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MARKETING RELATIONSHIPS BETWEEN FAST FOOD RESTAURANTS AND LOW-INCOME URBAN AREAS

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The author urges increased research efforts be placed on eliminating the quality perceptual problems low income people have of fast food restaurants.

This paper reports on two different aspects of the relationship between Fast Food Restaurants and Low-Income Urban areas of Philadelphia. It is obvious to all that the phenomenal growth of the Fast Food Restaurants in the 1960's was closely related with the growth of suburbia and the almost universal reliance on the automobile in these areas. The Fast Food operations were designed to offer speed, convenience, cleanliness, good service, and good quality food at low prices. These factors were attractive to all consumers; but the low price factor was especially desirable for the poor. The irony, of course, was that the fast food operations tended to avoid low-income areas for reasons to be discussed later. An equally ironic problem was that when Fast Food operators did move into low-income areas, they were often accused of discrimination and offering lower quality food to the poor. These two problems of location and quality are examined in reference to the Philadelphia market. The results are not projectable to other markets; but are indicative of what is happening in one of the more competitive Fast Food markets.

LOCATION

The city of Philadelphia was divided into two geographic areas for this study. The low-income or poverty area followed the lines drawn by the Office of Economic Opportunity. The remainder of the city

constituted the high-income or "other" area. A geographic census was made of the three large Fast Food competitors in the market; and they will be referred to as Chain A, B, and C.

The low-income areas contain approximately 36% of Philadelphia's population, of which a significant number are non-white. The low-income area contained 31% of the Fast Food outlets discovered in the census (Table 1).

Table 1--Fast Food Outlets in the Low-Income area and the Remainder of Phila.

Fast Food Chain	Low-Income	Other
- Percent -		
A	11.1	88.9
B	41.4	58.6
C	<u>20.0</u>	<u>80.0</u>
	31.3	68.7

The 31% Fast Food representation in the area as compared to 36% of the population is higher than might be expected; and shows an attempt by the chains to serve the low-income area. It should be noted, however, that Chain B, which has a distinguished record for community service, accounts for 80% of the low-income outlets. Their interest and efforts in the low-income area may make Philadelphia non-typical on this point.

Low-income areas are naturally undesirable for the Fast Food chains. These areas lack the mobility and automobile usage they normally look for, though the energy crisis and gasoline shortage may cause a reexamination of their location policies in the future. The low-income areas also have more serious crime problems. A private Philadelphia Police report indicated that 60% of all grocery store robberies in 1971 occurred in this same area which contained again only

36% of the population. This type of statistic will hopefully change in the future, if there are more Marketing efforts in low-income areas, and a more healthy relationship is established between the poor and the merchant community.

QUALITY

There is a prevailing belief in low-income areas that the quality of all products sold in these areas is inferior to products sold in higher income areas. This charge is most commonly raised against retail food stores; but the same accusation is commonly made about Fast Food restaurants.

The Department of Agriculture examined the quality of food in high and low-income areas of six major cities and reported no difference in the quality of ground beef, pork chops and hot dogs.^{1/}

This writer took part in a similar study of food quality sold in grocery stores during 1970.^{2/} In this earlier study, samples of ground beef and pork chops were purchased in high and low-income supermarkets, and in low-income grocery stores that were white, Spanish or black owned. The samples were then laboratory tested for fat and bone content. The results as shown in Table 2 are inconsistent, but most of the results were below the normally acceptable 30%, and show no clear pattern of discrimination.

The same techniques were applied to the Fast Food chains. Raw hamburger patties were obtained from outlets of each of the three large chains in a high-income and low-income area. The results, as shown in Table 3, are again below the 30% figure; and although the results are not significant, there is again no clear evidence of discrimination.

Table 2--Bone and Fat Content of Meats, by Store

<u>STORE</u>	<u>FAT CONTENT</u>		<u>BONE CONTENT</u>
	Ground Beef	Pork Chops	Pork Chops
		- Percent -	
High-Income Chain A	22.8	24.8	31.1
High-Income Chain B	24.8	24.3	30.6
Low-Income Chain A	31.0	37.0	18.7
Low-Income Spanish Store	4.5	18.9	20.8
Low-Income Spanish Store	NA	30.0	21.2
Low-Income Spanish Store	27.4	27.8	21.0
Low-Income White Store	NA	21.6	25.4
Low-Income Black Store	27.4	37.8	18.9

Table 3--Fat Content of Hamburgers, by Chain, by Income Area

FAST FOOD CHAIN	FAT CONTENT	
	Low-Income	High-Income
	- Percent -	
A	21.05	26.17
B	26.14	24.82
C	20.09	26.24

CONCLUSION

One of the major problems in Low-Income Marketing is perception. Low-income consumers constantly compare their marketing services with those in higher income areas, and usually find theirs wanting. Low-income consumers are convinced these differences exist, and that they are purposeful. It is of no great import that most scientific studies find little evidence of these differences, and even less evidence of discrimination. The poor believe these differences exist, and the marketing firms must consider this in their efforts.

The small pilot study described here found no significant difference in the fat quality of hamburgers served by Fast Food Restaurants in high and low-income areas of Philadelphia. Although the sample is small, the results raise the need for some courses of action. The Academic and Government community might consider a larger and more scientific study of this problem that has been largely ignored. The Business community and Food companies, in general, and the Fast Food Chains in particular should make a stronger effort to eliminate this perceptual problem that is so irritating to our low-income citizens.

FOOTNOTES

- 1/ U.S. Department of Agriculture: Comparison of Prices Paid for Selected Foods in Chain Stores in High and Low Income Areas of Six Cities, Wash., D.C., 1968, p.10.
- 2/ Dixon, Donald F. and Daniel J. McLaughlin, Jr., The Dilemma of Inner-City Grocery Shopping, St. Joseph's College Press, 1971, pp. 110-119.

