

The AI Hype Cycle, Explained

FREE EDUCATIONAL BRIEF · LEARN AI. UNCOVER THE DATA. PROTECT THE TRUTH.

Every transformative technology travels the same emotional arc: a trigger, a peak of inflated expectations, a trough of disillusionment, then a slow climb to real productivity. AI is running this cycle in fast-forward, and often several times at once — one curve for chatbots, another for agents, another for video generation. Reading the cycle correctly is a competitive skill.

THE FOUR STATIONS OF THE CYCLE

» Trigger

A demo goes viral. Capabilities are real but narrow; coverage implies they are general.

» Peak of inflated expectations

Budgets chase headlines. Vendors rebrand old products as AI. Predictions skip years of engineering.

» Trough of disillusionment

Pilots stall on data quality, cost, and reliability. “AI doesn’t work” headlines replace “AI changes everything.”

» Plateau of productivity

The unglamorous phase where the technology quietly becomes infrastructure — and where most of the money is actually made.

HOW TO POSITION YOURSELF

The trough is the buying opportunity. When attention moves on, tooling matures, prices fall, and the failure stories have already taught you what not to do. Businesses that adopted proven automation during a trough — rather than experimental demos during a peak — consistently report better returns. The question is never “is this hyped?” but “what narrow, boring version of this already works?”

SIGNALS THAT CUT THROUGH NOISE

Watch deployment, not demos: paying customers, uptime commitments, integration into existing workflows, and published limitations. A vendor that documents what its system cannot do is further along the curve than one that promises everything.

INVESTIGATOR'S TAKEAWAYS

- Every AI capability rides its own hype curve; track them separately.
- Peaks are for learning; troughs are for buying.
- “What narrow version already works?” beats “is this the future?”
- Documented limitations are a maturity signal, not a weakness.
- Boring, integrated, reliable AI is where returns concentrate.