The Relationships between Service Quality, Satisfaction, and Purchase Intention of Customers at Non-Profit Business

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Abstract: Many of business organizations in a saturated market seek methods of both retaining existing and attracting new customers based on providing quality services. The purpose of this study is to examine the relationships between service quality, satisfaction, and purchase intention in the context of a non-profit business. The questionnaire consisted of four sections with 34 items: (1) service quality, (2) satisfaction, (3) purchase intention, and (4) demographics was developed from previous studies. Data were collected from the customers at the non-profit business in the Midwest region of the United States of America. Collected data were preceded by a step-wise analysis including reliability tests, descriptive statistics, and a path analysis. Results revealed that customers at the non-profit fitness business rated tangibility highest (M=6.10) followed by assurance (M=5.83) and responsiveness (M=5.76). Path Analysis is utilized to examine a model linking service quality, customer satisfaction, and purchase intention by the customers at the non-profit business. Relationships between service quality variables except tangibility and satisfaction appeared statistically significant. In addition, the relationship between satisfaction and purchase intention showed statistically significant; however, the direct relationship between service quality variables and purchase intention did not indicate statistically significant result. This study is important to administrators of the non-profit business, in particular in the fitness industry, to understand complicated nature of the customers’ decision-making process to purchase the service again.

Keywords: Service quality, Satisfaction, Purchase intention, non-profit business

1. INTRODUCTION

In recent years, competition for customers has been increasing in both for-profit and non-profit businesses. Many of business organizations in a saturated market seek methods of both retaining existing and attracting new customers based on providing quality services (Al-alak & EL-refae, 2012). Non-profit business is an organization or a corporation that operates the business for the profit of the general public without shareholders and not seeking profits as a primary business goal. In particular, fitness businesses such as sports centers and fitness clubs have been struggling with financial difficulties due to intense competitions (Lee, 2016). As the business environment in the fitness related businesses becomes more competitive, administrators begin to pay attention to develop and implement effective marketing strategies based on understanding the customers comprehensively.

Fitness and wellness businesses (e.g., fitness centers, athletic training facilities) have garnered attentions from public as the exercise has been becoming popular and higher rate to participate in leisure activities. However, non-profit sports/fitness businesses are facing a great deal of challenges as they are highly dependent on the customers’ demand to generate both organizational and financialstabilities based on retaining and recruiting customers. Previous studies suggest that quality of the services is, in fact, a prediction of customers’ satisfaction and future-purchase intention (Cronin et al., 2000; Kim-Soon, Rahman, &Visvalingam, 2014). Perceived service quality and satisfaction may influence service loyalty within an organization (Lee, 2016). The reliance on customers for service providers suggests the importance of periodically evaluating the quality of the service provided.

Service quality is an important factor for understanding customers’ decision-making process and also affects the building of customer loyalty and repeated consumption patterns. In other words, understanding
customers’ perceptions on service experiences has been always important to the service organizations (Al- alak & EL-refae, 2012). Even though, there have been various studies on the relationships between psychological factors and purchase intention, studies on sports/fitness businesses have been limited to satisfaction, word of mouth, and revisit intentions (Kang & Park, 2012; Zeithaml, Bitner, & Gremler, 2006). In addition, little attention has been given to examining the impact of service quality on satisfaction and purchase intention for the non-profit businesses. Based on aforementioned commentary, the purpose of the present study is to examine the relationships between service quality, satisfaction, and purchase intention at the non-profit fitness business.

II. LITERATURE REVIEW

Service Quality

Increasing competition in the service sector of business has shifted managers to focus on service quality to sharpen their advantage over competitors (Wang, Lo, & Yang, 2004). More specifically, service quality is believed to be vital to the success and bottom line profitability of fitness and sports businesses. Service quality is a highly utilized concept due to its direct and indirect relationships with perceived value, customer satisfaction, and repurchase intention (Yu et al., 2014). Leading scholars have suggested the most important factor in customer satisfaction is providing quality services (Yong & Pastore, 2004). As the market competition heightens, customers’ expectations also rise to receive more benefits and better quality of service (Tsitskari, Tsiotras, & Tsiotras, 2006). The quality of a service is determined by the perception of the customers (Kim-Soon et al., 2014). Although there is no consensus amongst researchers of a single definition of service quality, the definitions revolve around the result of comparing the customer’s expectation for the service and the perception of the service performance (Caruana, 2002). Brady & Cronin (2001) claim that most scholars are in agreement with the importance and effects of service quality, as the relationship to desirable consumer outcomes have been indicated. Due to the uniqueness of non-profit fitness and wellness business as a service, in which the customers are actively participating in the fitness and wellness related programs, service quality is deemed to be of high importance for the administrators (Theodorakis, Howat, & Avourdadiou, 2014).

Previous studies reveal the controversial issue of measuring service quality (Thamnopoulous, Tzetis, & Laios, 2012). According to Tsitskari et al. (2006), service gap is the term used to describe the difference between a consumer’s expectations of the service and the outcome of the service performed. Ambiguous service expectations of the consumer, improper service quality standards, and inconsistencies in the stated service and performance of the service are the main service gaps identified in previous studies. The aforementioned service gaps have elicited numerous studies to be conducted to determine an objective method of evaluating services in different sectors (Tsitskari et al., 2006). This has forced scholars to explore the concept of service quality with a multi-dimensional approach. In particular, Papadimitrious and Kartelliotis (2000) claim that the multiple dimensions of service quality vary between different service sectors, as well as different countries.

Dimensions of Service Quality

Perhaps the most prevalent scale in service quality is the SERVQUAL instrument (Parasuraman, Berry, & Zeithaml, 1988). The SERVQUAL is the most extensive and successful measurement of service quality (Kitapci, Dortyol, Yaman, & Gulmez, 2013). Despite the great deal of conceptual criticism, the instrument’s reliability and validity have been proven across various service contexts (Bloomer, Rueter, & Wetzels, 1999). An earlier model proposed 10 dimensions of service quality: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer, and tangibles (Parasuraman, Zeithaml, & Berry, 1985). However, Parasuraman et al. (1988) redefined the SERVQUAL model with five dimensions: tangibility, reliability, responsiveness, assurance, and empathy. Tangibility concerns the physical facilities, equipment, and appearance of employees. Cleanliness and overall design of the facilities is also considered. Reliability relates to the evaluations of whether the service was delivered as promised. It also refers to being dependable to perform the service as expected (Bloomer, Rueter, & Wetzels, 1999). Responsiveness refers to how prompt the staff resolves the customer’s problems and their willingness to help the customer (Kitapci et al., 2013). Assurance refers to the expertise of the staff and their ability to inspire confidence in performing the service. It also refers to the courteousness of the employees. Lastly, empathy evaluations include how caring the organization is and how attentive they are to each individual.

However, a variety of models to measure service quality have been developed and proposed in the hospitality, tourism and sports service sector. Ko and Pastore (2007) proposed the Scale of Service Quality in Recreational Sports (SSQRS). The scale was developed based on a current conceptualization of the multidimensional and hierarchical models of service quality by the work of Brady and Cronin (2001) and Dabholkar, Thorpe, and Rentz (1996). SSQRS measures the quality perceptions of participants in recreational sports programs that includes items in four dimensions of service quality: program quality, interaction quality, outcome quality, and physical environment. Yu et al. (2014) used the Service Quality Assessment Scale based
on fitness business contexts which included five dimensions: staff, program, locker room, physical facility, and workout facility. Similarly, Brady and Cronin (2001) proposed a three-dimensional model, including physical environment (location of service), technical quality (outcome), and interaction quality (relationships between staff and customer).

Satisfaction

Customer satisfaction is a crucial determinant of business performance and tracking of the service quality can allow for leveraging in the market (Kitapci, Akdogan, &Dortyol, 2014). High quality services have been proven to enhance customer satisfaction, which, in turn, creates consumer loyalty to the service provider (Yu, et al., 2014). Cronin et al. (2000) supported the concept of service quality as an antecedent to satisfaction while Tsuji, Bennett, and Zhang (2007) found that service quality was a sufficient predictor of customer satisfaction. Satisfaction is frequently expressed using the disconfirmation approach, which compares the difference between the customer’s expectations of the service pre-purchase and the perceptions of how the service was performed post-purchase (Shonk&Chelladurai, 2008). Customer satisfaction is defined as the overall satisfaction of the customers based on assessing cumulative experiences with a specific service (Theodorakis, et al., 2001). However, Giese and Cote (2000) conducted research to describe customer satisfaction using a three-dimension model that consisted of overall affective response varying in intensity, response is directed at a focal point of consumption, and response occurs at a specific and limited time. It is also important to mention that satisfaction is agreed to be a post-choice judgement which measures the fulfillment of the customer (Thannopoulos et al., 2012). Conversely, satisfaction can be clouded by prior experience, personal needs, and reviews from others of the service (Wu, Li, & Li, 2014).

Several studies have found that satisfaction with a service has a stronger relationship with outcome variables when measuring based on the cumulative services, rather than a one-time experience (Homburg, Koschat, & Hoyer, 2005; Jones & Suh, 2000; Olsen & Johnson, 2003). A customer who is highly satisfied is much more likely to return to the service, showing commitment to the program or organization, which eventually forms loyalty (Ko&Pastore, 2007). Bodet (2012) had similar findings. The more satisfied a customer is, the more likely they will view their decision to consume the service positively. Ultimately, increasing commitment by the customers will result in building resistance to change to other service provider (Bodet, 2012). Unsatisfied customers typically have lower intentions of repurchasing the service than satisfied customers (Zhang et al., 2008). Complaint behavior is also more prevalent amongst dissatisfied customers than satisfied customers (Zhang & Bloemer, 2008). Complaint behavior is described as a dissatisfaction or objection to the seller (Yu et al., 2014).

Purchase Intention

Measuring purchase intention is a highly effective tool for predicting future consumer behaviors in repurchasing and recommending the service to others (Byon, Zhang, & Baker, 2013). According to Baker and Crompton (2000), behavioral intentions are consisted of two dimensions: intent to return and the willingness to pay more for the service. The greater intention the consumer has, the likeliness of that consumer to make their intentions actionable increases (Byon et al., 2013). Previous studies found that the best alternative to measuring consumption behavior at the moment of purchase is to measure future purchase intention. This is oftentimes a much more feasible method of understanding the consumer, as surveys would be difficult to conduct at the point of purchase (Cronin et al. 2000). The purchase intention construct has a multi-dimensional nature (Theodorakis et al., 2001). Recommend intentions, willingness to pay, and repurchase intentions were identified by Zhang and Bloemer (2008) as the three dimensions of purchase intention. However, Brady et al. (2005) identified two dimensions relating to recommend intentions and included two other items: one to rate the loyalty to the organization and one to measure previous usage of services provided.

Relationship between Service quality, Satisfaction, and Purchase Intention

Baker and Crompton (2000) measured the association between quality and satisfaction of returning customers at fitness and wellness businesses. The factors of quality, satisfaction, and purchase intention were measured amongst the 141 guests returning. Results of the study revealed that the commitment to return to the service and the willingness to pay more for the service was greatly affected by the quality of service and satisfaction of the consumer. A similar study established the role of satisfaction as a mediator between service quality and purchase intention. Purchase intention included the intent to return and the willingness to recommend the organization to others through word-of-mouth communications (Howat, Crilley, & Mcgrath, 2008). Nietos et al. (2015) confirmed the association between service quality, satisfaction, and purchase intention in the recreational setting of a Greece theme park. Their study revealed a high positive relationship between service quality and customer satisfaction, along with customer satisfaction and behavior intentions. The study also showed a positive correlation between service quality and behavior intentions. A study conducted by
Tzetzis et al. (2013) on a small-scale recreational event also established the relationship between service quality, satisfaction, and purchase intention. The researchers found that perceived satisfaction was partially mediated the relationships between service quality and word-of-mouth communications. Their results also showed that satisfaction also acts as a partial mediator between service quality and the intent to repurchase.

In addition, Yu et al. (2014) discovered that service quality and customer satisfaction negatively influenced complaint behavior with significance. This result confirmed that service quality had a direct impact on customer satisfaction. In turn, repurchase intentions were directed effected by customer satisfaction. Another study conducted by Kitapci et al. (2014) found that empathy and assurance among service quality constructs are important antecedents of customer satisfaction. The researchers also discovered a direct connection between satisfaction and repurchase intentions. However, they found that there was no significant influence on satisfaction from the dimensions of responsiveness, reliability, and tangibles. Although the relationship between quality attributes, satisfaction, and purchase intention have been explored in many difference industry sectors, the relationship has been merely explored in the context of the non-profit business. In order to achieve the purpose of the current study, following research model was proposed to examine multi-dimensional relationships among service quality, satisfaction, and purchase intention. To accomplish the purpose of the current study, following research hypotheses and a corresponding proposed model (Figure 1) were developed:

**Research Hypotheses**

H1: There is a positive relationship between service quality and purchase intention.

H2: There is a positive relationship between service quality and satisfaction.

H3: There is a positive relationship between satisfaction and purchase intention.

![Figure 1: Research model of path analysis](image-url)

**III. METHODOLOGY**

The questionnaire consisted of five sections with 33 items: (1) service quality, (2) satisfaction, (3) purchase intention, and (4) demographics. Service quality was consisted of 22 items under 5 factors such as tangibility (SQT), reliability (SQR), responsiveness (SQRP), assurance (SQA), and empathy (SQE) were derived from the SERVQUAL (Parasuraman et al., 1988). In addition, satisfaction (STF) was measured using 3 items derived from previous study (Oliver, 1997) while purchase intention (PI) were measured by using 3 items that were adopted from previous studies (Lee, 2016). Lastly, various socio-demographic variables (e.g., gender, age, household income, highest education, and duration of being customer) were included in the questionnaire.

The data were collected through employing a random survey collection and a self-administered method among customers at the non-profit fitness/wellness business in the Midwest region of the United States of America. A total of 372 surveys were collected using convenience sampling. After the elimination of the outliers and uncompleted surveys, a total of 356 surveys were utilized for further analyses (N=356) including 144 (40.4%) males and 212 (59.6%) females. The majority of subjects (73%) were aged between 30 and 49. Also, 57% of respondents held beyond the college degree of education. An annual house hold income for 26.1% of respondents was between $40,000 to $69,999 and for 23% was between $70,000 to $99,999. Over two-third of participants of the current study have been a customer of the non-profit business over three years.
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Collected data were preceded in a step-wise analysis including Cronbach’s alpha values and validity tests, descriptive statistics, and a path analysis using SPSS Version 23.00 and AMOS Ver. 21.0 statistical packages. In particular, path analysis was utilized to determine the pathways by which the psychological variables that influence purchase intention toward the non-profit business. To examine the relationships between service quality, satisfaction, and purchase intention, a full multivariate analysis was conducted to obtain the true nature of the associations. A structural model with both latent and manifest variables was tested using a covariance matrix as input and maximum likelihood estimation in order to obtain a comprehensive view of the associations between the predictor and dependent variable.

IV. Results

Descriptive Statistics

Among five different service quality items, the mean score of ‘Service Quality of Tangibility’ was the highest (M= 6.10, SD= .89) and ‘Service Quality of Reliability’ was the lowest (M= 5.66, SD= 1.16). Also, ‘Satisfaction’ showed (M=5.72, SD=1.37) higher mean score than ‘Purchase Intention’ (M=5.44, SD=1.51). Table 1 summarizes the descriptive statistics of the all variables in the measured model.

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Reliability and Validity of the Survey

The reliability, Cronbach’s alpha, for each subscale was measured, when the coefficient value was greater than .70, it was considered as an acceptable level to get adequate internal consistency (Nunnally& Bernstein, 1994). The alpha values were ranged from .726 (Purchase Intention) to .973 (Satisfaction) which indicated that the scale was reliable to use it for further statistical analyses. Also, based on the correlation result, the validity of each construct was determined with the correlation result. To get an acceptable level of validity, the correlation value should not greater than .85 (Kline, 2005). The Table 2 indicates the correlations among variables. Several correlations indicated marginally higher value than the criterion of .85 but those variables were retained to use for the path analysis based on theoretical evidences from the previous research.

Path Analysis

The hypotheses testing was conducted by examining the measured model to reveal statistically significant results. The results of path analysis appeared in Figure 2. Anchored on each casual path are the unstandardized regression coefficient with p-value. Except for one casual path (i.e., between Service Quality Tangibility’ and ‘Satisfaction’), all hypothesized relationships between ‘Service Quality’ variables and ‘Satisfaction’ appeared statistically significant (p< .05). Also, the hypothesized relationship between ‘Satisfaction’ and ‘Purchase Intention’, showed statistically significant as well (p< .001). However, the direct relationships between ‘Service Quality’ variables and ‘Purchase Intention’, never indicated statistically significant relationship each other (p< .05)
The current study examined the relationships between service quality, satisfaction, and purchase intention of customers at the non-profit fitness business in order to determine the effect of the service quality and satisfaction on the decision-making process for purchasing the services. First, the results suggested that various service quality constructs (e.g., reliability, responsiveness, assurance, and empathy) influence on satisfaction. The positive influence on satisfaction by service quality has been supported by many previous studies. For example, Kitapci et al. (2013) used the SERVQUAL and dimensions of empathy, reliability, responsiveness, tangibility, and assurance. They found that four of the dimensions such as empathy, responsiveness, assurance, and tangibility were considered antecedents to satisfaction. In addition, Kitapci et al. (2014) revealed that empathy and assurance among service quality constructs were significant antecedents of customer satisfaction. However, their study indicated no significant influences on satisfaction from following dimensions of service quality: responsiveness, reliability, and tangibility. The context of their study was within the public healthcare industry, which could explain the differences in salient dimensions compared to the current study. The current study particularly indicates that reliability and responsiveness of service quality constructs have positive impacts on customer satisfaction in the non-profit business. This result confirms the findings from the previous study in the fitness/sports business contexts. For instance, Ko and Pastore (2007) state that all five factors of the service quality have positive influences on satisfaction in the recreational sports setting.

Second, the test results for H3 show that consumers’ perceived satisfaction toward the non-profit fitness business positively influences on the intention to purchase services. Customer satisfaction refers to the overall satisfaction of customers by assessing exchange values after the service in placed (Theodorakis, et al., 2001). In addition, customer satisfaction can be enhanced when high-quality services are provided to the customer; and that cultivates consumer loyalty to the service provider (Yu, et al., 2014). Particularly, the current study reveals that customer satisfaction (β = 0.54) has a powerful influence on the purchase intention which is supported by previous studies. Theodorakis et al. (2001) analyzed three different models to examine the relationships between service quality, value, satisfaction, and purchase intention. Their sample included respondents from four of Greece’s private fitness and sports centers. The findings from the current study also support the argument of satisfaction as a mediator of purchase intention, including repurchase intention and word-of-mouth.

Third, the present research reveals that the service quality of non-profit fitness business was not directly influenced on the purchase intention of customers in the non-profit fitness business. This finding is very interesting since previous studies (Baker & Crompton, 2000; Thannopoulos et al., 2012) in the for-profit business setting indicated significant direct relationships between service quality and purchase intention. One reason that may be considered to interpret the insignificant relationship between service quality and purchase intention is that customers in the non-profit fitness business sector may have different forms of decision-making processes to make consumption behaviors. The non-profit business can be perceived as providing social goods to the community which result in less expectations on the service quality by the service provider. Thus, customers may possess a different perspective on assessing the exchange-value process toward consuming non-profit fitness services with more focused on getting better human services than focusing on the physical manner of facilities, equipment, and outlook of employees in the non-profit fitness business.

Figure 2: Results of path analysis of the measured model

V. DISCUSSION
The current study indicates that customer satisfaction conveys more weight in making a decision to consume the services provided by the non-profit business when compared to service quality, considered as an antecedent. More importantly, the study’s results were relatively consistent with those found in other business contexts such as tourism and entertainment industry. As a conclusion, the current study confirms that service quality is an antecedent to customer satisfaction in the non-profit fitness business. Second, purchase intention was predicted by customer satisfaction. Lastly, service quality was not found to be a direct antecedent to the purchase intention in the non-profit fitness business setting. Managerial implications are also important as the administrators in the non-profit fitness business are battling to garner more supports and attempt to take a good position in the competitive market. Managers and employees of the non-profit fitness business can improve service quality and the reflection of improved service quality will enhance customer satisfaction which combined together to improve customers’ purchase intentions. Effective managerial strategies and training for employees should be considered to enhance service quality (e.g., reliability, responsiveness, assurance, and empathy) and improved satisfaction that can influence current or future customers’ satisfaction which will ultimately result in retaining and recruiting customers. Future research should be conducted analyzing other variables (e.g., demographics, involvement, value, loyalty, etc.) that influence the decision-making process of customers in the non-profit fitness business. One of the limitations of this study is that the current study only collected data from the non-profit fitness business in the U.S which limits the applicability of the findings to other non-fitness businesses in other culture and countries. As the socio-cultural diversities might influence the outcomes of each study, it would be beneficial to conduct cross-cultural research so that the findings can be more valid and valuable to practitioners and academics.

References


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