

RETAIL

## Instagram challenges fashion retailers with standalone platform

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*Bergdorf Goodman continues to embrace digital trends, including Instagram TV. Image credit: Bergdorf Goodman*

By SARAH RAMIREZ

Social media application Instagram is reportedly developing a dedicated shopping platform that would have a significant impact on ecommerce should it come into fruition.

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The Facebook-owned platform is already an immense draw to businesses and advertisers. Since many online businesses already rely on Instagram for exposure, a standalone shopping hub would pose a challenge to ecommerce solutions such as Shopify.

"This app will be unique in that users are already following people and brands that inspire them and they have opted in to see their content regularly," said Christopher Motta, vice president of digital practice, **HL Group**, New York. "By adding the shopping option, users have already customized what they like."

### Instagram evolution

Since its launch in October 2010, Instagram has evolved beyond a social network for sharing photos of daily life.

"Instagram has been around for a short time in comparison to early social pioneers like Facebook, YouTube and Twitter," said Angela Seits, director of social media and influencer marketing at **PMG**, Fort Worth, TX. "It's succeeded because it continuously evolved in lockstep with user behavior."

Just this summer, Instagram dived headfirst into video with the launch of IGTV, a new home base for the platform's expanded video offerings, including hour-long videos and curated films.

The platform allows creators to make more varieties of video offerings, which have previously been limited in length and search capabilities. Instagram may be attempting to challenge YouTube for video dominance, something that brands who work with the platforms should be aware of ([see story](#)).

Already, luxury brands including fashion label Tamara Mellon and department store Bergdorf Goodman have embraced IGTV.



*Instagram launched an in-app shopping feature in 2017*

A standalone retail app, rumored to be called IG Shopping, would be another leap forward for retailers after Instagram incorporated shopping features last year.

"If Instagram were to launch a standalone shopping app in the future, it's a natural fit based on current user behavior," Ms. Seits said. "Instagram has become the key discovery platform for most retailers."

Instagram's current shopping feature allows brands and retailers to include product tags in images so users can purchase multiple items. Luxury brands and retailers now have the opportunity to reach a substantial audience made of affluent and aspirational consumers, which is vital to these brands.

The feature for businesses on Instagram allows them to quickly build the images through mobile devices, making it more convenient and faster to serve campaigns to users. The back-end experience is the same as tagging a user in a photo.

Users are able to purchase available items in images from businesses without having to leave the application ([see story](#)).



*With collection ads, customers can shop a brand's products directly from Instagram. Image credit: Chanel*

Instagram also rolled out a new ad format that blends advertising, social media and commerce by letting brands add a collection of viewable products to an Instagram ad that customers can then purchase without leaving the app. The launch of Collection Ads represents Instagram's continued drive to lure in more brands and retailers to its platform ([see story](#)).

"Instagram most likely noticed the extensive engagement from their shoppable tags and realized that users were looking to shop from brands and influencers they follow," Mr. Motta said.

However, despite Instagram's longevity, future success for IG Shopping is not a sure thing.

"With users being continually inundated with new apps to download and learn to use, it does make sense for the highly successful and trafficked Instagram app to add a feature so that brands won't need to rely only on loyalty customers to download their standalone app for shopping," said Marci Troutman, CEO of [SiteMinis](#), Atlanta.

"As long as Instagram doesn't get carried away with complexity, this shopping addition will add to millions of brands' bottom lines quickly," she said. "It does appear that the shopping app will be a separate download, which could cause a hiccup in starting out as the millennial mantra is and will continue to be 'simple is best, if you want us

to use this."

## Advertising dollars

Instagram is not just a must-have for retailers, as it is also a favorite among advertisers.

"As consumers have shifted away from engaging with ads to engaging with influencer-generated content, Instagram has capitalized on the built-in content engine of influencer-brand campaigns," PMG's Ms. Seits said.

Since the social media network launched its Ads API, brand spend on the platform has grown significantly with 65 percent more predicted to be spent on advertising this year compared to 2017.

A new report from [Brand Networks Research](#) found that video is proving to be the driving force among Instagram ads, with 66.2 percent of ad impressions being video. The research also shows that Instagram ad impressions have grown 46 percent year-over-year and 57 percent in investment ([see story](#)).

In a survey conducted by Cowen, 90 percent of respondents indicated they prefer to advertise on Instagram over Snapchat, as reported by Business Insider.

Part of this comes from Instagram's wildly successful Stories feature, a format that it lifted from Snapchat. However, Instagram has been able to monetize an arguably similar feature to a degree that Snapchat has not achieved with its own Stories feature ([see story](#)).

"Instagram is a constant source of inspiration for consumers from all over the globe," said HL Group's Mr. Motta. "By capturing consumers in the moment of inspiration, the platform has the unique ability to drive immediate conversion."

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