Dynamic Capability of Marketing: A Qualitative Study of Indonesian Hotel Industry

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Abstract

The aim of this study is to generate the preliminary indicators of dynamic marketing capability in the hospitality sector especially in hotel. The component of the dynamic marketing capability consist of market sensing, market learning and market targeting and positioning. The methods of this study using case in selected seven hotels three star to five star in Jakarta, Bandung, and Banten area. The indicators for three dimension of dynamic marketing capability gain from literature study, interview with practitioner in hotel industry such as general managers, director level, and owners. The present research is expected to extend the prior research contributing to the extant literature by investigating an emerging concepts and deeper understanding of dynamic capability especially in marketing of hotel industry. The contribution of this research to hotel industry can be implemented in order to prepare the policy of hotel industry in Indonesia facing the service economy in the new era.

Keywords
Dynamic marketing capability, market sensing, market learning, market targeting and positioning, hotel industry

1. Introduction

Tourism had become the largest and fastest-growing economic sector in Indonesia, not only as an income from foreign exchange, but also to release income inequality and to reduce unemployment also to reduce poverty. Hotels in selected area must survive and adapt to market changes through dynamic marketing capabilities and meet the customer's need. The capacity to provide innovative offerings to guests and feel the situation to the marketplace is an essential factor of the resort enterprise in Indonesia. Potential to offering awesome service to purchasers needs non-stop getting to know for hotel management and their workforce, enhancing their provider and shipping methods according to their phase, continuous development to the scope of offerings, inviting purchasers to take part more actively, and be attentive to the needs and expectancies of their customers. Dynamic marketing capabilities belief originate study is to reveal the strategies company adopt the environmental changes to get their competitive advantage (Teece, Pisano, & Shuen, 1997) and (Eisenhardt & Martin, 2000). This study is the preliminary study of dynamic marketing capability in hotel industry that elaborate from the previous study to generate indicators from interviewing general managers, director level, and owners.

2. Dynamic Marketing Capabilites

Dynamic Capabilities were the key point for company's opulence to compete in domestic and international market (Murray, Gao, & Kotabe, 2011). Dynamic capabilities thought surface conceptualized by (Teece et al., 1997) as the ability of a firm to incorporate, build and reconfigure internal and external competencies to adapt quickly changing environment. The ability of a business enterprise is described as defined as a special technique, structure, interface and dynamic in which advertising sources are acquired, combined, and converted right into a price provide for the target market. (Morgan, 2012). Organization capability also permits agencies to higher recognize their customers' modern-day needs this and within the destiny to serve them better and also to attain new customers and to successfully examine competition (Fowler, King, Marsh, & Victor, 2000). Others researcher surface other definitions, for instance (Eisenhardt & Martin, 2000) offered the idea of dynamic capabilities through incorporate the RBV and dynamic capabilities and denotes dynamic capabilities as a strategy in organization that utilization resources – remarkably the procedure to arrange, reconfigure, improve, and discharge resources – to match and even market change. They summarized the definition of dynamic capabilities as "*organizational and strategic routines where the company achieve new resource configurations as markets emerge, collide, split, evolve, and die*" (Eisenhardt & Martin, 2000). Inevitably, the dynamic capabilities focus on the internal and external procedure and how the company maximizing the utility of the management. Dynamic marketing capabilities are the ability to establish new marketing resources to identify, acknowledge, and utilize change. (Hooley, Piercy, Nicoulaud, & Rudd, 2017) classifying dynamic capabilities into three dimensions: absorptive, adaptive, and innovative capability as market sensing and learning collided in absorptive capability. (Kok, Hillebrand, & Biemans, 2003) define market sensing capabilities as the ability of companies to learn from customers, collaborators and their competitors to sense, process and use information and to act continuously on trends and events in prospective and current markets. (Zollo & Winter, 2003) mentioned that this learning ability enables companies to identify the new opportunities and to allow repetition to integrate information from the external environment in the pursuit of increased effectiveness. (Hooley et al., 2017) define Learning capability as the firm's ability to keep up long-term competitive advantages over competitor, to do in dynamic and competitive environments, and to be receptive to acquiring and assimilating external knowledge.

3. Research Design and Methods

In order to explore the prior research this study gathered data from five hotels in descriptive study, this study regathered data from three current hotels in order to confirm the activities in capabilities and add the three new hotels as a comparison. These data were collected as part of a wider study of hotels. The researcher creates the content of the protocol as below:

(1) General question about the hotel.
(2) Formation phase: about the current hotel industry environment, marketing and service innovation strategies.
(3) Operational phase: about dynamic marketing capability activities (DMC)
(4) Evaluation phase: about service excellence (SE) compared to direct competitors.
(5) Using triangulation to expand and validate data collection using various sources of evidence.

The researcher used two stages to build and to test the conceptual framework. Stage one of the case study using five hotels from three star to five stars in Bandung. It is used to describe the existence of activities for capability and service excellence. In stage two the researcher involved three hotels from three stars to five stars which were different from the hotel in stage one to test the proposition that generated in stage one. Case study methodology was used in this study (Yin, 2003), as it allows the questions what, why, and how to be answered. Cases were selected from hotels based on a literal replication logic, that is, cases were chosen that were expected to lead to similar results (Yin, 2003). A purposive sampling strategy was used to select cases that offered the best opportunities to build theory ((Miles & Huberman, 1994)). As defined by (Kerlinger, 1986), purposive sampling is another non-probability-based sampling also known as judgmental, selective or subjective sampling. The researcher used the main criteria for case selection on this research based on:

(1) Hotel star classification from three star to five stars with independent or chain network,
(2) Key person who has enough experience and have a variety of responsibilities in the hotel business.
(3) Hotels in the Bandung area

Based on the preliminary interview, activities for dynamic marketing and service innovation capabilities in both the hotel classification is rarely done and not have procedures and processes are well documented. The literature overview in this research explains that there are three activities for each dynamic marketing capability that influence the service excellence. The conceptual framework being developed explains that there are three conditions in achieving service excellence. The primary data collection was interviews with managers involved in the hotels studied. The data were collected via semi-structured interviews using a research protocol (consist of competition, dynamic marketing capability). The researcher creates the content of the protocol as below:

1. General question about the hotel.
2. Formation phase: about the current hotel industry environment, marketing, and service innovation strategies.
3. Operational phase: about dynamic marketing capability activities (DMC)
4. Evaluation phase: about service excellence (SE) compared to direct competitors.
5. Using triangulation to expand and validate data collection using various sources of evidence.

4. Findings

The preliminary study that conducts involve five hotels in Bandung. In this research there are two stages that proposed. In this preliminary study there are four stars hotel and one three-star hotel, and the findings was summarized in the Table 1:

Table 1. First Stage

Dimension	Golden Flower Hotel	Grand Preanger Hotel	Aston Primera Hotel	The Ardjuna Boutique Hotel and Spa	Hotel Scarlet Dago
DMC-Market Sensing	Through guests' comment, sales reports, exchange information with direct competitors and PHRI	Through guests' comments, exchange information and complimentary with competitors, PHRI, Riung Pariangan, Trip Advisor, and trade shows	Through guest' comments, exchange information and complimentary with competitors, PHRI, Riung Priangan, Trip Advisor, Trade shows, REVINET	Through guests 'comments and exchange information with competitors, PHRI, Riung Priangan, Trip Advisor.	Through guests' comment (1/week/25 comments) and sharing information with direct competitors, Trip Advisor, PHRI
DMC-Learning	Supervisor directly supports and encourages staff members in their career development	Support and encouragement through fulfilling the basic benefits, sport activities, vouchers, door prizes, trainings.	Support and encouragement through regular meetings and a 9-hour training/person/month	Share knowledge, idea and SWOT within the hotel. Support and encourage staff in career development.	Support and encouragement from direct supervisor to present new ideas for improvement comply with SOP.
DMC – Market Target or Positioning	The best convention hotel for government institutions, European tourists, and businesses.	Business and leisure hotel for MICE, foreign tourists, and domestic tourists that look for heritage.	Conference room for oil and gas companies and online travel agent.	Boutique hotel for frequent independent traveler and MICE segment	Family boutique hotel for middle-up class. Limited MICE segment.

Dimension	Golden Flower Hotel	Grand Preanger Hotel	Aston Primera Hotel	The Ardjuna Boutique Hotel and Spa	Hotel Scarlet Dago
Interaction DMC-SIC	New menu development, price setting, and the overall marketing and sales aspects	New menu development, price setting, and the overall marketing and sales aspects	IT implementation, new building management system menu and program development	New menu development through intense communication and co-ordination	New menu development, price setting, and the overall marketing and sales aspects through transaction, communication and co-ordination with group.
Service Excellence	**(SE)**				
Service Delivery	In compliance with SOP from Kagum Group by personal brand.	In compliance with SOP from Aerowisata Group	In compliance with SOP from Aston Group	In compliance with SOP	In compliance with SOP from Scarlet Group
Service-scape	The hotel concept is convention hotel with modern facilities.	The hotel concept is leisure and heritage hotel with Sundanese culture equipped with modern and art deco amenities	The hotel concept is conference center with international standard equipped with modern and high technology equipment.	The hotel concept is boutique hotel for frequent independent traveler that emphasize local touch Srikandi and Ardjuna	The hotel concept is family boutique hotel with modern facilities.
Customer Participation	Regularly participate according to events and occasions.	Regularly participate according to events and occasions	Regularly participate according to events and occasions	Regular participation according to seasons and occasions	Customers participate regularly according to events and occasions.
Customer Responsiveness	The staff members are responsive to customer's wants and very humble	The staff members are willing to help customers with Sundanese hospitality and quick response	Quick response from all staff members and the GM by using Revinet IT-system.	GM responds the customer's complaints quickly.	Response to customer's needs and wants quickly.
Overall Service Excellence	Like competitors	Better than competitors	Better than competitors	Like competitors	Better than competitors.

Table 2. The case study observation of stage one results as below:

Proposition			Hotel Name		
	Golden Flower Hotel	Grand Preanger Hotel	Aston Prim era Hotel	The Ardjuna Boutique Hotel and Spa	Hotel Scarle t Dago
P1: DMC→SE	√	√	√	√	√
Market Sensing	√	√	√	√	√
Learning	√	√	√	√	√
Market Target and Positioning	√	√	√	√	√

Researcher found that Dynamic Marketing Capability will support in achieving service excellence. The examples of the activities were found in case study hotel. If we look at the case study observation as seen in Table 2, in aggregate, those points motivate propositions that can be tested according to the theoretical framework and the results of descriptive research interviews.

Proposition#1:

- Dynamic Marketing Capability that consisting of Market Sensing, Learning, and Market Target & Positioning will support the achievement of Service Excellence.

STAGE 2

Explanatory Study

In accordance with the descriptions in the research scope, in this second phase, the researchers will use three of the five existing hotels in step 1 and add 3 other hotels to test the proposition that generated in stage one. Findings in stage two as seen in Table 3 and Table 4:

Table 3. Second Stage

Dimension	Papandayan Hotel	D'Best Hotel	Gumilang Regency Hotel
DMC-Market Sensing	Through guests' comment, GEM, Sales reports, exchange information with direct competitors and PHRI	Through guests' comments, exchange information and complimentary with competitors, PHRI, and Trip Advisor	Through guests' comments, exchange information and complimentary with competitors, PHRI, Riung Priangan, Trip Advisor, Agoda, Pegipegi
DMC-Learning	Supervisor directly supports and encourages staff members in their career development and ideas	Support and encouragement through morning briefing and general meetings	Support and encouragement through yield meetings and training.
DMC-Market Target or Positioning	The best convention hotel for government institutions, tourists, and businesses	Business hotel for MICE, foreign tourists, and domestic tourists that look for budget.	Resort and leisure hotel for family and MICE market.

Service Excellence			
Service Delivery	In compliance with SOP from the Media Hospitality Management	In compliance with SOP from management	In compliance with SOP from Gumilang Hospitality Management
Service-scape	The hotel concept is convention hotel with modern facilities.	The hotel concept is business hotel that equipped with modern amenities	The hotel concept is resort and leisure hotel that equipped with modern and ecogreen policy.
Customer participation	Regularly participate according to events and occasions	Regularly participate according to events and occasions	Regularly participate according to events and occasions.
Customer responsiveness	The staff members are responsive to customer's wants and very humble	The staff members are willing to help customers and quick response	Quick response from all staff members and the GM by using IT-system.
Overall Service Excellence	Better than competitors	Need to be improved	Better than competitors.

Table 4. The case study observation of stage two results as below:

Proposition		Hotel Name	
	Papandayan	**D' Best**	**Gumilang Regency**
P1: DMC→SE	√	√	√
Market Sensing	√	√	√
Learning	√	√	√
Market Target and Positioning	√	√	√

The next phase the author continues to build the research propositions as below:

Proposition#1: DMC --> SE

All statements from respondents support that DMC factors will support in achieving hotel's SE.

MARKET SENSING

Market sensing plays a role to achieve service excellence through guest comments, income reports, analysis of results as a basis for marketing decisions to feel trends in the market. Skills in sensing markets allow hotels to attract customer participation in their delivery and service processes. These skills can also make hotel staff respond quickly to customers and design hotel facilities according to their target market. All informants support the process of achieving service excellence in hotels through providing training, a conducive environment for generating, presenting, and sharing staff ideas to all staff.

MARKET LEARNING

Through learning, hotels can respond quickly to market dynamics and implement their programs that suit their customers and their environment.

MARKET TARGET or POSITIONING
Each hotel has a specific and unique selling point on the market. By offering their uniqueness and communicating their brands in accordance with the statement above. It supports that the selection of the appropriate segment will

facilitate the hotel to design and prepare shipping and service processes, to respond quickly, to design service concepts to achieve service excellence.

Conclusions

1. The conceptual model described in this study examines the existence of activities in all case studies. All activities work for each hotel through specific methods according to the hotel classification, management system, determining their position, and the target market.
2. To confirm that the interaction between the two proposed abilities is truly a dynamic ability, it is necessary to examine whether the characteristics of dynamic capabilities are fulfilled as expected in special cases studied.
3. This study seeks to provide empirical data for the hospitality industry to reveal the dynamic marketing capabilities variables such as market sensing, learning, and targeting and market positioning.
4. The information about the factors of dynamic marketing capabilities and service innovation capabilities in this research will help the hotel industry in Bandung to prepare and create activities to achieve service excellence through coordination and communication between departments in hotels and ultimately to satisfy customers and make loyal customers.
5. Quantitative confirmation research is needed to test the model and causal relationship through statistical inference by generating and testing hypotheses.

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Biographies

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