WPP Outlines Goals and Strategies Through 2025

WPP outlined its plan to return to growth in an investor call today, outlining goals and strategies through 2025, including increased investments in commerce, experience and technology, further cost savings, and limited mergers and acquisitions.

In terms of recovering from the impact of the pandemic, the industry's largest holding company set a target of returning to 2019 revenue levels by 2022.

WPP then plans to target 3-4% organic revenue from 2023, including contributions from merger and acquisition investments. The holding company is aiming for annual cost savings of around $815 million by 2025, with a pledge to reinvest two-thirds of those savings into incentives, talent and technology to drive further growth. During that same span, WPP's goal is to expand its capabilities in commerce, experience and technology to represent 40% of its business, compared to 25% today.

In a statement, WPP CEO Mark Read said that roughly $545 million of those savings will be "used to fund investment in the capabilities and technology that will drive future growth for our people, our clients, our business and our shareholders."

Read also said that the holding company has made significant progress since setting a growth strategy two years ago when he introduced a "radical evolution" plan for WPP, citing "stronger agency brands, new leadership, a simpler structure and a strong balance sheet."

“We can see the results in our industry-leading new business performance, with $5.6 billion won in the first nine months including Alibaba, HSBC, Intel, Uber and Unilever,” he said.

For 2020, WPP estimated an organic revenue decline of 6.7% over the course of October and November compared to its 2019 performance, and predicted an 8.4% organic revenue decline for the year. Guidance for 2021 included a prediction of an organic growth percentage in the mid-single digits.

Read said the events of 2020 only accelerated structural changes to the ad industry, including growing demand for digital channels and ecommerce solutions.

“The actions that we have taken have positioned us well, and we are already working with 76 of our top 100 clients on ecommerce,” he said. “There are significant new growth opportunities for WPP as clients demand simple, integrated solutions that combine creativity with technology and data expertise.”

Last month, WPP merged agencies AKQA and Grey to create AKQA Group, the latest in a line of such moves under Read’s leadership which has also included combining creative agency Y&R and digital shop VML to create VMLY&R. WPP also merged the industry’s oldest agency, J. Walter Thompson, with digital network Wunderman.

“In partnership with our agency brands we are deepening and accelerating the change already happening within WPP. We aim to return our communications business to sustainable growth and invest further in the high-growth areas of commerce, experience and technology,” Read said. “We are converting our size into scale, making us more effective and efficient as we share expertise across a simpler company of stronger agency brands.”

During a Q&A session, Read claimed that scale was a competitive advantage for WPP’s media agencies over

consultancies attempting to enter the space, saying, “One of the advantages in the media business is it’s a collective business, it gets stronger the more clients that you have.”

Recommended articles
https://www.adweek.com/agencies/wpp-outlines-goals-and-strategies-through-2025/