PIFS E-COMMERCE
BUSINESS TOOLKITS

USING E-COMMERCE TO HELP TOURISM BUSINESSES IN VANUATU 2024

A guide to getting more customers online

Pacific E-commerce Initiative

PACIFIC ISLANDS FORUM

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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 are working hard in this space because we believe that E-commerce has 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.

The Vanuatu Tourism Toolkit was one of the first that we published back in 2022. The PIFS E-commerce Business Toolkits are now a well known series in the region and continue to support Pacific businesses in their online journey. It is now time to update the toolkit to capture the progress occurring in Vanuatu's digital ecosystem.

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 business every success in their digital journey.

Zarak Khan

Director Programmes and Initiatives
Pacific Islands Forum Secretariat

1 WHY MOVE ONLINE, WHY NOW?

Today, most tourists book and pay for their accommodation online before their trip. Thus, this toolkit is designed to give tourism entrepreneurs key knowledge, examples, and contacts to help you succeed in the digital world.

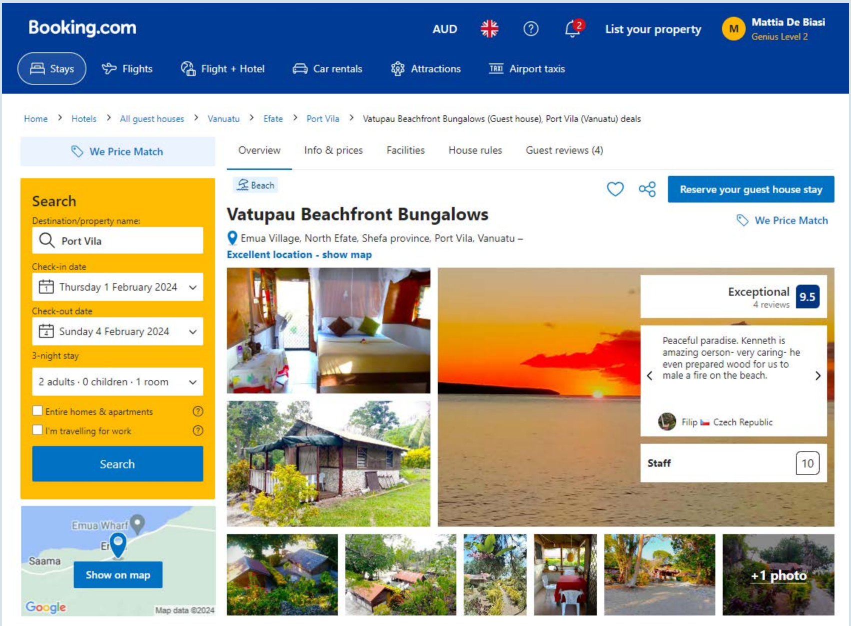
E-commerce presents a great opportunity for businesses to reach a large international audience. International marketplaces are a good option to consider, even though they charge commission fees on bookings.

Vanuatu's E-commerce environment is supportive and dynamic. The government has endorsed a National E-commerce Strategy and established a National E-commerce Committee in 2022. Every year, a national E-commerce Symposium is held to promote digital trade. Digital service providers are emerging, and the Vanuatu Chamber of Commerce and Industry, along with the Vanuatu Innovation and Digital Economy Association, are delivering digital training. E-commerce projects are also supported by the Telecommunications Radiocommunications and Broadcasting Regulator and awareness is raised by groups such as Van IGF and Smart Sistas. Additionally, Yumiwork provides digital hub services to businesses.

In 2024, the Pacific Islands Forum Secretariat (PIFS) delivered E-commerce training to 30 micro, small and medium enterprises (MSMEs) in Vanuatu. This series of three half-day workshops, led by E-commerce experts and national digital service providers, motivated entrepreneurs to advance their digital efforts. Grants for E-commerce projects and specialised coaching are also available.

As tourist behaviour changes and the digital ecosystem in Vanuatu grows, now is a great time to invest in your E-commerce journey and start selling online!

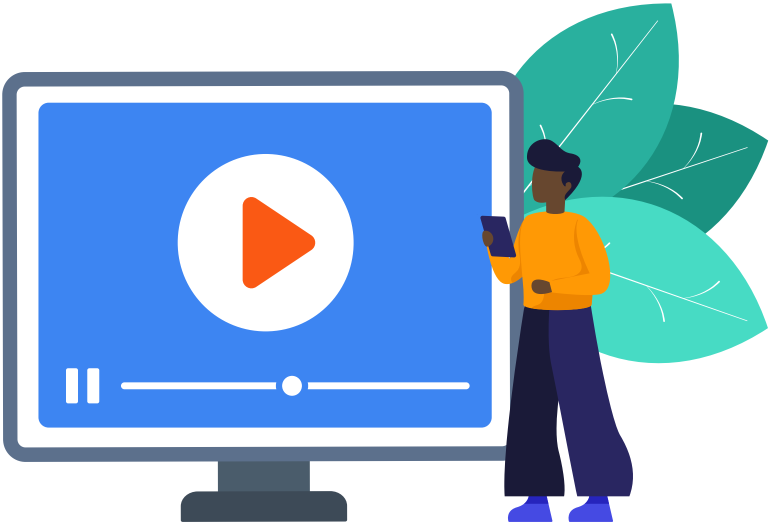
CASE STUDY:
VATUPAU BUNGALOWS



Kenneth Vatupau owns and runs beachfront bungalows in Emua, North Efate. Recently, he started the digital transformation of his business. He created a business page on Booking.com and now receives online bookings from tourists. These visitors pay him when they check in, and Kenneth pays a 15% commission on the booking value to Booking.com once a month via a bank transfer. So far, visitors have left 22 (good) reviews on his Booking.com page.

As Kenneth is getting more familiar with this process, he is considering other marketplaces to promote his accommodation internationally.

2 WHAT ARE THE DIFFERENT OPTIONS TO GO ONLINE?



There are three main ways to go online, with different models, costs, and target audiences.

1. **Marketplaces** are platforms that you do not develop yourself, but that you can use to promote your services and rent out your rooms. Examples in the tourism industry are Airbnb, Booking.com, GetYourGuide, TripAdvisor and Viator. At the national level, the Vanuatu Travel platform lists local accommodation and tour operators, and is an easy way to start your online presence.

   Your presence on the Google search engine is important as well: business description, business location, and rating by users.

2. **Social media** reaches a large audience on platforms such as Facebook and Instagram. In 2024, 5 billion people used social networks, spending more than 2.5 hours per day. It is free and simple to create a business page on social networks. In Vanuatu, social media is particularly popular, especially Facebook which has 110,000 users. However, social media does not include payment or booking solutions.

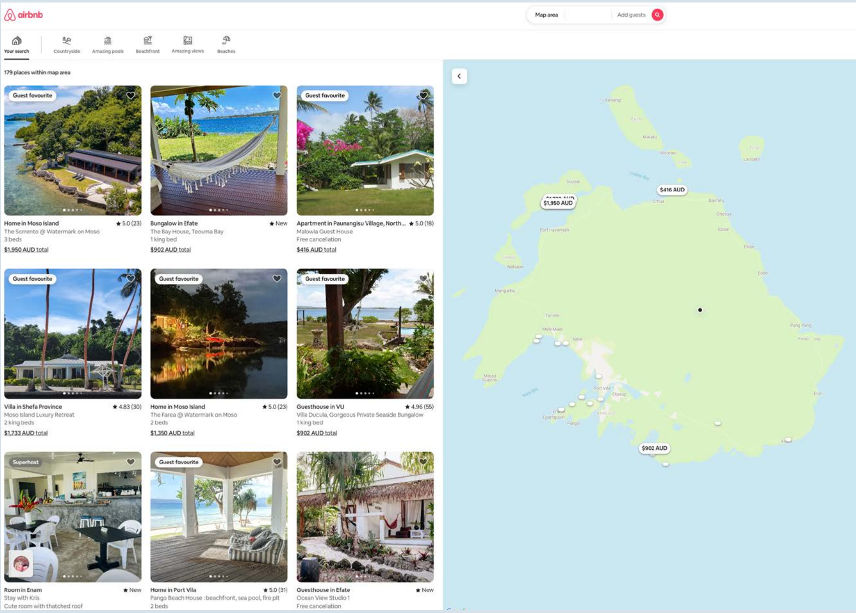
3. **Own websites:** The impact will depend a lot on marketing to drive traffic. For it to be effective, it needs to be connected to a payment gateway, booking platform, mailing solution, and more. Without those investments, your own website in the tourism industry would mainly be a cost. SiteMinder is a great option for building a website for accommodation, as it includes a booking system.

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

Pros and cons of the available channels:

	Main pros	Main cons
Marketplaces	- Large audience with little investment. - Includes payment and booking solutions. - Trust and credibility.	- Costly, average 20% of commission. - Limited control over branding, customer experience and how your products or services are presented. - Changes in policies or fees can affect your business.
Your social network	- Free or low cost. - Easy to start. - It drives the audience to your own website.	- You start from scratch with no audience. - Few functionalities: no payment or booking solutions.
Your own website	- May be connected to your bank account in Vanuatu. - Full control over design, content, user experience and branding.	- High set up and maintenance costs. - Time consuming. - Not easy to integrate with other booking platforms.

CASE STUDY: AIRBNB



In 2024, Airbnb had about 8 million active listings and 150 million customers who booked 1.5 billion stays.

The platform is user friendly, with a commission between 15 and 20% (plus transfer and currency exchange costs).

In Vanuatu, Airbnb offers over 300 accommodation options that can be filtered by price, property type, and amenities such as a pool or WiFi. Hosts can manage their property with many online tools, including calendar management, cleaning costs, and booking options.

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

Costs common to all options:

- **Internet connection:** A reliable internet connection is essential for using online business solutions. With less than 1Mbps of bandwidth, basic tasks such as sending emails or uploading photos will be very slow, making it hard to communicate with customers. Internet service providers in Vanuatu include 3 Links, Digicel, Vodafone, and WanTok. Prices have decreased in recent years. You can now get 1GB for less than VUV 100, and 50GB for VUV 5,000.
- **Devices:** A smartphone with a decent camera and enough storage capacity is recommended. Basic smartphones cost less than VUV 10,000. For managing different channels and using software, a laptop or a tablet is very useful.
- **Time:** Managing an E-commerce business takes time. You need to update descriptions, create marketing content, manage bookings, answer customer questions, and analyse customer behaviour.
- **Additional costs:** You also need to consider the additional cost of international transfers and exchange rates.

Costs specific to marketplaces:

- **International commission:** International booking platforms often charge a monthly commission of 15-22%. Paying those commissions can be complicated, but Booking.com simplifies the process: with its ANZ bank account, you can easily deposit the required fees.

Costs specific to social networks:

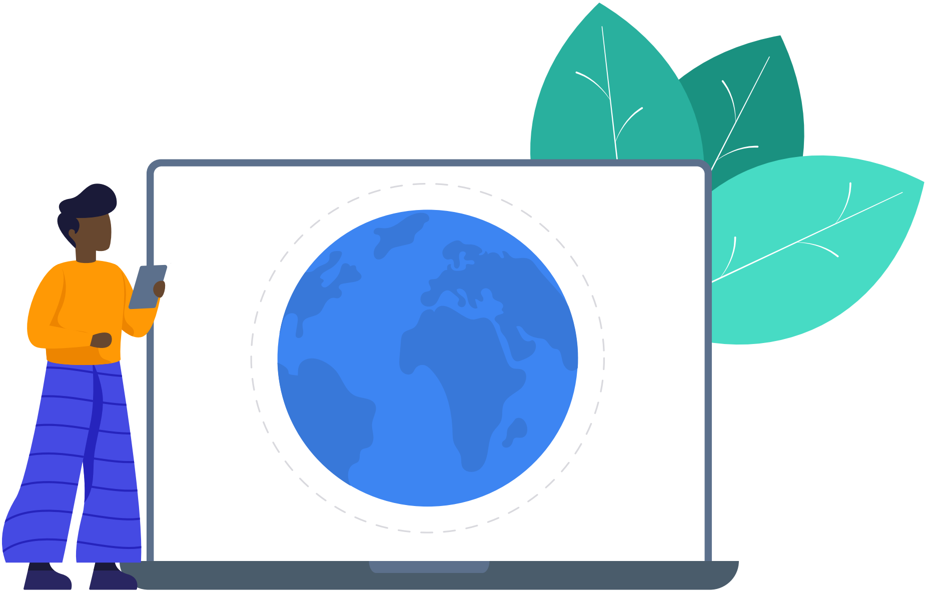
- **Advertising:** You may need to set aside a budget for advertising, especially on platforms such as Facebook, Instagram, or TikTok. You should start with a VUV 120 budget per campaign, to understand how it works.

Costs specific to your own website:

- **National commission:** Having your own website option is cheaper in terms of commission (less than 4% through BRED Bank or ANZ bank payment gateways), but usually represents a lower proportion of sales (no more than 35% of total sales of some boutique hotels).
- **Website development:** Depending on the agreed specifications, it might include a booking system, payment gateway, mobile payment option, email solution, and analytics tool to improve your traffic and sales. Another useful metric is to look at the conversion-rate, which tells you how many sales were generated by your traffic.
- **Maintenance costs:** Ongoing costs include licences, hosting, domains, additional plug-ins, and security certificates.

Quotations you may get in Vanuatu to develop your own website:

	Basic	Advanced
Setup	VUV 200,000	VUV 800,000
Monthly maintenance	VUV 4,000	VUV 50,000

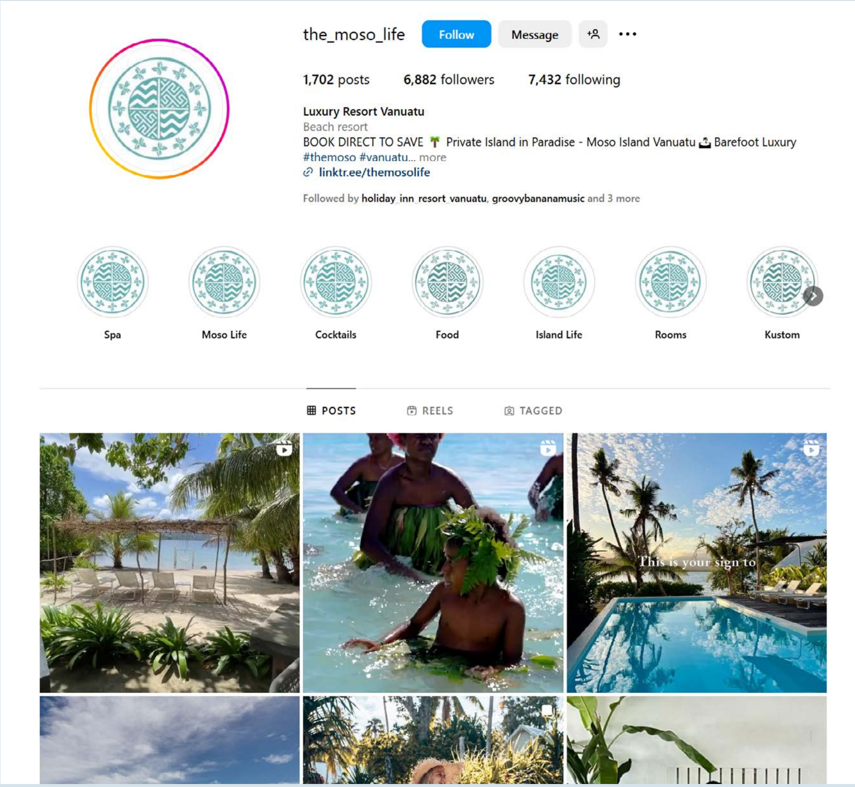


4 GETTING NOTICED ONLINE.

Once you are online, it is important to get noticed and attract attention. Marketing efforts are important for driving people online and generating sales.

- **Marketplaces:** Make sure your business page has high-quality photos and an attractive description of your accommodation and services.
- **Social networks**: Worldwide, over half of all website traffic comes from social networks. In Vanuatu, a small advertisement budget of as little as VUV 120 per day can help attract customers if your posts are well-made with good photos, tags, hashtags, and emojis.
- **Search Engine Optimisation (SEO):** SEO determines how easily people find your accommodation online through searches such as Google. It depends on how your website is built, using keywords, content, and links.
- You can improve your visibility with Google Ads.
- **Direct marketing:** Tools such as Mailchimp allow you to send targeted emails to your customers. This can be effective if done well, using good templates, segmented campaigns, and automated emails (such as welcome messages or special offers).
- **Analytics solutions:** On most of the online channels, we encourage you to use analytics solutions, to understand how well your marketing is working. The information you are interested in are audience acquisition and conversion rate. What brings customers to your site? Which page do the customers leave the website from? Since many shopping carts are abandoned (around two thirds), use this information to understand which customers have abandoned their online booking, improve the conversion rate and reduce drop-offs.

CASE STUDY:
THE MOSO VANUATU



The Moso Vanuatu is an exclusive boutique resort and dining destination located on Moso Island, North Efate.

It is great at getting noticed. It has effective marketing campaigns and its photos are very popular on social networks. With almost 2,000 Instagram publications, the Moso has successfully engaged its 7,000 followers. This traffic and visibility generate bookings from visitors, in particular by directing them to its beautiful website.

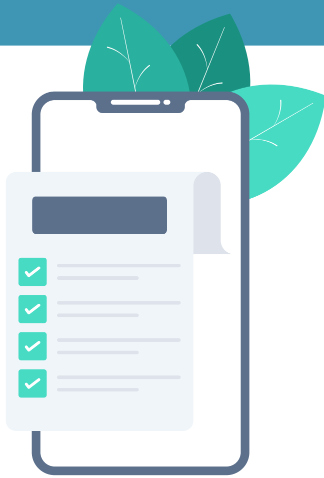
5 GETTING PAID ONLINE.

- **Bank transfer** is an option offered by marketplaces. For instance, customers can pay for their night in your bungalow directly to Airbnb, then Airbnb will send you the funds (minus its commissions) to your bank account in Vanuatu. As an alternative, some marketplaces such as Booking.com can let you decide to be paid onsite by your customers, then you will have to pay the required commission to Booking.com once a month. The disadvantage is that you are reliant on the effective arrival and payment from the customer, and moreover you have to manage the monthly payments to the marketplace.
- **Payment gateway services** are available with ANZ or Bred banks. On your own website, those two payment gateways facilitate getting funds into a bank account in Vanuatu, paying up to 4% commission of the transaction amount.
- **Mobile payments** are still a new solution in Vanuatu. They are affordable, and can be used to pay some bills. Those solutions are useful to send and receive money but are not integrated with other platforms at this stage (no link with order management and client database). Players such as Vodafone (M-Vatu), Digicel (MyCash), Vanuatu Post Office (KwikPay), KlickEx, and WanTok might improve their existing solutions, which would considerably boost e-trade adoption.
- **Use of a QR code** is an interesting option, to generate bank transfers or mobile payments. You can create a QR code to make it easier 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.
- **Refund policy:** can the clients cancel their booking, and claim a reimbursement? When can they do so? How and when do you reimburse them? Who pays the financial cost (transaction fee, exchange rates)?
- Solutions such as PayPal or Stripe can't be connected to a business bank account in Vanuatu at this stage.

Available payment options in Vanuatu:

Payment option	Main pros	Main cons
Cash	- There are no additional fees for you as the seller. - Simple to be paid.	- Payment depends on the customer's effective arrival and willingness to pay, which can lead to potential issues. - Payment of due commission to marketplaces, typically on a monthly basis, can be costly.
Bank transfer	- Easily accessible with all local banks. - Simple to use. - Client can be a visitor, or a marketplace.	- Does not integrate with websites or apps for streamlined operations. - Typically incurs a fee of about VUV 500 for transfers between two local banks. - Not always instantaneous.
Mobile payment	- Affordable. - Easy for customers in Vanuatu to use.	- Does not connect with other systems. - Hardly used by customers overseas.
Payment gateway	- Clients can complete their payment without leaving your e-shop. - Common payment mode for international tourists.	- In Vanuatu, only available through BRED and ANZ Banks. - Commission up to 4% of the transaction amount.

6 COMPLYING WITH LAWS AND REGULATIONS.



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

- **Company registration:** The registration fee for a company in Vanuatu starts at VUV 30,000, with an annual renewal fee also starting at VUV 30,000. However, if you prefer a simpler business structure, you can operate as a sole proprietorship or a partnership. To establish this type of entity, you only need to register the business name with the Registrar of Business Names at the VFSC. The fee for registering a business name is VUV 10,000, with an annual renewal fee of VUV 5,000. Link.
- **Tourism accreditation permit:** The Department of Tourism maintains a system of categories (accommodation, activities and transportation) to manage standards. Each type has its own business licence code. As a tourism operator, you must follow the Tourism Operators Minimum Standards. When you meet these standards, you fill out a form called the Assessors Standards Assessment Form and send it to the Department of Tourism. After that, you will get a tourism permit. The cost is VUV 12,000. Link.
- **Business licensing:** The Department of Customs and Inland Revenue issues business licences for businesses operating within the municipal areas in Port-Vila, Luganville, and Lenakel. Provincial Governments are the licensing authority for issuing licences for businesses operating outside municipal areas. The cost starts at VUV 10,000. Link.
- **Tax registration:** To register and obtain a Tax Identification Number, you can complete the relevant application form and provide the required documents to the Department of Customs and Inland Revenue. Link.
- **Data protection:** With the new rules on data protection and privacy (depending on the upcoming vote on the Bill on Data Protection and Privacy), it is important to ensure transparency and compliance. You will soon need to get permission before collecting anyone's personal information. Make sure to clearly explain your privacy policy online by answering these questions: What information are you collecting? Why are you collecting this information? How can consumers see and change their information?
- **Terms and conditions:** Customisable templates are available on the internet, for example here.
- **Intellectual property:** VanIPO protects trademarks and intellectual property rights in Vanuatu and connects with the Global Brand Database (GBD, worldwide).

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

8 FURTHER INFORMATION.

Airbnb
airbnb.com

booking.com
booking.com

TripAdvisor
TripAdvisor.com

Department of Tourism
tourism.gov.vu

Vanuatu Tourism Office
vanuatu.travel

Pacific E-commerce portal
pacificecommerce.org

Department of Customs, Inland Revenue and VAT
customsinlandrevenue.gov.vu

Vanuatu Financial Services Commission
vfsc.vu

Vanuatu Chamber of Commerce and Industry
vcci.vu

PIFS E-COMMERCE
BUSINESS TOOLKITS

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