



PIFS E-COMMERCE  
**BUSINESS TOOLKITS**

# USING E-COMMERCE TO HELP THE HANDICRAFT INDUSTRY IN MICRONESIA

A guide to getting more customers online



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# FOREWORD FROM PACIFIC ISLANDS FORUM



Over the past few years, E-commerce has become one of the focus areas for the Pacific Islands Forum. We are working hard on this space because we believe that E-commerce has real potential to help Pacific businesses overcome their structural challenges and gain a competitive advantage over their global competitors.

Our activities and those of our partners are carried out under the umbrella of the [Pacific E-commerce Initiative](#) and guided by the directions of the [Pacific Regional E-commerce Strategy and Roadmap](#).

As a regional organisation, our job is to help our members achieve their objectives by working together. In many instances, working together can help us save time and money and achieve better results. The Pacific Regional E-commerce Strategy and Roadmap requires that we work together to develop E-commerce skills for our small businesses. The preparation of business toolkits is a practical way to do so.

Based on a common methodology, which is how we work together, our toolkits have benefitted from the skills of local experts and business leaders who came together to ensure that each toolkit responds to the real needs of the target area and sector.

I salute this progressive public-private partnership and wish our small businesses success in their digital journey.

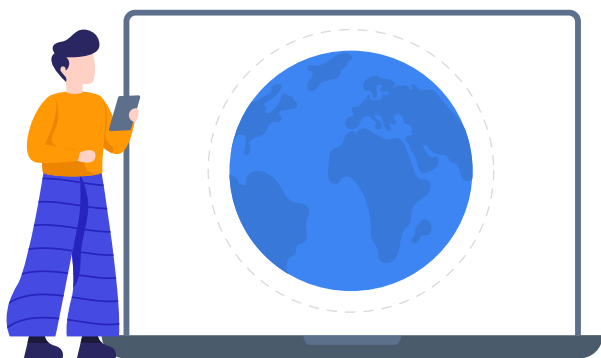
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**Zarak Khan**

Director Programmes and Initiatives  
Pacific Islands Forum Secretariat

# SECTION 1:

## WHY MOVE ONLINE? WHY NOW?



Many businesses have found surprising success using the internet to help increase sales and find customers in these new times.

The health-related travel restrictions have kept away tourists, the traditional buyers of our handicrafts, from coming to our islands. Our main customers may not be able to come to our islands, but we can still reach them online with help from e-commerce and our postal service.

For a low cost, we have a variety of ways to go online to reach customers, share our stories, and show off our products to make selling easier and bring more prosperity to our islands.

### **CASE STUDY:** **Pohnpei Skirts** **Online Store**

**(Facebook group / 25K members)**

Maria Edwin of Pohnpei started a private FB group two years ago that has grown to over 25,000 members and averages over 100 reactions and 2,000 impressions per post. When the COVID-19 pandemic started, Maria knew she needed a way to affordably advertise her intricately sewn skirts online. She began posting a simple photo of each finished skirt, with pricing and shipping in the caption. Customers can react, share, and comment on each photo posted to place their reservations, ask questions about sizing, or give their feedback. Maria then uses Facebook Messenger to follow up with her customers, finalize the sales, and get the customer's shipping details. Now, she sells out of her skirts within minutes of posting and can't make enough to satisfy the demand from her customers online!



## SECTION 2:

## WHAT ARE THE DIFFERENT OPTIONS TO GO ONLINE?

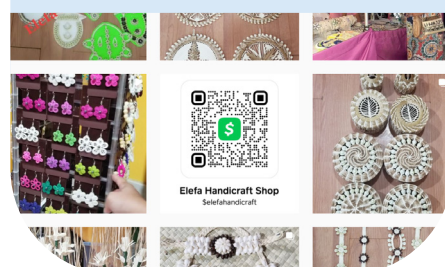
There are many different ways to sell handicrafts and other products online. The best option for you will usually be the most affordable and direct way to get in front of your customers by going where your customers are already spending their time surfing the internet.

**Social Media platforms** provide a free chance to reach billions of people worldwide. Social media, like Facebook, cost less and are easier to update than a website. Let's compare the most common social media sites below.

Social Media Platforms	Pros	Cons
<b><u>Facebook</u></b>	Free to start. Build product awareness. Expand your audience. Promote raffles, discounts, and special offers. Increase customer loyalty. Choose between business, group, or community pages.	Must stay up-to-date with consistent posting and quickly reply to comments and customer messages.  Others may make unwanted comments on your posts.
<b><u>Instagram</u></b>	Best for showing photos and short videos. Great for stories of behind-the-scenes. Great for messages.	Have to switch to another platform to accept payment.
<b><u>TikTok</u></b>	Make fun videos for free, add music and easy-to-use editing. Best for reaching younger, Gen Z age people 10-30 years old. Most popular new social media app, and gets more attention and new users than the others.	Might not be your target audience. It usually takes practice and consistent effort to come up with creative and entertaining content.
<b><u>YouTube</u></b>	Excellent place to show people who you are and what you have to offer.	Requires creating videos which is more effort, but worthwhile!

## CASE STUDY: Elefa Handicraft Shop, Majuro, RMI

Elena Handicraft Shop is a long-established producer and seller of Marshallese handicrafts and amimono. They regularly use social media to make sales and promote their products, community, and activities. They're proof that handicrafts are in high demand online and it's possible to do e-commerce from the islands to customers worldwide. They make shopping easy for their customers by using social media sites like Instagram and Facebook, and online payment processors like CashApp and PayPal.



**E-Commerce** is an excellent way to showcase your products for sale. Post your product on popular shopping websites, start your own custom website, or simply email contacts and ask your network of friends and family to help you.

E-Commerce Platform	Pros	Cons
<b><u>E-Bay</u></b>	Easy to make listings and get in front of large audience.	Must sign up for and follow rules of PayPal.
<b><u>Etsy</u></b>	High customer traffic looking for handmade items like handicrafts.	Have to compete against a lot of other handicraft sellers.
<b><u>Weebly</u></b>	Simple, easy-to-use, DIY website editor. Has a free plan, and cheap e-commerce plans.	Hard to keep updated and difficult to drive customer traffic unless you do advertising or lots of posting.
<b><u>Shopify</u></b>	Best for multi-product e-commerce site / business. Easy step-by-step setup guides. Lots of support.	Expensive monthly fees. Best for serious e-commerce business with higher sales and inventory management.
<b><u>FB Marketplace</u></b>	Increasingly popular place to buy and sell things online.	Might have location restrictions, but there's a few ways around this.

**Email** is simple and very effective. It may not be as easy to reach a larger audience or to scale your sales up, but not every business needs that. Sometimes, sending a personal email or a phone call is all you need to do. Try getting a business-only email account, and use Google Chat or FB Messenger to make free international voice calls.

**Crowdfunding Platforms** help to raise money for your business idea online. Websites like [Kickstarter](#), [IndieGoGo](#), [GoFundMe](#), [Patreon](#), and [Kiva](#) allow you to raise funds from a community of supporters. It will take some work to create your profile and reach your funding goal but it's a great way to start your business, accomplish your goals, or get pre-orders for your product before starting. It's best to study tips online and spend a lot of time preparing and raising awareness before launching your campaign.



## CASE STUDY:

### **Green Banana Paper, Kosrae, FSM**

Green Banana Paper reached customers worldwide with their banana paper products by focusing on a strong online presence. They used Kickstarter to help get pre-orders and market their products, Shopify to create an e-commerce store; Instagram, Facebook, YouTube, and lots of emails; and even sold on Etsy and Amazon to be in bigger marketplaces.

## SECTION 3:

# WHAT COSTS SHOULD YOU CONSIDER TO TAKE YOUR BUSINESS ONLINE?



A **smartphone device** is recommended as it can be used to send/receive emails, to take photos and video for your business, to post on social media, and even to accept online payments or manage your bookings/schedule. Whether you buy a new smartphone, or ask a relative to send you a used smartphone, it is going to help you stay connected with your customers. It's important that you can respond quickly to their inquiries, comments, and orders.

**Cost: \$100 - \$500 USD**

**(Buy a refurbished iPhone to save if on a budget).**

A **tablet, laptop or desktop PC** is also a great resource for any online business. Tablets and laptops are more convenient to manage inventory, in-voices, and emails.

**Cost: \$100 - \$500 USD**

A **good quality camera** is very helpful for photos and videos. If your phone or computer doesn't have a good camera already, you might consider getting a second camera to have for business use.

**Cost: \$100 - \$350 USD**

**(An action/waterproof camera or DSLR are good options).**

**Internet access** is also an important part to doing business online. Micronesia is making increased access to affordable high-speed internet a priority for the coming years. As of today, there are companies offering home broadband, satellite internet, and some places have home fiber optic and 3G/4G cellular service. Fast and affordable internet service helps with efficiency for common e-commerce activities such as posting photos/videos, downloading documents, and voice or video calls with customers.

**Cost: \$35 - \$190 USD/month**

**(15+ Mbps connection speed is preferable.)**

Using **online platforms** can sometimes have costs to be considered. Some platforms charge setup fees, monthly subscription fees, transaction/payment processing fees, commission fees, and extra fees for special features or apps to improve the function of your site. It's best to avoid special features. Transaction fees are usually automatically removed by the platform.

**Cost: \$0 - \$100 USD/month**

To **maintain your own website**, you will need to pay annual domain hosting fees, and pay to have a custom email address if preferred. It is also necessary to maintain an online bank account in good standing, a valid mailing address, and it's very helpful to have a debit or credit card that works for making online purchases.

**Cost: \$20 - \$80 USD/year**



## SECTION 4:

# GETTING NOTICED ONLINE.

### Add Clear Photos

Photos should have good resolution and lighting, and should only show what you're selling.

### Include a Detailed Description

A detailed description can help buyers learn more about your product.

### Offer a Fair Price

Use similar listings as a guide for choosing your price.

### Boost Your Listing

You can pay a little extra to 'boost' your product listing to pay for the platform to show your product to more people.

### Reply to Messages

Being responsive can help you build trust with your customers.

### Steps to Make a Product Listing:

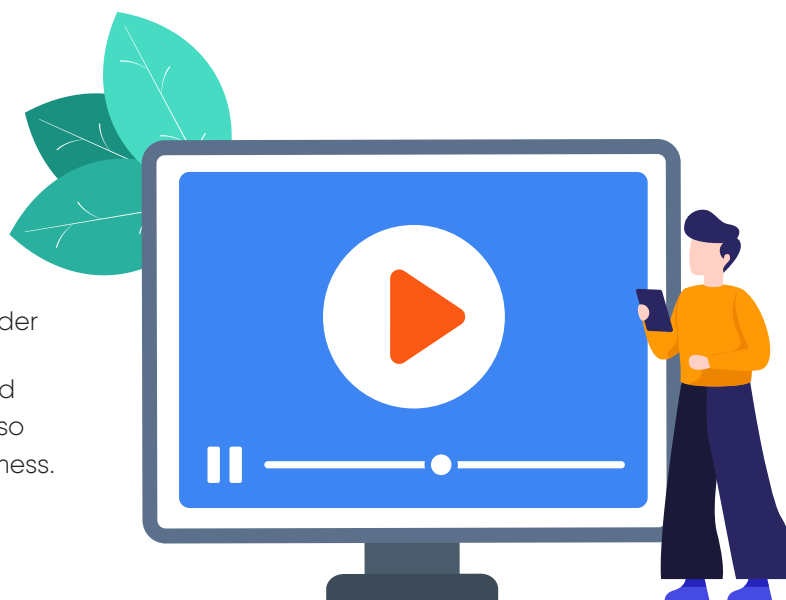
1. Add photo
2. Add title
3. Add price
4. Add category
5. Add description
6. Add shipping
7. Add quantity, variants, etc...
8. Add lead time for production if pre-order

Join your local **Chamber of Commerce** and get listed with the **Pacific SBDC Network** so you can get the word out about your business.



## CASE STUDY: Ines Justus & Seniollynn Truman, Kosrae, FSM

Ines and Seniollynn are handicraft weavers who specialize in flower arrangements made from the stem fiber of giant swamp taro, hand-dyed and arranged into vibrant floral bouquets, finished with Areca palm leaf vases. They have sold their flowers to Hawaii, Guam, and Australia, doing sales through referrals, Facebook, and email.





## SECTION 5:

# GETTING PAID ONLINE.

The payment methods you accept will depend on the **option you choose to go online.**

If you use a **social media platform** you will typically collecting payments directly from your customers. Customers often prefer to use [PayPal](#), [Venmo](#), [CashApp](#), [ApplePay](#), or [GooglePay](#). You can create profiles on any of these services and follow the steps to link your profile to your **business bank account**.

If you create **your own website** you will typically require a **payment gateway** and a **merchant account**. A payment gateway and merchant account will enable you to securely process credit card payments through your website. An example that works in Micronesia is to set up accounts with [Authorize.net](#), [WorldPay](#), and [Bank of Guam](#). You'll be able to select a payment gateway, create a merchant account, and activate the service on your e-commerce platform once you complete all of the documents they require to verify your business. It's best to spend time comparing payment gateway services offered by your web host platform, including details of setup, transaction and other fees.



**Travel website platforms** are often very popular for tourism e-commerce. Third party websites like [Travelocity](#), [Expedia](#), [Agoda](#), and [AirBnB](#) will securely collect customer payments from the customer, handle any disputes or settlements necessary on your behalf, and deposit the funds to your linked bank account, minus any fees that they charge, ranging from 3% up to 25% of the transaction.

It's best to offer as many payment options as possible to **make it easy** for your customer to complete the checkout process with their preferred way to pay.

## SECTION 6:

# COMPLYING WITH LAWS & REGULATIONS.

Make sure to post your **terms and conditions**. Your terms and conditions are a contract between you and your customer. Customers must agree to your terms in order to browse your site, make purchases, or use your services. A terms and conditions policy is often a webpage that is linked from the footer of a website, along with the privacy policy. Your terms and conditions give you protection for your online business by preventing site abuse, limiting liabilities, protecting your intellectual property, minimizing disputes, and establishing trust and transparency with customers by clearly outlining the rules of using your site. There are free templates and guides available online at websites such as [ecommerceguide.com](https://ecommerceguide.com), [termly.io](https://termly.io), and [shopify.com](https://shopify.com). Usually, e-commerce sites will have the following types of terms and conditions:



1. A **privacy policy** to build customers' trust on the way you handle and process personal data.
2. A **liability disclaimer** to avoid lawsuits for potential problems out of your control
3. A **pricing and payment policy** for accepting transactions
4. A **refund and warranty policy** so users can find details of your return process if any.
5. A **shipping and delivery policy** so users know how you ship and general timelines and fulfillment processes before they place an order with you.
6. An **intellectual property policy** to protect your online assets, including your content, images, logos, and designs from use by outside parties.
7. A **dispute resolution policy** in case of conflicts or controversies.

Make sure you have **business licenses** to operate in your local area.

Separate your personal and business finances by opening a **business bank account** with your local bank.

Keep accurate **financial records** and understand all of the taxes and reporting requirements for your municipality, state, and national authorities.

Create a **new email address** that you only use for business purposes. Having a unique email address for your business helps to make you look more professional to both customers and authorities. It helps establish a separation between your personal life and your professional life, which can be helpful in case of any liability issues, as well as any audits by state or national authorities such as the FSM Customs & Tax.

Post truthful and accurate **product descriptions and pricing** to avoid complaints and lawsuits.

Keep an **updated and accurate inventory** of your products, or clearly describe the production time required to make a custom order so that customers are aware of the time it will take you to fulfill their order.

Maintain clear **sales records** and keep all customer data collected in a safe, secure, and private place to comply with your privacy policy.

Treat customers with respect and **professionalism**. Online shoppers always look for customer reviews to know if a product is worth purchasing or if it's safe to do business with you. Maintaining proper communication with customers and authorities will help to avoid 99% of potential problems.

Make sure the **quality** of each product is checked three times: during production, after production, and before shipping. It is a good practice to take pictures of each shipment before sending to the customer, so you have photo proof if anything



## **CASE STUDY:** **Sustainable** **Sponges,** **Pohnpei, FSM**

Sustainable Sponges sells locally grown sea sponges supporting local communities by promoting sustainable livelihoods and contributing to protecting the environment. Their sponges are sold by stockists in New Zealand, Australia, and the USA. They successfully worked with TradeAid in NZ to help promote them in the NZ/Australian markets.

goes wrong during the shipment or if the customer is unhappy with the quality.

Become familiar with your local **post office**, and make sure you keep records of how much it costs to send your products to different locations around the world so that you know what shipping costs to charge your customers. Be careful to comply with all international shipping laws and regulations.

It's important to fill out the **customs forms** correctly so the shipment doesn't get returned to you after circling the world due to an error on the customs form. If your product is fragile, make sure you package it to minimize the chances of damage during the voyage. If your product is perishable (like food), make sure it's sealed and secure so that it makes it to the destination without breaking open and spoiling.

## SECTION 7:

# FURTHER INFO.

In making the transition online, business owners often underestimate the extra costs associated with e-commerce. It's important to set your pricing correctly so that you don't end up losing all of your profit margin due to unexpected costs.

Pricing your product should consider the cost of the materials used, the tools needed, the electricity costs, the start-up costs such as rent, computers and office furniture, the sales and social security taxes, the hours of labor or payroll, the business licenses, the bank fees, the packaging cost, and the shipping expenses.

It's difficult to choose the right price in the beginning, but it's very important to earn more than you spend, and consider the many costs of exporting and doing business online. In the end, your unique product, high quality, and personal story is enough to justify the price you choose to sell your products. If not, do your best to reduce your costs, improve your product, or find new customers that will value your work as much as you do.



# INDUSTRY REFERENCE GROUP MEMBERS:

Vital Petro-Corp

Pacific Treelodge Resort

Nautilus Resort

FSM Department of Resources & Development

SBDC Kosrae

SBDC Chuuk

SBDC Yap

SBDC Pohnpei