

# Google launches ads in AI Overviews, revolutionizing search advertising

Article

**The news:** Google is rolling out advertisements across **AI Overviews**, its AI search result product [launched earlier this year](#).

Ads will appear separately from the AI-powered responses. In one example provided to The Verge, a search for “how to clean grass stains” first provides the response, with recommended products featured below the AI-generated text.

- Google has been testing ad space in AI Overviews since May, but last week’s announcement marks a broad effort to monetize AI search results.
- AI competitors are making similar moves: **Microsoft** launched ads in its AI assistant, **Copilot**, earlier this year, and it recently revamped how ads are triggered and appear. Similar to Google’s approach, Copilot will relegate product recommendations to a clearly labeled “advertising” section below Copilot responses.

**Monetizing AI:** Google, Microsoft, and other AI firms have invested billions into AI technology and face market pressure to translate that spending into revenues. Given Google’s long-standing industry prominence, introducing advertising space to AI Overviews is a no-brainer.

- **OpenAI**, the Microsoft-backed artificial intelligence leader, is expected to lose **\$5 billion** this year, according to a recent New York Times report, showing that it still hasn’t managed to balance costs despite recently raising [the largest funding round in history](#).
- Even with its lucrative advertising empire that [generates nearly \\$200 billion yearly](#), Google must reign in costs and generate revenues. But the question remains how lucrative AI Overviews will be and if that product will jeopardize the value of other Google ad space.

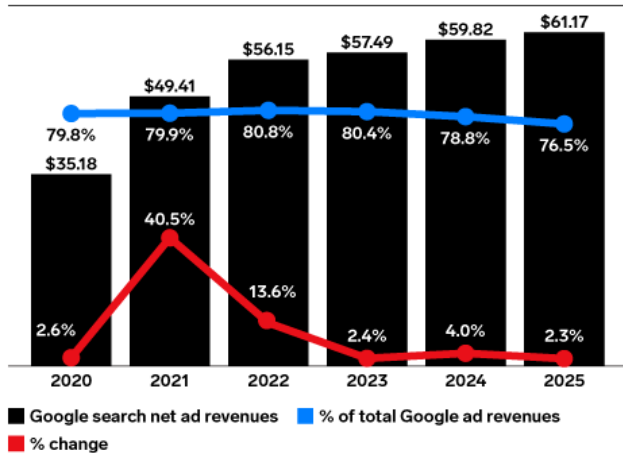
**Overviews and Google ads:** AI Overviews have added even more Google-owned space to the top of search results, often appearing above sponsored links and products. Since Google is prominently featuring AI Overviews in results, they are likely to become in-demand placements.

- Google’s position as an ad industry leader will entice advertisers already embedded within its ecosystem to test the space. Given Overviews’ prime placement in results pages, sponsored products in them have the potential to drive high discoverability.
- But user trust is important. AI Overviews had a messy launch rife with misinformation (one early, viral response [recommended eating rocks daily](#) for health benefits). If the product gains a reputation for poor recommendations, its long-term viability as an ad channel could be weakened.

- However, Google has made strides to address inaccurate and confusing responses, which could improve the perception of AI Overviews, and its prominent placement will likely allow users to interact with them and build familiarity.

**Our take:** Google is embarking on a crucial endeavor to convince advertisers that AI Overviews are a worthwhile place to devote ad budgets. Prominent positioning will help keep prices for ads competitive (likely meaning high costs for advertisers), but long-term KPIs like user satisfaction and tweaks to avoid misinformation can help bolster the case for AI Overviews.

**US Google Search Net Ad Revenues, 2020-2025**  
billions, % change, and % of total Google ad revenues



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; includes YouTube advertising revenues; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites  
Source: eMarketer, March 2023