

Value-added strategy for production and marketing noni products in Yap

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Introduction

Noni made a remarkable transition from traditional Polynesian herbal medicine to modern natural remedy over the last few decades. It has become incredibly popular before sufficient evidence had accumulated to establish its efficacy according to biomedical criteria. Noni grows extensively throughout the Pacific and is widely used as herbal medicine in almost all Pacific island communities. Noni juice has become increasingly popular in recent years as a health food drink in western and Asian countries where there appears to be substantial market. This has prompted the establishment of commercial export enterprises in the Pacific on noni products. Noni appears to be a promising cash crop for Pacific island communities including those on the atoll and islands, where it grows successfully.

The field of natural remedies has flourished over the last decade as natural products become increasingly popular around the world, noni has become part of a growing healthcare trend and the subject of much science, myth and marketing hype. Noni plant is regarded as a living biochemical factory, for it produces many biologically active and useful chemical compounds (Nelson and Elevitch, 2006). So far, about 160 phytochemical compounds have been identified in the noni plant and the list grows constantly as scientists characterize new molecules. Owing to its antioxidant potential, commercial interest has increased tremendously in recent years, as provided by the number of patents registered. In the United States 19 patents have been registered by the US Patent and Trademark Office since 1976 (USPTO, 2005). Noni juice has been recently accepted in the European Union as a novel food (European Commission, Scientific Committee for Food, 2002).

Potential of noni enterprises in Yap

As the terms of the Compact of Free Association shifted from annual financial assistance to a trust fund arrangement, island States of Federated States of Micronesia (FSM) is striving for self-sufficiency. During the third FSM 3rd Economic Summit, agriculture emerged as one of the pillars of the country's high growth strategy. Agriculture production in the FSM had traditionally been small-scale and on subsistence level, with surplus harvests going to local markets and retailers. There are, however, several export opportunities for lucrative niche agriculture products indigenous to the FSM. Noni is one such medicinal plant that has attained significant economic importance worldwide in recent years through a variety of health and cosmetic products made from leaves and fruits. It grows abundantly throughout the FSM and presents a lucrative opportunity for coordinated cultivation, harvesting and export. The exploration of returns from noni products will provide alternative sources of economic growth and promise for sustainable development while opening doors for private sector development.

Agricultural Experiment Station of College of Micronesia-FSM, Yap Campus has embarked on a project in 2006 to promote commercialization of noni and small-scale private sector development in Yap¹. Overall project goal is to create an environment for the local population to begin small scale enterprises based on noni products to improve local economy. A comprehensive training workshop conducted recently paved the way for farmer participants to gain better understanding of noni products, its business aspects and a range of marketing potentials (Murukesan, 2007). Commercial exploitation of noni in Yap is still in its infancy but the idea of successful business venture is gaining rapid momentum and popularity after the training workshop. Being a small island developing state Yap has several challenges, but also have some unique features that could be explored for the success of any potential business venture involving noni.

Value added noni products: a viable strategy for Yapese agriculture

The competitiveness of any agricultural produce would depend upon quality, reliability of supplies, ability to meet various standards and the extent to which value can be added to these commodities before export. Although the quantity of trees or products to initiate wholesale production and marketing currently available in Yap is limited, future prospects seems very promising. Being a small island with limited number of trees growing in wild, there are few items that a Yapese farmer can produce and sell profitably in its basic form on the open market. However, a value-added strategy will bring long-term survival of small farm enterprises in Yap. Value addition and commercialization by linking formal and informal knowledge of farmers will spur innovations to bring out special products in the market. Often simple characterization of natural products adds value and creates demands or meets the existing demand in more cost effective manner than otherwise available. Value-added production is a way to keep more value of a product within a local economy and, thereby, stimulate economic growth and development.

With the continuous shifting to a global economy, the international market for value-added noni products is growing. Market forces have led to greater opportunities for product differentiation and added value to raw products because of:

- Increased consumer demands regarding health, nutrition and convenience
- Efforts by producers to improve their productivity, and
- Technological advances that enable producers to produce what consumers and processors desire.

For case in point, in Hawaii a processor gets about \$448.00 when juice from 100 pounds of noni fruit is bottled and marketed. In contrast, value of 100 pounds of noni fruit to a farmer who simply sells his fruits to a processor is about \$30.00² (Nelson and

¹ Project entitled 'Production agriculture of Noni (*Morinda citrifolia* L.) to promote commercialization and small-scale private sector development on Yap' is funded by State of Yap and College of Micronesia Land Grant Programs

² Noni fruits contain about 65 percent extractable juice by weight. Therefore, 100 pounds of noni fruits yield about 65 pounds of juice, which is approximately 7.2 gallons of juice.

Elevitch, 2007). In Kosrae, farmers get \$50.00 for 100 pounds of fruit, whereas processor derives approximately \$900.00 when juice is marketed.

Value is usually created by focusing on the benefits associated with the product or service that arises from:

- Quality
- Functionality
- Form
- Place
- Time
- Ease of possession

Since the product is simply a bundle of benefits, the more benefit a product has, the more customers will perceive the product as having value.

The amount of value to be added to noni is limited only by imagination. This was evident from participants' ideas during the recent training workshop. In order to protect their rights ideas are not listed here, but altogether concepts for 36 new products, most of them in combination with local produce, were tossed around. Linking these value addition concepts with appropriate marketing strategies (Table 1) and by taking greater responsibility for their products as they move to the final consumer, Yapese agricultural producers can capture some or all of the profits that others had previously taken from a noni product. Small farmers can increase their profitability by vertically integrating their operations rather than simply expanding horizontally to increase their volume of production.

Table 1: Value added selling points for Noni in Yap	
<ul style="list-style-type: none"> • Pure noni without additives • Certified organic • Better quality • Pasteurized • Superior quality • Traditionally cultivated • Used by islanders for centuries 	<ul style="list-style-type: none"> • Supports Pacific small island development • Hand processed • Family farmed • Grown by natives • Biodiverse environment • Tropical pristine environment • Unique varieties

Some challenges

Since commercial development of noni products in Yap is still its infancy, it poses certain challenges.

Adding value: Producers have a challenge to be responsive to consumer demands by producing what is desired. Attentiveness to consumer demands in quality, variety and packaging are important, because demographic trends show growth in the convenience-oriented, health conscious and environmentally concerned sectors where price is not as important as quality.

Adding value to products can be accomplished in a number of different ways, but generally falls into two main categories: innovation or coordination. The problem is to evaluate what, where, how and who can efficiently perform the marketing functions.

Business Planning: The old adage, “people don’t plan to fail, they fail to plan” certainly holds true when it comes to small business success. Adequate planning in the beginning is needed that will help to undertake any venture in the right direction. Adding value to agricultural commodities often requires significantly different business skills and information needs than a businessperson may possess. A good business helps to identify potential characteristics that may cause business failure and improve the chances for business success.³

Conclusion

Success with noni venture in Yap requires producing a high-quality product or service, working to increase sales and cut costs, diversifying to reduce risk, and finding niche markets where the added value of noni products can be realized in higher prices. It also entail added advantage that comes from whatever it is about one’s operation that cannot be copied, or can only be copied with great difficulty or expense. Adopting an explicit value-added strategy and properly marketing the unique character of Yap’s noni (Table 1) will give it a competitive advantage in the local and world market.

References

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³ Yap Small Business Development Center provides free one-on-one confidential counseling and low-cost business training workshops and assist in business plan development.

USPTO, 2005. Patent Full-Text and Image Database. Patents (*Morinda citrifolia*).
<http://patft.uspto.gov/netahtml/PTO/pating.htm>