

Social Commerce Ecosystem, Social Media Marketers' New Tool ChatGPT, and E-Commerce Profitability Improvement Based on Immersive Product Imagery



Drd. Ioan Matei PURCĂREA

Abstract

It's the real time now to better understand the layers of the social commerce ecosystem, and the moving forward march of social commerce. There are obvious significant recent shifts within the social media networks, the pay-to-play model of social media, and social media marketers' new tool ChatGPT. Marketers need to look carefully at the purchases made on social media, and social commerce driven by the product discovery, paying attention to e-commerce profitability improvement based on immersive product imagery. It is absolutely necessary to exploit change as an opportunity, and improve phygital retail.

Keywords: Social Commerce; Social Media; Generative AI; ChatGPT; E-Commerce; Immersive Product Imagery

JEL Classification: D83; L21; M21; M31; M37; O31; O33

Layers of social commerce ecosystem, and the moving forward march of social commerce

In our last RDC Magazine issue (Purcarea, 2022), we made reference to how important is identifying overlapping of social commerce, social media e-commerce marketing, and social selling (see figure below), thinking holistically (McConnell, 2022), considering including the huge power of social media as advertising channel, one hand, and social commerce as a sum of social media plus e-commerce (Yieldify, 2022), the other hand. The moving forward march of social commerce was underlined, for instance, by Manhattan Associates (2023) from the very beginning of 2023, within this framework being shown consumers' willingness to buy and checkout on social media, and companies' increased investigation of both traditional marketplaces, and social media platforms as sales channels in order to improve younger demographics' reach to, as well as significant expectations regarding: the acceleration of various payment and social shopping platforms' proliferation; greater progress in automation and robotics; retailers' work on quickly responding to the ongoing disruption and closing fast the inventory visibility gap; increased social responsibility and sustainability.

In January this year Coresight Research (Winnick, 2023) brought to our attention a recent Innovator Intelligence report, and putted in discussion key opportunities (considering key components of the social commerce market such as: user-generated content/UGC, livestreaming, and advanced technologies) in the relevant social commerce market of the United States, starting from the layers of social commerce ecosystem: the social channels (presented as including not only the social media platforms, but also the news apps, messaging apps, and video/audio platforms), social commerce marketplaces (presented as extending across not only the livestreaming shopping and peer-to-peer marketplaces, but also across social shopping websites/apps and group shopping), technology integration (presented as technologies which are integrated for the enablement of not only the storefront

creation, data analytics and creator affiliate programs, but also the user-generated content/UGC enablement). In order to achieve success in this relevant social commerce space of the United States, Coresight Research investigated some brands' and retailers' opportunities, as shown in figure below. Within this framework, Coresight Research highlighted, for example, the growth potential of livestreaming e-commerce (taking into account the new level of interaction enabled throughout the course of the channels through which a customer might find and purchase a product) between a brand and shoppers, and analyzed: how brands and retailers are offering customers (by using third-party platforms and establishing their own livestream shopping channels) improved livestream shopping experiences; what are the implications for brands and retailers, so as to better connect with (based on innovative and authentic UGC use) and attract customers (based on valorizing live shopping).



Figure no. 1: Four Key Opportunities in US Social Commerce

Source: Winnick, S., 2023. *Innovator Intelligence: Achieving Social and Live Commerce Success with Authentic, Interactive and Engaging Content*, Coresight Research, January 19, 2023 (work cited)

Some month ago, views from McKinsey's E-commerce Global Initiative, NeXT Commerce (Beccach et al., 2022) underlined: the paradigm shift represented by the dynamic world of social commerce, both products, and complete transactions being investigated by consumers from within an app through social media and content creation platforms like Pinterest and TikTok; this transformation of the customer journey making it imperative to act on social commerce that opens new windows of opportunities by removing friction from the buying process thanks to innovative buying options and social-first content.

On the other hand, it is also worth mentioning the growing interest, from both businesses and buyers, clearly manifested by the mobile social commerce, within the context not only of the mobile app users' increasing number, but also of the significant mix of e-commerce and sharing features of the mobile social commerce platforms, as recently highlighted by Liu et al. (2023). Within this framework, allow us to also remember that as demonstrated by Al-Adwan et al. (2019): the (in value) perceived differences in convenience and personalization (having a positive influence) and risk perceptions (having a negative influence) are essential in determining consumers' intention to switch from traditional (internet-based) e-commerce to m-commerce (mobile commerce); the (in technology) perceived differences in communication networks and end-user devices (having a significant positive influence) are also essential in determining consumers' intention to make this switch.

Significant recent shifts within the social media networks, the pay-to-play model of social media, and social media marketers' new tool ChatGPT

As recently confirmed by Statista (Dixon, 2023): in US are the most top ranked social networks (having more than 100 million users originated here), while as a result of the local context and content the Chinese social networks like WeChat, QQ or video sharing app Douyin (the owner of TikTok as this network's international version) gathered in their regions most people; Facebook is the market leader first surpassing (as social network) one billion registered accounts (sitting currently at more than 2.9 billion monthly active users); Meta Platforms are the biggest social media platforms (Facebook as core platform, WhatsApp, Facebook Messenger, and Instagram, having all over one billion monthly active users each; over 3.7 billion monthly core Family product users being reported by Facebook in Q4 2022).

According to Insider Intelligence (Enberg, 2023), in 2023, from the point of view of the 5 million new US social buyers, for instance, TikTok will be the explanation for the most of them, and this within the context in which: social commerce sales will become more appealing, being capable of growing at high speed (over three times compared to total e-commerce sales); Generations Z and Y are targeted by social commerce strategies depending on creators (with TikTok being a major driver of the new social commerce sales), marketers' influencer marketing strategies needing to be re-evaluated. The more so, as shown by HubSpot (Alfred, 2023), the new trend of

deinfluencing achieved, in the first weeks of this year, over 160 million videos on TikTok (rapidly evolving from “buy less” into “buy this, not that”), despite the fact that deinfluencing could be also interpreted as a building trust strategy in order to determine another purchase happening in every case.

A recently by Rival IQ released 2023 Social Media Benchmark Report (Farley, 2023), that analyzed 150 companies (from 14 industries, including media, retail, food & beverage etc.) having an active presence across major social media networks (Facebook, Instagram, TikTok, Twitter), underlined significant idea to be remembered: the falling (Instagram) or flatlining (Facebook, Twitter) of the organic engagement: falling or flatlining; the declining (Facebook, Twitter) or flatlining (Instagram) of the posting frequency; the increased popularity of hot holiday hashtags (taking part in the happening conversations on the social media platforms on the occasion of the special themed days, each with their own hashtag), compared with the contests and giveaways which were ignored by the public; the most engaging post type is Reels (video posts, under 15 min., intended for people who don't currently follow you), that is ruling on Instagram; TikTok is having reached the highest position in the charts. Also recently, Vox (Ghaffary, 2023) brought to our attention how under pressure is now the free model of social media (known as being subsidized by advertising), and how that can be seen as the start of the pay-to-play era of social media. This situation being determined by various factors (such as: reduced investments on the advertising market, much more difficult for social media apps to sell advertisements because of regulation, increased privacy restrictions generally). Of course, this pay-to-play model is seen as being exposed to major risks within the context of a real turning away from social media of many young people (including by seeking more convenient alternative apps).

According to Tanner (2023), social media marketers real need to create engaging and personalized written content is opening the window of opportunity to make use of ChatGPT (as a new content writer, and social media content strategist – see also the below figure), whose advanced language understanding capabilities (being a machine learning model) allow social media marketers to offer rapidly and easily their customers unique high-quality content, better resonating with them. Tanner gave a lot of examples (such as: social media captions, blog posts, customer service, product descriptions, Instagram stories, email campaigns, Facebook posts, Twitter threads, YouTube videos, podcasts) of how this new tool ChatGPT can be used by social media marketers by both asking the right questions, and providing the right information.



Figure no. 2: Write 5 Instagram captions in a fun and engaging tone describing the benefits of ChatGPT for social marketers

Source: Tanner, D., 2023. ChatGPT: Your New Social Media Marketing Secret Weapon, Social Media College, January 20, 2023 (work cited)

We recently made reference (Purcarea, 2023) to the fine linkage between e-commerce acceleration and advancing marketing technology stake, highlighting valuable conversations about AI (from Dall-E to ChatGPT) and its impact on digital marketing, generative AI & personalization, the exponential change fueled by the impressive technological innovation, companies' need of establishing a clear digital vision, retailers' important priorities within the digitally driven commerce etc. At the beginning of February this year Visual Capitalist (Routley, 2023) introduced an Infographic (as shown below) in which the generative AI was explained by AI (the article being generated by ChatGPT based on specific prompts).

Very recently, the global company Stefanini (2023) underlined digital marketers' need to learn from the many use cases with regard to ChatGPT (generating SWOT analyses for competitors' better understanding; better planning and executing digital marketing campaigns) and generative AI (digital marketing gaining advantage from it by improving audience reach and engagement). Also recently, Marketing Dive (Kelly, 2023) showed different experts' opinions regarding the impact of ChatGPT on advertising, new jobs' creation or (at least) marketers' new skill setting, without forgetting to also bring the attention on ethical implications related to the use of the AI-generated content.



Figure no. 3: What is Generative AI?

Source: Routley, N., 2023. Infographic: Generative AI Explained by AI, Visual Capitalist, February 1, 2023 (work cited)

Allow us to also add here that:

- Within the context of the significant debate on the European Union (EU) Artificial Intelligence Act (EU AI Act), it was very recently launched a CEPS (Centre for European Policy studies, a leading independent Think Tank on European Policies) Explainer advocating on a broader definition of AI (Renda and Engler, 2023). Priorly, the same authors proposed a very interesting typology of the AI value chain (Engler and Renda, 2022);
- CB Insights (2023) recently analyzed the OpenAI's (the maker of the generative AI tools ChatGPT and DALL-E 2) investment strategy in the next generation of AI startups (see figure below), the general productivity tools and industry solutions being the top themes (the generative AI being valorized by the most of OpenAI's portfolio companies in their tools).

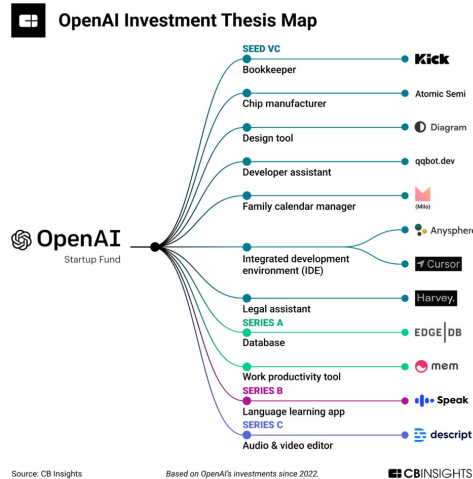


Figure no. 5: OpenAI Investment Thesis Map

Source: CB Insights, 2023. Analyzing OpenAI's investment strategy: How the ChatGPT maker is building a generative AI ecosystem, Research, February 24, 2023 (work cited)

Purchases made on social media, and social commerce driven by the product discovery

As demonstrated by Insider Intelligence the digitally native (US) Generation Z is the more connected to the social platforms, being well-known, for instance, for its continuous online researching and WOM recommendations seeking (Brown et al., 2022), for digital payment technologies' embracing (such as mobile wallets, contactless solutions, and peer-to-peer payment apps, being interested in alternative payment methods like BNPL), for their (whether on social media, a website, or an app) expectations regarding a seamless DCX, for their interest in social commerce (see figure below) driven by the product discovery (Feger, 2023).

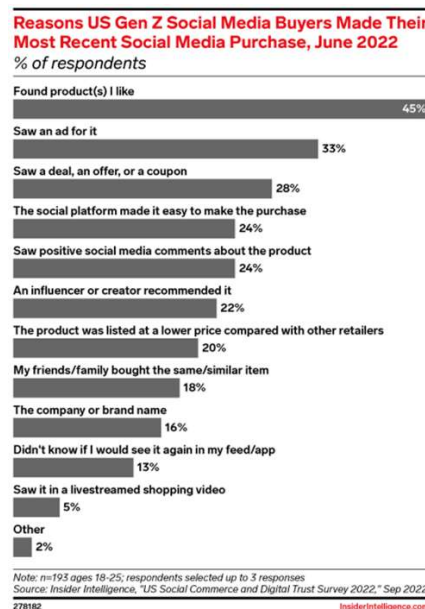


Figure no. 6: Reasons US Gen Z Social Media Buyers Made Their Most Recent Social Media Purchase, June 2022

Source: Feger, A., 2023. How Gen Z shops and buys in 5 charts, Insider Intelligence, Feb 21, 2023 (work cited)

Also, according to Insider Intelligence (Willens, 2023) if this digitally native (US) Generation Z is considered the social video generation (in terms of user penetration TikTok being surpassed by YouTube), its platform is TikTok from the point of view of the time spent weekly with select apps, as shown in figure below.

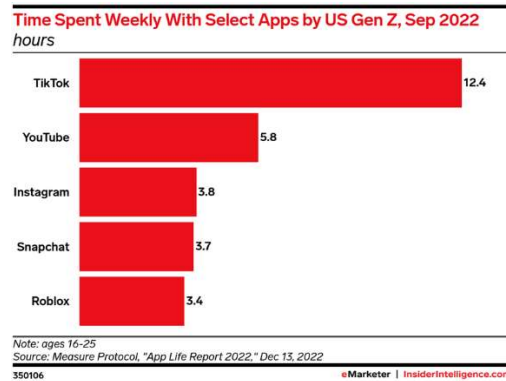


Figure no. 7: Time Spent Weekly With Select Apps by US Gen Z, Sep 2022

Source: Willens, M., 2023. Gen Z is the social video generation, and TikTok is its platform, Insider Intelligence, Feb 13, 2023 (work cited)

E-commerce profitability improvement based on immersive product imagery

A recent valuable Custom Report entitled "CGI and 3D Product Imagery: The Future of Visual Merchandising in E-Commerce" and produced by Coresight Research (2023), in partnership with the visual e-merchandising SaaS platform Nfinite, analyzed data from an online survey (conducted by Coresight Research in December last year) of near 200 executives across brands and retailers in the US, UK, France and Germany. Coresight Research focused on brands' and retailers' challenges with regard to the production and management of product visuals for e-commerce (so as to improve consumers' engagement, retention and revenue), one hand and the evolving Computer-generated imagery (CGI – 3D rendering) generally, the other hand. Among the significant research findings and identified key insights (see figure below) it was underlined (as a key insight) that the action of arranging AI in layers has a multiplicative effect on computer-generated imagery for visual merchandising, more than two-thirds of respondents indicating (a research finding) their intention to invest in AI in order to automate product visual content on online channels, both brands and retailers recognizing multiple AI benefits (for example, Nvidia already announced, in November last year, the launch of its Magic3D text-to-3D content creation tool) when coupled with computer-generated imagery.

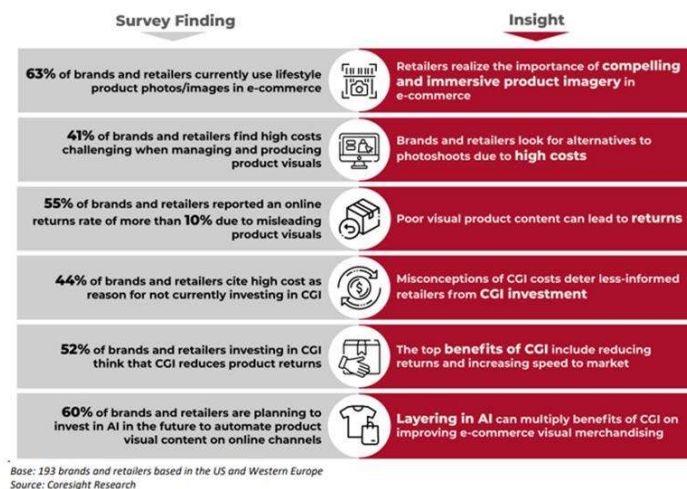


Figure no. 8: CGI and 3D Product Imagery: Summary of Selected Survey Findings and Key Insights

Source: Coresight Research, 2023. CGI and 3D Product Imagery: The Future of Visual Merchandising in E-Commerce. [pdf] Custom Reports, Deborah Weinswig, CEO and Founder Coresight Research, Deep Dive, February 16, 2023, p. 5 (work cited)

It is also worth mentioning that as shown by the above-mentioned report, respondents recognized different perceived benefits of investing in computer-generated imagery which rapidly creates (through 3D models) new product visuals and support consumers' confidence in their purchase decisions (52% of respondents recognized

product returns reduction as a perceived benefit; 49% - speed to market improvement; 44% - effectiveness of social media marketing improvement; 43% - company's ability to A/B test product visuals improvement; 40% - sales conversion increase; 39% - company's carbon footprint improvement; 38% - effectiveness of company's e-mail marketing improvement; 36% - e-commerce profitability improvement; 31% - reusability of product visuals increase; 29% - overall costs reduction).

Instead of conclusions: *Exploiting change as an opportunity, and improving phygital retail*

There is no doubt the imperative of improving today's social commerce performance, as well as today's performance of the phygital retail. It is not accidental, for instance, that:

- According to Lin & Wang (2022), it is necessary to valorize the social media tools based on consumers as both information seekers, and information providers, and this in order to improve e-commerce effectiveness;
- In the opinion of a content specialist for Sprout Social (Kenan, 2023) it is necessary to make companies' social commerce strategy evolve, keeping under careful observation the e-commerce trends (such as: mobile shopping accelerated use, evolving social commerce, personalization as a preferred shopping experience, learning more about shoppers with the help of AI, what is on consumers' minds regarding zero-party data and privacy, online shopping experiences enhanced by AR and VR, voice search rise, businesses focus on optimizing for conversion, retaining loyal customers with the help of subscriptions, how consumers are choosing brands that align with their beliefs, livestream shopping, and conversational marketing).

Let us end by making reference to:

- Some ideas expressed by the Conversational AI leader Heyday (the AI platform Heyday was acquired two years ago by the social media management leader Hootsuite): *"In the age of mobile commerce and messaging, marketing, sales and support are starting to merge to create a seamless customer experience... Conversational bots in ecommerce are widely used for customer service as chatbots can resolve a basic issue or query instantly and even retrieve information from existing databases to provide relevant answers. Chatbots deliver faster responses, handle multiple requests simultaneously and are easily scalable... There is a lot of noise around conversational AI chatbots and you should be able to separate the wheat from the chaff—meaning, you have the tools to identify the best solution for your ecommerce business. Here's the checklist you should be looking at while choosing the right solution..."* (Heyday, 2023);

- What the Vice President of revenue marketing at conversational marketing platform Drift, Justin Keller, told Retail Brew (Allsup, 2023): *"It's not enough to say, 'Well, I'll adopt GPT-3 and the world will look hunky-dory, because everyone else will adopt GPT-3 too.' That just becomes kind of part of being in business";*

- The interesting experiment made by Ethan Mollick (2023), Professor of Management at the Wharton School of the University of Pennsylvania, who *"asked Bing and ChatGPT to create assignments and rubrics for an essay on team performance"*, then *"gave the assignment to the other chatbot, and return the assignment to the original to assign grades."* Take a look at the results of this experiment: *"Bing gave ChatGPT 70%. ChatGPT gave Bing an A;"*

- (and last but not the least) The well-known wise words of Peter Drucker: *"Follow effective action with quiet reflection. From the quiet reflection will come even more effective action"; "The entrepreneur always searches for change, responds to it, and exploits it as an opportunity".*

References

Al-Adwan, A.S., Alrousan, M., Al-Soud, A. and Al-Yaseen, H., 2019. Revealing the Black Box of Shifting from Electronic Commerce to Mobile Commerce: The Case of Jordan, Journal of Theoretical and Applied Electronic Commerce Research 14, no. 1, pp. 51-67. <https://doi.org/10.4067/S0718-18762019000100105>.

Alfred, L., 2023. What Does the De-influencing Trend Mean for Influencer Marketing? HubSpot, February 16, 2023. [online] Available: <https://blog.hubspot.com/marketing/deinfluencing?> [Accessed 17 February 2023].

Allsup, M., 2023. Retail's chatbots are evolving, and bringing new challenges, Retail Brew, February 14, 2023. [online] Available at: <https://www.retailbrew.com/stories/2023/02/14/retail-s-chatbots-are-evolving-and-bringing-new-challenges?> [Accessed 15 February 2023].

Beccach, C., Brodherson, M., Gersovitz, A., Glaser, D., Kubetz, Z., Magni, M. and Nakajima, J., 2022. Social commerce: The future of how consumers interact with brands. [pdf] McKinsey & Company, views from McKinsey's E-commerce Global Initiative, NeXT Commerce, October 2022, pp. 1-8. Available at: [social-commerce-the-future-of-how-consumers-interact-with-brands-vfinal](https://www.mckinsey.com/industries/e-commerce/our-insights/social-commerce-the-future-of-how-consumers-interact-with-brands-vfinal) [Accessed 24 October 2022].

Brown, T., Digalaki, E., Montez, T. and Van Dyke, D., 2022. Banking Trends to Watch for 2023, Insider Intelligence, Report, Dec 14, 2022. [online] Available at: <<https://www.insiderintelligence.com/content/banking-trends-watch-2023?>> [7 January 2023].

CB Insights, 2023. Analyzing OpenAI's investment strategy: How the ChatGPT maker is building a generative AI ecosystem, Research, February 24, 2023. [online] Available at: <<https://www.cbinsights.com/research/openai-investment-strategy/?>> [Accessed 26 February 2023].

Coresight Research, 2023. CGI and 3D Product Imagery: The Future of Visual Merchandising in E-Commerce. [pdf] Custom Reports, Deborah Weinswig, CEO and Founder Coresight Research, Deep Dive, February 16, 2023, pp. 1-13. Available at: <CGI and 3D Product Imagery- The Future of Visual Merchandising in E-Commerce Feb 16 2023> [Accessed 16 February 2023].

Dixon, S., 2023. What is the most popular social media platform worldwide? Statistics, Feb 14, 2023. [online] Available at: <<https://www.statista.com/statistics/272014/global-social-networks-ranked-by-number-of-users/>> [Accessed 26 February 2023].

Enberg, J., 2023. 'De-influencing' is still... influencing, Insider Intelligence, Feb 22, 2023. [online] Available at: <<https://www.insiderintelligence.com/content/de-influencing-still-influencing?>> [Accessed 22 February 2023].

Engler, A., Renda, A., 2022. Reconciling the AI Value Chain with the EU's Artificial Intelligence Act, CEPS, 30 Sep 2022. [online] Available at: <<https://www.ceps.eu/ceps-publications/reconciling-the-ai-value-chain-with-the-eus-artificial-intelligence-act/>> [Accessed 26 February 2022].

Farley, N., 2023. Organic engagement and traffic from social networks has been shrinking every year, Search Engine Land, February 22, 2023. [online] Available at: <<https://searchengineland.com/social-media-engagement-hits-a-new-low-except-for-tiktok-393395?>> [Accessed 23 February 2023].

Feger, A., 2023. How Gen Z shops and buys in 5 charts, Insider Intelligence, Feb 21, 2023. [online] Available at: <<https://www.insiderintelligence.com/content/how-gen-z-shops-buys-5-charts?>> [Accessed 22 February 2023].

Ghaffary, S., 2023. Social media used to be free. Not anymore, Vox, Feb 21, 2023. [online] Available at: <<https://www.vox.com/recode/2023/2/21/23609375/meta-verified-twitter-blue-checkmark-badge-instagram-facebook?>> [Accessed 24 February 2023].

Heyday, 2023. How to define your Conversational AI needs. [pdf] Ebook, Hootsuite, Retail planning, pp. 9, 13, 33. Available at: <Heyday by Hootsuite _ Ebook _Retail planning 2023> [Accessed 1 February 2023].

Kelly, C., 2023. ChatGPT might change advertising — but it won't revolutionize it, Marketing Dive, Jan. 31, 2023. [online] Available at: <<https://www.marketingdive.com/news/chatgpt-ai-marketing-advertising-revolutionize/>> [Accessed 24 February 2023].

Kenan, J., 2023. 13 Ecommerce trends you need to know in 2023, Sprout Social, February 13, 2023. [online] Available at: <<https://sproutsocial.com/insights/ecommerce-trends/>> [Accessed 26 February 2023].

Lin, X. & Wang, X., 2022. Towards a model of social commerce: improving the effectiveness of e-commerce through leveraging social media tools based on consumers' dual roles, European Journal of Information Systems, DOI: 10.1080/0960085X.2022.2057363.

Liu, Y., Li, Q., Edu, T., Fam, K.-S., Zaharia, R., Negricea, C., 2023. Mobile Social Commerce content, consumer emotions and behavior, International Journal of Consumer Studies, First published: 04 February 2023. <https://doi.org/10.1111/ijcs.12908>.

Manhattan Associates, 2023. 7 predictions all retail & supply chain experts need to watch out for in 2023, January. [online] Available at: <<https://www.manh.com/en-gb/blog/omnichannel-commerce-digital-supply-chain/7-predictions-all-retail-supply-chain-experts-need?>> [Accessed 23 January 2023].

McConnell, B., 2022. 6 Ways to Use Social for Media Ecommerce in 2023, Hootsuite, Social, November 23, 2022. [online] Available at: <<https://blog.hootsuite.com/social-media-ecommerce/>> [Accessed 7 December 2022].

Mollick, E., 2023. It's the AI homework showdown! Available at: <<https://twitter.com/emollick/status/1628958883539570688?>> [Accessed 26 February 2023].

Purcarea, I.M., 2022. E-Commerce Personalization Wanted by the Next Generation of Shoppers. Livestreaming E-Commerce, Q-commerce, Social Commerce, and the Metaverse, Romanian Distribution Committee Magazine, vol. 13(4), pp. 40-55, December.

Purcarea, I.M., 2023. E-Commerce, Marketing Technology Stake, and Improved DCX, Holistic Marketing Management, Volume 13 (1), pp. 30-40, February.

Renda, A., Engler, A., 2023. What's in a name? Getting the definition of Artificial Intelligence right in the EU's AI Act. [pdf] CEPS Explainer, 2023-02, pp. 1-5. Available at: <CEPS-Explainer-2023-02_Definition-of-AI-right-in-the-EUs-AI-Act> [Accessed 23 February 2023].

Routley, N., 2023. Infographic: Generative AI Explained by AI, Visual Capitalist, February 1, 2023. [online] Available at: <<https://www.visualcapitalist.com/generative-ai-explained-by-ai/>> [Accessed 14 February 2023].

Stefanini, 2023. Use Cases For Chat GPT In Digital Marketing, Insights, 22 February 2023. [online] Available at: <<https://stefanini.com/en/insights/news/use-cases-for-chat-gpt-in-digital-marketing>> [Accessed 24 February 2023].

Tanner, D., 2023. ChatGPT: Your New Social Media Marketing Secret Weapon, Social Media College, January 20, 2023. [online] Available at: <<https://www.socialmediacollege.com/blog/open-ai-chat-gpt/>> [Accessed 24 February 2023].

Willens, M., 2023. Gen Z is the social video generation, and TikTok is its platform, Insider Intelligence, Feb 13, 2023. [online] Available at: <<https://www.insiderintelligence.com/content/gen-z-social-video-generation-tiktok-its-platform?>> [Accessed 14 February 2023].

Winnick, S., 2023. Innovator Intelligence: Achieving Social and Live Commerce Success with Authentic, Interactive and Engaging Content, Coresight Research, January 19, 2023. [online] Available at: <<https://coresight.com/research/achieving-social-commerce-success-with-authentic-interactive-and-engaging-content/?>> [Accessed 20 January 2023].

Yieldify, 2022. Best Social Media Platforms for Ecommerce That You Should be Using, Published: 05/12/2022. [<https://www.yieldify.com/blog/best-social-media-platforms-for-e-commerce/>] Available at: <<https://www.yieldify.com/blog/best-social-media-platforms-for-e-commerce/>> [Accessed 24 December 2022].