

strategy&

Review of Ascential's Markets

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Ascential*

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We have reviewed the market for 3 segments

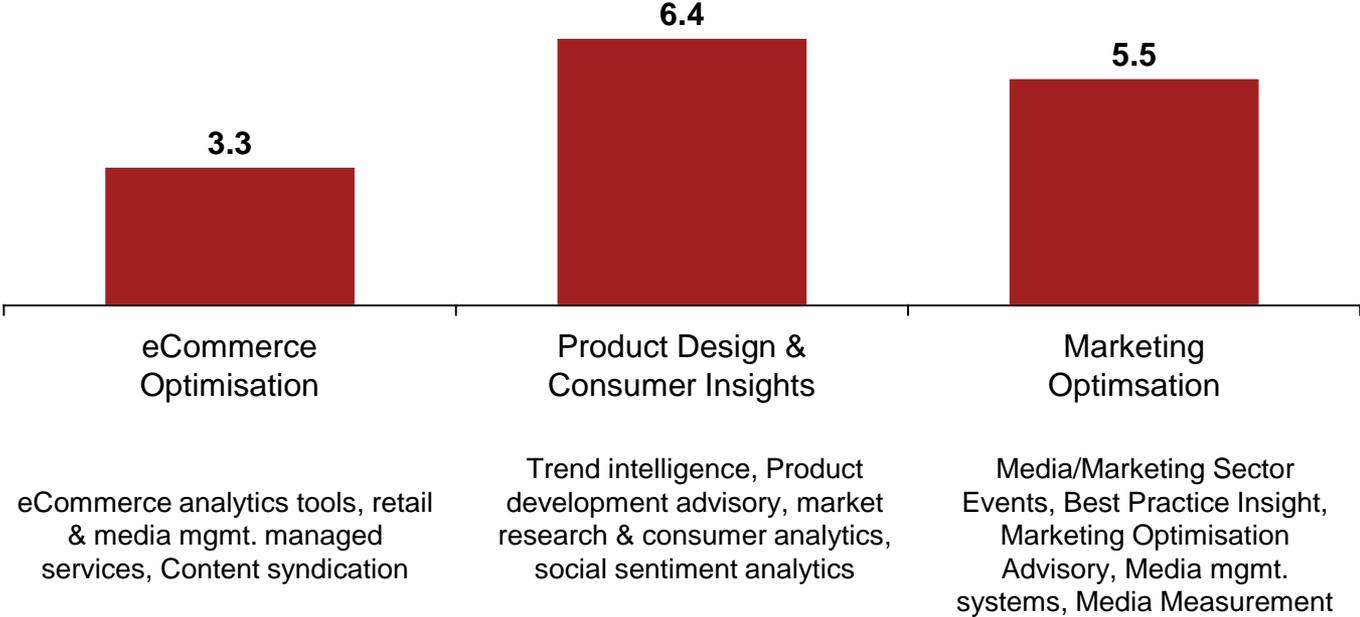
| Ascential segments | Ascential brands | Market |
|--------------------|---|--|
| Digital Commerce | Edge Flywheel Yimian X Target Intellibrand | eCommerce Optimisation: <i>Businesses that provide analytics tools and services to help manufacturers optimise multi-platform eCommerce execution</i> |
| Product Design | WGSN | Product Design & Consumer Insights: <i>Businesses that provide insight, data and analytics, and advice on consumer trends and forecasts to help businesses design products</i> |
| Marketing | WARC Cannes Lions MediaLink Hudson MX ¹ | Marketing Optimisation: <i>Businesses that help brands and agencies optimise the creativity, effectiveness and efficiency of marketing</i> |

We have not reviewed Ascential's other segments (inc. Retail and Financial Services, and Built Environment and Policy)

Ascential operates in a large market which we estimate to be c.\$15bn in 2019

Ascential Global Market Size – Current Spend
\$bn, 2019

Σ = \$15.2bn **INDICATIVE**



Market sub-segments

Ascential market share

Ascential has a 6% share of eCommerce excluding Managed services in China¹

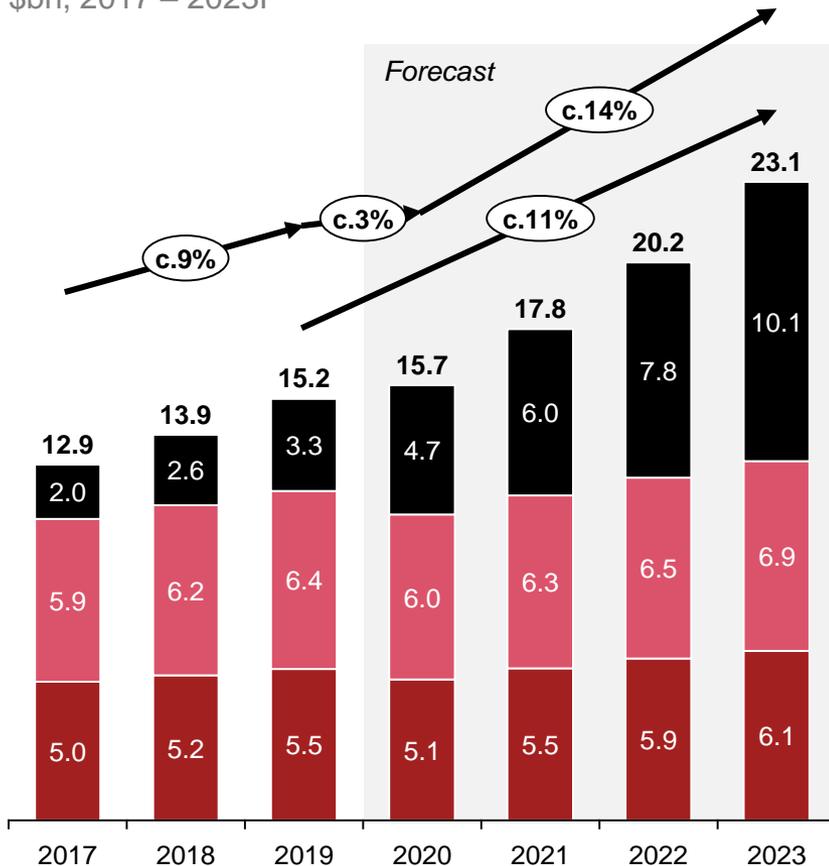
Notes: 1) China has been included in the e-commerce optimisation market sizing, but China's market size is only directional since it is very hard to estimate and has quite different dynamics to other markets, hence Ascential's market share excluding China is also shown. | Source: Strategy& analysis

Ascential is positioned across fast growing markets, particularly in eCommerce optimisation

Global Market Forecast

\$bn, 2017 – 2023F

INDICATIVE¹



| | CAGR 17-19 | CAGR 19-20 | CAGR 20-23 | CAGR 19-23 |
|--------------------------------------|------------|------------|------------|------------|
| eCommerce Optimisation | 30% | 40% | 29% | 32% |
| Product Design and Consumer Insights | 5% | -7% | 5% | 2% |
| Marketing Optimisation | 4% | -7% | 6% | 3% |
| Total | 9% | 3% | 14% | 11% |

We estimate overall YoY growth of 3% from 19-20 with growth in eCommerce Optimisation market offsetting declines in Marketing Optimisation and Product Design & Consumer Insights as a result of COVID-19

In eCommerce optimisation, Ascential is well positioned in fast growing segments, particularly managed services

eCommerce Optimisation Trends

- Continued global channel shift towards online, with growing penetration in new sectors and customer segments
- Increasing innovation and complexity of eCommerce value chain, driving increasing need for third party support

eCommerce Optimisation Sub-segment Growth Trends

| Sub-segments | Forecast growth CAGR 19-23 ¹ | Trends driving growth |
|-------------------------------|---|--|
| Analytics tools and advisory | 10-20% | <ul style="list-style-type: none"> • Increased penetration of analytics tools in new sectors and smaller companies • Continued growth in ARR per customer supported by demand side drivers (increased automation, combining data sources) and supply side drivers (product innovations, cross-selling initiatives) |
| Retail mgmt. managed services | 20-30% | <ul style="list-style-type: none"> • Underlying growth of 10-20% in eCommerce sales, assumed to pass through to provider revenues • Historical penetration growth of c.10ppts expected to continue over forecast period due to increasing penetration in new sectors and smaller companies, growing sophistication of eCommerce strategies, and the need to manage merchandising across multiple platforms |
| Media mgmt. managed services | 40-50% | <ul style="list-style-type: none"> • Underlying growth of 20-35% in eCommerce advertising, driven by a growing number of marketplaces enabling self-serve media buying, and increasing focus by brands on eCommerce advertising • Relative complexity and nascency driving penetration of outsourced services across new sectors and smaller companies |
| Managed services in China | 30-40% | <ul style="list-style-type: none"> • Managed services supported by continued high growth within eCommerce • Emergence of new eCommerce platforms, e.g. Pinduoduo supports demand for cross-platform service providers |
| Content syndication | 10-20% | <ul style="list-style-type: none"> • Increasing importance for managing content across multiple platforms driving penetration growth |

In Product Design, specialist insights and tech-enabled services are capturing growth within the market

Product Design & Consumer Insight Market Trends

- Increasing demand for data driven and tech-enabled insights to leverage 'Big data'
- eCommerce data enabling more granular and precise insights

Product Design & Consumer Insight Sub-segment Growth Trends

| Sub-segments | Forecast growth CAGR 19-23 ¹ | Trends driving growth |
|------------------------------|---|---|
| Trend intelligence | 2-8% | <ul style="list-style-type: none"> • Increasing demand for specialist product trend insight driven by shorter design cycles, and increased concentration of investment within products • Increased need for specialist analysis to understand changes in consumer behaviour driven by COVID-19 • Specialist providers with unique data assets and tools capturing share of wallet from traditional market research providers |
| Product design consultancy | 0-4% | <ul style="list-style-type: none"> • Increasing demand for advice to understand shifting consumer trends • AI not sufficiently capable of predicting trends alone, therefore continued demand for mixed approach of data and advice |
| Consumer sentiment analytics | 8-13% | <ul style="list-style-type: none"> • 'Big data' and developments in AI enabling deeper and more accurate monitoring and prediction to inform product design and marketing • Higher growth as sub-segment more weighted towards the use data and analytics |
| Traditional market research | 0-3% | <ul style="list-style-type: none"> • Declining demand for traditional research sources and pricing pressure for mature POS data sources expected to continue, key players offsetting decline through growth in analytics, particularly integration of offline, online (including eCommerce sales), and media data sources • Lower growth as sub-segment weighted towards traditional consumer survey research |

In Marketing Optimisation, Ascential is positioned in faster growing segments such as Software and Advisory

Marketing Optimisation Market Trends

- Increasing demand for data driven and tech-enabled insights, as well as greater automation
- Convergence of advertising, marketing, and digital customer experiences

Marketing Optimisation Sub-segment Growth Trends

| Sub-segments | Forecast growth CAGR 19-23 ¹ | Trends driving growth |
|---------------------|---|--|
| Events & Benchmarks | 2-6% | <ul style="list-style-type: none"> • Stable long term demand for events and best practice insights • Events impacted severely by COVID-19, however leading (“must attend”) events are expected to recover more strongly |
| Advisory | 2-6% | <ul style="list-style-type: none"> • Demand for marketing transformation within brands, driven by continued shift to online, increasing convergence of advertising with digital customer experiences and wider marketing and increasing appetite for in-house capability • Ad Agency transformation, including organisational and technology transformation, driven by pressure to be more efficient and lead innovation for customers |
| Media mgmt. systems | 2-6% | <ul style="list-style-type: none"> • AdSpend forecast to grow at 4%p.a. in post COVID-19 period • Within the market there is demand for multi-channel integrated buying and selling platforms – likely to cause displacement of legacy platforms as well as contributing to growth within the market • Additional demand for software tools from in-house media teams as in-housing grows |
| Measurement | 0-3% | <ul style="list-style-type: none"> • Shift to measurement of OTT and Digital (including eCommerce AdSpend) • Increasing integration with sales data |

Market definitions

| Market | Market sub-segment | Definition |
|------------------------------------|------------------------------|---|
| eCommerce optimisation | Analytics tools and advisory | Software, data and insights, usually in the form of dashboards or data feeds, used to assess and optimise eCommerce strategies, providing insight into customer and competitor digital performance metrics (e.g digital shelf). Includes provision of consulting to provide insight on performance of eCommerce, identifying opportunities for optimisation |
| | Content syndication | Software supporting customers in providing and maintaining consistent product and brand information across multiple digital platforms, including the provision of platform-specific guidance on product content presentation |
| | Retail mgt. managed services | Managing product/retailer sales and merchandising activities across multiple digital marketplaces (e.g. content, assortment, reviews, promotions etc) |
| | Media mgt. managed services | Managing and trading customer advertising spend across digital marketplaces with self-serve trading (e.g. Amazon, Walmart) |
| Product Design & Consumer Insights | Trend intelligence | Market research and insights providing detailed data and editorial content on specific trends within a market, focussed on consumer products industries |
| | Product design consulting | Outsourced product design and development support |
| | Traditional mkt. research | Market research providing market, consumer spending information/data, analysis of market dynamics and trends, and bespoke research in various industries, particularly focused on consumer products |
| | Consumer sentiment analytics | Analytics tools that track consumer sentiment data, largely from social media, to determine and predict trends in brand perception and consumer preferences |
| Marketing optimisation | Media mgt. systems | Tools to research, track, approve and measure marketing performance |
| | Advisory | Marketing optimisation advisory including strategy, transformation, op. model reorganisation, martech strategy/selection, media review/audit, and executive search |
| | Events & benchmarks | Industry events and awards focussed on marketing effectiveness and optimisation along with the provision of marketing best practice, competitor insights and benchmarks |
| | Measurement | Audience and marketing measurement across media types to optimise ad spend |

Market size methodology

| Market | Market sub-segment | Market Size methodology |
|------------------------------------|---|---|
| eCommerce Optimisation | Tools and advisory (analytics tools, content syndication and advisory services) | Triangulation of top down and bottom up: 1. Top down estimate, based on total number of addressable customers and average ARR 2. Bottom up estimates of key providers |
| | Retail Mgmt Managed Services | Triangulation of top down and bottom up: 1. Top down estimate, based on the size of the eCommerce market, proportion of spend on marketplaces by large brands in relevant sectors, and estimated penetration and average commission fees, with an uplift for the Chinese market 2. Bottom up estimates of key providers, including TPs in China |
| | Media Mgmt Managed Services | Triangulation of top down and bottom up: 1. Top down estimate, based on marketplace ad spend, the proportion of spend by large brands in relevant sectors, and estimated penetration and average commission fees, with an uplift for the Chinese market 2. Bottom up estimates of key providers, including TPs in China |
| Product Design & Consumer Insights | Trend Intelligence & Advisory | Top-down approach using a population of clients, avg. spend, and share of wallet. |
| | Market Research & Consumer Spending Analytics | Triangulation of top down and bottom up: 1. Top down based on third party data (inc. ESOMAR), identifying addressable services and sectors 2. Bottom up estimates of key providers |
| | Social Sentiment Analytics | Bottom up estimates |
| Marketing Optimisation | Events, Media Measurement, Best Practice, Advisory | Bottom up estimates of key providers |
| | Media mgmt systems | Triangulation of top down and bottom up: 1. Top down estimate, based on share of AdSpend 2. Bottom up based on estimates of key providers |