

## **Impact of the Instagram Economy in the Modern Fashion Industry: A Case Study of the UK**

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### **Abstract:**

Increased competition in the fashion industry has resulted in the application of innovative strategies to increase the market share and profitability. Social media has emerged as an effective and reliable channel of marketing fashion products. Instagram has raised an effective social media platform that uses visual features and other multimedia content to facilitate communication. Instagram forms a virtual community, which brings forth an opportunity for influencers to engage in marketing initiatives. The compensation offered for their role in the marketing process has resulted in an Instagram economy.

The study investigates how the Instagram economy impacts the modern fashion industry. The study is accomplished through a qualitative approach that focuses on the UK fashion industry. The findings gathered from the primary research show substantial correlation to insights gained in the literature review. The impact of the Instagram economy on the fashion industry is exemplified by the increased professionalism and investment in engaging influencers.

**Keywords:** Competitiveness, Instagram economy, fashion, influencers, social media.

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## **Introduction:**

The 21st century is characterized by a competitive business environment that is increasingly adopting technological solutions to create competitive advantage, enhance the organizations' relationship with different stakeholders, increase efficiency in business operations, and engage in data-driven decision making (Kalkan, Bozkurt, & Arman, 2014; Mustafa, Harun, & Endin, 2014). These factors have been enhanced by the way social media platforms have been adopted as a tool to improve business operations. Different social media platforms have emerged in the recent past as a communication channel that is premised on the notion of a virtual community (Garnyte & Pérez, 2009).

The functional features of social media platforms as communities of people with similar interests highlight their capacity to influence users (Caruana & Ewing, 2010; Constantinides, 2014). Resultantly, many organizations across different industries are leveraging these features by creating an online presence that can positively influence the organizational performance (Garnyte & Pérez, 2009). Social media has become an imperative aspect of marketing as a corporate strategy across all industries. Notably, the global fashion industry is increasingly utilizing social media platforms as the primary marketing platform. In the UK, an array of organizations in the fashion operating in the country utilize social media for marketing initiatives. These social media platforms include Facebook, Twitter, YouTube, and Instagram. The premise behind marketing in these platforms is the development of digital libraries, which alludes to systems that are correlated by their technical capabilities to create, search, and utilize information.

Suggestively, social media is used as an extension of the systems and process used by organizations to communicate, store, analyze, and retrieve information from digital data that can be text, images, videos, or sounds about different business aspects through distributed networks. For the fashion industry, Instagram has presented visual-based capabilities that are considered effective for marketing fashion brands and products. The study intends to investigate the impact of the Instagram economy that has emerged with the increased adoption of Instagram within the UK fashion industry.

Various scholars identify that the number of fashion brands who engage Instagram as a branding tool is significantly increasing, leading to a subsequent rise in the rate of business-related customer interactions via social media (Garnyte & Pérez, 2009; Mallin & Finkle, 2007). The social-cultural shift in how fashion brands interact with customers and potential customers is reflected in the behavioral changes among consumers using Instagram that has resulted in increased efficiency of social word-of-mouth marketing (Mangold & Faulds, 2009; Marzouk, 2016; Tiago & Veríssimo, 2014). Notably, researchers have identified that the social word-of-mouth marketing is increasingly surpassing other strategies that were traditionally used by businesses, including mass media advertising, which had been the primary strategic approach used by brands to influence customers' purchasing decisions (Ekhlassi, 2012; Garnyte & Pérez, 2009; Neti, 2011).

This evolutionary change in marketing practices characterized by social media usage has led to the development of an Instagram Economy. In this context, the Instagram economy alludes to the emergence of a revenue stream between fashion brands and Instagram users due to the influential abilities of the platform as marketing and sales tool (Marwick, 2015). In line with these insights, reviews by Tiago and Veríssimo (2014) show that the changes experienced in the social-cultural behaviors as well as changes in the preferences that social media users have influenced the new strategies used by brands to communicate with stakeholders in the market. Additionally, these changes have influenced the opinions and perceptions held by consumers about a brand and how they formulate the decision to purchase a particular brand product.

Fashion brand presence on Instagram has become important in engaging customers and influencing their purchase decision (Frisch, 2017). Resultantly, there is a need for fashion brands to effectively understand the consumer culture among Instagram users and employ strategic approaches that are deemed best practice or are evidence-based for successful online marketing initiatives.

## **1. Research Problem:**

Studies reveal that consumers are increasingly using online platforms such as social media due to the enhanced availability and instant access to information about brands and products. Additionally, social media sites offer features that facilitate the sharing of information and personal experiences about the brands and products (Felix, Rauschnabel, & Hinsch, 2017; Garnyte & Pérez, 2009). Suggestively, Instagram and other platforms offer an opportunity for consumers to engage in discussions with their peers before, during, and after purchases.

The visual features offered by Instagram have enabled the users to offer information about brands by adding content that promotes the products in posts that depict their daily life experiences. Resultantly, as consumers interact with the information available about the brands on Instagram, their perception about the brand value is affected, and this influences their intention to purchase (Kim & Ko, 2012; Zielke & Dobbstein, 2007). From this perspective, the brands' social media presence that includes the official accounts created by the company and the content posted and shared by other users is imperative in online marketing activities.

Reviews suggest that many organizations are struggling to understand how to effectively utilize Instagram due to various challenges that have resulted in the engagement of third parties like the Instagram influencers who result in the creation of the Instagram economy. Challenges faced by organizations include the difficulties of navigating and integrating Instagram into the existing pool of social media. Notably, studies show that fashion brands that have a substantial presence on Instagram have a higher chance of enhanced consumer engagement compared to other platforms such as Facebook. Arguably, as new social media platforms such as Instagram gain an increased number of users, there is a need for companies to follow and learn how to communicate and drive marketing initiatives among the users effectively.

In understanding consumer engagement, there is a need to gather insights on the aspects that contribute to consumer engagement on the Instagram platform, which has been overlooked by other studies that address social media communication and marketing (Ginsberg, 2015; Maharani & Totoatmojo, 2015; Sharma, 2016). With the

growth of the Instagram economy, it is crucial to understand the contribution other users have in building brand value.

In this context, brands engage Instagram users who have large followers in the platform to drive their marketing initiatives. Nevertheless, reviews suggest that brands are not sure on the most appropriate strategies to achieve the best results in Instagram marketing by increasing the customer base, engaging with customers, and analyzing the opinions and trends among consumers to make data-driven decisions (Garnyte & Pérez, 2009). According to research conducted among UK Millennials who are the majority of Instagram users in the country, more than a third of the respondents felt that influencer marketing was detrimental to the society. The study also found that often, only one among every four Generation Y consumers had bought a product driven by information communicated by influencers (Statista, 2018). Drawing from these insights, there are contradicting perceptions about the impact of Instagram influencers on brand value and customer intention to purchase. Subsequently, there is a need to investigate the impact of the Instagram economy on the UK fashion industry, with the intent of offering insights that can be used to capitalize on the capabilities of Instagram to increase organizational performance and profitability.

## **2. Research Questions:**

The general study objective is to investigate and offer insights on how fashion companies in the UK can enhance their efficiency in using Instagram as a branding tool. This objective will be achieved by addressing the following research questions:

- How does the Instagram economy influence how fashion brands engage with influencers?
- How do the Instagram influencer's practices influence the consumers' perception about the brand and the intent of a consumer to purchase?
- How does the Instagram economy affect the influencer's role in brand-related Instagram practices?

## **2.1- Literature Review:**

The developments in social media technologies have been imperative in the development of marketing and branding practices within organizations. It has become compulsory for companies that seek to remain relevant and expand their market bass to maintain an online presence that entails effectiveness in marketing undertakings across the popular social media platforms (Garnyte & Pérez, 2009). Organizations across different industries utilize social media by engaging in the companies own social media channels like the Instagram accounts and through earned media through word-of-mouth and collaborations with social media influencers.

Instagram was founded in 2010 by Kevin Systrom and Mike Krieger and later acquired by Facebook in 2012. Instagram is a mobile application that is available for free at the App Store and Google Play. The application is primarily a photo-sharing platform and uses online multimedia that includes text, video, and audio means of communication. As a marketing tool, Instagram uses visuals and descriptions to communicate to the audience and facilitates sharing of media to other social media platforms such as Facebook. These features have made the application appealing to millions of users and fashion brands in the UK and across the globe. According to insights presented by Alyani, Shukri, Kamarulbaid, Hanem, and Rashid (2015) and Ginsber (2015), Instagram has developed to be an innovative tool used by organizations across the globe to engage with consumers and market products. The increased use of Instagram by organizations is premised on the availability of relevant and accurate information that includes usernames, date and time of image creation, location, captions, comments, and hashtags that link to other contents on the website. It also offers the number of likes on a particular photo as well as the names of users that like and comments on the images. This kind of information has been imperative in conducting analyses that can foster increased engagement with customers and potential customers.

The theoretical concept behind Instagram marketing and the use of Instagram influencers is based on social networking. Through social networking, organizations can drive their marketing initiatives on web-based platforms (Alyani et al., 2015; Felix et al., 2017; Sharma, 2016). Suggestively, social networking alludes to an online

communication strategy that is centered on connecting people and establishing social relationships. Social networking is largely employed as a pervasive marketing approach in the fashion industry. It is largely related to the change in behavior among online users and the rise of Instagram influencers, who use the social relations to impact on the interests of their followers (Miller, 2008). When these individuals are used by businesses to drive their marketing initiatives, it leads to the growth of an Instagram economy.

The increased use of social networking is supported by the development of attractive and innovative features on Instagram that facilitate communication, searching for information, and editing of both images, videos, and text. Additionally, the functional capacities of social networking on Instagram enable the users to create public, semi-public, and private accounts that are used in sharing information. Also, Instagram users use these accounts to develop virtual connections that contribute to discussions about brands and products in a pragmatic approach (Djafarova & Trofimenko, 2018; Jerslev & Mortensen, 2016). Resultantly, social networking creates an opportunity to gather and share information, interpret it, and make appropriate decisions such as the intent to purchase a particular brand.

The global fashion industry has been experiencing shifts in consumer behavior with the move to a decisive phase of digital adoption (Fionda & Moore, 2009). From this perspective, the modern fashion consumers are comfortable engaging in digital channels and content, which has made it imperative for companies in the sector to seek strategies that guarantee a consistent brand experience at all times. The visual features of Instagram have been effective for fashion companies that seek to offer consumers a more premium experience (Marwick, 2015). The use of social media influencers has enabled the companies to meet consumer expectations of instant information and support at any time.

The influencers are perceived as a source of customer attention, which is often not achieved by specific companies when they engage in online marketing. In line with the online movement in the global fashion industry, the UK fashion companies are exploiting the high number of Instagram users in the country to drive e-commerce strategies. The increased focus on online Instagram is to

attract customers in a competitive and globalized business environment. In this light, companies in the country perceive that using Instagram influencers creates a competitive advantage and this is premised on the aspects of the Instagram economy (Djafarova & Trofimenko, 2018).

## **2.2- Research method:**

The study employs a qualitative research method. This approach entails gathering non-numerical data that appeals to the research objectives and questions. Qualitative research is appropriate to address the general objectives of this study by drawing from various sources of information (Saunders, Lewis, & Thornhill, 2012). In this light, a qualitative approach offers an opportunity to conduct critical reviews and investigate the different conceptualizations that exist in the context of the impact Instagram economy has had on the UK fashion industry.

### **2.2.1- Research design:**

The research is accomplished through a case study research approach. Case studies offer an opportunity to research a specific region or phenomenon. Due to the diversity and size of the global industry, focusing on a specific region increase the practical aspects and reliability of the research. The UK offers an appropriate source of information due to a large number of fashion companies, a high number of Instagram users spread out across different ages and a high number of influencers in the country. Focusing on the UK narrows down the number of respondents required to gather a rich account that can foster a clear understanding of the issue under research. The case study is accomplished by conducting interviews among different stakeholders in the fashion industry and social networking. The one-on-one discussions facilitated by interviews offer an opportunity to gather information that is structured to address the research questions and probe for more information to develop a clear understating.

### **2.2.2- Sampling :**

Purposeful sampling, which is a non-probability sampling approach was employed . This approach was essential to identify respondents who could offer the relevant information required to address the research questions and develop an informative account of the issue under research (Suri, 2011). Six respondents were interviewed based on interview guidelines developed from the research questions and insights emerging from the literature review. The respondents include three personalities working in the UK fashion industry in the marketing and sales docket. The others are Instagram users who have experience working as influencers and consumers of different fashion brands with a presence on the platform.

### **2.2.3- Data Collection:**

An online-based video conference was conducted with each of the respondents. The interviews were administered at the respondents' convenience and lasted about fifteen minutes. The data was collected via audio recording and later transcribed to make it useful for this study.

### **2.2.4- Ethical Considerations:**

The study subjects offer sensitive information that might have an impact on their reputation and the businesses they represent. Resultantly, anonymity is upheld to guarantee privacy and confidentiality. The respondents offered consent before engaging in the research, and the interviews were on a voluntary base.

## **3 - Results and Discussion:**

The findings of this study are drawn from the primary research that seeks to investigate the impact the Instagram economy has had on the modern fashion industry. The insights gathered from the respondents in the fashion industry, and social networking was appropriate to meet the research objectives. Drawing from the

responses, the impact of the Instagram economy can be understood from two perspectives.

### **3.1- Impact of Instagram Economy on Brands:**

The three respondents working in the sales and marketing sector of the UK fashion industry are in a consensus that Instagram has been evolutionary in online marketing practices within the fashion industry. Additionally, they acknowledge the existence of the Instagram economy, which is characterized by investments made by fashion businesses to engage third parties with a large following on Instagram in marketing their products. The respondents show consensus with Djafarova and Trofimenko (2018) that there are different means used by companies to compensate influencers. These include offering free products and financial benefits. One respondent states, “in the recent past, online activities are taking a professional perspective because influencers are taking their role in the market seriously.” In this light, the respondent shows that fashion brands are increasingly engaging professional influencers to foster their interests on the Instagram platform.

This includes signing contracts and monitoring the Instagram practices of the individual to ensure that they are in line with the company’s interest and marketing objectives. The increased levels of professionalism have subsequently increased the amount of money paid to influencers. This is premised on the notion that the compensation offered will motivate them to engage their followers with the brands, increasing sales. Nevertheless, the respondent alluded that it was not a guarantee that high compensation rates would increase the productivity of the influencer. This can be attributed to issues such as lacking authenticity and lack of the entertainment elements in their posts, which limits the user traffic on their accounts.

The research established that with the increase in the number of influencers and presence of a large number of consumers on Instagram, the fashion brands had been compelled to engage in the Instagram economy. This is often a strategic move to create a competitive advantage. It also offers an opportunity to gather data and understand the customers’ perspective of the products through the comments expressed by Instagram users. From this context, the

Instagram economy has fostered a data and information-driven approach to the market.

This strategic move has enabled the UK brands to increase efficiency in how they offer products. Reviews suggest that this offers an opportunity to meet customer satisfaction and the information gathered can inform on the most appropriate time to present products in the market or call back the products (Ginsberg, 2015; Hendrayati, Gaffar, & Dwiyanity, 2016).

### **3.2- Impact of Instagram Economy on Fashion Consumers:**

The Instagram users engaged in the research allude that the increase in the number of Instagram influencers has made it a competitive profession. One of the respondents' states, "users who show professionalism, like in the quality of images and videos posted, are more likely to land good deals." These insights show that the Instagram economy has changed how people use social media. Suggestively, it is not only a communication platform but can be a source of livelihood (Klie, 2015; Radha Kashyap, 2016).

Working as influencers, the respondents provided insight into the importance of having a target audience. Considering that the majority of the Instagram users in the country are young people, the participants are in a consensus that most of the Instagram practices by influencers are focused on engaging Generation Y, Millennials. In this light, the Instagram economy has resulted in an increased focus on developing quality information that meets the expectations and attracts the target audience. This entails engaging other professionals such as photographers and sometimes models. Additionally, the activities of influencers are monitored by the organizations they represent and in some cases through agencies.

The motivation generated by the Instagram economy has increased the role of social networking from online to offline platforms. One of the respondents' states, "the need for consistency is the key to successful marketing, so being a brand ambassador might require an influencer to maintain the image present online all day." From this perspective, influencers are sometimes required to devote themselves to a brand and market it beyond the online platforms. This creates confidence among the users and makes it

easier for consumers to interact with a brand or make a decision to purchase. The Influencers' activities create a gateway for their audience to know about brands and products that they might not have heard of through mass media or on the company's Instagram accounts. Additionally, the respondents show that influencers have increased the efficiency of how people gather information about products. According to Maharani and Totoatmojo (2015), influencers impact on the intention of the consumer to purchase because of the trust and faith the people develop. It is these aspects of social networking that the brands seek to exploit in the Instagram economy.

### **Conclusion:**

The study employs a qualitative approach that entails gathering data from different experts on the impact Instagram economy has on the modern fashion industry. There is a consensus among the respondents and with various studies that Instagram influencers have become central in the successful marketing initiatives for fashion brands on Instagram. The Instagram economy has increased the level of investment made by brands in engaging influencers. Resultantly, there is increased professionalism in how the brands engage with the influencers and how they develop content communicated to the followers. The study establishes that the Instagram economy creates the motivation required to use social networking as a strategic approach to engaging followers who trust the influencers with the brands.

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