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## **Conceptualising customer value in a leisure service setting: value is in the eye of the beholder**

### **Abstract**

Currently there is little research that considers value or value creation from a sport and physical activity context or from the participant's perspective. Despite the emerging importance of value as an incentive for customers to perform desired behaviours, this study's investigation represents the first examination of the value construct as it pertains to the consumption of sport and physical activity opportunities. Sheth & Uslay (2007:303) called for marketers to use the value creating paradigm to 'reach beyond value in exchange and even value in use' to think about other types of value, whilst this research was focused specifically on identifying the various dimensions of customer-perceived value in a sport and physical activity setting, insights gained from this study also question the simplicity of value being conceived as an either (value-in-exchange) or (value-in-use) concept, and this is where the paper's significant contribution to further our theoretical understanding can be found. Whilst accepting further work is required to refine the original S&PAVAL model that is presented here, and to test it in a wider variety of settings, this paper contributes to a deeper and more meaningful investigation into customer value theory.

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# Conceptualising customer value in a leisure service setting: value is in the eye of the beholder

## Introduction

As the health and social benefits of undertaking regular physical activity have gained greater recognition, so has the need to deliver interventions that can promote wider participation in such activities. However, reviews of interventions aimed at increasing participation levels in the UK have revealed how difficult this is to achieve (Sports Council for Wales, 2005; Sport England 2009; Sports Scotland, 2006; Welsh Audit Office 2007). It is therefore important for leisure policy-makers and providers to understand the meaning, attitudes, beliefs, values and behavioural intentions that underpin decisions to engage, continue or discontinue participation in sport and physical activity, if they are to have any chance of redressing the well rehearsed participation inequalities needed to bring about a significant increase in the proportion of people who are sufficiently active to contribute to a meaningful gain in the health of the nation (Kearns *et al.*, 2012). However, despite the centrality of the value concept in marketing, there is relatively little known about what customer value is (Day & Crask, 2000), for example there is no commonly accepted definition (Russell-Bennett *et al.*, 2009) nor is there a definitive conceptualisation, framework or typology (Smith & Colgate, 2007) making an understanding how consumers determine it extremely difficult. Zainuddin *et al.*, (2011) and Andreasen (2012) have both emphasised the importance of understanding the value offering to be exchanged and argued that policymakers and leisure service providers need to know what 'it' is that customers value from their consumption experience in order for 'it' to be included into the design and implementation of campaigns aimed at enticing and motivating individuals to become more physically active. It is only through this route that they will be able to design products, services and offerings that add value and make sense in individual's everyday life (Holt, 2003). This paper therefore presents an original model, the *Sport & Physical Activity Value Model (S&PAVAL)*, which has been tested in a local authority leisure service setting and is a significant contribution towards understanding what 'it' is that adults value from being physically active, thus filling an identified gap in the literature.

## Conceptualising consumer value

Marketers have traditionally believed that consumer preferences and market choices were motivated by utilitarian value (Chiu *et al.*, 2005), with consumers perceived as rational beings making choices that maximised utility whilst being constrained by price and income (Sweeney *et al.*, 1999). Therefore the functional nature of value has long been the most prominent conceptualisation whereby 'value' is considered to be a cognitive trade-off between benefits and sacrifices, typified by research streams focused on consumers' quality-price perceptions (Monroe, 1990; Zeithaml, 1988). Many authors have argued that the cognitive trade-off is too simplistic with Mathwick *et al.*, (2001) considering it 'narrow' and Sweeney *et al.*, (1999) as 'summarised' considering the numerous tangible and emotional costs/benefits that must be allowed for when understanding the consumption experience (Holbrook, 1986). Consumer research has since evolved from such functional focus regarding the cognitive aspects of decision-making to embrace intrinsic aspects, so that the 'thinking and feeling' dimensions of a product, service or experience can be seen to be valued for its own sake (Sweeney & Soutar, 2001). However, in a sport and physical activity setting, whilst cognitive components relate to the traditional view of value as being a trade-off between the 'getting' and 'giving', such as the benefit and the costs of exercising play a key role, it would be imprudent to attempt to understand the behaviour of physically active adults without incorporating affective components which are centred around feelings generated by the

purchase and consumption experience. Indeed, Grönroos (2008) believes that there is now a new paradigm shift from marketing being based on the concept of value-in-exchange to marketing being based on the concept of consumer value creation, where value equates to value-in-use.

Some authors propose that value dimensions are independent of each other (Sheth *et al.*, 1991) whilst others propose that value dimension are interrelated (Sweeney & Soutar, 2001). Moreover, different authors have adopted different terminology for their various dimensions of value conceptualisation, although four dimensions of value are consistently represented by Holbrook (2006), Sheth *et al.*, (1991) and Sweeney & Soutar (2001) that of: Functional; Social; Emotional, and; Altruistic Value. Holbrook's typology (1994, 1999) was considered to be the most suitable theoretical basis from which to move beyond the rational or functional understanding of value based primarily on the quality-price trade-off, to instead understand the importance of the emotional or hedonic aspects of value in a sport and physical activity context. However, despite its richness, the intricacies of Holbrook's structure complicates its operationalisation in capturing certain value dimension such as spiritual and ethical value (Holbrook, 1999; Wagner, 1999), meaning the few extant empirical investigations of this typology have used only reduced sets of selected value dimensions (Gallarza & Saura, 2006; Mathwick *et al.*, 2001). Sánchez-Fernández *et al.*'s, (2009) empirical adaption of Holbrook's typology based in a service context, specifically vegetarian restaurants, is a notable exception. These authors argue that their proposed model is a more comprehensive approach to the value construct because it captures the 'diverse aspects of the consumption experience, both cognitive and affective in nature – that is, the economic, social, hedonic and altruistic categories of consumer value' (p97). After considering the various different conceptualisations of consumer value, an initial S&PAVAL conceptual framework was created based on Sánchez-Fernández *et al.*'s, (2009) adaptation of Holbrook's (1999) typology of consumer value, re-interpreted into a sport and physical activity context.

## **Method**

A survey was undertaken of holders of Bridgend County Borough Council's 'Bridge Card' leisure services membership scheme, which as of 1<sup>st</sup> July 2011 had a total of 15,030 members across all categories. An appropriate sample size across a range of age and gender-based sub-groups was determined to generate a 95% confidence level according to Bartlett *et al.*, (2001), which including the pilot sample returned 1058 usable questionnaires. Quantitative data were supplemented with qualitative insights from 20 in-depth interviews. The initial set of measurement-scale items were based on the consumer value literature outlined earlier in this paper, aside from 'altruistic value' which has not been examined in depth as it lies outside the sphere of ordinary marketplace exchanges (Smith, 1999) and consequently few scales exist, therefore the statements relating to this dimension were constructed from the researcher's industry knowledge. Churchill's (1979) scale development steps were followed with regard to developing and testing the S&PAVAL model, for the measure of latent variables the scale used a seven-point Likert scale anchored from 'Strongly disagree' (1) to 'Strongly agree' (7), with 'don't know' as an eighth point. Cronbach's alpha ( $\alpha$ ) was used to determine if it was justifiable to interpret the items that had been aggregated together to comprise the factors presented in the S&PAVAL model, on all factors  $\alpha$  ranged from .961 to .871 which is within acceptable internal consistency (De Vellis, 2003; Nunally, 1978).

An initial exploratory factor analysis (EFA) suggested there were 8-consumption values underpinning adult's participation in sport and physical activity (Appendix I) which were examined more rigorously in order to validate the assumed dimensionality. To assess the

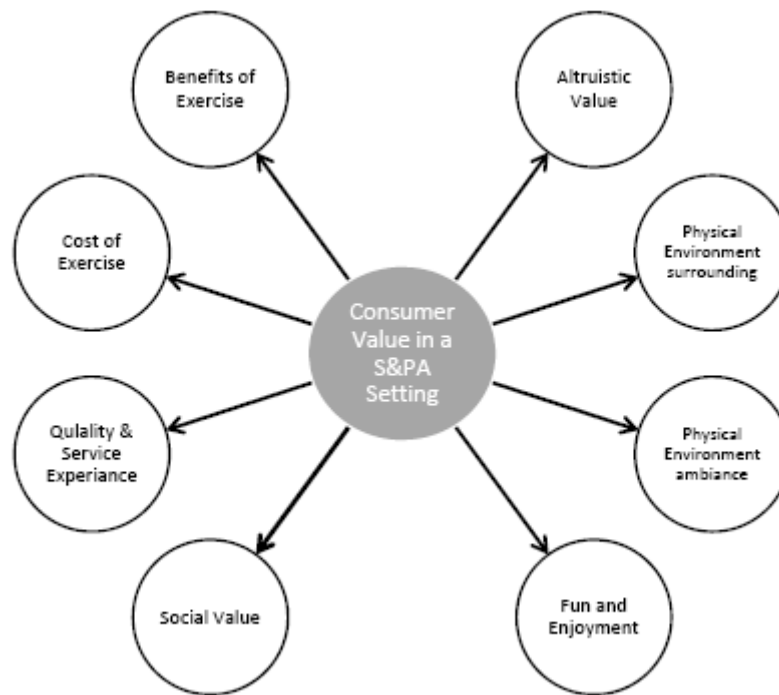
scales' psychometric properties in terms of convergent/discriminant validity (Hair *et al.*, 1998) and composite reliability (Fornell & Larcker, 1981) by a subsequent confirmatory factor analysis CFA, the final set of items are organised by consumption values and appears in Appendix II. The initial EFA was performed using SPSS v19, a principle axis factor extraction method to account for the non normal data (Costello & Osborne, 2005) and an obliminal rotation to assess the underlying structure of the data. Multiple considerations, subsequent factor analyses, and numerous test runs impacted upon the final number of factors extracted. Firstly, K1 was used to retain all factors with eigenvalues greater than 1.0 for interpretation (Kaiser, 1960), which was supplemented by use of Cattell's Scree test (Cattell, 1966) to produce a visual interpretation of a graphical representation of the eigenvalues and assisted in locating the 'break' or 'elbow' at or around the 8th factor. Furthermore, any items that cross loaded were deleted, all factors were required to have at least two or more items (Hair *et al.*, 1998) and the final factor needed to have at least three items (Ding *et al.*, 1995) in order to be retained in the final 8-factor solution which adequately explained 73.9% of the total variance (Tucker & MacCullun, 1997). The 8-factors identified were then relatively easy to interpret as they were consistent with, and would appear to be an extension of previous research, specifically Sánchez-Fernández *et al.*'s, (2009) adaption of Holbrook's (1994) typology of consumer value.

The subsequent CFA was conducted using Amos 2.0. An initial model produced a poor to marginally acceptable model fit, therefore, despite a number of criticisms from authors such as Cudeck & Browne (1983) the CFA was used in a post-hoc or exploratory manner (Byrne, 2001). The study used a number of diagnostics tools to help improve model fit, namely a review of the standardised regression weights (item loading), the standardised residuals, modification indices (Hair *et al.*, 2006) and error terms. In terms of fit, the final S&PAVAL Model returned:  $\chi^2 = 5160.27$ ,  $p < 0.000$ ,  $\chi^2/df = 4.449$ , GFI = .822, CFI = .924, RMSEA = .057, HOELTER = 262. It is accepted that statistical analysis that are based on  $\chi^2$  are adversely affected by large sample sizes and should not be used in isolation (Byrne, 2001) and given the study's sample size  $n=1058$  it is not surprising that  $\chi^2/df$  was larger than the generally accepted score of  $>3$  (Hair *et al.*, 2006) and was therefore not used as the basis for rejecting an otherwise acceptable model (Bagozzi & Yi, 1988; Lam *et al.*, 2004; Tam 2004). Scale composite reliability (SCR) and average variance extracted (AVE) were estimated (Fornell & Larcker, 1981) and were above the recommended levels (Bagozzi and Yi, 1988). A comparison was undertaken between the average variance extracted (AVE) for each factor and the variance shared between the constructs, which indicated that discriminate validity was satisfactory. Finally, all standardised factor loadings were greater than 0.5, which again supports convergent validity (Steenkamp & Trijp, 1991).

### **Presentation and discussion of findings**

Our results indicate a valid and significant reflective relationship between the consumption values underpinning adults' participation in sport and physical activity (all at  $p < 0.001$ ). The 8-consumption values were identified and form the S&PAVAL Model illustrated in Figure 1: Physical Environment – ambiance (0.77); Physical Environment – surroundings (0.68); Altruistic Value (0.67); Benefits of Exercise (0.67); Quality of the Service Experience (0.62); Cost of Exercise (0.60); Fun & Enjoyment (0.58); and Social Value (0.50). Whilst Holbrook's original typology included 8 categories, Sánchez-Fernández *et al.*'s, (2009) model proposed a more streamlined and tractable set of 6-dimensions. Although including 8-dimensions, the S&PAVAL Model does not re-create Holbrook's (1999) original typology, but is better viewed as an extension of Sánchez-Fernández *et al.*'s, (2009) 'efficiency' and 'aesthetics' dimensions.

**Figure 1: The Sport & Physical Activity Value (S&PAVAL) model**

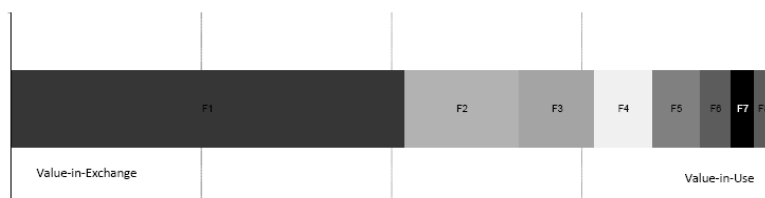


Holbrook (1994, 1996, 1999) proposed a typology of consumer value based on three dichotomies. The first dichotomy was ‘extrinsic versus intrinsic’ which viewed a product as a means to some end (extrinsic) versus a consumption experience prized for its own sake (intrinsic). In a sport and physical activity setting, the role of intrinsic aspects of value would appear to be more important than extrinsic aspects. Using the standardised factor loading from the CFA, three of the top 8-dimensions were intrinsic: ranked 1<sup>st</sup> was physical environment – ambience whilst physical environment – surroundings was ranked 2<sup>nd</sup> and altruistic value was 3<sup>rd</sup>, with the final intrinsic element that of fun & enjoyment being ranked 7<sup>th</sup>. In contrast, extrinsic dimensions of value appear to have a lesser impact. Of the 8-dimensions, benefit of exercise was ranked 4<sup>th</sup>, quality service experience 5<sup>th</sup>, costs of exercise 6<sup>th</sup> and social value was ranked 8<sup>th</sup> and last. These findings are consistent with Sánchez-Fernández *et al.*, (2009) who indicated that the intrinsic categories of play, aesthetics and altruistic value were more reflective of consumer value in a service context than were the external dimensions of efficiency, quality and social value. The second of Holbrook’s dichotomies views value as something for one’s own sake (self-orientated) versus an aspect of consumption positively evaluated on the basis of how other respond (other-orientated). Value in a sport and physical activity setting appear to be ‘self-orientated’ in nature, with physical environment – ambience being ranked 1<sup>st</sup>, physical environment – surroundings 2<sup>nd</sup>, benefit of exercise 4<sup>th</sup>, quality service experience 5<sup>th</sup>, costs of exercise 6<sup>th</sup> and finally fun & enjoyment being ranked 7<sup>th</sup>. With regard to other-orientated value whilst altruistic value was ranked 3<sup>rd</sup>, social value was ranked 8<sup>th</sup> and last. The final of Holbrook’s dichotomies views value as either the use of some product by its user (active) versus a consumption experience whereby an object affects the person (reactive). A direct comparison of Holbrook’s (1994, 1996, 1999) active versus reactive aspect of consumer value was not possible due to use of a single index for both altruistic and social value (Sánchez-Fernández *et al.*’s, 2009), however a partial comparison suggested that reactive dimension are more important than active aspects with physical environment – ambience being ranked 1<sup>st</sup>, physical environment – surroundings 2<sup>nd</sup> and quality service

experience ranked 5<sup>th</sup>, compared to benefit of exercise being ranked 4<sup>th</sup>, costs of exercise 6<sup>th</sup> and finally fun & enjoyment being ranked 7<sup>th</sup>, despite being physically active requiring the consumer to participate with the facility rather than just react.

For the purposes of this research, the two dimensions of ‘benefits of exercise’ and ‘cost of exercise’ were deemed to represent the traditional economic or value-in-exchange conceptualisation, whereby consumers assess the relevant benefits and costs in terms of a quality-price trade-off, with the remaining 6-dimensions equating to the value-in-use concept. Following Sheth & Uslay (2007:303) call for marketers use of the value creating paradigm to ‘reach beyond value in exchange and even value in use’ to think about other types of value. Scrutiny of the EFA provided some very interesting and original insights that shed light on consumer perceptions. Using the % of variance extracted as a proxy of customer perceived importance, the ‘benefits of exercise’ factor which related to the outcomes of exercise such as physical and mental wellbeing accounted for 37.7% of the total variance, whereas the ‘costs of exercise’ factor which focuses on the cost or inputs needed to exercise such as money, time and effort accounted for 5.5% of the total variance. Therefore, the economic or value-in-exchange conceptualisation of value explained 43.2% of total variance, whilst the remaining 6 factors were considered to represent value-in-use and account for the remaining 29.7% of the variance, which questions Grönroos’ (2008) belief of a paradigm shift which conceives value-in-exchange as a function of value-in-use. Additionally, Figure 2 illustrates that the value-in-exchange and value-in-use consumption factors may be better conceptualised as a value continuum (Kearns & Skinner, 2012), anchored at opposite ends rather than as one perception of value (value-in-exchange) being conceptualised as only a function of the other (value-in-use).

**Figure 2: The Value Continuum**



## Conclusion

The S&PAVAL Model demonstrates that the consumption values underpinning adults’ decisions to become physically active relate not just to their expectation regarding the physical environment within which their activity occurs but also to the immediate and longer-term benefits that arise from being physically active which represents a significant step forward towards understanding what ‘it’ is that customers value (Zainuddin *et al.*, 2011; Andreasen, 2012). It may be that participation levels in physical activity could be increased if providers adopt a view of value as articulated by the consumer and use the S&PAVAL consumption values to formulate enticing physical activity campaigns that motivate more adults to become physical active by understanding how value can be created at various stages in their consumption experience (Prahalad & Ramsawamy, 2004). However, while this research was focused specifically on identifying the various dimensions of customer-perceived value in a sport and physical activity setting, following Sheth & Uslay (2007) the insights gained from this study also question the simplicity of value being conceived as an either (value-in-exchange) or (value-in-use) concept, and this is where the paper’s significant contribution to further our theoretical understanding can be found.

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## Appendix I: Exploratory Factor Analysis (EFA)

Item	F1	F2	F3	F4	F5	F6	F7	F8
Exercising improves my mental outlook	.834							
Exercising has improved my body shape	.824							
Exercising boosts my energy levels	.765							
Exercising make me feel good	.754							
Exercising helps me to sleep better	.735							
I exercise to achieve a mind and body balance	.728							
Exercising help me to reach and maintain a healthy weight	.726							
Exercising gives me a sense of achievement	.661							
Exercising help me to reduce the risk of ill-health	.652							
I exercise to improve my everyday wellbeing	.533							
Exercising helps me relax from a tense and stressful life	.525							
Exercising will help me achieve more independence in later life	.504							
The signage in the facility is large enough to be seen		-.947						
The signage in the facility makes it easy to find your way		-.941						
There is sufficient signage in the facility		-.930						
The signage in the facility is easy to be understood		-.907						
The decorations in the facility are appropriate		-.756						
Overall, the facility's layout makes it easy to get where you want to go		-.678						
The interior wall and floor colour schemes are attractive		-.623						
The facility layout make it easy to get to the changing rooms and toilets		-.621						
The facility layout make it easy to get to the activity you are looking for		-.606						
Exercising improves the way I am perceived by others			.941					
Exercising gives me social approval			.914					
Exercising make a good impression on other people			.876					
Exercising help me to feel socially acceptable			.875					
Exercising gives me more social opportunities			.635					
The Centre's activities are reasonable priced				-.944				
I am happy with the price of the Centre's activities				-.937				
The Centre offers good value for the price I pay				-.936				
The Centre make me feel that I am getting my money's worth				-.891				
The Centre offers good services for the price				-.870				
The benefits I receive from exercising are worth the money I have spent				-.653				
The benefits I receive from exercising are worth the time I spend getting to and from the Centre				-.544				
The benefits I receive from exercising are worth the effort I have put in				-.460				
The staff are courteous, polite and respectful					.966			
The staff make every effort to understand my needs					.942			
The staff are approachable and easy to contact					.925			
The staff listen to me and we understand each other					.905			
The staff are trustworthy, believable and honest					.898			
The staff are competent, knowledgeable and skilful employees					.833			
The staff are neat, clean and presentable					.783			
The activities I use are always provided on time					.615			
Exercising gives me happiness						-.886		
Exercising gives me a sense of joy						-.876		
Exercising gives me pleasure						-.861		
Exercising makes me feel delighted						-.831		
I feel relaxed when I exercise						-.698		
I want to be fit, active and healthy for myself							.750	
I want to be fit, active and healthy to avoid ill-health							.737	
I consider being fit, active and healthy is important							.684	
I want to be fit, active and healthy to achieve more independence in later life							.528	
The air quality in the facility is comfortable								.853
The temperature in the facility is comfortable								.771
Overall, the ambient condition in the facility make it comfortable to exercise in								.421
Eigenvalue	20.7	6.2	4.1	3.2	2.7	1.8	1.5	1.1
% of Variance	37.7	11	7.2	5.5	4.6	2.9	2.3	1.7
Cronbach's Alpha	.939	.954	.951	.943	.962	.940	.873	.871

Factor labels: Factor 1 = Benefits of exercise, Factor 2 = Physical Environment – surrounding, Factor 2 = Social Value, Factor 4 = Costs of exercise, Factor 5 – Staffing, Factor 6 = Fun & Enjoyment, Factor 7 = Altruistic Value, Factor 8 = physical environment – ambiance

## Appendix II: Confirmatory Factor Analysis (CFA)

Item		Standardised loading ( $\lambda$ )	Reliability (CR, AVE)
<u>Physical Environment – ambiance</u>			
A2	The air quality in the facility is good	.751	0.77 CR= .895 AVE = .589
A1	The temperature in the facility is comfortable	.652	
A7	Overall, the ambient condition in the facility makes it comfortable to exercise in	.868	
A4	The smell in the facility is pleasant	.823	
A5	The lighting in the facility is adequate	.836	
A3	The background music/sound is appropriate	.645	
<u>Physical Environment – surroundings</u>			
A13	The signage in the facility is large enough to be seen	.946	0.68 CR= .958 AVE = .820
A15	The signage in the facility makes it easy to find your way	.933	
A14	The signage in this facility is easy to be understood	.945	
A12	There is sufficient signage in the facility	.920	
A16	The decoration in the facility are appropriate	.772	
<u>Altruistic Value</u>			
AV4	I want to be fit, active and health to avoid ill health	.843	0.67 CR= .897 AVE = .639
AV2	I want to be fit, active and healthy for myself	.908	
AV1	I consider being fit, active and healthy is important	.866	
AV6	I want to be fit, active and healthy to achieve more independence in later life	.663	
<u>Benefits of Exercise</u>			
EFB 5	Exercising improves my mental outlook	.859	0.67 CR= .937 AVE = .576
EFB 4	Exercising makes me feel good	.807	
EFB 7	Exercising has improved my body shape	.718	
EFB 3	Exercising boost my energy level	.786	
EFB 8	Exercising helps me to reach and maintain a healthy weight	.747	
EFB 6	Exercising help me to sleep better	.715	
EFB 9	I exercise to achieve a mind and body balance	.784	
EFB 2	Exercising helps me to reduce the risk of ill health	.696	
EFB 10	Exercising gives me a sense of achievement	.806	
EFB 15	I exercise to improve my everyday wellbeing	.720	
EFB 11	Exercising will help me achieve more independence in later life	.693	
<u>Quality Service Experience</u>			
QSE3	The staff are courteous, polite and respectful	.930	0.62 CR= .966 AVE = .804
QSE6	The staff make every effort to understand my needs	.921	
QSE5	The staff are trustworthy, believable and honest	.912	
QSE2	The staff are approachable and easy to contact	.907	
QSE4	The staff listen to me and we understand each other	.923	
QSE1	The staff are competent, knowledgeable and skilful employees	.882	
QSE7	The staff are neat, clean and presentable	.795	
<u>Costs of Exercise</u>			
EFC3	I am happy with the price of the Centre's activities	.930	0.60 CR= .954 AVE = .775
EFC1	The Centre's activities are reasonable priced	.894	
EFC5	The Centre offers good value for the price I pay	.914	
EFC4	The Centre makes me feel that I am getting my money's worth	.926	
EFC2	The Centre offers good services for the price	.892	
EFC10	The benefits I receive from exercising are worth the money I have spent	.713	
<u>Fun &amp; Enjoyment</u>			
PE2	Exercising given me a sense of joy	.933	0.58 CR= .933 AVE = .702
PE4	Exercising gives me happiness	.922	
PE3	Exercising make me fell delighted	.924	
PE1	Exercising gives me pleasure	.846	
PE5	I feel relaxed when I exercise	.752	
<u>Social Value</u>			
SV2	Exercising improves the way I am perceived by others	.962	0.50 CR= .932 AVE = .775
SV1	Exercising help me to feel socially acceptable	.903	
SV3	Exercising make a good impression on other people	.893	
SV6	Exercising gives me more social opportunities	.749	

$\chi^2 = 5160.27$ ,  $p < 0.000$ ,  $df = 1160$ ,  $\chi^2/df = 4.449$ ,  $GFI = .822$ ,  $CFI = .924$ ,  $RMSEA = .057$ ,  $HOELTER = 262$