



PIFS E-commerce
Business Toolkits

USING E-COMMERCE TO SELL GENERAL MERCHANDISE IN TUVALU

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. The COVID-19 pandemic, which disrupted global growth and supply chains, added increased urgency towards achieving a greater adoption of E-commerce among our members. For some Forum Island Countries, this process has been underway for a while; for countries like Tuvalu, it is the beginning of a shared E-commerce journey.

At the Pacific Islands Forum, we believe that E-commerce has real potential to help Pacific businesses overcome their structural challenges and gain a competitive advantage in an increasingly global marketplace. 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 organization, 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 benefited from the skills and knowledge of Tuvalu government officials and business leaders, who came together to ensure that these toolkits for Tuvalu respond to the real needs of the country.

I salute the spirit of curiosity and innovation of every Tuvalu entrepreneur, 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?



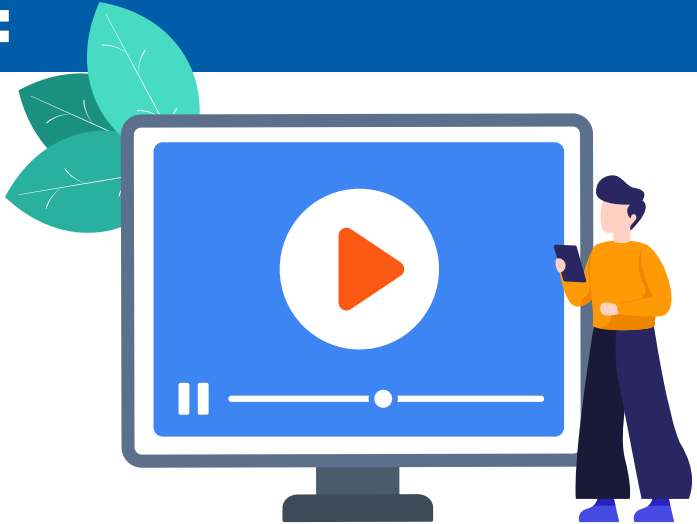
The government of Tuvalu has recognized the importance of digital transformation and has it as a top priority of its development plans. As of early 2023, according to [DataReportal](#), Tuvalu had 8,131 people using the internet, which is about 72 percent of the population. About 5,650 people in Tuvalu use social media, and there are 4,438 mobile phone connections. The government of Tuvalu has also endorsed a plan to make cross-border trade paperless. There are now digital service providers, digital training, and support for digital projects, like online banking and mobile money. There are also legal policies in place to protect online transactions for businesses and consumers.

The COVID-19 pandemic has caused many businesses to shift their operations online. This means using the internet to sell products instead of relying solely on physical stores. Moving your business online can bring many advantages including:

- **Save money:** As opposed to a physical store, selling online is often cost effective, because you would not pay rent, and would need fewer staff to run the business.
 - **More customers:** Through an online store you can reach customers from all over the world, expanding your market beyond just your local area.
 - **Always open:** An online store remains reachable round-the-clock, enabling continuous revenue generation.
- This toolkit will help your business go online, be seen by more people, connect with customers and boost its sales.
- **Easier start:** Setting up an online store is usually simpler than opening a traditional store, making it easier for you to start your business.

SECTION 2:

WHAT ARE THE DIFFERENT OPTIONS TO GO ONLINE?



Social media platforms. Use platforms like Facebook and Instagram to connect with customers both locally and internationally. This is a good first step for small businesses to start selling online. [Koko Mart](#), a small family-owned business based in Tuvalu, is a good example. By using Facebook smartly and reaching 1.4K followers, Koko Mart has successfully connected with locals to sell its *musubis* and increased its sales from AUD 200 to AUD 1,000+ per week.

Hosting online events can help you engage with your community and attract local customers. A great example is the “[Tau Maketi](#)” (market day) initiative, with its 5K followers on their Facebook page. This event is organized by the Department of Business and is free for all businesses in Tuvalu.

Own website. Create a website to sell your products worldwide and have full control over your brand and customer experience. A practical example is [Tesae Trading](#) (see case

study below). You can use easy website builders like [Wix](#) or [Shopify](#) – these E-commerce platforms will also help you with marketing, payments, and delivery. Another option is to hire a developer to build your own website, using platforms like WordPress, but this can be more expensive and complex.

E-commerce marketplaces. Use platforms like [Amazon](#) or [Ebay](#) to reach a wider audience without needing a lot of marketing. While Pacific businesses are using these online marketplaces as alternatives to setting up their E-commerce websites, there is currently no dedicated marketplace specifically for Tuvalu.

A combination of these online options may be the most effective approach to meet diverse customer needs and expand your reach.

Channels	Pros	Cons
Social media platforms	Low cost, flexible, connects with local and international customers.	Limited control over platform changes.
Own E-commerce websites	Full control over branding and customer experience, global reach.	Requires technical knowledge or hiring a developer, higher initial cost.
E-commerce marketplaces	Wide reach, easy to start, no need for extensive marketing.	Fees, competition, less control over branding and customer experience.

CASE STUDY: Tesae’s Trading Localized Online Strategy in Tuvalu

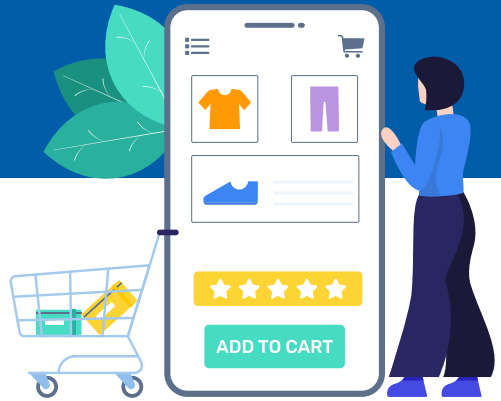
Tesae Trading is a family owned and operated business, located in Funafuti, Tuvalu. The family started with a fishing business, then accommodation, and in 2014, Ms Tesae lopu started Tesae Trading, an online importing business to help people from her home Island of Nuitao, and from Funafuti, accessing Australian and international quality products that were previously unavailable. It has a team in Australia, and distribution agents in Tuvalu and Kiribati, and can support customers and shipping to all corners of the Pacific. By establishing www.tesaetrading.tv and tesae-trading.myshopify.com, Ms Tesae lopu created a dedicated online space tailored to the needs and preferences of the Tuvaluan market. In addition to PayPal and credit card

payment, the online store also accepts bank deposit and, for Tuvalu and Kiribati only, cash or check payment to an in-country representative.



SECTION 3:

WHAT COSTS SHOULD YOU CONSIDER TO TAKE YOUR BUSINESS ONLINE?



Moving your business online brings many benefits but it's vital to identify and understand the main costs involved in setting up an online General Merchandise shop in Tuvalu.

Internet Connection. A decent bandwidth is required for the many online tasks you'll be undertaking. One of them may consist in editing and uploading your products' photos. The table below offers examples of internet options and their costs for your business.

ICT Solutions	Details
<u>Kasefika Satellite (TTC)</u>	Limited Plans: 30 GB, 70 Mbps Download, ¹ 15 Mbps Upload, 1 month AUD 150. 200 GB, 70 Mbps Download, 15 Mbps Upload, 1 month AUD 800. Unlimited Plans: 0.16 CIR ² (Mbps) 1 month AUD 175. 6 CIR (Mbps) 1 month AUD 4,200.
<u>ADSL (TTC)</u>	Ocean Plans: 14GB Valid for 30 days AUD 100. 118GB Valid for 30 days AUD 750.
<u>Starlink</u>	Business & Maritime Internet: Pricing: USD 250 per month. Speed: 220 Mbp Download. Equipment Fee: USD 2,500.

¹ According to [Statista](#), global average download speed was around 47 Mbps in 2023.

² CIR stands for Committed Information Rate, which is used to describe the minimum bandwidth level guaranteed by an Internet Service Provider to a customer during peak hours. For example, a 0.16 Mbps CIR means a minimum speed of 0.16 Mbps is assured during peak times.

Hardware equipment costs. Tablets and smartphones for on-the-go tasks: prices start at AUD 200. For efficient business operations, decent laptops start at AUD 900. Depending on your needs, invest in printers and scanners for tasks like generating shipping labels and invoices. An all-in-one multifunction printer costs about AUD 120 plus ongoing costs of usage (ink and paper).

Software costs. Basic Microsoft Office software, including Word, Excel, PowerPoint, and Outlook, can boost your online business' productivity and professionalism. Microsoft 365 app for Enterprise costs approximately AUD 12 per user per month. Antivirus for your computer is highly recommended and may cost around AUD 10 per month, although some decent free antiviruses – for example [Avast](#) and [AVG](#) – are available.

Costs specific to social networks. Investing in social media advertising can significantly boost your reach, engagement, and brand recognition. Platforms like Facebook offer flexible advertisement pricing, allowing you to control your spending and target your desired audience effectively. A Facebook campaign can be launched with as little as AUD 2.

Your own website. Creating and running a website also involves costs, which depend on the size and complexity of your website and your chosen marketing strategies. Properly assessing and budgeting for these costs is essential for ensuring a successful transition to the online marketplace.

- Website development costs vary based on your website's expected functionalities, ranging from hundreds to thousands of AUD. Costs also depend on whether the website is managed by yourself (cheaper) or by a web developer (more expensive).
- Annual domain registration fees usually range from AUD 10 to AUD 50.
- Monthly hosting fees usually range from AUD 2 to over AUD 100, depending on your hosting provider and requirements.
- Ongoing expenses include website maintenance, design updates, content updates, and additional security features such as SSL certificates and firewalls.
- You may also need to budget for extra expenses to maximize your visibility on Google – a process known as Search Engine Optimization (SEO).

Unless you have specific needs that require hiring a web developer, you can consider using E-commerce platforms such as [Shopify](#), [Wix](#), [BigCommerce](#) and [Squarespace](#) as options for building your website, as well as registering your domain and providing hosting space.

Delivery. Anticipate the needed materials to package and label your clients' orders. Anticipate the cost of freight and, if selling overseas, duties as well. Freight costs with Tuvalu Post are reported below.

Freight Costs (from Tuvalu Post Limited)

International Air Mail Services	Zone A Cost Pacific Countries	Zone B Cost NZ, Australia & Other Countries
Up to 10kg	AUD 15	AUD 18

Other Fees	Registered Mail	EMS Charges
	AUD 10 per item	AUD 15 per item

SECTION 4:

GETTING NOTICED ONLINE.

In today's digital age, a small company can significantly improve its online visibility and reach a broader audience by implementing strategic and cost-effective approaches.

Social media. Share details about your products and special deals. Interact with people who might buy your products. You can pay a small amount (less than AUD 5) to reach more people on platforms like Facebook. [Laban's Gift Shop](#), a Tuvalu-based business, uses Facebook and Instagram well to get noticed.

Email marketing. Create a list of people interested in your products and send them an email about new items, sales, and special offers. Use affordable services like Mailchimp (costs about AUD 17 per month for up to 1,000 contacts). Even basic email services like Gmail can work well.

Community partnerships and collaborations. Team up with local businesses or community groups to work together on advertising products, running shared campaigns, and growing your group of customers.

Marketplaces. As of today, there is no marketplace in Tuvalu. Ebay and Amazon might be attractive options to sell overseas, but



those international solutions are more suitable for experienced online sellers, it is not a cheap or easy step.

Create your own E-commerce website. Use Search Engine Optimization (SEO) to help people find your products on search engines like Google. This technique is focused on making your website more search-friendly, so more people can find your products online. It is important to note that this process can be more complex and often requires a larger budget compared to advertising on social media.

CASE STUDY: Laban's Gift Shop

Laban's Gift Shop shows how, by using social media wisely, you can increase online visibility and engage the local community. Focusing on Facebook as their primary platform, Laban's Gift Shop has created a vibrant online presence, with 1K followers (equivalent to 10% of the local population). Their strategy involves sharing engaging content about their unique gifts and products, coupled with regular promotions and special offers. The shop utilizes captivating posts and visuals to attract and retain a local audience. They emphasize swift and interactive communication, responding quickly to customer inquiries, comments, and messages. This approach has enabled

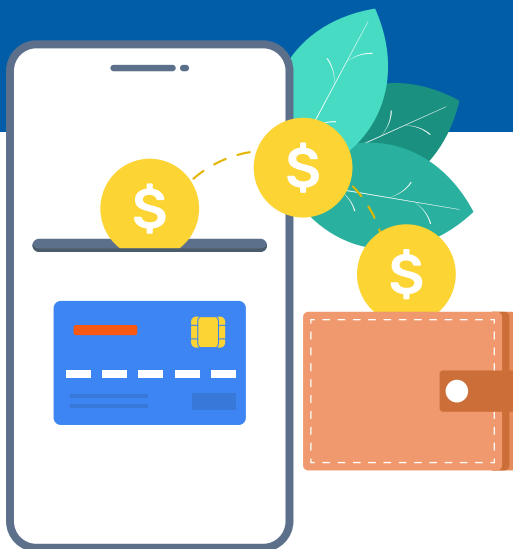
Laban's Gift Shop to build strong community bonds and cultivate lasting customer relationships.



SECTION 5:

GETTING PAID ONLINE.

In Tuvalu, cash remains the main method of payment. However, as businesses embrace E-commerce, there are emerging options to get paid online:



- 1. Bank transfers.** Customers can make payments via direct bank transfers, with the National Bank. There are fees associated with international bank transfers: approximately AUD 45 for amounts under AUD 1,000; there are no fees for domestic transfers.
- 2. Cash on delivery.** Offering a cash-on-delivery (COD) option allows customers to pay with cash upon delivery, for the order which may have been made online. This payment method caters to those who prefer the security of physical cash transactions.
- 3. Mobile money.** While mobile money is not currently available in Tuvalu, it should be introduced by 2024 by the Tuvalu Telecommunication Corporation (TTC). This payment method will allow users to make payments using their mobile phones or contact numbers, offering a simple and accessible way to pay for goods and services.
- 4. Payment gateway** is like a digital cashier for online stores. When you buy something online, 'it helps sending payments from your customers' bank to your bank. Payment gateways offer the possibility to pay via credit or debit cards and can also integrate other payment solutions such as Google Pay and Shop Pay. Today, Tuvalu's E-commerce payment gateways can be connected to a seller's overseas bank account, but not yet to local bank accounts.

The following table can help you decide which method of payment to use:

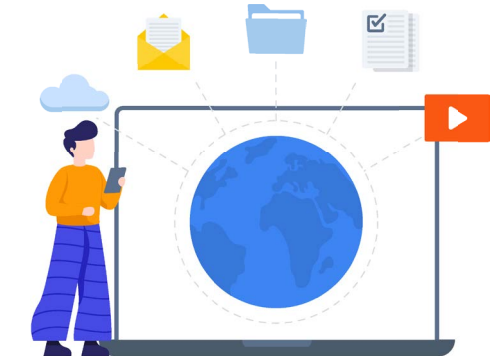
Payment Method	Pros	Cons
Bank Transfers	<p>Existing digital payment solution.</p> <p>Suitable for large transactions.</p> <p>Traceable.</p>	<p>High fees associated with international transfers.</p> <p>Slow processing times.</p>
Cash on Delivery (COD)	<p>No need for online payment infrastructure.</p> <p>Trusted by customers.</p>	<p>Risk of non-payment.</p> <p>Handling of cash.</p>
Mobile Payment	<p>Convenient, fast transaction processing.</p>	<p>Requires a smartphone, and a good mobile network.</p> <p>Not currently available – may take time to become widely accepted.</p>
Payment Gateway	<p>Accepts a variety of payment methods, in particular credit and debit cards. Massively used worldwide.</p>	<p>Not yet linkable to Tuvalu's bank accounts.</p> <p>Transaction Fees.</p>

SECTION 6:

GET MOVING: E-COMMERCE LOGISTICS.

Below are key considerations to ensure that your products reach customers swiftly and seamlessly.

- **Inventory:** Always know what products you have and how many. If you make custom orders, tell customers how long it will take.
- **Packaging:** Pack your product well for its journey. Use good material to keep it safe and intact.
- **Shipping:** There are a few important things to think about when sending your products.
 - Shipping labels: Put labels on your packages with the customer details.
 - Determining shipping costs: Work out how much it costs to send your products. This depends on size, weight, and where it's going. Decide if you want to offer free shipping or charge the customer.
 - Selecting a shipping carrier: Pick a shipping service that fits your budget and meets your delivery needs. [Tuvalu Post](#) and [DHL Agent](#) will be able to assist.
- **Returns:** Be ready to deal with returns or exchange. Make your return process clear in your Terms and Conditions, which should usually be available at the bottom of your website.
 - Eligibility and how to return: Set rules for what can be returned and how long customers have to return items. Decide who pays for return shipping.
 - Refunds or exchange: Explain how you handle refunds or exchanges. If prices differ, you might offer store credit or ask for extra payments. For refunds in a different currency, use the current exchange rate.



Remember, good logistics are key to a great customer experience and a successful online business. Paying close attention to these details will significantly contribute to your E-commerce success.

SECTION 7:

COMPLYING WITH LAWS & REGULATIONS.

Operating your E-commerce business in Tuvalu requires adherence to legal obligations. When it comes to compliance, we recommend checking the following components:

- **Registration and license:** Begin by registering your E-commerce business with the relevant authorities, and buy the corresponding license.
- **Business bank account:** Set up a dedicated business bank account to manage financial transactions associated with your E-commerce operations. Separating personal and business finances is crucial for transparency and financial management. Setting up an overseas bank account will be necessary if you plan to have a payment gateway.
- **Financial records:** Keep detailed financial records to track income and expenses accurately. Financial record-keeping is essential for tax compliance and business accountability.
- **VAT declaration:** Fulfill your Value Added Tax (VAT) declaration obligations, ensuring that your E-commerce business complies with tax regulations.



- **Terms and Conditions:** Clearly outline the rules and guidelines governing your E-commerce operations. Think twice about each of the following components:
 - a. Payment terms.
 - b. Cancellation policy.
 - c. Refund modalities: timeframe, refund percentage, currencies.
 - d. Include a disclaimer that protects your business from liability.

Customizable templates for your E-commerce business' terms and conditions are available on the internet, for example [here](#).

- **Privacy policy:** Develop a comprehensive privacy policy that explains how your business collects, uses, and safeguards customer data. Prioritize the protection of customer information to build trust and comply with data privacy regulations.

In Tuvalu, existing laws contain minimal provisions related to electronic commerce and may not align with international best practices. However, efforts are underway to develop E-commerce legislation to address these gaps and ensure that businesses have clear legal guidelines for their online operations. Stay informed about developments in E-commerce regulations in Tuvalu to ensure ongoing compliance and business success.

SECTION 8:

FURTHER INFO.

- Business Department, Ministry of Finance
<https://finance.gov.tv/business/>
- Tuvalu E-commerce Strategy and Roadmap
<https://pacificcommerce.org/pei-project/national-e-commerce-strategy-for-tuvalu/>
- Tuvalu Rapid eTrade Readiness Assessment
<https://unctad.org/publication/tuvalu-rapid-etrade-readiness-assessment>
- Tuvalu Readiness assessment for cross-border paperless trade
<https://www.unescap.org/kp/2023/readiness-assessment-cross-border-paperless-trade-tuvalu>



INDUSTRY REFERENCE GROUP MEMBERS:

WITH MANY THANKS FOR THEIR CONTRIBUTION!

Temukisa Pesega – Development Bank of Tuvalu

Tenanoia Simona – Tuvalu Telecommunication Corporation

Siose Teo – National Bank of Tuvalu

Petesa Finikaso – Department of Business

Opetaiia Simati – Department of ICT

Hilia Vavae – National Private Sector Organisation

Secretariat – Tuvalu Department of Trade

Kata Pulusi – Tuvalu Chamber of Commerce

