



## ORIGINAL ARTICLE

## Designing a Profitability Model for Sports Clubs based on Perceived Value, Customer Satisfaction and Loyalty

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## KEY WORDS

Customers;  
Loyalty;  
Perceived value;  
Profitability;  
Satisfaction;  
Sports club

## ABSTRACT

The purpose of this research is to design a sports club profitability model based on the effect of customer perceived value on the profitability of sports club customers through customer satisfaction and loyalty. Descriptive-correlation type research and the statistical population of this research had two populations (the first population included managers and the second population included sports club customers), and finally 20 managers and 362 customers were randomly selected as samples. Profitability of club customers was measured through open-ended questions and financial information of the club using Excel software, as well as measurement of variables of perceived value, customer satisfaction and loyalty using standard questionnaires. The results showed that customer perceived value, customer satisfaction and customer loyalty each have a direct positive effect on customer profitability, and the direct effect of loyalty was greater than other variables. The customer's perceived value also indirectly causes customer profitability of sports clubs through customer satisfaction and customer loyalty, and customer satisfaction also indirectly causes customer profitability of sports clubs through customer loyalty. Sports clubs should always try to improve through perceived value, affect customer satisfaction and customer loyalty and achieve their goals in terms of increasing the profitability of club customers. Also, according to the results of this research, what club managers should pay special attention to in increasing customer profitability is customer loyalty. The more customer loyalty increases, the more long-term customers in the clubs increase, and this causes more profit and income for the clubs and its survival and growth.

### Introduction

Today's organizations operate in the era of customer-oriented economy, where the customer is the real ruler of the market. Organizations have realized that the loss of a customer means the loss of the entire flow of purchases that the customer makes throughout his life (Shafiei *et al.*, 2017), if the organizations active in the

competitive market cannot keep their customers, their market share will decrease. They give up and will not be able to survive (Jahanian *et al.*, 2017). Paying attention to customers is one of the main concerns of organizations and they try to attract and retain customers and turn them into permanent and loyal

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customers. Emphasis lies largely in customer relationship management. Perceived value as one of the internal factors is one of the most important influencing factors in purchasing behavior, which consists of understanding the individual values, attitudes, needs and expectations of sports consumers through observing, collecting, evaluating and interpreting the signs they show (Alizadeh and colleagues, 2018). It can be acknowledged that satisfaction is a variable that is related to expectations and is very important in determining the level of customer loyalty (Nazari *et al.*, 2018). In such a way that if we want to go above the border of customer satisfaction and reach completely satisfied customers, the phenomenon of loyalty will be formed. In fact, loyalty is a special attribute of completely satisfied customers and these types of customers continue to buy (Aliyar *et al.*, 2017). Today, sports clubs have become one of the important pillars of the health system due to their impact on human health and have become one of the most important and largest industries in the world, which are considered large economic organizations due to the high volume of financial exchanges and human resources. Different and their condition have become very important (Esmaili *et al.*, 2018). Also, sports clubs provide sports services that have a luxury aspect for different types of customers, and due to the luxury of sports services, people are careful with the costs associated with it. Customers usually go to organizations during their leisure time. They refer to sports, while in the field of sports there is an emotional investment such as a sense of belonging and supporting clubs, so these factors probably lead to much higher expectations of sports organizations than other service providers. Therefore, investing in the quality of services and developing strategies to ensure customer satisfaction and loyalty are important activities that sports marketers should design to stimulate athletes in the field of general and championship sports to attend clubs (Yoshida and James, 2010), because Customers are the source of clubs' profitability (Ghibi *et al.*,

2018) and in this way they can create customer profitability for the club. Finally, according to the changes in the leading environment, sports clubs as one of the important and influential sports organizations in the development of sports among the people, the scope of the current research is to identify the customer profitability model, following the perceived value, satisfaction and loyalty of Customers.

## **Materials and Methods**

This research is an applied research in terms of research purpose and a correlational type in terms of descriptive method; In order to design the model, structural equations (SEM) were used. Also, the data was collected online and in person using the opinions of customers (perceived value, customer satisfaction and customer loyalty) and managers (calculation of customer profitability from the financial statements of the club). Also, in this research, the researcher has tried to accurately and completely describe the existing situation without any interference or mental inference. The statistical population of the current research consists of two categories of customers and managers of sports clubs in Tehran city that were active in 1400. Which will be selected in the form of cluster sampling and in the next stage of available sampling. According to the divisions of the Sports Department of Tehran city, it is divided into five regions and five clubs will be selected from each region, and the researcher will use the questionnaire by referring to the clubs. 15 users of the club and the manager put it and collect it after completion. According to the implementation of the structural equations, at least 200 completed questionnaires are needed, which is enough for each club to fill out 15 questionnaires. In total, 400 questionnaires were returned, of which 362 questionnaires it was complete and usable. First-order factor analysis was performed for the perceived value variable. The results of the first-order confirmatory factor analysis of perceived value showed that the model for measuring perceived

value is appropriate. The measurement models in the standard estimation mode show the effect of each item in explaining the variance of the main factor scores. For example, for the economic value of the item (0.60) more than the item (0.57), it has been able to explain the variance of the economic value factor. In other words, the correlation of this item with the mentioned factor and the effect it has on it is more than the second item. In this research, descriptive statistics were used to determine frequency, percentage, mean and standard deviation. For this purpose, the demographic information of the subjects and the dependent variables of the research were

investigated using SPSS software. Then, to measure the validity of the tools, i.e. confirmatory factor analysis, Lisrel software was used and for inferential statistics.

## Results

As the information from Table 1 shows, the customer's profit at the end of the one-year period is obtained from the result (gross profit - total recruitment costs), and the total recruitment costs are from the result (direct customer recruitment cost + marketing cost for customer acquisition + termination with the customer), has been achieved.

**Table1.** Distribution of the frequency of recruitment costs by clubs (tomans).

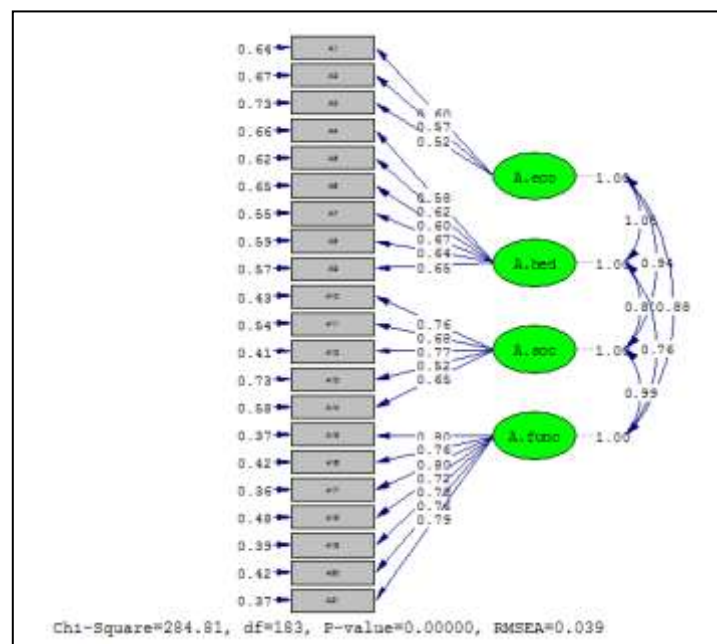
Club statistics	Total customer profitability of each club	All recruitment costs	Customer Termination Fees	Marketing costs to attract customers	Costs of direct customer acquisition
1	7280000	2600000	300000	700000	1600000
2	21400000	8300000	1200000	3000000	4100000
3	18100000	4700000	600000	1500000	2600000
4	13750000	9000000	1800000	3000000	4200000
5	15470000	2880000	120000	2500000	2600000
6	10800000	3100000	300000	900000	1900000
7	13540000	1800000	400000	500000	900000
8	7580000	5500000	1400000	2500000	1600000
9	7160000	5700000	1300000	2200000	2200000
10	9590000	7700000	1700000	2800000	3200000
11	15670000	6100000	1400000	2500000	2200000
12	15980000	3300000	500000	1200000	1600000
13	14130000	3700000	400000	1000000	2300000
14	11360000	1000000	200000	300000	500000
15	11350000	4000000	800000	1500000	1700000
16	12550000	1350000	250000	400000	700000
17	10010000	4850000	650000	1800000	2400000
18	11780000	6500000	1300000	2300000	2900000
19	10690000	2700000	700000	900000	1100000
20	10770000	5600000	1100000	2100000	2400000

**Table 2.** Summary of measurements by clubs for each customer (tomans).

statistics Gym	Average profitability of each customer	Termination fees per customer	Average marketing costs per active customer	The average cost of attracting each customer
1	29120	6000	2800	16000
2	53500	24000	7500	20500
3	44146.34146	6976.744186	3658.536585	14772.72727
4	39970.93023	22500	8720.930233	31111.11111
5	42972.22222	1263.157895	6944.444444	1793.103448
6	34285.71429	4000	2857.142857	15833.33333
7	49236.36364	8888.888889	1818.181818	12000
8	33688.88889	14736.84211	11111.11111	14545.45455
9	29833.33333	16250	9166.666667	18333.33333
10	23975	14166.66667	7000	22857.14286
11	41786.66667	20000	6666.666667	15172.41379
12	54169.49153	5882.352941	4067.79661	16000
13	57673.46939	3809.52381	4081.632653	19166.66667
14	50714.28571	6666.666667	1339.285714	8474.576271
15	45400	13333.33333	6000	17000
16	58372.09302	8333.333333	1860.465116	10000
17	35122.80702	8125	6315.789474	24000
18	29822.78481	10833.33333	5822.78481	20000
19	46885.96491	35000	3947.368421	18644.0678
20	38056.5371	15714.28571	7420.4947	19512.19512

Figure 1 Perceived value measurement model using confirmatory factor analysis in standard estimation mode the measurement models in the standard estimation mode show the effect of each item in explaining the variance of the main factor scores. For

example, for the appearance of the club, item 3 (0.82) more than item 1 (0.78), has been able to explain the variance of the appearance of the club. In other words, the correlation of this item with the mentioned factor and the effect it has on it is more than the first item.



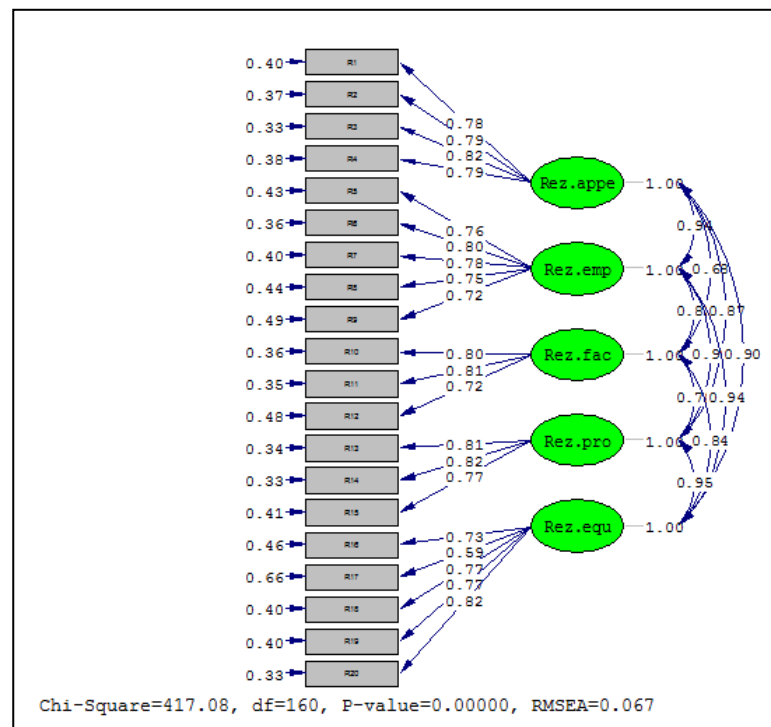
**Table 3.** Fit indices for customer satisfaction variable.

variable	CFI	NNFI	NFI	RMSEA	2 / df $\chi$	P- Value	df	2 $\chi$
Customer satisfaction	0.99	0.99	0.98	0.067	2.61	0.000	160	417.08

The output of the significance part of the obtained coefficients and parameters of the customer satisfaction measurement model shows that all the obtained coefficients are significant. The significance test value of each item is greater than +2.58.

Chart 8-4- Customer satisfaction measurement model using confirmatory factor analysis in standard estimation mode Second-order factor analysis was performed for customer loyalty variable. The results

of the first-order confirmatory factor analysis of customer loyalty showed that the customer loyalty measurement model is appropriate. The results showed that the fit indices for the customer loyalty variable have a better goodness of fit (Table 4). The appropriateness indicators of the measurement model are as follows, which indicate the appropriateness of the customer loyalty measurement mode.

**Table 4.** Fit indices for customer loyalty variable.

Variable	CFI	NNFI	NFI	RMSEA	2 / df $\chi$	P- Value	df	2 $\chi$
Customer loyalty	0/99	0/99	0/99	0/065	2/52	0/0249	19	47/95

The next output shows the significant part of the obtained coefficients and parameters of the customer loyalty measurement model, that all obtained coefficients are significant. The significance test value of each item is greater than +2.58 (Chart 11-4).

## Discussion

Today's organizations operate in the era of customer-oriented economy, where the customer is the real ruler of the market. If the organizations active in the competitive market cannot keep their customers, they will lose their market share and will not be able to survive. The results of the research indicated that the perceived value of the customer has a significant

effect on the profitability of sports clubs. Other studies (Rangebrian *et al.*, 2013; Alizadeh *et al.*, 2014) confirm the hypothesis. Research results show that one of the factors that plays a major role in maintaining and increasing customers and, as a result, the profitability and success of organizations, is the perceived value of services (Ahmadi Alwar and Pourashraf, 2016). In other words, the customer's perceived value leads to the customer's profitability. Therefore, in order to improve the perceived value, clubs can provide competitive prices and payment terms for their customers compared to their competitors. It is suggested that the fitness club, in addition to accurately identifying the needs and expectations of the customers, obtain accurate information from their competitors in the market and always monitor their activities and actions because in today's dynamic competitive environment of the club, the expectations of the customers and the perceived value They are influenced by the competitors' activities, and this influence has an effect on the mentality of the club's customers. The customer's perceived value has a significant effect on the customer satisfaction of sports clubs. The direct relationship between these two variables was confirmed with a path coefficient of 0.54. Other studies (Aliyar *et al.*, 2017) confirm this hypothesis. The direct relationship between these two variables was confirmed with a path coefficient of 0.17. Other studies also (Ahmadi Alvar and Pourashraf, 2016; Broumand and Khodaparast, 2017; Rahi, 2016; Jiang *et al.*, 2015).confirm this hypothesis. Based on the results of this hypothesis and the background of the research, it is suggested that private gyms create value for current and potential customers based on their needs and desires and in the form of high quality services, because in this case they can meet the needs and expectations of customers and their behavior has influenced them, causes them to return to the organization and leads to the loyalty of the customers of fitness clubs. Customer satisfaction has a significant effect on the profitability of the customers

of sports clubs. The direct relationship between these two variables was confirmed with a path coefficient of 0.13. Other studies (Raji and Zainal, 2016; Malik, 2015) confirm this hypothesis. That is, customer satisfaction leads to customer profitability. According to the results of this hypothesis and the background of the research, it is suggested that due to the importance of customers, especially in private clubs (Kazemi *et al.*, 2014), the management of sports clubs should use their efforts in gaining customer satisfaction and providing quality services and periodically evaluate the level of customer satisfaction of the club. Customer loyalty has a significant effect on customer profitability in sports clubs. The direct relationship between these two variables was confirmed with a path coefficient of 0.76, which indicated a significant relationship between these two variables. Other studies (Asanlo and Khodami, 2014) confirm this hypothesis. Therefore, based on the results of this hypothesis and the research conducted in this field, it can be said that customer loyalty is related to customer profitability in sports clubs. That is, customer loyalty leads to customer profitability. It is suggested that private clubs increase the percentage of customer loyalty to maintain customers. Customer satisfaction has a significant effect on customer loyalty in sports clubs. The direct relationship between these two variables was confirmed with a path coefficient of 0.56, which indicates a significant relationship between the two. It was variable. Other studies (Karubi *et al.*, 2013; Soleimani *et al.*, 2014; Najafi *et al.*, 2015; Rutting, 2004; Babika and Wolf, 2006; Bodet, 2008; Kane and Pribotak, 2009) confirm this hypothesis. In line with the results of this hypothesis, Esadi and colleagues (2019) also showed a positive and significant effect in investigating the effect of perceived value on word-of-mouth marketing (loyalty), with the mediating role of customer satisfaction among bank customers. Aliyar *et al.* (2017),therefore, based on the results of this hypothesis and the research conducted in this field, customer satisfaction mediates the effect of perceived

value on customer profitability positively and significantly but weakly. Based on the results of this hypothesis, it is suggested that sports clubs should identify what causes customer satisfaction in order to obtain customer profitability, which is one of the components of customer perceived value, and consider this issue as a starting point for this path. Perceived value through customer loyalty (mediating variable) has a significant effect on the profitability of sports clubs. Interpretation: The indirect relationship between perceived value through customer loyalty and customer profitability was confirmed with a path coefficient of 0.13. Also, the customer's perceived value directly affects the customer's profitability with a path coefficient of 0.10, customer loyalty directly with a path coefficient of 0.76 and indirectly through the loyalty variable with a path coefficient of 0.13. As the results show, according to the mentioned path coefficients, the direct relationship between customer loyalty and customer profitability is stronger than the direct relationship between customer's perceived value and profitability, as well as the indirect relationship between customer perceived value and the mediation of customer loyalty and customer profitability. In line with the results of this Alizadeh *et al.*'s hypothesis (2018) showed that there is a positive and significant causal relationship between the perceived value, loyalty and purchasing behavior among the spectators of the Tabriz tractor manufacturing club. It is suggested that a higher value is always presented to the audience in order to maintain and strengthen customer loyalty. Therefore, emphasizing the perceived value and, in other words, paying attention to the needs and fulfilling them can improve the loyalty of sports club customers. Based on this, club managers should take steps to improve customer value in order to increase customer loyalty. Customer perceived value with customer satisfaction and customer loyalty (mediating variables) has a significant impact on the profitability of sports clubs. The indirect relationship between perceived value through customer satisfaction and loyalty on customer

profitability was confirmed with a path coefficient of 0.23. Also, the customer's perceived value directly affects the customer's profitability with a path coefficient of 0.10 and indirectly through the loyalty variable with a path coefficient of 0.13 and also through the satisfaction variable with a path coefficient of 0.07. According to the mentioned path coefficients, the indirect relationship between the perceived value of customer profitability and the mediation of customer satisfaction and loyalty is stronger than the indirect relationship of each of the mediating variables alone with profitability, that is, the perceived value of the customer through the mediation of customer satisfaction and loyalty leads to Increasing customer profitability in private fitness clubs. Some researches also show a positive and significant relationship between loyalty and profitability or purchasing behaviors among customers in different service and production organizations. Sports clubs can plan using the results of the analysis of this information in order to improve the perceived value of customers and the quality of services they receive from the organization and to improve the perceived value of customers in order to increase customer satisfaction and loyalty. And thus increase customer profitability for clubs. Customer satisfaction through customer loyalty (intermediary variables) does not have a significant effect on the profitability of sports clubs. The indirect relationship between customer satisfaction through customer loyalty and customer profitability with a path coefficient of 0.43 is confirmed. Became. Also, customer satisfaction affects customer profitability directly with a path coefficient of 0.13 and indirectly through the loyalty variable with a path coefficient of 0.43. According to the mentioned path coefficients, the indirect relationship between customer satisfaction and customer profitability is stronger than the direct relationship between customer satisfaction and profitability. The investigation of the research history shows that most of the researchers have found a positive and significant relationship between the

perceived value and the mediation of customer satisfaction on customer loyalty. Sports clubs should always try to influence customer satisfaction and loyalty through perceived value and achieve their goals in terms of increasing the profitability of club customers. According to the results of this research, what club managers should pay special attention to in increasing customer profitability is customer loyalty. The more customer loyalty increases, the more customers stay in the clubs, and this causes more profit and income for the clubs and its survival and growth.

### **Conflict of interests**

No conflict.

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