

Toward the development of dynamic innovation capabilities in a hospitality industry: A case study in glamping service provider

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Abstract

This research aims to identify the elements of dynamic innovation capabilities for glamping, with the goal of overcoming challenges in producing service designs aligned with customer preferences. The parties involved in glamping service design are also difficult to identify, hindering the optimal product development process. This study employs a qualitative case study approach to explore how glamping operators respond to changes in consumer preferences. Data collection was conducted using various techniques – i.e., interviews, observations, and focus group discussions – to maintain validity, and a series of case study protocols were prepared to ensure reliability. The findings indicate that the case study firm must continuously acquire tangible and intangible resources to pursue innovation. Notably, innovation is a moving target that requires constant changes. Resources will determine organizational capabilities, which subsequently govern the feasible strategic options. Firms may have various strategic choices for pursuing innovation, but success is determined by their capabilities. In other words, capabilities constraint for strategy execution. As this research is exploratory and conducted within a single company, it has limited generalizability. Future research could follow up by testing the findings through surveys.

Introduction

Glamping, a term coined from the combination of “glamorous” and “camping,” refers to an outdoor experience that integrates luxury and nature. Although the term “glamping” was first introduced in 2007, its roots can be traced back over a thousand years (Hub, 2019). Glamping can be seen as a relatively new industry in the history of travel and hospitality. Although the concept has been around for some time, its popularity as a significant accommodation choice in the travel industry began to rise in the early 21st century.

Glamping is considered an eco-friendly innovation as it consumes less energy compared to conventional hospitality firms, utilizes simpler and more environmentally friendly physical facilities, and offers service delivery processes that are more integrated with nature (Al-Romeedy & Khairy, 2024). In developing countries, glamping is often categorized as small- and medium-scale businesses that are typically owner-operated. Employees are often family members or individuals living in close proximity to the location. Under such circumstances, the role of the owner and family members becomes significant. Consequently, the innovative capability of glamping businesses heavily depends on the owner or family members (Burton & Dickinger, 2025). The ability of organizational leaders to acquire knowledge determines a firm’s capacity for innovation (Edgar et al., 2024).

Learning from other glamping businesses or adapting innovations from the broader hospitality industry can also foster innovation. These adaptation processes require learning capabilities (Pande & Pande, 2024). Given its integration with nature, glamping is categorized as an innovation within eco-friendly hospitality (Al-Romeedy & Khairy, 2024). Most eco-friendly activities associated with glamping are conducted outdoors, which has been shown to enhance business resilience during the COVID-19 pandemic (Prayag et al., 2024). This study highlights the pivotal role of leadership and learning in driving innovation within the glamping sector, particularly in developing regions, and underscores its potential as a sustainable and resilient business model in the hospitality industry.

Initially, glamping might have started as an alternative for those who wanted to enjoy the outdoors with modern comfort and facilities. Over the past few years, the glamping industry has experienced rapid growth, with many operators and destinations adopting this concept (Brochado & Brochado, 2019). Glamping, as part of the hospitality industry, has made a significant contribution to the national economy (Waluyo, 2019). Innovation has been mentioned in many literatures as a driver for organizational growth and performance (Cucculelli et al., 2014) but there is limited research on how it is applied in the hospitality industry (hospitality industry). Scholars suggest that innovation capability might actually be considered a dynamic capability, emphasizing that innovation is not a standalone factor but is interconnected with other dynamic capabilities (Breznik & Hisrich, 2014).

Although the connection between innovation capability and dynamic capability has been discussed in the literature (Breznik & Hisrich, 2014), it is still unclear how dynamic innovation capability is developed for glamping services, and the practices of innovation applied by service providers are still not well-studied (Kelliher et al., 2018). The need for innovation research on this glamping topic becomes increasingly urgent when using a dynamic capability perspective. Dynamic capabilities are path-dependent, meaning there is no best practice, and their application depends on various factors, including the type of industry (Teece, 2007).

A systematic literature review conducted by the researcher shows that there is no dominant researcher on the topic of glamping, no clear trend towards a specific topic, no pioneering organization, and the themes discussed are still relatively scattered (Kumar & Ahmed, 2023). From the analysis side, most analyses focus on the design of glamping products, such as the attributes that make glamping appealing and the enjoyable experience of enjoying outdoor accommodations (Brochado & Brochado, 2019). Meanwhile, analyses from the organizational and strategic perspective have not been conducted. The strategic issue to be discussed in this research is: How do organizations create capabilities for innovative services in glamping providers?

Literature Review

As the glamping industry continues to evolve, understanding the dynamic relationship between service providers and customers has become increasingly crucial. This section explores how glamping service providers can effectively conduct co-value creation with their customers, leveraging the principles of service-dominant logic and insights from recent research.

Innovation capability is defined as “the ability to continuously transform knowledge and ideas into new products, processes, and systems for the benefit of the firm and its stakeholders” (Lawson & Samson, 2001). This concept extends beyond merely transforming knowledge into new products or processes offering value to stakeholders. It also involves striking a balance between innovation and efficiency, as well as growth and control (Lawson & Samson, 2001). The majority of service innovations do not emerge from isolated laboratory settings but rather from unmet customer needs or potential customers who translate technology into services (Den Hertog, 2000). Having a role of intelligence to interpret environmental changes is a key factor for the success of innovators (Teece, 2007), and the same expertise is also necessary for service innovation (Den Hertog et al., 2010). However, the question remains: “What types of dynamic capabilities linked to specific dimensions of service innovation are needed to foster service innovation?” (Den Hertog, 2000).

Dynamic Capability

Previous research, both explicitly and implicitly, has viewed companies as autonomous entities seeking competitive advantage from their internal or external resources (Gulati et al., 2000). Most studies have focused on companies and their resources as the primary mechanisms driving innovation (Barney, 1991). Research and development, mainline investment programs, and organizational systems all contribute to the flow of new information.

However, the rapid pace of technological change has led companies to struggle to maintain their capabilities across all relevant technical and market fields. This has prompted increased research on how companies develop exchange relationships with units and individuals beyond traditional organizational boundaries (Lawson & Samson, 2001). Customer, supplier, competitor, and non-market participant networks are primary sources of innovation. These parties have the potential to become partners, enabling companies to form business models. It is crucial to note that these business models can transcend organizational boundaries, with multiple models existing within a single company (Teece, 2007). Dynamic capabilities play a crucial role in driving companies to innovate business models by providing flexibility for companies to configure internal resources and knowledge with their ecosystem (Teece, 2018).

Dynamic Capability and Innovation Capability

Dynamic capability and innovation capability are two distinct yet interconnected concepts. The literature defines dynamic capability as “a subset of the competencies/capabilities which allow the firm to create new products and processes and respond to changing market circumstances” (Teece & Pisano, 1994). Dynamic capabilities emphasize the firm’s ability to manage and combine resources in a way that is difficult to imitate across all functions, including R&D, product development, manufacturing, human resources, and organizational learning (Lawson & Samson, 2001).

Although dynamic capabilities have been widely applied to create innovation within organizations, this theory has several limitations. Firstly, it has been challenging to identify or identify the most significant contributors to effective performance, particularly in companies with abundant resources, whether it is individual or collective efforts (Teece & Pisano, 1994). Secondly, the failure of a company is often caused by the absence of certain capabilities. Additionally, many resources are complementary, so what is crucial is how the system is formed from these resources rather than the existence of individual components (Teece & Pisano, 1994). Without understanding the specific activities underlying capabilities, replicating studies and developing knowledge in this area becomes difficult (Helfat & Peteraf, 2015).

Innovation can be viewed as a competitive advantage that is essential for organizations today. However, innovation is considered a necessary but not sufficient condition because innovation must be combined with quality, efficiency, speed, and flexibility. Innovation can help companies play a dominant role in shaping their future industry. High-performing companies in innovation are able to execute various capabilities effectively and consistently introduce high-quality products to the market faster, more frequently, and at lower costs compared to competitors (Lawson & Samson, 2001).

Dynamic Service Innovation Capability

Understanding dynamic service innovation capabilities requires clarification of the fundamental design concept of glamping products. Glamping is designed to allow customers to enjoy the functional aspects of camping while minimizing the undesirable elements of camping (Kumar & Ahmed, 2023). Specifically, the design of glamping products has not been extensively studied in research and will be one of the topics of discussion in this study. To address the limited knowledge of glamping product design, this study will utilize relevant knowledge from the hospitality industry, tourism, or lodging hotels, which share characteristics with glamping.

Literature defines organizational capability as “the capability of an organization to perform a coordinated set of tasks utilizing organizational resources for the purpose of achieving a particular end result” (Helfat & Peteraf, 2003). Operational capabilities, or basic capabilities that are routine and

daily, include tasks such as recruiting employees, positioning the company in the market, determining business strategy, marketing products or services, producing products or services, delivering them to customers, and sending invoices, all of which are necessary for survival in business.

On the other hand, researchers have explained these basic capabilities as “how we earn a living now capabilities” (Winter, 2003). They differentiate these capabilities from high-level dynamic capabilities, which they define as “the capability of an organization to perform a coordinated set of tasks utilizing organizational resources for the purpose of achieving a particular end result” (Winter, 2003, p. 992). By borrowing concepts from the general hospitality industry and dynamic capabilities known generically and not specific to the service industry, we will formulate the concept of dynamic service capabilities.

The essence of dynamic capabilities is the ability of a company to continuously adapt, reconfigure, and innovate in response to environmental changes. Following the fundamental concept of dynamic capabilities in literature (Teece, 2007), dynamic service innovation is defined as high-level service innovation capabilities that are difficult to transfer and replicate, owned by a company to develop, reconfigure, integrate, and reconfigure existing or new operational resources and capabilities. This is necessary for a company to successfully offer new experiences or solutions to existing or potential customers, thereby quickly adapting to external changes. These dynamic service innovation capabilities are aligned with company strategy, market dynamics, and company history.

Research Methods

Single Case Study

This study employs a qualitative case study method. Using this approach, researchers aim not only to answer the question “what” but also “why” and “how.” Due to the complexity of these questions, the case study method is the most suitable (Yin, 2011). Case studies can be applied to various research objectives. Among these objectives, the development of theory is the primary goal of this study (Voss et al., 2002; Yin, 2014). The components of theory can be broken down into four components as outlined in the literature: “definitions of terms or variables, a domain regarding the exact setting in which the theory can be applied, a set of relationships and specific predictions” (Wacker, 1998). The advantages of case studies in theory development include the ability to clarify phenomena with potential multiple interpretations and avoid uncertainty in explaining constructs (Dyer & Wilkins, 1991). In theory development, researchers should conduct iterative observations and clarifications to not only verify existing literature but also to identify anomalies between existing theory and real-world practice (Eisenhardt, 1989; Whetten, 1989; Christensen & Sundahl, 2001). The theory development process occurs through a “dialog” between the data collected and the developing theory, which is then compared with the existing literature (Eisenhardt & Graebner, 2007).

The Case Study Firm

This study employs Upaakasa, a glamping service provider located in Sleman. The selection of a subject in this research is determined by the contribution that the subject will provide to the development of theory and knowledge (Wilson & Vlosky, 1997). In addition to this reason, the selection of subjects in a case study is not the same as the selection of samples in quantitative methods, which are typically used to test hypotheses. The primary consideration for selecting subjects in a qualitative case study is based on the potential contribution of knowledge from the selected subjects (Eisenhardt & Graebner, 2007). Large random sampling, commonly used in quantitative research, is not relevant for application in this study due to the uniqueness of the problems analyzed and the difficulty (if not impossible) of meeting the required sample size in large numbers.

Data Collection and Analysis

Data were collected through a class presentation conducted by the company’s communication department to obtain a brief overview of the company. More specific and detailed data were

obtained through semi-structured interviews, secondary data analysis (company documents, archives, and reports), and field observations.

This study involved 14 informants, including the owner, a middle manager, four administrative staff members, three members of the creative team, and five customers. The diverse composition of informants enabled triangulation, ensuring the validity of the findings. Interviews with these informants began with general questions and gradually narrowed down to topics related to dynamic capabilities, such as resources, learning capabilities, innovation capabilities, as well as sensing, seizing, and performing. This approach enables researchers to comprehensively explore the key concepts in the study. Communication and follow-up via email and phone will be conducted if there is any unclear information that requires clarification.

In general, this study will employ coding and counting of field data based on existing literature and subsequently perform pattern searching using the mapping technique. In this study, data will be systematically organized and visually presented across various sources to ensure consistency and reliability (Miles et al., 2018). The outcome of this stage is a graphical or tabular text that facilitates the observation of emerging patterns. From the emergence of these patterns or unique structures, data simplification is performed. Data reorganization and aggregation are conducted by identifying the dominant trends and themes among the entire data set.

We employed content analysis to categorize data through three stages: free coding, selective coding, and axial coding (Corbin & Strauss, 2014). The initial stage, free coding, involves a thorough and unrestricted reading and analysis of the text aimed at identifying emerging themes and concepts. In the second stage, selective coding, a more specific analysis is conducted by selecting the most relevant and significant themes and concepts. The final stage, axial coding, involves integrating the selected themes and concepts to form a broader and more comprehensive theoretical structure.

Validity and Reliability Assurance

To assure the reliability and validity, triangulation is necessary (Yin, 2014). Triangulation is conducted using two methods. First, data source triangulation is performed by comparing data from different sources and attempting to find consistency among these diverse sources. If inconsistencies are found, follow-up contact is made with the informants until consensus is achieved. Second, data form triangulation is performed by comparing different types of data collected from sources. For instance, data obtained through interviews are compared with data from company reports or documents.

Results and Discussion

The Profile of the Case Study Firm

Upaakasa Glamping is a luxurious glamping resort situated in Kadilobo, Purwobinangun, Sleman, Yogyakarta. This resort offers a luxurious camping experience with modern facilities and a serene natural environment. Upaakasa Glamping combines modern accommodation with a natural setting by utilizing facilities similar to those of a luxury hotel, such as lighting, digital entertainment, and mobile applications. The resort is equipped with comprehensive facilities, including medical supplies, first aid kits, and portable oxygen tanks, in case of any health emergencies.

Upaakasa Glamping is a family business initially founded by family members residing in Europe. After its successful establishment, the resort was operated by family members residing in Yogyakarta. The resort has a maximum capacity of 50 people in the main glamping area and can accommodate up to 100 people with additional dome tents if needed. The resort maintains good relations with the local community, located only 300 meters from the nearby residential area. Additionally, the management collaborates with local law enforcement and government agencies in running its business, which began in 2020. Prior to this, the owner of Upaakasa Glamping started an outbound business in 2006 but later decided to open a glamping resort to meet the demand for comfortable and luxurious camping accommodations. With the philosophy “Upaakasa,” meaning “under the sky” in Sanskrit, the resort promises an extraordinary camping experience for its guests.

Resource Acquisition

Local resource utilization and sustainability

Upaakasa engages in *collaborations with local businesses and communities to enhance customer experiences*. This includes working with local artisans, craftsmen, and food and beverage providers. One staff member described the approach as follows:

“We use local products for our meals and work with local women’s groups to prepare them. So, we focus on the people around us, and our guests can feel satisfied if they can provide opportunities for local residents to work at our location.”

The company *incorporates local culture and sustainability practices into its offerings*. Upaakasa uses recycled materials to construct its glamping structures, making it more environmentally friendly compared to using new materials.

“We collaborate with local cultural activities, such as traditional dances, gamelan, and wayang. Sometimes, we work with students from the Indonesian Institute of Arts who need a venue for their performances. We provide meals and they receive credits from their instructors after the performance at our location.”

Some customers prefer to sleep under the stars and near a campfire, accompanied by the sounds of crickets or cicadas throughout the night. This type of customer preference supports environmentally friendly activities around the glamping site.

Local resources are utilized to create unique and authentic glamping experiences. Additionally, service providers collaborate with local tour guides who are familiar with the local environment. Most tour guides were born and raised in the local area, understanding the conditions of the nearby volcano where the glamping venue is located. The glamping management often collaborates with outbound training providers. Outbound training customers are usually industrial groups that come together. They sometimes stay overnight as part of their outbound training during the evening hours.

Exploiting local partners

Collaboration with local businesses that provide natural resources for constructing the accommodations. All materials used for building the facilities originate from the surrounding environment – i.e., the nearby forest. Additionally, *local talent reinforces the promotion of local heritage* through showcasing local history and cultural heritage.

“For instance, we also have a cultural heritage that we offer. The Trowulan Monument, established by the Dutch, is one of our cultural assets that can be sold to the general public. There is also the residence of Sayuti Melik, the author of the proclamation script. It is located 300 meters from our glamping location. We also offer this to out-of-town guests.”

From this description, customers not only enjoy the physical facilities but also the story behind the facilities. This approach emphasizes the integration of local culture and natural resources into the glamping experience, enhancing the overall authenticity and sustainability of the resort. By showcasing local history and heritage, the resort not only promotes cultural preservation but also provides a unique and enriching experience for its guests.

Training and development

The case study firm does not extensively *engage in training and development aimed at creating service excellence* for customers. Instead, they are enthusiasts of nature and camping, naturally developing skills in survival and emergency care. The *training they receive is related to digital technology, product design, or digital design*, all targeted at marketing and communication with customers.

As an industry service business, glamping customers require customized service design. Therefore, *cultivating empathy among staff to anticipate and fulfill customer needs* is crucial. For instance, there are customers who only want to enjoy glamping for the thrill of nature, entertainment, or to appreciate the natural beauty. Each of these options has a different emphasis. Similarly, family,

teenage, or industrial customers who come in groups have different preferences in enjoying glamping, as stated below:

“Special training is only for glamping staff who are also involved in outbound activities. This is because there are guests who want a package with an outbound. So, the staff involved in outbound are the ones trained.”

“We sometimes receive training from travel agents. They provide training to maintain their reputation as well. In the past, there were two people trained, and then those two people taught their friends. For example, about folding blankets or something similar.”

This approach highlights the importance of staff training and development in providing customized service excellence to meet the diverse needs of glamping customers. By understanding the unique preferences and requirements of each customer segment, the glamping business can tailor its services to ensure a memorable and enjoyable experience for all guests.

Technological enhancements

The firm collaborates with a technology vendor to streamline booking and customer interaction processes. The company partners with travelxism.com, a startup specializing in ecotourism-oriented accommodation booking. Through this partnership, the potential of the case study firm can be exposed to the outside world; thus, the partnership aims not only to acquire customers but also to enhance the firm’s reputation.

“I select customers. Not just any customers. If there are only two young couples, we won’t accept them. It will ruin our business image. Most likely they are not our target market” (Owner).

All questions related to service, uniqueness, and experience from the case study firm can be responded to with excellence by travelxism.com. In addition to collaborating with travelxism.com, several staff members are assigned to stand by to respond to customer inquiries. There are a number of staff designated to provide real-time feedback and communication.

Capabilities

Agility in business processes

The case company endeavors to adapt the glamping theme to the current trends in a flexible manner. Regular themes that emerge include New Year’s, Ramadan, Independence Day, or birthday celebrations from industrial customers, which color the glamping theme. Utilizing social media assistance during the ideation process, *the glamping theme prototyping process is conducted quickly, with iterative feedback from customers*, as described below:

“To ensure business continuity, we have a creative team. Our teams are young people. Sometimes I take young people from active students. They often provide input. Content on Instagram also comes from students; but now, many are also from our village, local residents.”

This finding demonstrates that the use of social media and involving local residents in the ideation process, the case company can create a memorable experience to diverse customer preferences.

Resource configuration

The organization operates a semi-project-based organization that frequently receives orders from industrial customers with specific requests. This condition makes it easier to reorganize organizational resources to accommodate the varying needs of customers, as described by an informant below:

“Our creative team does not have to work full-time, but we have a monthly meeting, or sometimes we meet only when necessary, or during events.”

This condition requires the organization to *reconfigure its resources to support specific innovative projects*. For example, the organization received a request to combine glamping with lava tours into a single package.

“We also collaborate with lava tour vendors to provide jeeps. If the jeep is fully booked, we have to wait in line. Booking a jeep requires waiting in line. Sometimes the schedule is delayed because the jeep is fully booked.”

In such cases, the *organization must combine resources with external parties*, as lava tours require different resources than glamping. This combination of resources with external parties allows the company to be flexible in response to market demands without being burdened by fixed costs. By leveraging external resources and partnerships, the organization can create innovative and customized solutions that cater to diverse customer preferences and demands.

Continuous improvement processes

Lessons can always be learned from guests who visit. The company *develops feedback loops for service improvement*. By leveraging social media and external feedback, the company can refine its services to better meet the diverse needs and preferences of its customers. One of the most frequently used methods is to examine ratings on Google reviews or comments from social media accounts managed by Upaakasa. Comments often received by Upaakasa are presented by the source as follows:

“A low rating is just a minor issue. The grass is bad. The grass is high. And don’t be surprised, because we are surrounded by nature.”

Ideally, this quality improvement mechanism should be conducted internally. However, considering the difficulty of predicting the appropriate definition of service quality according to customer preferences, given the high variability of their desires, external parties must be involved. With this consideration, *the company regularly updates and refines its services*. This updating activity includes updating glamping facilities, replacing glamping tents with new models, and updating new outdoor relaxation area facilities.

Leadership and strategic vision

The innovation strategy desired by the owner is explicitly communicated to employees and customers in a transparent manner. This desire is not only verbally expressed but also demonstrated through behavior and personality. The owner *strives to create clear communication of innovation strategy*, as stated below:

“The first thing is to be honest with oneself, with clients, with family, and with the community. Then, the second thing is to be tidy, with accurate financial reports; separate personal finances from business finances with discipline. Do not be reckless.”

“The first tip from us in running a business: the goal is right. We use capital correctly, obtain it correctly, and utilize it correctly. There is personal capital. Try not to borrow from others. You must listen to your heart. Be honest to yourself. If someone else is willing to help but it doesn’t feel right, do not accept it.”

In terms of equipment and infrastructure, the costs incurred are not excessively high. In fact, they are still much higher than those in the conventional hotel industry. However, in the glamping business, what is expensive is the originality of the idea, as it is what will provide uniqueness for customers. This includes being bold *in creative support for capability development*, as described below:

“My dream is to benefit the community around us. Because, praise be to God, since 2006, we have established this outbound, and it turns out that our village has become bustling, with Karang Asri, Banyu Sumilir, and Shabaoutbond, and that is when our village’s income from such endeavors does not separate from 3 billion. That is why there are always guests.”

Innovation is vulnerable to deviation from goals. Many companies sacrifice idealism for efficiency, and that is what happened to Upaakasa, but then it returned to its original business goal. In other words, the *company strives to achieve strategic alignment of innovation efforts with business goals*, as stated by the informant:

“We used a caravan from Bandung, which was already damaged after two years. Because it had to be disassembled after use. Finally, after trying, we made it ourselves, and we use the current one. The design is also more suitable for what I imagined, and the atmosphere we want to create in the glamping area.”

By leveraging creative support and originality, the company can create unique and memorable experiences for its customers while maintaining strategic alignment with its business goals.

Strategies

Service customization

Glamping managers must *be flexible to offer personalized itineraries*. Each customer has unique preferences and expectations. *Personalized itineraries enable glamping services to be tailored to the individual desires* of each guest. Offering personalized itineraries and customizable accommodation options, glamping managers can cater to diverse customer preferences and create unique experiences that differentiate their business from competitors.

“For instance, I remember a group of 10-12 students, but they ended up being 15. [The facilities] can only accommodate 50-60 people. If it’s 100 people, but the caravan can only fit 50, the rest can use dome tents, and we can continue [if the customer wants].”

“The creative team is always learning. Facilities don’t need to change, just add a few things here and there.”

There are customers who prefer tranquility, while others come for social interaction or to challenge themselves in nature. For this reason, glamping managers are required to provide customizable accommodation options. This service allows Upaakasa to *fulfill special customer requests and differentiate itself from competitors*, as stated by the informant:

“My design [idea] is my own, [from] Europe. I’ve got a sibling who works in Europe, and photos are sent to me [for facility design inspiration].”

Customer interaction and feedback integration

Upaakasa implements *a systematic collection and integration of customer feedback*. Responding to feedback quickly and proactively can enhance overall customer satisfaction and build long-term brand loyalty. This feedback does not only come from customers but also from stakeholders surrounding the glamping venue, as stated by the informant:

“Recently, I received a complaint from the local community. It was because my guests were too noisy during the party until late at night. Then, I talked to the villagers nicely, and I met with my guests, and you must provide compensation. Not from my own money.”

Upaakasa applies *active customer engagement in co-creating experiences* by involving customers in designing glamping experiences. Upaakasa invites guests to share their preferences for entertainment or special events they want to experience and provides a space or digital platform for sharing ideas and experiences with other guests or the management team. Here is an example of co-creating experience implementation at Upaakasa:

“Whatever they need, and we can still meet it, we try to have it. We are not like a hotel, but we have a sense of family so they feel comfortable at our place”

“Smiling greetings are applied at our location. Our colleagues who work here are focused on three things”.

Undoubtedly, social media is a convenient and efficient means for Upaakasa to interact with customers. This simple *technology plays a significant role in continuous interaction and improvement*, as explained below:

“I have been relying on social media. It is handled by the creative team. It is managed by young people who are in charge. Conveniently, I also have an outbond location that is managed by them. There are young people, including university students and vocational students, who manage our social media.”

Thus, involving customers in the design of their experiences and providing a platform for sharing ideas and feedback enable Upaakasa to create a sense of community and belonging among its guests, leading to increased satisfaction and loyalty.

Technology for winning the market

Upaakasa *develops technological partnerships to enhance thee firm’s reputation* with Travelxism.com. Travelxism.com not only increases the number of customers but also enhances the firm reputation. The firm decided to refrain from using application booking platforms with consideration for maintaining service quality by targeting a more specific segment. By communicating directly through WhatsApp, *the firm can assess whether the potential customer is suitable or not for the glamping concept offered*, as explained:

“However, do not forget the main thing, Google. We do not need to look anywhere; people can find it directly now. What is important is to utilize the existing potential, then utilize the potential of each region. Then, the resources available around.”

The firm analyzes digital feedback available on social media accounts. Additionally, the manager conducts an analysis of the social media accounts owned by competitors. Positive and negative points from the company’s and competitors’ social media accounts are used as feedback for redesigning glamping. Through utilizing social media and direct communication channels, the company can effectively assess customer suitability and provide tailored services to meet their needs.

Innovation

Customer engagement

Customers are directly involved in co-creation activities by designing services tailored to their own preferences. This approach results in more unique and customized services from the customer’s perspective while being more efficient from Upaakasa’s perspective, as explained below:

“We don’t prepare anything. We only prepare electricity and clean water. If they ask for various things, we can provide them, but we rent it.”

“Like tomorrow afternoon, students want to do voluntary works, my budget is only 1 million, so go ahead. I’m not a problem at all, go ahead. But other things will be prepared separately, yes.”

Upaakasa engages in intense communication with potential customers even before they arrive at the venue. *Direct communication with guests before arrival* is done to form emotional connections with customers. The impression of service is formed even before the customer arrives.

“Usually, banks request a complete package. Up to pickup at the station or airport, our bus is also ready. Although it’s not mine [army], but it’s a collaboration with other parties. Just prepare the tour leader”

Engagement in social media platforms becomes the company’s anchor for involving itself in customer communities. Simple tips, as explained below, have proven to be efficient:

“Continuous communication with guests who have stayed, it’s now easy to do. If there are guests, I save their numbers. Sometimes they make a status or something on Instagram, Facebook, or WhatsApp. We from me, my team, or my family respond with ‘stay healthy madam’ to keep them always remembering us.”

Truly understanding the concept that innovation is a target that continues to move, Upaakasa *applies continuous improvement based on customer feedback*, as explained below:

“If [you are being] criticized, don’t get angry. It’s actually for our good. Like the words in a restaurant, if bad, tell us, if good, tell friends. Don’t feel proud, we can live because of customer criticism”

In short, engaging in direct communication and social media platforms has enabled Upaakasa to create emotional connections with customers and provide tailored services that meet their needs.

Experience co-creation and design

Upaakasa recognizes that collaborative designing experiences with customer input are crucial in offering outdoor adventure experiences. By *combining creative ideas from guests with internal team expertise*, the manager can design unique customer experiences. Upaakasa attempts to *foster an environment of co-creation during service delivery* so that the glamping experience becomes more attractive. Several tips are implemented to achieve this:

“There is a creative team that backs up. Every year, we always do something new, the ideas from the creative team must always be new. Maybe the event, the offer that needs to be updated.”

“The idea from the creative team. They often go on trips. Or look at social media or YouTube”

In summary, Upaakasa enhances the glamping experience and creates memorable moments for its customers by leveraging social media and other digital platforms.

Customized service design

Upaakasa is developing *personalized special requests and flexibility in accommodating custom itineraries*. Upaakasa listens to the desires of guests, starting from dietary preferences to special activities they want to do. Here are examples of customized itineraries applied by Upaakasa:

“Since we are a local tour service, we collaborate with many parties at our location. We collaborate with lava tours available in Cangkringan. That also becomes a package with us. There are also horse-drawn carriages, river rafting, and rafting in Magelang, just choose which one to use.”

Similarly, in terms of pricing, Upaakasa *strives to apply tailored pricing strategies* as follows:

“If it’s about pricing, I’m not too [strict] about it. If I’m in a good mood, I’ll give it. Sometimes I ask: ‘What is the budget?’”

These findings demonstrate that Upaakasa can create memorable experiences for its guests by paying attention to customer preferences and offering tailored solutions.

Human capital development for innovation

Upaakasa implements *ongoing staff training programs focused on customer interaction*, as they are a crucial part of the moment of truth in the glamping industry. *The training program is designed to encourage continuous learning to enhance customer service quality*. Here is a description of the staff development:

“My team consists of 4 to 5 people, including one with a disability. And we indeed provide opportunities for him to grow. He doesn’t have any issues with people, he has limitations in communication ability only. But he is friendly, creative, diligent, and guests even appreciate his persistence in communicating.”

This finding suggests that Upaakasa creates a more inclusive and diverse work environment that enhances customer service quality. An example of this is employing staff staff with disabilities to grow and develop as described above.

Having employed content analysis, the summary of the findings is presented in Figure 1.

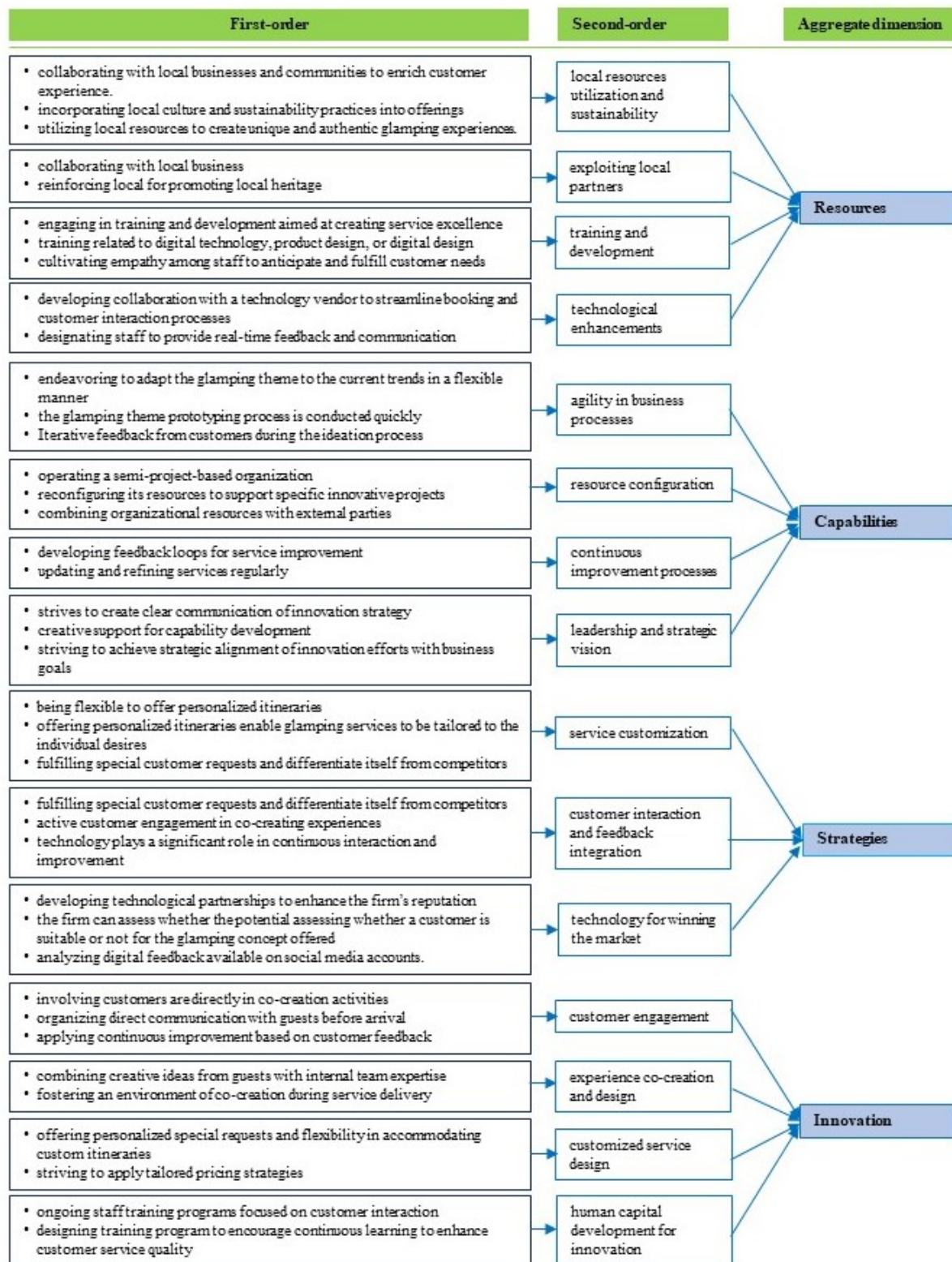


Figure 1. Data Structure

Discussion

Enfolding with literature

Upaakasa, as a glamping service provider, requires different resources compared to general accommodation providers. Although the equipment and furniture needed are not as extensive as those typically found in hotels, glamping requires a location with suitable natural conditions, a larger area, and proper maintenance of environmental facilities. The interaction between resources, organizational capabilities, strategies, and innovation is presented in Figure 2 below.



Figure 2. Mechanism of Developing Dynamic Service Innovation

Acquiring resources includes the ability to identify weak signals and think creatively outside the box to identify changes. This attitude is the ability to demonstrate intelligence regarding business environment development or sensitivity to the concept of dynamic capabilities (Den Hertog et al., 2010; Day & Schoemaker, 2016). This action is translated into operational activities such as regular market research with glamping customers to understand their preferences. Additionally, the company conducts analysis of recent developments through social media, YouTube, or benchmarking with competitors or companies in other industries considered innovative.

After successfully capturing these signals, the company strives to obtain resources. Often, the company emphasizes tangible resources, although intangible resources contribute more significantly compared to tangible ones (Kamasak, 2017). External knowledge acquisition helps the company to identify market opportunities and increase the intensity of internal R&D activities. As a result, the company's basic knowledge also experiences updates or is structured with a new configuration (Li & Gao, 2023).

Upaakasa utilizes various forms of external resource acquisition to create co-value creation with partners. Thus, this external resource acquisition creates new capabilities for the company to create capabilities for co-value creation and service innovation. From the figure above, it can be understood that organizational capabilities are determined by resources. Meanwhile, the company cannot execute all of its strategic options due to limitations in capabilities (Pisano, 2017). These capabilities can be formed if the resources owned are configured correctly; the same resources can form different capabilities depending on the configuration formed (Badrinarayanan et al., 2018). However, other research finds that capabilities are essential skills required to develop tangible and intangible resources. Therefore, in this context, the relationship between resources and capabilities is reciprocal (Kamasak, 2017). Although this research supports the first opinion that resources determine the capabilities that can be formed by a company, as stated by several previous literature (Pisano, 2017; Linden & Teece, 2018).

Upaakasa places innovation capabilities at the core of the organization. The company places innovation at the core of its business as part of the process of creating experiences for customers, along with "fanatical devotion to customer needs and preferences" (Lawson & Samson, 2001). Upaakasa, as an innovative service provider, is highly dependent on actual and potential users for co-developing and co-producing new service propositions. Therefore, the ability to detect customer needs and then make them partners in the process of co-developing and co-producing becomes the first priority. Because innovative services combine customer needs with those proposed by the company, the company's task is to delve into new service configurations valued by customers.

In the glamping industry, there is a shared process in the creation of experiences between Upaakasa as a service provider and customers. Additionally, the experience provided by Upaakasa tends to be a combination of various service items, with no single service dominating. Between one customer and another, they want different experiences, so the service configurations provided also vary.

At Upaakasa, the notion of value co-creation is central to the service-dominant logic, which emphasizes the collaborative nature of value creation between providers and customers (Cabiddu et al., 2013). In the context of glamping, this perspective suggests that the value experienced by customers is not solely determined by the service provider, but rather emerges through the interaction and integration of resources between the two parties.

Conclusion

This study aims to identify the main stages in the creation of dynamic service innovation. Our empirical findings demonstrate that there are four main elements of dynamic service innovation: resources, capabilities, strategies, and innovation. Innovation is often viewed as how an

organization provides solutions to the problems faced by customers (den Hertog, 2010). More than that, in this study, innovation is defined as how a company helps customers define the solutions that are actually desired by customers. With creative ideas possessed by the Upaakasa team, customers are invited to co-create unique experiences. This is done because sometimes customer desires are not clearly defined, and this is where the role of Upaakasa as a service provider comes in. Since the definition of dynamic service innovation is constantly evolving, dynamic interaction between the elements of dynamic service innovation is required. The company cannot develop these four elements linearly but must do so interactively. Therefore, the company must iteratively evaluate the acquisition of resources, the development of capabilities, and organizational strategy to create innovation.

This study was conducted using a single company case study. A single-subject case study allows researchers to observe in detail and deeply, albeit at the expense of limiting its generalizability. Future research can analyze the results of this study using a survey method, thereby reaching more companies and improving its generalizability.

This approach highlights the importance of dynamic service innovation in the glamping industry. By identifying the main stages and elements of dynamic service innovation, this study provides insights into the creation of unique experiences for customers. The iterative evaluation of resources, capabilities, and strategies is crucial in creating innovative solutions that meet customer needs.

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