

SERVICE QUALITY, PROMOTION AND  
CUSTOMER SATISFACTION - A CASE OF  
FITNESS CENTRE AMONG GENERATION Y IN  
MALAYSIA

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APRIL 2020





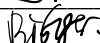
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## DECLARATION

We hereby declare that:

- (1) This undergraduate research project is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.
- (2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) Equal contribution has been made by each group member in completing the FYP.
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Date: 16/ 04/ 2020

## ACKNOWLEDGEMENT

We would like to express our deepest appreciation to our beloved supervisor, Dr. Chong Yee Lee, for the valuable help and guidance. We are thankful to Dr. Chong for the supporting by sharing her experiences to us in completing the research.

Secondly, we are also grateful to respected Ms. Yip Yen San for providing her opinions in our research during the viva presentation to enrich our contents.

Furthermore, we also appreciate Universiti Tunku Abdul Rahman (UTAR) for providing us this grand opportunity to conduct this research. Besides that, we would like to thank each respondent in helping us to complete the questionnaire survey distributed. Their contributions are fully appreciated.

Lastly, we are thankful to our family members as well as friends for providing us the moral support and encouragement.

Thank you.

## DEDICATION

This research project is exclusively dedicated to our supervisor, Dr. Chong Yee Lee, Ms. Yip Yen San as well as our friends and families. Thank you for the supporting, encouragement and opinions given to us so that we can complete this research on time.

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## LIST OF ABBREVIATIONS

DV	Dependent Variable
IV	Independent Variable
RE	Reliability
RES	Responsiveness
AS	Assurance
EM	Empathy
TA	Tangibility
PI	Promotional Incentive
SA	Satisfaction
SPSS	Statistical Package for the Social Sciences

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## **PREFACE**

Fitness centre plays an important sector in today's world as people start to be health-conscious and concerned about body image and self-beauty. Generation Y (Gen-Y) visits fitness centre becomes a lifestyle trend and a common habitual daily. Limited studies were carried out to measure Gen-Y's satisfaction towards the service quality and promotional incentives provided by fitness centre in Malaysia. SERVQUAL model is used because the theory can measure how the Gen-Y had reacted towards the service provider's service quality and promotion incentives. In brief, this project aims to determine the factors from the context of service quality and promotion that have influencing the Gen-Y's satisfaction towards the fitness centre in Malaysia.

### **ABSTRACT**

Fitness is important for people who care about their health and personal image. Fitness centres need to upgrade their services and exercise equipment constantly so that the centre can attract new consumers and in the meantime maintain current consumers. This project is examining the behaviour of a niche and profitable market: Generation Y (Gen-Y) because this group of consumers cares about their health, personal image, and self-beauty. Such assets are important to build their self-esteem, especially for public appearance. To attract and maintain the Gen-Y consumers, it's essential for the fitness service providers to know whether the consumers are satisfied with the centre's service quality and have reacted favourably towards the centre's promotion. The results show that all the service quality and promotion variables are supported and thereby, on top of planning strategies that can improve the centre's service quality, it is essential to promote incentives that are favourable to the Gen-Y.

**Keyword:** service quality, promotion incentives, and satisfaction

## CHAPTER 1: INTRODUCTION

### 1.1 Research Background

Physical exercise has been started since centuries and thousands of years ago. Ancient people did not need fitness machinery or equipment to maintain or improve their health and yet their health and body shape were maintained better than people of present days (Martin, 2017). Fitness was relatively a modern innovative concept that was started in the 70s with Jazzercise and jogging exercise. The fitness culture has been adopted globally as people begin to pay more attention towards their health and body image (Andreasson & Johansson, 2015). Philosophically, physically and mentally healthy people will enjoy real wealth because they are less prone to illness.

As people are getting more educated of the needs to maintain their health status at younger age, the fitness industry is growing worldwide (Thompson, 2017). The sales turnover of the Malaysian fitness sector had reached \$31 million in 2016 and was expected to grow at an average annual growth rate of \$50 million until 2021 (Weng, 2017). Nevertheless, the younger generation is adopting unhealthy living lifestyle too; consuming unhealthy food and paying less attention on fitness and such habits will expose them to serious health problems at older age (Gamespeed, 2017).

Gen-Y consumers generally are less health conscious compared to the older generation, Gen-X. Probably, the Gen-Y needs to spend more time and effort for career advancement. As a result, they consume unhealthy diet and have lesser time for exercise. To combat their unhealthy lifestyle, Gen-Y begins to purchase fitness machinery and equipment for home exercise. Probably, partly because of the need to present a 'healthy image' while working. In other words, Gen-Y is a potential market segment that should be explored by fitness centre (Macintosh & Doherty, 2007) as they

have the disposable income and are keen to stay healthy after having a tiring working day.

Gen-Y is born in early 1980s to late 1990s, aged ranged from 26 to 40. In 2016, 44% of Malaysian population were Gen-Y (Kavanagh, 2016) and were receptive towards healthcare programme (Joseph, Yusof & Geok, 2017). For example, in 2017, nearly half of the Gen-Y population had participated in high-calorie burning activities (Karlis, 2018). Therefore, to ensure more Gen-Y consumers will use the fitness centre's service feel satisfy with the services and facilitations provided by the centre. The level of customer's satisfaction will determine the business progress of fitness industry (Chuah et al. 2017).

Basically, Gen-Y consumers are honest, confidence, harsh, vociferous and also have high expectations (Schofield & Honoré, 2011). Carrying out a survey thereby will be useful for the centres to better understand the Gen-Y's needs and satisfaction. On top of surveying the Gen-Y's response towards the centre's service quality, it is necessary to evaluate how the consumers appraised the centre's promotional incentive.

Promotional materials are used by companies to notify, persuade and alert the current and potential consumers of the current and new business offerings (Gitman, et al., 2018; Ong & Yap, 2017)). Promotional incentive such as provision of discounts and membership can attract new customers and persuade existing consumers to become more loyal (Familmaleki, Aghighi, & Hamidi, 2015; Mostert, Petzer, & Weideman, 2016).



## 1.2 The Development of Fitness Centres

Fitness centres or the health clubs is a community- or institutional-supported centre that provides indoor and outdoor health, recreational, and social facilities which are geared towards physical activities with the help of the centre's trainer, fitness machineries and sports equipment. Fitness centres may provide a separate area for specific physical activities (like dancing, badminton or futsal) to cater the needs of specific users. Personal training may be provided as well, like swimming, boxing and martial arts. Customers are required to pay additional fee for venue booking and/or training.

Fitness culture is flourishing worldwide (Ulseth & Seippel, 2011). Fitness industry in U.S.A had been growing about 3% annually since 2008, as reported by the International Health, Racquet and sports club association (IHRSA) (cited in Midgley, 2018). By 2019, 2.5 million people will be using fitness centre's services in Malaysia and the figure will grow continuously in future (Statistic, 2019). Plausibly, this is due to the wow factor created by the endorsement made by celebrities; need to well-kept body image for career purpose (Jain, 2017; Suwono & Sihombing, 2016). Such endorsement has inspired young generation to pay more attention to their body image and hope to replicate the similar body image as shown by their favourite celebrity (Jain, 2017; Wicker, Coates & Breuer, 2015).

To grow and sustain a business, it is important to create a competitive advantage (Polyakova et al. 2012). One of the common ways to attract and retain customers is through the offering of promotional incentives such as membership and attractive monthly and annual packages. No doubt, promotion is an important tool to market new or existing services to potential and current customers. Nevertheless, such promotion strategy will become a weak tool if the strategy can be easily replicated. Service quality meanwhile is more geared towards the individual company's strength that cannot be easily replicated.

In literature, service quality model's hypotheses were confirmed by many studies (see topic 2.2). Despite the recognition of service quality dimensions explained in SERVEQUAL model, the application of these dimensions in fitness centre in Malaysia is not credible. The following topic discusses the problems that have trigger customers' dissatisfaction towards the centre's services in Malaysia.

### **1.3 Research Problem**

To examine the research problems that have been faced by the Gen-Y consumers, a preliminary study that involves 20 respondents was carried out. The following shows the respondents' feedback.

About 65% of the respondents felt that most of the fitness centres that they have attached did not supply reliable services. The centre's fitness machineries and equipment were not properly maintained and reliable information was not conveyed to consumers. In addition, service providers also did not materialise their promises. Therefore, the centre's reliability needs to be examined in the main survey.

Another complains was related to the staff's responsiveness. They claimed that the staff was not eager to provide a helping hand and delayed their responses whenever they can. Furthermore, the staff was slowed answering the phone call and email. As a result, the staff's responsiveness deserves to be studied further.

The working condition of the centre's machineries and equipment is another problem. Basically, quite a number of the fitness machineries and equipment were broken and worn out. Moreover, the washroom was not properly cleaned. Therefore, the problem pertaining to the tangibility of the service should be evaluated.

The staff generally has failed in providing their assurance responsibility. They were not treating the respondents politely when answering questions. Probably this is because the staff was not well verse with the centre's products offerings. Consequently, staff assurance should be examined in the main study.

The respondents were dissatisfied of the staff's empathy attitude. Staff was reluctant to spend time in communicating with customers. Undeniably, the staff should be sensitive to customer's needs and should show that they care about the consumer's well-being. Such responds had triggered the authors to investigate the empathy problem in the main survey too.

Not many promotional incentives were provided by the centre, as commented by the respondents. Occasionally, some incentives were offered but were not up the respondent's expectation as it were lack of attractiveness and were not worth for paying additional charges. In view of the respondent's feedback, the study of the centre's promotional incentives needs to put forward in the main study.

To solve the issues related to reliability, responsiveness, assurance, empathy and tangibility, service quality (SERVQUAL) model was employed. In solving the promotional incentives issue, the model was modified by including an additional variable, promotional incentive.

## **1.4 Research Question**

- i). How the service quality elements are related to Gen-Y's satisfaction?
- ii). How the promotion incentive is related to Gen-Y's satisfaction?

## **1.5 Research Objective**

Generally, the study examines how the service quality and promotional incentives are related to Gen-Y's satisfaction of the fitness centre. Specifically, this study intended:

- i). To estimate how each of the service quality dimensions - reliability, responsiveness, assurance, empathy and tangibility - can influence the Gen-Y's satisfaction.
- ii). To examine how the promotion incentive can influence the Gen-Y's satisfaction.

## **1.6 Significance of the Study**

### **1.6.1 To Academics**

SERVQUAL model has been extensively applied in literature in measuring customer satisfaction (Hu, Devi & Kandampully, 2009). Studies on service quality of fitness centre among the Gen Y had been undertaken but enriching the model with promotion incentive variable is still rare in literature. Past studies enriched the SERVQUAL model with other variables. For example, Ngceba (2017); Rueangthanakie (2008); and Yusof, Joseph and Shah, (2017) include the moderating effect demographic profile on customer's expectation, perception and satisfaction. Wen et al.'s (2018) study result showed that people with higher demand had asked for high-quality service while non-demanding person was easily satisfied when only a small part of their need was fulfilled. This study on the other hand is enriching the literature by adding the promotional incentive variable which is still rarely discussed in literature.

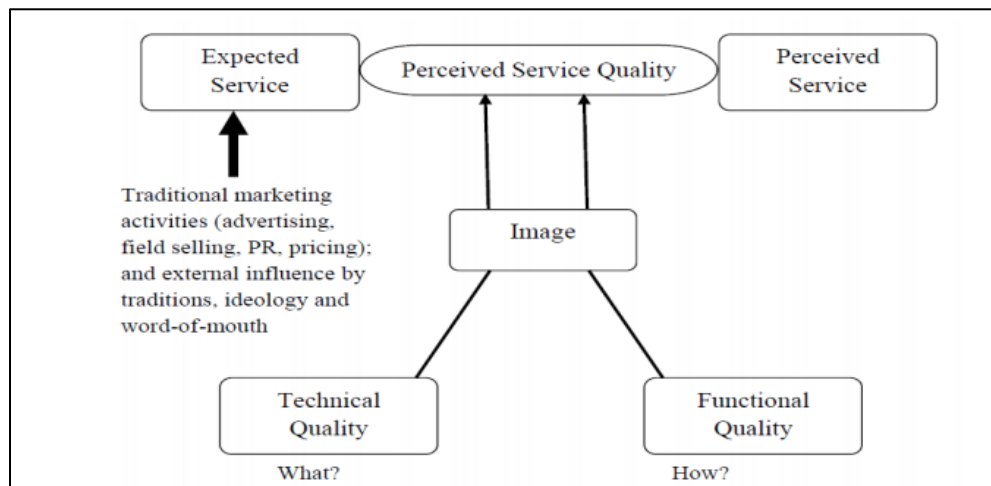
## **1.6.2 To Managerial Decision Makers**

The fitness industry will continue to grow as people begin to prioritise their health (“Health and Fitness Class Market Growth, Trend, and Forecast in 2020-2025”, 2019). However, the low entry barrier has increased the number of competitors. Therefore, more tactical strategies need to be planned. Current study results can provide useful indications to fitness centre’s managerial decision makers on specific strategy that can be implemented. For example, if the promotional incentive hypothesis is supported, incentives that are related to the measuring items will be recommended. For instance, the promotional incentives should be able to increase respondent’s fitness. Overall, studies showed that poor service quality discouraged the customer’s usage intention (Brown et al. 2016) and bad circulation of word of mouth (Sacco, 2018) will affect the recruitment of new members. The study results will enable current authors in suggesting tactical plans that can improve the centre’s specific service quality dimension’s performance and enhance customers’ satisfaction.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Overview of the Theoretical Framework of Service Quality Model

Grönroos had developed the first version of service quality model in 1984; in which the perceived service quality was measured by three-dimensions: technical quality, functional quality, and corporate image (Ghotbabadi, Feiz & Baharun, 2015). Technical quality is about what are the ranges of perspectives that have been estimated by the customer while the functional quality is referring to how customer appraises the delivered service. Corporate image meanwhile is about how the customers will view the company or product's image as a result of technical and functional qualities evaluation (Yarimoglu, 2014)



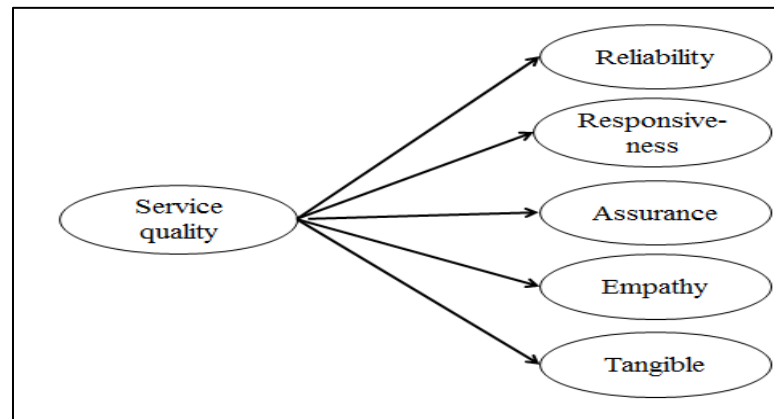
**Figure 2.1. The Theoretical Framework of Gronroos's Service Quality Model**

*Source: Ghotbabadi, Feiz and Baharun, 2015*

SERVQUAL model was theorized by Parasuraman, Zeithaml, and Berry, in the 1980s ("Service Quality", *n.d.*). The model attempts to provide new measurement for service quality which can address the Nordic model's weaknesses. SERVQUAL model has

been most widely used in literature because the five dimensions - reliability, responsiveness, assurance, empathy and tangibility - are essential for service quality assessment and can be tailored to suit the characteristics or needs of a specific organization or product (Cronin and Taylor, 1992). The model highlights the needs to compare the expectations of customer which derived before service consumption and their perceptions of the service after the service consumption (Nguyen, Nguyen, Phan & Matsui, 2015). Basically, if the perception measure is below than the expectation measure, the quality provider by the service providers will be considered as low and drastic improvement is needed; and vice versa (Parasuraman, Zeithaml, & Berry, 1985).

The following explain the characteristics of the five dimensions. Reliability refers to the level of trust belief that consumers have; on the services and/or physical assets that are delivered and/or prepared by fitness centres. Responsiveness shows the consumer's reaction towards the staff's readiness to perform an action so that customers can be assisted promptly. Assurance refers to the confidence level that consumers have; on staff's ability to perform their work professionally and ethically. Empathy reflects consumer's anticipation of the level of interpersonally cares for the client's well-being that should be performed by the centre's staff. Finally, tangibility denotes the level of attractiveness (as perceived by consumers) of the tangible items provided by fitness centre such as workability of fitness machineries and equipment and cleanliness of surrounding areas (Arachova, 2013). Figure 2.2 shows the theoretical framework of SERVQUAL model.



**Figure 2.2. The Theoretical Framework of SERVQUAL Model**

*Source: Parasuraman, Zeithaml and Berry, 1985*

SERVQUAL model is used as the basic theoretical model because the model can solve most the problems faced by the respondents in this study contest.

## **2.2 Overview Relevant Past Studies**

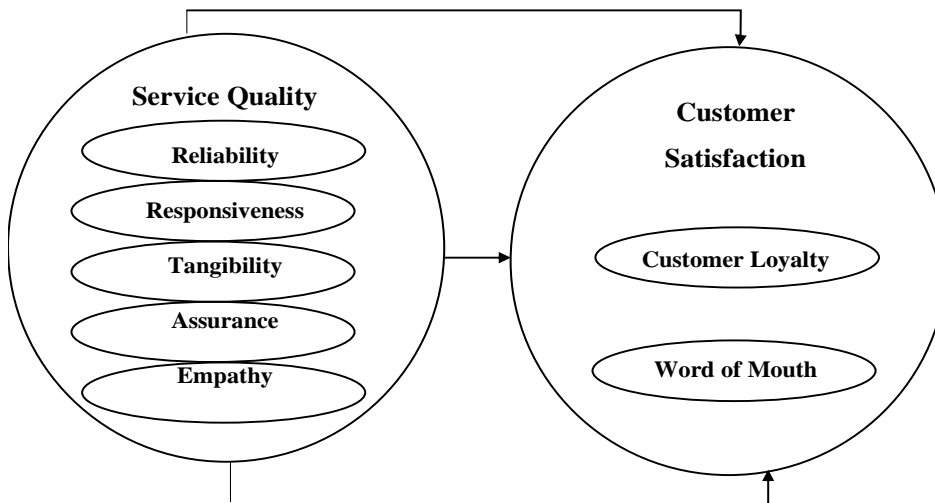
SERVQUAL model was applied in many studies with different service background. Organizations measured the service quality level so that appropriate type and level of services can be delivered to meet consumer's desires and expectation (Khoshraftar & Rozan, 2015). The service quality dimensions also had helped service providers to better understand customer's expectations and perceptions of the investigated service (Hielt & Syynimaa, 2018).

The relationship between service quality and service satisfaction has been tested by Tsitskari, Antoniadis and Costa (2014). According to the authors, satisfaction is a psychological reaction that has derived as a result of the consumer's perception of the experienced or used services. Based on the authors' definition, this project therefore shall be focusing on measuring the fitness centre's post-service experience, not the pre-



service experience. The target population therefore should be someone whom has used the fitness service before.

Later, Felix (2017) had modified Tsitskari, Antoniadis and Costa's (2014) study framework. The satisfaction variable had been decomposed into two components: customer loyalty and word of mouth (see figure 2.3). Basically, customers will derive the perceptions of how the experienced service should be delivered or performed by the service providers, from the five service quality dimensions (Archakova, 2013). If the customer is satisfied with the service provided by the fitness centre, they will become more loyal and start to promote the centre to their family members, friends, or acquaintances (Felix, 2017; Fornell, 1992; Tsitskari, Antoniadis & Costa, 2014) which will eventually creating a competitive advantage for business sustainability (Yu et al. 2014). Yiannakis (1989) also highlighted that by knowing the customer's satisfaction level, appropriate marketing planning can be strategize efficiently.



**Figure 2.3. Service Quality Theory - SERVQUAL Model**

*Source: Felix, 2017*

Table 2.1 shows that SERVQUAL variables have tested in fitness literature and the studies overall have supported the model's propositions: the dimensions were

important measures and were related to consumer's satisfaction of the experienced service. See Table 2.1 for the details.

<b>Table 2.1: Overview Relevant Past Studies' SERVQUAL Research Models</b>		
<b>Author's name (Year of publication)</b>	<b>Research Model's variables</b>	<b>Research finding</b>
Yusof, Joseph and Shah (2017)	The SERVQUAL variables are: Tangible Reliability Responsiveness Assurance Empathy  Additional variable Age	The findings conclude that the SERVQUAL variable are reliable and valid in measuring the expectation, perception and satisfaction of consumer on service quality in fitness centre in Malaysia  The additional variable can provide significant results and are consistent with past Studies.
Wen, Zhong, Liu and Zuo (2018)	The SERVQUAL variables are: Tangible Reliability Responsiveness Assurance Empathy  Additional variable: Value	The service quality provided will influence directly toward the customer satisfaction on their expected service quality  Value is significant in affect the customer satisfaction toward the service quality provided in fitness club
Ruda and Sima (2019)	The SERVQUAL variables are: Tangible  Reliability Responsiveness Assurance Empathy  Additional Variable: Demographic characteristic	Service quality has a strong relationship in predicting the satisfaction of customer toward the fitness centre  Demographic characteristic could affect the customer satisfaction toward the service provided

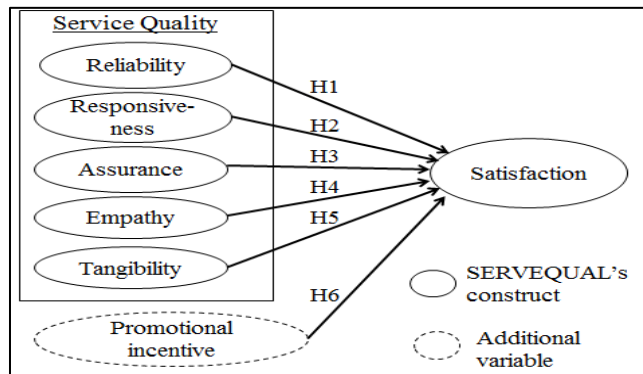
## **2.3 Relevant Past Studies Related to Promotional Incentive**

The number of new fitness centres is growing but the number of closed centres is increasing as well. Plausibly, this is due to their inefficiency in servicing their customers (Efi & Anastasia, 2013). Many centres are using promotional incentives to promote short-term intensive and preferential treatment which can possibly satisfy new and existing customer's needs (Kotler et al. 2016).

Promotional incentive has become a tool used by centres to stimulate new or higher demand of the fitness products (Darmawan, 2018; Familmaleki, Aghigi, & Hamidi, 2015; Kang, 2019) by creating a competitive advantage for the products or centres (Darmawan, 2017; Kylie, 2015) and hope that this can increase consumer's revisit or create positive word-of-mouth (Cham et al. 2016). Therefore, the centres need to understand how the existing customers have responded towards the promotional incentives and whether the incentives have been able to satisfy the consumer's satisfaction. After the review of past studies work, this study decided to enrich the SERVQUAL model by including the study of an additional variable: promotional incentive.

## **2.4 The Proposed Conceptual Framework**

As most of the studies' problem can be resolved by SERVQUAL model, current researchers decided to modify the model by adding a variable: promotional incentive (see figure 2.4).



**Figure 2.4. Proposed Research Framework**

*Source: Developed for current study*

This study defines satisfaction as an emotion reaction that is related to consumers cherishes moment. Customers will form positive satisfaction when the perceived service rating is higher than their expectations. Customer satisfaction is very much depending on the outcome of service quality (Norazryana et al. 2018).

In this study, the reliability dimension refers to the staff's ability in materialising their promises such as providing consistent, accurate and dependable service to the customer. For example, fitness centre needs to ensure the fitness facilities and equipment are in good function and safe (Tan & Pyun, 2015). Customer will become loyal if they are satisfied with the level of reliability provided by the centre (Soita, 2012).

The responsiveness variable is denoting the staff's ability in providing prompt services to customers especially when they are responding customer's complaint (Ko, 2008; Soita, 2012). The appearance of physical facilities, equipment, building, surrounding areas and employee are considered as tangible items (Yusop, Kindangen & Tumewu, 2016). Fitness centre can satisfy the customer by providing up-to-date fitness equipment, facilities, courses, and skilful instructors (Hyuyen, 2010). Besides that, the cleanliness of the fitness centre and appearance of trainers and employees also influence customer's satisfaction (Li and Li, 2016). Assurance is defined as knowledge and courtesy provided by the staff or it reflects their ability to convey trust and

confidence to their customers (Ngceba, 2017). Failure to deliver their knowledge and attitude professionally and ethically will cause customer to feel dissatisfied (Alexandris, Dimitriadis & Kasiara, 2001; Ngceba, 2017).

Empathy refers to the provision of caring and also individualized attention given to the customer by the staff (Parchel, 2017) such as the provision of strong support (City, 2018). Empathy from a trainer or instructor was an important dimension to customers if the consumers have strong intention to achieve specific result (Carrie, 2016). Promotional incentives are the tools used by the centres to new or existing customers. The incentives include discounts, coupons, cash prize for weight loss challenge, free trials, membership rewards, vouchers, (Darwin et al., 2019; Gonclaves et al. 2015; Wallace, 2019).

## **2.5 The Development of Current Hypotheses**

### **2.5.1 Reliability and Satisfaction**

Past studies showed that centres that had materialised their promises and provided accurate service information had significantly influence members' satisfaction positively (Lotz, 2019; Soita, 2012). Furthermore, fitness programs that have carried out their services punctually had increased the members' satisfaction (Tsitskari, Antoniadis & Costa, 2014). Fitness centres that had performed reliable services such as appointments were kept on schedule and implementation of policies related to service guarantee and transparent pricing had increase the customers' satisfaction positively (Alexandris, Dimitriadis & Kasiara, 2013). Based on the review of the past studies result shown above, this study therefore predicts that...

H1: Reliability of the service and facilitation provided by the fitness centre is related to Gen Y's satisfaction positively.

## **2.5.2 Responsiveness and Satisfaction**

The positive relationship between staff's responsiveness and customer's satisfaction has been supported in past studies. Staff that was willing to provide prompt services had improved the fitness centre members' satisfaction (Soita, 2012). Ngceba's (2017) study result showed that fitness centre's staff who had provided quick response to members' requirements had increased customer satisfaction. In Yildiz's (2011) study, staff's punctuality and their quick response to customers' requisitions had significantly improved members' satisfaction in fitness club. This project therefore hypothesizes the following relationship.

H2: Responsiveness of staffs in the fitness centre is related to Gen Y's satisfaction positively.

## **2.5.3 Assurance and Satisfaction**

Service provider's ability to perform their job responsibility (in terms of knowledge and confidence level) had related positively to customer's satisfaction (Alexandris et al. 2013; Macintosh & Doherty, 2007; Rueangthanakiet, 2008). For example, in Rueangthanakiet's (2008) study, the assurance dimension was the most important factor that has increased the fitness club customer's satisfaction. To a fitness club's customers, fitness instructor and trainer's knowledge were important in helping them to achieve desirable outcomes (Alexandris et.al, 2013). Knowledgeable service providers had increased customer's trust and service provider's confidence in performing their job was positively correlated to user's satisfaction (Macintosh & Doherty, 2007). In summary, the authors predict that...

H3: Assurance of service provided by the fitness centre is related to Gen Y's satisfaction positively.

### **2.5.4 Empathy and Satisfaction**

Empathy shows how much the service providers care about their customers' well-being. Alexandris et al.'s (2013) study result showed that fitness club's staff that had offered customized and personalized services; and personal attention to customers had increased customer satisfaction. Similarly, staff's caring attitude; special attention and ability to understand customers' specific needs had increased fitness club members' satisfaction (Soita, 2012; Marandi & Harris, 2010; Stuard, 2017; Yousapronpaiboon, 2014). Consequently, the following hypothesis is formed.

H4: Empathy of the service providers towards Gen Y' needs is related to their satisfaction positively towards the fitness centre.

### **2.5.5 Tangibility and Satisfaction**

The tangibility dimension was positively related to customer's satisfaction in studies carried out by Alexandris, et al. (2013); Aminuddin, Joseph and Parilah, 2017; Hyun et al., (2014); and Macintosh and Doherty (2007). Basically, all studies' result mentioned above showed that the appearance of physical facilities and equipment in terms of modernity, functionality, uniformity were important determinants. As a result, current authors anticipate the following relationship.

H5: Better quality of tangible dimensions is related to Gen Y's satisfaction positively towards a fitness centre.

### **2.5.6 Promotional Incentives and Satisfaction**

Numerous studies have showed that customer's satisfaction increased when they were receiving promotional incentives from fitness centres (Dobrescu and Salgau, 2011) such as discounts in accessory services or voucher (Gonclaves, Biscaia, Correia &

Diniz, 2014); price promotion offered by a gym (Kim, 2019); or even just a reward of gifts (Roda, 2019). On top of increasing customer's satisfaction, promotional incentives had increased customer loyalty as well (Nguyen, 2011). Therefore, the authors hypothesize that...

H6: Promotional incentive offered by fitness centre is related to Gen Y's satisfaction positively.



## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.1 Research Design**

To design the methodology blueprint, quantitative approach is used in this project. This is because the service quality dimensions have been widely tested in many past researches using quantitative approach, such as in the context of health, fitness and transportation sectors. Therefore, exploratory study in determining the measuring items of the studied variables by using qualitative method is not necessary. The following sub-topics discuss the methodology approaches of this study.

### **3.2 Sampling Design**

The target population is Gen-Y residents, born in 1980s to late 1994s, reside in Malaysia, and is using fitness centre's service. As explained in Chapter 1, Gen-Y is concerned of their health and body image (Barros & Goncalves, 2009). As a result, the number of Gen-Y consumers is increasing (Karlis, 2018) and their disposal income is higher than other generations (Bennett & Lachowetz, 2004). Gen-Y's fitness lifestyle was influence by their social media network and therefore, their intention to achieve specific body image is inevitable (Kasmiah, 2018; Sanftner, Ryan and Pierce, 2009) for socialising and thereby this group of consumers is a niche profitable markets for the fitness centre (Tiba & Hasanain, 2019).

As the sampling frame of the targeted population is not available, probability sampling that can reduce biases is not feasible in this study. Non-probability sampling using snowball sampling method is selected as this method can reduce the non-sampling error.

The researchers approached the first phase respondents by visiting few fitness centres and through social media. After getting their survey response, the respondents were requested to refer the authors to their family/ friends/ acquaintances who were sharing similar characteristics and were using fitness centre's services or facilities.

To minimise the sampling error, the selected sample should share homogeneous behaviour towards the research variables. To ensure the data of the variables are normally distributed, Q-Q plot was plotted to examine the respondent's normality behaviour.

As the entire population count for Gen Y who is visiting fitness centre is not available, most formulation cannot be used to calculate the sample size. In 2019, the Malaysian population count is estimated at 32.4 million (Worldometers, 2019) and the estimated population count for Gen-Y grouping was about 250,000 (Department of Statistics Malaysia, 2019). Using the Morgan's table for sample size (see figure 3.1), the targeted sample size is then estimated at 384.

## MORGAN'S TABLE FOR SAMPLE SIZE

Population Size	Confidence = 95%				Confidence — 99%			
	Margin of Error				Margin of Error			
	5.0%	3.5%	2.5%	1.0%	5.0%	3.5%	2.5%	1.0%
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763
1000	278	440	606	906	399	575	727	943
1200	291	474	674	1067	427	636	827	1119
1500	306	515	759	1297	460	712	959	1376
2000	322	563	869	1655	498	808	1141	1785
2500	333	597	952	1984	524	879	1288	2173
3500	346	641	1068	2565	558	977	1510	2890
5000	357	678	1176	3288	586	1066	1734	3842
7500	365	710	1275	4211	610	1147	1960	5165
10000	370	727	1332	4899	622	1193	2098	6239
25000	378	760	1448	6939	646	1285	2399	9972
50000	381	772	1491	8056	655	1318	2520	12455
75000	382	776	1506	8514	658	1330	2563	13583
100000	383	778	1513	8762	659	1336	2585	14227
250000	384	782	1527	9248	662	1347	2626	15555
500000	384	783	1532	9423	663	1350	2640	16055
1000000	384	783	1534	9512	663	1352	2647	16317
2500000	384	784	1536	9567	663	1353	2651	16478
10000000	384	784	1536	9594	663	1354	2653	16560
100000000	384	784	1537	9603	663	1354	2654	16584
300000000	384	784	1537	9603	663	1354	2654	16586

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*Figure 3.1. Morgan's Table for Sample Size*

### **3.3 Pilot Test**

Pilot test is useful to enhance the validity and reliability of the data that will be collected in the main survey by using questionnaire (Leon, Davis, & Kraemer, 2011). The purpose of the pilot test is to ensure the main study respondents can understand what the items of the respective studied variable is trying to measure.

The draft of questionnaire was vetted by academic supervisor to check the validity of the construct. The supervisor had responded that the wordings of the questionnaire statement need to be revised. After revision, current authors had distributed the second questionnaire draft to selected respondents which consist of 30 persons. At this stage, the authors aimed to strengthen the face validity or to ensure the main study respondents can truly understand what each item is trying to measure.

Pilot test respondents reverted that certain wordings need to be changed. For example, the wordings of 'quality of service' should be changed to 'service quality'. Similarly, the below sentence structure was suggested to be modified: "Measure your level of satisfaction towards the quality of service provided the fitness centre that you are currently engaging" to "Measure your overall level of satisfaction towards the service quality provided the fitness centre that you are currently engaging"

After rectifying the questionnaire statement, the researcher requested the pilot test respondents to answer the questionnaire so that the final statistical test: reliability test can be run. The result is shown in Table 3.1.

**Table 3.1: The Reliability Test Result for Pilot Study's Data**

<b>Variable's name</b>	<b>Cronbach's alpha score</b>	<b>Number of items</b>
Reliability	0.832	4
Responsiveness	0.813	4
Assurance	0.874	4
Empathy	0.855	4
Tangibility	0.812	6
Promotional incentive	0.838	3
Satisfaction	0.887	4

From Table 3.1, as the Cronbach's Alpha scores for all studied variables are higher than the threshold score of 0.6, then it can be concluded that the pilot study respondents can answered the measuring items a consistent pattern.

### **3.4 Data Collection Method**

In distributing the final revised questionnaire, current authors have created both hard copy and e-questionnaire because the smart devices usage rate among the Gen-Y is high in Malaysia and the generation was active in social media. Using snowballing approach, the current authors contacted the first phase of respondents through the visitation of few fitness centres and social media.

Face-to-face interview was carried out with the first phrase respondents at the centres. Some respondents were willing to be interviewed when they were exercising and some prefer after the exercise session. Hardcopy questionnaire was given to the respondents and facilitation will be follow-up upon the respondent's requests. Softcopy was sent through smart phone to respondents who prefer to answer the questionnaire elsewhere. Before ending the interviewing session, the respondents were requested to introduce their family members/ friends/acquaintances who can fit the target population's definition. Follow-up interviews were made through visitations and the used of e-gadgets, depending on the interviewee's suggestion.

On top of that, e-questionnaire was distributed through social media to the targeted respondents. Similarly, the first phrase respondents were requested to interview their family members/ friends/acquaintances who can fit the target population's definition. Comparatively, the answer e-questionnaire was higher than the face-to-face distribution method. This confirmed that the Gen Y was using digital devices all the time. To facilitate the respondents who may seek clarification, the current authors' contact details were shown in the e-questionnaire.

### **3.5 Questionnaire Design**

This questionnaire has two sections: A and B. Section A is meant for current authors to collect respondent's demographic profile data such as gender, race, age, highest academic qualification attained or currently pursuing, current occupation and monthly income. Section B is focusing on measuring the respondent's feedback of each variable's measuring items, using five (5) points Likert scale, ranging from strongly disagree to strongly agree.

#### **3.5.1 Measurement of Current Research's Variables**

Table 3.2 shows the items that have been used to measure each studied variable and the source of the item was shown below the table.

**Table 3.2: The measurement Items for Each Studied Variable**

---

**SERVQUAL's Independent Variable Reliability**

Reliability of the service provided by the fitness centre that you are currently engaging. Overall, the centre ...

- is able to be trusted to do or provide what is promised by the centre<sup>a,b</sup>(RE1)
- is reliable. Consumers can count on them when they have problems<sup>b</sup> (RE2)
- has maintained the equipment and service with minimum error<sup>b</sup> (RE3)
- is providing the right service to the Gen Y consumers<sup>b</sup> (RE4)

**SERVQUAL's Independent Variable Responsiveness**

Responsiveness of the service provided by the fitness centre that you are currently engaging. Overall, the centre ...

- is willing to help whenever the Gen Y consumers request it<sup>b</sup> (**RES1**)
- is providing prompt service to the Gen Y consumers<sup>a,b</sup> (**RES2**)
- is ready to react or response at all time<sup>b</sup> (**RES3**)
- is reacting in a desired or positive way<sup>b</sup> (**RES4**)

**SERVQUAL's Independent Variable Assurance**

Assurance of the service provided by the fitness centre that you are currently engaging. Overall, the staffs ...

- are sure and certain in mind about their job responsibility<sup>b,c</sup> (**AS1**)
- have a strong feeling of confidence of mind about what should be performed<sup>b,c</sup> (**AS2**)
- are providing good manner towards the consumers<sup>b,c</sup> (**AS3**)
- have the necessary knowledge in assisting the consumers<sup>b</sup> (**AS4**)

*continue next page*

### **SERVQUAL's Independent Variable Empathy**

Empathy of the service provided by the fitness centre that you are currently engaging.

Overall, the centre ...

- cares about their consumers' wellbeing<sup>b</sup> **(EM1)**
- is aware of the consumers' requisition of operating hours<sup>c</sup> **(EM2)**
- is more understand and fulfill to their consumer's specific needs<sup>b</sup> **(EM3)**
- can communicate with the consumers<sup>b</sup> **(EM4)**

### **SERVQUAL's Independent Variable Tangibility**

Tangibility of the service provided by the fitness centre that you are currently engaging. Overall, ...

- the centre's fitness equipment are up-to-dated<sup>a</sup> **(TA1)**
- the centre's fitness equipment and facilities are clean<sup>a</sup> **(TA2)**
- the centre's fitness equipment and facilities are in good condition<sup>a</sup> **(TA3)**
- the staffs at fitness centre are neat<sup>a,b</sup> **(TA4)**
- the staffs at fitness centre are professional<sup>a,b</sup> **(TA5)**
- almost all of the consumers are able to fit into the centre comfortably<sup>a,b</sup> **(TA6)**

### **Additional Variable: Promotional Incentive**

If you are given promotional incentives which were activated by the fitness centre, would you affect your current satisfaction level?

- Promotion may influence me to take care more of my fitness<sup>c</sup> **(PI1)**
- If there is a promotion I like, I would continue to use current centre's service instead of seeking another centre<sup>c</sup> **(PI2)**
- Promotion plays a big part in my choice to use the current centre's service<sup>c</sup> **(PI3)**



### **SERVQUAL's Dependent Variable: Satisfaction**

The following items measure your overall level of satisfaction towards the service quality that provided by the fitness centre that you are currently engaging...

- I feel satisfied with the centre's service quality<sup>e</sup> (**SA1**)
- The service provided is close to ideal or conforming the standard that I am looking for from a fitness centre<sup>d,e</sup> (**SA2**)
- The service provided makes me happy<sup>e</sup> (**SA3**)
- The centre does a good job of fulfilling my health needs<sup>e</sup> (**SA4**)

---

### **Sources**

<sup>a</sup> E. Jasinskas, D. Reklaitiene, B. Svagzdiene (2013)

<sup>b</sup> Paschal W. Soita (2012)

<sup>c</sup> Kirk L. Wakefield (1996)

<sup>d</sup> Biljana Angelova and Jusuf Zekiri (2011)

<sup>e</sup> Dr. M.A. Dorgham (2009)

## **3.6 Data Analysis Tools**

Two types of statistical analyses were used: descriptive and inferential analyses. Descriptive result was used to summarize the respondent's demographic profile, like frequency count of gender, race, age, highest academic qualification attained or currently pursuing, current occupation and monthly income.

In running the inferential analysis, linear regression analysis was used to measure the causal relationship. The analysis began by checking the reliability of internal consistency scores of each variable. The data of variables will be considered as reliable if the Cronbach alpha score is higher than the threshold value of 0.7.

Later, Q-Q plot for each variable were plotted so that the current authors can confirm the distribution of each variable's data. This is to ensure the assumption of normally

distributed data is not violated or the observed values and expected values for each variable is linearly related.

Before checking the causal relationship, it is wise to ensure that the independent and dependent variables are highly correlated. Pearson's correlation coefficient score was computed in measuring the linear association between the independent and dependent variables. If the correlation co-efficient is positive and higher than 0.6, then both variables are strongly positively correlated and vice versa.

Although the bivariate correlation between the independent and dependent variables is necessary, the independent variables themselves should not be highly correlated or else this will violate the independent status of the variables. Partial Correlations procedure was carried out to compute the partial correlation coefficients that describe the linear relationship between two independent variables while controlling for the effects of the dependent variables. If the partial correlation value between two independent variables is too high (>0.70), then the variables are highly correlated. If this happened, one of the independent needs to be omitted or the two independent variables should be combined. If there is a high correlation between the variables, it might be problematic for the researcher. Alternatively, Variance Inflation Factors (VIF) of each independent variable can be computed to check the multicollinearity issue. The threshold value of VIF is 10.

Finally, linear regression analysis was carried out. The multiple linear regression equation is shown as follows.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n$$

where,

Y= Observed value for the dependent variable, satisfaction of gen Y;

$\beta_0$ = the constant term (equivalent to the "y-intercept")

$\beta_n$ = the coefficient for the  $n^{th}$  explanatory or independent variable (n= 1, 2, 3, ...)

$X_n$ = a value of the  $m^{th}$  explanatory variable for a particular observation (n= 1, 2, 3, ...)

## **CHAPTER 4: RESULTS AND DISCUSSION**

### **4.0 Introduction**

This study has collected quantitative data through questionnaire survey. Descriptive and inference statistical analyses were undertaken and the following sub-topics reported and discuss the results.

### **4.1 Descriptive Analysis**

#### **4.1.1 Survey Responses**

Out of the target size of 384, 346 answered questionnaires were collected. However, 46 collected e-questionnaires were voided as not all item statements have been answered despite the authors contact details were included in the questionnaire. Nevertheless, the collected number of questionnaires is sufficient for statistical testing.

#### **4.1.2 Respondent Demographic Profile**

The distribution of the gender of this study is fairly equally distributed. Majority of the respondents are Chinese (56%) compared to other races. This is because majority of the first phrase of respondents who have been interviewed in the centres and social media site were Chinese (see Table 4.1). As a large number of younger age Gen-Y respondents were active social media network, about half of the answered questionnaires were collected from those ages between 26 to 30 years old. In line with

the education development in Malaysia, almost half of the respondents (55.3%) had acquired an undergraduate Degree. Most the respondents were private entrepreneurs (43.5%) and more than 50% of the respondents earned between RM2001 to RM4000.

**Table 4.1: Demographics Profiles of Current Respondents**

<b>Demographic profile variables</b>	<b>Frequency count</b>	<b>Percentage count</b>
Gender:		
Male	157	52.3
Female	143	47.7
Race:		
Malay	60	20.0
Chinese	168	56.0
Indian	72	24.0
Age (Years):		
26 – 30	178	59.3
31 – 35	88	29.3
36 – 40	34	11.3
Highest academic qualification attained or currently pursuing:		
SPM / O-level	21	7.0
STPM / A-level / Foundation	22	7.3
Diploma	69	23.0
Bachelor’s Degree	166	55.3
Master’s Degree	19	6.3
PhD	3	1.0
Current occupation:		
Student	25	8.4
Fresh Graduate	76	25.4
Government Employee	68	22.7
Private Employee	130	43.5
Monthly income:		
Below RM2000	52	17.3
RM2001 – RM3000	113	37.7
RM3001 – RM4000	63	21.0
RM4001 – RM5000	57	19.0
RM5001 and above	15	5.0

## 4.2 Scale Measurement: Reliability Test Result

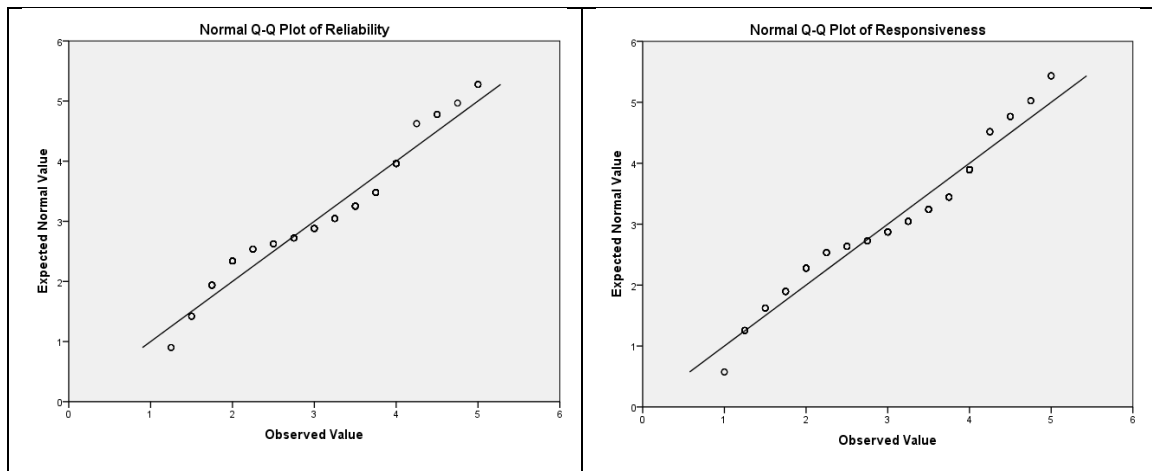
Table 4.2 shows that all the studied variables' scores are more than threshold value (0.7). Generally, the respondents have evaluated all the items of each variable at a consistent pattern or none of a variable's items were getting an evaluation that is very different from other items of that variable.

**Table 4.2: Reliability Test's Result of Studied Variables in the Main Survey**

Variable	Cronbach's Alpha Score	Number of Items
Reliability	0.864	4
Responsiveness	0.905	4
Assurance	0.862	4
Empathy	0.924	4
Tangibility	0.914	6
Promotional incentive	0.777	3
Satisfaction	0.932	4

## 4.3 Testing the Normality of Data Distribution

Q-Q plots for each studied variable was plotted to ensure the collected data is normally distributed, as shown below. Figure 4.1 shows that the observed and expected values are linearly associated.



SERVICE QUALITY, PROMOTION AND CUSTOMER SATISFACTION - A CASE OF FITNESS CENTRE AMONG GENERATION Y IN MALAYSIA

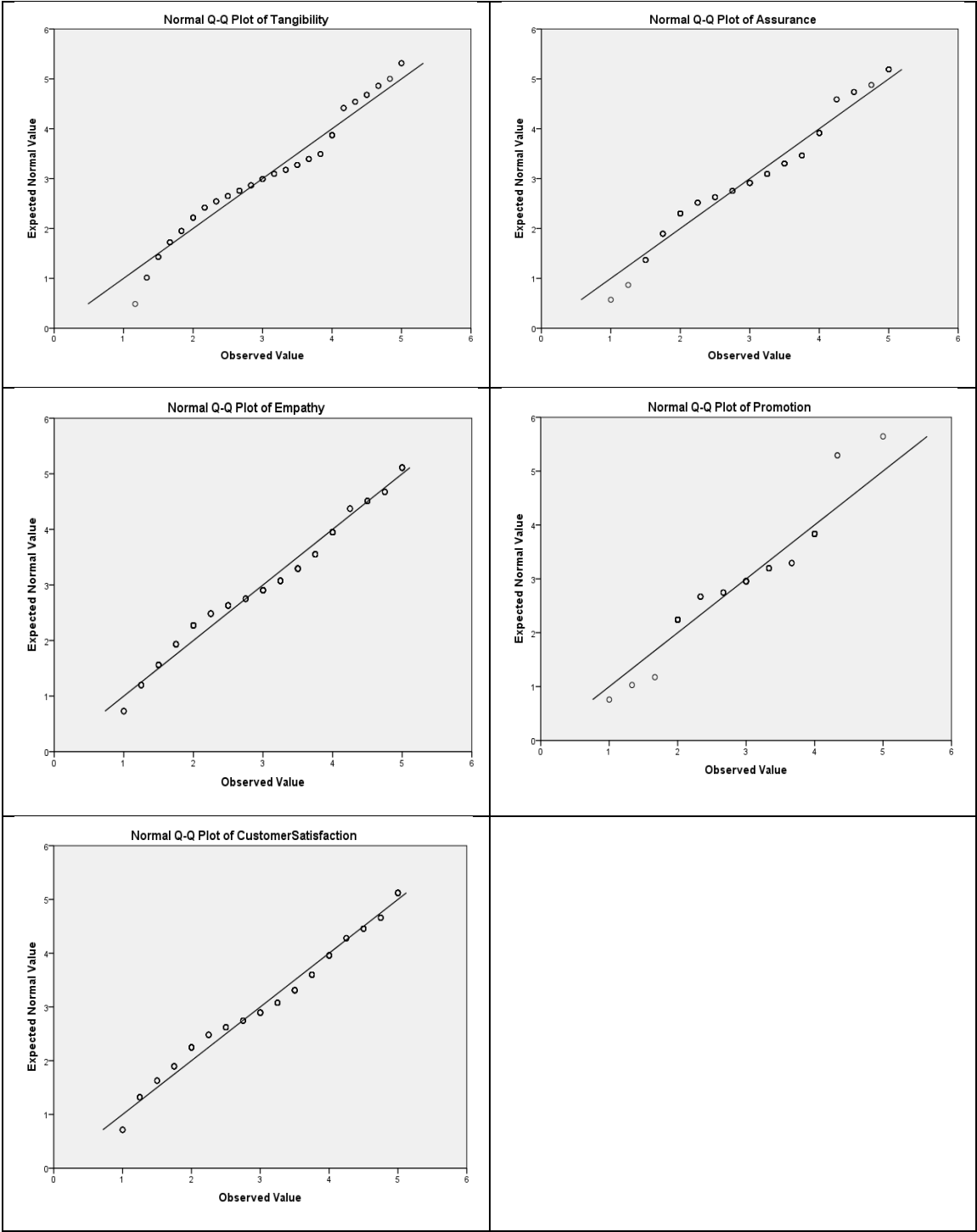


Figure 4.1. Normality of Data Distribution of Each Variable

## 4.4 Inferential Analysis

### 4.4.1 Correlation Result

Table 4.3 shows that the correlation coefficient score between each IV and DV are be more than 0.6 at precision level of 0.05. This shows that each independent variable is correlated with the dependent variable (satisfaction).

**Table 4.3: Pearson Correlation Coefficient Analysis**

	Reliability	Responsiveness	Tangibility	Assurance	Empathy	Promotional Incentive	Satisfaction
Reliability	1						
Responsiveness	0.770	1					
Tangibility	0.771	0.860	1				
Assurance	0.791	0.803	0.785	1			
Empathy	0.759	0.828	0.828	0.788	1		
Promotional Incentive	0.712	0.721	0.738	0.705	0.714	1	
Satisfaction	0.747	0.738	0.750	0.754	0.743	0.757	1

### 4.4.2 Multicollinearity

Although the independent and dependent variables can meet the correlation requirement, it is necessary to ensure that the independent variables themselves are not highly correlated. In Table 4.4 shows that none of the correlation coefficient between the independent variables is more than threshold value of 10. Therefore, multicollinearity is not an issue for this project.

**Table 4.4: Multicollinearity Result of VIF Test**

Coefficient Result							
Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-0.415	0.147		-2.827	0.005		
Reliability	0.206	0.070	0.174	2.952	0.003	0.290	3.454
Responsiveness	0.040	0.076	0.038	0.524	0.600	0.195	5.122
Tangibility	0.121	0.080	0.108	1.505	0.133	0.197	5.076
Assurance	0.226	0.075	0.190	3.038	0.003	0.257	3.890
Empathy	0.119	0.064	0.122	1.863	0.064	0.234	4.272
Promotional Incentive	0.397	0.067	0.305	5.934	0.000	0.383	2.613

### 4.4.3 Multiple Linear Regression Result

The model summary shown in Table 4.5 denotes that 70% of the variation in the dependent variable can be explained by four independent variables: Promotion, Assurance, Reliability and Empathy (or R-square equals to 0.7). The second table, or ANOVA or F-test table indicates that at least one of the following variables (Promotion, Assurance, Reliability and Empathy) can influence the dependent variable.

T-test is undertaken to check how much each of the significant variables can explain the variation of the dependent variable. From the coefficient table, the promotion is the most important factor as its regression coefficient value is higher than other variables, followed by assurance, reliability and empathy. The explanation of why some variables are significant and not significant will be presented in the next sub-topic.

To conclude, the multiple regression equation is shown as follows:

$$\text{Customer Satisfaction (Y)} = -0.397 + 0.429(\text{Promotion}) + 0.263 (\text{Assurance}) + 0.235 (\text{Reliability}) + 0.176 (\text{Empathy})$$



**Table 4.5: Multiple Linear Regression Result**

**Model Summary Result**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.757a	0.573	0.572	0.72656
2	.819b	0.670	0.668	0.63990
3	.831c	0.690	0.687	0.62117
4	.837d	0.700	0.696	0.61196

- a. Predictors: (Constant), Promotional Incentive (IV6)
- b. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3)
- c. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3), Reliability (IV1)
- d. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3), Reliability (IV1), Empathy (IV4)
- e. Dependent Variable: Satisfaction (DV)

**ANOVA Result**

Model	Sum of Squares	df	Mean Square	F	Sig.
<b>1</b>					
Regression	211.225	1	211.225	400.135	.000a
Residual	157.309	298	0.528		
Total	368.534	299			
<b>2</b>					
Regression	246.921	2	123.461	301.513	.000b
Residual	121.613	297	0.409		
Total	368.534	299			
<b>3</b>					
Regression	254.32	3	84.773	219.701	.000c
Residual	114.214	296	0.386		
Total	368.534	299			
<b>4</b>					
Regression	258.057	4	64.514	172.269	.000d
Residual	110.477	295	0.374		
Total	368.534	299			

- a. Predictors: (Constant), Promotional Incentive (IV6)
- b. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3)
- c. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3), Reliability (IV1)
- d. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3), Reliability (IV1), Empathy (IV4)
- e. Dependent Variable: Satisfaction (DV)

Coefficients Result

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	0.006	0.163		0.035	0.972		
Promotional Incentive (IV6)	0.986	0.049	0.757	20.003	0	1	1
2 (Constant)	-0.399	0.15		-2.659	0.008		
Promotional Incentive (IV6)	0.583	0.061	0.448	9.534	0	0.503	1.987
Assurance(IV3)	0.522	0.056	0.439	9.337	0	0.503	1.987
3 (Constant)	-0.472	0.147		-3.214	0.001		
Promotional Incentive (IV6)	0.484	0.064	0.372	7.623	0	0.44	2.274
Assurance(IV4)	0.352	0.067	0.296	5.293	0	0.334	2.995
Reliability(IV1)	0.293	0.067	0.248	4.379	0	0.327	3.054
4 (Constant)	-0.397	0.146		-2.711	0.007		
Promotional Incentive (IV6)	0.429	0.065	0.329	6.595	0	0.408	2.454
Assurance(IV4)	0.263	0.071	0.221	3.685	0	0.282	3.551
Reliability(IV1)	0.235	0.068	0.199	3.446	0.001	0.304	3.286
Empathy(IV4)	0.176	0.056	0.182	3.159	0.002	0.306	3.271

a. Dependent Variable: Satisfaction

## 4.5 Confirmation of Hypotheses and Comparison with Past Studies Result

Based on the t-test result, four hypotheses are supported and two hypotheses are not supported (see Table 4.6).

**Table 4.6: The Summary of the Confirmation of Current Hypotheses**

Hypothesis details	Remarks
H1: Reliability of the service and facilitation provided by the fitness centre is related to Gen Y's satisfaction positively	Supported
H2: Responsiveness of staffs in the fitness centre is related to Gen Y's satisfaction positively.	Not Supported
H3: Assurance of service provided by the fitness centre is related to Gen Y's satisfaction positively.	Supported
H4: Empathy of the service providers towards Gen Y's needs is related to their satisfaction positively towards the fitness centre.	Supported
H5: Better quality of tangible dimensions is related to Gen Y's satisfaction positively towards a fitness centre.	Not Supported
H6: Promotional incentive offered by fitness centre is related to Gen Y's satisfaction positively.	Supported

From Table 4.6, H1 is supported or reliability is important in determining respondent's satisfaction. Basically, consumers of fitness centres need have to certain level of trust towards the service providers. Example, the providers need to fulfil what they have promised to consumers, providing the right feedback and ensuring the fitness machinery and sports equipment are safe to use. The result is supporting Foteini et al's (2011) study result; members felt the fitness centre was reliable when the centre had provided consistent services like systematic timekeeping record and the exercise programs were carried out as announced to public.

The support of H3 (see Table 4.6) shows that the assurance dimension is an important dimension to the Gen-Y. The service providers like centre's staff or trainers needs to be sure what they need to do in their job, have the confidence to perform it, and must possess their work professionally and ethically. The result is similar to Aminuddin et al's (2017) study result; respondents were satisfied when the fitness centre service providers perform promised service accurately.

Service providers whom were caring and spared times to listen and communicate the customers had influenced the Gen-Y's satisfaction, and this is shown in Table 4.6 where H4 is supported. Empathy (in terms of understanding and caring) is an important dimension in Edmundas, Diana and Biruta's (2013) study as well.

Promotional Incentive is among one of the significant variables that can affect Gen-Y's satisfaction and the result is supporting Jee and Ernest, (2013); and Roda, M.'s (2019) studies. The evidence is shown in Table 4.6, in which H6 is supported. Probably this is because most of the Gen-Y respondents were materialistic or whenever possible, fulfil personal needs with minimum spending as the living cost is increasing or their cost commitment is getting higher and higher

Nonetheless, two service quality dimensions: responsiveness and tangibility variables are not significant and therefore H2 and H5 were not supported. Possibly, this is caused by the inconsistency answers given by the respondents.

For example, in measuring the responsiveness variable, the researchers found that one of the measuring items which is fitness centre providing prompt service has been rated inconsistently by the respondents. The result shows that 47.33% (142 out of 300) respondents reacted with strongly agree or agree, 33.33% (100 out of 300) respondents reacted with strongly disagree and disagree, while 19.33% (58 out of 300) respondents reacted with neutral.

Based on Paschal, W.S. (2011), prompt services was not easy to be performed by fitness service providers during peak hours with large crowds. Such discrepancy of answers that received from respondents could be caused by when the data was collected. If current researchers had collected the data during the peak demand period, respondents may have ticked disagree scale, compared to when the data was collected during non-period period.

Also, the Gen-Y respondents were composed by students and working adults. Students can visit the fitness centre during non-peak hours and therefore, they were likely to be served promptly. Meanwhile, workers tend to visit fitness centre after working hours which normally has larger crowds, and therefore tend to receive slower services Hawk, N. (2014).

Another plausible reason is related to Gen-Y's characteristics. Generally, they are tech savvy; and have high confident and self-esteem levels (Luenendonk, M). Therefore, Gen-Y seldom seeks guidance or services from the fitness service providers. As a result, some respondents may think the item of prompt service in responsiveness variable is not important and vice versa for another group of respondents.

Pertaining to the non-support of H5, the researchers noticed that one of the tangibility's measuring items which is related to the equipment's performance was rated inconsistently as well. The result shows that 50% (150 out of 300) respondents reacted with strongly agree or agree, 32.33% (97 out of 300) respondents reacted with strongly disagree and disagree, while 17.67% (53 out of 300) respondents reacted with neutral. The following may explain the respondents' inconsistent behaviour.

Different centres may use fitness equipment. Shumsky (2019) asserted that some centre using up-to-date smart gym machineries which can provide more sophisticated functions especially those with more store chains. Furthermore, fitness centres that have alliance with machineries suppliers can get better purchasing pricing deal (Krusmark & Samsel, 2018). Besides that, fitness centre that does not practice preventive maintenance service on the purchased equipment function may cause the machine's performance to deteriorate (Club Industry, 2014). The explanations above possibly have caused the H5 to be not supported in this study.

## **CHAPTER 5: CONCLUSION AND IMPLICATIONS**

### **5.1 Accomplishing the Research Objectives**

After omitting the uncompleted answered questionnaire, the collected data were used to run all the required statistical analyses. The main purpose of running the statistical tests is to confirm the research objective of this project.

Two specific objectives were tested. The first objective which is meant to examine how the service quality dimensions can influence the Gen-Y's satisfaction, five hypotheses: H1, H2, H3, H4 and H5 were tested. Among the five dimensions, two dimensions: responsiveness and tangibility are not significant, other three dimensions are supported. The second objective was tested by one hypothesis: H6 and the hypothesis is supported.

In summary, all the statistical tests had been run smoothly and all the hypotheses were tested. The discussion of the hypotheses confirmation was elaborated in sub-topic 4.5.

### **5.2 Implications**

#### **5.2.1 Implications for Academia**

The main theoretical contribution of this study is to enriching the SERVEQUAL model with an additional variable, promotional incentive. The support of hypothesis H6 give the evidence that the SERVEQUAL model can provide more comprehensive result to policy makers if appropriate variable is included in the model. The statistical results support that the promotion incentive variable is correlated to and has causal relationship

with the dependent variable, satisfaction. Also, the variable was not correlated with other independent variables, which indeed confirm its independent status.

### **5.2.2 Implications for Managerial Decision Makers**

As reliability is imperative to Gen-Y, the fitness centre should promise to provide services which are perceived as high-quality among the potential and existing customer. One of the ways is to keep their promises; deliver the best service by understanding the consumer's preferences (Edmundas et al, 2013). This can help the centres to gain the customer's trust. Also, maintain the machineries adequately and make sure the machineries can perform properly.

Assurance of service is important to Gen-Y too. Service providers especially the trainers must have sufficient knowledge and confidence in performing their training job such as providing proper training instruction and sharing physical activity experience which can make the customer to feel more secure (Melton, Katula, and Mustian, 2008). On top of that, the service providers' knowledge must be updated frequently so that they can provide proper, updated and later guides to the Gen-Y.

The significance effect of empathy is providing the managerial decision maker's a useful hint. Better communication strategies such as showering the customer with care and listen to the customer's comments for improvement are effective ways to bind a closer relationship with customers. For example, Ncegba, (2017) suggested centres to customize their service such as special exercise plan to healthy or young customers versus to older or non-healthy customers.

Similarly, promotional incentive is important in enhancing the Gen-Y's satisfaction toward the fitness centre. Gen-Y could be attracted to promotional incentive that can enable them to use the centre's services at lower price. This can be feasible done

through membership scheme. Also, Gen-Y may prefer short term incentives especially when the students are going to graduate and leave the place soon. Working adults whom are too attached to their work career may prefer to use the centre at their convenience time, like during night-time or weekend. Therefore, the decision makers may need to structure the centre's operational hours carefully.

### **5.3 Limitations of the Study**

There is no perfection in any study design. The bias of the respondents' ethnicity distribution is a limitation. Although the current researchers intended to involve the participation of other ethics in Malaysia, most of the questionnaires were answered by Malaysian Chinese. The imbalanced representation from other races in Malaysia may limit the generalization and accuracy of the results for the overall Gen-Y population. The snowball sampling technique is still applicable but it would be better if the first phrase of respondents' ethnicity is more fairly distributed.

Although the authors' contact details were shown in the hardcopy and softcopy questionnaire, the authors did not receive any query from respondents. It is possible that respondents had defined the meaning of what is to be measured by the items of responsiveness and tangibility different. Inconsistency in answering the variables' items may have caused the two variables to become not statistically significant in relation to their responds on the dependent variable's items.

Outlier responses were detected in the answered questionnaire particularly related to the two independent variables: responsiveness and tangibility measuring items. Respondents may feel reluctant to answer one of the two of the measuring items of the variables as their perception towards what the item is measuring is still inconsistent, despite after the pilot test. To get their clarification, current researchers have difficult



to contact them because to assure the respondents will provide the answers that can truly reflect their opinion, their identity was kept highly private and confidential.

## **5.4 Recommendation**

To ensure the respondents' ethnicity is distributed more equally, that first phase respondents should be made up by Gen-Y with different ethnicity. In this way, their recommended family, friends, or acquaintances are more likely to be from the same ethnic.

To increase the probability of leading the respondents to understand what is meant to be measured cohesively, suggest preparing the questionnaires in multiple languages; English, Bahasa Malaysia, Mandarin, and even Hindi. Language experts and pilot test respondents should be invited to vet the first draft of the questionnaire. This method hopes can reduce the inconsistent responses that may compromise the accuracy of the final result.

To ensure the respondents could understand what each item is trying to measure, researchers should explain the statements when distribute the questionnaire to respondents. It can through verbal explanation if face-to-face interview is carried out and/or prepare a cover letter when e-questionnaire is used. If outlier problem still persists, contact the person through the respondent's email address. For example, google survey will show the respondent's email after receiving their responds.

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## APPENDIX

### **Appendix 1.0 Preliminary Survey**

#### **Experiences of the Service Quality, Promotion and Customer Satisfaction towards the Fitness Centre Visited Among Gen Y**

Dear Participants,

We are students of Universiti Tunku Abdul Rahman (UTAR) doing a study related to the subject mentioned above. Your response is very useful to us in providing useful indications to analyze the satisfaction level of experiences on Gen Y towards the fitness centre.

Please take a few moments to answer the following questions. There will be no risk involved in your participation in this survey. Your identity and responses will be kept private and confidential. Your voluntary participation in this survey is greatly appreciated. The completion of this survey implies consent for us to consolidate your data with others and to publish the results without identifying any respondents.

There are two sections for this research project:

Section A: Demographic profile

Section B: Satisfaction towards service quality of fitness centre

\*This google form only valid for Generation Y who got experiences in the fitness centre\*



Yours Sincerely,



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**Section A:** Demographic profile (Please choose the appropriate answer about yourself.)

1. Gender       Male       Female
  
2. Race       Malay       Chinese       Indian
  
3. Age (years)       26 - 30       31 - 35       36 – 40
  
4. Highest academic qualification attained or currently pursuing  
 SPM/O-level       STPM/A-level/Foundation       Diploma  
 Bachelor's Degree       Master's Degree       PhD

5. Current occupation

- Student
- Fresh Graduate
- Government Employee
- Private Employee

6. Monthly income

- Below RM 2000
- RM 2001 – RM 3000
- RM 3001 – RM 4000
- RM 4001 and above

**Section B:** Satisfaction towards service quality of fitness centre (Please choose the appropriate answer about yourself.)

1	Reliability: Did you experience that the fitness centre you have been visited before has created trustworthiness, maintained the equipment and service with minimum error, and interested in solving your problem?	YES	NO
2	Responsiveness: Did you experience that the fitness centre you have been visited before has the willingness to help you, provided prompt services to you, and respond to you at all time?	YES	NO
3	Tangibility: Did you experience that the fitness centre you have been visited before has provided up-to-date equipment, provided clean facilities and equipment, and provided good quality equipment?	YES	NO

4	Assurance: Did you experience that the fitness centre you have been visited before has a good manner to serve you, knowledgeable on the job, and confident to serve you?	YES	NO
5	Empathy: Did you experience that the fitness centre you have been visited before has to care about your wellbeing, communicated to you, and consistently provided a warm smile and greeting in any condition?	YES	NO
6	Promotion: Did the promotion (membership, price deduction and so on) offer by the fitness centre that you have visited before provided good value and the promotion offered up to your expectation?	YES	NO

**THANK YOU FOR TAKING THE TIME TO COMPLETE THIS SURVEY**

## Appendix 2.0 Questionnaire

### Service Quality, Promotion and Customer Satisfaction - A Case of Fitness Centre among Gen Y in Malaysia

Dear Participants,

We are students of Universiti Tunku Abdul Rahman (UTAR) doing a study related to the subject mentioned above. Your response is very useful to us in providing useful indications to the centre's decision makers to develop appropriate policy that can increase the Gen Y's satisfaction towards the fitness centre's service quality.

Please take a few moments to answer the following questions. There will be no risk involved on your participation in this survey. Your identity and responses will be kept private and confidential. Your voluntary participation in this survey is greatly appreciated. The completion of this survey implies consent for us to consolidate your data with others and to publish the results without identifying any respondents.

If you have any questions regarding this research, please contact the undersigned. My contact information is provided below. Thank you for your consideration, and participation in this research project.

Yours Sincerely,



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PERSONAL DATA PROTECTION STATEMENT

Please be informed that in accordance with Personal Data Protection Act 2010 (“PDPA”) which came into force on 15 November 2013, Universiti Tunku Abdul Rahman (“UTAR”) is hereby bound to make notice and require consent in relation to **collection, recording, storage, usage and retention of personal information.**

Notice:

1. The purposes for which your personal data may be used are inclusive but not limited to: -
  - *For assessment of any application to UTAR*
  - *For processing any benefits and services*
  - *For communication purposes*
  - *For advertorial and news*
  - *For general administration and record purposes*
  - *For enhancing the value of education*
  - *For educational and related purposes consequential to UTAR*
  - *For the purpose of our corporate governance*
  - *For consideration as a guarantor for UTAR staff/ student applying for his/her scholarship/ study loan*
  
2. Your personal data may be transferred and/or disclosed to third party and/or UTAR collaborative partners including but not limited to the respective and appointed outsourcing agents for purpose of fulfilling our obligations to you in respect of the purposes and all such other purposes that are related to the purposes and also in providing integrated services, maintaining and storing records. Your data may be shared when required by laws and when disclosure is necessary to comply with applicable laws.
  
3. Any personal information retained by UTAR shall be destroyed and/or deleted in accordance with our retention policy applicable for us in the event such information is no longer required.

4. UTAR is committed in ensuring the confidentiality, protection, security and accuracy of your personal information made available to us and it has been our ongoing strict policy to ensure that your personal information is accurate, complete, not misleading and updated. UTAR would also ensure that your personal data shall not be used for political and commercial purposes.

Consent:

1. By submitting this form you hereby authorize and consent to us processing (including disclosing) your personal data and any updates of your information, for the purposes and/or for any other purposes related to the purpose.
2. If you do not consent or subsequently withdraw your consent to the processing and disclosure of your personal data, UTAR will not be able to fulfil our obligations or to contact you or to assist you in respect of the purposes and/or for any other purposes related to the purpose.
3. You may access and update your personal data by writing to us at [chongyl@utar.edu.my](mailto:chongyl@utar.edu.my)

Acknowledgment of Notice

[  ] I have been notified by you and that I hereby understood, consented and agreed per UTAR above notice.

[  ] I disagree. My personal data will not be processed.

.....

Name:

Date:

**Are you born from 1980 - 1994 and currently engaging fitness centre service in Malaysia?**

Yes

No

**Section A:** Please tick the appropriate answer about yourself.

7. Gender  Male  Female

8. Race  Malay  Chinese  Indian

9. Age (years)  26 - 30  31 - 35  36 - 40

10. Highest academic qualification attained or currently pursuing

SPM/O-level  STPM/A-level/Foundation  Diploma

Bachelor's Degree  Master's Degree  PhD

11. Current occupation

Student

Fresh Graduate

Government Employee

Private Employee

12. Monthly income

Below RM 2000

RM 2001 - RM 3000

RM 3001 - RM 4000

RM 4001 - RM 5000

RM 5000 and above

**Section B:** For each of the statements, please tick (√) the number using the agreement-disagreement scale which you feel the best to describe yours perception.

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<b>Reliability of the service provided by the fitness centre that you are currently engaging.</b>						
Overall, the centre ...						
1	is able to be trusted to do or provide what is promised by the centre <sup>a,b</sup>	1	2	3	4	5
2	is reliable. Consumers can count on them when they have problems <sup>b</sup>	1	2	3	4	5
3	has maintained the equipment and service with minimum error <sup>b</sup>	1	2	3	4	5
4	is providing the right services to the Gen Y consumers <sup>b</sup>	1	2	3	4	5
<b>Responsiveness of the service provided by the fitness centre that you are currently engaging.</b>						
Overall, the centre ...						
1	is willing to help whenever the Gen Y consumers request it <sup>b</sup>	1	2	3	4	5
2	is providing prompt services to the Gen Y consumers <sup>a,b</sup>	1	2	3	4	5
3	is ready to react or response at all time <sup>b</sup>	1	2	3	4	5
4	is reacting in a desired or positive way <sup>b</sup>	1	2	3	4	5
<b>Assurance of the service provided by the fitness centre that you are currently engaging.</b>						
Overall, the staffs ...						
1	are sure and certain in mind about their job responsibility <sup>b,c</sup>	1	2	3	4	5
2	have a strong feeling of confidence of mind about what should be performed <sup>b,c</sup>	1	2	3	4	5
3	are providing good manner towards the consumers <sup>b,c</sup>	1	2	3	4	5
4	have the necessary knowledge in assisting the consumers <sup>b</sup>	1	2	3	4	5
<b>Empathy of the service provided by the fitness centre that you are currently engaging.</b>						
Overall, the centre ...						
1	cares about their consumers' wellbeing <sup>b</sup>	1	2	3	4	5
2	is aware of the consumers' requisition of operating hours <sup>c</sup>	1	2	3	4	5
3	is sensitive to their consumer's specific needs <sup>b</sup>	1	2	3	4	5
4	can communicate with the consumers <sup>b</sup>	1	2	3	4	5



SERVICE QUALITY, PROMOTION AND CUSTOMER SATISFACTION - A CASE OF FITNESS  
CENTRE AMONG GENERATION Y IN MALAYSIA

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	<b>Tangibility of the service provided by the fitness centre that you are currently engaging.</b> Overall, ...					
1	the centre's fitness equipment are up-to-dated <sup>a</sup>	1	2	3	4	5
2	the centre's fitness equipment and facilities are clean <sup>a</sup>	1	2	3	4	5
3	the centre's fitness equipment and facilities are in good condition <sup>a</sup>					
4	the staffs at fitness centre are neat <sup>a,b</sup>	1	2	3	4	5
5	the staffs at fitness centre are professional <sup>a,b</sup>					
6	almost all of the consumers are able to fit into the centre comfortably <sup>a,b</sup>	1	2	3	4	5
	<b>If you are given promotional incentive which was activated by the fitness centre, would you affect your current satisfaction level?</b>					
1	Promotions may influence me to take care more of my fitness <sup>c</sup>	1	2	3	4	5
2	If there is a promotion I like, I would continue to use current centre's service instead of seeking another centre <sup>c</sup>	1	2	3	4	5
3	Promotion plays a big part in my choice to use the current centre's service <sup>c</sup>	1	2	3	4	5
	<b>The following items measure your overall level of satisfaction towards the service quality that provided by the fitness centre that you are currently engaging.</b>					
1	I feel satisfied with the centre's service quality <sup>e</sup>	1	2	3	4	5
2	The service provided is close to ideal or conforming the standard that I am looking for from a fitness centre <sup>d,e</sup>	1	2	3	4	5
3	The service provided makes me happy <sup>e</sup>	1	2	3	4	5
4	The centre does a good job of fulfilling my health needs <sup>e</sup>	1	2	3	4	5

<sup>a</sup> E. Jasinskas, D. Reklaitiene, B. Svagzdiene (2013)

<sup>b</sup> Paschal W. Soita (2012)

<sup>c</sup> Kirk L. Wakefield (1996)

<sup>d</sup> Biljana Angelova and Jusuf Zekiri (2011)

<sup>e</sup> Dr. M.A. Dorgham (2009)

**THANK YOU FOR TAKING THE TIME TO COMPLETE THIS SURVEY**

# Service Quality, Promotion and Customer Satisfaction - A Case of Fitness Centre Among Gen Y in Malaysia

*by* Eng Hui Lee

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**Submission date:** 13-Apr-2020 07:55PM (UTC+0800)

**Submission ID:** 1296403899

**File name:** FYP\_-\_13.04.2020.docx (824.82K)

**Word count:** 10435

**Character count:** 66091

## CHAPTER 1: INTRODUCTION

### 1.1 Research Background

Physical exercise has been started since centuries and thousands of years ago. Ancient people did not need fitness machinery or equipment to maintain or improve their health and yet their health and body shape were maintained better than people of present days (Martin, 2017). Fitness was relatively a modern innovative concept that was started in the 70s with Jazzercise and jogging exercise. The fitness culture has been adopted globally as people begin to pay more attention towards their health and body image (Andreasson & Johansson, 2015). Philosophically, physically and mentally healthy people will enjoy real wealth because they are less prone to illness.

As people are getting more educated of the needs to maintain their health status at younger age, the fitness industry is growing worldwide (Thompson, 2017). The sales turnover of the Malaysian fitness sector had reached \$31 million in 2016 and was expected to grow at an average annual growth rate of \$50 million until 2021 (Weng, 2017). Nevertheless, the younger generation is adopting unhealthy living lifestyle too; consuming unhealthy food and paying less attention on fitness and such habits will expose them to serious health problems at older age (Gamespeed, 2017).

Gen-Y consumers generally are less health conscious compared to the older generation, Gen-X. Probably, the Gen-Y needs to spend more time and effort for career advancement. As a result, they consume unhealthy diet and have lesser time for exercise. To combat their unhealthy lifestyle, Gen-Y begins to purchase fitness machinery and equipment for home exercise. Probably, partly because of the need to present a 'healthy image' while working. In other words, Gen-Y is a potential market segment that should be explored by fitness centre (Macintosh & Doherty, 2007) as they have the disposable income and are keen to stay healthy after having a tiring working day.

Gen-Y is born in early 1980s to late 1990s, aged ranged from 25 to 40. In 2016, 44% of Malaysian population were Gen-Y (Kavanagh, 2016) and were receptive towards healthcare programme (Joseph, Yusof & Geok, 2017). For example, in 2017, nearly half of the Gen-Y population had participated in high-calorie burning activities (Karlis, 2018). Therefore, to ensure more Gen-Y consumers will use the fitness centre's service feel satisfy with the services and facilitations provided by the centre. The level of customer's satisfaction will determine the business progress of fitness industry (Chuah et al. 2017).

Basically, Gen-Y consumers are honest, confidence, harsh, vociferous and also have high expectations (Schofield & Honoré, 2011). Carrying out a survey thereby will be useful for the centres to better understand the Gen-Y's needs and satisfaction. On top of surveying the Gen-Y's response towards the centre's service quality, it is necessary to evaluate how the consumers appraised the centre's promotional incentive.

Promotional materials are used by companies to notify, persuade and alert the current and potential consumers of the current and new business offerings (Gitman, et al., 2018; Ong & Yap, 2017)). Promotional incentive such as provision of discounts and membership can attract new customers and persuade existing consumers to become more loyal (Familmaleki, Aghighi, & Hamidi, 2015; Mostert, Petzer, & Weideman, 2016).

## **1.2. The Development of Fitness Centres**

Fitness Centres or the health clubs is a community- or institutional-supported centre that provides indoor and outdoor health, recreational, and social facilities which are geared towards physical activities with the help of the centre's trainer, fitness machineries and sports equipment. Fitness centres may provide a separate area for specific physical activities (like dancing, badminton or futsal) to cater the needs of specific users. Personal training may be provided as well, like swimming, boxing and

martial arts. Customers are required to pay additional fee for venue booking and/or training.

Fitness culture is flourishing worldwide (Ulseth & Seippel, 2011). Fitness industry in U.S.A had been growing about 3% annually since 2008, as reported by the International Health, Racquet and sports club association (IHRSA) (cited in Midgley, 2018). By 2019, 2.5 million people will be using fitness centre's services in Malaysia and the figure will grow continuously in future (Statistic, 2019). Plausibly, this is due to the wow factor created by the endorsement made by celebrities; need to well-kept body image for career purpose (Jain, 2017; Suwono & Sihombing, 2016). Such endorsement has inspired young generation to pay more attention to their body image and hope to replicate the similar body image as shown by their favourite celebrity (Jain, 2017; Wicker, Coates & Breuer, 2015).

To grow and sustain a business, it is important to create a competitive advantage (Polyakova et al. 2012). One of the common ways to attract and retain customers is through the offering of promotional incentives such as membership and attractive monthly and annual packages. No doubt, promotion is an important tool to market new or existing services to potential and current customers. Nevertheless, such promotion strategy will become a weak tool if the strategy can be easily replicated. Service quality meanwhile is more geared towards the individual company's strength that cannot be easily replicated.

In literature, service quality model's hypotheses were confirmed by many studies (see topic 2.2). Despite the recognition of service quality dimensions explained in SERVEQUAL model, the application of these dimensions in fitness centre in Malaysia is not credible. The following topic discusses the problems that have trigger customers' dissatisfaction towards the centre's services in Malaysia.

### 1.3 Research Problem

To examine the research problems that have been faced by the Gen-Y consumers, a preliminary study that involves 20 respondents was carried out. The following shows the respondents' feedback.

About 65%<sup>52</sup> of the respondents felt that most of the fitness centres that they have attached did not supply reliable services. The centre's fitness machineries and equipment were not properly maintained and reliable information was not conveyed to consumers. In addition, service providers also did not materialise their promises. Therefore, the centre's reliability needs to be examined in the main survey.

Another complains was related to the staff's responsiveness. They claimed that the staff was not eager to provide a helping hand and delayed their responses whenever they can. Furthermore, the staff was slowed answering the phone call and email. As a result, the staff's responsiveness deserves to be studied further.

The working condition of the centre's machineries and equipment is another problem. Basically, quite a number of the fitness machineries and equipment were broken and worn out. Moreover, the washroom was not properly cleaned. Therefore, the problem pertaining to the tangibility of the service should be evaluated.

The staff generally has failed in providing their assurance responsibility. They were not treating the respondents politely when answering questions. Probably this is because the staff was not well verse with the centre's products offerings. Consequently, staff assurance should be examined in the main study.

The respondents were dissatisfied of the staff's empathy attitude. Staff was reluctant to spend time in communicating with customers. Undeniably, the staff should be sensitive to customer's needs and should show that they care about the consumer's

well-being. Such responds had triggered the authors to investigate the empathy problem in the main survey too.

Not many promotional incentives were provided by the centre, as commented by the respondents. Occasionally, some incentives were offered but were not up the respondent's expectation as it were lack of attractiveness and were not worth for paying additional charges. In view of the respondent's feedback, the study of the centre's promotional incentives needs to put forward in the main study.

To solve the issues related to <sup>12</sup>reliability, responsiveness, assurance, empathy and tangibility, service quality (SERQUAL) model was employed. In solving the promotional incentives issue, the model was modified by including an additional variable, promotional incentive.

#### **1.4 Research Question**

- i). How the service quality elements are <sup>6</sup>related to Gen-Y's satisfaction?
- ii). How the <sup>6</sup>promotion incentive is related to Gen-Y's satisfaction?

#### **1.5 Research Objective**

Generally, the study examines how the service quality and promotional incentives are <sup>6</sup>related to Gen-Y's satisfaction <sup>8</sup>of the fitness centre. Specifically, this study intended:

- i). To estimate how <sup>8</sup>each of the service quality dimensions - reliability, responsiveness, assurance, empathy and tangibility - can influence the Gen-Y's satisfaction.
- ii). To examine how the promotion incentive <sup>23</sup>can influence the Gen-Y's satisfaction.

#### **1.6 Significance of the Study**

##### **1.6.1 To Academics**

SERVQUAL model has been extensively applied in literature in measuring customer satisfaction (Hu, Devi & Kandampully, 2009). Studies on service quality of fitness centre among the Gen Y had been undertaken but enriching the model with promotion incentive variable is still rare in literature. Past studies enriched the SERVQUAL model with other variables. For example, Ngceba (2017); Rueangthanakie (2008); and Yusof, Joseph and Shah, (2017) include the moderating effect demographic profile on customer's expectation, perception and satisfaction. Wen et al.'s (2018) study result showed that people with higher demand had asked for high-quality service while non-demanding person was easily satisfied when only a small part of their need was fulfilled. This study on the other hand is enriching the literature by adding the promotional incentive variable which is still rarely discussed in literature.

#### **1.6.2 To Managerial Decision Makers**

The fitness industry will continue to grow as people begin to prioritise their health ("Health and Fitness Class Market Growth, Trend, and Forecast in 2020-2025", 2019). However, the low entry barrier has increased the number of competitors. Therefore, more tactical strategies need to be planned. Current study results can provide useful indications to fitness centre's managerial decision makers on specific strategy that can be implemented. For example, if the promotional incentive hypothesis is supported, incentives that are related to the measuring items will be recommended. For instance, the promotional incentives should be able to increase respondent's fitness. Overall, studies showed that poor service quality discouraged the customer's usage intention (Brown et al. 2016) and bad circulation of word of mouth (Sacco, 2018) will affect the recruitment of new members. The study results will enable current authors in suggesting tactical plans that can improve the centre's specific service quality dimension's performance and enhance customers' satisfaction.



## CHAPTER 2: LITERATURE REVIEW

### 2.1 Overview of the Theoretical Framework of Service Quality Model

Grönroos had developed the first version of service quality model in 1984; in which the perceived service quality was measured by three-dimensions: technical quality, functional quality, and corporate image (Ghotbabadi, Feiz & Baharun, 2015). Technical quality is about what are the ranges of perspectives that have been estimated by the customer while the functional quality is referring to how customer appraises the delivered service. Corporate image meanwhile is about how the customers will view the company or product's image as a result of technical and functional qualities evaluation (Yarimoglu, 2014)

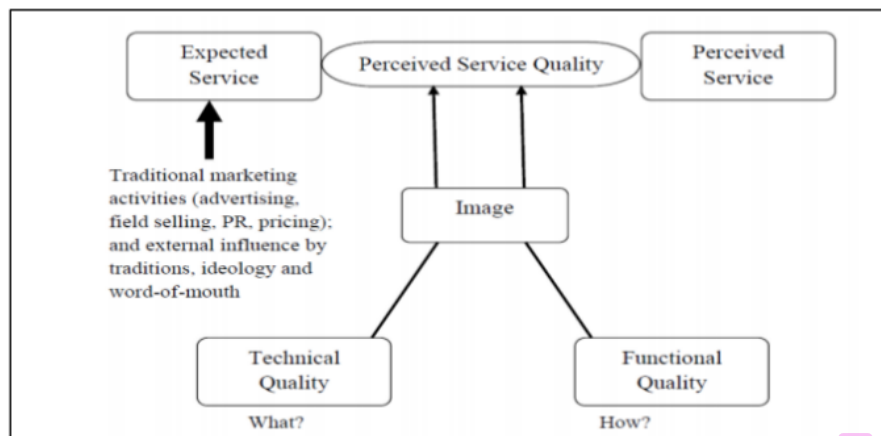


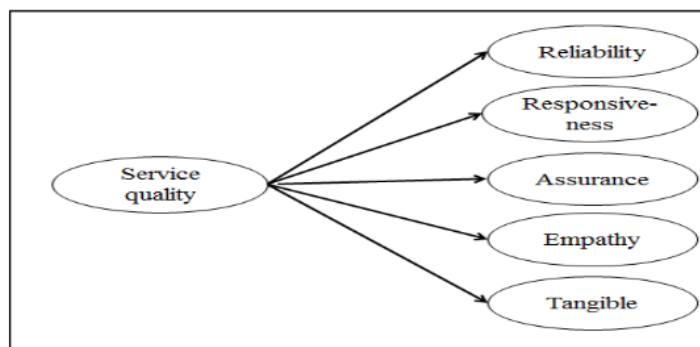
Figure 2.1 The Theoretical Framework of Gronroos's Service Quality Model

Source: Ghotbabadi, Feiz and Baharun, 2015

SERVQUAL model was theorized by Parasuraman, Zeithaml, and Berry, in the 1980s ("Service Quality", n.d.). The model attempts to provide new measurement for service quality which can address the Nordic model's weaknesses. SERVQUAL model has been most widely used in literature because the five dimensions - reliability, responsiveness, assurance, empathy and tangibility - are essential for

service quality assessment and can be tailored to suit the characteristics or needs of a specific organization or product (Cronin and Taylor, 1992). The model highlights the needs to compare the expectations of customer which derived before service consumption and their perceptions of the service after the service consumption (Nguyen, Nguyen, Phan & Matsui, 2015). Basically, if the perception measure is below than the expectation measure, the quality provider by the service providers will be considered as low and drastic improvement is needed; and vice versa (Parasuraman, Zeithaml, & Berry, 1985).

The following explain the characteristics of the five dimensions. Reliability refers to the level of trust belief that consumers have; on the services and/or physical assets that are delivered and/or prepared by fitness centres. Responsiveness shows the consumer's reaction towards the staff's readiness to perform an action so that customers can be assisted promptly. Assurance refers to the confidence level that consumers have; on staff's ability to perform their work professionally and ethically. Empathy reflects consumer's anticipation of the level of interpersonally cares for the client's well-being that should be performed by the centre's staff. Finally, tangibility denotes the level of attractiveness (as perceived by consumers) of the tangible items provided by fitness centre such as workability of fitness machineries and equipment and cleanliness of surrounding areas (Arachova, 2013). Figure 2.2 shows the theoretical framework of SERVEQUAL model.



**Figure 2.2 The Theoretical Framework of SERVEQUAL Model**

Source: Parasuraman, Zeithaml and Berry, 1985

SERVQUAL model is used as the basic theoretical model because the model can solve most the problems faced by the respondents in this study contest.

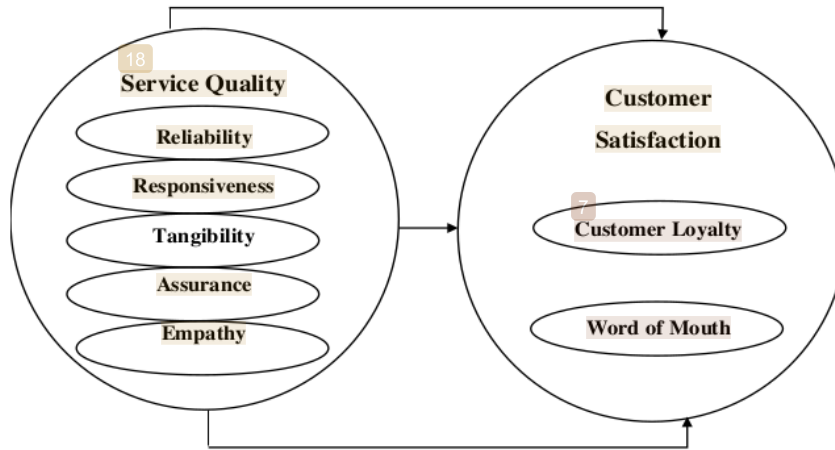
## 2.2 Overview Relevant Past Studies

SERVQUAL model was applied in many studies with different service background. Organizations measured the service quality level so that appropriate type and level of services can be delivered to meet consumer's desires and expectation (Khoshraftar & Rozan, 2015). The service quality dimensions also had helped service providers to better understand customer's expectations and perceptions of the investigated service (Hietl & Syynimaa, 2018).

The relationship between service quality and service satisfaction has been tested by Tsitskari, Antoniadis and Costa (2014). According to the authors, satisfaction is a psychological reaction that has derived as a result of the consumer's perception of the experienced or used services. Based on the authors' definition, this project therefore shall be focusing on measuring the fitness centre's post-service experience, not the pre-service experience. The target population therefore should be someone whom has used the fitness service before.

Later, Felix (2017) had modified Tsitskari, Antoniadis and Costa's (2014) study framework. The satisfaction variable had been decomposed into two components: customer loyalty and word of mouth (see figure 2.3). Basically, customers will derive the perceptions of how the experienced service should be delivered or performed by the service providers, from the five service quality dimensions (Archakova, 2013). If the customer is satisfied with the service provided by the fitness centre, they will become more loyal and start to promote the centre to their family members, friends, or acquaintances (Felix, 2017; Fornell, 1992; Tsitskari, Antoniadis & Costa, 2014) which will eventually creating a competitive advantage for business sustainability

(Yu et al. 2014). Yiannakis (1989) also highlighted that by knowing the customer's satisfaction level, appropriate marketing planning can be strategize efficiently.



**Figure 2.3 Service Quality Theory - SERVQUAL Model**

Source: Felix, 2017

Table 2.1 shows that SERVQUAL variables have tested in fitness literature and the studies overall have supported the model's propositions: the dimensions were important measures and were related to consumer's satisfaction of the experienced service. See Table 2.1 for the details.

**Table 2.1: Overview Relevant Past Studies' SERVQUAL Research Models**

Author's name (Year of publication)	Research Model's variables	Research finding
Yusof, Joseph and Shah (2017)	The SERVQUAL variables are: Tangible Reliability Responsiveness Assurance Empathy  Additional variable Age	The findings conclude that the SERVQUAL variable are reliable and valid in measuring the expectation, perception and satisfaction of consumer on service quality in fitness centre in Malaysia  The additional variable can provide significant results and are consistent with past Studies.
Wen, Zhong, Liu and Zuo (2018)	The SERVQUAL variables are: Tangible Reliability Responsiveness Assurance Empathy  Additional variable: Value	The service quality provided will influence directly toward the customer satisfaction on their expected service quality  Value is significant in affect the customer satisfaction toward the service quality provided in fitness club
Ruda and Sima (2019)	The SERVQUAL variables are: Tangible Reliability Responsiveness Assurance Empathy  Additional Variable: Demographic characteristic	Service quality has a strong relationship in predicting the satisfaction of customer toward the fitness centre  Demographic characteristic could affect the customer satisfaction toward the service provided

### 2.3 Relevant Past Studies Related to Promotion Incentive

The number of new fitness centres is growing but the number of closed centres is increasing as well. Plausibly, this is due to their inefficiency in servicing their customers (Efi & Anastasia, 2013). Many centres are using promotional incentives to promote short-term intensive and preferential treatment which can possibly satisfy new and existing customer's needs (Kotler et al. 2016).

Promotional incentive has become a tool used by centres to stimulate new or higher demand of the fitness products (Darmawan, 2018; Familmaleki, Aghigi, & Hamidi, 2015; Kang, 2019) by creating a competitive advantage for the products or centres (Darmawan, 2017; Kylie, 2015) and hope that this can increase consumer's revisit or create positive word-of-mouth (Cham et al. 2016). Therefore, the centres need to understand how the existing customers have responded towards the promotional incentives and whether the incentives have been able to satisfy the consumer's satisfaction. After the review of past studies work, this study decided to enrich the SERVEQUAL model by including the study of an additional variable: promotional incentive.

### 2.4 The Proposed Conceptual Framework

As most of the studies' problem can be resolved by SERVEQUAL model, current researchers decided to modify the model by adding a variable: promotional incentive (see figure 2.3).

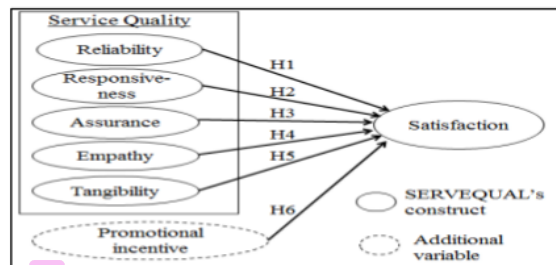


Figure 2.3 Proposed Research Framework

Source: Developed for current study

This study defines satisfaction as an emotion reaction that is related to consumers cherishes moment. Customers will form positive satisfaction when the perceived service rating is higher than their expectations. Customer satisfaction is very much depending on the outcome of service quality (Norazryana et al. 2018).

In this study, the reliability dimension refers to the staff's ability in materialising their promises such as providing consistent, accurate and dependable service to the customer. For example, fitness centre needs to ensure the fitness facilities and equipment are in good function and safe (Tan & Pyun, 2015). Customer will become loyal if they are satisfied with the level of reliability provided by the centre (Soita, 2012).

The responsiveness variable is denoting the staff's ability in providing prompt services to customers especially when they are responding customer's complaint (Ko, 2008; Soita, 2012). The appearance of physical facilities, equipment, building, surrounding areas and employee are considered as tangible items (Yusop, Kindangen & Tumewu, 2016). Fitness centre can satisfy the customer by providing up-to-date fitness equipment, facilities, courses, and skilful instructors (Hyuyen, 2010). Besides that, the cleanliness of the fitness centre and appearance of trainers and employees also influence customer's satisfaction (Li and Li, 2016). Assurance is defined as knowledge and courtesy provided by the staff or it reflects their ability to convey trust and confidence to their customers (Ngceba, 2017). Failure to deliver their knowledge and attitude professionally and ethically will cause customer to feel dissatisfy (Alexandris, Dimitriadis & Kasiara, 2001; Ngceba, 2017).

Empathy refers to the provision of caring and also individualized attention given to the customer by the staff (Parchel, 2017) such as the provision of strong support (City, 2018). Empathy from a trainer or instructor was an important dimension to customers if the consumers have strong intention to achieve specific result (Carrie, 2016). Promotional incentives are the tools used by the centres to new or existing customers.

The incentives include discounts, coupons, cash prize for weight loss challenge, free trials, membership rewards, vouchers, (Darwin et al., 2019; Gonclaves et al. 2015; Wallace, 2019).

## <sup>1</sup> 2.5 The Development of Current Hypotheses

### 2.5.1 Reliability and satisfaction

Past studies showed that centres that had materialised their promises and provided accurate service information had significantly influence members' satisfaction positively (Lotz, 2019; Soita, 2012). Furthermore, fitness programs that have carried out their services punctually had increased the members' satisfaction (Tsitskari, Antoniadis & Costa, 2014). Fitness centres that had performed reliable services such as appointments were kept on schedule and implementation of policies related to service guarantee and transparent pricing had increase the customers' satisfaction positively (Alexandris, Dimitriadis & Kasiara, 2013). Based on the review of the past studies result shown above, this study therefore predicts that...

H1: Reliability of the service and facilitation <sup>2</sup> provided by the fitness centre is related <sup>3</sup> to Gen Y's satisfaction positively

### 2.5.2 Responsiveness and satisfaction

<sup>46</sup> The positive relationship between staff's responsiveness and customer's satisfaction has been supported in past studies. Staff that was willing to provide prompt services had improved the fitness centre members' satisfaction (Soita, 2012). Ngceba's (2017) study result showed that fitness centre's staff who had provided quick response to members' requirements had increased customer satisfaction. In Yildiz's (2011) study, staff's punctuality and their quick response to customers' requisitions had significantly improved members' satisfaction in fitness club. This project therefore hypothesizes the following relationship.

H2: Responsiveness of staffs in the fitness centre is related to Gen Y's satisfaction positively.



### **2.5.3 Assurance and satisfaction**

Service provider's ability to perform their job responsibility (in terms of knowledge and confidence level) had related positively to customer's satisfaction (Alexandris et al. 2013; Macintosh & Doherty, 2007; Rueangthanakiet, 2008). For example, in Rueangthanakiet's (2008) study, the assurance dimension was the most important factor that has increased the fitness club customer's satisfaction. To a fitness club's customers, fitness instructor and trainer's knowledge were important in helping them to achieve desirable outcomes (Alexandris et.al, 2013). Knowledgeable service providers had increased customer's trust and service provider's confidence in performing their job was positively correlated to user's satisfaction (Macintosh & Doherty, 2007). In summary, the authors predict that...

H3: Assurance of service provided by the fitness centre is related to Gen Y's satisfaction positively.

### **2.5.4 Empathy and satisfaction**

Empathy shows how much the service providers care about their customers' well-being. Alexandris et al.'s (2013) study result showed that fitness club's staff that had offered customized and personalized services; and personal attention to customers had increased customer satisfaction. Similarly, staff's caring attitude; special attention and ability to understand customers' specific needs had increased fitness club members' satisfaction (Soita, 2012; Marandi & Harris, 2010; Stuard, 2017; Yousapronpaiboon, 2014). Consequently, the following hypothesis is formed.

H4: Empathy of the service providers towards Gen Y' needs is related to their satisfaction positively towards the fitness centre.

### **2.5.5 Tangibility and satisfaction**

The tangibility dimension was positively related to customer's satisfaction in studies carried out by Alexandris, et al. (2013); Aminuddin, Joseph and Parilah, 2017; Hyun et al., (2014); and Macintosh and Doherty (2007). Basically, all studies' result

mentioned above showed that the appearance of physical facilities and equipment in terms of modernity, functionality, uniformity were important determinants. As a result, current authors anticipate the following relationship.

H5: Better quality of tangible dimensions is related to Gen Y's satisfaction positively towards a fitness centre.

### **2.5.6 Promotion incentives and satisfaction**

Numerous studies have showed that customer's satisfaction increased when they were receiving promotional incentives from fitness centres (Dobrescu and Salgau, 2011) such as discounts in accessory services or voucher (Gonclaves, Biscaia, Correia & Diniz, 2014); price promotion offered by a gym (Kim, 2019); or even just a reward of gifts (Roda, 2019). On top of increasing customer's satisfaction, promotional incentives had increased customer loyalty as well (Nguyen, 2011). Therefore, the authors hypothesize that...

H6: Promotional incentive offered by fitness centre is related to Gen Y's satisfaction positively.

## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1 Research Design

To design the methodology blueprint, quantitative approach is used in this project. This is because the service quality dimensions have been widely tested in many past researches using quantitative approach, such as in the context of health, fitness and transportation sectors. Therefore, exploratory study in determining the measuring items of the studied variables by using qualitative method is not necessary. The following sub-topics discuss the methodology approaches of this study.

### 3.2 Sampling Design

The target population is Gen-Y residents, born in 1980s to late 1994s, reside in Malaysia, and is using fitness centre's service. As explained in Chapter 1, Gen-Y is concerned of their health and body image (Barros & Goncalves, 2009). As a result, the number of Gen-Y consumers is increasing (Karlis, 2018) and their disposal income is higher than other generations (Bennett & Lachowetz, 2004). Gen-Y's fitness lifestyle was influence by their social media network and therefore, their intention to achieve specific body image is inevitable (Kasmiah, 2018; Sanftner, Ryan and Pierce, 2009) for socialising and thereby this group of consumers is a niche profitable markets for the fitness centre (Tiba & Hasanain, 2019).

As the sampling frame of the targeted population is not available, probability sampling that can reduce biases is not feasible in this study. Non-probability sampling using snowball sampling method is selected as this method can reduce the non-sampling error. The researchers approached the first phase respondents by visiting few fitness centres and through social media. After getting their survey response, the respondents were requested to refer the authors to their family/ friends/ acquaintances who were sharing similar characteristics and were using fitness centre's services or facilities.

To minimise the sampling error, the selected sample should share homogeneous behaviour towards the research variables. To ensure the data of the variables are normally distributed, Q-Q plot was plotted to examine the respondent's normality behaviour.

As the entire population count for Gen Y who is visiting fitness centre is not available, most formulation cannot be used to calculate the sample size. In 2019, the Malaysian population count is estimated at 32.4 million (Worldometers, 2019) and the estimated population count for Gen-Y grouping was about 250,000 (Department of Statistics Malaysia, 2019). Using the Morgan's table for sample size (see figure 3.1), the targeted sample size is then estimated at 384.

**MORGAN'S TABLE FOR SAMPLE SIZE**

Population Size	Confidence = 95%				Confidence = 99%			
	Margin of Error				Margin of Error			
	5.0%	3.5%	2.5%	1.0%	5.0%	3.5%	2.5%	1.0%
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763
1000	278	440	606	906	399	575	727	943
1200	291	474	674	1067	427	636	827	1119
1500	306	515	759	1297	460	712	959	1376
2000	322	563	869	1655	498	808	1141	1785
2500	333	597	952	1984	524	879	1288	2173
3500	346	641	1068	2565	558	977	1510	2890
5000	357	678	1176	3288	586	1066	1734	3842
7500	365	710	1275	4211	610	1147	1960	5165
10000	370	727	1332	4899	622	1193	2098	6239
25000	378	760	1448	6939	646	1285	2399	9972
50000	381	772	1491	8056	655	1318	2520	12455
75000	382	776	1506	8514	658	1330	2563	13583
100000	383	778	1513	8762	659	1336	2585	14227
250000	384	782	1527	9248	662	1347	2626	15555
500000	384	783	1532	9423	663	1350	2640	16055
1000000	384	783	1534	9512	663	1352	2647	16317
2500000	384	784	1536	9567	663	1353	2651	16478
10000000	384	784	1536	9594	663	1354	2653	16560
100000000	384	784	1537	9603	663	1354	2654	16584
300000000	384	784	1537	9603	663	1354	2654	16586

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**Figure 3.1: Morgan's Table for Sample Size**  
**3.3 Pilot Test**

Pilot test is useful to enhance the validity and reliability of the data that will be collected in the main survey by using questionnaire (Leon, Davis, & Kraemer, 2011). The purpose of the pilot test is to ensure the main study respondents can understand what the items of the respective studied variable is trying to measure.

The draft of questionnaire was vetted by academic supervisor to check the validity of the construct. The supervisor had responded that the wordings of the questionnaire statement need to be revised. After revision, current authors had distributed the second questionnaire draft to selected respondents which consist of 30 persons. At this stage, the authors aimed to strengthen the face validity or to ensure the main study respondents can truly understand what each item is trying to measure.

Pilot test respondents reverted that certain wordings need to be changed. For example, the wordings of 'quality of service' should be changed to 'service quality'. Similarly, the below sentence structure was suggested to be modified: "Measure your level of satisfaction towards the quality of service provided the fitness centre that you are currently engaging" to "Measure your overall level of satisfaction towards the service quality provided the fitness centre that you are currently engaging"

After rectifying the questionnaire statement, the researcher requested the pilot test respondents to answer the questionnaire so that the final statistical test: reliability test can be run. The result is shown in Table 3.1.

**Table 3.1 The Reliability Test Result for Pilot Study's Data**

Variable's name	Cronbach's alpha score	Number of items
Reliability	0.832	4
Responsiveness	0.813	4
Assurance	0.874	4
Empathy	0.855	4
Tangibility	0.812	6
Promotional incentive	0.838	3
Satisfaction	0.887	4

From Table 3.1, as the Cronbach's Alpha scores for all studied variables are higher than the threshold score of 0.6, then it can be concluded that the pilot study respondents can answered the measuring items a consistent pattern.

### **3.4 Data Collection Method**

In distributing the final revised questionnaire, current authors have created both hard copy and e-questionnaire because the smart devices usage rate among the Gen-Y is high in Malaysia and the generation was active in social media. Using snowballing approach, the current authors contacted the first phase of respondents through the visitation of few fitness centres and social media.

Face-to-face interview was carried out with the first phrase respondents at the centres. Some respondents were willing to be interviewed when they were exercising and some prefer after the exercise session. Hardcopy questionnaire was given to the respondents and facilitation will be follow-up upon the respondent's requests. Softcopy was sent through smart phone to respondents who prefer to answer the questionnaire elsewhere. Before ending the interviewing session, the respondents were requested to introduce their family members/ friends/acquaintances who can fit the target population's definition. Follow-up interviews were made through visitations and the used of e-gadgets, depending on the interviewee's suggestion.

On top of that, e-questionnaire was distributed through social media to the targeted respondents. Similarly, the first phrase respondents were requested to interview their family members/ friends/acquaintances who can fit the target population's definition. Comparatively, the answer e-questionnaire was higher than the face-to-face distribution method. This confirmed that the Gen Y was using digital devices all the time. To facilitate the respondents who may seek clarification, the current authors' contact details were shown in the e-questionnaire.

### **3.5 Questionnaire Design**

This questionnaire has two sections: A and B. Section A is meant for current authors to collect respondent's demographic profile data such as gender, race, age, highest academic qualification attained or currently pursuing, current occupation and monthly income. Section B is focusing on measuring the respondent's feedback of each variable's measuring items, using five (5) points Likert scale, ranging from strongly disagree to strongly agree.

#### **3.5.1 Measurement of Current Research's Variables**

Table 3.2 shows the items that have been used to measure each studied variable and the source of the item was shown below the table.

Table 3.2: The measurement Items for Each Studied Variable

---

**SERVQUAL's Independent Variable Reliability**

Reliability of the <sup>3</sup> service provided by the fitness centre that you are currently engaging.  
Overall, the centre ...

- is able to be trusted to do or provide what is promised by the centre<sup>a,b</sup>(RE1)
- is reliable. Consumers can count on them when they have problems<sup>b</sup> (RE2)
- has maintained the equipment and service with minimum error<sup>b</sup> (RE3)
- is providing the right service to the Gen Y consumers<sup>b</sup> (RE4)

**SERVQUAL's Independent Variable Responsiveness**

Responsiveness of the <sup>3</sup> service provided by the fitness centre that you are currently engaging.  
Overall, the centre ...

- is willing to help whenever the Gen Y consumers request it<sup>b</sup> (RES1)
- is providing prompt service to the Gen Y consumers<sup>a,b</sup> (RES2)
- is ready to react or response at all time<sup>b</sup> (RES3)
- is reacting in a desired or positive way<sup>b</sup> (RES4)

**SERVQUAL's Independent Variable Assurance**

Assurance of the <sup>3</sup> service provided by the fitness centre that you are currently engaging.  
Overall, the staffs ...

- are sure and certain in mind about their job responsibility<sup>b,c</sup> (AS1)
- have a strong feeling of confidence of mind about what should be performed<sup>b,c</sup> (AS2)
- are providing good manner towards the consumers<sup>b,c</sup> (AS3)
- have the necessary knowledge in assisting the consumers<sup>b</sup> (AS4)

*continue next page*



### SERVQUAL's Independent Variable Empathy

Empathy of the service provided by the fitness centre that you are currently engaging.  
Overall, the centre ...

- cares about their consumers' wellbeing<sup>b</sup> (EM1)
- is aware of the consumers' requisition of operating hours<sup>c</sup> (EM2)
- is more understand and fulfill to their consumer's specific needs<sup>b</sup> (EM3)
- can communicate with the consumers<sup>b</sup> (EM4)

### SERVQUAL's Independent Variable Tangibility

Tangibility of the service provided by the fitness centre that you are currently engaging.  
Overall, ...

- the centre's fitness equipment are up-to-dated<sup>a</sup> (TA1)
- the centre's fitness equipment and facilities are clean<sup>a</sup> (TA2)
- the centre's fitness equipment and facilities are in good condition<sup>a</sup> (TA3)
- the staffs at fitness centre are neat<sup>a,b</sup> (TA4)
- the staffs at fitness centre are professional<sup>a,b</sup> (TA5)
- almost all of the consumers are able to fit into the centre comfortably<sup>a,b</sup> (TA6)

### Additional Variable: Promotional Incentive

If you are given promotional incentives which were activated by the fitness centre, would you affect your current satisfaction level?

- Promotion may influence me to take care more of my fitness<sup>c</sup> (PI1)
- If there is a promotion I like, I would continue to use current centre's service instead of seeking another centre<sup>c</sup> (PI2)
- Promotion plays a big part in my choice to use the current centre's service<sup>c</sup> (PI3)

### SERVQUAL's Dependent Variable: Satisfaction

The following items measure your overall level of satisfaction towards the service quality that provided by the fitness centre that you are currently engaging...

- I feel satisfied with the centre's service quality<sup>e</sup> (SA1)
- The service provided is close to ideal or conforming the standard that I am looking for from a fitness centre<sup>d,e</sup> (SA2)
- The service provided makes me happy<sup>e</sup> (SA3)

## Sources

<sup>a</sup> E. Jasinskias, D. Reklaitiene, B. Svagzdiene (2013)

<sup>b</sup> Paschal W. Soita (2012)

<sup>c</sup> Kirk L. Wakefield (1996)

<sup>d</sup> Biljana Angelova and Jusuf Zekiri (2011)

<sup>e</sup> Dr. M.A. Dorgham (2009)

## 3.6 Data Analysis Tools

Two types of statistical analyses were used: descriptive and inferential analyses. Descriptive result was used to summarize the respondent's demographic profile, like frequency count of gender, race, age, highest academic qualification attained or currently pursuing, current occupation and monthly income.

In running the inferential analysis, linear regression analysis was used to measure the causal relationship. The analysis began by checking the reliability of internal consistency scores of each variable. The data of variables will be considered as reliable if the Cronbach alpha score is higher than the threshold value of 0.7.

Later, Q-Q plot for each variable were plotted so that the current authors can confirm the distribution of each variable's data. This is to ensure the assumption of normally distributed data is not violated or the observed values and expected values for each variable is linearly related.

Before checking the causal relationship, it is wise to ensure that the independent and dependent variables are highly correlated. Pearson's correlation coefficient score was computed in measuring the linear association between the independent and dependent variables. If the correlation co-efficient is positive and higher than 0.6, then both variables are strongly positively correlated and vice versa.

Although the bivariate correlation between the independent and dependent variables is necessary, the independent variables themselves should not be highly correlated or else this will violate the independent status of the variables. Partial Correlations procedure was carried out to compute the partial correlation coefficients that describe the linear relationship between two independent variables while controlling for the effects of the dependent variables. If the partial correlation value between two independent variables is too high ( $>0.70$ ), then the variables are highly correlated. If this happened, one of the independent variables needs to be omitted or the two independent variables should be combined. If there is a high correlation between the variables, it might be problematic for the researcher. Alternatively, Variance Inflation Factors (VIF) of each independent variable can be computed to check the multicollinearity issue. The threshold value of VIF is 10.

Finally, linear regression analysis was carried out. The multiple linear regression equation is shown as follows.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n$$

where,

Y = Observed value for the dependent variable, satisfaction of gen Y;

$\beta_0$  = the constant term (equivalent to the “y-intercept”)

$\beta_n$  = the coefficient for the  $n^{th}$  explanatory or independent variable ( $n = 1, 2, 3, \dots$ )

$X_n$  = a value of the  $m^{th}$  explanatory variable for a particular observation ( $n = 1, 2, 3, \dots$ )

## <sup>1</sup> CHAPTER 4: RESULTS AND DISCUSSION

### 4.0 Introduction

This study has collected quantitative data through questionnaire survey. Descriptive and inference statistical analyses were undertaken and the following sub-topics reported and discuss the results.<sup>24</sup>

### 4.1 Descriptive Analysis

#### 4.1.1 Survey Responses

Out of the target size of 384, 346 answered questionnaires were collected. However, 46 collected e-questionnaires were voided as not all item statements have been answered despite the authors contact details were included in the questionnaire. Nevertheless, the collected number of questionnaires is sufficient for statistical testing.

#### <sup>1</sup> 4.1.2 Respondent Demographic Profile<sup>39</sup>

The distribution of the gender of this study is fairly equally distributed. Majority of the respondents are Chinese (56%) compared to other races. This is because majority of the first phrase of respondents who have been interviewed in the centres and social media site were Chinese (see Table 4.1). As a large number of younger age Gen-Y respondents were active social media network, about half of the answered questionnaires were collected from those ages between 25 to 30 years old. In line with the education development in Malaysia, almost half of the respondents (55.3%) had acquired an undergraduate Degree. Most the respondents were private entrepreneurs (43.5%) and more than 50% of the respondents earned between RM2001 to RM4000.

**Table 4.1: Demographics Profiles of Current Respondents**

Demographic profile variables	Frequency count	Percentage count
Gender:		
Male	157	52.3
Female	143	47.7
Race:		
Malay	60	20.0
Chinese	168	56.0
Indian	72	24.0
Age (Years):		
25 – 30	178	59.3
31 – 35	88	29.3
36 – 40	34	11.3
Highest academic qualification attained or currently pursuing:		
SPM / O-level	21	7.0
STPM / A-level / Foundation	22	7.3
Diploma	69	23.0
Bachelor's Degree	166	55.3
Master's Degree	19	6.3
PhD	3	1.0
Current occupation:		
Student	25	8.4
Fresh Graduate	76	25.4
Government Employee	68	22.7
Private Employee	130	43.5
Monthly income:		
Below RM2000	52	17.3
RM2001 – RM3000	113	37.7
RM3001 – RM4000	63	21.0
RM4001 – RM5000	57	19.0
RM5001 and above	15	5.0

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**4.2 Scale Measurement: Reliability Test Result**

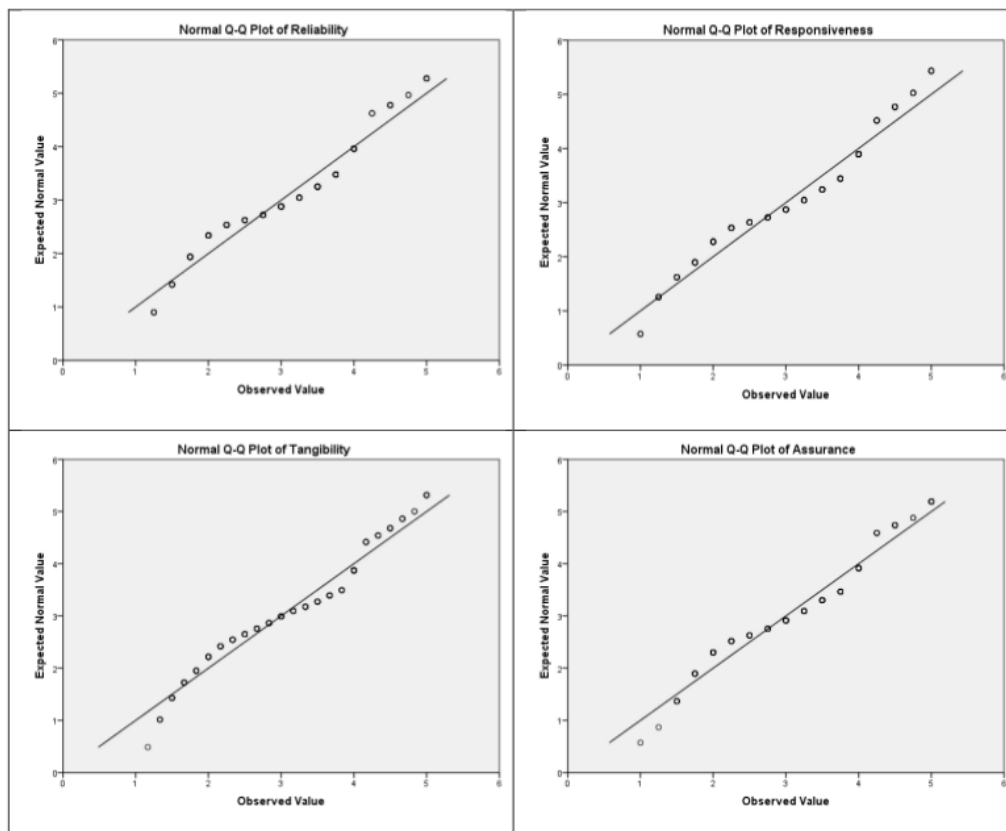
Table 4.2 shows that all the studied variables' scores are more than threshold value (0.7). Generally, the respondents have evaluated all the items of each variable at a consistent pattern or none of a variable's items were getting an evaluation that is very different from other items of that variable.

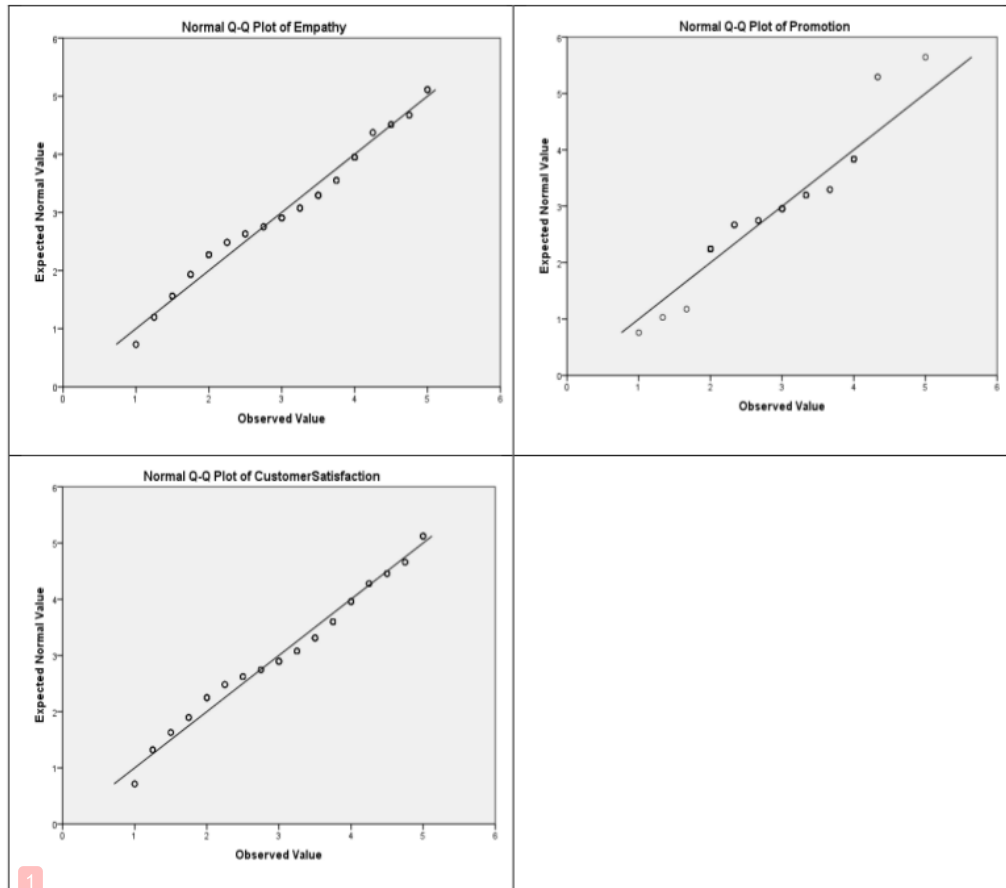
**Table 4.2: Reliability Test's Result of Studied Variables in the Main Survey**

Variable	Cronbach's Alpha Score	Number of Items
Reliability	0.864	4
Responsiveness	0.905	4
Assurance	0.862	4
Empathy	0.924	4
Tangibility	0.914	6
Promotional incentive	0.777	3
Satisfaction	0.932	4

### 4.3 Testing the Normality of Data Distribution

Q-Q plots for each studied variable was plotted to ensure the collected data is normally distributed, as shown below. Figure 4.1 shows that the observed and expected values are linearly associated.





**Figure 4.1: Normality of Data Distribution of Variable**

## 4.4 Inferential Analysis

### 4.4.1 Correlation Result

Table 4.3 shows that the correlation coefficient score between each IV and DV are be more than 0.6 at precision level of 0.05. This shows that each independent variable is correlated with the dependent variable (satisfaction).

**Table 4.3: Pearson Correlation Coefficient Analysis**

	Reliability	Responsiveness	Tangibility	Assurance	Empathy	Promotional Incentive	Customer Satisfaction
Reliability	1						
Responsiveness	0.77	1					
Tangibility	0.771	0.86	1				
Assurance	0.791	0.803	0.785	1			
Empathy	0.759	0.828	0.828	0.788	1		
Promotional Incentive	0.712	0.721	0.738	0.705	0.714	1	
Customer Satisfaction	0.747	0.738	0.75	0.754	0.743	0.757	1

#### 4.4.2 Multicollinearity

Although the independent and dependent variables can meet the correlation requirement, it is necessary to ensure that the independent variables themselves are not highly correlated. In Table 4.4 shows that none of the correlation coefficient between the independent variables is more than threshold value of 10. Therefore, multicollinearity is not an issue for this project.

**Table 4.4: Multicollinearity Result of VIF Test**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-0.415	0.147		-2.827	0.005		
Reliability	0.206	0.07	0.174	2.952	0.003	0.29	3.454
Responsiveness	0.04	0.076	0.038	0.524	0.6	0.195	5.122
Tangibility	0.121	0.08	0.108	1.505	0.133	0.197	5.076
Assurance	0.226	0.075	0.19	3.038	0.003	0.257	3.89
Empathy	0.119	0.064	0.122	1.863	0.064	0.234	4.272
Promotional Incentive	0.397	0.067	0.305	5.934	0	0.383	2.613

#### 4.4.3 Multiple Linear Regression Result

The model summary shown in Table 4.5 denotes that 70% of the variation in the dependent variable can be explained by four independent variables: Promotion, Assurance, Reliability and Empathy (or R-square equals to 0.7). The second table, or ANOVA or F-test table indicates that at least one of the following variables



(Promotion, Assurance, Reliability and Empathy) can influence the dependent variable.

T-test is undertaken to check how much each of the significant variables can explain the variation of the dependent variable. From the coefficient table, the promotion is the most important factor as its regression coefficient value is higher than other variables, followed by assurance, reliability and empathy. The explanation of why some variables are significant and not significant will be presented in the next sub-topic.

To conclude, the multiple regression equation is shown as follows:

$$\text{Customer Satisfaction (Y)} = -0.397 + 0.429(\text{Promotion}) + 0.263 (\text{Assurance}) + 0.235 (\text{Reliability}) + 0.176 (\text{Empathy})$$

Model Summary Result							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate			
1	.757a	0.573	0.572	0.72656			
2	.819b	0.67	0.668	0.6399			
3	.831c	0.69	0.687	0.62117			
4	.837d	0.7	0.696	0.61196			
a. Predictors: (Constant), Promotional Incentive (IV6)							
b. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3)							
c. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3), Reliability (IV1)							
d. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3), Reliability (IV1), Empathy (IV4)							
e. Dependent Variable: Customer Satisfaction (DV)							
ANOVA Result							
Model	Sum of Squares	df	Mean Square	F	Sig.		
1							
Regression	211.225	1	211.225	400.135	.000a		
Residual	157.309	298	0.528				
Total	368.534	299					
2							
Regression	246.921	2	123.461	301.513	.000b		
Residual	121.613	297	0.409				
Total	368.534	299					
3							
Regression	254.32	3	84.773	219.701	.000c		
Residual	114.214	296	0.386				
Total	368.534	299					
4							
Regression	258.057	4	64.514	172.269	.000d		
Residual	110.477	295	0.374				
Total	368.534	299					
a. Predictors: (Constant), Promotional Incentive (IV6)							
b. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3)							
c. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3), Reliability (IV1)							
d. Predictors: (Constant), Promotional Incentive (IV6), Assurance (IV3), Reliability (IV1), Empathy (IV4)							
e. Dependent Variable: Customer Satisfaction (DV)							
Coefficients Result							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	0.006	0.163		0.035	0.972		
Promotional Incentive(IV6)	0.986	0.049	0.757	20.003	0	1	1
2 (Constant)	-0.399	0.15		-2.659	0.008		
Promotional Incentive(IV6)	0.583	0.061	0.448	9.534	0	0.503	1.987
Assurance(IV3)	0.522	0.056	0.439	9.337	0	0.503	1.987
3 (Constant)	-0.472	0.147		-3.214	0.001		
Promotional Incentive(IV6)	0.484	0.064	0.372	7.623	0	0.44	2.274
Assurance(IV4)	0.352	0.067	0.296	5.293	0	0.334	2.995
Reliability(IV1)	0.293	0.067	0.248	4.379	0	0.327	3.054
4 (Constant)	-0.397	0.146		-2.711	0.007		
Promotional Incentive(IV6)	0.429	0.065	0.329	6.595	0	0.408	2.454
Assurance(IV4)	0.263	0.071	0.221	3.685	0	0.282	3.551
Reliability(IV1)	0.235	0.068	0.199	3.446	0.001	0.304	3.286
Empathy(IV4)	0.176	0.056	0.182	3.159	0.002	0.306	3.271
a. Dependent Variable: Customer Satisfaction							

## 4.5 Confirmation of Hypotheses and Comparison with Past Studies Result

Based on the t-test result, four hypotheses are supported and two hypotheses are not supported (see Table 4.6).

**Table 4.6: Confirmation of Current Hypotheses**

Hypothesis details	Remarks
H1: Reliability of the service and facilitation provided by the fitness centre is related to Gen Y's satisfaction positively	Supported
H2: Responsiveness of staffs in the fitness centre is related to Gen Y's satisfaction positively.	Not Supported
H3: Assurance of service provided by the fitness centre is related to Gen Y's satisfaction positively.	Supported
H4: Empathy of the service providers towards Gen Y's needs is related to their satisfaction positively towards the fitness centre.	Supported
H5: Better quality of tangible dimensions is related to Gen Y's satisfaction positively towards a fitness centre.	Not Supported
H6: Promotional incentive offered by fitness centre is related to Gen Y's satisfaction positively.	Supported

From Table 4.6, H1 is supported or reliability is important in determining respondent's satisfaction. Basically, consumers of fitness centres need have to certain level of trust towards the service providers. Example, the providers need to fulfil what they have promised to consumers, providing the right feedback and ensuring the fitness machinery and sports equipment are safe to use. The result is supporting Foteini et al's (2011) study result; members felt the fitness centre was reliable when the centre had provided consistent services like systematic timekeeping record and the exercise programs were carried out as announced to public.

The support of H3 (see Table 4.6) shows that the assurance dimension is an important dimension to the Gen-Y. The service providers like centre's staff or trainers needs to

be sure what they need to do in their job, have the confidence to perform it, and must possess their work professionally and ethically. The result is similar to Aminuddin et al's (2017) study result; respondents were satisfied when the fitness centre service providers perform promised service accurately.

Service providers whom were caring and spared times to listen and communicate the customers had influenced the Gen-Y's satisfaction, and this is shown in Table 4.6 where H4 is supported. Empathy (in terms of understanding and caring) is an important dimension in Edmundas, Diana and Biruta's (2013) study as well.

Promotional incentive is among one of the significant variables that can <sup>23</sup> affect Gen-Y's satisfaction and the result is supporting Jee and Ernest, (2013); and Roda, M.'s (2019) studies. The evidence is shown in Table 4.6, in which H6 is supported. Probably this is because most of the Gen-Y respondents were materialistic or whenever possible, fulfil personal needs with minimum spending as the living cost in increasing or their cost commitment is getting higher and higher

Nonetheless, two service quality dimensions: responsiveness and tangibility variables are not significant and therefore H2 and H5 were not supported. Possibly, this is caused by the inconsistency answers given by the respondents.

For example, in measuring the responsiveness variable, the researchers found that one of the measuring items which is fitness centre providing prompt service has been rated inconsistently by the respondents. The result shows that 47.33% (142 out of 300) respondents reacted with strongly agree or agree, 33.33% (100 out of 300) respondents reacted with strongly disagree and disagree, while 19.33% (58 out of 300) respondents reacted with neutral.

Based on Paschal, W.S. (2011), prompt services was not easy to be performed by fitness service providers during peak hours with large crowds. Such discrepancy of

answers that received from respondents could be caused by when the data was collected. If current researchers had collected the data during the peak demand period, respondents may have ticked disagree scale, compared to when the data was collected during non-peak period.

Also, the Gen-Y respondents were composed by students and working adults. Students can visit the fitness centre during non-peak hours and therefore, they were likely to be served promptly. Meanwhile, workers tend to visit fitness centre after working hours which normally has larger crowds, and therefore tend to receive slower services Hawk, N. (2014).

Another plausible reason is related to Gen-Y's characteristics. Generally, they are tech savvy; and have high confident and self-esteem levels (Luenendonk, M). Therefore, Gen-Y seldom seeks guidance or services from the fitness service providers. As a result, some respondents may think the item of prompt service in responsiveness variable is not important and vice versa for another group of respondents.

Pertaining to the non-support of H5, the researchers noticed that one of the tangibility's measuring items which is related to the equipment's performance was rated inconsistently as well. The result shows that 50% (150 out of 300) respondents reacted with strongly agree or agree, 32.33% (97 out of 300) respondents reacted with strongly disagree and disagree, while 17.67% (53 out of 300) respondents reacted with neutral. The following may explained the respondents' inconsistent behaviour.

Different centres may use fitness equipment. Shumsky (2019) asserted that some centre using up-to-date smart gym machineries which can provide more sophisticated functions especially those with more store chains. Furthermore, fitness centres that have alliance with machineries suppliers can get better purchasing pricing deal (Krusmark & Samsel, 2018). Besides that, fitness centre that does not practice

preventive maintenance service on the purchased equipment function may cause the machine's performance to deteriorate (Club Industry, 2014). The explanation above possibly have caused the H5 to be not supported in this study.

## **CHAPTER 5: CONCLUSION AND IMPLICATIONS**

### **5.1 Accomplishing the Research Objectives**

After omitting the uncompleted answered questionnaire, the collected data were used to run all the required statistical analyses. The main purpose of running the statistical tests is to confirm the research objective of this project.

Two specific objectives were tested. The first objective which is meant to examine how the service quality dimensions can influence the Gen-Y's satisfaction, five hypotheses: H1, H2, H3, H4 and H5 were tested. Among the five dimensions, two dimensions: responsiveness and tangibility are not significant, other three dimensions are supported. The second objective was tested by one hypothesis: H6 and the hypothesis is supported.

In summary, all the statistical tests had been run smoothly and all the hypotheses were tested. The discussion of the hypotheses confirmation was elaborated in sub-topic 4.5.

### **5.2 Implications**

#### **5.2.1 Implications for Academia**

The main theoretical contribution of this study is to enriching the SERVEQUAL model with an additional variable, promotional incentive. The support of hypothesis H6 give the evidence that the SERVEQUAL model can provide more comprehensive result to policy makers if appropriate variable is included in the model. The statistical results support that the promotion incentive variable is correlated to and has causal relationship with the dependent variable, satisfaction. Also, the variable was not correlated with other independent variables, which indeed confirm its independent status.

### **5.2.2 Implications for Managerial Decision Makers**

As reliability is imperative to Gen-Y, the fitness centre should promise to provide services which are perceived as high-quality among the potential and existing customer. One of the ways is to keep their promises; deliver the best service by understanding the consumer's preferences (Edmundas et al, 2013). This can help the centres to gain the customer's trust. Also, maintain the machineries adequately and make sure the machineries can perform properly.

Assurance of service is important to Gen-Y too. Service providers especially the trainers must have sufficient knowledge and confidence in performing their training job such as providing proper training instruction and sharing physical activity experience which can make the customer to feel more secure (Melton, Katula, and Mustian, 2008). On top of that, the service providers' knowledge must be updated frequently so that they can provide proper, updated and later guides to the Gen-Y.

The significance effect of empathy is providing the managerial decision maker's a useful hint. Better communication strategies such as showering the customer with care and listen to the customer's comments for improvement are effective ways to bind a closer relationship with customers. For example, Ncegba, (2017) suggested centres to customize their service such as special exercise plan to healthy or young customers versus to older or non-healthy customers.

Similarly, promotional incentive is important in enhancing the Gen-Y's satisfaction toward the fitness centre. Gen-Y could be attracted to promotional incentive that can enable them to use the centre's services at lower price. This can be feasible done through membership scheme. Also, Gen-Y may prefer short term incentives especially when the students are going to graduate and leave the place soon. Working adults whom are too attached to their work career may prefer to use the centre at their convenience time, like during night-time or weekend. Therefore, the decision makers may need to structure the centre's operational hours carefully.



### **5.3 Limitations of the Study**

There is no perfection in any study design. The bias of the respondents' ethnicity distribution is a limitation. Although the current researchers intended to involve the participation of other ethics in Malaysia, most of the questionnaires were answered by Malaysian Chinese. The imbalanced representation from other races in Malaysia may limit the generalization and accuracy of the results for the overall Gen-Y population. The snowball sampling technique is still applicable but it would be better if the first phrase of respondents' ethnicity is more fairly distributed.

Although the authors' contact details were shown in the hardcopy and softcopy questionnaire, the authors did not receive any query from respondents. It is possible that respondents had defined the meaning of what is to be measured by the items of responsiveness and tangibility different. Inconsistency in answering the variables' items may have caused the two variables to become not statistically significant in relation to their responds on the dependent variable's items.

Outlier responses were detected in the answered questionnaire particularly related to the two independent variables: responsiveness and tangibility measuring items. Respondents may feel reluctant to answer one of the two of the measuring items of the variables as their perception towards what the item is measuring is still inconsistent, despite after the pilot test. To get their clarification, current researchers have difficult to contact them because to assure the respondents will provide the answers that can truly reflect their opinion, their identity was kept highly private and confidential.

#### **5.4 Recommendation**

To ensure the respondents' ethnicity is distributed more equally, that first phase respondents should be made up by Gen-Y with different ethnicity. In this way, their recommended family, friends, or acquaintances are more likely to be from the same ethnic.

To increase the probability of leading the respondents to understand what is meant to be measured cohesively, suggest preparing the questionnaires in multiple languages; English, Bahasa Malaysia, Mandarin, and even Hindi. Language experts and pilot test respondents should be invited to vet the first draft of the questionnaire. This method hopes can reduce the inconsistent responses that may compromise the accuracy of the final result.

To ensure the respondents could understand what each item is trying to measure, researchers should explain the statements when distribute the questionnaire to respondents. It can through verbal explanation if face-to-face interview is carried out and/or prepare a cover letter when e-questionnaire is used. If outlier problem still persists, contact the person through the respondent's email address. For example, google survey will show the respondent's email after receiving their responds.

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