

WPP

CANNES LIONS 2011/12/13/14
HOLDING COMPANY OF THE YEAR



EFFIE AWARDS 2012/13/14/15
MOST EFFECTIVE HOLDING COMPANY



Investor Briefing China

Nov 18th, 2015

London



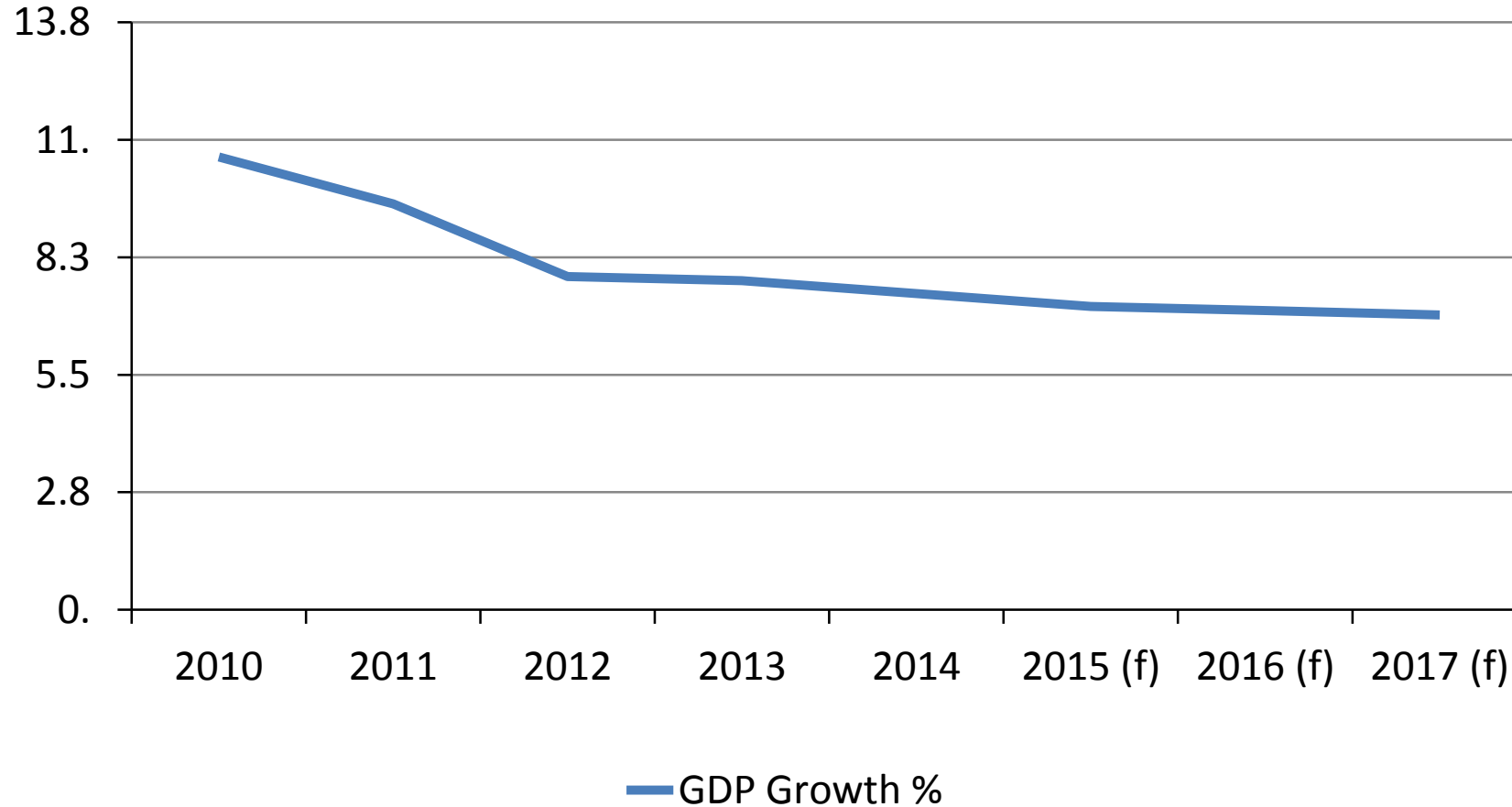
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Macro Environment

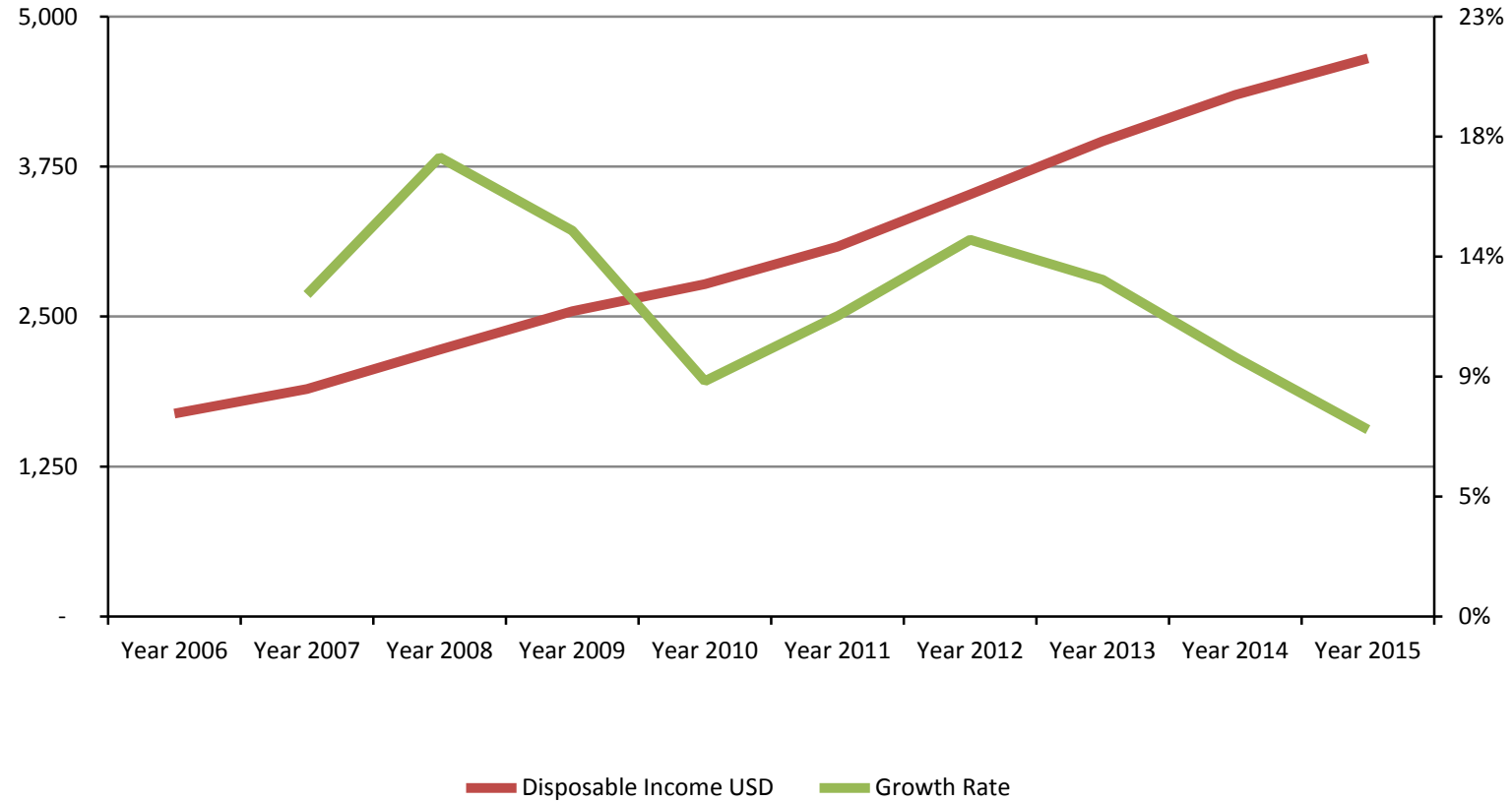


Economy Growth Slowed

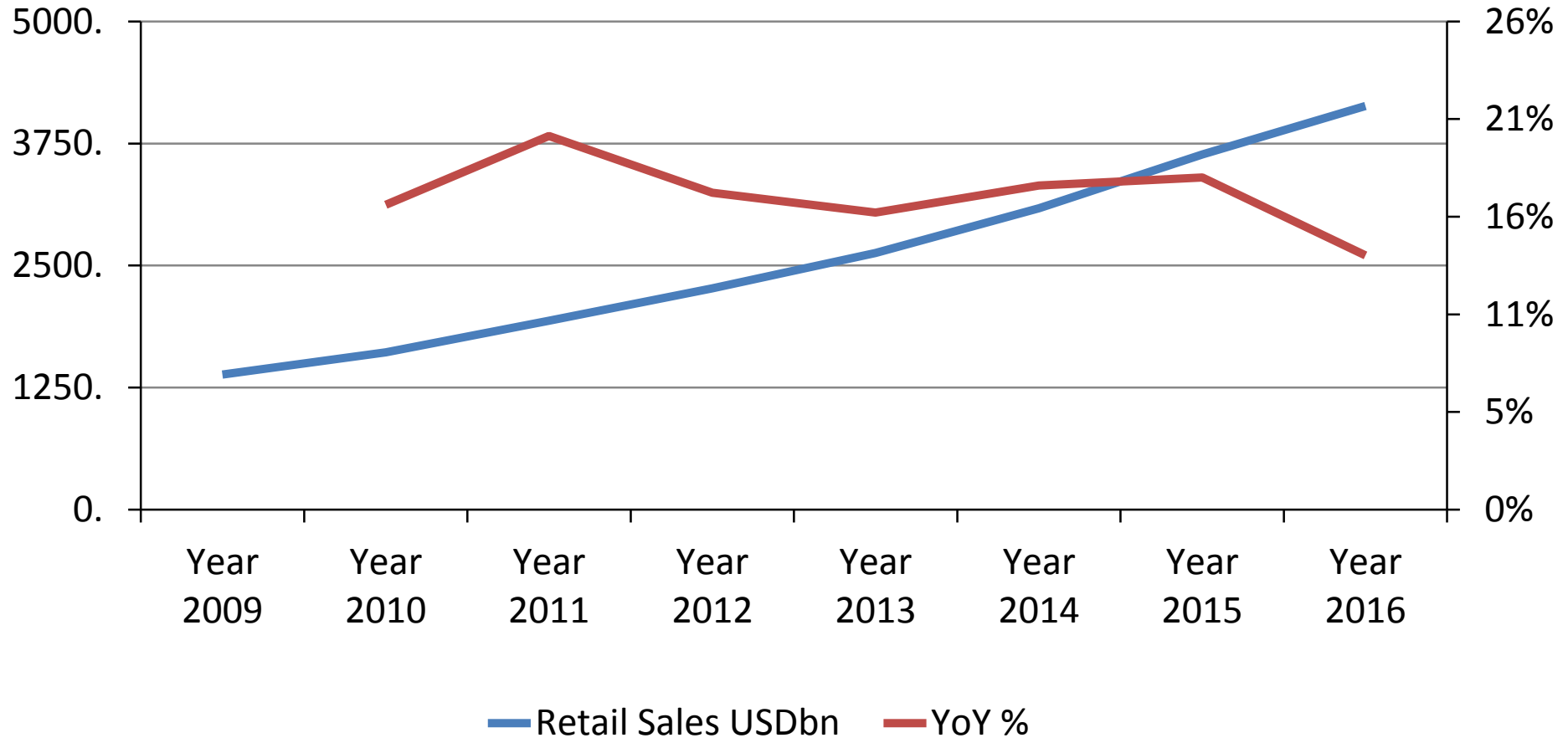
GDP Growth %



Disposable Income Growth

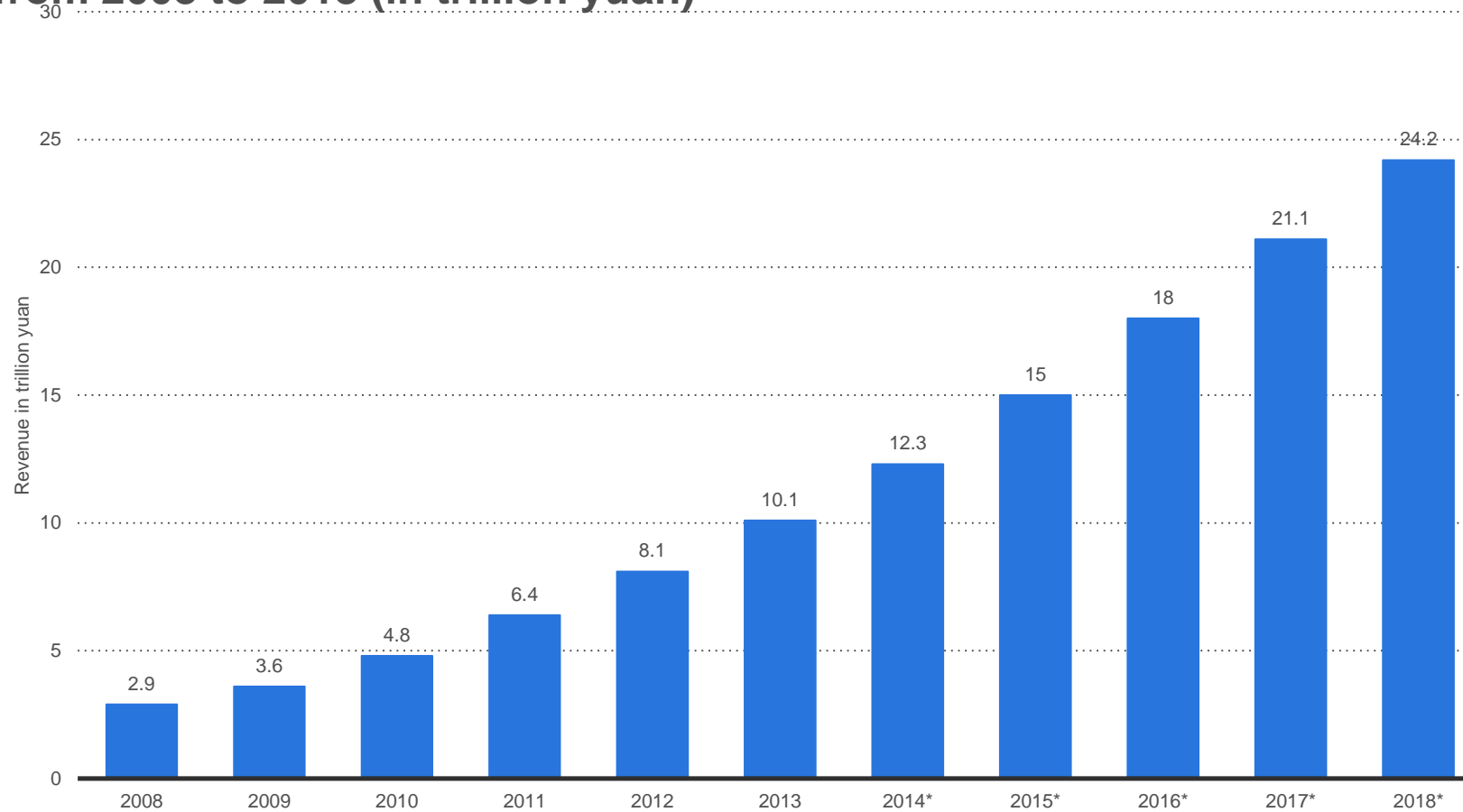


Retail Sales Still Strong



eTail Sales Even Stronger

Gross merchandise volume of China's e-commerce market from 2008 to 2018 (in trillion yuan)

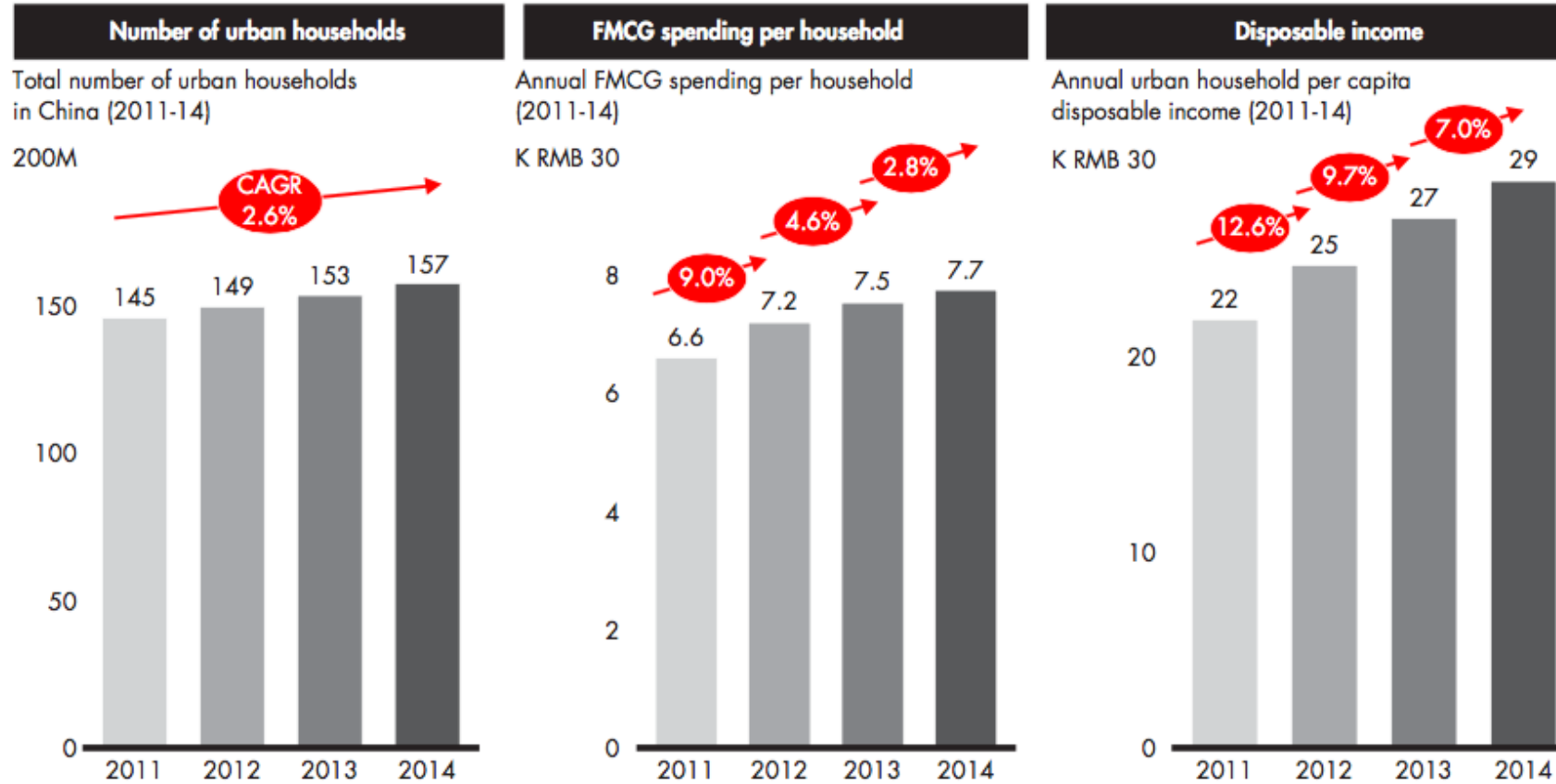


Note: China; 2008 to 2013

Further information regarding this statistic can be found on [page 8](#).

Source: iResearch; [ID 278552](#)

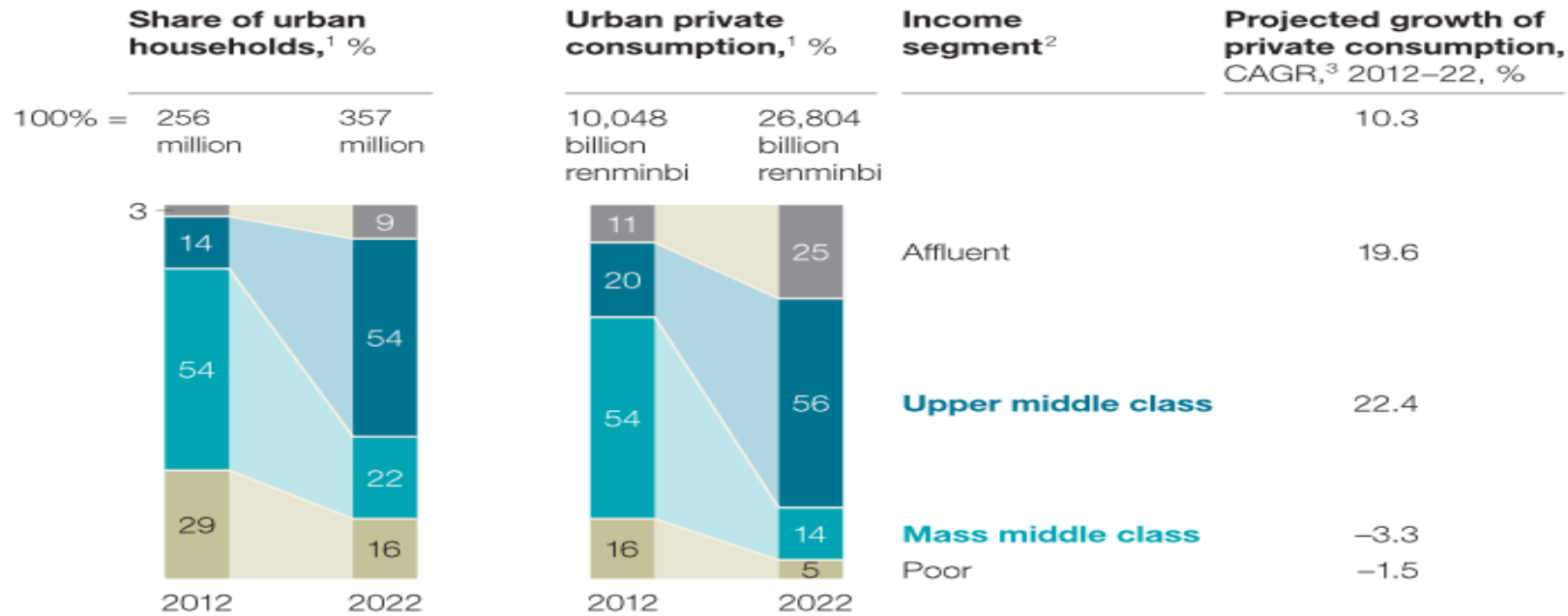
More Urbanites, More Spending Power



Sources: Kantar Worldpanel; National Bureau of Statistics of China; Bain analysis

Growing Middle Class, Growing Consumption

The magnitude of China's middle-class growth is transforming the nation.



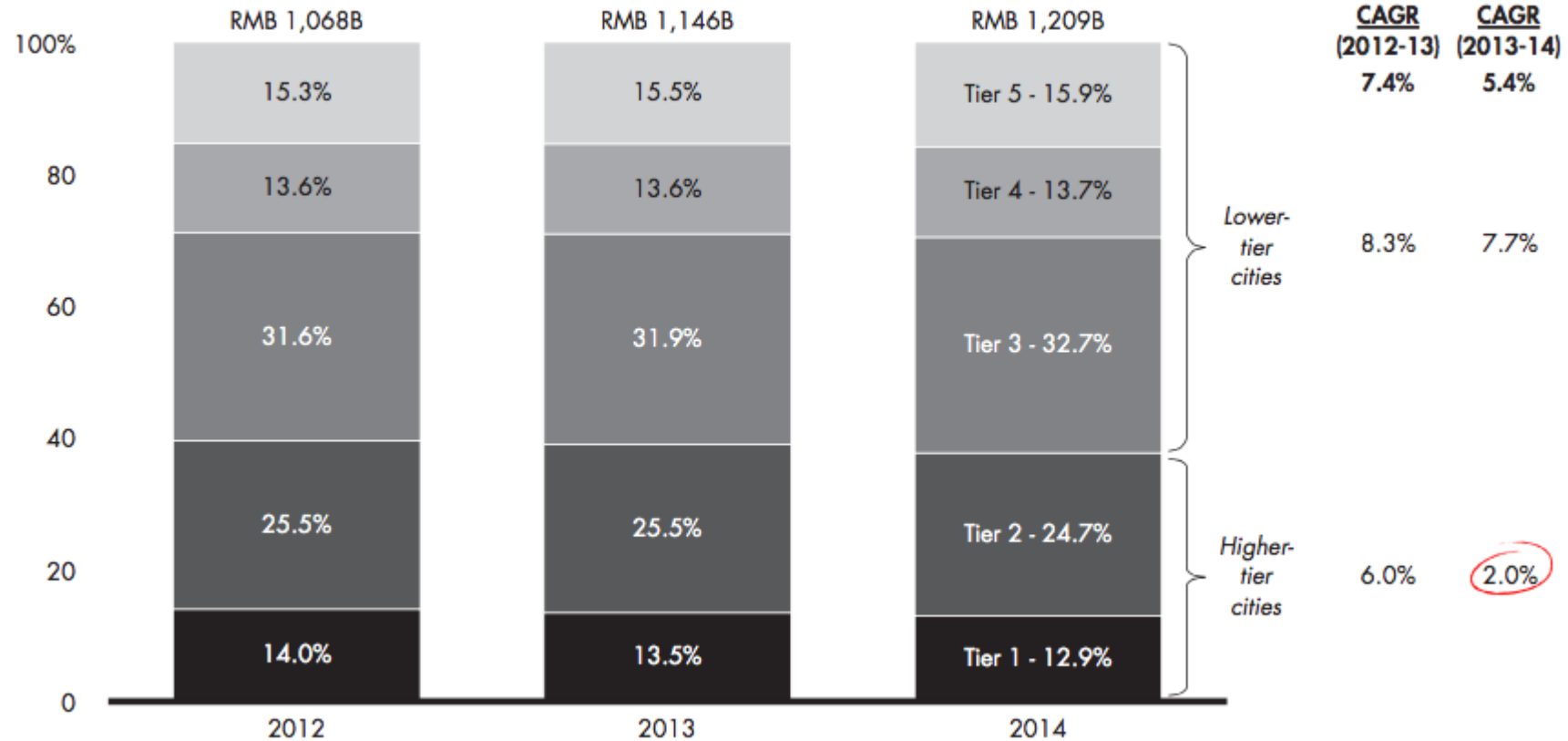
¹Figures may not sum to 100%, because of rounding; data for 2022 are projected.

²Defined by annual disposable income per urban household, in 2010 real terms; affluent, >229,000 renminbi (equivalent to >\$34,000); upper middle class, 106,000 to 229,000 renminbi (equivalent to \$16,000 to \$34,000); mass middle class, 60,000 to 106,000 renminbi (equivalent to \$9,000 to \$16,000); poor, <60,000 renminbi (equivalent to <\$9,000).

³Compound annual growth rate.

Lower Tier Cities Consumption Growth

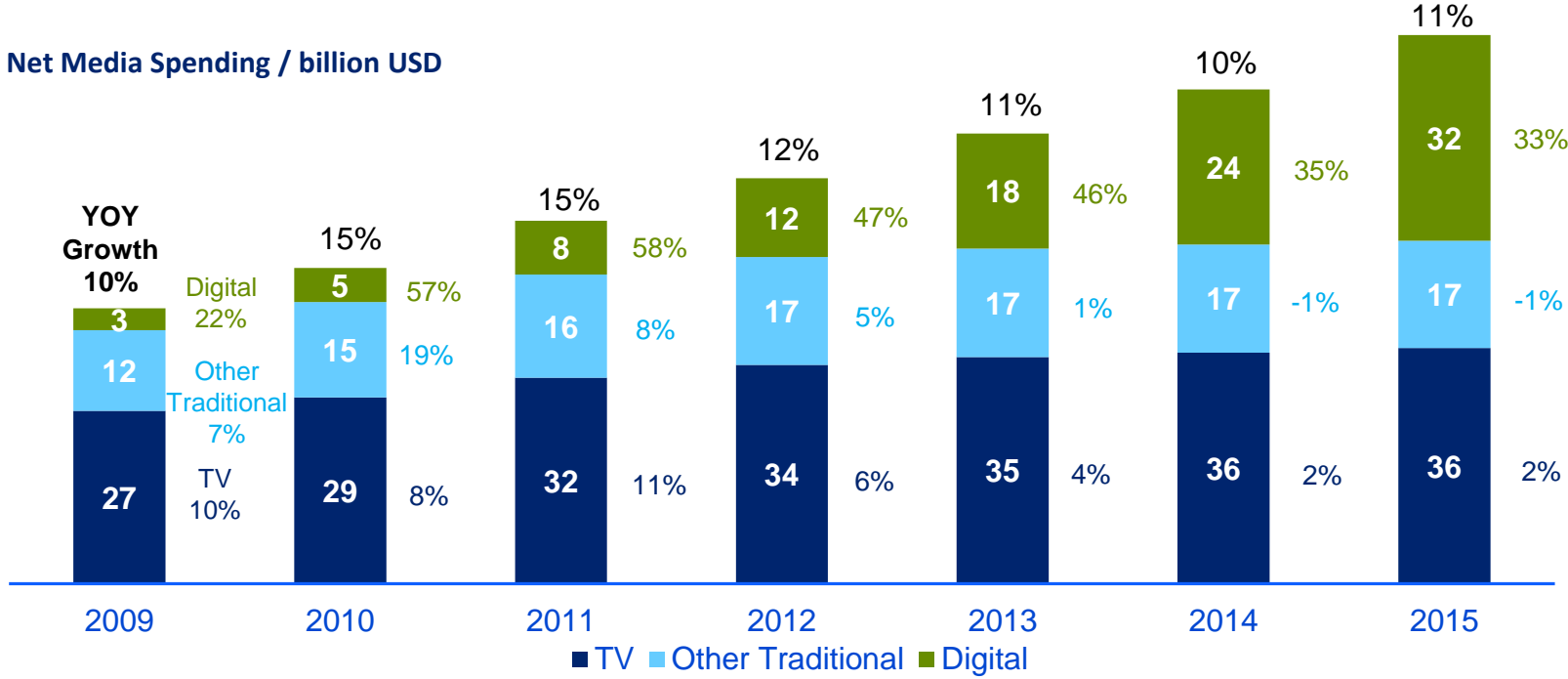
Value share in urban FMCG retail market by city tier



Sources: Kantar Worldpanel; Bain analysis

Advertising Spend Growth

Traditional growth down, digital growth remains high



10 SOURCE: GroupM China TNY



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WPP China





- **USD1.6bn Revenue**
- **15,000 staff**
- **100+ WPP companies**
- **300+ cities**

Our Products

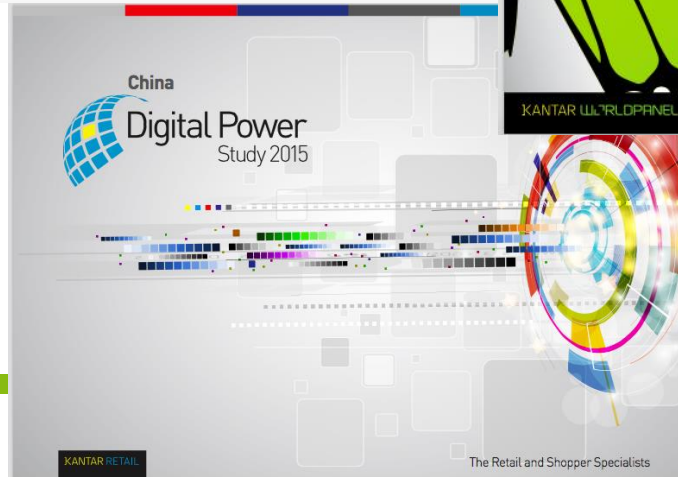


WINNING OVER SHOPPERS IN CHINA'S "NEW NORMAL"

China Shopper Report 2015, Vol. 1

BAIN & COMPANY

KANTAR WLT'RLDP'RNEL



China
Digital Power
Study 2015

KANTAR RETAIL

The Retail and Shopper Specialists



ASIA
BRAND
POWER

KANTAR WLT'RLDP'RNEL



CHINA
IMPACT

SEPTEMBER ISSUE

CHINA IMPACT

From Added Value | The Insight-led Strategic Marketing Consultancy

BRANDZ
TOP 100
Most Valuable
Chinese Brands
最具价值中国品牌100强
2015 贰零壹伍年

KANTAR WLT'RLDP'RNEL
ACCELERATING THE
GROWTH OF
E-COMMERCE IN FMCG
2015 EDITION



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Our Work

MAKE it POSSIBLE



Designed to inspire. Inspired to de

HUAWEI

Ignite ∞ Creativity

- See more in the dark
Superb low light performance with 13MP rear camera with OIS, RGBW sensor and ISP
- Paint with light
Light painting made easy with instant preview
- Designed to inspire
Sleek and bold metallic body with 5.2" FHD screen

HUAWEI P8

善存 Centrum

让家书飞
HAPPY CHINESE NEW YEAR

RESULT

OBJECTIVES	PERFORMANCE	VS. LY
Increase brand preference by increasing WOM and Participating rate	12M+ digital buzz generated 5.4% participating rate	+111% +24%
Recruit new users	32K+ new leads	
Drive E-C conversion rate	Sales \$ / UV / RMB 1.2	14 times

2015 奥迪创新实验室
2015 Audi Innovation Lab

Vorsprung durch Technik Audi

未来 听你的
The future is up to you



手指屏间滑动
360度品鉴「添越」

点击放大镜检查功能点

360°外
360°内

HUAWEI HONOR

CHALLENGE
Huawei Honor were releasing their flagship Honor 6 in June 2014 and expected to receive buzz of the phone for the launch and leverage that to drive sales. To protect themselves from fierce competitors and fast-moving market, they needed to increase any buzz of the product before the launch. Which meant an interesting challenge for us.

INSIGHT & STRATEGY
We approached this unique challenge in two ways targeting our target.

We knew that Twitter are hungry for news and information about upcoming phone launches. As soon as they are announced they are shared around the web, discussed and compared. By "leaking" tiny morsels of information (that may or may not be true) we could get "leaked" talking for more attention. And if the information they were receiving wasn't always consistent, they would discuss and argue about what was correct for.

But for the non-technically-minded we would need to connect on a more visceral level. Through conversations with the consumer, we knew that this group of people had many dreams, hopes and ambitions that they were afraid to realize. Leveraging this we developed the tagline "Come, talk to us!" to build a new emotional connection with what the brand is about.

RESULT

- 1000% increase of Facebook, Sina Weibo mentions during a week after launch
- 10 MILLION views were generated
- 150,000 fans were added
- OVER 2 MILLION fans were added in the first three months of availability

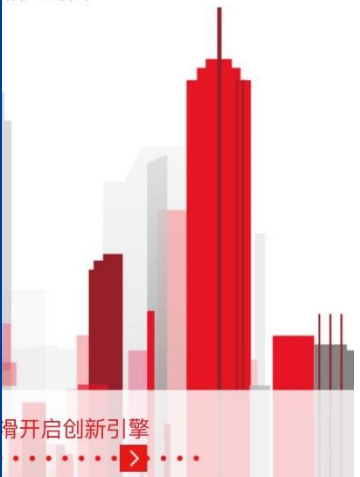
The Huawei Honor 6 became the best selling mobile phone in commerce due to our in-house promotion.

Huawei Honor 6
Launching a Phone Without Talking About the Phone

MIND
The Tencent MIND
腾讯智慧

秒懂神一样的
互联网媒体
购买热词

DSP、DMP、SSP.....各种缩写不明觉厉，混媒体营销圈的你再不充电，靠什么创 (sheng) 造 (zhi) 价 (jia) 值 (xin) ? 马上看图学干货。
真相大白，拯救小白

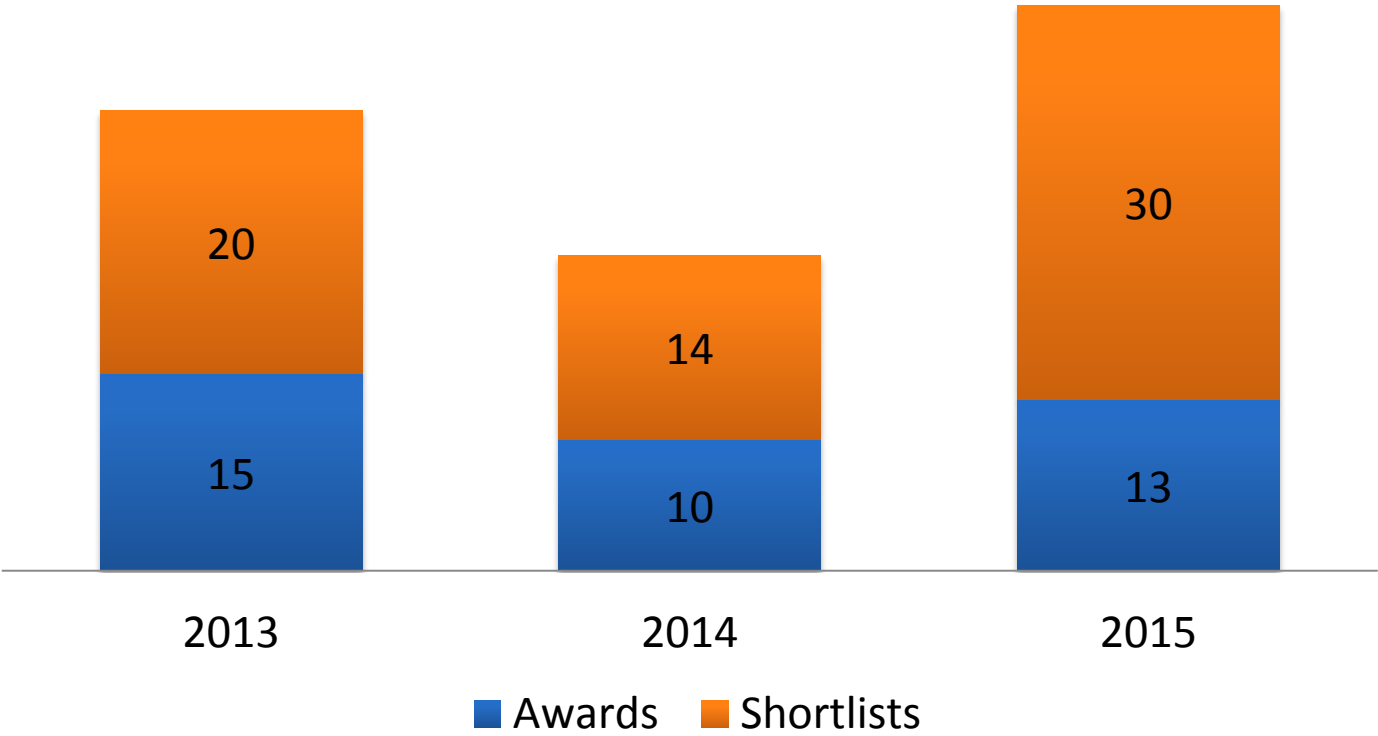


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Cannes Lion Award - China



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Future Growth Potential



Growth Potential

- **Local Chinese Clients**
- **eCommerce**
- **Mobile**
- **Data**



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Local Chinese Clients

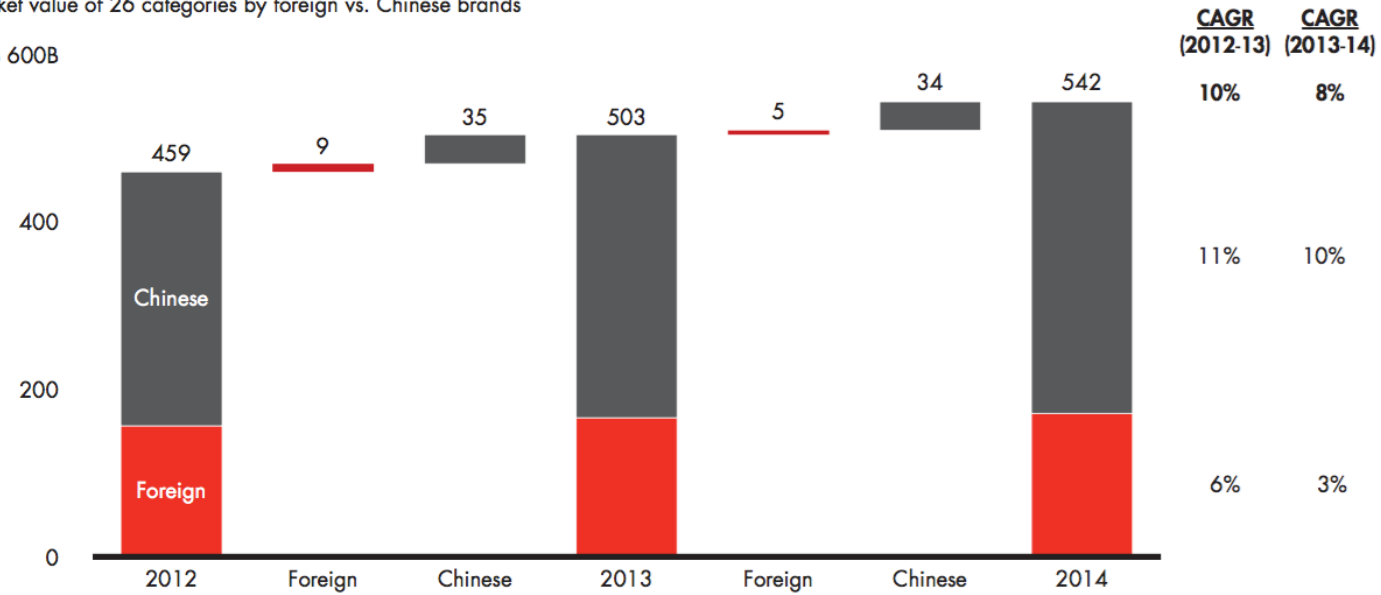


Local Brands Gained Share over MNC

Brands: Local players dominate, with roughly 70% market share, contributing more than 80% of market growth

Market value of 26 categories by foreign vs. Chinese brands

RMB 600B



Market growth captured

21%

79%

13%

87%

Notes: Brands are categorized as "foreign" and "Chinese" according to the largest shareholder; if M&A occurred at a brand, then its brand type changed three years after the deal

Sources: Kantar Worldpanel; Bain analysis

25 of the
top 100
most
valuable
Chinese
brands are
WPP clients



BRANDZ™
TOP 100
Most **Valuable**
Chinese Brands
最具价值中国品牌100强
2015 贰零壹伍年

CHINESE BRANDS COME OF AGE

Brand value rises 22 percent
Market-driven brands outperform SOEs
Technology surpasses banks in category value

Methodology and Valuation by
MillwardBrown

WPP



Chinese Brands New Business Wins



Huawei

Tencent

JD.com

Alipay

Aliyun

Li Ning

Bright

Vinda

Shinho

Inoherb

JZ Group

Infinitus

UnionPay

ChowShengSheng

CCB

Ping An Group

Otterbox

China FAW

999

iQiyi





60 : 40

MNC

Local



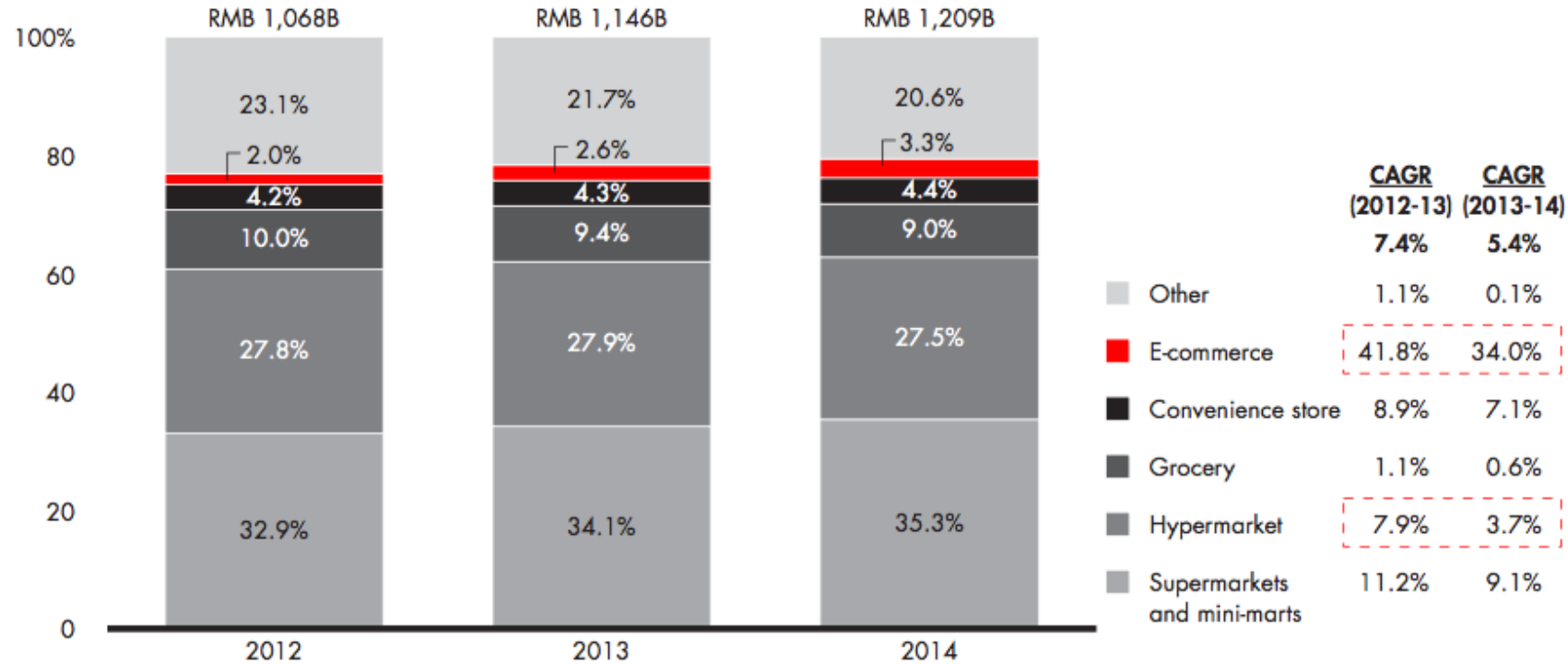
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eCommerce



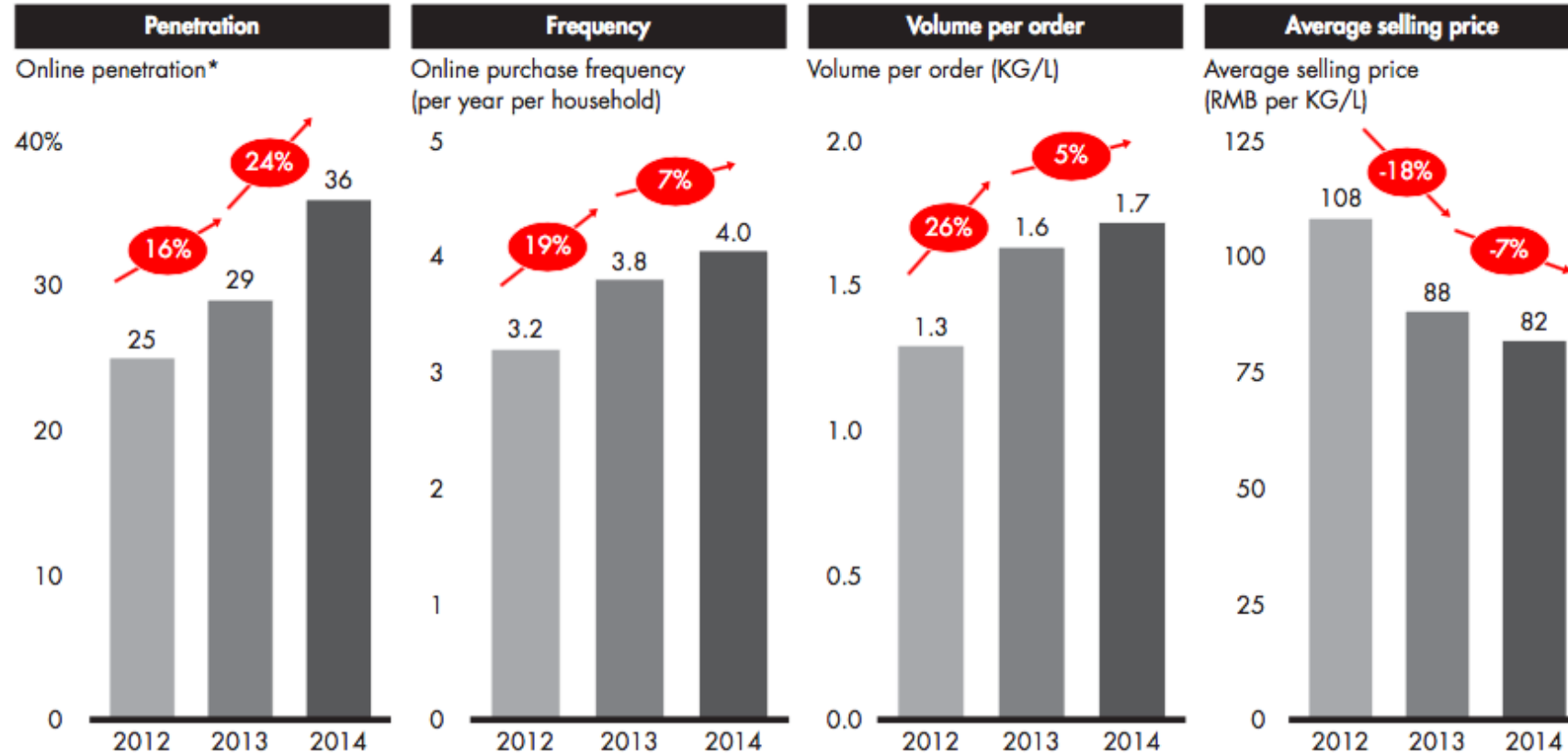
Strong Growth in EC & Modern Retail Channels

Channel value in the urban FMCG retail market



Notes: Hypermarket refers to stores larger than 6,000 square meters; supermarkets and mini-marts refers to stores between 100 and 6,000 square meters; convenience stores include both chain and individual stores; grocery refers to stores less than 100 square meters; other includes department stores, free market, wholesales, work unit, direct sales, specialty stores and overseas shopping
Sources: Kantar Worldpanel; Bain analysis

Online Purchase Becomes Everyday Purchase Channels

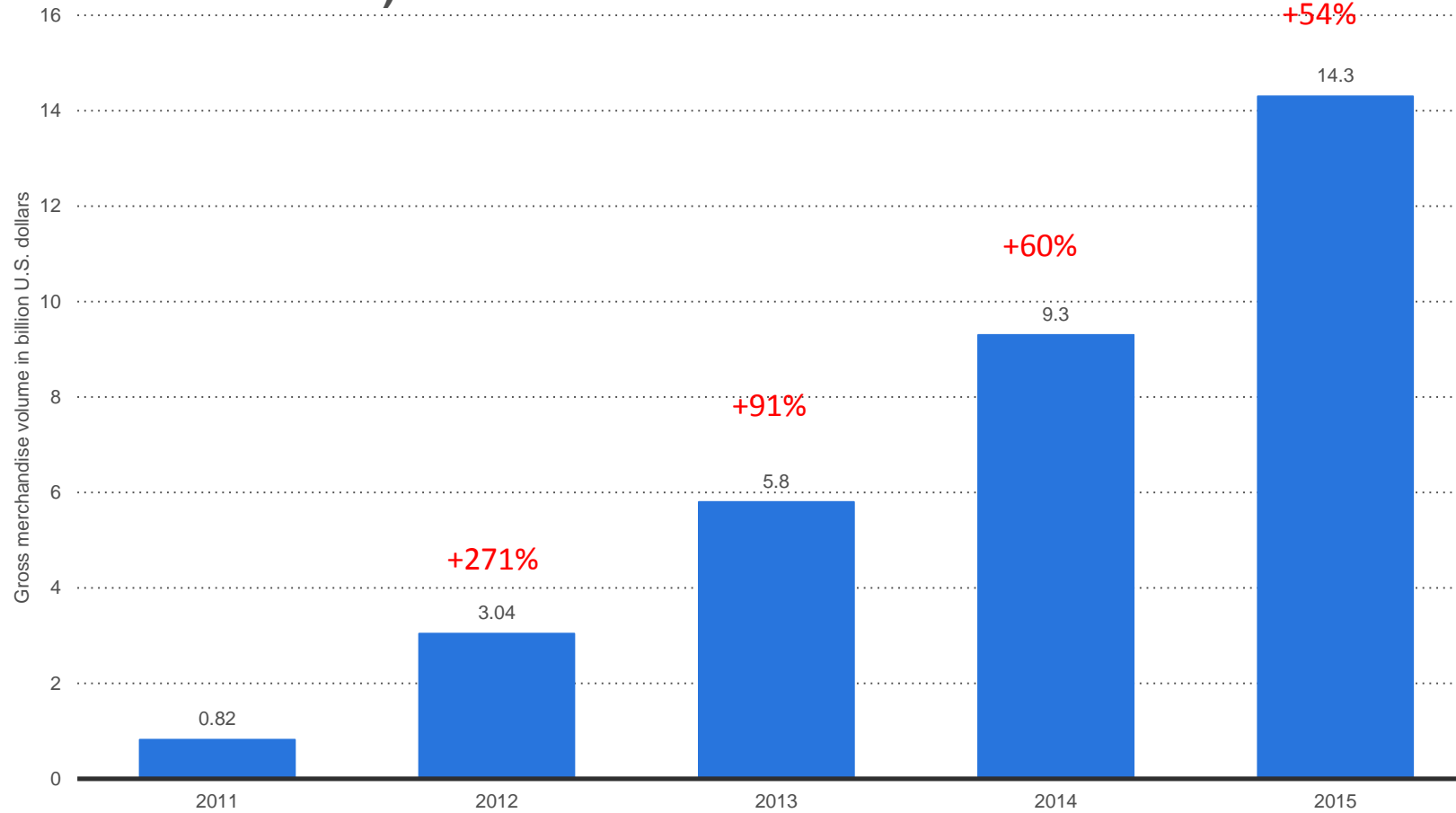


* Online penetration is determined by dividing the number of households that purchased a certain brand from the online channel at least once per year by the total number of households

Sources: Kantar Worldpanel; Bain analysis

Singles Day Hike – Nov 11

Alibaba's gross merchandise volume on Singles Day from 2011 to 2015 (in billion U.S. dollars)



Increasing eCommerce Offering

- **eCommerce clients**
 - Alibaba
 - JD.com
- **eCommerce operation & total solution**
 - Kuvera
 - Salmon
- **eCommerce insights expertise**
 - Kantar Retail
 - CTR
 - Millward Brown
- **eCommerce marketing expertise**
 - Ogilvy One
 - VMLIM2.0
 - GroupM EC

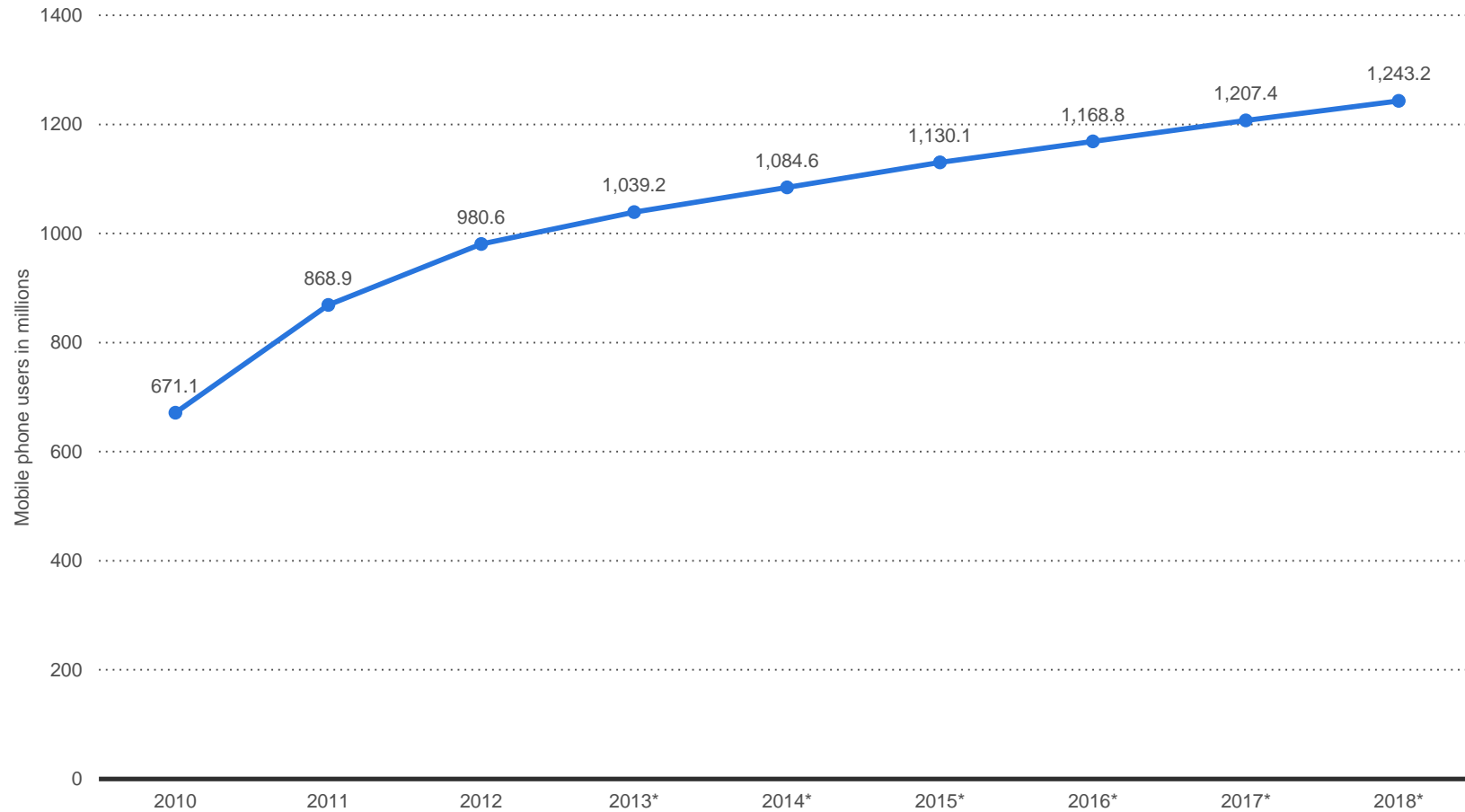


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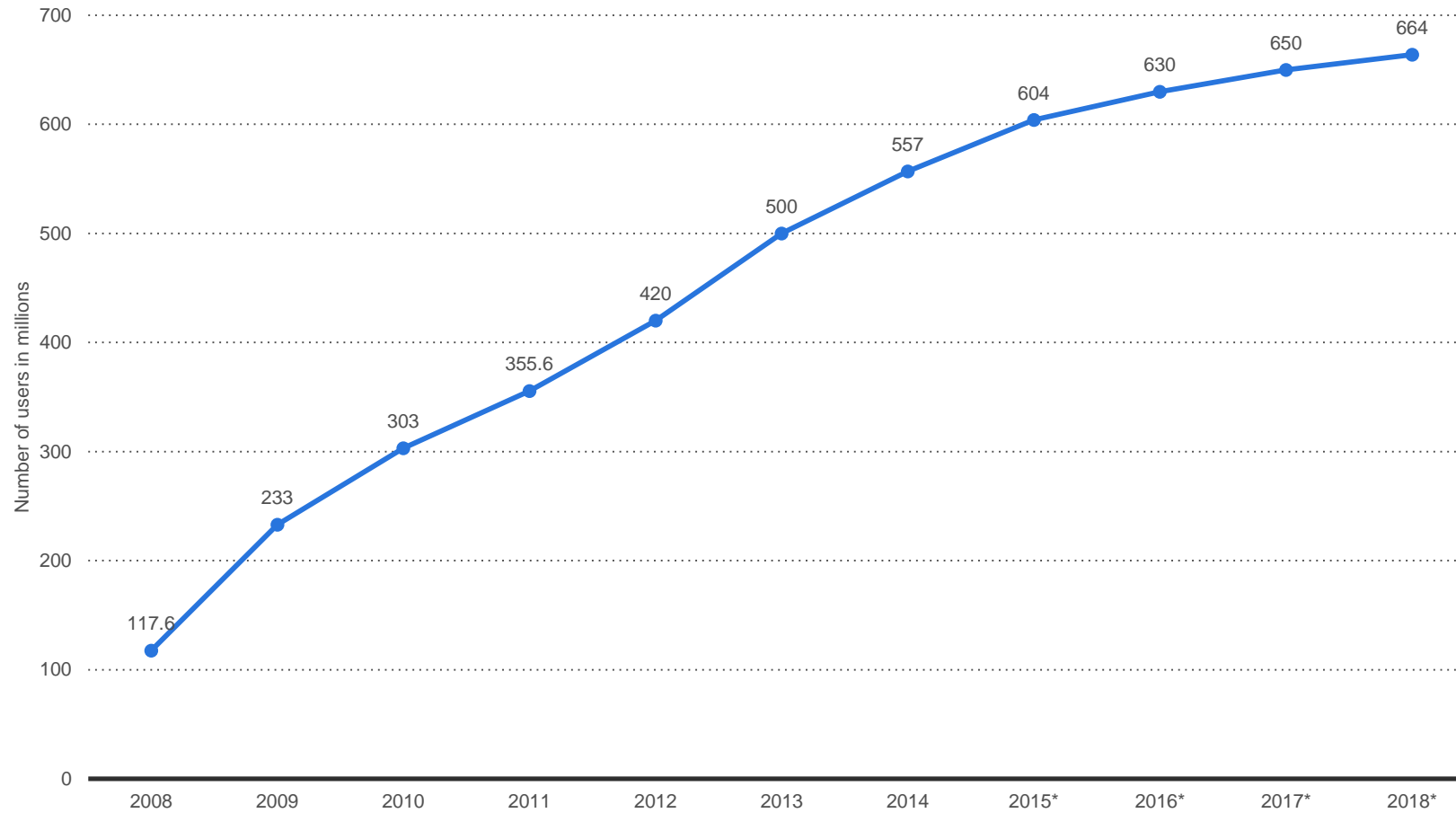
Mobile



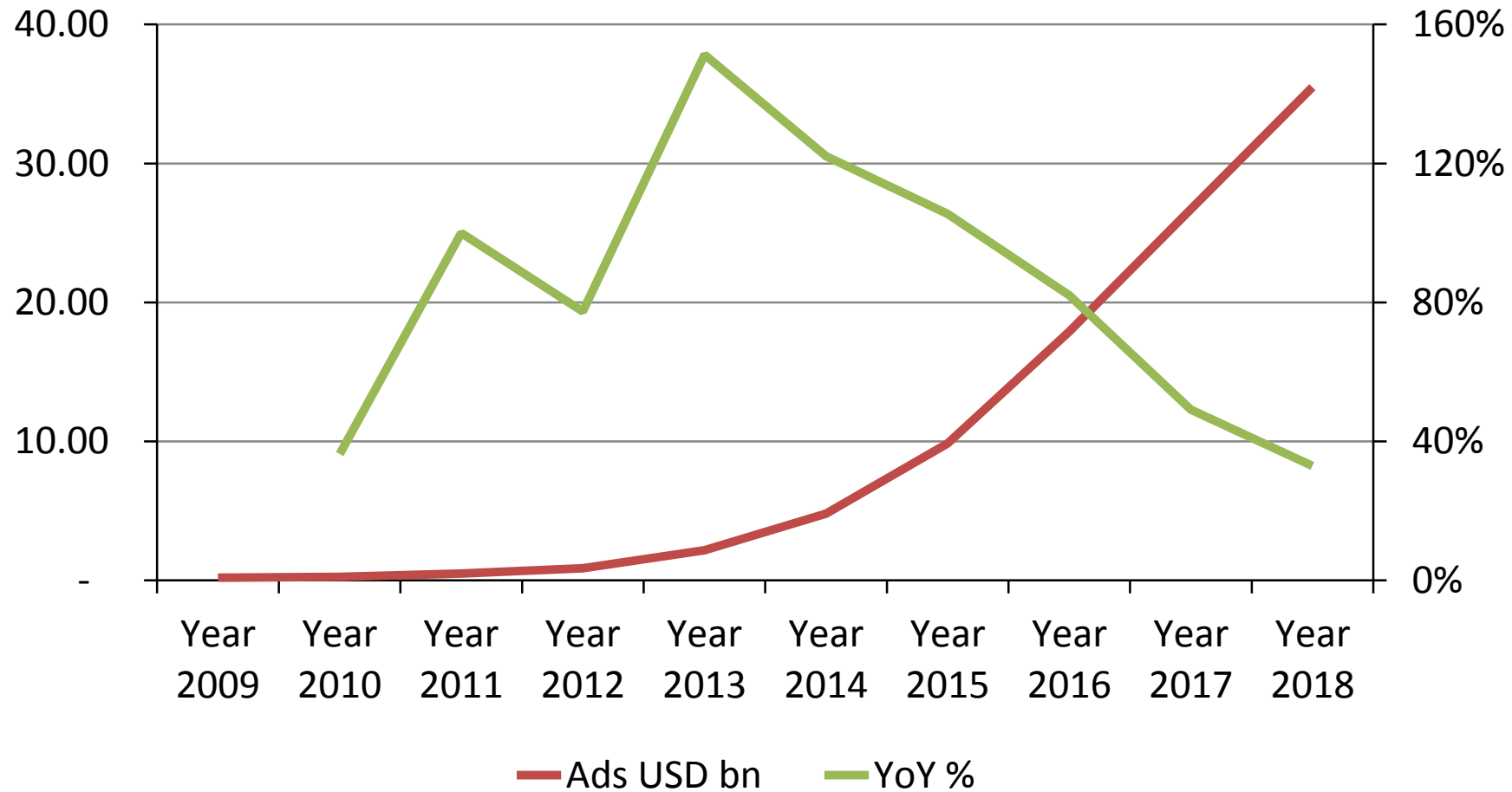
China Mobile Phone Users



China Mobile Internet Users



Mobile Advertising Spend

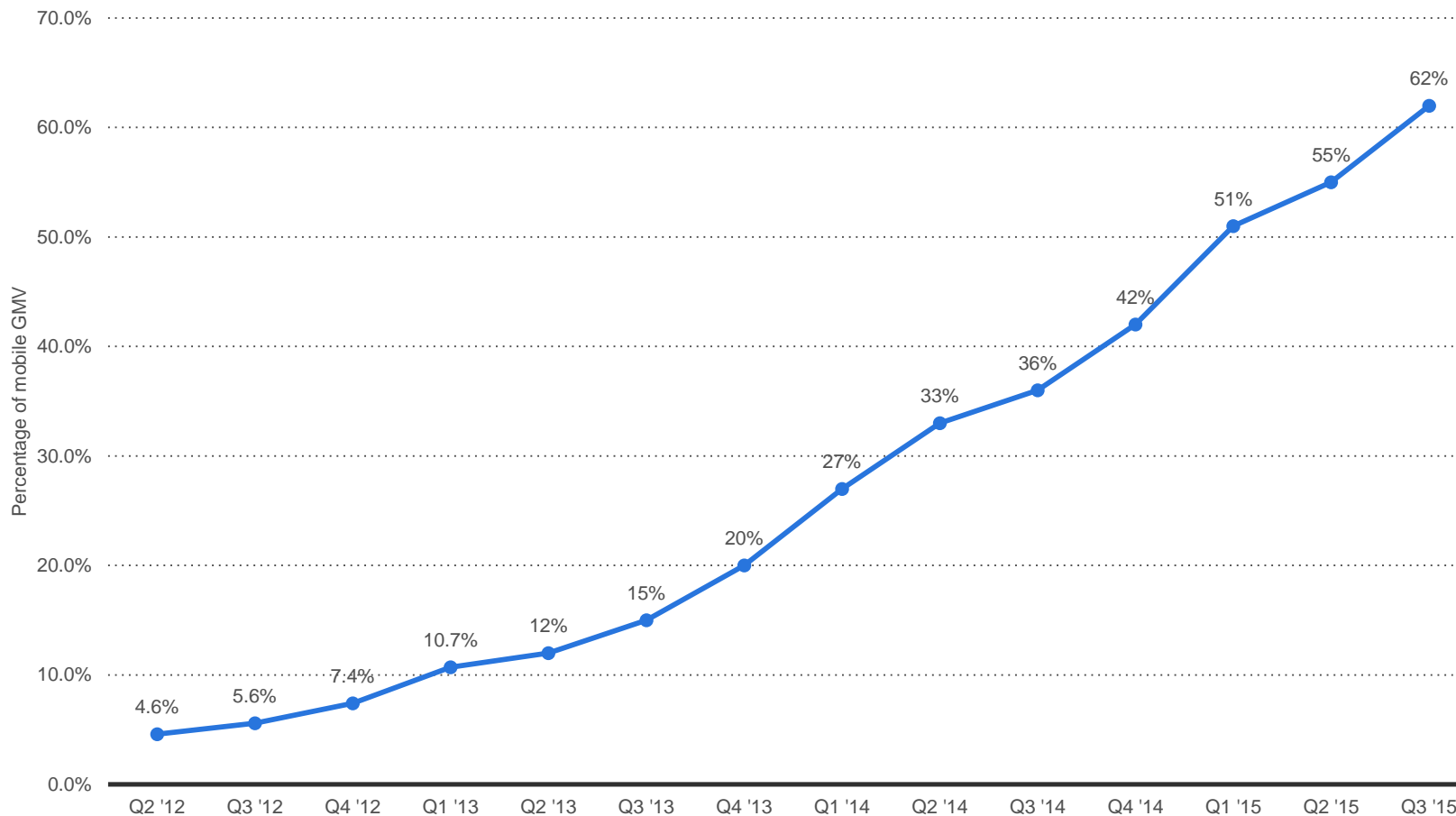


Source: iResearch

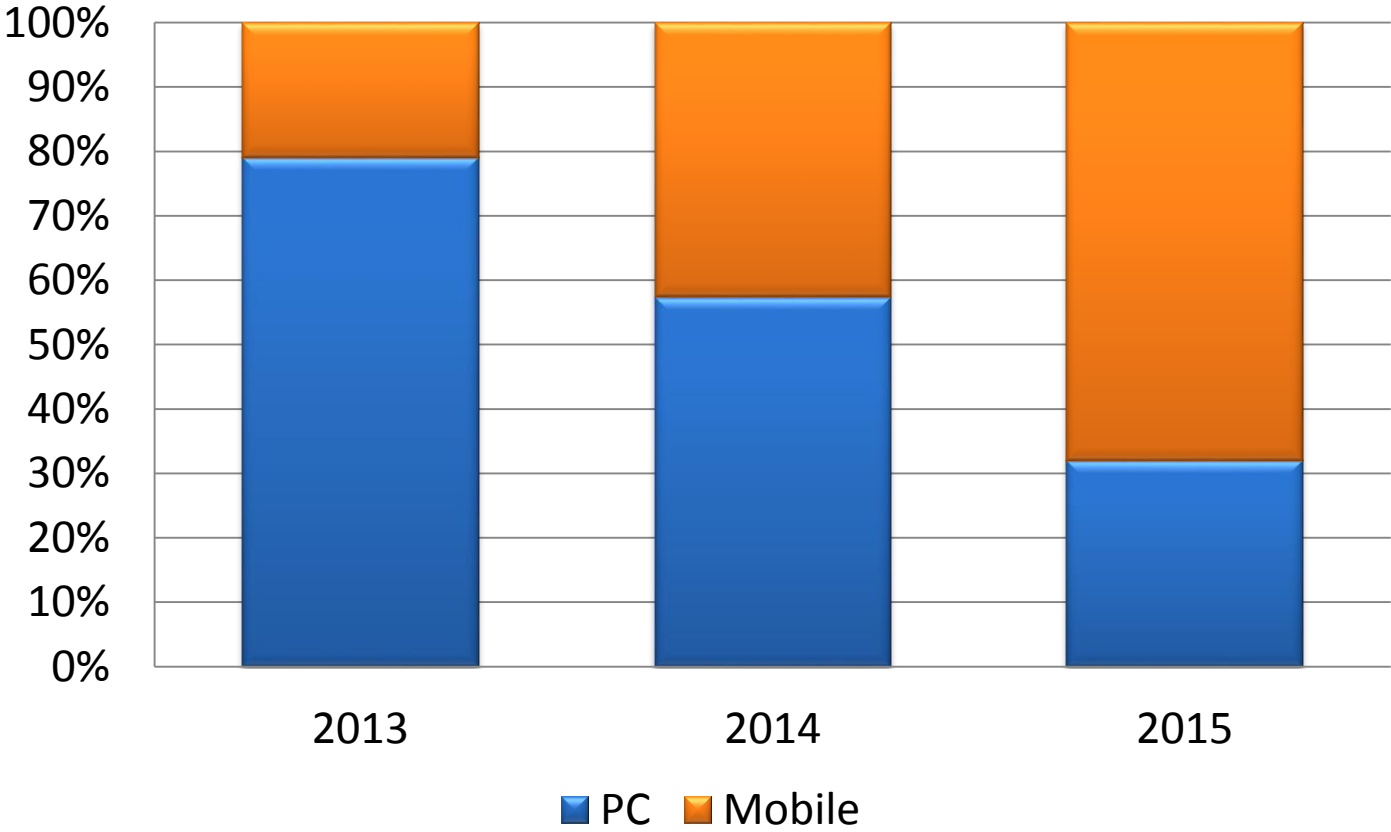
mCommerce > eCommerce



Mobile share of Alibaba's gross merchandise volume from 2nd quarter 2012 to 3rd quarter 2015



Alibaba Singles Day Transaction



Source: Alibaba; Tech in Asia; Thomson Reuters

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Data



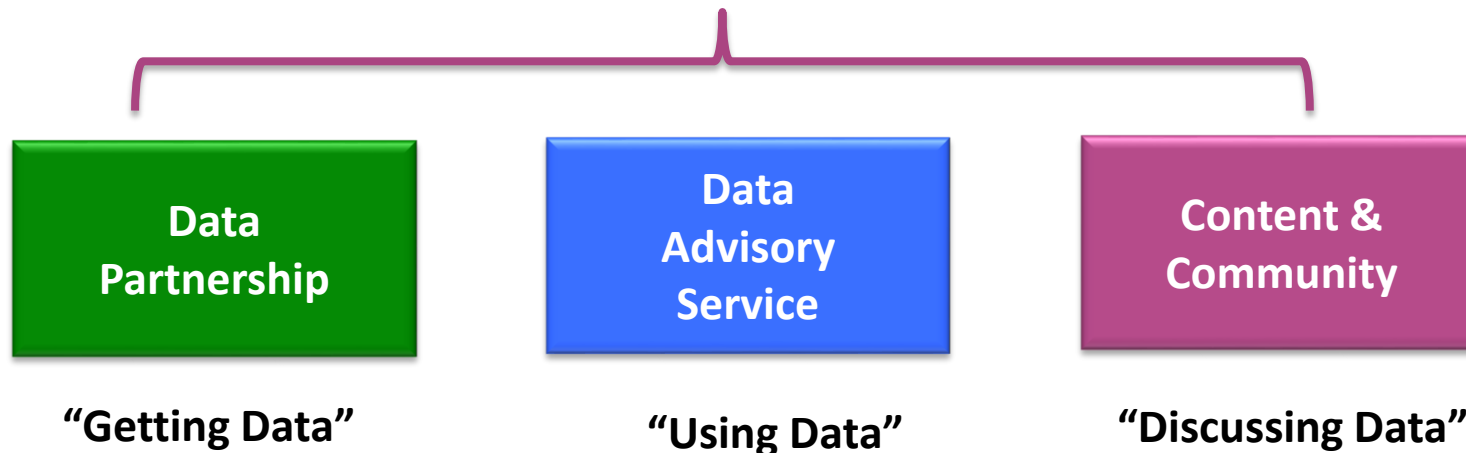
Global Initiative – Data Alliance

Data Horizontality

WPP Opco Data



Third Party Data



Global Initiative – Compass

Convergence of all data in WPP

Consumer data + brand data + media
buying data + post tracking data +
consumption data



Single User Profile





Conclusion – High growth potential

- **China a focus of our MN clients**
- **Local Chinese Clients**
 - Increasing share of revenue from local Chinese clients
- **eCommerce**
 - EC trading & operation capability + increasing EC offering by major agencies in the group
- **Mobile**
 - Phenomenon growth of trading volume & mobile data convergence with strategic partner
- **Data**
 - Compass & Data Alliance – convergence of internal & external data

