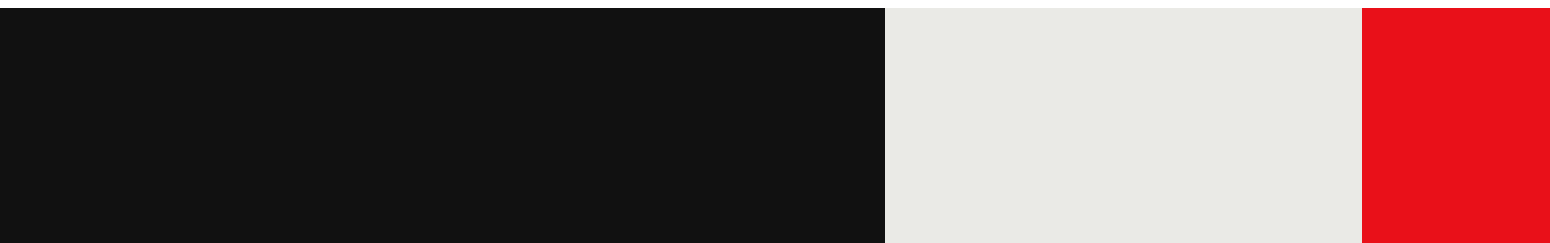



What AI search changes mean for retailers, brands, and publishers

Article



Search is pivoting toward AI chat. Google has its Search Generative Experience (SGE) and Bard. Microsoft has its new Bing and a partnership with OpenAI. These fundamental search changes will change user behavior and monetization. Here's how.

Brands can expect more targeted ads closer to the point of sale

Google's new **SGE embeds ads within search chat results**, providing highly targeted ads that are valuable within queries related to shopping.

- But these **ads within chat answers** are prominent, and fewer high-impact placements could cause ad prices to rise, said our analyst Evelyn Mitchell.
- Despite being labeled as sponsored, these ads may also get confused for chatbot responses by users. That could be good for brand marketers, whose advertisements will now look more organic. But it also clutters the search experience, and may lead to users hesitating to click any links.
- Advertisers **can't opt out of showing ads** within SGE, meaning they must participate in the new experimental format.

Retailers have multiple monetization options available

Features available to brands will affect retailers in the same way. But Google and Microsoft's innovations also offer other monetization tactics via plug-ins.

- Retailers and **marketplaces can take advantage of ChatGPT** to build their own chatbots for planning trips (with Kayak), outfits (with Klarna), meals (with Instacart), and more.
- These plug-ins have a strong monetization case, pushing users past idea generation into buying tickets, clothing, and food.
- Using plug-ins to power retailer-specific chatbots also unlocks retail media potential, allowing retailers to sell ads on their own generative AI chatbots.

Publishers need to think creatively about revenues

Generative AI search poses a risk to publishers by putting answers atop results and disincentivizing users from clicking links back to their sites.

- US publishers will get nearly \$20 billion in programmatic digital display ad revenues this year. AI search challenges those revenues.
- Microsoft has looked at **sharing Bing Chat ad revenues** with publishers. **TikTok is doing something similar** to boost publisher relationships.

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