

## YouTube proves virtual influencers are gaining popularity, but hesitance remains

**Article** 



The news: YouTube published a <u>report</u> exploring the growth of virtual influencers, highlighting how Al-generated or digitally-enabled entities are transforming the influencer

landscape.

- A sample of 300 virtual creators on YouTube saw over 15 billion views across videos, live streams, and YouTube Shorts, per the report, with 1 billion coming from the US.
- Over the past three years, videos related to VTubers—virtual YouTubers or influencers—have averaged 50 billion views annually.
- 57% of 14- to 44-year-olds have watched a VTuber in the past 12 months, per a SmithGeiger study cited by YouTube.

**Zooming out:** Despite being a relatively new and uncanny phenomenon, virtual influencers are already showing promise for brands.

- 29% of US consumers have made a purchase based on endorsements from virtual influencers, while 27% would consider this in the near future.
- <u>59% percent of YouTube users</u> follow virtual influencers, while 56% follow these creators on **TikTok** and 51% follow them on **Instagram**.
- Al influencers generate <u>engagement rates similar to celebrities</u>, indicating a vast overall reach.

Why brands are investing: Virtual influencers can be carefully crafted to align with brand values and messaging, giving brands more control over campaigns without the risk of off-camera controversies that can damage brand reputation.

These influencers also offer more versatility and can appear in any environment, in any scenario, without the practical limitations of real influencers. And brands can fully own brand-created VTubers, eliminating any concerns about influencers leaving for competitor partnerships.

**Yes, but:** While virtual influencers are increasingly popular, many consumers are hesitant to buy into the trend.

- Studies have found that most followers perceive these influencers as "uncanny and authentically fake." Consumers who view virtual influencers as insincere will be more hesitant to purchase from a brand that relies on them.
- Virtual influencers are perceived poorly in key demographics, with 1 in 3 Gen Zers feeling negatively about virtual influencers, per Pion's <u>Youth Trends Report</u>.



Research from Northeastern University found that brands will likely see more reputational damage if virtual influencers are involved in selling a product that consumers are unsatisfied with compared to human equivalents.

Our take: While brands must stay up to date on innovative trends, remaining cautious when investing in virtual influencers is key, and advertisers must practice a delicate balancing act.

- Brands investing in virtual influencers must build trust progressively, beginning with limited virtual influencer initiatives and scaling if responses are positive.
- Transparency must be viewed as non-negotiable. Educating audiences about the technology and creative process is paramount, as is clearly disclosing when virtual influencers are used.
- Virtual influencers should only be used when they genuinely enhance and align with brand identity. Ensuring the influencer's values and aesthetics match brand positioning is critical.
- These influencers should be presented as supplements to human creators instead of total replacements. Brands cannot discount the intimate relationship a real influencer can build with audiences. Hybrid campaigns that pair virtual and human influencers could prove valuable.



