

WPP posted strong revenues. What does that mean for advertisers?

Article

Ads up: WPP, which owns advertising agencies Ogilvy, Wunderman Thompson, and VMLY&R, boosted its guidance this week after reporting a [10.3%](#) increase in revenues.

- The company reported a 3.8% increase in like-for-like revenues less pass-through costs, which refers to revenues absent of acquisitions, disposals, and other costs.

- In the US, those revenues increased by 4.5%. In China, where lockdowns continue to hamper spend, they fell 9.0%.
- Q3 revenues totaled \$4.1 billion, and year-to-date revenues hit £10.33 billion.
- “We’re not expecting a slowdown in the fourth quarter,” said WPP CEO Mark Read, as [reported](#) in The Wall Street Journal. “And actually, a couple of clients are looking to increase their budgets.”

Ads down: WPP’s results are welcome news for an industry saturated with cutbacks and concerns.

- Ad spending showed year-over-year [declines](#) in June, July, August, and September, according to a Standard Media Index report.
- August and September saw month-over-month rebounds from July’s [two-year low](#), but remained below 2021 numbers.
- [Nearly a third](#) of major advertisers are cutting their 2023 budgets, according to the World Federation of Advertisers. But the same portion of major advertisers expect budget increases next year.
- “We’re in stop-and-start traffic right now,” said our analyst Dave Frankland on a “[Behind the Numbers](#)” podcast earlier this month.
- Strong consumer spending is meeting rising prices. A healthy employment rate is being matched by headcount cuts in advertising and Big Tech. The result of these mixed signals is an [uneven ad market](#).

Ads all around: Total media ad spend increased by double digits this year, but the money is going to different channels.

- Worldwide, advertisers will spend \$907.12 billion this year, up 10.6% from last year. After 2021’s strong performance, growth is decelerating, but ad spend worldwide will cross \$1 trillion in 2024, according to our forecast.
- An increasing share of total media ad spend is going to digital. Worldwide, digital ad spend will total \$602.25 billion this year, accounting for 66.4% of all ad spend. Growth is decelerating here as well, but it’s outperforming total media ad spend. By 2024, digital will account for 70.8% of all media ad spend.

- And within digital, [spend is shifting](#) as marketers focus on discounts and direct-to-consumer advertising.

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