



The Role of Local Wisdom Culture Moderating the Effect of Product Differentiation, Service Differentiation, and Image Differentiation on Tourist Satisfaction (Case Study of Tourist Satisfaction at Royal Kirana Spa & Wellness Ubud)



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Abstract

Competition in the tourism industry, especially the tourism support service sector, is currently becoming increasingly competitive. Customer satisfaction to maintain customer loyalty through differentiation strategy is the core of every business activity. The purpose of this study is to explain the effect of differentiation strategy on satisfaction and the role of local wisdom culture in moderating the effect of differentiation strategy on tourist satisfaction. The research subjects were tourists who stayed at the Royal Kirana Spa & Wellness, with a sample of 200 people. Determination of the sample using a non-probability sampling method, namely purposive sampling. Data were analyzed using the technique of moderated regression analysis (MRA) using SPSS. The results of this study indicate that product differentiation, service, and image have a positive and significant effect on tourist satisfaction, and local wisdom culture can strengthen the influence of product, service, and image differentiation on tourist satisfaction. The results of this study are ideal to be applied and improved as a guide in implementing the company's strategy at Royal Kirana Spa & Wellness in building tourist satisfaction levels while implementing the noble goals of Balinese cultural heritage.

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1 Introduction

Competition in the tourism industry, especially the tourism support service sector, is currently becoming increasingly competitive. Changes in consumer tastes for tourism products and services offered are very varied. Research conducted by the United Nations World Tourism Organization (UNWTO) on several tourism products and services shows that factors of cultural uniqueness, natural beauty, food delicacy factors, shopping, wellness, sport, religious and medical purposes are strong motives of tourist destinations carried out by foreign tourists.

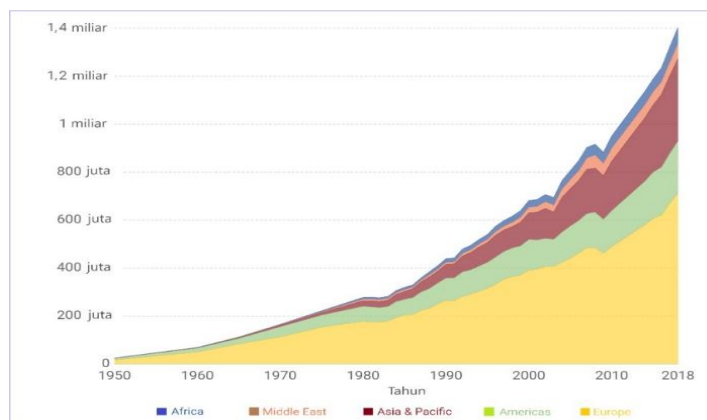


Figure 1. International visits by world region
Source: UNWTO – World Tourism Barometer, 2020

Based on the data in Figure 1. through UNWTO, the visualization of the level of world tourist visits has increased after the events of the 2nd World War that occurred in 1950 which has been estimated internationally that as many as 25 million tourists made tourist trips at that time. As of December 2018, the number of tourists visiting internationally increased 56 times to reach 1.4 billion tourists. The massive evolution of the trend in travel has an impact on the high intensity of the tourism sector as a potential superior industry. Various strategies, policies, and business activities are carried out to maintain sustainable competitiveness in the market by companies engaged in the tourism industry by increasing customer satisfaction. The marketing concept philosophy states that the economic and social justification for the continuity of business existence and sustainable competitive advantage for the tourism industry is the company's ability to satisfy the needs and desires of consumers that continue to evolve in addition to meeting the company's long-term goal of increasing value for its consumers.

Consumer satisfaction to maintain consumer loyalty through a differentiation strategy is the core of every business activity (Kotler & Keller, 2012; Adinegara et al., 2018). Companies engaged in the tourism industry sector, without exception the tourism support service sector, are very important to create product differentiation, service, and image, to build customer loyalty by providing continuous customer satisfaction to be able to maintain a sustainable competitive advantage. Several empirical studies that have developed so far have explained a lot about consumer satisfaction from the perspective of product quality, service quality, and price in various business situations (Holbrook, 1999; Sweeny et al., 2011; Thyroff & Kilbourne, 2018; Sanjaya & Yasa, 2018; Adinegara et al., 2018; Diputra & Yasa, 2021; Giantari et al., 2021; Atmaja & Yasa, 2020). However, this research has not comprehensively discussed consumer satisfaction from the perspective of product differentiation, service differentiation, and image differentiation which is strengthened by the influence of cultural factors of local wisdom.

Theoretical studies on consumer satisfaction that developed in the marketing management literature by Pride & Ferrell (2016); Kotler & Keller (2012); Kotler & Armstrong (2012), It has not explicitly stated that the existence of local wisdom culture in product, service, and image differentiation strategies has an impact on increasing consumer satisfaction. According to Parasuraman et al. (1988), consumer satisfaction is the result of a comparison between the expected quality and the perceived quality. This definition of satisfaction according to Gutek et al. (2000); Rasmianti & Yasa (2018); Devi & Yasa (2021), often contains problems because the measure of consumer satisfaction does not distinguish between satisfaction related to the company or satisfaction related to service providers. For companies engaged in the tourism industry sector, especially tourism in Bali, which is based on culture as a force to build sustainable competitiveness, the notion of consumer satisfaction concerning service providers has a very important meaning.

The tourism industry according to [Goeldner et al. \(2009\)](#), is defined as the processes, activities, and outcomes arising from the relationships and interactions between tourists, tourism service providers, governments, communities, and the surrounding environment that are involved in attracting and receiving tourists. The uniqueness of the tourism industry in each region with the different cultural diversity of local wisdom creates differentiating strategies in satisfying consumer desires for products, services, and images.

As a driving force for the economy in Bali, the tourism sector (in a broad sense) has become the main indicator of economic growth in Bali. Even in recent years, the performance of the tourism industry in the Bali region has shown significant growth (BPS Bali, 2019). This is shown by positive growth in several tourism indicators, such as the number of foreign tourist arrivals (tourists) in October 2019 increasing by 7.61 percent compared to October 2018. Until November 2019 the number of tourist arrivals to Bali has exceeded 5, 3 million tourists. The average occupancy rate in June 2019 reached 66.72 percent, an increase of 4.81 percent compared to May 2019. The average length of stay of tourists in October 2019 was 3.19 days. Currently, the tourism sector contributes to the Gross Regional Domestic Product (GDP) based on current prices throughout 2014 reaching Rp 36.11 trillion of the total GRDP of Rp 156.45 trillion. The high contribution of the tourism sector to GRDP is accompanied by a very rapid growth rate of the tourism sector which is 6.53 percent in 2018, so the tourism sector can be said to be the main sector that accelerates the wheels of regional growth and development in Bali Province.

One of the benchmarks that Bali has a good tourism attraction is the flow rate of the number of tourist visits visiting the Bali region. Although there are several other destinations such as the Kuta, Sanur, and Nusa Dua areas which have beaches as their tourism attraction ([Eaton & Lipsey, 1989](#); [Economides, 1986](#)). Ubud empowers resources in the form of potential natural beauty, customs, culture, to the excellence of its people, especially in the field of traditional Balinese arts. These elements have been inherited and preserved so that Ubud becomes an international tourist destination with the strong spirit of the Ubud community in maintaining cultural customs along with village preservation through the tourism sector based on Balinese culture. This phenomenon has begun to attract the hearts of domestic and foreign investors, which in their eyes Ubud is superior potential in developing hotels, villas, boutique hotels, and other tourism facilities. This gives rise to intense competition for owners of tourism facilities which triggers the emergence of businesses in realizing the various uniqueness and beauty offered by hotels, villas, and spas in the Ubud area.

In the fierce competition between spa entrepreneurs in Ubud, various efforts have been made to provide customer satisfaction by showing the uniqueness and advantages of the products produced. According to [Lamb et al. \(2011\)](#), product differentiation strategy is based on the idea that companies must survive and remain in the best product position and not experience a decline so that consumers feel satisfied and will not divert their interest to competing products. In addition, [Ekawati et al. \(2016\)](#); [Ekawati et al. \(2017\)](#), states that the spa business can win the competition with product innovation, including product differentiation. [Mill \(1990\)](#); [Meesala & Paul \(2018\)](#), argue that tourism facilities are an important component in meeting the needs of tourists who travel when they arrive at tourist attractions. Components of travel facilities consist of various elements of accommodation facilities, food-beverage facilities, and other tourism supporting facilities that are following the needs sought by tourists.

This study adopts the concept of customer satisfaction through product differentiation strategies, service differentiation, and image differentiation which are strengthened by cultural factors of local wisdom. According to [Tjiptono & Gregorius \(2011\)](#), the marketing strategy that can be chosen by the company so that it can always increase customer satisfaction can be done by implementing a product differentiation strategy. This includes high creativity in creating unique products that are more attractive, cool, safe, comfortable, fun, friendly, skilled, insightful employees, and able to be realized in everyday life so that they can be more attractive to consumers compared to other competing products.

Service quality differentiation is high creativity in harmonizing the elements of the marketing mix, namely product, place, price, promotion, people, packaging, programming, and partnership so that the service quality perceived by consumers exceeds expectations ([Hoffman & Bateson, 2011](#)). [Parasuraman et al. \(1985\)](#), stated that service quality has 3 (three) important characteristics, namely: (1) service quality is more difficult for consumers to evaluate than product quality, (2) service quality perceptions are the result of a comparison between consumer expectations and customer expectations. actual service performance, (3) evaluation of service quality cannot be done only with orientation on the results of the service, because it must involve an evaluation of the distribution process to consumers of the service. Differentiation of service quality is one of the important factors in influencing the level of customer satisfaction.

Image differentiation is identical to the special characteristics and distinguishes the appearance of a person or thing. Image differentiation is the right mix of imaging elements that create the image of a brand. The imaging process

must build, maximize, utilize, and exploit the strengths and weaknesses of each image element to ensure that the brand has good prospects on an ongoing basis (Zyman et al., 1999). The results of Schultz (2004), study found that product differentiation reflected by packaging, price, brand, image, and service influenced consumer satisfaction towards achieving sustainable competitiveness.

According to Seth et al. (2005), consumer satisfaction is strongly influenced by several value factors, including (1) functional values, (2) social and cultural values, (3) emotional values, (4) epistemic values, and (5) conditional value which has implications for increasing consumer satisfaction and has an impact on brand loyalty of tourism service providers in the long term. According to Orth & Green (2009), consumer satisfaction is the result of the interaction between consumer trust and product image which includes: price or value, service, atmosphere, product quality, and convenience which have implications for increasing consumer value and satisfaction which in the long run will have an impact on consumer loyalty.

The competition in the tourism support industry in Ubud, especially the spa industry, makes Royal Kirana Spa & Wellness prioritize aspects of culture and natural beauty in building and competing for the target market through the company's competitiveness. Royal Kirana Spa & Wellness is a tourism support service industry located in the Ubud area which has 18 Spa Villas with the number of tourists performing treatment activities at Royal Kirana Spa & Wellness from 2014 to 2018 summarized in Table 1.

Table 1
The development of tourists using services and facilities at Royal Kirana Spa & Wellness Ubud 2014 – 2018

Year	Number of Guests (Persons)	Tourist Visit Growth (%)
2014	9.907	-
2015	10.135	2,3%
2016	11.404	12,5%
2017	12.879	12,9%
2018	15.125	17,4%
Total	59.450	

Source: Royal Kirana Spa & Wellness (2019)

Based on the data in Table 1, it can be seen that the number of tourists who use spa facilities and products for the last 5 (five) years from the 2014-2018 period has increased significantly both in terms of the number of tourists who perform treatments and the growth rate. This increase was supported by the product, service, and image concepts based on cultural uniqueness (Yaghmaee & Adjeroh, 2009; Goliias et al., 2009). The uniqueness referred to in managing spa services while maintaining local wisdom and the natural beauty of the surroundings, is one of the characteristics and competitiveness that is the spearhead of increasing customer satisfaction for Royal Kirana Spa & Wellness. In addition to the management that is always improved to be able to continue to compete with the emergence of various similar spa industries, it is undeniable that Royal Kirana Spa & Wellness must be able to increase competitiveness, one of which is a by-product differentiation, services, and the image offered. Based on the phenomena that exist at Royal Kirana Spa & Wellness, it is very interesting to study, so that the problem is how differentiation in products, services, and images that are strengthened by the noble values of local wisdom culture can affect tourist satisfaction at Royal Kirana Spa & Wellness.

2 Materials and Methods

Tourist satisfaction

Customer satisfaction according to Gundersen et al. (1996), is defined as a post-consumption evaluation of goods and services. During this decade a lot of research has been devoted to understanding the factors that affect the level of customer satisfaction. Until this study was conducted, empirical and theoretical research developments were still developing. This evaluation of consumer satisfaction includes expectations of product performance, absolute product performance, performance relative to expectations, level of performance experienced during the previous consumption period and level of performance, and expectations of competitors' offerings. The concept of evaluating customer satisfaction is closely related to product quality, service and perceived company image also have a very strong

relationship to the level of customer satisfaction. The concept of consumer satisfaction is the main result of marketing practice and occupies an important position both in theory and practice (Madelin & Sihombing, 2019; Muderawan et al., 2020). Consumer satisfaction is a consumer's good assessment of feeling happy or disappointed (Moliner et al., 2007).

Differentiation strategy

Strategy is a way to achieve long-term goals. Business strategy can be in the form of geographical expansion, diversification, acquisition, product development, market penetration, employee rationalization, divestment, liquidation, and joint venture. The definition of strategy is a unified, broad, and integrated plan that links the strategic advantages of the company with environmental challenges designed to ensure that the main objectives of the company can be achieved through proper implementation by the organization. According to Jobber et al. (2006), differentiation is all the efforts made by the company to create a difference between competitors to provide the best value for consumers. Differentiation is a way of designing meaningful differences to differentiate a company's offerings from those of its competitors (Kotler & Keller, 2012). Differentiation strategy is a strategy that can increase customer satisfaction to maintain customer loyalty where by using a differentiation strategy, customers get more value compared to other products.

Product differentiation

In product differentiation, it has the meaning or value that the company creates a new product that is perceived by customers as unique and different. Ulrich and Epinger (Loch & Kavadias, 2008) define new product development as a set of activities that starts from the perception of market opportunities and ends with the production, sale, and delivery of products to consumers. Product differentiation is a strategy to satisfy consumers by creating product offerings that are different from those of competitors. Differentiation strategies based on product functions, product forms, and subjective attributes also affect consumer satisfaction (Agustina, 2017). Research conducted by Nugraha & DS (2020), shows that the influence of the quality of tourism products on consumer satisfaction based on the results of the study is positive and significant, which means that the better the quality of tourism products, the higher the customer satisfaction. Product differentiation is an effort made by the company and has a real influence in increasing customer satisfaction (Trisihnyo, 2018). Research conducted by Astuti & Zulkarnain (2019); Mardiani & Yani (2021), shows that product differentiation has a positive and significant effect on consumer satisfaction. Therefore, the hypotheses formulated are:

H1: Product Differentiation has a positive and significant effect on Tourist Satisfaction

Service differentiation

In addition to differentiating its physical products, the company can also differentiate its services. If the physical product is not easily differentiated, another key to success lies in improving service quality (Kotler & Keller, 2012). In this case, the service in question includes the quality of service. Quality is a consistent and efficient way to give customers what they want and expect. Service quality must start from customer needs and end at customer perception, customer perception of service quality is a comprehensive assessment or superiority of service. Service differentiation consisting of ease of ordering, installation, customer training, and partial maintenance and repair has a significant influence on customer satisfaction (Riny & Wijaksana, 2019). The service differentiation variable in Linda & Heriyanto's (2017), the research includes 5 components, namely reliability, responsiveness, assurance, tangibles, and empathy, each of which has indicators that are interrelated and have a positive effect on customer satisfaction at The Hills Bukittinggi Hotel. This is also supported by research by Ryantori (2018), which shows that service differentiation has a positive and significant effect on customer satisfaction. Therefore, the hypotheses formulated are:

H2: Service Differentiation has a positive and significant effect on Tourist Satisfaction

Image differentiation

Image differentiation in a marketing context is often identified with the term brand differentiation or brand differentiation. The American Marketing Association (AMA) defines a brand or image as a name, term, sign, symbol,

design, or combination of these elements intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. Image differentiation is obtained from a different marketing method. A good image for a customer is an image that is felt to have a difference from the image of competitors (Sibuea & Heriyanto, 2017). Research from Rangkuti (2018), states that image differentiation has a positive and significant effect on customer satisfaction. Research by Andri (2013), shows that image differentiation has a significant influence on guest or customer satisfaction, meaning that the image formed by The Hill Hotel Bukittinggi can be felt or accepted by guests or customers and has its impression attached to the hearts and minds of consumers. This result is also supported by the research of Sutrisna & Sinaga (2015), which states that image differentiation has a positive and significant effect on customer satisfaction. Therefore, the hypotheses formulated are:

H3: Image differentiation has a positive and significant effect on Tourist Satisfaction.

Local wisdom culture

Harvard Business Review 2019: Definitive Management Ideas – The Leader's Guide to Corporate Culture by Groysberg et al. (2019), stated that strategy and culture are one of the main solutions that leaders and decision-makers empower in their quest to maintain organizational sustainability and effectiveness. . Local wisdom in a cultural perspective as grouped by Schein (2010), can be interpreted as macro culture, which is a noble culture of ancestral heritage that is used as a philosophical foundation to guide people's life behavior. The application of local wisdom values for the development of the tourism industry has proven to have provided many economic benefits for the cultural community. Balinese people have a rich variety of local wisdom values, one of which is the noble culture of Tri Hita Karana. This cultural value implies that values, norms, and beliefs regarding the harmonization of the relationship between humans and God, the relationship with nature, and harmonious relations with fellow human beings have long been the philosophical basis for the Balinese people to maintain balance in life to create peace (Parwati & Trianasari, 2017). The culture of local wisdom in Bali is quite a lot, among others, for leadership, there is a culture of asta brata leadership (Adnyani et al., 2019), for implementation in business, you can apply the local wisdom culture of Tri Kaya Parisudha (Yasa et al., 2020). To implement the partnership strategy, the company can implement the local wisdom culture of Tat Twan Asi (Yasa et al., 2020), on Corporate Social Responsibility the company can apply the Tri Hita Karana culture (Kusuma et al., 2017).

An empirical study by Sukawati (2014), shows that product differentiation based on local wisdom culture creates greater levels of consumer satisfaction and longer customer retention. The empirical study of Sukawati & Jatra (2015), found that a product differentiation strategy with a combination of local wisdom culture had a positive and significant impact on the sustainable competitive advantage at The Royal Pita Maha Resort. The empirical study of Sukawati (2014), shows that service differentiation which is influenced by cultural factors makes a positive contribution to the level of customer satisfaction because of the influence of sincerity. The empirical study of Sukawati & Jatra (2015), suggests that the service differentiation strategy with a combination of local wisdom culture has a positive and significant impact on the sustainable competitive advantage at The Royal Pita Maha Resort. The empirical study conducted by Torres & Tribo (2011), on consumer satisfaction with brand equity shows that consumer satisfaction has a direct and indirect relationship with the company's brand equity. The positive relationship of consumer satisfaction with the brand can be analyzed from increased consumer loyalty, increased consumer desire to buy, and increased long-term value of consumers to the company. The empirical study of Sukawati & Jatra (2015), suggests that the image differentiation strategy with a combination of local wisdom culture has a positive and significant impact on sustainable competitive advantage.

H4: Local Wisdom Culture Can Strengthen the Effect of Product Differentiation on Tourist Satisfaction

H5: Local Wisdom Culture Can Strengthen the Effect of Service Differentiation on Tourist Satisfaction

H6: Local Wisdom Culture Can Strengthen the Effect of Image Differentiation on Tourist Satisfaction

Conceptual framework

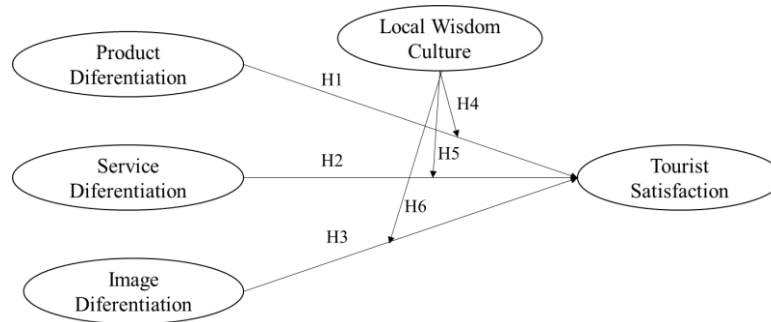


Figure 2. Conceptual framework

3 Research Methodology

This study takes a research design that focuses on looking at the relationship (associative) that examines one or more variables. The purpose of this study was to evaluate and analyze the effect of product differentiation, service differentiation, and image differentiation on the level of consumer satisfaction with the moderating role of Tri Hita Karana's cultural values. This research was conducted at Royal Kirana Spa & Wellness Ubud because the research focuses on consumer satisfaction among spa entrepreneurs in Ubud. In this study, the population is tourists who stay at Royal Kirana Spa & Wellness. The sampling method used is non-probability sampling with accidental sampling technique, which is a sampling technique based on chance, that is, anyone who coincidentally meets the researcher can be used as a sample. According to Hair et al. (2014), the determination of the number of samples is determined. based on a large number of question indicators or questionnaire statements, it is assumed that $n \times 5$ observations are up to $n \times 10$ observations. In general, researchers will not analyze samples that are less than 50, it is better if the sample size is 100 or more. From a total of 24 indicators ($n = 24$) contained in this study, a minimum sample of (24×5) is needed for 120 tourists at Royal Kirana Spa & Wellness Ubud. The number of samples taken in this study was 200 tourists. The method of data collection in this study is a survey method using a questionnaire. Furthermore, the questionnaire was tested using the SPSS version 17 program to determine the validity and reliability of the questionnaire and to test the research hypothesis (Kozak, 2001; Amerta et al., 2018).

4 Results and Discussions

Multiple linear regression analysis results

The following presents the results of the regression between Product Differentiation, Service Differentiation, and Image Differentiation on Tourist Satisfaction.

Table 2
Multiple linear regression results between product differentiation, service differentiation, and image differentiation on tourist satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	6.649	1.614	Beta	4.120	.000
	Product Differentiation	.149	.052	.165	2.830	.005
	Service Differentiation	.414	.051	.496	8.074	.000
	Image Differentiation	.150	.070	.134	2.135	.034

Source: Processed Research Data (2021)

Based on Table 2, it can be explained as follows:

- The product differentiation coefficient value of 0.149 indicates that each increase in the value of product differentiation of 1 unit will affect the value of tourist satisfaction of 0.149 or the better product differentiation, the better tourist satisfaction. The product differentiation variable has a significance value of 0.005, the significance value is smaller than the 5% level, which means H1 is accepted. This means that product differentiation has a positive and significant effect on tourist satisfaction.
- Service differentiation coefficient value of 0.414 indicates that each increase in the value of Service Differentiation by 1 unit will affect the value of Tourist Satisfaction by 0.414 or the better Service Differentiation, the better Tourist Satisfaction. The service differentiation variable has a significance value of 0.000, the significance value is smaller than the 5% level, which means H2 is accepted. This means that service differentiation has a positive and significant effect on tourist satisfaction (Alegre & Garau, 2010; Widodo, 2012).
- The value of the Image Differentiation coefficient of 0.150 indicates that each increase in the value of Image Differentiation by 1 unit will affect the value of Tourist Satisfaction of 0.150 or the better the Image Differentiation, the better the Tourist Satisfaction. The image differentiation variable has a significance value of 0.034, the significance value is smaller than the 5% level, which means that H3 is accepted. This means that image differentiation has a positive and significant effect on tourist satisfaction.

Moderated Regression Analysis (MRA) results

The following presents the results of testing the hypothesis between the variables of Product Differentiation, Service Differentiation, and Image Differentiation on Tourist Satisfaction by using the coefficient of determination (R²), simultaneous test (F test), and moderating regression analysis (MRA).

Coefficient of determination (R²)

The following presents the results of the coefficient of determination between the variables of Product Differentiation, Service Differentiation, and Image Differentiation with the Moderation of Local Wisdom Culture on Tourist Satisfaction by using R².

Table 3
Coefficient of determination results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.942 ^a	.888	.884	.41296

Source: Processed Research Data (2021)

The results of the coefficient of determination obtained an R Square value of 0.888 which means that the large influence on the Tourist Satisfaction variable caused by the Product Differentiation, Service Differentiation, and Image Differentiation variables with Local Wisdom Culture moderation is 88.8 percent. Meanwhile, the large influence on the Tourist Satisfaction variable caused by other factors is 11.2 percent.

Simultaneous test (F-Test)

The following presents the results of testing the effect of Product Differentiation, Service Differentiation, and Image Differentiation with the Moderation of Local Wisdom Culture on Tourist Satisfaction simultaneously using the F test.

Table 4
Simultaneous test results

Model	Sum of Squares	df	Mean Square	F	Sig.
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1	Regression	258.652	7	36.950	216.674	.000 ^b
	Residual	32.743	192	.171		
	Total	291.395	199			

Source: Processed Research Data (2021)

Simultaneous test results with the F test, the calculated F value (216,674) is more than F table (2,058) or the significance value (0.000) is less than alpha (0.050) indicating that there is a significant effect between Product Differentiation, Service Differentiation, and Image Differentiation with Cultural Moderation Local Wisdom to Tourist Satisfaction Simultaneously.

Moderated Regression Analysis (MRA)

To find out the role of Local Wisdom Culture in moderating, a Moderated Regression Analysis (MRA) test was conducted. The following presents the regression results between Product Differentiation*Local Wisdom Culture, Service Differentiation*Local Wisdom Culture, and Image Differentiation*Local Wisdom Culture on Tourist Satisfaction.

Table 5
Results of Moderated Regression Analysis (MRA) between product differentiation, service differentiation, and image differentiation on tourist satisfaction with moderation of local wisdom culture

Model	Unstandardized	Std. Error	Standardized	t	Sig.
	Coefficients		Coefficients		
	B		Beta		
Product Differentiation * Wisdom	.046	.018	1.838	2.506	.013
Local	.031	.015	1.443	2.014	.045
Service Differentiation *	.043	.021	1.674	2.105	.037

Source: Processed Research Data (2021)

The results of the moderating regression between the variables of Product Differentiation, Service Differentiation, and Image Differentiation with the Moderation of Local Wisdom Culture on Tourist Satisfaction are presented as follows:

- Product Differentiation Variable * Local Wisdom (the moderating result between product differentiation variable and local wisdom culture) obtained a coefficient value of 0.046 with a significance level of 0.013. Based on these results, the Local Wisdom Culture variable can be called a moderating variable in the relationship between product differentiation and tourist satisfaction. By using a significance limit of 0.05, the significance value is lower than the 5% level, which means H_0 is rejected and H_4 is accepted, which means that Local Wisdom Culture can strengthen the effect of product differentiation on tourist satisfaction.
- Service Differentiation Variable * Local Wisdom (the moderating result between service differentiation variable and local wisdom culture) obtained a coefficient value of 0.031 with a significance level of 0.045. Based on these results, the Local Wisdom Culture variable can be called a moderating variable in the relationship between service differentiation and tourist satisfaction. By using a significance limit of 0.05, the significance value is lower than the 5% level, which means H_0 is rejected and H_5 is accepted, which means that Local Wisdom Culture can strengthen the effect of service differentiation on tourist satisfaction.
- Image Differentiation Variable * Local Wisdom (moderation result between image differentiation variable and local wisdom culture) obtained a coefficient value of 0.043 with a significance level of 0.037. Based on these results, the Local Wisdom Culture variable can be called a moderating variable in the relationship between image differentiation and tourist satisfaction. By using a significance limit of 0.05, the significance value is lower than the 5% level, which means H_0 is rejected and H_6 is accepted, which means that Local Wisdom Culture can strengthen the influence of image differentiation on tourist satisfaction.

The effect of product differentiation on tourist satisfaction

Based on the results of statistical tests that product differentiation has a positive and significant effect on the level of tourist satisfaction, which can be explained in Table 3 with a regression coefficient value of 0.149 and a significance value of 0.005 which is smaller than 0.05 and supports the first hypothesis (H1). These results explain that the product differentiation strategy carried out by Royal Kirana Spa & Wellness can provide a real influence in creating tourist satisfaction. The results of this study confirm the results of research by Nugraha & DS (2020), that the influence of the quality of tourism products on consumer satisfaction based on the results of the study is positive and significant, which means that the better the quality of tourism products, the higher the customer satisfaction. Vice versa, the worse the quality of tourism products, the worse the level of consumer satisfaction. Research conducted by Agustina (2017); Trisihnyo (2018); Astuti & Zulkarnain (2019); Mardiani & Yani (2021), also shows that product differentiation has a significant effect on increasing customer satisfaction.

The effect of service differentiation on tourist satisfaction

Based on the results of statistical tests that service differentiation has a positive and significant influence on the level of tourist satisfaction which can be explained in Table 3 with a regression coefficient value of 0.414 and a significance value of 0.000 which is smaller than 0.05 and supports the second hypothesis (H2). These results explain that the service differentiation strategy carried out by Royal Kirana Spa & Wellness can provide a real influence in creating tourist satisfaction. The results of this study support the results of research by Riny & Wijaksana (2019), in their research stating that service differentiation consisting of ease of ordering, installation, customer training, and partial maintenance and repair has a significant influence on consumer satisfaction Auto2000 Karawang. Research conducted by Linda & Heriyanto (2017); Ryantori (2018); Laeli (2020), also show that service differentiation has a real influence on increasing customer satisfaction.

The effect of image differentiation on tourist satisfaction

Based on the results of statistical tests that image differentiation has a positive and significant effect on the level of tourist satisfaction, which can be explained in Table 3 with a regression coefficient value of 0.150 and a significance value of 0.034 which is smaller than 0.05 and supports the third hypothesis (H3). These results explain that the image differentiation strategy carried out by Royal Kirana Spa & Wellness can provide a real influence in creating tourist satisfaction. The results of this study support the results of research by Rangkuti (2018), which states that image differentiation has a positive and significant effect on customer satisfaction of PT Telkom Enterprise Service Division Regional I Sumatra. Research conducted by Andri (2013); Sutrisna & Sinaga (2015); Sibuea & Heriyanto (2017), also shows that image differentiation has a real influence in increasing customer satisfaction.

The role of local wisdom culture in moderating the effect of product differentiation on tourist satisfaction

Based on the statistical test results that the culture of local wisdom can strengthen the effect of product differentiation on the level of tourist satisfaction, which can be explained in Table 5 with a significance value of 0.013 which is smaller than 0.05 and supports the fourth hypothesis (H4). This means that SPA products packaged with local cultural values can make a real difference in the hearts of consumers in creating a level of satisfaction. able to make a real difference in the hearts of consumers in creating a level of satisfaction. The results of this study confirm the results of Pride & Ferrell's (2016), research. Product differentiation is the process of creating and designing products so that consumers feel that their products are different from competing products. Differences in perceptions of the product perceived by consumers, including elements: quality, features, style, price, and image affect the level of consumer satisfaction with the use of these products. The results of this study are in line with Sukawati (2014), showing that product differentiation based on local wisdom culture creates a greater level of consumer satisfaction and longer customer retention. The uniqueness of the product or artifact based on the philosophy of local wisdom enjoyed by consumers is created through a process of harmonious touch between man and God to produce an artifact or product with a more satisfying appeal because it is inspired by supernatural powers in every aspect of its manufacture.

Research conducted by Sukawati & Jatra (2015), found that a product differentiation strategy with a combination of local wisdom culture has a positive and significant impact on the sustainable competitive advantage at The Royal Pita Maha Resort. With a typical Balinese traditional building called Bale and the very beautiful nature of Ubud's countryside, it is its uniqueness that reflects that the product produced is a strategic differentiating value that leads to tourist satisfaction. Shammot (2011), states that product differentiation in the aspect of improving product quality has

a significant effect on increasing consumer satisfaction. Kotler & Keller (2012), stated that a good product design can affect the level of consumer satisfaction. A well-designed product will offer consumers functional and aesthetic benefits that will become an important source of product differentiation.

The role of local wisdom culture in moderating the effect of service differentiation on tourist satisfaction

Based on the results of statistical tests that the culture of local wisdom can strengthen the effect of service differentiation on the level of satisfaction of tourists at Royal Kirana Spa & Wellness. This condition is supported by the statistical test results in Table 4 where the significance value (0.045) is less than alpha (0.050). This result also explains that the proposed H5 hypothesis is accepted. Service based on culture owned by Royal Kirana SPA can be a differentiator in terms of providing services to guests. The concept of creating a service that is unique or different is in line with several previous studies such as Kotler & Keller (2012); Takeuchi & Quelch (1983). Service quality differentiation is a consistent and efficient strategy to increase competitiveness that gives customers what they want and expects to satisfy consumer needs. The cultural content of local wisdom provides a different perceived value to service quality for consumers (Zollo & Winter, 2002; Zott, 2003; Zahra et al., 2006). Service quality as a differentiation strategy factor that can increase the level of customer satisfaction (Hoffman & Bateson, 2011; Bruhn et al., 2006; Sukawati & Jatra, 2015). Service differentiation has a significant effect on increasing consumer satisfaction and has implications for increasing shareholder wealth (Anderson & Zeithaml, 1984; Parasuraman et al., 1988; Sukawati, 2014).

Research implication

Theoretical implications

The implementation of corporate and organizational strategies is very strong in its direction to build and realize one of the main aspects of sustainability, namely the level of tourist satisfaction, which has been studied theoretically in a case study of customer satisfaction conducted at Royal Kirana Spa & Wellness Ubud. The application of modern elements that have been running optimally and positively along with the formation of company competitiveness which is reflected in the level of customer satisfaction cannot run alone without being accompanied by the application of cultural elements of noble local wisdom, namely Tri Hita Karana. As stated by Sukawati (2007, 2014, 2017); Sukawati et al. (2020); Groysberg et al. (2019), in Harvard Business Reviews 2019: The Definitive Management Ideas, that with a combination of strategy and culture in a company, supported by essential aspects of leadership, a strong culture can spur the company in creating positive and comprehensive outcomes of competitiveness, both from the internal side to the company's external environment. This means that harmonizing internal and external elements through the role of strategy and culture can give a unique impression on the organization that provides value to tourists in the form of a positive level of satisfaction (del Bosque & San Martín, 2008; Nield et al., 2000).

Practical implications

The results of this study are ideal to be applied and improved as a guide in implementing the company's strategy at Royal Kirana Spa & Wellness in building tourist satisfaction levels while implementing the noble goals of Balinese cultural heritage. This is manifested in the local wisdom of Tri Hita Karana as a step to preserve customs, traditions, social systems, to the management and preservation of the natural environment which has proven to be able to provide unique value to Royal Kirana Spa & Wellness Ubud.

5 Conclusion

Based on the research title, main problems, research objectives, formulation of hypotheses, and discussion of research results, the following conclusions and suggestions are put forward:

- Product differentiation has a positive and significant effect on customer satisfaction. This means that the better product differentiation carried out by Royal Kirana Spa & Wellness Ubud will increase tourist satisfaction.

- Service differentiation has a positive and significant effect on customer satisfaction. This means that the better the differentiation of services carried out by Royal Kirana Spa & Wellness Ubud will increase tourist satisfaction.
- Image differentiation has a positive and significant effect on customer satisfaction. This means that the better the image differentiation carried out by Royal Kirana Spa & Wellness Ubud, the higher tourist satisfaction.
- The culture of local wisdom can significantly strengthen the influence of product differentiation on the level of tourist satisfaction, this gives firmness to SPA products packaged with local cultural values that can make a real difference in the hearts of consumers in creating a level of satisfaction.
- The culture of local wisdom can significantly strengthen the effect of service differentiation on the variable of tourist satisfaction. This condition means that services based on local wisdom can give a deep and different impression in the activities carried out at Royal Kirana Spa & Wellness Ubud, thus leading to increased tourist satisfaction.
- The culture of local wisdom can significantly strengthen the influence of image differentiation on the variable of tourist satisfaction. The image that is formed with a traditional impression or based on local culture becomes a unique model in influencing consumers to create satisfaction. Royal Kirana Spa & Wellness Ubud has succeeded in changing the pattern of services wrapped in traditional ways to form a unique image in the hearts of every tourist who enjoys its products.

Suggestion

Based on the discussion and conclusions that have been explained, the suggestions from this research are:

- The importance of maintaining local wisdom in creating the competitiveness of Royal Kirana SPA in Bali, especially in Ubud, is a tough job for owners and managers to always be able to create a comfortable atmosphere with the best service. Computerized-based innovations in the modern era must always be combined with the culture and elements of art that have been embedded in the soul of the people of Ubud. So that in the competition it can give the best impression that still adheres to the customs and norms that have been attached to the development of SPA.
- The application and application of marketing management based on differentiation and innovation in the SPA sector has a very positive effect on tourist satisfaction. This can certainly be an important foundation in a competitive advantage strategy. This condition is an important point in helping Royal Kirana SPA in the development of its business and can differentiate it from competitors who are increasingly growing today.

Conflict of interest statement

The authors declared that's they have no competing interests.

Statement of authorship

The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

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