

## **Quality Perception And Ethical Considerations Of Ai-Generated Influencer-Based Advertisements In India**

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### **Abstract**

The rise of artificial intelligence has changed the face of advertising practices worldwide by improving personalization creativity and reaching the intended audience. On the other hand, it has posed ethical dilemmas, including but not limited to violating privacy, disinformation, and prejudice. In India, AI-supported advertisements have benefitted the consumers' experience or provoked a backlash, which makes understanding the customers' attitudes and the ethical aspects of this practice relevant. This research examines the relationship between the perception of quality and the moral issues surrounding AI-generated Influencer advertisements in India, where diversity and digitization are flourishing. In advertisements, AI in India offers prospects and obstacles due to the nation's unique social setting. This qualitative research analyses the contents of AI-generated influencer-based advertisements and is substantiated quantitatively through surveys. We stressed the need for transparency in addressing ethical issues in India as in other countries which are part of the mainstream AI ethics and consumerism in emerging markets literature. Restricting it to India gives an interesting perspective on the quality versus ethics debate in the advertising sector, which is both varied and ever-changing. As AI reconfigures how creativity and efficiency will be cultivated, seeking and sustaining consumer trust will be crucial in balancing its growth projection within the Indian economy.

**Keywords:** AI-generated advertisements, Quality Perception, Ethical Considerations, AI-generated Influencers, AI Ethics in Advertising

### **Introduction**

There has been a swift growth in artificial intelligence (AI) in recent years, which has been utilized by creative production and modifies the traditional dependency on human labor and analog tools (Song et al., 2024). It is a technology that has become a very vital aspect of our lives and allows easy facilitation of our tasks. The algorithm that is used to analyze complex data would have an impact on the results because AI renders neural networks with deep learning capabilities, as a result of which we are already witnessing the quick follow-ups of our preferences via advertisements and messages, making 'India the world's largest market for AI-related technologies, valued at over \$7.8 billion in 2021' (Singh, 2024). India's AI market is

estimated to grow by more than 40% Compound Annual Growth Rate (CAGR) between the years 2020 and 2025 and to reach \$8 billion, which allows them to have space for American Businesses through their developing digital ecosystems with initiatives such as Digital India (U.S. Department of Commerce, 2024). The Government of India also wants to pave the way for the adoption of AI technologies forming four committees, and hence, considering all the possible effects of AI on the economy and society and to conclude with a policy framework on AI (Ministry of Electronics and Information Technology [MeitY], n.d.).

The advertising sector is evolving through Generative AI (GenAI) enabled personalized video advertisements (Kapoor & Kumar, 2024). AI uses Natural Language Processing (NLP), Speech Recognition (SR), Image Recognition (IR), Natural Language Generation (NLG), and speech and image generation that supports advertisers in multiple activities related to advertising like “personalization, ad optimization, and automated ad generation” (Ford et al., 2023). The increased application of Artificial Intelligence in content creation has become the subject of attention in every industry across the globe, India being no exception. News, films, promotional materials, or any social platform constitutes AI-produced media, which naturally has given birth to conversations about the standards and the moral aspects of such produced works. AI technology enables automation and customized content creation, allowing brands and content producers to develop various content for diverse audiences.

A study also reveals that if a brand is known to engage with society for its betterment and ethical practices, then the negative impact of AI-generated advertisements is reduced (Sands et al., 2025). Quality determines the acceptance level of AI content in a country like India, which has a unique social setting and diverse cultures, languages, traditions, etc. In media, the meaning of quality is precision, relevance, and, most importantly, the ability to meet the language and culture of the audience.

While advertisers are enjoying the advantage of generative technologies, they also bring ethical implications of these technologies like breach of privacy, misinformation, and discrimination, which compromise the user’s trust regarding content produced by AI, citing reasons such as potential abuse of advertisements with deep-fake technology and the presence of biased AIs may intensify the social divides (Alfandi et al., 2024). With the rapid digitization of a country like India, which is socially complex, the ethical concerns related to AI-generated content are intricate. Concerns like misinformation, data privacy, bias, and transparency are at the topmost of the ethical dimensions of AI content generation. Discussions on the ethical concerns related to “AI advertising advise advertisers that in applying AI technologies, it is necessary to prevent bias in algorithms, safeguard consumers' privacy, and establish algorithmic transparency and interpretability” (Gao et al., 2023).

AI-generated content poses an unprecedented challenge to the authenticity and ethics of communication because customers often face difficulties in distinguishing between human and computer-produced content, which can harm perceptions of quality when ethical issues like deceit or privacy invasion arise (IEEE Xplore, 2024). Artificial intelligence in managing advertising campaigns often makes good use of user data, which contains privacy risks regarding

user data collection, storage, and processing. If these matters are not resolved promptly, they can affect the quality of campaigns since customers may feel victimized or overly controlled (AI Ethics Journal, 2024).

This study aims to examine the perception of quality as well as the issues of ethics associated with AI-generated media content in India. Due to the increase in the use of AI-generated influencers in media, We narrowed down our area of focus from the overall consumer perception to the quality perception of the advertisements that featured AI-generated influencers. Thus, our study was designed to achieve three objectives: Firstly, to assess user perceptions of quality in AI-generated influencer-based advertisements in India. Secondly, to assess the extent to which consumers are aware of and impacted by the ethical concerns related to AI-generated influencer-based ads in the Indian market. Finally, it explores the relationship between ethical lapses, such as data misuse or disinformation, and the perceived quality of AI-generated influencer-based advertisements among Indian consumers. To this end, we developed the following research questions:

RQ1. What is the quality perception of Indian consumers regarding AI-generated influencer-based advertisements in terms of creativity, relevance, accuracy, and overall effectiveness?

RQ2. How well are Indian consumers aware of the ethical concerns related to AI-generated influencer-based advertisements and their relationship with quality perception?

## **LITERATURE REVIEW**

The advertising ecosystem is evolving with artificial intelligence capabilities that will improve ad-targeting precision by leveraging recommendation algorithms, which, in turn, modify social media interactions and purchasing decisions dictated by advertisers, merging relevance with personalization to achieve engagement and bottom-line results; such processes trigger diverse reactions in the consumers that run from an initial reception stage characterized by positive or negative reactions (in other words, to the most individual aspects, that is, FOMO, personal interest, and prior experience) and move on to a deep-dive analysis phase that entails ad reconciliation and comparisons, finally settling on a break-point where the consumer either accepts or defies the ad (Argan et al., 2022).

AI is revolutionizing marketing communications by influencing consumer perceptions and engagement, where responses to advertising videos created by AI and human creators represented a statistically significant difference; with further analysis based on respondents' gender, it was that men and women view these ads differently. Thus, it showed the need for targeted promotional techniques based on gender (Nesterenko & Olefirenko, 2023). Hairong Li (2023) puts emphasis on and investigates the role of consumer attitudes towards AI in advertising and reaches the conclusion that consumers tend to have more favorable impressions of AI agents that look human than those that appear to be robots because study participants were

more inclined to interact with human-like AI and even give money to requests made by such AI. This illustrates the necessity for AIs to have human characteristics if their purpose is to increase the interaction and trust of consumers (Hairong Li, 2023).

Patel et al. (2023) demonstrate that AI-enabled online media is transforming marketing methods through personalized approaches, i.e., AI copywriting that mimics human thinking abilities which are replacing the traditional methods with detailed customer understanding and diverse interaction strategies, which promotes businesses to gain superior customer relationship management via feedback analysis for targeted strategies, while AI systems further enhance customer relations through trust-building, satisfaction management, and engagement and loyalty enhancement where traditional marketing increasingly falters. The examination of audience engagement by AI-generated advertising stimuli has reported that the quality, suitability, and realism of stimuli generated by AIs are relatively comparable, thus leaning on the argument that generative AIs can be an instrumental means of generating experimental advertising materials (van Berlo et al., 2024).

The credibility of AI-generated advertisements or ads with AI elements is measured differently in different cultural set-ups. In an investigation by Baudier and de Boissieu (2024), the finding, consistent with Hofstede's cultural dimension theory, showed that trustworthiness correlated with the symptoms of attitude toward social media robot influencers (SMRs) showed more significant influence among Asian respondents than in the case of Europeans who mainly cared about anthropomorphism, expertise, and physical attractiveness. Apart from Europe, other Western cultures like the US also identified six key attributes that significantly impact consumer acceptance of AI influencers: anthropomorphism, attractiveness, luminary status (expertise and credibility), quality of content, trendiness, and robophobia (fear or apprehension toward AI technology) (Hoffman et al., 2021, Feng et al., 2024). Rungruangjit et al. (2024) revealed that relational, entertaining, or emotionally charged (positive or negative) content strongly affected the consumer's interaction with it. In contrast, rationally appealing information, such as informative or remunerative messages, drew relatively lower engagement (Rungruangjit et al., 2024).

The combination of innovative technologies like self-learning systems enables the exploration of an enormous quantity of customer data from social media platforms and the creation of specific, real-time, customer background-based advertisements for the target consumer by marketers (Sun et al., 2022). Shumanov et al. (2022) discovered that matching the appeal of the advertising to consumers' personality traits increases persuasion, excluding individuals who are high in neuroticism and react better to mismatched messaging. Studies have analyzed the potential of artificial neural networks in predicting consumer habits for direct-to-consumer (DTC) brands. Ghosal and Prasad (2023) found that DTC brands can benefit from Artificial Neural Networks (ANN) to a greater extent since predicting buying behavior is more accurately assisted in assortment planning and while making decisions. With the emergence of better neurophysiological instruments and the application of machine learning, there is better processing of looking into consumer ad selection behavior based on emotional and physiological

reactions. Marques et al. (2024) have shown that activity in electrodermal activity and facial expression analysis can predict the preferences of consumers; Joy, Disgust, and Surprise affect the feedback given on the advertisement.

Adopting AI-powered intelligent recommendation engines and predictive analytics technologies has significantly enhanced the success of marketing, permitting businesses to produce campaigns that can significantly enhance engagement with consumers and raise concerns about data breaches (Zhao, 2024). Research conducted by Baek, Kim, and Kim (2024) found how AI disclosure information influences consumer reactions and perceptions of pro-social advertisements and determined that consumer recognition of AI-based delivery triggered adverse effects on donor behavior by decreasing the credibility levels and AI acceptance combined, resulting in lower donation intentions. Although the disclosure of AI background decreased perception credibility, the anthropomorphic portrayals of AI helped control negative emotional responses. Donation plans remained positive when consumers could trust the ad (Baek et al., 2024).

According to Harsanto and Jakti (2023), AI technologies have changed product advertising photography from mere image capture to ultra-realistic imaginary graphics; while upgraded in design and purpose, they instill existential angst among artists for fear of extinction and raise ethical questions of origin reference and vagueness. Van Berlo et al. (2024) reinforce the importance of ethical considerations but do so in the use of generative AI for advertising research, particularly regarding transparency, accountability, and fairness. The transparency of AI generators is paramount, which is why advertisers and researchers must explicitly convey to prospects that any stimuli presented in their research have had any amount of human intervention so as not to confuse them, misrepresent the nature of the stimuli, or erode their trust while preserving diversity and inclusion to modify bias such as gender stereotypes and ensure fair representation in advertising research (Van Berlo et al., 2024). If AI demonstrates unethical behavior, then it will hurt the human-AI relationship. Hence, there is a need to address such ethical concerns to develop a seamlessly integrated AI into various areas (Ahn et al., 2024).

## **THEORETICAL BACKGROUND**

AI marketing is experiencing a revolution because it boosts operational speed and delivers customer data-based insights and personalized service. Hairong Li (2023) describes introducing artificial intelligence into ad systems and cognitive and affective intelligence to boost marketing engagements. He believes that components such as empathy, sympathy, and compassion are assigned to the humanitarian aspects of AI, which are principles of humanity that can lead to better customer relations in marketing and, most famously, productive marketing for businesses that utilize them (Hairong Li, 2023). The content creator base has created new digital influencers with millions of followers (Vierman et al. 2017), gaining celebrity status (Senft, 2008). The meaning transfer model of McCracken (1989) argues that celebrity status influencers transfer their meaning to the endorsed product. The AI-generated Influencers transfer the

meaning of intersections between technology and creativity. ‘The source attractiveness models’ (Till & Busler, 2000) and ‘source credibility models’ (Spry et al., 2011) can play an important role in understanding the consumers' perspective of AI-generated influencer-based advertisements. We, therefore, used these models for the study to understand the quality perception of the consumers, and we further combined them with ‘the meaning transfer model’ of McCracken (1989) to look at the impact of ethical concerns on the quality perception of the virtual influencers' innovativeness and futuristic prospects. Further, we stressed that the transparency of AI generators is paramount to increase credibility (Van Berlo et al., 2024), so advertisers and researchers must explicitly convey to prospects that any stimuli presented in their research have had any amount of human intervention.

## METHODOLOGY

A mixed-method approach using both qualitative and quantitative was used to conduct this study. We first selected two of the most popular Indian AI influencers based on the number of followers on Instagram, Naina (naina\_avtr; 427k Instagram followers) and Kyra (kyraonig; 251k followers). Though there are other AI influencers such as Tia Sharma (@tiasharma.ai), Sravya (@sravyagram) followers are far fewer than the selected two. Naina was launched in the year 2022 by Meta Labs Avtr. She is a lifestyle influencer who endorses brands like Scalpe, Sofy, Fikaa, etc. She also has 455k subscribers on YouTube, and 193 videos have been posted on her official YouTube channel (@NainaAvtr). There are only two advertisements on the official YouTube channel, as she is more active on Instagram in terms of doing advertisements. On Instagram, she has 35 video advertisements; the other videos are on daily activities, lifestyle, fashion, travel, etc. Kyra was also launched in 2022 by Futr Studios. She is seen endorsing brands like L'oreal, BoAt, Titan, etc. She has 102k subscribers on YouTube, and 56 videos are posted on her official YouTube channel (@kyraonig). We segregated 13 advertisements from the 56 videos for further analysis. On Instagram, she has a total of 50 reels, out of which there are 17 advertisements, 13 of which coincide with the ads posted on YouTube. In total, we have selected 52 advertisements for both Kyra and Naina on Instagram, as both influencers were more active in the study. Instagram has the most prominent short video format reels in India, forming a ground for influencers to pitch their brands and marketers' products. It is the top platform for influencer marketing (Influencer Hunter, 2021). A survey was also conducted for the quantitative analysis of 50 participants between 18-26 years to substantiate the arguments. The sample was selected using the convenience sampling method. A 5-point Likert scale was used to measure the participants' views, ranging from Strongly Agree to Strongly Disagree. The Strongly Agree is coded as 1, Agree as 2, Neutral as 3, Disagree as 4, and Strongly Disagree as 5. Using SPSS, we tabulated groups of questions related to the research questions on quality perception, ethical considerations, and the relationship between them using the variables of trust, credibility, authenticity, transparency, fair representation, relevance, accuracy, creativity, engagement, and overall effectiveness.

## **ANALYSIS AND DISCUSSION**

### **Consumer Perception Regarding AI-generated Advertisements**

AI-generated influencers give brands unique control over the image and messages they want to put forth. Unlike human influencers, virtual personalities can be envisioned to work along with specific aesthetics and values relevant to the brand, allowing practically uniform representation. This precision allows the design of personalized content that speaks to the target audience. It is challenging for modern business practices to exist without sophisticated AI tools like GPT-3 and other NLP-based tools, including Copy.ai and Writesonic, which represent various creation systems that help organizations with content creation and using AI's data analytics marketers can offer personalized content for better engagement with real-time adjustments that enhance marketing effectiveness (Nirwana et al., 2023).

Kyra was created before the generative AI Wave hit; hence, she does not look realistic but more like a video game character (Forbes India, 2024). Till now, her avatar remains the same and, therefore, lacks the human touch. One of the significant reasons brands choose celebrities and influencers for collaborations and endorsements (Torres, et al., 2019) is that when consumers see someone who is highly admired and uses a particular product, the potential audiences are urged to purchase that to identify with that influencer or celebrity. Here, Kyra is easily distinguishable from an actual human being; therefore, the consumers will be aware that it is not real.

There, however, exists a diversity of opinions that consumers hold about the content designed through these influencers. Some appreciate the virtual influencers' innovativeness and futuristic prospects; others see them as lacking human warmth or an informal demeanor. The hyper-perfect aesthetic of an AI-generated persona, the perfection of which is unattainable, can sometimes further promote unrealistic beauty standards, thus alienating some of the audiences who seek sincerity.

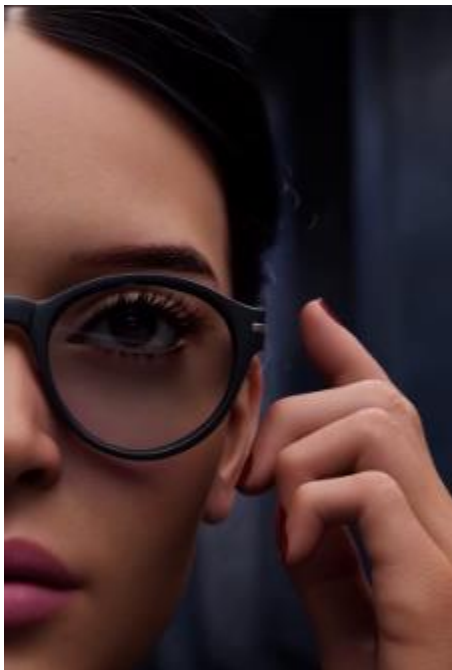
### **Advertisement 1**

boAt X Kyra \_ Rockerz 330ANC \_ Welcome To The Future Of Audio #SoundThatMatters



## Advertisement 2

The secret is out! In my All-New Agent Kyra avatar with the All New Titan EyeX 2.0.



There is no doubt that the above-given examples of advertisements are highly creative, and Kyra fits well with their futuristic aesthetics, which is relevant to both of the brands. Using computer-generated visuals provides a new appeal that stands out against traditional influencer content. While Kyra delivers the brand message clearly and concisely, the use of an AI-generated influencer may raise questions regarding authenticity, because of which there is the risk of undermining trust among viewers who value genuine human connection.



Talking about Naina, the team at Meta Labs Avtr developed Naina through its "body double" method that uses actual human footage of a model followed by AI face replacement at a lab before finalizing her voice using voice swap technology (Forbes India, 2024). With the help of this technology, Naina lives, makes content, and collaborates with celebrities in the real world. Over the years, Naina's facial appearance has been refined using AI technology. In the earlier ads, Naina is easily recognizable as an AI character even though she shoots content in the real world.

### **Advertisement 3**

Fikaa



### **Advertisement 4**

Fikaa



The facial features have been refined to the level that it is almost undetectable that she is an AI influencer, but that is the case until she is not communicating verbally. When she is delivering a statement or a dialogue, even with a small amount of attention, it can be observed that the words and the voice are not in sync all the time, making people aware that while the person who is standing in the video is real, the face they carry is not. We agree that the information she presented is accurate and relevant per the brand's requirements, and the voice swap technology is creative and innovative, contributing to the ad's quality.

The overall effectiveness of the advertisement depends upon which aspect of the advertisement matters the most to the consumers. If creativity, innovation, and futuristic aesthetics appeal to them more, these advertisements will be acceptable. However, if both authenticity and human touch matter to them, then these advertisements will not be able to engage one section of the consumers. Kim and Wang (2024) indicated that human-like virtual influencers were equal in effectiveness to human influencers in not-for-profit communications due to greater authenticity and credibility. In contrast, anime-like virtual influencers were unsuccessful in profit campaigns due to a consumer's persuasion knowledge lowering their perceived authenticity, suggesting that authenticity and credibility must occur for marketing to be successful. The acceptance is not just visual but transcends to vocal as well. AI and human voices intrigued the listeners in a relatively similar way in multitasking contexts. Over half of the participants could not distinguish human-

produced from AI-produced voices, suggesting a growing comfort level with using AI for audio advertising (Lu, Tran, and Ngo, 2024).

As per the survey, a bunch of opinions were received from the participants. Following the parameters of trust, credibility, authenticity, transparency, and fair representation, the participants presented mixed opinions on these issues. The majority of the participants remained neutral on the idea of AI-generated influencers being trustworthy and credible. Most of them disagreed about authenticity and believed that the tone of the AI-generated influencer-based advertisements does not feel authentic. However, it was closely followed by the people who agreed that the tone of the AI-generated influencer-based advertisements feels authentic. Another parameter was transparency, to which the majority of them agreed that these advertisements are transparent about the use of AI-generated characters and, therefore, will not mislead the audience.

On the other hand, 47.9% of participants feel that the use of AI in influencer marketing will lead to deceptive practices. The last parameter was fair representation, which includes inclusiveness and cultural sensitivity. While most participants again took the neutral position, it was followed by the percentage of people who agreed that AI-generated influencer advertisements ensure fair representation without exploiting cultural stereotypes. Continuing this topic of fair representation was the question of whether the presentation of AI-generated influencers is such that it avoids reinforcing harmful. However, regarding authentic beauty standards, a large chunk of the participants took the neutral position, while that percentage was followed by those who disagreed.

### **Table 1**

The percentage of acceptability of AI-generated influencer-based advertisements

	Strongly Agree Row N %	Agree Row N %	Neutral Row N %	Disagree Row N %	Strongly Disagree Row N %
23. AI influencers will replace human influencers in the future.	6.4%	44.7%	12.8%	21.3%	14.9%
24. The future use of AI influencers in influencer advertising will depend upon consumer acceptance.	12.8%	59.6%	19.1%	8.5%	0.0%
25. In future, clients can reach out to the AI influencers directly without any middle person to market their product.	2.2%	60.9%	19.6%	13.0%	4.3%
26. Creating an AI influencer will be an important part of advertising for future businesses.	6.4%	55.3%	25.5%	10.6%	2.1%
27. In future, competition might develop amongst AI influencers	21.3%	61.7%	10.6%	4.3%	2.1%

Another aspect influencing the acceptability of AI-generated influencer-based advertisements is the perception of quality, which depends on accuracy, creativity, engagement, and overall effectiveness. The survey participants were asked a few questions to measure the parameters' quality perception. The majority of the participants disagreed that the AI-generated influencer appears realistic and seamlessly blends into the advertisements. This shows that although these ads are creative and innovative and present futuristic aesthetics, the ability to make the AI-generated influencers appear realistic is not up to the mark yet. Regarding accuracy, more than half of the participants agreed that the AI-generated influencer delivers the intended message without confusion. When asked whether the influencer is believable and credible, positively influencing the brand perception, most participants stayed neutral, showing their indecisiveness, which was followed by the percentage of people who agreed. The idea of using AI-generated influencers is to make the brand stay relevant to the audience and make the advertisement engaging. When comparing the engagement between AI-generated and traditional influencer ads, 34.7% of the participants took the neutral position, while 26.5% disagreed.

### **Relationship between Quality Perception and Ethical Considerations**

The ethical concerns related to these AI-generated influencer ads are another key topic that needs to be addressed. By presenting marketers with the opportunity to find patterns and trends from consumer information, to target numerous strategies for further interactions and customer retention, and combining AI with blockchain technology improves the security and privacy of data, addresses consumers concerned about data breaches, and builds trust in digital marketing (Zhao, 2024). Multiple ethical issues arise when engaging with these kinds of advertisements. For example, in Naina's advertisements, people do not understand that they are watching an AI-generated influencer at one glance. Therefore, this responsibility falls upon the advertisers to disclose that an AI-generated human has been used in the video ad. In advertisements like the Oppo, it has been disclosed that Naina is an AI-generated influencer who maintains transparency. However, in advertisers like Scalpe, it has not been disclosed, which might mislead consumers.

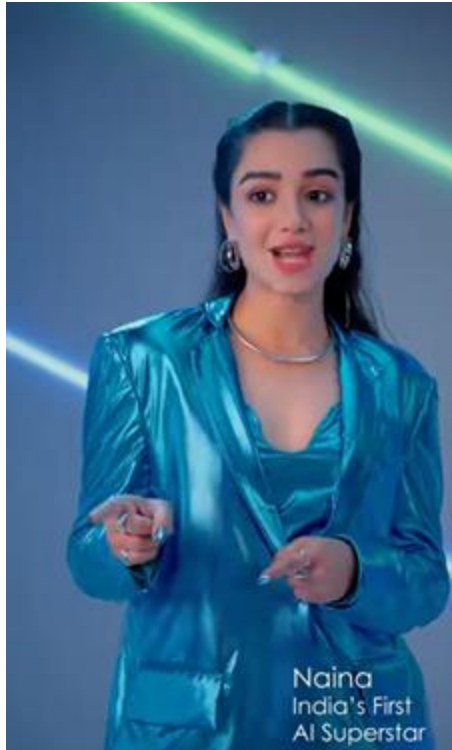
### Advertisement 5

□ □ Mic check... Hair check! □ □



### Advertisement 6

Unboxing just got a whole lot smarter! Join Sharvari and AI Superstar Naina to take on challenges and unbox the #OPPOReno12Pro with AI power!



## Advertisement 7

Sunfeast Farmlite



Talking about Kyra, she is seen endorsing food brands as well, like the Sunfeast Farmlite advertisement. Taking the example of the same, Kyra is seen creating recipes from the oat biscuits by Sunfeast Faarmlite. It is not physically possible for an AI-generated influencer to eat or create these recipes, bringing up the ethical problem that such kinds of influencers are pre-programmed and therefore cannot have an opinion about it themselves, which makes whatever statements that they give out to be not what they stand for. From this, another ethical concern can be brought up, i.e., AI-generated influencers do not have any control over the statements they give out, and if such statements turn out to be true, they cannot be held accountable for it.

## **Table 2**

The percentage of respondents on the impact of ethical concerns on quality perceptions



	Strongly Agree Row N %	Agree Row N %	Neutral Row N %	Disagree Row N %	Strongly Disagree Row N %
18. If I learn that an influencer in an advertisement is AI-generated, my perception of the advertisement's quality decreases.	8.7%	43.5%	32.6%	15.2%	0.0%
19. The use of AI-generated influencers in advertisements makes me question the authenticity of the advertised product or brand.	6.5%	52.2%	30.4%	10.9%	0.0%
20. I find AI-generated influencer advertisements less persuasive due to ethical concerns.	4.3%	61.7%	19.1%	12.8%	2.1%
21. If a brand uses AI influencers without ethical transparency, I am less likely to purchase from that brand.	21.7%	45.7%	21.7%	10.9%	0.0%
22. AI-generated influencer advertisements create unrealistic beauty and lifestyle standards, making them ethically problematic.	14.9%	40.4%	25.5%	17.0%	2.1%

The quality perception of the advertisements is related to the ethical concerns that come with such kinds of ads. The participants were asked to establish whether the ethical issues affect the perception of quality. The purchase intentions depend upon the use of AI influencers with or without ethical transparency. About 45.7% thought that if a brand is not transparent about the use of AI influencers, then they are less likely to purchase from that brand. Also, most participants find these ads less persuasive due to ethical concerns. The awareness regarding the use of AI influencers decreases the ad's quality perception and raises questions about the authenticity of the advertised product or brand.

From the current analysis, we can deduce a relationship between ethical concerns and quality perception. Consumers are less likely to engage with such brands if they are not transparent and accountable regarding its actions. If consumers who value authenticity feel that the advertisement uses ultra-realistic imaginary graphics and is manipulative, the perception of quality goes down. If consumers cannot trust the AI-generated influencer's words, then that advertisement's accuracy decreases. Further, if consumers know that an AI-generated influencer



has been used but has not been explicitly disclosed, that erodes their trust and, therefore, lowers quality perception regarding accuracy and relevance.

## **CONCLUSION**

The impact of Artificial Intelligence on the advertising landscape and its capability to transform consumer engagement is undeniable. However, the ethical concerns surrounding these advertisements cannot be ignored. The findings suggest that quality perception is central to consumers' acceptance of AI-generated influencer advertisements. Although the consumers agree that the aspects such as creativity, personalization, and futuristic aesthetics of these ads contribute to the immersive experience, they often struggle with problems related to authenticity, realism, and emotional connection. The study shows that even though AI-generated influencers can communicate the required message effectively, they lack the human warmth and demeanor that gives a sense of trust and reliability. Furthermore, consumers have mixed opinions regarding the credibility and trustworthiness of AI influencers, with many remaining neutral about the ability of AI influencers to replace human ones.

The study also highlights the ethical concerns related to AI-generated influencer-based advertisements. Such ethical issues include transparency, misinformation, fair representation, etc. Given the artificial nature of the influencers, the potential to mislead the audiences increases. If the AI nature of these influencers is not revealed, then concerns regarding deceptive advertising practices will arise. In addition, placing AI influencers in advertisements to promote things they cannot physically interact with, such as food and skincare products, raises questions regarding accountability and credibility. The study also attempts to establish a relationship between quality perception and ethical considerations. Consumers who find ethical problems in the advertisements tend to rate the quality as low. Specifically, using an AI influencer without adequately disclosing it as an AI character will compromise consumer trust and reduce the engagement and effectiveness of the ad. Therefore, ethical transparency is an important factor in ensuring the positive perception and acceptability of the advertisements. According to the study, brands must maintain transparency and ethical responsibility in their AI-driven advertising efforts. Declaring about the AI-generated elements of the advertisements can build trust. Furthermore, brands must balance innovation and ethical considerations to create a sustainable advertising ecosystem that does not exploit or mislead consumers. Ultimately, using the mixed method approach, this study offered insights into the consumer perception of quality and their attitude towards AI-generated influencer-based advertisements. However, the study would have been much better if the sample size had been larger. It also shows the importance of ethical responsibility in AI advertising. As AI continues to evolve in advertising, balancing technological advancement and ethical responsibility will be essential in shaping consumer perception.

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