


Chapter 2

Digital Disruption: Virtual Influencers Transforming Traditional Marketing

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ABSTRACT

Traditional marketing has been affected by the rise of virtual influencers (VIs). Traditionally, products were marketed by celebrities or human influencers. Influencer marketing has been a strategy for connecting with audiences through credible and engaging social media figures and celebrities. This chapter explores the rise of VIs as they reshape the marketing landscape. Unlike human influencers, VIs offer unparalleled consistency, innovative engagement methods, and cost efficiency, revolutionizing marketing strategies across platforms like Instagram, TikTok, and virtual reality environments. This chapter also examines the rise of VIs, popular VIs, the cultural effects of VIs on Filipinos, popular VIs, and the ethical and operational implications of VIs. By integrating these insights, this chapter underscores how VIs exemplify digital disruption's transformative power, redefining traditional marketing practices while influencing the future of marketing and consumer engagement.

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INTRODUCTION

Influencer marketing has evolved into a dominant strategy that leverages individuals with significant online followings to promote products and services. Traditionally, brands have partnered with celebrities and human influencers to engage consumers. However, the emergence of VIs created using CGI and artificial intelligence has reshaped this landscape. Unlike their human counterparts, virtual influencers (VIs) are fully controlled by brands, eliminating risks related to scandals or inconsistencies.

This chapter analyzes this shift by applying the 4 Ps of Marketing framework—Product, Price, Place, and Promotion. This framework provides a structured approach to understanding how VIs influence marketing dynamics. This chapter also explores the cultural acceptance of VIs in the Philippines and their implications for career education.

The 4Ps of Marketing—Product, Price, Place, and Promotion—constitute the foundational elements of an organization's growth strategy, with each component playing a crucial role in attaining business objectives (Nicos & Alexander, 2024). The product dimension underscores the quality, characteristics, and benefits of goods or services. For instance, Lululemon's success can be attributed to its innovative product strategy, which features high-quality athletic apparel tailored to meet specific market demands (Wang, 2024). Similarly, Rumah Makan Cahaya Minang emphasizes product quality and flavor for its customers (Niluth, 2024).

Pricing strategies are essential in ensuring products are accessible to various consumer demographics. Lululemon employs strategic pricing to enhance its brand equity and attract a diverse consumer base (Wang, 2024). Conversely, Rumah Makan Cahaya Minang maintains affordable pricing to make its offerings accessible to a broad audience (Niluth, 2024).

The distribution or placement strategy focuses on identifying optimal locations to reach target customers effectively. Lululemon's carefully selected store locations enhance its market presence (Wang, 2024). Similarly, Rumah Makan Cahaya Minang has chosen strategic sites to maximize customer traffic (Niluth, 2024).

Promotion encompasses communication tactics employed to inform and persuade potential customers. Lululemon's promotional efforts are integral to its brand's success (Wang, 2024). This VI has utilized social media and direct marketing strategies to boost sales (Niluth, 2024). In the petroleum sector, effective promotional strategies have been linked to substantial increases in profitability (Yahya, 2024).

The 4Ps framework, remains a cornerstone of marketing strategy, providing businesses with a structured approach to developing and implementing their marketing efforts. However, the COVID-19 pandemic has significantly altered consumer behavior, market conditions, and business operations, necessitating reevaluating and adapting these traditional marketing mix elements. When formulating their

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