





“How dynamic marketing and service innovation capabilities translate into hotel performance: The roles of service excellence and brand identity”

AUTHORS	Evo Sampetua Hariandja   Indra Santo 
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Evo Sampetua Hariandja, Associate Professor, Faculty of Economics and Business, Department of Management, Universitas Pelita Harapan [Pelita Harapan University], Indonesia.

Indra Santo, PhD Student, The University of Auckland Business School, Department of Marketing, University of Auckland, New Zealand.

Evo Sampetua Hariandja (Indonesia), Indra Santo (New Zealand)

HOW DYNAMIC MARKETING AND SERVICE INNOVATION CAPABILITIES TRANSLATE INTO HOTEL PERFORMANCE: THE ROLES OF SERVICE EXCELLENCE AND BRAND IDENTITY

Abstract

Due to intense competition and rapidly changing customer needs, hospitality firms are forced to develop their capabilities, specifically dynamic marketing capabilities and service innovation capabilities. The current research seeks to study the moderated mediation impact of brand identity on the relationship between dynamic marketing capability, service innovation capability, and hotel performance through service excellence. To test the mediation and moderation hypotheses, we surveyed 450 senior hotel managers in the Indonesian setting. Dynamic marketing capabilities ($\beta = 0.420$, $p < 0.001$) and service innovation capabilities ($\beta = 0.380$, $p < 0.001$) were found to have a positive effect on service excellence. Meanwhile, service excellence also positively influences hotel performance ($\beta = 0.560$, $p < 0.001$). The results show that service excellence fully mediates the relationship between dynamic marketing capability and hotel performance ($\alpha = 0.281$). Service excellence also partially mediates the relationship between service innovation capability and hotel performance ($\alpha = 0.278$). Besides, brand identity positively moderates the relationship between dynamic marketing capability and service excellence ($\beta = 0.354$) and the relationship between service innovation capability and service excellence ($\beta = 0.317$). The findings advance the understanding of how hospitality companies can not only develop these capabilities but also deliver and develop service excellence in order to achieve good hotel performance, particularly with strong brand identity.

Keywords

dynamic marketing capability, service innovation capability, service excellence, brand identity, hotel performance, hospitality strategy

JEL Classification

M31, M37, L83

INTRODUCTION

Dynamic capabilities of hotels in the hospitality industry have now become a critical success factor for performance excellence. The hospitality industry has experienced dramatic changes from the rapid digital transformation, increasing competition, and disruptive global incidents. Therefore, hotels need to possess dynamic capabilities to respond quickly and efficiently to changes so as to meet the needs of the customers (Chen et al., 2007; Sigala, 2020; Burton & Dickinger, 2025). In that situation, superior organizational performance is not simply defined by promoting process efficiencies and effectiveness, but by integrating planned capabilities with higher-quality services.

In hotel and hospitality research, organizational capabilities have been suggested as the most relevant factor for achieving and maintaining competitive advantage and firm performance. Firms must improve



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their capabilities to sense, seize and reconfigure for achieving and maintaining competitive advantage (Teece, 2019; Elsharnouby & Elbanna, 2021), as suggested by the dynamic capability perspective. The hospitality literature points to dynamic marketing capability and service innovation capability as the most relevant capabilities that enable hotels to respond to shifts in the marketplace and increase customer satisfaction. Dynamic marketing capability allows the hotel to perceive and understand the market and alter its marketing strategy accordingly. Service innovation capability enables the hotel to develop new service offerings and ways of delivering services.

Despite this increasing awareness, studies of these capabilities tend to focus on the relationship between organizational capabilities and firm performance, neglecting the complex process through which calculated capabilities are enacted within a service organization. In the hospitality context, performance outcomes are determined largely by the interaction between front-line employees and the customer, and require the enactment of a coherent pattern of service delivery practices.

Service excellence may therefore be a key operational mechanism for linking a firm's resources and capabilities with performance outcomes. As firms engage in service excellence, they could provide service experiences that are more reliable, responsive and customer value-oriented (Heskett et al., 2008; Kandampully et al., 2018). However, the hospitality literature has focused on service quality as a direct antecedent of performance outcomes rather than as a mediator of planned capabilities.

Besides, the effectiveness with which the capabilities are used is likely to be guided further by contextual factors at the organizational level such as the brand identity, understood as a system of values, attributes, and meanings that defines a brand (Aaker, 2020; Keller & Swaminathan, 2020). A strong brand identity can guide and aid employees in making calculated decisions and taking appropriate actions, contributing to delivering consistent service experiences and thus transferring the organizational capabilities into high-quality service. However, few academic studies investigate how brand identity affects the relationship between organizational capabilities and service quality in the hospitality industry.

To address these research gaps, this study explains how dynamic marketing capability and service innovation capability affect the performance of hotels through service excellence and examines the moderating effect of brand identity. In so doing, we combine capability-based theory with the theory of branding and service-dominant logic to build a moderated mediation model on the organizational capabilities framework for performance in the service-dominant context of the hotel industry.

1. LITERATURE REVIEW AND HYPOTHESES

Faced with a highly complex and turbulent environment that is characterized by rapid technological development, shifting consumer preferences, and disruptive shocks in the marketplace, hospitality businesses are highly vulnerable to the impact of global and environmental challenges. As such, hospitality firms need to develop adaptive dynamic capabilities to respond to this uncertainty (Chen et al., 2007; Baum et al., 2020; Burton & Dickinger, 2025). Due to the increasing competition and the evolving requirements of service quality from consumers, hotels are required to develop dynamic capabilities to respond to change to maintain the

quality of service delivery. From a dynamic capability perspective, these capabilities allow hotels to align organizational resources and service processes with an ever-changing market and environment.

In calculated management and marketing, the dynamic capability view explains how firms develop and preserve their competitive advantage over time in turbulent business environments by sensing, seizing and transforming their internal and external resources to address changes in the environment (Teece, 2019; Wilden et al., 2019). The dynamic capability view has been used within marketing to explain how firms adapt their marketing strategies to changing customer needs and changing market conditions (Kozlenkova et al., 2014). Within the

framework, it is widely accepted that dynamic marketing capability is a plausible mechanism that enables the firm to continually adjust its marketing to changing states of the market. Dynamic marketing capability is the ability of the firm to sense market changes, integrate marketing resources and reconfigure marketing processes to create marketing strategies in response to environmental turbulence (Day, 1994; Bruni & Verona, 2009; Morgan, 2012; Barrales-Molina et al., 2014). The literature suggests that firms with high levels of dynamic marketing capabilities are more likely to recognize new market signals and adjust their offerings to meet the changing needs of consumers (Elsharnouby & Elbanna, 2021; Hoang et al., 2024). The marketing excellence literature stresses organizational structures and managerial processes that provide marketing agility and calculated responsiveness to market turbulence (Moorman & Day, 2016).

Additional to marketing capability, service innovation capability is a major source of competitive advantage for organizations operating in service industries. It is defined as the organization's ability to design new service concepts, develop service delivery systems, and incorporate new technologies in service delivery systems (Menor et al., 2002; den Hertog et al., 2010; Ordanini & Parasuraman, 2011). Innovation capability has long been viewed as a calculated resource that enables companies to respond to technical changes and strengthen their organizational competitiveness (Mendoza-Silva, 2021). In the hospitality and tourism sector, the importance of service innovation capability is further increased by fast-paced technological advancement and the emergence of new service platforms. In line with those ideas, implementing self-service technologies and personalized service solutions, in addition to contributing to greater operational efficiency, also creates value for customers (Buhalis et al., 2023; Abdullah & Rahman, 2024). Additionally, there is evidence that hotels with better innovation capabilities are also more operationally efficient and offer better quality service (Gomezelj, 2016; Pascual-Fernández et al., 2021). More recently, service research has turned to the influence of innovation and service design on value co-creation in service ecosystems (Ostrom et al., 2015; Helkkula et al., 2018).

Despite the importance of dynamic marketing capability and service innovation capability, some

scholars have criticized the notion that these capabilities automatically lead to superior performance. Capability-based theories, however, see capabilities as planned potential, and contend that the performance impact of capabilities depends on how they are applied in organizational processes (Schilke et al., 2018; Wilden et al., 2019). For service sectors such as hospitality, where employee-customer interactions and service systems at the service delivery frontline are critical in generating service outcomes, planned capabilities will only be effective if they find their way into the operational service practices used to guide employee behavior (rather than being generated for use in manufacturing).

Service coordination challenges have increased as modern service architecture, real-time big data analytics, and omnichannel service ecosystems require that calculated service-level decisions be aligned with service processes at the frontlines of service (Kozlenkova et al., 2014; Mikalef et al., 2020; Karplus et al., 2021). Absence of integration will cause different service outcomes even though the same capability-driven initiatives were implemented. The interplay between dynamic marketing capability and service innovation capability illustrates this implementation problem. Dynamic marketing capability deals with market sensing and calculated responding, while service innovation capability deals with redesigning service processes and service delivery systems. Though, dynamic marketing and service innovation capabilities in the hospitality industry are getting increasingly complex with respect to balancing customized service, operational efficiency and service consistency. However, some studies suggest that high market responsiveness can lead to variability in service operations and workload, and that poor integration of service innovations may disrupt service delivery processes and decrease service reliability (Larivière et al., 2017; Verma et al., 2021).

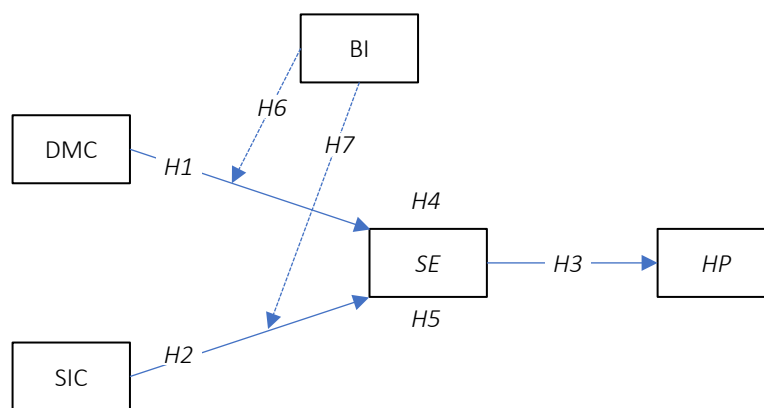
Customarily, service quality has acted as a mediator through which service-oriented capabilities transform into performance in service organizations. The service-profit chain model, for example, proposes a causal sequence. Quality leads to customer satisfaction and loyalty, which, in turn, lead to financial performance (Heskett et al., 2008;

Kandampully et al., 2018). Service excellence denotes the reliability, responsiveness, and customer focus of an organization to consistently meet or exceed customer expectations. In marketing theory, service excellence refers to superior service performance that is the result of organizational practices integrating customer knowledge, service design, and service operations to deliver superior customer value (Zeithaml et al., 2020). Service excellence is a critical construct in the hospitality industry as it leads to customer satisfaction, brand loyalty and positive word-of-mouth behavior (Rather et al., 2019). From a capabilities perspective, organizational capabilities are considered valuable when they are exercised to perform operational routines that employees use to provide service excellence. Thus, service excellence can be an important mediating process through which calculated capabilities translate into performance.

That said, service excellence is but one plausible mechanism for how capabilities transmit to performance. Other organizational contextual factors, such as brand identity, could influence the translation process. Brand identity is a unique combination of associations, infused meanings, and brand attributes, reflecting how a brand is perceived and presented by an organization to both external and internal audiences (Aaker, 1996; Kapferer, 2012; Keller & Swaminathan, 2020). In service organi-

zations, brand identity shapes and influences both audience encounters and employee brand engagement. Related studies within the domain of internal branding have discussed the positive influence of brand identity on employees' knowledge of the organization that leads to them engaging in activities that reinforce the brand promise (Punjaisri & Wilson, 2007; Morhart et al., 2009) as they have a clearer idea of the expected level of service and the organization's objectives to be aligned with to sustain consistency in service provision. A vague brand identity may lead to activity disintegration and ineffectuality of planned initiatives (Saleem & Iglesias, 2023). In line with this, recent empirical studies in the hospitality sector found that brand identity also plays a meaningful role in organizational alignment and planned initiatives' effectiveness (Fan et al., 2023).

Together these findings have catalyzed the development of the dynamic marketing capability, service innovation capability, service excellence and brand identity constructs as key components of hospitality firms' competitiveness, although these constructs remain fragmented and development of the constructs remains an incomplete process. Existing research typically treats organizational capabilities, service quality and branding as distinct constructs with a direct relationship with firm performance. Thus, the service quality as



Note:
 Direct: H1: DMC → SE; H2: SIC → SE; H3: SE → HP
 Mediation: H4: DMC → SE → HP, H5: SIC → SE → HP
 Moderation: H6: BI x DMC → SE, H7: BI x SIC → SE
 DMC: Dynamic Marketing Capability;
 SIC: Service Innovation Capability;
 SE: Service Excellence
 HP: Hotel Performance;
 BI: Brand Identity

Figure 1. Proposed research model

an outcome of organizational capabilities and the role of branding factors in hospitality contexts have not received adequate attention. To address this gap, this research proposes a model where dynamic marketing capability and service innovation capability influence hotel performance through service excellence, with brand identity as a moderating variable. This theory gives rise to the following hypotheses (Figure 1):

- H1: Dynamic marketing capability positively influences hotel organizations' service excellence.*
- H2: Service innovation capability positively influences service excellence in hotel organizations.*
- H3: Service quality positively influences hotel performance.*
- H4: The relationship between dynamic marketing capability and hotel performance is mediated by service excellence.*
- H5: Service excellence mediates the relationship between service innovation capability and hotel performance.*
- H6: Brand identity positively moderates the relationship between dynamic marketing capability and service excellence.*
- H7: Brand identity positively moderates the relationship between service innovation capability and service excellence.*

2. METHODOLOGY

2.1. Research design and sampling

This study employed a cross-sectional survey design collecting data from senior hotel managers across Indonesia. The target population comprises hotels across all major classifications to ensure findings' generalizability. The sampling frame was developed using Indonesia's national hotel directory, identifying 2,500 registered hotels across budget, mid-scale, upscale, and luxury categories.

A stratified random sampling approach ensured proportional representation across hotel classifications. Hotels were first stratified by category (budget: 35%, mid-scale: 30%, upscale: 25%, luxury: 10%), then randomly selected within each stratum. This approach balanced the need for category representation while maintaining statistical power for comparative analyses.

Target respondents were senior managers with comprehensive organizational knowledge including general managers, marketing directors, operations directors, and revenue managers. Selection criteria required minimum three years tenure and involvement in strategic decision-making, ensuring adequate familiarity with organizational capabilities, brand positioning, and performance outcomes.

Data collection occurred over ten months from January to October 2025 using structured questionnaires distributed through multiple channels, including postal mail, email, and in-person delivery. Multiple follow-up procedures enhanced response rates: initial survey distribution, reminder emails after two weeks, telephone follow-ups after four weeks, and final reminder emails before deadline. Of 625 surveys distributed, 452 were returned (72.3% response rate). After excluding 2 incomplete responses, 450 usable surveys remained for analysis, exceeding minimum sample size requirements for structural equation modeling (Hair et al., 2010).

All constructs were measured using established multi-item scales from prior literature, adapted for hospitality context through expert panel review and pilot testing. Adaptations ensured items' relevance while maintaining construct validity and comparability with prior research.

Dynamic marketing capability was measured using Morgan's (2012) validated 12-item scale assessing three dimensions: market sensing (4 items measuring systematic collection and interpretation of market intelligence), marketing integration (4 items measuring coordination of marketing resources across functions), and customer relationship management (4 items measuring capability to build and maintain profitable customer relationships). Sample items included "Our hotel excels

at collecting and analyzing market information” and “We effectively coordinate marketing activities across departments.”

Service innovation capability was measured using Chang et al.’s (2014) 11-item scale covering three dimensions: new service development (4 items measuring capability to create novel service concepts), delivery innovation (4 items measuring process improvement capability), and technology integration (3 items measuring capability to incorporate technology into service delivery). Sample items included “Our hotel excels at developing new service concepts” and “We effectively integrate technology to enhance guest experiences.”

Service excellence was measured using Zeithaml et al.’s (2020) adapted SERVQUAL scale with 10 items across five dimensions: reliability (2 items), responsiveness (2 items), assurance (2 items), empathy (2 items), and tangibles (2 items). Items assessed perceived service quality delivery relative to guest expectations. Sample items included “Our hotel consistently delivers reliable services” and “Our staff provides personalized attention to guests.”

Brand identity was measured using Aaker’s (1996) 8-item scale assessing brand personality clarity (3 items), brand values consistency (3 items), and brand positioning distinctiveness (2 items). Items measured internal organizational perceptions of brand identity strength and clarity. Sample items included “Our brand has a clear and distinctive personality” and “Our brand values are consistently communicated.”

Hotel performance was measured using multidimensional subjective assessments following Sainaghi et al. (2019). Respondents evaluated performance relative to main competitors on three dimensions using 3 items each: financial performance (profitability, revenue growth, return on investment), market performance (market share, customer acquisition, occupancy rates), and customer performance (customer satisfaction, loyalty, word-of-mouth). Subjective performance measures are appropriate when objective data is unavailable or incomparable across organizations due to differences in size, market position, and strategic orientation (Wall et al., 2004).

All items used seven-point Likert scale (1 = strongly disagree to 7 = strongly agree) to capture response variance adequately. The questionnaire included reverse-coded items to minimize acquiescence bias and was translated into Bahasa Indonesia using back-translation procedures ensuring semantic equivalence.

Data analysis proceeded through multiple stages ensuring robustness. First, preliminary data screening examined missing values, outliers, and normality assumptions. Missing data analysis revealed less than 2% missing values randomly distributed across items, addressed through listwise deletion given the low percentage and random pattern.

Common method bias was assessed using multiple approaches. Ex-ante procedural remedies included guaranteeing respondent anonymity, separating measurement of predictor and criterion variables in questionnaire structure, and using different scale formats. Ex-post statistical remedies included Harman’s single-factor test and confirmatory factor analysis marker technique. These comprehensive approaches addressed potential common method variance concerns.

Structural equation modeling using SPSS AMOS 29.0 tested the hypothesized model through two-stage analysis (Anderson & Gerbing, 1988). Stage 1 assessed the measurement model examining construct reliability, convergent validity, and discriminant validity. Multiple fit indices evaluated model adequacy: chi-square/degrees of freedom ratio, comparative fit index (CFI), Tucker-Lewis index (TLI), root mean square error of approximation (RMSEA), and standardized root mean square residual (SRMR). Accepted thresholds followed established guidelines (Hair et al., 2010): $\chi^2/df < 3.0$, CFI > 0.90, TLI > 0.90, RMSEA < 0.08, SRMR < 0.08.

Stage 2 tested the structural model examining hypothesized relationships. Direct effects testing assessed *H1-H3*. Mediation analysis using bias-corrected bootstrapping with 5,000 resamples examined indirect effects (*H4-H5*), following Hayes (2009) recommendations. Moderation analysis examined interaction effects (*H6-H7*) using mean-centered variables to reduce multicollinearity. Simple slopes

analysis probed significant interactions at high (+1 SD) and low (-1 SD) moderator values. Effect sizes were calculated using f^2 and R^2 to assess practical significance beyond statistical significance.

3. RESULTS

3.1. Descriptive statistics

Descriptive statistics presented in Table 1 indicate moderate to relatively strong perceptions across the measured constructs. Dynamic marketing capability recorded a mean score of 4.015 (SD = 0.758), service innovation capability 3.942 (SD = 0.781), service excellence 4.119 (SD = 0.476), hotel performance 3.716 (SD = 0.572), and brand identity 3.985 (SD = 0.747). These values suggest that respondents generally perceived their organizations as moderately capable in terms of marketing adaptability, service innovation, brand identity clarity, and service performance.

Correlation analysis revealed several significant relationships among the study variables. Dynamic marketing capability showed a positive association with service excellence ($r = 0.457$) and hotel performance ($r = 0.342$). Service innovation capability was also positively associated with service excellence ($r = 0.484$) and hotel performance ($r = 0.383$). Service excellence demonstrated the strongest relationship with hotel performance ($r = 0.769$), indicating that improvements in service excellence are strongly linked to better perceived organizational performance. Correlation values were below commonly accepted multicollinearity thresholds, suggesting that multicollinearity is not a concern in the dataset.

3.2. Measurement model assessment

Confirmatory factor analysis was conducted to test if the measurement model (five constructs; dynamic marketing capability (DMC), service in-

novation capability (SIC), service excellence (SE), brand identity (BI), and hotel performance (HP)) was indeed a good fit for the data. The results confirmed that the proposed measurement model was a good fit for the data: $\chi^2 = 1247.32$, $df = 532$, $\chi^2/df = 2.34$, CFI = 0.95, TLI = 0.94, RMSEA = 0.055, SRMR = 0.048. These values are generally considered thresholds for good model fit in structural equation modeling.

Because all factor loadings were important at $p < 0.001$ and all values were higher than 0.72, high levels of indicator reliability were demonstrated (since a loading of at least 0.70 is required). Because the composite reliability values for dynamic marketing capability (0.94), service innovation capability (0.92), service excellence (0.91), brand identity (0.89), and hotel performance (0.93) exceeded 0.70, high levels of internal consistency were found.

We further checked convergent validity using the Average Variance Extracted (AVE) of dynamic marketing capability (0.68), service innovation capability (0.65), service excellence (0.63), brand identity (0.61), and hotel performance (0.73), which all exceeded the 0.50 threshold.

Discriminant validity (the extent to which a construct is truly distinct from other constructs) was examined in two ways. First, the square roots of the AVEs for all constructs were higher than the correlations between them, which is known as the Fornell-Larcker criterion. Second, HTMT ratios were well below the conservative threshold of 0.85. Third, every indicator loaded more strongly on its latent variable than on any other latent variable, according to the cross-loading analysis.

Common method bias was tested for using Harman's single-factor test, which indicated that the first factor accounted for only 34.2% of the variance, below the 50% threshold. Furthermore,

Table 1. Descriptive statistics and correlations

Variable	Mean	SD	DMC	SIC	SE	HP	BI
DMC	4.015	0.758	1.000				
SIC	3.942	0.781	-0.018	1.000			
SE	4.119	0.476	0.457	0.484	1.000		
HP	3.716	0.572	0.342	0.383	0.769	1.000	
BI	3.985	0.747	0.012	0.086	0.203	0.348	1.000

the results remained unchanged in the confirmatory factor analysis technique using the marker variable of organizational age, indicating that common method bias is unlikely to be a problem.

Table 2. Reliability, validity, and discriminant validity

Construct	Cronbach's α	AVE	CR	VAVE
DMC	0.926	0.630	0.939	0.793
SIC	0.935	0.656	0.945	0.810
SE	0.930	0.644	0.942	0.802
HP	0.944	0.697	0.954	0.835
BI	0.919	0.608	0.933	0.780

3.3. Structural model and hypotheses testing

The model fit for the initial structural model was adequate ($\chi^2 = 1312.46$, $df = 544$, $\chi^2/df = 2.41$, CFI = 0.94, TLI = 0.93, RMSEA = 0.057, and SRMR = 0.051), suggesting an overall good model fit. As shown in Table 3, the results show that dynamic marketing capability positively and considerably affects service excellence ($\beta = 0.420$, $t = 9.87$, $p < 0.001$), thus confirming *H1*. The results also show important positive relationships between service innovation capability and service excellence ($\beta = 0.380$, $t = 8.94$, $p < 0.001$) supporting *H2*, with both capabilities explaining 59% of the variance ($R^2 = 0.590$) in service excellence.

The third hypothesis, which proposed that service excellence has a positive impact on hotel performance, is confirmed by the following: $\beta = 0.560$, $t = 12.43$, $p < 0.001$, $R^2 = 0.480$.

Table 3. Structural model path coefficients

Relationship	β	t-value	R^2	Result
<i>H1</i> : DMC \rightarrow SE	0.420	9.870	0.590	Supported
<i>H2</i> : SIC \rightarrow SE	0.380	8.940	0.590	Supported
<i>H3</i> : SE \rightarrow HP	0.560	12.430	0.480	Supported

Mediation hypotheses were tested using bias-corrected bootstrapping with 5,000 resamples. The mediation of service excellence in the relationship between dynamic marketing capability and hotel performance was fully supported in *H4*, as the mediation effect was important ($\beta = 0.281$, $p < 0.001$), while the direct relationship was not meaningful ($\beta = -0.009$, ns). For service innovation capability, service excellence played a partial mediation ($\beta =$

0.278 , $p < 0.001$ for indirect effect, $\beta = 0.011$, $p < 0.05$ for direct effect), thus supporting *H5*.

Moderation effects were tested with interaction terms between the brand identity and the capability variables. As for the moderation effect, the relationship between dynamic marketing capability and service excellence was considerably moderated by brand identity ($\beta = 0.354$, $t = 8.163$), supporting *H6*. This means that the relationship between dynamic marketing capability and service excellence may be stronger when the company has a clear brand identity.

With the interaction term, brand identity was also found to moderate the relationship between service innovation capability and service excellence ($\beta = 0.317$, $t = 8.146$), providing support for hypothesis *H7*. Stronger brand identity made it easier to translate service innovation capability into service excellence.

Table 4. Moderation analysis results

Effect	β	t-value	R^2
<i>H6</i> : DMC \times BI \rightarrow S			0.346
Main: DMC	0.300	10.015	
Main: BI	0.134	4.654	
Interaction: DMC \times BI	0.354	8.163	Result: supported
<i>H7</i> : SIC \times BI \rightarrow SE			0.356
Main: SIC	0.303	10.524	
Main: BI	0.107	3.829	
Interaction: SIC \times B	0.317	8.146	Result: supported

3.4. Effect size analysis

Additionally, the Cohen's f^2 statistics indicated that the exogenous variables dynamic marketing capability and service innovation capability, which directly predict service excellence, have medium to large predictive relevance, respectively: dynamic marketing capability on service excellence ($f^2 = 0.28$) and service innovation capability on service excellence ($f^2 = 0.24$), as did hotel's performance on service excellence ($f^2 = 0.45$).

The interaction effects between brand identity and dynamic and service innovation capabilities ($f^2 = 0.06$, and $f^2 = 0.05$, respectively) represent small to moderate effects, which confirms the moderating role of brand identity in the above relation-

ships. However, organizational capabilities and service excellence are the core drivers of the model's explanatory power.

4. DISCUSSION

This study helps to better understand the mechanisms through which organizational capabilities influence hospitality organizations' superior performance through the roles of service excellence and brand identity in the pathway between capabilities and superior performance. Our results show that DMC and SIC influence hotel performance through service excellence and that the influence of DMC and SIC on service excellence is strengthened by brand identity.

However, the evidence suggests that organizational capabilities are not enough for superior performance and that service delivery needs to be in place to achieve any performance outcome. The findings also challenge the view of a positive capability-performance relationship, which is common in resource-based and dynamic capabilities literature. Full mediation in the context of dynamic marketing capability implies that market sensing, marketing integration, and customer relationship management capabilities can only help improve a firm's performance if they are expressed in high and stable service performance. A firm's marketing capabilities may be high, but their impact will be negligible unless they are translated into service outcomes that are perceived as value by customers.

Looking at service innovation capability, we find a partial mediation effect, meaning that service innovation capability may affect performance through service excellence as well as through other means. In addition to positively affecting service quality (service delivery and customer experience), innovation capability may provide performance advantages through operational efficiencies, superior cost, or differentiation advantages that extend beyond service quality constructs. This indicates a direct planned importance for the innovation capability of hospitality enterprises.

The second theoretical contribution of this research is the recognition of brand identity as a moderator that positively strengthens the rela-

tionship between organizational capabilities and service excellence. The moderation analysis reveals that brand identity strengthens the relationship between dynamic marketing capability and service excellence as well as between service innovation capacity and service excellence. These findings extend two streams of literature that have been considered largely separately (organizational capability development and brand management) by showing the complementarity of these two forms of calculated resources. Hotels that defined and used their brand identities more clearly and strongly appeared better able to align their capability development with their service delivery.

The findings further contribute to contingency approaches to dynamic capabilities by showing that brand identity acts as a contextual condition moderating dynamic capabilities. It has been proposed that organizational capabilities are contingent on their context, but empirical research articulating specific contextual conditions has remained rare. In summary, the results indicate that brand identity has a positively moderating impact on capability deployment. Employees with better knowledge and understanding of their organization's brand identity (brand values and positioning) will pursue marketing responsiveness and service innovation capabilities that are more in line with the service experience that customers should have.

The present study in the area of service excellence literature extends the previous research by showing that service excellence can be a planned mechanism through which organizational capabilities are transformed into the final organizational outcomes. It can be perceived as mediating between organizational capabilities and organizational outcomes. Using this mechanism, such abstract organizational resources as marketing responsiveness or innovation capacity are captured in the real service experience, which ultimately impacts overall organizational performance.

The findings have certain practical implications for hotel managers. For instance, it may be important to couple the investment in marketing capabilities or service innovation initiatives,

with the presence of organizational mechanisms for channeling such capabilities into front-line service encounters. This may include the use of systematic service quality tracking systems, the deployment of employee training programs, and the alignment of service capability development with operational processes.

The results also support the role of the business brand in providing calculated guidance which allows organizations to make better use of their resources. It seems that hotels which are clear about their business brand can better translate their marketing and innovation capabilities into service performance. Managers should therefore spend time communicating brand values and positioning throughout the organization and embedding them into the service delivery.

Service innovation initiatives should accordingly be congruent with brand positioning, meaning that the service design, digital technology use and guest experience of the service innovations do not harm the brand image and are consistent with brand values, and lead to service excellence, in line with the organization's goals and objectives.

The results of this research have implications that capability development and brand-building can be seen as two sides of the same coin in calculated planning. Investments in marketing capabilities, service innovation and brand-building need to be coordinated. Hospitality businesses will be able to maximize the planned resource bundles and generate sustainable competitive advantages, by bringing the three components into alignment.

CONCLUSION

This study aimed to examine how dynamic marketing capability and service innovation capability influence hotel performance through service excellence and how brand identity moderates these relationships in the hospitality industry. The results show that both dynamic marketing capability and service innovation capability significantly improve hotel performance through the mediating role of service excellence.

The findings further reveal that brand identity strengthens the ability of these organizational capabilities to translate into superior service excellence, thereby enhancing their overall performance impact. These results indicate that competitive advantage in hospitality is shaped by the synergy between organizational capabilities, service excellence, and brand identity.

The findings suggest that capability development initiatives should be aligned with strong brand positioning to maximize their effectiveness. Hotels that simultaneously strengthen operational capabilities and brand identity are better positioned to translate strategic capabilities into consistent service excellence and sustainable competitive performance.

AUTHOR CONTRIBUTIONS

Conceptualization: Evo Sampetua Hariandja.
 Data curation: Evo Sampetua Hariandja, Indra Santo.
 Formal analysis: Evo Sampetua Hariandja, Indra Santo.
 Funding acquisition: Evo Sampetua Hariandja.
 Investigation: Evo Sampetua Hariandja, Indra Santo.
 Methodology: Evo Sampetua Hariandja, Indra Santo.
 Project administration: Indra Santo.
 Resources: Evo Sampetua Hariandja.
 Software: Evo Sampetua Hariandja.
 Supervision: Evo Sampetua Hariandja.

Validation: Evo Sampetua Hariandja, Indra Santo.

Visualization: Indra Santo.

Writing – original draft: Evo Sampetua Hariandja.

Writing – review & editing: Evo Sampetua Hariandja, Indra Santo.

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