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12-12-2022

### AI Embedded Social Media and its Influence on Retail Traders

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#### Recommended Citation

Gonzalez, Alexis and Leidner, Dorothy E., "AI Embedded Social Media and its Influence on Retail Traders" (2022). *ICIS 2022 TREOs*. 97.

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## AI Embedded Social Media and its Influence on Retail Traders

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Technology has helped increase retail trading through mobile apps aimed at democratizing investing (Malz, 2021). In January 2021, the GameStop Stock (GME) price increased by 1,500% in 2 weeks (Li, 2021). A concerning trend in the investing world is stock surges brought on by social media movements. Social media has created self-directed online retail traders that are encouraging and biasing others regardless of a company's financial position, a phenomenon that is poorly understood (Bizzi & Labba, 2019). GME is not the first, nor will it be the last stock to be targeted by online retail traders looking to collectively "win" in the stock market.

Social media (e.g., TikTok) has been revolutionized through its artificial intelligence (AI) that connects users directly to content from the moment they sign into the app. While the advocacy of buying GME originated on Reddit, a social media blogging site, the advocacy was amplified through TikTok. The embedded AI tightens the connections between creators and consumers; consumers receive a highly personalized stream of content they find addictive. Its power of influence is apparent in a recent survey that approximates a quarter of U.S. investors aged 18-40 have used social media (e.g, TikTok) for financial advice (The Economist Newspaper, 2022). It is noticeable that social media has evolved quickly in recent years through the embeddedness of AI in its applications. However, the impact of AI embedded social media on retail traders' ability to influence the price of an individual stock remains unclear. In this study, we will use TikTok as the platform to investigate how AI embedded social media influences retail traders' decisions to invest in and manipulate individual stocks. The growing number of retail traders turning to AI-embedded social media for financial advice has a potentially significant impact on company stocks and one that requires our attention for understanding its influence.

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