

**YANGON UNIVERSITY OF ECONOMICS**  
**DEPARTMENT OF MANAGEMENT STUDIES**  
**MBA PROGRAMME**

**FACTORS INFLUENCING CUSTOMER SATISFACTION**  
**AND LOYALTY OF YGN FITNESS CENTER**

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**MBA II – 76**

**MBA 23<sup>rd</sup> BATCH**

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**ACADEMIC YEAR (2017-2019)**

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A Thesis submitted to the Board of Examiners in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA)

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## ACCEPTANCE

This is to certify that the thesis entitled “**Factors influencing Customer Satisfaction and Loyalty of YGN Fitness Center**” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

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## **ABSTRACT**

This study aims to examine the factors influencing customer satisfaction of and to analyze the effect of customer satisfaction on loyalty of YGN Fitness Center. Through the analysis of the factors affecting on customer satisfaction, this study found out that physical factors and personnel factors have significant effect on customer satisfaction towards YGN Fitness Center. From the analysis, it is found that customer satisfaction has positive effect on customer loyalty of YGN Fitness Center. To increase customer satisfaction, YGN Fitness Center should improve physical factors such as convenient location and adequate space. Moreover, the fitness center should continuously provide trainings to improve personnel factors of the trainers and staffs in order to increase their helpfulness, friendliness and privacy protection practices. The fitness center can enhance customer satisfaction by focusing on physical factors and personnel factors to improve customer loyalty of YGN Fitness Center.

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# CHAPTER 1

## INTRODUCTION

Limited motion life-style that today's consumers face due to mechanization and automation, (Lalic et al., 2006) has led significant consumer interest in fitness center (FC) offerings as a way to compensate the lost physical activities. Accordingly, the health and fitness activity industry is rapidly growing around the globe (Afthinos et al., 2005). The fitness market is growing fast and it is also seen as an important economic field. As the market is growing, Sports service providers have placed greater emphasis on service quality and efficiency as a result of increased customer expectations of service quality and competition (Howat et al., 1996).

Nowadays, customers are actors on the market stage. They recognize a need or an urge, make a buy and then dispose of the products. Competition globalization, market saturation and IT growth have increased consumer perception and created a situation where long-term sustainability is no longer improved quality of service and long-term customer relationship.

Consumer behavior is a dynamic, multidimensional mechanism in which many steps are often involved. Consumer behavior is an individual's analysis and the behaviors that take place to meet their needs. Satisfaction stems from the methods used to obtain, protect and use products or services that meet or exceed consumer expectations.

It is at the core of every company to build loyal customers. It can be said that customer loyalty has arisen when the customer establishes a long standing interest or loyalty to a specific product or service. It is the outcome of emotional experience that is consistently positive; physical attributes dependent satisfaction and perceived value of an interaction that involves the product or service. The company must therefore calculate customer satisfaction because customer satisfaction is one of the key to customers' revisit intention. In fact, a highly satisfied consumer stays longer, buys more as the company introduces new products or services and communicates with others positively. In addition, due to the competitive market, customer satisfaction is both a priority and a marketing tool for customer-centric businesses.

Living standards, trends, fashion and technological change are constantly changing, and the attitude of consumers towards product purchases varies (Kumar, 2004). The health consciousness of Myanmar has been increasing. With growing interest in the importance of health, participation in leisure activities also continues to increase in Myanmar and, among the various leisure activities, the participation rate in sports activities has increased. As the fitness industry grew rapidly, the number of customers of fitness centers around the world continued to grow (Heroux, 2017). This trend is seen in Myanmar where fitness centers' have been steadily proliferating.

Although the market of fitness centers continues to grow in Myanmar, because of the expansion of the market size and improvement of service, it is becoming difficult to secure customers because of fierce market competition. Therefore, in order for a center to obtain a competitive advantage, it is essential for the managers to prepare an effective strategy focused on customer behaviour. To attract customers and ensure their enrolment, managers of fitness centers need to find ways to distinguish their center from their competitors by understanding and fulfilling customers' needs and expectations (Oh & Lee, 2010), which is one of the most important management strategies in the competitive fitness industry market (Macintosh & Doherty, 2007).

In this study, in order to measure the customer satisfaction, the influencing factors such as Physical factors of the fitness center, Personnel factors of the fitness center, Supporting service factors of the fitness center, and outcome factors are used and customer loyalty is measured by the customer satisfaction. Understanding the level of customer satisfaction and loyalty is important for all kind of business. Therefore this research focuses on factors influencing the customer satisfaction and customer loyalty of YGN Fitness Centers in Yangon.

## **1.1 Rationale of the Study**

Commercial health and fitness club has a role in promoting the local economy. It also brings good social benefits in enhancing spiritual and cultural construction and raising the well-being index of residents. In order to further promote the sustainable development of commercial health and fitness club, The market focus, characteristics and consumer demand structure, spending power and influential factors need to be studied and evaluated, and on this basis, to explore targeted marketing strategies. Knowing customers and being

able to provide what satisfies them is a critical issue for today private fitness service providers and at the core of today's marketing paradigm. Knowledge of consumer satisfaction helps to classify and build positive service offerings. Understanding customer satisfaction is important for any company regardless of product or service they are offering including fitness service industry. Knowing customer satisfaction theories and principles helps to successfully market the product or services.

Most of the fitness centers in Yangon in 1990s and late 2000s were located in high-end hotels. Starting from 2012, mid-range fitness centers have been popular for their affordable price, options for mode of payment, accessible locations, ample and well-trained personal trainers and having a couple of branches. Then the sector of fitness centers become one of the competitive sectors where they try different experiments in respect to meet the customer expectations and customer satisfaction towards delivered services. The fitness centers are highly depended on their customer experience and engagement. Customer perception about physical, personnel, service and outcome factors are considered to be very crucial in influencing their satisfaction and loyalty in the fitness center industry.

Therefore, advertisers and owners need to be up-to-date with the understanding of many key aspects of their business in order to thrive in their business. It is very important for the fitness centers to be aware of key factors that most contribute the customer satisfaction in order to offer sufficient value while meeting growing customer demand. This study is exploring the factors that influence the customers' satisfaction which in turn leads to customer loyalty of YGN Fitness Center in Yangon.

## **1.2 Objectives of the Study**

The objectives of the study are as follows:

1. To examine the factors influencing customer satisfaction of YGN fitness center
2. To analyze the effect of customer satisfaction on customer loyalty of YGN fitness center

### **1.3 Scope and Method of the Study**

This study focuses on the factors influencing customer satisfaction and customer loyalty of YGN fitness centers in Yangon. The data is collected from customers at Tamwe branch of YGN fitness center as this branch is the first established branch in Yangon. The sample size of this research is 150 respondents who have been member of the YGN fitness center. The samples are collected from a pool of 2000 members by using their ID tags generated by the random number table. The study applies analytical method and simple random sampling method is applied for data collection. The questions used in the questionnaire are closed ended questions with 5-point Likert scale.

In this study, both primary and secondary data are used. Primary data are collected from the sample respondents by using structured questionnaire. Secondary data is obtained from YGN fitness center facebook page, international research papers, journals, articles and reference text books. This study is limited only to YGN fitness centers in Yangon and it may imply that the result of the study cannot be implied to other fitness centers. This study is conducted during November, 2019.

### **1.4 Organization of the Study**

The research is composed of five chapters. Chapter one is introduction including rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter two addresses theoretical background of customer satisfaction and customer loyalty. Moreover, previous studies and conceptual framework of this study are discussed in Chapter two. Chapter three explains the YGN fitness center's profile and customer satisfaction. Chapter four is an analysis of YGN fitness center's customer satisfaction and loyalty. Chapter five is conclusion which consists of findings and discussions, suggestions and recommendations and needs for further research.

## **CHAPTER 2**

### **THEORETICAL BACKGROUND**

This chapter mainly presents about theoretical background for this study. In this chapter, the theories and definition of customer satisfaction and the effect of factors on customer satisfaction of YGN Fitness Center, customer loyalty and the previous researches relating to the study are described and a conceptual framework compilation for the study is presented at the end of the chapter.

#### **2.1 Customer Satisfaction**

Customers are at the heart of every business whether it is big or small, production or service. It is very important for the businesses to know whether their customers are satisfied or dissatisfied. Sport and fitness centers are customer oriented organizations. Both practitioners and academics widely accepted that satisfying customers' needs and wants is one of the most important issues for the success of sport and fitness centers. "Customer satisfaction is one of the most important issues, demonstrated by the customer-oriented approach and the principles of continuous improvement in modern business" (Arokiasamy, 2013).

Customer satisfaction is an important indicator of the past, present and future success of a business to assess customer loyalty. An organization's performance can be measured by whether its customers are satisfied or not. An organization can only be survived through carefully building the customer relationship with customers. Customer satisfaction is described as the needs and goals of customers when a service delivers an enjoyable level of satisfaction and emotional response (Oliver, 1997 as cited in Kotler & Keller, 2009). Customer satisfaction is an important factor to understand to satisfy customers about what they need and want.

The marketing concept suggests that a pleased customer is more likely to buy back, or at least plans to buy back, than those who are unhappy. This means customer satisfaction will result in loyalty to the company. So, it can be said that customer satisfaction and customer loyalty are the most important long-term objectives of firms. (Oliver & Sajee, 1997) suggested that new buyers cost more to serve than repeat customer, which means that repeat customers are benefiting a firm's cost structure. Therefore, businesses need to

make their customers satisfied if they want advantage over cost structure. Moreover, it is rather difficult to maintain customers in today business field because of fierce competition among businesses, so making customer satisfied should be the most prioritized mission for every business that want to be successful in these days.

Gerson (1999) argued that a sports center customer is fulfilled whenever its needs are met or surpassed, whether real or perceived. Customer satisfaction with a purchase depends on the performance of the product compared to the expectation of the purchaser, whether the customer is pleased after purchase depends on the performance of the bid in relation to the expectation of the purchaser and whether the purchaser interprets the difference between the two. Customer satisfaction is a person's sense of gratification or dissatisfaction arising from contrasting the perceived output (or result) of their expectations of a product (Kotler & Keller, 2009). The consumer is disappointed if the result falls short of expectations. The consumer is happy if the result meets the expectations. The customer will be happy if the outcome exceeds expectations.

From marketing perspective, Customer satisfaction with the products and services of a business is considered to be the key determinants of customer retention, contributing to profitability and long-term competitiveness (Rust & Zahorik, 1993). Customer satisfaction can also lead to repurchase, more customer engagement and recommendation to others. These factors can be essential elements for customer loyalty and which in turn is one of the important element for a company to be successful.

Customer's psychological and personal expectation must be met to enhance customer satisfaction, and physical characteristics, employee behavior also influence psychological and personal satisfaction. In sum, determinants of customer satisfaction can be summarized in four dimensions, namely physical factors, personnel factors, supporting service factors and outcome factors.

Due to the fast change in consumers' life styles and perception, sport and fitness centers around the globe are facing intense competition in terms of attracting and retaining the customers. The expanding of fitness centers around the globe makes it difficult for fitness centers to retain loyal customers. This also is true for local sports and fitness centers. Therefore sports and fitness centers have to build strong customer relationship by creating superior customer value. Both customer satisfaction and loyalty play important roles in

building superior customer value. So, marketers need to figure out what factors are affecting customer satisfaction in sport and fitness centers.

Service is described as an operation or service that is provided from one party to another and that results in nothing being owned (Kotler & Armstrong, 2003). Service quality is regarded as an ambiguous and complex concept to be understood, applied, and controlled as it does not contain many tangible qualities (Harvey, 1998). The most common definition of service quality is the degree to which the service meets customer expectations and needs. There have been many attempts to gain insights into service quality.

Grönroos (1984) noted two major dimensions that affect the overall quality of the service, both technological and functional. The quality of a service is assessed in these dimensions as a result of an evaluation process in which customer preferences and perceptions are compared. Lehtinen & Lehtinen (1991) defined three quality dimensions: physical quality involving the physical aspect of a service (installations or equipment), corporate quality involving image and profile, and interactive quality involving interaction between staff and customers and customer interaction.

It is claimed that the attributes and specific dimensions of different services vary from one industry to another (Babakus & Boller, 1992). In this respect, it could be argued that the sports and physical activities industry provide unique services that might differ from other industries (Murray & Howat, 2002). Researchers in many other international researches pointed out that many factors affects customer satisfaction and loyalty of sport and fitness centers. In this study only physical factors, personnel factors, supporting service factors and outcome factors will be discussed.

### **2.1.1 Physical Factors**

All the service quality models under investigation recognized the importance of physical facilities in determining the expectations of customers about service quality (Brady & Cronin, 2001, Howat et al., 1996, McDougall & Levesque, 1994). In this analysis, the conceptual model's physical facility aspect reflects the facility's physical environment, referring to the "built environment" or physical environment as opposed to the natural or social environment. This aspect was expressed by QUESC's ambience component, which includes facilities as well as environmental elements. Kim and Kim (1995) recognized that

adequate space, light, modern facilities, warm atmospheric locker rooms and so on were the main components of Ambience in Korean sports centers.

Chelladurai et al. (1987) specified that the "real products" in the fitness club are in the form of promoting goods and support services, including fitness equipment (cleanliness, availability and variety), locker rooms and the fitness center itself (cleanliness, scale and operating hours). Howat et al. (1999) identified three factors in the quality of service for sports and community centers: employees, central and peripheral. The key element of their scale includes features such as safe and secure parking, clean services, well-organized hub, etc. On the other hand, Papadimitriou (2000) highlighted the physical facility's Ambience element. We included elements such as lighting, cleanliness, comfortable temperature, protection and modern atmosphere in their facility attraction and operational aspect.

### **2.1.2 Personnel Factors**

Most services involve the interaction between the service provider and the customers (Zeithaml, Parasuraman, & Berry, 1985). The contact between service provider and customer will take place in the health-fitness industry as soon as the customer walks in the door. A health-fitness center's employees and coaches represent the company and actively support the service to the client. Knowledge, expertise, workers attitude have a direct impact on the perception of the consumer of product and service quality. As the customer communicates with the trainers and workers (animate objects) when they arrive at the fitness centre, qualities such as expertise, abilities, service staff's courtesy are very relevant.

Brady & Cronin (2001) asserted that customers combine their evaluations of attitude, actions and experience to shape their expectations of the success of an entity on the quality aspect of interaction. Because the perceptions of the organization and the quality of service depend on factors such as the ability of trainers and employees to assist, responsive to concerns, compassionate, sufficient knowledge and skills, and reliable services, the company needs to ensure that its workers are professional and well-trained. If the service personnel are well trained and established, the representations of the company and the quality of service will improve.

### **2.1.3 Supporting Service Factors**

Supporting Service Factors are used by the Yildiz (2011) in his study of service quality of fitness center in Turkey. These factors generally consist of Consultation given by the fitness center, background music, First aid and refreshments. They also play a role in creating customer satisfaction. Kim and Kim (1995) also used supporting service factors in their study of measuring service quality of fitness centers. In old researches, this factor was not very popular, but the trends of customer satisfaction nowadays make researchers to include more service attributes in measuring the customer satisfaction of fitness centers.

### **2.1.4 Outcome Factors**

Outcome Factors are used as the service quality dimensions by Alexandris et al., (2004) in his study of the modification of Brady and Cronin (2001) model. It generally consists of the benefits that customers get by training in the fitness centers such as the improvement on customer health, keeping the fitness of the customers and so on. Lagrosen & Lagrosen (2007) also used outcome factors to measure the customer satisfaction of the fitness centers. Outcome factors affect the customer satisfaction according to the psychological aspect of customers.

## **2.2 Customer Loyalty**

Customer loyalty is very important for businesses that want to make long term competitive advantage. Customer loyalty is that the customers always come back to use services at the same company or firms or services, continuous purchases, recommended to family and friends. According to (Oliver & Sajeew, 1997), customer loyalty as a deep-seated willingness to regularly re-buy or repurchase a desired product or service in the future, given social pressures and marketing efforts that may trigger switching behaviour.

Customer loyalty refers generally to customer actions that reflect a desire to improve a company's ongoing relationship (Palmatier et al., 2006). The willingness of the customer to purchase from the company again, having a preference for the product, or recommending the business to others could be indicators of the ability of consumers to stay in a partnership with a company that indicates how much a customer has to do with a company. Loyal customers are often worth the marketing effort because they are willing to

buy additional products and spread good words and value as a source of continuous income (Zeithaml et al,1996).

Loyalty can include loyalty to attitudes and actions. Customer loyalty is not only the regular transaction but also the state of intention to re-patronize the customer's attitude. Repeated purchasing purpose therefore becomes a critical part of such behavioral or attitudinal constructs. In terms of behavioral buying, it is correlated with actual consumer actions involving the calculation of past purchases or the estimation of potential purchasing productivity based on past purchasing behaviors (Ehrenberg, 1998).

Attitudinal intention, on the other hand, refers to the psychological behavior of the consumer towards the same brand organization correlated with the favorable attitude of a customer (Fournier, 1998). Both behavioral loyalty and attitude loyalty are important in building long-term customer relationships. This is because these two principles are not only helpful in understanding past habits of the consumer, but also helpful in predicting future customer patronage (Kumar & Shah, 2004).

Chow et.al., (2013) defined revised purpose as desire to repurchase and attitudes showing the ability to promote and disseminate positive information for the service provided. Customers who have had an exceptional and memorable experience will have optimistic behavioral intentions.

The level of customer will rise if the customers are satisfied and they are comfortable with the products and services provided by the company. If the customer loyalty is negatively affected through product or service, than the level of customer satisfaction drops in a rapid way. The customer's intention to revisit is highly affected by customer satisfaction and customer loyalty. Since Customer satisfaction is important indicator for measuring customer's intention to revisit and recommendation. If the customer was satisfied during the experience of service or product, this will have a significant positive effect on the intention to repurchase and recommendation of customers.

It can be positive effects of customer satisfaction and loyalty or negative as well. A regard to the effects of customer satisfaction on loyalty, satisfaction can be gained with a single transaction and dissatisfaction with the single transaction is caused the customer to switch too. Additionally, outcomes make known that loyalty is also directly influenced by satisfaction. (Kurt et.al., 2007) also describe the successful employee satisfaction and loyalty relationship. (John & Jill, 2007) also explains that satisfaction is the key factor that

positively influences the customer loyalty. It is possible to measure and analyze customer loyalty to minimize customer turnover and increase key accounts growth. (Griffin, 1995) defined a loyal customer as a customer who frequently repeats purchases, purchases across product and service lines, has some level of immunity to competitors. Measurements of customer satisfaction have often resulted in a lack of consistent relationship between customer satisfaction and customer loyalty.

### **2.3 Previous Studies**

Customer satisfaction is the indicator of whether customers' expectations are met by the products or services provided by the company. The level of customer satisfaction leads to the customer loyalty in the competitive business market. As the customer satisfaction and loyalty are the main pillars for the business to be successful, company needs to make sure that customers' expectation are met. If the customer expectations are met, the company can gain the long term revenues from the delivered services or products. The company can also get competitive advantage by maintaining customer satisfaction and customer loyalty. In order to main customer satisfaction and customer loyalty, previous researches attempted to discover the core factors affecting customer satisfaction and loyalty.

There have been many attempts to discover the core factors of service quality in fitness center. Gronoos (1984) noted two essential aspects impacting the overall quality of the service, technical quality and functional quality. Lehtinen & Lehtinen (1991) defined three quality dimensions: physical quality, which involves the physical aspect of a service (facilities or equipment); corporate quality, which involves image and profile; and interactive quality, which involves the interaction between contact personnel and customers and interaction between customers (Zeithaml et al., 1985).

Most studies on service quality carried out in the last two decades have been based on the SERVQUAL model. Zeithaml et al. (1985) developed this model to measure service quality from a broader perspective. Despites its wide uses, SERVQUAL model has also been a target of serious criticisms. Accordingly, Cronin and Taylor developed a "performance-based" service quality instrument called SERVPERF. Despite the differences between the two instruments, researchers have so far used both models.

It is claimed that the attributes and specific dimensions of different services vary from one industry to another (Babakus & Boller, 1992). In this respect, it could be argued that the sports and physical activities industry provide unique services that might differ from other industries (Murray & Howat, 2002). Therefore, use of a universal service quality measurement instrument such as SERVQUAL may not capture the true dimension of service quality in this field. Therefore, researchers used different models to get insight of the service quality of fitness centers which have unique characteristics.

The first one is Scale of Attributes of Fitness Services (SAFS) developed by Chelladurai et al., (1987). The scale is made up of five dimensions: expert, customer, peripheral, goods and services facilitating. In another study, Kim and Kim (1995) developed a 33item scale called Quality Excellence of Sports Centers (QUESC) based on a Korean sample to evaluate the service quality of sports centers. The exploratory factor analysis indicated eleven dimensions including employee attitude, productivity of employees, programs offered, environment, available information, personal considerations, size, privilege, ease of mind, encouragement and convenience.

Chelladurai, (1992) also carried out another study on FC services on a model consists of nine dimensions, including interpersonal interactions, job interactions, activities, service atmosphere, service quality control engagement, physical environments, other clients, service failure / recovery and perceived quality of service. The new scale designed to assess the service quality of FCs is the Service Quality Assessment Scale (SQAS) developed by Lam et al. (2005). The SQAS consists of 31 items, including employees, system, locker room, exercise space, fitness facility and child care.

Yildiz, (2011) from Turkey made a study to analyze the fitness center service quality. The research suggested the scale of the SQS-FC for fitness centers and discussed their effectiveness using the IPA. Using a sample of Turkish fitness center customers and personal interviews, fitness center service quality attributes are created. Study data was collected from private commercial fitness center customers (n=246). The results revealed four factors for the SQS-FC scale including personnel, physical environment, supporting services, and program.

The aim of that study was to examine the quality of service in Turkey's FCs. That study proposed a modified version of the quality of service measurement scale specifically designed for the FCs and presents the results of the empirical examination with respect to

their dimensionality and applicability. The findings of that study showed that activities, staff and physical environment are the most important factors for customers of the fitness center. In addition, the results showed that there is a perceived quality deficit in the physical environment, whereas the quality surplus in supporting the aspect of services.

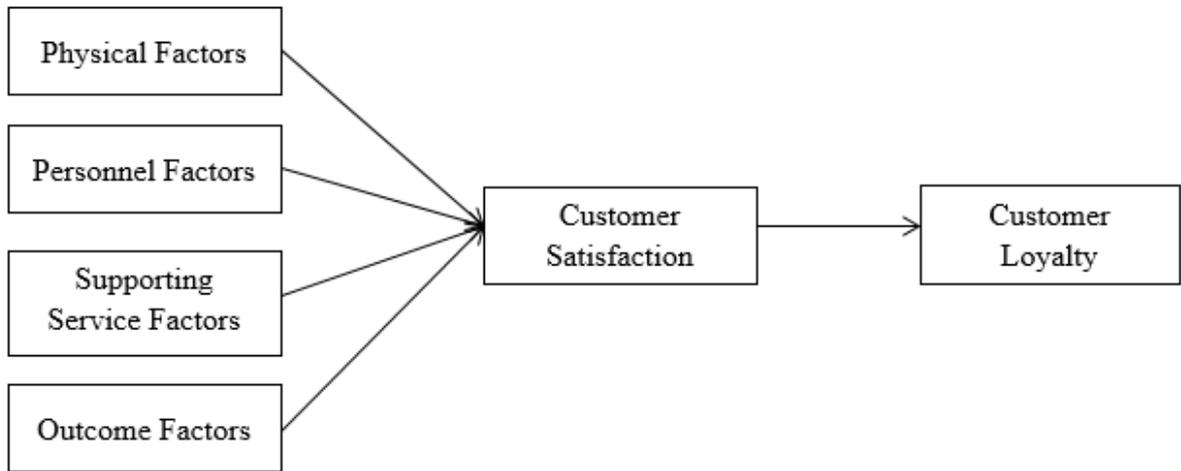
And also Yee et, al.,(2013) also carried out research to investigate the factors of customer satisfaction in a fitness club in order to preserve their competitive edge. A comprehensive survey was conducted with 122 members of three fitness clubs using convenience sampling method, and one-on-one in-depth interview were conducted at the club premises with the club owner, senior and junior staff, followed by field research by witnessing various club members ' activities. The findings from this study converged and indicated that the main driving factors for customer satisfaction were psychological factor, physical environment, and service climate. The study suggested the fitness clubs use professional, well-trained, customer-oriented front-line employees to provide a high quality and wide range of services and an attractive service atmosphere to maintain / promote customer satisfaction.

Alexandris & Palialia, (1999) also conducted a research to investigate the dimensions of the concept of customer satisfaction in fitness centers. The research was joined by two hundred and ten people from three private fitness centers in Thessaloniki, Greece. The results supported the multidimensionality of the customer satisfaction concept and revealed five factors: facilities/ services, individual/ psychological, relaxation, social, and health/ fitness. It had been shown that the overall scale and sub-scales have sufficient psychometric properties.

## **2.4 Conceptual Framework of the Study**

Customer satisfaction and customer loyalty have been regarded as the fundamental determinant of long term consumer behavior. The study aims to analyze the factors influencing customer satisfaction and customer loyalty of YGN Fitness Center. Physical factors, personnel factors, supporting service factors and outcome factors are considered independent variables and customer satisfaction and loyalty as the dependent variables. The conceptual framework for this study is presented in Figure (2.1).

**Figure 2.1 Conceptual Framework of the Study**



Source: Own Compilation (2019)

According to the conceptual framework, physical factors, personnel factors, supporting service factors, and outcome factors are the factors influencing customer satisfaction. This study will analyze these factors and their effect on the customer satisfaction of YGN fitness center. The chart also includes the analysis of the effect of the customer satisfaction on customer loyalty to find out the impact of customer satisfaction on customer loyalty of YGN fitness center.

## **CHAPTER 3**

### **PROFILE AND CUSTOMER SATISFACTION OF YGN FITNESS CENTER**

This chapter describes profile and organizational structure and services provided by YGN Fitness Center. This chapter also emphasizes factors affecting customer satisfaction of YGN Fitness Center. Besides, demographic profiles of respondents at YGN Fitness Center are also presented in this chapter. Finally, at the end of the study reliability analysis is conducted to test the reliability of the data collected.

#### **3.1 Profile of YGN Fitness Center**

YGN Fitness Center Company is established in 2015 and expands to 9 branches in 2019 across Yangon. The Company aims to seek innovative ways to enhance the physical and emotional well-being of their increasingly diverse membership base. As one of the leading company in the fitness center industry, YGN Fitness Center always improves and advances to provide their customers exceptional value for the experiential experience. For their customers' convenience, YGN Fitness Center was trying to cover the branches in almost every township in Yangon.

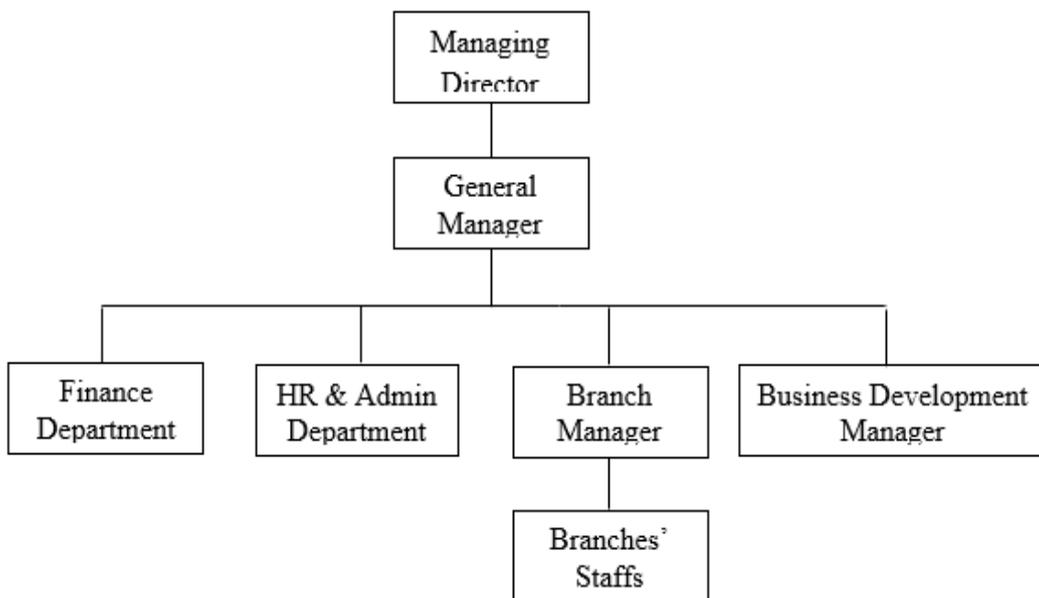
YGN Fitness Center has its branches in in North Dagon, Yae Kyaw, Ahlone, Dagon, North Okkalapa, Sanchaung, Parami, Tamwe, Hleden. It also has many expanding plans to cover the most market in Yangon and even in other city across Myanmar. The first branch of YGN Fitness Center was launched in Yangon in the year of 2015, following this success, 8 other branches were opened in Yangon. Moreover, due to its customer centric policy, new branch in Myaung Mya was launched in this November 2019.

As the trends in the fitness industry have changed in recent years, YGN Fitness Center also changed its programs according to their customers' needs and wants. The center only started with the normal strength, stamina and fitness training for all types of customers. But Customers in these days become more enjoyed group classes like yoga and zumba, the center added many other programs in their lists. They categorized these classes under six topics: Strength, Cardio, Mind & Body, Core, Dance, and Freestyle. Under these various group activities like Intro aerobics, zumba, circuit, kickboxing, crunch, gentle yoga,

stretching, core fusion, aero step, ashtanga yoga are provided to customers by scheduled time and well trained coaches.

Since the company target market is young and middle aged customers, it opened middle and high end branches according to its customer types and geographic location. The price range is standard among other fitness centers and service and quality is superior to other fitness centers. As the company mission is to serve as many markets as possible with the best quality and services, it not only expand to cover the most market area and but also keep monitoring and maintaining the quality and services of the branches that have already been running. The company has flat organization structure with 60 employees. The following Figure shows the organization chart of YGN Fitness Center.

**Figure 3.1 Organizational Chart of YGN Fitness Center**



Source: YGN Fitness Center (2019)

The above Figure shows the complete figure of organization chart of YGN Fitness Center. The Managing director especially is making strategic decisions for the company. General Manager not only monitors the daily operation of the fitness center but also pursues the expanding of center and growth of the center by coordinating with branch manager, human resource department, business development manager and finance manager. Finance department carries out all financial matter of the fitness center. Since the primary income of the fitness center is membership fees, finance department mainly cooperate with branch member for the business operations. The business development manager is mainly

responsible for setting up new branches of fitness center. Business development also coordinates with branch manager to maintain the best image of branches. Branch manager monitor and control branches of the fitness center which will be listed under the following figure.

**Table (3.1) List of Branches of Fitness Center**

No.	Branch	Location	Staffs	Capacity
1	<u>Kyauk Myaung Zay Branch</u>	No.200/202, <u>Kyaik Ka San Road, Tamwe</u>	3	15
2	<u>Hledan Branch</u>	No.15/17, <u>Insein Road, Hledan</u>	3	15
3	Dagon Branch	No.45, Royal Garden hotel, <u>Pyay Road, Dagon</u>	3	25
4	<u>North Okkalapa Branch</u>	No.674, Thu <u>Dhamma Road, North Okkalapa</u>	3	25
5	<u>Ma Kvee Kvee Branch</u>	No.20/22, Ma <u>Kvee Kvee Road, Sanchaung</u>	3	35
6	<u>Parami Branch</u>	No.364, <u>Baho Road, Mavangone</u>	3	35
7	North Dagon Branch	No.732, <u>Nga Man Aung Pagoda Road, North Dagon</u>	3	35
8	<u>Yae Kyaw Branch</u>	<u>Yae Kyaw Complex, Pazung Daung</u>	4	40
9	<u>Ahlone Branch</u>	No.232, Orchid Condo, <u>Ahlone</u>	4	40

Source: Own Compilation (2019)

The above Table consists of all the branches that are currently operating across Yangon. All branches have minimum 3 staffs – Personal Trainer, Receptionist, and General worker. In Yae Kyaw and Ahlone Branch, there are 2 personal trainers because of its capacity and spending power of its customers. All staffs in each branch have to report directly to branch manager as shown in Figure (3.1). Staffs and trainers can also change their respective branches in accordance with other staffs and trainers.

YGN Fitness Center is popular for its space provided for its customer to work out their exercises. Almost all room of the fitness center has space for at least 15 members that can be trained together. Trainers and staffs also manage to get enough space for every

customer by motivating customers to work out their exercises fast and accurate. So, customers at YGN fitness center need very little time for their effective exercises with the help of staffs and trainers. This helps customers come and go one after another. This makes customer to get enough space for every one of them. In order to provide space, the fitness center carefully manages the placement of sport equipment. The equipment most of the customers use will be near the work out field in front of big mirrors. This constrains the movement of customers by giving them easy access to the most popular sport equipment.

The center also provides lockers in convenient way. Customers can choose what lockers they will use. The fitness center also cares about cleanness of its equipment, its space, lockers, and restrooms. Every branch has general worker who is mainly responsible for cleanness of its equipment, space, lockers, and restrooms. The cleaning schedule is twice a day usually in afternoon and close of the center. The dressing room and restroom also is cleaned twice a day like every other equipment and lockers. Customers can also take a bath after they have finished their work out.

Most branches have variety of equipment such as bench press, hammer strength machine, dumbbells, lat pulldown machine, leg extension machine, smith machine, preacher bench, abdominal bench, leg press machine, indoor cycle bike, kettle bells for various purposes. It has most of the equipment that can be used to build muscle and to keep the body fit. In recent years, the fitness center has become popular and well known among people for its variety of equipment. Most of the equipment is from Germany and the maintenance team checked them on monthly basic. Normal daily set up and maintenance is carried out by the trainers and general workers of each branch.

As the fitness centers have uniformly trained staffs and trainers, customers are very convenient whenever they visit to the fitness center. Trainers and staffs also need to make sure that they give the best service which suite the various customers. Moreover, 75% of trainers and staffs that is 45 employees have minimum service year of two years. 10% of trainers and staffs that is 6 employees have more than two service years and only 15% of trainers and staffs have less than one service year. The center provides various types of training and development program for its trainers and staffs. The center provides customer relationship training mainly to interact with the customers as the service of the fitness center starts with the interaction between customer and trainers.

The center also provides the privacy protection training for its trainers and staffs because most customers need to tell about their life style and other personal data to trainers and staffs in order to get best effective training plan. So, the fitness center opens privacy protection training in every six months for its trainers and staffs. The company also provides them with health and fitness knowledge and maintenance and usage of fitness equipment.

The center also has many services according to the customers' needs and preferences. The services are ranging from functional training, weight gain training, weight lose training, body shaping training, to group training such as yoga, zumba, aerobic, kickboxing. The center also provides fitness training and nutritional counseling to every customer who doesn't join the particular service. Trainers will monitor and give instructions for first two week of joining the fitness center. Then customers can also schedule their custom training plan coordinating with the trainers. The center provides other consultation on customers' diet and fitness.

The center plays motivational songs that can boost their customer's willingness to work out. The center also provides various types of refreshments for its customers as supporting service factors. The most basic type is water and sports drinks that aims to refill the ion and water. Other type of refreshments such as energy drinks and other herbal drinks are also available in the fitness center. The center also provides first-aids for accident injury for its customers.

### **3.2 Demographic Profile of Respondents**

To study the factors affecting on customer satisfaction and loyalty of YGN Fitness Center, the first analysis is the demographic characteristics of respondents. The data are collected with structured questionnaires from customers of YGN Fitness Center. They are gender, age group, marital status, educational level, monthly income, membership type and visit to the fitness center. Table 3.2 shows demographic profile of respondents of the study.

**Table (3.2) Demographic Profile of Respondents**

<b>Demographic Factors</b>	<b>Description</b>	<b>No. of Respondents</b>	<b>Percentage (%)</b>
<b>Gender</b>	Male	59	39.33
	Female	91	69.67
<b>Age Group</b>	Under 25 years	52	34.67
	25 – 34 years	83	55.33
	35 – 44 years	15	10
<b>Marital Status</b>	Single	127	84.67
	Married	23	15.33
<b>Educational Level</b>	Under Graduate	38	25.33
	Graduate	102	68
	Post Graduate	10	66.67
<b>Monthly Income (MMK)</b>	Less than 200,000	15	10
	200,001 – 400,000	29	19.33
	400,001 – 600,000	75	50
	600,001 – 800,000	14	9.33
	Above 800,000	17	11.34
<b>Membership Type</b>	Below 3 months	58	38.67
	3 – 6 months	32	21.33
	7 – 9 months	8	5.33
	10 – 12 months	30	20
	Above 12 months	22	14.67
<b>Visit to the Fitness Center</b>	Below 3 times per week	15	10
	3 – 5 times per week	51	34
	6 – 8 times per week	80	53.33
	Above 8 times per week	4	26.67
<b>Total</b>		<b>150</b>	<b>100</b>

Source: Survey Data (2019)

First of all, there are 150 respondents to the distributed 150 questionnaires. Among 150 respondents, the majority is female that is 69.67% of respondents. Because YGN Fitness Center emphasizes more on body fitness than muscle building, female respondents are more than male respondents. Four different types of age groups are surveyed for this research. The largest distribution of the respondents is the group of

respondents who are between 25 and 34 years old. The second largest age group is under 25 years old. The respondents who aged between 35 to 44 years old occupied third largest group. So it can be simply concluded that majority of the customers are young and middle aged people because they have spending power and health and fitness culture is popular among them.

Based on the demographic information of respondents, the education level of respondents is divided into three groups such as under graduate, graduate and post graduate. From the survey of 150 respondents, the majority of education level of the respondents is graduate. The second largest group is under graduate followed by the post graduate. It indicates that most of the customers are well educated and have knowledge on health and fitness benefits by training in the fitness center. The marital status also showed that majority of respondents is single which means married persons will have little time to train in fitness center because of family affairs.

In this study, the monthly income of the respondents is classified into five groups. The majority of respondents' income is 400,001 – 600,000. The second largest group is respondents with monthly income 200,001 – 400,000, followed by the respondents with monthly income above 800,000, below 200,000 and 600,001 – 800,000 respectively. Since, it can be concluded that most of the customers playing at YGN Fitness Center has an income level of 400,001 – 600,000.

The last two elements in the Table (3.2) represent the usage pattern of the fitness center. The first one is membership type-which means how customers renew their membership period. The majority of respondents only extend their membership period below three months. The second largest group of respondents renews their membership for three to six months, followed by the respondents group that extend their membership period to above 12 months and the least group is membership period between 7 - 9 months. It indicates that most customers only extend below three months membership period. This is because the majority of income level of the respondents is not very high; they don't use a mass amount of cash on fitness center. The last element of the Table (3.2) shows the frequency of the visit of customers to the YGN Fitness Center. The majority of the respondents visit to the fitness center 6 to 8 times a week.

### 3.3 Reliability Test

In this study, service factors, customer satisfaction and loyalty are measured. It is important to measure how much the questionnaires are internally consistent when a scale consists of more than one. Cronbach's alpha is a measurement used to assess a series of scale or test items' reliability, or internal consistency. In other words, the reliability of any metric refers to the degree to which it is a reliable measure of a concept, and the alpha of Cronbach is one way to measure the quality of that consistency. In conducting reliability test, Cronbach's alpha is utilized for each question item to test the reliability of data. If the Cronbach's alpha is over 0.7, the item is highly reliable. The following table shows all Cronbach's alpha for all variables of the questionnaire which is used in the study.

**Table (3.3) Reliability Analysis**

No.	Variables	No. of Items	<u>Cronbach's alpha</u>	State of Reliability
1.	Physical Factors	7	0.710	Reliable
2.	Personnel Factors	5	0.740	Reliable
3.	Supporting Service Factors	5	0.753	Reliable
4.	Outcome Factors	5	0.797	Reliable
5	Customer Satisfaction	5	0.840	Good
6.	Customer Loyalty	5	0.812	Good

Source: Survey Data (2019)

Table (3.3) shows alpha of all variables. All variables are reliable because all of them are above 0.7. Therefore, physical factors, personnel factors, supporting service factor, outcome factors are reliable for this study. Customer satisfaction and Customer loyalty get good state of reliable for this study.

### 3.4 Customer Satisfaction of YGN Fitness Center

The following Table (3.4) shows the mean value and standard deviation of consumer satisfaction of YGN Fitness Center. There are five questions to be analysed. The mean value and standard deviation of each and overall mean are shown as follow:

**Table (3.4) Customer Satisfaction**

No	Description	Mean	SD
1.	Overall, satisfied the fitness center	3.49	0.673
2.	Good choice among other fitness center	3.39	0.732
3.	Meet the expectation	3.35	0.795
4.	Worthwhile for being a member	3.33	0.894
5.	Happy as a member	3.69	0.777
	Overall Mean	3.45	

Source: Survey Data (2019)

Table (3.4) shows all of the mean values of customer satisfaction attributes are above 3. These results indicate that majority of customers are satisfied with the services of YGN Fitness Center. Among these, customers are happy as a member of the fitness center with the highest mean value of 3.69. However, worthwhile for being a member has the lowest mean value of 3.33.

Based on the results, happiness as member of the fitness center has the highest mean value and worthwhileness for being a member of the fitness center has the lowest mean value. In analyzing the customer satisfaction which are overall satisfaction of the fitness center, good choice among other fitness center, and meet the customer expectation also have the high mean value. It can be concluded that most customers are fascinated with the customer satisfaction which are happiness as a member of the fitness center, overall satisfaction of the fitness center, good choice among other fitness centers, meet the customer expectation and worthwhileness for being a member in the fitness center. In summary, most of the customers are happy as a member of the fitness while few of the customers are satisfied with the worthwhileness for being a member of the YGN Fitness Center.

## **CHAPTER 4**

### **ANALYSIS ON CUSTOMER SATISFACTION AND LOYALTY OF YGN FITNESS CENTER**

In this chapter analysis on the effect of customer satisfaction toward customer loyalty of YGN Fitness Center is covered. This chapter comprised of two parts. In the first part, analysis on factors influencing customer satisfaction of YGN Fitness Center is presented. In the second part, analysis on the effect of customer satisfaction on customer loyalty of YGN Fitness Center is presented.

#### **4.1 Analysis on Factors Influencing Customer Satisfaction**

In this section, analysis on factors influencing customer satisfaction of YGN Fitness Center is presented. The mean value and standard deviation of each factor was used to analyze the Likert scale questions. The results are presented in Table (4.1), (4.2), (4.3), and (4.4). Moreover, this section analyses the factor influencing customer satisfaction and explores the most influencing factors of customer satisfaction.

##### **4.1.1 Physical Factors**

The following Table (4.1) shows the mean value and standard deviation of physical factors that affect customer satisfaction of YGN Fitness Center. In physical factors category, there are seven questions to analyze. The mean values and standard deviation of each and overall mean are shown as follow.

**Table (4.1) Physical Factors**

No	Description	Mean	SD
1.	Adequate space	3.61	.802
2.	Lockers	2.88	.897
3.	Cleanness of center	3.15	.903
4.	Variety of equipment	3.35	.859
5.	Condition of equipment	3.48	.918
6.	Condition of restroom and dressing room	2.82	.905
7.	Location of center	3.88	.704
	Overall Mean	3.31	

Source; Survey Data (2019)

Table (4.1) shows most of the mean value of physical factors are above 3. These results indicate that majority of customers are satisfied with physical factors of YGN Fitness Center. Among these physical factors, location of the fitness center has the highest mean value of 3.88. However, condition of restroom and dressing room of fitness center has the lowest mean value of 2.82.

Based on the results, location of the fitness center has the highest mean value and condition of restroom and dressing room of fitness center has the lowest mean value. In analyzing the other physical factors such as adequate space, lockers, cleanness of the fitness center and variety of equipment also have the high mean value. It can be concluded that most customers are fascinated with physical factors which are location of center, space provided by the fitness center, condition of equipment, variety of equipment, cleanness of center, lockers, and condition of restroom and dressing room at YGN Fitness Center. In summary, most of the customers are satisfied with location of the fitness center while few of the customers are satisfied with the condition of the restroom and dressing room of YGN Fitness Center.

#### **4.1.2 Personnel Factors**

The following Table (4.2) shows the mean value and standard deviation of personnel factors and there are five questions to be analysed. The mean value and standard deviation of each question and overall mean are showed below.

**Table (4.2) Personnel Factors**

No	Description	Mean	SD
1.	Helpfulness and friendliness	3.99	0.550
2.	Quick response to customer complaints and inquiries	3.69	0.557
3.	Good motivators	3.78	0.674
4.	Privacy protection	3.90	0.712
5.	Competency	3.68	0.648
	Overall Mean	3.81	

Source; Survey Data (2019)

Table (4.2) shows that all mean values of personnel factors are above 3. These results indicate that majority of customers are satisfied with personnel factors of YGN Fitness Center. Among these personnel factors, helpfulness and friendliness of trainers and staffs has the highest mean value of 3.99. However, competency of trainers and staffs has the lowest mean value of 3.68.

Based on the results, helpfulness and friendliness of trainers and staffs has the highest mean value and competent of trainers and staffs has the lowest mean value. In analyzing the other personal factors which are quick response to customer complaints and inquiries, good motivators and privacy protection by trainers and staffs also have the high mean value. It can be concluded that most customers are fascinated with personnel factors which are helpfulness and friendliness, privacy protection, good motivators, quick response to customer complaints and inquiries, and competency of trainers and staffs at YGN Fitness Center.

#### **4.1.3 Supporting Service Factors**

This section analyses the mean value and standard deviation of supporting service factors and there are five questions to analyse. The mean value and standard deviation of each question and overall mean are shown as below.

**Table (4.3) Supporting Service Factors**

No	Description	Mean	SD
1.	Consultation	3.54	0.587
2.	Background music	3.59	0.493
3.	Car parking	3.28	0.836
4.	First-aids for ailment	2.95	0.881
5.	Refreshments	2.94	0.853
	Overall Mean	3.26	

Source; Survey Data (2019)

Table (4.3) shows most of the mean values of supporting service factors are above 3. These results indicate that majority of customers are satisfied with supporting service factors of YGN Fitness Center. Among these supporting service factors, background music open in the fitness center has the highest mean value of 3.59. However, refreshments have the lowest mean value of 2.94.

Based on the results, background music open in the fitness center has the highest mean value and refreshments provided in the fitness center have the lowest mean value. In analyzing the other supporting service factors which are consultation, car parking, and first-aids for ailment also have the high mean value. It can be concluded that most customers are fascinated with supporting service factors which are background music, consultation, car parking, first-aids for ailment and refreshments provided in the fitness center.

#### **4.1.4 Outcome Factors**

This section presents the mean value and standard deviation of outcome factors and there are five questions to be analysed. The mean value of standard deviation of each question and overall mean are shown as below.

**Table (4.4) Outcome Factors**

No	Description	Mean	SD
1.	Health Improvement	3.96	0.664
2.	Relaxation	3.91	0.698
3.	Reducing stress	4.09	0.704
4.	Keeping Fit	4.09	0.548
5.	Socialization	3.59	0.667
	Overall Mean	3.93	

Source; Survey Data (2019)

Table (4.4) shows most of the mean values of the outcome factors are above 3. These results indicate that majority of customers are satisfied with the outcome factors of YGN Fitness Center. Among these outcome factors, keeping the customer fit and reducing stress has the highest mean value of 4.09. Socialization, however, has the lowest mean of 3.59.

Based on the results, keeping the customer fit and reducing stress has the highest mean value and socialization have the lowest mean value. In analyzing the other supporting service factors which are health improvement and relaxation also have the high mean value. It can be concluded that most customers are fascinated with outcome factors which are keeping customer fit, reducing stress, health improvement, relaxation, and socialization.

#### **4.1.5 Factors Influencing on Customer Satisfaction**

This section analyses the factor influencing customer satisfaction and explores the most influencing factors of customer satisfaction. The four factors which are the physical factors, personnel factors, supporting service factors and outcome factors will be analysed. The result is shown in Table (4.5).

**Table (4.5) Factors Influencing on Customer Satisfaction**

Model	Unstandardized Coefficients		t	Sig.	VIF
	B	Std. Error			
(Constant)	-.524	.439	-1.195	.234	
Physical Factors	.671***	.078	8.586	.000	1.237
Personnel Factors	.385***	.093	4.148	.000	1.269
Supporting Service Factors	-.016	.075	-.219	.827	1.192
Outcome Factors	.087	.082	1.057	.292	1.224
R Square	.479				
Adjusted R Square	.465				
R	.692				
F Value	33.323***				

Source: Survey Data (2019)

Note: \*\*\* Significant at 1% or 0.01 level; \*\* Significant at 5% or 0.05 level; \* Significant at 10% or 0.1 level

Table (4.5) shows the effect of factors influencing customer satisfaction at YGN Fitness Center. The variables supposed to affect the customer satisfaction are considered moderately strong as the value of R square is 47.9 percent. All the VIF values stand below the cut-off value of 10 which are 1.237, 1.269, 1.192 and 1.224.

According to Table (4.5), two variables among four strongly affect the dependent variable and other two do not affect the dependent variable. Both physical factors and personnel factors have positively significant effect on customer satisfaction. The physical factors have most significant effect on the customer satisfaction of YGN fitness center because most branches of the fitness center are located near the bus stop and crowded places. This makes the location of the fitness center to be easily accessible for most of the customer. As the fitness center has good exercise plans that make customers to take very little time for their effective exercises. This helps customer come and go quickly one after another. Therefore, the fitness center can provide adequate space needed for the customers

to work out their exercises. This contributes the effect of physical factors to influence the customer satisfaction YGN Fitness Center. In addition to the location of the fitness center, customers also enjoy the condition of the equipment. The center has good maintenance plan for the equipment. This increases the customer satisfaction of the center. Not only the condition of sport equipment but also the various type sport equipment also attract the customer satisfaction.

Personnel factors also have positive effect on the customer satisfaction. Majority of the trainer and staffs have uniformly been trained for customer relationship and customer interaction. This affects the helpfulness and friendliness of the trainers and staffs of the YGN Fitness Center. Trainers and staffs in the fitness center also have to attend the privacy protection training provided by center. This contributes the personnel factors to have positive effect on the customer satisfaction. Finally, it can be concluded that both physical and personnel factors of the YGN Fitness Center have positive effect on the customer satisfaction of YGN Fitness Center. In summary, customer satisfaction of the YGN Fitness Center would be increase if the fitness center manages to improve the physical factors and personnel factors of the fitness center.

## **4.2 Analysis on the Effect of Customer Satisfaction on Customer Loyalty**

In this section, analysis on the effect of customer satisfaction on customer loyalty of YGN Fitness Center is presented. The mean value and standard deviation of customer loyalty is used to analyze the Likert scale questions. The results are presented in Table (4.6). Moreover, this section analyses the effect of customer satisfaction on customer loyalty of YGN Fitness Center.

### **4.2.1 Customer Loyalty**

The following Table (4.6) shows the mean value and standard deviation of customer loyalty of YGN Fitness Center. The indicators of customer loyalty are the final set of items included in analysis. There are five questions to be analysed. The mean value and standard deviation of each and overall mean are shown as follow.

**Table (4.6) Customer Loyalty**

No	Description	Mean	SD
1.	Continue the membership	3.61	0.80
2.	Recommend the center to others	3.51	0.74
3.	Trust the center for well-being	3.44	0.67
4.	Monitor activities of the center through social media	3.25	0.82
5.	Recommend center to improve their service	3.99	0.89
	Overall Mean	3.56	

Source: Survey Data (2019)

Table (4.6) shows all of the mean values of customer loyalty attributes are above 3. These results indicate that majority of customers have loyalty on the YGN Fitness Center. Among these, recommend the center to improve their service has the highest mean value of 3.99. However, monitoring activities of the center through social media has the lowest mean value of 3.25.

Based on the results, recommend the center to improve their service has the highest mean value and monitoring activities of the center through social media has the lowest mean value. In analyzing the customer loyalty which are continue the membership, recommend the center to others, and trust the center for well-being also have the high mean value. It can be concluded that most customers are fascinated with the customer loyalty which are recommend the center to improve their service, continue the membership, recommend the center to others, trust the center for well-being. In summary, most of the customers recommend the center to improve their service while few of the customers monitor activities of the center through social media.

#### **4.2.2 The Effect of Customer Satisfaction on Customer Loyalty**

In order to find out the effect of customer satisfaction on customer loyalty of YGN Fitness Center, the regression model is used. The result of the effect of customer satisfaction on loyalty of YGN Fitness Center is shown in following Table (4.7).

**Table (4.7) The Effect of Customer Satisfaction on Customer Loyalty**

Model	Unstandardized Coefficients		t	Sig.	VIF
	B	Std. Error			
(Constant)	.795	.165	4.819	.000	
Customer Loyalty	.801***	.047	17.014	.000	1.000
R Square	.662				
Adjusted R Square	.659				
R	.813				
F Value	289.473***				

Source : Survey Data (2019)

Note: \*\*\* Significant at 1% or 0.01 level; \*\* Significant at 5% or 0.05 level; \* Significant at 10% or 0.1 level

Table (4.7) shows the effects of customer satisfaction on customer loyalty at YGN Fitness Center. The variable supposed to affect the customer loyalty is considered moderately strong as the value of R square is 66.2 percent. The VIF value stands below the cut-off value of 10 which is 1.

According to Table (4.7), customer satisfaction has positive significant effect on customer loyalty. Overall evaluation reveals that the models explain the customer loyalty well because the estimation produces expected signs and significant coefficient for customer satisfaction. The conclusion is that there is a positive effect of customer satisfaction on customer loyalty of YGN Fitness Center because customers are satisfied with the location of the center, the space provided by the center, the helpfulness and friendliness of trainers and staffs and privacy protection of trainers and staffs. Because most branches of the fitness center are located near the bus stop and crowded places that is easier to walk in. This makes the location of the fitness center to be easily accessible for most of the customer. As the fitness center has good practices that make customers to take very little time for their effective exercises. This helps customers come and go quickly one after

another. Therefore, the fitness center can provide adequate space needed for the customers to work out their exercises. Moreover, most of the trainers and staffs have more than one year of service experience.

Customers in the fitness center are happy as the members of the fitness center and customers have higher level of overall satisfaction. The customer satisfaction plays a role in affecting the customer loyalty of fitness center. As a result of customer loyalty, customers help the fitness center in the process of improving their service. Customers also continue their membership at the YGN Fitness Center. Therefore, the fitness center gets the customer satisfaction and then that customer satisfaction can activate more customer engagement and the renewal of membership periods. In summary, customer loyalty would be increased if the fitness center can manage to increase the customer satisfaction of the YGN Fitness Center.

## **CHAPTER 5**

### **CONCLUSION**

The main objective of this study is to explore the effect of factors on customer satisfaction and analyse the effect of customer satisfaction on customer loyalty of YGN Fitness Center. To satisfy the objective, the result of the research and respective concept will be described in this chapter. This chapter is conclusion of the study that is included the finding and discussion of the previous chapter, the suggestion and recommendation of the study and needs for further research of the study.

First of all, findings and discussions are based on the analysis of factors affecting of customer satisfaction and the analysis of customer satisfaction and customer loyalty of YGN Fitness Center. Suggestions and recommendations are based on the result of the finding. Finally, additional study for further research is described in the needs for further research.

#### **5.1 Findings and Discussions**

The main objective of this study is to examine the factors affecting customer satisfaction and loyalty of YGN Fitness Center. Customer satisfaction and customer loyalty is one of the significant concepts in consumer behaviour as well as business practice and academic research. In competitive market, company can modify their provided service in order to meet the customers' needs and wants. This can create customer satisfaction and loyalty which can help the organization to create differentiation from their competitors and to retain the customers in the competitive market.

According to the research data, the majority are female members because the main focus of YGN Fitness Center is on body fitness rather than muscle building. Besides, the majority of age group is young and middle aged customers who have spending power and these groups of customers are eager to be fit than other age group. Moreover, most of the customers are singles because this type of customers has a lot more free time than married people. The majority of customers are graduated and their knowledge on high and fitness is also considerably high. Most of the customers in the YGN Fitness Center only extend their membership period for only one or two months.

As a result of the descriptive finding, the respondents have highly satisfaction towards YGN Fitness Center. This means that customers are overall satisfied with the fitness center. Moreover, customers are happy about their experience with the center, which can indicate that most of the expectations of customer are fulfilled by the fitness center. Customers also believe that YGN Fitness Center is good choice among other fitness center in Yangon. The customer satisfaction is measured by the four factors which are physical factors, personnel factors, supporting service factors, and outcome factors in this study and the outcomes, several major discussions are evolved.

According to the research result, physical factors are existed as the critical factor of customer satisfaction of YGN Fitness Center. In general, most of the customers are satisfied with the location and the space provided by the fitness center. As the aim of the fitness center is high coverage across Yangon, it has many branches and also planning to expand. Because of high coverage across Yangon, customers can go to the branches nearest to them. This makes customers a crucial factor to fulfill their satisfaction. Moreover, customers are satisfied with the workout space provided by the customer. It can be said that customers are highly satisfied with the physical factors of YGN Fitness Center.

According to the research result, personnel factors are also existed as the critical factor of customer satisfaction of YGN Fitness Center. The customers are very satisfied with the helpfulness and friendliness of trainers and staffs at YGN Fitness Center. The trainers and staffs also firmly keep the privacy information of customers at YGN Fitness Center. This is also one of the personnel factors that play important role for the fitness center to fulfill their customers' satisfaction. Then, some other diverse factors are also affected the personnel factors toward customer satisfaction. Therefore, personnel factors are one of the significant influence factors of customer satisfaction of YGN Fitness Center.

With regard to the survey result, the customers are delighted with the outcome factors of the YGN Fitness Center. Customers feel that they can reduce their stress and they can keep their body fitness by the services provided the fitness center. Customers also enjoy that they can get health improvement and relaxation because they are playing in the fitness center. According to the survey result of supporting service factors, its mean score is relatively low compared to other factors. The customers are satisfied with the back ground

music and consultation but they are neither satisfied nor dissatisfied with the first-aids for ailment and with the refreshments of the fitness center.

According to the analysis of customer loyalty, customers are willingly recommending the fitness center to improve their services. And customers will also continue their membership at the fitness. That indicates the high level of customer engagement and which is also an important indicator of customer loyalty. Customers also want to recommend YGN Fitness Center to others like friends and relatives. These intentions are based on customer satisfaction and the fitness center needs to encourage becoming satisfaction towards YGN Fitness Center.

Through statistically analysis of the effect of the influencing factors on customer satisfaction, this study found out that physical factors and personnel factors have high significant effect on customer satisfaction towards YGN Fitness Center. From analysis of the effect of customer satisfaction on customer loyalty, it is found that customer satisfaction has high positive effects on customer loyalty of YGN Fitness Center. Therefore, it can be concluded that there is the effect of customer satisfaction on customer loyalty of YGN Fitness Center in this study.

## **5.2 Suggestions and Recommendations**

According to the analysis, it can be found that physical factors and personnel factors of fitness center have high significant effect towards customer satisfaction and customer loyalty of YGN Fitness Center in Yangon. Because fitness center industry is highly service oriented, by improving the personnel factors and physical factors of fitness center can lead to the higher service quality which in turn improves the customer satisfaction. Therefore, the fitness center should provide high quality physical factors and personnel factors in order to differentiate from its competitors in the competitive environment.

According to the physical factors of YGN fitness center, the center should focus on location of the fitness center. The fitness center should choose the location that is near the bus stops which will be easy for the middle class customers to come to the fitness center. Most customers go to the fitness center that is located near their house, fitness centers should locate near the places where many household are located.

Moreover, to get the customer satisfaction in fitness centers, the center should provide adequate space for customers to work out their exercises. The center should use

small machines and equipment to get extra space for the customers. The placement of sport equipment also plays a role in giving out more space for customers. Most of the big machine should be placed adjacent to the wall to get more space for the customers. Fitness center should also have efficient training plan which help the smooth flow of customer during the crowded time so that customer can effectively work out their exercises.

In additional to the physical factors, fitness centers should also focus on the personnel factors of the fitness center. The trainers and staffs should be trained to improve their relations with customers. The fitness center can create events that can make more interaction with customers and trainers and staffs. These events should include sport knowledge based games, team building games between customers and trainers and staffs. In order to improve privacy protection of trainers and staffs, they should be trained more on data protection in social media. The fitness center also need to retain higher service year employees because experienced trainers and staffs can know more about the needs and wants of the customers. The fitness center also focus on the supporting service factors. Fitness center can increase customer satisfaction by providing additional type of supporting service factors, such as child care service which can attract more married customer types.

Fitness center can increase the customer loyalty by increasing the customer satisfaction of the YGN Fitness Center. Fitness center can add additional services that can increase customer satisfaction. Fitness center should use promotional items to increase the customer loyalty of the fitness center. Fitness center should set a discount rate for those who have been members of the fitness center for a set period of time. Finally customer loyalty will be increased by the customer satisfaction of the YGN Fitness Center. To increase satisfaction of customer, fitness centers should improve physical and personnel factors and other service factors.

### **5.3 Needs for Further Research**

This research focuses on defining the factors influencing YGN fitness center's customer satisfaction and customer loyalty. It is only limited to one specific fitness center, YGN Fitness Center. More studies should therefore aim to analyze other fitness centers and compare different fitness centers. In addition, the problem in this research is the small sample size and time and resource limitations. The survey questions were collected from only 150 respondents who have been member at YGN Fitness Center in Yangon. The survey therefore does not cover the entire country or even the satisfaction of the entire city with YGN Fitness Center's customer loyalty. In Myanmar market, different cities and different regions have different consumer behaviors. In order to interpret the data more reliably, more analysis should take a large sample size of respondents from different cities. In addition, other variables such as services, size, and promotion should be used in future research as measuring tools for YGN fitness center customer satisfaction.

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## APPENDIX (A)

### YANGON UNIVERSITY OF ECONOMICS DEPARTMENT OF MANAGEMENT STUDIES MBA PROGRAMME

#### Questionnaire for Factors Influencing on Customer Satisfaction and Loyalty of YGN Fitness Center

This questionnaire is only for MBA thesis required to submit for the attainment of MBA degree conferred by Yangon University of Economics. It is not related to any other business purpose or any person. Please kindly provide feedback to this questionnaire and we do appreciate for your time. All the data will be strongly kept confidential.

Section (A) :General Information(Please indicate the most appropriate response with (✓ )

1. **Gender**

Male

Female

2. **Age Group**

Under 25 years

25-34 years

35-44 years

Older than 45 years

3. **Marital Status**

Single

Married

Others

4. **Educational Level**

High School

Under Graduate

Graduate

Post Graduate

5. **Monthly Income**

Below 200,000 MMK

200,001 – 400,000 MMK

400,001 – 600,000 MMK

600,001 – 800,000 MMK

Above 800,000 MMK

6. **Membership Type**

Below 3 months

3 – 6 months

7 – 9 months

10 – 12 months

Above 12 months

7. **Visit to the Fitness Center**

Below 3 times per week

3 – 5 times per week

6 – 8 times per week

Above 8 times per week

Section (B) :Questions related to factors influencing on customer satisfaction

Please indicate the most appropriate response with the scale given below;

5= Strongly Agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

	<b>Physical Factors</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	The fitness center has adequate space.					
2.	The lockers are convenient to use.					
3.	The center is clean.					
4.	The center has a variety of equipment.					
5.	The equipment are in good condition.					
6.	The restroom and dressing room are convenient to use.					
7.	The location is convenient.					

	<b>Personnel Factors</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	Trainers and staffs are helpful and friendly.					
2.	Trainers and staffs have quick response to customer complaints and inquire.					
3.	Trainers provide good motivation to customer.					
4.	Trainers and staffs keep privacy of customer information.					
5.	Trainers and staffs are competent.					

	<b>Supporting Service Factors</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	The center provides appropriate consultation for customer.					
2.	The center provides appropriate background music.					
3.	The center provides car parking.					
4.	The center provides first-aids for ailment.					
5.	The center provides refreshments.					

	<b>Outcome Factors</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	Exercising in the center improve my health.					
2.	Exercising in the center help me to be relaxed.					
3.	Exercising in the center reduces my stress.					
4.	Exercising in the center help me keep my body fitness.					
5.	Exercising in the center gives me the chance to be social.					

### **Section (C) :Questions related to Customer Satisfaction**

Please indicate the most appropriate response with the scale given below;

5= Strongly Agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

	<b>Customer Satisfaction</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	I am pleased with the overall service of the center.					
2.	I believe the center is good choice among other fitness centers.					
3.	The service provided meets my expectations.					
4.	Being a member of the center is worthwhile.					
5.	I feel happy as a member in the center.					

### **Section (D) :Questions related to Customer Loyalty**

Please indicate the most appropriate response with the scale given below;

5= Strongly Agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

	<b>Customer Loyalty</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	I will continue my membership in the center.					
2.	I will recommend the center to the others.					
3.	I trust the center for my well-being.					
4.	I monitor the activities of the center through social media.					
5.	I will recommend the center to improve their service.					

## APPENDIX (B)

### Output of the SPSS

#### (1) Factors Influencing Customer Satisfaction of YGN FITNESS CENTER

##### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate	Durbin-Watson
1	.692 <sup>a</sup>	.479	.465	.44446	1.426

a. Predictors: (Constant), Outcome Factors Mean, Physical Factors Mean, Supporting Service

Factors Mean, Personnel Factors

b. Dependent Variable: Customer Satisfaction Mean

##### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	26.331	4	6.583	33.323	.000 <sup>b</sup>
	Residual	28.644	145	.198		
	Total	54.975	149			

a. Dependent Variable: Customer Satisfaction Mean

b. Predictors: (Constant), Outcome Factors Mean, Physical Factors Mean, Supporting Service Factors Mean, Personnel Factors

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.524	.439		-1.195	.234		
	Physical Factors Mean	.671	.078	.572	8.586	.000	.809	1.237
	Personnel Factors	.385	.093	.280	4.148	.000	.788	1.269
	Supporting Service Factors Mean	-.016	.075	-.014	-.219	.827	.839	1.192
	Outcome Factors Mean	.087	.082	.070	1.057	.292	.817	1.224

**(2) Analysis on Customer Satisfaction and Customer Loyalty of YGN FITNESS CENTER**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate	Durbin-Watson
1	.813 <sup>a</sup>	.662	.659	.34906	2.667

a. Predictors: (Constant), Customer Satisfaction Mean

b. Dependent Variable: Customer Loyalty Mean

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig
1	Regression	35.271	1	35.271	289.473	.000 <sup>b</sup>
	Residual	18.033	148	.122		
	Total	53.304	149			

a. Dependent Variable: Customer Loyalty Mean

b. Predictors: (Constant), Customer Satisfaction Mean

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.795	.165		4.819	.000		
	Customer Satisfaction Mean	.801	.047	.813	17.014	.000	1.000	1.000

a. Dependent Variable: Customer Loyalty Mean