

So why is WPP doing this? Well, GroupM, which is responsible for more than \$60 billion a year in media spend, is central to WPP's turnaround. This has been positioned as preparation to deliver a new future-ready product for advertisers. Still, it feels more like a cost-cutting consolidation we have seen from the major holding companies in recent times to prop up the share price and keep investors happy.

GroupM has acknowledged that the structural change means job cuts, particularly from the upper mid and senior levels. In fact, layoffs are reported to have already commenced in the US. However, junior levels also face further job cuts as AI and technology continue to replace headcount.

While it is hard to see anything in this for employees, it is equally difficult to see a lot in this for advertisers. The existing agency brands, EssenceMediacom, Wavemaker, Mindshare and T&Pm, are all in great shape, winning business and managing client relationships.

The new model appears to be four storefronts, but only one store (*refer to the Al-generated image below*). Reducing these to simply labels over the door to the building will likely raise a significant issue for advertisers: competitive conflicts. In recent times, agencies have struggled to fulfil these commitments with shared office spaces, the consolidation of back-end services, and group trading. The removal of agency-specific titles and agency-specific P&Ls, with the agency brands now termed 'Homes' for clients within a unified entity, is unlikely to provide the protections and assurances required by procurement.



WPP needs to control its messaging, not just globally but in each of its markets. Poorly managed global communications come across as the cost-cutting measures of a holding company under duress, which belies GroupM's role as central to the WPP turnaround and transformation.

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## Source: Campaign Asia



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