FACTORS AFFECTING CUSTOMER LOYALTY OF FITNESS CENTERS: AN EMPIRICAL STUDY

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Abstract
Awareness of healthy lifestyle in society is increasing day by day. Therefore, the fitness centers more motivated to focus on these business opportunities. Hence, it is important for companies to understand how to satisfy consumers to obtain consumer loyalty. Main variables were applied to predict customer loyalties are switching cost, customer value, physical environment, and customer satisfaction. Data was collected through questionnaires distribution to students at private university in Tangerang. Data then was analyzed to by applying multiple regressions with SPSS software. The results showed that there are three hypotheses are supported. The hypothesis is the relationship between switching cost and customer value, the relationship between customer value and customer satisfaction, and the relationship between customer satisfaction and customer loyalty. There is a hypothesis that is not supported, namely the relationship between the physical environment and customer satisfaction. This study also provides a discussion and offers direction for further research.

FAKTOR YANG MEMPENGARUHI LOYALITAS NASABAH PUSAT FITNESS: STUDI EMPIRIS

Abstrak

JEL Classification: M3, M31
INTRODUCTION

Nowadays, awareness of healthy lifestyle in Indonesia continues to increase. One way to have healthy lifestyle is having routine exercise. Therefore, due to the large fitness center opened, the competition was not inevitable. It makes fitness center aggressively try to get the loyalty from customers. In order to strengthen the competitiveness of the company, the central idea of the marketing is developing and maintaining long lasting relationships with customers (Nguyen et al., 2013). Many other studies denote that customers loyalty will generated if customer’s needs fulfilled (Mittal & Kamakura, 2001) and obtain the superior values from what they spend (Tsai et al., 2010).

Previous studies have been conducted to examine the effect of several variables such as switching cost (Jain & Kumar, 2015; Rahman & Kamarulzaman, 2012; Tsai et al., 2010); customer value (Jain & Kumar, 2015; Johan et al., 2014; Sugiati et al., 2013; Auka, 2012; Tsai et al., 2010); customer satisfaction (Hijjah & Ardiansari, 2015; Sumadi & Soliha, 2015; Jain & Kumar, 2015; Johan et al., 2014; Sugiati et al., 2013; Auka, 2012; Rahman & Kamarulzaman, 2012; Tsai et al., 2010; Ryu & Han, 2010) on customer loyalty. However, there is limited research have examined that customer loyalty can be influenced by the physical environment (Ryu & Han, 2010).

Consumers are always in search of better alternatives to satisfy their need better (Hossain et al., 2012). Most sports organizations must understand that company cannot keep customers long lasting just by luck, the company has learned from sporting contribution, the key to keep customers and to make benefit is continuous effort (Salamat et al., 2013). The purpose of the study to show that physical environment is one of the important factors in the fitness center that can influence customer satisfaction and customer loyalty.

Hypothesis Development

Switching costs is defined as the one time cost associated with these customers who is switching from one product or service to another (Nakamura, 2010; Burnham et al., 2003). Factors affecting switching cost are varies, depending on the type of product, business, and consumers (Yang & Peterson, 2004). Especially for sports business, switching costs required to avoid customer move to another competitor.

There are three types of switching cost as a transaction costs, learning costs, and contractual costs (Burnham et al., 2003). Transaction costs are costs that happen when starting a new product/service and occasionally also include the required to terminate an existing relationship. Learning costs represent the effort from consumer to achieve a familiarity of using an item for consumption but which cannot be transferable to additional brands of the same products. Contractual costs are directly firm-induced in the set to punish the switching by customers, such as repeat-purchase, discounts or rewards (Ricki & Raharso, 2008).

Switching costs make changing service providers more expensive and difficult and create dependence from the customer on the service provider (Morgan & Hunt, 1994; Lai et al., 2011). A high switching costs makes customer may be reluctant to move to another providers and chooses to remain with the existing provider, even if they were not satisfied, rather than change to other providers (Molina-Castillo et al., 2012). However, if the switching costs are low, the customers will choose to turn to other providers (Jones et al., 2007).

Customer Value

Customer value is defined as the ratio between perceived benefits and perceived sacrifices (Payne & Holt, 2001). Customer’s sacrifices include monetary payments and non-monetary sacrifices such as time consumption, effort consumption, and stress experienced by consumers (Jain & Kumar, 2015). The conceptual suggest that customers have a “give and get” mentality when it comes to perception of customer perceived value (Auka, 2012). Because customer value very related to the outcome of the evaluation performed by customer on the product, benefit from the service, and its cost (Kanten & Yaslioglu, 2012).
Understands customer’s value can attract and retain customers, and that will become the significant factors in the success of service providers (Mathuramaytha & Ussahawanitchakit, 2008). The concept of customer value is central to the success because customer value is believed to be a determinant of consumer decision-making, although the concept of customer value must be properly addressed in practice to influence the decision making process (Day, 2002). Better customer value as compared to what the competitors can deliver will make customer feel satisfied (Sugiati et al., 2013). To be superior compared to competitors, customer value is the main instrument of competitive strategies for the company (Brennan & Henneberg, 2008; Fortuin & Omta, 2007). Competition among enterprises increasingly dynamic, value criteria adopted by the customers are also increasingly difficult to dictate. Therefore, it is important to know how far customer value can satisfy the demand make them to be loyal (Sugiati et al., 2013).

Customer Satisfaction

Understand what makes consumers satisfied or dissatisfied is important thing to remain successful in the service industries (Ryu & Han, 2010; Angelova & Zekiri, 2011;). Customer satisfaction is defined as the contentment of the customer respect to their purchasing experience with a given service firm (Anderson & Srinivasan, 2003). Customer will satisfy if the products or services outcome is over their expectations and they will not satisfy if the products or services outcome is below their expectations (Ariff et al., 2012).

Customer satisfaction can determine how successful the company in build relationship with customer, because customer satisfaction represents the difference between what customers actually expect to get and the actual service performance get beyond their expectations (Johan et al., 2014). Therefore, customer satisfaction is closely related to consumer’s expectation and experience with the product and service (Johan et al., 2014). Accordingly, customer satisfaction is an expression of pleasure or disappointed resulting from a comparison between pre-consumption expectation and post-consumption perception of product or service function (Tsai et al., 2010).

Competition between companies tight, because previously they used product and sales philosophy has been switched to the marketing philosophy which led the company to strive to stand out in the competition (Kotler, 2000). Therefore, discover and priority customer satisfaction is the important key to get customer loyalty. The higher of customer satisfaction is the higher of product or service usage consumption.

Customer Loyalty

Increased competition in the service industry has caused companies to be deeply concerned in attracting potential customers and trying to maintain long-term relationship with their current customers (Jamil & Aryaty, 2010). Furthermore, the company should be more sensitive to their relationship with the customer, and especially for their existing customers. Build and maintain customer loyalty is one important way to win the competition.

Customer loyalty is a commitment from the customer to a specific brand, product, or service firm despite the availability of alternate options (Shankar et al., 2003). The customer remains loyal to a company as long as they feel that the company can give them a better service or product than other company (Bose & Rao, 2011). There are two dimensional of loyalty, behavioral loyalty and attitudinal or emotional loyalty.

Behavioral loyalty is customers have loyalty to the company but have no emotional bond with the brand or company like emotionally loyal customers do, on the other hand, emotional loyalty have much stronger bond and longer lasting than behavioral loyalty (Kuusik, 2007). Hofmeyr and Rice (2000) suggests that customers can divide into loyal (behavioral) or committed (emotional).

Even though the loyalty is difficult to achieved, but the benefits from customer loyalty still
exceed the effort (Wood & Herdeen, 2007). A customer with greater loyalty will have a higher degree of price tolerance and a higher willingness to make a recommendation or positive word-of-mouth (Tsai et al., 2010). Customer loyalty variable can be measured by using commitment, repurchase, improving the amount of purchase and word-of-mouth or informing positive things to others (Sugiati et al., 2013).

Physical Environment

Physical environment is one of the most influential factors leading to customer pleasure in sport clubs or fitness centers (Deniz, 2006). Physical environment is an element that contributes to service quality that comes with other elements (Bradley, 1999). Physical infrastructure progress in the sport is a major factor for the development of the physical environment (Bester, 2012). Physical environment of fitness centers include such as modernity and completeness of the sports equipment, cleanliness of the sport venue and changing room, smell and temperature of the venues.

Sports lovers always expect the convenience and comfort of exercising at a high level, it is important for the sport manager to plan, build, and renovate physical environment with in a period of rapid (Bester, 2012). It indicates, poor performance of the physical environment can be the negative effect for the company’s economic situation (Bester, 2012). Customers will reluctant to come and the presence of the customer will be reduced if fitness center cannot manage the performance (Bester, 2012). Physical environment and design of visual identity aims to allow people to distinguish the difference of the company from the competitors by the difference (Melewar et al., 2005).

Switching Cost and Customer Value

Switching cost is not just financial costs, but it also includes psychological cost when someone wants to change provider (Kim et al., 2003). The psychological cost associated with feelings of fear and security when someone wants to try new brands (Sharma, 2003). The existence of dedicated switching cost if the value of the customer has not been reached, customer will need time to think whether they would move to another provider or not. Hence, we can keep our customer through the high switching cost even though their value can not be fulfilled.

H1: There is a significant relationship between switching cost and customer value.

Customer Value and Customer Satisfaction

The overall objective of creating customer value and strive to provide it better than competitor sitoachieve and maintain customer satisfaction (Schiffman & Kanuk, 2004). Consumers always choose products or services that can meet what they need. Specifically, customer will choose products or services based on their perception of customer value and which can satisfy their needs (Kotler & Armstrong, 2010). The higher level of perceived value leads to a higher level of customer satisfaction, previous studies claim that customer value significantly affect customer satisfaction (Khan, 2013; Sugiati et al., 2013; Ariff et al., 2012; Anwar & Gulzar, 2011; Tsai et al., 2010; Milfelner, 2009; Yang & Peterson, 2004; Spiteri & Dion, 2004).

H2: There is a significant relationship between customer value and customer satisfaction.

Physical Environment and Customer Satisfaction

Physical environment are important in the creation of customer satisfaction. When customer feel satisfied, it will support the customer to determine the choice for the fitness center. Hence, important for managers to know what is desired by the customer and which are not. High maintenance of the physical environment should always be in the planning, so customer satisfaction is maintained and they also can recommend the fitness center to friends and relatives. Some researchers have said that physical environment have significant effect to customer satisfaction (Miles et al., 2012; Jen et al., 2013)

H3: There is a significant relationship between physical environment and customer satisfaction.
Customer Satisfaction and Customer Loyalty

Customer satisfaction is important key for a long-term relationship between company and customer (Anderson & Srinivasan, 2003). Numerous studies have shown that the most effective way to get customers loyalty is to delight those (Lee et al., 2001). Customer satisfaction has a positive effect on customer loyalty in various product or services (Spiteri & Dion, 2004; Yang & Peterson, 2004; Gustafsson et al., 2005; Akbar & Parvez, 2009; Ryu & Han, 2010; Tsai et al., 2010; Auka, 2012, Ariff et al., 2012; Sugiati et al., 2013; Johan et al., 2014; Sumadi & Soliha, 2015; Hijjah & Aradiansari, 2015) A satisfied customer will buy more as the company introduces new products and upgrade existing products, talk about the positivity of the product, pay less attention to other brands, less price sensitive, gives advice to companies about the product, and the cost is lower than the customer new (Kotler, 2000).

H4: There is a significant relationship between customer satisfaction and customer loyalty.

METHOD

Sampling and Data Collection

The target population of this study is students from private university located in Tangerang, Indonesia. This study uses Celebrity Fitness as research objects. Research object was chosen by conducting a survey to 30 students in order to know frequently fitness center that attended by students. The result shows that Celebrity Fitness as a place that frequently attended by students in fitness center service. Celebrity Fitness is one of the famous fitness centers in Indonesia. Design sampling for this study is judgmental sampling with two main criterias: (1) students in XYZ University, and (2) they have experience in using services of fitness centers in the Celebrity Fitness.

There are two stages in the data collection in this research. The first stage is a pilot test conducted with an spread of 50 questionnaires to respondents. The pilot test was conducted to test whether the question has been clearly understood by the respondents before the questionnaire distribute in a larger amount (Sekaran & Bougie, 2010; Churchill, 2004). Then the second stage of data collection will be carried out by a larger amount. A questionnaire distributed to 200 respondents by applying drop-off and pick-up method. Out of 200 questionnaires distributed, 150 questionnaires can be used for further analysis. Fifty other questionnaires cannot be used because of incomplete answer or respondents do not have experiences in fitness center but not specifically in Celebrity Fitness. The usable response rate for this research is 75%.

Measurement Scale

There are five variables in this study, which is switching cost, customer value, physical environment, customer satisfaction, and customer loyalty. Each variable has four items and each item measured by five points Like RTS scale. “Strongly disagree” to “strongly agree” an option for respondent to answer what they have experienced. Switching Cost. Four items will be used to measure switching cost. Those items as

![Figure 1. Theoretical Framework](image-url)
follows: (1) It would take a lot of time changing another fitness center, (2) It would take a lot of effort changing another fitness center, (3) It costs me too much to switch to another fitness center, (4) In general it would not be a hassle switching to another fitness center. The items were adapted from Jones et al. (2000).

Customer Value. Four items will be used to assess customer value. Those items are as follows: (1) Compared to alternative fitness center, Celebrity Fitness offers attractive product/service costs, (2) Compared to alternative fitness center, Celebrity Fitness charges me fairly for similar products/services, (3) Compared to alternative fitness center, Celebrity Fitness cannot provide more free services, and (4) Comparing what I pay to what I might get from other competitive fitness center, I think Celebrity Fitness provided me with good value. All items were adapted from Levesque and McDougall (1996).

Physical Environment. Physical environment will be measured by using four items as follows: (1) There is modern equipment in Celebrity Fitness, (2) Equipment is well arranged in the Celebrity Fitness, (3) Exercise room is clean, and (4) Celebrity Fitness’ dressing room is comfortable. Those items were adapted from Salamat et al. (2013).

Customer Satisfaction. Customer satisfaction will be assessed through four items as follows: (1) Celebrity Fitness offers me exactly what I need, (2) Celebrity Fitness totally meets my expectations, (3) Altogether, I am satisfied with the services of Celebrity Fitness, and (4) I have made bad experiences with Celebrity Fitness. All items are used for measured was adapted from Alshibly (2014).

Customer Loyalty. Customer loyalty will be measured through four items as follows: (1) I say positive things about Celebrity Fitness to other people, (2) I would recommend Celebrity Fitness to those who seek my advice about such matters, (3) I would encourage friends and relatives to use Celebrity Fitness, and (4) I would not post positive messages about Celebrity Fitness on some Internet message board. These items were adapted from Mols (1998).

Data Analysis

Before data was analyzed by using multiple regressions with the Windows versions of Statistical Package for Social Sciences (SPSS 22.0), an assessment of reliability and validity of measures was performed. Reliability was measured by applying the Cronbach’s alpha test with the cut-off point 0.7 (Hair et al., 2006). Validity was established through convergent validity. Specifically, every item loaded significantly on its underlying latent factor providing evidence of convergent validity.

RESULT AND DISCUSSION

Table 1. Rotated component matrix

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>CV1</td>
<td>.795</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV2</td>
<td></td>
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<td>CS1</td>
<td></td>
<td></td>
<td>.899</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS3</td>
<td></td>
<td></td>
<td></td>
<td>.661</td>
<td></td>
</tr>
<tr>
<td>CL2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.879</td>
</tr>
<tr>
<td>CL3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.619</td>
</tr>
<tr>
<td>SC1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.863</td>
</tr>
<tr>
<td>SC2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.900</td>
</tr>
<tr>
<td>PE3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.838</td>
</tr>
<tr>
<td>PE4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.849</td>
</tr>
</tbody>
</table>

Source: research data (2015)
Legend: CV = customer value, CS = customer satisfaction, CL = customer loyalty, SC = switching cost, PE = physical environment

Cronbach alpha were applied in this research to assess reliability of the measures. The results show that Cronbach’s alpha of variables was ranged from 0.515 to 0.728. Specifically, Cronbach alphas for the variables switching cost 0.728, customer value 0.556, physical environment 0.660, customer satisfaction 0.636, and customer loyalty 0.515. The validity of the test results can be seen in Table 1, where each of the variables gathered at one of the components, which means convergent validity was achieved.

After reliability and validity testing, data then was examined by using multiple regression. Research results show that there is a significant
relationship between the variables of switching cost with customer value (Table 2a). The results also show that there is a significant relationship between the variables customer value with customer satisfaction (Table 2b). However, the third hypothesis about the relationship between physical environment to customer satisfaction was not supported (Table 2b). Finally, the results show that the fourth hypothesis stating there is a significant relationship between variable customersatisfaction with customer loyalty was supported (Table 2c).

The first hypothesis is the relationship between the variables of switching cost and customer value. Results of the relationship of these variables did in fact correspond to that all edges significant. This means that the switching cost has a direct interaction with the value of the customer to the fitness center, especially the Celebrity Fitness. Customers will think of how much switching cost into consideration in determining their expectations with the services that the customer will have. This becomes important for fitness center in shaping the switching cost; because it turns out the establishment of customer value is strongly influenced by the switching cost of the company itself.

The second hypothesis is that the relationship between customer value and customer satisfaction. This hypothesis is also supported. Customer satisfaction is strongly influenced by customer value. Customers will be satisfied if the services received are considered in accordance with what has been sacrificed. In addition, customers also have certain expectations with the services that will be received, because customers assume that customer gave up not only costs, there is also time, effort, and psychology. Therefore, if the fitness center wants to achieve the satisfaction from the customers, the fitness center should form a good strategy. From there, that the expectations of customers are met and achieved. Previous studies confirm significant and positive relationship between customer value and customer satisfaction (e.g., Yang & Peterson, 2004; Spiteri & Dion, 2004; Milfelner, 2009; Tsai et al., 2010; Anwar & Gulzar, 2011; Ariff et al., 2012; Khan, 2013; Sugiat et al., 2013).

The result shows that the research hypothesis on the relationship between physical environment and customer satisfaction is not supported. It can be explained by several factors. For instance, good physical environment is not always necessarily able to drive customer satisfaction. This is because customer satisfaction criteria can be established not only from physical environment but also service quality. High cost in order to get a good physical environment from the fitness center can also reduce customer satisfaction. Then for members of the fitness center are still an amateur, will need a companion or instructor. Completeness of the equipment but not accompanied by instructions on the direction of the user or companion will make consumers can not enjoy the sport equipment’s.

In accordance with the expectations, that customer satisfaction will have a significant effect on customer loyalty. Satisfied customers will surely drive into consumer loyalty. Consumers who feel their needs are met then it would have a chance that customer will continue to re-purchase or will continue using services from the same provider. It is important to meet customer satisfaction, because the company can maintain

Table 2a. Coefficients of Hypothesis 1

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficient</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>6,671</td>
<td>.412</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switching Cost</td>
<td>.164</td>
<td>.055</td>
<td>.237</td>
<td></td>
</tr>
</tbody>
</table>

Dependent Variable: Customer value
long-term relationships with their customers. Many competitors will also make more choice for customer as well, and then the company should be more concerned with maintaining relationships with customers from all aspects. Previous research shows the significant and positive relationship customer satisfaction and customer loyalty (Hijjah & Ardiansari, 2015; Sumadi & Soliha, 2015; Johan et al., 2014; Sugiati et al., 2013; Ariff et al., 2012; Auka, 2012, Tsai et al., 2010; Ryu & Han, 2010; Akbar & Parvez, 2009; Yang & Peterson, 2004; Spiteri & Dion, 2004).

**CONCLUSION AND RECOMMENDATION**

This study was conducted to predict the impact of switching cost, customer value, physical environment, customer satisfaction with customer loyalty. However, the results indicate that only the relationship between physical environment and customer satisfaction was not supported. The result of this research provides insights towards the physical environment of Celebrity Fitness. Physical environment of fitness centers is important. However, when the physical environment is not meet customers’ expectations such as modern equipment, clean environment, and well-arranged equipment, then customers may feel dissatisfaction. Furthermore, good physical environment also should combine with enough instructors.

This study has two main limitations. The first limitation is that this study applies non-probability sampling. In other words, it can be stated that the results of this study can not be generalized to the population. Secondly, the object of this study only applies one fitness center, that is, Celebrity Fitness. Thus, it can not be generalized to other customers of other fitness center. As suggestion for future research, one could test the model presented here in different fitness center or other services and check for possible differences.

**REFERENCES**


