



Analysis Of Heavy Equipment Sales & Service Improvement Strategy Implementation PT. United Tractors (UT) Padang Branch Towards Coal Mining Sector in West Sumatera

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Abstract. This study explores the relationships among Dynamic Marketing Capabilities (DMC), Implementation of Government Regulations (IGR), Regional Economic Trends (RET), Service Innovation Capabilities (SIC), and Sales Performance (SP) in the context of heavy equipment sales at UT Padang. Utilizing Structural Equation Modeling (SEM) with a questionnaire distributed to 70 Sales Operation Division respondents, the analysis reveals that DMC significantly influences SP (R Square: 73.2%). Strategies like KOMTRAX technology and the OTIF program positively impact sales. SIC also strongly affects SP (R Square: 95.2%), with strategies such as Minang Mining Menang and The Mood & Character sales attack. No significant relationships are found between DMC and IGR, DMC and RET, DMC and SP, IGR and SP, RET and SP. However, a significant relationship exists between SIC and IGR, SIC and SP. This study reveals the factors influencing heavy equipment sales at UT Padang, emphasizing the crucial role of adaptability and innovation in marketing strategies for optimal sales results.

Keywords: *Dynamic Marketing Capabilities, Service Innovation Capabilities, Sales Performance*

1 INTRODUCTION

The coal mining industry is vital to the global economy, providing critical energy resources, with heavy equipment supporting a wide range of mining operations [1]. Dynamic marketing capabilities are essential for companies to adapt to market changes effectively, especially in the mining sector where they are considered a special resource in the company structure [2]. Organizations with strong Dynamic Marketing Capabilities demonstrate a better ability to identify customer needs, develop targeted marketing strategies, and gain competitive advantage [3].

UT Padang, a branch of PT United Tractors (UT), plays an important role in providing heavy equipment solutions for the coal mining sector. Despite experiencing sales fluctuations, UT Padang has experienced a significant increase in sales in recent years due to additional services and extensive marketing strategies. The need to increase sales is driven by strategic considerations and industry competitiveness,

aimed at expanding market share, increasing revenues and ensuring long-term sustainability [4].

Sales strategy significantly influences a company's Dynamic Marketing Capabilities and service innovation [5]. UT Padang has implemented various sales strategies, such as a mood-based approach and intimate customer engagement tactics, to increase market share. In addition, technological advances, environmental considerations, and work safety are integral aspects of UT Padang's operations that contribute to its success. Understanding mediating variables, such as regional economic trends and government regulations, is crucial for designing targeted sales strategies and ensuring long-term success in the heavy equipment industry.

During the period from 2020 to 2021, UT Padang's sales have not shown a significant increase. However, in 2022, UT Padang's sales experienced a significant spike, gaining the number one market share of 42% after implementing a number of sales strategies. UT Padang's special sales strategies, such as "The Mood & Character Sales Attack," "Dealing by Intimacy Started from the Bottom," "LCC Heavy Equipment Calculation," "Non-Transactionally Meeting Routine for Coal Mining Prime Customer," and "Special Bonus Product Support Voucher for Every Purchased," are a part of the company's Dynamic Marketing Capabilities. This includes strategies used to increase sales and adapt to market and customer dynamics.

Factors such as "OTIF Parts," "OTIF Mechanic," "OTIF Solution," and "Minang Mining Wins for Customer Excellent Experiences" can fall into the service innovation capability category. This includes efforts for innovation in service, including timeliness in service, mechanical improvements, customized solutions, and superior customer experience. These two capabilities, namely Dynamic Marketing Capabilities and Service Innovation Capabilities, are thought to have not been fully optimized, which means UT Padang's sales are considered low from 2021 to 2022.

2 LITERATURE REVIEW

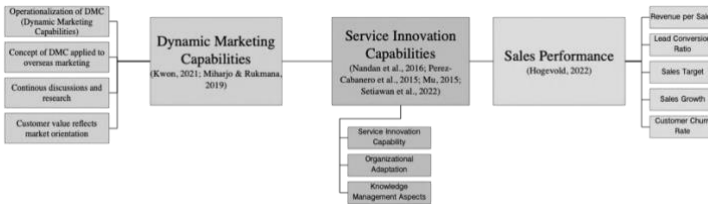


Fig. 1. Theoretical Framework

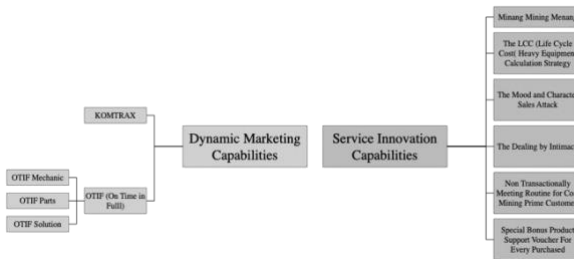


Fig. 2. Theoretical Framework of DMC and SIC

The theory related to Dynamic Marketing Capabilities has been explained by [6], [7]. Fig. 1 shows several indicators related to DMC, namely the Operationalization of Dynamic Marketing Capabilities [6], Concept of Dynamic Marketing Capabilities applied to overseas marketing [6], Continuous discussions and research concerning the conceptualization and operationalization of Dynamic Marketing Capabilities needed [6], and Customer value reflects market orientation (Mihardjo & Rukmana, 2019). The theory of Service Innovation Capabilities has also been discussed by [8], [9], [10]. The indicators of SIC are Service innovation capability [8], [9]; Organizational adaptation [11]; and Knowledge management aspects [10]. The theory of sales performance is discussed by [12]. Sales performance indicators are also mentioned in the article, among others including Revenue per Sales, Lead Conversion Ratio, Sales Target, Sales Growth, and Customer Churn Rate. Fig. 2 explains the DMC implemented at UT Padang, including the use of KOMTRAX application technology and the OTIF (On Time in Full) program that consists of OTIF Mechanic, OTIF Parts, and OTIF Mechanic. SIC is also implemented in UT Padang, including Minang Mining Menang, The Mood & Character Sales Attack strategy, The Dealing by Intimacy Started from the Bottom strategy, The LCC (Life Cycle Cost) Heavy Equipment Calculation strategy, Non-Transactionally Meeting Routine for Coal Mining Prime Customer, and Special Bonus Product Support Voucher for Every Purchased.

2.1 Sales Improvement Strategy

Sales Improvement Strategy refers to a systematic plan or approach that an organization or business develops and implements to enhance its sales performance and to achieve specific sales-related objectives [13]. It involves the identification of areas for improvement, the formulation of strategies, and the implementation of tactics to boost sales revenue, increase market share, or achieve other sales-related goals [14].

2.2 Research

Variables Independent

Variable

Dynamic Marketing Capabilities

Dynamic Marketing Capabilities is a concept and measure that includes an organization's ability to identify, evaluate, and respond to changes in the market and business environment. Dynamic marketing capabilities mediate the relationship between customer knowledge management and organizational innovation. Dynamic marketing capabilities are characterized by the ability to adapt to evolving market trends and to effectively identify and capitalize on new business opportunities. This involves the ability to develop adaptive and effective marketing strategies to address customer needs and market changes.

Variable indicators of Dynamic Marketing Capabilities:

1. Operationalization of Dynamic Marketing Capabilities [6]
2. Concept of Dynamic Marketing Capabilities applied to overseas marketing [6]
3. Continuous discussions and research concerning the conceptualization and operationalization of Dynamic Marketing Capabilities needed [6]
4. Customer value reflects market orientation [7]

Service Innovation Capabilities

Service Innovation Capabilities is a concept and measure of an organization's ability to develop, implement and improve innovation in the services offered to customers. This includes developing new service solutions, improving service quality, and responding to changing customer needs.

Variable indicators of Service Innovation Capabilities:

1. Service innovation capability [8], [9]
2. Organizational adaptation [11]
3. Knowledge management aspects [10]

Mediating Variable

Mediating variables play a significant role in moderating the relationship between Dynamic Marketing Capabilities and Service Innovation Capabilities. One such variable is Regional Economic Trends, which can influence the level of investment in service innovation based on the economic growth of a region. For instance, during periods of rapid economic expansion, companies may allocate more resources towards service innovation to effectively meet the growing demand. Additionally, the Implementation of Government Regulations serves as another mediating variable, potentially impacting the relationship between Dynamic Marketing Capabilities and Service Innovation Capabilities. Regulations that either encourage or restrict service innovation within an industry can shape how Dynamic Marketing Capabilities translate into service innovation initiatives. Thus, understanding and navigating these mediating variables are crucial for optimizing the relationship between marketing and innovation strategies in response to external factors.

Dependent Variable

Sales Performance

Sales performance is a performance measure used to evaluate the effectiveness and productivity of sales efforts in achieving sales targets and company goals.

Variable indicators of Sales Performance [12]:

1. Revenue per Sales: Revenue generated by each member of the sales team
2. Lead Conversion Ratio: The ratio between the number of leads converted into customers
3. Sales Target: Sales target that must be achieved by each member of the sales team
4. Sales Growth: Sales growth over time
5. Customer Churn Rate: The ratio of customers who stop using a company's products or services

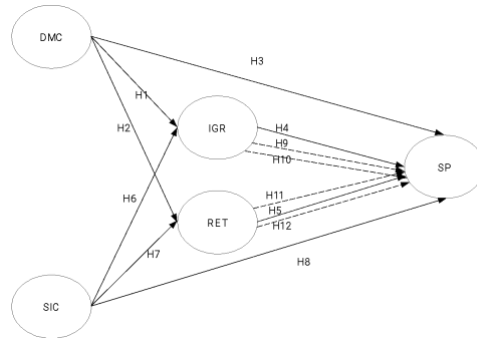


Fig. 3. Research Model

The hypotheses in this study are as follow:

1. H1: Dynamic Marketing Capabilities positively influences the Implementation of Government Regulations.
Explanation: This hypothesis suggests that companies with strong Dynamic Marketing Capabilities are more likely to effectively implement government regulations.
2. H2: Dynamic Marketing Capabilities positively influences Regional Economic Trends.
Explanation: This hypothesis proposes that companies with robust Dynamic Marketing Capabilities contribute positively to shaping regional economic trends.
3. H3: Dynamic Marketing Capabilities positively influences Sales Performance.
Explanation: This hypothesis indicates that firms possessing effective Dynamic Marketing Capabilities tend to achieve better sales performance outcomes.
4. H4: Implementation Of Government Regulations positively affects Sales Performance.
Explanation: This hypothesis posits that adherence to government regulations has a positive impact on sales performance for businesses.
5. H5: Regional Economic Trends positively affects Sales Performance.
Explanation: This hypothesis suggests that favorable regional economic trends lead to improved sales performance for businesses operating within that region.
6. H6: Service Innovation Capabilities positively influences the Implementation of Government Regulations.
Explanation: This hypothesis proposes that companies with strong Service Innovation Capabilities are more likely to effectively implement government regulations.
7. H7: Service Innovation Capabilities positively influences Regional Economic Trends.
Explanation: This hypothesis suggests that firms with advanced Service Innovation Capabilities contribute positively to shaping regional economic trends.
8. H8: Service Innovation Capabilities positively influences Sales Performance.

- Explanation: This hypothesis indicates that businesses with strong Service Innovation Capabilities tend to achieve better sales performance outcomes.
9. H9: Dynamic Marketing Capabilities positively affects Sales Performance through the mediating role of Implementation of Government Regulations.
Explanation: This hypothesis suggests that Dynamic Marketing Capabilities indirectly influence sales performance by first affecting the implementation of government regulations.
 10. H10: Service Innovation Capabilities positively affects Sales Performance through the mediating role of Implementation of Government Regulations.
Explanation: This hypothesis proposes that Service Innovation Capabilities indirectly influence sales performance by first affecting the implementation of government regulations.
 11. H11: Dynamic Marketing Capabilities positively affects Sales Performance through the mediating role of Regional Economic Trends.
Explanation: This hypothesis suggests that Dynamic Marketing Capabilities indirectly influence sales performance by first affecting regional economic trends.
 12. H12: Service Innovation Capabilities positively affects Sales Performance through the mediating role of Regional Economic Trends.
Explanation: This hypothesis proposes that Service Innovation Capabilities indirectly influence sales performance by first affecting regional economic trends.

3 RESEARCH METHOD

To fulfill the research objectives, a comprehensive questionnaire was developed, focusing on the variables of Dynamic Marketing Capabilities (DMC), Service Innovation Capability (SIC), and Sales Performance (SP). The questionnaire aims to assess the influence of DMC and SIC on SP. Questions related to these variables were carefully crafted to gauge respondents' perceptions and experiences accurately. Prior to implementation, the questionnaire underwent rigorous validation and reliability testing to ensure its effectiveness in measuring the intended constructs accurately. Trial runs were conducted with a sample of respondents to assess the clarity and appropriateness of the questions. Respondents were selected from UT Padang, ensuring representation across various demographics such as gender, age, education, and tenure. Data collection was carried out meticulously, adhering to the instructions provided on the questionnaire to guarantee the accuracy and completeness of the collected data. Subsequently, advanced data analysis techniques, including statistical methods such as path analysis with SEM (SmartPLS), were employed to explore the relationships between the variables and address the research questions effectively.

The research focuses on PT United Tractor Padang Branch, specifically its Sales Operations Division, comprising 70 sales personnel. Utilizing a saturated sampling technique, where all 70 members of the population are included as the sample, aligns with the relatively small population size and the aim for precise generalizations (Suriani, N., & Jailani, M. S., 2023). Thus, the entire population of 70 individuals will be surveyed for the study. Data collection encompasses variables like Dynamic Marketing Capabilities (DMC), Implementation of Government Regulations (IGR), Regional Economic Trends (RET), Service Innovation Capabilities (SIC), and Sales Performance (SP). Through Structural Equation Modeling (SEM), the study intends to

explore the relationships among these constructs and their effects on heavy equipment sales at UT Padang.

4 RESULT AND DISCUSSION

4.1 Demographic Respondent

Table 1 Demographic Respondent

Factor		Valid		Total	
		N	Percent	N	Percent
Gender	Male	57	81.4	81.4	81.4
	Female	13	18.6	18.6	100.0
Age	20-29 Years Old	8	11.4	11.4	11.4
	30-39 Years Old	40	57.1	57.1	68.6
	40-49 Years Old	11	15.7	15.7	84.3
	>50 Years Old	11	15.7	15.7	100.0
Education	Diploma	20	28.6	28.6	28.6
	Bachelor Degree	49	70.0	70.0	98.6
	Master Degree	1	1.4	1.4	100.0
Tenure	1-3 Years	7	10.0	10.0	10.0
	4-6 Years	41	58.6	58.6	68.6
	7-9 Years	21	30.0	30.0	98.6
	10-12 years	1	1.4	1.4	100.0
Total Respondents				70	

According to Table 1, the survey predominantly comprised male participants, constituting 81.4% of the total respondents, while females made up 18.6% of the sample. The largest age group among respondents fell within the 30–39 year range, representing 57.1% of the total. Diversity was observed in the age distribution, with 15.7% of respondents aged over 50 and under 30 years. Regarding educational background, the majority of respondents held a bachelor's degree (70.0%), followed by those with a diploma (28.6%), and a small percentage with a master's degree (1.4%). The high proportion of bachelor's degree holders suggests a relatively high level of education among participants. Additionally, 58.6% of respondents reported having 4–6 years of work experience, indicating a moderate level of experience among the surveyed individuals.

4.2 Classic Assumption Test

Table 2 Construct Reliability and Validity

Construct	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
DCM	0,966	0,966	0,973	0,880
IGR	0,958	0,959	0,968	0,857

RET	0,946	0,963	0,958	0,820
SIC	0,967	0,967	0,974	0,884
SP	0,933	0,945	0,950	0,794

The DCM (Dynamic Marketing Capabilities) construct shows a high level of reliability with a Cronbach's Alpha value of 0.966, rho_A of 0.966, and Composite Reliability of 0.973. The Average Variance Extracted (AVE) value for this construct is also quite high, reaching 0.880. The IGR (Implementation of Government Regulations) construct also shows a high level of reliability, with a Cronbach's Alpha value of 0.958, rho_A of 0.959, and Composite Reliability of 0.968. The AVE for this construct is 0.857.

The RET (Regional Economic Trends) construct shows high reliability, with a Cronbach's Alpha value of 0.946, rho_A of 0.963, and Composite Reliability of 0.958. The AVE for this construct is 0.820. The SIC (Service Innovation Capabilities) construct shows a very high level of reliability, with a Cronbach's Alpha value of 0.967, rho_A of 0.967, and Composite Reliability of 0.974. AVE for this construct reached 0.884. Finally, the SP (Sales Performance) construct also shows high reliability, although slightly lower than the other constructs, with a Cronbach's Alpha value of 0.933, rho_A of 0.945, and Composite Reliability of 0.950. The AVE for this construct is 0.794.

Table 3 Collinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
DCM	.942	1.062
SIC	.981	1.019
RET	.930	1.076
IGR	.979	1.022

In multicollinearity analysis based on Table 3, VIF and tolerance are used to evaluate the dependence between variables in the regression model. The calculation results show that the predictor variables have a VIF value below 10 and a tolerance above 0.10, indicating relative independence between variables. For example, for DCM, the VIF is 1.062 with a tolerance of 0.942; SIC has a VIF of 1.019 and a tolerance of 0.981; RET has a VIF of 1.076 with a tolerance of 0.930; and IGR has a VIF of 1.022 with a tolerance of 0.979.

Table 4 Homogeneity Test

	Construct	Levene Statistic	Sig.	Conclusion
Gender	DMC	3.343	.074	Homogenous

	SIC	2.731	.105	Homogenous
	RET	.002	.963	Homogenous
	IGR	.308	.581	Homogenous
	SP	.054	.818	Homogenous
Age	DMC	1.017	.394	Homogenous
	SIC	.032	.992	Homogenous
	RET	1.602	.202	Homogenous
	IGR	1.588	.206	Homogenous
	SP	3.711	.018	Inhomogeneous
Education	DMC	.252	.778	Homogenous
	SIC	2.183	.124	Homogenous
	RET	8.086	.001	Inhomogeneous
	IGR	2.034	.142	Homogenous
	SP	1.338	.272	Homogenous
Tenure	DMC	2.322	.109	Homogenous
	SIC	.126	.882	Homogenous
	RET	.236	.791	Homogenous
	IGR	1.087	.346	Homogenous
	SP	.276	.760	Homogenous

Based on Table 4, the results show that in the context of gender factors, the variability of the DMC, SIC, RET, IGR, and SP variables is generally uniform among gender groups, but the SP variable shows unequal variation between groups with a p value of 0.018. Second, in the age factor, the variability of DMC, SIC, IGR, and SP is generally uniform among age groups, but the RET variable shows unequal variation between groups with a p value of 0.001. Third, in terms of education level factors, the variability of DMC, SIC, IGR, and SP is generally uniform among education level groups, but the RET variable shows unequal variation between groups with a p value of 0.001. Fourth, in the length of work factor, the variability of the DMC, SIC, RET, IGR, and SP variables is generally uniform among the length of work groups.

Table 5 Model Fit

MODEL FIT	Saturated Model	Estimated Model
SRMR	0,061	0,064
d_ULS	1,203	1,350
d_G	2,355	2,391
Chi-Square	488,172	492,590
NFI	0,771	0,769

Model fit analysis is used to evaluate the extent to which the estimated model fits the observed data. In this case, model fit is measured using several statistics, including Standardized Root Mean Square Residual (SRMR), d_ULS, d_G, Chi-Square, and Normed Fit Index (NFI). Table 5 shows the results of the Estimated Model that the SRMR value is 0.064, slightly higher than the SRMR value in the Saturated Model, which has a value of 0.061. The d_ULS and d_G values in the Estimated Model are also slightly higher than the very precise model. In addition, the Chi-Square value in the Estimated Model is 492.590, slightly higher than the Chi-Square in the Saturated Model. However, the NFI values in the Estimated Model and the Saturated Model are relatively similar, with values of 0.769 and 0.771 respectively.

4.3 Structural Equation Model

Direct Effect

Table 6 Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
DCM -> IGR	0,168	0,171	0,155	1,085	0,278
DCM -> RET	0,094	0,107	0,318	0,297	0,766
DCM -> SP	-0,061	-0,047	0,074	0,833	0,405
IGR -> SP	0,121	0,130	0,070	1,734	0,084
RET -> SP	0,051	0,044	0,036	1,411	0,159
SIC -> IGR	0,777	0,771	0,144	5,409	0,000
SIC -> RET	0,288	0,293	0,310	0,930	0,353
SIC -> SP	1,030	1,018	0,065	15,946	0,000

Table 6 shows the results of path analysis in the Structural Equation Modeling (SEM) structural model that reveal a number of relationships between variables and their influence on the constructs being measured. First, the relationship between Dynamic Marketing Capabilities (DCM) and Implementation of Government

Regulations (IGR) shows a positive path coefficient of 0.168, although not statistically significant (p-value = 0.278). In contrast, the relationship between DCM and Regional Economic Trend (RET) has a positive path coefficient of 0.094, but this result is not significant (p-value = 0.766), indicating that the impact of DCM on RET cannot be considered significant.

Furthermore, the relationship between DCM and Sales Performance (SP) shows a negative path coefficient of -0.061, but is not statistically significant (p-value = 0.405). This shows that the effect of DCM on SP cannot be considered significant. Furthermore, Implementation of Government Regulations (IGR) has a positive path coefficient of 0.121 on SP, although this result is also not significant (p-value = 0.084). Likewise, the relationship between Regional Economic Trend (RET) and SP has a positive path coefficient of 0.051, but the results are not significant (p-value = 0.159).

However, Service Innovation Capabilities (SIC) shows a significant influence on IGR (path coefficient 0.777, p-value = 0.000) and SP (path coefficient 1.030, p-value = 0.000). These results indicate that SIC has a strong impact on increasing sales performance (SP), while its effect on RET is not significant (path coefficient 0.288, p-value = 0.353). Thus, SIC becomes a key factor in improving the implementation of government regulations and sales performance.

Overall, the path analysis results provide an in-depth explanation of the complexity of the relationships between variables in this SEM model, highlighting the key role of SIC in supporting company growth and performance.

Table 7 Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
DCM -> IGR -> SP	0,020	0,021	0,025	0,816	0,415
SIC -> IGR -> SP	0,094	0,101	0,060	1,579	0,115
DCM -> RET -> SP	0,005	0,008	0,020	0,234	0,815
SIC -> RET -> SP	0,015	0,010	0,019	0,756	0,450

Table 7 shows the results of the total effect analysis in the Structural Equation Modeling (SEM) structural model, specifically that the total effect of the path between variables on the dependent variable, Sales Performance (SP), does not show a statistically significant impact. First, the Dynamic Marketing Capabilities (DCM) → Implementation of Government Regulations (IGR) → SP path has a relatively small total effect coefficient of 0.020, but this result is not significant (p-value = 0.415), indicating that the total effect of this path on the increase in sales performance cannot be measured significantly.

The Service Innovation Capabilities (SIC) → IGR → SP path shows a total effect coefficient of 0.094, which, although positive, is not statistically significant (p-value = 0.115). This means that the total influence of SIC through IGR on SP cannot be measured significantly in terms of increasing sales performance. Then, the DCM → Regional Economic Trend (RET) → SP path has a very small total effect coefficient of 0.005, with insignificant results (p-value = 0.815), indicating that the total influence of this path on SP is very minimal.

Finally, the SIC → RET → SP path has a total effect coefficient of 0.015, which is also not statistically significant (p-value = 0.450), indicating that this path has not had a significant impact on sales performance.

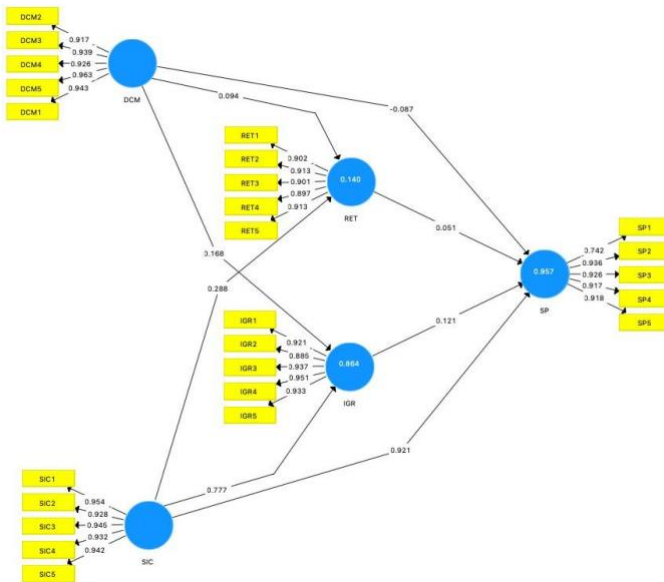


Fig. 4. SEM Diagram

4.4 Discussion

This analysis explores the relationship between Dynamic Marketing Capabilities (DMC) and Implementation of Government Regulations (IGR). Although a positive coefficient of 0.168 indicates a positive relationship between DMC and IGR, a p-value greater than the significance limit of 0.05 (0.278) indicates the insignificance of this relationship. It is possible that factors such as large data variability or relatively small sample size may explain this insignificance. Previous studies may provide insight into these findings and the patterns identified, aiding in the interpretation of the current results [15].

In the context of the relationship between Dynamic Marketing Capabilities (DMC) and Regional Economic Trends (RET), although the positive coefficient of 0.094 indicates a positive relationship between DMC and RET, the t-statistic value is low (0.297) and the p-value is greater than 0.05 (.766), indicating the non-significance of this relationship in the sample. Previous studies may provide deeper insight into the

relationship between DMC and RET in similar contexts, enriching our understanding [16].

However, the findings do show that DMC has a significant impact on sales performance with an R Square of 0.732, indicating that approximately 73.2% of the variation in sales performance can be explained by DMC. The path coefficient between DMC and SP is 0.855, indicating the strong influence of DMC on SP. In a practical context, these findings provide strategic direction for companies in optimizing their marketing strategies.

When evaluating the relationship between Implementation of Government Regulations (IGR) and Sales Performance (SP), the findings show a positive coefficient of 0.121, indicating a positive relationship between implementation of government regulations and sales performance. However, this relationship was not statistically significant in the sample, with a p-value of 0.084. These findings can be enriched by considering previous research that can provide insight into the specific dimensions of government regulation that influence sales performance [17], [18].

When evaluating the relationship between Dynamic Marketing Capabilities (DMC) and Implementation of Government Regulations (IGR), the findings show positive indications but are not statistically significant. Previous studies can help in formulating strategic recommendations and policy development at the company level [19].

The final analysis of the relationship between Service Innovation Capabilities (SIC) and Implementation of Government Regulations (IGR) shows a significant positive coefficient, indicating the importance of Service Innovation Capabilities in understanding and utilizing government regulations to increase sales. These findings support the need to integrate service innovation with regulatory compliance to achieve competitive advantage and sustainability [20].

This analysis reveals the relationship between Service Innovation Capabilities (SIC) and Regional Economic Trends (RET) and Sales Performance (SP) in the context of heavy equipment sales at UT Padang. The coefficient between SIC and RET is 0.015 with a p value of 0.450, which indicates that there is no significant relationship between Service Innovation Capabilities, regional economic trends, and sales performance at UT Padang.

These findings indicate that the implementation of Service Innovation Capabilities (SIC) at UT Padang does not significantly influence sales performance through changes in regional economic trends [21]. Some factors that may explain these findings include the characteristics of the heavy equipment market and industry, where purchasing decisions may be more influenced by factors such as service quality, product reliability, or internal company factors than changes at the regional economic level [22]. While service innovation can be an important element in improving sales performance in some sectors, in the heavy equipment industry, other factors such as product reliability, operational efficiency and price may have a greater impact. If purchasing decisions are more influenced by these factors, then service innovation (SIC) may not be significantly related to regional economic trends (RET) in influencing sales performance (SP) [23].

Second, the implementation of service innovation may be less than optimal or not fully integrated with market needs in UT Padang. There may be certain factors in the service innovation strategy that are not yet fully suited to regional economic dynamics [24]. Therefore, it is important to continuously evaluate and adapt service innovation strategies to market needs and economic trends [25].

Third, changes in regional economic trends may not directly reflect their impact on heavy equipment purchasing decisions [26], [27]. Weak or unstable regional economic trends may not necessarily cause a decline in sales performance if other factors, such as customer service or product quality, remain a priority for customers [28].

Thus, although service innovation (SIC) can be an important aspect in improving sales performance in some sectors, in the heavy equipment industry at UT Padang, other factors such as product reliability, operational efficiency, and price may have a greater influence. Therefore, it is important for companies in UT Padang to consider these factors when designing their service innovation strategies.

5 CONCLUSION AND RECOMMENDATION

5.1 Conclusion

In the heavy equipment sales context of UT Padang, this study reveals several key findings regarding the studied variables. Firstly, there is no significant correlation between Dynamic Marketing Capabilities (DMC) and Implementation of Government Regulations (IGR) or Regional Economic Trends (RET) with Sales Performance (SP). However, a significant relationship exists between Service Innovation Capabilities (SIC) and IGR, as well as SP. These findings suggest that DMC, IGR, and RET are not significantly linked to heavy equipment sales performance in UT Padang. Additionally, the combined effects of DMC, IGR, and SP, as well as SIC, IGR, and SP, were not significant. In summary, this research provides insights for heavy equipment companies to tailor their strategies for optimizing sales performance in specific market contexts.

Furthermore, the Total Effect analysis underscores the significant influence of DMC on SP, both directly and indirectly. Specific strategies such as utilizing KOMTRAX application technology and implementing the OTIF program contributed positively to sales performance at PT United Tractor Padang Branch. Similarly, implementing SIC through strategies like Minang Mining Menang and The Mood & Character Sales Attack also positively impacted sales performance. These findings underscore the importance of developing tailored strategies and fostering an innovative culture to thrive in dynamic and competitive markets.

5.2 Recommendation for Future Research

For the development of academic knowledge, it is recommended to continue research with a more in-depth approach on the role of mediating variables such as Regional Economic Trends and Implementation of Government Regulations in the relationship between Dynamic Marketing Capabilities and Service Innovation Capabilities. Future research could adopt mixed methodology for a more comprehensive understanding. From a practical perspective, companies can evaluate their marketing strategies by adapting to regional economic changes and understanding government regulations that influence service innovation. Cross-sector collaboration can also be an effective strategy. Practical implications emphasize the importance of adaptability and innovation in marketing strategies to achieve optimal sales results. By combining these academic and practical suggestions, the research is expected to make a significant contribution to the theoretical understanding and

practical application of the relationship between Dynamic Marketing Capabilities and Service Innovation Capabilities.

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