

## **REDUCING AI AVERSION AND BOOSTING CONSUMER PRUDENCE: EXPLORING DISCLOSURE TACTICS FOR AI-GENERATED CONTENT IN ADVERTISING**

Imagine browsing through social media, and an ad pops up. It features a stunning model wearing vibrant green trousers that seem fantastic for you. You click the ad, watch a video, and decide to buy these trousers. But what if you knew the ad was created entirely by artificial intelligence (AI)? Would that change your decision? Past research suggests that it would. Many people react negatively upon learning that content was AI-generated, even going so far as to post derogatory and critical comments online, causing a ripple effect of negativity.

This reaction of negativity stems from a phenomenon called *algorithm aversion*, where consumers inherently distrust AI-generated content. Even if the ad is compelling, this skepticism can override its persuasive appeal. To avoid such backlash, many companies opt not to disclose AI involvement. However, withholding this information is ethically problematic. Transparency and ethical practices demand that companies reveal AI authorship to ensure consumers can make informed choices.

Our project addresses this challenge, exploring whether and how AI authorship can be disclosed in ways that reduce algorithm aversion while maintaining the ad's effectiveness and building consumer prudence. This goal is risky, as it seeks to reconcile seemingly opposing priorities: ethical transparency, business success and socially responsible behaviors. Yet, it is necessary for ethical, business, and societal development.

As a part of this project, we will conduct a series of experiments to test various disclosure tactics for revealing AI authorship, as well as the circumstances in which these tactics may succeed or fail. For example, would your reaction to an AI-created ad differ if the disclosure was presented humorously, with a playful tagline like, “*Styled by AI, approved by humans—who knew AI had such good taste*”? Or what if the disclosure humanized AI and reduced the gap between AI and humans: “*Meet Ava, our creative AI assistant, who co-designed this ad. It took her 10 coffee breaks and countless hours analyzing the latest advertising trends to bring you this ad*”. Moreover, what if these approaches were combined and humor was integrated with a humanizing tone: “*Made by our AI assistant. Spotted any mistakes? Well, everybody makes mistakes! Just remember, it's hard to draw with virtual hands*”.

Through our experiments, we aim to uncover disclosure tactics that protect consumers while preserving the impact of AI-generated ads. Specifically, we will explore how humor, narrative, humanization, and combinations of these tactics affect consumer perceptions. These tactics will be tested across various product categories, such as fashion, travel, finance, and health-related products (e.g., dietary supplements), as consumer responses to disclosures might vary depending on the product type. We will also examine different advertising contexts, from lighthearted domains like fashion to more serious ones, such as healthcare or political messaging, where transparency may play a more critical role.