
INSTAGRAM'S
IMPACT
ON CANADIAN BUSINESSES



As Instagram continues to grow rapidly and master the mobile space in Canada, it is increasingly important to highlight how the platform is playing a role in empowering, enabling and supporting Small and Medium-Sized businesses (SMBs). Never before has it been so easy, engaging and cost-effective for businesses of all sizes, including SMBs to reach their customers.

According to new research commissioned by Instagram and conducted by Ipsos in Canada, SMBs are using the platform as a way of reaching and engaging a customer base, far beyond what might have been possible just a decade ago. The research uncovers a number of key emerging themes that are driving change and influencing discovery, inspiration and decision-making.

The study surveyed decision makers (who solely or jointly manage or contribute to their company's advertising, marketing, PR or communications) at SMBs who use Instagram for business purposes, as well as Instagrammers in Canada (13 years old and older) to understand more about usage patterns, behaviors and attitudes towards the platform.

For the Canadian SMBs in our survey that are using Instagram, the platform has a positive effect on their business and in the way that they communicate with existing and potential customers. More than half (51%) of the SMBs we spoke to agreed that their 'business is stronger today because of Instagram.' This is particularly prevalent for newly-established SMBs (less than 5 years). Also, the platform is empowering female entrepreneurs as 64% of women business owners agree that Instagram gives them the power to build their business on their own terms (significantly higher than amongst men).

Among SMBs in our survey:

- **Helping Young Entrepreneurs Find Success:** Instagram helped the next generation of SMB owners turn their passion into a business (60%) and 65% of decision-makers, 35-year-old or younger, agree their business is stronger today because of Instagram.

- **Inspiring Female Entrepreneurs:** In Canada, Instagram is helping to level the playing field inviting more female entrepreneurs to access the market.
- **The success of Instagram-first businesses: a bridge from traditional career to entrepreneur:** New SMBs (less-than 5 years) who are embracing Instagram are succeeding, and almost all business owners/founders (97%) are optimistic for the future.
- **Building deeper relationships with customers:** 48% of SMBs agree that Instagram is the best way to reach customers on mobile. At a local level, nearly three in five SMB agree that Instagram helps to connect with customers in their cities.

Among Instagrammers in Canada in our survey:

- **Inspiring Instagrammers to explore:** 65% of frequent travellers in Canada use Instagram for inspiration of destinations

This report provides insights on how Instagram is a key tool today in Canada, driving growth, passion and inspiration for businesses and Instagrammers, alike. Why is Instagram proving such a fundamental tool for SMB success? Results from our research point to these five mechanisms.

Technical Note – Report Methodology

In a study commissioned by Instagram, Ipsos interviewed online a representative quota sample (with quotas set by age and gender) of 1,500 Instagram users aged 13+ across Canada (Instagrammers) as well as 300 Instagram business users from small and medium businesses (under 250 employees). We interviewed 136 company owners / founders within the SMB sample. The SMB sample were all solely or jointly responsible for their company's advertising, marketing, PR or communication activities and use Instagram on behalf of their company. Interviews were conducted online between October 20 and November 2, 2017.

Sample size of the subgroups included


Instagrammers sample: Under 35s (n=1049),

35s and over (n=451), 16-25 (n=436), Frequent travellers: those that take 3-5 trips per year (n=459), less frequent travellers 1-2 trips (n=523).

SMB sample: Owners / founders (n=136), Newly established SMBs (under 5-year-old) (n=65), new business owner: owners/founders who have a newly established SMB (n=65), Under 35s (n=89), 35s and over (n=211).

Instagram's own examples have been included throughout the document.

- #1 Peace Collective (@peacecollective)
- #2: Flawless by Friday (@flawlessbyfriday)
- #3 The Purple Cupcake (@thepurplecupcake_)
- #4: Tonic Blooms (@tonicblooms)
- #5 Hopper (@hopper)

65%
**UNDER 35 YEAR
 OLDS AGREE
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 IS STRONGER
 BECAUSE OF INSTAGRAM**


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EMPOWERING GLOBAL BUSINESSES

The majority (70%) of SMBs questioned in Canada agree that Instagram is easy to use. Half of them (51%) agree that their business is stronger today because of Instagram – which is higher among the under-35 cohort (65%) and younger businesses (less than 5 years) at 57%.

The platform helps businesses become stronger, not only in sales terms, but in acquiring a solid base of customers – globally and even more so locally.

More than half agree (54%) that Instagram helps them to find new customers. At a local level, nearly three in five SMBs agree that Instagram helps to connect them with customers in their cities. At an overall level, 53% think that Instagram helps them find customers in other cities, provinces and countries.

By helping businesses find new customers, Instagram is contributing to SMBs' sales growth – 47% agree that they have increased sales because of Instagram.

Instagram has become a vital tool for business with 41% of company owners/founders agreeing “Instagram is an essential tool for running my company's business.” Furthermore, more than half (53%) would recommend it to other business owners / managers. Instagram is also seen by 48% of the SMBs interviewed as the best way to reach customers on mobile – which again increases significantly among under 35s (65%).

Our research points to five mechanisms by which Instagram is having a positive impact on the SMB landscape in Canada, helping empower businesses, as well as the customers they serve. For those who have matured in the digital age, young businesses are so central to a country's sense of growth, and Instagram is helping them grow and find success.

HELPING YOUNG ENTREPRENEURS FIND SUCCESS

65% of under 35-year-olds agree their business is stronger today because of Instagram

The next generation (under 35s) of Canadian SMB workers are embracing new technologies, like Instagram, to realize their dreams of owning their own business. Some business owners/founders say they never thought they would become an entrepreneur (18%), but Instagram helped them turn their passion into a business (60%) and even helped refine their business marketing strategy (16%). This was even higher among those under 35 years old at 29%.

Instagram's inherently visual nature means the platform is, for two thirds (65%) the best way for young entrepreneurs to express their business visually (44% 35s and over). Up to the point that 67% of under 35s say their Instagram profile provides the best representation of their business online (42% over 35s).

Instagram's reach spans the globe, enabling consumer connections. Young entrepreneurs agree that Instagram helps them connect with customers in other cities or provinces (66%) and even other countries (64%).

The positive effects of the platform are apparent when young entrepreneurs admit that Instagram helps them grow business (69%), hire new employees (20%) and increase sales (57%). In fact, 60% of young Canadian SMB workers agree that Instagram is an essential tool for running their business (41% for 35s and over).

UNDER 35 YEAR OLDS

60% OF OWNERS/FOUNDERS SAY THAT INSTAGRAM HELPED THEM TURN THEIR PASSION INTO BUSINESS

OF YOUNG ENTREPRENEURS FIND INSTAGRAM'S VISUAL PLATFORM IS BEST FOR THEIR BUSINESS **65%**

66% OF YOUNG ENTREPRENEURS AGREE THAT INSTAGRAM HELPS THEM CONNECT WITH CUSTOMERS IN OTHER CITIES OR PROVINCES

OF YOUNG ENTREPRENEURS ADMIT THAT INSTAGRAM HELPS THEM GROW THEIR BUSINESS **69%**

60% OF YOUNG CANADIAN SMB WORKERS AGREE THAT INSTAGRAM IS AN ESSENTIAL TOOL FOR THEIR BUSINESS

INSTAGRAM'S CASE STUDY #1 Peace Collective (@peacecollective)

Business ideas can start anywhere, even while watching a basketball game! Four years ago, when Yanal Dhailieh was just 23-years-old, a Toronto Raptors' playoff series inspired his clothing brand Peace Collective. Fast forward to now, the brand has sold thousands of units, have their own standalone retail stores and has even been worn by Toronto Blue Jays players. Peace Collective have made their mark in the Canadian landscape through partnerships with major popular culture brands in Canada, such as the Toronto Blue Jays and the Juno Awards, in the form of official clothing lines featuring logos and messages related to these brands.

The purchase of a Peace Collective garment provides two healthy meals and a snack to a child in the Canadian educational system through the Breakfast for Learning organization.

The Peace Collective team use Instagram daily, noting "Instagram has been the most important tool we have to market the brand and connect with local people." They use the Feed and Stories features to highlight new products, feature community members and showcase national points of pride.

Instagram ads are also an important part of the marketing mix in reaching current and prospective consumers.

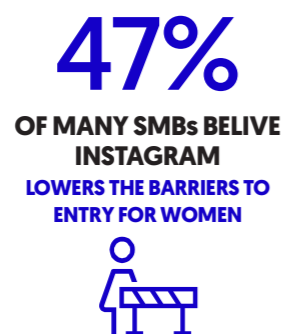
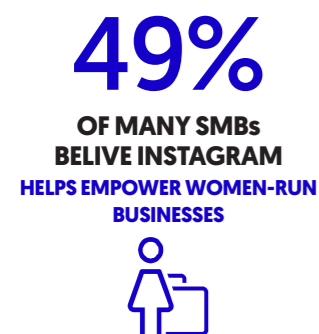
Results: Peace Collective launched a clothing line in partnership with the NBA. One of the challenges marketing this line in Canada is reaching fans of US NBA teams. The company used Instagram's targeting capabilities to reach these fans on the platform, seeing a 17x return on ad spend for the US NBA clothing line.

INSPIRING FEMALE ENTREPRENEURS

In Canada, Instagram is helping to level the playing field, inviting more female entrepreneurs to access the market

Many SMBs (53%) believe that Instagram creates opportunities for female entrepreneurs, helps empower women-run businesses (49%), and lowers the barriers to entry for women (47%). In fact, 45% claim Instagram helps to overcome gender stereotypes, by enabling these opportunities for women in business.

Additionally, 64% of women in SMBs agree that Instagram gives them the power to build their business on their own terms (significantly higher than men). With the increased challenges of juggling a career and family life, 57% women in SMBs agree that Instagram gives them the flexibility to build a business that works with their schedules. Significantly more under 35s agree that Instagram breaks gender stereotypes – two thirds believe that it helps empower women-run businesses breaks gender stereotypes (62%) and lowers barriers for women (57%). These views are particularly strongly held by young women, when looking at younger women vs those aged 35s and over, nearly two thirds (59%) believe that Instagram helps to empower female entrepreneurs.



INSTAGRAM'S CASE STUDY #2: Flawless by Friday (@flawlessbyfriday)

As a former makeup artist, hair dresser, and skin care consultant, Flawless by Friday founder Brittany was inspired her to pursue a career in makeup and skincare after being witness to the rollercoaster of confidence and insecurities driven from those around her. At just 30 years old, Brittany's company is becoming one of Canada's fastest growing cosmetic lines, with products sold online and at Hudson's Bay, Lord & Taylor and Indigo.ca to name a few.

As a skin care consultant, Brittany was passionate about building confidence in her customers with easy to use products. It was from there that she started her skincare line, starting with a five day/step solution. This sparked a line of skin care and colour centred around the concept of speed and simplicity to help people find their own flawless.

The brand runs paid ads, promotion with other local businesses, runs influencer events, started a self-love campaign #flawlessmyway, there is also a brand ambassador program leveraging micro influencers. They recently started using IGTV for make-up tutorials. Brittany regularly uses stories and posts twice a day to Instagram.

Brittany is passionate about her role as a young female entrepreneur and founded Concept x Flawless by Friday at Yorkdale Mall. This summer Concept is showcasing over 50 innovative Canadian business, products and services created by women.

THE SUCCESS OF INSTAGRAM-FIRST BUSINESSES: A BRIDGE FROM TRADITIONAL CAREER TO ENTREPRENEUR

New SMBs (under 5 years) who are embracing Instagram are succeeding, and almost all business owners/founders (97%) are optimistic for the future

Nearly all the SMBs interviewed are optimistic for the future and more than half are 'very' optimistic. This optimism and enthusiasm is mostly driven by the younger generation – 65% of the under 35s are very optimistic (48% within 35s and over). As previously highlighted, half agree that their business is stronger today because of Instagram. Therefore, most of them (56%) plan to maintain or increase their investment in Instagram.

For many businesses, Instagram is the default mode of interacting with customers, with 37% of SMBs saying they prefer to send customers to their Instagram profile instead of their company website – and even 42% saying it's more essential than a website. This jumps to 51% for those under 35.

The visual aspect of the platform is a unique-selling point for SMBs willing to promote their brands in a more creative, engaging way. More than three in five agree that images and videos on Instagram inspire customers and that photos and videos helps their customers decide what to buy. This is also reflected among Instagrammers: 59% are inspired by the photos and videos they see on Instagram.

INSTAGRAM'S CASE STUDY #3: The Purple Cupcake (@thepurplecupcake_)

Jyoti Nanra of The Purple Cupcake runs her business entirely on Instagram. 100% of her marketing is on Instagram and she uses it as her primary business presence to attract new and existing customers. She has no storefront, yet her ongoing success has resulted in a massive following of over 160k followers. Her baked goods are a work of art, feature eye-popping colours and even edible 24-karat gold leaves.

Jyoti started her business three-and-a-half years ago after sharing her own baking creations at home. She quickly developed an eye-popping style that's attracted traffic to her page organically. She's since expanded from her home to a commercial kitchen space where she creates all the desserts on a made-to-order basis.

Results: Jyoti regularly uses Instagram Stories to share behind-the-scenes footage of some of her ongoing projects, as well as photos and videos in feed. She's considering IGTV to share longer form content.



BUILDING DEEPER RELATIONSHIPS WITH CUSTOMERS

48% of SMBs agree that Instagram is the best way to reach customers on mobile

More than half (58%) of Instagrammers in Canada use the platform everyday – this figure jumps to 72% among 16-25-year-olds.

Instagrammers in Canada are inspired by the photos and videos they see on Instagram (59%) and the platform helps them decide what they want to purchase (26%).

This conversation is a two-way street, and a small majority of SMBs say that Instagram helps create deeper and more meaningful relationships with their customers (54%). Direct messages are an easy way for them to interact with customers (56%).

59%
OF CANADIAN CONSUMERS SAY THEY ARE INSPIRED BY CONTENT THEY SEE ON INSTAGRAM



26%
OF CANADIAN CONSUMERS SAY THE PLATFORM HELPS THEM DECIDE WHAT TO PURCHASE



INSTAGRAM'S CASE STUDY #4: Tonic Blooms (@tonicblooms)

Michael and Raphi were high school best friends who started their business together in 2016 after both having less-than-stellar experiences sending flowers. The duo identified an opportunity to improve on the delivery aspect of the floral business, and then took the jump from full-time employment in finance and hospitality to entrepreneurship. Before launching their social sites, they were taking orders via text message. Tonic Blooms' on-demand model promises to deliver all orders within two hours. "We're trying to bring the joy back to sending flowers. A lot of customers do it 'just because,' so we want to make sure it's convenient, easy and most importantly, enjoyable!" Instagram is a key part of the company's marketing mix. Currently, they are 'scrappy' with it - each owner updates and responds to inquires personally vs. having a set social calendar. Primarily they use it to showcase products and event recaps, increasingly they are seeing a rise in engagement when using Stories. On this channel, they are able to showcase the behind the scenes look at their business and consumers are loving it. Another feature they use often is Direct Message. This is a key form of consumer support for the Tonic team. They get messages daily from their Instagram community and respond within the hour to product inquiries and event inquiries as well as collaboration and partnership opportunities.

INSPIRING INSTAGRAMMERS TO EXPLORE

65% of frequent travellers in Canada use Instagram for inspiration for destinations

Unsurprisingly in Canada, friends (78%) and family (64%) are the biggest source of influence on Instagram – with over two thirds of Instagrammers claiming to follow them on the platform. However, Instagrammers also find inspiration from elsewhere. Travel bloggers themselves are followed by nearly half of Instagrammers (48%), followed by celebrities and even people they don't personally know.

The influence that friends and family can have on Instagram is also confirmed by the actions taken by Instagrammers after seeing a post from them; 29% state that they travelled to a destination, 37% visited a restaurant, and just over a third (31%) claim to have followed a brand or business that their friends followed on Instagram.

It's clear that influence stems strongly from peers (friends and family) on the platform, and it is young Instagrammers who are more receptive to this. Instagrammers aged 16-25 are more likely to do something if their peers do so themselves - close to three in five (58%) of Instagrammers aged 16-25 are inspired to travel because of posts that they have seen on Instagram.

Instagram is also a popular place to go for those who regularly travel (those that take 3-5 trips per year). When planning their next travel destination, frequent travellers are more likely than less frequent travellers (1-2 trips per year) to use Instagram for advice, tips and general travel inspiration. In fact, 65% of them find that Instagram inspires them with destinations. Aside from being a social space, Instagram is also clearly a planning tool for Instagrammers and a place to discover where the next new must-see place is.

INSTAGRAM'S CASE STUDY #5 Hopper (@hopper)

Montreal-based travel company, Hopper, recently ran a campaign on Instagram Stories that resulted in an 80% higher booking rate for new users.

Launched as a mobile app in 2015, Hopper is a travel company that uses big data to predict the future of airfares, so that people can get the best deal when booking flights. With over 17 million installs, Hopper is one of the fastest growing travel apps ever. Hopper wanted to generate app installs and flight sales by advertising their service to potential travellers who are already comfortable with booking travel on mobile. Hopper wanted to target a broad audience of millennials using ads in Instagram Stories, and test this approach against ads run on other platforms. Hopper promoted hundreds of deals every week using illustrations of dream destination locations – like the Taj Mahal or the Giza pyramids – as well as major departure cities in Canada and the US.

Results: The campaign reached 7.5 million people in Canada and the US. Compared to other channels, the Instagram Stories ads resulted in 67% higher rate of app installs and 80% higher booking rate for new users.

39%
OF THOSE AGED 16-25 FIND POSTS THEY'VE SEEN HELPED THEM DECIDE ON WHERE TO EAT OR DO