



GUAM RECOVERY RESEARCH PROJECT

The Impact of COVID-19 on Guam's
Private Businesses and Tourism

Published May 2021





PURPOSE

Businesses and employees that rely on tourism were the most affected by COVID-19. There were more layoffs and more business closures among firms in the visitor industry than any other in 2020. This research identifies the magnitude and specific characteristics of those impacts.

The following findings is from data collected during November of 2020. This research was lead by Dr. Roseann Jones, Professor of Economics at the University of Guam, with support from MR&D. Funding support was provided by Governor Lou Leon Guerrero with Cares Act Funds.



BUSINESS STUDY

413 businesses completed Part I of the study and of the 413, **83 of those businesses** were selected to complete Part II.

The survey was designed in **two parts**:

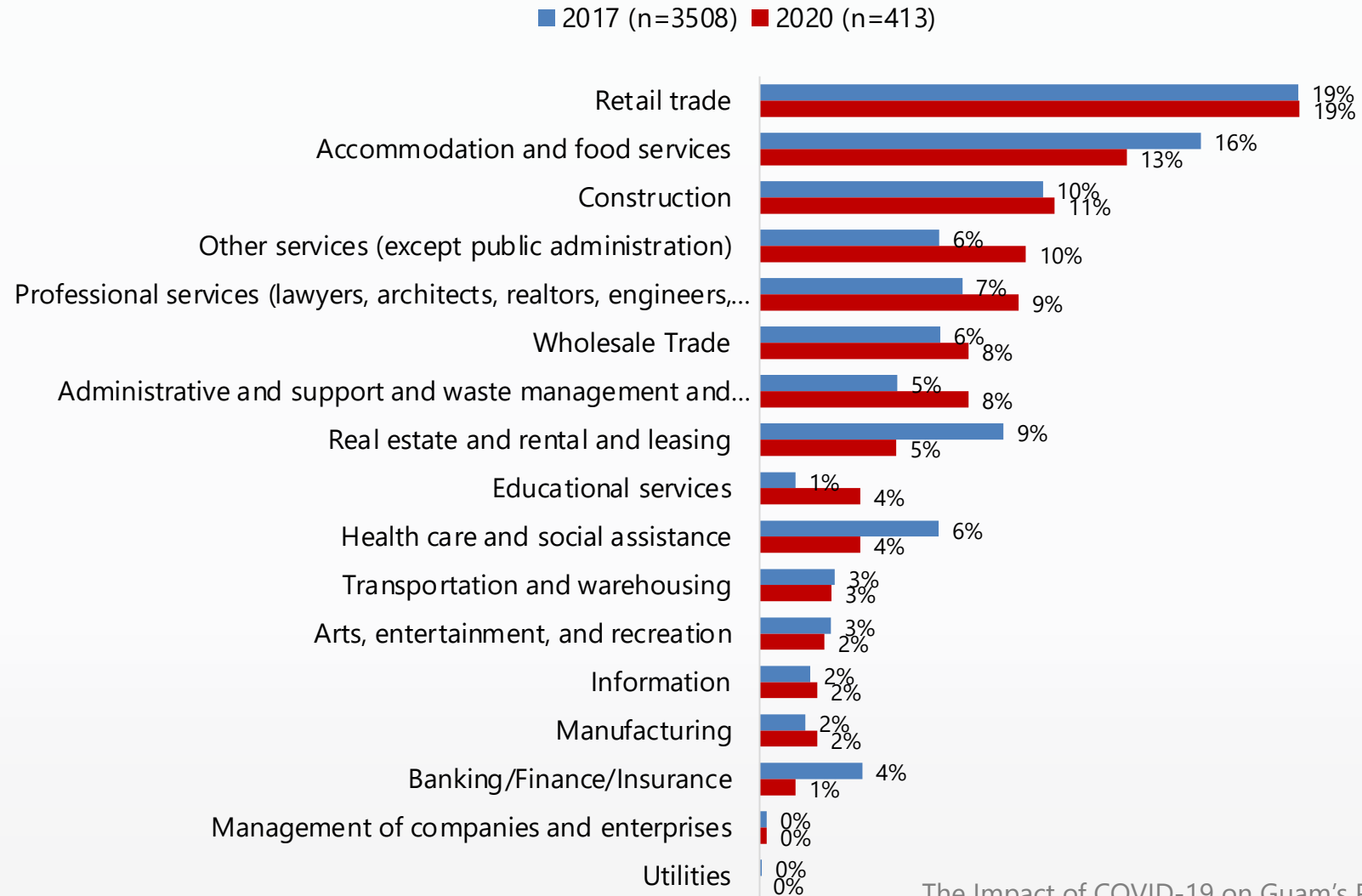
- Part I: Demographic information by phone
- Part II: In-depth look into how well businesses are faring

Questionnaire was developed from the **2017 Guam Economic Census** and other surveys produced by recognized consulting firms such as Price Waterhouse Cooper

The study derives from a stratified random sample of **active telephone numbers** in use on Guam by businesses licensed in FY2020.



RESPONDENT PROFILE MATCHED THE 2017 ECONOMIC CENSUS





MOST BUSINESSES ON GUAM HAVE **LESS THAN 20 EMPLOYEES.**

The number of businesses with less than 20 employees has increased from 82% to 89% from 2017 to 2020.



2020
95%
of tourism businesses

Additionally, 95% of tourism businesses employed less than 20 employees in 2020.

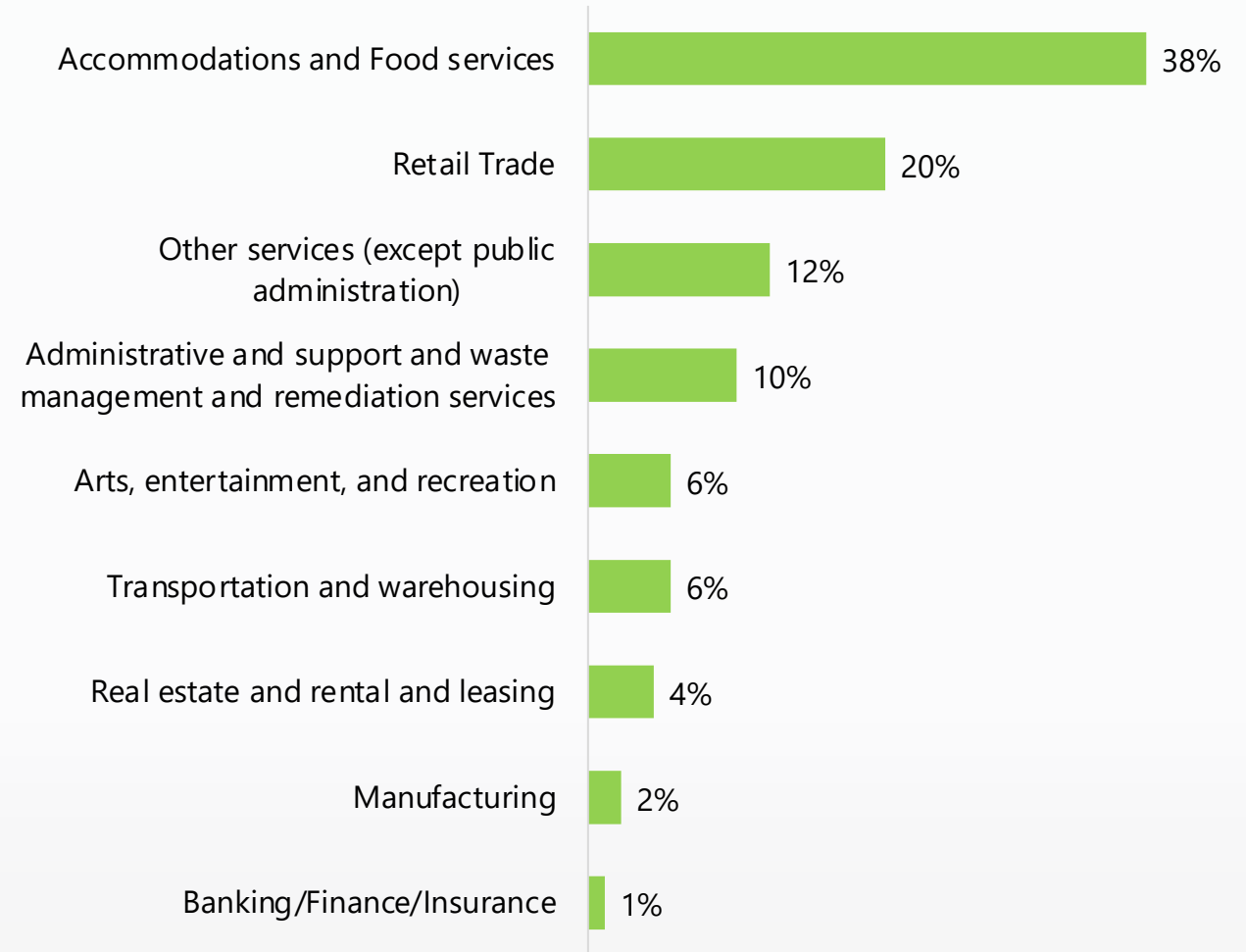
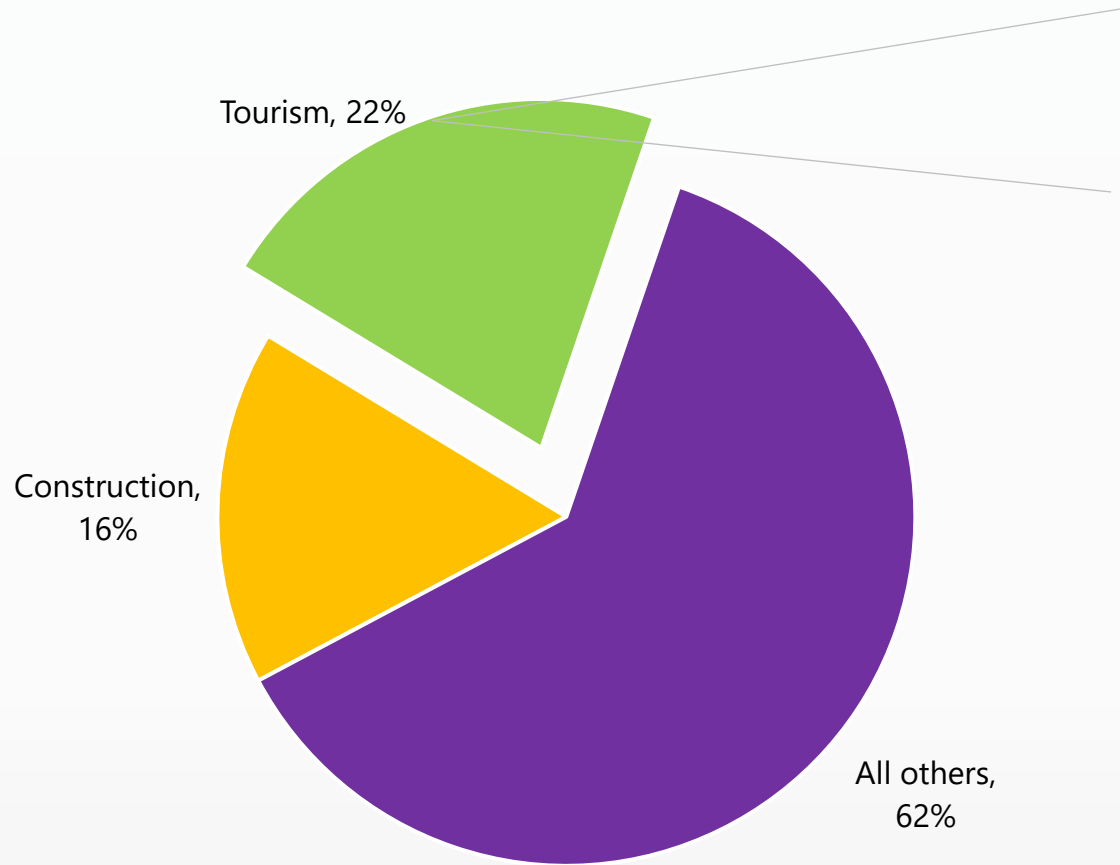


BUSINESS RESPONDENT PROFILE

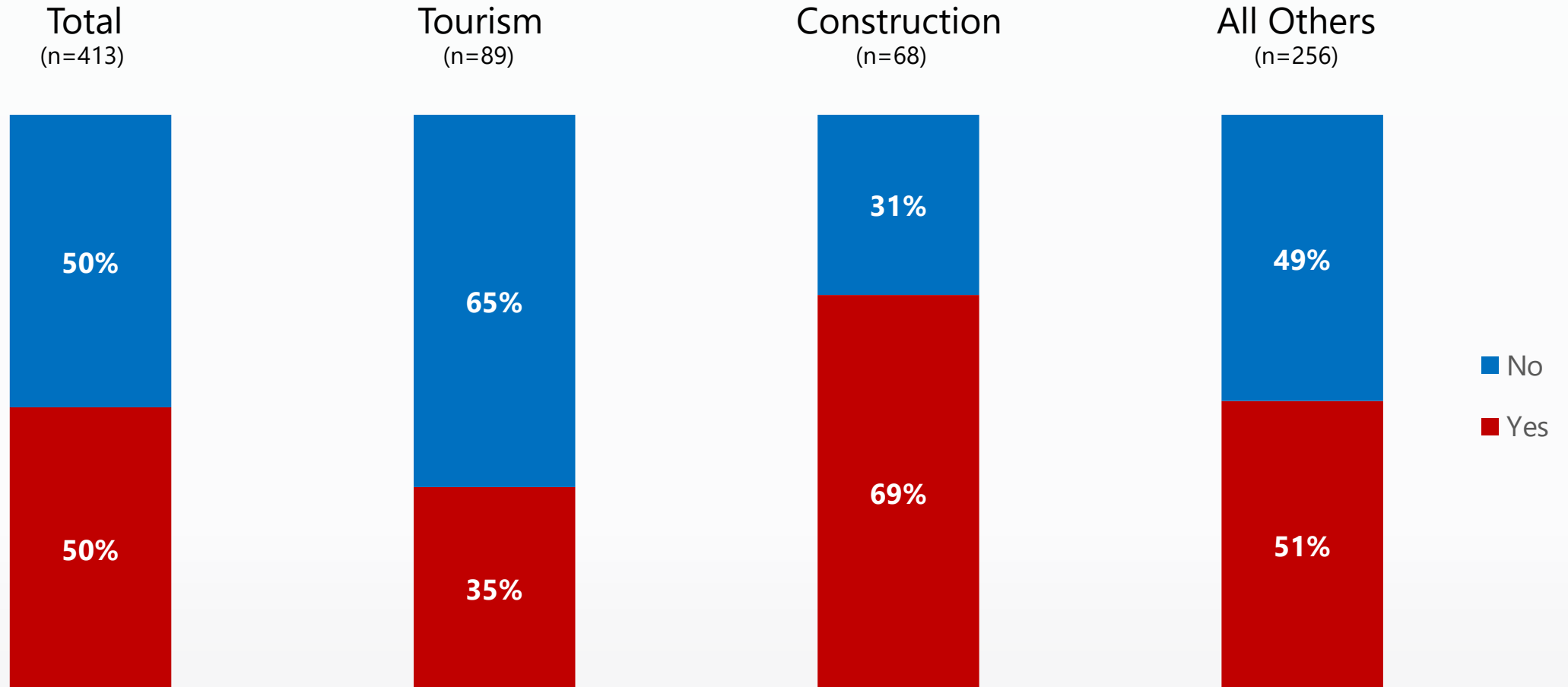




THE TOURISM SECTOR

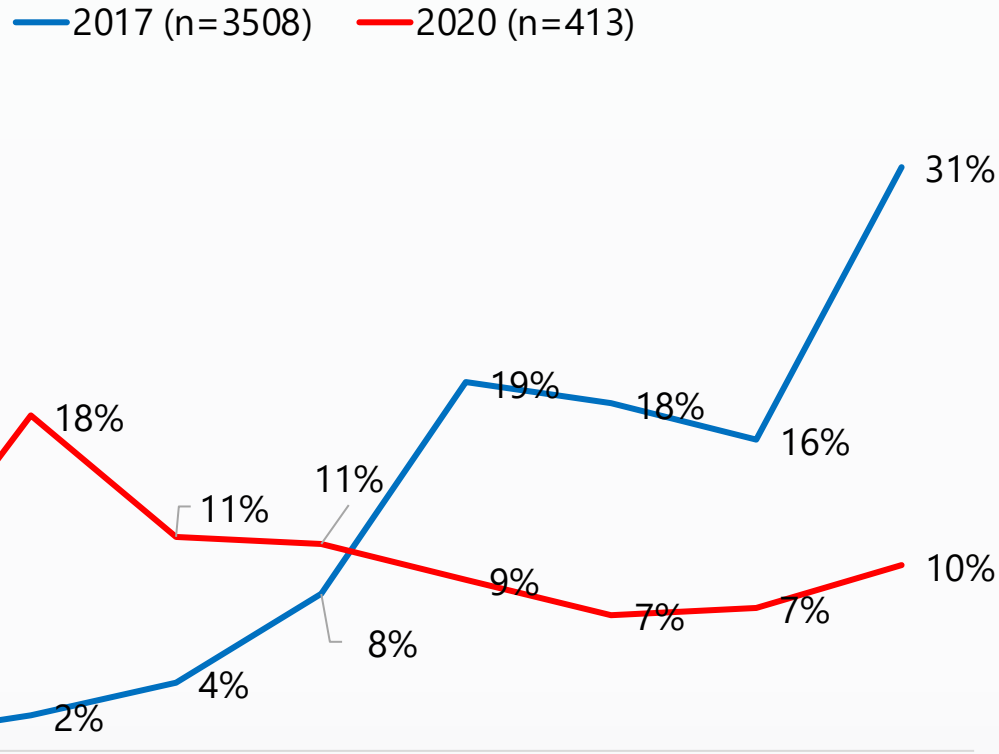


WHICH BUSINESSES WERE CONSIDERED “ESSENTIAL”?





PRIVATE SECTOR ANNUAL REVENUE: 2017 VS. 2020



↓ 66%

**THE PRIVATE SECTOR
EXPERIENCED A SIXTY-SIX
PERCENT DECLINE IN REVENUE
GENERATING PERFORMANCE
FROM 2017 TO 2020.**

Less than \$5k in revenue \$5k to \$9.9k in revenue \$10k to \$24.9k in revenue \$25k to \$49.9k in revenue \$50k to \$99.9k in revenue \$100k to \$249.9k in revenue \$250k to \$499.9k in revenue \$500k to \$999.9k in revenue \$1m or more in revenue



REVENUE (CONSTRUCTION)



I'm going to read a list of ranges, please identify which range best describes the establishments annual total

-47%

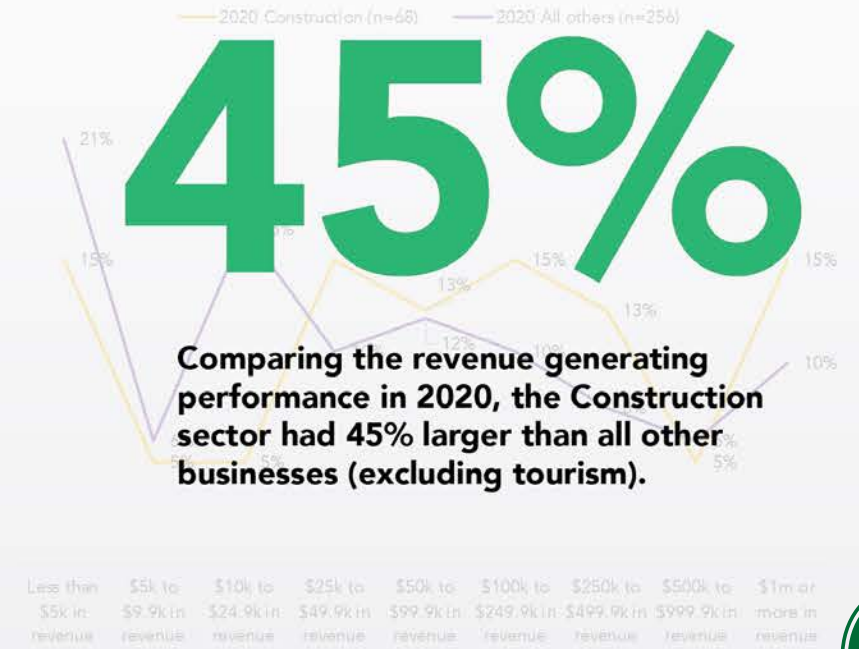
**Construction 2017 v. Construction 2020
Decrease in revenue generating performance.**



I'm going to read a list of ranges, please identify which range best describes the establishments annual total revenue?

45%

Comparing the revenue generating performance in 2020, the Construction sector had 45% larger than all other businesses (excluding tourism).

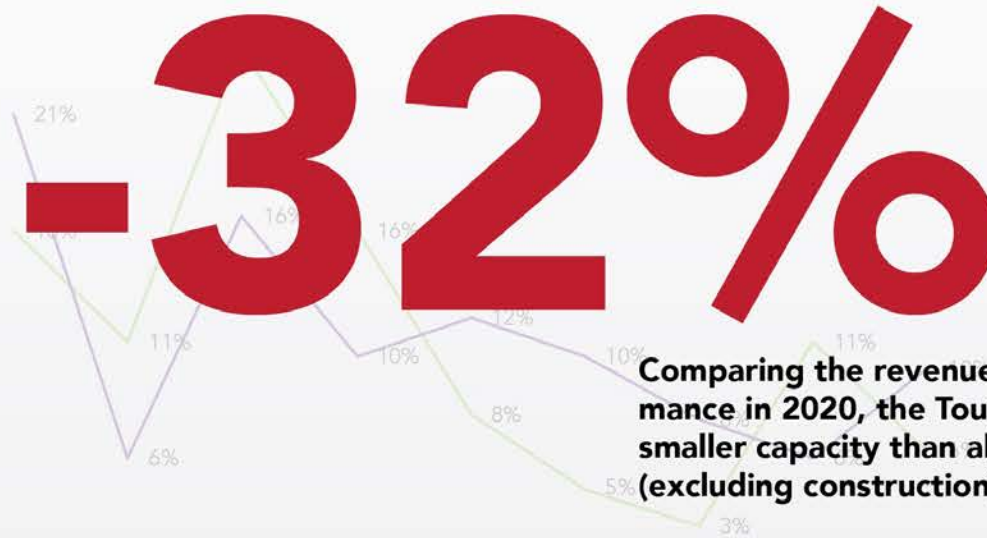




REVENUE (TOURISM)

I'm going to read a list of ranges, please identify which range best describes the establishments annual total revenue?

— 2020 Tourism (n=89) — 2020 All others (n=256)



Comparing the revenue generating performance in 2020, the Tourism sector had 32% smaller capacity than all other businesses (excluding construction).



Less than \$5k in revenue	\$5k to \$9.9k in revenue	\$10k to \$24.9k in revenue	\$25k to \$49.9k in revenue	\$50k to \$99.9k in revenue	\$100k to \$249.9k in revenue	\$250k to \$499.9k in revenue	\$500k to \$999.9k in revenue	\$1m or more in revenue
21%	11%	6%	10%	12%	5%	8%	10%	3%





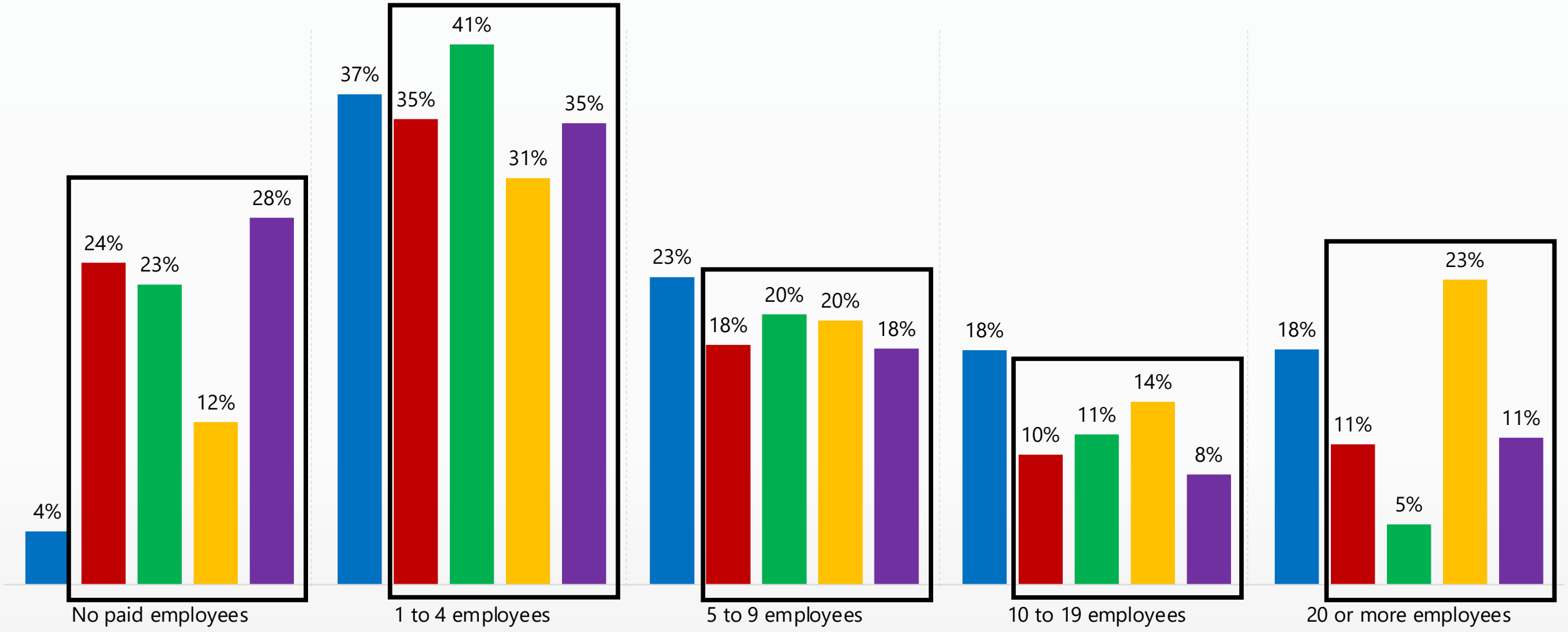
NUMBER OF EMPLOYEES: 2017 VS. 2020





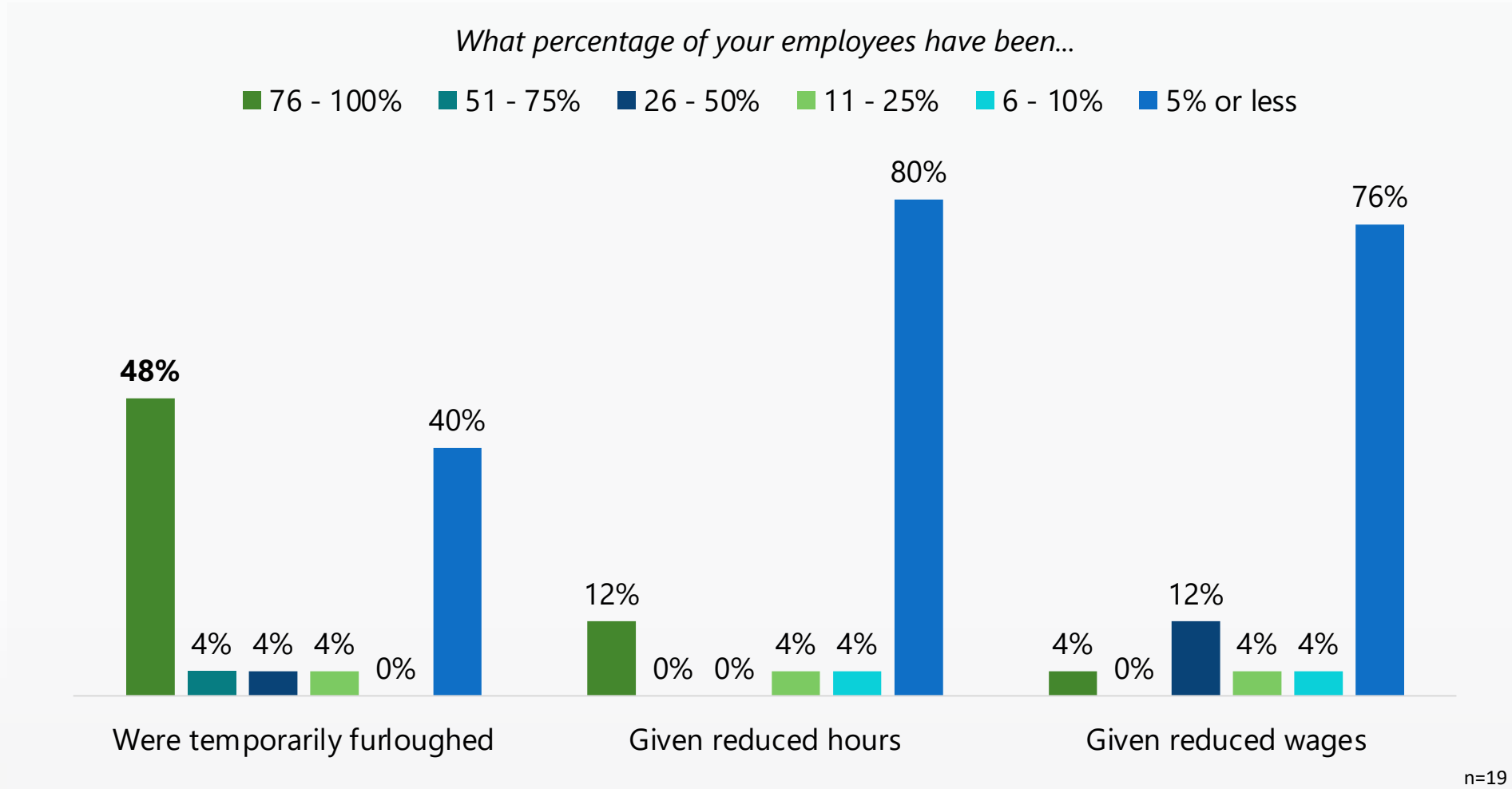
NUMBER OF EMPLOYEES BY SECTOR

■ 2017 (n=3508) ■ 2020 (n=413) ■ Tourism (n=89) ■ Construction (n=68) ■ Local Market (n=256)





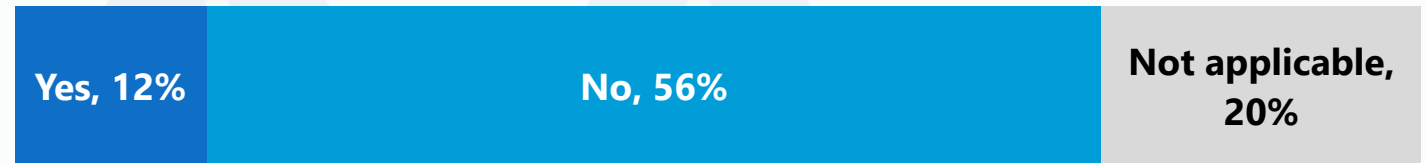
NEARLY HALF OF TOURISM BUSINESSES (48%) HAVE TEMPORARILY FURLOUGHED MOST OR ALL OF THEIR EMPLOYEES.



TWELVE PERCENT (12%) OF TOURISM BUSINESSES HAVE CONTINUED TO PAY EMPLOYEES WHO HAVE NOT BEEN WORKING DUE TO THE PANDEMIC.

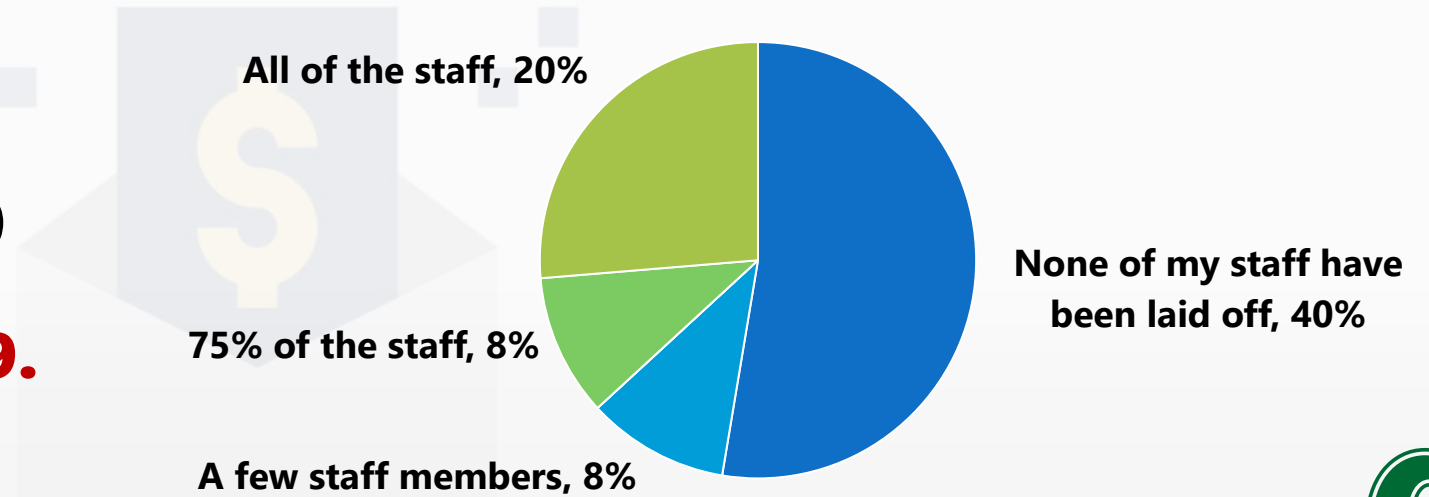
MORE THAN A THIRD OF TOURISM BUSINESSES (36%) HAVE LAID OFF THEIR EMPLOYEES DUE TO COVID-19.

Has your company been paying employees who have not been working due to the pandemic and reopening guidelines?



n=25

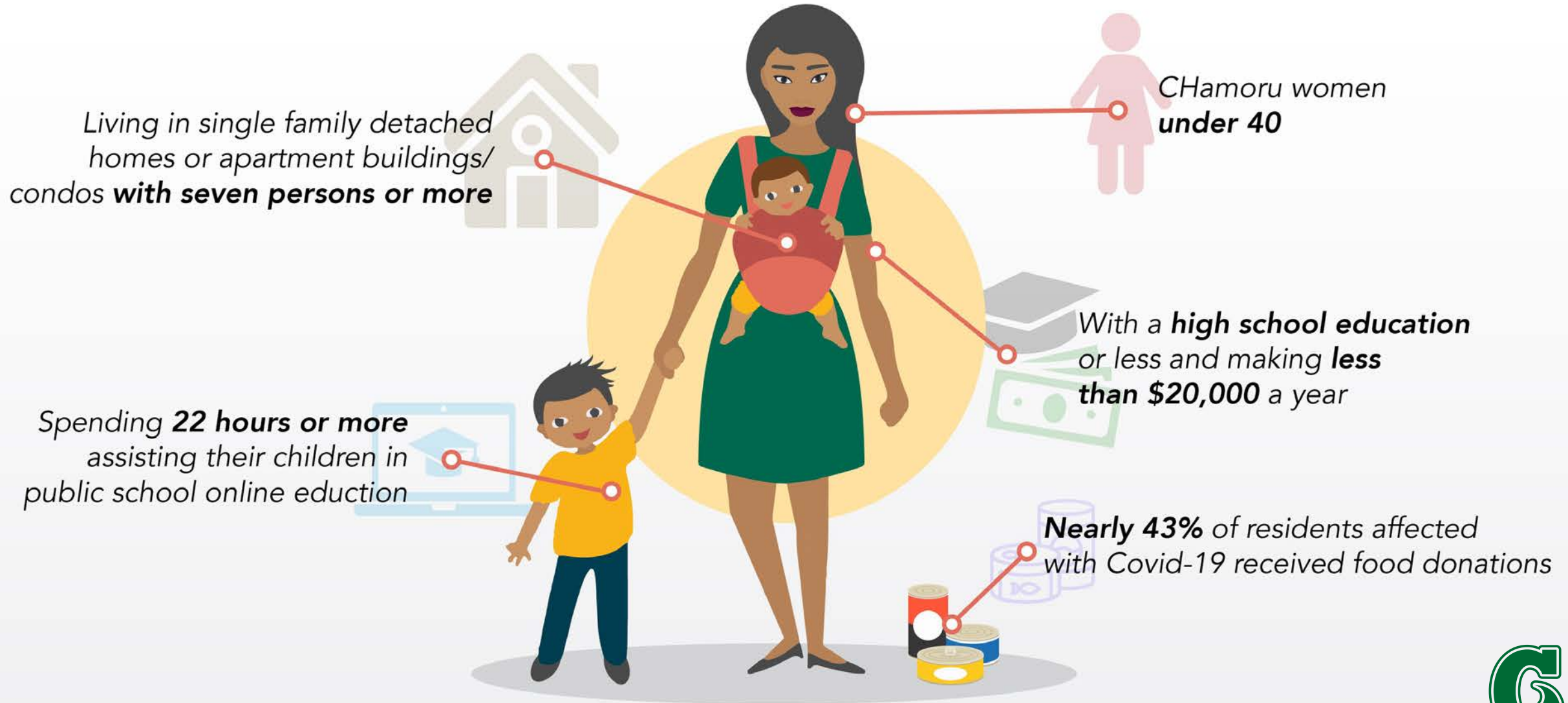
How many of your employees were laid off (released) due to the pandemic?



n=25

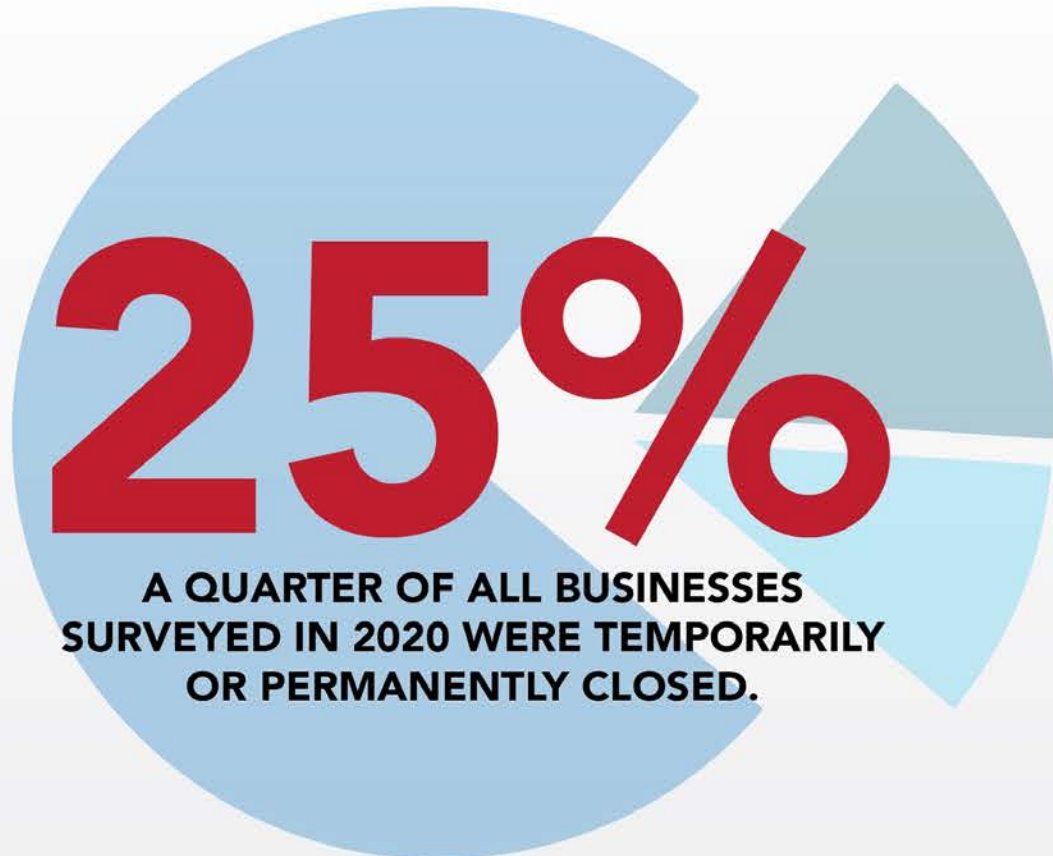


PORTRAIT OF THOSE MOST AFFECTED BY COVID-19





CLOSURES



31%



19%



24%





CLOSURES



7% TOURISM



3% CONSTRUCTION



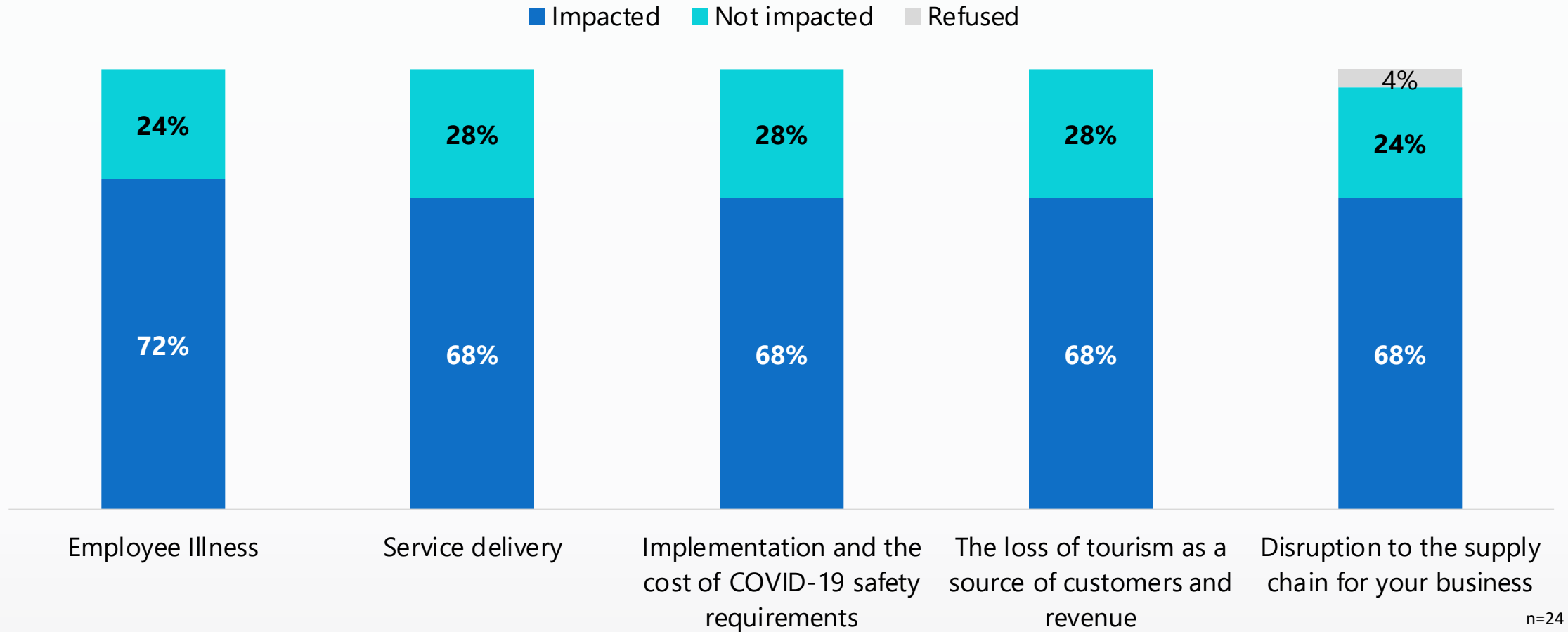
2% ALL OTHER BUSINESSES

4% 

Four percent of businesses had to permanently close in 2020 due to COVID-19.



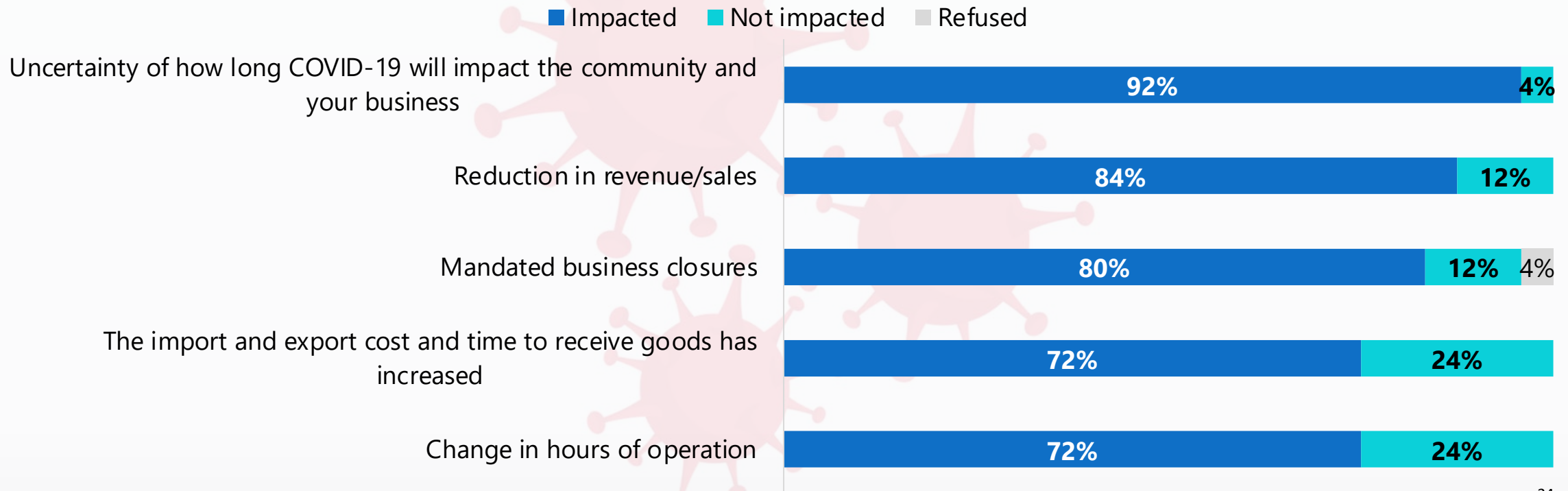
MORE THAN TWO THIRDS (68%) OF TOURISM BUSINESSES WERE IMPACTED BY COVID-19.



n=24



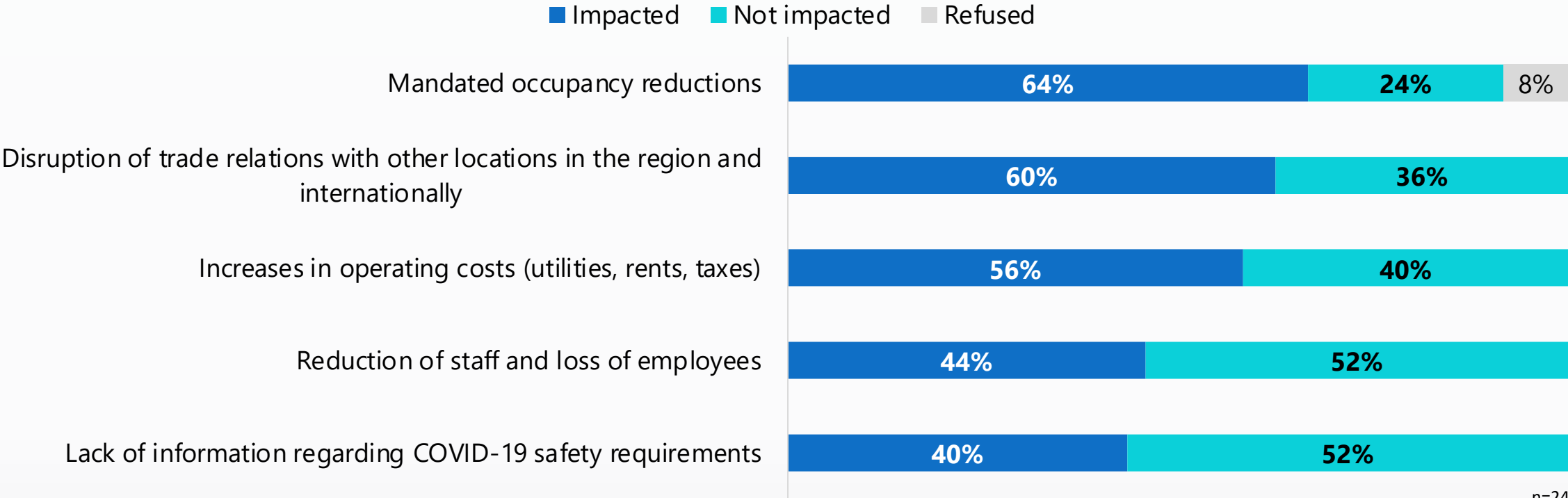
UNCERTAINTY OF HOW LONG COVID-19 WILL IMPACT BUSINESSES (92%) WAS THE MOST FREQUENTLY MENTIONED EFFECTS OF THE PANDEMIC.



n=24



NEARLY TWO-THIRDS OF TOURISM BUSINESSES (64%) WERE IMPACTED BY MANDATED OCCUPANCY RESTRICTIONS.

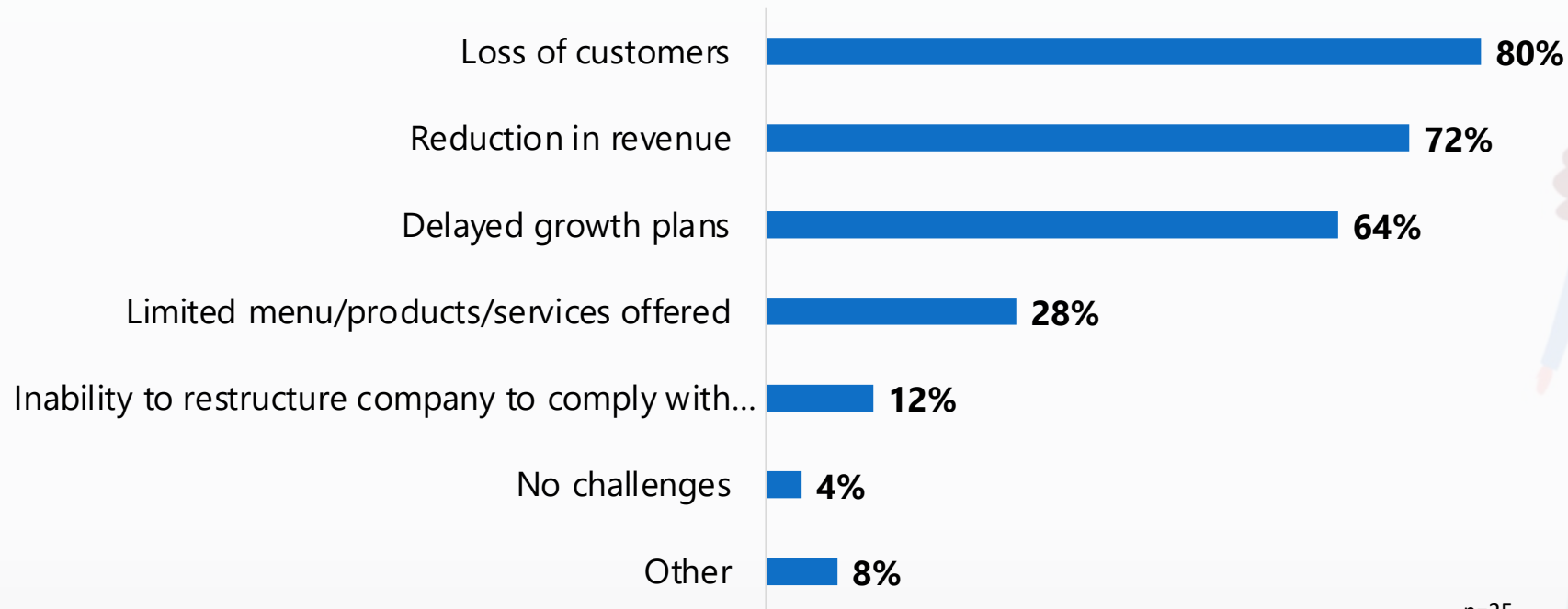


n=24



LOSS OF CUSTOMERS (80%) WAS THE MOST FREQUENTLY MENTIONED CHALLENGE BY TOURISM BUSINESSES.

What challenges has your company had because of COVID-19?

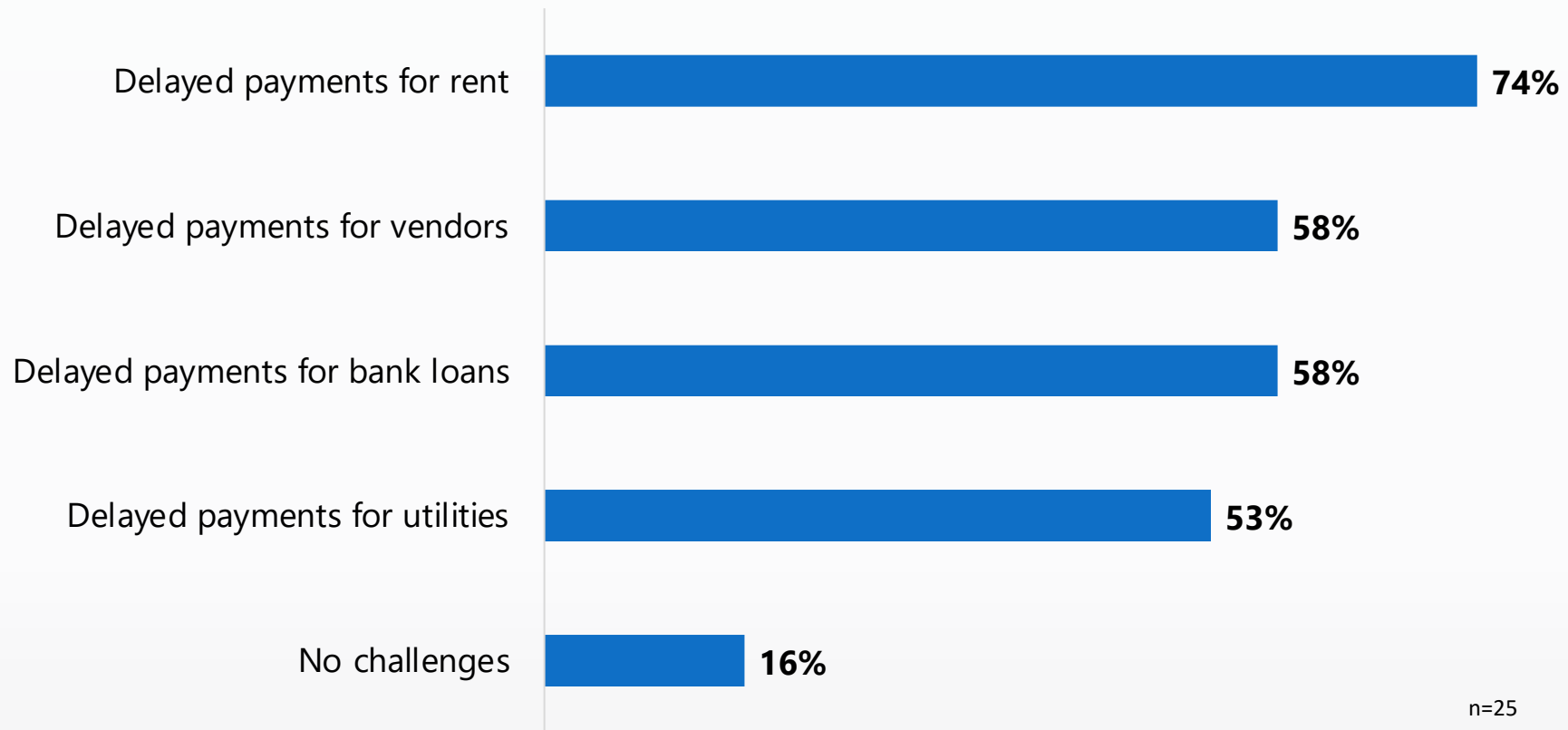


n=25



THREE-QUARTERS (74%) OF TOURISM BUSINESSES DELAYED PAYMENTS FOR RENT.

What financial challenges has your company had because of COVID?



NEARLY TWO-THIRDS (63%) OF TOURISM BUSINESSES WERE NOT CONFIDENT ABOUT THEIR ABILITY TO REMAIN OPERATING WITHOUT FINANCIAL ASSISTANCE.

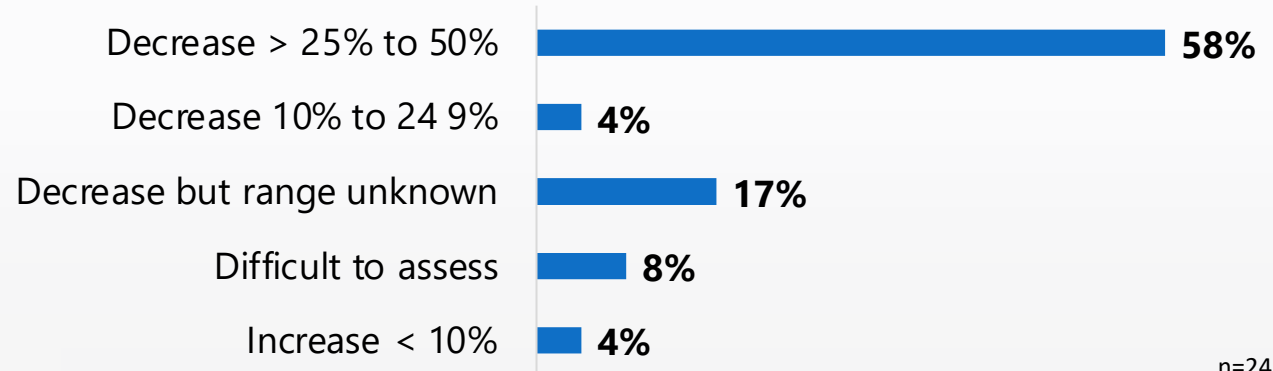
How confident are you that your establishment has the financial ability to remain operating without seeking loans or receiving some other form of government assistance?



n=24



What was the impact on your establishment's revenue this year (2020) when compared to 2019 as a result of COVID-19?

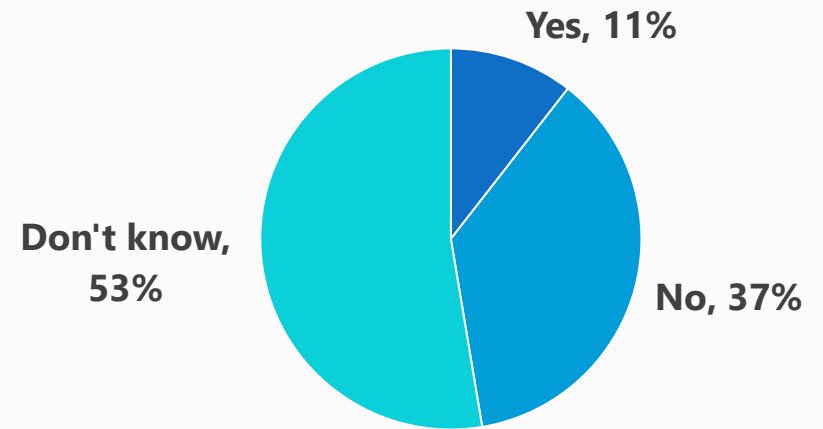


n=24



**MORE THAN A THIRD OF
TOURISM BUSINESSES (37%)
BELIEVE THAT THEIR ANNUAL
REVENUE WILL NOT RETURN TO
WHAT IT WAS IN 2019 IN 2021.**

*Do you think annual revenue for your company will
return to what it was in 2019 in 2021?*



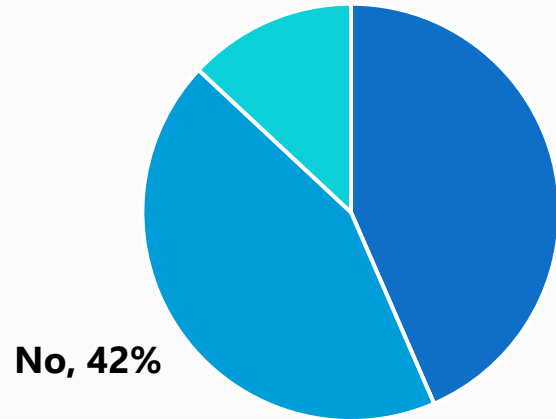
n=19



ABOUT FORTY PERCENT (42%) OF TOURISM BUSINESSES SURVEYED **OBTAINED A PPP LOAN.**

Did your company apply for and obtain a Paycheck Protection Program (PPP) loan?

Don't know, 13%



Yes, 42%



n=24

If the federal government provides additional PPP funding how likely will you be to take advantage of the program?

38%

Likely

8%

Neutral

29%

Not likely

25%

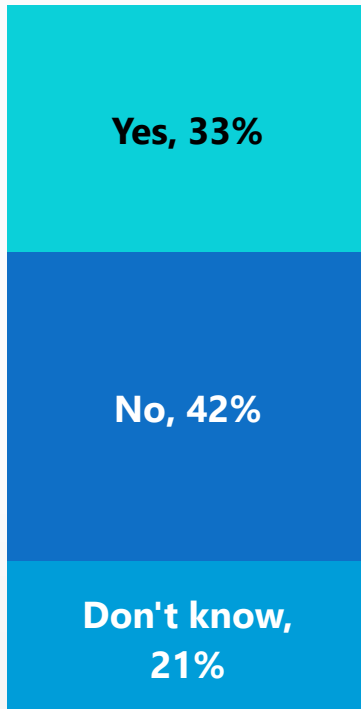
Don't know

n=18



THIRTY-THREE PERCENT (33%) OF TOURISM BUSINESSES OBTAINED EIDL.

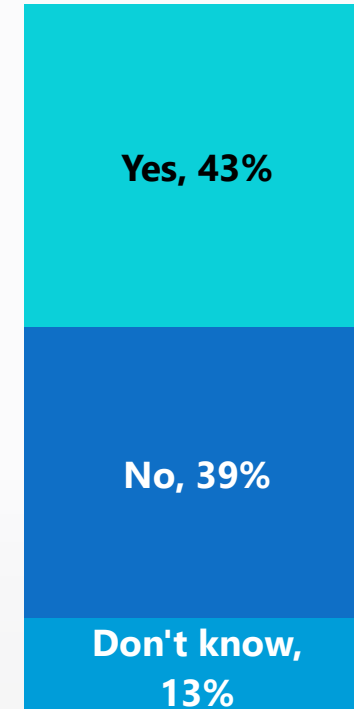
Did your company apply for and obtain the Economic Injury Disaster Loan (EIDL)?



n=24

FORTY-THREE PERCENT (43%) OF TOURISM BUSINESSES OBTAINED THE SBPA GRANT.

Did your company apply for and obtain financial assistance through the Small Business Pandemic Assistance Grant?

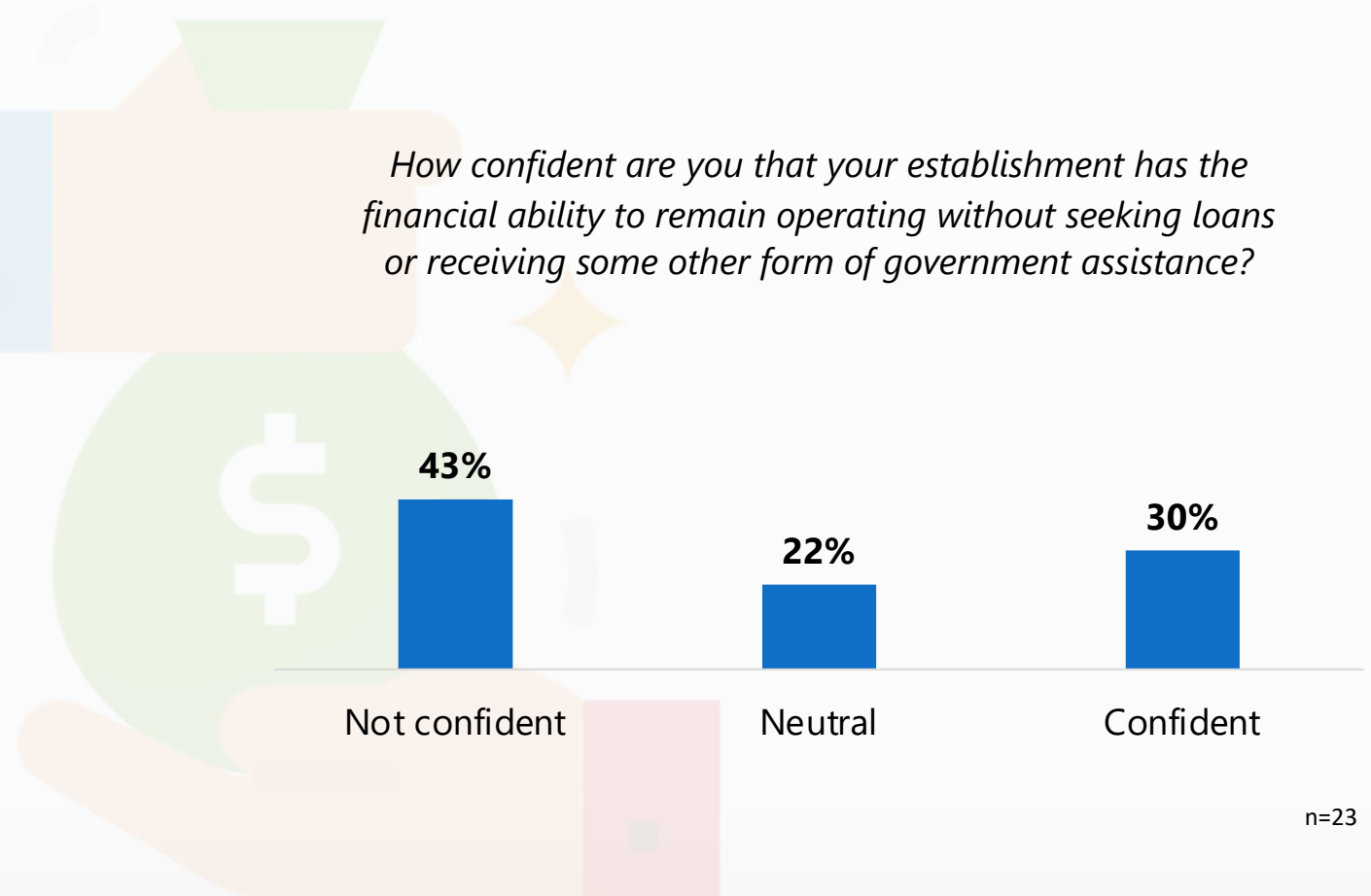


n=23



**ABOUT FOUR IN TEN
(43%) TOURISM
BUSINESSES WERE
NOT CONFIDENT ABOUT
THEIR ABILITY TO
REMAIN OPERATING
WITHOUT FINANCIAL
ASSISTANCE.**

How confident are you that your establishment has the financial ability to remain operating without seeking loans or receiving some other form of government assistance?

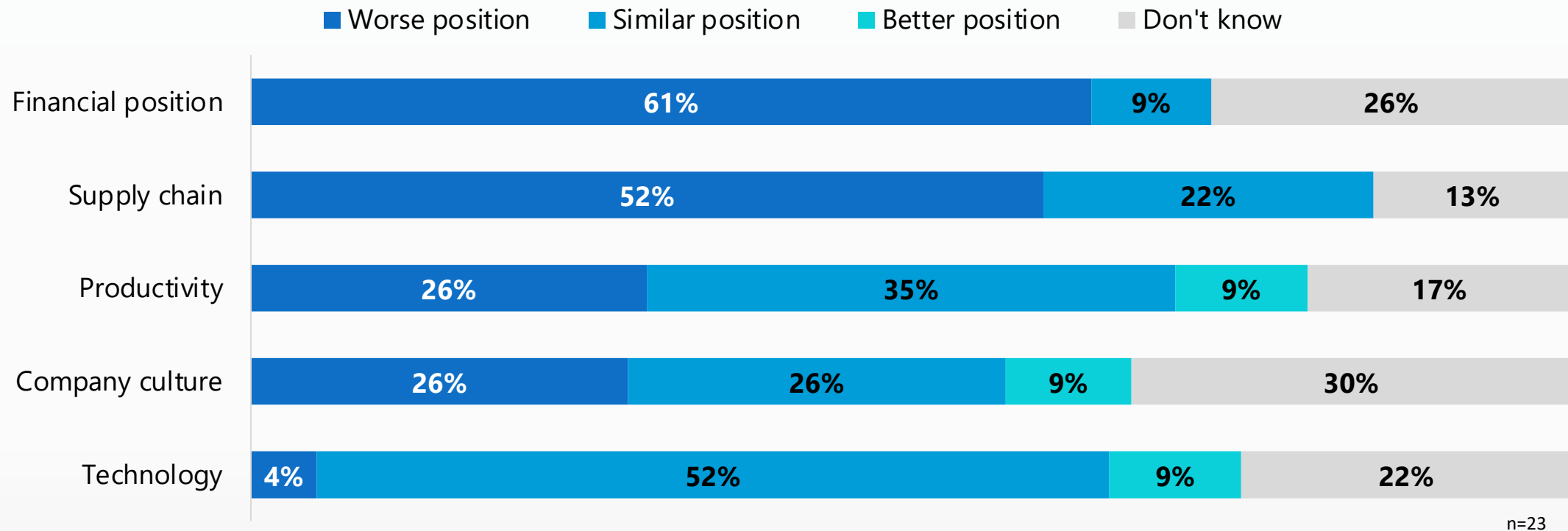


n=23



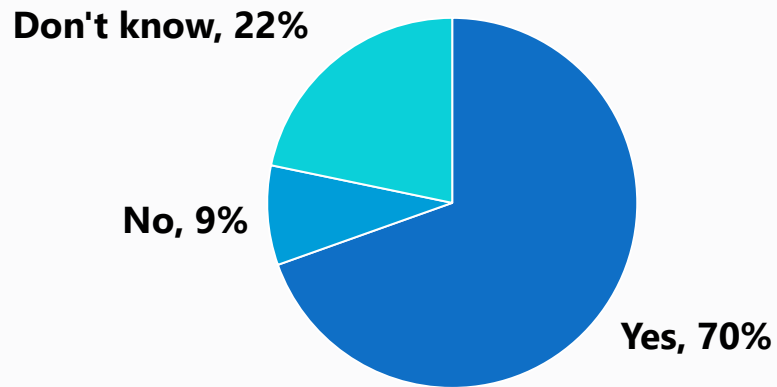
SIX IN TEN (61%) TOURISM BUSINESSES INDICATED THAT THEIR FINANCIAL POSITION IS WORSE COMPARED TO PRE COVID-19.

In comparison to pre COVID-19, in what areas is your organization in a better, similar or worse position?



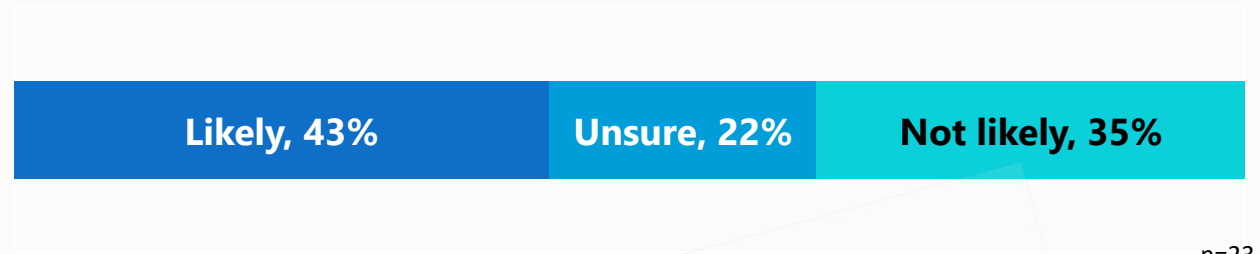
SEVENTY PERCENT (70%) OF TOURISM BUSINESSES SURVEYED BELIEVED THAT THEY WOULD BE OPEN AT THE BEGINNING OF 2021.

Do you believe your establishment will continue to be open at the beginning of 2021?



n=23

Suppose that most COVID-19 disruptions continue, what is the likelihood that your establishment will remain in operation by July 30, 2021?



n=23





SUMMARY

1. Revenue loss among tourism businesses was greater than any other industry.
2. More layoffs occurred among tourism businesses than any other.
 - Visitor industry workers that were affected were amongst the poorest, least educated, and vulnerable in the community.
 - Their confidence in the visitor industry as a place of employment has been measurably diminished.
3. More visitor industry businesses closed than was found in any other industry.
4. Significant numbers of tourism businesses availed of grant and loan programs in 2020, and they require additional assistance in 2021.
5. Reinvestment and planning for growth has been diminished significantly.
6. Confidence in their ability to recover has been affected by the uncertainty of the duration of the pandemic and concerns that tourists will not be welcomed when they return. In addition, there is concern that local patrons will not patronize visitor industry businesses as they used to.



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