



# **ACCELERATING GROWTH**

**CAPITAL MARKETS DAY**

17 December 2020

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WPP IS A  
**CREATIVE  
TRANSFORMATION  
COMPANY**



# WE SERVE MANY OF THE WORLD'S MOST SUCCESSFUL COMPANIES

## WPP'S TOP 20 CLIENTS

### CPG/PREMIUM



### TECHNOLOGY/MEDIA



### PHARMA AND HEALTHCARE



### AUTOMOTIVE





# WE HAVE MANY OF OUR INDUSTRY'S MOST POWERFUL AND RESPECTED BRANDS

## GLOBAL INTEGRATED AGENCIES

## PR & PUBLIC AFFAIRS

## SPECIALIST COMMUNICATIONS

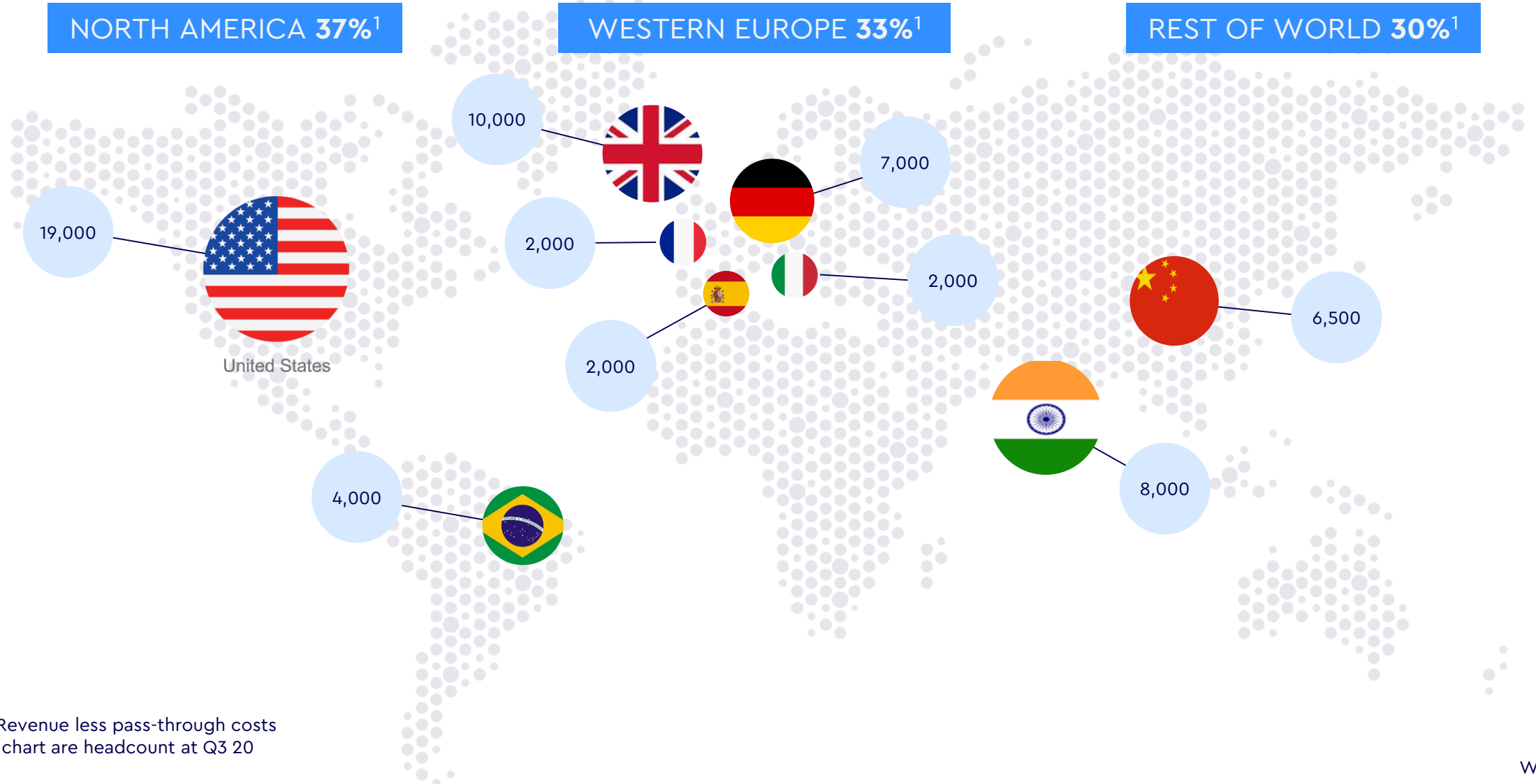
### CREATIVE AGENCIES

### MEDIA AGENCIES





# GLOBAL REACH AND SCALE IN GROWTH MARKETS



1. % FY19 Revenue less pass-through costs  
Figures in chart are headcount at Q3 20



# SIGNIFICANT STRENGTHS IN A TECHNOLOGY-DRIVEN WORLD

**c.\$30B**

Annual GMV over WPP-installed commerce platforms

Working on  
ecommerce with  
**76** OUT OF TOP **100**  
clients

**1.6B**

Audience pool updated  
for planning and  
activation daily

**>20k**

Accreditations  
in 2020 across  
technology partners<sup>1</sup>

**c.40%**

of media billings  
are digital

**25%**

Of net sales attributable  
to clients in TMT sector<sup>2</sup>

**\$10B**

Client billings across Google,  
Amazon and Facebook

**Top 3**

Global partner to Adobe and  
Salesforce in marketing tech

1. H1 20 figure  
2. YTD Sep-20



# OUR PURPOSE IS TO USE THE POWER OF CREATIVITY TO BUILD A BETTER FUTURE FOR OUR..

## PEOPLE

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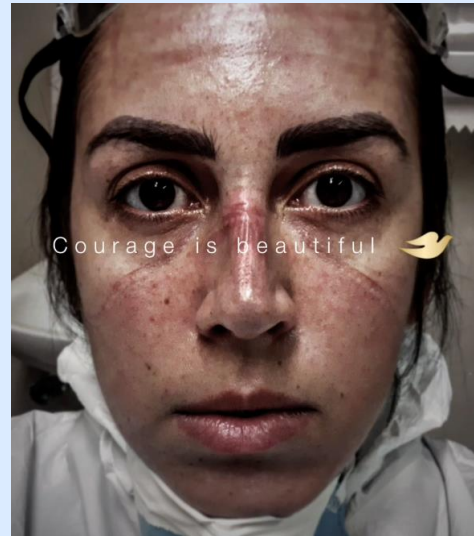
## PLANET

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## CLIENTS

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## COMMUNITIES

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# ACCELERATING GROWTH

## PROGRESS SINCE DECEMBER 2018

### ACCELERATING OUR GROWTH

- THE MARKET
- WPP'S STRATEGY
- BUILDING OUR CULTURE
- FINANCIAL PLAN

### Q&A

**PROGRESS SINCE  
DECEMBER 2018**



# 2018: THE SITUATION

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## SLOWING GROWTH

- Negative growth for 4 quarters
- No growth in USA since Q4 2016
- 5 or 6 out of 6 peers in relative growth

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## CLIENT ISSUES

- Largest client under review
- \$4 billion of client business being pitched

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## ORGANISATIONAL COMPLEXITY

- No common WPP vision, culture or purpose
- 9 separate creative or digital networks
- At least 500 brands

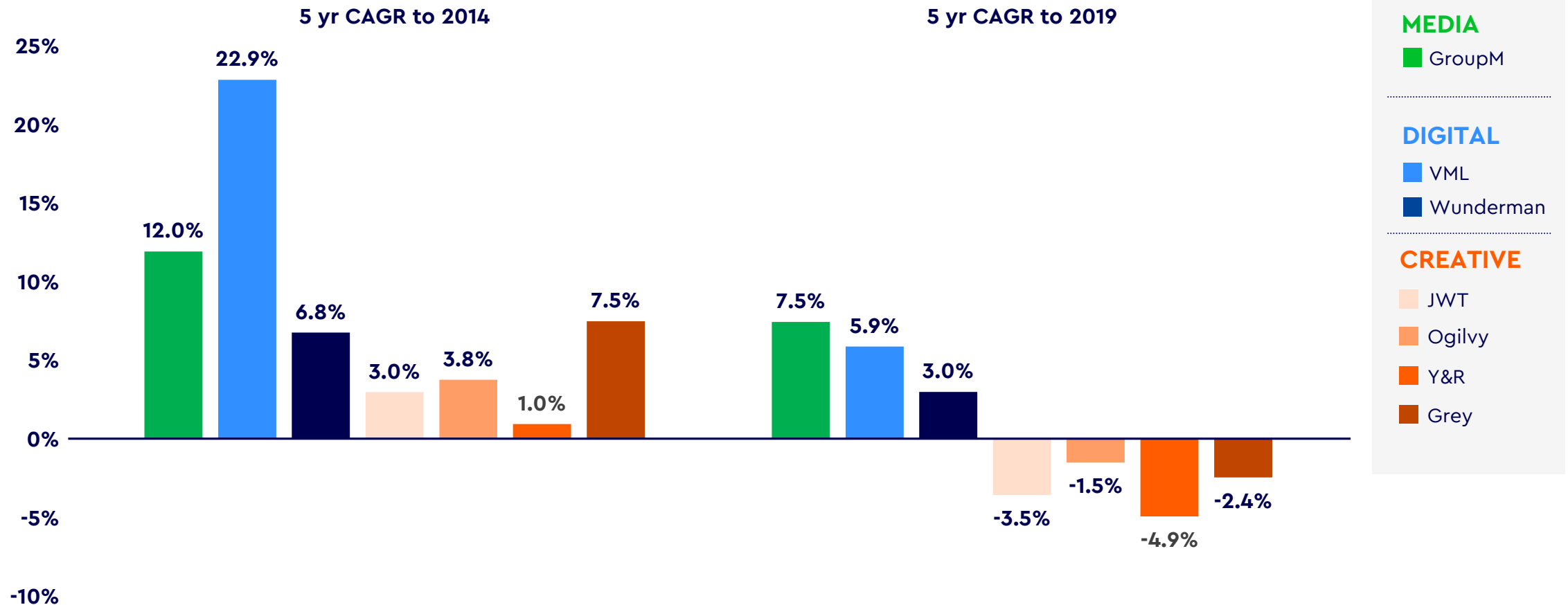
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## UNSUSTAINABLE FINANCIAL MODEL

- Lack of capital allocation discipline
- Dividend close to 60% of earnings
- Debt approaching £5 billion

# WHILE MEDIA AND DIGITAL PERFORMED WELL, OUR CREATIVE AGENCIES STRUGGLED

RELATIVE GROWTH OF MAJOR AGENCIES  
(CONSTANT CURRENCY NET SALES GROWTH, INCLUDING M&A)

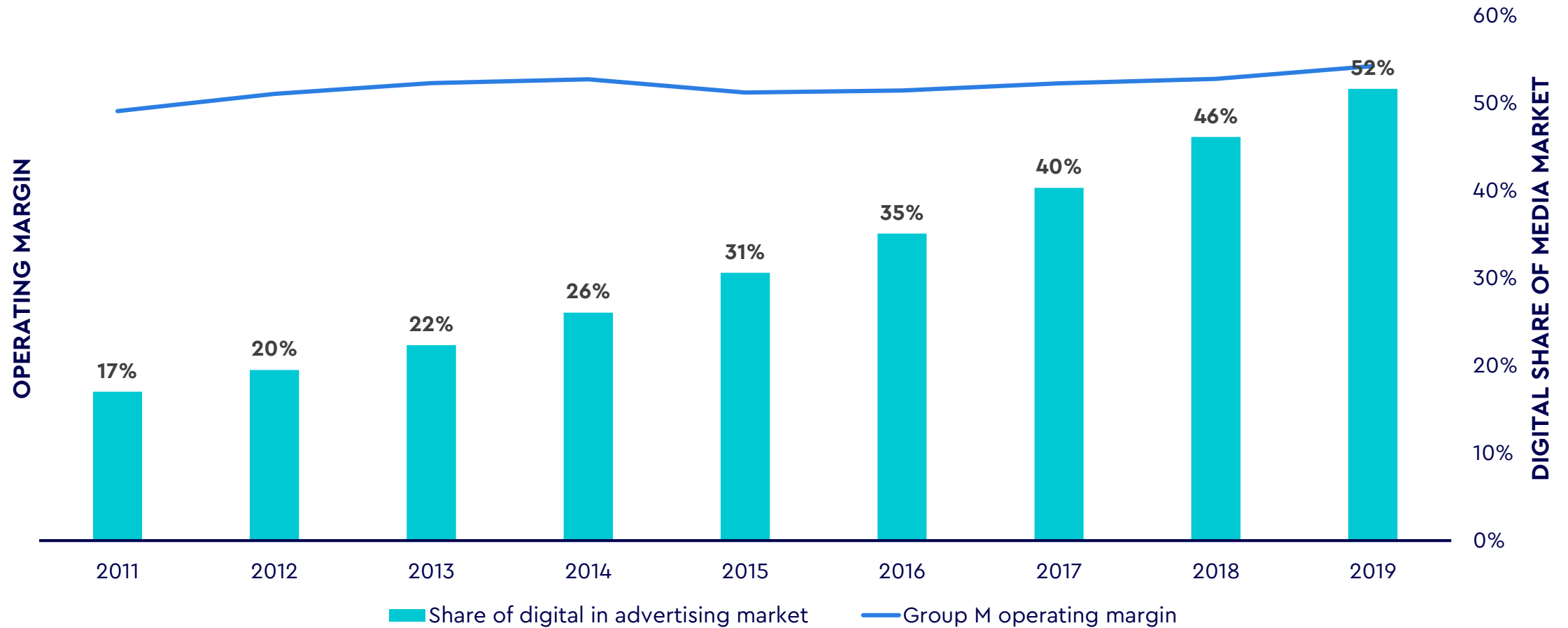


BASIS OF PREP: All agencies exclude GTB and the effect of material intra-group transfers. Ogilvy excludes Geometry. All agencies include Hogarth.



# GROUPM HAS DELIVERED BOTH GROWTH AND MARGIN

## GROUPM MARGIN VS DIGITAL SHARE OF MEDIA MARKET



BASIS OF PREP: Headline OP GroupM excludes GTB, includes Hogarth

SOURCE: GroupM 'This Year Next Year' report total advertising spend exc. political advertising in US

# IN DECEMBER 2018, WE SET OUT FIVE STRATEGIC OBJECTIVES

**VISION AND  
OFFER**

**CREATIVITY**

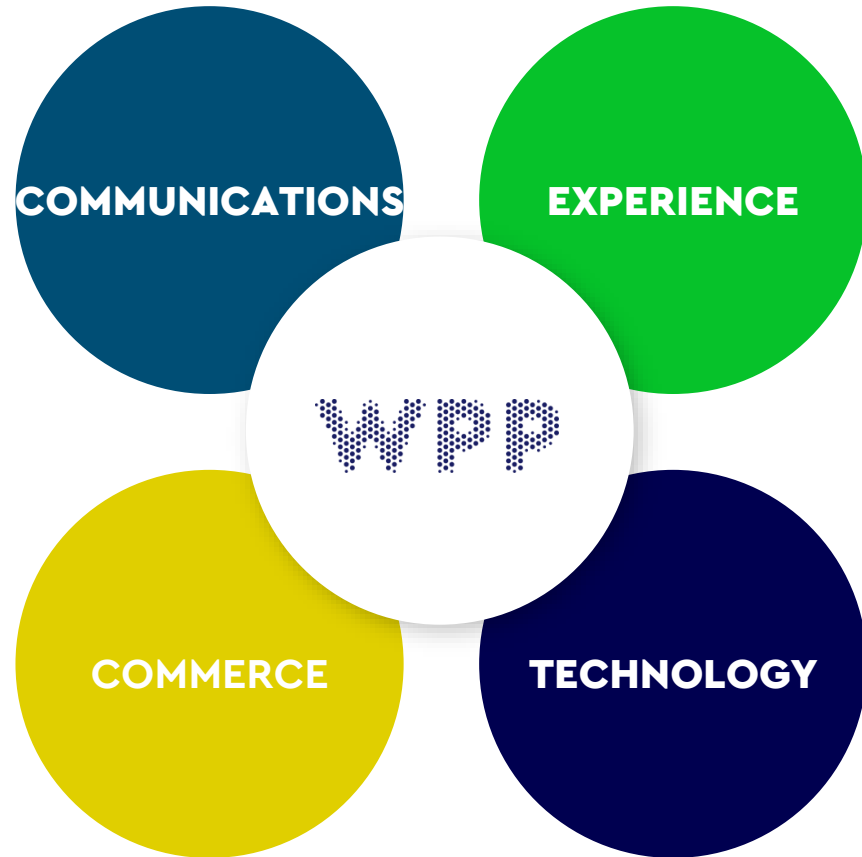
**DATA AND  
TECHNOLOGY**

**SIMPLER  
STRUCTURE**

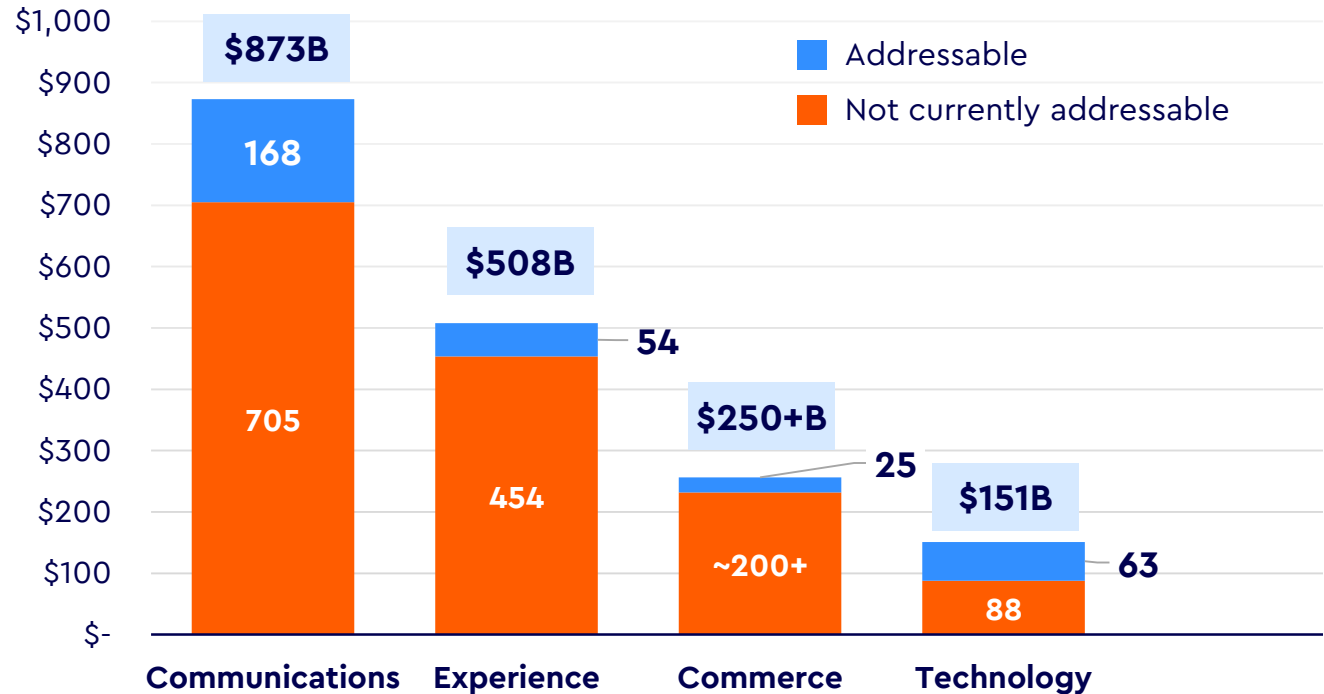
**PEOPLE AND  
CULTURE**



# WE EXPANDED OUR OFFER INTO FASTER-GROWTH AREAS



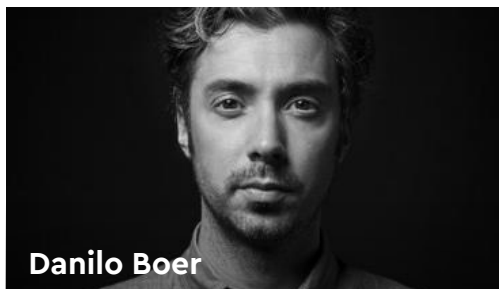
**GLOBAL MARKETING EXPENDITURE 2019**



**NOTES:**

- Source for addressable spend all IDC, apart from Communications (GroupM/WPP)
- Sources for non-addressable spend: Communications — GroupM; Experience — IDC CX Spending Guide 2019; Commerce — estimate based on Experience ratios; Technology — WARC/BDO "Martech 2020 and beyond" (October 2019)

# WE RENEWED OUR COMMITMENT TO CREATIVITY



Holding Company of the Decade



Pencils won by eight creative agencies



Most Effective Holding Company 2012-2020



No.1 Media Holding Company 3 years running



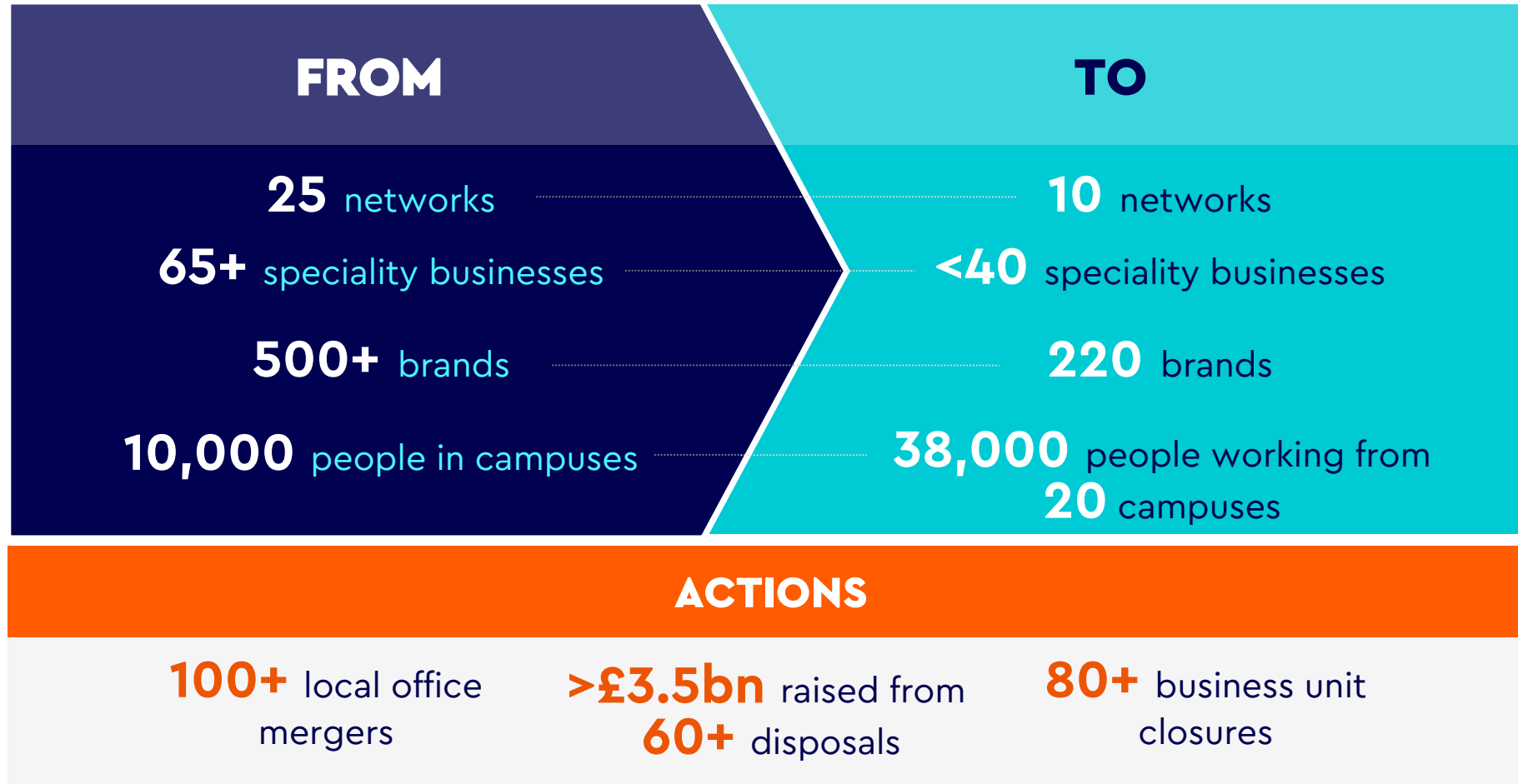
89 awards in 2019; top honours to Ogilvy and AKQA



BCW no.1 in 2020 Global Creative Index

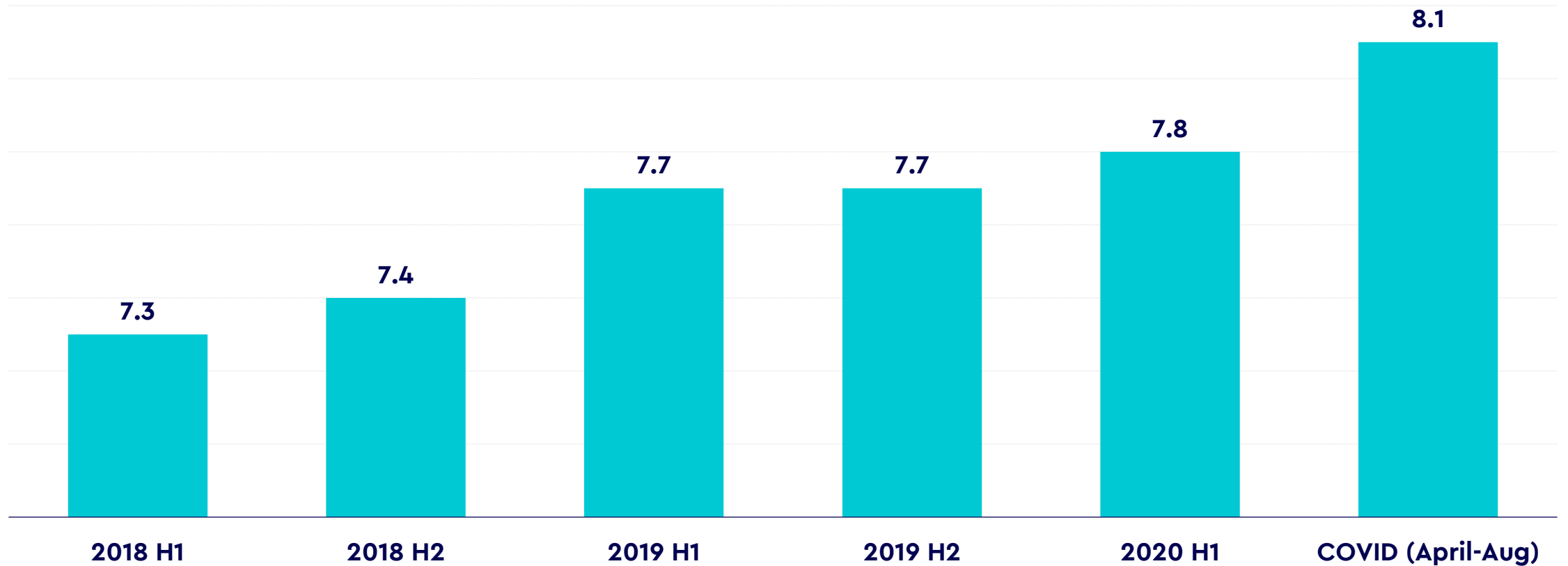


# WE HAVE RADICALLY SIMPLIFIED OUR STRUCTURE



# OUR CLIENT SATISFACTION HAS SYSTEMATICALLY IMPROVED

## WPP CLIENT SATISFACTION



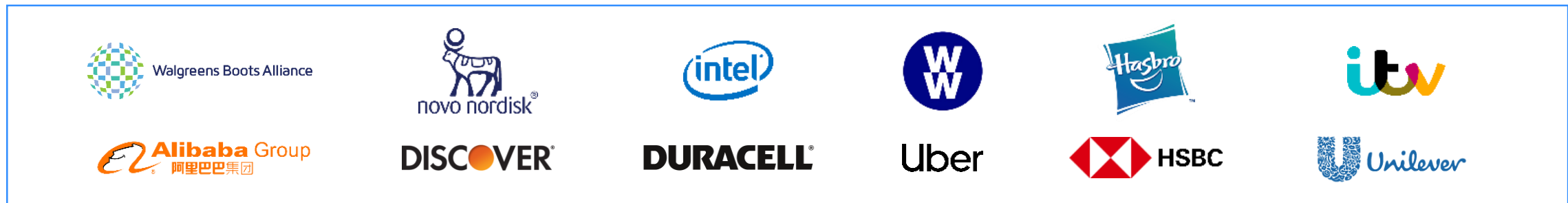
# WE HAVE WON AND RETAINED MAJOR CLIENTS



## 2020 NEW BUSINESS LEAGUE HOLDING GROUP RANKING

Global / Oct 2020

RANK OCTOBER	HOLDING GROUP	ESTIMATED CREATIVE YTD REVENUE (USD \$M)	ESTIMATED MEDIA YTD REVENUE (USD \$M)	ESTIMATED OVERALL YTD REVENUE (USD \$M)	% AS OF 2019 REVENUE	NO. OF WINS
1	WPP	286.9	269.6	556.6	3.3%	1,590
2	Publicis Groupe	109.1	148.6	257.7	2.2%	659
3	Omnicom	114.8	141.3	256.1	1.7%	778
4	Dentsu	107.6	77.3	185.0	1.9%	898
5	Interpublic	93.8	69.3	163.2	1.6%	442

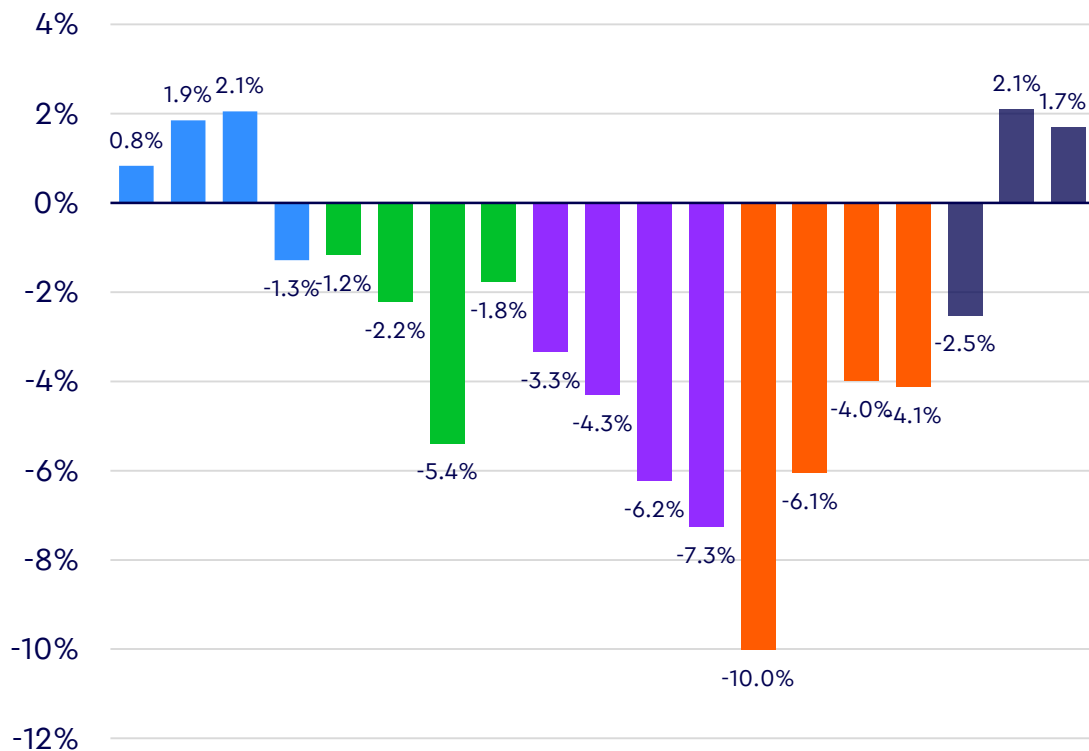


# TOGETHER, IMPROVED OUR RELATIVE PERFORMANCE

## WPP VS. AVG ORGANIC GROWTH — USA



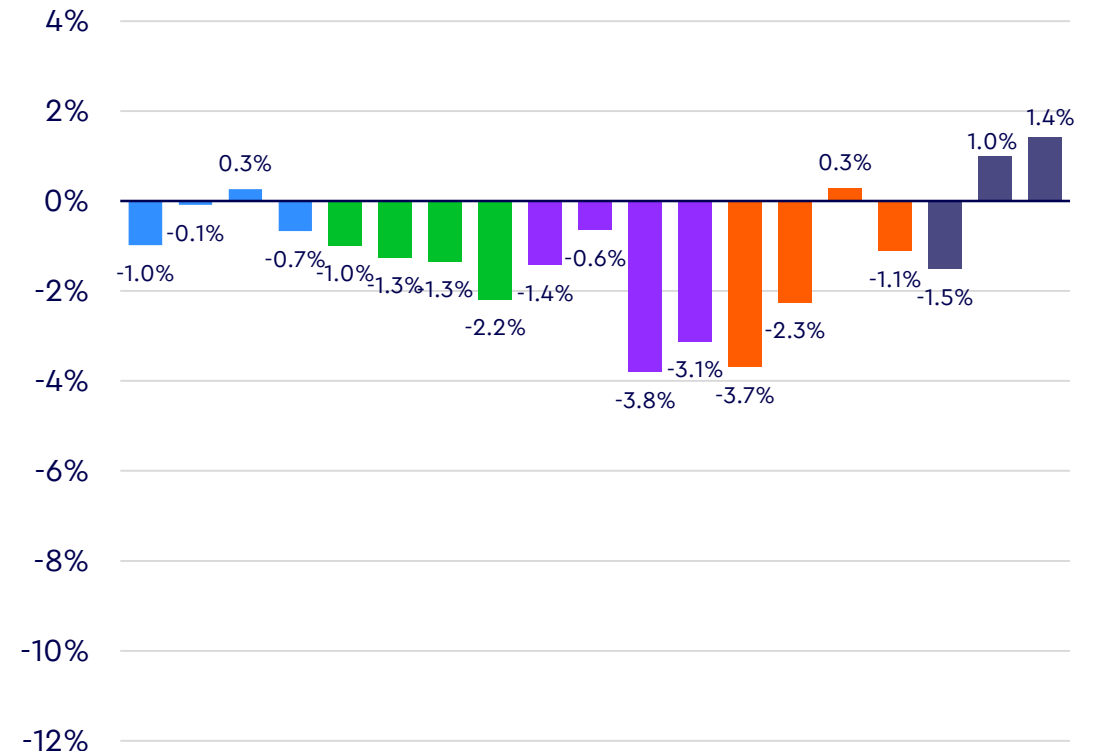
% BY QUARTER, 2016-2020



## WPP vs. AVG ORGANIC GROWTH — GLOBAL



% BY QUARTER, 2016-2020



2016 2017 2018 2019 2020

BASIS OF PREP: USA includes Dentsu 'Americas'. Dentsu does not disclose USA alone prior to Q3 2019.  
SOURCE: Company reports



# **WE ENTER 2021 HAVING MADE SIGNIFICANT PROGRESS — MUCH OF IT DURING COVID**

- **Improved organic growth performance**
  - Growth ex-China pre-COVID
  - Above peer group in last two quarters
  - 3 out of 6 with the ambition to go further
- **Stronger client performance**
  - 15 of top 30 clients grew in Q3
  - Business at risk at low levels throughout 2020
  - Industry-leading new business performance
- **Improved financial position**
  - Net debt down to £2.3 billion at Q3
- **Taken action during COVID to be ready for 2021**
  - Continued to attract top talent
  - Responded rapidly on cost
  - Positioned WPP for the future: AKQA Group, VMLY&R Commerce, Finsbury Glover Hering

# **ACCELERATING OUR GROWTH:**

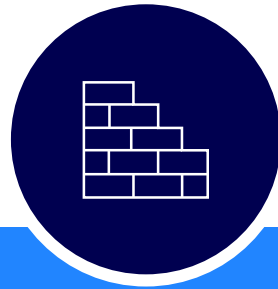
THE MARKET

# COVID IS ACCELERATING EXISTING TRENDS



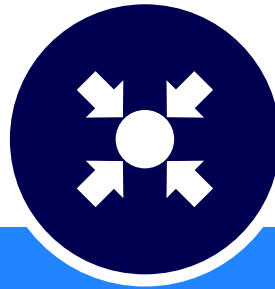
1

Growing importance of purpose and reputation



2

Technology reshaping old consumer models — mass media, bricks & mortar — with new expectations of personalisation & immediacy



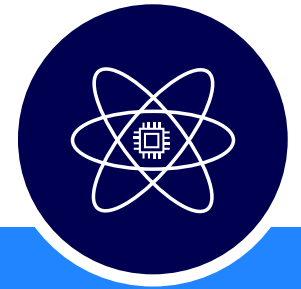
3

Collision of communications, content and commerce, powered by data and technology



4

CMOs are becoming Chief Growth Officers requiring new skills and support



5

Marketing value chain is evolving with disruptive entrants and operating models

# CONSUMERS EXPECT MORE FROM COMPANIES

**2.5X**

**BRAND VALUE**

for brands perceived as having a high positive impact on society<sup>1</sup>

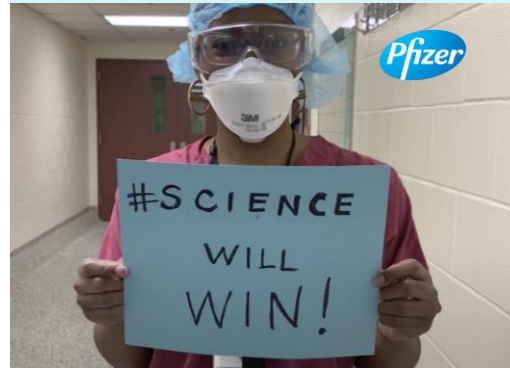


**85%**

**BELIEVE**

brands should be about something more than profit<sup>2</sup>

Gen Z



**62%**

**PREFER**

to buy from sustainable brands<sup>3</sup>

Gen Z



**90%**

**BELIEVE**

companies have an environmental and social responsibility<sup>4</sup>

Gen Z

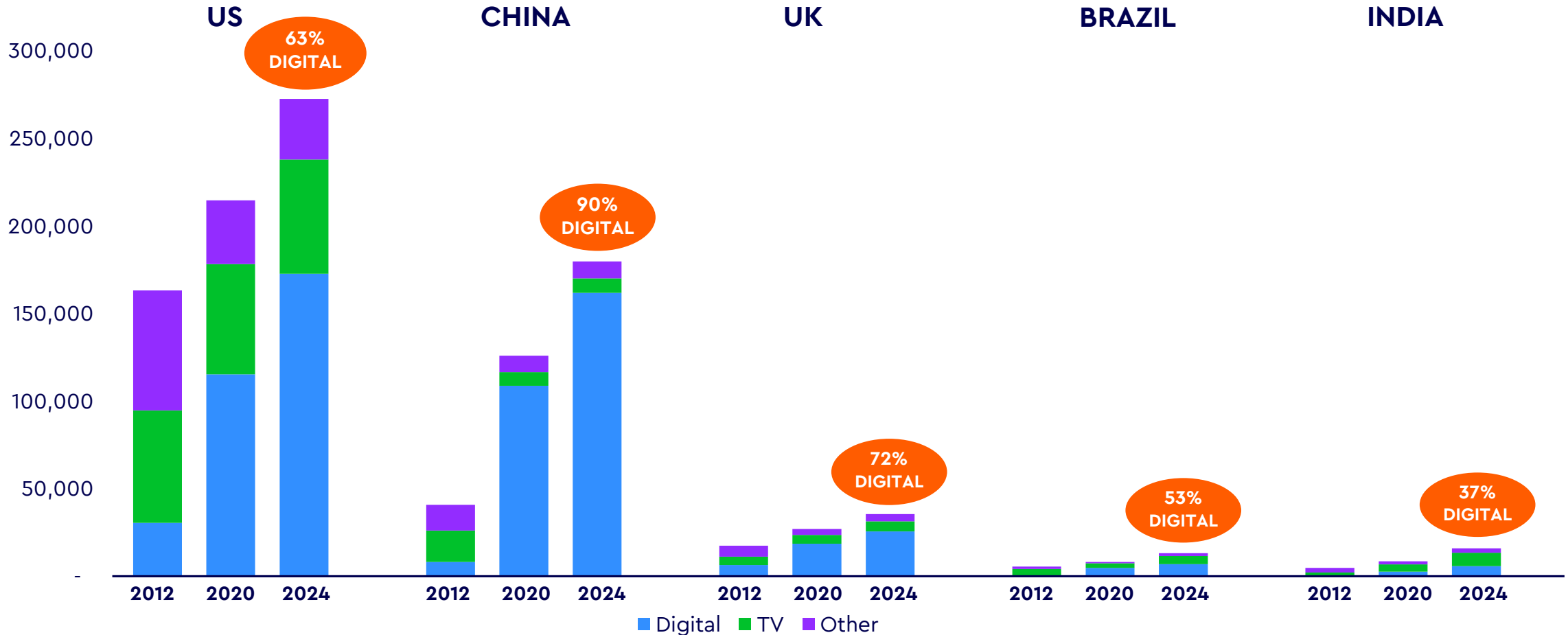


1. Kantar Purpose 2020 Report  
2. Generation Z: Building a Better Normal, Wunderman Thompson Intelligence, Dec-20  
3. The State of Consumer Spending: Gen Z Shoppers Demand Sustainable Retail, Jan-20  
4. Bank of America Gen Z Primer



# DIGITAL IS NOW THE DOMINANT MEDIUM

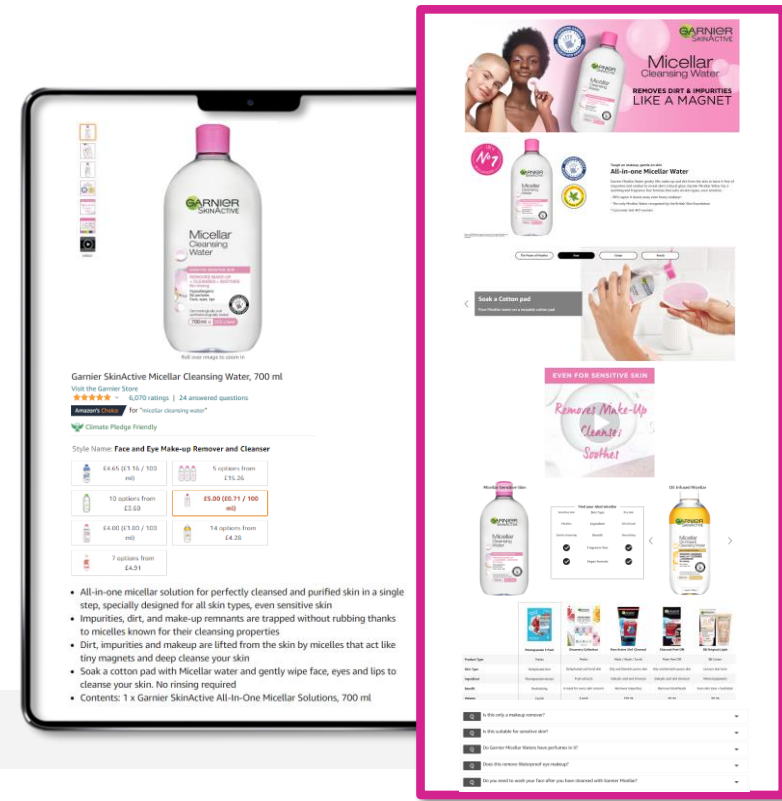
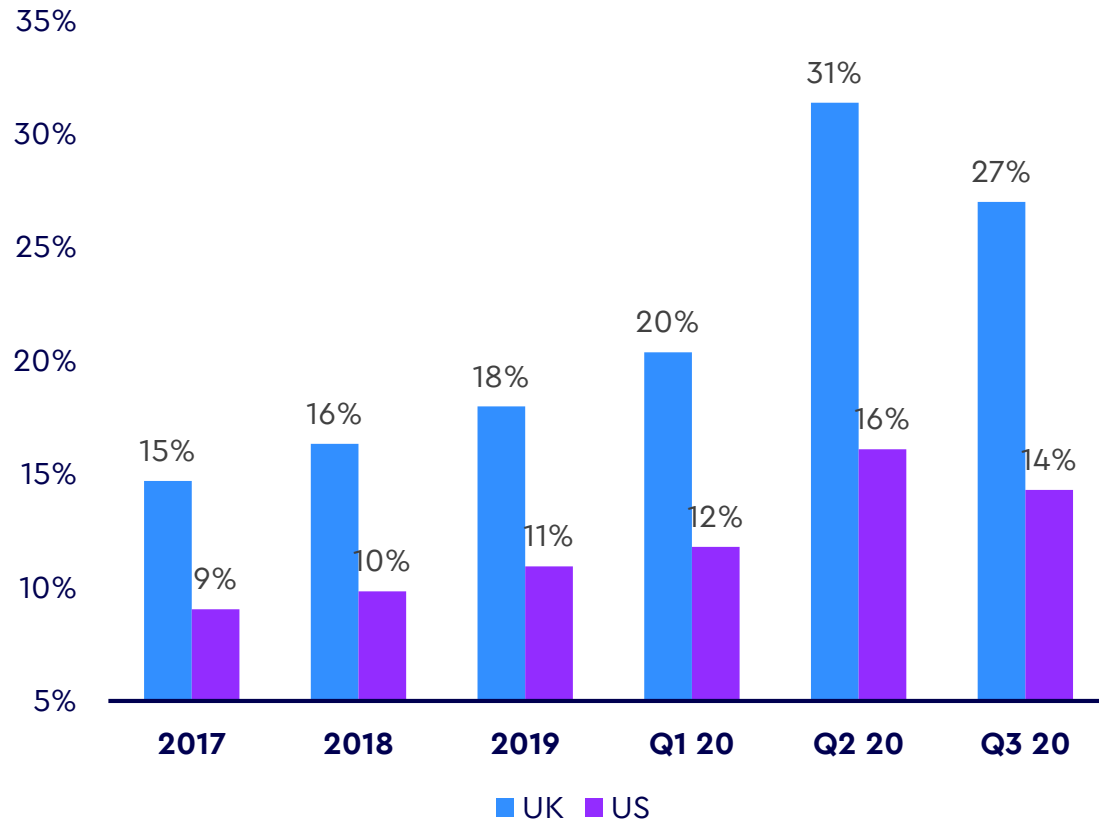
MEDIA SPEND BY MEDIUM (\$M)



SOURCE: GroupM, The Advertising Association/WARC, IAB, Company Reports.

# ECOMMERCE HAS ACCELERATED DRAMATICALLY

## ECOMMERCE AS % OF RETAIL SALES



SOURCE: US Consensus (Nov-20) and ONS Internet retail sales (UK). Q3 20 represents preliminary estimates.

# STREAMING SERVICES AND SOCIAL VIDEO ARE EXPLODING

**GLOBAL  
SVOD SUBS<sup>1</sup>**

**1.2BN**

By 2025

**SUBSCRIBERS  
TO DISNEY+**

**>230M**

By 2024



**HOURS OF VIDEO WATCHED  
ON YOUTUBE DAILY**

**1BN**



**TIKTOK  
APP DOWNLOADS**

**>2BN**  TikTok

Worldwide

**UNIQUE CREATORS  
STREAMING ON TWITCH**

**6M+**

Monthly



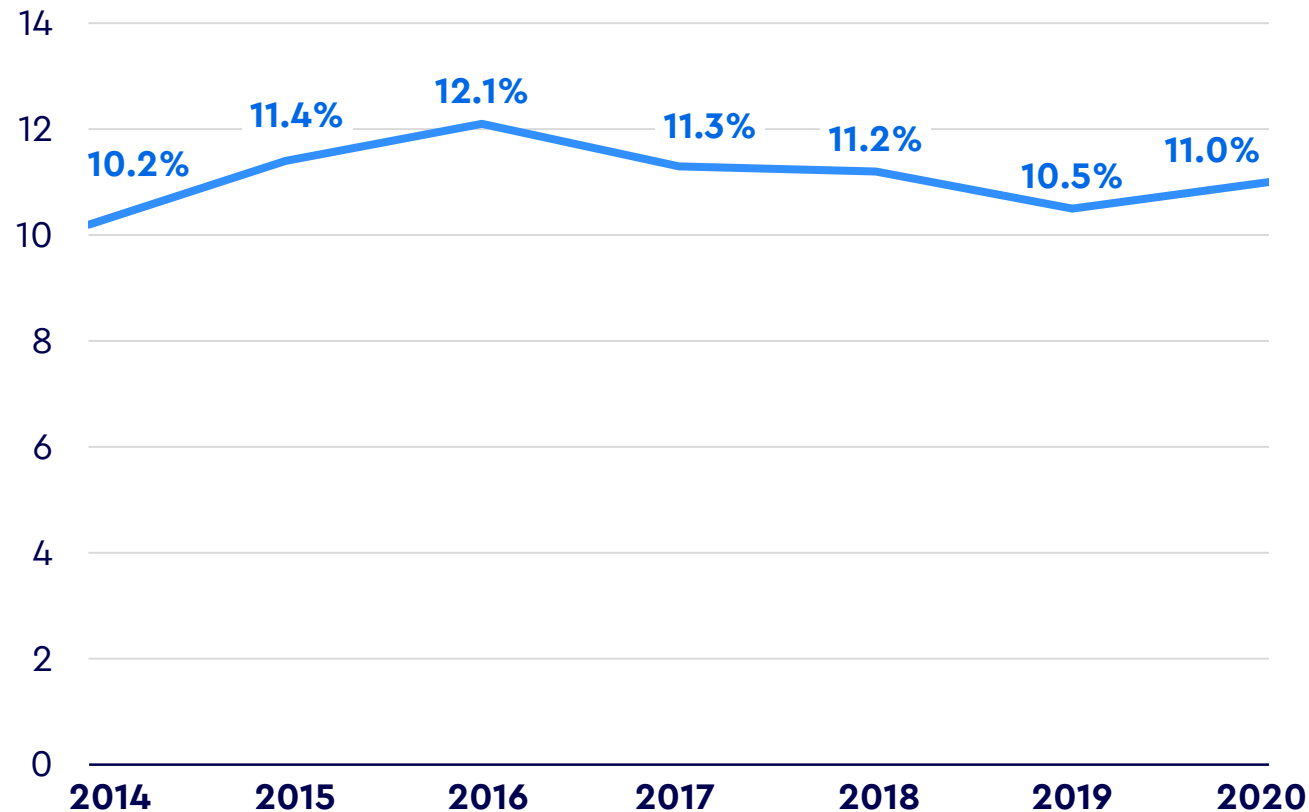
**MONTHLY AD-SUPPORTED  
VIEWERS ON HULU**

**>92M**



# CLIENT SPEND IS HOLDING UP — BUT IT IS SHIFTING

**Q:** What percentage of your company's total revenue is allocated to its total marketing expense budget?



**68%**

of CMOs expecting martech budget increase

Spend on marketing technology

**now exceeding**

traditional agency fees

Digital will be **61%**

of global ad spend in 2021

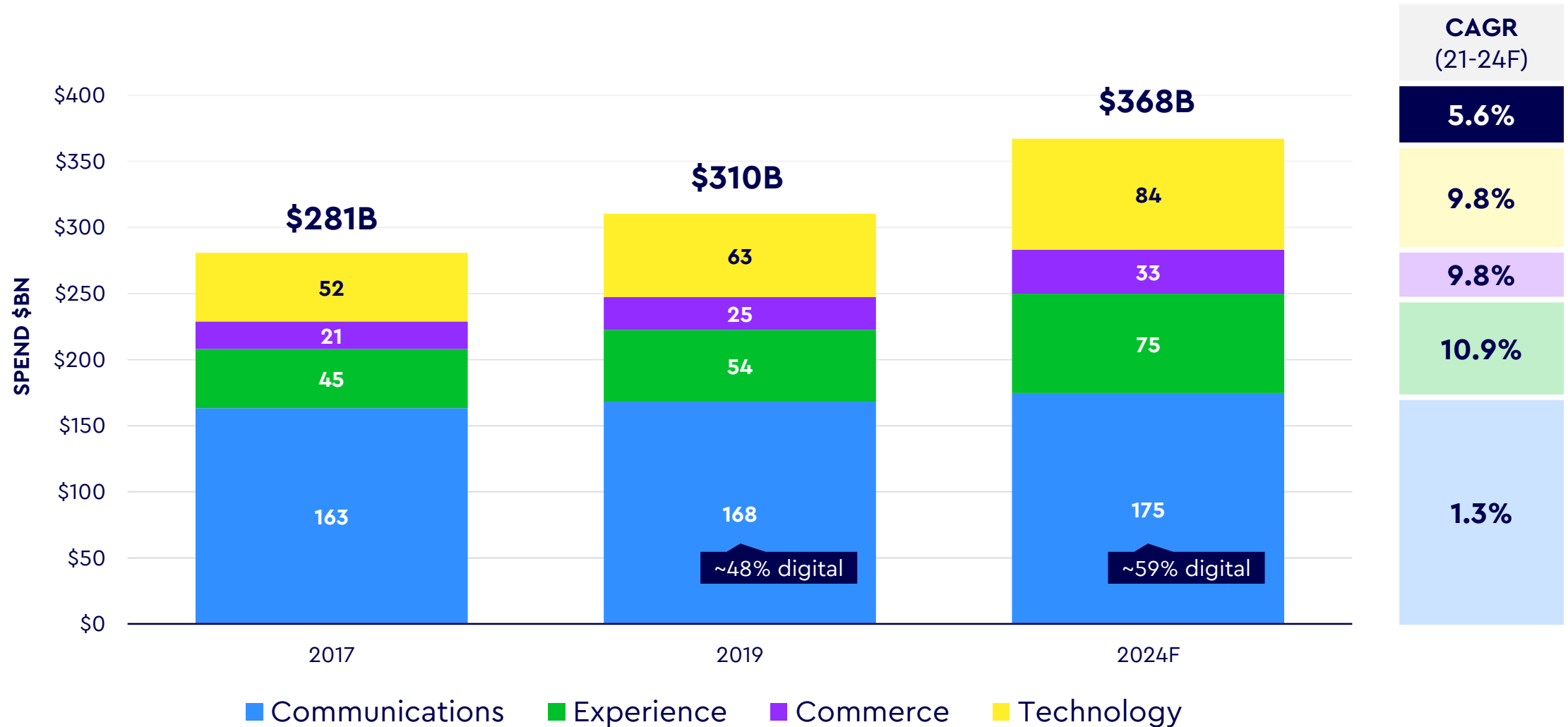
TV will be **18%**

of UK ad spend in 2021

SOURCE: 2020 Gartner CMO Spend Survey  
n = 328 (2020); 342 (2019) N.America/U.K. Respondents; 618 (2018); 350 (2017); 375 (2016); 424 (2015); 363 (2014)



# OUR GROWTH OPPORTUNITY IS IN DIGITAL COMMUNICATIONS AND IN EXPERIENCE, COMMERCE AND TECHNOLOGY



SOURCE: All IDC, apart from Communications (GroupM/WPP)



**COFFEE BREAK**  
EXTRAORDINARY AWARDS

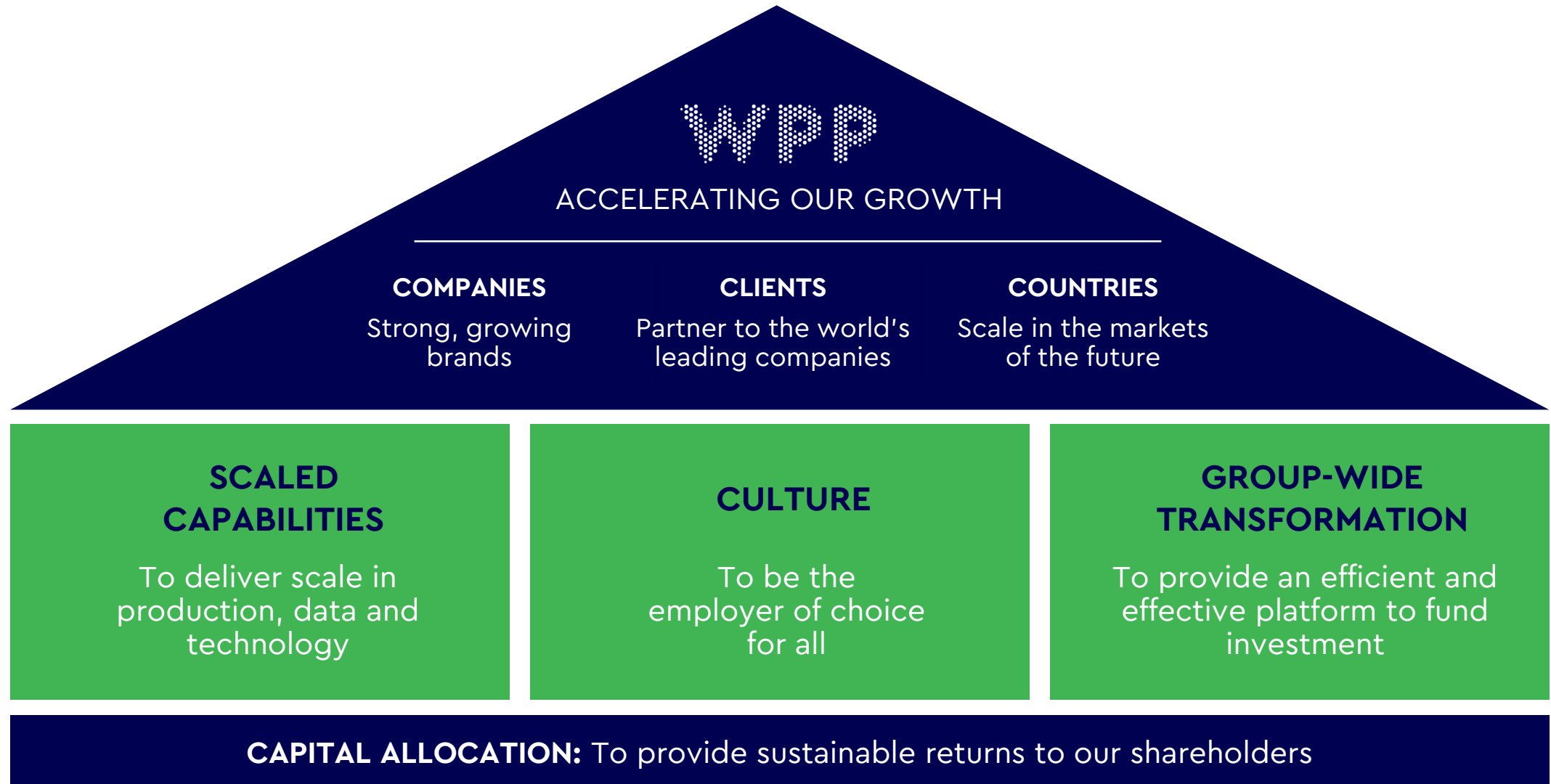
5 MINS



# **ACCELERATING OUR GROWTH:**

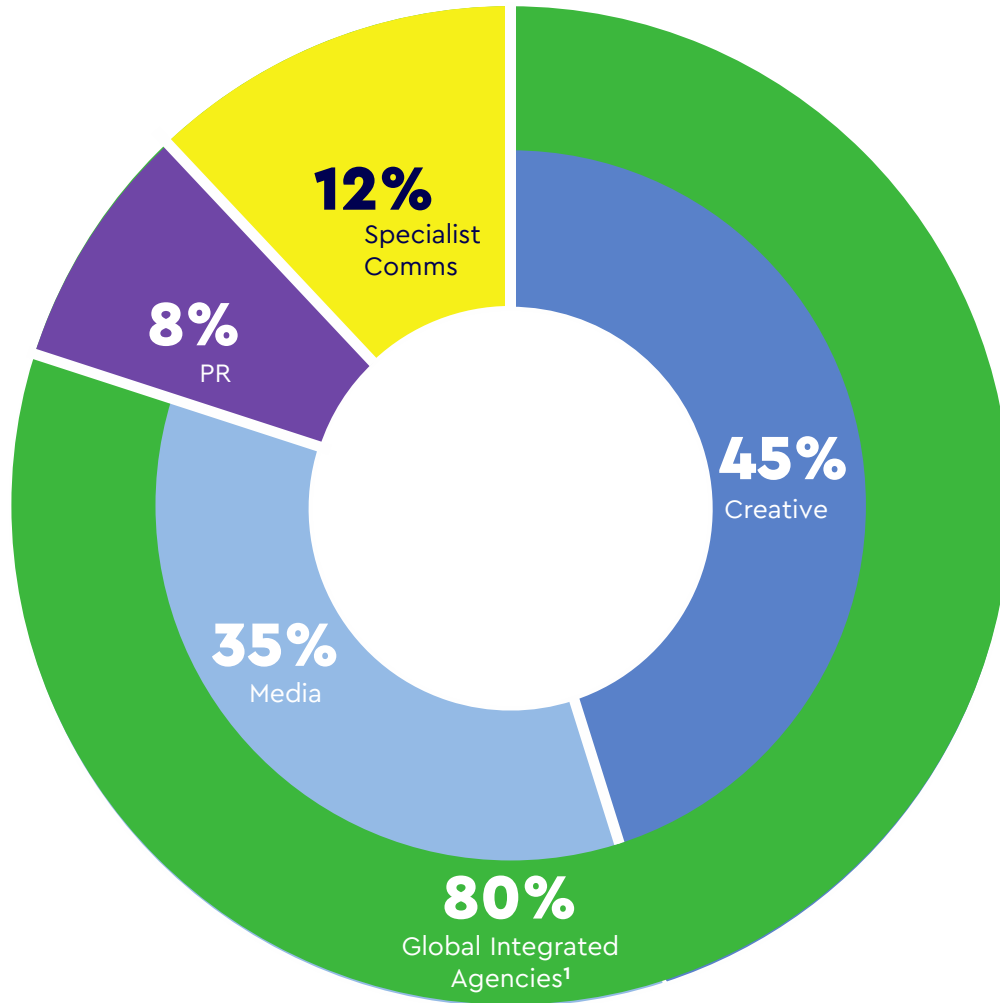
WPP'S STRATEGY

# WPP'S GROWTH STRATEGY





# COMPANIES: OUR GROWTH PLATFORMS



1. Includes AKQA and Geometry, previously in Specialist Comms

## GROWTH PLATFORMS

### CREATIVE



- Digital communications
- Healthcare
- Ecommerce and experience
- Marketing technology
- Production

### MEDIA



- Digital media: Search, social and programmatic
- New business models: Xaxis and Finecast
- Data and technology

### PUBLIC RELATIONS



- Purpose and reputation
- Sustainability
- Digital and social media

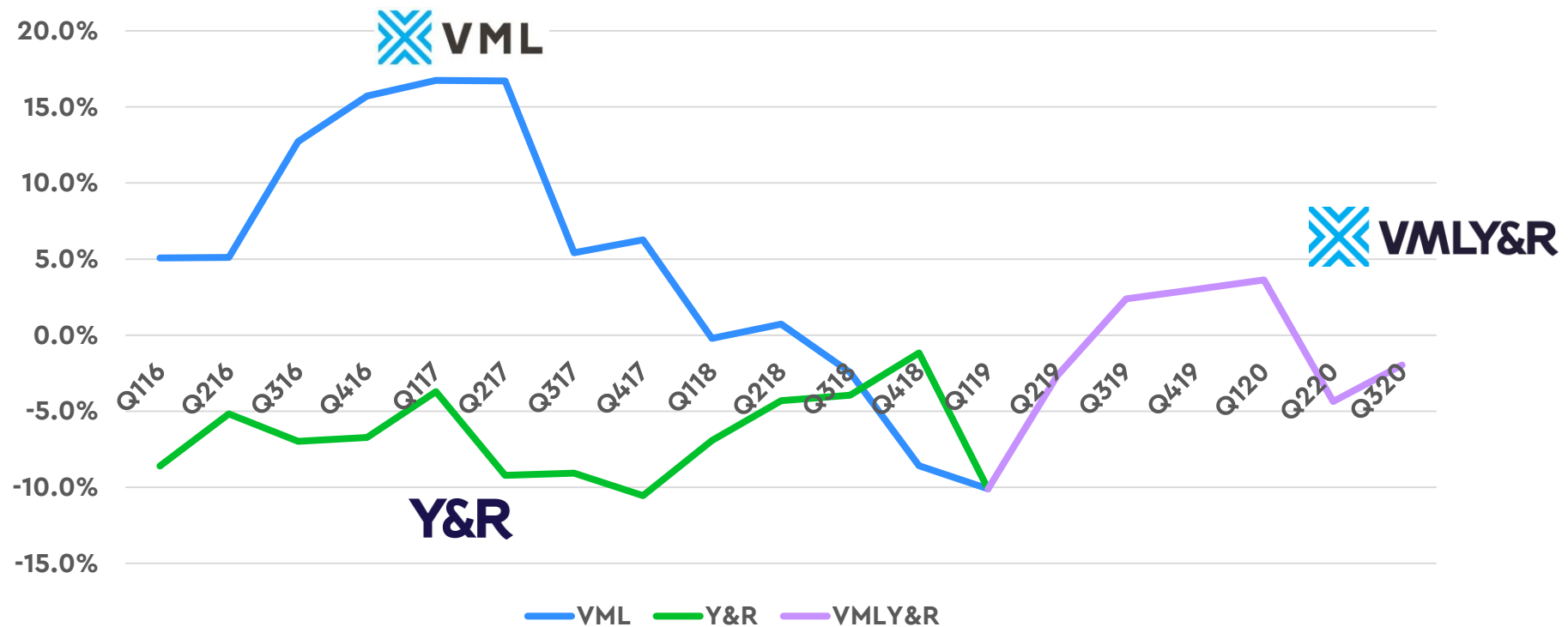
### SPECIALIST COMMS



- Brand experience and identity
- Specialist services

# VMLY&R DEMONSTRATES BENEFITS OF INTEGRATION

## VMLY&R QUARTERLY LFL NET SALES GROWTH



# CREATIVE AGENCIES: EXCELLENCE IN DIGITAL COMMUNICATIONS

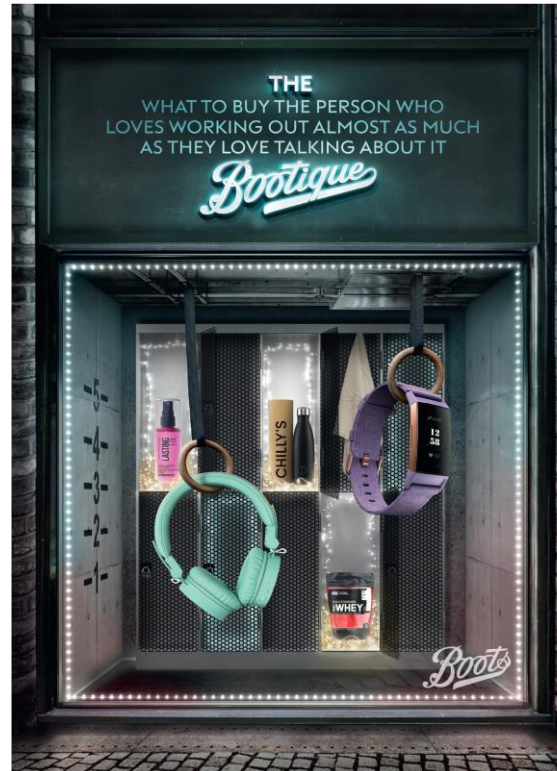


Walgreens Boots Alliance



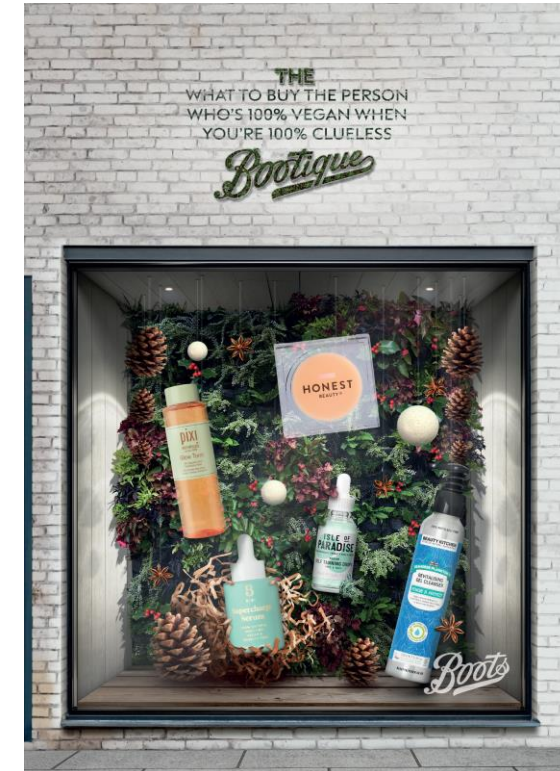
Boots.com page views

**+95%** YoY



Social impressions

**+687%** YoY



Return on ad spend

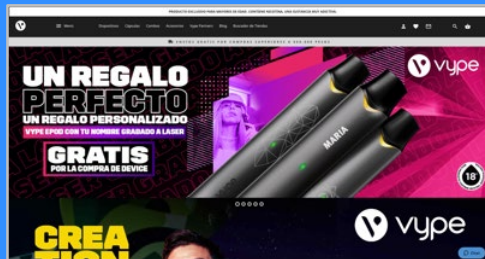
**223%** over benchmark

# CREATIVE AGENCIES: EXPANSION INTO ECOMMERCE

New category entrants  
across three global brands

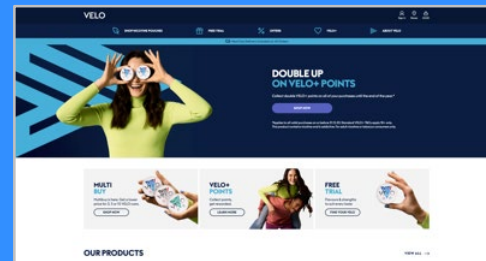


vype / Germany

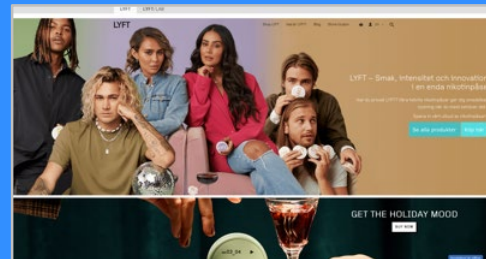


vype / Columbia

One of the world's largest  
roll-outs of Adobe's B2C  
commerce platform

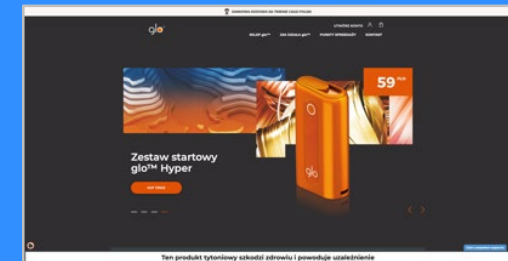


VELO / United Kingdom

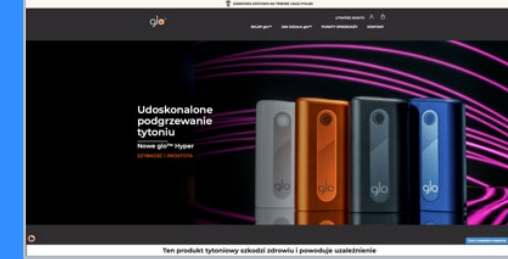


LYFT / United Kingdom

10 commerce sites  
launched so far



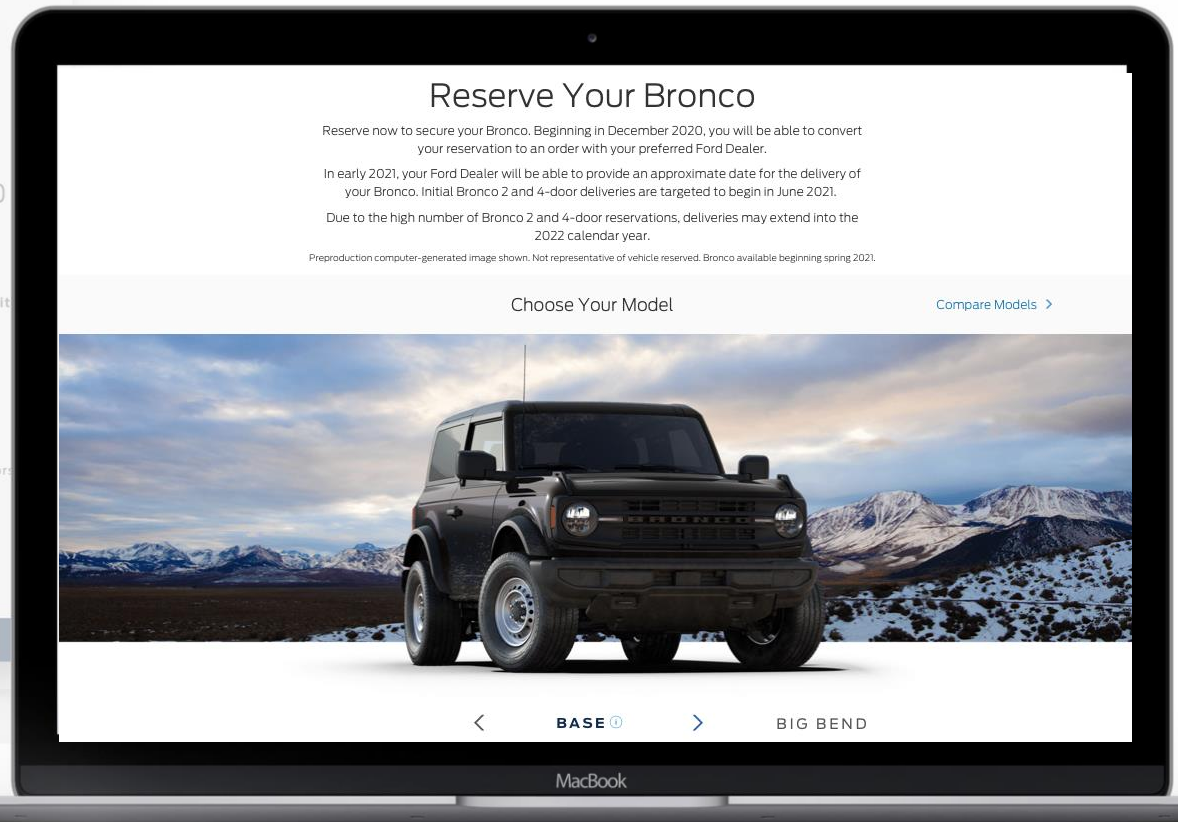
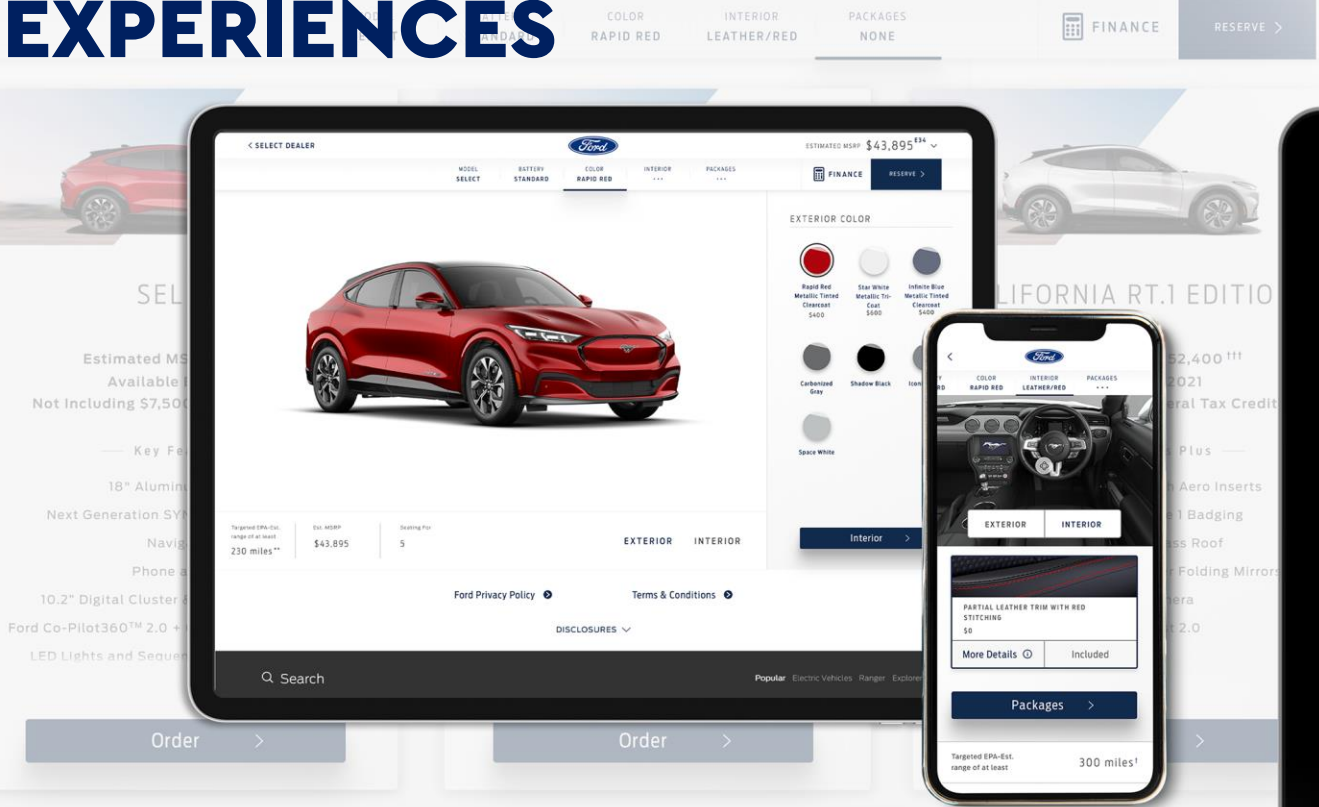
glo / Italy



glo / Poland



# CREATIVE AGENCIES: BUILDING NEW EXPERIENCES



**1ST ONLINE RESERVATION PLATFORM**



**500K VISITORS IN FIRST 24 HOURS AFTER LAUNCH**  
**23 MILLION CUSTOMERS HAVE VISITED BRONCO PAGES**



**45 MINS BRONCO SOLD OUT**  
**8 DAYS FIRST EDITION MACH-E SOLD OUT**



**95% OF ALL MACH-E RESERVATIONS MADE ONLINE**



# IN MEDIA, WE CAN BUILD ON SIGNIFICANT MOMENTUM

Media Agency GROUPS		TOTAL New Business Values <i>(incl. billings retained)</i>	
1	GroupM	4 020	1 166
2	Publicis Media	1 496	1 440
3	Dentsu	867	362
4	Mediabrand	798	160
5=	Havas Media Group	534	552
5=	Omnicom Media (OMG)	533	348

## 2020 KEY MEDIA NEW BUSINESS WINS



Walgreens Boots Alliance

# XAXIS CONTINUES TO GROW AND INNOVATE

V O L V O



XAXIS

MINDSHARE

GREY

## CHALLENGE FROM VOLVO

- More customers and lower cost per conversion through relevant and tailored digital communications

## APPROACH

- Combined WPP team across Xaxis, Mindshare and Grey
- First-party Google analytics data to define Volvo's target audience
- Leveraging machine learning to address relevant users at scale
- Dynamic Creative Optimization (DCO) testing of campaign elements to identify best creative combination
- Through AI, Volvo's creative messaging continually transformed based in real-time learnings to build **2,358** ads, each tailored to the end user

## OUTCOME

**66%**

Decrease in Cost per Conversion

**440%**

Increase in Conversion Rate

# AND CONNECTED TV REPRESENTS A SIMILAR OPPORTUNITY

F:NECAST

DEEP UK CONNECTIVITY ACROSS BROADCASTERS AND PLATFORMS






 **50%**  
Monthly reach (UK households)








**+40,000,000**  
TV devices

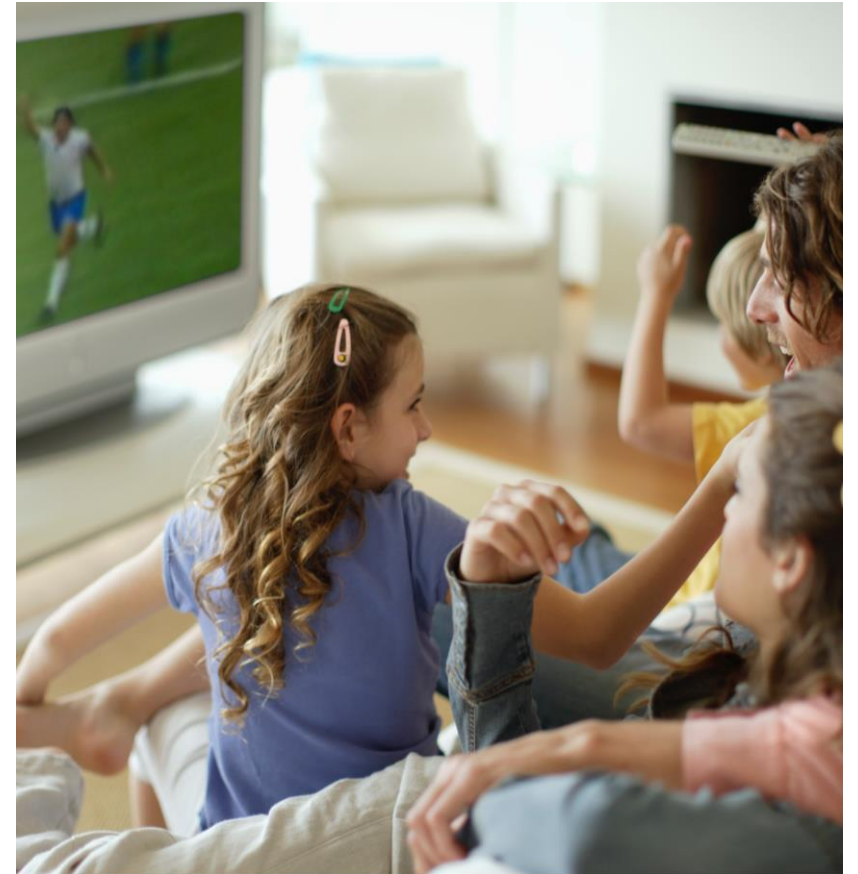


ALSO LIVE TODAY

 Australia	 Germany
 Canada	 Indonesia
 USA	

NEW MARKETS BY END OF 2021

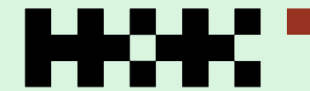
 Netherlands	 Italy
 India	 Taiwan
 Thailand	



# IN PUBLIC RELATIONS, WE HELP TO MAXIMISE THE EFFECTIVENESS OF OUR CLIENTS' CAMPAIGNS












**99.99%**  
Of households counted



Hill+Knowlton  
Strategies

# CLIENTS: EXPANDING OUR OFFER



<b>EXPERIENCE</b>	Brand Expression & Sonic Branding 	Innovation 
<b>COMMERCE</b>	Dedicated Amazon team  	
<b>TECHNOLOGY</b>	Single Customer View  	CRM Platform Build   

## AND GROWING WITH THE CLIENT

<b>NEW PRODUCTS</b>	<b>ACQUISITIONS</b>	<b>EXPANSIONS</b>
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# COUNTRIES: CAPTURE THE OPPORTUNITY IN HIGHER GROWTH MARKETS

## BRAZIL



**KENNER**  
supernion

## CHINA



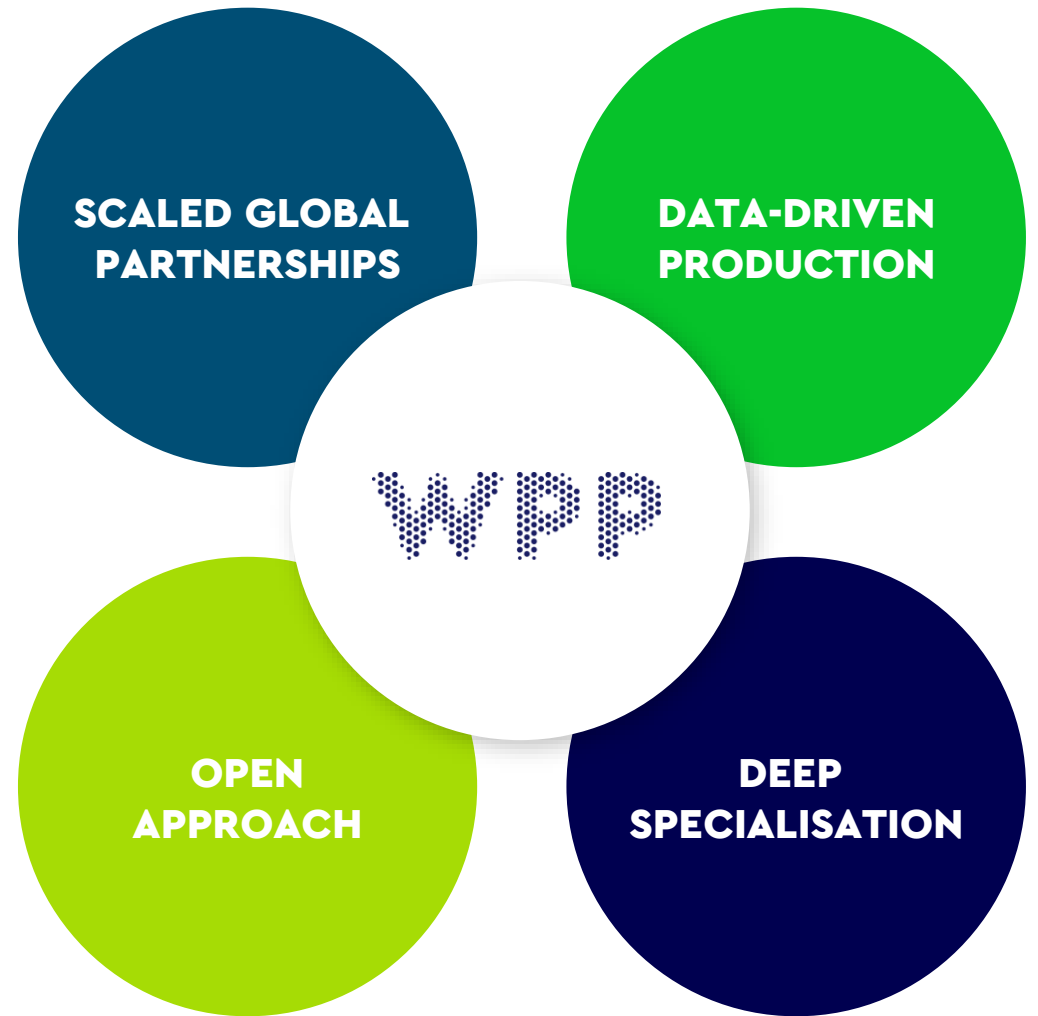
 **Ogilvy**

## INDIA



**TATA Wiron** 

**OUR GROWTH IS SUPPORTED  
BY A COMMON APPROACH TO  
PRODUCTION, TECHNOLOGY  
AND DATA**



# DATA AND TECHNOLOGY-DRIVEN PRODUCTION: HOGARTH



Instagram



**Register**

**to vote**

**or check your status**



from FACEBOOK

CELEBRATE WHAT WE SHARE



**Unprecedented times call for unprecedented planning**



CELEBRATE WHAT WE SHARE



**Watch INSTAGRAM Stories**





# TECHNOLOGY: SCALED GLOBAL PARTNERSHIPS

## MARKETING TECHNOLOGY



## DIGITAL MEDIA+



## CLOUD & AI



## CREATIVE & PRODUCTION



\$400M SERVICE REVENUE

3,200+ EXPERTS

170+ CLIENTS ASSIGNMENTS

# TECHNOLOGY: DEEP SPECIALISATION

## DIGITAL AGENCIES

Magic Quadrant

Figure 1. Magic Quadrant for Global Marketing Agencies



**Gartner Magic Quadrant for Global Digital Agencies, Feb 2020**

- 4/10 Leaders

## CX

IDC MarketScape Worldwide Customer Experience Improvement Services Vendor Assessment



Source: IDC, 2020

**IDC Worldwide CX Improvement Services, 2020**

- WPP/AKQA clear leader

## ADOBE

THE FORRESTER WAVE™  
Adobe Implementation Services  
Q2 2020



**Forrester Adobe Implementation Services Wave Leaders, Q2 2020**

# OPEN DATA APPROACH: DELIVERING MASS PERSONALISATION

- Integrated WPP team across creative, media, data, technology and public relations
- WBA-owned identity graph to activate WBA's first party data in all channels
- Third party platforms, fully integrated with partners

