

# Instagram: The New Edge of Online Retailing

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**Abstract**— With the increase in popularity of social networking, they pose immense potentials and challenges for the future of E-commerce. Latest developments have emerged to leverage the power of social networking with online shopping. Social Shopping is the resultant of Social Media's impact on e-tailing. The use of social networking sites is now no more restricted to chatting, creating a page or making friends but has now moved to another level which involves Online Retailing. Social sites like Pinterest, Facebook, Instagram, etc. have been adopted by the retailers and consumers as a shopping platform. Users on social shopping sites can post product recommendations, share photos, form social shopping communities and make purchases. Despite enormous business interests and potentials, little is known about whether the internet users will adopt such systems. This paper aims at determining the online retailing on Instagram and how customers are attracted towards this form of online stores on a social networking site. The paper also provides marketing suggestions for the retailers on Instagram and similar social networking sites.

**Index Terms**— E-Commerce, Instagram, Online Retailing, Social Retailing, Social Shopping .

## I. INTRODUCTION

India had an internet user base of about 354 million as of June 2015 [1] and is the second-largest user base in world, only behind China. The enormous population today that accesses the social networking sites and the proof is that 82 million active users of Facebook alone are in India. E-commerce is increasingly less about a retailer's site or app and more about enabling shoppers to buy wherever and however they choose. The latest sign of that shift is Pinterest and Instagram today rolling out new tools that let e-retailers drive sales directly from their platforms [2].

### A. Online Shopping

The web plays a vital role in the life of today's youth globally and India is no exception. Shopping, by far and large, among the young generation today has shown a shift in trend from window shopping to online shopping. Online shopping is one of such facility that internet has introduced in our life and emergence of Social Networking Sites like Twitter and Facebook in subsequent years has refined the way people react. The online shopping is emerged in India from United States of America offering websites like Amazon and eBay which were launched in 1995 in USA and later introduced in India. There are various popular shopping sites in India like Myntra, Jabong, Snapdeal, Flipkart and more. These sites

provide the option of Cash on delivery, easy exchange and returns and door step delivery which has highly influenced the majority of Indians and almost every internet literate has now accepted this online form of shopping. Online shopping has provided an easy access to the products and services sold by producers and direct sellers from all over the world.

### B. Social Retailing Or S-Tailing

Social networking sites are constantly gaining popularity under the media spotlight. Social retailing has emerged as the latest innovation in E-commerce by combining online retailing with social networking. Social shopping fills a fundamental desire for social interaction and decision reassurance, and helps mitigate the isolation inherent to most online activities [3].

Social retailing is defined an addendum of Business-to-Consumer E-commerce wherein retailers are going online through social networking sites and are selling their products directly to the consumers on the social forum. Retailers create a page on the social site and name it uniquely, upload product images with name and price tags, and thus sell their products on the social site. Different from traditional e-commerce technology, social retailing emphasizes on providing a rich social context in order to encourage consumers to participate in an ongoing dialog with fellow consumers.

### C. Instagram In India

Instagram is a mere 5-year old online mobile photo-sharing, video-sharing, and social networking service that enables its users to share pictures and videos either publicly or privately on the app, as well as through a variety of other social networking platforms, such as Facebook, Twitter, Tumblr, and Flickr [4]. These days, Instagram is everything. It is a place to post photos of your pet, brunch, and envy-inducing vacation; it is also a place for storytelling, self-expression, activism, and favorite pastime of today's youth: shopping. From international luxury labels to rare vintage finds and handmade pieces, Instagram has become the place to discover the products in trend and get your hands on the items no one else will have. Also, shopping on Instagram has a charming community feel — the sellers communicate with customers in the comment sections, making the online experience feel close and personal. Some retailers allow you to purchase items by simply leaving a comment, whereas others provide their Whatsapp numbers or e-mail addresses for placing the order. Plus, the stores that are doing it right also post some inspirational imagery alongside their products.

The first question any retailer will ask about a social network: are people actually using it? With Instagram, it is a resounding yes. With 300 million monthly active users and counting, Instagram users have proven their love for the platform. Instagram is one of the hottest social media platforms around, continuing to see consistent growth. And if a social network is popular among people, of course it's going

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to be popular among retailers too. Instagram is widely considered as the “holy grail” of social commerce [5]. It has the best engagement simply because it’s a very visual medium. Also, various existing studies on Instagram supports the significance of Instagram and its popularity amongst the youth of India.

A study conducted by Facebook [6] found that Indians on Instagram are mostly young, mobile-first users with high spending power. The 18-24 age groups are the most active ones on Instagram. The study also observed that Indian users not only share pictures but also follow brands and retailers on Instagram. Over 50% of Indian Instagrammers have frequently purchased products and services from the brands or retailers they follow. They also follow brands to keep in touch with the latest products, learn about deals and shop for products online. As per a study conducted by Forrester, Top brands on Instagram are seeing a per-follower engagement rate of 4.21 percent which caused Forrester to dub Instagram “the King of social engagement” [7]. The integration of the E-Commerce platform with Instagram allows online merchants to sell their merchandise directly to their followers using a customized shopping page that’s linked to their Instagram profile.

II. RESEARCH METHODOLOGY

This research attempts to study adaptation of social retailing by the retailers in India and acceptability of social shopping by today's youth through Instagram. The research paper also looks into the factors responsible for the inclination of today's youth towards purchases via Instagram, and studies what types of products they usually buy, what is their level of satisfaction from social shopping and what drives their interest in following a certain page on the social site. Descriptive Research has been used in conducting this research. Descriptive research describes data and characteristics about the population or phenomenon being studied.

The study is based on both, primary and secondary data. The secondary data was collected from the available online literature and business magazines. The primary data was efficiently collected through online questionnaires and telephonic interviews. The primary data was collected from the social retailers and Instagrammers in Delhi/NCR region of India. The sample constituted of 20 retailers and 100 consumers active on the social site. The retailers were those who were selling their products on Instagram and the consumers were the Instagram users of the age group 18-30 years, who have bought atleast one product from Instagram. The sample size of 100 consumers was calculated at 95% confidence level and 9.8 confidence interval for a population of 46.07 million. A close-ended and structured questionnaire was designed for the consumers with multiple choice questions and a five-point balanced likert scale for measuring the impact of social retailing on consumer behavior. The data collected from the respondents were tabulated and analyzed into logical statements using cross tabulation, mean score and standard deviation analysis. Telephonic survey was conducted in order to gather data from the retailers. The telephonic interview was structured and open-ended. The retailers were selected basis their number of followers on Instagram. The larger number of followers denotes significant popularity of the retailer on the social site.

The study considered the snowball sampling for collecting data from the consumers and judgmental sampling for selection of the retailers. Snowball sampling [8] is a non-probability sampling technique wherein initial respondents nominate, through their social networks, other participants who meet the eligibility criteria and could potentially contribute to a specific study [9]. Judgmental sampling is a non-probability sampling wherein the researcher chooses the sample based on who they think would be appropriate for the study [10].

III. LIMITATIONS AND FUTURE RESEARCH

The study is confined to the Instagram users in Delhi/NCR region of India and has undertaken a small sample of respondents. Therefore, the findings cannot be treated as representative of the entire Instagram community. The study can also not be generalized for other all online social networking sites as the study emphasizes only on Instagram and ignores other similar existing sites. This study is not product specific. Considering the limitations of the study, a further study may be conducted with a larger sample size at multiple locations and may consider other social networking sites as well.

IV. DATA ANALYSIS

Different statistical tools were used for calculating data obtained through questionnaire. Descriptive analyses and multiple regressions were the major statistical techniques used. The study employed mean scores and standard deviations for calculating all measures. Cross tabulation was done in order to understand the demographics of the respondents in context to their responses. All calculations were done in SPSS.

**Table1:** Displays the means and standard deviation obtained through the responses based on the 5-point likert scale.

Statements	Mean	Std. Dev.
I think shopping on internet is time saving.	3.9	0.7305
I prefer traditional shopping over online shopping.	1.95	0.6415
Shopping on Instagram is as secure as traditional shopping.	2.51	1.2592
Instagram is more visually appealing over other social sites.	3.5	0.6435
I will prefer shopping on Instagram only if online prices are lower than actual prices.	4.2	0.7654
I prefer shopping on Instagram over other social platforms.	3.84	0.8253
The descriptions of products shown on Instagram are very accurate.	3.36	0.8821
I develop need for a product after looking at the product.	2.82	1.1492

Table 1: Mean scores and standard deviation

The majority consumers have stated internet as a time saver, they have also agreed that they prefer Instagram shopping over other social sites and that they prefer shopping on Instagram only if the online prices are lower than the actual prices and the respective means have low standard

deviation which denotes least amount of variability in the responses of the respondents. Majority respondents consider Instagram more visually appealing and that Instagram has accurate description of products which ultimately contributes to inclination of youth towards Instagram shopping.

According to the data collected, consumers do not prefer traditional shopping rather have more acceptance of the online mode of shopping. Consumers do not consider shopping on Instagram as secure as traditional shopping and nor do they develop need for a product after looking at the product, however there is a large dispersion amongst the responses of the respondents and certain lower end values have influenced the mean score. This therefore depicts that respondents are confused with their response.

## V. FINDINGS

Apart from friends, the users follow mostly brands and bloggers on Instagram. Instagram has also proved to be a useful tool for fashion tips for many. As of now, Instagram does not provide facilities to enable consumers to make a purchase directly from a picture, but retailers have come up with several ways to engage prospective customers, including promising discounts if they post "selfies" with their merchandise.

90% of the respondents like online shopping but their buying decision do not always happen when they are on social network. 63% respondents agreed that they incorporate their social network presence with actual buying. Young men prefers shopping watches, electronics, CDs and mobiles online and women are interested in buying clothes and accessories when they buy online. Only 29% people said that they develop need for a product after looking at the product. The study also revealed that flashing images or multimedia effects doesn't attract youngsters but a nice resolution photograph or well-presented information may captivate their buying decision. Even though today's youth is entitled with high paid salary and easy cash flow, they still look for discounted products. There is very minimal inclination of youth to buy branded product on social sites rather they prefer buying imported products, customized products and replicas of high-end labels or designer wears.

The study shows that Instagram has become the first choice of retailers for the following reasons:

- Without any coding or HTML knowledge, retailers can create and brand their Instagram shopping page.
- There is no cost involved in setting up a shop on Instagram. It only requires having internet connectivity.
- Simply images of the product have to be uploaded along with tags with product price and description and with the mode of communication for placing the order. The hash tags on Instagram are very convenient for the users to search posts or people they looking for.
- There is no involvement of middlemen which ultimately results in increased margins. The producer or marketer can directly sell their products to the end consumers.
- Instagram does not charge anything from the retailers for making and owning their online shop on the social site. Also, the additional expenses of owning a personal site on internet are saved.

- Retailers can get in touch with numerous customers globally and build their distinct identity.
- Many retailers on Instagram do not provide the return or exchange facility thus, reducing the risk at their end.

Furthermore, the study helps understand the consumer behavior towards social shopping and identifies the reasons behind their inclination towards Instagram for shopping. Following were the key findings:

- The consumers can easily find rare high street products at a comparably low price on Instagram which otherwise cannot be easily found elsewhere. 88% of the respondents rated the product variety and collection on Instagram above the popular online retailers like Myntra, Jabong, etc.
- The social retailers sell imported products at great discounts. Retailers also provide the replicas of high-end luxury lifestyle products which are a major attraction among consumers.
- Consumers can order customized products as per their requirements which major online retailers fails to provide.
- Social referring and interaction with other consumers helps in making purchase decision.
- Consumers can also interact with the seller directly and discuss about the product which gives them a close and personal feel and thereby help them make faster decision regarding their purchase.
- It is not required to share one's card or bank details online which assures the sense of security among consumers.
- Instagram is visually appealing and scrolling the products catalogue is very convenient as compared to other social sites.
- Social retailers provide free same day delivery for their customers in the same city.

## VI. MANAGERIAL IMPLICATIONS

Understanding the perception and expectations of the consumers is very important for the firms to enhance their marketing campaigns or products accordingly. This research paper provides a theoretical understanding of consumers' acceptability of social site as a shopping platform. Based on the above discussions, the following suggestions are proposed for social retailers and marketers, hoping to be helpful in marketing practice.

- According to Wyzowl, customers remember 80% of what they see and a staggering 20% of what they read. Visual content is very important and retailers should aim at providing an eye candy page to their customers.
- Provide a high resolution picture from all angles so that the customer can see every little detail of the product. The customers should know what they are buying.
- It is important to craft a strong USP (Unique Selling Proposition) as there are numerous online and social retailers and to make sells happen, it is important to set apart from others and outshine.
- Blogging is very trending and a sure way to increase the number of visitors to your page.
- Use live chat to help potential customers make faster decision. Although online retail has become widely accepted, nothing can beat personal interaction in offline stores.
- Use reference numbers along the product image. It not only helps the customer to place an order with ease but also helps the retailer understand which product the customer wants to buy. As there are no "buyable buttons" in Instagram,

consumers need to drop a text in retailer's inbox or Whatsapp the retailer for the purchase and in such case, reference number can prove of great help.

- Discounts have always been proved beneficial for the brands and also show customer appreciation. Discounts attract every income group across all age groups. The social retailers may provide various discounts such as, first time buyer's discount, volume discount, returning buyer's discount and free shipping.
- Always ask for feedback. The data collected reveals that 77% of the shoppers bother to read a review for the product they intend to buy and make a decision based on what they read. Reviews also improve the retailer ranking and bring in new customers.

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