Chapter 38

Instagram as a Marketing Tool for Small and Medium Enterprises

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ABSTRACT

Technological changes have transformed traditional marketing methods. Instagram is one of the social media platforms which enables companies to reach their target groups of customers by means of a visual approach. Instagram is a popular social media application among Malaysians. With the growing popularity of Instagram and its potential to help businesses, this study aims to investigate the Instagram adoption among Malaysian small and medium enterprises (SMEs). A survey method was used to collect data. The results of the study found that relative advantage and collaboration are the significant dimensions influencing the adoption of Instagram. The study also found technology strategy as a significant moderator between relative advantage, interactiveness, collaboration, and Instagram adoption among SMEs. This study enhances the current knowledge on social media especially highlights the importance of Instagram as an excellent tool for marketing.

1. INTRODUCTION

Technology is evolving at a very fast rate. Social media usage among organizations is growing tremendously. Social media helps businesses in terms of marketing, selling, gathering and sharing of information about the products and services in a new and effective way (Tajudeen, Jaafar, & Ainin, 2018; Meske & Stieglitz, 2013; Jones, Borgman, & Ulusoy, 2015). Social media also enhances customer relations and customer service, reduce the cost of marketing and customer service. It enables organizations to have

easier access to information about customers and competitors (Parveen, Jaafar, & Ainin, 2015). Small and Medium enterprises (SMEs) have limitations in terms of financial resources, therefore marketing through social media sites presents an advantageous avenue for SMEs in their marketing activities (Odoom et al., 2017; Hywel et al., 2014).

In Malaysia about 24.5 million (76.9%) people use Internet with 21.9 million of them being social media users. Among the social media users, majority of them about 97.3% use Facebook, 56.1% use Instagram followed by YouTube, Twitter and other social media sites respectively (MCMC, 2017). From the business perspective, SME's adoption of social media enables them to better correspond to consumer behavior and to conduct online business transactions efficiently. Malaysians are the most active Instagram users in Asia Pacific (The Star Online, 2016). Hashim (2017) highlighted the potential of Instagram as a commercial site particularly among entrepreneurs due to the heavy usage of Instagram among Malaysians. Even though, Instagram can support businesses especially in terms of marketing, building relationship with customers and effective communication, however based on the preliminary web content analysis that was conducted in this study found that most of the SMEs in Malaysia do not have an Instagram account to support their businesses. Considering the low adoption level, this study aims to determine the contributing factors for Instagram adoption among Malaysian SMEs.

Moreover, most previous studies were done on the usage of Facebook for businesses in Malaysia (Ainin, Parveen, Moghavvemi, Jaafar, & Mohd Shuib, 2015; Lim, Baharudin, & Low, 2017; Tajudeen et al., 2018), not many studies investigated the Instagram adoption for businesses. However, a study conducted in Malaysia highlighted the importance of Instagram and encouraged the entrepreneurs to use Instagram considering the vast number of active Instagram users in Malaysia (Hashim, 2017). SMEs possess limited finance to support their business. They are not able to invest high in marketing and advertisements to promote their product and services. Therefore, social media tools like Instagram can support them to reduce the cost in the marketing activities. The costs involved in advertising, marketing and promoting would be cheaper as compared to the traditional methods of printing flyers, advertising in newspapers and magazines and paying promoters to promote the services or products (Odoom et al., 2017; Hywel et al., 2014).

Therefore, this study aims to identify the determining factors influencing the adoption of Instagram among Malaysian SMEs. The goal of the study is to find out the answers to the following questions: What are the factors influencing Instagram adoption among Malaysian SMEs? Does technology strategy play a moderating role between the various independent variables and Instagram adoption? This study contributes to the current knowledge in the field of social media mainly focusing on Instagram as an effective marketing tool.

2. LITERATURE REVIEW

2.1. Malaysian Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs) play an important role in any country's economy. Despite of their size and limited financial resources, SMEs provide great support to the country by providing employment opportunities and create enormous production that supports the economic growth of the country. In Malaysia, SMEs contribute a total of 98.5% of business establishments (DOS, 2017). Currently, there are 907,065 SMEs in Malaysia comprising the services sector (89.2%), manufacturing (5.3%), construc-

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