

2026 REPORT · THE STATE OF AI IN ADS

EVERYONE USES AI. BUT VERY FEW USE IT WELL.

We took a close look at what IGA, the Québec government and other local brands have done with AI, to understand why some AI videos get love and others get torn apart online.

Read on and steal some good ideas

STUDIOS MACHIAVEL

WE DIDN’T NEED AI TO START COPYING EACH OTHER.

MONDAY
A video blows up on TikTok.

TUESDAY
A few brands remake it.

WEDNESDAY
Your feed is already full of it.

Same music, same edit, same caption. The only things that really change are the account name and the faces in the video. Everything else is exactly the same.

What we now call “slop” has always been around. It reflects an industry that’s afraid to take risks, and ends up doing what everyone else does, just because everyone else is doing it. Before AI, we called that plagiarism. AI just lets us copy faster, and with less quality.

Yet nobody ever blamed Facebook or Instagram for showing us the same content all over our feed. **The problem was never the tool. It’s a lack of creative strategy.**

The problem is copying, not AI. But what does the public think?

AI ADS... HIT OR MISS?

We asked Canadians what they think of ads made with AI.

57%
find it acceptable

34%
would buy less

12%
would buy more



But the industry is a lot more optimistic: 82% of marketers believe young people like AI ads. In reality, that's only true for 45% of them.

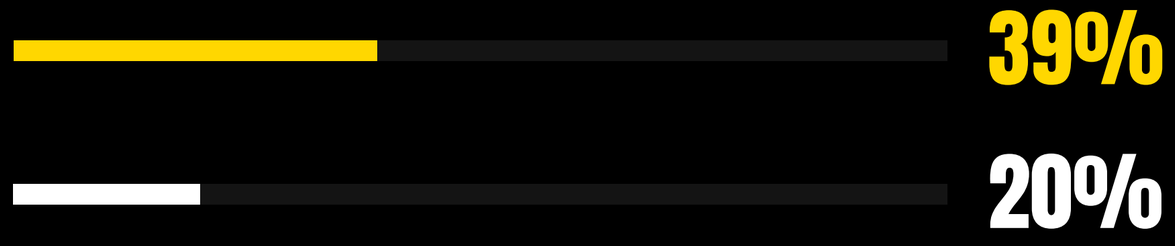
That's a 37-point gap!

So why the gap? Because 83% of marketers already use AI in their creative process. And the numbers back it up: in Québec, people who use AI accept it much more often than people who don't.

Sources: Léger, Indice IA, Oct. 2026 (1,511 Canadians); IAB and Sonata Insights, Jan. 2026 (505 Americans aged 16 to 43, 104 executives).

EVERY GENERATION HAS ITS OWN TAKE.

SHARE WHO SEE AI ADS **NEGATIVELY** (UNITED STATES)



For Gen Z, a brand that makes its ads with AI comes across as inauthentic (30%), out of touch (26%) and unethical (24%). For millennials, it's 13%, 8% and 8%.

The paradox? Young people use AI every day. But when a brand uses it, they get a lot more critical. If you're targeting young people, let your ad's storytelling and context steal the spotlight!

SURPRISE!

The youngest are the most closed off: Gen Z is almost twice as negative as millennials.

Sources: IAB and Sonata Insights, Jan. 2026 (United States); NETendances 2025, Université Laval (Québec).

AI ISN'T THE PROBLEM. IT'S WHAT WE DO WITH IT.

The polling firm Gallup asked Americans what they find acceptable when the use of AI is disclosed:

75%

are fine with using AI to brainstorm and make first drafts.

53%

are fine with using it to create the final text, images or video.

62%

find it unacceptable to create fake people or fake voices, even when it's disclosed.

IN OTHER WORDS, THE PUBLIC ISN'T AGAINST AI.

IT'S AGAINST INAUTHENTIC USES OF AI.

If the public knows where the line is, how did a big agency end up crossing it? →

Source: Bentley University and Gallup, Aug. 2026 (3,270 American adults).

GOOD IDEA. WRONG MESSENGER.

January 2026. The Québec government launches a campaign to attract young people to the construction trades.
The chosen style: video game. Sounds like a good idea, right?

Yet Illustration Québec calls the choice “problematic.” When the government picks AI over local artists, the public doesn’t just judge the ad. It judges the message.

First problem: the campaign targeted 15- to 29-year-olds. That’s exactly the audience most closed off to AI ads. Gen Z is almost twice as negative as millennials.

Second problem: a government that champions local trades, but picks AI over its own illustrators?

Even a well-made AI ad can’t survive a context that contradicts it.



So what does an AI ad that works look like? →

Sources: Le Devoir, March 2026; Québec government, press release, January 26, 2026.

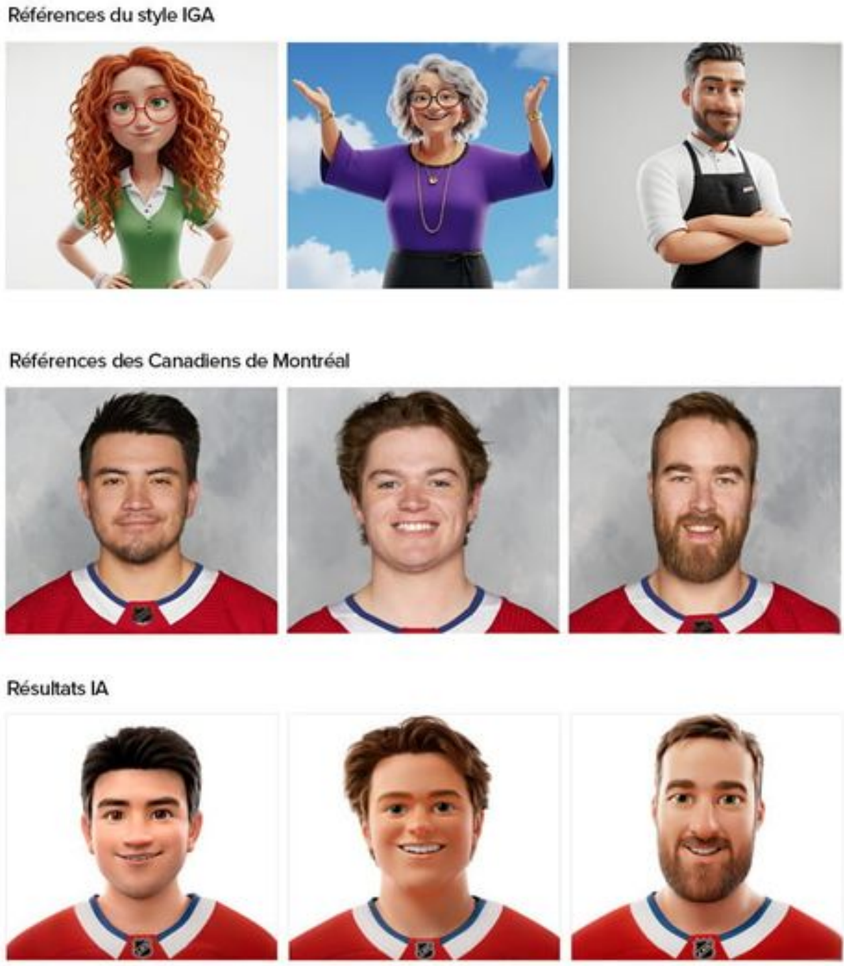
IGA DIDN’T ASK AI TO CREATE ITS BRAND.

During Canadiens games at the Bell Centre, IGA shows players as cartoon versions, in the style of the Christmas ads everyone knows, as a guessing game.

Behind it, the agency Sid Lee made a strategic choice. **Instead of letting AI invent a style, it trained it on IGA’s visual archives: Christmas ads, in-store displays, advertising.** The AI learned the existing art direction, then generated first drafts of avatars for 10 players. Then the agency’s artists retouched each avatar so it lived up to IGA’s standards.

It’s the same tool as “Viens jouer pour vrai.” The difference? Here, AI respects an authentic style people already love, and it shows up in the right context.

Easy when you’ve got years of brand assets to show. But what if you don’t?



KEY TAKEAWAY

AI gets really good when it has a solid image bank to learn your world from. It worked because IGA didn’t start from scratch: it brought AI into a world that already existed.

Source: Sid Lee, case study “IGA, The Innovation Behind Stadium-Scale Avatars”.

NO ARCHIVES?
CREATE YOUR OWN IMAGES.

IGA had years of ads and visuals to guide the AI. Most SMBs don’t have that. And that’s OK.

What matters is not letting AI start from nothing. What you can do is create reference images. Those images then guide the AI, so it creates a look that feels like you.

🤔

WHAT IS A REFERENCE IMAGE?

It’s a real image (a photo, a shot from a shoot) that you give the AI as a starting point. Instead of inventing, the AI draws from it to keep your look, your colours, your faces.

See our example with Dave Gaudet →

Comedian Dave Gaudet wanted a Hollywood-style show opening, packed with action. We filmed him for real, on a green screen. Then we added the effects with AI.

BEFORE



AFTER



4 QUESTIONS TO ASK BEFORE YOU DIVE IN!

✓ DOES MY IDEA FEEL LIKE ME?

Before you generate anything, make sure your ad says something only your brand can say. For AI to feel like you, give it a starting point: IGA had years of archives, Dave Gaudet was filmed on a green screen. In both cases, humans finished the job.

✓ AM I TALKING TO THE RIGHT PEOPLE?

Marketers overestimate the public's enthusiasm by 37 points, often because they love AI themselves. And the younger your audience, the more critical it is. With Gen Z, your story has to come before the technology.

✓ DOES AI HELP GET MY MESSAGE ACROSS?

People accept AI when it serves the idea: an impossible setting, a striking visual, a story that goes further. They tune out when it replaces a person, a voice or a face. Keep the human where your audience expects one.

✓ IS THE CONTEXT WORKING IN MY FAVOUR?

The Québec government learned it the hard way with "Viens jouer pour vrai": even well made, an AI ad loses everything when it contradicts the values of whoever signs it. Ask yourself what your choice says about your brand.

Here's what it looks like when it's done right! →



IGA AND RICARDO SEIZED THE MOMENT.



Spring 2025. Trump’s tariffs are making headlines everywhere, and all of Québec is talking about buying local.

IGA used the moment to remind people of what it has stood for a long time: buying Québec products. And it did it with Ricardo, a true culinary institution in Québec (and IGA’s business partner since 2021), who already appeared as a 3D animated character in IGA ads.

The challenge: getting this character to say a new script, fast. Normally, animating a 3D character to a new script takes weeks. Sid Lee used AI to modify Ricardo’s 3D face and have him say the new lines. The voice is Ricardo’s real voice. According to The Globe and Mail, this work, which would normally take several weeks, based on a character created with Montréal studio SHED, was done in about a day.

“IT’S THE KIND OF THING WE SIMPLY COULDN’T HAVE DONE BEFORE.”

Yanick Bédard, Executive VP, Innovation, Digital and Strategy, Sid Lee

Sources: Journal de Montréal, May 15, 2025; The Globe and Mail.

THE RECIPE

(AND HOW IT WORKS FOR AN SMB)

1. **A topic your audience is already talking about.**
   The attention is already there. You just have to create content around it.

2. **A link to your brand values.**
   IGA didn’t invent a message for the occasion. It reminded people of what it has always stood for: buying Québec products.

3. **Something people recognize.**
   Ricardo: his character, his style, his voice.

4. **AI to deliver while the topic is still hot.**
   Not four weeks later, when nobody’s talking about it anymore.

You don’t need IGA’s budget. Kalshi aired a 100% AI ad during the NBA Finals: 2 to 3 days of production, under $10,000. And the wild aesthetic served their message: the world is crazy, bet on it. All that’s left is to make really good content, in your own style.

AI ISN’T FOR COPYING OTHERS FASTER.

IT GIVES YOU THE FLEXIBILITY TO BE RELEVANT WHILE IT STILL MATTERS.

Moving fast, sure. But do you have the right to put that face in your ad?

AI LOOKS GREAT. BUT IS IT LEGAL?

We looked at Québec's Bill 24 (in force since June 2026), Law 25, Canada's Copyright Act and TikTok's rules. Here's a quick summary of what they say before you publish your ad.

✓ THE FACE OR VOICE OF A REAL PERSON

Since June 2026, you need their consent, even if AI altered the image. A 100% invented character who doesn't look like anyone isn't covered.

✓ WHAT ARE YOU ALLOWED TO DO WITH YOUR AI AD?

In Canada, copyright protects what a human creates. That means the idea, the script and the direction. Check who owns the rights.

✓ DO YOU HAVE TO SAY IT'S AI?

No law requires it in Québec for now. But TikTok requires realistic AI content to be labelled, ads included.

✓ YOUR CUSTOMERS' DATA

Law 25 protects it. Before putting it into an AI tool, remove names and contact details.

HEADS UP!

We're not lawyers. This page isn't legal advice. For your project, talk to a lawyer.

Now you know the rules of the game. Here are a few ideas for using AI like a pro. →

This is not legal advice. For your project, talk to a lawyer. Sources: Bill 24 (S.Q. 2026, c. 20); Copyright Act; TikTok policies.

6 WAYS TO USE AI IN YOUR ADS

01 **MAKE YOUR BRAND CHARACTER SPEAK.**

Your mascot, your animated spokesperson, your ad character: AI lets it deliver a new message in a day instead of several weeks. Try it if your brand already has a face people recognize.

02 **PUT YOUR TEAM IN AN IMPOSSIBLE SCENE.**

You could film your team, or an actor who represents your target audience, then use AI's creative freedom to build a Hollywood-style set. Try it if your idea is bigger than your shoot budget.

03 **REACT TO NEWS IN YOUR INDUSTRY.**

A new rule in your industry, a debate on social media, a trend that's blowing up? You could put out an ad that shares your take while everyone's still talking about it. Try it if your sector moves fast.

04 **SEE YOUR AD BEFORE YOU PRODUCE IT.**

You could show your team an animated storyboard: a draft of your video, with the images, music and narration. Everyone sees the pace and tone before the first day of production. Try it if your CEO has trouble picturing the result.

05 **REPLACE THE STOCK FOOTAGE.**

Instead of the same archive footage everyone uses, you could create custom scenes: your software in action, your ideal customer in their daily life, your product in a world that looks like you. Try it if you're preparing a fundraise or a launch.

06 **LAUNCH A NEW PRODUCT.**

You could imagine a nostalgic '90s-style ad, a campaign with recurring characters or a whole universe around your product. Try it if you dream of a big ad for your launch.

Whatever the approach, there's one thing we never leave to AI.

WHAT STUDIOS MACHIAVEL NEVER LEAVES TO AI.

At Studios Machiavel, AI can help us brainstorm. But it never leads a project. **Art and creative direction is all us.**

We treat AI video like film visual effects: creative direction, script, mood board. And our lead editor, Calvin, has worked on Hollywood projects.

Take Avenant. To present its platform to investors, the team wanted a video made with archive footage (stock footage). It’s fast, but it looks like everything else. We suggested a video created with AI, to show a platform powered by AI. It took some trust on their part. The result became a favourite, for them and for us. Same approach for Dave Gaudet's show intro: we filmed him on a green screen, then AI added the effects.

TAKING A CREATIVE RISK DOESN’T MEAN DOING JUST ANYTHING. IT MEANS DARING, WITH TASTE.



AVENANT



DAVE GAUDET

YOUR MOVE.

Everyone has access to the same tools. What makes an AI ad work is its creative strategy: an idea and a universe that feel like you, an audience you know, a context that works in your favour, and humans in charge. Used well, AI fades into the background. What your audience remembers is your brand and your story.

TELL US ABOUT YOUR IDEA!

