

# CHAPTER I

## INTRODUCTION

### 1.1 Background

In today's intensely competitive business market, organizations must build forefront strategies in place to continue developing and succeeding. We recognize that there will be an increasing need for improved healthcare services. To grow and become the first option for individuals seeking healthcare services, healthcare institutions, whether hospitals or clinics, must possess specific characteristics. A beauty clinic is now included when discussing health care services because the increasing awareness and acknowledgement towards skin health and public appearances.

In recent years, there has been a movement in public knowledge and acceptance of wellness, beauty, and healthy aging, resulting in increased market demand. The beauty industry was documented to grow by more than 10 per cent a year, also by expanding access to services (Leclerc et al., 2021), primarily via aesthetic clinic chains. In the meanwhile, the next generation of beauty products and treatments is gradually diversifying its offers and making more inroads among aesthetic-oriented demographic groups. Aesthetic services in clinics go a step beyond the conventional services offered by salon aestheticians. In the clinic, medical aesthetics procedures require expertise in dermatology care done by physicians or professionals in skin treatments. The worldwide cosmetic surgery and treatment market was worth USD 63.4 billion in 2021 and is

projected to expand at a CAGR of 9.6% from 2022 to 2030. (Grandview analysis, 2020) Innovative aesthetic gadgets created by manufacturers enhanced the need for aesthetic treatments. Especially in growing areas, the introduction of technologically improved items leads to profitable expansion.

Indonesia as an emerging country showed that the total consumption of Indonesian people for cosmetics reached IDR 92 trillion. Nevertheless, the market for skincare is expected to increase at a compound annual growth rate (CAGR) of 8.9% from USD 1.7 billion in 2021 to USD 2.5 billion by 2026 (Globaldata, 2022). The growth in this industry is in line with the increasing number of newly opened clinics along with the rapid improvement of treatment technologies. This rapid development in the market emphasizes the importance of patient-centric marketing, which focuses on viewing the patient, as a holistic being, instead of a mere customer looking for some treatments (Bellio & Buccoliero, 2021; Giraldo et al., 2014). Patient centricity is the incorporation of the patient's perspectives, needs, and priorities into the process that results in their experience (Wolf et al., 2014). This is achieved by implying more concern about the patient's experience journey by paying attention to the patient's emotional state or what they need (Bellio & Buccoliero, 2021; Overbeeke et al., 2020). Thus, the patient experience becomes pivotal to assessing the service delivery by the aesthetic clinic.

Clinics are individual healthcare establishments offering general and specialized medical services. A medical professional oversees clinics administered by various health workers, including nurses or midwives, doctors, specialists, or even dentists. An aesthetic

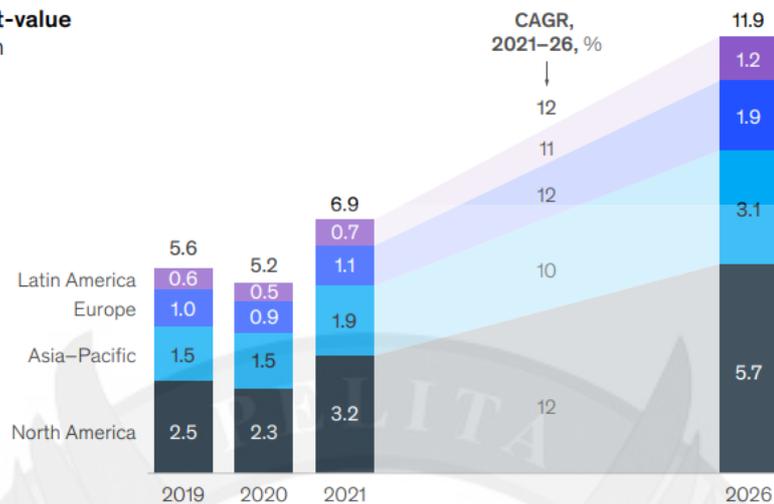
clinic is a medical facility that provides care for skin, hair, nail, and other cosmetic health and care services. Clinics are divided into two types: independent and chain clinics. The providers own independent clinics. Therefore, multispecialty healthcare clinics are guided by the physicians who care for their patients. Provider-owned clinics offer distinctive approaches to personalized medicine and healthcare. On the other hand, a chain clinic is a group of clinics operating under the same centralized strategic leadership. Clinics with many branches and the clinic's name are typically open for franchising (Voyage, 2019). As the number of beauty treatment clinics grows, so does competition among them. Aesthetic clinics are the most active business, especially after the COVID-19 outbreak. As consumer interest has started to increase, the beauty sector in the nation has changed relatively quickly. The COVID-19 pandemic has had a significant effect on the cosmetic medicine industry. Initially, the market was negatively affected by social isolation and a dramatic decrease in consumer income levels. The market has seen negative short-term growth due to a decrease in product demand, limited operations, temporary closures of beauty clinics, and disruptions in production and the supply chain. According to Nielsen IQ Indonesia Beauty Report data published in March 2021, the beauty and cosmetics category had a significant fall from April to May 2020, then a recovery starting after June 2020 (Nielsen, 2022). Resuming regular exercise while adhering to stringent health guidelines is connected to this beneficial movement. Since June 2020, following the adoption of a tighter PSBB (Pembatasan Sosial Berskala Besar), this recovery increase has been noticed.

In previous years, beauty clinics relied on conventional marketing techniques such as ATL (Above The Line) advertisements in magazines and tabloids and BTL (Below The Line) billboard placement on protocol roads. With the advancement of technology and the information era, they implement a marketing strategy targeting female and male market segments more efficiently. For instance, in 2018, social media marketing broke into the e-commerce sector. The use of digital marketing has rapidly increased since its inception by creating a website, using Facebook ads, and many more. As part of the CRM (Customer Relationship Management) innovation plan, an online booking system was made available on Instagram, YouTube, and the website, whose system relates to the complete outlet network. Due to the system's quick access to data and treatment histories, consumers do not need to wait hours to receive treatment and may visit other locations instead.

Skincare as part of beauty clinic service had an exponential increase in popularity during the pandemic, along with cosmeceuticals and at-home gadgets. There have been changes in terms of customer behaviour, such as now that we are returning to society, people are looking for quick, inexpensive, and non-invasive therapies. There has been a shift in beauty treatment trends after the pandemic. For example, skin booster or Hyaluronic acid injections significantly increase demand. It is anticipated that the introduction of technologically advanced products, such as non-invasive body contouring systems that employ fat-freezing technology, will generate lucrative growth opportunities. According to the American Aesthetic Society, non-invasive body fat reduction was one of the top five non-invasive procedures performed in the United States

in 2020, with 140,314 procedures. Additionally, the aesthetic injectables market has increased by more than 10% annually, and rising consumer purchasing power has accelerated global penetration, particularly in emerging markets. (Leclerc et al., 2021). Data from 2019 showed that traditional facial contributed to 45.2 per cent of total market expenditure, followed by laser treatment (31.3 per cent), chemical peel (25 per cent), hair removal with intense pulsed light (23.4 per cent), vitamin C injection (13 per cent), and lastly acne treatment using injection (10.8 per cent). Being the central business district of Jakarta, South Jakarta is densely inhabited with various layers of population, but mostly those from a decent socioeconomic status. This is projected from the GRDP which reached IDR 421 million per 2019, coming second after Central Jakarta. Recent data also showed that the legalised aesthetic clinic available in South Jakarta was somewhere in the 50s per 2021. These procedures, the ideal complement to filler and anti-wrinkle injections, are incredibly popular with Gen Z who want to improve their looks with no effort. Another example is nonsurgical body sculpting which has become a popular option for customers seeking post-pandemic toning and shaping since it requires little recovery time and produces noticeable effects after only one session (Nelson, 2022).

**Injectables market-value projection, \$ billion**



Source: Consensus based on Clarivate and Medical Insights data extrapolated from 2025 to 2026

<sup>1</sup> McKinsey 2021 analysis of data from Medical Insights 2019 and 2020, Clarivate 2019 and 2020, as well as the Allergan 2016 Global Beauty Trends Report.

<sup>2</sup> A med spa is a combination of an aesthetic medical center and a day spa. These facilities provide nonsurgical aesthetics medical services.

<sup>3</sup> McKinsey 2021 analysis of Clarivate and Medical Insights forecasts.

<sup>4</sup> McKinsey analysis 2021.

<sup>5</sup> Capital IQ, stock performance of a sample of aesthetics players compared with S&P 500 from 2007 to 2010.

<sup>6</sup> Medical Insights: The global aesthetics market study XIX, November 2021; analysis includes neuromodulators and dermal fillers but not fat reduction injectables.

Figure 1.1 Analysis Consensus of Projected Growth of Injectables Market Over the Next Five Years

One of the most well-known cosmetic clinics in Jakarta is Youthology Aesthetic Clinic. Established on 22 July 2020, in South Jakarta. With a focus on Botox injections, fillers, thread pulling, infusions, and other top treatments, Youthology Aesthetic Clinic is here to give skincare via specialty in nonsurgical procedures, including anti-aging and skin rejuvenation treatments. Also, exclusive treatment deals are not available at other beauty clinics, such as luxurious skin injections and shine booster infusions. The trustworthy medical professionals at Youthology Aesthetic Clinic have more than ten years of combined expertise who cares about patient’s value and preferences. Youthology

Aesthetic Clinic gained its reputation in less than a year during the pandemic. This clinic is in a growing phase where the clinic has just established and growing well. Therefore, Youthology represents new established aesthetic clinic in Indonesia which might reflect as model for growing beauty clinic that principled on the patient centred care.

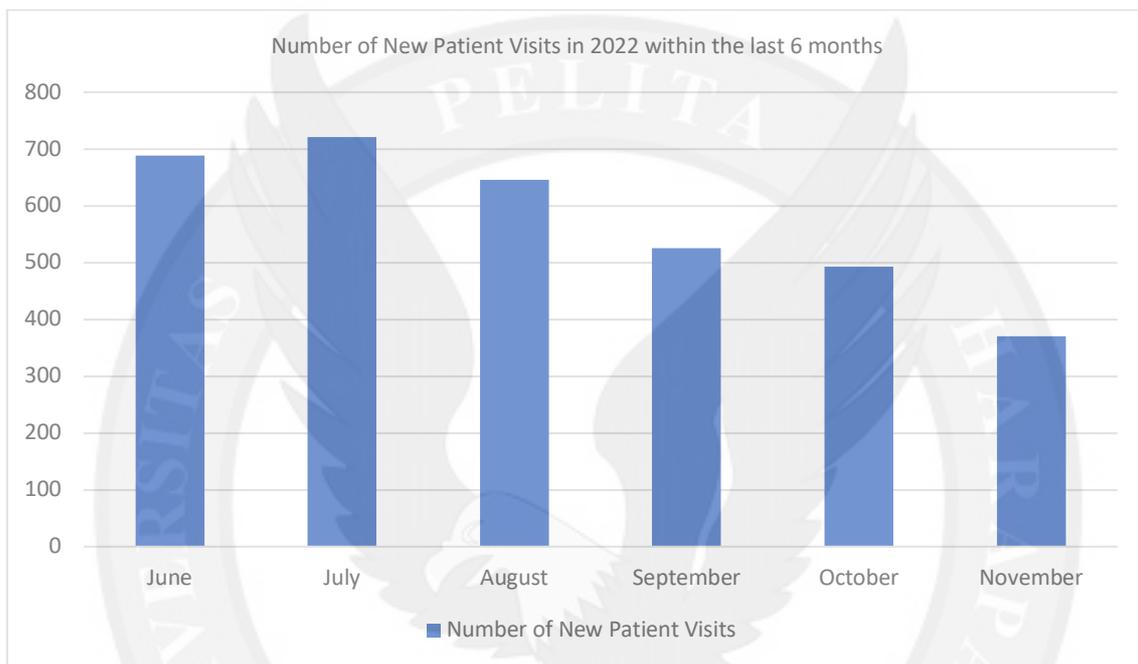


Figure 2.2 number of new patients visit in Youthology aesthetic clinic within the last 6 months

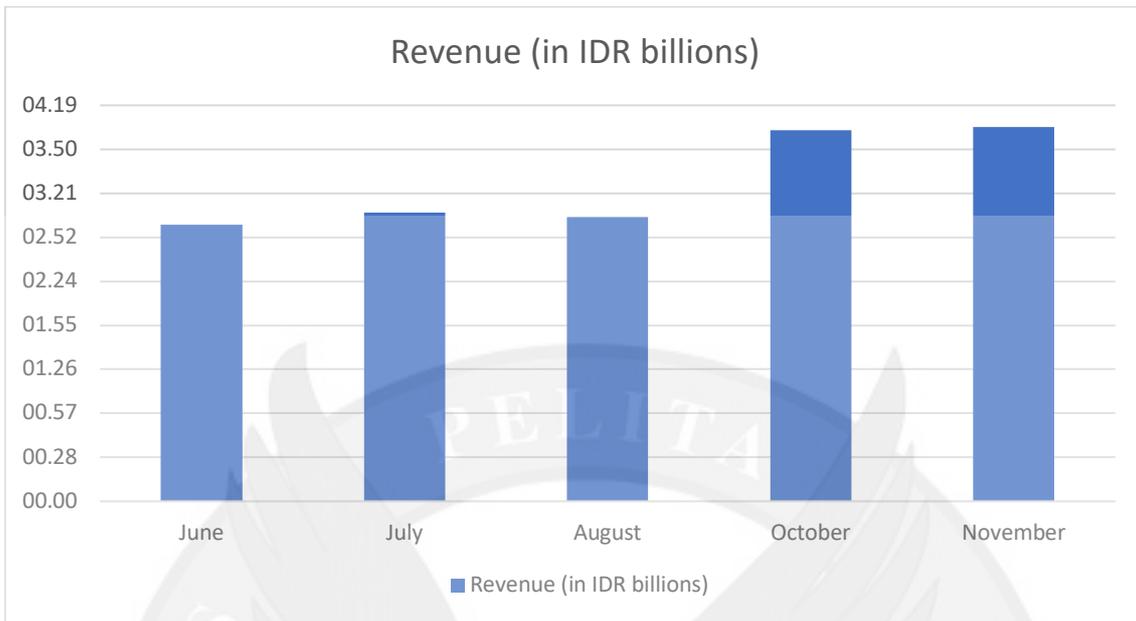


Figure 2.3 revenue of Youthology aesthetic clinic within the last 6 months

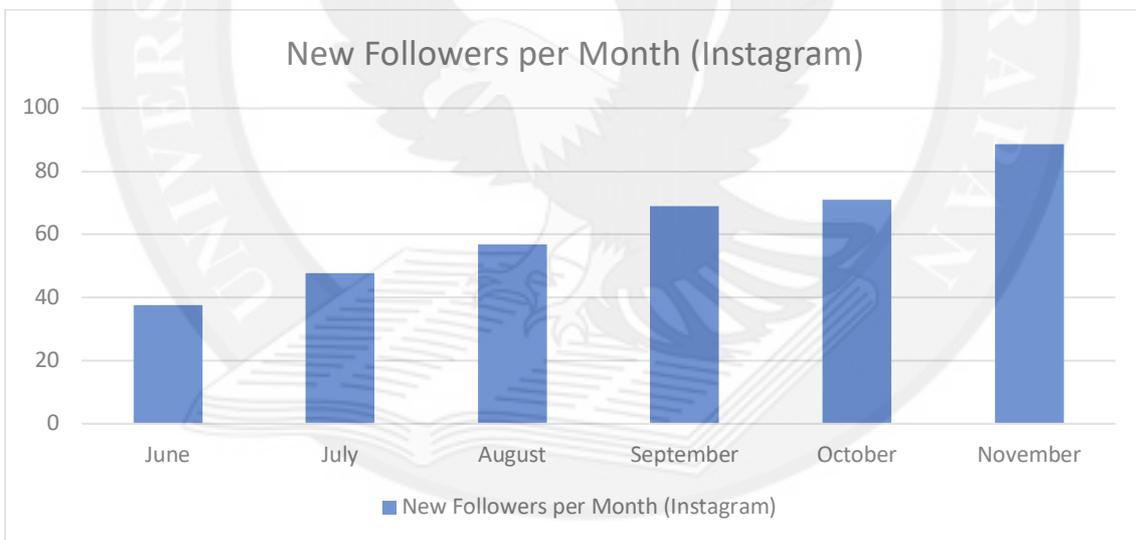


Figure 2.4 number of new Youthology aesthetic clinic's Instagram followers within the last 6 months

It's challenging to find a clinic with a solid reputation. Youthology must solve several issues to maintain its dominant position in the market. One of them is that although the clinic's income has dramatically grown, the number of patients visiting Youthology is falling. Secondly, social media advertising has become a significant source of gaining patients. Most patients in Youthology mainly know about the clinic through Instagram only, even if Youthology has many other social media platforms. Finally, it is unfortunate that Youthology lacks a strategic location. And occasionally, some patients have trouble locating Youthology. Beside said factors, other factor such as promotion might influence the customers. According to the benefit framework, sales promotions could be allowed in situations where they wouldn't be under a strictly financial structure. Sales promotions often have three objectives: to increase trial, price discriminate, and act as temporary tactical tools in a price war. The benefit framework argues that sales promotions may even be useful in situations of little competition or consumer homogeneity, which historically would not call for promotions, to give a higher customer value through increased benefits or improved shopping convenience.

From those problems, there are several things to elaborate to know whether those factors affecting patients experience towards clinical revisit intention such as the product quality, service satisfaction, servicescape, outcome quality, and EWOM.

Quality is the customer impression of an entity's absolute perfection or superiority. Objective quality is separate from subjective quality. It is an attitude that results from comparing expectations with perceptions of performance; it is similar to

satisfaction, but not the same. Perceived service quality is characterized by the fact that customer perception and expectation fluctuate to variable degrees and in various directions. Customers' expectations are seen as their needs or wants, or what they feel a service provider ought to give as opposed to what it really does.

The topic is discussed in almost all marketing, retailing, and organizational behavior literature, and managers are aware of the impact of physical design and décor on customers and employees. Nevertheless, there is a stunning dearth of empirical research and theoretically supported frameworks addressing the role of physical surroundings in consumer situations, particularly in marketing. Managers are constantly planning, constructing, modifying, and controlling an organization's physical surroundings, but the impacts of a given design or design change on the facility's end users are not always understood. The typology of service organizations is outlined, shedding light on fundamental distinctions in servicescape use and structure. Customers and workers both observe a variety of objective environmental features, and both groups may respond intellectually, emotionally, and physically to these features. These psychological responses to the environment affect how certain consumers and employees behave in the servicescape and interact socially.

In studies on medical services, the relationship between service quality and satisfaction is significantly influenced by treatment effectiveness. Despite the growing popularity of complementary and alternative medicine (CAM), there are few thorough assessments of the level of medical care provided by CAM. The measured elements of

doctor performance and service procedure quality had a favourable impact on how well a treatment worked. While treatment effectiveness favourably impacted satisfaction about the quality of medical service, the impression of the facilities and atmosphere had a direct impact on satisfaction rates for interpersonal-based medical service interactions. The effectiveness of the treatment, as opposed to the facilities and surroundings, had a greater impact on satisfaction, both directly and indirectly influencing intent to return. Intention to return was positively influenced by both treatment success and patient satisfaction (Chang Eun Kim et al., 2017).

The most influential elements on the utility and acceptability of information within an online consumer community were information relevance and comprehensiveness. Businesses should engage actively in online consumer forums and provide complete, accurate information about themselves. The most potent elements of the argument quality construct in the study model, comprehensiveness, and relevance, are provided through EWOM (Electronic Word of Mouth), making them important factors in the adoption of new knowledge. It is one method of using online customer communities to effectively promote one's brand or cause. It also includes basic advice for website and forum moderators on how to make such presentations helpful to the users of their respective online communities. Researchers have found that EWOM and brand trust have a positive association, and that gender plays a moderating role in the interaction between eWOM, destination trust, and travel intention. However, there are still some critical gaps in academic knowledge regarding the mechanisms by which and the circumstances in

which EWOM fosters or inhibits consumers' intention to return to family-owned medical tourism businesses (Abubakar et al., 2017).

In addition, these issues may impact the key idea of how to migrate from a transaction-based definition of customer relationship to a "continuous" concept of customer experience. The customer experience is the result of a series of contacts between a consumer and a service, business, or department that elicit a response. This experience is entirely private and demands the consumer's participation on several levels. Its assessment is based on a comparison between consumer expectations and the stimulation acquired from dealing with the firm and its product across several touchpoints. Customer experience has multiple dimensions and is made up of simple parts. However, it is important to remember that, as the study did indicate, clients hardly ever recognize this type of structure. Contrarily, we anticipate that buyers would view each encounter as a complex yet cohesive emotion, with little difference between the parts. Therefore, emotional and irrational aspects of consumer behavior must be taken into consideration, since they contribute more to the overall experience resulting from the accumulation of interactions between a company and its consumers than rational elements alone. This experience is vital for developing the preferences of clients, which in turn influences their purchasing decisions. Recent developments in economics and marketing literature, notably the emerging Experiential Marketing stream, encourage the exploitation of intangible factors associated with the emotional value experienced by customers. In contrast to the classic economic theory, which considers customers as rational problem-

solvers who base their purchase choices on logic, this perspective regards consumers as emotional decision-makers.

The study by Gentile et al. demonstrated that experience features are related to a significant portion of the value suggested to customers and really recognized by them. They discovered that consumers seek to have satisfying consumer experiences regardless of the circumstance. A company's brand and its customers can develop an emotional connection through living a pleasant customer experience, which in turn can increase client loyalty. This does not, however, imply that consumers undervalue the value of features, which can occasionally serve as standards that must be reached or as elements that contribute to a positive user experience (Gentile et al., 2007).

Recent research defines customer experience as "the journey a consumer makes with a firm across time and across several touchpoints throughout the purchasing cycle." Therefore, managers and academics must not just concentrate on the provision of basic services if they are to completely appreciate how service businesses may establish and sustain enduring relationships. (Schouten et al., 2020).

In effort to implement aesthetic services that are holistic in nature and are patient-centric in the up roaring competition, it is becoming critical for aesthetic clinics to evaluate the experiences of the patients they have treated and use it as feedback to set themselves aside from other competitors. The difference between customer perceptions and expectations is referred to as service quality, and altogether it comprises customer experience. The term embraces the overall assessment of the client's impression of service

to the client's attitude toward the service (Parasuraman et al., 1985; Shie et al., 2022) The most crucial factors ultimately revolve around the ability to provide a customer with outstanding service and pleasant experiences. Customer experience is also influenced by what is coined as touchpoints. This refers to any point at which a customer interacts with the service provider and this contact could be achieved through various media, such as apps, websites, or live services. These touchpoints consisted of experiences during and after the touchpoint. Customer journey mapping would help determine the outcome of this patient experience, which refers to those events that are already occurring, as well as those that could be added to improve the customer experience. This includes identifying the trigger event prior to the appointment and planning what to do after the appointment, which may involve engaging customers with care, focusing on the treatments as required, as well as providing ongoing care. In its applicability in the aesthetic industry, customer experience comprises a wide variety of skin care services and goods that they can choose from. The aesthetic clinic then needs to deliver the best service possible for customers to notice the advantages of the service if it wants to be at the forefront (Perrigot et al., 2015). These experiences could be perceived both cognitively or objectively, as well as affectively or subjectively.

Efforts in increasing customer experience are inseparable from factors influencing it. However, there is still a paucity of research demonstrating elements that might improve this service. Previous study done on telecommunications industry showed customer satisfaction with the service, price fairness, core service, product variations, campaign, and promotional activities, as well as value added to the service to be the most

contributing factor (Riaz, 1997). Another study done in the service industry identified the antecedents, namely physical environments, staff characteristics, as well as social environment (Eiamkanchanalai, 2010). A study on an aesthetic clinic in Thailand identified these preceding factors to be brand image, brand trust, brand loyalty, and social media marketing activities. However, the results showed minimal independent variables influencing this outcome (Nurittamont, 2022). A study done in Taiwan showed that satisfaction does not always result in customer loyalty, which is parallel to how dissatisfaction does not necessarily result in a different outcome. There was a nonlinearity between satisfaction and loyalty, which is mediated by a plethora of moderating roles. This explains why other factors need to be studied further, one of which is customer experience (Wu, 2011). Aside from undesired results, these previous studies are too general and might not be applicable in the aesthetic industry. Previous study done in aesthetic care found that the effects of customer satisfaction to loyalty is relatively low, hence why it is needed to explore other variables that could predict revisit intention in context of aesthetic service. The authors in this study have identified certain variables that are yet still needed to be added, and plenty of other variables that are critical to the hypothesis development but are not included in previous studies. Hence from above reasoning, this study is constructed.

Customer experience in undergoing a treatment drives them to share experiences, increasing their interest to pursue further treatments, or persuade other people to come to the recommended clinic. One of the most crucial outcomes is revisit intention. Any firm's

principal objective is to review intention, which is a significant aspect of driving a firm's profitability. Many papers claim that customer experience predicts this outcome better and more accurately than customer satisfaction (Parasuraman et al., 1985). Many academics argue that one of the primary ways to do so is by placing a considerably more significant emphasis on the client. It is also vital to note that reviewing purpose has become one of the most crucial parts of contemporary marketing. In the aesthetic sector, it refers to a visitor's or patient's desire to return to a certain cosmetic clinic as often as possible within a specified time limit. This is also in line with the treatments provided by the cosmetic sector, such as botox and fillers, which are continuous therapies that will fade after a set period. This is also an increasingly crucial aspect of clinic revenues. However, aside from customer experience, revisits intention is also supported by how many firms or clinics retain their customers to stay loyal. Since customers these days are more informed, more mobile, and more tech-savvy than ever before, social media plays a key role by updating reviews for advertising purposes as well as other information regarding the clinic itself. It is also clear that social media activity in the cosmetic clinic industry affects patients' motivation to return by luring in new clients while keeping hold of old ones. The content shared on social media must be innovative and informative to have an impact on targeted audiences (Zachlod et al., 2022). Social media is, as we all know, one of the most successful tools for engaging consumers and has long-term value. The revisit intention may be seen as a kind of business result, with social media involvement serving as its mediator. This is due to the fact that it is a variable that depends on a variety of processes and antecedents that influence the customer's decision-making

process. According to studies, contentment, attractiveness, lodging service, cultural engagement, and perceived danger have a direct effect on the likelihood of a traveler returning to a destination. This variable is also affected by consumer value perception and marketing promotion.

However, there are no studies evaluating the correlation of product quality, service encounters, servicescape, outcome quality, and EWOM with customer experience in relation to their future revisit intention. Our study aims to evaluate correlation of product quality, service encounters, servicescape, outcome quality, and EWOM with customer experience in relation to their future revisit intention through a validated questionnaire.

## **1.2 Research Questions**

From variables mentioned above, there are several research questions to answer the phenomenon occurring as in paragraphs stated above.

1. Is product quality positively corelated with cognitive experience of the patients?
2. Is product quality positively corelated with affective experience of the patients?
3. Is service encounter positively corelated with cognitive experience of the patients?
4. Is service encounter positively corelated with affective experience of the patients?

5. Is servicescape positively correlated with cognitive experience of the patients?
6. Is servicescape positively correlated with affective experience of the patients?
7. Is outcome quality positively correlated with cognitive experience of the patients?
8. Is outcome quality positively correlated with affective experience of the patients?
9. Is EWOM positively correlated with cognitive experience of the patients?
10. Is EWOM positively correlated with affective experience of the patients?
11. Is patients cognitive experience positively correlated with revisit intention?
12. Is patients affective experience positively correlated with revisit intention?
13. Is social media engagement moderating the correlation between patient's cognitive experience and revisit intention?
14. Is social media engagement moderating the correlation between patient's affective experience and revisit intention?

### **1.3 Objective of the Study**

From the above research question, the objective of the study could be explained in detail as follows:

1. To analyse and test the positive effect of product quality towards cognitive experience of patients
2. To analyse and test the positive effect of product quality towards affective experience of patients

3. To analyse and test the positive effect of service encounter towards cognitive experience of patients
4. To analyse and test the positive effect of service encounter towards affective experience of patients
5. To analyse and test the positive effect of servicescape towards cognitive experience of patients
6. To analyse and test the positive effect of servicescape towards affective experience of patients
7. To analyse and test the positive effect of outcome quality towards cognitive experience of patients
8. To analyse and test the positive effect of outcome quality towards affective experience of patients
9. To analyse and test the positive effect of eWOM quality towards cognitive experience of patients
10. To analyse and test the positive effect of eWOM towards affective experience of patients
11. To analyse and test the positive effect of patient's cognitive experience towards revisit intention
12. To analyse and test the positive effect of patient's affective experience towards revisit intention
13. To analyse and test the positive effect of the moderation effect of social media engagement towards patient's cognitive experience and revisit intention

14. To analyse and test the positive effect of the moderation effect of social media engagement towards patient's affective experience and revisit intention

#### **1.4 Benefit**

##### Academic

Academically, specifically for academics who study hospital management and administration (MARS), this research could contribute new knowledge to all readers as well as an additional source of information for future research in the implementation of customer experience and revisit intentions via a research model that examines the antecedents of customer experience and its influence on revisit intentions. experimental research on aesthetic clinic.

##### Managerial

In terms of practical management aspects, this research is expected to provide input for the management of aesthetic clinics to pay more attention to factors that can influence customer experience. It is expected that the increase in factors that contribute to pleasant customer experience can increase their revisit intention, thereby encouraging loyal and integrated customer behaviour which can further support business performance and increment in revenues in aesthetic clinics.

## **1.5 Structure Writing**

This text is organized into five chapters, each of which serves a distinct purpose. These five chapters are interconnected, so making this study clearer and more comprehensive.

The following is an example of a systematic thesis:

### **CHAPTER 1 INTRODUCTION**

This section of the thesis explains why and how the study was conducted, what questions were asked, what was hoped to learn, what was learned, what was practiced, and how systematics were written.

### **CHAPTER 2 LITERATURE REVIEW**

In this section, we shall examine the theoretical underpinnings of the research. This includes an analysis of the role of confounding factors, moderating factors, and causal factors. All aspects of the working hypothesis and the theoretical frameworks were described in depth.

### **CHAPTER 3 RESEARCH METHODOLOGY**

Research sites, objects, units of analysis, research designs, research variables, populations, samples (including sample size and sampling techniques), data collection techniques, descriptive statistics, inferential statistics (including outer and inner models), and the outcomes of testing research instruments are all covered here.

## CHAPTER 4 RESULTS AND DISCUSSION

In this section, we will go over the research results in terms of respondent characteristics, research construct description, and data analysis research in the form of an outer model, an inner model, and a discussion.

## CHAPTER 5 CONCLUSION AND SUGGESTIONS

This chapter provides the study's results, management implications, limitations, and recommendations for further research.

