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A Defection Analysis of Lapsed Members of Five Sporting Clubs: Examining Motivations and Behaviours

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Abstract

The issue of defection has been examined primarily in a transactional context as opposed to subscription markets where the infrequent nature of the purchase or renewal means that retention of subscribers is often both more difficult and more crucial. This paper reports on a survey that aimed to uncover more information about the motivations and future intentions of recently lapsed subscribers. 1,011 lapsed members across four Australian Football League (AFL) clubs and one Australian National Rugby League (NRL) club were surveyed. Analysis of the responses returned suggests that although these lapsed members report that they joined to financially support and feel more involved with the club, they let their membership lapse primarily due to an inability to attend games. Despite joining for intangible, altruistic reasons, it seems that if these members could not get to games, they believed that the membership was not worth maintaining. These members were satisfied with the membership; however measures of overall level of satisfaction had only a weak positive relationship with the likelihood of members rejoining in the future. The inconsistencies in the findings challenge some conventional approaches to both the methods of researching lapsed members and the theories that are frequently used to explain behaviours. We find that simplistic entry or exit surveys are likely to be of limited value in subscription defection research and that satisfaction is unlikely to be a strong predictor of defection behaviour.

Keywords

Defection, Sporting Clubs, Retention, Satisfaction

Introduction

Despite the importance of successful membership programs there has been little academic study surrounding the management of memberships (Gruen, Somers and Acito 2000). In light of recent research indicating that customer retention is significantly more cost effective than attracting new customers, many organisations have begun to focus on strategies to reduce customer turnover or ‘churn’. In subscription and membership-based organisations (MBO’s), the infrequent nature of the purchase makes retention of members even more vital to organisational success.

Professional Sporting Clubs are increasingly becoming large examples of membership based organisations (e.g., Manchester United), and in line with the growing professionalism exhibited by sporting clubs worldwide (Brooks 1994) these clubs are striving to manage their
membership bases efficiently and effectively to maximise their returns. In Australia, these sporting clubs serve as interesting examples of MBO's, given their rapid growth in membership numbers (most have tripled inside 8 years), their absolute size (20,000 – 50,000 members) and the increased financial reliance on membership funds as a way of funding core activities and attracting subsidiary funding through sponsorships and tie-in arrangements with other organisations (e.g. ground and facilities leasing). In many aspects though they face issues common to all subscription markets or MBO's, whether they be museums, magazine publishers, telecommunications or utilities providers or unions. These issues include difficulties with estimating total market size, infrequent contact with subscribers and often being judged solely on the tangible, but simplistic, measures of performance (see for example McDonald, Darbyshire and Vieceli (2003) for a discussion on Superannuation fund members).

In many aspects though they face issues common to all subscription markets or MBO's, whether they be museums, magazine publishers, telecommunications or utilities providers or unions. These issues include difficulties with estimating total market size, infrequent contact with subscribers and often being judged solely on the tangible, but simplistic, measures of performance (see for example McDonald, Darbyshire and Vieceli (2003) for a discussion on Superannuation fund members).

In sporting clubs, consumers rarely "switch" teams, thus the issue is not one of attracting customers away from competitors, but increasing the level of participation of supporters. This 'relationship' between the club and the member is unique in a relationship marketing sense and has been described as an exemplary form of long term exchange relationship between the consumer and the organisation (Voss and Voss 1997). Given limited pools of supporters, retention is an even more crucial issue for these MBO's than most traditional customer organisations, thus emphasising the need for MBO's to implement measures to protect the existing membership base (McDonald 2002). Research that gives insight into how managers can approach the task of retaining members is limited.

This study seeks to address this issue by focussing on four Australian Football League (AFL) Clubs and one National Rugby League (NRL) Club. Whereas most studies into customer/member satisfaction and churn investigate the attitudes and behaviours of current members, this study focused on recently lapsed members. This approach is in line with a growing number of recent studies which found that greater insight into "churn" could be gained from analysis of the motives and behaviours of those that have recently left (Ahmad and Buttle 2002; Reichheld 1996; Reichheld and Sasser 1990; Desouza 1992). In a paid membership context, Benjamin (1993) and Pritchard (1991) both claim that the renewal of existing customers is far less costly than the attraction of new members, so insight into why members leave would seem to be of real value to MBO's.

Three key areas are studied here; what motivated the lapsed members to join, how satisfied were they with the offering they received, and what reasons do they give for leaving? As a starting point for this research, it could be assumed that subscription markets will operate in a similar fashion to consumer markets, where dissatisfaction has been held to be a major reason for consumer defection (Reichheld and Sasser 1990). It could also be posited, based on the transactional consumer research, that members' reasons for leaving would be related to their reasons for joining, most typically being that they did not get what they were expecting (Madrigal 1995, Oliver 1997). The paucity of past research into lapsed members, however, meant that this research took on an exploratory nature as opposed to being a test of clear hypotheses. The relationships between reasons for joining, satisfaction and reasons for leaving are investigated here.

**Methodology**

The fundamental design of this research project is based upon the 'defection analysis' framework proposed by Rongstad (1999). Semi-structured interviews were conducted with the relevant representatives at each of the AFL and NRL clubs. This included the marketing manager, membership manager and assisted membership manager at each of the clubs. Telephone interviews were also conducted with lapsed members in order to uncover root causes of defection (Reicheld 1996). This information was used to frame survey questions
relating to the reasons for joining, not rejoining and to determine the exact nature of the membership offering.

The purpose of the quantitative research (postal survey) was to determine the main reasons why past members joined, why they lapsed and to measure the lapsed members level of satisfaction with various components of the membership. Overall satisfaction and future intentions related to rejoining as a member were also examined. The nature of the relationship between aspects of membership service delivery, satisfaction and rejoining / defection is not clear from past research and is examined more closely here.

The sampling frame used for this project was a spreadsheet list of every lapsed member which was provided to the researchers from each of the clubs. 1,000 lapsed members were randomly sampled from each list. With time constraints not allowing a follow-up, the response rate for the survey ranged between 17% and 25% for each of the clubs. The returned sample was checked for non-response bias using two different methods, comparison of early and late respondents and comparison of sample demographics to the known overall population demographics, and no evidence of bias was found.

In a regression such as the one conducted here, where satisfaction with part of the offering is to be correlated with a measure of overall satisfaction, a degree of multi-collinearity may be expected. The data here was inspected for signs of multi-collinearity using the two-step process suggested by Hair et al. (1998). The Variance Inflation Factor and Collinearity Diagnostics were inspected and found to be within acceptable ranges, and thus we find no evidence for the existence of multi-collinearity in these regression results.

Results

Reasons for joining
In order to determine the lapsed members’ reasons for joining as a member and why they decided not to renew (Table 3), participants were asked to allocate 100 points (constant sum scale) across the reasons relevant to them. This method allowed identification of multiple reasons (something that had been suggested by the qualitative research) and a measure of the relative importance of those reasons. Table 1 shows the percentage of points allocated across each of the reasons for joining, with a mix of tangible and intangible motivations evident.
Table 1: Reasons for purchasing a subscription membership (%)

<table>
<thead>
<tr>
<th>Reason for Purchasing Membership</th>
<th>Club A (n = 251)</th>
<th>Club B (n = 166)</th>
<th>Club C (n = 210)</th>
<th>Club D (n = 189)</th>
<th>Club E (n = 195)</th>
<th>Overall (n = 1011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>To financially support the club</td>
<td>44.4</td>
<td>37.1</td>
<td>42.7</td>
<td>20.2</td>
<td>18.5</td>
<td>33.1</td>
</tr>
<tr>
<td>To gain discounted access to club games</td>
<td>14.3</td>
<td>18.8</td>
<td>12.9</td>
<td>17.9</td>
<td>14.9</td>
<td>15.6</td>
</tr>
<tr>
<td>To gain a reserved seat</td>
<td>7.4</td>
<td>6.8</td>
<td>9.1</td>
<td>13.1</td>
<td>15.3</td>
<td>10.3</td>
</tr>
<tr>
<td>To feel more involved with, or part of the club</td>
<td>16.3</td>
<td>21.5</td>
<td>17.3</td>
<td>22.3</td>
<td>22.7</td>
<td>19.8</td>
</tr>
<tr>
<td>As a social outing</td>
<td>4.2</td>
<td>7.2</td>
<td>5.0</td>
<td>9.9</td>
<td>13.8</td>
<td>7.8</td>
</tr>
<tr>
<td>Given to me as a gift</td>
<td>2.4</td>
<td>1.2</td>
<td>2.2</td>
<td>2.6</td>
<td>3.3</td>
<td>2.4</td>
</tr>
<tr>
<td>A friend or family member wanted me to go to games with them</td>
<td>5.8</td>
<td>3.9</td>
<td>4.7</td>
<td>7.8</td>
<td>7.3</td>
<td>6.0</td>
</tr>
<tr>
<td>Other</td>
<td>5.2</td>
<td>3.4</td>
<td>6.1</td>
<td>6.1</td>
<td>4.3</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Determinants of overall satisfaction

Specific questions were framed to obtain performance ratings for 18 individual aspects of the membership offering common to all clubs and measures of overall satisfaction the extent to which expectation were met. Satisfaction responses are often skewed, so an eleven-point scale was used throughout to improve the sensitivity of the instrument and give the respondents more flexibility in answering the questions. The issue of item non-response bias was addressed through the placing of a 'don't know' box at the end of each question. The Likert scale end-points used to measure performance perceptions were labelled 'Poor' and 'Excellent'. These measures were included to examine the proposition that members do not renew because they were either dissatisfied with the offering, or because it did not meet their pre-purchase expectations.

A stepwise regression analysis was performed with 'overall level of satisfaction' as the dependant variable and the specific performance ratings of the various components of the membership offering as the independent variables. The results show that there were five significant 'predictors' of overall satisfaction in the subscription membership (Table 2).
**Table 2: Significant predictors of overall satisfaction based upon the stepwise regression**

<table>
<thead>
<tr>
<th>Variables in Equation</th>
<th>Beta</th>
<th>t-value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The way contributions members make are recognised by the club</td>
<td>.213</td>
<td>3.91</td>
<td>.000</td>
</tr>
<tr>
<td>The service provided to members by the staff of the club</td>
<td>.242</td>
<td>4.95</td>
<td>.000</td>
</tr>
<tr>
<td>The savings on game entry fees gained by being a member.</td>
<td>.194</td>
<td>4.72</td>
<td>.000</td>
</tr>
<tr>
<td>The way members are valued by the club</td>
<td>.216</td>
<td>4.03</td>
<td>.000</td>
</tr>
<tr>
<td>The number of games won during year of membership</td>
<td>.193</td>
<td>5.23</td>
<td>.000</td>
</tr>
</tbody>
</table>

\[D.V. = \text{Overall Satisfaction}, \text{Adj. } r^2 = .541, \text{ Standard Error} = 1.64.\]

**The Relationship Between Overall Satisfaction, Expectations and Future Intentions**

In order to measure the lapsed members' future intentions, a purchase probability scale (the Juster (1967) Scale) was used. The two questions asked were

- How likely are you to re-join as a member in 2003?
- How likely are you to re-join as a member sometime in the next 5 years?

This scale was used as it has proved to be a better predictor future intention than purchase intention scales, and is seen as a reasonably accurate estimator of the future purchase intentions (Brennan 1995).

A series of correlation analyses were conducted to examine theoretical relationships between the constructs of satisfaction, expectations and likely future behaviours. Measures of Overall Expectations and Satisfaction were correlated as the theory would suggest \((r = 0.549, p < 0.01)\). A weak, but significant, relationship existed between overall satisfaction and the likelihood of rejoining as a member in the next year \((r = 0.234, p < 0.01)\). Also tested through a correlation analysis was the relationship between overall satisfaction and the likelihood of rejoining as a member in the next 5 years. The correlation coefficient of 0.274 showed a slightly stronger positive relationship and was also statistically significant \((p < 0.01)\). Likelihood of rejoining in the next year was, as expected, strongly correlated with likelihood of rejoining sometime within the next five years \((r = 0.774, p < 0.01)\).

**Reasons for Member Non-renewal**

The descriptive statistics displayed in Table 3 show the percentage of points allocated across each of the reasons for 'lapsing'.

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D.V. = Overall Satisfaction, Adj. \(r^2 = .541\), Standard Error = 1.64.
### Table 3: Reasons why members did not renew their membership (%)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Club A (n = 251)</th>
<th>Club B (n = 166)</th>
<th>Club C (n = 210)</th>
<th>Club D (n = 189)</th>
<th>Club E (n = 195)</th>
<th>Total (n = 1011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in family structure made it hard to get the games</td>
<td>31.6</td>
<td>24.8</td>
<td>32.9</td>
<td>25.5</td>
<td>37.7</td>
<td>30.4</td>
</tr>
<tr>
<td>Friends or family members I used to attend with no longer go to games</td>
<td>7.5</td>
<td>6.6</td>
<td>8.4</td>
<td>9.5</td>
<td>3.9</td>
<td>7.0</td>
</tr>
<tr>
<td>Membership was not good value</td>
<td>7.7</td>
<td>10.8</td>
<td>15.1</td>
<td>26.9</td>
<td>13.3</td>
<td>14.3</td>
</tr>
<tr>
<td>I didn’t think the club would win many games in 2003</td>
<td>4.7</td>
<td>7.5</td>
<td>4.1</td>
<td>7.8</td>
<td>9.4</td>
<td>6.2</td>
</tr>
<tr>
<td>I can’t get to games this year due to other commitments</td>
<td>40.9</td>
<td>44.1</td>
<td>29.4</td>
<td>22.1</td>
<td>21.6</td>
<td>33.1</td>
</tr>
<tr>
<td>I’m no longer interested enough in football/rugby</td>
<td>2.1</td>
<td>2.4</td>
<td>2.6</td>
<td>3.3</td>
<td>0.9</td>
<td>2.2</td>
</tr>
<tr>
<td>I prefer to watch football/rugby on TV</td>
<td>5.6</td>
<td>3.9</td>
<td>7.6</td>
<td>4.9</td>
<td>13.1</td>
<td>6.7</td>
</tr>
</tbody>
</table>

The results in Table 3 indicate that the primary reasons for the members who did not renew their subscription membership were related to lifestyle changes (consistently that they were unable to attend games because of changes in family structure and other commitments). However when asked the general question “If I can’t get to games there is no value in me being a member”, the mean score across all lapsed members was 4.77/11 – a score indicating disagreement with the statement.

### Overall Satisfaction versus Expectations

Table 4 shows the mean for the two questions relating to overall satisfaction with the membership offering and how well overall expectations of the membership prior to purchasing were met (“0” = well below expectations, “5” = about right and “10” = well above expectations).

#### Table 4: Means for overall satisfaction, expectations and likelihoods

<table>
<thead>
<tr>
<th></th>
<th>CLUB A</th>
<th>CLUB B</th>
<th>CLUB C</th>
<th>CLUB D</th>
<th>CLUB E</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>N</td>
<td>Mean</td>
<td>N</td>
<td>Mean</td>
<td>N</td>
</tr>
<tr>
<td>Overall satisfaction</td>
<td>6.34</td>
<td>225</td>
<td>5.08</td>
<td>148</td>
<td>6.12</td>
<td>195</td>
</tr>
<tr>
<td>Overall expectations</td>
<td>5.43</td>
<td>226</td>
<td>4.66</td>
<td>149</td>
<td>5.35</td>
<td>195</td>
</tr>
<tr>
<td>Likelihood to rejoin next year</td>
<td>5.34</td>
<td>238</td>
<td>4.89</td>
<td>160</td>
<td>5.99</td>
<td>204</td>
</tr>
<tr>
<td>Likelihood to rejoin as a member in next 5 years</td>
<td>6.87</td>
<td>236</td>
<td>6.50</td>
<td>157</td>
<td>7.21</td>
<td>199</td>
</tr>
</tbody>
</table>
The mean figure for 'expectations met' was 4.84, indicating that lapsed members felt that the quality of the membership offering was slightly below what was expected when they purchased their membership. The mean figure for 'overall level of satisfaction' however was 5.87. It could be concluded from these results that, on the whole, these lapsed members found the offering to be in line with their expectations and they were satisfied by it.

Discussion and Implications

It is clear across all five clubs that a complicated set of influences affected member decisions. Members joined for a mixture of tangible reasons (e.g. to gain discounts or reserved seats) and intangible reasons (to support the club or feel more involved). This finding supports the views of Bhattacharya, Rao and Glynn (1995), who claim that members join primarily as a result of 'organisational identification', and that of Johnson and Garbarino (2001), who argue that subscription members are motivated by 'savings'. Rather than there being distinct segments of members who are focussed on one or other of these motivations, closer analysis suggest it is more a case of there being a mixture of these motivations amongst all members.

The profile of lapsed members in this research is not one of dissatisfied customers who do not renew as a form of protest, but of essentially satisfied customers who did not renew because their circumstances had changed. The fact that these lapsed members were not dissatisfied (5.87) supports the view posed by Stewart (1998) that dissatisfaction alone cannot explain all exit behaviour. In this investigation, a somewhat surprising but consistent finding was that around 70% of the reasoning for individuals not renewing their membership were lifestyle factors that were beyond the control of the organisation.

As in Hendon's (1979) study of museum members, we see that members remain attached to the organisation and believe that they will rejoin as their circumstances change. These findings reinforce the small, but growing, body of literature that suggests that subscription markets operate fundamentally differently from transactional consumer markets (or repertoire markets) (Sharp, Wright and Goodhardt 2002).

It is clearly a challenge to membership managers to create an offering which provides both tangible benefits (e.g., discounted game entry) but also sufficient intangible benefits (e.g., closeness to the club, identification, information). These intangible aspects must be sufficiently valuable to make the membership a worthwhile proposition even if game attendance is unlikely. Some clubs, such as Manchester United, have been very successful at fostering relationships with fans around the world, even though most of these fans never get to attend games. Loyalty programs that reward those members who do sustain their commitment to the clubs (e.g. special functions for 10-year plus members), may also be useful in convincing members that there is value in continuing membership even when attending games is not possible in the short-term.

The results show also that overall satisfaction does have a positive relationship with the likelihood of a member rejoining in both the short and medium term, supporting the findings of past researchers like Jones and Suh (2000). The relationships, however, were rather weak across all clubs, indicating that many other factors may have an influence upon the member's likelihood of rejoining. Although these relationships are not strong, they still reinforce that the management of member satisfaction and keeping in touch with these lapsed members is sensible MBO practice. The consistency of these findings across all five clubs is noteworthy given substantial differences in the nature of the membership packages and the success of the clubs involved in the study. Seeing similar results across two different sporting codes (AFL and Rugby League) also reinforces the validity of these findings.
References


