



Special Feature

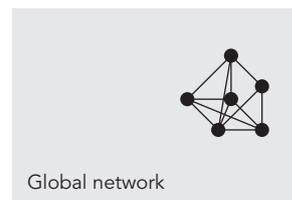
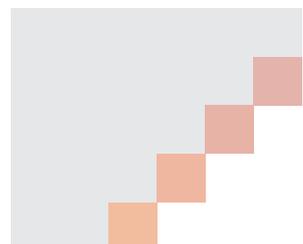
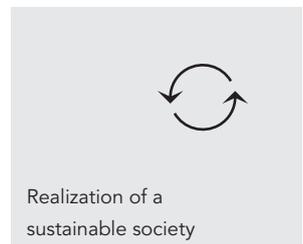
The  
Dentsu  
Group's  
Capabilities  
Contribute  
to  
Value

Special Feature

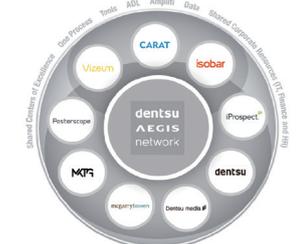
# The Dentsu Group's Capability to Create Values

## The Dentsu Group's Value Creating Process

OUTPUT



INPUT



- 9** **DEVELOPING RESILIENT AND INFRASTRUCTURE**  
**Development of resilient infrastructure and promotion of innovation**  
 Digital shift in marketing activities of clients
- 12** **RESPONSIBLE CONSUMPTION AND PRODUCTION**  
**Formulation of sustainable consumption and production patterns**  
 Changes in consumer behavior, diversified consumer needs, marketing communications, the impact of the activities on consumers, management of the social impact of the supply chain
- 13** **CLIMATE ACTION**  
**Climate change and mitigation of its impact, etc.**  
 Reduction of the environmental burdens of business activities
- 10** **REDUCED INEQUALITIES**  
**Eradication of poverty and hunger, and elimination of domestic and interstate disparities**  
 Expansion of the community to develop business activities on a global scale

▶ **Medium-term management plan**  
P.009-013

▶ **Medium-term CSR strategy 2020**  
P.049

▶ **Corporate governance**  
P.035-043



## Special Feature

It is the Dentsu Group's social mission to develop and implement a variety of solutions geared to the success of our clients' business. However, we are responsible for the success of not only their business, but also of the social development and innovation of society as a whole.

Under the medium-term management plan Dentsu 2017 and Beyond, and by strengthening its competitiveness in the digital domain, the Group has taken on challenges that go beyond the requirements of the traditional business framework. The Group is also honing its integrated problem-solving and revenue-generating capabilities, with a view to creating new social value.

Under the Dentsu Group Medium-Term CSR Strategy 2020, formulated in December 2015, we provide responsible marketing communications services and engage in a wide range of CSR activities in collaboration with our business partners in the supply chain. By improving our environmental, social, and governance value in conjunction with our business activities, we are pursuing the realization of a better society.



## Value Creation: A Solid Business Foundation in Japan

### Competitiveness in the Japanese Market

The Dentsu Group's leading position in Japan derives from success in combining our creative and execution capabilities with the creation of innovative solutions. The global platform has further strengthened the business foundation of the Group by capturing the untapped needs of major Japanese companies. These not only are Dentsu Inc.'s principal clients, but they are looking to expand abroad. Further, the Group is deriving business acumen by fulfilling the requirements of major global companies, those principal DAN clients that are seeking to enter the Japanese market.

In addition to taking advantage of the impetus and activity related to sports events taking place around Japan, we continue to seek growth opportunities in our Japan business by contributing to the revitalization of the nation.

### Future movements, actions, and sports events taking place around Japan

		2016	2017	2018	2019	2020	2021 and Beyond
Movements and actions related to TOKYO 2020 and digital society		Sophistication of various services toward 2020 brought by accelerated advancement of intelligence in ICT in future society					
		Social infrastructure improvement toward the Tokyo 2020 Olympic and Paralympic Games					
		Expansion of content distribution on the Internet (sports and entertainment, etc.)					
World Sports Events	Olympic and Paralympic Games	Rio (Summer)	Host for 2024 will be chosen	Pyeongchang (Winter)	Host for 2026 will be chosen	Tokyo (Summer)	Beijing (Winter 2022)
	Asian Games		Sapporo (Winter)	Jakarta (Summer)			Hangzhou (Summer 2022)
	FIFA World Cup™			Russia	France (Women's)		Qatar (2022)
	FIFA Club World Cup	Japan	UAE	UAE			
	World Championships in Athletics		London		Doha		Oregon (2021)
	World Aquatics Championships		Budapest		Gwangju		Fukuoka (2021)
	FIVB Volleyball World Championship			Japan (Women's)			
	Rugby World Cup				Japan		
Other major events inside and outside Japan		G7 Ise-Shima Summit	EXPO Astana 2017 (Kazakhstan)	Commencement of practical broadcasting for 4K/8K ultra-high-definition televisions		EXPO 2020 Dubai	World Masters Games Kansai (2021)



In Japan, the Dentsu Group seeks not only to increase clients' corporate value, but to disseminate it from Japan around the world.

Yoshio Takada

Director and Executive Vice President

The Dentsu Group has an extraordinary business model; it is neither a brand agency nor a media agency. We deliver solutions to the myriad challenges clients face—a business model so distinctive that it might be called “Dentsu business.”

Through this model, we have fostered trusting relationships with more than 6,000 clients in Japan, built a solid business foundation, and made the Japanese market into a very competitive stage.

By making full use of ideas and digital technology, the Group recently gained the ability to deliver solutions with greater value. The following are just a few examples.

- Deeper digital connections between clients and consumers who enjoy the clients' content, as well as new experiences and content
- The provision of optimal content and advertisements for consumers by leveraging technologies, such as artificial intelligence
- Digital connections between clients and individuals, before the latter set off on a trip to Japan

In 2014, Dentsu was designated the exclusive marketing agency for the Tokyo Organising Committee of the Olympic and Paralympic Games (Tokyo 2020). In connection with the Games, numerous nationwide initiatives—including those related to sports, culture, urban development and technology—are planned to begin in the fall of 2016. By making positive commitments to clients' business activities—not only as the exclusive marketing agency, but also as a leading solution provider in Japan—we continue to address social challenges in Japan, thereby further enhancing the underpinnings of our business and increasing our competitiveness.

We aim to extend to the Group's global offices the solutions we hone in Japan through our business in connection with the 2020 Games. In this way, we will further increase our corporate value, while at the same time disseminating Japan's new value around the world.

## Boosting Value in our Japan Business: Digital

### Evolution of Digital Marketing in Japan

Amid the acceleration of the shift toward utilizing digital solutions in clients' marketing activities, needs in the advertising industry's digital domain are becoming more diversified and sophisticated.

The Group continues to work to improve its capabilities and quality of service as the roles of agencies continue to expand, encompassing the following functions.

- Programmatic trading in the media buying domain
- Provision of digital solutions, including creative and content-related services
- Data analysis for business decisions and consumer engagement strategies

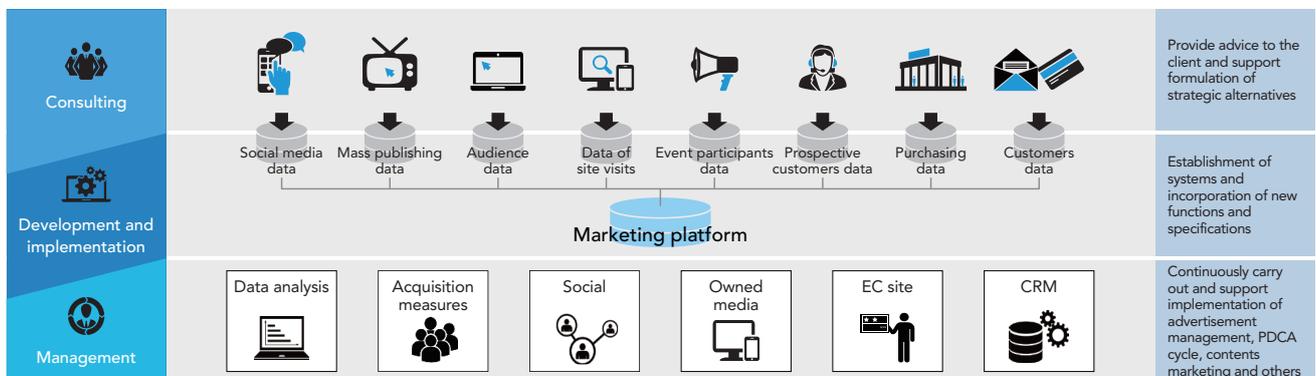
Meanwhile, the integration of these functions is growing in importance. While advances in digitalization and the evolution of various technologies are transforming patterns of consumer behavior, the execution of integrated digital marketing—which organically links each marketing process and individual step that, until now, functioned separately—is becoming the most crucial issue for corporate marketing. Thus, marketing services agencies such as the Dentsu Group are expected to provide integrated and specialized support services.

Responding to the changing environment, Dentsu restructured its digital-related functions and, in January 2016, established the Digital Marketing Center. In July 2016, we established Dentsu Digital Inc., a new specialist digital marketing company, by way of the Digital Marketing Center absorbing Dentsu e-marketing One Inc. and Nextage Dentsu Inc. Dentsu e-marketing One Inc. specialized in advertisement planning in the digital domain and business model support services; Nextage Dentsu Inc. mainly provided digital performance marketing services, such as performance-based advertising, to expand the business of its clients.

Dentsu Digital, in collaboration with other Group companies, will focus on accelerating the capture of demand for digital marketing in both the existing and expanding advertising markets.

Specifically, Dentsu Digital provides a wide range of services, including consulting, to improve clients' returns on investment. It utilizes digital marketing and integrated services that cover all facets of business, from development to operation, in the fields of customer relationship management (CRM), owned media management, and e-commerce support. For major clients, we take advantage of the Group's overall strength as we deliver consistent services, ranging from strategic planning to implementation.

Business domains of Dentsu Digital Inc. - 3 features -





Special Feature



## Aiming to become a leading digital marketing company

### Toshiya Oyama

Executive Officer, Dentsu Inc.  
CEO, Dentsu Digital Inc.

The evolution of digital technology and devices has significantly changed consumer behavior, given that all things and information are connected to the Internet, as represented by the Internet of Things. Under such unprecedented environmental change, clients that previously focused on individual marketing processes have started to focus on linking them organically at each stage, in an effort to maximize effectiveness and efficiency.

Meanwhile, the Internet's mainly performance-based advertising has developed into media that now is second only to television. At the same time, there has been a major expansion in digital market-related spending outside the traditional advertising market—such as on business and IT consulting, Big Data analytics, as well as on support for marketing automation and e-commerce.

Given the circumstances, Dentsu Inc. established Dentsu Digital Inc., a digital company that provides one-stop digital marketing solutions.

Dentsu Digital Inc. provides such functions as consulting, development and implementation of marketing initiatives, and operational and execution support for client companies pursuing digital transformation. It also develops integrated customer journey solutions—discovery of potential customers, customer acquisition, customer relationship management—and build platforms to support them.

Further, Dentsu Inc. strives to provide solutions on a global scale in collaboration with DAN by accelerating technology development and data acquisition.

In addition to investment activities and technological development to maintain state-of-the art capabilities, Dentsu Digital acquires and develops digital marketing professionals with the right experience and skills. By closely coordinating the experience and skills with Dentsu's distinctive capabilities in marketing, creativity, and media—capabilities that competing consulting firms and IT companies cannot offer—we aim to become a leading digital marketing company in both name and reality.

# DENTSU DIGITAL

## Boosting Value in our Japan Business: Sports Marketing

### Creating Impetus in Japanese Society

Our many years of experience and achievements in the area of sports marketing are significant factors in the Group's value creation. We believe this accomplishment is underpinned by our highly esteemed, distinctive approach as an advertising agency that creates major impetus, centered on excitement inspired by sports. We will continue to strengthen our activities and increase our outreach to society through sports.

Sports marketing that Dentsu Group is engaged in:



© Tokyo Marathon Foundation

© JFA National match against Afghanistan, starting members, March 24, 2016



We will contribute to clients' business success and further the development of sports through sports-related solutions

Kiyoshi Nakamura

Executive Officer

The Group is involved in a wide variety of sports events, from world-headlining events such as the Olympic Games, FIFA World Cup™, and World Championships in Athletics to national events such as the Tokyo Marathon.

We maintain good long-term relationships with international sports governing bodies, including the International Olympic Committee (IOC), International Paralympic Committee (IPC), Fédération Internationale de Football Association (FIFA), International Association of Athletics Federations (IAAF), and Fédération Internationale de Natation (FINA). These relationships have given us access to an assortment of rights, such as broadcasting and marketing rights. In recent years, Dentsu has continued to expand its sports-related business, 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 broadcasting and marketing rights for many sports organizations, including those of the Japanese Olympic Committee (JOC), with which we enjoy a long relationship. With regard to football, we acquired not only the sponsorship package for Japan's national team, but also exclusive rights to sell the broadcasting and marketing rights for J. League professional football games.

Dentsu leverages its close business relationships with sports associations and federations in Japan and globally to offer clients exceptional, powerful solutions utilizing sports.

As the Tokyo 2020 Olympic and Paralympic Games' exclusive marketing agent, Dentsu Inc. has taken on the major responsibility of contributing to the success of the Games. It is providing support in various areas, including the formulation of a marketing plan and conducting sponsorship sales.

We will make every effort to create a legacy, so that the benefits of the Games live on after 2020, and strive to improve the significance of sports in this country. For the Dentsu Group, the Paralympic Games are just the start of concerted efforts to contribute to the development of sports involving challenged players.

The Rugby World Cup will be held in Japan in 2019, and the World Swimming Championships will be held in Fukuoka, Japan, in 2021.

The 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, we will support sports organizations and sponsor companies in order to ensure the success of sporting events.