


Chapter 8

Consumer Behavior and Response to AI- Crafted Narratives

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ABSTRACT

The chapter investigates consumer perception and response to advertising stories based on the use of artificial intelligence (AI). The emotional appeal, trust, and perceived authenticity were examined in this light. AI-generated stories are an increasing trend in the marketing world to an extent that the need to understand its effects on consumer behavior is growing. How people reacted to AI-driven rather than human-made narratives in different product categories is also shown by the chapter based on an empirical, mixed-method study. The results indicate that the demographic attributes, digital literacy, and prior exposure to AI technologies could be crucial to determine the performance of a story. The chapter integrates the insights provided by the psychology of consumers and the theory of narrative in proposing a conceptual framework that must compete with marketers in establishing AI-assisted but human-sensitive solutions to storytelling. The aim is to develop both theoretical and practical research on narrative advertising in the age of AI.

INTRODUCTION

The current chapter starts by following the evolution of artificial intelligence as a revolutionary aspect in contemporary narrative advertising. The following introduction contains a description of the history of AI-based advertising, the importance

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of learning how consumers react to the stories, messages, and narratives produced by machines, the research problem, and the objectives that direct the analysis in the chapter.

Background and Emergence of AI in Narrative Advertising

The revolution of advertising that is based on AI lies in its capacity to reproduce and even improve human narrative capabilities. Manoharan (2024) highlights that the digital marketing environment has reached a new stage of emotional storytelling where AI systems that can analyze behavioral data, forecast emotional stimulators, and create contextually appropriate stories are becoming more important.

According to Gkikas and Theodoridis (2021), the role of AI in the study of consumer behavior is not limited to its application in automating a process, it is also the process of modeling psychological and emotional processes underlying the decision-making process. Combining machine learning and behavioural science, AI allows the brand to mimic the speech patterns of the humans and customise the story that a particular audience is going to love. Balciooglu (2025) goes on to say that the marketing narrative has evolved past the old in the forms of the narrative designs to a new form of AI structures, which entails combination of data analysis and storytelling on the elements of creativity. The evolution is a tremendous change in the sense and emotion creation in the discipline of advertising where the algorithms do not only say what is being said about the things but also how people feel about the said things.

There are also new ethical and perceptual problems accompanying introduction of AI in advertising. Although it can be used with precision and efficiency, it contains very serious questions of authenticity. Mechanization of creativity disrupts the historic expectations of consumers to discover storytelling as the uniquely human process. With algorithms generating stories that seem emotionally intelligent, it becomes unclear what counts as authentic and synthetic forms of expression, and their development requires further comprehension of how the audience interprets and reacts to the new form of communication.

The Significance of Learning the Consumer Reaction to AI-Generated Stories

Awareness of consumer reaction to AI-generated narratives is critical since such reactions will either make a marketing campaign successful or unsuccessful in an AI-based world. As Dogra and Dogra (2025) emphasize, the ability of AI to seamlessly combine both data-driven insights and narrative can only be used to engage consumers better provided that the audience views the stories as authentic

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