



The Federal Trade Commission (FTC) recently published a [new blog post](#) within its series titled "AI and Your Business." The post emphasized the FTC's views on the importance of accuracy, transparency, and privacy as brands continue to incorporate artificial intelligence (AI) in their businesses, particularly through anthropomorphic AI chatbots and avatars.

The FTC specifically recommends that brands with these types of AI offerings:

- **Be accurate and transparent about AI-related product and service capabilities.** With recent inventions such as therapy bots and AI companions, the FTC is concerned about companies making false or unsubstantiated claims as well as the tools' abilities to mislead consumers regarding what they see, hear, or read.
- **Mitigate the potential risk of consumer manipulation.** When designing bots or avatars that are programmed to act as humans, brands should take steps to mitigate the risks that such technology could potentially manipulate consumers (particularly children) into making harmful decisions—risks that the blog post describes as inherent in that technology.
- **Clearly distinguish between organic content and paid ads.** The FTC's post notes that introducing advertising to generative AI services is likely to be appealing, especially because the AI technology can generate targeted ads based on user interactions. The warning about clearly distinguishing paid content is consistent with the FTC's continued focus on "native" and "blurred" advertising, namely that brands should take steps to ensure that advertising content does not appear to be organic, entertainment, informational, or other non-advertising content.
- **Do not use avatars and bots to manipulate consumers for commercial purposes.** Brands should not design their humanoid bot or avatar services to attempt to induce consumers to pay for additional services, steer them to affiliated businesses, or convince consumers not to cancel services.
- **Carefully comply with privacy protections.** Avatars and bots may collect or infer personal information to provide uniquely tailored services to their consumers. The blog post continues to emphasize the

importance of brands being honest and transparent about their data collection and use of information, including when those practices change.

As AI technologies evolve, and particularly in the context of bot or avatar services designed to seem human, brands should pay close attention to how they use these technologies and take steps to avoid practices that could constitute unfair, misleading, or deceptive advertising.

Authors

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