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The Impact of Perceived Value, Satisfaction, Service Quality on Customer Loyalty in Women’s Fitness Clubs

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ABSTRACT
While the importance of customer loyalty has been recognized in the marketing literature, empirical research on the antecedents of customer loyalty and their relative importance to predict loyalty in the health and fitness club context has been lacking, especially for women-only clubs. Thus, this study investigated the impact of customer perceived value, satisfaction, and service quality on customer loyalty in women-only health and fitness clubs. The participants for this study consisted of 221 adults who were current members at women-only health and fitness clubs in a major metropolitan area in the Midwest. The results of the multiple regression analysis revealed that customer perceived value, satisfaction, and service quality significantly influence customers’ psychological commitment and behavioral intentions of membership renewal and customer referrals. Therefore, the higher customer perceived value, satisfaction, and service quality, the higher customer loyalty. The findings suggest that customer loyalty can be generated through improving customer value, satisfaction, and service quality.

Keywords: customer loyalty, perceived value, service quality, customer satisfaction

INTRODUCTION
According to the International Health, Racquet & Sportsclub Association (IHRSA), which tracks
the $24.2 billion health and fitness industry, the total number of health and fitness clubs in the United States has increased by 171% from 13,354 in 1996 to 36,180 in 2015, whereas the total number of health and fitness club members has increased by 109% from 26.2 million to 55.3 million during the same period (14, 15). More women have joined health and fitness clubs than men since 1995. Indeed, women are a growing majority of all health and fitness club members, accounting for 57% of the national membership perhaps due to the growing number of women only health clubs (22). Moreover, the IHRSA (14) reported that the unprecedented increase in the number of women-only health and fitness clubs over the past decade may be responsible for the uprising female membership percentages.

In today’s increasing competitive environment, membership attraction and retention are essential to their total club revenue and financial profitability because health and fitness clubs generate between 80% and 90% of their total revenue from membership dues (19). Nevertheless, retaining current club members is the most common problem facing the health and fitness club industry because the average club loses more than 40% of its club members each year (12, 13, 21, 31), which makes revenues uncertain and requires high marketing costs to get new members. For example, during 1997, approximately 9.45 million members dropped out from health/fitness clubs, whereas the industry sold approximately 11.2 million club memberships (21). Some research has shown customer attrition rates as high as 75% to 80% (17). In this increasingly competitive environment, it is essential for health/fitness clubs to focus on retaining their current members.

Research reported that it costs about five times more to acquire a new customer than to retain a current customer in the average organization (5, 30). John McCarthy, Executive Director of the IHRSA, states “Today, new members are not only harder to find, but they are also more expensive to acquire.” and suggests that the increased attention to membership retention has become urgent (11). Further, Reichheld and Sasser (29) stated the economic impact of customer retention on profitability as “Companies can boost profits by almost 100 percent by retaining just 5 percent more of their customers”. In addition, existing customers tend to spend more money than new customers do (31). For instance, health and fitness clubs, which achieve the highest percentages of non-dues revenue as a function of total revenue, have significant lower membership attrition rates than clubs with lower percentages of non-dues revenue (21). Therefore, an important measure of a health and fitness club’s success is its ability to retain customers.

Health and fitness clubs are increasingly concerned about developing and maintaining customer loyalty because they are aware that customer loyalty is the key driver in achieving important organizational goals, particularly increasing revenue generation and financial profitability (22). Customer loyalty has been shown to positively influence long-term intentional repurchase of membership, high degree of customer preference, customer referrals and word-of-mouth communication, low likelihood of switching, and paying a price premium to the company (5, 36). Customer loyalty has been conceptualized as comprising both behavioral and attitudinal dimensions. The behavioral approach of loyalty is based on aspects of
repurchase behavior such as length of membership and frequency, whereas the attitudinal approach includes a degree of psychological commitment in terms of some unique value associated with the brand (6, 25, 26), and predicts the behavioral loyalty (1, 16).

The existing services marketing literature has demonstrated the important roles of service quality and customer satisfaction in the formation of customer loyalty (e.g., 2, 3, 8, 9, 24, 25, 29, 36). Most of studies in the sport marketing literature have mainly focused on service quality and customer satisfaction as antecedents of customer loyalty (1, 8, 24, 25). There has been a little attention to examine other important antecedents of customer loyalty such as customer perceived value and commitment. Although previous research (3, 26) has suggested that both attitudinal and behavioral dimensions should be considered in measuring customer loyalty, only a few studies in the health/fitness club context have incorporated both dimensions to measure customer loyalty, the importance of which has already been manifested in the research literature (1). Furthermore, there have been no attempts to conduct any research in a women-only health/fitness club context, despite the strong proliferation of women-only health/fitness clubs over the past two decades.

Despite its practical and theoretical importance in customer loyalty, empirical research on the antecedents of customer loyalty and their relative importance to predict loyalty in the health and fitness club context has been lacking, especially for women-only clubs. Therefore, the primary objective of this study was to investigate the impact of customer perceived value, satisfaction, and service quality on customer loyalty in women-only health and fitness clubs. In this study, membership renewal intentions and positive word of mouth intentions were used as behavioral measures and customer commitment was used as an attitudinal measure to determine customer loyalty. Furthermore, this study investigated the motives for women to join a women-only health and fitness club rather than a traditional co-ed health and fitness club.

Findings of this study provide valuable information to practitioners in their efforts to develop customer-oriented marketing plans and strategies for increasing new memberships and maintaining current members at the women-only health and fitness clubs. Considering the fact that the prevalence of obesity is at an all-time high for women today and more women join the health clubs, this study will have a broader impact on the health of women.

METHODS
Participants
The participants for this study consisted of approximately 221 members from five women-only health/fitness clubs located in a major metropolitan area in the Midwest. Research assistants were assigned to each club to help customers to administer the questionnaires. Detailed instructions and a supply of questionnaires were made available to the research assistants. A questionnaire was distributed to members as they entered or left the clubs. Participants completed them in a convenient place at the club. The rationale for such a data collection method is based on the theory that participants will be more to the task of completing the questionnaire and will provide more meaningful responses when they are contextualized in the environment that they are evaluating (10). Participation was voluntary, anonymous, and in
accordance with the university and federal guidelines for human subjects.

**Instrument**
The questionnaire consisted of four sections. The first section was designed to gather demographic variables about the respondents including a respondent’s age, education, marital status, occupation, size of family, annual household income, and years holding current membership. The second section was to measure service quality using the Service Quality Assessment Scale (SQAS) developed by Lam (18) to measure service quality of health-fitness clubs. Its reliability and validity of this instrument was well established (18). The SQAS consists of 31 items and six dimensions including staff, program, locker room, physical facility, workout facility, and child care.

The third section was to examine customer’s commitment using the Sport Commitment Model (32). It was successfully tested for construct validity and reliability (32) and has been modified and used in varied topics (1, 27, 34, and 35). The four-term scales are used to measure enjoyment, social constraints, involvement opportunities, and personal investment. The four items were slightly adjusted to be applicable to the context of health-fitness club. The final section was to measure customer satisfaction and behavioral intentions using Chang and Lee’s (8) customer satisfaction and membership renewal intention questionnaire. This scale was originally proposed by Oliver (23) and has acceptable values of internal consistency reliabilities (8).

**Procedures**
After obtaining approval from the Institutional Review Board, the researcher contacted a general manager at all 12 women-only health/fitness clubs and received permission from five clubs to collect the data after sending out a letter explaining the project to a general manager. The researcher and his research assistants approached participants and cordially asked their volunteer participation as they entered or left the clubs. We orally informed of the intent of study, potential risks to them, and their rights regarding participation. Also, all participants were given a written statement describing the intent of study and their rights regarding participation. Clear directions about how to complete the survey were provided. Because of the sensitive nature of the questions, we also informed that they could leave any questions unanswered and could discontinue participation at any time without penalty.

**Statistical Analysis**
Statistical analyses were performed using the software SPSS (Statistical Package for Social Science for Windows) version 20. Descriptive statistics (percentages, frequency distributions, means, ranges, and standard deviations) were utilized to analyze demographic characteristics of the participants.

Regression analysis was conducted to determine the relationship between predictor variables and psychological commitment and behavioral intentions of membership renewal and customer referrals. Statistical significance was accepted at the .05 level.
RESULTS

Demographic Information of Respondents
The majority of the respondents were 60-year-old or older (51%); 22% were aged between 50 and 59; 20% were aged between 40 and 49; 5% were aged between 30 and 39; and 3% were aged between 18 and 29. Sixty-three percent of the respondents had an annual household income of $50,000 or higher. Of that, 14% had an annual household income of over $100,000. Most of the participants were Caucasian (96%); 2% were African American; 1% were Hispanic; and 1% were other. The majority of the participants were married (70%); 12% were single; 12% were widow; and 6% were divorced. The majority of the participants were college graduates (61%). In terms of occupation, the majority of the participants had professional/specialty positions (20%), service clerical/service occupation (15%), and executive/managerial positions (14%). Forty-six percent of the participants have a membership more than 10 years while 13% have it less than one year.

Consumer Commitment
Customer commitment was used as an attitudinal measure to determine customer loyalty. A multiple regression analysis was conducted to evaluate how well the commitment measures predicted psychological commitment level of members at women-only health/fitness clubs. The predictors were sport enjoyment, personal investments, social constraints, and involvement opportunities, while the criterion variable was the psychological commitment. The linear combination of the commitment measures was significantly related to the psychology commitment, $F(4, 216) = 52.064, p = .0001$. The sample multiple correlation coefficient was .70, indicating that approximately 49% of the variance of the psychological commitment in the sample can be accounted for by the linear combination of the commitment measures.

In Table 1, the relative strength of the individual predictors was presented. All the bivariate correlations between the commitment measures and the psychological commitment were positive and three of the four indices were statistically significant ($p<.05$). Only the partial correlation was significant between sport enjoyment and psychological commitment and between involvement opportunities and psychological commitment. On basis of these correlational analyses, it is concluded that the only useful predictors are sport enjoyment and involvement opportunities. Sport enjoyment alone accounted for 39% ($.612 = .39\%$) while involvement opportunities accounted for 3% ($.182 = 3\%$). The other variables contribute only an additional 7% ($49\% - 39\% - 3\%$). However, judgments about the relative importance of these predictors are difficult because they are correlated.
A multiple regression analysis was also conducted to predict customer psychological commitment using the predictor variables (consumer perceived value, satisfaction, service quality). A strong relationship, \( R = .72 \), emerged between the antecedents and customer psychological commitment, with the predictors explaining 52% of the variance in customer commitment, \( F(3, 217) = 76.74, p<.001 \). Service quality (\( \beta = .17 \)), satisfaction (\( \beta = .37 \)), and perceived value (\( \beta = .23 \)) were significant predictors (Table 2).

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Correlation between each predictor and the psychological commitment</th>
<th>Correlation between each predictor and the psychological commitment controlling for all other predictors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport Enjoyment</td>
<td>.69***</td>
<td>.61***</td>
</tr>
<tr>
<td>Personal Investment</td>
<td>.18**</td>
<td>.02</td>
</tr>
<tr>
<td>Social Constraints</td>
<td>.09</td>
<td>.00</td>
</tr>
<tr>
<td>Involvement Opp.</td>
<td>.41***</td>
<td>.18**</td>
</tr>
</tbody>
</table>

* \( p < .05 \), ** \( p < .01 \), *** \( p < .001 \)

Membership Renewal Intentions

Membership renewal intentions were used as a behavioral measure to determine customer loyalty. A multiple regression analysis was conducted to predict members’ renewal intentions of membership using the predictor variables (customer perceived value, satisfaction, service quality). A strong relationship, \( R = .84 \), emerged between determinants and renewal intention, with the predictors explaining 70% of the variance in membership renewal intentions, \( F(3, 217) = 170.95, p<.001 \). Customer perceived value (\( \beta = .23 \)), satisfaction (\( \beta = .45 \)), and service quality (\( \beta = .23 \)) were significant predictors (Table 3).

<table>
<thead>
<tr>
<th>Predictors</th>
<th>( B )</th>
<th>( \beta )</th>
<th>( t )</th>
<th>( p )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Value</td>
<td>.30</td>
<td>.23</td>
<td>2.98</td>
<td>.003</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>.46</td>
<td>.37</td>
<td>3.97</td>
<td>.000</td>
</tr>
<tr>
<td>Service Quality</td>
<td>.20</td>
<td>.17</td>
<td>2.02</td>
<td>.044</td>
</tr>
</tbody>
</table>

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<th>( B )</th>
<th>( \beta )</th>
<th>( t )</th>
<th>( p )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Value</td>
<td>.25</td>
<td>.23</td>
<td>3.79</td>
<td>.000</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>.47</td>
<td>.45</td>
<td>6.09</td>
<td>.009</td>
</tr>
<tr>
<td>Service Quality</td>
<td>.23</td>
<td>.23</td>
<td>3.43</td>
<td>.001</td>
</tr>
</tbody>
</table>
Positive Word of Mouth Intentions

A multiple regression analysis was conducted to predict members’ positive word of mouth intentions using the predictor variables (customer perceived value, satisfaction, service quality). A strong relationship, R = .84, emerged between determinants and renewal intention, with the predictors explaining 71% of the variance in members’ positive word of mouth intentions, F(3, 217) = 174.95, p<.001. Customer perceived value (β = .23), satisfaction (β = .48), and service quality (β = .26) were significant predictors (Table 4).

Table 4. Regression Analysis for Members’ Positive Word of Mouth Intentions

<table>
<thead>
<tr>
<th>Predictors</th>
<th>B</th>
<th>β</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Value</td>
<td>.33</td>
<td>.23</td>
<td>3.79</td>
<td>.000</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>.67</td>
<td>.48</td>
<td>6.59</td>
<td>.000</td>
</tr>
<tr>
<td>Service Quality</td>
<td>.26</td>
<td>.20</td>
<td>3.00</td>
<td>.003</td>
</tr>
</tbody>
</table>

The Motives for Women to Join a Women-Only Fitness Club

The reasons for women to join a fitness club were generally weight loss, physical appearance, health benefits, and enjoyment. Of the motives, health benefits were the most important factor for women. The majority of the participants (45%) indicate all of the above reasons were important.

The motives for women to join a women-only club rather than a traditional co-ed club was to be in a comfort zone (57%), around other women (26%), no men watching (10%), and other reasons (7%). If they do not have an option to exercise at a women-only club, most of them wouldn’t exercise at a traditional co-ed club. Most of the participants learned about the fitness club through personal referral (63%), promotional material (18%), website (1%), and other (18%).

DISCUSSION AND CONCLUSIONS

The purpose of the present study was to investigate the impact of customer perceived value, satisfaction, and service quality on customer loyalty in women-only health and fitness clubs. In this study, membership renewal intentions and positive word of mouth intentions were used as behavioral measures and customer commitment was used as an attitudinal measure to determine customer loyalty. Furthermore, this study investigated the motives for women to join a women-only health and fitness club rather than a traditional co-ed health and fitness club.

The results of this study revealed that the only useful predictors for psychological commitment are sport enjoyment and involvement opportunities. Sport enjoyment alone accounted for 39% and involvement opportunities accounted for 3% while personal investment and social constrain variables were non-significant predictors. Overall, the results align with and extend the findings of previous studies that sport commitment was mainly explained by sport enjoyment, involvement opportunities, and personal investments (1, 32). In this study, sport
enjoyment emerged as the strongest predictor of commitment. This is also consistent with previous research showing that enjoyment has consistently emerged as the strongest predictor of children, adolescents, and adults’ resolve to continue sport involvement (32, 35).

The results of the multiple regression analysis revealed that customer perceived value, satisfaction, and service quality were highly significant predictors for customer commitment (accounting for 52% of the variance). The findings show that customer perceived value, satisfaction, and service quality significantly influence customers’ psychological commitment in women-only health and fitness clubs. The results also show that customer perceived value, satisfaction, and service quality were highly significant predictors for membership renewal intentions (accounting for 70% of the variance) and positive word of mouth intentions (accounting for 71% of the variance). The findings show that customer perceived value, satisfaction, and service quality significantly influence behavioral intentions of membership renewal and customer referrals in women-only health and fitness clubs. Therefore, the higher customer perceived value, satisfaction, and service quality, higher customer loyalty. The findings suggest that customer loyalty can be generated through improving customer value, satisfaction and offering high product/service value. For instance, club managers can develop a variety of programs with quality service that can help increase their customers’ enjoyment, satisfaction, perceived value and service quality, thereby increasing psychological commitment, loyalty, and the likelihood of greater membership renewal and customer referrals.

Also this study found that the reasons for women to join a fitness club were generally weight loss, physical appearance, health benefits, and enjoyment. Of the motives, health benefits were the most important factor for women. The main motive for women to join a women-only club rather than a traditional co-ed club was to be in a comfort zone (57%). If they do not have an option to exercise at a women-only club, most of them wouldn’t exercise at a traditional co-ed club.

APPLICATION TO SPORT
The information presented in this study provides valuable information to practitioners in their efforts to successfully develop customer-oriented marketing plans and strategies for attracting new members and retaining current members at the women-only health and fitness clubs.

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None

REFERENCES


