

CHAPTER I

INTRODUCTION

1.1 Background

Fitness is a balanced life force or lifestyle to maintain a healthy lifestyle and body fitness. However, fitness here is more varied, because there are three main factors, including exercise, nutrition or food intake, and adequate rest. By combining these three factors, it is hoped that we can obtain an ideal, fit, and healthy body. Due to these reasons, the health and fitness industry has been one of the fastest-growing industries worldwide over the last decade. According to the International Health, Racquet & Sports club Association (IHRSA, 2022), fourteen markets in the Asia-Pacific region combine to attract 22 million members at more than 25,000 health clubs. Total revenues are an estimated U.S. \$16.8 billion (IHRSA) 2022). The report shows room for growth as only two markets in the region are considered mature: Australia and New Zealand have the highest penetration rates at 15.3% and 13.6%, respectively. According to IHRSA (2022), the fitness market shows signs of rapid growth and professionalization in Hong Kong (5.85%), Singapore (5.8%), and Japan (3.3%), opportunities for growth remain in the Philippines (0.53%), Thailand (0.5%), Indonesia (0.18%).

Additionally, total revenue in the Health & Fitness segment in Indonesia is projected to reach US\$16.17m in 2022 (Statista, 2022). Total revenue is expected to show an annual growth rate (CAGR 2022-2027) of 6.14%, resulting in a projected market volume of US\$22.58m by 2027. Consequently, the Health & Fitness industry will gain popularity among investors in the near foreseeable future due to its market size and profitability. Moreover, the outbreak of COVID-19 has made people realize the importance of adopting a healthy lifestyle. Currently, in the global gym and fitness industry, Indonesia is still in a tier 3 position with an increase in market penetration of around 0.12 percent per year. Supporting a healthy

lifestyle, Indonesian people are now starting to sort out healthy foods for their consumption. So, in that case, now there is also an increase in the Indonesian healthy food market.

One of the reasons people go to the fitness club is because being a member of a gym means you have access to tons of equipment, allowing you to keep your routine fresh and exciting (Total Fitness, 2022). A fitness club referred to as a health club or gym, is a business where customers typically pay a monthly or yearly membership fee in order to exercise there. A fitness club may offer exercise equipment, fitness classes, and personal trainers and nutritionists, among others (Miller, 2023).

According to Onea (2019), there are several types of fitness clubs, their classification being determined by the types of services offered. In some fitness clubs only fitness can be done, other clubs are exclusively dedicated to women, and there are also clubs offering a full range of services, including ancillary facilities like a spa, a sauna (Onea, 2019). The basic feature of a fitness club is that in order to gain access to these services, the consumer must consolidate his membership of that club by signing a membership contract. Moreover, fees may vary at each fitness club, depending on the size and the variety of equipment and classes offered. Generally, a fitness club may charge an initial sign-up fee that covers the first month or few months of membership, as a trial period.

Based on www.jogja.idntimes.com written by Ahimsa (2020) there are 5 recommendations for the best fitness clubs in Yogyakarta, namely W Gym, Celebrity Fitness, Empire Gym, Perigon Fitness, DF FIT CLUB. Based on the rating on google maps, DF Fit Club has the highest rating position with a value of 4.8, followed by W GYM Jogja with a value of 4.6, followed by Perigon Fitness with a rating of 4.6, followed by Empire Gym with a rating of 4.5 and finally in fifth position namely Celebrity Fitness with a rating 4.4. Therefore, based on these ratings I choose DF FIT CLUB as my object that is going to be described in this thesis.

Table 1.1
Top 5 Players Fitness Club in Yogyakarta

Top 5 Fitness Club in Yogyakarta	Rating
DF Fit Club	4.8
W Gym Jogja	4.6
Perigon Fitness	4.6
Empire Gym	4.5
Celebrity Fitness & Café	4.4

Source: www.MapsGoogle.com (accessed on 29 March 2023)

DF FIT CLUB is the first lifestyle fitness club in Yogyakarta that combines the concepts of FIT and FUN, thus creating a pleasant atmosphere for exercising. DF emerged as a modern health service institution that offers a variety of health and fitness services such as weightlifting, zumba, pound fit, aerobics, jumping jams, and strong nation facilities. Moreover, DF has a central waiting area as well as an outside waiting room which is also a smoking area. In addition, DF is also equipped with two locker rooms divided for men and women, where each room has facilities such as lockers to store items, 3 rinse rooms, and 2 toilets. DF also has trained employees where visitors who come to DF are welcomed and served well, starting from giving locker keys to providing information about class schedules available to visitors. Moreover, DF provides PT (Personal Trainer) to guide and provide programs such as weightlifting, zumba, pound fit, aerobics, jumping jams, and strong nation to achieve our body goals.

Figure 1.1

Services, personal trainer, and zumba class in DF Fit Club

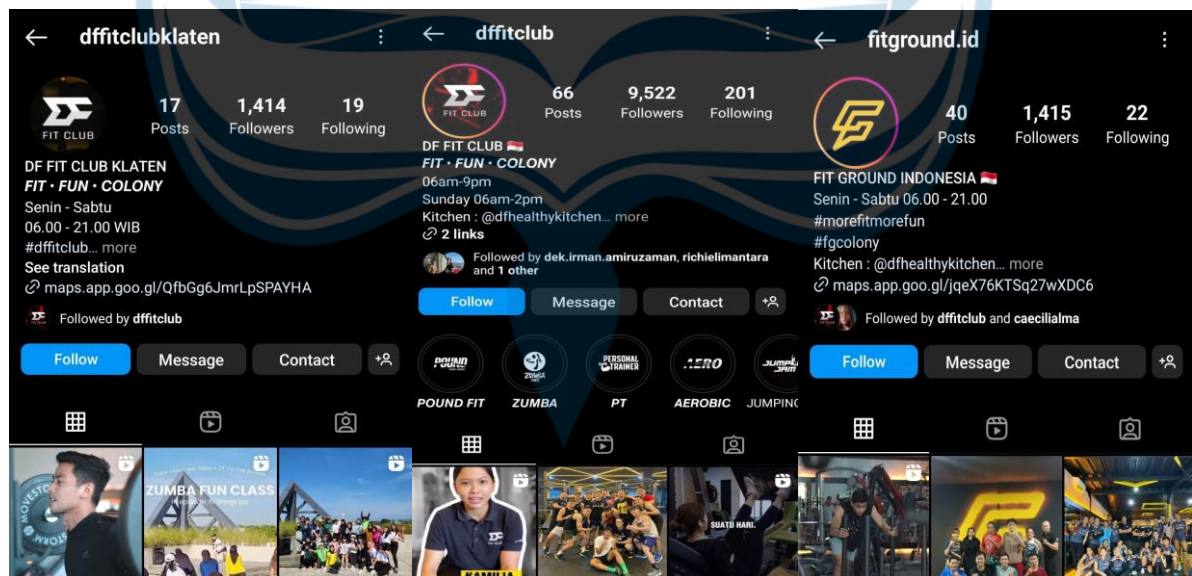
Source: df fit club Instagram (@dffitclub) (accessed on 29 March 2023)



DF FIT CLUB is open every day from 6 am to 9 pm Monday to Saturday and 6 am to 2 pm Sundays. DF FIT CLUB is located at Demangan Square Building, Jl. New Demangan, New Demangan, Caturtunggal, Kec. Depok, Sleman Regency, Special Region of Yogyakarta 55281. Additionally, DF also has two branches, namely FIT GROUND INDONESIA which is open every Monday to Saturday, from 6 am to 9 pm. This first branch is located on Jl. Melati Wetan III, Baciro, Gondokusuman District, Yogyakarta City, Yogyakarta Special Region 55225. DF also has a branch in Klaten, namely DF FIT CLUB KLATEN which is open every Monday to Saturday, from 6 am to 9 pm, which is located on Jl. Merbabu No. 7, Gayamparit, Klaten, Klaten Regency, Central Java 57423.

Figure 1.2

Screenshot of DF FIT CLUB, FIT GROUND, and DF FIT CLUB KLATEN Instagram



Source: df fit club instagram (@dffitclub), fitground instagram (@fitground.id), df fit club klaten instagram (@dffitclubklaten) (accessed on 29 March 2023)

Changes that are getting faster and more competitive, as well as very rapid technological advances, change the way one thinks in giving an assessment of a product, especially in the quality of fitness services, thus demanding fitness clubs to make updates in developing business strategies with the aim of creating a good customer experience. to create customer loyalty. To achieve this, DF FIT CLUB must be able to pay attention to several existing aspects to be used in achieving goals, especially those related to improving service quality, interaction quality, customer experience, and customer loyalty. Therefore, it is necessary to think about the right strategy related to the efficiency and effectiveness of services that are at the same time able to provide services that can satisfy customers (customers) and service providers (providers).

In the literature, several industry experts consider and define the idea of customer experience in a variety of ways. In conclusion, the idea of a "customer experience" can be viewed as a phenomena that emerges as a result of a customer's interaction with a service provider (for example, while exercising) and then influences how the customer perceives the quality of the service (Gronroos, 1988). In fact, experiences give customers a special value that is hard to duplicate and has a significant impact on their pleasure, loyalty, and recommendation behavior (Funk, 2017; Pine & Gilmore, 1999).

Reffering to Fragoso & Epinoza (2017) in the fitness industry, the customer experience remains a key success factor, and service quality continues to have a strong impact on that experience. According to Eskiler & Safak (2022)), several studies indicate that one method to create successful marketing results and competitive advantages is by offering a superior customer experience. However, there hasn't been any research done to scientifically examine the causes and effects of the caliber of the client experience in fitness services. Moreover, customer experience is a reaction from customers as a result of direct or indirect interactions with the organization/company (Setiawan et al., 2021).

Fitness clubs provide a service that emphasizes experience. Customers (members) consider the technical quality of the output as well as the effectiveness of their interactions with service providers and other customers to be a part of their overall experience. In fact, experiences vary widely across different service situations. Moreover, favorable overall customer experience evaluations exert significant positive influence on loyalty intentions, and actual spend (Stein & Rameshan, 2020). In addition to this conceptual approach, it can be said that additional customer experience studies are required in light of the fitness industry's rapid development and intense competition (Fernández et al., 2020).

The conceptual analysis of service outcome quality (SOQ), customer-employee interaction quality (CEIQ), and customer-customer interaction quality (CCIQ) tested by (Eskiler & Safak, 2022) serves as the foundation for this study as a result of the pertinent literature evaluation. In this situation, the study's goal was to examine the structural connections between the customer experience at DF FIT CLUB, SOQ, CEIQ, and CCIQ, as well as customer loyalty (CL) on DF FIT CLUB. Additionally, we intended to increase DF FIT CLUB's understanding and application of CEQ. The outcomes of CEQ and the quality perceptions assigned to members are better understood by DF FIT CLUB managers as a result of our findings.

1.2 Research Questions

Based on the background explained above, the research questions designed for this research are:

1. Does service outcome quality positively affect customer experience quality on DF FIT CLUB?
2. Does customer-employee interaction quality positively affect customer experience quality on DF FIT CLUB?

3. Does customer-customer interaction quality positively affect customer experience quality on DF FIT CLUB?
4. Does customer experience quality positively affect customer loyalty on DF FIT CLUB?

1.3 Research Objectives

1. To analyze service outcome quality positively affect customer experience quality on DF FIT CLUB.
2. To analyze customer-employee interaction quality positively affect customer experience quality on DF FIT CLUB.
3. To analyze customer-customer interaction quality positively affect customer experience quality on DF FIT CLUB.
4. To analyze customer experience quality positively affects customer loyalty on DF FIT CLUB.

1.4 Research Benefit

1. Academic benefit

This research can be used as reference for other researchers who are researching the same variable or topic. This research is also expected to provide a new perspective on service quality, interaction between customers, interaction between customer and employee, customer experience quality, and customer loyalty toward fitness clubs.

2. Practical benefit

The results from this research are intended to provide valuable information and contributions toward fitness clubs in Yogyakarta. This research can also be used by brand owners and DF Fit Club as useful data to improve DF Fit Club service quality.

Additionally, customers can read this research as their reference when or before paying a membership to a fitness club.

1.5 Research Systematics

To make it easier to understand the discussion in this research, it is necessary to develop a systematic as a framework and guideline for this research writing. The systematic is structured as follows:

CHAPTER I: Introduction

This chapter consists of research background, research problem, research questions, research objectives, research benefits, and research systematics.

CHAPTER II: Literature Review

This chapter consists of critical literature review, previous studies, hypotheses development, and theoretical framework. The critical literature review explains the variable of service quality, store atmosphere, price fairness, customer satisfaction and customer loyalty.

CHAPTER III: Research Methodology

This chapter consists of research location, object and subject of the research, population, sampling method, research design, research instrument, data collection method, and analysis tool.

CHAPTER IV: Data Analysis

This chapter consists of the description of research results, data analysis, and calculation results of the data processing based on predetermined hypotheses, including quantitative research tests, the scale of measurement, and analysis tools used in this research.

CHAPTER V: Conclusion

This chapter discussed the conclusions of the research. This chapter also elaborates the advantages and disadvantages of the research, and provides recommendations for further research.

