

[Transcript] AI Hustle: News on Open AI, ChatGPT, Midjourney, NVIDIA, Anthropic, Open Source LLMs / Character.ai Nears ChatGPT in Monthly iOS Users - A Surprising Twist!

Welcome to the OpenAI podcast, the podcast that opens up the world of AI in a quick and concise manner.

Tune in daily to hear the latest news and breakthroughs in the rapidly evolving world of artificial intelligence.

If you've been following the podcast for a while, you'll know that over the last six months I've been working on a stealth AI startup.

Of the hundreds of projects I've covered, this is the one that I believe has the greatest potential.

So today I'm excited to announce AIBOX.

AIBOX is a no-code AI app building platform paired with the App Store for AI that lets you monetize your AI tools.

The platform lets you build apps by linking together AI models like chatGPT, mid-journey and 11 labs, eventually will integrate with software like Gmail, Trello and Salesforce so you can use AI to automate every function in your organization.

To get notified when we launch and be one of the first to build on the platform, you can join the wait list at AIBOX.AI, the link is in the show notes.

We are currently raising a seed round of funding.

If you're an investor that is focused on disruptive tech, I'd love to tell you more about the platform.

You can reach out to me at jaden at AIBOX.AI, I'll leave that email in the show notes.

Welcome to the AI Chat podcast.

I'm your host, Jayden Schaefer.

Today on the podcast, we'll be talking about a major player in AI and this is actually one that I did not expect to succeed.

It's kind of come out of nowhere and is literally challenging chatGPT and that is character.ai.

So for those of you that don't know what character.ai is, briefly speaking, it's essentially an app where you can go on and chat with, there's a whole bunch of different bots of like people from history, so you can go chat with Steve Jobs or there's one for Einstein or DaVinci or like all these different people, you can go create your own chatbots on there, you can share them and essentially write your, it's probably tied into something like chatGPT anyways and open AI, or maybe they have a little bit of their own secret sauce in there, but essentially it's just something where you go and tell like the chatbot, hey, act like Leonardo DaVinci, always refer to X, Y and Z talking this way, right?

You share these bots that you make where you've just kind of given it a prompt act in a certain way and people absolutely love this.

So character.ai is a venture backed startup and they're specializing in customizable AI characters, right?

Like I mentioned, and right now, as I said, they're actually currently closing the gap with chatGPT in mobile app usage.

So according to a bunch of different market insights that we got from a similar web with their Android and iOS apps, they have around 2.4 million monthly active users in the US. So character.ai is steadily gaining ground against chatGPT, which currently has around 6 million US monthly active users.

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So like literally chatGPT, which is like the biggest AI tool of all time, right?

This is really like brought on this whole AI wave is at 6 million monthly active users on their apps and character.ai is at 4.2 million.

So very, very interesting.

I think following its launch back in May of 2023, character.ai reported a really, really impressive 1.7 million installs within its first week.

So this was obviously a very hyped and very popular app right when it launched.

And I think although installs don't necessarily translate into active usage, the average mobile app sees around a 30 day retention rate of just 3 to 4% and uninstall rates of over 40% after 30 days.

So this is, you know, according to data from apps flyer, but according to, you know, what we're seeing here, really character.ai has managed to cultivate a very robust user base in the last couple of months and not just like a robust user base, but like they're keeping people around right 4 million active monthly users, really, really impressive.

So I think one caveat I will say is that when it comes to web-based interactions, right, they're not just like completely like chatGPT isn't getting crushed by this, by this other tool.

ChatGPT still definitely has the upper hand when it comes to web, web-based interactions.

And so I think this kind of discrepancy likely stems from character.ai's user preferences for engaging with their AI creations via mobile platforms rather than traditional websites. Right.

So this definitely has a much younger audience.

These are people that love to use mobile phones or using this on their phone.

And this is primarily like a phone tool for character.ai.

Whereas when you look at chatGPT, this is something that's getting integrated by a lot of business professionals.

A lot of people are using this at work or just using this for their own life.

And so a lot of that is happening at a desk behind a computer or on a laptop, right?

And so I think you see a much higher usage actually for chatGPT not on a phone.

And I think part of this too is like, you have to kind of think of like user and consumer habits, right?

So they launched on, on web first.

And I remember being like, you know, refreshing the feed, like, man, when did they even come up with like a new app for chatGPT?

I love this on my phone.

A whole bunch of people made knockoffs of chatGPT apps and a ton of people downloaded those and use those.

I of course didn't want to do that because like, I never want to knock off.

They're going to try to like, you know, monetize my data or they're going to like charge me for whatever.

Right.

And I just knew like, I'll just get chatGPT.

I already had chatGPT premium.

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I wanted the GPT for.

And so by the time chatGPT came out for mobile, like honestly, I have it on my phone.

It's not even logged in.

I'm going to get there.

I used it on like the web browser on my phone for a while.

But honestly, it's like, usually I'm using it when I'm sitting down, I'm working on these podcasts or I'm working on different projects.

I need it to come up with like a paragraph or a thing for this or that or respond to an email chain.

There's all sorts of things I use it for, but it's usually when I'm sitting down at a computer or, you know, I'll direct a virtual assistant to kind of do a bunch of different things for me using chatGPT and I'm like, Hey, this is the prompt I use that it works.

I usually figure it out first, think it then kind of like automate it.

But overall, I think this definitely contributes to the fact why chatGPT has a little bit lower numbers when it comes to the app.

So I think on a global scale, chatGPT continues to really dominate the mobile app arena with 22.5 million monthly active users compared to characterize character.ai's 5.2, right?

So globally, chatGPT is obviously beating character.ai, this shouldn't even be something that it's like, I have to say this should be like, well, obviously chatGPT is the biggest they're going to be doing the best.

So it's kind of funny when someone builds like a product based off of, is building a product based off of chatGPT and they're kind of catching up.

So but in the US specifically, that's where this app is very, very popular.

So and that's according to Android data.

So I think what's really intriguing in this demographic variance between these two platforms, right, is that we see character.ai appeals largely to a much younger audience.

I think nearly 60% of its web traffic is coming from 18 to 24 year olds, that kind of demographic.

And I think this pattern remains really consistent over the summer, even as chatGPT's traffic in this demographic dropped around 27% in July from 30% in April.

So chatGPT is seeing like kind of a drop in a younger demographic using it.

Maybe they're moving on to other more sophisticated software, maybe they're deciding they don't need it.

Maybe it was just a fun thing to play with.

I'm not sure exactly where, where that lies.

But I think other AI companies like perplexity.ai, mid-journey, anthropic, barred, they're also lagging behind character.ai in engaging this younger demographic.

So they really do have a bit of a stranglehold on this younger demographic.

And they have only, I think perplexity, AI is at around 22.7% of the audience.

Then you got mid-journey with 22% anthropic with 25% and barred with 18%.

So chatGPT hasn't been without its challenges, right?

Routings reported a 3.2% decrease in global website visits in August.

So it seems to be kind of dying down a little bit.

A lot of this might be like, okay, this was a big, huge fat.

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It was amazing.
People were like excited.
There's a lot of hype around it.
I guess fat isn't a good word, but hype, right?
At the beginning, back in, at the beginning of the year.
And so now it is the year's kind of progressing.
Maybe people are using it less.
They're not testing it now, asking it funny little questions.
It is more like a tool for people that are using it for an actual use case now.
So I see while there is a slight decrease in usage, I see the usages being more ingrained and being more useful, the outputs that are now being generated.
And that's actually following like that 3% decrease is following a 10% dip in each of the prior two months.
So it really has seen a slow kind of decrease in usage.
And user engagement also declined with an average time spent on the site going from around 8.7 minutes in March to 7 minutes in August.
But the whole like average time spent on the site falling, I really, I don't put a lot of merit in that specifically because I know I for one, well, actually I just leave a chat GPT tab open all the time on my computer.
So I don't know really how they measure that, right?
I'm 24 hours on that thing.
But actually using it, maybe it's the usage when I'm actually sitting there on the site.
Well, two things happen.
Number one, they're making it faster.
So it gives you your results faster.
So going from 8.7 minutes to seven minutes seems like, well, maybe it can just come up with responses quicker.
So it literally that could be a contributing factor to that.
And the other thing is I now have a number of prompts that I use for everything.
I've kind of labeled them on chat GPT.
And like when I have a project, I literally have, I just like grab the piece of information I have, plunk it into my prompt that already have set there on chat GPT and it runs it.
And I'm like in and out super quick.
So I think the like the site usage, I don't, I wouldn't put a lot of merit in that metric as like, I think people are just getting better at it.
They're knowing how to use it.
They know what they're using it for.
They're not sitting there experimenting so much when you got to sit there and like develop a prompt is going to take you a minute.
But once you've developed it, now all of a sudden you can crank tons of stuff out super fast.
So I wouldn't put a lot of weight on that.
However, similar webs data indicates a recent uptick as the school year resumed.

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So marking a 0.4% increase in the US web traffic and a 3% month over month rise in unique US visitors for August.

So evidently as schools getting back in session, a lot of people are using this to help them brainstorm for their homework, perhaps to just do all of their homework for them.

Right.

We know that it's probably going to give you not an incredible job on a paper or what not, but definitely gives you some good pointers and gets you started.

And I mean, I've used it to write entire things that I just go tweak and fix up after.

So really impressive tool.

But I think yeah, the school year is going to start seeing a big uptick on that.

So I think while it remains to be seen, whether character.ai will become more than just a fad, right?

I think the company has a lot of resources for growth thanks to a massive \$150 million series, a funding round that valued it at a billion dollars.

So the co-founders are Noam Schezier and also Daniel D.

Friedes and they're really seasoned AI experts who previously worked at a Google team responsible for Lambda, which of course is Google's really impressive AI competitor to chat GPT.

And they are a significant part of the whole appeal, right?

This is why they were able to go and raise \$150 million is because it had this kind of rockstar team.

So Sarah Wang, who is from A16Z described the duo, right?

The founders of this company as quote, trailblazers in AI for nearly two decades.

And so she was kind of essentially she was just praising their comprehensive platform that really allows character.ai to erratively improve its product as user in great engagement grows, which obviously it is growing very fast.

So character.ai has yet to, I don't know, they never really commented or made any public statements on their social media or anything about this data from similar web, but I think the evolving landscape suggests a very promising future for this, you know, it's like it's a rising star in AI, right?

This is one of the big companies that is essentially working with another AI technology and creating something really powerful.

And specifically they found product market fit and a way to go straight to the consumer.

And so I got to give them massive props to everyone over at character.ai.

It's going to be interesting to follow this company and see what their growth trajectory is, how they grow, how they fight off, you know, this churn that a lot of people are concerned about, right?

Because maybe with a product like this where it's like, go talk to Leonardo DaVinci, maybe you had some questions you wanted to ask Leonardo DaVinci, you ask him, you're done, whatever, can you move on, right?

So I think they're going to have to fight to make sure that they are like an actual more than just an interesting thing to try, that they're a very useful tool that people use frequently.

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And I mean, I could see myself being like, hey, like I have this strategy idea for marketing, let me go ask Steve Jobs about XYZ and that being like useful. But they've got to really build this in a way where it's more than just something on your phone, perhaps that you are just like playing with. This has got to be like a really powerful tool. So definitely a company we're going to be watching and very curious to follow into the future.

Thank you so much for tuning into the AI chat podcast.

If you like these podcasts, please leave us a review wherever you listen to your podcast and I hope you have an amazing rest of your day.

If you are looking for an innovative and creative community of people using chat GPT, you need to join our chat GPT creators community.

I'll drop a link in the description to this podcast.

We'd love to see you there where we share tips and tricks of what is working in chat GPT.

It's a lot easier than a podcast as you can see screenshots.

You can share and comment on things that are currently working.

So if this sounds interesting to you, check out the link in the comment.

We'd love to have you in the community.

Thanks for joining me on the open AI podcast.

It would mean the world to me if you would rate this podcast wherever you listen to your podcasts and I'll see you tomorrow.