Instacart, Klarna, Shopify deepen ties with ChatGPT

Article

This article was written with the assistance of ChatGPT.

The news: **Instacart**, **Shopify**, and **Klarna** became some of the first companies to test plugins in **ChatGPT**, broadening the potential use cases for retailers.

Instacart's AI ambitions: The Instacart extension merges ChatGPT's conversational abilities with Instacart's AI capabilities to let users engage in food and recipe discussions, order necessary ingredients, and have them conveniently delivered to their homes.

- The tool "will be triggered only in response to relevant food-related ChatGPT questions," per Instacart's chief architect **JJ Zhuang**. Additional capabilities, including the ability to shop ingredients on sale or in season, will eventually be added.

- Separately, the company is working on another ChatGPT-enabled feature, "Ask Instacart," to help shoppers plan meals and build shopping lists.

As an early mover in the space, Instacart has a valuable opportunity to grow its user base and increase order frequency from existing users, both of which could also boost its ad business and keep retailers on its platform.

Shopify and Klarna get personal: Like Instacart, Shopify's and Klarna's plugins allow ChatGPT to offer personalized recommendations in response to user queries. Users can specify their budgets as well as product and brand preferences to help guide the AI to suitable options.

- The integrations show the power of ChatGPT as a recommendation engine, but it's unclear whether they will truly drive sales. While users can offer clarifying information in the chat to whittle down their choices, their time might be better spent directly on the Shop or Klarna app, where they can read reviews and see recommendations based on their purchase history.

- These integrations are also only useful for certain retailers—mainly marketplaces that sell a broad variety of brands and products.
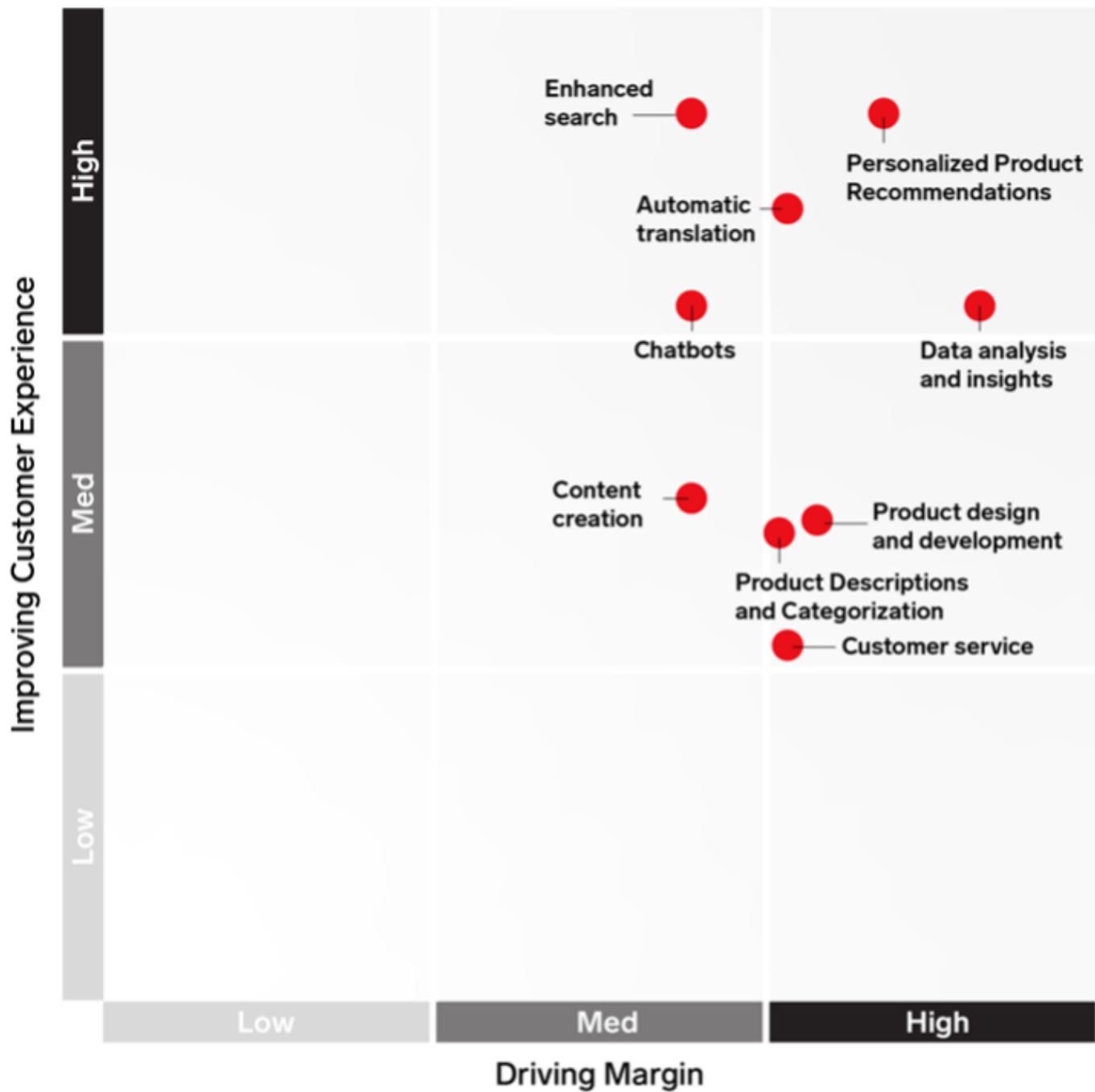
The big takeaway: While the latest ChatGPT integrations from Instacart, Klarna, and Shopify underscore the technology's capabilities and potential, it's doubtful whether they're the best possible use cases for retailers at the present moment.

- Instead, retailers should be focusing on how generative AI can help improve existing pain points, such as enhancing the customer experience, helping with content creation, and developing more sophisticated inventory management techniques.

Go further: For more use cases, read our report on ChatGPT and Retail. Or see what our Payments Innovation Briefing had to say about Klarna's news here.

Business Cases for Use of Generative AI in Retail
3-year potential

Improving Customer Experience (vertical axis: High, Med, Low)

Driving Margin (horizontal axis: Low, Med, High)

Data points:
- Enhanced search
- Automatic translation
- Personalized Product Recommendations
- Chatbots
- Data analysis and insights
- Content creation
- Product design and development
- Product Descriptions and Categorization
- Customer service

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