



# Instagram Case Study

## Problem statement

To handle the request of **helping advertisers find influencers** to market their products/services and vice-versa.

## Why should we create this solution?

- Instagram should build this solution mainly to be a complete **one-stop shop** for influencers and advertisers.
- This will improve **engagement** on the application.
- This solution will **stop any third party management tools** to squeeze out this **revenue** from Instagram. They can generate this revenue in two ways:

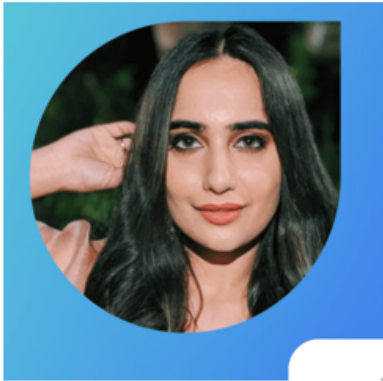
1. They can have a **subscription based model** to earn a constant income every month.
2. They can take a **small processing fee** for every match.




# Who are the users?

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## 1. Influencers:

 <p>Kusha Kapila, Influencer.</p>	<p><b>Behaviours:</b></p> <ul style="list-style-type: none"><li>• <b>Creates</b> content/videos on YouTube, Instagram and other social media.</li><li>• No <b>time</b> to <b>handle advertisers</b>.</li><li>• Doesn't want to shell out extra amount to find/ receive ad requests.</li></ul>
<p><b>Demographics of an influencer:</b></p> <ul style="list-style-type: none"><li>• Age group of 18-24.</li><li>• New to finding advertisers.</li><li>• New to dealing with brands.</li></ul>	<p><b>Needs:</b></p> <ul style="list-style-type: none"><li>• Common platform to handle money related issues.</li><li>• Wants to handle multiple ad requests.</li><li>• Wants to deal with conflicts between the ad requests and a calendar to handle deal with it</li><li>• To handle revenue details earned from every ad.</li><li>• Have a common checklist with advertisers for every ad to make sure all steps are followed.</li></ul>

## 2. Advertisers:

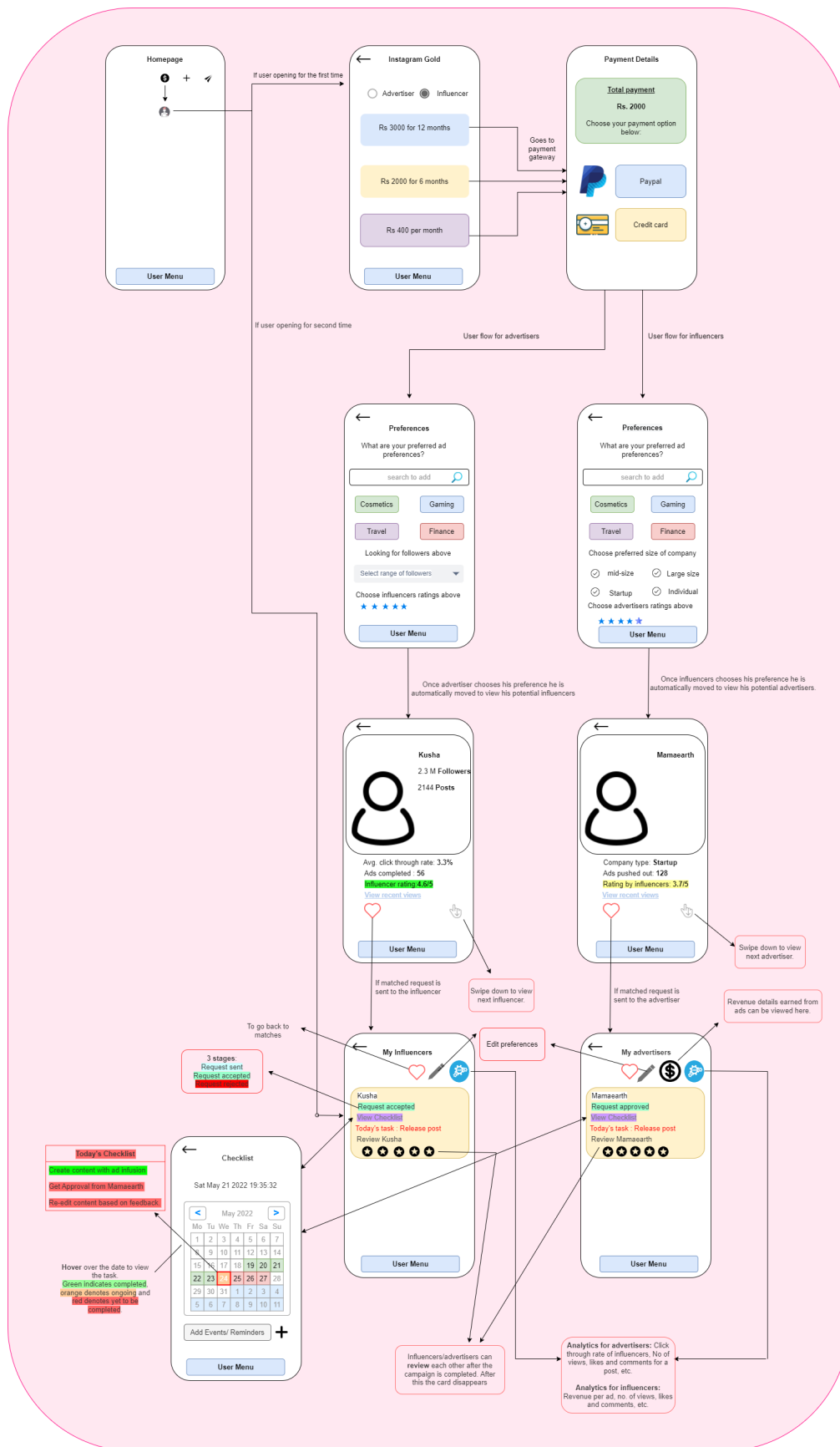
	<p><b>Behaviours:</b></p> <ul style="list-style-type: none"><li>• <b>Needs influencers</b> to promote their product/service.</li><li>• No <b>time</b> to <b>find and follow up with influencers</b>.</li><li>• Doesn't want to shell out extra amount to find/ receive influencers and their requests.</li></ul>
<p><b>Demographics of an influencer:</b></p> <ul style="list-style-type: none"><li>• Can be an individual, a group or a company.</li><li>• Can be new to finding influencers for promotion.</li></ul>	<p><b>Needs:</b></p> <ul style="list-style-type: none"><li>• To find influencers for advertising.</li><li>• To calculate the ROI and other important metrics achieved through the ad posted.</li><li>• To get all the influencers post with a single button through an API.</li><li>• To maintain common checklists of things to be done by the influencers to be on the same page.</li></ul>

## Solution

- Now that we understand our problem and users and why it's beneficial to solve this issue. Let's work on the solution :)
- My solution would be to **build a matchmaking process between the advertiser and the influencer based on their preferences.**
- I suggest we build a **subscription based model** to match influencers and advertisers. We can use a **three tier system**:
  1. 3000 for a year's subscription.
  2. 2000 for 6 months of subscription.
  3. 400 for 1 month of subscription.
- I've chosen the middle tier as the **decoy effect**. This will attract users towards a year's subscription instead of 6 months of subscription and will lead to longer subscriber of our service.
- Initially, we can offer a **month of free subscription** to influencers and advertisers to **acquire them.**
- Do note that the pricing I've mentioned is in accordance with other matchmaking applications (of Indian market). This **price could however be A/B tested** with different prices for an optimal price.
- Once the user completes the payment, we will have **different userflows** based on if the user is an influencer or an advertiser.
- The advertiser/ influencer can **choose their preference** on what type of content, company and the range of influencer they want to work with. In the userflow, I've shown very few filters but this can easily be extended for a lot more filters :)
- Based on the preferences, they can **get results of influencers/advertisers of their choice.** I chose this path as I felt sometimes influencers can be bothered with

brands they don't want to deal with vice versa. This can help them greatly filter their choice.

- Once they match, a **common checklist** is provided to handle their process smoothly based on their timeline on a daily basis.
  - They can handle **multiple influencers/advertisers** in a single tab with **required analytics**.
  - After each advertisement requests influencers and advertisers rate each other out of 5, to know about the ease of working with them. This can be a useful data for new prospects as they can rely on this rating for confirmation.
  - Please find the workflow below. Do note **that I've combined wireframes with userflow for better understanding**. I've also attached the better quality JPEG file of the same in the email in case the image seems blurry here.
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## Prioritization

- Prioritize on making sure the **payment gateway flow works well**, as users should not have any hassle while dealing with money.
- Next, we could then focus on building the **core matchmaking algorithm**.
- We could then prioritize on **post matchmaking userflows** – handling request, checklists, etc.
- We could then build on **basic analytics** – **click through rate**, **cost-per-mille (CPM)** and **expected profit per click**.

## Metrics

### User acquisition

- No of **influencers and advertisers** and their **growth** on the **platform** over the time.
- Most **effective marketing channels** to **acquire** the users.

### Activation

- No of users **subscribing to gold**.
- No of users performing **atleast one match**.



## Retention

- What is the **churn rate** for the subscription?
- No of users **matching more than 2 times**.

## Revenue

- **Growth of gold** subscription.
- Cost of acquisition of a customer. (**CAC**)

## Alternative Solutions

- Another option could to **search for specific influencers/advertisers** to work through the Instagram search page. We can add an option to send advertising request and handle a small processing fee on success. The same could be done for the influencer side as well.
  - I didn't prefer this solution due to the following reasons below:
    1. Users will have to manually on their own research their prospects based on their preference. This will add an extra layer of effort for the users and may be reluctant to use it.
    2. Handling such enormous amount of processing fees scattered over might be a daunting task.
    3. Users will have to shell out money for every match which can make them conscious over their choice and might not lead to a conversion.
    4. Subscription based and matchmaking process eliminates all these issues and makes it fun and seamless for the users to use it well. After all, it's Instagram :)
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