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HOW CAN SMALL FASHION BRANDS GET THE BEST FROM INSTAGRAM? A
MULTI-CASE ANALYSIS IN THE FASHION INDUSTRY.

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Abstract

How can small fashion brands get the best from Instagram? A multi-case analysis in the Fashion Industry.

The purpose of this Work Project is to explore how small fashion brands can use Instagram as a tool to grow and develop their business. The Instagram accounts of 42 small fashion brands were analysed and six small fashion brand representatives were interviewed. Our study suggests that the size of a brand's Instagram followers determines how brands should use Instagram. This Work Project suggests three different strategies that brands should pursue to get the most out of Instagram.

Keywords: Instagram, fashion, engagement, content

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1 Introduction

The last few years have been a time of rapid change for the fashion industry, defined as “the global market for apparel, accessories and luxury goods” (Easey, 2009, 3). The increasing adoption of social media in everyday life has been a key contributor to this change. Instagram, is the “free photo and video sharing app” (Instagram, 2018a), that has emerged as the most popular social media platform for the fashion industry. Whilst radio took 38 years to reach 50 million people (United Nations, 2000), Instagram reached double that amount in less than two years (Statista, 2018a). This fundamentally changed the way in which brands and consumers interacted and communicated with each other.

Much of the research readily available looks at large fashion brands—the brands responsible for the majority of the industry’s economic profits (BoF and McKinsey & Company, 2018)—that dominate the industry. However, at a time when many consumer sectors are witnessing the rise of small brands (BoF and McKinsey & Company, 2018; Nielsen, 2017a), this Work Project has chosen to focus on the rise of small fashion brands—defined as brands that have emerged in the last decade and have fewer than 500,000 Instagram followers.

This Work Project specifically looks at fashion on Instagram which is a market within the fashion industry. Through our study of 42 small fashion brands, six qualitative interviews and the latest Instagram algorithm, this Work Project provides a guide for small fashion brands on how to get the best from Instagram. From discovering fashion, to increasingly, shopping for fashion, Instagram is adapting from predominately a marketing tool, into an additional sales channel (Rogers, 2018), and as a brand grows, this Work Project suggests that a brand’s strategy should adapt accordingly.

2 Contextual Background

2.1 The Fashion Industry

2.1.1 The Current State of the Fashion Industry

In 2019, the industry's sales growth is forecasted to increase between 3.5% and 4.5%, albeit a slight decline from previous years which averaged growth rates between 4% and 5% (BoF and McKinsey & Company, 2018). Part of this growth will be the result of relatively higher growth rates in certain market segments. The McKinsey Global Fashion Index divides the fashion industry “based on a price index across a wide basket of goods and geographies. The segments comprise from lowest to highest price segment: Discount, Value, Mid-market, Premium/Bridge, Affordable Luxury, Luxury” (BoF and McKinsey & Company, 2018, 101). As of 2017, consumers are moving away from Mid-market segments, with expected growth rates of 1.5%-2.5% in 2019, to either higher or lower end segments which are expected to grow between 4.5% and 5.5% and 5% and 6%, respectively (BoF and McKinsey & Company, 2018).

2.1.2 The Rise of E-commerce

As of 2018, clothing is the most popular online shopping category worldwide, with 57% of global internet users having purchased a fashion related item online (Statista, 2018b). Fashion e-commerce revenue is expected to grow at an average rate of 9.8% between 2018 and 2023 (Statista, 2018c). Furthermore, in-store sales are increasingly influenced by online touchpoints, nearly 80% of luxury sales in 2017 were influenced online (Sopadjieva et al., 2017). Furthermore, with half of fashion consuming Millennials—defined as the generation of consumers born between 1977-1994 (Dimock, 2018)—spending more than three hours every day on their smartphones and six hours per week researching fashion on their smartphones, mobile shopping is expected to increase (BoF and McKinsey & Company, 2017).

2.1.3 The Rise of Small Fashion Brands

An emerging trend across many consumer sectors in Western markets is the rise of small brands (BoF and McKinsey & Company, 2018). Between 2016 and 2017, a study by Nielsen (2017a) found that small FMCG brands generated 53% of growth in the US, 33% in Europe and 59% in Australia. In 2017, small beauty brands, represented 10% of the beauty market (Nielsen, 2017a). The growing number of small fashion brands suggests this is also an emerging trend in the fashion industry (BoF and McKinsey & Company, 2018). Venture capital investment in apparel and footwear companies has increased from US\$43.5 million in 2007 to US\$560.6 million in 2017 (BoF and McKinsey & Company, 2018). Furthermore, small brands are also attractive to mass retailers, who are under increasing pressure to differentiate in order to drive traffic, in store and online. Small brands made up 31% of new brands added by retailers in 2017 (BoF and McKinsey & Company, 2018). Retailers also benefit from higher margins as small brands tend to belong to premium segments (Nielsen, 2017a).

Firstly, brands can compete by identifying a niche that larger fashion brands fail to cater for (BoE and McKinsey & Company, 2018). Small brands can focus on delivering on a specific value, be that a product or a company value (Dash Hudson, 2017).

Secondly, small brands also benefit by targeting values and preferences of Millennial and Generation Z (Foster, 2018)—defined as the generation born after 1996 (Dimock, 2018). By targeting Millennials, small brands target the US\$65 billion that Millennials spend and the US\$1 trillion that Millennials influence (Nielsen, 2017b). Millennials “crave the new, different, and authentic, while often scorning traditional brands” (BoF and McKinsey & Company, 2018, 74) which is why Millennials actively look for up-and-coming brands. Millennials and Generation Z are “inspired by lifestyle as much as product” (Georgiou, 2016) and look for products which deliver on emotional needs as well as practical needs (Woo, 2018).

Thirdly, small brands are well positioned to exploit digital technologies (Foster, 2018). Many small brands start online and adopt a direct to consumer (DTC) business model, which

helps them to avoid the expensive mark-ups imposed by retailers—that can be up to 2.4 times higher than wholesale prices (Carroll, 2012). A DTC business model also gives brands more control over the brand’s marketing, as well as providing access to consumer data (Foster, 2018).

2.2 Social Media

Social media refers to the “digital technologies that allow people to connect, interact, produce and share content” (Lewis, 2010, 2). Social media was built on the ideological and technological foundations of Web 2.0 that encouraged content to be created, developed and shared by all users, as opposed to individual companies and people (Laroche et al., 2012)

2.2.1 The Benefits of Social Media for Small Brands

There are many advantages of social media that small brands can benefit from. Firstly, social media reaches more people by breaking down geographic barriers (Abraham et al., 2017), specifically digital natives such as Millennials and Generation Z who are very active on social media (BoF and McKinsey & Company, 2018). Millennials and Generation Z internet users have on average nine social media accounts, compared to seven for users aged 35-44 and six for users aged 45-64 (Statista, 2018d). Furthermore, 45% of Millennials and 50% of Generation Z claim social media is the best way to reach them (Adobe Digital Insights, 2018).

Secondly, brands are also increasingly interested in building brand communities to capitalise on strong homophilous ties—the tendency for social relationships to form between similar people. Homophilous ties work to enable the sharing of information (Brown et al., 2003) and influence members’ tastes and preferences (Franke and Shah, 2003). The community works on behalf of the brand and the brand benefits from the perceived objectivity that arises from having consumers, as opposed to brands, promoting the products (Muniz and O’Guinn, 2001). Pulizzi (2012) found that content is shared at a higher rate when content does not come from the brand directly. Social media’s ability to reach large audiences at a low cost provide an effective environment to grow brand communities (Kaplan and Haenlein, 2010).

Thirdly, social media allows brands to gather valuable information and data in the form of customer feedback (Mangold and Faulds, 2009) and as consumer purchase behaviour which can be used to drive product improvements (Foster, 2018). Collecting data is especially useful for small brands because traditional media, such as TV, magazine and billboard advertising can be expensive and measuring their impact can be difficult (Luckett and Casey, 2016). Social media can also be used to help brands experiment with content to predict how the message will resonate with consumers and use the insights for future products and campaigns (Milnes, 2016).

Fourthly, social media is a communication tool that opens up a dialogue with consumers (Kaplan and Haenlein, 2010). While traditional media communication channels are primarily one sided, the holarchic nature—where each individual is both independent and part of a wider whole—of social media has democratised media (Luckett and Casey, 2016) Therefore, when individuals refer to a brand on social media, the individual communicates on behalf of the brand which is a cost-effective way of communication for small brands (Luckett and Casey, 2016).

Lastly, in addition to being a powerful marketing tool, 40% of brands also view social media as a sales channel (Arnold, 2018). For small brands social media can act as a digital storefront, which is why social media platforms are becoming more shoppable (Rogers, 2018).

2.2.2 The Evolution of Social Media Platforms in the Fashion Industry

Before social media, traditional print magazines were the main source of fashion content discovery (Sherman, 2018). However, social media offered a new way to create and consume content by encouraging user generated content (UGC), which disrupted traditional media where all content was controlled by large media corporations (Luckett and Casey, 2016). In 2018, consumers spent 28% of their media-technology consumption on mobile compared to 4% with print media, which is why US print advertising decreased from US\$61 billion in 1998 to under US\$15 billion, a 75% decrease (Rittenhouse, 2018). Facebook was launched in 2004 and Facebook is currently the most popular platform with 2.2 billion monthly active users as of

October 2018 (Appendix 1). Nevertheless, Facebook's user growth is declining among younger generations. From 2014 to 2017 there was a 2% decline among US users aged between 12 and 17 using Facebook, whereas Snapchat—an ephemeral photo and video sending platform (Benson, 2017)—saw an increase of 28% and Instagram an increase of 17% of the same age group (Lai, 2017). One reason for the decline is the negative shift in public opinion for Facebook in light of censorship and privacy scandals (Fukuyama, 2018). As a result, Generation Z, who highly value privacy and public safety (Bolton et al., 2013), are leaving Facebook for secrecy-enhancing platforms such as Snapchat and Instagram. Another reason for the decline is the shift in consumer attitude (Lai, 2017). While Facebook's large user base provides reach for its users, Generation Z view Facebook as a utility for broad connection and prefer “other networks for entertainment, brand discovery, or intimate communication” (Lai, 2017, 34-35). Instagram, launched in 2010, has become popular among the fashion industry because Instagram lends itself to brand discovery as Instagram is a highly visual platform (Sherman, 2018). Pinterest, also launched in 2010, is another visual platform that focuses on discovering content through images. Despite Pinterest's visual nature, its 250 million users lack the reach that Instagram's 1 billion users have (Appendix 1). Pinterest also fails to target younger generations as 64% of its users are over the age of 30, compared to Instagram which has 69% of users under the age of 34 (Appendix 1). Snapchat is also another visual platform popular among younger generations, nevertheless, Snapchat also lacks reach (Appendix 1), and discovery features (Pike, 2016). However, Snapchat has recently hired people to focus on fashion partnerships (Sherman, 2018) and the competition among social media platforms has seen once popular platforms fall, such as Napster and MySpace (Lockett and Oliver, 2016).

2.3. Instagram for Small Fashion Brands

2.3.1 The Benefits of Instagram for Small Fashion Brands

Instagram is a powerful marketing tool used to build brand awareness because Instagram can help small fashion brands reach Millennials (Mau, 2018) since 69% of Instagram users are under the age of 34 (Appendix 1). Approximately two-thirds of visitors to Business Profiles—a Profile that provides “access to features [that] help establish a business presence and achieve business goals” (Instagram, 2018b)—come from new users (Stevens, 2018). Between 2013 and 2017, there was a 59% increase in the number of US companies using Instagram for marketing purposes (Instagram, 2017), representing widespread recognition that the platform can reach younger generations. Hashtags, defined as “a word or phrase preceded by a hash sign (#), used on social media websites and applications to identify messages on a specific topic” (Dictionary.com, n.d.), help to raise brand awareness. Hashtags have also become more important now that users can follow hashtags, as they do accounts (Loren, 2018). Community hashtags “increase the reach of [a brand’s] message” (Loren, 2018) which help small brands find new audiences. Branded hashtags typically include a brand’s name which help to drive brand awareness and provide a brand’s followers—defined as “a user who follows [an] account and is able to see, like, and comment on any photo [a brand] posts” (Pixlee, 2018)—with a way to share UGC content (Loren, 2018). As Instagram becomes increasingly crowded, advertising on the platform is another method of raising awareness (Flemming, 2018). Instagram Advertising offers the most relevant targeting options following Facebook’s acquisition of Instagram in 2012 that enable the two companies to share data. This allows brands to spend less on more precise advertising (Katai, 2017). Global advertising spending on the platform increased by 177% year on year in 2018 (Sherman, 2018) which has also increased the cost of advertising on the platform (Foster, 2016). For DTC brands, digital advertisers such as Instagram have become the new middle man, which has encouraged many DTC brands to sell through retailers or open a physical store (Foster, 2018).

Despite the difference in values held by Millennials and older generations, Millennials still have “human desires to both flock and differentiate themselves as they assert their identities” (Solca, 2018, 4-5). As Millennials increasingly look for ways to stand out, Instagram’s community building characteristics provide a good environment for new communities to grow on Instagram. Instagram helps to democratise visual industries, such as fashion, by letting anyone become an expert or influencer on a given topic through the validation of a like, follow or comment (Dash Hudson, 2017). In the digital world, an influencer is “ascribed to someone who has clout through their digital channels” (Hennessy, 2018, 1). The Instagram influencer economy has been valued at \$1 billion in 2018 and the Instagram influencer economy is expected to double in 2019 (Mediakix, 2017). Working with influencers is an effective way for small brands to reach more potential consumers by gaining access to the influencer’s audience (Pike, 2016) and benefit from an influencer’s personal recommendations that capitalise on word-of-mouth marketing—one of the most powerful sources of information in consumer purchase decisions (Buttle, 1998). These benefits are the reason why 90% of brands have increased their earned media budget, part of which includes influencer marketing, from 2013 (Berezhna, 2018). However, 66% of consumers consider influencer marketing to be the same as advertising, which is one of the reasons why a third of brands admit that they do not disclose sponsored content, despite advertising codes set out by the Advertising Standards Authority (ASA) (Tesseract, 2018). The biggest challenge in working with influencers is measuring their return on investment (ROI). For that reason, Instagram Insights—a tool that help a “[brand] learn more about [the brand’s] followers and the people interacting with [the brand’s] business” (Instagram, 2018c)—provides brands with detailed insights on how users engage with paid posts which help to estimate return on those posts (Ganta, 2018). The rising costs and number of influencers (Pike, 2016) has led many small brands to work with micro-influencer—influencers that command followers in the tens of thousands (Pike, 2016)—compared to mega-influencers—who have followers in the millions (Pike, 2016). Consumers

are more likely to listen to the recommendations of a micro-influencer because micro-influencers have a niche focus which helps micro-influencers come across as more credible and knowledgeable (Litsa, 2018). Micro-influencers are also cheaper and command higher engagement rates compared mega-influencers which come across as commercial collaborations (Squarespace, 2018). Engagement is defined “as measurable interaction on social media posts, including likes, comments, favourites, retweets, shares, and reactions. Engagement rate is calculated based on all these interactions divided by total follower count” (Rival IQ, 2018).

As the majority of small brands start online, data and responding to customer needs, form the core of a small brand’s business model (Abraham et al., 2017). Instagram Insights provide detailed insights about the activity on a brand’s account, such as the number of people visiting the brand’s Profile, the number of times a post has been seen and the number of times new users have seen a brand’s post (Ganta, 2018). While these metrics are available only to the brand, metrics such as follower growth, hashtags, likes and comments, are publicly available and can be used to help brands analyse competitors (Ganta, 2018). Investors are also increasingly using this form of data to evaluate which brands to invest in as engagement rates and the size of Instagram followers often correlate with the brand’s retail sales (Sherman, 2018).

Instagram is made up of single posts—a post is “a photo or video that an Instagram user shares on the platform” (Pixlee, 2018b)—which encourages brands to be clear about what the brand offers in order to communicate quickly and effectively (Wilson, 2018). Brands can also communicate on another level by focusing on the visuals of their entire Profile which is the combination of all individual posts (Wilson, 2018). By taking into account the appearance of the entire Profile, Instagram becomes a powerful storytelling tool (Mellery-Pratt, 2014) because with each post, a brand can add nuances to brand identity and show the products as a component of what amounts to a lifestyle (Wilson, 2018). Showing the brands as a lifestyle makes the brand and products more relatable and aspirational, capitalising on Millennials who are inspired by lifestyle (Georgiou, 2016). Furthermore, with more brands using Instagram, smaller brands are

encouraged to “go out on a limb and be...more authentic” (Pike, 2016) according to Eva Chen, Head of Fashion Partnerships at Instagram. In 2016, Instagram Stories was launched, which allows users to communicate through content that runs for a maximum of 15 seconds and lasts for 24 hours (O’Connor, 2018). The ephemeral characteristic of Stories encourages brands to create and share more personal, unfiltered and behind-the-scenes content which align to increasing Millennial expectations to see more from brands, such as the personality behind the brand (York, 2017). Business Profiles are responsible for one third of the most viewed Stories on Instagram (Instagram, 2018d). Furthermore, when brands reach 10,000 followers, the brand accesses the Swipe Up feature that allows brands to add links to their Stories which helps to drive traffic to the brand’s website (Loren, 2017). Brands can also communicate directly with users through comments and speaking privately through direct messages (Mau, 2018).

To capitalise on the rising popularity of fashion e-commerce (BoF and McKinsey & Company, 2018), the instantaneous demand of Millennials (Wallace, 2018) and the increasing number of consumers using Instagram to help make “style-related” purchases (Flemming, 2018), Instagram is becoming more ‘shoppable’ (Rogers, 2018). In 2018, shoppable tags were introduced to allow brands to tag products on their posts and in their Stories. More than 90 million of all users have been using shoppable tags (Rogers, 2018). For small brands, Instagram can be used as a place to sell, before setting up their own website (Rogers, 2018).

2.3.2 The Instagram Algorithm

The Feed is “a place where [users] can share and connect with the people and things [users] care about” (Instagram, 2018e). Instagram’s current algorithm ranks the posts in a user’s Feed by: *interest* of the post (measured by how much Instagram predicts the user will care about the post based on past interaction with similar posts), *recency* of the post (prioritises timely posts over old posts) and the depth of the *relationship* between accounts (the higher the interaction with an account, the higher the ranking on the Feed) (Constine, 2018). Frequent and

longer interactions with a post or Profile cause the Instagram algorithm to show more from the same account and more similar content (Constine, 2018). Some small brands consider that the current Instagram algorithm hinders the discovery of small brands by users because small brands do not have the resources to post as regularly as large brands (Pike, 2016). However, Instagram prioritises engagement because the Instagram algorithm shows new posts to only 10% of a user's followers, and based on the post's initial performance and past performance of previous posts, the Instagram algorithm decides the post's ranking in Feed (Carbone, 2018).

2.3.3 Developing an Instagram Content Strategy

Since the Instagram algorithm prioritises the most engaging content, content marketing, which is “the creation of valuable, relevant and compelling content by the brand itself on a consistent basis, used to generate a positive behaviour from a customer or prospect of the brand” (Pulizzi, 2012, 116), becomes increasingly important. A brand must develop a content strategy that is based on the brand's audience and objectives (Johnston, 2017), and as the brand's objectives change, so will the brand's content strategy. For example, Hennessy (2018) suggests that objectives change with the increase in Instagram followers. Hennessy (2018) divides influencers into specific groups according to the size of an influencer's Instagram followers, and each group of influencers follows different objectives.

There are four types of content, or media, that are important to an Instagram content strategy: branded, earned, shared and paid. Branded content is content a brand is in full control of, such as the content on the brand's website, blog sites and social media platforms (HubSpot, 2015). As branded content is controlled by the brand, branded content must be used to communicate the brand effectively (Wilson, 2018). Earned content, or free media, is content that “a firm receives without having directly paid for it—all the news stories, blogs, social network conversations that deal with a brand” (Kotler and Keller, 2012, 546). Earned content is highly attractive for small brands because small brands can bypass the costs of working with

Public Relations (PR) firms, and earn additional credibility at no additional cost (Mau, 2018). Shared content is “user-generated content and social media” (Axia Public Relations, 2018, 19), generated through mentions, shares, reposts, comments and word of mouth marketing. Shared content is an inexpensive way for small brands to spread content (Muniz and O’Guinn, 2001). Paid content relates to any content that a brand pays for (Kotler and Keller, 2012), such as influencers and advertising.

3 Addressing the Thesis Topic

3.1 Methodology

This Work Project aims to explore how small fashion brands can use Instagram to grow their business by capitalising on Instagram’s many benefits, based on the analysis of 42 small fashion brands, and the insights from six qualitative in-depth semi-structured interviews (Appendix 2) with representatives of small fashion brands (Appendix 3).

3.1.1 Unit of Analysis and Brand’s Selection

The unit being analysed in this Work Project is small fashion brands.

A total of 42 small fashion brands (Appendix 4) were analysed. These brands were chosen randomly and based on four criteria: 1) The brand had to originate from, and have their main customers based, in Western markets because the rise of small brands is a trend predominantly found in Western markets (BoF and McKinsey & Company, 2018); 2) The brand had to belong to the fashion industry’s premium or affordable luxury segment as the rise of small brands is prevalent to these segments (BoF and McKinsey & Company, 2018); 3) The brand had to be active—defined as posting at least once a week—on Instagram; 4) The brand had to fall into one of the groups defined by Hennessy (2018) [Section 2.3.2 of the Contextual Background], according to the number of the brand’s Instagram followers in August 2018. In order to simplify our study, the groups were adjusted as follows:

Table 1: Brand Groups

Group	Size of Followers	Group Characteristics
Group 1	0-2,500	Brands explore and test what works for them
Group 2	2,500-5,000	Brands focus on narrowing down their voice and begin reaching out to targeted audiences
Group 3	5,000-10,000	Brands begin to analyse what their competitors are doing
Group 4	10,000-25,000	Brands start to actively attract PR and third-party interest

Group 5	25,000-50,000	Brands explore new possibilities to attract new audiences
Group 6	50,000-100,000	Brands start becoming noticed by industry leaders
Group 7	100,000-500,000	Brands are now gaining international attention and are at the final stage before no longer being considered small

Source: Maria Kovacevic, based on Hennessy (2018)

3.1.2 Key Performance Indicators

In total six Key Performance Indicators (KPIs) were selected to analyse the 42 brands. We selected those KPIs based on The Literature Review and the insights gained from the qualitative interviews with representatives of small fashion brands, because of their importance in determining a successful Instagram strategy. The KPIs are as follows:

Table 2: KPI Table

<p>1. Content Ratio: The ratio of the different types of content that a brand posts. Content Ratio was chosen to evaluate a brand’s content strategy (Johnston, 2017). The content ratio was comprised from the following seven types of content:</p>
<p>Branded Content: includes content created by the brand such as a look book or campaign shoot. Branded content evaluates the content that a brand creates (HubSpot, 2015).</p>
<p>Behind the Scenes Content: is a form of branded content produced with little filtering such as a live post by employees of the brand. Behind the Scenes content measures the extent to which brands post unfiltered and personal content (York, 2018).</p>
<p>PR Content: refers to earned content which includes mentions by a third party such as a fashion magazine or a blog post. PR content measures the extent to which small brands value third party credibility (Mau, 2018).</p>
<p>Consumer Generated Content: is a form of shared content that was originally created by a consumer—defined as a user with fewer than 10,000 followers—and reposted by the brand. Consumer generated content evaluates whether brands benefit from UGC (Lockett and Casey, 2016).</p>
<p>Influencer Generated Content: is a form of shared content that was originally created by an influencer—a user with more than 10,000 followers—and reposted by the brand. Influencer Generated content measures the impact of UGC (Lockett and Casey, 2016), that comes from influencers.</p>
<p>Paid Influencer Content: refers to paid collaborations with influencers, according to ASA standards. Paid Influencer content analyses whether brands publicly show that they collaborate with influencers, on a paid basis (Tesseract, 2018)</p>
<p>Lifestyle Content: is a type of shared content, such as art, quotes, photography and landscape. Lifestyle content looks at whether brands use lifestyle content to show the brands identity (Georgiou, 2016).</p>

<p>2. Engagement Rate: The engagement rate was calculated according to Rival IQ (2018). An average was calculated for each type of content on Profile posts. Engagement Rate was chosen to analyse how engagement rates vary across types of content (Constine, 2018).</p>
<p>3. Instagram Advertising: The number of brands that advertise on Instagram. Instagram Advertising studies whether brands advertise on Instagram as a tool to generate brand awareness (Flemming, 2018).</p>
<p>4. Hashtags: The number of brands that use hashtags. Hashtags analyse whether brands use hashtags, and for brands that use hashtags, which types of hashtags do they use (Loren, 2018). Hashtags were categorised by:</p>
<p><i>Branded Hashtags:</i> are hashtags that include the name of the brand and they measure whether brands use hashtags to drive brand awareness (Loren 2018).</p>
<p><i>Community Hashtags:</i> are general hashtags that the brand uses to find new audiences (Loren 2018). These hashtags were not created by the brand.</p>
<p>5. Growth Rate of Instagram Followers: The rate at which Instagram followers increased between August and November 2018. The Growth Rate of Instagram Followers measures whether small brands can be discovered on Instagram (Pike, 2016).</p>
<p>6. Shoppable Tags: The number of brands that use Instagram’s Shoppable Tags. Shoppable Tags evaluate whether brands use Instagram as a selling platform (Rogers, 2018).</p>

Source: Maria Kovacevic, based on the Contextual Study and six qualitative brand interviews

3.1.3 Observation Process

We observed each brand’s Profile and Story posts during October 2018. Overall, 1514 Profile posts (1464 photos and 50 videos) and 248 Instagram Stories were observed. Stories were analysed for one day across four weeks in October 2018, using the KPIs shown above.

3.2 Main Insights from the Analysis

3.2.1 Content Strategy

Profile Posts Analysis: Our study confirms the insight from the Contextual Background that there is a clear relationship between the number of Profile posts and the size of the brand’s followers. Brands with less than 2,500 followers posted on average 23 times a month compared to brands with 100,000-500,000 followers which posted on average 40 times (Appendix 5). Our study suggests that Branded content was the most popular category of content for all small brands. On average, 56.25% of Profile posts were Branded content, the second most popular content was Influencer Generated content which made up 28.75% of all Profile posts, Lifestyle

content was third with 10%, PR content was fourth with 2.5%, followed by Consumer Generated and Behind the Scenes content both with 0.83% (Appendix 5). However, the content ratios changed as Instagram followers increased, which confirms the insight that objectives change as Instagram followers increase (Hennessy, 2018). Our study suggested that there are three distinct changes in objectives: 1) for brands with fewer than 5,000 followers (the smallest subset of brands); 2) for brands with 5,000-25,000 followers (the middle subset of brands) and; 3) for brands with 25,000-500,000 followers (the largest subset of brands).

The smallest subset of brands have a similar split in content ratios (Appendix 5) with Branded content taking up the largest portion. The larger portion of Branded content suggests that brands prefer to use content controlled by the brand to communicate the brand to Instagram users as opposed to other types of content they do not control (Wilson, 2018). For brands with fewer than 2,500 followers, Branded content made up nearly 60% of all their posts, the highest portion across all brands. Furthermore, our study suggests that Branded content was posted more often because Branded content had the highest engagement rate of 7% for brands with fewer than 2,500 followers (Appendix 6).

Once brands reached 5,000 followers, our study suggests that objectives changed. The middle subset of brands increased the variation of content compared to the smallest and largest subset of brands (Appendix 5). Our study suggests that the middle subset of brands experimented with categories of content to evaluate the reaction of users and measure engagement rates of other categories of content, since the smallest subset of brands primarily posted Branded content. For example, the middle subset of brands posted more Behind the Scenes, PR, Consumer Generated and Lifestyle content (Appendix 5), which supports the insight that social media can be used as a testing ground (Milnes, 2016). Furthermore, our study also indicates that the middle subset of brands looked for ways to raise brand awareness and credibility by posting more PR content (Mau, 2018). For example, brands with 10,000-25,000 followers posted 7.10% PR content, compared to brands with 100,000-500,000 followers that

posted 2.5% PR content (Appendix 5). The middle subset of brands also posted more Lifestyle content than other brands, suggesting that the middle subset of brands were experimenting with building the brand's identity and showing products as a component of a lifestyle (Wilson, 2018).

Our study suggests that the largest subset of brands analysed their previous Profile posts and/or competitor posts to gain insight into the performance of different types of content in order to post more of the content that had the highest engagement rates. This supports the insight that data forms the core of the business model of a small brand (Abraham et al., 2017). For example, the largest subset of brands posted more Branded and Influencer Generated content than the middle subset of brands, because Branded and Influencer Generated content generated highest engagement rates overall, 3.83% and 2.66%, respectively (Appendix 6). Furthermore, the largest subset of brands also posted on average less Behind the Scenes, PR, Consumer Generated and Lifestyle content because of lower rates of engagement (Appendix 6).

Story Posts Analysis: Overall, 28 brands were active on Stories, and out of these, the brands with more followers used the feature more frequently (Appendix 7). There were five brands with 100,000-500,000 followers that used Stories compared to only one brand with less than 2,500 followers. Although, York (2016) suggested that Stories are primarily used for Behind the Scenes content, our study suggested that Branded content was the most popular type of content, responsible for just over 50% of all Story posts (Appendix 7). Behind the Scenes content followed second with 22.36%, third was Influencer Generated content with 10.77%, followed by Consumer Generated content with 6.13%, PR with 4.89% and Lifestyle with 4.14% (Appendix 7). Our study also suggested a similar change in objectives between the smallest, middle and largest subset of brands seen amongst Profile posts. The middle subset of brands was more active on Stories compared to the smallest subset of brands, suggesting that the middle subset of brands began experimenting with Stories. Notably, all six brands with 10,000-25,000 followers were active on Stories, which could be because of access to the Swipe Up feature that can be used as a tool for driving traffic to the brand's website (Loren, 2017).

Furthermore, the middle subset of brands also posted a larger variety of content on Stories, primarily led by an increase in Behind the Scenes content (Appendix 7). The largest subset of brands returned to a more balanced ratio of content.

3.2.2 Organic Growth

Pike (2016) suggested that some small brands considered the Instagram algorithm to favour larger brands, however, the higher follower growth rates for the smallest subset of brands does not support this (Appendix 8). Whereas brands with 100,000-500,000 followers grew their followers by 7%, brands with fewer than 2,500 followers grew on average by 57%, suggesting that brands with fewer followers were still able to be discovered on Instagram. Our study also suggested that the growth in influencer followers was largely the result of organic growth on the platform as opposed to paid growth. According to the ASA rules, none of the brands paid for influencer collaborations (Appendix 5 and 7) and only two brands paid to advertise on the platform (Appendix 8). As well as focusing on the most engaging content to capitalise on the Instagram algorithm, all brands used at least one type of hashtag to generate awareness (Appendix 8). There were 21 brands that used Branded hashtags compared to 14 who used Community hashtags which indicates that hashtags were predominately used to drive awareness to the brand rather than to target new audiences (Ganta, 2019).

3.2.3 Shopping Channel

As followers increased, more brands used shoppable tags (Appendix 8). For example, only one brand with fewer than 2,500 followers used the shoppable tags, whereas five brands with 25,000-50,000 followers used the feature. This suggested that as followers increased, brands increasingly viewed Instagram as a platform where the brand could sell to consumers (Rogers 2018). Tags were more popular on Profile posts, with 20 brands used them, compared to Story posts, where only two brands used them.

4 Recommendations for Small Fashion Brands

4.1 Recommended Instagram Strategies

All brands must keep in mind the Instagram algorithm that prioritises recency, interest and relationship (Constine, 2018). Brands should post engaging content, regularly. Brands should also repost Influencer Generated content because Influencer Generated content is cost-effective and has the second highest engagement rate for all brands (Appendix 6). Higher engagement rates can also be encouraged through comments and captions on posts by asking questions, telling stories or announcing exclusive brand information. This suggests that even brands with fewer followers are able to appear on a user's Feed by engaging with them multiple times. Furthermore, engaging with a user multiple times is easier for smaller brands because smaller brands have fewer followers to nurture a relationship with. Contrary to the six objectives that were defined by Hennessy (2018), our study suggests that brands should follow three, broader strategies—each dependent on the size of the brand's Instagram followers.

4.1.1 Brands with less than 5,000 Followers

For brands with fewer than 5,000 followers, Instagram should primarily be used as a tool to communicate the brand to users. Brands should therefore focus on producing Branded content as Branded content commands the highest engagement rates and Branded content is a useful tool that brands can use to communicate effectively (Wilson 2018). In spite of this, as the smallest brands are limited by resources, the smallest brands can compensate by posting Lifestyle content. Lifestyle content is an inexpensive way to generate the third highest levels of engagement (Appendix 6) and help brands post regularly, both of which are important factors for the Instagram algorithm. Lifestyle content also helps brands to communicate their identity (Wilson, 2018) which is a key factor that younger generations look for in a brand. Brands should prioritise posting content on their Profiles as opposed to Stories because the ephemeral nature of Stories suggests that brands are better suited to invest their limited resource into permanent

posts. Brands should use Community hashtags to find new audiences and keep up to date with trends, specifically Millennial and Generation Z trends. Nevertheless, brands should be strategic in choosing hashtags and ensure the hashtags are monitored regularly. Since hashtags can be used by all users, brands should monitor the hashtags and ensure the posts that use the same hashtags are relevant to the brand's posts. This is because the posts that use the same hashtags will be the posts that the brand will appear next to on a Feed. Brands should also create a Branded hashtag that can begin to be used to build a brand community as the brand grows.

4.1.2 Brands with 5,000-25,000 Followers

Once brands have reached 5,000 followers, brands should begin experimenting with different categories of content. Brands could also test shoppable tags to evaluate whether Instagram is an effective sales channel for the brand. Brands with more than 10,000 followers should become more active on Stories as brands have access to the Swipe Up feature which can be used to drive traffic to their website (Loren, 2017). Stories are also a good way for brands to communicate with followers in a personal way by posting more Behind the Scenes content (Appendix 7) which is a cost-effective way of appearing more active and personal on Instagram.

4.1.3 Brands with 25,000-500,000 Followers

These brands should act on the insights and data yielded from the previous strategy. Brands should post more often and invest in Branded content because of higher engagement rates. Brands should no longer see Instagram as simply a marketing tool, instead, brands should look to adopt Instagram as an additional selling platform by using the shoppable tags. Furthermore, to maximise chances at discovery in an increasingly crowded environment, brands could begin to test advertising on the platform by using the data the brand has collected on consumers to create targeted ads.

5 Main Limitations

This Work Project is limited by the sample size and the time frame under which the brands were analysed. Furthermore, analysing all Story posts during October 2018 would have yielded more precise insights. Another limitation is the lack of access to brand data that is available on Instagram Insights. This data would have been helpful in analysing brands in more detail such as calculating the engagement rates for Stories. The access to a brand's sales figures would have helped to analyse the economic performance of brands.

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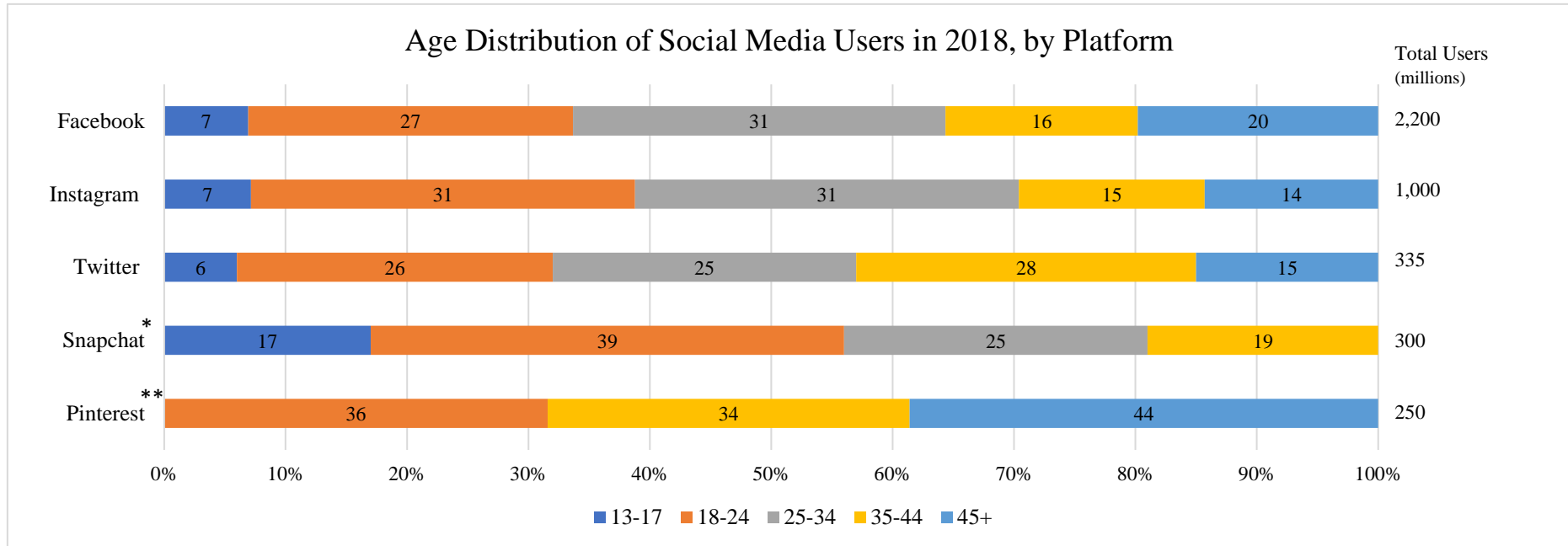
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5 Appendix

Appendix 1: The Age Distribution of Social Media Users in 2018, by Platform



* 19% of users are 35+ years old

** Data as of 2016. 36% of users are 18-29 years old, 34% of users are 30-49 years old and 44% of users are 50 years old

Source: Statista (2018e), Statista (2018f), Statista (2018g), Greenwood (2016) and Kepios (2018)

Appendix 2: Qualitative Interview Guide

Good morning / afternoon / evening.

As I mentioned in my email/call in organising this interview, I'm a Master's student at Nova SBE and I'm currently doing my Master Thesis. My thesis is looking at how young fashion designers and entrepreneurs can get the best from Instagram. Social media, especially Instagram, seems to be playing an increasingly important role in shaping and growing young brands and I hope to look at this in more detail, which is why I'm interviewing you today.

I'm going to be using a non-directive method today. This means I will not ask you any precise questions, as you'd expect in a standard questionnaire.

For the purpose of analysing the interview later, is it alright with you if I record our conversation? Your name and all the information, such as the brand name, that may allow the thesis reader to identify you will remain anonymous and you will not be contacted in regard to this after this interview. Although, I am more than happy to share the main insights with you once I have completed my Thesis if you would like to see them.

Our conversation will be approximately an hour/ however long they have agreed to when I arranged the interview with them.

Opening question: Before we talk specifically about Instagram, can I please ask you to explain the story of your brand? What are the main tools you have used to grow the brand from then to now?

Topics to be discussed:

- Brand origins and brand evolution
 - The unique selling points of the brand
- Use of social media and the various channels for the brand
 - For each channel:
 - What is the strategy behind it?
 - What has been the evolution behind it?
 - What features have the most engagement with customers?
 - How it has changed over time
 - Most important channel for the brand and why
 - Challenges of using social media
 - Instagram:
 - What have been the effects of Instagram?
 - What are the challenges of using Instagram, if any?
- Influencers
 - (If using them) How did you go about choosing that particular collaboration?
What are the main benefits for the brand?
- What does the future of industry look like and what is the future role of social media/ Instagram?

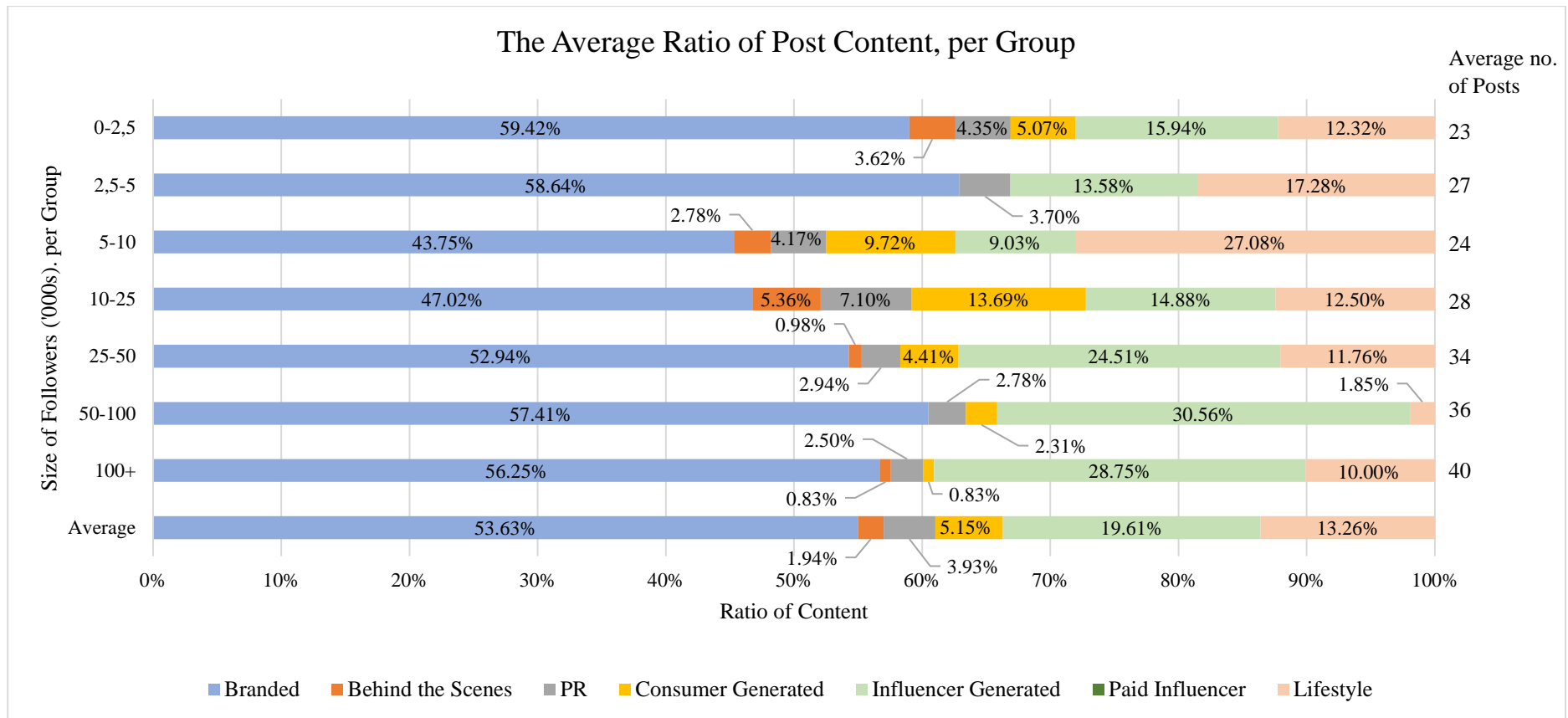
Appendix 3: Qualitative Interview Sample

Title of the Individual Interviewed	Type of Brand
Founder	0-2,500 Followers (Group 1)
Founder	0-2,500 Followers (Group 1)
Founder	2,500-5,000 Followers (Group 2)
Founder	5,000-10,000 Followers (Group 3)
Founder	5,000-10,000 Followers (Group 3)
Head of E-commerce	50,000-100,000 Followers (Group 6)

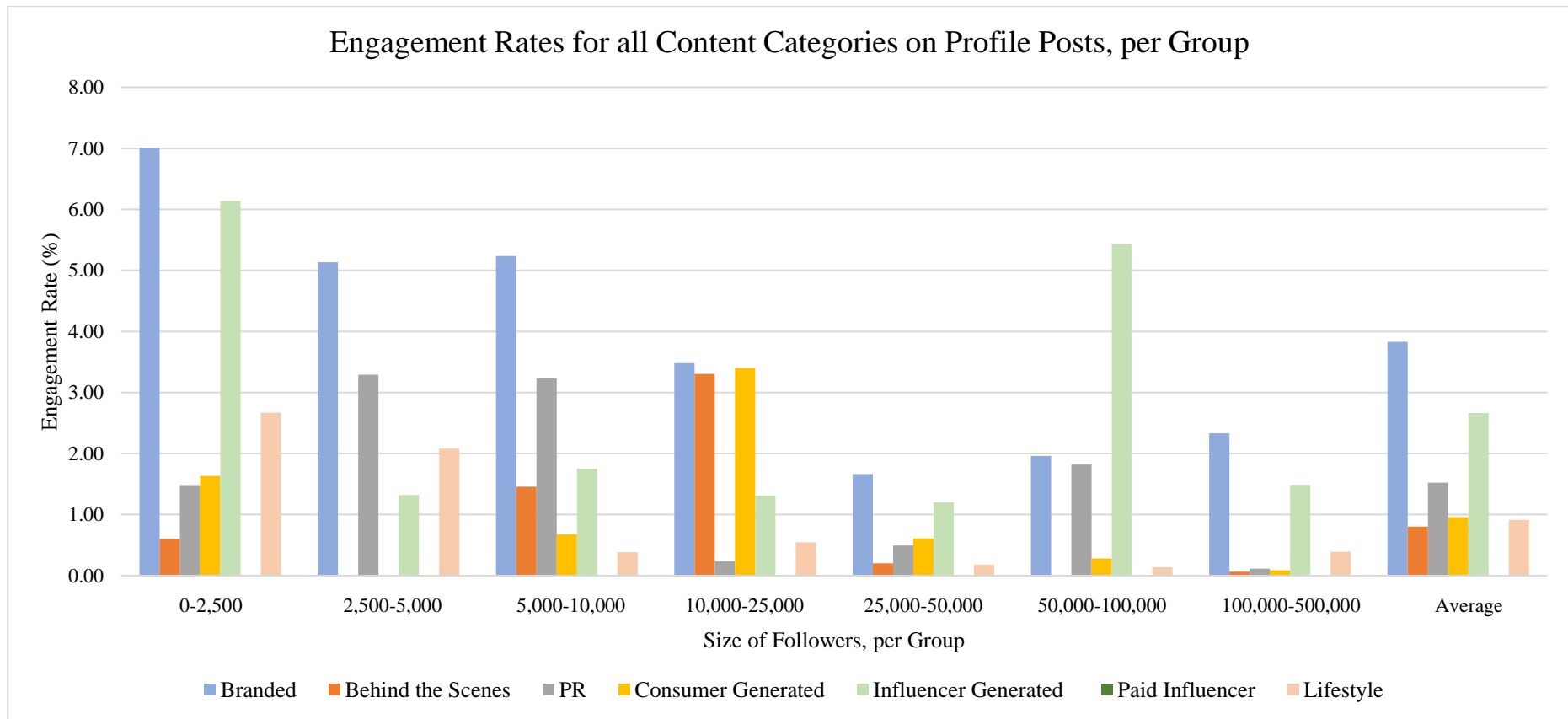
Appendix 4: A List of the 42 Brands, per Group

Group 1	Group 2	Group 3	Group 4
1 Medea 2 Vathos Apparel 3 Esthe 4 Rowen Rose 5 Lehho 6 Soster Studio	7 Kalaurie 8 Lisou 9 Sophie h 10 Iden Denim 11 Helena Manzano 12 Archivio	13 Lorod 14 Paris99 15 Sofie Sol Studio 16 Elissa McGowan 17 La Llama 18 M-Kae	19 Kitri 20 Bonne Suits 21 Paris Georgia 22 Pomandere 23 Maison Cleo 24 Ciao Lucia
Group 5	Group 6	Group 7	
25 Nice Martin 26 Munthe 27 Miaou 28 Lily Ashwell 29 SUISTUDIO 30 Georgia Alice	31 Style Mafia 32 The Line by K 33 Orseund Iris 34 Daisy 35 Simon Miller 36 Gestuz	37 Rouje Paris 38 Cult Gaia 39 Danielle Guizio 40 LPA 41 Attico 42 Realisation Par	

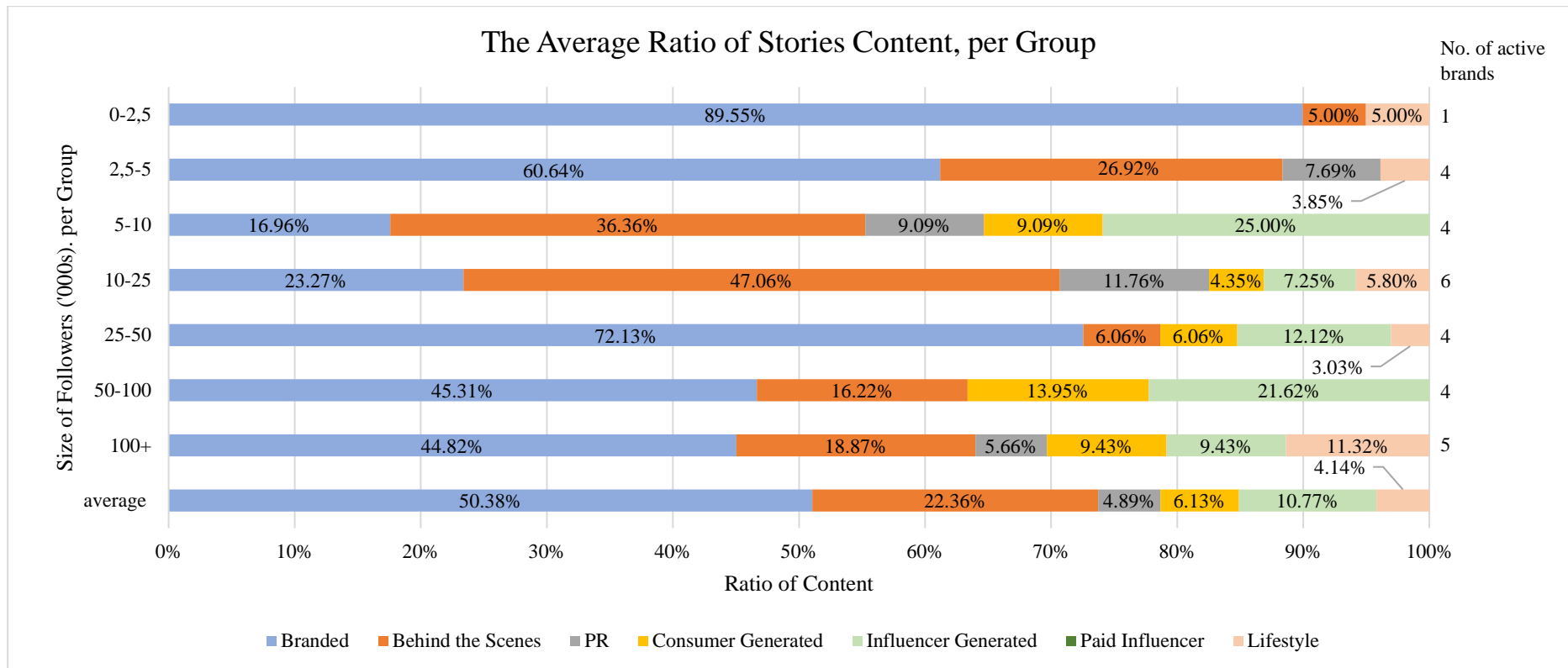
Appendix 5: The Ratio of Profile Content, per Group



Appendix 6: Engagement Rate for all Content Categories on Profile Posts, per Group



Appendix 7: The Average Ratio of Stories Content, per Group



Appendix 8: The Growth Rate of Instagram Followers, the Number of Brands that use Instagram Ads, Hashtags and Shoppable Tags

Group		Growth Rate of Instagram Followers (%) August 2018 - November 2018	Number of brands Advertising on Instagram	Number of Brands Using Hashtags		Shoppable Tags	
				<i>Branded</i>	<i>Community</i>	<i>On Posts</i>	<i>On Stories</i>
1	0-2,500	57.24	1	3	4	1	0
2	2,500-5,000	32.98	0	3	3	3	0
3	5,000-10,000	18.25	0	2	1	2	0
4	10,000-25,000	11.91	1	4	1	3	0
5	25,000-50,000	8.25	0	3	0	5	1
6	50,000-100,000	10.01	0	4	4	3	1
7	100,000+	7.07	0	2	1	3	0
Total		na	2	21	14	20	2