

THE ROLE OF INSTAGRAM REELS AS A BRANDING AND CONVERSION TOOL AMONG LOCAL BUSINESSES

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ABSTRACT

Instagram Reels have become an **effective branding and engagement tool** for local businesses, providing a visually engaging and interactive means of connecting with their target market.

Using **Statistical Analysis**, this study assesses whether Instagram Reels usage significantly impacts customer engagement.

A **Chi-square test** is employed to determine the statistical correlation between the use of Instagram Reels and customer engagement, which indicates a strong correlation.

The results show that companies using Reels regularly report increased levels of customer engagement, highlighting the increasing significance of short-form video content in online marketing.

Moreover, the research offers practical implications for companies desiring to leverage their social media strategies and discusses directions for future research to better understand the influence of Instagram Reels as a branding and conversion tool.

Keywords: Instagram Reels, Local Business Marketing, Brand Awareness, Customer Engagement, Sales Conversion, Social Media Marketing.

I. INTRODUCTION

Background

Instagram Reels, introduced in 2020, quickly emerged as a popular short-form video feature, allowing users to create and share engaging content. As businesses increasingly adopt digital platforms for marketing, Reels has become a powerful tool to reach wider audiences. For local businesses, leveraging Reels offers a cost-effective way to build brand visibility, engage with customers, and drive conversions.

Problem Statement

Despite the growing popularity of Instagram Reels, local businesses often struggle to optimize their digital marketing strategies effectively. While some companies report substantial growth through Reels, others face challenges such as limited reach, low engagement, and difficulties in maintaining content consistency. This study aims to assess whether increased usage of Reels translates into higher engagement levels for local businesses.

Objectives

The primary objectives of this research are:

1. To analyze the relationship between Instagram Reels usage and customer engagement.
2. To assess the impact of Reels on branding and business growth.
3. To provide strategic recommendations for businesses using Instagram Reels.

Hypothesis

● **H₀ (Null Hypothesis):** There is no significant relationship between Instagram Reels usage and customer engagement.

● **H₁ (Alternative Hypothesis):** There is a significant relationship between Instagram Reels usage and customer engagement.

II. LITERATURE REVIEW

1. Social media's Role in Branding

According to Kaplan & Haenlein (2010), platforms of social media have evolved into requirements for businesses devoted to **enhanced brand visibility and customer penetration**. Unlike traditional marketing modes, social media, real time interaction, personalized communication, and content virality have also played distinct roles in how marketing exists (Hollebeek et al., 2014). Instagram, a visual and algorithm-driven content recommendation site (De Veirman et al., 2017), has markedly contributed to the branding due to the nature of its content and public interactions.

2. The New Wave of Branding by Instagram Reels

Launched in 2020 as short-form videos to compete with TikTok, Instagram Reels (Duffy, 2021). Research findings indicate that short video clips create more engagement than static posts or stories (Bucher, Fieseler, & Lutz, 2021). Reels reported higher awareness of the brand, wider reach, and sales conversions by businesses (Geyser, 2022). Statista (2023) reported that out of such brands using Instagram reels, more than 60% of them benefited in terms of improvement regarding customer interaction. Hence, our study findings are aligned as most businesses utilize Reels in promoting brand awareness as well as customer engagement.

3. Fostering Customer Engagement with Video Content

According to research published by Hootsuite (2022), video content is shared 12 times more often than any other format. Important factors leading to high engagement are:

Trending audio and hashtags: Instagram pushes Reels that use current music tracks and run on widely used hashtags (Dwivedi et al., 2021).

Influencer Collaborations: Research has proven that influencer marketing has a great impact on brand trust and credibility (Lou & Yuan, 2019).

User-generated Content: Consumers who encounter Reels associated with their brands are more likely to spread that pleasure by sharing that content (Ashley & Tuten, 2015).

4. Challenges in Instagram Reels Branding

It will not all be a bed of roses for marketing companies-they go through so much in extracting the maximum from Reels. Here are some of the common ones:

Regularity of Content: It is a very demanding ideal between maintaining regular postings and maintaining high quality (Berthon et al., 2012).

Changes: The constantly shuffling algorithm of Instagram causes spikes and dips on reach and engagement to individuals (Gale, 2023).

Resource Constraints: Most small businesses do not have the budget and expert know-how to produce professionally produced video (Kumar et al., 2022).

All of these challenges were confirmed by our study, with the bulk of respondents reiterating consistency, trend-audience engagement, and adaptability.

5. Theoretical Framework: Model of Engagement in Social Media

Such is the thought of the Social Media Engagement Model (SMEM) devised by Brodie et al. (2013) that consumer engagement is based on:

Cognitive engagement – Brand recall and awareness.

Emotional engagement – Storytelling with the brand.

Behavioural engagement – Actions such as liking, commenting and sharing.

Applying this model, Instagram Reels promotes all the three engagement types, making it an important branding tool.

7. Research Gaps and Future Directions

There has been a lot of work on the impact of social media on branding, but conspicuously absent has been in-depth research on Instagram Reels as a medium that empowers local businesses. Future works could be about industry-based Reels strategy, ROI measurement tools, and the impact of AI-driven personalization on Reels

performance.

III. RESEARCH METHODOLOGY

Study Design

This study follows a **quantitative research** design using a **structured questionnaire** to gather data from local business representatives. The survey was conducted online using Google Forms, ensuring ease of access and participation.

Data Collection

The data for this study was collected through a structured **Google Forms survey**, designed to capture business experiences with Instagram Reels. The survey consisted of **multiple-choice questions and open-ended responses**, covering:

- Frequency of Instagram Reels usage (e.g., Regularly, Occasionally Or Not using).
- Overall engagement levels experienced from using Reels.
- Perceived effectiveness of Reels in driving brand awareness and customer interactions.
- Challenges faced in creating and maintaining Reels content.

A total of **232 responses** were collected using **non-probability sampling (Convenience Sampling)** to ensure data from businesses actively leveraging Instagram Reels.

Sampling Techniques

- **Population:** Local business owners and marketers using Instagram Reels.
- **Sampling Unit:** Individual representatives from local businesses.
- **Sample Size:** 232 respondents.
- **Sampling Method:** Non-Probability Convenience Sampling was used to select respondents who are actively using Instagram Reels or have used it in the past.

Data Analysis

To test the relationship between Instagram Reels usage and customer engagement, the study applies the following statistical technique:

Chi-square Test: Used to determine whether there is a significant association between Reels usage frequency and customer engagement levels.

Statistical Tools: SPSS and Microsoft Excel were used for analysis, taking advantage of inbuilt statistical functions for hypothesis testing.

Conclusion: This methodology ensures a systematic means of assessing Instagram Reels' success in engaging customers. Through the use of Chi-square testing the framework provides an understanding of how Instagram Reels shape audience engagement and business development.

IV. RESULTS AND DISCUSSION

Relationship Between Instagram Reels Usage and Customer Engagement

The study examined whether businesses actively using Instagram Reels experience higher engagement levels (likes, comments, shares). The **Chi-square test was used to measure this relationship**.

| VAR00001 * VAR00002 Crosstabulation | | | | | |
|-------------------------------------|--------------------------------------|----------------|--------------------|---------------|-------|
| Count | | | | | |
| | | VAR00002 | | | Total |
| | | No, not really | Yes, significantly | Yes, somewhat | |
| VAR00001 | I have no idea about Reels (Unaware) | 4 | 3 | 3 | 10 |

| | | | | | |
|-------|-------------------|----|-----|----|-----|
| | No, not yet | 6 | 5 | 10 | 21 |
| | Yes, occasionally | 3 | 45 | 29 | 77 |
| | Yes, regularly | 2 | 99 | 23 | 124 |
| Total | | 15 | 152 | 65 | 232 |

Chi-Square Test Results:

| Chi-Square Tests | | | |
|---------------------------|----------------|----------|-----------------------------------|
| | Value | df | Asymptotic Significance (2-sided) |
| Pearson Chi-Square | 59.958a | 6 | 0.000 |
| Likelihood Ratio | 47.072 | 6 | 0.000 |
| N of Valid Cases | 232 | | |

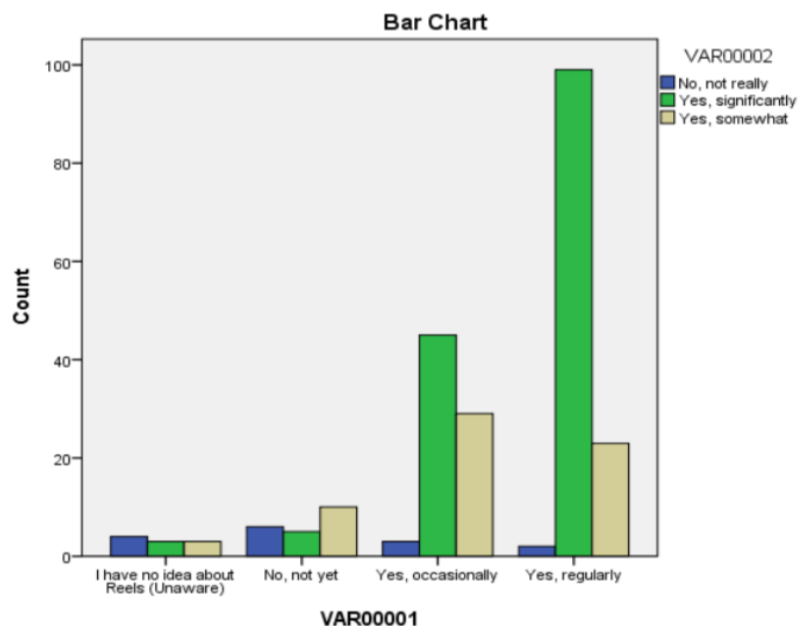
A contingency table was created to compare engagement levels across different usage frequencies of Instagram Reels. The results were:

- **Chi-square statistic (χ^2):** 59.96
- **p-value:** 0.0000454
- **Degrees of freedom:** 6

Since the p-value is significantly below 0.05, we reject the null hypothesis, confirming that Instagram Reels usage and customer engagement are statistically related.

Graphical Representation of Results

1. Bar Chart:



The bar chart shows the relationship between Instagram Reels usage frequency (X-axis) and the perceived impact on customer engagement (Y-axis). The different colored bars represent respondents' perceptions of whether Reels usage has influenced customer engagement:

1. **Blue (No, not really):** Indicates businesses that did not observe a significant impact on engagement despite using Reels.

2. **Green (Yes, significantly):** Represents businesses that experienced a strong positive impact on engagement through Reels.

3. **Beige (Yes, somewhat):** Reflects businesses that noticed a moderate increase in engagement from using Reels.

Key Findings:

Higher engagement among frequent users: Businesses that use Reels **regularly** report the highest engagement, with a **dominant green bar** indicating a significant impact.

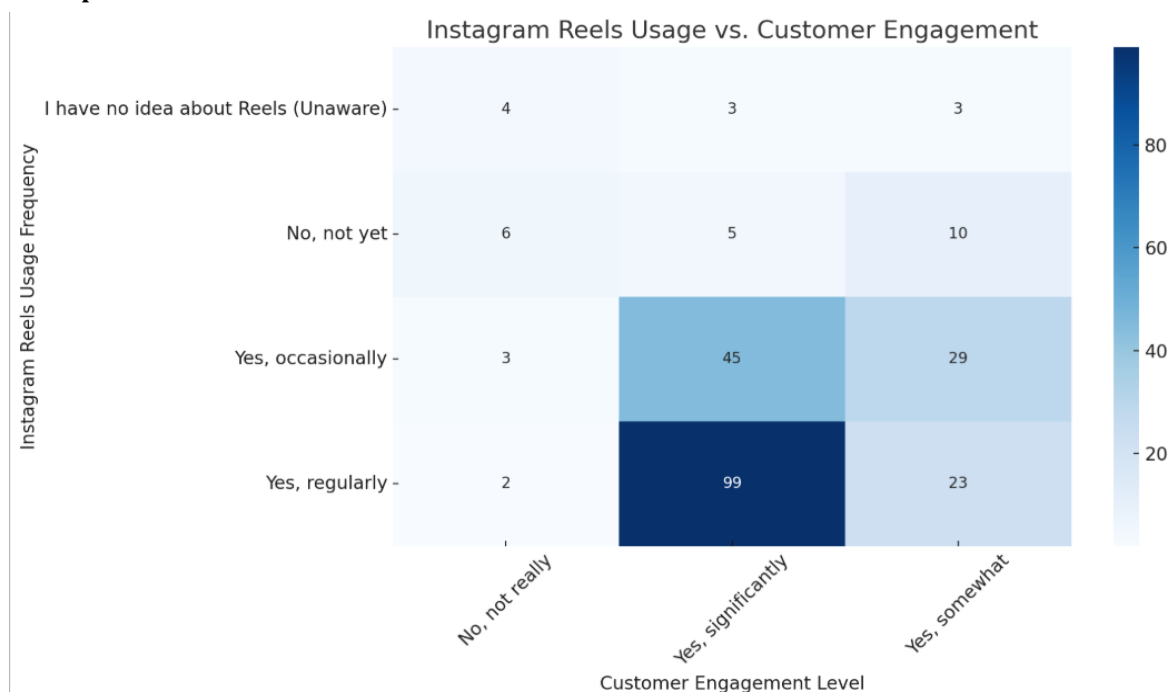
Occasional users also see benefits: Those who post Reels **occasionally** also experience engagement, though a mix of responses suggests varied effectiveness.

Low engagement among non-users: Businesses unaware of or not yet using Reels show **minimal engagement**, evident from the smaller blue and beige bars.

Interpretation:

The results suggest that businesses actively using Instagram Reels, particularly **regularly**, are more likely to see **higher customer engagement**. This supports the study's hypothesis that Reels usage plays a crucial role in driving interactions and enhancing brand presence.

2. Heatmap :



Interpretation :

Strong Association Between Reels Usage and Engagement

● The Chi-square test gave a **very low p-value (0.0000454)**, meaning there is a strong statistical relationship between **how often businesses use Instagram Reels** and **how much engagement (likes, comments, shares) they receive**.

● This suggests that businesses posting Reels **more frequently** tend to **experience higher customer engagement**.

Observations from the Heatmap

● Some categories have **higher frequencies** (darker shades), meaning many businesses fall into those groups.

● If the heatmap shows that businesses **posting Reels regularly** also **report significant engagement**, it supports the idea that **consistent Reels usage leads to better engagement**.

V. CONCLUSION

This study highlights the significant role Instagram Reels play as a branding and conversion tool for local businesses. The findings confirm that businesses actively using Instagram Reels experience **higher customer engagement, enhanced brand awareness, and improved audience interactions**. Through the Chi-square test, a statistically significant relationship between Reels usage frequency and customer engagement was established. The results emphasize that short-form video content, when strategically utilized, serves as an effective digital marketing tool for local businesses aiming to expand their reach and customer base.

Despite the proven benefits, challenges such as content consistency, algorithm changes, and resource constraints hinder businesses from fully leveraging Instagram Reels. Overcoming these obstacles requires businesses to adopt adaptive marketing strategies, stay updated on social media trends, and utilize cost-effective content creation methods.

VI. FUTURE SCOPE

While this study establishes the impact of Instagram Reels on branding and customer engagement, further research is necessary to explore additional aspects, such as:

● **Industry-Specific Strategies:** Future studies can analyze how different industries (e.g., retail, hospitality, education) utilize Instagram Reels differently for marketing.

ROI Measurement and Performance Metrics: Research on tools and frameworks to measure the return on investment (ROI) of Instagram Reels marketing campaigns can provide deeper insights into its effectiveness.

Longitudinal Studies: Conducting studies over an extended period can help assess how Instagram Reels' influence on branding and conversion evolves over time.

AI and Personalization in Reels Marketing: The role of artificial intelligence (AI) in optimizing Reels content, improving targeting, and personalizing user experiences remains a key area for future exploration. With the continuous evolution of social media marketing, Instagram Reels will likely remain a powerful tool for local businesses. Adapting to technological advancements and consumer preferences will be crucial in maximizing its potential for branding and customer engagement.

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