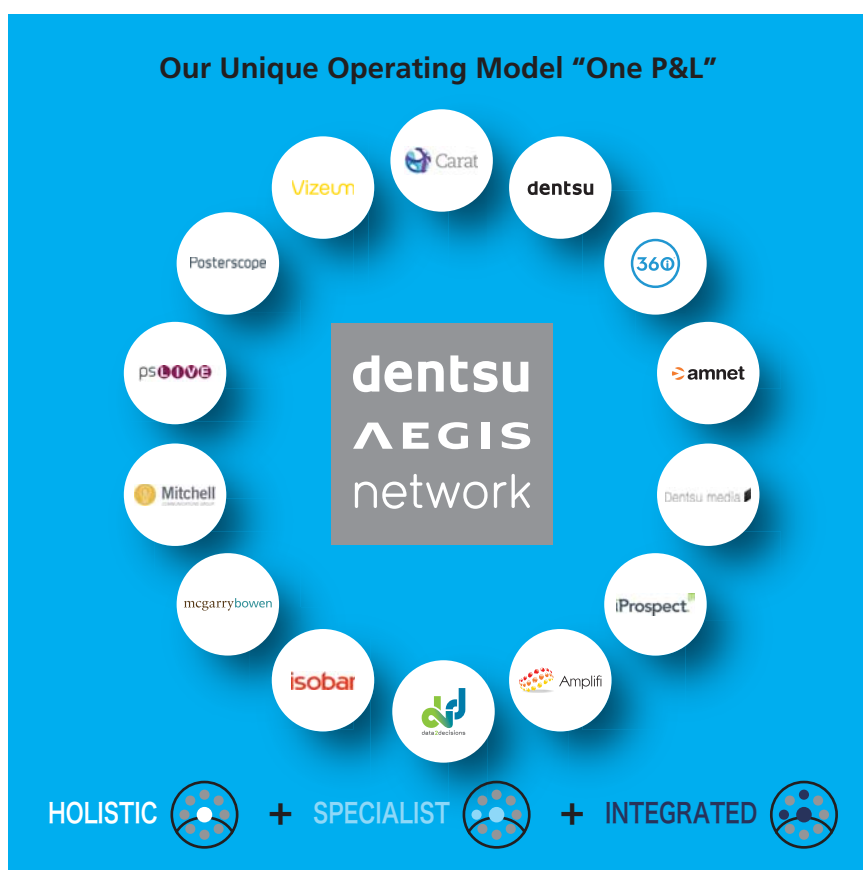


# Dentsu Group Strengths

## One P&L

The Dentsu Group has a unique operating model designed for marketing convergence and globalization, the major driving forces of the advertising world. This operating model is enabled by a one-P&L-per-country structure, unique in the industry, which empowers our local teams to offer specialist and integrated services to clients at a local level, supported by a regional and global infrastructure. A key element of this infrastructure is our eight global network and six specialist/multimarket agency brands, which deliver our integrated and specialist approach, supported by local agency brands in certain countries. Underlying this structure is a comprehensive organizational blueprint, which delivers opportunities to enhance efficiency. Our operating model drives a culture of collaboration and delivery among our people, supported by a consistent vision and set of values, which ensures they deliver their best work for our clients. So, in the context of marketing convergence and globalization, our unique operating model truly differentiates Dentsu from the other global agency groups.


















## Capabilities Creative

The Dentsu Group delivers optimum solutions, including television commercials, in various domains, such as advertising, entertainment content, public relations and product design, by masterfully aligning ideas, media and people unrestricted by conventional formats and digital/traditional borders.

The Group's high creative capability is substantiated in the number of globally authoritative advertising awards.

In addition to the international advertising awards noted below, the Group was singled out for recognition at the 2014 Asia Pacific Advertising Festival, capturing "Network of the Year," "Advertising Agency of the Year" and "Interactive Agency of the Year"—a triple-crown achievement—while at the 2014 D&AD Awards, the Group shone as the "Most Awarded Digital Agency." At the Cannes Lions International Festival of Creativity, the Group accrued the third-highest number of points in the "Asia Pacific Regional Network of the Year" category, and on its own, Dentsu was named runner-up in the "Agency of the Year" category.

Key International Ad Award Wins				
	Grand Prix	Gold	Silver	Bronze
March 2014 Asia Pacific Advertising Festival (ADFEST) <sup>1</sup>	 x5	 x6	 x16	 x19
May 2014 The One Show <sup>2</sup>		 x4	 x5	 x6
May 2014 D&AD Awards <sup>3</sup>	 x1	 x3		
June 2014 Cannes Lions International Festival of Creativity <sup>4</sup>	 x1	 x11	 x9	 x12
June 2014 Cannes Lions Health Festival <sup>5</sup>	 x1	 x2		

<sup>1</sup> The largest ad festival in the Asia Pacific region, ADFEST was established in 1998 with the support of the Asian Federation of Advertising Associations (AFAA). It is one of the most prestigious advertising festivals in the world.

<sup>2</sup> The One Show is an esteemed advertising award sponsored by The One Club, a U.S. non-profit organization formed to discover and foster talent in young creators.

<sup>3</sup> D&AD, a non-profit organization headquartered in the United Kingdom, was founded in 1962 under the name British Design & Art Direction. The annual D&AD Awards are recognized worldwide as the most difficult to earn in the field of design and advertising due to a particularly rigorous screening process.

<sup>4</sup> The Cannes Lions International Festival of Creativity got its start as a cinema screen advertising contest within the Cannes International Film Festival but became a separate event in 1954. It has gained particularly high recognition among numerous international advertising awards for its scale, the composition of its judging panel, and the high level of the award-winning works.

<sup>5</sup> In 2014 at the inaugural Cannes Lions Health Festival, a new show preceding the main Cannes Lions International Festival of Creativity, "Mother Book," one of the pieces of work that Dentsu produced, won the first-ever Health and Wellness Grand Prix.

## Capabilities Creative

### Column: Dentsu Creativity



Yuya Furukawa  
Head of Communication Design Center,  
Executive Creative Director,  
Dentsu Inc.

The advertising industry, itself, stands at a historic crossroads—a point of coexisting crisis and opportunity. What you can be sure of is the only agencies likely to survive in the 21st century are those that have over the last few years discovered new domains and successfully orchestrated structural changes. I believe the key to success is creativity.

Dentsu's creative strengths are, simply, "height" and "pervasive presence." The issues that agencies must resolve are becoming increasingly sophisticated and diversified, and in this environment, the creative domain is expanding as well. The Cannes Lions International Festival of Creativity—the world's most influential advertising event—had 17 categories as of 2014. Whatever the category, from film to cyber, promotions, outdoor, design, PR, innovation, branded content and entertainment, and all the way to product design, Dentsu has the expertise to address any and all needs. Moreover, we have the

high-level direction capabilities to integrate all these areas of expertise into the most ideal and most powerful solutions. If Dentsu, as an agency for tomorrow, prioritizes the use and integration of all these diverse components, we will gain a huge advantage.

In 2014, Dentsu was named runner-up in the Agency of the Year category at the Cannes Lions International Festival of Creativity. That is the best any Japanese ad agency has ever done. "Sound of Honda / Ayrton Senna 1989," which captured the coveted Titanium Grand Prix, took Senna's driving data and converted it into something emotional through the power of creativity. Dentsu complemented this coup with honors in a wide range of categories, including the first ever Health and Wellness Grand Prix for "Mother Book." This recognition serves to validate the pervasive presence Dentsu has built across multiple domains and the height to which its innovation and creativity reach.

Of the 26 people who have received a "Creator of the Year" award from the Japan Advertising Agencies Association, which recognizes outstanding performances by creatives in Japan, 24 were Dentsu professionals. Looking at other results, such as recognition from the All Japan Radio & Television Commercial Confederation (ACC) for television and radio advertising, Dentsu demonstrates overwhelming strength in domestic mass media domains, including television.

The role that agencies have to fulfill going forward is evolving beyond simple solutions to client issues through advertising. Agencies need to be able to pinpoint all the issues that clients face in their operations at home and abroad and address them through approaches that utilize advertising as well as those that do not. The world faces a mountain of issues, so diverse in scope and bigger than anything ever seen before. Japan, in particular, is said to be showing the impact of social issues ahead of other advanced countries. I see this as an opportunity. If we can harness the power of ideas and use it to create

## Capabilities Creative

solutions to prevailing issues, we will be able to bring some happiness to people around the world.

Dentsu will strive to establish itself as the world's foremost solution company. Our job is to make the world a better place through the power of creativity.

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Yuya Furukawa  
Head of Communication Design Center,  
Executive Creative Director,  
Dentsu Inc.

- 1980 Joined Dentsu Inc., assigned to Creative Division
- 1987 Won first-ever Cannes Gold Lion
- 1998 Won Dentsu Award for TV Advertising
- 2003 Won Grand prix at ADFEST
- 2005 Won the Japan Advertising Agencies Association's Creative Person of the Year Award  
Served as Film category jury member at the Cannes Lions International Festival of Creativity
- 2011 Won Grand Prix at the ACC Commercial FESTIVAL
- 2013 Appointed Head of Communication Design Center and Executive Creative Director of Dentsu Inc.  
Served as Titanium and Integrated category jury member at the Cannes Lions International Festival of Creativity
- 2014 Served as Film category jury member at the Cannes Lions International Festival of Creativity

Today, as a foremost expert of integrated direction who solves issues using various methods, he leads advertising and other various kinds of projects and also is responsible for enhancing the level of the solution fields overall.

## Capabilities Digital

In the era of marketing convergence<sup>1</sup>, with digital technologies changing the way in which advertisers need to market their products to consumers, our clients are looking to agencies to help them innovate across multiple channels and platforms. With this in mind, the Dentsu Group has scale and depth in digital and we will continue to build our digital capabilities and increase our focus on innovation through making bolt-on acquisitions in the future. This will ensure our clients are able to continue to be innovative, in areas like programmatic buying, which is becoming part of every digital channel—across display, video, mobile and social. Across our digital agencies, both Isobar and 360i won a number of “Digital Agency of the Year” awards in 2013, across various regions, and iProspect achieved several “Performance Agency of the Year” awards, highlighting the quality of work our digital agencies deliver for clients.

<sup>1</sup> New marketing paradigm reflecting spread of digital media and social media in recent years as well as changing consumer behavior patterns and progress in all kinds of technologies

### Achievements of Key Dentsu Digital Brands

“Digital Network of the Year” for  
two consecutive years (2011–2012)<sup>2</sup>

**isobar**

Third largest U.S. search-marketing agency (2013)<sup>3</sup>



Fourth largest U.S. search-marketing agency (2013)<sup>3</sup>

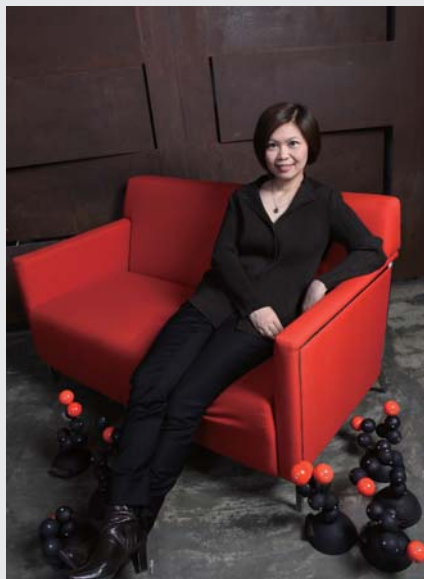
**iProspect**

<sup>2</sup> Source: *Campaign Asia-Pacific*

<sup>3</sup> Source: *Advertising Age*, April 28, 2014 edition

## Capabilities Digital

### Column: Delivering Ideas Without Limits



Jean Lin  
Global CEO, Isobar

Our vision at Isobar is to deliver “Ideas Without Limits” for our clients, by blending the creative thinking of our people with the expertise we have developed in building technology. We are a global full-service digital marketing agency known for creatively tackling the largest, most complex problems in the digital space across multiple channels.

Our performance in 2013 provided our network with a strong foundation from which to build Isobar’s “Ideas Without Limits” vision. Last year, we won over 280 client assignments, over 170 awards, including 18 “Agency of the Year” awards, and we were selected as *Campaign’s* “Most Awarded Digital Agency Network” in the Asia Pacific region in 2013 and 2012.

#### “Borderless Thinking” requires global coverage and continuous innovation

By ensuring we are focused on delivering “Ideas Without Limits” for our clients, we aim to create a

truly global full-service brand commerce agency, supporting our clients to become more effective in commerce-building brands by putting the last mile first.

This ambition is based on borderless thinking, requiring global coverage, capabilities and presence. To this end, Isobar now has over 3,000 people in 40 countries around the world, with over half of our people based in BRIC economies—closely matching our clients’ development and investment agendas.

Our ambition is also built on a relentless focus on innovation, ensuring Isobar can deliver borderless thinking, built on evolving technology, and can design scalable business solutions that are personal, adaptive and valuable.

#### Depth in digital capabilities is our key differentiator

To achieve our ambition, we are building a consistent global network, where our Isobar agencies in all major markets have strength in depth to deliver the following services to our clients:

- **Strategies:** We devise digital strategies that transform business processes and reinvent industries
- **Campaigns:** We create, distribute, measure and optimize digitally centered programs and campaigns
- **Experiences:** We design user-centric experiences that tell brand stories throughout the customer journey on multiple screens
- **Platforms:** We build highly scalable and flexible technology solutions that are business critical
- **Products:** We invent new revenue streams for clients by designing digitally enabled products and services

We believe that it is this depth in digital capabilities that will truly differentiate the Isobar offering from our competitors, enabling us to support our clients innovatively in engaging with consumers and managing transactions in an increasingly complex

## Capabilities Digital

marketing environment. Therefore, while “digital” as a proposition will still enable business transformation, it will no longer be a key differentiator for agencies—“depth in digital” will be the key driver for Isobar for the years ahead.

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Jean Lin  
Global CEO, Isobar

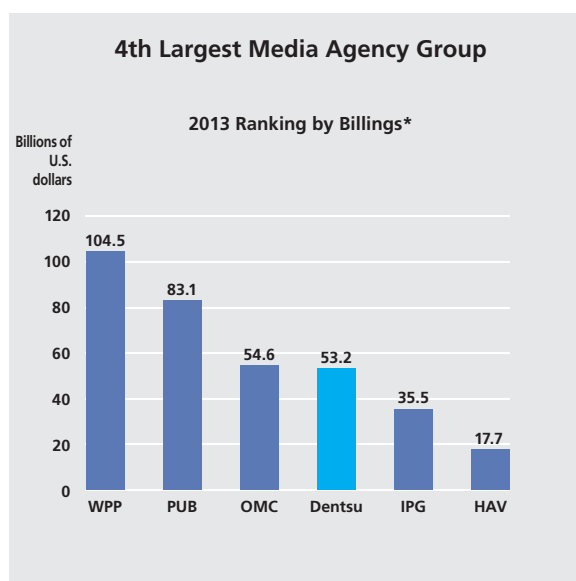
- 1999 Founder and CEO of wwwins Consulting
- 2004 Appointed Regional Director of Isobar, following acquisition of wwwins Consulting by Aegis Group plc
- 2009 Appointed Global Chief Strategy Officer of Isobar
- 2010 Appointed CEO, Asia Pacific of Isobar
- 2014 Appointed Global CEO of Isobar

Ms. Lin, a driving force in Isobar’s development and expansion, began her career at Ogilvy & Mather in Taiwan.

## Capabilities Media

The Dentsu Group is now a leading global player in the media business and will continue to build its position as a global media agency, while continuing to drive its market-leading position in Japan.

The Group's media agency networks include Dentsu in Japan, and Carat, Vizeum and Dentsu Media, overseas, each with competitive products and services for clients. Of note, Carat is the largest media brand within the Dentsu Group and was ranked the No. 1 Global Media Network in terms of billings growth (19.3%) in 2013 in 62 countries, compared with all other agencies, according to RECMA research for 2013, published in June 2014. Our unique eco-system planning framework, embedded in our media agencies, helps our clients navigate across an increasingly complex media environment, where an interconnection of media touch-points is as important as a single channel's effect in driving our clients' business. So through our eco-system planning framework, we measure consumer actions across the eco-system, evaluate synergies and opportunities and, based on this analysis, advise our clients on how to maximize their media investments. This planning framework is underpinned by our unique insight tool, CCS (Consumer Connection System), which allows our clients to develop their marketing strategies around consumer behavior.



\* Media billings of WPP, Publicis, Omnicom, Interpublic Group and Havas are based on overall activity billings in *RECMA Overall Activity Rankings 2013*.

The Dentsu Group's media billings are a simple sum of Dentsu Aegis Network's media billings and Dentsu's non-consolidated media billings.

Dentsu Aegis Network's media billings are based on overall activity billings in *RECMA Overall Activity Rankings 2013*.

Dentsu's U.S. dollar-denominated non-consolidated media billings are converted from yen to U.S. dollars using the average exchange rate for 2013 (calendar year).



## Capabilities Media

### Column: Redefining the Role of a Media Agency, Globally and Locally



Matthew Hook  
Managing Director, Carat UK

#### Our global vision

Carat's global vision is "Redefining Media" through transformative work that creates tangible business value for our clients. This vision inspires us to become more than just a traditional media planning and buying agency—by "Redefining Media" for our clients, we are able to position ourselves as their essential business partners.

#### Supporting our clients in a complex environment

Our clients operate in the context of globalization and marketing convergence. As a result of the emergence of these trends, our clients need a comprehensive understanding of the drivers of consumer behavior in different countries and regions, to help them judge where future growth will come from, and ultimately where their priorities should be, in terms of investment and resource.

As our clients' business partner, Carat has a unique perspective on all communication channels and

platforms across the marketing eco-system. This is based on our cutting-edge insight into consumer behavior and is supported by our unique operating model "One P&L," which enables us to provide our clients with specialist guidance in areas like social media and search optimization.

Consequently, by "Redefining Media" for our clients, we can advise them on their marketing budgets across a broad and complex marketing eco-system.

#### Localizing our global vision

To bring our global vision to life in Carat UK, we have focused on three key pillars:

1. **People:** We have created a culture to attract, retain and develop the best talent in the marketplace, as illustrated by our nomination as "One of the 100 Best Companies to Work for" by the *Sunday Times*, a well-known U.K. newspaper publication. This enables us to fulfill the most valuable role that an agency plays in the modern media landscape—delivering genuinely holistic thinking, with a positive and collaborative outlook that encourages clients to explore the emerging landscape with confidence. In the context of globalization, the rich talent of the U.K. market increasingly plays a prominent strategic role for Carat's global clients.
2. **Value:** We have a market-leading product which is genuinely delivering business value for our clients. Our product is supported by innovative insight and planning tools, many of which have been cascaded across Carat's global network. In 2013, Carat UK won 54 awards for our work, a signal of the quality of our product, and ultimately the value we deliver for our clients.
3. **Growth:** Carat UK has cemented its place as the No. 2 in the market in terms of pure scale, and we have a clear plan to become No. 1 over the next

## Capabilities Media

three years. However, the key to growth in the modern landscape is diversification—by continuing to innovate and differentiate our product, utilizing the specialization of the other Dentsu Aegis Network agencies, we continue to drive both our reputation and our business success.

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Matthew Hook  
Managing Director, Carat UK

2002 Joined Vizeum UK  
2010 Appointed Partner of Jumptank US  
2012 Appointed Chief Strategy Officer of Carat UK  
2014 Appointed Managing Director of Carat UK

Mr. Hook is responsible for running Carat UK, focusing on its people and culture, delivery for clients and the growth and diversification of the business.

## Capabilities Sports

Dentsu has built long-term relationships with sports organizations in Japan and globally, and is involved in a wide variety of sports events, from world-headlining events, like the Olympic Games and FIFA World Cup™, to national events, like the Tokyo Marathon.

We maintain close ties with international sports governing bodies, including the International Olympic Committee (IOC), Fédération Internationale de Football Association (FIFA), International Association of Athletics Federations (IAAF), Fédération Internationale de Natation (FINA) and Major League Baseball (MLB). These relationships have given us access to an assortment of rights, such as broadcasting rights and marketing rights, for exclusive sale to our clients. We have already accumulated more than 10 years' experience as the exclusive global rights agent for the IAAF and FINA to provide support and services to sponsors. Furthermore, in recent years, our sports business has continued to expand on a global level, mainly through our successful efforts to secure broadcasting rights from the IOC to sell to our clients in some parts of Asia and Central Asia, and through event production for the FIFA Club World Cup in the Middle East and Africa.

In Japan, we are involved in the development and sale of sponsorship programs for many sports organizations, including the Japanese Olympic Committee, with which we have enjoyed a long relationship. Following the official decision to award the 2020 Olympic and Paralympic Games to Tokyo, we were selected by the Tokyo Organising Committee of the Olympic and Paralympic Games (Tokyo 2020) to be its exclusive marketing agent. Dentsu is already involved in marketing activities with other federations in Japan, including the Japan Football Association—the governing body responsible for Japan's national team. Through this relationship, we have access to exclusive marketing and sponsorship rights for the Japan Professional Football League, known commonly as J. League, from 2014. So, in the future, our support for football in Japan will be all-encompassing.

Dentsu continues to deepen its business relationships with sports associations and federations in Japan and globally, drawing on these relationships and their associated rights acquisition, to present clients, as well as sports organizations, with ways to communicate with their markets through unique and powerful content.

## Capabilities Sports

### Column: Looking Toward the Opening of the Tokyo 2020 Olympic and Paralympic Games



Kiyoshi Nakamura  
Executive Officer,  
Dentsu Inc.

Dentsu Inc., designated by Tokyo 2020 to be its exclusive marketing agent, has taken on a major responsibility as a partner in marketing who will over the next six years support the committee in such areas as formulating a marketing plan and conducting sponsor follow-up.

At the same time, to turn this huge sports event—this golden opportunity for Japan to build for the future—into something that makes the sports world, as a whole, and even more so society, overall, a better place, we must draw on the combined expertise of the Dentsu Group to define the legacy, the lasting benefits of the Games, which continues after 2020. We have the very capabilities necessary to create a movement of exponential dimensions fueled by the excitement of sports. A pertinent theme of the Tokyo 2020 Olympic and Paralympic Games is, of course, to spur recovery from the 2011 earthquake and tsunami, but the Games will also challenge us to tackle various issues with creativity and to strive to realize our dreams.

The Paralympics at the 2012 London Games have been called an outstanding success. For the Dentsu Group, the Paralympics are just the start of concerted efforts to contribute to the development of sports in various areas.

The Rugby World Cup is also coming up in 2019, and pre-Olympic events and many other international tournaments will likely be held in Japan leading up to 2020. The Dentsu Group has a record of managing numerous international sports events as well as the associated know-how. Bringing together the abundant experience we have accumulated thus far in areas ranging from marketing to event management, PR and more, we will support sports organizations and sponsor companies in order to ensure the success not only of the Tokyo 2020 Olympic and Paralympic Games, but the other events as well.

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Kiyoshi Nakamura  
Executive Officer,  
Dentsu Inc.

- 1982 Joined Dentsu Inc., assigned to the International Advertising Division at Tokyo headquarters
- 1990 Transferred to Dentsu Europe
- 2009 Appointed Director, Sports Business Division of Dentsu Inc.
- 2013 Appointed Executive Officer of Dentsu Inc.

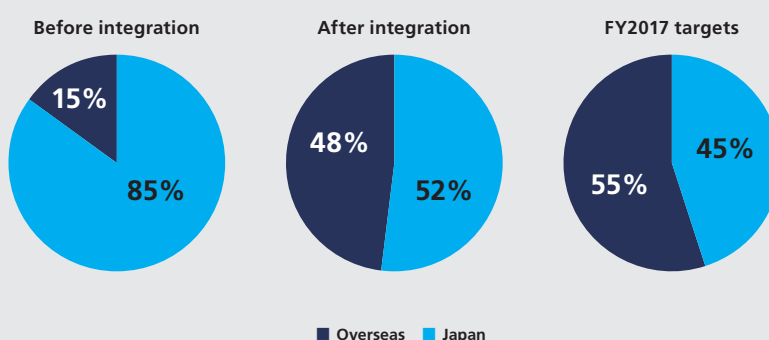
In name and deed, as the No. 1 sports agency in the world, we seek global development of the Dentsu Group, using sports content as the key to unlock dreams and excitement.

## True Global Expansion Including Japan Driving Geographical Expansion

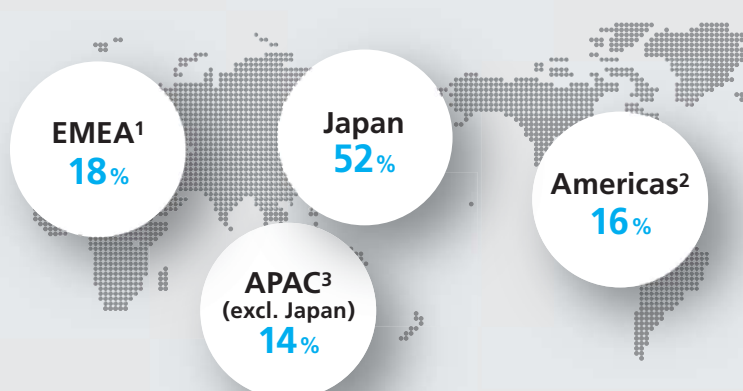
The new Dentsu Group, invigorated by the integration of Aegis Group plc has become a global communications group operating in 124 countries and territories—with more than 300 offices worldwide.

Through the acquisition and integration of Aegis and the subsequent establishment of Dentsu Aegis Network, the overseas contribution to the Dentsu Group's gross profit leaped to 48%, from 15%, and its business structure is much more regionally diverse. The largest market is still Japan, representing 52% of gross profit, and it is positioned as the business platform at the Group's core. The remaining 48% comes from outside Japan, with EMEA<sup>1</sup> accounting for 18%, the Americas<sup>2</sup> 16%, and APAC<sup>3</sup> (excluding Japan) 14%.

Changes in Overseas Ratio<sup>4</sup>



FY2013 Percentage Mix by Major Region<sup>4</sup>



<sup>1</sup> Europe, Africa and Middle East

<sup>2</sup> North, Central and South America

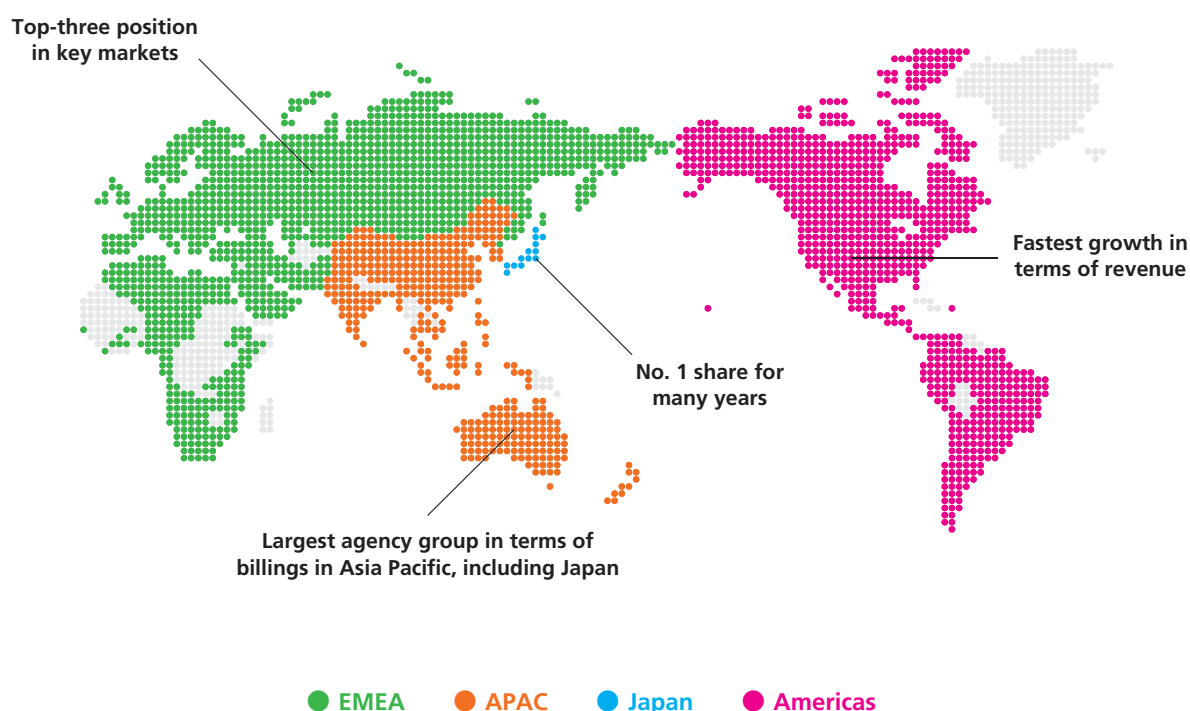
<sup>3</sup> Asia Pacific

<sup>4</sup> Based on gross profit

## True Global Expansion Including Japan Driving Geographical Expansion

### New Global Network Business Base

Global communications group with  
more than 300 offices in 124 countries and territories



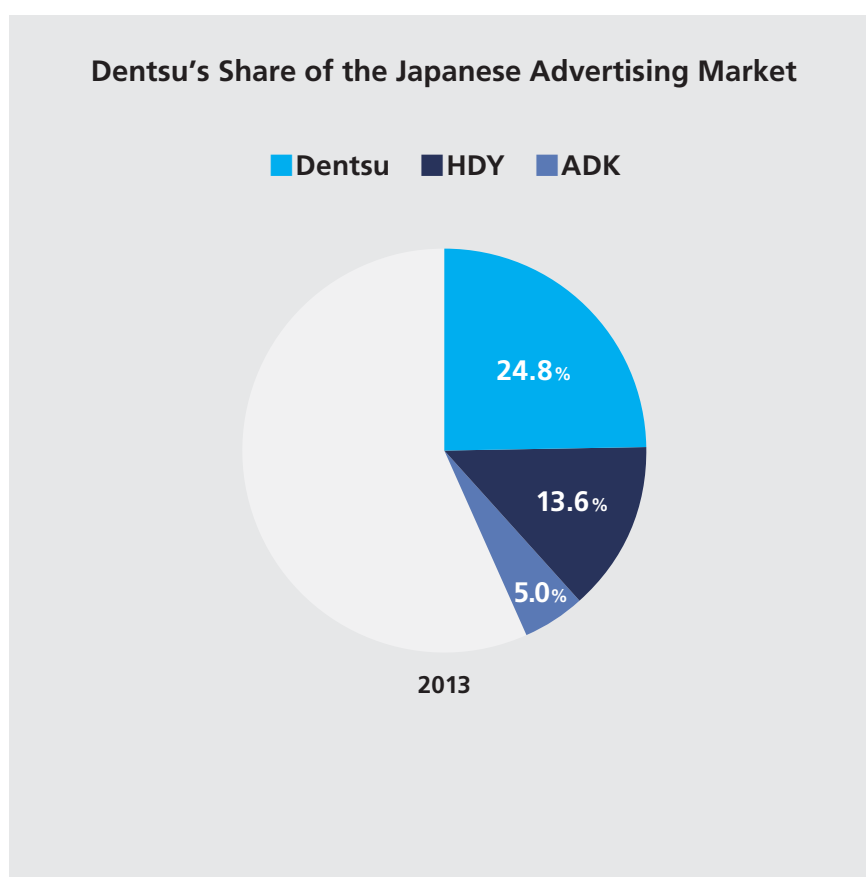
Albania, Algeria, Angola, Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium, Bosnia and Herzegovina, Botswana, Burkina Faso, Bulgaria, Cameroon, Croatia, Chad, Cyprus, Czech Republic, Denmark, Ethiopia, Egypt, Estonia, Finland, France, Gabon, Georgia, Germany, Ghana, Greece, Hungary, Iceland, Iran, Iraq, Ireland, Israel, Italy, Ivory Coast, Jordan, Kazakhstan, Kenya, Kosovo, Kuwait, Latvia, Lebanon, Lesotho, Liberia, Lithuania, Luxembourg, Libya, Macedonia, Malta, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Namibia, Netherlands, Niger, Nigeria, Norway, Oman, Pakistan, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Senegal, Serbia, Slovakia, Slovenia, South Africa, Spain, Swaziland, Sweden, Switzerland, Tanzania, Tunisia, Turkey, United Arab Emirates, Uganda, United Kingdom, Ukraine, Uzbekistan, Zambia, Australia, Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Sri Lanka, Taiwan, Thailand, Vietnam, Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Uruguay, United States, Venezuela

## True Global Expansion Including Japan Market Leader in Japan

The Dentsu Group is the market leader in Japan. Its non-consolidated net sales account for around one-quarter of the domestic advertising market, and Dentsu maintains the biggest share in all mass media domains.

The Group's leading position in Japan derives from its success in combining superior creative services and planning capabilities with unparalleled domestic media-buying power. In addition, strengths in innovation and adaptability have fueled steady global expansion and wider development of digital services businesses on a groupwide basis.

The Group continues to capture significant upside potential from the acquisition of Aegis, and the subsequent establishment of Dentsu Aegis Network as a fully integrated, global platform underpins the Group's ability to respond to the needs of major Japanese companies—Dentsu's principal clients—in their overseas pursuits as well as the needs of major global companies—Dentsu Aegis Network's principal clients—in the development of their businesses in Japan.



Notes: (1) HDY is the total of non-consolidated net sales by Hakuhodo, Daiko Advertising and Yomiuri Advertising in calendar 2013.

(2) Percentages roughly reflect the ratio of net sales to spending shown in *Advertising Expenditures in Japan*.

Sources: *Current Situation of Japanese Advertising Agencies, Advertising and Economy* (Advertising and Economy Research Institute) and *Advertising Expenditures in Japan* (Dentsu)

## True Global Expansion Including Japan

### Column: The Outlook for Global Advertising



Jerry Buhlmann  
CEO, Dentsu Aegis Network  
Executive Officer, Dentsu Inc.

Globalization and marketing convergence remain the predominant themes in global advertising, and they continue to drive trends in advertising expenditure across geographies and media channels.

#### Globalization

Globalization is being driven by a number of factors, in particular the need by businesses to access consumer demand in developing economies, by businesses scaling to mitigate the cost of complexity and by increased outsourcing of resources to high skill and low cost markets. This is supported by an increasingly benign cross border trading environment.

In advertising, these forces of globalization are even stronger, as marketers of global businesses require a rapid exchange of good innovation and ideas, consistent processes delivered globally and more effective structures for accessing talent and

shared knowledge. In this environment, advertisers therefore need to evaluate different markets and regions to judge where future growth will come from, which will enable them to prioritize their resources accordingly.

#### Marketing convergence

Marketing convergence, the coming together of a range of platforms and channels particularly in digital, has swept away geographic and technological borders. People and technology are seamlessly blending together, allowing an unlimited access to information, data and connections.

Furthermore, the emergence of scaled infrastructure media owners, particularly in the United States and China, is driving social media, mobile, video and e-commerce on a convergent basis and at speed. These media owners base their business models on driving vertically integrated revenue streams through which their products can offer life management for consumers. As a result, all consumers' communication, entertainment, friends, photos and transactions are now all on one platform, as they become increasingly comfortable engaging with brands in these channels.

#### Global adspend forecasts

Consequently, marketing convergence in particular will continue to be a major driving force for the global advertising industry in the future. Digital advertising spend is expected to grow at three times total advertising spend this year, driven by an increasing penetration of broadband and high speed mobile, by growing consumer trust in online transactions and by continued growth in mobile devices, particularly smartphones. As evidence of this, advertising spend in both social media and mobile is expected to grow by 50% this year.

As a consequence of these dynamics, global advertising revenue is expected to accelerate by 5.0%



## True Global Expansion Including Japan

in 2014 to U.S.\$554.2 billion, according to Carat's global advertising expenditure forecasts, which take into account 59 countries around the world. This is a notable increase in pace from the 3.6% growth seen in 2013.

### Adspend forecasts by region

In Western Europe, Carat predicts a return to positive territory in 2014, with a predicted 2.7% growth. There is continued momentum in the U.K., with 7.5% growth predicted, while Germany and Spain are expected to recover from negative growth in 2013 to grow modestly in 2014. In Central and Eastern Europe, advertising spending is expected to grow by 3.5%, supported by strong growth in Russia of 3.9%.

Growth in the United States advertising market is forecast to increase in 2014 with an acceleration in growth of 4.9% boosted by the continued double digit growth in digital media spend. Latin America continues to show the highest growth in advertising expenditures globally, driven by 9.4% growth in Brazil.

Growth in Asia Pacific is forecast to increase by 5.4% in 2014 and the region continues to be driven by China, where growth is expected to be 7.6%. In Japan, the effect of Abenomics and the selection of Tokyo to host the 2020 Olympic and Paralympic Games should boost ad spending in this country, up an expected 2.0% in 2014 and 1.7% in 2015. Japan is likely to show a year-on-year increase for the fourth consecutive year.

Over the long term, the focus of attention is likely to be on the United States and China, the first and second largest economies in the world. China still has massive potential and is a more mature economy than 10 years ago, with long-term sustainable growth a certainty. The United States, as a low cost deregulated free market economy, remains an attractive place to do business for many businesses.

Jerry Buhlmann  
CEO, Dentsu Aegis Network  
Executive Officer, Dentsu Inc.

- 1989 Founder of BBJ
- 1999 Appointed MD of Carat International, following acquisition of BBJ by Aegis Group plc
- 2003 Appointed CEO of Aegis Media EMEA
- 2008 Appointed CEO of Aegis Media
- 2010 Appointed CEO of Aegis Group plc
- 2013 Appointed CEO of Dentsu Aegis Network and Executive Officer of Dentsu Inc., following acquisition of Aegis Group plc by Dentsu Inc.

Mr. Buhlmann has over 25 years' experience in media and advertising and worked at Young and Rubicam and WCRS in the early years of his career.