

Is a Virtual Influencer Right for Your Brand?

By Abigail Singrey

It looked like a typical social media car ad: A young model leaned into the frame, with a red BMW parked in the desert behind her.



However, the woman in the 2023 picture wasn't real. She was the computer-generated avatar known as Lil Miquela, a fictional character and singer created in 2016 who has since become a social media influencer.

As artificial intelligence gains traction, its use has expanded to include virtual influencers for brands. These influencers walk, talk and act like real people, but they don't exist outside the digital realm. Instead, they are characters created through sophisticated computer-generated imagery, motion capture and AI technology.

According to a survey cited by *Harvard Business Review*, 52% of U.S. social media users already follow a virtual influencer. Brands such as Prada, Cartier, Disney, Puma, Nike and Tiffany are using virtual influencers to promote their products.

Virtual influencers don't operate autonomously — at least not yet. A human being still negotiates the brand deals and selects the inputs that prompt the virtual content.

Pros of using virtual influencers

Novelty creates buzz, which can lead brands to jump onto trends early. In turn, people might follow virtual influencers because of that novelty or simply out of curiosity. A recent study showed that when following a social media account, consumers expect the content they see to be useful or entertaining. The appeal of virtual influencers is in their entertainment value.

Another pro of using virtual influencers for brands is that they invite less reputational risk. Companies often worry that human influencers, with their personal lives and foibles, might behave in

ways that reflect poorly on brands. Virtual influencers, on the other hand, can't be caught in unguarded moments. Their content is meticulously curated by the people who manage their accounts.

One Brazilian brand, the retailer Magalu, created its own virtual influencer, Lu, which exclusively shares content about the company's products. A character that serves as a company spokesperson, Lu can be seen as a humanlike version of the GEICO lizard. By creating its own virtual influencer, Magalu eliminated the risk that Lu might be used by a competing brand or in ways that are inconsistent with the company's image.

The *Harvard Business Review* study found that both organic and paid content from virtual influencers had higher engagement rates than content from human influencers. Notably, sponsored posts from virtual influencers received 13.3% more engagement than their organic content, reversing typical trends. In contrast, human influencers experienced a 2.1% drop in engagement for their sponsored posts, compared to their organic content.

Cons of using virtual influencers

Despite the benefits that brands can enjoy from using virtual influencers, some people find the images creepy, so brands that use them risk push-back from consumers.

In 1970, Masahiro Mori, a Japanese scientist known for his pioneering work in robotics, coined the term "uncanny valley" when he predicted the unsettling feeling that people would experience from seeing robots or computer-generated characters that look almost human. However, as AI becomes more commonplace today, those negative reactions might fade.

Some consumers object to AI-generated content on the grounds that it takes work away from human creators. When thinking about using a virtual influencer, brands should consider whether their target audience will respond with suspicion, anger or curiosity. Consumers don't like to feel tricked, so brands need to navigate



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these partnerships carefully.

The Federal Trade Commission has issued clear guidelines for branded content posted by human influencers, but it has yet to provide any rules about transparency for brands that use virtual influencers.

Along with adhering to FTC guidelines on paid promotions, it's advisable to clearly state when an influencer is virtual rather than human. The ad agency Ogilvy advocates that creators label AI-generated content with the hashtag #poweredbyai, but the practice has not caught on industry-wide.

Fundamentally, brands need to carefully consider whether partnering with a virtual influencer makes sense for them and their target audience. The question remains largely unanswered, but early research suggests that some demographics are more likely to embrace AI-generated content than others.

A survey conducted by the market research company aytm found that more than half of consumers have never used artificial intelligence technology themselves. Those who have used AI are predominantly male, have higher incomes and are either employed full time or are full-time students. They are also more likely to be Hispanic or Asian. In contrast, lower-income women who are unemployed or only partially employed are the least likely to use artificial intelligence.

For BMW, which markets luxury cars to a higher-income segment of the population, it made sense to take a risk and explore a virtual influencer partnership. As brands evaluate such marketing campaigns, understanding their audience's engagement with AI can help them make informed decisions as to whether a human or virtual influencer would work best. ✨

In Brief



Agencies Pitch Tools to Predict Whether Influencers Will Talk Politics

Brands love it when social media stars tout their products, but many try to avoid influencers who discuss politics, *The New York Times* reports.

With the presidential election looming, some marketing agencies have started to pitch

advertisers new tools that grade the "brand safety" of social media personalities.

Some such tools use artificial intelligence to predict the likelihood that an influencer will talk about politics in the future. Captiv8, a marketing firm that helps advertisers connect

with influencers, uses AI to analyze mentions of social media stars in online articles and then determine whether those influencers are likely to discuss "political hot topics."

"Brands are definitely asking for this," said Krishna Subramanian, a founder of Captiv8. In the last election, brands wanted to know whether "creators talked about the election [or] the president. Because they don't want to be in that conversation."

Alexandra Dacks, marketing director for DripDrop, an electrolyte drink-mix brand, said that, when it comes to politics, the company has been very careful not to associate with influencers "on either end of the spectrum, because that could alienate a lot of people." — Greg Beaubien

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