



CofC Surveys Gauge Entrepreneur, Consumer Confidence

Reveal Pandemic's Effect on Businesses; Nearly 60 Percent of Companies Expect to Expand

EFREN RODRÍGUEZ MARTÍNEZ | ef.rodriguez@cb.pr

The Puerto Rico Chamber of Commerce (CCPR by its Spanish initials) conducted two studies to learn how consumers and entrepreneurs have changed amid the COVID-19 pandemic with the goal of providing key tools for planning business strategies ahead of 2022.

The Puerto Rican Entrepreneur Confidence Index and the Puerto Rican Consumer Confidence Index surveys reveal economic and demographic trends, and the perception and expectations of consumers, as well as market opportunities.

The entrepreneur confidence survey was carried out by Estudios Técnicos Inc., a Puerto Rico-based economic research and consulting firm, and presented by its chairman, José Joaquín Villamil, who was a former president of the CCPR.

Regarding the demographics targeted in the survey, 136 entrepreneurs completed the online questionnaire in October and November. The highest concentration of participants were from the municipality of San Juan; six out of 10 respondents are in companies with fewer than 20 employees, and one-third are in the service sector. On average, the participating companies have been established in Puerto Rico for 24 years, and the vast majority, 93 percent, are wholly Puerto Rican.

The study revealed that the three main factors that affect operations are energy costs, at 46.3 percent, followed by taxes, 45.6 percent, and government bureaucracy, 44.1 percent. Of the companies surveyed, 65.4 percent sell their products or services online. Of these, 86.5 percent reported having offered the online option before the pandemic.

To the survey question: "Do you think Puerto Rico's economy is currently in recession?" 62.5 percent said "yes" and 28.7 percent replied "no." The percentage of respondents who believe Puerto Rico's economy is in recession fell from 80.8 percent [in the first half of the year], to 62.5 percent, Villamil said.

"The percentage of participants whose companies have had to close or halt operations in the last six months remains around 15 percent," Villamil noted, adding that "the average number of days closed did increase, it rose to 220 days."

Forty-two percent of respondents said that over the past six months, business sales have increased. However, 46.3 percent said their company's employment level has remained the same. Nearly 70 percent expect company sales to continue growing during the next six months.

Also, 59 percent of those surveyed expect their company operations will expand within the next six months, and 41.9 percent believe the economic situation of Puerto Rico will stay the

same for the next 12 months, while 36 percent expect it to improve and 22.1 percent think it will deteriorate.

Meanwhile, Villamil said that significant differences were found by company size. In those with more than 20 employees, sales increased by 56 percent.

"The same happened with the level of employment in the last six months. In large companies, the percentage of those that indicate that it increased is significantly higher. A significantly higher percentage of companies with more than 20 employees expect the level of their employees to increase, [or] 76 percent," Villamil pointed out.

Consumer Confidence Improves

The other report, the Confidence Index of the Puerto Rican Consumer, was prepared by Nielsen IQ, the global measurement and data analytics company, and was presented by the commercial director of Nielsen IQ Business, Tatiana Irizarry Hilera.

The study comprised 500 surveys conducted online throughout the island via a computer-assisted web interviewing (CAWI) system consisting of a 23-minute interview. Its margin of error is plus or minus 4.4 percentage points. Men and women older than age 18 of all socioeconomic levels were surveyed between Oct. 8 and Nov. 5.

"The consumer confidence index is made up of the national perception of labor outlook, personal finances and the time to make purchases. The index can have values between 0 and 200," Irizarry explained.

The confidence indicator for Puerto Rico was 91, which is an improvement compared with April, when the index was at 86. The improved sentiment was seen mainly in those aged 18 to 44.

"Optimism increases slightly when compared to April 2021. However, Puerto Ricans still feel that the job outlook is not good and it is not a good time to make purchases they desire or need," Irizarry noted.

Regarding how the island's current situation is perceived, the study revealed that 76 percent believe Puerto Rico is in a recession, the percentage as in April. Four out of 10 of those surveyed believe the island's situation will worsen in the next six months.

On the other hand, eight out of 10 respondents will take measures to save money. Eighty-one percent changed their habits to save on household expenses, or 1 percent fewer when compared with April.

The strategies to save money are diverse and include saving on gas, electricity and telephone bills (16 percent); cutting entertainment spending (13 percent); and spending less on new clothes (9 percent).



Puerto Ricans still feel that the job outlook is not good and it is not a good time to make purchases they desire or need."



— Tatiana Irizarry Hilera, Commercial Director, Nielsen IQ Business

8
out of 10

respondents will take measures to save money

81

percent changed their habits to save on household expenses