Perplexity's Commerce and Ads Experiments Are Stuck in Neutral

Perplexity CEO Aravind Srinivas. Photo via Getty

By Catherine Perloff and Ann Gehan

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Perplexity has drawn plenty of its headlines for its relentless fundraising—which recently valued the artificial intelligence search firm at $20 billion—and its penchant for declaring big-ticket acquisition targets like TikTok. But its efforts to build businesses in online shopping and advertising, which would put Perplexity's revenue growth on more sustainable footing, have moved much more slowly.

Nearly a year after the company began selling ad space and letting users buy things through its app, marketers and merchants are frustrated by their experiences with the firm. Perplexity has allowed very few advertisers to buy space or brands to sell directly through the app or its website, marketers and brands say. That's partly driven by Perplexity's desire to not alienate users, particularly with too many ads, and partly by a need to figure out the right technology to make shopping more seamless, several e-commerce software firms and retailers told The Information. Right now, for instance, Perplexity shoppers have to order one item at a time, rather than filling a shopping cart with multiple items.

The Takeaway

Perplexity has been slow to approve brands to advertise

Perplexity has been working with outside firms to improve its shopping experience

Perplexity still missing key shopping features like shopping cart

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Perplexity could end up backing away from advertising altogether: It called its initial effort, announced last year, an experiment. And Taz Patel, a Perplexity executive leading its advertising efforts, left the company last month.

How Perplexity fares in either business is of great importance to investors across the AI industry, as both advertising and shopping offer a way for AI firms to make money from their audiences outside of selling subscriptions. OpenAI, which has more than 700 million users who use its chatbot for free, has projected it could collect $110 billion in revenue between 2026 and 2030 from that audience, The Information has reported, sparking speculation about its plans for ads and commerce.

It's also important for big brands and retailers. Brands are increasingly interested in AI search advertising, especially because they say Google ads are less effective than they used to be. Brands also see Perplexity and other AI search engines as new places to make sales and tap in to a fast-growing group of potential customers, similar to how TikTok Shop quickly became a shopping destination a few years ago.

Ads Experiment

Perplexity has risen to prominence operating an AI-powered search engine, which provides summarized answers to people's questions, putting it in direct competition with Google's search engine. Perplexity has a free service, but it also charges $20 a month for a Pro tier, which had 260,000 paying individual subscribers at the end of last year, up from roughly 15,000 in October the year prior.

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The cost of running cloud servers and paying for AI models has kept Perplexity in the red. The firm generated $34 million in revenue last year but burned about $65 million in cash, The Information has reported. When it announced its plans to experiment with advertising late last year, Perplexity said it needed to build a "robust and self-sustaining business."

Despite that, the company has made clear it isn't anxious to rush into advertising. It noted in its initial announcement that "users come to Perplexity for a more efficient, uncluttered and unbiased search experience, and that isn't changing." Critics have complained that Google has saturated its search results with ads.

In line with that policy, Perplexity has turned away most of the advertisers that have asked to buy space on the site, the company says. "Less than 0.5% of the thousands of advertisers who have directly asked to advertise on Perplexity have been admitted to do so. That's intentional," a spokesperson said.

"[Perplexity] is very cautious about scaling their ad business," said Dan Roberts, global vice president of search at the ad agency Assembly Global. He said some of his clients were not approved to buy ads on Perplexity. Another ad buyer also said Perplexity has only accepted some of its clients into its advertising program.

And advertisers who did buy space on Perplexity were sometimes dissatisfied with the experience. Ads appear as "sponsored follow-up questions" that come up as a suggested question below Perplexity's answer to a user's query. One Perplexity advertiser said they were frustrated that they were not able to make their logo more prominent in Perplexity ads.

A spokesperson said Perplexity has intentionally kept the ads program small as it aims to "experiment with a small group of top advertisers slowly over the coming years."

That policy may explain why Perplexity only made $20,000 in ad revenue in the fourth quarter of 2024, as The Information previously reported. At an advertising industry event in March of this year, Patel said the company was working with only about a dozen advertisers.

There are signs Perplexity isn't advancing its ad plans. Executives last month announced details of a new revenue sharing program where publishers get paid from a new subscription tier tied to its web browser, Comet. When Perplexity first announced a program to share revenue with publishers in June 2024, it was based on ad revenue.

Data Scraping

Perplexity's embrace of commerce has been warmer. Last year, Perplexity announced its launch of a shopping service "where you can research and purchase products." Users could seamlessly make purchases "for select products from select merchants" without leaving Perplexity's site. It invited merchants to reach out for more information. In May, PayPal announced it was working with Perplexity to enable consumers to complete transactions through PayPal or its Venmo service.

The one-click checkout service built into Perplexity's site remains limited to certain merchants and products. Perplexity says it is working to expand the library of eligible products that can be purchased using its shopping service Buy With Pro, but that it has started by selecting product categories it believes will be the most popular with shoppers. That means if "Buy with Pro" isn't available for an item, shoppers have to visit the outside site to complete their purchases.

Meanwhile, merchants who aren't part of Perplexity's program but want to make sure searches for their product turn up accurate information don't have a direct way to upload product information to Perplexity's site, e-commerce firms say.

Perplexity is working with e-commerce software firm Commerce to ensure its product data is accurate, according to Sharon Gee, senior vice president of product for AI at Commerce. Gee said that Perplexity sometimes uses data scraped from the Web about products, which isn't always up to date.

Revelyst, an outdoor goods retailer that sells Camelbak water bottles and Fox Racing motorcycle gear, is one merchant that wants to ensure searches on Perplexity for its products turn up the right information. Owen Spencer, senior director of direct to consumer applications and AI enablement at Revelyst, said his firm had been working with Commerce to feed its retail data into Perplexity so customers can get information about Revelyst's products more easily.

Traffic from Perplexity to Revelyst's sites has grown exponentially in the past six months, Spencer said. Still, it remains well below traffic from ChatGPT, and both sources pale compared with Revelyst's Google traffic.

One key feature that retailers say Perplexity is still missing is the ability for shoppers to build a cart of multiple items, like they can on most other e-commerce sites or marketplaces. Instead, users currently have to purchase items one by one. That's a turnoff for merchants, which want the ability to persuade shoppers to add extra items to their cart and be able to manage and ship orders more easily, Spencer said.

"This idea of doing a single-point purchase and we're shipping out a pair of socks and a pair of gloves and a single T-shirt doesn't really align with our goals," he said.

Despite all of the shortcomings in Perplexity's commerce offering, it may still be worth it for the company, Spencer says.

"I don't think Perplexity would also look at the system that they have right now, and be like, this makes a ton of sense for us, but it was a way for them to be first to market, which I know is kind of a driving factor for them."

Correction: Perplexity is working with e-commerce software firm Commerce to ensure its product data is accurate, according to Sharon Gee, senior vice president of product for AI at Commerce. An earlier version of the story incorrectly said Perplexity was working with BigCommerce, which is a unit of Commerce but not engaged with Perplexity

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