

# Developing virgin coconut oil-based products

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One of the definitions of “ virgin” in the Merriam-Webster pocket dictionary is: “ fresh, unspoiled; especially: not altered by human activity.” Virgin coconut oil (VCO or VCNO) is produced from fresh coconut meat (non-copra). This does not pass through RBD processes. It is produced without the use of chemical and heat and does not contain aflatoxin/PAH’s. It retains its vitamin content, especially Vitamin E, an antioxidant, after undergoing the natural process of producing the virgin coconut oil. It is rich in lauric acid, an acid naturally found in mother’s milk that helps develop and strengthen the immune system of newborn babies.

It contains medium chain fatty acids that is easily digested by the body and converted to energy. The virgin coconut oil is a truly unrefined coconut oil made from organic coconuts. Testing done in independent laboratories reveals a 50% - 53% content of lauric acid. No chemical or high-heat treatment is used, and this oil contains no trans fatty acids. The virgin coconut oil has been extracted in an old-fashioned traditional method that has been used for hundreds of years. The coconut trees where the coconuts are sourced by producers are certified organic according to strict USDA standards.

This high-grade virgin coconut oil has a long shelf life due to coconut oil's natural anti-oxidant properties. It has the longest shelf life of any plant oil (Tropical Traditions Virgin Coconut Oil, 2005). This product is popular in tropical countries. However, marketing of Virgin Coconut Oil is still not well-established in the United States and Europe.

Marketing Description

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VCO can provide instant energy to the body. According to experts the medium chain (C8 - C12) fats in VCO is similar to the fats in mother's milk, that gives babies immunity from diseases. The medium chain fatty acids have antiviral, antimicrobial, antifungal and antiprotozoal properties. It was found out that the most potent is the lauric acid (C12) and its monoglyceride form monolaurin being mentioned as the most potent against lipid coated microorganisms which are not normally cured by ordinary antibiotics.

Among the vegetable oils traded in the world, coconut oil is the richest source of medium-chain fatty acids (64%) and lauric acid (48-53%). The numerous health benefits of coconut oil are finally again reaching the mainstream. These benefits are reducing risk of heart disease, promoting weight loss when and if needed, supporting immune system health, reducing your risk of cancer and degenerative diseases, supporting a healthy metabolism, providing an immediate energy source, helping to keep skin healthy and prevent age-related damage, supporting the proper functioning of the thyroid gland, and preventing infections due to harmful bacteria, viruses, yeasts and other micro-organisms.

These unique health benefits of coconut oil are directly related to its chemical structure, or more precisely, the length of its fatty acid chains. That is, coconut oil is comprised of medium-chain fatty acids (MCFAs), also called medium-chain triglycerides or MCTs. Coconut oil is nature's richest source of these healthy MCFAs. By contrast, most common vegetable or seed oils are comprised of long chain fatty acids (LCFAs), also known as long-chain triglycerides or LCTs.

Objectives and Issues

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Promoting VCO will be aimed at the three benefits of the product:

### Health Benefits

There are several reasons to explain why long-chain fatty acids are not as healthy as the MCFAs in coconut oil. For one, LCFAs are difficult for the body to break down. They must be packaged with lipoproteins or carrier proteins and require special enzymes for digestion. Also, LCFAs put more strain on the pancreas, the liver and the entire digestive system. These LCFAs are predominantly stored in the body as fat. (That's why most people buy into the myth that fats are automatically "fattening"). LCFAs can be deposited within arteries in lipid forms such as cholesterol. On the other hand, however, the MCFAs in coconut oil are healthier, because MCFAs are smaller.

They permeate cell membranes easily, and do not require lipoproteins or special enzymes to be utilized effectively by your body. MCFAs are easily digested, thus putting less strain the digestive system. This is especially important for those of with digestive or metabolic problems. MCFAs are sent directly to your liver, where they are immediately converted into energy rather than being stored as fat. MCFAs in coconut oil can actually stimulate your body's metabolism, leading to weight loss (Mercola, 2006).

### Social Benefits

A noteworthy social benefit of the virgin coconut oil is in positive impact of the virgin coconut oil in obesity. When virgin coconut oil is used by people suffering from obesity, immediate response of the body can be observed. The metabolism of the person who took in virgin coconut oil in their system

is chronically inhibited by something that was easily alleviated by " dilution" or molecular competition.

Putting a tablespoonful of coconut oil on some rice during meals and half an hour later will result to normal breathing. The skin become pink and pulse may become normal. Over the next few months, the weight will be slowly and consistently decreasing. Eating more coconut oil lowered weight for some pounds. The anti-obesity effect of coconut oil is clear in the animal studies (Peat, 2004).

### Environmental Benefits

There are a number of environmental benefits of virgin coconut oil. Farmers who attempted to use virgin coconut oil for fattening their animals found out that the virgin coconut oil made the animals healthy and active. The waste products excreted by these animals are not hazardous to the environment due to its organic and safe to the environment nature (Peat, 2004).

An important thing to note in the production of the virgin coconut oil is that none of the products from this process are wasted. The ground outer shells of the coconut are used for matting and packing fresh plants and flowers. The empty coconut shells are burned for fuel to supply heat for drying the meat. Other uses of the empty coconut shell is in cooking or heating for fuel for a variety of purpose. The exhausted meat as the waste product in the production of virgin coconut oil is often fed to livestock as a nutrient rich meal (Jamaican Gold: Raw Handpressed Coconut Oil, 2006).

### Product Review

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## A. Different Ways of Branding the Product

Almost no product is perfect forever. And when the patent runs out, there is always someone who can make it cheaper. But even before the patent ends, there will likely be those who attempt an end run on your process. Most successful ingredient brands have continually refined their products to make them easier to use in manufacturing, or make them cheaper, or to perform better. This way, you will discover any opportunity to improve your product before someone else does. Ingredient Branding is a different approach to building brand equity. This concept is a way to successfully introduce and market a radically new product.

The usual way existing markets name the coconut oil is Virgin Coconut Oil. But this product being proposed here will have the name Coconut Virgin Oil or CVO for short. The CVO will be applied for trade marking that makes the logo come out as CVOTM.

Branding the product as such will eliminate the basic idea that the product is of coconut virgin oil. This type of branding is called logo type branding. Marlboro didn't name themselves Cigarettes or Pepsi naming their company as SoftdrinksTM. CVOTM as a corporate ID will carry different types and forms of virgin coconut oil products. Each of these forms will have their own sub branding. For example:

Product for medicinal benefits will be branded CVOTM Medicinal.

Product for beauty benefits will be branded CVOTM Beauty.

Product for culinary benefits will be branded CVOTM Kitchen.

Once the brands are decided and set, personalities will be chosen to partner these brands. A coconut tree will not be used to promote the product. A coconut tree may be developed as a mascot but personalities that can claim the benefits of the product will be more effective. These personalities will be chosen according to their credentials that are palatable and appealing to the target markets.

## B. Threat of Substitutes

Threats of substitutes are virgin olive oil, virgin pine oil, red palm oil, grapeseed oil, flaxseed oil and many others. Virgin olive oil is obtained only from the olive, the fruit of the olive tree, using solely mechanical or other physical means in conditions, particularly thermal conditions, which do not alter the oil in any way. It has not undergone any treatment other than washing, decanting, centrifuging and filtering.

It excludes oils obtained by the use of solvents or re-esterification methods, and those mixed with oils from other sources. It can be qualified as a natural product, and virgin olive oil can have a designation of origin when it meets the specific characteristics associated with a particular region. Virgin olive oils can have the following designations and classifications depending on their organoleptic (taste and aroma) and analytic characteristics. The degree of acidity refers to the proportion of free fatty acids, not to the taste (Olive Oils Definition, 2006).

Virgin pine nut oil (VPO) is the first and only natural and effective appetite suppressant currently known to man. When ingested - either in its pure form or as part of delicious foods - this tasty oil stimulates the abundant release of

cholecystokinin (CCK). CCK is a substance naturally produced in the duodenum in the presence of fats and proteins. When delivered to the brain, it tells us to stop eating, thereby reducing the amount of food we consume, as well as our overall intake of calories (Organic Oils, Butters, and Nut Butters, 2006).

Red Palm Oil is produced from the fruit of the oil palm, *Elaeis guineensis*. It is a vegetable oil, not from an animal or dairy product and therefore does not contain any cholesterol (Organic Oils, Butters, and Nut Butters, 2006).

Grapeseed Oils Infused with all-natural, fresh herbs, our Salute Sante! Infused Grapeseed Oils shine with delicious flavor and have a light texture and mouthfeel. A tasty substitute for butter, margarine and other saturated fats, use these oils as a delicious dip for bread, drizzle over salads and fresh vegetables, or use as a "liquid spice" in your favorite recipes (Organic Oils, Butters, and Nut Butters, 2006).

Flaxseed oil contains linoleic acid, an essential fatty acid needed for survival (Thompson, et al., 1996). According to the authors, unlike most oils, it also contains significant amounts of another essential fatty acid, alpha linolenic acid (ALA). They further mentioned that the effect of ALA as an isolated substance, and of flaxseed oil on the risk of cancer in humans remains unclear, with most animal and test tube studies suggesting protection, and some preliminary human trials suggesting cause for concern.

They have stressed, however, that it is premature to suggest that ALA and flaxseed oil will either cause or protect against human cancer at this time (Thompson, et al., 1996). Flaxseed oil is not suitable for cooking and should



be stored in an opaque, airtight container in the refrigerator or freezer. If the oil has a noticeable odor it is probably rancid and should be discarded (Flaxseed and Flaxseed Oil. Health Notes, 2006).

### C. Competitive Rivalry

Despite the numerous organic oils that are available in the market, competitive rivalry is existing in the market. Since the introduction of the virgin coconut oil in the market, there is an observed potential and competitiveness of the virgin coconut oil in the international market (Virgin Coconut Oil, 2006).

### D. Product Uniqueness

CVO is a the brand that values and sells integration. The integration of all three benefits of the coconut virgin oil will spell originality of this product. Many sellers of virgin oil are in the market but all their existing brand marketing remains like the back yard type. CVO will be striking because it will project a global brand bringing all the benefits of CVO that can be accessed by different local and inter-nation markets, single consumers or bulk buyers that use the CVO in their businesses.

The vision of CVO is to project a global brand that promotes the coconut and its organic benefits to human kind.

Marketers should understand that when global brands are desirable, it is not simply because they are global, but rather because their globalness implies other traits, such as quality and prestige. 'There's a certain cachet of quality that comes with being available around the world, but it's not automatic,' says third co-author, Dana L. Alden, a professor of marketing at the

University of Hawaii. 'The brands that tend to be successful around the world tend to be of higher quality and are promoted as such (The Global-Brand Advantage, Spring 2003).

### Action Program

The mission of the product is to earn from promoting a healthy lifestyle using the coconut virgin oil. The goals of the product is to sell through distributors and retail outlets the many forms of CVO packed in a variety of ways suited for different uses. Thus, CVO will be promoted as a product beneficial to the body, lifestyle and environment. Promotion will be focused on the internet, health stores and grocery stores. Three promotional strategies are explained below.

1. The plan will use personalities to promote the product. Using this strategy is still a cut above the rest using personal testimonies from man on the streets. The product must find people from different fields to help promote it. A deemed scientist will be found to endorse its chemical stability and safety. A super star will promote its beautifying effects. A known woman - mother advocate will be helpful in promoting its cooking and lifestyle benefits.
2. Another plan for promotion will include giving away trial samples for free. Each time they buy a certain amount of product, the clients will be awarded a free pack that they can share to their friends who would like to try. Advocates who believe in the product can easily promote it. Giving them resources to help their own little promotion will have good future effects.

3. A good promotional activity is advertisement in the various media such as newspapers, television, radio, and other events. The advertising arm must maximize events that center on alternative lifestyle and venues that promote environmental consciousness. Sponsorships in cash or in kind is also a good way to help promote the product. Users who can give the advertising arm information that can lead towards the promotion of the product in their communities will be awarded free products.

#### Proposed Budget

\$ 50, 000 - Product Development and Importation of processed virgin coconut oil

\$ 30, 000 - Advertising Costs

\$ 20, 000 - Miscellaneous (Salaries, Incidentals)

\$100, 000 - Total

Profits will be earned through proper management of sourcing of raw materials. Processed and bottled can be bought at an average of \$ 3. 00 per 500 ml. Prevailing retail price without shipping costs is \$17. 00 per 500 ml on the average. Retail is more than five times the cost which makes it viable for product development.

#### Control

Three scenarios are seen as the CVO product penetrates a market. One, it is well accepted. Two, CVO is generally rejected. Three, CVO becomes unnoticed.

The first scenario is favorable. Promotions and marketing goes into the market, information is heard, the product is sampled, and the consumers love it. This will look and sound easy but the challenge in this scenario is how to make these CVO goers and users become advocates. A bigger challenge is how to sustain the quality of the product they liked. There will be times when a consumer who easily accepts a new product has also the tendency to easily change his mind when another product comes along. These consumers will always try something new and thereby one can describe their product loyalty at a minimum. Making these consumers loyal is the job of the company.

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