The Digital Revolution

Presentation by Sir Martin Sorrell, WPP plc
5 October 2009
The themes I will aim to cover

• Introduction to WPP

• What has changed since the last Olympic Congress in 1994?

• The impact of the digital revolution on media

• The implications for brand owners and sports bodies

• The opportunity for the Olympic Movement
Who we are
WPP has the leading global digital portfolio ($3.9bn)
#1 in global media billings

+32% of global network spend
#1 in offline
#1 in digital
#1 in pan-regional

Strength in research, insight and consultancy

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Revenue 2007A ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nielsen</td>
<td>4,707</td>
</tr>
<tr>
<td>2</td>
<td>Kantar/TNS</td>
<td>4,030</td>
</tr>
<tr>
<td>3</td>
<td>IMS</td>
<td>2,193</td>
</tr>
<tr>
<td>4</td>
<td>GfK</td>
<td>1,593</td>
</tr>
<tr>
<td>5</td>
<td>Ipsos</td>
<td>1,271</td>
</tr>
<tr>
<td>6</td>
<td>Synovate</td>
<td>867</td>
</tr>
<tr>
<td>7</td>
<td>IRI</td>
<td>665</td>
</tr>
<tr>
<td>8</td>
<td>Westat</td>
<td>426</td>
</tr>
<tr>
<td>9</td>
<td>Arbitron</td>
<td>338</td>
</tr>
</tbody>
</table>
WPP Olympic credentials

- Advertising and Media Investment Management
- Branding, Design and Identity
- Direct and Digital
- PR – Public Affairs
- Research and Insight
## Changes in the media landscape since the last Olympic Congress

<table>
<thead>
<tr>
<th></th>
<th>1994</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Population¹</td>
<td>16 million</td>
<td>1,500 million</td>
</tr>
<tr>
<td>Mobile Phone Subscribers²</td>
<td>55 million</td>
<td>4,000 million</td>
</tr>
<tr>
<td>Online Advertising³</td>
<td>$0~</td>
<td>$55,176 million</td>
</tr>
<tr>
<td>US Newspaper Circulation⁴</td>
<td>62 million</td>
<td>49 million</td>
</tr>
<tr>
<td>US Evening News Viewership⁵</td>
<td>35 million</td>
<td>25 million</td>
</tr>
</tbody>
</table>

**Source:**
1- [internetworldstats.com](http://1-internetworldstats.com)
2- [International Telecommunications Union](http://2-InternationalTelecommunicationsUnion.com)
3- [GroupM](http://3-GroupM.com)
4- [NAA.org](http://4-NAA.org)
5- [stateofthemedia.org](http://5-stateofthemedia.org)
A new landscape of digital platforms

Social Media

Consumer Generated Media

Online Video

Search Marketing

Mobile

Widgets

Web 2.0

Online Advertising

Email

Websites
Live sporting events continue to be must see television

<table>
<thead>
<tr>
<th>Event</th>
<th>Ave. Global Audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing Olympics Opening Ceremonies:</td>
<td>593 million</td>
</tr>
<tr>
<td>World Cup Finals 2006 (average match):</td>
<td>411 million</td>
</tr>
<tr>
<td>2008 UEFA European Championship-Finals (average match):</td>
<td>166 million</td>
</tr>
<tr>
<td>2008 UEFA Champions League- Final:</td>
<td>145 million</td>
</tr>
<tr>
<td>2008 NFL Super Bowl:</td>
<td>104 million</td>
</tr>
<tr>
<td>2008 Brazilian Grand Prix:</td>
<td>80 million</td>
</tr>
</tbody>
</table>

Sources: Mindshare; FIFA and UEFA; TimesOnline, 1,000,000,000: Beijing Sets world TV record, 5/10/09
Global sponsorship spend

Growth slowing – but still positive

<table>
<thead>
<tr>
<th>Year</th>
<th>Spend ($ Billion)</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>33.7</td>
<td>+10.5%</td>
</tr>
<tr>
<td>2007</td>
<td>37.9</td>
<td>+11.9%</td>
</tr>
<tr>
<td>2008</td>
<td>43.1</td>
<td>+13.7%</td>
</tr>
<tr>
<td>2009</td>
<td>44.4</td>
<td>+3.1%</td>
</tr>
</tbody>
</table>

Source: IEG
Sports sponsorship increases brand value considerably

Budweiser is worth an additional $9 billion because of its sports sponsorships

- **Bonding**: 11% (Sports fans) vs. 4% (Not)
- **Advantage**: 42% (Sports fans) vs. 28% (Not)
- **Performance**: 53% (Sports fans) vs. 44% (Not)
- **Relevance**: 56% (Sports fans) vs. 47% (Not)
- **Presence**: 83% (Sports fans) vs. 81% (Not)
Global economic impact of sports

Direct GDP Impact of Olympics ($ Billions)

Source: “The Economic Impact of London 2012” Nottingham University 2006
The impact of the digital revolution on media
1.6 billion out of 7 billion online today

Source: http://www.internetworldstats.com/stats.htm
An increasingly global audience

Broadband penetration by market

Source: Digital % - GroupM TYNY 2008 Report
Broadband - Internet World Stats
Mobile penetration even greater than broadband

4 billion out of 7 billion have mobile phones

Source: International Telecommunications Union
Resonating with young people in particular
A much more complex and interactive future

Broadcast
Passive
Devices

Addressable
Interactive
Ecosystems
The future of media

Addressable  Portable  Searchable

Social  Interactive  Transactional  Ubiquitous
The implications for brand owners and sports bodies
Attention is an increasingly scarce resource…

Melbourne 1956

Beijing 2008
Consumers are taking control

Users as producers and *distributors* of content

Users in control
What I want; where, when and how I want it.

Democratization of the tools of production, distribution, consumption and personalization.
Premium live events will still command a premium

Cost per thousand (CPM) of Superbowl spot

Source: Group M / MediaEdge:CIA
Sports brands remain some of the most powerful in the world

Top 10 Most Valuable Global Brands

- Presence: 85%
- Relevance: 68%
- Performance: 60%
- Advantage: 53%
- Bonding: 22%

Beijing Olympics

- Presence: 86%
- Relevance: 83%
- Performance: 80%
- Advantage: 63%
- Bonding: 19%

Source: BRANDZ 2006 Millward Brown Optimor
While broadcasters offer a lot of money, their audience is getting older

Average Age of Viewers watching the Summer Olympics in Primetime on NBC

<table>
<thead>
<tr>
<th>City</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barcelona</td>
<td>39</td>
</tr>
<tr>
<td>Atlanta</td>
<td>42</td>
</tr>
<tr>
<td>Sydney</td>
<td>45</td>
</tr>
<tr>
<td>Athens</td>
<td>47</td>
</tr>
<tr>
<td>Beijing</td>
<td>48</td>
</tr>
</tbody>
</table>

Source: http://www.sportsbusinessdaily.com/article/124050
Across demographics the Olympics perform better against women and older age groups.

**Males**
- Superior: 24%
- Preferable: 62%
- OK: 87%
- Relevant: 91%
- Tangible: 98%

**Females**
- Superior: 34%
- Preferable: 72%
- OK: 91%
- Relevant: 93%
- Tangible: 98%

**18-34’s**
- Superior: 25%
- Preferable: 64%
- OK: 87%
- Relevant: 91%
- Tangible: 98%

**35-65’s**
- Superior: 32%
- Preferable: 69%
- OK: 91%
- Relevant: 93%
- Tangible: 98%
Beijing was the first digital Olympics

"Truly exceptional Games"
From the start, these Olympics were different. They opened in spectacular fashion and never slowed down. From the Water Cube to the Bird’s Nest, these Games made history, Alan Abrahamson writes.

More News: U.S. women top Brazil for soccer gold again

2008 Medals

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>GOLD</th>
<th>SILVER</th>
<th>BRONZE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>36</td>
<td>38</td>
<td>36</td>
<td>110</td>
</tr>
<tr>
<td>CHN</td>
<td>51</td>
<td>21</td>
<td>28</td>
<td>100</td>
</tr>
<tr>
<td>RUS</td>
<td>23</td>
<td>21</td>
<td>28</td>
<td>72</td>
</tr>
<tr>
<td>GBR</td>
<td>19</td>
<td>13</td>
<td>15</td>
<td>47</td>
</tr>
<tr>
<td>AUS</td>
<td>14</td>
<td>15</td>
<td>17</td>
<td>46</td>
</tr>
</tbody>
</table>

Images Of The Games

Team USA gold medal winners

件件金屬

JUNE – AUGUST @ 7PM (ET) 
ONLY ON UNIVERSAL SPORTS TV

Exclusive Video

- Nastia Liukin, an All-Around golden girl
- Dunk of the year? Wade-to-Kobe slam a classic
- Phelps’ 100m fly from underwater
- Usain Bolt’s 3 Olympic rocs strung together
- Ugly scene: Taekwondo fighter attacks referee
- Relive the Paralympic Games

Olympics On TV

PLAN YOUR OLYMPIC TV & ONLINE VIEWING EXPERIENCE

Enter Zip Code  
GO
50% of London 2012’s YouTube channel viewers are under 35

YouTube's age profiles for London 2012 Olympics

Source: London 2012 Keynote speech to Mobile Entertainment Market 2009, Alex Balfour
People are talking about it online

To engage top brands, you need to do more

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand</th>
<th>Revenues ($millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Google</td>
<td>$100,039</td>
</tr>
<tr>
<td>2.</td>
<td>Microsoft</td>
<td>$76,249</td>
</tr>
<tr>
<td>3.</td>
<td>Coca-Cola</td>
<td>$67,625</td>
</tr>
<tr>
<td>4.</td>
<td>IBM</td>
<td>$66,622</td>
</tr>
<tr>
<td>5.</td>
<td>McDonald's</td>
<td>$66,575</td>
</tr>
<tr>
<td>6.</td>
<td>Apple</td>
<td>$63,113</td>
</tr>
<tr>
<td>7.</td>
<td>China Mobile</td>
<td>$61,283</td>
</tr>
<tr>
<td>8.</td>
<td>General Electric</td>
<td>$59,793</td>
</tr>
<tr>
<td>9.</td>
<td>Vodafone</td>
<td>$53,727</td>
</tr>
<tr>
<td>10.</td>
<td>Marlboro</td>
<td>$49,460</td>
</tr>
</tbody>
</table>
The opportunity for the Olympic Movement: 5 points to think about
1. Think like your consumers
Recognize the breadth of your competition
2. Create the rights franchise of content
Connecting with the average Olympian

Voices of the Summer Games
Follow Lenovo’s athlete bloggers on their journey in Beijing - Hear their voices

FEATURING STORY:
Good Bye!
Voices of the Olympic Games brought together 100 athlete bloggers from 25 different countries and connected them the world as they blogged their way to the 2008 Summer Olympics. Over the course of the Games, Lenovo’s Athlete Bloggers published more than 1,500 posts and received over 8,000 comments from fans around the world. "Voices" was a huge success and demonstrated the value of amplifying Olympic athletes’ real, unfiltered voices. We’re glad you’ve found this site, and hope you’ll stick around and explore the Lenovo Athlete Bloggers’ amazing Olympic experiences. You can also check out our wrap up video.

See more Featured stories:

recentposts

Clear Filters Filter Posts by: Sport Country Language

White House Visit
Posted by David Oliver at David Oliver! Your Mission: 12:85 on 2008-10-09 02:00:00 (gmt)
I left Denver for a quick trip out to the D...

Athletics USA English

beijingTweets
Check out our Lenovo Voices wrap video with athlete blogger interviews and campaign highlights: http://tinyurl.com/3vr64a This happened 273 days ago

NBC’s Photo Gallery of the Closing Ceremonies: http://is.gd/1Wdp This happened 302 days ago
3. Engage with the young in the right environments
The young interact with media in different ways

**Kids and Teens Watch TV on Other Devices**

<table>
<thead>
<tr>
<th>Device</th>
<th>Ages 8-12</th>
<th>Ages 9-14</th>
<th>Ages 12-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet</td>
<td>25%</td>
<td>27%</td>
<td>33%</td>
</tr>
<tr>
<td>PSP/Handheld Videogame System</td>
<td>12%</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>iPod/Mp3 Player</td>
<td>4%</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>Cell Phone</td>
<td>2%</td>
<td>4%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: MORe, Base = Youth who watch TV
Their interactions are more social
Get to know the new players
Example of how WPP’s United and the IOC are working together to engage and interact with a global youth audience.
The Best of Us Challenge

An online global competition in which young people can compete in a variety of different “challenges” against both Olympic athletes and their peers.

The idea is to engage young people in the Olympic Games by giving them a chance to actually “compete” with Olympic athletes in a digital, grassroots forum.

Among the Olympic athletes participating are Rafael Nadal (Spain), Michael Phelps (US), Lindsay Vonn (US), Yelena Isenbayeva (Russia), Shawn Johnson (US) and Carolina Kluft (Sweden)
Young people will be able to go to The Best of Us Challenge via Olympic.org or through exposure from an online seeding and syndication plan being dedicated to Challenge promotion.

A user can select to either compete against an athlete Challenge... or create his/her own unique Challenge from the homepage.
Here’s Rafael Nadal’s Challenge page – he’s challenged young people to see how many tennis balls they can pick up and hold in 30 seconds.

 Whoever can best match him or beat his record will win a signed t-shirt from an Olympic athlete, a The Best of Us poster and an official Vancouver 2010 video game. After viewing the athlete’s Challenge, the user can decide whether or not s/he would like to “best” the athlete’s Challenge and submit a response.
The Best of Us Challenge – Rafael Nadal’s Video

click here to play
The Best of Us Challenge – Social Media

The Challenge will also have dedicated Facebook and Twitter pages with up-to-date information and Challenge content. Users will have the option of becoming a “fan” of the Challenge on Facebook or signing up to receive Challenge Twitter feeds.

Social media pages will also align with current IOC initiatives (such as the Olympics Facebook and Twitter pages) to cross-promote content and drive additional IOC fans and supporters to the Challenge for added exposure.
4. Understand the technology opportunity

i. Get social

MLB Advanced Media is largest live event producer in the world.

Ability for MLB to show games not broadcast on TV.

Initial investment (2000) $1 million per team, now valued between $2 – 2.5bn.

Source: WPP
.... And create communities
ii. Leverage new screens technology
iii. Add value through mobile

Android App for Wimbledon 2009
iii. Add value through mobile

Download the U.S. Open 2009 iPhone application to get the best of the U.S. Open while on the go.

The U.S. Open 2009 iPhone application will feature:

- Exclusive LIVE Marquee Group coverage on Thursday/Friday
- Exclusive LIVE Hole 17 coverage on Saturday/Sunday
- Course information with flyovers and hole details
- Player information
- LIVE Leaderboard
- News
- LIVE coverage courtesy of:
  - ESPN Thursday/Friday
  - NBC Saturday/Sunday

VODAFONE McLaren Mercedes

NEXT RACE D3 H21 M29
MONACO
21-24 May 2009

LIVE EVENT COMMENTARY
NEWS
VIDEO OF CIRCUIT
TRACK INFO
RESULTS

2009 SEASON ON YOUR MOBILE

LEWIS HAMILTON
Lewis in Barcelona, 12 May 2007

14/5 2009
Martin Whitmarsh leads the debrief back at the McLaren Technology Centre near Woking, England.
5. Think about what digital inventory you can offer sponsors and partners
It’s not just about screens
In Summary
Thank You