

UBC Social Ecological Economic Development Studies (SEEDS) Student Report

Branding at UBC: A Look at Franchises and their Impact on Sustainability

Grace Foo, Jenny Lau, Karen Lung, Sarah McNeil, Madeline Simpson, Michael Siu,

Matthew Wong

University of British Columbia

AGSC 450

April 3, 2002

Disclaimer: "UBC SEEDS provides students with the opportunity to share the findings of their studies, as well as their opinions, conclusions and recommendations with the UBC community. The reader should bear in mind that this is a student project/report and is not an official document of UBC. Furthermore readers should bear in mind that these reports may not reflect the current status of activities at UBC. We urge you to contact the research persons mentioned in a report or the SEEDS Coordinator about the current status of the subject matter of a project/report".

Branding at UBC:

A Look at Franchises and their Impact on Sustainability

Group 14:
Grace Foo, Jenny Lau, Karen Lung
Sarah McNeil, Madeline Simpson,
Michael Siu, Matthew Wong

There are many different brands associated with the University of British Columbia (UBC) food service system. A brand is defined as “a distinctive kind or variety” (Steinmetz, 2002). Some examples of branding at UBC are the use of Coca-Cola cold beverages on campus, different franchise outlets, and the selling of Starbucks coffee.

The impact of franchises on the sustainability of the UBC campus is addressed in this analytical report. A franchise is defined as “the right granted to an individual or group to market a company’s goods or services in a particular territory” (Babcock, 1986). Generally, the owner of a franchise retail outlet must purchase the right to use the company name, purchase products from the company, and pay royalties to the company. While there are financial commitments associated with franchises, the use of a company’s name often provides selling power due to consumer recognition. The impacts of franchises are examined by comparing franchises with non-franchises. Currently, all franchises are operated by UBC Food Services (UBCFS); thus the comparison was made between food outlets operated by UBCFS only. In particular, Bread Garden was compared to Trekkers for specific analyses because both cafeteria-style outlets serve similar foods in a comparable atmosphere.

UBCFS is a self-funded operation that has food service outlets throughout the UBC campus. Its mission is to “promote and support the university and the greater community by providing good food, friendly services, and value, while maintaining financial integrity through dedicated and skilled employees.” (UBCFS, 1997). In addition to UBCFS outlets, UBCFS has been introducing different franchises to the UBC campus since 1998 (UBCFS, 2001).

Underlying Assumptions and Definitions

Sustainability is a complex issue involving the interaction of three components: ecological, economic and social. It allows for continued success and functioning into perpetuity if managed correctly. However, sometimes these three components are not compatible with each other, further complicating the achievement of sustainability. Since sustainability is an abstract concept, different indicators are used to assess social, economic, and ecological sustainability. ■■■■■

We have chosen different indicators of sustainability for each of the three components. These indicators reflect the consensus position of the students conducting this analysis. The group has a weak anthropocentric (human based) and weak individual-freedom based position. Our weak anthropocentric position is shaped by our study of a food system designed to serve human needs (ie. human based); however, our concern for environmental preservation lends a non-human based dimension. Our position can be defined as weak individual freedom based because we are concerned with personal choices and preferences. Therefore, our indicators encompass both environmental factors and personal preferences. Moreover, the environmental issues considered are factors that may affect our well-being.

Acceptance was chosen as the social sustainability indicator as it encompasses factors that UBC students and faculty members rendered important in determining their freedom and access to the food available at UBC. Economic viability and equity were the chosen indicators of economic sustainability as they include perspectives from both food service providers and consumers. Finally, waste reduction and sourcing were used as ecological indicators for this analysis because they represent both ends of the food

service spectrum: inputs and outputs. Both indicators reflect impacts on our environment that may threaten our species existence in the future.

Information used for this analysis is obtained from the information package provided by the AGSC 450 teaching team, personal communication with the director of UBCFS Andrew Parr, and data collection from different UBCFS outlets.

Social sustainability implies the allocation of rights and opportunities to all, ensuring human well-being. Various actions that are positive to one party may be detrimental to another. A socially sustainable organization would forego potential benefits due to negative repercussions that may be felt by some, although it can be distant from the direct system. Involvement in the community and recognizing its distinctness while working to protect it are also very important components of this concept.

Economic sustainability can often be in direct conflict with ecological sustainability. The viability of a company and its ability to be profitable are the most common way to view economic sustainability. Accessibility to potential consumers has a large impact on determining whether or not a company will reach and maintain a state of economic sustainability.

Ecological sustainability is likely the component of sustainability that receives the most recognition. It involves a respect for the natural environment, requiring a goal of no environmental degradation. Viewing our relationship with the land and our surroundings as stewardship rather than ownership is of utmost importance. Taking a stewardship approach implies that one recognizes that the land must be passed on to future generations in an acceptable state. A common misconception is that the analysis of ecological sustainability ends at the time of harvest. However, while it does include the

actual production, it also encompasses processing, transport, and marketing, as they have an impact on the environment.

SOCIAL:

Acceptance as an indicator of social sustainability can be measured by variety, perceived quality of food and accessibility. Accessibility refers specifically to whether the restaurant has a debit machine available so that it is more accessible for a portion of students. [REDACTED]

[REDACTED] Variety was measured by the number of different types of food available in two similar food service outlets. In addition, the perceived quality was examined by analyzing past research studies done for UBCFS. Information on accessibility was obtained by information from Andrew Parr. [REDACTED]

[REDACTED]

Variety was measured by comparing the number of different types of food available in two food service outlets, Trekkers (non-franchise) and Bread Garden (franchise). After analyzing the menu of Trekkers and Bread Garden, we recognized that both food service outlets offer approximately nine categories of food selections. Each food service outlet has particular specialty items that cannot be found in the other outlet. Trekkers offers categories such as pizza, ice-cream and breakfast which cannot be found in Bread Garden. However, Bread Garden offers alternatives such as casserole, pasta, wraps, and a wide variety of beverages that are not available in Trekkers. In addition, there are more vegetarian selections in Bread Garden than Trekkers. This finding from our analysis agrees with the students' opinions given in a UBCFS survey. In the survey,

students perceive the UBC Food Service as not providing enough variety of “healthier” alternatives such as vegetarian dishes, and that branding will increase variety of food offered on the campus (Farrell, 1996a). Therefore, we conclude that each food service outlet serves its purposes for different customers’ needs. It is the accumulated food options from *both* franchise and non-franchise that increase variety, where customers can choose according to their personal preference.

After reviewing several research studies on the UBCFS, it is found that most students or faculty members are dissatisfied with the quality of food at UBCFS because “it lacks variety” or “it lacks healthier or other ethical food choices” (Farrell, 1996a). Many suggested that more brands available on the campus would increase the variety and quality of foods available, as well as providing assurance of a similar quality every time (Farrell, 1996b). Therefore, there is a general consensus that introduction of brand name foods is association with increased quality.

Furthermore, the availability of debit machine will increase the convenience for students to buy food. Thus, the availability of debit machine may influence the students’ access to food and it is used to measure accessibility. Through observation of the cashier counters at Trekkers and Bread Garden, it is found that only Bread Garden provides a debit machine. According to Parr (2002), the installation of debit machines is determined by the transaction load and cash flow of different food service outlets. It would appear that franchises do not have direct impact of this aspect; however, franchise outlets may attract more customers and have an increased cash flow, thus increasing the possibility of receiving a debit machine.

ECONOMICS:

Economic viability and economic equity of UBCFS outlets were examined as indicators of economic sustainability. This analysis approaches economic viability by investigating differences in financial liability and consumer popularity between two types of food service outlets. Additionally, the average prices of similar food items were compared to determine the economic equity of different outlets (Refer to Appendix for detailed price comparison).

Both franchise and non-franchise operations have advantages and disadvantages in terms of economic viability. Franchise operations have brand name recognition, giving them the ability to market to a larger consumer base. While non-franchise operations may not have the consumer mass and loyalty associated with franchises, their flexibility allows them to target consumers more specifically, catering to their demands. In terms of expenses, starting a franchise business means higher start-up costs and additional fees required for initial training of staff. The costs associated with franchises include not only the higher start-up costs but also additional yearly fees that must be paid to the franchise chain. This cost usually ranges from 10-15% of the total profits made. We realize that these numbers have an impact on the sustainability of our system, however due to issue of confidentiality the exact amounts cannot be disclosed to us. These additional costs may reflect the higher prices in their menus.

From our analysis of price lists of Bread Garden and Trekkers, we saw a less diverse and higher priced menu at Bread Garden with prices ranging from \$3.99 to \$6.99 per meal; whereas at Trekkers the price was lower ranging from \$2.75 to \$5.25. The prices at Trekkers seem to reflect the demand of the consumer. A UBCFS report states that students were willing to pay a maximum of \$5.00 to 9.99 per meal (Farwell, 2000).

This brings up the issue of economic equity including factors such as affordability and convenience, which were discussed in the social component of our report. In this section we covered the use of debit machines, which is directly related to the issue of convenience. These factors are important to businesses to meet the needs and wants of consumers.

ECOLOGICAL:

There are several ecological issues that should be addressed when dealing with the issue of franchises at UBC. Ecological impacts can be traced from the beginning of food production through harvest, transport, processing, and packaging. Issues that should be considered include production methods (ie, organic versus intensive agriculture), location of production (ie, local, regional, national, international), energy use (ie, fossil fuel use for harvest and transport, production of fertilizers, etc.), and waste associated with packaging.

For this analysis on the relationship between food system sustainability and franchises, the focus is on the ability to reduce waste and the ability to source inputs, comparing the flexibility of the franchise versus the non-franchise. Both ecological indicators are closely related to existing UBCFS policy. The ability to participate in waste reduction was determined by determining whether the outlet offers discount for customers who bring their own containers. Sourcing represents UBCFS's ability to control the input of the food system; this is examined by investigating agreements between UBCFS and different franchises.

It was found that in all outlets discounts are given for bringing non-disposable coffee mugs, but not all outlets provided discounts for bringing containers. For example,

Bread Garden food is all pre-prepared and wrapped at the central kitchen, and therefore the system does not allow for reduced waste. Likewise, in Subway all sandwiches are wrapped in the trademark Subway waxed paper. Thus, we determined that non-franchises have a greater ability to reduce waste than non-franchises. [REDACTED]

[REDACTED]

The ability to source food is important because UBCFS can request that, for example, produce be purchase from local producers whenever possible. The same request can be made for provision of staples such as flour, sugar, cheese, etc. [REDACTED]

[REDACTED] In franchises, many of the products carried are signature items that must be identical from franchise to franchise regardless of location. This makes it difficult for UBCFS to source inputs. In fact, most products used for franchise operations are proprietary, meaning that they must be purchased as per franchise specifications (Parr, 2002). For this reason, non-franchises are more likely to be sustainable than franchises at UBC.

CONCLUSION:

The impacts of branding on sustainability in the UBCFS were evaluated by examining the operations of UBCFS outlets. However, it was found that many pieces of critical information could not be obtained due to the confidentiality associated with contracts and financial agreements. Throughout the process of this assessment, the issue of branding with respect to sustainability was approached with a weak anthropocentric and weak individual-based position.

After careful consideration of the indicators, it was determined that franchise and non-franchise food service outlets have contributed differently to the sustainability of the food system on campus. The elimination of either type of food service outlets would be detrimental to the state of sustainability in the UBC food system. Indeed, the balance of both franchise and non-franchise food service outlets was identified to be critical to improve the current state of sustainability.

UBCFS can further enhance sustainability by incorporating more environmentally sounded ideas with both franchise and non-franchise services. For instance, use of local produce, [REDACTED] dishware in place of paper and plastic dishes, and composting biodegradable wastes can greatly enhance the degree of sustainability.

[REDACTED]

[REDACTED] [REDACTED] [REDACTED] [REDACTED] Regarding the appropriateness of establishing franchises from the perspective of sustainability, it was found that franchises could be appropriate and could improve the sustainability of UBC food system. However, careful examinations should be done on particular franchises to determine their suitability to UBC campus. As UBC makes a commitment to improve campus sustainability, UBCFS, which has determined to support UBC and the greater community, should also make a commitment in only introducing sustainable franchises to campus.

UBC has identified the desire to upgrade and maintain infrastructure “so that UBC is seen as a model of a sustainable campus: safe, clean, livable and environmentally friendly.” (UBC, 2001). If this is in fact a goal of the university, and therefore the food system, we feel that it is important that any franchises associated with UBC share this

core value. It is paramount that students see the university's commitment to this goal in action because, as philosopher David Orr put it, "What is desperately needed are faculty and administrators who provide role models of integrity, care thoughtfulness, and institutions capable of embodying ideals wholly and completely in all of their operations" (1991).

In addition, further research and greater accessibility to information about UCBFS operations is needed to present a more comprehensive and objective analysis on the current status of sustainability. The following is a list of potential projects that could be conducted in the future.

Projects related to franchises:

- Competition among franchises with AMS food service outlets
- Franchises located in the village that are not operated by UCBFS such Benny's Bagel and McDonald's.
- Factors should be considered in contracting franchises

Projects related to branding:

- Branding of cold beverages; agreement with Coca Cola
- Availability of Starbucks coffee
- Products sold by vending machines

REFERENCES

Babcock, P. (ed). 1986. *Webster's Third New International Dictionary*. Merriam Webster Inc Publishers, Massachusetts.

Farrell Research Group Ltd. 2000. UBC Food Services. Farrell Research Group Ltd. Vancouver.

Farrell Research Group Ltd. 1996a. UBC Food Services Mini-groups: Exploring Customer Needs. (Summary Report). Farrell Research Group Ltd. Vancouver.

Farrell Research Group Ltd. 1996b. UBC Food Services: A Survey of Food on Campus. Farrell Research Group Ltd. Vancouver.

Orr, David. 1991. "What is Education for?". *Trumpeter* 8:3 Summer, pages 99-102. Victoria.

Steinmetz, Sol. 2002. *Random House Webster's college dictionary*. 2nd edition. Random House. USA.

UBC Food Services. 2001. Five Year Business Plan. UBC Food Services. Vancouver.

Websites:

University of British Columbia. 2001. *Principles, Goals and Strategies*. Trek 2000. Available at: <http://www.vision.ubc.ca/principles.html>. Accessed on: March 27, 2002.

UBC Food Services. 1997. *UBC Food Services*. Available at: <http://www.foodserv.ubc.ca> Accessed on: March 27, 2002.

APPENDIX

Trekkers			Bread Garden		
Type of Product	Price (\$)	Variety	Type of Product	Price (\$)	Variety
Soup	1.90 2.55	2	Soup	3.20	1
<i>Avg Price</i>	2.23				
Salad	2.35 3.85 1.60 2.60 5.25	5	Salad	6.79 6.99 4.99 4.29 (2 selections) 2.49	6
<i>Avg Price</i>	3.13		<i>Avg Price</i>	4.97	
Rice Bowl	3.75	1	Rice Bowl	6.99	1
Sandwiches	3.90 (5 selections) 5.05 3.25 3.89 4.90 (2 selections) 3.40 4.10	12	Sandwiches	4.99 3.59 5.50 (3 selections)	5
<i>Avg Price</i>	4.08		<i>Avg Price</i>	5.02	
Baked Goods /Dessert	1.17 1.60 (2 selections) 1.70 1.65 1.07 0.75 1.65 1.55 (2 selections) 1.40 1.45 Ice-cream 1.35	13	Baked Goods /Dessert	2.99 (2 types) 1.99 1.89 (3 types) 1.69 (3 types) 0.79	10
<i>Avg Price</i>	1.42		<i>Avg Price</i>	1.95	
Beverages	2.35 1.49 1.65 1.17 1.50 (2 selections) 2.00 2.80 1.50	9	Beverage	2.13 (9 types) 1.56 (21 types)	30

<i>Avg Price</i> 1.77			<i>Avg Price</i> 1.73		
Burgers	3.10	5	Casserole	5.99	3
	3.35			4.99	
	3.75 (2 selections)			5.49	
	4.00		<i>Avg Price</i>	5.49	
<i>Avg Price</i> 3.59			Pasta	5.49	5
Pizza -small	2.75 (2 selections)	5		5.99 (3 types)	
-large	2.95 (2 selections)			3.99	
-vegetarian	2.95		<i>Avg Price</i>	5.49	
<i>Avg Price</i> 2.87			Wraps	5.99	2
Breakfast	3.55	7		4.99	
	2.25		<i>Avg Price</i>	5.49	
	1.99				
	2.85				
	1.29				
	0.99				
	1.70				
<i>Avg Price</i> 2.09					

Note: Avg Price = Average Price

PS: The selections listed reflect the group observations at menus of the two food service outlets. As there may be minor changes to the available food selections, this only serves to provide a general analysis.