



Advertising Inside the Answer

Preparing for ChatGPT Ads and the AI Search Ad Economy



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Agenda

01 Personal Story

A brief history of myself & SmartSites

02 The New SERP

Where AI search and its ads stand, Sept 2026

03 How AI Ads Differ

Conversational placements vs. search & social

04 Measuring Without a SERP

A practical framework for unclear attribution

05 12-Month Plan

Tests, budgets, pilots and closing thoughts / Q&A



Alex Melen

Co-Founder, SmartSites





1991



T35 Hosting

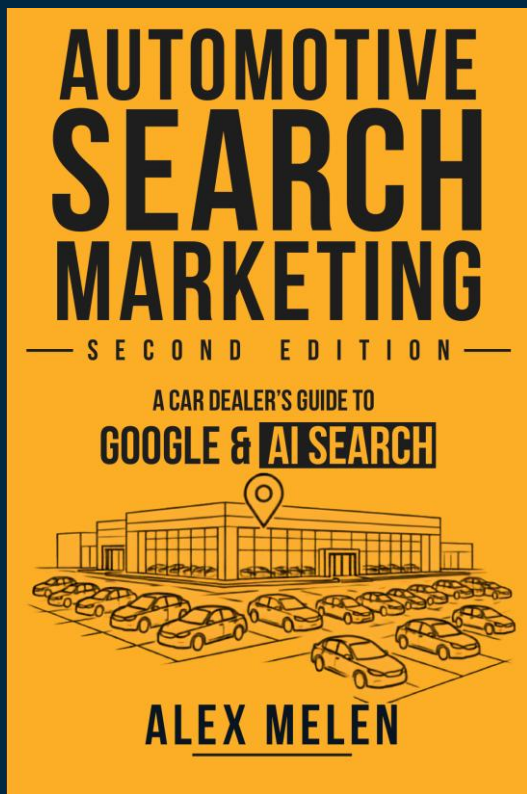
1997



2011

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Automotive Search Marketing — Second Edition



5.0 out of 5 on Amazon

50+ five-star ratings on the first edition · Second Edition now covers AI search, GEO and ads inside the answer · amazon.com/dp/B0D2B5WC6V

“Alex Melen has combined deep automotive knowledge with practical digital-advertising expertise to create an invaluable guide for today’s marketers. We greatly value Microsoft’s partnership with SmartSites, whose team consistently looks for opportunities to innovate and lead the automotive industry forward.”

— **Mariano Medina Walker, Head of Channel Partner Sales, North America, Microsoft Advertising**

NEW IN THE 2ND EDITION: an entire Part 3 on AI search — how it works, how to win it, and how to measure it — plus ChatGPT ads, Microsoft CTV and Copilot, and a rebuilt measurement section.



Inc. 5000

10 CONSECUTIVE YEARS
2017 – 2026

Microsoft Advertising
Partner Awards 2026

FINALIST x3

incl. Trailblazer of the Year



Google
**PREMIER
PARTNER**

Top 3% of agencies



OVER 1,000 5-STAR REVIEWS

Company Name	Revenue	Number of Employees
 SmartSit...	\$105.9M	439

Why SmartSites on AI advertising

A Google, Microsoft & Meta partner running AI-era media across 1,000+ accounts

3×

Finalist, 2026 Microsoft Advertising Partner Awards

Rising Partner · Search Performance Partner · Trailblazer of the Year

Top 3%

Google Premier Partner

plus Microsoft Advertising & Meta Business Partner; Amazon Ads verified partner

~1,500

GA4 properties in our AI-traffic research

the dataset behind the measurement findings later in this talk

10×

consecutive Inc. 5000 honouree (2017–2026)

400+ team · \$100M+ annual ad spend managed

Personal Story

The Answer Is the New SERP

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The Answer Is the New SERP — by the numbers

68%

of Google searches
now end without a click

US clickstream, Jan–Apr 2026
(SparkToro / Similarweb)

–58%

position-1 organic CTR
when an AI Overview
appears

300k keywords; up from –35%
a year earlier (Ahrefs, Feb
2026)

1bn+

weekly ChatGPT users;
AI Mode 1bn+ monthly
users

OpenAI, 31 Aug 2026 ·
Alphabet Q2 2026

+42%

better conversion from
AI-referred retail traffic
vs. non-AI (Mar 2026;
+54% by May)

a reversal from –38% a year
earlier (Adobe Digital Insights)

The takeaway: fewer clicks, higher intent — the shortlist inside the answer is now the most valuable real estate in search

This is already a UK story

UK adoption is ahead of most of Europe — and the ad inventory arrived here first

1.8bn

UK visits to ChatGPT, Jan–Aug
2025

up from 368m in the same period of 2024
(Ofcom)

53%

of UK adults say they see AI
Overviews often

~30% of UK searches now show one
(Ofcom, Dec 2025)

6 June

ChatGPT ads live in the UK —
first European market

UK self-serve Ads Manager beta from 19
June 2026

MIND THE TRUST GAP: 54% of UK AI users say they'd trust recommendations less if ads appeared; 79% verify AI advice elsewhere — 46% on Google. (TLF Research / CloudNine, n=2,564, Jun 2026)

A search is a keyword. A conversation is a brief.

Google, 2016:

“toyota dealer near me”

3–4 words · one query · ten blue links · click

ChatGPT, 2026:

“I have two kids, a 45-minute commute and about £35k. Which SUV should I buy? I keep cars a long time, so reliability matters most.”

~23 words · multi-turn · one shortlist · maybe one click

Which one has the lowest cost of ownership, and who has the best price near me?

Based on ownership-cost data and reviews, three dealers stand out:

1. Dealer A — strong reviews, price-match
2. Dealer B — lowest advertised price
3. **Your dealership?** ←

Sources: dealer sites, reviews, forums

Sponsored

Your brand — 2026 SUV offers near you

Clearly labelled, below the answer, matched to the whole conversation — not a keyword.

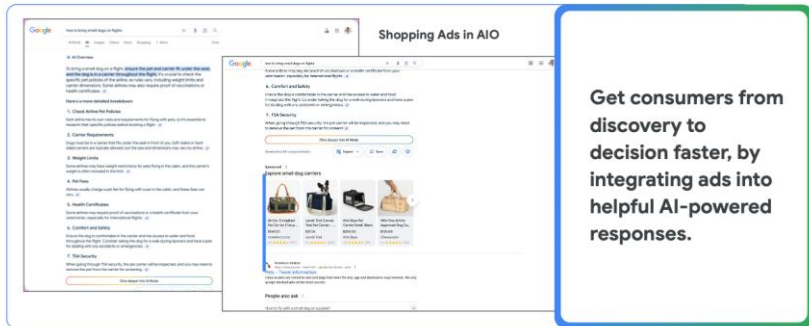
Who is selling ads inside the answer (Sept 2026)

Platform	Status	Where the ad sits	How you buy	UK?
Google AI Overviews	Live since 2024; 12 English markets	Text & Shopping ads above/below the overview	Existing Search / Shopping / PMax; broad match or AI Max	Not on Google's list yet
Google AI Mode	US test; 4 new Gemini formats (GML, May 2026)	Inside the conversational response	AI Max / PMax; exact & phrase in test (Sept 2026)	AI Mode live; ads not yet
Microsoft Copilot	Live since 2023 — the first mover	Beside answers; Showroom ads, Dynamic Filters, Checkout	Microsoft Advertising — auto opted-in	Yes (English markets)
ChatGPT	Live 9 Feb 2026; \$1bn run rate	"Sponsored" card below the answer	Ads Manager (self-serve), Criteo/StackAdapt, Amazon DSP	Yes — since 6 June 2026
Amazon Rufus	Sponsored prompts GA Mar 2026 (US)	AI prompts in results & product pages	Sponsored Products / Brands — auto-enrolled	Not yet
Perplexity · Meta AI	Perplexity exited ads Feb 2026; Meta AI has no in-chat ads	—	— (Meta uses AI chats to target ads; not in UK/EU)	—

What it looks like: ads inside Google AI Overviews & AI Mode

Ads in AI Overviews

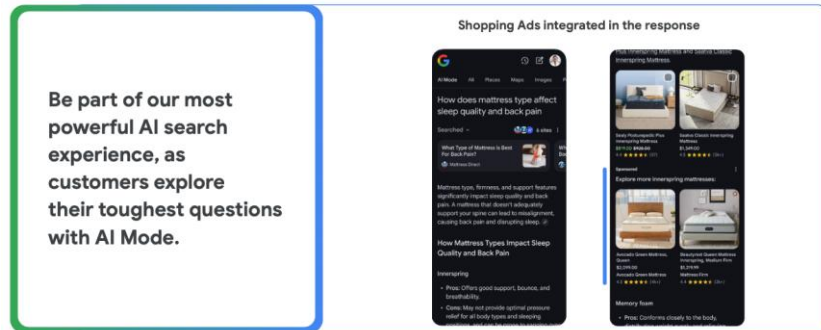
Launched in the US for desktop & mobile



AI Overviews — Shopping & text ads from your existing Search / Shopping / PMax campaigns

Ads in AI Mode

Ads integrated in the 1st response: Starting in Q4 2025 as an experiment in the US for desktop & mobile



AI Mode — Shopping ads integrated into the response (US experiment; ~1 in 3 commercial queries)

FOR YOUR MEDIA TEAM: no new budget line, no opt-in — and no opt-out. Google Ads offers no segmented reporting for ads shown in AI Overviews or AI Mode. Not officially in the UK yet.

ChatGPT Ads: US pilot to \$1bn run rate in <200 days

Let me know if you want **specific deals** or suggestions for destinations based on where you're starting from!

< 2/2 >     ...   Sources

 Expedia · Sponsored ...

Last Minute Weekend Getaways

Find & Compare Package Deals and You Can Save Big! Browse Last Minute...

Romantic Trips for Couples

Compare Package Deals and You Can Save Big! Browse Romantic Trips for Couples o...

Ads do not influence the answers you get from ChatGPT. Your chats stay private.
[Learn about ads and personalization >](#)

Live sponsored result in ChatGPT

- ▶ Live 9 Feb 2026 (US) — UK since 6 June 2026; 40+ countries today
- ▶ One "Sponsored" card per response, one advertiser at a time — below the answer, never inside it
- ▶ CPM \$60 → ~\$25; CPC \$3–5; \$250k minimum → self-serve, no minimum
- ▶ Measurement: OpenAI Pixel, Conversions API, modelled conversions
- ▶ Now testing: Sponsored Agents, carousels, oCPC; Amazon DSP buying

Microsoft Copilot: the first mover in AI advertising

Ads inside an AI assistant since early 2023 — and formats you won't find anywhere else

Showroom ads

Immersive, store-like ad experiences inside the Copilot conversation

Dynamic Filters

Ads that refine with the shopper's follow-up questions

Copilot Checkout & Brand Agents

Buy in-conversation (PayPal, Stripe, Shopify); brand agents report 3× conversion

Auto-eligible

Multimedia, Product, Search (with logo) & PMax ads serve in Copilot by default

+73%

CTR vs. traditional search

+16%

conversion rate

−33%

shorter customer journeys

Bonus: Bing Webmaster Tools' AI Performance report (Feb 2026) — free, first-party AI visibility data

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How conversational placements differ

	Search ads	Social ads	Ads inside the answer
Trigger	A keyword you bid on	An audience you define	The whole conversation's context — no keywords
Real estate	Ten links; you're one of 4 ads	Infinite feed	One answer; a single 'sponsored' card below it
Targeting control	Match types, negatives	Interests, lookalikes	Topic & context; custom lists (ChatGPT); auto opt-in (Google, Microsoft)
Creative	RSAs you write	Video & static you produce	Generated from your landing page or product feed — feed quality is creative quality
Reporting	Segment by everything	Placement breakdowns	Blended — no AI-placement segment in Google Ads or Microsoft Advertising
Frequency	Every query	Every scroll	~26% of ChatGPT responses; under 20% of users see an ad daily

Early adopters: what's working, what's wasted

WINNING

- ▶ Ecommerce advertiser: 3× ROAS over 28 days on ChatGPT (OpenAI)
- ▶ 80%+ of ad-driven ChatGPT traffic was new customers (OpenAI)
- ▶ Criteo: ChatGPT-referred users convert ~1.5× other referrals
- ▶ Amazon: ~70% of buyers via sponsored prompts are new-to-brand
- ▶ Copilot: +73% CTR, +16% conversion (Microsoft)

WASTING

- ▶ \$415 test: 0.6% CTR, ~\$7 CPC, zero conversions (MediaPost)
- ▶ 57 clicks reported vs. <20 GA visits — 'unreliable or double-counting'
- ▶ Agency verdict: targeting & tracking still 'very rudimentary'
- ▶ 85% of domains advertising in AI Mode had no organic presence for the query
- ▶ Trust: 63% of US adults say ads in AI answers reduce trust in them

THE PATTERN: Winners had a product feed, first-party measurement and a brand AI already recommends. The ad is a multiplier on organic visibility — not a substitute for it.

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There is no #1 — measure share of answer, not rank

“You can't rank number one on ChatGPT. There's no number one. There are no ranks.”

— Alex Melen, BDEX podcast, Aug 2026

<1 in 100

chance the same prompt returns
the same brand list twice

600 volunteers, ~3,000 runs (SparkToro,
Jan 2026)

33–94

answers to the same question
before brand rankings stabilise

IQRush via Search Engine Journal, 2026

4

free first-party AI scoreboards
you should already be reading

see right →

Your AI scoreboard (all free): Search Console Generative AI report (Jun 2026: impressions in AI Overviews & AI Mode) · Bing Webmaster Tools AI Performance (Feb 2026) · GA4 ‘AI Assistant’ channel (May 2026) · your own monthly 30-prompt sample across ChatGPT, Gemini, Copilot & AI Mode. Paid tools: Ahrefs Brand Radar, Semrush AI Toolkit, Profound, Peec.

~1,500 GA4 properties: your AI traffic hides in 'Direct'

+66%

year-on-year jump in 'Direct' sessions across ~1,500 client GA4 properties

SmartSites research, 2026

≈ same

lift whether or not we manage the client's SEO

when everyone moves equally, it's a measurement artefact — not performance

a sliver

of real AI-driven visits caught by GA4's new 'AI Assistant' channel

misses Perplexity; clicks from AI Overviews & AI Mode count as organic

WHY: Referrers are stripped when users click out of AI Overviews or ChatGPT, so GA4 files the visit as Direct. Watch for new visitors landing deep on product or research pages — real type-in traffic goes to the homepage.

Corroboration: Bocconi/Comscore — ChatGPT sends users off-platform in only 5.2% of sessions vs. 31.1% for Google (SEJ, Jul 2026); Similarweb — ChatGPT homepage referrals jumped from ~27% to ~63% of its referral traffic after a May 2026 change.

Measurement framework when there's no SERP

Layer	Question	What to measure	Where it comes from
1 · Visibility	Are we in the answer?	Share of answer (30 prompts × 4 engines, monthly); AI impressions	Prompt sampling; GSC Generative AI report; Bing WMT AI Performance
2 · Traffic	Do they come to us?	AI Assistant channel + custom channel group; deep-page 'direct' landings	GA4 (utm_source=chatgpt.com, copilot, gemini); referrer rules
3 · Conversion	Do they act?	Blended CPA/CPL; new-customer share; assisted conversions	OpenAI Pixel + Conversions API; Microsoft UET; Google conversions
4 · Incrementality	Would it have happened anyway?	Geo holdouts, on/off tests, MMM contribution	Regional splits; Meridian (open-source MMM); pre/post with control markets

ONE RULE: Judge AI placements on the same metrics as everything else — cost per lead and cost per sale — never on novelty. If a layer can't be measured yet, cap the budget until it can.

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The 12-month pilot roadmap

	Q4 2026 · Foundations	Q1 2027 · Pilot	Q2 2027 · Test properly	Q3 2027 · Decide
Organic (GEO)	Audit share of answer; fix entity clarity, FAQs, structured data; unblock AI crawlers	Ship answer-first content hubs; earn listicle & review mentions	Track GSC Gen-AI & Bing AI impressions monthly	Scale what earns citations
Google	Check AIO/AI Mode eligibility (broad match / AI Max / PMax); clean Merchant Center feed	Monitor blended CTR shifts where AIOs show (paid CTR rising)	Test AI Max vs. keyword-only in a geo split	Fold in; watch UK AIO-ads rollout
Microsoft	Confirm Copilot eligibility: Multimedia, Product, logo extensions; enable UET	Add Showroom-eligible assets; read Bing AI Performance	Copilot Checkout / Brand Agent if retail (Shopify)	Scale on cost per sale
ChatGPT	Register at ads.openai.com; install Pixel + CAPI; baseline	£10–20k self-serve pilot; conversation-context creative; new-customer share	Geo holdout; oCPC; product-feed campaigns; Sponsored Agents if offered	Scale or stop — on CPL/CPS
Budget	0% new spend — measurement only	~5% of search budget	5–10%, walled off	Earned, not assumed

Closing Thoughts: What Really Matters

01 Fewer clicks, higher intent

68% of Google searches end without a click, yet AI-referred visitors convert 40–50% better. Be in the answer — then next to it.

02 Ads inside the answer are live

Google AI Overviews & AI Mode, Microsoft Copilot, ChatGPT (UK since June). You are already eligible — often without opting in.

03 Measure visibility, not rank

There is no #1. Track share of answer, GSC Generative AI & Bing AI reports, GA4 AI channel — and run holdouts.

04 Budget it like R&D

5–10% of search budget, judged on cost per lead and per sale — not novelty. Promise learning, not scale.

05 Early movers win — with fundamentals

Clean feeds, healthy accounts and organic AI visibility are what make ads inside the answer work.



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LinkedIn

Thank You!



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