

## **ABSTRACT**

*The higher the rate of local and global business competition and uncertain condition force any enterprise to create an innovation to reach competitive advantage. One of the industries that develops rapidly enough is food and drinks industry that has big potential to grow and develop. The small and medium micro enterprise (UMKM) has management characteristic, stands alone, its own capital, local marketing area, small enterprise's asset, and limited amount of employees. This study uses five variables. They are market orientation (customers orientation, competitors orientation, interfunctional coordination), product innovation and marketing performance.*

*The purpose of this study is to know the influence of the relationship of market orientation variable consisting of customers orientation, competitors orientation, interfunctional coordination on product innovation, and the influence of product innovation on marketing performance, and also the influence of customers orientation and interfunctional coordination on marketing performance in the small and medium micro culinary enterprise (UMKM).*

*The method of this study uses quantitative method. Data collecting is taken from 200 respondents especially the managers of the small and medium micro culinary enterprises in south Bandung region including Sukabirus, Sukapura, Bojongsoang, Kopo, Soreang, and Katapang areas. This study uses probability sampling method with cluster sampling type. This study also uses structural equation model (SEM) Lisrel 8.80 and likert scale with twenty six statement.*

*This study shows the relationship of market orientation variable consisting of customers orientation, competitors orientation, and significant interfunctional coordination on product innovation, and product innovation has significant influence on marketing performance, while customers orientation variable and interfunctional coordination does not have significant influence on marketing performance.*

*The originality of this study is to test the model in term of Small Medium Micro Culinary Enterprise (UMKM). The researches gives a contribution t check the relationship among five variables and classifies the suitable conceptual system to compare and prove the difference of study.*

**Keywords :** *Small and Medium Micro Culinary Enterprice (UMKM Kuliner), Structural Equation Model (SEM), Customers Orientation, Competitors Orientation, Interfunctional Coordination, Product Inovation, Marketing performace.*