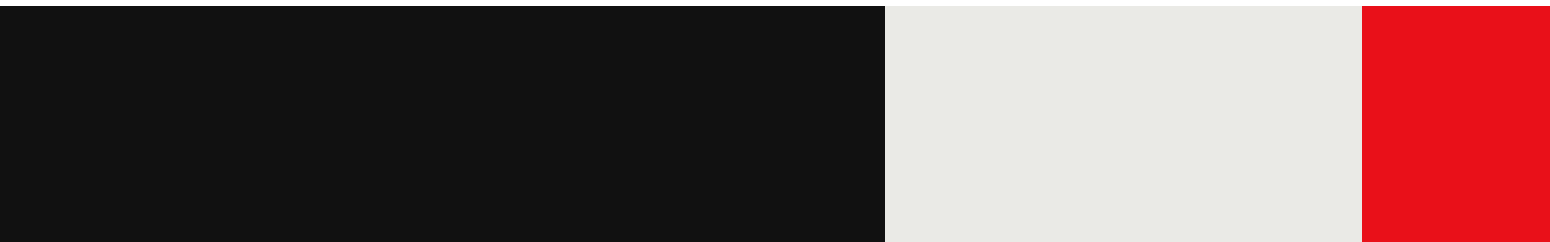



Microsoft's advertising moves in 5 charts

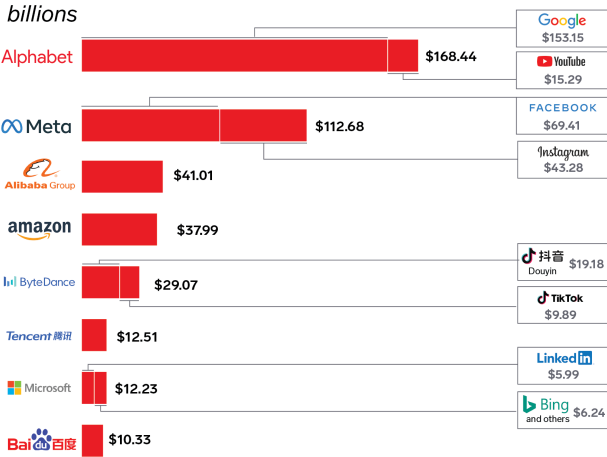
Article



Of Microsoft's **\$198 billion in revenues** last year, only about 6% came from advertising. Could a revamped Bing help build out this revenue stream? It's hard to imagine, but not impossible. Here are five charts that look at Microsoft's latest ad moves.

1. Microsoft is a top ad company, but still a fraction of its competitors

Companies With Over \$10 Billion in Net Digital Ad Revenues Worldwide, 2022



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; Alibaba total includes Youku Tudou; ByteDance total does not include smaller properties inside China such as Toutiao and Baike
 Source: eMarketer, Oct 2022
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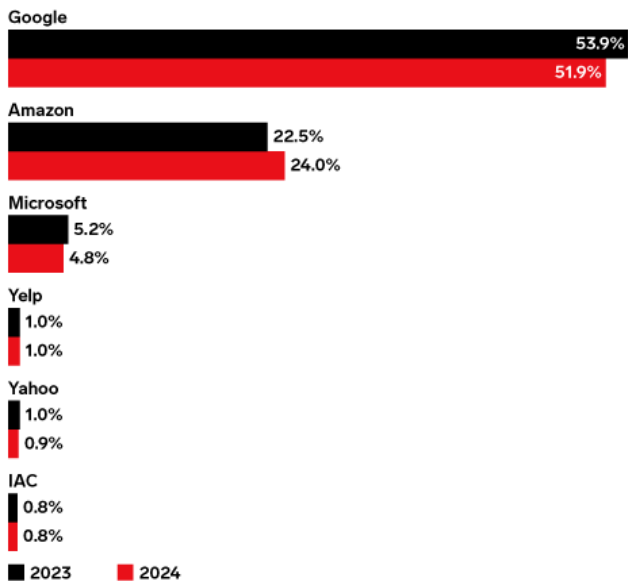
Microsoft saw \$12.23 billion in digital ad revenues last year, a massive figure that still only makes up about 2.2% of total digital ad spend worldwide, according to our forecast. In comparison, Google accounted for nearly 30% of total digital ad spend last year.

By revamping Bing, Microsoft aims to regain relevance in search. But to compete with Alphabet on ad spend, Microsoft will have to find a way to increase revenues by an order of magnitude.

2. And it's not just Google beating Microsoft in search

US Search Ad Revenue Share, by Company, 2023 & 2024

% of total



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; includes contextual text links, paid inclusion, paid listings (paid search) and SEO; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites
Source: eMarketer, Oct 2022

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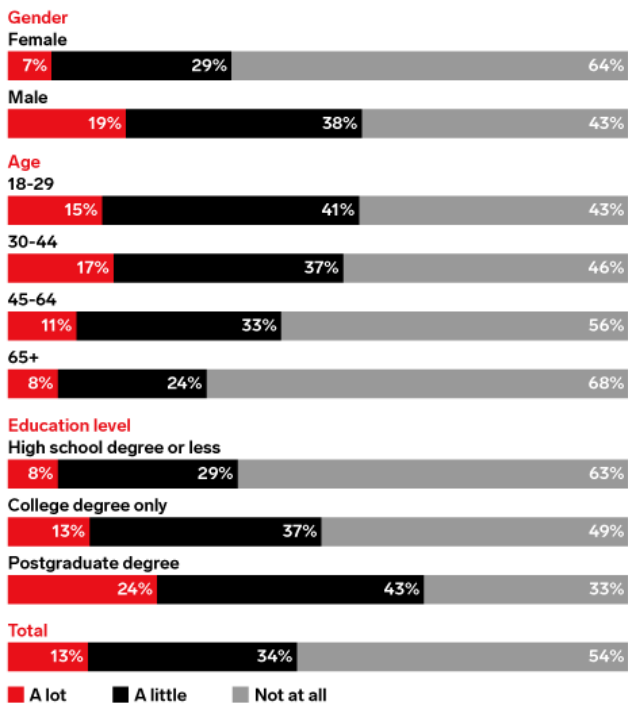
Amazon accounts for about four times Microsoft’s US search ad revenue share, according to our forecast. We project Microsoft will lose share as Amazon gains, though it should be noted these numbers are from October 2022, before Microsoft announced its new AI-powered Bing.

One of the reasons Amazon—and Google, for that matter—have Microsoft beat is because those are platforms where people actually make purchases. An ad on Amazon is far closer to the point of purchase than one on Bing.

3. ChatGPT is still an infant

Familiarity With ChatGPT Among US Adults, by Demographic, Jan 2023

% of respondents in each group



Note: numbers may not add up to 100% due to rounding
Source: YouGov as cited in company blog, Feb 1, 2023

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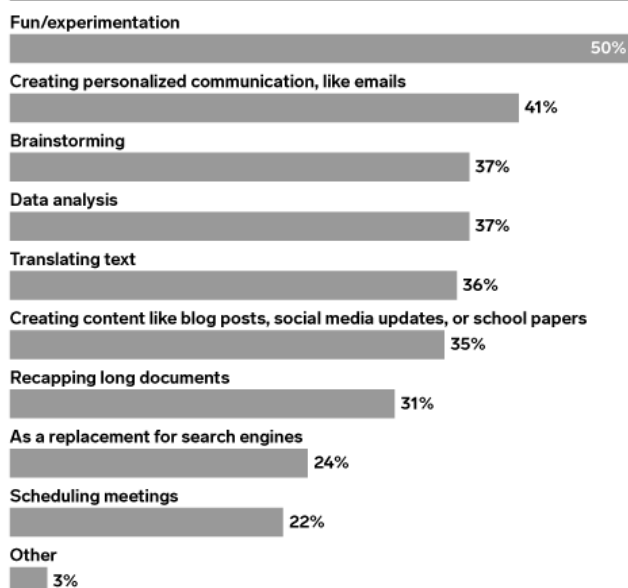
Microsoft's **\$10 billion investment in ChatGPT creator OpenAI** was first reported by Semafor in January. As of that same month, more than half (54%) of US adults still weren't familiar with ChatGPT, according to a YouGov poll.

Just a few weeks later, Microsoft's updated **Bing with ChatGPT** made headlines, first for how exciting the product was and later for the factual errors in its results. Between January 1 and February 1, **Google searches for ChatGPT** increased by more than four times in the US, according to Google Trends.

4. AI is still viewed as more buzzy than business-y

Tasks for Which US Adults Primarily Use AI Tools, Jan 2023

% of respondents



Note: n=153 ages 18+ who frequently use tools such as ChatGPT, Grammarly, DALL-E, Lensa, Midjourney, Jasper.ai, etc.

Source: Suzy, "Unveiling Consumer Perceptions of Generative AI," Jan 23, 2023

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Half of US adults still think of AI as a tool for fun and experimentation, according to a Suzy report. While a large number of US adults see productivity uses for AI such as email writing, brainstorming, and data analysis, less than one-fourth (24%) think of AI as a replacement for search engines.

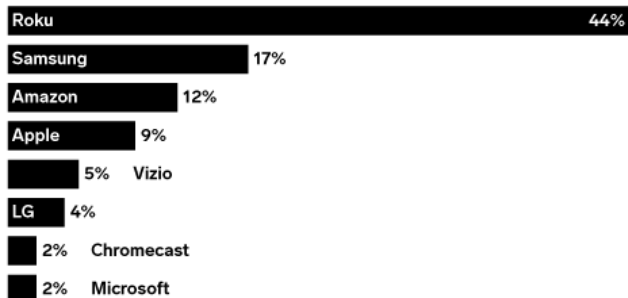
But it's hard to see change before (or even while) it happens. AI chat tools will likely fundamentally change search. In a Substack titled "I hope I'm wrong!," tech writer Ryan Broderick predicted an **"arms race between A.I. platforms** and individuals using A.I. tools of their own to game the system, which will further atrophy the non-A.I.-driven parts of the web."

The AI search dystopia is not here yet, but publishers must keep an eye on how chat-driven search will limit actual page views.

5. Microsoft has made ad moves beyond search

Share of US Open Programmatic Connected TV (CTV) Ads, by Device, H1 2022

% of total



Note: as measured by Pixalate

Source: Pixalate, "H1 2022 Global Connected TV (CTV) Ad Supply Chain Trends," Sep 28, 2022

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Netflix announced a partnership with Microsoft to serve ads for its ad-supported tier, which launched in November 2022. Microsoft held a 2% share of open programmatic connected TV ads as of H1 2022, prior to the deal.

But things haven't exactly picked up since. Netflix's ad-supported tier is struggling to attract subscribers, and Microsoft won't become an ad-supported streaming giant anytime soon.

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