



PIFS E-COMMERCE
BUSINESS TOOLKITS

USING E-COMMERCE TO HELP THE KAVA INDUSTRY IN VANUATU

A guide to getting more customers online



CONTENTS

FOREWORD FROM PACIFIC ISLANDS FORUM	4
SECTION 1: WHY MOVE ONLINE? WHY NOW?	5
SECTION 2: WHAT ARE THE DIFFERENT OPTIONS TO GO ONLINE?	6
SECTION 3: WHAT COSTS SHOULD YOU CONSIDER TO TAKE YOUR BUSINESS ONLINE?	7
SECTION 4: GETTING NOTICED ONLINE.	9
SECTION 5: GETTING PAID ONLINE.	10
SECTION 6: GET MOVING: PACKAGING, SHIPPING, DELIVERY, RETURN.	11
SECTION 7: COMPLYING WITH LAWS & REGULATIONS.	12
SECTION 8: FURTHER INFO.	13
INDUSTRY REFERENCE GROUP MEMBERS	14



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.

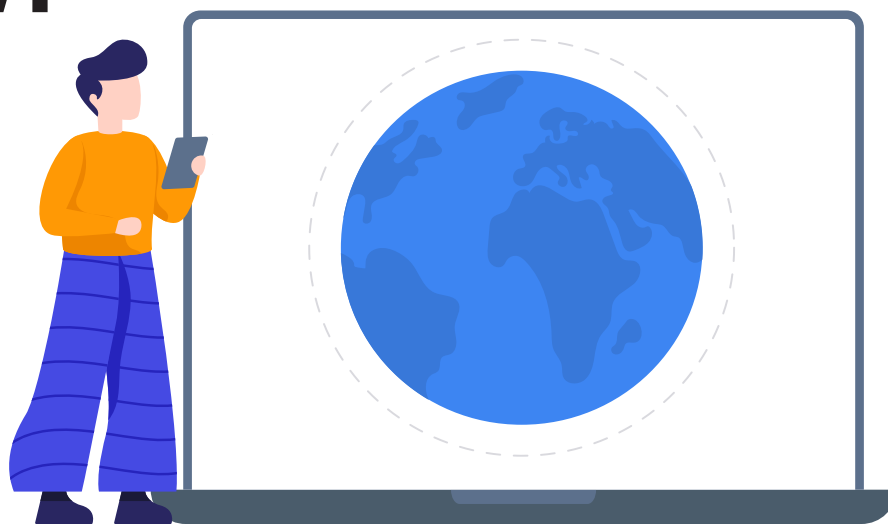
I salute this progressive public-private partnership and wish our small businesses success in their digital journey.

Zarak Khan

Director Programmes and Initiatives
Pacific Islands Forum Secretariat

SECTION 1:

WHY MOVE ONLINE? WHY NOW?



Worldwide, 20% of the GDP is online, with an acceleration of the trend with the covid19 pandemic. Some developing countries are managing a fast digital transformation. In Africa, famous examples such as Rwanda or Kenya are based on high impact innovations, typically mobile payment.

In our region, a report from Pacific Trade Invest found that by the end of last year, more than one-third of Pacific businesses had pivoted towards a form of ecommerce. Fiji recently measured an exponential growth in terms of m-payment.

In Vanuatu, a national e-trade strategy was endorsed by the Government, and an e-trade symposium was organized in 2021. Digital service providers are emerging, digital trainings are delivered (Vanuatu Chamber of Commerce and Industry, Vanuatu Innovation and Digital Economy Association), digital projects are supported (TRBR, v-Lab), technological awareness is being improved (VanIGF, Smart Sistass), a digital hub was developed (yumiwork). As of January 2021, there were 104,100 Internet users –an increase by 26,000 compared to 2020, and 320,000 mobile connections.

Kava is the top export product of Vanuatu with a total export share (value) of more than 50% in 2018, 2019, and 2020. In Vanuatu's economy, the kava industry is central, as it involves about 25% of households in its value chain. Some major companies have invested and are exporting well, meeting international standards, and with massive impact on the local ecosystem.

International perspectives are bright for kava, with a huge potential. An illustration is the increasing number of kava bars in the United States. And the recent legislation that allows kava import in Australia shall positively boost the industry. Likely, international demand shall be stimulated with an improved marketing from the main suppliers: how clean or risky is the kava? How strong, how long shall the effect last? What are the certificates of origin?

There is room to modernize the industry as few actors use digital solutions. It is a good moment to invest time into the digital transformation, and to start selling kava online!

SECTION 2:

WHAT ARE THE DIFFERENT OPTIONS TO GO ONLINE?



There are many ways to go online, with very different models, costs, audience.

1. Social media reaches a very large audience on platforms such as Facebook, Instagram or TikTok. In 2021, 3.5 billion of people were on social network, spending there more than 2 hours per day, and about USD 500 billion. It is free and simple to start a business page on social network. In Vanuatu, penetration rate is very high among the population, especially with Facebook which is usually data free. Yet, a lack of integrated payment solutions means that social media are used to only drive traffic at this stage. Social network is used to generate orders, for instance by Bruns Kava on the Facebook page [Kava blong yumi](#).

2. Own websites are the symbol of the first era of Internet, their impact is decreasing, and depends a lot on your marketing to and advanced online functionalities to generate online sales. In Vanuatu, more companies are developing their own website, with the support of an agency or a freelancer. But those e-shops are selling very little, without relevant marketing strategy nor relevant services such as e-payment, delivery options, order follow up, etc.

3. Marketplaces are platforms that you do not develop but that you can use to sell your products. In 2021 those platforms represented one third of global e-trade, on a positive trend. On the business-to-consumer market, half of the global volume comes from only 3 actors, namely Alibaba, Amazon, JD.

Using them from our remote archipelago is costly if you send the parcels overseas –mainly freight and duties costs. In Vanuatu, local marketplaces such as [Salem Nomo](#), [hello-vanuatu](#) and [BuyNsell](#) are popular. It is an easy way to start selling online at low cost, and to get familiarized with key online processes.

4. Pros and cons of the available channels:

	Main pros	Main cons
Your social network	Cheap when not free. Agile.	Few functionalities. Not connected to your bank account in Vanuatu.
Your own website	May be connected to your bank account in Vanuatu.	Time consuming. Not easy to integrate with other booking platforms.
Marketplaces	Large audience with little investment.	In most cases you pay a fee to the platform. Not connected to your bank account in Vanuatu.

SECTION 3:

Examples of e-shops from Vanuatu selling kava:

Main pros	
	The vision to share the “storian” and “wise bong kava” values has led El Manaro to establish <u>El Manaro Export</u> to share Kava with the rest of the world.
	<u>Forney Enterprise</u> is a kava processing plant located on Espiritu Santo. It is a large processor and exporter of kava products in the world; supplying kava to New Zealand, Guam, New Caledonia, Kiribati, Hawaii, the USA and more.
	<u>The Kava House</u> : has an own website, based in Vanuatu, dedicated to kava. They sell a wide range of products: powder, food, pharmaceutical, printed fabric.
	<u>Kava World</u> , a marketplace dedicated to kava from Vanuatu. It maps 600+ nakamals around the world, and has an unpublished database of growers.
	<u>Natural-organic-living</u> sells products from Vanuatu, with a focus on export.
	<u>Vanuatu farmers market</u> , a marketplace for Vanuatu producers, with a focus on domestic market.
	<u>Vanuatu Noble Kava</u> was founded in 2021 and is based in Melbourne, Australia. It targets especially the Australian market.

WHAT COSTS SHOULD YOU CONSIDER TO TAKE YOUR BUSINESS ONLINE?

Costs common to all channels / options:

- First, remember that the e-trade journey is **time** consuming in the long run: description and updated services, upload of new banners, orders management, answering customers' requests, analysis of online customers behaviors.
- Decent **Internet connection** is needed to use those solutions. With less than 1Mbps it will be difficult to interact with customers. Worldwide, 57% of customers leave a website if it takes more than 3 seconds to upload.
- Devices:** a smartphone with decent camera and storage capacity is recommended. With a larger screen, a laptop or a tablet is more suitable to use software such as excel for stock management for instance.
- An **Email solution for marketing campaigns** would contribute to an improved communication, and increased sales. Mailchimp is an example of excellent business solution.
- Packaging, labelling, inventory, delivery, duties and returns** are cost components that should be anticipated as well.



Costs specific to social network: advertising, typically on Facebook.

Costs specific to marketplaces: commission, usually as a percentage of the transaction amount.

Costs specific to own websites: when you'll ask for a detailed quotation to potential suppliers, bear in the following key components:

- Technical development, according to the agreed specifications: key functionalities, languages.
- Production of content, such as photos, videos, translations.
- Digital marketing: Search Engine Optimization, and advertisement.
- Maintenance of license(s), hosting, domain(s), additional plugins, security certificate.

Common decent quotations you may get in Vanuatu to develop your own website:

	Basic	Elaborated
Setup	200.000 vt	600.000 vt
Monthly maintenance	10.000 vt	50.000 vt

Example of basic ICT needs.

ICT needs	Example	
Bundle access	Starting at VUV 8,695/ month with Vodafone	<ul style="list-style-type: none"> • Fiber unlimited, 1Mbps • Fixed voice: Unlimited to Vodafone & 5hrs other network • Mifi: 3GB
Cheap smartphone	Alcatel A1 at VUV 6,900 with Digicel	<ul style="list-style-type: none"> • Camera • Internal memory 8GB • Screen size 5'
Hosting services	Starting at VUV 1,000/ month with Wantok	<ul style="list-style-type: none"> • 2GB space • 1 domain • 2 mailboxes

SECTION 4:

GETTING NOTICED ONLINE.

In the Retail and Consumer Goods industries, half of the sales occurs after a digital contact between the customer and the company (mail, search on the web, SMS, social network). You will not get any online sales without digital marketing actions, which are mandatory to reach clients on the different channels.

- **Social network:** mind the quality of your posts: good photos, tags to identify people or organizations, hashtags, emojis. Advertising (even VUV 100) on social network enables audience acquisition and is likely to have a good return on investment.
- **Direct marketing** allows you for instance to send email to your clients, with solutions such as Mailchimp. It is a powerful tool when used properly, with well-designed flyers, segmented campaigns and automated emails (welcome e-mail, happy birthday offers, etc.).
- **Search Engine Optimization (SEO)** defines where you appear in the Internet search. It depends on how your website was built: keywords, content, links. Your visibility on Google can be boosted with **Google Ads**, but it's more complicated and technical than investing in social media.
- On most of the online channels, we encourage you to use **analytics solutions**, to iteratively improve your audience and conversion rate. What campaigns drive traffic? Where do the customers drop out? And as two thirds of shopping carts are abandoned – which customers have abandoned their online cart?

EXAMPLE OF A MASSIVE REACH OF AUDIENCE ON SOCIAL NETWORK:

An advertised Facebook post by Kava World generated about 35.000 interactions.



SECTION 5:

GETTING PAID ONLINE.

Famous solutions such as PayPal or Shopify can't be connected to a business bank account in Vanuatu at this stage.

Available payment options in Vanuatu:

	Main pros	Main cons
Being paid onsite after an online order (cash on delivery).	No transactional cost for you	Risky: will the customer pay you indeed?
Bank transfer	Does not require any partnership nor technical development.	Not integrated with other systems such as websites or apps. Costs about VUV 1,000 between 2 banks.
Mobile payment: Digicel, KwikPay, Vodafone, Wantok.	Cheap. Simple.	Not fully integrated with other systems.
Payment gateway: with bank account in Vanuatu and own website.	Simple.	Only available with BRED Bank in Vanuatu. 4% commission.
Payment gateway: with a bank account overseas.	Compatible with most platforms and technologies.	Your money is overseas (if you manage to have a bank account over there).

- Most of the online orders end with a confirmation, requesting a payment afterwards, for instance through **bank transfers**. This solution is quite easy thanks to the recently launched bank apps, but it can be costly between different banks (about VUV 1,000). In the kava industry, large volume exports are essentially paid by bank transfers, and most of the domestic payments are paid by cash.
- **Mobile payments** are a new solution in Vanuatu. Those new payment options are affordable (typically VUV 50 or 100 per transaction) and can be used to pay some bills. Those solutions are useful to send and receive money, but are hardly integrable with other platforms (no link with order management, client database, stocks, etc.). Players such as Vodafone ([M-Vatu](#)), Digicel ([MyCash](#)), Vanuatu Post Office ([KwikPay](#)) and [Wantok](#) might improve their existing solutions, which would considerably boost e-trade adoption. If you are a nakamal owner, you can create a QR code to make it easy for your customers to pay their kava with a mobile phone. Your customers will simply scan your code, enter the price, insert their password, and enjoy a great shell at your nakamal.
- A **payment gateway** is provided by BRED Bank, to connect your website to your bank account in Vanuatu. An upgraded version of the payment gateway would enable more modern functionalities such as partial refund or multi-currency approach, letting the customer choose a currency for the payment. On your website, a currency converter might be a good idea if you don't show the price in several currencies.
- **Refund policy.** If you allow the client to claim a reimbursement: when can he/she do so? What information shall she/he provide? How and when do you reimburse him/her? Who pays the financial cost?

SECTION 6:

GET MOVING: PACKAGING, SHIPPING, DELIVERY, RETURN

- E-trade cannot take off without logistic services. In particular, an attractive delivery is key to unlock the demand. In Vanuatu there are very few digital-friendly suppliers to outsource transport and fulfilment to. Vanuatu Post Limited provides the cheapest option for letter, mail, and parcel services and serves 60 locations throughout the country. Liaise with the local post office to know more about their parcel services to support your online journey.
- **Packaging:** before you start selling online, you must define how each of your product will be packaged: material, label, warning, etc.
- **Shipping overseas** can be long and costly. Fees depend on destination, and weight / volume. It means that it can be calculated on the backend of your eshop, which defines how it functions, as opposed to the frontend which defines how the online shopping experience feels. The calculation is using the calculator from [Vanuatu Post Office](#) according to the chosen products (if well described) and the location of the customer. **Small volumes export** shall increase in a near future as logistics costs decrease after the COVID-19 pandemic, and with an increased demand from Australia in particular. For **bigger shipments**, various conditions apply which you can find in the [Vanuatu Trade Portal](#).

EXAMPLE OF HOME DELIVERY SERVICE:

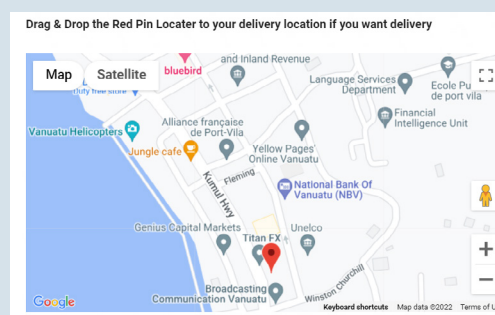
Vanuatu Brewing Limited

is one of the few companies offering home delivery to its online clients.



For the home delivery service, the customer specifies online his/her location on a map.

The corresponding fee is VUV 500; free for orders above VUV 10.000.



- **Delivery policy** is key in the customer experience. Can you deliver each of your products anywhere in the world? Do you offer click and collect or home delivery? What is the timeframe, by when your goods will reach their destinations? What is the delivery cost?
- **Return policy** should also be well-specified: what happens when the client does not receive the product as agreed – too late, or broken, or not what he expected? When can the client complain? Does he/she have to send the product back? Who pays the corresponding costs?

You may consider asking your customers to double check before validating their transaction. For example, [Natural Organic Living](#) states on its website: “Please Note – It is our customers’ responsibility to ensure that the goods they order are acceptable to their postal country’s Customs – for example, kava is prohibited in some countries. No refund is available if goods are seized by customs due to customers not checking before placing an order!”

SECTION 7:

COMPLYING WITH LAWS & REGULATIONS.



- As any other business you should comply with legal obligations: business license, VAT declaration, VNPF contributions, etc.
- Think twice the **Terms and Conditions**, don't copy paste any text from another eshop. Mean what you say.
- State clearly your **privacy policy**: what data are you collecting? What do you want to do with it? How can consumers access and modify it?
- The main relevant legal texts in Vanuatu are the Electronic Transaction Act 2000 and Amendments, and the National payments system Act of 2021.
- For the import and export of products and services, Vanuatu Trade Portal describes required steps, documents, involved institutions, expected costs, expected delays. The portal aims at making trade, investment, immigration and lands management procedures more transparent.

ILLUSTRATION OF INFORMATION FROM VANUATU TRADE PORTAL, WITH A FOCUS ON KAVA EXPORT:

The screenshot displays the Vanuatu Trade Portal interface for Kava Export. It includes a section for 'Required Documents (23)' with a grid of document thumbnails such as 'Kava Export Facility Registration', 'Business Name Certificate', 'Business License Certificate', 'Foreign Investment Approval Certificate (FIAC)', 'Payment receipt - Biosecurity (x-2)', and 'Inspection and Fumigation Docket'. Below this, the 'Estimated cost' is shown as VUV 183,200, with a note that this is an estimate based on assumptions. The 'Total Duration' is listed as 2 d - 6 d. A 'Laws (7)' section is also visible. At the bottom, a 'Summary of the procedure' section lists 'Institutions involved (6)' with icons for Biosecurity Vanuatu (x-9), Single Window Team (x-2), Shipping Agent, Customs Broker, Customs Border and Enforcement Office, and Lapelet International Container Terminal (x-3).

SECTION 8:

FURTHER INFO.

- Department of Agriculture and rural development:
<https://malffb.gov.vu/>
- Pacific Horticultural and Agricultural Market Access plus:
<https://phamaplus.com.au/>
- For the Australian market:
<https://www.awe.gov.au/biosecurity-trade/import/goods/food/type/kava>
- Department of Customs, Inland Revenue and VAT:
<https://customsinlandrevenue.gov.vu/>
- Get Safe online Vanuatu:
<https://www.facebook.com/GetSafeOnlineVanuatu/>
- UNCDF, consumer protection:
<https://policyaccelerator.uncdf.org/policy-tools/brief-consumer-protection-digital-economy>
- Vanuatu Chamber of Commerce and Industry:
<https://vcci.vu/>
- Vanuatu Innovation and Digital Economy Association (IDEA):
<http://vanuatu-idea.com/>
- Vanuatu Trade Portal:
<https://tradeportal.gov.vu/>
- V-Lab: business incubator:
www.v-lab.org



INDUSTRY REFERENCE GROUP MEMBERS:

WITH MANY THANKS FOR THEIR CONTRIBUTION!

Bred Bank Vanuatu

Digicel

Kava World

Pacific Digital Transformation Consulting

Raise Vanuatu

Vanuatu Brewery Limited

Vanuatu Innovation and Digital Economy Association

VBL Media

V-Lab

Vodafone