

*Available in online @ [www.iaraindia.com](http://www.iaraindia.com)*

*RESEARCH EXPLORER-International Journal on Economics and Business Management*

*ISSN: 2250-1940 (P) 2349-1647 (O)*

*Impact Factor: 8.276 (12OR), 3.676 (COSMOS)*

*Volume XV, Issue 52*

*July - September 2026*

*Formally UGC Approved Journal (63185), © Author*

## **THE INFLUENCE OF AI-GENERATED ADVERTISING ON BRAND TRUST AND CONSUMER LOYALTY: AN EMPIRICAL STUDY OF CONSUMER PERCEPTIONS IN THE DIGITAL MARKETING ERA**

**Dr. A. PARAMESHWARI**

Head and Assistant Professor

PG. Department of Commerce

Sri Muthukumaran Arts and Science College

Chikkarayapuram, Chennai 69.

### **ABSTRACT**

*Artificial Intelligence (AI)-generated advertising has transformed digital marketing by enabling organizations to deliver personalized, data-driven, and engaging promotional content. This study examines the impact of AI-generated advertising on brand trust and consumer loyalty. A descriptive research design was adopted, and primary data were collected from 120 respondents using a structured questionnaire with a five-point Likert scale. Convenience sampling was employed for data collection, and the data were analyzed using frequency analysis, percentage analysis, and regression analysis through SPSS software. The findings revealed that AI-generated advertising has a significant positive influence on both brand trust and consumer loyalty. Furthermore, brand trust was found to significantly enhance consumer loyalty, indicating its mediating role in strengthening long-term customer relationships. The study concludes that organizations should adopt transparent, ethical, and personalized AI-driven advertising strategies to improve customer confidence, encourage repeat purchases, and build sustainable brand loyalty. The findings provide valuable implications for marketers, researchers, and businesses implementing AI-based marketing strategies.*

**KEYWORDS:** Artificial Intelligence, AI-Generated Advertising, Brand Trust, Consumer Loyalty, Digital Marketing, Consumer Behaviour.

### **INTRODUCTION**

Artificial Intelligence (AI) has emerged as one of the most transformative technologies in the field of digital marketing. Businesses increasingly rely on AI-generated advertising to create personalized, data-driven, and engaging promotional content that can reach consumers more effectively than traditional advertising methods. AI technologies such as machine learning, natural language processing, and predictive analytics enable marketers to analyze consumer preferences, browsing behavior, and purchase patterns, thereby delivering highly relevant advertisements in real time. As a result, AI-generated advertising has become an essential component of modern marketing strategies across e-commerce, retail, banking, hospitality, and other service sectors.

The growing adoption of AI-generated advertising has also raised important questions regarding consumer perceptions. While personalized advertisements may enhance customer experience and engagement, consumers may also evaluate whether AI-generated content is trustworthy, reliable, and transparent. Brand trust plays a critical role in influencing consumer

attitudes and long-term relationships with brands. Consumers who trust a brand are more likely to purchase its products, recommend it to others, and remain loyal despite competitive alternatives. Therefore, understanding the relationship between AI-generated advertising and brand trust has become increasingly important for marketers.

In addition, consumer loyalty is a key determinant of business sustainability and profitability. Loyal customers contribute to repeat purchases, positive word-of-mouth communication, and long-term brand equity. Although previous studies have examined digital advertising and consumer behavior, limited research has specifically focused on how AI-generated advertising influences both brand trust and consumer loyalty simultaneously. This study attempts to bridge this gap by examining the impact of AI-generated advertising on brand trust and consumer loyalty and by investigating the role of brand trust in strengthening consumer loyalty. The findings of this study are expected to provide valuable insights for marketers, researchers, and organizations seeking to implement AI-driven advertising strategies effectively.

## REVIEW OF LITERATURE

Artificial Intelligence (AI) has become a transformative force in marketing by enabling businesses to deliver personalized, data-driven, and engaging advertising experiences. Dwivedi et al. (2021) emphasized that AI enhances customer engagement through predictive analytics and personalized marketing, while Davenport et al. (2021) highlighted that AI improves customer interactions, operational efficiency, and marketing performance through automated content creation. Similarly, Huang and Rust (2021) reported that AI supports customer segmentation, personalized communication, and marketing decision-making, allowing organizations to improve customer satisfaction and competitive advantage. Furthermore, Kumar et al. (2021) found that AI-enabled customer relationship management significantly improves customer satisfaction and long-term loyalty when transparency and ethical practices are maintained.

Recent studies have also demonstrated the effectiveness of AI-generated advertising in influencing consumer attitudes and purchase behavior. Chatterjee et al. (2022) observed that AI-generated advertisements significantly improve consumer engagement and purchase intention through personalized recommendations. Likewise, Verma et al. (2022) found that AI-powered recommendation systems enhance consumer trust by delivering relevant product suggestions based on customer preferences. Lim et al. (2022) further concluded that AI-generated advertisements are perceived as more engaging and useful when they reflect consumers' interests, thereby increasing advertising effectiveness. In addition, Haenlein and Kaplan (2022) noted that AI has transformed digital marketing through automated content generation, customer targeting, and campaign optimization, although ethical concerns related to transparency and privacy continue to influence consumer acceptance.

Several researchers have focused on the relationship between AI-generated advertising and brand trust. Yadav and Rahman (2023) reported that transparency, personalization, and information quality significantly enhance consumer trust toward AI-enabled brands. Similarly, Sharma et al. (2023) found that personalized AI advertisements positively influence customer satisfaction and repeat purchase intentions, thereby strengthening consumer loyalty. Singh and Kaur (2023) also revealed that innovative and personalized AI-generated advertisements improve consumer attitudes toward brands, although excessive automation may reduce consumer confidence. Moreover, Wang et al. (2023) concluded that AI-generated advertising provides organizations with a competitive advantage by increasing customer engagement and purchase intentions through data-driven marketing strategies.

More recent studies have emphasized the growing importance of AI-generated advertising in building long-term consumer relationships. Chen et al. (2024) found that AI-

generated advertisements on social media significantly enhance customer engagement and emotional attachment to brands through personalized content. Lee and Kim (2024) reported that consumers perceive AI-generated advertisements as more credible when they provide accurate, transparent, and informative product information, thereby increasing purchase intentions. Similarly, Zhao et al. (2024) demonstrated that brand trust mediates the relationship between AI-generated advertising and consumer loyalty, indicating that trustworthy AI communication is essential for sustaining long-term customer relationships.

Emerging evidence from recent studies has further highlighted the role of transparency and ethical AI practices in shaping consumer behavior. Solovjov (2025) found that AI-generated advertisements strengthen consumer loyalty but may reduce trust if consumers perceive the content as lacking authenticity. Likewise, Koning and Voorveld (2025) observed that AI-disclosure labels increase consumer awareness but may reduce trust in advertisements if not managed carefully.

Ribeiro et al. (2025) concluded that personalization, convenience, trust, and security are the primary factors influencing consumer acceptance of AI-based marketing, while Raju et al. (2025) reported that hyper-personalized AI marketing significantly improves customer engagement and brand loyalty when supported by transparent and ethical practices. Finally, Rahman (2025) emphasized that AI-driven personalization enhances consumer trust and brand loyalty by delivering relevant customer experiences, although privacy concerns remain a significant challenge for marketers.

## RESEARCH GAP

Although previous studies have highlighted the importance of Artificial Intelligence (AI) in digital marketing, most have focused on AI adoption, personalization, or consumer engagement independently. Limited empirical research has examined the combined relationship between AI-generated advertising, brand trust, and consumer loyalty within a single framework. Furthermore, many existing studies are based on developed countries, with relatively little evidence from the Indian context, where consumer behavior and digital adoption differ significantly. Therefore, this study addresses the existing research gap by investigating how AI-generated advertising influences brand trust and consumer loyalty, providing empirical evidence that contributes to AI-driven marketing literature and managerial decision-making.

## STATEMENT OF THE PROBLEM

The increasing use of AI-generated advertising has transformed the way organizations communicate with consumers. Although AI enables firms to create personalized, engaging, and data-driven advertisements, consumers may differ in their perceptions regarding the credibility, transparency, and reliability of such advertisements. If consumers perceive AI-generated advertising as manipulative or untrustworthy, it may negatively affect their confidence in brands and reduce their willingness to remain loyal customers. On the other hand, effective AI-generated advertising may strengthen brand trust and encourage repeat purchase behavior. Despite the growing adoption of AI technologies in marketing, limited empirical evidence is available regarding the extent to which AI-generated advertising influences brand trust and consumer loyalty, particularly in the Indian context. Therefore, the present study seeks to examine whether AI-generated advertising significantly affects brand trust and consumer loyalty and whether brand trust plays an important role in enhancing consumer loyalty toward brands using AI-generated advertising.

## OBJECTIVES OF THE STUDY

1. To examine the impact of AI-generated advertising on brand trust among consumers.
2. To assess the influence of AI-generated advertising on consumer loyalty.
3. To investigate the effect of brand trust on consumer loyalty in the context of AI-generated advertising.

### HYPOTHESIS OF THE STUDY

- H<sub>01</sub> (Null Hypothesis): AI-generated advertising has no significant impact on brand trust among consumers.
- H<sub>02</sub> (Null Hypothesis): AI-generated advertising has no significant influence on consumer loyalty.
- H<sub>03</sub> (Null Hypothesis): Brand trust has no significant effect on consumer loyalty in the context of AI-generated advertising.

### RESEARCH METHODOLOGY

The study adopted a descriptive research design to examine the impact of AI-generated advertising on brand trust and consumer loyalty. Primary data were collected through a structured questionnaire using a five-point Likert scale. The questionnaire consisted of demographic variables, AI-generated advertising items, brand trust items, and consumer loyalty items.

A total of 120 respondents were selected using the convenience sampling method. The collected data were analyzed using descriptive statistics such as frequency and percentage analysis, followed by regression analysis to test the proposed hypotheses. Statistical analysis was performed using SPSS software to examine the relationships among the study variables.

### LIMITATION AND SCOPE OF THE STUDY

The study is limited to 120 respondents, which may restrict the generalizability of the findings to a larger population. The use of convenience sampling may introduce sampling bias, and the responses are based on consumers' self-reported perceptions, which may be influenced by personal opinions and experiences.

The study focuses only on AI-generated advertising and does not consider other factors such as brand image, price, or service quality that may also influence consumer loyalty. Despite these limitations, the study provides valuable insights into consumer perceptions of AI-generated advertising and offers scope for future research involving larger samples, different industries, and advanced analytical techniques such as structural equation modeling.

### ANALYSIS AND INTERPRETATION

**Table 1**  
**Demographic Profile of the Respondents**

| Variables                        | Category            | Frequency  | Percentage (%) |
|----------------------------------|---------------------|------------|----------------|
| <b>Gender</b>                    | Male                | 68         | 56.7           |
|                                  | Female              | 50         | 41.7           |
|                                  | Other               | 2          | 1.6            |
|                                  | <b>Total</b>        | <b>120</b> | <b>100.0</b>   |
| <b>Age</b>                       | Below 20 years      | 10         | 8.3            |
|                                  | 21–30 years         | 52         | 43.3           |
|                                  | 31–40 years         | 32         | 26.7           |
|                                  | 41–50 years         | 18         | 15.0           |
|                                  | Above 50 years      | 8          | 6.7            |
|                                  | <b>Total</b>        | <b>120</b> | <b>100.0</b>   |
| <b>Educational Qualification</b> | Higher Secondary    | 14         | 11.7           |
|                                  | Undergraduate       | 40         | 33.3           |
|                                  | Postgraduate        | 46         | 38.3           |
|                                  | Professional Degree | 14         | 11.7           |

|                                                   |                     |            |              |
|---------------------------------------------------|---------------------|------------|--------------|
|                                                   | Doctorate           | 6          | 5.0          |
|                                                   | <b>Total</b>        | <b>120</b> | <b>100.0</b> |
| <b>Occupation</b>                                 | Student             | 24         | 20.0         |
|                                                   | Government Employee | 20         | 16.7         |
|                                                   | Private Employee    | 40         | 33.3         |
|                                                   | Self-employed       | 14         | 11.7         |
|                                                   | Business            | 16         | 13.3         |
|                                                   | Others              | 6          | 5.0          |
|                                                   | <b>Total</b>        | <b>120</b> | <b>100.0</b> |
| <b>Monthly Income</b>                             | Below ₹25,000       | 26         | 21.7         |
|                                                   | ₹25,001–₹50,000     | 34         | 28.3         |
|                                                   | ₹50,001–₹75,000     | 28         | 23.3         |
|                                                   | ₹75,001–₹1,00,000   | 18         | 15.0         |
|                                                   | Above ₹1,00,000     | 14         | 11.7         |
|                                                   | <b>Total</b>        | <b>120</b> | <b>100.0</b> |
| <b>Encounter with AI-Generated Advertisements</b> | Daily               | 42         | 35.0         |
|                                                   | Weekly              | 36         | 30.0         |
|                                                   | Occasionally        | 24         | 20.0         |
|                                                   | Rarely              | 12         | 10.0         |
|                                                   | Never               | 6          | 5.0          |
|                                                   | <b>Total</b>        | <b>120</b> | <b>100.0</b> |

(Source: Primary Data)

Table 1 presents the demographic characteristics of the 120 respondents. Among them, 68 respondents (56.7%) were male, 50 respondents (41.7%) were female, and 2 respondents (1.6%) identified as other, indicating that male respondents constituted the majority of the sample. Regarding age, the largest proportion of respondents (52; 43.3%) belonged to the 21–30 years age group, followed by 31–40 years (32; 26.7%), 41–50 years (18; 15.0%), Below 20 years (10; 8.3%), and Above 50 years (8; 6.7%). In terms of educational qualification, 46 respondents (38.3%) were postgraduates, followed by 40 undergraduates (33.3%), while 14 respondents (11.7%) each had completed Higher Secondary and Professional Degree qualifications.

Only 6 respondents (5.0%) held a Doctorate degree. Concerning occupation, the majority were private employees (40; 33.3%), followed by students (24; 20.0%), government employees (20; 16.7%), business owners (16; 13.3%), self-employed individuals (14; 11.7%), and others (6; 5.0%). With respect to monthly income, 34 respondents (28.3%) earned between ₹25,001 and ₹50,000, while 28 respondents (23.3%) earned between ₹50,001 and ₹75,000. Additionally, 26 respondents (21.7%) earned below ₹25,000, 18 respondents (15.0%) earned between ₹75,001 and ₹1,00,000, and 14 respondents (11.7%) earned above ₹1,00,000.

Regarding exposure to AI-generated advertisements, 42 respondents (35.0%) encountered such advertisements daily, 36 respondents (30.0%) weekly, 24 respondents (20.0%) occasionally, 12 respondents (10.0%) rarely, and 6 respondents (5.0%) reported never encountering AI-generated advertisements.



**Table 2**  
**AI-Generated Advertising**

| S.No.       | Statement                                                                             | SD          | D             | N             | A             | SA            |
|-------------|---------------------------------------------------------------------------------------|-------------|---------------|---------------|---------------|---------------|
| <b>AGA1</b> | I frequently notice AI-generated advertisements on digital platforms.                 | 8<br>(6.7%) | 12<br>(10.0%) | 20<br>(16.7%) | 46<br>(38.3%) | 34<br>(28.3%) |
| <b>AGA2</b> | AI-generated advertisements provide information relevant to my interests.             | 6<br>(5.0%) | 10<br>(8.3%)  | 22<br>(18.3%) | 48<br>(40.0%) | 34<br>(28.3%) |
| <b>AGA3</b> | AI-generated advertisements are visually attractive and engaging.                     | 5<br>(4.2%) | 12<br>(10.0%) | 24<br>(20.0%) | 45<br>(37.5%) | 34<br>(28.3%) |
| <b>AGA4</b> | AI-generated advertisements provide personalized recommendations that match my needs. | 7<br>(5.8%) | 13<br>(10.8%) | 26<br>(21.7%) | 42<br>(35.0%) | 32<br>(26.7%) |
| <b>AGA5</b> | AI-generated advertisements improve my shopping experience.                           | 6<br>(5.0%) | 15<br>(12.5%) | 23<br>(19.2%) | 44<br>(36.7%) | 32<br>(26.7%) |
| <b>AGA6</b> | I pay more attention to advertisements created using AI technology.                   | 8<br>(6.7%) | 14<br>(11.7%) | 22<br>(18.3%) | 43<br>(35.8%) | 33<br>(27.5%) |
| <b>AGA7</b> | AI-generated advertisements influence my purchase decisions.                          | 9<br>(7.5%) | 13<br>(10.8%) | 24<br>(20.0%) | 42<br>(35.0%) | 32<br>(26.7%) |
| <b>AGA8</b> | I consider AI-generated advertising more innovative than traditional advertising.     | 5<br>(4.2%) | 10<br>(8.3%)  | 21<br>(17.5%) | 47<br>(39.2%) | 37<br>(30.8%) |

**(Source: Primary Data)**

Table 2 presents respondents' perceptions of AI-generated advertising. The majority of respondents either agreed or strongly agreed with all eight statements, indicating a positive perception of AI-generated advertising. For instance, 66.6% of respondents agreed or strongly agreed that they frequently noticed AI-generated advertisements on digital platforms (AGA1). Likewise, 68.3% believed that AI-generated advertisements provide information relevant to their interests (AGA2). Furthermore, 65.8% of respondents agreed or strongly agreed that AI-generated advertisements are visually attractive and engaging (AGA3), while 61.7% perceived that AI-generated advertisements provide personalized recommendations matching their needs (AGA4). Similarly, 63.4% agreed that AI-generated advertisements improved their shopping experience (AGA5), and 63.3% reported paying more attention to advertisements created using AI technology (AGA6). More than sixty percent also acknowledged that AI-generated advertisements influenced their purchase decisions (AGA7). Notably, the highest level of agreement (70.0%) was observed for the statement that AI-

generated advertising is more innovative than traditional advertising (AGA8). Overall, the findings indicate that respondents held favorable attitudes toward AI-generated advertising.

**Table 3**  
**Brand Trust**

| S.No.      | Statement                                                                          | SD          | D             | N             | A             | SA            |
|------------|------------------------------------------------------------------------------------|-------------|---------------|---------------|---------------|---------------|
| <b>BT1</b> | AI-generated advertisements increase my trust in a brand.                          | 7<br>(5.8%) | 11<br>(9.2%)  | 24<br>(20.0%) | 46<br>(38.3%) | 32<br>(26.7%) |
| <b>BT2</b> | I believe brands using AI-generated advertisements are reliable.                   | 6<br>(5.0%) | 12<br>(10.0%) | 25<br>(20.8%) | 45<br>(37.5%) | 32<br>(26.7%) |
| <b>BT3</b> | AI-generated advertisements provide accurate product information.                  | 8<br>(6.7%) | 14<br>(11.7%) | 24<br>(20.0%) | 42<br>(35.0%) | 32<br>(26.7%) |
| <b>BT4</b> | AI-generated advertisements make brands appear more transparent.                   | 7<br>(5.8%) | 13<br>(10.8%) | 23<br>(19.2%) | 44<br>(36.7%) | 33<br>(27.5%) |
| <b>BT5</b> | I feel confident purchasing products promoted through AI-generated advertisements. | 6<br>(5.0%) | 12<br>(10.0%) | 24<br>(20.0%) | 45<br>(37.5%) | 33<br>(27.5%) |
| <b>BT6</b> | AI-generated advertisements strengthen my confidence in a brand.                   | 7<br>(5.8%) | 11<br>(9.2%)  | 22<br>(18.3%) | 46<br>(38.3%) | 34<br>(28.3%) |

(Source: Primary Data)

Table 3 illustrates respondents' perceptions of brand trust resulting from AI-generated advertising. The findings reveal that respondents generally expressed positive trust toward brands employing AI-generated advertising. Approximately 65.0% of respondents agreed or strongly agreed that AI-generated advertisements increased their trust in brands (BT1). Similarly, 64.2% believed that brands using AI-generated advertising were reliable (BT2), while 61.7% agreed that AI-generated advertisements provided accurate product information (BT3). Around 64.2% also agreed that AI-generated advertisements enhanced brand transparency (BT4). Moreover, 65.0% of respondents felt confident purchasing products promoted through AI-generated advertisements (BT5), and 66.6% agreed that AI-generated advertising strengthened their confidence in brands (BT6). These findings suggest that AI-generated advertising positively contributes to building consumer trust in brands.

**Table 4**  
**Consumer Perceptions**

| S.No.      | Statement                                                                            | SD          | D             | N             | A             | SA            |
|------------|--------------------------------------------------------------------------------------|-------------|---------------|---------------|---------------|---------------|
| <b>CP1</b> | I prefer purchasing from brands that use AI-generated advertisements.                | 8<br>(6.7%) | 12<br>(10.0%) | 23<br>(19.2%) | 44<br>(36.7%) | 33<br>(27.5%) |
| <b>CP2</b> | I intend to continue purchasing products from brands using AI-generated advertising. | 7<br>(5.8%) | 11<br>(9.2%)  | 24<br>(20.0%) | 45<br>(37.5%) | 33<br>(27.5%) |

|            |                                                                                         |             |               |               |               |               |
|------------|-----------------------------------------------------------------------------------------|-------------|---------------|---------------|---------------|---------------|
| <b>CP3</b> | I would recommend brands using AI-generated advertisements to others.                   | 6<br>(5.0%) | 13<br>(10.8%) | 22<br>(18.3%) | 46<br>(38.3%) | 33<br>(27.5%) |
| <b>CP4</b> | AI-generated advertisements encourage me to remain loyal to a brand.                    | 7<br>(5.8%) | 12<br>(10.0%) | 23<br>(19.2%) | 45<br>(37.5%) | 33<br>(27.5%) |
| <b>CP5</b> | I am willing to choose my preferred brand even when competitors offer similar products. | 8<br>(6.7%) | 14<br>(11.7%) | 24<br>(20.0%) | 42<br>(35.0%) | 32<br>(26.7%) |
| <b>CP6</b> | I feel emotionally connected to brands that effectively use AI-generated advertising.   | 9<br>(7.5%) | 13<br>(10.8%) | 25<br>(20.8%) | 42<br>(35.0%) | 31<br>(25.9%) |

(Source: Primary Data)

Table 4 presents respondents' perceptions regarding consumer loyalty toward brands using AI-generated advertising. A majority of respondents demonstrated favorable loyalty intentions. About 64.2% of respondents agreed or strongly agreed that they preferred purchasing from brands using AI-generated advertising (CL1). Likewise, 65.0% intended to continue purchasing products from such brands (CL2). In addition, 65.8% indicated that they would recommend brands using AI-generated advertisements to others (CL3). Nearly 65.0% agreed that AI-generated advertisements encouraged them to remain loyal to a brand (CL4). Furthermore, 61.7% expressed willingness to continue choosing their preferred brand despite the availability of similar competitor products (CL5). Finally, 60.9% reported feeling emotionally connected to brands that effectively use AI-generated advertising (CL6). Overall, the findings demonstrate that AI-generated advertising positively influences consumer loyalty.

## TESTING OF HYPOTHESIS

**Table 5**

### Regression Analysis: Impact of AI-Generated Advertising on Brand Trust

| Predictor                | B     | Std. Error | Beta  | t-value | Sig.    |
|--------------------------|-------|------------|-------|---------|---------|
| (Constant)               | 1.184 | 0.246      | —     | 4.813   | 0.000   |
| AI-Generated Advertising | 0.691 | 0.062      | 0.718 | 11.145  | 0.000** |

### Model Summary

| R            | R <sup>2</sup> | Adjusted R <sup>2</sup> | F             | Sig.         |
|--------------|----------------|-------------------------|---------------|--------------|
| <b>0.718</b> | <b>0.516</b>   | <b>0.512</b>            | <b>124.21</b> | <b>0.000</b> |

Table 5 presents the regression analysis examining the impact of AI-generated advertising on brand trust. The regression coefficient ( $\beta = 0.718$ ) indicates a strong positive relationship between AI-generated advertising and brand trust. The t-value of 11.145 and p-value of 0.000 ( $p < 0.001$ ) demonstrate that the relationship is statistically significant. The model summary reveals an R value of 0.718, indicating a strong correlation between AI-generated advertising and brand trust. The R<sup>2</sup> value of 0.516 indicates that 51.6% of the variation in brand trust is explained by AI-generated advertising, while the remaining variation is attributable to other factors not included in the model. The F-value of 124.21 ( $p < 0.001$ ) confirms that the regression model is statistically significant. Therefore, the null hypothesis ( $H_{01}$ ) is rejected, and it is concluded that AI-generated advertising has a significant positive impact on brand trust among consumers.



**Table 6**  
**Regression Analysis: Impact of AI-Generated Advertising on Consumer Loyalty**

| Predictor                | B     | Std. Error | Beta  | t-value | Sig.    |
|--------------------------|-------|------------|-------|---------|---------|
| (Constant)               | 1.092 | 0.261      | —     | 4.182   | 0.000   |
| AI-Generated Advertising | 0.642 | 0.067      | 0.669 | 9.582   | 0.000** |

**Model Summary**

| R     | R <sup>2</sup> | Adjusted R <sup>2</sup> | F     | Sig.  |
|-------|----------------|-------------------------|-------|-------|
| 0.669 | 0.448          | 0.443                   | 91.82 | 0.000 |

Table 6 examines the influence of AI-generated advertising on consumer loyalty. The standardized regression coefficient ( $\beta = 0.669$ ) indicates a positive and substantial influence of AI-generated advertising on consumer loyalty. The t-value of 9.582 with a significance level of 0.000 ( $p < 0.001$ ) confirms that the relationship is statistically significant. The R value of 0.669 suggests a moderately strong positive relationship between AI-generated advertising and consumer loyalty. The R<sup>2</sup> value of 0.448 indicates that 44.8% of the variation in consumer loyalty is explained by AI-generated advertising. The F-statistic of 91.82 ( $p < 0.001$ ) confirms that the overall regression model is statistically significant. Hence, the null hypothesis ( $H_{02}$ ) is rejected, indicating that AI-generated advertising significantly influences consumer loyalty.

**Table 7**  
**Regression Analysis: Impact of Brand Trust on Consumer Loyalty**

| Predictor   | B     | Std. Error | Beta  | t-value | Sig.    |
|-------------|-------|------------|-------|---------|---------|
| (Constant)  | 0.936 | 0.228      | —     | 4.105   | 0.000   |
| Brand Trust | 0.781 | 0.058      | 0.778 | 13.466  | 0.000** |

**Model Summary**

| R     | R <sup>2</sup> | Adjusted R <sup>2</sup> | F      | Sig.  |
|-------|----------------|-------------------------|--------|-------|
| 0.778 | 0.605          | 0.602                   | 181.34 | 0.000 |

Table 7 presents the regression analysis examining the effect of brand trust on consumer loyalty. The standardized regression coefficient ( $\beta = 0.778$ ) indicates a strong positive influence of brand trust on consumer loyalty. The t-value of 13.466 and p-value of 0.000 ( $p < 0.001$ ) confirm that the relationship is highly statistically significant. The R value of 0.778 indicates a strong positive association between brand trust and consumer loyalty. The R<sup>2</sup> value of 0.605 suggests that 60.5% of the variation in consumer loyalty is explained by brand trust. Moreover, the F-value of 181.34 ( $p < 0.001$ ) demonstrates that the regression model is highly significant. Therefore, the null hypothesis ( $H_{03}$ ) is rejected, confirming that brand trust has a significant positive effect on consumer loyalty in the context of AI-generated advertising.

## RESULTS AND DISCUSSION

### RESULTS

The study found that the majority of respondents were male (56.7%) and belonged to the 21–30 years age group (43.3%), indicating that young adults are the primary audience exposed to AI-generated advertising. Most respondents encountered AI-generated advertisements daily or weekly, reflecting the increasing adoption of AI-driven promotional strategies in digital marketing. The descriptive analysis revealed that respondents generally held positive perceptions of AI-generated advertising, particularly regarding its innovativeness, personalization, and relevance to their interests. The findings also indicated that AI-generated advertisements positively influenced brand trust, as most respondents believed that such advertisements enhanced brand reliability, transparency, and confidence in purchasing decisions. Similarly, respondents demonstrated favorable consumer loyalty by

expressing intentions to continue purchasing, recommending brands, and remaining loyal to brands that effectively use AI-generated advertising. The regression analysis further confirmed that AI-generated advertising has a significant positive impact on brand trust ( $\beta = 0.718$ ,  $p < 0.001$ ) and consumer loyalty ( $\beta = 0.669$ ,  $p < 0.001$ ). Moreover, brand trust was found to have the strongest positive influence on consumer loyalty ( $\beta = 0.778$ ,  $p < 0.001$ ). Therefore, all three null hypotheses were rejected, confirming that AI-generated advertising significantly enhances brand trust and consumer loyalty, while brand trust plays a crucial mediating role in strengthening long-term consumer relationships.

## DISCUSSION

Organizations should design AI-generated advertisements that are personalized, informative, and transparent to strengthen consumer trust and loyalty. Businesses must ensure that AI-generated content is accurate, authentic, and aligned with consumer preferences to improve credibility and engagement. Companies should clearly disclose the responsible use of AI technologies while maintaining ethical standards and protecting consumer privacy. Regular monitoring and evaluation of AI-generated advertising campaigns can help organizations understand changing consumer expectations and improve advertising effectiveness. Marketers should combine AI capabilities with human creativity to produce emotionally engaging and trustworthy advertisements. Providing consumers with relevant recommendations without compromising data security will further enhance confidence in AI-driven marketing. Organizations should also invest in consumer awareness initiatives that explain the benefits and limitations of AI-generated advertising, thereby reducing skepticism and increasing acceptance. Finally, future marketing strategies should focus on building long-term brand trust, as trust was identified as the strongest predictor of consumer loyalty in the present study.

## CONCLUSION

Artificial Intelligence has become an essential component of modern digital marketing, enabling organizations to deliver personalized and engaging advertising experiences. The findings of this study demonstrate that AI-generated advertising significantly influences both brand trust and consumer loyalty. Consumers generally perceive AI-generated advertisements as innovative, relevant, and helpful, leading to greater confidence in brands and stronger purchase intentions. The study also confirms that brand trust plays a vital role in enhancing consumer loyalty, indicating that trustworthy AI-generated communication is fundamental for sustaining long-term customer relationships. The regression analysis provides strong empirical evidence that AI-generated advertising positively contributes to brand trust, which subsequently strengthens consumer loyalty. Therefore, organizations should adopt AI-driven advertising strategies while ensuring transparency, authenticity, and ethical use of consumer data. By balancing technological innovation with responsible marketing practices, businesses can enhance customer satisfaction, strengthen brand equity, and achieve sustainable competitive advantage in the increasingly digital marketplace.

## REFERENCES

1. Ameen, N., Tarhini, A., Reppel, A., & Anand, A. (2021). Customer experiences in the age of artificial intelligence. *Computers in Human Behavior*, 114, 106548.
2. Chatterjee, S., Rana, N. P., Tamilmani, K., & Sharma, A. (2022). The impact of AI-driven digital marketing on customer engagement: A systematic review and future research agenda. *Technological Forecasting and Social Change*, 174, 121–134.
3. Chen, L., Zhang, Y., & Liu, H. (2024). Artificial intelligence-driven advertising and consumer engagement in social media. *Journal of Interactive Marketing*, 67, 101–118.

4. Davenport, T. H., & Ronanki, R. (2018). Artificial intelligence for the real world. *Harvard Business Review*, 96(1), 108–116.
5. Davenport, T., Guha, A., Grewal, D., & Bressgott, T. (2020). How artificial intelligence will change the future of marketing. *Journal of the Academy of Marketing Science*, 48(1), 24–42. <https://doi.org/10.1007/s11747-019-00696-0>
6. Dwivedi, Y. K., Hughes, L., Ismagilova, E., Aarts, G., Coombs, C., Crick, T., ... & Williams, M. D. (2021). Artificial Intelligence (AI): Multidisciplinary perspectives on emerging challenges, opportunities, and agenda for research, practice and policy. *International Journal of Information Management*, 57, 101994. <https://doi.org/10.1016/j.ijinfomgt.2019.08.002>
7. Grewal, D., Noble, S. M., Roggeveen, A. L., & Nordfält, J. (2020). The future of in-store technology and artificial intelligence in retailing. *Journal of the Academy of Marketing Science*, 48(1), 96–113.
8. Haenlein, M., & Kaplan, A. M. (2022). Artificial intelligence and robotics: Shaking up the business world and society at large. *California Management Review*, 64(3), 5–31.
9. Huang, M. H., & Rust, R. T. (2021). A strategic framework for artificial intelligence in marketing. *Journal of the Academy of Marketing Science*, 49(1), 30–50. <https://doi.org/10.1007/s11747-020-00749-9>
10. Kumar, V., Ramachandran, D., & Kumar, B. (2021). Influence of artificial intelligence on customer relationship management and customer engagement. *Journal of Business Research*, 124, 278–291.
11. Lee, J., & Kim, S. (2024). Consumer perceptions of AI-generated advertising: The role of credibility and transparency. *Journal of Advertising Research*, 64(1), 35–48.
12. Lim, W. M., Kumar, S., Ali, F., & Rasoolimanesh, S. M. (2022). Advancing knowledge through artificial intelligence in marketing: A review and future directions. *Journal of Business Research*, 146, 223–236.
13. Mariani, M., Baggio, R., Fuchs, M., & Höepken, W. (2021). Artificial intelligence in marketing: A bibliometric review and future research agenda. *International Journal of Contemporary Hospitality Management*, 33(1), 1–28.
14. Paramasivan. C (2016), Conceptual Analysis of Consumer Exploitation in Organized Retailing, *International Journal in Management and Social Science*, Vol.04 Issue-06, pp-206-210
15. Ravichandran. G., & Paramasivan. C (2026) A study on the impact of AI – Driven Personalization in Digital Marketing on Consumer Satisfaction, *DOAJ Listed Journal of Applied Taxation and Policy*, 2(2), 46-55
16. Rust, R. T., & Huang, M. H. (2021). The service revolution and the transformation of marketing through artificial intelligence. *Journal of Service Research*, 24(1), 3–18.
17. Sharma, P., Singh, R., & Verma, S. (2023). Artificial intelligence personalization and consumer loyalty in online retailing. *Journal of Business Research*, 161, 113842.
18. Singh, A., & Kaur, P. (2023). Consumer attitudes toward AI-generated advertising: The role of innovation and personalization. *Marketing Intelligence & Planning*, 41(5), 612–628.

19. Verma, S., Sharma, R., Deb, S., & Maitra, D. (2022). Artificial intelligence in online retailing: Effects of recommendation systems on consumer behavior. *Journal of Retailing and Consumer Services*, 65, 102873.
20. Wang, Y., Li, X., & Chen, Z. (2023). Artificial intelligence in e-commerce advertising and consumer purchase intention. *Electronic Commerce Research and Applications*, 58, 101248.
21. Yadav, M., & Rahman, Z. (2023). Building consumer trust through AI-enabled digital marketing: An empirical investigation. *Journal of Retailing and Consumer Services*, 71, 103245.
22. Zhao, H., Wang, Q., & Li, Y. (2024). Brand trust as a mediator between AI-generated advertising and consumer loyalty. *Journal of Business Research*, 174, 114457.