

# **Enhancing Customer Loyalty in Health Clubs: The Role of Social Media**

**By:**

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*A thesis submitted in total fulfilment of  
the requirement for the degree of  
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# DEDICATION

*I dedicate this thesis to*

*“my family for their love and endless support”*

*“I love you all dearly”*

## DECLARATION

I, Azadeh Rawaz, declare that the PhD thesis entitled Enhancing Customer Loyalty in Health Clubs: The Role of Social Media is no more than 100,000 words in length including quotes and exclusive tables, figures, appendices, bibliography, references and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work.

Signed..... Date.....

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## ABSTRACT

The increasing use of the Internet may lead to more efficient and profitable methods for health and fitness clubs to reach their clients. The main purpose of this research is to investigate the relationship between the use of social media websites and enhancement of customer loyalty based on a sample of five fitness clubs (including three types of *for profit*, *non-for-profit* and *female only* clubs) in Melbourne, Australia.

A conceptual model is developed from the literature that hypothesises the potential impact of social media on loyalty as either a direct influence, or indirect influence via customer perceived value and satisfaction.

Both quantitative and qualitative methods are used to collect data for analysis. A questionnaire consisting of questions on customer perceived value, satisfaction, loyalty and social media was designed and distributed among club members. This customer survey contains two main sections comprising demographic questions, and a 6-point Likert scale section measuring client importance for a wide range of issues. A stratified random sample of members was chosen with a total of 519 completed surveys, which were imported into SPSS 23 for analysis. A semi-structured interview with the managers of the clubs was designed to accompany the quantitative survey, by collating more quality and in-depth information on how they use social networking websites in their centres.

The analysis summarises the demographic data and main issues raised by customers in the potential use of social media for enhancing loyalty. Z tests were used to compare responses of the respondents across three types of clubs.

Results of the initial analysis reveal that all demographic groups agree that the required application of social media will positively impact customer loyalty. Outcomes of interviews with the club managers showed that the majority of them consider social media a powerful tool to influence customers in strengthening customer-club relationships.

Principal Components Analysis (PCA) was used to analyse the theorised concepts of customer perceived value, satisfaction, loyalty and social media. The PCA was exploratory and intended to both structure the main components of each concept and reduce the number of variables defining them.

In the final analysis Structural Equation Modelling (SEM) is used to test the causal relationships between the constructs derived from the PCA. This analysis tests the main hypotheses of the thesis intended to determine which way Social Media influences club loyalty. The SEM results show that although social media can positively influence customer loyalty in health and fitness clubs, it is not straightforward to rely on this direct path only. The results of the SEM model fit illustrate an even stronger path between social media and customer perceived value, as well as a relationship between social media use and satisfaction. The conclusion discusses the different ways that social media can be used to influence loyalty both directly, and indirectly, through customer perceived value and satisfaction.

## LIST OF ABBREVIATIONS

H/F club	Health and Fitness Club
CPV	Customer Perceived Value
CLV	Customer Lifetime Value
SM	Social Media
H	Hypothesis
PCA	Principle Component Analysis
SEM	Structural Equation of Modelling
SPSS	Statistical Package for the Social Sciences
AMOS	Analysis of Moment Structure
DF	Degree of Freedom
RMR	Root Mean Square Residual
GFI	Goodness of Fit
AGFI	Adjusted Goodness of Fit
NFI	Normed Fix Index
CFI	Comparative Fix Index
RMSEA	Root Mean Square Error of Approximation
PCLOSE	P of Close Fit
AIC	Akaike Information Criterion
BIC	Bayesian Information Criterion

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# Chapter One: Introduction

## 1.1 Introduction

The immediate communication environment provided by mass media, including television, radio and particularly the internet has created a new marketing environment that firms need to work within. Enterprises throughout the world are striving to improve their customer experience using modern technology. On the one hand, intense competition requires delivering superior customer service and this can result in the reduction of customer desire to seek a different provider. On the other hand, there is a high nonrenewal rate in businesses that require contractual arrangements with customers (Zorn et al. 2010). The high turnover of contracts is sometimes referred to as “churn” and impacts a higher cost on providers who need to seek replacement customers and incur higher administrative costs in drawing up new contracts. Churn occurs when the customer changes allegiance, and is particularly relevant in term-based arrangements such as insurance, telecommunications, new vehicle sales and other brands including clothing and footwear, although the term length is variable.

Maintaining customers in the contractual business environment is a form of customer loyalty, and as such loyalty is the opposite of churn. Moreover, due to the recent revolution in communication and information systems and people’s willingness to use these technologies, high competition has arisen between companies wishing to create competitive advantage, and enhance customer loyalty via online offerings.

A range of research has been conducted to identify the best ways of meeting people's needs and expectations in the e-retail context, resulting in a number of frameworks and models aimed at building and sustaining long-term relationships through enhancing customer satisfaction and loyalty (Kim & Ko 2012). Additionally, growth in social media is high with social networks and blogs being the fourth most popular activities online (even ahead of personal email). Advertising and offering added services using social media (e.g. bundling, a wider a range of products and services and customization), was ranked the top investment priority for 2011. McDonnell and Drennan (2010) also pointed out that advertising on social media is smoother and less forceful than other types of advertising, as it does not persuade consumers directly.

This research will contribute to the field of marketing in regard to methods of improving customer loyalty for online service providers. The focus of the study is health and fitness clubs where it is normal to have a contractual arrangement. In this context, the purpose of the study is to help service providers obtain greater advantage from social media, to enhance their customer experience and achieve greater loyalty, and thereby reduce their churn rate (nonrenewal of contracts). The study results can be used by service providers in a wider perspective than health and fitness, where contracts are used between customers and providers, to realize new ways of enhancing customer loyalty.

## **1.2 Fitness Industry Definitions**

The main services offered by the health and fitness industry are provided through gyms and fitness facilities, ranging from small to large studios with various exercise options from resistance and cardiovascular training to group fitness

classes and swimming pools. Group classes have been a growth driver for fitness clubs over the past few years due to their attractiveness to broader market segments, particularly female clients (Fitness Australia 2012).

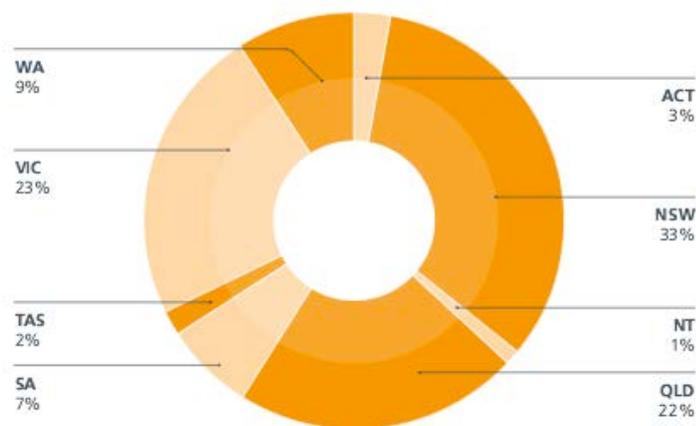
According to MacGowan (2011), the industry incorporates a variety of businesses, services and products used specifically to support fitness and wellbeing including equipment (e.g. treadmills), clothing and footwear and dietary supplements (e.g. protein powders). Health and fitness businesses may include fitness centres and gyms as well as outdoor group fitness comprising boot camps, personal training and specialist training facilities. For the purposes of this study, the Australian Bureau of Statistics (2012) definition of fitness activities, as *gym/ fitness/ aerobics, Pilates, yoga and weight training* activities is used.

### **1.3 Health and Fitness in Australia**

Gym and fitness activities are the second most widespread form of exercise, making the fitness industry an important part of the Australian economy. This market has significantly expanded over the last decade, with some franchises capturing a key industry foothold within the country. In addition to its direct contribution to the economy, the industry plays a major role in enhancing Australia's health and fitness (Australian Bureau of Statistics 2009). Therefore, with over 2550 businesses across the country, the industry offers a wide range of economic and social benefits (Fitness Australia 2015). Over the last decade, consumer preferences have also continued to change towards higher awareness of healthy lifestyles, which in turn has helped fuel the fitness industry growth (Fitness Australia 2012). The industry consists of a large number of private, small to medium sized firms with relatively low entry barriers for small enterprises.

The Australian Bureau of Statistics (2015) claimed that there has been a decrease in the number of Australians (15 years and over) participating in sport and physical recreation, with 60% in 2013-14, compared to 65% in 2011-12". However, data available on the Australian Bureau of Statistics (2010) showed that club' attendance is climbing, with 18.3% of Australians taking part in fitness activities in 2009-10 (a 2.1% rise since 2005-06). These statistics encourage more research into the understanding of the motives for participating in such activities. In particular, the State of Victoria hosts the second largest number of fitness centres in Australia (see Figure 1.1 below), which indicates the important role of this state's fitness businesses in enhancement of both the nation's health awareness and economy's growth.

**Figure 1.1 Geographical Fitness Firms Distribution in Australia**



Source: Fitness Australia 2015.

### **1.3.1 Importance of Customer Retention for Health and Fitness Clubs**

In its broadest sense, the defection rate is a measure of the number of individuals or items moving out of a group/company over a certain period of time. It is one of the principal factors used to determine the steady-state level of customers that an

enterprise can support. This term is most widely applied in businesses with respect to a contractual customer focus that includes subscriber-based service organizations such as health and sport clubs (Lejeune 2001). It can vary from industry to industry according to the level of loyalty involved among customers and companies, with its highest rate recorded in the highly competitive automobile industry as 51% in 2007 (MacDonald 2010).

Classic marketing theory has focused more on obtaining new customers than maintaining the most profitable current ones. This approach is called the 'leaky bucket'; like a bucket with holes, which needs to be refilled constantly because it loses water continually. According to this strategy, it is inevitable for some enterprises to lose customers and accordingly they have to concentrate on attracting new ones. In the 20th century with rapid changes in the business environment and expansion of populations all over the world, the leaky bucket approach worked for many businesses. In contrast, today successful marketers are more focussed upon maintaining existing customers. Similarly, Foscht et al. (2009) believed that despite offensive approaches for obtaining new customers, the importance of defensive strategies is undeniable since they are meant to reinforce customer loyalty and feed cross-selling opportunities.

According to one study, companies can raise profit from 25% up to 85% by just reducing customer defection by 5% (Reichheld & Schefert 2000). Another study on online customers reveals the fact that the spending on repeat customers in months 24 to 30 of their relationships with the company is less than the first six months of the relationship. Potential customers cost more early in their relationship because of the costs of creating new accounts as well as handling more frequent queries. So, it would be more efficient for most companies to retain

their existing customers, rather than to replace them with new ones (Reichheld & Schefert 2000). .

Marketing practitioners have been formulating different types of marketing mixes aimed at enhancing new leads and sales for the long term, and neglecting the fact that the first defence line for companies lies in maintaining customers. As a result, the most efficient approach to customer retention is to capture customer satisfaction and loyalty by delivering high value and enhancing their experiences. This may later translate into long term and well-developed relationships between companies and customers.

In encouraging customers to be loyal to the firm, some companies plan strategies that not only encourage Customer Lifetime Value (CLV), but also maximize hiring new customers. There is a wide range of methods developed by companies to measure CLV. For example, Roman (1995) proposed a plan for rugby league teams to obtain new customers whilst encouraging current customers to renew their subscriptions. In his plan, the company uses interactive pay-TV for communicating with both current and new subscribers. A 'relationship offer' of a two-year free subscription to a movie channel for a certain period of time, or a two-year subscription to a magazine, immediately on the use of the infrared picker offered with the interactive-TV set, might be offered to current customers. However, there might be a different offer for prospective customers via interactive pay-TV to subscribe for a trial period with no cost if they choose the offer on the spot. The author points out that in following this plan, as it gets close to the end of the trial period, marketers will approach those who did not renew, for a further subscription offer. Those who tried the subscription would be approached as well.

Finally, those customers who did not take up a further subscription on the first offer might receive a second offer via direct selling (Roman 1995).

However, despite a growing trend towards improvement in customer retention, according to Frow et al. (2011), some service providers such as health clubs still need to put more effort into improving their customer relationship marketing. Notably, with the largest percentage of customer defections arising from newly acquired contracts, many enterprises such as health clubs face the challenge of gaining a large number of new customers to replace the lost ones in the hope of keeping some. Ahmad and Buttle (2002), as well as Zorn, Jarvis and Bellman (2010) found that companies least likely to see defection of customers are those with the highest CLV, and some are failing to recognize the importance of this often discounted stream of profit.

McDonald (2010) and Bodet (2006) suggested a shift towards the intangibles of products such as stronger feelings of customer involvement, and higher quality products and services, can assist in decreasing dissatisfaction and churn rate. Hence, in order to reduce this loss, companies need to design efficient strategies that include the acquisition of new customers. However, sometimes attracting new customers is more costly than retaining current ones (Zorn, Jarvis & Bellman 2010; Berry 2002; Fornell 1992; Fornell & Larcker 1981), and not all new customers are profitable for firms (Thomas et al. 2004; Zorn, Jarvis & Bellman 2010). The fact is that maintaining current customers can be less costly and more effective than gaining new ones in the long-run, due to factors such as less time being required to explain the product or service (Zorn, Jarvis & Bellman 2010; Stahl et al. 2003). Furthermore, positive word-of-mouth may lead to an increase

in profit as positive word-of-mouth is a powerful channel of advertising (Kotler et al. 2009).

## 1.4 Research Problem

Purchasing categories can be divided into *repertoire*, where buyers usually purchase more than one brand over a fairly short period of time (e.g. most groceries and restaurants) and *subscription*, where customers typically use only one brand/product at a time (e.g. health and fitness club membership). Customer loyalty in subscription markets is seen at the time of the purchase when the buyers either maintain the brand or churn from one to another (East, Wright & Vanhuele 2013). Gerson (1999) argued that customers of health and fitness clubs are satisfied whenever their real, or perceived, needs are met or exceeded. Whilst it is generally accepted by the literature that customer satisfaction (Bodet 2006) and loyalty are crucial issues for the success of sport firms, there has been inadequate research to investigate empirically these constructs within sport organizations (Frow et al. 2011; Chelladurai 2006).

Due to the complex nature of sport organizations, Torkildsen (1993) debated that the sport products are facilities (e.g. squash courts) and activities offered (e.g. aerobic classes). In fact, these are the means of obtaining products, as the participation experience is the unit of exchange with the consumers. If clients experience contentment through the participation process, they will re-purchase. Consequently, the way in which facilities and sport activities are provided is of great importance to sport managers and marketers.

Services have unique characteristics that make them different from physical goods. They are intangible, that is, people can buy a football, hold and keep it,

whereas participating in an aerobics class is not something customers can physically handle. Additionally, sport services are perishable and cannot be saved into the future, while sport goods can be kept and traded later. Since people cannot predict sport service outcomes, the individual's experience has to be evaluated, and this experience is changeable. Therefore, leisure products generally are described as somehow varying, immaterial, consumable, fragile, and in many occasions relying on the service provider, such as the instructor or coach (Torkildsen 2005).

Gerson (1999) advised that it is worth learning about customer perceptions, to establish their needs and expectations, to narrow the gap between their perceptions and the expectations of the service provider, and to assess a firm's performance in order to enhance it continuously (Alexandris & Palialia 1999). For a firm to grow, the acquisition rate must exceed the churn rate (Zorn et al. 2010). Therefore, acquiring new customers while retaining old ones is a matter of great concern for businesses generally, and in the case of contractual business operations the renewal of the contract signifies loyalty (Lejeune 2001).

The research problem here focuses upon how the Internet and specifically social media use can be used to enhance loyalty in health and fitness clubs.

In order to do this it is necessary to examine the role of social media within the overall marketing frame which includes the issues of different demographics, customer perceived values, satisfaction and loyalty. The research problem asks the question: what role can social media play in improving loyalty, either directly, or via demographic segmentation, influencing customer perceived values, or customer satisfaction?

## 1.5 Contribution and Significance

The following contributions will be drawn from this study:

- To examine the role of social media in the general marketplace, in order to establish the size and potential impact of social media use in marketing, and in particular to enhance customer loyalty.
- To determine the role of social media within the total marketing framework including demographics, customer perceived value, satisfaction and loyalty in order to improve marketing strategies based on the different dimensions of value perceived by customers (Roig et al. 2006).
- To determine those aspects of social media that are most effective in enhancing customer loyalty, using health and fitness clubs as the working example.

According to Meadows-Klue (2008), sport marketers function in an environment in which all demographic groups are increasingly informed about social media and have substantial improvements in technology at their fingertips. This presents both opportunities and challenges for marketing managers who should adopt new methods, and benefit from social media such as social networks, blogs, forums and content communities (Williams & Chinn 2010).

The study is highly significant in that very little research has been done on the potential use of social media to influence loyalty. The study counterbalances loyalty against churn in the context of term based loyalty contracts (as used in health and fitness clubs), and is highly significant in potentially determining the most useful paths to follow in using social media to influence loyalty, as well as

which elements of a business (and specifically health and fitness clubs) are best enhanced through the use of social media.

Social media has the potential to increase sales but the question remains open as to what elements of the health and fitness club business (for example, time schedules, new methods, contact with trainers, secondary materials such as articles and internet leads, how to use equipment or personally addressed offers) are best used within the social media communication to increase loyalty. This study is highly significant in attempting to clarify these issues.

## **1.6 Conclusion**

A study of this kind requires an extensive examination of the nature of social media use in Australia, its extent and the types of social media, including the different platforms.

The study also needs to examine the current theoretical marketing models associated with customer loyalty, and the enhancement of loyalty, in order to develop a new theoretical framework involving the currently theorised relationships between demographics, customer perceived value, satisfaction and loyalty; in order to theorise the potential role of social media within such a framework. The following review of literature in Chapter two will attempt to do this, and the conceptual model will be developed in Chapter Three.

Once a conceptual model is developed it will be possible to develop a research methodology to test the theoretical model and assess the role of social media in maintaining loyalty. The research methodology needs to be seated within the study dimension of health and fitness clubs, as a significant example of the use of social media to influence loyalty within contractual marketing arrangements.

Chapter Four will develop this methodology.

From the research methodology an analysis can be developed to measure the roles of social media, specifically within the health and fitness club industry, in order to develop strategies for reducing churn. Chapters Five, Six, Seven and Eight develop the analysis.

Conclusions can then be reached about the overall role of social media in health and fitness club loyalty based marketing, and the implications for a wider marketing involvement in other contractual relationships. The final Chapter Nine presents the conclusions of the study.

# Chapter 2: Literature Review

## 2.1 Introduction

As a first step in examining the literature related to the relationship between social media and marketing it is important to firstly define what social media is and its use on the internet. Then the concepts of websites and their use can be reviewed. Section 2.2 looks at these issues.

Section 2.3 then examines the role of social media in the enhancement of customer loyalty in health and fitness clubs, focussing upon a review of research into concepts of customer perceived value, satisfaction and loyalty. It then examines the different ways in which social media can positively influence customer loyalty in health and fitness clubs.

## 2.2 Social Media

### 2.2.1 Social Media Definition

Generally, Social Media (SM) is defined as a “group of internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow for the creation and exchange of user generated content” (Kaplan & Haenlein 2009, p. 61). The authors described Web 2.0 as a series of web applications, which accelerate interactive data sharing, user-focused design, interpretation and cooperation. They further provide an effective categorization system for different forms of SM platforms that include social networking websites such as Facebook and MySpace, blogs, micro-blogs like Twitter, and content communities like Flickr and YouTube.

This categorization rubric is based on a set of theories related to self-disclosure and self-presentation (Goffman 1959), media richness (Daft & Lengel 1986), and social presence (Short, Williams & Christie 1976). Trusov Bucklin and Pauwels (2009) described SM sites as networks of friends for professional or social interactions, with the members having the opportunity to become friends with each other. In addition, they can become brand fans on the brand fan pages, where they share their passion and common interest in the brand (Kozinets 2002).

According to Rothschild (2011), SM types include wikis, social blogs, micro-blogging, social bookmarking, web logs, videos, pictures, podcasts, rating, and Internet forums. There is also another perspective of SM, which attempts to explain and look into SM as a method of online WOM communication by comparing its impacts on consumer attitudes to offline WOM (Prendergast, Ko & Shi Yin 2010; Lee & Youn 2009; Trusov et al. 2009).

### **2.2.2 The Increased Use of the Internet**

The Internet has transformed Australian lives in the way they interrelate and act, so much so that eBay is currently Australia's number one shopping mall with over \$22 billion spent online in 2014. Therefore, these seismic consumer movements point out the message that an in-depth understanding of new technologies like SM platforms will be essential to the survival of Australian businesses in the next decade (Levine 2012).

According to Levine (2012), the discovery of consumer links with emerging technologies has motivated savvy marketers to quickly recognize that delivering a persuasive, targeted message is not enough anymore. They need to get across to customers the messages of where and when their products are accessible

(Otero, Gallego & Pratt 2014). For instance, connected consumers are increasingly choosing to read their newspapers on their laptops, tablets and smart-phones, and total masthead readership of newspapers is now higher than it's been in over a decade.

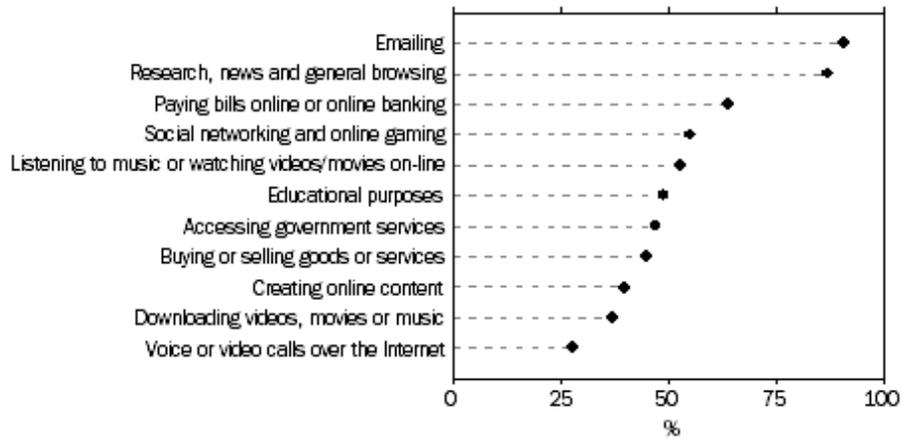
SM is a tool to increase rankings on search engines (e.g. Google) meaning that the more businesses participate in social media, the more the search engine rank of the firm improves. In other words, the more SM messages and posts are liked, shared or linked, the more they are added to algorithms used by the engines to determine the company's search results rating, resulting in the posts being more likely to be shared with other people. As a result, this contributes to the number of followers and increased visits to the company's website (Gamboa & Goncalves 2014).

According to another Australian Bureau of Statistics release on "Household use of Information Technology", updated on 23 February 2012 (access from the 2010-11 MPHS), there is a continuous increase in Internet usage among Australians aged 15 and above. There was a 5% increase in Internet accessibility from 2008-09 to 2010-11 among individuals aged 15 and over. Moreover, the most popular places for Internet use are homes followed by workplaces. In addition, in 2010-11, 95% of persons with a minimum of a Bachelor degree had access to the Internet.

Persons who reported they had Internet access at home (13.3 million) were asked to denote what sorts of activities they do on the Internet. According to the release on "Internet activities at home", last updated on 23 February 2012 (access from the 2010-11 MPHS), in 2010-11, the top three activities reported among those people were emailing (91%), general browsing, news and researching (87%), and

finally online banking or paying bills through the internet (64%). Figure 2.1 depicts all the activities reported in more detail.

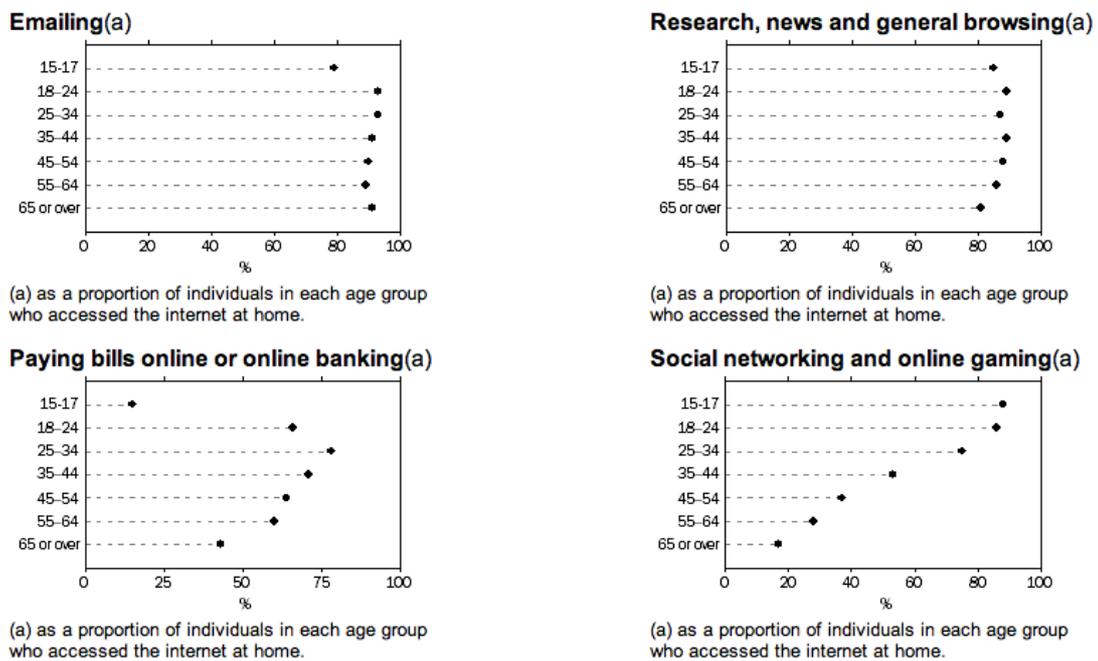
**Figure 2.1 Detailed Internet use in Australia 2010-2011**



Source: Australian Bureau of Statistics (2012).

Looking at chosen Internet activities by different age groups at home, young people aged 15-17 accessed the Internet mainly for social networking websites and online games. They were least likely to access the Internet for emailing. The third top activity, online banking or paying bills online, was most common among people aged 25-34. Figure 2.2 below derived from the release on “Selected Internet activities at home by age group”, updated on 23 February 2012 (access from the 2010-11 MPHS) shows the percentage of different activities among different age groups in Australia for the period of 2010-11.

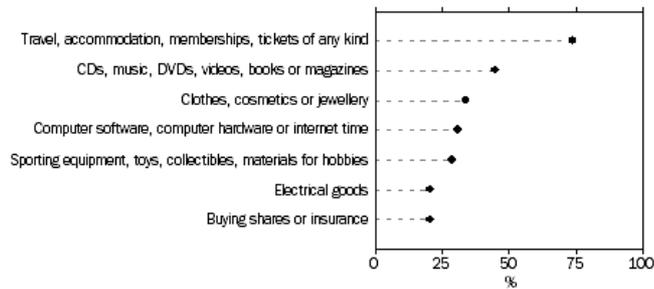
**Figure 2.2 Selected Internet Activities at Home by Age Group**



Source: Australian Bureau of Statistics (2012).

The Australian Bureau of Statistics (2012) report on “Selected types of goods or services purchased or ordered over the Internet” (access from the 2010-11 MPHS), reveals the increasing percentage of Internet users (people aged 15 and above who had access to the Internet in the last 12 months at any location) who had an online order or purchase for services and goods, in the past few years, with 68% of people using the Internet for ordering or purchasing personal products in 2010-11 compared to 64% in 2008-09. Some 74% of online purchases are for accommodation, travel, tickets or memberships of some kind. The next most popular types of products bought online are videos, DVDs, books and magazines, CDs, music (45%), and cosmetics, clothes and jewellery (34%). The figure below illustrates a selection of services or goods purchased online in 2010-11.

**Figure 2.3 Selected Types of Goods/Services Purchased Online**



Source: Australian Bureau of Statistics (2012).

In 2010-11, 32% of Internet users did not have any other online purchase over the previous 12 months. The three main reasons for not making any order or purchase online were (Australian Bureau of Statistics Release on Household Use of Information Technology, Australia, 2010-11):

1. They did not have any need (39%),
2. They preferred to shop in person in order to see the product (21%),
3. They were not willing to provide their credit card information online (16%).

With an increase of 528% over the last 10 years, one-third of the population of the world (e.g. Australia/Oceania 68%) is currently online. Over 50% of SM users followed brands on SM in 2011 (Bellegem, Eenhuizen & Veris 2011) and firms are progressively investing in SM, with global marketers annual spending on social networking websites around \$4.3 billion (Williamson 2011).

Connected devices like computers, mobile phones and tablets have become part of many people's lifestyle around the world. Internet- shoppers are digitally engaged to erratic degrees depending on the products they purchase. For example, online activities for some consumer-packaged products, in particular

perishable categories where freshness counts, are not as important as other industries such as music, books and travel (Nielsen 2014).

There are many studies examining user perceptions of SM, but a dearth of studies focusing on its use by small businesses (Durkin, McGowan & McKeown 2013). DIISRTE (2012) reported that 95% of businesses are small in Australia, making up half of private employment and one third of the GDP. Businesses including small (up to 100 employees) or large (500 and more staff) (Gray & Mabey 2005) are advised to effectively engage with SM, so that they can exploit the opportunities it offers, while avoiding its drawbacks (Stockdale, Ahmed & Scheepers 2012).

Although adopting Information and Communications Technologies (ICT) for small firms comes at a lower price, they face more challenges than larger businesses. In Australia, smaller firms may have limited access to the Internet, high speed broadband connection access (especially in rural areas), restricted support in case of technical issues, as well as issues regarding the implementation of business websites (Burgess, Sellitto & Karanasios 2009). Given that the owner or manager of a business might be in charge of developing and implementing ICT strategies, the level of benefit from the technology may vary (Burgess, Sellitto & Karanasios 2009). In a similar study exploring the small and medium business responses to SM in Australian regional areas, Bosua, Evans and Sawyer (2013) noted a number of challenges that consist of inadequate knowledge and expertise, small numbers of staff and narrow use of the technology. Similar reports from the USA and UK advise that while accessibility to SM is equal for all enterprises irrespective of size, many firms are not capitalizing due to a lack of knowledge about using the technology resulting in large businesses being more likely to adopt SM strategies than small businesses.

The Australian small and medium size business engagement rate with SM (39%) lags behind that of Europe (61%) and the US (81%). Aaltonen et al. (2013) studied 248 European small and medium enterprises and found that although 61% of them used SM, most of their use was not well-organised, with only 27% setting specific SM rules and policy. Gnanasambandam et al. (2012) advised SM is used differently in different sectors. For instance, 76% of accommodation, café and restaurant firms used SM, whereas only 20% of building and construction enterprises did so (Burgess et al. 2015).

Aaltonen et al. (2013) suggested that different SM platforms are used for different purposes. For example, Facebook can be used for engaging with consumers and Twitter for receiving timely information and updates, and LinkedIn for business networking. Hills and Cairncross (2011) surveyed SM use in eight Australian small firms and recommended a number of strategies for SM engagement including reactive and proactive strategies. A reactive strategy monitors information about the firm on SM by using information from SM websites to improve business performance. It also monitors and reacts to SM websites about competitors and responds to SM customer comments. A proactive strategy incorporates a SM facility on the corporate website and encourages clients to engage with SM websites.

### **2.2.3 SM Websites**

Virtual networks hold many of the benefits of print media forums, in that many communications take place asynchronously. Moreover, online SM are less pricy than printed-media forums, as the author of each respective post creates the content, and audiences look at it electronically resulting in elimination of the

shipment, reproduction and distribution costs of traditional publishing processes (Berger et al. 2008).

Traditionally, an online forum was grown around a main page that has organized discourse via hyperlinks into subtopics, where people can read, create and reply to conversational “threads” (Moloney et al. 2003). The modern SM websites are established similarly, with the main page usually the personal page of a participant, with links to the individual pages of their invited friends. In either case, “netizens”, which refers to online participants, are motivated to participate in conversational threads, even when the conversation is not essentially directed toward them individually. This approach varies from traditional face-to-face interactions, where interrupting and eavesdropping are believed impolite, and sometimes not culturally accepted (Granitz & Ward 1996). In contrast, online, it is considered absolutely suitable for netizens to spy on conversational threads, and/or to interrupt (Kozinets 2002). More importantly, online SM enables dominant and informative “one-to-many”, and often “many-to-many” communications to extend in an unlimited amount of time and space (Berger et al. 2008), smoothing international network relationships among a large number of participants (Adams & Smith 2008).

Online SM participants have expressed their need for a more private type of online activity. The general trend of online SM use is moving from online chat rooms, open blogs and forums to a more private, secluded and secure online culture where users can administer their privacy settings in their profiles and communications. For example, with Facebook, every member has their own group of friends who can access his/her posts, page, photos, memberships, and various theme groups, which allow mass communication among all members.

The developing recognition of these networking websites is because users can customize their profiles by including very personal information such as relationship status, interests and even political preferences. In addition, users can create new, favourite identities, where their home page is actually who they are online so they can maintain their anonymity (Kornblum 2006).

Trusov et al. (2009) argued that this progress in SM appears to be unlimited. The investments in SM are anticipated to rise by more than \$3 billion per annum by 2013 (Kozinets et al. 2010). With a broad demographic distribution (e.g. 75% SM users in USA), SM has been considered a mass phenomenon (Miller 2009). The epidemiologic and rapid dispersal of information via SM has a far greater capacity to reach the public than other types of media such as print advertisements, TV and radio (Keller 2009).

Nowadays, effective communication and marketing has become a necessity for sport and entertainment venues. Technology can assist in the supply of information. Currently, many organizations use Internet technology such as SM networks to foster a stronger relationship with customers. They can use social networking to facilitate more timely information disclosure when compared to traditional paper-based corporate reporting (Cho et al. 2009) and interaction. However, some businesses still do not see social networks as a powerful tool for nurturing and winning customer loyalty, but rather as a resource for creating brand awareness (Gamboa & Goncalves 2014).

Before the role of social media and the internet in marketing can be further examined, it is necessary to examine in some depth the fundamental concepts within marketing of customer perceived value, satisfaction and loyalty.

## **2.3 Marketing concepts of Customer Perceived Value, Satisfaction and Loyalty**

### **2.3.1 Customer Perceived Value**

Earlier studies such as Anderson, Fornell and Lehmann (1994) questioned the key role of satisfaction within the marketing research field as they repeatedly witnessed contradictory survey results of high satisfaction rates linking with diminishing market shares (Jones & Sasser 1998; Gale 1994). Gale (1994) argued that traditional customer satisfaction models rated business performance as perceived by current customers, but failed to integrate prospective customers, non-customers, or even competitors in the analysis. These models also failed to consider the customer perception of price or cost. Gail criticised these customer satisfaction measurements for being constrained to a tactical level by offering only simple product improvement, and corrections of defects and errors in present products/services. He argued that the satisfaction construct was a misleading concept, which entered business markets and was unwisely borrowed from consumer markets. As a result, this debate raised the need for a replacement of the satisfaction paradigm by the value construct which was seen as a superior forecaster of outcomes in business markets, namely, Customer Perceived Value (CPV).

Livesey and Lennon (1978), and Westerbeek and Shilbury (2003) defined CPV as the rationality of price in comparison with quality. However, a more customer oriented perspective was proposed by Zeithaml (1988), who mentioned that consumers tend to maximize utility. Translating this to the service industry, consumers perceive the value of a service through post-consumption evaluation compared with price. In this case, value varies for individuals as a function of their

economic situation. In other words, this view looks at consumers' overall evaluation of the utility of a good or service, based on personal perceptions of what is received and what is delivered (Rust & Oliver 1993).

Kotler and Keller (2011) pointed out that perceived value has become an important principle in the development of organizational strategies for generating, communicating and delivering value to customers, and will be of continuing importance in twenty-first century businesses. Perceived value can be measured by assessing a consumer's experience (Sweeney & Soutar 2001), and measuring the difference between actual cost and perceived benefits (Gallarza & Saura 2006). It is the optimum transformer throughout an individual's consumption process and plays an imperative role in the valuation of service quality, customer satisfaction and behavioural loyalty (Dodds, Monroe & Grewal 1991). Although the literature contains a variety of CPV definitions, three that are commonly used include: *multiple components of value*; *subjectivity of value perceptions*; and *importance of competition* and are discussed below (Gross 1997).

In *Multiple components of value*, CPV is considered as a trade-off between perceived benefits and given sacrifices by customers in a company's offerings (Eggert & Ulaga 2002; Zeithaml 1988). These benefits are a combination of physical and service attributes as well as any available technical support in relation to a particular use situation (Monroe 1979). However, perceived sacrifices are sometimes seen in monetary terms (Anderson, Fornell & Lehmann 1994). Others explain sacrifices more widely by considering them as being of primary importance to customer value perceptions. That is, customers value a decline in sacrifices more than an increase in benefits (Monroe 1979).

*Subjectivity of value perceptions*, views different customer segments as perceiving different values for the same product (Kortge & Okonkwo 1993). Additionally, different members in the customer organisation involved in the purchasing process can hold diverse perceptions of a seller's value delivery (Perkins 1993).

In *Importance of competition*, offering a better trade-off between perceived benefits and sacrifices in a product or service (i.e. offering better value than competitors) can help a business to build a sustainable competitive edge.

Roig et al. (2006) analysed the dimensionality of the concept of perceived value in the banking sector. They surveyed a total of 200 customers of financial enterprises and concluded that perceived value is a multidimensional construct composed of six dimensions: functional value of the establishment; functional value of the personnel; functional value of the service; functional value of price; emotional value; and social value. Their study utilised a scale of measurement based on the value perceived by consumers in the banking sector, which incorporated valuations of both functional and affective aspects, aimed at obtaining an overall quantification of the value perceived by the customer, of the purchase made.

Based on the above definitions related to CPV provided in the literature, the current study defines CPV in the business marketplace as the trade-off between the customers' perceived benefits; sacrifices made in selecting a particular product from the supplier's offerings; and post consumption evaluation of the product they have chosen.

### **2.3.2 Satisfaction**

Initially, satisfaction was defined in the job performance context as "A pleasurable or positive emotional state resulting from the appraisal of one's job" (Locke 1976, p.1300). Oliver (1981, p. 29) extended this definition to the context of consumption as: "The summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience". He defined satisfaction/dissatisfaction as the degree to which a product delivers pleasing levels of fulfilment (Oliver 2014). According to Day (1984), satisfaction/dissatisfaction can be described as the difference between previous expectations, and the actual product performance after purchase (Day 1984). In agreement with Day, Tse et al. (1990) and Engel, Blackwell and Miniard (1995) stated that customer satisfaction should be hypothesized as a compound, subjective process, which follows the act of purchase.

Regarding the customer satisfaction/dissatisfaction construct, earlier literature has commonly been concerned with the occurrence of psychological disequilibrium (Tse et al. 1990; Park & Curwen 2013). For example, Knutson (1988) mentioned that the best way to satisfy customers is to exceed their expectations. However, satisfaction is a relative concept with degrees or levels of satisfaction (Hughes 1991), and hence involves perceptions of satisfaction or perceptions of performance of a good/service (Chon 1989). Oliver, Rust and Varki (1997) mentioned that a high level of satisfaction could be achieved when customer expectations are surpassed and emotions become extremely positive, which they described as not only satisfaction but also delight.

Despite the large body of literature regarding consumer satisfaction, there is no unanimity in research findings on the composition of this construct. Foscht et al. (2009) pointed out that there is a gap in the understanding of whether there are any aspects impacting on the satisfaction of young customers. For example, despite the results of many studies showing the important role of excellent service quality in higher customer satisfaction (Anderson & Sullivan, 1993; Cronin & Taylor 1992; Taylor & Baker 1994; Rust & Oliver 1993; Levesque & McDougall 1996; Foscht et al. 2009), the debate about whether customer satisfaction goes beyond mere evaluation of service quality still remains. Nevertheless, some studies have found causal relationships between quality of service and customer satisfaction, with customer satisfaction being the higher order paradigm affecting consumer behavioural intentions (Jahanshani et al. 2014; Soteriou & Stavrinides 2013; Ryu, Lee & Gon Kim 2012; Foscht et al. 2009).

Molina, Esteban and Martin-Consuegra (2007) found that customer satisfaction is a concept with cognitive and sentimental facets. The cognitive dimension is usually explored using a confirmation/disconfirmation paradigm as the initial point for comparing a customer's actual experience of using goods or services with their expectations prior to their procurement (Sharma & Ojha 2004).

Liljander and Strandvik (1997) implied that customer satisfaction couldn't be truly understood without looking into the affective aspect. This is supported by Homburg et al. (2006), who pointed out that the affective experience throughout both purchase and consumption of a good or service has a considerable impact on the customer's evaluation of satisfaction. Molina, Esteban and Martin-Consuegra (2007) maintained that every service encounter results in an assessment by the customer, creating accompanying emotional reactions over

time, the customer creates an overall assessment of the service based on the value associated with each service encounter (Crosby, Evans & Cowles 1990).

Many researchers have not only used expectation, desire and affect to determine customer satisfaction but also used performance and equity (Anselmsson 2006; Szymanski & Henard 2001; Voss, Parasuraman & Grewal 1998; Patterson, Johnson & Spreng 1997; Levesque & McDougall 1996; Oliver 1993; Churchill & Suprenant 1982; Westbrook 1981). Lewis and Soureli (2006) further identified imperative attributes to customer satisfaction, which includes satisfaction with the core service or good of the business, the frontline employees, and/or the enterprise in general.

Homburg, Schafer and Schneider (2012) mentioned that the customer orientation of a business needed to foster customer satisfaction in order to increase company profitability in the long-term. Customer satisfaction results from a comparison process in which their expectation of an organization's performance comes from a wide range of factors including previous experience, competing offerings and third-party data. At this stage, the customer starts comparing what they have received against what they expect to receive to form the basis of their satisfaction rating, which is dynamic due to the fact that their performance expectations change over time.

Variations of customer expectations need to be considered, because it is often the case that offerings that inspired customers in the past may not do so in the present. Homburg, Schafer and Schneider (2012) found that this could give rise to a phenomenon that is called the "customer satisfaction trap". If the increase in an organization's performance level is slower than the ascent of the customer's

expectation level, there will be a broadening of the gap between performance expectation and performance perception. Inevitably, this will lower customer satisfaction and lead to higher customer defection in the short term. These researchers found that the paradoxical part of this phenomenon is that over time, customer satisfaction and loyalty can lessen while the company's performance level rises. Thus, the point is not whether a business develops, but whether it expands quickly enough to hold its place in the industry. Therefore, if an enterprise wants to avoid getting entangled in the customer satisfaction trap, it is better to keep pace by consciously improving levels of performance (Homburg, Schafer & Schneider 2012).

### **2.3.2.1 Measuring Customer Satisfaction**

Measuring customer satisfaction has progressively become prevalent in the last two decades and today represents an important source of revenue for market research enterprises (Eggert & Ulaga 2002). However, quantifying satisfaction has not been straightforward for experts as it may vary across different product categories, or in different countries. Much of the research on consumer satisfaction/dissatisfaction has concentrated on services, as they are more variable than goods. Maintaining consistent services is quite difficult because delivering a service usually involves the interaction of a provider and consumer creating a unique service delivery encounter. Given the Australian economy is dominated by its service sector (comprising 68% of GDP), obtaining and measuring customer satisfaction has become more important than ever before for Australian service providers, including H/F clubs. Several theories of customer satisfaction have developed in the research literature involving the concepts of perception and expectation.

Perception is the process of attaining awareness or understanding sensory information. Sobh and Martin (2011) pointed out that the word "perception" comes from the Latin words "perceptio" and "percipio" which means receiving, collecting, and taking possession with the mind or senses. They explain perception as being a result of the interaction between past experiences, including one's culture and the interpretation of the perceived. If the perception does not have support in any of these perceptual bases, it is unlikely to rise above the perceptual threshold.

People's future purchases depend on how well they perceive their efforts towards achieving their objectives. Consumer perceptions also affect re-purchasing behaviours and might result in an increase, stop or decrease in future purchasing (Sobh & Martin 2011). For example, as two people might have two different perceptions of the same situation, one customer of a health club might terminate their contract because they did not lose the weight they had planned for, while another customer with the same result, will try to visit the health club more often to achieve their goal (Sobh & Martin 2011).

Expectations are possibilities of occurrence (Oliver 2014) and reflect predicted behaviours (Churchill & Surprenant 1982). Spreng, Mackenzie and Olshavsky (1996) mentioned that expectations are foretelling, and indicate the anticipation of product attributes (to be received some time in the future) to perform as the standard of comparison. Swan and Trawick (1980) mentioned that people adjust to a certain level of performance and form expectations that are aligned with this level, in order to avoid any disappointment of a mismatch between expectations and satisfaction. Further, Halstead (1999) stated that expectations are used to shape disconfirmation judgments in order to assess product performance.

### **2.3.2.2 Confirmation and Disconfirmation Theory**

Early studies treated satisfaction as a result of meeting consumer expectations. This phenomenon is referred to as the confirmation model of consumer satisfaction. Based on this theory, a low level of expectations will be paired by a low level of discontent when desired expectations are not met. Such displeasure usually applies to the routine use of incompetent services where the discontent is moderated due to habituation. That is, people get used to a negative issue and may not notice it anymore. Therefore, it may not occur to consumers to take action about an inconvenience, and any effect on their behaviour will be weak. Although consumer content/discontent may not be communicated, it may be exposed when customers are asked, or when other factors challenge the salience of a product's functioning. Hence, as long as positive or negative deviations in customer expectations are small, they can be accommodated, and will have a slight impact on consumer thinking and reactions (Oliver 1989).

Whereas customer satisfaction research previously used confirmation theory, recent studies are increasingly using the Disconfirmation Model (East, Wright & Vanhuele 2013; Parasuraman, Zeithaml & Berry 2002; Woodruff & Gardial 1996). This theory posits that if a consumer experience with products/services is significantly different from what they expect, they are highly aroused and typically inspired to do something about it (East, Wright & Vanhuele 2013). The paradigm explains that the consumers' feeling of satisfaction/dissatisfaction is a result of a judgment process between product perceived performance, and one or more assessment standard(s) including prior expectations (Haanstra et al. 2013). If a product's performance largely exceeds customers' expectations, they are very

content (positive disconfirmation), and if it falls short of expectations, they are very displeased (negative disconfirmation).

Despite the fact that most researchers support the disconfirmation paradigm, the nature of satisfaction continues to be debated. Some believe that satisfaction develops from a cognitive process of comparing product perceived functioning with some other comparison standard. However, others describe the feeling of satisfaction as basically characterizing an affective state of the human mind. Hence, some satisfaction scales capture the cognitive dimension, whereas others focus on its affective nature. Therefore, a clear decision on the primary nature of satisfaction, and the extent to which a satisfaction scale concentrates on cognitive or affective measurements, is needed. This decision can influence both the antecedents that affect satisfaction and the consequences nurtured by this construct (Eggert & Ulaga 2002).

### **2.3.3 Importance of Customer Satisfaction**

Firat and Dholakia (2006) debated that the goal of marketing is not only satisfying customers, but also empowering them through creating a partnership in which customers can more readily raise their needs. Other authors such as Cronin and Taylor (1992) and Oliver and Swan (1989) emphasized that despite the key role of satisfaction in customer retention, it should remain only a strategy to retain customers (Bendapudi & Berry 1997; Fornell 1992). Satisfaction with interactions during a purchase process may precede or follow the purchase, and dissatisfaction at any stage can disrupt the process and result in customer exit. However, satisfaction might also not lead to repurchases and long-term relationships (Hoffman et al. 2010). The Technical Assistance Research Program

(cited in Hoffman et al. 2010) presented the following figures to highlight the importance of customer satisfaction:

1. For every one complaint, on average 26 customers have the same problem. This agrees with Bell and Luddington (2006) who found for each complaining customer there are as many as 20 others with the same issue.
2. The average person with an issue is more likely to tell nine or 10 other persons about the problem, and 13% might tell more than 20 people. However, those customers who have their complaints resolved, are more likely to share their experience with an average of five people.
3. The average business does not hear back from 96% of its dis-satisfied customers.

The figures above indicate that people do not actively complain to companies. They instead, express their dissatisfaction with their feet by defecting to rivals, and with their mouths by explaining to current and prospective customers about how they were mistreated by the company (Hoffman et al. 2010).

### **2.3.4 Satisfaction in the Sport Industry**

The commitment to deliver quality goods/services is the key to the development and consolidation of organizations as it may not only result in customer satisfaction (Afthinos, Theodorakis & Nassis 2005; Westerbeek & Shilbury 2003), but also increase loyalty and emotional attachment to the provider (Calabuig et al. 2010). Therefore, the analysis and understanding of consumer satisfaction with services for the purposes of enhancing product quality, has been of great importance in recent years (Nuviola et al. 2013). Consequently, improving

services is crucial for sport facilities' management to increase and sustain their customer base, achieve competitive advantage, and maintain profitable customers (Yu et al. 2014).

According to Janet, Beverly and Zanger, (1990), delivering enhanced services and experiences to customers could be an influential factor in the customers' decision on whether or not to revisit sport centres. Yiannakis (1989) found that monitoring client satisfaction/dissatisfaction, expectations, needs and changes in tastes/preferences are critical for sport marketers. They need to efficiently recognize variables that may relate to the progress of tactical marketing plans. Oliver (1989) mentioned that satisfaction theories accommodating strong emotional content of satisfaction responses are particularly useful in the context of spectator sport products, as many sport consumers have a high emotional attachment to a sporting team, club or even sport star. Emotional bonds can foster satisfaction reactions based on moderate to extreme feelings, varying from contentment to dissatisfaction, and from delight to dejection.

## **2.4 Conceptual Differences between Satisfaction and CPV**

Reviewing the relevant literature reveals that satisfaction and perceived value are complementary yet different constructs (Woodruff & Gardial 1996). These constructs are distinct, as perceived value appears at different stages of the buying process including the pre-purchase phase (Woodruff 1997). However, satisfaction is generally agreed to be a post-purchase/post-use assessment of products (Sweeney & Soutar 2001; Oliver 1981; Hunt 1977). Therefore, value perceptions can be created even without a product/service being purchased or

used, whereas satisfaction/dissatisfaction is based on the experience of having used the product/service. Therefore, Woodruff and Gardial (1996) stated that satisfaction can be considered as a post-purchase construct, while customer perceived value is independent of the timing of the use of a market offering and can be shaped by both suppliers and competitors' offerings, prior to or after the purchase phase. As such it is conceived here that CPV occurs primarily before satisfaction and both precede loyalty. Loyalty is discussed later but develops from CPV or satisfaction.

In contrast to pre evaluation, some researchers suggest that the customer value concept looks at future directions. This orientation aims to assess how value can be formed for current and potential customers, and by which means suppliers offerings can best meet consumer needs and wants. Patterson and Spreng (1997) defined value as the result of a cognitive comparison procedure, and is defined as: a “cognitive-based construct which captures any benefit- sacrifice discrepancy in much the same way disconfirmation does for variations between expectations and perceived performance” (p. 421).

However, contrary to this cognitive-based value construct, most researchers hypothesize satisfaction as an affective evaluative reaction (Eggert & Ulaga 2002; Oliver 1997). In addition, customer satisfaction evaluates how successfully suppliers are doing with their existing market offering, as perceived by their present customers. Such tactical orientations offer guidelines to actions and strategies for refining current products/services.

While some studies (see for instance Alexandris & Paliatia 1999; Calabuig et al. 2014) support the multi-dimensionality of satisfaction in which measuring

customer satisfaction is not straightforward, others look at it as a one-dimensional construct (Yu et al. 2014). This is mainly due to the assumption that satisfaction varies along a hedonic range from favourable to unfavourable (Westbrook & Oliver 1991), and due to its conceptualization as an outcome or summary variable when compared to value, which is antecedent to it (Parasuraman 1997).

From the review above, the evaluation of CPV includes former, current and potential patrons, while satisfaction research is largely oriented toward the companies' current customers. On the one hand, satisfaction research is primarily directed toward the assessment of the sellers' product offerings without necessarily amalgamating information pertaining to competitors' market offerings, while on the other hand, CPV measurement benchmarks the merchants' offerings against competition (Eggert & Ulaga 2002).

#### **2.4.1 The Relationship between CPV and Satisfaction**

McDougall and Levesque (2000) emphasised the important role of the perceived value construct in business, especially for those investigating its possible mediating relationship with customer perceptions of satisfaction. Value may be defined as the assessment of what is received against what is delivered in a service encounter. The authors defined value as "benefits received relative to costs" (p. 393). In a similar vein, Zeithaml (1988) termed value as a consumer's overall evaluation of product usefulness, based on their perception of what was obtained and what was given in turn. The association between CPV and customer satisfaction is well established in the literature, with the customer perceptions of getting value for their money impacting on their satisfaction level.

Murray and Howat (2002) believed that although the relationship between CPV

and customer satisfaction appears to be well established, there is an ambiguity in relation to the wider nature of the relationship, and its implications to customer future intentions. Zeithaml (1988) suggested that customers may use value as a mediator in forming an overall perception of a service to assess it in relation to other available alternatives. This premise implies that satisfaction is an overall evaluation of a service and value may be a similar construct, or at least may be strongly inter-correlated. For example, if “value is considered a cognitive-based construct which captures any benefit-sacrifice discrepancy in much the same way disconfirmation does for variations between expectation and perceived performance” (Patterson & Spreng 1997, p. 4) affective responses such as emotions may act as a better predictor of consumer future behaviour than cognitive assessments such as perceptions of service quality and value judgments (Patterson & Spreng 1997).

In addition to satisfaction, value can be a principal mediator of a patron’s future intentions and behaviour, with decisions to reuse a service based on the value received by the customer (McDougall & Levesque 2000). Cronin, Brady & Hult (2000) suggested two dimensions of value as price and service received. Therefore, service quality perceptions may determine value perceptions, which may impact customer satisfaction judgments and future intentions accordingly.

However, McDougall and Levesque (2000) looked at the relationship as a more complex one, saying that people may be pleased with the service provided, the way it is provided and overall contentment with the service, yet still feel that they have not got their money’s worth.

Because some researchers have reached only partial consensus in supporting

CPV as a predecessor to customer satisfaction (Hallowell 1996; Cronin, Brady & Hult 2000), and the relative impact of quality, value and satisfaction on service outcomes (Cronin, Brady & Hult 2000); McDougall and Levesque (2000) encouraged further research on concepts such as perceived value. These authors believed that such research would further shed light on understanding the consumer decision-making process. Likewise, the need to augment the customer satisfaction measurement with factors such as perceived value to offer a more in-depth understanding of customer perceptions at an analytical organizational level is supported by Petrick, Backman, and Bixler (1999).

#### **2.4.2 CPV and Satisfaction in Australian Sport Organizations**

In the context of Australia, Hill and Green (2000) suggested four categories of service quality attributes that tied perceptions of sports with future spectator attendance intentions at rugby league matches. However, there has been limited investigation into how satisfied customers in Australian sports and leisure can help managers to better foresee customer re-patronage.

Furthermore, in a study of 30 Australian sports and leisure centres three influential factors on CPV were found: personnel (e.g. staffing functions); core (e.g. clean facilities) and peripheral (e.g. food/drink facilities). The relational aspects of service are a combination of the personnel and the peripheral factors. For instance, a crèche at a recreation centre may not be perceived as a core service of the centre by customers, but perceived as how managers of the complex meet not only their customers' needs, but offer them superior experiences (Howat, Murry & Crilley 1999).

## 2.5 Loyalty

Generally, customer loyalty is recognized as a compound construct that has been investigated in the literature with diverse approaches. As such, researchers are not united on the definition of customer loyalty (Lewis & Soureli 2006), with some relating customer satisfaction to consumer purchasing behaviour (Mittal & Kamakura 2001; McDougall & Levesque 2000; Loveman 1998; Mooradian & Olver 1997; Levesque & McDougall 1996; Bolton 1995; Jones 1995; Sambandam & Lord 1995; Oliver & Swan 1989; LaBarbera & Mazursky 1983; Oliver 1980; Newman & Werbel, 1973). In addition, research has supported a positive impact by customer satisfaction on cross-buying (Bolton, Lemon & Verhoef 2004; Verhoef, Franses & Hoekstra 2001; Zeithaml, Berry & Parasuraman 1996; Anderson & Sullivan 1993; Cronin & Taylor 1992; Parasuraman, Zeithaml & Berry 1988). East (1997) agreed that customers are more willing to reuse a good or service when they were initially satisfied with the product or service.

Despite the above, it is essential to study the leading factors of satisfaction in order to identify influential factors in customer loyalty (Pont & McQuilken 2005). Some studies like Molina, Esteban and Martin-Consuegra (2007) argued that loyalty may vary among different customer segments. Hence, identifying those segments which might be prone to be more loyal has become a challenging issue for service providers, particularly banks. It is likely a segment can be grown in size if all possible segments seem to be unprofitable or slightly profitable, but have the potential to become profitable over time. For example, in some industrial countries the younger generation can be deemed by many financial organizations as banks, to be more lucrative than their elders, when this market segment is the biggest demographic group (Josefowicz 2003). Approaching the youth market at

an early age shapes the foundation for a longer term and more engaging relationship, which could lead to cross selling other financial services as well (Thwaites & Vere 1995). However, this segment is not homogenous, and its sub-groups are of interest to marketers due to differing characteristics and lifestyles (Bartlett 2004; Lewis & Bingham 1991).

Based on the argument above, it is imperative to study individual sub-group characteristics. Enterprises are increasingly looking for more efficient and speedy methods to stand out in the market by providing added services using bundling, customization, integration and a wider range of offerings. They endeavour to do so strategically by moving from merely producing goods to offering integrated 'bundles' of products and services that focus on providing customized solutions that meet customer needs (Nordin & Kowalkowski 2010; Galbraith 2002). Hax and Wilde (2001) claimed that a wider range of service offerings and products that meet most customer expectations is beneficial to building competitive advantage. In support of these strategies, Stremersch, Wutys and Frambach (2001) utilized the term 'full service' for an inclusive package of products and/or services that entirely satisfy customer wants in regard to particular issues or events.

In addition to the cognitive component (Lee & Zeiss 1980; Dick and Basu 1994), it is assumed that customer loyalty has both behavioural and attitudinal dimensions (for example, Day 1976). The behavioural aspect contains factors like repurchasing behaviour, frequency of purchase and switching habits, whereas the attitudinal aspect embraces consumer attitude, commitment and intention to recommend. When there is a relationship between customer satisfaction and loyalty, its impact on behavioural intention appears to manifest accordingly with loyal customers tending to be more responsive to cross-selling attempts and less

price sensitive, which results in a higher CLV (Jones 2002).

Due to the additional features of services, conceptualizing customer loyalty in this context is more complicated than it is in the goods industry (Mittal & Lassar 1998). This is essentially due to the interference of interpersonal bonds in the service industry (Berry 1983), which can be negatively influenced when personal services are inconsistently delivered. For example, customer relationships in highly competitive sectors like banks have become more difficult due to personal contacts being reduced with the emergence of technology including Internet banking and self-service zones. On the other hand, there are actions that inspire customers to seek variety and switch habits (Beckett, Hewer & Howcroft 2000) that are keener than ever for bank offerings; and make customers more receptive to products such as incentives and promotional campaigns offered by competitors (Worcester 1997; Yavas & Shemwell 1996). This indicates that bank clients have higher levels of expectation and behave in increasingly complex ways (Devlin & Wright 1995).

Studies conducted by Levesque and McDougall (1996), Lassar, Manolis and Winsor (2000), and Jamal and Naser (2002) indicated that there is a relationship between service quality and customer satisfaction. These authors pointed out the core relationship aspects of service quality as being influential motives for customer satisfaction. Molina, Esteban and Martin-Consuegra (2007) established a link between relational benefits and satisfaction, with customer satisfaction relating to frontline employee satisfaction, service policy satisfaction and accessibility. Another study conducted by Bloemer et al. (1998) explored how perceived service quality, image and satisfaction impact on loyalty, with service quality identified as an effective factor for achieving customer loyalty through

satisfaction (Caruana 2002).

Other studies have also examined the antecedents of customer loyalty. For example, Beerli, Martin and Quintana (2004) identified satisfaction and perceived switching costs as predecessors of customer loyalty. Veloutsou, Daskou and Daskou (2004) considered satisfaction, product image and perceived quality as antecedents of customer loyalty. Pont and McQuilken (2005) targeted retired people and university students to investigate the link between customer satisfaction and intentions of customer loyalty for these segments. These authors concluded that there is no substantial difference in either group's satisfaction level, although some differences regarding loyalty and switching behaviour were discovered, with retired people tending to be more loyal and wishing to stay with the company.

Liu and Wu (2007) studied the impacts of location and one-stop shopping convenience, the reputation and expertise of the business, and direct mailings on the increase of customer cross purchasing and retention. They realized that customer satisfaction has a superior influence on customer retention than cross buying. Baumann et al. (2007) further identified overall satisfaction and affective attitude as reliable prognosticators of future consumer behavioural intentions.

### **2.5.1 Relationship between Customer Satisfaction and Loyalty**

The satisfaction construct has achieved an important position in the marketing literature. It has been extensively accepted amongst researchers as a strong predictor for loyalty (Lewis & Soureli 2006; Ravald & GroËnroos 1996; Liljander & Strandvik 1995). There is also evidence to suggest that customer satisfaction eventually determines customer future intentions and behaviour towards the

service provider (McDougall & Levesque 2000; Taylor & Baker 1994). Overall satisfaction has a direct impact on how likely customers are to re-use the service (Jones & Suh 2000; Bitner, Booms & Tetreault 1990).

Jones and Sasser (1995) found that completely satisfied customers were six times more likely to repurchase over the next year and a half than slightly satisfied customers. A three-year longitudinal study of 20,000 customers discovered entirely satisfied customers bring in 2.6 times the annual income than a somewhat-satisfied customer; and 14 times the revenue of a somewhat dissatisfied customer; in contrast, a fully dissatisfied customer decreases profit at a rate equal to twice that of a totally satisfied customer (Reichheld 2003).

Satisfaction is a state of mind, which happens when the customer perceived benefits equal or surpass the costs of investing in the product. As a result, satisfaction can influence both attitudinal and behavioural loyalty (Coil et al. 2007; Helgesen 2006; Szymanski & Henard 2001) not only for organizations, but also for the industry. Since customers evaluate the value supplied by the business and its marketing mix against a checklist of expectations, dissatisfaction makes a greater cost in the value equation (Zeithaml, Bitner & Gremler 2009).

In the context of sports and leisure, it was found that satisfaction by customers, impacted on their willingness to positively recommend a service (Howat, Murray & Crilley 1999). Factors influencing customer intended loyalty are: the customers repurchase level (e.g. renewed memberships), how willing they are to advise the service to other prospective patrons, and their intentions to increase their visit frequency. However, there is also the view that just being satisfied may not lead to loyalty (Bowen & Shoemaker 2003; Olsen 2002).

## **2.5.2 Relationship between CPV, Customer Satisfaction and Loyalty**

A large number of studies relating to service quality and satisfaction have been developed to understand consumer discontent with services (e.g. Yu et al. 2014; Lam, Zhang & Jensen 2005), with some examining direct and indirect associations amongst service quality, customer satisfaction, perceived value, and repeat purchase intentions. For instance, service quality has been identified as a major antecedent to customer satisfaction and perceived value, and accordingly, to repurchase intentions (Woodruff 1997). A study by Chang and Wildt (1994) reported that customer perception of quality had a positive and strong influence on perceived value, which in return, impacted on repurchase intention.

Other scholars have suggested that enhanced service quality is crucial to a company's profitability as it generally increases customer satisfaction (Mao & Zhang 2012; Wilson, Zeithaml & Bitner 2012; Zeithaml, Berry & Parasuraman 1996). If service providers can offer high-quality services, customer satisfaction may follow, as well as a number of other beneficial advantages including more customers, increased purchases per customer, and higher profit margins (East, Wright & Vanhuele 2013). Satisfied customers are more likely to become loyal to the provider, resulting in customer retention and boosted revenue creation (Yu et al. 2014). As such customer perceived value precedes satisfaction which in turn precedes loyalty.

There is also the view that customer satisfaction is more complex, and arguments have been made that the link to loyalty can be weak (Bowen & Shoemaker 2003; Olsen 2002), so that satisfaction does not always lead to loyalty (Berman 2005). The correlation between customer satisfaction, loyalty, and profitability was

analysed by Hallowell (1996), who identified that customer satisfaction can describe only 37% of the distinction in levels of customer loyalty. The conclusion is that customer satisfaction should not be seen as the end goal, but as an important element in establishing loyalty (Kim & Benbasat 2009; Yi & La 2004).

### **2.5.3 Turning Loyal Customers into Fans**

Managers generally look into customer engagement along relational exchange lines ranging from short to long-term, and hurried to friendly. Generally, exchange relationships may extent from short-term distinct exchange in markets to long-term relational exchanges within enterprises (Macneil 1980). As exchange relationships advance from market-mediated to organization-mediated exchange, closer and lasting relational exchanges occur. Sashi (2012) stated that the friendliest long-term relationship possibly takes place when a supplier and customer unite to form one organization, switching from a market exchange to a hierarchical or organizational exchange. He found that loyal customers are those with a high relational exchange and low emotional ties. They are in relationships distinguished by a conniving commitment in which switching costs or lack of substitute suppliers make customers lock-in or stick to the current seller. This type of customer is loyal not because of emotional attachment to a supplier, but for purely logical reasons. Consequently, this relationship stands over time due to exit barriers.

If both relational exchange and emotional bonds are high, customers are fans, and as a result customer engagement can be fostered. This relationship is exemplified by mutual actions and cooperative adjustments, sharing of advantages and burdens, and designing potential transactions (Macneil 1980). Fans have durable

relationships with emotional and calculative commitment. They are both delighted and loyal as a result of trusting the seller, and become obsessive advocates for the seller. A classic instance of fans is depicted by customers of professional sporting teams, who are loyal advocators of their teams in both good and bad times, thrilled when their team wins, disappointed when their team loses, with trust and commitment stamping their permanent relationship with a team they consider as their own.

Fans link to other fans and interact with them resulting in a higher total satisfaction and reinforcement of their loyalty (Sashi 2012). For example, a study of a non-for-profit theatre company found that the prospect targets of high relational customers are fuelled by high levels of trust and commitment (Garbarino & Johnson 1999). As a result, by fostering trust in loyal customers, sellers can turn them into fans.

As loyal customers are generally unlikely to endorse a seller voluntarily, the supplier can tempt them to play an advocacy role by evolving a sentimental commitment that turns them into fans when they are delighted, loyal and enduring transactional customers. In other words, loyal customers can be turned into fans by creating affective commitment and delighting them. Such customers are turned into fans by having created calculative commitment that creates loyalty.

A combination of online and offline approaches can be used in order to fully connect and interact with customers, with social media enabling companies to not only connect with current customers, but also with potential ones. Such interactions can also enhance the likelihood of satisfying transactional customers, creating delighted or loyal ones, and encouraging them to become fans (Sashi 2012).

Companies can create fan pages on SM sites by placing different types of posts, videos, messages, quizzes and other material on their pages. Users can become fans of these pages and contribute to the brand post popularity by liking the posts, or commenting on them (McAlexander, Schouten & Koenig 2002; Muñiz & O'Guinn 2001). Fan pages mirror part of the members' relationships with the brand (McAlexander, Schouten & Koenig 2002), extend the company–customer relationships (Muñiz & O'Guinn 2001), and offer a source of information and social benefit to the users (Dholakia, Bagozzi & Pearo 2004; Bagozzi & Dholakia 2002).

Positioning the brand post on top of the fan page can also increase the post popularity. Additionally, sharing positive or negative comments on a brand post positively influences the number of likes (De Vries, Gensler & Leeflang 2012). Liking and commenting on a brand post is similar to word of mouth (WOM) communications, and consumers who become fans of these brand fan pages are more likely to become loyal and committed to the company; and are more open to receive information about the brand and its products (Bagozzi & Dholakia 2006). The brand based fans seem to visit the store more often, spread more positive word-of-mouth, and are attached to the brand more emotionally compared to non-fans (Dholakia & Durham 2010).

#### **2.5.4 The Role of Word-Of-Mouth (WOM and eWOM)**

Word-of-Mouth (WOM), which can be defined as interpersonal mainly verbal conversations (Libai et. al 2010) among people, is one of the most prominent sources of information for consumers of services (Prendergast, Ko & Siu Yin 2010; Alreck & Settle 1995; Arndt 1967). It is very powerful due to the fact that people tend to trust their peers more than they trust advertisers (Sen & Ierman 2007; Blackshaw 2006), and prefer to do a pre-purchase investigation in order to

minimize the perceived risk of the purchase (Srinivasan & Ratchford 1991; Bettman 1973). Therefore, WOM is considered to be more trustworthy and reliable from the consumers' point of view (Brown, Broderick & Lee 2007; Lee & Lee 2009) and usually autonomous from the selling intentions of marketers (Lau & Ng 2001; Bickart & Schindler 2001; Bone 1995). Consequently, positive WOM is related to ongoing loyalty.

Jalilvand, Esfahani and Samiei (2011) argued that personal chats and casual information sharing between friends and colleagues not only impacts on consumers purchasing decisions, but also creates expectations (Anderson 2003), pre-usage attitudes (Herr, Kardes & Kim 1991), and even post-usage perceptions of services and products (Bone 1995).

Prendergast and Siu Yin (2010) also believed that since the ground-breaking book written by Lazarsfeld and Katz in 1955, marketers have illustrated that WOM contacts influence consumer attitudes (Brucks 1985), consumer perceived risk (Woodside & Delozier 1976), short-run and long-run product arbitration (Bone 1995) as well as choices and purchasing decisions (Lau & Ng 2001; Lee & Lee 2009). Another noticeable feature of WOM that differentiates it from traditional marketing approaches is the optimistic feedback mechanism between WOM and product sales. Positive WOM leads to further product sales that spawn more WOM, and subsequently more product sales (Godes & Mayzlin 2004).

Prior to the Internet era starting from the early 1990s, people used to exchange their product-related experiences through traditional WOM such as face-to-face conversations. However, today the Internet gives consumers the opportunity to share their opinions and experiences about products through eWOM. Jalilvand,

Esfahani & Samiei (2011) argued that eWOM could overtake the restrictions of traditional WOM. In traditional WOM interactions, the knowledge is swapped through private and informal conversations making it difficult for direct observations. Electronic communication channels differ from their “offline” equivalents, that include face-to-face two-way communications within social relationships (Prendergast & Siu Yin 2010), in two ways: first, naturally they are electronic-based; so no face-to-face communications exist; second, these referrals are generally unsolicited in a sense that they are speared out to recipients, who might not be willing to look at the information, and thus are not necessarily interested in paying attention to them (Park & Kim 2008).

As defined by Henning-Thurau et al. (2004), eWOM can be any kind of positive or negative statement proposed by prospective, actual or ex customers about a service, good, brand or company that is accessible to a multitude of organizations and people through the Internet. The Internet has created new two-sided beneficial methods of interaction platforms: company to consumer, and consumer to consumer (Kozinets et al. 2010). For instance, social networking websites such as Facebook and MySpace; product review websites (such as consumer review; brands websites Gucci; personal weblogs; message boards and retailers websites like eBay) are all different forms of eWOM platforms (Jalilvand, Esfahani & Samiei 2011).

Lee and Young (2009) described exceptional characteristics of eWOM such as the uniqueness of e-communication that usually takes place among people, who have no or little pre relationship with each other, such as strangers or associate consumers (Goldsmith & Horowitz 2006, Sen & Lerman 2007). This enables customers to express their viewpoints much more anonymously, without

disclosing their identities (Goldsmith & Horowitz 2006). The unique features of eWOM motivate people to share their views with others freely, resulting in higher volumes of eWOM than WOM. Consequently, there is a greater possibility of finding other customers with product knowledge on eWOM platforms (Duhan et al. 1997).

## **2.5.5 Other Loyalty Determinants**

### **2.5.5.1 Commitment**

Based on the escalating model originally introduced by Staw (1976), customer commitment is encouraged by adapting a 'fan commitment process', Mullin, Hardy and Sutton (2007, p. 42) and McDonald (2010). The authors posited that, over time, consumers seek to increase their behavioural involvement of attendance and merchandise purchase. Therefore, Mullin, Hardy and Sutton (2007) encouraged managers using this model to invest more in cherishing current clients than they should in trying to obtain new ones, suggesting that churn is incidental and can be managed by continually undertaking actions designed to increase commitment. However, others have criticized the escalating model for being too simplistic (Funk & James 2001) by focusing on behaviours, and not allowing an understanding of why fans might progress at different rates, or why they might fall off the escalator or downgrade to lower levels of behavioural commitment.

Morgan and Hunt (1994) claimed that trust and commitment are two key mediating variables in relationship marketing (Zineldin & Jonsson 2000), and proposed a commitment-trust theory. Similarly, Mukherjee and Nath (2007) re-examined this theory in an e-context, and study the role of trust in e-retail. Their results show that the commitment-trust theory is applicable to the e-context and there is a positive link between relationship marketing and trust (Mukherjee & Nath 2007).

There is general agreement that in all relationships, including business interactions between consumers and companies, a high degree of commitment in the relationship is a must; otherwise, the relationship will soon end. Affective commitment (that depends on attraction between partners) is preferable over calculative commitment (which depends on constant measurement of the benefits of a relationship with a partner minus the costs of the relationship). Relationships built solely on calculative commitment tend not to last over the long term, whereas affective commitment, which is linked to trust in the partner's honesty, the service process outcome, and customer satisfaction with the delivered service, seems to be more long term. Thus, it can be said that affectively committed clients have a much stronger intention to keep their relationship with a service firm than 'calculatively' committed ones (Wetzels, Ruyter & Birgelen 1998).

Verhoef (2003) concluded that both affective commitment and loyalty programs that offer incentives to customers affect both customer retention and customer share development positively, while direct mailings affect customer share development only.

### **2.5.5.2 Trust**

Trust is defined by Larzeiere & Huston (1980, p. 595) as "a belief by a person in the integrity of another individual". It has been identified as a core dimension in many empirical works (Ball, Simoes Coelho & Machas 2004; Bove & Johnson 2000; Crosby, Evans & Cowles 1990; Moorman, Zaltman & Deshpande 1992; Morgan & Hunt, 1994; Anderson & Narus 1990). Building trust improves closer relationships between customers and businesses resulting in the enhancement of customer loyalty (Ball, Simoes Coelho & Machas 2004; Bowen & Shoemaker

2003; Crosby, Moorman, Zaltman & Deshpande 1992; Evans & Cowles 1990; Larzelere & Huston 1980).

Given the relationship between trust and commitment, some authors suggest commitment is more significant than trust (Verhoef 2003; Morgan & Hunt 1994; Moorman, Zaltman & Deshpande 1992; Wetzels et al.1998). Of these models, Morgan and Hunt's (1994) model called the Key Mediating Variables (KMV) theory forms a comprehensive model because of its robust theoretical basis. The original model gives the antecedents of trust and commitment as termination costs, relationship benefits, shared values, communication (positive impression on enterprise relationships), and opportunistic behaviour (negative influence on trust and commitment). The model appears to be the most comprehensive since it has strong theoretical grounding, employs broad constructs and has been used as a framework across a number of disciplines (for example: Li, Browne & Wetherbe 2006; MacMillan et al. 2005; Bowen & Shoemaker 2003; Zineldin & Jonsson 2000). However, there is also widespread agreement within the literature that trust and commitment are inter-related constructs (Anderson & Narus 1990) that can result in financial benefits for businesses (Cote & Latham 2002). That is, customers will stay with a provider to whom they are committed, but before they can commit to any relationship feelings of trust must be present.

### **2.5.5.3 Culture**

Culture has a major impact on people's general behaviour. Much of human character, values, perceptions, lifestyle and wants are formed through growing up and living in a particular community, among peers and other significant institutions. Marketers should be fully aware of the fundamental cultures and

cross-cultural variations (Bochner 1982) in the marketplace where sales are obtained, and adapt their marketing strategies appropriately.

Additionally, marketers always try to spot cultural shifts for conceiving and creating new products that may be demanded. For instance, the cultural shift and awareness towards higher concerns about wellbeing and fitness has built a large industry for healthier and more natural foods, specialized apparel, exercise equipment and fitness services (Kotler et al. 2009).

#### **2.5.5.4 Switching Barriers**

Termination costs can be defined as considerable exchange costs for switching from a good/service to one of its alternatives (Klemperer 1987). It is widely believed that there are two types of termination costs: monetary and non-monetary or, socio-psychological (Jones, Mothersbaugh & Beatty 2000; Ping 1993). Switching costs are defined as costs coming from the customer's desire for compatibility between their current purchases and previous investments in physical assets or capabilities (Klemperer 1987). Brush, Dangol and O'Brien (2012) pointed out that customers face switching costs when they have to modify their present investments, either physical capabilities or assets, to adapt to their future needs and consumptions. Whenever the switching cost from one brand to another is significant, customers are more likely to stay with the same seller, enabling the firm to obtain economic profits, even in a highly competitive market.

Switching cost theory illustrates that companies can realize a competitive edge by making it expensive for customers to switch to competitors (Brush, Dangol & O'Brien 2012). In other words, switching barriers are recognized as important factors affecting the customer decision to stay with a provider or not. These

hurdles make customer defection difficult and sometimes costly. Switching barriers include the attractiveness of substitutes, interactive relationships and direct imposition of switching costs. Such barriers are imperative due to the fact that they may commonly generate greater customer retention, and they can aid enterprises to realize whether short-term fluctuations in service quality might cause customer defection.

Notwithstanding the potential importance of switching costs in the retention process, especially with research highlighting that customer satisfaction is associated to customer repurchasing intentions and attitudinal loyalty (Yi & La 2004; Julander & Soderlund 2003; De Ruyter, Wetzels & Bloemer 1996; Mägi & Julander 1996; Zeithaml, Berry & Parasuraman 1996; Taylor & Baker 1994; Boulding et al. 1993; Cronin & Taylor 1992; Fornell 1992; Anderson & Sullivan 1990), their role has received comparatively little attention in marketing (Jones, Mothersbaugh & Beatty 2000).

## **2.6 Building Long-Term Relationships Online**

Since the initiation of the Internet, an explosion of customer interest in using SM globally has resulted in SM being utilized to create a closer company-customer relationship in a broad range of industries (Sashi 2012). Generally, the media landscape has undertaken an enormous revolution over the last decade with SM platforms progressively replacing traditional media (Mangold & Faulds 2009).

In general, e-service has been known as an important domain for developing a competitive edge and a key to long-term business success. Since the global revolution in communication technologies over the past decade, business organizations have been challenged to develop their e-services with increasing

quality, efficiency and speed in order to create trust and loyalty for successful long-term relationships (Mukherjee & Nath 2007). This is because there is no opportunity for Internet customers to feel, touch or try out the physical products and services offered (Chen & Dibb 2010). Ribbink et al. (2004) proposed that since customers do not interact directly with the firm, trust plays an increasingly important role in e-commerce. Additionally, trust has been identified as an influential factor in customer satisfaction and consequently, loyalty to enterprises (Semeijn et al. 2005).

Li, Browne and Wetherbe (2006) mentioned that businesses implement various technologies and devote considerable resources to boost the "stickiness" of their websites, in order to stop their clients from switching to other competitors. The researchers believe that customers stick with a site by building a relationship with it. Theories from relationship marketing and social psychology are used to design a model of website stickiness from the client's perspective. Study results show a significant relationship between intention to stick to the website, and trust in and commitment to the site.

## **2.7 Conclusion**

The use of the internet is shown to be increasing and pervasive and as such an essential marketing tool. However, the relationship between social media (SM) use on the internet and loyalty remains an area lacking study.

Little experimental research has been conducted into the issue of online loyalty or perceived value in the e-service context, compared with the number of studies dedicated to online shopping. Most of these works have examined the consequences of factors such as customer satisfaction on customer e-loyalty. For

instance, Van Riel, Liljander and Jurriëns (2001) established a better understanding of how consumers assess Internet services and e-loyalty by conducting empirical research on an Internet portal site adopting existing theories about service quality, customer satisfaction and loyalty.

The literature does draw relationships between customer perceived value (CPV) and satisfaction, and between satisfaction and loyalty. Customer perceived values are stated to precede satisfaction and loyalty is largely dependent upon achieving a state of satisfaction.

On the other one hand, some researchers believe that CPV can directly impact customer loyalty positively, without neglecting the affective role of customer satisfaction (Dodds, Monroe & Grewal 1991; Zeithaml 1988). They argue that in business markets, decisions are mainly led by cognitive factors, and not by affective ones, resulting in the development of a model that only focuses on the cognitive input and conative outcome. On the other hand, Fishbein and Ajzen (1975) proposed a second model called the theory of reasoned action or “mediated impact model”, which emphasises the mediating role of customer satisfaction. According to their framework, cognitive factors (CPV) are mediated by affective ones (satisfaction) to impact conative outcomes (loyalty). Hence, CPV is supposed to have an indirect impact on behavioural outcomes.

From the literature it is clear that loyalty may develop from satisfaction, although the strength of that relationship will most likely vary between different groups of customers. Trust precedes satisfaction and therefore does not likely link directly to loyalty. Perceived values precede trust and satisfaction, as they are pre-purchase, where trust, satisfaction and loyalty are post purchase. Perceived

values can be influenced by both demographics and culture, which can vary widely across cultures and different demographic groupings.

The role of SM is less understood and stands, at least presently, outside the concepts associated with pre and post purchase. This is because of the all-pervading intrusion of SM into customer lives. SM has the potential to affect both the pre and post purchase, but in ways that are not well understood. SM clearly impacts upon customer perceived value, but it is less clear if and to what extent it impacts upon satisfaction and loyalty.

Consequently, it is necessary to draw these issues together into a conceptual model that flows from the literature review, and can be tested to measure the nature and strength of the various relationships. In particular, the relationship between SM and loyalty, and whether SM can be used to improve contractual loyalty in health and fitness clubs. This is the main objective of the study as outlined in Chapter One.

Chapter Three develops this conceptual framework.

# Chapter Three: Conceptual Framework

## 3.1 Introduction

Chapter Two provides a background to Health and Fitness (H/F) club research, and the notions of Customer Perceived Value (CPV), satisfaction, Social Media (SM) and loyalty are discussed in detail. The chapter reveals the worldwide growth and recognition of the importance of H/F clubs, and the role customer satisfaction and loyalty have in their survival and development. It concludes that service providers and particularly H/F club managers need to foster new technologies and communication methods including SM websites, which have become endemic throughout the community, and continue to spread, to maintain a competitive edge. SM websites have the potential to further build sustainable relationships with customers.

This chapter seeks to provide a theoretical framework through which an understanding of the potential mediating role of SM in influencing CPV, customer satisfaction and loyalty can be examined in the context of H/F clubs. The theoretical framework is used to develop a proposed model that will in turn be used to design the research hypotheses and methodology.

The chapter is organized into two sections, namely:

1. The identification of variables that may explain the links within a model.
2. The development of a conceptual framework and model.

## **3.2 Identification of Variables and their Relationships**

The literature review in Chapter Two identifies a number of concepts that could be included in a research framework relating to SM and loyalty. Behavioural factors derived primarily from culture are basic to the development of perceived values and vary cross culturally. Here the focus is upon Australia with a mixed western cultural heritage. H/F clubs provide a fundamental set of specialized services delivered to customers and it is hypothesized that through the use of SM these services may be in some way enhanced to influence perceived values relating to the use of H/F clubs. The role of SM is hypothesized to sit outside the fundamental relationship outlined in Chapter Two where CPV influences the development of consumer satisfaction, which if achieved can lead to loyalty, the ultimate goal of the business operator desiring to maintain long term consumer contracts.

Although behavioural factors which include both demographic variation and attitudes remain important, differences between consumers attitudes are not hypothesized to directly influence consumer satisfaction, but rather relate directly only to the development of values. According to Kotler et al. (2009), people's attitudes are very difficult or impossible to change. Therefore, it is not hypothesized that SM would have a strong impact on factors such as attitudes, beliefs or culture. Rather it is likely that SM will deepen and re-affirm existing attitudes and beliefs that derive from culture. Consequently, the main hypothesis in this thesis relates to the capacity of SM to directly influence perceived values rather than behavioural factors, as they relate to H/F clubs. However, it is also possible, given the lack of previous guiding research, that SM can have some influence on both satisfaction and loyalty directly. Although the previous literature

does explain the link between values, satisfaction and loyalty, the full potential influence of SM remains unknown.

Although several concepts arise in the literature review not all are relevant to the objectives of this study. As such there is no attempt in this study to examine behaviour as an influence on perceived values as this is beyond the objectives of the research (refer to Chapter One), and similarly no attempt to develop a causal relationship to demographics in regard to perceived values for the same reason. However, different demographics may be relevant in terms of dividing the users of SM, for example between young and old. Furthermore, the issue of churn is not examined because it is simply the alternative to loyalty.

### **3.3 Research Hypotheses**

The chapter proposes research questions for each of the relevant sections of the conceptual framework (refer to Figure 3.1). The research hypotheses are derived from the research questions where the overall objective of the study (refer to Chapter One) is to answer the question: what role can social media play in improving loyalty, either directly, or via influencing customer perceived values, or customer satisfaction?

At the end of the chapter, the main research question and hypotheses are presented in their entirety as a point of reference for when the hypotheses are tested empirically.

#### **3.3.1 Demographic Factors**

Demographic factors are broadly used in market segmentation studies and for customer attitudes and behaviour prediction (Thrane 1997). These factors are

also linked with satisfaction responses (Oliver & DeSarbo 1988). For example, Mittal and Kamakura (2001) found that some consumers' demographic characteristics (e.g. age, gender and income) are related with satisfaction ratings. The researchers discover differences in satisfaction scores depending on gender, age, marital status, and area of residence within the motor vehicle industry. Therefore, it is expected that demographic characteristics will impact on the H/F clubs members' level of satisfaction and loyalty responses, and this may relate to their use of SM. For example, age could be an interesting factor to be looked at due to the fact that generations X and Y are perceived to have different approaches towards the technology.

According to an Australian Connected Consumers Report published by Nielson in 2014, customer's media habits have changed vividly resulting in online conversations and new devices interrupting old ways of reaching consumers. There is barely any online Australian who does not buy at least one product online over a year timeframe, and one in four online Australians purchases online at least on a weekly basis. The youngest buyers generation (aged between 16 to 24 years old) depends more heavily on resources such as SM channels to converse and exchange ideas, emphasizing the emerging role of diverse platforms as part of the consumer's decision-making process. Ingerly (2013) mentioned that almost 73% of Australians aged 16 and above spent on average 6.7 hours per week online in 2003, compared to 82% of the population spending 23.3 hours per week in 2013.

This shift reveals the potential for service providers to make better use of SM at the top of the conversion channel for driving customer discovery and early

considerations. Marketers have been shifting their marketing investments towards online platforms to support the expansion of online content consumption.

Four fundamental demographic characteristics are selected here as potentially important influences on the use of social media: gender, age, income and education. These aspects are expected to influence customer perceived value, and ultimately could thereby influence satisfaction and subsequently loyalty.

Consequently:

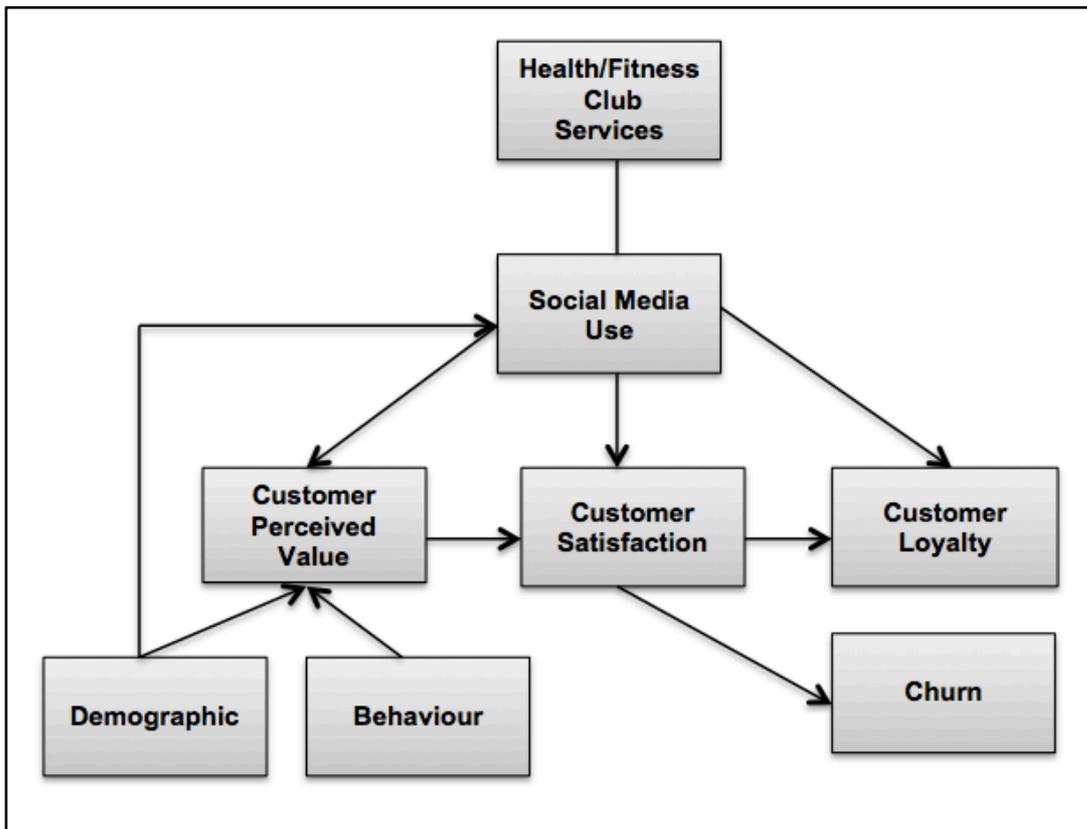
Null Hypothesis 1a: There is no individual statistically significant difference between male and female SM users.

Null Hypothesis 1b: There is no individual statistically significant difference between older and younger SM users.

Null Hypothesis 1c: There is no statistically significant difference between the different income levels of SM users.

Null Hypothesis 1d: There is no statistically significant difference between the education levels of SM users.

**Figure 3.1 Research Framework**



### **3.3.2 Impact of SM Use on CPV, Customer Satisfaction and Loyalty**

The increased use and popularity of SM and website services may impact consumer choices. SM offers both a form of social interchange used by people to update others of their activities and choices, and also the ability to compare prices online, which drives down average online product prices. Shoppers largely focus their online research on supplier sites or ‘apps.’, but more are starting to look beyond the retailers and turn to the online content of products accompanied by SM, comparison websites and video platforms. According to the Nielsen (2011) report in 2011, 78% of UK shoppers said they often check the Internet before making a purchase. In 2011, the percentage of buyers declaring to use the Internet most days rose from 50% to around 80% in the five years to January

2011, and those stating they never used it has fallen from 25% to 7%. Essentially, the Internet makes it easier to compare prices and features, and helps to take some of the struggle out of the shopping search process. Searching engines such as Google aid in the identification of products and sources, while social networking sites like Facebook, blogs, chat rooms and Twitter usually offer consumer comments on different products and brands (Wright, East & Vanhuele 2013).

### **3.3.3 CPV and Customer Satisfaction**

As explained in Chapter Two, CPV and customer satisfaction are compound constructs that directly relate to each other. Oliver (1981) incorporated the notion of satisfaction into a model of satisfaction explicitly through the theory of expectancy disconfirmation that includes two processes: (Montfort, Masurel & Van Rijn 2000; Oliver & DeSarbo 1988) first, the construction of consumer expectations and second, the assessment of those expectations by comparison with expectations. This paradigm has been widely acknowledged in the literature as a more appropriate framework in which to analyse satisfaction empirically, whilst there is relatively little empirical study of any prior theory (refer to Chapter Two).

The outcome from the expectancy disconfirmation theory is a 'better-than' or 'worse-than' expectation result, with the 'better-than' expectation result leading to positive disconfirmation. In contrast, the 'worse-than' expectation will result in negative disconfirmation. Confirmation occurs when the result is as expected and is neither satisfaction nor dissatisfaction (refer to Table 3.1).

**Table 3.1 Expectancy Disconfirmation Scenarios**

Degree to which expectations are met	Valence of disconfirmation	Satisfaction response
Expectations exceeded	Positive	Satisfaction
Expectations met	Neutral	Neither satisfaction or dissatisfaction
Expectations not met	Negative	Dissatisfaction

Source: Hede (2004, p.107).

Oliver (1980) was inspired to propose the expectancy disconfirmation theory by adapting a theory proposed by Helson (1948) to explain how expectations are used to judge or compare various stimuli people may confront. However, he believes that the theory is less appropriate in elucidating satisfaction responses, as it seems that these responses may change or weaken overtime. Other researchers such as Montfort, Masurel and Van Rijn (2000), Patterson (2000) and Spreng, MacKenzie and Olshavsky (1996) stressed the significance of this theory to satisfaction research.

Hence, the proposed hypotheses here are:

**Null Hypothesis 2: There is no statistically significant causal relationship between CPV and customer satisfaction.**

And by consequence of the discussion relating to SM:

**Null Hypothesis 3: There is no statistically significant causal relationship between the SM use and CPV.**

**Null Hypothesis 4: There is no statistically significant causal relationship between the SM use and customer satisfaction.**

### **3.3.4 Customer Satisfaction and Customer Loyalty**

The link between customer satisfaction and marketing concepts such as customer loyalty is highlighted in the literature review. Fornell (1992) identified that enhancing customer satisfaction levels are correlated with rising levels of market share. Generally, from an organizational point of view, the cost of acquiring new customers is more than retaining existing ones. Hence, for most firms a preliminary benefit of keeping their customers satisfied is profit earnings. Keiningham et al. (1999) also supported the relationship between customer satisfaction and company profitability. Anderson and Mittal (2000) provided further empirical evidence for this relationship.

Relationships between satisfaction and customer loyalty are surveyed in a range of diverse contexts like passenger transport (Disney 1999); special events (Gandhi-Arora & Shaw 2000); retail stores (Sivadas & Baker-Prewitt 2000), and financial services (Montfort, Masurel & Van Rijn 2000). However, there is no guarantee that satisfaction whether attained or not will foster loyalty. Dissatisfied consumers are less likely to turn into loyal ones, yet may do so for a number of reasons including transfer costs (Burnham, Frels & Mahajan 2003), social relationships (Powdthavee 2008) or other individual and physical costs (Yang & Peterson 2004). A failure to achieve loyalty leads to customer churn, which is defined in Chapter Two, and refers to the customer failing to renew a contract.

Loyalty is defined as “a deeply held commitment to re-buy or re-patronise a preferred product/service consistently in the future, thereby causing repetitive same-brand or same-brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour” (Oliver 1999,

p.34). Erdem and Swait (1998) stated that loyalty to one particular good or service is fundamental to marketing strategies, because any enterprise tends to improve its marketing plans with the aim to enhance loyalty to their brand and products.

Dick and Basu (1994) mentioned that loyalty involves attitude and behaviour dimensions. According to these authors, spurious loyalty, loyalty, latent loyalty, and no loyalty can be further levels. Many authors such as (O'mahony, Sophnsiri & Turner 2013; Namkung, Jang & Choi 2011; Baloglu 2002; Dick and Basu 1994) believed that true loyalty results from positive attitudes towards an enterprise or product. Consequently, it can lead not only to re-purchasing, but also a range of voluntary behaviours like positive WOM recommendations. Fornell (1992) also claimed that loyalty is commonly fuelled by the intention to re-purchase and positive WOM, or consumer recommending behaviour. Harrison-Walker (2001) believed that the relationship between satisfaction and positive WOM dates back decades, while the relationship was noted in the context of movie audiences (Arndt 1967) as well as professional services like law and medicine (Brown & Reingen 1987). Cronin and Taylor (1992) also proposed that customer satisfaction impacts repurchase intentions positively.

There has been argument over the core element of loyalty amongst researchers, with some considering trust as the most significant component (Bontis et al. 2007; Bove & Johnson 2000; Morgan & Hunt 1994), whereas others believe commitment is the core dimension of loyalty (Verhoef 2003; Wetzels, De Ruyter & Birgelen 1998; Morgan & Hunt 1994). Morgan and Hunt (1994), proposed the Key Mediating Variables (KMV) model, which forms a comprehensive model because of its robust theoretical basis. The original model gives the antecedents of trust

and commitment as termination costs, relationship benefits, shared values, communication (positive impression on enterprise relationships), and opportunistic behaviour (negative influence on trust and commitment). This theory has been accepted and used as a framework across a broad range of fields (O'mahony, Sophonsiri & Turner 2013; Li, Browne & Wetherbe 2006; MacMillan et al. 2005; Bowen & Shoemaker 2003; Zineldin & Jonsson 2000). The model integrates most research opinion by identifying both trust and commitment between supplier and customer as key to any successful customer/company relationship (Bowen & Shoemaker 2003). Anderson and Narus (1990) discussed that trust and commitment are two interrelated constructs; that is customers remain with a supplier whom they are committed to. However, before committing to any relationship, buyers need to trust the seller.

Whilst trust and commitment are required for loyalty they must first engender satisfaction. That is, without satisfaction there can be no trust or commitment. Consequently, trust and commitment in this framework is theoretically placed prior to and subservient to satisfaction.

Hence:

**Null Hypothesis 5: There is no statistically significant causal relationship between customer satisfaction and loyalty.**

And hence given the discussion concerning the use of SM:

**Null Hypothesis 6: There is no statistically significant causal relationship between SM and customer loyalty.**

### **3.4 Conclusion**

The primary aim of this study is to examine the relationship between SM and customer loyalty, in order to assess whether SM can be used to enhance customer loyalty (refer to Chapter One). As such there is no attempt to derive a causal relationship between demographics and either of the main concepts of customer perceived value, satisfaction or loyalty. Although it may be relevant to examine the main demographic issues as they relate to SM use.

The influence of SM is hypothesised to be indirect through an influence on customer perceived values or satisfaction, or alternatively to be direct and influence loyalty directly. Of course within the framework of hypotheses SM may influence loyalty in several ways and influence CPV, customer satisfaction and loyalty all at the same time, although in different ways.

The research questions and hypotheses have now been posed for this study. The research questions relate to relationships between the concepts in the conceptual framework, and also relate to relationships amongst SM and customer loyalty based on these concepts. The thesis will now continue by explaining the research methodology for this study so that the research hypotheses can be tested.

# Chapter Four: Research Methodology

## 4.1 Introduction

The purpose of this chapter is to outline the research framework and design to be used to test the hypotheses developed in Chapter Three. This includes discussion on the analytical methods employed. There are six sections: research justification; survey development; sampling and data collection, as well as ethics and confidentiality.

## 4.2 Research Justification

Although there are several compatible research methods available to conduct this study such as interviews, focus groups and observation, each has its own advantages and limitations. Therefore, it is necessary to identify the exact nature of the study and appropriate fit with the research questions asked, prior to choosing a research method. In general, research characteristics that impact the justification for the research method are as follows:

- The number of research participants (Hair, Bush & Ortinau 2000)
- The degree of generalization (Hair, Bush & Ortinau 2000)
- The accessibility of a current construct (Malhotra et al. 1996)
- The accessibility of cost and time (Malhotra et al. 1996)
- Potential bias (Malhotra et al. 1996)
- The type of data required (Lukas et al. 2004; Hair, Bush & Ortinau 2000; Malhotra et al. 1996)

All the factors mentioned above impact the process of selecting an appropriate method. The method chosen for the current research is based upon the following two reasons:

- 1) Different research methods including qualitative and quantitative are suitable for different studies based on the required degree of generalization of the results. On one hand, qualitative techniques like semi-structured interviews and observations are suitable for research that aims to uncover new concepts. Generally, the outcomes of this type of study provide knowledge that can only be true and applicable to the participants who are included in the research and are used as a means to discover new areas, themes, or concepts for future study, and this is less likely to result in generalization. On the other hand, quantitative approaches like data base use, and survey methods are appropriate for research that targets an extension to current constructs. This type of research usually includes larger numbers of participants that in turn helps researchers to claim a higher degree of generalization of the outcomes, largely through a reduction in sampling error.

Since the current study aims to extend an existing relationship-marketing model to a H/F club context, both quantitative and qualitative survey methods are used for this thesis. The quantitative approach targets the H/F clubs members to answer a series of questions focusing on the research framework, while a qualitative method is used to obtain more searching in-depth information from the managers of the clubs that may be incorporated into the quantitative analysis.

2) Choosing a research technique normally depends on the availability of a current concept. As noted earlier, studies that involve new constructs normally employ qualitative research methods such as focus group interviews, because measurable concepts are unavailable. Although there are many valid and reliable measurements that are assessed by former researchers, there is still a need for the development of new measures for developing SM constructs. Hence, exploratory or qualitative methods are justified for use in this thesis.

#### **4.2.1 Population and Sample Size**

According to Zikmund (2003), sample size should be based on population size. Therefore, an appropriate sample size for a population between 1000 and 2000 would be approximately 100 respondents. Leading quantitative academics have declared that a total of 300 is an ample sample size for most quantitative research, and an adequate number for different types of statistical analysis such as descriptive techniques, correlation and factor analysis (Tabachnick & Fidell 2001; Comrey & Lee 1992; Kass & Tinsley 1979). This consideration is particularly important for conducting multi-variate analysis where it has been found that the parameters tend to be stable irrespective of changes to the number of respondents per variable (provided that the number of cases per variable is 5 or more) when the sample size is equal to or larger than 300 respondents (Kass & Tinsley 1979). A total number of 519 complete questionnaires are collected from five H/F clubs in Melbourne. The details are shown in Table 4.1.

**Table 4.1 Population and Sample Size**

<b>Club Name</b>	<b>Club Type</b>	<b>Population</b>	<b>Sample Size</b>
<b>A</b>	For profit	Around 1500	103
<b>B</b>	For profit	1949	89
<b>C</b>	For profit	2600	86
<b>D</b>	For profit	1100	120
<b>E</b>	Not-for-profit		120

The difficulty in collecting data to represent H/F clubs is two-fold. One issue is the size of the fitness club itself, and the other is the number of fitness clubs in Melbourne. Further, the fitness clubs can be divided into different types including profit and non-profit, and selective and non-selective. A selective club has only a specific clientele such as women only.

Due to the large number of clubs in Melbourne (1591 including 380 female only clubs), only a small sample number can be chosen (Fitness Australia 2015). Therefore, it is important to try and select representative clubs. One way is to select large clubs in centrally located areas, and this was done here. However, there is always the possibility that a small degree of bias may occur and, this bias potentially is focused more on the one club chosen for female only, and the one non-profit single club. Three profit clubs were chosen because they are the most common form of club.

In order to reduce the risk of sampling error the female only club was selected from a very large franchise organization where conditions are largely uniform across the various clubs, due to the franchise requirements. In the current research, the third club type is called non-profit due to being run primarily by the Melbourne City Council.

The City of Melbourne runs several recreations and leisure centres, offering a broad range of recreational facilities and programs and sports to cater for all demographics with different fitness levels (City of Melbourne 2016). In this research three profit clubs are sampled in different representative areas of Melbourne with a total of 279 respondents, one large female only club with 120 respondents, and large one not-for-profit club with 120 respondents.

It needs to be noted that there is no specific intention in the research objective to distinguish between the types of clubs, as the issue of SM is seen to be a universal one, regardless of the selectivity of the club itself. As such the type of club is beyond the research problem set out in Chapter One. However, it is considered wise to include a sample of the different types of clubs within the mix to derive a sample of five clubs with 519 respondents to represent all H/F clubs in Melbourne. In this way the data sampling is stratified according to the approximate number of clubs in each group. Consequently, it follows that at least in the initial analysis stage there is a preliminary descriptive analysis that includes a comparison between club types.

According to the Australian Bureau of Statistics (2015), the city of Melbourne is the second largest city in Australia (with around 4 million inhabitants) and highly representative of urban living in the western world. Consequently, it is reasonable to argue that the sample is at least relevant to western countries, and clubs located in urban areas.

According to Fitness Australia (2015), nearly a quarter of the population aged 18, or above use a gym (over 3.7 million people countrywide). Of these gym goers, 55 percent have read unaddressed mail in the last seven days. Compare this with

the average reach of other print media at just 31 percent and it is apparent that letterbox advertising is an effective way to reach your potential or existing members. However, an even higher response rate up to 80 percent is normally achieved by direct contact surveying, and this method was used in this study. The researcher alone administered each survey personally, although with no directions other than to answer questions about anonymity and data use.

## **4.3 The Survey Instrument**

### **4.3.1 Questionnaire Development**

#### **4.3.1.1 CPV Measurement**

Over time, researchers have developed different CPV measures in various contexts. Table 4.2 below illustrates a summary of some CPV and consumer perception of service quality variables measured in service industries, including sport and leisure organizations.

Parasuraman, Zeithaml and Berry (1988) developed an instrument called SERVQUAL in order to evaluate perceived quality using a standard set of 22 questions. This instrument measures consumer expectations of what a business should provide in any given industry, and their perceptions of how a given service firm performs against these criteria. The authors categorized these 22 items into five dimensions including “tangibles, reliability, responsiveness, assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence) and empathy (caring and individual attention to customers)” (East, Wright & Vanhuele 2013, p.179).

**Table 4.2 Summary of CPV and Perceived Quality Measures**

Kahle (1983)	Parasuraman, Zeithaml & Berry (1988) (SERVQUAL)	Kim & Kim (1995)	Papadimitriou & Karteroliotis (2000)	Eggert & Ulaga (2002)	Lam, Zhang & Jensen (2005)	Dhurup, Singh & Suruja (2006)	Nuviala et al. (2013)
Effort	Up-to-date equipment	Modern facility	Responsive to complaints	Good quality for price	Knowledgeable and skilled staff	Consistent services	Instructor respects the schedule
Money	Visually appealing facilities	Pleasant interior	Competent	Good price for quality	Neatness and dress	Staff interest in customer progress	Customers are happy with treatment
Previous experience	Well dressed and neat staff	Good facility management	Responsible	Superior net-value	Willingness to help	Adequately trained staff	Instructor's adequate attention to users' issues
Self-fulfilment	Appearance of facilities matches the services type	Cleanliness	Courteous		Patience	Staff responds to your request	Classes meet users needs
Sense of accomplishment	Deliver promises on time	Security	Staff willingness to help		Communication with members	Adequate supervision	Instructor encourages members
Being well respected	Sympathetic and reassuring staff	Comfortable temperature	Advice on selecting programs		Responsiveness to complaints	Qualified instructors	Instructor has well planned classes
Security	Dependable firm	Variety of sports available	Safety		Courtesy	Staff assistance	Clean changing rooms
Sense of belonging	Deliver services on time	Comfortable locker rooms	Advice on the use equipment		Individual attention by instructors	Staff assist in use of facilities	Generous size changing rooms
Warm relationships	Keep records accurately	Easy access to drinks	Modern environment		Consistent services	Staff give personal attention	Clean facilities
	Staff shouldn't deliver services on time	Open space	Accurate record of clients data		Variety of programs	Staff are ethical	Adequate temperature
	Staff should not deliver prompt service	Employees responsive to complaints	Cleanliness		Availability of programs at appropriate level	Staff instil a sense of confidence	Sufficient information available
	Staff shouldn't be willing to help promptly	Customer-oriented Employees	Pleasant atmosphere		Convenient program schedule	Answer complaints immediately	Material is in perfect condition for use
	No need to answer clients promptly	Community activities available	Facility attraction and operation		Quality/content of programs	Adequate medical services	Modern instruction/material
	Staff should be trustable	Convenient schedule	Brightness		Appropriateness of class size	Variety of fitness/health programs	Appropriate safety procedure

**Table 4.2 Summary of CPV and Perceived Quality Measures (Cont.)**

	Feel safe in transactions with staff	Convenient transport to facility available	Comfortable temperature		Background music (if any)	First aid available	Updated activities
	Staff should not be polite	Comprehensive brochure available	Emergency procedures		Adequacy of space	Pre-participation assessment	Enjoyable activity
	Business support staff	Brightness	Program availability and delivery		Availability of lockers	Goal-differentiated programs	Variable tasks in classroom
	No need for individual care	Grooming supplies provided	Socialization program		Overall maintenance	Facilities for disabled persons	Convenient timetable
	No need for personal care	Clear directions for facility use	Variety of programs		Shower cleanliness	Emergency evacuation	Activities are held on time
	No need to know clients' needs	Staff prepared for emergency	Convenient time schedule		Accessibility	Space for relaxation	Information activities benefits
	Staff shouldn't know clients' interests	Privacy	Program innovation		Safety	Updated notice boards	Activity meets results expected
	No need for convenient operating hours to all clients	Restaurant	Child attendance program		Convenience of location	Space for warm-up/cool-down	Some means to convey suggestions
		Safety education	Program promotion		Hours of operation	Suggestion box	Ample information on activities
		Broad consultation	Sound joining cost		Availability of parking	Modern equipment	Ease of joining activities
		Customized programs	Family programs		Accessibility to building	Adequate signage	Staff constant willingness to help
		Social opportunity	Safety of property		Parking lot safety	Centre layout	Friendly staff
		Interaction with members	Other services		Temperature control	Interaction with clients	Good relationship between staff
		Stimulation			Lighting control	Pleasant ambience	Friendly relation with members
		Staff willingness to help			Pleasantness of environment	Conveniently located	Good quality/price of the activity
		Staff show recognition			Modern-looking equipment	Sufficient mirrors	
		Staff show interest in client progress			Adequate signs and directions	Wooden sprung floors for aerobic studios	

**Table 4.2 Summary of CPV and Perceived Quality Measures (Cont.)**

		Kids programs available			Variety of equipment	Dressing facilities	
		Courteous Employees			Availability of workout facility	Access to water	
		Professional staff			Overall maintenance	Hygienic Showers	
		Customised programs			Quality of staff	Safe facilities	
		Knowledgeable staff			Cleanliness of equipment	Staff politeness	
		Responsible staff			Hours of operation	Easy to use equipment	
		Good customer records			Adequacy of space	Easy to join	
		Easy to join			Safety of environment	Good value for money	
		Moderate joining fee			Diversity of experience		
		Exclusive membership					
		Ability to bring guests					
		Consistent service					
		Family programs available					
		Near shopping area					
		Easy access to facility					

**4.3.1.2 Satisfaction Measurement**

Reisinger and Turner (2000) claimed that measuring overall satisfaction and psychological characteristics involving people (for example, staff friendliness) is more complicated than measuring satisfaction with tangible items (for example, size or volume), potentially causing more error. Consequently, measuring

satisfaction in the sport and fitness context is complex because the products mainly consist of intangible and perishable services for people. In addition, measuring satisfaction with the service expressive performance, like the club atmosphere or reputation, is even harder than measuring satisfaction with the service instrumental performance such as speed.

Maddox (1985) suggested measuring the various dimensions contributing to total satisfaction, requiring the identification of individual satisfaction dimensions. Since the H/F clubs' products consist of many interrelated factors, measuring the overall satisfaction with a product involves identification of its individual components, and then measuring satisfaction with each component (Pizam, Neumann & Reichel 1978). For example, satisfaction with a club can be examined by measuring its individual attributes, such as equipment/facilities, the environment or services. Satisfaction with the H/F club services can be assessed by measuring satisfaction with the interpersonal element of the service, such as the social interface between members and the club staff. In turn, this interaction can be analysed by measuring satisfaction with H/F clubs and their attributes, such as politeness or professionalism.

Since satisfaction is a multidimensional concept, in order to resolve the problem of measuring the overall level of satisfaction, against satisfaction with particular traits, multi-attribute models such as the disconfirmation and motivation theories have been established and used to justify why certain attributes may affect overall satisfaction. Customer satisfaction mainly depends on a comparison of expectations and the actual reality faced at the club. However, some scholars question the practicality of assessing satisfaction with real experiences, and call for evaluation based on customer expectations only (Cadotte & Turgeon 1988).

Another common satisfaction measure is complaints evaluation, although this measure could be very subjective, and may present a partial view due to high rates of dissatisfaction, and may not result in many complaints (Gronhaug 1977). Nonetheless, complaints should be supervised, because dissatisfied customers widely complain and spread negative WOM to friends (Maddox 1985). Additionally, complaints do not always indicate real dissatisfaction, as they may be caused by misinterpretations arising out of intercultural differences occurring during the service encounter.

Notwithstanding the difficulties with satisfaction measurements, H/F clubs managers should be concerned with measuring their members' satisfaction, because it may largely determine whether the client will become a repeat customer. Measuring the clubs client satisfaction with specific attributes of the H/F clubs services is important because this measurement significantly impacts the member satisfaction with the club as a whole. If the individual traits of a club are not identified and only the overall satisfaction is assessed, a 'halo effect' may arise. This means that dissatisfaction with one feature may lead to dissatisfaction with the total club. The measurement of separate attributes can help to develop an understanding of which attribute of the club products generates dis/satisfaction and which should be changed or revised (Reisinger & Turner 2000).

Since CPV and customer satisfaction variables are interrelated (refer to Chapter Two), a selection of questions from SERQUAL and other previous measures in the service context, and particularly the sport and fitness industry, were chosen for the customer questionnaire in the current study.

#### **4.3.1.3 Loyalty Measurement**

The loyalty notion has been of great importance for relationship marketers for quite a long time, resulting in a variety of earlier research and a number of current questions published on the topic that could also be relevant to H/F clubs. Following a broad literature review, present validated scaled questions from various studies were collated, all of which related to the current study variables and their antecedents.

#### **4.3.1.4 SM Measurement**

The current research contains a number of questions (Sections D and E) concerning SM and the Internet used by the clubs members within and outside the club. These questions come from the previous literature and from observation by the researcher from the management survey.

As mentioned earlier in this chapter, Parasuraman, Zeithaml, and Berry (1988) studied service perception and constructed the SERVQUAL instrument focusing on five dimensions including tangibles, reliability, responsiveness, assurance and empathy. In recent years, several studies have adapted SERVQUAL to the Internet as shown below in Table 4.3 so some of the SM questions are derived from the table below.

**Table 4.3 E-determinants of Customer Satisfaction**

<b>Factors</b>	<b>Supporting Authors</b>
<b>Reliability and safety</b>	Rowley (2006); Lee and Lin (2005); Field, Heim, and Sinha (2004); Yang and Fang (2004); Kuo and Zuo (2003) Rust and Kannan (2003); Santos (2003); Surjadaja, Ghosh, and Antony (2003); Zeithaml (2002)
<b>Customer support</b>	Rowley (2006); Field, Heim, and Sinha (2004); Yang and Fang (2004); Santos (2003)
<b>Responsiveness</b>	Loiacono, Watson, and Goodhue (2007); Rowley (2006); Lee and Lin (2005); Yang and Fang (2004); Kuo and Zuo (2003); Surjadaja, Ghosh, and Antony (2003); Zeithaml (2002); Meuter et al. (2000)
<b>Web design and content</b>	Rowley (2006); Lee & Lin (2005); Yang and Fang (2004); Field, Heim, and Sinha (2004); Kuo and Zuo (2003); Meuter et al. (2000); Santos (2003); Surjadaja, Ghosh, and Antony (2003); Zeithaml, Parasuraman, and Malhotra (2000); Dabholkar (1996)
<b>Customisation</b>	Rowley (2006); Kuo and Zuo (2003); Surjadaja, Ghosh, and Antony (2003); Rust and Kannan (2003); Walsh and Godfrey (2000)
<b>Accessibility and easy navigation</b>	Loiacono, Watson, and Goodhue (2007); Yang and Fang (2004); Rowley (2006); Surjadaja, Ghosh, and Antony (2003); Zeithaml (2002); Meuter et al. (2000); Dabholkar (1996)
<b>Self-service</b>	Rust and Kannan (2003); Meuter et al. (2000)
<b>Communication and advertising</b>	Loiacono, Watson, and Goodhue (2007); Rowley (2006); Santos (2003); Surjadaja, Ghosh, and Antony (2003); Zeithaml (2002)
<b>Entertainment</b>	Loiacono, Watson, and Goodhue (2007)

Source: Arsenault (2015, p.23-25)

Following is a brief explanation of the Table 4.3 elements (Arsenault 2015):

- **Reliability and Safety:** Mishra (2009 cited in Arsenault 2015) state that posts on SM can persuade readers to visit a link or to complete an action without requiring Internet access. When people want to follow such a link, it brings the risk of viruses or opening unsafe sites. Therefore, companies should seek ways to increase their perceived safety.

- **Customer Support:** In order to meet the expectations of SM users, firms can create channels that are purely devoted to customer service, like a Twitter account. For example, some club trainers offer 24/7 customer service to their clients through different online applications designed to track fitness and dietary requirements.
- **Responsiveness:** Since SM platforms enable organisations to offer customer service online; it is vital that they screen their channels quite often to ensure that their clients' questions are followed up in a timely manner. They can also assign someone specifically in charge of observing SM, and inform followers of webpage updates, and how soon they can expect to get a reply to a question.
- **Web Design and Content:** SM does not normally offer many opportunities to change the appearance of pages due to standardisation (Profile pages have more flexibility). Companies can choose the name of their accounts and add a brief description about them by using "hashtags" to provide information to those interested in conversation.
- **Customisation:** Enterprises can create multiple accounts that are specifically targeted to different populations. This filters more relevant information to followers.
- **Accessibility and Easy Navigation:** SM users are interested in easily accessible content. It is essential for businesses to list all their official SM accounts on one webpage to ensure the clients know where to find information.
- **Self-service:** Opportunities to offer self-service solutions through SM are limited by the standardized nature of SM platforms. However, institutions

can promote links to web pages that enable self-service. For instance, a H/F club headquarters can create sub-pages on its main Facebook page providing information about different programs and activities. Most of the information is available without using the main club website and is action-focused to facilitate members' transactions with the company.

- **Communications and Advertising:** In order to encourage complementary relationships, to communicate and advertise, the H/F clubs can create (by example) a Facebook page to stay in touch with their clients, and promote special events, discounts, and program updates.
- **Entertainment:** Organisations may include entertainment-related opportunities or content on their SM page, such as posting pictures of interesting activities in which their customers can take part.

#### **4.3.2 Reviewing the General Content of Each Study**

The challenge for the current research becomes how to conclude upon the most suitable questions from a large pool of existing questions, rather than the need to derive a new set of questions. In order for the researcher to exclude the least relevant questions and then be able to select the most appropriate questions for the study, four stages of questionnaire development were applied. These consist of justification for the question, evaluating the general content of each research question and its relevance to the study aims, removal of ambiguous, technical and poorly worded questions, and avoiding questions essentially asking the same thing, but using different wording, and avoiding double-barrelled questions. Despite the question sets originally being obtained from published research, many poor quality questions are mixed into the questionnaires that do not meet the most basic tests for survey rigour. Some of these issues are further explained below.

Reviewing each previous study questionnaire before using its questions provide a number of benefits as follows:

- 1) It provided information that the researcher could use to assess whether or not the study was similar to the current research in terms of population and context (Brandburn, Sudman & Wansink 2004). It also helps sort the relevant from the irrelevant questions based on the objectives of the current study.
- 2) After reviewing each study, the researcher gained further insight into probable issues that might arise while administering the survey. In various cases the authors pointed out the problems that they had confronted with some particular questions, and made recommendations for overcoming the problems in future research.

### **4.3.3 Eliminating Inappropriate Questions**

In analysing each study, information is used from Chapter One to assess the relevance of the question to the current study. Some questions also may be relevant but are inappropriate in the way they are stated, or in the measurement level for the information sought, and this needs to be considered in the context of ethics and future analysis. The questionnaire is assessed by Victoria University to meet its ethics requirements. During this phase, all irrelevant and ethically unacceptable questions are removed, and only relevant questions are transferred to the next step. At the next step duplicate questions are eliminated.

### **4.3.4 Eliminating Identical Questions**

Although irrelevant questions are eliminated during the previous stage, over one hundred questions still remain. A large number of these questions are similar.

For example, the question “in general it would be a hassle changing banks” used by Jones, Mothersbaugh and Beatty (2000, p.271) is similar to the question “in general it would be a hassle switching to another company” used by Yang and Peterson (2004, p811). The former version is the original question (Jones, Mothersbaugh & Beatty 2000), while the second one (Yang & Peterson 2004) is an adapted form. Thus, this phase of questionnaire development starts with a process of placing similar questions together in year sequence (for example, 2001, 2002, 2005). This enables the researcher to distinguish an original question from an adapted one, and facilitates the elimination procedure. In this way, question set by question set different versions of comparable questions are removed leaving just one question of each kind. In most cases, the later forms are excluded and the original questions are selected, because the adaptations are done for specific reasons related to specific objectives and contexts.

Although it may be appropriate to ask the same question twice in order to check the consistency of the answer, a survey should not attempt to trick the respondent who may be very aware of the attempt. Further, there are a large number of questions remaining that are relevant to the study, and repeating questions is a problem for keeping the questionnaire as short as possible. Jennings (2001) mentioned that time spent collecting data becomes particularly important, when the decision to participate is voluntary. Therefore, the shorter the questionnaire, the more people will participate in the research. Hence, the researcher has not repeated any question.

Taking the above issues into account, this stage of the research aims at eliminating those questions, which contain the same topic. For instance, these three statements “I am committed to my relationship with my researcher”

(Moorman, Zaltman & Deshpande 1992, p.326), “I am very committed to this grocery store” (Bettencourt 1997, p.395) and “I feel a commitment to continuing a relationship with this hairstylist” (Price & Arnold 1999, p.50) pursue the level of customer commitment towards their exchange partners. Obviously, only one version of this question can be adapted for use in the current questionnaire.

It is worth mentioning that when selecting what question is to be retained, one approach is to choose the one that is used in many studies, rather than one used in just one or two studies. Consequently, while excluding similar questions, an exploration of previous research is conducted to determine how often a particular question is used. Then, the question that is used most often is preferred for the current questionnaire, as this version of the question seems to be tested more than others, and is likely to be more valid. The final questionnaire is provided in Appendix A.

#### **4.3.5 Pre-testing**

In spite of the fact that each question used in this questionnaire has been previously used and validated, the final questionnaire is pre-tested prior to initiating the data gathering. The total questionnaire is still a unique survey, even though it is made up of previously asked questions, because the target of the question is related to H/F clubs, the order of the questions is unique and the combination of questions is unique. The pilot study is designed to confirm that every question is clear and straightforward to the respondent. This process allows the researcher to alter the questionnaire prior to conducting the actual research (Pallant 2013).

Forty people were selected from one of the profit clubs to be sampled initially for the pre-test. Subsequently, some very minor issues were identified, and amended that relate to punctuation and one repetitive question.

### **4.3.6 Questionnaire Design**

#### **4.3.6.1 Questionnaire Layout**

The questionnaire is divided into sections based upon similar content. However, the order of the questions is mixed so that participants are not asked to answer a series of similar or related questions. The mixing also avoids any likelihood of leading the respondent, by giving a subtle undercurrent to the structure of the questions. Consequently, questions within each content category are listed in a random sequence. The questionnaire consists of two main sections.

#### **4.3.6.2 Section One**

This section is **part A** in the questionnaire and asks basic demographic questions, including age, gender, language spoken at home (in order to identify their dominant culture – Reisinger & Turner 2003), education and income level. Other questions include length of membership, the number of times the respondents look at the club website per month, the number of hours they spend on a fixed computer, laptop or mobile phone/tablet. Finally, the survey asks the participants to mention how many hours they spent on the following SM websites:

- 1) Facebook
- 2) Twitter
- 3) Google +
- 4) LinkedIn
- 5) YouTube
- 6) MySpace
- 7) Blogs
- 8) Flickr

- 9) Wikis
- 10) Podcast
- 11) Other

Although some researchers including Berry, Parasuraman and Zeithaml (1991) believed that it is better to keep the demographic section to the end of the questionnaire, because it is suggested that respondents are less willing to complete a questionnaire if this kind of question appears upfront, this section was included in the start of the questionnaire for the following reasons:

- 1) Since no personal details were asked, there should be no reluctance to answer the demographic section.
- 2) Some of the questions relate to SM not demographic information.
- 3) Without the demographic details of each respondent (even if all the other sections were completed), the questionnaire would be unusable. Therefore, the researcher decided to keep this section in the beginning of the questionnaire, just in case a participant decided not to answer the last set of questions.

However, one issue did arise in that participants identified Instagram and Pinterest as additional websites.

#### **4.3.6.3 Section Two**

This section includes Parts **B**, **C**, **D** and **E** of the questionnaire including the questions that represent most of the constructs of the conceptual model; namely SM, customer perceived value, customer satisfaction and loyalty. Questions relating to churn are not included in this study, since the focus of the current study is on the enhancement of loyalty not the issue of churn (refer to Figure 3.1).

It is important to note that each section of the questionnaire is not labelled with the heading SM, customer loyalty and satisfaction or CPV. The reason for this is to keep the answer to the question without any influence to the group concept. The respondent may identify the link between questions by their type, but this is unlikely, so the questions remain without conceptual influence.

#### **4.3.6.4 Scoring Method**

Basically, the questions within these sections B, C, D and E are about the feelings that respondents have toward their club. In this section, respondents are asked to circle the most accurate option, which reflects their opinion for each statement using a 6-point Likert scale, where option 1 equals extremely unimportant; option 2: very unimportant; option 3: somewhat unimportant; option 4: somewhat important; option 5: very important, and option 6: extremely important.

The following reasons are given for using a 6-point Likert scale instead of the original and commonly used 5-point Likert scale:

- 1) This keeps an even number of ratings in the scale to have respondents commit to either the positive or negative end of the scale. In other words, by not giving respondents a neutral or ambivalent answer choice, the possibility of expressing their true feeling could increase. Although providing a neutral point is sometimes considered important in Asia, where there is a reluctance to speak out negatively, it is less relevant in a western multi-cultural society as found in Melbourne.
- 2) Neutral answers are commonly selected to save time for respondents in answering, and as a way of avoiding a thoughtful response, with an even scale there is more considered thought needed by respondents. Removing

the neutral scale may increase the variability of answers, which in turn is useful for the application of quantitative method. Although, this may also be the outcome obtained from using an even scale.

#### **4.3.7 Questionnaire Appearance**

Some researchers such as Beery and Parasuraman (1991) and Zikmund (2003) believed that the presentation of a questionnaire, that is its design and the quality of paper used to make the questionnaire, has a positive impact on the completion rate. Much effort was put into designing the questionnaire to ensure an appealing and high quality appearance.

#### **4.3.8 Conducting the Survey**

In order to achieve the target number of respondents, the data collection is conducted in several ways including:

- 1) The fastest way is to collect the questionnaires by approaching club members while leaving the club.
- 2) Since some members were in a rush to leave, some questionnaires were given to those who did not have time, but were willing to participate and return the questionnaire at a following visit. There is a slight issue of not knowing certainly who completed the questionnaire. However, each respondent who returned a questionnaire was asked if they had answered the questions personally.
- 3) Also the researcher left some questionnaires at the reception desk for those who might notice it, and some were completed individually on the premises.

Below, a full explanation of how responses were achieved is provided. As anticipated the club survey method included a higher level of incomplete surveys,

once questionnaires were handed out without the researcher present. Despite the rigor maintained in developing the questionnaire (discussed later), respondents may miss questions, or still be uncertain about answering some questions. However, employing three different methods resulted in a more representative sample.

### **4.3.9 Justification of Sampling Method**

In the current study, a convenience sampling method was used; that is the first person encountered was surveyed and subsequently after completing each survey, the next person. Very few people refused to participate. There are limitations in a convenience sample of this type, and there is a risk of people bias. In order to overcome potential bias, the sampling was conducted in different locations at different times, and a large sample was collected.

### **4.3.10 Reliability and Validity**

#### **4.3.10.1 Reliability**

Reliability discusses the extent to which a scale creates consistent outcomes if repeated measurements are made (Muppala, Malhotra & Trivedi 1996). More precisely, Churchill (1979, p65) suggested “a measure is reliable to the extent that independent but comparable measures of the same traits or construct of a given object agree”. Peter (1979) stated that the purpose of the reliability evaluation is to check validity, and to develop the quality of the measure, because unreliable measures result in decreased correlation. If no substantial relationship occurs between constructs, it is difficult to know whether the outcome is correct or due to the unreliability of the measure.

Cronbach (1951) introduced the coefficient alpha or Cronbach alpha as the most common method accepted by academics in evaluating the reliability of multi-item measures (Anderson & Weitz 1992). Pallant (2013) mentioned that a low coefficient alpha indicates that the sample of items does not capture the construct, and is not shared in the common core of the construct; therefore, such items should be removed in order to increase the alpha. While Nunnally (1978) suggested that an acceptable alpha is between 0.50 and 0.60, Bruner and Hensel (1993) suggested alpha of 0.76 and 0.77. DeVellis (2016) also considered Cronbach alpha values of above 0.7. Therefore, in the present study, alpha is calculated for the main constructs of CPV, customer satisfaction, customer loyalty and SM. All coefficient alphas are at an acceptable level, and range between 0.813 and 0.948 as shown below in Table 4.4.

**Table 4.4 Cronbach's Alpha Values**

<b>Variable</b>	<b>Cronbach's Alpha</b>
<b>CPV</b>	.891
<b>Customer Loyalty</b>	.813
<b>Customer Satisfaction</b>	.856
<b>SM</b>	.948

Source: Research Survey (2014).

#### **4.3.10.2 Validity**

The validity of a scale is described as the extent to which variances in observed scale results mirror true variances amongst objects, for the characteristic being measured, instead of arbitrary or systematic error (Malhotra, Agarwal & Peterson 1996). There are three main kinds of validity: content validity, criterion validity and concurrent validity. Construct validity can be further categorised into homological

validity, convergent and discriminate validity. Each of these types is used in assessing the validity of the items in measuring the constructs (Norman & Streiner 2008). Content validity is usually the first check for validity of a measure and an antecedent to construct validity. In the current study, the identification of the existing scales from the literature as well as a pre-test aided in the scale purification.

According to Churchill (1979), construct validity directly addresses what the instrument is measuring by defining the degree to which the measures at the operational level correspond to the construct at the unobservable theoretical level. The research outcomes reveal that all the constructs have strong convergent validity as the final values load strongly on one factor, as well as robust discriminant validity, as they load lowly on the other variables. Confirmatory factor analysis (structural equation modelling) in Chapter Eight also provides further analysis of construct validity. Nomological validity is established through the support of the proposed hypotheses discussed in the following chapters.

Criterion validity tests whether a measure performs as anticipated with regard to other constructs selected as meaningful criteria, and can be classified into concurrent and predictive validity (Peter 1981). Therefore, the existence of convergent validity established that criterion validity is accounted for as well.

## **4.3.11 Data Collection Challenges**

### **4.3.11.1 Before Data Collection**

In order for the researcher to collect the research data, it is necessary to have club permission. Fortunately, this was not difficult to obtain once the purpose of the study was explained, the ethics used were outlined; and an offer was made to each club to analyse their data set (for private club use) in comparison with the other four anonymous clubs. Five different clubs including one female only, a non-profit and three mixed ones were chosen for the study selectively across the Melbourne metro-area, and all clubs agreed to undertake the study. Before the start of the data collection, the researcher decided to buy bottles of mineral water (seen as a healthy drink) as a bonus for those willing to participate in the research. A printed flyer showing the mineral water offer was also handed out inside the club.

### **4.3.11.2 While Administering Data Collection**

The researcher set up a table with some chairs at each club to organize the bottles, questionnaires and attract attention. The main issues tackled during data collection that improved response rates were:

- 1) Changing the approaching method such as the greeting sentence.
- 2) Sometimes talking faster to explain that it was not profit-making market research, because the researcher discovered that people did not like to participate in marketing surveys, but were open to a university research survey. So the best way was to introduce the researcher first.
- 3) While gathering the first data set, the researcher discovered the need to have a more professional and bigger flyer to attract more trust. Hence, one was designed and ordered.

- 4) Asking the managers of the club to announce that there was a survey going on; however this was successful in only one club.
- 5) Deciding not to give away the questionnaires immediately for a later response, but quietly asking for an immediate response.
- 6) Sympathizing with people, especially the tired ones trying to drag themselves home after a hard workout.
- 7) Approaching those who were ahead of time for group classes, and were waiting out-side rooms.

#### **4.4 Qualitative Survey**

It was decided to include a qualitative analysis for searching out concepts that might be unique to H/F clubs. For this purpose the most experienced staff members (decision makers) in the clubs were approached in an interview situation with a series of exploratory open-ended questions (Refer to Appendix B).

The same questions presented in Section A of the customer questionnaire were asked of each manager (plus an extra question asking about their role in the club). This allows for a comparison of SM use between the managers and the customers. A further expanded set of open-ended questions encouraged further discussion. The objective was to test whether there are specific questions related to H/F clubs needed in the survey. Additionally, information was sought to gain insight into management thinking about the extent they use SM currently, as well as the way they view the potential of SM as a powerful profitable tool for the their business.

In general, all managers embraced the research and agreed to the necessity of conducting such studies as more people are shifting towards using technology

than ever before. However, they mentioned that although their club had an account in a few SM websites, Facebook is the primary (in some cases the only) channel used to reach their clients, they were interested in knowing whether their customers would prefer other platforms.

In the case of profit clubs, the main issue raised was that they had no/little control over their club SM strategies since the club was a branch of a gym brand and advertising (offline and online) were designed and strategised by their headquarters. Although they update the club webpage to inform their clients about the club updates, changes and programs, the main website design and online marketing strategies are guided by the parent company.

The female only club had the same situation although it is owned privately. They still need to adhere to the franchise policy/standards and follow the same promotion and advertising activities suggested by their marketing head office. Similarly, the non-profit club manager mentioned that they did not control the centre online activities except updating timetables, programs and class information. This suggests targeting businesses headquarters. However, this is not a necessary focus of the study. Which part of a business applies new strategies is not important to this study.

Overall the managers who are more frontline than headquarter staff found the customer survey quite interesting, and did not suggest any major changes except making a comment regarding some of the SM sites mentioned in the first section of the customer questionnaire such as Flickr and MySpace. They believed such sites were less commonly used by people and never used by their club.

## **4.5 Methods of Analysis**

The study uses four methods of analysis: Chi-square, Z-test, Principal Component Analysis (PCA) and Structural Equation Modelling (SEM).

### **4.5.1 Chi-square**

The Chi-square method relies on a comparison of observed frequencies (in each group) between the two samples. The Chi-square statistic increases in size as the difference being evaluated rises and vice versa. This technique measures the difference between what is perceived and what could be estimated under the null hypothesis. Consequently, the greater the obtained Chi-square, the more the difference between the observed and expected frequencies, and the rejection of the null hypothesis is more likely. This test is applied in each case to evaluate the statistical significance of the relevant associations. If the attained Chi-square value is higher than the 95% level of significance, the null hypothesis can be rejected and the alternative hypothesis accepted at the given level of statistical significance.

### **4.5.2 Z-test**

A Z-test is applied to test whether or not the means for the sample are different. It is a useful test to evaluate whether the sample mean equals a population mean, when the standard deviation of the population is identified. The Z value provides a Z test on the difference between the means. In this study the combination of a large sample size and moderate skewness allows for the use of the Z test, and an assumption of normality.

To carry out this comparison, it is necessary to undertake a normality test of the data distribution. Since all the three samples in the current study (profit, non-profit

and female only cubs) are large in size, it is expected that the distribution will be normal in shape. The samples standard deviations and the skewness disclose that the frequency distribution displayed by all the samples is close to normal.

### **4.5.3 Principal Component Analysis (PCA)**

The reasons for conducting a PCA test are:

- To summarise the responses to a large number of questions down to a smaller new set of variables that can be more easily defined.
- To discover whether there are hidden concepts (components) within the large set of responses indicating a more complex association of issues within the questions.

While the solution of factor analysis is enriched if variables are distributed normally, the assumption of normality is not critical. Normality is only required if a statistical test is to be applied to the significance of the factors (Hair et al. 2006). Despite the fact that it is essential that the sample should be adequately large to allow factor analysis to be done reliably (Kline 2014), there is no consensus on what that sample size should be. Kline (2014) proposed the lowest 2:1 ratio of subjects to variables (items) and overall subjects of 100. Gorsuch (1990) recommended a ratio of 5:1 and Nunnally (1978) and Everitt (1975) a ratio of 10:1. Tinsley and Tinsley (1987) recommended that when the sample is as large as 300, the ratio can be relaxed. The sample for this study has 519 responses and there are 20 CPV questions (ratio:  $519/20 = 26$ ), 18 satisfaction questions (ratio:  $519/18 = 29$ ), 11 loyalty questions (ratio:  $519/11 = 47$ ) and 23 SM questions (ratio:  $519/23 = 23$ ). Since the ratio is above the thresholds, it is legitimate to apply factor analysis for the research (Gorsuch 2003; Nunnally 1978; Everitt 1975).

PCA analysis is based on correlations between variables. If the correlations are small, the data are inappropriate for factor analysis. To assess the variables factorability, three types of tests are frequently used (Steed & Coakes 2001; Norusis 1993) as follows:

1. Barlett's test of sphericity: Tests whether the correlation matrix of the data is an identity matrix. If the test rejects the hypothesis that the correlation matrix is an identity matrix, then factorability is expected meaning that there are significant correlations among the variables for exploratory factor analysis.
2. The Kaiser-Meyer-Olkin (KMO) measure for sampling adequacy: Compares the magnitudes of the observed correlation coefficients against the magnitudes of the partial correlation coefficients. If the KMO value is more than 0.6, then factorability is presumed.
3. Measure of Sampling Adequacy (MSA) for each individual variable: It is similar to the KMO but it is measured for every single variable rather than the whole matrix. Variables with a MSA measure less than the satisfactory level of 0.5 should be omitted from factor analysis.

The PCA is conducted in this study using the Software SPSS 23. The eigenvalue value of each factor suggests how much variance is accounted for in the correlation matrix, and it is thereby a measure of comparative significance for every principal component. Eigenvalues equal to or greater than one are required for interpretation.

It is normal that a preliminary solution of PCA does not clarify what variables belong to which components (Kline 2014). Hence, factor rotation is used to

simplify the factor structures and Varimax rotation is used to maximize the difference between the components. In order to facilitate the description of the new variable (concept – component) a requirement is set that any one component must have at least two variables loaded significantly.

There is no specific rule for considering the significance of factor loadings (the variables correlations with the factors). If the loadings are  $\geq 0.5$ , they are considered practically significant (Hair et al. 1998). Churchill and Iacobucci (2010) proposed that loadings in excess of 0.63 (40%) are considered very good, and over 0.7 (50%) are excellent. Nevertheless, Hair et al. (1998) mentioned that the accepted loading level can be dropped with large sample sizes, taking into account the ratio of the number of variables examined. In the current study, a factor loading of 0.6 is applied to maintain a high standard for component loadings.

#### **4.5.4 Structural Equation Modelling (SEM)**

This method can be used to test for causal relationships between unstructured variables (the components derived from PCA analysis) and as such is ideal for testing the relationships hypothesized to exist in the conceptual model (refer to Figure 3.1). SEM is used in this study for achieving the following objectives:

- Identifying the relationship between the components derived from the PCA.
- Confirming the theoretical connections (Figure 3.1) between the latent constructs, and the latent constructs and their indicators, and to measure their statistical significance.

## **4.6 Conclusion**

This chapter discusses the methodology used for the current research, as well as the justification of the research methods that include quantitative and qualitative approaches. The sample size data collection and administration process as well as the challenges the research confronted are explained. Furthermore, the reliability and validity of the study surveys are described along with the analysis methods. The next chapter (Chapter Five) contains the initial descriptive data analysis.

# Chapter Five: Descriptive Quantitative Analysis

## 5.1 Introduction

This chapter presents the results of a descriptive analysis of the data collected by survey as described in Chapter Four. This preliminary analysis summarises the demographic data, followed by a summary of the use of SM, and basic statistical measures including the mean and standard deviation, and skewness for each variable. Finally, Z tests are carried out on the Likert data to compare the responses of the respondents across the three types of clubs, profit, non-profit and female only clubs. Although the descriptive analysis is important to establish whether there are any useful comparative results to discuss, the potential analysis is overly large due to the large number of survey questions.

It is also worthwhile to note that the demographic analysis is not fundamental to the research objective, it is descriptive and not testing whether SM can be used to enhance loyalty and reduce churn (refer to Figure 3.1). The hypotheses test only the relationship between demographics and SM, not the relationship between demographics and Customer Perceived Value, Satisfaction and Loyalty. As such they provide an introductory background to the main hypothesis testing completed in the following chapters.

## **5.2 Section A - Profiles of the Samples**

Questionnaires were collected from five H/F clubs in Melbourne, Australia and the data (519 surveys) entered into SPSS 23. Of the 519 completed questionnaires, there were a few missing values (membership length 26 and the rest less than 20). Since the sample size was large, it was decided to calculate the average of relative variables for the missing data. In this way the full survey results could be used.

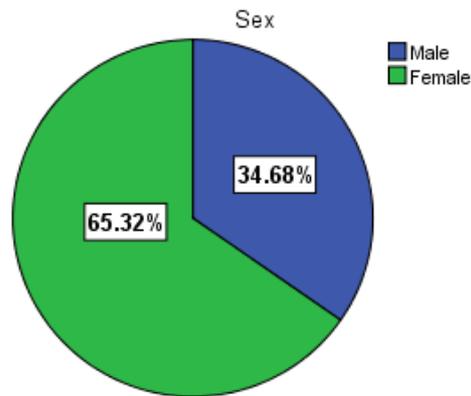
### **5.2.1 Frequency**

Frequency tests compare the respondent profiles (see section A of the questionnaire in Appendix A).

### **5.2.2 Gender**

As shown in Figure 5.1, 35% of participants are male and 65% female. The overall gender division is weighted heavily to females because there is one female only club included in the sample. This pattern corresponds with the gender balance for all Australians who attended a gym in 2013-14, where according to the (2015) report on Australian participation in sport and physical recreation, fitness gyms were the second most popular activity (17%), with more female participants than males (19% and 16% respectively). Therefore, the current sample is reasonably representative of the total population with regard to gender.

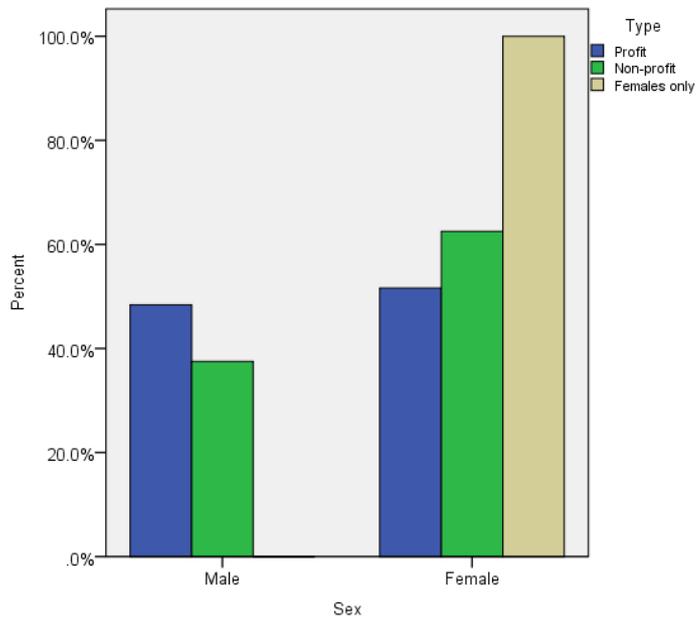
**Figure 5.1 Gender of all Participants**



Source: Research Survey (2014).

When the different types of clubs are examined (refer to Figure 5.2) the mixed sex clubs still weigh female participation more heavily than males, but the difference is quite small in the case of the profit clubs.

**Figure 5.2 Gender Comparisons between all the Clubs**

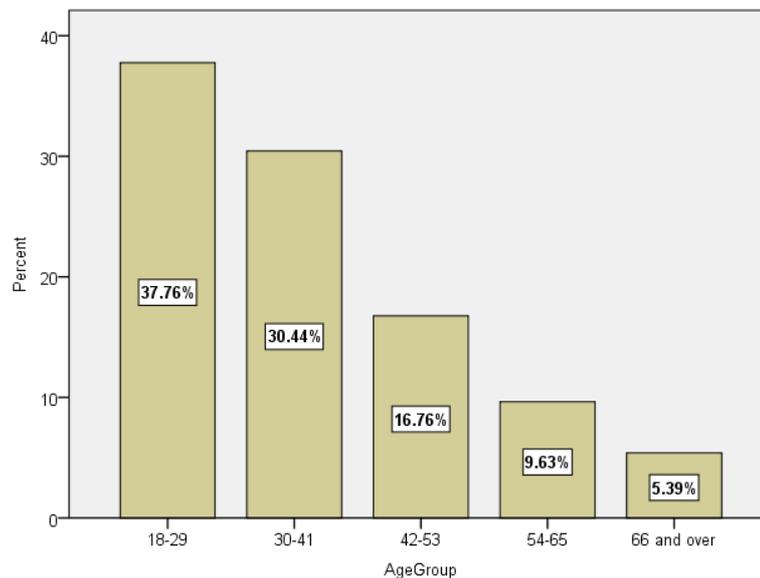


Source: Research Survey (2014).

### 5.2.3 Age Groups

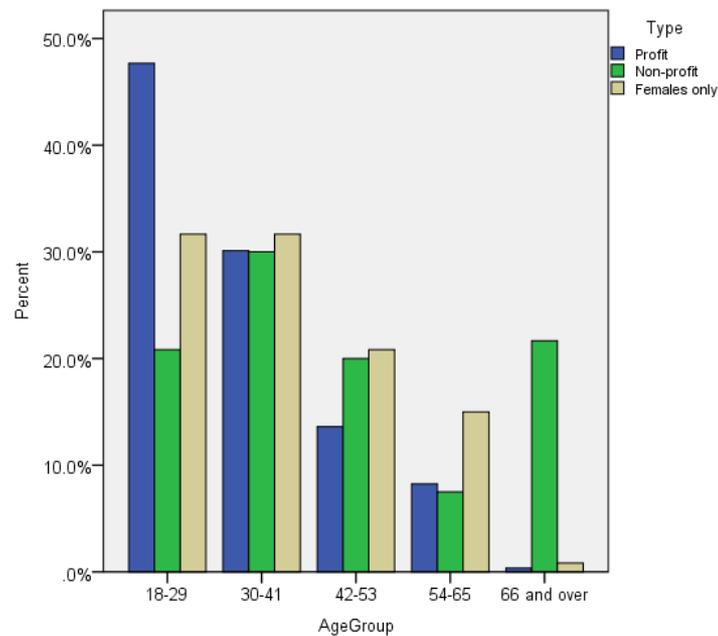
The sample targets those aged 18 and above to survey only an adult population. This particular age group was chosen because of the likelihood that the target audience would have a better understanding of their club services, and experiences. As might be expected for H/F clubs, most members are young and the older age groups taper off in number. The pattern is quite uniform and dissimilar to the overall census pattern for age (which in Australia indicates an ageing population). However, it is similar to the census pattern for sport participation in Australia, which drops away with increasing age (2012). The result suggests that the age concentration for sport and fitness clubs is in the two age groups ranging between 18 to 41 years. Figures 5.3 and 5.4 illustrate the age comparisons amongst all the clubs as well as between the three club types.

**Figure 5.3 Age Comparison among all the Clubs**



Source: Research Survey (2014).

**Figure 5.4 Age Comparison between Club Type**



Source: Research Survey (2014).

The Australian Bureau of Statistics (2012) reports the top contribution rate in sport and physical recreation in Australia in 2011-12 is people aged 15-17 (78%), followed by the next two ages groups of 18-24 and 25-34. In general, participation reduces with age, with people aged 65 years and over showing the lowest involvement rate (50%). In the majority of age groups, males have slightly higher rates of participation than females by 66% to 64% respectively.

The difference between the types of clubs based on age shows a more mixed pattern with a surprisingly large shift to the older age group for non-profit clubs, and indeed the non-profit clubs tend to favour the middle aged and elderly. The first impression could be that non-profit clubs are cheaper and this particularly affects retirees. However, this is not the case. The female only clubs are markedly more expensive at an average minimum cost over 52 weeks of \$1295, but the profit and non-profit clubs are close to the same price (\$960 and \$984

respectively). The study non-profit club, known as a community recreation centre, offers a wide range of tailored services to cater for different groups in the community. These kinds of centres are supported by city councils, with some focus on elderly people, people with a disability, culturally sensitive support and recreational programs.

The female only clubs tend to be slower to taper away with age and have membership strongly represented through to middle age. This may reflect upon the income of the participants in a more expensive club, either independently working or from higher incomes. The profit clubs follow the overall pattern described in the data and taper away uniformly with increasing age.

#### **5.2.4 Language**

Of the 519 participants, 408 (79%) speak English at home. The remaining languages are wide ranging with 32 other languages spoken at home comprising 21% of the sample. Of the different club types the female only clubs have the highest English percentage of 91%, and the non-profit the lowest at 64%, while the profit clubs are 80%.

A similar survey was conducted by the in order to distinguish the percentage of participants in sport and physical recreation by birthplace (2012). The results show that Australian born people are more likely to participate in sport and physical recreation than overseas born people (67% and 59% respectively). However, the difference between the survey and the current study is that the existing research only asked participants about their spoken language at home,

and not their place of birth. The decision to do this was to provide data on cultural difference should a cultural pattern emerge. The literature favours the determination of cultural involvement by the language spoken at home and not the place of birth (Reisinger & Turner 2003). This is a limiting issue in this comparison because there would be a percentage of participants who speak English at home, but are born outside Australia. The results suggest that in focusing upon SM, the use of English is dominant, and therefore the better choice for SM communication. Also there is no distinct cultural divergence that suggests further analysis.

### **5.2.5 Education**

Since the number of respondents who had no formal education is less than four in each of the club types, the researcher decided to amalgamate the two groups of “No Formal Education” and “Primary/High School”. The majority of respondents in the survey completed a higher education qualification (69%). This difference across the educational backgrounds is statistically significant at 95% (16.6 at 4 d.f.) as shown in Table 5.1. This pattern is also similar to the report published by the Australian Bureau of Statistics in 2012 regarding the rate of participation in sport and recreation activities relative to education level. This report shows the highest rate is for postgraduate degrees (79%), graduate diploma or graduate certificates (82%) and bachelor degrees (78%).

**Table 5.1 Crosstabulation of Education by Club Type**

Count					
		Type			Total
		Profit	Non-profit	Females only	
Education Groups	High School and Under	64	37	17	118
	Trade Qualification	23	14	5	42
	Higher Education	192	69	98	359
Total		279	120	120	519

Chi-square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	16.606 <sup>a</sup>	4	.002
Likelihood Ratio	17.126	4	.002
Linear-by-Linear Association	2.916	1	.088
N of Valid Cases	519		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 9.71.

Source: Research Survey (2014).

## 5.2.6 Income

In reference to the on the relationship between participation rate of people in sport and recreation activities and household income, contribution rates commonly increased as household income increased. People whose weekly household income was in the highest quintile showed a participation rate of 81%, while the rate for persons in the lowest quintile was 48% (2012).

A similar pattern is observed in the current sample (refer to Table 5.2). Income is not evenly spread through the sample, with a strong tendency for higher incomes, although there is an exception with the non-profit clubs where income is evenly spread. Again one might have thought this is not surprising given that membership of a health club might be considered a luxury good, and the profit and

female only clubs would be more expensive. However, in this sample this is not the case with the female only clubs significantly more expensive, and the profit and non-profit similar in price. The more even spread of income is probably a result of the higher older age participation in non-profit clubs with a greater mix of the income spectrum present.

**Table 5.2 Crosstabulation of Income by Club Type**

Count					
		Type			Total
		Profit	Non-profit	Females	
	<b>20000 or Less</b>	41	16	10	67
	<b>20001-40000</b>	21	21	5	47
	<b>40001-60000</b>	47	21	15	83
	<b>60001-80000</b>	48	20	39	107
	<b>80001-100000</b>	46	20	14	80
	<b>100001 or More</b>	76	22	37	135
<b>Total</b>		279	120	120	519

Chi-square Tests			
	Value	df	Asymp. Sig. (2-sided)
<b>Pearson Chi-square</b>	33.283 <sup>a</sup>	10	.000
<b>Likelihood Ratio</b>	31.673	10	.000
<b>Linear-by-Linear Association</b>	1.463	1	.227
<b>N of Valid Cases</b>	519		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is

Source: Research Survey (2014).

On average \$18.94 per week is spent on selected physical and sport recreation products by Australian households during 2009-2010. The second largest component of this figure (\$2.71) belongs to H/F club charges. The overall spending by Australian households on chosen physical and sport recreation items in 2009-10 was \$8293.8m. This figure was 1.5% of the total amount Australian households spent on all products. A Chi-square test picks up the difference

between the club costs with a significant difference overall at 95% (33.283 at 10df), refer to Table 5.2.

In November 2013, the published statistics on “State and territory earnings” in Victoria (including male and female) stating an average annual income of \$72,223. This could have been better stated as a median rather than a mean, because the relatively few very high incomes are capable of pulling a mean up toward a higher number. The average income for profit, non-profit and female only clubs from the sample are \$69,000, \$62,000 and \$75,500 respectively, and this provides a better comparison to the sample findings. The more expensive female only clubs attract people with higher average incomes. However, these incomes are apparently close to the overall average.

### **5.2.7 Membership Length**

There are less than three participants who maintained membership of their clubs for more than 360 months. Therefore, they were excluded as outliers. As would be expected there is an overall decline in the number of memberships against length of time. This is markedly the case, because total memberships halve in number after just six months. This finding suggests a target market decline that the use of SM might attempt to reduce, in order to expand and slow the rate of drop off. The drop off in memberships (churn) over longer periods is less marked for the non-profit clubs and this causes a Chi-square test to show a difference in the club types by membership length at 95% significance (89.653 at 18df with the two higher groups amalgamated to remove counts below 5) refer to Table 5.3. Therefore, the profit and female only clubs appear in this initial analysis to be the

main target for sustaining longer membership through the use of SM.

**Table 5.3 Crosstabulation of Membership Length by Type of Club**

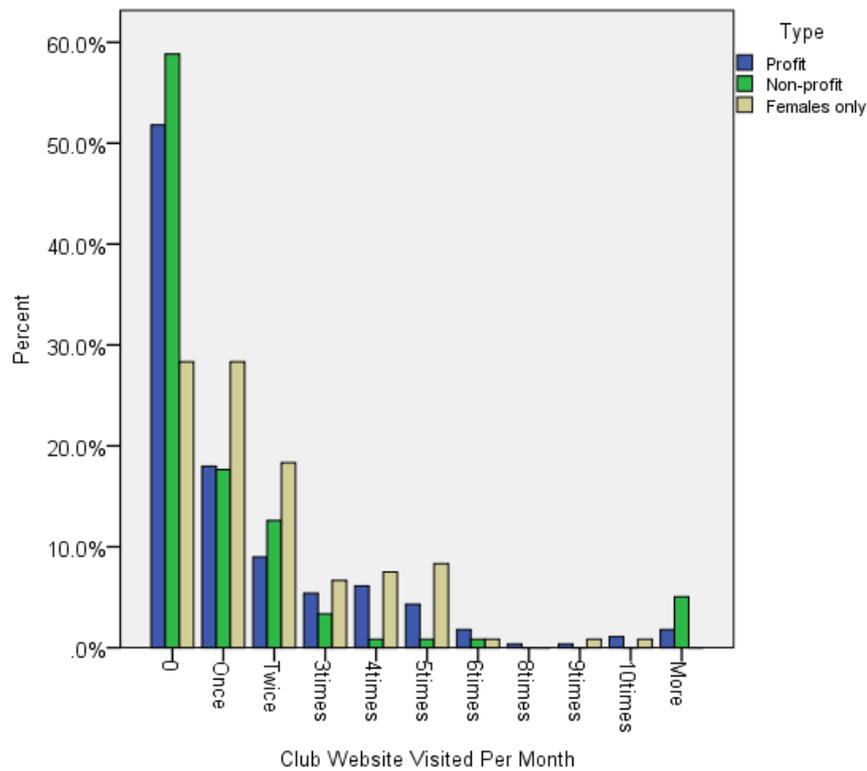
Count					
		Type			Total
		Profit	Non-profit	Females only	
Membership Length (Month)	6 and Under	89	22	40	151
	7-12	46	13	11	70
	13-18	29	10	9	48
	19-24	20	14	11	45
	25-36	35	8	6	49
	37-60	47	16	26	89
	61-84	8	10	10	28
	85-120	3	10	7	20
	121 and Over	2	17	0	19
Total		279	120	120	519

Source: Research Survey (2014).

### 5.2.8 Website Use per Month

As shown above, the income and education levels of profit and female only clubs' members are higher than non-profit ones, resulting in an assumption that their customers are more technology-oriented. Figure 5.5 below depicts that non-profit club clients generally check their club website less often compared with the other club types. Female only club members have the highest frequency of website use. A more in-depth interpretation of SM use by clubs customers will be provided after conducting further statistical analysis in the following chapters.

**Figure 5.5 Frequency of Website Use by Club Type**



Source: Research Survey (2014).

### 5.2.8.1 Fixed Computer/Laptop/ Mobile or Tablet

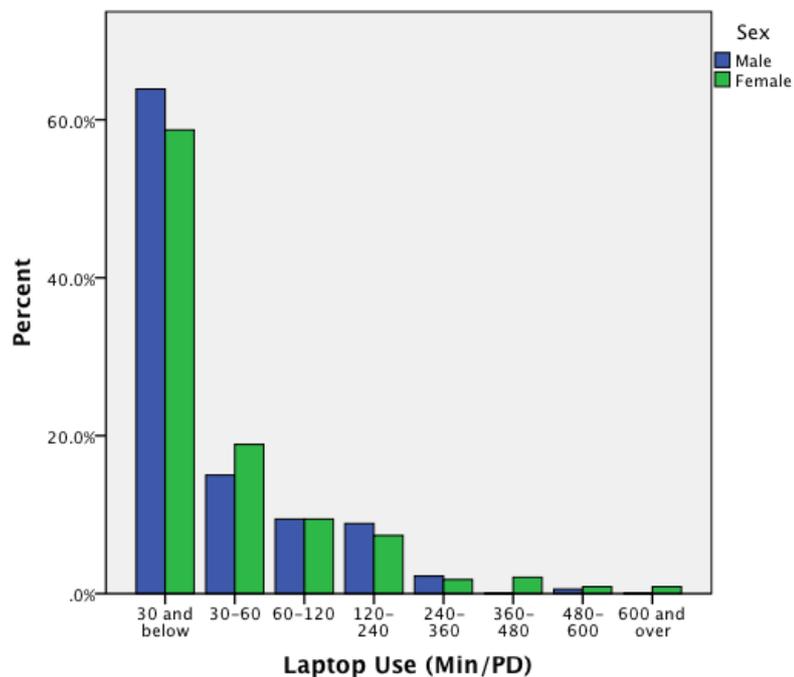
According to a report published by Yellow Pages on SM usage in 2014 (Yellow Pages 2014), mobile devices positioned themselves as the preferred device for social networking websites, with smartphones continuing to be the most popular device form for SM. In the last year, the percentage of SM users accessing SM sites on their smartphones increased from 67% to 71%. Tablet use also rose strongly from 35% in 2013 to 39% in 2014. Computer-based social networking continued to reduce in 2014, with the percentage using a laptop computer dropping from 64% in 2013 to 55% in 2014. Using a desktop computer to access SM platforms also decreased from 46% in 2013 to 38% in 2014.

Mobile was recognized as the most popular device in age demographics under 65. Tablets were the most favoured devices for the age group 50-64. For 65+,

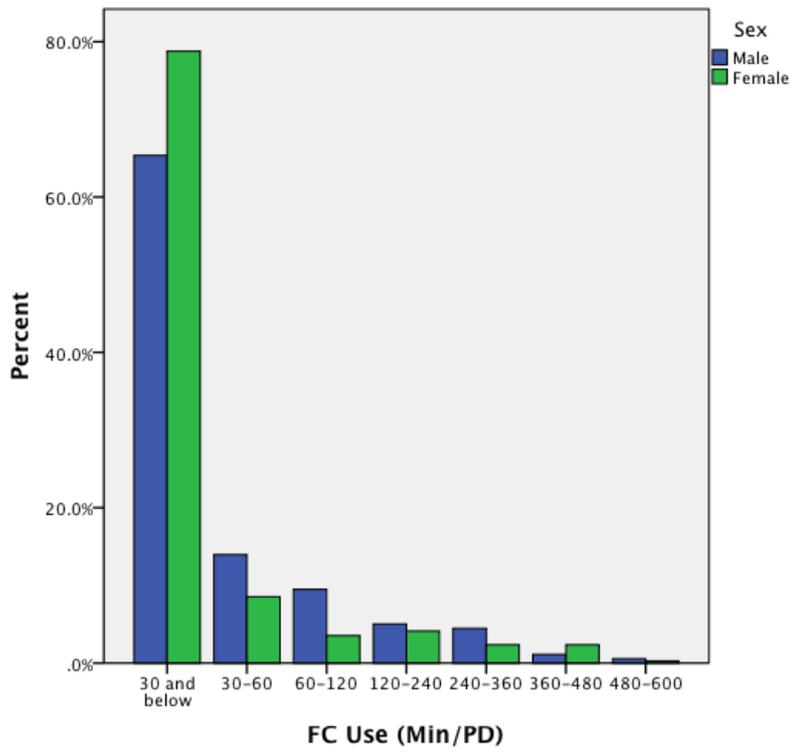
desktop computers followed by laptop computers were identified as the most popular SM tool. Those Australians, who access SM on a mobile device, prefer SM platform’s mobile application over the SM website, with 70% of users using apps, compared to 20% that use the website, while 10% of users access both apps. and the website to use SM. There is nearly no change in these proportions in 2014.

Figures 5.5, 5.6 and 5.7 compare three tools (fixed computer, mobile/tablet and laptop usage) to access SM, based upon how long usage is per day, between males and females. The graphs indicate that mobile devices and tablets are the most popular devices, which corresponds to the Yellow Pages report in 2014.

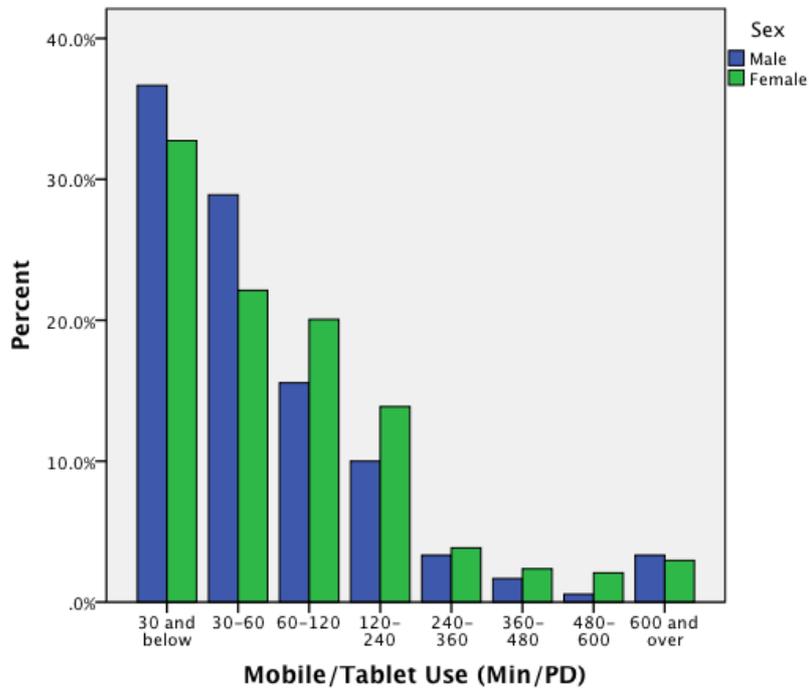
**Figure 5.6 Laptop Use by Gender**



**Figure 5.7 Fixed Computer Use by Gender**



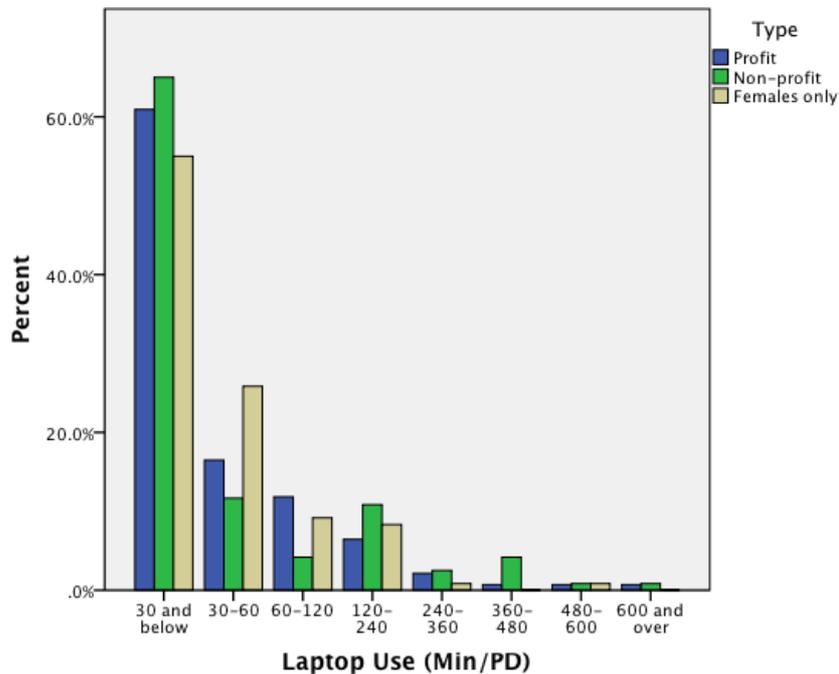
**Figure 5.8 Mobile Phone or Tablet Use by Gender**



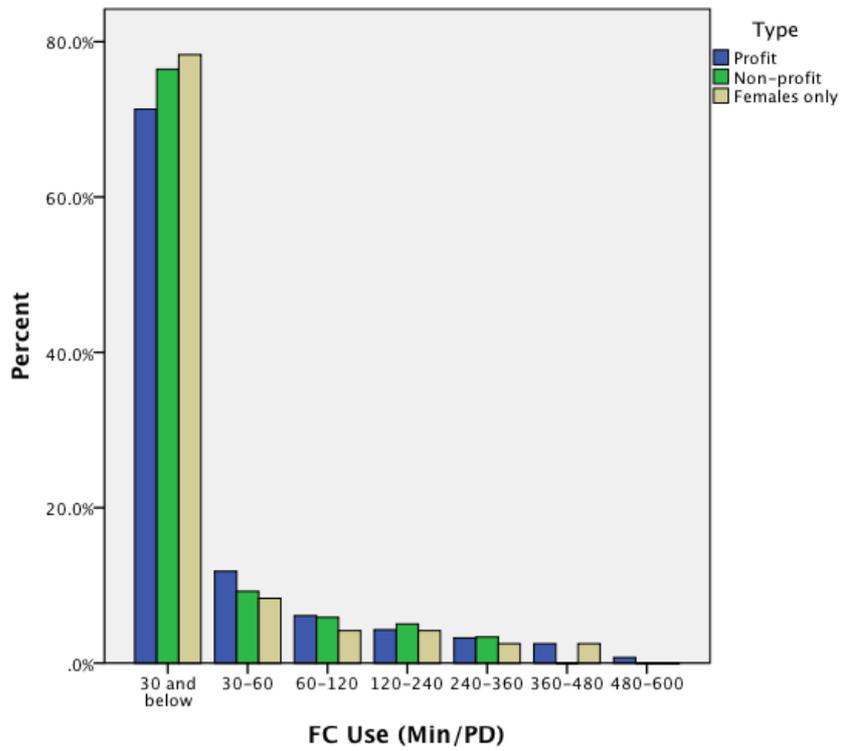
Source: Research Survey (2014).

Figures 5.8 to 5.10 below compare three tools (fixed computer, mobile/tablet and laptop) use to access SM based on how long use is per day, between the three club types. A general decreasing trend can be seen in all three figures above, which indicates most participants use SM on different devices for less than 30 minutes per day. The figures show that sample participants are more interested in using their mobile phones or tablets compared to other devices. The reason could be the accessibility of these devices over wider time frames. Similarly, the female only club members showed a higher interest in using mobiles compared to the other two types of clubs. Looking at the figures, it is obvious that mobiles and tablets are used for longer hours to access SM sites.

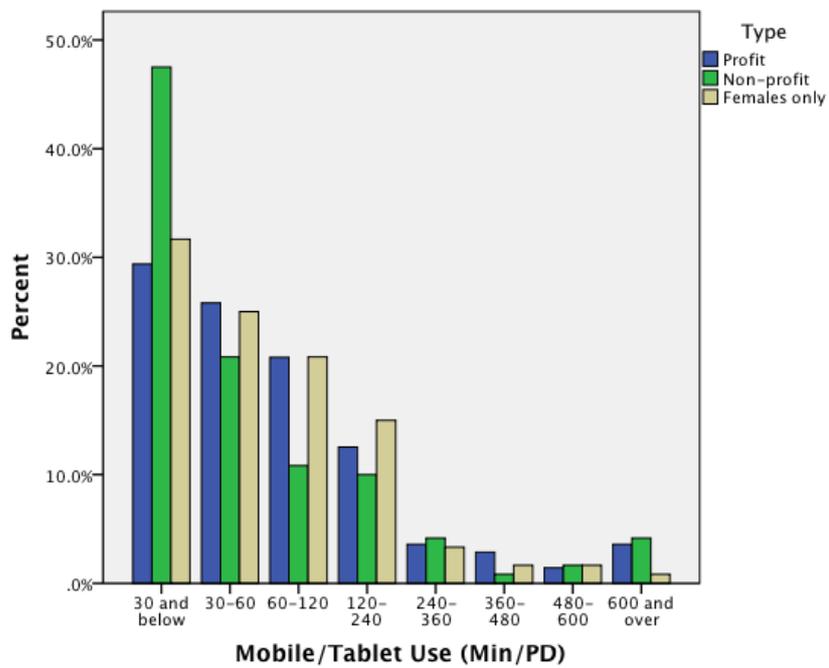
**Figure 5.9 Laptop Use by Club Type**



**Figure 5.10 Fixed Computer use by Club Type**



**Figure 5.11 Mobile Phone or Tablet Use by Club Type**

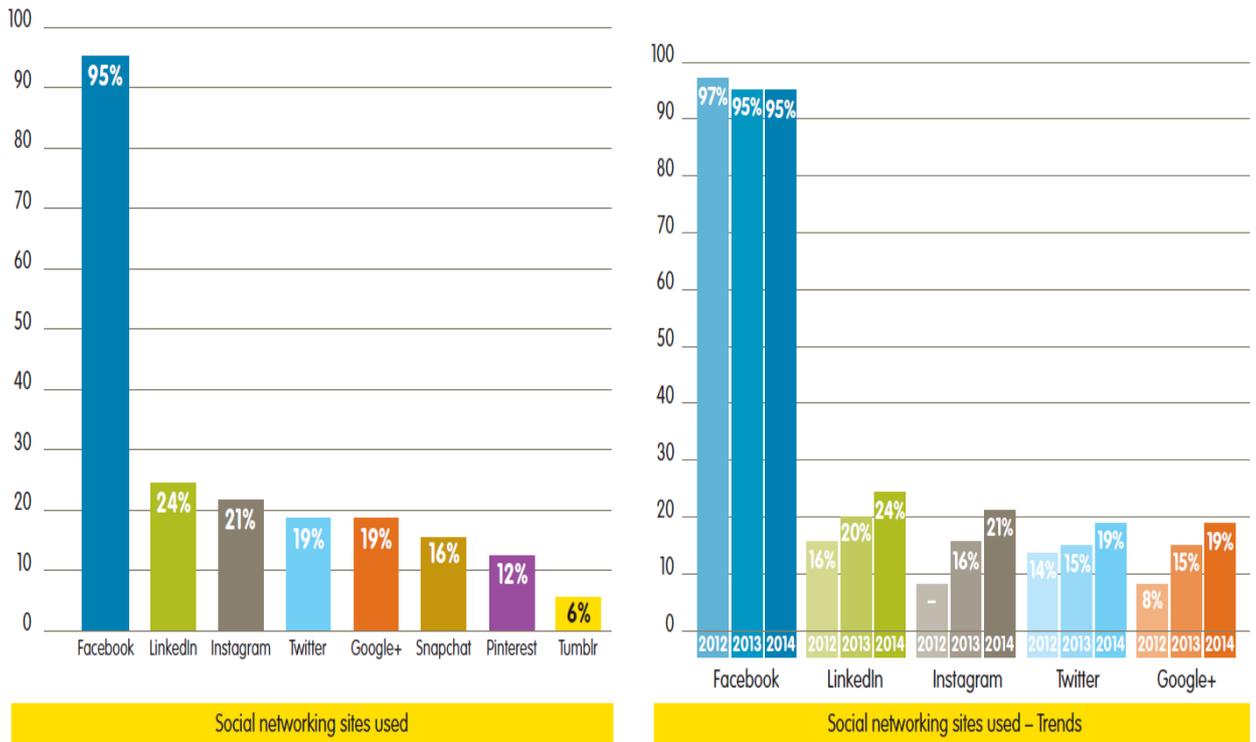


Source: Research Survey (2014).

### **5.2.9 SM Websites**

Figure 5.11 presents the findings of an SM report prepared by Yellow Pages Australia in 2014, demonstrating the percentage of Australians who used social networking in 2014, and compares the trends of social networking sites used in the years 2012, 2013 and 2014. The report indicates Facebook was used by 95% of SM users and is the dominant social networking website over the past three years. The next most popular SM platform is LinkedIn used by 24% of SM users with a 4% increase from last year. The highest use was among full-time employees and higher income earners. LinkedIn, Twitter and Google+ show higher use among males. More visual websites such as Instagram, Tumblr and Snapchat record a strong use by younger age groups, with the use decreasing drastically among those over the age of 30. Google+ and Twitter were used by 19% of SM users with a 4% increase compared to the previous year. Females, heavily lead Pinterest at 12% of social networking users. In the next sections, each SM website used by Australians in 2014 is discussed and compared with the current study outcome.

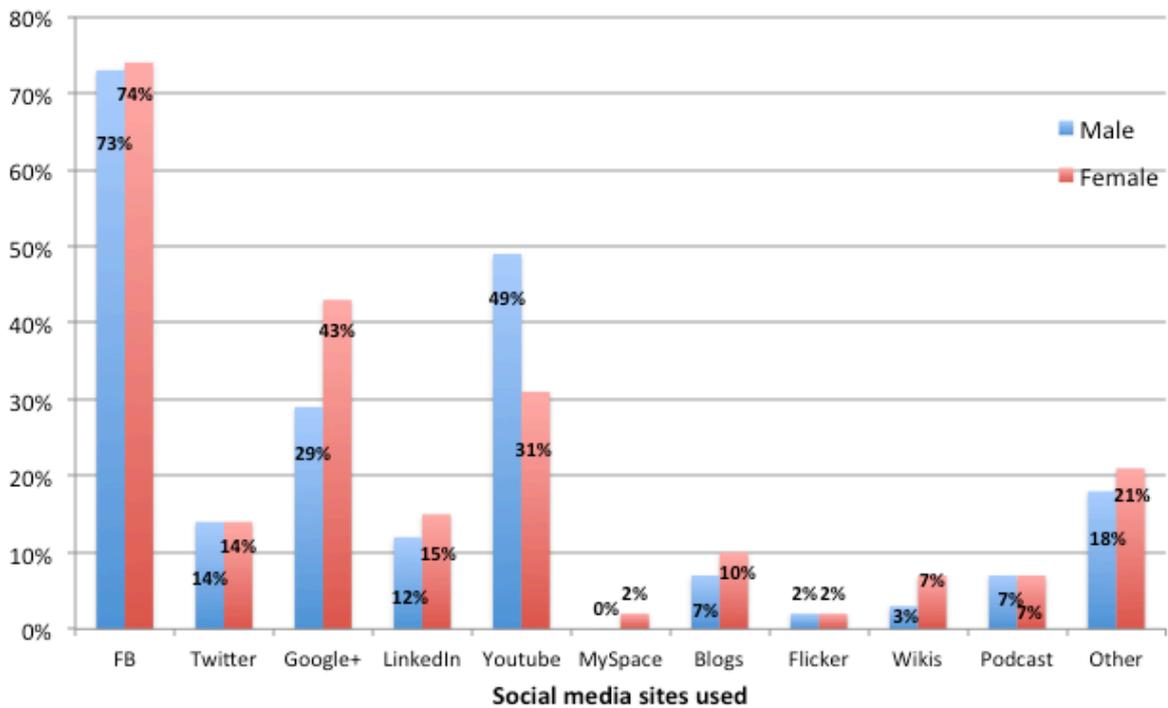
**Figure 5.12 Yellow Pages SM Report (2014)**



Source: Yellow Pages (2014).

Figure 5.12 demonstrates SM site use per day by gender. Similarly to Figure 5.11, Facebook is the most used website for both genders. The second most popular site among males is YouTube followed by Google+, other, Twitter and LinkedIn. Different preferences are shown for females including Google+ as the most popular site followed by YouTube, Other, LinkedIn and Twitter. In general, except for Facebook that is identified as the most popular website among the research contributors and the Yellow Pages survey participants, there is no common trend shown.

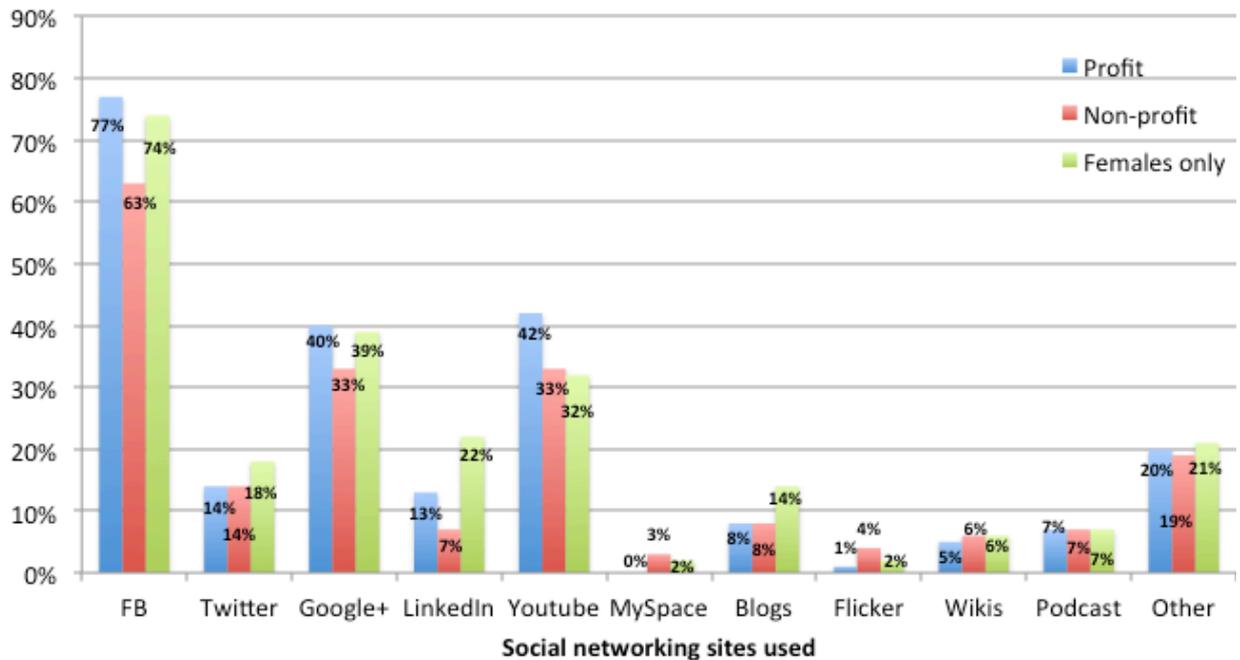
**Figure 5.13 SM Websites Use Per Day by Gender (2014)**



Source: Research Survey (2014).

Figure 5.13 shows SM website use per day by club type. Looking at the results of the Yellow Pages report (Figure 5.11) and this figure, it is obvious that Facebook is the leading site in both figures. However, the trend in the rest of the figures shows some differences. Participants of the current research express a very similar interest in YouTube and Google+ whereas LinkedIn and Instagram were identified as the next most popular sites among the participants of the Yellow Pages survey.

**Figure 5.14 SM Websites Use Per Day by Club Type (2014)**



Source: Research Survey (2014).

Table 5.4 demonstrates SM use per day among the research participants. To simplify the graph, use of SM is divided into three groups. The most used SM websites based on the time spent on the site amongst the club users are Facebook, Google+, YouTube, LinkedIn and Twitter respectively. Apart from Facebook which is chosen by both Australians (Yellow Pages 2014) and club members (research survey 2014) to be the number one SM site, the result of the current research is in contrast to the outcome of the Yellow Pages report on SM in 2014, that states LinkedIn, Instagram, Twitter and Google+ respectively are the most popular social networking websites after Facebook. Consequently, the sample results suggest that the use of SM sites is slightly different in H/F clubs to the overall general public use. However, this is based only on the inclusion of Instagram, which is for general media use.

As illustrated in Table 5.4, Facebook remains the leader, as the most used site amongst all social networking sites, being used by 95% of SM members, and this remained unchanged in 2014 (Yellow Pages 2014; Adler 2013; Popkin 2012; Fox 2012). Although Facebook was the most common SM website across all age groups, the highest usage rates were among those aged 50 and over, with those groups less inclined to use some of the newer platforms.

**Table 5.4 Use of SM Websites by Club Users**

		Social Media Usage Per Day (hours)			
		0-3.3	3.3-6.6	6.6-10	
Number of Participants	Heavy Users	Facebook	479	32	8
		Google+	507	7	5
		YouTube	502	13	4
	Moderate Users	Other	512	6	1
		Twitter	516	3	0
		Wikis	516	2	1
		LinkedIn	517	1	1
		Blogs	517	1	1
	Light Users	Podcast	518	1	0
		Flicker	518	1	0
		MySpace	519	0	0

Source: Research Survey (2014).

### 5.2.10 SM Websites Use

Tables 5.5 and 5.6 display the use of different SM websites by gender and club type. According to Table 5.5, there is very little difference in hourly use between males and females. More than 93% of men claimed that they used the selected websites between 0-3.3 hours per day, whereas this figure is slightly lower for females (around 92%). In general, females seem to be slightly heavier users of SM sites compared to males. Similarly, Table 5.6 shows a high percentage

of members use SM platforms between 0-3.3 hours with non-profit clubs showing slightly higher interest in using Facebook for longer hours. Female only club members have slightly less tendency to use SM for longer hours, while non-profit club members have a tendency to be lower users of Facebook.

**Table 5.5 Use of SM Websites by Gender**

	SM Users (%)	Male			Female		
		Hours Per Day					
		0-3.3	3.3-6.6	6.6-10	0-3.3	3.3-6.6	6.6-10
Facebook		93.3	5	1.7	91.7	6.8	1.5
Google+		98.3	1.1	0.6	97.3	1.5	1.2
Twitter		98.9	1.1	0	99.7	0.3	0
YouTube		96.7	2.2	1.1	96.8	2.7	0.6
LinkedIn		98.9	0.6	0.6	98.9	0.6	0.6
Wikis		99.4	0.6	0	99.4	0.3	0.3
Other		98.9	1.1	0	98.5	1.2	0.3
Blogs		100	0	0	99.7	0.3	0

Source: Research Survey (2014).

**Table 5.6 Use of SM Websites by Club Type**

	SM Users (%)	Profit			Non-profit			Females Only		
		Hours Per Day								
		0-3.3	3.3-6.6	6.6-10	0-3.3	3.3-6.6	6.6-10	0-3.3	3.3-6.6	6.6-10
Facebook		93.2	5.4	1.4	88.3	8.3	3.3	94.2	5.8	0
Google+		96.8	1.8	1.4	99.2	0.8	0	98.3	1.7	0
Twitter		99.3	0.7	0	100	0	0	99.2	0.8	0
YouTube		97.1	2.2	0.7	95.8	2.5	1.7	96.7	3.3	0
LinkedIn		99.3	0.4	0.4	100	0	0	100	0	0
Wikis		98.2	0.7	0.4	100	0	0	100	0	0
Other		99.2	0.8	0	0	0	0	100	0	0
Blogs		100	0	0	100	0	0	99.2	0.8	0

Source: Research Survey (2014).

## 5.3 Section 2 – Likert Scale

In this section, the means of the main constructs of the study including CPV, satisfaction, loyalty and SM are compared, based on the following categories:

- Gender
- Club type
- Age groups
- Income level
- Education level

For each construct, the relevant mean, standard deviation and skewness measure were calculated. The Z value provides a Z test on the difference between the means. The level of skew is somewhat subjective. The SPSS measure used here is said to be acceptable by the SPSS manual to range between -2 to +2 with perfect normality at zero. However, other statisticians argue the range should be lower at -1.5 to +1.5 (Tabachnick & Fidell 2013).

Sample size also needs to be considered, and the question of a large versus small sample is important. Again the question of sample size is not definitive although in the comparison between a Z and t test a sample is large above 60. For univariate testing a sample above 100 or 150 is large. Here the sample at over 500 is definitely defined as large. The large sample size effectively rules out using a normality test such as the Kolmogorov-Smirnov Test, because the significance test is unreliable for large samples. Here the combination of a large sample size and moderate skewness allows for the use of the Z test, and an assumption of normality.

In each case the individual question means are compared against the overall mean answer for each construct. For instance, although it would be possible in the case of gender to compare the means for each question directly, rather than

against the overall mean, this could not be done for other demographics where there are more than two groups. Consequently, to maintain comparative consistency in the analysis all comparisons are made in the following tables to the overall mean. The consequence of this approach is that no comparison is directly made between males and females, and this is done under the consideration that there is no advantage in doing the comparison directly as opposed to indirectly.

### **5.3.1 Gender**

The survey asked 18 questions concerning satisfaction in regard to club services. Each question is listed in Table 5.7, with the relevant mean, standard deviation and skewness measure. The table indicates that in the case of males the highest mean score is 5.02 'enough equipment to cater for all clients'. In the case of females the highest mean is somewhat higher at 5.39 for 'trusting staff', although adequate equipment levels also rated highly. The lowest means are the same for both genders of 'losing friends'. For males there is an indication that sympathy and reassurance by staff, accurate data records, and ease of making a complaint are issues with significantly higher satisfaction than average, whilst staff neatness is significantly lower satisfaction than average. For females acknowledgement and greeting by staff and incentive offers are significantly above average for satisfaction. As such there is a significant difference between males and females in regard to issues influencing satisfaction. Most measures are moderately skewed from normal with one variable "Lose friends" highly skewed for females in Table 5.7 below.

**Table 5.7 Satisfaction Level by Gender**

	Male				Female			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Staff Advice	3.77	1.47	-0.23	-9.97**	4.36	1.29	-0.72	-7.57**
Follow up on Queries	4.63	1.45	-1.11	3.38**	5.09	1.11	-1.52	5.32**
On Time	4.59	1.34	-1.13	2.76**	5.09	1.01	-1.23	5.32**
Equipment	5.02	1.19	-1.36	9.43**	5.28	1.04	-1.89	8.67**
Accurate Data	4.47	1.41	-0.82	0.90	4.97	1.11	-1.22	3.20**
Comments	4.54	1.24	-0.83	1.98*	5.01	1.02	-1.06	3.90**
Product Use	4.59	1.28	-1.10	2.76**	5.07	1.15	-1.60	4.96**
Up2date Equipment	4.89	1.18	-1.39	7.41**	5.10	0.97	-1.39	5.49**
Up2dtae Activities	4.67	1.25	-1.08	4.00**	5.23	0.89	-1.46	7.79**
Neat Staff	4.36	1.43	-0.85	-0.81	4.53	1.14	-0.78	-4.57**
Advertisement	4.12	1.33	-0.62	-4.53**	4.56	1.10	-0.78	-4.04**
Patient Staff	4.66	1.24	-1.05	3.85**	5.14	0.94	-1.33	6.20**
Acknowledgement	4.49	1.26	-0.68	1.21	4.78	1.12	-0.84	-0.16
Ease of Complaint	4.41	1.17	-0.70	-0.03	4.87	1.01	-1.08	1.43
Solve Queries Promptly	4.63	1.28	-1.05	3.38**	5.02	0.95	-1.17	4.08**
New Friends	3.82	1.45	-0.25	-9.19**	3.90	1.59	-0.31	-15.70**
Termination Details	4.50	1.40	-0.88	1.36	4.75	1.20	-0.99	-0.69
Lose Friends	3.26	1.59	0.15	-17.88**	3.45	3.76	13.71	-23.64**
<b>Overall Mean</b>	<b>4.41</b>	<b>1.33</b>	<b>-0.83</b>		<b>4.79</b>	<b>1.24</b>	<b>-0.31</b>	
n	180				339			

Source: Research Survey (2014).

Most Z test results are significant which indicates that most responses are different to the overall response of 4.14 for males and 4.79 for females, or different to being 'somewhat important'. As shown below in Table 5.8, there are five results for males and three for females that are insignificantly different, that is 'somewhat important'.

**Table 5.8 Satisfaction Level by Gender**

	<b>Males</b>	<b>Females</b>
<b>Somewhat Important</b>	Maintaining accurate data	
	Neat staff	
	Staff acknowledge me	Staff acknowledge me
	Ease of complaint	Ease of complaint
	Contract termination details	Contract termination details
<b>Least Important</b>	Staff advise on activities	Staff advise on activities
	Advertise new programs	Advertise new programs
	Make new friends	Make new friends
	Lose friends on leaving	Lose friends on leaving
		Neat staff
		Comments
<b>Most Important</b>	Follow up on queries	Follow up on queries
	Activities are on time	Activities are on time
	Enough equipment	Enough equipment
	Competent demo of products	Competent demo of products
	Up-to-date equipment	Up-to-date equipment
	Up-to-date activities	Up-to-date activities
	Patient staff	Patient staff
	Solve queries promptly	Solve queries promptly

Source: Research Survey (2014).

The result suggests that SM communication should focus on the important issues above for both males and females.

There are 18 questions concerning CPV (refer Table 5.9). For males the highest mean indicating the most important issue is the convenience of opening times with a mean of 5.06, compared to the overall average of 4.33. The lowest mean of 3.58 is for attending the club for social or work status. The most significantly important issue is to have different services and activities compared to other clubs.

For females the most important issue recording the highest mean is that the service offered is good value for money with a mean of 5.27 compared to an overall average of 4.63. The least important issue is the same as males attending the club for social or work status (3.44).

**Table 5.9 CPV Level by Gender**

	Male				Female			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Socialize	3.71	1.60	-0.12	-9.19**	3.79	1.52	-0.18	-12.62**
Feel Happy	4.72	1.16	-0.90	5.21**	5.01	1.14	-1.36	5.72**
Treat Equally	4.90	1.04	-1.18	7.78**	5.21	0.99	-1.49	8.73**
PT Sessions	3.71	1.65	-0.21	-9.19**	3.86	1.58	-0.31	-11.57**
Group Class	3.83	1.60	-0.39	-7.48**	4.83	1.22	-1.18	3.01**
Distance	4.71	1.25	-1.13	5.07**	5.00	1.12	-1.41	5.57**
Feel Safe	4.94	1.20	-1.45	8.35**	5.35	0.94	-1.98	10.83**
Good Value	4.92	1.05	-1.11	8.06**	5.27	0.94	-1.54	9.63**
Attractiveness	4.52	1.29	-0.83	2.36**	4.66	1.15	-0.88	0.46
Flexibility	4.55	1.26	-0.81	2.79**	5.03	1.08	-1.42	6.02**
Comparison	4.40	1.28	-0.57	0.65	4.68	1.19	-0.93	0.76
Popularity	3.75	1.50	-0.14	-8.62**	3.83	1.44	-0.26	-12.02**
Opening Times	5.06	1.02	-1.33	10.06**	5.19	1.02	-1.71	8.43**
Overly Defence	4.02	1.42	-0.43	-4.77**	4.06	1.33	-0.39	-8.56**
Close Relationships	3.92	1.36	-0.48	-6.19**	3.97	1.44	-0.31	-9.92**
Accomplishment	4.77	1.18	-1.19	5.92**	5.09	0.98	-1.27	6.92**
Staff Suggestions	4.24	1.35	-0.84	-1.63	4.72	1.13	-1.10	1.36
Self-respect	4.72	1.25	-1.30	5.21**	5.04	1.08	-1.42	6.17**
Status	3.58	1.59	-0.16	-11.04**	3.44	1.62	0.00	-17.89**
Encouragement	4.12	1.61	-0.59	-3.34**	4.56	1.46	-1.06	-1.05
<b>Overall Mean</b>	<b>4.35</b>	<b>1.33</b>	<b>-0.76</b>		<b>4.63</b>	<b>1.22</b>	<b>-1.01</b>	
n	180				339			

Source: Research Survey (2014).

There are two results for males and four for females that are insignificantly different from the overall mean, which is shown below in Table 5.10 as ‘somewhat important’.

**Table 5.10 CPV Level by Gender**

	<b>Males</b>	<b>Females</b>
<b>Somewhat Important</b>	Comparison between clubs	Comparison between clubs
	Staff suggestions	Staff suggestions
		Encouragement by trainers
		Club attractiveness
<b>Least Important</b>	Social/work status	Social/work status
	Socialize	Socialize
	PT sessions	PT sessions
	Popularity of the club	Popularity of the club
	Close relationship with staff	Close relationship with staff
	Overly defensive	Overly defensive
	Encouragement by trainers	
	Group classes	
<b>Most Important</b>	Feel happy	Feel happy
	Be treated equally	Be treated equally
	Distance to the club	Distance to the club
	Feel safe	Feel safe
	Good value	Good value
	Flexibility	Flexibility
	Opening times	Opening times
	Accomplishment	Accomplishment
	Self-respect	Self-respect
	Club attractiveness	
		Group Class

Source: Research Survey (2014).

For the questions regarding loyalty referred to in Table 5.11 the overall mean for males is 4.36 and for females is 4.60. For both males and females the highest mean concerns trusting staff, and the lowest mean is for making new friends. However, for males there are a relatively large number of insignificant results whereas for females most issues are statistically different from the overall mean. While the most important issue picked by male members is the opening hours of the club, the females are most concerned about the value of services they receive compared to the membership fee. Assuming that men might be the main source of income earning in households, being concerned about the opening times of the clubs seems logical as some of them may not be able to attend a gym in certain hours.

Interestingly, attending the gym for the sake of obtaining personal or social status is the least important factor for both genders in this survey. This could indicate that people are more likely to look for their personal convenience and preferences while searching for a gym rather than joining a branded popular gym. As Reisinger and Turner (2000) mentioned measuring intangible items is much more difficult than tangible ones, so that investing heavily in increasing the brand equity of a gym in order to enhance customer loyalty might not be a good idea. Instead, gyms should acknowledge individuals needs and try to customise their services to best suit them.

**Table 5.11 Loyalty Level by Gender**

	Male				Female			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Sympathy	4.44	1.40	-1.01	1.35	5.00	1.03	-1.19	8.76**
Belonging	4.26	1.36	-0.50	-1.58	4.63	1.22	-0.76	0.60
First Choice	3.74	1.54	-0.17	-10.05**	3.99	1.49	-0.40	-13.51**
Personal Friend	4.07	1.35	-0.38	-4.68**	4.12	1.35	-0.39	-10.65**
Incentives	4.73	1.35	-1.10	6.07**	4.78	1.27	-1.24	3.91**
Another Club	4.15	1.42	-0.49	-3.38**	3.85	1.48	-0.33	-16.60**
Good Things	4.37	1.29	-0.80	0.21	4.77	1.06	-0.85	3.69**
Recommendation	4.40	1.36	-0.96	0.70	4.77	1.05	-0.88	3.69**
Renew Contract	4.42	1.29	-0.94	1.02	4.78	1.17	-0.98	3.91**
Trust Staff	4.89	1.27	-1.34	8.68**	5.39	0.86	-2.05	17.36**
Effort Time lost	4.46	1.29	-0.74	1.67	4.55	1.33	-0.86	-1.16
<b>Overall Mean</b>	<b>4.36</b>	<b>1.36</b>	<b>-0.77</b>		<b>4.60</b>	<b>1.21</b>	<b>-0.90</b>	
n	180				339			

Source: Research Survey (2014).

There are six results for males and two for females that are insignificantly different from the overall mean, which is defined as ‘somewhat important’ (Table 5.12).

**Table 5.12 Loyalty Level by Gender**

	<b>Males</b>	<b>Females</b>
<b>Somewhat Important</b>	Sympathy for issues	
	A sense of belonging	A sense of belonging
	Say good things about the club	
	Recommend the club	
	Renew contract	
	Effort and time lost in terminating	Effort and time lost in terminating
<b>Least Important</b>	First Choice franchise	First Choice franchise
	Being treated as a personal friend	Being treated as a personal friend
	Change to another club	Change to another club
<b>Most Important</b>	Incentive offers	Incentive offers
	Trust staff	Trust staff
		Sympathy for issues
		Say good things about the club
		Recommend the club
		Renew contract

Source: Research Survey (2014).

Loyalty issues are more wide ranging for females than males. Although all issues have some importance females recommend and offer good WOM advertising, want sympathy and reassurance, incentives and to trust staff. Males also want trust and incentives but are less concerned with loyalty issues overall. The suggestion is that using SM to increase loyalty levels will be more difficult with males than females.

There are 23 questions on the importance of SM. The mean responses on SM are low compared with the previous items of satisfaction and perceived value, with an overall male mean of 3.32, and female mean of 3.17. For males the highest mean is that staff will answer emails quickly and the lowest mean is for writing a blog about the club. For females the highest mean response is to be able to check the program timetable online, whilst the least important response is the

same as males to write a blog about the club.

**Table 5.13 SM by Gender**

	Male				Female			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
In Touch with Friends	3.98	1.65	-0.54	9.07**	4.27	1.52	-0.69	16.57**
New People on SM	3.12	1.57	0.05	-2.83**	2.60	1.46	0.64	-8.53**
SM discussions	3.05	1.56	0.20	-3.80**	2.60	1.45	0.61	-8.53**
Business Contacts SM	3.53	1.67	-0.18	2.85**	3.14	1.60	0.12	-0.41
Track Fitness Goals	2.93	1.57	0.22	-5.46**	2.68	1.52	0.53	-7.32**
Track Friends	2.92	1.58	0.34	-5.60**	2.42	1.47	0.85	-11.23**
Different Profiles	2.71	1.52	0.42	-8.50**	2.43	1.48	0.78	-11.08**
Exchange Information	3.27	1.59	0.07	-0.75	2.87	1.56	0.30	-4.47**
Latest Articles	3.42	1.55	-0.08	1.32	3.40	1.61	-0.08	3.50**
Share P/V/M	2.96	1.52	0.23	-5.04**	2.79	1.58	0.43	-5.67**
SM Updates	3.21	1.57	0.02	-1.58	3.24	1.59	0.00	1.09
Create Groups	2.91	1.53	0.29	-5.73**	2.78	1.52	0.46	-5.82**
Celebrities' Comments	2.89	1.62	0.32	-6.01**	2.47	1.49	0.67	-10.48**
Strangers' Comments	3.08	1.64	0.15	-3.38**	2.60	1.50	0.53	-8.53**
Write a Blog	2.54	1.57	0.74	-10.86**	2.12	1.34	1.14	-15.74**
Free WIFI	3.89	1.78	-0.38	7.83**	3.47	1.76	0.05	4.55**
Check Club Website	3.53	1.58	-0.20	2.85**	3.68	1.53	-0.29	7.70**
In Touch with Trainers	2.96	1.64	0.40	-5.04**	2.89	1.56	0.35	-4.17**
Timetable Online	4.11	1.64	-0.58	10.87**	4.42	1.57	-0.95	18.82**
Email the Club	3.79	1.67	-0.38	6.44**	4.04	1.60	-0.65	13.11**
Staff Email Quickly	4.18	1.64	-0.73	11.84**	4.30	1.60	-0.91	17.02**
Unique Customer	3.51	1.62	-0.10	2.57**	3.43	1.59	-0.08	3.95**
Easy Navigation	3.97	1.61	-0.59	8.94**	4.21	1.65	-0.79	15.67**
<b>Overall Mean</b>	<b>3.32</b>	<b>1.60</b>	<b>-0.01</b>		<b>3.17</b>	<b>1.55</b>	<b>0.13</b>	
n	180				339			

Source: Research Survey (2014).

There are three results for males and two for females that are insignificantly different from the overall mean, which is defined as 'somewhat important' in Table 5.14.

**Table 5.14 SM by Gender**

	<b>Males</b>	<b>Females</b>
<b>Somewhat Important</b>	Exchange information	
	Latest articles	
	SM updates	SM updates
		Business contacts through SM
<b>Least Important</b>	New People on SM	New People on SM
	SM discussions	SM discussions
	Track Fitness Goals	Track Fitness Goals
	Track Friends	Track Friends
	Different Profiles	Different Profiles
	Share P/V/M	Share P/V/M
	Create Groups	Create Groups
	Celebrities' Comments	Celebrities' Comments
	Strangers' Comments	Strangers' Comments
	Write a Blog	Write a Blog
	In Touch with Trainers	In Touch with Trainers
		Exchange Information
<b>Most Important</b>	Staff respond to emails quickly	Staff respond to emails quickly
	Access timetable online	Access timetable online
	Stay in touch	Stay in touch
	Free WIFI	Free WIFI
	Check Club Website	Check Club Website
	Email the Club	Email the Club
	Unique Customer	Unique Customer
	Easy navigation	Easy navigation
	Business Contacts SM	
		Latest Articles

Source: Research Survey (2014).

Overall there is very little difference between genders. The female only members have less interest in making business contacts, and more interest in reading up-to-date health and fitness articles.

### **5.3.2 Testing Hypothesis 1**

The descriptive analysis can be used to test for the relationships between demographics and SM. As stated earlier these hypothesis tests are not the main objective of the thesis, because the role of demographics is a separate issue in determining whether SM can be used to enhance loyalty and reduce churn (refer to Figure 3.1). The hypotheses test only the relationship between demographics and SM, not the relationship between demographics and Customer Perceived Value, Satisfaction and Loyalty. As such they provide an introductory background to the main hypothesis testing completed in Chapter Eight.

#### **5.3.2.1 Testing Hypothesis 1a**

**Null Hypothesis 1a: There is no individual statistically significant difference between male and female SM users.**

The results of the tables provided above reveal that Hypothesis 1a is accepted that is there are likely to be no differences between male and female members of the clubs in terms of the use of SM. Minor disagreements exist between the two groups such as the importance of making business contact on SM, reading latest health and fitness related articles and updates and exchanging information on SM.

### **5.3.3 Club Type**

A comparison of the means can be made for each of the sections, satisfaction, CPV, SM and loyalty by the type of club. There are three club types, profit, non-profit and females only. Given the larger number of categories a summary of the means is needed. Table 5.15 shows that in the case of profit and female only clubs the highest mean score is “enough equipment to cater for all clients”. In the case of non-profit clubs the highest mean is somewhat lower for up to date activities, although “enough equipment to cater for all clients” rated second highest. The lowest means are the same “losing friends” for all the clubs.

**Table 5.15 Satisfaction Level by Club Type**

	Profit				Non-profit				Females only			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Staff Advice	3.95	1.37	-0.39	-11.33**	4.31	1.51	-0.75	-3.28**	4.48	1.18	-0.72	-7.19**
Follow up on Queries	4.90	1.28	-1.23	4.43**	4.63	1.41	-1.22	1.55	5.31	0.91	-2.17	8.82**
On Time	4.91	1.17	-1.22	4.60**	4.72	1.27	-1.32	2.91**	5.13	0.98	-1.31	5.35**
Equipment	5.21	1.07	-1.55	9.58**	4.85	1.33	-1.30	4.87**	5.48	0.76	-2.26	12.10**
Accurate Data	4.78	1.26	-1.06	2.44**	4.56	1.40	-0.94	0.49	5.07	0.99	-1.21	4.19**
Comments	4.81	1.19	-1.00	2.94**	4.65	1.14	-0.75	1.85	5.13	0.89	-1.22	5.35**
Product Use	4.82	1.22	-1.20	3.11**	4.68	1.30	-1.29	2.30*	5.32	1.02	-2.17	9.01**
Up2date Equipment	5.05	1.03	-1.36	6.92**	4.80	1.27	-1.23	4.11**	5.20	0.78	-1.43	6.70**
Up2dtae Activities	4.99	1.08	-1.29	5.93**	4.86	1.19	-1.21	5.02**	5.31	0.81	-1.99	8.82**
Neat Staff	4.46	1.32	-0.81	-2.87**	4.44	1.23	-0.96	-1.32	4.55	1.08	-0.87	-5.84**
Advertisement	4.38	1.21	-0.70	-4.19**	4.33	1.30	-0.83	-2.97**	4.57	1.06	-0.83	-5.45**
Patient Staff	4.95	1.06	-1.22	5.26**	4.74	1.25	-1.14	3.21**	5.27	0.86	-1.44	8.05**
Acknowledgement	4.70	1.18	-0.82	1.12	4.53	1.23	-0.76	0.04	4.79	1.13	-0.75	-1.21
Ease of Complaint	4.72	1.11	-0.91	1.45	4.45	1.15	-0.78	-1.16	4.95	0.92	-1.17	1.88
Solve Queries Promptly	4.90	1.10	-1.19	4.43**	4.63	1.22	-1.12	1.55	5.13	0.87	-1.20	5.35**
New Friends	3.72	1.55	-0.21	-15.15**	4.32	1.43	-0.61	-3.12**	3.78	1.56	-0.16	-20.69**
Termination Details	4.73	1.25	-0.96	1.61	4.31	1.48	-0.77	-3.28**	4.86	1.05	-0.96	0.14
Lose Friends	3.41	4.06	13.28	-20.29**	3.68	1.69	-0.25	-12.77**	3.02	1.56	0.46	-35.35**
<b>Overall Mean</b>	<b>4.63</b>	<b>1.36</b>	<b>-0.21</b>		<b>4.53</b>	<b>1.32</b>	<b>-0.96</b>		<b>4.85</b>	<b>1.02</b>	<b>-1.19</b>	
n	279				120				120			

Source: Research Survey (2014).

There are three results for profit, nine for non-profit and three for female only clubs that are insignificantly different from the overall mean, which is defined as 'somewhat important' (refer to Table 5.16).

**Table 5.16 Satisfaction Level by Club Type**

	<b>Profit</b>	<b>Non-profit</b>	<b>Females Only</b>
<b>Somewhat Important</b>	Staff acknowledge me	Staff acknowledge me	Staff acknowledge me
	Ease of compliant	Ease of compliant	Ease of compliant
	Termination details		Termination details
		Maintaining accurate data	
		Solve queries promptly	
		Comments	
		Neat staff	
		Advertise new programs	
<b>Least Important</b>	Lose friends	Lose friends	Lose friends
	Make new friends	Make new friends	Make new friends
	Staff advice	Staff advice	Staff advice
	Advertise new programs	Advertisement	Advertise new programs
		Termination details	
			Neat Staff
<b>Most Important</b>	On Time	On Time	On Time
	Enough equipment	Enough equipment	Enough equipment
	Product Use	Product Use	Product Use
	Up2date Equipment	Up2date Equipment	Up2date Equipment
	Up2dtae Activities	Up2dtae Activities	Up2dtae Activities
	Patient Staff	Patient Staff	Patient Staff
	Solve queries promptly		Solve queries promptly
	Maintaining accurate data		Maintaining accurate data
	Comments		Comments
	Follow up on queries		Follow up on queries

Source: Research Survey (2014).

There are some differences between the club types including less interest in the non-profit clubs, with a wider range of items such as accurate data, comments and suggestions, neat staff and advertising programs. For the less important items there is greater similarity between the clubs. The important differences again tend to be with the non-profit clubs, not finding important, answering queries and providing suggestions.

**Table 5.17 Loyalty Level by Club Type**

	Profit				Non-profit				Females only			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Sympathy	4.78	1.21	-1.21	5.96**	4.48	1.32	-1.00	2.05*	5.20	0.94	-1.46	9.65**
Belonging	4.45	1.29	-0.51	-0.27	4.37	1.38	-0.70	0.16	4.77	1.12	-0.98	-0.77
First Choice	3.61	1.52	-0.11	-16.16**	3.95	1.53	-0.36	-7.08**	4.55	1.26	-0.73	-6.10**
Personal Friend	4.00	1.35	-0.29	-8.78**	4.15	1.33	-0.48	-3.63**	4.29	1.33	-0.53	-12.40**
Incentives	4.82	1.29	-1.33	6.72**	4.46	1.44	-0.74	1.71	4.94	1.12	-1.32	3.35**
Another Club	4.07	1.41	-0.41	-7.46**	3.98	1.55	-0.35	-6.56**	3.67	1.49	-0.35	-27.43**
Good Things	4.51	1.15	-0.80	0.86	4.33	1.29	-0.79	-0.53	5.20	0.84	-0.83	9.65**
Recommendation	4.56	1.16	-0.93	1.80	4.37	1.33	-0.90	0.16	5.12	0.91	-1.12	7.71**
Renew Contract	4.44	1.22	-0.81	-0.46	4.67	1.36	-1.16	5.33**	5.13	0.93	-0.90	7.95**
Trust Staff	5.20	1.05	-1.72	13.90**	4.98	1.15	-1.48	10.67**	5.50	0.84	-2.90	16.92**
Effort Time lost	4.67	1.23	-0.87	3.88**	4.23	1.41	-0.62	-2.26*	4.45	1.37	-0.82	-8.53**
<b>Overall Mean</b>	<b>4.46</b>	<b>1.26</b>	<b>-0.82</b>		<b>4.36</b>	<b>1.37</b>	<b>-0.78</b>		<b>4.80</b>	<b>1.10</b>	<b>-1.09</b>	
n	279				120				120			

Source: Research Survey (2014).

There are five results for profit, four for non-profit and one for female only clubs that are insignificantly different from the overall mean, which is defined as 'somewhat important'.

**Table 5.18 Loyalty Level by Club Type**

	<b>Profit</b>	<b>Non-profit</b>	<b>Females Only</b>
<b>Somewhat Important</b>	A sense of belonging	A sense of belonging	A sense of belonging
	Say good things	Say good things	
	Recommendation	Recommendation	
	Renew contract		
		Incentive offers	
<b>Least Important</b>	First Choice franchise	First Choice franchise	First Choice franchise
	Personal friend	Personal friend	Personal friend
	Change to another club	Change to another club	Change to another club
		Effort and time lost	Effort and time lost
<b>Most Important</b>	Trust staff	Trust staff	Trust staff
	Sympathy	Sympathy	Sympathy
	Incentive offers		Incentive offers
		Renew my contract	Renew my contract
	Effort and time lost		
			Say good things
			Recommendation

Source: Research Survey (2014).

The most outstanding result is that all club types find sympathy from staff and trusting staff as the most important issues. Table 5.19 has fewer insignificant issues for the female only clubs. There is an agreement across clubs that trusting staff and receiving sympathy is very important. There is more loyalty shown in regard to renewing contracts in the non-profit and female only clubs, and the female only clubs are more likely to recommend to others. All club types are not concerned about losing friends if they leave the club. Incentive offers are important in the profit and female only clubs and not significant for the non-profit clubs.

**Table 5.19 CPV Level by Club Type**

	Profit				Non-profit				Females only			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Socialize	3.63	1.57	-0.08	-12.08**	4.34	1.50	-0.56	-3.48**	3.49	1.39	-0.06	-19.32**
Feel Happy	4.80	1.18	-1.05	4.93**	4.91	1.23	-1.28	5.19**	5.17	0.97	-1.27	8.22**
Treat Equally	4.97	1.03	-1.09	7.40**	5.13	1.07	-1.66	8.54**	5.38	0.86	-1.70	11.66**
PT Sessions	3.71	1.62	-0.21	-10.92**	3.91	1.64	-0.37	-10.01**	3.92	1.53	-0.33	-12.27**
Group Class	4.29	1.51	-0.71	-2.49**	4.68	1.42	-1.18	1.70	4.73	1.26	-1.17	1.01
Distance	4.95	1.05	-1.10	7.11**	4.59	1.49	-1.09	0.33	5.10	1.03	-1.46	7.07**
Feel Safe	5.20	1.04	-1.79	10.74**	4.94	1.23	-1.31	5.65**	5.50	0.78	-2.45	13.63**
Good Value	5.15	0.97	-1.21	10.02**	4.99	1.13	-1.28	6.41**	5.31	0.87	-1.75	10.51**
Attractiveness	4.58	1.21	-0.76	1.73	4.68	1.24	-1.06	1.70	4.63	1.16	-0.96	-0.63
Flexibility	4.76	1.22	-0.94	4.35**	5.03	1.07	-1.38	7.02**	4.94	1.10	-1.64	4.45**
Comparison	4.57	1.19	-0.75	1.58	4.64	1.35	-0.92	1.09**	4.55	1.18	-0.78	-1.94
Popularity	3.68	1.42	-0.21	-11.35**	4.09	1.53	-0.29	-7.28**	3.78	1.46	-0.26	-14.56**
Opening Times	5.16	0.98	-1.48	10.16**	4.95	1.17	-1.42	5.80**	5.29	0.93	-1.89	10.19**
Overly Defence	4.06	1.39	-0.42	-5.83**	3.97	1.42	-0.37	-9.10**	4.08	1.25	-0.41	-9.65**
Close Relationships	3.79	1.45	-0.24	-9.76**	4.19	1.29	-0.65	-5.76**	4.10	1.39	-0.33	-9.32**
Accomplishment	4.93	1.04	-1.04	6.82**	4.77	1.21	-1.17	3.06**	5.30	0.90	-2.09	10.35**
Staff Suggestions	4.44	1.24	-0.88	-0.31	4.46	1.32	-1.12	-1.65	4.93	1.06	-1.29	4.29**
Self-respect	4.84	1.16	-1.32	5.51**	4.76	1.23	-1.21	2.91**	5.30	0.93	-1.91	10.35**
Status	3.41	1.58	0.01	-15.28**	3.98	1.53	-0.47	-8.95**	3.18	1.65	0.20	-24.40**
Encouragement	4.30	1.57	-0.73	-2.34**	4.36	1.59	-1.01	-3.17**	4.69	1.32	-1.08	0.35
<b>Overall Mean</b>	<b>4.46</b>	<b>1.27</b>	<b>-0.80</b>		<b>4.57</b>	<b>1.33</b>	<b>-0.99</b>		<b>4.67</b>	<b>1.15</b>	<b>-1.13</b>	
n	279				120				120			

Source: Research Survey (2014).

Table 5.20 shows that there are three results for profit, four non-profit and three for female only clubs that are insignificantly different from the overall mean, which is defined as somewhat important to important.

**Table 5.20 CPV Level by Club Type**

	<b>Profit</b>	<b>Non-profit</b>	<b>Females Only</b>
<b>Somewhat Important</b>	Club attractiveness	Club attractiveness	Club attractiveness
	Comparison		Comparison
	Staff suggestions	Staff suggestions	
		Group classes	Group classes
		Distance to the club	
			Encouragement by trainers
<b>Least Important</b>	Social/work status	Social/work status	Social/work status
	Socialize	Socialize	Socialize
	Popularity of the club	Popularity of the club	Popularity of the club
	PT sessions	PT sessions	PT sessions
	Overly defensive	Overly defensive	Overly defensive
	Close relationships	Close relationships	Close relationships
	Encouragement by trainers	Encouragement by trainers	
	Group classes		
<b>Most Important</b>	Feel safe	Feel safe	Feel safe
	Good value	Good value	Good value
	Opening times	Opening times	Opening times
	Being treated equally	Being treated equally	Being treated equally
	Flexibility	Flexibility	Flexibility
	Feel happy	Feel happy	Feel happy
	Accomplishment	Accomplishment	Accomplishment
	Self-respect	Self-respect	Self-respect
	Distance to the club		Distance to the club
			Staff Suggestions

Source: Research Survey (2014).

There is a great degree of similarity between the club types in regard to perceived value. Non-profit clubs don't consider distance important while female only clubs are concerned about staff being interested in their comments and suggestions. The mean responses on SM are low compared with the previous items of satisfaction and perceived value with an overall profit clubs mean of 3.26, non-profit clubs 3.11 and female only club mean of 3.24.

**Table 5.21 SM Level by Club Type**

	Profit				Non-profit				Females only			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
In Touch with Friends	4.10	1.60	-0.58	11.92**	4.23	1.62	-0.65	15.68**	4.28	1.43	-0.79	16.59**
New People on SM	2.74	1.49	0.42	-7.45**	3.14	1.59	0.08	0.37	2.51	1.46	0.81	-11.55**
SM discussions	2.81	1.48	0.42	-6.45**	2.93	1.63	0.31	-2.58**	2.48	1.41	0.72	-12.03**
Business Contacts SM	3.39	1.63	-0.04	1.81	3.23	1.74	0.01	1.64	3.07	1.52	0.18	-2.65**
Track Fitness Goals	2.83	1.52	0.32	-6.17**	2.78	1.68	0.53	-4.68**	2.63	1.46	0.50	-9.64**
Track Friends	2.60	1.50	0.56	-9.45**	2.78	1.70	0.59	-4.68**	2.38	1.36	0.88	-13.62**
Different Profiles	2.55	1.49	0.64	-10.16**	2.64	1.54	0.54	-6.65**	2.38	1.50	0.81	-13.62**
Exchange Information	3.01	1.58	0.23	-3.61**	3.16	1.60	0.15	0.65	2.84	1.55	0.24	-6.30**
Latest Articles	3.35	1.59	0.01	1.24	3.39	1.63	-0.07	3.88**	3.54	1.54	-0.32	4.82**
Share P/V/M	2.89	1.55	0.33	-5.31**	2.86	1.58	0.32	-3.56**	2.74	1.55	0.47	-7.89**
SM Updates	3.20	1.58	0.05	-0.90	3.08	1.63	0.23	-0.47	3.44	1.52	-0.32	3.23**
Create Groups	2.80	1.49	0.42	-6.60**	2.88	1.58	0.31	-3.28**	2.82	1.55	0.44	-6.62**
Celebrities Comments	2.64	1.57	0.55	-8.88**	2.74	1.59	0.45	-5.25**	2.43	1.44	0.62	-12.82**
Strangers' Comments	2.86	1.58	0.38	-5.74**	2.76	1.59	0.39	-4.96**	2.57	1.49	0.44	-10.60**
Write a Blog	2.34	1.47	0.87	-13.15**	2.33	1.56	1.09	-11.00**	2.02	1.18	0.99	-19.34**
Free WIFI	3.83	1.73	-0.22	8.08**	3.32	1.95	0.05	2.90**	3.42	1.66	0.14	2.92**
Check Club Website	3.66	1.50	-0.21	5.66**	3.22	1.70	0.05	1.50	3.97	1.40	-0.63	11.66**
In Touch with Trainers	2.99	1.56	0.30	-3.89**	2.61	1.55	0.69	-7.07**	3.06	1.65	0.25	-2.81**
Timetable Online	4.36	1.56	-0.81	15.63**	3.82	1.84	-0.39	9.92**	4.67	1.30	-1.22	22.79**
Email the Club	4.00	1.62	-0.57	10.50**	3.40	1.71	-0.18	4.02**	4.42	1.39	-0.86	18.81**
In Touch with Friends	4.41	1.56	-0.97	16.34**	3.62	1.79	-0.37	7.11**	4.54	1.38	-1.01	20.72**
New People on SM	3.52	1.58	-0.15	3.66**	3.12	1.67	0.20	0.09	3.63	1.56	-0.20	6.26**
SM Discussions	4.17	1.60	-0.70	12.92**	3.57	1.81	-0.27	6.41**	4.60	1.36	-1.23	21.68**
<b>Overall Mean</b>	<b>3.26</b>	<b>1.56</b>	<b>0.06</b>		<b>3.11</b>	<b>1.66</b>	<b>0.18</b>		<b>3.24</b>	<b>1.46</b>	<b>0.04</b>	
n	279				120				120			

Source: Research Survey (2014).

There are three results for profit, six for non-profit and zero for females only clubs that are insignificantly different from the overall mean, which is defined as somewhat important.

**Table 5.22 SM Level by Club Type**

	Profit	Non-profit	Females Only
<b>Somewhat Important</b>	Business contacts	Business contacts	
	SM updates	SM updates	
	Latest articles		
		New people on SM	
		Exchange information	
		Check club website	
		Unique customer	
<b>Least Important</b>	Write a blog	Write a blog	Write a blog
	Different profiles	Different profiles	Different profiles
	Track friends	Track friends	Track friends
	Track friends goals	Track friends goals	Track friends goals
	SM discussion	SM discussion	SM discussion
	Share P/V/M	Share P/V/M	Share P/V/M
	Create groups	Create groups	Create groups
	Celebrities' comments	Celebrities' comments	Celebrities' comments
	Strangers' comments	Strangers' comments	Strangers' comments
	In touch with trainers	In touch with trainers	In touch with trainers
	New people on SM		New People on SM
	Exchange information		Exchange information
		In touch with trainers	
		Business contacts	
<b>Most Important</b>	Staff respond to emails	Staff respond to emails	Staff respond to emails
	Timetable online	Timetable online	Timetable online
	Easy navigation	Easy navigation	Easy navigation
	Stay in touch	Stay in touch	Stay in touch
	Free WIFI	Free WIFI	Free WIFI
	Email the club	Email the club	Email the club
	Check club website		Check club website
	Unique customer		Unique customer
		Latest articles	Latest articles
			SM updates

Source: Research Survey (2014).

Table 5.22 shows a somewhat stronger dichotomy between what is important and not important for SM, with female only clubs having no insignificant results. The non-profit club has less significance for checking the club website, and for the website making members feel like a unique customer. Female only club members find SM updates to be important. All club types find a long list of important issues including staff responding quickly to emails, having the timetable online, easy website navigation, staying in touch with the personal trainer, free WIFI, being able to email the club with enquiries, and reading up-to-date articles.

#### **5.3.4 Age Group**

The means of the main constructs of the study including satisfaction, customer perceived value, loyalty and SM for different age groups are compared in the tables below. The age might be summarized as young, middle age and older in a general sense, and also relative to the nature of club membership, which starts at age 18.

**Table 5.23 Satisfaction Level by Age Groups**

	18-35				36-53				54 and over			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Staff Advice	4.08	1.35	-0.55	-9.42**	4.21	1.32	-0.48	-7.60**	4.35	1.59	-0.77	-5.80**
Follow up on Queries	4.90	1.25	-1.37	4.43**	5.01	1.28	-1.59	6.20**	4.91	1.24	-1.29	2.21*
On Time	4.88	1.19	-1.15	4.09**	4.94	1.19	-1.55	4.99**	5.03	0.98	-1.41	3.92**
Equipment	5.22	1.08	-1.60	9.83**	5.22	1.05	-2.00	9.82**	5.03	1.24	-1.44	3.92**
Accurate Data	4.74	1.33	-1.05	1.73	4.86	1.18	-1.02	3.61**	4.91	1.02	-1.54	2.21*
Comments	4.79	1.20	-0.92	2.57**	4.92	1.05	-1.11	4.65**	4.92	0.98	-1.21	2.35**
Product Use	4.86	1.20	-1.15	3.75**	4.93	1.22	-1.60	4.82**	5.04	1.26	-1.86	4.07**
Up2date Equipment	5.06	1.09	-1.56	7.13**	4.91	1.03	-1.11	4.47**	5.10	0.93	-1.68	4.92**
Up2dtae Activities	5.09	1.08	-1.59	7.64**	4.97	1.07	-1.38	5.51**	4.97	0.97	-0.75	3.06**
Neat Staff	4.39	1.31	-0.73	-4.18**	4.52	1.19	-0.98	-2.25*	4.69	1.10	-1.24	-0.94
Advertisement	4.37	1.19	-0.59	-4.52**	4.44	1.24	-0.96	-3.63**	4.51	1.15	-1.22	-3.51**
Patient Staff	4.98	1.16	-1.32	5.78**	4.93	1.02	-1.24	4.82**	5.08	0.82	-0.88	4.64**
Acknowledgement	4.61	1.21	-0.61	-0.47	4.68	1.19	-1.01	0.51	4.96	0.99	-1.09	2.92**
Ease of Complaint	4.65	1.07	-0.67	0.21	4.78	1.17	-1.43	2.23*	4.79	1.01	-0.89	0.49
Solve Queries Promptly	4.88	1.08	-0.94	4.09**	4.86	1.21	-1.68	3.61**	4.96	0.90	-0.90	2.92**
New Friends	3.47	3.99	13.22	-19.72**	3.11	1.48	0.18	-26.57**	3.56	1.75	-0.02	-17.09**
Termination Details	4.74	1.25	-0.97	1.73	4.56	1.25	-0.93	-1.56	4.56	1.45	-1.04	-2.79**
Lose Friends	3.77	1.58	-0.20	-14.65**	3.86	1.40	-0.31	-13.63**	4.23	1.61	-0.62	-7.51**
<b>Overall Mean</b>	<b>4.64</b>	<b>1.37</b>	<b>-0.21</b>		<b>4.65</b>	<b>1.20</b>	<b>-1.12</b>		<b>4.76</b>	<b>1.17</b>	<b>-1.10</b>	
n	293				148				78			

Source: Research Survey (2014).

There are some results for different age brackets that are insignificantly different from the overall mean for each group, which is defined as ‘somewhat important’.

**Table 5.24 Satisfaction Level by Age Groups**

	18-35	36-53	54 and Over
<b>Somewhat Important</b>	Staff acknowledge me	Staff acknowledge me	
	Ease of compliant		Ease of compliant
	Termination details	Termination details	
	Maintaining accurate data		
			Neat staff
<b>Least Important</b>	Lose friends	Lose friends	Lose friends
	Make new friends	Make new friends	Make new friends
	Staff advise on activities	Staff advise on activities	Staff advise on activities
	Advertise new programs	Advertise new programs	Advertise new programs
	Neat Staff	Neat Staff	
			Termination details
<b>Most Important</b>	On time	On time	On time
	Enough equipment	Enough equipment	Enough equipment
	Product use	Product use	Product use
	Up2date equipment	Up2date equipment	Up2date equipment
	Up2dtae activities	Up2dtae activities	Up2dtae activities
	Patient staff	Patient staff	Patient staff
	Follow up on queries	Follow up on queries	Follow up on queries
	Comments	Comments	Comments
	Solve queries	Solve queries	Solve queries
		Maintaining accurate data	
		Ease of compliant	
			Staff acknowledge me

Source: Research Survey (2014).

Table 5.24 shows a wide range of issues that are considered important for satisfaction and relatively few that are not important. Advice from staff is perhaps surprisingly unimportant, along with making new friends and losing friends on leaving. For younger members, staff neatness is unimportant and for older members is not particularly unimportant, or important.

Staff patience with members is important along with equipment and activities and solving and answering queries. Overall, staff should consider members' comments to be important, while the middle age group want it to be easy to register a complaint, and older members look for acknowledgement and greetings. Table 5.25 displays the relationship between loyalty and age group.

**Table 5.25 Loyalty Level by Age Group**

	18-35				36-53				54 and over			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Sympathy	4.78	1.23	-1.23	4.99**	4.81	1.21	-1.22	5.76**	4.88	1.08	-1.29	6.46**
Belonging	4.44	1.35	-0.59	-1.29	4.51	1.22	-0.71	0.10	4.73	1.11	-0.89	3.30**
First Choice	3.84	1.52	-0.25	-12.39**	3.89	1.49	-0.24	-11.58**	4.19	1.50	-0.77	-8.08**
Personal Friend	4.04	1.38	-0.29	-8.69**	4.14	1.29	-0.42	-6.87**	4.24	1.33	-0.70	-7.03**
Incentives	4.80	1.25	-1.15	5.36**	4.85	1.23	-1.18	6.51**	4.49	1.54	-1.11	-1.76
Another Club	4.04	1.45	-0.45	-8.69**	4.07	1.39	-0.37	-8.19**	3.42	1.58	-0.05	-24.31**
Good Things	4.62	1.17	-0.87	2.03*	4.56	1.21	-0.74	1.04	4.79	1.05	-1.45	4.56**
Recommendation	4.60	1.21	-0.90	1.66	4.58	1.24	-1.09	1.42	4.94	0.93	-1.26	7.72**
Renew Contract	4.61	1.26	-1.00	1.85	4.60	1.17	-0.78	1.80	4.91	1.18	-1.30	7.09**
Trust Staff	5.22	1.07	-1.81	13.13**	5.12	1.08	-1.78	11.60**	5.40	0.81	-1.76	17.42**
Effort Time lost	4.62	1.24	-0.84	2.03*	4.42	1.28	-0.55	-1.59	4.32	1.60	-0.90	-5.35**
<b>Overall Mean</b>	<b>4.51</b>	<b>1.28</b>	<b>-0.85</b>		<b>4.50</b>	<b>1.25</b>	<b>-0.82</b>		<b>4.57</b>	<b>1.25</b>	<b>-1.04</b>	
n	293				148				78			

Source: Research Survey (2014).

There are some results for different age brackets that are insignificantly different from the overall mean for each group, which is defined as 'somewhat important'.

**Table 5.26 Loyalty Level by Age Group**

	18-35	36-53	54 and Over
<b>Somewhat Important</b>	A sense of belonging	A sense of belonging	A sense of belonging
	Recommendation	Recommendation	
	Renew contract	Renew contract	
		Say good things	
			Incentive offers
		Effort and time lost	
<b>Least Important</b>	First Choice franchise	First Choice franchise	First Choice franchise
	Personal friend	Personal friend	Personal friend
	Change to another club	Change to another club	Change to another club
			Effort and time lost
<b>Most Important</b>	Trust staff	Trust staff	Trust staff
	Sympathy	Sympathy	Sympathy
	Incentive offers	Incentive offers	
			Renew contract
	Say good things		Say good things
			Recommendation

Source: Research Survey (2014).

There are quite a few issues that are unimportant including loyalty to the particular franchise to which the club belongs, as being their first choice of franchise. This is consistent with less importance placed upon being treated as a personal friend. However, there is also no importance placed upon changing to another club, but the older group place no importance in the time and effort that might be required to change to another club. The older group also tend to have no middle ground responses except for receiving incentives, and consequently have a longer list of more important issues including renewing the contract, and feelings of belonging and recommendations to others. Incentives are important to the younger groups.

All groups find trusting staff and sympathy and reassurance important. Overall there is a difference between the older and younger members that suggests age is important in confirming club loyalty, with the older group more wide ranging in the issues they find important.

The age group of '54 and Over' care more about the feeling of belonging to the club, renewing their contract and recommendations about the club compared to the other age groups. However, incentive offers seem to be more important to the younger age brackets. This may indicate that younger people enjoy financial benefits, while the older group feel pleased when they are emotionally attached to their club. The reason behind this could be due to the differences between lifestyle, hobbies and activities of various age brackets meaning that younger people may be more fascinated by IT-related or virtual products/services as oppose to the middle-aged and older people who might still admire traditional face-to-face relations and communications. Table 5.27 displays the relationship between age and customer perceived values.

**Table 5.27 CPV by Age Group**

	18-35				36-53				54 and over			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Socialize	3.72	1.558	-0.106	-11.94**	3.67	1.445	-0.144	-12.92**	4.1	1.64	-0.459	-7.04**
Feel Happy	4.94	1.124	-1.131	5.90**	4.76	1.238	-1.14	4.26**	5.09	1.071	-1.353	6.71**
Treat Equally	5.09	1.075	-1.276	8.09**	5.07	0.955	-1.289	9.15**	5.21	0.903	-1.836	8.38**
PT Sessions	3.79	1.644	-0.258	-10.92**	3.76	1.506	-0.123	-11.50**	3.96	1.655	-0.608	-8.99**
Group Class	4.47	1.47	-0.838	-0.97	4.53	1.387	-0.948	0.64	4.46	1.466	-1.129	-2.04*
Distance	4.94	1.158	-1.324	5.90**	4.89	1.179	-1.253	6.31**	4.78	1.224	-1.359	2.40**
Feel Safe	5.21	1.098	-1.857	9.85**	5.2	1.028	-1.507	11.20**	5.24	0.914	-1.973	8.79**
Good Value	5.15	1.004	-1.377	8.97**	5.07	1.004	-1.132	9.15**	5.27	0.907	-1.852	9.21**
Attractiveness	4.64	1.235	-0.774	1.51	4.46	1.157	-0.862	-0.47	4.81	1.14	-1.499	2.82**
Flexibility	4.92	1.141	-0.993	5.61**	4.79	1.162	-1.217	4.74**	4.77	1.258	-1.638	2.26*
Comparison	4.66	1.137	-0.673	1.81	4.59	1.229	-0.775	1.58	4.27	1.483	-0.798	-4.68**
Popularity	3.78	1.445	-0.168	-11.06**	3.69	1.374	-0.092	-12.60**	4.08	1.657	-0.635	-7.32**
Opening Times	5.19	0.985	-1.496	9.56**	5.11	1.007	-1.287	9.78**	5.01	1.168	-2.035	5.60**
Overly Defence	3.98	1.371	-0.374	-8.14**	4.19	1.28	-0.459	-4.72**	4.01	1.464	-0.405	-8.29**
Close Relationships	3.87	1.474	-0.246	-9.75**	3.96	1.319	-0.483	-8.35**	4.24	1.311	-0.573	-5.10**
Accomplishment	5.02	1.087	-1.388	7.07**	4.9	1.061	-1.146	6.47**	4.99	1	-1.174	5.32**
Staff Suggestions	4.53	1.278	-0.925	-0.10	4.51	1.209	-1.073	0.32	4.72	1.104	-1.496	1.57
Self-respect	4.96	1.103	-1.274	6.19**	4.84	1.201	-1.425	5.53**	4.96	1.211	-1.682	4.90**
Status	3.46	1.578	0.013	-15.74**	3.36	1.574	-0.081	-17.81**	3.82	1.764	-0.347	-10.93**
Encouragement	4.41	1.545	-0.797	-1.85	4.44	1.463	-1.049	-0.78	4.35	1.594	-0.946	-3.57**
<b>Overall Mean</b>	<b>4.54</b>	<b>1.28</b>	<b>-0.86</b>		<b>4.49</b>	<b>1.24</b>	<b>-0.87</b>		<b>4.61</b>	<b>1.30</b>	<b>-1.19</b>	
n	293				148				78			

Source: Research Survey (2014).

There are some results for different age brackets that are insignificantly different from the overall mean for each group, which is defined as ‘somewhat important’.

**Table 5.28 CPV by Age Group**

	18-35	36-53	54 and Over
<b>Somewhat Important</b>	Club attractiveness	Club attractiveness	
	Comparison	Comparison	
	Staff suggestions	Staff suggestions	Staff suggestions
	Group classes	Group classes	
	Encouragement by trainers	Encouragement by trainers	
<b>Least Important</b>	Social/work status	Social/work status	Social/work status
	Socialize	Socialize	Socialize
	Popularity of the club	Popularity of the club	Popularity of the club
	PT sessions	PT sessions	PT sessions
	Overly defensive	Overly defensive	Overly defensive
	Close relationships	Close relationships	Close relationships
			Encouragement by trainers
			Group classes
			Comparison
<b>Most Important</b>	Feel safe	Feel safe	Feel safe
	Good value	Good value	Good value
	Opening times	Opening times	Opening times
	Being treated equally	Being treated equally	Being treated equally
	Flexibility	Flexibility	Flexibility
	Feel happy	Feel happy	Feel happy
	Accomplishment	Accomplishment	Accomplishment
	Self-respect	Self-respect	Self-respect
	Distance to the club	Distance to the club	Distance to the club
			Club attractiveness

Source: Research Survey (2014).

As has been found previously with perceived value there is a strong tendency for the members to agree. So across the age groups there is a strong similarity in regard to what is important. In looking for differences it is again the older group that distinguish from the younger groups, albeit not very strongly. The older group consider the attractiveness and design of the club to be particularly important, while they place far less importance upon comparing different club programs, encouragement from staff and attending group classes; when compared to the younger age groups. Table 5.29 shows the most important SM factors identified by the different age groups.

**Table 5.29 SM by Age Group**

	18-35				36-53				54 and over			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
In Touch with Friends	4.40	1.47	-0.78	15.46**	3.96	1.57	-0.51	11.18**	3.71	1.77	-0.33	14.33**
New People on SM	2.96	1.57	0.28	-6.93**	2.57	1.43	0.54	-8.95**	2.50	1.42	0.75	-1.21
SM Discussions	2.93	1.55	0.33	-7.40**	2.66	1.47	0.54	-7.65**	2.31	1.30	0.78	-3.65**
Business Contacts SM	3.49	1.60	-0.15	1.31	3.29	1.60	0.04	1.47	2.45	1.57	0.79	-1.85
Track Fitness Goals	2.92	1.57	0.28	-7.55**	2.71	1.51	0.45	-6.93**	2.29	1.38	0.92	-3.91**
Track Friends	2.76	1.58	0.47	-10.04**	2.47	1.44	0.79	-10.40**	2.17	1.37	1.24	-5.45**
Different Profiles	2.64	1.56	0.60	-11.91**	2.58	1.49	0.54	-8.81**	2.03	1.16	0.77	-7.25**
Exchange Information	3.24	1.60	0.09	-2.58**	2.89	1.57	0.25	-4.32**	2.37	1.32	0.53	-2.88**
Latest Articles	3.62	1.58	-0.15	3.33**	3.36	1.51	-0.20	2.49**	2.69	1.57	0.41	1.23
Share P/V/M	3.10	1.59	0.21	-4.75**	2.70	1.51	0.40	-7.07**	2.21	1.27	0.73	-4.94**
SM Updates	3.48	1.53	-0.17	1.16	3.12	1.57	0.06	-0.99	2.49	1.54	0.70	-1.34
Create Groups	3.00	1.52	0.26	-6.31**	2.81	1.58	0.44	-5.48**	2.17	1.22	0.77	-5.45**
Celebrities' Comments	2.76	1.64	0.44	-10.04**	2.59	1.44	0.53	-8.66**	2.12	1.27	0.87	-6.09**
Strangers' Comments	2.95	1.60	0.29	-7.09**	2.78	1.57	0.34	-5.91**	2.06	1.19	0.68	-6.86**
Write a Blog	2.34	1.46	0.95	-16.57**	2.27	1.46	1.01	-13.30**	1.97	1.25	1.12	-8.02**
Free WIFI	3.83	1.75	-0.21	6.60**	3.69	1.72	-0.20	7.27**	2.67	1.70	0.62	0.97
Check Club Website	3.76	1.51	-0.21	5.51**	3.73	1.49	-0.49	7.85**	2.94	1.64	0.11	4.44**
In Touch with Trainers	3.04	1.60	0.29	-5.69**	2.91	1.58	0.37	-4.03**	2.47	1.49	0.73	-1.60
Timetable Online	4.60	1.52	-1.02	18.57**	4.21	1.50	-0.85	14.80**	3.41	1.75	-0.19	10.47**
Email the Club	4.12	1.59	-0.62	11.11**	3.98	1.63	-0.65	11.47**	3.28	1.63	-0.23	8.81**
In Touch with Friends	4.49	1.54	-1.00	16.86**	4.26	1.54	-0.94	15.52**	3.36	1.74	-0.24	9.83**
New People on SM	3.57	1.57	-0.10	2.56**	3.55	1.63	-0.19	5.24**	2.83	1.57	0.20	3.03**
SM Discussions	4.33	1.51	-0.78	14.37**	4.24	1.63	-0.92	15.23**	3.17	1.78	-0.03	7.39**
<b>Overall Mean</b>	<b>3.41</b>	<b>1.57</b>	<b>-0.03</b>		<b>3.19</b>	<b>1.54</b>	<b>0.06</b>		<b>2.59</b>	<b>1.47</b>	<b>0.51</b>	
n	293				148				78			

Source: Research Survey (2014).

There are some results for different age brackets that are insignificantly different from the overall mean for each group, which is defined as 'somewhat important'.

**Table 5.30 SM by Age Group**

	18-35	36-53	54 and Over
<b>Somewhat Important</b>	Business contacts	Business contacts	Business contacts
	SM updates	SM updates	SM updates
			Latest articles
			New people on SM
			In touch with trainers
			Free WIFI
<b>Least Important</b>	Write a blog	Write a blog	Write a blog
	Different profiles	Different profiles	Different profiles
	Track friends	Track friends	Track friends
	Track friends goals	Track friends goals	Track friends goals
	SM discussion	SM discussion	SM discussion
	Share P/V/M	Share P/V/M	Share P/V/M
	Create groups	Create groups	Create groups
	Celebrities' comments	Celebrities' comments	Celebrities' comments
	Strangers' comments	Strangers' comments	Strangers' comments
	In touch with trainers	In touch with trainers	
	New People on SM	New People on SM	
	Exchange information	Exchange information	Exchange information
<b>Most Important</b>	Staff respond to emails	Staff respond to emails	Staff respond to emails
	Timetable online	Timetable online	Timetable online
	Easy navigation	Easy navigation	Easy navigation
	Stay in touch	Stay in touch	Stay in touch
	Free WIFI	Free WIFI	
	Email the club	Email the club	Email the club
	Check club website	Check club website	Check club website
	Unique customer	Unique customer	Unique customer
	Latest articles	Latest articles	

Source: Research Survey (2014).

As has been the general finding with the different age groups, there is a strong agreement about what is important with regard to SM. There is a strong

dichotomy about what is and is not particularly important. The unimportant issues relate to SM discussion, tracking fitness and friends, using different SM profiles, sharing photos and videos, creating website groups, following celebrities, reading strangers' comments, writing blogs and exchanging information about fitness methods. Also where there is a difference it is again with the older age group who have fewer important issues such as reading the latest fitness articles and free WIFI. They also have a larger list of only somewhat important issues such as keeping in touch with trainers and meeting new people on SM.

#### **5.3.4.1 Testing Hypothesis 1b**

**Null Hypothesis 1b: There is no individual statistically significant difference between older and younger SM users.**

This hypothesis is rejected at the 95% level of significant concluding that there are statistically significant differences between different age brackets. There are some differences in the way younger and older age groups are engaged with SM. The older group has a longer list of somewhat important issues they care about, though the other two study groups 100% agree with what aspects of SM are least, somewhat and most important to them.

#### **5.3.5 Income Levels**

Table 5.31 compares the means between different income levels for the importance of satisfaction, where income is broadly classified between lower, middle income and higher income.

**Table 5.31 Satisfaction Level by Income**

	40000 and Less				40001-80000				80001 and More			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Staff Advice	4.21	1.40	-0.90	-6.32**	4.30	1.38	-0.53	-7.54**	4.00	1.37	-0.43	-10.10*
Follow up on Queries	4.47	1.40	-0.70	-2.08*	4.98	1.19	-1.58	3.71**	5.13	1.17	-1.85	8.76**
On Time	4.69	1.24	-0.95	1.50	4.98	1.12	-1.30	3.71**	4.98	1.14	-1.55	6.26**
Equipment	4.97	1.26	-1.47	6.07**	5.23	1.06	-1.56	7.85**	5.28	1.02	-1.88	11.27*
Accurate Data	4.68	1.24	-0.90	1.34	4.91	1.20	-1.17	2.56**	4.76	1.28	-1.17	2.59**
Comments	4.61	1.34	-0.76	0.20	4.92	1.00	-0.88	2.72**	4.91	1.09	-1.17	5.09**
Product Use	4.66	1.46	-0.99	1.01	4.99	1.15	-1.59	3.88**	4.96	1.12	-1.40	5.92**
Up2date Equipment	5.03	0.95	-1.05	7.04**	5.02	1.10	-1.50	4.38**	5.04	1.07	-1.53	7.26**
Up2dtae Activities	5.00	0.93	-1.14	6.55**	5.01	1.11	-1.59	4.21**	5.07	1.09	-1.36	7.76**
Neat Staff	4.31	1.28	-0.65	-4.69**	4.63	1.22	-1.10	-2.08*	4.43	1.24	-0.81	-2.92**
Advertisement	4.40	1.25	-0.75	-3.22**	4.57	1.25	-1.06	-3.07**	4.27	1.11	-0.59	-5.59**
Patient Staff	5.01	1.08	-1.01	6.72**	5.03	1.06	-1.42	4.54**	4.91	1.10	-1.37	5.09**
Acknowledgement	4.71	1.30	-0.94	1.83	4.73	1.19	-0.86	-0.42	4.62	1.11	-0.64	0.25
Ease of Complaint	4.62	1.33	-1.01	0.36	4.80	1.04	-1.00	0.74	4.68	0.99	-0.69	1.25
Solve Queries Promptly	4.82	1.09	-0.99	3.62**	4.94	1.11	-1.42	3.05**	4.87	1.08	-1.22	4.42**
New Friends	3.77	1.70	-0.12	13.49*	3.84	4.81	11.48	15.15*	2.76	1.33	0.31	30.79*
Termination Details	4.65	1.30	-1.13	0.85	4.70	1.32	-0.98	-0.92	4.64	1.23	-0.90	0.58
Lose Friends	4.15	1.63	-0.49	-7.30**	4.02	1.58	-0.39	-12.17*	3.58	1.42	-0.20	-17.11*
<b>Overall Mean</b>	<b>4.60</b>	<b>1.29</b>	<b>-0.89</b>		<b>4.76</b>	<b>1.38</b>	<b>-0.47</b>		<b>4.61</b>	<b>1.16</b>	<b>-1.02</b>	
n	114				191				214			

Source: Research Survey (2014).

There are some results for different income brackets that are insignificantly different from the overall mean for each group, which is defined as ‘somewhat important’.

**Table 5.32 Satisfaction Level by Income**

	<b>40000 and Less</b>	<b>40001-80000</b>	<b>80001 and More</b>
<b>Somewhat Important</b>	Staff acknowledge me	Staff acknowledge me	
	Ease of compliant	Ease of compliant	Ease of compliant
	Termination details	Termination details	Termination details
	Maintaining accurate data		
	On time		
	Comments		
	Product use		
<b>Least Important</b>	Lose friends on leaving	Lose friends on leaving	Lose friends on leaving
	Make new friends	Make new friends	Make new friends
	Staff advice	Staff advice	Staff advice
	Advertisement	Advertisement	Advertisement
	Neat staff	Neat staff	Neat staff
	Follow up on queries		
<b>Most Important</b>		On time	On time
	Enough equipment	Enough equipment	Enough equipment
		Product use	Product use
	Up2date equipment	Up2date equipment	Up2date equipment
	Up2dtae activities	Up2dtae activities	Up2dtae activities
	Patient staff	Patient staff	Patient staff
		Follow up on queries	Follow up on queries
		Comments	Comments
	Solve queries	Solve queries	Solve queries
		Maintaining accurate data	Maintaining accurate data

Source: Research Survey (2014).

There is a stronger difference in the issues found important between the income groups with the focus of difference between the lower income group compared to the higher income groups. Most people have higher incomes but there is still a range including lower incomes. The higher income groups consider their comments need to be considered, queries answered on time, explanations of the product range and accurate data kept, compared with the lower income group. All groups see equipment issues and patient staff who answer queries as important for satisfaction.

Lower income members have a lower number of important issues, which is balanced off by a higher number of low importance items. They are also different in considering answers to queries relatively unimportant. The imbalance between only 'somewhat important' and 'important' leaves the lower importance group in wider agreement. Table 5.33 displays the relationship between loyalty issues and the different income groups.

**Table 5.33 Loyalty Level by Income**

	40000 and Less				40001-80000				80001 and More			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Sympathy	4.59	1.39	-0.94	2.03*	4.88	1.11	-1.36	6.15**	4.86	1.17	-1.29	7.18**
Belonging	4.61	1.36	-0.69	2.36**	4.55	1.19	-0.72	-0.64	4.41	1.31	-0.65	-1.60
First Choice	5.19	1.03	-1.74	11.88**	5.27	1.00	-1.91	14.17**	5.19	1.09	-1.81	13.62**
Personal Friend	4.00	1.59	-0.43	-7.65**	4.15	1.42	-0.43	-8.86**	3.64	1.52	-0.15	-16.61**
Incentives	4.26	1.42	-0.46	-3.39**	4.24	1.29	-0.46	-7.01**	3.89	1.33	-0.31	-11.74**
Another Club	4.87	1.27	-1.48	6.62**	4.73	1.33	-1.15	3.07**	4.74	1.29	-1.08	4.84**
Good Things	3.66	1.53	-0.12	-13.24**	3.92	1.51	-0.46	-13.59**	4.15	1.37	-0.41	-6.67**
Recommendation	4.54	1.20	-0.78	1.21	4.67	1.17	-0.97	1.83	4.64	1.14	-0.92	2.89**
Renew Contract	4.59	1.27	-0.98	2.03*	4.65	1.21	-1.14	1.42	4.67	1.11	-0.91	3.48**
Trust Staff	4.22	1.43	-0.62	-4.04**	4.59	1.31	-0.91	0.19	4.61	1.24	-0.81	2.31*
Effort Time lost	4.60	1.37	-1.03	2.19*	4.74	1.20	-0.87	3.27**	4.61	1.17	-1.02	2.31*
<b>Overall Mean</b>	<b>4.47</b>	<b>1.35</b>	<b>-0.84</b>		<b>4.58</b>	<b>1.25</b>	<b>-0.94</b>		<b>4.49</b>	<b>1.25</b>	<b>-0.85</b>	
n	114				191				214			

Source: Research Survey (2014).

There are some results for different income brackets that are insignificantly different from the overall mean for each group, which is defined as 'somewhat important'.

**Table 5.34 Loyalty Level by Income**

	40000 and Less	40001-80000	80001 and More
<b>Somewhat Important</b>		A sense of belonging	A sense of belonging
		Recommendation	
		Effort and time lost	
	Say good things	Say good things	
<b>Least Important</b>	First Choice franchise	First Choice franchise	First Choice franchise
	Personal friend	Personal friend	Personal friend
	Change to another club	Change to another club	Change to another club
	Effort and time lost		
<b>Most Important</b>	Trust staff	Trust staff	Trust staff
	Sympathy	Sympathy	Sympathy
	Incentive offers	Incentive offers	Incentive offers
	Renew contract	Renew contract	Renew contract
	A sense of belonging		
			Effort and time lost
	Recommendation		Recommendation

Source: Research Survey (2014).

The primary difference between loyalty issues and income relate to the middle-income group who have a narrower range of important issues and wider range of somewhat important issues. A feeling of belonging and providing club recommendations, are less important for the middle-income group. The higher income group do focus more on the effort and time lost if they move club. However, overall there is relatively a low level of difference in loyalty issues between income groups. Table 5.35 displays the differences in customer perceived value across the income groups.

**Table 5.35 CPV by Income**

	40000 and Less				40001-80000				80001 and More			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Socialize	4.51	1.53	-0.70	-1.77	3.83	1.49	-0.27	-11.90**	3.30	1.43	0.07	-17.73**
Feel Happy	5.22	1.07	-1.68	8.80**	4.96	1.11	-1.27	5.37**	4.70	1.20	-0.93	4.53**
Treat Equally	5.22	1.05	-1.38	8.80**	5.13	1.04	-1.37	7.97**	5.02	0.97	-1.39	9.62**
PT Sessions	4.11	1.59	-0.52	-7.73**	4.03	1.56	-0.46	-8.84**	3.44	1.59	-0.01	-15.50**
Group Class	4.59	1.49	-1.01	-0.58	4.55	1.40	-1.02	-0.89	4.37	1.46	-0.79	-0.72
Distance	4.77	1.33	-1.13	2.10*	4.84	1.19	-1.30	3.54**	5.02	1.06	-1.36	9.62**
Feel Safe	5.18	1.10	-1.71	8.20**	5.17	1.15	-1.83	8.58**	5.26	0.93	-1.66	13.43**
Good Value	5.11	1.09	-1.29	7.16**	5.15	1.01	-1.46	8.27**	5.17	0.92	-1.26	12.00**
Attractiveness	4.52	1.39	-0.89	-1.62	4.74	1.13	-0.96	2.01*	4.55	1.15	-0.71	2.15*
Flexibility	4.95	1.14	-1.04	4.78**	4.85	1.25	-1.23	3.69**	4.83	1.10	-1.18	6.60**
Comparison	4.50	1.42	-0.77	-1.92	4.71	1.16	-0.79	1.55	4.51	1.17	-0.77	1.51
Popularity	4.04	1.57	-0.35	-8.77**	3.99	1.47	-0.49	-9.45**	3.50	1.34	0.02	-14.55**
Opening Times	5.06	1.19	-1.49	6.42**	5.15	1.04	-1.62	8.27**	5.18	0.91	-1.47	12.16**
Overly Defence	4.08	1.52	-0.49	-8.17**	4.18	1.26	-0.48	-6.55**	3.90	1.35	-0.29	-8.19**
Close Relationships	4.05	1.55	-0.32	-8.62**	4.17	1.36	-0.49	-6.70**	3.71	1.35	-0.34	-11.21**
Accomplishment	5.01	1.16	-1.39	5.67**	4.97	1.05	-1.23	5.52**	4.97	1.03	-1.27	8.82**
Staff Suggestions	4.54	1.41	-1.04	-1.33	4.55	1.23	-1.12	-0.89	4.56	1.14	-0.90	2.31*
Self-respect	4.81	1.34	-1.29	2.70**	4.95	1.10	-1.39	5.22**	4.97	1.08	-1.39	8.82**
Status	3.89	1.74	-0.31	-11.00**	3.65	1.59	-0.24	-14.65**	3.12	1.48	0.14	-20.59**
Encouragement	4.42	1.67	-0.96	-3.11**	4.60	1.42	-1.09	-0.13	4.22	1.52	-0.68	-3.10**
<b>Overall Mean</b>	<b>4.63</b>	<b>1.37</b>	<b>-0.99</b>		<b>4.61</b>	<b>1.25</b>	<b>-1.01</b>		<b>4.42</b>	<b>1.21</b>	<b>-0.81</b>	
n	114				191				214			

Source: Research Survey (2014).

There are some results for different income brackets that are insignificantly different from the overall mean for each group, which is defined as 'somewhat important':

**Table 5.36 CPV by Income**

	<b>40000 and Less</b>	<b>40001-80000</b>	<b>80001 and More</b>
<b>Somewhat Important</b>	Club attractiveness		
	Comparison	Comparison	Comparison
	Staff suggestions	Staff suggestions	
	Group classes	Group classes	Group classes
	Socialize		
		Encouragement by trainers	
<b>Least Important</b>	Social/work status	Social/work status	Social/work status
		Socialize	Socialize
	Popularity of the club	Popularity of the club	Popularity of the club
	PT sessions	PT sessions	PT sessions
	Overly defensive	Overly defensive	Overly defensive
	Close relationships	Close relationships	Close relationships
	Encouragement by trainers		Encouragement by trainers
<b>Most Important</b>	Feel safe	Feel safe	Feel safe
	Good value	Good value	Good value
	Opening times	Opening times	Opening times
	Being treated equally	Being treated equally	Being treated equally
	Flexibility	Flexibility	Flexibility
	Feel happy	Feel happy	Feel happy
	Accomplishment	Accomplishment	Accomplishment
	Self-respect	Self-respect	Self-respect
	Distance to the club	Distance to the club	Distance to the club
		Club attractiveness	Club attractiveness
			Staff suggestions

Source: Research Survey (2014).

There is a very close similarity in the levels of importance between the income groups for customer perceived value. The lower income group considers the attractiveness and design of the club less important and the higher income group

that staff suggestions are important. Table 5.37 displays the relationship between SM and the income groups.

**Table 5.37 SM by Income**

	40000 and Less				40001-80000				80001 and More			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
In Touch with Friends	4.38	1.67	-0.76	15.87**	4.17	1.63	-0.65	11.75**	4.07	1.44	-0.62	14.88**
New People on SM	3.11	1.58	0.18	-1.41	2.89	1.57	0.28	-6.11**	2.50	1.40	0.69	-9.97**
SM Discussions	2.91	1.51	0.37	-4.14**	2.78	1.60	0.48	-7.64**	2.65	1.41	0.47	-7.60**
Business Contacts SM	3.29	1.67	0.07	1.04	3.32	1.63	-0.06	-0.11	3.23	1.62	0.07	1.58
Track Fitness Goals	2.92	1.72	0.38	-4.00**	2.87	1.53	0.28	-6.39**	2.59	1.44	0.52	-8.55**
Track Friends	2.86	1.72	0.45	-4.82**	2.72	1.53	0.52	-8.48**	2.33	1.37	0.86	-12.67**
Different Profiles	2.80	1.67	0.51	-5.63**	2.53	1.50	0.63	-11.13**	2.39	1.40	0.67	-11.72**
Exchange Information	3.05	1.65	0.22	-2.23*	3.17	1.61	0.10	-2.20*	2.84	1.51	0.31	-4.59**
Latest Articles	3.40	1.61	0.04	2.53**	3.49	1.62	-0.20	2.26*	3.34	1.54	-0.05	3.32**
Share P/V/M	2.95	1.60	0.34	-3.59**	3.02	1.60	0.21	-4.29**	2.64	1.47	0.49	-7.76**
SM Updates	3.13	1.55	0.16	-1.14	3.29	1.69	0.00	-0.53	3.22	1.50	-0.09	1.42
Create Groups	2.93	1.53	0.30	-3.86**	2.88	1.54	0.35	-6.25**	2.71	1.49	0.50	-6.65**
Celebrities' Comments	2.61	1.62	0.60	-8.22**	2.82	1.68	0.40	-7.08**	2.43	1.35	0.56	-11.08**
Strangers' Comments	2.74	1.60	0.44	-6.45**	2.85	1.64	0.38	-6.67**	2.71	1.48	0.38	-6.65**
Write a Blog	2.24	1.37	0.90	-13.25**	2.42	1.61	0.93	-12.66**	2.14	1.29	1.01	-15.67**
Free WIFI	3.89	1.90	-0.28	9.20**	3.60	1.79	-0.14	3.80**	3.48	1.69	0.02	5.54**
Check Club Website	3.31	1.67	0.09	1.31	3.85	1.56	-0.45	7.28**	3.60	1.45	-0.31	7.44**
In Touch with Trainers	2.96	1.64	0.32	-3.46**	3.13	1.68	0.24	-2.76**	2.70	1.45	0.47	-6.81**
Timetable Online	3.89	1.81	-0.43	9.20**	4.38	1.64	-0.89	14.68**	4.47	1.40	-0.92	21.21**
Email the Club	3.68	1.82	-0.29	6.34**	4.05	1.62	-0.59	10.07**	4.01	1.52	-0.67	13.93**
In Touch with Friends	3.90	1.84	-0.50	9.34**	4.30	1.65	-0.83	13.56**	4.41	1.42	-1.04	20.26**
New People on SM	3.27	1.80	0.12	0.76	3.70	1.59	-0.30	5.19**	3.33	1.48	-0.02	3.17**
SM Discussions	3.70	1.82	-0.35	6.62**	4.31	1.61	-0.84	13.70**	4.20	1.52	-0.82	16.94**
<b>Overall Mean</b>	<b>3.21</b>	<b>1.67</b>	<b>0.13</b>		<b>3.33</b>	<b>1.61</b>	<b>-0.01</b>		<b>3.13</b>	<b>1.46</b>	<b>0.11</b>	
n	114				191				214			

Source: Research Survey (2014).

There are some results for different income brackets that are insignificantly different from the overall mean for each group, which is defined as ‘somewhat important’.

**Table 5.38 SM by Income**

	18-35	36-53	54 and Over
<b>Somewhat Important</b>	Business contacts	Business contacts	Business contacts
	SM updates	SM updates	SM updates
	New people on SM		
	Check club website		
	Unique customer		
<b>Least Important</b>	Write a blog	Write a blog	Write a blog
	Different profiles	Different profiles	Different profiles
	Track friends	Track friends	Track friends
	Track friends goals	Track friends goals	Track friends goals
	SM discussion	SM discussion	SM discussion
	Share P/V/M	Share P/V/M	Share P/V/M
	Create groups	Create groups	Create groups
	Celebrities' comments	Celebrities' comments	Celebrities' comments
	Strangers' comments	Strangers' comments	Strangers' comments
	In touch with trainers	In touch with trainers	
		New people on SM	New people on SM
	Exchange information	Exchange information	Exchange information
<b>Most Important</b>	Staff respond to emails	Staff respond to emails	Staff respond to emails
	Timetable online	Timetable online	Timetable online
	Easy navigation	Easy navigation	Easy navigation
	Stay in touch with friends	Stay in touch with friends	Stay in touch with friends
	Free WIFI	Free WIFI	Free WIFI
	Email the club	Email the club	Email the club
		Check club website	Check club website
		Unique customer	Unique customer
	Latest articles	Latest articles	Latest articles

Source: Research Survey (2014).

Income groups again do not distinguish the loyalty issue very strongly, with strong agreement across lower to higher income groups. The important issues tend to focus upon staying in touch, timetables online, emailing the club with quick responses, easy navigation, reading the latest articles and free WIFI.

### **5.3.5.1 Testing Hypothesis 1c**

**Null Hypothesis 1c: There is no statistically significant difference between the different income levels of SM users.**

The results of the tables provided above show that Hypothesis 1c is rejected at the 95% significance level, as there are differences between different income levels. In general, the higher income earners have a longer list of items they are concerned about, meaning that their expectations are higher than other groups. For example, the lowest income groups do not care about being treated as a unique customer in the club.

### **5.3.6 Education Level**

The means of the main constructs of the study including satisfaction, customer perceived value, loyalty and SM for the different education levels are compared in separate tables below. There are a lower number of trade level education members but still high enough to consider them a separate grouping. Most members have a higher education level.

**Table 5.39 Satisfaction by Education Level**

	High School and Under				Trade Qualification				Higher Education			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Staff Advice	4.22	1.38	-0.72	-6.07**	3.76	1.75	-0.33	-8.82**	4.18	1.33	-0.49	-9.06**
Follow up on Queries	4.67	1.42	-1.14	1.37	4.90	1.50	-1.30	6.02**	5.02	1.16	-1.51	5.33**
On Time	4.70	1.26	-1.21	1.86	4.95	1.40	-1.15	6.67**	4.98	1.09	-1.35	4.64**
Equipment	4.97	1.27	-1.37	6.33**	5.05	1.19	-1.74	7.97**	5.28	1.01	-1.76	9.78**
Accurate Data	4.69	1.26	-1.03	1.70	4.40	1.62	-0.95	-0.49	4.88	1.18	-1.09	2.93**
Comments	4.66	1.21	-0.83	1.20	4.57	1.40	-0.97	1.72	4.94	1.05	-1.03	3.96**
Product Use	4.75	1.31	-1.26	2.69**	4.62	1.40	-1.30	2.37**	4.99	1.15	-1.41	4.82**
Up2date Equipment	5.02	1.13	-1.72	7.15**	4.93	1.31	-1.56	6.41**	5.04	0.99	-1.24	5.67**
Up2dtae Activities	4.95	1.05	-1.41	6.00**	4.93	1.28	-1.71	6.41**	5.08	1.04	-1.36	6.36**
Neat Staff	4.44	1.36	-0.84	-2.43**	4.24	1.53	-0.60	-2.57**	4.51	1.17	-0.88	-3.41**
Advertisement	4.47	1.34	-0.95	-1.94	3.88	1.37	-0.26	-7.26**	4.45	1.12	-0.75	-4.43**
Patient Staff	4.86	1.16	-1.24	4.51**	4.60	1.47	-0.81	2.11*	5.06	0.98	-1.32	6.01**
Acknowledgement	4.55	1.41	-0.92	-0.62	4.67	1.24	-0.68	3.02**	4.73	1.09	-0.63	0.36
Ease of Complaint	4.52	1.36	-1.09	-1.11	4.45	1.02	-0.30	0.16	4.81	0.98	-0.72	1.73
Solve Queries Promptly	4.78	1.24	-1.32	3.19**	4.62	1.36	-1.09	2.37**	4.95	1.00	-1.09	4.13**
New Friends	4.20	1.57	-0.44	-6.40**	3.81	1.53	-0.35	-8.17**	3.77	1.53	-0.25	-16.08**
Termination Details	4.51	1.42	-1.00	-1.28	4.45	1.33	-0.38	0.16	4.74	1.22	-1.02	0.53
Lose Friends	3.61	1.71	-0.03	-16.16**	3.05	1.71	0.17	-18.07**	3.35	3.65	14.24	-23.28**
<b>Overall Mean</b>	<b>4.59</b>	<b>1.33</b>	<b>-1.03</b>		<b>4.44</b>	<b>1.41</b>	<b>-0.85</b>		<b>4.71</b>	<b>1.26</b>	<b>-0.20</b>	
n	118				42				359			

Source: Research Survey (2014).

There are some results for different education levels that are insignificantly different from the overall mean (which is ‘somewhat important’) for each group, and this is particularly the case for the “High School and Under” group.

**Table 5.40 Satisfaction by Education Level**

	High School and Under	Trade Qualification	Higher Education
<b>Somewhat Important</b>	Staff acknowledge me		Staff acknowledge me
	Ease of compliant	Ease of compliant	Ease of compliant
	Termination details	Termination details	Termination details
	Maintaining accurate data	Maintaining accurate data	
	On time		
	Comments	Comments	
	Advertise new programs		
	Follow up on queries		
<b>Least Important</b>	Lose friends on leaving		
	Make new friends	Make new friends	Make new friends
	Staff advise on activities	Staff advise on activities	Staff advise on activities
		Advertise new programs	Advertise new programs
	Neat Staff	Neat staff	Neat staff
<b>Most Important</b>		On time	On time
	Enough equipment	Enough equipment	Enough equipment
	Product use	Product use	Product use
	Up2date equipment	Up2date equipment	Up2date equipment
	Up2dtae activities	Up2dtae activities	Up2dtae activities
	Patient staff	Patient staff	Patient staff
		Follow up on queries	Follow up on queries
			Comments
	Solve queries	Solve queries	Solve queries
			Maintaining accurate data
	Staff acknowledge me		

Source: Research Survey (2014).

There is general agreement on the least important issues but more variation in the important issues, including less importance for the High School and Under group for staff following up on queries, activities being held on time, and greeting and acknowledgement. Higher educated members also see the maintenance of accurate records, and staff being interested in their comments as important, but are also less concerned about acknowledgement.

**Table 5.41 Loyalty by Education Level**

	High School and Under				Trade Qualification				Higher Education			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Sympathy	4.65	1.25	-1.02	3.31**	4.81	1.40	-1.21	8.00**	4.86	1.16	-1.33	5.93**
Belonging	4.67	1.28	-0.84	3.68**	4.26	1.42	-0.82	-0.95	4.48	1.26	-0.60	-1.54
First choice	4.09	1.48	-0.50	-6.89**	3.71	1.72	-0.14	-9.89**	3.87	1.49	-0.28	-13.52**
Personal friend	4.08	1.36	-0.34	-7.07**	4.05	1.08	-0.22	-4.36**	4.11	1.37	-0.41	-8.80**
Incentives	4.62	1.41	-1.18	2.77**	4.14	1.54	-0.55	-2.90**	4.89	1.21	-1.24	6.52**
Another club	3.62	1.44	-0.04	-15.46**	3.93	1.55	-0.45	-6.31**	4.07	1.45	-0.50	-9.59**
Good things	4.67	1.22	-1.06	3.68**	4.36	1.39	-0.63	0.68	4.65	1.11	-0.86	1.80
Recommendation	4.66	1.21	-1.19	3.50**	4.45	1.35	-0.59	2.14*	4.66	1.15	-1.03	2.00*
Renew contract	4.64	1.42	-1.05	3.13**	4.29	1.52	-0.64	-0.46	4.70	1.11	-0.90	2.79**
Trust staff	5.20	1.13	-2.12	13.34**	5.14	1.34	-1.89	13.36**	5.23	0.98	-1.61	13.19**
Effort time lost	4.25	1.47	-0.69	-3.98**	4.36	1.43	-0.57	0.68	4.62	1.23	-0.85	1.21
<b>Overall Mean</b>	<b>4.47</b>	<b>1.33</b>	<b>-0.91</b>		<b>4.32</b>	<b>1.43</b>	<b>-0.70</b>		<b>4.56</b>	<b>1.23</b>	<b>-0.87</b>	
n	118				42				359			

Source: Research Survey (2014).

There are some results for different education levels that are insignificantly different from the overall mean for each group, which is defined as somewhat important, although none for the “High School and Under” group.

**Table 5.42 Loyalty by Education Level**

	High School and Under	Trade Qualification	Higher Education
<b>Somewhat Important</b>		A sense of belonging	A sense of belonging
			Recommendation
		Effort and time lost	Effort and time lost
		Say good things	Say good things
		Renew contract	
<b>Least Important</b>	First choice	First choice	First choice
	Personal friend	Personal friend	Personal friend
	Change to another club	Change to another club	Change to another club
	Effort and time lost		
		Incentive offers	
<b>Most Important</b>	Trust staff	Trust staff	Trust staff
	Sympathy	Sympathy	Sympathy
	Incentive offers		Incentive offers
	Renew contract		Renew contract
	A sense of belonging		
	Say good things		
	Recommendation		Recommendation

Source: Research Survey (2014).

Table 5.42 shows that the most important loyalty factor for all education levels is sympathy and reassurance, and to trust staff. However, the “High School and Under” group and the “Higher Education” group have a larger list of important issues including incentive offers, recommending the club, and renewing the contract. Overall the “High School and Under” group appear to be the most loyal followed by the “Higher Education” group with the trade qualification the least likely to be loyal

**Table 5.43 CPV by Education Level**

	High School and Under				Trade Qualification				Higher Education			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
Socialize	4.38	1.50	-0.54	-2.98**	3.33	1.57	0.09	-16.06**	3.61	1.50	-0.09	-13.94**
Feel Happy	5.08	1.02	-0.96	7.68**	4.79	1.37	-1.14	5.09**	4.87	1.17	-1.19	5.15**
Treat Equally	5.13	0.92	-0.79	8.44**	4.76	1.36	-1.14	4.66**	5.13	1.00	-1.45	9.09**
PT Sessions	4.00	1.56	-0.41	-8.76**	3.43	1.63	0.01	-14.62**	3.79	1.61	-0.27	-11.21**
Group Class	4.36	1.45	-0.73	-3.28**	4.40	1.62	-0.81	-0.56	4.53	1.42	-0.99	0.00
Distance	4.75	1.26	-0.88	2.66**	4.95	1.19	-1.28	7.41**	4.94	1.14	-1.49	6.21**
Feel Safe	5.08	1.19	-1.53	7.68**	5.12	1.17	-1.96	9.88**	5.26	0.98	-1.83	11.06**
Good Value	5.14	1.01	-1.27	8.60**	5.17	1.06	-1.78	10.60**	5.15	0.98	-1.34	9.39**
Attractiveness	4.57	1.22	-0.68	-0.08	4.62	1.43	-1.01	2.63**	4.63	1.17	-0.91	1.51
Flexibility	4.85	1.14	-1.22	4.18**	4.83	1.15	-0.58	5.67**	4.87	1.18	-1.23	5.15**
Comparison	4.53	1.31	-0.84	-0.69	4.69	1.20	-0.97	3.64**	4.59	1.20	-0.76	0.91
Popularity	4.09	1.50	-0.33	-7.39**	3.98	1.52	-0.79	-6.64**	3.68	1.43	-0.13	-12.88**
Opening Times	5.04	1.08	-1.49	7.07**	4.86	1.28	-0.97	6.11**	5.21	0.96	-1.69	10.30**
Overly Defence	4.03	1.48	-0.45	-8.31**	3.74	1.43	-0.19	-10.12**	4.08	1.31	-0.41	-6.82**
Close Relationships	4.12	1.40	-0.46	-6.94**	3.86	1.51	-0.33	-8.38**	3.91	1.40	-0.33	-9.39**
Accomplishment	4.87	1.26	-1.28	4.48**	5.07	1.11	-1.26	9.15**	5.00	0.99	-1.22	7.12**
Staff Suggestions	4.47	1.34	-1.01	-1.61	4.64	1.39	-1.25	2.92**	4.57	1.18	-1.00	0.61
Self-respect	4.76	1.33	-1.35	2.81**	4.86	1.24	-1.08	6.11**	4.99	1.07	-1.39	6.97**
Status	3.90	1.60	-0.32	-10.29**	3.38	1.68	-0.19	-15.34**	3.36	1.59	0.04	-17.72**
Encouragement	4.36	1.57	-0.90	-3.28**	4.29	1.61	-0.93	-2.15*	4.43	1.51	-0.88	-1.51
<b>Overall Mean</b>	<b>4.58</b>	<b>1.31</b>	<b>-0.87</b>		<b>4.44</b>	<b>1.38</b>	<b>-0.88</b>		<b>4.53</b>	<b>1.24</b>	<b>-0.93</b>	
n	118				42				359			

Source: Research Survey (2014).

There are some results for different education levels that are insignificantly different from the overall mean for each group, which is defined as ‘somewhat important’.

**Table 5.44 CPV by Education Level**

	High School and Under	Trade Qualification	Higher Education
<b>Somewhat Important</b>	Attractiveness		Attractiveness
	Comparison		Comparison
	Staff suggestions		Staff suggestions
		Group classes	Group classes
<b>Least Important</b>	Status	Status	Status
	Socialize	Socialize	Socialize
	Popularity	Popularity	Popularity
	PT sessions	PT sessions	PT sessions
	Overly defensive	Overly defensive	Overly defensive
	Close relationships	Close relationships	Close relationships
	Encouragement	Encouragement	
	Group classes		
<b>Most Important</b>	Feel safe	Feel safe	Feel safe
	Good value	Good value	Good value
	Opening times	Opening times	Opening times
	Treat equally	Treat equally	Treat equally
	Flexibility	Flexibility	Flexibility
	Feel happy	Feel happy	Feel happy
	Accomplishment	Accomplishment	Accomplishment
	Self-respect	Self-respect	Self-respect
	Distance to the club	Distance to the club	Distance to the club
		Attractiveness	Attractiveness
		Comparison	

Source: Research Survey (2014).

The results for customer perceived value are highly similar across the education groups. This has also been the case with the difference between club type, so regardless of education level or club type there is a tendency for agreement on the

importance of perceived values. Where there is a difference, it focuses upon the attractiveness of the club, and providing different services to other clubs, which are important for the trade qualification group.

**Table 5.45 SM by Education Level**

	High School and Under				Trade Qualification				Higher Education			
	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z	Mean	Std. Dev.	Skewness	Z
In Touch with Friends	4.08	1.58	-0.51	15.24**	4.21	1.62	-0.62	18.00**	4.19	1.56	-0.69	12.69**
New People on SM	2.99	1.60	0.21	-0.50	2.36	1.34	0.45	-8.08**	2.76	1.51	0.48	-8.18**
SM Discussions	2.86	1.52	0.35	-2.38**	2.21	1.22	0.58	-10.20**	2.79	1.52	0.46	-7.74**
Business Contacts SM	3.07	1.63	0.17	0.65	2.48	1.52	0.62	-6.39**	3.44	1.62	-0.08	1.74
Track Fitness Goals	2.79	1.63	0.43	-3.39**	2.50	1.38	0.35	-6.11**	2.79	1.53	0.41	-7.74**
Track Friends	2.82	1.63	0.49	-2.96**	2.21	1.30	0.71	-10.20**	2.56	1.51	0.69	-11.10**
Different Profiles	2.44	1.39	0.65	-8.45**	2.48	1.57	0.67	-6.39**	2.57	1.53	0.64	-10.95**
Exchange Information	2.78	1.58	0.47	-3.54**	3.05	1.51	0.00	1.64	3.08	1.59	0.16	-3.51**
Latest Articles	3.08	1.54	0.21	0.80	3.19	1.52	-0.03	3.62**	3.54	1.59	-0.19	3.20**
Share P/V/M	2.71	1.53	0.49	-4.55**	2.76	1.46	0.44	-2.45**	2.91	1.58	0.31	-5.99**
SM Updates	2.97	1.49	0.19	-0.79	2.79	1.62	0.55	-2.02*	3.36	1.59	-0.12	0.58
Create Groups	2.59	1.43	0.55	-6.28**	2.52	1.52	0.74	-5.83**	2.93	1.54	0.31	-5.70**
Celebrities' Comments	2.53	1.48	0.61	-7.15**	2.40	1.45	0.60	-7.52**	2.67	1.58	0.52	-9.49**
Strangers' Comments	2.53	1.47	0.62	-7.15**	2.50	1.37	0.45	-6.11**	2.88	1.61	0.31	-6.43**
Write a Blog	2.29	1.36	0.94	-10.61**	1.88	1.21	1.18	-14.85**	2.30	1.48	0.99	-14.89**
Free WIFI	3.51	1.79	-0.05	7.01**	3.19	1.86	0.30	3.62**	3.70	1.76	-0.15	5.54**
Check Club Website	3.23	1.59	-0.01	2.96**	3.17	1.53	-0.12	3.33**	3.82	1.50	-0.36	7.29**
In Touch with Trainers	2.85	1.67	0.44	-2.52**	2.45	1.25	0.07	-6.82**	2.99	1.59	0.33	-4.82**
Timetable Online	3.62	1.74	-0.29	8.60**	4.31	1.66	-0.99	19.41**	4.53	1.48	-0.98	17.65**
Email the Club	3.42	1.71	-0.17	5.71**	3.86	1.59	-0.56	13.06**	4.14	1.57	-0.69	11.96**
In Touch with Friends	3.67	1.81	-0.37	9.32**	4.07	1.58	-0.70	16.02**	4.47	1.50	-1.03	16.78**
New People on SM	3.13	1.64	0.13	1.52	2.90	1.41	-0.04	-0.47	3.63	1.58	-0.18	4.52**
SM Discussions	3.61	1.84	-0.24	8.45**	3.98	1.81	-0.58	14.75**	4.32	1.51	-0.89	14.59**
<b>Overall Mean</b>	<b>3.02</b>	<b>1.59</b>	<b>0.23</b>		<b>2.93</b>	<b>1.49</b>	<b>0.18</b>		<b>3.32</b>	<b>1.56</b>	<b>0.01</b>	
n	118				42				359			

Source: Research Survey (2014).

There are some results for different education levels that are insignificantly different from the overall mean for each group, which is defined as ‘somewhat important’.

**Table 5.46 SM by Education Level**

	High School and Under	Trade Qualification	Higher Education
<b>Somewhat Important</b>	Business contacts		Business contacts
	SM updates		SM updates
	New people on SM		
		Exchange Information	
	Unique customer	Unique customer	
	Latest articles		
<b>Least Important</b>	Write a blog	Write a blog	Write a blog
	Different profiles	Different profiles	Different profiles
	Track friends	Track friends	Track friends
	Track friends goals	Track friends goals	Track friends goals
	SM discussion	SM discussion	SM discussion
	Share P/V/M	Share P/V/M	Share P/V/M
	Create groups	Create groups	Create groups
	Celebrities' comments	Celebrities' comments	Celebrities' comments
	Strangers' comments	Strangers' comments	Strangers' comments
	In touch with trainers	In touch with trainers	In touch with trainers
		New people on SM	New people on SM
	Exchange information		Exchange information
		SM updates	
<b>Most Important</b>	Staff respond to emails	Staff respond to emails	Staff respond to emails
	Timetable online	Timetable online	Timetable online
	Easy navigation	Easy navigation	Easy navigation
	Stay in touch with friends	Stay in touch with friends	Stay in touch with friends
	Free WIFI	Free WIFI	Free WIFI
	Email the club	Email the club	Email the club
	Check club website	Check club website	Check club website
			Unique customer
		Latest articles	Latest articles

Source: Research Survey (2014).

There is a significant degree of similarity in the SM issues that are 'not important' or 'insignificant' and those that are 'important'. Those with "High School and Under" education find reading the latest articles as insignificant, along with feeling like a unique customer. SM issues that are important across all education levels include staying in touch with the club, free WIFI, checking the club website, having the table online, emailing the club, staff emailing back quickly and easy site navigation.

### **5.3.6.1 Testing Hypothesis 1d**

**Null Hypothesis 1d: There is no statistically significant difference between the education levels of SM users.**

The tables above show that Hypothesis 1d is rejected, as there are statistically significant differences between the SM users' views at different education levels. For example, meeting new people on SM seems to be somehow important to the "High School and Under" group, while the survey participants with higher education qualifications are more interested in being treated as a unique customer while using the club website. In addition, participants with trade qualification and higher education degrees are more interested in reading health and fitness related articles and information whereas the other groups express little interest in doing so.

## **5.4 Conclusion**

From the initial analysis above it is possible to draw some very interesting and worthwhile conclusions about the relative importance of the different issues tested in the survey instrument. The complexity of the questionnaire and its findings are

intended to provide an unbiased estimate of the individual issues tested and grouped into the headings satisfaction, loyalty, perceived value and SM. Some bias does arise from the researcher in selecting the issues in the first instance. However, in deciding not to use a non-quantitative open-ended questionnaire, which would be difficult to administer to such a diverse sample of club members, without raising interpretive bias, a careful selection of a wide range of issues has been selected from previous literature and not just from the individual researcher's judgment.

In comparing these issues, section one examines the overall descriptive nature of the responses and in section two the means are compared against the overall response mean. This form of analysis whilst determining the nature and importance of individual issues does have the failing that it does not discuss the inter-relationship between the issues. Although the analysis explains which issues are highly significantly important or significantly unimportant or just somewhat important, it does not say anything about how the individual issues relate to each other. For example, it would be an interpretive stretch to link all the issues together for just one set of important issues. It is known each is statistically significantly important, but it is not known how each issue relates to each other issue. This comparison requires further more complex analysis that is carried out on Chapter Seven and Eight. The following discussion examines the conclusions for the individual issues in the sequence analysed within the chapter.

### ***Gender***

Factors measuring satisfaction, CPV and SM seem to have a very similar trend for both genders. Almost the same responses are given by males and females

regarding the preferences. The only noticeable difference lies with the loyalty elements where loyalty issues are wider ranging for females than males, as males are less concerned with loyalty issues overall. It may be that using SM to increase loyalty levels will be more difficult with males than females.

### ***Club Type***

Satisfaction issues are somewhat less important for non-profit clubs including obtaining answers to queries and that members provide suggestions. In regard to loyalty there is significant similarity and all club types find receiving sympathy and being able to trust staff as the most important issues. Also there is no real difference between club types on perceived value. There is greater dichotomy in SM issues between what is important and not important. Loyalty issues stand out as significant, wide ranging and the most important issue for all club types.

### ***Age***

It is obvious that there are a large number of important satisfaction factors among all different age brackets indicating a high level of client expectation. There are some noticeable results including the lack of interest in the older age group in receiving incentives from their club, in contrast with the other age groups. Furthermore, to have a sense of belonging is identified as a very important factor for the older age group, which generally could be due to their lesser workload and accordingly more free time compared to the younger members of the clubs. In addition, personal training sessions appear to be extremely unimportant to the club members, although they are of a great importance to club managers, as this service is a good source of income, and offers customized workouts according to individual abilities and needs.

Previous research (McDonald 2010) suggested that socializing is one of the values obtained by sports fans. However, the findings depict an opposite outcome with all club members having little interest in socializing. The older age group show less interest in SM applications such as free WIFI in the clubs, getting in touch with trainers, meet new friends on social networking sites. However, all the participants agree on the importance of SM interactions such as communicating through emails and customized websites. There is a suggestion that older and younger club members do differ and will require different SM focus.

### ***Income levels***

The results of the research reveal that middle and higher income earners share common opinions, while the lower income earners hold different views regarding satisfaction. Differences such as time and effort lost for terminating a contract stand out. The lower income earners seem not to care about this issue, whereas the higher income level members think it is very important to save time and effort while churning from their club. It is worth mentioning that all the income groups show no interest in achieving work or social status by going to certain clubs, rather the focus is upon good value for money.

It would be important for managers interested in expanding personal training that it is not income specific, or as might be expected focused on the higher income members. As was noted with satisfaction, the two top income levels share common opinions and priorities regarding SM and the way they expect their clubs to use SM. There could be a different SM approach required for lower income earners.

### ***Education Levels***

Members with trade qualifications and higher education levels point out common answers to satisfaction questions. The more highly educated members would like their comments to be valued, and their club to record accurate data about them. More educated people may consider their opinions to be more significant.

Consistent with earlier findings members with diverse levels of education tend to be unenthusiastic about personal training sessions, seeking status and socializing at the clubs. There are a considerable number of similar preferences about the important and unimportant SM issues amongst all different education groups.

### ***Important SM Factors among all Demographics***

Table 5.47 below summarizes the most important SM factors among different categories.

**Table 5.47 SM Important Factors among Different Categories**

	Staff Email	Timetable Online	Stay in Touch	Free WIFI	Easy Navigation	Club Website	Unique Customer	Email the Club	Latest Articles	Business Contacts
Males	✓	✓	✓	✓	✓	✓	✓	✓		✓
Females	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Profit	✓	✓	✓	✓	✓	✓	✓	✓		
Non-profit	✓	✓	✓	✓	✓			✓	✓	
Females Only	✓	✓	✓	✓	✓	✓	✓	✓		
18-35	✓	✓	✓	✓	✓	✓	✓	✓	✓	
36-53	✓	✓	✓	✓	✓	✓	✓	✓	✓	
54 & Over	✓	✓	✓	✓	✓	✓	✓	✓		
40000 & Less	✓	✓	✓	✓	✓	✓		✓	✓	
40001-80000	✓	✓	✓	✓	✓	✓	✓	✓	✓	
80001 & More	✓	✓	✓	✓	✓	✓	✓	✓	✓	
High School & Under	✓	✓	✓	✓	✓	✓				
Trade Qualification	✓	✓	✓	✓	✓	✓			✓	
Higher Education				✓	✓	✓	✓		✓	

Source: The Survey Result (2014).

There is specific agreement between all demographic groups in regard to the following factors:

- Staff respond to emails quickly
- Access timetable online
- Stay in touch
- Free WIFI
- Easy navigation
- Check the club website (except for non-profit groups)

There are three more factors including “unique customer”, “email the club” and “latest articles” that are identified by the majority of the groups as important factors. Therefore, it can be concluded that enhancing customer-staff interactions through SM, developing club website features such as easy navigation, and improving staff SM skills in order to communicate with clients faster and more efficiently, will help the clubs to obtain more satisfied and loyal customers.

# Chapter Six: Manager Survey Analysis

## 6.1 Introduction

This chapter presents the analysis of the data collected from the club managers' combined qualitative and quantitative survey. The quantitative data is focused upon the demographics, working role and SM use of the managers, and is presented first, followed by a discussion of manager opinions concerning their approaches to retaining customers including the use of SM and their overall opinion of the survey instrument. Finally, a comparison is made between the managers and customers quantitative data, as previously discussed in Chapter Five.

## 6.2 The Manager Survey

This semi-structured interview was designed to shed some light on how decision makers of H/F clubs strategise and plan their programs. The purpose of conducting this survey was to understand managers' views regarding SM impacts on their business success and survival, and compare and contrast the views with their clients.

It was also designed to give managers an opportunity to comment upon the survey instrument as part of the pilot study. In this way any issues managers might have raised could be included in the survey instrument, prior to administering the member survey. As such the survey has two sections with Section One the quantitative section and Section Two the open-ended questions yielding qualitative data.

## 6.3 Section 1: Quantitative Analysis

### 6.3.1 Profile of the Sample

The research targeted the decision makers in the clubs who had several different roles including overall manager and their assistants (sometimes named customer service managers), facilities and fitness managers. In total, 16 questionnaires were collected from all the clubs. Table 6.1 provides a summary of the demographic data collected from the interviewees, which apart from the employment position is the same as asked of the customers:

**Table 6.1 Managers Demographic Data**

Club Type	Gender	Age	Primary Language	Role	Education	Income	Length of employment at club (month)
F	F	57	En	Club Manager	Higher education	\$60,001-\$80000	78
P	F	42	En	Club Manager	Higher education	\$80,001-\$100,000	216
P	F	41	En	Facilities coordinator	Higher education	\$100,001 +	168
P	M	46	En	Facilities coordinator	Higher education	\$100,001+	2
P	F	32	En	Duty Manager	Higher education	\$60,001-\$80000	60
NP	M	50	En	Coordinator	Higher education	\$60,001-\$80000	12
NP	F	38	En	Instructor/PT/Group Fitness	Higher education	\$40,001-\$60000	72
NP	F	30	En	Coordinator	Higher education	\$40,001-\$60000	24
P	F	24	En	Customer Service Manager	Higher education	\$80,001-\$100,000	30
P	F	49	En	GFM/GFI	Higher education	\$20,001-\$40,000	60
P	F	22	En	Assistant club manager	Higher education	\$100,001 +	15
P	F	27	En	General Manager	Higher education	\$100,001 +	62
P	M	27	En	Fitness Director	Higher education	\$40,001-\$60000	30
P	M	26	En	Assistant club manager	Primary/High School	\$60,001-\$80000	9
P	F	21	En	Customer Service Manager	Higher education	\$100,001 +	30
P	M	28	En	Club Manager	Primary/High School	\$80,001-\$100,000	24

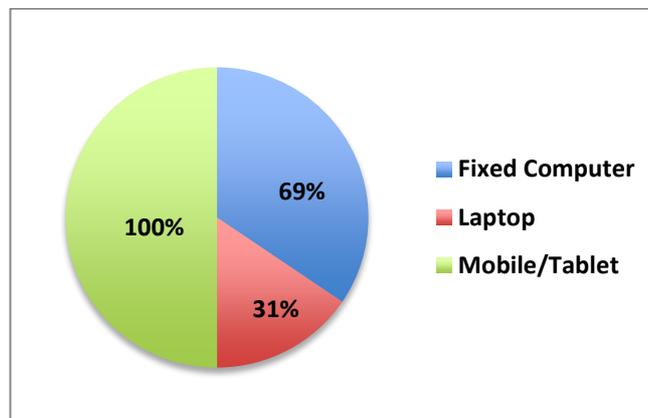
Source: Research Survey (2014).

The results of the table above show that all the decision makers in the clubs speak English at home. There are a higher number of female managers (69%).

Household income varies among the participation with the highest score of 20% who earn \$100000+ per annum, while the lowest rate (6%) belongs to those whose household income is between 20,001-\$40,000. The salaries are quite high overall which is also reflective of a reasonably long level of experience, and strong level of education qualifications. The correlation between age and income is low at .3 so that income is not simply a reflection of age (or length of work experience).

Figure 6.1 below demonstrates the proportion of managers who use the three devices: laptop, mobile/tablet or/and fixed computers to access SM websites daily. Some managers may use more than one device, but all use mobile phones/tablets to surf online.

**Figure 6.1 Computers Use by Managers (per day)**



Source: Research Survey (2014).

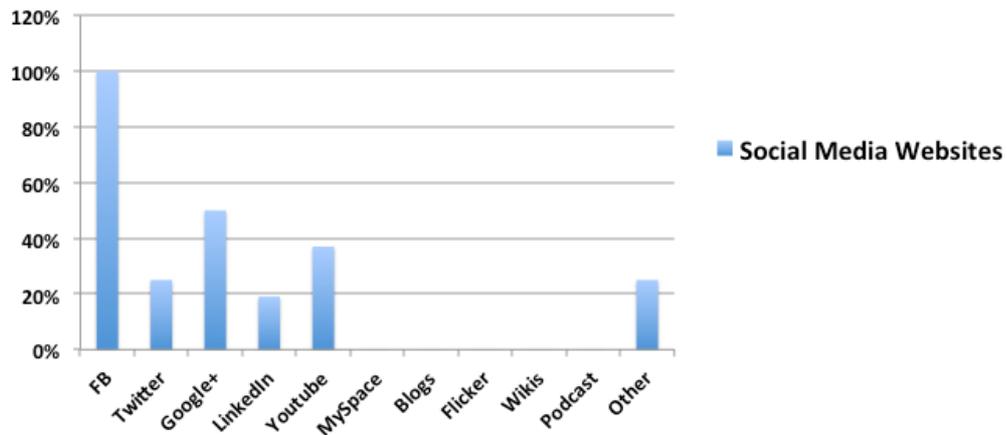
It is noticeable that they are all interested in checking their Facebook accounts and spend a minimum of 30 minutes to browse it. The second popular device among managers is fixed computers, which probably relates to their office work.

The results of the survey also reveal that only 38% of managers check their club website more than 10 times monthly and the rest (62%) check their sites less often. The survey question did not ask them to detail the reasons why they check their websites, and that could be of interest, since customers highlighted that club websites are an important channel of communication and an efficient source of information (Chapter Five, Survey Results). There is a suggestion that changes to the site are not that frequent, probably less than once a week. Unfortunately, this question was not asked, but regardless managers are not checking on the site very frequently and this may need to change to take advantage of SM communication.

#### **6.3.1.1 SM Websites**

Figure 6.2 shows that 100% of the managers use Facebook daily, followed by Google+, Twitter, and then other (which will include Instagram SM websites). Facebook was also identified as the most popular SM platform amongst the participants of the survey (Chapter Five, Survey Results).

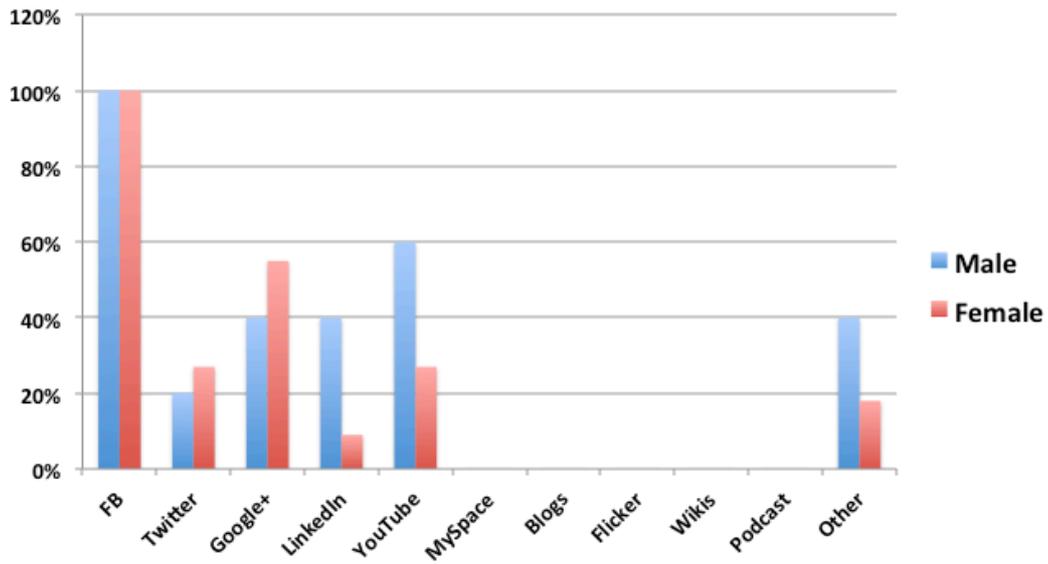
**Figure 6.2 Manger SM Website Use**



Source: Research Survey (2014).

Figure 6.3 below demonstrates the use of different SM websites by gender per day. It is worth mentioning that some of the SM websites including MySpace, Wikis, Podcast and Blogs are not used by managers; instead, other sites such as Instagram and Pinterest are used (which was observed by the interviewer while interviewing managers). The findings are similar to customer use with males tending to favour YouTube, LinkedIn and Other, while females tend to favour Google+.

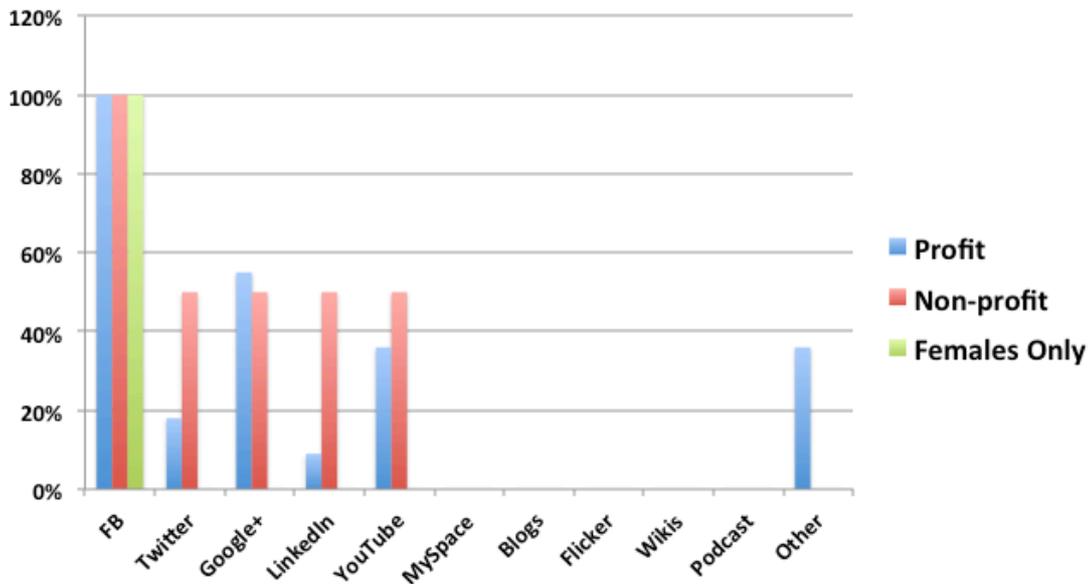
**Figure 6.3 Manager Website Use By Gender**



Source: Research Survey (2014).

Figure 6.4 below displays the SM websites used by managers per day by each club type. It is interesting that the female only club managers are totally focused upon Facebook. Non-profit clubs have a generally even use, whilst the profit club managers focus more on Other and Google+.

**Figure 6.4 Manager Website Use By Club Type**



Source: Research Survey (2014).

The most effective SM channels suggested by managers of the club are summarised in Table 6.2 below:

**Table 6.2 Summary of Manager SM Website Use**

Website Name	Manager preferred platform to communicate with clients (%)
Facebook	100%
Instagram	31%
Twitter	19%
Google+	6%

Source: Research Survey (2014).

The researcher also discovered that Instagram and Pinterest are appealing to both managers and customers while collecting surveys. This could indicate a rising interest in a new generation of technology that has a distinct focus and approach that is different from some known platforms such as Facebook. Users

on this technology are able to express their interests in new and more engaging ways, with new people they do not know, as Facebook focuses on users' private relationships.

### **6.3.2 Section 2: Qualitative Analysis**

Since the focus of the current research is on the role of SM in enhancement of customer loyalty in H/F clubs, only points related to SM are discussed in more detail below.

#### **6.3.2.1 Customer Retention Methods**

Managers were asked to identify the current methods they use to maintain customers on contract. Table 6.3 below displays a summary of the most common methods the club managers use.

- Use Facebook to stay connected
- Continuous staff training
- Stay in touch via phone or face-to-face contact
- Deliver excellent customer service
- Membership incentives
- Regular assessment of retail or membership needs
- Special offers
- Merchandise
- Inform them about late changes or/and new programs

**Table 6.3 Primary Customer Retention Methods Used By Managers**

Index	Club Type	Use Facebook	Staff Training	Stay in Touch	Excellent Customer Service	Incentives	Regular Assessments	Special Offers	Merchandise	Inform Clients
1	F	1				1		1		1
2	P	1						1		1
3	P		1		1	1	1			
4	P				1					
5	P					1				
6	NP	1						1		1
7	NP			1						
8	NP	1								
9	P						1	1		1
10	P					1		1		1
11	P				1	1		1	1	
12	P		1	1	1	1		1	1	1
13	P		1		1					1
14	P		1	1			1			
15	P				1	1		1		
16	P	1		1						
<b>Total</b>	<b>16</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>7</b>	<b>3</b>	<b>8</b>	<b>2</b>	<b>7</b>

Source: Research Survey (2014).

Some managers who participated in the current study name Facebook as the primary channel of connecting with their customers. Burgess et al. (2015) stated that a large number of Australian firms use Facebook; noting that this platform has become the de facto option for Australian small to medium businesses wishing to engage with SM. The authors suggest that businesses should be ready to deal with different types of feedback (both positive and negative), and prepare different response strategies.

Other SM channels including Twitter and LinkedIn are used by some companies although there is some misperception surrounding the nature and role of Twitter, with uncertainty about its value, and concern about the amount of time needed to use it. In addition to SM websites, third party directories such as the Yellow Pages can be used by the firm to advertise the business with some of them also

providing an opportunity for people to post reviews about businesses.

On the one hand, Pereira, Salgueiro and Mateus (2014) investigated the role of Facebook in establishing relationships between brands and their fans, expanding the connection between online consumer behaviour and relationship marketing. Outcomes show that although Facebook users are willing to link to brands on Facebook, they do not tend to interact or share brand Facebook page content frequently. Consequently, brands should seek strategies to establish relationships with their profile fans. On the other hand, De Vries, Gensler and Leeflang (2012) considered SM outlets as superb vehicles for nurturing relationships with patrons and suggest brands create a fan page on SM. Firms can post quizzes videos, messages, pictures, and information on these pages encouraging customers to become fans of their pages. Clients then might like the brand post, share their personal experience with the brand or comment on it. In turn this might impact positively on the popularity of the brand post.

### **6.3.2.2 SM and Customer Loyalty**

Table 6.4 below is a summary of the ways managers believe SM helps them to impact to improve customer loyalty.

- Communicate and Build Relationships
- Keep Customers Up to Date
- Promote Events
- Enhance Clients General Knowledge and Follow up Queries
- Enhance loyalty
- Advertise the Firm and its Products

**Table 6.4 Primary Methods for Improving Customer Loyalty by Managers**

Index	Club Type	Build Relationships	Update Customers	Promote Events	Follow up Queries	Enhance Loyalty	Advertise
1	F	1				1	
2	P	1	1	1		1	
3	P	1					
4	P	1	1				
5	P	1	1				
6	NP	1					
7	NP		1	1	1		1
8	NP	1					
9	P		1	1	1		1
10	P	1		1			1
11	P	1	1				
12	P	1	1	1			
13	P		1				
14	P	1				1	
15	P	1	1				
16	P	1				1	
<b>Total</b>	<b>16</b>	<b>13</b>	<b>9</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>3</b>

Source: Research Survey (2014).

Kondopoulos (2011) claimed that the Internet's potential, as a sales tool has been well documented in the literature. However, to improve digital marketing engagement, marketers are recommended to focus on relationship-based interactions that allow establishing direct dialogues with their clients. Benefits derived from the Web greatly depend on the service providers' active engagement in Internet-based channels.

The results of the managers' survey regarding the benefits of SM are in agreement with the benefits of brands digital presence mentioned in the literature including:

- Improves information gathering and feedback
- User-friendly tool
- Increases knowledge
- Promotes internal and external relationships
- Supports decision-making process
- Increases productivity
- Better outcome measurement

Previous studies also name other advantages of online marketing including the ease of use, its potential for increasing knowledge, and the promotion of the firms' internal and external relationships. The Internet can also allow for "knowing consumers'" consumption habits [and] preferences (Tiago & Verissimo 2014).

The results of a study conducted by Erdogmus and Cicek (2012) revealed that customer brand loyalty is positively influenced by brand campaigns, appearance on various platforms as well as offering applications and relevant content on SM. They mention that customers prefer to share music and fun with IT-related content on SM websites.

Gamboa and Goncalves (2014) offered managers a new opportunity to achieve customer loyalty through Facebook. Most businesses still do not consider SM as a vehicle for nurturing and winning customer loyalty, but instead as a tool for creating and raising brand awareness. By studying the Zara brand fans and non-fans on Facebook, the authors discover that Facebook improves the relationships that enhance loyalty via CPV, customer trust, commitment and satisfaction. The outcomes of the study show that these bonds are stronger for fans of the brand

than non-fans. Similarly, managers of the surveyed clubs consider SM as a more efficient way to reach their clients.

Customer loyalty programs also constitute an important customer relationship management tool. Customers perceive that benefits from a loyalty program can enhance their loyalty to that program directly, as well as to the company indirectly (Kang, Alejandro & Groza 2015).

It is interesting that when the context of loyalty is raised the methods suggested are different to those stated for customer retention. The managers see a need to be more personal with direct customer contact, when discussing the notion of loyalty. This suggests that managers can see that loyalty is important at a personal level whereas overall management to maintain contracts (not necessarily for the same people) have a broader range of methods. This also implies that SM use is more relevant to the question of loyalty, than it is to attracting customers in the first place; and then attempting to make those customers satisfied customers who may renew their contract.

Little is mentioned in the literature about the relationship between a firm's SM communication strategies and its reputation and profitability creation in the on-line environment. However, it is well accepted that company communication has a positive impact on company reputation. Therefore, it is quite challenging for service providers to strategize online communications that could impact corporate reputation. In many industries, firms share information on various SM platforms such as Twitter, YouTube and Flickr in a hope of getting their customers to post comments and opinions, and share their personal experience (with the firm). This

can serve as a source of information and advertising method for obtaining new customers (Floreddu, Cabiddu & Evaristo 2014; Otero, Gallego & Pratt 2014).

Although it is not an early focus with the managers, the role of WOM in enhancement of loyalty, obtaining new customers and business reputation cannot be overlooked. Kozienets et al. (2010) proposed a new model suggesting communal WOM does not only rise or magnify marketing messages, but also meanings and marketing messages are reformed in the process of embedding them. This theory offers pragmatic implications for marketing managers to understand, plan and target WOM in a networked world.

WOM, with the potential of being both negative and positive, is a double-edged sword. Some researchers (see for example Tripp, Grégoire & Business 2011; Henning-Thurau et al., 2004) stated that negative online WOM (known as mouse WOM as well), is negatively impacting companies globally due to its influence on the way customers behave. Consumers provide unsolicited feedback to businesses and to each other (Prahalad & Ramaswamy 2004) so negative WOM about firms are prevalent in the marketplace (Ahluwalia, Burnkrant & Unnava 2000). This digital WOM spreads out quickly over the Internet as a result of the increased utilization of SM (Jansen et al. 2009). In a similar manner, consumers sentiments tend to spread fast on SM because people generally tend to have only significant contact with others who are similar to them (Mesquita & Peres 2015).

### **6.3.2.3 Future of SM in the Clubs**

One of the most distinctive methods by which a firm can lower its costs is embracing SM marketing, which is mutually effective for consumers and firms. Advertising brands and marketing activities via social networks is relatively cheap

resulting in SM being widely valued as the most convenient tool to promote products to the target audience. SM allows everyone to become a creator of content and to deliver it through an interactive communication. Although initially SM started as a means of entertainment, it has become the most recent marketing strategy, because of its notable advantages in time, relationships, audience and cost (Kirtis & Karahan 2011).

No standard formula exists for identifying how much businesses should invest in SM marketing. It depends on a number of factors such as the firm's internal digital infrastructure, its media choices as well as customer preferences (Weinberg & Pehlivan 2011). No doubt a large number of businesses consider SM advertising as a priority area for their investment. In 2013, global online advertising expenditures rose more than 14% to an all-time record of \$101.5 million while financial investment in traditional media was expected to grow by only 4% from its 2012 level (Tiago & Verissimo's 2014).

Employees play a significant role in SM marketing because they implement the corporate strategies, suggesting firms should hire employees with online marketing skills. The results of Tiago and Verissimo's (2014) study showed that firm webpages are the most commonly used communication outlet, followed by their SM websites such as Facebook, LinkedIn and Twitter. The authors classified the main online investment areas for businesses into three main categories of "digital presence", "human resources" and "competencies". Below is a list of suggested strategies and activities businesses can approach under each category (the list is according to importance from highest to lowest):

**Table 6.5 Digital Investment Areas for Businesses**

Digital Presence	Human Resources	Competencies
Social network/apps	Staff involved in digital	Blogs edition
E-mail marketing		Website maintenance and
Digital ads		Website design
Viral campaigns		Video content development
Digital brand experiences		Mobile apps development
Search engine optimization		
Digital infrastructure		
Blogs		
Games		

Source: Tiago and Verissimo (2014).

In the sample of managers (refer to Table 6.6), 75% stated that they have plans to continue/use SM in the future for the following reasons:

- 24/7 Customer Service
- More Efficient
- Faster
- Enhances Members' Excitement

**Table 6.6 Manager Reasons for the Use of SM in Future**

Index	Club Type	Stay Connected	More Efficient	Faster	Enhance Excitement
1	F		1		
2	P	1			
3	P		1		
4	P				
5	P	1			
6	NP	1			
7	NP				
8	NP	1			
9	P				
10	P		1	1	
11	P	1			1
12	P	1			1
13	P		1		
14	P	1	1		
15	P	1	1	1	
16	P	1		1	
<b>Total</b>	<b>16</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>2</b>

Source: Research Survey (2014).

SM helps to keep the club connected with customers even when they are away from the club. The increased use of the Internet enables people to stay connected in the palm of their hand by using smart phones and tablets. Real-time connectedness is one of the features of the Internet, which allows people to communicate with each other beyond physical boundaries (Kirtis & Karahan 2011).

However, 25% of H/F club managers mention that they do not use SM in order to communicate with their clients. Although the survey did not contain any specific question asking them the reasons why not, it was observed by the researcher in discussion that some managers of H/F clubs primarily rely on face-to-face communication, since the nature of physical activities requires the presence of the clients. Hence, these managers tend to believe that face-to-face communications engage and motivate their clients in a more efficient way. It is worth mentioning that Burgess et al. (2015) highlighted incompetency or lack of knowledge of using technology as a major reason why some Australian managers refuse to invest in SM activities more seriously.

Attitudinal loyalty theory suggests that building and sustaining relationships with customers may lead to more loyalty (East, Wright & Vanhuele 2013). It is believed that functional and experiential advantages of a firm's social networks positively impact on consumer perceptions of relationship investments made by the firm, leading to both higher relationship quality, willingness to recommend the business, and customer loyalty (Park & Kim 2014).

## 6.4 Conclusion

In conclusion the discussion with the managers provided some greater insight into their thinking and use of SM. The main findings are as following:

- The majority of the managers identified SM as a powerful tool to influence their customers in order to strengthen their relationships. Since the majority of clients also pointed out that certain aspects of the Internet and SM features matter to them, while being in touch with their clubs, developing club site features such as easy navigation, and improving staff SM skills in order to communicate with clients quickly, will help the clubs satisfy member needs.
- Along with the use of SM, managers also employ different methods to maintain their relationships with their clients, including a superior customer service, advertising and informing people about new changes in the clubs.
- Facebook is the most popular social networking platform amongst managers, and the most used site to advertise, inform and engage customers with promotions and latest news about the clubs' activities. Similarly, customers of different demographic groups chose Facebook as the most used SM site.
- SM was identified as a faster, more efficient and more exciting method to rely on, to achieve more effective and efficient relationships between the clubs-customers. Likewise, different client demographics revealed their interest in SM communication features including staff Internet skills such as handling emails in a professional and timely manner. Therefore, continuous and up to date training for staff would benefit both customers and the clubs to achieve their goals.

- Since website design such as easy navigation and user-friendliness are of great interest to customers, managers need to consider professional web designers in order to structure their websites, and make them appeal to their clients.
- Customer uniqueness is another highlighted SM feature by members of the clubs. Therefore, managers need to pay attention to their website features and functions, allowing customers to receive personalized messages in relation to their fitness goals from the clubs.
- Latest articles and fitness tips seem to be appealing to a majority of customers indicating that managers need to pass on health related messages to their clients.
- Access to free Internet at clubs seems to be important for many customers, so this needs to be considered by club managers.

The following Chapter 7 begins the quantitative analysis of the main concepts of CPV, Satisfaction, Loyalty and SM required to test the remaining hypotheses described earlier and associated with the conceptual model outlined in Figure 3.1.

# Chapter Seven: Principal Components Analysis

## 7.1 Introduction

In this chapter a data reducing technique called Principal Component Analysis (PCA) is used in order to take a large set of variables in an attempt to determine whether the number of variables can be reduced into composite variables containing more complex interrelationships, or components. In such a way, the PCA is used to provide potentially greater insight into the interrelationships between the variables in the four groupings, Customer Perceived Value (CPV), customer satisfaction, customer loyalty and Social Media (SM). The PCA is also used as a first step in testing the conceptual model by creating the component structures to be tested in the next Chapter Eight by structural equation modelling.

In the survey instrument the four groupings are not identified in the survey instrument as discussed in Chapter Four. Respondents simply answer a continuous flow of questions divided into sections A, B, C, D and E. It is anticipated that collecting the data in this way will mean that the respondent is not influenced by the group name. For example, questions relating to loyalty are not asked within the context of loyalty, so that the respondent does not recognise the link between the question and the concept of loyalty. However, the PCA analysis is run separately on each of the sections B, C, D and E that are the sections for CPV, satisfaction, loyalty and SM respectively. Table 7.1 presents a listing of the full set of variable questions asked against their shortened variable names. This

table is helpful to cross relate to the following PCA analysis results, where only the shortened variable name is given.

**Table 7.1 Variable Questions against their Shortened Names**

<b>Customer Perceived Value (CPV)</b>	
<b>Short Name</b>	<b>Question</b>
Socializing	To socialize.
Happy	To be happy at the club.
Treat equally	To be treated equally.
PT sessions	To attend personal training sessions.
Group classes	To attend group classes.
Distance	The distance to the club.
Feel safe	To feel safe while exercising at the club.
Good value	The service offered is good value for money.
Attractiveness	Physical attractiveness and the design of the club.
Flexibility	The flexibility of program times.
Comparison	Different services and activities compared with other clubs.
Popularity	The popularity of the club.
Opening times	The convenience of the opening times.
Overly defence	Staff do not overly defend the club if I criticize it.
Close relationship	To have a close relationship with personal trainers and general staff.
Accomplishment	To have a sense of accomplishment.
Staff suggestion	Staff suggest things I might like but did not think of.
Self-respect	To have a feeling of self-respect.
Status	To attend this club for social /work status.
Encouragement	Your trainer encourages you.

<b>Satisfaction</b>	
<b>Short Name</b>	<b>Question</b>
Staff advice	Staff advise on activities to suit your lifestyle.
Queries	Staff follow up your queries.
On time	The club activities are held on time.
Make friends	I have made new friends at this club.
Enough equipment	Enough equipment to cater for all clients.
Accurate data	The club keeps my data records accurately.
Comments	Staff are interested in your comments and suggestions.
Product use	You receive competent demonstration on the use of products.
Up-to-date equipment	There is up-to-date equipment.
Up-to-date activities	The club activities and programs are up to date.
Termination details	The contract termination details.
Neat staff	Staff are well dressed and appear neat.
Advertisement	The advertising for new fitness and health programs.
Patient staff	Staff deal with me patiently.
Acknowledgement	Staff acknowledge and greet me as I enter the club.
Ease of complain	The ease of stating a complaint.
Solve queries	I am promptly transferred to the right person to solve my query.
Lose friends	I may lose friends by changing to another club.

**Table 7.1 Variable Questions against their Shortened Names (cont.)**

<b>Loyalty</b>	
<b>Short Name</b>	<b>Question</b>
Recommendation	I recommend this club to those who ask my advice.
Personal friend	Staff treat me as a personal friend not just a customer.
Sympathy	The club is sympathetic and reassuring when I have issues.
Belonging	To have a sense of belonging to the club.
Trust staff	I can trust the employees.
Time and effort lost	The amount of effort and time lost in terminating a contract.
Good things	I say good things about this club to other people.
Renew contract	I intend to renew my contract.
First choice	I consider this franchise as my first choice wherever I am.
Another club	I might change to another club, which offers me better services.
Incentives	I have incentive offers such as special discounts for long-term membership.

<b>Social Media (SM)</b>	
<b>Short Name</b>	<b>Question</b>
Stay in touch with friends	To stay in touch with family friends via SM.
New people on SM	To meet new people on SM websites.
SM discussions	To join in SM websites discussions.
Business contacts SM	To make professional and business contacts via SM websites.
Track fitness goals	To track my fitness targets via SM.
Track friends	To track my friends improvement on their fitness targets via SM.
Different profiles	To use different profiles on SM websites for different parts of my personality.
Exchange information	To exchange information on SM websites about more efficient methods to stay fit.
Latest articles	To read the latest articles and information regarding my health on SM websites.
Share P/V/M	To share health-related photos, videos and music via SM websites.
SM updates	To read SM websites updates.
Create groups	To create a community or group about the club on SM websites.
Celebrities' comments	To read comments or post by celebrities about the club on SM websites.
Strangers' comments	To read strangers comments on my favourite topics on SM websites.
Write a blog	To write a blog about the club.
Free Wi-Fi	To use free WI-FI available to members at the club.
Club website	To check the club website to get latest news about the club.
In touch with trainers	To stay in touch with my personal trainer online.
Timetable online	To check the program timetable online.
Email the club	To email the club in order to ask a question.
Staff email quickly	Staff answer my emails quickly.
Unique customer	The club website makes me feel that I am a unique customer.
Easy navigation	Navigation though the club website is easy.

Source: Research survey (2013).

## **7.2 Reasons for Using PCA**

This method is psychometrically comprehensive and mathematically easier, and it avoids some of the possible issues with 'factor indeterminacy' related to factor analysis (Stevens 1996). The PCA analysis varies from common Factor Analysis in that the latter is based upon a theoretically proposed outcome. That is the factors are theorised to exist in advance of the analysis, while PCA simply summarises the existing variables by grouping them into like components (Tabachnick & Fidell 2013).

In the design of the questionnaire, there is a theoretical structure related to each variable grouping as described in the development of the conceptual framework in Chapter Three. However, the composition of each of the groupings remains uncertain. Chapter Five did examine each grouped variable individually and derive some important conclusions. However, there are two important issues left as uncertain from the Chapter Five analysis.

Firstly, most people do not think about, or are not influenced in most cases by, one single issue. It is psychometrically more sensible to understand that the thinking of people is more complex, and it is the interplay between several variables together that influences decision-making. PCA is a method whereby the links between each of the variables in each theorised grouping can be identified, and hence more complex variables found that better explain decision-making.

Secondly, the variables in the questionnaire are selected by the researcher and could contain a bias, or be non-representative of particular issues. Despite the use of an extensive literature review in Chapter Two, and an interview with club

managers who were shown the questionnaire (discussed in Chapter Six), both of which were used to develop and refine the instrument, it is not possible to say that each individual variable captured an individual issue. More complex issues may exist that the researcher missed, or failed to collect. The PCA is a way of identifying any potentially complex combinations of variables that generate a more complex way of thinking.

The analysis below uses a Varimax rotation to maximise the difference between the components, and thereby emphasise the distinct nature of the components. An eigenvalue of 1 is chosen as cut off value for factors (Tabachnick & Fidell 2013) and a loading of .6 is the minimum value for a loading to be considered related strongly enough to load on any one factor. Furthermore, Cronbach Alpha measurement of reliability has been used to determine the reliability of the factors.

### 7.2.1 CPV

There are a large number of 21 variables used to measure CPV. Three components account for 63% of the total variance (refer to Table 7.2).

**Table 7.2 Initial Eigenvalues**

<b>Component</b>	<b>Initial Eigenvalues</b>		
<b>Factor</b>	<b>Eigen Value</b>	<b>Percentage of Variance</b>	<b>Cumulative Percentage</b>
1	4.17	37.89	37.89
2	1.60	14.47	52.36
3	1.14	10.34	62.69

Source: Data analysis (2014).

The factor loadings in Table 7.3 display three strong components with acceptable reliability. The first component is one of status of the club and self. It is seen as

important to belong to a club with recognised popularity and status where, one is recognised in a close relationship. The second component is one of personal development or accomplishment and respect. The third component focuses upon club service, which relates to flexible unique activities at convenient opening times.

**Table 7.3 Result of Varimax Rotated Factor Matrix  
for the 21 Variables Related to CPV**

Rotated Component Matrix			
Component			
	Status	Sense of Accomplishment and Self-respect	Club Amenities
Status	0.80		
Close Relationships	0.79		
Popularity	0.73		
Overly Defence			
Accomplishment		0.84	
Self-respect		0.82	
Staff Suggestions		0.66	
Encouragement			
Flexibility			0.78
Comparison			0.73
Opening Times			0.67
<b>Reliability Cronbach's Alpha</b>	<b>0.76</b>	<b>0.76</b>	<b>0.68</b>
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization			
Rotation converged in 6 iterations.			

Source: Data analysis (2014).

## 7.2.2 Customer Satisfaction

The strength of the analysis is shown in Table 7.4 where 55% of the variance is accounted for by three components.

**Table 7.4 Initial Eigenvalues**

<b>Component</b>	<b>Initial Eigenvalues</b>		
<b>Factor</b>	<b>Eigen Value</b>	<b>Percentage of Variance</b>	<b>Cumulative Percentage</b>
1	6.85	38.06	38.06
2	1.71	9.52	47.58
3	1.25	6.92	54.50

Source: Data analysis (2014).

Table 7.5 lists three distinct and strongly loaded composite variables for satisfaction. Two components are quite detailed and the first component of staff engagement with customers can be clearly described to be about the important issues associated with staff and customer activities. Customers want accuracy, staff interaction in regard to advice, and their comments and the products of the club to be adequate and modern. The second component of staff servicing behaviour is more specifically aimed at the staff providing services to the customer, and the most important issues are that the staff present well and acknowledge the customer's presence.

**Table 7.5 Result of Varimax Rotated Factor Matrix  
for the 18 Variables Related to Satisfaction**

<b>Rotated Component Matrix</b>			
<b>Component</b>			
	<b>Staff Engagement with Customers</b>	<b>Staff Servicing Behaviour</b>	<b>Making Friends</b>
Queries	0.75		
On time	0.73		
Product use	0.71		
Accurate data	0.68		
Comments	0.67		
Equipment	0.61		
Up2date activities	0.60		
Up2date Equipment			
Termination Details			
Acknowledgement		0.79	
Neat staff		0.71	
Ease of complaint		0.71	
Patient staff		0.66	
Advertisement		0.65	
Solve queries		0.63	
New friends			0.71
Lose friends			0.65
Staff advice			
<b>Reliability Cronbach's Alpha</b>	<b>0.86</b>	<b>0.86</b>	<b>0.41</b>
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization			
Rotation converged in 7 iterations.			

Source: Data analysis (2014).

Additionally, customers expect staff to be informative, patient and listen and act on their queries. The third component has a low reliability measure and relates to making friends, but is removed because of the low reliability (0.41). Ideally, the level of Cronbach alpha should be .7 (DeVellis 2016). Although, as a measure of

internal reliability it is debatable whether the measure can be used to measure consistency in a latent dimension, particularly when short scales with fewer than 10 items exist resulting in quite low Cronbach values (around .5) (Pallant 2013). However, a Cronbach measure as low as .4, is too low to maintain reliability.

### 7.2.3 Customer Loyalty

The loyalty concept is comprised of eleven variables, and three components are retained with eigenvalues of one or higher that account for 62% of the variability in the data matrix.

**Table 7.6 Initial Eigenvalues**

Component	Initial Eigenvalues		
Factor	Eigen Value	Factor	Eigen Value
1	4.18	37.98	37.98
2	1.57	14.26	52.24
3	1.09	9.88	62.12

Source: Data analysis (2014).

The factor loadings and interpretation are shown in Table 7.7. The Cronbach alpha is slightly low for the third component but it is retained given the strong loadings.

**Table 7.7 Result of Varimax Rotated Factor Matrix  
for the 11 Variables Related to Loyalty**

Rotated Component Matrix			
Component			
	Attitudinal Loyalty	Emotional Attachment	Better Value
Good Things	0.80		
First Choice	0.79		
Recommendation	0.79		
Renew Contract	0.71		
Personal Friend	0.70		
Sympathy		0.85	
Trust Staff		0.79	
Belonging			
Another Club			0.86
Effort& Time lost			0.72
Incentives			0.55
<b>Reliability Cronbach's Alpha</b>	<b>0.83</b>	<b>0.69</b>	<b>0.60</b>
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization			
Rotation converged in 5 iterations.			

Source: Data analysis (2014).

There is a strong attitudinal loyalty widely defined to include the club being a first choice, wanting to renew the contract and making good recommendations. There is also an emotional attachment described by a sense of trust and sympathetic reassurance.

The third concept relates to the issue of changing club and concern about the effort and time required to find another club, and that incentives have built up in the existing club. These items may be summarised as 'better value'. However, the customer is open to moving to another club. This suggests that if the correct

promotion were made readily available that reduced time and effort, and offered a similar value, they may well move. Therefore, there is inbuilt loyalty but it is not entrenched and could change.

#### 7.2.4 SM

There are 23 variables used to measure SM, and three components are defined that account for 66% of the explained variance (refer to Table 7.8).

**Table 7. 8 Initial Eigenvalues**

Component	Initial Eigenvalues		
Factor	Eigen Value	Percentage of Variance	Cumulative Percentage
1	11.02	47.92	47.92
2	3.19	13.88	61.80
3	1.07	4.67	66.47

Source: Data analysis (2014).

The component analysis creates three strong components with three complex variables. The first component is a measure of SM socialising comprising communication with friends, new friends, and joining in on discussions, along with sharing videos and music, using different profiles and writing blogs. The second component links to personal socializing through keeping in contact with trainers, but extends to include the features offered by the club website. These features include club emailing, using the club website with easy navigation, all of which are intended to make the customer feel unique. The third component links to the first component through sharing photos and videos and creating website groups, but is less focussed upon socializing, and more about knowledge in the form of updates and articles.

**Table 7.9 Result of Varimax Rotated Factor Matrix  
for the 23 Variables Related to SM**

<b>Rotated Component Matrix</b>			
<b>Component</b>			
	<b>Socializing on SM</b>	<b>Club Website Features and Services</b>	<b>SM Activities</b>
Track Friends	0.847		
Write A Blog	0.778		
Track Fitness Goals	0.766		
New People on SM	0.746		
SM discussions	0.742		
Celebrities' Comments	0.697		
Different Profiles	0.655		
Strangers' Comments	0.606		
Share P/V/M	0.587		0.577
Business Contacts SM	0.577		
In Touch with Trainers	0.573	0.571	
Email the Club		0.851	
Staff Email Quickly		0.843	
Easy Navigation		0.792	
Timetable Online		0.772	
Check Club Website		0.752	
Unique Customer		0.719	
Free WIFI			
SM Updates			0.753
Latest Articles			0.725
Exchange Information			0.657
Stay in Touch with friends			0.631
Create Groups	0.592		0.598
<b>Reliability Cronbach's Alpha</b>	<b>0.944</b>	<b>0.905</b>	<b>0.906</b>
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization			
a Rotation converged in 6 iterations.			

Source: Data analysis (2014).

### 7.3 Conclusion

In this chapter PCA is used in order to reduce a large number of variables into merged variables containing more composite interrelationships, or components (often referred to as unstructured variables). In other words, the PCA is used to provide possibly better insight into the inter-correlations between the variables in

the four groups including CPV, customer satisfaction, customer loyalty and SM, and to define the overall concepts as hypothesised to exist in the conceptual framework.

The PCA outcome categorised satisfaction variables into two major factors including “staff engagement with customers” and “staff servicing behaviour” with the same reliability of 0.86. Furthermore, the results identified three main factors for loyalty including “attitudinal loyalty”, “emotional attachment” and “better value”. Attitudinal loyalty gained the highest Reliability Cronbach’s Alpha score (0.83) among all three components showing a high internal consistency amongst the attitudinal loyalty items. CPV factors, moreover, were reduced to three major components namely “status”, “sense of accomplishment and self-respect” and “club amenities” with all scoring acceptable reliabilities above 0.6. Finally, SM factors were classified into three main groups that are socialising on “SM”, “club website features and services” and “SM activities” with a very high internal consistency above 0.9. Given the importance of maintaining long-term relationships with the club’s clients, it is recommended that a club utilises SM tools to engage with customers at all times, in order to build emotional and behavioural bonds between clubs and their members.

Having defined the concepts contained within the conceptual model (Figure 3.1) very strongly, in a statistical sense, it is now possible to test the conceptual model links to examine how the concepts inter-relate, and thereby test the hypotheses 2 to 6. This analysis is conducted in Chapter Eight.

# Chapter Eight: Structural Equation Modelling

## 8.1 Introduction

The previous chapter used factor analysis as an exploratory tool, to attempt to define the concepts developed in the conceptual framework from a multi-variate perspective. The supposition made is that the nature of concepts such as satisfaction, loyalty and perceived value cannot be analysed and then understood as individual reactions to specific issues, as done in Chapter Five. The argument is that these concepts are complex, interwoven mental constructs that involve an inter-play between various issues, and that any attempt to understand them requires some method to breakdown the numerous individual issues into more general and complex structures. Those structures are termed components from the PCA run in Chapter Seven.

Whilst the description of these more generalised concepts makes for a better understanding of the content of the main concepts, it says nothing about the interplay between the concepts. This chapter attempts to test the relationships hypothesised to exist between the concepts of perceived value, satisfaction, loyalty and SM in the context of H/F clubs as discussed in the conceptual model of Chapter Three (refer to Figure 3.1).

As discussed in Chapter Two, a large number of studies have examined direct and indirect associations amongst customer satisfaction, perceived value, and repeat purchase intentions. If service providers offer quality products, customer

satisfaction may follow plus a number of other advantages including attainment of new customers, increased purchases per customer and a higher profit margin (East, Wright & Vanhuele 2013). Satisfied customers are more likely to become loyal to the provider, resulting in customer retention and boosted revenue creation (Yu et al. 2014). Some studies argue that satisfaction does not always lead to loyalty (Berman 2005).

Perceived values precede satisfaction, as they are pre-purchase, where satisfaction and loyalty are post purchase. Perceived values can be influenced by both demographics and culture, which can vary widely across cultures and different demographic groupings. SM has the potential to affect both the pre and post purchase, but in ways that are not well understood. SM clearly impacts upon CPV, but it is less clear if and to what extent it impacts on customer satisfaction and loyalty in H/F clubs.

Establishing the links between the study constructs is not a simple matter, as there are several inter-related concepts within each of the general concepts identified as components. Therefore, the previous chapter suggested the following significant factors for each construct of the current thesis:

### ***CPV***

1. Status
2. Sense of Accomplishment and Self-respect
3. Club Amenities

### ***Customer Satisfaction***

1. Staff Engagement with Customers
2. Staff Servicing Behaviour

### ***Customer Loyalty***

1. Attitudinal Loyalty
2. Emotional Attachment
3. Better Value

### ***SM***

1. Socializing on SM
2. Club Website Features and Services
3. SM Activities

Structural Equation Modelling (SEM) has the unique capacity to test for causal relationships between unstructured variables identified by the PCA in Chapter Seven (the concepts hypothesised to exist here). Although, there are limitations to the analysis method, and it is not by any means known in the first place that the hypothesised relationships actually exist, or that the computational constraints of the method can identify their existence. The review of literature does provide a solid basis to build the potential existence of the relationships, and this is the research basis for developing the theory behind the conceptual model.

This thesis has postulated the use of SEM from the research methodology in Chapter Three. As such no attempt is made to pre-test whether the method will provide a useful conclusion, or answer the hypotheses positively, and then failing that, to use another method. The research method is pure in that sense, and results are as they are, with no attempt to manipulate for a better result. Consequently, the decision is made in advance, not to use modification indices to

adjust the SEM results. This is a common practice, but has the theoretical difficulty of indicating data manipulation, in the sense that there is no theoretical justification to manipulate the SEM to obtain a better model; and the result can be argued to move the results away from the original theory behind the analysis.

## **8.2 The Assumptions of SEM**

SEM is an extension of regression and therefore has similar assumptions. Consequently, it is assumed here that the relationships found are linear. No attempt is made to measure non-linear relationships. This is a reasonable assumption given the conceptual model, as it would be difficult to define the existence of a non-linear path and no prior basis within the literature to do so.

The data must be at least interval in measurement and this has been achieved within the survey instrument. There is an assumption that the variables within the model for each construct are not inter-correlated, that is, measuring the same variance. This is tested for and a result also of using factor analysis with Varimax rotation, which maximises the distance between the constructs. One advantage of SEM is that inter-correlated variables can be declared within the analysis. Multi-collinearity has been examined using the correlation matrix, and no variables have been found to have a correlation at .5 or more.

It is assumed that causation is one-way in the direction of arrows in the path diagram as defined by the theoretical model discussed earlier. This is a consequence of the unobserved variables being defined in advance by the PCA and a requirement of using SEM.

The sample size is an important issue and not a definitive one. Literature varies between 5 and 20 cases required for each variable. Most researchers conclude that 10 cases are needed as a minimum (Kline 2014). In this study there are 519 cases yielding a ratio of 28:1 for Satisfaction, 47:1 for Loyalty, 25:1 for CPV and 23:1 for SM.

There can be no missing cases, or in other words all regressions within one analysis must have the same sample size. Careful survey collection in the first instance has resulted in extremely few missing cases that within a large sampling frame could be averaged out.

As suggested above, one very large assumption is that causality can be interpreted from the analysis. In the analysis the regression weights calculated by the model are compared with the observed correlation matrix for the variables, and a goodness of fit statistic is calculated. If volume of flow is important a covariance matrix may be used, but that is not done here. Therefore, the analysis deals with correlation and not cause. The strength of any causal interpretation depends upon the strength of the correlation, but also most importantly upon the theoretical strength the analysis is based on, here the conceptual model. As such there is an assumption that previous research is a valid basis for developing the conceptual model, that the model is theoretically sound in its hypothesis structure and provides meaningful causal paths. Moreover, it is assumed that no other model would explain (fit) the data more accurately. It is believed here that this assumption is met to the extent that hypotheses of cause can be meaningfully tested to provide a meaningful outcome, albeit with a normal degree of scientific

assessment, that is that no cause is 'proven' to exist, but might reasonably assumed to be 'likely' or 'unlikely' to exist.

Here, the structural equation modelling is used to achieve two main objectives:

- 1) To examine a series of simultaneous relationships between CPV, customer satisfaction, customer loyalty and SM;
- 2) To test the hypothesized relationships between constructs, establish the overall fit of the model to the data, and approve whether the conceptual model is suitable for the study of SM and customer loyalty.

**Table 8.1 SEM Short Names**

<b>Factor</b>	<b>Component</b>	<b>Short Names</b>
<b>CPV</b>	Status	<b>MStatus</b>
	Sense of accomplishment and self-respect	<b>RespectAccomplishment</b>
	Club amenities	<b>ClubAmenities</b>
<b>Satisfaction</b>	Staff engagement with customers	<b>CustomerEngagement</b>
	Staff servicing behaviour	<b>SBehaviour</b>
<b>Loyalty</b>	Emotional attachment	<b>EmotionalAttachment</b>
	Attitudinal loyalty	<b>AttitudinalLoyalty</b>
	Better value	<b>BetterValue</b>
<b>SM</b>	Club website features and services	<b>WebsiteFeatures</b>
	SM activities	<b>SMactivities</b>
	Socializing on SM	<b>SocializingonSM</b>

Table 8.1 shows the components derived from the PCA analysis and their shortened names used in this chapter.

### 8.3 Measures of Fit

AMOS 23 in association with SPSS is used to analyse the potential individual multiple regression equations simultaneously. The AMOS statistical package also produces several measures of the goodness of fit to measure the strength of the hypothesised causal relationships.

A selection of measures is given that are commonly presented in the literature. They comprise the most common measure of overall fit – CMIN and GFI. The most commonly used measure of population discrepancy RMSEA that is best for complex models. The most common measure for comparison to a baseline model CFI, and the miscellaneous measure RMR, which assumes the model is correct and measures the degree to which the actual covariances differ.

Statistics are also available for model comparisons and further below the AIC (Akaike Information Criterion) and BCC (Brown–Cudeck Criterion) are used to assess the order of the model fit across the hypothesised conceptual model.

The selected overall fit measures used here are: Chi-square statistics ( $\chi^2$ ), CMIN/df, and the Goodness-of-Fit (GFI) Index. The CMIN statistic can be unreliable with large samples, and this analysis has a large sample. The effect can be to find insignificance when it is truly there, so that a conflict in results can occur between CMIN and GFI. However, this does not happen in this analysis.

**Chi-square ( $\chi^2$ ):** Is reported as CMIN in AMOS software and is an essential measure of overall model fit. A Chi square test evaluates the degree of inconsistency between the covariance matrix estimated from the sample, and the reconstructed covariance matrix based on the specified model. A small and non-

significant value of chi square suggests the proposed model fits the observed covariances as well as correlations. Yet, this does not secure identification of the correct model, and does not give any guarantee that another model would not offer the same or even better fit. A significance level of 0.05 is recommended as the acceptable minimum. Levels exceeding 0.10 or 0.20 confirm no significant difference between the covariances (Fornell 1983). Therefore, the smaller the Chi-square, the better the model fit.

**CMIN/df:** Is the ratio of minimum discrepancy to the degrees of freedom (df). A value close to 1 indicates a good fit. Different researchers recommend using a ratio as low as 2 or as high as 5 to indicate a reasonable fit (Marsh & Hocevar 1985). For instance, Wheaton (1977) suggests that a relative chi square/df ratio should also be computed. A ratio of 2 to 1 or 3 to 1 indicates an acceptable fit between the proposed model and the sample data.

**The Goodness-of-Fit Index (GFI):** Is a measure representing the overall degree of fit between the squared residuals from prediction and the actual data. The GFI has no absolute threshold levels for acceptability. Its value ranges from 0 to 1 with higher values indicating better fit. It is a good measure of fit between the hypothesised model and the observed covariance matrix, and can be adjusted by degrees freedom that is the adjusted goodness of fit index (AGFI).

**Adjusted GFI (AGFI):** Is an extension of GFI. It is adjusted by the ratio of degrees of freedom for the hypothesised model to that for the null model. The recommended high level is a value greater than or equal to 0.90. It also ranges between 0-1, with a cut off value of 0.79 or 0.76 generally indicating an acceptable model with good fit.

**Root-Mean-Square Residual (RMR):** Depends on the scales of the indicators in the model. Values of standardized RMR < .10 are commonly considered satisfactory while an RMR of zero indicates a perfect fit.

**Comparative Fit Index (CFI):** Is useful as a baseline comparison, where values > .90 are considered good and > .95 is very good.

**Root Mean Square Error of Approximation (RMSEA):** Is suitable for complex models such as the current model. RMSEA is a measure which attempts to correct the tendency of the chi square statistics to reject any specified model with a large sample. Similar to the RMSR, which describes an average of the residuals between the observed and estimated input matrices, the value is the difference per degree of freedom. A value  $\leq .05$  is a close approximate fit, a value  $> .05$  but  $< .08$  is considered to be a reasonable approximate fit (Hair et al. (1998); Browne & Cudeck 1993), while Sugawara and MacCallum (1993) considered a value of up to 0.10 as reasonable. The PCLOSE tests the hypothesis that RMSEA  $\leq .05$  and lies between .05 and .06.

## **8.4 Testing Hypotheses**

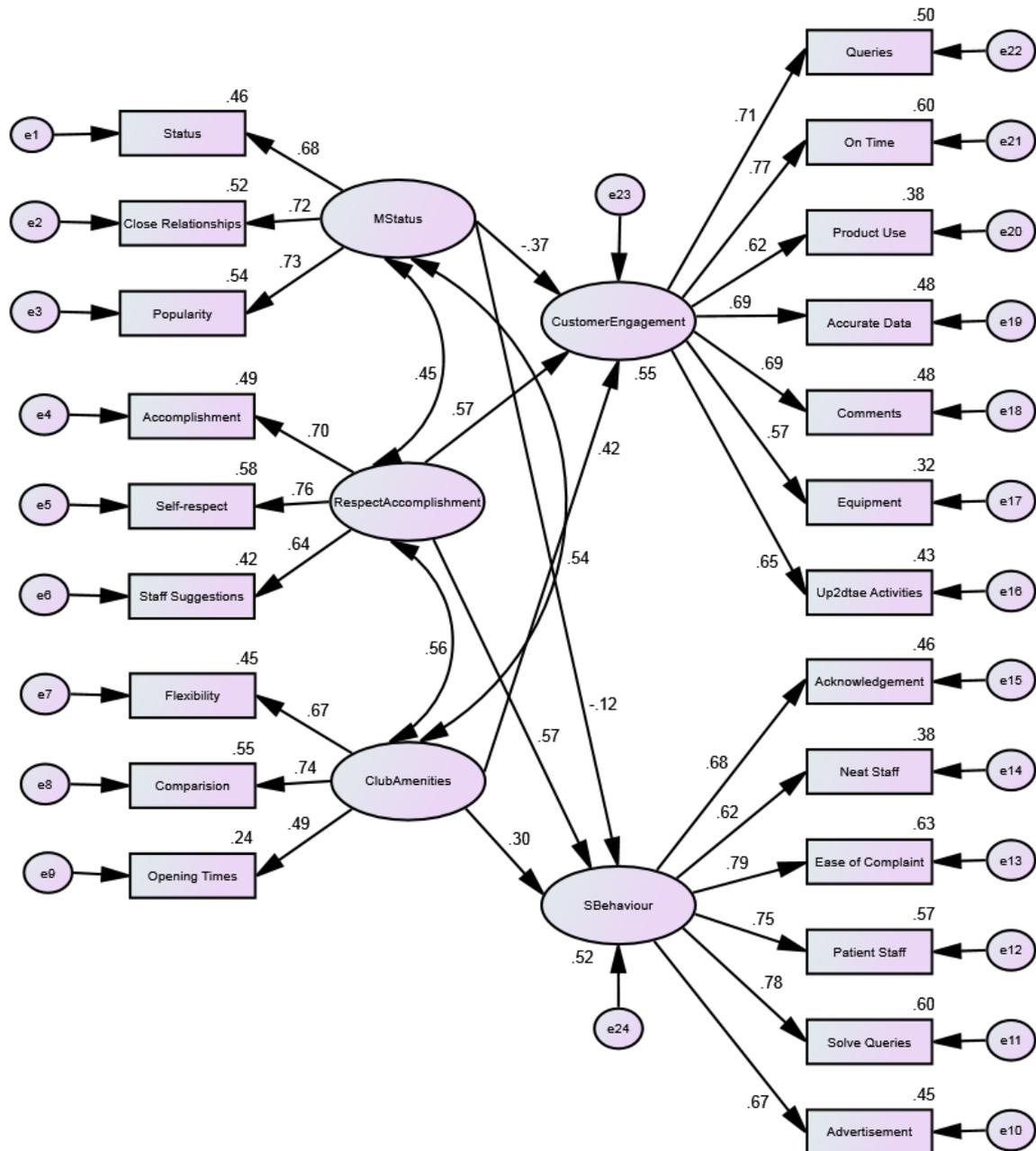
In this section, the hypotheses introduced in Chapter Three will be tested and explained.

### **8.4.1 Testing Hypothesis 2**

**Null Hypothesis 2: There is no statistically significant causal relationship between CPV and customer satisfaction.**

Figure 8.1 shows that the relationship between CPV and customer satisfaction is causal. The model yields a Chi-square of 952.833 (df = 202), GFI of .850, AGFI of .812 and RMSEA of .085, indicating that the model fit is good.

**Figure 8.1 The Standardized model of the Relationship between CPV and Customer Satisfaction**



Chi-square	df	GFI	AGFI	CFI	RMSEA	CMIN
952.833	202	.850	.812	.844	.085	4.717

### 8.4.1.1 Significance Tests of Individual Parameters

In the first row in Table 8.2, the first estimate displayed is the parameter estimate of the covariance between *CustomerEngagement* and *MStatus*. The parameter is  $-.367$ . The next column lists the standard error of estimate at  $.043$ . Next to the standard error, in the C.R. column, is the critical ratio obtained by dividing the estimate by its standard error ( $-8.534 = -.367/0.043$ ). This ratio is relevant to the null hypothesis meaning that using a significance level of 0.05, any critical ratio that exceeds 1.96 in magnitude would be significant.

The P column, to the right of C.R., gives an approximate two-tailed p value for testing the null hypothesis. The table shows that the covariance between *CustomerEngagement* and *MStatus* is significantly different with  $p = 0.00$ . Similarly, all other p values in the table are significant.

**Table 8.2 Standardised Regression Weights for the SEM of the Relationship between CPV and Customer Satisfaction**

	Estimate	S.E.	C.R.	P
CustomerEngagement <--- MStatus	-.367	.043	-8.534	***
SBehaviour <--- MStatus	-.122	.044	-2.772	.038
SBehaviour <--- RespectAccomplishment	.572	.079	7.240	***
CustomerEngagement <--- ClubAmenities	.418	.072	5.805	***
SBehaviour <--- ClubAmenities	.297	.075	3.96	***
CustomerEngagement<--- RespectAccomplishment	.570	.070	8.142	***

*MStatus* has a negative impact of both components of satisfaction, indicating that the club clients do not attend the club to achieve any social/work status, and the popularity of the club and the close relationships they may develop by the club staff do not influence their satisfaction. In contrast, *ClubAmenities* and *RespectAccomplishment* positively impact customer satisfaction components. Therefore, factors such as flexibility of the club programs and convenient opening

hours, and the quality of services and products they offer compared to other clubs, are important determinants of customer satisfaction. Similarly, a sense of self-respect and accomplishment and staff suggestions (in order to guide customers to choose appropriate programs and services) may also lead to higher customer satisfaction.

#### 8.4.1.2 Correlations between CPV Components

Although there is some correlation between *RespectAccomplishment* and *ClubAmenities*, as shown in Table 8.3, the correlations between the causal concepts are all weak.

**Table 8.3 Correlations between Concepts**

	Estimate
MStatus <--> RespectAccomplishment	.454
RespectAccomplishment <--> ClubAmenities	.563
MStatus <--> ClubAmenities	.540

Thus, there is no significant multicollinearity between the components of the observed variable (CPV) in this model, resulting in them being good predictors of the unobserved variable (customer satisfaction) of the model.

#### 8.4.1.3 Squared Multiple Correlation

The SCM Table 8.4 indicates that 55% of *CustomerEngagement* and 52% of *SBehaviour* are explained by the CVP components. The SMC of a good observed variable should be .5 and above. Nevertheless, 0.3 indicates an acceptable item variable (Holmes-Smith, Coote & Cunningham 2006). The variation is also dependent upon the complexity of the model, as the SMC may be lower as the model complexity becomes higher and causal explanation is further divided

among more causal determinants. The results here indicate a good level of causal explanation.

**Table 8.4 Squared Multiple Correlations (SMC)**

	Estimate
SBehaviour	.519
CustomerEngagement	.546

#### 8.4.1.4 Measures of Fit

Table 8.5 is a summary of selected error measures of fit for hypothesis 2.

**Table 8.5 Selected Error Measures for the SEM**

	Default Model
<b>CMIN</b>	952.833
<b>DF</b>	202
<b>P</b>	.000
<b>CMIN/DF</b>	4.717
<b>RMR</b>	.117
<b>GFI</b>	.850
<b>AGFI</b>	.812
<b>CFI</b>	.844
<b>RMSEA</b>	.085
<b>LO 90</b>	.079
<b>HI 90</b>	.090
<b>PCLOSE</b>	.000

The Chi-square is statistically significant and CMIN/df is less than 5, which is a general rule of thumb estimate for a reasonable fit. In this model values of GFI and AGFI are considered as a good fit (Arbuckle 1995), as the closer the GFI to 0.9, the better the fit of the model; therefore, given the GFI of the model (0.851), it can be said that there is a strong relationship between CPV factors and customer

satisfaction factors. An RMR of .1 is indicative of a good fit level. The CFI in this model (.845) can be considered to be a reasonably good fit (Arbuckle 1995). The PCLOSE tests the hypothesis that  $RMSEA \leq .05$  and lies between .05 and .06. The test result for the current study is highly significant (Arbuckle 1995).

#### **8.4.1.5 Hypothesis 2 Testing Summary**

Overall the outcome is statistically strong and there is a very strong causal inference within the analysis across all paths, and this result is particularly good given the complexity of the model. The outcome of an in-depth analysis reveals that Hypothesis 2 is rejected so there is a statistically significant causal relationship between CPV and customer satisfaction in H/F clubs in Melbourne.

The CPV component of *MStatus* has a negative relationship with two components of satisfaction including *CustomerEngagement* and *SBehaviour*. This is saying that this element of perceived value does not increase satisfaction, and is therefore less important in achieving satisfaction. In other words, satisfaction in customer engagement and servicing behaviour of staff in clubs is not enhanced by the club popularity, flexible programs and staff suggestions. However, Customer engagement does enhance satisfaction when CPV occurs that acknowledges respect and accomplishment in customers as well as the club amenities and services. Consequently, clubs gain little by focussing upon status to increase customer satisfaction with the way customers engage with staff. This is a quite logical outcome because there is little reason to expect that staff engaging with customers in regard the status of the club will increase satisfaction. However, showing respect and commenting upon progress will do so.

The situation with the behaviour of staff when servicing customers is different but consistent with the findings for customer engagement. Status, a sense of accomplishment, respect and the club amenities are all important when it comes to servicing customers, and do influence the level of satisfaction in the club.

Some CPV factors highlighted by the results of the model are in accordance with previous studies in the field of customer perceptions of services and satisfaction. For example, Kahle (1983) also named some factors such as the feeling of being well respected, a sense of accomplishment and self-fulfilment as important determinants of CPV and accordingly satisfaction. In addition, he considers warm relationships between staff and clients as an important factor; however, in the current model, close relationships between employees and members seem not to be an influential factor of customer satisfaction.

In the context of H/F clubs, there are a large number of factors related to club facilities (e.g. brightness, cleanliness, lighting, music, temperature, showers and so on). However, the focus of the current thesis is on the potential role of SM in enhancement of customer loyalty in H/F clubs, so these factors were excluded from the customer survey. However, the model shows flexibility of the programs, convenient opening hours and a wide range of programs catering for all clients with different needs positively impact customer satisfaction. In the context of sport and leisure activities, some authors such as Parasuraman, Zeithaml and Berry (1988), Lam, Zhang and Jensen (2005), Kim and Kim (1995), Papadimitriou and Karteroliotis (2000) have also supported the argument that a variety of programs and equipment would positively impact customer perceived value and satisfaction. Offering convenient hours is supported by previous studies done by for example

Parasuraman, Zeithaml and Berry (1988), Kim & Kim (1995), Papadimitriou and Karteroliotis (2000) and Lam, Zhang and Jensen (2005).

The clients of the surveyed clubs mentioned that they are very interested in offering suggestions regarding the programs that might suit their lifestyle and preference by the staff. In this relation, Kim and Kim (1995) suggested the service providers (not specifically H/F club management) offer customized programs to their clients. Likewise, Dhurup, Singh and Suruja (2006) considered providing consistent services, well-trained staff, staff assistance in the use of facilities and other services, staff willingness to help, expressions of interest in the clients' progress, as important factors impacting CPV and satisfaction.

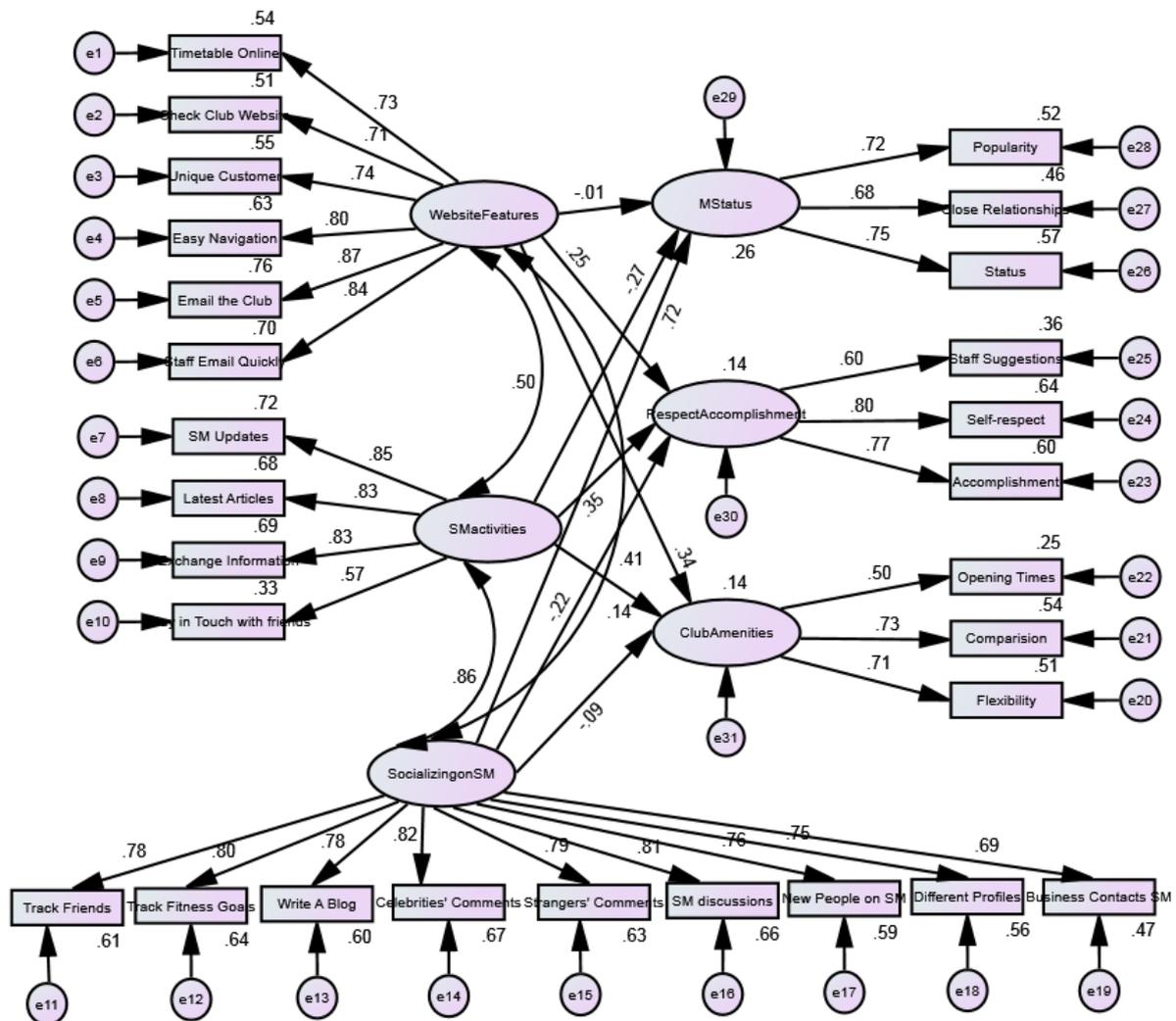
Delivering consistent services is mentioned by some researchers such as Kim and Kim (1995) and Dhurup, Singh and Suruja (2006). Papadimitriou and Karteroliotis (2000) believed that program innovation is a considerable factor in determining the relationship between CPV and satisfaction. In the H/F club situation, this might suggest the surveyed clubs monitor the consistency of the programs and services, and update their equipment, classes and offerings regularly. Although warm relationships between staff-customers are recommended in some studies (for instance Kim & Kim 1995; Dhurup, Singh & Suruja 2006; Nuvala et al. 2013) the current model did not find any positive link between such relationships, and customer satisfaction in the H/F club environment. This finding is potentially understandable because of the nature of the physical activities occurring in the clubs.

### 8.4.2 Testing Hypothesis 3

**Null Hypothesis 3: There is no statistically significant causal relationship between the SM use and CPV.**

Figure 8.2 shows that the relationship between SM and CPV is causal. The model yields a Chi-square of 1666.688 (df = 339), GFI of .814, AGFI of .778 and RMSEA of .087, indicating that the model fit is good.

**Figure 8.2 The Standardized Model of the Relationship between SM and CPV**



Chi-square	df	GFI	AGFI	CFI	RMSEA	CMIN
1666.688	339	.814	.778	.852	.087	4.916

#### 8.4.2.1 Significance Tests of Individual Parameters

Hypotheses are tested at 95% significance so any critical ratio that exceeds 1.96 in magnitude is significant. In Table 8.6, it can be said that the covariance between *WebsiteFeatures* and *RespectAccomplishment*, *ClubAmenities* and *WebsiteFeatures*, *MStatus* and *SocializingonSM*, *RespectAccomplishment* and *SMactivities*, as well as *RespectAccomplishment* and *SocializingonSM* are significant.

Column p shows that the covariance between five paths (*WebsiteFeatures* and *MStatus*, and *ClubAmenities*; *SMactivities* and *MStatus* and *RespectAccomplishment*, and *SocializingonSM* and *MStatus*) are significant. Four paths are not significant (*WebsiteFeatures* and *MStatus*; *SMactivities* and *ClubAmenities*; *SocializingonSM*, and *Respect and Accomplishment and ClubAmenities*).

One significant path is negative suggesting that *SMactivities* do not influence club status. That is, the more formal SM communication to customers can negatively influence the status of the club. This issue is not obviously interpretable by itself, but can be compared to the other positive influence on status which is socializing using SM. Status is inferred by communication between customers and others not by formal SM Activities.

*WebsiteFeatures* are particularly important for achieving *RespectAccomplishment* and *ClubAmenities*. *ClubAmenities* is a rather obvious link as they relate to practical information such as opening times. The link to *RespectAccomplishment* is logical as well, because it indicates that SM plays an important communication role at a more informal level, that can use particular issues (for example conferring

a unique place for the customer) to establish a feeling of respect and accomplishment. The more formal types of communication in *SMactivities* also relate to respect and accomplishment, leading to a conclusion that SM plays a major role in the important customer - service issue of a feeling of respect and accomplishment.

**Table 8.6 Standardised Regression Weights for the SEM of the Relationship between SM and CPV**

	Estimate	S.E.	C.R.	P
MStatus <--- WebsiteFeatures	-.008	.045	-.1777	.896
RespectAccomplishment <--- WebsiteFeatures	.245	.034	7.205	***
ClubAmenities <--- WebsiteFeatures	.340	.026	13.076	***
MStatus <--- SMactivities	-.272	.148	-1.837	.031
MStatus <--- SocializingonSM	.724	.103	7.029	***
RespectAccomplishment <--- SMactivities	.353	.108	3.268	.007
ClubAmenities <--- SMactivities	.138	.076	1.815	.299
RespectAccomplishment <--- SocializingonSM	-.220	.170	-1.294	.061
ClubAmenities <--- SocializingonSM	-.092	.050	-1.84	.451

#### 8.4.2.2 Correlations between SM Components

As shown in Table 8.7 there is strong correlation between *SMactivities* and *SocializingonSM*. This suggests that a rise or fall in one factor leads to a rise or fall in the others. That is, the more people are willing to use SM as a tool to socialize, the more they would be active online. The other correlations are low.

**Table 8.7 Correlations between Concepts**

	Estimate
WebsiteFeatures <--> SMactivities	.496
SMactivities <--> SocializingonSM	.856
WebsiteFeatures <--> SocializingonSM	.408

### 8.4.2.3 Squared Multiple Correlation

The squared multiple correlations indicate that 14% of *ClubAmenities* and *RespectAccomplishment*, and 26% of *MStatus* are explained by SM factors. Since the SMC of a good observed variable should be closer to .5, these correlations suggest a weak relationship amongst the model components.

**Table 8.8 Squared Multiple Correlations (SMC)**

	Estimate
ClubAmenities	.143
RespectAccomplishment	.142
MStatus	.259

### 8.4.2.4 Measures of Fit

Table 8.9 is a summary of selected error measures of fit for hypothesis 3.

**Table 8.9 Selected Error Measures for the SEM**

	Default Model
<b>CMIN</b>	1666.688
<b>DF</b>	339
<b>P</b>	.000
<b>CMIN/DF</b>	4.916
<b>RMR</b>	.172
<b>GFI</b>	.814
<b>AGFI</b>	.778
<b>CFI</b>	.852
<b>RMSEA</b>	.087
<b>LO 90</b>	.083
<b>HI 90</b>	.091
<b>PCLOSE</b>	.000

The CMIN/df equals 4.916, which is acceptable and the CMIN is highly statistically significant. The RMR is slightly high but reasonable. The values of GFI, AGFI and CFI are showing a good fit of the model to the data. The RMSEA is a little high but the PCLOSE states it is statistically significant.

#### **8.4.2.5 Hypothesis 3 Testing Summary**

From the significant paths *WebsiteFeatures* has a significant causal relationship with *RespectAccomplishment* and *ClubAmenities*. That is the club website servicing and listed features impact upon the customer receiving respect, and statements of accomplishment (probably with the variables focussed upon keeping in touch with trainers, and making the customer feel unique) and also inform on club amenities (probably relating to the variables of online timetables and direct emailing). As suggested by Brookes (2011), firms can create fan pages on SM websites by placing different types of posts, videos, messages, quizzes and other material on their pages. Therefore, people can become fans of these pages and contribute to the brand post popularity by liking a post, or commenting on it (McAlexander, Schouten & Koenig 2002; Muñiz & O'Guinn 2001).

Notably club status is indirectly inferred through customer-to-customer communication. Hills and Cairncross (2011) recommended a number of strategies for SM engagement including reactive and proactive approaches. A reactive strategy monitors information about the firm on SM by using information from SM websites to improve the business performance. It also monitors and reacts to SM websites about competitors and responds to SM customer comments. A proactive strategy incorporates a SM facility on the firm website and encourages clients to engage with SM websites. Since all the managers of the surveyed clubs claim that they mainly use Facebook as a means of

communication, this may suggest they investigate the potential of other SM platforms to find better and more efficient ways to develop their online service such as emailing clients, improving their website features and navigation and customization of information in order to suit clients personal needs and preferences. Further the finding also suggests a reactive strategy for developing club status. That is monitoring customer blogs and comments about the status of the club and then reacting to them.

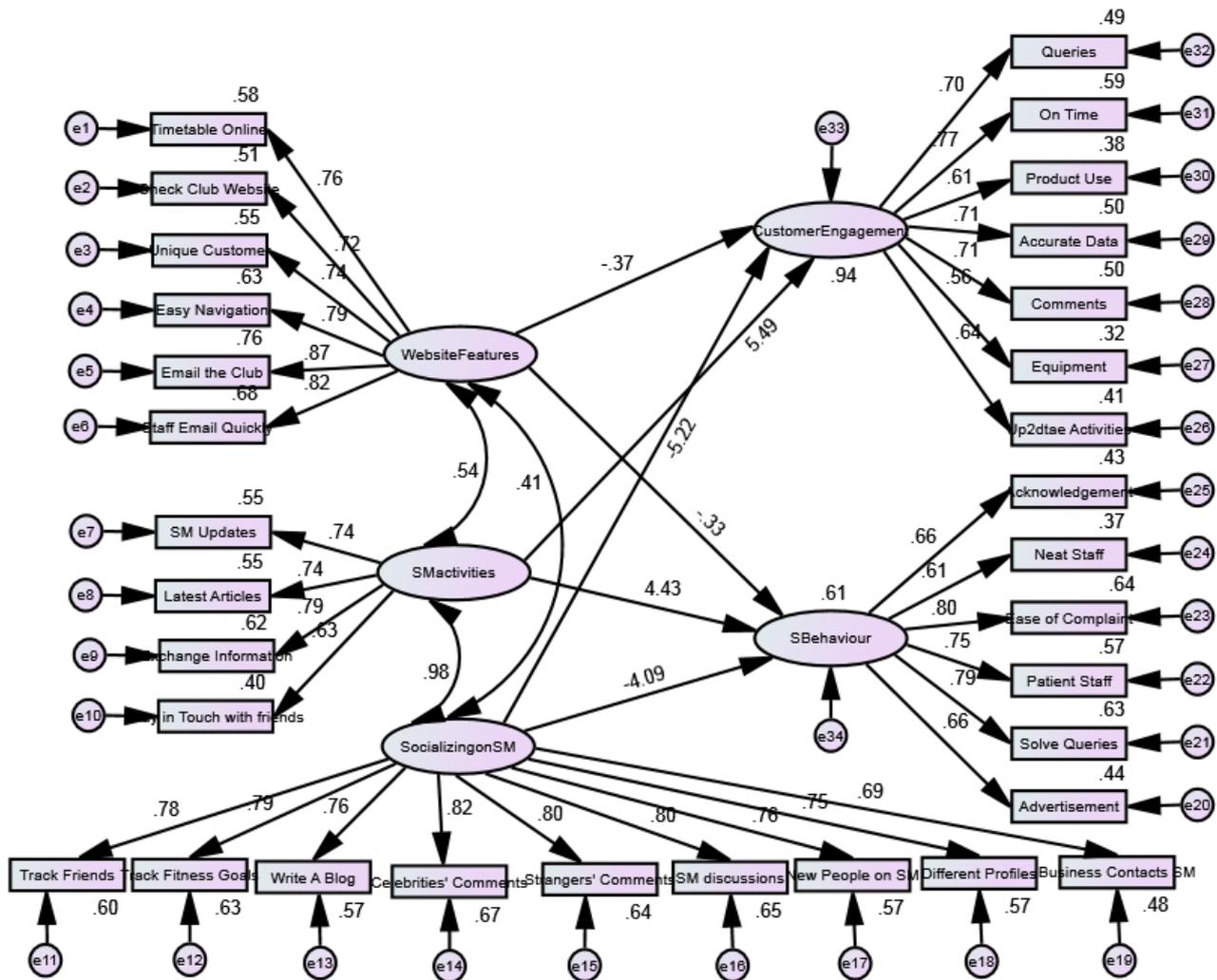
As explained by Henning-Thurau et al. (2004), the internet has created new two-way methods of interaction: company to consumer, and consumer to consumer (Kozinets et al. 2010). For example, SM websites such as Facebook and MySpace, product review websites (such as consumer review and message boards) are all different forms of eWOM platforms (Jalilvand, Esfahani & Samiei 2011). In agreement with most previous studies, activities on SM impact upon the club popularity, close relationships with members and social/personal status the clients achieve by going to the club. Such activities also positively impact the clients feeling of respect and accomplishment by attending the club and using its services (probably through customer exchange and staying in contact with friends). So, an important influence on club status is the SM activity, but less so actual website features, and SM activity is also important in developing a feeling of respect and accomplishment in the customer.

#### **8.4.3 Testing Hypothesis 4**

**Null Hypothesis 4: There is no statistically significant causal relationship between the SM use and customer satisfaction.**

Figure 8.3 shows that the relationship between SM and CPV is causal. The model yields a Chi-square of 1900.07 (df = 458), GFI of .803, AGFI of .773 and RMSEA of .078, indicating that the model fit is good.

**Figure 8.3 The Standardized Model of the Relationship between SM and Customer Satisfaction**



Chi-square	df	GFI	AGFI	CFI	RMSEA	CMIN
1900.07	458	.803	.773	.862	.078	4.150

### 8.4.3.1 Significance Tests of Individual Parameters

Table 8.10 shows that four of the six paths (*SMactivities and Customer Engagement and SBehaviour; SocializingonSM and CustomerEngagement and SBehaviour*) are statistically significant. The paths *WebsiteFeatures to CustomerEngagement and SBehaviour* are not statistically significant.

**Table 8.10 Standardised Regression Weights for the SEM of The Relationship between SM and Customer Satisfaction**

	Estimate	S.E.	C.R.	P
CustomerEngagement <--- WebsiteFeatures	-.199	.139	-1.431	.152
SBehaviour <--- WebsiteFeatures	-.202	.118	-1.711	***
CustomerEngagement <--- SMactivities	3.432	.805	4.263	***
SBehaviour <--- SMactivities	3.213	.620	5.182	***
CustomerEngagement <--- SocializingonSM	-3.144	.722	-4.354	***
SBehaviour <--- SocializingonSM	-2.853	.558	-5.112	***

It is interesting that there is a significant explanation of staff behaviour by SM activities and SM socializing. However, the only positive relation is SM Activities. Socializing does not relate to staff so it is a negative relationship. Staff behaviour is focussed upon website features and this is logical as it relates to such issues as making the customer feel unique and staff communication. It is important to note that club staff are judged by customers in regard to their behavioural performance via the web, and not just personally in the club environment.

Customer engagement is more obviously to be expected to be explained by SM activities and not SM socializing. Socializing is negatively related, and the focus is upon SM activities. This confirms that SM is an important aspect of customer engagement and logically focussed upon the more formal SM communication items in SM activities such as updates and latest articles.

### 8.4.3.2 Correlations between SM Components

As shown in Table 8.11 there is very strong correlation between *SMactivities* and *SocializingonSM* which has been seen in the other analyses and discussed along the lines that this suggests that a rise or fall in one factor leads to a rise or fall in the others. That is, the more people are willing to use SM as a tool to socialize, the more they would be active online.

**Table 8.11 Correlations between Concepts**

	Estimate
SMactivities <--> WebsiteFeatures	.540
SMactivities <--> SocializingonSM	.977
WebsiteFeatures <--> SocializingonSM	.412

### 8.4.3.3 Squared Multiple Correlation

The squared multiple correlations indicate that 60% of *SBehaviour* and 94% of *CustomerEngagement* are explained by SM factors. These results indicate a very high level of causal explanation between SM factors and *CustomerEngagement* and a high level with *SBehaviour*.

**Table 8.12 Squared Multiple Correlations (SMC)**

	Estimate
SBehaviour	.606
CustomerEngagement	.941

#### 8.4.3.4 Measures of Fit

Table 8.13 is a summary of selected error measures of fit for hypothesis 4.

**Table 8.13 Selected Error Measures for the SEM**

	<b>Default Model</b>
<b>CMIN</b>	1900.707
<b>DF</b>	458
<b>P</b>	.000
<b>CMIN/DF</b>	4.150
<b>RMR</b>	.146
<b>GFI</b>	.803
<b>AGFI</b>	.773
<b>CFI</b>	.862
<b>RMSEA</b>	.078
<b>LO 90</b>	.074
<b>HI 90</b>	.082
<b>PCLOSE</b>	.000

The CMIN/df equal to 4.150 is not perfect but acceptable. The CMIN is highly statistically significant. The values of GFI, AGFI and CFI indicate a good fit. The RMR is reasonably good. The RMSEA of .078 is significant and the PCLOSE shows that it is highly statistically significant.

#### 8.4.3.5 Hypothesis 4 Testing Summary

It is very interesting that staff behaviour which one may have considered an issue that could only be developed personally in a H/F club situation, is also heavily influenced by SM activities. The more formal aspect of staff behaviour as

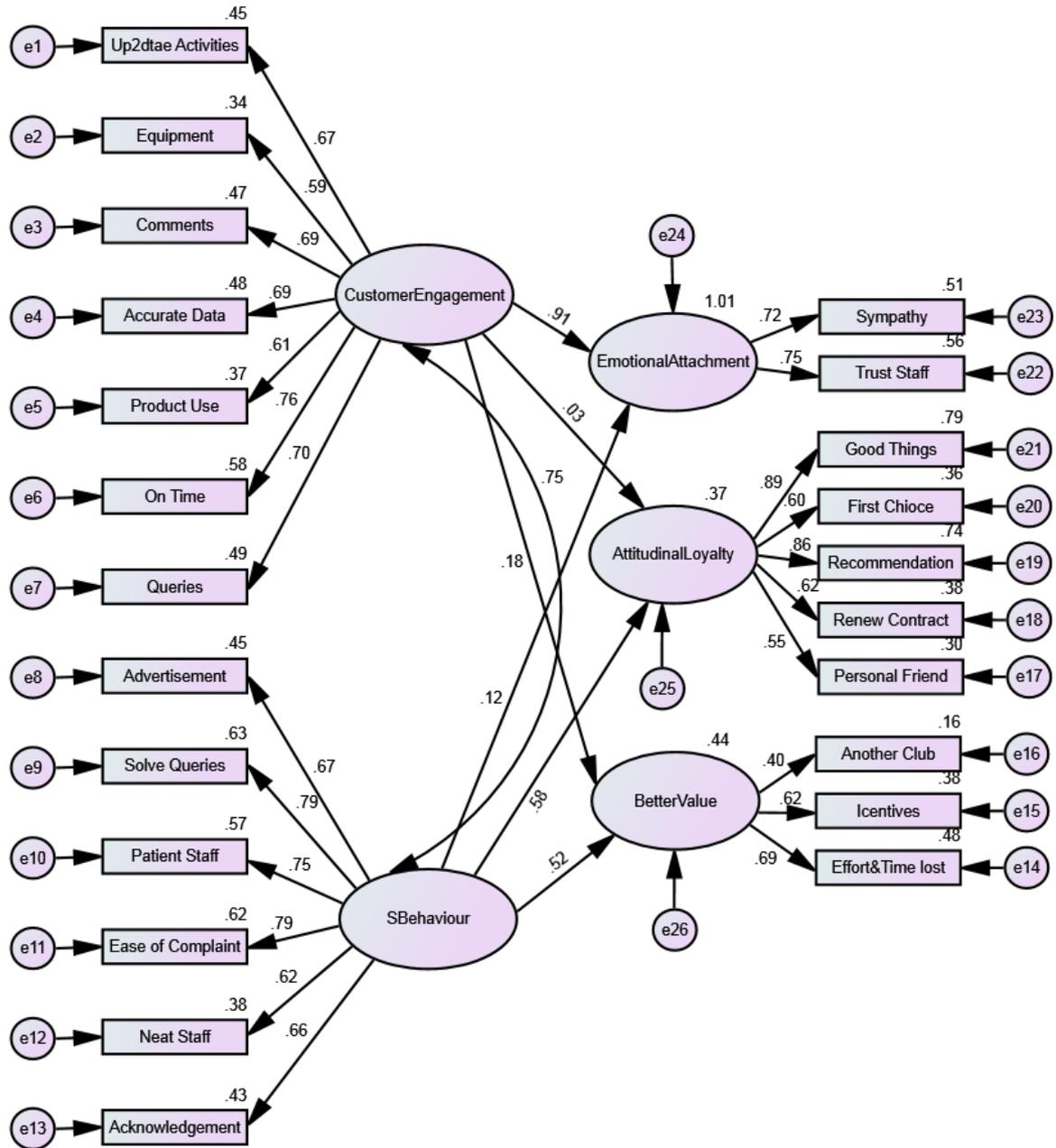
opposed to personal communication between staff and customer can be influenced by SM. This is similar to the finding of Cristobal, Flavian and Guinaliu (2007) who highlighted the significant role of web design, online customer service, assurance and order management in the enrichment of customer satisfaction and loyalty. Customization is also the key to managing customer relationships, and recognized as an important factor in an e-context, with a positive influence on enhanced e-services and consumer trust (Trocchia & Janda 2003). Furthermore, customer engagement is developed by *SMactivities* and this is more obvious as a relationship given the previously stated growth in the use of SM by business.

#### **8.4.4 Testing Hypothesis 5**

**Null Hypothesis 5: There is no statistically significant causal relationship between customer satisfaction and loyalty.**

Figure 8.4 shows that the relationship between SM and CPV is causal. The model yields a Chi-square of 931.785 (df = 223), GFI of .857, AGFI of .823 and RMSEA of .078, indicating that the model is a good fit.

**Figure 8.4 The Standardized Model of the Relationship between Customer Satisfaction and Customer Loyalty**



Chi-square	df	GFI	AGFI	CFI	RMSEA	CMIN
931.785	223	.857	.823	.874	.078	4.178

#### 8.4.4.1 Significance Tests of Individual Parameters

As mentioned earlier in this chapter, C.R. is relevant to the null hypothesis meaning that using a significance level of 0.05, any critical ratio that exceeds 1.96 in magnitude would be significant. In this table, there are four ratios greater than 1.96 (*CustomerEngagement* and *BetterValue* and *EmotionalAttachment*, *SBehaviour* and *BetterValue* and *AttitudinalLoyalty*). The remaining two paths are not statistically significant.

**Table 8.14 Standardised Regression Weights for the SEM of the Relationship between Customer Satisfaction and Customer Loyalty**

	Estimate	S.E.	C.R.	P
BetterValue <--- CustomerEngagement	.184	.075	2.453	.046
BetterValue <--- SBehaviour	.516	.081	6.370	***
AttitudinalLoyalty <--- SBehaviour	.584	.104	5.615	***
EmotionalAttachment <--- SBehaviour	.119	.069	1.724	.062
AttitudinalLoyalty <--- CustomerEngagement	.029	.107	.271	.046
EmotionalAttachment <--- CustomerEngagement	.910	.101	9.009	***

The results reveal that satisfaction factors such as the way staff engage with customers and their servicing behaviour positively impact loyalty components in general. Importantly staff behaviour influences attitudinal loyalty, which directly relates to churn through developing positive WOM and contract renewal.

*CustomerEngagement* is also important in developing an emotional attachment. That is, the more informal communication shown as *CustomerEngagement* is more important than staff behaviour in developing an emotional attachment to the club. Interestingly, customers are more committed from satisfaction with the formal elements of the club than staff behaviour. *CustomerEngagement* also

influences *BetterValue*, which relates to determining the club offers better value than an alternative club.

#### 8.4.4.2 Correlations between Customer Satisfaction Components

As shown in Table 8.15 there is rather strong correlation between the two concepts *SBehaviour* and *CustomerEngagement*. This is to be expected as servicing of customers must impact on customer engagement and vice versa.

**Table 8.15 Correlation between Concepts**

	Estimate
SBehaviour <--> CustomerEngagement	.755

#### 8.4.4.3 Squared Multiple Correlation

The SMC indicates that 37% of *AttitudinalLoyalty*, 100% of *EmotionalAttachment*, and 44% of *BetterValue* are explained by customer satisfaction. The results here indicate a good level of causal explanation overall.

**Table 8.16 Squared Multiple Correlations (SMC)**

	Estimate
AttitudinalLoyalty	.368
EmotionalAttachment	1.00
BetterValue	.443

#### 8.4.4.4 Measures of Fit

Table 8.17 is a summary of selected error measures of fit for hypothesis 5.

**Table 8.17 Selected Error Measures for the SEM**

	Default Model
<b>CMIN</b>	931.785
<b>DF</b>	223
<b>P</b>	.000
<b>CMIN/DF</b>	4.178
<b>RMR</b>	.100
<b>GFI</b>	.857
<b>AGFI</b>	.823
<b>CFI</b>	.874
<b>RMSEA</b>	.078
<b>LO 90</b>	.073
<b>HI 90</b>	.084
<b>PCLOSE</b>	.000

The CMIN/df equals 4.178 which is not perfect, but acceptable. The values of GFI, AGFI and CFI are considered a good fit. The RMR is reasonable and the RMSEA of .078 is highly significant.

#### 8.4.4.5 Hypothesis 5 Testing Summary

Satisfaction with customer engagement is important in determining emotional attachment to the club, attitudinal loyalty (e.g. renewing the contract, good WOM) to the club and issues related to better value elsewhere. It is not surprising that satisfaction leads to loyalty and is a logical component of the conceptual model.

Delivering quality services is the key to the development and consolidation of the firms, as it may not only result in higher customer satisfaction (Afthinos, Theodorakis & Nassis 2005; Westerbeek & Shilbury 2003), but also greater loyalty and attachment to the provider (Calabuig et al. 2010). This suggests H/F clubs need to examine consumer satisfaction factors with their services, in the hope of achieving enhanced customer loyalty (Nuviola et al. 2013). In addition, H/F club can sustain their customer base, achieve competitive advantage, and earn maintainable profit through their customers' satisfaction (Yu et al. 2014).

According to Yiannakis (1989), since monitoring clients' satisfaction/dissatisfaction, expectations, and changes in preferences is critical for sport marketing, it is necessary to efficiently recognize variables that may link to the development of tactical marketing plans. Oliver (1989) mentioned that satisfaction theories that accommodate strong emotional satisfaction responses are particularly useful in the sport context, as many sport consumers have a high emotional attachment to their sporting teams or clubs. The author also mentions that emotional bonds can foster satisfaction reactions based on moderate to extreme feelings, varying from delight to dejection. The results of the current proposed model also support the positive causal relationship between satisfaction factors (such as the way the programs, services and customer data and feedback are handled) and the attachment of the customers to the club through behaviours like spreading positive WOM and renewing their contracts.

McDonald (1996) believed that developing customer retention could be achieved through developing strong relationships with people and offering them enhanced services continuously. For example, following up the members' queries in a timely and professional manner as well as maintaining well explained and unstructured

programs and equipment would positively impact customers' perceptions of the business, and that they are getting better value for their money compared to other providers in the market.

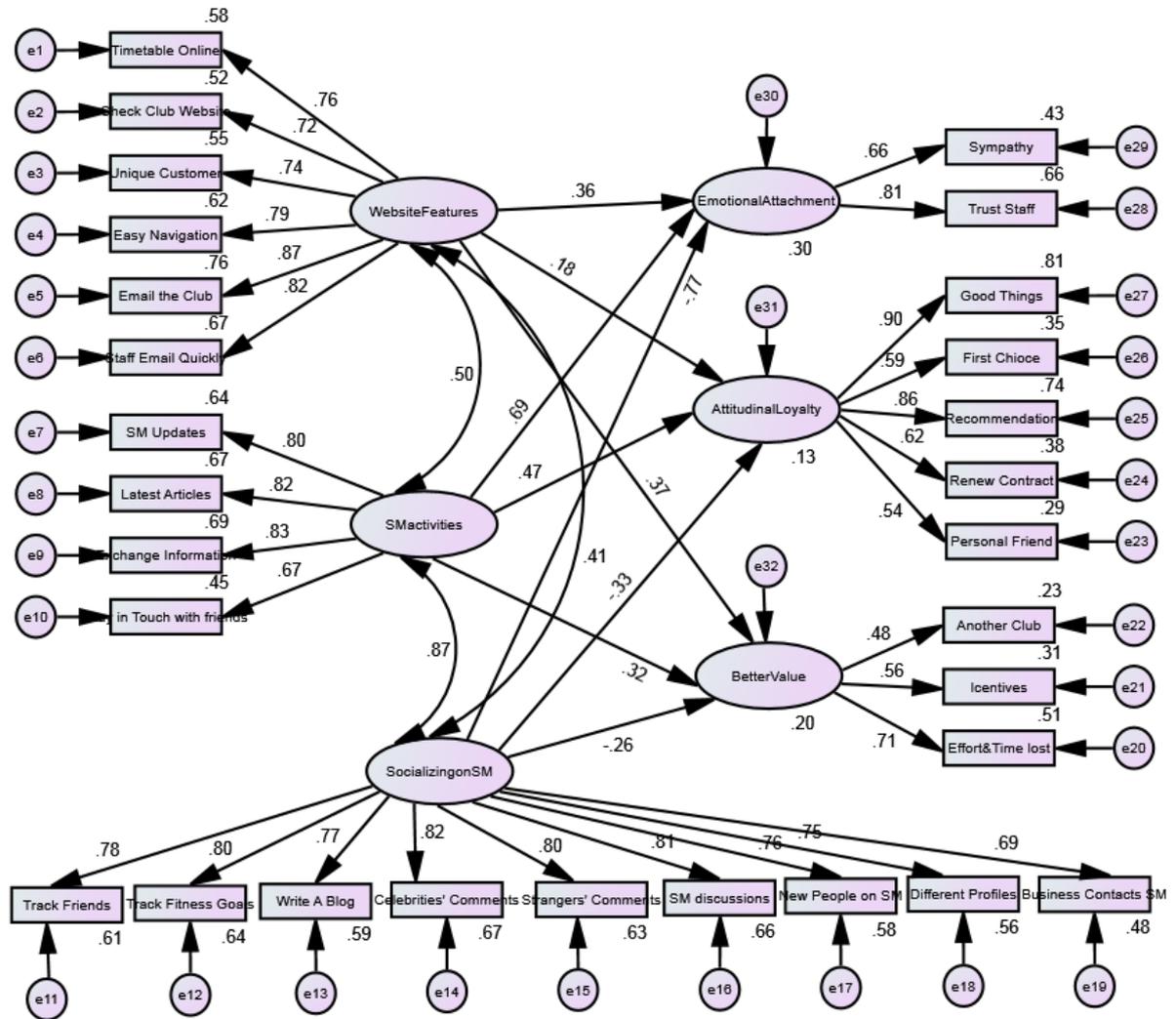
Being extensively accepted as a strong predictor for loyalty (Ravald & Grönroos 1996; Liljander & Strandvik 1995), satisfaction has achieved an important place in marketing. Evidence suggests that customer satisfaction eventually determines future intentions and behaviour towards the provider (McDougall & Levesque 2000; Taylor & Baker 1994). Overall satisfaction has a direct impact on how likely customers re-use the service (Jones & Suh 2000; Bitner, Booms & Tetreault 1990). In the context of sports and leisure, it was found that customer satisfaction impacts on their willingness to recommend the service positively (Howat, Murray & Crilley 1999). As confirmed by the current results as well, other factors influencing customer loyalty in H/F club context could be the customers repurchase level (e.g. renewing memberships or choosing the same franchise wherever they go), how willing they are to recommend the service to other people (e.g. WOM), as well as their intentions to increase their visit frequency (in the case of H/F clubs it could be paying a premium to get additional services).

#### **8.4.5 Testing Hypothesis 6**

**Null Hypothesis 6: There is no statistically significant causal relationship between SM and customer loyalty.**

Figure 8.5 shows that the relationship between SM and CPV is causal. The model yields a Chi-square of 1770.058 (df = 368), GFI of .803, AGFI of .767 and RMSEA of .086, indicating that the model is a good fit.

**Figure 8.5: The Standardized Model of the Relationship between SM and Customer Loyalty**



Chi-square	df	GFI	AGFI	CFI	RMSEA	CMIN
1770.058	368	.803	.767	.848	.086	4.810

### 8.4.5.1 Significance Tests of Individual Parameters

In Table 8.18, all ratios are greater than 1.96 and are statistically significant. Three paths are negative and the rest positive. It is interesting that *SocializingonSM* does not impact upon loyalty. Remembering that in the previous

SEM involving SM and satisfaction (Table 8.10) socializing also did not impact on satisfaction. This is a logical consistency. It has been concluded that satisfaction influences loyalty, so it is logical that socializing will not be a cause of loyalty via SM just as it was not a cause influencing satisfaction.

The issues of SM that impact directly on loyalty are *WebsiteFeatures* and *SMactivities*. However, *SMactivities* also influence satisfaction. The difference in determining loyalty via satisfaction as opposed to influencing loyalty directly via SM is *WebsiteFeatures*. Consequently, loyalty can be influenced by SM through both satisfaction and also directly. For SM to influence loyalty directly, the focus is website features and services such as making the customer feel unique, emailing them and making the website easy to use.

Moreover, it is important to use SM to influence loyalty both indirectly through satisfaction and also directly, because not all the aspects of the SM influence on loyalty are captured by satisfaction alone. Both methods are needed to comprehensively influence loyalty.

**Table 8.18 Standardised Regression Weights for the SEM of the Relationship between SM and Customer Loyalty**

	Estimate	S.E.	C.R.	P
EmotionalAttachment <--- WebsiteFeatures	.363	.043	8.441	***
AttitudinalLoyalty <--- WebsiteFeatures	.180	.046	3.913	.001
BetterValue <--- WebsiteFeatures	.367	.087	4.218	.064
EmotionalAttachment <--- SMactivities	.695	.115	6.043	***
AttitudinalLoyalty <--- SMactivities	.474	.042	11.28	***
BetterValue <--- SMactivities	-.324	.111	-2.918	.006
BetterValue <--- SocializingonSM	-.259	.105	-2.466	***
AttitudinalLoyalty <--- SocializingonSM	.327	.091	3.593	.034
EmotionalAttachment <--- SocializingonSM	-.765	.107	-7.149	***

### 8.4.5.2 Correlations between SM Components

Similar to previous correlations found between SM components, there is strong correlation between *SMactivities* and *SocializingonSM*, indicating an increase or decrease in one factor leads to an increase or decrease in the other. That is, the more people are willing to use SM as a tool to socialize, the more they would be active online. The other correlations are low.

**Table 8.19 Correlations between Concepts**

	Estimate
WebsiteFeatures <--> SMactivities	.499
SMactivities <--> SocializingonSM	.870
WebsiteFeatures <--> SocializingonSM	.413

### 8.4.5.3 Squared Multiple Correlation

The squared multiple correlations indicate that 30% of *EmotionalAttachment*, and 21% of *BetterValue*, and 13% of *AttitudinalLoyalty* are explained by SM factors. The overall causal relationship is not high.

**Table 8.20 Squared Multiple Correlations (SMC)**

	Estimate
EmotionalAttachment	.296
BetterValue	.201
AttitudinalLoyalty	.131

#### 8.4.5.4 Measures of Fit

Table 8.21 is a summary of selected error measures of fit for hypothesis 6.

**Table 8.21 Selected Error Measures for the SEM**

	<b>Default Model</b>
<b>CMIN</b>	1770.058
<b>DF</b>	368
<b>P</b>	.000
<b>CMIN/DF</b>	4.810
<b>RMR</b>	.184
<b>GFI</b>	.803
<b>AGFI</b>	.767
<b>CFI</b>	.848
<b>RMSEA</b>	.086
<b>LO 90</b>	.082
<b>HI 90</b>	.090
<b>PCLOSE</b>	.000

Here the CMIN/df value equals 4.810 which is not perfect but acceptable, and the CMIN is statistically significant. The values of GFI, AGFI and CFI are considered a good fit. Therefore, it can be said that there is a strong relationship between SM components and customer loyalty. An RMR of .184 is above a reasonable fit level. However, the RMSEA is good and the PCLOSE states that the RMSEA is highly significant.

#### 8.4.5.5 Hypothesis 6 Testing Summary

There is well-documented research on the topic of online shopping and associated topics in the retail context (for example Chen & Dibb 2010; Kim & Benbasat 2009; Mukherjee & Nath 2007; Zeithmal 2002). The authors discuss different features of

SM such as website quality, online trust, website usability, security and privacy, and product information quality and so on. However, there is a lack of extensive studies in the service industry. In the current study, *WebsiteFeatures* are found to impact upon both emotional attachment and attitudinal loyalty. Gamboa and Goncalves (2014) discovered that Facebook improves customer loyalty of Zara brand via trust, commitment, CPV and customer satisfaction. These relationships are stronger for the brand fans, than for non-fans, and find customer satisfaction as the strongest determinant of loyalty. They advise marketers to invest in diverse aspects of SM in order to enhance customer loyalty through SM, rather than using it for raising brand awareness. However, *WebsiteFeatures* do not cause a search for better value elsewhere in the current model, meaning that people welcome better services offered by the club competitors, and the club online services and site features will not impact their decision of churning to another club with a better offer.

## **8.5 Conclusion**

The interesting conclusion from hypothesis 6 and other hypotheses is that whilst it is accepted that loyalty can be impacted directly by SM this should be done alone. The acceptance of the relationship between SM and satisfaction shows that these links are also important. Moreover, this is supported by the acceptance that satisfaction influences loyalty. Consequently, SM needs to be used to influence loyalty through satisfaction, and directly, but using different SM methods.

After reducing the number of variables associated with each study construct, in the previous chapter, this chapter used a more advanced statistical analysis (SEM) to test the hypotheses and the research framework proposed in Chapter

Three. Overall the outcome of testing each null hypothesis is rejection of the null hypothesis and acceptance of the alternative hypothesis. There is a very strong causal inference within the analysis, and this result is particularly good given the complexity of the model, and results in an overall acceptance of the conceptual model Figure 3.1. Moreover the analysis has defined which SM methods are best used to determine loyalty and through which path.

Chapter Nine will draw these conclusions together, and discuss the implications of how SM relates to loyalty in the H/F club situation.

# Chapter Nine: Conclusions and Suggestions for Future Research

## 9.1 Introduction

The Internet and Social Media (SM) continue to explode globally with digital becoming an increasingly significant source for competitive edge in business and consumer marketing. A great deal of attention has been devoted to the opportunities SM offers businesses in the retail context, while little attention has been focused on the role of SM in service industries and particularly Health and Fitness (H/F) clubs. The current study investigates the role of SM in enhancement of customer loyalty in H/F clubs using sample data collected in Melbourne, Australia.

High personal involvement organizations such as health and fitness clubs are looking for new opportunities to add value to their users by offering them better and more customized services and products, and thereby encouraging them to renew their contracts, with the ultimate aim of gaining more loyal customers. Recent research suggests that SM and blogs are excellent channels for strengthening user relationships (Baruh 2009). In this context, the purpose of the current research is to develop a model for the enhancement of customer experience by the use of SM to increase the likelihood of renewal and loyalty.

## **9.2 Significance of the Research**

Generally speaking, encouraging people to maintain regular physical exercise in their daily routine, due to its tremendous mental and physical benefits, has been of significant importance to scholars in various fields. Studying health and fitness club performance and searching for more attractive methods to inspire people to participate in physical activities is important in itself. Furthermore, SM has been transforming the world and the way people live their daily lives, as a platform to share emotion and ideas with loved ones and even strangers worldwide. Therefore, the link between the development of health and fitness club membership and SM is a significant area of potential research.

The Internet and its features have been increasingly important to businesses hoping to sustain their customer base and obtain new consumers. SM platforms are being increasingly recognised as a powerful marketing tool with unique characteristics. However, more studies in the area of the service industry are required (Caruana 2002) in order to investigate different aspects of this concept. The lack of such research in the service context may have various reasons with some of them being added complexity. According to Sashi (2012), the opportunities offered by SM to help construct close relationships with consumers have excited marketing experts in a broad variety of industries. However, the theoretical foundation of academic research on customer engagement is relatively underdeveloped. A better understanding of this concept and its implications for marketers is needed for developing strategies for engaging customers.

Unlike physical products, intangible services all involve deeper insight into issues of perceptions and the direct interaction between a service provider and the buyer within a service encounter. Consequently, the role of SM, the extent of its

influence, as well as its direct and indirect impact on customer perceived value, satisfaction and loyalty and business profitability have largely lacked research in the context of the service contractual relationship such as found with health and fitness club contracts. Although focussed upon H/F clubs, the findings may have relevance in other contractual service situations including other club memberships such as football, soccer, cricket and various forms of social clubs.

### **9.2.1 Theoretical Implications**

The relationships between consumer behaviour constructs such as perceived value, satisfaction and loyalty have been studied in general and in different contexts over time. There is a general agreement about the causal positive links between these constructs. However, the compound nature and varied definitions of them suggest a need for regular analysis of such relationships in different fields. Updated knowledge is required given the emergence of new technologies and people's variable preferences and needs in different stages of their lives.

The researcher noted that previous studies have examined the relationship between SM in the sport and leisure industry. However, few researchers have focused on the potential of SM to enhance customer loyalty in health and fitness clubs. This encouraged the researcher to reassess the relationships between the concepts of perceived value, satisfaction and loyalty in such clubs, while integrating SM as a mediator in the study model, to see what potential impacts SM has on these constructs. The conceptual framework proposed in this study whilst consistent with current theory in customer perceived value, satisfaction and loyalty and their relationship, extends this theory to include the impact of SM. In this way the theoretical framework extends current theory.

## 9.2.2 Practical Implications

The study model also provides insight into developing marketing strategies for today's consumers who are enthusiastically engaged with each other, and businesses, via SM channels.

Table 9.1 is a general guide and handy instruction for managers that briefly explains the popularity of the top five SM websites picked by some statistics reports (e.g. Yellow Pages). The results of the research survey also agree with the popularity of these websites amongst the survey participants in this study (except for Instagram, which was not included in the survey). The top five MS websites chosen by the survey respondents are: FB, Twitter, LinkedIn, Google+ and YouTube respectively.

**Table 9.1 Top Five SM Websites**

	Facebook	LinkedIn	Instagram	Google+	Twitter
<b>Recommended for:</b>	Creating profiles and linking with people, firms and groups you follow	Creating virtual resume and linking with experts worldwide	Snapping and sharing photos	Circles: allows to categorize your contacts <i>Streams</i> : tells what people in your <i>Circles</i> read or think about	Allows quick updates and discussions on hot topic of the day by using 140 characters or less
<b>Advantages:</b>	Simplifies sharing favourite items with your network	Offers the opportunity to hold discussions about industry topics	Uses <i>Hashtags</i> to classify pictures by topic	Promotes unified integration with a Gmail account. The + feature to highlight your favorite content	Hosts virtual conversations with people. <i>Hashtags</i> allows worldwide contribution to a discussion

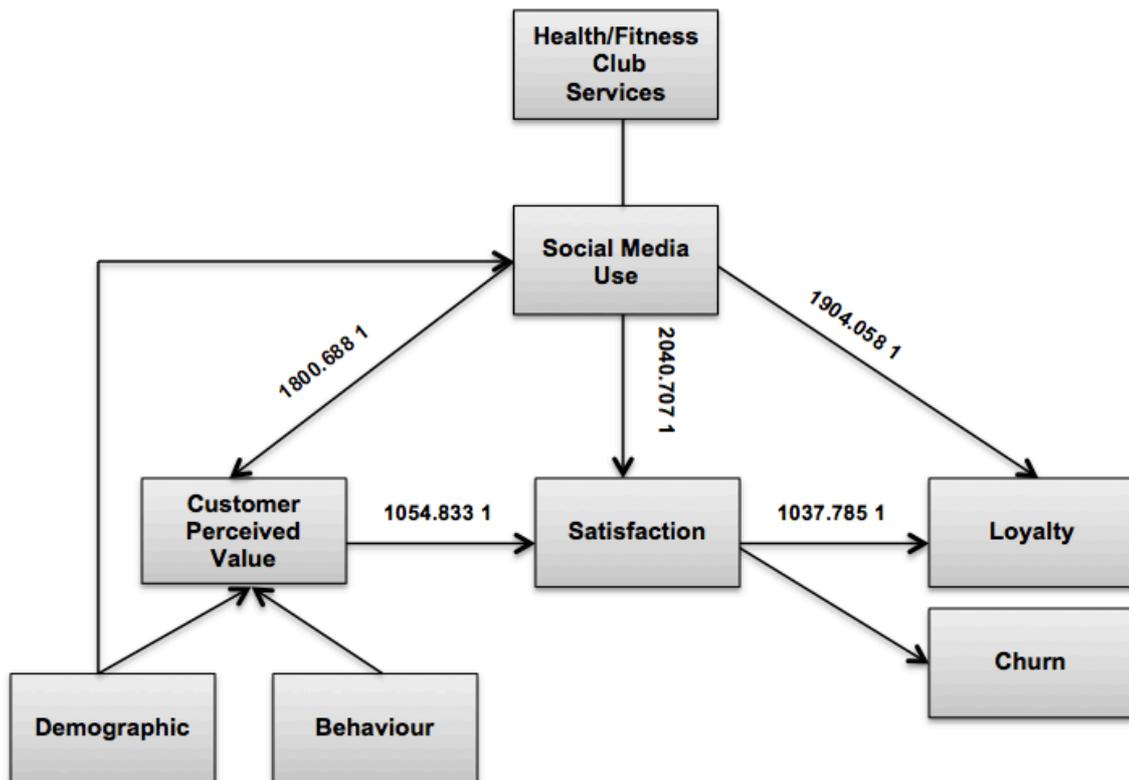
Source: Boten (2013).

The more detailed ways in which SM can be used on these sites is discussed further below. Consequently, the findings are not just theoretical but also provide guidelines to the marketing strategies H/F clubs (and potentially other similar organisations) can follow to develop their business using the latest SM sites.

### 9.3 Key Findings

In order to measure the relative quality of the thesis framework, the Akaike Information Criterion (AIC) is used. This measure offers a comparative error estimate for each of the SEM analyses which in turn test the main hypotheses 2 to 6 in the thesis. To do so, it deals with a trade-off between the model's goodness of fit and its complexity. The hypothesis structure in general terms is shown in Figure 9.1 below. The Akaike (AIC) estimates for each hypothesised path of the model are given on the figure. The lower the AIC measure, the better the fit.

**Figure 9.1 Research Framework**



In Table 9.1, the BCC (Browne Cudeck Criterion), the BIC (Bayes Information Criterion) and the CAIC (Bozdogan Criterion) are given. It is common to expect

that the AIC and BIC will give similar results. The other criterion penalizes model complexity more heavily. As shown below, the results are similar across all measures in that the calculated model (default) compares well with the saturated or best-fit model, while the baseline fit is far worse. Hence the overall model fit is very good.

**Table 9.2 Overall SEM model Fit**

<b>Model</b>	<b>AIC</b>	<b>BCC</b>	<b>BIC</b>	<b>CAIC</b>
<b>Default model</b>	1054.833	1059.572	1271.680	1322.680
<b>Saturated model</b>	506.000	529.511	1581.732	1834.732
<b>Independence model</b>	5089.008	5091.053	5182.550	5204.550

Source: The survey Results (2014).

The AIC measure relatively explains which hypotheses are the better fit, even though they are all good. Interestingly, the traditional relationship of Customer Perceived Value (CPV) determining Satisfaction which in turn explains Loyalty is the somewhat stronger causal relationship. The hypotheses for SM to determine CPV is slightly higher than the hypotheses for SM to determine Loyalty but the differences are not relatively large. However, the weakest causal link is SM directly to satisfaction.

The conclusion is that both satisfaction and SM determine Loyalty with satisfaction the stronger determinant and loyalty slightly less significant. SM also has a role in influencing CPV and satisfaction, and hence loyalty indirectly via satisfaction. As such SM is a very important tool for improving customer loyalty as it impacts directly on loyalty and indirectly on CPV and satisfaction.

### **9.3.1 Demographics and the Use of SM**

The first hypothesis consists of four sub hypotheses that investigate different demographic relationships between the survey demographic factors and the use of SM. Although testing these hypotheses is not the focus of the current study, a comparison between the study results and the literature is provided, as it could offer an introduction to the main analysis. It is potentially obvious that people with various demographic characteristics express different levels of interest and engagement in using SM platforms in varied contexts, which in turn, could influence the interpretation of the relationships in Figure 9.1.

#### **9.3.1.1 Gender and SM**

Despite some minor disagreements between the two genders in terms of using SM websites, the results of the survey agrees with H1a, which stated that there was no difference between males and females in this regard. Some previous research with the focus on the US population and their SM use between the two genders has opposite results (Duggan & Brenner 2013; Correa, Hinsley & De Zuniga 2010; Gilbert, Karahalios & Sandvig 2008).

Consequently, for the H/F clubs there is no evidence to indicate that males and females have different social media requirements, when using SM to develop satisfaction, and indirectly loyalty or loyalty directly. This finding is possibly surprising in that some H/F clubs are female only which indicates there are special female requirements, but this does not extend to the use of social media.

#### **9.3.1.2 Age and SM**

Hypothesis 1b, which hypothesises the difference between age groups on the use of SM is rejected. In particular, there are some differences in the way younger

and older age brackets are involved with SM. For instance, the older group has a longer list of somewhat important issues they care about, including the feeling of belonging to the club, renewing their contract and recommendations, while the other study groups totally agree with what aspects of SM are least, somewhat and most important to them.

Lenhart et al. (2010) conducted a similar study comparing the use of SM websites amongst teens and young adults. The authors found that in addition to the differences among these groups, their preferences also change over time. For example, different age groups show different levels of interest in using blogs. Other research also supports the differences between the use of SM among different age groups (Duggan & Brenner 2013; Correa, Hinsley & De Zuniga 2010). Consequently, companies should regularly watch out for new technologies, and changes in consumer preferences, in order to capture each demographic group by using the most appealing and efficient method.

### **9.3.1.3 Income and SM**

The results of the survey (Hypothesis 1c) reveal that there are differences between different income levels in rejecting the null hypothesis. In general, the higher income earners have higher level expectations compared to other groups. For instance, they would like to be treated as a unique customer in the club, meaning that the clubs can use SM to deliver customized services to them. The surveyed club members with a household income of more than \$40,000 (per annum) have a slightly longer list of important issues (e.g. staying in touch, timetables online, emailing the club with quick responses, easy navigation, reading the latest articles and free WIFI) compared with the lowest income bracket.

Previous research supports the use of online website customisation in the enhancement of satisfaction (Rowley 2006; Kuo & Zuo 2003; Surjadaja, Ghosh, & Antony 2003; Rust & Kannan 2003; Walsh & Godfrey 2000). It can be said that personalising the club website to match the members' preferences and needs can play a role in enhancing customer loyalty. However, attempting to differentiate between income groups is probably less important as all club members want to be treated as a unique customer.

#### **9.3.1.4 Education and SM**

Hypothesis 1d is rejected stating that education levels do not influence the use of SM. Meeting new people on SM seems to be somehow interesting to people with the lowest level of education, while other survey participants with higher education qualifications are more interested in being treated as a unique customer while using the club website. In addition, participants with trade qualification and higher education degrees are more interested in reading health and fitness related articles and information whereas the other groups express little interest in doing so. Again this is probably not a major issue for the discrimination of website material between education groups unless a particular club caters primary for one level of education such as a club aiming to attract trade union workers.

#### **9.3.1.5 Important SM Factors among all Demographics**

The findings across all demographic groups are probably more useful in determining SM use by H/F clubs. Everyone cares about their emails being followed up by the club staff quickly. They also need to have access to the club website and timetable online and be updated about any changes and/or new programs and promotions. In addition, they enjoy online chats and

communications with family and friends. Free WIFI and easy navigation of the club website are also considered as important factors to them.

Therefore, it can be concluded that enhancing customer-staff interactions through SM, developing club website features such as easy navigation, and improving staff SM skills in order to communicate with clients faster and more efficiently, will help the clubs to obtain more satisfied and loyal customers.

### **9.3.2 CPV and Customer Satisfaction**

Similar to many studies that have acknowledged a positive relationship between CPV and customer satisfaction (e.g. Kuo, Wu & Deng 2009; Hu, Kandampully & Juwaheer 2009; Ryu, Han & Kim 2008; Yang & Peterson 2004; Eggert & Ulaga 2002; McDougall & Levesque 2000; Patterson & Spreng 1997), the current study results also reveal a causal relationship between these two constructs in the context of H/F clubs.

In the current research, customer engagement does enhance satisfaction when CPV occurs that acknowledges respect and accomplishment in customers as well as offering good value for the membership fee, and a wide range of programs and services. Zeithaml, Parasuraman and Berry (1985) highlighted the role of staff as the representative of the organisation. This is particularly emphasised in the H/F clubs where interaction between a customer and a club staff member occurs as the member walks in the front door. Thus, staff behaviour, attitude, politeness and knowledge directly influence the customer's perception of the club and its services (Brady & Cronin 2001; Bitner, Booms & Tetreault 1990).

The clients of the surveyed clubs stated that they are interested in offering suggestions regarding the programs that might suit their lifestyle and preference to the club employees. Therefore, factors such as staff willingness to help, responsiveness to complaints, courteous behaviour, sufficient knowledge and skills as well as consistent services (Dhurup, Singh & Suruja 2006; Kim & Kim 1995) are considered as significant factors in H/F clubs. The results of the survey show that the flexibility of the programs, convenient opening hours and a wide range of programs catering for all clients with different needs positively impact customer satisfaction. Literature in the field of H/F clubs also supports these outcomes (Lam, Zhang & Jensen 2005; Papadimitriou & Karteroliotis 2000; Kim & Kim 1995; Parasuraman, Zeithaml & Berry 1988).

In agreement with the relevant literature and current customer survey, the managers of the clubs also considered regular staff training and customer needs reassessment as two key factors in determining customer loyalty. This highlights the importance of staff training to reassure the professionalism of staff behaviour and delivery of consistent services.

### **9.3.3 Customer Satisfaction and Customer Loyalty**

The relationship between customer satisfaction and loyalty is the strongest amongst all the proposed paths in the current research indicating the tight bond between these two constructs. The second significant path is between CPV and customer satisfaction meaning that CPV also has a strong positive link with customer loyalty. Therefore, the previously acknowledged positive relationship between these three constructs by literature in the sport and leisure context is also found in this study (e.g. Lam, Zhang & Jensen 2005; Greenwell, Fink & Pastore

2002; Murray & Howat 2002; Parasuraman, Zeithaml & Berry 1988) as well as other fields (see for example: Ryu, Han & Kim 2008; Demoulin & Zidda 2008; Yang & Peterson 2004; McDougall & Levesque 2000; Cronin, Brady & Hult 2000; Andreassen & Lindestad 1998).

Since these concepts have a two-sided positive link with each other, it is quite difficult to separate the determinants and antecedences of one in the absence of the other two. Thus, there is usually an overlap of their determinant factors while designing surveys to measure them. For instance, it is debatable whether staff behaviour has a direct impact on CPV, satisfaction and/or loyalty. As mentioned by Reisinger and Turner (2000), it is quite challenging to measure intangible constructs (such the hypothesised ones here) especially when they involve human interactions.

Although there is a general strong relationship between satisfaction and loyalty and an overlap in their determinants, the outcome of testing Hypothesis 5 (SM and customer satisfaction) reveals that some aspects of these two concepts have a stronger association with each other in the context of H/F clubs in Melbourne. Satisfaction factors such as following up on client queries and comments, running activities on time, having enough equipment with clear demonstration to cater for all clients, and maintaining clients' data accurately are all important in determining aspects of customer loyalty such as contract renewal, good recommendations and emotional bond with the club and staff.

In the context of sports and leisure, Howat, Murray and Crilley (1999) found that customer satisfaction impacts on their willingness to recommend the service positively. Oliver (1989) mentioned that many sport consumers have a high emotional attachment to their sporting teams or clubs. He further mentioned that

emotional bonds could foster satisfaction reactions based on moderate to extreme feelings. Therefore, in the case of H/F clubs, enhanced customer loyalty can be determined by customers repurchase level (e.g. renewing memberships or choosing the same franchise wherever they go), their willingness to spread good word about the club, and their intentions to increase their visit frequency (for example: paying a premium to get additional services).

As a strong predictor for loyalty satisfaction has achieved a significant place in the service industries (e.g. Kuo, Wu & Deng 2009; Hu, Kandampully & Juwaheer 2009; Ryu, Han & Kim 2008; Yang & Peterson 2004; Eggert & Ulaga 2002; Caruana 2002; McDougall & Levesque 2000; Patterson & Spreng 1997; Ravald & GroÈnroos 1996; Liljander & Strandvik 1995). In other words, customer satisfaction eventually determines consumer future intentions and bonds with the provider (McDougall & Levesque 2000; Jones & Suh 2000; Taylor & Baker 1994; Bitner, Booms & Tetreault 1990).

McDonald (1996) stated that developing customer retention could be achieved through developing strong relationships with people and continuously offering them enhanced services. Therefore, following up the club member queries in a timely and professional manner, and maintaining variety in programs and equipment, can positively impact on customer perceptions of the H/F club. In other words, consumers perceive that they are getting better value for their money compared to other clubs in the market.

#### **9.3.4 SM and CPV**

The third null hypothesis is rejected meaning that there is a causal relationship between SM and CPV. The club website features mainly through the club members being in touch with staff and trainer, and receiving updated and

customized information that positively influences the customers' sense of respect and accomplishment. This customer survey outcome is in agreement with the club manager survey as more than 50% of the managers believed that social media helps them build relationships with customers, updates them on programs and activities and promotes special events. This level of understanding consumer preferences by the club managers is outstanding because as Heller-Baird and Parasnis (2011) mentioned in their study, usually firm decision makers and customers have a different understanding of SM use.

Liao (2007) stated that service recovery dimensions of apologising, solving customer issues and being courteous at all times will positively impact on customer satisfaction and repurchase intentions via the mediation of CPV. On the contrary, service failure and repeated failures will reduce the positive effect of certain dimensions of service recovery performance on CPV and satisfaction. This study outcome is in accordance with the current customer survey result revealing that the club members are concerned about their offline and online relationships with the club, general staff and trainers. The importance of an organisation's staff behaviour in creating value, satisfaction and eventually loyalty for customers is widely acknowledged in the literature (Laroche et al. 2012; Sirdeshmukh, Singh & Sabol 2002). This suggests that the current club managers monitor and assess their staff performance and professionalism regularly, and provide them with adequate updated manuals, on job training and workshops.

SM can help businesses create value for their customers (Agnihotri et al. 2012). For example Brookes (2011) suggested that firms could create fan pages on SM websites by placing different types of posts, videos, messages, quizzes and other material on their pages. Therefore, people can become fans of these pages and

contribute to the brand post popularity by liking a post, or commenting on it (McAlexander, Schouten & Koenig 2002; Muñiz & O'Guinn 2001).

All the surveyed managers mentioned that they mainly used Facebook as the main online channel of communication. This indicates a lack of in-depth investigation into the potential of other social networking platforms to find better and more efficient ways to develop their online service such as emailing clients, improving their website features, and navigation and customization of information in order to suit individual preferences. It is also recommended that the clubs' decision makers monitor customer comments on the club online platforms and/or relevant blogs, and react to them.

Henning-Thurau et al. (2004) explained that the Internet has created new two-way methods of interaction including company to consumer, and consumer to consumer. Certain SM websites such as Facebook and MySpace, product review websites (such as consumer review and message boards) can be used to facilitate and strengthen the company-customer relationships, while eWOM platforms (Jalilvand, Esfahani & Samiei 2011) give people the opportunity to express and share their feelings and opinions with one another.

The surveyed clubs' clients considered SM activities (including staying in touch with friends, sharing ideas and/or videos with them, creating different community groups and reading latest health-related information articles) as influential factors impacting on the club popularity, close relationships with members and the social/personal status the clients achieve by going to the club. Such activities also positively impact on the clients feelings of respect and accomplishment by attending the club and using its services (possibly through customers being in touch with friends). So, it can be said that a significant determinant of club status

is the SM activity. Although, less effective than website features and SM activities in developing feelings of respect and accomplishment in the customers.

### **9.3.5 SM and Customer Satisfaction**

Null Hypothesis 5 is rejected at 95% significance meaning that there is a causal relationship between SM and customer satisfaction. In particular, staff servicing behaviour (including staff acknowledging and greeting customers, following up on their queries and complaints, being patient and looking neat, and the club advertisement) is heavily influenced by SM activities. These activities mainly consist of the club members' online engagement with friends and trainers, sharing feelings with them and reading the latest information related to health and fitness. As mentioned above, in the CPV section, staff behaviour is a very important factor in determining enhanced customer perceived value, satisfaction, and accordingly loyalty in H/F clubs. Based on the testing of the current conceptual framework, staff behaviour and the ways they engage with the clients not only occur at the club, but are also influenced by online activities.

### **9.3.6 SM and Customer Loyalty**

Null Hypothesis 6 is rejected indicating there is a causal relationship between SM and customer loyalty. In the current study, website features and services are found to impact upon both emotional attachment and attitudinal loyalty. These features include online staff-customer interactions (through emails and customer-oriented personalised information) and the actual club website via its features such as easy navigation, informative information and updated program schedules.

Such online services offered by the club appear to have a positively strong relationship with customer loyalty by influencing behaviour (such as re-patronage behaviours of renewing contracts and spreading positive WOM) and attitude aspects of loyalty (via trusting staff and receiving sympathy from them).

Based on the current customer survey results and previous studies such as Laroche et al.'s (2012), who showed that brand trust has a full mediating role in converting value creation practices into brand loyalty, the clubs should focus on offline and online methods for boosting customer trust. As mentioned earlier in the satisfaction section, the club clients are concerned about the ways their personal details are maintained.

This may be related to clients being interested in receiving personalised services, as most people do not visit gyms only to use some equipment on their own, but also to set a fitness goal, so they need to be guided step by step to achieve it. In other words, the clubs survival and profitability depend on their clients' results. For instance, Gamboa and Goncalves (2014) stated that Facebook develops customer loyalty of Zara brand via trust, commitment, CPV and customer satisfaction. These authors concluded that company-customer relationships are stronger for the brand fans than for non-fans, and also found customer satisfaction as the strongest determinant of loyalty. They recommended marketers to invest in diverse aspects of SM for boosting customer loyalty through SM, rather than using it merely for growing brand awareness.

There is an ongoing debate over the activities of brands and companies in SM. Drawing on the brand trust and loyalty literature, SM can positively affect customer-company, customer-brand, customer-product and customer-other relationships that in turn will positively influence brand trust and loyalty (Laroche,

Habibi & Richard 2013). Further to this, Sashi (2012) suggested businesses not only rely on obtaining loyal customers, but also take a further step, and turn them to fans by using a combination of digital and non-digital technologies aimed at facilitating the consumer transition through the phases of the customer engagement cycle.

Despite the above discussion about the strong role of SM in the enhancement of H/F clubs' customer loyalty, the results of the current SEM show that website features and services will not stop customers looking for better value elsewhere. That is, people embrace better services offered by club competitors and the club online services and site features will not impact on their decision to churn to another club with better offerings. Actually, SM can be a two-edged sword in this case, meaning that search engines such as Google facilitate the process of searching for better deals and offers. Therefore, people can easily access comprehensive databases with comparison features. That is how consumers feel more empowered than ever before, which puts service providers under the pressure of intense and regular assessments of their customers preferences and changing choices.

## **9.4 Conclusion**

The advent of Internet-based SM has enabled people to communicate with hundreds or thousands of others about products, brands and companies, making consumer-to-consumer communications of great interest for marketers. Since the timing, content and frequency of consumer social media-based conversations are outside marketers direct control, they are advised to learn to form customer discussions in a manner which is consistent with the company's mission and

performance targets. This may include providing customers with networking channels and promotional tools (Mangold & Faulds 2009).

In agreeing with business profitably as an ultimate goal for any enterprise, Heller-Baird and Parasnis (2011) believed that a key role of firms is to accelerate collaborative social experiences that the consumer values. These authors further highlight the power of SM with its enormous potential for businesses to stay closer to customers, which in turn will lead to revenue increase and cost reduction. In other words, SM is a game changer that can create a seamless consumer experience.

Overall, the outcome of testing each null hypothesis at 95% significance is a rejection of the null hypotheses and acceptance of the alternative ones. That is, there is causal relationship between SM use and the constructs of the study namely CPV, satisfaction and loyalty. This result is quantitatively particularly good given the complexity of the model, and is an overall acceptance of the conceptual framework (Figure 3.1). Testing the study hypotheses show that although SM can positively influence customer loyalty in H/F clubs, it is not straightforward to rely on this direct path only. The results of the SEM model fit illustrate an even stronger path between social media and customer perceived value, meaning that to achieve loyalty, it is very important to consider the determinants and factors influencing them. Consequently, SM needs to be used to influence loyalty through CPV and satisfaction using different methods to those influencing loyalty directly.

## **9.5 Limitations**

The current study is not considered to have major limitations that could impact its methodology or results. However, four points need to be considered:

1. There is always a risk of using a questionnaire that may not have covered all possible issues. The study survey instrument could potentially have missed some important issue, although what that might be remains unknown.
2. Focusing on a specific context (here on H/F clubs) may limit the expansion of the findings in other business activities. Nonetheless, this is not a major limitation as firms in the contractual service sector share a large number of similarities and challenges while managing customers. This highlights the role and importance of conducting such studies regularly in order to investigate and update the managers' understanding of consumer behaviour including their expectations, reactions and preferences.
3. Studying western cultures and eastern cultures may have a different focus. Therefore, the study results may not be applicable to other countries and other cultures.
4. H/F centres do not use the same title (for example gyms, fitness clubs, H/F clubs and so on). Thus, determining their exact number is not very clear. The Australian Bureau of Statistics (2013) in their report on "the value of sport and physical recreation activities" also make a note that the definition of sport and physical recreation activities may vary in different ways, as there is no standard categorisation for such activities. This may have resulted in some sampling error in regard to the representativeness of the sample. However, considerable effort has been made to use a large sample, to interview senior staff, and study the extent of the club system in Melbourne.

## **9.6 Recommendations for Future Research**

Papadimitriou and Karteroliotis (2000) found program innovation as an influential factor in determining the relationship between CPV and satisfaction. So the H/F club managers are advised to supervise the consistency of their programs and services, and regularly update their physical facilities, classes and offerings.

SM is a relatively new broad area compared with constructs of perceived value, satisfaction and loyalty. In general, the role of emerging new technologies in consumer behaviour is of great importance to managers and marketers. On the one hand, IT companies offer more advanced and user-friendly devices to the market, making choices and comparisons much easier. On the other hand, IT facilities make service providers survival more challenging (Kietzmann et al. 2011), as they need to keep adapting to new methods and changing technology for obtaining, pleasing and maintaining customers. This may suggest future research on the latest SM websites and their impacts on both consumer and business markets. In addition, service firms are advised to seriously consider SM as a powerful tool that can help them not only survive in the market, but also generate and boost sales and reputation.

There has been a large body of literature on the role of the Internet in increasing customer base and business profitability particularly in the retail context, encouraging researchers to shift their focus on the service industry (especially with services dominating Australian economic growth). It may be impossible to make service delivery consistent to all customers, due to its intangibility and

human involvement; however, SM can be used as a tool to offer uniform customer services.

Most of the surveyed managers mentioned that they mainly used Facebook as a means of communication. Looking at the outcome of the current study, the club members showed interest in other social networking sites, indicating that managers need to become familiar with such platforms, their features and usability to stay updated with consumers' changing preferences. Berthon et al. (2012) suggested managers truly embrace technology, engage with customers, constrain the dominance of bureaucracy, train and invest in their employees understanding of SM power, as well as educate managers about the opportunities of SM.

In the tourist industry, Parra-Lopez et al. (2011) found that tourist intentions to use social media for organizing their trips are directly influenced by perceived value and trust. This may suggest researchers modify the current study's framework to study the impact of customer perceived value, satisfaction and loyalty on the use of SM in a variety of fields.

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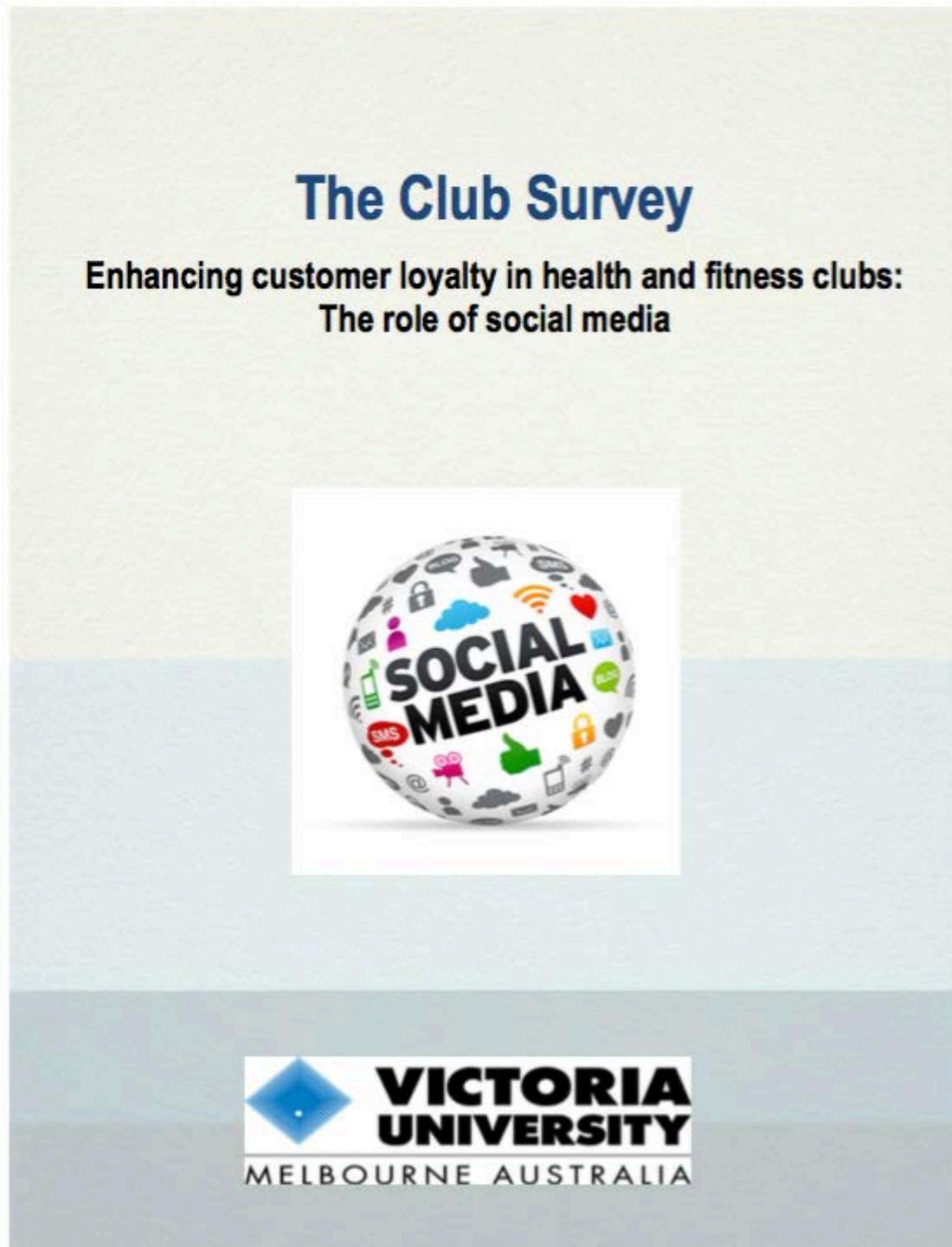
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## Appendices

### Appendix A: Quantitative Survey



**PARTICIPATION IN THIS SURVEY IS STRICTLY VOLUNTARY. ALL INFORMATION WILL BE TREATED AS CONFIDENTIAL AND YOUR PARTICIPATION WILL REMAIN ANONYMOUS.**

*Dear Participant,*

*My name is Azadeh Rawaz, a PhD student of Victoria University, Melbourne, Australia. I am inviting you to participate in my research project to explore the role of social media in the enhancement of customer loyalty in health and fitness clubs in Melbourne, Australia.*

*Your decision to participate is completely voluntary and there will be no negative consequences if you do not wish to participate. Your anonymous responses will be kept strictly confidential, and only members of the research team will have access to the information you provide. Thank you very much for your time and cooperation. I greatly appreciate your help to assist in this research.*

*Yours sincerely,*

*Ms. Azadeh Rawaz (Researcher)  
College of Business  
Victoria University, Melbourne, Australia*

**ANY QUERIES?**

Any queries about your participation in this project may be directed to the researcher (Ms. Azadeh Rawaz: Email: [azadehrawaz.vu@gmail.com](mailto:azadehrawaz.vu@gmail.com)). If you have any queries or complaints about the way you have been treated, you may contact the Secretary, Victoria University Human Research Ethics Committee, Victoria University, PO Box 14428 MCMC, Melbourne, 8001 (telephone no: +61396884710).

## Section A

1. Please specify your gender:

- Male                       Female

2. In which year were you born? -----

3. Which language do you speak at home? -----

4. What is your highest level of education?

- No formal qualification  
 Primary/ High school  
 Trade qualification  
 Higher education qualification

5. Which of the following categories best describes your annual household income?

- \$20,000 or less  
 \$20,001-\$40,000  
 \$40,001-\$60,000  
 \$60,001-\$80,000  
 \$80,001-\$100,000  
 \$100,001 or more

6. How long have you been a member of this health club? Year----- Month -----

7. How often per month do you look at the club website?

- 0    1    2    3    4    5    6    7    8    9    10    more

8. How many hours per day do you use social media websites on:

- Fixed computer                      ----- hours  
Laptop                                      ----- hours  
Mobile phone or tablet              ----- hours

9. How many hours per day do you spend on the following social media websites?

<b>Facebook:</b>	----- hours
<b>Twitter:</b>	----- hours
<b>Google+:</b>	----- hours
<b>LinkedIn:</b>	----- hours
<b>YouTube:</b>	----- hours
<b>MySpace:</b>	----- hours
<b>Blogs:</b>	----- hours
<b>Flickr:</b>	----- hours
<b>Wikis:</b>	----- hours
<b>Podcasts:</b>	----- hours
<b>Other:</b>	----- hours

## Section B

How important are the following issues to you?

Please answer selecting one category where 1 is extremely unimportant and 6 is extremely important.

<b>Extremely Unimportant</b> 1	<b>Very Unimportant</b> 2	<b>Somewhat Unimportant</b> 3	<b>Somewhat Important</b> 4	<b>Very Important</b> 5	<b>Extremely Important</b> 6
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(Please circle)

	1	2	3	4	5	6
<b>Staff advise on activities to suit my lifestyle.</b>						
<b>Staff follow up my queries.</b>						
<b>The club activities are held on time.</b>						
<b>The club is sympathetic and reassuring when I have issues.</b>						
<b>Enough equipment to cater for all clients.</b>						
<b>To have a sense of belonging to the club.</b>						
<b>The club keeps my data records accurately.</b>						
<b>Staff are interested in my comments and suggestions.</b>						

<b>Extremely Unimportant 1</b>	<b>Very Unimportant 2</b>	<b>Somewhat Unimportant 3</b>	<b>Somewhat Important 4</b>	<b>Very Important 5</b>	<b>Extremely Important 6</b>
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(Please circle)

I receive competent demonstration on the use of products.	1	2	3	4	5	6
There is up-to-date equipment.	1	2	3	4	5	6
The club activities and programs are up to date.	1	2	3	4	5	6
I can trust the employees.	1	2	3	4	5	6
Staff are well dressed and appear neat.	1	2	3	4	5	6
The advertising for new fitness and health programs.	1	2	3	4	5	6
Staff deal with me patiently.	1	2	3	4	5	6
Staff acknowledge and greet me as I enter the club.	1	2	3	4	5	6
The ease of stating a complaint.	1	2	3	4	5	6
I am promptly transferred to the right person to solve my query.	1	2	3	4	5	6
I may lose friends by changing to another club.	1	2	3	4	5	6
I consider this franchise my first choice wherever I am.	1	2	3	4	5	6
Staff treat me as a personal friend not just a customer.	1	2	3	4	5	6
I have incentive offers such as special discounts for long-term membership.	1	2	3	4	5	6
I might change to another club, which offers me better services.	1	2	3	4	5	6
I say good things about this club to other people.	1	2	3	4	5	6
I recommend this club to those who ask my advice.	1	2	3	4	5	6
The contract termination details.	1	2	3	4	5	6
The amount of effort and time lost in terminating a contract.	1	2	3	4	5	6
I have made new friends at this club.	1	2	3	4	5	6
I intend to renew my contract with this club in future.	1	2	3	4	5	6

## Section C

How important are the following issues to you?

Please answer selecting one category where 1 is extremely unimportant and 6 is extremely important.

<b>Extremely Unimportant 1</b>	<b>Very Unimportant 2</b>	<b>Somewhat Unimportant 3</b>	<b>Somewhat Important 4</b>	<b>Very Important 5</b>	<b>Extremely Important 6</b>
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(Please circle)

To socialize.	1	2	3	4	5	6
To be happy at the club.	1	2	3	4	5	6
To have a feeling of belonging to the club.	1	2	3	4	5	6
To be treated equally.	1	2	3	4	5	6
To attend personal training sessions.	1	2	3	4	5	6
To attend group classes.	1	2	3	4	5	6
The distance to the club.	1	2	3	4	5	6
To feel safe while exercising at the club.	1	2	3	4	5	6
The service offered is good value for money.	1	2	3	4	5	6
Physical attractiveness and the design of the club.	1	2	3	4	5	6
The flexibility of program times.	1	2	3	4	5	6
Different services and activities compared with other clubs.	1	2	3	4	5	6

<b>Extremely Unimportant</b> 1	<b>Very Unimportant</b> 2	<b>Somewhat Unimportant</b> 3	<b>Somewhat Important</b> 4	<b>Very Important</b> 5	<b>Extremely Important</b> 6
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(Please circle)

The popularity of the club.	1	2	3	4	5	6
The convenience of the opening times.	1	2	3	4	5	6
Staff do not overly defend the club when if I criticize it.	1	2	3	4	5	6
To have a close relationship with personal trainers and general staff.	1	2	3	4	5	6
To have a sense of accomplishment.	1	2	3	4	5	6
Staff suggest things I might like but did not think of.	1	2	3	4	5	6
To have a feeling of self-respect.	1	2	3	4	5	6
To attend this club for social/work status.	1	2	3	4	5	6
My trainer encourages me.	1	2	3	4	5	6

## Section D

How important are the following issues to you?

Please answer selecting one category where 1 is extremely unimportant and 6 is extremely important.

<b>Extremely Unimportant</b> 1	<b>Very Unimportant</b> 2	<b>Somewhat Unimportant</b> 3	<b>Somewhat Important</b> 4	<b>Very Important</b> 5	<b>Extremely Important</b> 6
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(Please circle)

To stay in touch with family friends via social media.	1	2	3	4	5	6
To meet new people on social media websites.	1	2	3	4	5	6
To join in social media websites discussions.	1	2	3	4	5	6

<b>Extremely Unimportant 1</b>	<b>Very Unimportant 2</b>	<b>Somewhat Unimportant 3</b>	<b>Somewhat Important 4</b>	<b>Very Important 5</b>	<b>Extremely Important 6</b>
--	-----------------------------------	---------------------------------------	-------------------------------------	---------------------------------	--------------------------------------

(Please circle)

<b>To make professional and business contacts via social media websites.</b>	1	2	3	4	5	6
<b>To track my fitness targets via social media.</b>	1	2	3	4	5	6
<b>To track my friends improvement on their fitness targets via social media.</b>	1	2	3	4	5	6
<b>To use different profiles on social media websites for different parts of my personality.</b>	1	2	3	4	5	6
<b>To exchange information on social media websites about more efficient methods to stay</b>	1	2	3	4	5	6
<b>To read the latest articles and information regarding my health on social media websites.</b>	1	2	3	4	5	6
<b>To share health-related photos, videos and music via social media websites.</b>	1	2	3	4	5	6
<b>To read social media websites updates.</b>	1	2	3	4	5	6
<b>To create a community or group on social media websites.</b>	1	2	3	4	5	6
<b>To read comments or posts by celebrities about the club on social media websites.</b>	1	2	3	4	5	6
<b>To read strangers comments on my favourite topics on social media websites.</b>	1	2	3	4	5	6
<b>To write a blog about the club.</b>	1	2	3	4	5	6

## Section E

How important are the following issues to you?

Please answer selecting one category where 1 is extremely unimportant and 6 is extremely important.

Extremely Unimportant 1	Very Unimportant 2	Somewhat Unimportant 3	Somewhat Important 4	Very Important 5	Extremely Important 6
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(Please circle)

To use free Wi-Fi available to members at the club.	1	2	3	4	5	6
To check the club website to get latest news about the club.	1	2	3	4	5	6
To stay in touch with my personal trainer online.	1	2	3	4	5	6
To check the program timetable via the internet.	1	2	3	4	5	6
To email the club in order to ask a question.	1	2	3	4	5	6
Staff answer my emails quickly.	1	2	3	4	5	6
The club website makes me feel that I am a unique customer.	1	2	3	4	5	6
Navigation through the club website is easy.	1	2	3	4	5	6

If you have any other comments you wish to add, on any of the topics raised in this questionnaire, I would welcome them. Please write them in the space below:

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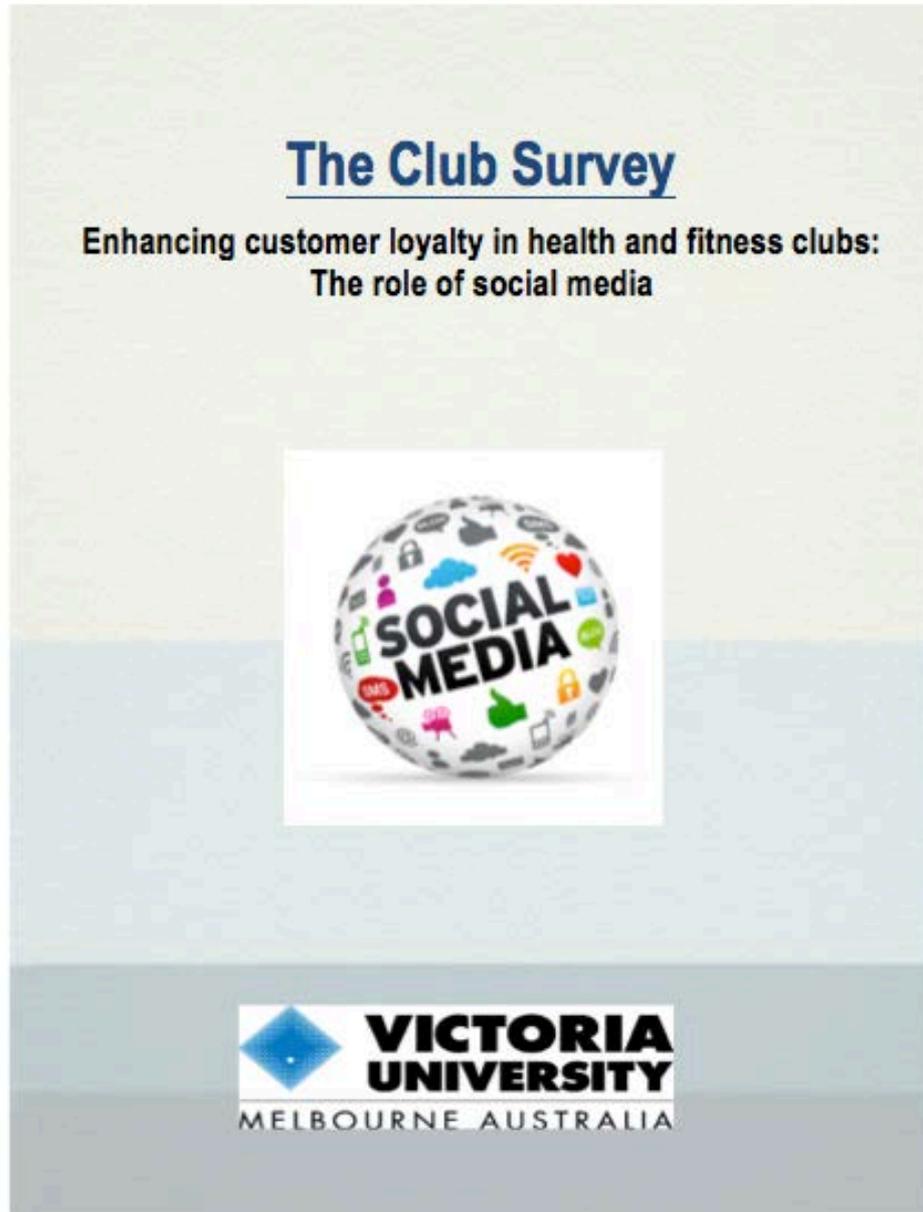
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Thank you very much for your participation

## Appendix B: Qualitative Survey



**PARTICIPATION IN THIS SURVEY IS STRICTLY VOLUNTARY. ALL INFORMATION WILL BE TREATED AS CONFIDENTIAL AND YOUR PARTICIPATION WILL REMAIN ANONYMOUS.**

*Dear Participant,*

*My name is Azadeh Rawaz, a PhD student of Victoria University, Melbourne, Australia. I am inviting you to participate in my research project to explore the role of social media in the enhancement of customer loyalty in health and fitness clubs in Melbourne, Australia.*

*Your decision to participate is completely voluntary and there will be no negative consequences if you do not wish to participate. Your anonymous responses will be kept strictly confidential, and only members of the research team will have access to the information you provide. Thank you very much for your time and cooperation. I greatly appreciate your help to assist in this research.*

*Yours sincerely,*

*Ms. Azadeh Rawaz (Researcher)  
College of Business  
Victoria University, Melbourne, Australia*

**ANY QUERIES?**

Any queries about your participation in this project may be directed to the researcher (Ms. Azadeh Rawaz: Email: [azadehrawaz.vu@gmail.com](mailto:azadehrawaz.vu@gmail.com)). If you have any queries or complaints about the way you have been treated, you may contact the Secretary, Victoria University Human Research Ethics Committee, Victoria University, PO Box 14428 MCMC, Melbourne, 8001 (telephone no: +61396884710).

## Section A

**Please answer the questions in section A and B.**

10. Please specify your gender:

- Male       Female

11. In which year were you born? -----

12. Which language do you speak at home? -----

13. What is your role in the club? -----

14. What is your highest level of education?

- No formal qualification  
 Primary/ High school  
 Trade qualification  
 Higher education qualification

15. Which of the following categories best describes your annual household income?

- \$20,000 or less  
 \$20,001-\$40,000  
 \$40,001-\$60,000  
 \$60,001-\$80,000  
 \$80,001-\$100,000  
 \$100,001 or more

16. How long have you been working for this health club?    Year-----    Month -----  
-

17. How often per month do you look at the club website?

- 0    1    2    3    4    5    6    7    8    9    10     
more

18. How many hours per day do you use social media websites on:

Fixed computer      ----- hours

Laptop ----- hours  
Mobile phone or tablet ----- hours

19. How many hours per day do you spend on the following social media websites?

<b>Facebook:</b>	----- hours
<b>Twitter:</b>	----- hours
<b>Google+:</b>	----- hours
<b>LinkedIn:</b>	----- hours
<b>YouTube:</b>	----- hours
<b>MySpace:</b>	----- hours
<b>Blogs:</b>	----- hours
<b>Flicker:</b>	----- hours
<b>Wikis:</b>	----- hours
<b>Podcasts:</b>	----- hours
<b>Other:</b>	----- hours

20. In your opinion which of the following social media websites is more effective to communicate with the club customers? **Tick one only**

- Facebook
- Twitter
- Google+
- LinkedIn
- YouTube
- Instagram
- MySpace
- Blogs
- Flicker
- Wikis
- Podcasts
- Other: please name it: -----

## Section B

1. What methods does your club use to retain current customers?

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2. In your opinion, what are the roles of social media websites in order to enhance the loyalty of the club customers?

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3. Do you have plans to use social media to communicate with your members?  
Why?

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4. If you have any other comments you wish to add, in regard to the study or any of the topics raised in this questionnaire, I would welcome them. Please write them in the space below:

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Thank you very much for your participation