Catchy names for apples may boost revenue

Cornell University

A rose by any other name may smell as sweet, but an apple by another name could fetch a much sweeter price for farmers.

Using experimental auctions, researchers at Cornell University's Charles H. Dyson School of Applied Economics and Management tested participants' willingness to pay for five different varieties of apples, including a new, patented variety developed at Cornell, currently named NY1. Participants didn't know about the apples' history or the Cornell connection, but they learned about each variety's attributes, such as sweetness and crispness, and they tasted slices of each.

The researchers' conclusion? Consumers were willing to pay more for NY1, and they were willing to pay still more when it had an "exciting, sensory" name, said assistant professor Bradley J. Rickard. He presented the research Nov. 8 at the New York Produce Show and Conference in New York City.

Rickard and co-authors Todd Schmit, Miguel Gómez and Hao Lu, all of the Dyson School, wanted to test the influence of branding on patented fruit varieties.

"There are a lot of brands throughout the grocery store. The one exception is fresh produce," Rickard said. "But in the case of apples, pears, tomatoes and peaches, that's the one place in the fresh produce sector where you have a choice. Not really across brands, but across these varietal names."

And what's in a name? Quite a bit, it turns out.

Apple names generally fall into three categories, Rickard said: sincere names based on a breeder or location, such as Cortland or Granny Smith; sophisticated names, which usually highlight the fruit's appearance, such as Red or Golden Delicious; and exciting names that evoke the taste or texture of the apple, such as Honeycrisp.

In the experimental auction, the researchers tested the new Cornell apple under three names: sincere "Williams," sophisticated "Burgundy Beauty" and exciting "Flavor Haven."

In all cases, the average bid for the new apple was 12 percent higher than the average for four other apples (Empire, Fuji, Honeycrisp, and Piñata). With the Flavor Haven name, the average bid jumped to 27 percent over the other varieties.

Perhaps most interesting, Rickard said, bids on NY1 influenced bids on the other new, patented Washington apple, Piñata, but made no difference in bids on the traditional varieties.

New York grocery shoppers already enjoy a wide selection of apples -- including some of the 66 varieties developed at Cornell, such as Cortland, Empire, Macoun and Jonagold -- but new, patented varieties are starting to hit shelves. These varieties often sell for a premium, but they're also more expensive to grow, as farmers have to buy licenses to grow them.

Historically, public universities developed new apple breeds and released them to the public. But in 1980, the Bayh-Dole Act gave universities the right to retain the intellectual property rights for their research. In May 2010, Cornell forged a partnership with a new industry group, the New York Apple Growers LLC, to establish an exclusive licensing agreement for the new apple varieties, NY1 and NY2.

"The license will entail some fairly substantial upfront fee. It could be $1,500 an acre upfront," Rickard said. "Then once you sell a box of fruit, you also need to pay a royalty."

Rickard's primary research interest is determining the best price and setup for that license. In September, he was awarded a two-year, $348,700 USDA grant to study that topic.

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SOURCE [1]

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[1] http://www.news.cornell.edu/stories/Nov11/CALSAppleNames.html