

## **INSTAGRAM**

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## **ABSTRACT**

*This case follows the trajectory of a high-tech company that started with a founder's passion who developed an application that had appeal and scalability. As such it is an excellent example of a technological innovation that received VC funding, obtained popular acceptance and growth from an idea to harvest. The company faces numerous external issues from government, societal, and parental concerns to younger generations who are prone to adopt the latest and greatest social media platform.*

Keywords: Instagram, entrepreneurship, technology, marketing, social media

## **INTRODUCTION**

Instagram's founder developed an application that allowed his friends to post pictures and share information about his passion for bourbon and whiskey. After showing his application to two venture capitalists, he received funding to further develop his idea. Once published, it acquired 25,000 users the first day, 100,000 downloads in the first week and then acquired over 1 billion users at the end of the first year.

In April of 2012 Facebook acquired the company and slowly added social media features that acquired more customers. It is now a popular social media platform. Along the way it has raised government, societal, and parental concerns about bullying and disinformation. Can it continue its phenomenal growth, keep its technology evolution, and avoid what is happening to it's the earlier technological innovation, Facebook? There younger generations perceive Facebook users as "older" and out of technological touch.

## **THE TEACHING NOTE**

### **Instagram**

#### **Overview of the case**

This case follows the trajectory of an idea into an application that has appeal and scalability. As such it is an excellent example of a technological innovation that received VC funding, obtained popular acceptance and growth from an idea to harvest. The company faces numerous external issues from government, societal, and parental concern to younger generations who are prone to adopt the latest and greatest social media platform.

#### **Suggestions for using the case**

A number of different classes could benefit from the example of a successful application into a successful company and eventual sale to a big technology company. Such classes could include beginning management, strategic management, marketing, digital marketing, social media marketing, and entrepreneurship classes.

#### **Learning Objectives**

1. Analyze company actions by applying brand management principles.
2. Analyze the macro-environmental forces using a SWOT analysis.
3. Analyze the competitive environment using Porter's Five Forces Analysis.
4. Evaluate the leadership and actions taken.
5. Recommend future actions that senior management could take to continue Instagram's growth.

#### **Suggested Assignment Questions**

1. Prepare an analysis of environmental macro-environmental factors and explain how they impact the industry and company.
2. Prepare a Porter's Five Forces analysis of the industry.
3. What actions should the company take with respect to the EU and US's privacy concerns?
4. What marketing or strategy should they pursue to maintain their brand recognition in the future?
5. What recommendations would you make to senior management for the future direction of the company to maintain or grow the company?

#### **References available upon request**