

STRENGTHENING LOCAL TOURISM ENTERPRISES TO ENHANCE GUEST SATISFACTION: EVIDENCE FROM TEMPEKAN PEREKONOMIAN PARIWISATA (TPP) CANGGU BALI

Kadek Ria Dwitya Putra^{1*}, I Putu Putra Astawa²

Master's Program in Management, Faculty of Economics, Business and Tourism,
Universitas Hindu Indonesia

E-mail: kdwityaputra@gmail.com, Putuputraastawa@gmail.com.

Received: 07/07/2026 | Revised: 15/07/2026 | Accepted: 05/08/2026 | Published: 23/08/2026

Abstract

This study investigates the influence of Word of Mouth (WOM) and Store Atmosphere on Guest Satisfaction, with Purchase Decision serving as a mediating variable. The research is conceptually grounded in the Theory of Planned Behavior and the Stimulus–Organism–Response framework, which explain the roles of social influence and environmental stimuli in shaping consumer behavioral responses. A quantitative research approach employing a causal design was adopted. Primary data were collected through structured questionnaires administered to 100 consumers of local tourism enterprises affiliated with Tempekan Perekonomian Pariwisata (TPP) Canggu Bali using accidental sampling. The proposed structural relationships were examined using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The empirical findings reveal that word of mouth exerts a positive and statistically significant influence on both purchase decision and guest satisfaction. Conversely, store atmosphere significantly influences purchase decision but does not demonstrate a direct significant effect on guest satisfaction. Furthermore, purchase decision significantly enhances guest satisfaction and functions as a partial mediator in the relationship between word of mouth and guest satisfaction, while fully mediating the relationship between store atmosphere and guest satisfaction. These findings underscore the pivotal role of purchase decision as the underlying mechanism through which marketing communication and environmental attributes contribute to guest satisfaction. Accordingly, strengthening positive customer recommendations, enhancing the physical service environment, and fostering favorable purchasing decisions constitute strategic priorities for improving guest satisfaction and reinforcing the long-term competitiveness of community-based tourism enterprises.

Keywords: Word Of Mouth; Store Atmosphere; Consumer Satisfaction; Purchase Decision.

INTRODUCTION

Tourism has become one of the leading sectors contributing significantly to Indonesia's economic development, particularly in Bali, which is internationally recognized as one of the world's major tourist destinations (Takdir, et al, 2026). Among all regencies in Bali, Badung Regency has consistently demonstrated the highest contribution to tourism development due to its advanced tourism infrastructure, accessibility, accommodation facilities, and continuous investment growth (Darsana, et al, 2025). Destinations such as Kuta, Seminyak, Nusa Dua, Jimbaran, and Canggu have strengthened Badung's position as the center of Bali's tourism economy. Compared to other regions in Bali that emphasize cultural or nature-based tourism, Badung has developed a more integrated tourism ecosystem capable of attracting both domestic and international visitors. One of the fastest-growing tourism destinations in Badung is Canggu, located in North Kuta District. Over the past decade, Canggu has transformed into a global tourism hotspot characterized by beach tourism, surfing culture, culinary attractions, wellness tourism, and the presence of digital nomad communities. The unique combination of Balinese local culture and modern lifestyle has created a distinctive tourism atmosphere that attracts long-stay international tourists. However, the rapid growth of tourism activities in Canggu has also accelerated the process of touristification, where local spaces and community-based economies are increasingly transformed into tourism commodities. Although tourism expansion generates economic opportunities, it simultaneously creates structural challenges for local communities, particularly for small

local enterprises that must compete with foreign-owned businesses possessing stronger capital, branding, and service capabilities (Kadir, et al, 2025).

The tourism dynamics in Canggu indicate a significant increase in tourist arrivals during the post-pandemic recovery period. This trend is closely related to the rapid growth of tourism activities in Badung Regency, which remains the leading tourism destination in Bali. Data from the Badung Regency Statistics Office show that the number of domestic tourists staying overnight in Badung increased from 690,022 visitors in 2023 to 698,614 visitors in 2024, reflecting the region's strong attractiveness as a tourism hub. Canggu, as one of the most popular destinations in Badung, has benefited from this growth due to its unique combination of surfing attractions, beach tourism, culinary experiences, wellness services, vibrant nightlife, and the increasing presence of digital nomads and long-stay international travelers. In addition, extensive promotion through social media and online travel platforms has strengthened Canggu's global visibility, making it one of the fastest-growing tourism destinations in Bali. As a result, tourist visits to Canggu increased significantly from 115,200 visitors in 2021 to more than 1 million projected visitors in 2025. However, despite this substantial growth, many local tourism businesses have not experienced proportional revenue increases. On the contrary, several local enterprises under Tempekan Perekonomian Pariwisata (TPP) Canggu have shown declining turnover trends between 2022 and 2025. This phenomenon suggests that increasing tourist arrivals do not automatically guarantee the sustainability and competitiveness of local tourism enterprises. A large proportion of tourism spending is often concentrated in foreign-owned or large-scale businesses that possess stronger capital, branding, digital marketing capabilities, and service quality. Consequently, local community-based enterprises continue to face challenges in attracting consumers, generating repeat purchases, and maintaining customer satisfaction amid increasingly intense competition. Tempekan Perekonomian Pariwisata (TPP) Canggu was established in 2017 as a community-based economic initiative aimed at strengthening local business competitiveness amid the dominance of foreign-owned tourism enterprises. TPP accommodates various local tourism-related businesses, including guest houses, homestays, restaurants, cafés, laundries, surf services, and tourism-supporting services managed by local residents. However, these local enterprises continue to face several limitations, including inadequate marketing strategies, weak promotional exposure, limited service innovation, and relatively less attractive business atmospheres compared to foreign-owned competitors. Consequently, local businesses often struggle to create satisfying customer experiences capable of encouraging repeat purchases and customer loyalty.

Customer satisfaction has become one of the most critical determinants of tourism business sustainability because satisfied tourists are more likely to revisit destinations, recommend services to others, and generate positive behavioral intentions (Gunawan, et al, 2026). In tourism marketing, consumer satisfaction is closely associated with purchase decisions, as purchasing behavior reflects tourists' evaluations of products, services, and overall consumption experiences (Royani, et al, 2025). Within the context of local tourism enterprises, purchase decisions are strongly influenced by both psychological and environmental factors, particularly word of mouth and store atmosphere. Word of mouth (WOM) plays a crucial role in tourism because tourists frequently rely on recommendations, reviews, and shared experiences from friends, relatives, or online communities before making purchasing decisions (Sâsâeac, et al, 2025). Positive WOM can strengthen tourists' trust, reduce perceived risk, and influence behavioral intentions. In line with the Theory of Planned Behavior (TPB), WOM reflects subjective norms that shape individual behavioral intentions through social influence. Previous studies have reported inconsistent findings regarding the effect of Word of Mouth (WOM) on purchase decisions. Several studies found that WOM has a positive and significant influence on purchase decisions, as demonstrated by Romadhoni et al. (2023), Roy et al. (2025), Iskamto et al. (2025), and Utami and Handayani (2025). However, other studies conducted by Suharyanto and Rahman (2022) as well as Febriyanti and Rahayu (2024) reported that WOM has no significant effect on purchase decisions. Yusra dan Budiono (2025) yang menyatakan bahwa *word of mouth* berpengaruh terhadap kepuasan konsumen melalui keputusan pembelian. Penelitian tersebut menjelaskan bahwa informasi positif yang diterima konsumen sebelum melakukan pembelian meningkatkan keyakinan dalam memilih produk, sehingga keputusan pembelian yang diambil menjadi lebih tepat dan berkontribusi pada terciptanya kepuasan konsumen.

Another important factor influencing tourist behavior is store atmosphere (Nabila, et al, 2021). In tourism businesses, atmosphere includes physical design, cleanliness, lighting, music, layout, comfort, and the overall emotional environment experienced by visitors. A positive store atmosphere can create memorable experiences, increase customer comfort, and strengthen emotional attachment to a business. In competitive tourism destinations such as Canggu, store atmosphere has become a strategic differentiator between local enterprises and foreign-owned businesses. Preliminary observations revealed that many tourists perceive foreign-owned businesses as offering more attractive atmospheres, better facilities, and more professional service experiences than local businesses under TPP Canggu. This condition potentially weakens tourists' purchasing decisions and satisfaction toward local enterprises.

Consistent with previous empirical findings, Kasmad (2022), Khan et al. (2022), Nababan et al. (2025), Mahardika et al. (2025), and Kurniawan et al. (2026) reported that store atmosphere exerts a positive and significant influence on purchase decisions. Agustin and Badi'ah (2025) explain that purchase decision acts as a mediating variable between store atmosphere and guest satisfaction. These findings suggest that marketing stimuli, such as store atmosphere, influence consumer outcomes through intermediate psychological and behavioral processes, highlighting the importance of mediation mechanisms in explaining consumer behavior. Although numerous studies have examined WOM, store atmosphere, customer satisfaction, and purchase decisions independently, limited research has specifically investigated the mediating role of purchase decisions in the relationship between WOM, store atmosphere, and customer satisfaction within community-based local tourism enterprises. Furthermore, previous findings remain inconsistent regarding the mediating mechanisms among these variables. Therefore, this study seeks to address these gaps by examining how purchase decisions mediate the influence of word of mouth and store atmosphere on customer satisfaction at Tempekan Perekonomian Pariwisata (TPP) Canggu Bali.

This study is important because it provides both theoretical and practical contributions. Theoretically, the research extends the application of the Theory of Planned Behavior in the context of local tourism enterprises and contributes to tourism marketing literature related to customer behavior and satisfaction. Practically, the findings are expected to provide strategic insights for local tourism businesses, policymakers, and tourism stakeholders in strengthening the competitiveness and sustainability of community-based tourism enterprises in Bali amid increasing global tourism competition.

LITERATURE REVIEW

2.1 Theory of Planned Behavior (TPB)

Theory of Planned Behavior (TPB) was developed by Icek Ajzen (1985) as an extension of the Theory of Reasoned Action (TRA) (Cornner, 2020). TPB explains that individual behavior is influenced by behavioral intention, which is formed through three main components: attitude toward behavior, subjective norms, and perceived behavioral control. Attitude toward behavior refers to an individual's positive or negative evaluation of performing a behavior. Subjective norms relate to social pressure or recommendations from important people, while perceived behavioral control reflects an individual's perception of the ease or difficulty of performing a behavior.

2.2 Stimulus-Organism-Response (SOR) Model

The Stimulus-Organism-Response (SOR) model was introduced by Mehrabian and Russell (1974) to explain how environmental stimuli affect individual emotions and behavior. According to this model, external stimuli (S) are processed within the individual (O), resulting in behavioral responses (R). The organism component represents internal emotional and cognitive processes that occur before behavioral responses emerge. In this research, Word of Mouth and store atmosphere act as external stimuli that influence consumer perceptions, emotions, and evaluations. These stimuli are processed internally through consumer experiences and satisfaction, which represent the organism component. As a result, consumers produce behavioral responses in the form of purchase decisions and satisfaction. The SOR model is therefore relevant to explain how marketing stimuli from local tourism businesses can shape consumer behavior.

2.3 Word of Mouth (WOM)

Word of Mouth (WOM) refers to informal communication among consumers regarding products, services, or brands based on personal experiences. According to Kotler and Keller (2020), WOM is considered one of the most credible forms of promotion because it comes directly from consumers rather than formal advertising. Positive WOM can encourage consumer trust, while negative WOM may reduce purchase intention. This study adopts the WOM indicators proposed by Septiani, et al, (2026), namely intensity, valence, content, reach, and credibility. These indicators are considered more comprehensive because they not only measure the frequency and quality of WOM communication but also evaluate how widely the information spreads and how trustworthy it is perceived by consumers.

2.4 Store Atmosphere

Store atmosphere refers to the physical and emotional environment created by a business to influence consumer perceptions and experiences. According to Levy and Weitz (2020), store atmosphere includes visual communication, lighting, color, music, aroma, layout, and overall environmental comfort designed to stimulate consumer emotions and perceptions. This research uses the store atmosphere indicators proposed by Bhatt et al.

(2020), which consist of attractive store stimuli and facilitating store stimuli. Attractive store stimuli include aesthetic and sensory elements such as decoration, lighting, music, aroma, and cleanliness. Facilitating store stimuli include functional aspects such as accessibility, layout, facilities, staff service, and convenience of movement within the business environment. These indicators are considered suitable for local tourism businesses in Canggu because they capture both emotional and functional aspects of consumer experiences.

2.5 Consumer Satisfaction

Consumer satisfaction refers to the emotional response resulting from the comparison between consumer expectations and the actual performance of products or services received. According to Kotler and Keller (2020), consumers feel satisfied when the performance of a product or service meets or exceeds their expectations. In this research, consumer satisfaction is measured using the indicators proposed by Muliwati and Jaya (2025), including staff friendliness, professionalism, service speed, quality, ambience, comfort, and price. These indicators comprehensively represent the service, product, and environmental dimensions experienced by consumers in local tourism businesses.

2.6 Purchase Decision

Purchase decision is the process through which consumers choose and decide to buy products or services after evaluating various alternatives. Kotler and Armstrong (2020) explain that purchase decisions are influenced by cultural, social, personal, and psychological factors. This study adopts the purchase decision indicators proposed by Purnomo (2024), including consumer needs and wants, product quality, recommendations and reviews, brand trust, previous experience, and product availability. These indicators are considered relevant because they comprehensively explain the factors influencing consumer purchasing behavior in local tourism businesses.

According to the Theory of Planned Behavior (TPB), consumer behavior is determined by attitudes, subjective norms, and perceived behavioral control, which collectively shape behavioral intentions. In the marketing context, Word of Mouth (WOM) represents a form of social influence that shapes consumers' expectations and perceptions before consumption. Positive recommendations from other consumers strengthen consumer confidence, reduce perceived risk, and create favorable expectations that ultimately enhance satisfaction when the actual experience meets or exceeds those expectations. The Stimulus-Organism-Response (SOR) model further explains that WOM functions as an external stimulus that influences consumers' cognitive and emotional evaluations, resulting in satisfaction. Empirical evidence reported by Yusra and Budiono (2025), Sâsâeac *et al.* (2025), and Gunawan *et al.* (2026) demonstrates that positive word of mouth significantly enhances customer satisfaction. Therefore, the following hypothesis is proposed:

H1: Word of Mouth positively and significantly affects consumer satisfaction.

Store atmosphere represents the physical and emotional environment experienced by consumers during the purchasing process. Based on TPB and the SOR model, an attractive and comfortable store atmosphere generates positive emotional responses that improve consumer evaluations and satisfaction. Environmental elements such as lighting, cleanliness, layout, music, aroma, and interior design create memorable consumption experiences that strengthen positive perceptions of the business. Previous studies by Agustin and Badi'ah (2025), Nabila *et al.* (2021), and Bhatt *et al.* (2020) indicate that a favorable store atmosphere contributes significantly to customer satisfaction. Therefore, the following hypothesis is proposed:

H2: Store atmosphere positively and significantly affects consumer satisfaction.

Word of Mouth also influences consumers' purchasing behavior by strengthening trust, providing reliable information, and reducing uncertainty before purchasing. Within the TPB framework, WOM reflects subjective norms that encourage consumers to develop stronger purchase intentions, while the SOR model explains that recommendations from other consumers serve as external stimuli that stimulate purchasing behavior. Empirical studies conducted by Roy *et al.* (2025), Utami and Handayani (2025), Iskanto *et al.* (2025), Romadhoni *et al.* (2023), and Suharyanto and Rahman (2022) consistently reported that WOM has a positive and significant effect on purchase decisions. Therefore, the following hypothesis is proposed:

H3: Word of Mouth positively and significantly affects purchase decisions.

Store atmosphere can encourage consumers to purchase by creating a comfortable, attractive, and enjoyable shopping environment. According to TPB, favorable environmental experiences strengthen consumers' attitudes toward purchasing, while the SOR model considers store atmosphere as an environmental stimulus that evokes positive emotional responses leading to purchase decisions. Previous empirical findings by Kasmad (2022), Khan *et al.* (2022), Nababan *et al.* (2025), Mahardika *et al.* (2025), and Kurniawan and Maharani (2026) consistently

demonstrate that store atmosphere positively and significantly influences purchase decisions. Therefore, the following hypothesis is proposed:

H4: Store atmosphere positively and significantly affects purchase decisions.

Purchase decisions represent consumers' evaluations of products or services before consumption. When consumers make purchasing decisions that are consistent with their expectations, needs, and preferences, they are more likely to experience satisfaction after consumption. Within the SOR framework, purchase decision represents a behavioral response that subsequently influences post-purchase evaluations, including customer satisfaction. Previous studies conducted by Yusra and Budiono (2025), Royani and Dewanti (2025), and Mulyati and Jaya (2025) found that purchase decisions positively and significantly affect customer satisfaction. Therefore, the following hypothesis is proposed:

H5: Purchase decisions positively and significantly affect consumer satisfaction.

Purchase decisions are also expected to mediate the relationship between Word of Mouth and consumer satisfaction. Positive recommendations increase consumers' confidence, reduce uncertainty, and encourage purchasing decisions. When consumers make purchases based on reliable information and the products or services meet their expectations, satisfaction is subsequently enhanced. This mediating mechanism is consistent with the SOR model, which explains that external stimuli influence behavioral responses through cognitive evaluation processes. Empirical evidence reported by Yusra and Budiono (2025) and Royani and Dewanti (2025) confirms that purchase decisions significantly mediate the influence of Word of Mouth on customer satisfaction. Therefore, the following hypothesis is proposed:

H6: Purchase decisions mediate the influence of Word of Mouth on consumer satisfaction.

Similarly, purchase decisions are expected to mediate the relationship between store atmosphere and consumer satisfaction. A pleasant shopping environment enhances consumers' evaluations of the business, encourages purchasing decisions, and subsequently improves satisfaction after consumption. According to the SOR model, store atmosphere serves as an environmental stimulus that affects behavioral responses through intermediate cognitive and behavioral processes. This mediating relationship is supported by the findings of Agustin and Badi'ah (2025), who demonstrated that customer satisfaction mediates the influence of store atmosphere on purchasing decisions. Although the mediation sequence differs, the findings indicate that purchase decisions and customer satisfaction are closely interconnected mechanisms linking store atmosphere with consumer outcomes. Therefore, the following hypothesis is proposed:

H7: Purchase decisions mediate the influence of store atmosphere on consumer satisfaction.

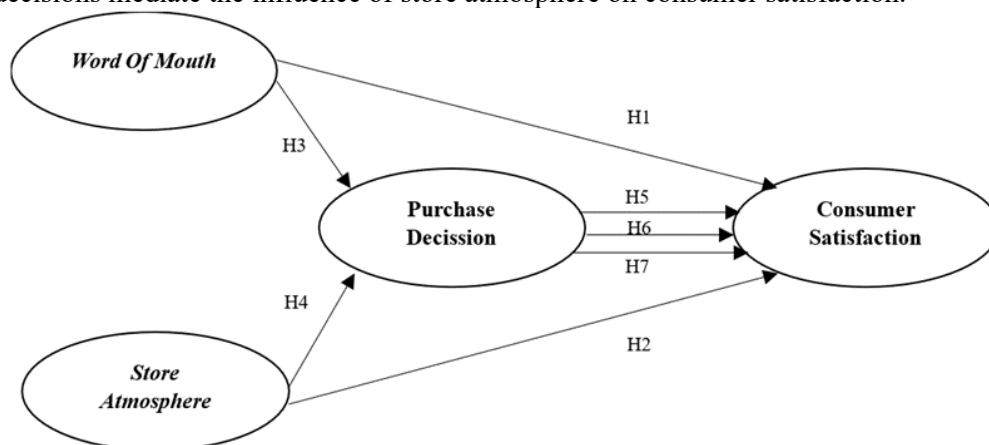


Figure 1. Conceptual Framework

METHOD

This study employed a quantitative research approach with a causal survey design to examine the relationships among word of mouth (WOM), store atmosphere, purchase decisions, and consumer satisfaction within local businesses affiliated with Tempekan Perekonomian Pariwisata (TPP) Canggu Bali. The independent variables in this study are word of mouth and store atmosphere, while purchase decision functions as the mediating variable and consumer satisfaction as the dependent variable. Data were collected through questionnaires distributed to consumers who had purchased products or services and experienced the services provided by local businesses in TPP Canggu Bali. The study was conducted from January to March 2026 in the Canggu tourism area, Bali, involving 38 local businesses operating in accommodation, food and beverage, tourism services, laundry, and retail sectors. The

population consisted of all consumers of local businesses affiliated with TPP Canggu Bali, categorized as an infinite population because the exact number of consumers is unknown. The sample size was determined using the Lemeshow formula and resulted in 100 respondents selected through accidental sampling.

The research utilized both primary and secondary data. Primary data were obtained directly from respondents using questionnaires measured with a five-point Likert scale, while secondary data were collected from books, journals, previous studies, and supporting documents relevant to the research topic. Before distributing the questionnaires to the main respondents, the research instrument was tested on 30 respondents to ensure validity and reliability using Pearson Correlation and Cronbach's Alpha through SPSS software. Data analysis was conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with SmartPLS 4.1.1.4. The analysis included descriptive statistics, evaluation of the outer model through convergent validity, discriminant validity, composite reliability, and Cronbach's Alpha, as well as evaluation of the inner model using R-Square, Q-Square predictive relevance, and effect size (f^2). Hypothesis testing was conducted using t-statistics and p-values with a significance level of 0.05. Furthermore, mediation testing was performed to determine whether purchase decision acts as a full mediator, partial mediator, or non-significant mediator in the relationship between the independent and dependent variables.

RESULTS AND DISCUSSION

4.1 Result

The respondents consisted of an equal proportion of males and females (50% each). Most respondents were aged 30–39 years (25%), followed by younger age groups, while those aged 50 years and above accounted for 15%. Domestic tourists represented 52% of the sample, slightly exceeding international tourists (48%). Respondents came from diverse occupational backgrounds, with the "others" category accounting for the largest share (27%).

Accommodation businesses (lodging, guest houses, and homestays) were the most frequently visited (41%), reflecting visitors' primary travel needs. Most respondents visited for accommodation purposes (33%) and were first-time visitors (27%). Social media was the primary source of information (26%), highlighting the importance of digital marketing. Although respondents generally knew the businesses for 6 months–1 year (27%), a slightly higher proportion (53%) did not recommend the businesses to others, indicating room for improving customer experiences.

Table 1. Descriptive Statistics

Variable	Mean	Category	Highest Indicator	Lowest Indicator
Word of Mouth	3.10	Fair	Sharing personal experience (3.27)	Recommending to others (2.81)
Store Atmosphere	3.16	Fair	Helpful staff service (3.36)	Store cleanliness (2.97)
Customer Satisfaction	3.24	Fair	Fast and timely service (3.41)	Physical comfort (2.99)
Purchase Decision	2.98	Fair	Positive reviews influence purchase (3.20)	Product fits customer needs (2.85)

Overall, all variables achieved fair mean scores, indicating moderately positive customer perceptions. Customer satisfaction recorded the highest overall mean (3.24), while purchase decision obtained the lowest (2.98).

Inferential Analysis Measurement Model

Table 2. Convergent Validity (Outer Loading)

Construct	Outer Loading	P-value	Result
Word of Mouth	0.929–0.962	0.000	Valid
Store Atmosphere	0.884–0.931	0.000	Valid
Customer Satisfaction	0.908–0.949	0.000	Valid
Purchase Decision	0.925–0.946	0.000	Valid

All indicators exceeded the recommended loading value of **0.70** and were statistically significant ($p < 0.05$), confirming convergent validity.

STRENGTHENING LOCAL TOURISM ENTERPRISES TO ENHANCE GUEST SATISFACTION: EVIDENCE FROM TEMPEKAN PEREKONOMIAN PARIWISATA (TPP) CANGGU BALI

Kadek Ria Dwitya Putra et al

Table 3. Discriminant Validity (Fornell–Larcker Criterion)

Variable	AVE	$\sqrt{\text{AVE}}$
Word of Mouth	0.881	0.939
Store Atmosphere	0.827	0.909
Customer Satisfaction	0.876	0.935
Purchase Decision	0.877	0.936

The square root of AVE for every construct exceeded its correlations with other constructs, indicating satisfactory discriminant validity.

Table 4. Reliability

Variable	Cronbach's Alpha	Composite Reliability
Word of Mouth	0.985	0.987
Store Atmosphere	0.986	0.987
Customer Satisfaction	0.989	0.990
Purchase Decision	0.987	0.988

All reliability coefficients were above 0.70, demonstrating excellent internal consistency.

Structural Model

Table 5. Effect Size (f^2)

Relationship	f^2	Interpretation
WOM → Purchase Decision	5.722	Very large
Store Atmosphere → Purchase Decision	4.677	Very large
WOM → Customer Satisfaction	0.108	Small
Store Atmosphere → Customer Satisfaction	0.002	Negligible
Purchase Decision → Customer Satisfaction	0.792	Large

Word of Mouth and Store Atmosphere had very strong effects on Purchase Decision, while Purchase Decision strongly influenced Customer Satisfaction.

Table 6. Coefficient of Determination (R^2)

Endogenous Variable	R^2	Adjusted R^2
Purchase Decision	0.914	0.912
Customer Satisfaction	0.933	0.931

The model explained 91.4% of the variance in Purchase Decision and 93.3% of the variance in Customer Satisfaction, indicating very high explanatory power.

Predictive Relevance

The model produced a Q^2 value of 0.994, indicating excellent predictive relevance.

Hypothesis Testing

Table 7. Direct Effects

Relationship	β	t-value	p-value	Result
WOM → Customer Satisfaction	0.220	3.079	0.002	Supported
Store Atmosphere → Customer Satisfaction	0.024	0.390	0.697	Not Supported
WOM → Purchase Decision	0.703	14.231	0.000	Supported
Store Atmosphere → Purchase Decision	0.636	11.526	0.000	Supported
Purchase Decision → Customer Satisfaction	0.783	8.691	0.000	Supported

Word of Mouth significantly influenced both Purchase Decision and Customer Satisfaction. Store Atmosphere significantly affected Purchase Decision but had no direct significant effect on Customer Satisfaction.

Table 8. Indirect Effects

Relationship	β	t-value	p-value	Result
WOM → Purchase Decision → Customer Satisfaction	0.551	7.409	0.000	Significant
Store Atmosphere → Purchase Decision → Customer Satisfaction	0.498	6.837	0.000	Significant

Purchase Decision significantly mediated both indirect relationships. It acted as partial mediation between Word of Mouth and Customer Satisfaction, and full mediation between Store Atmosphere and Customer Satisfaction.

Table 9. Total Effects

Relationship	β	t-value	p-value
WOM → Customer Satisfaction	0.771	16.741	0.000
Store Atmosphere → Customer Satisfaction	0.522	9.245	0.000
WOM → Purchase Decision	0.703	14.231	0.000
Store Atmosphere → Purchase Decision	0.636	11.526	0.000
Purchase Decision → Customer Satisfaction	0.783	8.691	0.000

The inclusion of Purchase Decision substantially strengthened the effects of Word of Mouth and Store Atmosphere on Customer Satisfaction, confirming its important mediating role in the structural model.

4.2 DISCUSSION

The Effect of Word of Mouth on Customer Satisfaction at Local Businesses of Tempekan Perekonomian Pariwisata (TPP), Canggu, Bali

The findings indicate that word of mouth has a positive and significant effect on customer satisfaction. This suggests that positive recommendations and information shared by previous customers contribute to enhancing customer satisfaction. Consumers who receive favorable information before visiting local businesses tend to develop realistic expectations, and when these expectations are fulfilled, they are more likely to feel satisfied with their overall experience. From the perspective of the Theory of Planned Behavior (TPB), word of mouth represents subjective norms, which refer to the social influence of family, friends, and other consumers on individual attitudes and behaviors. Positive recommendations strengthen consumers' confidence and expectations before making a purchase, thereby increasing the likelihood of satisfaction after consumption. The preliminary survey revealed that relatively few respondents learned about the local businesses through recommendations. Nevertheless, the findings suggest that word of mouth remains an important source of information capable of shaping positive customer perceptions and satisfaction. Positive experiences shared by previous visitors help reduce uncertainty and encourage favorable evaluations of the products and services offered. These findings are consistent with the study of Yusra and Budiono (2025), which found that positive word of mouth contributes to customer satisfaction by shaping favorable expectations and encouraging positive evaluations that ultimately strengthen customers' overall satisfaction with products and services.

The Effect of Store Atmosphere on Customer Satisfaction at Local Businesses of Tempekan Perekonomian Pariwisata (TPP), Canggu, Bali

The results show that store atmosphere does not have a significant effect on customer satisfaction. This indicates that the physical environment, including layout, lighting, cleanliness, decoration, and overall comfort, is not the primary factor influencing customer satisfaction at local businesses within TPP Canggu. According to the Theory of Planned Behavior, store atmosphere contributes to the formation of consumers' attitudes toward a business. However, the findings suggest that customers place greater importance on other aspects, such as product quality, service quality, price fairness, and the overall purchasing experience, when evaluating their satisfaction. The preliminary survey also indicated that many respondents perceived the atmosphere of local businesses as less attractive than that of competing businesses. This condition may explain why improvements in the physical environment alone are insufficient to significantly enhance customer satisfaction. These findings differ from previous studies by Agustin and Badi'ah (2025), Bhatt *et al.* (2020), and Khan *et al.* (2022), which reported that a well-designed store atmosphere positively influences customer perceptions and contributes to higher customer satisfaction and favorable consumer responses.

The Effect of Word of Mouth on Purchase Decision at Local Businesses of Tempekan Perekonomian Pariwisata (TPP), Canggu, Bali

The findings demonstrate that word of mouth has a positive and significant effect on purchase decisions. This implies that consumers are more likely to purchase products or services after receiving positive recommendations or favorable experiences from others. Recommendations from trusted sources reduce uncertainty and increase consumers' confidence in selecting local businesses. Within the framework of the Theory of Planned Behavior, word of mouth reflects subjective norms, where social influence shapes consumers' behavioral intentions and purchasing decisions. Positive communication from previous customers encourages individuals to perceive lower purchasing risk and greater confidence in their choices. Although the preliminary survey showed that recommendations were not the primary source of information for many respondents, word of mouth still plays an essential role in influencing purchasing behavior. Positive experiences communicated by previous customers enhance trust and encourage prospective consumers to choose local businesses. These findings are consistent with previous studies by Romadhoni et al. (2023), Suharyanto and Rahman (2022), Roy et al. (2025), Iskanto et al. (2025), and Utami and Handayani (2025), all of which concluded that word of mouth significantly influences consumers' purchase decisions.

The Effect of Store Atmosphere on Purchase Decision at Local Businesses of Tempekan Perekonomian Pariwisata (TPP), Canggu, Bali

The findings indicate that store atmosphere has a positive and significant effect on purchase decisions. This suggests that a comfortable, attractive, and well-maintained business environment encourages consumers to make purchasing decisions. A pleasant atmosphere creates positive impressions, increases emotional comfort, and improves consumers' confidence in the products and services offered. According to the Theory of Planned Behavior, store atmosphere contributes to the formation of positive attitudes toward a business. When consumers perceive the environment as comfortable and appealing, they are more likely to develop favorable attitudes that encourage purchasing behavior. The preliminary survey revealed that many respondents considered the atmosphere of local businesses to be less attractive than that of competing businesses. Nevertheless, the findings indicate that improvements in the physical environment remain an important strategy for encouraging consumers to make purchase decisions. These findings are consistent with previous studies by Kasmad (2022), Khan et al. (2022), Nababan et al. (2025), Kurniawan and Maharani (2026), and Mahardika et al. (2025), which reported that store atmosphere positively influences consumers' purchase decisions.

The Effect of Purchase Decision on Customer Satisfaction at Local Businesses of Tempekan Perekonomian Pariwisata (TPP), Canggu, Bali

The results indicate that purchase decision has a positive and significant effect on customer satisfaction. This finding suggests that consumers who make purchasing decisions with confidence and based on appropriate information are more likely to experience satisfaction after using the products or services. Within the Theory of Planned Behavior, purchase decisions represent the realization of consumers' behavioral intentions. When purchasing decisions successfully fulfill consumers' expectations and needs, they generate positive evaluations of the overall consumption experience, leading to greater customer satisfaction. The preliminary survey showed that customer satisfaction and intentions to revisit were still relatively limited, indicating that improving consumers' purchasing decisions through better products, services, and information may ultimately enhance customer satisfaction. These findings are consistent with the studies of Yusra and Budiono (2025) and Royani and Dewanti (2025), which concluded that stronger purchase decisions contribute significantly to higher customer satisfaction.

The Mediating Role of Purchase Decision in the Relationship between Word of Mouth and Customer Satisfaction at Local Businesses of Tempekan Perekonomian Pariwisata (TPP), Canggu, Bali

The results indicate that purchase decision has a positive and significant effect on customer satisfaction. This finding suggests that consumers who make purchasing decisions with confidence and based on adequate information are more likely to be satisfied after using the products or services. Within the Theory of Planned Behavior, purchase decisions represent the realization of consumers' behavioral intentions. When purchasing decisions meet consumers' expectations and needs, they generate positive evaluations of the overall consumption experience, leading to higher customer satisfaction. The preliminary survey also revealed that customer satisfaction and revisit intentions remained relatively limited, indicating that improving consumers' purchasing decisions through better products, services, and information can enhance customer satisfaction. These findings are consistent with the studies of Yusra and Budiono

(2025) and Royani and Dewanti (2025), which found that stronger purchase decisions significantly increase customer satisfaction.

The Mediating Role of Purchase Decision in the Relationship between Store Atmosphere and Customer Satisfaction at Local Businesses of Tempekan Perekonomian Pariwisata (TPP), Canggu, Bali

The findings indicate that purchase decision significantly mediates the relationship between store atmosphere and customer satisfaction. Although store atmosphere does not directly improve customer satisfaction, it contributes to satisfaction by encouraging consumers to make purchasing decisions. This finding suggests that a pleasant business environment becomes more meaningful when it successfully motivates consumers to purchase products or services. From the perspective of the Theory of Planned Behavior, store atmosphere influences consumers' attitudes toward the business. Positive attitudes encourage purchasing decisions, and successful purchasing experiences subsequently increase customer satisfaction. Therefore, purchase decision serves as the key mechanism through which store atmosphere affects customer satisfaction. The preliminary survey revealed that many respondents perceived the physical environment of local businesses as needing improvement. Consequently, enhancing the business atmosphere should be accompanied by efforts to strengthen consumers' purchasing decisions through better service quality, attractive products, and positive customer experiences. These findings are supported by previous studies by Kasmad (2022), Khan et al. (2022), and Nababan et al. (2025), which reported that store atmosphere positively influences consumers' purchase decisions. In addition, the studies of Yusra and Budiono (2025) and Royani and Dewanti (2025) demonstrated that stronger purchase decisions significantly enhance customer satisfaction. These findings indicate that purchase decision serves as an important mechanism linking store atmosphere to customer satisfaction.

CONCLUSION

This study found that word of mouth and store atmosphere play important roles in enhancing guest satisfaction at local tourism enterprises within Tempekan Perekonomian Pariwisata (TPP) Canggu Bali. Word of mouth positively and significantly influenced both purchase decision and guest satisfaction, while store atmosphere significantly affected purchase decision but had no direct effect on guest satisfaction. Among all variables, purchase decision emerged as the strongest determinant of guest satisfaction. These findings suggest that positive recommendations, customer experiences, and a favorable business environment are essential in encouraging consumers to choose local tourism products and services. In the rapidly growing tourism destination of Canggu, where local enterprises face increasing competition from foreign-owned businesses, strengthening customer experiences and generating positive word of mouth can serve as key competitive advantages. Furthermore, purchase decision was found to significantly mediate the relationship between word of mouth, store atmosphere, and guest satisfaction. Purchase decision partially mediated the effect of word of mouth and fully mediated the effect of store atmosphere on guest satisfaction. Therefore, local tourism enterprises should focus on building customer trust, improving service quality, and creating comfortable and attractive business environments to encourage purchasing decisions and enhance satisfaction. By leveraging their unique strengths, including authentic Balinese culture, personalized hospitality, and community-based tourism experiences, local businesses can improve guest satisfaction, strengthen their competitiveness, and maintain the distinctive identity of Balinese tourism amid increasing international competition.

The findings imply that managers of local tourism enterprises in TPP Canggu should prioritize strategies that encourage positive word of mouth through excellent service quality, memorable customer experiences, and active engagement on social media. Since word of mouth strongly influences purchase decision and guest satisfaction, businesses should encourage customer reviews, testimonials, and user-generated content to build trust and attract potential visitors. In addition, maintaining a clean, comfortable, and attractive atmosphere is important because store atmosphere significantly affects consumers' purchasing decisions. To remain competitive amid the growing presence of foreign-owned businesses in Canggu, local enterprises should leverage their unique strengths, including authentic Balinese culture, local wisdom, personalized hospitality, and strong community-based experiences that differentiate them from competitors. From a theoretical perspective, this study highlights the important mediating role of purchase decision in explaining the relationship between word of mouth, store atmosphere, and guest satisfaction. The findings suggest that customer satisfaction is influenced not only by marketing communication and the business environment but also by consumers' purchasing decisions. Furthermore, the results provide valuable insights for policymakers and tourism stakeholders to strengthen the competitiveness of local tourism enterprises through digital marketing enhancement, service quality improvement, and the preservation

of local cultural identity. These efforts are essential to ensure that local businesses remain sustainable, competitive, and able to benefit from the continued growth of tourism in Canggu.

Acknowledgement

The authors would like to express their sincere gratitude to all respondents and local tourism enterprises affiliated with Tempekan Perekonomian Pariwisata (TPP) Canggu Bali for their valuable participation and support in this research. The authors also thank Universitas Hindu Indonesia and all parties who contributed to the completion of this study.

REFERENCES

- Agustin, D. K., & Badi'ah, R. (2025). The influence of store atmosphere and customer experience on purchasing decisions through customer satisfaction as an intervening variable. *Journal of Management: Small and Medium Enterprises (SMEs)*, 18(1), 659–675. <https://doi.org/10.35508/jom.v18i1.20242>
- Bhatt, G., Sarkar, A., & Sarkar, J. G. (2020). Attractive and facilitating store atmospheric stimuli: validating the scales. *International Journal of Retail & Distribution Management*, 48(4), 363-379.
- Conner, M. (2020). Theory of planned behavior. *Handbook of sport psychology*, 1-18.
- Darsana, I. M., Wirawan, P. E., Sarjana, I. M. B., & Artha, I. D. M. A. (2025). Sustainable Tourism Development Model Based On Newa For Tourism Villages In Badung Regency. *Jurnal Agrimanex: Agribusiness, Rural Management, and Development Extension*, 6(1), 48-60. <https://doi.org/10.35706/agrimanex.v6i1.13300>
- Febriyanti, R., & Rahayu, Y. S. (2024). The influence of word of mouth and brand image on purchase intention with product knowledge as a mediation variable. *Jurnal Tabarru': Islamic Banking and Finance*, 7(1), 100-110. DOI: [https://doi.org/10.25299/jtb.2024.vol7\(1\).16785](https://doi.org/10.25299/jtb.2024.vol7(1).16785)
- Gunawan, R. A., Ramdan, A. M., & Saori, S. (2026). Analisis Pengalaman Wisatawan terhadap Minat Berkunjung Kembali melalui Customer Satisfaction sebagai Variabel Intervening (Survei pada Wisatawan di Kabupaten Sukabumi). *AKADEMIK: Jurnal Mahasiswa Ekonomi & Bisnis*, 6(2), 627-639. <https://doi.org/10.37481/jmneb.v6i2.1878>
- Iskamto, D. ., Tory, F. A. ., & Afthanorhan, A. . (2025). The Influence of Social Media Marketing Activity and Electronic Word of Mouth on Lazada E-Commerce Consumer Purchasing Decisions. *JPBM (Jurnal Pendidikan Bisnis Dan Manajemen)*, 11(1), 1–17. <https://doi.org/10.17977/um003v11i12025p01>
- Kadir, M. S. A., Adam, N., Hamzah, A. S. M. A., & Idris, N. H. S. (2025). The economic impact of international tourism on small businesses. *International Journal of Research and Innovation in Social Science*, 9(4), 6244–6251. <https://doi.org/10.47772/IJRISS.2025.90400451>
- Kasmad, K. (2022). Analysis of Purchase Decision Estimates Based on Store Atmosphere and Affordable Prices. *AKADEMIK: Jurnal Mahasiswa Ekonomi & Bisnis*, 2(1), 27–34. <https://doi.org/10.37481/jmneb.v2i1.246>
- Khan, M. A., Vivek, Minhaj, S. M., Saifi, M. A., Alam, S., & Hasan, A. (2022). Impact of store design and atmosphere on shoppers' purchase decisions: an empirical study with special reference to Delhi-NCR. *Sustainability*, 15(1), 95. <https://doi.org/10.3390/su15010095>
- Kotler, P., & Armstrong, G. (2020). *Principles of marketing* (18th Global ed.). Pearson.
- Kotler, P., & Keller, K. L. (2020). *Marketing management* (16th Global ed.). Pearson.
- Kurniawan, M. A., & Maharani, N. P. (2026). The Effect of Product Quality, Price, and Store Atmosphere on Purchase Decision. *Golden Ratio of Marketing and Applied Psychology of Business*, 6(1), 67-79. <https://doi.org/10.52970/grmapb.v6i1.1262>
- Levy, M., & Weitz, B. A. (2020). *Retailing management* (10th ed.). McGraw-Hill Education.
- Mahardika, I. G. N. A. H., Anggraini, N. P. N., & Jodi, I. W. G. A. S. (2025). Examining The Effects Of Social Media Marketing, Word Of Mouth, And Store Atmosphere On Consumer Purchase Behavior: A Case Of Papermint Coffee. *EMAS: Jurnal Ekonomi, Manajemen Dan Bisnis*, 6(12), 2951–2962. <https://doi.org/10.36733/emas.v6i12.13233>
- Muliyati, M., & Rahmat Jaya. (2025). Customer Satisfaction as a Mediator of Service Quality and Perceived Value in Building Customer Trust. *Jurnal Ilmiah Manajemen Kesatuan*, 13(3), 1871–1880. <https://doi.org/10.37641/jimkes.v13i3.3333>

STRENGTHENING LOCAL TOURISM ENTERPRISES TO ENHANCE GUEST SATISFACTION: EVIDENCE FROM TEMPEKAN PEREKONOMIAN PARIWISATA (TPP) CANGGU BALI

Kadek Ria Dwitya Putra *et al*

- Nababan, R. T., Rahmah, D. D. N., & Rahman, N. N. (2025). Store Atmosphere and Price on Purchase Decisions (Study of Kopi Ruang Hati Consumers in Sangatta City). *Santhet (Jurnal Sejarah Pendidikan Dan Humaniora)*, 9(1), 13–19. <https://doi.org/10.36526/santhet.v9i1.4956>
- Nabila, D. F., Setiawan, B., & Riana, F. D. (2021). The influence of store atmosphere on revisit intention at shopping tourism. *Agricultural Socio-Economics Journal*, 21(4), 301-310. DOI: <https://doi.org/10.21776/ub.agrise.2020.021.4.6>
- Purnomo, E. C. (2024). Pengaruh Promotion Word of Mouth Dan Citra Merek Terhadap Keputusan Pembelian Rokok Mocacino Pada Toko Meisya Di Sampit. *Media Bina Ilmiah*, 18(12), 3297-3312.
- Romadhoni, B., Akhmad, A. ., Naldah Naldah, & Niluh Putu Evvy Rossanty. (2023). Purchasing Decisions Effect of Social Media Marketing, Electronic Word of Mouth (eWOM), Purchase Intention . *Journal of Accounting and Finance Management*, 4(1), 74–86. <https://doi.org/10.38035/jafm.v4i1.194>
- Roy, K., Paul, U. K., Tiwari, S., & Mookherjee, A. (2025). Impact of electronic word of mouth (e-WOM) on purchasing decisions: An empirical study. *Benchmarking: An International Journal*, 32(10), 3901-3936. <https://doi.org/10.1108/BIJ-08-2024-0642>
- Royani, A. R., & Dewanti, R. L. (2025). the influence of viral marketing, fear of missing out, and price perception on customer satisfaction through purchase decision as an intervening variable among fans of online-based trendy food & beverages in the special region of yogyakarta. In *The Fifth International Conference on Innovations Social Sciences Education and Engineering* (Vol. 5, pp. 155-155).
- Sâsâeac, Ș. M., Berteau, P. E., Jelea, A. R., Manolică, A., & Roman, C. T. (2025). eWOM vs. aWOM: AI Powered Word of Mouth and its Impact on Consumer Decision Making in Tourism. *Scientific Annals of Economics and Business*, 72(3), 489-517. <https://doi.org/10.47743/saeb-2025-0026>
- Septiani, E., Farida, F., Kusuma, R. C. S. D., Salome, I. O., & Karimi, J. (2026). SOCIAL MEDIA MARKETING INTENSITY, BRAND AUTHENTICITY, AND ELECTRONIC WORD OF MOUTH AS PREDICTORS OF PURCHASE INTENTION OF PRODUCT BRANDS ON TIK TOK SHOP. *SULTANIST: Jurnal Manajemen dan Keuangan*, 14(1), 17-31. OI: <https://doi.org/10.37403/sultanist.v14i1.873>
- Suharyanto, S., & Rahman, N. R. (2022). The Effect Of Electronic Word Of Mouth And Social Media Marketing On The Purchase Decision Of Billionaire's Project Products Through Product Quality. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 6(1), 475–488. <https://doi.org/10.29040/ijebar.v6i1.4816>
- Takdir, M., Hidayati, A. N., & de Sousa Guterres, A. (2026). The Impact Of Overtourism On Foreign Tourist Visits To Bali: A Case Study Of The Failure Of Fodor's No List 2025. In *The Fifth International Conference on Government Education Management and Tourism+ Engineering* (Vol. 5, pp. 105-105). <https://conference.loupiasconference.org/index.php/ICoGEMTplusE5/article/view/863>
- Utami, W. P., & Handayani, A. (2025). The Effect of Product Quality, Electronic Word of Mouth and Promotion on Somethinc Skincare Purchase Decisions. *Majapahit Journal of Islamic Finance and Management*, 5(1), 925–941. <https://doi.org/10.31538/mjifm.v5i1.472>
- Yusra, E., & Budiono, A. (2025). Mie Aceh consumer satisfaction influenced by product quality and word of mouth through purchase decisions. *Journal of Business Management and Review*, 6(6). <https://doi.org/10.47153/jbmr.v6i6.1601>