

Student Penny Pinchers and the Healthy Fast Food

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Abstract

A new consumer group, The Student Penny Pinchers, is identified based on the characteristics of the Eat Drink and Be Merry and Frugalist groups. This is the target market of UQ (University of Queensland) Sandwich Bar, a vendor of the new fast food trend 'Healthy Fast Food'. The consumer behaviour model is used to evaluate the characteristics of the Student Penny Pinchers, specifically their motivation, lifestyle characteristics, reference group influences and decision process. The outcomes of this analysis have implications for UQ Sandwich Bar's marketing strategy, namely to address The Student Penny Pinchers concerns with price, health and convenience.

Keywords: Student Penny Pinchers, Eat and be Merry Group, Frugalist Group, Consumer Behaviour Model

1. INTRODUCTION

1.1. The Healthy Fast-Food Phenomenon & the Student Penny Pinchers

Fast food is a general term describing a limited menu of foods suitable for production-line techniques, such as hamburgers, pizzas, chicken or sandwiches (Bender & Bender, 1995). Despite being linked with serious health problems and undesirable lifestyles (Latetia, 2009), the fast food industry sales in Australia increased 7% in 2008, totalling at AUS\$10,921 million (Euromonitor, 2009). A majority of fast-food outlets in Australia were fast-food convenience stores (Appendix A), and despite promising investment figures the Australian public are being educated on the negative health impact high fat ingredients (Latetia, 2009).

Certain market segments are seeking alternatives to unhealthy fast-food that fulfil budget and convenience requirements (Steptoe et al, 2002), with time pressure being the reason 45% of Australians eating fast food (GSK Health Index). Subway Systems Australia was one of the first fast-food chains to respond to this demand. They offer a made-to-order sandwich service and successfully position themselves as a fast food store offering a fresh, healthy alternative. Sumo salad has also successfully tapped into the fast-food market, adding 20 new outlets in 2008 (Euromonitor, 2009). Sandwich specialists are likely to increase proportion of 53% of bakery products distributed through fast-food outlets in 2008. A term for this emerging trend in fast-food is 'healthy fast food' - the very definition of fast food but with an emphasis on fresh, healthy and low fat ingredients. 'Healthy Fast Food' is slightly more expensive than normal fast food, due to the fresh nature of its ingredients. Unfortunately, as healthy fast food still exists in the same category as regular fast food, this higher price is evaluated negatively against the lower price of regular fast food (Euromonitor, 2009).

The UQ Sandwich Bar is located at the University of Queensland and run by the UQ Union. They offer a make-your-own sandwich or salad format, with a wide variety of bread and fresh healthy filling options. They currently have no marketing strategies in place. Despite the high growth rate of the healthy-fast-food industry, the UQ Sandwich Bar has a unique target market: students. Psychographic and lifestyle characteristics of students affect their consumer behaviour, and have implications for

the UQ Sandwich Bar. This report identifies a new consumer group, The Student Penny Pinchers, based on characteristics of low-income or low-spending groups termed 'Frugalists' (O'Sullivan, 2005) and 'Eat and Be Merrys' (Hale & French, 2010). This report will utilize the Consumer Behaviour Model further analyse this group. Based on this analysis a marketing strategy will be developed for the UQ Sandwich bar.

1.2. Market Profile

According to a post-hoc segmentation approach, segments are developed based on study results investigating demographics, attitudes, behaviours, lifestyle, psychographics and perceptions and preferences of categories and brands. French and Hale (2010) uses this approach to investigate food-choice behaviours, a resulting segment emerged called "The Eat Drink and Be Merrys". This group is typified as younger, low-income, impulsive and taste-focussed with minimal interest in nutritional quality. Students are also attributed with the qualities of youth, low-income, impulsive and having poor attitudes to nutrition (Gracey et al, 1995). For the UQ Sandwich Bar this paints a picture of a money deficient junk-food eating student market. Through experience, the author (who is student at UQ) disagreed with this general description. This disagreement is justified with prior studies addressing the points of impulsive and poor attitudes to nutrition. Correlations have been found between higher socio-economic status and healthy food choices, and further correlations between higher-socioeconomic status and higher education (Steptoe et al, 2002).

Another consumer group, The Frugalists (O'Sullivan, 2005) have been found in Australia and resemble the money-conservation tendencies of the "Eat Drink and Be Merrys". This group exists within the middle-to-upper class, who are more motivated to conserve money and are concerned with the quality of products they are consuming. This is the group who will buy clothes from an op-shop in order to travel overseas for three months a year. Because of the discerning nature of this group's consumption activities, they resist advertising attempts (O'Sullivan, 2005) but are receptive to information, especially delivered via a word-of-mouth channel (Williams, 2007).

From the Frugalist and Eat Drink and Be Merry segments, this report has developed the "Student Penny Pinchers". While this may sound like

a phenomenon dating back to the dawn of university education, it is theorized the modern student, while bearing the low-income and poor nutritional aspects of the Eat Drink and Be Merrys also bear characteristics of the frugalist segment. They do not spend much money on food, and would choose poor nutritional food based on its low price rather than taste. Because of their socioeconomic characteristics, they are however aware of the benefits of healthy eating and desire to consume healthy food. Appendix D contains a tabular representation of the Student Penny Pinchers compared to the Frugalists and Eat and Be Merrys. A survey was conducted ($N=30$, $M=27.3$) to ascertain the existence of this “Student Penny Pincher” market. Researched articles were used in conjunction with the findings of this survey to build a more accurate profile of the target market and identify key points during their consumer decision making process (Quester et al, 2007).

1.3. Motivation

The factors driving our consumer group to satisfy their hunger at lunch time in a certain way are health concerns and money conservation, and to a lesser extent convenience concerns. The survey found a significant negative correlation between age and likelihood of choosing a cheap price over health when eating out ($r = -.387$, $p < .05$). This supports the findings in French and Hale’s post-hoc segmentation study, where the Eat and Be Merrys were found to be younger, poorer and less willing to spend money on nutritional food. However, a manifest motive is to be healthy, as health was a very important factor when dining out (See Appendix B) and their psychographic profile of higher education would suggest this is likely (Steptoe et al, 2002). They want the convenience of less preparation time by buying food for lunch, and they want it to be healthy, but they don’t want to face the negative consequence of spending more money. Currently our consumer group, when buying lunch, are experiencing an approach-avoidance conflict (Quester et al, 2009). Price, health and convenience are manifest motives (Quester et al, 2007). Our sample did not mind admitting price and convenience as factors as important considerations when deciding on where to dine (Appendix B). Furthermore, the most popular preferred bought lunch items were salads and sandwiches (Appendix C). The more latent motive is to not buy lunch out in order to prevent the arousal of the approach-avoidance conflict.

1.4. Attitudes

The manifest motives (health, money and convenience) are very rational, and could also be substituted for the cognitive component of a triparte attitude model (Quester et al 2007). The triparte or tricomponent model theorizes an attitude is compromised of affective, behavioural intentions and cognitions (See Appedix E). This tricomponent model has been criticized for its simplicity and realistically, is outdated (Sheppard, Hartwick & Warshaw, 1988). For the purpose of this study, however, it is applicable. This is because hunger is a basic, routine problem and the literature reviewed so far points to very basic cognitive analysis. As these cognitive evaluations of the attitude object (purchase of healthy food) overlap with motivational issues, this study will not address consumer attitudes in the marketing strategy.

1.5. Lifestyle and Psychographic Characteristics

As mentioned before, the “Student Penny Pincher” group are more likely to have a higher socio-economic background and a higher education which suggests they are more likely to be concerned with selecting healthy food (Steptoe et al, 2002). The “Student Penny Pinchers” fall in Generation Y, which is characterized by a larger disposal income and enhanced consumption tendencies (Noble, Hiaytko & Phillips, 2008). However we have already identified frugal tendencies in the Student Penny Pinchers through their motivation to conserve money (O’Sullivan, 2005; French & Hale, 2010). Gender has been seen to have an effect in terms of motives for food choices (e.g. being used for weight control more frequently by women) (Piggford, Raciti, Harker & Harkerr, 2008). Our study found little difference in eating behaviour between men and women, while another Australian study found that women are not more motivated by health concerns than men when choosing food (Piggford, Raciti, Harker & Harker, 2008). This means that Student Penny Pinchers can be marketed to more homogenously. In terms of lifestyle, there is a great need for convenient, healthy fast food. Often, Student Penny Pinchers in Australia mix employment with study, and a positive correlation was found between work hours and fast-food consumption (Piggford, Raciti, Harker & Harker, 2008). It points to an extremely busy lifestyle where healthy or home cooked food is sacrificed for the convenience of cheap, unhealthy fast-food.

1.6. Reference Group

The Student Penny Pincher's reference group is defined as their immediate family and friends, with whom they have most likely dined with. The most likely reference group influence when choosing lunch is informational and normative (Quester et al, 2007). However, these reference group influences are likely to be weak. It is though that a weak reference group influence is exerted with products that are necessities (like food) and visible (publicly consumed). Accordingly, the sample voted friends' and family opinions as the least important factor in their decision making process when deciding to dine.

The literature used to compile the consumer profile (O'Sullivan, 2005; Noble Haytko & Phillips, 2008; Williams, 2007) does suggest reference group influence is stronger for the brand of publicly consumed products, however has the UQ Union Sandwich Bar is utilitarian in nature it lacks a clear brand (Quester et al, 2007). It is likely, however, that the Student Penny Pincher's reference group exerts an informational influence that the study failed to capture. This is due to the importance of Word of Mouth communication for the Student Penny Pincher group.

Because this group's frugalist characteristics leads them to be more discerning in their buying behaviour, Student Penny Pinchers' are less susceptible to marketing communications (James in O'Sullivan, 2005; Noble, Haytko & Phillips, 2008). The marketing trend of the importance of word of mouth (Williams, 2007) communications is therefore especially important here. This effect may be less important if the sample frequently dined alone, however the motivations and psychographic characteristics of Student Penny Pinchers suggest they would be receptive, or even seek, information from trusted personal sources about cheap, healthy and convenient food on campus.

2. DECISION MAKING PROCESS

2.1. Problem Recognition

Student Penny Pinchers recognise the active problem of hunger when prompted by internal cues. These cues are physical and occur over a natural course of time, or aroused by environmental stimulants such as seeing food or smelling food. Penny Pinchers also anticipate the problem of hunger before they leave the house, and sometimes bring a solution

(packed lunch) with them. Once hungry, other problems arise including budget, healthiness and time constraints.

2.2. Information Search

Once aware of the problem, the Students Penny Pinchers engage in an internal information search for a solution. This internal search is restricted by their motivation, behaviour and lifestyle. In the market profile Student Penny Pinchers were established as being resistant to marketing communication yet accepting of information to help them make an economically savvy decision (James in O'Sullivan 2005; Noble, Haytko & Phillips 2008). Further studies have found that consumer groups who, like the penny-pinchers, are motivated to save money, will resist advertising yet browse stores, catalogues and the internet for information (Dolliver, 2009). Therefore the internal search will comprise of a lot of information actively acquired through past searches and personal experience (Beales et al, 1981). It is unlikely they will engage in an external search after problem recognition, as the time and effort required is almost certainly more than the financial benefits that would be gained (Quester et al, 1999).

2.3. Evaluation and Selection

The Eat and Be Merry described the younger consumer group to be impulsive in their food-buying behaviour. The motivations and psycho-demographic information so far indicate that this is not the case for the Student Penny Pinchers. Their motivations guide three strict selection criteria when it comes to choosing what to buy for lunch. The first is healthiness. Current literature (Steptoe et al, 2002; Pigford, Raciti, Harper & Harper, 2008) supports the survey findings from this report where healthiness is most commonly rated the most important factor when deciding where to eat. This is followed by price. As mentioned in motivations, the report's survey found that despite being motivated to stay healthy Student Penny Pinchers would ultimately choose a cheaper priced food over a healthier option. This finding is supported by literature also. Finally, convenience is an important selection criterion because this group is time poor and often decide between taking time to prepare a healthier home cooked meal or purchasing a cheap, unhealthy meal.

2.4. Store Choice and Purchase

There are several factors that influence consumer in evaluating the criteria for choosing a store or outlet, such as store image, type and location. The main dimensions of store image include merchandise, service, clientele, physical facilities, convenience, promotion and store atmospherics. Outlet location also considered as an important factor for any consumers as they prefer to visit closer outlet over the far ones.

Based on the theories and our research findings, to consider which store to buy from, the Penny Pincher will put attention on store convenience and strategic of location which is easy to reach. While in store, consumers may purchase different things as they plan before coming to the store which is known as unplanned purchase, and it can be caused by in-store stimuli, such as point-of-purchase displays and price reduction. For the penny pincher, they usually prefer to purchase the brand that they trust. If refer to their behaviour, in this stage, they might decide to avoid store and prepare lunch from home.

2.5. Post-Purchase

Currently the Student Penny Pinchers are experiencing one of two post-purchase outcomes. The first is satisfaction from avoiding purchasing altogether. They avoid purchasing food, and bring food from home. By doing this they satisfy the motivations and evaluative criteria at the price of convenience. The second out-come is post-purchase dissonance after buying lunch out. At the motivational stage they experience an approach-avoidance conflict where they are motivated to save money by conveniently buying their lunch, at the expense of facing the negative consequence of sacrificing either a low price or nutritional quality. At the evaluation stage they identify which products satisfy and don't satisfy the criteria, and after purchase are fully aware of the aspects they were motivated to fulfil but had to compromise. For example, a Student Penny Pincher who has made and bought a \$5.50 sandwich at the Sandwich Bar has compromised his motivation to conserve money by not buying the \$3.50 meat pie available in the refectory. This will create cognitive dissonance after the purchase, as his actions are not aligned with his attitudes (Festinger, 1957)

3. MARKETING IMPLICATIONS

With the information about the consumers psychographic profile, lifestyle, reference groups and motivation, we have pin-pointed three stages of the consumer decision making process to target with our marketing strategy. We will target information search because the Student Penny Pinchers resistance to advertising, preference for word of mouth and tendency to search actively and store information for when they need to make decisions affects their information search. We will target evaluation because of the strict evaluative criteria driven by their motives to conserve money, be healthy and save time and we will also target post-purchase evaluation to resolve the cognitive dissonance that currently occurs if Student Penny Pinchers purchases their lunch from the UQ Sandwich Bar. We will use the marketing mix (Product, Promotion, Price and Placement) to address these stages.

3.1. Product

Product offering will address the evaluation stage, by satisfying the healthy criteria of the Student Penny Pinchers. The product offering will:

- a. Include 'ready to eat' sandwich option along with the 'make your own' option. This will cater for the extremely time poor
- b. UQ Sandwich bar already addresses health issues by providing a wide selection of fresh and healthy ingredients for salads and sandwiches
- c. At the point-of-purchase and on the website provide sandwich combination suggestions with nutritional information, and the benefits of each combination of ingredients.

3.2. Pricing

As Student Penny Pinchers have frugalist tendencies, there should be lots of discounts, as frugalists are notorious for being attracted to these promotions (O'Sullivan, 2005). The pricing should also be adjusted so students are guaranteed a meal that is healthy and the cheapest alternative on campus. The Pricing strategy will boost the profile of UQ Sandwich bar at the evaluation point, by altering motivations. A low price will reduce the approach-avoid conflict, by offering a healthy meal

for a reasonable price. Depending on the individual, this could create an approach-approach situation.

- a. "Happy Hour": during off peak times (9am – 10am and 3pm - 4pm). 30% of total price (excluding sandwich of the day and \$4.00 Guarantee)
- b. \$4. 00 Guarantee: Any 3 ingredients plus one condiment guaranteed to be \$4.00. This is cheaper than all sandwich offerings on campus.
- c. Frequent buyer rewards (to be discussed in promotion)

3.3. Placement

This will particularly affect the information search and evaluation points of the decision making process. As penny pinchers are motivated to save money, they place more value in extensive search processes that result in financial savings. However, as the search cost for a food item can be higher than the saving itself we will provide a financial incentive for Student Penny Pinchers to visit the UQ Sandwich Bar's website

- a. Offer a \$4.00 coupon upon registering their email address on the website.

Once on the website, the content must be factual and basic, as Student Penny Pinchers resist advertising material. It is intended that they will, however, be surprised and delighted by the low prices and healthy offerings recorded on the website.

3.4. Promotion

A promotion to boost UQ Sandwich bars association with health and cheap offers can also increase their profile at the information search stage. This can be done by creating promotions that offer free or discounted goods and are so good that they will create 'Buzz' (word of mouth communication) within the student community.

- a. UQ Fitness Centre Free Lunch Friday: Free Sandwiches offered at the UQ Fitness Centre
- b. Offer frequent buyer reward card (10 purchases results in a free sandwich of the week)

All of the aforementioned marketing strategies will emphasize UQ Sandwich Bar's status of being healthy and low price will work to reduce post-purchase dissonance. If the Student Penny Pinchers evaluate the UQ Sandwich bar as healthy, convenient and price friendly and proceed to purchase a sandwich, then there will be no resulting cognitive dissonance as their consumer behaviour is aligned with their cognitions. A final promotion is to build a post-purchase relationship the Student Penny Pincher to encourage repeat purchasing.

- a. Facebook Group: Become a member and recommend friends to join also. Everytime a recommended friend accepts, the Student Penny Pincher receives a \$2 in credit for the Sandwich Bar.

4. LIMITATIONS

The survey conducted for this report had several limitation including a small sample size, with a small representation from the older demographic. Another limitation was that the informational influence didn't emerge in the findings. Only data trends were able to be discussed, as numerous ANOVA and Regression tests yielded highly insignificant results. There was much excitement over the significant negative correlation between age and the likelihood of choosing health over price.

A limitation of this report is that individual factors have not been accounted for, and the Student Penny Pinchers have been treated as a homogenous group, when in reality there is much variation within which could impact consumer behaviour (for example characteristics of international students and wealthy students). Further research can investigate the attitudes and perceptions of Student Penny Pinchers, and more specifically why healthy fast food is in the same category and junk food and compared with accordingly.

5. CONCLUSION

The present study identifies a new consumer group, The Student Penny Pinchers, and lends them qualities from the Eat Drink and Be Merry and Frugalist groups. They were examined in the context of the new fast food phenomenon, Healthy Fast Food, as they are the target market of the UQ Sandwich Bar –a healthy fast-food provider. The outcome of this report is that the marketing strategy for UQ Sandwich bar should address

consumers motivations to conserve money, time and be healthy at the information search, evaluation and post-purchase evaluation points of the decision making process. These actions should be made with reference to the Student Penny Pinchers' resistance to advertising material and acceptance of information helping them make financially savvy decisions.

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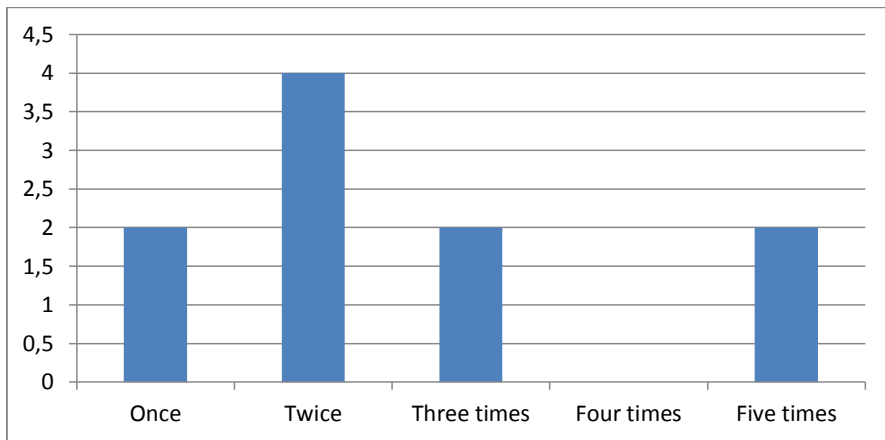
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Appendix A

Table 1 Fast Food by Subsector: Units/Outlets 2003-2008						
Outlets	2003	2004	2005	2006	2007	2008
Bakery products fast food	2,156.0	2,403.0	2,647.0	2,859.0	2,960.0	3,046.0
Burger fast food	1,130.0	1,168.0	1,207.0	1,225.0	1,252.0	1,265.0
Chicken fast food	1,519.0	1,621.0	1,720.0	1,762.0	1,759.0	1,786.0
Fish fast food	1,281.0	1,308.0	1,300.0	1,282.0	1,291.0	1,289.0
Convenience stores fast food	3,335.0	3,370.0	3,420.0	3,490.0	3,550.0	3,654.0
Fast casual dining	91.0	118.0	149.0	177.0	209.0	239.0

Sales values (in millions) of fast food sectors.

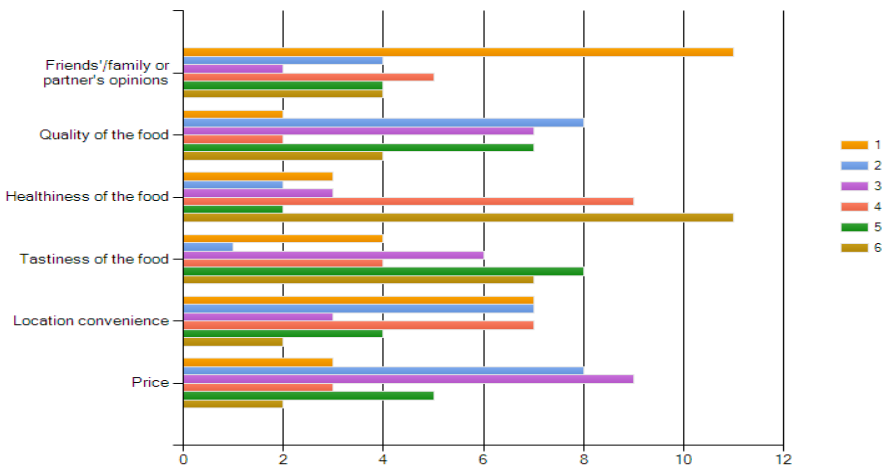
Appendix B



How often under 25 participants purchased lunch every week.

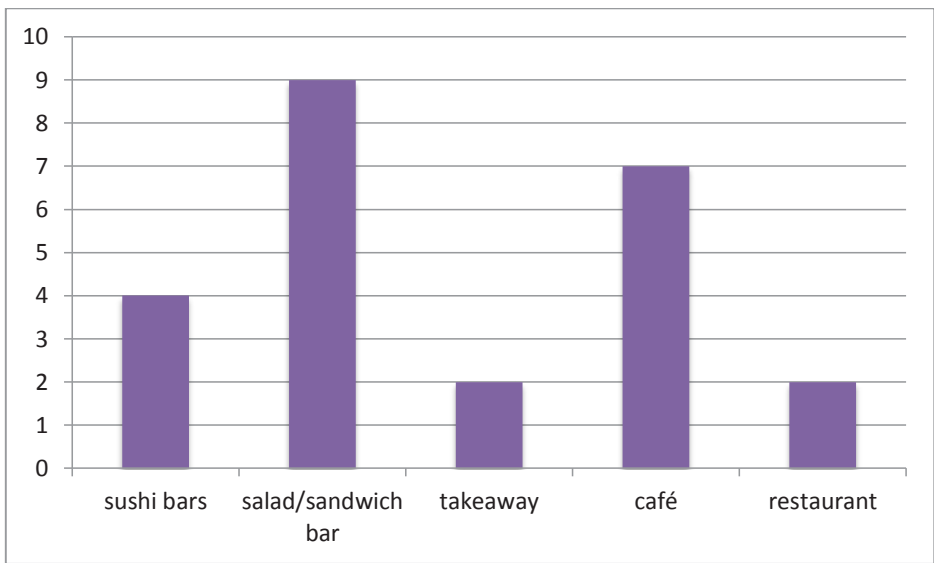
Appendix C

Please number the factors that influence your decision on what to eat for dinner from 1 (least important) to 6 (most important). So you would tick the (1) column for the factor that influences you the least, and the (6) column for the factor that influences you the most. You must tick a number for each factor and no number can be ticked twice.



Factors affecting dining decisions. Each participant rated factors in order from most important (6) to least important (1).

Appendix D

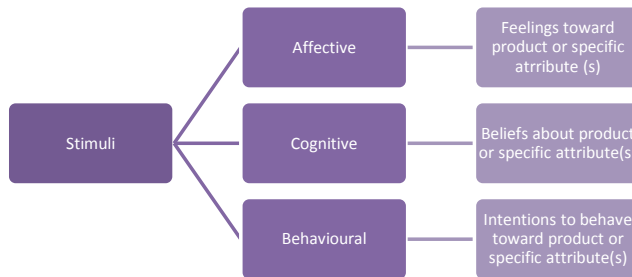


Preferred bought lunch options

Appendix E

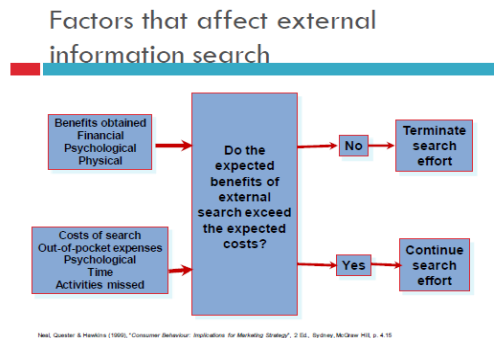
Eat and Be Merry (French and Hale 2010)	Student Penny Pincher (Us)	Australian Frugalists (O'Sullivan 2005)
Low Income	Low Income, younger.	Medium-High Income, older
Impulsive	Higher Education	Higher education
Taste-focussed	Higher Socio-Economic Background	Middle class background
Minimal interest in nutrition	Concerned with healthy food	Environmental and financial conservation: quality over quantity.

Appendix F



Attitude Components and Manifestations: Quester, Neal, Pettigrew, Davis, Hawkins (2007) *Consumer Behaviour: Implications for Marketing Strategy*, 5th Edt, p.340

Appendix G



Factors Affecting External Search

Neal, Quester & Hawkins (1999), "Consumer Behaviour: Implications for Marketing Strategy", 2 Ed., Sydney, McGraw Hill, p. 4.15

