The Impact of Experimental Marketing on Customer Loyalty for Fitness Clubs: Using Brand Image and Satisfaction as the Mediating Variables

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ABSTRACT

As health issues have been increasingly valued by the public, the role of fitness clubs has become more important. The study focused on examining the relationship between experimental marketing, brand image, satisfaction, and loyalty in fitness clubs. This study used data from five branches of a large chain of fitness clubs with a total of 341 valid questionnaires. Structural equation modeling (SEM) was used for empirical testing. Results show that under the impact of the two mediating variables, namely brand image and satisfaction, experimental marketing and loyalty do not passively affect each other, and one must use brand image and satisfaction as the mediator. The results indicated that during the running of fitness clubs, the subjective perception of the customers on brand image and customer satisfaction is of great importance. In addition, results from the study also indicate that experimental marketing has a positive effect on brand image. As a result, experimental marketing plays an important role in establishing brand image for fitness clubs.

Keywords: Health Industry, Consumer Behavior, Experiential Value, Branding, Sport

INTRODUCTION

As the public is increasingly demanding a healthier life, fitness clubs are booming. They provide people with indoor sport venues and facilities that are convenient, safe, and diverse (Huang and You, 2004). Studies by Jeng (2012) stated that there are over 30,000 fitness clubs in America, and over 38,000 fitness clubs in Europe. In Taiwan, privately owned fitness clubs began to emerge in 1980, and since this time, the number of fitness clubs has gradually increased. Currently, there are around 1500 fitness clubs in Taiwan (Chen, 2012). However, in 2005 and 2007, two major fitness club chains went out of business due to poor management, and greatly damaged the development of the fitness club industry in Taiwan. Based on studies by Chen (2012), the number of sports service companies, rate of turnover, number of employees, and average number of employees in Taiwan has decreased since 2007.

Chen (2012) suggested that the factors explaining the slow development of the fitness clubs industry in Taiwan include foreign competitors and the fact that the domestic market is saturated. It is difficult for a small fitness club to generate a profit, so they gradually leave the market. However, Avourdiadou and Theodorakis (2014) have argued that fitness clubs are still an industry with development prospects. In the United States, the production value even reached 22 billion USD. The reasons for the current slow development of fitness clubs in Taiwan can be attributed to the collapse of the two previously mentioned fitness club chains, and the public image of the fitness club industry.

Studies by Stotlar (1999) stated that the dropout rate for American fitness clubs is as high as 54%. In fact, many studies have also indicated that the cost of attracting a new customer is 5 to 8 times the cost of convincing an existing customer to make a purchase (Shieh, Lin and Shu, 2007; Chao and Kuo, 2013).
Avourdiadou and Theodorakis (2014) stated that it is important for fitness clubs to retain existing customers. They also proposed the importance of improving customer loyalty. In fact, many studies in the past have clearly indicated the impact of improving customer loyalty on cash flow, market share, profitability, and other financial indicators (Rust and Zahorik, 1993; Zeithaml, Berry and Parasuraman, 1996).

In order to boost customer loyalty, one cannot ignore experimental marketing for customers as well as the brand image established (Lee and Chang, 2012; Chao and Kuo, 2013; Chao, Wu and Yen, 2015). However, previous studies on fitness clubs have mostly concentrated on topics relating to service quality (Lam, Zhang and Jensen, 2005; Lagrosen and Lagrosen, 2007; Avourdiadou and Theodorakis, 2014; Yu et al., 2014); few of them have mentioned experimental marketing and brand image, and even fewer have discussed the relationship between the two. As Taiwan has previously experienced the impact of large fitness club chains collapsing, rebuilding brand images for fitness clubs is not an easy task. Given that experimental marketing is of great importance to brand image and customer loyalty (Lee and Chang, 2012; Chao and Kuo, 2013), the objective of our study is to explore the relationship between experimental marketing and customer loyalty of fitness clubs. We also use brand image and customer satisfaction as the mediating variable to clarify the relationship between the above-mentioned variables.

LITERATURE REVIEW AND RESEARCH HYPOTHESES

The Relationship Among Experiential Marketing, Satisfaction and Loyalty

The concept of experimental marketing was first proposed by Schmitt in 1999. He believed that after making some observations or participating in certain events, consumers receive certain stimulations that trigger their motivations to recognize or perform the act of purchasing. Schmitt (1999) proposed the concept of strategic experiential modules as the basic strategies for marketing. The objective is to create various experimental marketing for consumers, including five experimental factors on how they sense, feel, think, act, and relate. He especially pointed out that companies are no longer simply offering products or services; they also need to create a consumer experience with the ultimate goal of creating an overall experience for consumers. Enhancing the experience during the purchasing process can help to maintain custom loyalty. Many studies in the past also confirmed that experimental marketing can promote the improvement in customer satisfaction (Tsaur, 2007; Lee, Hsiao and Yang, 2011; Alkilani, Ling and Abzakh, 2013), which subsequently affects customer loyalty (Lee and Chang, 2012). In other words, customer satisfaction plays the role of the mediating variable during the process where experimental marketing promotes the increase in customer loyalty. In our study, we use members of fitness clubs as our research subjects.

Research by Huang and You (2004) stated that when consumers join a fitness club, the relaxing feeling shaped by the atmosphere, the assistance provided by the coaches, and the diverse courses offered can affect how consumers perceive the fitness club. In other words, the results from experiencing the fitness club can affect customer satisfaction of the fitness club. Customer satisfaction positively affects customer loyalty (Lee and Chang, 2012; Avourdiadou and Theodorakis, 2014). Thus, this study hypothesized:

H1: Experiential marketing has a positive and significant impact on loyalty.
H2: Experiential marketing has a positive and significant impact on satisfaction.
H3: Satisfaction has a positive and significant impact on loyalty.
The Relationship Among Experiential Marketing, Brand Image, and Loyalty

Brand image refers to the awareness of consumer products, thoughts, feelings, and evaluations (Friedmann and Lessig, 1987; Kotler and Pfoertsch, 2006; Roy and Banerjee, 2007). When consumers are buying a product, they can directly reflect all the associated information about the brand, as well as the recognition of the brand, in order to derive the quality of the product, and then stimulate their purchasing behavior (Sierra, Heiser and Williams, 2010). For companies, brand image can be used to distinguish various products and services offered by each company (Smith and Wheler, 2005; Subramaniam, Al Mamun, Permarupan, and Zainol, 2014). The key for brand studies is to find or develop a powerful image, and then use the subsequent brand propagation to enhance it (Ulusua, 2011). As a result, brand image is a key factor for establishing the relationship between the company and its consumers. In terms of the composition of the brand image, from the perspective of consumer interests, Park, Jaworski and Macinnis (1986) proposed three factors: the functional factor, symbolic factor, and experimental factor.

From the above discussion, it can be found that brand image is an abstract concept. How do we make such abstract concepts more concrete? A feasible method could start with consumer experimental marketing. Alba and Hutchinson (2000) stated that experimental marketing can lead consumers to develop a higher sense of familiarity to the product or service, and subsequently a greater brand impression. To a large extent, brand image is formed through the interpretations of consumers (Dobni and Zinkhan, 1990); therefore, the direct sensation created by experimental marketing for consumers can enhance the impression of consumers in regard to company brand image. In fact, the majority of previous studies confirmed that experimental marketing has a positive effect on company brand image (Hsu, 2010; Chao and Kuo, 2013). In addition, Johnson et al. (2001) considered brand image as a concept of attitude, and can in turn influence custom loyalty. Previous studies also indicated that brand image has a positive effect on custom loyalty (Wu, Yeh and Hsiao, 2011; Juntunen, Juntunen, and Juga, 2011). Further, Hu, Ho, and Hsieh (2014) stated that through the detailed process of targeting customers during experimental marketing, the establishment of company brand image can affect consumer loyalty. In other words, in terms of experimental marketing, brand image, and customer loyalty, brand image plays the role as a mediating variable. Thus, this study hypothesized:

**H4:** Experiential marketing has a positive and significant impact on brand image.

**H5:** Brand image has a positive and significant impact on loyalty.

Base on the above research purpose, hypotheses, and literature review, this study developed the following research model (Figure 1):

![Research Model](image)

**Figure 1: Research Model**
RESEARCH METHODOLOGY

Measurement

Questionnaires were used to measure the views of fitness club consumers on experiential marketing, brand image, satisfaction, and loyalty. The questionnaires for the above four dimensions are independent from each other. The experiential marketing questionnaire is based on the scale developed by Lee and Chang (2012), with adjustments as necessary. The brand image questionnaire is based on the scale developed by Kim and Kim (2005), with adjustments as necessary. The satisfaction questionnaire is based on the scale developed by Eggert and Ulaga (2002), with adjustments as necessary. The loyalty questionnaire is based on the scale developed by Chaudhuri and Holbrook (2001), with adjustments as necessary. We used a seven-point Likert scale, with the response items: “strongly disagree,” “disagree,” “somewhat disagree,” “neither agree nor disagree,” “somewhat agree,” “agree,” and “strongly agree,” producing a score of between one and seven points.

Data Collection, Sample, and Statistical Method

This study examined consumers from five branches of a fitness club chain in Taiwan; questionnaires were distributed at each location. We collected questionnaire responses using random sampling. A total of 370 questionnaires were distributed, resulting in a total of 341 valid questionnaires and a response rate of 92.16% after excluding invalid questionnaires. Of the respondents, 58.06% were male and 41.94% were female. In terms of age distribution, the 18-25 age range accounted for 43.70% of respondents, the 26-35 age range accounted for 39.30% of respondents, the 36-45 age range accounted for 10.56% of respondents, and the above 46 age range accounted for 6.45% of respondents; this demonstrates that fitness club consumers tend to be young. In terms of occupation, the majority of respondents were employed by the service industry (38.12%); the remaining respondents were students (26.98%), the manufacturing industry (10.26%), the government (6.74%), and others (17.90%). We use structural equation modeling (SEM) for empirical testing, using Amos 22 as an analytical tool to understand the relationship between experiential marketing, brand image, customer satisfaction, and customer loyalty among fitness club consumers.

DATA ANALYSIS

Measurement Model

In this study, all of the factor loadings exceeded 0.5 (Figure 2) and were significant ($t > 1.96, p < 0.05$), which demonstrates convergent validity. Also, the intercorrelations among the four latent variables were assessed to test discriminant validity. All of the intercorrelations, which ranged from 0.244 to 0.617, were below the suggested threshold of 0.85 (Table 1; Kline, 2005), providing evidence of discriminant validity.
The goodness-of-fit of the structural model can be assessed using many statistics of SEM analysis (McDonald and Ho, 2002). Related studies have also applied other measures such as the GFI, AGFI, RMSEA, CFI, and PGFI to assess model fitness (McDonald and Ho, 2002). In this study, the structural equation model was tested using the maximum likelihood method. As Table 2 shows, a comparison of all fit indices with their corresponding recommended values indicated a good model fitness ($\chi^2 = 345.479$, df=165, GFI=0.906, AGFI=0.880, RMSEA=0.057; CFI=0.949; PGFI=0.711). The results of the SEM analysis are displayed in Table 2. In addition, Figure 2 illustrates the path analysis.

<table>
<thead>
<tr>
<th>Experiential marketing</th>
<th>Brand image</th>
<th>Satisfaction</th>
<th>Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiential marketing</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand image</td>
<td>0.531</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.460</td>
<td>0.244</td>
<td>1.000</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.501</td>
<td>0.462</td>
<td>0.617</td>
</tr>
</tbody>
</table>

**Path Effect Analysis and Test on Structure Model**

This study performed bootstrapping and Mackinnon PRODCLIN2 on the path coefficients of latent variables as the path effect analysis on the path effects in the structural model. The brand image and satisfaction acted as dual mediators. Test results are shown in Table 3 and 4 by the methods of point estimate, bootstrapping and Mackinnon PRODCLIN2 (Bollen and Stine, 1990; MacKinnon, Fritz, Williams and Lockwood, 2007). Under the impact of the two mediators mentioned above, the confidence interval (CI) for the direct impact of experimental marketing on loyalty contained 0, indicating a direct impact between the two is nonexistent (Table 3) (Bollen, and Stine, 1990). In addition, when verifying the role of mediator for the two variables, namely brand name and satisfaction, the CI values did not contain 0, indicating the mediating effect exists for both of them (Table 4).
Table 2: SEM Path Coefficients

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Standardized estimate</th>
<th>t value</th>
<th>Significant</th>
<th>Supporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Experiential marketing → Loyalty</td>
<td>0.130</td>
<td>1.914</td>
<td>N</td>
<td>No</td>
</tr>
<tr>
<td>H2: Experiential marketing → Satisfaction</td>
<td>0.460</td>
<td>6.886</td>
<td>Y</td>
<td>Established</td>
</tr>
<tr>
<td>H3: Satisfaction → Loyalty</td>
<td>0.490</td>
<td>7.352</td>
<td>Y</td>
<td>Established</td>
</tr>
<tr>
<td>H4: Experiential marketing → Brand image</td>
<td>0.531</td>
<td>7.792</td>
<td>Y</td>
<td>Established</td>
</tr>
<tr>
<td>H5: Brand image → Loyalty</td>
<td>0.273</td>
<td>4.355</td>
<td>Y</td>
<td>Established</td>
</tr>
</tbody>
</table>

Fit Indices:

χ² = 345.479, df = 165, GFI = 0.906, AGFI = 0.880, RMSEA = 0.057; CFI = 0.949; PGFI = 0.711

Note: t-value is significant at p < .05 when the t-value exceeds 1.96.

Table 3: Verification of the Direct Impact of Experimental Marketing on Loyalty Under the Mediation Effect of Brand Image and Satisfaction

<table>
<thead>
<tr>
<th>Variables</th>
<th>Point Estimate (PE)</th>
<th>Bootstrapping</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PE</td>
<td>SE</td>
</tr>
<tr>
<td></td>
<td>Lower</td>
<td>Upper</td>
</tr>
<tr>
<td>Total effects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experiential marketing → Loyalty</td>
<td>0.440</td>
<td>0.075</td>
</tr>
<tr>
<td>Indirect effects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experiential marketing → Loyalty</td>
<td>0.326</td>
<td>0.064</td>
</tr>
<tr>
<td>Direct effects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experiential marketing → Loyalty</td>
<td>0.115</td>
<td>0.074</td>
</tr>
</tbody>
</table>

Note: 5,000 bootstrap samples

DISCUSSION

Our study had some interesting results. Similar to previous studies, experimental marketing indeed can affect customer loyalty (Lee and Chang, 2012). In our study, it was observed that when two mediating factors, namely brand image and customer satisfaction were involved, the direct impact of experimental marketing on customer loyalty was not significant (Table 3 and Table 4); this indicates that when using experimental marketing to establish customer satisfaction, brand image and customer satisfaction play very important roles as mediators. Studies by Huang and You (2004) suggested that for a serving product like a fitness club, purchases made by the consumers symbolize recognition. Factors including space and atmosphere, facilities and equipment, as well as professional coaches are not only the elements constituting consumer experience while they are in the fitness club; rather, they are also keys for obtaining consumer recognition. In regard to consumer society, Baudrillard (1998) stated that during the purchasing process, the commodity being exchanged must become a symbol for which the consumer is seeking, before it can become a consumer good. Based on this concept, when consumers experience a fitness club, they are seeking a symbol representing a service or product. In other words, they are seeking brand recognition. Whether it is a rational or emotional perception, brand image must be understood and interpreted by consumers (Dobni and Zinkhan, 1990), in order to create the effect of customer loyalty. Experiential marketing is a method to help consumers in understanding and interpreting brand image. The results of this study confirmed the above.
The same situation was also observed in the relationship between fitness club experimental marketing, satisfaction, and loyalty. Customer satisfaction is an underlying variable, and for experimental marketing to achieve the ultimate gold of customer loyalty, the effect of mediation of customer satisfaction must be included. Research by Huang and You (2004) noted that many consumers experience feelings of extreme distrust and dissatisfaction toward a fitness club when they are faced with unprofessional coaching or an incomplete range of equipment, and hence start to think about changing to another fitness club. In other words, if the experience offered by the fitness club fails to meet customers’ expectations, then the experience has lost its value; as a result, customers do not feel loyalty toward the fitness club.

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CONCLUSION AND SUGGESTIONS

Experiment results in this study are helpful in understanding the fitness club industry in Taiwan in terms of consumer perspectives across experimental marketing, brand image, consumer satisfaction, and customer loyalty. This study has two main conclusions. First of all, the industry focuses on the experience. In order to create customer loyalty, it must use consumer perceptions of brand image and brand satisfaction. Secondly, as Taiwan has previously experienced the impact of large fitness club chains collapsing, rebuilding brand image is a very important topic for consumers. Results from the study show that experimental marketing is a very important method in establishing brand image for consumers, which in turn promotes an increase in customer loyalty.

Several limitations of this study should be noted and used as a reference for future studies. First of all, this study was conducted in Taiwan. Research by Ginsberg (2000) suggested that the development of fitness clubs could be affected by cultural factors. As a result, cultural differences between countries should be considered when making comparisons with international studies. Secondly, the majority of samples of this study were groups under the age of 35 (accounts for 82.99% of the total samples). Although such a sampling method is in line with the actual situation observed in fitness clubs in Taiwan, based on the practical observations by the author, older consumers have different behavior patterns in comparison to younger consumers. Yu et al. (2014) also drew similar conclusions on studies performed on fitness club consumers aged 60 or above. This could be related to the fact that older consumers are more health conscious (Li, 2012). As a result, future studies ought to include the difference in behavior patterns in fitness club consumers between various age groups. Lastly, the effect of brand image is worth exploring in more detail, including brand value, brand trust, brand equity, brand emotion, brand relationship, and consumer involvement.
REFERENCES


