

Case Study: The Rise of AI Influencer Lil Miquela

Background – Who (and What) Is Lil Miquela?

Lil Miquela (full name Miquela Sousa) is a **virtual influencer** – a computer-generated 19-year-old avatar who presents as a Brazilian-American it-girl "living" in Los Angeles ¹ ². Created in 2016 by the LA startup Brud (founded by Trevor McFedries and Sara DeCou), Miquela quickly blurred the line between real and virtual on social media ³. At first glance, her Instagram photos could fool many: she wore real designer clothes, posed with human celebrities, and even her selfies showed details like freckles and flyaway hairs ⁴. Fans were intrigued and baffled – was she a real person with heavy photo editing, or an AI creation? This mystery was part of her initial allure. By mid-2018 Miquela's account had nearly 1 million followers, despite her audience knowing *something* was unusual ⁵. It was later confirmed that Lil Miquela is entirely digital, controlled by Brud's team of "engineers, storytellers, and dreamers" rather than any flesh-and-blood influencer ⁶.

What sets Miquela apart is that she isn't just a digital model; she has a multi-faceted persona as a **model, pop singer, and activist**. She's released several music singles (her first song "*Not Mine*" dropped in 2017) and has a presence on Spotify and YouTube ⁷ ⁸. On her platforms, Miquela often voices support for social causes – from Black Lives Matter to LGBTQ+ rights – making her an outspoken advocate despite being an AI creation ². This blend of fashion-forward content, pop culture savvy, and "woke" social commentary helped Miquela connect with Gen Z audiences in an authentic way (or at least as "authentic" as a virtual character can be). In short, Lil Miquela was conceived as a digital influencer **character** with a carefully crafted identity that resonates with young, trend-conscious followers.

Key Milestones in Lil Miquela's Rise

To understand Lil Miquela's journey, let's look at the key milestones in her rise to virtual stardom:

- **April 2016 – Instagram Debut:** Miquela's first Instagram post went live on April 22, 2016 ⁵. Her realistic CGI selfies and streetwear style quickly drew attention. Early on, many followers did not realize she was computer-generated.
- **2017 – Music Releases:** She expanded into music by releasing her debut single "Not Mine" in August 2017, followed by several other tracks over the next few years ⁷. This established her as a virtual pop artist in addition to a model/influencer.
- **Early 2018 – Rapid Growth and Prada Partnership:** By early 2018, Lil Miquela had amassed nearly **1M followers on Instagram** ⁵. In February 2018, Italian luxury brand **Prada invited Miquela to "take over" its Instagram account during Milan Fashion Week** for the Fall 2018 show ⁹. The CGI influencer posted wearing Prada outfits, marking one of the first major brand collaborations with a virtual persona.

- **April 2018 – The “Hack” Reveal Stunt:** In a now-famous plot twist, Lil Miquela’s Instagram was “hacked” by another CGI character (the rival avatar Bermuda) in April 2018 ¹⁰ . For about 48 hours, “Bermuda” took over Miquela’s feed and demanded she “tell people the truth.” The stunt ended with Lil Miquela *publicly admitting she was a robot* and not a human – a storyline crafted by her creators at Brud ¹¹ ¹² . This clever PR move generated massive buzz and media coverage, essentially lifting the curtain on Brud’s involvement. Fans, rather than abandoning her, rallied behind Miquela’s character, who in the story “**fired her corrupt creators and asserted independence**” ¹³ ¹⁴ . This saga not only grabbed headlines but also endeared Miquela to followers as a “free agent” virtual being with a relatable narrative.
- **June 2018 – Mainstream Recognition:** Lil Miquela’s influence was acknowledged by traditional media when **TIME Magazine named her one of the “25 Most Influential People on the Internet”** in 2018 ¹⁵ . This was a remarkable nod to a virtual personality, placing her alongside real-world celebrities.
- **2019 – High-Profile Brand Campaigns:** Miquela’s popularity translated into more brand deals. Notably, **Calvin Klein featured Lil Miquela in a global #MYCALVINS advertising campaign in May 2019**, including a video where supermodel Bella Hadid “kissed” the CGI model ¹⁶ . The campaign drew over **1.4 million views on Miquela’s Instagram video** post ¹⁷ and generated massive press (along with some controversy, as Calvin Klein had to apologize for perceived queerbaiting ¹⁸). Also in 2019, Miquela appeared in UGG’s 40th Anniversary campaign alongside human fashion icons – underscoring that her **1.5+ million follower count at the time outshone many human models** in the same campaign ¹⁹ ²⁰ . By this point she was firmly on the fashion industry’s radar, **collaborating with Prada, Calvin Klein, Ugg, and more.**
- **2020 – Signing with CAA:** In 2020 Lil Miquela became the **first digital influencer to sign with top talent agency CAA** (Creative Artists Agency) ²¹ . This meant a major Hollywood agency was now representing a virtual client for brand partnerships, media projects, and other opportunities – a strong sign of the commercial viability of AI influencers. (It was later revealed she had even been briefly repped by WME prior to CAA ²² .)
- **2021 – Brud’s \$125M Valuation and Acquisition:** The startup behind Miquela, Brud, capitalized on her success with venture funding. After raising an estimated \$6 million in earlier rounds ²³ , Brud’s valuation reportedly soared to **over \$125 million by 2019** ²⁴ . In late 2021, the company was **acquired by Dapper Labs**, a major blockchain/NFT firm, in an equity-based deal ²⁵ ²⁶ . (Brud’s expertise was folded into developing blockchain-based community projects, though they pledged to continue developing Miquela’s character within the new ownership ²⁷ ²⁸ .) PitchBook data later indicated Brud was valued around **\$144.5 million at acquisition in 2021** ²⁹ – a remarkable figure essentially attributing huge business value to the IP of a virtual influencer.
- **2022-2023 – Continued Influence:** Lil Miquela’s following plateaued around **2.5-3 million Instagram followers** by 2022-2023 ¹ ³⁰ , and she expanded to platforms like TikTok (where she garnered another 3+ million followers) ¹ . During this time, she continued landing partnerships – for example, serving as a virtual brand ambassador for retailer Pacsun and even teaming up with tech brands like Samsung ³ . Marketers increasingly cited Miquela as a case study in virtual influencer marketing, and she remained one of the **most famous AI influencers** in the world.

These milestones illustrate how Lil Miquela evolved from a curious Instagram project to a bona fide virtual celebrity with real commercial clout. Next, we'll dive into the tangible impact she's had in terms of reach and brand performance.

Reach and Performance Metrics

Audience & Reach: As of 2023, Lil Miquela commands an audience of about **2.6 million Instagram followers** and **3.5 million TikTok followers** ¹ (her IG following has fluctuated between 2–3M, peaking near 3M). This puts her on par with many human macro-influencers. Her content consistently reaches a wide international audience; for instance, her posts typically garner hundreds of thousands of likes, and videos often accumulate views in the millions. A prominent example was the Calvin Klein ad – the video of Miquela and Bella Hadid on her Instagram amassed over **1.4 million views** ¹⁷, demonstrating the viral reach a virtual influencer can achieve.

Engagement: Lil Miquela's engagement rates have varied over time. In her early growth phase, her engagement was comparable to human influencers – around **2.5% engagement rate on Instagram posts** circa 2019 ³¹. This is roughly on par with industry averages for influencers with 1–2M followers. However, as her follower count grew and the novelty wore off, engagement has tapered off somewhat. Recent analyses indicate her engagement rate can be under 1% in some campaigns. For example, in a 2023 sponsored campaign for BMW, **Miquela's posts averaged a 0.6% engagement rate, whereas posts by human influencers for BMW saw ~3.6% engagement** ³². This suggests that while Miquela can **drive massive reach**, human creators still often spark deeper interaction. (It's worth noting that virtual influencers in general average around a 2.8% engagement rate vs 1.7% for humans in some reports ³³ ³⁴ – so the landscape is evolving and depends on context.)

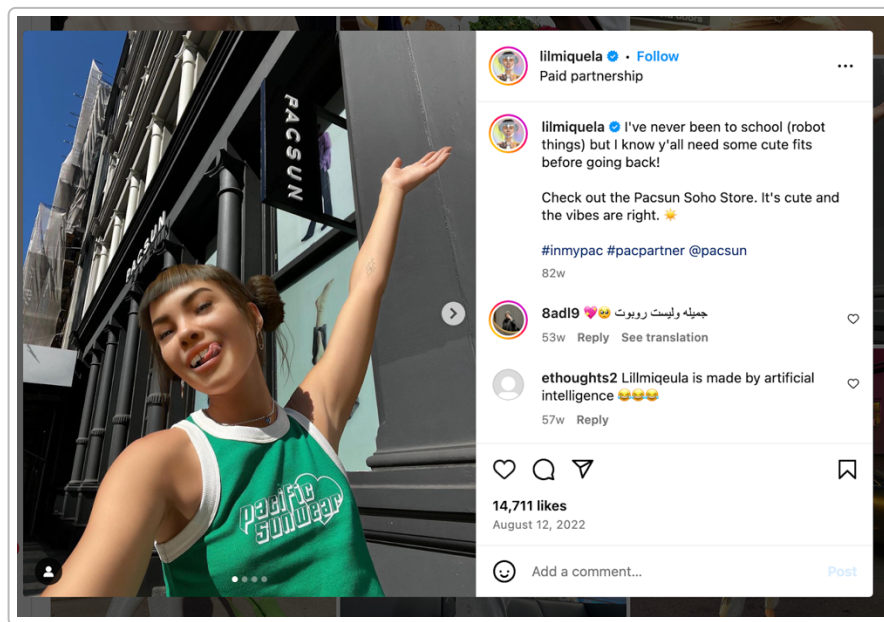
Impact on Brands – Key Campaign Results: In terms of delivered value, Miquela has some impressive case study numbers:

- A CreatorIQ report found **Lil Miquela's seven Instagram posts for BMW in 2023 generated about \$168,000 in Earned Media Value, 128,000 total engagements, and 1.5 million impressions** for the brand ³⁵. This shows that even with somewhat lower like ratios, the *absolute* reach and engagement across multiple posts were substantial.
- Calvin Klein's 2019 campaign featuring Miquela reportedly led to a **60% increase in social media engagement for the brand** during that period ³⁶. The buzz from using a CGI model in a high-profile ad translated into real online conversations and publicity – a big win for brand visibility.
- Miquela often outperforms traditional influencers in sheer volume of brand collaborations. One study noted that **Lil Miquela endorsed 61 different brands in just a six-month span**, far more than any other virtual influencer analyzed ³⁷. This high throughput of collaborations (from streetwear labels to luxury fashion to consumer electronics) underscores how **scalable** an AI persona can be in marketing – she can appear in campaign after campaign without the fatigue or scheduling conflicts a human might have.
- By the end of 2018, Miquela's popularity was such that her follower count (1.5M at that time) actually exceeded those of many human models she appeared alongside. In UGG's 40th anniversary

campaign, **Miquela's 1.4M Instagram followers outnumbered the followings of the real models Adwoa Aboah and Heron Preston who shared the campaign with her** ²⁰ . This made the press take notice that a virtual persona could equal or eclipse real fashion influencers in audience size.

Overall, the numbers show that Lil Miquela delivers **reach and impressions at scale**, and can spur meaningful engagement and earned media for brands, even if her like/comment percentages don't always beat a human influencer. Crucially, she has proven capable of **converting novelty into consistent influence** – maintaining a multi-million follower base and attracting blue-chip brands over several years, which is a strong indicator of ROI for her creators and partners.

Brand Collaborations and Media Features



Lil Miquela promoting a back-to-school campaign for Pacsun (Instagram, 2022). As a virtual brand ambassador, she often posts lifestyle shots like a real influencer – here encouraging followers to check out Pacsun's Soho store as part of a paid partnership.

From high fashion to streetwear and tech, **Lil Miquela's list of brand collaborations reads like a marketer's dream**. She has worked with luxury designers, consumer brands, and everything in between, leveraging her unique appeal to enhance brand campaigns:

- **High Fashion:** Miquela made waves when she partnered with **Prada** for Milan Fashion Week in February 2018, effectively becoming a virtual correspondent for the brand. She took over Prada's Instagram stories and feed during the Fall 2018 runway show, sporting Prada outfits and giving fans a CGI "insider" look ⁹ . She has also been pictured in Chanel, Balenciaga, and Dior – often tagging or thanking these brands in her posts. For luxury labels, Lil Miquela provides a futuristic marketing angle: associating their heritage names with cutting-edge digital culture. Vogue noted that **Miquela even collaborated with Prada and Giphy to create branded GIFs** for the fashion house ³⁸ , merging high fashion with social media art in a novel way.

- **Mass Market Fashion & Retail:** Lil Miquela has served as a brand ambassador for more accessible fashion retailers as well. In 2022, she partnered with **Pacsun**, appearing in the mall brand's back-to-school social campaigns (see image above). Pacsun touted her as a spokesperson to appeal to young, tech-savvy shoppers. She's also been featured by brands like **Nike** and **Coachella** (she "interviewed" artists at Coachella in a content series) ¹⁹, and even modeled streetwear collaborations. The breadth of her fashion partnerships – from **Calvin Klein** underwear ads ¹⁶ to **Outdoor Voices** athletic wear on her Instagram – shows her versatility across style genres.
- **Beauty and Lifestyle:** Miquela's influence extends to beauty products and lifestyle brands. She has done sponsored content for a skincare line and has been pictured using products like **Ouai haircare** (despite being an avatar with digitally rendered hair, she tongue-in-cheek thanked Ouai for keeping her hair "silky smooth" ³⁹). Such posts, while playful, are effectively brand endorsements reaching her large audience. She also promotes lifestyle accessories; for instance, she's featured wearing **Samsung** gadgets as part of a partnership, and was involved in an **IKEA** Japan virtual influencer campaign alongside Imma (another digital avatar) to promote room furnishings, demonstrating how tech and home brands experiment with her avatar star power.
- **Music & Entertainment Brands:** As a virtual pop artist, Lil Miquela has co-branded with the music industry too. She's been depicted using **Spotify**, and Warner Music tapped another virtual influencer (Noonouri) for record promotions – highlighting that the entertainment sector sees potential in CGI personas. Miquela herself has **appeared in a music video for Baauer and helmed a remix for Lauv** ⁷ ⁴⁰. These crossovers build her credibility as more than an Instagram model – she's part of the entertainment ecosystem, opening avenues for collaborations in media, gaming, and beyond.
- **Flagship Campaigns:** Several of Miquela's brand deals have been marquee, highly-publicized campaigns:
 - The **Calvin Klein #MyCalvins campaign (2019)** stands out. In that video ad, Miquela shared the screen (and a kiss) with supermodel Bella Hadid ¹⁶. The campaign's edgy concept ("virtual meets reality") generated enormous buzz online and was even discussed in mainstream news like the Guardian and BBC. Calvin Klein's use of Lil Miquela was a bold statement that *even legendary fashion houses are experimenting with virtual influencers*. Despite the backlash that led CK to issue an apology ¹⁸, the campaign succeeded in grabbing attention – something every brand covets.
 - The **UGG 40th Anniversary campaign (2018)** placed Miquela alongside fashion luminaries Adwoa Aboah, Luka Sabbat, and Heron Preston in a global campaign shot by a renowned photographer ⁴¹. Imagery from this campaign showed Miquela in surreal landscapes (like sitting on a giant hoop above the clouds) wearing UGG boots, literally embodying the mix of fantasy and reality. Press coverage noted that Miquela's social following was as strong as her human co-models, underscoring why UGG included her – she brought a massive digital fanbase to the table ²⁰.
 - **BMW's virtual influencer campaign (2022-23)** had Miquela participate in promoting BMW's new models on Instagram, as part of the carmaker's experimentation with AI avatars. Over 7 posts, she helped BMW garner 1.5 million impressions ³⁵. This showed that even outside fashion, sectors like automotive are testing virtual influencers to modernize their brand image.
 - **Dior and Balmain** are among other luxury brands that have dipped into virtual influencers. Dior had Miquela attend (virtually) a product launch, while Balmain in 2018 created its own CGI models for a

campaign. Miquela's early success arguably paved the way – Brud's creation proved the concept, and now brands sometimes *create their own* virtual personas to similarly engage audiences ⁴² ⁴³ .

- **Media Features:** In addition to brand deals, Lil Miquela has garnered significant media coverage and accolades:
 - She was profiled by outlets like *The Guardian*, *Vogue*, *Business of Fashion*, *Refinery29*, and *The Cut* as a phenomenon blending tech and culture. In fact, *The Cut* in 2018 ran multiple stories unpacking Miquela's origin and the saga of her Instagram hack ⁴⁴ ⁴⁵ .
 - Miquela has graced the **covers of style magazines** – she was the cover star for *Highsnobiety* and *Hypebae* in 2018 ⁴⁶ , making her likely the first digital model on those magazine covers. She also did editorial spreads for *Paper Magazine* and *Nylon* ⁴⁷ , alongside interviews presented as if she were a real celebrity. These placements in credible fashion publications lent her a legitimacy in the fashion world that many influencers (even human ones) strive for.
 - In 2018, *Paper Magazine* dubbed her “(Cyber) Girl of the 21st Century” in a feature piece, highlighting her as one of the most exciting new voices on social media ⁴⁸ . The article – and others like it – emphasized how she attracted a massive following with selfies and personal posts despite “having no soul” (a tongue-in-cheek reference to her CGI nature) ⁴⁹ .
 - Perhaps the ultimate validation: as mentioned, **TIME Magazine named Lil Miquela among the 25 Most Influential People on the Internet** in 2018 ¹⁵ . This is especially noteworthy because it was not a separate category for virtual beings; she was listed alongside real-world influencers and celebrities, meaning her influence was considered on par with actual people impacting the online world.

Through these brand and media highlights, it's clear that **Lil Miquela became a fixture in both marketing campaigns and pop culture conversations**. She proved that a fictional character can “live” in our real social spaces, engaging audiences and partnering with brands much like any human influencer – and sometimes even more effectively.

What Makes Her Strategy Successful?

Lil Miquela's rise didn't happen by accident – it was the result of deliberate strategy and savvy execution by her creators. For clients considering launching an AI influencer, understanding *why Miquela succeeded* is crucial. Here are the key factors behind her success:

- **First-Mover Advantage and Novelty:** Miquela was a pioneer in the virtual influencer space. Being one of the first high-profile CGI personas on Instagram gave her a *massive novelty factor*. Early on, users were intrigued by the mystery – she looked real at a glance, so people followed to figure her out. This “is she real or fake?” curiosity drove viral growth ⁵⁰ . By the time others entered the scene, Lil Miquela had become synonymous with the concept of an AI influencer, securing loyal followers and media attention that newcomers struggled to match. In marketing terms, she *defined* a new niche, which is a powerful position to be in.
- **Consistent Character & Relatability:** Despite being artificial, Miquela feels **relatable** to her audience. How? Her creators carefully crafted a **consistent persona and storyline**. Miquela behaves like a normal young adult: she posts about hanging out with friends (both human and virtual) and attending parties, she jokes about everyday things (even poking fun at her own robot nature) ⁵¹ ,

and she expresses genuine emotions and opinions. For example, she shares music she loves, notes when she's feeling anxious or excited, and even refers to having "bad hair days" – all of which humanize her. This consistency in voice and behavior makes fans suspend disbelief and treat her like a real person in their social feed. Essentially, Brud applied principles of **storytelling and character development** (drawn from fiction writing or TV) to an Instagram account. The result: followers became invested in Miquela as if she were a friend or a celebrity, not just a 3D model. *She isn't a gimmick account; she's a full-fledged character with a life of her own*, which is key to long-term engagement.

- **Narrative-Driven Engagement (The Power of Drama):** One of the most brilliant strategic moves was the use of **narrative drama** to boost engagement – epitomized by the April 2018 "hacking" saga. That incident was essentially a short soap opera unfolding in real time on Instagram, and it captivated audiences ⁴⁴ ⁵². By introducing conflict (the rival avatar Bermuda) and then resolving it with a plot twist, Miquela's team kept people glued to the story. This kind of serialized storytelling in an influencer campaign was unprecedented. It gave Miquela's audience *entertainment* beyond just pretty photos – there was lore and character development. After the "reveal," Miquela's character arc (breaking free from her creators, asserting her identity) made her even more endearing to fans ¹³ ¹⁴. This shows the power of having a **content narrative**: rather than just posting disconnected sponsored content, Miquela's account has storylines and continuity, which encourages followers to keep checking back and emotionally invest in her journey. Brands took notice that following Miquela was more akin to following a reality-show character or a protagonist in a story, which is a deeper form of engagement than typical influencer fare.
- **High-Quality Visuals and Realism:** From day one, Miquela's content quality set a high bar. Her images are rendered with careful attention to detail – lighting, shadows, texture – such that she blends almost seamlessly into real photographs ⁴. She "appears" in real locations (a diner, a music festival, city streets) alongside real people, thanks to skilled CGI editing. This realism matters because it avoids the "uncanny valley" that might alienate viewers. Instead, many people scrolling past might not even realize she's CGI until they read more. The tech and artistry behind Miquela created a **visually appealing feed** that rivals any top human influencer's profile. Additionally, her fashion is on-point: Brud worked with stylists to put her in trendy outfits (streetwear and luxury brands) that resonate with fashion-forward audiences ³⁹. By looking *cool and current*, she built credibility in the style community. For prospective virtual influencers, investing in top-notch 3D modeling, animation, and creative direction is essential – audiences today have a sharp eye, and anything that looks too cartoonish or fake will limit an AI character's appeal. Miquela succeeded in part because her execution made people go "wow, I can't believe she's not real" rather than "ew, this looks obviously computer-made."
- **Aligning with Culture and Values:** Miquela's strategy tapped into cultural trends and values that matter to her audience (largely Gen Z and young Millennials). For instance, she has openly shared opinions on social issues – **supporting Black Lives Matter, transgender rights, immigration reform, and more** ². In 2020, she even announced that she (the character) was donating funds (reportedly \$100,000) to causes fighting racial injustice. She sold "Uncanny Valley Girl" merchandise with proceeds going to charity (like wildfire relief) ⁵³. All of these actions built her image as a **socially conscious influencer**, not unlike real young celebrities who use their platform for activism. This greatly increased her authenticity in the eyes of fans. It might seem ironic – a robot advocating human rights – but it struck a chord with her followers and generated positive press. Additionally,

her persona embraces diversity and inclusion. Miquela presents as a mixed-race young woman in a largely white-dominated influencer world (her character has a Black father and Latina mother in her backstory). This representation, guided by her creators (themselves a Black man and Latina woman) ⁵⁴, made her stand out and appeal to diverse audiences. The **cultural relevance** of Miquela's content (from meme humor to political awareness) made her feel *alive* and plugged into the real world, which was critical for her acceptance.

- **Controlled Identity & Brand Safety:** From a brand's perspective, one of Miquela's strategic advantages is that she is **100% controlled** by her creators. This means no unpredictable scandals, no off-message personal moments, and the ability to perfectly script all her interactions. As one venture capitalist quipped, "You can create the Kardashians without any of the inherent issues that come with being human" ⁵⁵. Indeed, Miquela will never show up drunk on Instagram Live or make an offhand offensive comment – every post is meticulously planned. This **brand-safe** nature is a huge selling point. Marketers saw that with a virtual influencer, they could avoid the risks associated with human ambassadors (who might get into controversies). Miquela's team capitalized on this by keeping her content controversy-free *apart from the engineered drama they wanted to create*. (And even that drama was fictional and thus low-risk.) As marketing experts have noted, **having more control over the messaging and behavior** of an influencer is a key reason brands are exploring virtual influencers ⁵⁶. Miquela exemplifies this control; even when she "surprises" followers, it's because Brud intended it. This strategic control extends to her look and evolution too – she doesn't age (unless the creators choose to update her), and her style can be revamped at will to match brand campaigns. In essence, she's a *malleable asset*.

- **Scalability and Productivity:** Lil Miquela can "be" in many places at once in a way a human cannot. Her digital nature allowed her to promote 60+ brands in half a year ³⁷ without complaining about workload or oversaturation. She can post content daily (or even multiple times a day) without exhaustion – a distinct advantage of AI avatars. Brud leveraged this by having Miquela churn out a high volume of content. At one point she was posting nearly every day, maintaining audience interest and giving brands plenty of content. This scalability also means Miquela can interact with fans 24/7; indeed, she would often reply to comments and DMs in a personable "voice," something a human might not sustain at scale. The strategic benefit here is **efficiency**: one virtual influencer can do the work of many micro-influencers, assuming the team has the bandwidth to create the content. It's cost-effective in the long run (after initial development) and can flood social media with your messaging. Miquela demonstrated how a single virtual persona could anchor an entire influencer marketing engine.

In sum, Lil Miquela's success comes from treating her not as a one-off stunt, but as a **full-fledged brand and storytelling platform**. She captured attention by being novel, but she held attention by being genuinely engaging and culturally tuned-in. For clients looking at this space, Miquela is a case study in how to humanize the artificial: give your AI influencer a personality, a voice, friends, flaws, beliefs – make her someone people *want* to follow. Couple that with high production quality and smart marketing theatrics, and you have a recipe for an influencer who can rival her human counterparts.

Business Model and Monetization Approach

How does a virtual influencer make money? Lil Miquela's business model has evolved over time, from initially *building intrigue* to eventually monetizing her fame much like a human influencer (and then some). Here's how the monetization of Lil Miquela works and what revenue streams her brand taps into:

- **1. Sponsored Content & Brand Partnerships:** This is the most straightforward revenue source. As Miquela's following grew into the millions, brands paid to access her audience via sponsored posts, product placements, and campaigns. By 2019, Brud had transitioned from "experiment" to "business": Miquela started doing *paid partnerships* (disclosed with labels like "#ad" or "Paid Partnership" on Instagram). For example, the Pacsun post shown above is explicitly tagged as a paid partnership – Pacsun compensated Miquela's team for that promotion. Similarly, deals with Calvin Klein, Dior, Samsung, Prada, and others would have involved marketing budgets directed to Brud. While exact fees aren't public, top influencers with 2–3M followers often charge tens of thousands of dollars per Instagram post; Miquela's rates likely fell in a similar range, depending on the partnership depth. The **advantage for brands** was they also got the PR buzz of working with a virtual celeb. For Miquela's owners, sponsored deals were a repeatable revenue source. Notably, in early days Brud was cautious – in a 2018 interview, they claimed Lil Miquela hadn't "earned a dime" from collabs yet and was turning down offers that didn't align with her image ⁵⁷. This restraint built credibility. But after establishing her influence, Brud did monetize through numerous partnerships (evidenced by the sheer number of brands she ended up promoting – 60+ in six months at one point ³⁷). Sponsored content became a **primary monetization pillar**.
- **2. Media & Licensing Deals:** Beyond social media ads, Miquela opened the door to other media opportunities. For instance, she "modeled" in brand lookbooks and commercials (like the video ads for Calvin Klein and UGG). Such appearances would carry modeling or talent fees akin to hiring a model/actor. Moreover, in 2020 Miquela **signed with CAA** ²¹, a talent agency, which suggests Brud aimed to land her roles in digital shows, virtual concerts, or endorsements that go through an agency. If Miquela were to appear in, say, an animated series or lend her avatar likeness to a game or a film, those would be licensing deals generating revenue. While we haven't seen a full movie starring Lil Miquela (yet), the representation by CAA indicates the intention to monetize her IP across entertainment verticals. In fact, Brud crafted an entire narrative universe with multiple characters (Miquela, Bermuda, Blawko). There were discussions of potentially turning that into a transmedia franchise (think virtual influencer group or story content that could be monetized via web series or merch). The business model here is treating the virtual influencer like a **media property** that can earn money via appearances and licensing. It's telling that in interviews, Trevor McFedries (Brud's co-founder) often compared Miquela to characters like Mickey Mouse or Barbie in terms of IP potential – enduring characters that generate merchandising and media revenue.
- **3. Music and Content Sales:** Lil Miquela's music career, while a part of her persona, also offered a minor monetization path. Her singles on Spotify, Apple Music, etc., earn streaming royalties (albeit likely modest). If she had blown up as a musical artist, touring or virtual concerts could have been revenue streams (imagine fans paying to watch a "live" Lil Miquela performance via VR – not far-fetched in the future). In addition, Miquela's content creation could be sponsored (for instance, she did an IGTV series "Miquela Tries" where she tried different things like any YouTuber – such series could be brand-sponsored). As of now, these are smaller slices of the pie compared to brand deals, but they reflect Brud's approach of diversifying her presence.

- **4. Merch and Collectibles:** Brud experimented with selling Lil Miquela-themed merchandise. The “Uncanny Valley Girl” T-shirts she sold in 2018 (with proceeds to charity) are one example ⁵³. While that particular merch line was for a cause, it showed that fans were willing to spend real money on items associated with a virtual figure. Post-acquisition, under Dapper Labs (a blockchain company), one could imagine **NFTs or digital collectibles** featuring Miquela. In fact, prior to being acquired, Miquela’s team did dip toes into NFTs – one of her NFTs sold to benefit charity and raised \$82k ⁵⁸. Though not a core monetization method yet, **fan-driven commerce** (stickers, artwork, NFTs, even tickets to virtual events) is a potential revenue stream for virtual influencers as their fan communities deepen. Miquela’s strong brand can be licensed on merchandise just like any famous character or influencer.
- **5. Venture Capital and Acquisition:** A unique aspect of Lil Miquela’s monetization is that her creators treated the whole venture as a startup – meaning they sought investment based on future potential, not just immediate income. In 2018, Brud raised roughly **\$6 million in VC funding** ²³. Investors essentially bet that virtual influencers would be big business. This infusion allowed Brud to scale content production and technology (hiring more 3D artists, writers, etc.) without needing profit right away. The bet paid off when **Brud was acquired in 2021 at a valuation reportedly around \$125–144 million** ⁵⁹ ³⁰. This acquisition is a monetization event in itself – likely providing a return to investors and founders. For prospective brands, this highlights an angle: a successful virtual influencer can *increase the enterprise value* of your company, not just generate marketing ROI. In Brud’s case, they built an IP asset so valuable that a larger tech company bought it to leverage in new ways (in Dapper’s case, to build community and DAO tools around fan engagement ²⁷). While not every brand launching a virtual influencer will seek an acquisition, it’s notable that **intellectual property value** is part of the business model here. Lil Miquela is IP – and strong IP can be monetized through corporate deals, franchising, etc.
- **6. Cost Efficiency:** On the cost side of the model, it’s worth mentioning that while creating Lil Miquela required significant upfront investment (a team of 3D artists, AI specialists, writers, etc.), running her may be cost-efficient compared to paying a human celebrity long-term. She doesn’t require first-class flights, hotel stays, hair/makeup teams for every shoot, or creative royalties – her content is made in-house. Brud had a staff (32 people by 2021) who collectively “produced” Miquela’s life ²⁶. Once the machine was running, they could output content continuously. And one avatar can serve multiple brand clients concurrently without conflict (as long as the campaigns don’t overlap in a conflicting way). This means Miquela could theoretically do a Prada post one day and a Samsung post the next without the negotiation headaches a human might have. **Scalability** keeps costs relatively fixed while revenue can grow with each new partnership. Brud’s PitchBook profile noted that virtual influencers could save brands millions in human talent costs and logistical expenses ⁶⁰ ⁶¹. So, part of the business logic is efficiency: for certain campaigns, it might be cheaper (and faster) to animate Miquela wearing your new collection than to contract a supermodel and deal with production. As technology advances (making content creation even faster with AI), the cost-benefit tilt will grow.

In summary, Lil Miquela’s monetization approach mirrors that of a **modern digital media enterprise**. She earns money like an influencer (sponsored content), like a celebrity (agency deals and appearances), and like a media property (IP value and spin-off products). For clients, the takeaway is that a virtual influencer can open multiple revenue streams – *if* you can build a character with a devoted following. Initially, the focus should be on growth and engagement (Miquela spent ~2 years gaining credibility and fan love, largely

without cashing in). Once established, the **revenue opportunities** — from ads to merchandise to even selling the entire IP — can be substantial. Brud's investors certainly thought so, and they were proven right when the company was acquired. It's a longer-term play, but potentially a very lucrative one if the virtual influencer becomes a hit.

Takeaways and Insights for Brands Considering an AI Influencer

For marketers and entrepreneurs weighing the idea of launching a virtual influencer like Lil Miquela, this case study offers rich lessons. Below are key takeaways and best-practice insights to consider:

- **Invest in Character Building:** A successful AI influencer is not just a digital puppet for ads – it's a *character* with a backstory, personality, and values. Take time to define who your virtual influencer is (their age, style, interests, even “personal” struggles). Lil Miquela resonated because she feels like a real person to her followers, complete with opinions and emotional moments ⁶² ⁶³. Ensure your virtual persona can authentically connect with your target audience's lifestyle and culture.
- **Quality and Consistency Are Key:** Audiences have high standards; sloppy animation or inconsistent rendering will undermine credibility. Use high-quality CGI and maintain a consistent visual style and voice in communications. Miquela's posts are nearly photo-realistic and her tone (slightly witty, compassionate, Gen-Z slang-laden) stays steady across platforms ⁴. This consistency builds trust. Plan a content calendar just as you would for a human influencer, keeping a regular posting cadence so followers stay engaged.
- **Leverage Storytelling and “Planned Spontaneity”:** One of the biggest differentiators for virtual influencers is the ability to script creative storylines. **Engage your audience with narrative arcs or interactive events.** Miquela's team generated massive buzz through stunts like the fake hack reveal, treating her Instagram like an ongoing series ⁵². Brands can emulate this by writing episodic content or mini-dramas around their virtual influencer (for example, a scripted “feud” between your AI avatar and a competitor's avatar, or a fictional challenge they have to overcome). This drives followers to tune in regularly, not just passively consume isolated posts.
- **Align with Your Brand and Remain Transparent:** If you're a brand creating a virtual influencer as a mascot or representative, ensure their identity aligns with your brand values and image. Also, be transparent with consumers about the nature of the character. FTC guidelines require disclosure of sponsored content *and* it's recommended to clarify that a virtual influencer is fictional ⁶⁴. Lil Miquela initially blurred reality, but once revealed, her creators have been open that she's fictional while still letting the character speak for herself. **Honesty and clarity** will prevent backlash – audiences don't like feeling deceived. Use hashtags like #VirtualInfluencer or #PoweredByAI in campaigns for clarity, and disclose partnerships as you would with any influencer.
- **Drive Social Engagement Through Interaction:** Even though an AI influencer isn't “real,” fans appreciate interaction. Miquela's accounts reply to comments, engage in Twitter banter, and even collaborate with human influencers (e.g., doing interviews). This kind of engagement humanizes the AI. Brands should have a community manager or team member effectively role-play as the virtual persona in social interactions. Respond to DMs, comment on fan posts, perhaps even “like” or share UGC. These interactions make followers feel seen and part of the story, deepening loyalty.

- **Plan for Crisis and Ethics Management:** Consider potential ethical questions or missteps. For instance, portrayals of race, body image, or relationships via a virtual persona can draw scrutiny (Miquela's interracial avatar and that Calvin Klein same-sex kiss ad raised discussions on representation ⁶⁵). Be ready to address such issues thoughtfully. Also, ensure diversity in the team behind the avatar if the character represents a certain demographic. Moreover, watch out for IP rights (make sure you own all creative elements) and have a strategy if the AI influencer accidentally courts controversy. Essentially, **treat the AI influencer as a talent that needs PR and brand reputation management**. The advantage is you control their actions – but public perception can still take turns you need to manage.
- **Multichannel Presence Increases Impact:** Don't limit your virtual influencer to one platform. Miquela expanded from Instagram to TikTok, YouTube, and streaming services, which helped grow her fanbase. An AI character can travel wherever there's an audience: consider doing TikTok skits, Twitter Q&As, even appearing in virtual reality or the metaverse. Being multichannel also allows different facets of the personality to shine (e.g., music content on Spotify, fashion photos on Instagram, short comedy videos on TikTok). This broadens monetization opportunities as well.
- **Monitor Performance and Audience Sentiment:** Use analytics tools (HypeAuditor, Social Blade, etc.) to track follower growth, engagement rates, and audience demographics for your virtual influencer ⁶⁶. Pay attention to which content resonates best – is it when the AI does something funny, or when they speak on issues, or when they showcase products? Lil Miquela's team likely analyzed feedback after each storyline (e.g., the hack reveal led to overwhelmingly positive sentiment and follower surge). Also monitor sentiment – are there negative comments about the concept (some people find virtual influencers “creepy” or inauthentic)? Address those through content (perhaps have your AI avatar “admit” they know not everyone likes the idea of them, etc. – Miquela has made such tongue-in-cheek acknowledgments, which adds self-aware charm ⁶³). Data-driven adjustments will improve your strategy over time.
- **Consider the Resources and Team Required:** Launching an AI influencer is a cross-disciplinary endeavor. It's essentially part creative studio, part tech startup. You'll need 3D artists/animators, writers (for captions and story), social media managers, possibly AI specialists if using machine learning for interactivity, and a legal team to handle contracts and rights. Brud had dozens of staff by the time of its success ²⁶. While smaller scale projects can start lean (there are agencies that create virtual influencers for clients), be realistic about the investment. However, also weigh it against traditional influencer marketing costs: a virtual influencer you build is an **asset you own** and can deploy across campaigns freely, whereas hiring human influencers is a recurring cost. This upfront investment can pay off if you foresee using the character for the long haul.
- **Brand Safety and Control – Use It Wisely:** One of the biggest pros of a virtual influencer is control over messaging. You can script them to never say anything off-brand. Use this to your advantage by **meticulously planning content that aligns with your brand values and campaign goals**. However, be cautious: just because you *can* have them do anything doesn't mean you *should*. Authenticity still rules in social media. Audiences (especially younger ones) can sniff out overly corporate or shallow content. Miquela succeeded because, even though she was controlled, her content felt free-spirited and genuine. Strike a balance between control and authenticity – for instance, allow the character to have a “life” beyond pushing products (post fun or personal content

too, as a human influencer would). This keeps followers from feeling like they're just being advertised to, maintaining trust and interest.

- **Long-Term Vision – Think IP, Not Just Campaign:** If you launch an AI influencer, think beyond a one-off marketing campaign. Envision how this character could grow and create value in the future. Could they become a virtual brand ambassador indefinitely? Could they spawn their own product lines (digital or physical)? Could they even be a revenue source by themselves (through sponsored deals as an influencer-for-hire)? Lil Miquela became a platform in her own right – now brands come to *her* for promotion. That's a powerful flip of the script. So, while your initial goal might be to promote your brand via an in-house virtual persona, keep an open mind that you are also, in effect, creating a new digital brand. With careful nurturing, your AI influencer could gain autonomy (in a business sense) and unlock unexpected opportunities (media collaborations, licensing, etc.). This is the **metaverse-era approach to branding** – the influencer *is* the brand.

In conclusion, Lil Miquela's journey offers a blueprint for how to captivate audiences with a virtual influencer and generate real business results. For clients considering building an AI influencer, the bottom line is: **treat it as seriously as you would launching a new company or product**. It requires investment, creativity, and strategy, but the payoff can be a completely owned media asset with tremendous flexibility and reach. As the social media and metaverse landscapes evolve, virtual influencers are poised to play a bigger role – and with the lessons from Lil Miquela, you can approach this frontier with informed confidence and creativity.

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