

Consumer Trust in AI-Generated Advertising in the Digitally Driven World: An Empirical Study

¹Dr. Lalit Kumar Sharma, ²Dr. Smita Mishra, ³Dr. Santosh Kumar Pandey, ⁴Dr. Deepak Shukla

¹Professor, School of Business, Galgotias University, Grater Noida

²Professor and Dean, PSIT College of Higher Education, Bhauti, Kanpur, 209305

³Professor, PSIT College of Higher Education, Bhauti, Kanpur, 209305

⁴Associate Professor, Pranveer singh institute of technology, Bhauti, Kanpur, 209305

Abstract

The rapid advancement of Artificial Intelligence (AI) has transformed the digital advertisement landscape by enabling businesses to create highly personalized, automated and data-driven advertisements. AI-generated advertising utilizes machine learning, natural language processing, predictive analytics, and generative AI-tools to develop content that aligns with consumer preferences and behaviors. While these technologies improve advertising efficiency and customer engagement, they also raise important concerns regarding transparency, authenticity, privacy and ethical use of consumer data, all of which significantly influence customer trust in AI-generated advertising within the digitally driven world. The study investigates the impact of perceived transparency, personalization, credibility, privacy protection, perceived usefulness, and ethical AI practices on customer's trust and their intention to engage with AI-generated advertisements. A sample of 363 was collected to find the result. The factors impacting "Consumer Trust in AI-Generated Advertising in The Digitally Driven World" are Transparency, Personalization, Credibility and Privacy and Data security.

Keywords: Artificial Intelligence, Consumer trust, AI-generated advertising, Consumer engagement, digital marketing

Introduction

Quick development in using Artificial Intelligence in the marketing strategies has made fundamental shifts in organizing the communication of business organizations with their customers, it allows recommendation, providing personalised experiences, which was impossible earlier. Decision of Artificial Intelligence must be transparent; consumers must have control over their data and privacy is status quo for the development of trust among consumers. Much importance is shown by emotional reactions along with positive impact that strengthens their trust and negative impact cause distrust. Moreover, demographic factors like level of technology and age of customers are important influencing perceptions of customers among youth and technologically savvy consumers that tend to rate highly in terms of their trust level. It is highlighted that companies interested in developing and using Artificial Intelligence in marketing solutions for establishment of trust among consumers (Jain et al. 2025). In evolution of digital marketing, AI has become a defining force, it has reshaped the way a company communicate and influence their customers. Starting from recommendation systems and chatbots to predictive analytics and automated personalization, Artificial Intelligence tools are offering companies an extraordinary opportunity for involving customers. Artificial Intelligence has become a strong tool for personalization, predictive engagement, and responsiveness, its efficacy is reliant on willingness of customers to trusts such system. It is confirmed by the findings that transparency, personalization and responsiveness make significant effect on trust of consumers, while concerns of privacy is influenced negatively. Furthermore, while trust predicts results of customer engagement strongly like loyalty, buying intention and positive word-of-mouth. The trust is further

established by mediation analysis serving as a vital association between customer engagement marketing practices that AI-enabled (Agarwal & Singhal, 2025), (Das & Mittal (2003)). The advertising industry is transformed significantly with the rapid advancement of AI, it has enabled the creation of data-driven, personalized and automated content for marketing. Advertising content generated by AI is being used increasingly by the companies for improving customer engagement, it improves marketing efficacy delivering targeted messages across digital platforms. However, the efficacy of such advertisements is highly depended on the trust level of consumers that they place in AI-generated content. Trust of consumers is a vital element influencing the attitude towards advertisement, buying intention and overall perception towards the brand. Therefore, companies must concentrate on responsible implementation of Artificial Intelligence, they must maintain transparency, and combine technical innovation with ethical practices of marketing for developing long-term trust of consumers and improve efficacy of AI-generated advertising content (Bhimrao & Shrisath, 2026).

Generative AI and rising integration in advertising industry has transformed deployment as creation of marketing content. Although, advertisements generated by Artificial Intelligence provides competitive benefits like cost efficacy, scalability and personalization, but its efficacy is dependent on perception and attitude of consumers. It is suggested by the findings that even the agreement of customers with functional efficacy of the advertisement, the challenges associated with the trust, authenticity and transparency stays the main priority of customers. Advertisements generated through AI are found to be entering a stage of conditional acceptance instead of obvious rejection. While concerns with regards to transparency, authenticity and trust stays, customers who are digitally active shows openness towards a constant integration of Artificial Intelligence (Raj & Fatima, 2026). It is also revealed that advertisements that are AI-generated with “third-party certification/assurance (TPCA)” seals increases trust of consumers as well as their buying intention in comparison to AI-generated advertisements without TPCA seals or QR codes (Sarran & Datt, 2026). Four key negative aspects of AI in online retail—financial information & security, consumer trust and AI autonomy, reliability issues, and system malfunctioning—significantly reduce customers’ purchase intentions. Among these, consumer trust and AI autonomy emerged as the strongest negative influencer. Overall, the research highlights that while AI brings efficiency, its risks and uncertainties can critically undermine consumer confidence in AI-enabled e-retail platforms (Mittal et al. (2024)). The world of digital marketing has been overtaken by Artificial Intelligence recently; it successfully changes the way brands are generating for messaging towards customers. It is seen that high-quality content, personalized messaging, and clear brand identity enhance trust of consumers significantly. Quality of content appears as a strong predictor, along with consistency of brand identity and personalization, it indicates that while the combination of such elements is important for success, effective marketing strategies driven by AI cannot do without them (Rahall, 2025).

Literature Review

Kumari & Gupta (2025) stated that AI-generated advertisements is changing the way business organizations make, personalize and share data, it makes a deep impact on online shopping by customers. Implementing Artificial Intelligence in content making has many advantages. Improved personalization, cost efficacy, customer engagement and scalability. Consumer data and their preferences can be used by AI, providing associated material to every customer, it enhances association as well as conversion rate. However, implementation of AI-generated content brings many obstacles, it includes lacking emotional intelligence and originality in AI output, issues of data privacy, over-dependence on automation, and latent biases in AI algorithms. Transparency in using AI in marketing practices, in turn developing trust among customers and business, improves more acceptance. Additionally, content created by AI, integrated in online shopping, should be available to customer with trail access easily.

Snekalatha, Saraniyaa & Harini (2026) highlighted that AI has become essential technical development in this modern era of digitalization. Over the past decade, Artificial Intelligence as evolved from a theoretical concept to a practical tool used widely across many sectors. In digital marketing field, Artificial Intelligence has helped business organizations to interact with customers, designing of marketing strategies, and delivering personalized experience. Business organizations are now using Artificial Intelligence for creating blog posts, email campaigns,

social media captions, chatbots and personalized advertisements. The rising use of AI-generated content is because of its scalability and efficacy, as it permits business organization to product marketing content in less time and less cost. However, using AI-generated content is raising trust related concerns, in domain of digital marketing, customers depend on online information, establishing trust is an important element in buying decisions. Factors like transparency, authenticity, emotional connection and credibility plays a vital role development of trust among consumers.

Jiang, Wu & Yu (2024) revealed that as a digital technology, Artificial Intelligence is a substitute for every aspect of cognitive as well as physical human activities. It makes effect on content of marketing practices like production and distribution of content. (AIGC) “Artificial intelligence-generated content” has lot of potential in marketing activities. A digital content marketing, a multi-faceted approach to understand trust of customers in highly important, and AIGC must be embraced by marketers. With the advancement of Artificial Intelligence technology, AIGC has shown incredible marketing value and application performance. It attracts huge number of new customers and investment from different front-line business organizations in less time.

An & Ngo (2025) stated that personalized advertising powered by Artificial Intelligence that has become highly dominant in digital marketplace, to understand the influence on buying intention of customers is important. It is revealed by the findings that perceived personalization enhance perceived relevance and perceived usefulness significantly, it highlights the efficacy of personalized advertising in increasing customer engagement. Although, perceived personalization does not make direct impact on trust, it indirectly nurtures trust by improving the perceived relevance and usefulness of personalized content, it indicates that trust must be cultivated through perceived value instead of personalization efforts. When customers recognize that advertisements are personalized to their preferences, they are more likely to find the content relevant as well as useful. Such positive evaluation does not does increase the value of advertisement but also make contribution to greater trust towards the brand, as personalized and helpful messages signalling that the brand to understand and respect consumers.

Koneti (2025) studied that integrating AI in digital marketing has transformed personalized strategies, it offers personalized experiences increasing the user engagement and conversion rates. However, rising concerns related to data privacy, transparency of algorithms and perceived manipulation challenging trust of consumer in personalization driven by Artificial Intelligence. The findings highlight the needs for marketers to design Artificial Intelligence system that are not just effective but also aligned ethically and user-centric. Adaptive personalized, real-time transparency, and reasonable algorithms are recommended strategies to enhance trust while safeguarding privacy. As e-commerce keeps evolving under the influence of AI, to sustain trust of customer becomes highly essential.

Baryshko et al. (2026) found that marketing content generated by Artificial Intelligence refers to text, image, video and interactive brand communications create partially or fully by generative AI systems. Content generates by Artificial Intelligence poses a genuine and assessable challenge for trust of customers; it operates primarily through erosion of perceived authenticity. Disclosing AI authorship activates knowledge persuasion diminish credibility, attitude towards the brand as well as behavioral intentions, still such effects are not universal or fixed. As generative AI transitions from being a competitive novelty to an operational default in marketing communications, the questions challenges scholars and practitioners is no longer Artificial Intelligence generated content impacts trust, but how companies preserve authenticity.

Patel & Dada (2025) highlighted that rapidly integrating AI in digital marketing has encourage the emergence of AI-generated content and virtual influencers that has transformed the way brands are interacting with their customers. It is also revealed that AI-generated advertisements and virtual influencers are attracting attention because of their high level of visual appeal. However, they also sometimes fail to develop trust and emotional relations with customers. Lacking human warmth and relatability leads to a perception of artificiality, it makes customers cautious to fully trust the endorsement. Emotional detachment appears as a main obstacle towards shaping of positive perception towards the brand. Virtual influencers, though are appealing visually, generate more

comments and shares in comparison to human influencers, it shows the trust and a gap in emotional connection in customer engagement.

Yunus, Abas & Azman (2025) stated that dynamic nature of digital marketing has increased the interaction of brand with their customers by using tools of Artificial Intelligence. However, as the use of content generated through AI has increased, there has always been concerns related to whether customers would trust that information, mainly with regards to its quality, transparency, and authenticity. Content quality become essential determinant can either develop or destroy credibility in Artificial Intelligence disclosure. Other important paramount are ethical protections like privacy protection, fairness and accountability because trust can be broken easily by customer feeling biases or misuse of data.

Damilola et al. (2025) revealed that content driven by Artificial Intelligence and digital clones have many advantages for customer engagement and customization, but it also holds some questions with regards to authenticity and transparency. When advertisements that are AI-generated are seems to be genuine by customers, they likely to believe them. The business of advertisements must develop moral standards putting consumer trust first for overcoming such barriers. Concerns with regards to manipulation of content, data privacy and misinterpretation of information generated by AI must be covered under this rule. Furthermore, marketers need to understand how consumer trust is different based on the demographics and adjust AI-powered advertisements properly.

Objective

1. To know the factors impacting “Consumer Trust in AI-Generated Advertising in The Digitally Driven World”
2. To measure the impact of Consumer Trust in AI-Generated Advertising in The Digitally Driven World

Methodology

363 participants were surveyed from participants residing in different region. The method of sampling was “Random sampling” for collection of data and examination was done by “Explanatory Factor Analysis” for results.

Findings

Table 1 demonstrates demographic details, it shows that 51.51% are Male, 48.49% are female. Looking at the age, 31.13% are from 25 to 30 years of age, 35.53% are between 30 to 35 years of age, and 33.34% are above 35 years of age. With regards to Area of Residence, 30.03% are from Urban region, 36.64% are from semi-urban region and 33.33% are from rural region.

Table. 1 Respondent’s Details

Variables	Participants	Percentage
Gender		
Male	187	51.51%
Female	176	48.49%
Total	363	100
Ages in years		
25 to 30 years	113	31.13%

30 to 35	129	35.53%
Above 35	121	33.34%
Total	363	100
Area of Residence		
Urban	109	30.03%
Semi-urban	133	36.64%
Rural	121	33.33%
Total	363	100

“Factor Analysis”

“KMO and Bartlett's Test”

Table 2 “Kaiser-Meyer-Olkin Measure of Sampling Adequacy”

“Kaiser-Meyer-Olkin Measure of Sampling Adequacy”		.769
“Bartlett's Test of Sphericity”	“Approx. Chi-Square”	6480.587
	df	91
	Significance	.000

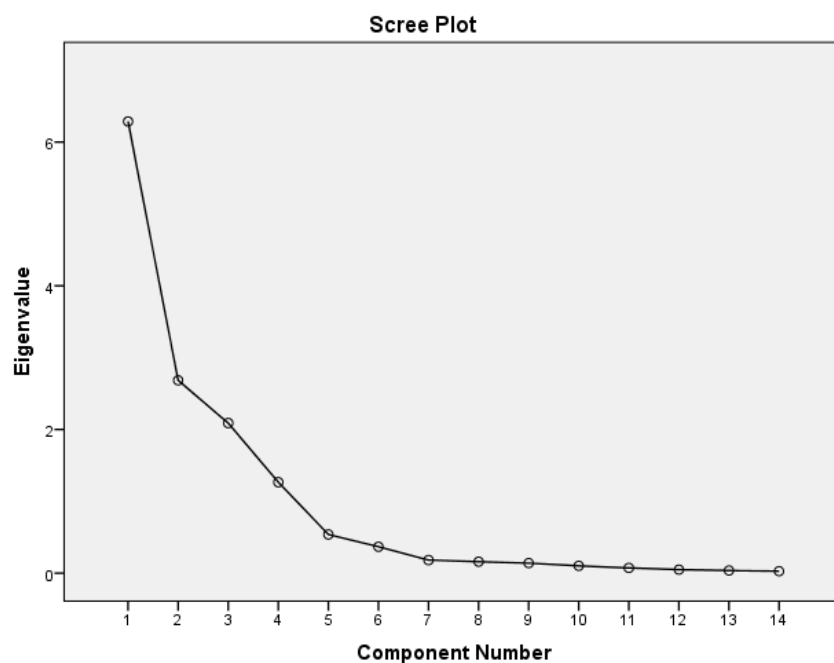
“KMO and Bartlett's Test”, value of KMO is .769 (Table 2).

Table 3 “Total Variance Explained”

“Component”	“Initial Eigenvalues”			“Rotation Sums of Squared Loadings”		
	“Total”	“% Variance”	Of “Cumulative %”	“Total”	“% Variance”	Of “Cumulative %”
1.	6.287	44.911	44.911	3.856	27.543	27.543
2.	2.684	19.170	64.081	3.605	25.748	53.291
3.	2.089	14.918	78.999	2.517	17.976	71.267
4.	1.266	9.043	88.042	2.348	16.775	88.042
5.	.538	3.846	91.888			
6.	.368	2.627	94.515			
7.	.182	1.300	95.815			
8.	.160	1.140	96.955			

9.	.139	.994	97.949			
10.	.102	.729	98.678			
11.	.073	.520	99.198			
12.	.049	.350	99.547			
13.	.036	.261	99.808			
14.	.027	.192	100.000			

The four factors contribute towards explaining total 88.042% of variance. Variance explained by Transparency is 27.543%, Personalization is 25.748%, Credibility is 17.976%, and Privacy and Data security is 16.775%. (Table 3).



“Scree Plot”

Table. 4 “Rotated Component Matrix”

S. No.	Statements	Factor Loading	Factor Reliability
	Transparency		.952
1.	Transparency about AI usage increase trust in advertisement	.957	
2.	Customers trust brands that openly explain how AI creates their advertisements	.906	

3.	AI-generated advertisements must clearly indicate use of AI	.860	
4.	Knowing that advertisement is AI-generated makes customer evaluate it more carefully	.851	
	Personalization		.961
1.	Personalized AI advertisements improve shopping experience	.961	
2.	Customers appreciate advertisement that match their preference	.906	
3.	AI-generated advertisements save time by showing relevant products	.901	
4.	Personalized advertisements make customers more likely to consider the product	.877	
	Credibility		.881
1.	Customers find AI-generated advertisements to be reliable	.915	
2.	AI-generated advertisements provide accurate product information	.850	
3.	AI-generated advertisements appear professional and authentic	.788	
	Privacy and Data security		.842
1.	Data privacy influence customer trust in AI-generated advertisements	.931	
2.	Strong privacy policies increase confidence in AI-generated advertisements	.931	
3.	Customers believe that companies protect their personal information while using AI	.647	

Factors of the study and its related variables

The first factor of the study is Transparency, the variables it includes are Transparency about AI usage increase trust in advertisement, Customers trust brands that openly explain how AI creates their advertisements, AI-generated advertisements must clearly indicate use of AI and Knowing that advertisement is AI-generated makes customer evaluate it more carefully. Personalization is the second factor, it includes variables like Personalized AI advertisements improve shopping experience, Customers appreciate advertisement that match their preference,

AI-generated advertisements save time by showing relevant products and Personalized advertisements make customers more likely to consider the product. The third factor is Credibility, its variables are Customers find AI-generated advertisements to be reliable, AI-generated advertisements provide accurate product information and AI-generated advertisements appear professional and authentic. Last and fourth factor is Privacy and Data security, it includes variables like Data privacy influence customer trust in AI-generated advertisements, Strong privacy policies increase confidence in AI-generated advertisements and Customers believe that companies protect their personal information while using AI.

Table 5 “Reliability Statistics”

“Cronbach's Alpha”	“Number of Items”
.895	14

Total reliability of 14 items that includes variables for “Consumer Trust in AI-Generated Advertising in The Digitally Driven World” 0.895 (Table 5).

“Table 6 Model Summary”

“Model”	“R”	“R Square”	“Adjusted R Square”	“Std. Error of the Estimate”
1	.865 ^a	.748	.745	.40530
Predictors: (Constant), Transparency, Personalization, Credibility, and Privacy and Data security				

The adjusted R-squared value is 0.745 with approximately 75% of the variation.

“Table 7 ANOVA”

“Model”		“Sum of Squares”	“df”	“Mean Square”	“F”	“Sig.”
1	“Regression”	174.712	4	43.678	265.891	.000 ^b
	Residual	58.809	358	.164		
	Total	233.521	362			
a. Dependent Variable: Overall impact of Consumer Trust in AI-Generated Advertising						
b. Predictors: (Constant), Transparency, Personalization, Credibility, and Privacy and Data security						

Value under significant column indicates a significant relationship between (Transparency, Personalization, Credibility, and Privacy and Data security) and Consumer trust

“Table 8 Coefficients”

“Model”	“Un standardized Coefficients”		“Standardized Coefficients”	“t”	“Sig.”
	“B”	“Std. Error”	“Beta”		
(Constant)	3.917	.021		184.148	.000

Transparency	.344	.021	.429	16.158	.000
Personalization	.059	.021	.074	2.780	.006
Credibility	.302	.021	.376	14.159	.000
Privacy and Data security	.519	.021	.647	24.377	.000
DV: Overall impact of Consumer Trust in AI-Generated Advertising					

All the factors Transparency, Personalization, Credibility, and Privacy and Data security are showing significant impact of Consumer Trust in AI-Generated Advertising. Highest impact is shown by Privacy and Data security (.647), Transparency (.429), Credibility (.376), and Personalization (.074).

Conclusion

The study concludes that consumer trust plays a vital role in determining the effectiveness of AI-generated advertising in today's digitally driven world. As Artificial Intelligence becomes increasingly integrated into digital marketing, consumers are exposed to advertisements that are more personalized, timely, and relevant to their preference. These features can enhance customer engagement and improve purchase intentions when consumers perceive AI-generated advertisements as trustworthy. The findings suggests that factors such as transparency, personalization, credibility, perceived usefulness, privacy protection, and ethical use of AI significantly influence customer trust. Consumers are more likely to respond positively to AI-generated advertisements when they understand how their data is used, believe that content is authentic, and feel that their personal information is secure. The study also highlights that businesses should not rely solely on AI technologies but should combine AI capabilities with ethical marketing practices and human oversight. Organizations that prioritize trust alongside technological innovation are more likely to achieve higher customer satisfaction, stronger brand loyalty, and improved marketing performance. The factors impacting "Consumer Trust in AI-Generated Advertising in The Digitally Driven World" are Transparency, Personalization, Credibility and Privacy and Data security.

The study aims to know the factors impacting "Consumer Trust in AI-Generated Advertising in The Digitally Driven World" and found that Transparency, Personalization, Credibility, and Privacy and Data security are the factors that impact "Consumer Trust in AI-Generated Advertising.

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