The Influence of Product Innovation and E-Commerce Adoption on Marketing Performance at the Culinary Sector SME’s in DKI Jakarta

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Abstract

This research aims to find out the influence between product innovation and the adoption of e-commerce in the culinary sector SMEs in DKI Jakarta. This research was conducted for three months, March-July 2019. The method used in this study was the survey method. The population in this study were all culinary sector SMEs in DKI Jakarta who had used e-commerce. The technique of selecting respondents uses non-probability sampling, with a type of purposive sampling because the samples have specific criteria, which SMEs that already use e-commerce. For data collect, researchers use a Likert scale. The three variables are Marketing Performance (Y) and Product Innovation (X1) and E-commerce Adoption (X2) which are the primary data obtained from the distribution of research questionnaires. The data analysis technique used is the analysis requirements test consisting of a normality test and a linearity test, both classic assumption tests, multiple linear regression test and hypothesis tests. t\text{count} on the product innovation variable is 5.621 and t\text{count} on the e-commerce adoption variable is 4.876. Meanwhile, t\text{table} is 1.988, this means that there is a significant partial effect of variable product innovation and e-commerce adoption on marketing performance. Because t\text{count}> t\text{table} whereas for Test F, the results of F\text{count} are found at 40.263>F\text{table} at 3.09. It can be concluded that product innovation and e-commerce adoption on marketing performance is due to F\text{count}> F\text{table}. The multiple regression equation obtains the results of \hat{Y} = 17.353 + 0.415X_1 + 0.303X_2. The coefficient of determination R^2 is 0.454. This means that the product innovation variable and e-commerce adoption affect marketing performance (Y) by 45.4%.

Keywords: Marketing performance, product innovation, e-commerce adoption

Introduction

SMEs are a business entity that is often touted as one of the pillars of the national economy. This is because SMEs have the flexibility and ability to adjust well to the state of the market compared to other large-scale enterprises (Sartika, 2002) (Saparuddin, 2011).

In the era of increasingly modern and digitized as it is today, SMEs are also required to be able to continue to innovate both in products and in the production phase. The application of technology in the marketing process is also very necessary given the now widely developing electronic trading platforms.
or commonly referred to as e-commerce. E-commerce the promotion of media and very practical and cheap. The convenience offered by e-commerce should certainly be exploited by SMEs. In addition to saving the cost of the promotion, the use of e-commerce can also reach a wider consumer.

But in fact, SMEs in Indonesia still have issues related to innovation and the use of e-commerce. SMEs in innovation awareness is still very low, but in a way, SMEs can compete. (Maharani Esthi, 2016),

The number of SMEs in Indonesia are already making use of e-commerce also is still fairly small. Based on the exposure of Kominfo, the number of SMEs in Indonesia that have used e-commerce around 8% of the total 59.2 million SMEs in Indonesia (Ayu, 2017). One reason for the lack of use of e-commerce in SMEs because most of the SMEs are not aware of digital technology. In addition, there are many doubts for SMEs to market their products online and lack of knowledge on how to market and promote their goods through e-commerce.

Another problem often faced by SMEs is marketing. The problems of SMEs in the field of marketing focused on three issues, namely market, and product competition issues, issues of access to market information and institutional problems of small business support (Anoraga and Sudantoko, 2002), Narrow market share makes SMEs unable to compete with large enterprises that have a very broad market. Some SMEs simply do marketing in a small scope and are not covered by the extensive consumer. The market share of this narrow course can affect revenue, sales and customer number of SMEs are very small so hard SMEs to develop their business(Beck & Demirguc-Kunt, 2006).

SMEs have a low awareness of issues related to innovation and the use of e-commerce. Therefore, researchers have the interest to know how much influence caused by product innovation and the use of e-commerce to improve marketing performance in SMEs. This is also the background for researchers to conduct a study entitled "The Effect of Product Innovation and Use of E-commerce Marketing On The Performance Of MSMEs in Jakarta".

**Literature Review**

**Marketing Performance**

Marketing performance is a measure of the achievements of all marketing activities within an organization. Good performance will increase the value of a business that will affect the profits of the business. Performance marketing is also used as a measure of the market performance of a company.

According to (Morgan, 2012) marketing performance is one factor that is often used to measure the impact of our corporate strategy.

by Yudith (2005)marketing performance is a measure of the achievements obtained from the overall marketing activity of an organization. Meanwhile, according to Tatik(2002) performance marketing is a sales growth that is based on the extent to which the company is able to maintain existing customers or increase the number of new customers.

Based on some understanding of the above, it can be described that marketing performance is a measure of success in marketing to an organization that is based on the extent to which companies retain existing customers or increase the number of new customers.

**Product innovation**

Innovation comes from the word innovate meaningful changes or introduce something new. Innovation is a process of renewal by creating new creations like never before. In some products, the application of innovation to create added value in the product.
(Kotler and Keller, 2017), defines innovation as something relating to the goods, services or ideas perceived by someone new. That is, although the idea has been around a long time, but for someone who first sees it or feels it can be considered as innovation. Also, Kotler also states that a company can do in the innovation of product innovation and management innovation.

According to Ferrel (2000), innovation is the degree to which an individual or unit adopts ideas or new ideas relatively earlier than other members in a system.

According to Amabile, et al (1996) innovation is a broader concept which addresses the application of an idea, product or process. Innovation is also defined as the successful implementation of creative ideas company. This means that the innovation is applied in the company's products demonstrate creativity. How big the company is to develop ideas and creativity to develop products.

From some of the above, it can be described that innovation is a process of implementing new ideas and concepts relating to goods or services which appears first and the new perceived by someone.

The use of E-Commerce

E-commerce or commonly referred to as electronic commerce is the sales process, purchasing, marketing of goods or services and take advantage of Internet-based electronic media.

Directorate General of Taxation (DGT) defines e-commerce is all form of business transactions that use information and communication technology.

According to David Baum E-commerce is a dynamic set of technologies, applications, and business processes that connect corporate, consumer, and certain communities through electronic transactions and trade in goods, services, and information that will be conducted electronically.

According to Kotler & Armstrong (2012) (Kotler & Armstrong, 2008) defines that: "E-commerce is the online channels that can reach someone through a computer, which is used by businesses to conduct business activities and consumer use to obtain information with the help of a computer that is in the process begins by providing information services to the consumer in determining the choice."

While According to Wong (2010) e-commerce is the buying and selling process and market goods and services over electronic systems such as radio, television and computer networks or the Internet.

From some of the above, it can be described that e-commerce is a channel that links between producers and consumers and is used in all the process of buying and selling by using information and communication technology systems such as the Internet and other electronic media.

Research Methodology

This research is quantitative research method is a survey method. The population in this study is the MSEs sector Culinary, have taken advantage of e-commerce in Jakarta with a total sample of 100 SMEs. Sampling using non-probability sampling with purposive sampling types. The technique used for respondents who have taken specific criteria that MSEs have been using e-commerce.

The constellation of influences between variables in this study aims to provide directions or an overview of this research, which can be described as follows:
Research Result

The test results show that the data analysis requirements of normal distribution, regression model did not happen multikolinearitas and the absence of problems heteroskedasitas. Based on the results of multiple regression study jointly the effect of product innovation and the use of e-commerce on marketing performance coefficient of determination to see the R2 of 0.454 which means that the influence of the independent variable product innovation and the use of e-commerce with the dependent variable marketing performance amounted to 45.4%, while the remaining 54.6% influenced or explained by other variables not examined.

Then known also \( F_{hitung} \) 40.263 > \( F_{table} \) value of 3.09 means that H0 is rejected. It can be concluded that the product innovation and the use of e-commerce simultaneously affect the marketing performance of MSEs in Jakarta.

Furthermore, note also that \( t_{hitung} \) from product innovation 5.621 > 1.988 \( t_{table} \) then Ho is rejected, the conclusion is product innovation has a significant impact on the performance of marketing. then it is known also that \( t \) from the use of e-commerce amounted to 4.876 > \( t_{table} \) of 1.988 hence Ho refused, so the conclusion is the use of e-commerce has a significant impact on the performance of marketing.

Conclusion

1. There is positive and significant correlation between Product Innovation
2. There is a positive and significant influence between Utilization E-commerce and Marketing Performance by 0.48 or by 4.8%.
3. There is a positive and significant influence between Product Innovation and Use of E-commerce on marketing performance of 0.454 or by 45.4%. If the Product Innovation and Use of E-commerce increases, the performance obtained Marketing will also increase.

Acknowledgment

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Analysis of Culinary Subsector Revenue Income Small Medium Enterprises in DKI Jakarta Seen from the Aspect of Non-Cash Payment System and Business Location

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Abstract

This study aims to analyze the Micro, Small, and Medium Enterprises income of the culinary sub-sector in Jakarta from the aspect of the non-cash payment system and business location. This research is a qualitative research using interview and survey methods. The sample of this study was the culinary MSES sub-sector in Jakarta with vulnerable income of Rp. 100 million to Rp. 1,000,000,000 and SME that had received two payments items, namely cash and non-cash payments. The results of this study indicate that the use of a non-cash payment system is very effective in increasing the income of SME in the culinary subsector in Jakarta. Of the many non-cash payment instruments that are used by SME often used are payment devices via mobile phones with the Gopay app. In addition, paying attention to business location factors is very important in starting a business.

Keywords: Cash Payment System, Business Location, Revenue

Introduction

Micro, Small, and Medium Enterprises (MSMEs) are things that cannot be separated from the life of a country, including Indonesia. In recent years with the instability of the situation and economic conditions in Indonesia, MSMEs development activities are considered as one important alternative that can reduce the burden faced by the Indonesian economy. Not only that, MSMEs have an important role when Indonesia is experiencing an economic crisis in 1997.

Several large-scale companies experienced slumps and it was difficult to get out of the situation, MSMEs were present as drivers of economic growth after the economic crisis and financial crisis in 1997. This is in line with the views expressed by (Legg, Olsen, Laird, & Hasle, 2015) (Niode, 2009) that the existence of MSMEs are less able to get the attention, but at the time of the economic crisis is precisely this effort subsector remained with rapidly increasing numbers. According to (Gunartin, 2017) the existence of SMEs should not doubted, given the MSMEs sub-sector absorbs a lot of labor that has proven capable of surviving in the midst of the economic crisis and becomes the economic driving wheel.
According to (Atun, 2016) the welfare of a trader can be measured by income, therefore factors that affect the income trader should be noted that revenue stabilized traders and his welfare increased so that buying and selling activity in the market is still running.

Not many MSMEs consider the factors that affect their income. The impact of returns on their investment income is not as expected. Even worse, when the income received is not worth the effort they spend for the long term. Not infrequently they are threatened with bankruptcy, and therefore it is necessary to consider the factors that influence the income of MSMEs (Wong, 2005) (Mansor & Abidin, 2010).

The first factor affecting MSMEs income is the payment system used. In this modern era, it cannot be denied that the role of technology in daily life can affect community activities. According to the author's interview conducted with the Department of MSMEs, Jakarta does not have exact data on the number of MSMEs using non-cash payment systems. But according to (G4S Cash World Report, 2018) it is stated that 50% - 55% of financial transactions in Indonesia still use the cash payment method.

The second factor affecting MSMEs income is business location. Can not be denied is one important factor. According to (Princess, 2016) business location will determine a person's total operating revenues. If the business location is away from the crowds or the great range of society, it will affect revenues. This shows an indication that the determinant of business location. Not a few MSMEs forced out of business because one has an exact location for their business. Especially where there is currently very fierce competition in the business world. Thus the accuracy of location selection is one of the factors that determine the success of a business.

Based on the explanation above, it is necessary to do a research on Micro, Small Enterprises in Jakarta with the title "Analysis of the micro and small business income in the culinary sub-sector in Jakarta viewed from the aspect of non-cash payment systems and business locations".

**Theoretical Review**

**Income**

Revenue is income derived from the supply of factors of production (natural resources, labor, and capital, technology) derived from the sale of service (business) revenue and the sale of goods determined by the price and quantity of goods produced.

**Theory of Revenue (Total Revenue)**

According to (Mc. Eachern, 2001) revenue is income derived from the number of physical products produced multiplied by the selling price or the mathematical equation can be expressed in:

\[
TR = PXQ
\]

Information:

- \( TR \) = total revenue (Total revenue)
- \( P \) = Price (price of goods)
- \( Q \) = Quantity (Quantity / amount of goods produced)
Non-Cash Payment System

According to (Wikipedia, 2019) non-cash payment system is a system that deals with the removal of some value for money from one party to another party with the instruments used in the form of means of payment using the card (GER), check, demand deposit, debit memos, as well as electronic money.

Evolution of Progress Payment Tools in Indonesia

![Figure 1: Evolution of Progress Payment Tools in Indonesia](source: processed by researchers)

Technology Acceptance Model (TAM)

![Figure 2 : Technology Acceptance Model (TAM)](source: sis.binus.ac.id)

This model illustrates that system user information in this case non-cash payments will be influenced by variable benefits (usability) and ease of use variables (McCord, 2006).

Business location

According to (Kashmir, 2009) (McAdam, McConvery, & Armstrong, 2004) namely the location of places serve the consumer, can also be interpreted as a place to display the goods wares. business location is a place chosen by MSMEs to run its business in the hope of obtaining maximum benefits by considering location and ease of reach and how easily a site is viewed and included. According to (Tjiptono, 1996) (Chittithaworn, Islam, Keawchana, & Joseph, 2011) also expressed his opinion about the factors that affect the business location that is:

1. Access, the ease of reaching the site.
   accessibility (or accessibility, achievement) is the degree of comfort achieved by the people, to an object, service or environment.
2. Visibility, which is associated with the location or place of business.
**Research Methodology**

**Place and Time of Research**

This research was conducted in the Jakarta area. This location was chosen because Jakarta is a city that has the largest culinary subsector in Indonesia. The study period lasted for five months from March 2019 to July 2019.

**Research Methods**

This study is a qualitative study using survey method with descriptive approach.

**Population and Sampling Techniques**

The population of this research is all subsectors MSEs culinary located in Jakarta Jakarta. Technique sampling in this research is non probability sampling with purposive sampling types. According to (Lincoln and Guba, 1985) in a naturalistic study sample specifications can not be predetermined.

**Results**

**Income**

<table>
<thead>
<tr>
<th>Kelas</th>
<th>Pendapatan</th>
<th>Jumlah</th>
<th>Persentase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Rp 100.000.000 - Rp 230.000.000</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>2.</td>
<td>Rp 231.000.000 - Rp 360.000.000</td>
<td>24</td>
<td>48%</td>
</tr>
<tr>
<td>3.</td>
<td>Rp 361.000.000 - Rp 490.000.000</td>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td>4.</td>
<td>Rp 491.000.000 - Rp 620.000.000</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>5.</td>
<td>Rp 621.000.000 - Rp 750.000.000</td>
<td>8</td>
<td>16%</td>
</tr>
<tr>
<td>6.</td>
<td>Rp 751.000.000 - Rp 880.000.000</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>7.</td>
<td>Rp 881.000.000 - Rp 1.100.000.000</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Source: Research Findings*

The above results show that the amount of revenue received by MSE subsector highest culinary Jakarta is Rp 231 million - Rp360,000,000 or are in the second grade as many as 24 businesses (48%). Average business owned by the merchant class 2 that of ringgan food business. While revenues in the 4th grade (revenue of Rp 881 million - Rp 1.1 billion) is entirely filled by heavy foods such as rice beverages which is currently in demand. In addition, the revenue received by culinary subsector MSEs in Jakarta is more than Rp 100 million to Rp 880 million, using non-cash payment through mobile phone. While MSE revenues start from Rp 881 million - Rp 1.1 billion or more, payments are made through the use of a debit card.
Aspects of Non-Cash Payment

Table 2: reason Actors MSE Using Non-Cash Payment

<table>
<thead>
<tr>
<th>No.</th>
<th>Alasan</th>
<th>Jumlah</th>
<th>Persentase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tuntutan zaman</td>
<td>9</td>
<td>18%</td>
</tr>
<tr>
<td>2</td>
<td>Takut kalah bersaing dengan usaha lain</td>
<td>14</td>
<td>28%</td>
</tr>
<tr>
<td>3</td>
<td>Permintaan konsumen</td>
<td>11</td>
<td>22%</td>
</tr>
<tr>
<td>4</td>
<td>Ada yang menawarkan</td>
<td>7</td>
<td>14%</td>
</tr>
<tr>
<td>5</td>
<td>Aturan dari lokasi usaha</td>
<td>9</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Research Findings

Base on 50 studied culinary efforts, there are various reasons why they receive non-cash payment system. There are 9 businesses culinary accept non-cash payments due to the demands of the age (18%), 14 businesses culinary accept non-cash payments for fear of competition from other businesses (28%), 7 culinary efforts to accept a non-cash payment because there are others who offer (14%) and 9 other culinary businesses receive non-cash payment system because it is the rules of the business location (9%).

Table 3: type Non-Cash Payment Instruments UMK Culinary

<table>
<thead>
<tr>
<th>No.</th>
<th>Alat Pembayaran</th>
<th>Jenis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Phone Mobile</td>
<td>Gopay</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ovo</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tcash</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Akulaku</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Boost</td>
</tr>
<tr>
<td>2</td>
<td>E-money</td>
<td>Mandiri</td>
</tr>
<tr>
<td>3</td>
<td>Debit</td>
<td>BCA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mandiri</td>
</tr>
</tbody>
</table>

Source: Research Findings

From the research that researchers do, researchers found the payments received by operators, namely:

1) mobile phone, Various mobile phone app that they use as Gopay, Ovo, Tcash, Akulaku and Boost.
2) E-money, Only a few MSEs choosing this payment instrument, because on average people using E-money to means of transport payments.
3) debit card (BCA and Mandiri), Of the many banks that provide this service, researchers found only two types of banks from all respondents who attended that the BCA bank researchers and independent. This is because the two types of banks is the most widely used by buyers.
Table 4: Advantages of Non-Cash Payment System

<table>
<thead>
<tr>
<th>Number</th>
<th>Information</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Practical and simple</td>
<td>28</td>
<td>56%</td>
</tr>
<tr>
<td>2</td>
<td>Do not take change</td>
<td>20</td>
<td>40%</td>
</tr>
<tr>
<td>3</td>
<td>Cashback</td>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>50</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: Research Findings*

Based on 50 studied culinary efforts are some of the advantages of non-cash payment system proposed by the MSEs. There are 28 respondents who declare excess system of non-cash payments are practical and simple (56%), 20 speakers who declare excess system of non-cash payments is no need to seek for change (40%), 3 informant stated excess system of non-cash payments make them nombok need for differences in the amount of money received (9%), and 2 Sources stated the advantages of non-cash payment systems is their cashback.

Table 5: deficiency Non-Cash Payment System

<table>
<thead>
<tr>
<th>Number</th>
<th>Information</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Signal interference</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>2</td>
<td>Not all seller understand</td>
<td>7</td>
<td>14%</td>
</tr>
<tr>
<td>3</td>
<td>Not all buyer understand</td>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td>4</td>
<td>Must be more thorough</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td>5</td>
<td>The claim process takes a long time</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>6</td>
<td>Difficult to use</td>
<td>7</td>
<td>14%</td>
</tr>
<tr>
<td>7</td>
<td>There is no obstacle</td>
<td>15</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>50</td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: Research Findings*

Based on 50 studied culinary efforts are some of the shortcomings of non-cash payment system proposed by the MSEs. There are 10 respondents who stated deficiency payment system of non-cash their interference signal (20%), 7 respondents who stated that not all sellers understand (14%), 2 informants stated that not all customers understand (4%), three speakers expressed should be more careful (9%), 6 respondents stated that the claims process is time consuming (12%), 7 respondents stated the difficulty of the non-cash payment system used and 15 respondents said there were no obstacles in using the non-cash payment system (30%).

**Business location**

Table 6: Locator Business

<table>
<thead>
<tr>
<th>Number</th>
<th>Information</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Accessibility</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Close to the crowd</td>
<td>13</td>
<td>26%</td>
</tr>
<tr>
<td>2</td>
<td>Close to the entrance</td>
<td>9</td>
<td>18%</td>
</tr>
<tr>
<td>3</td>
<td>Close to the highway</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>4</td>
<td>Easy vehicle to the location</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td><strong>Visibility</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Facilities and infrastructure</td>
<td></td>
<td>Business competition</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------</td>
<td>---</td>
<td>----------------------</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Supporting events around the location</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Source: Research Findings*

Based on the 50 culinary actors studied, there were 34 sources who stated that accessibility was a factor considered in selecting business locations (68%), and 26 sources stated that visibility factors should be considered in selecting business locations (22%)

**Conclusions**

Based on the results of research on the UMK culinary subsector income from non-cash payment system aspects and business locations in Jakarta, it is concluded that:

1. There are factors behind the UMK culinary subsector to receive non-cash payments, namely: the demands of the times, fear of competition from other businesses, buyers' requests, offers, and business location rules. There are non-cash payment instruments that are often used by the UMK culinary subsector, which are payment instruments using mobile phones and debit cards. According to data obtained by researchers, the UMK culinary subsector in Jakarta states that several advantages compared to cash payments are more practical and simple.
2. Accessibility and visibility are factors that determine a strategic business location or not.

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