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Ethical Implications of AI-Generated Content in Digital Marketing: Challenges, Stakeholder Responsibilities, and Future Directions

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Abstract

AI is now used by businesses to create images, movies, and advertisements. Although this saves time and money, it also calls into question trust and honesty. Only a small number of previous research are from India, and the majority focus on a single issue at a time. This study examines the situation in India as well as the larger perspective. It doesn't gather fresh data from users. Rather, it examines, contrasts, and categorizes previous research papers, studies, and India's 2026 regulations regarding content created by artificial intelligence. The review identified six key issues: privacy (use of customer data), fairness (unfair treatment of some groups), honesty about AI use, authenticity and trust, consent and copyright (use of other people's work) and consumer choice (right to make a free choice about what to buy). It also says that India's labeling rules for 2026 will apply to audio and visual content, but not to AI-written text. The study suggests the problem is primarily not the technology, but its careless or hidden use. The paper sets out what businesses, AI tool developers, social media platforms, influencers, government bodies and consumers should do. Additionally, it provides companies with a straightforward five-step checklist: tell, check, protect, respect, and own. Lastly, it provides suggestions for further research.

Keywords: *AI-generated content, authenticity, digital marketing, ethics, consumer trust, India, AI labelling*

Introduction

Digital marketing is changing fast. Today, businesses are using artificial intelligence (AI) to build ads, produce images and videos, manage virtual influencers, and deliver personalized communications. They can reach a larger audience, increase efficiency and lower costs with artificial intelligence. That's why more and more businesses are adopting it. But this pace raises some concerns. Do consumers know that they are looking at something that was generated by A.I.? Is it okay to use their personal data? Can they trust the information they find on the internet? Scholars have raised concerns about integrity, fairness, confidentiality, and trustworthiness in AI-generated advertising (Hermann & Puntoni, 2025; Eid et al., 2024). Research suggests that people respond differently to content produced by AI based on context (Koning & Voorveld, 2025; Balaban & Phua, 2026).

In India, where AI-generated advertising is rapidly expanding, these concerns are much more serious. According to a Coimbatore poll, 73.2% of customers have seen AI-generated commercials, yet 47.8% were unaware that AI had been utilized (Abishek & Kannan, n.d.). It becomes crucial for companies to be truthful when consumers trust something they do not completely understand. Additionally, the government has begun to take action. AI-generated information must be labeled according to India's IT Amendment Rules, 2026, which went into effect on February 20, 2026 (Ministry of Electronics and Information Technology [MeitY], 2026). There are still certain holes, though, which are covered later in this essay. The majority of previous research focuses on a single subject, including labeling, virtual influencers, or privacy. There are a few deeper investigations (Hermann & Puntoni, 2025; Eid et al., 2024), but they don't examine each group's position in relation to Indian law. There are still not many studies from India. This paper attempts to close that gap. With a particular focus on India, it combines previous studies to examine the primary ethical concerns of AI-generated content in digital marketing, the obligations of every stakeholder involved, and the impact on customer trust.

Literature Review

Businesses now use artificial intelligence (AI) to make marketing text, photos, videos, ads, and virtual influencers. It helps them make content fast and reach many kinds of people. But it also brings worries about trust, fairness, privacy, and honesty. Researchers have raised these worries and say that businesses must use AI in marketing responsibly (Hermann & Puntoni, 2025; Eid et al., 2024). Hermann and Puntoni give a set of moral guidelines for using AI in marketing. They ask businesses to keep data safe, to show people fairly, to take responsibility, to avoid bias, and to give credit to the people who created the original work. The same worries are seen in India, where AI-made ads are growing fast, and where studies and new rules are now appearing.

AI lets businesses use customers' data to make content that suits each person. But if this data is misused, privacy is harmed and customers lose trust. Businesses must handle customer data with care and keep it safe (Eid et al., 2024). Roshith et al. (2026) spoke to twenty educated young people (Gen Z) living in Indian cities about AI-based personal marketing. From this they proposed the Triad-C model, which is built on consent, choice, and rules to control how AI is used. They also said that people need better digital knowledge, businesses need to be more open, and the rules need to be watched more closely, if trust is to grow. AI-made content can also show some people or groups in a wrong or unfair way. Marketers should make sure everyone is shown fairly, and should check AI content for bias (Hermann & Puntoni, 2025).

Customers do not always know that AI was used to make an ad. Research shows that telling them can change how much they trust the company and whether they want to buy.

Koning and Voorveld (2025) found that when people were told AI was used, they became more aware that the ad was trying to persuade them. This lowered their trust in the ad and the company. But the same awareness also had some good effect on trust. Balaban and Phua (2026) studied Instagram travel ads. They found that when people were told a post was made by AI, they believed less in the brand, felt less positive about it, and were less keen to buy. Studies from India show a similar problem, seen from the customer's side. Young city shoppers who see quick-delivery (quick-commerce) ads like speed and ease, but they are becoming careful about AI ads that carry no label (Darshan & Purkayastha, 2026). In a survey in Coimbatore, the two biggest reasons for low trust were privacy worries (64.7%) and not being told that AI was used (58.3%) (Abishek & Kannan, n.d.). This survey was done in one city only, so its results cannot be taken as true for all of India.

An Indian review of AI influencers says the main problems are less openness, unfair bias in the system, privacy worries, doubts about whether the influencer is real, and falling trust (Srivastava & Srivastav, n.d.). An industry report talks about an "AI paradox" in India. 48% of users trust AI-made content and 82% are comfortable with AI-led recommendations, yet most of them do not know how digital ads work (LS Digital, n.d.). This may mean that people accept AI even when they do not fully understand it. That is why businesses need to speak openly about their use of AI.

Another worry is that a person's voice, face, or creative work may be used in AI content without their permission or without giving them credit. Businesses should respect the rights of creators and ask for permission where needed (Hermann & Puntoni, 2025).

Personal AI content can make ads more useful to people, but it can also push customers unfairly. Marketers should give customers correct information, so that they can decide for themselves (Eid et al., 2024).

Responsible AI marketing needs everyone to do their part. Brands and marketing teams should check AI content before it is published, and they should own the final message. AI companies and developers should try to reduce bias, keep data safe, and be honest about what their tools cannot do. Social media platforms should help find misleading content and give people a way to report it. Influencers and creators should respect other people's rights and say so when they have used AI in a big way. Government bodies and professional groups should give clear guidelines on responsibility, privacy, and telling people about AI use. Consumers should also be encouraged to notice and report misleading content. Even so, the main responsibility must stay with the businesses that make and share the content (Hermann & Puntoni, 2025; Eid et al., 2024).

A commentary from the Observer Research Foundation said that most countries, including India, had not yet dealt with the worry that AI ads can harm consumers' safety and trust (Vats, n.d.). Since then, India has taken action. The Ministry of Electronics and Information Technology announced the IT Amendment Rules, 2026 on 10 February, and

they came into effect on 20 February 2026. The rules cover "synthetically generated information", which means content made by AI, and say that such content must carry a clear label (MeitY, 2026). But the rules mainly cover audio and visual content, so text written by AI is not covered (iPleaders, 2026). This means that many marketing messages, such as emails, product descriptions, and captions, still fall outside the labelling rules.

In short, the research so far points to several ethical problems in AI-made digital marketing: responsibility, privacy, fairness, honesty, and trust in what is real. All of them are linked to consumer trust. Research from India shows that people know little about AI use in ads and have the same worries about being told and about privacy. How people react depends on the situation, as research on telling people about AI use and on virtual influencers shows (Koning & Voorveld, 2025; Balaban & Phua, 2026; Sands et al., 2022). Most earlier studies look at one problem at a time. We still need to understand how these problems are connected, and how each group can help solve them. Ethical AI marketing should do more than increase sales. It should also protect consumers' rights and build their confidence. This leads to the research gaps discussed next.

Research Gap

Artificial intelligence is rapidly expanding within digital marketing, yet numerous questions remain unresolved. An analysis of 188 studies on AI and influencer marketing highlights the swift growth of this subject (Pilelienė et al., 2025). Nonetheless, the majority of focus has been directed toward influencer marketing. AI-generated advertisements, product descriptions, videos, and social media content have attracted considerably less attention. Additionally, it remains unclear how the phrasing, positioning, and visibility of AI labels influence individuals' comprehension and trust. There is limited knowledge about the long-term effects of AI-generated content, specifically regarding its impact on consumer purchasing decisions and brand trust. Further research is necessary to understand how companies, AI creators, social media platforms, influencers, government agencies, and consumers can collaborate to prevent deceptive content and promote ethical conduct. Among the Indian studies examined here, few focus on rural populations, various age groups, speakers of different languages, or individuals living outside major urban areas. Additionally, India's 2026 labelling regulations do not address AI-generated text, so the influence of these rules on consumer trust remains uncertain. Lastly, greater emphasis is required on issues such as copyright, privacy, fairness, and the varying responses of people from diverse cultural backgrounds and age groups. These gaps indicate the necessity for a more comprehensive understanding of how AI can be applied ethically and responsibly in digital marketing. This paper aims to address that need. It examines the six key ethical concerns, the role each stakeholder should assume, and India's 2026 regulations, all in one place.

Objectives of the Study

1. To Identify the main ethical issues in using AI-generated content in digital marketing.
2. To Examine the roles and responsibilities of different stakeholders in the ethical use of AI-generated content.
3. To Understand the influence of AI-generated content on consumer trust.
4. To Suggest practical ways to ensure the honest and responsible use of AI in digital marketing.

Research Methodology

Research Design

This research relies on previously conducted studies and available literature. It does not gather fresh data directly from individuals. It is conceptual and descriptive, focusing on analysing concepts and existing findings rather than collecting numerical data through a new survey. The study aims to explore three aspects: the ethical challenges of AI-generated content in digital marketing, the role each stakeholder should assume, and the impact of AI-produced content on consumer trust. No surveys, interviews, or experimental methods were employed. Instead, the paper examines existing research and publications, from which it proposes practical recommendations for the responsible use of AI in digital marketing.

The research utilizes the following types of sources: government regulations, scholarly articles, review articles, theoretical studies, and industry analyses. These were selected because they address AI-generated content in marketing along with its ethical aspects, including consumer trust, privacy, fairness, transparency, copyright issues, and accountability. Additionally, studies and government documents from India were incorporated to gain insight into the context specific to India.

The sources were analysed according to specific themes. Data from research articles, review articles, industry analyses, and government publications were categorized into six key themes: privacy, fairness, transparency regarding AI usage, authenticity and trustworthiness, consent and intellectual property rights, and consumer decision-making. The study subsequently compared the results across these sources to identify recurring issues, areas of disagreement among the studies, and unresolved questions. It also examined the roles that various stakeholders should assume, including companies, AI creators, social media platforms, influencers, regulatory authorities, and consumers.

This research looks into how AI can be used ethically in digital marketing, focusing on what role each stakeholder should play, how it affects consumer trust, and the specific situation in India. Since it’s based on earlier studies, its findings are only as solid as the research it draws from.

Limitations

This study has a few limitations that readers should keep in mind. It doesn't gather any new information directly from consumers but relies entirely on what previous researchers have already discovered. So, it can't show exactly how Indian consumers feel or think about AI-driven marketing—it just pulls together what others have reported. Many of the Indian studies included here are pretty small, with some focusing on just one city, like the survey from Coimbatore, and others looking at specific groups, such as young city shoppers or educated Gen Z users. Because of this, their findings might not represent people living in villages, older generations, or folks from other parts of India. The study also draws on industry reports and commentaries, along with research papers.

These are helpful for gaining insight into market activities, but they are not verified by other researchers to the same extent as journal articles. Their data should be interpreted cautiously. AI tools, marketing strategies, and regulations are evolving rapidly. New research and legislation might emerge after this document is published, potentially requiring revisions to some of the information presented here. This is particularly relevant for India's 2026 labelling regulations, whose impact remains uncertain.

Findings

This study is based on earlier research, so its findings come from comparing the studies and documents that were reviewed.

The study found six main ethical issues in AI-made content for digital marketing: privacy, fairness, honesty about AI use, authenticity and trust, consent and copyright, and consumer choice. These issues are linked to each other. For example, a personalised ad uses a customer's data (privacy) and may also push the customer to buy something (consumer choice). Hermann and Puntoni (2025) and Eid et al. (2024) also talk about these issues.

The review shows that every group has a part to play. These groups are businesses, AI tool developers, social media platforms, influencers, government bodies, and consumers. But the businesses that publish the content are the ones finally responsible for what people see. Government bodies and platforms can help by giving clear guidelines and by making misleading content easier to spot. India's new IT rules came into effect on 20 February 2026. They say that content made by AI must be clearly labelled. But the rules mainly cover audio and visual content, so text written by AI is not covered (iPleaders, 2026). Many marketing messages are text, so a large part of AI marketing is still outside these rules.

The review shows that being honest about AI use is important for consumer trust. But studies do not agree on what happens when people are told about AI use. Some studies found that telling people about AI use can lower trust. Koning and Voorveld (2025) found that it made people more aware that the ad was trying to persuade them, and this lowered their trust in the ad and the company, though the same awareness also had some good effect. Balaban and Phua (2026) found that telling people a post was made by AI lowered brand credibility and the wish to buy. The limited Indian studies seem to point the other way. Consumers seem to be more bothered when AI use is hidden than by AI itself. Young city shoppers are becoming careful about AI ads that have no label (Darshan & Purkayastha, 2026).

So, the same step, telling people about AI, may lower trust a little in the short term, while hiding it is what Indian consumers seem to dislike. These studies are few and small, so this should be seen as a pointer and not as a proof. Taken together, the findings suggest that the problem is not AI itself, but its careless or hidden use. These findings form the basis for the suggestions that follow.

Suggestions

Based on the findings, this study offers the following recommendations for each stakeholder group. Businesses and marketing teams are advised to explicitly disclose when content is generated by artificial intelligence, particularly when AI contributes significantly to its creation. They should rigorously review all content prior to publication to identify and correct errors, prevent misleading claims, and avoid conveying unfair or biased messages. The use of customer data must be contingent upon obtaining explicit consent. Furthermore, businesses should assume full responsibility for the final content, regardless of AI involvement. Additionally, organizations are encouraged to proactively label AI-generated texts—including captions, emails, and product descriptions—even in the absence of current legal requirements. Developers of AI tools should conduct regular evaluations of their systems to detect and mitigate bias, ensure robust data security measures, and maintain transparency regarding the limitations of their technologies.

Social media sites are required to show visible AI markings and provide a straightforward reporting mechanism for false information. When influencers and content creators significantly use AI, they should declare it. They need to get consent prior to using any voice, image, or creative material. Government bodies and professional groups must supply clear guidelines on labelling AI-made content. Provide straightforward examples to help small businesses adhere with rules easily, and conduct awareness campaigns in local languages. They might consider adding AI-written content to forthcoming regulations, since it currently has no coverage. Before believing or sharing content, consumers must verify its accuracy and report any suspicious material.

Companies can keep in mind five straightforward steps: Inform, Verify, Safeguard, Honor, and Take Responsibility.

- Inform individuals when AI is being utilized.
- Verify the content before distributing it.
- Safeguard customers' information.
- Honor the rights of content creators.
- Take responsibility for the final message.

Following these steps can promote transparency, fairness, and consumer confidence in AI-driven digital marketing. Some research indicates that informing people about AI use might temporarily reduce trust. However, informing them remains the correct approach. It is transparent, currently mandated by law for certain content in India, and could potentially enhance trust over time, although further research is needed.

Conclusion

Artificial intelligence can assist companies in operating more efficiently and expanding their audience. However, it also introduces certain risks. This research identified six key ethical concerns: privacy, fairness, transparency about AI usage, authenticity and trustworthiness, consent and intellectual property, and consumer choice. Each of these issues is connected to consumer confidence. Various groups have roles to fulfil, including businesses, AI developers, social media platforms, influencers, regulatory authorities, and consumers. Nevertheless, the primary accountability rests with the companies that create and distribute the content. Research findings are mixed regarding the impact of disclosing AI usage to people; some studies indicate that such labels can decrease trust. Research on this topic in India is limited and small in scale, so the findings cannot be generalized to the entire country. However, they indicate that consumers might be more concerned about undisclosed AI usage than AI itself. Therefore, the issue appears to be not the application of AI, but its careless or concealed implementation. India has already made progress in this area. According to the IT Amendment Rules, 2026, effective from 20 February 2026, AI-generated audio and visual content must be clearly labelled. However, AI-generated text is not yet covered by these regulations. For companies, five straightforward steps can serve as a guideline: Tell, Check, Protect, Respect, and Own. By adhering to these steps, businesses can utilize AI in a manner that is transparent, equitable, and fosters consumer trust.

Scope for further research

Future research can incorporate AI-created writing, films, and advertising, beyond influencer marketing. One can evaluate how the position and wording of an AI tag affect trust. It can follow the impact of AI content on buying decisions and trust as time passes. Research can delve into rural consumers and regional-language material in India. It can also investigate the practical application of the 2026 labelling regulations.

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