The 3rd ASEAN School of Business Network International Conference 2026
www.aseansbn.org August 6-7, 2026 Pathum Thani, Thailand

Transparency or Trap? The Paradox of AI Disclosure in Shaping Gen Z's Advertising Responses

Nabila Kharimah Vedy[1]*, Dwi Martutiningrum[2]
[1,2]Universitas Islam Indonesia, Indonesia

*Corresponding Author: nabilakvedy@uii.ac.id

ABSTRACT

The integration of artificial intelligence (AI), particularly generative AI, has significantly transformed marketing practices by enhancing the efficiency and cost-effectiveness of content creation. However, growing consumer demand for transparency about AI involvement in marketing content creates a paradox: while disclosure reflects ethical accountability, it may simultaneously undermine consumer trust and perceived authenticity. This study examines the impact of AI disclosure versus non-disclosure on Generation Z consumers' trust, perceived brand authenticity, and attitude toward advertisements. Using an experimental between-subjects design, 264 Indonesian Gen Z respondents were exposed to one of two versions of a fictional beauty clinic advertisement, either labeled as AI-generated or unlabeled. Results show that AI disclosure significantly reduced consumer trust (β = -0.541, $p < .001$) and perceived brand authenticity (β = -0.624, $p < .001$) compared to non-disclosure. While AI disclosure showed no significant direct effect on attitude toward advertisement (β = 0.092, $p = .173$), trust fully mediated this relationship (indirect effect = -0.337, 95% CI [-0.535, -0.155]), indicating that disclosure shapes advertising attitudes indirectly by eroding trust. These findings reveal that Gen Z consumers do not reject AI-generated advertising per se, but respond negatively when disclosure diminishes their sense of authenticity and credibility toward the brand. The study contributes to the AI marketing literature by isolating the effect of transparency disclosure itself, rather than merely comparing AI-generated to human-made content, and offers practical guidance for brands seeking to balance ethical transparency with consumer trust in AI-assisted advertising strategies.

Keywords: AI Disclosure, Trust, Perceived Authenticity, Attitude toward Advertisement, Generative AI

DOI: https://doi.org/10.64458/asbnic.v3.151

INTRODUCTION

The presence of Artificial Intelligence (AI) has driven significant transformation, particularly within the marketing industry (Zhang & Hur, 2025). Recent studies indicate a paradigm shift wherein AI increasingly dominates the marketing sector, attributed to its cost-reduction capabilities and ease of use (Arango et al., 2023). Supporting this trend, data reveal that revenue generated by AI in marketing reached 47 billion dollars in 2025 and is projected to escalate substantially to 107 billion dollars by 2028 (Statista, 2026). The implementation of AI in marketing is exemplified by the deployment of AI chatbots to enhance customer interaction (Cheng & Jiang, 2022), the formulation of product and service

descriptions (Cicek et al., 2025), and the creation of advertising content such as images and promotional visuals (Koning & Voorveld, 2025).

Generative AI (Gen AI) has emerged as a widely adopted tool in marketing. Gen AI is utilized to rapidly produce visual elements and videos at relatively low cost (Baryshkov et al., 2026; Grigsby et al., 2025). The adoption of Gen AI offers substantial benefits to companies by enhancing efficiency, personalization, and creativity in marketing content production (Zhang & Hur, 2025).

Despite the efficiency advantages offered by AI, its use can have adverse effects on consumer perception. Research indicates that AI-generated content, such as product descriptions, may diminish perceptions of authenticity, emotional trust, and purchase intention (Cicek et al., 2025). Specifically, within the luxury brand sector, AI-generated images have been found to evoke negative consumer reactions, as they are perceived to reduce the brand's exclusivity and authenticity (To et al., 2025). Consequently, it is imperative for businesses to carefully evaluate the impact of AI-generated content on consumer perceptions (Arango et al., 2023).

Amid the growing adoption of AI in marketing, there is an increasing demand for businesses to transparently disclose when content has been generated by AI (Koning & Voorveld, 2025). This practice, known as AI Disclosure, entails acknowledging the involvement of AI in content creation. AI Disclosure is regarded as essential because it embodies moral accountability and transparently communicates the role of AI in the production process (Schilke & Reimann, 2025). Nonetheless, firms must thoughtfully weigh the decision to disclose AI usage, as it significantly influences consumer trust (Baryshkov et al., 2026).

Previous research has investigated the significance of AI disclosure versus non-disclosure in influencing consumer responses (Zhang & Hur, 2025). Findings indicate that businesses that do not disclose the use of AI (non-disclosure) in their promotional content tend to garner greater consumer trust compared to those that openly acknowledge AI usage (Grigsby et al., 2025; Schilke & Reimann, 2025). Moreover, labeling AI involvement in charity advertisements has been shown to negatively affect consumer responses, such as empathy, thereby reducing donors' willingness to contribute (Arango et al., 2023). Specifically, honesty regarding AI use has been found to diminish consumer trust in luxury fashion brands (To et al., 2025).

Most prior studies have focused on comparing AI-generated content with human-created content (AI vs. human-made). The literature consistently demonstrates that consumers exhibit more favorable attitudes toward human-made content relative to AI-generated content across various domains, including commercial advertising (Zhang & Hur, 2025), healthcare (Lim & Schmälzle, 2024), the restaurant industry (Ali et al., 2025), luxury brands (To et al., 2025), and fashion products (Lee & Kim, 2024). Conversely, AI-generated content tends to be perceived as more effective than human-made content, provided that its AI origin is not disclosed (Lim & Schmälzle, 2024).

The use of synthetic or AI-generated content has become increasingly mainstream. However, empirical investigations into how businesses disclose the use of AI-generated content and the subsequent effects on consumer responses remain limited (Grigsby et al., 2025). Consequently, further research is warranted to explore the impact of AI disclosure on consumer behavior, particularly within commercial contexts. The existing literature reveals several significant research gaps that this study aims to address. Firstly, current research is predominantly confined to the fashion and social campaign sectors, which limits the generalizability of findings to other domains. Secondly, prior studies primarily focus on comparing AI-generated content with human-created content, thereby overlooking the necessity for an explicit examination of the impact of AI disclosure versus non-disclosure on various consumer perceptions. Thirdly, there is a distinct lack of research focusing on the specific effects of AI disclosure on critical outcomes such as consumer trust, perceived authenticity, and attitudes toward advertisements. Consequently, this study is designed to assess the direct impact of AI disclosure on consumer trust and to examine the mediating role of trust in the relationship between AI disclosure and consumer attitudes toward advertisements.

This study examines consumer responses to AI-generated images in commercial advertisements under two conditions: Non-Disclosure (no AI information) and AI Disclosure (images labeled as AI-generated). It investigates how disclosure affects consumer trust, perceived authenticity, and attitudes toward the ad, also assessing trust's mediating role between disclosure and ad attitude.

LITERATURE REVIEW

AI Disclosure and Trust

The relationship between AI disclosure, defined as a brand's acknowledgment of its use of AI, and consumer trust is a critical area of inquiry. In this context, trust refers to consumers' belief in a brand's competence and the quality of services provided, consistent with the brand's promises (Grigsby et al., 2025). Within marketing, trust is understood as the belief that advertisements serve as reliable sources of information about products or services, as well as the consumer's willingness to make decisions based on the information presented (Koning & Voorveld, 2025).

The majority of previous studies concur that brand honesty regarding AI usage (AI Disclosure) tends to decrease consumer trust (Baryshkov et al., 2026; Schilke & Reimann, 2025). Conversely, advertisements that omit AI labeling (Non-Disclosure) generally elicit higher levels of consumer trust compared to those that explicitly disclose AI involvement (Koning & Voorveld, 2025). An experimental study by Grigsby et al. (2025) further demonstrated that AI disclosure reduces consumer trust, especially in advertisements featuring human elements or intangible aspects. However, some research suggests that consumers do not inherently object to brands employing AI, and trust may be maintained when there is a strong, established relationship between the consumer and the brand (Koning & Voorveld, 2025). On the other hand, trust serves as a key mediator in the relationship between AI disclosure and attitudes toward advertisements. Previous research has found that AI disclosure can lead to a decline in trust, which in turn results in less positive consumer attitudes (Grigsby et al., 2025).

H_1: *Advertisements labeled with AI disclosure will result in lower consumer trust compared to advertisements without AI labeling (non-disclosure).*

H_2: *Trust mediates the effect of AI disclosure on consumers' attitudes toward advertisements.*

AI Disclosure and Brand Authenticity

The use of AI-generated content can significantly influence consumers' perceptions of a brand's authenticity. Brand authenticity is defined as the degree to which a brand is perceived by consumers as genuine, trustworthy, and credible (Ali et al., 2025; Barbe & Neuburger, 2021). On one hand, AI enables companies to deliver messages that are more relevant and closely aligned with consumer needs (Anantrasirichai & Bull, 2022). However, when the use of AI is disclosed, consumers may perceive the content as lacking a human touch, which can raise doubts and reduce perceptions of brand authenticity (Wu & Jing Wen, 2021).

Previous studies also indicate that AI-generated products or content are often viewed as less authentic than those created by humans, as they do not fully meet consumer expectations related to human creativity and experience (Appel et al., 2023). For example, research has shown that AI-designed products, such as AI-designed clothing, are perceived as less authentic compared to human-made alternatives, leading to a decline in product perception (Lee & Kim, 2024). Therefore, understanding how AI disclosure impacts consumers' perceptions of brand authenticity and their responses to advertisements is essential.

H_3: *Advertisements labeled with AI disclosure will result in lower consumer perceptions of brand authenticity compared to advertisements without AI labeling (non-disclosure).*

AI Disclosure and Attitude toward Advertisement

Research on the impact of AI disclosure on attitudes toward advertisements has produced mixed findings. Disclosing that an advertisement was created by AI can lower consumer evaluations, particularly when the ad is perceived as less natural than one produced by humans (Lee & Kim, 2024). Conversely, AI-generated messages can also be viewed as more objective (Wu & Jing Wen, 2021), suggesting that the effect of AI disclosure on consumer evaluations is highly context-dependent and varies with the type of advertisement (Baek et al., 2026; Grigsby et al., 2025). When consumers are aware of AI involvement in advertisement creation, they may question the accuracy and authenticity of the information, resulting in less favorable attitudes toward the advertisement (Grigsby et al., 2025).

For instance, a study by Grigsby et al. (2025) demonstrated that AI disclosure led to less positive attitudes toward advertisements compared to ads without such labeling, specifically within a restaurant context. This finding aligns with research by To et al. (2025), which indicated that brand transparency about AI use in advertisements generates negative consumer perceptions, as the brand is seen as not making additional creative efforts. Overall, although outcomes may vary across contexts, evidence suggests that brands disclosing AI use in their content generally receive less positive consumer responses than those that do not disclose it.

H_4: *Advertisements labeled with AI disclosure will elicit significantly less positive consumer perceptions compared to advertisements without such labeling (Non-Disclosure).*

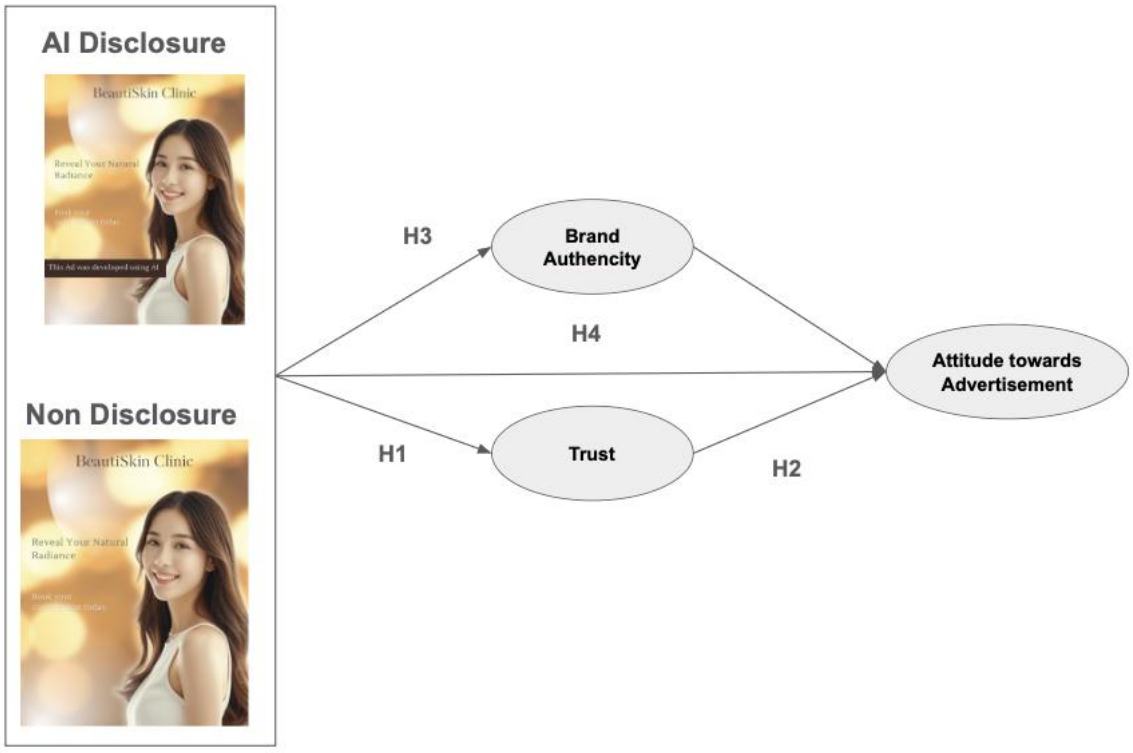


Figure 1. Research Model

METHOD

Study Design

This study uses a between-subjects experimental design to examine the causal impact of AI disclosure on consumer responses, comparing two versions of a beauty clinic advertisement with and without AI disclosure. Data were collected via an online survey (Google Forms) using purposive sampling, yielding 264 Generation Z respondents (born 1997–2012): 165 in the Non-Disclosure condition and 99 in the

Disclosure condition. Generation Z was selected due to their digitally shaped values and high familiarity with AI-generated content (Mohamed & Ünsalan, 2025).

Stimulus Material

Two advertisement stimuli were developed using generative AI (Canva) and formatted as Instagram ads for a fictional brand, "BeautiSkin Clinic," to minimize brand-related bias (Koning & Voorveld, 2025). Both stimuli were identical in visual content and messaging, differing only in the AI disclosure label: the Disclosure version included the statement "This ad was developed using AI," while the Non-Disclosure version contained no such information. Respondents were randomly assigned to view one of the two stimuli before completing the measurement items.

AI Disclosure Absent



AI Disclosure Present



Figure 2. Research Stimuli

Measurement

Respondents evaluated trust, perceived brand authenticity, and attitude toward the advertisement using scales adapted from prior studies: attitude toward advertisement (Lee & Kim, 2024), trust (Koning & Voorveld, 2025), and brand authenticity (Ali et al., 2025), all measured on a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). Additional items assessed respondents' prior visitation to a beauty clinic and prior exposure to AI-generated advertisements in general, included to account for baseline familiarity with the product category and with AI-generated content as potential confounding factors. A manipulation check ("I am aware that this advertisement was created using AI") was placed after the main constructs to minimize response bias.

Data Analysis

Data were analyzed in SPSS version 26. Independent samples t-tests (with Levene's test for homogeneity of variance) compared trust, brand authenticity, and attitude toward advertisement across conditions. The mediating role of trust was tested using the PROCESS macro (Hayes, 2018) with 5,000 bootstrap resamples and a 95% bias-corrected confidence interval, with disclosure condition coded as a dichotomous independent variable (0 = Non-Disclosure, 1 = Disclosure).

RESULTS

Demography of Respondents

The sample was dominated by female respondents, consisting of 124 females (75.2%) in the AI Non-Disclosure group and 77 females (77.8%) in the AI Disclosure group. Most respondents had either a Senior High School or Bachelor's degree background, indicating that the sample was largely composed of individuals with moderate to higher educational attainment. Additionally, all the respondents were Generation Z,, This demographic profile is relevant because Generation Z is generally more familiar with digital technology, social media content, and AI-related applications.

Most participants also reported prior experience visiting beauty clinics, including 143 respondents (86.7%) in the AI Non-Disclosure group and 66 respondents (66.7%) in the AI Disclosure group. Furthermore, prior exposure to AI-generated advertisements was high in both groups, reported by 161 respondents (97.6%) in the AI Non-Disclosure group and 95 respondents (96.0%) in the AI Disclosure group, suggesting that AI-based advertising was relatively familiar to the respondents.

Finally, the manipulation check revealed a clear directional difference in AI-awareness between conditions. In the AI Disclosure group, the majority of respondents selected "Agree" (36 respondents, 36.4%) or "Strongly Agree" (42 respondents, 42.4%), confirming that the AI disclosure label was effectively perceived. However, in the AI Non-Disclosure group, a notable proportion of respondents also reported "Agree" (39 respondents, 23.6%) or "Strongly Agree" (47 respondents, 28.5%) that the advertisement was AI-generated, despite the absence of any explicit AI label. This suggests that some respondents may have independently inferred AI involvement from visual characteristics of the stimulus itself, rather than from explicit disclosure. Consequently, while the manipulation was directionally successful, the presence of spontaneous AI-detection in the Non-Disclosure group warrants cautious interpretation and is examined further below and addressed as a limitation.

Table 1. Demography of Respondents Results

Variable	Category	AI Non Disclosure	AI Disclosure
Gender	Female	124	77
	Male	41	22
Education	Senior High School	63	43
	Diploma	23	2
	Bachelor's Degree	59	53
	Master/Doctoral Degree	20	1
Have you ever visited a beauty clinic before?	Ever	143	66
	Never	22	33
I am aware that this advertisement was created using AI	1 (Strongly Disagree)	24	1
	2 (Disagree)	41	0
	3 (Neutral)	14	20
	4 (Agree)	39	36
	5 (Strongly Agree)	47	42
Have you ever seen AI-generated advertisements before?	Ever	161	95
	Never	4	4
Total		165	99

Measurement Model Evaluation

To assess the measurement model, this study conducted validity and reliability testing using Exploratory Factor Analysis (EFA) and Cronbach's Alpha. Prior to factor extraction, sampling adequacy was examined using the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's Test of Sphericity. As shown in Table 2, the KMO value of 0.960 exceeded the recommended threshold of 0.50, while Bartlett's Test was significant ($\chi^2 = 4026.638$, $p < 0.001$), indicating that the data were suitable for factor analysis.

The EFA was conducted using Principal Component Analysis with Varimax rotation. The results demonstrated strong factor loadings above 0.80 and communalities ranging from 0.776 to 0.871, indicating that the indicators adequately represented their respective constructs. Specifically, ATT1–ATT3 loaded strongly on Attitude Toward Advertisement, TR1–TR5 on Trust, and BA1–BA3 on Brand Authenticity, with no substantial cross-loadings observed (see Table 3).

Reliability testing further indicated high internal consistency across all constructs. As presented in Table 4, Cronbach's Alpha values exceeded the recommended threshold of 0.70, with Trust (0.969), Brand Authenticity (0.945), and Attitude Toward Advertisement (0.941), suggesting that the measurement instruments were highly reliable.

Table 2. Kaiser-Meyer-Olkin (KMO) and Bartlett's Test Results

Measure	Value
KMO	0.96
Bartlett's χ^2	4026.638
df	55
Sig.	< 0.001

Table 3. Exploratory Factor Analysis (EFA) Results

Item	Trust	Brand Authenticity	Attitude Toward Advertisement	Communality
TR1	0.913			0.833
TR2	0.933			0.871
TR3	0.915			0.838
TR4	0.918			0.843
TR5	0.915			0.837
BA1		0.884		0.782
BA2		0.895		0.8
BA3		0.881		0.776
ATT1			0.882	0.778
ATT2			0.902	0.813
ATT3			0.907	0.822

Note: ATT = Attitude toward Advertisement, TR = Trust, BA = Brand Authenticity.

Table 4. Reliability Test Results

Construct	Cronbach's Alpha
Trust	0.969
Brand Authenticity	0.945
Attitude Towards Advertisement	0.941

Disclosure Treatment Effects

The independent samples t-test was conducted to compare consumer responses between the AI Non-Disclosure and AI Disclosure conditions. As presented in Table 5, significant differences were found across all dependent variables. Respondents exposed to the AI Non-Disclosure condition reported higher levels of trust (M = 3.705) than those in the AI Disclosure condition (M = 3.164; t = 3.693, p < 0.001). Similarly, perceived brand authenticity was higher in the AI Non-Disclosure group (M = 3.637) compared to the AI Disclosure group (M = 3.013; t = 3.883, p < 0.001).

In addition, respondents in the AI Non-Disclosure condition demonstrated more favorable attitudes toward the advertisement (M = 3.804) than respondents exposed to AI Disclosure (M = 3.373; t = 2.883, p = 0.004). These findings suggest that advertisements accompanied by AI transparency disclosure

tend to generate lower trust, weaker perceptions of brand authenticity, and less favorable attitudes toward advertisements

Table 5. Experimental Group Comparison Results

Construct	AI Non Disclosure Mean	AI Disclosure Mean	t-value	p-value
Trust	3.705	3.164	3.693	<0.001
Brand Authenticity	3.637	3.013	3.883	<0.001
Attitude Towards Advertisement	3.804	3.373	2.883	0.004

Table 6. Direct and Indirect Effects of AI Transparency Disclosure

Relationship Path	β / Effect	t-value	p-value	95% CI
Direct Effect				
AI Transparency Disclosure → Trust	-0.5408	-36.933	0.0003	—
AI Transparency Disclosure → Brand Authenticity	-0.6236	-38.834	0.0001	—
AI Transparency Disclosure → Attitude Toward Advertisement	0.0921	13.675	0.1726	—
Indirect Effect				
AI Transparency Disclosure → Trust → Attitude Toward Advertisement	-0.3374	—	—	[-0.5350, -0.1554]

Direct Effect and Indirect Effect

Table 6 presents the direct and indirect effects of AI transparency disclosure on consumer responses. The results indicate that AI disclosure has a significant negative effect on trust (β = -0.5408, p = 0.0003) and brand authenticity (β = -0.6236, p = 0.0001). These findings suggest that advertisements explicitly labeled as AI-generated are perceived as less trustworthy and less authentic than advertisements without AI disclosure.

However, the direct effect of AI disclosure on attitude toward advertisement was not statistically significant (β = 0.0921, p = 0.1726), indicating that AI transparency disclosure does not directly influence consumers' advertising attitudes. Further analysis revealed a significant indirect effect through trust (Effect = -0.3374; 95% CI [-0.5350, -0.1554]). Since the confidence interval does not include zero, trust significantly mediates the relationship between AI disclosure and attitude toward advertisement. This finding suggests that AI disclosure indirectly reduces favorable advertising attitudes by lowering consumer trust.

Discussion

Table 7. Experimental Group Comparison Results

Hypothesis	Relationship	Result	Decision
H1	AI Transparency Disclosure → Trust	Significant negative effect (β = -0.5408; p < 0.001)	Supported
H2	AI Transparency Disclosure → Trust → Attitude Toward Advertisement	Significant indirect effect (Effect = -0.3374; 95% CI [-0.5350, -0.1554])	Supported
H3	AI Transparency Disclosure→ Brand Authenticity	Significant negative effect (β = -0.6236; p < 0.001)	Supported
H4	AI Transparency Disclosure → Attitude Toward Advertisement	Direct effect not significant (β = 0.0921; p = 0.1726)	Not Supported

Table 7 summarizes the results of the hypotheses testing regarding the effects of AI transparency disclosure, represented by the AI Disclosure and AI Non-Disclosure conditions, on consumer responses. Overall, the findings indicate that advertisements containing AI transparency disclosure tend to generate less favorable consumer evaluations than advertisements without AI disclosure. These findings

support prior studies suggesting that consumers respond more positively to promotional content when the use of AI is not explicitly disclosed.

The first hypothesis (H1) proposed that AI transparency disclosure negatively affects consumer trust. The results support this hypothesis, showing that advertisements containing AI disclosure significantly reduce consumer trust compared to advertisements in the AI Non-Disclosure condition. This finding is consistent with previous studies indicating that consumers tend to trust advertisements without AI disclosure more than advertisements explicitly labeled as AI-generated (Grigsby et al., 2025; Schilke & Reimann, 2025). Similarly, Koning and Voorveld (2025) found that advertisements without AI labels generate higher levels of trust because consumers perceive the message as more natural and credible. The present study therefore reinforces the argument that although AI transparency disclosure reflects openness and honesty, it may simultaneously reduce consumers' confidence toward advertising content.

The second hypothesis (H2) examined the mediating role of trust in the relationship between AI transparency disclosure and attitude toward advertisement. The findings demonstrate a significant indirect effect, supporting the mediating role of trust. This result indicates that AI transparency disclosure indirectly influences consumers' attitudes toward advertisements through reduced trust. In other words, consumers do not necessarily evaluate advertisements negatively solely because AI disclosure is present; rather, less favorable attitudes emerge because AI transparency disclosure lowers trust, which subsequently decreases positive evaluations of the advertisement. This finding supports prior research by Grigsby et al. (2025), which identified trust as an important psychological mechanism explaining negative consumer responses toward AI-labeled advertising content.

The third hypothesis (H3) proposed that AI transparency disclosure negatively affects perceived brand authenticity. The findings support this hypothesis, revealing a significant negative effect of AI transparency disclosure on brand authenticity perceptions. This result is consistent with previous studies arguing that AI-generated content is often perceived as less authentic because it lacks human creativity, emotional involvement, and originality (Appel et al., 2023; Lee & Kim, 2024). Wu and Jing Wen (2021) also suggested that consumers may perceive AI-generated promotional content as less genuine due to the absence of a human touch. Accordingly, the present study confirms that advertisements containing AI disclosure are perceived as less authentic than advertisements without AI disclosure.

The fourth hypothesis (H4) proposed that AI transparency disclosure negatively affects attitude toward advertisement. However, the results indicate that the direct effect of AI transparency disclosure on attitude toward advertisement was not statistically significant. Therefore, H4 was not supported in the structural model. This non-significant direct effect, together with the significant indirect effect through trust (H2), suggests that trust functions as a full mediator rather than a partial mediator in the relationship between AI disclosure and advertising attitudes. In other words, the influence of AI disclosure on advertising attitudes appears to be transmitted primarily through changes in consumer trust, rather than through an independent direct pathway. From a theoretical perspective, these findings lend support to a trust-centered explanation of algorithm aversion in advertising, indicating that the negative consequences of AI disclosure on advertising attitudes are largely explained by its impact on consumer trust. This highlights trust as a central psychological mechanism through which AI disclosure shapes consumers' evaluations of AI-generated advertising. This finding partially aligns with previous studies showing that AI disclosure may lead to less positive advertising evaluations because consumers perceive the content as less natural, less effortful, or less authentic (Grigsby et al., 2025; To et al., 2025).

Overall, these findings contribute to the growing literature on AI-generated advertising by highlighting the important role of AI transparency disclosure in shaping consumer responses. While AI-generated advertising content may provide practical and creative advantages for businesses, explicitly disclosing the use of AI may reduce consumer trust and perceived authenticity, which subsequently influence advertising evaluations. Moreover, this study extends prior research by focusing specifically

on AI transparency disclosure, represented through AI Disclosure and AI Non-Disclosure conditions, rather than merely comparing AI-generated and human-generated content.

CONCLUSION

This study concludes that AI transparency disclosure plays an important role in shaping consumers' psychological responses toward advertisements. The findings reveal that advertisements containing AI disclosure generate lower levels of consumer trust and perceived brand authenticity compared to advertisements without AI disclosure. In addition, consumers exposed to AI disclosure demonstrate less favorable attitudes toward advertisements. These findings indicate that the presence of AI disclosure tends to trigger negative consumer evaluations toward both the advertisement and the brand.

Furthermore, this study finds that the effect of AI transparency disclosure on attitude toward advertisement does not occur directly, but is fully mediated by trust. Trust emerges as the most important mediating mechanism in explaining consumers' attitudes toward advertisements. This result suggests that consumers' responses to AI disclosure are primarily influenced by the extent to which such disclosure affects their trust toward the brand. Therefore, consumers do not necessarily reject the use of AI in advertising itself, but they tend to respond negatively when AI disclosure reduces perceptions of authenticity and brand credibility.

Overall, this study contributes to the growing literature on AI-driven advertising by emphasizing the importance of psychological mechanisms in explaining consumer responses toward AI transparency disclosure. From a practical perspective, the findings suggest that companies should carefully design AI disclosure strategies in marketing communications, as excessive emphasis on AI usage in advertising creation may reduce consumer trust, weaken perceptions of brand authenticity, and ultimately decrease advertising effectiveness.

Limitations

This study has several limitations. First, 52.1% of Non-Disclosure respondents nonetheless agreed they were aware the ad was AI-generated, suggesting the non-disclosure manipulation may not have been entirely clean possibly due to detectable visual artifacts in the stimulus rather than the label itself. Second, the unequal group sizes and demographic imbalances raise the possibility of uncontrolled confounds. Third, the study relied solely on self-reported measures rather than behavioral or implicit outcomes. Fourth, findings are limited to a single product category and cultural context (Indonesian Gen Z), limiting generalizability across industries and populations.

Recommendations

Based on the findings, companies should carefully implement AI transparency disclosure in marketing communications. Although transparency is important, explicitly emphasizing AI-generated content may reduce consumer trust and perceived brand authenticity. Therefore, businesses are encouraged to combine AI-generated content with human creativity and emotional elements to maintain positive consumer responses.

In addition, companies should consider the advertising context and product type before applying AI disclosure strategies, particularly in industries that rely heavily on emotional connection and authenticity. Since trust was found to mediate the relationship between AI transparency disclosure and attitude toward advertisement, brands should prioritize strategies that strengthen consumer trust when using AI-generated advertising content.

For future research, scholars are encouraged to examine different demographic groups, industries, and cultural contexts to improve the generalizability of the findings. Future studies may also explore other mediating variables and compare different forms of AI disclosure strategies in advertising.

Acknowledgements or Notes

The authors would like to express their sincere gratitude to the Pusat Pengembangan Manajemen Universitas Islam Indonesia (PPM UII) and the Department of Management, Faculty of Business and Economics, Universitas Islam Indonesia for their valuable support and contribution to the completion of this research. The authors also appreciate the institutional assistance, academic environment, and research support provided throughout the study process.

References

Ali, L., Ali, F., Abdalla, M. J., & Alotaibi, S. (2025). Beyond the hype: Evaluating the impact of generative AI on brand authenticity, image, and consumer behavior in the restaurant industry. International Journal of Hospitality Management, 131, 104318. https://doi.org/10.1016/j.ijhm.2025.104318

Arango, L., Singaraju, S. P., & Niininen, O. (2023). Consumer Responses to AI-Generated Charitable Giving Ads. Journal of Advertising, 52(4), 486–503. https://doi.org/10.1080/00913367.2023.2183285

Baek, T. H., Kim, J., & Kim, J. H. (2026). Effect of disclosing AI-generated content on prosocial advertising evaluation. International Journal of Advertising, 45(1), 171–192. https://doi.org/10.1080/02650487.2024.2401319

Barbe, D., & Neuburger, L. (2021). Generation Z and Digital Influencers in the Tourism Industry. In N. Stylos, R. Rahimi, B. Okumus, & S. Williams (Eds.), Generation Z Marketing and Management in Tourism and Hospitality: The Future of the Industry (pp. 167–192). Springer International Publishing. https://doi.org/10.1007/978-3-030-70695-1_7

Baryshkov, K., Kuzina, Y., Smuk, I., & Tkachuk, M. (2026). Consumer Trust in AI-Generated Marketing Content: A Systematic Literature Review and Research Agenda. American Impact Review, 1(1). https://doi.org/10.66308/air.e2026024

Cheng, Y., & Jiang, H. (2022). Customer–brand relationship in the era of artificial intelligence: Understanding the role of chatbot marketing efforts. Journal of Product & Brand Management, 31(2), 252–264. https://doi.org/10.1108/JPBM-05-2020-2907

Cicek, M., Gursoy, D., & Lu, L. (2025). Adverse impacts of revealing the presence of "Artificial Intelligence (AI)" technology in product and service descriptions on purchase intentions: The mediating role of emotional trust and the moderating role of perceived risk. Journal of Hospitality Marketing & Management, 34(1), 1–23. https://doi.org/10.1080/19368623.2024.2368040

Grigsby, J. L., Michelsen, M., & Zamudio, C. (2025). Service ads in the era of generative AI: Disclosures, trust, and intangibility. Journal of Retailing and Consumer Services, 84, 104231. https://doi.org/10.1016/j.jretconser.2025.104231

Hayes, A. F. (2018). Introduction to Mediation, Moderation, and Conditional Process Analysis: A Regression-Based Approach (2nd ed.). Guilford Press.

Kirkby, A., Baumgarth, C., & Henseler, J. (2023). To disclose or not disclose, is no longer the question – effect of AI-disclosed brand voice on brand authenticity and attitude. Journal of Product & Brand Management, 32(7), 1108–1122. https://doi.org/10.1108/JPBM-02-2022-3864

Koning, B., & Voorveld, H. A. M. (2025). Disclaimer! This Content Is AI-Generated: How AI-Disclosures Influence Trust in Advertisements and Organizations. Journal of Interactive Advertising, 25(3), 240–253. https://doi.org/10.1080/15252019.2025.2554149

Lee, G., & Kim, H.-Y. (2024). Human vs. AI: The battle for authenticity in fashion design and consumer response. Journal of Retailing and Consumer Services, 77, 103690. https://doi.org/10.1016/j.jretconser.2023.103690

Lim, S., & Schmälzle, R. (2024). The effect of source disclosure on evaluation of AI-generated messages. Computers in Human Behavior: Artificial Humans, 2(1), 100058. https://doi.org/10.1016/j.chbah.2024.100058

Mohamed, Z. A., & Ünsalan, M. (2025). Does AI marketing efforts affect brand loyalty of Gen Z consumers? Mediating role of brand image and brand experience. Cogent Business & Management, 12(1), 2542428. https://doi.org/10.1080/23311975.2025.2542428

Schilke, O., & Reimann, M. (2025). The transparency dilemma: How AI disclosure erodes trust. Organizational Behavior and Human Decision Processes, 188, 104405. https://doi.org/10.1016/j.obhdp.2025.104405

To, R. N., Wu, Y.-C., Kianian, P., & Zhang, Z. (2025). When AI Doesn't Sell Prada: Why Using AI-Generated Advertisements Backfires for Luxury Brands. Journal of Advertising Research, 65(2), 202–236. https://doi.org/10.1080/00218499.2025.2454120

Wu, L., & Jing Wen, T. (2021). Understanding AI Advertising From the Consumer Perspective. Journal of Advertising Research, 61(2), 133–146. https://doi.org/10.2501/JAR-2021-004

Zhang, L., & Hur, C. (2025). The Impact of Generative AI Images on Consumer Attitudes in Advertising. Administrative Sciences, 15(10), 395. https://doi.org/10.3390/admsci15100395

Statista. Artificial intelligence (AI) use in marketing. (2026, January 12). Accessed on 4 April 2026. https://www.statista.com/topics/5017/ai-use-in-marketing/#topicOverview