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The Power of Instagram in Building Small Businesses

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Abstract: Instagram is a relatively new channel of communication that allows its users to share photos and videos. Since its launch in October 2010, there has been a rapid growth in the number of its users worldwide. In Saudi Arabia women, entrepreneurs in particular have discovered new ways to exploit Instagram accounts to start and manage small online businesses. The use of this application allows them to target and reach interested users and customers, especially given the limited involvement of Saudi women in the labor force. Although social media channels such as Instagram offer a significant opportunity to address the high female unemployment rate in Saudi Arabia (SA) by creating new jobs, no research has yet identified the factors affecting the success of Instagram-based small businesses. Therefore, the current research explores the uses of Instagram as a selling platform by Saudi women entrepreneurs and presents some of their success stories.

Key words: Social media, Instagram, Saudi women entrepreneurs, small business.

1 Introduction

Instagram is a social networking service and mobile application that enables its users to share their life moments through photos and videos, publicly or privately [4]. It was launched in October 2010 and since then the number of active users has increased from 100 million in 2011 to more than 400 million in 2016 [9]. The extraordinary success of Instagram corroborates the recent Pew report, which states that photos and videos have become the key social currencies online [8].

Social media channels such as Instagram now play a dominant role not only as entertainment and interaction tools but also in business [13]. According to AlGhamdi and Reilly[1], 83% of marketers place a high value on social applications because of their important role in reaching and retaining customers, and most importantly in creating new business opportunities.

Social media have made it very easy for entrepreneurs to reach potential customers and tell them about their products. They also provide a solid platform for them to advertise, promote and deliver their ideas and products. Many studies have explored the effectiveness of social media as business marketing tools e.g. [6],[7], [12]. Their main finding is that social media platforms represent a unique interaction channel for businesses to advertise their products, maintain relationship with customers, and most importantly identify public needs.

Like people in other countries around the world, Saudi citizens now use many different social media channels. Saudi Arabia is ranked 7th in the world for social media users [2]. In fact, the various social applications provide important platforms for interaction between individuals in Saudi society.

With this increased use of social channels, Saudi entrepreneurs and especially women have begun to recognize the important role of social media in growing business, by generating content and ideally promoting their products. Use of these media also helps them to target and reach as many customers as possible around the country.

Instagram is one of the social media platforms that female entrepreneurs exploit to start up small companies in the emerging economy of Saudi Arabia. It is ranked the fourth most popular social network application in the country, with 15% of the Saudi population considered active users [11]. These users have posted around 80 million photos on Instagram, with more than 5.3 billion likes per day [2].

With the popularity of Instagram, Saudi women have started using their accounts to create online stores, mainly to sell their own products, often handmade. Such online stores provide many advantages for these women, especially given the restrictions to Saudi women entering the labor market, due to the cultural characteristics of Saudi society [1]. The use of an Instagram account as the only presence for a small business allows the owner to remain physically close to her family so as to maintain the integrity of the household. Another benefit for these women is the low or negligible cost of starting a business in this way, as creating and maintaining an Instagram-based small business is less expensive than running a professional website [5],[1]. Kahlid Al-Khudair, founder and chief executive officer of an organization dedicated to female employment, is reported as saying in interview that “social media has provided a venue for women who undergo some social restrictions or prefer not to work or deal with men”. He adding, “Starting a business on Instagram is very easy and the only obstacle they may face is the marketing aspect” [3].

For the last three years, Saudi media have reported and discussed success stories of Instagram-based businesses. Meanwhile, Saudi business analysts have strongly urged the government to adopt and improve this new business model, in the belief that supporting such businesses could help the government to create new job opportunities, thus contributing to a reduction in the high unemployment rate among women, which in turn would alleviate the current economic problems being experienced in Saudi Arabia.

Despite the success of these businesses, at this point it seems that few if any studies have examined the factors that could be contributing to the success of using such platforms to run businesses. Therefore, this paper can be seen as a first step toward identifying the factors that enable some Instagram-based business to use Instagram. The following sections will present some of the success stories of these businesses, as well as discussing their reasons for using such a platform. The paper concludes by stating the contribution and limitations of the research and suggesting some future research directions.

2 The power of Instagram to sell products

Among the different social media platforms, e.g. Facebook, Twitter and YouTube, Instagram was found to be the most effective tool for reaching customers and marketing a business [5]. Instagram was basically designed for mobile phones, and since smartphones help to connect people to social media on the move, it makes it easier for a business to reach its customers wherever they are, which explains why more than 50% of businesses use Instagram to market their products and services [5].

[13] Studied the use of Instagram as a marketing tool by Emirati business women. They found seven main factors making Instagram a powerful marketing tool. The two main reasons for women entrepreneurs to use Instagram are that it is a user-friendly application and that it allows them to reach more people. Other reasons given are that Instagram is free to use, that its use is not restricted by regulations, that users are engaged through comments and likes, and finally, that the process of sharing pictures makes an Instagram account into an interesting type of online catalog.

In another recent study, [1] found that women and especially Saudi entrepreneurs used Instagram to sell their products because it can provide them access to the market while helping to maintain their privacy, confidentiality, and safety. It also enables women to remain physically close to their families while running their businesses, thus allowing them to maintain the integrity of their households. Finally, there is no issue of start-up costs, as the application is free of charge.

3 Success stories of Instagram-based businesses in Saudi Arabia

As mentioned before, there is a lack of studies of Instagram as a selling platform; instead, most of the studies of Instagram in business have considered its use as a marketing tool. Therefore, this section presents some of the most successful stories of Saudi women entrepreneurs who have started and run online stores through Instagram.

The first is a 26-year-old female who runs one of most successful Instagram-based businesses. Her profile on Instagram, @Lace, presents her brilliant work in wedding planning and hosting grand events locally. Reports of her work in the press include magazines such as *Arab News*, *Sayidaty* and *Jeddah Destination*, which have featured the owner of @Lace as one of the first females to have used Instagram as a platform for selling. She has stated in interview that the application allows her customers to know her personally as well as to know what she is doing, while using the features of Instagram such as posting photos and videos allows her to share her work in progress as well as the finished product. This helps her followers to interact with her and feel that they are part of her work and projects. Users of Instagram started tagging their friends, which helped her to increase the numbers of followers and gained her more events in neighboring countries such as Kuwait and the United Arab Emirates.

A twenty-year-old college student who used Instagram to spread her fashion designs said that one of the main ways of gaining many followers is her way of using videos and photos to present her work, using herself as a model for her products. This way of working has built trust in her work among customers. Presenting her work by using Instagram features has also allowed her to collaborate with national brands and celebrities. Her amazing personality and hard work have led the well-known fashion magazine *Hia* to list her account among the five most important accounts to follow.

One of the most inspiring stories concerning the commercial use of Instagram is that of a girl who started her profile by posting photos and videos of her daily life. After she exceeded the one million followers mark, she started to think of using her fan base as customers and exploit the platform by marketing cosmetic products, notebooks and other products, using her name as a logo. Today she has more than four million followers and earns more than 10.000 SR monthly. [3] Cites her as saying “Instagram made it easier for her to get to know people and to make her a young business woman”. The comment bar that Instagram provides allows her to take decisions and go on with her business after receiving positive feedback from her followers. Such comments and feedback help her to shape her business and products to fulfill her followers’ needs. In an interview with the MBC channel, she said, “I never thought I would become a business woman or my brand would exist if there was no Instagram” [3].

Another online store on Instagram, called @SaudiCorner, sells traditional fashionable women’s clothes designed and made by Saudi sisters who started their business on Instagram. They post videos of their designs and write details of the products such as availability and prices in the comment section. Having gained many followers and reaching their goal of becoming well known in the Saudi market, they decided to start shipping not only locally but also worldwide. They state that Instagram is a helpful tool that has enabled them as Saudi young women to work from home and avoid unwanted restrictions.

Another profile, named @Ido, is based in Jeddah and run by a Saudi female who designs and produces personalized wedding and engagement-related products, such as cards, hangers, boxes, and props. She ships her products not only to Jeddah but to destinations throughout Saudi Arabia. The account on Instagram gave her the opportunity to make a business out of her craft skills and to earn a monthly income. She says that running such a business online makes it easier to avoid losing money and to make a good profit [3].

A final story is from my personal experience of using Instagram to purchase a product. I came across an account selling homemade cakes. An unemployed lady in her twenties runs

the online shop, designing and baking cakes for special occasions. She bakes and decorates her cakes in a very creative way that has allowed her to compete with major commercial bakeries in her region. Starting an online shop through Instagram has helped her to avoid the high expense of owning a physical store and paying employees. She said that Instagram gave her the opportunity to present her work to local customers by tagging and spreading her account to the point where customers have to order in advance and pay a deposit before she will take the order. She has told me that running her own online store is particularly convenient, as she can work at any time without leaving the house.

3.1 Advantages of using Instagram

From the inspiring stories reported in the previous section, the two main reasons for Saudi women to use Instagram as a business platform are that the application is free of charge and that it does not consume much time or effort. Another important factor mentioned by the owners of @SaudiCorner and @Lace is the power of the application to reach not only local customers but also a global market. One of the main practical reasons for such business women to use Instagram is the ability it gives them to run their businesses from home, which helps these women to balance their personal and business lives.

Three of the six owners of Instagram-based businesses also believe that the application has helped them to interact with their followers, all of whom they consider to be potential customers. Interacting with them through the comment and tagging features has helped them to identify customers' needs and try to fulfill them.

All these reasons could contribute to the use of Instagram as a selling platform, which in return will help to create more job opportunities for young Saudi women. For Middle Eastern women today, owning a business is as important as education for financial security.

4 Conclusion

This paper has discussed some of the factors that attract Saudi women to use Instagram as a selling tool. The lack of charges and ease of use were the most frequently cited reasons for using such a platform. Reaching more customers and interacting with them also drives business women to own online stores and run them through Instagram. It can be concluded that Instagram is a great tool not only to market products but also to sell them.

4.1 Research contributions

To my knowledge, there have been few if any studies that have examined the role of social media in building small businesses. Therefore, this research represents the first step in providing insight into the current situation of these businesses and the reasons behind their success. Understanding the current situation by looking over a success stories will contribute to providing an insight on the reasons that contributed to the success of these business therefore building a theoretical framework to identify the factors affecting the use of social media in business and therefore the success of these businesses. Such a framework will serve as a guideline for female entrepreneurs, offering a valuable new way to start a business through social media in general and Instagram in particular, even if their resources are limited. Saudi market analysts have urged the Saudi government to take advantage of Social media-based business to address unemployment, especially among women. The findings of this research will therefore serve as a reference for the Saudi government to understand the current situation of Instagram-based business and the factors affecting its use.

4.2 Limitations and future research directions

The main limitation of this paper is the lack of empirical data that would help to determine the main reasons for running a successful online store through Instagram. To address this limitation, a recommendation for the future direction of ongoing research is to conduct an in-depth analysis of both qualitative and quantitative data to determine the enabling factors and barriers affecting the use of Instagram-based businesses. Therefore, in the near future I intend to collect such data in order to build a theoretical model for the exploration of the factors affecting the conducting of Instagram-based businesses in Saudi Arabia.

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