



PIFS E-COMMERCE
BUSINESS TOOLKITS

USING E-COMMERCE TO HELP THE TOURISM INDUSTRY IN TUVALU

A GUIDE TO GETTING MORE CUSTOMERS ONLINE



Pacific
E-commerce
Initiative



PACIFIC ISLANDS FORUM





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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, as the rest of the world sped up economic digitalization. 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 benefitted from the skills and knowledge of Tuvalu government officials and business leaders from the tourism sector, 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
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SECTION 1:

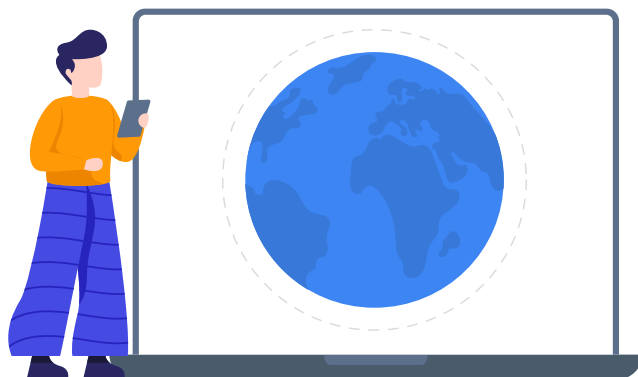
WHY MOVE ONLINE? WHY NOW?

In today's digital age, having your business online is needed, especially in the tourism industry. This toolkit explains why and how your business can shift to the digital world. It describes the main components of the E-commerce journey, and illustrates them through case studies.

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.

Tourists now prefer to book and pay online for their trips. This trend is happening all over the world, and was strengthened by the COVID-19 crisis, when the volume of online trade increased. This is a good time for you to invest in digital transformation, and start selling tourism services online.

This toolkit is designed to help Tuvalu's SMEs enter the digital era. Investing in online tourism will allow you to make the most of Tuvalu's unique attractions and attract travelers who are looking for authentic experiences. It will make your businesses more visible, efficient, and engaging, which will lead to more bookings and higher revenues. It will also allow you to promote sustainable practices and responsible tourism, and contribute to the overall economic development of the country.



SECTION 2:

WHAT ARE THE DIFFERENT OPTIONS TO GO ONLINE?

You have several options to go online. The choice depends on your business' goals and resources.



1. E-commerce websites can be developed to showcase your tourism services and products to both local and global audiences. This approach would provide you with your own platform. The [Funafuti Lagoon Hotel](#) is an example. You can either hire a web developer, or use a platform to generate your own website yourself by customizing existing templates.

Pros	Cons
Full control over branding and experiences.	Initial development and maintenance costs.
Flexible design and features.	Ongoing expenses for maintenance: hosting, domain, security, content updates.
Caters to local and global audiences.	Often requires technical expertise or resources to hire someone to help.
	Time to gain traffic and visibility.
	Responsibility for marketing efforts.

2. Social media are another option to go online. For instance, [Afelita Island Resort](#) utilizes Facebook to promote its offerings, advertise, and facilitate customer bookings.

Pros	Cons
Cost effective for marketing.	Dependent on platform algorithms.
Quick interaction with customers. Builds an online community and followers.	Content may get lost in feeds (Facebook).
Drives traffic to the website.	Payment processing through social media is not possible in Tuvalu.
Popular in Tuvalu and globally.	

3. Online marketplaces such as [Airbnb](#), [Booking.com](#) or [TripAdvisor](#) offer efficient solutions to generate bookings and payments, with additional functionalities to manage your services. By partnering with established online marketplaces, your business can access its global customers base. For example, [L's Lodge](#) and [AMS Bed and Breakfast](#) are advertising their accommodations on Airbnb.

Pros	Cons
Global customer exposure.	Commissions on generated sales.
User-friendly booking systems.	Limited control over branding (less customization compared to websites).
Low initial investment (if any).	Competition with other hotels.
	Marketplace regulations apply.

CASE STUDY: AFELITA ISLAND RESORT

[Afelita Island Resort](#) Facebook page has 1,200 followers. It promotes their offerings, generates customer engagement and bookings. According to the owners, "Placing Afelita Island Resort page through Facebook for more than 10 years continues to connect us with travelers from all over the world and drives a significant increase in bookings. It's incredible to see the power of social media in promoting our little slice of paradise in Tuvalu - Mr Afelee Pita (Owner of Afelita Island Resort)". Afelita Island Resort's Facebook success story nicely illustrates the opportunities that businesses can unlock by going digital.



SECTION 3:

WHAT COSTS SHOULD YOU CONSIDER TO TAKE YOUR BUSINESS ONLINE?

Your digital journey involves various costs that need to be anticipated. Let's break down the main ones.

Internet Connection. An Internet connection is an essential investment to manage reservations, market your business and manage your website. The table below offers examples of internet options and costs for your business.

ICT Solutions	Details
Kasefika Satellite (TTC)	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.
ADSL (TTC)	Ocean Plans: 14GB Valid for 30 days AUD 100. 118GB Valid for 30 days AUD 750.
Starlink	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.

Devices. A laptop or computer is your control center to manage online operations. Prices for laptops with suitable specifications start at around AUD 800. A mobile phone with a good camera is essential for capturing high-quality images of your products or services, and taking advantage of useful apps. You can find phones with 64 Mega Pixels (MP) cameras for approximately AUD 300. Depending on your needs, invest in printers and scanners for tasks like generating invoices. An all-in-one multifunction printer costs about AUD 120 plus ongoing costs of usage (ink and paper).

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 5.

Marketplaces. Utilizing platforms like Airbnb and Booking.com can massively expand your visibility but comes with costs. Often, fees depend on property location, size, and market. Airbnb standard fees range from 3% to 16% of the value of the booking. Booking.com levies commissions that generally range from 10% to 25%, along with pay-per-click costs (you pay when someone clicks on your ad).

Your own website. Creating and running a website also includes 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 online presence.

- 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.

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 register your domain and providing hosting space.

SECTION 4:

GETTING NOTICED ONLINE.

Effective online marketing is key to finding clients across the world and boosting sales. Here are some actionable steps.

Joining online platforms for enhanced visibility. Platforms like [Timeless Tuvalu](#) showcase many accommodations, offering a centralized, easily accessible space for potential tourists to explore their options. Worldwide, customers massively use [Airbnb](#), [Booking.com](#) and [Tripadvisor](#), among others. These platforms provide tourists with a comprehensive view of available options, as a one-stop destination for information, including pricing, amenities, and location, making the decision-making process easier. Being part of a recognized and reputable platform can lend credibility and trust to your accommodation.

Social media presence. By following the steps below, your accommodation can improve its online presence, attract more visitors, and use digital marketing to grow.

1. Create your business pages on social media platforms like [Facebook](#) and [Instagram](#).



2. Share engaging content, including selected photos, videos, and stories.
3. Interact with potential customers by responding to comments and messages promptly.
4. Advertise selected content such as a post with high quality photos and videos, engaging stories, customer testimonials and reviews, to reach a broader audience.

Own user-friendly websites. To entice prospecting tourists, you may invest in a user-friendly website. The website should have a desktop as well as a mobile version, as most of the online traffic will probably come from mobile phones. Easy navigation, attractive design, and high-quality images are essential to convince tourists. Clear information is needed, in particular regarding pricing, rooms and other facilities, and location. You may also need to budget for extra expenses to maximize your visibility on Google, such investing in Search Engine Optimization (SEO) services.

CASE STUDY: FIJI'S "FIND YOUR BULA" CAMPAIGN

Fiji's tourism industry had a tough time because of COVID-19, and needed a plan to bring tourists back to the islands. Fiji Travel, the Fijian government's tourism marketing arm, came up with the "Find Your Bula" campaign, which used the friendly Fijian greeting "Bula" to connect with potential travelers. The campaign was mostly done online, because more people were using the internet during the pandemic.

The campaign had a cool quiz on its website where you could answer questions, and receive suggestions on a trip matching your interests. This got people interested in traveling back to Fiji. Fiji Travel paid for ads on social media, used automated ads, and showed ads on travel websites to get people excited about traveling to Fiji. The campaign worked really well and got a lot of people engaged and booking trips:

- 759,643 People Clicked to Learn More.
- 257,778 Likes, Shares, and Comments on Social Media.
- 1,977 People Took the Quiz or Said They Wanted More Info.
- 5,882 People Actually Booked Trips.

These numbers show that a lot of people were interested, and many of them went ahead and booked their trips. Tuvalu can think about doing something similar by using online tools to give people personalized experiences and using digital marketing to reach people around the world.



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 check-in, with a booking 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. It will be interesting to see if international tourists will actually use it.
- 4. Payment gateways.** At this stage, your own E-commerce payment gateway can be linked to a bank account overseas, but not to a bank account in Tuvalu. Alternatively, marketplaces such as Airbnb or Booking.com can receive payments via their own payment gateway from customers all around the world, and then send you the agreed amounts to Tuvalu with bank transfers.

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

Payment Method	Pros	Cons
Bank Transfers	Existing digital payment solution. Suitable for large transactions. Traceable.	Fees associated with international transfers. Slower processing times.
Cash on Delivery (COD)	Simple, no need for online payment infrastructure. Trusted by customers.	Risk of non-payment. Handling of cash.
Mobile Payment	Convenient, fast transaction processing.	Requires a smartphone, and a good mobile network. Not currently available – may take time to become widely accepted.
Payment Gateway	Easy for handling international transactions, safe and easy to use and quick payment processing.	Needs setup on website, may have extra fees and can't be linked to a local bank account.

SECTION 6:

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 7:

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>



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