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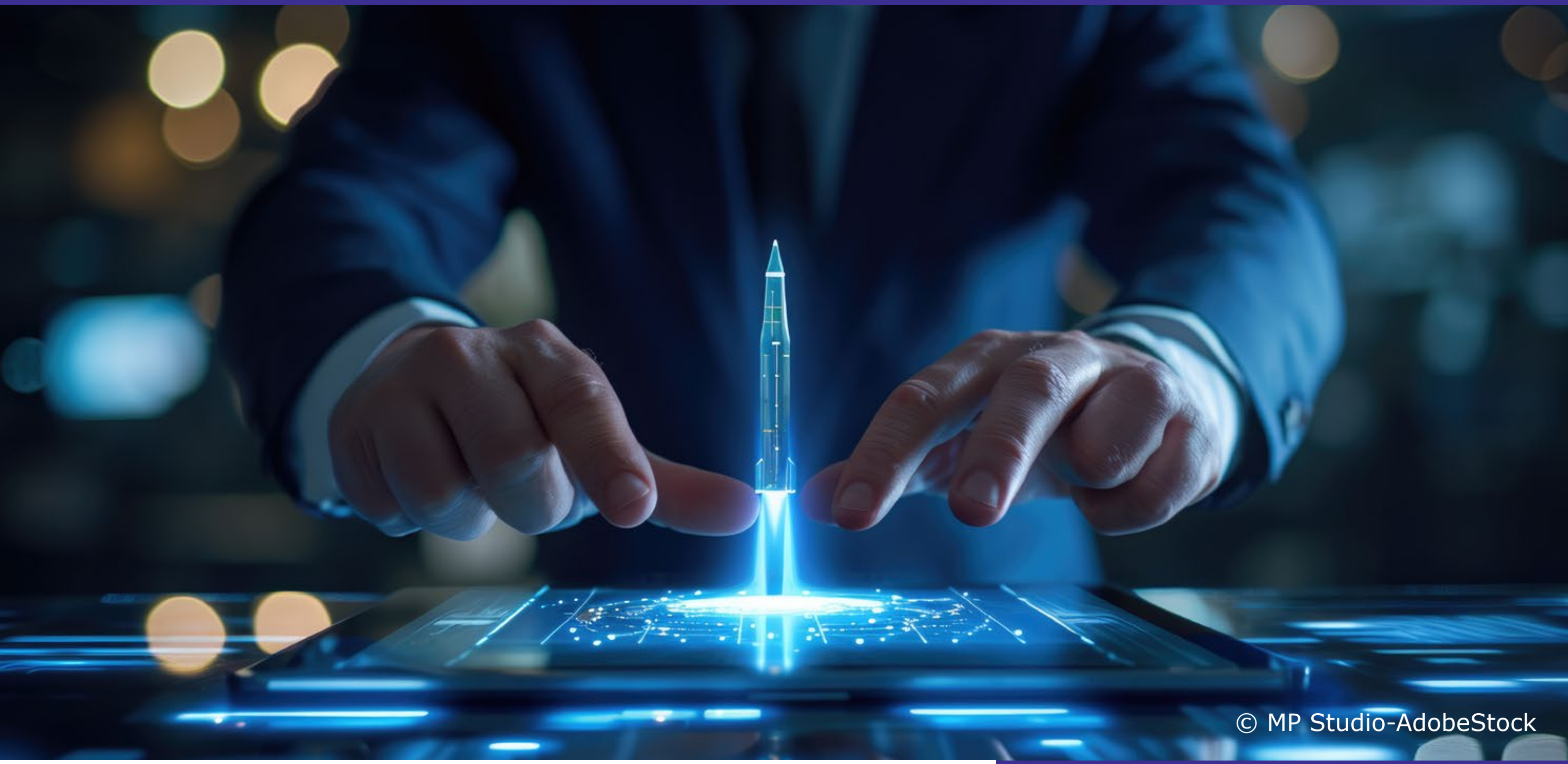

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Simulated pasts, real desires: Strategic opportunities and ethical dilemmas of AI-generated nostalgia

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Abstract

Artificial intelligence (AI) is no longer just predicting what we want—it's recreating the pasts we wish we had. From virtual family reunions to simulated life regrets, fake nostalgia is becoming a powerful emotional driver of consumption. This paper explores how businesses across tourism, luxury, and experiential sectors can strategically leverage three forms of artificial nostalgia : reconstructing idealized pasts ("if only I could go back"), creating counterfactual desires ("if only I could turn back time"), and prolonging joyful moments ("if only I could make it last"). It also highlights critical ethical risks, such as emotional dependency and identity distortion, and offers practical guidance for companies and policymakers to responsibly navigate the emotional power of synthetic memory-making.

Keywords: fake nostalgia, AI-generated memory, emotional consumption

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Simulated pasts, real desires: Strategic opportunities and ethical dilemmas of AI-generated nostalgia

Artificial intelligence (AI) is no longer just predicting consumer preferences, it is beginning to fabricate the emotional pasts that give rise to them. Across sectors from tourism to memorial tech, generative AI tools now simulate experiences users never lived, yet still feel nostalgic for. This phenomenon, often labeled fake nostalgia in media studies (Grainge, 2003), is now an emerging emotional logic in business. Unlike retro aesthetics or personalized content, fake nostalgia generates prosthetic memories (Landsberg, 2004)—emotionally charged simulations of a "past" users never actually experienced. These memories are not remembered, but believed.

This shift raises pressing questions for managers: How should businesses leverage these technologies without manipulating memory? How do such experiences shape consumer identity and agency? And what responsibilities do companies bear when engaging with synthetic emotion?

Strategic business opportunities: turning "if only..." into emotional infrastructure

As of now, brands creating simulated memories primarily focus on emotional engagement through personalized yet artificial experiences. Platforms like MyHeritage with its "Deep Nostalgia" feature and companies such as DeepBrain AI, which enable interactions with AI-generated avatars of deceased loved ones, have already demonstrated the profound emotional potential of artificial memory generation (MyHeritage, 2021; BBC, 2024).

Yet these applications represent merely the initial phase. Research highlights that immersive environments, particularly those powered by virtual reality (VR) and the metaverse, significantly enhance emotional experiences due to their ability to create vivid psychological presence and deep sensory engagement (Dwivedi et al., 2022). Thus, these technologies represent the next logical frontier for leveraging emotionally charged, AI-generated nostalgia.

The most potent business opportunities lie in **building experiences** that simulate what people long for but never had—what could be called "if only" moments. Unlike organic nostalgia, which reflects on what was, fake nostalgia can simulate emotionally plausible timelines based on what might have been. Businesses can structure emotionally immersive strategies around three core expressions of artificial longing:

"If only I could go back to that time" — reconstructing idealized pasts

Consider brands employing sophisticated VR or metaverse platforms enabling users to enter idealized versions of their personal past. Within these environments, consumers, represented by personalized avatars, could re-experience deeply longed-for moments: family reunions where loved ones were still alive, youthful experiences symbolizing safety and emotional comfort, or culturally significant events they wished they'd experienced.

These aren't abstract reconstructions—they could include the user's actual childhood home, the kitchen they grew up in, the sound of the same old radio station playing in the background. Carefully integrated, emotionally resonant brand placements—such as subtly placed vintage Coca-Cola bottles at family picnics, Rolex watches worn by admired family members, or iconic branded clothing from past eras—could significantly heighten emotional engagement. Studies show that subtle branding within emotionally immersive VR experiences strongly enhances subconscious brand affinity and lasting emotional attachment (Van Kerrebroeck et al., 2017).

By offering users a temporary return to emotionally salient, albeit idealized moments—refined and rendered better than they ever were—brands move from product placement to emotional presence in the user's simulated memory. They don't just appear in the memory; they shape it. Brands can responsibly navigate this scenario by transparently labeling these recreated experiences as AI-simulated memories, clearly distinguishing them from authentic memories to prevent confusion or emotional dependency.

"If only I could turn back time" — fake nostalgia as counterfactual desire

Fake nostalgia doesn't just simulate the past—it can fabricate better versions of it. One of its most powerful applications lies in tapping into counterfactual desire: the emotional pull of "what could have been." Research shows that regrets—especially about missed chances or failures—are among the most enduring and motivational emotions in the human psyche (Zeelenberg & Pieters, 2007).

Memory simulation technologies allow brands to construct emotionally charged experiences in which consumers can revisit a key moment in their life—not as it was, but as they wished it had been. For example, users who regret failing a high-stakes exam could immerse themselves in a hyper-realistic scenario where they pass with distinction, leading to imagined scenes of professional success, cultural mobility, and aspirational living.

These simulations can be carefully enriched with luxury cues—tailored suits, vintage sports cars, bespoke leather accessories—that seamlessly embed branded products into this alternate timeline. Here, fake nostalgia doesn't merely soothe regret; it gives users a symbolic way to reclaim aspirational self-narratives in the present. Companies should implement explicit consent mechanisms, ensuring consumers understand and agree to engage with emotionally-charged alternate scenarios, thereby preserving user autonomy and emotional well-being.

"If only I could make that moment last" — prolonging joy in destination-based nostalgia

Tourism and hospitality brands can harness artificial nostalgia to reconstruct emotionally significant locations from the user's personal archive—not just general historical eras or locations. Instead of retro-inspired travel campaigns, brands could use AI to recreate emotionally charged destination memories tailored to personal milestones: the beach where a proposal nearly happened, the childhood road trip that was cut short, or the apartment in Rome where they once imagined living.

These simulations wouldn't just be generic recreations—they'd be designed using personal data, photos, family stories, even voice memories. And this time, the moment unfolds perfectly: the sunlight hits the café window just right, the proposal is timed with a violinist's street performance, the Vespa parked nearby carries a Gucci bag. Travel becomes not a product to be booked but a moment to be re-felt, enhanced, and emotionally extended.

Subtle integration of luxury products within these revived scenes—such as Rimowa suitcases, Veuve Clicquot in the hotel fridge, or the faint logo of a boutique hotel chain—ties the destination not to geography but to the memory itself. The user doesn't just want to go back to a place—they want to go back to a version of themselves that only existed in imagination. Brands must limit the frequency and intensity of personalized destination simulations, proactively preventing emotional entrapment and encouraging consumers to continue forming authentic, real-world emotional experiences.

These examples demonstrate that fake nostalgia is not about recreating the past, but about designing emotionally believable memoryscapes that fulfill deep psychological needs—reconnection, closure, recognition, continuity. Across sectors like automotive (restaging a user's “first car” with updated luxury cues), finance (simulating an alternative life of financial confidence anchored in brand trust), or even health and wellness (offering emotionally restorative simulations of childhood safety or familial care), the principle remains the same: simulate not what was, but what should have been felt.

To leverage fake nostalgia effectively, managers must understand three things: (1) the emotional logic of longing for imagined or corrected pasts; (2) the immersive power of personalization at the sensory and narrative level; and (3) the symbolic role of the brand not as an intruder, but as a meaningful actor within the user's inner story. In this paradigm, the brand does not just advertise—it participates in memory-making. And in doing so, it moves from persuasion to presence.

Risks and psychological consequences: when brands meddle with memory

The strategic power of fake nostalgia lies in its ability to script emotionally resonant “what if” timelines—scenarios where the consumer is reunited with a lost loved one, overcomes a life regret, or re-inhabits an idealized version of the past. But precisely because these simulations feel true enough to believe, they also carry risks profound enough to destabilize. The emotional realism that makes them valuable for business can, if left unchecked, blur the boundaries of identity, autonomy, and agency.

Unlike organic nostalgia, which draws from lived experience, fake nostalgia fabricates pasts the user never had, offering emotionally plausible yet artificial histories. Zuboff (2019) warned that memory is becoming the next domain of commodification: not just what people want, but the emotional foundations of why they want it. In this sense, fake nostalgia is not merely a marketing tool—it is an instrument of narrative engineering.

The most acute risk is the erosion of what philosophers and cognitive scientists call temporal agency—the ability to interpret and own one's past in order to act freely in the present. When brands design emotionally satisfying but entirely artificial simulations of “what could have been,” they subtly transfer authorship of the consumer's self-narrative. These simulations do not just evoke feeling; they reshape memory architectures, often without the user's full awareness.

Cognitive science lends support to this concern. Schacter et al. (2017) show that counterfactual memories, even of events that never occurred, can influence decision-making and emotional states just as strongly as real ones. In emotionally vulnerable groups—grieving individuals, adolescents, or users experiencing life transitions—the line between simulation and memory may become indistinct. A user who repeatedly revisits a virtual family reunion or relives a corrected regret may develop emotional dependence on these scenarios, treating them not as fiction but as unfinished identity work.

This dependence can manifest subtly. A consumer who experiences luxury through an aspirational "what-if" simulation—passing the exam, getting the job, winning the admiration—may come to associate the brand with not just lifestyle, but narrative validation. Brands risk moving from being symbolic actors to emotional arbiters, reinforcing the idea that personal worth is retroactively achievable through consumption.

Moreover, the predictive personalization required to construct these memoryscapes introduces another danger: emotional enclosure. As AI systems tailor simulations more closely to individual regret profiles, affective histories, and unfulfilled longings, they may trap users in algorithmically curated pasts. What began as a creative form of healing or identity exploration risks becoming emotional looping, where users repeatedly return to the same simulations rather than engage with real-life growth, relationships, or resolution.

Lastly, there is a cultural risk: the flattening of collective memory into modular, aestheticized, emotionally consumable fragments. As media theorist Grainge (2003) warned, when the past becomes detached from historical specificity and reassembled purely for affect, we enter a "post-historical" condition—one where emotion circulates without context, and identity is built not on reflection but on carefully curated emotional mythologies.

In sum, the risk is not that fake nostalgia is too powerful—but that it is powerful in a way that disarms reflection. Brands that create these emotionally immersive "what-if" experiences must understand that they are no longer designing campaigns. They are designing internal narratives. And once those narratives begin to shape behavior, perception, and desire, the line between storytelling and influence becomes ethically charged.

Ethical oversight and policy reflection: designing boundaries for synthetic emotion

If fake nostalgia becomes a mainstream tool for emotional engagement, then its governance cannot be left solely to corporate discretion. While brands are uniquely positioned to craft emotionally resonant simulations, policymakers and regulators must recognize that these technologies are not just producing content, but reshaping cognitive and emotional environments. When simulations blur memory and identity, the question is no longer only about consumer protection, but about narrative sovereignty.

Unlike traditional advertising, fake nostalgia can operate beneath conscious resistance. It doesn't interrupt a feed or offer a call to action. It inhabits. It rewrites the past, embeds emotion, and nudges the consumer from within. This requires a new ethical vocabulary and possibly new legal categories.

Policymakers should prioritize clear and actionable considerations when regulating synthetic emotional experiences. Specifically, they should:

- Implement mandatory disclosures clearly indicating when memories or emotional experiences are artificially generated, especially in sensitive cases like interactions with simulations of deceased loved ones or altered personal memories.
- For vulnerable users, set specific regulatory guidelines restricting emotionally immersive technologies from being marketed to or used by emotionally vulnerable populations, such as grieving individuals, adolescents, or people experiencing significant life transitions.

- Introduce limitations or usage guidelines to prevent consumers from becoming emotionally dependent on repeated synthetic memory experiences, and to encourage genuine emotional growth and real-life coping skills.

Some precedents already exist. The European Union's proposed AI Act (2021) designates "emotion recognition" and "cognitive manipulation" as high-risk applications when used in sensitive contexts. This framing should be extended to cover synthetic memory experiences that blur identity and narrative formation. Similarly, existing data protection frameworks may need to expand from personal data to personal narrative—protecting how a user's affective past is constructed, stored, or repurposed by algorithms.

Beyond formal regulation, ethical bodies and industry alliances should collaboratively develop emotional impact audits—transparent assessments of how emotionally immersive technologies affect memory, autonomy, and behavior over time. These could act as the equivalent of nutrition labels for synthetic emotional content, helping users understand how they are being affected, not just that they are.

Most importantly, this domain must not be framed solely in terms of harm mitigation. There is profound potential in these technologies for memory healing, creative self-exploration, and cultural reconnection. But unlocking that potential responsibly requires acknowledging that simulated memory is not neutral—it is power. And like all power, it needs structure, scrutiny, and safeguards.

Conclusion

Fake nostalgia is not merely a technological novelty—it is a new emotional interface between business and identity. As generative AI moves from predicting desire to simulating memory, brands step into uncharted territory: shaping not just what consumers want, but what they feel they once lived. Used thoughtfully, these tools can deepen emotional engagement and create meaningful brand presence. Used carelessly, they risk manipulating the very fabric of personal history. The challenge ahead is not only to innovate—but to remember what should not be forgotten: that memory, even when simulated, deserves integrity.

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