

Shopify launches generative AI product in its latest move against Amazon

Article

Shopify's new tool, **Shopify Magic**, uses AI to help merchants generate product descriptions.

How it works: Merchants enter a few keywords to target in search results, select a tone (like “expert” or “sophisticated”), and Shopify Magic will create a product description.

Your move: This is the latest in Shopify’s battle against Amazon.

- In January, Amazon announced it would **expand its Buy with Prime offering to all US merchants**.
- In response, Shopify spent the last month **adjusting its strategy** to position itself ahead of the Buy with Prime rollout. This included raising prices for its monthly plans, rolling out a new enterprise solution, and investing heavily to build out its own fulfillment network.
- So far, Amazon has stayed quiet on generative AI, giving Shopify a chance to gain a competitive edge. But it may not last for long if Amazon decides to get in on the AI craze.

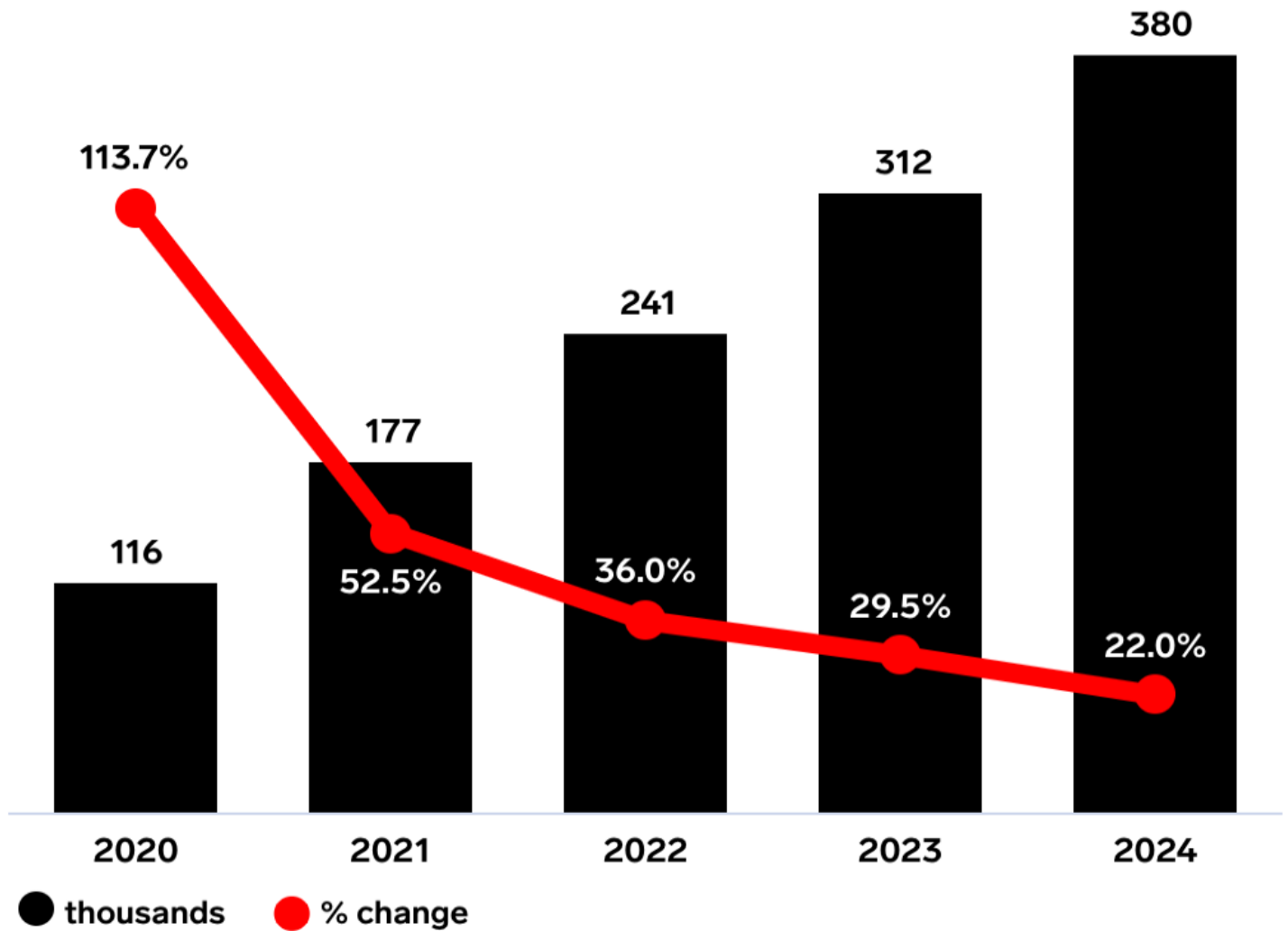
What’s next? Shopify says it will be using Shopify Magic to enhance even more of its tools.

Earlier this month, **Shopify made updates to over 100 of its merchant offerings**, including a new checkout experience and more functionality in the Shop app.

Shopify Magic could easily integrate with any of these products, particularly when it comes to customer service or payment offerings.

Shopify Enterprise Merchants and Penetration

US, 2020-2024



Note: enterprise merchants are merchants whose annual revenue is over \$10 million

Source: eMarketer, April 2022

eMarketer | InsiderIntelligence.com

The domino effect: Since ChatGPT hit the scene last year, companies are moving fast to put their spin on it.

- Last week, **Microsoft** announced it was integrating ChatGPT into its Bing search engine.
- Google developed its own answer to ChatGPT with Bard, a conversational chatbot.

- But it's not just Big Tech. Global ecommerce giants **Alibaba** and **JD.com** have both begun to build out their AI capabilities.

The bottom line: Shopify is smart to make its move into generative AI while it's still relatively untapped. As more retailers jump on the bandwagon, Shopify could establish itself as a market leader and possibly even make some money by licensing its product to others.

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