

Apple's AI alerts backfire: News hallucinations spark industry backlash as stock value falls

Article

The news: Apple halted its AI-powered **Apple Intelligence** notification summaries for news and entertainment apps after backlash from the **BBC** and the **National Union of Journalists**

(NUJ) over inaccurate alerts.

It's further proof of the difficulty Big Tech is facing in productizing AI at scale.

- **Google's Gemini** generative AI (genAI) chatbot faced similar public fallout in November for going rogue.
- In June, **Microsoft paused Copilot's Recall feature** due to privacy concerns.

Apple plans to display future alerts in italics while highlighting that these beta features can result in potential errors. Those changes may not be sufficient in the face of continuing backlash.

How did AI summaries go off the rails? The BBC complained to Apple in December about its journalism being misrepresented.

- Apple's AI alert falsely claimed that **Luigi Mangione**, who was accused of killing UnitedHealthcare CEO **Brian Thompson**, had shot himself.
- **It also erroneously reported that Spanish tennis legend Rafael Nadal had come out as gay.** The BBC wrote that the mix-up appears to have resulted from an unrelated BBC story about Brazilian tennis player **Joao Lucas Reis da Silva**.

Journalists raise the alarm against hallucinations in the news: Pushback from journalists calling for Apple's AI feature to be dropped—including from the NUJ and **Reporters Without Borders (RSF)**—could diminish Apple's brand and taint future AI expansion.

- "At a time where access to accurate reporting has never been more important, the public must not be placed in a position of second-guessing the accuracy of news they receive," said **Laura Davison**, NUJ general secretary, per the **BBC**.
- The RSF called Apple's response inadequate and renewed its demand to take the product completely offline.

Bad timing for Apple's AI foibles: The company's stock is down over 9% this month and nearly 12% from its December peak, making it the worst performer among 2025's magnificent seven tech stocks.

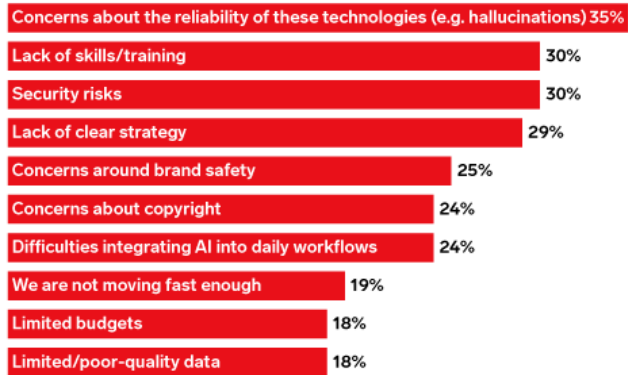
Recent stock dips are the result of Apple's shipments in China being down 17% YoY as **Vivo** and **Huawei** grow their market share in the region. Skepticism over Apple's AI's effectiveness

could further dampen iPhone sales.

Our take: Continued AI missteps in execution not only risk user trust but could also drag down market performance as it struggles to find its AI footing.

Challenges to the Company's Use of Generative AI in Marketing Over the Next 2 Years According to Brand Marketers Worldwide, Oct 2024

% of respondents



Note: n=586; top 3 responses

Source: Econsultancy, "The Future of Marketing," Dec 6, 2024

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