



Managing the Dual Effect of Virtual Influencers: Examining Benefits to Brands and Drawbacks for Consumers

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Abstract— Today's marketing scenario is evolving, and brands use virtual influencers to promote their products and services. The following research paper talks about the dual role of virtual influencers. This study investigates the benefits the virtual influencers offer the brand and potential consumer drawbacks. In this paper, we have taken "Kyra", a domestic influencer, and "lil Mcquela", an international influencer. We have compared both influencers and found out the positive impact they create for the brands and the negative impact they create towards the consumers.

Keywords— Virtual influencers, brands, national, international, in-depth analysis.



I. INTRODUCTION

In today's digital age, influencers are pivotal in shaping consumer behaviour and brand perception. An influencer is a person who is regarded as an expert within their particular field and has a steady following. An influencer is someone who affects or changes how other people behave (Influencer, 2024). As of 2022, the Indian influencer marketing industry was valued at over 12 billion Indian rupees. By 2026, the industry market value is estimated at around 28 billion rupees. (Statista, 2024). The rationale behind the popularity of influencer marketing is brand awareness and credibility, which are achieved by leveraging trusted personalities.

With the increase in influencer marketing, various types of influencers are emerging, such as mega, macro, micro, and nano influencers, based on their follower count and reach. Nonetheless, it is not limited to human influencers; various virtual or AI-generated influencers are also gaining popularity due to their unique ability to reach audiences. For instance, Lil Miquela, a prominent virtual influencer, boasts over 2 million followers on Instagram, illustrating the growing trend of non-human or Virtual influencers.

The rise of virtual influencers at par with artificial intelligence provided numerous opportunities to brands and

marketers (Roman, 2024). Virtual influencers are relatively cost-effective because they eliminate logistical expenses such as transportation and other schedules. They make sure that they control the content and do not have cases of scandal that may affect the brands (Evans et al., 2017). Also, they result in increased interaction, especially among individuals from Gen Z and millennials, who consider such personas to be fascinating.

Although virtual influencers offer numerous benefits, some challenges exist. With virtual influencers, brands have more control and can dictate their characteristics, ensuring they do not embark on any odd behaviour contrary to the brand (Schaffer & Schaffer, 2024). influencers are cost-effective, provide consistent content, and engage with audiences interactively without the risk of scandals. They offer complete control over the brand image and maintain long-term partnerships as they do not age. However, the feeling of trust that comes with human endorsement can be very hard to reproduce; this could impact the audience and their level of trust. Some brands need help working with virtual influencers because they need technical skills and investment to consistently present them as appealing and professional (Mouritzen et al., 2023). Also, ethical and legal implications exist about the role and extent of AI-generated personality disclosure. However, despite these

disadvantages, virtual influencers can operate without geographical limitations, thus creating international campaigns and associating brands with advancements and modern technologies (Rob, 2023). Due to their predictability and ability to scale, virtual influencers also became popular additions to marketing campaigns, even though certain groups of consumers might consider them mere novelties. This means that brands should weigh the benefits and the drawbacks well; therefore, they use virtual influencers in their marketing strategies if all the planners intend to exploit the potential while trying to deal with the issues of authenticity and ethics. The paper is structured in the following sequence, providing a detailed theoretical background on influencers and virtual influencers, analysing domestic and internal virtual influencers, and drawing conclusions on them.

II. LITERATURE REVIEW

2.1 Role of Influencers and Branding:

The widespread use of social networks allows people to share their opinions in simple ways, to quickly communicate with other users and influence their perceptions and decision-making. This has motivated some individuals to dedicate themselves professionally, semi-professionally, and altruistically to sharing their opinions through social networks (Audrezet et al., 2018). Recently, some of the more highly successful individuals in this arena have been termed influencers (Casaló et al., 2020b). Although there is no standard definition due to the recency of the phenomenon, influencers can be described as individuals with the ability to shape the attitudes and behaviours of their social network audiences (Freberg et al., 2011; Ibáñez-Sánchez et al., 2022). For example, past research has shown that the more trustworthy and likeable the social media influencer, the more effective they are in shaping audience attitudes and behaviours toward a brand (Schouten et al., 2020). Preliminary research indicates that Instagram influencers with many followers can wield significant advertising power (De Veirman et al., 2017). However, limited research has focused on the fit between an influencer and a brand (Lin et al., 2021).

2.2 Virtual Influencers and Branding:

Virtual influencers, created using computer-generated imagery (CGI), are becoming vital brand assets in promoting their products and services (Naum, 2024). These influencers offer unique advantages over human counterparts, such as greater control, creative flexibility, and cost-effectiveness. Brands can meticulously craft every aspect of a virtual influencer's persona to align with their values and marketing goals, reducing the risk of scandals or off-brand behaviour. For instance, Prada and Calvin Klein

have utilised virtual influencer Lil Miquela to convey precise brand narratives without the unpredictability of human personalities (Hoffower, 2019). Additionally, virtual influencers provide unmatched creative flexibility. They can appear in any setting, wear any attire, and adopt any persona, enabling brands to create visually captivating content. This opens endless possibilities for storytelling and campaign design. Luxury fashion brand Balmain, for example, has showcased its collections using Shudu Gram, a virtual supermodel, in innovative and stunning ways (Bradley, 2022). Moreover, virtual influencers are available 24/7 and can interact with audiences across different time zones without limitations. This continuous presence helps brands maintain engagement and foster deeper connections with consumers. Real-time conversations and personalised responses enhance the consumer experience. Although the initial investment in creating a high-quality virtual influencer can be significant, long-term costs are often lower than those for human influencers (Perelli, 2024). Virtual influencers do not require travel, accommodation, or high fees for appearances, making them a cost-effective option for ongoing campaigns. They can be reused across multiple platforms, maximising return on investment. The novelty of virtual influencers also generates significant media buzz and public interest. Their futuristic appeal attracts attention and curiosity, leading to increased media coverage and social media shares, amplifying promotional campaigns and enhancing brand visibility. Thus, virtual influencers are potent tools for brands seeking innovative and cost-effective ways to connect with their audiences and maintain a consistent brand image (Bendes, 2024).

2.3 International and Domestic Virtual Influencer (VI):

International and Domestic influencers have transformed the market by offering a new way of reaching customers. They are developed through complex mathematical models and simulator interfaces that provide brands with a platform for a more personal intervention into consumers' lives. The VI influencers are not bound to the natural body physique; hence, they can easily elicit a controlled brand image that the human influencers cannot quickly achieve. They can be pre-specified to reflect the brands' desired values and the aesthetic appeal that brands want to associate themselves with; thus, when deployed, they reflect strategic marketing. For instance, Lil Miquela, an artificial intelligence persona with a substantial subscriber base, collaborates with luxury clothing companies and streetwear brands, necessitating engagement with diverse consumer segments (Vogue Scandinavia, 2022). Similarly, Kyra, India's first virtual influencer, targets a combination of classic and contemporary Indian fashion companies to appeal to the modern, technologically savvy generation that also upholds traditional values. This strategic alignment of influencers

with a brand's image enhances the effectiveness of AI influencers in building and reinforcing brand equity (Kuenzang, 2022). Domestic virtual influencers who understand the culture and market in a particular country can promote campaigns more effectively than their international counterparts. For example, a virtual influencer in Japan might incorporate traditional aspects and local trends to foster a stronger relationship with Japanese

consumers. By balancing global expansion with locally resonant messages, brands can enhance their marketing efforts, reaching a wider audience without diluting the core message. The use of virtual influencers like Lil Miquela and Kyra, mentioned in Diagrams 1 & 2 signifies a new disruption in contemporary branding, leveraging both technological and marketing potential (Jha, 2022).

Diagram 1: Lil Miquela Instagram Profile



Diagram 2: Kyra Instagram Profile



Source: Authors

III. RESEARCH OBJECTIVE

- To explore the bright/side of the virtual influencers on brands.
- To explore virtual influencers' dark or negative side of consumers/audiences.

IV. FINDINGS & ANALYSIS

The study is conducted based on secondary data where we observed and aligned our analysis based on the Instagram websites. This study focused on understanding virtual influencers' bright and dark sides, specifically analyzing Kiara and Lil Miquela. From their qualitative presentation

on Instagram, we understood how these digital identities work, interact with the public, and influence brand promotions. In the rapidly evolving field of digital marketing, a new trend has emerged that challenges traditional models and offers novel opportunities for brands: virtual influencers. Kyra, a fictional character created by FUTR STUDIOS, is recognised as India's first virtual influencer. Since her launch in January 2022, Kyra has appeared on the digital cover of Travel and Leisure and has endorsed brands such as Amazon Prime Video and boAt. She operates within a multicultural and inclusive virtual realm, promoting festivals such as Diwali, Holi, and

Christmas across platforms like Instagram, YouTube, and Twitter. Kyra represents more than just a digital avatar; she embodies cost-effective marketing strategies that empower small and medium-sized enterprises (SMEs) to thrive in a competitive environment. In contrast to human influencers, who may suffer from mismanagement, negligence, or deliberate actions leading to significant harm to the environment and society, Kyra provides brands with a consistent and fraud-free image. By leveraging data analytics, brands can tailor their strategies involving Kyra based on real-time customer interactions, ensuring relevance and engagement. Kyra fosters engagement through interactive activities such as polls, Q&A sessions, challenges, and content co-creation with followers. This involvement helps build community and personal connection, enhancing overall engagement. Additionally, Kyra offers informative content that contributes to consumer knowledge, increasing brand visibility and boosting revenue by reaching a global audience. However, the benefits of virtual influencers also come with challenges. There is a noticeable regional and cultural bias in promotional content; for instance, while Kyra highlights Hindu festivals like Diwali, she overlooks festivals like Eid. Moreover, concerns have been raised about the potential impact on the creative industries, as increasing reliance on virtual influencers might reduce opportunities for human creatives and freelance professionals, thereby affecting diversity and employment within the sector. Despite these concerns, Kyra continues to engage her audience effectively through consistent content delivery, interactive features, and a persona tailored to resonate with her target audience's preferences. Nevertheless, some viewers prefer human interaction over a virtual personality, feeling disconnected from Kyra's digital presence. Privacy remains a contentious issue, as consumers are wary of how their data is used in Kyra's personalised marketing strategies. The potential for misuse or privacy breaches in these digital marketing approaches is a significant concern. As companies navigate this evolving landscape, the impact of virtual influencers like Kyra on marketing strategies and customer perceptions remains an area of ongoing examination.

The emergence of virtual influencers such as Lil Miquela has made significant contributions to modern marketing by offering brands innovative and progressive imagery. Digital personas like Lil Miquela enable companies to align themselves with cutting-edge technology and contemporary trends. Unlike human promoters, Lil Miquela provides reliability and predictability that is difficult to achieve with authentic individuals. Her creators can meticulously control every aspect of her appearance, speech, and actions, eliminating the unpredictability often associated with human influencers. This consistency helps maintain a stable

and unchanging brand image over time, which is beneficial for marketing.

Table 1: Understanding of Domestic Virtual Influencers

<i>Positive</i>	<i>Negative</i>
Promotes diverse cultural narratives and inclusivity (e.g., Kyra promoting festivals)	Creation of regional bias (e.g., Kyra promoting Diwali and Holi but not Eid)
Cost-effective marketing benefits SMEs, promoting economic growth	Potential job displacement in creative industries
Broader reach and engagement on multiple platforms (Instagram, YouTube, Twitter)	Followers may become annoyed by repetitive content across platforms
Maintains a scandal-free image	Followers may prefer fundamental human interactions
Leverages data analytics for strategy fine-tuning	Concerns over privacy and data security

Source: Authors

Moreover, the novelty of a virtual influencer like Lil Miquela can generate greater attention than traditional human influencers. Her virtual nature allows for the creation imaginative and engaging content that captivates audiences and stimulates interest. For example, the fantasy element of Lil Miquela's persona can create buzz and drive traffic and interaction by sparking consumer curiosity and excitement. Additionally, virtual influencers like Lil Miquela can simultaneously manage multiple campaigns, avoiding the logistical challenges associated with human promoters. This capability facilitates effective promotion across various platforms and markets. However, there are drawbacks to consider. A notable concern is that virtual influencers may lack genuine and unique ideas, as their sentiments and feelings are not authentic but programmed. This artificiality can alienate followers who seek authentic, relatable connections. Ethical issues also arise, as the portrayal of virtual personas as real individuals can mislead consumers and influence them inappropriately. Furthermore, while Lil Miquela may appeal to technology enthusiasts, she might not resonate with audiences who prefer traditional human influencers, potentially limiting her effectiveness in certain market segments. This challenge

underscores the importance of authenticity and relatability in influencer marketing.

Table 2: Understanding International Virtual Influencers

Positive	Negative
Innovative Marketing Strategy	Lack of Authenticity
Consistency and Control	Limited Relatability
High Engagement Through Novelty	Ethical Concerns
Scalable and Flexible Marketing	Audience Segmentation Issues

Source: Authors

V. CONCLUSION

Our research aims to explore the bright side of AI-driven virtual influencers on brands and the dark or negative side of AI-driven virtual influencers on consumers/ audiences. We used secondary sources while conducting our research. We have observed the social media accounts of various virtual influencers such as Kyra and lil Miquela for more than a month, where we observed the kind of content produced and the impact and reaction of the consumers/audiences on the posts. While researching, we also went through various news articles and posts on the internet to learn more about virtual influencers and their impact on society. We reviewed their Instagram handles and found positive aspects, such as how they offered enhanced brand advertising and engaging content. At the same time, there were also some negative impacts on the consumers, such as a lack of transparency and concerns over misleading content.

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