The Coolness of AI-Generated Luxury Ads: Effects of Luxury Purchase Types and Advertising Visuals on Perceived Verisimilitude and Creativity

Sanghee Kim, Texas Tech University

Keywords: AI-generated luxury advertisement, Luxury purchase type, Visual effect, Perceived verisimilitude, Perceived creativity

Introduction. Amid this digital transformation in advertising, luxury brands like Valentino and Gucci have taken the lead in creating AI-generated advertisements. Such AI-generated luxury product advertising enhances brand preference and purchase intention (Park & Ahn, 2024). However, AI-generated luxury ads can potentially be categorized according to different types of luxury purchases: luxury goods and experiential services (Kim et al., 2025). Further, these ads can appeal particularly to Millennials and Gen Z, as they are digital natives who frequently indulge in luxury for self-gifting. Moreover, AI-generated advertising visual effects can be either virtual or realistic, as synthetic advertising has sparked debates about the balance between creativity and realism in imagery (Campbell et al., 2022). Given these debates, it is also essential to explore the impact of AI-generated ads on perceived verisimilitude and creativity. Nonetheless, a notable research gap remains in understanding how different types of AI-generated luxury ads (i.e., luxury purchase types and advertising visual effects) affect consumers' perceptions. Further, there is limited insight into how these ads influence consumer perceptions, self-gifting behavior, and branding strategies. To address these gaps, this study draws on dual process theory to explore how luxury purchase types (product vs. experiential service) and advertising visual effects (virtual vs. realistic) affect perceived verisimilitude and creativity. This study also examines how these factors lead to perceived coolness of the ad, emotional brand attachment, self-gifting intention, and brand loyalty.

Theoretical Background. Dual process theory explains human behavior by classifying two cognitive processes: System I and System II (Keren & Schul, 2009). In the realm of AI-generated luxury ads, perceived creativity toward the ads belongs to System I, pertaining to creativity and imaging-related cognitive processes (Keren & Schul, 2009). In contrast, perceived verisimilitude toward the ads belongs to System II, pertinent to analytical and controlling-related cognitive processes (Keren & Schul, 2009). Furthermore, AI-generated luxury experiential service ads are more likely to appear realistic, as AI-driven hospitality advertising has been widely unleashed. However, the concept of creativity is more closely tied to luxury goods that require unique designs and artistic work (Roberts & Armitage, 2017). Moreover, the effects of AI-generated luxury ads on consumer perceptions of verisimilitude and creativity may differ depending on whether the ads appear virtual or realistic. Subsequently, perceived creativity enhances the coolness of ads (Im et al., 2015), while realistic ads make it more difficult for consumers to discern whether the ads are AI-generated. Further, positive brand experiences strengthen emotional brand attachment (Shahid et al., 2022), driving self-gifting intention and brand loyalty (Grisaffe & Nguyen, 2011).

© 2025 The author(s). Published under a Creative Commons Attribution License (https://creativecommons.org/licenses/by/4.0/), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Methods. In the context of AI-generated luxury ads, *Study 1* employed a between-subjects experimental design (luxury purchase types: product vs. experiential service) through Prolific. Perceived virtuality of the ads was included as a covariate. Judgmental sampling was used to focus on the target demographic: U.S. female Millennials and Gen Z consumers who had experienced luxury purchases within the last year. 541 responses were collected (luxury product=285, luxury experiential service=256, M_{age}=31.53, 57.7% Caucasian or White). *Study 2* employed a 2(luxury purchase types: product vs. experiential service) x 2(advertising visual effects: virtual vs. realistic) between-subjects design through Prolific. 550 responses were collected (luxury product x virtual ad=145, luxury product x realistic ad=146, luxury experiential service x virtual ad=130, luxury experiential service x realistic ad=129, M_{age}=31.21, 57.3% Caucasian or White). The measures were based on a 7-point Likert scale (1=strongly disagree, 7=strongly agree) adapted from existing literature.

Results. *Study 1:* Using ANOVA, the manipulation checks for AI-generated ads featuring a luxury product and a luxury experiential service were successful. Reliability, validity, and model fit were confirmed (factor loadings > 0.76, Cronbach's α > 0.79, CR > 0.87, AVE > 0.70, SRMR = 0.053). A one-way MANCOVA results revealed that luxury purchase types did not have a significant effect on perceived verisimilitude. However, participants in the AI-generated luxury product ad condition perceived the ad as more creative than those in the luxury experiential service ad condition. Using PLS-SEM, the results showed that perceived verisimilitude and perceived creativity increased perceived coolness of the ads, thereby increasing emotional brand attachment, self-gifting intention, and brand loyalty. *Study 2:* Using ANOVA, the manipulation checks for luxury purchase types and advertising visual effects were successful. A two-way MANOVA results revealed that AI-generated luxury experiential service ads led to greater perceived verisimilitude, while AI-generated luxury product ads led to higher perceived creativity. Additionally, the realistic visual effect of AI-generated luxury ads led to greater perceived verisimilitude, while the virtual visual effect of the ads led to higher perceived creativity. By employing PLS-SEM, the results showed that perceived verisimilitude and perceived creativity positively influenced perceived coolness of the ads, thereby driving emotional brand attachment, self-gifting intention, and brand loyalty.

Conclusion. Drawing on dual process theory, this research contributes to the literature on AI-generated luxury advertising by offering logical explanations for how such ads impact consumers' divergent perceptions. Specifically, perceived creativity of the ads is crucial in leading consumers' decision-making, particularly as creative elements play a key role in AI-generated luxury product ads (Campbell et al., 2022). This study also underscores that AI-generated ads affect consumer perceptions, emotional brand attachment, self-gifting, and brand loyalty. Namely, our findings provide noteworthy insights for luxury marketers, highlighting the importance of tailoring advertising visual effects based on luxury purchase types to elicit positive evaluations of the ads and brand, particularly among Millennials and Gen Z. These insights provide luxury brands with valuable guidance on leveraging AI-generated advertising to refine their niche marketing strategies and drive innovation in digital advertising strategies across social media and metaverse platforms.

© 2025 The author(s). Published under a Creative Commons Attribution License (https://creativecommons.org/licenses/by/4.0/), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

References

Campbell, C., Plangger, K., Sands, S., & Kietzmann, J. (2022). Preparing for an era of deepfakes and AI-generated ads: A framework for understanding responses to manipulated advertising. *Journal of Advertising, 51*(1), 22-38.

Grisaffe, D. B., & Nguyen, H. P. (2011). Antecedents of emotional attachment to brands. *Journal of Business Research, 64*(10), 1052-1059.

Im, S., Bhat, S., & Lee, Y. (2015). Consumer perceptions of product creativity, coolness, value and attitude. *Journal of Business Research, 68*(1), 166-172.

Keren, G., & Schul, Y. (2009). Two is not always better than one: A critical evaluation of two-system theories. *Perspectives on Psychological Science, 4*(6), 533-550.

Kim, S., Cuevas, L., & Chang, H. J. (2025). Revisiting consumer loyalty: Luxury brand extension into restaurants and cafés. *International Journal of Retail & Distribution Management, 53*(2), 199-215.

Park, J., & Ahn, S. (2024). Traditional vs. AI-generated brand personalities: Impact on brand preference and purchase intention. *Journal of Retailing and Consumer Services, 81,* 104009.

Roberts, J., & Armitage, J. (2017). Luxury fashion and creativity: change or continuity?. *Luxury Fashion Retail Management,* 147-165.

Shahid, S., Paul, J., Gilal, F. G., & Ansari, S. (2022). The role of sensory marketing and brand experience in building emotional attachment and brand loyalty in luxury retail stores. *Psychology & Marketing, 39*(7), 1398-1412.

© 2025 The author(s). Published under a Creative Commons Attribution License (https://creativecommons.org/licenses/by/4.0/), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.