

GENDER AND ETHNIC DIFFERENCES IN RESPONSIVENESS TO COUPONS: THE STUDENT MARKET

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ABSTRACT

One's membership in an ethnic subculture is a significant factor in an individual's socialization as a consumer; however, behaviors are also influenced by one's generational cohort. We propose that Generation Y, perhaps the most open-minded generation of consumers, might be more influenced as consumers by their age than they are by their ethnic background. The researchers in this investigation explored the proposition that the college age generation is less stereotypical than its predecessors in its shopping behavior and, as such, will exhibit more similarity in coupon use. The results of this study provide at least some evidence that the coupon-related behaviors of Generation Y are perhaps more age dependent than gender or ethnicity based. Our findings suggest that the expected homogeneity of this segment of the population, at least in terms of coupon use, is rapidly converging but has not yet been fully realized.

INTRODUCTION

The Promotion Marketing Association Coupon Council conducts a Coupon General Usage study each year for its members and issues a press release to the public presenting its most important findings. In September of this year (2007) the PMA reported that 71% of people between the ages of 18 and 24 used coupons, an increase of 2% over the 2000 usage rate. The study also found that for this age group coupons were most influential in purchase decisions for the following products: groceries (54%), restaurants (46%), electronics (37%) and clothing (31%). For the last two product categories, the percentage of 18-24 year-olds that was influenced by a coupon was significantly greater than for that of the general population.

In a second reported finding by the PMA from a 2006 Internet survey, 78% of primary grocery shoppers said they started using coupons when they moved out on their own and 54% when they were in college. Since many individuals in this age group are college students, and coupon use has been found to be heavier among the more highly educated (Bawa and Shoemaker, 1987; Cronovich et al., 1997), greater research focus on this segment of the market seems warranted.

LITERATURE REVIEW

Male/Female Dichotomy

In addition to age-related findings, the PMA (2007) also reported that 86% of the U.S. population used coupons in 2006--85% of females and 69% of males. While Bakewell and Mitchell, in 2004, lamented the lack of focus on male shopping behavior in the research literature, Harmon and Hill (2003) found younger men gaining parity with females in their openness to behaviors historically gender-typed as female, including shopping and coupon use.

The need for coupon distributors to appeal differently to men may be even less worthwhile when focusing on the younger generation of men who will make up the bulk (about 78 million) of shoppers in the near future. Generation Y, as it is generally known, includes young people roughly born between 1977 and 1994, making them 13-30 years of age in 2007. They are the most diverse generation in history and are largely believed to be the most unbiased in their opinions. These opinions include a greater acceptance of diversity and any accompanying differences in lifestyle choices plus a less stereotypical viewpoint of gender roles. As a result of findings such as these, perhaps, there is less need to focus exclusively on differences in male behavior and to look for commonalities among the two groups as well.

Ethnic Dichotomy

Several researchers have gone beyond demographics in attempting to explain ethnic differences in coupon use. Multiple studies have found that African-Americans are less likely to use coupons than are Caucasians (e.g., Green, 1995, 1996; Kashani and Quelch, 1990; Nieto 1995; Yovovich, 1981). Yovovich (1981) found the low coupon redemption rate among African-Americans related in part to a negative image of coupon users and in part to a lack of availability of coupon information in black media. Green (1996) found African-American women less coupon prone, less value conscious, and more time conscious, leading them to use coupons less. An early study by Feldman and Star (1968) found that Caucasian consumers were more concerned about receiving their money's worth, while African-Americans placed a greater emphasis on the prestige of the product. Both the Green (1995) and Kashani and Quelch (1990) studies suggest African-Americans view coupon use negatively, seeing it as a sign of an inability to pay full price.

Until recently, companies have largely ignored the African-American segment of the market (Whigham-Desir, 1997). However, with their increasing economic power, African-Americans are being given a higher priority in marketing efforts. Proctor & Gamble

(Elliott, 2004), for one, has recently formed promotional alliances with a leading voice in black radio, the National Underground Freedom Center and the United Negro College Fund, placing coupon inserts tailored to black consumers in Sunday newspapers.

It has been generally recognized in the literature that one's membership in an ethnic subculture is a significant factor in an individual's socialization as a consumer (Bush et al., 1999; Delener and Neelankavil, 1990). In a study conducted by Dan Coleman Advertising in 1992 (Singh et al., 2003), African-American youth, as a consequence of being part of a subculture, displayed greater patronage of specific stores and product brands than young people in other ethnic groups.

Thus, African-Americans may differ in the extent to which they are influenced by their unique socialization experiences. However, as noted above, behaviors are also influenced by one's generational cohort. Thus, Generation Y, perhaps the most open-minded generation of consumers, might be more influenced as consumers by their age peers than they are by their ethnic background.

Research Questions

The researchers in this investigation explored the proposition that the college age generation is less stereotypical than its predecessors in its shopping behavior and, as such, will exhibit more similarity in coupon use. Store loyalty cards were included as they are often used as a more convenient substitute for coupons. The following two questions were put forth in this study:

Research Question 1: Does coupon and store loyalty card use vary by gender among Generation Y undergraduate college students?

Research Question 2: Does coupon and store loyalty card use vary between African-American and Caucasian undergraduate college students?

This study is exploratory in nature. The researchers are interested in determining if the questions above have merit and indicate a larger study to be warranted.

METHODOLOGY

The study reported here is an investigation of the store loyalty card and coupon use of the undergraduate college student segment of the population. In addition to looking at the types of retailers in which students are most likely to use loyalty cards or coupons, we also looked at the sources of coupons most likely to reach students.

A questionnaire was developed to measure the extent of student use of coupons during the prior three month period. Question one asks respondents to indicate the frequency with which they used coupons from various sources, including on or in products, newspapers, direct mail, in-store, fundraising coupon booklet, and the Internet. A second question asks how often coupons were used to purchase products from grocery stores, clothing/shoe stores, department stores, discount stores, electronic/computer stores, home improvement stores, food delivery services, fast food restaurants, other restaurants, dry cleaners, the Internet, and auto maintenance retailers. Students were also asked to indicate their ethnic background and gender for comparison purposes.

A convenience sample of 222 students was drawn from two universities—the African-American sample was drawn from a historically African-American university in the Southwest and the Caucasian sample came from a large university in Tennessee. The final sample consisted of 118 African-American respondents and 104 Caucasian respondents, with 122 males and 100 females. Because the sample was not representative of all undergraduate college students, the findings cannot be generalized to the larger student population,

although the information can serve as an exploratory investigation into this segment of the market.

Simple frequency distributions were calculated comparing male/female and African-American/Caucasian coupon behavior, with Chi-square analysis used to test for significant differences between groups.

RESULTS

Comparison of Coupon Use by Gender of College Students

Overall, we found only three major differences between males and females in this study. These include the use of drugstore loyalty cards, coupons in clothing/shoe stores, and coupons for auto maintenance services.

When we looked at differences between male and female students' use of store loyalty cards (see Table 1), we found only one significant difference. More females (21% vs. 11%) usually/always use drugstore loyalty cards for purchases. There were no differences in the use of grocery store, bookstore, or other (e.g., discount store) store loyalty cards or coupon booklets such as those used in fundraising activities. Perhaps drugstores may be more often frequented by female college students due to the merchandise that is sold there, particularly cosmetics and other beauty products, feminine hygiene products and prescription drugs unique to females. Larger expenditures in drugstores might lead women to become more aware of drugstore loyalty cards and increase their motivation to take advantage of these offers.

TABLE 1: STORE LOYALTY/FREQUENT PURCHASE CARD USE, PERCENTAGE BY GENDER

MALE

FEMALE

	A/U	S/R	N	A/U	S/R	N
Grocery Store	49	29	22	57	26	17
Drug Store ^a	11	41	48	21	43	36
Book Store	5	32	63	10	35	55
Other	27	17	55	20	23	56
Coupon Booklet	6	35	60	9	25	66

^a $\chi^2 = 12.327$; $df=4$; $sig.=.01$

A/U = always/usually; S/R = sometimes/rarely; N = never

We next looked at the frequency of coupon use in the prior three month period (see Table 2) when purchasing products from various venues and found two instances of significant gender differences: The use of coupons for purchases in clothing/shoe stores and for auto maintenance services. Significantly more females (21% vs. 7%) usually/always used coupons and rarely/sometimes (42% vs. 25%) used them when purchasing products from clothing/shoe stores, while more males (40% vs. 23%) never used coupons in clothing/shoe stores in the previous three month period. It may be said that females place a higher value on their appearance: their clothing, shoes, hairstyle and accessories. In general, females spend more of their disposable income on items such as clothing, shoes, and the like than males, but females also like a bargain.

TABLE 2: PURCHASES USING COUPONS, PERCENTAGE BY GENDER

	<u>MALE</u>			
	<u>NP</u>	<u>A/U</u>	<u>S/R</u>	<u>N</u>
Clothing/Shoe Store ^a	27	7	25	40
Grocery Store	13	16	43	27
Department Store	26	8	29	37
Discount Store	15	13	26	46
Electronic or Computer Store	33	15	17	35
Home Improvement Store	43	7	18	31
Food Delivery to Home	16	38	26	21
Fast Food Restaurants	10	17	41	31
All Other Restaurants	12	11	35	41
Dry Cleaners	49	3	8	39
Products Sold Online	28	12	25	35
Auto Maintenance ^b	26	15	26	32
Other Coupon Use	57	4	14	25
	<u>FEMALE</u>			
	<u>NP</u>	<u>A/U</u>	<u>S/R</u>	<u>N</u>
Clothing/Shoe Store ^a	14	21	42	23
Grocery Store	6	23	41	30
Department Store	14	13	26	37
Discount Store	14	19	27	39
Electronic or Computer Store	43	10	18	29
Home Improvement Store	56	2	13	29

Food Delivery to Home	11	42	32	15
Fast Food Restaurants	12	18	37	33
All Other Restaurants	11	14	29	46
Dry Cleaners	56	6	9	29
Products Sold Online	42	8	24	25
Auto Maintenance ^b	27	33	23	16
Other Coupon Use	65	8	5	22

^a $\chi^2=22.24$; $df=5$; $sig.=.001$; ^b $\chi^2=13.959$; $df=5$; $sig.=.01$

A/U=always/usually; S/R=sometimes/rarely; N=never; NP =never purchased

For auto maintenance services, more females usually/always use coupons (33% vs. 15%) when purchasing these services, while more males never use them (32% vs. 16%). It is conceivable that males identify with a traditionally male gender-typed service like auto maintenance, and it is probable that males do not want to appear “unmanly” when patronizing such establishments. Although females recognize the necessity of regularly maintaining a car, they are apt to search for lower prices because they tend not to identify with this category of service in ways that males do.

While only marginally significant ($p = .09$), it is interesting to note that more males in our study never used coupons for online purchases (35% vs. 25%); however, more females never purchased online products during the prior three month period (42% vs. 28%). Male Internet purchasing behavior may differ from that of females in *what* is purchased. Coupons tend not to be offered for products frequently purchased by male college students—items such as electronics, games and downloadable music. Although females certainly also purchase these products, their overwhelming choice of Internet purchases tends to be directed at clothing, shoes, and

accessories. The use of coupons for clothing purchases was cited by the PMA study (2007) as greater than that of the general population.

As can be seen in Table 3, there were no significant gender differences found in this study for the source of coupons. Sources included coupons found in-store (on shelf or elsewhere), on/in-product, newspapers, direct mail, online, and other (telephone book, magazines, etc.). While a 2004 PMA study (2005) found more females (84%) than males (68%) used coupons they received from Sunday newspaper inserts, retailers' fliers, magazines, in and on products, and online, the difference was not found for female and male college students in our study.

TABLE 3: COUPON SOURCE, PERCENTAGE USE BY GENDER

	<u>MALE</u>			<u>FEMALE</u>		
	<u>A/U</u>	<u>S/R</u>	<u>N</u>	<u>A/U</u>	<u>S/R</u>	<u>N</u>
In Store	15	41	44	23	43	34
On/In Products	25	37	38	26	42	32
Newspapers	13	36	50	16	33	51
Received in Mail	19	44	37	16	45	39
Found Online	11	35	54	10	34	56
Other (Phonebook, Magazine, etc.)	6	36	58	6	34	60

No significant differences

A/U=always/usually; S/R=sometimes/rarely; N=never

Comparison of Coupon Use by Ethnicity of College Students

Overall, we found only two major differences between African-American and Caucasian college students in our investigation. These differences include the use of grocery store loyalty cards and the use of coupons for purchases made in clothing/shoe stores. Based on the literature of the general African-American market, African-Americans are less coupon-prone than is the general population. However, the hypothesis in this study is that this generation of African-American college students is more “age” influenced than “ethnic” influenced in many of their behaviors as consumers.

With regards to grocery store loyalty cards (see Table 4), 64% of Caucasians vs. 42% of African-Americans usually/always use grocery store loyalty cards. Thus, in this instance, African-American college students continue to maintain the behavior typical of their ethnic socialization experiences. It is interesting, although not surprising in view of the preceding finding, to note that 29% of African-Americans but only 10% of Caucasians did not use grocery store loyalty cards during the previous three-month period.

TABLE 4: STORE LOYALTYCARD USE, PERCENTAGE BY RACE

	<u>AFRICAN-AMERICAN</u>			<u>CAUCASIAN</u>		
	<u>A/U</u>	<u>S/R</u>	<u>N</u>	<u>A/U</u>	<u>S/R</u>	<u>N</u>
Grocery Store ^a	42	29	29	64	26	10
Drug Store	17	46	37	14	38	49
Book Store	8	30	63	7	38	55
Other (e.g. discount)	23	20	58	26	19	53
Coupon Booklet	6	28	66	8	33	59

^a $\chi^2=19.716;df=4;sig=.001$

A/U=always/usually; S/R=sometimes/rarely; N=never

We also found significant ethnic differences in the use of coupons for purchases in clothing/shoe stores (see Table 5). More African-American college students (20% vs. 7%) reported usually/always using coupons in clothing/shoe stores. We should note that 20% does not indicate substantial coupon use overall, although it is substantially more than use by Caucasian students. In addition, more Caucasians (29% vs. 14%) did not make any purchases in clothing/shoe stores during the prior three-month period. The purchase of clothing has widely been reported as an area where African-Americans differ from the larger population. Specifically, clothing purchases have historically been proportionately greater for this ethnic group. In addition, African-Americans have long been seen as more fashion-focused than the general population. Given these differences, it should not be surprising that, in this case, few African-Americans would be price-sensitive when it comes to clothing purchases.

While only marginally significant ($\chi^2 = .06$), more Caucasian college students (36% vs. 29%) rarely/sometimes made use of restaurant coupons (excluding fast-food restaurants), and an equal percentage (43%) of both ethnic groups never use coupons for restaurants other than fast-food restaurants. African-Americans may be more status-conscious. Maintaining the appearance of economic stability (or even success) may be more important to this subculture; this would reduce coupon in situations where their use is quite public and not necessarily common. That both ethnic groups never used coupons for restaurants other than fast-food restaurants is not surprising: College students rarely have the financial wherewithal to frequent such establishments, coupon or not.

Finally, while there was no overall difference between the observed and expected frequencies of coupon use, there was clearly a

difference between African-Americans and Caucasians in the use of dry cleaners. Sixty-one percent of Caucasian students never used dry cleaners during the three month time interval, compared to only 45% of African-American students. Overall, given the style of clothing typically worn by college students, we would expect them to make only minimal use of dry cleaning services. Thus, the fact that significantly more African-Americans purchased dry cleaning than did Caucasian students is somewhat baffling.

TABLE 5: PURCHASES MADE USING COUPONS, PERCENTAGE BY RACE

	<u>AFRICAN-AMERICAN</u>			
	<u>NP</u>	<u>A/U</u>	<u>S/R</u>	<u>N</u>
Clothing/Shoe Store ^a	14	20	34	32
Grocery Store	12	20	36	31
Department Store	17	13	32	37
Discount Store	15	20	26	39
Electronic or Computer Store	38	11	18	33
Home Improvement Store	51	4	15	30
Food Delivery to Home	13	37	31	20
Fast Food Restaurants	11	20	39	31
All Other Restaurants	15	13	29	43
Dry Cleaners	45	7	10	38
Products Sold Online	35	9	21	35
Auto Maintenance	27	23	27	22
Other Coupon Use	58	4	10	28
	<u>CAUCASIAN</u>			
	<u>NP</u>	<u>A/U</u>	<u>S/R</u>	<u>N</u>

Clothing/Shoe Store ^a	29	7	32	33
Grocery Store	8	18	49	25
Department Store	25	8	31	36
Discount Store	14	11	28	48
Electronic or Computer Store	37	15	17	31
Home Improvement Store	47	6	16	31
Food Delivery to Home	15	43	26	17
Fast Food Restaurants	11	15	40	34
All Other Restaurants	9	13	36	43
Dry Cleaners	61	2	7	31
Products Sold Online	34	12	29	26
Auto Maintenance	26	23	22	28
Other Coupon Use	63	8	10	19

^a $\chi^2=13.327$;df=5;sig.=.021

A/U=always/usually; S/R=sometimes/rarely; N=never

TABLE 6: COUPON SOURCE, PERCENTAGE USE BY RACE

	<u>AFRICAN-AMERICAN</u>			<u>CAUCASIAN</u>		
	<u>A/U</u>	<u>S/R</u>	<u>N</u>	<u>A/U</u>	<u>S/R</u>	<u>N</u>
In Store	20	39	41	16	45	39
On/In Products	25	35	40	26	44	30
From Newspaper	16	33	50	13	37	51
Received in Mail	20	41	40	15	49	36
Found Online	9	36	55	12	34	55
Other (Phonebook, Magazine, etc.)	8	36	57	4	35	62

No significant differences; A/U=always/usually; S/R=sometimes/rarely; N=never

As can be seen in Table 6, there were no significant ethnic differences in the sources used to obtain coupons. Sources included coupons found in-store (on shelf or elsewhere), on-product, newspapers, direct mail, online, and other (telephone book, magazines, etc.).

CONCLUSIONS

We hypothesized that college age young people today are more cohesive in terms of their behavior as consumers than were generations before them. Looking at a specific type of behavior traditionally perceived to be a “female” activity, we investigated the impact age would have of coupon use irrespective of gender and ethnicity. Of the twenty-four coupon related behaviors studied, only five significant differences were found between males and females and

between African-Americans and Caucasian college students. Our results reveal that more females than males usually/always used drugstore loyalty cards, coupons in clothing/shoe stores, and coupons for auto maintenance services. In addition, we found that significantly more Caucasian college students usually/always made use of grocery store loyalty cards, whereas more African-American usually/always used coupons for purchases in clothing/shoe stores.

Generation Y is in large part defined by its diversity and openness to different lifestyle choices. To some extent, the differences we see in this generation are driven by wide access to technology, particularly the Internet. Internet access enables young people to communicate with other young people all over the world and to be exposed to a wide range of ideas and opinions and to, perhaps, identify somewhat less with the more traditional values of their parents.

In addition to technology, Harmon and Hill (2003) suggest that changes in the role of young men in the marketplace are largely due to changes in household structure in the U.S. Household structure shifted during the formative years of Generation Y and led to a different gender socialization process than in the past. Specifically, the increase in single-parent households and single person households due to divorce and due to an increase in the average age of first marriages contributed to the changing role of men in the household and the marketplace. Bates and Gentry (1994), for example, found that children were treated more as equals and given more household responsibilities in single-parent households, while Twiggs et al. (1999) hypothesized that men coming from single-parent households are probably more likely to move through “gendered hierarchies” to more strongly held beliefs in gender role equality.

In assessing the ethnic influence on Generation Y African-Americans, it is also possible that the similarity with Caucasian college students in coupon related behaviors is a reflection of the same openness to diversity and stronger identification with their age cohorts. We have, therefore, at least for the behaviors included in this study, demonstrated a convergence in male and female and African-

American and Caucasian shopping behavior in our sample of college students. The results of this study provide at least some evidence that the coupon-related behaviors of Generation Y are perhaps more age dependent than gender or ethnicity based.

Our findings suggest that the expected homogeneity of this segment of the population, at least in terms of coupon use, is rapidly converging but has not yet been fully realized.

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