

# WPP Digital Investor Day Introduction by Sir Martin Sorrell

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October 18<sup>th</sup>, 2011

# Today's agenda

**Introduction** **1.00 pm**  
*Sir Martin Sorrell, CEO, WPP*

**Overview of WPP's Digital Strategy** **1.10 pm**  
*Mark Read, CEO, WPP Digital*

**Global Digital Networks**  
*Trevor Kaufman, CEO* **1.40 pm**  
*Daniel Morel, CEO* **2.00 pm**  
*Brian Fetherstonhaugh, CEO* **2.20 pm**

*Possible Worldwide*  
*Wunderman*  
*OgilvyOne*

**Digital Media**  
*Brian Lesser, CEO* **2.40 pm**

*Xaxis*

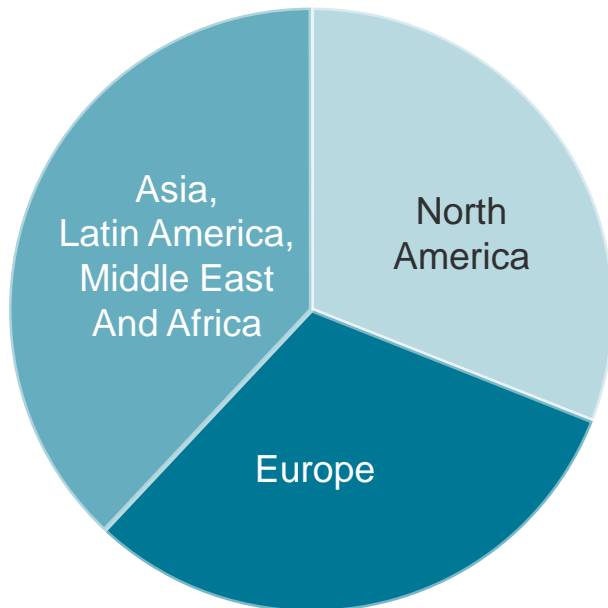
**Data**  
*David Spitz and Nick Nyhan* **3.00 pm**

*The Data Alliance*

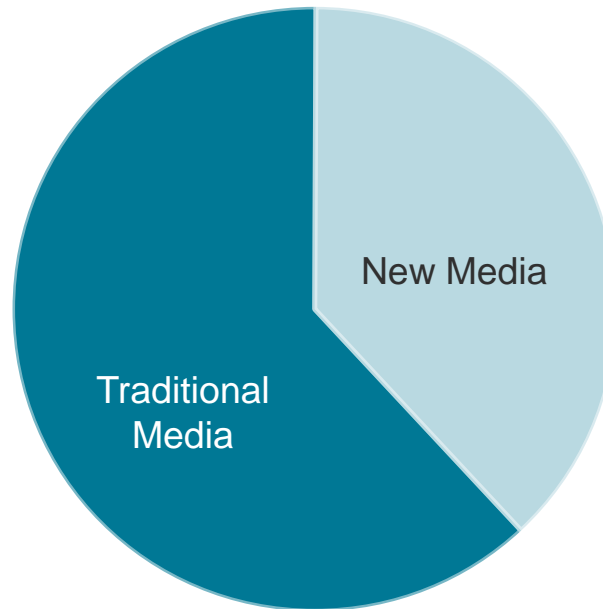
**Break (10 mins) and Q&A** **3.20 pm**  
**Close** **4.00 pm**

# WPP's 3 Strategic Priorities

## #1: New Markets



## #2: New Media



## #3: Quantitative



# WPP Digital Investor Day

## Overview of WPP's Digital Strategy

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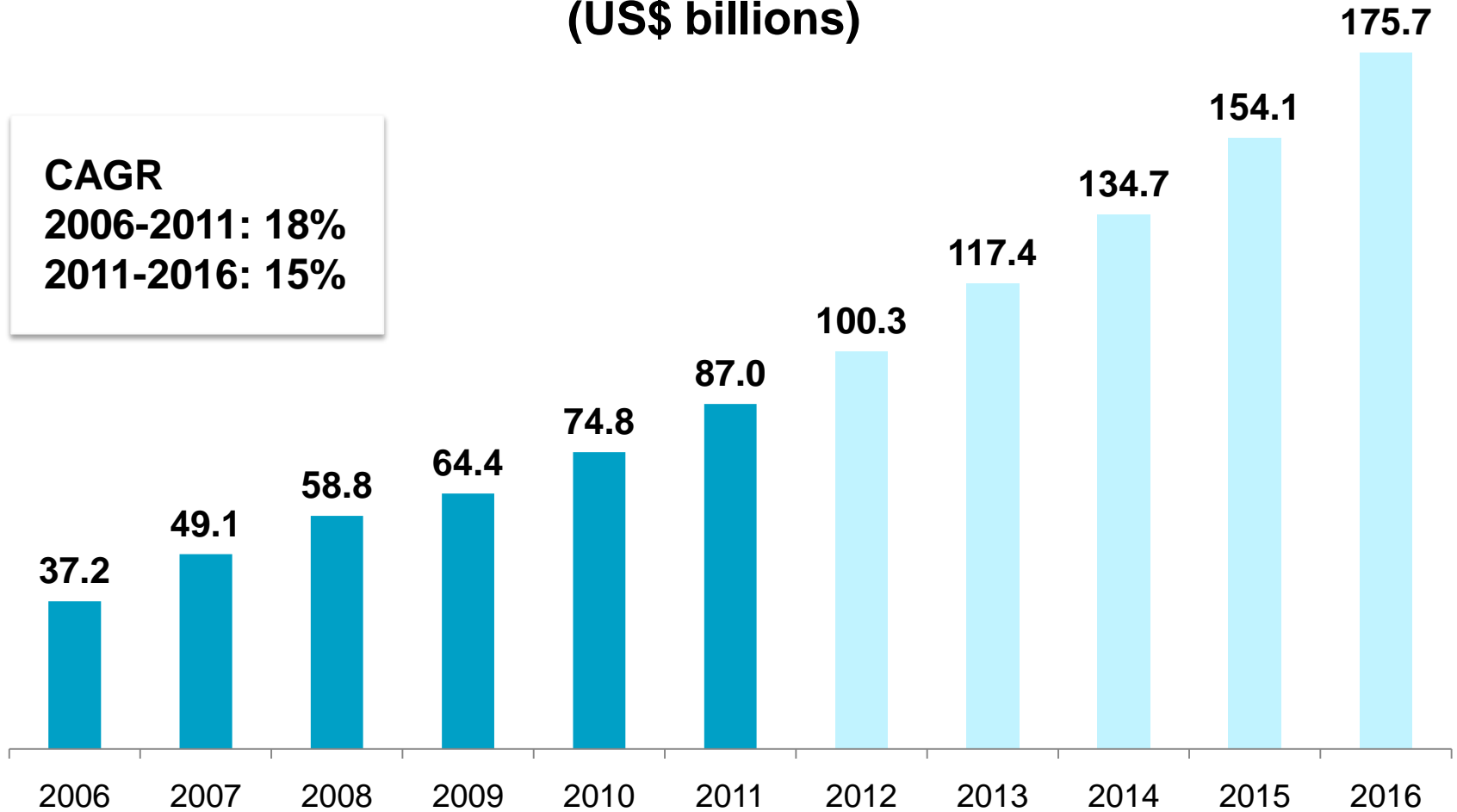
# Today's meeting

- The digital opportunity for WPP
- WPP's digital strategy and priorities
- Overview of WPP's key digital capabilities, particularly those involving technology and data

# The Digital Opportunity

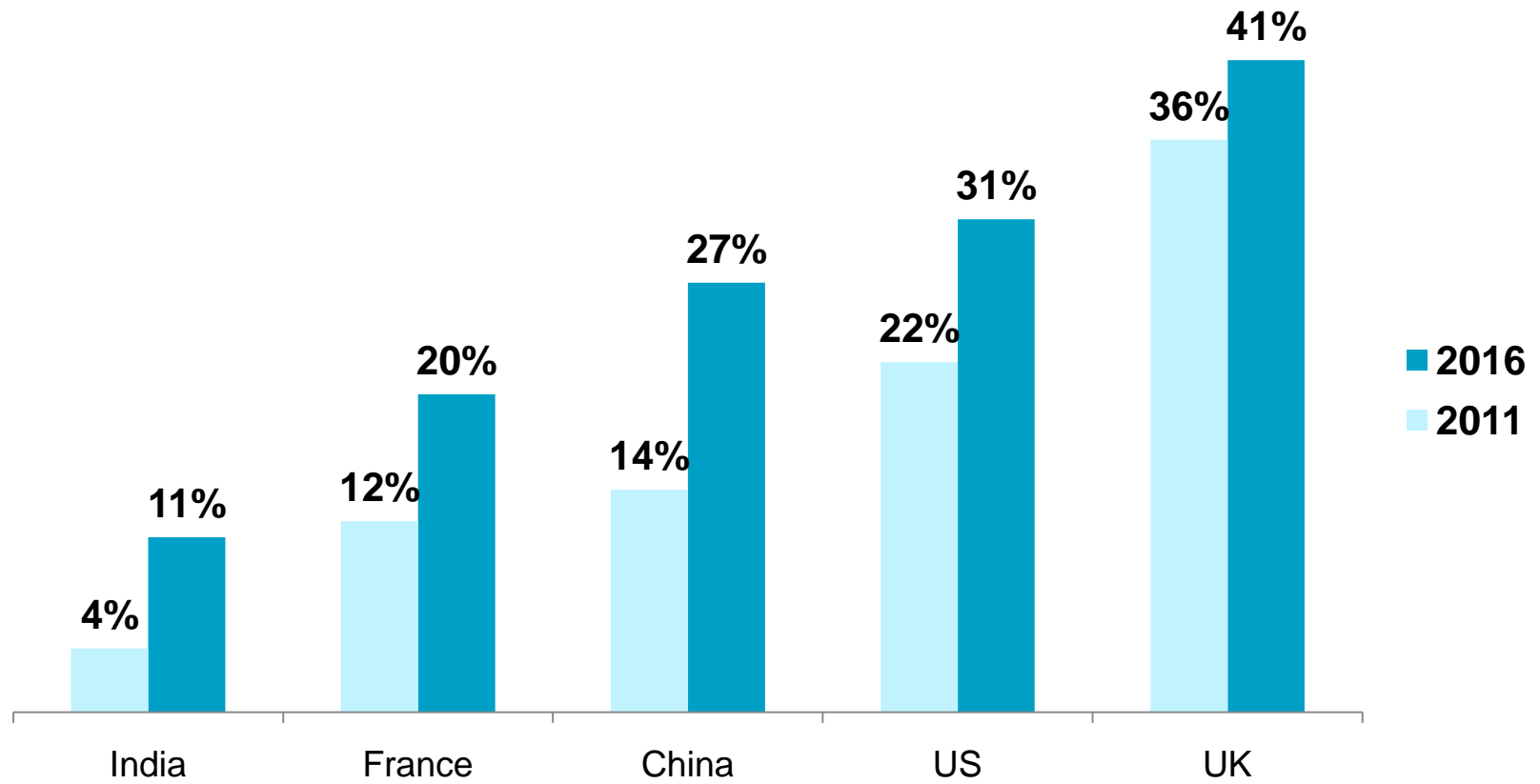
# Little slowdown predicted in growth of digital advertising expenditure

**Worldwide Digital Advertising Spend  
(US\$ billions)**



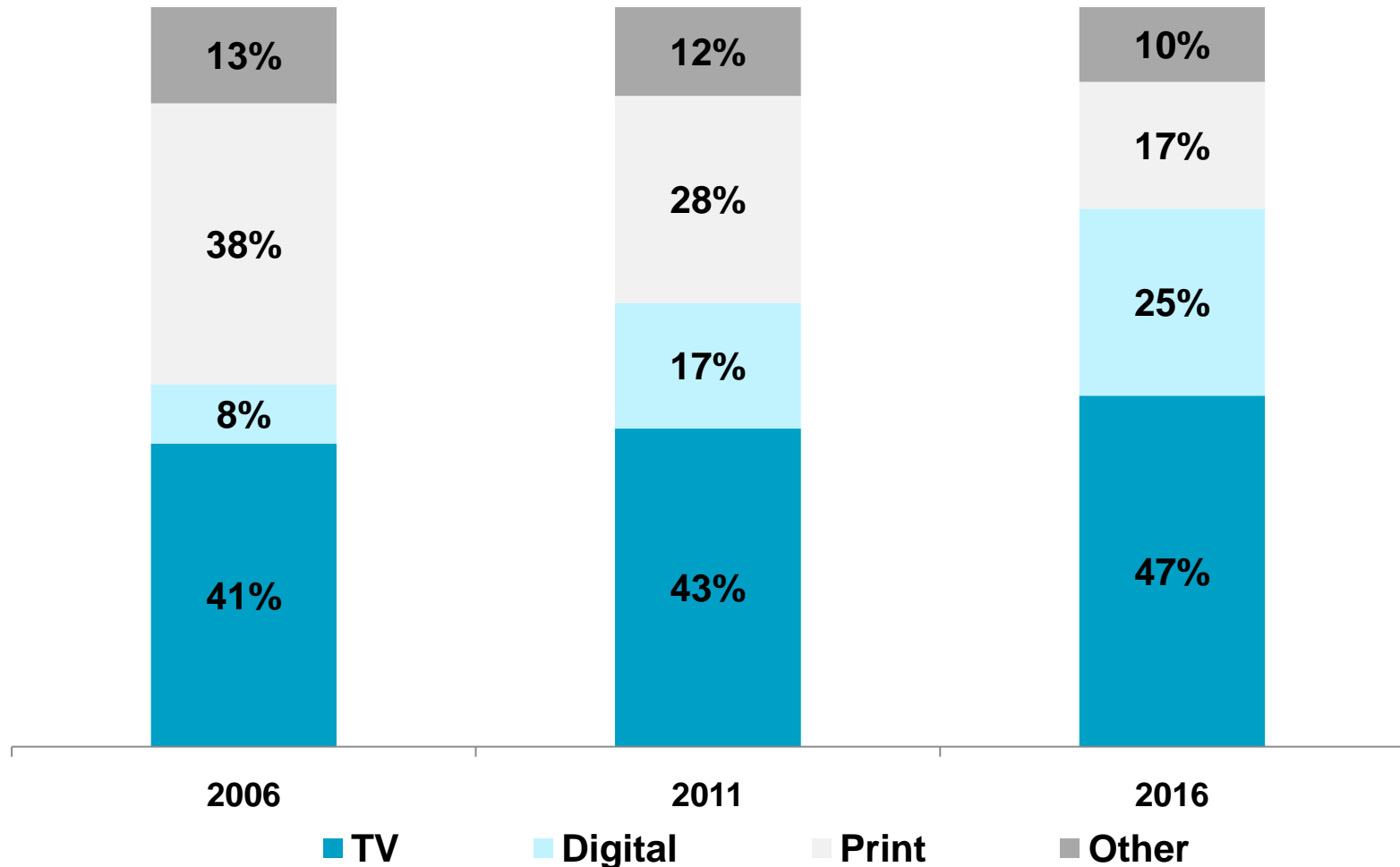
# Continued secular growth globally

## Digital as a % of Total Ad Spend



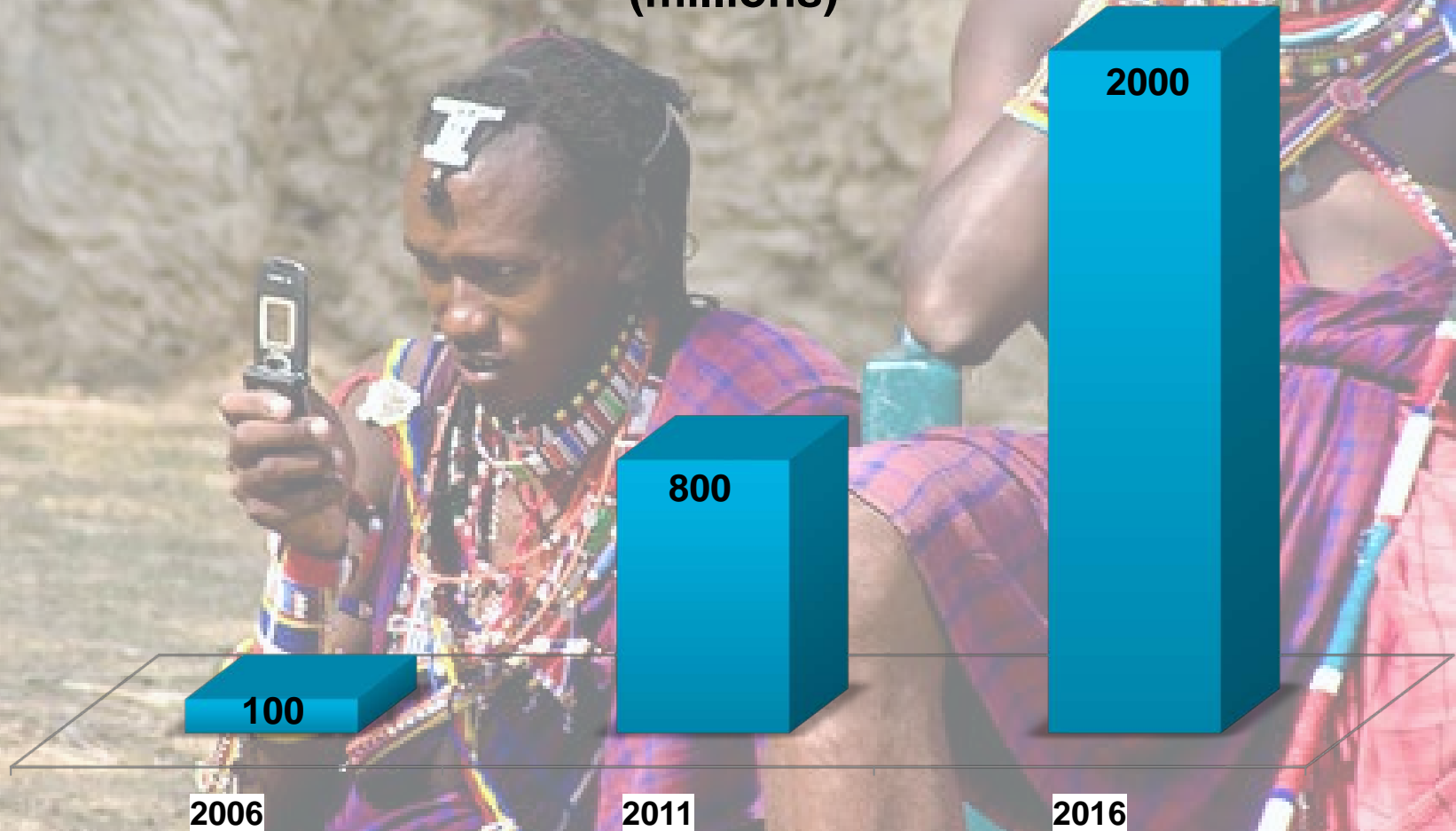
# A world dominated by TV and digital

## % of total advertising spend by medium



# A mobile world: 2 billion+ smartphones will open the world to the web

Total smartphones worldwide  
(millions)



# A digital retail world: ecommerce from 10% to as much as 17% of retail sales

## eCommerce



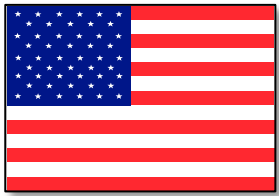
## eShopper



Source: US and UK national statistics, Kantar Retail Chains (top 1000 most influential retail chains) 11

# A social world: in time and influence and increasingly dollars

## Estimated Facebook Users – September 2011



156 million users



41 million users



37 million users



31 million users



31 million users



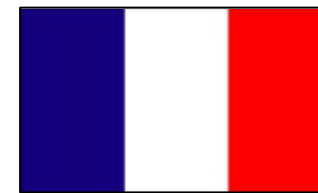
30 million users



29 million users



27 million users

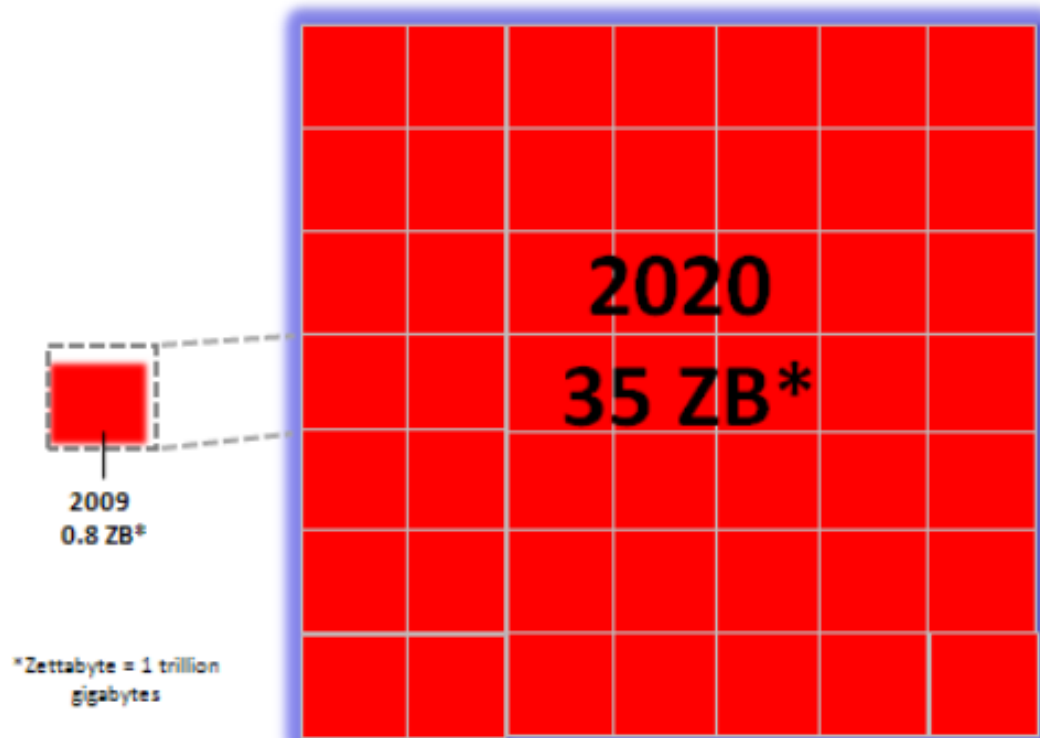


23 million users

# An increasingly data-driven world

## The Digital Universe 2009 – 2020

*Growing by a Factor of 44*



Source: IDC Digital Universe Study, sponsored by EMC, May 2010

# Key market trends to 2016

- TV and Digital: growth across four screens
- Mobile – the next 4 billion and more consumers
- eCommerce and eShopper
- Social – influence, reputation, branding & sales
- Data and analytics (privacy)
- Importance of technology

# WPP's Digital Strategy

# What clients want

- Strong **creative ideas** that exploit the one-to-one, social and interactive potential of digital media
- **Digital everywhere** – offline and online integration and increasingly global relationships
- ROI – **quantifiable** impact and **scale** in media
- **Connected data** – across website, media, store...
- Increasingly **new and specialist skills** in mobile, social media, ecommerce, eshopper, etc.
- **Efficiency** through technology, platforms and production solutions

# Key digital clients



# WPP's digital offer: beyond advertising



## Digital Media

- Audience Buying
- Paid Search
- Search Engine Optimisation
- Social Media -- Facebook, Twitter



## Social Media

- Social media campaigns
- Social media analysis and monitoring



## Web Development

- Web sites
- Intranets
- eCommerce



## Mobile

- Mobile and tablet applications
- Mobile media
- Coupons
- Location-based offerings



## Data and Analytics

- Real-time data analysis
- Tracking and targeting
- Integration of multiple data sources

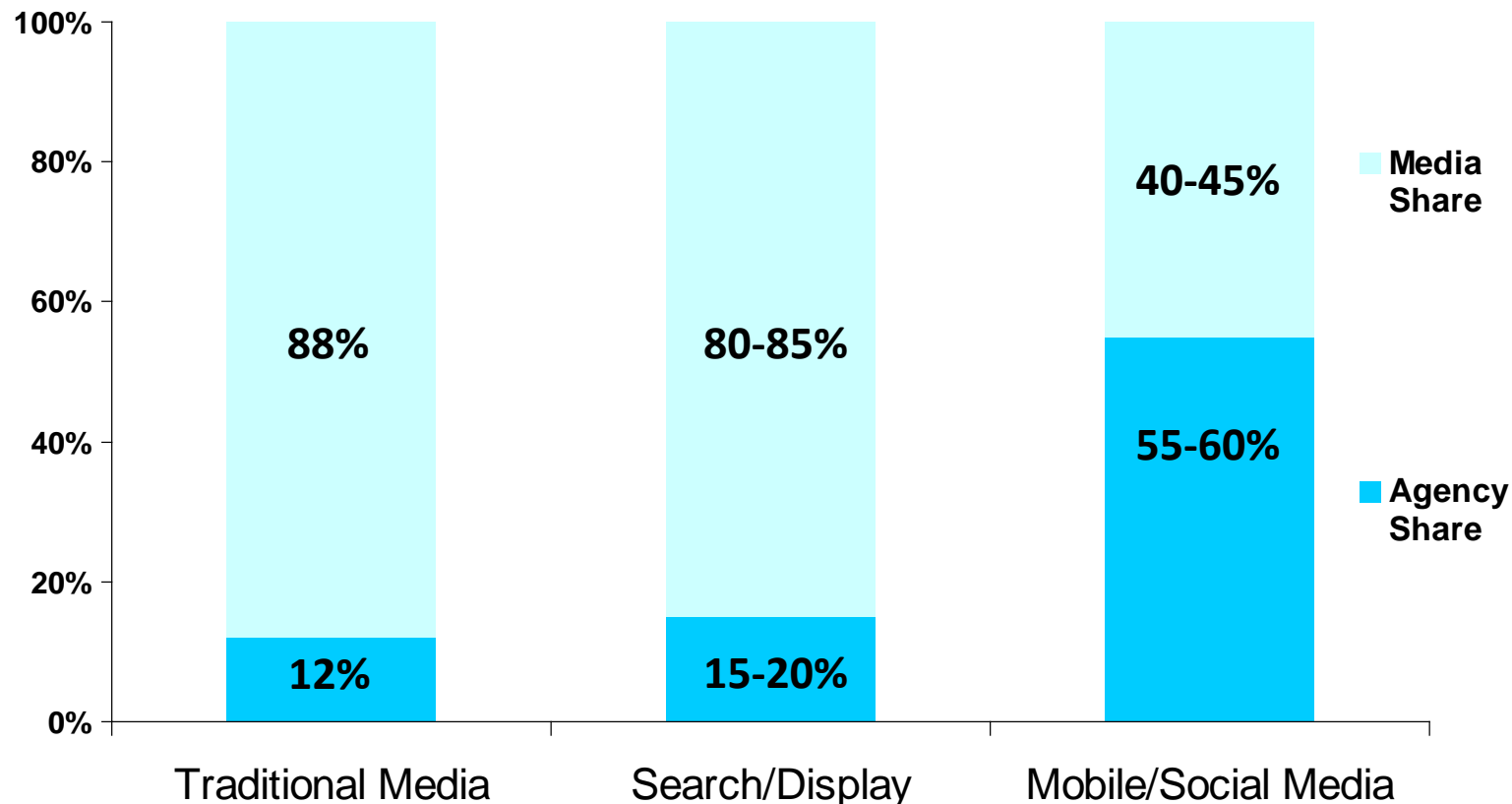


## Platforms

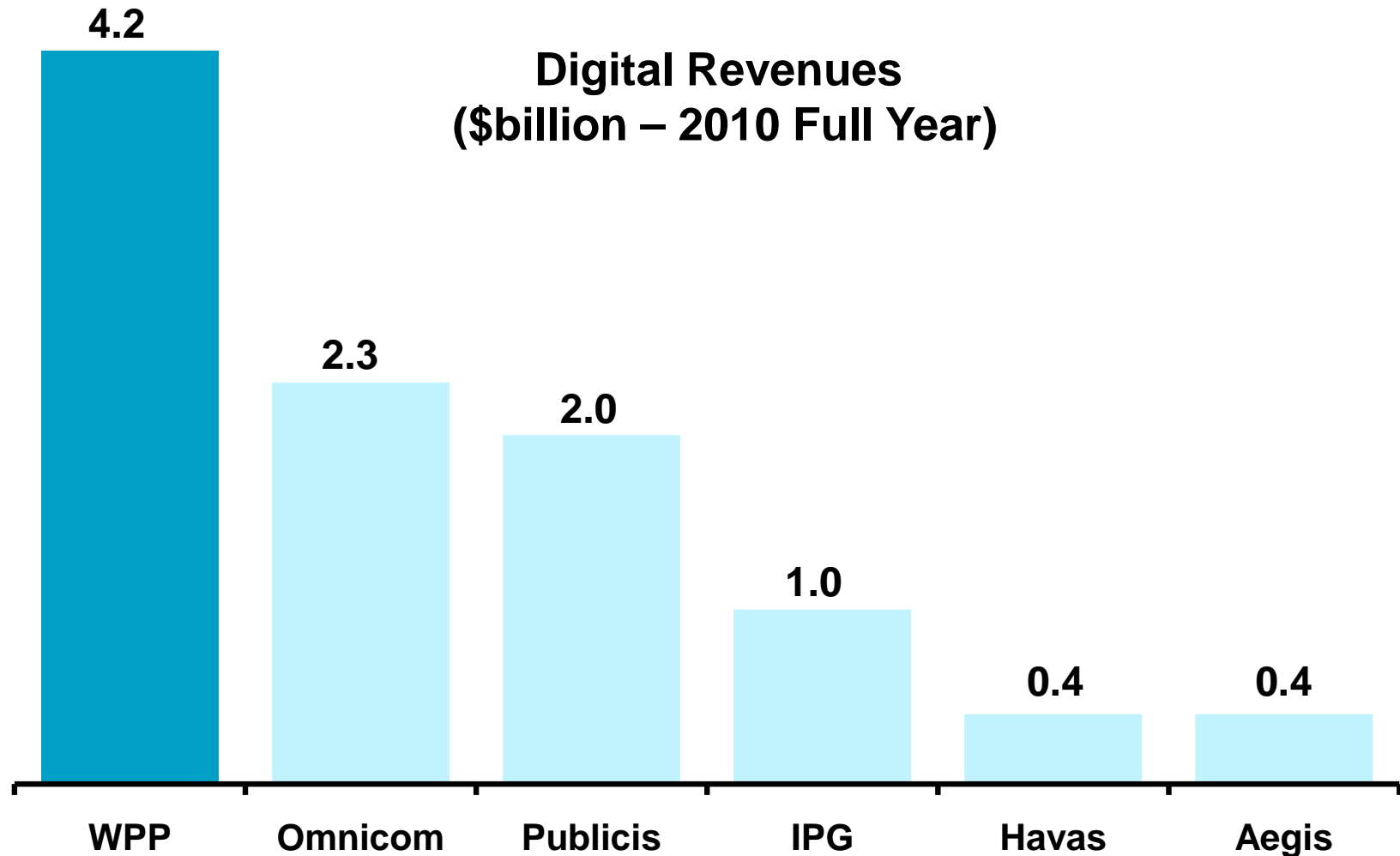
- Web marketing platforms
- Media buying platforms
- Data management platforms
- Offshore digital production

# New services offer greater revenue potential

Share of Client Expenditure to Agency and Media Owner



Today: ~30% of revenues with strong competitive position



<sup>1</sup> Peer digital revenue \$bn according to Ad Age %'s applied to FY US\$ revenue.

# WPP's digital strategy

## 1. Digital Everywhere

- Invest in digital in all of our businesses through training, recruitment, acquisitions, etc

## 2. Specialist Digital Expertise

- Develop new services beyond traditional advertising, e.g, web development, DSPs, mobile, social, eCommerce and eShopper, etc

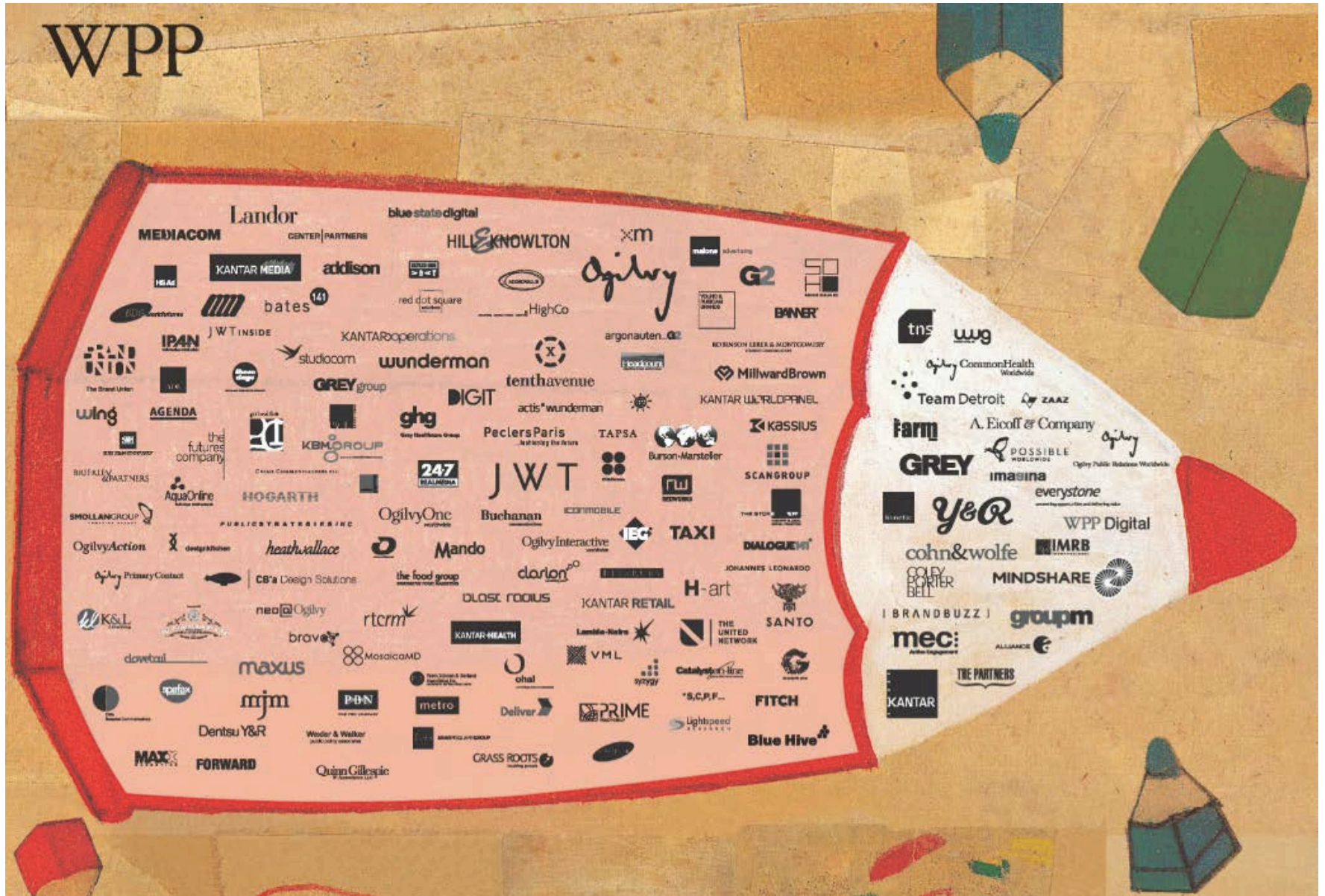
## 3. Data and Technology

- Establish a proprietary technology platform – based on own and licensed technologies
- Invest in ability to control and use data for WPP and client benefit

## 4. Partner with digital leaders

- Build strong partnerships with leaders such as Microsoft, Google, Facebook, Apple, Twitter

# Digital everywhere



# Digital everywhere

Choose the champ:



Grow Google by Dr. Edward and Clayton

 Choose me



Vs.



Animated Gif Background by Richard and Julian

 Choose me



# Strong global digital networks

## Annual Revenues – 2011 Estimate (\$ millions)

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<b>wunderman</b>	<b>950</b>
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<b>OgilvyOne</b> worldwide	<b>900</b>
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<b>G2</b>	<b>300</b>
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<b>24.7</b> REALMEDIA	<b>groupm</b> SEARCH	<b>X</b> X AXIS	<b>330</b>
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 <b>POSSIBLE</b> WORLDWIDE	<b>100</b>
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 <b>VML</b>	<b>125</b>
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# Recognised Industry Leaders

- Key criteria for inclusion in Forrester Research:
  - Mentioned as a “top three competitor” by peers
  - Covering at least 7 of 9 key service areas (digital strategy, web development, technology architecture and support, creative, email/CRM analytics, media planning and buying, search and emerging media)
  - New business record
- Seven agencies named as leaders of which three were WPP agencies (Ogilvy, VML and Wunderman)
- Other network agency leaders were Organic, Razorfish, RGA, and Sapient.

# Significant BRIC presence

## Russia

\$28m ~300 people



## India

\$20m ~750 people



## China

\$80m ~1250



## Brazil:

\$54m ~1200 people



# Application of technology to media

## *Launch of Xaxis in 2011*



**X A X I S** A media company for the digital age

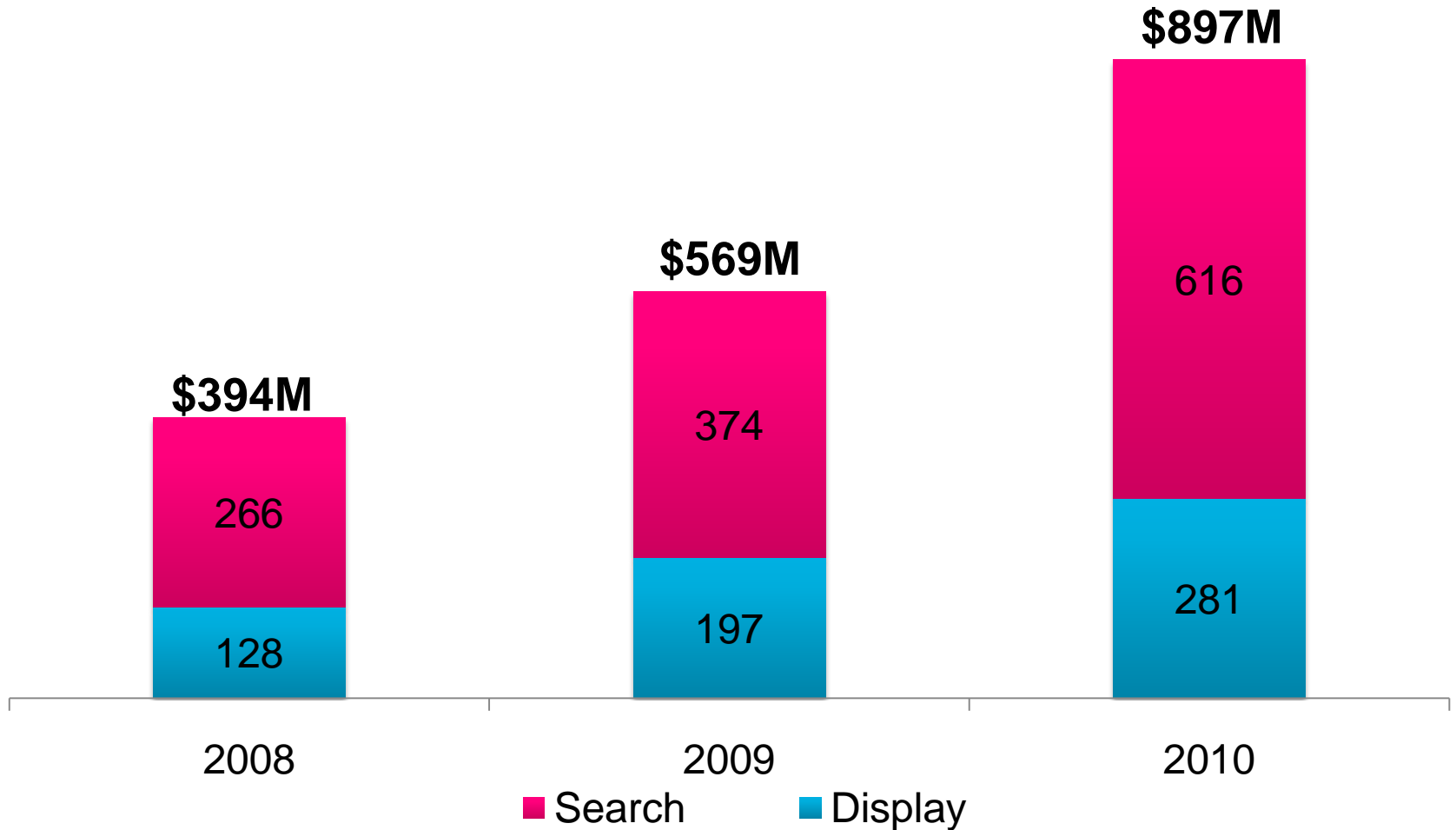
**A GroupM company helping agencies and their clients  
use data and technology to reach and engage with  
audiences at scale**

# Supported by our technology approach

- Best-in-class technology platform
  - Own the critical pieces
  - License from 3rd parties where appropriate
- Maintain a strong technology team in 24/7 Real Media
  - Able to integrate and build technologies we need
  - More than 150 engineers working on digital marketing technologies
  - Able to build what we need in the future, e.g., real-time bidding in last 18 months
- Focus on controlling the data and interfacing with digital media owners on our and our clients' terms
  - Data management platform underpins Xaxis
  - Technology increasingly the interface with digital media owners

# Growing billings on WPP platforms

## Billings run on 24/7 Real Media Technology



# Integrated mobile offering with specialist resources

## SPECIALIST RESOURCES

### ICONMOBILE

- Leading mobile marketing and design agency
- Operations in US, Germany, UK, China, Dubai

### Joule

- Full mobile media agency
- Integration of outdoor with mobile media
- Delivery of audience and outcomes
- Presence in 3 countries

## KEY PARTNERSHIPS



- Running Android competitions to promote mobile to clients
- Mobile now element of joint client plans



- US iAd media deal
- Most iAd deals for European launch

# Increasing social media focus

## SPECIALIST RESOURCES

**bluestatedigital**

- Responsible for Obama campaign
- 160 professionals working on campaigns for politics, commercial clients

**cymfony**

- Analysis of social media and blogosphere

**BUDDY MEDIA**  
*Every brand needs a buddy™*

- Investment in leading social media platform – used by 8 of the world's top 10 brands

## KEY PARTNERSHIPS

**facebook**

- Significant media spend on Facebook
- Joint client development plans and workshops
- Major research projects underway
- Millward Brown branding studies

**twitter**

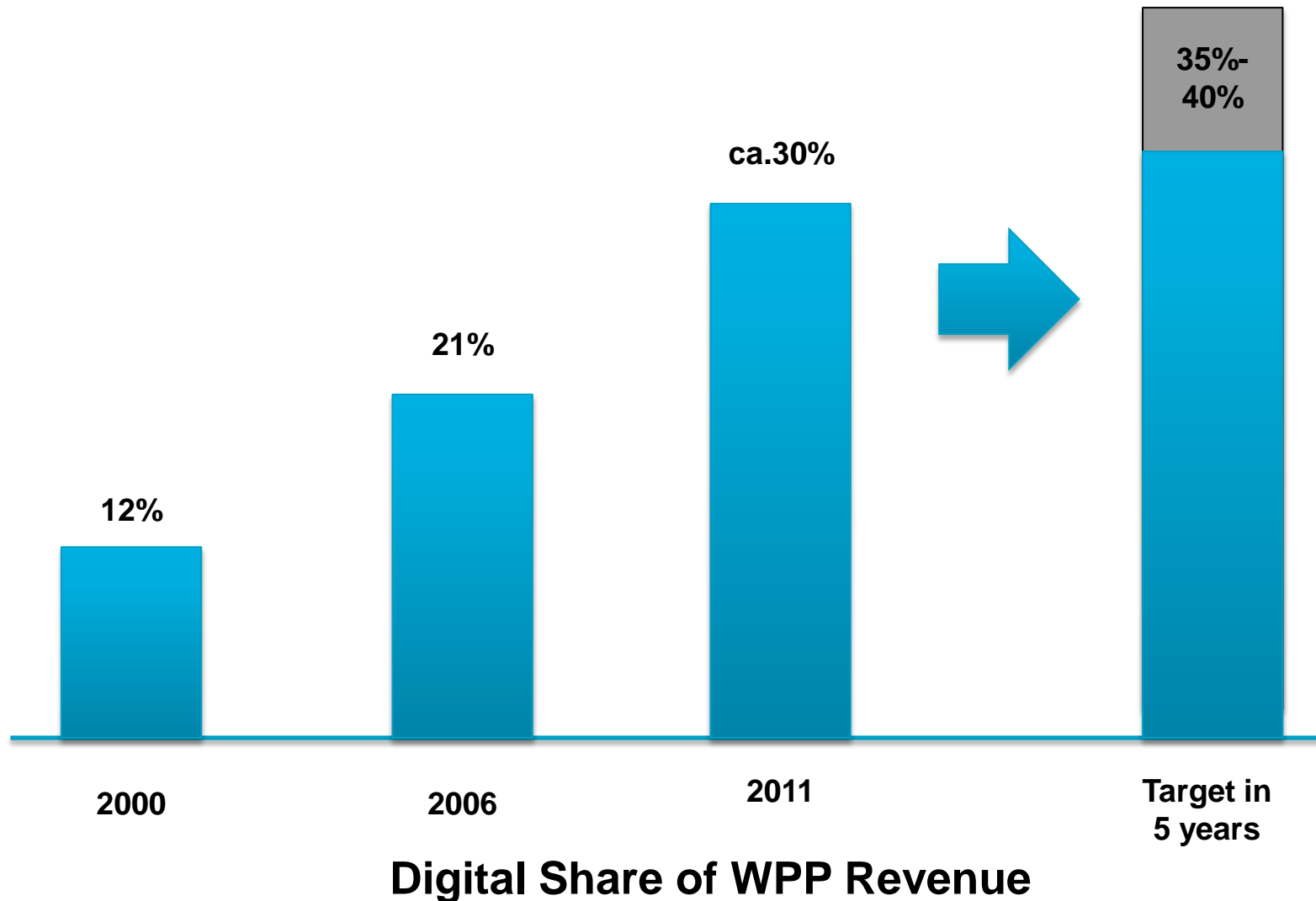
- Relatively small but fast-growing Twitter media spend
- Client trials for new ad products

# WPP as a digital partner for clients...

- Greater need for WPP's services in a more complex and fragmented world increasingly their value to clients
- Broader range of services being offered that go beyond those of "traditional" advertising agencies
- Application of technology to media is critical in a fast-changing market
- Increasing value to the data and insights for decision making and ROI on media spend
  - Greater quantification of digital marketing activities
  - Particularly in direct/digital, media and consumer insight

# Digital as a Long-term Growth Opportunity for WPP

# Digital target recently raised to 35-40% of revenues



# Strong organic digital growth

## Relative Annual Organic Growth Rates

	2008	2009	2010
<b>Share of digital</b>	25%	27%	29%
<b>Like for like revenue growth</b>			
<b>Digital</b>	11%	1%	11%
<b>Total WPP Group</b>	3%	-8%	5%

# Acquiring digital leaders: 2011 YTD



- Largest independent digital agency in Brazil with 200 people
- Clients include Unilever, Campari, Itaú Unibanco, Vivo and NetShoes

**Brazil**



- Full-service US digital agency with strong technology credentials
- Clients include Walmart, Sam's Club, Cisco

**US**



- São Paulo based digital agency with 65 people, strong creative reputation
- Key clients include Coca-Cola, Absolut

**Brazil**



- Leading full service digital agency in Vietnam, employing 25 people
- Clients include Unilever, Megastar, HSBC and Sony Ericsson.

**Vietnam**



- Shopper engagement agency focused on digital retail
- Clients include Unilever, Walmart and Kimberly-Clark.

**US**



- Digital marketing agency in Russia, acquired by Ogilvy & Mather
- Key clients include Gazprom, MTS, LG

**Russia**

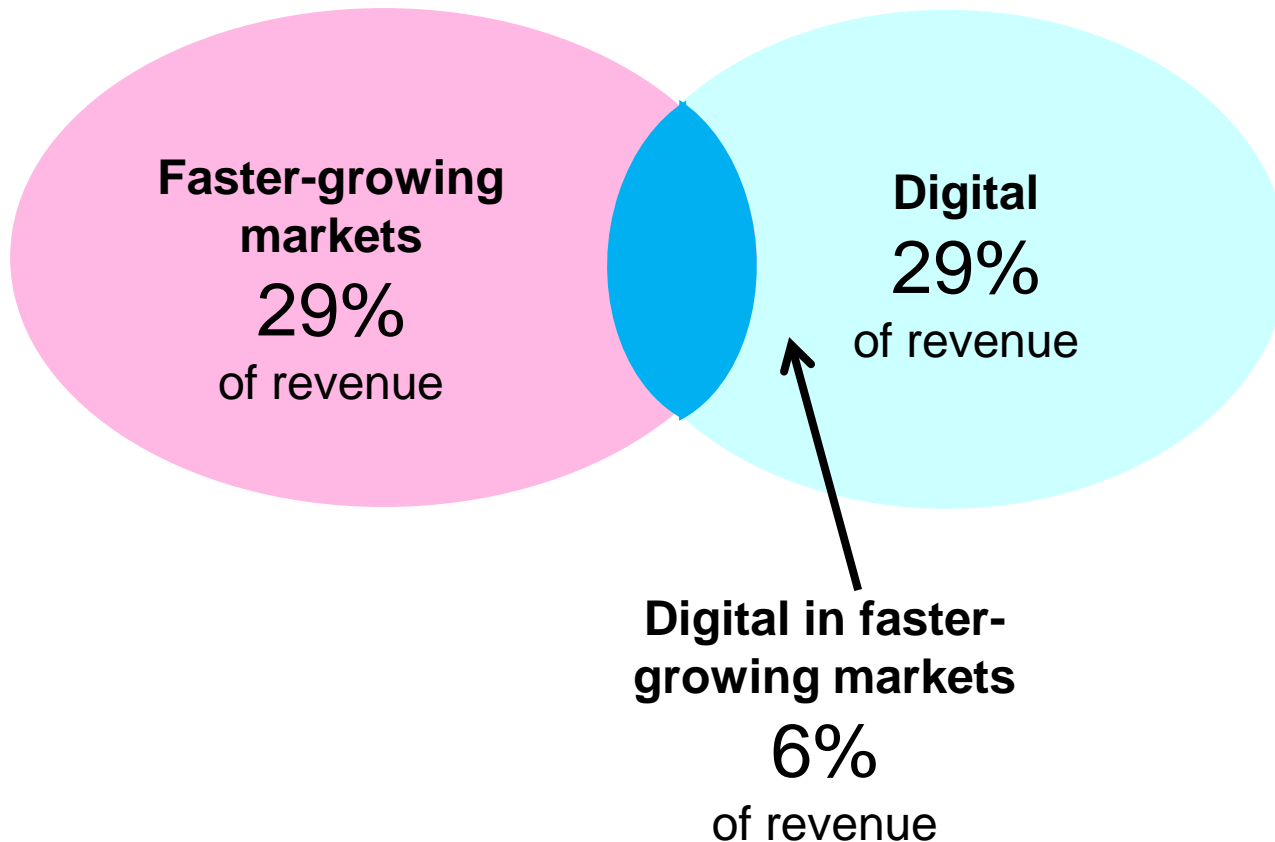


- Leading full-service digital agency in China, acquired by JWT
- 80 people, key clients are Audi, Lenovo, Mamibuy and Nokia

**China**

# Digital and Faster Growing Markets as long-term growth drivers

Overall 52% of 2010 Actual Revenues



# What we will share this afternoon

- Depth of service offering and global capabilities
- Opportunities offered in new services to clients
- Success of investments in proprietary technology
- Opportunity from data