

The Rise of Virtual Influencers: A Paradigm Shift in Marketing

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Abstract:

The aim of this research paper is to analyze the growth of virtual influencers in the marketing sector and how it has been advantageous for businesses. To find the applicable journals and articles for the research paper was used. The data was generally taken from the United States and some parts of Europe. Virtual influencers are computer-generated virtual avatars that are used for various purposes by brands. They are used as models, mascots and even as social media influencers who would promote their brands. For example KFC's VI the younger version of Colonel Sanders successfully boosted the brand engagement by interacting with people on social media platforms like Tiktok and Instagram. Through humor and collaborations, KFC was finally able to grab the attention of younger, tech-savvy audience. This campaign increased their social media interaction and sales making KFC set apart from the fast food industry. In conclusion, brands shifting from human influencers to virtual influencers can be considered a smart move in terms of making brand successful. However, this trend increased job losses and the possibility of AI taking over the jobs of human workers.

CHAPTER 1: Introduction

The COVID-19 pandemic not only changed lives but also the functioning of businesses.

We would be only investigating the changes that happened in the marketing department.

Companies and businesses shifted their focus from traditional marketing like those on huge billboards, advertisements on television, or advertisements done by big celebrities. They started to hire social media influencers who had a fan following close to celebrities on platforms like Tiktok and Instagram. These social media influencers were cheap to hire and had a similar impact on people through advertisements. Not only they were cheaper to hire but also miscellaneous expenses like the cost of camera, studio, crew etc could be avoided because these influencers could write and shoot the advertisement on their own at their homes with their phones.

This trend continued for a year or two and then companies realised that these influencers are now becoming celebrities, getting in controversies etc, and with the noticeable development of AI the companies started to use Virtual Influencers (VIs) for example Candy by Prada and the younger version of Colonel Sanders by KFC. Virtual influencers literally means a computer-generated character which is designed to interact and engage with audience on social media platforms like Tiktok and Instagram ([The power of virtual influencers: Impact on consumer behaviour and attitudes in the age of AI](#)). VIs are either made and operated by a brand or a company itself or are created by third parties which use them for many different companies and businesses. These VIs influencers help the admin of their account maintain an anonymous profile while their VI gets famous. These VIs unlike humans have no limitations and do not need rest they can constantly work. Now slowly they are taking away the focus of social media from Hum-

an Influencers to themselves. Here we are gonna closely analyse:

- The reasons which led to rise of VIs
- How they shape the thoughts on the mind of buyers
- What could be the impact on market and the world in the future if the rise continues

1.1 The Drift from Human Marketing to AI Marketing

Within the past few years a new age of digitalisation has begun. Nowadays everything from admissions, registration of exam, booking hotels, purchasing cinema tickets to payments everything can happen from your phone and companies like apple and google have even added a feature where one do not have their passwords again and again just scan your face or fingerprint and the payment is done or the password is filled. So in a world like this businesses needed a new way to approach people rather than the traditional way of human marketing and thus with the help of AI they were able to approach customers in new ways. AI offered precision to marketing. There were things human marketing could not do. The success of advertisement was dependent on one major factor and that was the popularity of the celebrity. What was their influence on the society? That was a matter but for AI that was not the problem because it is specialised in its work that it could analyze each customer's requirements and could generate a new advertisement according to the customer's personalized interests.

These ads would be so compelling, that would manipulate customers to buy those particular products. One amazing example of this is that if you suddenly search about dogs on any search engine like google then within a few days you would notice that on every website like amazon etc you will get advertisements about dog food, dog clothes and other dog accessories. This small experiment prove that even search engines that doesn't use that much of AI as compared to the chat boxes like Chat GPT etc and they are designed specifically for marketing but still their algorithm work with precision so imagine how powerful would be the the AI specifically developed for marketing that are used by businesses. This kind of AI is so powerful that you won't even realise that there are virtually generated characters and locations used in the ad

that you are watching. The designs of such algorithms are neither too complex and can be understood easily even people with basic AI and machine learning knowledge can develop such AI on a small level.

1.2 The Impact of VI Appearance on Consumers

VIs are carefully designed so their appearance, features, voice, behaviour and communication style is human-like. It is found that with such characteristics people are more like to trust and relate to them and later become their follower. Soon the trust becomes so strong that people start to trust businesses they are promoting and not every time it is a genuine business and get trapped in frauds. Sometimes these looks are so convincing that people tend to believe them as a real human. The harsh truth about our society is that beautiful people are stereotypically considered to be trustworthy and good. Businesses use this fact for their advantage while they develop the VI and make sure that it has a charm and does not look unreal. For example Candy by Prada can be commonly mistaken as a real human model, her purple eyes act like a magnet to her viewers. But on a closer look one can figure out that she is a virtually developed avatar and not a real person ([Prada Creates Virtual Muse Named Candy](#)).

1.3. Advantages of VIs Over Human Influencers

Influencer marketing has become a dominant and powerful way for businesses to connect with consumers. Influential marketing is a strategy in which brands and businesses depend on influencers. The major problem with the human influencers was that any day their fame could either go up or down. A recent example for this is during the prestigious academy awards in 2022, Will Smith slapped Chris Rock

due to which Will's fame went down, he was disapproved by media and many magazines. This also led to an impact in his career as many of his future plans with Netflix, Apple TV were either cancelled or delayed ([Intelligent influencer marketing: how AI-powered virtual influencers outperform human influencers](#)).

This is not a problem with VIs because they are controlled by an algorithm that only focuses on ways to gather as many followers as it is possible. Secondly, VIs do not get tired and have no physical limitation ([The power of virtual influencers: Impact on consumer behaviour and attitudes in the age of AI](#)). Which also makes the cost of advertisements less and increases the output. Due to no physical limitation they can shoot video at any location, with any theme and whatever the brand wants. The decision making power for the VIs is in the hands of the business or company that controls it. They can make wise decisions that can lead to success. A human influencer may only know 2 or 3 languages due to which brand might need to hire many influencers for different regions of the world but a VI can be programmed to speak every language in every language even the languages only spoken by small communities.

1.4. Economic and Overall Benefits for Companies

When contracts are signed between a brand and a human influencer there are very small chances of risk that for the business that because of their small mistake the influencer may sue them which could give them loss of millions of dollars but with the virtual influencers there are 0% risk. Like recently Scarlet Johansson sued Disney for a breach in their contract for the movie 'Black Widow' payday. Due to no limitations in VIs and since that ads are created through computers, the company saves money on shooting ads. They even do not have to pay VIs only if they have created them and are not using a third party for the VIs. Due to their consistency and appearance they are able to gather much larger audience who trusts thus trusting their promotions and giving huge profits to the brands. Not only do the Businesses get a huge number of customers but also get money due to large views on different platforms like Instagram, Tiktok etc. VIs create a mindset of futuristic approach in the minds of its audience and makes the brand gain popularity as a futuristic brand. KFC's VI the younger version of Colonel Sanders successfully boosted the brand engagement by interacting with people on social media platforms like Tiktok and Instagram. Through humor and collaborations KFC was finally able to grab the attention of younger, tech savvy audience. This campaign increased their social media interaction and sales making KFC set apart from the fast food industry.

1.5 How AI is Used in Marketing Beyond VIs

VIs are not the only way AI can be used for marketing there are a lot of different paths brands take. Personalized experience is a big part of this. Netflix, Amazon Prime etc have certain algorithms that monitor the user. They keep checking each and every detail from the movie you have liked to the tv show you added in your list. From this data these algorithms are able to provide a better interface by providing those choices on the home screen that were opted by the user with the similar choices. Even the chatbots like ChatGPT are a part of this as soon as the users login the AI starts to observe the chats, questions or the thoughts one may share. It prepares answers so that it always satisfies the user. Soon it becomes possible for the AI to predict the user's needs and preferences. This data collected by the AI not only provides customers a better experience but also helps the company to improve themselves and know what their users prefer. Knowing all this is helpful because it helps to develop a path to success.

A latest and live example of such collection of data can be seen on Instagram. When one likes a particular type of post for instance about football, the next time you open the feed you will see more posts and news about football because the AI in Instagram is trying to predict your interests.

1.6 The Role of VIs in Brand Popularity

Virtual Influencers not only promote a brand but also have an impact on the brand's popularity and image. They are programmed to become the face of the brand. They have transformed the marketing by adding aesthetics with social media influence. This is enough to attract the new GenZ audience on social media. Getting famous among the new generations helps people to know that brands are businesses are accepting changes around the world by maintaining their legacy in business. Younger audience may recognise brands just by their Virtual Influencer's face because of them being face representing the respective brand on social media. Earlier brands and businesses used to spend millions of dollars just to find and implement a genius marketing strategy but such campaigns are now old. Today brands launch new kinds of campaigns on social media through their Virtual Influencers. For example a brand X launched a new product so they launched a campaign that people who will post photos of them using that product while tagging them and using different hashtags and lucky winners will win a limited time membership card or anything else. With the help of VIs these campaigns would not be limited to single country and would spread across the world and the major role for a VI here is promote the campaign and such campaigns brings businesses to beneficial result because these campaigns not only increase their popularity but also give them a sudden increase in sales and even if they giveaway a gift card or something in the situation they would have no problem and it will even make the winning customer become loyal.

1.7. Consequences of Widespread Use of VIs

It is a known fact that AI is dangerous. Although VIs don't physically harm a person but also have some ill consequences due to widespread use. Due to AI marketing being the new trend, many fraud companies or hackers have made their AIs easily available on the internet. When people use them they not only steal personal data but also try to spread viruses or hack the computer. Such personal information generally gets leaked to the dark web. Due to this trend business either small or big have slowly shifted towards VIs thus many human social media influencers whose main source of income was to promote brands are losing followers due to less quality content and are getting jobless. AI is not limited to marketing but can also work in other aspects of business like accounting, analysing company's performance, coding developing new AI etc. But this would result in people losing jobs and slowly people will start entering poverty due to which a situation of inflation can occur in the market. An effect of this can already be seen in the world as large MNCs like Google, Microsoft, Tesla etc are laying off huge numbers of employees almost every month.

CHAPTER 2: CHALLENGES AND LIMITATIONS

2.1 Challenges with Human Influencers:

Human influencers initially provided businesses everything they needed. But soon these influencers started to indulge in controversies which led their fame down. For example Kanye West became the subject of many controversies on serious topics like slavery and sexism ([Intelligent influencer marketing: how AI-powered virtual influencers outperform human influencers](#)). Influential marketing is all about fame. Since the fame is not a constant but variable that depends on the actions of the celebrity, it becomes difficult for brands to manage the expense of changing their influencers again and again. Human influencers do not provide consistency, they may get tired, catch diseases or may have a lot of projects. Human influencers are expensive to manage. Human influencers are expensive. Their fees are very high and even other miscellaneous costs like studio, crew etc are also quite expensive for the company. For an advertisement to be uploaded in every country it must pass the language barrier but, Human influencers may know a

maximum of 2-3 languages thus the cost of dubbing artists also adds up in the list of expenses faced by a company. This language barrier not only increases expense but also affects the popularity. For example a German actor might be really famous in Germany and all German speaking nations but might not be popular in countries where German is not spoken like Japan, China etc. Due to this reason many brands have to hire different influencers for different countries. These influencers are chosen on the basis of their popularity in their respective countries so that the people could connect with them. But hiring so many influencers would increase the expenditure so much that the profit becomes negligible. Humans have physical limitations. They can't do large stunts without proper safety and stunt team, humans may get injured, they can't shoot advertisements deep into the water.

2.2 Consumer Trust and Authenticity:

Virtual influencers are easily able to build connections emotionally. Through their advanced algorithm, the AI gathers data from various social media platforms and then creates such an advertisement with its virtual influencer that can emotionally connect to maximum viewers. This connection is made through regular content posting. The content on the social media of such VIs is not only about advertisements and promotions but also about lifestyle and entertainment to keep people indulged on their account. Consumer trust is neither built in one day nor just by emotional connection. Building consumer trust is a difficult task. VIs build consumer trust by giving genuine and honest reviews about the products their respective brand produces. Their reviews provide a transparency. They even provide coupon codes for their followers to get a small cashback or discount on their purchase. Since these reviews are not written by human but generated by an AI through analyzing the available data, the consumers after buying those products generally feel the same way thus making their trust stronger. VIs appearance and traits is really close to that of a human. Virtual influencers designs and lifestyle shown to viewers is of high quality thus people trust them. Since they also have human traits they can show emotions naturally. VIs don't create a perfect image in minds of the consumers they show that they are also imperfect like the humans so that consumers could easily connect with them.

2.3 Technical Challenges:

VIs are computer generated virtual avatars. Like every other device even they can get technical glitches thus a brand needs to set up a whole team of programmers that maintains these VIs. It becomes expensive brands. This maintenance teams are not just qualified but highly qualified from large tech institutes from all over the world. Thus they have to pay a huge salary to the team. Creating VIs or hiring them is also expensive for small brands due to their high initial and maintenance costs thus they are not able to get that 'futuristic' label by the people. Cyber attacks are really common. There is always a risk of cyber attack on virtual influencers like by uploading virus in them. The attackers may even even try to leak the virtual influencer or its data on the dark web. The cyberattackers may also try to steal the code of the virtual influencer and then make a similar which could be used to destroy the that virtual influencer's image overall affecting brand's image. There could be glitches that could occur in the AI due to some fault in the code. Such glitches may result in the virtual influencer to go out of control on social media. The virtual influencers may also comment on sensitive topics like religion. Such errors would directly impact on brand image and would cost the business a fortune to restore its image back.

Since VIs fulfill jobs on an advanced level hence their code becomes really difficult to create.

2.4 Ethical Concerns:

When the market shifted from human influencers to virtual influencers all the humans lost their jobs. The bigger celebrities did not have much of an impact but small social media influencers lost their jobs. All

the crew that got jobs because of the advertisement shooting lost their employment. Today AI is trending in marketing tomorrow it may also start trending in different sectors where more jobs will be lost. Today everyone is indulged in developing new AI which is also used by hackers and frauds to misguide people by promoting fraud websites. These VIs 's accounts are handled anonymously. AIs are being developed that spread misinformation on social media platforms like Whatsapp, Instagram, Facebook etc. Virtual influencer's appearance, lifestyle is really ideal or a dream for many people which may lead to depression, anxiety to their viewers. Many times VIs are shown from a certain group or race of people even though they actually don't belong to thus it can be disrespectful for certain communities. VIs use data taken from various platforms to predict people's choices which is an unethical way as it is using encrypted information.

CHAPTER 3. RESULT & CONCLUSION

A change in the style of marketing was observed during 2020. There was drift from billboards, posters to posts and reels on social media platforms like Instagram and TikTok. Gathering customers by getting viral on the social media became the new trend. During that social media influencers who were not big celebrities started to get famous and big celebrities got another source for income. The fees usually depended on the number of followers and the impact that would be on the minds of viewers due to the presence of that particular celebrity or social media influencer. Thus any foolish action by the influencer that could detroit their popularity could also lose them contracts with many brands and business. Within a year or two this trend changed again. Now the companies shifted towards virtual influencers who were basically computer generated avatars that were completely based on AI. Shifting from human to virtual influencers can be considered a smart move as it provided both economic benefits and gave brands 'futuristic' tag. A human influencer may speak only 1-2 languages due to which brands had to hire many influencers for different parts of the world. There were even influencers who were popular within a certain of world thus brands had to hire many influencers according to their popularity for different regions. A human influencer needed proper crew and no mistakes from the side of the business because if they did the influencer would even sue them which would be even more expensive both in terms of brand's image and economically. Human influencers could not work anytime the brand wanted, the brand would have to work according to their schedules. Any change in the popularity of the influencer could directly effect on the brand's sale. It could be both positive or negative. Virtual influencers pushed away all these rocks in the path of the brand's success. A virtual influencer can be coded to speak any language a brand wants. Virtual influencers are programmed to have been a global icon. The same character is used in the advertisements for each region of the world. Brands make sure that these virtual influencers post daily, not every time about their brand but virtual influencers post about its lifestyle. They make sure that a virtual influencer creates an image closer to that of human influencers in the minds of its viewers. So that people could connect themselves with the virtual influencer. A virtual does not have physical limitations and does not need rest. They can function whenever the brand wants and won't even sue them. Most of the time virtual influencers are brand owned only so they won't even require a fee. Due to all these benefits brands save a lot of funds and gain huge profits every year. Due to their new approach they are given a 'futuristic' tag by the tech savvy audience. Since every coin has two sides Virtual influencers have its own new problems like increase in data leaks. A virtual influencer also requires a highly qualified team of coders to maintain and protect it from hackers. Due to increasing popularity of virtual influencers many people who got earnings as part of the crew or social media influencers or even people who had small ro-

les in making advertisements lost their jobs.

A virtual influencer is a mixture of technology and social media. Although it provided the businesses huge profits and benefits but with such great innovations comes the need to maintain authenticity. Today people respect transparency and trust on the influencer they follow on their social media. Human influencers were able to do this through their emotions, common experiences etc. But virtual influencers lack these qualities. Thus to overcome this problem brands should make content that could be relatable to its audience. The content should be transparent and genuine. This would not only help the brand to emotionally connect with its audience but also improve the brand's sales. Brands can also engage their virtual influencers in social campaigns on social media like for sustainability, diversity, no to discrimination etc.

When people on social media would see such virtual influencers being part of social causes they would create a good impression on the mind of the audience. It would not only increase trust but also improve the brand's image. When big brands are part of such campaigns not only will such campaigns get a boost but also people may become loyal customers of these brands. Brands should make sure that their marketing campaigns should trend on social media as long as it is possible because when people would hear about the business's trending campaign even without following their influencer thus the brand will be able to gather more customers. Many times audience blindly trust virtual influencers who might not be ethical and thus get scammed and loses their trust for the company who might have as similar virtual influencer.

The AI technology would be so good that no one would be able to differentiate between a human and a virtual influencer. Virtual influencer may even have conversations with its followers or produce different content for different people that would only show on their social media. Due to which everyone will get personalized ads according to their preferences and would help people to easily connect with the social media influencer. Instead of a team to maintain the virtual influencer the AI would be able to maintain itself.

CHAPTER 4: REFERENCES

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