

Instagram performance analysis of micro, small, and medium enterprises: a case study in the fashion sector

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ABSTRACT

People nowadays rely on social media, which has become a necessity in their everyday lives. With 13 % of internet users, Instagram is currently the largest social network. This is an opportunity for Micro, Small, and Medium Enterprise (MSME) owners who target Instagram users as their market. This paper analyses the performance of Instagram in selling MSME fashion products, especially thrift shops. Based on the data, followers, likes, and comments do not influence the item's sale. The research finds some factors that can increase the sale of goods on Instagram, such as ads, paid promotions, endorsements, events, and giveaways. Furthermore, The results deliver strategies to improve sales through the Instagram platform.

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1. Introduction

Instagram was established in 2010 [1]. Instagram allows users to snap a photo or video and share it globally with their followers [2]. Instagram was the third most popular social network among college students in the United States [3]. On April 12, 2012, Facebook acquired Instagram and continued to run Instagram as an independent application [4]. Instagram has 100 million monthly active users, 40 million photos are uploaded daily, 8,500 likes, and 1,000 comments are gained per second [5], making Instagram a worldwide social media platform.

According to The Pew Internet and American Life Project [6], 13% of Internet users are also Instagram users. Following the Pew survey, individuals who show positive interest in Instagram are adults between 18-29, African Americans, Latinos, women, and urban residents [7]. Instagram helps a company to promote its products or services [8]. The point that makes Instagram different from other social media is that Instagram applies a visual-based strategy [9]. Everything about Instagram is about photography [10]. Instagram marketing is an effective way to advertise a product, as it is said that a picture speaks a thousand words. This is significantly more than any other platform, making Instagram the most beneficial platform for influencers.

Micro Small and Medium Enterprises (MSMEs) are essential to the national or regional economy, as in Indonesia. The development of MSMEs has a special meaning in efforts to increase economic growth and reduce a country's poverty rate [11]. For example, from 2011 to 2012, Gross Domestic Product (GDP) contribution only reached 57.94 percent, while MSMEs contributed 99.9 percent of the number of business entities in Indonesia and 97.24 percent in employment. So it can be concluded that growth and development in the MSME sector are often interpreted as indicators of successful development, especially in countries with low per capita income.

Product marketing at MSMEs can be divided into traditional or offline marketing methods and digital or online marketing methods. These two methods differ in the marketing costs associated with time, quality, target reach, and the marketing media used [12]. In digital or online marketing, one can use social media promotion. In the development of MSMEs, social media is very influential in product marketing because, in this current era, most people use Instagram as a medium to find references when buying a product.

In Indonesia, Facebook applications such as WhatsApp and Instagram can aid entrepreneurs and Micro, Small, and Medium Businesses (MSMEs) to get started in business and identify new opportunities. The applications can, in general, provide MSMEs with some of the benefits of scale because they enable greater reach to a higher number of better-targeted customers and partners. Of those MSMEs surveyed, 75% agreed that Facebook applications reduce the cost of marketing, 63% agreed that the applications reduce customer service costs, and 56% mentioned the lower cost of research and development. 92% of MSMEs surveyed also said that using Facebook applications helped them grow their number of customers. In addition to assisting businesses in minimizing the cost of marketing and sales, Facebook applications can help reduce resource requirements across other aspects of their operations, which can be critical to the success of MSMEs in their initial growth phase. 74% of MSMEs agreed that Facebook applications help reduce barriers to growth, and 71% agreed that the apps help them efficiently manage operational staff and processes [13]. This concludes that most micro, small, and medium enterprises in Indonesia use Instagram to market their products.

However, there are still problems regarding what factors affect the performance of online sales made by micro, small, and medium enterprises (MSMEs) using the Instagram social media platform, such as marketing strategies, quality of content on Instagram from the products being sold, and feedback from sellers. This research compares the performance of social media Instagram on micro, small, and medium enterprises (MSMEs), focusing on the fashion sector. This research aims to determine what factors affect online sales performance on Instagram social media, specifically in the fashion sector.

2. Method

The research method in this study is observation, which directly observes the situation and conditions of the research from the field [14]. Post observations were made from three Instagram accounts offering thrift clothes in Jakarta and Makassar. Namely, Instagram accounts A, B, and C. The number of likes, comments, and availability of items sold from the three accounts were recorded in tabular form. The data consist of usage, the number of followers, and the overall quality of the posts. The next step compares the three accounts using tables and charts to examine the elements that might affect an account's sales and finds some factors that can increase the sale of goods on Instagram. Fig.1 shows the research steps.



Fig. 1. Block Diagram of the Method Steps

The research mainly discusses Instagram and its impact on Micro, Small, and Medium Enterprises (MSMEs). Creating data begins with determining and observing the MSMEs' accounts (Instagram accounts A based in Jakarta and B and C in Makassar). The data was analyzed and then used to form an abstract, discussion regarding the influence of Instagram, proposed solutions, and conclusion. The analytic data in this study is utilized to determine the various types of cases that result in more excellent sales of the items. To conclude will be carried out based on the document assessment of the study results.

The first Instagram account is MSMEs in the fashion sector, a Korean-style thrift shop in Jakarta. In sales, this account has a concept divided into several parts ranging from volume 1 to volume 15. The goods provided are limited to specific stocks. On this Instagram account, every item that has been sold out will be reported with the caption "SOLD". The concept of selling on this first account is by opening orders which are carried out for each volume.

In addition to sales, this Instagram account in volumes 14 and 15 there is a giveaway event, which has the following requirements:

- Follow the account
- Must be active during the volume upload period 14 by commenting & liking as much as possible.

Whereas point 2 impacts the reach and traffic of this account, on volumes 14 and 15, the number of comments and likes has increased quite drastically. Parameter of Instagram account A show in [Table 1](#).

Table.1 Parameter Table

Description	Amount
Followers	3700
Total Post	179
Item for Sale	144
Sold Item	125
Non-Sold Item	19

^a Parameter Table of Instagram Account A

The second Instagram account is for a thrift shop located in Makassar. This account has a concept in sales, which is divided into several chapters from chapter 1 to chapter 5. The goods provided are also limited by only having one stock of each type to be sold. Every item sold out will be reported with the caption "Sold, No restock". One uniqueness of this Instagram account is the hashtag #dtvready to indicate products that have not been sold in the account. Buyers do not need to look at existing posts individually if they want to buy or see items that are still available. The concept of selling on this account is by ordering via direct message (DM) or through the Shopee e-commerce platform. Parameter of Instagram account B show in [Table 2](#).

Table.2 Parameter Table

Description	Amount
Followers	43.900
Total Post	67
Item for Sale	62
Sold Item	54
Non-Sold Item	8

^b Parameter Table of Instagram Account B

Instagram account C is MSMEs in the thrift shop sector. Founded on June 10, 2020, this account focuses on women's clothing, such as sweaters and shirts. This account has a concept in sales where each item is displayed on one Instagram feed. The goods provided are limited to 1 stock per product. Items sold out will be reported with the caption "SOLD". Parameter of Instagram account C show in [Table 3](#).

Table.3 Parameter Table

Description	Amount
Followers	10.200
Total Post	197
Item for Sale	185
Sold Item	178
Non-Sold Item	7

^c Parameter Table of Instagram Account C

3. Results and Discussion

Table 4 shows the various marketing strategies of each merchant. Some use Instagram ads, giveaways, or endorsements to reach more account visitors. Merchant A uses Instagram ads as its marketing strategy, B's account uses endorsements, while C creates events and makes giveaways for its marketing strategy. It can be said that the quality of the content is pretty good for all of the accounts. In this case, each Instagram account has a different way of carrying out its marketing strategy. Marketing on social media platforms is more effective and less expensive than traditional marketing [15].

Table.4 Comparison Table

Accounts	Feedback		Advertising Strategy			Content Quality	
	Likes	Comments	Instagram Ad	Endorsement	Event	Product Image Quality	Clear Product Description
A	8460	2012	Yes	No	Yes	On average, in each post, the product image quality is quite good, looks detailed, has original images, and uses a model	Each post caption contains the following: Product name, brand, size (LD), and additional information (such as condition, model description, materials, etc.)
B	1691	13	No	Yes	No	Each post has pretty good product image quality and uses original images.	Each post caption contains the following: Product code, price, and conditions (several posts attach the product brand)
C	12022	167	No	No	Yes	On average, in each post, the quality of product images is quite good. Looks like detailed, original images.	Each post caption contains the following: product code, price, size (LD), and additional information (such as condition, model description, materials, etc.)

^d. Comparison Table of Parameter Instagram Accounts A, B, and C

Moreover, there is an advantage that the communication involved with the social media phenomenon provides both the means for customer-to-customer interactions and customer-to-business interactions and business-to-customer interactions [16]. Social media platforms allow message recipients to interact with authors and convey messages to the entire community [2]. From all data in the table, does it all affect the sales figures for each account? In the following, we present several parameters with the sales figures for each account using a chart.

Fig. 2 shows that there is no correlation between followers and sold items. B has many followers but has few items sold.

A's Instagram account has 3,700 followers and 125 sold items. B's Instagram has 43,900 followers and 54 sold items. This is a high number of followers but has a low number of sold items. Moreover, account C, with 10,200 followers, is lower than Instagram B and bigger than Instagram account C but has the highest sales among the three. It shows that the number of followers does not affect the items sold.

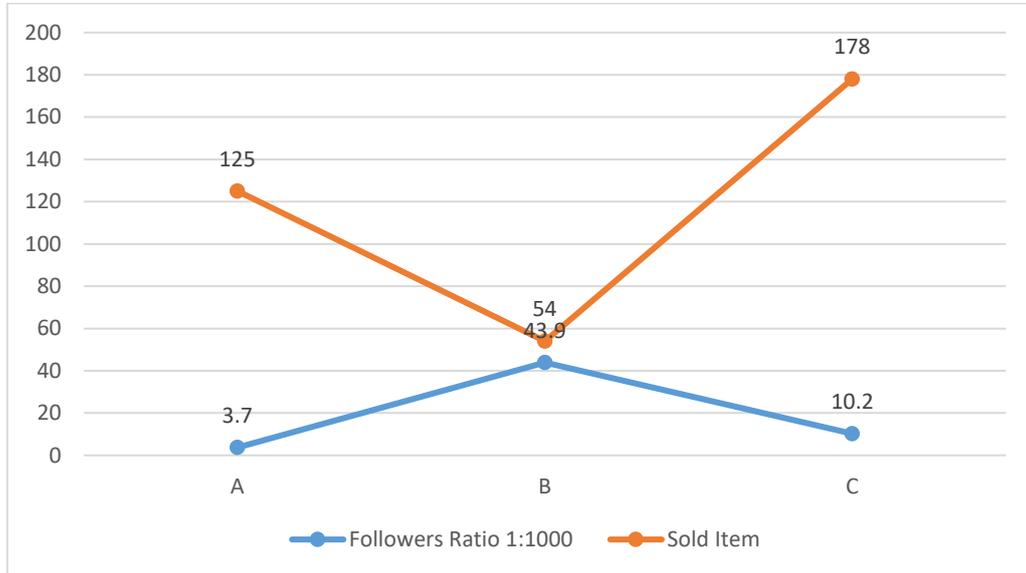


Fig. 2. Comparison Chart Followers Ratio and Sold Item of Instagram Accounts A, B, and C

Between the establishment of each account until April 14, 2021, data of likes, comments, and sold items are shown in Fig. 3.

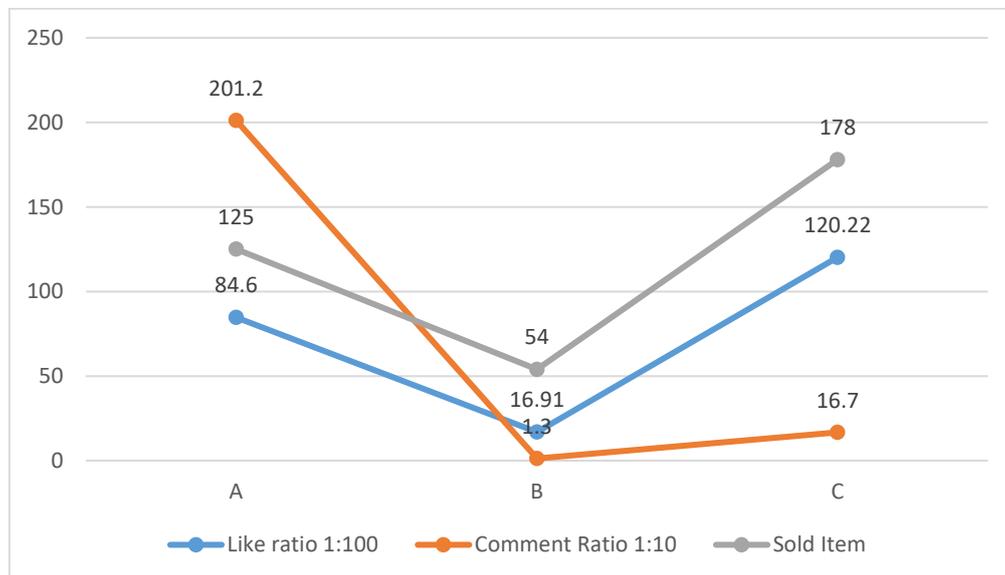


Fig. 3. Comparison Chart Like Ratio, Comment Ratio, and Sold Item of Instagram Accounts A, B, and C

As in Fig. 3, Instagram accounts A has many likes and comments, specifically 8,400 likes and 20,120 comments, with the number of sold items as many as 125. Even though account A has a relatively large number of comments compared to the other two accounts, sales on account A are not the highest. Account B has 130 likes and 1,691 comments and has the lowest sales, 54 items. As for account C, it has 12,022 likes and 167 comments, with 178 sold items. Even though it has a small number of comments, sales on account C are the highest compared to the other two accounts.

According to the data, the number of followers and comments does not impact the item's sale. The followers tend to like and comment just because they want, not because they want to buy the item. For example, C's Instagram account has a small number of followers and comments but has high sales compared to the other two accounts. Many likes and comments can also be caused by an event or giveaway that requires participants to like and comment a lot.

The data show that followers and comments do not influence the item's sale. The following things are solutions that might increase sales, such as Instagram ads, paid promote and endorsement, and giveaway and event.

More and more days have changed, and Instagram continues to develop services for users, increasing the sophistication of its features. So users can quickly meet their needs to do marketing. For instance, Instagram ads are posts or stories that a business pays to promote a user's Instagram feed. They can look like regular Instagram posts but are always identified by the label "Sponsored". Instagram ads can reach and emulate the current follower's demography [17]. With a potential audience of over a million people, Instagram advertising is the ultimate tool for any social media marketer. Instagram ads are an effective strategy that's easy to implement.

Instagram uses ad targeting like Facebook Ads to get more specific information about Instagram users. Target Instagram Ads based on age, location, and gender. In addition, they can also get Instagram user data based on user interests, hobbies, and connections. Instagram Ads offers a large selection of ad formats. There are at least three types of ads to choose from, namely images, videos, and multiple images in one post. Many advertisements on Instagram make users more interested in actions such as giving likes to posts, comments, or even following the account. Moreover, in the end, it will be profitable in terms of growing interactions between the brands that suit their market.

Promotion is one marketing component, by promoting institutions, collections, systems and types of services, information processes approach the user [18]. By using Instagram, ads will help MSMEs actors for promoting their products. There are many advantages when using Instagram ads. Advertising using Instagram Ads will assist in obtaining more specific information data about Instagram users. One way to increase the business brand awareness is through Instagram Ads, such as making interesting visual posts. With Instagram Ads, they can enter a link that will direct users to their website.

Another promotional term that is often used by online businesses is paid promotion. Paid promotion can be defined as a paid promotion service. A person or group of people provides this service based on doing a social media promotion service with a particular contract value according to the agreement. Such services could help online businesses promote products or services sold [19]. This service is related to Instagram social media or the telegram profession. Paid promotion service providers are. Generally, Instagram accounts with a large following: accounts belonging to public figures, selebgram, artists, or YouTubers. The use of paid promotion should consider account selection. The account must be trusted and have genuine followers.

While endorsement promotes positive reviews about a product or service provided by public figures on their Instagram, product owners, goods, and services, give their products to account owners for free to get positive reviews while promoting them to all their followers. Reviews can be uploaded via stories or feeds, depending on the agreement between the product owner and the account owner.

Celebrity endorsement shows attributes and product quality, increasing acceptance from consumers. Because of consumer confidence in celebrity endorsement, consumers tend to transfer celebrity endorse perceptions against the product [20]. Paid promotion and endorsement could be one of the creative strategies in the advertisement. It could help any enterprise to boost its turnover widely and quickly.

A Giveaway is an activity of distributing prizes with certain conditions. Each participant taking part in the giveaway must meet every requirement according to the giveaway event, from enlivening posts to making particular challenges. The giveaway contest aims to get feedback in the form of awareness, profits, promotion of a product, etc. Meanwhile, the public is considered more interested in the giveaway contest because it is free. This was also evidenced by the high interest of people participating in the event. That way, enterprises can take advantage of this in new followers, awareness, and drawing attention. Even though it is not in the form of money, it can significantly

affect the product. Many people will use the giveaway products, and in the end, many people also see the outcome. The hope is that audience will be moved to become customers.

There is a positive and significant influence between social intensity media use for consumptive behavior [21]. This means that the higher the intensity of the use of Instagram social media, the higher the consumptive behavior. The attractive shop displays offline and online to attract consumers, and several promotional offers such as discounts, giveaways, and special price offers to make consumers more and more compelled to buy the product offered [22]. Some advantages of a giveaway are that it can increase leads, namely potential customers and engagement. Engagement is the communication between business actors and customers. That is important to build loyal customers. With good engagement, it is easier for a business to grow.

4. Conclusion

From the data that has been analyzed, it can be concluded that the number of comments, likes, and followers do not affect the sale of thrift items. For example, even though Instagram B has the highest number of followers, which is 43,900, this does not make Instagram B the account with the most significant sales. Meanwhile, C's Instagram account, with fewer followers than B's, has the most significant sales of 178 items.

When viewed by percentage, account A's followers are not more than 10% of account B's total followers, but sales on account A are two times more than account B. The same thing happened to the number of comments, where the number of comments had nothing to do with the number of items sold. In general, buyers follow and interact with the selling posts of an Instagram account because they want to. It does not mean they are interested in buying.

Researchers feel that every business actor who sells products through social media, especially Instagram, needs to pay attention to marketing strategies. They must implement several sales strategies like Instagram ads, paid promotions, or endorsements. It can attract more reach tailored to the seller's target market. This is undoubtedly a good strategy. Suppose you want to introduce the business of an MSMEs actor to Instagram users. Apart from ads, other marketing strategies include events and giveaways, which can be an alternative, especially for business actors who want to interact with their customers.

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