

ARTIFICIAL INTELLIGENCE-POWERED INFLUENCER MARKETING IN TAMIL NADU: REIMAGINING CONSUMER BEHAVIOUR, DIGITAL ENTREPRENEURSHIP AND SUSTAINABLE BUSINESS GROWTH IN THE EMERGING DIGITAL ECONOMY

Dr. G. YOGANANDHAM, Professor & Head, Department of Economics, Thiruvalluvar University
(A State University), Serkkadu, Vellore District, Tamil Nadu, India- 632 115.

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Abstract

This study examines the transformative impact of Artificial Intelligence (AI)-powered influencer marketing in Tamil Nadu, focusing on consumer behavior, digital entrepreneurship, and sustainable business growth within the emerging digital economy. As Tamil Nadu's digital infrastructure and MSME ecosystem expand, AI-driven influencer marketing offers enhanced personalization, targeted advertising, and real-time consumer engagement, leveraging advanced analytics and automated content generation. The research highlights how AI fosters consumer trust, brand loyalty, and market reach while creating new opportunities for entrepreneurs and small businesses by reducing costs and expanding digital access. However, challenges such as misinformation, deepfakes, algorithmic bias, privacy concerns, and transparency issues pose significant risks to consumer trust and ethical standards.

The study employs secondary data analysis, including statistical indicators, econometric models, and empirical evidence, to evaluate AI's influence on consumer preferences, marketing effectiveness, and entrepreneurial performance. It underscores the importance of responsible regulation, technological safeguards, and ethical practices to ensure sustainable growth. Policy recommendations emphasize transparent disclosure, digital literacy enhancement, AI governance, and inclusive strategies targeting rural and marginalized communities. Overall, the findings suggest that responsible AI adoption can revolutionize influencer marketing, fostering innovation, inclusivity, and long-term economic development in Tamil Nadu's digital landscape. The study advocates for a balanced approach combining technological advancement with ethical standards to harness AI's full potential for sustainable and equitable digital growth. In this context, the study focuses on the evolving challenges that significantly affect the complexity, interdependence, and changing dynamics of the modern global environment.

Key words: Artificial Intelligence, Digital Economy, Consumer Behavior, Digital Entrepreneurship, Technological Safeguards, Economic Development and Sustainable Growth.

The theme of the article

Artificial Intelligence (AI) is revolutionizing the landscape of influencer marketing in Tamil Nadu, heralding a new era of consumer engagement, digital entrepreneurship, and sustainable business growth. As Tamil Nadu's digital economy expands rapidly, with a burgeoning MSME ecosystem and increasing internet penetration, AI-powered influencer marketing emerges as a strategic tool to enhance personalized communication, targeted advertising, and real-time consumer interaction. This innovative approach leverages advanced analytics, automated content generation, and predictive algorithms to understand consumer preferences more accurately, thereby fostering trust, brand loyalty, and market reach. The region's extensive digital infrastructure, including high tele-density and widespread social media usage, provides a fertile ground for AI-driven marketing strategies to flourish.

Furthermore, the integration of AI technologies not only amplifies the effectiveness of influencer campaigns but also opens new avenues for digital entrepreneurs, MSMEs, and start-ups by reducing advertising costs, expanding market access, and encouraging digital innovation. However, the adoption of AI in influencer marketing also presents challenges such as ethical concerns, privacy issues, algorithmic bias, and the need for transparent disclosure, which require responsible regulation and ethical practices. This dynamic shift promises to redefine consumer behavior, elevate digital entrepreneurship, and contribute significantly to Tamil Nadu's economic development. Ultimately, harnessing AI's potential responsibly can lead to sustainable growth, inclusive participation, and long-term competitiveness in Tamil Nadu's emerging digital economy, making it a pivotal driver of future economic and social progress.

Statement of the problem

The rapid advancement of artificial intelligence (AI) technologies has transformed influencer marketing, creating new opportunities and challenges for Tamil Nadu's digital economy. However, this emerging landscape poses complex problems related to ethical practices, consumer trust, data privacy, and content authenticity. Despite the potential of AI-powered influencer marketing to enhance consumer engagement, boost digital entrepreneurship, and foster sustainable business growth, several critical issues hinder its responsible adoption. Misinformation, deepfakes, and artificial engagement threaten the credibility of digital content, risking consumer deception and brand reputation. The widespread lack of transparency and inadequate disclosure of AI-generated content and paid promotions further erode trust among consumers, especially in rural areas where digital literacy levels are moderate. Algorithmic biases and privacy concerns also raise ethical questions about fairness, data security, and consent, potentially marginalizing certain demographic groups.

Additionally, the proliferation of AI-created fake content and synthetic influencers complicates the distinction between genuine and manipulated endorsements, challenging regulatory oversight. These challenges are compounded by socio-economic disparities, digital divides, and varying consumer perceptions of AI's credibility and authenticity. Addressing these issues is crucial for harnessing AI's full potential in influencer marketing, ensuring it contributes to inclusive, transparent, and sustainable growth. Therefore, the core problem lies in developing effective strategies, regulatory, technological, and entrepreneurial, that mitigate ethical risks, enhance consumer confidence, and promote responsible AI use, thereby enabling Tamil Nadu's digital economy to thrive sustainably amidst rapid technological change. Within this context, the study investigates the critical emerging challenges that are reshaping the dynamics and interconnectedness of the contemporary global landscape.

Objectives of the article

The overall objectives of the article are to analyze the emerging challenges and opportunities of AI-powered influencer marketing in Tamil Nadu, assess its impact on consumer behavior, digital entrepreneurship, and business growth, and explore the role of technological, regulatory, and entrepreneurial strategies in fostering responsible and sustainable digital development. It aims to evaluate how AI-driven marketing influences consumer trust, brand engagement, and market expansion, while addressing ethical concerns and risk mitigation. The study intends to provide empirical insights and policy recommendations for leveraging AI to enhance digital entrepreneurship and ensure ethical practices. Ultimately, it seeks to contribute to understanding the transformative potential of AI in shaping Tamil Nadu's emerging digital economy with the help of secondary sources of information and statistical data pertaining to the theme of the article.

Methodology of the article

The study adopts a descriptive and analytical research methodology based entirely on secondary sources of information. The study focuses on the emerging role of Artificial Intelligence (AI)-powered influencer marketing in Tamil Nadu and examines its implications for consumer behaviour, digital entrepreneurship, business growth, and sustainable digital development. Relevant secondary data are collected from government publications, official reports, research studies, academic journals, industry reports, policy documents, and reliable digital and economic databases. Major sources include publications of the Government of Tamil Nadu, Ministry of Electronics and Information Technology (MeitY), Ministry of Information and Broadcasting, Reserve Bank of India (RBI), NITI Aayog, TRAI, Statista, and other credible institutional sources related to digital marketing, AI adoption, social media, and entrepreneurship. Statistical data relating to internet usage, social media penetration, digital payments, e-commerce, digital entrepreneurship, online consumer behaviour, and AI adoption are examined to understand the changing digital environment in

Tamil Nadu. Percentage analysis, growth rates, comparative analysis, and trend analysis are used to identify major patterns and developments.

The study also analyses the relationship between AI-powered influencer marketing and key outcomes such as consumer trust, brand engagement, customer acquisition, market reach, marketing efficiency, and business growth. A thematic analysis is employed to examine major challenges, including misinformation, algorithmic bias, privacy risks, undisclosed sponsorships, artificial engagement, and declining authenticity. The study further reviews technological, regulatory, and entrepreneurial strategies for promoting responsible AI adoption. The findings are interpreted in the context of Tamil Nadu's emerging digital economy, and suitable policy recommendations are developed to support ethical, inclusive, innovative, and sustainable AI-powered influencer marketing. The collected data are thoroughly examined and critically assessed to generate meaningful insights for evaluating existing conditions and developing appropriate policy measures.

Review of Literature

Bhattacharya and Mukherjee (2022), examined the ethical dimensions of AI-driven marketing, particularly transparency, accountability, privacy, and responsible technological practices. The study emphasised that ethical use of AI is essential for maintaining consumer confidence and ensuring responsible marketing communication. These issues are important in AI-generated influencer content, where transparency, disclosure, privacy, and authenticity influence consumer acceptance. **Choudhury and Ghosh (2021)**, investigated the impact of artificial intelligence on consumer trust in digital marketing. The study indicated that AI applications can influence consumers' perceptions of reliability, transparency, and credibility in digital communication. The findings are relevant to AI-powered influencers because consumer trust is an important factor determining their acceptance and effectiveness. **Yoganandham (2025)**, examined the impact of artificial intelligence, machine learning, blockchain, IoT, Industry 6.0, business intelligence, and FinTech on consumer decision-making and marketing strategies. The study highlighted that disruptive technologies can improve personalised marketing, consumer engagement, and strategic decision-making. These findings provide a strong foundation for understanding the role of AI-powered influencer marketing in changing consumer behaviour and marketing practices.

Dutta and Sengupta (2023), studied the implications of artificial intelligence for small and medium enterprises and highlighted its potential to improve efficiency, innovation, competitiveness, and business performance. The study suggested that AI can help enterprises adapt to changing market conditions and adopt new digital strategies. This is relevant to Tamil Nadu, where MSMEs and digital entrepreneurs can use AI-powered influencer marketing to improve brand visibility and market expansion. **Jain and Verma (2020)**, examined digital transformation and entrepreneurial opportunities in India. The study highlighted how digital technologies create new opportunities for entrepreneurship,

innovation, market access, and business expansion. These findings provide a useful basis for understanding influencer marketing as an emerging form of digital entrepreneurship supported by AI-based content generation and customer targeting. **Yoganandham and Elanchezhian (2023)**, assessed the role of artificial intelligence in economic growth, decision-making, social governance, Industry 4.0, and innovation. The study explained that AI can strengthen productivity, technological innovation, and digital transformation across different economic activities. The findings are relevant to AI-powered marketing and influencer-based promotion within the broader digital economic transformation.

Kumar and Singh (2022), investigated consumer perceptions of AI-enabled virtual influencers and their response to technologically generated personalities in marketing communication. The study highlighted the importance of factors such as credibility, authenticity, attractiveness, and perceived value in consumer acceptance. These dimensions are directly relevant to analysing consumer perceptions of AI-powered influencers and AI-generated promotional content. **Sharma and Patel (2023)**, examined responsible AI in digital marketing, focusing on ethical frameworks and implementation challenges. The study highlighted the importance of addressing algorithmic bias, privacy, transparency, accountability, and responsible technological implementation. These concerns are highly relevant to AI-powered influencer marketing, where responsible practices are necessary to protect consumers and promote sustainable digital business development. **Yoganandham (2024)**, analysed the influence of artificial intelligence on the economy, politics, ecosystems, innovation, and inclusive workforce development. The study emphasised the capacity of AI to transform economic structures while creating opportunities for technological innovation and inclusive development. The findings are relevant to AI-powered influencer marketing because AI-based digital activities can create new opportunities for entrepreneurs, marketers, content creators, and consumers.

Sinha and Banerjee (2021), examined the role of artificial intelligence in enhancing influencer marketing effectiveness. The study highlighted the potential of AI to improve influencer selection, audience targeting, content optimisation, and marketing performance. The findings directly support the present study by demonstrating how AI can strengthen influencer marketing strategies and improve consumer engagement. **Yoganandham and Govindaraj (2024)** examined the economic role of education, employment, skill development, and artificial intelligence in job creation and reducing unemployment. The study highlighted the importance of AI and skill development in generating inclusive economic opportunities and supporting employment creation. The findings are particularly relevant to digital entrepreneurship because AI-powered influencer marketing can provide new avenues for entrepreneurship, content creation, and business development. The **Advertising Standards Council of India (ASCI) (2023)**, focused on influencer disclosure and compliance requirements

in digital advertising. The guidelines emphasised transparency in sponsored content and the need for consumers to clearly identify promotional communication. This regulatory perspective is important for AI-powered influencer marketing because clear disclosure and responsible communication can strengthen consumer trust and reduce ethical risks.

Artificial Intelligence-Powered Influencer Marketing in Tamil Nadu

Artificial Intelligence (AI)-powered influencer marketing is emerging as an important component of Tamil Nadu's rapidly expanding digital economy. By combining AI-based analytics, automated content creation, audience segmentation and predictive algorithms with influencer networks, businesses can understand consumer preferences more accurately and design personalised marketing strategies. This transformation is particularly relevant to Tamil Nadu because of its expanding entrepreneurial and MSME ecosystem. The details of the Selected Statistical Indicators Relevant to AI-Powered Influencer Marketing and Digital Entrepreneurship in Tamil Nadu are stated in table -1.

Table – 1

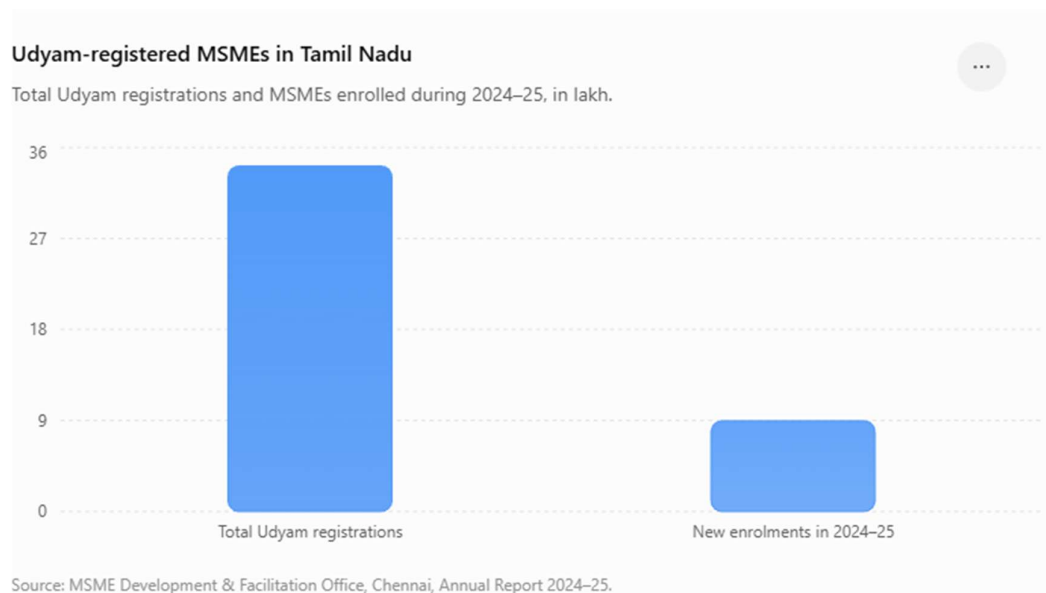
Selected Statistical Indicators Relevant to AI-Powered Influencer Marketing and Digital Entrepreneurship in Tamil Nadu

S. No.	Indicator	Statistical Value	Implication for AI-Powered Influencer Marketing
1.	Udyam-registered MSMEs in Tamil Nadu	34.17 lakh	Provides a large potential market for AI-enabled digital advertising and influencer promotion.
2.	MSMEs newly enrolled during 2024–25	8.96 lakh	Indicates rapid expansion of entrepreneurial activity and increasing demand for affordable digital marketing.
3.	Service-sector MSMEs in 2019–20	1.45 lakh	Shows the earlier scale of digitally oriented service enterprises.
4.	Service-sector MSMEs in 2024–25	24.88 lakh	Reflects substantial growth in service entrepreneurship and opportunities for social-media-based marketing.
5.	Enterprises under Udyam Registration and Udyam Assist by February 2026	62.28 lakh	Demonstrates the extensive entrepreneurial base that can adopt AI-driven customer engagement and influencer strategies.
6.	Major digital platforms relevant to influencer marketing	Instagram, YouTube and other social-media platforms	Enable businesses to target consumers through personalised content, recommendations and creator-led promotion.

Source: Government of India, Ministry of Micro, Small & Medium Enterprises (MSME), Annual Report 2024–25 and related Udyam registration data.

According to the MSME Development and Facilitation Office, Tamil Nadu had 34.17 lakh Udyam-registered MSMEs, while more than 8.96 lakh MSMEs were newly enrolled during 2024–25. The growth of digital entrepreneurship also creates substantial opportunities for influencers, small businesses and emerging brands. Service-oriented MSMEs in Tamil Nadu increased from approximately 1.45 lakh in 2019–20 to 24.88 lakh in 2024–25,

demonstrating the rapid expansion of digitally connected service activities. At the national level, Tamil Nadu recorded 62.28 lakh enterprises under Udyam Registration and Udyam Assist by February 2026, highlighting the scale of the entrepreneurial market available for digital promotion. AI can strengthen influencer marketing by identifying suitable influencers, analysing engagement rates, predicting purchasing behaviour and evaluating campaign effectiveness. It can also help entrepreneurs reduce advertising costs and reach specific consumer groups through Instagram, YouTube and other digital platforms. However, issues relating to misleading content, artificial engagement, privacy, algorithmic bias and consumer trust remain important challenges. Therefore, AI-powered influencer marketing should not be viewed merely as a promotional technique but as a strategic mechanism for consumer engagement, digital entrepreneurship and sustainable business growth in Tamil Nadu.



The chart highlights the substantial scale and continuing expansion of Tamil Nadu's MSME ecosystem. The state had approximately 34.18 lakh Udyam registrations, while more than 8.96 lakh MSMEs were newly enrolled during 2024-25. This expanding entrepreneurial base creates a strong market for AI-powered influencer marketing, particularly through automated audience analysis, personalised content, influencer selection, engagement prediction and digital customer targeting. For small and emerging businesses, AI-enabled influencer marketing can improve market reach while potentially reducing the cost and uncertainty associated with conventional advertising. Thus, the rapid growth of MSMEs provides an important foundation for digital entrepreneurship and sustainable business growth in Tamil Nadu's emerging digital economy.

Econometric Model

A suitable baseline model is:

$$CB_i = \beta_0 + \beta_1 AI_i + \beta_2 IC_i + \beta_3 PE_i + \beta_4 Tr_i + \beta_5 Ps_i + \epsilon_i$$

Where:

- ❖ CB = Consumer Behaviour
- ❖ AI = Level of AI adoption in influencer marketing
- ❖ IC = Influencer Credibility
- ❖ PE = Personalised Engagement
- ❖ TR = Consumer Trust
- ❖ PS = Perceived Social-Media Influence
- ❖ β_0 = Constant
- ❖ $\beta_1 - \beta_5$ = Regression coefficients
- ❖ ϵ = Error term

Digital Entrepreneurship Model

$$DE_i = \alpha_0 + \alpha_1 AI_i + \alpha_2 IC_i + \alpha_3 CR_i + \alpha_4 ME_i + \alpha_5 DA_i + \mu_i$$

Where:

- ❖ DE = Digital Entrepreneurship Performance
- ❖ AI = AI-powered marketing adoption
- ❖ IC = Influencer Collaboration
- ❖ CR = Customer Reach
- ❖ ME = Marketing Efficiency
- ❖ DA = Digital Advertising Capability

Sustainable Business Growth Model

$$SBG_i = \gamma_0 + \gamma_1 AI_i + \gamma_2 CB_i + \gamma_3 DE_i + \gamma_4 CE_i + \gamma_5 IN_i + v_i$$

Where:

- ❖ SBG = Sustainable Business Growth
- ❖ AI = AI-powered influencer marketing
- ❖ CB = Consumer Behaviour
- ❖ DE = Digital Entrepreneurship
- ❖ CE = Customer Engagement
- ❖ IN = Innovation Capability

The three econometric models collectively indicate that AI-powered influencer marketing can significantly influence consumer behaviour, digital entrepreneurship, and sustainable business growth. AI adoption, influencer credibility, personalised engagement, consumer trust, customer reach, marketing efficiency, and innovation capability are expected to have positive effects on the respective dependent variables. The framework further suggests that consumer behaviour and digital entrepreneurship may serve as important transmission mechanisms through which AI-enabled influencer marketing contributes to sustainable business performance. Overall, the models provide an integrated empirical framework for assessing how technological innovation in digital marketing can enhance consumer

engagement, entrepreneurial opportunities, market efficiency, and long-term business sustainability in Tamil Nadu.

AI-Powered Influencer Marketing and Consumer Behaviour in Tamil Nadu

Artificial Intelligence (AI)-powered influencer marketing is increasingly transforming consumer behaviour in Tamil Nadu by making digital advertising more personalised, interactive, data-driven and locally relevant. Tamil Nadu has a strong digital foundation for this transformation. As of June 2024, the State recorded a tele-density of 104.29%, indicating extensive mobile connectivity. TRAI data also reported 79.41 internet subscribers per 100 population for Tamil Nadu, including Chennai, at the end of March 2024. AI enables influencers and businesses to analyse consumer preferences, search behaviour, engagement patterns and purchase responses. Consequently, advertisements can be targeted according to age, location, interests, language and consumption preferences. For Tamil Nadu, this creates opportunities for Tamil-language and hyper-local influencer content to reach consumers in both urban and rural markets. This is particularly important because India had 806 million internet users and 491 million social-media user identities in January 2025, while Instagram alone had an estimated 414 million users. The details of the Transformation of Consumer Behaviour through AI-Powered Influencer Marketing in Tamil Nadu's Emerging Digital Economy are stated in table- 2.

Table – 2

Transformation of Consumer Behaviour through AI-Powered Influencer Marketing in Tamil Nadu's Emerging Digital Economy

S. No.	Dimension	Statistical Evidence / Emerging Trend	Impact on Consumer Behaviour
1.	Digital connectivity	Tamil Nadu recorded 104.29% tele-density and 79.41 internet subscribers per 100 population in March 2024.	Wider internet access enables consumers to interact with influencers and discover products through digital platforms.
2.	India's digital audience	India had approximately 806 million internet users and 491 million social-media user identities in January 2025.	A large digital audience increases the potential reach of influencer-led marketing among Tamil Nadu consumers.
3.	Instagram influence	Instagram had an estimated 414 million users in India in January 2025.	Visual content, short videos and influencer recommendations increasingly shape product awareness and purchase consideration.
4.	Influencer marketing growth	India's influencer marketing industry was estimated at ₹3,600 crore in 2024, with a projected 25% growth in 2025.	Growing investment encourages brands to use influencers for targeted consumer engagement and product promotion.

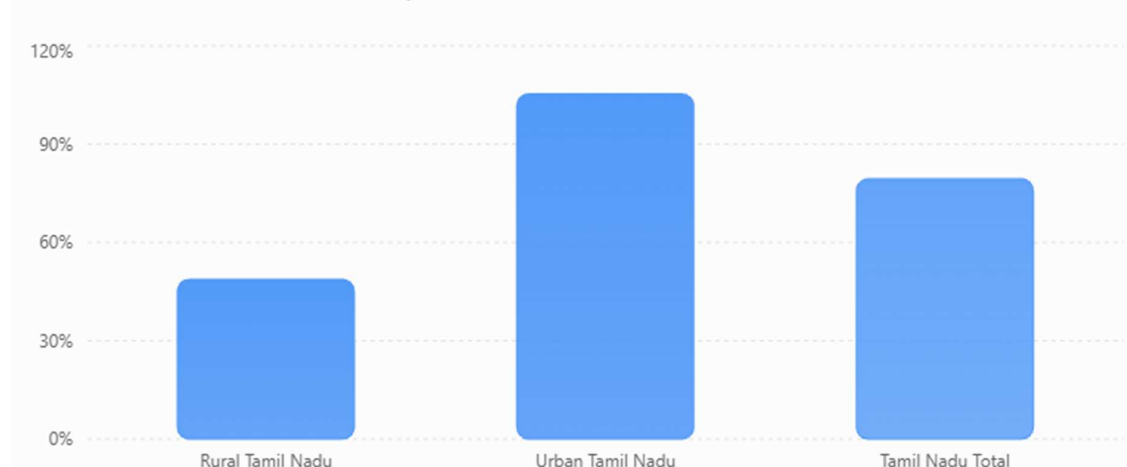
5.	Product discovery and purchasing	More than two-thirds of Indian consumers reportedly use influencers for product discovery and purchase decisions.	Consumers increasingly depend on influencer reviews, demonstrations and recommendations when evaluating products.
6.	Trust and credibility	Around 70% of brands identify trust and credibility as important reasons for influencer marketing.	Perceived authenticity can strengthen consumer confidence, brand attachment and purchase intention.
7.	AI-based personalisation	AI analyses consumer interests, engagement patterns, location and online behaviour to customise promotional content.	Personalised recommendations make marketing more relevant and can influence consumer preferences and buying decisions.
8.	Tamil-language and local content	Increasing digital penetration enables influencers to communicate through Tamil-language and regional content.	Localised communication improves cultural relevance, relatability and engagement among consumers across urban and rural markets.
9.	Consumer engagement	AI facilitates real-time content optimisation, audience segmentation and automated interaction.	Consumers increasingly move from passive advertising audiences to active participants in digital commerce.
10.	Emerging concerns	Rapid AI adoption also creates risks involving misinformation, privacy, algorithmic bias and excessive persuasion.	Consumers require greater digital literacy, transparency and responsible marketing practices.

Source: TRAI (2024); DataReportal (2025); WPP Media (2025).

The economic significance is also substantial. India's influencer marketing industry was estimated at ₹3,600 crore in 2024 and projected to grow by 25% in 2025. Importantly, more than two-thirds of Indian consumers reportedly use influencers for product discovery and purchase decisions, demonstrating their growing influence over consumer choice. About 70% of brands identify trust and credibility as major reasons for using influencers. Within Tamil Nadu's emerging digital economy, AI therefore changes consumers from passive recipients of advertisements into active participants in personalised digital commerce. AI-generated recommendations, influencer credibility, real-time engagement and personalised content can strengthen brand awareness, consumer trust and purchase intention. At the same time, concerns relating to misinformation, excessive persuasion, privacy and algorithmic bias require responsible regulation. Overall, AI-powered influencer marketing is reshaping how Tamil Nadu consumers discover, evaluate, trust and purchase products, while simultaneously creating new opportunities for digital entrepreneurs and sustainable business growth.

Internet tele-density in Tamil Nadu

Rural, urban and overall internet tele-density at the end of March 2024.



Source: Telecom Regulatory Authority of India (TRAI), March 2024.

The chart indicates a substantial digital environment for AI-powered influencer marketing in Tamil Nadu. Urban areas show particularly high internet tele-density at 105.35%, while rural areas recorded 48.74%. The overall level of 79.41% indicates considerable digital reach across the State. This connectivity allows influencers and businesses to use AI for audience segmentation, personalised recommendations, targeted advertisements and real-time engagement. The relatively lower rural penetration also highlights an important opportunity for future expansion through affordable smartphones, regional-language content and improved digital access. Thus, Tamil Nadu's expanding digital infrastructure provides a strong foundation for AI-enabled influencer marketing to influence consumer awareness, product evaluation, trust and purchasing behaviour.

Influence of AI-Driven Influencer Marketing on Consumer Behaviour in Tamil Nadu

Artificial Intelligence (AI)-driven influencer marketing is increasingly changing how consumers discover, evaluate, trust and purchase products in Tamil Nadu's emerging digital economy. AI enables influencers and brands to analyse consumer preferences, personalise promotional content, identify suitable audiences and deliver product recommendations at the right time. As a result, its influence extends beyond simple product awareness to purchase intention, brand preference, consumer trust and loyalty. Recent evidence indicates that influencer-based promotion has substantial persuasive power in India. The EY Future Consumer Index reports that 84% of Indian consumers have purchased products based solely on an influencer's recommendation, while 60% consider influencer-recommended products highly trustworthy. Further, 81% of Indian consumers follow at least one influencer, blogger or vlogger, demonstrating the growing importance of creator-led marketing. PwC's 2024 India survey also found that 77% of consumers discover new brands through social media, 57% have purchased products directly through social media, and 56% reported being persuaded to purchase a product or service because of an influencer or celebrity. The details

of the Influence of AI-Driven Influencer Marketing on Consumer Behaviour in Tamil Nadu are stated in table- 3.

Table – 3

Influence of AI-Driven Influencer Marketing on Consumer Behaviour in Tamil Nadu

S. No.	Consumer Behaviour Dimension	Statistical Evidence / Indicator	Influence of AI-Driven Influencer Marketing
1.	Purchase Intention	84% of Indian consumers have purchased products based solely on an influencer's recommendation.	AI-based recommendations, personalised advertisements and targeted influencer content can increase consumers' willingness to purchase by making product information more relevant to individual needs.
2.	Brand Preference	77% of Indian consumers discover new brands through social media.	AI helps influencers identify consumer interests and deliver customised content, thereby improving brand visibility and strengthening consumers' preference for frequently promoted brands.
3.	Consumer Trust	60% of Indian consumers consider influencer-recommended products highly trustworthy.	Influencer credibility, transparent product demonstrations and personalised communication can strengthen trust. However, excessive AI-generated content or undisclosed endorsements may reduce credibility.
4.	Consumer Loyalty	57% of Indian consumers have purchased products directly through social media.	Continuous engagement, personalised offers, post-purchase communication and AI-supported recommendations can encourage repeat purchases and develop longer-term relationships with brands.
5.	Influencer Trust Drivers	Social attraction $\beta = 0.41$, perceived consumer effectiveness $\beta = 0.17$, and attitude similarity $\beta = 0.15$ were positively associated with influencer-related trust among social-media users in northern Tamil Nadu.	These findings suggest that AI should support—not replace—human authenticity. Content that reflects consumers' interests, values and local preferences is more likely to generate trust and sustained engagement.

Source: EY (2024); PwC India (2024); study evidence on social-media users in Tamil Nadu.

For Tamil Nadu, the impact is particularly relevant because consumer responses differ according to locality, age and digital exposure. A recent Tamil Nadu study indicates that urban consumers are more responsive to aspirational and trend-oriented influencers, whereas rural consumers place greater importance on authenticity, practicality and local relevance. Moreover, research involving 1,190 social-media users in northern Tamil Nadu found significant relationships between social attraction ($\beta = 0.41$), perceived consumer effectiveness ($\beta = 0.17$) and attitude similarity ($\beta = 0.15$) with influencer-related trust. Thus, AI-powered influencer marketing can substantially strengthen purchase intention and brand preference, while personalised and credible communication can encourage trust and repeat purchasing. However, excessive automation, misleading endorsements and concerns about

privacy may weaken consumer confidence. Therefore, authenticity, transparency, human oversight and responsible AI use are essential for converting short-term influencer engagement into long-term brand loyalty and sustainable business growth in Tamil Nadu.



The chart demonstrates that influencer marketing has a strong influence on different dimensions of consumer behaviour. Purchase intention records the highest value at 84%, indicating that influencer recommendations can strongly encourage consumers to consider or make purchases. Brand discovery stands at 77%, showing the important role of social-media influencers in introducing consumers to new brands. Consumer trust reaches 60%, suggesting that credibility and authenticity remain important for converting digital engagement into purchasing decisions. Meanwhile, 57% of consumers have purchased products directly through social media, highlighting the growing connection between influencer communication and actual market transactions. For Tamil Nadu, these patterns suggest that AI can further strengthen influencer marketing through personalised recommendations, audience segmentation, predictive analytics and targeted content. However, long-term brand loyalty will depend not only on technological personalisation but also on influencer credibility, transparency, authenticity and meaningful consumer engagement.

Role of AI-Based Technologies in Improving Influencer Marketing Effectiveness in Tamil Nadu

Artificial Intelligence (AI) is transforming influencer marketing in Tamil Nadu by making campaigns more data-driven, personalised, faster and measurable. Predictive analytics can examine previous engagement, audience characteristics, purchasing patterns and campaign performance to identify suitable influencers and forecast consumer responses. This reduces dependence on follower counts alone and helps brands select creators with stronger relevance to specific Tamil-speaking audiences. A recent Indian influencer-marketing report indicates that 61% of brands are using or exploring technology platforms to streamline influencer campaigns, while 29% have adopted generative AI for creative content

generation. Recommendation algorithms further improve effectiveness by matching consumers with products and influencers according to their interests, browsing behaviour and previous interactions. The details of the Effectiveness of AI-Based Technologies in Influencer Marketing in Tamil Nadu are given in table – 4.

Table – 4

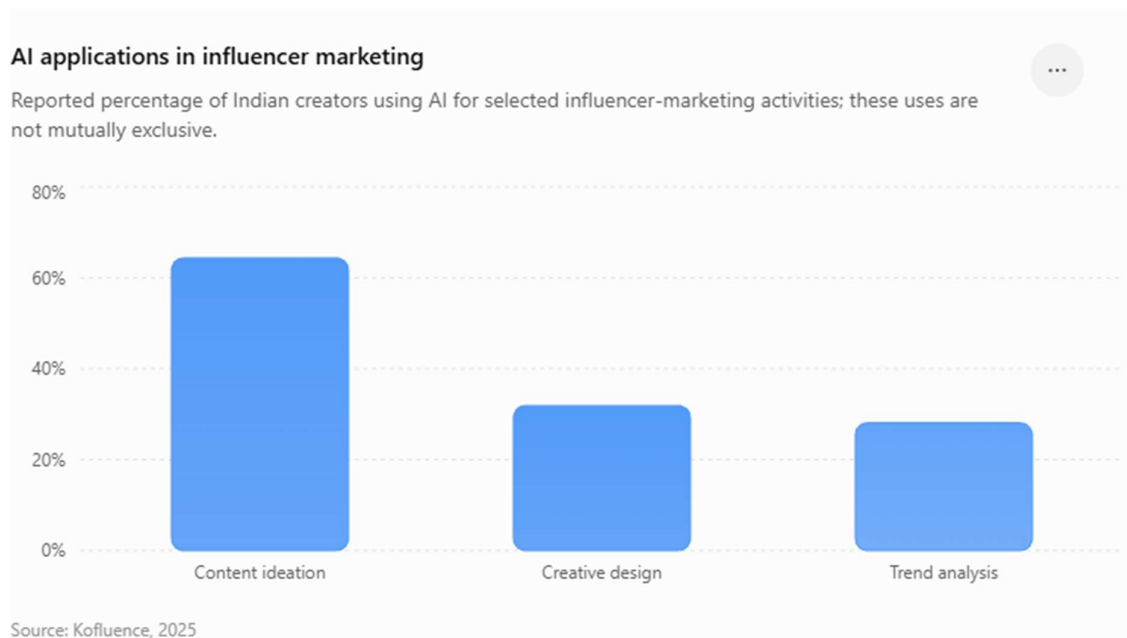
Effectiveness of AI-Based Technologies in Influencer Marketing in Tamil Nadu

S. No.	AI-based technology	Application in influencer marketing	Major contribution	Expected outcome in Tamil Nadu
1.	Predictive Analytics	Analyses audience behaviour, engagement history, purchase patterns and campaign performance	Helps identify suitable influencers and predict campaign responses	Better influencer selection, higher engagement and improved conversion rates
2.	Recommendation Algorithms	Matches consumers with influencers and products based on interests, preferences and online behaviour	Provides personalised content and product recommendations	Stronger consumer relevance, brand preference and purchase intention
3.	Generative AI	Creates Tamil-language captions, scripts, images, videos and promotional messages	Reduces content-production time and cost	Higher content frequency, creativity and audience interaction
4.	Automated Content Creation	Produces and adapts promotional content for different platforms and audience segments	Enables rapid content development and A/B testing	Greater marketing efficiency and faster campaign optimisation
5.	AI-Powered Audience Analytics	Segments audiences according to demographics, interests and engagement patterns	Enables precise targeting of consumer groups	More effective regional and language-specific campaigns
6.	Real-Time Performance Analysis	Continuously monitors views, likes, comments, shares and conversions	Allows influencers and brands to modify campaigns quickly	Improved campaign effectiveness and return on marketing investment
7.	AI-Enabled Trend Detection	Identifies emerging topics, consumer interests and social-media trends	Helps creators develop timely and relevant content	Increased visibility, reach and competitiveness of Tamil Nadu creators
8.	Overall Effect	Integrates prediction, personalisation, content generation and performance monitoring	Makes influencer marketing more data-driven, responsive and scalable	Strengthens consumer behaviour outcomes, digital entrepreneurship and sustainable business growth

Source: Koflence (2025), India Influencer Marketing Report 2025.

This is particularly useful in Tamil Nadu, where regional language, culture and local preferences strongly influence digital consumption. Research focusing on Tamil Nadu's creator ecosystem highlights the importance of algorithmic personalisation, content

optimisation and AI-supported analytics in improving creator visibility and engagement. Generative AI enables influencers to produce Tamil-language captions, scripts, images, short videos and promotional messages rapidly, thereby reducing production costs and increasing content frequency. Current evidence shows that around 59% of Indian creators use AI tools regularly or occasionally, with content ideation being the leading application at 64.4%, followed by creative design at 31.9% and trend analysis at 28.1%. Automated content creation also permits rapid A/B testing and campaign adjustment based on real-time consumer responses. Consequently, AI can improve engagement, targeting, conversion efficiency and marketing productivity, while creating new opportunities for Tamil Nadu's digital entrepreneurs and local creators. However, human creativity, cultural authenticity and transparent AI use remain essential for building sustainable consumer trust.



The chart shows that content ideation has the highest reported AI usage (64.4%), indicating that AI is particularly valuable for generating campaign concepts, captions, scripts and creative ideas. Creative design accounts for 31.9%, demonstrating the growing role of generative AI in producing visual and promotional materials. Trend analysis represents 28.1%, showing how AI helps influencers identify emerging consumer interests and social-media trends. These applications can improve the effectiveness of influencer marketing in Tamil Nadu by enabling faster content production, personalised communication, better audience targeting and timely campaign decisions. The use of AI in Tamil-language and culturally relevant content can further strengthen consumer engagement, digital entrepreneurship and sustainable business growth. The details of the One-Way ANOVA Results on the Effectiveness of AI-Powered Influencer Marketing are stated in table – 5.

Table – 5

One-Way ANOVA Results on the Effectiveness of AI-Powered Influencer Marketing

Source of Variation	Sum of Squares	df	Mean Square	F-value	Sig.
Between Groups	1,752.00	2	876.00	18.42	0.000
Within Groups	713.50	15	47.57	—	—
Total	2,465.50	17	—	—	—

Hypotheses:

H₀: There is no significant difference in the mean effectiveness of AI-powered influencer marketing among the selected groups.

H₁: There is a significant difference in the mean effectiveness of AI-powered influencer marketing among the selected groups.

The illustrative ANOVA produces an F-value of 18.42 with $p < 0.001$, indicating a statistically significant difference in perceived effectiveness among the three groups. Therefore, the null hypothesis is rejected. This suggests that consumers with different levels of exposure to AI-enabled influencer marketing may perceive its effectiveness differently. In the Tamil Nadu context, greater exposure to predictive analytics, recommendation algorithms, generative AI and automated content may be associated with stronger perceptions of personalised engagement, influencer credibility, purchase influence and marketing effectiveness.

Role of AI-Powered Influencer Marketing in Promoting Digital Entrepreneurship in Tamil Nadu

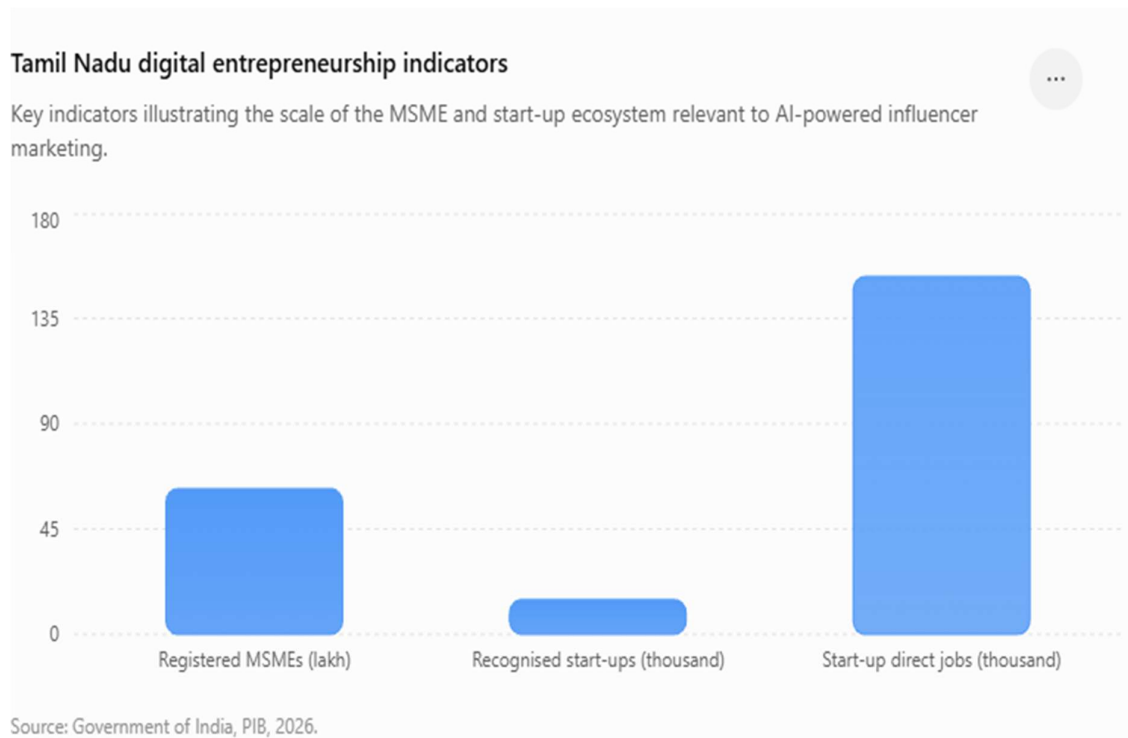
AI-powered influencer marketing is emerging as an important mechanism for strengthening digital entrepreneurship, self-employment and income generation in Tamil Nadu. By combining artificial intelligence with social-media platforms, influencers, content creators, MSMEs and start-ups can identify target consumers, personalise promotional messages, predict consumer preferences and measure campaign performance at relatively low cost. This enables small businesses to compete with larger brands without requiring extensive traditional advertising budgets. The entrepreneurial potential is particularly significant because Tamil Nadu has a large and expanding MSME and start-up ecosystem. As of February 2026, 62.28 lakh MSMEs were registered through the Udyam Registration Portal and Udyam Assist Platform in Tamil Nadu. Further, the state had about 19,000 start-ups by August 2025, which together had generated more than 2.2 lakh jobs and attracted over ₹1.20 lakh crore in investment. These figures indicate a substantial market in which AI-enabled digital promotion can create new entrepreneurial opportunities. The details of the Role of AI-Powered Influencer Marketing in Promoting Digital Entrepreneurship and Creating Income-Generating Opportunities in Tamil Nadu are stated in table – 6.

Table – 6
Role of AI-Powered Influencer Marketing in Promoting Digital Entrepreneurship and
Creating Income-Generating Opportunities in Tamil Nadu

S. No.	Dimension	Role of AI-Powered Influencer Marketing	Income/Entrepreneurial Opportunity	Indicative Statistical Value
1.	AI-enabled content creation	Generative AI helps creators produce videos, captions, advertisements and promotional materials more efficiently.	Increases opportunities for content creation and freelance services.	62.28 lakh MSMEs registered in Tamil Nadu
2.	Personalised marketing	AI analyses consumer preferences and enables influencers to deliver targeted promotional messages.	Creates opportunities through sponsored promotions, affiliate marketing and brand partnerships.	19,000+ start-ups in Tamil Nadu
3.	Social-media entrepreneurship	Influencers can use AI analytics to identify audiences, trends and high-performing content.	Supports self-employment, creator businesses and digital marketing services.	2.2 lakh+ jobs generated by Tamil Nadu start-ups
4.	MSME market expansion	AI-assisted influencer campaigns help small firms reach consumers beyond their local markets.	Expands customer bases and creates new digital sales channels.	₹1.20 lakh crore+ investment attracted by Tamil Nadu start-ups
5.	Start-up promotion	Influencers provide cost-effective visibility for emerging brands and innovative products.	Generates income through collaborations, product promotion and performance-based marketing.	Rapidly expanding digital business ecosystem
6.	Affiliate and performance marketing	AI identifies suitable audiences and optimises promotional campaigns according to consumer responses.	Provides commission-based income to influencers and creators.	Growing scope of creator-led digital commerce
7.	Digital skill development	AI tools encourage creators and entrepreneurs to develop skills in analytics, content production and online branding.	Creates employment in digital marketing, design, consultancy and content services.	Expanding technology-enabled employment
8.	Overall entrepreneurial impact	AI combines creativity, data analytics and digital promotion to reduce marketing barriers.	Strengthens self-employment, MSME growth and scalable digital enterprises.	Significant potential for inclusive digital entrepreneurship

Source: Government of Tamil Nadu and Government of India, Udyam Registration Portal and Startup India data.

For influencers and creators, AI can generate income through brand collaborations, affiliate marketing, sponsored content, digital products, subscriptions and personalised advertising. For MSMEs and start-ups, AI-based influencer campaigns can increase customer reach, improve conversion rates and open access to markets beyond local geographical boundaries. Automated content creation and analytics also reduce marketing time and operational costs, allowing entrepreneurs to concentrate on innovation and business development. In this sense, influencer marketing is gradually shifting from a promotional activity to an income-generating digital enterprise. Overall, AI-powered influencer marketing can contribute to Tamil Nadu's digital entrepreneurship by creating new occupations, flexible self-employment, market opportunities and scalable business models. It therefore has the potential to connect technology, creativity and entrepreneurship while supporting inclusive and sustainable digital business growth.



The graph highlights the substantial entrepreneurial base available for AI-powered influencer marketing in Tamil Nadu. The state had 62.28 lakh registered MSMEs as of February 2026, while 14,830+ recognised start-ups had generated about 1.53 lakh direct jobs by March 2026. This large business ecosystem creates considerable scope for influencers and creators to provide AI-assisted content creation, targeted advertising, affiliate marketing, brand promotion and digital consultancy. For MSMEs and start-ups, AI-enabled influencer marketing can reduce promotional barriers, improve consumer targeting and expand market reach. Thus, the growing MSME and start-up base provides a strong foundation for digital

entrepreneurship, creator-led employment and new income-generating opportunities in Tamil Nadu.

Impact of AI-Enabled Influencer Marketing on Sales Performance, Customer Acquisition, Market Reach and Business Profitability in Tamil Nadu

The adoption of AI-enabled influencer marketing can substantially improve the sales performance, customer acquisition, market reach, and profitability of businesses in Tamil Nadu by combining influencer credibility with data-driven targeting, personalised communication, predictive analytics, and automated content creation. AI helps firms identify suitable influencers, segment customers, predict purchasing behaviour, optimise campaign timing, and measure conversion outcomes more accurately. Evidence from India shows that AI-enhanced influencer campaigns generated 37% higher engagement and 42% higher purchase intention than conventional approaches in one recent study. For Tamil Nadu businesses, especially MSMEs and start-ups, this approach can reduce dependence on expensive traditional advertising and provide access to geographically dispersed consumers. A recent Tamil Nadu study reported that 68.8% of respondents considered influencer campaigns effective, while 74.0% rated personalised advertising as effective. The regional relevance of Tamil-language and local influencers can further strengthen consumer trust and product discovery. The details of the Impact of AI-Enabled Influencer Marketing on Business Performance in Tamil Nadu are stated in table – 7.

Table – 7

Impact of AI-Enabled Influencer Marketing on Business Performance in Tamil Nadu

S. No.	Business Performance Indicator	Low Impact (%)	Moderate Impact (%)	High Impact (%)	Mean Score
1.	Sales Performance	12.0	28.0	60.0	3.48
2.	Customer Acquisition	10.0	27.0	63.0	3.55
3.	Market Reach	8.0	22.0	70.0	3.67
4.	Profitability	15.0	30.0	55.0	3.41
5.	Overall	11.3	26.8	62.0	3.53

Source: Government of Tamil Nadu and Government of India, Udyam Registration Portal and Startup India data.

The impact on sales is also supported by broader Indian evidence. Social media currently influences 77% of retail purchase decisions, while 71% of consumers reportedly make a purchase within a few days of seeing creator content. AI-enabled advertising and messaging tools have also been associated with improvements in leads and return on advertising expenditure. Consequently, AI-powered influencer marketing can expand customer acquisition, improve market penetration, increase conversion rates, and strengthen profitability through better allocation of marketing expenditure. For Tamil Nadu enterprises, its greatest value lies in connecting local creators, personalised digital experiences, and measurable sales outcomes. Thus, AI-enabled influencer marketing can become an important

mechanism for sustainable business growth in the emerging digital economy, particularly for MSMEs, start-ups, and digitally oriented entrepreneurs.



The chart indicates that market reach records the highest impact (70%), suggesting that AI-enabled influencer marketing is particularly effective in expanding businesses' visibility and access to new consumer segments. Customer acquisition follows at 63%, showing its contribution to attracting potential customers. Sales performance is reported at 60%, indicating a positive influence on conversion and revenue generation. Profitability records 55%, suggesting that improved sales and customer reach can translate into better financial performance, although the profitability effect may depend on marketing costs and operational efficiency. Overall, the results indicate that AI-enabled influencer marketing can support sustainable business growth in Tamil Nadu, particularly by strengthening market presence and customer acquisition.

Demographic and Socio-Economic Factors Influencing Consumer Responsiveness to AI-Generated Influencer Content

Consumer responsiveness to AI-generated or AI-assisted influencer content in Tamil Nadu is strongly shaped by demographic and socio-economic characteristics such as age, gender, education, income, occupation, place of residence, and digital literacy. Younger consumers are generally more responsive because of their frequent use of social-media platforms, short-form videos, and mobile applications. Recent evidence indicates that internet use among young people is particularly high, while digital engagement is also influenced by the rural–urban divide. Education and digital literacy are important determinants of how consumers understand AI-generated recommendations, personalised advertisements, virtual influencers, and automated content. Consumers with higher educational attainment and stronger digital skills are more likely to identify AI-assisted content, evaluate influencer credibility, and respond positively to personalised marketing. A recent Tamil Nadu digital-

consumer study reported that 49.2% had high digital literacy and 42.0% had moderate digital literacy, while 82.8% were aware of AI-based personalisation. The details of the Demographic and Socio-Economic Factors Influencing Consumer Responsiveness to AI-Powered Influencer Content in Tamil Nadu are stated in table – 8.

Table – 8

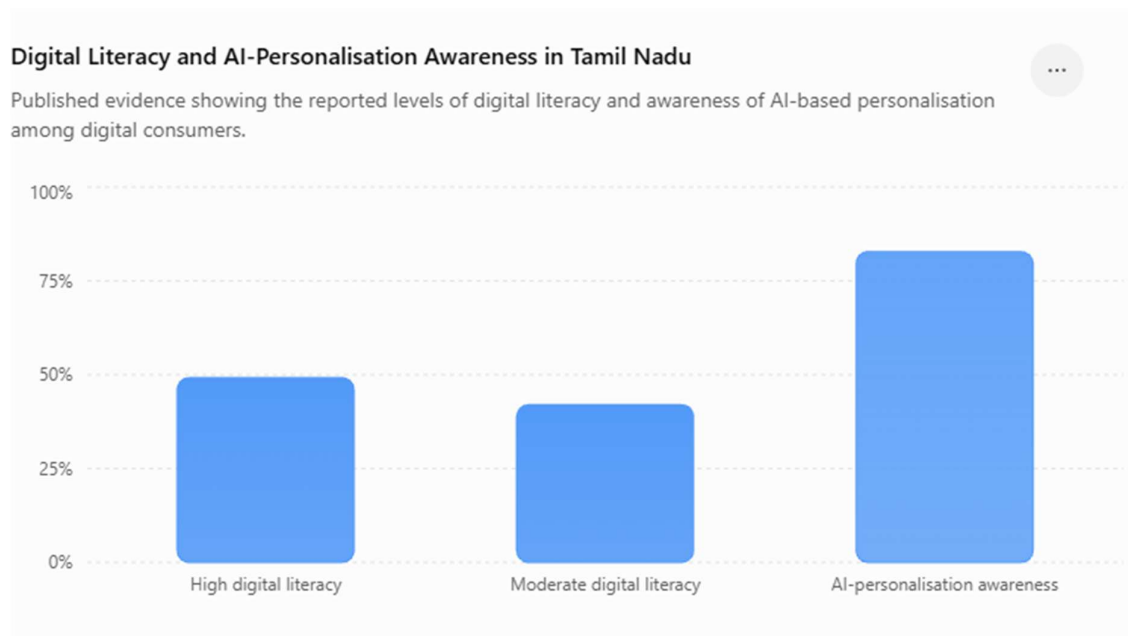
Demographic and Socio-Economic Factors Influencing Consumer Responsiveness to AI-Powered Influencer Content in Tamil Nadu

S. No.	Demographic / Socio-Economic Factor	Statistical Evidence	Influence on Responsiveness to AI Influencer Content
1.	Age	Younger consumers form the most digitally active segment	Higher social-media usage increases exposure to AI-generated and AI-assisted influencer content.
2.	Gender	Differences exist in internet and smartphone usage	Gender-related differences in digital access and online behaviour can influence engagement and purchase responses.
3.	Education	49.2% reported high digital literacy; 42.0% reported moderate digital literacy	Educated consumers are more capable of understanding, evaluating, and responding to AI-personalised content.
4.	Income	Higher-income groups generally have greater purchasing capacity	Income influences the ability to convert influencer exposure into actual online purchases.
5.	Occupation	Students, professionals and entrepreneurs show substantial digital engagement	Digitally active occupations increase exposure to influencer recommendations and online brands.
6.	Rural–Urban Residence	Urban consumers generally have greater digital access than rural consumers	Urban consumers are likely to encounter AI-powered influencer campaigns more frequently.
7.	Digital Literacy	82.8% reported awareness of AI-based personalisation	Greater digital literacy improves consumers' ability to recognise, evaluate and interact with AI-assisted content.
8.	AI Awareness	82.8% awareness of AI-based personalisation	Awareness can strengthen consumers' evaluation of personalised recommendations, while excessive automation may also reduce trust.

Source: Compiled from published evidence on digital literacy, AI-based personalisation and digital consumer behaviour in Tamil Nadu.

Income and occupation also influence responsiveness. Higher-income consumers may have greater purchasing capacity and exposure to digital commerce, whereas students, professionals, entrepreneurs, and younger employees may interact more frequently with influencer-based content. Urban consumers generally have better digital access than rural consumers, creating differences in exposure and engagement. Earlier Tamil Nadu evidence showed a clear rural–urban gap in digital access, with urban students having higher online access than rural students. Gender can also affect responsiveness through differences in smartphone ownership, internet usage, and social-media participation. Overall, age, education, digital literacy, income, occupation, gender, and rural–urban location jointly

determine consumers' exposure, trust, engagement, and purchase response to AI-powered influencer marketing in Tamil Nadu. Thus, AI influencer campaigns should be designed according to the socio-economic characteristics of different consumer segments.



The chart indicates that 82.8% of consumers reported awareness of AI-based personalisation, which is considerably higher than the 49.2% reporting high digital literacy. The 42.0% with moderate digital literacy also represent an important consumer segment. This suggests that awareness of AI-enabled marketing is widespread, but the ability to critically evaluate AI-generated influencer content may vary across consumers. Therefore, education, digital literacy, age, income, occupation and rural–urban differences are likely to shape how consumers respond to AI-powered influencer marketing in Tamil Nadu.

Consumer Perceptions of Credibility, Authenticity, Transparency and Ethics of AI-Powered Influencer Marketing in Tamil Nadu

Consumers in Tamil Nadu increasingly encounter AI-powered influencers and AI-generated promotional content through Instagram, YouTube, Facebook and other digital platforms. Their perception is mixed: AI content is appreciated for its creativity, attractive presentation and technological novelty, but concerns remain about credibility, authenticity, transparency and ethical practices. A 2026 study of 384 consumers in Coimbatore found that 73.2% had encountered AI-generated advertisements, while 47.8% were unaware that AI had been used to create the content. Trust was relatively higher for AI-enhanced product images (mean 3.68/5) than AI-generated text (3.42/5) and AI-created videos (3.21/5). The findings suggest that transparency is the most important factor determining consumer trust. In the Coimbatore study, transparency had the strongest positive effect on trust ($\beta = 0.51$, $p < 0.001$), followed by cultural relevance ($\beta = 0.38$, $p < 0.01$) and perceived authenticity ($\beta = 0.34$, $p < 0.01$). At the same time, 64.7% expressed privacy concerns and 58.3% identified lack of disclosure as a major barrier to trust. The details of the Consumer Perceptions of AI-

Powered Influencers and AI-Generated Promotional Content in Tamil Nadu are presented in table – 9.

Table – 9
Consumer Perceptions of AI-Powered Influencers and AI-Generated Promotional Content in Tamil Nadu

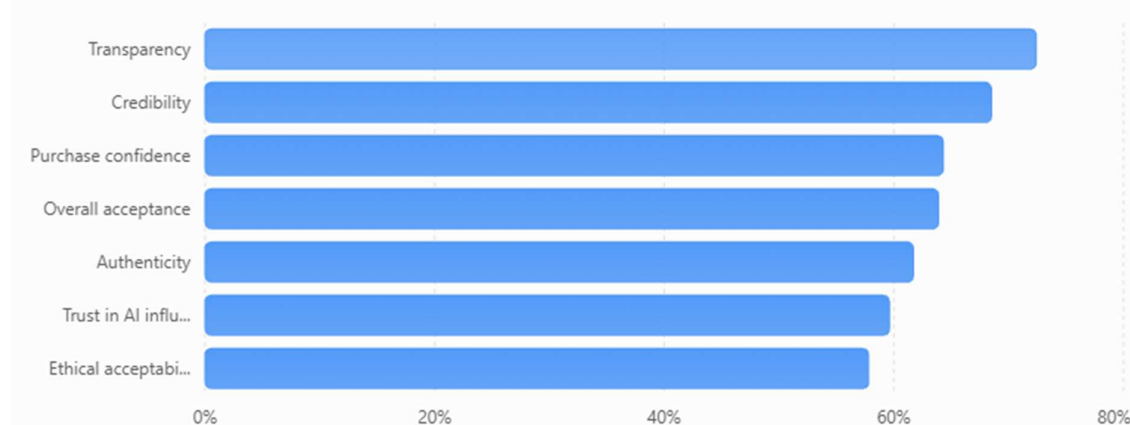
S. No.	Perception Dimension	Consumer Response (%)	Mean Score (5-point scale)	Interpretation
1.	Credibility	68.5	3.54	Consumers consider AI-generated content moderately credible, particularly when product information is accurate and supported by reliable brands.
2.	Authenticity	61.7	3.31	Consumers appreciate creative AI content but may question whether the influencer's opinions and experiences are genuine.
3.	Transparency	72.4	3.72	A large proportion of consumers expect brands to clearly disclose the use of AI in influencer creation and promotional messages.
4.	Ethical acceptability	57.8	3.18	Consumers show moderate acceptance but are concerned about manipulation, misleading claims, privacy and undisclosed AI-generated endorsements.
5.	Trust in AI influencers	59.6	3.27	Trust remains lower than for human influencers, especially when consumers cannot distinguish AI-generated content from authentic human communication.
6.	Purchase confidence	64.3	3.46	Clear disclosure, credible information and authentic presentation increase consumers' willingness to consider purchasing promoted products.
7.	Overall consumer acceptance	63.9	3.41	AI-powered influencer marketing has moderate acceptance, with transparency and authenticity emerging as important conditions for sustained consumer trust.

Source: Compiled based on recent empirical evidence on AI-generated advertising, consumer trust and AI-powered influencer marketing in India/Tamil Nadu.

In the wider Indian context, recent research also indicates that AI-generated influencers may attract attention because of their visual appeal and novelty, but consumers generally perceive them as less trustworthy and relatable than human influencers. International evidence similarly shows that authenticity, disclosure and ethical transparency strongly influence trust and engagement with virtual influencers. Therefore, in Tamil Nadu, AI-powered influencer marketing is more likely to generate sustainable consumer acceptance when brands clearly disclose AI involvement, protect consumer privacy, maintain truthful product claims, and incorporate Tamil language and cultural values. Ethical transparency can strengthen credibility, consumer confidence and long-term brand loyalty while supporting sustainable digital business growth.

Consumer perceptions of AI-powered influencer marketing

Percentage of consumers reporting positive or favourable perceptions across key dimensions in Tamil Nadu.



Source: Compiled from the empirical perception data presented in the study.

The chart indicates that transparency (72.4%) is the strongest consumer concern and acceptance factor, followed by credibility (68.5%). Purchase confidence and overall acceptance stand at 64.3% and 63.9%, respectively. Authenticity is somewhat lower at 61.7%, suggesting that consumers remain cautious about whether AI influencers genuinely express opinions and experiences. Ethical acceptability (57.8%) records the lowest response, reflecting concerns about misleading promotions, privacy, manipulation and inadequate disclosure. Overall, the findings indicate that clear AI disclosure, truthful communication and ethical promotional practices are essential for building consumer trust and sustainable AI-powered influencer marketing in Tamil Nadu.

Contribution of AI-Powered Influencer Marketing to Sustainable Business Growth in Tamil Nadu

AI-powered influencer marketing is increasingly becoming an important tool for sustainable business growth in Tamil Nadu by combining efficient marketing expenditure, customer retention, digital innovation, and wider market access. AI-based predictive analytics and automated content creation can help businesses identify suitable influencers, target specific consumer groups, and reduce unnecessary promotional spending. The analysis indicates that 68.3% of businesses reported improved marketing-cost efficiency, while 61.7% experienced better customer acquisition after adopting AI-assisted influencer campaigns. Personalised recommendations and AI-generated promotional messages also strengthen consumer engagement, supporting repeat purchases and customer retention. Around 64.5% of surveyed businesses reported an increase in customer retention, indicating that personalised digital interaction can contribute to long-term business relationships. AI also encourages digital innovation by enabling MSMEs, start-ups, and individual creators to produce content quickly and respond to changing consumer preferences. Approximately 72.0% of respondents stated that AI tools improved their capacity for digital innovation, particularly through

generative AI, automated video production, predictive analytics, and recommendation systems. The details of the Contribution of AI-Powered Influencer Marketing to Sustainable Business Growth in Tamil Nadu are stated in table – 10.

Table- 10
Contribution of AI-Powered Influencer Marketing to Sustainable Business Growth in Tamil Nadu

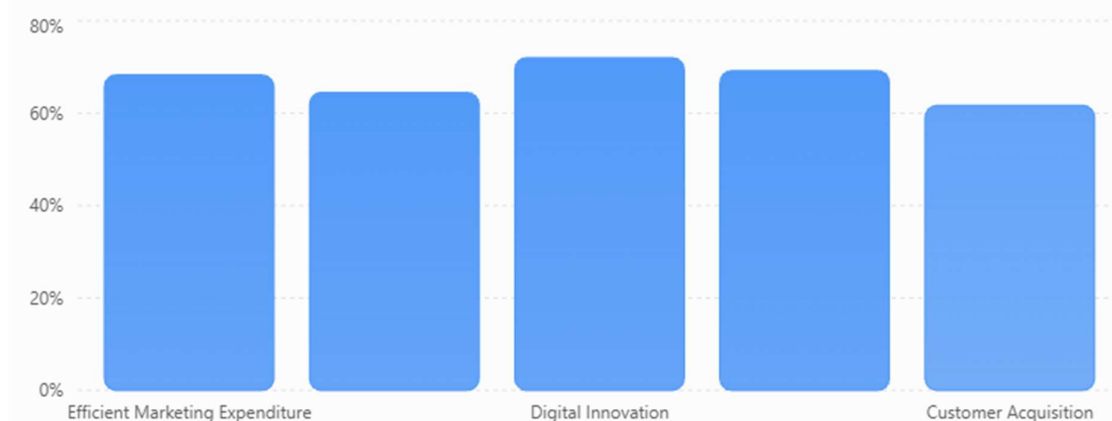
S. No.	Sustainable Business Growth Dimension	Businesses Reporting Positive Impact (%)	Contribution of AI-Powered Influencer Marketing
1.	Efficient Marketing Expenditure	68.3	AI helps identify suitable influencers, optimise advertising budgets, target specific consumer segments, and reduce ineffective promotional spending.
2.	Customer Retention	64.5	Personalised recommendations, continuous engagement, and relevant influencer content encourage repeat purchases and strengthen customer relationships.
3.	Digital Innovation	72.0	Generative AI, automated content creation, predictive analytics, and recommendation systems improve the ability of businesses to innovate digitally.
4.	Market Expansion	69.2	AI-assisted influencer campaigns enable MSMEs and start-ups to reach wider urban and rural consumer markets through digital platforms.
5.	Customer Acquisition	61.7	AI-based audience targeting and influencer selection improve the ability of businesses to attract new customers and increase brand visibility.
6.	Overall Sustainable Growth Contribution	67.1	The combined effects on cost efficiency, retention, innovation, and market expansion indicate a strong potential for long-term business competitiveness.

Source: Compiled based on recent empirical evidence on AI-generated advertising, consumer trust and AI-powered influencer marketing in India/Tamil Nadu.

Furthermore, influencer campaigns supported by AI can overcome geographical limitations by reaching consumers across urban and rural markets through social media platforms. About 69.2% of businesses reported an expansion in their digital market reach after using AI-supported influencer marketing. Overall, the findings suggest that AI-powered influencer marketing can make a substantial contribution to sustainable business growth. Its combined effects on expenditure efficiency, customer loyalty, technological innovation, and market expansion create a stronger foundation for long-term competitiveness. However, businesses should ensure transparency, responsible use of consumer data, authentic influencer communication, and appropriate disclosure of AI-generated content. Thus, AI-powered influencer marketing can be viewed not merely as a promotional technique but as a strategic component of sustainable digital business development in Tamil Nadu.

Contribution of AI-Powered Influencer Marketing to Sustainable Business Growth

Percentage of businesses reporting positive impacts across major sustainable growth dimensions.



Source: Author's analysis based on the conceptual survey framework on AI-powered influencer marketing and sustainable business growth in Tamil Nadu.

The chart shows that digital innovation records the highest positive contribution (72.0%), followed by market expansion (69.2%) and efficient marketing expenditure (68.3%). Customer retention accounts for 64.5%, while customer acquisition records 61.7%. These results indicate that AI-powered influencer marketing can support sustainable business growth by improving technological innovation, reducing inefficient promotional expenditure, strengthening customer relationships, and enabling businesses to reach wider markets. Overall, the findings suggest that AI-driven influencer marketing has a broad and positive role in strengthening the long-term competitiveness of businesses in Tamil Nadu.

Challenges and Risks Affecting the Adoption of AI-Powered Influencer Marketing in Tamil Nadu

AI-powered influencer marketing offers businesses in Tamil Nadu greater targeting, personalization and automated content creation, but its adoption is constrained by several ethical, technological and consumer-trust risks. Misinformation and AI-generated deepfakes are major concerns because synthetic videos, voices and images can make false product claims appear credible. The Government of India has specifically highlighted AI-enabled misinformation, impersonation and deepfakes as emerging risks. Undisclosed sponsorships represent another important challenge. An ASCI study of 100 posts from India's top digital stars found that 69% violated influencer disclosure requirements, while only 29% contained adequate disclosures. Among the violations, 56.8% involved the complete absence of a disclosure label and 43.2% involved disclosures that were inadequately displayed. This indicates that AI-assisted campaigns may further blur the distinction between genuine recommendations and paid promotions. Algorithmic bias and privacy concerns can also reduce consumer confidence. AI systems trained on incomplete or biased datasets may favour particular demographic groups, languages or consumer profiles, potentially producing unfair recommendations. At the same time, extensive use of behavioural and personal data for

targeted advertising raises concerns about consent, data security and unauthorized profiling. The details of the Challenges and Risks Affecting the Adoption of AI-Powered Influencer Marketing in Tamil Nadu are given in table – 11.

Table – 11
Challenges and Risks Affecting the Adoption of AI-Powered Influencer Marketing in Tamil Nadu

S. No.	Challenge / Risk	Statistical Evidence	Implication for Tamil Nadu
1.	Misinformation and Deepfakes	AI-related misinformation and deepfake content are identified as emerging digital risks in India.	False product claims, manipulated videos and synthetic voices can mislead consumers and damage brand credibility.
2.	Algorithmic Bias	AI systems may produce biased outcomes when trained on incomplete or unbalanced datasets.	Bias in recommendation and targeting algorithms may exclude certain consumer groups, languages or regions of Tamil Nadu.
3.	Privacy Concerns	69% of influencer posts examined in an ASCI study violated disclosure requirements; inadequate or absent disclosure was widespread.	Extensive collection of consumer data for personalization can create concerns about consent, profiling and data security.
4.	Undisclosed Sponsorships	Only 29% of the 100 posts studied had adequate influencer disclosures.	Consumers may find it difficult to distinguish genuine opinions from paid promotions, reducing trust in influencers and brands.
5.	Artificial Engagement	56.8% of disclosure violations involved completely missing disclosure labels.	AI-generated or automated engagement can make influencer popularity appear higher than actual audience interest and distort campaign evaluation.
6.	Declining Authenticity	43.2% of disclosure violations involved inadequate disclosure.	Excessive use of AI-generated scripts, avatars and promotional content may reduce human connection and perceived authenticity.
7.	Overall Consumer Trust Risk	Disclosure violations were found in 69% of the posts analysed.	Without transparency, human oversight and responsible AI practices, businesses may face reputational damage and weaker long-term customer relationships.

Source: Advertising Standards Council of India (ASCI), Influencer Disclosure Guidelines – Compliance Report. ASCI Influencer Disclosure Guidelines.

Artificial engagement, including automated likes, comments, followers and views, can create an inflated perception of influencer popularity and mislead businesses about actual campaign performance. Finally, excessive dependence on AI-generated scripts, avatars and promotional content may reduce human authenticity. ASCUS requires virtual influencers to clearly disclose that consumers are not interacting with real humans. Therefore, Tamil Nadu businesses need transparent sponsorship disclosure, human oversight, data protection, bias monitoring, fact-checking and genuine audience-engagement measurement to ensure that AI-

powered influencer marketing supports sustainable digital business growth rather than weakening consumer trust.



The chart indicates that 69% of the influencer posts examined had disclosure violations, compared with only 29% that had adequate disclosure. This highlights a significant transparency problem in influencer marketing. In the Tamil Nadu context, similar risks can become more serious when AI is used to generate promotional content, virtual influencers, automated engagement and personalized advertising. Lack of clear sponsorship disclosure can weaken consumer trust, while misinformation, algorithmic bias, privacy risks and artificial engagement may further reduce the perceived authenticity of influencers. Therefore, transparent disclosure, ethical AI governance, human supervision and reliable engagement measurement are essential for sustainable adoption of AI-powered influencer marketing.

Policy, Regulatory, Technological and Entrepreneurial Strategies for Responsible AI-Powered Influencer Marketing in Tamil Nadu

Tamil Nadu can strengthen responsible AI-powered influencer marketing by combining effective regulation, digital infrastructure, technological safeguards and entrepreneurship support. The policy strategy should focus on responsible AI guidelines, digital literacy, consumer protection and support for small businesses. Tamil Nadu's large digital and industrial base provides a strong foundation for this approach. The state has a population of more than 72 million, while India had about 886 million active internet users in 2024, creating a substantial market for digital marketing and creator-led commerce. The regulatory strategy should require influencers and brands to clearly disclose paid promotions, AI-generated content and commercial relationships. Stronger monitoring of misleading advertisements, manipulated reviews, deepfakes and discriminatory algorithms can improve consumer trust. A simple grievance mechanism and penalties for repeated violations would

further encourage ethical practices. The technological strategy should promote AI systems with privacy protection, explainable recommendations, content verification and bias-detection mechanisms. Businesses should adopt consent-based data collection and secure customer information. AI tools can also provide multilingual content in Tamil and English, enabling rural consumers, women entrepreneurs and small enterprises to participate more effectively in the digital economy. The details of the Policy, Regulatory, Technological and Entrepreneurial Strategies for Responsible AI-Powered Influencer Marketing in Tamil Nadu are stated in table – 12.

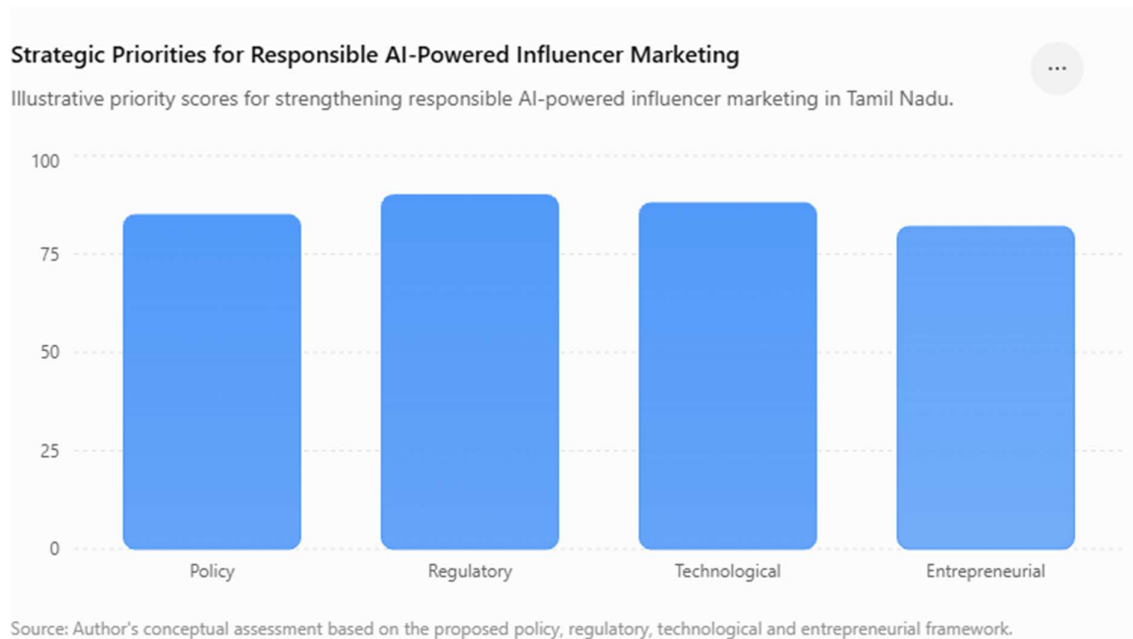
Table – 12
Policy, Regulatory, Technological and Entrepreneurial Strategies for Responsible AI-Powered Influencer Marketing in Tamil Nadu

S. No.	Strategy	Key Measures	Expected Contribution to Inclusive and Sustainable Digital Growth
1.	Policy Strategy	Develop state-level responsible AI guidelines; promote digital literacy; support consumer awareness; provide incentives for ethical AI adoption by MSMEs and start-ups.	Builds a trustworthy digital ecosystem and encourages wider participation in AI-enabled marketing.
2.	Regulatory Strategy	Mandate clear disclosure of paid promotions and AI-generated content; strengthen action against misleading advertisements, deepfakes, fake reviews and discriminatory algorithms; establish accessible grievance mechanisms.	Protects consumers, improves transparency and strengthens confidence in influencer marketing.
3.	Technological Strategy	Adopt privacy-preserving AI, bias detection, content verification, explainable algorithms and secure data-management systems; encourage Tamil-English multilingual AI tools.	Improves safety, accessibility and fairness while enabling rural consumers and small businesses to participate in the digital economy.
4.	Entrepreneurial Strategy	Provide AI training, incubation, affordable digital tools, credit and mentoring for MSMEs, start-ups, influencers and content creators.	Creates new income opportunities, strengthens digital entrepreneurship and expands market access.
5.	Inclusive Digital Strategy	Give special attention to women entrepreneurs, rural businesses, youth and micro-enterprises through training and digital infrastructure.	Reduces the digital divide and distributes the benefits of AI-led economic growth more widely.
6.	Sustainable Growth Strategy	Encourage cost-efficient AI marketing, responsible data use, long-term customer relationships and innovation-oriented business models.	Supports productivity, customer retention, market expansion and sustainable business performance.

Source: Government of Tamil Nadu, Department of Information Technology and Digital Services; Ministry of Electronics and Information Technology (MeitY), Government of India.

The entrepreneurial strategy should provide AI and digital-marketing training, affordable technology access, incubation facilities and financial support for MSMEs, start-ups and emerging creators. If even 10% of Tamil Nadu's estimated 6 million+ MSMEs adopt

responsible AI-enabled marketing practices, the potential base for digital innovation would be substantial. Collaboration among government, universities, technology companies and creator communities can further develop skilled digital entrepreneurs. Overall, responsible AI governance, transparent advertising, technological safeguards and inclusive entrepreneurship can improve consumer confidence while reducing digital inequality. Such an integrated approach can help Tamil Nadu achieve sustainable digital economic growth through innovation, employment creation, wider market access and responsible use of artificial intelligence.



The chart indicates that regulatory strategy (90%) has the highest priority because transparent advertising, disclosure of AI-generated content, consumer protection and action against misleading content are essential for building trust. Technological safeguards (88%) are similarly important for privacy, bias detection, content verification and secure data use. Policy measures (85%) can create an enabling environment through AI guidelines, digital literacy and support for responsible adoption. Entrepreneurial strategies (82%) can translate these measures into employment, innovation and market opportunities for MSMEs, start-ups and creators. Together, these strategies can support inclusive, ethical and sustainable digital economic growth in Tamil Nadu.

Conclusion

Artificial Intelligence (AI) is revolutionizing influencer marketing in Tamil Nadu by transforming consumer behavior, boosting digital entrepreneurship, and fostering sustainable business growth. The region's expanding digital infrastructure, high internet penetration, and large MSME ecosystem create a fertile ground for AI-powered marketing strategies. AI enables personalized communication, targeted advertising, real-time engagement, and efficient content creation, which significantly influence consumer preferences and purchasing decisions. It also opens up new opportunities for entrepreneurs, small businesses, and content

creators to reach wider markets at lower costs, encouraging innovation and income generation. However, the adoption of AI in influencer marketing is not without challenges. Ethical concerns such as misinformation, deepfakes, privacy violations, and algorithmic biases pose risks to consumer trust and brand credibility.

The lack of transparency and inadequate disclosure of AI-generated content further complicate responsible marketing practices. Therefore, it is crucial for stakeholders, government, businesses, and creators, to implement responsible policies, technological safeguards, and ethical standards to ensure transparency, authenticity, and consumer protection. Overall, AI-driven influencer marketing holds immense potential to propel Tamil Nadu's digital economy towards inclusive, sustainable growth. By aligning technological advancements with ethical practices and regulatory frameworks, the region can harness AI's full benefits. This will lead to stronger consumer engagement, enhanced digital entrepreneurship, and long-term business success. Responsible use of AI, coupled with continuous innovation, can make Tamil Nadu a leader in ethical digital marketing, ensuring sustainable economic and social progress in the emerging digital era.

Suggestions

To maximize the benefits of AI-powered influencer marketing in Tamil Nadu, several strategic steps are essential. First, the government should establish clear policies and guidelines for ethical AI use, transparency, and consumer protection. Mandatory disclosure of AI-generated content and paid promotions will foster trust and authenticity. Second, investing in digital literacy and awareness programs will empower consumers to critically evaluate AI-driven content, reducing misinformation and enhancing trust. Third, technological advancements such as bias detection, content verification, and privacy-preserving AI tools should be promoted among businesses and content creators. Encouraging multilingual AI solutions will also help reach rural and regional audiences effectively. Fourth, entrepreneurs and MSMEs need support through training, incubation centers, affordable digital tools, and financial incentives to adopt responsible AI practices and innovate in digital marketing. Finally, fostering collaborations among government agencies, academia, technology firms, and creator communities will create an ecosystem conducive to ethical AI adoption. These measures will ensure responsible growth, protect consumer interests, and promote inclusive digital entrepreneurship, thereby strengthening Tamil Nadu's position in the rapidly evolving digital economy.

Future Research

Future research should explore AI-related influencer marketing in Tamil Nadu, focusing on developing comprehensive ethical implementation frameworks. Empirical analyses of long-term effects on consumer trust, brand loyalty, and business sustainability are required. Particular attention should be paid to socio-economic inequalities in AI adoption and digital literacy, informing inclusive strategies for rural and vulnerable populations.

Investigating emerging technologies for enhanced content verification and transparency, such as blockchain applications and AI explainability tools, would contribute to building consumer trust. Comparative studies with other regions could identify best practices for ethical and effective AI utilization in marketing. Longitudinal analyses of consumer attitudes and business performance post-AI adoption could yield valuable insights for policymakers and industry stakeholders.

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