Does a Satisfied Customer Care about Price? The Link between Customer Satisfaction and Price Sensitivity in the Fitness Industry

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The fitness boom that arose during the second half of the twentieth century created explosive growth in the health fitness industry. The latest estimate available from the International Health, Racquet & Sportsclub Association indicates that approximately 58.0 million people are members of 29,960 health fitness facilities in the United States, yielding a revenue of $21.8 billion (IHRSA, 2013). Previous research related to the sport and fitness industry has paid more attention to service quality, customer satisfaction, and participation motivation (Alexandris, Dimitriadis, & Kasiara, 2001; Alexandris & Palialia, 1999; Afthinos, Theodorakis, & Nassis, 200; Bodet, 2008; Lin, Wang, & Cheng, 2007; Papadimitriou & Karteroliotis, 2000). That research demonstrated weaknesses and limitations in exploring the customers’ price perceptions in the context of sport and fitness. Price is one of the most important marketing tools that can directly or indirectly influence customers’ buying behavior and has a great impact on sales and profitability of business organizations (Han & Lahman, 2001). Pricing of a product or service is one of the most difficult decisions that most business organizations must face (Lipovetsky, Magnan, & Zanetti-Polzi, 2001). Understanding the customers’ perceptions of price has great potential use for developing a successful marketing strategy. Price sensitivity is a very important variable in assessing customers’ perception of the price. The purpose of this study was to examine the relationship between the six constructs of satisfaction and price sensitivity in the fitness industry and to test the moderating effect of gender and participation frequency on the relationship between customer satisfaction and price sensitivity.

Adopting a convenient sampling procedure, participants for this study were 319 fitness club members from a metropolitan area of the United States. Of those, 37 were excluded due to uncompleted questionnaires and the remaining 282 valid samples were used for data analysis. Participants were asked to complete an anonymous, paper-and-pencil survey consisting of two sections. The first part of survey instrument was to access participants’ background information. The second part of the survey instrument contained 27 items measuring customer satisfaction and price sensitivity. Customer satisfaction measures were adapted from Beard and Rugheb’s (1980) Leisure Satisfaction Scale (LSS) which measure six facets: Psychological, Educational, Social, Relaxation, Physiological, and Aesthetic. The price sensitivity measure was adapted from Goldsmith, Flynn, & Goldsmith (2003). All items in the survey were modified to apply in the fitness context. A confirmatory factor analysis (CFA) was conducted to examine the psychometric properties of the measurement model. According to Bagozi and Yi (1988), confirmatory factor analysis should first be performed to test the fit of the measurement model, after which causal model analysis can be performed. Once the measurement model was confirmed, structure equation modeling (SEM) analysis was used to examine the relationship between the six constructs of satisfaction and price sensitivity. The SEM multi-group moderation test was used to examine the moderating effect of gender and participation frequency on the relationship between customer satisfaction and price sensitivity.

Based on the initial CFA, two items were deleted because of poor loadings: one from educational satisfaction and the other from social satisfaction. The second run of CFA with the remaining 25 items revealed the overall fit of the measurement model was adequate ($\chi^2$/df=2.99, RMSEA=.054, SRMR=.059, CFI=.96, IFI=.95, TLI=.95). All factor loadings for the indicators were significant to their respective construct (p<.05; LSS ranged from .71 to .89 and PSS from .78 to .91). Cronbach’s α values of all dimensions were greater than .7 (from 0.78 to 0.89) and average variance extracted (AVE) for each latent construct was above the recommended cutoff criteria .5 and ranged from .50 to .64 (Hair, Anderson, Tatham, & Black, 1998).

The SEM analysis indicated that educational ($\beta=.21$, p<.005), relaxation ($\beta=.17$, p<.05), physiological ($\beta=.28$, p<.001), and aesthetic satisfaction ($\beta=.27$, p<.001) were significantly and negatively associated with price sensitivity.
However psychological and social satisfaction were not significantly associated with price sensitivity. The SEM multi-group moderation test revealed that with increases in educational, relaxation, physiological, and aesthetic satisfaction, female consumers exhibited a higher level of price sensitivity than male consumers. In addition, the high participation frequency consumers showed a higher level of price sensitivity than the low participation frequency consumers.

Does a satisfied customer care about price? The findings from our study would suggest not, particularly for male consumers. The results indicated that people with more perception of educational, relaxation, physiological, and aesthetic satisfaction, were less price sensitive in the fitness industry. The findings of the current study provide sport researchers and practitioners with important theoretical and practical implications. Findings from this study may help fitness club managers to cultivate greater participation and ultimately generate more revenues.