

WPP CEO Mark Read: AI is an opportunity, not a threat in the industry

Mark Read, CEO of WPP has stated that while they had to navigate a more challenging environment in 2023, they see strong future demand for their services and are confident they can accelerate our growth over the medium-term.



Source: AdWeek [AdWeek](#) | Mark Read, CEO of WPP

Read was speaking at WPP's announcement of the next phase of its strategy to capture the opportunities offered by AI, maximise the potential of creative transformation and deliver faster growth, higher margins and improved cash generation.

"The past three years have demonstrated the power of brands, creativity and investment in marketing to drive growth for clients and to build significant value. Research demonstrates that those companies with the strongest brands deliver the highest returns to shareholders," says Mark Read, CEO of WPP.

AI an opportunity, not a threat

He says that AI is transforming the industry but they see it as an opportunity, not a threat.

"We firmly believe that AI will enhance, not replace, human creativity. We are already empowering our people with AI-based tools to augment their skills, produce work more efficiently and improve media performance, all of which will increase the effectiveness of our work. We also see opportunities to sell new AI-driven products and services to our clients and to

capture more growth in areas like production.”

He adds, "Our long-standing investments in AI, including our AI-powered platform, WPP Open, and our acquisition in 2021 of Satalia, a UK AI company, are at the heart of our competitive offer. An ongoing annual investment of £250m in data and technology to support our AI strategy is included in our 2024 financial plans."



10 trends for 2024 from WPP

18 Dec 2023



Four strategic pillars

Four strategic pillars support these goals:

1. Lead through AI, data and technology

- Capitalise on WPP's lead in artificial intelligence built on: the acquisition of Satalia in 2021; organic investment in AI, client technology and data; and deep partnerships with Adobe, Google, IBM, Microsoft, Nvidia and OpenAI.
- Drive improved returns to clients through a set of AI-enabled services and tools, delivered by WPP Open, its common technology platform, and powered by proprietary AI models.
- Fuel AI services with WPP's proprietary data sets together with client, platform and market-level data to improve marketing performance for clients.
- Ensure appropriate safeguards for client information, brand safety, copyright and ethics.
- Expand the reach of its AI services through WPP Open, with more than 28,000 current users across WPP and adoption by key clients including L'Oréal and Nestlé.

2. Unlock the full potential of creative transformation to drive growth

- Expand our client relationships by further leveraging WPP's global scale, integrated offer in creative, media, production and PR, and capabilities in growth areas such as commerce, influencer marketing and retail media to capture share in a growing market.



Jarred Cinman and Diane Wilson take up VML top leadership positions

10 Jan 2024



3. Build world-class, market-leading brands

- Lead the industry through six powerful agency networks - AKQA, Ogilvy, VML, Hogarth, GroupM and Burson - which now represent close to 90% of WPP's revenue less pass-through costs.
- Realise the opportunities from VML as the world's largest integrated creative agency and leverage GroupM's simplified operating model and scale as the world's largest media agency.
- Establish Burson as a leading global strategic communications agency bringing together BCW and Hill & Knowlton.

4. Execute efficiently to drive strong financial returns

- Deliver growth and structural cost savings as a result of the creation of VML and Burson and the simplification of GroupM, unlocking scale advantages and further efficiency savings. Structural savings to deliver annualised net cost savings of c.£125m in 2025, with 40-50% of that saving expected to be achieved in 2024. Associated restructuring cost of c.£125m in 2024.
- Target c.£175m gross savings from efficiency opportunities across both back office and commercial delivery which will be used to invest in growth and support delivery of our medium-term margin target.

This strategy will be underpinned by a disciplined approach to capital allocation with continued organic investment, a progressive dividend policy and a disciplined approach to M&A supported by a strong balance sheet and an investment-grade credit rating.

Updated medium-term targets

- 3%+ LFL growth in revenue less pass-through costs.
- 6-17% headline operating profit margin
- Adjusted operating cash flow conversion of 85%+.

Previous medium-term targets, outlined at WPP's Capital Markets Day in December 2020, were for 3-4% growth in revenue-less pass-through costs including an M&A benefit of 0.5-1.0% annually; with a headline operating profit margin of 15.5-16.0%.



WPP and Sprinklr partnership to build new AI customer experience offering

8 Nov 2023



2023 expected out-turn and 2024 outlook

WPP will report 2023 results on 22 February 22 and expects to report results in line with its guidance ranges with:

- 2023 LFL revenue less pass-through costs expected to be 0.9% consistent with guidance given at Q3 2023 of 0.5-1.0%.
- 2023 headline operating profit margin expected to be 14.8%, equivalent to 15.0% on a constant currency basis, which is at the top end of guidance of 14.8-15.0% (excluding the impact of FX).



WPP Q3 trading shows below-expected top-line performance

26 Oct 2023



Looking ahead

- 2024 LFL revenue less pass-through costs growth of 0-1%.
- 2024 headline operating profit margin improvement of 20-40bps (excluding the impact of FX).
- Plans include an annual cash investment of around £250m in proprietary technology to support its AI and data strategy.

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