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## **The Role of Destination Image as Mediation Variable on Tourist Satisfaction : Case Study at Kuta-Bali**

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### **Abstract**

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#### **Keywords:**

Customer Value;  
Perceived Value;  
Destination Image;  
Customer Satisfaction;

Kuta is also a unique destination for various tourists from any kind market segment. Therefore, Kuta considered as a destination that can provide the value to the market segment of tourists who visiting Kuta-Bali. With 31 respondents as a sample, through questionnaires using purposive random sampling method. This study aims to confirm the model of satisfaction who developed by researchers through a review of the scientific literature. The model developed uses four variables namely, Customer Value (CV), the Perceived Image (PI), Destination Image (DI), and Satisfaction (STF) with the destination image as a mediating variable. The analysis technique used in this study is Smart PLS (Partial Least Square), this research is expected to prove a model on tourist satisfaction. Finding in this research shows that the Destination Image (DI) has an influence on Satisfaction (STF) is higher than the influence of Perceived Value (PV) of the Destination Image (DI) for 0.579. and Customer Value (CV) of the Destination Image (DI) of 0.191. Thus Destination Image (DI) is the most dominant variable in influencing Satisfaction (STF). While most dominant variable is the Customer Value (CV) is the smallest estimate the original sample is equal to 0.191. The implication of this research is to find out how the perception of travelers who visit to Kuta. So do anticipate in maintaining and developing the image of Kuta as a tourist destination so as to give satisfaction to the tourists who visiting these destinations with moreover dominated by various market segment of tourists.

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#### **Background**

Destination image is very important to achieve the expected market share, it makes a tourist destination should be more competitive than the other destinations, in defining its strategy by evaluating trends on the needs and desires of ongoing tourists. Purchase decision which done by the tourist is a decision that involves a wide range of perceptions of price, quality, and product, to help travelers in planning and booking a dream trip.

Stephen et al., (2007) and Khan (2012), states that there is a positive influence between image and customer satisfaction. Image as one of supporting destination to attract tourists must be considered. For

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example if a tourist destination is constantly holds good image for tourists, it will get a better position in the eyes of tourists, by leveraging its competitive advantages.

Kuta is one of the destinations of the iconic island of Bali, which many people said Kuta is identical to the Bali. With a famous beach resort, white beaches and the waves are crashing fast seem like promising charm of the image of a destination which is not to be forgotten for tourists who've been here, beside the charm of the beaches, Kuta also offers various types of accommodation and entertainment such as hotels, restaurants, bars, shops and street vendors along the beach to Legian. Kuta is also a unique destination for tourists that visiting by various market segment.

### Research issues

Limitations of previous studies have presented some important research gap, among others: First, Siamiloy et al. (2015) presents a research model that focuses on the relationship between destination image and customer value on behavioural intention, without considering the perceived value between Destination Image and satisfaction. Second, Hendarto (2007) research shows that destination image only related with the satisfaction and does not have a relationship with customer value. Third, a number of previous studies admits that sampling can produce erroneous generalizations (Alrubaiee and Nahla, 2010, Ryu et al., 2011, Hyung, 2013, Alrubaiee, 2012). The four reasons put forward then become a research gap and theory gap that needs to be tested through further research. Thus, the study is conducted based on following main issues: 1) Is the perceived value affected towards destination image 2). Is the customer value affected towards destination image? 3). Is the destination image as a mediation variable affected towards the customer satisfaction?

### Science Contribution

This study is to develop the frame model from the previous literature. The study and theoretical gap above needs to be further examined. Based on description above the theoretical model developed in this research was 'The Role of Destination image as Mediation Variable On Tourist Satisfaction (Case Study at Kuta)'. Where the destination image is used as a mediation for value and customer satisfaction are assessed on marketing theory. Destination image used as a mediation variable to determine the correlation between customer value and perceived value as tourist satisfaction. This research also has benefit in developing the marketing strategy at tourism area in Kuta in increasing the destination image on it.

### Theoretical

#### Customer Value

Value for customers is the difference between the value of consumers for having and using a product and the cost to have the product, Kotler (2001). It was stated by Rangkuti (2006) that, as required by customer is service and the benefits of the product. In addition to money, customers expend time and energy in order to obtain a product. Criterion value for the customer can be described as follows:

$$\text{Value for the customer} = \frac{\text{Quality} \times \text{Service}}{\text{Cost} \quad \text{time}}$$

#### Customer Perceived Value

Perceived value is perceived will supports the achievement of customer satisfaction at tourist destination. It is the anticipated benefit from the perspective of tourists from the products or services offered. The perceived value of tourists visiting on a destination comes from its obvious advantages, psychological and social, and therefore affect the demand for the products or services offered at a tourism destination, so it needs to be considered when setting the price. A set of benefits or expected value or can be perceived customer chooses to tourist destinations. According Glae (1994), the customer value is what customers get (profits, appropriateness, quality, usability) that result in behavior towards or into an emotional bond (Butz and Goodstein, 1996) these products. This opinion was supported by Nauman (1994), known as the triangle of customer value (customer value triad) argues that "customer value consist of product quality and service quality which is the pillars that support the price level" means the provision of customer value to customers can be done with the creation of a quality product accompanied by outstanding service and the customer is also a value based on the price.

#### Destination Image

Whatever the image is the individual's perception according the characteristics of destinations that can be influenced by promotional information, the mass media as well as many other factors (Tasci and Kozak 2006). Defining the concept of destination image as an expression of all objective knowledge, prejudices, imagination and emotional mind of an individual or group about a particular location. Another author defines image as the sum of all beliefs, ideas and impressions that people associate with the purpose (Kotler, Haider

and Rein, 1993). Valls (1992) presents a definition from the point of view of the consumer, the destination image of a country defined as a set of consumer perception. Bigné, Sánchez Sánchez and (2001) defines as an objective image of the subjective interpretation of reality by tourists. Therefore, the tourists picture has goals largely subjective because it is based on the perception each has a tour of all the goals they have or ever heard of (Martín and Rodriguez, 2008).

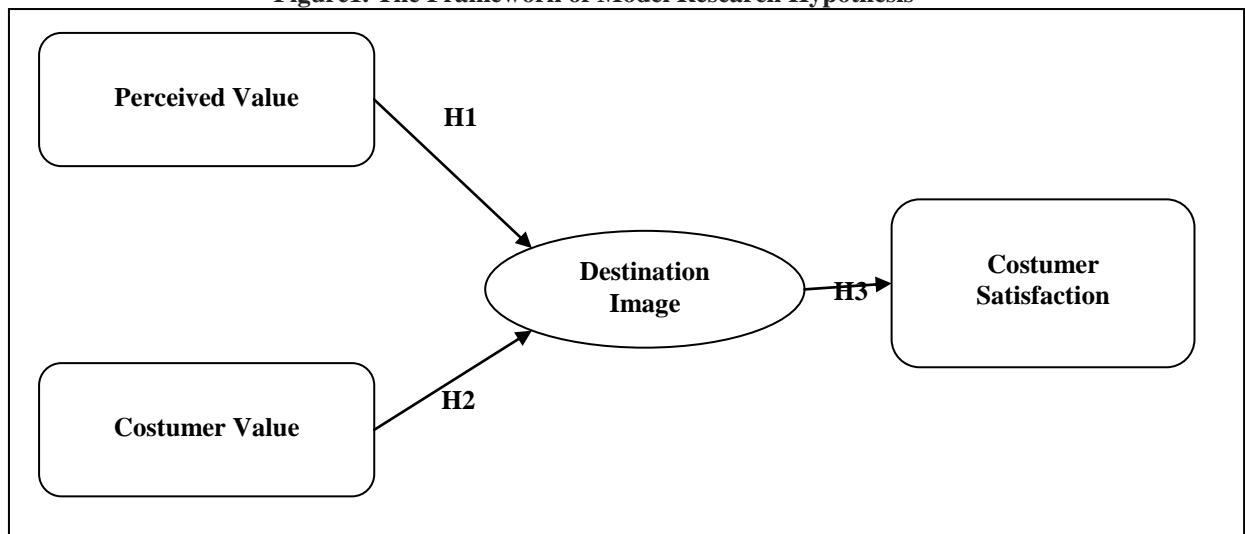
### Customer Satisfaction

In the tourism industry competitiveness among tourism destinations have become increasingly stringent. A large number of existing destinations and as well as new destinations to compete to attract tourists in order to improve their destination to get a better position in the international tourism market. Tanujaya (2013) stated that customer satisfaction is the overall assessment of an experience of purchasing and consumption of goods and services. According to Kotler and Armstrong (2001), customer satisfaction is the customer response to the extent of the performance provided by a product or service in a company commensurate with customer expectations. Fornell (1992) in Deng (2009) state that customer loyalty is high mainly due to high customer satisfaction. Deng (2009) proposed that effective satisfaction to be able to create loyalty among tourist.

### Conceptual framework

The model above illustrates the interrelated destination image (DI) as a mediation variable with constituent that is perceived value (PV) and customer value (CV). Both these formed variables will pass variables between destination image before the tourists perceive satisfied. In accordance with the approach of repeated indicators also called Hierarchical Component Model (Wetzel et al., 2009), further indicators of both variable constituent (first order: CV and PV) is used as an indicator variable Destination Image (second order: DI), toward satisfaction (STF) as shown in Figure 1.

**Figure1. The Framework of Model Research Hypothesis**



### Hypothesis

Based on the figure above it can be hypothesized as follows :

H1: The customer value is affected on destination image.

H2: The perceived value is affected on destination image.

H3: Destination image as a mediation variable has an affect towards tourist satisfaction.

### Methodology

This research included in the type of causality research. The unit of analysis is the destination tourists in Kuta-Bali. In accordance with the discussed problem, this kind of research included in the research of descriptive and an explanatory. Population of this research is all of the tourists who visited Kuta-Bali. Samples were taken from the 31 respondents. The determination of the number of samples in this study refers to Sugiyono (2000) which states that the determination of minimum sample of 30 respondents in the study, the analysis technique using the Partial Least Square (PLS) using smartPLS software v3.0 allows to use the sample slightly. The sampling technique used in this research is purposive random sampling method that is not random samples, where samples are taken in accordance with considerations or requirements that have been set previously by researchers or in accordance with the objectives to be achieved by the researcher. Data

collection techniques uses a questionnaire with Likert scale 1-5. The questionnaire is close end that contains four (4) variables (perceived value, customer value, destination image, and satisfaction) with the total forty three (43) questions that submitted to respondents through purposive random sampling

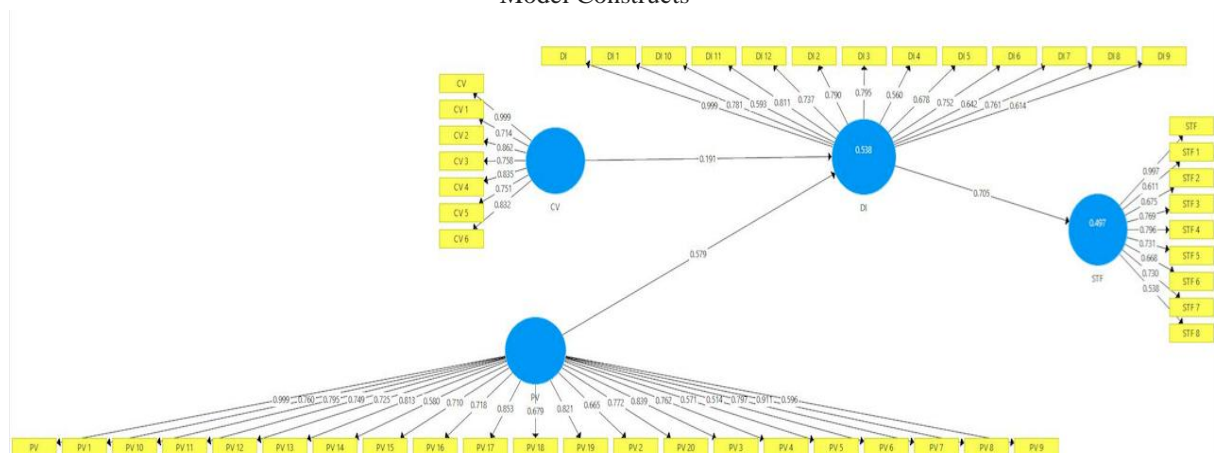
**Result**

**Table 1:** Characteristics of Respondents

Characteristics Of Answer	Distribution	Characteristics of Answer	Distribution
<b>Age (N=31)</b>		<b>Length of Stay (N=30)</b>	
00-20	4	1-3 days	18
21-30	15	4-6 days	5
31-40	12	> 7 days	8
<b>Nationality (N=31)</b>		<b>How do you about Kuta (N=31)</b>	
Domestik	10	Already Knew	15
Foreigner	21	Internet	10
<b>Visiting Kuta (N=30)</b>		Friend and Relatives	4
First Time	9	Media	1
More Than 2	22	Travel Agency	1
<b>Reason for Visiting Kuta (N=31)</b>		<b>Organize with agent (N=31)</b>	
Rest	14	No	21
Visiting Friend	4	Yes	10
Culture	3	<b>Quality of Destination (N=31)</b>	
Fun	8	Average	1
Sports	2	Satisfied	22
<b>Status Employment (N=31)</b>		Very Satisfied	7
Employed	17	<b>Gender (N=31)</b>	
Student	8	Male	21
Restired	1	Female	10
Self Employe	5		

Figure 2. is the result of data analysis that used PLS software. It was known the rank of indicator grade that reflects the indicators variabel, and grade of each indicators for each variable were seen on figure 2.

Figure 2  
Model Constructs



Source: Output SmartPLS (2016)

The model shows that the construct of Destination Image (DI) measured by 13 different indicators, namely DI1, DI2, DI3, DI4, DI5... DI13. Likewise construct Perceived Value (PV) measured by 20 indicators of PV1, PV2, PV3, PV4, PV5,..... PV20, construct Customer Value (CV) was measured by six indicators, namely CV1, CV2, CV3, CV4, CV5 and CV6 and construct of Satisfaction (STF) measured by nine indicators that STF1, STF2, STF3, STF4,..... STF9. Direction of the arrow between the indicator with latent construct is a leading indicator that shows that research using reflective appropriate indicators to measure perception. Relationships to be studied (hypothesis) is denoted by arrows between constructs.

The picture above shows that the loading factor according to Chin (1998) suggested that a minimum value of 0.5. If the value is under 0.5, then the indicator was not used or eliminated from the model.

**Testing of Reliability****1. Cronbach's Alpha**Table 2  
Cronbach Alpha

Variable	Cronbach Alpha
Costumer Value (CV)	0.920
Destination Image (DI)	0.928
Perceived Value (PV)	0.960
Satisfaction (STF)	0.888

Source : Output SmartPLS (2016)

The value which is recommended is above 0,6 shows that the Cronbach Alpha value for all constructs are above 0,6. CV is mentioned, the lowest value is 0.888.

**2. Composite Reliability**Table 3  
Composite Reliability

Variable	Composite Reliability
Costumer Value (CV)	0.937
Destination Image (DI)	0.939
Perceived Value (PV)	0.964
Satisfaction (STF)	0.911

Source : Output SmartPLS (2016)

Reliability is assessed by looking at the value of the block of indicators of composite reliability that measure the construct. The result of composite reliability will be arise if the value is satisfied, above 0.7. Table 3 shows that composite reliability value for all construction is higher than 0.7, shows that all of them develop the models which are estimated, they fulfill the criteria of discriminant validity. The composite from the lowest reliability equals with 0,883 in developing Perceived Value (PV).

**3. R Square**Table 4  
R-Square

Variable	Original Sample (O)
Destination Image (DI)	0.538
Satisfaction (STF)	0.497

Source : Output SmartPLS (2016)

Table 4 above gives the value is 0,538 to develop DI which means if DI is affected by PV and CV is 53.8 % . The R value is also provided at STF with 0.497 value is affected by PV, CV and DI is 49,7 % . Hypothesis assessment is as follows:

**4. Hypotheses Assesment**

The structural model assesment to assess the effect of each directions correlation (causal path) and hypotesis assesment has assigned, it is used particular technique, SmartPLS is bootstrapping technique. Based on the result of its technique analysis, so that all direction of correlation variable is significant at level 5% with grade of t-statistic is >1,96. All hypothesis was proposed could be accepted. The correlation among variables can be seen in table 5 and the ilustration of its model is in figure 1.

Tabel 5

## Direct Effect

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ((O/STERR))
CV -> DI	0.191	0.215	0.182	0.296	1.046
PV -> DI	0.579	0.732	0.191	0.003	3.032
DI -> STF	0.705	0.732	0.083	0.000	8.522

Source : Output SmartPLS (2016)

Table 5. points out the result in the framework to answer the hypothesis as follows:

- The correlation between CV & DI is not significant to the T-statistic of 1.046 ( $<1.96$ )
- The correlation between PV & DI is significant with T-statistics for 3.032 ( $>1.96$ ).
- The correlation between DI & STF is T-statistically significant for 8.522 ( $>1.96$ ).

### Discussion

The above table shows that the relationship between CV with DI is not significant, with T-statistic of 1.046 ( $<1.96$ ). The original value estimate sample was positive in the amount of 0.191 which indicates that the direction of the relationship between CV with DI is negative. Thus the hypothesis H1 in this study which states that 'Customer Value influential Destination Image' is rejected.

The above table shows that the relationship between PV with DI is significant with T-statistics for 3.032 ( $>1.96$ ). The original value estimate sample was positive in the amount of 0.579 which indicates that the direction of the relationship between PV with DI is positive. Thus the hypothesis H2 in this study which states that 'Perceived Value influential Destination Image' is accepted.

The above table shows that the relationship between DI with STF is T-statistically significant for 8.522 ( $>1.96$ ). The original value estimate is a positive sample that is equal to 0.705 which indicates that the direction of the relationship between DI with STF is positive. Thus the hypothesis H3 in this study which states that 'Destination Image affect the Satisfaction' is accepted.

Based on the original value of the obtained sample estimate that the highest value that affects Satisfaction (STF) is the Destination Image (DI) that is equal to 0.705. It shows that the Destination Image (DI) has an influence on Satisfaction (STF) is higher than the influence of Perceived Value (PV) of the Destination Image (DI) for 0.579. and Customer Value (CV) of the Destination Image (DI) of 0.191. Thus Destination Image (DI) is the most dominant variable in influencing Satisfaction (STF). While most dominant variable is the Customer Value (CV) is the smallest estimate the original sample is equal to 0.191.

Still there are some indicators of variables Perceived Value (PV) value below 0.5 which, according to Chin (1998) should be eliminated from the model established. For variable customer Value (CV) and Destination Image (DI), and Satisfaction (STF) all above the indicator value of 0.5 means that the value is not issued in the model.

### Conclusion

The purpose of this study was to clarify the correlation between the variables of perceived value, customer value, and destination image as a mediation variable towards the satisfaction. The result is a variable customer value is not significant to the destination image, which is pointed out by the value of statistics 1.046 t-statistic grade below 1.96, while the other variables is significant with a value of t-statistics above 1.96.

The findings in this study have important implications for theoretical and practical considerations, ie for theoretical; This research has provided insights regarding the model by the image of a destination as a mediation variable toward satisfaction. In practical side; Kuta is famous destination and always associate to Bali must be anticipate in maintaining and developing the image of Kuta as a tourist destination so as to give satisfaction to the tourists who visiting these destinations, with moreover dominated by various market segment of tourists.

It will be necessary to maintain the diversity of activities in Kuta, providing of tourism activities tailored to fulfill the certain interests and needs, to enrich their conscience, and to express themselves, to have an authentic experience in beaches activities, social or environment in which they have a positive involvement with local communities.

Suggestions for future studies should use larger sample sizes so that the resulting model is more appropriate. Additionally loyalty variables, behavioral intention or experience should be added on research relating to customer satisfaction, and required the assessment in the selection of indicators for each variable.

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