

AI-Generated Advertisements on Consumer Acceptance with the Mediating effect of Perceived Intelligence in AI Endorsement

Perceived
Intelligence

Nishadi G.P.K.

*Department of Marketing, Faculty of Management and Finance
University of Ruhuna, Sri Lanka
nishadi@mgt.ruh.ac.lk*

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Abstract

Digital marketing strategies have evolved globally due to the rapid growth of AI-generated advertisements. However, little is known about how consumers perceive and respond to AI-generated ads, particularly in diverse economies like Sri Lanka. Unlike traditional human endorsements, AI-generated endorsements lack human agency, raising questions about their reliability and persuasiveness. Additionally, research has looked at the legitimacy of AI-generated advertisements, but less has looked at how AI-generated endorsers might act as intermediaries to affect consumers' acceptance of these advertisements. Thus, the purpose of this study is to analyze the impact of AI generated advertising on consumer acceptance of technology with a particular focus on Perceived Intelligence in AI generated endorsement as the mediator. A sample of 200 respondents who lived in Sri Lanka and had experience with AI technology provided the primary data. The findings showed that two of the four elements of AI-generated advertisements, synthesis and verisimilitude, have a significant impact on the perceived intelligence of AI-generated endorsements. However, neither vitality nor imagination much affects consumers' acceptance of technology. Additionally, it was shown that the relationship between AI-generated advertisements and consumer acceptance is partially mediated by Perceived Intelligence in AI endorsement. The results of this study have important practical ramifications for policy makers and marketers in numerous ways. Marketers need to first develop methods that emphasize increasing perceived intelligence. Furthermore, as highlighted by the increased significant impact of synthesis, the ability to blend and create something new from preexisting pieces is essential in AI-generated advertisements because it allows the creation of dynamic, personalized, and economically viable material that is appropriate for specific audiences and campaigns.

Keywords: AI generated Advertisements, Consumer Acceptance, Perceived Intelligence in AI Endorsement.



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Introduction

Background of the study

Artificial intelligence (AI) has become more integrated into advertising at present than in the past (Gu et al, 2024; Baek et al, 2024; Burlakov et al. 2020). The market for AI in advertising was estimated to be worth \$12.8 billion in 2022 and is expected to expand at a compound annual growth rate (CAGR) of 19% to reach \$50.8 billion by 2030 (Horgby & Galizzi, 2024). Furthermore, due to the significant increase in its use globally, the market for artificial intelligence (AI) technology is anticipated to rise rapidly (Floridi, 2024). This development is mostly due to marketing professionals' growing use of AI tools (Baek et al, 2024). According to Kim et al (2024), 80% of marketing executives use AI in their advertising efforts. Because of its benefits, the use of artificial intelligence (AI) in advertising techniques has grown in popularity (Song et al, 2024). Thus, assessing AI-generated ads' efficacy and influence on brand perception requires an understanding of customer acceptability (Wu et al, 2025; Horgby & Galizzi, 2024; Floridi, 2024).

Consumer acceptability and confidence in AI advertisements are influenced by virtual brand ambassadors and AI-generated testimonials (Wu et al, 2025; Dwivedi et al., 2021). Digital marketing strategies have evolved globally due to the rapid growth of AI-generated advertisements (Floridi, 2024; Yu et al, 2024). However, little is known about how consumers perceive and accept ads created by artificial intelligence, particularly in countries like Sri Lanka where the population is diverse (Jayawardana et al, 2023). Furthermore, Priyashani & Ariyapperuma (2024) found that there aren't many in-depth analyses of how AI affects Sri Lankan customers' acceptance, despite the abundance of research studies available in foreign contexts.

Problem Identification and Research Gaps

Research on AI-generated advertising has mostly concentrated on Western markets, ignoring collectivist societies like Sri Lanka (De Mooij, 2019). Additionally, research has looked into the legitimacy of AI advertisements, but less has looked into how AI-generated endorsers can act as intermediaries in influencing consumers' acceptance of AI-generated advertisements (Silva et al, 2024; Jayawrdana et al, 2023; Mallawaarachchi, 2019). Further, there is not enough empirical data on how Sri Lankan customers view AI-generated endorsers in comparison to human influencers, despite the fact that AI-generated advertisements provide affordable marketing options (Priyashani & Ariyapperuma, 2024; Jayawardana et al, 2023).

Additionally, businesses in Sri Lanka lack a practical understanding of how AI-generated endorsements impact consumer trust, engagement, and willingness to accept AI-generated ads, limiting their ability to optimize AI-driven marketing strategies (Arachchi & Samarasinghe, 2024). Although AI makes data-driven, cost-effective marketing possible, cultural incompatibilities and trust concerns cause Sri Lankan businesses to face distrust from customers (Arshad & Imithiyas, 2024). Furthermore, the majority of AI-generated ads are not culturally sensitive, which lessens their impact in Sri Lanka's collectivist, high-power distance society (Dewasiri et al, 2023). According to Wanniarachchi et al. (2024), customers in Sri Lanka's collectivist society frequently rely on community-based decision-making and place their trust in established companies,

professional judgments, and conventional advertising approaches. Concerns about authenticity and the absence of human presence in marketing may make Sri Lankans, a nation that has a high degree of uncertainty avoidance, less likely to believe AI-generated endorsements.

Research Objectives and Questions

The aim of this study is to investigate the moderating role of AI-Generated Advertisements on Consumer Acceptance with the mediating effect Of AI Endorsement.

To achieve this objective, the study focused on the influence coming from four dimensions of AI generated ads; Verisimilitude, Vitality, Imagination and Synthesis on Consumer Acceptance when the degree of AI endorsement act as the mediating variable. Thus, the following research questions were formulated aligning with the above objective.

Research Questions

1. What is the role of Verisimilitude on Perceived Intelligence in AI Endorsement?
2. What is the role of Vitality on Perceived Intelligence in AI Endorsement?
3. What is the role of Imagination on Perceived Intelligence in AI Endorsement?
4. What is the role of Synthesis on Perceived Intelligence in AI Endorsement?
5. Do Perceived Intelligence in AI Endorsement mediate the Impact of AI generated Advertisements on Customer Acceptance?

Literature Review

AI Generated Advertisements

Artificial intelligence (AI) is a branch of computer science that studies intelligent computers that use intelligent behavior to perform jobs that were previously only performed by humans (Sadiku et al., 2021). Additionally, AI may be able to assist in resolving some of the most difficult socioeconomic problems facing the globe.

Due to its ability to adapt to shifting consumer demands and increase sales efficiency, artificial intelligence has become more and more popular on the internet and social media. The social media user experience has been enhanced by AI (Yeo et al., 2022). Through searches, blogs, tweets, comments, and debates on websites, mobile devices, or in-person meetings, consumers utilize a variety of digital platforms to express their needs, wants, and opinions (Bartschat et al. 2022).

Consumer Acceptance of AI

Consumer's Willingness to Accept AI describes how receptive customers are to interacting with and believing ads produced by artificial intelligence (Baek et al, 2024). AI-generated commercials, in contrast to conventional ones, optimize content customization and distribution through machine learning and algorithms (Kaplan & Haenlein, 2020).

AI-driven ads are growing more common in Sri Lanka as a result of the country's increased digital connectivity, where as of January 2024, 12.34 million people utilize the internet,

accounting for 56.3% of the total population (Hewapathirana & Perera, 2024). According to studies, AI-generated ads increase click-through rates by 35%, brand awareness by 45%, and purchase rates by 30%, hence improving marketing effectiveness (Song et al, 2024).

Perceived Intelligence in AI Endorsement

The degree to which customers believe AI-driven material to be knowledgeable, creative, and able to improve their decision-making process is known as Perceived Intelligence in AI Endorsement (Li et al., 2022). High levels of AI Endorsement increase trust, engagement, and willingness to accept AI-generated ads (Riesner, 2025). On the other hand, perceived strangeness has the opposite effect on consumer acceptance (Gu et al., 2024). AI Endorsement is influenced by a number of important elements, including as AI's capacity to deliver contextually relevant material, effectively tailor ads, and exhibit technological complexity (Park & Son, 2025). Because they offer precise product recommendations, increase user experiences, and improve purchasing decisions, research indicates that AI-generated ads that are viewed as intelligent are more likely to be trusted and interacted (Jiang et al. 2024). Increased perceptions of AI's intelligence are also a result of well-designed AI, accurate predictions, and smooth automation of AI-generated ads, which makes them more compelling and interesting (Gu et al., 2024).

Conceptual Framework and Hypotheses Development

Through careful examination of the existing literature, the conceptual framework of the present study was developed as follows.

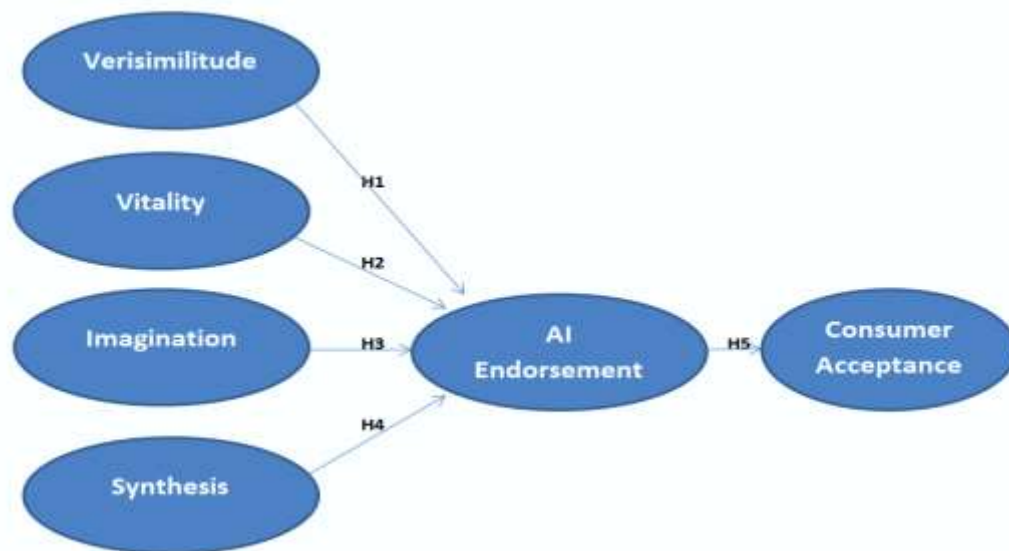


Figure 01. Conceptual Framework

Source: Author's presentation

Verisimilitude on Perceived Intelligence in AI Endorsement

The perceived authenticity and realism of AI-generated material is known as verisimilitude in AI-generated advertising, and it is a key factor in deciding how effective the content is (Laco, 2024). How well AI-generated ads mimic real-life components, especially in terms of visual correctness, human-like depiction, and contextual relevance, is crucial to their effectiveness (Gu et al. 2024). These ads lack the subtle fusion of human rational thought and artistic sensibility that is characteristic of traditional human-created advertisements, even though they are based on designer prompts and input (De Cicco; 2024; Horgby & Galizzi, 2024). Even while AI-generated images have advanced significantly, addressing minute nuances that can affect how a buyer perceives a product still presents difficulties (Yu et al, 2024). Particularly sensitive markers of verisimilitude include facial expressions, hand gestures, skin realism, and hair texture; even little discrepancies can make AI-generated content seem strange or unnerving (Ercan et al, 2024).

Because they can detract from the advertisement's intended realism, such discrepancies increase consumer distrust and decrease engagement (Song et al, 2024). On the other hand, more realism in AI-generated ads increases consumer immersion and trust because lifelike and realistic AI-generated characters foster a greater sense of familiarity, which raises engagement and perceived intelligence (Gu et al, 2024; Ercan et al. 2024). Nevertheless, the uncanny valley effect, a psychological reaction in which viewers view the commercial as unnatural or unsettling, can occur when AI-generated images are unable to accurately depict human-like characteristics, further reducing its impact (Seyama & Nagayama, 2007).

Furthermore, studies show that greater verisimilitude lessens the possibility that consumers may view AI-generated ads as dishonest or misleading (Denslinger, 2025). This lends credence to the notion that AI-generated endorsers ought to be quite similar to actual people in order to prevent consumers from feeling uneasy or suspicious (Gu et al. 2024). Because this method guarantees a greater degree of emotional connection and authenticity, many advertisers still favor using actual people in ads, bridging the gap between AI-generated and human-created content (Gu et al. 2024; González & Vergauwen, 2005).

H1: Verisimilitude of AI advertisement has a significant influence on Perceived Intelligence in AI Endorsement

Vitality on Perceived Intelligence in AI Endorsement

Consumer reactions are significantly influenced by vitality, which is the degree of emotional stimulation and involvement in AI-generated ads (Wu et al, 2025; Liu et al, 2025). AI-generated commercials that are dynamic and interactive have a tendency to draw in customers more successfully than static or conventional ads, which makes them more memorable and captivating (Liu et al. 2025). To increase customer engagement and involvement, high-vitality ads frequently use motion visuals, vivid colors, quick cuts, and emotionally stirring stories (Grewal et al. 2021).

According to research, social media shares of AI-generated ads that evoke strong emotions are more likely to occur, increasing vitality and brand exposure (Cheng & Jiang, 2022).

Additionally, since consumers are more likely to relate to ads that arouse feelings like joy, excitement, nostalgia, or empathy, emotionally engaging AI content improves brand memory and fortifies consumer-brand interactions (Paschen et al., 2020). It can be difficult to get the ideal mix of life in AI-generated ads, though. Content that is too dynamic or stimulating can cause cognitive overload, which makes it harder for users to properly digest the intended message (Yu et al, 2024).

Additionally, cultural variations in emotional reactions need to be acknowledged because what is deemed interesting and captivating in Western markets could be viewed as overwhelming or unsuitable in more traditional countries (Yam et al, 2023).

Marketers should use AI-powered endorsers to adjust the visual and emotional elements' strength based on the preferences of their target audience in order to maximize the life of AI-driven advertising (Yu et al, 2024). By doing this, AI-generated ads may optimize interaction while guaranteeing that the content speaks to customers without being distracting or overwhelming their senses (Kim et al, 2024).

H2: Vitality of AI advertisement has a significant influence on Perceived Intelligence in AI Endorsement

Imagination on Perceived Intelligence in AI Endorsement

By producing distinctive, eye-catching, and theoretically inventive ads that might not be possible with conventional techniques, AI helps brands to push the limits of creativity (Shi et al. 2025). According to research, consumers are more intrigued, curious, and interested in highly creative AI-generated ads, which eventually improves brand contact and engagement (Aljarah et al. 2025). AI creates engaging and memorable consumer experiences by producing hyper-realistic fantasy worlds, alternative realities, and unexpected visual tales (Mazurkiewicz-Pizlo, 2025).

However, AI's innate lack of human intuition and emotional intelligence can occasionally limit its capacity to create creative ads that are relevant to culture and context (Gu et al., 2024). Even while AI can produce intricate textual and visual content, it frequently fails to understand human emotions and cultural quirks, highlighting the value of human review in honing AI-generated creative thoughts (Kaplan & Haenlein, 2020). Brands should mix human narrative skills with AI-driven creative aspects to successfully include imagination into AI-generated advertising (Kim et al, 2024). This will guarantee that ads stay both inventive and emotionally impactful (Laco, 2024).

But sometimes, AI's ability to produce innovative advertisements that are appropriate for the culture and context may be constrained by its intrinsic lack of human intuition and emotional intelligence (Gu et al, 2024). The importance of human review in refining AI-generated creative ideas is highlighted by the fact that, despite its ability to create complex textual and visual content, AI usually fails to comprehend human emotions and cultural peculiarities (Kaplan & Haenlein, 2020). To successfully include creativity into AI-generated advertising, brands need combine human storytelling abilities with AI-driven creative elements (De Cicco et al, 2024; Kietzmann et al, 2021). This will ensure that advertisements continue to be creative and emotionally powerful.

H3: Imagination of AI advertisement has a significant influence on Perceived Intelligence in AI Endorsement

Synthesis on Perceived Intelligence in AI Endorsement

By integrating several digital elements, like deepfake technology, voice synthesis, AI-generated images, and AI-enhanced animations, this method improves narrative coherence and engagement, but it also adds complications related to perception and authenticity (Aljarah et al. 2025; Shi et al, 2025).

Synthesis in AI-generated ads has serious problems, especially with regard to realism and consumer perception, even while it has the potential to boost digital creativity (Kit et al, 2023). Inconsistencies may occur because AI works by rearranging and enhancing preexisting elements, which could result in distortions in visual representation. Individual components in AI-generated material may seem inconsistent or unnatural when synthesis is not refined, which lowers the overall visual quality and erodes customer confidence in the commercial (McAlister et al, 2024).

A condition known as false pastiche, in which digital compositions seem fragmented or unnatural, might arise from AI-driven content that excessively depends on synthetic pairings without a distinct feeling of coherence, leading to viewer distrust (Floridi et al. 2018). While a well-executed and visually cohesive advertisement in advertising promotes customer goodwill toward a business, over-synthesis can evoke a spooky feeling by obfuscating the distinction between fiction and reality (Zarouali et al., 2021).

The ethical ramifications of AI's capacity to alter human voices, characteristics, and marketing messaging are among the most important synthesis-related issues (Song et al. 2024; Kit et al, 2023).

AI-generated ads can maximize storytelling and customization, but they also raise questions about deceit when highly altered or deepfake imagery distorts consumers' views of reality (Ercan et al, 2024). According to research, customers are especially sensitive to AI changes made to human looks and voices since they might erode brand credibility and foster mistrust (Floridi et al. 2018). Customers may object to AI-generated material if it seems unduly manufactured or deceptive since they believe that advertising tactics are opaque (Yu et al, 2024). Furthermore, excessive synthesis might raise ethical questions regarding digital media, especially when AI is utilized to produce misleading but incredibly realistic ads (Park and Son, 2025; Kietzmann et al, 2021).

H4: Synthesis of AI advertisement has a significant influence on Perceived Intelligence in AI Endorsement

Mediating effect of AI Endorsement on Consumer Acceptance of AI generated Ads

Because consumer perception of AI Endorsers directly affects trust, engagement, and buy intentions, it is crucial in establishing the efficacy and acceptability of AI-generated ads (Aljarah et al. 2025; Shi et al, 2025; Hewapathirana & Perera, 2024). Customers' perceptions of AI-generated content are greatly influenced by important perceptual elements including perceived

intelligence and eeriness (Shi et al, 2025; Gu et al, 2024). Perceived eeriness causes uneasiness, skepticism, and avoidance behaviors, especially when AI content displays unnatural human-like traits (Wu et al, 2025). In contrast, high degree of AI Endorsement increases trust and engagement by presenting AI-driven ads as knowledgeable and pertinent (Aljarah et al. 2025; Gu et al., 2024).

Furthermore, customer perceptions of AI-generated ads are influenced by elements including emotional appeal, realism, transparency, and personalization (Floridi et al. 2018). Consumer acceptance and favorable brand perceptions are more likely to result from an AI commercial that strikes a balance between high intelligence, low eeriness, and contextually relevant content (Zarouali et al., 2021). Therefore, understanding consumer perception is crucial for marketers seeking to optimize AI-driven advertising strategies, ensuring that AI-generated content is credible, engaging, and aligned with consumer expectations (Gu et al, 2024; Laco, 2024; Baek et al, 2024).

H5: Perceived Intelligence in AI Endorsement mediates the relationship between AI advertisements and Consumer Acceptance of AI generated ads.

Methodology

Research Approach

The current study looks at how AI-generated ads affect consumer acceptance using a positivistic approach, with perceived intelligence acting as a mediating factor. According to Hair et al. (2010), positivism is a philosophical perspective that stresses the use of scientific methods and empirical data to the study of social phenomena. In keeping with positivism, the researcher employed a quantitative method for data collection and analysis in this study. Therefore, the study's objectives were to use statistical analysis to evaluate hypotheses and determine causal links between variables.

Sampling Design and Data Collection

Sri Lankan consumers who are exposed to AI-generated ads on a variety of digital channels make up the study's population. This demographic was selected because it is crucial to studying how culture affects the adoption of AI-generated advertisements, how they are perceived as intelligent and eerie, and how eager they are to interact with them.

The target audience exposed to AI-generated ads is reflected in the sample, which is carefully selected to represent a variety of demographic categories, including age, education level, and career position, in order to assure external validity. To improve the validity and reliability of the study's findings, variables including sample size, cultural background, and exposure to digital advertising are taken into account. The sample's structured survey responses will yield empirical information about Sri Lankan consumers' perceptions and interactions with AI-driven ads.

Sample Selection Technique

Convenient sampling was employed in this study in accordance with Hair et al. (2010)'s guidelines since the sample is conveniently accessible and readily available within a given time frame. It has been shown that this process determines the 200-person study sample size.

Model Specification and Data Analysis

A multi-dimensional model was evaluated in the current study using Smart Pls, a typical PLS-SEM tool (Ringle et al., 2015; Sarstedt et al, 2016). Due to its extensive use as a composite-based estimator or concurrent investigation of structural equation models with latent variables in business research, partial least squares route modeling was selected (Cheah et al., 2020). According to scholars working in the field today, PLS-SEM was created by Herman Wold in 1970 as a substitute estimator for covariance-based structural equation modeling (Jöreskog & Wold, 1982).

Analysis

Measurement Model Assessment

Within the measurement model, statistical relevance to reliability, validity, and multi-collinearity are determined for evaluating the quality of the constructs as follows.

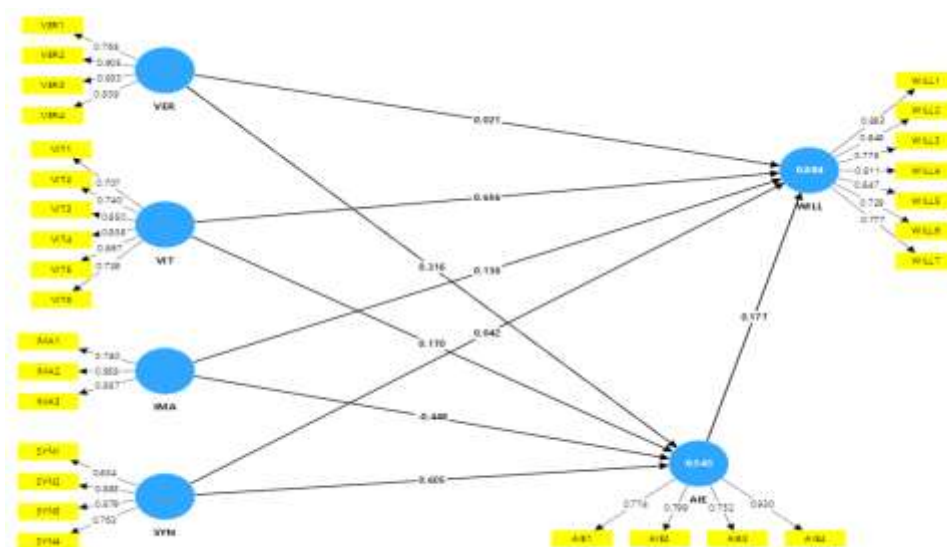


Figure 02. Measurement Model

Source: Author's presentation

Reliability

The reliability statistic is used to confirm that results hold up when measurements are taken again, according to Hair et al. (2010). The reliability of the current study was examined in the following ways in accordance with the guidelines of Hair et al. (2010).

Table 01. Reliability

Description	Cronbach's Alpha	Composite reliability	Composite reliability	Average variance extracted
Verisimilitude	0.885	0.904	0.921	0.746
Vitality	0.879	0.889	0.909	0.625
Imagination	0.849	0.906	0.909	0.771
Synthesis	0.861	0.872	0.906	0.707
AI-Generated Endorsement	0.830	0.838	0.888	0.667
Willingness to Acceptance of AI-Generated Advertisements	0.913	0.926	0.931	0.659

Source: Author's estimation using Survey data, 2025.

The above shows all of Cronbach's alpha values for Verisimilitude, Vitality, Imagination, Synthesis, AI-Generated Endorsement, Willingness to Acceptance of AI-Generated Advertisements between 0.885 and 0.913 exceeding the threshold level of 0.7. In addition, the statistics for composite reliability have fallen between 0.904 and 0.926, further proving that the items used to measure each dimension are good enough to measure that particular dimension.

Validity

According to the findings of the existing theories, the validity of the current study was determined considering the convergent and discriminant validity as follows.

Convergent validity

Based on the standard loading estimates 0.5 or higher and ideally 0.7 or higher, it was determined that the repeated measurements of the same concept are correlated and the scale is good enough to measure the intended concept (Hair et al, 2018). When it comes to the present study, the data on table 01, further illustrate how items are correlated with each other. According to the results, it was revealed that all the dimensions have higher Average Variance Extracted values, proving that the items used to measure the dimensions are converged together.

Discriminant validity

Discriminant or Divergent validity means the degree to which two conceptually similar concepts are distinct (Hair et al, 2010). The notion of Discriminant Validity is that, if two or more concepts are unique, then valid measures of each concept should not be correlated (Hair et al, 2010). Further, it is highlighted that summated scale is correlated with a similar, but conceptually different measure (Hair et al, 2018). For the purpose of measuring the Discriminant Validity, the present study applied two most commonly used methods namely Fornell and Larcker (1981) criterion and Heterotrait-Monotrait Ratio (HTMT Ratio) as follows.

1. *Fornell and Larcker (1981) criterion*

Fornell and Larcker (1981) criterion is one of the most commonly used methods of determining discriminant validity. According to the data in Table 02, all the AVE values across the diagonal are greater than their correlation with all other constructs. So, the establishment of the Discriminant Validity of the current study was decided based on the higher AVE values across the diagonal.

Table 02. Fornell and Larcker Criterion

Description	AI Endorsement	Imagination	Synthesis	Verisimilitude	Vitality	Willingness to Acceptance of AI-Generated Advertisements
AI Endorsement	0.817					
Imagination	0.396	0.878				
Synthesis	0.684	0.767	0.871			
Verisimilitude	0.642	0.777	0.841	0.867		
Vitality	0.613	0.793	0.867	0.864	0.926	
Willingness to Acceptance of AI-Generated Advertisement	0.674	0.774	0.853	0.844	0.791	0.812

Source: Author's estimation using Survey data, 2025.

2. *Heterotrait-Monotrait Ratio (HTMT Ratio)*

To ascertain the discriminant validity, the Heterotrait-Monotrait Ratio (HTMT) was employed in addition to the Fornell and Larcker approach. The discriminant validity of the current study was established using the (HTMT) value < 0.85 as the threshold level, in accordance with the findings of Hair et al. (2018) and Henseller et al. (2015). Therefore, the information in Table 03 shows the following outcomes of discriminant validity using the HTMT approach.

Table 03. Heterotrait-Monotrait Ratio (HTMT Ratio)

Description	IMA	PDCE	PE	PI	SYN	VER	VIT	WILL
IMA								
PDCE	0.174							
PE	0.175	0.253						
PI	0.170	0.183	0.408					
SYN	0.230	0.092	0.281	0.237				
VER	0.253	0.269	0.267	0.155	0.194			
VIT	0.053	0.294	0.079	0.166	0.203	0.225		
WILL	0.261	0.285	0.179	0.021	0.166	0.306	0.296	

Source: Author's estimation using Survey data, 2025.

As per the data on Table 03, it is depicted that all the HTMT values lie below the threshold level of 0.85. Thus, Discriminant Validity of the present study was determined proving that the measurements of the basic concepts are distinct from each other.

Indicator Multicollinearity

To assess multi-collinearity in the indicators, the Variance Inflation Factor is used by the researchers (Fornell & Bookstein, 1982). Further, the findings Hair, et al., (2010), revealed that the multi-collinearity problem is not occurred when the VIF values for the indicators are below the threshold level 5. Thus, the data on table 04 proved that there is no issue of multi-collinearity having the VIF values lower than the threshold level 5.

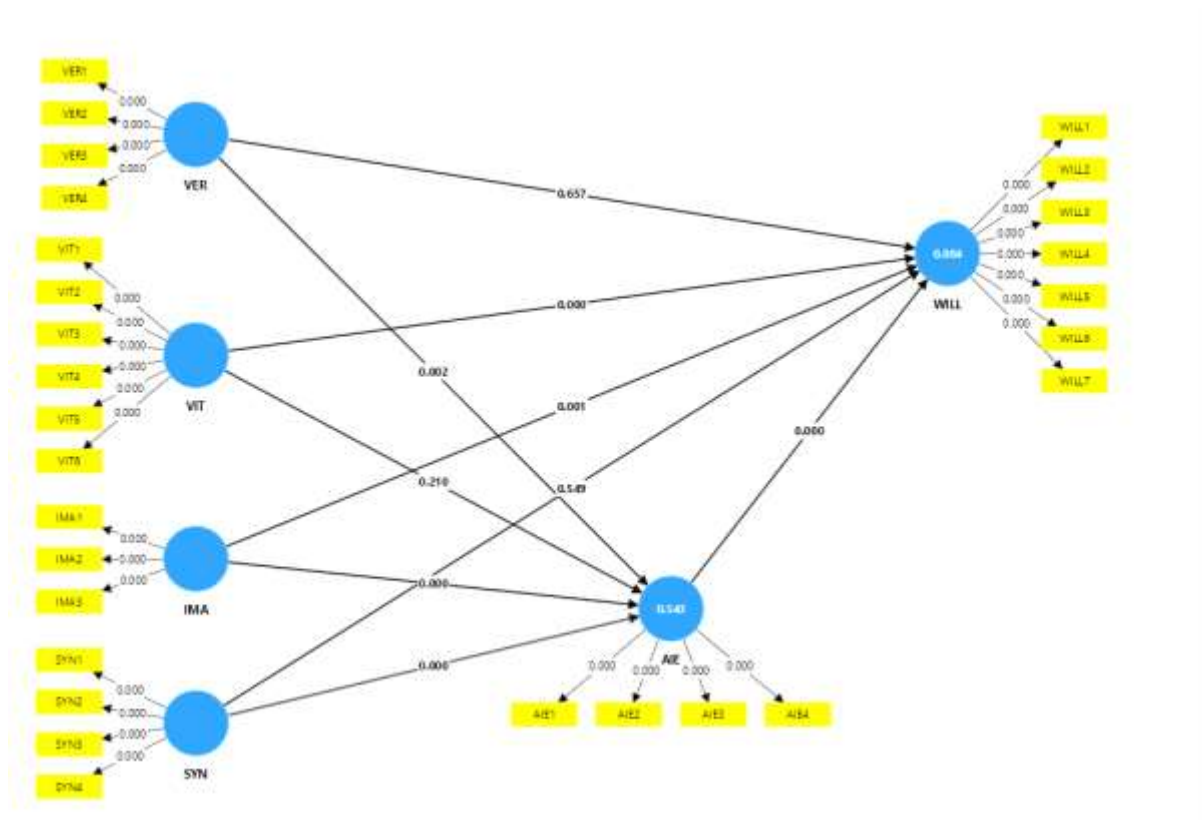
Table 04. Multicollinearity

Verisimilitude	VIF	Imagination	VIF
VER1	1.760	IMA1	1.758
VER2	2.877	IMA2	4.184
VER3	4.868	IMA3	3.154
VER4	3.395		
Vitality	VIF	Synthesis	VIF
VIT1	2.213	SYN1	2.639
VIT2	2.117	SYN2	2.534
VIT3	4.244	SYN3	2.593
VIT4	4.105	SYN4	1.668
VIT5	4.425		
VIT6	2.228		
Mediation Variable	VIF	Endogenous Variable	VIF
AI Endorsement		Willingness to acceptance of AI-Generated Advertisements	
AIE 1	1.624	WILL1	3.279
AIE 2	3.142	WILL2	2.924
AIE 3	2.538	WILL3	2.484
AIE 4	4.988	WILL4	3.343
		WILL5	3.120
		WILL6	1.800
		WILL7	2.704

Source: Author's estimation using Survey data, 2025.

Structural Model Analysis

The structural model defines how particular latent constructs influence changes in the values of other latent constructs in the model whether directly or indirectly (Hoyle, 2012). Thus,



the relationship between exogenous variables and endogenous variables was determined based on the statistics of path coefficients, confidence intervals, model fit, R^2 , and F^2 as follows.

Figure 03. Structural Model

Source: Author's presentation

Model Fit

The overall fit of the structural model was evaluated to determine how well the suggested causal relationships between the latent constructs fit the research data before delving into the outcomes of the hypotheses presented by the current investigation. In model fit, the previous theories explain that the SRMR (Standard Root Mean Residual) value should be less than 0.08. According to the data in Table 05 below, the SRMR value of 0.078 which is less than 0.08 highlighted that the residual error is quite good. Then, the Normative Fit (NFI) value of 0.803 which is closer to the threshold level of 0.9 further proved that the structural model has a quite good fit.

Table 05. Model Fit

Description	Saturated model	Estimated model
SRMR	0.078	0.078
d_ULS	2.499	2.499

d_G	4.944	4.944
Chi-square	3592.897	3592.897
NFI	0.803	0.803

Source: Author's estimation using Survey data, 2025.

Coefficient of Determination (R²)

This indicates the degree of variance in the endogenous variables that may be accounted by each of the associated exogenous variables (Hair et al, 2018). Furthermore, the combined effects of the exogenous latent variable on the endogenous latent variable are represented by the coefficient. The data shown in Table 06 visually represents the coefficient of determination as follows.

Table 06. Coefficient of determination

Description	R-square	R-square adjusted
AIE	0.543	0.534
Consumer Acceptance	0.884	0.881

Source: Author's estimation using Survey data, 2025.

As shown in the Table 06, the R² value of 0.543 for Perceived Intelligence (PE) suggests that 54.3% of the variation in AI endorsements is explained by AI ad characteristics (verisimilitude, vitality, imagination, and synthesis). Based on the recommendations of both Hair et al. (2018) and Falk & Miller (1992), an R² value above 0.10 is considered acceptable. Thus, the current study's model demonstrates a respectable level of explanatory power for AI-generated endorsements.

Additionally, the R² value of 0.884 for Willingness to Accept AI-Generated Advertisements (WILL) indicates that 88.4% of the variation in willingness to accept AI-generated ads is determined by Perceived Intelligence and AI ad characteristics. This high R² value suggests that the model has strong predictive power in explaining consumer acceptance of AI-generated advertisements.

Path Coefficients and Hypothesis Testing

The path coefficients, T values, and significance of the paths are used to evaluate the structural model, which reflects the paths proposed in the study framework (Latiff et al., 2020). According to Garson (2013), the loadings and weights of path coefficients were used to quantify performance for both reflective and formative measurement models. Thus, the data given in Table 07 visually represents the results of path coefficients, t values, and p values.

Table 07. Path Coefficients and Hypothesis Testing

Hypothesis	Path	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STD EV)	P values	Results
H1	VER ->	0.316	0.308	0.101	3.111	0.002	Supported

AIE							
H2	VIT -> AIE	0.178	0.184	0.142	1.345	0.198	Not Supported
H3	IMA -> AIE	0.170	0.178	0.136	1.255	0.210	Not Supported
H4	SYN -> AIE	-0.448	-0.442	0.084	5.351	0.000	Supported
H5	AIE -> WILL	0.177	0.177	0.030	5.897	0.000	Supported

Source: Author's estimation using Survey data, 2025.

As per the data shown in Table 07 above, two of the four elements of AI generated advertisements have a positive influence on AI Endorsement. Among the two components, Synthesis has the biggest impact on AI Endorsement accepting Hypothesis 04, with a t value bigger than 1.96 and a p value less than 0.05 ($t = 5.351$, $p = 0.000$). The adoption of Hypothesis 01, which claims that Verisimilitude has the second-highest impact on AI Endorsement, was then settled upon having $t=3.111$ with $p=0.002$. However, it should be noted that both Vitality and Imagination have no bearing on the formation of AI Endorsement, hence rejecting hypothesis 02 and Hypothesis 03 ($t = 1.45$, $p = 0.198$ and $t = 1.255$, $p = 0.210$). In the end, it was shown that Perceived Intelligence in AI Endorsement has a favorable impact on the Consumer Acceptance of Artificial Intelligence, proving a partial mediation, while accepting Hypothesis 05 ($t=5.897$, $p=0.000$).

Conclusion

Discussion

To investigate the impact of synthesis, verisimilitude, vitality, and imagination on perceived intelligence in AI endorsements, hypotheses 1, 2, 3, and 4 were developed. Among these, Verisimilitude has a substantial impact on AI-generated suggestions (H1, $\beta = 0.316$, $p = 0.002$). These results are consistent with previous research (Gu et al., 2024; Li, 2022; Ercan et al., 2024), which suggests that ads that emphasize realism or integration alone are less successful in boosting these endorsements than those that do. However, Neither Vitality (H2, $\beta = 0.170$, $p = 0.210$) nor Imagination (H3, $\beta = 0.170$, $p = 0.210$) revealed significant effects on AI-generated endorsements, indicating that these elements might not play a considerable role in increasing AI endorsements. Hypotheses H6, H7, H8, and H9 were proposed to explore the relationships between

Verisimilitude, Vitality, Imagination, and Synthesis in relation to customers' willingness to accept ads produced by artificial intelligence. The findings show that consumers' propensity to accept AI-generated ads is significantly positively impacted by Vitality (H7, $\beta = 0.656$, $p = 0.000$) and Imagination (H8, $\beta = 0.136$, $p = 0.001$) in line with the existing research findings (Denslinger, 2025; Gu et al. 2024; Kim et al, 2024; Song et al, 2024). The readiness to accept AI ads was not significantly impacted by verisimilitude (H6, $\beta = 0.021$, $p = 0.657$) or synthesis (H9, $\beta = 0.042$, p

= 0.549), indicating that an ad's realism and integration had no direct effect on consumer acceptance.

Practical Implications

In many respects, the practical implications of this study's findings are crucial for marketers and politicians. First and foremost, it is critical to address consumer acceptance of artificial intelligence. Results indicated that consumer acceptability of AI ads will be significantly influenced by endorsements produced by AI. As a result, marketers must create strategies that focus on raising perceived intelligence. Furthermore, the ability to blend and create something new from preexisting pieces is crucial in AI-generated advertisements since it enables the creation of dynamic, personalized, and economically viable material that is suited to particular audiences and campaigns, as emphasized by the increased significant impact of synthesis.

Last but not least, increasing verisimilitude should receive careful attention since it has a significant impact on how well consumers embrace new technology. Because verisimilitude, or the impression of realities, has a direct impact on consumer trust and the effectiveness of the campaign, making it more convincing and persuasive, and marketers can exploit this understanding when crafting their ads.

Directions for Future Researchers

Future studies should look into the various AI-generated endorsements and testimonies that best increase customer trust and engagement. Marketers may find it useful to comprehend how these various kinds affect consumer views, given the diversity in realism and authenticity of AI-generated recommendations.

Furthermore, future research should use a more varied sample set because Generation Z respondents, who are known to be more tech-savvy and open to AI-generated content, significantly influenced this analysis. By examining how older age groups, who may have varying degrees of computer proficiency, react to AI-generated endorsements, it would be feasible to ascertain whether acceptance changes by demographic grouping. The results would be more comprehensive and widely applicable as a result.

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