Segmenting Fitness Center Customers: Leveraging Perceived Ethicality for Enhanced Loyalty, Trust, and Word-of-Mouth Communication

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Abstract: In an era marked by a growing emphasis on business ethics and sustainability, fitness centers face a compelling need to align their practices with their members’ perceived ethical values. To explore the role of ethics in the fitness industry’s expanding business landscape, this study draws upon established theories in consumer-perceived ethicality (CPE), business ethics, and customer segmentation strategies. The paper’s objectives were to adapt and validate the CPE scale for the Greek context and categorize fitness center members based on their perceived ethicality and to examine the impact of perceived ethicality on loyalty, word-of-mouth communication, and trust towards fitness centers. The research involved 286 fitness center members who completed a questionnaire measuring CPE, loyalty, trust, and word-of-mouth communication. Utilizing clustering analysis, two distinct consumer segments emerged, each demonstrating unique patterns of perceived ethicality. Intriguingly, both the high- and low-CPE groups assigned considerable importance to word-of-mouth communication, followed by trust and loyalty. These findings provide valuable insights for businesses in the fitness industry seeking to enhance their ethical reputation and bolster customer retention. Furthermore, the translated CPE scale holds the potential to contribute significantly to the ongoing discourse on consumer behavior regarding business ethics and sustainability within the fitness sector.

Keywords: business ethics; consumers’ perceived ethicality; segmentation strategies; loyalty; word-of-mouth communication; trust

1. Introduction

The pervasive presence of unethical practices in contemporary business and society has spurred scholarly investigation, emphasizing the pivotal role of ethics [1,2]. Jakubanecs et al. [3] have underscored the multidimensional nature of business ethics, suggesting that various forms of unethical corporate behavior can elicit different responses from consumers. Nonetheless, disparities in the effects on consumer decision making and perception manifest across various facets of corporate conduct. For instance, research has explored pricing strategies and their impact on perceived product quality [4], as well as consumers’ views on price fairness or unfairness [5].

Consumer behavior studies, aiming to comprehend and predict responses to corporate practices, have employed segmentation for diverse purposes. A considerable portion of this literature has focused on classifying consumers based on macroenvironmental factors such as geographic location and culture [6]. However, recent research has shifted its focus towards microlevel variables related to consumer behavior, encompassing values, lifestyle, needs, motives, situational factors, and moral development [7–9]. This shift is driven by the pursuit of more effective strategic planning, which facilitates the targeting
of specific market segments and offers insights for an ethics-oriented, responsible, and rewarding business strategy [10].

In the current context, it has become increasingly imperative to integrate the dimension of sustainability into ethical discourse. Organizations demonstrating a commitment to sustainability not only meet ethical standards but also make positive contributions to environmental and societal well-being [11]. This holds true for all types of organizations, including sports organizations, with particular significance for the health and fitness industry, which aims to promote a healthy lifestyle through physical activity while ensuring sustainability and profitability. Fitness centers, in particular, represent a highly favored choice for physical activity [12,13]. This significance is underscored by the World Health Organization’s repeated emphasis on the critical role of physical activity in improving global health indicators [14]. However, fitness centers often grapple with high member attrition rates [13,14]. This attrition may be attributed to the absence of systematic, customer-centric retention strategies and failures in market segmentation [13,15]. Simultaneously, the global expansion of the fitness industry and the proliferation of associated enterprises have intensified competition within the sector, accentuating the importance of gaining a competitive edge through a profound understanding of members’ needs [9] and the adoption of sustainable marketing strategies [16].

Sustainable marketing is both a philosophy and practice that seeks to meet customer needs while upholding societal and environmental well-being, fostering enduring and sustainable relationships [17]. In the realm of marketing, this approach places considerable emphasis on the sustainability of relationships, aiming to establish long-lasting and stable connections with customers that promote the sustainable growth of enterprises, rather than prioritizing short-term sales and transactions [18]. By conducting marketing research, comprehending consumers, and segmenting them based on their unique characteristics, businesses can create (fitness) services tailored to customers’ needs, including those that may stem from their individual ethical values.

This paper draws on a comprehensive range of theories and research areas to underpin its investigation. Firstly, it leverages the concept of consumer-perceived ethicality (CPE) as introduced by Brunk [19], which asserts that consumers formulate collective judgments about the morality of subjects like companies, brands, products, or services based on various ethical dimensions. Additionally, this study engages with the broader theoretical foundations of corporate social responsibility (CSR) and business ethics, examining how consumers perceive and evaluate corporate decisions—a critical consideration given their significance as a stakeholder group for businesses [20]. Moreover, the research delves into the behavior of ethically conscious consumers, aligning with studies that demonstrate how ethical beliefs influence purchasing decisions and brand loyalty [21]. In this context, the theory of planned behavior (TPB) by Ajzen [22] is instrumental, positing that intentions are pivotal determinants of behavior, influenced by factors such as attitude, subjective norm, and perceived behavioral control. Applied to consumer behavior, TPB suggests that loyalty, trust, and word-of-mouth communication are shaped by consumers’ attitudes towards a brand, perceived social pressures, and their perceived control over their actions. Notably, perceived ethicality emerges as a crucial factor in shaping consumers’ attitudes.

In our context, we emphasize the pivotal role of perceived ethicality in shaping consumers’ attitudes. Recognizing that perceived ethicality significantly impacts consumers’ attitudes, we assert the importance of segmenting fitness center members based on their perceived ethicality. This segmentation can provide valuable insights into how ethical considerations influence the behavior and choices of fitness center members.

Regrettably, there is a limited understanding of what specific types of corporate behavior can lead to perceptions of ethicality or unethicality among consumers. Moreover, the relationship between consumers’ perceived ethicality and consumer behavior variables remains underexplored. By introducing the CPE scale as an innovative segmentation tool, this research not only fills a void in the existing literature but also makes a valuable
addition to the larger discussion on ethical consumer behavior and sustainability within the fitness industry.

Investigating the relationship between perceived ethicality and consumer behavior can yield valuable insights to help fitness businesses develop a more effective and ethical business strategy, ultimately enhancing customer loyalty, retention, and trust, all of which are pivotal for their long-term success, as evidenced by research and practices in other industries [23,24]. For example, by examining the ecological conscientiousness of a fitness center and its potential impact on consumer preferences, the business can acquire insights into the measures it should adopt (such as recycling or energy conservation) to meet the ethical expectations of its members. As a real-life example, the LA Fitness case serves as a pertinent illustration of business ethics and perceived ethicality in the fitness industry. It underscores how practices such as deceptive membership cancellations and undisclosed fees can erode consumer trust and damage a company’s perceived ethical standing. This incident exemplifies the importance of transparent and ethical business practices for maintaining a positive reputation and long-term customer loyalty in the fitness industry [25].

This study aims to employ perceived ethicality as a segmentation variable for fitness center members and further profile these groups based on their trust, loyalty, and word-of-mouth communication levels, illustrating the applicability of CPE in consumer engagement. The research paper unfolds in three main sections. Firstly, a comprehensive review of the literature introduces the theoretical framework encompassing perceived ethicality, segmentation strategies, trust, loyalty, and word-of-mouth communications, culminating in the formulation of three hypotheses to be addressed. Secondly, the methods and results of the study are meticulously outlined. Finally, the findings are discussed, encompassing managerial implications, limitations, and suggestions for future research.

We adopted a mixed-methods research approach, encompassing both qualitative and quantitative components, to achieve two primary objectives. First, our qualitative component involved the adaptation and validation of the CPE scale specifically for the Greek context. This part of the study aimed to provide a detailed description of the CPE scale’s characteristics and applicability within the context of Greek fitness center members. The second objective involved a quantitative examination of how different membership segments, derived from their perceptions of ethicality, assessed their loyalty, word-of-mouth communication, and trust as Greek fitness center members. This quantitative phase allowed us to investigate the varying impacts of ethical perceptions on the behavior and loyalty of these members. The results of this analysis are expected to offer valuable insights for fitness center organizations in understanding their members’ ethical perceptions and how these perceptions influence their behaviors and loyalty.

Additionally, it is important to note that this study is cross-sectional in nature, collecting data at a single point in time rather than over an extended period.

2. Literature Review
2.1. Business Ethics and Consumers’ Perceived Ethicality

The establishment of and adherence to moral standards, which serve as guiding principles and customs for ethical conduct, are intrinsically linked to values [26]. These standards play a pivotal role in shaping ethical beliefs and influencing decision-making processes [27]. In the realm of business ethics, Waters and Bird [26] have delineated specific moral standards rooted in ethical theories. These standards encompass honesty in communication, fair treatment, special consideration, fair competition, organizational responsibility, corporate social responsibility, and respect for the law, reflecting principles from various ethical theories.

In the determination of ethical issues, guided by normative frameworks, the identification of business activities and understanding the primary fields and interactions within the context of economic operations are paramount [28]. Ethical corporate behavior
is not just a moral imperative but also an essential component for achieving higher levels of customer loyalty, retention, and financial performance. Businesses that are perceived as “ethical” by their stakeholders (i.e., customers, employees, suppliers, and the public) tend to benefit from enhanced reputation and financial performance [29].

In light of the above, scholars in the field of business ethics aim to provide answers to ethical queries surrounding a firm’s dealings with consumers, including safety and liability, advertising, pricing, sales, negotiation, and tort law issues [30]. Research has indicated that various ethical challenges are emerging in the management, marketing, sales, and consumption of services, including the health and fitness industry, as is the case in every modern business globally [31] (pp. 165–179).

Upon a deeper analysis of the aforementioned LA Fitness case, it becomes evident that, especially in the services industry, a company’s reputation and its ability to cultivate enduring, long-lasting relationships with customers, along with the establishment of a robust corporate brand, are paramount [32]. As a result, businesses must prioritize their operations and ethical conduct to align with these expectations [33].

In the broader services industry, businesses are increasingly recognizing the significance of ethical practices for achieving sustainable success [34], though they are not yet targeting their customers through their perceived ethicality. As consumers become more aware of corporate practices, they tend to prefer businesses that prioritize social responsibility and ethical conduct [35]. The health and fitness industry should not be an exception to this trend.

Prior research has aimed to gauge consumers’ perceptions of ethical corporate conduct and their willingness to endorse ethical behavior and penalize unethical practices [36]. Other researchers have acknowledged the affective component of consumers’ attitudes towards a company’s ethical conduct [37,38].

The fields of business ethics and CSR have been subjects of empirical research, with a notable disparity in emphasis between the consumer and corporate perspectives [39]. While scholars recognize the importance of understanding how companies grapple with ethical dilemmas, the reception of corporate decisions by consumers, a pivotal stakeholder group, is equally crucial [40]. This raises the critical question of how consumers perceive and respond to corporate ethical behavior [41].

In the existing discourse on consumer perspectives of CSR and business ethics, various positions and arguments emerge. Creyer and Ross [42] provide an instrumental framework, focusing on general consumer attitudes towards firms or brands. This leaves a notable gap in assessing the resultant consumer-perceived ethicality (CPE) across different conditions [36]. Further examination of consumer-held corporate associations reveals diverse viewpoints. Established metrics offer valuable insights but tend to emphasize specific CSR activities over a comprehensive ethical perspective [References]. Tsalikis and Seaton’s [43] longitudinal study provides a broader context, though it lacks specificity to individual companies or brands. This underscores the need for a more nuanced understanding of consumer viewpoints on CSR and business ethics.

Critics argue that consumers may not consistently prioritize ethical considerations in their purchasing decisions, as factors like price, convenience, and product quality often exert more significant influence [44]. Additionally, the notion of ethical behavior is subjective and culturally contingent, with differing interpretations across contexts [45]. Certain studies propose that in specific industries or contexts, consumers may exhibit indifference towards ethical considerations, as factors like brand recognition or immediate gratification take precedence [46]. Furthermore, the phenomenon of consumer rationalization challenges the straightforward assumption of a direct link between CPE and consumer behavior [47].

Understanding consumer-perceived ethicality (CPE) and its impact on consumer behavior is crucial, despite differing perspectives on its direct influence [48]. The complexity of consumer decision making necessitates a thorough exploration of how ethical considerations interact with other factors [47]. Ultimately, conceptualizing CPE is essential for a comprehensive understanding of the interplay between ethics and consumer behavior [49].
Brunk [48] argued that many scholars do not measure an overall, holistic perception of ethicality. She highlighted that a general stakeholder perspective in which consumers are counted in a broader sense only has been proven inefficient to capture the content domain of perceived ethicality to its full extent. She presented the term “Consumer Perceived Ethicality” (CPE) [48] and conceptualized it as the “consumers’ aggregate perception of a subject’s (i.e., a company, brand, product, or service) morality” [50] (p. 134). Aiming to conceptualize consumer meanings, Brunk [19] examined how consumers understand, characterize, and describe ethicality (“being ethical”) and concluded with six key themes that emerged from the subsequent analysis: (1) abiding by the law, (2) respecting moral norms, (3) being a good or bad market actor, (4) acting in a socially responsible way, (5) avoiding any kind of damaging behavior, and (6) weighing up positive and negative consequences. All the above resulted in the formulation of six CPE scale indicators, phrased accordingly to represent each of the six abovementioned identified key themes.

CPE is used as a measurement tool for investigating the relationships between a company’s actions related to its social responsibility and consumer responses. It serves as an intermediary step in the consumers’ decision-making process [51]. Further research using this scale indicates a positive, indirect impact on brand equity, through the mediators of brand effect and perceived quality, underlining the importance of ethical commitments at a corporate level for businesses to remain competitive and improve their reputation [38]. The CPE scale has been judged reliable in different cultural groups and in various business sectors [2,52,53].

Regarding sports business, particularly in the health and fitness sector, CPE can encompass various factors, such as how a company treats its employees, its environmental impact, and its marketing and advertising practices [54,55]. In the health and fitness industry, perceived ethicality may also include the effectiveness and safety of products or services offered, as well as the accuracy and transparency of information provided to customers [56]. Since CPE has not been previously employed within a Greek population, specifically among fitness center members, one of the objectives of this research involves testing and adapting the tool in such a population.

H1. **CPE is a valid evaluation tool of fitness centers’ member-perceived ethicality.**

2.2. **Segmentation Strategies**

Market segmentation is the practice of categorizing a market into separate groups of consumers who share similar needs or attributes, and then choosing one or more of these segments to focus on with a tailored marketing approach [57]. Consumer segmentation is an essential task for marketing professionals in their quest to understand the needs and characteristics of consumers and to develop targeted marketing strategies for different groups of consumers [58].

Market segmentation can be approached through two methods: a priori (conceptual), which relies on the researcher’s prior knowledge and experience to form market groups, and a posteriori (database), where these groups are established based on empirical marketing research data [59]. In the database segmentation method, quantitative analyses are employed to identify groups sharing common characteristics. Frequently used variables for segmenting consumer markets include demographics (such as age, gender, family status, occupation, and income), sociocultural factors (like family life cycle and social class), geography (urban or rural), behavior (e.g., usage frequency and purchase quantity), and psychographics (including attitudes, benefits, motivation, and personality traits). These variables have proven to be highly valuable in comprehending various aspects of consumers’ decision-making processes [60].

Consumers often base their purchasing decisions on their values and beliefs, which can be influenced by a company’s ethical practices [61]. The impact of ethical considerations on consumer behavior and how ethical practices can attract and retain customers
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has drawn the attention of scholars, and research clearly demonstrates that ethical considerations can play a crucial role in influencing consumer behavior [62]. Research has shown that consumers are increasingly interested in companies’ ethical practices and are willing to pay more for products and services that align with their values [63]. Therefore, ethical considerations can have a significant impact on consumer behavior, including purchase decisions [18]. The relevant literature has also demonstrated that consumers’ perceptions of a company’s ethical behavior can have a significant impact on various customer-related outcomes, such as loyalty, retention, trust, and satisfaction [23,24]. Segmentation based on ethical perceptions [64] may help companies tailor their products, services, and messaging to better understand and, consequently, meet those (ethical) needs and preferences.

Until today, in the field of participatory sport (e.g., sport and leisure participation or even sport tourism), psychographic and person-centered segmentation, including behavioral measures, has been widely applied [7,9,65]. No attempt has been made to evaluate fitness members’ perceived ethicality or, more effectively, to use perceived ethicality as a segmentation strategy. Recognizing the potential influence of perceived ethics on consumer behavior within the fitness sector holds significant value for companies operating in this field. This is because it has been suggested that crafting more efficient marketing strategies that align with consumer values and convictions enables companies to enhance customer engagement, establish trust, nurture lasting loyalty, and ultimately contribute to their sustainability [66]. Based on our analysis of consumer behavior and its interplay with sustainability through segmentation, we formulate the following hypothesis:

**H2.** CPE can be used as a psychographic parameter that reveals fitness members’ typology of segments.

2.3. Customers’ Trust, Loyalty, Word of Mouth, and Consumers’ Perceived Ethicality

According to Emmanuel and Priscilla [67], consumers are showing a growing interest in ethical considerations while making purchasing decisions. They tend to prefer products and services that align with their values and beliefs and are more likely to support companies that exhibit ethical practices. Ethical considerations can impact consumer behavior in several ways. For example, consumers who prioritize environmental responsibility may be more likely to purchase products from companies that have sustainable and eco-friendly practices. Therefore, companies that use recycled materials, reduce waste, and implement carbon-neutral processes are more attractive to these consumers [37]. Setting another example, consumers who value fair labor practices may choose to support companies that treat their employees fairly, because companies that provide fair wages, benefits, and working conditions are more likely to attract and retain these customers [68]. Companies that donate a portion of their profits to a charitable organization or engage in community service are more attractive to consumers who value social responsibility [69], and consumers may be more likely to support companies that are transparent about their business practices, such as their sourcing, manufacturing, and distribution processes. This can build trust and credibility with consumers, who may be more likely to make repeat purchases from these companies [70].

The development of brand loyalty is an important process for managers, though it has proven to be a difficult task for fitness professionals worldwide [13,71]. Customers’ loyalty is considered a key factor regarding repurchasing, long-term relationships with the customer, profitability, and sustainability [72,73]. Loyalty can be measured by using either an attitudinal or a behavioral method [74]. Many researchers argue that the determinants of customer loyalty can be more thoroughly investigated when attitudinal measures are applied [74,75].

Ethical practices are proven to be related to customer loyalty [29]. Moreover, customer loyalty seems to be positively affected by ethical advertisement, ethical pricing, or even ethical behavior depicted through advertisements [76], with the overall ethical image of an organization being critical for forming customer loyalty [77]. Previous research concludes that CPE has direct [78] or indirect [36] positive effects on customers’ loyalty.
One of the key indicators of customer loyalty is word-of-mouth communication, which can be defined as informal discussions regarding a brand, company, or its products and services [79]. In the realm of services, assessing them beforehand can be challenging due to their experiential nature, and the intangibility of services often leads to a high purchase risk [80]. As a result, word of mouth plays a particularly significant role in the service industry, where satisfied customers are likely to share their positive experiences with others [81]. Companies that cultivate an ethical image gain the advantage of fostering repeat business and receiving favorable recommendations from their customers to friends who consider their ethical standing [82]. Current research in this field also underscores the concept of sustainable marketing, placing strong emphasis on the sustainability of relationships. This involves establishing enduring and stable connections with customers to support the long-term growth of the business and foster customer loyalty, rather than solely prioritizing short-term sales and transactions [83].

The customer’s trust in a brand, which is defined as the “confidence a consumer develops in the brand’s reliability and integrity” [84] (p. 2), seems also to be one of the customers’ loyalty mediators. Researchers examined the relationship between brand trust and loyalty in the field of sport and fitness, concluding that trust is an important factor in the development of members’ brand loyalty [71,85]. Leonidou et al. [35] examined the effect of consumer trust on satisfaction and loyalty within the context of a firm’s unethical behavior and found that businesses that act in an unethical way may quickly lose consumer trust. Given the pivotal role of ethical considerations in consumer behavior, we now turn our attention to how CPE may factor into the prediction of trust, loyalty, and word-of-mouth communication among fitness center members. Hence, we propose the following hypothesis:

**H3.** CPE, as a clustering variable, can serve as a predictor for trust, loyalty, and word-of-mouth communication among fitness center members.

### 3. Materials and Methods

#### 3.1. Sampling and Data Collection

Participants were selected using a convenience sampling method, a nonprobability technique. This approach was chosen due to its practicality and accessibility, allowing us to efficiently gather data from fitness center members. Convenience sampling entails surveying individuals who are readily available and willing to participate, based on their accessibility within our research context. A total of 286 individuals who were members of two fitness service providers (situated in Thessaloniki, Greece) were included in the study. The selection was made considering individuals who were active members during the time of data collection. These fitness centers were similar in terms of how they manage their customers. Data were collected through a combination of on-site methods, conducted at the front desks of the fitness centers, and online surveys administered via Google Forms. This dual approach allowed us to accommodate varying preferences and restrictions related to COVID-19 protocols.

Participants received an informed consent form at the beginning of the survey. This form provided them with information about the study, including its purpose, the voluntary nature of participation, confidentiality measures, and their rights as participants. They were required to confirm their understanding and agreement before proceeding with the survey. The total number of registered members across our sample of businesses was 592, resulting in a return rate of 48%. The majority of the participants in the study were women (62.8%), aged between 31 and 39 years (37%) (Table 1).
Table 1. Sample demographics.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>159</td>
<td>62.8%</td>
</tr>
<tr>
<td>Female</td>
<td>95</td>
<td>37.2%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Younger than 30</td>
<td>37</td>
<td>14.6%</td>
</tr>
<tr>
<td>31–39</td>
<td>94</td>
<td>37%</td>
</tr>
<tr>
<td>40–49</td>
<td>62</td>
<td>24.4%</td>
</tr>
<tr>
<td>Older than 50</td>
<td>61</td>
<td>24%</td>
</tr>
</tbody>
</table>

3.2. Measurement Tools

The questionnaire was created by drawing from and modifying scales found in the literature reviewed (refer to Table 2). Respondents provided their answers using a five-point Likert scale, covering a range from “strongly disagree” to “strongly agree”.

3.3. Brunk’s (2012) Measure of CPE

The scale was subjected to a double-blind back translation process to translate the items into Greek. It was pretested in two ways. First, five experts from the area of health and fitness management were requested to assess the questions and how they were asked to avoid possible misinterpretations by the respondents. Second, in a pilot survey, 50 respondents were requested to assess the questionnaire’s level of comprehensibility. All fitness center members who responded to the pilot were not included in the final survey sample.

3.4. Measures of Fitness Members’ Consumer Behavior

Customer trust was measured using a four-item index developed by Chaudhuri and Holbrook [86]. Filo, Funk, and Alexandris [71] have used the scale in the Greek population of fitness center customers.

For measuring word-of-mouth communication (WOMC), the authors used the scale developed by Zeithaml, Berry, and Parasuraman [87], which has also been used in a Greek population of fitness centers’ customers [88].

Finally, customers’ loyalty was measured using a two-item scale, constructed to reflect the attitudinal aspects of brand commitment developed by Jacoby and Chestnut [89], which has also been used in the past in a Greek population of fitness centers’ customers [9] (Table 2).

Table 2. Constructs and items used in the survey.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer-perceived ethicality</td>
<td>(Company/brand) respects moral norms (CPE1)</td>
<td>Brunk (2012) [19]</td>
</tr>
<tr>
<td>(CPE)</td>
<td>(...) always adheres to the law (CPE2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(...) is a socially responsible company/brand (CPE3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(...) is a good company/brand (CPE4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(...) avoids damaging behavior at all costs (CPE5)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(...) will make a decision only after careful consideration of the potential positive or negative consequences for all those involved (CPE6)</td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td>I am committed to this brand</td>
<td>Jacoby and Chestnut (1978) [89]</td>
</tr>
</tbody>
</table>
I would be willing to pay a higher price for this brand over other brands

<table>
<thead>
<tr>
<th>Trust</th>
<th>Chaudhuri and Holbrook (2001)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I trust the brand</td>
<td></td>
</tr>
<tr>
<td>I rely on this brand</td>
<td></td>
</tr>
<tr>
<td>This brand is safe</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Word of mouth</th>
<th>Zeithaml et al. (1996)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I say positive things about... to other people</td>
<td></td>
</tr>
<tr>
<td>I recommend .. to someone who asks me my advice</td>
<td></td>
</tr>
<tr>
<td>I encourage friends and relatives to do business with...</td>
<td></td>
</tr>
</tbody>
</table>

3.5. Data Analysis

AMOS and SPSS (version 21.0) were used for statistical data processing, in line with previous research. More specifically, descriptive analyses, confirmatory factor analysis (CFA), Cronbach’s reliability analysis, K-means clustering, and discriminant analysis were used.

4. Results

4.1. Scale Validation

To test the psychometric properties of the CPE scale, a confirmatory factor analysis with maximum likelihood estimation was performed, using AMOS 23. First, the data were evaluated for normality. The results indicated that the skewness and kurtosis values ranged from −1.88 to 1.37 and from −0.74 to 2.01, respectively (Table 3). Hence, the assumption of normality distribution of the data was not violated. The mean scores ranged from 4.41 to 4.72 [90]. The measurement model revealed the excellent fit of the data: \( \chi^2(8.41)/df(5) = 1.6, p = 0.135, CFI = 0.99, TLI = 0.98, RMSEA = 0.04, \text{ and } SRMR = 0.03 \). Thus, we assumed that all six items correctly reflect the underlying factor. Also, the standardized factor loadings ranged from 0.55 to 0.80 and they were statistically significant (\( p < 0.01 \)); the square multiple correlation estimators (SMCs) were at the acceptable threshold of 0 to 1 [91].

Table 3. Measurement model.

<table>
<thead>
<tr>
<th>Variables</th>
<th>( \lambda )</th>
<th>( t )-Value</th>
<th>SMC</th>
<th>( \mu )</th>
<th>Skew</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPE1</td>
<td>0.74</td>
<td>9.34</td>
<td>0.54</td>
<td>4.41</td>
<td>1.37</td>
<td>−0.74</td>
</tr>
<tr>
<td>CPE2</td>
<td>0.75</td>
<td>11.01 **</td>
<td>0.56</td>
<td>4.51</td>
<td>−1.79</td>
<td>0.33</td>
</tr>
<tr>
<td>CPE3</td>
<td>0.55</td>
<td>7.06 **</td>
<td>0.26</td>
<td>4.61</td>
<td>−1.84</td>
<td>1.92</td>
</tr>
<tr>
<td>CPE4</td>
<td>0.80</td>
<td>11.43 **</td>
<td>0.64</td>
<td>4.53</td>
<td>−1.88</td>
<td>1.70</td>
</tr>
<tr>
<td>CPE5</td>
<td>0.39</td>
<td>5.95 **</td>
<td>0.15</td>
<td>4.72</td>
<td>1.85</td>
<td>2.01</td>
</tr>
<tr>
<td>CPE6</td>
<td>0.39</td>
<td>5.95 **</td>
<td>0.15</td>
<td>4.69</td>
<td>1.81</td>
<td>1.98</td>
</tr>
<tr>
<td>Cronbach’s alpha</td>
<td>0.80</td>
<td></td>
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<tr>
<td>Composite reliability</td>
<td>0.82</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Average variance extracted</td>
<td>0.59</td>
<td></td>
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</tbody>
</table>

Notes: \( \lambda \) = path loadings; ** = \( p < 0.01 \); SMC= square multiple correlation; \( \mu \) = average mean.

With respect to reliability, two estimators were assessed. First, the Cronbach’s alpha value was 0.80 and exceeded the benchmark of 0.70. Second, the composite reliability index was 0.82, well above the cutoff point of 0.70 [92]. The results indicated that the internal consistency of the CPE scale was met. In terms of convergent validity, the results revealed adequate values (see Table 2). Specifically, the average variance extracted estimator was 0.59, greater than the 0.50 criterion [92]. The next test was the inspection of the t-values,
which were all significant and above the recommended threshold of \( \pm 1.96 \). Further, Anderson [93] stated that to establish convergent validity, an item's loading of a latent variable should be greater than twice its standard error. This criterion was also met. Tables 2–4 provide clear evidence of the convergent validity of the proposed scale.

Table 4. Test of equality group means and discriminant loadings.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Wilk's ( \lambda )</th>
<th>F</th>
<th>( p )</th>
<th>Discriminant Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loyalty</td>
<td>0.92</td>
<td>21.56</td>
<td>0.001</td>
<td>0.24</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>0.83</td>
<td>54.30</td>
<td>0.001</td>
<td>0.60</td>
</tr>
<tr>
<td>Trust</td>
<td>0.87</td>
<td>40.70</td>
<td>0.001</td>
<td>0.40</td>
</tr>
</tbody>
</table>

4.2. Clustering and Discriminant Analysis

A two-stage process was conducted to further explore the data. Stage 1 included a cluster analysis to identify homogenous groups of customers regarding their levels of CPE. Then, in Stage 2 a discriminant analysis was performed to build a predictive model for group membership. Discriminant analysis was used to identify weights of predictors that discriminate between two or more groups [90].

Regarding the cluster analysis, two steps were established. First, a two-step cluster analysis was performed to explore the appropriate number of clusters for further analysis. According to Field [94], the two-step analysis automatically shows an indicative number of clusters for the data. The results revealed that the silhouette measure of cohesion and separation (\( e = 0.7 \)) has a “Good” mark and suggested two clusters [94]. The next step was to perform a K-means analysis. This method is a common analysis among social researchers. Initially, we defined the number of clusters as two, as the first analysis had revealed. Essentially, the analysis seeks to minimize the variability within segments and maximize variability between segments. The final cluster centers indicated two groups. The first group was those with high CPE (\( M = 4.87, n = 196 \)) and the second one included those with low CPE (\( M = 3.94, n = 90 \)). The ANOVA table showed the statistically significant results of the model (\( F = 644.10, p < 0.001 \)).

A discriminant analysis was used to explore if group membership of the low-CPE cluster and high-CPE cluster could predict members’ loyalty, word-of-mouth, and trust components. The Box’s M homogeneity of variance test reported no violation of the assumption (\( F(14.308) = 1.42, df = 6, p = 0.209 \)). According to the literature, this violation might lead to flawed linear discriminant function results [95]. The test of equality group means indicated significant differences between predictors of membership of one of the two groups. Specifically, the results indicated that word-of-mouth communication had the highest contribution (0.60), followed by the trust dimension (0.40) and loyalty (0.24), supporting H3 (see Table 4). In terms of the classification analysis, Fisher’s linear discriminant function was used. Table 5 reports that word of mouth had the strongest values in the high- and low-ethics groups, followed by trust and loyalty. Furthermore, the ratio between group sums of squares and the within-group sum of squares revealed an eigenvalue of 0.33 and a canonical correlation of 0.63, above the criterion of a 0.50 cutoff [90]. Canonical correlation represents the Pearson correlation between the discriminant functions [96]. Squaring this value provided the percentage of variance explained by the dependent variable. Thus, the independent variables explained 39.6%. Concerning the classification results, Wilk’s lambda test (\( \lambda = 0.602 \)) confirmed that the dimensions of loyalty, word of mouth, and trust significantly differ between the two groups (\( \chi^2 = 58.57, df = 3, p < 0.001 \)) (Table 5). As a final note, a 67.3% correct classification rate in the sample was revealed. The analysis showed that the largest proportion of correct classification was in the high-CPE group, with 88.7%. Table 6 indicates the classification results with their proportions.
Table 5. Fisher’s linear discriminant functions and means.

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Coefficient</th>
<th>Group Mean (SD)</th>
<th>Coefficient</th>
<th>Group Mean (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loyalty</td>
<td>1.58</td>
<td>4.21 (0.69)</td>
<td>1.26</td>
<td>3.79 (0.78)</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>17.64</td>
<td>4.88 (0.29)</td>
<td>16.72</td>
<td>4.55 (0.54)</td>
</tr>
<tr>
<td>Trust</td>
<td>16.01</td>
<td>4.87 (0.25)</td>
<td>14.64</td>
<td>4.49 (0.56)</td>
</tr>
</tbody>
</table>

Table 6. Classification results.

<table>
<thead>
<tr>
<th>Groups</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>High CPE</td>
<td>88.7% (n = 134)</td>
<td>11.3% (n = 17)</td>
</tr>
<tr>
<td>Low CPE</td>
<td>41.7% (n = 53)</td>
<td>58.3% (n = 74)</td>
</tr>
</tbody>
</table>

5. Discussion

This study’s aim was to customize the consumer-perceived ethicality scale for use within a Greek population of fitness practitioners, while also assessing its structural validity and reliability. Additionally, the researchers explored the possibility of using perceived ethicality as a clustering variable to predict customer trust, loyalty, and word-of-mouth communication among participants in fitness centers. The six key themes of CPE, which include abiding by the law, respecting moral norms, acting in a socially responsible way, being a good or bad market actor, avoiding damaging behavior, and considering the positive and negative consequences of actions, have been shown in previous research [36,97] to be significant factors in shaping consumers’ perceptions of ethical or unethical corporate behavior. This current study also confirms the importance of these themes and their impact on consumers’ perception of the ethicality of health and fitness businesses in Greece. As such, this study demonstrates that the translated CPE scale is a reliable tool for measuring consumers’ perceived ethicality in the context of fitness and recreation businesses, due to the compact form and size of the six-item CPE scale. Therefore, it may also be used as an add-on for systematic evaluation of customers’ attitudes towards those businesses. The above can result in gaining more information about firms’ overall ethical image, comprehending customers’ perceptions, and prioritizing ethics-oriented business planning/management.

Regarding our second research hypothesis, there is no empirical evidence to support the use of CPE as a segmentation tool. The existing literature focuses on consumers’ ethics segmentation, which is a distinctive field of study in the context of applied ethics [98]. In our research, we highlighted the need to segment groups of sport and recreation participants based on their perceived ethicality, resulting in the segmentation of two groups: those with high CPE and those with low CPE. Many researchers have repeatedly emphasized the fact that fitness businesses are experiencing high member withdrawal rates and are also lacking basic marketing and customer retention strategies [13,99]. The context of CPE in the “health and fitness” industry is influenced by various corporate behaviors, including pricing, advertising, customer service, labor policy, employment, environmental and sustainability policy, local community involvement levels, and business–community interactions, which may affect consumers’ reactions. In this research, it is observed that members with high CPE evaluate their service providers more positively for their corporate behavior, indicating that these businesses are quite aware of the impact of ethical conduct on customer perception.

Comparing the above remarks with the low-CPE segment that is identified in this research, it is confirmed that Greek fitness businesses do not address appropriately all the crucial issues that arise from daily business practice and management, as in the meantime they are not undertaking initiatives for improving their ethical image through socially/environmentally focused actions, for implementing sustainability and resilience strategies,
or for building long-term relationships with their customers. In the relevant literature, it is recommended that fitness centers prioritize ethical behavior and values in their operations, as this can help to build trust and long-term relationships with customers [1,100]. It seems that a large number of the sample’s fitness businesses have not yet developed an established code of conduct that can be communicated to their customers through the companies’ key individuals, employees, and overall business practices, linking the businesses’ ethical image to their customers’ responses [101,102]. In general, health and fitness businesses are facing employment and labor policy issues due to temporary personnel, and it is proposed that the intangible, heterogeneous, and inseparable nature of their services leads customers to largely determine the success of the service during their interactions with the brands’ employees [103,104].

This research sheds more light on the utility of segments based on CPE and can contribute to the development of ethical business practices and the communication of these practices to fitness clubs’ (potential and existing) members, creating a competitive advantage for sport businesses in general [105] and in the fitness industry. This will provide valuable insights for companies seeking to improve their ethics strategy design, offer services that align with consumer values, and build trust and loyalty while moving towards sustainability. By prioritizing ethical considerations and meeting consumer expectations in this regard, these companies can increase customer satisfaction and generate positive word-of-mouth referrals [102,106]. For instance, enhancing the company’s ethical endeavors and encouraging members, as well as their friends and families, to partake in these initiatives (such as a blood donation or a charity event) is one way to stimulate positive word of mouth. This can involve motivating members to share these activities on their social media platforms or offering incentives to individuals who engage in such actions and invite their friends to join in. These are just a few examples of how ethical actions can serve as a catalyst for word-of-mouth communications.

Concerning our third hypothesis, as to whether CPE may be used in order to predict customer behavior, our results seem to agree with other studies which have found a positive impact of CPE on important consumer behaviors such as loyalty and positive word-of-mouth communication [36,97]. Our research findings demonstrate that CPE is not only useful for segmenting fitness club members but also for predicting their word-of-mouth communication, trust, and loyalty. The high-CPE group, which perceives a business’s ethicity as higher, also highly values word-of-mouth communication, trust, and loyalty to the club, unlike the low-CPE group. Conversely, the group that evaluates perceived ethicity as lower values word-of-mouth communication and trust highly but moderately values loyalty to the service provider, demonstrating that customers are more likely to become loyal to businesses that are perceived as ethical, in contrast to firms that are not perceived as such. It seems that the interdependence between consumer behavior factors, such as perceived service quality of the facilities, personnel, or even relationships with other members [107], affects trust and word of mouth, whereas loyalty depends more deeply on a member’s perception of an organization’s ethics. This information is crucial for marketing because fitness business membership retention is subject to seasonal fluctuations and these businesses frequently experience high membership turnover rates [15]. Businesses in the fitness sector should prioritize ethics strategy design improvements and conduct surveys or focus group sessions with members to gather feedback on their expectations regarding ethical practices, as well as establish a cross-functional ethics committee to review and enhance existing ethical guidelines and policies. Employee training encompassing aspects like courtesy, exercise demonstrations, and effective communication, as well as annual action plans such as involvement in charity road races, exercise guidance through online platforms or applications, and promotional communication without relying on printed materials, exemplify a range of actions that can bolster the idea of loyalty as a natural extension of the ethical principles upheld by an exercise- and health-oriented business. Additionally, collaborating with companies or sponsors, for instance, by providing the fitness center’s staff with clothing made
from recyclable materials, is another avenue through which this commitment to ethics and loyalty can be reinforced.

The high-CPE group of customers has formed the perception that businesses communicate ethical values to their stakeholders and are promoting their ethical commitment during their interactions with them [97,108]. In contrast, the second group of customers’ perception is that businesses have not developed any code of conduct or social/environmental initiatives that can be communicated to them through key individuals, employees, and overall business practices, and link this low perceived ethical image to their responses [101,102].

It is crucial to focus on the group with lower CPE to improve their loyalty rates and discuss ethical actions. Anecdotal data suggest that most health and fitness businesses lack ethical awareness, social responsibility, and environmental initiatives. Despite this, members perceive the clubs’ ethicality as high or low, indicating that businesses’ ethical conduct has an impact on members. These insights can help businesses tailor their marketing strategies to specific segments based on their CPE and ultimately improve their overall service performance and promotion. This research paper proves that aligning services with consumer values is a crucial factor for building trust and loyalty. Introducing ecofriendly initiatives, such as recycling programs or energy-efficient equipment, to resonate with environmentally conscious consumers, collaborating with local communities or charities to support causes that align with the values of the fitness club’s target audience, implementing a robust feedback system to promptly address member concerns or suggestions related to ethical practices, and recognizing and rewarding long-term members who actively support and promote the club’s ethical initiatives are only a few of the recommendations that can be mentioned.

To develop ethical business practices, the authors encourage health and fitness businesses to conduct regular ethics training sessions for employees to instill a strong ethical culture within the organization and implement a transparent pricing policy to ensure fairness and trust between the fitness club and its members. Communicating ethical practices is also crucial for achieving a competitive advantage and can be accomplished, for example, by creating a dedicated section on the fitness club’s website or app to highlight its ethical initiatives and commitments, by sending out regular newsletters or updates to members, by showcasing the club’s efforts towards ethical business practices, or by offering special promotions or discounts to members who refer new customers, emphasizing the ethical practices of the club.

Furthermore, they can develop a code of ethics, which is a written set of principles that outlines an organization’s values and ethical standards of conduct and undertake ethics audits that can help identify areas where the organization is doing well and areas where it needs to improve. Within the scope of stakeholder engagement, they can organize environmental projects and raise social issues [109,110] to promote consumer ethics. For example, in moving towards sustainability, businesses in the health and fitness sector can invest in renewable energy sources or adopt sustainable building materials for club facilities and partner with suppliers who prioritize ethical and sustainable sourcing practices for products and services.

Also, in the same context, promoting diversity and inclusion within an organization can help foster an ethical culture that values and respects the differences among people. By achieving internationally accepted business ethics standards, the fitness industry can contribute to the nation’s economic growth and meet various challenges at national and international levels.

6. Conclusions

These findings are important for the sports marketing setting as they provide insight into the utility of ethics evaluation in assessing consumer behavior. The lack of research on this topic in the international literature suggests that this study opens a new chapter in the study of consumer behavior towards the ethical or nonethical attitudes of companies in the health and fitness industry.
In Greece, the regulatory framework for health and fitness companies is relatively flexible, and there is a lack of distinct legal and moral boundaries, leading to self-regulatory business models. This study highlights the importance of the ethical attitude of companies and their managers in shaping consumer perceptions and attitudes. Therefore, it is essential for health and fitness businesses to adopt policies and practices that promote ethical awareness, social responsibility, and compliance. This will not only enhance the ethical image of the business but also lead to increased customer loyalty, trust, and positive word-of-mouth communication, which will consequently lead to the sustainability of a business that suffers not only from members’ but also from employees’ withdrawal.

This study makes a significant contribution to the growing field of consumer perspectives on corporate social responsibility (CSR) and business ethics in the health and fitness sector. It delves deeply into consumer perceptions and their influence on brand loyalty, offering valuable insights into the nuanced aspects of ethical behavior. Researchers can use these findings to refine existing theoretical frameworks and develop more comprehensive measurement tools.

For professionals in the health and fitness sector, the insights garnered from this study can inform strategic decision making. Understanding the specific dimensions of ethical behavior that resonate with consumers enables businesses to customize their CSR initiatives for maximum impact. For instance, highlighting fair treatment of employees or showcasing environmental responsibility can become key drivers of member trust and loyalty. Additionally, community engagement initiatives can foster a sense of belonging among members, ultimately enhancing their overall experience and loyalty.

Furthermore, practitioners can employ the proposed research model as a practical guide for implementing and assessing ethical practices within their fitness centers. By aligning their strategies with consumer perceptions of ethicality, businesses can not only boost their brand reputation but also cultivate long-term relationships with members, leading to sustainable growth and success.

The integration of ethical principles within the health and fitness sector offers substantial advantages for both members and businesses. To illustrate, a fitness center that places a premium on treating its employees fairly, providing competitive wages, offering health benefits, and promoting a healthy work–life balance can engender trust among its members. This, in turn, can lead to positive word-of-mouth promotion and the attraction and retention of top talent within the industry.

Similarly, a fitness center that champions environmental responsibility through eco-friendly measures, including the use of sustainable materials, energy-efficient equipment, and waste reduction, has the potential to attract environmentally conscious members who appreciate the center’s dedication to sustainability.

Furthermore, a fitness center that actively engages with its local community through the organization of fitness events, workshops, and the sponsorship of local sports teams can fortify its connections within the community. Such efforts resonate with individuals seeking a sense of belonging and value in community engagement, making it an effective strategy for attracting new members.

These instances underscore the idea that ethical practices extend beyond mere compliance; they serve as potent tools for creating a positive and impactful fitness environment. By incorporating such practices, fitness centers can bolster their reputation, nurture member loyalty, and contribute positively to the broader community.

This research took place at a time when some restrictive measures were still in force in fitness clubs’ operations throughout the country. This limited both the sample and the researchers’ alternatives to data collection. Other researchers have noted the influence of the COVID-19 virus on members’ intention to return to gyms [111]. CPE, along with behavioral parameters such as loyalty, perceived service quality, trust, and word-of-mouth communications, should be once again measured now that businesses are fully operational and both old and new members have returned to the fitness clubs’ installations. This research relied solely on survey data, which creates a potential monomethod bias.
Therefore, future research could mitigate this issue by incorporating a triangulation approach, such as supplementing survey data with qualitative insights from in-depth interviews or focus groups. This would allow for a more comprehensive understanding of the customer-perceived ethicality framework.

Future research should examine whether members in different consumption stages differently perceive the service provider’s ethicality, as in general, experienced members are found to more strictly evaluate the services provided by fitness centers [112]. This type of research will offer much information on the marketing strategies that companies should develop. Future research should also include employees’ ethics and organizational culture assessment perceptions concerning consumers’ perceived ethicality, to examine how ethical culture may affect the business–customer relationship. Lastly, service quality evaluation in relation with CSR perceptions and outcomes could be an important contribution to this research field, providing valuable information for the systemization of business ethics and its relationships to consumers’ attitudinal and behavior outcomes to help move towards a sustainable future for the H and F industry.

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**Data Availability Statement:** The data presented in this study are available on request from the corresponding author. The data are not publicly available in accordance with the guidelines of the University’s Ethics Committee.

**Conflicts of Interest:** The authors declare no conflict of interest.

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