CUSTOMER PREFERENCES TOWARDS CASHLESS PAYMENT METHODS
IN CULINARY INDUSTRY

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Abstract. *Culinary industry is one of the biggest and known as most competitive business sector in Indonesia. The development of technology, supported the cashless payment method to be adapted into any business sector, not to mention culinary industry. Even though most of the customers in this industry are millennials who are more capable using cashless payment method, but the other segment is still preferred other types of payment. This research aimed to investigate and explore the acceptance of Bandung people toward cashless payment method. Furthermore, the motivation behind the adaptation of cashless payment method also being explored. The methodology of this research is using qualitative data, path analysis for the data and SPSS as a tool of analysis. The research explained that there is a relationship between customer preferences and technology acceptance of cashless payment methods.*

Keywords: *Customer preferences; Cashless Payment; Technology Acceptance.*

INTRODUCTION

Most developed countries in the world are already starting to shift from paper-based payment instruments to the electronic-based, on which payment cards are being used intensively (Humphrey, 2004). In Indonesia, the shifting phenomena already shown by numbers of industries provide cashless payment method and it has been increasing since 2016. There are several things of the system that support the cashless payment methods; credit card, debit card, QR code, barcode, e-wallet, and et cetera. The cashless payment method can be implemented in many industries, especially in the food and beverage industry. Culinary business is one of the popular choices of business among people because it is the kind of business that more easily done than other businesses (Setianti (2012) as cited in Aziziah and Novani, 2017).

Based on Outlook on the Food Service Industry in Indonesia (2018) article, Indonesia, with a population of approximately 267 million, is the largest market for the Food Service Industry in the ASEAN region. According to Muizu (2016), Bandung is an icon for culinary hunters, even those from outside Bandung. Bandung always makes a new breakthrough in culinary. The competition in the business sector is certainly more increasing. There are two types of restaurants in Bandung; traditional and modern. Several restaurants in Bandung are using cashless payment methods since it became a trend around the latest 2017 especially for the modern restaurant.

Davis (1989) defines a person's perceived benefits in line with the degree to which a person believes that the use of certain technologies will improve performance achievement. Millennials are more into technology rather than adults. But not all millennials prefer to use the cashless method so do adults in Bandung. Thus, the purpose of this research are to know and explore how is the acceptance of Bandung people towards cashless payment methods and how people in Bandung use cashless payment methods. Other than that, the researcher hopes that this cashless payment method research can be implemented for all SMEs in Bandung culinary industry to know customer preferences towards cashless payment methods.

LITERATURE REVIEW

Payment Methods
Humphrey (1995) defined that payment can be interpreted in conjunction with the transfer of goods and services as a substitute for a value between two parties. Payment is the process of transferring wealth from a person or company to another party. In exchange for goods, services or both, or to fulfill a legal obligation in daily life. This payment process essentially takes place in every economic activity. The improvement of information and communication systems that affect the payment system in a country such as; cash payment and cashless payment methods.

Cash Payment
Cash payments consist of banknotes and coins. Currency is still playing an important role, especially for small transactions. In today's modern society, the use of cash payments such as currency does tend to be smaller than demand deposits (BI, 2011).

Cashless Payment
Non-cash payment instruments are increasing and they are increasingly being used by more people in transactions. Non-cash payments can be either debit transfers or credit transfers (Setsuya, 1995). There are three types of cashless payment methods; paper-based payment, card-based payment, and e-money. Paper-based payment consists of check mail, bilyet giro and debit note that basically, people exchange their money with paper. Card-based payment consists of a debit card, credit card, and automatic teller machine (ATM) card. And the last one is electronic money (e-money) that was established in 2007.

E-Money
Based on the Bank for International Settlement (BIS) (1996), e-money is a stored-value product or prepaid that the amount of money saved in someone's electronic media (Siti Hidayati, 2006). Electronic money (e-money) established in 2007. Since Bank Indonesia established the e-money concept, there are several benefits for the customer and also for the bank itself; for customers, more effective time and safety of payment; for several industries; for government especially Bank Indonesia.
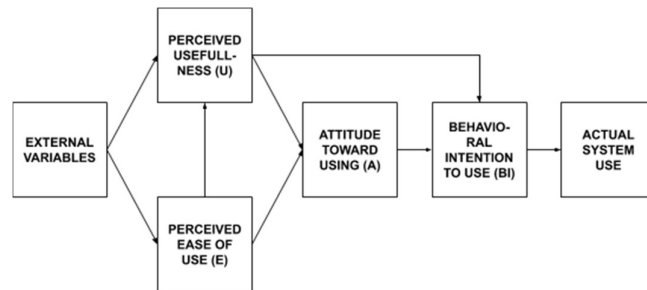
Conceptual Framework

Figure 1: Technology Acceptance Model (TAM)
Source: Davis (1989)

This conceptual framework is for helping the researcher to achieve the research objectives. The researcher uses TAM analysis. TAM evolves over time and provides a basis for tracing how external variables affect beliefs, attitudes, and intention to use them. TAM poses two cognitive beliefs: perceived usefulness and perceived user-friendliness. According to TAM, the actual use of a technology system is directly or indirectly influenced by the behavioral intentions, attitude, perceived system utility, and perceived system simplicity of the user. TAM also suggests that external factors, through mediated effects on perceived usefulness and perceived ease of use, affect intention and actual use.
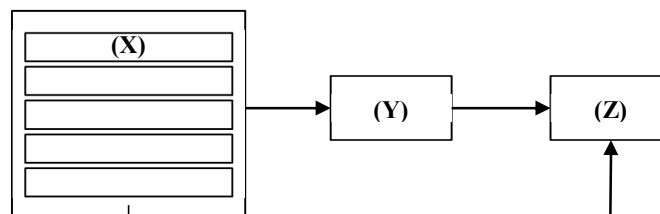
Research Framework

Figure 2: Researcher Framework
Source: Adapted from Pantano & Pietro (2012)

The X variables above are the factors of the customer preferences. The Researcher wants to know the relation from the X variable to the Y variable, X variable to Z variable directly, Y variable to Z variable and X variable to Z variable indirectly. Perceived usefulness is how the new product can be useful for the customer. Perceived ease of use is the ease of using the new product. Perceived cost is customer's belief of the cost concerning the new technology usage. Satisfaction comes from a feeling of customer of the new product. Social influence is an influence of other people in performing such behavior. Based on that, the researcher believes that those variables are influencing the customer preferences towards cashless payment methods in the culinary industry and those variables have correlation with technology acceptance of cashless payment.

METHODOLOGY

Methodology is a guideline that will help the researchers to achieve their research objectives. This research is using quantitative approach that can help the researcher achieve the research objectives. This research is using survey method to gather information from respondents based on the research framework that was inspired by the Technology Acceptance Model as the conceptual

framework foundation. The data sampling was preferred to people in Bandung aged from 15-50 years old that has even bought some food through cashless payment method. This research will use 10% error tolerance, which means the accuracy of the data is 90%. The number of people in Bandung is 2.395.000, using the Slovin and with the error tolerance % the minimum number that is needed in the research are 99 people. The questionnaire design is based on the operating variable list and the previous research questionnaire design. The data will be analyzed by pilot testing through SPSS for the validity, reliability, data analysis with path analysis and then make some findings, conclusions and recommendations. The next step after did pilot testing, the researcher will analyze the information from the respondents by using path analysis. In this research, the researcher uses path analysis to know, understand and explore more about the preferences of people in Bandung towards cashless payment methods in the culinary industry.

FINDINGS AND ARGUMENTS

Regarding the data, it shows that the graphic of growth of cashless payment methods in Indonesia is increasing. Similar with Bandung, the growth of cashless payment method uses is increasing. İt shows that the technology push system is influencing people in Bandung especially millennials in using cashless payment method.

Based on the data above, the researcher did pilot testing through SPSS as a tool that could help the researcher to achieve the research objectives. The respondent from the pilot test are 120 people that located in Bandung. Based on the validity and reliability test, all items in the questionnaire were valid (r count > r table = valid) and reliable (alpha > r table = reliable) with cronbach alpha is 0.942.

The respondents of the questionnaire are aged from 15 until 50 years old that have been done cashless payment method for buying some food in Bandung. 75.2% of the respondents were coming from teenagers and young adults. 59.5% respondents are women and 76% of the respondents are college students. 54.5% of the respondents were from Cibeunying area. Most of them are people with the monthly revenue from IDR 1.000.000 until IDR 4.999.999, 68.6%. 100% people in Bandung knew about cashless payment method and they have tried cashless payment method to buy some food. Most of people in Bandung were more using e-wallet rather than the other cashless payment tools, it was about 86% respondents. They were also using the cashless payment method to buy some food through online shopping and in the mall.

From the questionnaire, it has 7 variables which are perceived usefulness, perceived ease of use, perceived cost, satisfaction, social influence, customer preference and user's technology acceptance. From the 120 respondents, the first data analysis is from the path A. Path A is basically the correlation between X variable and Y variable. If the data shows the number is below 0.05, it means that the data is good and the first variable has correlation with the other variable. From the data that the researcher got, perceived usefulness, perceived cost, and social influence were significantly influencing the customer preferences with the score of each variable were 0.000, 0.012 and 0.000. The second path X to Z variable indirectly. Here we got perceived usefulness scored 0.004 and perceived cost scored 0.011. Those variables are significantly influencing the technology acceptance. The third path is Y to Z variable. The data shows that the customer preferences are significantly influencing technology acceptance of cashless payment method with the score of 0.000. The last path is X to Z variable directly. The data describes that the variables that influencing technology acceptance of cashless payment methods are perceived usefulness with 0.000, perceived cost with 0.003 and social influence with 0.002.

Figure 3: Research Path Model

CONCLUSIONS

Based on all the data above, the researcher got the data from quantitative. The data says that most of people in Bandung are using cashless payment method but millennial are more capable in using the online features of cashless payment methods. The researcher's expectation is actually only millennial that using cashless payment methods, but the data says that adults are also using cashless payment method especially credit card, debit card, and automatic teller machine (ATM) card. Since millennial are

more capable in using online features, they can freely use electronic money (e-money) and electronic wallet (e-wallet), but adults in Bandung also start learning and using the online features of cashless payment methods.

The data also shows that perceived usefulness, perceived cost and social influence are significantly influencing the customer preferences. The perceived ease of use and satisfaction were not significantly influencing customer preferences because based on the data that we got, the ease and satisfaction were still the same with cash payment. Also customer preferences were significantly influencing technology acceptance of cashless payment method. It means that there is a relationship between X, Y and Z variables. Hence, in the future the researcher also gives a recommendation that culinary Small Medium Enterprise (SME) in Bandung has to provide cashless payment methods beside the direct cash payment methods since the consumers mostly comes from millennial. Beside that, cashless payment methods are very helpful and more effective so both the seller and the customer can easily do the transaction process with minimum struggle.

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