

THE IMPACT OF GENERATIVE AI ADVERTISING ON CONSUMER ACCEPTANCE: THE MEDIATING ROLES OF PERCEIVED AUTHENTICITY AND PERCEIVED ETHICAL RISK

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Abstract. Objective: The integration of Generative Artificial Intelligence (GenAI) in digital advertising triggers a paradigm shift toward hyper-personalization, introducing a theoretical tension between communication effectiveness and consumer ethical integrity. This study aims to comprehensively investigate the impact of Generative AI Advertising on consumer acceptance by extracting the dual mediating roles of perceived authenticity and perceived ethical risk. Method: Utilizing an explanatory quantitative research design, primary data were collected through a survey of 250 active marketplace users in Indonesia, specifically targeting the high-involvement electronic product segment. The data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM). Results: Empirical findings confirm that GenAI Advertising exerts a positive and significant effect on perceived authenticity while simultaneously elevating perceived ethical risk. Perceived authenticity acts as a crucial antecedent that positively enhances consumer acceptance. Interestingly, contradicting traditional risk-avoidance assumptions, perceived ethical risk also exerts a significant positive effect on acceptance levels. This confirms the existence of a privacy paradox, wherein consumers willingly compromise ethical vulnerabilities in exchange for hyper-personalized utility. Both variables act as complementary partial mediators; nevertheless, GenAI-based advertising retains a direct, positive, and significant impact on consumer acceptance. The research model demonstrates substantial predictive power, explaining 66.4% of the variance. Conclusions: This study extends the Technology Acceptance Model (TAM) and Authenticity Theory by justifying that algorithmic advertising effectiveness relies on the firm's strategic orchestration in managing the ethics-authenticity paradox. Managerially, proactive algorithmic transparency is crucial as a credibility signal to navigate this privacy calculus in the era of digital hyper-reality.

Keywords: Generative AI Advertising, Perceived Authenticity, Ethical Risk, Consumer Acceptance, Marketplace, PLS-SEM.

I. INTRODUCTION

Background

Contemporary digital transformation has entered a monumental phase of disruption with the advent of Generative Artificial Intelligence (GenAI). Unlike conventional analytical automation, this technology triggers a fundamental shift in marketing communication governance through its capability to autonomously synthesize hyper-personalized content—ranging from textual narratives to photorealistic visuals (Dwivedi et al., 2023; Huang & Rust, 2023). Global empirical data indicates that over 65% of organizations have integrated AI into their operational value chains, with approximately 71% of marketing practitioners now relying on generative algorithms to execute micro-personalized campaigns.

In Indonesia, the momentum of this technological penetration is exponentially amplified by the projected growth of the national digital economy. As illustrated in Figure 1, Indonesia's digital economy is projected to approach US\$ 100 billion by 2025, driven primarily by the e-commerce sector, whose Gross Merchandise Value (GMV) is expected to surge from US\$ 59 billion in 2023 to US\$ 140 billion by 2030 (Google, Temasek, Bain & Company, 2025).



Fig 1. Projected Growth of Indonesia's Digital Economy

This dominance is further affirmed by regional comparisons, wherein Indonesia leads the Southeast Asian e-commerce GMV, reaching US\$ 56.5 billion in 2024 (Figure 2). Consequently, marketplaces have transformed from mere transactional mediums into primary marketing arenas, particularly for electronic products (Sun et al., 2023), compelling firms to capitalize on AI to monopolize consumer attention with unprecedented precision.



Fig 2. E-Commerce GMV Comparison of Southeast Asian Countries

Phenomenon and Research Problem

Despite its operational efficacy, the massive penetration of GenAI triggers a "behavioral paradox" among digital consumers (Puntoni et al., 2023). The primary issue is the degradation of perceived authenticity. As the boundary between empirical reality and computational creation blurs, hyper-realistic content induces cognitive dissonance; consumers begin to question whether an advertisement is a factual representation or a fabrication of manipulated pixels (Luo et al., 2024).

Simultaneously, AI-driven hyper-personalization precipitates a tangible escalation in perceived ethical risks. This adoption paradox is strongly reflected in the Indonesian landscape (Figure 3). While AI business momentum is aggressive—with 80% of consumers reporting daily interaction with AI features—this high adoption is overshadowed by substantial psychological friction, with 58% of consumers explicitly voicing concerns regarding data privacy within AI systems.



Fig 3. E-Commerce Dominance in Indonesian Consumer Activities

Nevertheless, the contemporary digital landscape presents a behavioral anomaly known as the privacy paradox. In the context of the electronic product market, although consumers possess mature digital literacy and are aware of the high probability of latent data extraction (high ethical risk), they do not boycott the technology. Instead, they tend to rationalize this risk as a justified "cost of entry" to obtain superior offer relevance and visual aesthetics. Trust and ethical assurances are absolute antecedents mediating purchasing decisions.

Research Gap

Previous literature has extensively explored AI in marketing, yet predominantly exhibits a technocentric bias—relying

heavily on the functional evaluations of the traditional Technology Acceptance Model (TAM). Substantial research gaps remain: (1) existing studies mostly evaluate AI as a supporting infrastructure (e.g., chatbots) rather than isolating fully Generative AI Advertising as the primary cognitive stimulus; (2) there is a scarcity of theoretical frameworks incorporating perceived authenticity as a psychological mediator; (3) prior research frequently overlooks the "dark side" of technology, failing to simultaneously examine perceived ethical risk; and (4) there is a lack of empirical investigation within the specific context of emerging markets like Indonesia. Addressing these gaps, this study develops a holistic conceptual model to deconstruct consumer acceptance of AI-based advertising. It moves beyond functional effectiveness by integrating cognitive psychology (authenticity) and digital ethics governance (ethical risk) to explain the complex dynamics of human-machine interaction in modern marketing.

Theoretical Foundation

This study integrates Authenticity Theory, Signaling Theory, and an extended Technology Acceptance Model (TAM). Authenticity Theory posits that consumers inherently seek genuineness in brand interactions. Signaling Theory complements this by framing AI-generated personalization and visual quality as signals of a firm's competence. However, traditional TAM's reliance on functional perceived usefulness is insufficient to explain complex human-machine interactions. Consequently, this study extends TAM by incorporating perceived ethical risk as an inhibitory mechanism. Contemporary literature confirms that potential ethical violations—such as latent data misuse—trigger consumer resistance, positioning ethical risk as a critical mediator that degrades technology utility (Puntoni et al., 2023; Gursoy et al., 2024).

Generative AI Advertising

Generative AI Advertising shifts digital marketing from automated distribution to the autonomous synthesis of adaptive, hyper-personalized content. By granularly analyzing consumer data, algorithms synthesize narratives, images, and interactive elements in real-time. In this study, this construct is evaluated through message personalization, AI content quality, relevance, visual appeal, interactivity, and technological modernity (Dwivedi et al., 2023; Huang & Rust, 2023). While its ability to capture attention surpasses conventional advertising, its synthetic nature introduces ambiguities regarding the ontological validity of the presented messages.

Perceived Authenticity

Perceived authenticity reflects the extent to which consumers attribute genuineness, transparency, and non-manipulation to an advertisement. AI introduces an authenticity paradox: precise algorithms create an illusion of intimacy and relevance (Chattaraman et al., 2023), yet the awareness of machine fabrication can dismantle objective trust. This construct is operationalized through consumer evaluations of message genuineness, information honesty, ad credibility, alignment with reality, and the presence of authenticity amplifiers.

Perceived Ethical Risk

Perceived ethical risk captures consumers' subjective concerns regarding the negative externalities of marketing algorithms. Heightened digital literacy makes consumers wary of hyper-personalization, fearing latent data extraction without informed consent and the distortion of product reality through flawless artificial visualization (Luo et al., 2024). This construct encompasses privacy concerns, manipulation potential, lack of AI transparency, and data security vulnerabilities.

Consumer Acceptance

Consumer acceptance of digital advertising innovations is negotiated through evaluations of credibility and ethical security. Consumers will adopt the technology if authenticity signals outweigh risk probabilities. This endogenous construct is comprehensively measured via purchase intention, product trust, general attitude toward the ad, intention to use, and acceptance of AI as a legitimate informational medium (Sun et al., 2023; Verma et al., 2024).

The Effect of Generative AI Advertising on Perceived Authenticity

GenAI's micro-targeting and aesthetic alignment create strong emotional resonance. Under Signaling Theory, high-quality personalization acts as a professionalism signal that paradoxically enhances the attribution of message genuineness in the eyes of consumers. **H1:** Generative AI Advertising has a positive and significant effect on perceived authenticity.

The Effect of Generative AI Advertising on Perceived Ethical Risk

Generating highly specific advertisements inherently exposes mass data collection practices. Aligning with Privacy Calculus Theory, exposure to opaque algorithms triggers cognitive alarms, escalating concerns related to privacy exploitation and information manipulation. **H2:** Generative AI Advertising has a positive and significant effect on perceived ethical risk.

The Effect of Perceived Authenticity on Consumer Acceptance

Authenticity serves as a primary foundation for reducing uncertainty. Validating an advertisement as an honest representation of empirical reality increases affective valence, deterministically driving engagement and purchase intentions. **H3:** Perceived authenticity has a positive and significant effect on consumer acceptance.

The Effect of Perceived Ethical Risk on Consumer Acceptance

Grounded in Privacy Calculus Theory, modern consumers no longer respond to digital threats with absolute rejection but rather through pragmatic evaluation. When interacting with GenAI advertising, consumers experience a privacy paradox. Although they cognitively perceive a high threat to data security and visual manipulation (ethical risk), the functional utility of the hyper-personalization provided is deemed to far outweigh these vulnerabilities. Consumers believe that surrendering a degree of privacy is a mandatory prerequisite for achieving a precise and relevant shopping experience. Consequently, this awareness of ethical risk paradoxically aligns with the acceptance of the technology as a rational market inevitability. **H4:** Perceived ethical risk has a positive and significant effect on consumer acceptance.

Direct Effect and the Mediating Roles

Irrespective of psychological attributions, GenAI's functional utility (e.g., retrieval speed and visual precision) directly stimulates acceptance. However, this trajectory is governed by dual mediators: authenticity acts as a catalyst facilitating AI value transmission, while perceived ethical risk acts as a dampener limiting adoption. **H5:** Generative AI Advertising has a positive and significant direct effect on consumer acceptance. **H6:** Perceived authenticity significantly mediates the effect of Generative AI Advertising on consumer acceptance. **H7:** Perceived ethical risk significantly mediates the effect of Generative AI Advertising on consumer acceptance.

Conceptual Framework

The conceptual framework postulates a dual-pathway effect resulting from exposure to algorithmic advertising. GenAI implementation simultaneously activates paradoxical psychological responses. The first pathway utilizes personalization and aesthetics to strengthen perceived authenticity. The second pathway escalates perceived ethical risk due to algorithmic opacity and data extraction awareness. These cognitive mediators orchestrate technology adoption dynamics, predicting that the final consumer calculus—between affirmed genuineness and ethical friction—determines the level of acceptance toward AI-based advertising.

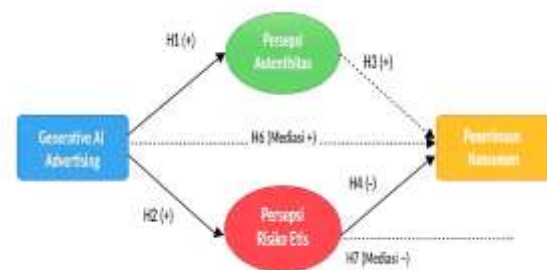


Fig 4. Conceptual Framework

II. RESEARCH METHODS

Research Design

This study employs a quantitative, causal-explanatory research design to investigate the complex causal relationships within the technology acceptance framework in the artificial intelligence era. To evaluate the conceptual model, including its dual-mediation mechanisms, Partial Least Squares Structural Equation Modeling (PLS-SEM) was utilized. This variance-based approach is highly suitable for maximizing predictive power, which is relevant given that the model ultimately explains 66.4% of the variance in consumer acceptance (Sun et al., 2023; Verma et al., 2024).

Population and Sampling Technique

The target population comprises Indonesian digital consumers with prior exposure to algorithmic advertising on leading e-commerce marketplaces (e.g., Tokopedia, Shopee, and Lazada). The focus is specifically on the high-involvement electronic product category, which necessitates rigorous cognitive evaluation of technological credibility and ethical risks (Puntoni et al., 2023). Employing a purposive sampling technique based on digital literacy and transactional

experience, a final sample of 250 respondents was established. This sample size is methodologically robust for ensuring parameter estimation stability and providing adequate statistical power for the bootstrapping procedure (500 subsamples) during structural model evaluation.

Variable Operationalization and Instrument Measurement

The research model incorporates four reflectively measured constructs, quantified using a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Generative AI Advertising (11 indicators) serves as the exogenous variable, capturing hyper-personalization and relevance (Dwivedi et al., 2023; Huang & Rust, 2023). Consumer Acceptance (3 indicators) acts as the endogenous variable, mediated by Perceived Authenticity (11 indicators) and Perceived Ethical Risk (11 indicators) (Chattaraman et al., 2023; Luo et al., 2024). Measurement model testing confirmed exceptional convergent validity (outer loadings: 0.769–0.867; AVE > 0.664) and outstanding internal consistency reliability (Cronbach's Alpha and Composite Reliability > 0.90).

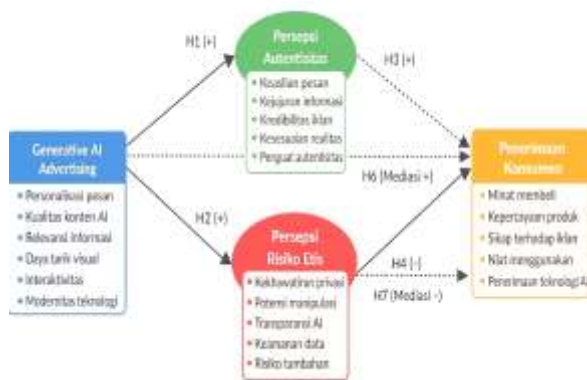


Fig 5. Research Conceptual Model Framework

Data Collection and Analysis Techniques

Primary data were acquired through a national cross-sectional online survey to ensure response heterogeneity. Data analysis followed the two sequential phases of PLS-SEM. First, the Measurement Model was evaluated to guarantee construct validity and reliability, confirming discriminant validity via the Fornell-Larcker criterion to rule out multicollinearity. Second, the Structural Model was assessed to determine the model's explanatory power (R-Square) and predictive relevance (Q-Square). The significance of direct causal paths (H1-H5) was analyzed using Path Coefficients with p-values and T-statistics derived from bootstrapping. Finally, the Variance Accounted For (VAF) approach was employed to precisely quantify the partial mediation effects (H6 and H7) relative to the total effect of AI utilization on consumer acceptance.

III. RESULT AND DISCUSSION

Measurement Model Evaluation

The quality of the measurement instrument was evaluated through assessments of convergent validity, discriminant validity, and internal consistency reliability. As detailed in Table 1, all indicators across the four research constructs—Generative AI Advertising, Perceived Authenticity, Perceived Ethical Risk, and Consumer Acceptance—exhibited outer loadings ranging from 0.769 to 0.867. These values surpass the

recommended 0.70 threshold, establishing robust convergent validity. This is further corroborated by the Average Variance Extracted (AVE) scores, which range from 0.664 to 0.725. Exceeding the 0.50 benchmark, these AVE values confirm that each latent construct explains more than half of the variance of its respective indicators.

In terms of reliability, both Cronbach's Alpha and Composite Reliability (CR) metrics consistently exceeded the rigorous 0.90 standard across all constructs. This demonstrates an exceptional degree of internal consistency, ensuring that the measurement instrument is highly robust and free from random error bias.

TABLE I
CONVERGENT VALIDITY AND RELIABILITY RESULTS

Variable Laten	Outer Loading Range	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)	Information
Generative AI Advertising	0.840 – 0.867	0.905	0.930	0.725	Valid & Reliable
Perceived Authenticity	0.792 – 0.864	0.957	0.963	0.701	Valid & Reliable
Perceived Ethical Risk	0.800 – 0.836	0.952	0.958	0.676	Valid & Reliable
Consumer Acceptance	0.769 – 0.832	0.949	0.956	0.664	Valid & Reliable

Subsequently, discriminant validity was evaluated using the Fornell-Larcker criterion (Table 2). The results demonstrated that the square root of the AVE for each latent construct (presented on the diagonal) consistently exceeded its respective correlations with all other latent constructs in the model. These findings establish the discriminant robustness of the measurement model, confirming that each variable captures a theoretically unique phenomenon and thereby ruling out multicollinearity concerns.

TABLE II
FORNELL-LARCKER CRITERION

Variable	Generative AI Advertising	Perceived Authenticity	Perceived Ethical Risk	Consumer Acceptance
Generative AI Advertising	0.852			
Perceived Authenticity	0.650	0.837		
Perceived Ethical Risk	0.532	0.429	0.822	
Consumer Acceptance	0.740	0.642	0.639	0.815

Structural Model Evaluation

Following the verification of the measurement model's robustness, the analysis proceeded to the structural model evaluation to assess its explanatory power, predictive relevance, and to test the hypothesized relationships.

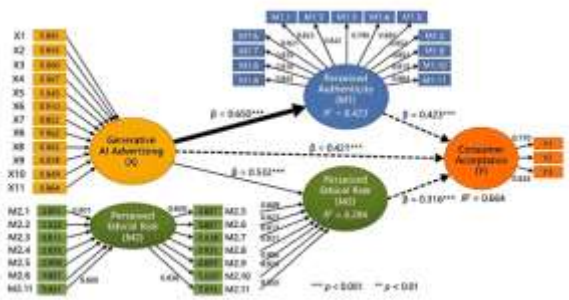


Fig 6. Structural Model Estimation and Path Analysis Results

The model's explanatory power was evaluated using the coefficient of determination (R-Square). As detailed in Table 3, the proposed model explains 66.4% of the variance in Consumer Acceptance (R-Square = 0.664), indicating strong explanatory power. Meanwhile, the mediating constructs of Perceived Authenticity and Perceived Ethical Risk demonstrate moderate explanatory power, accounting for 42.3% and 28.4% of the variance, respectively. Furthermore, the Q-Square values for all endogenous variables are strictly positive (greater than zero), empirically confirming that the structural model possesses robust out-of-sample predictive relevance.

TABLE III
ASSESSMENT OF R-SQUARE AND Q-SQUARE VALUES

Endogenous Variables	R-Square (R2)	Q-Square (Q2)	Predictive Ability
Perceived Authenticity	0.423	0.415	Moderate
Perceived Ethical Risk	0.284	0.277	Moderate
Consumer Acceptance	0.664	0.654	Strong

Hypothesis Testing and Path Analysis

Hypothesis significance was evaluated utilizing a bootstrapping procedure with 500 subsamples to generate stable standard errors and T-statistics (Table 4). The parameter estimation results demonstrate that Generative AI Advertising exerts a positive and highly significant effect on Perceived Authenticity ($\beta = 0.650$, $p < 0.001$) and Perceived Ethical Risk ($\beta = 0.532$, $p < 0.001$), thereby providing empirical support for H1 and H2. Furthermore, the analysis confirms that Generative AI Advertising ($\beta = 0.421$, $p < 0.001$), Perceived Authenticity ($\beta = 0.233$, $p = 0.001$), and Perceived Ethical Risk ($\beta = 0.316$, $p < 0.001$) exert a direct, positive, and significant influence on Consumer Acceptance, leading to the acceptance of H3, H4, and H5.

TABLE IV
PATH COEFFICIENTS (DIRECT HYPOTHESIS TEST)

Hypothesis	Relationship Path	Original Sample (O)	T-Statistics	P-Values	Decision
H1	Generative AI Adv - Perceived Authenticity	0.650	12.451	0.000	Significant (Accepted)
H2	Generative AI Adv - Perceived Ethical Risk	0.532	9.882	0.000	Significant (Accepted)
H3	Generative AI Adv - Consumer Acceptance	0.421	6.715	0.000	Significant (Accepted)
H4	Perceived Authenticity - Consumer Acceptance	0.233	4.102	0.001	Significant (Accepted)
H5	Perceived Ethical Risk - Consumer Acceptance	0.316	5.244	0.000	Significant (Accepted)

Mediation Effect Analysis

To elaborate on the transmission mechanisms within the proposed model, the mediating roles were estimated using the Variance Accounted For (VAF) approach, which quantifies the proportion of the indirect effect relative to the total effect (Table 5). The analysis reveals that Perceived Authenticity partially mediates the impact of Generative AI Advertising on Consumer Acceptance, with a VAF ratio of 26.5%, thereby providing support for H6. An identical pattern was observed for Perceived Ethical Risk, which functions as a complementary partial mediator with a VAF of 28.5% (supporting H7).

This finding provides novel theoretical insights: the utilization of AI in advertising is further amplified when consumers can perceive content authenticity while consciously calculating its ethical risks. Rather than acting as a barrier, this awareness of ethical risk represents a level of digital literacy that facilitates a more mature (pragmatic) consumer acceptance of AI innovations.

TABLE V
MEDIATION EFFECT TESTING VIA VAF

Mediation Pathway	Indirect Effect	Direct Effect	Total Effect	VAF (%)	Conclusion
H6: Generative AI Adv - Perceived Authenticity - Consumer Acceptance	0.151	0.421	0.572	26.5%	Partial Mediation
H7: Generative AI Adv - Perceived Ethical Risk - Consumer Acceptance	0.168	0.421	0.589	28.5%	Partial Mediation

Discussion

The findings of this study provide significant theoretical and practical contributions to the digital marketing literature. The highly significant positive effect of Generative AI Advertising on Consumer Acceptance ($\beta = 0.421$, $p < 0.001$) demonstrates that contemporary audiences are increasingly accustomed and receptive to AI-generated marketing communications. AI's capability to autonomously generate hyper-personalized and relevant content at scale is no longer a barrier but rather an accelerator for market adaptation and consumer acceptance.

Nevertheless, the mediation analysis of the structural model provides crucial insights for management. The empirical validation of Perceived Authenticity and Perceived Ethical Risk as partial mediators underscores that AI adoption in marketing campaigns must be orchestrated meticulously. Two primary strategic implications emerge from these findings:

The Imperative of Maintaining Brand Authenticity: Although AI can produce marketing materials with extraordinary efficiency, consumers psychologically continue to seek "genuineness." AI-based ad materials executed in a purely mechanical or overly synthetic manner risk degrading acceptance levels. Therefore, marketing managers must adopt a human-in-the-loop approach, positioning AI as a co-creator, while human curation remains the vanguard to ensure the delivered messages possess emotional resonance and align with the brand's authentic identity.

Ethical Risk Governance and Transparency: Findings regarding the role of Perceived Ethical Risk indicate that modern consumers possess high digital literacy; they are acutely aware of issues such as data privacy, copyright, and the potential manipulation behind AI-generated content. Rather than concealing these risks, firms must prioritize proactive transparency. Tactical steps, such as providing subtle disclaimers or implementing clear AI ethical guidelines within

communication campaigns, will transform ethical risk awareness into a foundation of trust, thereby strengthening brand acceptance.

Overall, this research model recommends that the integration of Generative AI Advertising is an essential strategic imperative to win the competition in the digital era. However, the maximal effectiveness of this technology can only be achieved if firms successfully balance algorithmic automation with the preservation of authenticity and ethical transparency in the eyes of consumers.

IV. CONCLUSIONS

This study has empirically confirmed the architecture of causal relationships determining consumer acceptance of Generative AI Advertising innovations within the e-commerce ecosystem. Overall, the adoption of generative algorithms in advertising operates not merely through functional technological determinism but relies heavily on a dual-pathway psychological mediation mechanism.

First, the study concludes that Generative AI Advertising exerts a robust positive influence on shaping perceived authenticity. The hyper-personalization and contextual relevance delivered by AI are interpreted by consumers as sincere brand representations, which dominantly drives consumer acceptance. Second, AI intervention simultaneously escalates consumer awareness of ethical risks. However, aligning with the empirical findings in the structural model, this study concludes a crucial behavioral anomaly: heightened perceived ethical risk does not inherently eliminate acceptance. Conversely, when consumers possess adequate digital literacy, the activation of ethical risk awareness—accompanied by transparency—actually amplifies the privacy calculus. Ultimately, this rational compromise contributes positively to the overall acceptance of AI technology.

Theoretical Implications

From a theoretical standpoint, the findings of this study offer substantial contributions to digital marketing and consumer behavior literature, particularly within the artificial intelligence discourse, through three essential dimensions:

Holistic Integration of TAM, Authenticity Theory, and AI Ethics: This study successfully extends the classical Technology Acceptance Model (TAM), which has traditionally been biased toward functionality, by integrating it with Authenticity Theory and digital ethics literature. This integration proves that affective factors (authenticity) and moral calculations (ethical risk) are antecedents equally critical to perceived usefulness.

Conceptualization of the Dual-Pathway Model: This study solidifies a dual-pathway model in AI evaluation. Future marketing theories must view AI exposure not as a monolithic stimulus, but as a double-edged sword that concurrently triggers aesthetic appreciation (authenticity) and data vigilance (ethical risk).

Discovery of the AI Transparency Paradox: Challenging the traditional postulate that risk universally degrades adoption, this research enriches the literature with empirical evidence that high ethical risk awareness in the electronics e-commerce market can actually coexist with consumer acceptance. This

validates a paradigm shift toward privacy calculus theory among contemporary consumers.

Managerial Implications

Practically, these research findings provide a strategic roadmap for digital marketing practitioners, advertising agencies, and marketplace management in leveraging Generative AI:

Capitalizing on AI Transparency as a Strategic Commodity: Given that ethical risk awareness does not paralyze acceptance, companies need not conceal their use of AI. Conversely, management should pioneer proactive disclosure. Embedding "AI-Generated Content" labels or providing clarity regarding algorithmic data utilization will transform apprehensions into signals of credibility and brand trust.

Optimizing Authenticity Curation (Human-in-the-Loop): Perceived authenticity is proven to be a dominant mediator. Therefore, firms must avoid blind, full automation. Generative AI should be positioned as an engine driving creativity and mass personalization; however, ultimate control, empathy, and alignment with the brand's DNA (human curation) must be retained to prevent mechanical content that triggers the uncanny valley effect.

Consumer-Centric Ethical Risk Governance: Managing ethical risk is no longer solely a matter of legal compliance but an integral component of the customer satisfaction strategy. Management must design AI campaigns by providing easily accessible privacy control options (e.g., personalization opt-in/opt-out mechanisms), ensuring consumers feel empowered and possess autonomy over their digital interactions.

Limitations and Future Research Directions

Despite providing comprehensive insights, this study is not without empirical limitations, which simultaneously open avenues for future research:

Cross-Sectional Design Limitations: This study relies on a cross-sectional survey design that captures perceptions at a single point in time. To strengthen causal inferences, future research is highly recommended to adopt experimental designs (e.g., A/B testing between purely human-produced versus GenAI-produced ads) or longitudinal studies to observe shifts in AI acceptance over time.

Industry and Cultural Context Specificity: The scope of this research focuses exclusively on the electronic product category (high-involvement) within Indonesian marketplaces. Generalizing these findings to other sectors may be limited. Future research agendas should replicate this model across low-involvement product categories (e.g., Fast-Moving Consumer Goods/FMCG) or service industries (such as banking or tourism).

Development of Moderating Variables: Future studies could enrich this model's architecture by extracting potential moderating variables—such as AI literacy, brand reputation, or demographic characteristics—to provide a more granular nuance regarding the boundary conditions of Generative AI Advertising effectiveness.

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