The Analysis of Instagram Technology Adoption as Marketing Tools by Small Medium Enterprise

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Abstract: In today’s technology driven world, not all technologies could be adopted easily. There are many factors that affect its level of adoption; the most common factors are the perception of usefulness and perceived ease of use. Instagram is a picture-based social media tools or applications which also offer a photo-editing features to create a better desirable results. The theory that is appropriate to test the level of adoption and factors that influence Instagram is Technology Acceptance Model (TAM). TAM explains the behavior of users towards technology adoption. The population of this research is the Instagram users residing in Indonesia. Samples will be obtained using non-probability purposive (judgmental) sampling. Data analysis will be done using path analysis. The result of this research could determine the factors that significantly affect the acceptance of technology similar to Instagram and hence applications can achieve a similar adoption rate as Instagram.

Keywords: social media, technology, applications, Instagram, Technology Acceptance Model, SMEs.

I. INTRODUCTION

Internet Technological advancements have shown the potential to change businesses by creating opportunities for Small Medium Enterprises (SMEs) to emerge and for established organizations to innovate their business model. Specifically, in Indonesia, the growth has been exponentially, the recent number of Internet users in Indonesia has reach to 88.1 users [1].

Among the internet technology, social media like Facebook, Instagram, Twitter, and Path are the dominant players compared to others. Survey Agency JakPat announced a report on the social media trends among Indonesians in early January 2016, 87.45% of the 1033 respondents said that they accessed Facebook while 69.21% also accessed Instagram, Twitter at 41.31%, Path at 36.29%, and popularity of Google+ remains relatively high at 20.08% [2, 3].

Other interesting phenomenon are the rapid growth of SMEs in Indonesia during the last decade. Predominantly in Indonesia, SMEs are crucial to the success in the decline of unemployment numbers and improving economic growth in Indonesia. SMEs have participated greatly in stabilizing economy. Support to SMEs should be stimulated to support Indonesia becoming influential economic powers in the world. Therefore, research on Indonesian SMEs is considered very important for academics and business practitioners in Indonesia.

II. METHODOLOGY

A. Technology Adoption Model

Technology Acceptance Model (TAM) Technology Acceptance Model (TAM) was first introduced by Davis in 1986. TAM is a model system used to analyze and understand the factors that influence the acceptance of the use of technology. At first, TAM is the development of a theory that was adopted from the model of Theory of Reasoned Action (TRA) [6] which analyzed the influence of belief the attitude that affects intentions and ultimately manifested in behavior. TAM theories chosen for this analysis because TAM is the right model to analyze the factors that influence the adoption of technology by its users. TAM is also the theory that the most frequently used.

TABLE 1. GROWTH OF INDONESIAN SMES DURING 2014-2015

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
<th>Percent</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>3,220,563</td>
<td>91.27%</td>
<td>3,385,851</td>
<td>91.69%</td>
</tr>
<tr>
<td>Small</td>
<td>284,501</td>
<td>8.06%</td>
<td>283,022</td>
<td>7.67%</td>
</tr>
<tr>
<td>Medium</td>
<td>23,698</td>
<td>0.67%</td>
<td>23,744</td>
<td>0.64%</td>
</tr>
</tbody>
</table>

Source: Badan Pusat Statistik (Data Proceed)

Social media sites are seen as great contributor to the growth of Indonesian SMEs, particularly the one which provide platform that enables the exchange of pictures, texts, videos, or even hyperlinks to other websites between users with common interests [4]. Furthermore, several social media provider start to offer custom advertisement services which enable targeted audience based on demographic criteria.

The analysis in this study will be based on a theoretical framework the Technology Acceptance Model (TAM) [5]. TAM is a development of the Theory of Reasoned Action (TRA) [6] which analyzed the influence of belief the attitude that affects intentions and ultimately manifested in behavior. TAM theories chosen for this analysis because TAM is the right model to analyze the factors that influence the adoption of technology by its users. TAM is also the theory that the most frequently used.