

# THE CONCEPTUAL FRAMEWORK: INFLUENCE OF CUSTOMER EXPERIENCE MANAGEMENT, COMPETITIVE STRATEGY AND CUSTOMER SATISFACTION ON CUSTOMER PROFITABILITY IN HEALTH SPA BUSINESS, UPPER NORTHERN REGION OF THAILAND

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**Abstract-** The purpose of this research was to study the influence of Customer Experience Management, Competitive Strategy and Customer Satisfaction on Customer Profitability in health spa business in Upper Northern Region of Thailand. At present the tour industry, especially the health tourism is very popular which known as spa. Thai identity which was presented in Upper Northern Region of Thailand was marked as the sale point. It was outstanding from the general spa. Due to the change of marketing which highly competitive, it is necessary to add value and skill in the service for customer's satisfaction. Disseminate the good experience from the customer is the best way to show how the service is. Hence the different competitive strategy gives rise to the satisfaction and influence on profitability. For this reason, profitability helps the proper model development in further business management. According to the national strategy which is emphasizes not only the business tourism and spa but also the customer's benefit. This mixed research is developed from many review literatures involved the customer's experience, competitive strategy and satisfaction that influence on the customer's profitability. The studied sample sizes were the business spa customer in Upper Northern Region of Thailand : Chiangmai, Chiangrai, Nan, Maehongson, Lampang and Lampoon. Calculated sample sizes was provided by parameter derived from Cohen [1], together with G\*power 3.0 program. Total cases were 300 cases and quota sampling by province. Questionnaires are made and issued by postal and self-collection. Quantitative analysis was performed to find out the relative factor by structural equation from Structure Equation Model (SEM) which formulated by PLS-Graph. Qualitative analysis was performed by interview and analysed the contents to support the quantitative research that concerned to health business spa.

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**Keywords-** Customer Experience Management, Competitive Strategy, Customer Satisfaction, Customer Profitability, Health Spa Business

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## I. INTRODUCTION

Tour industry has a highly expand and play an important role to the national economics, especially the health tourism which is currently very popular. Thailand has many advantages in spa and message which is be promoted from government and private sector. Health spa business is one of the potential business which tends to expand continuously. Its annual growth rate is average 5-6% and the marketing value is 15-16 thousand million bath per year [2].

Business spa in Upper Northern Region of Thailand presented the northern style identity as the sale point. It was the strategy to form the place image and culture in the spa industry. It can represent 5 characteristics : body, taste, smell, sound and touch. Applied Art, culture and tradition of the North was the part of the business spa [3].

The standard and registered business spa in the Upper Northern Region are Maehongson, Chiangmai, Nan, Lampang, Chiangrai and Lampoon. Particularly, Chiangmai will be the medical hub and service by the government policy. The business spa

was the health promotion, it covered body, social, emotion and spirit. It was famous for the foreigner too. The conceptual framework for customer experience management and competitive strategy in the service business can make the satisfaction and profitability. Spa business as the service business, it was not further materialized study.

Approve of the free competitive market was necessary in order to add the value and develop the skill. The concept of Customer Experience Management which response to every field service will gain up the satisfaction and the customers will continue to talk to their friends, hence the new customers will come. In addition, the new innovation should be considered to make the difference of competitive strategy. So the concept of how to add value and develop the skill was necessary. The researcher would like to study customer experience management, competitive strategy and satisfaction affected on customer's profitability in health spa in Upper Northern Region of Thailand. The relative analysis is also done to lead to the appropriated model for business administrative management followed the national policy and strategy.

## II. PURPOSE

1. To study the influence of Customer Experience Management, Competitive Strategy and Customer Satisfaction on Customer Profitability in health spa business in Upper Northern Region of Thailand.
2. To study the relationship among Customer Experience Management, Competitive Strategy and Customer Satisfaction that affected on the customer's profitability from spa business in Upper Northern Region of Thailand.
3. To propose the appropriated model for the customer's profitability from spa business in Upper Northern Region of Thailand.

## III. SCOPE

Collected data are 300 cases to study the influence of Customer Experience Management, Competitive Strategy and Customer Satisfaction that affected on the customer's profitability from spa business in Upper Northern Region of Thailand.

## IV. LITERATURE REVIEW

### A. Spa Business Context

Health Spa Business is the engage business involved how to maintenance and health promotion .It consists of the message and water-used for health. Additional service such as streamed treatment, exercise, diet therapy, yoga, meditation, herbal or other selective medical treatment maybe included.

Spa is the Latin word "Sanus per Aquam" or Sanitas per aquas mean the water therapy. On the other hand it means the holistic health treatment by using water together with the selective medical treatment. Five sensation which is image, taste, smell, sound and touch is the main factor which can create the balance of body, mind, emotion, social and spirit. Besides spa is the relax place for the holistic health. The main factors of spa are water and message that resulted to the relaxation and pain-released passed through body, mind and spirit. Spa business proposed many selective programs for health included services, products and duration. The cost of each spa depends on its service and experience. The Public Health declaration informs the business spa definition into 3 types as followed: 1) Health spa 2) Health message 3) Cosmetics message

### B. Related variable words

1. Customer experience management is the overall process which the customer effects to the products or services by strategy. It gives the valued experience to the customer in such a duration called "communicated duration" or "touched point". It is the tool for the entrepreneur to keep the old

customers's experience such as service, advertising matter and multi-media communication at the touch point [4]. It pointed to the customers's experience during their communication or service on the products. Positive impression was made to the behavioral intention. Besides the good experience made the customers enjoyed and took a part in buying products and service at the touch point. This new experience will be accumulated impression and relationship later. It is relevant to the study in the current survival business that aim to the customer's experience in buying and emphasized on the individual need. The important roles are Service marketing Mix and Atmosphere Service. It brings to the customer's experience and resulted to satisfaction and higher business benefit. [5] Venkat Ramesh. (2007); [6] Cruz, P., et al. (2010); [7] Kamaladevi B. (2010); [8] Peter C. Verhoef, et al, (2009) informed Customer Experience Management result to satisfaction and profitability.

2. Competitive strategy expressed in advantage [9] which referred to 1) Minimized the management cost. It is the resources management technique for economy and efficiency in organization. 2) Made the difference as the organization's signature response to the supreme customer's satisfaction. 3) Interesting point strategy for the specific customer who need the variety. Competitive strategy is relevant to the study of the service innovation in Malaysian's business spa. It is benefits and go to success except for its advantage [10]. [11] Noornina Dahlan. (2011); [12] Seyed Mahmood Hosseini, Narges Sheikhi. (2012) informed the competitive strategy resulted to the customer's satisfaction and profitability.

3. Satisfaction is the resulted level of customer's feeling that got from product's properties that is benefits and expectation . It is derived from their old experiences. Nevertheless the value-added could be put in the benefit of product's properties. So this will be more than the customer's expectation. The highly satisfaction made the customer emotion and feel good to the brand product. It resulted to the customer's loyalty and highly service. Satisfaction level responded to both product's properties and service quality.

The development of quality service in satisfied business spa showed the relationship among the quality service, perception of value and 2 ways - communication affected on the customer's satisfaction. Quality service gave the positive effect to direct and indirect satisfaction (through the customer's perception). [13] Helgesen,

Oyvind.(2006); [14] Bryan Chun-Man Cheung. (2012); [15] Ming Chang Lee.(2000) informed the satisfaction made the profitability.

Variable analysis gave rise to the following hypothesis :-

Hypothesis 1 : Customer Experience Management related to customer satisfaction.

Hypothesis 2 : Competitive strategy related to customer satisfaction.

4. Customer Profitability is to measure the outcome of business efficiency that evaluated from the customer's reservation and conducts the new group customer. This relation made the value-added and could be calculated to the financial unit called long-term value. It resulted to the organization's profitability so any movement of benefit-gained was important such as mount-word communication or made the relation or impression both the old and new customers.

Review literature showed that mount-word communication and suggestion of the products could form the customer acquisition. Outstanding products, service with innovation or convenience were prior considered. Particularly the service, the first one that made the customer's impression. In addition the loyalty customers would support the organization continuously and promptly explain the product quality. They can pay the higher price to exchange the best service, therefore the value-added was the goal to preserve the customers. For example the spa business, the old customer took a lower expenditure than the new one. [16] K. Tawinunt, T. Phimonsathien and Wanno Fongsuwan.(2015); [17] Marc J. Epstein.(2000) informed the preservation of the old customer and made the new group of customer effected to the product's benefit.

Variable analysis gave rise to the following hypothesis :-

Hypothesis 3: Customer satisfaction related to customer profitability.

Hypothesis 4 : Customer Experience Management related to customer profitability  
Hypothesis 5: Competitive strategy related to customer profitability.

## V. THE METHODOLOGY AND MODEL

This mixed research was integrated the quanlitative research by interviewing and quantitative research by surveying/ All were developed from the collected data based on reviewing literature that involved Customer Experience Management, Competitive strategy and Satisfaction affected on Customer Profitability in health spa business in Upper Northern Region of Thailand. Besides the conceptual framework was also performed and divided to2 catagories as :

1. Quantitative research has the steps as following; Measured Development, questionnaires issue. evaluation of Descriptive Statistics structural equation model using PLS Graph program. Suggestion derived from the close-questionnaires and finally compare to the qualitative research.

2. Qualitative research was performed by using semi- structural interviewing derived from reviewing literature on the influence of Customer Experience Management, Competitive Strategy and Customer Satisfaction on Customer Profitability in health spa business in Upper Northern Region of Thailand. The researcher was scrutinized improvement and finally the result from structural equation analysis was discussed and concluded.

## VI. THE CONCEPTUAL FRAMEWORK

Reviewed literature could be concluded as following:-

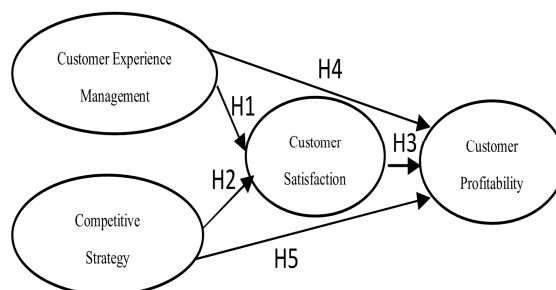


Fig 1 Conceptual framework

## VII. SUMMARY AND CONCLUSIONS

The success of profitability in spa business came from many factors mixed together, Especially Customer Experience Management that emphasized the whole customer experience from marketing and service. Comfortable atmosphere increases the customer's emotion in every touched point. In addition to make a difference by local identity context made the value-added service and competitive advantage resulted to the satisfaction responded to the customer's need and correlation. Hence it is sustainable and obtain the benefits to the organization in the future.

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