Service Excellence through Dynamic Marketing Capability

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Abstract—**This study aims at creating a framework describing how the dynamic marketing can influence service excellence. The method in this study using qualitative method through case studies in five hotels and exploration through interview with general manager and director level. In this study market sensing, market learning, market targeting or positioning are classified as dynamic marketing capabilities (DMC). The findings of the study on five hotels, ranging from 4-star to 5-star hotels and operating in big cities such as Bandung, Jakarta, Lombok, Yogyakarta and Bali suggest that dynamic marketing capability play their roles in achieving service excellence.**

Keywords—dynamic marketing capability, service excellence, hotel industry

I. INTRODUCTION

The hotel industry in Indonesia has indicated critical development and has increased more noteworthy consideration in today's business environment. During 2001-2014, the hotel industry in Indonesia grew at constant price around 6.98% (www.bps.go.id). The hospitality division got to be critical when the government chose to further push the service area. The contribution of the hotel industry compared to total GDP during 20004-2014 at average level in current price amounted to 0.48 percent. The hotel industry is closely related to tourism. The tourism industry contributes the number of tourists who inhabit the hotels. The Indonesian Central Bureau of Statistics (www.bps.go.id) reported that there were 4.59 million foreign tourists in 2004 which had increased to 7.65 million in 2011. A similar tendency can be seen in a number of hotels and rooms in Indonesia. There were 1,306 classified hotels (star hotel) with totally 124,789 rooms in 2010 compared to 2,197 classified hotels with totally 217,474 rooms in 2015. According to The Chairman of Indonesian Hotel and Restaurant Association (PHRI) of West Java, Herman Muchtar and data from Badan Pusat Statistik (Central Bureau of Statistics), currently the average occupancy rate in Indonesia around 52.56%.

Though growing, the hotel industry in Indonesia is facing new challenges due to external and internal factors in a business environment that affect their operation [1]. External factors include intense competition from competitors alike especially from international chain hotels. The main issues related to the hotel industry in Indonesia are intense competition among star hotels and non-star hotels, lack of skilled human resources, and service standard. The intense competition occurs because of excess supply of hotel, regulations in terms of hotel development, and global competition where the international chain hotels invest in several potential areas. Currently, in order to survive, hotels in Indonesia performed with a limited promotion in order to adapt to rapidly changing market, do not have a network or international co-operation in particular local hotels, and limited service innovation. In competition, the hotel industry should be able to offer innovative services to guests through utilize their service innovation capabilities and do the proper marketing strategy in accordance with its market segment in a dynamic market through utilizing dynamic marketing capabilities in providing excellent service. To survive in the business competition and qualify the operational, the hotel occupancy rate should be at the least of 70%. From the condition of tight competition, fluctuations in occupancy rates, and price wars among 3-star to 5-star hotels that offers the services and facilities that attract consumers, there are also hotels that are able to survive under the conditions of excess supply over demand. The hotels that are able to survive shows that they prepare, innovate and utilize their dynamic marketing capabilities in order to be able to adapt the market dynamics as well as meet their customer's needs. The ability to provide excellent service to consumers demanding continuous learning for the management's hotels and their staffs, improvement of their service process and delivery according to their segment, continuous improvement for service-scape, invites consumers to participate more actively, and responsive to their customer's needs and expectations.

From the above conditions, raises the questions of how they innovate in serving their customers and what can be learned from their marketing capabilities. The hotel industry in Indonesia have to utilize their capabilities to create new value to customers and deliver value through marketing in the form of interaction. This study addresses to: (1) explore how the hotel industry in Indonesia (3-star to 5-star) can survive and succeed in achieving their service excellence using the capabilities of the dynamic marketing, (2) test the conceptual framework that emerged from the review of literature that illustrates how dynamic marketing capability works through the activities in the hotel industry in Indonesia that will support in achieving service excellence and confirm in the other hotels, (3) contribute on the knowledge of the hotel industry in Indonesia. The conceptual framework serves as a tool for hotels in Indonesia to identify their dynamic marketing

capability determine the gaps between the current state and the desired state. Therefore, this framework helps the hotel industry in Indonesia to be more adaptive to market changes and encourage them to be more innovative in achieving service excellence for their customers. The above statement of the problem, raises the argument that the service excellence of the hotel industry in Indonesia can be seen from the various dynamic marketing activities. Based upon the objectives of this study, the following research questions have been formulated to be answered:

RQ1. How the dynamic marketing capability works in the hotel industry (3-star to 5-star) in achieving their service excellence?

RQ2. Can the conceptual model that developed in the case study be confirmed in other hotels?

The conceptual framework as a result from literature review is explored and tested using the case study in two stages. The stage one of the case study involving five hotels from 3-star to 5-star in Indonesia and conducted in order to describe the existence of activities for both capabilities and service excellence. The stage two of the case study involving three hotels from 3-star to 5-star in Indonesia that different with the stage one and conducted to test the propositions that generated in stage one. Their use is limited to classified hotels especially in 3-star to 5-star in Indonesia, however the conceptual framework for other hotels involving classified hotels (1-star and 2-star) and for other service firms can be developed by studying the cases. This study not involve the guests as customer of the hotel, but the guest's reviews and comments from Agoda and Trip Advisor taken into account as customer's perception to support the results and to draw the conclusions.

II. LITERATURE REVIEW

A. Dynamic Marketing Capability

Dynamic marketing capability (DMC) idea emerges from the strategic management theory and gives another translation on how companies in the environment that change quickly get their competitive advantage [2] [3]. The stress in the resource-based strategy literature is presently on the creation and exploitation of dynamic capabilities. While dynamic capability by and large is the capacity to create new resources in changing markets, dynamic marketing capabilities are the ability to create new marketing resources to identify, respond to and exploit change. For example, in using the technology for customer's database to facilitate the hotel to serve their market target or combining the artists and designers to design the hotel's amenities. Guaranteeing evolutionary fit between market needs in a dynamic competitive environment and market offers is the quintessence of effective strategic marketing. As indicated by the typology recommended by [4], [5] grouping dynamic capabilities into three principle sorts: absorptive, adaptive, and innovative capability. "Absorptive capabilities are the processes that enable firms to recognize the value of new information from the market and to assimilate it. These processes focus on knowledge acquisition and assimilation [5]. The absorptive capabilities comprise of two capabilities, for example, market sensing and learning. Market

sensing is a firm's ability to take in their customers, collaborators, and rivals to sense, process, and use data and in addition to act persistently on trends and events in prospective and present markets [6]; [7]. Particular capabilities incorporate the ability to embrace (or viably commission) marketing research and competitor analysis, and the ability to guarantee dissemination of the ensuing information all through the organization as a premise for decision making. Market sensing infers being near the customer, encountering products and services in the same way that the customer encounters them. Firms working in B2B markets may have specific customers that they are particularly close to whom they will discuss new product development opportunities with.

Learning capability empowers firms to keep up long-term competitive advantages over opponents, to make due in dynamic and competitive environments, and to be responsive to acquiring and assimilating external knowledge [5]. Learning empowers to recognize new opportunities, take into account redundancy to incorporate information from the external environment in quest for improved effectiveness [8]. As [5] said that "adaptive capabilities center on the firm's ability to identify and capitalize on emerging market opportunities. Adaptation implies doing things differently in response to external stimuli". Market targeting and positioning capabilities incorporate the ability to identify alternative opportunities and afterward select appropriate market target, where the firm's resources and capabilities are adjusted for the best impact. Positioning is not only a marketing decision, notwithstanding. In adjusting resources and capabilities to changing markets, the competences of all parts of the business (including operations, finance and R&D) and marketing need to be considered. As market change, so might the positioning adopted need to change. As [9] stated that capabilities coordinate tasks and also present a functional dimension. In this respect, marketing represents an important area of functional knowledge in a firm's value chain [10]. As [8] stated that dynamic capabilities are different from operational capabilities. Marketing capabilities help firms acquire a living in harmony by satisfying current customers, exploiting existing products and distribution channels, and promoting existing brands. In [6], for example, keeps up that channel bonding is a marketing capability that fortifies the association with wholesalers. In [11] found that a particular sort of marketing capability that he calls customer competence permits firms to serve certain customers. Dynamic marketing capabilities, rather, help firms at present transforming from their stationary process. Actually, dynamic marketing capabilities are particularly centered about discharging and incorporating market knowledge that helps firms evolve. Under dynamic marketing capabilities, this study intends to incorporate what others have marked market sensing [6], learning [8] and market targeting and positioning [5].

B. Service Excellence

Organizations are increasingly providing service excellence as an integral part of their superior service to win the customers' hearts and stay competitive in the market [12]. Service excellence, which is viewed as being "easy to do business with" [13], delivers promises and is as an expression of very high satisfaction [14]. This suggests that the service

organization does not only need to satisfy the customers but has to delight them as well [15]. Service excellence in this study is based on service process and delivery, service-scape, customer participation, and customer responsiveness. Flexibility and customization in service process and delivery are highly appreciated by customers [16]. Well planned and designed service delivery may directly contribute to the whole service excellence. Service-scape is related to the style and appearance of the physical atmosphere and environment in a service organization that has some impacts on customers' experience [17]. As [18] also confirmed the importance of architecture and design as key value drivers that influence the customers' perceptions of service excellence.

Customers' participation increasingly plays active and even leading roles in service production and delivery processes [19] in most of the service organizations. The nature of service characteristics that is highly simultaneous requires customers to be part of the service transaction or as a co-producer. The customer's engagement in service as a co-producer is important in the cost reduction and service quality improvement [20]. Thus, the degree of service success may depend very much on the customer's participation to make the service happens. In other words, in some services, the customer is acting as a partial employee of the organization.

C. Dynamic Marketing Capability and Service Excellence

Hotels are competing for the market share and develop new strategies to leave their competitors behind. In order to improve their image and increase their profit, hotels should put more effort into investigating the needs and expectations of their target groups. Only with a deep understanding of their customer's desires can the hotels keep their customer's loyalty [21]. The study conducted by [22] reveals that market sensing and learning play their roles as determining factors in service excellence. The evolutionary fit between market needs and market offers is the essence of effective service excellence. Sensing captures the effectiveness in order to generate, disseminate, and respond to customers' needs. Firms with higher absorptive capability demonstrate greater ability to learn, integrate external information, and transform it into their embedded knowledge [23].

TABLE I.　　RESEARCH POSITION COMPARE TO PREVIOUS STUDIES

Study	de Farias (2010)	Hou (2008)	This research
DMC→SE	Review and synthesis the literature using internal marketing (programme, product, price, communication and distribution) and service excellence (committed employee).	Conceptual model with hypothesis using market orientation and dynamic capability.	Conceptual model with propositions DMC→SE using market sensing, learning, and market targeting and positioning. Using case study 8 hotels 3-Star to 5-star in Bandung.

Considering the Table I above, this research proposes a conceptual framework that involving the dynamic marketing capability in achieving service excellence as shown in Figure 1 below. This study identified and explored the specific activities using the case study in the hotel industry context.
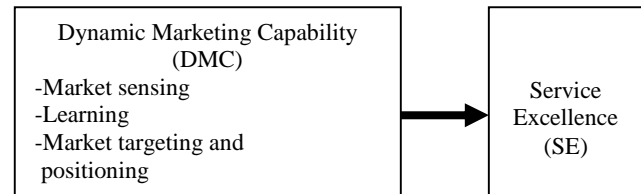

Figure-1. Conceptual framework for DMC and SE

III. RESEARCH METHODS

To explore and test the propositions, this study gathered data from 5 hotels in descriptive study (stage 1). To test the propositions, this study re-gathered data from 3 current hotels in stage 1 in order to confirm the activities in both capabilities and service excellence and add the 3 new hotels as a comparison. These data were collected as part of a wider study of hotels. Case study methodology was used in this study [24], as it allows the questions what, why, and how to be answered. Cases were selected from hotels based on literal replication logic, that is, cases were chosen that were expected to lead to similar results [24]. The replication logic requirement of the multiple-case design provides suggestions to determining the number of cases. The initial decision regarding a satisfactory number of cases is between six to eight for a theoretical replication and three to four for a literal replication [25]. For a theoretical replication, that prescriptive number of cases is considered satisfactory when "rival theories are grossly different," however, the number needs to be increased when "rivals have subtle difference," [25]. The final decision about the number of cases is usually a judgmental decision made by the researcher and is positively influenced by the indifference between rival theories, the high degree of certainty the researcher wishes to attain and the differences between the cases [25]. In the preliminary literature review has resulted two constructs for conceptual framework: the dynamic marketing capability and service excellence. In order to explore the existence, the constructs and indicators, the case study research was used through descriptive study (stage 1) and generate the propositions. To test the propositions, the case study research (stage 2) was used through within-case and cross-case. Finally, from the both stages, this study concluded the results.

The main criteria for case selection based on: (1) Hotel star classification from 3-star to 5-star with independent or chain network, (2) Hotel star classification from 1-star to 2-star not include in this study. Based on the preliminary interview, the activities for dynamic marketing in both the hotels classification are rarely done and not have procedures and processes are well documented, (3) The key individuals have had considerable experience in the hotel business with a variety of work that have ever dealt with, (4) The hotel located in Bandung, Jakarta, Yogyakarta, Bali and Lombok.

The study has sent a participation letter to 17 hotels but only 5 hotels that provide answers and are willing to be interviewed. This study does not involve consumer of hotels directly due to the time limitation. Comments and reviews from guests who have stayed from Trip Advisor and Agoda will be taken as a basis for data triangulation. From the hotels that have contacted, five hotels agreed to participate in the study stage 1 and six hotels in stage 2. All of the hotels in our final list were tested with an expert to confirm that they were fulfilled as 3-5 stars' hotel classification. This study Descriptions of the chosen hotels are provided in Tables 2.

In order to guide the execution of the case study research, a research protocol was created before data collection started. The research protocol uses the English but overall the answers from informants in Indonesian. The content of the protocol includes the following aspects:

-General questions about the hotel;

-Formation phase: about the current hotel industry environment, marketing and service innovation strategy;

-Operational phase: about the activities of dynamic marketing capability (DMC);

-Evaluation phase: about service excellence (SE) compare to direct competitors.

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 and service excellence) during 2014 and 2015 for stage 1 and during 2015 and 2016 for stage 2. Overall, 5 interviews were conducted typically lasting 1 to 1.5 hours each in stage 1 and six interviews in stage 2. Interviewees came from a variety of positions in the organizations, and their job titles included corporate operational manager, general manager, sales director and business development director. In the interviews, the propositions were not addressed directly in order to prevent leading questions. The overall text on the interview for each hotel thoroughly readable using narrative analysis to get the main idea of each of the constructs contained in the case study protocol. The results of narrative analysis are used to see whether the activity of each capability found in each hotel and in what form. Within-case analysis is used to explore the characteristics, uniqueness, and insights from each hotel. Then detailed analyses are done using the case description and the collected data. Detailed analysis is used with the help of the variables that have been operationalized in the case study protocol. For the specific questions of each construct, the results of interviews of each informant will be given mark bold, underlined, or colored to indicate that there are those activities in the hotel. The results of the narrative analysis of each indicator on both the capabilities and the interaction then matched with the indicators contained in the case study protocol, and then compared with the indicators contained in the service excellence, the results of the reviews from guests who have stayed, and evidence of internal documents such as photos, sales kits, hotel profile, and others.

TABLE II. DESCRIPTION OF CASE STUDY

Hotel	Star	Position	Experience	Network
Stone Hotel	3	Corporate Operational Manager	25 years	Local chain
The Sheo Hotel	4	General Manager	11 years	Independent
Golden Flower	4	Sales Director	13 years	Local chain
Kila Hotel	5	General Manager	17 years	Local chain
Aston Primera	4	General Manager	26 years	International chain
Grand Quality Hotel	3	General Manager	25 years	Independent
Gumilang Regency	4	General Manager	12 years	Independent
Papandayan	5	Business Development Director	25 years	Local chain

Operationalization of variable is the process of translating or defining a variable so that it can be measured. Dynamic marketing capability and service excellence are operationalized and discussed below. Dynamic marketing capability is operationalized through a market sensing, learning, and target market/positioning. Market sensing is measured as the capacity to learn the external environment with respect to demands, customers, and competitors appropriately, the purpose of which is to guide a firm's actions [6]. Learning is measured as the ability of the organization to implement the appropriate management practices, structures, and procedures that facilitate and encourage learning [8]. Market targeting or positioning is measured as the ability to identify alternative opportunities before selecting appropriate market targets that are aligned for the best effect [5].

Service excellence is operationalized through service delivery, service-scape, customer's participation, and service responsiveness. Service delivery is measured as the method and sequence in which the service operating systems work to create the service experience and outcome [16]. Service-scape is measured as the style and appearance of the physical elements encountered by customers at service delivery sites (items based on [17]. Customer participation is measured as the actions and resources supplied by customers during service production and/or delivery [19]. Service responsiveness is measured as the ability of a hotel to respond individual guest's requirements [26].

IV. RESULTS AND DISCUSSIONS

The findings of the five hotels in descriptive study are summarized in Table III. The market sensing in all case studies uses the guest comments, internal data (sales reports and profitability analyses) to sense the trends and events in the market which are used as the basis for marketing decision making. The information exchange is done with the competitors, PHRI, Riung Priangan, Trip Advisor and Agoda. The General Manager monitors customers' wants and complaints by using different IT-systems. The Aston Primera Pasteur is using the REVINET tool to monitor the customer's

complaint. The tools using for hotel assessment. By using the advanced technology, the Aston Primera Pasteur move a step forward compared to the other hotel in order to anticipate their target market. The market sensing allows the hotel to respond customers quickly, to deliver the best service by involving customers to participate, and to offer the best facilities according to customer expectations. Several hotels classified into Riung Priangan. This is a group classified hotel for 3-star up to 5-star. Through this group, the exchange of information such as occupancy rate, room availability, and current trend can be implemented. The market sensing enables the hotels to analyses data from the market to design and prepare the service delivery and process and service-scape (rooms, facilities, and amenities). The better service delivery and process will facilitate the customers to participate and it will make staffs eager to response the guest's requirements.

Mostly hotel in descriptive study encourage and support their staff to take the responsibility in various manners. The sharing idea carried-out in formal meeting such as morning briefing, monthly meeting, and general meeting. The learning process in the hotel allows the staffs will get and manage the relevant information that needed in achieving excellent service. The dedicated staffs will serve the guests better. The sharing idea forum as a formal meeting will give the staff flexibility to process and deliver services.

Market targeting or positioning of one hotel is different from another and has its own unique differentiation. Kila Hotel, for example, is focused on the heritage hotel for tourists especially for the European, Japanese and Indonesian. Aston Primera is more focused on big oil, gas, and mining companies. Golden Flower is more focused on convention hotel and tourists from Southeast Asian countries. The ability of each hotel to sort the appropriate segments and communicate its own positioning in customer's minds makes the service delivery of each hotel in accordance with the target market. By engaging customers and responding quickly to fulfilling customer expectations, each hotel achieves its own desired service excellence.

The explanatory study involved the six hotels as a sample. In this study the three hotels are current hotel in the descriptive study such as: The Sheo Hotel, Kila Hotel, and Stone Hotel. The current hotel is being used as a comparison in order to confirm the propositions. The additional of three hotels are The Papandayan Hotel, Grand Quality Hotel, and Gumilang Regency Hotel. Three new hotels as additional in explanatory study are used in order to see whether the proposition put forward in chapter 4 is supported or not. Respondents from all three hotels are general manager with various experiences over 12 to 25 years in the hotel industry. The data analysis of case study in stage 2 only carried-out for 3 hotels as additional case. The data analyses for the current case refer to previous data analyses which describe same condition in descriptive study.

The findings of the eight hotels in descriptive and explanatory study are summarized in Table III. The market sensing in all case studies uses the guest comments, sales reports, and profitability analyses to sense the trends and events in the market which are used as the basis for marketing decision making. Papandayan using the guest experience

manager (GEM) to bridge the related departments with marketing. Mostly the information exchanges are done with the competitors, PHRI, Riung Priangan, Trip Advisor, Agoda and Pegipegi.com. The General Manager monitors customers' wants and complaints by using different IT-systems. This market sensing allows the hotel to respond customers quickly, to deliver the best service by involving customers to participate, and to offer the best facilities according to customer expectations.

Market target or positioning of one hotel is different from another and has its own unique differentiation. Papandayan hotel, for example, is focused on the convention hotel for big MICE market while Grand Quality hotel focus on small MICE market. Gumilang Regency hotel is more focused on family and group. The ability of each hotel to sort the appropriate segments and communicate its own positioning in the minds of customers makes the service delivery of each hotel in accordance with the target market. This is according to stage 1 in descriptive study. By engaging customers and responding quickly to fulfill customer expectations, each hotel achieves its own desired service excellence.

TABLE III.   CASE STUDY OBSERVATIONS

Observation Hotel	P: DMC→SE	Market Sensing	Learning	Target and Positioning
Stone Hotel	√	√	√	√
Sheo Hotel	√	√	√	√
Golden Flower	√	√	√	√
Kila Hotel	√	√	√	√
Aston Primera	√	√	√	√
Grand Quality	√	√	√	√
Gumilang Regency	√	√	√	√
Papandayan	√	√	√	√

Note: A   indicates that one or more examples of that activity were found in a particular case study hotel. The absence of a v indicates that such examples were not observed in the hotel studied. P = propositions.

In aggregate, these points motivate the following testable proposition based on theoretical framework and interview results of descriptive study.

Proposition: Market Sensing, Market Learning, and Market Targeting and Positioning as dynamic marketing capability will support in achieving service excellence.

The explanatory study involves the six hotels as a sample. In this study the three hotels are current hotel in the descriptive study such as: The Sheo Hotel, Kila Hotel, and Stone Hotel. The current hotel is being used as a comparison in order to confirm the propositions. The additional of three hotels are The Papandayan Hotel, Grand Quality Hotel, and Gumilang Regency Hotel. Three new hotels as additional in explanatory study are used in order to see whether the proposition put forward in chapter 4 is supported or not. Respondents from all three hotels are general manager with various experiences over 12 to 25 years in the hotel industry. The data analysis of case study in stage 2 only carried-out for 3 hotels as additional case. The data analyses for the current case refer to previous data analyses which describe same condition in descriptive study.

The market sensing in all case studies uses the guest comments, sales reports, and profitability analyses to sense the trends and events in the market which are used as the basis for marketing decision making. Papandayan hotel used the guest experience manager (GEM) to bridge the related departments with marketing. Mostly the information exchanges are done with the competitors, PHRI, Riung Priangan, Trip Advisor, Agoda and Pegipegi.com. The General Manager monitors customers' wants and complaints by using different IT-systems. This market sensing allows the hotel to respond customers quickly, to deliver the best service by involving customers to participate, and to offer the best facilities according to customer expectations.

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The findings from this study will be presented within the context of research proposition. The responses extrapolated from the interview phase of research were analyzed by initially extracting common themes from the data collected and then categorizing these in terms of the specific research propositions that they related to. With regard to the presentation of qualitative data, the term 'statement' was utilized where the direct responses of interviewees were cited. Construct was used to indicate an interpreted response.

The market sensing plays the role in order to achieve service excellence. Through the guest' comments, revenue report, yield analysis as the basis of marketing decision to sense trends in the market. Skills in market sensing enable the hotels to attract the customer participation into their service delivery and process. Those skills also might hotel's staff to response the customers quickly and design the amenities of hotel according to their target market. All the informant supports the process in order to achieve service excellence in hotel through providing training, the conducive environment to generate, present and share the staff' ideas to all staff. Through learning make the hotel can response quickly to market dynamic and implement their program that suitable with their customer and environment

Each hotel has the specific and unique selling point in the market. By offering their uniqueness and communicate their brand according to the above statements. It supports that selection of the appropriate segment will be facilitating the hotel to design and prepare the service delivery and process, to response quickly, to design the concept of service-scape in order to achieve service excellence. From the three factors above that involving market sensing, learning, and target market and positioning, all the statements from respondents

support that dynamic marketing capability will support in achieving the service excellence in the hotel.

The dynamic marketing capability work and exist in all hotels in descriptive study and explanatory study. The existence of the activity the capability in all hotels varies depending on the type and classification. Classified hotel 4-star and 5-star indicate that there is a clear standard operating procedure (SOP) in each service process. All hotels have the same mechanism in anticipation of changes in the market using various sources such as competitors, PHRI, and the media. Hotels with more budgets attract the customers through telemarketers and sales offices. Otherwise the hotel with a limited budget is only able to do so through the traditional promotion. The usage of Revinet technology in Aston Primera for managing and respond to the market quickly in order to anticipate and respond to customer's needs.

V. CONCLUSIONS

The conceptual model described in this study examines the existence of activities in all case studies. All of activities work for each hotel through specific ways according to hotel classification, the management system, their positioning, and target market. The service excellence is highly depending on how the hotels able to sense trends and events, respond the market demands through the learning process, sorts out the right target markets, and communicate with the customers. The service excellence is achieved by defining the services, participants, and physical facilities clearly; continuously performs the audit services; and conduct market test for the new services. This exploratory research does not seek to draw statistical inferences, therefore is subject to the following limitations arising from the case study methodology. The application of the dynamic marketing capability and service excellence in hotels is limited in Bandung, Yogyakarta, Lombok, Bali, and Jakarta area only. The coverage of case study and findings are based solely on the eight unique classified hotels (3, 4 and 5 star-hotels), which may not be generalizable to the other classified hotels (1 and 2 star-hotels), non-classified hotels, and in the other areas. All hotels were very welcome to share their insights, company profile and sales kit. This study just explored the activities that related to dynamic marketing capability and service excellence. The information about financial and accounting performance does not explored in this study.

This model contributes to the existing literature in several ways. The first key contribution of this work is its inclusion of the concept of dynamic capabilities; that hotels are able to compete not only due to their ability to exploit their existing competence and capabilities, but also thanks to their ability to renovate and develop their organizational capabilities. Therefore, this study argues that in order to maintain service excellence it is not enough for hotels to be in possession of valuable capabilities; hotels also require dynamic capabilities to develop and renovate their organizational competence and capabilities. The application of dynamic capability theory has been done in the various industries. This study applied the dynamic capability theory for marketing in the hotel industry

context. This study seeks to provide the empirical data for the hotel industry to reveal variables dynamic marketing capability such as: market sensing, learning, and market targeting and positioning. The previous study conducted by [22] that link internal marketing (program, product, price, communication and distribution) with service excellence (committed employee), this study revealed the dynamic marketing capability support the service excellence.

The findings of this work also could improve current firms' management by enabling these hotels to achieve their objective of achieving service excellence. This study expected to contribute to the development of conceptual model in dynamic marketing capability to achieve service excellence for hotel industry in Bandung. For the practice, this study is aimed at helping hotel industry to better plan and move towards effective and intense dynamic marketing and greater service innovation implementation. This study will hopefully provide insights on some of the factors of dynamic marketing capability which would assist hotel industry in Bandung to prepare and create the activities to achieve service excellence through the co-ordination and communication among department in the hotel and finally to satisfy the customer and make the customer loyal. This study could be the basis for policy makers to prepare the regulation in the hotel industry in Bandung. The presented study need to be further research. The following recommendations are made for further research. Further research could apply this conceptual framework to analyze hotels for 1-star and 2-star hotels and non-classified hotel. Therefore, research on other industries (financial service, airlines, consulting, etc.) possessing interaction capabilities is needed. The confirmatory quantitative research is needed to test the model and the causal relationship through statistical inference by generating and testing the hypothesis. From the case studies, the strong brand names of the three hotels seemed to contribute to their service excellence. It is recommended that further research on the causal relationship between capability and service excellence to the hotel performance could be applied.

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