

# TECHONOMY NYC

## The Global Economy, the Future of Media, and How to Think About Donald Trump

### Speaker:

Martin Sorrell

### Interviewer:

David Kirkpatrick, Techonomy

(Transcription by [RA Fisher Ink](#))

**Kirkpatrick:** So, Martin, I don't think I will go through a whole introduction.

**Sorrell:** Don't bother.

**Kirkpatrick:** You created much of the modern advertising industry. WPP was Wire and Paper Products. Wasn't that what it was called?

**Sorrell:** But again, research is important. Wire and Plastic.

**Kirkpatrick:** Plastic! I meant to look it up this morning. It was Wire and Plastic Products and it was mostly a grocery cart maker, right?

**Sorrell:** No, we couldn't make carts. We couldn't figure out how to put one basket on top of the other, so we made wire baskets—

**Kirkpatrick:** Wire baskets.

**Sorrell:** For the supermarket. Still do.

**Kirkpatrick:** Okay. Do you still make those?

**Sorrell:** Yes. Pots and pans.

**Kirkpatrick:** It's kind of like Wipro. They started with soap or something, right?

**Sorrell:** Yes. So it was a little shell company.

**Kirkpatrick:** But you had been the number three at Saatchi & Saatchi, basically—

**Sorrell:** No, there were lots of number three's.

**Kirkpatrick:** Yeah, well, you were very senior. You knew the ad industry is the point.

**Sorrell:** I think Andrew's here from the *Financial Times* and he will attest to the fact, you know, that there were lots of third brothers. There was Jeremy Sinclair, Bill Muirhead, Tim Bell—probably Tim had the greatest claim on the third brother moniker. I really basically worked very closely with Maurice on the development—on the financial side of the business, and the development of it by acquisition. And at one time it was the largest. We built it into the largest advertising and marketing company in the world. And then we sort of did it again—and I said we, because you said you did first person singular.

**Kirkpatrick:** It's always nice to give credit where credit is due.

**Sorrell:** Well, yes. Some credit would always be nice. My mom would agree with you on that if she was still alive. But, no, essentially it's an industry that I think is again going through tremendous change. Your conference sort of embodies a little bit of what's going on.

**Kirkpatrick:** I mean you took this company that was basically nothing, having come from a tremendous experience base—that's the point I'm making, and you built it. You bought many of the world's great—

**Sorrell:** We also grew organically.

**Kirkpatrick:** You grew organically also. But now, in terms of the big change that we're in the midst of, you've been part of it in all kinds of ways. But what has happened? What just happened to you? What can you tell us about that?

**Sorrell:** About what just happened?

**Kirkpatrick:** Yeah.

**Sorrell:** Or what's happening in the industry? There's two different questions there.

**Kirkpatrick:** I know. I'm more interested in the former than the latter at the moment.

**Sorrell:** I know where you're going, and I'm more interested in the latter than the former.

**Kirkpatrick:** You told me I could ask you anything but you might not answer everything.

**Sorrell:** That's right. I will try and put you in your place, which is extremely difficult to do, if you step out of line.

Talking about the industry, it strikes me—it sounds a bit like apple pie and motherhood—but there are two fundamental things that have always struck me. There'll be two buckets. One is geographical, and one is technology. The geographical bucket is, I think, far easier to sort of figure out. When I was at WPP, we were working extensively with Google, which is, just to put it in perspective—our media book at WPP was about \$70–75 billion dollars.

**Kirkpatrick:** That's how much media you purchased per year.

**Sorrell:** That's how much media the group purchases. And of that, \$5 billion goes to—or went last year—to Google, and from what I can understand so far this year, it's growing at not as strong a rate as Facebook, interestingly, and we'll come back to Facebook, but it's still growing.

This suggestion that in relation to the technology bucket, Google and Facebook are eating agency's lunch is something that I can understand people suggesting that they're encroaching. But I think fundamentally, if I look at the media book that we had last year, \$5 billion went to Google, \$2.1 billion went to Facebook; both were growing strongly. Not as strongly as Google and Facebook itself, but you've got to remember that Google, last year, was \$100 billion. This year, [advertising] will probably be \$125, \$130. Facebook was \$40. This year it'll probably be \$55. Still growing strong.

**Kirkpatrick:** Billion in revenues, off almost all advertising.

**Sorrell:** Advertising revenues, okay. They are the two leading destinations for WPP, and I would assume—though our competitors don't talk about their numbers—I would assume for our competitors too. They don't like being referred to as the duopoly, for obvious reasons, but they still have a stranglehold. The one threat to them is Amazon. And in the last quarter, you saw Amazon generate \$2 billion of ad revenue.

**Kirkpatrick:** What don't they generate revenue in? But yeah.

**Sorrell:** Well, that's a—

**Kirkpatrick:** Certainly this is a major direction.

**Sorrell:** It's good, sorry. So, if it's running at \$8 billion, there's a long tail at Google and Facebook. You have to remember, of that \$100 billion or that \$40 billion last year, we don't know how much, but something like 70 percent, is our guess—or is WPP's guess, comes from the long tail. So it's the old classified advertising.

**Kirkpatrick:** Yeah. Small businesses.

**Sorrell:** Yes. Increasing the primary demand. In fact, it's interesting that Amazon posted a figure, I think, of a million small businesses this week that advertise on Amazon. So Amazon's running of \$8 billion, sort of moving average. Obviously, with \$100, \$150 billion at Google, with \$40, 50, 55 billion at Facebook, that's the big opportunity—two big opportunities for Amazon. One is advertising, and they are very aggressive. And the second is search, which poses a big threat to Google and Facebook. So this is really the third force that you and I've talked about for many years. We hoped it would be Snap. It still could be, but, you know, we could debate that. But the real third force—and the question is if it's the right third force—is Amazon.

And I'll just give you one really interesting thing. I think I was at the Axel Springer Award for Jeff Bezos in Berlin about ten days ago. It was really interesting in the sense that, I mean, Bezos's achievements, as Warren Buffett pointed out in Omaha this weekend, are truly

extraordinary. Not just in one industry, but in cloud computing as well. Quite extraordinary. So extraordinary that even somebody like Warren Buffett didn't invest in Amazon.

But what was interesting about that experience in Berlin is that outside the Axel Springer building, and to your point about what you said the point of this conference is, there was a 24-hour demonstration by German workers—immigrant workers, mainly—about Amazon underpaying them below the German minimum wage. I don't think that's quite accurate, that claim, but it's about the social positioning of Amazon in our world.

And the fundamental issue, on the technology side, is you now have seven companies—and I was looking at the numbers. It's interesting that Amazon is now, I think, number two in market cap terms to Apple. So Apple is about \$930 billion. Probably will be the first company to crack a trillion.

**Kirkpatrick:** They said it could happen this week, potentially.

**Sorrell:** I think that's probably a little bit ambitious, but I think, you know, it looks like in the cards. And then you've got Amazon at about \$735 billion. And Google is now number four, I think. Microsoft has just eclipsed Google in terms of market cap. And then you have Facebook at five, and Berkshire Hathaway at six. And the two Chinese companies—Alibaba and Tencent—all around \$500 billion. Now the point is they're like seven sisters. And I use that analogy to go back to energy and oil. They dominate, and to your point—your little intro about Facebook, which I fundamentally I think probably disagree with you.

**Kirkpatrick:** Oh good, we can get to that.

**Sorrell:** We can get into that. But these seven companies have so much power. You know, they're all half-trillion-dollar companies. Bezos, as an individual, is worth probably \$107 billion. John D. Rockefeller, at his height, was worth, I think it was \$950 million, which in those days was an awful lot of money.

**Kirkpatrick:** Probably not \$110 billion in today's dollars, though.

**Sorrell:** Well, maybe, but he put \$50 to his family, and put \$900 into the foundation, which is interesting.

**Kirkpatrick:** Yeah.

**Sorrell:** In terms of—

**Kirkpatrick:** This is Rockefeller, yeah.

**Sorrell:** And I think the point about Facebook is that when you're as successful as they have been—and, in fact, all those seven companies. You'd probably put the two Chinese to one side, because of the Chinese government, the Chinese economy. With that power, with that revenue scale, with that market share, with those margins, with that liquidity, with that profitability,

comes responsibility. And I think that's the fundamental issue. What they have to realize is that when you get to that scale and that influence, the responsibility is enormous. And the quintessential point is—I think, and Mark Zuckerberg, when he was interviewed in Congress, was asked the question—but the fundamental question is are they technology companies or are they media companies? And I've always had the view that they are media companies—that Facebook and Google are media companies.

And, you know, I tried to do a poor man's imitation of you at Cannes, done it every year. A Cannes debate on the Friday at midday. This year, we're going to do a session with Ken Auletta on his new book that's coming out. But going back, when I did the first one about six or seven years ago, I had [someone] from Google, who was at Google at that time, somebody from Microsoft, from Yahoo, and the first question I asked them was, "Are you a technology or a media company?" And they all said they were technology companies. I fundamentally do not believe that that is the case. They are responsible for the content that flows through their pipes.

**Kirkpatrick:** Okay, there's that responsibility word again.

**Sorrell:** Yeah.

**Kirkpatrick:** Well, for somebody who didn't answer my question, that was very interesting.

[LAUGHTER]

**Sorrell:** You know, Warren Buffett is a master of not answering the question, and he gets away with it. I just fail.

**Kirkpatrick:** You didn't fail. Obviously, we are so pleased that you have the spunk to come despite the fact you've been in the news for not too flattering reasons.

**Sorrell:** The insanity. The insanity.

**Kirkpatrick:** No, I think it's great. Obviously, we'd love to know anything you want to tell us about that, but that isn't the main point of having you up here. So even though some journalists would press harder, I guess I won't on that. But if there's anything you can tell us about that, that would be fascinating. But, you know, going back to Amazon for a second—is it your prediction that they will, basically, be a third force of comparable power to Google and Facebook over time in advertising?

**Sorrell:** They already are in market capture.

**Kirkpatrick:** I mean in advertising.

**Sorrell:** Well, I think in advertising and search—in search, I feel—

**Kirkpatrick:** You mentioned that search is the next opportunity. They're not much of a presence there yet, okay.

**Sorrell:** Oh, no. Hold on.

**Kirkpatrick:** Inside at—

**Sorrell:** According to Kantar, which is the data division of WPP and therefore must be right.

**Kirkpatrick:** Okay. I'm glad you're still loyal.

**Sorrell:** According to Kantar, 55 percent of product searches in the United States arise from Amazon—in one way or another from Amazon. And with voice-activated devices, all the seven sisters have voice-activated devices. This is a big battle. You know, just before Christmas—

**Kirkpatrick:** All seven have them?

**Sorrell:** All seven.

**Kirkpatrick:** Facebook doesn't have one yet, but they're working on it.

**Sorrell:** No, but they're working on it.

**Kirkpatrick:** They are working on it.

**Sorrell:** And then you've got JD.com with the wonderfully named DingDong, which has been in operation in China for two years.

**Kirkpatrick:** Chinese company, yes.

**Sorrell:** Or two years, two and a half years, but didn't get much traction interestingly, but now is starting to get more traction. But if you think about the implications of voice-activated devices in terms of control of consumer relationships, control of data, it's formidable. And these two areas of advertising and search I think are the two big areas where Amazon really will rattle the cage. My sense is that Google and Facebook obviously have other things to deal with—other challenges, particularly Facebook at this particular point in time, but that's the battlefield.

**Kirkpatrick:** Okay. Well, I want to get to the economy and Trump, and I want to give the audience a chance to ask a question or two too, but this issue of the responsibility they have as media companies—

**Sorrell:** Yes.

**Kirkpatrick:** These companies. I guess what I'm especially eager to understand—and I do agree with that, by the way, and the companies adamantly continue to disagree with that. They prefer to disagree, whether they, in their hearts, disagree or not.

**Sorrell:** But the interesting thing, David, is I think Google has hired 10,000 people or are hiring 10,000 people. Facebook now are up to 20,000 people to monitor the content.

**Kirkpatrick:** So that's the right move.

**Sorrell:** Yes.

**Kirkpatrick:** I mean, what should they do differently as a result is what I'm getting at. And how much more do they need to do than what they're doing now?

**Sorrell:** Well, I think, ironically, they have to do more of what they're doing, which is they have to take responsibility for that content. Can't claim, you know, their digital engineers tightening these digital pipes with their digital spanners and they're not responsible for the stuff that's going through the pipes.

**Kirkpatrick:** Yeah.

**Sorrell:** It doesn't make any sense to me.

**Kirkpatrick:** Right.

**Sorrell:** And, in your article that you sent me in preparation for this grueling interview—

**Kirkpatrick:** Hey, I've hardly said anything.

**Sorrell:** That's the objective.

**Kirkpatrick:** I could be more grueling, believe me.

**Sorrell:** No. You talked about the inherent conflict you saw between Mark and Sheryl at Facebook—

**Kirkpatrick:** This is in *Time Magazine*. I wrote a piece a couple weeks ago.

**Sorrell:** —which I think is a really interesting piece. It may be dangerous to say this—

**Kirkpatrick:** Please.

**Sorrell:** But if I was managing the PR for Facebook, which I wasn't—I don't think WPP was either—I would have probably be more prominent with Sheryl, actually. One of the things that surprised—

**Kirkpatrick:** Except that every one of her appearances has been almost a total failure, but go on.

**Sorrell:** I disagree with that.

**Kirkpatrick:** Okay, explain why.

**Sorrell:** And I disagree. You pointed out that Mark was much more philosophical about connection, social network, and when you looked at the original S2 and the objectives he laid out for Facebook, we needn't talk about a corporation or profitability. He talked about connecting the world and everything around that. And it's true that Sheryl brought a different

emphasis, but I think the two together actually would have been a much more potent combination than Mark on his own.

**Kirkpatrick:** You mean if she had come to Congress?

**Sorrell:** Well, if, at Congress, you had seen the two of them there instead—

**Kirkpatrick:** Well she would have had the answers to some of the questions he didn't know the answers to.

**Sorrell:** Maybe. I mean, I don't know whether he didn't know the answers to all the questions he was asked, but I just think it would have been better balanced. It'd be a yin and yang. You know, left brain, right brain.

**Kirkpatrick:** But I want to keep pressing on this issue. What should they do differently? I mean, Facebook's hiring 20,000 people. Big whoop. I mean, they are basically—you know, the story about Sri Lanka is amazing where they basically were promoting discord at the highest level where people were killing each other in ethnic discord and the activists and the government both asked Facebook to do something about it—take down the fake content that was leading to that. Nothing happened until Sri Lankan government turned off social media in the country. And then Facebook said, "Oh, we can't show ads? We'll come and talk to you now." That's how they act.

**Sorrell:** But any—

**Kirkpatrick:** And they have no local language speakers.

**Sorrell:** How many users? Facebook? Over two billion.

**Kirkpatrick:** That's a lot.

**Sorrell:** Market cap, despite all the problems, over half a trillion.

**Kirkpatrick:** Right.

**Sorrell:** Profitability? You know, you pointed out, per dollar of revenue, highest margins of any company of their size.

**Kirkpatrick:** Almost ever.

**Sorrell:** Ever, right? You know, go to Apple, right? The most valuable company on the planet. We've seen some institutions—investors—complaining about the social impact of iPhones.

**Kirkpatrick:** We're going to hear about that at this conference.

**Sorrell:** Now, as these companies develop and they accumulate so much power and so much influence, just like the energy companies of a different era, it imposes on them certain responsibilities. With power, comes responsibility. And so, the answer to your question is they

have to do more of the same. I mean, they have been steadfastly unwilling—both Sheryl and Mark have been asked head-on. I think one Congresswoman asked Zuckerberg whether you're a technology or a media company. I think admitting that they are a media company, and they are responsible for the content, and, to your Sri Lankan example, they are responsible for the impact of any of those events—Cambridge Analytica, you know—

**Kirkpatrick:** I would go further.

**Sorrell:** We haven't gone—we've talked about the impact on the U.S. election. We haven't talked about what the potential impact was on Brexit—I mean on the Brexit election. Or the general election in the U.K. Or the election in Germany. Or the election in France.

**Kirkpatrick:** These are things people know about. But I would just finish this segment of the interview by saying one of the things they're responsible for that they have not taken responsibility for is having allowed themselves to grow so quickly in languages that they have absolutely no knowledge of, no speakers of, to the point that in those countries, they are the primary political force in countries where they have no local language expertise. That is fundamentally irresponsible in itself. They should not have allowed themselves to grow in that way if they couldn't manage it. That's the last I'll say on that.

I want to go to Trump and the U.S.

**Sorrell:** Well, just to one thing. They have done some things recently, or Mark has initiated some recently, that have affected either their revenues or their revenue potential. So I think you have to give them some credit—

**Kirkpatrick:** Yeah, he's slowly doing good.

**Sorrell:** For what they are prepared to do.

**Kirkpatrick:** He wants to do the right thing.

**Sorrell:** Exactly.

**Kirkpatrick:** He does. He definitely wants to do—

Let's talk about the economy. You know, you are kind of a booster of the way things are right now. Talk about how you see the world and the U.S.

**Sorrell:** I'm a Trump booster, am I?

**Kirkpatrick:** Well, you might come off that way in a minute. We'll see.

**Sorrell:** Okay.

**Kirkpatrick:** Obviously, one of the reasons I initially wanted you here is because every time I hear you talk about the economy, I'm like, "Whoah, this guy is like the best seer that I know."

**Sorrell:** I wish.

**Kirkpatrick:** You are good. So what do you think is going on right now?

**Sorrell:** Well, listen. I think the world is in reasonably good shape for a period of time. If I look at the U.S., which again, get it in perspective for a minute. You're talking about 20 trillion out of 70 trillion, roughly. China's another 10. So you've almost got half the world with the G2. So, when I talk about the geographical bucket—

**Kirkpatrick:** And you have a huge—I mean, WPP is huge in China.

**Sorrell:** Yes, huge.

**Kirkpatrick:** Always going to China.

**Sorrell:** Yes. Number three market. U.K., because of historical—big share in the U.K. 40 percent. US is about 22, 23. China—we're probably about 15 percent but there's nobody else really of the scale in China.

If I look at the U.S. economy—which, as I tell you, is 20 out of 70 if you put it in that way—who would have thought, you wouldn't, I wouldn't, that when Trump was elected on the day that my daughter was born (November 8, 2016, on Trump Day) I emailed early in the morning when Bianca was born at 5:40am, "Good omen for Hillary." Enough—enough of my forecasting abilities.

Who would have forecast where the Dow would be? Where the NASDAQ would be? Where the economy would be? Where the growth rate would be?

**Kirkpatrick:** Unemployment.

**Sorrell:** Unemployment. You know, breaching four percent, and historically, that's been a warning signal. So if you look at tax, somebody said to me last night about Steve Mnuchin, who I don't know, but who would have thought he would manage to get a tax bill through by the end of the year? I mean, that was extraordinary, because people earlier in the year said a tax bill is difficult enough but getting it by the end of the year is impossible.

**Kirkpatrick:** So the tax bill is something you applaud?

**Sorrell:** Well, highly stimulative. I'm going to come on to the timing for a minute, in a second. So, highly stimulative. Regulation, either by accident or design, regulation being not swept away but reduced significantly. The only—the third leg of the triumvirate, which is infrastructure investment, takes longer. Still to come. Again, from a Keynesian point of view, ironically, highly stimulative.

**Kirkpatrick:** You still expect it, even though it hasn't really happened.

**Sorrell:** I think it will come. Yes.

**Kirkpatrick:** It will happen. Okay.

**Sorrell:** Now the other thing is, despite what people—putting all the personal stuff to one side for a minute—if you look at it from an economic point of view, the U.S. economy is in good shape. How long it lasts is another question. I mean, that's the big question in my mind. It'll probably last through this year, or it'll probably last through 2019, but interest rate and inflation is creeping up. Interest rates will start to rise—it has already started to rise. I mean, in the U.K., because of Brexit, maybe the government—Mark Carney has said he's going to postpone increasing interest rates, so maybe it'll be delayed a little bit more, but interest rates will rise. So the real question is when is the first crack going to start to appear?

The other thing is, you know, what do I think is going to happen in the next general election here? I wouldn't bet against Trump being reelected. I mean, the issue is who can the Democrats field? And when you look—I know it's a long time in politics between now and the next election in 2020. And Kanye West has said it's not going to be 2020, it's 2024. But putting that to one side for a minute, who are they going to field? And I really think he has a good shot.

It was very interesting. The White House Correspondents' Association Dinner, which I watched on television—so you have Sarah Sanders sitting there with correspondents and all the stuff around Michelle Wolf. And he's out doing one of his campaign, you know, in Washington, wherever, talking to his constituency. That, to me, said everything. He was working the field whilst the people who were never going to vote for him were having that black-tie dinner in Washington. And I think that's the heart of that. I mean, he's very astute. Maybe in some ways that we don't like, but he's very astute. So politically very astute. So we'll see how it shakes out.

The rest of the world—just for a minute, just quickly—U.K., Brexit, big issue. I'm a Remainer. I'm still a steadfast Remainer. I think it's disastrous for the U.K. in the short term. Longer term, it will work out.

**Kirkpatrick:** Will they definitely split?

**Sorrell:** Well, you know, there are some signs now—I think the answer is yes. The probability of it not happening is probably low single digits.

**Kirkpatrick:** Too bad.

**Sorrell:** But we might—so, without—

I did go to a dinner and I know this is on the record and I won't say, it was with a prime minister of one of the EU countries and what he said—it was a private dinner—but what he said—I think I can say this, was really interesting. He said that in the transition period—so we have a transition period of a couple of years which is now being agreed. What the government calls the implementation—well, the U.K. government, Theresa May calls implementation period, we call a transition period.

He said—and if you remember, when Cameron went to Brussels to negotiate the final deal, one of the big issues was how you controlled immigration. Because that’s what Brexit was about, really about, immigration. Which, to some extent, the U.S. election and other elections in Europe, were about, too. And the deal that the EU said was, “We will decide that the center, at Brussels, what the immigration caps are for the 27 nations in the EU.” What this prime minister said may happen in the transition period is that the EU will relax that to the extent that each member state will decide what the immigration cap is.

So, for example, if, I don’t know, Poland or somewhere felt, or Germany, or whatever—unlikely but possible—there were too many immigrants, they would have the sovereign right to cap it and control the immigration policy. And he thought that was a compromise that the U.K. and other member states would find acceptable. Maybe far-fetched, but interesting, the prime minister of one of the countries would say that was a possibility.

So, I wouldn’t say there was zero possibility. And there is something. You know, the House of Lords are voting against the government on a number of occasions in relation to Brexit, in implementation dates. There’s a vote today, I think, on the implementation date. So, we’ll see. But the disruption is significant. Western content of the Euro is improving, but there are stutters. You know, this morning, Italy. Yesterday, somebody wrote to me from Italy, saying the Lega Nord and the Cinque Stelle, who are from the opposite ends of the political spectrum, are going to get together and form a coalition. This morning it’s collapsed.

So, you have a lot of—Spain, there are issues. Germany, there’s issues. Merkel’s power in Germany is not what it was, although she’s stuck around. Macron. Tremendous change, psychologically, in France, but implementing it, we’re starting to see the implementation issues rear their ugly head. Asia. China. One thing that I think is really important, David. China is on its way, big time. And if anybody in this room thinks that China is going to play second fiddle, think again.

**Kirkpatrick:** For the U.S., you mean. Yes.

**Sorrell:** Yes. If anybody in this room thinks that China is inferior in technology, think again. Everybody in this room should go to Shenzhen and sit on the Huawei campus with 50,000 people, out of 200,000 people in that company, and think again. It may be that the sanctions against ZTE and potentially, Huawei, will check them, and maybe it will check them, but it’s only a question of time.

**Kirkpatrick:** Yes or no answer, was the ZTE action on the U.S. the right thing to do?

**Sorrell:** Well, my view, no. My view is, it’s somewhat of a trade war, by the way, at the moment. It’s more of a trade tiff. And actually, I think the president will secure some concessions. I’m more worried about what’s going to happen at 2:00 this afternoon than I am about what’s going to happen in the context of Iran.

**Kirkpatrick:** Yes. So, you are worried about that.

**Sorrell:** Just one little fact. Fareed Zakaria was very bullish on Iraq and I think there have been some positive changes. Well, one thing I heard about Afghanistan that really worried me, we're doing some research up at Tufts in the international affairs school on Afghanistan. The Taliban controls 47 percent of Afghanistan today, and that excludes what ISIS controls, which is also significant. That's my thing.

**Kirkpatrick:** Don't answer it.

**Sorrell:** There's somebody ringing me, saying I said the wrong thing.

[LAUGHTER]

**Kirkpatrick:** So, that's scary. Alright, I want to take at least one audience question. Can we get the lights up? Two, good. Okay, yes, because I want to ask him one more, myself.

**Kelen:** I'm Tanya Kelen from Promena VR, based in Michigan and Toronto. The question is, when you talk about those sisters, the seven sisters, where do you think they want to be in the merge of tech, media, and healthcare?

**Sorrell:** Where do I think the—

**Kelen:** Where do you want to sit at the intersection of connecting the dots between technology, media, and healthcare?

**Kirkpatrick:** Briefly.

**Sorrell:** I have no idea.

**Kirkpatrick:** Okay.

**Sorrell:** No, the answer is, I think that all seven, in ways—the Chinese models are very different to the U.S. models. So, if you look at Tencent and Alibaba, really, they combine aspects of Google, of Facebook, of Amazon, not so much of Apple, maybe, but they pull it all together into a very significant whole. And it's their whole approach, for two reasons. One, I think they think it's strategically, as the intersection of all the areas, all the categories that you talked about. And secondly, the role of the Chinese government, in terms of stimulating and influencing them, is extremely important.

**Kirkpatrick:** Your phone is talking.

**Sorrell:** This is my son and heir, who refuses, refuses, my third son and heir, who refuses to listen to what I'm trying to say and puts me off when I—

**Kirkpatrick:** But I love the way you keep coming back to the power of China. So, that's the lesson we'll take away from that, and I'd like to hear one more, and then I have one for you.

**Gray:** Good morning. Thank you so much for being here. My name's Kimberly Gray. I'm the founder and CEO of Uvii, a video commentary platform, embedded plug-in. So, my question is more to you having such a huge history in advertising. Where do you see the future of traditional advertising in a digital world? With so many eyeballs leaving, cable—

**Sorrell:** Good question.

**Kirkpatrick:** You mean print and television, that kind of thing.

**Sorrell:** So, this enables me to come a little bit of what David was trying to really get me here for. And I can say this, having been extracted, if that's the right word, from WPP.

**Kirkpatrick:** What is the right word?

**Sorrell:** Extracted.

[LAUGHTER]

**Sorrell:** A few weeks ago. And your question gets to the heart of the matter. If I look at WPP, it's a legacy company, because constituent parts of WPP are not WPP itself. They started in 1985 with Wire and Plastic Products. But no, J. Walter Thompson, I think, is 150—Kevin can correct me—153 or 154 years old. With all the great things, reputation, knowledge, experience, that a legacy company have, but with all the warts and problems that legacy companies have.

So, there are legacy parts of WPP and there are, let's say, new wave parts. And clearly, the growth of some is very important, or the growth of the latter is extremely important, and the traditional parts are extremely, sometimes, much more difficult to deal with. Coming out of being extracted from WPP, I think I can see much more clearly where there are the growth pieces and where there are the more challenge pieces.

And I don't want to say that the traditional advertising business is not capable of reinvention. It is capable of reinvention. And it will be reinvented. And everybody who runs what people call holding companies understands this. They're not silly about this. They understand they have to reinvent. How many clients have I heard in the last year or so say to me, "What is the new agency model? What's the future agency going to look like?" They continuously ask about that. Many CMOs of the leading companies.

You take Procter and Unilever. Those two clients are number two and number three, for example, at WPP. Both say you have to more agile, you have to be more responsive, you have to be less layered, you have to be less bureaucratic, less heavy, you have to be more technologically capable and competent, more content-orientated, more data. Those are the three areas, technology, data, and content, that are critically important. So, trying to bring those together in a legacy context is extremely important.

**Kirkpatrick:** Okay, that said, what are you going to do now?

**Sorrell:** Well, the first thing that I'm going to do is to tell my son—

**Kirkpatrick:** Tell him you'll call him back in five minutes.

**Sorrell:** I'll call you back.

[LAUGHTER]

**Sorrell:** I'm going to start again, David.

**Kirkpatrick:** You're going to start again.

**Sorrell:** Yes, yes.

**Kirkpatrick:** Tell us more about that.

**Sorrell:** No, I won't tell you any more about that, but I will tell you I'll start again.

**Sorrell:** I'm not going to go into voluntary or involuntary retirement.

**Kirkpatrick:** So, basically, the kind of industry that you still—you were just describing—where the old values still matter but we're now in a world of Amazon, coming up the tailpipe of Facebook and Google, you're going to continue playing in all that world.

**Sorrell:** I love the industry. It's an industry that—it was serendipity that I happened, when I met the Saatchi brothers in 1975 through James Gulliver, that was serendipity. That was chance. I was looking for an industry where the barriers to entry, not physical but mental barriers, were not significant. And this was an industry where I thought, rather like sports and entertainment, that the barriers to entry were very, very low and extremely open. So, over the years since then, that we've operated in the industry, I found it an extremely attractive industry to continue a career in. So, it's something that I enjoy. The people, I find engaging. Sometimes, though, they can be difficult. In fact, the better the people, the more difficult they are.

**Kirkpatrick:** Okay. Well, you'll still have a lot of them, I hope, and do a lot of great things.

**Sorrell:** Well, good. Thank you very much.

**Kirkpatrick:** We look forward to hearing from again and thank you so much for coming—

**Sorrell:** Despite this interruption.

**Kirkpatrick:** Your son is really persistent.

**Sorrell:** Very persistent!

**Kirkpatrick:** Well, thank you so much.

**Sorrell:** Thank you very much, David.

[APPLAUSE]