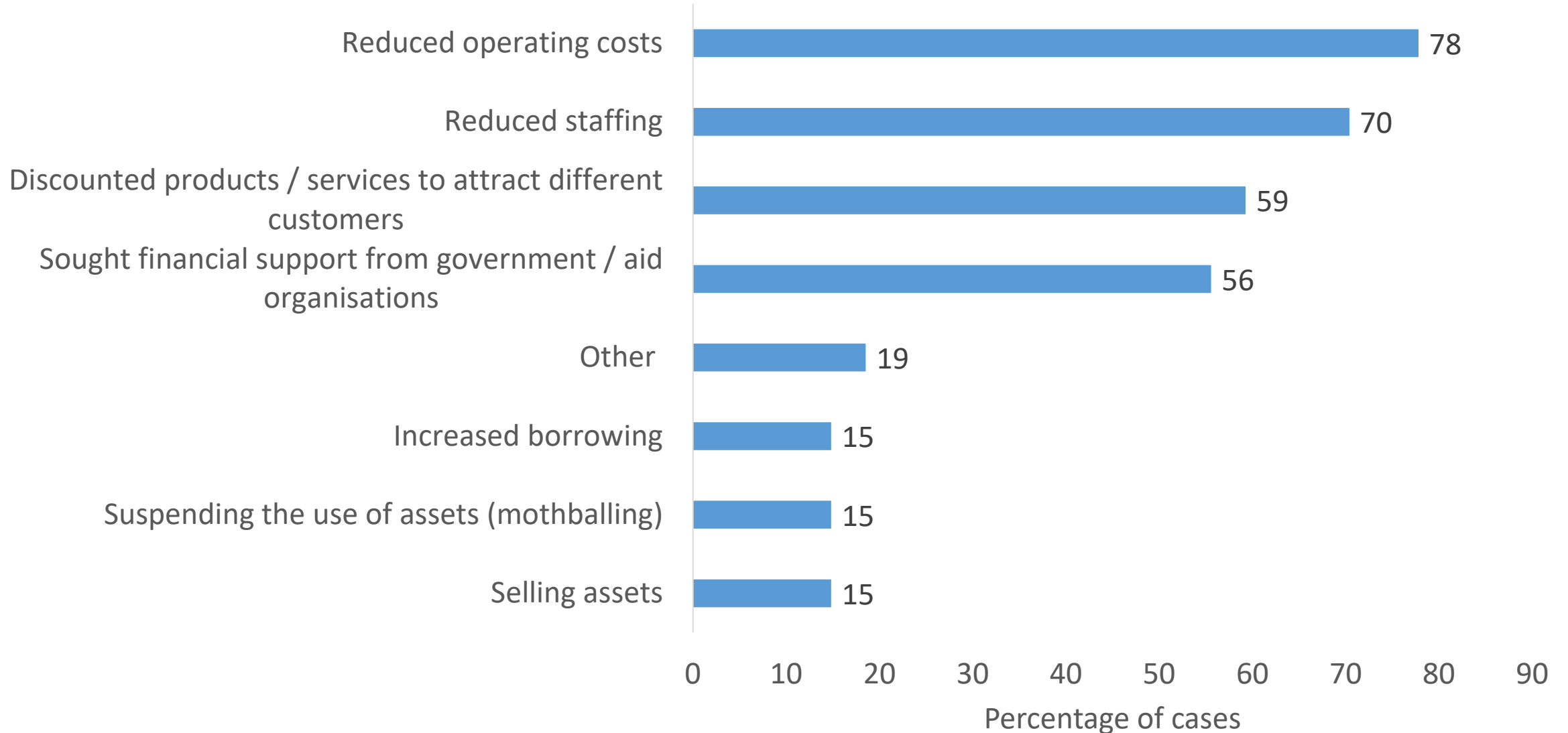
The level of concern about the following business issues on a scale of 1 (Not concerned) to 5 (Very concerned)



In what ways is the business adapting to COVID-19?

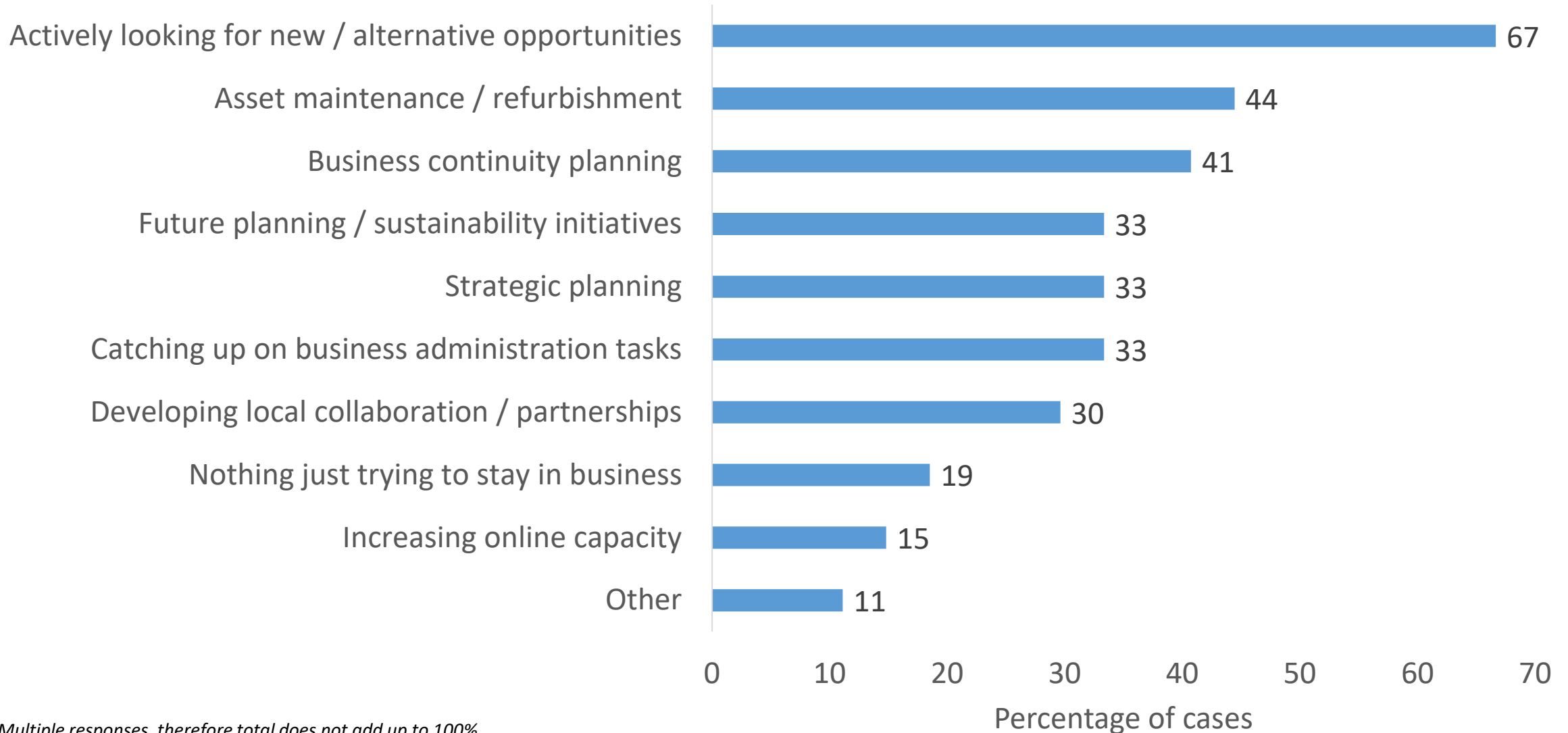


Actions that the business has taken in response to COVID-19



Note: Multiple responses, therefore total does not add up to 100%.

Ways to improve the business in the longer term (beyond COVID-19)



Note: Multiple responses, therefore total does not add up to 100%.

Support that would help the business at this time

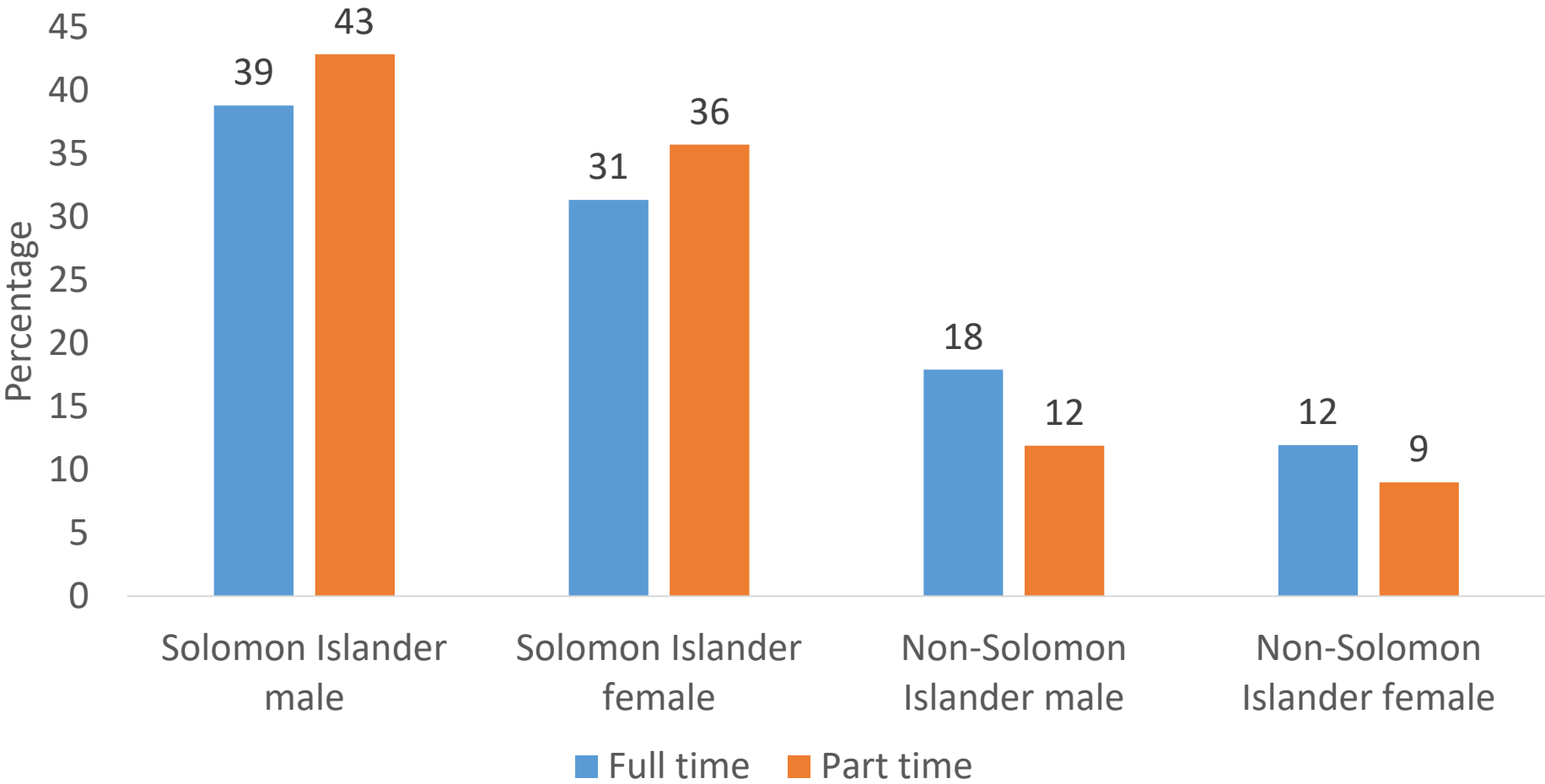


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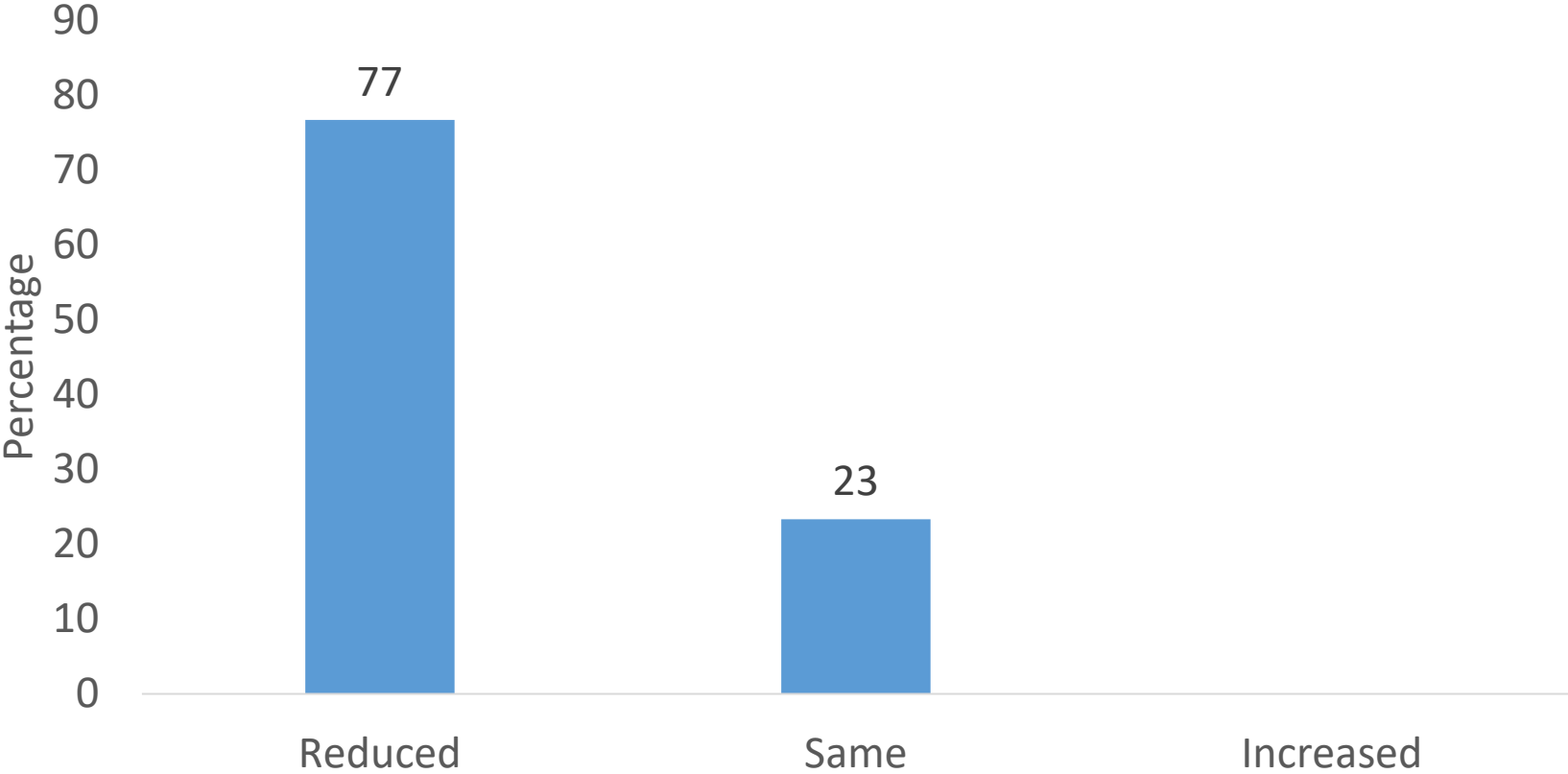
Report Structure



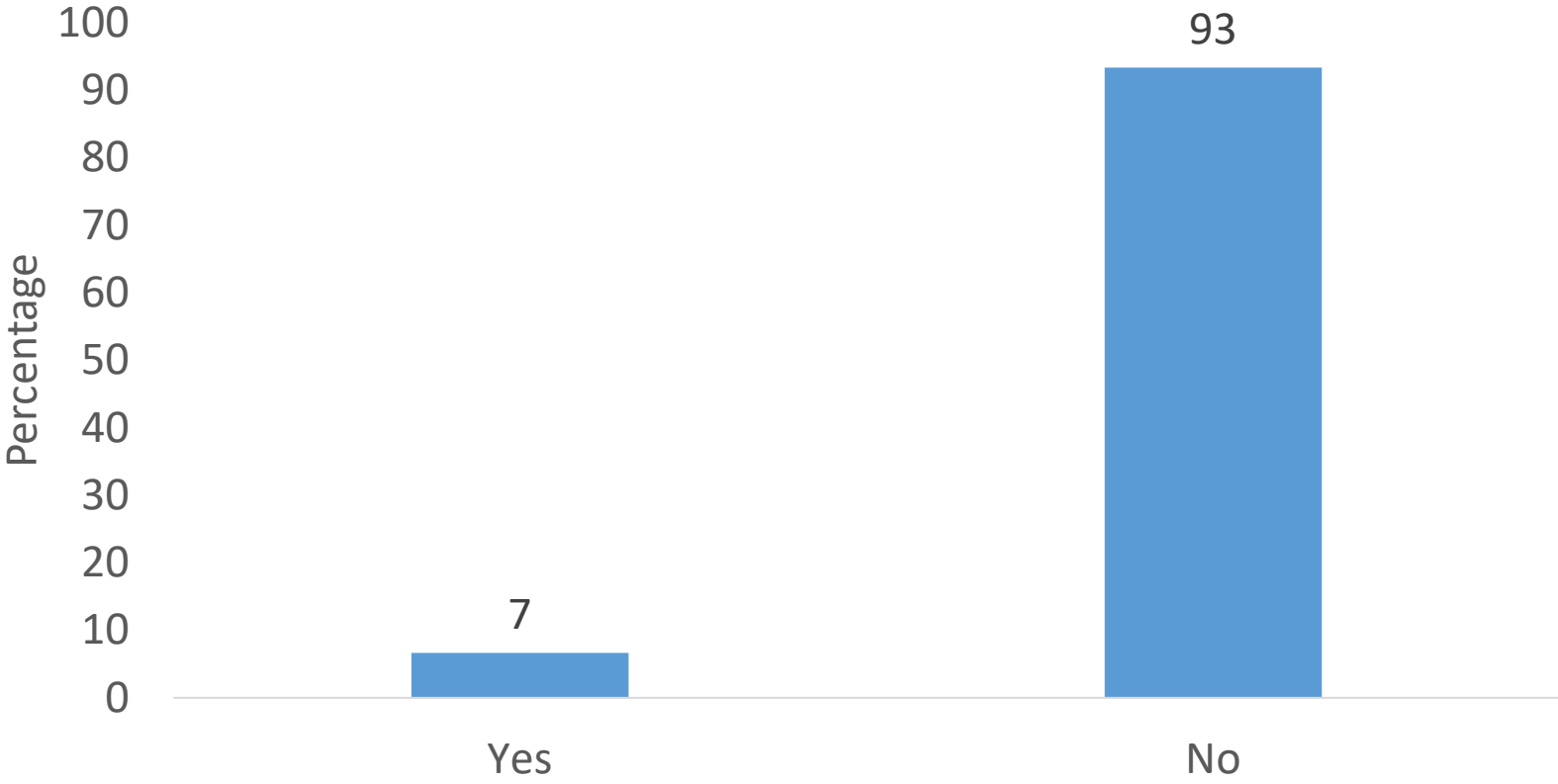
Solomon Islanders fill the majority of both full and part time roles



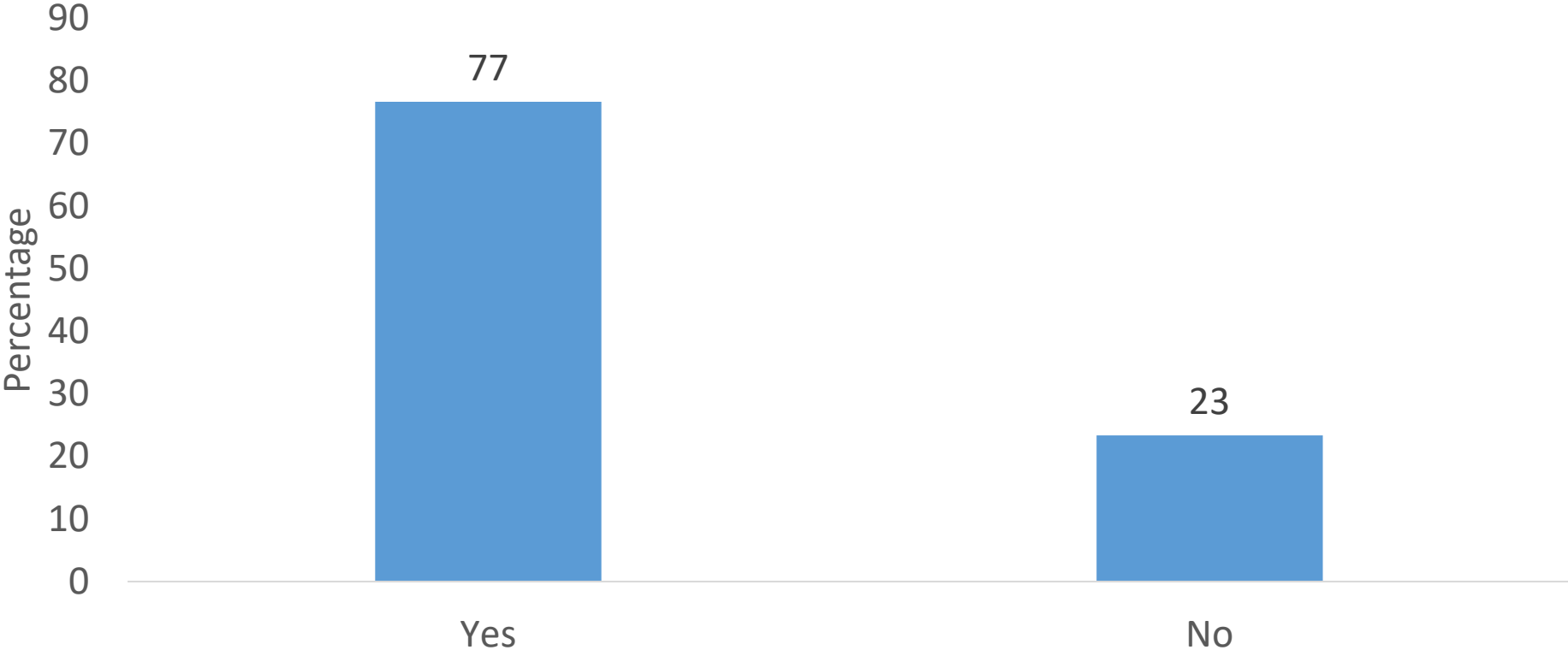
77% of businesses have reduced their staffing levels due to COVID-19



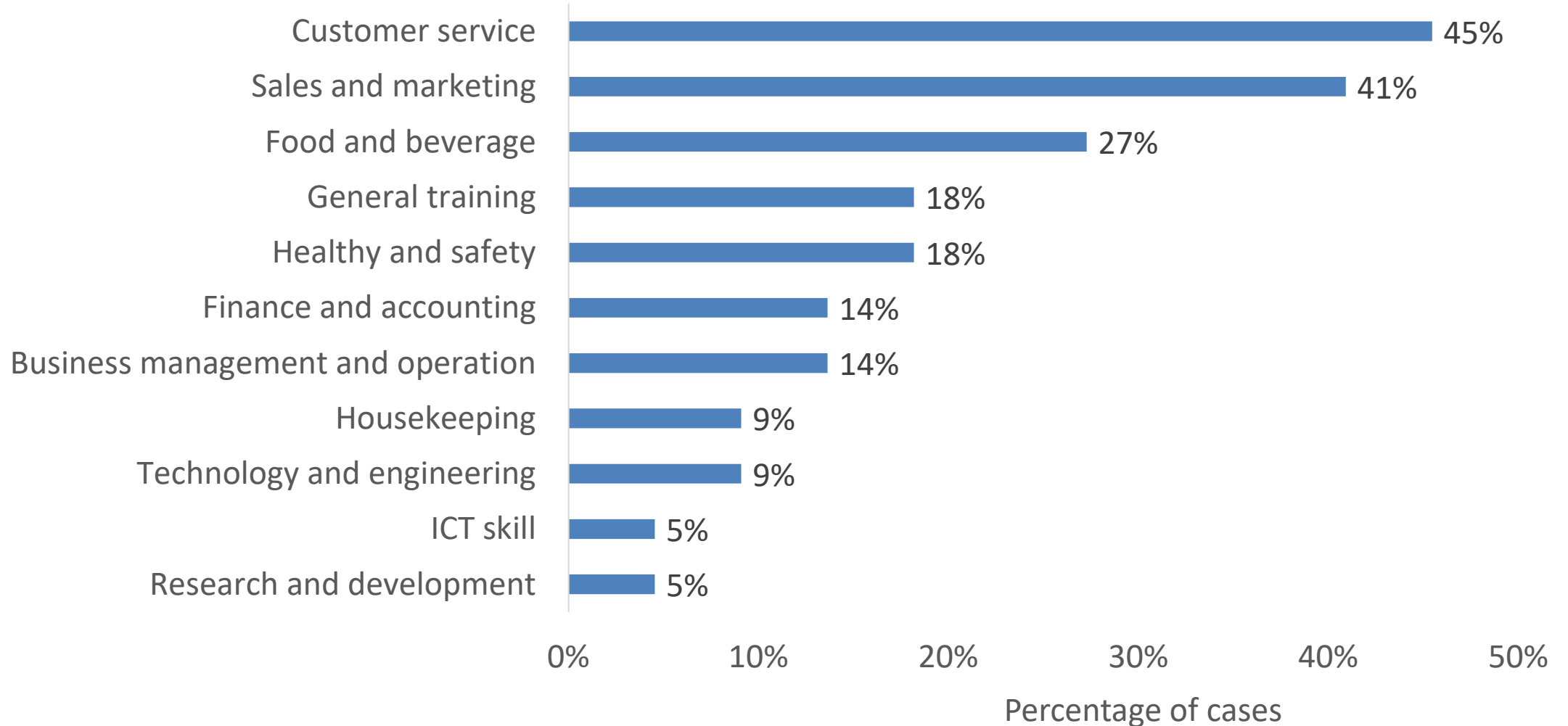
Few businesses (7%) have problems finding staff but demand is low



Over three quarters (77%) of businesses surveyed have staff training needs



Comments on 'What type of training is needed?'



Note: n = 22.

Note: Multiple responses, therefore total does not add up to 100%.

Comments on 'Customer service' training needs (45%)

- General hospitality.
- Customer service training.
- Hospitality and greens keeping.
- Re-fresher on Hospitality courses.
- Dive guide training in customer service.

Comments on 'Sales and marketing' training needs (41%)

- Marketing and costing.
- Digital marketing.
- Sales skills.
- Training to upskill on Ticketing and Tour packaging.

Comments on 'Food and beverage' (27%)

- Anything that can advance us further, new techniques in cooking, baking etc, Food hygiene, customer service, barista techniques.
- Also need to upgrade staff cooking skills.
- Kitchen staff need training.

Comments on 'General training' (18%)

- **Staff that are industry ready.**
- **Capacity Building.**
- **Upgrading Skill.**

Comments on 'Healthy and safety' (18%)

- **First Aid refresher.**
- **Emergency response.**
- **Food hygiene.**

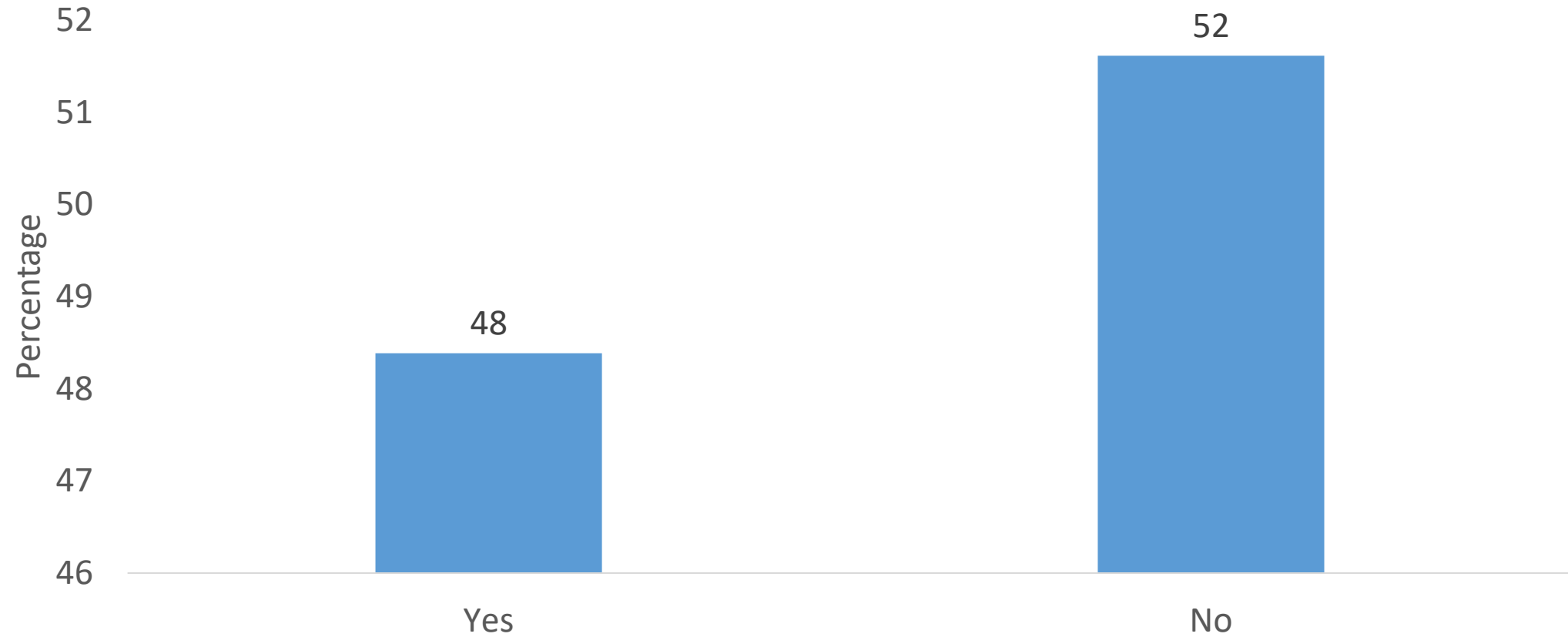
Comments on 'Finance and accounting' (14%)

- **Costing and budgeting.**
- **Budgeting.**

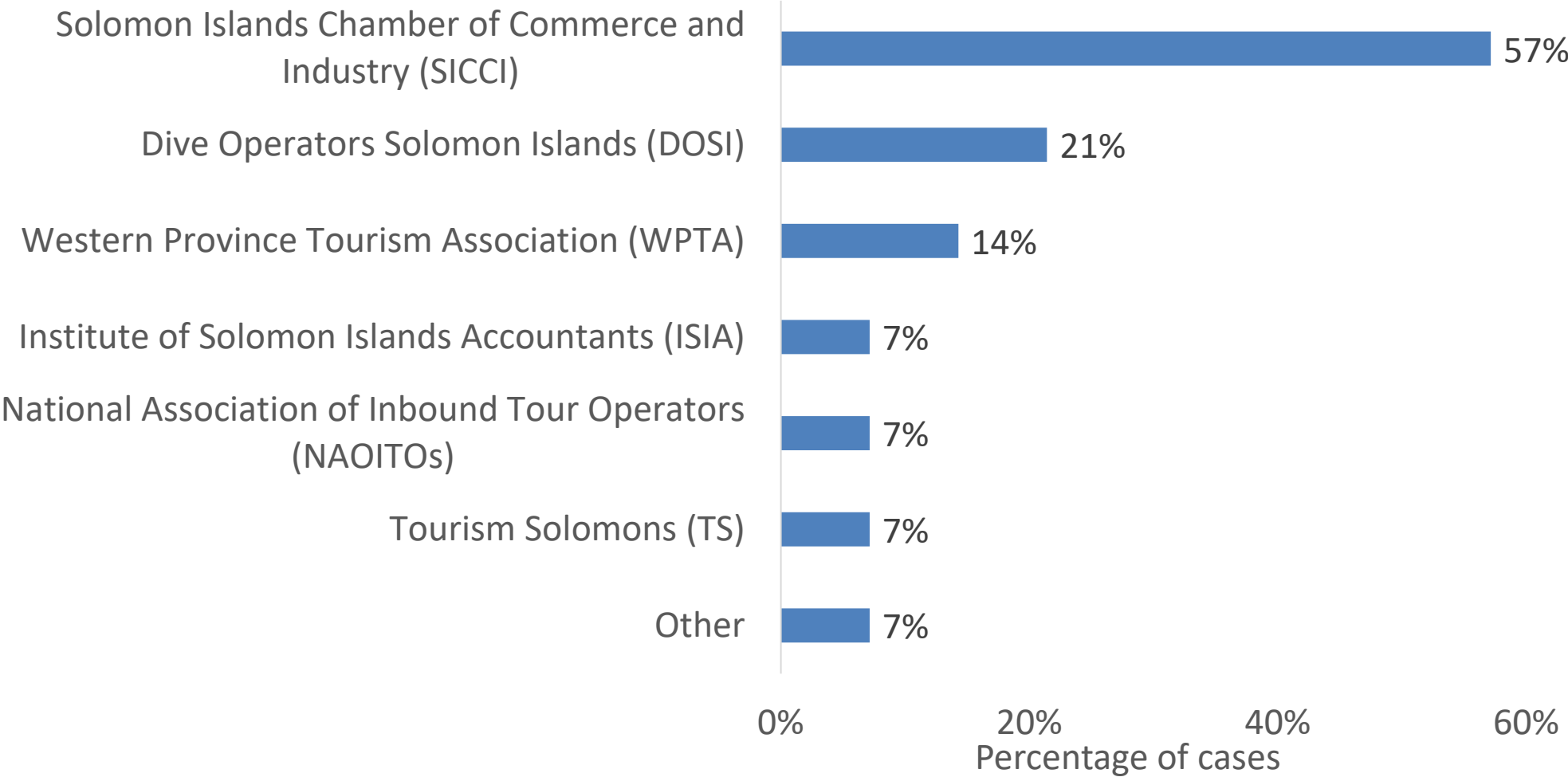
Comments on 'Business management and operation' (14%)

- **Train our cooks on how to manage and operate the kitchen.**
- **Tourism operations.**
- **Management and supervision.**

48% of businesses surveyed are members of industry organisations



SICCI, DOSI, and WPTA are the top three membership organisations



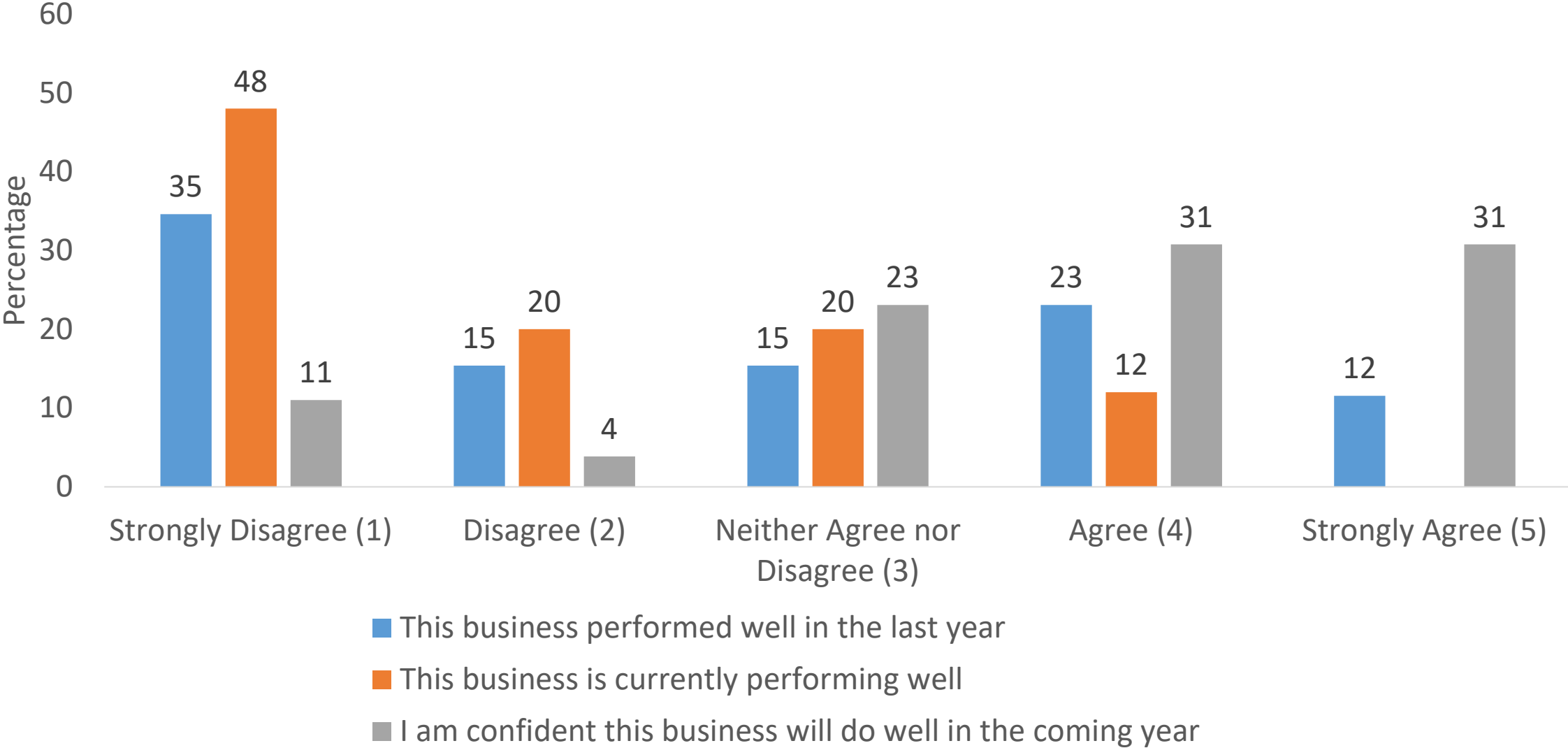
Note: n = 14.

Note: Multiple responses, therefore total does not add up to 100%..

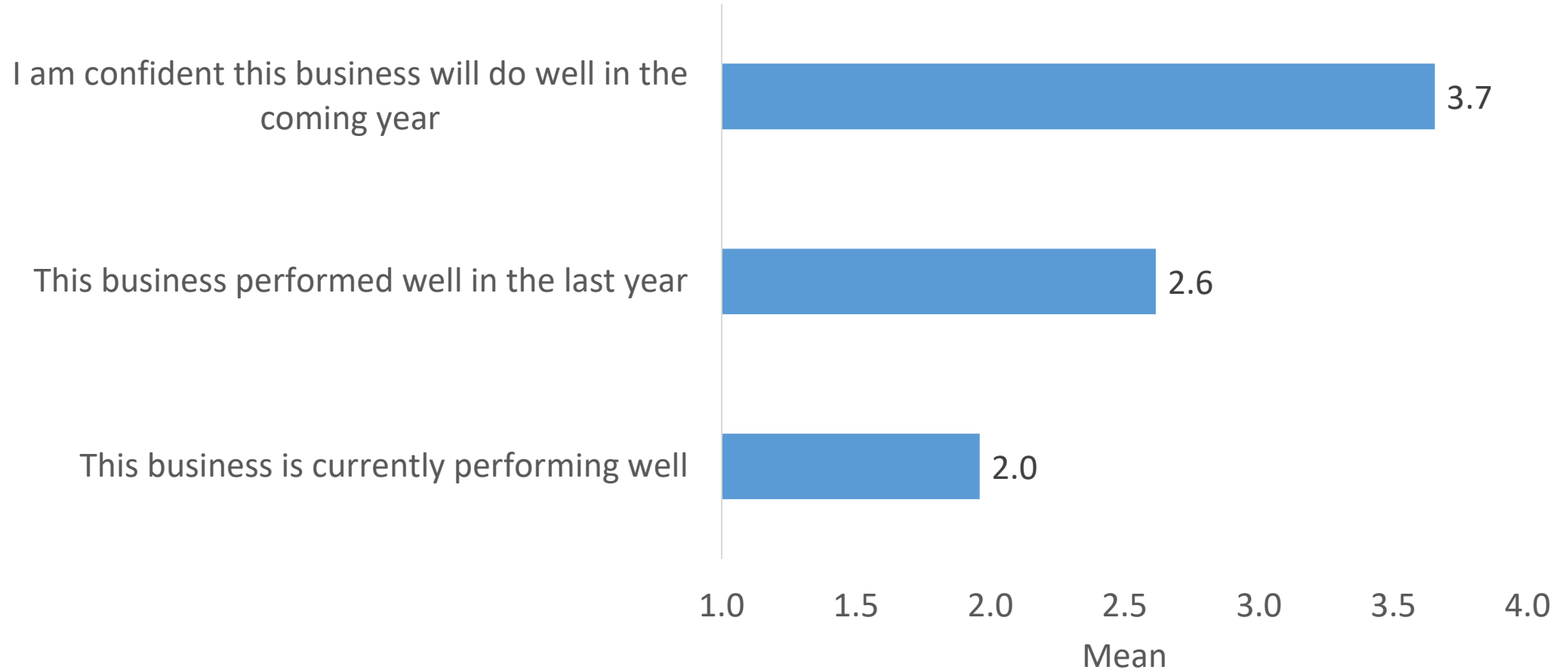
Report Structure



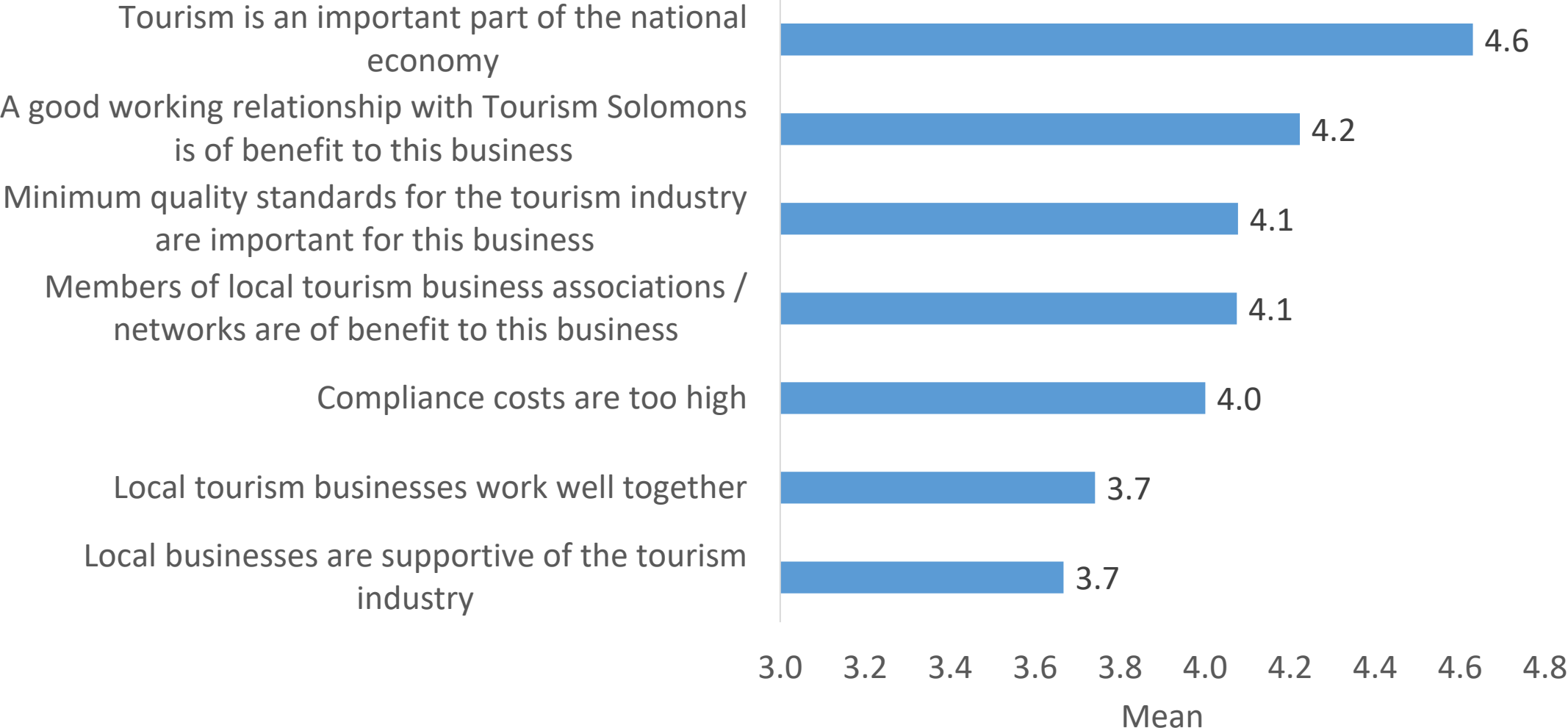
62% of respondents agree with 'I am confident the business will do well in the coming year'



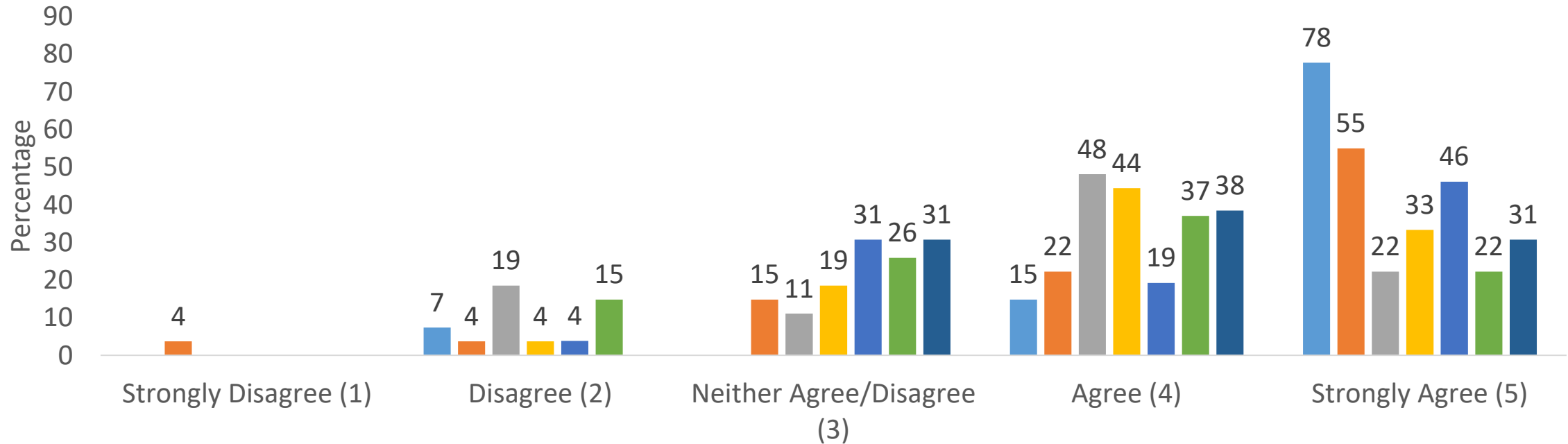
Respondents show some confidence that their business will do well in the coming year, while current performance is very weak.



Respondents feel strongly that 'Tourism is an important part of the national economy'

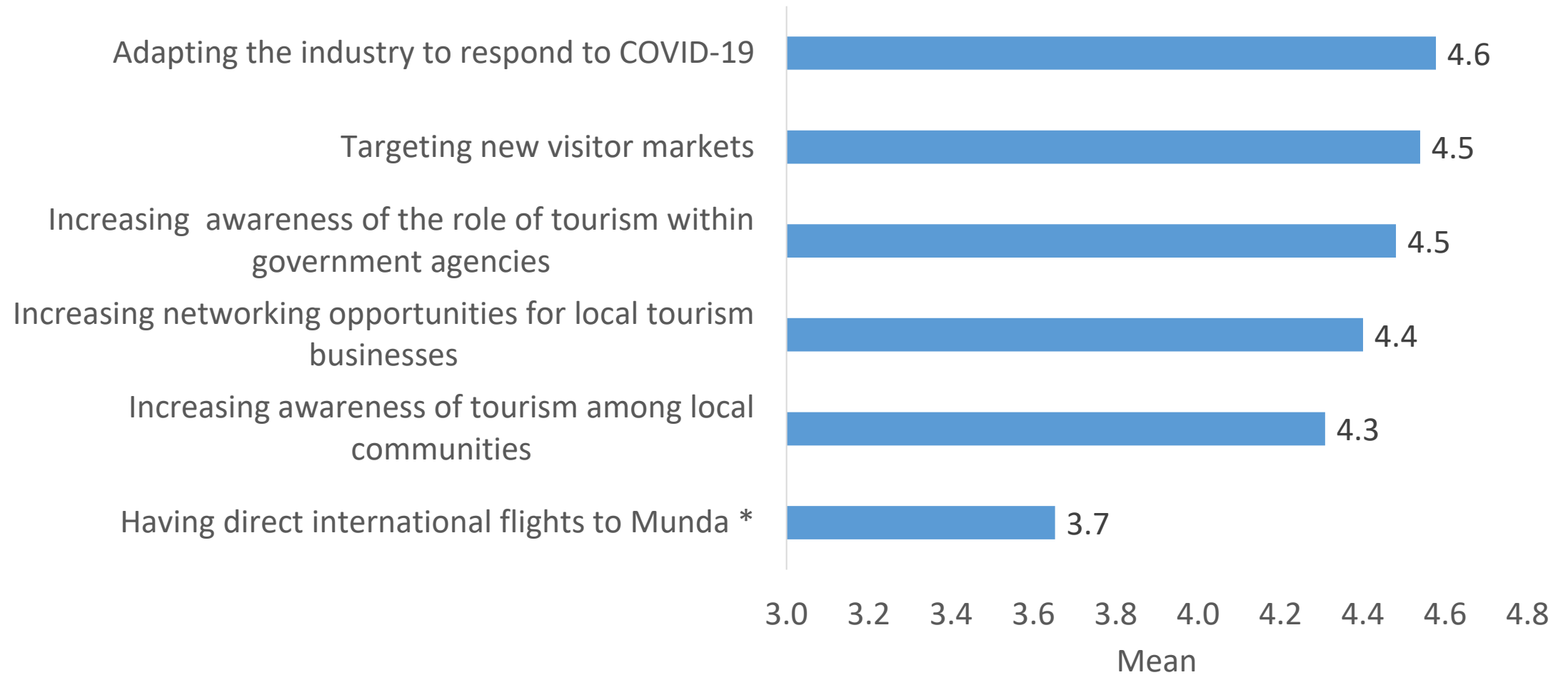


93% of respondents agree with the statement of ‘Tourism is an important part of the national economy’



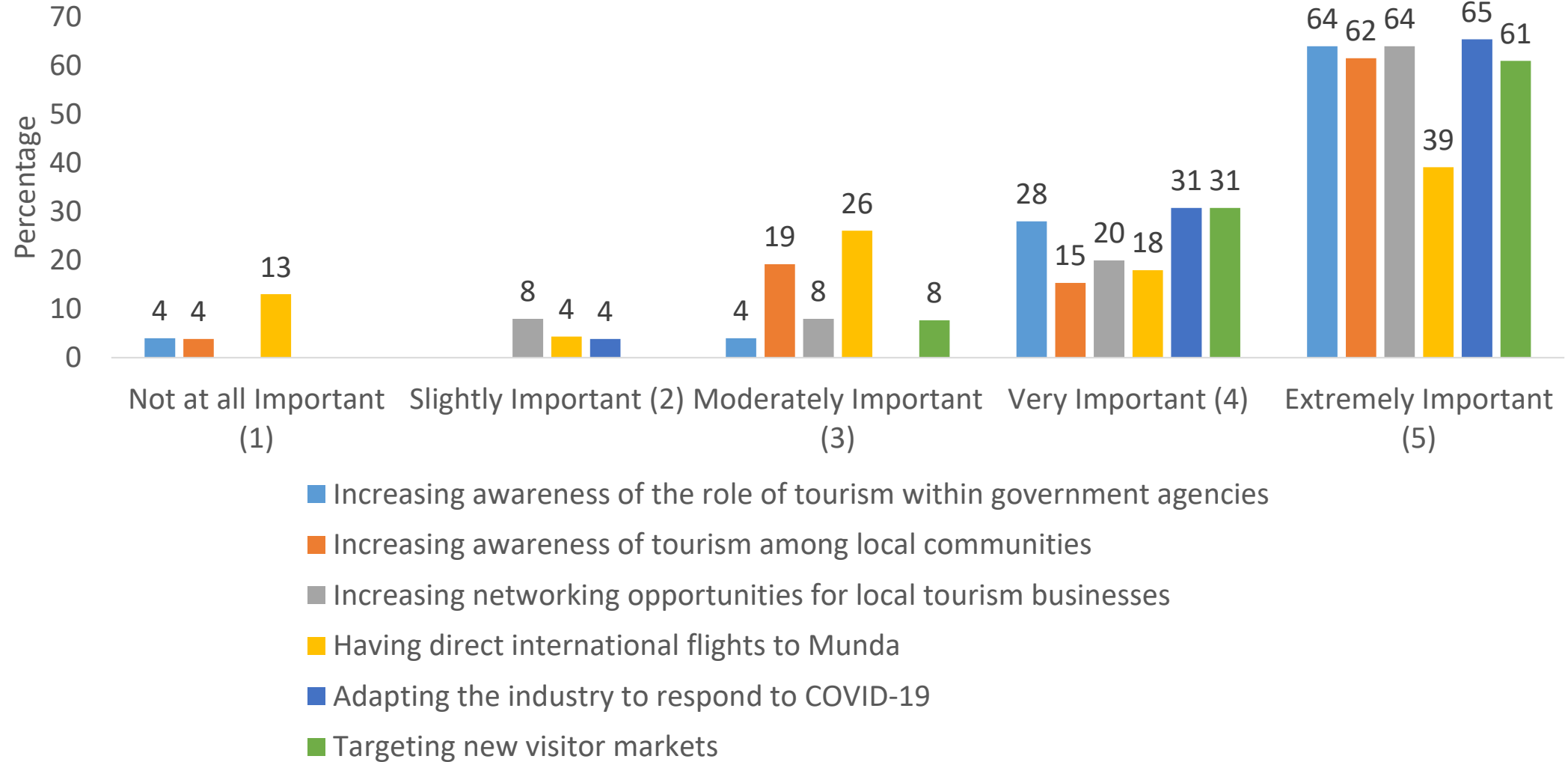
- Tourism is an important part of the national economy
- A good working relationship with Tourism Solomons is of benefit to this business
- Local tourism businesses work well together
- Members of local tourism business associations / networks are of benefit to this business
- Minimum quality standards for the tourism industry are important for this business
- Local businesses are supportive of the tourism industry
- Compliance costs are too high

'Adapting the industry to respond to COVID-19', 'Targeting new visitor markets' and 'Raising awareness of tourism' are priorities



* Note: Western Province responses mean value of this item is 4.6

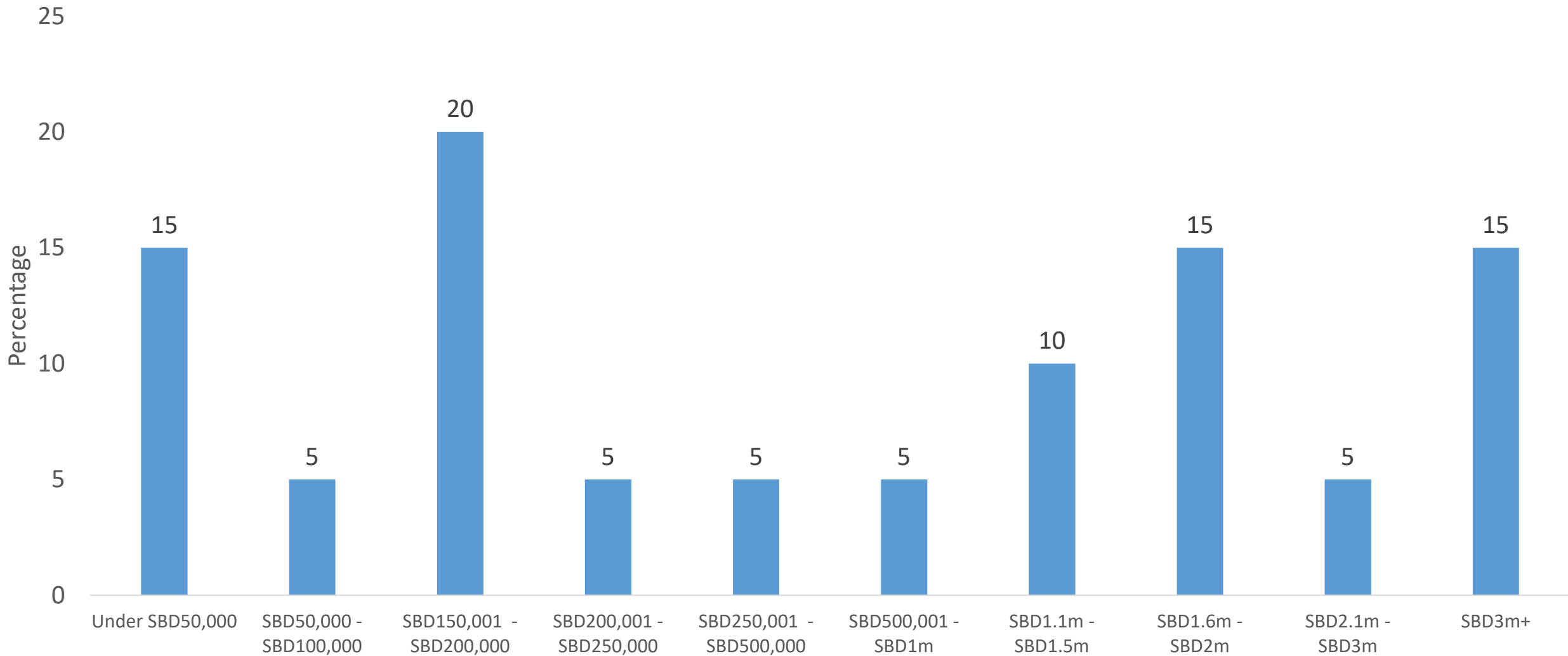
'Adapting the industry to respond to COVID-19' is the top priority



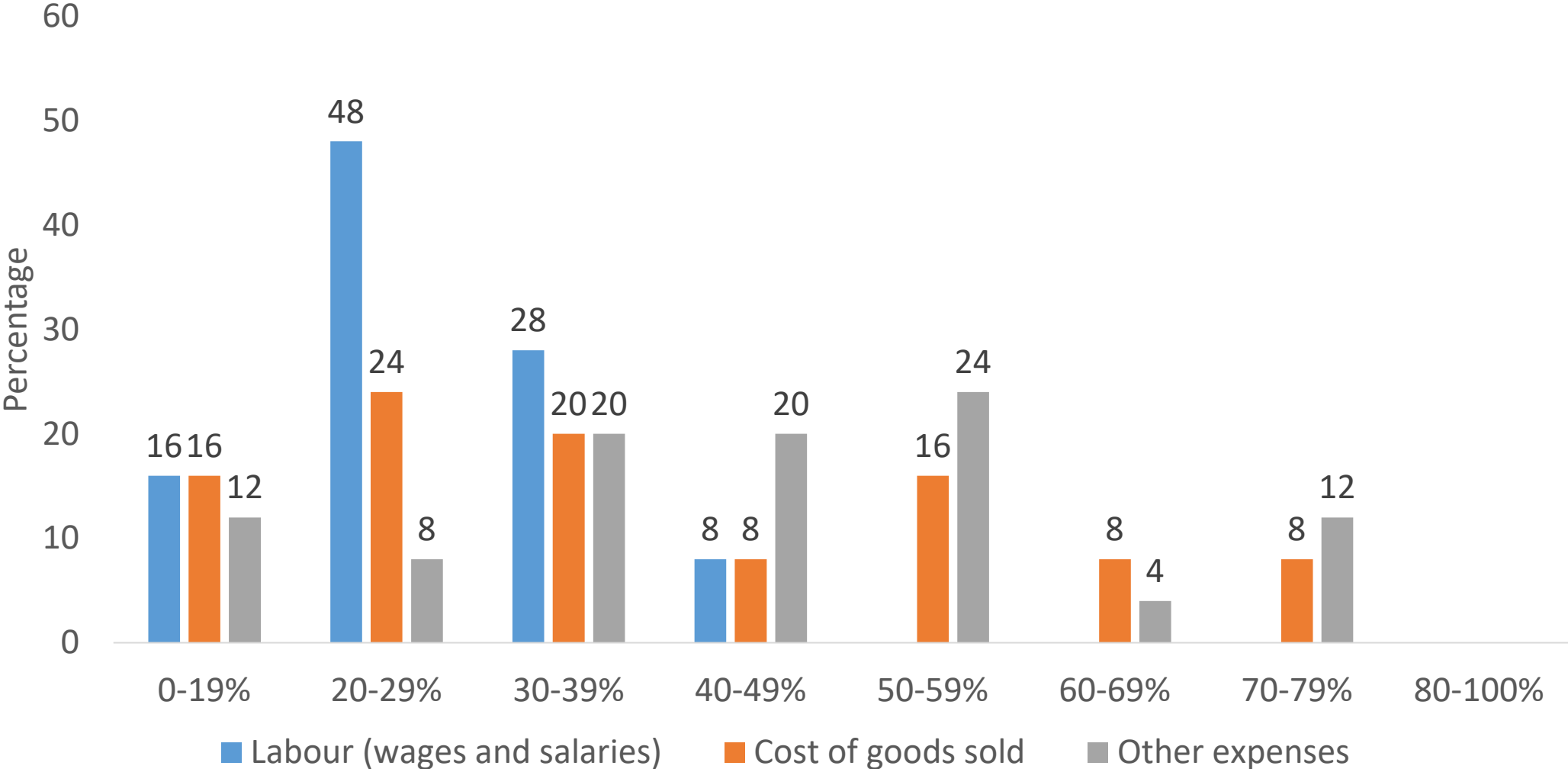
Report Structure



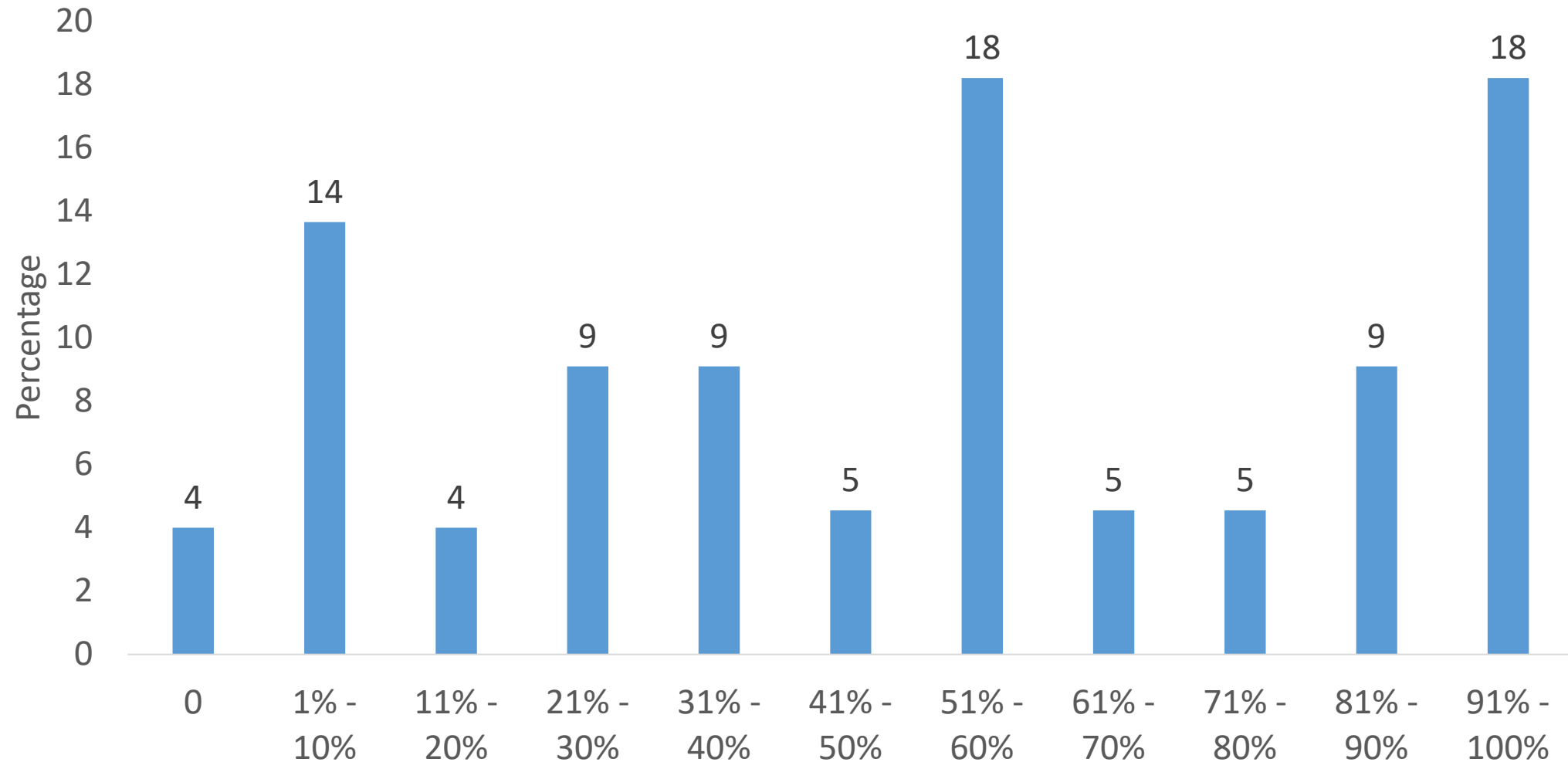
40% of businesses surveyed indicate an approximate annual turnover of under SBD200,000 for their main business in the last financial year



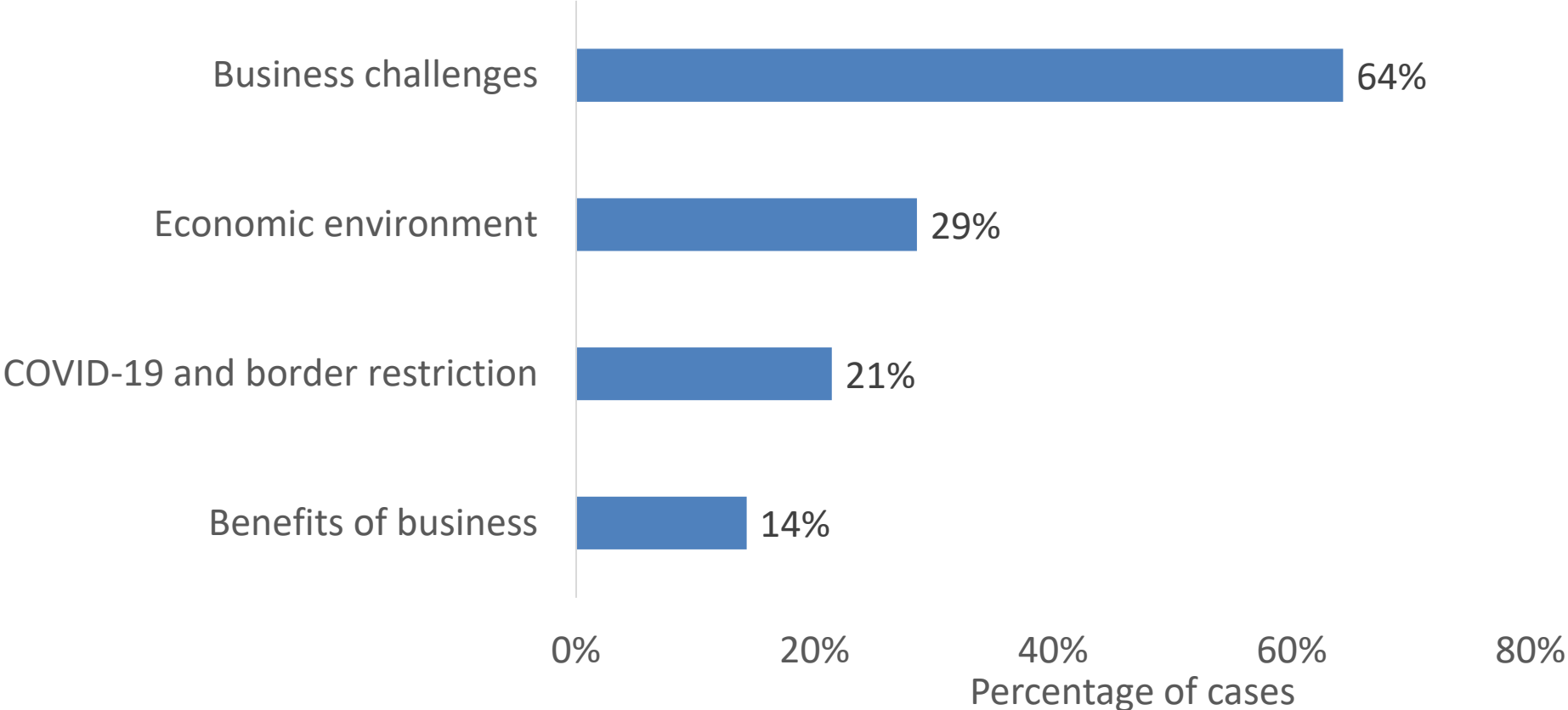
For 76% of businesses labour accounts for 20-40% of total costs



55% of businesses say over half of their non-labour expenses are supplied by other Solomon Islands businesses



Other comments focused on business challenges and the economic situation



Note: n = 14.

Note: Multiple responses, therefore total does not add up to 100%.

Comments on 'Business challenges' (64%)

- Facebook ban is going to negatively impact Tourism sector.
- Fragile tourism industry. Solomon Islands Govts have been diluting each operator's turnover by encouraging new entrants when the local tourism market is not growing. Very hard to compete with other countries when marketing is low key and flights are so expensive. Internal flights are prohibitive. Ferry boats to West are very dirty and overcrowded. Extractive industries are favoured over tourism due to commissions from large companies. We invested almost 3 million SBD over 6 years and made no profit to date.

Comments on 'Business challenges' (64%)

- **Cost of running this business is too high. Rent & utilities are our main killers. Inconsistency in stock is also a big problem. Important ingredients needed run out all the time.**
- **Less Levies for Business owners and more promotions of these businesses in Europe.**
- **The prospects look bleak for tourism businesses in the Solomon Islands, especially the dive sector. Given the fact that no dive business to date got or will get assistance from the SIG ESP, it will be challenging given borders will remain closed for at least another 6 months. In addition, if it was not for the NZ/Solomon Airlines SITIDF, I am 100% sure I would not have been able to sustain the business this long.**

Comments on 'Economic environment' (29%)

- **The local economy is truly severely affected not just because of this current global pandemic.**
- **Those figures are for 2019. We have lost a lot in 2020 as we have had basically no income.**

Comments on 'COVID-19 and border restriction' (21%)

- ... until borders reopen things are likely to stay the same.
- In my own point of view, the local economy is truly severely affected not just because of this current global pandemic but also because of the unfair sharing of the COVID-19 funds by the government and the Ministry of Finance of Solomon Islands.

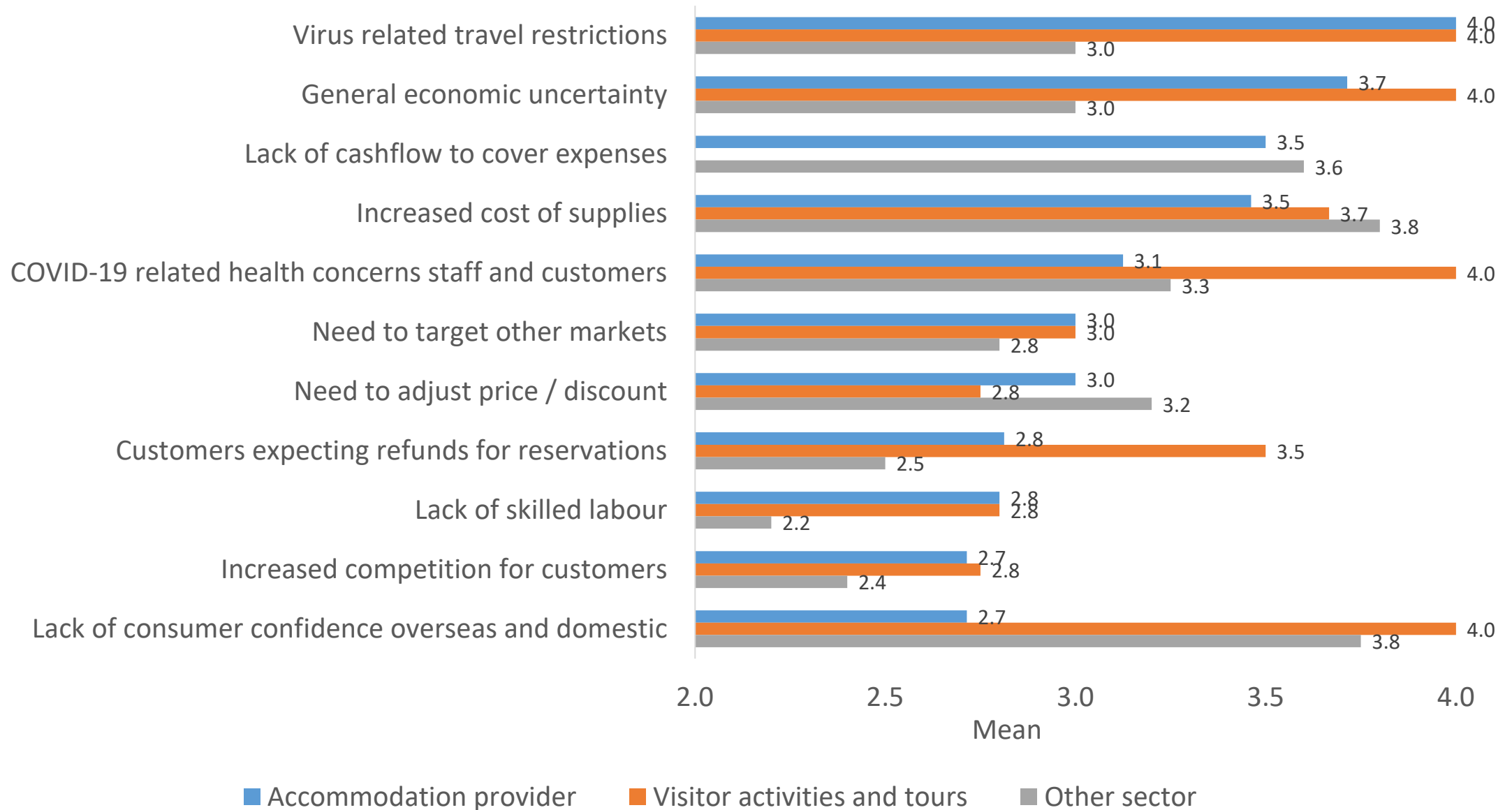
Comments on 'Benefits of business' (14%)

- This business provides employment which will lead to improving standard of living in the rural area. Participation of local communities/individuals for monetary benefit. Selling of products such as fish, vegetables, pork, chicken. By doing all these business activities within our local communities it will circulate revenue to our people.**
- This business contributes a lot to our local economy by providing employment to people at the rural areas and in return for monetary benefit. Improves standard of living. Participation of local communities, individuals.**

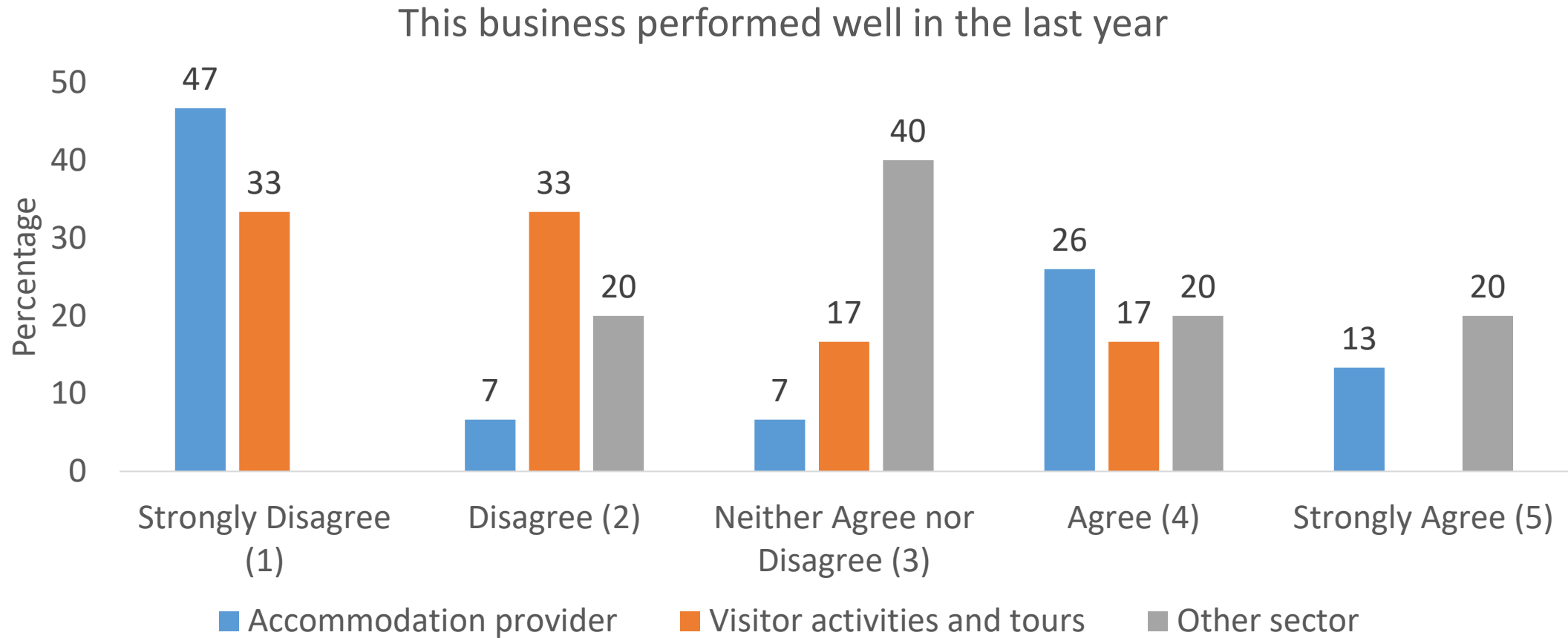
BREAKDOWN BY BUSINESS TYPE



'Virus related travel restriction' is the top concern by both accommodation businesses and visitor activities and tours group

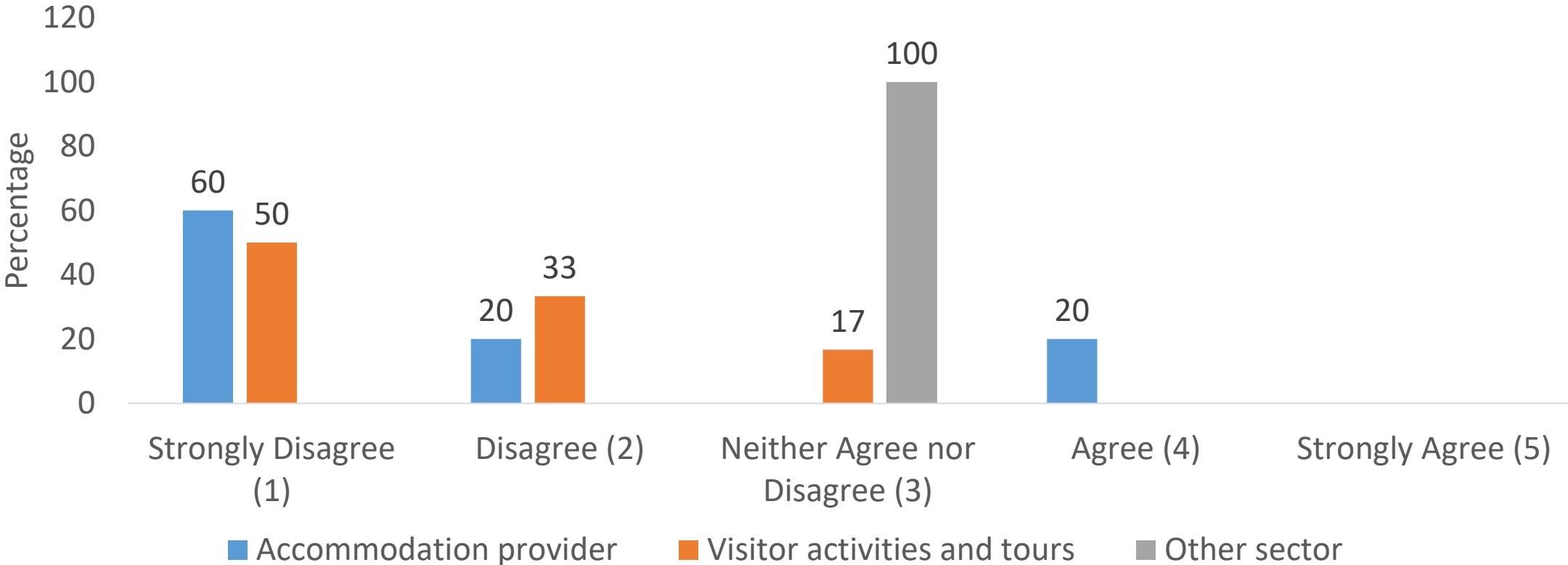


Over half (54%) of accommodation businesses disagree with the comment 'The business performed well in the last year'

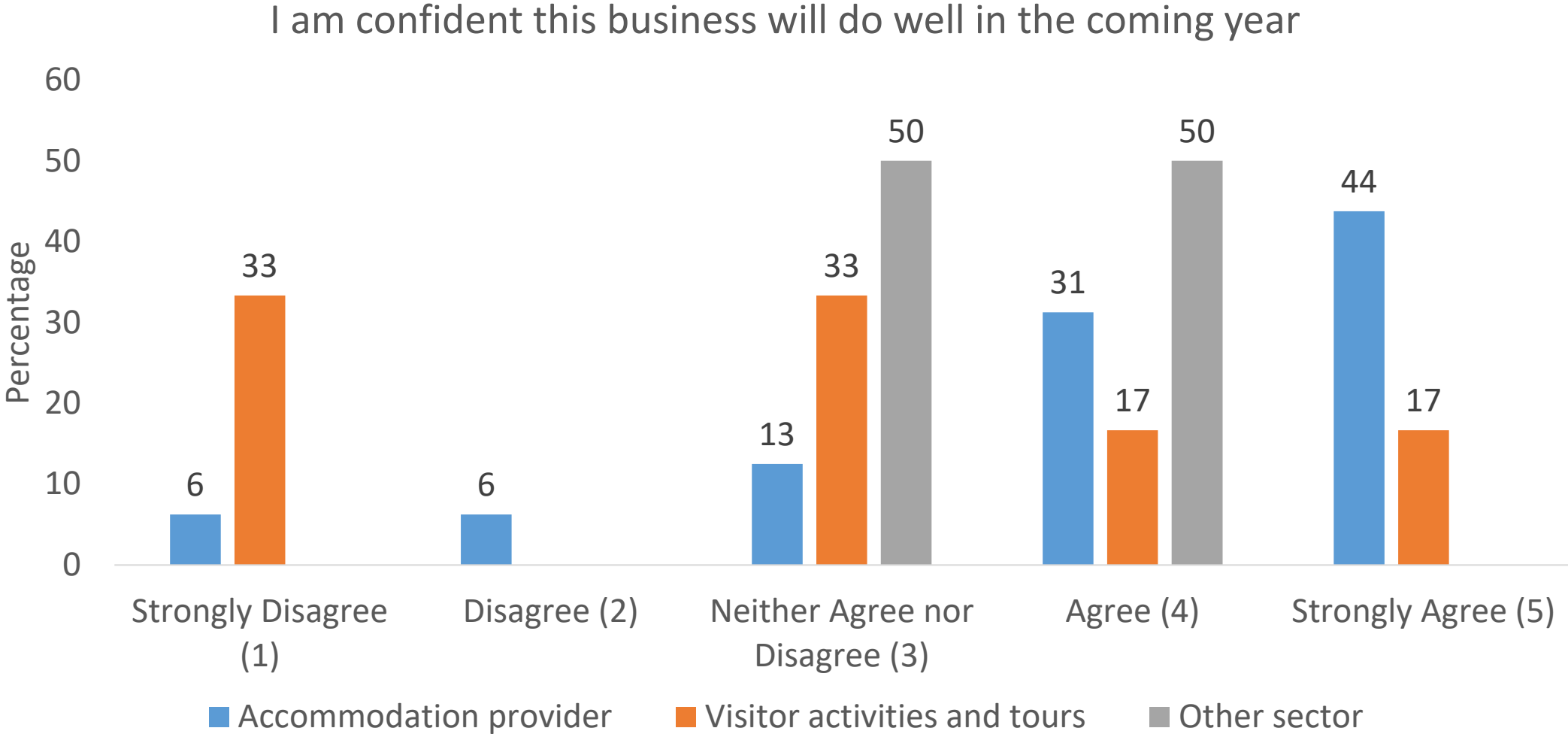


80% of accommodation businesses disagree with the comment of 'This business is currently performing well'

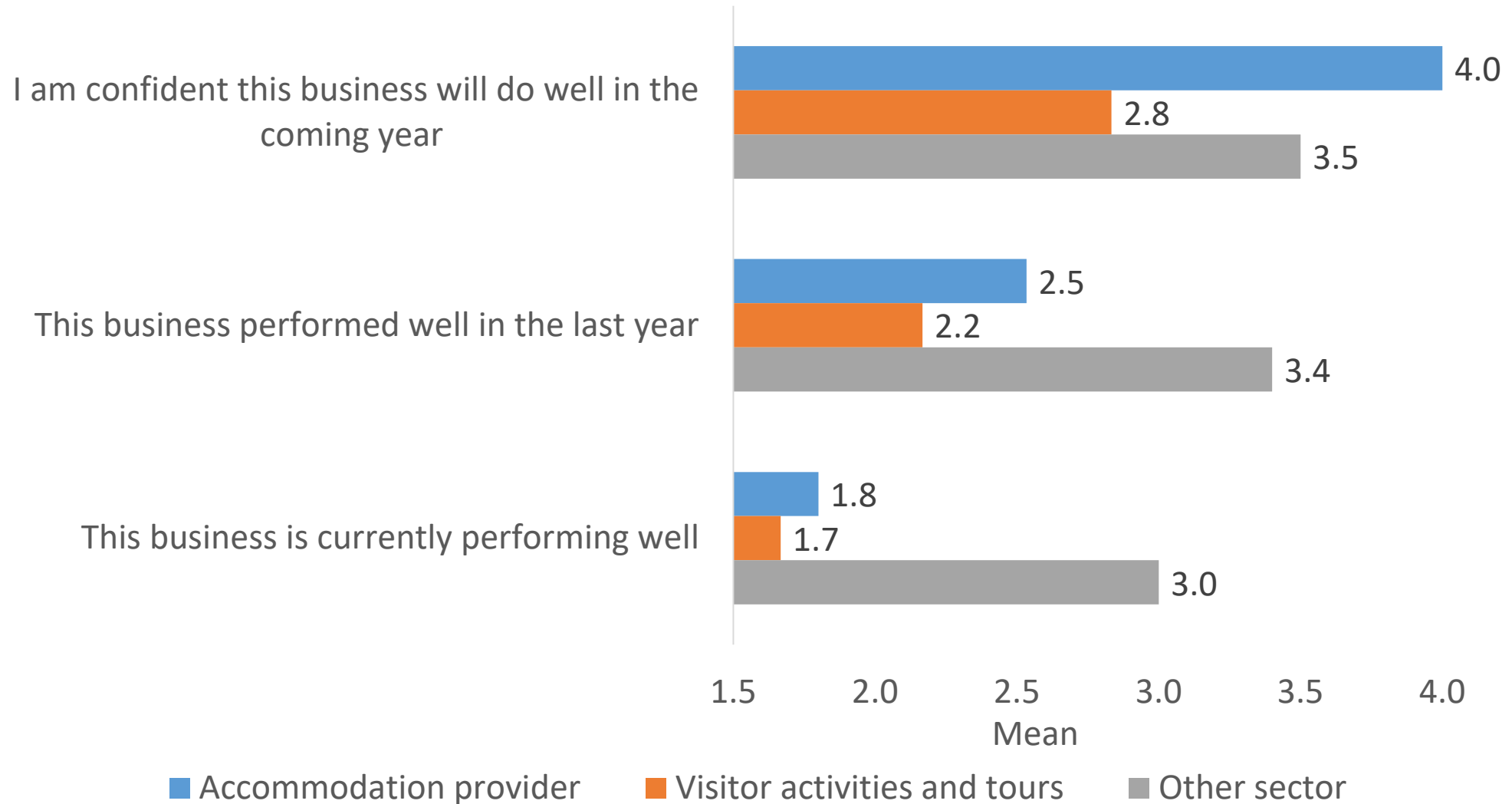
This business is currently performing well



Three in four (75%) accommodation businesses agree with the comment of 'I am confident this business will do well in the coming year'

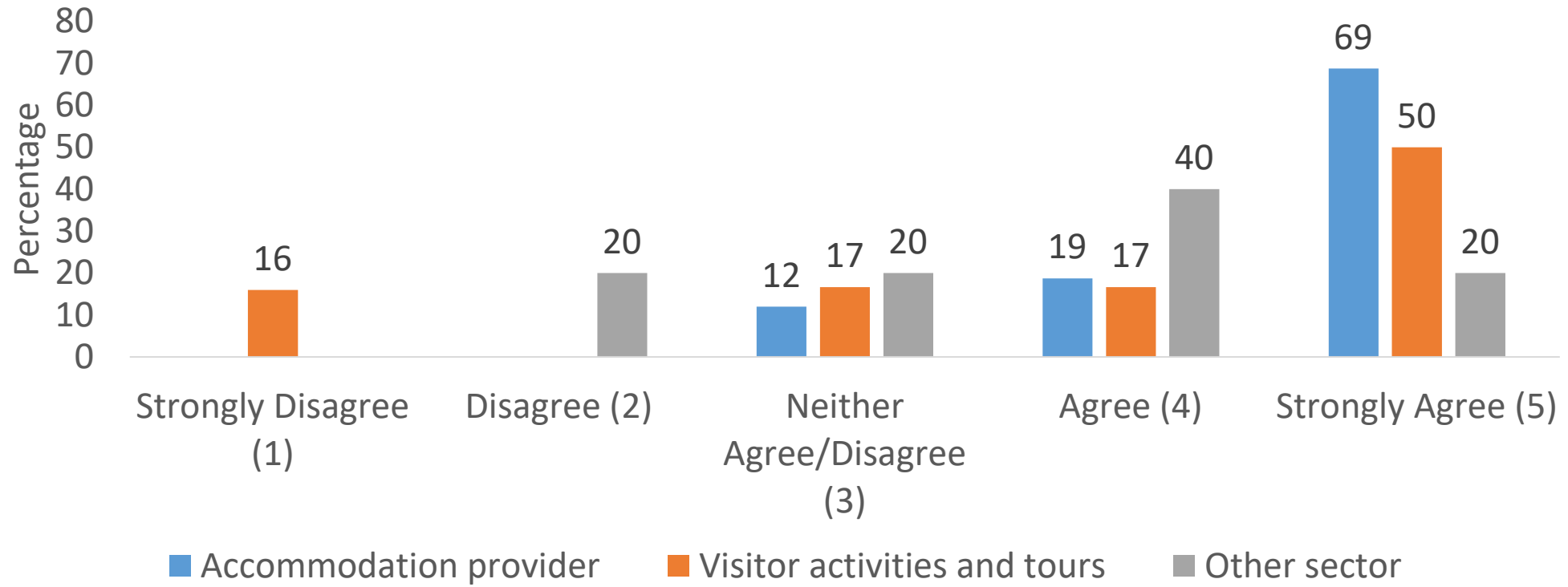


Business confidence is lowest among the visitor activities and tours grouping

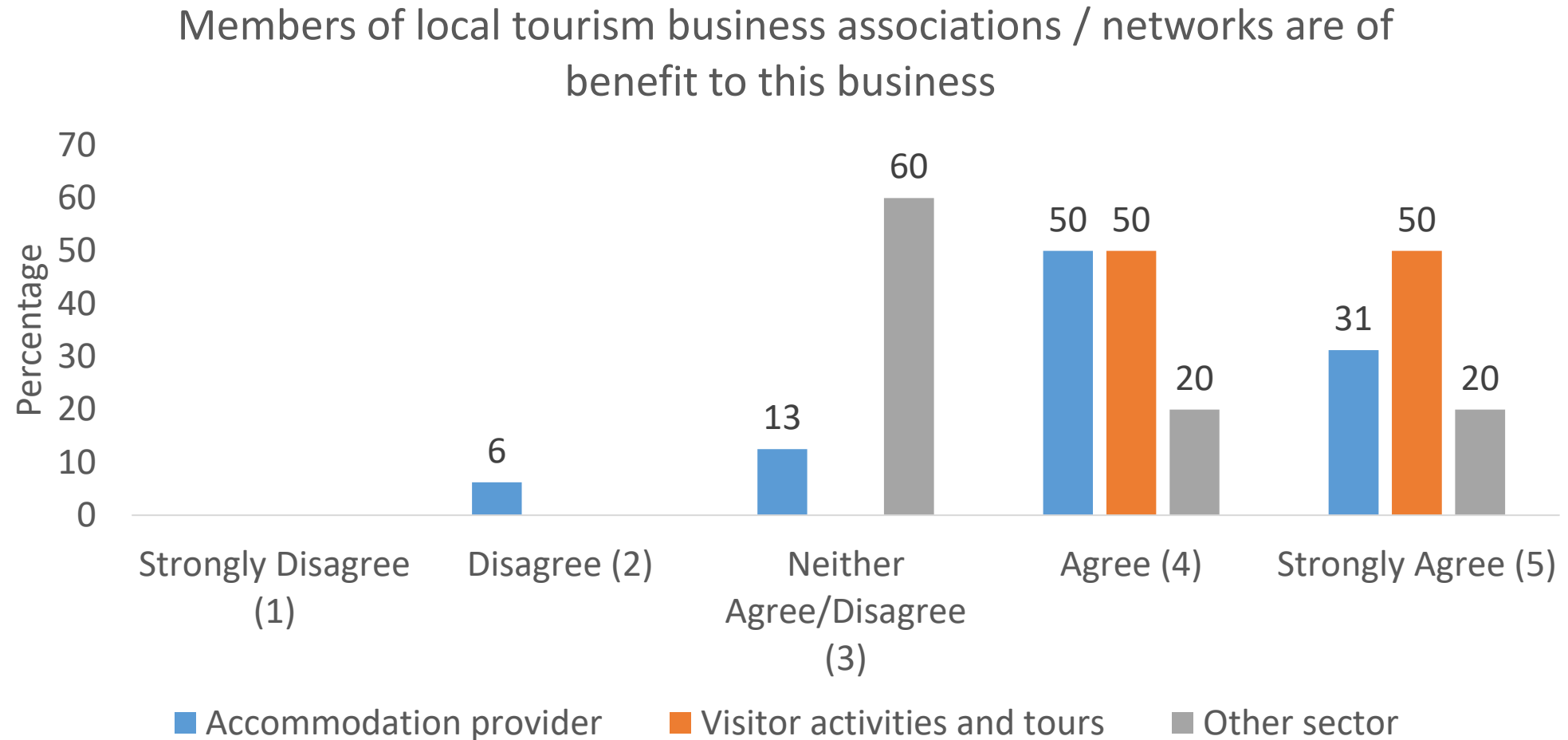


The majority (88%) of accommodation businesses agree that 'A good working relationship with Tourism Solomons is of benefit to the business'

A good working relationship with Tourism Solomons is of benefit to this business

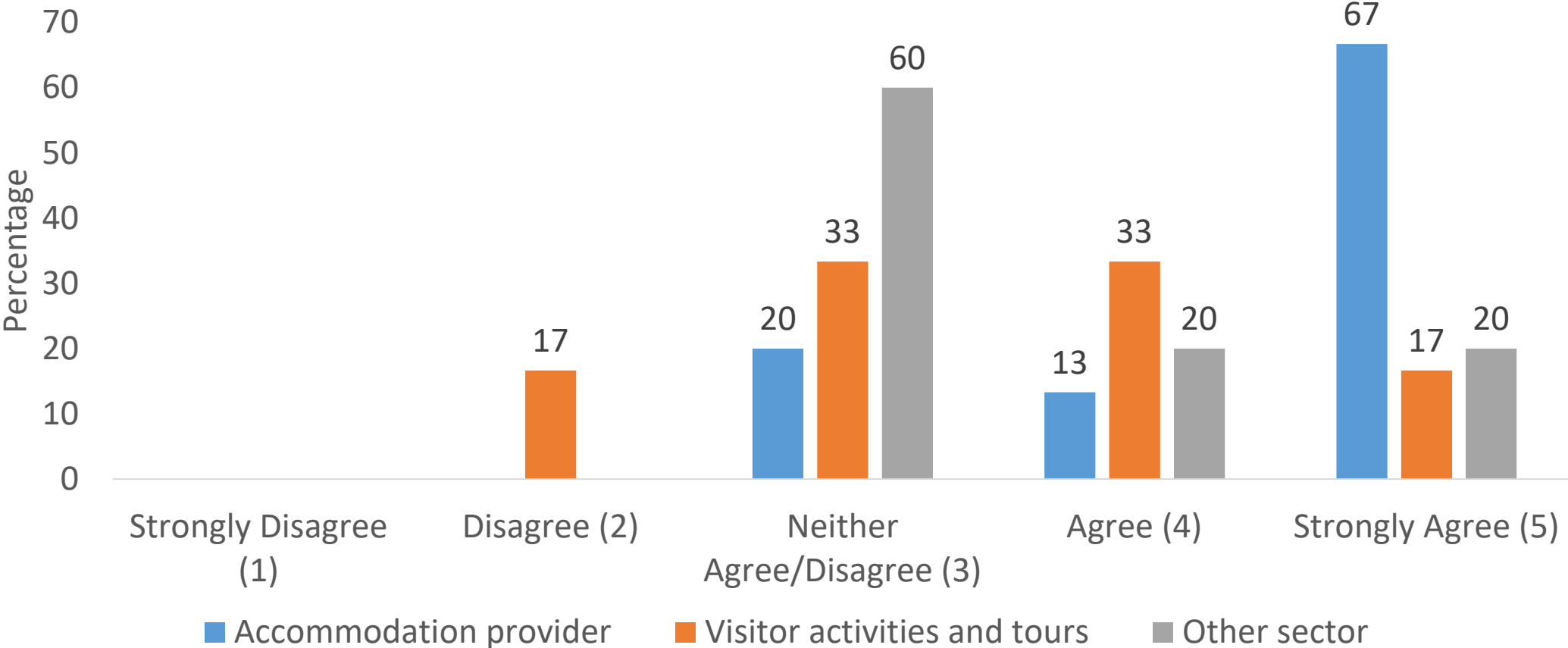


All accommodation businesses agree that being members of local tourism business associations / networks brings benefits

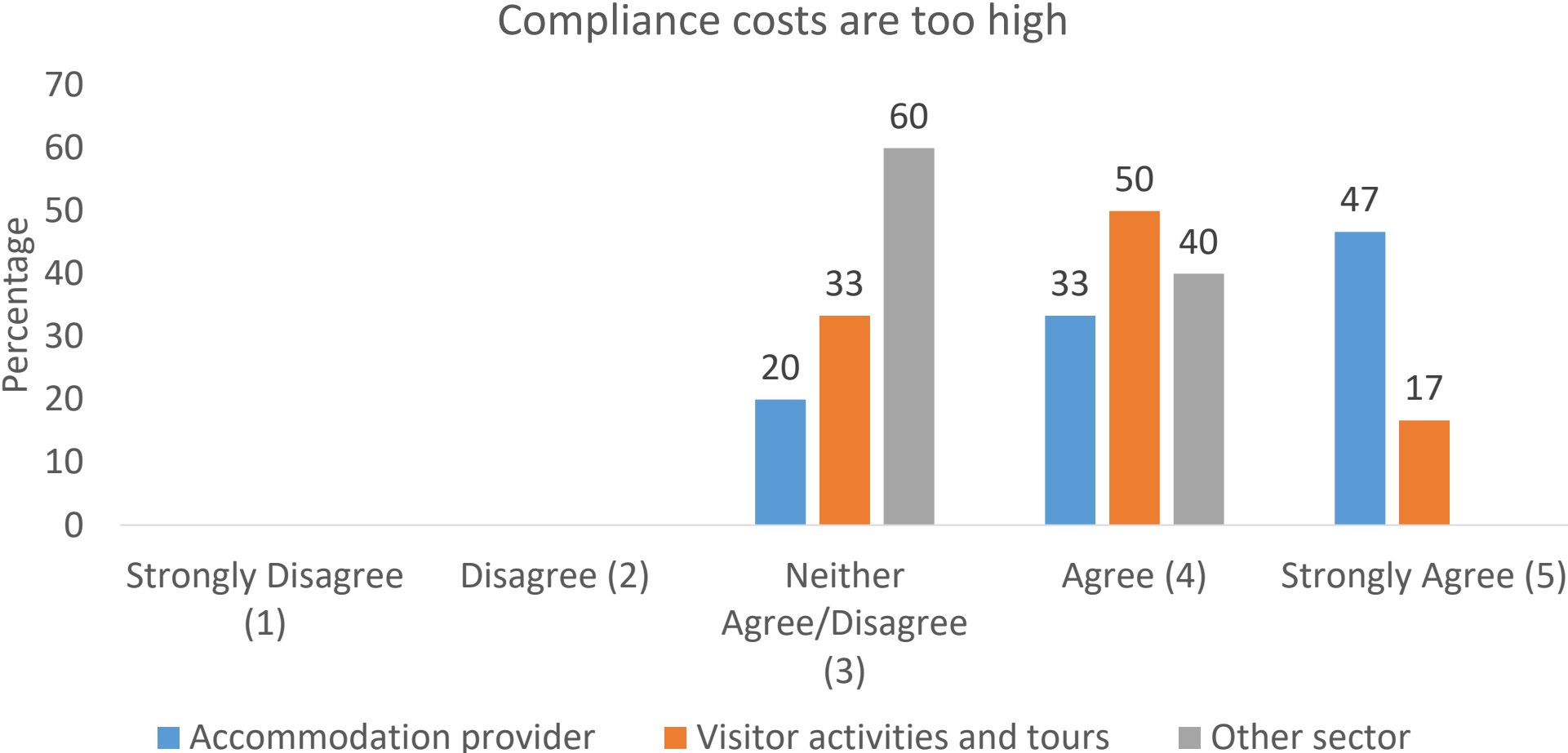


Four in five accommodation businesses agree with the importance of Minimum Quality Standards for their business

Minimum quality standards for the tourism industry are important for this business



Accommodation businesses (80%) feel that compliance costs are too high

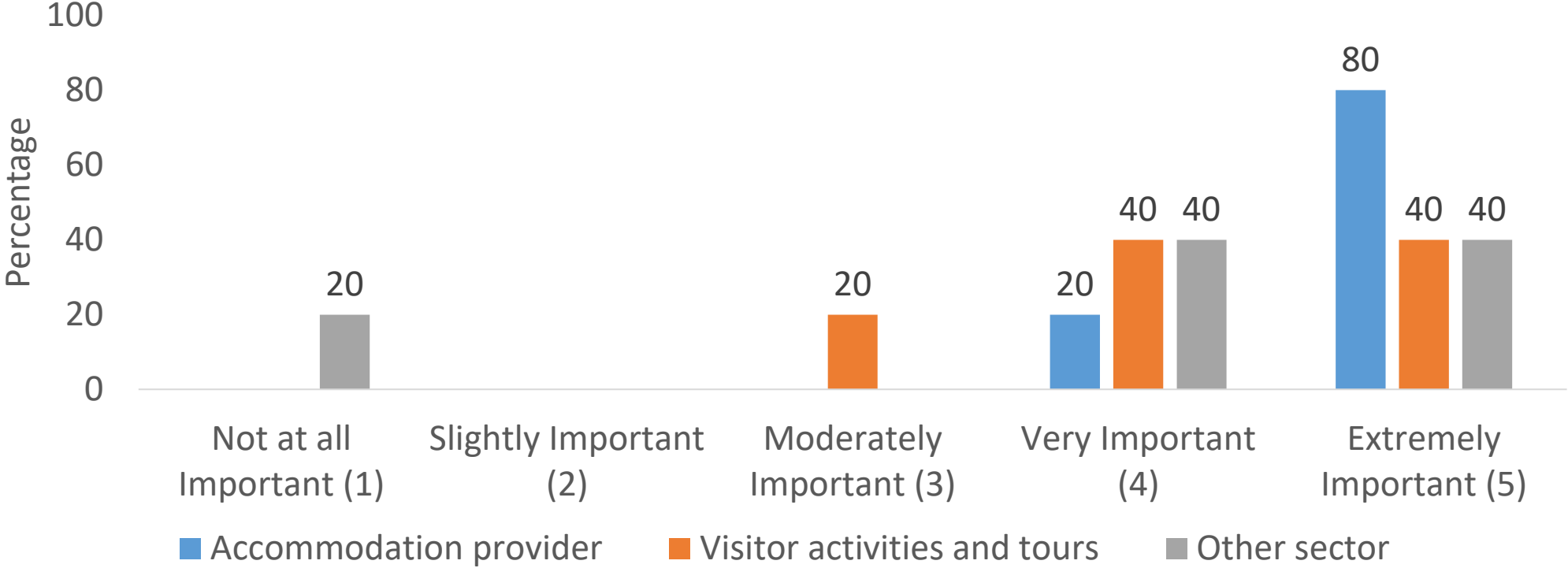


Both accommodation businesses and visitor activities and tours group rate 'Tourism is an important part of the national economy' first



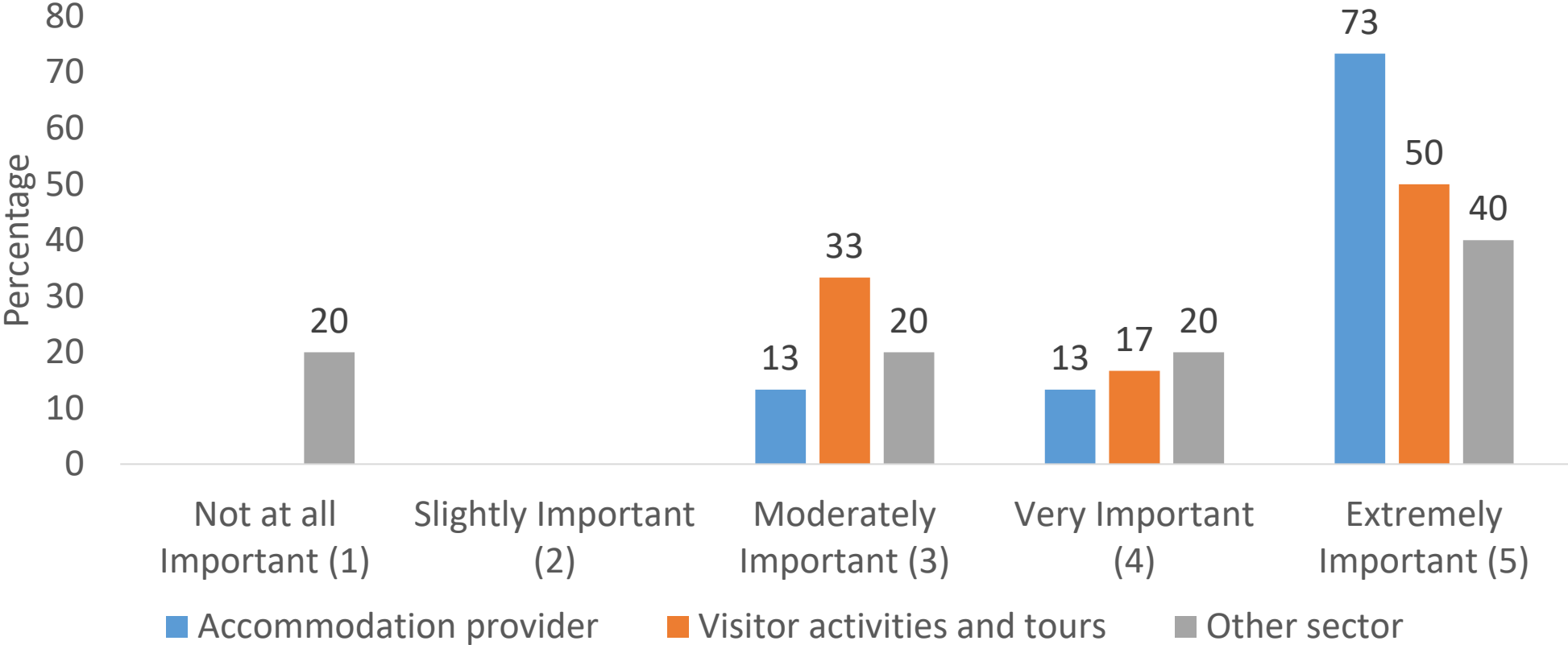
100% of accommodation businesses agree it is important to increase awareness of the role of tourism within government agencies

Increasing awareness of the role of tourism within government agencies



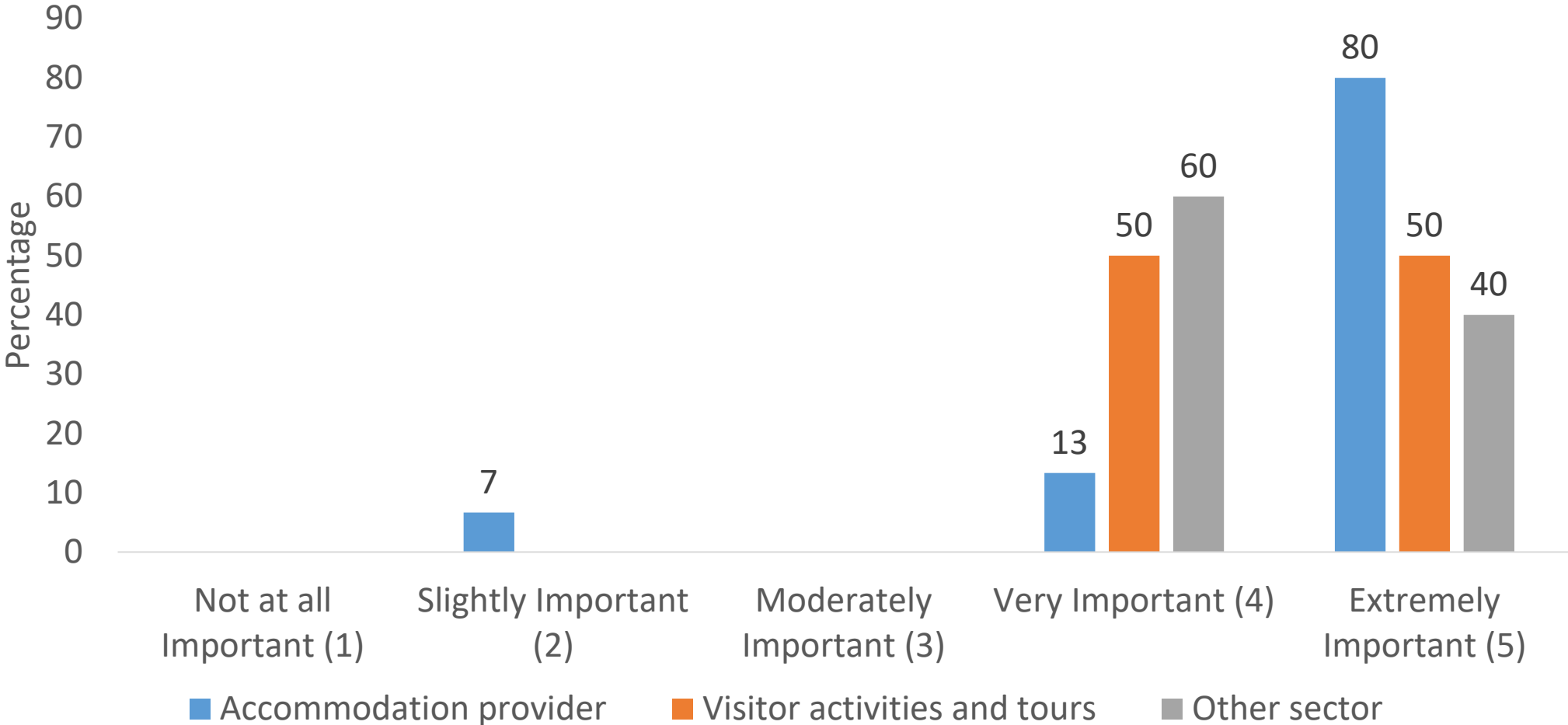
86% of accommodation businesses say that it is important to increase awareness of tourism among local communities

Increasing awareness of tourism among local communities

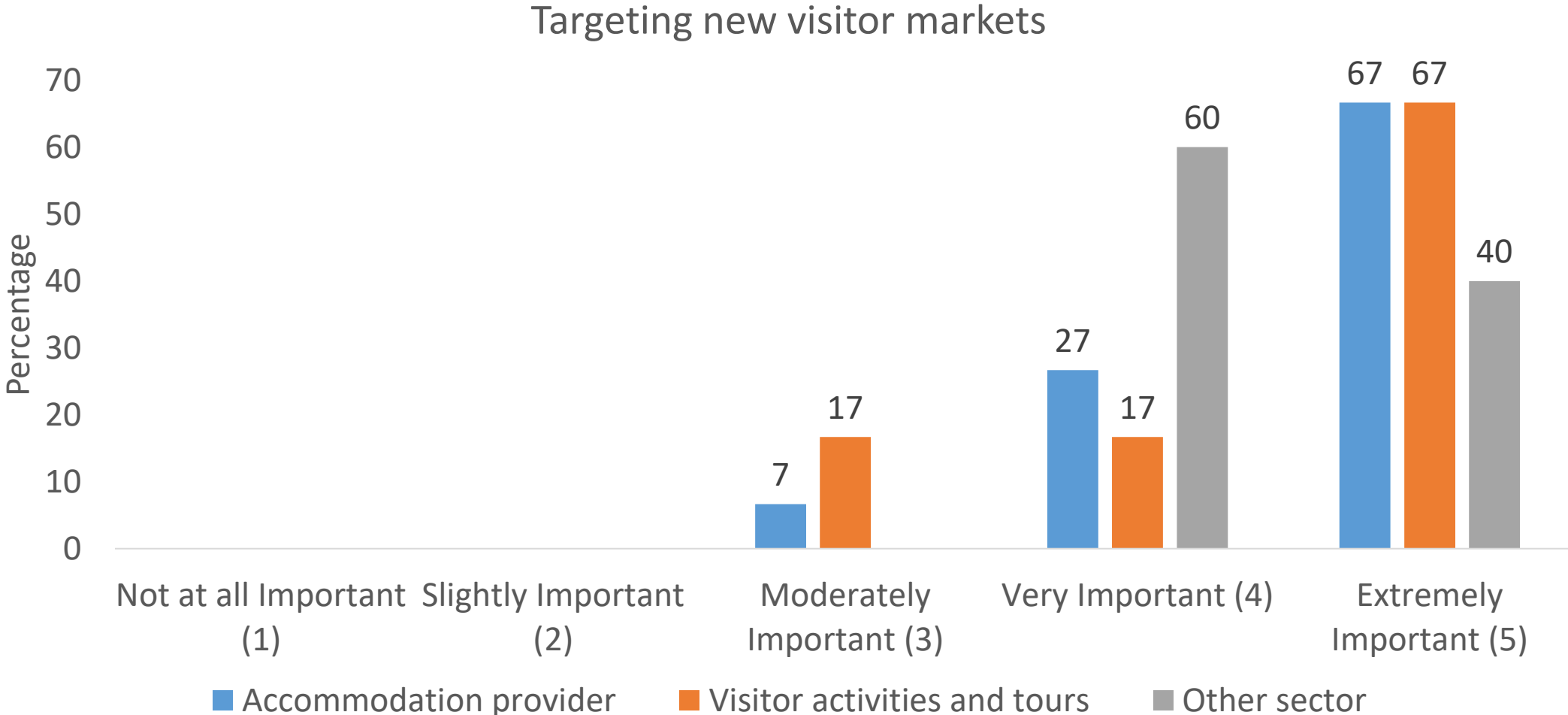


Accommodation providers are most likely to agree that COVID-19 adaptation is extremely important

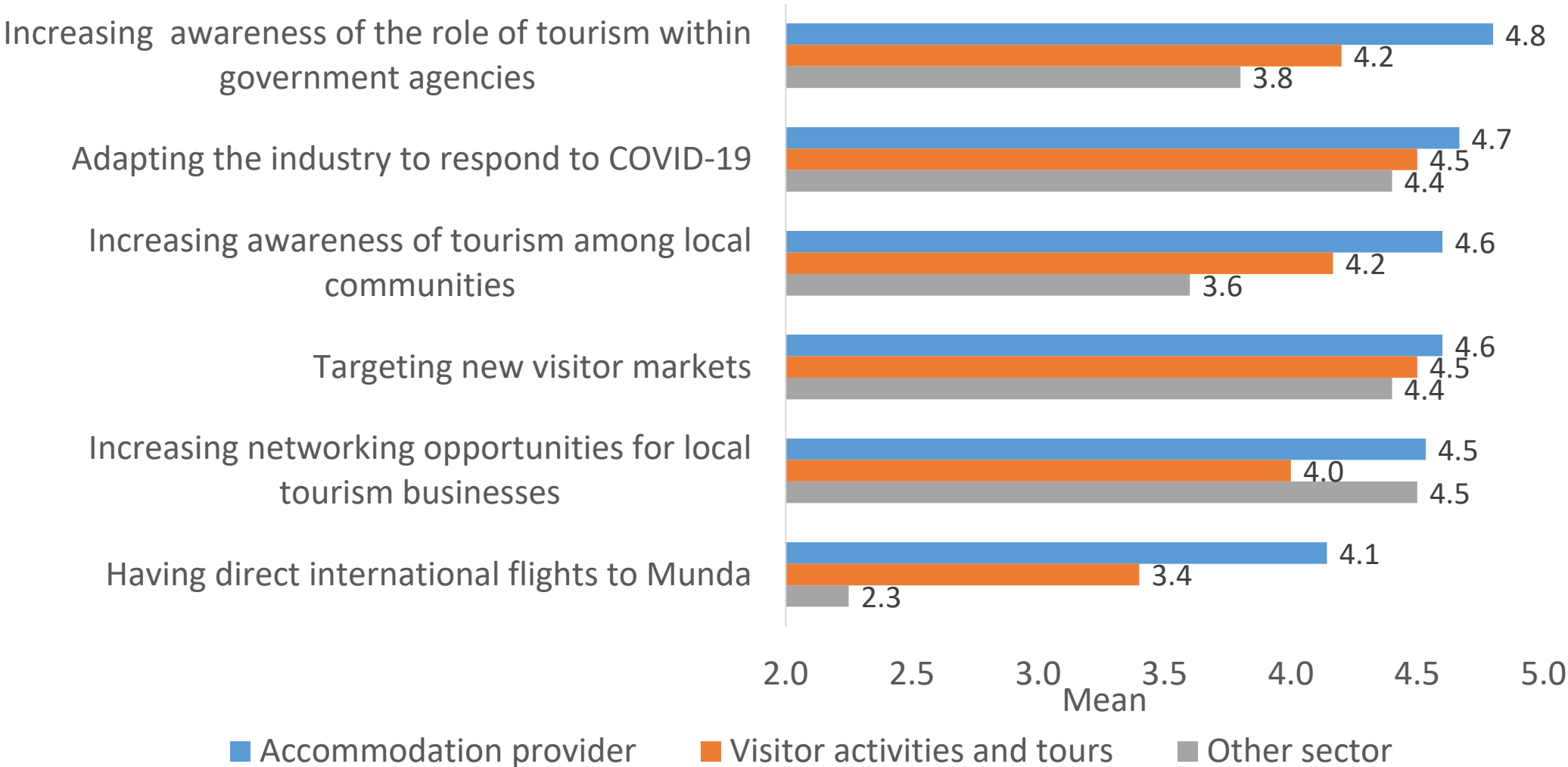
Adapting the industry to respond to COVID-19



A strong agreement with the importance of targeting new visitor markets



'Increasing awareness of the role of tourism within government agencies' is highlighted as most important by accommodation businesses



Thank you

A tropical beach scene with lush green trees and a clear blue sky. In the foreground, several people are swinging on a rope that extends from a large tree on the right across the water. The water is calm and reflects the sky. The overall atmosphere is peaceful and scenic.

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The views expressed in this publication do not necessarily reflect those of the New Zealand Government.