

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Health is a fundamental aspect of human existence, encompassing not only the absence of illness but also the overall well-being of individuals. Health is a state where the body, mind, and social interactions harmoniously function to support a fulfilling life. Physical health involves maintaining a balanced diet, engaging in regular exercise, and ensuring adequate rest to sustain bodily functions and resist disease. Mental health, equally crucial, encompasses emotional stability, resilience to stress, and the ability to cope with challenges, contributing significantly to overall quality of life.

The importance of health cannot be overstated. It forms the foundation for personal happiness, productivity, and societal progress. When individuals are healthy, they are better equipped to pursue education, and employment, and contribute positively to their communities. Moreover, good health reduces the burden on healthcare systems, allowing resources to be allocated more efficiently toward preventing and treating diseases. Healthy populations also experience fewer economic losses due to illness, fostering economic stability and development.

Access to healthcare facilities plays a pivotal role in maintaining and improving health outcomes. These facilities provide essential services such as preventive care, diagnosis, treatment, and rehabilitation, tailored to meet the diverse needs of individuals and communities. By offering vaccinations, screenings, and

health education, healthcare facilities promote early detection of diseases and empower individuals to make informed decisions about their health. Healthcare facilities such as hospitals, clinics, community health centers, laboratories, and doctors' practices exist to fulfill these needs.

For centuries, healthcare facilities have been integral to society, transitioning from basic care centers to multifaceted institutions that serve both the community's well-being and business interests. Initially, these facilities were established out of a desire to help those in need of medical attention. Over time, the healthcare sector has expanded into a significant economic field, influenced by both charitable purposes and the pursuit of profits.

The emergence of private healthcare facilities has transformed the healthcare scene. These modern facilities often offer the latest medical technologies, specialized treatments, and a focus on patient satisfaction. This growth in private healthcare options has sparked more competition, pushing all healthcare providers to be more innovative and unique to keep their patients coming back.

During the challenging times of the previous COVID-19 pandemic, the number of patients surged dramatically, creating an urgent demand for rapid medical care. Unfortunately, the existing healthcare infrastructure was overwhelmed and proved to be inadequate to meet the escalating needs. In response to this dire situation, many private healthcare entities took the initiative to establish additional clinics. This expansion was necessary to address the healthcare crisis, but it sparked heightened competition among health providers. The pandemic thus

not only tested the resilience of our healthcare systems but also drove a wave of unprecedented growth and competition in the medical sector.

PT Gatot Subroto Medika Utama, widely known as Laboratorium Klinik Gatot Subroto is a medical laboratory, specializing in laboratory services aimed at preventing, diagnosing, and monitoring the treatment of various diseases. Laboratorium Klinik Gatot Subroto has been providing medical services for more than 20 years which include a comprehensive range of laboratory tests including hematology, clinical chemistry, immunoserology, urine analysis, microbiology, and pathological anatomy. Additionally, they provide clinical examinations such as x-rays, spirometry, audiometry, and electrocardiography. The primary clientele of this laboratory includes hospital patients, for whom accurate diagnoses are crucial for effective treatment planning by medical professionals. Beyond hospitals, the lab also serves clinics, individual patients, and corporate clients. With a yearly service record of over 15,000 patients, Laboratorium Klinik Gatot Subroto demonstrates extensive experience in delivering reliable and high-quality healthcare services.

Despite serving customers for more than 20 years, the company faces problems with low customer repurchase rates. A good repurchase rate is generally between 20 to 40%, which can differ based on the industry. (Peel, 2023). According to Pandinagan et al. (2021), repurchase interest refers to recurring purchases of a product or service by consumers who have a positive attitude toward it after their initial buy and based on previous experiences. Repurchase intention is the likelihood that a customer will return to purchase a product or service again. In the

context of healthcare, it refers to patients returning to the same facility for their future healthcare needs.

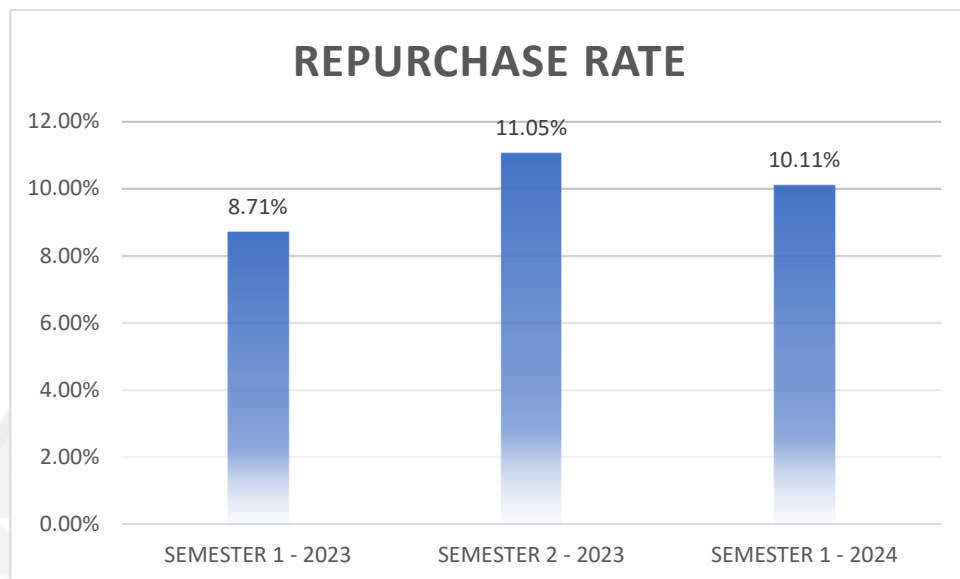


Figure 1.1 Repurchase Rate

Source: PT Gatot Subroto Medika Utama (2024)

Based on Figure 1.1, 8.71% of customers returned for health checkups during the first semester of 2023. In the second semester, the repurchase rate rose to 11.05%. However, by the first semester of 2024, this rate dropped to 10.11%. This indicates a decline in the repurchase rate, moreover, all data remains below the desirable range of 20% to 40% repurchase rate. This result is particularly concerning as it directly impacts the company's sustainability and growth in this competitive medical industry.

A strong and positive brand image is crucial for every business, especially healthcare facilities. Kotler in Mahiri (2020) stated that brand image refers to the perceptions and beliefs held by consumers, as reflected in the associations they have in their memory about the brand. It's about how customers view and feel about a brand based on their experiences and interactions. A positive brand image can

attract new patients and reassure existing ones that they've made the right choice in selecting the facility for their healthcare needs, thus leading the customers to be interested in making repurchases. (Supangat et al., 2022).

Building trust is another essential aspect of retaining patients. Moorman et al., in Waas et al. (2022), describe trust as an individual's readiness to rely on another party in an exchange, based on their confidence in that party. In healthcare services, trust develops when patients consistently have positive experiences and outcomes. When patients trust a healthcare provider and feel confident in the medical personnel and procedures, it can increase patient satisfaction which can increase the likeliness of patients to return. (Setiawan & Sukmawati, 2024).

Table 1.1 List of Complaints on Google Reviews on PT Gatot Subroto Medika Utama

No	Description	Rating
1	Dissatisfied with the laboratory service due to the delay in receiving test results despite being promised a 2-hour turnaround time	1 star
2	The patient expressed disappointment with the laboratory services at Gatot Subroto Lab, citing issues such as unclear procedures, delayed responses, and miscommunication.	1 star
3	Long wait times, inefficient processes, and the inability to obtain an insurance form.	2 star

Source: Google Reviews (2024)

The recurring complaints on Google Reviews highlight several key issues that negatively impact PT Gatot Subroto Medika Utama's brand image and trust. Patients express dissatisfaction with delayed test results, unclear procedures, and inefficient processes. These issues create a negative perception of the laboratory, leading patients to question the reliability and quality of their services which may lead to a bad brand image. Furthermore, the inability to obtain the results on time, as well as essential services, such as insurance forms, further reduces patient trust

and confidence in the laboratory's ability to meet their needs. Additionally, if compared to the lead competitors in the industry, such as Prodia and Pramita Lab, PT Gatot Subroto Medika Utama or Lab Klinik Gatot Subroto's brand is not well known compared to the other labs. This issue is likely to happen because the company has limited exposure due to the limited branch offices only in North Sumatra whereas compared to Prodia and Pramita Lab provide services throughout wider areas in Indonesia, including big cities on Java Island which can cause distrust in the brand and influence the low repurchase rate.

In today's digital age, electronic word of mouth (E-WOM) has become a significant factor in consumer decision-making. According to Putri & Sumartik (2024), consumers who have used a product or experienced services and provide honest feedback are considered reliable sources of information. People often trust personal experiences more than advertising or news reports. Electronic word-of-mouth (E-WOM) is a marketing tactic leveraging social proof's power. By encouraging consumers to share their experiences and opinions about a product or service, E-WOM can effectively enhance brand awareness and drive sales. (Putri & Sumartik, 2024). E-WOM refers to any positive or negative statement made by potential, actual, or former customers about a product or company, which is shared with a large audience via the internet. Positive online reviews and personal stories can greatly influence someone's decision to choose a healthcare provider.

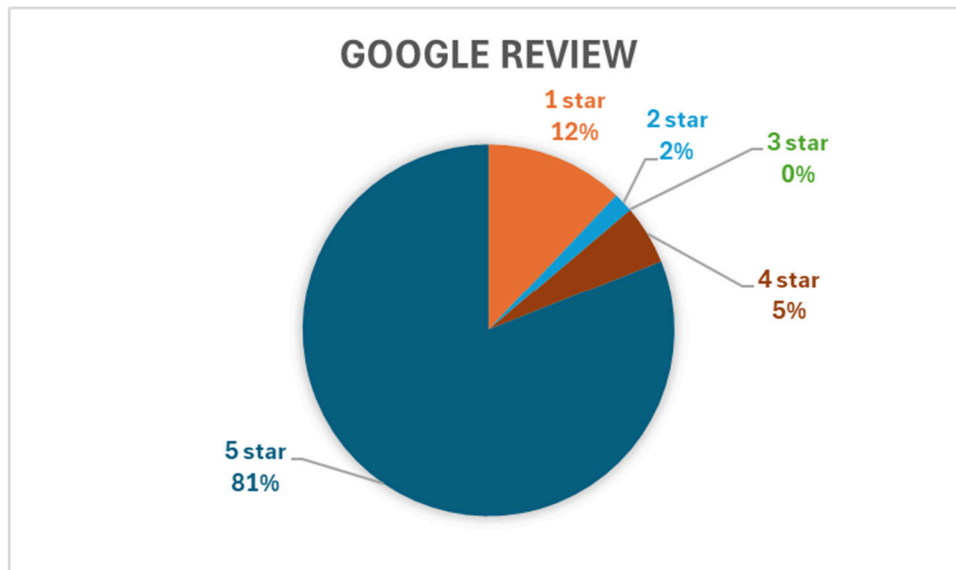


Figure 1.2 Google Reviews of PT Gatot Subroto Medika Utama, May 2021- Agt 2024
Source: Google Reviews (2024)

The figure indicates high customer satisfaction with the service provided by PT Gatot Subroto Medika Utama, as indicated by the vast number of 5-star reviews. This good E-WOM is likely to persuade future customers to buy the product or service, as they are more likely to believe recommendations from delighted customers. The legitimacy and relevance of E-WOM, as well as social proof, can substantially impact customer behavior and repurchase intentions. However, the company still has significant negative reviews that must be addressed. Addressing any negative reviews promptly and effectively can demonstrate a commitment to customer satisfaction whilst building trust and confidence in the company's overall brand image and mitigating their potential negative impact on repurchase intentions.

Based on the explanation above, the writer is interested in researching to see whether brand image, trust, and E-WOM can influence customer intentions in repurchasing, with research entitled "**The Influence of Brand Image, Trust, and E-WOM on Customers Repurchase Intention at PT Gatot Subroto Medika Utama, Medan**".

1.2 Problem Limitation

- a. PT Gatot Subroto Medika Utama operates two laboratory in two cities: Medan and Pematang Siantar. This research will focus on the laboratory that is located at Jalan Gatot Subroto No 86/42, Silalasa, Kecamatan Medan Barat, Kota Medan, Sumatera Utara, 20114, Indonesia.
- b. The company offers laboratory services for both business-to-business (hospitals, clinics, and doctors) and business-to-consumer (walk in patients). This research is focused on business-to-consumer transactions.
- c. This research uses four variables, which consist of three independent variables and one dependent variable. Brand Image as X_1 , Trust as X_2 , and E-WOM as X_3 are the independent variables, and Customers' Repurchase Intention as Y is the dependent variable.
- d. The Indicators of Brand Image, according to Shiffman and Kanuk as cited in Mahiri (2020) include quality, reliability, customer service, risk, and pricing.
- e. The Indicators of Trust include service quality, customer expectations, transaction process, and responsibility. (Abubakar, et al. as cited in Kurnianingrum & Hidayat, 2020)

- f. The Indicators of E-WOM according to Goyette et al. in Verma & Yadav (2020), include intensity, valance of opinion, and content.
- g. The Indicators of Repurchase Intention, according to Adiputro & Sutopo, cited in Hapdijaya, et al. (2023), include trust, reliability, and desire to repurchase.

1.3 Problem Formulation

Following the background of this study, the writer can formulate some research questions as follows:

- a. Does Brand Image have a partial influence on Customers' Repurchase Intention at PT Gatot Subroto Medika Utama?
- b. Does Trust have a partial influence on Customers' Repurchase Intention at PT Gatot Subroto Medika Utama?
- c. Does E-WOM have a partial influence on Customers' Repurchase Intention at PT Gatot Subroto Medika Utama?
- d. Do Brand Image, Trust, and E-WOM have a simultaneous influence on Customers' Repurchase Intention at PT Gatot Subroto Medika Utama?

1.4 Objective of the Research

The objectives of this research are as follows:

- a. To analyze whether Brand Image has a partial influence on Customers Repurchase Intention at PT Gatot Subroto Medika Utama.
- b. To analyze whether Trust has a partial influence on Customers Repurchase

Intention at PT Gatot Subroto Medika Utama.

- c. To analyze whether E-WOM has a partial influence on Customers Repurchase Intention at PT Gatot Subroto Medika Utama.
- d. To analyze whether Brand Image, Trust, and E-WOM have a simultaneous influence on Customers Repurchase Intention at PT Gatot Subroto Medika Utama.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

The research is anticipated to deepen the author's comprehension of the selected subject. Additionally, it aims to provide a perspective on how brand image, trust, and electronic word-of-mouth influence consumers' intentions to repurchase, which could be valuable for subsequent studies.

1.5.2 Practical Benefit

- a. For the writer

This research is expected to improve and expand the writer's knowledge, and this research could give extra information to the writer.

- b. For the company

The research is expected to help the research object to further understand the factors that affect customers' repurchase intention and help the company sustain the existing customers.

c. For Future Researches

This research is expected to bring new references and information about brand image, trust, and e-wom and how these factors influence customers' repurchase intention.

