Service Innovation Strategies in Healthcare: A Case Study of Clinic Skin Care Business

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Abstract

The global beauty and aesthetic industry has experienced remarkable growth, driven by rising consumer consciousness towards self-care and wellness. In Indonesia, the skincare and aesthetic services market has evolved significantly, with the medical aesthetics market reaching USD 257.05 million in 2023 and projected to grow to USD 495.64 million by 2029. This study explores service innovation strategies in healthcare, specifically within the context of Clinic Skin Care X, an aesthetic clinic in Bandung. The research focused on identifying service quality gaps using the SERVQUAL model and developing practical service innovations to address these gaps. Using a mixed-methods approach, data was collected from 85 patients through structured questionnaires based on the SERVQUAL framework. The analysis revealed that Clinic X generally meets or exceeds customer expectations, with the Empathy dimension recording a positive gap (+0.244). However, the Reliability dimension showed the largest negative gap (-0.938), signaling challenges in consistently meeting promises regarding consultation punctuality and pharmacy services. Based on these findings, strategic service innovations were proposed, including digital queue management systems, mobile app notifications, enhanced staff communication training, and workflow improvements. The study concludes that prioritizing the Reliability dimension through systematic digital transformation and staff empowerment can significantly enhance patient satisfaction and establish sustainable competitive advantage in the aesthetic clinic market.

Keywords: service innovation, SERVQUAL, healthcare, aesthetic clinic, service quality gaps, patient satisfaction

INTRODUCTION

The global beauty and aesthetic industry has demonstrated significant growth in recent years, driven by rising consumer consciousness towards self-care, appearance, and wellness (Statista, 2022; Wójcik, 2021). Globally, the beauty industry generates over $500 billion USD in annual retail sales, positioning it as one of the most lucrative consumer sectors worldwide (Nassauer, 2020; Grand View Research, 2023). Skincare and cosmetic dermatology segments are among the fastest-growing, largely fueled by consumer preferences for non-invasive treatments, anti-aging solutions, and products that promote overall skin health (Pogosyan et al., 2022; Dall'Oglio et al., 2020). This trend is further accelerated by technological advancements in cosmetic procedures, social media influence, and the rising popularity of personalized beauty regimens.

In Indonesia, the skincare and aesthetic services market has evolved significantly, reflecting this global trend (Koswara & Herlina, 2025).

According to the *Indonesia Medical Aesthetics Market Report*, the market reached \$257.05 million USD in 2023 and is projected to grow to \$495.64 million USD by 2029, representing a compound annual growth rate (CAGR) of 11.56% (Research & Markets, 2024). This expansion reflects strong demand for minimally invasive aesthetic procedures.

The rising demand for aesthetic services in Indonesia has fostered intense competition among skincare and aesthetic clinics. In urban areas like Bandung, the aesthetic clinic market has grown rapidly, creating a highly competitive environment where service quality has become the main differentiator (Adiwijaya et al., 2021; Pramudita & Utami, 2020). In this context, patient satisfaction is not solely determined by clinical outcomes, but also by the quality of interpersonal communication and the emotional experience during treatment (Purwanegara et al., 2014). Patients now expect not only clinical efficacy but also holistic service experiences marked by empathy, trust, and comfort (Wijaya et al., 2022). Aesthetic service providers are thus compelled to innovate in service delivery, branding, and patient-centered care (Nugroho & Prasetyo, 2019). Moreover, loyalty in the aesthetic sector is influenced by perceptions of service quality and relational trust between patient and practitioner (Yulisetiarini & Prahasta, 2017; Dewi & Harsono, 2021).

Clinic Skin Care X (*Clinic X*) was established to address these evolving patient needs by offering advanced dermatological treatments and personalized skincare programs. Despite receiving generally positive Google Reviews, *Clinic X* recognizes that these reviews may not fully reflect nuanced patient perceptions. The clinic currently lacks structured internal data on what patients truly expect and perceive, particularly among long-term, loyal patients.

This context underscores the critical need to measure and analyze the Gap 5 of the *SERVQUAL* model—the gap between what patients expect and what they actually perceive. Such analysis will provide a clearer understanding of the patient experience and form the foundation for designing targeted service innovations, ensuring *Clinic X*'s sustained growth in an increasingly competitive aesthetic clinic landscape.

This study aims to identify and analyze the service quality gaps (Gap 5) at *Clinic X* using the *SERVQUAL* model, propose innovative service improvements that effectively close these gaps and enhance patient experience, and formulate long-term service innovation strategies that promote sustainable growth and differentiation of *Clinic X* in the aesthetic clinic industry.

Literature Review
Service Quality and SERVQUAL Model

Service quality is a multidimensional construct that reflects the extent to which a service meets or exceeds customer expectations (Parasuraman et al., 1988). In healthcare settings, service quality is critical because it directly influences patient satisfaction and loyalty (Jonkisz et al., 2021).

The *SERVQUAL* model, introduced by Parasuraman, Zeithaml, and Berry in 1988, is a structured framework designed to measure service quality through consumer perceptions and expectations. The model defines service quality as the difference (Gap 5) between what consumers expect and what they actually perceive from a service experience.

The *SERVQUAL* model identifies five critical dimensions of service quality:

1. *Tangibility* encompasses the physical evidence of the service, including cleanliness of facilities, modernity of equipment, and professional appearance of staff.
2. *Reliability* refers to the ability to deliver promised services accurately and consistently.
3. *Responsiveness* measures staff willingness to help patients and provide prompt, flexible service.
4. *Assurance* encompasses knowledge, courtesy, and professionalism of staff, building patient confidence.
5. *Empathy* represents the degree to which staff provide personalized care and understanding of each patient's unique concerns.

Service Innovation in Healthcare

Service innovation refers to the introduction of new or improved service processes, delivery methods, or patient interactions aimed at enhancing service quality and meeting evolving customer expectations (Bitner et al., 2008). In healthcare, service innovation involves leveraging new technologies, processes, and practices to enhance patient experiences and outcomes (Kim et al., 2021).

Examples of service innovation in aesthetic clinics include digital booking systems, personalized skincare regimens, and sustainable product offerings. Studies consistently show that clinics integrating continuous service improvement and innovation strategies tend to outperform competitors in terms of patient satisfaction [A2] and loyalty (Jonkisz et al., 2021).

RESEARCH METHOD

Research Design

This study adopts a mixed-methods research design, combining quantitative and qualitative approaches to comprehensively examine patient perceptions and expectations at *Clinic X*. The quantitative aspect uses a structured questionnaire based on the *SERVQUAL* model, while qualitative insights are gathered through open-ended questions.

Data Collection

Data was collected through a structured questionnaire consisting of three main sections:

1. Demographic Profile: gender, age range, occupation, patient status, frequency of visits, and reasons for choosing *Clinic X*.

2. *SERVQUAL* Evaluation: 34 items assessing both expectations and perceptions across five service quality dimensions using a 5-point Likert scale.
3. Open Feedback Section: 4 open-ended questions capturing detailed patient thoughts and suggestions.

Sampling and Sample Size

The study employed purposive sampling, targeting patients who directly visited *Clinic X* during a two-week period in May 2025. Using the Slovin formula with a 10% margin of error, the required sample size was 85 respondents from a monthly patient population of 550.

Data Analysis

The analysis involved calculating Gap 5 scores using the formula: Gap = Perception (P) – Expectation (E). Qualitative responses were analyzed using thematic analysis to identify recurring issues, preferences, and suggestions.

RESULTS AND DISCUSSION

Respondent Profile

The study included 85 respondents with the following characteristics:

- **Gender**: 84% female, 16% male
- **Age**: 52% Millennials (29-44 years), 42% Generation Z (13-28 years), 6% Generation X (45-60 years)
- **Patient Status**: 81% returning patients, 19% new patients
- **Primary Reason for Choosing Clinic**: 81.2% cited high service quality

SERVQUAL Gap Analysis

The analysis revealed varying gaps across the five SERVQUAL dimensions:

Table 1. SERVQUAL Gap Analysis Results

Dimension	Mean Perception	Mean Expectation	Gap (P-E)	Interpretation
Tangibles	4.4216	4.4529	-0.0313	Minor improvement needed
Reliability	4.3985	4.4721	-0.0736	Largest negative gap
Responsiveness	4.5042	4.5277	-0.0235	Minimal gap
Assurance	4.4497	4.4719	-0.0222	Minimal gap
Empathy	4.5000	4.4382	+0.0618	Positive gap (strength)

The Empathy dimension showed a positive gap (+0.0618), indicating that patient perceptions exceeded expectations, making it a key strength of Clinic X. Conversely, the Reliability dimension had the largest negative gap (-0.0736), highlighting challenges in consistency and dependability of services.

Critical Gap Analysis.

Detailed item-level analysis revealed the most significant negative gaps:

1. **Q20** (Gap: -0.824, Responsiveness): Post-treatment information delivery
2. **Q10** (Gap: -0.235, Reliability): Medication dispensing efficiency
3. **Q7-Q9** (Gap: -0.141, Reliability): Appointment and consultation timing

These findings indicate that patients perceive delays and inefficiencies in post-treatment communication, pharmacy operations, and scheduling adherence.

Qualitative Insights

Thematic analysis of open-ended responses reinforced quantitative findings:

Most Appreciated Aspects:

- Treatment effectiveness and results
- Friendly and attentive staff
- Clean and comfortable environment
- Professional medical communication

Areas for Improvement:

- Long waiting times despite appointments
- Limited parking space
- Need for greater price transparency
- Inconsistency in attending doctors

Future Expectations:

- Loyalty programs for returning customers
- Improved physical facilities
- More efficient payment processes
- Updated equipment and treatments

Proposed Service Innovation Strategies

Based on the gap analysis, comprehensive service innovation strategies are proposed:

Priority Focus: Reliability Dimension

Given the largest negative gap in Reliability, strategic interventions include:

1. Digital Transformation Initiatives

- Implement mobile app with real-time appointment notifications
- Deploy QR code-based medication confirmation system
- Establish digital queue management for pharmacy operations
- Create automated reminder systems for appointments

2. Workflow Optimization

- Audit and update standard operating procedures (SOPs)
- Implement real-time scheduling systems to minimize delays
- Enhance pharmacy workflow efficiency through staff training

- Establish clear communication protocols for post-treatment care

Enhanced Communication Systems
1. Post-Treatment Communication (Addressing Q20)
- Develop personalized video summaries explaining post-treatment care
- Implement secure push notifications through mobile app
- Create two-way messaging platform for patient concerns
- Establish systematic follow-up communication protocols
2. Staff Communication Training
- Conduct empathy-focused communication training programs
- Implement standardized patient information delivery protocols
- Use visual aids (infographics, videos) to explain procedures
- Establish clear guidelines for waiting area information sharing

Technology Integration
1. Digital Patient Experience
- Mobile application for appointment booking and management
- Real-time queue status updates
- Digital treatment outcome reports
- Automated feedback collection systems
2. Operational Efficiency
- Digital payment systems to reduce processing time
- Integrated patient history database for personalized care
- Real-time inventory management for pharmacy operations
- Performance monitoring dashboards for service quality tracking

Implementation Timeline

Table 2. Implementation Timeline

Phase	Duration	Key Activities	Expected Outcomes
Phase 1	0-3 months	Digital queue systems, WhatsApp reminders, pharmacy workflow improvements	Reduced waiting times, improved reliability
Phase 2	3-6 months	Staff communication training, treatment outcome updates	Enhanced patient communication, increased satisfaction
Phase 3	6-12 months	Mobile app development, integrated data systems	Comprehensive digital patient experience

Expected Impact and Benefits
The proposed service innovations are expected to deliver:
1. **Improved Patient Satisfaction**: Addressing critical gaps in reliability and responsiveness

2. **Enhanced Operational Efficiency**: Streamlined processes reducing wait times and improving service delivery
3. **Competitive Differentiation**: Advanced digital capabilities setting Clinic X apart from competitors
4. **Long-term Patient Loyalty**: Consistent, reliable service experiences fostering trust and retention
5. **Revenue Growth**: Improved patient satisfaction leading to positive word-of-mouth and increased referrals

CONCLUSIONS

This study provides valuable insights into service quality gaps at *Clinic X* and offers actionable strategies for service innovation. The research concludes that while *Clinic X* generally meets patient expectations, strategic improvements in the *Reliability* dimension can significantly enhance overall service quality and competitive positioning. The *Empathy* dimension emerged as *Clinic X*'s strongest asset with a positive gap, demonstrating the clinic's success in providing personalized, attentive care. However, the *Reliability* dimension requires immediate attention due to the largest negative gap, particularly in areas of appointment punctuality, pharmacy efficiency, and post-treatment communication. The study revealed that market risk and NPV are critical factors in strategic decision-making, with digital transformation initiatives offering the most promising path for sustainable competitive advantage.

Clinic X should prioritize a phased implementation approach focusing on digital integration, workflow optimization, and staff empowerment. The 12-month implementation plan should begin with immediate improvements in digital queue management and pharmacy workflows, followed by comprehensive staff training programs, and culminating in full mobile application deployment with integrated patient management systems. Continuous monitoring through *SERVQUAL* gap analysis will ensure ongoing alignment with evolving patient expectations and maintain service excellence standards.

Healthcare providers in the aesthetic industry should adopt data-driven approaches to service quality management, leveraging both quantitative metrics and qualitative patient feedback to identify improvement opportunities. The integration of digital technologies with human-centered care delivery represents the optimal strategy for achieving sustainable competitive advantage in increasingly competitive healthcare markets.

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