

TikTok considers virtual influencers to court brands—and they're not the only ones

Article

The news: TikTok is considering an AI-powered feature that would generate **virtual influencers**, including scripts and avatars, to help advertisers launch campaigns more

efficiently.

- This tool would allow advertisers and merchants to create video ads featuring AI-generated influencers based on prompts they provide.
- TikTok sees this as a way to streamline the ad creation process and encourage more advertising spending on the platform.

Yes, but: There are concerns that AI-generated content may not perform as well as human-created content.

- Some experts cite the potential for AI influencers to be used for highly personalized and manipulative marketing tactics that exploit cognitive biases.
- These virtual creators could disrupt the income stream for real influencers, which would possibly diminish those creators' affinity for the platform.

AI Influencers: The emergence of AI influencers, digital entities that interact with social media users and endorse brands, fueled by technological advancements such as **Midjourney** and **OpenAI's Sora**, presents a new challenge to human influencers.

- Virtual influencers, created using advanced CGI and AI, range from nonhuman characters to realistic human-like figures, managed by agencies or created by brands for specific marketing purposes.
- Like real influencers, virtual ones post content, endorse products, and interact with followers, but their activities and engagements are entirely simulated.
- Popular virtual influencers, such as **Lil Miquela**, **Imma**, and **Janky**, have successfully collaborated with major brands.
- The advantages of virtual influencers include affordability, controlled messaging, adaptability across languages and locations, and consistent branding, avoiding the unpredictability of human influencers.
- The FTC and industry leaders are [working on guidelines](#) for the transparent use of virtual influencers, addressing the need for authenticity and clear sponsorship disclosures.

Why it matters: Over half of Gen Z aspire to influencer careers, attracted by financial prospects and independence, per Morning Consult. However, market saturation is raising

barriers, complicating Gen Z's journey to success and content monetization in the dynamic influencer realm.

- While meant to complement human creators initially, these virtual influencers could eventually compete with real influencers for ad deals and sponsorships.
- Established influencers are also facing challenges such as declining engagement as the landscape becomes more crowded.

Our take: To remain financially viable in the face of new competition, influencers now need to explore multiple revenue streams beyond just social media, such as subscriptions, merchandise, and events.

- As the virtual influencer market matures, brands must judiciously evaluate partnerships to align with their values and meet audience expectations, navigating risks related to brand safety, transparency, and authenticity.
- If virtual influencers become big business for platforms like TikTok, the realism of such a career path could diminish over time.

Social Media Creator Revenue, by Stream

US, 2024, billions

Sponsored Content

\$8.14

Platform Payout

\$3.23

Affiliate Marketing

\$1.10

Merchandise

\$0.45

Other Revenue

\$0.34

Subscription

\$0.27

Tipping & Gifting

\$0.16

Note: revenues generated by US-based creators on social media; excludes revenues generated on traditional media properties; includes video platforms with primarily user-generated content (e.g., Twitch, YouTube)

Source: EMARKETER Forecast, March 2024

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