

Klarna eyes competitive edge through ChatGPT partnership

Article

The news: Klarna partnered with OpenAI on a ChatGPT plugin that offers users personalized shopping recommendations, according to a press release.

How it works:

- Consumers can install the Klarna plugin from ChatGPT's store.

- Shoppers can ask ChatGPT for shopping ideas, and the AI will send recommendations and links to products.
- The links bring customers to Klarna's search and compare tool to check prices across different brands.
- The plugin will initially be available for ChatGPT Plus subscribers in the US and Canada before rolling out to more users and regions.

Four reasons why it could succeed:

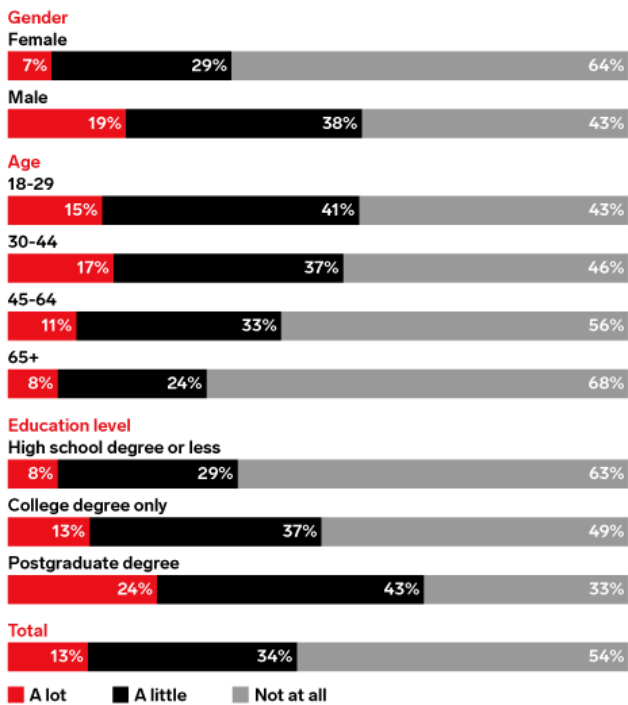
1. **Personalization.** The plugin can use generative AI to curate customers' payment and shopping experience. Creating product recommendations tailored to customer preferences and behaviors could help Klarna stand out from competitors and boost customer satisfaction. This can strengthen customer loyalty and conversion rates while also attracting new users.
2. **Better customer service.** The generative AI-powered plugin should be able to answer a variety of customer inquiries, and the conversational responses can make customers feel like they are chatting with a person, giving them more peace of mind than a less sophisticated bot.
3. **Efficiency gains.** The plugin could ease Klarna's customer service staffing requirements by cutting the need for as much manual input, in theory cutting costs.
4. **It should improve with time.** Klarna said it would carry out "safety testing, development, and improvement" on the tool. But generative AI's self-learning nature means it should also get better as more consumers use the plugin.

Klarna embraces game-changing tech: Generative AI has the potential to transform payments, and fast-moving firms can gain an edge with superior products before rivals delve into the tech.

By partnering with market leader ChatGPT, Klarna positions itself to benefit from technological developments that could cut fraud, boost customer satisfaction, and provide personalized customer service and support. But AI comes with unknowns, and there are risks concerning its limitations, consumers wanting human customer support, and new regulations likely to materialize.

Familiarity With ChatGPT Among US Adults, by Demographic, Jan 2023

% of respondents in each group



Note: numbers may not add up to 100% due to rounding
Source: YouGov as cited in company blog, Feb 1, 2023

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