



PIFS E-COMMERCE
BUSINESS TOOLKITS

USING E-COMMERCE TO HELP THE TOURISM 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: COMPLYING WITH LAWS & REGULATIONS.	12
SECTION 7: 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.

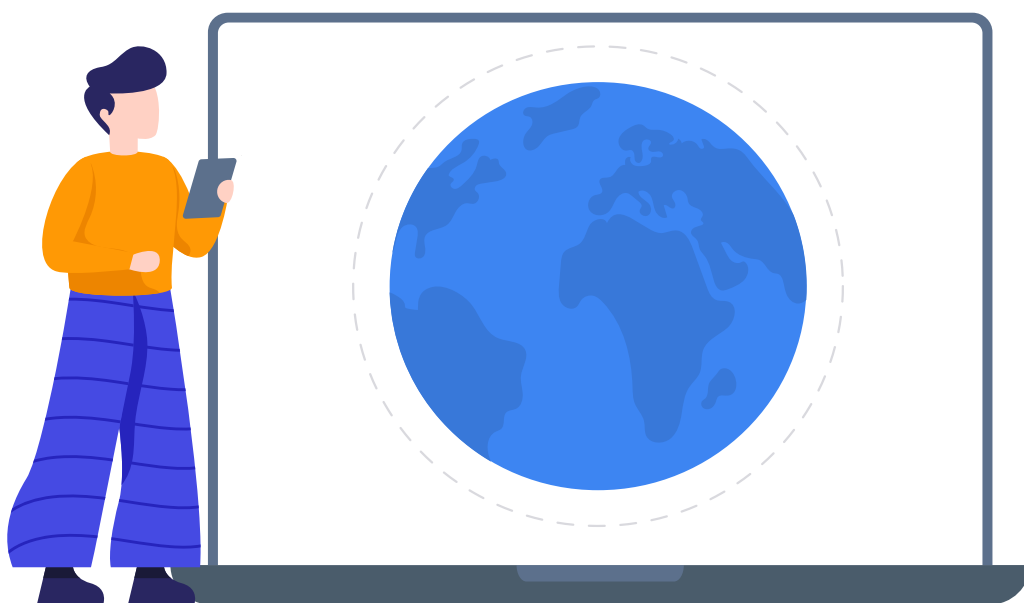
I salute this progressive public-private partnership and wish our small businesses success in their digital journey.

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 COVID-19 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 payments.

In our region, a report from Pacific Trade Invest found that by the end of 2021, more than one-third of Pacific businesses had pivoted towards a form of ecommerce. Fiji recently measured an exponential growth in terms of mobile payment.

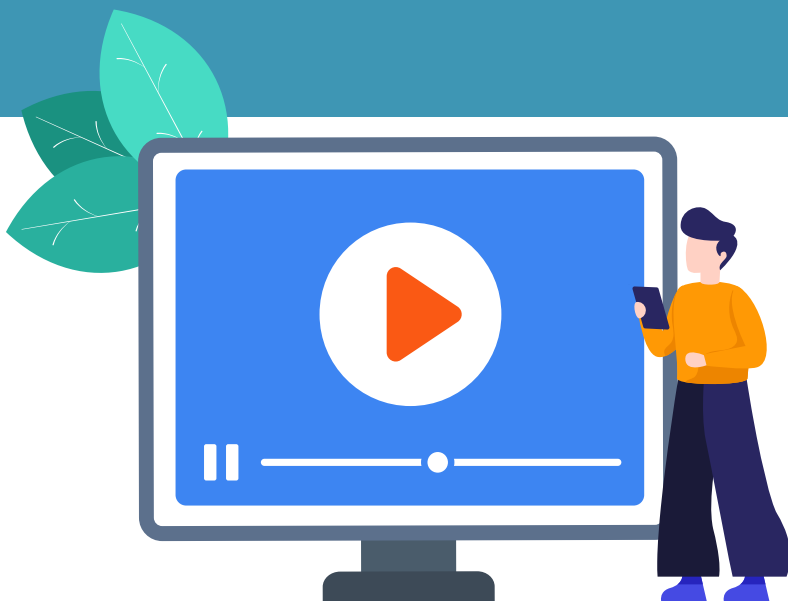
In Vanuatu, a national e-trade strategy was endorsed by the Government, and an e-trade symposium was organized in 2021. Digital service providers are

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 Sistas), 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.

Tourist behavior has changed: there is less and less room for improvisation, most of the purchases are made remotely, upfront. With the COVID-19 crisis and activity just resuming in the tourism industry, it is a good moment to invest time into the digital transformation, and to start selling 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, the lack of integrated payment solutions means that social media are used to only drive traffic at this stage.

2. Own websites are the symbol of the first era of Internet. Their impact is decreasing and depends a lot on marketing to drive traffic and increase conversion rate. To be efficient, they need to be connected to a payment gateway, to other booking platforms, to mailing solutions, etc. Without those investments, your own website would only be a cost. SiteMinder is a famous option to build a website for an accommodation which includes a booking system.

3. Marketplaces are platforms that you do not develop yourself, but that you can use to promote your services and rent your rooms. [Airbnb](#), [Expedia](#), [Booking](#) are examples of international platforms. The Vanuatu Tourism Office (VTO) is launching the Vanuatu Travel platform, with 300 registered tours and accommodations, but not connected to other booking platforms at this stage.

4. Summary: 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 (booking platform)	Large audience with little investment.	Costly: typically, 20% of commission. Not connected to your bank account in Vanuatu.

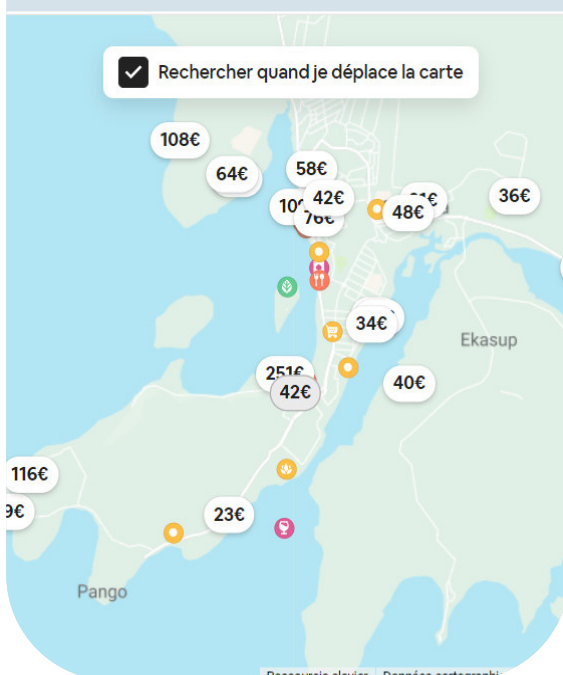


CASE STUDY: Airbnb

Airbnb is one of the key players worldwide in the tourism industry, with about 6 million active listings, and 150 million unique users. The platform is customer centric, user friendly, with a commission between 15 and 20% (plus transfer and currency exchange!).

As of March 2022, many hotels and bungalows in Vanuatu are offering their services on Airbnb.

For instance: 264 on Efate, 94 in Santo, 82 in Tanna.



SECTION 3:

WHAT COSTS SHOULD YOU CONSIDER TO TAKE YOUR BUSINESS ONLINE?

Costs common to all channels / options:

- A decent **Internet connection** is needed to use those solutions. With less than 1Mps 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 instance.
- An **Email solution for marketing campaigns** would contribute to improved communication and increased sales. Mailchimp is an example of excellent business solution to send emails to your clients.
- **Time!** Managing properly an e-commerce activity – on any channel – is time consuming: description and updates, production of marketing content, upload of new banners, booking management, answering customers' requests, analysis of online customers behaviours, etc.

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

Costs specific to marketplaces:

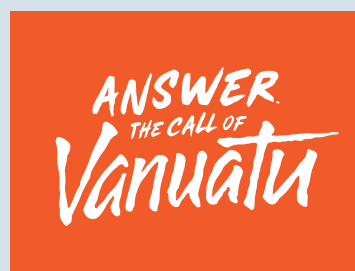
- International booking platforms for tourism often require a monthly payment of the commission, usually between 15 and 22%. Those marketplaces are not connected to bank accounts in Vanuatu. Every month, Airbnb or Expedia's commissions must be sent overseas. Regarding the Booking commission, it can be deposited at ANZ Bank.
- Financial costs for international transfers and exchange rate must therefore be added to the commission costs.
- The new national platform (Vanuatu Travel) is a cheaper option compared to international marketplaces, but with a lower customer base. It has a 6% flat rate commission (included in the price communicated to customers), plus a 4% financial cost paid to BRED Bank.

Costs specific to your own website:

- The own website option is cheaper in terms of commission (only 4% through the BRED Bank payment gateway), but usually generates very few sales.
- When you'll ask for a detailed quotation to potential suppliers, bear in mind that website development and maintenance requires many blocks, with their corresponding costs. In particular:
 - Technical development, according to the agreed specifications. It might include a booking system, a payment gateway, mobile payment options, an Email solution, and an analytics solution to improve your traffic and conversion-rate.
 - Maintenance of licenses, hosting, domains, additional plugins, security certificate.

Common quotations you may get in Vanuatu to develop your own website with your own booking platform:

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



CASE STUDY: Vanuatu Travel

Vanuatu Travel aims at helping small actors through the archipelago, those accommodation owners who could not invest on modern devices and software.

Users need an address email and a connection (system is light, does not require much data), with any updated device. No need to download any App. Training is taking place to make sure that small businesses start using the platform.

The total fee is 10% of the price: 6% for the platform and 4% for your bank.

The platform is not launched yet.

SECTION 4:

GETTING NOTICED ONLINE.

Marketing efforts are mandatory to drive people online and generate sales.

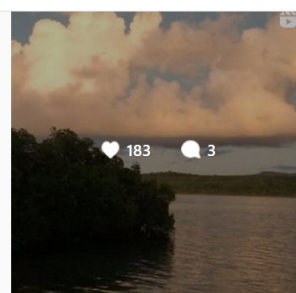
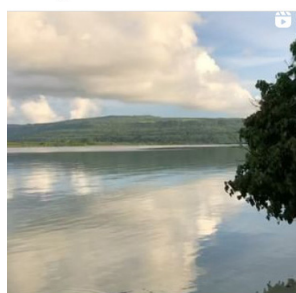
- **Social network:** worldwide, roughly half of the traffic on websites comes from social network. Advertising on social network in Vanuatu (even VUV 100 per day) enables audience acquisition, as long as your posts are of good quality, with good photos, tags, hashtags, emojis.
- **Search Engine Optimization (SEO)** defines how you appear in the internet search – Google and other web browsers. It depends on how your website was built: key words, content, links. Your visibility on Google can be boosted with Google Ads, but it's more complicated and technical than investing in social media.
- **Direct marketing** allows you for instance to send emails 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.).
- 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 cards are abandoned – which customers have abandoned their online booking?



THE MOSO
VANUATU

Instagram

Search



CASE STUDY: The Moso Vanuatu

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

It has simple but great marketing campaigns. On social network, its attractive photos are very popular. Its Instagram account has 4,500 followers, which is a lot for an independent boutique.

SECTION 5:

GETTING PAID ONLINE.

Famous 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:

	Main pros	Main cons
Bank transfer.	Does not require any partnership nor IT development.	Not integrated with the booking platforms.
Payment gateway: with bank account in Vanuatu and own website.	Only financial cost; no commission to any marketplace.	Only available at BRED Bank in Vanuatu.
Payment gateway: with bank account in Vanuatu and Vanuatu Travel platform.	In any bank – through BRED Bank.	This marketplace is not yet as popular as its international competitors.
Payment gateway: with a bank account overseas.	Compatible with booking platforms and most technologies.	Funds are overseas.
Being paid onsite after an online booking on an international marketplace (booking platform).	Simple to be paid.	Financial costs to transfer commission due to the marketplace.
Mobile payment: Digicel, KwikPay, Vodafone, Wantok.	Cheap. Simple.	Not integrated with the booking platforms.

- **Payment gateway with overseas bank account.**
International booking platforms don't enable transfer of funds to accounts in Vanuatu. They either send payment to a bank account overseas. Alternatively, the customer pays at check in, and then the accommodation sends a monthly commission overseas.
- **Payment gateway with Vanuatu bank account.**
On your own website, the BRED Bank payment gateway enables getting the funds on a bank account in Vanuatu, paying a 4% commission of the transaction amount.
- **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 bungalow owner, you can create a QR code to make it easy for your customers to pay their room with a mobile phone. Your customers will simply scan your code, enter the price, insert their password, and enjoy their stay.

- **Refund policy:** can the client cancel his booking, and claim a reimbursement? When can he/she do so? How and when do you reimburse him/her? Who pays the financial cost (transaction fee, change rate)?



CASE STUDY: BRED Bank payment gateway with Vanuatu Travel

If you are on Vanuatu Travel platform, you can receive money from the booking on any bank account in Vanuatu, through the [BRED Bank](#).

It takes an average of 3 days for international transfer to BRED Bank Vanuatu, and then another 3 days to receive the money in another bank in Vanuatu. The payment gateway offers full refund option (which include the 4% already paid to the bank) but no partial refund.

SECTION 6:

COMPLYING WITH LAWS & REGULATIONS.

- As any other business you should comply with legal obligations: business license, VAT declaration, financial records, etc.
- Moreover, a tourism permit is mandatory for anyone wanting to be on Vanuatu Travel.
- 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 legal texts** relevant to e-commerce in Vanuatu are the Electronic Transaction Act 2000 and Amendments, and the National Payments System Act of 2021.



SECTION 7:

FURTHER INFO.

- Vanuatu Tourism Office:
<https://www.vanuatu.travel/en/index.php>
- Department of Tourism:
<https://tourism.gov.vu/index.php/en/>
- 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/>



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