



PIFS E-COMMERCE
BUSINESS TOOLKITS

USING E-COMMERCE TO HELP THE TOURISM INDUSTRY IN TONGA 2024

A guide to getting more customers online





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FOREWORD FROM THE PACIFIC ISLANDS FORUM SECRETARIAT

Over the past few years, E-commerce has become a focus for the Pacific Islands Forum Secretariat. We believe that E-commerce has the potential to help Pacific businesses overcome their structural challenges and gain a competitive advantage over 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 [Pacific Regional E-commerce Strategy and Roadmap](#). This aligns with the Technology and Connectivity thematic area of the [2050 Strategy](#) and its implementation plan.

As a regional organisation, our role is to help our Forum Members work together to achieve their objectives as working together can help us save time, money, and achieve better results. The Pacific Regional E-commerce Strategy and Roadmap notes the need to work together to develop E-commerce skills for our small businesses. The preparation of E-commerce business toolkits is a practical way to do this. Our toolkits are now a well known series in the region and continue to support Pacific businesses in their online journey.

year-on-year increase in demand for tourism, averaging 5.3% annually. The steady rise in tourist numbers underscores Tonga's growing appeal as a travel destination. This toolkit is designed to build on that success, helping tourism businesses not only attract more visitors online but also facilitate the booking of additional tourism products such as tours, rentals, and experiences. By expanding their digital presence, tourism operators can enhance their offerings and continue to thrive in an increasingly competitive market.

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

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

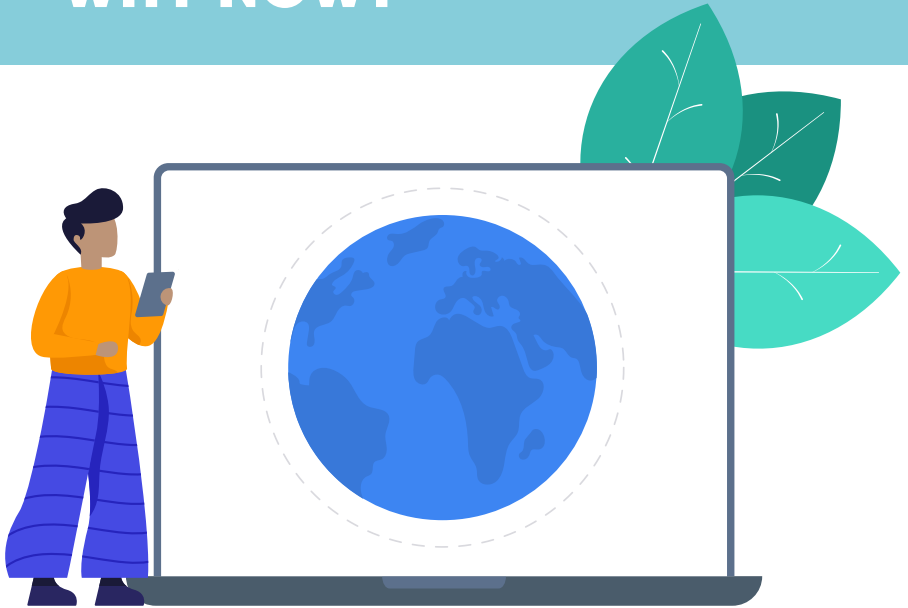
Zarak Khan

Director Programmes and Initiatives
Pacific Islands Forum Secretariat



1

WHY MOVE ONLINE, WHY NOW?



Moving online is crucial for businesses, especially in the tourism sector, which is a big part of Tonga's economy, making up about 25% of Gross Domestic Product (GDP). Consumer behaviour has shifted significantly toward digital platforms, and this is why we've created this practical toolkit just for you, entrepreneurs in the tourism industry. Our goal is to give you key knowledge, examples, contacts, and tips to help you succeed in your E-commerce journey.

Today, most tourists book their accommodation, activities, and transportation online before they even arrive. By moving online, you tap into growing demand and reach a global audience, giving your business a chance to compete in the international marketplace. This is a huge opportunity for micro, small and medium enterprises (MSMEs) in Tonga to reach a large international audience.

Worldwide, E-commerce sales grew by 60% from 2016 to 2022, creating unprecedented opportunities for businesses in both domestic and international markets.

Tonga's tourism market, with its unique and authentic experiences, has a distinct appeal that needs to be communicated clearly and effectively to attract today's digital-savvy travellers. Delaying the move could result in missed opportunities, as modern customers increasingly expect the convenience of booking online.

In Tonga's case, initiatives such as the [Tonga E-Commerce Strategy and Roadmap](#) are in place to support businesses, meaning there's government backing to help you succeed in the digital marketing space.

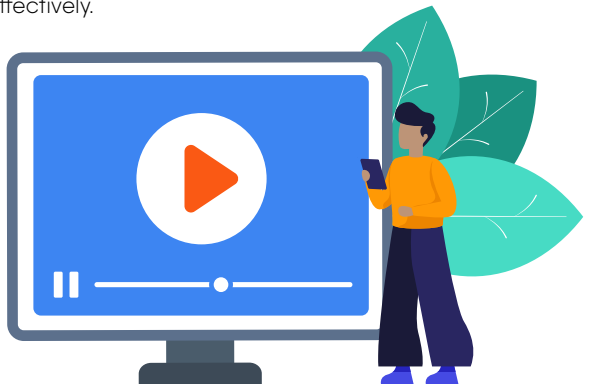
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WHAT ARE THE DIFFERENT OPTIONS TO GO ONLINE?

There are different ways to go online, with various models, costs, and audiences.

1. **Social media** is very popular in Tonga and overseas, with 3 billion people using [Facebook](#). It is a good way to reach customers, advertise if needed, and be noticed by international travellers who want to know more about your hotel before booking. There were 73,000 Facebook users in Tonga recorded in December of 2023, which accounted for 66% of its entire population. Instagram, with its 2.5 billion users, is a good option, focusing more on showcasing attractive photos of your business rather than just providing information. The [TongaTravelForum](#) page has over 7,000 followers, and attracts tourists interested in our country.
2. **Travel marketplaces** are an excellent way to reach a large, interested audience at a reasonable cost. Marketplaces such as [Airbnb](#), [Booking.com](#), [TripAdvisor](#), [GetYourGuide](#) and [Viator](#) are powerful because they attract an international audience and offer integrated booking and payment solutions, among other functionalities. Customers usually pay online to the marketplace, then the marketplace can pay the hotel with a bank transfer. Local solutions, with fewer functionalities, include [Vavau](#) and [Tonga Tourism](#). Your presence on the Google search engine is important, including your business description, location, and user rating.
3. You can also develop your **own website**, with a custom domain, layout and content. There are easy online tools with templates to help you start from scratch. [SiteMinder](#) is a great option for building a website for accommodation, as it includes a booking system. [Tahi Tonga](#) is promoting tours on its own website. However, a large audience can be challenging to attract, and setting up effective payment and booking systems can be quite costly. This option is usually more suitable for businesses that already manage Social Media and Marketplaces channels effectively.

Lastly, a functional email address is essential for managing your business online. It allows you to communicate with customers and is often needed to register for tools such as Meta Business Suite, marketplaces, and other business solutions.

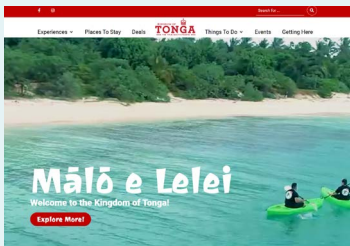


Pros and cons of the available channels:

	Main pros	Main cons
Social media	<ul style="list-style-type: none">- Affordable to implement.- Simple setup.- Facilitates direct and personal interaction with your audience.	<ul style="list-style-type: none">- You start from scratch with no audience.- Payment gateways in Tonga cannot be integrated with social media platforms.
Marketplaces	<ul style="list-style-type: none">- Established audience.- User-friendly booking system.- No need to manage the ICT infrastructure.- Trust and credibility.	<ul style="list-style-type: none">- Often costly, with an average commission of 20%.
Own website	<ul style="list-style-type: none">- Full control over your branding and functionalities.- May be connected to your bank account in Tonga.	<ul style="list-style-type: none">- High setup and maintenance costs.- Time consuming.- Not easy to integrate with other booking platforms.

CASE STUDY: TONGA TOURISM

Choose from a range of accommodation options



About 50 accommodation options are featured in tongatourism.travel, the official travel website of Tonga.

Tongan visitors can search for accommodation options by region and property types on the website, which also lists a range of experiences, things to do and latest travel deals in Tonga

To help drive traffic to the website, promotional efforts are supported through the [Facebook page ThisIsTonga](#). This page has over 50,000 followers and is regularly managed and updated by the marketing team of the Tongan Tourism Authority.

Although neither the website nor the Facebook page provides booking or payment solutions, they offer a good way to increase visibility online with minimal effort. Both the website and the Facebook page do not provide booking or payment solutions, but it is a good way to be seen online with very little effort.

WHAT COSTS SHOULD YOU CONSIDER TO TAKE YOUR BUSINESS ONLINE?

Taking your business online involves various costs that should be carefully considered. Below, we outline the common and specific costs depending on your approach.

Common costs for all channels

1. Marketing content

To attract customers online, you will need good-quality photos, short videos, and digital marketing materials. For example, producing a 1-minute promotional video by a professional company in Tonga may cost around TOP 1,500.

2. Devices

A smartphone with a good camera and sufficient storage is essential for taking quality photos and managing social media. For managing multiple platforms and software, a laptop or tablet is recommended.

3. Time investment

Running an online business requires time. You will need to regularly update product or service descriptions, create marketing content, manage bookings, respond to customer inquiries, and analyze customer data.

4. Internet connection

A reliable internet connection is crucial. If your bandwidth is less than 1 Mbps, basic tasks like uploading photos or sending emails will be slow, making it hard to keep up with customer communication.

5. International transfers and exchange rates

If you're selling internationally, be sure to factor in the costs associated with currency exchange and cross-border transfers, which can vary based on the platforms you use.

Costs summary table

Cost type	Details	Estimated cost
Marketing content	Video production for promotional purposes.	TOP 1,500 for a 1-minute video
Devices	Smartphone for photos, laptop/tablet for managing operations.	Smartphone: varies; Laptop: varies

Internet connection	Reliable connection to handle emails, uploads, and customer communication.	Essential if under 1 Mbps.
International transfers	Costs associated with currency exchanges and cross-border payments.	Varies by payment platform.

Costs specific to marketplaces

1. Platform commissions

When using international booking platforms like Airbnb or Booking.com, expect to pay commissions of around 15-22% per transaction. These fees cover the use of their platform, marketing, and payment processing.

Costs specific to social media platforms

1. Advertising

Social media platforms like Facebook, Instagram, or TikTok allow you to reach a large audience. You may need to set aside a budget for advertising, which can be as low as TOP 10 per day, depending on your goals.

Costs specific to your own website

1. Website development

Building a website can vary in cost depending on its complexity and functionalities. You may need to outsource website development to an ICT specialist, which can be expensive if you require a booking system, payment gateway, and analytics tools.

2. Ongoing maintenance

Running a website involves ongoing costs such as domain registration (TOP 20-60 per year), hosting (TOP 5-100 per month), and additional plugins or security certificates to protect your website.

CASE STUDY: LITTLE ITALY HOTEL & RESTAURANT



Little Italy Hotel and Restaurant uses the three main options to present their products and services online: they manage their own social media with about 20,000 [Facebook](#) followers, run [their own website](#), and use marketplaces.

The owner highlights the importance of having a reliable and fast internet connection because business is always communicating with potential and current customers. The monthly cost for the internet is at least TOP 1,000. Managing social media requires staff attention throughout the day. Other expenses include maintaining the website, security updates and the annual domain registration fee.

Little Italy uses [Expedia](#) and [Booking.com](#) to sell its rooms online, with both companies charging. There are no additional annual or monthly fees for using these marketplaces beyond the commission charges.

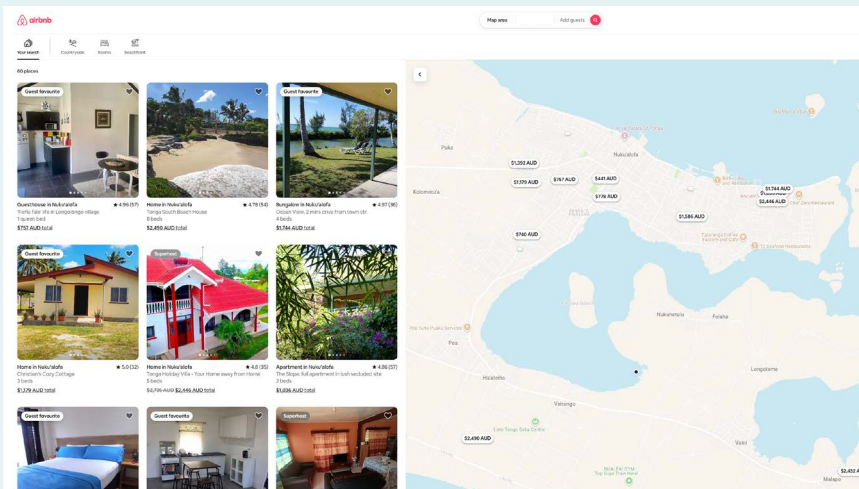
Once you are online, it is important to get noticed and attract attention.

- Create an **email signature** that includes links to your social media profiles and your personal website, if available.
- **Social networks:** Focus on the quality of your posts by using high-quality photos, relevant tags, hashtags, and emojis. Even a modest boost of TOP 2 on social media can effectively increase your audience and provide a good return on investment.
- **Direct marketing:** Use tools such as [Mailchimp](#) to send targeted emails to your clients. Effective direct marketing involves well-designed flyers, segmented campaigns, and automated emails (such as welcome messages or birthday offers).
- **Search Engine Optimisation (SEO):** SEO influences your ranking in search engine results. It depends on factors such as keywords, content quality, and internal links.
- **Marketplaces:** On marketplaces, you can promote your listings in various ways. For instance, on [Booking.com](#), offering a discount can make your accommodation more visible to tourists searching for their accommodation in your area.
- You can also boost your website's visibility on search engines with paid ads. For instance, Google offers [Google Ads](#).
- **Analytics:** Use analytics solutions across your online channels to track and increase the number of visitors you attract (audience acquisition rate) and how many of these visitors are becoming customers (conversion rate). Monitor which campaigns drive traffic, identify where customers drop off, and address issues such as shopping cart abandonment, since two-thirds of online carts are abandoned.



These digital marketing strategies and tools are crucial for optimising online sales and improving customer engagement.

CASE STUDY: AIRBNB



In 2024, [Airbnb](https://www.airbnb.com) had about 8 million active listings worldwide and 150 million customers who booked 1.5 billion stays.

As of August 2024, Tonga offers more than 80 Airbnb accommodation options that can be filtered by price, property type, and amenities such as pool or WiFi. In the main island of Tongatapu there are over 50 Airbnb options whilst the island of Vava'u offers about 30 Airbnb options. The island of Ha'apai and Eua shows half a dozen Airbnb options.

Hosts can manage their property with many online tools, including calendar management, pricing costs, and booking options.

Airbnb charges between 15% and 20% of the transaction amount, in commission fees.

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GETTING PAID ONLINE.

In Tonga, most people still use cash to pay. “Buy Now Pay Later” is a good option to start selling online. But remember, it ultimately depends on the customer’s willingness to complete the payment. Cash handling has disadvantages, such as the time required to reconcile invoices and deposit funds, as well as the risk of losing money through theft or misplacement. Also accepting digital payments may be a gamechanger for your business.

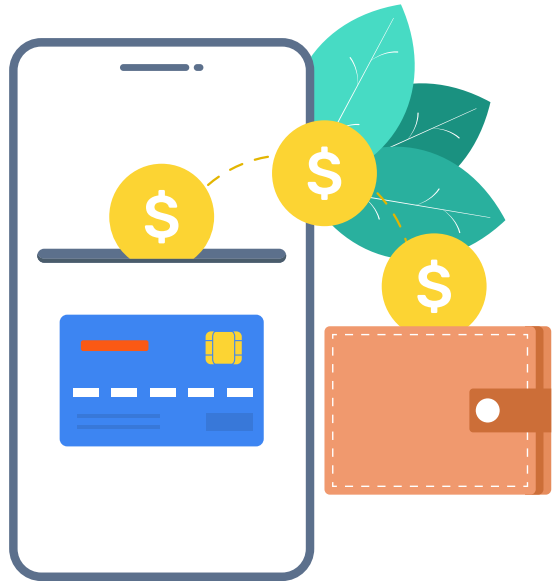
Customers can make direct deposits to your Tongan bank account via **bank transfers**. While this method is easy to process, it typically takes a few business days for the funds to reach your account, and banks charge

fees for the service. Where your customers are interacting through marketplaces, the relevant marketplace (e.g. Airbnb) will send you a transfer, following the customer’s payment. The cost for bank transfers between local banks in Tonga typically ranges from TOP 5 to TOP 10. Fees for international transfers generally range from TOP 10 to TOP 30. However, additional costs may apply, particularly for currency conversion or exchange rate margins, which can increase the overall cost of receiving funds from overseas.

If you have your own website, customers can pay directly through your **payment gateway**, with the funds being deposited into your Tongan bank account (ANZ or BSP).

Another option, though still uncommon in our industry, is **mobile payment**. Digicel offers this service through the MyCash App..

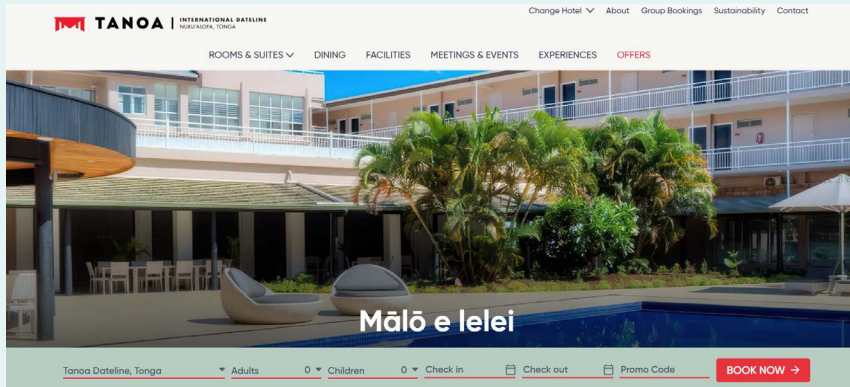
Use of **QR codes, for instance through the MyCash App**, is a convenient option, to generate bank transfers or mobile payments. You can create a QR code to make it easy for your customers to pay for their room with their mobile phone in just a few clicks. Your customers will simply scan your code, enter the price, and validate the transaction.



Available payment options in Tonga:

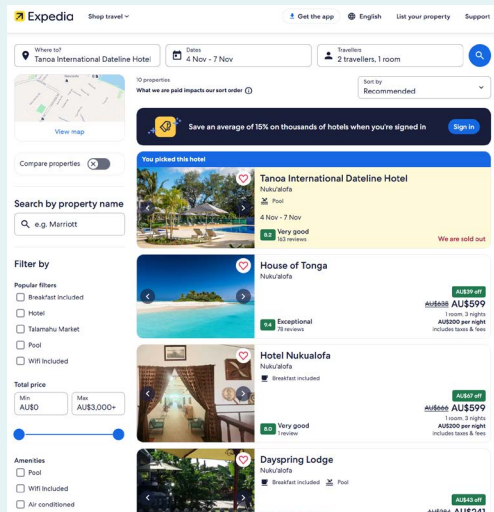
Payment option	Main pros	Main cons
Cash	<ul style="list-style-type: none"> - No direct fee. 	<ul style="list-style-type: none"> - Payment depends on the customer's effective arrival and willingness to pay, which can lead to potential issues. - Paying commissions to marketplaces is costly (time, commission, and financial costs).
Bank transfer	<ul style="list-style-type: none"> - Easily accessible with all local banks. - Simple to use. - Often, lower transaction fees compared to credit cards. 	<ul style="list-style-type: none"> - Does not integrate with websites or apps for streamlined operations. - Up to 3 working days for processing. - Can be costly for international tourists.
Mobile payment	<ul style="list-style-type: none"> - Affordable. (It is currently free if transfer is from Digicel to Digicel number). - Easy for customers in Tonga to use. 	<ul style="list-style-type: none"> - Does not connect with other systems. - Only for Digicel customers, mostly in Tonga.
Payment gateway	<ul style="list-style-type: none"> - Clients can complete their payment without leaving your e-shop. - Convenient for international tourists using credit and debit cards. 	<ul style="list-style-type: none"> - Commission up to 4% of the transaction amount. - Integration with other booking platforms is not easy to implement and maintain.

CASE STUDY: TANOA INTERNATIONAL DATELINE



Tanoa International Dateline Hotel in Tonga has been in the hotel business in the Pacific for over 30 years and offers several online payment methods for its customers:

- Tanoa operates a standalone website where customers can explore various accommodation options, make bookings, and pay directly via the website's checkout page. Its strong marketing efforts drive traffic to the site.



- Tanoa also utilises marketplaces such as Booking.com and Expedia to sell its rooms online, paying a commission of around 20% to the respective platform for each booking made through them.
- For Tanoa's loyal customers, the option to pay via bank transfer is available, though this process typically takes up to 3 days for the payment to be completed.

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COMPLYING WITH LAWS AND REGULATIONS.

Starting your online business involves ensuring that your business operations comply with laws and regulations. Here are key elements for your legal checklist:

Registration: Any person engaged in a business activity in Tonga under a name other than their own must register that “business name” with the Registrar. The Business Registries are now fully online, making registration easy ([link](#)). The process takes around 3–5 working days. Your application form must be submitted with the payment of the business licence fee which starts at \$100 per annum for businesses that pay an annual tax of \$10,000 or less. You are also required to submit an annual renewal licence application and fee.

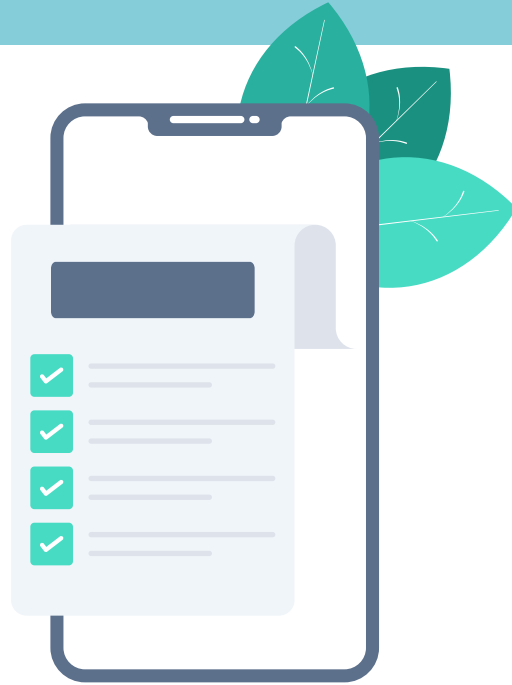
Business licensing: Every business, whether it’s a sole trader, partnership or company, must have a business licence to operate in Tonga. You can apply for this licence either in person or [online](#). Processing a business licence depends on the type of business, however, you can expect the process to take 3–5 working days.

Export permit: If you plan to export goods such as handicrafts, you can register for an export permit with guidance from the [Tonga Trade Portal](#).

Tax registration: Consumption tax (VAT) in Tonga is 15%. To apply for a Tax Identification Number (TIN), you can visit the Ministry of Revenue and Customs. More information is available through this [link](#).

Data protection and privacy: Make sure to clearly explain your privacy policy by answering these questions: What information are you collecting? Why are you collecting this information? How can consumers see and change their information?

Consumer protection: Tonga’s Consumer Protection Act (2000) requires businesses to issue receipts, avoid misleading practices, and ensure quality care.



Customisable templates for your E-commerce business' **terms and conditions** are available online, for example [here](#). Your business website should include clear policies on:

- Customer complaints, dispute settlement
- Payment terms and conditions
- Disclaimer of liability: this is a notice that limits what your business is responsible for, if something goes wrong with your product or services.

Tonga is currently updating its legal and regulatory framework as part of the implementation of the [National E-commerce Strategy and Roadmap](#).

7

SECURITY TIPS.

Security tips: protecting your business online

As you venture into E-commerce, it's crucial to protect yourself from the increasing risk of online scams and cyber threats. Security breaches can lead to major disruptions, including lost sales, compromised customer data, and damage to your business reputation - costs that can be avoided by taking preventive measures.

Security tip	Action	Reason
Upsize your passwords	Use strong, unique passwords with at least 12 characters, including letters, numbers, and symbols. Avoid easily guessable information. You can use a service such as LastPass or 1Password to upsize your password.	Longer and more complex passwords are harder to crack, providing an essential layer of security.
Upgrade to two-factor authentication	Enable two-factor authentication on all important accounts, involving a code sent to your phone or email.	Adds an extra step, making it significantly harder for unauthorised users to access your accounts, even if they have your password.
Update your apps regularly	Keep software, apps, and operating systems up to date. Enable automatic updates if possible.	Updates often include security patches for newly discovered vulnerabilities, protecting your systems from attacks.
Uphold your privacy	Be mindful of the information shared online. Adjust privacy settings on social media to limit access to sensitive data.	Reduce the risk of your information being exploited for scams or unauthorised access.
Upscale your data and systems backup	Regularly back up your data using both local and cloud storage solutions. Test your backups to ensure they work.	Ensure you can recover from data loss due to cyberattacks, system failures, or accidental deletion, allowing business operations to continue with minimal disruption.

For more information: <https://pacson.org/cyber-smart-pacific/cyber-smart-pacific-2023>



Airbnb
airbnb.com

Booking.com

booking.com
booking.com



**Digicel mobile
 payment solution**
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Made in Tonga website
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SiteMinder
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WITH MANY THANKS FOR THEIR CONTRIBUTIONS:

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