


# Chapter 15


## AI Washing in Marketing: Feasibility, Viability, and Ethical Constraints

**Anu C. Haridasan**

 <https://orcid.org/0000-0002-2985-7919>


*Madras Christian College, Chennai, India*

**Naveenraj Xavier**

 <https://orcid.org/0000-0003-2681-5964>

*SRM Institute of Science and Technology, Chennai, India*

**Mari Anand Navaneetha Krishnan**

 <https://orcid.org/0000-0002-6443-249X>

*University of Technology and Applied Sciences, Salah, Oman*

**G. Glorindal**

*DMI | St. John the Baptist University, Malawi*

### ABSTRACT

*Artificial Intelligence in marketing has revolutionized business-consumer engagement, offering unprecedented opportunities for personalization and innovation. However, alongside these advancements, the practice of “AI washing”—the deliberate misrepresentation of AI capabilities for competitive advantage has emerged, misleading consumers and undermining trust in legitimate AI-driven innovations. This research traces AI marketing’s evolution from basic data-driven approaches to predictive analytics, exploring how industry hype fuels deceptive practices. It evaluates the feasibility of AI implementation, the long-term viability of AI-driven marketing strategies, and the ethical considerations necessary to balance innovation with transparency. Through case studies and an analysis of marketing agencies’ role in AI washing, this research identifies key risks, including reputational damage,*

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*legal liability. It also highlights tensions between marketing claims and actual AI capabilities. By addressing these concerns, this study contributes to the broader discourse on ethical AI marketing.*

## **1. INTRODUCTION**

The use of artificial intelligence (AI) in marketing has caused big changes, leading to a new hope for its ability to improve how businesses operate and engage with consumers. However, this excitement can hide a more complicated issue known as AI washing, where companies use the word AI to sell products or services that might not truly have smart capabilities. This situation raises important questions about whether AI applications in marketing are really practical and effective, as businesses could end up spending money on technologies that fail to achieve expected results (Dulloo, 2018). Additionally, the ethical issues surrounding AI washing need careful consideration, especially regarding misleading consumers and the loss of trust in new technologies. Therefore, understanding AI washing is crucial, as it sheds light on its effects on marketing strategies and highlights the wider consequences for ethical business practices in a more digital market (Dulloo, 2024).

This research critically examines AI washing in marketing, focusing on how companies misrepresent or exaggerate AI capabilities to gain a competitive edge, often misleading consumers and undermining trust in genuine AI innovations. It traces the historical evolution of AI in marketing, from basic data-driven strategies to advanced predictive analytics, highlighting how the growing hype around AI has fueled deceptive marketing practices. The study analyzes the feasibility of implementing AI in marketing, the long-term viability of AI-driven strategies, and the ethical constraints businesses face in balancing innovation with transparency. Through in-depth case studies, theoretical insights, and an examination of the role marketing agencies play in AI washing, it highlights the risks associated with such practices, including reputational damage, legal consequences, and consumer skepticism. The research concludes with practical recommendations for ethical AI marketing, emphasizing the importance of accountability, regulatory frameworks, and promoting genuine AI advancements in the industry.

### **1.1 Definition of AI Washing**

AI Washing is when companies stretch the truth or mislead about what artificial intelligence can do in their marketing. This makes it seem like their technology is more advanced than it is. This issue creates big problems for honest marketing and consumer trust, as more businesses use AI terms to boost their image without having

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