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STUDYING BRAND LOYALTY IN A HEALTH CLUB
CONTEXT: CASE HOT GYM KINO

Bachelor's thesis

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I hereby declare that I have compiled the paper independently and all works, important standpoints and data by other authors has been properly referenced and the same paper has not been previously presented for grading.

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ABSTRACT

The purpose of this bachelor's thesis is to study the brand loyalty of Hot Gym Kino's customers. More specifically if the customers of Hot Gym Kino are brand loyal or are their decisions based on inertia. It also studies how a more competitive environment would affect the supposed brand loyalty. The author decided to conduct an empirical research with a qualitative approach and the data was collected using semi-structured interviews with eighth members of Hot Gym Kino. The collected data was coded and categorized into three themes: signs of brand loyalty, signs of inertia, and signs of brand loyalty in a more competitive environment. The research findings suggest that brand loyalty indeed occurs in the members of Hot Gym Kino and that the brand loyalty seems to be strong enough to keep the members brand loyal even in a more competitive environment.

Keywords: health club, gym, brand loyalty, brand equity, Hot Gym Kino, inertia

INTRODUCTION

The purpose of this bachelor's thesis is to study the brand loyalty of Hot Gym Kino's customers. More specifically the aim is to find out if brand loyalty occurs in the chosen health club, Hot Gym Kino, and would people be loyal to the brand even in a more competitive environment. The research in this bachelor's thesis is empirical research using qualitative research methods. The choice of empirical research using qualitative research methods was made due to the fact that no previous studies on Hot Gym Kino has been made. The aim will be reached by studying three main research questions:

1. Does brand loyalty occur in Hot Gym Kino?
2. Is Hot Gym Kino chosen due to brand loyalty or inertia?
3. If brand loyalty occurs, would people choose Hot Gym Kino in a more competitive environment?

To answer the research questions, first a literature review will be conducted in order to get a theoretical framework on what brand loyalty is, and what are its supposed effects for a company's brand. Based on the theoretical framework the final research questions were chosen and interview questions were made to support the study. The data is then collected through semi-structured face-to-face interviews that reflect the gender ratio of Hot Gym Kino, which is 60% men and 40% women according to the owner of the gym. After collecting and transcribing the data, the results will be analyzed by thematization which is then compared to the theoretical framework.

The bachelor's thesis is divided into three main chapters. The first chapter is a theory chapter on brand loyalty based on existing literature. The focus of the chapter is to explain what brand loyalty is and how it can be beneficial. In addition, it explains the difference of brand loyalty and inertia which is important regarding this study. Also examples of previous related studies are given in order for the author to understand how similar studies have been made in the past by other people.

The second chapter focuses on the methodology of the research used to make this study. The chosen research methods, why they were chosen and the theories behind them are explained. A qualitative approach that is exploratory in nature was chosen to be a good way to conduct the study because of lack of previous knowledge on the phenomena. In this chapter the actual aim of the research and the research questions are defined and explained as to why they were chosen. It also gives an overview on the chosen sampling procedure and the data analysis process.

The third and final chapter of this paper goes over the actual findings of this bachelor's thesis. The actual analysis of the collected data is presented and discussed. After the three main chapters a conclusion of the research is presented. The author of this bachelor's thesis would also like to thank the owner of Hot Gym Kino, Matias Sarelius, for allowing to conduct this research on Hot Gym Kino.

1. THEORETICAL FRAMEWORK

Chapter one works as the theoretical and conceptual framework for this research. The chapter is based on existing literature and the focus is on explaining what brand loyalty is and how it would be beneficial for a company. It also explains the difference between brand loyalty and inertia in a purchase decision, which is an important aspect regarding this bachelor's thesis study. Some examples of previous studies related to the field are also given. In order to conduct this bachelor's thesis study, it was important to understand how similar studies have been made in the past and what was discovered in them.

1.1. Definition of brand loyalty

Nowadays more than ever brands have an important role in improving customers lives and in enhancing the financial value of a company (Keller, Kotler 2012). There is no single universal definition of brand loyalty, but in most cases the definitions are focused on the actions of a brands consumers mainly regarding their purchasing decisions in the sense of purchasing frequency and repetition. These factors can be seen in the definition by Khan (2009): "brand loyalty is the consumer's conscious or unconscious decision, expressed through intention or behavior, to repurchase a brand continually." Brand loyalty occurs in a scenario where in consumers mind the brand in question offers the right kind of product features, image, or quality for the right price that meets the consumers requirements. This makes the surrounding image of a brand one of the company's most valuable strategic asset as it is the main source of the company's competitive advantage (Khan, 2009).

According to Jacoby & Kyner (1973) six conditions need to be met in order to distinct brand loyalty from a non-brand loyal repeating purchase. The necessary conditions in question go as followed: 1) brand loyalty is biased, 2) it is a behavioral response, 3) brand loyalty is expressed over time, 4) by a decision-making unit, 5) it happens with respect to one or more other brands that are alternatives of the brand in question, 6) brand loyalty is a function of psychological

processes. Still, one biased action is not enough for it to be considered brand loyalty, nor a verbal report of bias.

In the brand loyalty definition by Junneja (2008) the competitive advantages are emphasized as it says that brand loyalty can be seen as a scenario where the consumer does not choose an alternative competing brand due to the fear of not trusting them. If a consumer chooses the same brand over and over again, meaning a repeating purchase, within a certain specific product or service category as long as it is available, it can be considered as brand loyalty. A consumer does not choose another brand from the same product or service category even if they would be less expensive, as long as they feel that the brand in question has the right product characteristics and quality at the given price. This also means that brand loyalty can be seen as the relative possibility of the customers willingness to change to some other alternative competing brand in case there would be a change for worse in the product quality, the product features, or the product price. As brand loyalty is developed after the purchase has been made, it is important for the company to know their market and their needs in order to provide support and customer satisfaction. This means that constant innovation is also required in order to ensure that customers would repeatedly purchase from the brand in question (Junnaja, 2008).

1.2. Benefits of brand loyalty

Brand loyalty leads to better brand equity and typically higher brand equity leads to better business profitability (Aaker, 1992). To simplify brand equity, it can be said that a high equity brand has higher value in the marketplace. This means that brand equity can be seen as the brands value in a marketplace. High brand equity gives positive benefits to a company such as: willingness to pay premium for the brand, willingness to recommend the brand to others, and top of mind awareness. Brands with high brand equity create positive differential responses in the marketplace (Pullig, 2019). According to Keller (2013) brand equity can be seen as the added value from previous marketing activities for the specific brand. Proper building of brand loyalty, and selling other related goods and services, and overall expanding your offering to fulfill customer needs is a good way to add to overall customer equity (Rust, et al. 2004). More often than not brands provide the primary point of differentiation between company's competitive offerings (Wood, 2000).

Brand loyal consumers are less expensive for a company as they lower the marketing expenses. As acquiring new customers would result in more effort and money spend in marketing, it is important to have loyal customers that are less likely to switch to an alternative brand. It has also been shown that brand loyalty is associated with higher rates of return on investment and that brand extensions would be less risky if a company's brand has been shown as a high loyalty brand (Gounaris & Stathakopoulos, 2004).

Another way how brand loyalty lowers the marketing expenses is that brand loyal customers tend to positively promote the brand which they are loyal to. This means that less money needs to be invested in marketing expenditures, as brand loyal customers share their positive experiences with others. Brand loyalty also makes it harder for new competitors to emerge in the scene as brand loyal customers stick with the brand unless there are changes for worse in the product quality, features, or price (Junneja, 2008). This is true even when considering competitors promotional efforts. Brand loyal customers provide a continuous revenue stream and decrease the operational costs (Reichheld & Teal, 1996). Considering the massive benefits of brand loyalty to a company, it should be a crucial part of any business to thrive for brand loyal customers and should be focused on when developing a marketing plan.

1.3. Brand loyalty and inertia

It is important to note and make a distinction that repeat purchases of the same brand does not always mean brand loyalty. According to Odin et al. (2001) the repurchase of a brand can be seen in two different ways. Repeat purchases of a same brand are either a reflection of loyalty which results of brand commitment or a favorable attitude towards the brand, or an inertia of purchase where the repetition of a purchase is made with no real motive affecting the choice. This means that if a repurchase happens under the conditions where there are strong perceived brand differences and strong brand involvement in the decision, it is considered brand loyalty. On the other hand, if the consumer is not able to make any distinction between the available brands and they give no importance to the brand in the decision, it is considered inertia.

1.4. Previous empirical studies

Closely related brand loyalty studies in the health club industry are relatively scarce and typically they seem to favor questionnaires and statistical analyses, but some somewhat related empirical researches have been made. One example is an empirical investigation by Konstantinos, Zahariadis, Tsorbatzoudis and Grouios (2004) where relationships among service quality, customer satisfaction and psychological commitment were investigated in a health club context. The study was based on a simplified version of Brady and Cronin's (2001) proposed theoretical model.

Brady and Cronin (2001) argue based on their own qualitative and empirical research that: "the service quality construct conforms to the structure of a third-order factor model that ties service quality perceptions to distinct and actionable dimensions: outcome, interaction, and environmental quality." For the three main dimensions there are also sub-dimensions that act as the basis of perception regarding service quality. The first dimension is interaction quality which is related to the customers and staff's interpersonal interactions that happen when the service is delivered (Konstantinos, et al. 2004). According to Brady and Cronin (2001) the sub-dimensions affecting the interaction quality are: staff attitude, behavior, and expertise. The second dimension is the physical environment quality which consists of the organization's tangible elements (Konstantinos, et al. 2004). Sub-dimensions for the physical environment quality are: social factors, ambient conditions, and facility design (Brady & Cronin, 2001). The final dimension of outcome quality refers to what the customer is left with once the production is finished and the sub-dimensions are: valence, tangible elements, and waiting time (Brady & Cronin, 2001).

Konstantinos et al. argue that Brady and Cronin's model is applicable in a health club context. The interaction dimensions refer to the health club staffs (e.g. Receptionists and instructors) interactions with the customers. The physical environment quality can refer to the actual facility in question with its atmosphere and equipment where hygienic issues (e.g. Facility design and equipment condition) are closely related to the physical environment's quality. Behavior and attitude of other members is related to the social sub-dimension. Lastly, the outcome dimension is related to the customers expected positive benefits (health related) such as improved health, mood, and reduced stress. The outcome dimensions aspects are harder for the customer to evaluate due to the fact that they are long-term in nature (Konstantinos, et al. 2004).

In the actual study Konstantinos, et al. investigated the factorial validity of their version of the Brady & Cronin's proposed service quality model and a structural model with inclusion of service quality perceptions, customer satisfaction, psychological commitment and word-of-mouth communication. In the study three hundred health club members were randomly chosen to participate in a mail survey. In total one hundred and seventy five individuals actually answered the questionnaire and based on this a confirmatory analysis was made which supported the three dimension structure as a promising one in a health club context. It was also found that especially the outcome dimension and the physical environment significantly influenced satisfaction which strongly influenced word-of-mouth communication (Konstantinos, et al. 2004).

Another related study by Oztas Mehmet, Sevilmis Ali, and Sirin Erkan Faruk (2006) measured the relationship of satisfaction, atmosphere, and loyalty of customers in a context of a private fitness center. In this study a convenience sampling method was used to choose 503 participants. Oztas, et Al. utilized personal information form, leisure time satisfaction scale, fitness center atmosphere scale, and perceived time loyalty. Correlation and regression analysis were made to interpret the data and it was found out that the fitness center atmosphere affects customer loyalty and satisfaction (Oztas, et al. 2016).

In a study by Celina Gonçalves and Ana Diniz (2015) related to retention in fitness through satisfaction, attributes perception, expectations and well-being it was suggested health clubs should have a focus on club maintaining with modern facilities and equipment, and strong customer relationships. By doing so the experience of the club members would be more pleasant. On the contrary to other studies in a study by Livia Vania Suwono and Sabrina Oktaria (2016) regarding factors affecting customer loyalty of fitness centers they were unable to show the relationship between customer satisfaction and the physical environment. It was said that good physical environment alone is not necessarily enough for customer satisfaction and that good service quality is also required as well.

2. RESEARCH METHODOLOGY

The aim of this study was to find out if brand loyalty occurs in the customers of Hot Gym Kino and if so, would people still be loyal to the brand in a more competitive environment. To understand if brand loyalty occurs in the first place, the difference between brand loyalty and inertia needs to be studied as well.

This bachelor's thesis could act as an overview for further studies and give direction for more precise research questions. This chapter goes over the chosen methods, the theory behind them, and why they were chosen. As no previous studies for Hot Gym Kino exist, the author chose to do the study as an empirical qualitative research.

2.1. Research strategy

According to Neuman (2014) most exploratory research use qualitative data as it is typically more willing in using wide range of evidence and finding new issues. Exploratory research is ideal in situations where a little understood issue or phenomenon is studied. With it, preliminary ideas can be made, and it helps in moving towards a more refined research question. More often than not qualitative data comes in the form of written or images from documents, observation, and transcripts. Qualitative research is often inductive, and analyses come from extracting themes or generalizations (Neuman, 2014). Qualitative research should allow unstructured research that is exploratory based on small samples (Malhotra, 2007).

A qualitative approach was chosen for this thesis and it is exploratory in nature. The choice was because qualitative research is a good way to explore, study, and gain knowledge on phenomena's that are not previously well known. Qualitative research is also suitable due to the fact that the data is interpreted from the point of view of the people studied instead of concrete numbers or statistics.

2.2. Research questions

No prior studies on Hot Gym Kino's brand loyalty have been made. Based on the first chapter brand loyalty occurs if in consumers mind the brand offers the right kind of product features and quality for the right price while meeting the consumers requirements. The consumer must repeatedly make the purchase from the same brand and be aware of alternative brands. Brand loyal customers should also be willing to recommend the brand to others. This means that if brand loyalty occurs in Hot Gym Kino's customers, they must feel that they are paying the right amount for what they get in return, they should be willing to recommend the gym to others, they have made repeated purchases of Hot Gym Kino's service while also being aware that other options exist as well. The distinction in repeat purchases has to be studied as well to find out if the repeat purchase happens due to brand loyalty or inertia. If repeat purchases are made by the customers of Hot Gym Kino but they are not able to make any distinctions between Hot Gym Kino and alternative brands, it has to be considered inertia.

Also based on the first chapter brand loyalty should affect positively in customer retention, even if there would be more competition with cheaper prices. The promotional efforts of other health clubs should also not matter. This means that in theory, if more health clubs opened nearby, Hot Gym Kino would be able to keep their customers. Brand loyal customers should be willing to pay premium for Hot Gym Kino even if the competition would offer lower prices and unless the quality of Hot Gym Kino lowers, the brand loyal customers should stay.

Based on these assumptions made from the theoretical framework, the aim was to study brand loyalty in Hot Gym Kino. The main research questions are:

1. Does brand loyalty occur in Hot Gym Kino?
2. Is Hot Gym Kino chosen due to brand loyalty or inertia?
3. If brand loyalty occurs, would people choose Hot Gym Kino in a more competitive environment?

This could also act as a way to find out if Hot Gym Kino has extension possibilities outside of their current location.

2.3. Data collection

Semi-structured interviews are conducted conversationally, and they are typically organized around a predetermined set of open-ended questions. It is typical for semi-structured interviews that other questions emerge outside of the pre-determined set during the interview. These questions emerge from the dialogue between the interviewer and the interviewee or interviewees. In-depth semi-structured interviews are the most used form of interviewing for qualitative research. They can be conducted for a group of people or one individual and they typically take between 30 minutes up to several hours to complete, depending on the flow of the interview, the emerging questions and the pre-determined set of questions. The benefit of the individual in-depth interview using a semi-structured interview allows the interviewer to go deeply into social and even personal matters. (DiCicco-Bloom & Crabtree, 2006).

The data was collected through eight individual semi-structured interviews from Hot Gym Kino's customers. This method was chosen in order to dive deep into the customers' feelings, and possible brand associations related to Hot Gym Kino. Semi-structured interview method was also chosen because it is flexible in data collection and it allows the deepening and clarifying of data during the interview with additional questions. As semi-structured interviewing is flexible, it also allows further developing of the data collection and going from deductive approach which starts from previous theories, to inductive approach which can be based on observations from previous interviews.

The basic structure of the interviews consisted of 12 main questions (appendix 1) and if felt that it was needed, more questions (appendix 2) were asked. The translated set of basic questions and additional questions can be found in the appendices. The actual interviews were conducted in Finnish which was the native language of all the interviewees and they were recorded with a mobile phone application. The interviews were carried out between 12th of March and 27th of March 2019. The length of the interviews ranged between 7 to 15 minutes. After conducting the interviews, the recordings were then transcribed and uploaded to a third-party server. The full interview transcriptions in Finnish can be accessed via the link in the appendices. The semi-structured interviews were started with an explanation as of why this interview is made, the purpose of the study, and that all answer would be anonymous. This acts also as a way to build trust with the interviewee, so that during the actual interview the subject would be as relaxed as possible to provide true answers.

The actual set of questions were chosen from the basis of the sub-chapter 2.2. The idea was to choose questions what would give answers to the actual research questions. They were chosen in a way which allows to distinct if the interviewee's decisions are made because of brand loyalty or inertia.

2.4. Sampling

Typically, qualitative studies have in depth and high focus on small samples, sometimes even single case samples that are selected purposefully. The logic is that purposefully chosen samples offer information-rich cases to study in-depth, and it is those information-rich cases that we can learn the most from in regard to the purpose of the research. In stratified purposeful sampling it is possible to combine average, above average, and below average cases, meaning that major variations of population can be captured, rather than identifying a common core (Patton, 1990).

For this research stratified purposeful sampling was chosen so that the genders of the interviewees would accurately represent Hot Gym Kino's actual gender ratio. According to Hot Gym Kino's owner, the actual gender ratio of the gym is approximately 60% men and 40% women. Based on this the gender ratio was followed and the actual gender ratio of the interviewees was 62,5% men and 37,5% women. This gives more accurate data than using purely random or convenience sampling. By using stratified purposeful sampling, making comparisons between interviews of different genders can be made and gender specific patterns or observations could be identified.

2.5. Data analysis

There needs to be some verbatim account of the interview for the data to be analyzed and usually this is done by either tape recording or videotaping the interview process. Qualitative data analysis should be systematic and rigorous. Depending on the theoretical focus of the study in question the way data is interpreted can vary. Typically, qualitative data is condensed or reduced in a way by using some system of coding the data (Frances, et al. 2009).

In data reduction the data is transcribed and simplified so it is more focused. After the data is reduced it should be displayed or presented in a visual way maybe on a graph or a chart in order

to show possible relationships and other similarities. The third step is verification where the possible conclusions and or explanations are made from the data (Frances, et al. 2009). According to Braun and Clarke (2008), there are six different phases when doing a thematic analysis: get to know the data, create codes, look for themes from the codes, go over the decided themes, name and describe the themes, then do the final version.

After doing the interviews the data collected was analyzed. The interview transcriptions were reduced and simplified by coding which was done by identifying trends, patterns, and relationships or if something reminded of a related concept or a theory. Afterward the codes were categorized and based on these categories' themes were generated. Throughout the whole data analysis process comparisons were made to the theory presented in the first chapter of this thesis. After developing over-arching themes, the indications of the findings and reflections on the theoretical framework was made in the third chapter. Based on the analysis, three themes were provided and can be seen in table 1.

3. FINDINGS AND DISCUSSION

This chapter consists of the actual empirical research and content analysis of the data collected through the eighth semi-structured interviews conducted by the author. The findings of the study are presented and discussed. By choosing interview questions directly related to the theoretical background and the research questions of this study, it was decided in the to divide the data into three themes based on these aspects.

Table 1. Explanations of chosen themes.

Theme	Example quote	Definition
Signs of brand loyalty	<i>“I would, and I have recommended the gym to others.”</i> (Interviewee A)	Interviewee shows signs of brand loyalty in the current environment.
Signs of inertia	<i>“I don’t really know about other gyms, so I can’t really tell about the differences”</i> (Interviewee E)	Interviewee shows signs of inertia in his or her decision.
Signs of brand loyalty in a more competitive environment	<i>“Price isn’t always the deciding factor. I would stay here.”</i> (Interviewee F)	Interviewee shows signs of brand loyalty in a more competitive environment.

Source: Author’s results based on the data analysis

3.1. Signs of brand loyalty

The first theme focuses on signs shown by the interviewees that could mean brand loyalty. This is mostly based on what was found out about brand loyalty and its possible effects on the theoretical

framework chapter. This theme also aims to provide an answer to the first research question: does brand loyalty occur in Hot Gym Kino?

Author decided that based on the theoretical background several conditions had to be met in order for a customer to be considered brand loyal. The interview questions were planned in a way that could show if these conditions are met in a customer. First, brand loyalty is expressed over time or with repeat purchases, meaning that the customer has had to be a member for more than a month. This is mainly answered through interview question 1. Secondly, the decision of being a member has to happen with respect of knowing that there are alternative brands available. This is mainly answered through interview question 11. Thirdly, the customer has to be willing to recommend Hot Gym Kino to others and have a positive image on Hot Gym Kino in general. This is mainly answered through interview questions 3, 4, 6, 7 and 8. Finally, the customer has to think positively on Hot Gym Kino's price-quality ratio, meaning that in the customers mind Hot Gym Kino offers the right kind of product features, image, or quality, and meet the customers' requirements. This is mainly answered through interview questions 4, 5, and 10.

All interviewees have been members of Hot Gym Kino for more than a month. The shortest membership was with interviewee C who had been a member for three months, and the longest membership duration was four years from interviewee D. In total five out of the eighth interviewees had been members for more than a year. This means that all of them could still potentially be brand loyal customers and the other conditions can be investigated.

All interviewees knew that there are other alternative options near Hot Gym Kino, or near their home. This means that all interviewees have made the choice of Hot Gym Kino over another brand. When asked why they are not customers of these alternative brands two of the interviewees, E and G, said that they have not tried them. Yet, at the same time interviewee G did not have motivation to try an alternative brand.

"I have not visited the gyms nearby, and I also don't see any reason as to why I should change to them." (Interviewee G)

When asked if these two, interviewees E and G, would change to a cheaper alternative nearby if it existed interviewee E showed some interest and interviewee G had negative feelings towards cheaper alternatives and no interest in changing brands.

“It would depend on how the gym would be otherwise besides the price.” (Interviewee E)

“Well, I don’t really like the cheaper gym chains, so I would stay here.” (Interviewee G)

As all of the interviewees acknowledged the existence of alternative brands all the interviewees are still considered possibly brand loyal based on the first criterions that had to be met.

When asked if the interviewees would be willing to recommend the gym to others, seven out of the eighth were positive that they would. Only interviewee E was unsure but leaned more towards the side of willingness to recommend.

“I probably could recommend (Hot Gym Kino).” (Interviewee E)

It turned out that interviewees A, B and H have already recommended Hot Gym Kino to others. Interviewee B implied that he has recommended Hot Gym Kino more than once:

“I would (recommend), and I have recommended many times.” (Interviewee B)

It was also found out that interviewees D, E, G, and H have joined Hot Gym Kino in the first place due to someone else recommending it to them. This means that recommendation of the gym also happens outside of these eighth interviewees. Interviewees D, E, and H implied that the recommendation came from their friends and at least the friend who recommended it to interviewee E is still a member of Hot Gym Kino.

“My friend recommended it (Hot Gym Kino).” (Interviewee D)

“My friend is a member here and recommended this.” (Interviewee E)

“My friend lured me here.” (Interviewee H)

As even interviewee E leaned more towards the positive side on willingness to recommend Hot Gym Kino to others, all eighth can still possibly be considered brand loyal.

When asked why the interviewees are still customers of Hot Gym Kino, all eighth interviewees had positive things related to brand image to say. Four out of eighth mentioned the customer service or the gym's owner in a positive light. Six out of eighth mentioned the customer base or the overall atmosphere as a positive thing. Only two mentioned the actual gym equipment in some way which means that the actual clientele and staff play a crucial role in building Hot Gym Kino's brand image.

"I have noticed, that it's (Hot Gym Kino) a good gym and you get great customer service and the prices are still competitive and also it's a plus that you don't have to make a long-term contract. I have compared gyms after joining and I have still decided to stay here. There are many good things." (Interviewee A)

"This is a great place. The equipment works unlike in many other places. The customer base is friendly and you get exceptional customer service." (Interviewee H)

In order to find out if the brand image is actually seen as positive, the interviewees were also asked how they would describe Hot Gym Kino to someone who has not yet visited the gym. Yet again the customer service, the owner of the gym, and general atmosphere were mentioned multiple times. In this question the actual gym equipment was also emphasized and came up in some ways five times out of eighth. The atmosphere was mentioned in a positive light in some ways seven times.

"I would say, that the atmosphere is very relaxed. The equipment is good. And Matias (the owner of the gym) gets things done if needed." (Interviewee D)

"Good customer service and a good gym in general. And yeah of course you get to have coffee before you train." (Interviewee F)

"Good atmosphere. Rarely crowded. You can find everything you need here." (Interviewee G)

To find out if Hot Gym Kino's image is positive the interviewees were also asked what does Hot Gym Kino do better when compared to other gyms? And on the contrary, what does Hot Gym Kino do worse when compared to other gyms. Only three interviewees found any negatives when compared to other gyms. Interviewee A mentioned the lack of space for doing lunges. Interviewees

E and H mentioned the price when compared to some cheaper alternatives. Even then these seemed not to be actual issues for them and interviewees A and H even explained this in their answers.

“Some long area where you could go forward and do lunges, that does not exist here. But this is a small thing that is probably not easy for a small gym to manage.” (Interviewee A)

“I don’t know. Probably the price is a negative when compared to cheaper gyms.” (Interviewee E)

“For some people the price might be an issue, because there are cheaper gyms in Helsinki. For me it is not an issue though.” (Interviewee H)

On the positive side when compared to other gyms, once again, customer service was mentioned five times. Other positive aspects that rose were the atmosphere, quality of the equipment, and not having to sign for a long membership.

“The customer service is great and the atmosphere between customers is good, there is never too much people here and the equipment is in good condition.” (Interviewee B)

“There is rarely too much people here and the equipment is always in good condition. Also the customer service is friendly.” (Interviewee C)

“The customer service is definitely the best thing and here the customers are actually listened to. Its definitely top notch.” (Interviewee D)

It can be said that the overall consensus of Hot Gym Kino’s brand image is definitely positive based on the interviewees responds. Everyone except interviewee E had positive things to say when compared to other gyms, but interviewee E also had no experience from other gyms. Up to this point the interviewees still seem to be possibly brand loyal, but the final condition still has to be met.

All eighth interviewees agreed that the price-quality ratio is good, and one even specified that it meets his demands. Interviewee D mentioned that Hot Gym Kino’s price-quality ratio can be an issue for some, but it is not for him.

“Some people think that it is quite salty (an expression in Finnish meaning bad), but I have been for here so long that for me it is good.” (Interviewee D)

“The price-quality ratio is very good.” (Interviewee A)

“It (the price-quality ratio) meets my expectations.” (Interviewee G)

The price also came up in question number four when it was asked why are you still a customer of Hot Gym Kino?

“I have noticed, that it’s (Hot Gym Kino) a good gym and you get great customer service and the prices are still competitive and also it’s a plus that you don’t have to make a long-term contract. I have compared gyms after joining and I have still decided to stay here. There are many good things.” (Interviewee A)

To further strengthen the fact if the price-quality ratio is met and the customers’ requirements of product features, image, and quality is met, the interviewees were asked what needs to be done to keep them as a customer of Hot Gym Kino? All eighth interviewees implied in some way that as long as the current level is held, they will be customers in the future as well. This backs up the fact that the customers’ expectations are met.

“As long as things stay as they are, I will stay.” (Interviewee B)

“I don’t see any reason to change as long as things stay as they are.” (Interviewee C)

“If things don’t change to worse, I will stay here.” (Interviewee E)

As all of the defined criteria were met, it seems like all eighth are brand loyal at least in the current environment.

3.2. Signs of inertia and brand loyalty in a more competitive environment

The second theme focuses on signs of inertia made by the interviewee. It also tries to find the answer to the second research question which asks if Hot Gym Kino is chosen due to brand loyalty or inertia. There has to be a clear distinction if the choices are made due to brand loyalty or if the decision has been purely made out of inertia.

Even though all eighth interviewees showed promising signs of brand loyalty, it could be argued that interviewee E does not fall into the category of brand loyal customer. For the customer to be considered brand loyal, he or she must be able to make a clear distinction between the available brands. When asked what makes Hot Gym Kino better, when compared to other gyms, the interviewee E could not make a distinction between Hot Gym Kino and other brands.

“I don’t really know about other gyms, so I can’t really tell about the differences.” (Interviewee E)

Yet, she was still able to mention the price point of Hot Gym Kino as a possible negative when compared to other gyms. All other interviewees showed clear signs that they are aware of other alternative brands and were able to make distinctions between Hot Gym Kino and the alternatives. This means that one out of the eighth interviewees showed signs of inertia and can not be considered brand loyal.

The third theme focuses on brand loyalty in a more competitive environment where there would be cheaper alternatives nearby. It aims to answer the final research question which asks if brand loyalty occurs, would people choose Hot Gym Kino in a more competitive environment.

As interviewee E showed signs of inertia, only the remaining seven will be considered in this chapter as possibly brand loyal. The interviewees were asked if they would stay as a customer of Hot Gym Kino if cheaper alternatives would be available nearby. Five out of seven interviewees clearly stated they would still stay as a customer of Hot Gym Kino.

“I don’t really like these cheaper gym chains, so I would stay here.” (Interviewee G)

“Well there are cheaper gyms around this area, at least Kisahalli. I would rather stay here.”
(Interviewee B)

The remaining two interviewees still seemed to lean on the positive side, as in, staying as a customer of Hot Gym Kino.

“Well, I don’t know if price is the deciding factor but rather how good of a place it is to train and how comfortable it is to train there.” (Interviewee A)

“I would probably stay here even if a cheaper gym would emerge.” (Interviewee C)

3.4. Discussion and suggestions

The first research question was to find out if brand loyalty occurs in Hot Gym Kino. Based on the analysis of the interviews, the author argues that seven of the interviewees do indeed show signs of brand loyalty towards Hot Gym Kino. Interviewee E was the only one to lean more towards inertia instead of brand loyalty as she was unable to make a clear distinction between the available brands, which also acts as the answer to the second research question whether Hot Gym Kino is chosen due to brand loyalty or inertia. The seven other interviewees all could make a distinction between Hot Gym Kino and alternative brands and knew that they existed. They had expressed a positive image of Hot Gym Kino mainly due to exceptional customer service, the overall atmosphere, and equipment quality. Willingness to recommend Hot Gym Kino to others was also expressed and the price-quality ratio met the customers requirements, meaning that Hot Gym Kino offers the right kind of product features, image, and quality. The results seem to go well with the study by Oztas et al. (2016) where they found out that fitness center atmosphere affects customer loyalty and satisfaction and the studies by Diniz & Goncalves (2015) and Konstantinos et al. (2004) that suggested that health clubs should have a focus on equipment and that especially the physical environment significantly influenced satisfaction which strongly influenced word-of-mouth communication. Same phenomena were found in the customers of Hot Gym Kino as well.

However, the author argues that to keep customers brand loyal, the reliance on atmosphere and customer service is risky. As the actual customer base drastically affects the atmosphere, there can be major changes in it with new customers or when old customers decide to leave. Then again, if

the customers are brand loyal and stay, the risk is minimal. Seen that the owner of Hot Gym Kino, Matias Sarelius, is also responsible for customer service, the brand loyalty of the customers is hugely dependent on Matias. If the owner changes or decides to hire new staff to handle the customer service, it can be risky if they are not able to offer quality service to the same level as Matias does. Currently, the customer service is definitely one of the key points for Hot Gym Kino's success and it was brought up several times throughout the interviews and Matias was mentioned by name.

The final research question was to find out if brand loyalty does indeed occur, would people choose Hot Gym Kino in a more competitive environment. One of the main benefits of brand loyalty is less price sensitivity in customers. As brand loyalty leads to greater brand equity, the customers are willing to pay more for the same service that alternative brands might offer with lower prices. From the interviews it was found out that the customers are brand loyal enough to stay with Hot Gym Kino, even if a cheaper alternative would emerge. The price-quality ratio seemed to be ok and customers' expectations and needs were met.

Overall no clear differences were found based on the gender of the interviewee. It is possible that differences could be found with a larger sample size. Due to time constraints the sample size was limited to 8. Based on this study it is established that brand loyalty does occur on Hot Gym Kino and further studies could be made with that kept on mind. The author suggests that even though Hot Gym Kino is owned and operated by Matias Sarelius new staff should be hired as well. As it was seen in the study by Livia Vania Suwono and Sabrina Oktaria (2016) good physical environment alone is not necessarily enough for customer retention and therefore Hot Gym Kino should be able to match the current level of customer service even in situations where Matias is not able to handle it himself. In the current state of the business the dependency on Matias is too high and sudden changes in the customer service can have negative impact on brand loyalty, and thus the whole business. If right kind of staff is hired and introduced over time alongside Matias the dependency on one person would lower.

CONCLUSION

The aim of this research was to find out if brand loyalty occurs in Hot Gym Kino and would that brand loyalty be enough to keep the customers in a more competitive environment. Therefore, the objective was to find out if Hot Gym Kino's customers are brand loyal or is the choice made purely out of inertia. And if they are brand loyal, is the brand loyalty on a level which would sustain a more competitive environment with a cheaper alternative nearby. The research showed that brand loyalty indeed was dominant in this sample of Hot Gym Kino's customers as only one out of eighth interviewees showed signs of inertia instead of brand loyalty.

It was found out that the main factors for brand loyalty in the case of Hot Gym Kino were the overall atmosphere, exceptional customer service, and quality equipment. Even though this brand loyalty is good for Hot Gym Kino because the customers are less price sensitive and brand loyalty makes it harder for new competition to emerge, the author sees risk in the fact that Hot Gym Kino is too dependent on one person. This could be a problem in the future if the owner, Matias Sarelius, decides to hire other staff to handle the customer service.

In the current situation where Matias handles the customer service and the atmosphere is good due to a good customer base, Hot Gym Kino is indeed in a good place. The brand loyalty seems to be exceptionally strong and the right kind of moves have been made to ensure that. As long as the current level of Hot Gym Kino is ensured, the brand loyal customers will stay. However, to grow the brand and its brand loyalty even stronger, innovation is advisable.

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APPENDICES

Appendix 1. The base interview questions translated in English

- 1) How old are you?
- 2) For how long have you been a customer of Hot Gym Kino?
- 3) In the first place, why did you choose Hot Gym Kino?
- 4) Why did you decide to stay as a customer of Hot Gym Kino?
- 5) How can Hot Gym Kino keep you as a customer in the future?
- 6) How would you describe Hot Gym Kino to someone who has not visited it?
- 7) Would you recommend Hot Gym Kino to others?
- 8) Compared to other gyms, what does Hot Gym Kino do better?
- 9) Compared to other gyms, what does Hot Gym Kino do worse?
- 10) How would you describe the quality-price ratio of Hot Gym Kino?
- 11) Are you aware of other gyms nearby?
- 12) How likely would you stay as a customer, if a cheaper gym would exist nearby?

Appendix 2. Additional interview questions from some interviews translated in English

- 13) In your opinion what kind of an image Hot Gym Kino have given outwards through the means of customer service and marketing?
- 14) What is your opinion on Hot Gym Kino's customer service?
- 15) If there are other gyms nearby, why are you not a customer of them?
- 16) Any particular reasons for not choosing a possible less expensive gym nearby?

Appendix 3. Interview transcriptions

The transcriptions of the interviews have been uploaded to a third-party server for viewing and downloading. They can be accessed from the following link: <https://bit.ly/2GCD2KP>