

# Revealing AI Involvement in Ad Creation: Effects on Authenticity, Brand Perceptions and Consumer Intentions

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## ARTICLE INFO

## ABSTRACT

Received: 05 Dec 2024

Revised: 28 Jan 2025

Accepted: 06 Feb 2025

This study examines the impact of disclosing AI involvement in advertisement creation on consumer perceptions, including authenticity, brand image, purchase intention, and brand trust. Two experimental studies were conducted, using a well-known brand and a fictitious brand with a between-subjects design to assess how transparency about AI's role influences consumer attitudes. Key findings reveal that AI disclosure significantly reduces perceived authenticity, which mediates negative effects on purchase intention, brand image, and brand trust. However, the impact varies with brand familiarity, being more pronounced for established brands. Additionally, consumers with greater knowledge of AI tools perceive AI disclosure more negatively, affecting brand trust. Results highlight the importance of managing authenticity perceptions and suggest marketers should strategically disclose AI use while incorporating human elements to maintain trust and engagement.

**Keywords:** Generalized Intuitionistic Trapezoidal Fuzzy Numbers, Transportation Problems, Optimization, Linear Programming, fuzzy ranking

## INTRODUCTION

The advent of the internet has catalyzed profound transformations across various domains, notably in marketing and advertising. The digital revolution has expanded traditional and contemporary advertising, significantly influencing consumer behavior (Kumar & Gupta, 2016). The number of commercials has increased, as have their nature and capabilities, from static print ads to dynamic, interactive digital formats including online banners, films, and embedded social media content (Lenin & Manivannan, 2022; Lin, 2024).

Artificial Intelligence (AI) technologies are central to these advances by enhancing data analytics, personalizing content, and optimizing digital ads. These technologies use algorithms to assess digital touchpoint consumer data to create highly targeted advertising that predicts consumer preferences and behaviors (Haleem et al., 2022). AI-driven machine learning models and natural language processing have been used to craft ad content that is not only engaging but also contextually relevant to individual consumers (Gao, 2023; Vashishtha & Sharma, 2025). Content generated using AI algorithms often referred to as synthetic content, is poised to significantly transform the advertising and marketing fields in the coming years, potentially yielding considerable benefits (Arango et al., 2023).

In this evolving landscape, the transparency of AI use in advertising has become a notable trend among certain brands. Companies like Heinz and KitKat are examples of brands that openly disclose their use of AI in creating advertisements. This transparency can build consumer trust and differentiate the brand in a crowded market by demonstrating innovation and commitment to ethical advertising practices. However, a large percentage of the sector does not disclose AI involvement, raising questions about consumer perceptions and the impact on brand authenticity when such information is later revealed. While strategic disclosure decisions are important, there is no consensus on informing consumers.

Previous research on financial disclosures shows consumers respond more positively to ads with disclosures, improving responsibility, recall, and risk perception (Lee et al., 2013). However, AI involvement perceptions present challenges for authenticity, trust, and engagement. Studies show consumers rate AI ads as less authentic and

trustworthy than human-made ones (Amos & Zhang, 2024; Chamberlain et al., 2018; Elgammal et al., 2017). This perception extends to various contexts, such as hotel reviews and charity ads, where AI involvement negatively impacts consumer responses (Amos & Zhang, 2024; Arango et al., 2023). Anxiety about AI mediates these effects, moderated by traits like agreeableness and extraversion (Horgby & Galizzi, 2024).

Labeling AI-generated content has mixed effects. While some studies find it decreases perceived authenticity and engagement (Wu & Wen, 2021), others show AI-generated texts have no impact on authenticity or brand attitudes (Kirkby et al., 2023). Additionally, AI-generated images can either stimulate or suppress imaginative responses, influencing consumer preferences in unpredictable ways (Melas et al., 2024).

Consumers' experiences with AI also shape their perceptions. Research on authenticity and AI-origin disclosure consistently shows negative perceptions. In studies where participants evaluated outputs like recipes, music, ethical decisions, and design concepts, human-labeled outputs were perceived as more authentic than AI-generated ones (Bigman & Gray, 2018; Jago, 2019; Laakasuo et al., 2021). These results highlight the importance of source disclosure, as human-generated content is generally seen as more authentic. To address these gaps, the key research question is: How does the disclosure of AI involvement in advertisement creation influence consumer perceptions of authenticity, brand perceptions, and purchase intentions, and how does consumer knowledge of AI modulate these effects?

This research contributes to the literature by providing a nuanced understanding of how disclosing AI involvement in ad creation affects consumer perceptions of authenticity, perceived innovativeness, purchase intention, brand image, and brand trust. It investigates how authenticity mediates purchase intention, brand image, and brand trust. Additionally, the study extends existing knowledge on the mixed effects of AI labeling, highlighting both negative perceptions (Amos & Zhang, 2024; Elgammal et al., 2017) and instances where AI-generated content is seen as equally authentic (Kirkby et al., 2023). By integrating these insights, this research provides a comprehensive framework based on authenticity for understanding the impact of AI disclosure in advertising, informing future marketing strategies and ethical considerations (Laakasuo et al., 2021; Wu & Wen, 2021).

The findings of this research have significant practical implications for marketers and advertisers. Understanding that disclosing AI involvement can negatively impact perceived authenticity and brand trust (Amos & Zhang, 2024), brands should carefully consider their disclosure strategies. While some studies suggest that AI-generated content can be perceived as equally authentic (Kirkby et al., 2023), transparency remains crucial to maintaining consumer trust. Marketers should leverage AI to enhance ad targeting and personalization while ensuring ethical considerations and clear labeling to mitigate skepticism and build credibility (Jago, 2019; Wu & Wen, 2021). Tailoring messages to highlight human oversight or creativity in conjunction with AI might enhance consumer engagement and positive brand perceptions, balancing innovation with authenticity (Laakasuo et al., 2021).

## LITERATURE REVIEW

### Online advertising and its effects on brand image, trust, and purchase intentions

The Internet's transformative impact has reshaped business dynamics, particularly in marketing (Krishnamurthy & Singh, 2005). This shift is evident in the significant influence exerted by both traditional and digital advertising on consumer behavior (Fletcher, 2010). Technological advancements facilitate online advertising, which dominates various media channels (Grewal et al., 2021; Mulhern, 2013).

Online advertising is a key component of digital marketing, utilizing various strategies to promote products or services to a targeted audience on the Internet. Banner ads, a common form of online advertising, are graphical advertisements displayed on websites with the goal of attracting user attention and prompting specific actions such as clicking through to a landing page or making a purchase (Rodgers & Thorson, 2000). Strategic ad placement on high-traffic sites and advanced personalization improve engagement (Bala & Verma, 2018; Shah & Nasnodkar, 2021).

Research shows online advertising influences brand perceptions and consumer behavior. It effectively builds brand awareness and familiarity, often outperforming traditional media (Ladeira et al., 2022; Tuán et al., 2022). By enhancing brand knowledge, online ads also impact customer satisfaction (Salameh et al., 2022) and equity through associations and perceived quality (Murtiasih et al., 2021). Studies highlight that brand image, linked to perceived quality and value, is crucial for building trust and influencing consumer behavior (Andrianus, 2023; Kwon, 2021). A robust brand image can lead consumers to be willing to pay higher prices, thereby offering a competitive edge and market success to a company (Chakraborty & Bhat, 2018). Trust in advertising reduces perceived risk, simplifies

decision-making, and increases purchase intention (Baharuddin et al., 2022). Studies show that online ads can significantly impact consumer buying behavior and purchase intentions (Sailaja, 2024).

Narrative advertising elements profoundly affect engagement and brand views. Storytelling ads improve comprehension and evoke positive branding (Garczarek-Bak et al., 2024), aligning with narrative transportation theory where immersive stories heighten responses (Williams & Heo, 2023). Creativity and relevance in ads also influence trust and purchase intent, as innovative approaches shape attitudes and behaviors (Sharopova, 2023).

### **Artificial intelligence in online advertising**

AI has significantly impacted advertising, improving effectiveness, optimization, and targeting (Li, 2019; Limna, 2023). Relatedly, AI solutions optimise ad targeting and placement, ensuring marketing messages reach the most responsive audience and increasing advertising ROI (Senyapar, 2024).

AI has been utilized to personalize emotionally appealing advertisements, using machine learning algorithms to create compelling and engaging ad content (Mogaji et al., 2019). AI-generated content, including deepfake technology, has been used to create visually appealing and attractive advertisements, influencing consumer purchase intentions (Pillai & Metri, 2022).

Creative strategies in online advertising, enhanced by AI, have been shown to positively influence consumers' attitudes and purchase intentions (Kwong et al., 2017). By leveraging AI to create visually appealing and engaging ad content, brands can enhance consumer perceptions and drive purchase intent. Sequential advertising, facilitated by AI algorithms, has been found to cultivate consumer awareness, interest, and purchase intent through multiple touchpoints (Peng et al., 2020).

### **Authenticity in online advertising**

Authenticity in advertising substantially influences consumer attitudes and purchase intentions (Negm, 2023). An authentic brand is characterized by transparency, consistency, and genuineness in its communication and behaviors, leading to effective ads and positive consumer responses. Research shows authentic ads better resonate with audiences, fostering favorable brand attitudes (Um, 2023). They deliver authentic experiences, build confidence, and increase purchase intentions (Vries & Go, 2017).

This emphasis on authenticity reflects a shift toward more genuine, transparent branding that consumers relate to (Ndasi & Akcay, 2020). However, AI-generated ads introduce authenticity perception challenges (Wang et al., 2024). Since authenticity involves consumer evaluation, not just brand attributes (Prasad & Kumar, 2022), low authenticity may lower perceived quality, trust, and attachment. This lowers purchase intentions, word-of-mouth, visits, and behavioral intentions (Morhart et al., 2015; Napoli et al., 2014; Nunes et al., 2021; Portal et al., 2019). Less authentic brands also have lower customer retention (Audrezet et al., 2020; Kviat, 2022).

The reliability and perceived authority of an advertisement creator play a crucial role in fostering consumer trust and enhancing persuasive effectiveness within marketing campaigns (Thompson & Malaviya, 2013). Consequently, the ad creator's identity significantly impacts acceptance and behaviors. Transparency in ad origination can thus substantially affect marketing campaign efficacy.

### **Disclosing AI Involvement**

The growing use of AI in content generation introduces challenges in maintaining transparency, authenticity, and trust in advertising. Proper attribution of AI-generated content is essential to reduce misinformation risks and sustain consumer trust (Caled & Silva, 2022). Studies show labeling AI content influences perceptions and attitudes, highlighting transparency's importance. Research finds human-made content is seen as more authentic and engaging, with authenticity strongly correlating with engagement (Bosch, 2024).

While labeling AI content affects perceived authenticity, especially for those with high regulatory demands, it does not consistently impact engagement (Bosch, 2024). AI deep fakes intensify concerns, triggering consumer aversion to deceptive ads. This prompts defensive information processing and fosters mistrust, underscoring the need for transparency and authenticity to mitigate skepticism and uphold brand credibility (Arango et al., 2023). Researchers argue AI diminishes consumer trust by removing the human element in interactions (Gonçalves et al., 2023). Consumers crave genuine connections with brands, making understanding the interplay between AI and authenticity narratives crucial for future marketing strategies (Granitz & Forman, 2015).

Consumers rate hotel reviews on TripAdvisor as less useful, trustworthy, and authentic if they believe they were generated by ChatGPT, highlighting the negative impact of AI involvement on the credibility of online reviews (Amos & Zhang, 2024). Similarly, when artworks are AI-generated, people evaluate them less positively (Chamberlain et al., 2018; Elgammal et al., 2017). Visual advertisements, originally created exclusively by humans, can likewise be considered "works of art" in a broader context. Recent research examined how potential donors respond to AI-created images of children in charity ads, revealing that awareness of AI involvement negatively impacts donation intentions (Arango et al., 2023). Advertisements perceived as AI-generated are less effective in terms of purchase intention, ad evaluation, and word of mouth compared to those believed to be human-made. Anxiety mediates this effect significantly, while traits such as agreeableness and extraversion positively influence ad reception. Higher levels of education tend to mitigate negative perceptions of AI-generated ads (Horgby & Galizzi, 2024).

The findings indicate that AI-generated content (AIGC) can improve psychological and behavioral customer engagement, with psychological engagement serving as a mediating factor. However, labeling AI-generated advertisements significantly affects behavioral engagement but not psychological engagement, suggesting that explicit labeling on social media can enhance consumer behavior engagement, such as likes, comments, shares, and re-shares (Du et al., 2023). Research shows that consumer acceptance of AI-generated advertisements is shaped by the perceived objectivity of the creation process (Horgby & Galizzi, 2024). This perception enhances the machine heuristic, where consumers regard machines as more secure and trustworthy than humans, thereby increasing appreciation for AI-generated ads. Conversely, the perceived creepiness of AI advertising can reduce customer acceptance, demonstrating AI's dual impact on advertising (Wu & Wen, 2021).

Contradictory findings also exist. According to Kirkby, Baumgarth, and Henseler (2023), AI-generated texts are viewed as authentic as human-written texts, with no negative effect on brand voice authenticity or brand attitudes. This suggests that acknowledging AI involvement does not always diminish brand authenticity or attitudes toward the brand. The results reveal that advertisements with rational appeals more effectively enhance visit intention for AI-generated ads, whereas emotional appeals are more attractive when the creator is declared as human. This effect is mediated by information processing fluency and moderated by consumers' involvement in these relationships (Song et al., 2024).

Moreover, the impact of AI-generated images can vary. AI-generated wine region images can either stimulate or suppress imaginative responses in viewers. When imagination is elicited, it can lead to positive or negative connotations, with positive imaginations resulting in wine purchases or tastes and negative imaginations in unfavorable preferences. When images do not stimulate imagination, viewers focus more on analyzing the objects depicted, making the impact on preferences less predictable and dependent on image orientation (Melas et al., 2024).

The awareness of AI's role in crafting advertisements can lead consumers to question the authenticity and emotional depth of the content. Research indicates that human-created content is generally perceived as more authentic and engaging than AI-generated content, which increases brand trust and emotional connection (Chamberlain et al., 2018; Elgammal et al., 2017). This perception is crucial in advertising, where authenticity significantly influences consumer attitudes and behaviors (Negm, 2023; Um, 2023). The lack of a human touch in AI-generated ads can result in skepticism and reduced emotional engagement, negatively impacting the perceived authenticity (Wu & Wen, 2021), thus:

**H1:** *Disclosure of AI involvement in ad creation significantly decreases perceived authenticity of the advertisement.*

When consumers are informed that an advertisement is AI-generated, it can lead to diminished brand perceptions and reduced consumer intentions. This is because consumers often associate AI involvement with a lack of creativity and emotional depth, which are critical components of brand perception and consumer trust (Cheng, 2022; Luo et al., 2019). The perceived creepiness and lack of empathy in AI-generated content can further exacerbate negative consumer attitudes, leading to decreased purchase intentions and a weakened brand image (Horgby & Galizzi, 2024). Transparency in AI involvement can therefore adversely affect how consumers perceive and interact with the brand, thus

**H2:** *Disclosure of AI involvement in ad creation significantly diminishes brand perceptions and consumer intentions.*

Authenticity serves as a mediating factor in shaping brand perceptions and consumer intentions. When the disclosure of AI involvement reduces perceived authenticity, it can have a cascading effect on brand image and consumer trust. Authenticity is a critical determinant of brand trust and loyalty, with higher perceived authenticity leading to more favorable brand perceptions and increased consumer intentions (Negm, 2023; Vries & Go, 2017). Conversely, reduced authenticity can lead to lower trust, diminished brand image, and decreased purchase intentions, as consumers are less likely to engage with brands they perceive as inauthentic (Audrezet et al., 2020). Thus, the negative impact on authenticity due to AI disclosure directly influences overall consumer behavior towards the brand (Cheng, 2022), thus

**H3:** *Reduced authenticity, resulting from the disclosure of AI involvement, significantly decreases brand perceptions and consumer intentions.*

Research has shown that consumers with more knowledge and experience with AI tend to have greater trust in the technology and a better understanding of its capabilities (Garcia et al., 2022). However, these well-informed individuals may also hold AI to higher ethical standards and expect more transparency about its use, especially in advertising (Guerra-Tamez, 2024). As a result, knowledgeable consumers are likely to scrutinize AI involvement in ads more closely. They may see the disclosure of AI as detracting from the perceived authenticity and personalization of the ad (Guerra-Tamez, 2024). This skepticism towards AI-generated content can negatively influence their trust in the brand, as these consumers may feel that the use of AI lacks the genuine human touch they value in advertisements, thus:

**H4:** *Consumers with greater knowledge of AI tools perceive the effects of AI disclosure on brand trust more negatively.*

## OVERVIEW OF STUDIES

The methodology for this research comprised two experimental studies designed to assess the impact of AI disclosure on consumer perceptions related to purchase intention, brand image, and brand trust, both employing a between-subjects design. The first study focused on Heinz, a brand known for its public disclosure of AI usage in advertising (Dandad.org, 2023). Similarly, the second study involved a fictitious brand, "Fizz," created to eliminate pre-existing brand perceptions. This methodological approach allowed for a controlled examination of the direct effects of AI disclosure on consumer attitudes, providing clear insights into how transparency in advertising influences consumer behavior.

### Study 1: Impact of AI Disclosure in Advertisements on Brand Trust, Image, and Purchase Intentions (well-known brand)

The primary aim of this study was to investigate the effects of AI disclosure in advertising on consumer perceptions regarding purchase intention, brand image, and brand trust. The study focused on Heinz, a brand known for its public disclosure of using AI in ad creation. Two real ads from Heinz were used (Dandad.org, 2023). This experimental research utilized a between-subjects design, comparing two conditions: AI involvement disclosed and AI involvement not disclosed.

#### Method.

**Design and Participants:** Participants ( $n=187$ ,  $M_{age}=40.8$ ,  $SD_{age}=11.3$ , 48.7% male, 50.3% female, 1.07% other) were recruited from the United States through the Mechanical Turk (MTurk) platform, using CloudResearch controls to ensure data quality. The experimental design was a simple between-subjects format, where participants were randomly assigned to one of the two conditions regarding AI disclosure in advertising.

**Measures:** To examine consumer perceptions in the context of AI involvement disclosure in advertising, the study employed a series of measures, all rated on a 7-point Likert scale from 1 (Strongly disagree) to 7 (Strongly agree). Participants evaluated perceived AI involvement in ad creation by responding to the statement, "The advertisement appears to have been generated with the help of artificial intelligence" adapted from Kirkby et al. (2023). Authenticity was assessed on a scale from 1 (Not at all) to 7 (Extremely), with the question, "To what extent did you find the advertisement authentic?" adapted from Morhart et al. (2015). Innovativeness was measured by asking, "The advertisement felt innovative" adapted from (2001). Brand trust was gauged with the statement, "This advertisement makes me trust the Heinz brand more", adapted from Erdem & Swait (2004). Purchase Likelihood was determined

on a scale from 1 (Extremely unlikely) to 7 (Extremely likely), using the question, "How likely are you to purchase Heinz Ketchup after seeing this advertisement?" adapted from Spears & Singh (2004). Brand image was evaluated with "This advertisement positively affects my image of the Heinz brand" adapted from Eisend & Stokburger-Sauer (2013).

*Manipulation checks.* Ads were perceived as significantly more AI-generated when AI involvement was disclosed ( $M_{\text{disclosed}}=6.42$ ,  $SD=0.84$  vs.  $M_{\text{undisclosed}}=4.02$ ,  $SD=1.62$ ,  $p<0.001$ ,  $\eta^2=0.54$ ,  $F_{(1,185)}=161.54$ ), thus manipulation was successful.

## RESULTS.

The effects of AI disclosure on various consumer perception metrics revealed significant findings: perceived authenticity was notably lower when AI involvement was disclosed ( $M_{\text{disclosed}}=2.73$ ,  $SD=1.93$  vs.  $M_{\text{undisclosed}}=4.76$ ,  $SD=1.47$ ,  $p<0.001$ ,  $\eta^2=0.27$ ,  $F_{(1,185)}=65.52$ ). H1 confirmed - disclosure of AI involvement in ad creation significantly decreased perceived authenticity of the advertisement.

The innovative perception of ads showed no significant difference between conditions ( $M_{\text{disclosed}}=2.81$ ,  $SD=1.78$  vs.  $M_{\text{undisclosed}}=3.03$ ,  $SD=1.68$ ,  $p=0.38$ ,  $\eta^2=0$ ,  $F=0.78$ ). Purchase intention was significantly reduced by AI disclosure ( $M_{\text{disclosed}}=3.36$ ,  $SD=1.80$  vs.  $M_{\text{undisclosed}}=4.36$ ,  $SD=1.59$ ,  $p<0.001$ ,  $\eta^2=0.08$ ,  $F_{(1,185)}=16.03$ ). Brand image also decreased with AI disclosure ( $M_{\text{disclosed}}=3.37$ ,  $SD=1.85$  vs.  $M_{\text{undisclosed}}=4.09$ ,  $SD=1.57$ ,  $p=0.01$ ,  $\eta^2=0.04$ ,  $F_{(1,185)}=8.09$ ). Similarly, brand trust was lower when AI was disclosed ( $M_{\text{disclosed}}=2.77$ ,  $SD=1.66$  vs.  $M_{\text{undisclosed}}=3.76$ ,  $SD=1.75$ ,  $p<0.001$ ,  $\eta^2=0.08$ ,  $F_{(1,185)}=16.06$ ). H2 confirmed - disclosure of AI involvement in ad creation significantly diminished brand perceptions and consumer intentions.

These results underscore the impact of AI disclosure on consumer attitudes towards brand elements in advertising contexts (Table 1).

[Table 1 near here]

*Mediations.* As anticipated, perceived authenticity emerged as a pivotal mediator, influencing the purchase intention ( $-0.92$ , CI  $[-1.28, -0.59]$ ), brand image ( $-1.10$ , CI  $[-1.47, -0.76]$ ), and brand trust ( $-1.14$ , CI  $[-1.51, -0.80]$ ). This pattern underscores the significant role that authenticity plays in shaping consumer responses when AI involvement in ad creation is disclosed. Specifically, reduced authenticity due to AI disclosure considerably decreases purchase intention, deteriorates brand image, and undermines trust in the brand. These findings highlight the importance of managing consumer perceptions of authenticity when implementing AI-driven strategies in advertising (Table 2). H3 confirmed - that reduced authenticity, resulting from the disclosure of AI involvement, significantly decreases brand perceptions and consumer intentions.

[Table 2 near here]

### Discussion of Study 1 results.

The results of study 1 indicated that disclosing AI involvement in the creation of advertisements for well-known brand significantly impacted consumer perceptions of authenticity, purchase intention, brand image, and brand trust. Advertisements perceived to be AI-generated were viewed as less authentic compared to those believed to be human-made. This decrease in perceived authenticity negatively influenced consumers' intentions to purchase the product, their overall image of the brand, and their trust in the brand. In contrast, the perception of innovativeness in the advertisements did not differ significantly between the disclosed and undisclosed conditions.

Furthermore, the study found that perceived authenticity served as a key mediator in shaping consumer responses. When AI involvement was disclosed, the resulting decrease in perceived authenticity led to reduced purchase intentions, a tarnished brand image, and diminished brand trust. These findings highlight the crucial role of authenticity in consumer evaluations of AI-generated advertisements and suggest that brands must carefully manage consumer perceptions of authenticity when implementing AI-driven strategies in their advertising efforts.

### Study 2: Impact of AI Disclosure in Advertisements on Brand Trust, Image, and Purchase Intentions (fictitious brand)

The second study aimed to examine the effects of AI disclosure on consumer perceptions towards a fictitious brand, "Fizz." Study 1 had a limitation in that ads in stimuli were different, even used in real-life settings. In order to capture



the isolated impact of AI involvement disclosure, the ads there used the same. Unlike Study 1, which utilized a well-known brand, this study used a fictitious cola brand created by OpenAI, and ads generated by OpenAI Dall-E. The intention was to eliminate any pre-existing brand perceptions by using a brand unknown to participants. The experiment employed a between-subjects design, with one group seeing ads where AI involvement was disclosed and the other group seeing ads with no AI disclosure.

### Method.

*Participants and Design.* Participants ( $n=202$ ,  $M_{age}=42.1$ ,  $SD_{age}=12.3$ , 46% male, 53.5% female, 0.5% other) were recruited from the United States through the Mechanical Turk (MTurk) platform, using CloudResearch controls to ensure data quality.

*Measures:* This study used the same measures as Study 1, but to investigate AI knowledge effects, knowledge about AI tools was assessed through the statement, "I am knowledgeable about generative AI tools and their capabilities" adapted from Araujo et al., (2020).

*Manipulation checks.* Ads were perceived as significantly more AI-generated when AI involvement was disclosed ( $M_{disclosed}=6.00$ ,  $SD=1.11$  vs.  $M_{undisclosed}=3.97$ ,  $SD=1.91$ ,  $p<0.001$ ,  $\eta^2=0.35$ ,  $F_{(1,200)}=84.98$ ). Thus manipulation for Study 2 was successful.

## RESULTS.

The effects of AI disclosure on various consumer perception metrics in the study of the fictitious brand "Fizz" revealed significant findings. Perceived authenticity was notably lower when AI involvement was disclosed ( $M_{disclosed}=3.89$ ,  $SD=1.59$  vs.  $M_{undisclosed}=4.53$ ,  $SD=1.56$ ,  $p=0.004$ ,  $\eta^2=0.04$ ,  $F_{(1,200)}=8.27$ ). H1 confirmed again. The innovative perception of ads showed a small but significant difference between conditions ( $M_{disclosed}=4.00$ ,  $SD=1.69$  vs.  $M_{undisclosed}=4.51$ ,  $SD=1.53$ ,  $p=0.03$ ,  $\eta^2=0.02$ ,  $F_{(1,200)}=5.05$ ). However, purchase intention, brand image, and brand trust did not show statistically significant differences, with minor effect sizes (purchase intention:  $M_{disclosed}=3.43$ ,  $SD=1.77$  vs.  $M_{undisclosed}=3.69$ ,  $SD=1.88$ ,  $p=0.32$ ,  $\eta^2=0.01$ ,  $F_{(1,200)}=1.01$ ; brand image:  $M_{disclosed}=4.15$ ,  $SD=1.46$  vs.  $M_{undisclosed}=4.53$ ,  $SD=1.51$ ,  $p=0.07$ ,  $\eta^2=0.02$ ,  $F_{(1,200)}=3.35$ ; brand trust:  $M_{disclosed}=3.54$ ,  $SD=1.53$  vs.  $M_{undisclosed}=3.79$ ,  $SD=1.62$ ,  $p=0.26$ ,  $\eta^2=0.01$ ,  $F_{(1,200)}=1.28$ ). H2 rejected, indicating that AI disclosure effects might be related to the familiarity of the brand (Table 3).

[Table 3 near here]

**Mediations.** As anticipated, perceived authenticity emerged as a pivotal mediator, influencing the purchase intention ( $-0.30$ , CI  $[-0.54, -0.09]$ ), brand image ( $-0.29$ , CI  $[-0.50, -0.09]$ ), and brand trust ( $-0.28$ , CI  $[-0.50, -0.08]$ ). This pattern underscores the significant role that authenticity plays in shaping consumer responses when AI involvement in ad creation is disclosed. Specifically, reduced authenticity due to AI disclosure considerably decreases purchase intention, deteriorates brand image, and undermines trust in the brand. These findings highlight the importance of managing consumer perceptions of authenticity when implementing AI-driven strategies in advertising. H3 confirmed again (Table 4).

[Table 4 near here]

**Moderation effects.** The moderation analysis examined the interaction between AI disclosure in advertising and self-reported knowledge of generative AI tools and their capabilities on the brand image. As expected, knowledge about generative AI tools significantly moderated the effect of AI disclosure on brand image. Specifically, the coefficient for the interaction term was  $-0.41$  ( $p = 0.009$ ), indicating that greater knowledge about AI tools enhances the negative impact of AI disclosure on brand image and supporting H4.

### Discussion of Study 2 results.

The second study aimed to examine the effects of AI disclosure on consumer perceptions of a fictitious brand, "Fizz," created by OpenAI. Unlike the first study, which used a well-known brand, this study aimed to eliminate pre-existing brand perceptions by using a brand unknown to participants. The results again revealed that perceived authenticity was notably lower when AI involvement was disclosed. However, purchase intention, brand image, and brand trust did not show statistically significant differences between the two groups, potentially indicating that changes in perceptions of brand depend on brand familiarity.

Perceived authenticity again emerged as a mediator, influencing purchase intention, brand image, and brand trust. Identical to Study 2, the decrease in perceived authenticity due to AI disclosure led to reduced purchase intentions, a deteriorated brand image, and undermined brand trust. Furthermore, knowledge about generative AI tools significantly moderated the effect of AI disclosure on brand image. Consumers with greater knowledge of AI tools were more negatively impacted by AI disclosure, suggesting that informed consumers may have higher expectations or more critical perspectives, thus making them more sensitive to AI use in advertising.

## General discussion

The two studies offer a comprehensive understanding of how AI disclosure in advertisements affects brand trust, brand image, and purchase intentions. Study 1 centered on a well-known brand, Heinz, while Study 2 examined a fictitious brand, "Fizz," to eliminate pre-existing brand perceptions. Despite the differences in brand familiarity, both studies revealed consistent patterns and notable divergences in consumer responses to AI-disclosed advertisements. Both studies confirmed that disclosing AI involvement in ad creation significantly decreases the perceived authenticity of advertisements. This effect was robust across both the well-known and fictitious brands, suggesting a general skepticism towards AI-generated content among consumers. This decrease in perceived authenticity was found to mediate the effects on other consumer perceptions and behaviors, highlighting its central role in shaping responses to AI-disclosed ads.

In both studies, AI disclosure negatively impacted purchase intentions and brand trust. For Heinz, a well-known brand, the effect was pronounced, significantly lowering consumers' willingness to purchase and their trust in the brand. Similarly, although the fictitious brand "Fizz" did not show statistically significant differences in purchase intentions and brand trust, the trend indicated a negative influence, reinforcing the findings from Study 1.

Authenticity served as a critical mediator in both studies, influencing purchase intention, brand image, and brand trust. Reduced authenticity due to AI disclosure led to significant decreases in these key metrics, underscoring the importance of perceived authenticity in consumer evaluations of AI-generated advertisements.

One of the primary differences between the two studies was the role of brand familiarity. In Study 1, Heinz, a well-known brand, suffered significant declines in brand image and consumer trust when AI involvement was disclosed. In contrast, Study 2's fictitious brand, "Fizz," showed a less pronounced impact on these metrics. This suggests that existing brand equity can exacerbate the negative effects of AI disclosure, potentially indicating that AI disclosure effects are also brand familiarity dependent.

Study 2 introduced an additional variable—knowledge about generative AI tools—which moderated the effect of AI disclosure on brand image. Participants with greater knowledge of AI tools were more negatively impacted by AI disclosure, a finding not explored in Study 1. This highlights the complexity of consumer responses to AI, influenced by their familiarity and understanding of the technology.

**Theoretical Contributions.** This research makes several important theoretical contributions to understanding AI in advertising and consumer behavior. The consistent mediation effects across both studies highlight authenticity as a key driver of consumer trust and purchase intentions. Previous studies have also emphasized the importance of authenticity in consumer-brand relationships (Morhart et al., 2015; Napoli et al., 2014). By showing AI disclosure negatively affects perceived authenticity, this research extends authenticity theory to AI-generated ads. Both studies illustrate AI disclosure reduces authenticity perceptions, consistent with research that human-made content is seen as more authentic (Bosch, 2024).

The studies contribute to the nascent AI disclosure literature by empirically demonstrating its negative consumer perception impacts. This extends previous research on algorithmic authenticity (Jago, 2019) and AI's role in consumer trust (Gonçalves et al., 2023). The findings show disclosing AI involvement reduces authenticity and consumer behavior, complementing the "uncanny valley" effect where human-like AI evokes discomfort (Laakasuo et al., 2021). It also extends Kirkby et al.'s (2023) findings that AI-generated content can be seen as equally authentic by showing conditions where AI disclosure negatively impacts authenticity and behavior. Additionally, it builds on the work of Arango et al. (2023) who examined the impact of AI-generated content on consumer behavior in charitable advertising, and Horgby and Galizzi (2024) who explored the psychological traits influencing reception of AI-generated ads. The mediating role of authenticity and the moderating influence of AI expertise are highlighted in this study, providing a deeper understanding of consumer responses to AI-generated content.

The research suggests brand familiarity may moderate responses to AI disclosure, with established brands like Heinz facing greater negative impacts. This contributes to brand management theory regarding emerging technologies.



Overall, this research significantly advances theoretical understanding of AI disclosure, authenticity, and consumer responses in advertising.

**Practical implications.** These findings have significant practical implications for marketers navigating AI advertising. Since disclosing AI can negatively impact perceived authenticity and trust, brands should carefully consider disclosure strategies. Although some research suggests AI content can be seen as equally authentic (Kirkby et al., 2023), transparency remains crucial for maintaining consumer trust. Marketers must weigh transparency benefits against potential negative consumer perceptions.

Marketers should leverage AI to enhance ad targeting and personalization while ensuring ethical considerations and clear labeling to mitigate skepticism and build credibility (Jago, 2019; Wu & Wen, 2021). Highlighting human oversight or creativity with AI may improve engagement and branding, balancing innovation and authenticity (Bigman & Gray, 2018; Laakasuo et al., 2021).

The impact of AI disclosure varies based on brand familiarity and AI knowledge. For established brands, negative effects may be more pronounced, while lesser-known brands might experience less impact. Thus, marketers should segment audiences by brand familiarity and technological literacy, tailoring messages accordingly to mitigate negative perceptions.

As greater knowledge about AI tools enhances negative perceptions of AI disclosure (Garcia et al., 2022), educational campaigns can help bridge the gap. Informing consumers about the benefits and limitations of AI in advertising can help manage expectations and reduce skepticism. This can involve transparent communication about the role of AI in enhancing ad relevance and consumer experience. Integrating storytelling and human elements in AI-generated content can help offset negative perceptions and enhance the overall effectiveness of the advertisements (Granitz & Forman, 2015).

**Opportunities for further research.** Future research could explore the long-term effects of AI disclosure on consumer perceptions. Cross-cultural research could examine how cultural differences influence responses to AI disclosure, providing a global perspective. As AI technologies become more sophisticated, future studies could examine how different levels of AI involvement (e.g., fully AI-generated vs. AI-assisted) impact consumer perceptions. The studies did not manipulate brand familiarity as a variable, focusing instead on a well-known brand (Heinz) and a fictitious brand (Fizz). Understanding whether AI disclosure affects familiar versus unfamiliar brands can help explain how brand equity influences consumer responses to AI-generated content. This area of exploration is crucial, as brand familiarity may moderate the effects of AI disclosure on consumer trust, authenticity perceptions, and brand image.

## CONCLUSIONS

The primary aim of this research was to investigate the effects of AI disclosure in advertisements on consumer perceptions regarding authenticity, brand image, and purchase intentions. These objectives were addressed through two experimental studies: one focusing on the well-known brand Heinz and the other on a fictitious brand, "Fizz." The studies revealed that disclosing AI involvement in ad creation significantly decreases perceived authenticity across both brand types. This decrease in perceived authenticity was found to mediate negative impacts on brand trust, purchase intentions, and brand image.

The key findings contribute significantly to the theoretical understanding of AI in advertising by highlighting the critical role of perceived authenticity. The studies confirmed that AI disclosure negatively impacts consumer perceptions, aligning with existing literature on authenticity and consumer-brand relationships (Negm, 2023; Um, 2023). Practical implications for marketers include the necessity of carefully considering disclosure strategies and integrating human elements in AI-generated content to maintain authenticity and consumer trust. Opportunities for future research include exploring long-term effects, cross-cultural differences, varying levels of AI involvement, and explicitly manipulating brand familiarity to provide deeper insights into consumer responses to AI-generated content (Bosch, 2024; Caled & Silva, 2022; Kirkby et al., 2023).

## ACKNOWLEDGEMENTS

This research received no specific grant from any funding agency.

## DECLARATION OF INTEREST STATEMENT

All authors declare that they have no conflicts of interest.

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APPENDIX

Study 1: Stimuli

AI involvement is revealed	AI involvement is not revealed
<p>Your are browsing online and you see this ad. <i>Its AI generated.</i></p> <p>Heinz Ketchup: Perfect for every meal</p> 	<p>Your are browsing online and you see this ad.</p> <p>Heinz Ketchup: Perfect for every meal</p> 

Study 2: Stimuli



AI involvement is revealed	AI involvement is not revealed
<p>Your are browsing online and you see this ad. <i>Its AI generated.</i></p> 	<p>Your are browsing online and you see this ad.</p> 

Table 1. Main effects of disclosing AI involvement in ad creation for the Heinz brand

Variable	Mean Disclosed	SD Disclosed	Mean Undisclosed	SD Undisclosed	F-value	p-value	Effect Size ( $\eta^2$ )
Authenticity	2.73	1.93	4.76	1.47	65.52	<0.001	0.27
Perceived Innovativeness	2.81	1.78	3.03	1.68	0.78	0.38	0.00
Purchase Intention	3.36	1.80	4.36	1.59	16.03	<0.001	0.08
Brand Image	3.37	1.85	4.09	1.57	8.09	0.01	0.04
Brand Trust	2.77	1.66	3.76	1.75	16.06	<0.001	0.08

Table 2. Authenticity mediating effects on consumer responses

Mediator	Response Variable	Mediation Effect Estimate	Confidence Interval (95%)
Authenticity	Purchase Intention	-0.92	[-1.28, -0.59]
Authenticity	Brand Image	-1.10	[-1.47, -0.76]
Authenticity	Brand Trust	-1.14	[-1.51, -0.80]

Table 3. Main effects of disclosing AI involvement in ad creation for fictitious brand "Fizz".

Variable	Mean No Disclosure	SD No Disclosure	Mean AI Disclosed	SD AI Disclosed	F-value	p-value	Effect Size ( $\eta^2$ )
Authenticity	4.53	1.56	3.89	1.59	8.27	0.00	0.04
Innovativeness	4.51	1.53	4.00	1.69	5.05	0.03	0.02
Purchase Intention	3.69	1.88	3.43	1.77	1.01	0.32	0.01
Brand Image	4.53	1.51	4.15	1.46	3.35	0.07	0.02
Brand Trust	3.79	1.62	3.54	1.53	1.28	0.26	0.01

Table 4. Authenticity mediating effects on consumer responses.

Mediator	Response Variable	Mediation Effect Estimate	Confidence Interval (95%)
Authenticity	Purchase Intention	-0.30	[-0.54, -0.09]
Authenticity	Brand Image	-0.29	[-0.50, -0.09]
Authenticity	Brand Trust	-0.28	[-0.50, -0.08]