

The Rising AI Tide: How ChatGPT is Reshaping the Online Education Landscape

AI Revolution: OpenAI's ChatGPT Stirs Up Online Education, Chegg's Stock Plunges 40%

UNITED STATES, May 2, 2023 /EINPresswire.com/ -- [OpenAI](#)'s powerful language model, ChatGPT, has been making waves in the online education sector. One of the most striking examples of its influence is the recent turmoil in Chegg's stock, which tumbled more than 40% after the company acknowledged the impact of ChatGPT on its business growth¹.

Chegg, a leading online education company known for its homework assistance and online tutoring services, announced disappointing projected revenues for the quarter. Despite meeting first-quarter expectations with revenue of \$188 million, the company's projected revenue for the upcoming quarter, estimated between \$175 million and \$178 million, is far below the analyst consensus estimate of \$193.6 million².

The CEO of Chegg, Dan Rosensweig, stated during the company's recent earnings call that while there had been no noticeable impact from ChatGPT on new account growth at the beginning of the year, the situation changed dramatically in March. There was a significant spike in student interest in ChatGPT, which the company now believes is affecting its new customer growth rate³.

In response to this development, market analysts have adjusted their outlook on Chegg's stock. Morgan Stanley analyst Josh Baer slashed his price target to \$12 from \$18, stating that the impact of AI has "completely overshadowed" the results. Similarly, Jefferies downgraded Chegg's stock to hold from buy, reducing its price target to \$11 from \$25, due to the threat that artificial intelligence poses to Chegg's business⁴.

Despite the challenging scenario, Chegg is not backing down. The company is developing its own AI product, CheggMate, in collaboration with OpenAI, the organization behind ChatGPT. However, the timing of a full launch is unclear, and analysts don't expect any meaningful impact from CheggMate until FY24 at the earliest⁵.

The rise of ChatGPT and its impact on Chegg's business reflects a broader shift in the online education landscape. The advent of AI-driven learning tools like ChatGPT offers students new avenues for academic help, challenging traditional providers like Chegg. As OpenAI continues to innovate and develop powerful tools like ChatGPT, the dynamics of the online education industry

are poised to change even more dramatically.

In this era of rapid technological advancement, companies like Chegg are being forced to adapt or risk being left behind. It will be known as a grey swan if [AI stocks](#) begin to replace a large portion of the workforce. As we watch these developments unfold, one thing is clear: AI, exemplified by tools like ChatGPT from OpenAI, is not just the future of education—it's the present.

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