

The Rise of Chatbot Ads (AdBots)

How AI Chatbot Ads Are Changing The Way Digital Marketing Works

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Executive Summary

Chatbots which are employed everyday as teachers, counsellors, coders and escorts, have recently taken up the role of salesmen. Advertisements are popping up ever more frequently in users' conversations with large language models, punctuating chats with promoted content. This evolution marks the emergence of what can best be described as the “adbot economy” — an ecosystem where AI assistants are no longer merely informational tools, but also advertising and commerce channels.

The implications are significant.

For technology companies, advertising presents a practical and scalable route to monetising costly AI infrastructure and free-tier user adoption. For advertisers and marketers, conversational AI introduces an entirely new consumer engagement environment — one that differs from traditional search advertising, social media advertising, and display advertising. Unlike search engines, where users intentionally browse through results, chatbot interactions are contextual, personal, continuous, and increasingly intimate. This changes how advertising is delivered, measured, personalised, and trusted.

Early indicators suggest that chatbot advertising will not simply replicate existing digital ad formats. Instead, it may redefine how brands discover intent, influence purchasing behaviour, and maintain relevance in a world where users increasingly rely on AI assistants instead of conventional search engines.

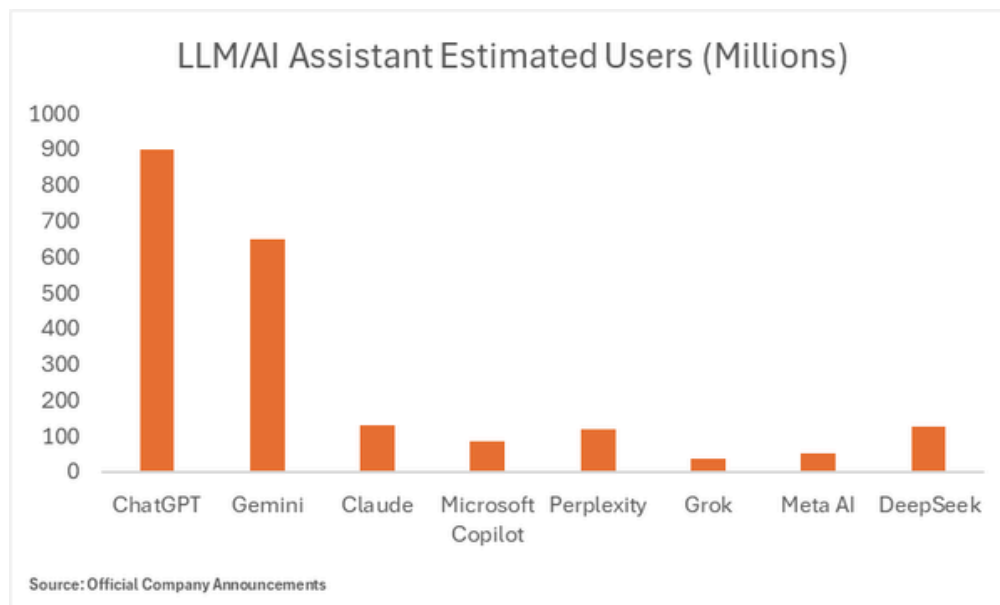
This white paper explores:

- The emergence of chatbot advertising
- Why AI firms are embracing ads
- How conversational advertising differs from traditional digital advertising
- The strategic implications for brands and marketers
- The risks surrounding trust, measurement, and brand safety
- What businesses should do now to prepare for the future of AI-powered marketing

The shift has already begun. The question is no longer whether chatbot advertising will become mainstream, but how organisations will adapt to this new era of conversational commerce.

Introduction: From Chatbots to Adbots

Artificial intelligence chatbots have become embedded in everyday digital life. Millions of users now depend on conversational AI tools as teachers, assistants, researchers, coders, editors, counsellors, planners, and productivity partners. By official estimates, ChatGPT, followed by Gemini lead by user base.



These systems have recently taken on the role of Salesman. Advertisements are popping up ever more frequently in users' conversations with large language models, punctuating chats with promotions. As it stands, consumers' search queries, editing sessions and even intimate moments are increasingly at risk of interruption by sponsored messages. This transition represents one of the most important developments in the future of digital marketing.

For decades, online advertising has largely depended on search engines, websites, and social media platforms; built around clicks, impressions, and algorithmically targeted display ads. The advent and popularity of Chatbots has since changed this paradigm. Users no longer simply search for information. They ask questions, brainstorm ideas, seek recommendations, write emails, plan purchases, compare products, and solve problems through ongoing conversations with AI systems.

As a result, advertising is changing from disruptive pop-up style messaging into more natural conversations that are based on what users are already discussing. This shift is changing how consumers interact with brands and how marketers reach their audiences.

The Business Drivers Behind Chatbot Advertising

Two key business drivers are the engine behind incorporation of advertising in chatbots. For the artificial intelligence business, ads represent a way to monetise an expensive invention that most people currently use free of charge. For the ad industry, adbots are a possible answer to the existential question of how advertising will work if users move away from conventional search engines. Ultimately, the AI companies are commercial assets with investors expecting results. So the high cost

1 The High Cost of Artificial Intelligence

Developing and operating advanced AI systems is extraordinarily expensive. Large language models require massive computing infrastructure, high-performance GPUs and data centres, extensive training datasets, continuous model optimisation and ongoing safety and moderation systems. As AI adoption accelerates globally, technology companies face mounting operational costs.

OpenAI reportedly expects to burn \$25bn of cash in 2026 and twice as much in 2027 while simultaneously supporting hundreds of millions of users on free access tiers. Subscription models alone may not be sufficient to sustain long-term AI expansion at scale. Advertising therefore offers a familiar and highly scalable monetisation strategy.

2 Protecting Existing Advertising Ecosystems

The shift toward AI assistants also poses a direct threat to conventional search advertising. Search engines have traditionally generated revenue by displaying sponsored links alongside user queries. However, as consumers increasingly ask AI assistants for direct answers rather than browsing multiple web pages, traditional search traffic may decline. This creates a strategic imperative for companies like Google and Microsoft to integrate advertising directly into AI-driven experiences.

The Current State of Chatbot Advertising

Although still in its early stages, chatbot advertising is expanding rapidly. Several major technology companies are already testing or deploying conversational advertising models.



In 2026, OpenAI began testing ads within ChatGPT for selected users on Free and Go subscription plans in markets including: United States, Australia, New Zealand and Canada. Premium subscription tiers including Plus, Pro, Business, Enterprise, and Edu currently remain ad-free.



Google has been integrating advertising into its AI-powered search experiences through “AI Mode.” Its strategy closely mirrors traditional search advertising by placing sponsored recommendations near initial user queries. This approach allows Google to preserve familiar advertising behaviour while gradually transitioning users into AI-assisted search experiences.



Microsoft has integrated promotional capabilities into Copilot as part of its broader AI ecosystem strategy. The company benefits from both enterprise AI adoption and its long-standing advertising infrastructure through Bing and Microsoft Advertising.



Amazon’s AI shopping assistant, Rufus, enables brands to sponsor responses and product recommendations. This represents a particularly important development because conversational AI and e-commerce naturally intersect around product discovery and purchase intent.



Although Meta’s chatbot experiences do not yet prominently feature direct ads, the company has reportedly leveraged conversational insights to improve targeting across Facebook and Instagram advertising platforms. This signals that conversational data may become an increasingly valuable source of advertising intelligence.

How Chatbot Advertising Differs from Traditional Digital Advertising

Advertisements appearing within users conversations with large language models certainly introduce a different engagement model.

Advertising in Chatbots is Contextual and Sequential

Whereas traditional digital advertising typically relies on keywords, search intent, website browsing history, demographic targeting and social behaviour, Chatbot advertising introduces an evolving conversational context. Unlike search engines that respond to isolated queries, AI assistants maintain continuity across multi-turn conversations. For example: A user drafting a job application may later receive recommendations related to interview coaching, productivity software, or professional development.

Timing Matters More Than Placement

Emerging evidence suggests that AI companies are experimenting with different advertising timing strategies. Google's model tends to introduce ads early in the interaction, similar to conventional search. ChatGPT, however, often delays advertisements until later stages of the conversation, allowing the AI system to gather more contextual understanding before presenting promotional content. This resembles human sales behaviour more closely than traditional digital advertising. Instead of interrupting immediately, the AI assistant waits until intent becomes clearer.

Advertising Success Is Being Measured Differently as Conversations Replace Clicks

Traditional digital advertising performance is largely measured through metrics such as Click-through rates, Impressions, Conversions, Bounce rates, and Cost-per-click metrics. With Chatbot advertising, emphasis may shift toward Engagement duration, Conversational depth, Brand recall, Delayed purchase attribution and Post-view behavioural influence. Advertisers attempting to measure return on investment may thus face challenges. Users may not immediately click a sponsored suggestion. Instead, they may continue the conversation and make a purchase later through another channel. Measurement frameworks will therefore need to evolve.

Consumer Trust and the Ethics of AI Advertising

One of the biggest question around chatbot advertising is whether people will trust it. AI assistants occupy a uniquely personal space in users' digital lives. Many users now rely on AI assistants for personal and everyday help — from schoolwork and careers to research, planning, creativity, and even emotional support. Because these conversations can feel private and personal, adding ads into them thus creates new concerns for users in as much as ads provide an avenue to monetise an expensive invention that most people currently use free of charge.

A few key pointers stand out:

Transparency Is Essential

People should easily understand when something is an ad, why it was recommended, how their data is used, and whether ads affect AI answers. If companies are not transparent about this, users may lose trust. That's why many AI companies emphasise keeping advertising separate from the AI's main responses.

The Hallucination Risk

Another concern involves AI-generated advertising content itself. While it can quickly create personalised ads at scale, generative AI can also make mistakes or invent information (*hallucinate*), thereby producing inaccurate, misleading, or fabricated claims. This creates substantial risks for brand reputation while misleading consumers and creating possible legal and regulatory problems. Brands may therefore remain cautious about fully autonomous AI-generated advertising and insist on human oversight to review and manage AI-generated advertising.

The Balance Between Personalisation and Privacy

Highly personalised advertising has historically outperformed generic messaging. Conversational AI has the potential to make advertising even more precise because AI assistants can infer nuanced user needs through dialogue. However, this also raises concerns around consumer manipulation, privacy, data use, consent, and how much companies should know about people's personal lives. As AI advertising grows, governments and regulators are likely to introduce stricter rules to protect consumers.

Strategic Implications for Brands and Marketers

For advertisers, AI ads present two key challenges. The first is measurement. If users keep chatting rather than clicking through, advertisers will be unable to determine whether a user eventually buys the product elsewhere. The second challenge is brand safety. If pundits are to be believed, the future for advertisers will be to simply tell the AI assistant their objective and let the AI handle the rest. But letting a chatbot write its own creative copy is a gamble. Companies are largely wary of a 'salesman' who could hallucinate a deal too good to be true.

Marketers are forced to rethink digital strategy taking into account key factors including:



Optimising for AI Discovery

In the future, consumers may increasingly ask AI assistants which products, services, or companies they should trust or choose. This means businesses will need to make sure their brands are visible not just on search engines like Google, but also in AI-generated recommendations. Being easy for AI tools to find and recommend could become just as important as SEO.



Brand Authority Will Matter More

AI tools are more likely to recommend brands that are trusted, credible, and consistently visible online. Companies with strong reputations and who invest in authoritative digital communication, quality content, and positive customer feedback may thus have a better chance of appearing in AI-generated recommendations.



Marketing Will Become More Conversational

Traditional advertising copy may not translate effectively into conversational AI environments. Brands will need to communicate in more natural, helpful, and human ways that fit into conversations. Instead of interrupting people with ads, marketing will increasingly focus on engaging users through useful and relevant dialogue.



Businesses Will Need New Ways to Measure Advertising

As AI chatbot advertising grows, companies will need new ways to track whether their marketing is working. People may see an ad in a chatbot conversation but make a purchase later on another platform or at a different time. This means traditional measures like clicks and impressions may no longer be enough to understand advertising performance. New attribution systems capable of tracking users who continue with their chats will be in need.

Recommendations for Businesses

To prepare for the rise of AI-powered advertising, organisations should consider the following strategic actions:

- **Invest in Authoritative Content:** Create high-quality, trustworthy, and expert-led digital content that AI systems are more likely to reference and recommend.
- **Build Strong Brand Trust:** Transparency, credibility, and consistency will become increasingly important as AI intermediates consumer decisions.
- **Develop Conversational Communication Strategies:** Brands should prepare messaging frameworks optimised for conversational environments rather than traditional banner or display formats.
- **Monitor AI Platform Developments:** The AI advertising ecosystem is evolving rapidly. Businesses should continuously monitor platform policies, advertising models, and consumer behaviour trends.
- **Prioritise Ethical AI Practices:** Consumers are increasingly aware of data privacy and AI ethics. Responsible communication practices will become a competitive advantage.

Conclusion

The transformation of chatbots into adbots marks the beginning of a major shift in the digital economy. Conversational AI is redefining:

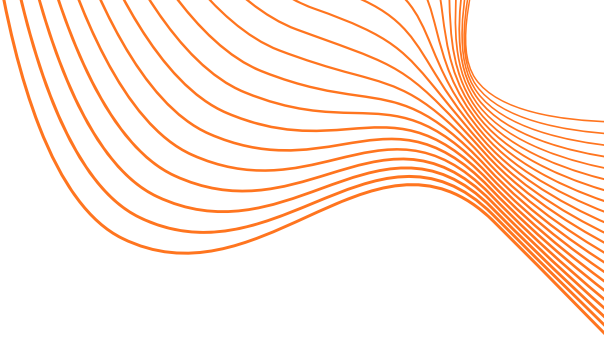
- How consumers search
- How brands engage audiences
- How advertising is delivered
- How trust is established online
- How digital influence is measured

For advertisers, AI ads present two challenges. The first is measurement. If users keep chatting rather than clicking through, 'post-view attribution' remains unsolved, hence marketers are unable to determine whether a user eventually buys the product elsewhere. The second challenge is brand safety. Mark Zuckerberg has painted a picture of a future where advertisers simply tell Meta their objective and let the AI handle the rest. But letting a chatbot write its own creative copy is a gamble. Companies remain wary of an autonomous chatbot which could hallucinate a deal too good to be true.

While it is still early days, the winners in this new landscape will not simply be the companies with the biggest advertising budgets, they will be the organizations that:

- Build trust
- Communicate authentically
- Create authoritative content
- Adapt to conversational consumer behaviour
- Understand the balance between technology and human connection

The future of marketing is no longer only searchable. It is conversational. And that future has already begun.



About Spaza Communications

Spaza Communications is an integrated media intelligence and communications technology company delivering data-driven solutions across Africa. We help brands, agencies, and organizations monitor, understand, and amplify their presence across traditional and digital media landscapes.

Our solutions combine media monitoring, audience insights, influencer distribution, and analytics to support smarter communication and business decisions. Through platforms such as Spaza Monitor, Spaza Reach, Spaza Audiences, and Spaza Airplay, we provide comprehensive coverage across TV, radio, print, out-of-home, podcasts, YouTube, and social media across African markets.

With expertise in media intelligence, strategic communications, consumer insights, and digital engagement, Spaza Communications empowers organizations to track narratives, measure impact, manage reputation, and optimize campaign performance in real time.

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