



Insta360 Catches the Wave of Industry Growth

Factors of Insta360's Success

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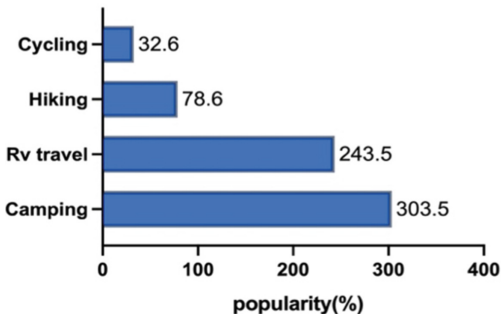
Abstract. The global panorama camera industry has four main waves: virtual reality consumption, short video, outdoor economy, and camera imaging technology. The main consumer panorama camera companies in the world are Insta360 in China, Ricoh in Japan, and GoPro in the United States. This paper discusses the uniqueness of Insta360 in the market by focusing on business model, five forces analysis and key competitiveness, and finds that its advantages come from innovation-driven growth strategy, carefully selected marketing strategy and sensitivity to customers' pain points in the process of product development and innovation.

Keywords: Global panoramic camera market · Business model · Technological strategies · Marketing strategies · Key competencies

1 Introduction

The global panorama camera market boom was fueled by four waves: virtual reality consumption, short video, outdoor economy, and camera imaging technology. In 2016, virtual reality was a hot topic, and the product has gradually penetrated various vertical industry applications. Furthermore, when Tik Tok's global user base expanded in 2018, a wave of short videos swept the world. At the end of 2019, the home quarantine caused by COVID-19 in late 2019 propelled the peak of national entertainment. With the reduction of a global pandemic, the outdoor economy is exploring a new growth boom (as shown in Fig. 1), and the market for camera capture and online sharing of sports experiences is also expanding. In addition, in recent years, with the breakthrough and development of panoramic, artificial intelligence and sensor technology, the imaging equipment industry has attracted a wave of new market displacement. The major improvement is that with the development of 4K imaging technology, imaging equipment continues to shift from 2D flat "Horizon" to panoramic 3D "Horizon".

The professional VR panoramic camera industry is dominated by Insta360, a Chinese company specializing in the production of panoramic cameras, and Shenzhen Kangdao Intelligent Co., Ltd. This article focuses on Insta360, which is distinguished by its technology-driven growth, effective marketing and sensitivity to customer needs. Insta360's comprehensive R&D system and competent R&D team, a large amount of investment in R&D and unremitting effort in hardware innovation have all contributed

China's outdoor tourism popularity growth in 2020**Fig. 1.** Growth of Outdoor tourism in China in 2020

to Insta360's primary competitive advantages. In addition, marketing strategies such as prudent use of different platforms and distributors, integration of online and offline channels, the establishment of its own channels, and collaboration with KOLs have indeed contributed to Insta360's competitiveness. These key competencies in R&D, marketing, and customer engagement pave the way for the company to further expand. Because of these advantages, Insta360's gross margins have been relatively high and stable in the industry. In view of these major findings, the real case of Insta360 helps to improve potential opportunities in the future.

2 Business Model

Key activities: Insta360 professional VR camera products have the largest market share in the world. Based on this strength, panoramic sports cameras are a key product for the company, and improving the company's market share in the sports camera industry has become a key activity. As Insta360 starts its business venture in the business end of the market, its future operations will be based on the reliable B-side market and start to concentrate on improving customer market share.

Customer base: Insta360 provides services to consumers in the fields of entertainment, outdoor and professional photography. In the entertainment market, Insta360 targets young users and content creators who want to explore with panoramic camera and use it to create fascinating content for their social media profiles. The outdoor market aims to appeal to outdoor enthusiasts who are more knowledgeable about panorama cameras. In this market, consumers are most concerned about portability, shooting stability and durability. The target clients in the field of high-performance film and video creation are mainly photographers with high standards for image and video quality.

Channels: Insta360 has followed the multi-channel marketing strategy described previously. It has offline distribution networks, such as offline stores, events and exhibitions. Additionally, well-known press releases, such as the People's Daily, Forbes, and Xinhua, are also important sources to improve the popularity of Insta360. Several online touch points have been established on various social media sites. Insta360 social media

has two main uploads generated by users, which helps the company reach its target audience.

Key partners: In 2017 [2], Insta360 teamed up with Google, so that anyone can easily add content to Google Maps Street View; later in 2018, Insta360 partnered with Adobe Premiere Pro to show program producers a new and effective “seamless” approach. In 2019 and 2020, Insta360 collaborated with Matterport, an innovative virtual travel platform. In 2020, Insta360 and Leica cooperated to develop an innovative action camera market - Insta360 one R 1-inch version. Holdings Electronics Technology has recently expanded its product line to include Insta360 lenses and picture modules.

Value proposition: The two main value propositions are improving life records and sharing. Their cameras enable users from different backgrounds and occupations to take high-quality photos at a reasonable price. In the past, customers usually bought a second hand-held pan to capture a stable footage. With the launch of the FlowState technology Insta360 in 2017 [2], handed pans are no longer the only choice. The threshold for “tech-savvy” video creation has been dropped, allowing ordinary people to make remarkable creative videos.

3 Five Forces Analysis

The company’s strategy is determined by five market forces. When the competitors in the market are very concentrated, the company has little room to control the price of its products. Competitors will create alternatives, and any price rise might persuade buyers to choose competitors’ products. On the other hand, if the number of suppliers is small, they have great market influence and control over the cost of raw materials [1] (Fig. 2).

Industry rivalry: When Insta360 was initially founded, it was built on a global platform and targeted at a global audience. Through continuous technology and product innovation, as well as fine-grained marketing for different countries and regions, the localized team and talents will be gathered to overthrow the monopoly of the old giant. Greenlight Insights reports that Insta360 panoramic camera products ranked first with a global market share of 35% in 2020, ahead of well-known companies Ricoh and GoPro with market shares of 28% and 23% respectively. Therefore, Insta360 is competitive to a certain extent and can control the cost of its goods. The advantage of a start-up like Insta360 is that it is the only product manufacturer with few competitors.

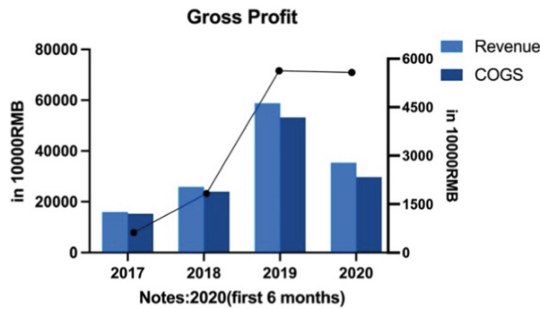


Fig. 2. Revenue, Cost of goods sold and Gross Profit Margin

Potential for new entrants into the market: From the perspective of market collaboration, every market for panoramic cameras must overcome the challenges of market development and expert content. R&D and technical professionals account for about half of the workforce at Insta360, and the company is committed to ongoing innovation. The business has quickly become a leader in the industry, creating a variety of goods and expanding its product line. The business has now created a technology system with computational photography, artificial intelligence picture processing, anti-vibration, and panoramic technologies at its core. Therefore, it is difficult for enterprises to start producing their current products and seriously threaten its market dominance.

Strength of suppliers: Insta360 has a large network of suppliers whose raw materials are widely available in the market. The presence of many suppliers reduces its potential threats. Suppliers do not control the price of raw commodities, giving them less market clout if the vendor raises the cost of its goods. The company can transfer sponsorship from one company to another.

Customer power: The business creates a special product that is hard to get on the market. As a start-up, there are still some enterprises in Insta360's industry that can produce comparable products. By gathering contributions from people all around the world and extending its reach and popularity on social media through UGC and PGC, Insta360 aims to raise the quality of its social content. Instagram and Facebook, for instance, assist Insta360 in creating user communities to boost user loyalty, and get product feedback in time to help Insta360 create better products. As a result, these actions have significantly increased client stickiness and strengthened the brand's online presence. Customers are weak because they cannot reduce the price of the company's goods. They must purchase product at the price set by the business, because there are not many substitutes.

Threat of substitutes: The core of the Insta360 business strategy is products based on cutting-edge technology. Products of the same quality are hard to obtain from many firms. In its market, the corporation does not have many competitors. Customers must purchase Insta360 products to continue using the service. As a result, the risk of substitutes is a weak factor in the company's niche market.

Key competencies: The team's investigation was centered on the success characteristics of Insta360. In terms of its expansion, Insta360 has not only overcome the obstacles set by industry titans GoPro and DJI, but also established a stellar reputation in foreign markets. The following paragraphs outline the main advantages of Insta360.

4 Analysis of Key Competencies

The key role of R&D and advertising in the company's marketing strategy has been established. In expansionary years, the higher the advertising or R&D share of a company, the higher its market share and profits [5]. Insta360 is experiencing industry prosperity, and its development strategy matches this.

4.1 Technology Strategies

Comprehensive R&D system and strong R&D team: Insta360 has established a multi-dimensional R&D system with research institutions, product centers and technology

centers as the core. 210 R&D and technical employees account for 46.15% of the company's workforce now (2022). Research on basic techniques including computer vision, image technology reserves, and algorithm acceleration mainly belongs to the scope of the Institute. Furthermore, the product center is mainly responsible for product requirements and interaction design. The main responsibilities of the technology center are technology, principles and circuit board design.

Considerable R&D investment: In the last three years, Insta360 invested 28.1153 million yuan on R&D, accounting for 15.84% of its operating revenue. There are 17 domestic authorized invention patents and 2 abroad authorized invention patents, totaling 19 [4].

Innovation: Insta360 has independently completed the project “Key Technology R&D and Industrialization of 360-degree Panoramic anti-shake Intelligent Image Equipment”, which innovated the research and development of panoramic motion anti-shake technology and addressed numerous challenges such as the elimination of huge parallax and color difference in panoramic stitching. Its cutting-edge technology is used in professional and consumer-level panoramic intelligent imaging systems. It has also achieved large-scale applications worldwide, such as VR live broadcast, panoramic viewing, smart cities, telemedicine, and other disciplines.

4.2 Marketing Strategies

Cultural context will affect brand equity, and the position of brand in the market may be a decisive factor. Companies should be aware of the differences between foreign markets and adjust their products to meet the deep values of consumers [3]. Due to the diversity of cultures, many companies around the world often face marketing problems such as understanding overseas media channels, effective communication and building brand awareness in different cultural environments. Insta360 is ideally positioned to meet these challenges through a variety of promotional channels.

First, Insta360 will utilize distributors and platforms to raise its profile and credibility. Insta360 is already available on key e-commerce platforms in its target markets, enabling consumers to find Insta360 on all major online purchase platforms. Moreover, in the global market, it has developed partnerships with famous distributors including Best Buy, Media Market, and Softbank. They can contact international consumers and individuals through these distributors and rely on the influence of these distributors in their target customer groups to gain the natural trust of customers.

Second, Insta360 will spread the risk to a variety of outlets. Insta360 has not only online sales channels, but also physical stores for customers to visit. For example, if a consumer looking for a panoramic camera on Amazon found Insta360, he/she can browse the offline digital store instead of buying it directly. If he/she has a positive brand experience, he/she will remember this brand and buy its products.

Third, Insta360 will leverage their own channels to keep users engaged longer. Because third-party platforms operate under various standards and frameworks, the presentation strategy is challenging for expansion. On third-party platforms, smart image products have few marketing choices, whereas brand-owned websites achieve more comprehensive expression through interactive games and innovative presentations. Additionally, after the brand reaches a specific stage of development and is highly recognized,

it is unrealistic to expand the brand only by attracting new customers. Customer relationship management is crucial currently. To completely understand its customers and strengthen the brand's position as the market leader, Insta360 may have a more thorough and comprehensive perspective on the shopping links between its customers and brand-independent websites, just as it is its own website. Finally, Insta 360 works with the world's best tech and sports KOLs as well as professional photographers and athletes from overseas to produce Insta360's high-quality content.

In addition, Insta360's product design could be both multi-layered and good at capturing customer pain points.

Creating products with consumer pain points in mind: Customer pain points are related to consumer needs, including circumstances, obstacles or problems that affect buyer behaviors. Customers seek business services or business products to remedy these circumstances, obstacles, or problems. Therefore, the customer pain points in the target audience are diverse. Integrating the diverse needs of our customers into product design could make products more cost-effective and competitive. Customer needs-focused product design is designed to improve customer return on investment [7]. The Insta360's leader is more worried about the hardware capabilities of Insta360 shadow stone's gadgets than the technological development of VR content filming. The research focus is to integrate the panoramic camera with different filming settings because of the proliferation of video playback techniques and modes. This integration of functions allows one device to meet the needs of different scenarios.

Product diversification and innovation: Product diversification is a strategy used by companies to increase profitability and achieve higher sales volumes through new products. Concentric diversification involves adding similar products or services to existing businesses [2]. Insta360 adopts the concentric diversification strategy because Insta360 divides its products into 2 tiers - basic and professional - which will expand the brand's user base. Also, Insta360 provides industry application services and solutions for businesses, such as VR real estate, VR education, and panoramic live streaming. Since Insta360 started from virtual reality, all its products have been developed and constructed using the hardware characteristics of panoramic cameras, together with social and self-development tools to foster more open communication. This will gradually create obstacles to similar products in terms of user base, capital revenue and R&D.

5 Conclusion

With a large market, Insta360 had to cope with the consumption wave of virtual reality, short movies, outdoor economy, and camera image technologies. By shifting its attention to the internal environment of the organization, Insta360 was able to gain a competitive advantage through its innovation-driven growth strategy, carefully selected marketing strategy, and sensitivity to customers' pain points in the process of product development and innovation.

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