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UNDERSTANDING COUNTRY CLUB MEMBERS' LOYALTY: FACTORS AFFECTING MEMBERSHIP RENEWAL DECISIONS

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UNDERSTANDING COUNTRY CLUB MEMBERS' LOYALTY: FACTORS AFFECTING MEMBERSHIP RENEWAL DECISIONS

Abstract

Many private country clubs across the United States have experienced a declining or flat membership and smaller waitlists of members wanting to join. The objective of this study was to investigate whether member involvement, service quality, and perceived value, influence member satisfaction and intention to renew membership for members of private country clubs. An online survey instrument customized for the country club industry was distributed to members of two country clubs in northeast Ohio. Results indicate that involvement level of members and perceived value impact country club members' satisfaction and intention to renew their membership. Managerial implications are discussed.

Keywords

country club, private club, involvement, perceived value, satisfaction, retention, membership

UNDERSTANDING **GOLF** COUNTRY CLUB MEMBERS' LOYALTY: FACTORS
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ABSTRACT

Many private country clubs across the United States have experienced a declining or flat membership and smaller waitlists of members wanting to join. The objective of this study was to investigate whether member involvement, service quality, and perceived value, influence member satisfaction and intention to renew membership for members of private country clubs. An online survey instrument customized for the country club industry with golf facilities was distributed to members of two country clubs in northeast Ohio. Results indicate that involvement level of members and perceived value impact country club members' satisfaction and intention to renew their membership. Managerial implications are discussed.

Key Words: country club, private club, involvement, perceived value, satisfaction, retention, membership

Factors Affecting Country Club Members' Loyalty

Introduction

Most private country clubs across the United States have experienced a declining or flat membership, smaller waitlists of members wanting to join, and higher numbers of openings during tough economic times (Club Benchmarking, 2012; Ferriera & Gustafson, 2006). Along with declines in membership, clubs have problems retaining members (Reilly, 2012). To complicate matters, the golf club industry is facing an excess supply due to the expansion that took place in the late 1990s during times of economic success (IBISWorld, 2011; McMahon, 2001). Current economic conditions including record unemployment and a drastic reduction in discretionary expenses have forced some clubs to close (Reilly, 2012).

Recruiting new members could be more difficult and expensive than retaining current ones. One possible explanation for this could be archaic membership policies that restrict the pool of potential applicants. Generations X and Y have different interests compared to earlier generations and may not be interested in joining country clubs unless issues related to attire, families, social media, and cell phones are addressed (Reilly, 2012). Given challenges associated with the continuing change in the demographic mix in the US (Reilly, 2012) clubs are putting additional emphasis on member retention strategies (personal communication, N. Welc, November 6, 2012). One advantage to focusing on member retention is that country clubs can use valuable information about members' preferences and behaviors gathered over time by club staff, thus making it easier to satisfy members' needs and wants. This information is not readily available for new members. In addition, recruiting new members could sometimes mean taking them away from other country clubs, creating the need to provide incentives to switch.

Aside from the reduced costs, there are potential opportunities for increased value when customers are loyal for long periods of time. Some reasons for increased value are that loyal customers tend to spend more as the relationship progresses, cost less to serve, recommend new customers, and become more willing to pay full prices as trust is gained (Reichheld & Sasser, 1990). These reasons could also be applicable in a country club context. While specific strategies may vary, retention starts from the first day a member interacts with a club.

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Research has advanced our understanding of how behavioral characteristics of private club members, member demographics, and club promotions affect members' perceptions about their club (Ferreira, 1997a, 1997b, Ferreira, 1998), but little research has focused specifically on factors related to country club members' intentions to renew membership. The role of member involvement is of a particular interest in this research because past studies (Ferreira, 1997c) pertaining to private clubs only examined how service provided by the clubs influenced member loyalty decisions, rather than how the members themselves personally affected their loyalty. Studying how members influence their own satisfaction with the club by being involved in club activities can lead to a better understanding of how membership renewal decisions are affected.

While there is well-established literature examining the relationships among perceived value, service quality, satisfaction, and loyalty in the service industry, the relationship among these variables still remains controversial. Recent studies in the hospitality industry show that satisfaction does not always lead to loyalty (Skogland & Siguaw, 2004; Jung & Yoon, 2012; Ganesh, Arnold, & Reynolds, 2000). Harvard Business School researchers concluded in a longitudinal study involving the US banking sector that great service does not always lead to customer loyalty (Osak, 2011). The authors suggested that customer expectations established by the incumbent service provider compared to the competition could partly explain these counter-intuitive findings. Conversely, many studies also show that satisfaction and perceived value positively impact loyalty (Gupta, Jain, & Jain, 2009; Yang & Peterson, 2004; Cronin, Brady, & Hult, 2000; Back & Lee, 2009). This study adds to the literature discussing the complex nature of relationships among service quality, perceived value, satisfaction, and loyalty.

Literature Review

Private Clubs

There are many activities and outlets that constitute the leisure market which compete for consumers in an increasingly difficult and competitive environment (Knutson, 2001). The country club industry is one of these leisure markets. Private country clubs make up 27.4% of the total golf club industry (IBISWorld, 2011). According to the IBISWorld (2011), "golf courses and country clubs" are defined as "firms which operate golf courses as their primary activity and may include country clubs that have dining and other

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recreational facilities. These establishments often provide food and beverage services, equipment rental services, and golf instruction services” (p. 2). The major sources of revenue for country clubs are membership fees, golf course greens fees, food and beverage sales, other sales and service fees, and golf equipment rental and sales (IBISWorld, 2011). The main difference between private country clubs and other golf clubs is the exclusivity. Private country clubs are more restrictive than public courses, allowing only dues paying members and their guests to play the course and use the amenities. Membership has traditionally meant access to higher level golf courses that are far less crowded than public facilities (Pennington, 2009). Non-private country clubs allow the general public to pay and play their courses.

The financial and membership situation in clubs, while has stabilized since the 2008 financial crisis, is still essentially operating in a “flat environment” (Club Benchmarking, 2012, p.14). No significant momentum in growing membership is seen as clubs are only able to replace members leaving due to natural attrition (Club Benchmarking, 2012). The emergence of other recreational activities, the recent recession, and competition from other recreational sports and other hospitality establishments has contributed to the hindrance in growth (IBISWorld, 2011). Initiation fees have declined all over the US by as much as 25 to 50% (Reilly, 2012). Negative earnings and reduced demand have forced many clubs to close and the problem has been exacerbated since 2008 due to tight access to credit and a deteriorating economy (IBISWorld, 2011). In 2009, at least 500 clubs nationwide were scrambling to raise their cash flow and as many as 15% of the 4,400 private clubs reported serious financial challenges (Pennington, 2009). According to Knutson (2001):

The underlying motive for clubs has always been common social interests. Today, there is a proliferation of high-quality alternatives in social, health, recreational, and food service, making it harder for private clubs to justify initiation fees, monthly dues, and assessments. Clubs must, therefore, differentiate and position themselves for a higher price-value, worth the added cost of membership. (p.34)

Satisfaction and Intent to Repurchase

Customer satisfaction occurs when customers confirm or exceed their pre-purchase expectations of a service (Oliver, 1980). One way to operationalize loyalty is through intention to repurchase or intent to

Deleted: During times of economic distress, people work longer hours and reallocate their finances from leisure activities to survival necessities. Shoham and Brencic (2004) addressed consumers' shrinking leisure time in developed countries, specifically relating to cultural events in European countries, and found that consumers were faced with reduced leisure time and increased pressure on their disposable incomes.

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renew membership in a country club context (Back & Lee, 2009). The intent to repurchase can be defined as an individual's decision related to buying a service again, the decision to engage in future activity with a service provider, and the form this activity will take (Zeithaml, Berry, & Parasuraman, 1996). While there is a great deal of research pertaining to customer satisfaction and customer retention strategies in the service industry, there is little research on member retention strategies used by country clubs.

In a recent study conducted by Back and Lee (2009) on country club member loyalty, a sample population of mid-tier country club members from the Western region of the United States was surveyed to observe value-loyalty, image congruence-loyalty, and satisfaction-loyalty relationships. Results showed a significant mediating effect of member satisfaction on value-loyalty and image congruence-loyalty, whereas switching costs did not play a role in the member satisfaction-loyalty relationship. Back and Lee (2009) found that the greater satisfaction the members experienced, the more willing they were to spread positive word-of-mouth about the club to other members and friends. According to their findings, offering a larger number of amenities can enhance the perceived value of the country club to members as well. The needs, wants, and motivations of the members are what clubs must satisfy to achieve long term success.

Knutson (2001) also conducted retention research in the club industry. The goal of the research was to determine if a relationship existed between age, preferences, and behaviors in private clubs. Surveys were sent to members at a country club in Michigan and 800 were returned. Knutson (2001) found the top three reasons members joined and remained members at the club were staff, the clubhouse style/appearance, and reputation of the club. Skogland and Sigauw (2004) made similar conclusions in a study involving hotel guests. They found that the main factors influencing guest loyalty were hotel design and amenities in addition to the role played by the hotel employees. However, contrary to the findings of Back and Lee (2009), Skogland and Sigauw (2004) concluded that there was a weak connection between satisfaction and loyalty.

Boughton and Fisher (1999) stated that truly loyal customers are those that were "very satisfied" or "delighted" with quality of service. The authors found a positive relationship between member satisfaction and member usage of the club. When the economy was doing well, Boughton and Fisher (1999) conducted two membership surveys at a private country club, one in 1994 and one in 1997, measuring membership

approval levels. Because survey results indicated member dissatisfaction, the management staff at the country club implemented a member satisfaction program with the goal of increasing member satisfaction levels.

During the years 1994-1997, the membership at the club grew by nearly 100. In addition, food and beverage revenue went up by 30% in 1997 compared to 1995 (Boughton & Fisher, 1999).

Service Quality and Perceived Value

McDougall and Levesque (2000) concluded based on data related to four different service settings that both service quality and perceived value should be incorporated into customer satisfaction models to provide a more complete picture of the drivers of satisfaction. In a recent study in the services and leisure industry, Kyle, Theodorakis, Kargeorgiou, and Lafazani (2010) found that service quality at a ski resort had a direct and positive influence on satisfaction, which influenced psychological commitment and behavioral loyalty. The authors concluded that efforts to retain consumers should begin with efforts to improve the quality of the services delivered. Cronin, Brady, and Hult (2000) showed using data from six different service industry segments that the relationship of service quality and repurchase intent relies entirely on satisfaction. Petrick (2002) conducted research in the cruise ship sector to determine how satisfaction, value, and service quality relate to repurchase intention. The author found that service quality was the strongest predictor of repurchase intention in the cruise ship environment.

It is widely known that customer satisfaction (Oh & Parks, 1997) and perceived value (Gupta, Jain, & Jain, 2009; Yang & Peterson, 2004) are significant antecedents of customer loyalty in the service industry. Perceived value has been found to predict satisfaction as well (Cronin, Brady, & Hult, 2000; Sweeney, Soutar, & Johnson, 1999; Zeithaml, Berry, & Parasuraman, 1988).

Value perceived to be offered by a club is the salient evaluative criterion for potential members to decide whether or not to join a country club (Samuels & Hakala, 2001). When studying perceptions of value, image congruence, and switching costs on country club member loyalty, Back & Lee (2009) found that perceived value had a significant effect on customer satisfaction in the country club industry. Ferreira (1997c) found that pricing, level of food quality and service are important to private club members. The value offered by country clubs can be enhanced by adding amenities that are not offered by other clubs. Already,

to keep up with the extremely competitive environment, clubs are offering day spas, fitness centers and classes, and other services that can be an advantage for keeping current members happy (Foust, 2009; Henkin, 2006).

Involvement

While there is some research pertaining to customer retention strategies used in country clubs, involvement studies in the club industry are extremely limited. Cha, Cichy, and Kim (2011) did conduct research on involvement in the private club industry to determine commitment of volunteer board and committee members. Findings from this study showed that both involvement and dedication impacted volunteer leaders' future intentions to serve as board or committee members in private clubs. Involvement may play a significant role in member satisfaction and retention at a country club based on studies completed in other contexts (Gahwiler & Havitz, 1998; Hume & Mort, 2008; Laurent & Kapferer, 1985).

While Laurent and Kapferer's (1985) multidimensional consumer involvement profile (CIP) scale has been used in leisure, recreation, and tourism contexts (Havitz & Dimanche, 1999), involvement has also been conceptualized as being uni-dimensional based on personal relevance. When based on personal relevance, involvement is said to reflect the degree to which people devote themselves to an activity or associated product (Slama & Tashchiam, 1985; Zaichkowsky, 1985; Peter & Olson, 1987).

Park (1996) investigated the relationships among fitness participants' attitudinal loyalty profiles and involvement profiles using the CIP scale. The author found that involvement is one of the preconditions for consumer loyalty among others. A study by Hume and Mort (2008) using a modified version of the CIP scale considering only emotional attachment and personal relevance, found a direct and positive relationship between involvement and service quality, satisfaction, and value. A survey customized to the performing arts industry was administered to a sample of 273 past and present performing arts audience members. Results indicated that customers base their re-purchase intentions on core and peripheral service quality mediated by value, satisfaction, and involvement (Hume & Mort, 2008).

Members use the club for playing golf, tennis, swimming, fitness, events, and dining. Some members may also be involved in the club operations, serving on committees that impact club decisions. According to

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Havitz and Howard (1995), leisure involvement may be situational or heightened by a specific circumstance, but evidence from their research conducted in three different leisure industries (golf, skiing, and windsurfing) suggested that it tends to be enduring and sustained over time. Results from their study showed positive relations between activity involvement and length of participation. However, in a recent study in the leisure industry, Kyle, Theodorakis, Kargeorgiou, and Lafazani (2010) found that involvement had a more negative effect on customer loyalty in ski resorts. When other ski resorts that were considered acceptable substitutes were available within a reasonable distance, the more involved a skier was, the more likely they were to move among ski resorts. It is conceivable that the skiers were looking for variety which may not apply in a country club context, given the high cost of membership.

Research Questions and Hypotheses

The overarching research question was, "What is the relationship between Involvement, Perceived Value, Service Quality, and Satisfaction and Intention to Renew Membership?" The following hypotheses (e.g., H1 – H7 below) were investigated (see Figure 1):

- (H1): Satisfaction has a positive and direct relationship with members' intentions to renew their membership.
- (H2): Involvement has a positive and direct relationship with member satisfaction.
- (H3): Perceived value has a positive and direct relationship with member satisfaction.
- (H4): Service quality has a positive and direct relationship with member satisfaction.
- (H5): Involvement has a positive and direct relationship with members' intentions to renew membership.
- (H6): Perceived value has a direct and positive relationship with members' intent to renew membership.
- (H7): Service quality perceptions have a positive and direct relationship with members' intentions to renew membership.

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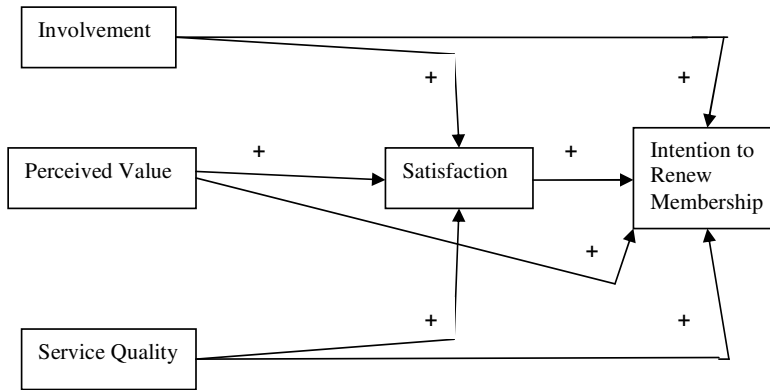


Figure 1. Proposed conceptual framework analyzed utilizing path analysis, which is the analysis of several multiple regression equations simultaneously using observed variables (i.e., denoted by the rectangles in the figure).

Methodology

Members from two different **private equity** country clubs in the Northeast Ohio area were surveyed. Both country clubs **are member owned and run and** provide a family friendly atmosphere with an exceptional golf experience. The clubs are rich in tradition and hold strong membership rates. **Both country clubs attracted similar clientele and followed similar market positioning approaches.** The first club has a smaller membership varying around 500 members and the second club's membership hovered around 1,000 members after merging two clubs into one. The particular clubs were chosen because of their location in the Great Lakes Region, one of the highest concentrated areas for country clubs in the United States (IBISWorld, 2011). Members holding full golf resident, social, tennis, and dining membership types were surveyed. **All members held individual memberships.** The study sample included members 18 years of age or older and in good financial standing with their club. The current list of members at each club was provided by the club membership director.

The survey instrument contained six separate sections with a total of twenty-four questions, with five sections for each of the main variables in the study and one separate section for demographic questions. Part one contained demographic questions including length of membership, type of membership, marital status,

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and gender. Part two measured members' level of involvement in their club. Part three measured members' perceptions of service quality offered by club staff, as well as the perceptions of the quality of the club amenities themselves. Part four measured the perceived value of the club to members. Part five measured member satisfaction, and finally, part six measured the members' intentions to renew membership.

Respondents were asked to indicate their level of agreement or disagreement with each statement using a seven-point Likert scale in parts 2 through 6. Responses on the Likert scale were coded as 1=Strongly Disagree, 2=Disagree, 3=Somewhat Disagree, 4=Neither Agree/Disagree, 5=Somewhat Agree, 6=Agree, and 7=Strongly Agree. For length of membership, six categories were created from fill-in responses provided by members.

Each of these sections was generated from known scales in previous literature and adapted to fit this study. Scale items for perceived value, member satisfaction, and intention to renew membership were adapted from Back and Lee (2009). Hume and Mort (2008) and Back and Lee (2009) were consulted for the member involvement and service quality constructs, respectively. For more details on the operational measures used see Table 2.

The steps for test construction were followed to establish content validity and improve statistical conclusion validity (Crocker & Algina, 2008). These steps include: (1) Identifying the primary purpose, (2) Identifying behaviors that represent the construct or domain, (3) Preparing test specifications, (4) Constructing an item pool, (5) Reviewing items (and revising), (6) Holding preliminary item tryouts (and revising), (7) Field testing the items, and (8) Determining statistical properties. Measurement and content-matter experts including country club managers and researchers were consulted during steps 5 and 6 as is common in establishing construct and content validity (Crocker & Algina, 2008).

A pilot study of the survey instrument was conducted with members who belong to one country club in northeast Ohio. The online version of the survey was sent to the personal e-mail addresses of the members, obtained through the country club that participated in the pilot study. These volunteers were asked to review the survey for several validity criteria including: (1) Clarity in wording, (2) Relevance of the items, (3) Use of standard English, (4) Absence of biased words and phrases, (5) Formatting of items, and (6) Clarity

of the instructions (Fowler, 2002). Appropriate alterations were made to the survey based upon the members' responses and suggestions.

Data Collection and Analysis

A web survey was administered to members of two private country clubs in the Northeast Ohio area during the month of March. Web surveys were used at the two clubs for their fast response time, high response rate, and low costs (Cobanoglu, Warde, & Moreo, 2001; Dillman, 2007). In addition, the clubs' management suggested that utilizing web surveys might generate higher responses compared to mailed surveys. March was chosen as the month for conducting research because of the pre-season timing for golfers and the beginning of the season for country club participation, giving members more free time to complete a survey and a good time to accurately reflect on their country club experiences. E-mails with web surveys were sent to all eligible members at the two country clubs obtained through each of the club's member databases. Because the members' e-mail addresses were never seen by the researcher and participants were not asked to identify themselves, the confidentiality of each of the participants was ensured. The first club sent e-mails to 458 members, and the second club sent them to 900 members.

Studying country club member perceptions is still exploratory in nature. A literature search revealed only two empirical research articles (Back & Lee, 2009; Knutson, 2001) where country club member perceptions were studied, going back at least 15 years; recent research studies have focused on responses from country club managers and staff. Anticipating a low response rate, the membership directors at the clubs sent the e-mails directly to their club members ($N=1,358$) to ensure a better response rate. Also, because the e-mails were sent from a recognizable address, the risk of the email being lost or getting spammed was reduced. The body of the e-mail included a statement from each of the country club general managers stating the survey was not from their club directly but from an area institution of higher education, and urged each of the members to participate. A link to the survey was then included. When the survey link was first opened by the members, a letter of consent detailing the benefits of the study, voluntary participation, and confidentiality was presented. The members were required to acknowledge their consent by selecting an "I agree" button before continuing to the survey. The members had two weeks to complete

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the survey online and submit their responses. A reminder e-mail was sent a week after the original e-mail. After the two week deadline, the online survey was deactivated. At this time, responses of the surveys were viewed only by the researcher. Responses were linked directly to a MS-Access database, eliminating the need for data entry. A total of 173 responses were received for a response rate of 12.74%. Of responses received, 145 were deemed usable for further analysis.

For Path Analysis, LISREL 8.80 Edition and Statistical Package for the Social Sciences (SPSS) for Windows Release 18.0 were used to analyze data. Kline (1998) recommends that the sample size should be 10 times (or ideally 20 times) as many cases as parameters, and at least 200, to have sufficient power. Other research has stated that to have confidence in the Goodness-of-Fit test, a sample size of 100 to 200 is recommended (Hoyle, 1995). For the initial model, there were a total of 15 free parameters that were estimated (i.e., 7 path coefficients, 2 equation error variances, 3 correlations among the independent variables, and 3 independent variable variances). For the final model (i.e., 6 path coefficients), there were a total of 14 free parameters that were estimated. Thus, a sample size of at least 140 people was needed. Finally, as Path Analysis is an extension of Multiple Regression, one rule-of-thumb is that N should ideally be $50 + 8(k)$ or $104 + k$ when testing individual predictors (i.e., k is the number of independent variables; Tabachnick & Fidell, 2007). The current model had three independent variables for sample sizes of at least 74 or 107.

Results

Demographic Characteristics, Descriptive Statistics, and Correlations

Demographic characteristics of the respondents can be seen in Table 1. The majority (74%) of the respondents was male and 86.8% of total respondents were married. Close to half of the respondents (47.5%) had only been members at their club for less than 10 years. Of the respondents, 84% held golfing memberships, far outweighing the social, dining, tennis, and other respondents.

<INSERT TABLE 1 HERE>

Descriptive statistics of all the sections of the survey can be seen in Table 2. Cronbach's Alpha was .607 for the involvement scale. This reliability estimate is below the recommended level of .70 (George & Mallery, 2003). Hair, Anderson, Tatham, and Black (1998) stated that a Cronbach's Alpha of .60 was

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acceptable when most items in the scale were new and formulated specifically for the research context. Since the items that formed the involvement scale were formulated specifically for the country club context and the reliability was above .60, involvement was used in data analysis. The other measurement scales had reliability measures that were above the recommended .70 level. Additionally, after conducting the reliability analyses (i.e., above), it was found that no item could be eliminated to increase the magnitude of Cronbach's Alpha for any of the sections of the survey.

<INSERT TABLE 2 HERE>

For each of the Likert scale items in sections 2 through 6 of the survey, the scores ranged from 1 (Strongly Disagree) to 7 (Strongly Agree). None of the 20 scale items had mean values in "strongly disagree" to "disagree" (<1.0-3.0) range. Two of the scales (i.e., member satisfaction and service quality) had item mean values in the "agree" to "strongly agree" (6.0-7.0) range. Intent to renew membership and perceived value had scale items in the range of "somewhat agree" to "agree" (5.0-6.0). Involvement had the lowest mean scores for the scale items ranging from "somewhat disagree" to "somewhat agree" (3.0-5.0) with an average mean score of 4.53 in the "neither agree nor disagree" range.

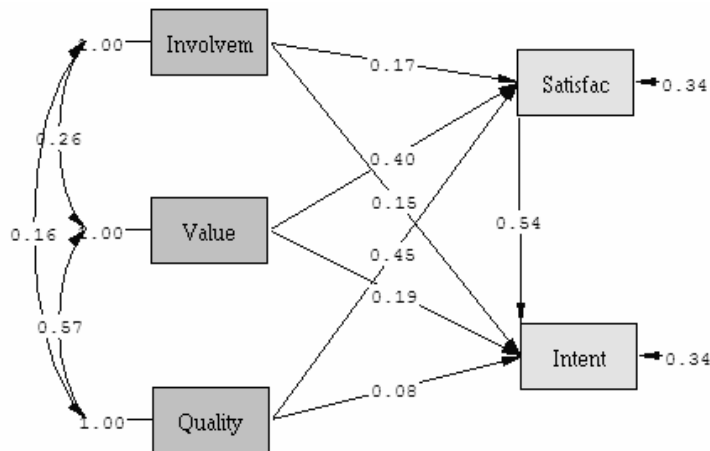
Table 3 reports the zero-order Pearson correlations between the variables. The variables were composites created by adding each section of items to achieve a total score as have been evidenced in previous research using correlations and Path Analysis (Michaels & Spector, 1982; Murphy & Sohi, 1995; Prihartono, Sumarwan, Achsani, & Kirbrandoko, 2012; Ryan, Shuo, & Huan, 2010; Sindhvananda, 2011). Guidelines for interpretation of the magnitude of the correlation included Cohen's (1988) widely accepted standards for the social sciences: (1) .1 is small, (2) .3 is medium, and (3) .5 is large. As proposed, member satisfaction was significantly positively related to intention to renew membership ($r=.785, p < .001$). Further, involvement, service quality, and perceived value were significantly related to both member satisfaction and intention to renew membership ($p < .001$ for all). As shown in Table 3, all correlations were moderate to large except for the correlation between involvement and perceived value. Of all the sections of the survey, the only two that were not significantly related were service quality and involvement ($p > .05$).

<INSERT TABLE 3 HERE>

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Initial and Final Path Model

Results of the initial and final path models are presented in Table 4. For the initial model of the path analysis, all paths except for the path from service quality to intention to renew membership were significant in the model ($p < .01$) and all were positive in direction. Additionally, the path coefficients are standardized regression coefficients (i.e., beta weights). These standardized coefficients allow comparisons between the relative magnitude (i.e., strength and sign) of the effects of different explanatory variables in the model. Thus, with standardized coefficients it is easier to determine which variables are more influential in the model. If there is more than one causal variable in the model, the path coefficients are akin to partial regression coefficients measuring the effect of one variable on another controlling for prior variables (Schumacker & Lomax, 2010). As can be seen in Figure 2 (below), for the initial model, the largest standardized path coefficients were .54 from satisfaction to intention to renew. In addition, 65.7% of variability in satisfaction can be explained by involvement, perceived value, and service quality and 66.3% of variability in intention to renew membership can be explained by involvement, perceived value, service quality, and satisfaction. The X^2 global fit index measures the degree to which the sample data in S fit the model. There is a perfect fit (i.e., it is not significant), meaning that there is no difference between S and Σ ($X^2 = 0.0$, $df = 0$, $p = 1.000$). The values are 0 because this is a saturated model, which means that all the variables are related.



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Figure 2. Initial model with standardized coefficients. All paths were hypothesized to be positive in direction, and the results indicated that all paths were positive and significant except for the path from service quality to intention to renew membership.

There was a nonsignificant parameter to eliminate based on the t values; this was the path from service quality to intention to renew membership. Thus, the path was removed and the model was evaluated again.

<INSERT TABLE 4 HERE>

For the final model of path analysis, with the elimination of the path from service quality to intention to renew membership, all paths were significant in the model ($p < .01$) and all were positive in direction. As can be seen in Figure 3 (below), for the final model, again, the largest standardized path coefficients were .59 from satisfaction to intention to renew. Similar to the initial model, 65.7% of variability in satisfaction can be explained by involvement, perceived value, and service quality and 65.9% of variability in intention to renew membership can be explained by involvement, perceived value, and satisfaction.

The X^2 global fit index indicated that there is perfect model fit ($X^2 = 1.343$, $df = 1$, $p = .247$). The root-mean-square error of approximation (RMSEA) was .05. Typically, values less than or equal to .05 are considered acceptable (Schumacker & Lomax, 2010). Thus, this global fit measure indicates a good fit. The standardized root-mean-square residual (SRMR) was .01. The criteria for interpretation are the same as the RMSEA; therefore, this model fit measure also indicates a good fit. Finally, the goodness-of-fit index (GFI) and the adjusted goodness-of-fit index (AGFI) were .99 and .95, respectively. Values at or above .95 are considered acceptable and indicate a good fit. Thus, these model fit indices suggest a good fit.

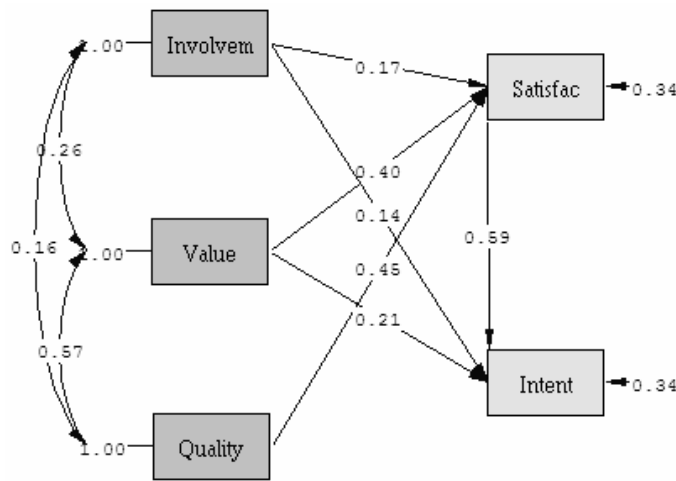


Figure 3. Final model with standardized coefficients. All paths were hypothesized to be positive in direction, and the results indicated that all paths were positive and significant.

There are no suggested modifications for subsequent models. First, in looking at the parameters, all were significant. Next, no additional parameters based on the modification indices are recommended to be added to the model. Finally, the standardized residual matrix did not show any unusually large standardized residuals. The largest standardized residual was between service quality and intention to renew membership (1.144), which is congruent with the earlier eliminated path. However, this standardized residual was not statistically significant ($p > .01$), and will not be considered further. Therefore, combining all the evidence, the final model has good fit as evidenced by all the global fit indices and is more parsimonious than the initial model.

Discussion and Managerial Implications

The main objective of this research was to investigate how a member's level of involvement at their club, along with their perceptions of service quality and value, influenced their satisfaction with the club and their intention to renew their membership.

According to this research, member satisfaction and intent to renew membership are impacted by how involved club members are. This is a new theoretical contribution made by this study because no previous research in country clubs has related involvement to member satisfaction and intent to renew

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membership. As noted in the correlation matrix, members with a high level of involvement at their clubs perceive that the club provides more value. They also are more satisfied, and hence more likely to renew their membership. Interestingly, the correlation matrix revealed that involvement was not related to service quality. This may be due to the fact that involvement is influenced by the members themselves and service quality is influenced by the club.

While involvement was found to impact satisfaction and intent to renew membership, the level of impact was low compared to other explanatory variables in the study. A reason for the weakened influence of involvement on satisfaction could be related to the club staff. The role of the Member Relations Coordinator or Activities Director at a country club is to plan a host of events that members would like to participate in and to engage the members themselves in all that the club has to offer. If the club staff is not providing fun and engaging events for the members, then the members may not want to become as involved in club activities. Furthermore, the cost of membership fees could explain the weakened influence of involvement on intent to renew membership. While a member might have to pay a small added fee for a cart or a meal each time they use the club, every member pays a similar annual membership fee. The annual membership fee is charged to the member regardless of whether they use the club once a year or multiple times a year.

While member satisfaction was influenced by involvement of the members themselves, the service quality provided by the club was also found to impact the members' satisfaction levels. According to Hubbard and O'Neill (2006) private club members use the level of service quality provided by the club in their membership renewal decisions. Therefore, it is imperative for clubs to determine the service expectations of their members and work toward exceeding those daily. Members are the ultimate definers of quality service in the club (Hubbard & O'Neill, 2006). Service quality affects member satisfaction and overall member satisfaction is fundamental to members' well-being. In turn, this affects how members perceive the club, and how often they use it in the future.

Results of this study indicated that perceived value impacted club members' satisfaction and intent to renew membership. These results are consistent with the findings of Back and Lee (2009). Cronin, Brady,

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and Hult (2000) and Gupta, Jain, and Jain (2009) also found that perceived value was a significant factor in determining customer continuance and satisfaction.

Another conclusion of this study was that as member satisfaction increased, so did member retention. Foust (2009) stated that country clubs were adding additional amenities such as free junior golf lessons and fitness classes to satisfy members. This proves to be a wise decision for clubs because it creates what Morrison (2010) called motivators, or products and services that drive customers to repeat their visitation, or increase their intent to renew membership. In order to retain members, it is important to talk to members about what amenities they want their club to offer and how the club can improve their current amenities. Back and Lee (2009) found that both image congruence and perceived value indirectly contribute to member loyalty by satisfying members. In turn, satisfied members spread positive word-of-mouth to others and show a greater willingness to continue their membership.

This research provides several insights for private country club managers and membership directors as to what factors are most important in retaining members. As suggested by Foust (2009), club managers should offer various amenities keeping in mind member demographics such as golf lessons, fitness classes, and spa services. [The Anthem Golf and Country Club now offers two state of the art fitness facilities, hiking excursions, children's cooking classes, complementary golf clinics, happy hour pricing in the lounge, and "dive-in" movie nights at the pool \(Pennington, 2009\).](#) Clubs can also add social activities such as family nights and seasonal special events. These could increase member involvement and add value (Henkin, 2006); however, clubs must uphold superior quality in these programs because members use quality as a criterion in whether or not to seek membership. Elements of high levels of service include attentiveness, courtesy, listening, responsiveness, competence, following through, and going above and beyond (Hubbard & O'Neil, 2006). Providing the best service quality to impact member satisfaction includes all operational functions within the club, including marketing and human resources. Club managers must hire employees who are committed to satisfying and exceeding members' needs by providing quality services and building member relationships.

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In addition, club managers should keep track of members' satisfaction levels with the club amenities, the perceived quality of the service provided by their staff, and members' perceived value provided by the club. According to Yates (2002) the value of the club for a golfing member could be related to three aspects of the golf course: (1) the quality of design of the course, (2) the quality of course maintenance, and (3) the quality of the playing experience. Member satisfaction may decline if they have a poor experience on the course, including long wait times between holes and deferred maintenance of the fairways and greens.

Similar to Boughton and Fisher (1999), member satisfaction programs could be developed and implemented specifically for country club members with the goal of increasing member satisfaction and loyalty levels. The effectiveness of the satisfaction programs could be tested using a pre-test/post-test methodology to see the overall change in membership levels and members' satisfaction with the club.

Limitations

Due to the design of this research, this study has some limitations. The results might have low generalizability to private country clubs other than the ones used in this study. Because the questions in the survey were worded to fit country club offerings and amenities, the results cannot be extended into other private club contexts. Cronbach's Alpha for the involvement scale was in the .60 to .70 range, below the recommended .70 to 1.00 level in social science research. Further testing is necessary before making widespread application of the survey instrument. Because some of the survey questionnaires were sent electronically, it may be a less representative sample if not all members had regular access to their e-mail. And lastly, despite administering the survey at a time that was thought to generate higher response rates and sending the email through the membership director, low response rate was still an issue and might have provided a less representative sample.

Future Research

While this research examined the influences of involvement, perceived value, and service quality on member satisfaction and intention to renew membership in two private country clubs in Ohio, future research should explore this same research question in all sectors of the private club industry. Members at private social, business, racquet, and yacht clubs may or may not be affected by these same factors with

Deleted: According to David Shaw, the president of Country Club Advisor, a consulting company for private clubs, the country club is no longer the same as it was in the 1950s or 1960s. The demographics have shifted and two income families want fitness centers, junior programs, casual dining, and programs that engage the entire family (Pennington, 2009). The Anthem Golf and Country Club now offers two state of the art fitness facilities, hiking excursions, children's cooking classes, complementary golf clinics, happy hour pricing in the lounge, and "dive-in" movie nights at the pool (Pennington, 2009). ¶

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respect to their satisfaction and intention to renew their membership. Replication in other private country clubs across the United States is needed to determine whether geographic location and other factors not identified in this research could impact factors that influence intent to renew membership. This will improve generalizability of the findings.

Private country club characteristics such as size, prestige, focus (family/business), number of amenities offered, and ownership type that could account for variations in clubs' operations could influence members' perceptions of the club and their responses. Furthermore, the socioeconomic causes of membership decline could be considered.

Research is also needed to study other differences based on member demographics. Factors such as members' marital status, length of membership, type of membership, gender, age, and type of employment could influence member satisfaction and intention to renew membership. It is also possible that a club's technological applications such as golf applications, online account access, website's functionality, and availability of virtual meetings could influence member satisfaction and loyalty. Finally, this study operationalized loyalty through intent to repurchase or intent to renew membership. Future research can explore multi-dimensional aspects of loyalty among country club members (Aaseal, 1992; Oliver 1997).

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Table 1

Demographic Characteristics of Club Members (N = 145)

Characteristics	Frequency	Percent (%)
Gender		
Female	37	25.5
Male	108	74.5
Type of Membership		

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Golf	123	84.8
Social	11	7.6
Tennis	5	3.4
Other	6	4.1
Marital Status		
Married	126	86.9
Single	19	13.1
Length of Membership		
0-10 years	69	47.5
11-20 years	29	20.1
21-30 years	25	17.3
31-40 years	9	6.2
41-50 years	8	5.5
51+ years	5	3.4

Table 2

Item- and Scale-Level Descriptive Statistics and Reliability

Section and Items	<i>M</i>	<i>SD</i>	α
Involvement	4.53	5.12	.61
I use the dining facilities for food and beverage regularly.		5.00	2.05
I golf at the club frequently.	5.07	1.46	
I am a frequent participant in social or recreational activities at the club.	4.52	1.60	

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I currently/previiously served as a member of a board/committee at my club.	3.52	2.58	
Service Quality	6.10	5.74	.87
I am satisfied with parking at the club.	6.06	1.10	
The club is well organized and performs services right the first time.		5.97	1.15
The staff at the club makes me feel comfortable and confident.	6.26	1.08	
I am happy with the condition of the golf course.		6.19	1.11
I am happy with the condition of the clubhouse.	5.95	1.20	
When I am at the club my expectations are met.	6.07	1.05	
The staff at the club provides me with personalized service.		6.19	1.05
Perceived Value	5.62	3.28	.92
The club provides me with great value as compared with any other clubs.	5.50	1.28	
Overall, the club offers attractive product/service costs compared to alternative clubs.		5.67	1.16
Comparing what I pay to what I might get from other competitive clubs, I think my club provided me with good value.	5.68	1.10	
Member Satisfaction	6.19	2.92	.94
I am satisfied with my decision to join this club.	6.23	.98	
I believe that becoming a member at this club was a wise choice.	6.11	1.11	
I am happy with my experiences at the club.	6.23	1.01	
Intention to Renew Membership	5.68	3.48	.79
I intend to continue my membership at this club.		5.95	1.33
My membership at this club is more valuable to me than other forms of entertainment/leisure	5.27	1.51	
Compared to other area private clubs, my club offers attractive services.	5.81	1.29	

Note. Responses for items ranged from 1=Strongly Disagree to 7=Strongly Agree

Table 3

Pearson Correlations between the Sections of the Survey (N = 145)

Construct	1	2	3	4	5
1. Involvement	--	.161	.261**	.346***	.401***

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2. Service Quality	--	.569***	.706***	.595***
3. Perceived Value		--	.700***	.659***
4. Member Satisfaction			--	.785***
5. Intention to Renew Membership				--

Note. * $p < .05$, ** $p < .01$, *** $p < .001$ (2-tailed).

Table 4

Maximum Likelihood Estimates and Selected Fit Indices for the Initial and Final Membership Renewal Models (N = 145)

Description	Initial Model	Final Model
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Factors Affecting Country Club Members' Loyalty

<i>Paths</i>		
Involvement → Satisfaction	.17*	.17*
Perceived Value → Satisfaction	.40*	.40*
Service Quality → Satisfaction	.45*	.45*
Satisfaction → Intention to Renew	.54*	.59*
Involvement → Intention to Renew	.15*	.14*
Perceived Value → Intention to Renew	.19*	.21*
Service Quality → Intention to Renew	.08	--
<i>Equation Error Variances</i>		
Satisfaction	2.93	2.93
Intention to Renew	4.08	4.12
<i>Variables</i>		
Variance (Involvement)		26.25
Variance (Perceived Value)		10.74
Variance (Service Quality)		32.98
Covariance (Involvement and Perceived Value)		4.38
Covariance (Perceived Value and Service Quality)		10.72
Covariance (Involvement and Service Quality)		4.74
<i>Selected Fit Indices</i>		
χ^2	.000**	1.34
Root-Mean-Square Error of Approximation (RMSEA)	--	.05
Standardized Root-Mean-Square Residual (SRMR)	--	.01
Goodness-of-Fit Index (GFI)	--	.99
Adjusted Goodness-of-Fit Index (AGFI)	--	.95

Note. * $p < .01$; ** $p < .001$. For the paths, the standardized estimates are reported. RMSEA, SRMR, GFI, and AGFI values are not provided for the initial model because the model had perfect fit.