

Microsoft ad updates worth watching

Article

Microsoft is picking up ad spend by improving search, social, and video features, as well as improving ad targeting and measurement. The company is also inserting itself into the rapidly growing retail media market. In the last few weeks, Microsoft has announced a slew of updates that will help it expand its business.

- Microsoft's share of total US digital ad spend is growing, and will hit 4.1% in 2025, a total of \$13.23 billion, according to our forecast.
- That's up from 3.7% this year, or a total of \$9.79 billion.

- This year Microsoft's ad revenues will increase 8.9% YoY. Next year growth will increase to 16.6% YoY.

Here are some updates worth watching.

Audiences

What's new: Microsoft just announced a slew of [Audience Ads updates](#).

- Market expansion: Audience Ads expanded to 58 more markets, making it available to 187 markets globally.
- Ad placements: Microsoft introduced new ad placements within its Casual Games and Microsoft 365 platforms. The company is also introducing connected TV (CTV) and video ads.
- Bidding and targeting: Maximize Conversions and Target CPA are both in pilot. They will allow for automated bidding and improved targeting. Predictive Targeting is now available, which powers ad placement through AI.

Why it matters: Programmatic ad spend now accounts for about 9 in 10 digital display ad dollars in the US, according to our forecast. Microsoft is boosting its programmatic potential and pushing the use of AI along the way to keep advertisers happy as they deal with the challenges of signal loss related to Apple's AppTrackingTransparency and Google's deprecation of third-party cookies.

Search

What's new: [Clicks on ads within Bing Chat](#) are 1.8 times higher than clicks on ads in traditional search, according to Kya Sainsbury-Carter, corporate vice president of Microsoft Advertising, as reported by Search Engine Round Table.

Why it matters: Microsoft's partnership with OpenAI is powering its search growth.

- Microsoft's US search ad revenues will grow 9.0% YoY this year, and growth will balloon to 17.5% in 2024 and 18.3% in 2025, according to our forecast.
- Increased traffic to the new Bing and a first-mover advantage in monetizing generative AI search responses will help Microsoft boost its search share.

Social

What's new: Microsoft-owned LinkedIn is boosting creator and AI tools.

- New AI tools have just been announced for LinkedIn's marketing, sales, and job-hunting products. The **new marketing product, Accelerate**, will help marketers run campaigns directly on LinkedIn without needing extensive technical experience.
- LinkedIn launched **Brand Partnerships Search within its Ad Library** so anyone can see which brands are working with which creators.

Why it matters: By improving products from Bing to LinkedIn with generative AI, Microsoft is working to cement a reputation of being on the cutting edge of AI. More AI ad opportunities could be in the pipeline. As for its improved creator tools, LinkedIn's moves evidence a greater trend of B2B marketing getting younger and more social media driven.

Retail media

What's new: Microsoft introduced its new **Microsoft Advertising Network for retail**, which is aimed at helping retailers launch and maintain media networks.

Why it matters: Retail media is a \$45.14 billion business in the US, and will cross the \$100 billion mark in 2027, according to our forecast. Retailers are scrambling to build their own media networks while the industry is still relatively young, which means it's a good time for Microsoft to insert itself as a player.

This was originally featured in the eMarketer Daily newsletter. For more marketing insights, statistics, and trends, subscribe [here](#).