Advertising Inside Generative AI: How Ad Formats and Ad Controllability Shape Consumer Agency

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Abstract

With the emerging integration of ads into native Generative AI (GenAI) outputs, this study examines how ad controllability and ad format shape consumer responses to advertising embedded in AI interactions. A 3 (ad type: separated vs. in-text vs. follow-up) × 2 (ad controllability: absence vs. presence) between-subjects experiment was conducted. The results show that ad controllability increases consumer agency, which in turn enhances trust in AI and advertising effectiveness. Behavioral data further reveal that users who voluntarily chose to keep ads reported significantly higher ad attitudes and purchase intentions than those who opted out. Interaction effects showed that separated and in-text ad type are benefited by ad controllability. Regarding ad type, in-text ads were perceived as less intrusive than separated and follow-up formats, indirectly increasing trust and advertising effectiveness. Findings suggest that responsible GenAI advertising must prioritize explicit control features to preserve user agency without compromising commercial viability.

Keywords: Generative AI advertising, Ad controllability, Consumer agency, Native advertising, Trust in AI