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BALANCING EFFICIENCY AND BRAND AUTHENTICITY: HOW MSMES NAVIGATE GENERATIVE AI IN DIGITAL MARKETING

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ABSTRACT

The rapid advancement of generative artificial intelligence (GenAI) presents micro, small, and medium enterprises (MSMEs) with unprecedented opportunities to scale content creation, streamline visual design, and reduce digital marketing operational costs. However, the automated nature of GenAI also introduces severe tensions regarding brand authenticity—a foundational asset traditionally grounded in personal narratives, emotional proximity, and real-product fidelity. This study investigates how MSMEs navigate the tension between marketing efficiency and brand authenticity when adopting GenAI in their digital marketing practices. Adopting an exploratory qualitative design, data were collected through in-depth semi-structured interviews with 10 MSME owners and managers actively using generative AI tools (such as ChatGPT, Gemini, and Canva AI), complemented by non-participant observation of social media campaigns and documentation of AI-assisted promotional assets. Data were analyzed using reflexive thematic analysis. The findings reveal that while GenAI acts as an efficiency multiplier across ideation and drafting stages, unchecked adoption triggers authenticity deficits across three distinct dimensions: representational discrepancies, narrative depersonalization, and relational detachment. To resolve this paradox, MSMEs implement a deliberate mechanism of human curation encompassing contextualization, verification, and emotional personalization. This study conceptualizes an "AI-First, Human-Final" operational framework, establishing that human curation is the indispensable bridging mechanism that transforms technological efficiency into sustainable and authentic brand communication.

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INTRODUCTION

Digital transformation has fundamentally reshaped contemporary marketing management, shifting business communication from manual, localized efforts to algorithmically driven engagements. While initial digitalization paradigms centered around social media adoption and e-commerce platforms, the recent emergence of generative artificial intelligence (GenAI) has catalyzed an operational paradigm shift. Technologies powered by large language and diffusion models enable businesses to automate copywriting, generate visual collateral, formulate campaign calendars, and personalize customer interactions at scale. Artificial intelligence is no longer merely an auxiliary administrative utility; it has evolved into a strategic instrument that

redefines productivity, lowers entry barriers, and reconfigures market competitiveness.

For micro, small, and medium enterprises (MSMEs), the integration of generative AI holds transformative significance. MSMEs historically operate under severe resource constraints, including restricted promotional budgets, fragmented marketing labor, and limited technical proficiencies. In developing economies such as Indonesia, where MSME resilience and performance are heavily tied to digital agility, tools such as ChatGPT, Gemini, and Canva AI provide an accessible avenue to bypass traditional operational bottlenecks. By utilizing generative algorithms, small business practitioners can produce complex marketing materials in minutes, optimizing their limited time and diverting internal capacity toward core operational functions. Consequently, GenAI acts as an internal capability multiplier, enabling resource-constrained enterprises to maintain a consistent digital presence previously accessible only to well-funded corporate entities.

However, the rapid scaling of marketing output through generative AI exposes an acute theoretical and managerial paradox. While technological efficiency drives standardized productivity, it directly challenges the foundational premise of MSME competitiveness: brand authenticity. Unlike large corporations that construct brand equity through extensive institutional campaigns, MSMEs cultivate authentic brand perceptions through localized heritage, founder-centric narratives, transparent craftsmanship, and unmediated emotional closeness with customers. Brand authenticity is inherently an emotional, moral, and perceptual construct that hinges on genuine human connection and perceived sincerity. When generative algorithms synthesize promotional discourse, marketing messages risk becoming generic, algorithmically homogenized, and dissociated from the firm's lived reality.

Recent literature highlights the emerging friction at this intersection. Automated generative content creation has been shown to degrade perceived brand authenticity when audiences detect the absence of human intentionality. Yet, paradoxically, technological disclosure does not universally trigger consumer skepticism if the communication context maintains transparency and relational relevance. Although generative AI enables MSMEs to scale content production and marketing efficiency, these same capabilities risk standardizing brand communication and weakening the personal, contextual, and relational cues through which MSME authenticity is constructed. This creates an unresolved theoretical tension between technological efficiency and brand authenticity.

Existing scholarly inquiry exhibits three prominent theoretical limitations. First, the vast majority of AI marketing literature remains heavily skewed toward automation efficiency, operational cost reduction, and quantitative performance metrics, largely overlooking the qualitative dynamics of authenticity preservation in resource-constrained contexts. Second, studies that do address brand authenticity predominantly examine consumer-side perceptual responses, leaving the managerial practices, internal tensions, and decision-making mechanisms of business owners largely unexplored. Third, research has yet to articulate how practitioners establish boundaries of technological delegation, maintain meaningful human involvement, and reconcile the tension between algorithmic speed and narrative integrity. To

address these critical theoretical tensions, this study investigates three central research questions:

1. RQ1: How do MSMEs utilize generative AI to enhance efficiency in digital marketing activities?
2. RQ2: What tensions between AI-enabled efficiency and brand authenticity emerge in MSME digital marketing practices?
3. RQ3: How does human involvement help MSMEs preserve brand authenticity while leveraging generative AI?.

METHOD

This research uses a qualitative approach with a case study design to explore the use of Artificial Intelligence (AI) in MSME digital marketing strategies, specifically in understanding the balance between marketing efficiency and brand authenticity. A qualitative approach was chosen because the research seeks to understand the experiences, perceptions, considerations, and practices of business actors in using AI technology, rather than measuring relationships between variables statistically. Pugu (2024) explains that qualitative case studies allow researchers to understand phenomena in depth based on real-world contexts through various sources of information.

Rather than relying on speculative estimates, this study engaged 10 key informants comprising MSME business owners and operational managers who actively make strategic marketing decisions. Informants were selected using purposive sampling with strict inclusion criteria: (1) occupying an active decision-making role (owner or marketing manager) within an officially registered or recognized MSME, (2) having sustained operational experience of utilizing generative AI applications (such as ChatGPT, Gemini, or Canva AI) for promotional copywriting, visual asset design, or marketing campaign planning for a minimum of six months, and (3) actively running digital marketing activities via social media or e-commerce channels. The final number of informants was determined by theoretical data saturation, reached when consecutive interviews ceased to yield novel properties or codes regarding the efficiency–authenticity dynamic. Table 2 presents the detailed profiles of the participants.

Table 2. Profile of Research Informants

Informant Code	Business Sector	Role / Position	Firm Age	Number of Employees	Primary GenAI Tools Used	Length of GenAI Use	Primary Digital Channels
P01	Culinary (Packaged Snacks)	Business Owner	5 years	6	ChatGPT, Canva AI	12 months	Instagram, Shopee
P02	Culinary (Local Specialty Food)	Founder & Manager	4 years	8	ChatGPT, Gemini	10 months	Instagram, WhatsApp

P03	Creative Fashion & Apparel	Brand Owner	6 years	12	ChatGPT, Canva AI	14 months	Instagram, TikTok Shop
P04	Creative Fashion (Batik Craft)	Marketing Manager	7 years	10	Gemini, Canva AI	8 months	Instagram, Website
P05	Home & Handcrafted Goods	Business Owner	3 years	4	ChatGPT, Canva AI	9 months	Instagram, Tokopedia
P06	Culinary (Artisanal Coffee & Bakery)	Operational Co-Owner	4 years	7	ChatGPT, Gemini, Canva AI	15 months	Instagram, WhatsApp Business
P07	Beauty & Natural Herbal Care	Founder	5 years	9	ChatGPT, Canva AI	11 months	Shopee, TikTok Shop
P08	Handmade Pottery & Leather Craft	Owner & Artisan	8 years	5	ChatGPT	7 months	Instagram, E-Commerce
P09	Culinary (Frozen Food)	Owner & Manager	3 years	5	ChatGPT, Canva AI	13 months	WhatsApp, Shopee
P10	Creative Printing & Merchandise	General Manager	6 years	11	Gemini, Canva AI	10 months	Instagram, Website

Data collection was conducted through semi-structured interviews, observations of digital marketing activities, and documentation of promotional content, product designs, and marketing communication materials generated with the help of AI. The use of multiple data sources was intended to gain a more comprehensive understanding of the phenomenon being studied. Schlunegger et al. (2024) explain that triangulation of sources and methods can strengthen the credibility of interpretations in case study research.

Data analysis used a reflexive thematic analysis approach through the stages of data familiarization, coding, initial theme formation, theme review, theme definition, and research report preparation. Byrne (2022) explains the application of the reflexive thematic analysis approach developed by Braun and Clarke. Data validity was strengthened through source triangulation, checking the consistency of interpretations, and documenting the research process. All informants were given an explanation of the research objectives and consent prior to interviews.

RESULTS

The reflexive thematic analysis generated four overarching themes that encapsulate how MSMEs utilize generative AI, the tensions that arise between

operational efficiency and brand authenticity, and the mechanisms employed to resolve these tensions.

Theme 1: Generative AI as an Operational Efficiency Multiplier

Participants universally conceptualized generative AI not as a replacement for human agency, but as an operational multiplier that substantially lowers cognitive, temporal, and financial barriers in digital marketing execution. The primary operational relief was identified in promotional copywriting, content calendar ideation, and rapid visual draft composition.

Informants highlighted that the greatest utility of generative tools lies in overcoming the "blank canvas syndrome":

"Before using ChatGPT, I sometimes spent one to two hours staring at my phone just trying to compose a single engaging caption for Instagram. Now, within two minutes, I get five different caption angles with relevant hashtags and call-to-actions. It doesn't mean I copy-paste them directly, but it eliminates the mental block." **— (P01, Culinary MSME)**

Similarly, visual content creation was accelerated using Canva AI and diffusion tools, enabling small enterprises to maintain visual consistency without hiring external agencies:

"Hiring a freelance graphic designer for every seasonal promotional banner is simply too expensive for our operational margins. Using Canva AI, we generate mockups, clean product backgrounds, and try color palettes in minutes. It keeps our visual production pipeline active daily." **— (P03, Fashion & Apparel MSME)**

These empirical accounts demonstrate that generative AI functions as a capacity-enhancing resource. Rather than automating the entire marketing function, GenAI fundamentally reconfigures the allocation of human labor: it shifts effort away from initial generative production toward managerial selection, filtering, and refinement.

Theme 2: The Emergence of Authenticity Tensions

While efficiency gains were pronounced, participants experienced immediate tensions when deploying uncurated AI outputs. The reflexive analysis revealed that authenticity was compromised across three distinct dimensions:

1. **Representational Authenticity Deficits (Visual & Functional Discrepancies)**

   Informants cautioned that AI-generated visuals often fabricate product characteristics, creating unrealistic customer expectations:

   "We once tested an AI-generated product visual for a promotional flyer. The lighting and textures looked stunning online, but when customers received the actual pottery, they immediately complained that the glaze texture and clay tones looked completely artificial in the photo. That was an alarming lesson: hyper-polished AI visuals kill customer trust." **— (P08, Handcrafted Pottery MSME)**

2. **Narrative Authenticity Deficits (Loss of Personal Voice and Storytelling)**

   Algorithmic copywriting frequently produced homogenized, corporate-sounding narratives that erased the personal voice of the founder:

   "Generative AI loves hyperbolic buzzwords—like 'luxurious experience', 'perfection', or 'unmatched quality'. That is not who we are. Our culinary brand is built on family recipes and modest home-cooking traditions. When the captions

sound like a corporate press release, our regular customers notice that the soul of the business is missing."

— (P02, Culinary MSME)

3. **Relational Authenticity Deficits (Detachment in Consumer Communication)**

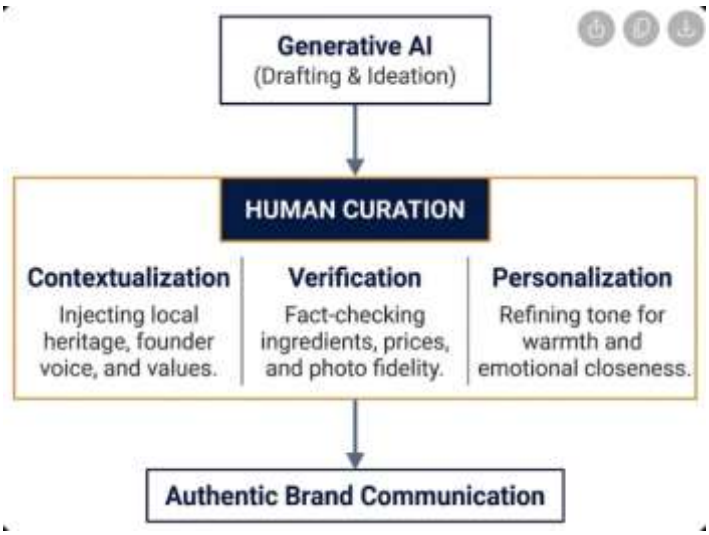
The automation of direct messaging and customer inquiries led to mechanical and sterile consumer interactions:

"When customers reach out on WhatsApp asking for recommendations, they expect warmth and genuine personal advice. Automated AI replies feel polite but distant and sterile. In small business marketing, closing a sale relies heavily on personal empathy and informal rapport, which algorithms simply cannot replicate." **— (P06, Artisanal Bakery & Coffee MSME)**

These tensions expose the fundamental paradox of AI adoption in small businesses: technological capability scales efficiency through standardization, yet MSME brand equity relies on localized differentiation, founder intimacy, and transparent product reality.

Theme 3: Human Curation as a Bridging Mechanism

To prevent the erosion of brand authenticity while retaining efficiency advantages, participants established an indispensable intermediary practice: **Human Curation**. Rather than delegating complete autonomy to technology, informants positioned human oversight as an editorial filter encompassing three operational actions:



Informants described this curation sequence in concrete operational terms:

"I use ChatGPT strictly as a junior copywriter who gives me raw rough drafts. My job as the owner is curation. I strip out generic adjectives, insert our local Jakarta slang or personal greetings, and verify every single product detail. AI gives me speed; my curation gives it soul." — (P05, Handcrafted Goods MSME)

"We established a strict internal rule: no AI-generated visual goes public without side-by-side verification against the physical product under natural daylight. If the AI altered the color saturation or fabric weave, we reject it. Authenticity means showing what is actually in the parcel." — (P04, Batik Craft MSME)

Human curation serves as the critical theoretical and operational bridge connecting technological capability with marketing authenticity. Efficiency is

achieved in the preparatory stage, while authenticity is secured in the evaluative stage through human contextualization, verification, and emotional refinement.

Theme 4: Institutionalizing "AI-First, Human-Final" Practices

The final theme captures the emerging governance pattern adopted by MSMEs to sustain long-term digital branding. Participants demonstrated strategic maturity by defining explicit operational boundaries for technological involvement:

Table 3. The "AI-First, Human-Final" Allocation Matrix in MSME Digital Marketing

Digital Marketing Stage	Primary Agent	Algorithmic Role (Generative AI)	Human Role (MSME Owner/Manager)	Authenticity Safeguard
Ideation & Strategy	Human–AI Collaborative	Recommends campaign themes, calendar schedules, and content angles	Selects themes aligned with business mission, seasonal realities, and inventory	Rejects concepts inconsistent with firm heritage
Drafting (Text/Visual)	AI-Led	Generates copywriting variations, hashtags, and raw visual layouts	Formulates clear context-rich prompts; inputs product specifications	Prevents algorithmic hallucination and generic outputs
Editorial Curation	Human-Led	Provides alternative phrasing or tone adjustments upon request	Edits syntax, injects founder's tone of voice, removes corporate jargon	Preserves narrative and personal authenticity
Verification & Gatekeeping	Human-Exclusive	*No authority delegated*	Inspects visual representation against actual product; verifies prices and claims	Eliminates misleading product depictions (*Representational Authenticity*)
Customer Engagement	Human-Exclusive	Drafts generic FAQ templates	Conducts direct consumer chats, manages complaints, builds personal rapport	Maintains emotional warmth and relational closeness (*Relational Authenticity*)

Informants summarized their operational philosophy succinctly:

"Our policy is simple: AI helps us start the work, but only humans can approve and finish it. Automate the tedious production, never automate our identity or customer trust." **— (P10, Creative Printing MSME)**.

DISCUSSION

The empirical findings illuminate how MSMEs actively negotiate the operational realities of generative AI within digital marketing, revealing that technological efficiency and brand authenticity are neither mutually exclusive nor automatically harmonized. By unpacking the tensions that arise when algorithmically generated content enters the public domain, this study advances beyond a descriptive account of AI adoption to contextualize how human agency reconciles technological speed with narrative and relational integrity.

Navigating the Efficiency–Authenticity Paradox: Dialog with Literature

The findings of this study engage with current academic discourse across three analytical dimensions:

1. **Confirming Prior Inquiries:**

   The study confirms that generative AI functions as a powerful operational efficiency multiplier for resource-constrained enterprises, corroborating prior assessments on AI-assisted marketing productivity. Furthermore, the empirical evidence supports the experimental findings of Brüns and Meißner (2024), demonstrating that uncurated generative AI content diminishes consumer perceptions of authenticity when marketing communications lack human intentionality. The data from our informants clearly validate that automated drafting produces homogenized narratives and detached relational messaging when left unmonitored.

2. **Extending Extant Understandings:**

   While previous studies (e.g., Oldemeyer et al., 2025; Schwaeke et al., 2025) have framed AI implementation hurdles in MSMEs primarily around structural barriers—such as technical literacy, digital infrastructure, and financial resources—this study extends the literature by demonstrating that the most decisive implementation barrier is epistemological and communicative. Beyond acquiring tools like ChatGPT or Canva AI, the critical operational challenge is preserving firm-level narrative distinctiveness and perceptual fidelity. Moreover, this study extends the brand authenticity literature (Campagna et al., 2023; Södergren, 2021) into small business management by empirically structuring authenticity into three distinct, vulnerable dimensions: *representational authenticity*, *narrative authenticity*, and *relational authenticity*.

3. **Challenging Technological Determinism:**

   Importantly, our findings challenge the deterministic premise that generative AI adoption inevitably degrades brand authenticity. Rather than viewing technological capability and brand authenticity as an irreconcilable zero-sum tradeoff, the evidence demonstrates that authenticity loss is fundamentally contingent upon the degree and depth of human curation. When business owners retain authority over context, verification, and emotional tone, generative AI can

scale promotional frequency while fully safeguarding the brand's authentic essence.

Human Curation as the Bridging Novelty

The central theoretical novelty emerging from this inquiry is the conceptualization of Human Curation as a dynamic bridging mechanism. Prior marketing research has tended to polarize AI adoption into either autonomous automation or traditional manual craftsmanship. Our findings refute this binary dichotomy.

Human curation operates as an indispensable intermediary process that transforms raw, algorithmic efficiency into authentic, sustainable brand discourse through three sequential interventions:

1. Contextualization: Grounding algorithmic generalizations within the firm's localized heritage, founder values, and specific cultural narratives.
2. Verification: Enforcing strict gatekeeping to ensure that visual renders and marketing claims accurately mirror the physical product's true specifications, preserving truthfulness.
3. Personalization: Re-infusing human empathy, informal warmth, and unscripted intimacy into customer communication, sustaining emotional closeness.

Through this triadic curation process, MSMEs successfully absorb the productivity dividends of generative AI without suffering the reputational penalties associated with synthetic, generic content.

This study presents three primary contributions to the academic literature:

1. Reorienting AI Marketing Inquiry: It broadens the AI marketing literature from a narrow operational focus on automation efficiency and output volume toward the complex, qualitative tension between algorithmic efficiency and brand authenticity.
2. Expanding Authenticity Perspectives: It expands brand authenticity scholarship—which has historically evaluated authenticity as a static consumer-side perception—by conceptualizing authenticity preservation as an active, internal managerial practice enacted by business owners.
3. Formalizing Collaborative AI Mechanisms: It contributes to human–AI collaboration theory by identifying human curation as the operational bridge that allows resource-scarce organizations to deploy synthetic capabilities without sacrificing organizational identity.

Managerial Implications: "AI-First, Human-Final"

For practitioners, owners, and managers of MSMEs navigating digital transformation, this study offers concrete strategic guidance encapsulated in the operational framework: "AI-First, Human-Final".

Small enterprises must establish clear governance boundaries regarding where artificial intelligence is leveraged and where human oversight remains non-negotiable:

1. Where to Leverage GenAI (AI-First): Utilize generative tools aggressively during preparatory, divergent, and structured tasks—such as brainstorming creative

angles, overcoming initial writer's block, drafting multi-angle copy variations, organizing content calendars, and generating alternative visual compositions.

2. Where to Retain Absolute Human Control (Human-Final): Retain exclusive human gatekeeping over factual validation, brand voice refinement, physical product visual matching, and direct relational dialogues with customers.

The overarching managerial imperative for MSMEs is straightforward: "Automate production, not identity". By relying on generative AI to accelerate labor-intensive drafting while relying on human curators to safeguard truthfulness and emotional resonance, small enterprises can compete effectively in digital spaces while preserving the authentic soul of their business.

CONCLUSION

This study examined how micro, small, and medium enterprises (MSMEs) negotiate the tension between technological efficiency and brand authenticity when adopting generative artificial intelligence (GenAI) in digital marketing. Addressing the three research questions, the findings demonstrate that:

1. MSMEs leverage GenAI primarily as an operational multiplier during ideation and drafting phases—substantially reducing the cognitive, financial, and temporal burdens of marketing production.
2. Unchecked algorithmic automation introduces severe authenticity deficits across three distinct dimensions: *representational discrepancies* between digital visuals and physical products, *narrative homogenization* that erases the founder's distinct voice, and *relational detachment* in customer interactions.
3. MSMEs reconcile this tension through an indispensable mechanism of human curation—systematically contextualizing promotional narratives, verifying physical accuracy, and injecting emotional warmth into customer communication.

The conceptual takeaway of this study is that technological efficiency and brand authenticity are not inherently incompatible. Rather, their coexistence is contingent upon adopting an "AI-First, Human-Final" operational model. By adhering to the principle of "*automating production, not identity,*" small businesses can harness the generative speed of artificial intelligence while preserving the human connections and localized values that form their enduring competitive advantage.

While offering meaningful theoretical and managerial insights, this study possesses several boundary conditions that should be considered:

- Geographical and Sectoral Scope: The inquiry was conducted within a qualitative sample of 10 Indonesian MSMEs concentrated primarily in urban creative and culinary sectors, which may limit the direct transferability of the findings to rural settings or technical B2B industries.
- Methodological Perspective: Data collection relied primarily on the lived experiences and self-reported practices of business owners and managers. The study did not incorporate direct consumer-side testing to measure whether customer perceptions of authenticity correspond precisely with the curation efforts reported by practitioners.
- Dynamic Technology Landscape: Generative AI tools and multi-modal models evolve rapidly. Current limitations in visual fidelity and contextual

comprehension may shift as newer foundational models emerge, potentially altering how curation is practiced over time.

- Subjectivity in Thematic Interpretation: In accordance with reflexive thematic analysis, interpretations are inherently co-produced through the researchers' theoretical positioning and reflexive engagement with the qualitative data.

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