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The effects of service convenience and perceived quality on perceived value, satisfaction and loyalty in low-cost fitness centers



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ABSTRACT

Due to its importance in fitness centers, a number of authors have explored and analyzed loyalty. However, two characteristics not yet examined are service convenience in fitness center chains and low-cost fitness centers (an emerging business model). In the present study, the authors sought to understand the relationship among perceived quality and service convenience on perceived value, satisfaction, and client loyalty in low-cost fitness centers. Clients (N = 763; 381 women and 382 men) from three low-cost Spanish fitness centers were surveyed, revealing a positive relationship among the variables studied. Findings demonstrate the importance of proper management of non-monetary sacrifices and perceived quality by the managers of these sport organizations, since client loyalty could depend on factors of these emerging sport models.

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1. Introduction

Understanding factors that influence client loyalty is crucial for fitness centers (García-Fern&ndez, Bernal-García, Fern&ndez-Gavira, & Vélez-Colón, 2014). Among the factors associated with behavior intentions and customer loyalty, perceived value is particularly impactful (Lewis & Soureli, 2006; McDougall & Levesque, 2000). Zeithaml (1988) defined perceived value as "the global evaluation of the consumer regarding the utility of the product based on the perception of what is received in exchange for what is given" (p. 14). At the same time, leading authors on this topic agree in presenting the construct of dynamic nature (Oliver, 1997), that may vary between people and situations (Holbrook, 1999), hence demonstrating its multidimensional characteristics (Sweeney & Soutar, 2001). Furthermore, perceived value is a result of a global valuation founded on what the client gives and receive in return (positive and negative function) (Oliver, 1999). The positive dimension carries some benefits for the client, such as quality (Martín, Gremler, Washburn, & Cepeda, 2008), and the

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negative function is related to monetary and non-monetary sacrifices. In the first case the price paid is considered easy to imitate by another organization (Voss, Parasuraman, & Grewal, 1998). The second case considers other non-monetary efforts, such as the effort to consume the service, inconveniences, and location or time, which may cause the client to have a negative perception of value, referred to as service convenience (Berry, Seiders, & Grewal, 2002).

In the sport sector, authors measuring value have used unidimensional scales and its influence in satisfaction and loyalty (e.g., Calabuig, Prado-Gascó, Crespo, Núñez-Pomar, & Añó, 2015; Nuviala, Grao-Cruces, Pérez-Turpin, & Nuviala, 2012). Specifically addressing the fitness industry, researchers have examined the loyalty chain in for-profit centers (e.g., Theodorakis, Howat, Ko, & Avourdiadou, 2014) and in not-for-profit fitness centers (e.g., Calabuig, Núñez-Pomar, Prado-Gascó, & Añó, 2014; Murray & Howat, 2002). However, there is a gap in understanding with regard to the loyalty chain in low-cost fitness centers, which is a trending business model experiencing growth in the United States, Europe, and Australia (Bouchet, Hillairet, & Bodet, 2013; Europe Active, 2015a; Powers & Greenwell, 2016; Turk, 2016; Whytcross, 2014).

Likewise, researchers have investigated the positive components of value (Theodorakis et al., 2014) or negative components, such as price (Calabuig et al., 2014), maintaining a dearth of knowledge with regard to the role of non-monetary sacrifices or convenience of service on the perceived value (Berry et al., 2002). The low-cost enterprises are characterized by a better standardization of the processes, thus diminishing the time it takes to actually produce a service (Porter, 1985), consequently diminishing the time and effort to produce a service as perceived by the client. Furthermore, the client's perception of non-monetary sacrifices is diminished, thus improving the perceived value and by consequence the loyalty of the client (Keaveney, 1995). Although Chang and Polonsky (2012) conclude that convenience of service could be a determining factor in the behavior intention of the client of fitness centers, researchers have not analyzed these variables with a comprehensive model.

Given the primacy of understanding customer loyalty in the health and fitness industry (Ferrand, Robinson, & Valette-Florence, 2010), the objective of the present study was to analyze the existing relationship between the perceived quality and service convenience on perceived value, satisfaction, and loyalty of clients of low-cost fitness centers. the purpose of the present study offers two important contributions. In doing so, we make several contributions. First, we analyze a loyalty model in a low-cost business that is experiencing growth worldwide, and results are potentially applicable to other countries. The study of customer loyalty is also important for understanding sustainability and profitability. Furthermore, researchers analyzing customer loyalty by way of the chain of value, satisfaction, and future intentions have examined quality as a predecessor to value, without measures of the negative components of value, such as non-monetary sacrifices. Therefore, in drawing from the perspective of the client, the influence of non-monetary sacrifices or service convenience on value and by consequence their loyalty, is needed.

2. The low-cost model in the fitness industry

Porter (1985) stated that enterprises that base their strategies on differentiation or low-cost strategies have a competitive advantage. Enterprises using the low-cost strategies emphasize cost reduction, hire highly qualified personnel, maximize the economies of scales, use routine job duties, and produce standard products. With these characteristics, low-cost enterprises utilize a centralized structure, creating highly specialized job functions and standardized operating procedures. At the same time, these strategies should be supported in the current market by an appropriate control system, a clear organizational structure, and an information management system (Jermias & Gani, 2004).

With regards to conceptualizing the low-cost model, there is not one form or a single definition, although there is agreement in its basic characteristics. In general terms, low-cost enterprises offer low rates due to their broad knowledge and mastery of their value chains, thereby achieving efficiency in their structures of cost by eliminating unnecessary elements. In this way, they offer a more limited service and, in some cases, charge complementary services separately (Button, 2012). With the intent to clarify the term and eliminate erroneous concepts of low-cost enterprises, Kachaner, Lindgardt, and Michael (2011) affirm that low-cost does not signify a low margin; rather, it is a potentially profitable model. Hence, low-cost is not low quality, but it implies better profits. And, low-cost is not cheap imitation, but represents innovation.

The first enterprises to utilize low-cost strategies were airlines, with Southwest Airlines being the first to implement the model in 1971, followed in 1995 by European companies, such as Ryanair, EasyJet, and Air Berlin (Rey, Myro, & Galera, 2011). In fact, the majority of published studies of low-cost enterprises have been set in the airline industry (Akamavi, Mohamed, Pellmann, & Xu, 2015), although other researchers have examined the cruise line industry (e.g. Gross, 2009), automobiles (e.g. Wang & Kimble, 2010), and hotels (e.g. Ruetz & Marvel, 2011).

Even after knowing the basic strategies of low-cost for competitive advantage (Porter, 1985), sport management scholarship in this area is still lacking (Geurin & Burch, 2017), and particularly with regard to fitness centers. The research gap is all the more salient due to the major growth in the fitness industry, as a result of low-cost fitness centers in the midst of a global economic recession (Bouchet et al., 2013; Cancian, 2016; Europe Active, 2015a; International Health, Racquet & Sportsclub Association, 2016; Kokolakakis, 2012; Powers & Greenwell, 2016; Whytcross, 2014). Interestingly, in Europe, the fitness center enterprise with the most number of clients and franchises to date is a low-cost organization (Europe Active, 2015b). The growth of low-cost fitness centers could be due to a combination of economic circumstances, globalization (Kokolakakis, 2012), and other factors, such as the sporadic attendance to legacy clubs, consumer sentiment towards legacy clubs, changes in client needs, affordability, simplicity, and digital infra-structure (Algar, 2011).

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