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AI search demystified:

A practical guide for marketers

Contents

Foreword

Welcome marketer,

Over the past year, we've all been navigating one of the fastest shifts our industry has ever seen. AI overviews, new AI browsers, and powerful multimodal assistants have fundamentally changed how people search, discover, and make decisions online. It's no wonder so many marketers tell us they feel overwhelmed by the pace of change, and at the same time, are eager for clarity on what, exactly, they should do next.

When we launched **the first version of this guide**, our goal was simple: to help marketers navigate the shift from keywords to conversations. That evolution is still underway, but the landscape has changed fast. AI assistants are now far more capable. They're understanding more types of input, pulling in fresher, richer information, and starting to answer people's questions before they ever click a link. It's a big change in how discovery works, and marketers need help.

That's why we created this updated edition. We wanted a more practical blueprint—one that explains how AI-powered search actually works today, what's changed since our last guide, and which actions will help you show up, stand out, and drive results in this new environment. You'll find both foundational context and tangible guidance designed to help you adapt your content, your strategy, and your measurement to an AI-first world.

We're all still learning, and as such, we're indebted to the invaluable wisdom of the industry experts who have contributed to this guide, rounding it out to be a treasure trove of knowledge and perspectives in this fascinating space. This landscape will continue to evolve. Our commitment is to evolve with it, to share what we're seeing, and to equip you with actionable insights you can use right now to make meaningful progress.

Let's get started.

Paul Longo
General Manager
AI in Ads for Microsoft Advetising

The purpose of this guide

In the first version of our guide, we talked about the evolution from keywords to conversations. While this broad trend remains true, the pace of innovation in AI has been eye-watering. In the last 12 months alone, we've seen the explosion of AI overviews, new AI browsers, and a convergence of capabilities in AI assistants.

The conversation is now getting much richer as it becomes multimodal. With assistants like Copilot and ChatGPT able to interact, understand, and respond to text, audio, imagery, video, code—virtually any input can now be part of the conversation.

As the industry has evolved, so too has this guide. We got great feedback from the first guide to include more practical advice and examples of what marketers should be doing. If you're questioning, **'What should I do next?'**, you'll find the answers you're looking for here.In these pages, you'll find explanations of how AI search works, tactics to make your brand visible through paid and organic means, and deep dives into content strategy.

In writing this revised edition, we wanted to create something that would clarify and explain in simple terms what the generative AI landscape for search looked like and provide tangible best practices as a blueprint for success.

We'll cover:

The basics of how large language models (LLMs) work and how AI search surfaces brands

How Search Engine Optimization (SEO) and Generative Engine Optimization (GEO) overlap and differ

Practical guidance on writing clear, structured content for visibility in AI search

And lastly... actionable tips for shaping your content strategy and using paid approaches to make the most of AI

If you want to read the first version of this guide you can find it **here**.

You'll find useful best practices for AI prompting and strategic guidance to help shift your marketing from queries to conversations.

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Demystifying Large Language Models (LLMs)

How AI works in a marketing context is an immensely complex topic, and any discussion of it can only provide a high-level overview. However, to understand why we're making the recommendations in this guide, it's helpful to understand how modern generative AI tools work.

The influx of generative AI tools and the reason they're so good and accessible is largely due to the capabilities of LLMs, so let's start there.

LLMs learn by absorbing vast amounts of data— including large portions of the public internet. The first LLMs concentrated on text, but AI models are increasingly becoming multimodal. A '**modality**' is a type of data that an AI can interpret. So, to say AI models are becoming multimodal simply means they're trained to align and reason across any data input (text, audio, video etc.). Modern AI capabilities enable cross-model understanding and generation so that, regardless of the input type, say a voice query, an AI can understand that audio signal, interpret it, and respond in any output the user desires.

LLMs take the data they're trained on to be able to predict how they should respond to a query. When you type something in an AI search, the model looks at your words, scans its learned patterns, and selects the most likely next few words to form a response that sounds natural and confident.

If the information you're asking about is widely available online, there's a strong chance the model has encountered similar content during training. This allows it to generate responses that may 'echo' existing information in new or paraphrased forms. While this can make the model's output seem logical or thoughtful, LLMs do not truly understand language as humans do. Instead, they excel at recognizing patterns and replicating the style and structure of human communication, without genuine understanding.

"

Philosophers have argued about whether a machine could have genuine understanding in the way a human could for decades. A useful analogy is the Chinese Room Argument published by John Searle in 1980. Searle imagines himself alone in a room following a detailed manual to respond to questions asked in Chinese characters which are slipped under the door.

Searle understands nothing of Chinese, and yet, by following the instructions of the manual to manipulate the symbols, he's able to send correct responses in Chinese characters back out under the door. This leads those outside to mistakenly suppose there is a Chinese speaker in the room answering their questions.

LLMs are like Searle in the Chinese room, they don't understand the question, they simply respond with a statistically probable pattern."

John Searle
Chinese Room Argument

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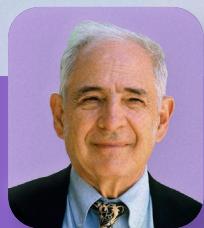
This doesn't mean LLMs aren't useful. When harnessed responsibly and for the right tasks, LLMs hold the potential to revolutionize fields and empower people on an unprecedented scale. They excel at synthesizing information, paraphrasing and generating content. However, their design presents limitations around current events, factual accuracy, and biases present in their training data.

One of the solutions to this problem is Retrieval Augmented Generation (RAG), which connects LLMs to external information retrieval resources (like Bing) to provide an LLM with additional relevant, up-to-date, and accurate information to improve outputs. In search, we call this type of RAG **'grounding'**. Grounding ensures that answers from LLMs are more accurate and trustworthy and can reference fresh information that goes beyond pre-trained data. The search index plays a critical role in grounding.

"

LLMs are essentially aliens from a different universe: while they have access to all our world's text, they lack genuine comprehension of languages, nuances of our reality, and the intricacies of human experience and knowledge.

They're not truth engines. They are statistical lotteries and predictors of next tokens or next words. Retreival Augmented Generation (RAG) does help the LLM ground its response in information from the web, but it's worth remembering that not everything online is true—sources are fallible even if they're popular."

Britney Muller
AI Consultant,
Orange Labs

How does AI search work?

Now that we know a little bit about LLMs and RAG, let's see how that applies to AI search in Bing, Google, or an AI assistant like Copilot, ChatGPT, or Gemini.

When a user types a query, the model first decides whether it's a question it can answer from pre-trained data or if it needs to do additional RAG to properly answer the query.

Let's say you want to know the capital of France, it's reasonable that the LLM will have that information in it's pre-trained data and will be able to answer 'Paris' without further information retrieval.

However, if you ask:

"Did my football team win last night?"

then the model won't be able to answer without being able to retrieve that information from a trusted online source.

Increasingly, AI applications—whether they're AI-browsers like Edge, Atlas, or Chrome; search engines with AI overviews like Bing or Google; or AI assistants like Copilot—will have memory built up over time of your preferences and habits. This memory encapsulates your search history, browser behavior, and previous conversations so that when you ask a question like, 'Did my football team win last night?', it doesn't have to ask which team you cheer for.

As the model generates a response, it contextualizes the request based on what it knows from its pre-trained data, plus grounded responses from RAG (if necessary), and synthesizes the information it has in a conversational manner.

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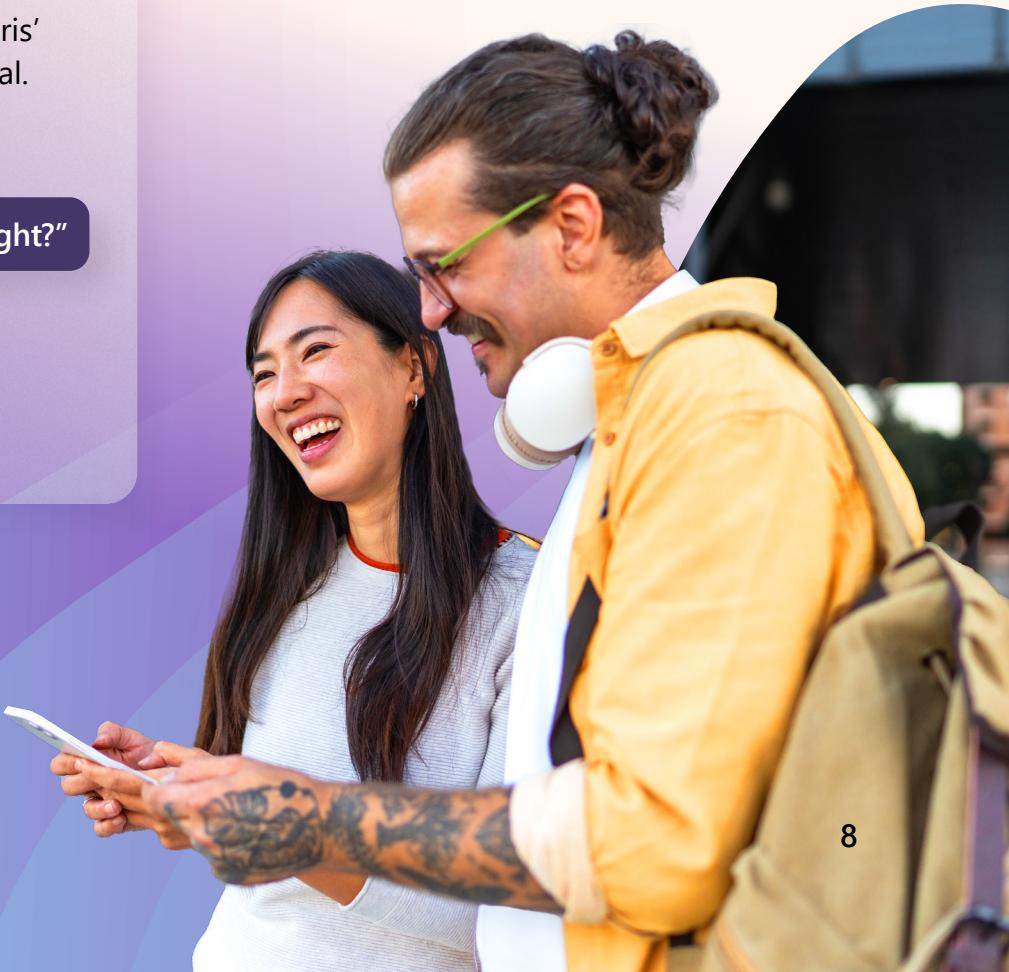
How does AI search feature brands?

As a marketer, there are two primary ways your brand can appear in AI search experiences: Through **paid placements** and **organic visibility**.

Some AI search experiences include paid advertising opportunities. For example, Perplexity offers sponsored answers, and Copilot has supported sponsored text and multimedia ads since February 2023.

Organic visibility, however, works differently. In AI-assisted journeys, brands appear organically within AI snippets and conversational responses synthesized from trusted web sources. These experiences build on traditional SEO foundations, using indexed content as a starting point and layering in additional signals as answers are assembled.

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When surfacing brands organically, AI systems typically assemble their responses through a grounded process that unfolds in stages:

01

Baseline understanding
(trained knowledge)

—

The model begins with what it has learned over time about product categories, common attributes, and well-known brands. This allows it to recognize the type of product being discussed and understand typical distinctions within the category.

02

Grounded refinement
(retrieved web content)

—

The AI then retrieves indexed, authoritative web content at answer time to validate details, reinforce credibility, and reflect how brands and products are described across trusted sources, including third party references.

03

Precision signals
(structured first party data)

—

Finally, structured first party data, such as product feeds, helps refine the response with accurate, current details needed for comparisons and recommendations, including price, availability, and key specifications.

Let's put this into an example:
Lets say you're looking to

Find the best noise cancelling headphones for under $200.

The response starts with a general understanding of the category and familiar brands, along with common distinctions like earbuds versus over ear headphones and typical brand positioning.

That understanding is then refined using indexed web content and structured product data to identify relevant options that meet the price constraint, surface current availability, and highlight key attributes such as battery life and form factor. The final answer blends these inputs into a single conversational response, presenting trusted brands alongside specific product details like price, color, and shipping options.

Each stage plays a distinct role, but together they allow AI search experiences to feel helpful, current, and ready to support decision-making.

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Common mistakes that hurt AI search visibility

Long walls of text:

They blur ideas together and make it harder for AI to separate content into usable chunks.

Hiding important answers in tabs or expandable menus:

AI systems may not render hidden content, so key details can be skipped.

Relying on PDFs for core information:

While search engines can index text-based PDFs, they often lack the structured signals (like headings and metadata) that HTML provides. For critical details, use HTML to ensure clarity and better parsing.

Key information only in images:

While AI systems can sometimes extract or interpret text from images, it adds extra complexity and often reduces accuracy. Always provide alt text or present critical details in HTML to ensure they're reliably understood.

Moving from SEO to GEO: How do brands show up?

While the specific goals of every business or publisher differ, AI search is making one thing clear: The most valuable signals are the ones connected to visibility.

According to McKinsey, half of consumers are already using AI-powered search today, and it stands to impact **$750 billion** in revenue by 2028.[1]

Being visible matters to your bottom line. By tracking impressions, placement in AI answers, and citations, brands can see where content is being surfaced, trusted, and considered—even before a visit occurs.

But impressions, citations, and links to trusted sources sounds like traditional SEO. One of the key questions is whether GEO is the same as SEO or if it's a completely new discipline. The answer is nuanced, but both are actually true.

"

Many new GEO tactics are an extension of established SEO methods that we've been using for years. The foundational practices of SEO, such as technical optimization, content clarity, and reputation management are critical for both traditional and AI-driven search.

It would be wrong though to assume that to thrive in the world of GEO as a marketer, you just need to continue with your existing SEO strategy. The experience of AI-driven search is very different from a box and blue links that have been the mainstay of traditional search for the last three decades. Search has changed. As such, the content that you need to consider in order to be visible for GEO also has to adapt."

Lily Ray
Vice President, SEO Strategy and Research, Amsive

[1]McKinsey & Company, New front door to the internet: Winning in the age of AI search, McKinsey Growth, Marketing & Sales Insights, https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/new-front-door-to-the-internet-winning-in-the-age-of-ai-search

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Traditional SEO remains essential to being visible in AI search because AI systems perform real-time web searches frequently throughout the shopping journey, not just at purchase time, and your site must rank well to be discovered, evaluated, and recommended.

"

Anyone who says, 'Just keep doing the same SEO', is oversimplifying the role we play in this new field. It's true that modern, sophisticated SEO practices are relevant to GEO. But as with any new platform, it's fundamental to take into account new user search behaviors and actions and what is surfaced and given visibility, and then expand our efforts accordingly—focusing on the relevant KPIs and goals based on our own context and resources and prioritizing by impact and effort as we do with other platforms to achieve a positive ROI."

Aleyda Solis
International SEO Consultant, Founder Orainti

How to write clear, structured content for visibilty in AI search

Clear, well-structured content that's easily readable for web crawlers isn't a new tactic for success. However, in the world of GEO, clarity goes beyond just word choice and into how you phrase, format, and punctuate so AI systems can interpret your content with confidence.

AI systems don't just scan for keywords. They look for clear meaning, consistent context, and clean formatting. Precise, structured language makes it easier for AI to classify your content as relevant and lift it into answers.

How can semantic clarity boost your AI search rankings?

Write for intent, not just keywords
Use phrasing that directly answers the questions users ask.

Avoid vague language
Terms like innovative or eco mean little without specifics. Instead, anchor claims in measurable facts.

Add context
A product page should say '**42 dBA dishwasher designed for open-concept kitchens**' instead of just '**quiet dishwasher**'.

Use synonyms and related terms
This reinforces meaning and helps AI connect concepts (**e.g., quiet, noise level, sound rating**).

What formatting and punctuation practices help AI parse content?

Keep punctuation simple
Use periods and commas consistently; avoid decorative arrows, symbols, or long strings of punctuation that break parsing.

Be cautious with em dashes
Overuse can confuse sentence structure for machines. A period or semicolon is usually clearer.

Use bullets or numbers for lists
Structured formatting signals clear separation of ideas, which AI can repurpose directly. However, avoid overusing them. Bullets work best for key steps, comparisons, or highlights.

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What writing mistakes reduce AI search visibility?

Overloaded sentences

Packing multiple claims into one line makes it harder for AI (and readers) to parse meaning.

Decorative symbols

Arrows (→), stars (***), or strings of punctuation (!!!), distract from the actual content.

Unanchored claims

Saying something is '**next-gen**' or '**cutting-edge**' without context leaves AI unsure how to classify it.

"

When I'm talking to a client, I tell them we need to take their keyword research further than typical SEO for more advanced optimization. Identifying synthetic queries, variations generated by AI systems from user prompts, and assessing how well content ranks for these queries is becoming increasingly important to maximize your visibility in AI-driven search results."

Michael King
Founder,
IPullRank

Practical tips for your content strategy

Having well-structured content is essential for visibility, but you also need to consider your overall content strategy to succeed in GEO.

Let's take a look at generic content as an example. Traditionally, generic explanatory articles with information such as:

"What is a fixed-rate mortgage?"

has performed well in SEO because they corresponded well to user queries and were a gateway to get visits to your site as a hub of useful information.

But assistants and AI-answers can now answer such questions instantly, reducing the need for users to visit multiple websites for basic information. Differentiating your brand with content that provides nuanced expertise is increasingly important for visibility.

That doesn't mean that generic content is no longer useful for users coming to your website. Even if it doesn't generate substantial direct traffic, the right explanatory content can still help reinforce your brand perception as a valuable resource by supporting users in their journey and demonstrating expertise.

"

Generic content like glossaries can still be valuable for an audience if it's designed to meet a specific need, such as providing a quick reference point for users unfamiliar with technical jargon. The difference is, you shouldn't be looking to this content to drive traffic to your website. Rather, you should think of it enhancing the user experience to keep traffic on your website."

Crystal Carter
Head of AI Search and
SEO Communications, Wix

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It's important to evaluate what the expected return of generic content will be for your brand. If the amount of traffic it drives isn't significant for your site, then you should spend a proportional amount of effort on producing it in order to maintain a positive ROI for your content strategy.

If generic content is declining in use, then nuanced expertise is on the rise. However, displaying genuine expertise can be difficult, especially in a global world where local differences can kill the authenticity of your brand.

True localization involves adapting to local culture, dialect, and consumer behavior, not just translating content. Being able to monitor the landscape and opportunities to tailor your content to address specific local needs is the goal of true regional expertise.

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There's a global disconnect and this is why one-size-fits-all international SEO fails. I'm from Hawaii, where we love a local delicacy of 'shave ice', a snow cone flavored with cherry red syrup. It's called 'shave ice' because it's a Hawaii pidgin word that reflects our local dialect and culture.

Traditional English would try to correct this to 'shaved ice' to be grammatically correct, but that would alienate the authenticity of how local Hawaiians know and refer to this dish. In order to resonate, we need to provide real content that speaks to locals in their language."

Myriam Jessier
SEO and Technical Brand
Visibility Consultant, Pragm

And for even more practical, step-by-step guidance on how to adapt to the new world of AI search, download our playbook:

From Discovery to Influence: A Guide to AEO and GEO

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Paid strategies to make the most of AI

So far we've covered the opportunities to organically make your brand more visible in AI-search. The second way to get your brand in front of users is through paid advertising. Sponsored content offerings differ by platform, but there are some unifying aspects between paid advertising in AI search.

Conversational search has had a huge impact on the way marketers think about the consumer journey. The traditional model of users moving from awareness to consideration to conversion is being replaced by a new modality, where AI carries context forward, collapses steps, and helps people move from intent to action faster.

It's no wonder that Microsoft research from 2025 shows customer journeys are

33% shorter

on Copilot than in traditional search.[2]

When AI understands what a consumer is trying to do, it can guide them through awareness, consideration, and conversion in a single flow instead of forcing them to restart at every step.

As a result, there are fewer overall impressions and clicks for advertisers to harness. Instead of four or five paid listings at the top of the search engine results, sponsored content might feature once as a carousel of options as part of a summarized answer from the AI engine.

In Copilot, for example, sponsored ads are incorporated at the end of an answer to a query as an addendum to the organic answer. The organic and sponsored content are often bridged by generated content called Ad Voice, which makes a connection between the organic response and the sponsored ad.

For example, if a user is looking for things to do while on vacation in Egypt, Copilot might give a list of activities followed by some sponsored content along the lines of:

"Given you were interested in sporting activities in Egypt, Brand X offers scuba diving excursions in Sharm El-Sheikh."

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Ads in Copilot are taken from existing search campaigns in Microsoft Advertising. Three core ad types are eligible to show in Copilot:

Text ads, **Feed-based ads** (including Shopping ads and Tours and Activities ads), and **Multimedia ads**.

We've been very deliberate not to add to the existing workload of creating new campaigns, so we leverage existing assets from your search campaigns in Microsoft Advertising Platform for Copilot.

The best way to be ready for AI surfaces is to embrace AI-powered tools like Performance Max, and AI-friendly best practices like Enhanced conversions. When combined, they give your campaigns the flexibility needed to show up in new AI-powered experiences that no longer map to the traditional keyword query dichotomy, as well as the measurement fidelity needed to ensure your business goals continue to be met along the way.

"

Microsoft Advertising is making it super easy for you to connect with your audiences in this new world of conversational AI search. It's never been simpler to coordinate activity across different channels and content types. I always recommend prioritizing visual assets with high-quality product images and video content that will attract and resonate with audiences, as well as optimizing your performance and reach with Performance Max."

Pedro Bojikian
Senior Director of Product Marketing, Microsoft AI

With this in mind, we want to offer you some best practices to ensure you're AI-ready:

01 Use Audience ads to target MSN and take advantage of a shortening marketing funnel which starts and ends with AI interfaces like Copilot Discover.

02 As search evolves from keywords to conversations, incorporate keyword-less campaigns such as Performance Max, Dynamic Search ads, and feed-based campaigns.

03 Enable Enhanced conversions, Consent Mode, and customer match lists to provide your campaigns with comprehensive first-party data. More complete data increases campaign relevance.

04 Leverage Copilot in Microsoft Advertising Platform to gain efficiencies in asset creation and faster insights.

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Keeping humanity at the center

After a decade of nonstop digital acceleration—and three especially disruptive years of rapid AI adoption—it's unmistakably clear that people are craving human connection again.

The data tells the story.

Deloitte's Global Gen Z and Millennial Survey finds that Gen Zs and millennials place a high value on connection, belonging, and relationships at work.[3]

Gallup reports that:

1 in 5

employees worldwide feel lonely.[4]

Eventbrite shows that:

63%

of organizers believe consumers are looking for more micro-events and intimate gatherings.[5]

And according to a 2025 report from Influencer Marketing Hub,

67%

of creators identified private membership communities as their most effective engagement tool.[6]

At the same time, AI is quietly taking over many of the tasks that once gave people a sense of purpose. And as those tasks shift to machines, we're rediscovering that our real purpose and real joy comes from each other.

That's why 2026 is shaping up to be a breakout year for microevents, curated gatherings, private communities, cohort spaces, real-life creator experiences, and new hybrid human/AI collaboration rituals.

> AI is **scaling our work.**
>
> Human connection is **scaling our soul.**

As we push into this next chapter, the principle is simple: **AI can amplify us, but it cannot replace us**. The future belongs to marketers and brands who embrace AI's power while keeping humanity—our relationships, our creativity, our empathy—at the heart of everything we build.

[3]Deloitte's 2025 Gen Z and Millennial Survey | Deloitte Global

[4]Gallup, Employees Worldwide Feel Lonely at Work, Gallup Workplace, https://www.gallup.com/workplace/645566/employees-worldwide-feel-lonely.aspx

[5]Eventbrite, TRNDS 2025

[6]Greene, S. Empowering Creators: Private Communities Transform the 2025 Economy. Influencers Time. https://www.influencers-time.com/empowering-creators-private-communities-transform-2025-economy/

How Microsoft can help

Ads in Copilot

Copilot represents a unique way for you to reach customers as they converse and research online. Search ads are eligible to show in English, French, German, and Spanish speaking markets where Copilot is available. We'll be adding more markets and languages in the coming months. And we highly recommend using Performance Max campaigns to optimize your performance for Copilot. This creates the most efficient workflow for you as an advertiser and leads to better results.

Copilot in MAP

[Copilot in Microsoft Advertising Platform](#) redefines how teams approach campaign creation and management. This tool acts as a digital companion, guiding people through the entire campaign lifecycle.

Improve your advertising performance with data-driven diagnostics and performance snapshots to refine campaigns. Expand experimentation and creativity by streamlining ad creation and testing processes. And keep your performance at or above target KPIs with actionable, real-time insights that optimize campaign performance and budget allocation.

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Brand agents

Once your brand has been discovered, guiding a consumer through the research phase of your product's capabilities becomes ever more important. Brand Agents were **officially launched in January 2026**, offering a turnkey AI shopping agent that can assist your customer through the purchase journey.

Natural conversation

Customers can ask questions naturally, like:

> **"I'm looking for a gift for my mom."**

The agent responds in your brand's voice and guides them through options.

Product comparison and guidance

It can compare products, answer questions about shipping or returns, and recommend the best fit—making decisions easier. With access to purchase history, they can also assist with post-purchase scenarios such as suggesting complementary products for previous purchases.

Checkout assistance

When customers are ready, the agent helps complete the purchase by providing checkout links and answering last-minute questions.

Upselling and cross-selling

The agent suggests complementary products with prompts like:

> **"You might also like…"**

to help customers discover more options that fit their needs.

Copilot Checkout

Copilot's shopping experiences are designed to turn shopper inspiration into action—no new tabs or jumping across unfamiliar sites. It's all there in one place. When purchase intent is detected, Copilot surfaces instant checkout for the user to complete their purchase.

Copilot Checkout offers merchants scale without added complexity. With a single integration, retailers become instant checkout merchants in Copilot and will automatically extend to future Microsoft properties such as Bing, MSN, and Edge as they roll out—no extra setup or added tech needed.

Currently available in the US, shoppers can purchase from leading retail brands like Urban Outfitters, Anthropologie, Free People, and Reebok, and discover unique, handcrafted items from Etsy sellers—with many more joining soon. Behind the scenes, Microsoft is adopting open standards like the Agentic Commerce Protocol (ACP) for seamless merchant onboarding, making it easier for merchants to onboard and scale.

To find out more about Brand Agents and join our waiting list, check out the **Microsoft Clarity** website.

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Bing Webmaster Tools and Microsoft Clarity

To adapt, marketers should define which new visibility and engagement signals matter most for their business and map them to existing performance metrics.

Tools like **Bing Webmaster Tools** and **Microsoft Clarity** can help surface insights into how users engage with your site, navigate to key content, and interact after discovery.

By optimizing for intent, structure, and responsiveness, site owners can better capture and act on the most meaningful results that show how visibility and engagement now drive performance in AI search.

Copilot Studio

Copilot Studio's **catalog enrichment agent** is a tangible tool for both AEO and GEO that Microsoft customers can use. It's a specific action item for a customer to take to support their transition from the visible web to the agentic web.

Merchants should use the catalog enrichment agent to improve product descriptions and other metadata and ensure they're piped into Microsoft Merchant Center, which is central for product discovery.

Have any questions?

Get in touch with your account representative or schedule a consultation with our **team of experts** to learn more. New to Microsoft Advertising? We welcome you to **join us.**

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