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# Helping make farmers ideas a reality-Value addition and market development for Yap's Noni

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## Abstract

*Agriculture production in Yap Island is rooted traditionally as small scale subsistence farming with surplus harvests going to local markets and retailers. There are, however, several export opportunities for lucrative niche agriculture products indigenous to the islands. Noni is one such high value crop 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 Yap and presents a lucrative opportunity for coordinated cultivation, harvesting and export. Considering the geographic area along with limited numbers of trees growing in wild, only few Noni products Yapese farmers can produce and sell profitably at the first level. However, a value-added strategy will bring long-term survival of small farm Noni enterprises in Yap. Value addition and commercialization by linking formal and informal knowledge of farmers will spur innovations to bring out special Noni products in the market. It will also provide more value for Noni products in the local economy and, thereby, stimulate economic growth and development. Linking the value addition concepts with appropriate marketing strategies and by taking greater responsibility for the 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 Noni products. Adopting an explicit value-added strategy and properly marketing the unique character of Yap's Noni will give a competitive advantage in the local and world market.*

## Introduction

Noni, *Morinda citrifolia*, made a remarkable transition from traditional Polynesian herbal medicine to modern natural remedy over the last few decades. It has become incredibly

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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 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, over 200 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 Economic Summit, agriculture emerged as one of the pillars of the country's high growth strategy. Agriculture production in the FSM has 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 Yap. 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 fruits currently available in Yap for wholesale production and marketing 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 in 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 fruits to a farmer who simply sells his fruits to a processor is about \$30.00 (Nelson and Elevitch, 2007). In Kosrae, farmers get \$50.00 for 100 pounds of fruit, whereas processor derives approximately \$900.00 when juice is marketed.

#### **What creates added value?**

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

- Quality - Does the product or service meet or exceed customer expectations?
- Functionality - Does the product or service provide the function needed of it?
- Form - Is the product in a useful form?
- Place - Is the product in the right place?
- Time - Is the product in the right place at right time?
- Ease of possession - Is the product easy for customer to obtain?

A product must have one or more of these qualities to generate additional value. 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 value of noni can be increased in seemingly endless ways. Linking the 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"> <li>● Pure Noni without additives</li> <li>● Certified organic</li> <li>● Better quality</li> <li>● Pasteurized</li> <li>● Superior quality</li> <li>● Traditionally cultivated</li> <li>● Used by islanders for centuries</li> </ul>	<ul style="list-style-type: none"> <li>● Supports Pacific small island development</li> <li>● Hand processed</li> <li>● Family farmed</li> <li>● Grown by natives</li> <li>● Biodiverse environment</li> <li>● Tropical pristine environment</li> <li>● Unique varieties</li> </ul>
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**Adding value contributes to sustainability**

In addition to offering a higher return, value added Noni products can open new markets, create recognition for a farm and expand the market season. Small-scale processing can also make a positive contribution to the community. Often any ingredients needed for the final product are purchased locally, staff is hired locally, and the product is usually sold locally. The dollars generated from these activities tend to recirculate in the local economy longer than dollars generated from other businesses. Processing Noni products can create more additional jobs and income for Yapese community than any other industry. Locally produced specialty Noni products can also provide a window into the unique qualities of Yapese community. Value added noni products and appropriate marketing strategies will augment business (Table 2).

**Table 2 : Potential features of Noni based industry in Yap**

- It will support local agriculture and broad-based job creation
- It will create alternative high value products and services
- It will provide potential for investments and creativity at all socio-economic levels
- It will enhance quality of life, particularly through complementary medicines
- It will preserve cultural expressions
- It is an industry with high growth potential for the future, particularly in the export of products challenges to be faced

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.

## **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** will give a competitive advantage in the local and world market.

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