# Analyzing The Relationship Between Target Market, Information Technology Resources and Digital Marketing In Achieving Non-Tax State Revenue Targets

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**Abstract:** Non-tax state revenue is one of three state revenue sources. The other two sources are taxes and grants. Some examples of non-tax revenue sources include fees for passports, revenue from the forest resource rent provision, and administrative fines. Non-tax state revenue during 2013-2021 is fluctuating around 250-450 trillion rupiahs. Other situations, such as government institutions' inability to meet the target and a limited market for government services, also contribute to non-tax state revenue instability. This condition will create difficulties in predicting state revenue in the future. Besides, it also restrains the country's development due to economic burden. This research would contribute to achieving the following research objectives. The first is to construct a product and service digital promotion model by including the target market and IT implementation into the digital marketing and non-tax state revenue. The second is to examine the relationship between the target market, information technology implementation, and digital marketing in increasing non-tax state revenue.

**Keyword:** Digital marketing, Indonesia, information technology, non-tax state revenue, target market

## INTRODUCTION

Nearly every government institutions in Indonesia have one or more unit that offer public services to people, businesses, and other entities. Those services are called non-tax revenue service (PNBP service). The service provider must meet a minimum annual revenue

requirement for each PNBP service. There are various initiatives done to meet the targeted revenue, including finding ways to promote the PNBP service products to potential users (partners). Another efforts is to make a plan to increase the digital marketing effort when promoting PNBP services.

Individual, enterprises, and other government institutions are the target market for PNBP service provision from government institutions. Examples of PNBP services for the individual customers are issuing passport, issuing limited stay permit cards (KITAS), and driving licenses (SIM). Besides service for individual, there are services that provided for industrial use including motor vehicle pollution testing, plastic durability testing for Electronic Identity Cards (KTP-El), concrete strength testing, validity testing for Rapid Diagnostic Test Antigen, bridge structure testing, and other things. Other than that there are service usage in form of inter-governmental institutions. Examples of these requests include those for help with implementing Electronic-Based Government Systems (SPBE) applications, creating ship designs, and employee capacity-building training.

According to Law No. 20/1997, non-tax state revenue is an increase in government net worth resulting from transactions other than tax revenues. Non-tax state revenue is one of three state revenue sources. The other two sources are taxes and grants. Some examples of non-tax revenue sources include fees for passports, revenue from the forest resource rent provision, and administrative fines. Although it became the second-largest contributor to state revenue, the revenue received each year is deemed unstable. Based on Ministry of Finance (2022) data, non-tax state revenue during 2013-2021 fluctuated around 250-450 trillion rupiahs. Other situations, such as government institutions' inability to meet the target and a limited market for government services, also contribute to non-tax state revenue instability. This condition will create difficulties in predicting state revenue in the future. Besides, it also restrains the country's development due to economic burden.

Improving non-tax state revenue can be done in three ways. The first way is increasing sales. Increasing sales can be made through various strategies such as promotions, setting specific target markets, and expanding into new markets. The second one, according to Akitoby et.al. (2018) and Yamin et.al. (2018), is that widespread usage of IT in government services are a good indicator of improving state revenue and system modernization. The third way is the use of a digital marketing strategy. Digital marketing is a set of activities a company or person runs on the internet to attract new businesses and develop a brand identity (Kleindl and Burrow, 2005; Bala and Verma, 2018). For academics, policymakers, and public administration practitioners, the idea of digital marketing is becoming more and more important. It was influenced by the business world, where companies are starting to go beyond implementing IT in marketing activities (Yasmin et.al, 2015; Sheikh *et al.*, 2018).

Despite the benefit, implementing IT and digital marketing is still uncommon in the government context. Before applying those strategies, the target market of each government service should be identified. There are three main subjects for government services that consist of individual, enterprise, and government institutions. Identifying the characteristics of each target market will help the government adjust its promotion and service delivery to the target market and improve business performance (Cohen and Olsen, 2013; Kusumadewi, 2020). Besides identifying the target market, the implementation of IT also has a positive

contribution to digital marketing (Liu *et al.,* 2015). Therefore the idea of digital marketing can also be useful in increasing non-tax state revenue.

From the phenomenon above, it can be surmised that one of the causes of not achieving the PNBP target is the need to implement a digital marketing strategy, so further research is proposed on the topic "Analyzing the Relationship Between Target Market, Information Technology Resources and Digital Marketing in Achiecing Non-Tax State Revenue Targets".

## LITERATURE REVIEW
### A. Target Market

Cravens and Piercy (2013) suggest that important factors in determining a target market are size and potential. Besides, the methods used to create target markets are used to identify the current and potential target markets. The idea are managers able to form opinions about the target market (potential profit) by considering market factors, competitive dynamics, and environmental factors that can impact profitability (Walker and Mullins, 2013). Other that that, there are three basic factors to calculate the market size that is market potential, sales forecast, and market share and should be followed by an evaluation of market sales over a certain period of time (Cravens and Piercy, 2013).

When selecting target market or market segments, the size and rate of market expansion, as well as demographic, sociocultural, economic, political/legal, technological, and natural factors that may affect demand should be considered. Understanding the target market are important for a company because company do not want to spend their efforts entering uninteresting or negatively publicized market segment. The ability of the organization to compete in this new market sector depends on whether or not it has the necessary human, financial, and other resources. Entering a new market or market segment without the resources that provide a long-term competitive advantage will become a loss for the company.

### B. Information Technology

Information Technology resources are crucial because they enable staff to handle complex service situations, customize service offerings, and react swiftly to service requests or failures, according to Cohen and Olsen (2013). IT resource management and policy development are two distinct tasks in and of themselves, according to Davies and Hale (1986).

IT resources consist of the following elements:
a. IT infrastructure is the technical framework required to support a range of present and future software applications, provide access to pertinent data, facilitate information flow, and guarantee the organization can handle upcoming information buffers and needs.
b. The abilities, business, technical know-how, experience, and expertise of IT personnel.
c. IT management procedures, including the effectiveness and sophistication of IT procedures, as well as an organization's capacity to collaborate with IT units and communicate with their business units, plan IT strategically, create and deliver

dependable and affordable systems, offer prompt customer service, and implement sophisticated IT operations.

## C. Digital Marketing

The early 1990s saw the first recognition of digital marketing, which became the main tactic widely used in the business world in 2014. In the marketing process, which includes the following stages, digital marketing is the implementation of the application, use, or utilization of technology (Ryan, 2014):

a. New technologies appear and are used;
b. Marketing efforts around the world increasingly prioritize technology;
c. Creative marketers conduct research and make breakthroughs to improve the functionality or usability of technology in reaching marketing target audiences;
d. Technology replaced traditional marketing methods as the primary approach.

The aforementioned stages demonstrate how technology underpins the revival of digital marketing. Still, technology is merely a tool that, when viewed from the perspective of marketing, is a means of connecting that can improve human relations, or in this case, those between marketers and the target market. Instead of emphasizing technology, digital marketing focuses on humans (marketers), specifically how to comprehend humans (marketers), and how to use technology to forge relationships with other humans (customers) to expand and significantly boost sales.

As a basis for stating the need for implementing this strategy, the choice to use digital marketing as a business strategy must be tailored to the specifics of the operation. To put it simply, there are two categories of business traits that must be understood in order to decide whether to use digital marketing.

a. Recognize the traits of current and potential clients.
   In this instance, there are two types of customer characteristics: those who are already active in online activities and those who will be. The best option is to use digital marketing if your target market is composed of individuals who use digital technology to find or purchase the goods and services you offer. On the other hand, there is no need to use a digital marketing strategy if the customer does not require digital technology. Customers who have not yet used it, however, do not necessarily mean they will in the future; they could still turn out to be potential customers. As a result, using digital marketing still needs to be viewed as a long-term marketing strategy.
b. Recognize the characteristics of product/service/brand compatibility with digital marketing.
   Virtually any kind of goods, services, or brands can be purchased online. The argument that no special qualities are required to be able to sell goods through a digital marketing strategy is based on this principle. The implementation of digital marketing strategies allows for the provision of all kinds of goods and services.

**D. Non-Tax State Revenue**

Non-tax state revenue is an increase in government net worth resulting from transactions other than tax revenues. Example of non-tax state revenue source including from natural resource income such as fisheries, mining, oil, and natural gas. Other PNBP includes income from sales, rental of state properties, payment of bills, PNBP from abroad, prosecutors and judges, education, payment of bills, other income from oil and gas business activities, and other budgetary revenues. Profits from State Owned Enterprises (SOEs) that are distributed to the federal government in its capacity as the SOEs' shareholders are referred to as receipts from the share of SOE profits.

According to Amany, Dhiya, and Firmansyah (2020), in order to fulfill their obligations and perform their functions, Public Service Agencies (BLU) primarily rely on PNBP as a source of funding. The Public Service Agency is supported by assets owned in the form of buildings and infrastructure in addition to income. These three factors are crucial for the Public Service Agency to improve both the focus of services provided to the community and the Public Service Agency's own focus, which is reflected in the Public Service Agency's accreditation.

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**METHOD**

**A. Study Design**

This study extends the target market, information technology implementation, and digital marketing effect on non-tax state revenue. The research will use a quantitative approach to address the research questions and test the hypothesis built on the existing theory (Sekaran and Bougie, 2016). The population for this study is 300 service providers in 20 Indonesian government institutions. The study will collect 100 respondents. The sample will be selected using simple random sampling to ensure each member of the population has an equal opportunity to be selected (Sugiyono, 2015). The data will be collected using a survey through an online questionnaire and secondary data. The survey method is chosen because its ability to yield a considerable amount of data and is cost-efficient. Structural Equation Modelling-Covariance Based (SEM-CB) will be used to evaluate the relationship between these variables. The ability of SEM-CB is aligned with this research to test and confirm existing theoretical and causality models using LISREL software (Diamantopoulos & Siguaw, 2000; Wijayanto, 2015). Besides, this research also incorporates unobserved concepts known as latent variables. Figure 1 shows the proposed model of this research.
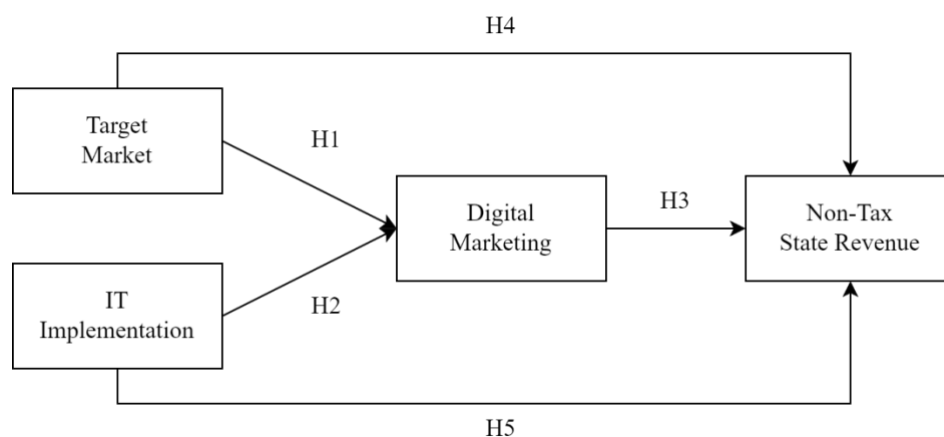


Figure 1. Proposed Research Model

**B. Hypothesis**

Based on figure 1, the following hypothesis are drawn:

H1: The target market has a positive and significant relationship towards digital marketing.

H2: IT implementation has a positive and significant relationship towards digital marketing.

H3: Digital marketing has a positive and significant relationship towards non-tax state revenue.

H4: The target market has a positive and significant relationship towards non-tax state revenue.

H5: IT implementation has a positive and significant relationship towards non-tax state revenue.

## RESULTS AND DISCUSSION

The paper represents a unique attempt to understand the target market, information technology implementation, digital marketing, and Indonesian non-tax state revenue. It will discusses how the target market, information technology implementation and digital marketing attract consumers to use government services among other government institutions in a network by facilitating changes in their make/buy decisions. The proposed model is expected to show a positive and significant relationship between the target market, information technology implementation, and digital marketing towards the Indonesian non-tax state revenue.

## CONCLUSION

This research has contribute to achieve the following research objectives. The first is constructed a product and service digital promotion model by including the target market and IT implementation into the digital marketing and non-tax state revenue. The second is examined the relationship between the target market, information technology implementation, and digital marketing in increasing non-tax state revenue.

The results of this study have implications, particularly for governments. Based on the study's findings, the government's decision to integrate the target market, information technology implementation, and digital marketing into the government services offer a chance to boost non-tax state revenue and stabilize it. There are two main implications of this paper. For each government service, the government institutions must first determine the appropriate target market. In order to increase the growth of non-state tax revenue, every government institution should develop its information technology implementation strategy. The second one, digital marketing content, should be adjusted based on the target market and service provided by government institutions.

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