

Opportunities and Challenges of Instagram Algorithm in Improving Competitive Advantage

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Abstract:- The increasingly rapid business strategy innovation and internet usage that are also increasing make many companies switch to using business strategies via digital. Many companies chosen Instagram, one of the social media focused in photo and video content to support their marketing activities. The implementation of new Instagram system reaps controversies from people. Instagram algorithm considered inflict a financial loss because of how complicated it works and it will let down the competitive advantage, however the use of Instagram for business activities is increasing. Researcher do this research in order to know how Instagram algorithm can be the opportunities also challenges for online marketers in improving competitive advantage. This research done by interviewing online florist (considered as online marketer) as the informant. Observation and documentation also done for collecting the data. Primary data is obtained from in-depth interview with the informant and secondary data is obtained from literatures and journals about Instagram algorithm. Data reduction, display data and conclusion verification also used in this research as analysis data method. Data validity method that used are source and technique triangulation . The result of this research is that Instagram algorithm has big opportunities also challenges for online florist development. Instagram still be the main platform that chosen by online marketers to advertise their product despite the challenges. Instagram algorithm help online marketers get prospective customers and determine the right marketing strategy in business. The advice from researcher are that online marketers should be more active learning about this new system, increasing the motivation and improve communication on social media. Suggestion for further research is researchers can examine the effects of this Instagram algorithm through the consumer's point of view as well.

Keywords:- Instagram Algorithm, Opportunities, Challenges, Competitive Advantage, Bali.

I. INTRODUCTION

The rapid evolution of information technology and communication media also the increase use of internet have resulted in innovations for all aspects including business strategies. The business strategy applied today uses more digital systems. The internet is home to various digital activities including digital marketing and sales. Digital marketing strategies can affect the business industry in marketing their products to 78% [1]. People use social media as a place to market their products digitally as well as to create good communication with customers. The most influential social media today is Instagram. Instagram, which focused on photo and video content, can help business people reach consumers without time and space.

In 2018, Instagram launched a new systematics of work, the Instagram algorithm which adopted an artificial intelligent and big data-based work system. This Instagram algorithm aims to improve Instagram's work system and to avoid cheating by Instagram users such as the use of auto likes, auto follow, auto comment and auto unfollow. But, Instagram algorithm creates controversy due to the complexity of the application and its impact which can reduce the number of audiences from user content. Online florist is one of the business people who depend on the development of their business through Instagram. Increasing the number of audiences is an important point for online florists in measuring their sales level. However, the renewal of the Instagram algorithm seems to have not been understood really well by the online florists in Denpasar, so this has a serious impact on the audience's development because the use of their marketing strategy is not promptly and company's competitive advantage might be decreasing.

The lack of online florist's knowledge of the Instagram algorithm closes the opportunity to increase competitive advantage and only focus on challenges. This should have a serious impact on the development of sales and will end in decreasing the use of Instagram as a marketing platform. However, the phenomenon that occurs is that the use of Instagram for business purposes is increasing, especially for online florists in the city of Denpasar. This phenomenon is certainly inversely proportional to the research conducted by Ansar Surya Pranaka et al in 2017 with the title "The Influence of Instagram Social Media on Competitive Advantage" which said that Instagram had an effect of 74% on competitive advantage. The research entitled "An Exploratory of the

Potential for Instagram as a Shopping Platform" by Pedersen Marthe in 2017 also said that Instagram usage increased rapidly as a shopping platform despite having several problems such as customer trust. But the research did not focus on the Instagram algorithm as the latest systematic work of Instagram and how the impact of online marketers. Therefore, there needs to be further research on how the online marketers feel the impact of the Instagram algorithm.

The purpose of this research is to find out how Instagram algorithms become opportunities and challenges for online marketers in increasing competitive advantage. The researcher hopes that this Instagram algorithm research can provide information on the development of research, especially in the fields of marketing and social media marketing, as well as providing in-depth knowledge of the Instagram algorithm to business people, especially online marketers so that companies can determine which marketing strategy is appropriate to increase sales also to achieve competitive advantage.

II. LITERATURE REVIEW

A. Integrated Marketing Communication

communication affects satisfaction, trust, and loyalty[2]. Integrated marketing communication (Integrated Marketing Communication) becomes a new strategy oriented in building more effective and efficient communication with consumers. Integrated marketing communication is the process by which consumers see offers, products, services, companies and actors[3]. This can be considered or seen from the situation, clearly visible or only in the customer's assumptions. This can include experience, processes, activities, which trigger value in use for customers, and the consequences of some prospective short-term buyers. On the other hand, actors are not fully involved, and parts of perception may be sourced in the past, present or future, and this process is built on customer logic. Integrated marketing communication is a tactic and strategy that relates directly to consumers in their business processes, which are supported by advances in information and communication technology[4].

B. Digital Marketing

Digital marketing is defined as marketing activities that used internet-based media[1]. The American Marketing Association (AMA) defines digital marketing as an activity, institution and process facilitated by digital technology in creating, communicating and conveying values to consumers and other parties[5]. The internet is a home to digital marketing. Through this digital marketing, consumers can reach sellers and get their needs quickly. Consumers can directly provide opinions or compare products or services which will ultimately speed up the transaction process[6]. Digital marketing also provides opportunities for business owners to develop their business online, both product development, pricing and distribution. So that the costs used can be minimized. Digital marketing strategies can affect the business industry in marketing their products to 78%[1].

C. Social Media Marketing

Social media is known to be the right place to reach the target market in business goals[7]. Arrigo (2018) says that social media is an application for collecting data that is interactive and controlled by users which can help users to distribute experiences in business and social. Social media is also said to be a collaborative project, community, blog / micro blog, or social networking site that uses mobile and web-based devices that are used to create interactive platform where users can share, together create things, discuss and modify content that generated by the user[8].

D. Artificial Intelligent

Artificial Intelligence (AI) is an important thing that affects the performance of each platform to support this social media marketing process. Gadani said that AI is a science that studies how to make computers and computer software with intelligent behavior. Artificial Intelligent gives such a great effect and provides new innovations to deliver new content through social media to the right targets [9]. Broadly speaking, according to a study conducted by Stanford University, describing the performance of AI as follows [10]: a. Large-scale learning machines that work using large-scale algorithms and data; b. The machine learning variant with a more in-depth learning system, extends the boundaries of the introduction of objects, video and audio labeling and natural language processing (the ability to interact with people through real dialogue and not just using scripts); c. As a learning aid, where machines from just recognizing a pattern to decision-making based on experience; d. Robot; e. Computers with vision: for example x-ray reading, which is more accurate than radiology; f. Collaborative systems: autonomous systems that work with each other including humans; g. Algorithm game theory and computational social choice that focus on social aspects and AI computing where AI tries to model the potential of inconsistent incentives or conflict of interest whether driven by machines or humans; h. The power of the internet, every device uses the internet.

E. Instagram Algorithm

Instagram algorithm is the latest Instagram's systematic that has just been implemented in early 2018. The Instagram algorithm is a logical and systematic arrangement of big data based on Instagram with the aim to answer user needs. The way the Instagram algorithm works is categorized in several points[11] such as Algorithm post exposure, shadow banned, interaction, Instagram stories, hashtag, edit caption also post and repost. After this algorithm be valid, in the first 60 minutes after users posting a content on Instagram will be monitored. User's post will not be immediately seen by all audience/Instagram users. Only 20% audience will see the content and it will increasing after this system see how many interaction that users get, the more interaction the bigger opportunity for user's content get higher number of audience. This is what Instagram users called algorithm post exposure.

This new Instagram's system is also focusing on following, followers, likers and comment now since this Instagram algorithm want to avoid any cheating behaviour from Instagram users. The account that used auto followers, likers and comment now will be banned from Instagram and will be categorized as spam account, along with the content that the caption have been edited before 24 hours or have been deleted then uploaded again will counted as spam account. Instagram stories now be Instagram's focuses, because the more interactive users stories will be increasing the number of audience and followers too. Using the right hashtag also can help user to determine which audience will see their content, really useful for online marketers to reach the right customer.

F. Competitive Advantage

According to Sigalas [12]Competitive Advantage is a basic concept used in management strategies because this competitive advantage explains how differences in performance between companies. Competitive Advantage is defined as the best effort made by a company to face market competition compared to its competitors. According to Sigalas [12]Competitive Advantage is the ability of the average industry to exploit market opportunities and neutralize the threat of competition.

III. RESEARCH METHOD

This research was held in Denpasar City with online florists who actively market their products through Instagram and have many followers as research informants. The type of data from this study is descriptive qualitative. The source of primary data is taken through the results of direct interviews with research informants and secondary data taken from the literature as well as journals related to the topic of research. The key instrument in this Instagram algorithm research is the researcher himself. Data collection techniques are done by means of interviews (in dept interview), observation and documentation while the data analysis technique used is the analysis of the Miles and Huberman models, namely data reduction, data presentation and conclusions. Source triangulation was used as the data validity technique in this study.

IV. RESULT AND DISCUSSION

A. Opportunities of Instagram Algorithm for Online Marketers

Denpasar which is divided into 4 sub-districts has a high level of economic and business development. Many emerging entrepreneurs, especially entrepreneurs, are based online. Instagram is the most popular social media for online businesses. The Instagram algorithm as Instagram's new work system raises various opportunities for online marketers in developing their business, especially to attract potential customers.

"I started my business through Instagram. Instagram greatly fosters my business, apart from the large number of potential customers who use Instagram because of its attractive visual content. The emergence of the Instagram algorithm helped me to grow my business, especially to get broader prospective customers through an increase in audience. This Instagram algorithm provides an opportunity for me to get more audiences because I am motivated to keep on updating. The more frequent updates mean the more audience you can get, so the opportunity to get prospective customers is even greater." (Interview with **Jena Iswari**, owner and admin of @allunaflorist. Date: November 22, 2018 at 16:25)

Arrigo [7] said that social media is the right tool in supporting business people to reach a more appropriate target market. Instagram with the current algorithm work system focuses more on grouping interests (interest) of users, making it easier to get suitable prospects.

"Grouping based on interest is very helpful because from there it can be seen where the business direction will be. Online florists like me who focused on graduation flowers and for special days such as birthday celebrations and other big days will be grouped into similar florist categories. Generally when prospective customers are surveying their graduation or birthday prizes, my online florist will definitely appear on their explore page, because the interactions they have had for a while have been read by this algorithm, so the opportunity to capture the right market is achieved." (interview with **Kadek Ayu Inten Lestari**, owner and admin from @kamalaflorist, Date: November 25, 2018 at 11:00)

The hashtag system implemented by Instagram algorithm can also help increase sales from a company. Hashtag is accessed by prospective customers to make it easier to search for more specific interests.

"I used to upload one photo with many hashtags on Instagram. I started on Instagram as an online florist, I surveyed any hashtag that are often used by online florists in Bali. After done the survey I tried to apply it in every update that was done. Every photo uploaded was using a different hashtag, not just copying from the previous hashtag. The result is that The Cloris often get orders from customers outside Bali and the development of audience also followers are increasing." (Interview with **Youween Sumolang**, owner and admin of @thecloisflower. Date: November 22, 2018 at 18:00)

The right marketing strategy can be achieved if business people know the market situation and conditions. Instagram systematics with interaction grouping as one of the determining factors is also an appropriate detection tool.

"This Instagram algorithm helps to detect market developments. Many marketing techniques and new innovations are presented in Peony Gardena's explore page which is certainly seen from other florist content that

appears on Instagram, so from there Peony Gardena can innovate even more optimally." (Interview with **Ni Ketut Pebri Herlina**, owner and admin from @peonygardena. Date: November 25, 2018 at 16:35)

The systematic development of Instagram algorithm helps online marketers to get potential customers so that business development opportunities will increase. The marketing strategy can also be improved by looking at market developments.

"This algorithm is more helpful in getting prospective customers, the level of sales does not increase dramatically by merely following the rules of this algorithm. It's just that more interaction is gained, either through direct message or direct reply from the uploaded story." (Interview with **Ni Ketut Pebri Herlina**, owner and admin of @peonygardena. Date: November 25, 2018 at 16:35)

"Instagram story is my main strategy. My audience is more interested in seeing the story than having to scroll photos on Kamala's profile page from top to bottom which is definitely time-consuming. The strategy that I did to get more audiences and increase engagement was with periodic updates on the Kamala florist Instagram story, so that from the story, my audience could immediately reply to ask about product details. This interaction will increase engagement and also increase followers." (Interview with **Kadek Ayu Inten Lestari**, owner and admin from @kamalaflorest. Date: November 25, 2018 at 11:00)

B. Challenges of Instagram Algorithm for Online Marketers

The Instagram algorithm has a good opportunity for business development purposes, but on the other hand, the lack of knowledge of the systematics of this algorithm has an impact on the decreasing audience and engagement gained.

"Ever know about the systematics, but don't understand that the systematics is called the Instagram algorithm. Because I also did not follow all the rules made by Instagram algorithms, and my focus was more on the existence of Kunda Flower Shop on Instagram through updates that I did, whether it often uploaded Instagram photos or stories without caring about what hastag was used. Often I also write the wrong caption and I have to revise it right away, without knowing that it can affect the audience. All this time I only get customers who repeat orders so I maintain that strategy." (interview with **Ni Made Ketut Kustari**, owner and admin of @kunda_flowershop. Date: November 22, 2018 at 16:40)

The application of this algorithm is important for business development, but the amount of systematics that must be done at the same time makes the application complicated and difficult to do. Time is the most important challenge in the application of a more optimal Instagram algorithm.

"The working time of the online florist is very tentative, this makes me unable to update at the same time every day. If there is free time, I will upload photos as well as story Instagram, but if I am at full time work, it can take 2-3 days without any updates. This makes my audience less but does not make my sales figures go down." (Interview with **Jena Iswari**, owner and admin of @allunaflorist. November 22, 2018 at 16:35)

"This algorithm is actually detrimental in terms of the complexity of its application. The impact is that the post we just uploaded can also be stacked because we don't have maximum interaction in the first 60 minutes. Prefer systematics Instagram before this algorithm, it is more practical and easy, even though this algorithm helps us to get a wide audience." (Interview with **Ni Ketut Pebri Herlina**, owner and admin of @peonygardena. Date: November 25, 2018 at 16:35)

C. Opportunities and Challenges in Improving Competitive Advantage

Competitive Advantage is an important thing that every company needs to maintain in running a business. Competitive advantages can be in the form of product uniqueness or marketing strategy differentiation. Instagram algorithms can help online businesses check market conditions through groupings.

"This algorithmic system can help online florists to see the latest updates from competitors, whether in terms of product model development or branding. This update helps me as a producer and marketer to be more motivated in creating the latest innovations, so that the uniqueness of my florist attracts customers." (Interview with **Inash Sonya Anggraini**, owner and admin of @rhea_florist. Date: November 29, 2018 at 20:00)

The more appropriate marketing strategy can be achieved with this new Instagram system so that online businesses continue to choose Instagram as a marketing platform even though they don't increase sales significantly. The complexity of the application of the Instagram algorithm is also a motivation for online marketers to market a product.

"I always launch my new products through Instagram stories because most of my audiences prefer to see Instagram stories. As many product as I made that day will posted through story, only one or two of the best look that I uploaded on profile page. I also study this method regularly, seeing the development of the audience through the Instagram algorithmic system. This strategy is what I use as a distinctive feature of my florist, always updating through the Instagram story." (Interview with **I Gusti Ayu Tri Wahyuni Erika**, owner and admin of @royalfloristbali. Date: November 26, 2018 at 14:10)

V. CONCLUSION

Based on the aim of the study to find out the opportunities and challenges of the Instagram Algorithm, it was concluded that the opportunity provided by Instagram algorithm is to increase the audience, which means increasing prospective customers, detect market conditions so that online marketers can respond directly to strategies and reach more audiences. Whereas the challenge of the Instagram algorithm is from the complexity of application and working time which does not allow them to run this whole Instagram system regularly. The lack of knowledge about the systematics of the Instagram algorithm is also a challenge.

Instagram algorithms help online marketers get prospective customers and determine the right marketing strategy. The Instagram algorithm makes it easy for online marketers to be able to monitor the situation and market conditions, so they can determine the right and innovative marketing strategies, so that the competitive advantage is not lost. The Instagram algorithm does not fully influence sales fluctuations, therefore why online florists in the city of Denpasar who are also online marketers from their respective companies still choose Instagram as the main marketing platform.

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