Exciting or Unsettling? How Fantasy and Disclosure Shape Consumer Responses to AI Advertising

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The increasing use of artificial intelligence (AI) in advertising raises important questions about how creative strategies and transparency cues shape consumer responses. This 2 x 2 experimental study investigates the effects of fantasy appeals and AI disclosure on brand attitude, purchase intention, and electronic word-of-mouth (eWOM). Results from structural equation modelling reveal a consistent pattern across outcomes. Fantasy increases both perceived innovation and eeriness, generating competing indirect effects: innovation enhances consumer responses, whereas eeriness suppresses them. In contrast, AI disclosure does not increase eeriness but significantly reduces perceived innovation, thereby indirectly lowering consumer responses. No interaction effects were found. These findings highlight the central role of perceptions of innovation in the effectiveness of AI advertising and identify an innovation-eeriness trade-off that shapes consumer reactions to AI-generated advertising.
Keywords: AI advertising; fantasy appeals; AI disclosure; innovation; eeriness; consumer responses