



Club Apple Overview

For the longest time the **Red Delicious** ruled the apple industry. David Bedford, a breeder at the University of Minnesota, was on a quest to find a delicious tasting apple. After many years of tasting variety after variety the **Honeycrisp** was developed by the University of Minnesota in 1960. Bedford thought the texture was different and explosively crisp! Consumers decided the apple was so good that they were willing to pay more for it and the apple industry was changed forever. **Watch this fun NPR video about Club Apples and you will be an expert on Club Apples in no time. <https://youtu.be/bDShFasYq9M>**

In the 1980's and 1990's new varieties were developed by various breeders around the world with the aim of capitalizing on the concept and marketing apples through clubs with growing rights.

WHO CAN GROW CLUB APPLES AND BENEFITS OF BEING IN THE CLUB

Club apples are varieties that are not just patented, but also trademarked and controlled in such a way that only a select "club" of farmers can sell them. Club varieties are licensed for growing and marketing by a plant breeder or corporate entity which owns the legal rights to that variety. Licensees are growers and marketers depending on the license system.

BENEFITS OF CLUB APPLES

#1 Quality Control: The management company selects the group to manage the commercialization, the growing, the harvesting and the packing. This way you can make sure all the apples are of consistently high quality. Criteria for the specifications include *sugar content, firmness, blemishes and color*. Inspections are regularly performed to ensure both the quality and traceability of the apple from the orchard to the shop.

#2 Quantity: You can grow enough to satisfy demand, but not so many that you drive down prices.

#3 Marketing: Clubs can organize significant marketing campaigns that persuade consumers to buy the variety and stores to stock it.

#4 Trademarks: Unlike a patent, a trademark never expires and the management group could have exclusive rights to sell the club apples they manage forever.

HOW DOES A FARMER BECOME A MEMBER OF A CLUB?

Once a variety has been created, the prospective grower approaches the license holder to get permission to plant it and applies to become a club member. Application can be directly with the licensor (Variety Manager) or via the grower's producer organization. It depends how the club is structured and the licensing system is organized. If approved by the owner to the rights, the grower would then sign a license agreement.

WHAT ARE THE LIKELY MANAGEMENT CONTROLS?

Approval and subsequent management controls on growing club varieties vary widely, the simplest probably being a basic royalty fee for trees. But it can go to fully-closed arrangements with license agreements containing strict rules on other production factors including fruit quality, agronomy, marketing (branding) and tree numbers.

WHAT ARE THE TYPICAL EXTRA COSTS OF GROWING CLUB VARIETIES AND WHAT PREMIUMS ARE POSSIBLE?

Usually the grower has to pay one-off and/or recurring license fees. The most common arrangements are tree royalties, acreage royalties (per hectare) or produce royalties (royalties per kg marketable fruit). Each club has its own license fee structure, using one or a combination of the mentioned license fees. The potential premiums vary from one club variety to another. The idea behind the managed varieties is to have a more stable yearly income for the grower, meaning that the marketers aim to avoid the erratic up and down swings of prices that selling commodities can have. Well managed varieties accomplish this through precise marketing and technical support to optimize prices and control supply which more than compensates the extra cost incurred over the lifetime of the tree.

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