



VIVA LA DIFFERENCE!



PUBLICIS GROUPE



WELCOME



Publicis Groupe founder Marcel Bleustein-Blanchet opened shop in Paris in 1926 at the age of 20.

This year is indeed a special one for Publicis Groupe: It marks the 100th anniversary of the birth of our founder, French advertising pioneer Marcel Bleustein-Blanchet. Marcel could hardly have guessed that the agency he launched in a two-room walk-up in a poor Parisian neighborhood in 1926 would become one of the world's most successful, dynamic communications and marketing groups. Today, the Publicis Groupe family numbers almost 40,000 men and women in 104 countries. The range of communications services we offer clients is unmatched: from the incredible talent of Leo Burnett, Publicis, Saatchi & Saatchi and our other creative agencies and the unparalleled mastery of media consultancy and buying of Starcom MediaVest Group and ZenithOptimedia to the rich tapestry of agencies in marketing services, healthcare communications and specialized communications.

We are justly proud of our unique heritage. Yet Publicis Groupe is also the youngest of the big global communications holding companies—and our very youth helps explain why we are also the most nimble, innovative and creative player out there. As true experts in consumer knowledge and insight, our agencies and networks give clients an unmatched ability to build strong and successful brands. And that allows our clients to push ahead and stay ahead. When they win, we win.

There's another vital element to our success: our diversity. "Viva la Difference!" That's the phrase Maurice Lévy coined in 2003 to describe the multicultural and innovative spirit of the group. It's more than just a slogan: It's a true value proposition in an age of cookie-cutter marketing solutions. Even as we grow, we work to preserve each agency's distinct identity and client relationships. As Marcel Bleustein-Blanchet himself put it: "The fundamental law of advertising is creating a difference."

John Rossant
VP-communications & public affairs
Publicis Groupe

CONTENTS

P4 MARKING A CENTENARY

On the 100th anniversary of the birth of its founder, Publicis Groupe celebrates its growth from a one-person shop opened in Paris in 1926 to the global advertising and communications leader it is today.

P8 Q&A: MAURICE LÉVY

Maurice Lévy, chairman-CEO of Publicis Groupe, has transformed the company into a global powerhouse. Here, he discusses the challenges facing his company as well as the industry at large.

P14 ON THE CUTTING EDGE

Publicis Groupe continues to expand into new arenas, thanks in large part to the efforts of its operations around the globe. The heads of eight of these trailblazers discuss the challenges they face as they create new businesses and approaches.

P20 PARTNERSHIPS

Six longtime clients reflect on their relationship with Publicis Groupe and why it works so well.

P22 CREATIVE SHOWCASE

A look at Publicis Groupe's creative work around the world.

COVER

The cover was created by Quentin Schweitzer, art director, and Nicolas Callot, copywriter, Publicis Conseil.

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VIVA LA DIFFERENCE!

CELEBRATING PUBLICIS



Maurice Lévy, chairman-CEO



Marcel Bleustein-Blanchet, founder



Publicis Groupe headquarters, Paris

PUBLICIS GROUPE AT A GLANCE

Publicis Groupe, with offices in 196 cities in 104 countries and almost 40,000 employees, is structured around three core areas:

* Advertising, with three global networks—Leo Burnett, Publicis and Saatchi & Saatchi; two creative multihub networks, Fallon Worldwide and 49%-owned Bartle Bogle Hegarty; and regional agencies with a high creative profile.

* Media buying and consultancy, with a No. 2 position worldwide through two major global networks, Starcom MediaVest Group and ZenithOptimedia, as well as Médias & Régies Europe for advertising space sales.

* Specialized Agencies and Marketing Services (SAMS), focusing on such areas as direct marketing, public relations, events, corporate and financial communications, multicultural and healthcare communications (No. 1 worldwide).

CIS GROUPE

THE WORLD'S
YOUNGEST ADVERTISING
HOLDING COMPANY
MARKS THE CENTENARY
OF ITS FOUNDER

When Paris-based agency Publicis set out to become a global player in advertising and marketing communications in the mid-1990s, many industry players were skeptical that it would succeed. A failed alliance with U.S. agency Foote, Cone & Belding initiated in 1988 and Publicis' roots outside the traditional U.S. and U.K. ad strongholds boosted the naysayers.

Ten years and more than 100 acquisitions later, Publicis Groupe, under the guidance of Chairman-CEO Maurice Lévy, has grown to become the fourth-largest advertising holding company worldwide and the second-largest media specialist. The company can boast some of the advertising and marketing world's most recognizable names among advertising, media and specialized communications agencies, including Leo Burnett, Saatchi & Saatchi, Starcom MediaVest and ZenithOptimedia.

With the company now celebrating the centenary of its founder, Marcel Bleustein-Blanchet, Mr. Lévy often recalls his words, "The fundamental law of advertising is creating a difference." This phrase represents the essence of Publicis Groupe.

Today, Publicis Groupe is showing the world that "Viva la Difference!" not only works to produce big revenues and a strong bottom line, but also succeeds in spirit. "We work well together, and we like each other," says Tom Bernardin, chairman-CEO of Leo Burnett Worldwide.

Adds Kevin Roberts, CEO-worldwide of Saatchi & Saatchi, "One of the core things that's interesting is the spirit of 'Viva la Difference!'—intentionally 'viva' (Spanish), 'la' (French) and 'difference' (English)."

While the group comes together with a set of shared values, the agencies are very different, Mr. Roberts says. "Our core belief is we believe in mankind, which sounds like we are trying to cure cancer. It's not. If you go back to the history of [Publicis founder] Marcel Bleustein-Blanchet and the history of Leo [Burnett], their companies were built on human values first."

Then when it came to the mergers and acquisitions, there was an understanding of "how all the people feel and how they can be moved together to share more feeling," he adds. "That's at the heart of what's made Publicis Groupe a very good acquirer. That's not an accident."

Publicis Groupe's 4-year-old strategic partnership with Japan's largest group, Dentsu, also works because of an understanding of their common values. "We—Dentsu and Publicis Groupe—value our traditions and have similar strong corporate cultures," says Tateo Mataka, Dentsu Inc. president-CEO. "As the communication industry now encounters structural change, with a rapidly shifting media environment and diversifying consumer behavior, our posture is keenly future-oriented. With a consistent 'client first' mentality, Dentsu and Publicis Groupe focus upon providing the best solutions through penetrating research into creative ideas, consumer insight and media."

Publicis Groupe executives express their view of the culture of the overall organization in different ways. Says Rick Bendel, chief operating officer of the Publicis network, "Publicis Groupe is a very decentralized company; it's more a community." Mr. Roberts calls it a "peak-performing family. We don't want to be a team; we don't want to be a community; we don't want to be a tribe. ... We are trying to play like a team, but feel and behave like a family."

To a person, the Publicis Groupe agency heads credit Mr. Lévy with making "Viva la Difference!" work. They all say he is there when you need him, he doesn't micromanage and he wants every agency to retain its own culture and do what it does best. In fact, he is so integral to the smooth working of the

group, one of the challenges it faces in the future is its plan for his succession.

For now, according to a recent Harvard Business School case study by Professor Rosabeth Moss Kanter and research associate Ryan L. Raffaelli, that is not a top priority. The case study, released earlier this year, notes that Mr. Lévy has said his key objective is to "make this a rock-solid group." Then he wants to build an infrastructure that will hold the pieces together, to build a culture that is compatible with the culture of each brand and, finally, to prepare for his succession.

WEAVING IT TOGETHER

That meshing of cultures has been a key component to making the company work since the beginning. Publicis Groupe launched in 2000 when the Paris-based Publicis agency bought London-based Saatchi & Saatchi for \$1.7 billion in stock. Two years later, it gained a solid U.S. presence when it merged with Bcom3 Group to form the world's fourth-largest advertising holding company.

Over the last six years, the holding company has had to tread carefully through cultural issues and language barriers. It has also had to negotiate long-standing agency cultures, with Burnett now marking its 71st anniversary and Saatchi & Saatchi its 36th, along with the many other agencies and companies that make up the three main parts of the group: advertising, media buying and consulting, and specialized agencies and marketing services.

To that end, with each acquisition, Mr. Lévy has emphasized his philosophy of "Viva la Difference!" Jack Klues, chairman of Publicis Groupe Media, which oversees Starcom MediaVest Group and ZenithOptimedia, says when it was first learned that his company, Bcom3, was going to become part of Publicis Groupe, "everyone certainly had his and her share of concerns. But from the first time Maurice pulled us all together and we began to hear about what the Publicis Groupe was all about, all of us had a strong feeling of relief and a great deal of comfort because what was clear was that Publicis Groupe, its founder and cultural values were very much in line with those I had grown up with at Leo Burnett."

To encourage cooperation, what is often referred to as "freedom within a framework," Mr. Lévy has set up various mechanisms, including a group called the P12. This consists of the senior representative of each major operating group and several holding company members, currently numbering 11. Members of the P12 meet every other month, not only to discuss strategy, creative work and financial matters but also to get to know each other better. For further encouragement, there is also a standardized, corporate-wide long-term compensation program that is applied across all business units, and efforts are made to make annual incentive bonus plans consistent.

"The motivation starts with the top of the organization making it clear what behavior is expected of senior executives," says John Farrell, president-CEO, SAMS Worldwide, the unit that brings together all the specialized agencies and marketing services.

Each operating head has stories of how his or her organization has benefited from being a part of Publicis Groupe and can cite wins and activities that they may not have been able to accomplish on their own. Mr. Klues says beyond scale and size that such a merger brings, Mr. Lévy has been quite forward-thinking in how he sees media in its broadest sense as contact architect and the importance of building connections to consumers and brands. For example, Mr. Klues cites the formation earlier this year of Denuo, a major strategic initiative designed to anticipate and exploit the rapidly changing digital, interactive and mobile communication environment (see story Page P16).

In fact, digital, interactive and mobile are so important that many of the group's acquisitions, start-ups and other ventures are in this space. This spring, Publicis Groupe entered a 50-50 joint venture with Simon Property Group called OnSpot Digital Network. OnSpot is a new digital media channel that will transmit digital advertising via broadband networks to high-definition plasma displays in more than 50 Simon Malls across the U.S. And in August 2006, Zenith Media added hot Atlanta-based agency Moxie Interactive to its network.

(Continued on Page P6)

TIMELINE

- 1926 - Marcel Bleustein, age 20, founds Publicis.
- 1935 - Leo Burnett opens shop in Chicago.
- 1938 - Publicis creates Régie Presse, selling space in newspapers and magazines.
- 1946 - Marcel Bleustein-Blanchet (as he is known by adding his code name during the Resistance) reopens Publicis after the war.
- 1948 - Publicis establishes a specialized market research department.
- 1957 - Publicis becomes the first French company to expand internationally with the creation of New-York based Publicis Corp.
- 1958 - Publicisdrugstore opens as an "all-night" (until 2 a.m.) bar, restaurant, store, newsstand, tobacconist and pharmacy—revolutionizing Parisian culture.
- 1968 - Publicis creates the first TV commercial broadcast in France—for Boursin cheese.
- 1970 - Publicis stock is offered on the Paris stock exchange.
- 1970 - In the U.K., brothers Charles and Maurice Saatchi open Saatchi & Saatchi.
- 1971 - Maurice Lévy joins Publicis' IT department.
- 1974 - Publicis becomes the undisputed front-runner in Europe's advertising sector, covering 14 countries as Intermarco/Farner.
- 1975 - Maurice Lévy becomes CEO of Publicis.
- 1981 - Pat Fallon founds Fallon in Minneapolis.
- 1982 - John Bartle, Nigel Bogle and John Hegarty form BBH in London.
- 1986 - Publicis helps launch TV6, the first French music channel.
- 1987 - Publicis creates a modern management structure with supervisory and management boards, and Maurice Lévy becomes chairman-CEO.
- 1987 - Optimedia launches, and a European network of direct marketing agencies, later rebranded Publicis Dialog, makes its debut.
- 1988 - Publicis enters an alliance with U.S.-based Foote, Cone & Belding; Publicis-FCB becomes the largest European network.
- 1992 - Publicis creates BMZ, a European network with offices in Belgium, France, Germany, Italy, the Netherlands and the U.K.
- 1993 - Publicis acquires FCA, the No. 4 French communications network.
- 1997 - Kevin Roberts is appointed CEO of Saatchi & Saatchi, "The Ideas Company."
- 1997 - Linda Kaplan Thaler establishes the Kaplan Thaler Group in New York.
- 1998 - Publicis acquires San Francisco-based Hal Riney & Partners.
- 1999 - Publicis acquires Burrell Communications, the largest ethnic African-American agency.
- 2000 - Publicis Groupe is born during the acquisition of U.K. agency Saatchi & Saatchi. It is listed on the New York and Paris stock exchanges.
- 2002 - Publicis Groupe acquires Bcom3 and forms a strategic partnership with Japanese market leader Dentsu. D'Arcy is disassembled.
- 2003 - Publicis Groupe becomes full owner of ZenithOptimedia, and Publicis Healthcare Communications Group is created.
- 2003 - Publicis Groupe is the first communications group to sign the U.N. Global Compact.
- 2004 - The launch of Publicis Groupe Media fortifies media operations, and preserves and strengthens Starcom MediaVest Group and ZenithOptimedia.
- 2004 - Publicis Events Worldwide is formed.
- 2004 - Arc Worldwide is formed by uniting Arc Marketing, Frankel, ILeo and Semaphore Partners.
- 2005 - Publicis Groupe acquires majority stakes in Freud Communications (U.K.), Pharmaconsult (Spain), eventive (Austria, Germany) and Solutions (India).
- 2005 - Publicis Groupe launches Marcel in Paris.
- 2006 - Publicis Groupe acquires a majority stake in Betterway, one of the largest full-range marketing services agencies in China.

Marcel Bleustein-Blanchet

1906-1996

As Publicis Groupe marks the 80th anniversary of its founding agency, it is also celebrating the birth of its founder 100 years ago. Marcel Bleustein was born on Aug. 21, 1906, to a family of Russian-Jewish emigrants in a suburb of Paris. Leaving school at the age of 12, he was working as a salesman at his relatives' furniture store by age 14. There, he began to acquire his business savvy as he honed his skills in working with both customers and advertising agents.

Six years later, he started his own advertising agency, Publicis. His first clients were friends and relatives: le Comptoir Cardinet, Léviton furniture, André shoes and Brunswick furs. The chance they took with this new company quickly paid off as their slogans became known all over France.

The climate for advertising was not bright when Publicis began; however, through persistence, integrity and personal charisma, Mr. Bleustein overcame the reluctance of his potential customers. By 1929, he had moved to larger offices and hired his first employees.

Agence Havas, then France's largest ad agency, dominated print media. Mr. Bleustein responded by looking to radio and thereby revolutionized French advertising. "Basically, the radio is a poster you can listen to," he said. When the French government banned advertising on the state-run radio stations that comprised the bulk of Publicis' clients, Mr. Bleustein launched his own radio station—and developed the first programs sponsored by advertising in France. At the same time, he started selling advertising in cinemas, eventually gaining exclusive distribution rights to more than half of France's theaters. In 1938, he launched Régie Presse, expanding into advertising space in newspapers.

World War II put an end to all such professional activity in France. Fleeing to London under the assumed name Blanchet, he joined Gen. Charles de Gaulle, becoming press officer to Gen. Joseph Pierre Koenig, chief commander of the armed resistance movement.

After the war, he was left with nothing. Of this time, he wrote, "I was a millionaire at 23, ruined at 34 and obliged to begin all over again at the age of 40."

Returning to Paris after liberation, he became known as Bleustein-Blanchet. His radio station had been destroyed and commercial radio was banned in France. In 1946, he reopened Publicis, welcoming back his former clients. In one major move, he signed Colgate-Palmolive Co., his first U.S. client, in 1947. Other large clients followed, including Shell, L'Oréal, Nestlé and Renault.



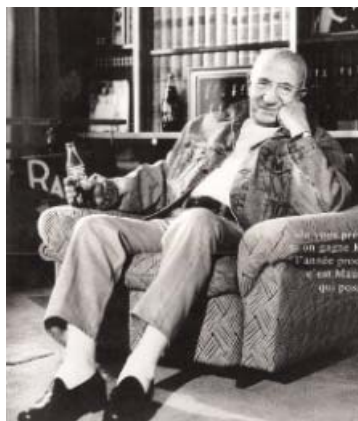
At age 20, Marcel opens Publicis ("publi" for advertising and "cis" for 6, as in 1906, his birth year).



At age 35, Lieutenant-Pilot Marcel joins Gen. Charles de Gaulle in London during World War II.



At age 54, Marcel creates La Fondation de la Vocation in memory of his father.



At age 89, shortly before his death, Marcel poses for a house ad with Coca-Cola and Levi's.

Mr. Bleustein-Blanchet was at the forefront in bringing advertising recognition as a reputable industry in France. His goal was to create ads that were honest and informative, putting the brand in touch with the consumer. He established France's first market research department and introduced the work of George Gallup and Ernest Dichter in opinion polling and motivation.

In 1957, Publicis moved to its Champs-Élysées office. On the ground floor, inspired by the U.S. concept, Mr. Bleustein-Blanchet launched Le Drugstore, which housed a café and shop selling magazines, electronic gadgets and gifts—an innovation at the time.

Publicis experienced dynamic expansion in the ensuing decades, growing to become one of the world's top 20 ad agencies with offices in all Western European countries.

Long before good corporate citizenship became the common theme it is today, Mr. Bleustein-Blanchet believed that a business has a broader duty to the community. In 1960, he set up the Fondation de la Vocation, which he called his proudest achievement; in 1969, he launched a new initiative, "100,000 jobs for 100,000 students."

On Sept. 27, 1972, the Publicis headquarters went up in flames. The next morning, Mr. Bleustein-Blanchet went out onto a neighboring balcony to address his employees on the street below, boldly proclaiming, "Publicis will go on!"

In 1987, Mr. Bleustein-Blanchet handed over the executive management of Publicis to Maurice Lévy. In 1988, he promoted a merger with Foote, Cone & Belding, seeing the move as an opportunity to enter the lucrative U.S. market. However, the clash of French and American business cultures weakened the alliance, and it officially ended in 1996.

He retired in 1990 after more than 60 years with the company he had founded. On April 21, 1996, when Marcel Bleustein-Blanchet passed away, the entire advertising profession in France and in the U.S. paid homage to the man considered to be the father of French advertising. His daughter Elisabeth Badinter took over as president of the supervisory board and built a genuine partnership with Maurice Lévy upon which the success of the Publicis Groupe developed.

Marcel Bleustein-Blanchet's spirit is very much alive in Publicis Groupe today. His legacy lives on through the creative energy of the company and its continued pursuit of excellence. He remains a strong source of inspiration for the group, as seen by the bold new Publicis agency—Marcel—that opened last year. •

(Continued from Page P5)

To Mr. Lévy, finding the right connections is "every bit as important as what the messages we create say to those consumers," Mr. Klues says.

He adds that soon after his organization became part of Publicis Groupe, it participated in several huge domestic and multinational new-business pitches, including Coca-Cola Co., Masterfoods, Procter & Gamble Co. and General Motors Corp. on the Starcom side. On the Zenith side, there were global pitches going on almost concurrently for L'Oréal and Nestlé. "In each, Maurice made himself available not only to be physically present but also to have a speaking, active role in each of them. ... I'm proud to say we won all those pitches. It's a pretty good sign of support from your chairman and the group."

For Saatchi, Publicis Groupe's financial support was critical at the start of their alliance. Saatchi needed to pay off debt that had reached an alarming level when the agency was acquired and to invest in people and acquisitions for the future. "Since we joined Publicis Groupe, we've grown our revenue and our margins every year. We wouldn't have been able to do that without the support of the group. ... We feel safe, secure," says Mr. Roberts.

The Kaplan Thaler Group has quadrupled its business since it became part of Publicis Groupe in 2002. Linda Kaplan Thaler, CEO-chief creative officer of the agency, calls being a part of the group "an amazing experience. We use the partnerships on a daily basis. It's been an enormous boost to us to have the support of Publicis Groupe. We feel very strengthened."

For Fallon Worldwide, Publicis Groupe has opened access to the international marketplace. "Without them, I don't know if we would have had some of the international assignments that we have been able to get from our clients—United [Airlines] and Nestlé Purina, for example," says Chairman Pat Fallon.

Mr. Fallon says he also appreciates Mr. Lévy's counsel. "I have a broadened senior point of view available to me at any time through Maurice. If I'm facing challenges in my own organization, I have a sounding board that I haven't had before."

Steve King, CEO worldwide of ZenithOptimedia, cites the ability to invest in people and infrastructure and to make acquisitions to fill in gaps as a big benefit. He is especially proud of the big wins on Nestlé and L'Oréal last year. "Before, we were the smallest of their suppliers," he says. "Now we probably have a major part of the Nestlé business on a global basis. We were able to show the difference our group can bring."

LOOKING AHEAD

Going forward, Publicis Groupe agencies face many challenges similar to other agency holding companies. In the U.S., Mr. Bendel's goal is to make the Publicis agency as American as possible. "That's what our culture is about—multiculturalism—and that's a challenge. Even having Heineken hasn't yet got us the kind of credibility that we hoped."

For Mr. Klues, the future is all about digitization. "At the risk of sounding less than original, the future for the group and particularly for media is how fast can we digitize the work we do? What we need to do is accelerate and build upon the digital assets that exist in the group even more rapidly."

Mr. King agrees, but adds three other areas of focus: to continue to deliver to key clients, to offer stronger diversified services and to find a way to make the transactional side of the business more efficient.

At agencies Burnett and Arc, Mr. Bernardin says that major efforts will go toward continuing to build the assets of the two brands. "We look to Publicis Groupe to continue to help us, either through potential acquisitions or being able to tap into existing Publicis Groupe assets to augment our own."

"The challenges to both the networks and the holding company are essentially the same. They are transformation and reinvention," Mr. Lévy says. "We need to constantly question ourselves, our operations, their structures, our organization, our ways of working. Change is the substance of life for the future." •

GLOBAL COMMITMENT

Maurice Lévy made a courageous decision in May 2003: He personally committed Publicis Groupe to develop an international communication strategy for the United Nations-backed Global Fund to Fight AIDS, Tuberculosis and Malaria.

"The Global Fund is engaged in one of the greatest challenges that humanity has ever faced," says Mr. Lévy, chairman-CEO of Publicis Groupe.

Each year, 6 million people die from these diseases—16,438 people per day. These pandemics devastate populations in low-income countries with poor health infrastructures,

crippling their economic and social stability and adding to growing global insecurity.

Created in 2002 through an initiative of the G8 and the United Nations, the Global Fund is a global public-private partnership dedicated to attracting and disbursing resources not only to stop the spread of these diseases, but to radically reverse their growth rate as well.

By 2004, Publicis Groupe—through Publicis, ZenithOptimedia, Publicis Consultants and Publicis Dialog—developed the Global Fund's first media campaign. The print and TV effort, "Big Problems Require Big Solutions," explained the need for a

global solution to battle these global killers. The group's contribution, including donations of ad space, represented approximately \$3.7 million.

After a pilot launch in France, Publicis Groupe rolled out the media campaign to the U.K., Germany and Italy in 2005. The company offered another \$8.5 million in services to the Global Fund.

This year, Publicis Groupe and Publicis New York worked on a campaign to engage U.S. citizens, corporations and society: "Hope Spreads Faster Than AIDS." With the Global Fund and its partners—the U.S. Postal Service, VH1, Google Maps and the United

Nations Foundation—Publicis helped shape the multichannel campaign, which includes postage and metered mail, packages, text messages, Web, print and outdoor.

The Global Fund has approved grants for 386 programs in 132 countries with a total commitment of \$5.4 billion. Additional information on the Global Fund is available at www.jointheglobalfund.org. •



Congratulations Publicis Groupe

on the 100th anniversary of the birth of Marcel Bleustein-Blanchet
and on 80 years of great work from Publicis Groupe.

Color No.90 from 100 Colors



So much fun, we've come up with 100 more ways to make you smile.

Staff members from rookie to president may choose the color of his or her own **business cards**. In other words, each employee can select – from 100 colors – the one they feel best suits them. (Incidentally, our president Mr. MATAKI chose dark gray.) So, what does this all mean? By acknowledging and promoting the importance of individuality within our own company, Dentsu is underlining its commitment to understanding and satisfying the individual needs of the client.

dentsu

Q&A WITH MAURICE LÉVY

For some time, it was easy to underestimate Maurice Lévy, and there were indications he was just fine with that. He used to disarm listeners by apologizing in advance for his command of English before displaying an impressive mastery of the language. Now that he has also proved himself a master of global business, it's harder for him to get anyone to let their guard down—although his easy smile and European charm still go a long way.

Over the last decade, the French-born Mr. Lévy has transformed Publicis from a middle-of-the-pack combatant into Publicis Groupe, one of the world's top four advertising and communications powerhouses, a position cemented with the 2002 acquisition of Bcom3 Group.

Now 64 and the grandfather of six, Mr. Lévy has been with Publicis since 1971, when he took a job running the IT department. He moved quickly from the tech to the ad side, starting a rapid rise that culminated with him becoming chairman-CEO of Publicis in 1987. During his tenure, Publicis has expanded dramatically through both acquisitions and organic growth. And Mr. Lévy's reputation and stature have grown along with the company, as he became a high-profile leader known for his competitiveness and willingness to speak out on important issues.

At this year's International Advertising Festival in Cannes, Mr. Lévy sat for an interview with *Advertising Age* Associate Publisher Scott Donaton. Over multiple cups of espresso and one fine cigar, he shared his views on the challenges facing his company and industry, giving as much time to the dangers and missteps as to the opportunities and successes. An edited transcript of that interview follows:



Maurice Lévy, Publicis Groupe chairman-CEO

ADVERTISING AGE With Publicis being 80 years old, how do you simultaneously reinvent the company and celebrate the centennial of its founder and his legacy? Are those two things potentially at odds?

MAURICE LÉVY We're celebrating our past and reinventing our future, but the future . . . has to find its roots from the past. It's very important to know where you come from if you want to know where you are going.

If you look at the roots of Publicis Groupe, there are in our genetic code a few things which are very important. First is a very high standard of ethics, which is a very fresh value. When Marcel Bleustein-Blanchet insisted on these very, very high standards of ethics, it was because in France, advertising back then was considered the lowest industry in people's minds. There couldn't be a worse occupation for a well-educated, good person. It was an industry where people were considered as, if not thieves, they were cheating or dishonest.

Second is obviously a passion, which is something that is today shared with all the units of our group. If you don't have passion, life is really very boring.

The third thing, which really characterizes some of the things that we got from the Marcel legacy, is constant innovation and inventions. If you look at Publicis in the '30s, the '40s, '50s, '60s, and the '70s and '80s, the agency was constantly introducing new concepts that were the very first in the industry. For example, the idea of media agencies and media buying shops is something we created in 1989, long before others were thinking about that. They were thinking about media clout, and I was considering that this was already something of the past, that we should be not thinking only about this aspect. What we had to think about was strategy and creativity.

AD AGE And you're continuing to keep that spirit of change alive today?

MR. LÉVY To move to something which is more recent, when I gave my speech at the Four A's about holistic communication, a lot of people had never heard the word, and we created the notion that we should not separate the person, the individual, from the consumer; we should not speak to the wallet but to the person, to create a dialogue; and we should not think about communication without thinking about what we have to communicate and through which channels.

Communication today means change, and we have an approach

based on change. We call it "reinventing our future." We have to go one step ahead, one move further. Because our future is not only what we can do in terms of using new media but how we can use it. We are rethinking our operations, our organization, bearing in mind the fact that clients are under huge pressure and that we have to bring the best of the best in a way which anticipates their needs, responding to their interests and not our own.

If you look at Denuo, it's a very innovative, unique concept. But this is not the only innovation in our group; we have many in several areas, and this is a part of our strategy to conquer the future.

Unfortunately, if I have a confession to make to our industry, it is that Publicis Groupe, despite the fact that we believe that we are doing this job with more commitment, more engagement and more passion than many of our competitors, we are very often too selfish and we have to fight against our own selfishness. We have to always bear in mind that what is at stake is the future of our clients, the future of their jobs, the future of some factories or plants, the future of their market share and their profitability. If there is something that really keeps me awake at night, it's clearly this.

AD AGE You gave a speech recently called "Change, Change or Change." Why such a sense of urgency?

MR. LÉVY We never thought that we could simply work, move along and have the time to change. The habits in our business are such that if we do not consider it urgent to change, people will not. Why should they? People hate to change. They have a resistance to change. So changing the relationships within an organization is difficult. People become scared about not only their own job but the way they will do their work, whether they will be up to the task, whether they will still have a role.

One of the successes of Publicis Groupe lies in the fact that we have always changed. I have always considered that crystallizing an organization is freezing the energy. In chemistry, instability is very good because it creates some combinations you don't expect.

The other aspect that we also have to bear into account is the fact that you have new techniques, new technology, new approaches, and it is not with old ways of working that you will take maximum advantage of all these new things. It is very important to create this destabilization of the mind in order that [people] don't feel secure and they spend a lot of time trying to understand the new world, and put a lot of energy in this new world. Without change, there is fossilization, and that's the worst thing which can happen.

Finally, we need change because we need to advance a new busi-

ness model that leaves a decent profit to the agency and lowers the costs, because clients will not pay for redundancies. They cannot afford that. So the only way to be highly competitive is to really think in different ways, and to bring the people together in a different organization and to destroy—I'm using the word on purpose—to destroy layers in order that ideas are not kept in the middle.

The problem with ideas is that they are so fragile, so tenuous, if you have an organization that is too administrative, too bureaucratic, you are just killing the ideas. They are smashed in the middle and, at the end of the day, you have so many people who have added something that, as we say in France, when you ask a committee to draw a horse, you get a camel.

AD AGE Digital technologies have resulted in consumer control. Do you see that as one of the biggest things driving the industry?

MR. LÉVY There are three things that will change our world. The first one is the fact that we have digitization, which is changing society and all the means of communication within it. We also have interactivity, which is changing the way we are communicating, because the holy grail for us adpeople is the feedback. We are doing a lot of research on the reaction of the consumer. This is our passion. This is our angst, also. And the best way to do it is obviously through the Internet, where you get immediate reaction.

The third thing is mobility. We are in a world where people do not stay in the same place and, when they move—when they travel, when they go back and forth from home to office—they are carrying everything with them in a cell phone, in a BlackBerry. And they are reachable everywhere. This mobility is changing their behavior. As adpeople, we need to try to understand how they behave, how they relate to each other, how they relate to brands, how they shop. These insights can guide us to help empower the consumer.

We are changing not only the means of communication but the way that we are communicating. The most important thing is that we are no longer communicating at consumers, we are starting to enter into an era where we are communicating with consumers.

And that is probably really good news, because this will lead to more emotional communications. Rational will not be enough. If communication was only based on rational, nobody would need advertising agencies, and nobody would need these highly talented people that are the creative people.

(Continued on Page P10)

CREATIVE BRIEF: Discovery Ad Sales



MEDIA:
Ad Age, September 18, Full page, RH/FF

OBJECTIVE:
Congratulate Publicis for going strong at 80. They still make award-winning creative and innovative marketing look easy.

BACKSTORY:
In 1926, Marcel Bleustein-Blanchet started small with a big idea...clients' successes come first. Publicis is a global marketing force, creating award-winning advertising for clients worldwide, in 196 offices and 104 countries.

TOPE:
The AE suggested we try something funny, edgy, clever, yet sophisticated, but inexpensive and it's due tomorrow. Big help.

ADDITIONAL FACTS:
It's not all parties and corner offices. Publicis supports the United Nations Global Fund to Fight AIDS, Tuberculosis and Malaria.

IMAGES:
38,000 employees and hundreds of top-shelf clients.
Where do you start??

LOGOS:
Publicis, Discovery Networks

80 YEARS
OLD!
~~USE~~
LARGE
FONT

PUBLICIS GROUPE
STYLE GUIDE



(Continued from Page P8)

We need to create a bond, to create a relationship, to create something which is going far beyond the reason for buying. And sometimes the reason for buying can be simply the idea you have of the product and not only what the product does.

So I think a great company—and I believe we are a great company—in our industry is a company where ideas and creativity are not limited to the creation of ads. It's in everything we do. The only area where I think creativity has to be banned is in accounting. But on everything else, we have to be creative. If you are speaking about a media plan, clients are not just expecting that we bring numbers of contacts. They can get that from computers.

AD AGE There is a question these days of which comes first, the creative messaging or the medium. Is media more important than creative?

MR. LÉVY If you are speaking about the process, we should start with the consumer, try to understand his behavior, try to see where we should speak to him or her—and then to develop the ad.

If you are thinking about hierarchy, I hate the idea of hierarchy. It is against the Publicis Groupe spirit and the team spirit in our business. Great communication solutions can come from anywhere in the business. Obviously, there are sometimes priorities or aspects that take the lead. But the reality is that fantastic, creative ideas can come from anyone. There is as much creativity in media as in the actual creation of ads, banners, point-of-sale or direct. Yes, there are some creative geniuses, as always, but you can also find some stars in planning, in media, in account management, in marketing services, everywhere. Great creative ideas can also come from very young people. While they have no experience, at the same time they have no taboos, so they can go where others don't dare to go.

AD AGE Let's segue from there into the talent question. With all the changes in the business, how does it change the types of people that you recruit? Is it possible to retrain existing work forces?

MR. LÉVY These are probably the most difficult things. We're always speaking about the importance of recruiting the right people in our industry, but very often this is lip service. This probably happens with Publicis Groupe a little, too, but we are trying very hard to change because we place great value on what people bring to us—the human element.

We first need to hire people, not for their education or their background, but for their personality; personality is much more important than education. If somebody lacks education, you can send them to school. However, it's much more serious if a person lacks stamina, the strengths of a strong character or conviction. These are qualities you cannot teach.

Very often in our industry we believe that training is the best solution. Unfortunately, the best training is experience. And while you can learn a little from success, you learn much more from failure. The best training then comes from the number of failures you've experienced. So the second aspect to recruitment is less exact, it's more of a feeling. We all know that we are in a business where scientific results often do not exist. It's like in the movie industry. There is chemistry, there is something magic, and it happens or it does not happen.

It is important to put in place a system where people feel that they are respected, that they can grow, they can bloom, that something will happen for them if they participate. You have to create teams where complementary skills are working. Sometimes you see great art directors, very shy, who can do great work only when they're attached to a copywriter who knows how to get the best out of them. And these same art directors will do a poor job if they're not associated with the right partners.

I remember the first question I put to Marcel Bleustein-Blanchet when he interviewed me the day we met. At the end of the meeting, I said, "What is the most difficult job for a CEO of a company like yours?" And the answer came immediately: "Casting. Building the team."

AD AGE What's the right mix and balance between advertising and marketing services, and how are you trying to achieve that?

MR. LÉVY In theory, I don't believe there is a right mix. I believe that there is a right balance according to each client and according to each issue. In some cases, and for some products, in the early age of the product it would be very important to spend maybe 70% of the money on TV and that, during the cycle of the life of this product, maybe 10% would be enough. So we should be very careful about what is the right mix.

That is the beauty of our industry—there is no obvious solution. There is no one, single solution which will lead to success. There are as many solutions as there are clients, products and situations. Because what has been right for Christmas is not right for

Valentine's, and what has been right for the launch of a product is not right for the relaunch or for the end of life. So we really have to think in ways which are specific to the moment and to the product.

AD AGE What about the global mix, in terms of where you want to have a presence and where you want growth to come from? Are your priorities the emerging markets, such as India and China?

MR. LÉVY The emerging markets are the markets where the growth is coming from. In the major markets, 3% can be fantastic; in emerging markets, 10% is maybe not enough. So we want to take maximum advantage of the new, emerging markets.

But beyond Brazil, Russia, India and China, I think there are a lot of other places which are very interesting. Turkey is full of opportunities. Kazakhstan tomorrow will be great. If you look at all the resources that exist in Kazakhstan, this will be a rich country. If you look at the Middle East, there is a change in the Middle East that few people have noticed. Till now, most of the oil money was going only to the rich people and was not shared with the population. For the first time, since the war in Iraq, we see that the money is going to first get invested in the region, which was not happening before. They're investing in education, they are investing in housing, they are investing in creating jobs. So this is something which is of paramount importance to the region. And the money's going also to the people, so the level of purchasing power of the region is rising.

We have to be very careful about how we look at the evolution of the world, and we should invest where the growth will come faster, but this doesn't mean that we should consider that we are done with the major markets. We are not. We need to strengthen our position in the U.S. in marketing services as well as our position in Europe in a lot of areas. And we have also to invest in what will be the future.

To be honest, I don't have a crystal ball to see into the future. I know the trends, I know what everyone is telling me about digital, interactive, mobility and empowering the consumer. But exactly how this will translate in terms of action, access, investment is something we have to consider. So growth may come from emerging markets or from these key areas.

AD AGE How does that affect your acquisition strategy?

MR. LÉVY The beauty is that we have a balance sheet which is very solid. So if we want to make an acquisition, we can. We have digested the Bcom3 acquisition in every respect, first professionally and second financially. There were some people who were concerned about our ability to integrate these operations. We did the most daring thing we could to dismantle D'Arcy. It had never been done in the industry before, and we know how the mergers are faring in most of our competitors' companies. And we had no failures. We were pretty successful.

We will have an opportunistic approach. We will look at the operations that come on the table with the idea that there are things we can do, there are things we can't; and if we feel it is appropriate, if it serves the purposes of the group, if it helps in giving better service to our clients and enhancing our position, we will do it. China, India and Russia are the three key areas where we believe we should strengthen our position. And we should strengthen some segments of our industry, where we believe our presence is not yet at the optimum, and that is marketing services.

AD AGE We've seen a lot of agencies still separating out their digital practices and creating units within their agencies that are digital specialists. But then the question becomes how can global networks adapt if, when it comes to the digital space, they still have to say, "Oh, wait, that happens over here. Should that be integrated?"

MR. LÉVY I think it was a necessity to start with a specialized agency simply because it would have been almost impossible to grow that business in the main agency. It would have been difficult to attract and retain these specialists because they needed to be in an environment which was the interactive environment, they needed to explore new ways and they needed also to have the feeling that they were a little bit special.

Today it's very difficult to say to a client, "Monsieur Client, here is your communication strategy, here is your media strategy, here are

(Continued on Page P12)

Congratulations, Publicis Groupe.

From everyone in the Fallon family.

Fallon Worldwide

It's hard to find your way out there alone.



Thank you Publicis, for a 20-year global partnership of passion, trust and success.
Congratulations on the 100th anniversary of your founder, Marcel Bleustein-Blanchet.



PUBLICIS





(Continued from Page P10)

the ads and here is your interactive strategy.” It doesn’t work that way. Clients are expecting that we examine all the approaches in order to recommend the strategy that is really the winning one across all aspects of communications.

Probably the best solution would be to have something more fluid, less structured. We will have interactive operations that can act as separate agencies or can be integrated directly inside a larger agency structure, reporting to them in certain situations, particularly in terms of management. For example, with compensation issues, it’s very important to have a system in place to give shares and reward interactive leaders so they have a true sense of partnership.

AD AGE Ad Age has said that Publicis Groupe is one of the Final Four of agency holding companies. Is that important for where you want to be, and can we use the word “final” with all the changes going on in the business? Is there a permanent world order?

MR. LÉVY There isn’t exactly a “world order,” but it is true that in terms of large assets to be consumed, there are few remaining. There is Aegis. There is Havas. Maybe they will be combined, but this will not be transformational. There is no longer any major merger that will be considered a great evolution. The last one was our acquisition of Bcom3. There are still connections to make, areas in which to build stronger organizations. But we have come to the end of an era in our industry. The process of consolidation as we knew it has ended.

There will be also some other moves, but these moves will be very different. What they will be, I honestly don’t know, because I think that creativity will need to go to unknown territories and we will probably build new frontiers to our industry. But one thing is for sure: It is almost impossible for this industry to continue with the

limited level of growth that we have, and there will be some major moves to come in the next three to five years.

AD AGE What are some of the areas, beyond the obvious—things like mobile marketing and digital—what are other disciplines where you see opportunities?

MR. LÉVY There are many areas of opportunity, but again, would

“My biggest frustration is when I have an idea that I believe is great—and I’m not able to sell it. I feel that I have not understood the client or the client has not understood the idea. That generates a frustration which goes far beyond myself.”

these areas change dramatically the way we are operating? I don’t believe so. If we speak about mobile marketing, it reminds me of the good, old days when we spoke about TV. We had to transform this new technology into a new means of communication. While mobile marketing will bring a dramatic change, it will not be a transformational change. There remain lots of things that we still need to invent, which are not yet invented, in our industry. We are all, in our organization, thinking about this. The first to move will be a winner.

AD AGE With all of the new media, one of the greatest promises for clients is accountability. How do you reconcile the balance between being creative in these spaces and the ROI demand?

MR. LÉVY I don’t believe that there is a conflict between creativity and accountability. It is part of the same job. We don’t think first

about awards; we think about our clients’ results first. This really is our profession. It’s the task of the management to help the creative people to deliver winning ideas that help the client’s strategy. We are not there to do ads to put in museums; we are there to move the business, to move the market share, to move the consumer in the direction of the client and make sure that the client will sell more products. We are in the business of differentiating brands. And tomorrow, we will have tools which will help us to better measure the results.

AD AGE What’s your biggest frustration with clients?

MR. LÉVY My biggest frustration is when I have an idea that I believe is great—and I’m not able to sell it. I feel that I have not understood the client or the client has not understood the idea. That generates a frustration which goes far beyond myself. As a CEO, I can get frustrated with my job, but what I have to avoid is transferring this frustration to the team. Instead, I have to motivate them and prepare them. It’s very important to create a level of confidence between the client and the agency that will make the clients understand how much we really care about their business. But my biggest frustration doesn’t come from the client. My biggest frustration comes from myself. I’m frustrated that 24 hours is not enough, I’m frustrated that 365 days in a year is not enough, I’m frustrated because I have not the possibility of doing everything I would dream to do. •



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HOT ZONES

EIGHT OPERATIONS PUT PUBLICIS GROUPE ON THE CUTTING EDGE

CHINA

AN EMERGING GIANT

Publicis Groupe is expanding in several emerging markets, including the BRIC countries of Brazil, Russia, India and, especially, China, where Saatchi & Saatchi, Leo Burnett and Publicis each has growing operations. In addition, the Groupe has rapidly expanding marketing services operations in China, where it acquired local leader Betterway at the end of March.

Saatchi & Saatchi has been in China since the 1980s, and had three mainland offices by 1993. "The big early clients and big drivers of our serious investment in the market [in the early 1990s] were Procter & Gamble and Johnson & Johnson," says Jim O'Mahony, Saatchi's chairman-CEO, Asia, Australasia and Latin America. The network currently has 500 people in five offices in China, and its clients include a mix of international companies such as Danone and Toyota and local brands such as China Mobile and Snow Beer.

Burnett entered China through a joint venture in 1995; it previously served the market through its Hong Kong office, which was responsible in 1979 for one of the first TV commercials in the mainland, for Marlboro. Current clients include global companies such as P&G, Coca-Cola's non-carbonated beverage brands, and Wm. Wrigley Co., as well as local businesses such as sportswear company Li-Ning.

The network oversees greater China as a unified region, with six offices (four in China, one in Taiwan and one in Hong Kong) under a single structure. This allows it to apply resources from Taiwan and Hong Kong to build the infrastructure in China, says Michael Wood, CEO of Leo Burnett Greater China. "We can look at what is the best idea and how to make that idea a reality across various touch points."

The smallest and newest entrant to China is Publicis, which just named Sheena Jeng, formerly CEO of Publicis Taiwan, as the CEO of Publicis China. Publicis has 320 employees across three offices in China and boasts clients such as L'Oréal, Carrefour, HP, Petronas and Virgin Atlantic. "We're not trying to build a big agency," Ms. Jeng says, stressing creativity as a driving force. "We want to surprise and inspire. It's not so much about creative work, but about the creative spirit and about coming up with innovative ideas for the client."

"Seventeen years ago, there was no advertising in China; it was a command economy," Mr. O'Mahony says. "Now it's a demand economy. And Chinese consumers have become very sophisticated very quickly. The primary cities are as sophisticated as any city in the world."

The secondary and tertiary cities, outside the major metropolitan areas of Beijing, Shanghai and Guangzhou, are prime for growth. "It's there where clients will get the volume scale they're looking for," Mr. Wood says. "Tens of millions are moving into an economic band that will allow them to purchase branded goods."

While some multinational companies have been in the market for a decade or more, others are newer entrants and are still losing money in China. "We have to help them build their brands and achieve a return on investment," Ms. Jeng says. "Our only chance for success is to make our clients a success."

Companies are starting to create more holistic, integrated campaigns that move beyond traditional TV and print. Burnett recently supported Wrigley's Juicy Fruit, Doublemint and Extra brands with a road show to bring the brand experience to the consumer, for example. "We're moving from reach to touch," Mr. Wood says. •



Sheena Jeng, Publicis China



Michael Wood, Leo Burnett Greater China



Jim O'Mahony, Saatchi & Saatchi

ARC WORLDWIDE

FOCUS ON INNOVATION

Arc Worldwide took its current form in May 2004 through the merger of four Publicis Groupe agencies—Frankel, Semaphore Partners, Arc Marketing and Arc Interactive—and iLeo. The combination allowed the group to execute a blueprint that had been in development at Bcom3 Group's Leo Burnett division, where Marc Landsberg, Arc Worldwide's current president, was before Publicis Groupe acquired the agency group.

The result is a global full-service marketing services agency that operates within four key disciplines: promotions, retail/shopper marketing, digital/interactive, and direct and database marketing.

"Our service mix allows us to build cross-channel consumer experiences," says Mr. Landsberg, adding that Arc Worldwide now has 37 offices and 1,400 employees in 31 countries.

"We really push a lot on our innovation agenda," Mr. Landsberg says, noting that Arc's campaigns typically incorporate both off- and online components. "We use innovation, technology and new strategies to create the big, 'campaignable' idea that crosses channels and time."

Arc's innovation practice, Arc-Edge, consists of a global team dedicated to exploring emerging technologies and channels, and examining how they can be applied to clients' businesses. "It's not only about innovation thinking, but about the execution of that thinking," Mr. Landsberg says. "We connect the strategy to the execution."

Recent campaigns have included a tween-targeted initiative for the Centers for Disease Control; VERB Yellowball, which encouraged exercise through a combination of off- and online viral marketing tactics; an immersive digital destination, TheBar.com, for Diageo, featuring an



Marc Landsberg, Arc Worldwide

intelligent virtual bartender; an online 5-second film contest to support Cadillac's V Series line of cars, which accelerate from zero to 60 in 5 seconds; and the first pet-related podcast on iTunes, for Purina. Arc's ability to innovate, along with its multidisciplinary approach and its capacity to create content in many forms—from podcasts to in-store retail merchandising—sets it apart from other marketing services agencies, Mr. Landsberg says.

In the last two years, the agency has added a number of clients to its roster, which already featured long-time partners McDonald's Corp., United Airlines and Visa USA. Recent account wins have included Revlon, Campbell's, CibaVision and Radio-Shack. *Advertising Age* estimated year-on-year revenue growth for Arc Worldwide at 16.9% in 2005.

Says Mr. Landsberg, "Our new-business wins demonstrate that clients around the world recognize our ability to tie consumer insights to brand strategy, to change consumer behavior and drive transactions." •

HEALTHCARE COMMUNICATIONS GROUP

SUCCESS THROUGH DIVERSITY, INTEGRATION

In 2003, Publicis Groupe brought its more than 60 healthcare brands—including Nelson Communications, one of the world's largest healthcare communications groups, acquired in 2000, as well as the assets of Saatchi & Saatchi and Bcom3 Group—together under a single leadership.

Publicis Healthcare Communications Group, after consolidating and downsizing to eliminate redundancies, was left with its current roster of 44 offices in 12 countries, all reporting to CEO Ed Rady. PHCG, now one of the world's largest healthcare communications groups, also works closely with other agencies within Publicis Groupe, giving it a presence in more than 50 countries.

Having all healthcare assets integrated under one leadership makes Publicis Groupe unique in the industry, Mr. Rady says. "There's nobody out there that provides our diversity of services. We work with our clients starting three to four years before a brand hits the market on developing commercial strate-

gies, all the way through the end of the lifecycle when it becomes generic."

The group's capabilities include direct-to-consumer and over-the-counter advertising, branding, customer-response marketing, direct-to-patient campaigns, medical education, contract sales, telemarketing, strategy consulting, medical affairs, clinical trial recruiting and interactive services.

A key trend in healthcare communications over the last few years has been a demand for one-stop shopping, and PHCG's diversity of services and its ability to build relationships with the other agencies under the Publicis Groupe umbrella make it a leader in this area.

Publicis Groupe's top management, including Chairman-CEO Maurice Lévy and SAMS Worldwide President-CEO John Farrell, has been very supportive of PHCG, which counts AstraZeneca, Johnson & Johnson, Pfizer and Sanofi-Aventis among its clients. Plans include both organic growth and acquisitions. Says Mr. Rady, "We have a mandate to continue that growth and become the premiere health communications group there is." •



Ed Rady, Publicis Healthcare Communications Group

(HOT ZONES Continued on Page P16)

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L'ORÉAL



Rishad Tobaccowala, Denuo

DENUO
FINDING INSPIRATION IN CHAOS

At first, it was difficult explaining to potential clients just exactly what Denuo does. "We'd say we help clients get to the future first, but that sounded kind of airy-fairy until we actually did some things," says Rishad Tobaccowala, founder and CEO of the Publicis Groupe-owned consulting firm launched in February.

The problem has been fading now that Denuo has been notching some successes.

There's the big marketer, for example, that with Denuo's help, used technology to identify a community of people who were not only nuts about its brand, but would talk about it to others online. Once it had turned these advocates into a community, Denuo created a program that allowed them to design a marketing campaign for the product. "In many ways, the loyal, highly connected brand advocate is the best brand manager," Mr. Tobaccowala says.

In another case, Denuo integrated a product into an online sports game that not only links well with the brand's TV sponsorship, but will come back in new versions each year, building more equity for the brand over time.

Named after the Latin word for "fresh" and "new," Denuo (pronounced "deh-noo") trolls the emerging media landscape, looking for new ways to reach out to consumers in a fast-changing world. Its famously blunt CEO is known for telling big marketers and ad agency executives to stop whining and get used to the chaos around them.

Typically, Denuo executives, who number 15, start their work for a client by "framing and filtering." This means sizing up the evolving media and marketing landscape and examining how it affects a particular brand. Then the com-

pany recommends specific ways for the brand to capitalize on those changes and offers to help the brand execute the strategies.

To stay abreast of the cutting edge, Denuo forges partnerships with new media start-ups, advising them, usually in exchange for some equity, about how they can integrate advertisers into their efforts. It now has 10 such partnerships, up from six at the time of its launch, Mr. Tobaccowala says.

Denuo also looks for some potential upside in compensation from the big marketers that seek its help. It would like to share in the profits, for example, if it creates a new media outlet or product with a marketer. So far, it hasn't secured any equity, but has arranged for bonuses and incentive plans from some clients.

Revenue growth at Denuo is on track, Mr. Tobaccowala says, with profitability likely to arrive in year three.

In the end, Mr. Tobaccowala says, Denuo's job often boils down to convincing marketers to walk outside the imaginary boundaries they've built around themselves.

"All of us are waiting to get yeses from our bosses," he says. "Bosses don't like to give yeses, so try to see if you can get a no. No one is stopping us but ourselves."

Although owned by Publicis Groupe, Denuo doesn't restrict its consulting to the holding company's agencies or clients. The very fact that it exists, however, is a testament to the wider organization's ability to walk outside the lines, Mr. Tobaccowala says.

"I'm here because of two people I find really inspiring," he says, alluding to Publicis Groupe Chairman-CEO Maurice Lévy and Jack Klues, global chairman of Publicis Groupe Media. "They're trying to change the world, and I can learn a lot from them." •



Richard Attias, PEW

PUBLICIS EVENTS
WORLDWIDE
LEADING GLOBAL EVENTS

Publicis Events Worldwide has produced memorable events across the globe for years, from the historic launch of the euro and the annual organization of the prestigious World Economic Forum in Davos, Switzerland, to tailor-made meetings and conferences for a wide variety of clients.

"Events communication today goes beyond just production," says Richard Attias, chairman-CEO of PEW. "We're helping companies, institutions and governments build very strong relationships to their target audiences."

While PEW handles events of all sizes, it's already working on one that will be watched by billions around the world: the opening ceremony of the Beijing Olympic Games in 2008. •

(HOT ZONES Continued on Page P18)

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Andy Murray, Saatchi & Saatchi X

SAATCHI & SAATCHI X

FIRST MOMENT OF TRUTH

Saatchi & Saatchi X was formed in July 2004 with Publicis Groupe's acquisition of Thompson Murray. Its goal: "Creating a network consisting of multiple agencies and offices focused on the First Moment of Truth at the store level, and on turning shoppers into buyers."

"We want to cut through the bewildering number of choices in the store. We want to know what inspires people to buy," says Andy Murray, a founder of Thompson Murray and worldwide CEO of Saatchi & Saatchi X, which has opened 23 offices around the world in just two years.

Mr. Murray points out that an individual store has 50,000 to 100,000 stock-keeping units or more, making it nearly as cluttered as today's media environment, with a "wild, wild West" atmosphere where multiple brand images compete and confuse. "There's a worldwide trend of going from cluttered to clean," he says. But he adds that creating an anti-septic environment isn't effective either. "Rather than going from clutter to clean, we say we want to go from clutter to clear," he says. "You still want to inspire the shopper to buy."

Saatchi & Saatchi X's work with Wal-Mart is a good illustration of effective First Moment of Truth marketing. The chain's new prototype store in Plano, Texas, strives to attract more upscale shoppers while adhering to Wal-Mart's traditional value proposition. Based on its research into shopper insights, which helps it determine when a visitor shifts from consumer to shopper and, finally, to buyer, Saatchi & Saatchi X created a store layout with a look and feel that featured intuitive communications and navigation. Results have exceeded expectations, Mr. Murray says. "We helped them move from clutter to clarity, so consumers spend more time shopping and less time searching."

The agency collaborates with other firms within Publicis Groupe to give shared clients the best possible results. This is especially true of other agencies within the Saatchi umbrella. "We collaborate on the Lovemarks process [a way of looking beyond the brand at what inspires consumer loyalty and respect] and look at how it should manifest itself in the context of the retail environment," Mr. Murray says, adding, "We treat the store as an idea space."

Saatchi & Saatchi X, whose clients include Procter & Gamble Co., American Express Corp., Purdue Farms and Novartis, is focusing on staffing up from its current 250 employees in North America and a nearly equal number in other countries, Mr. Murray says. "We continue to be in high-growth mode." •

FREUD COMMUNICATIONS

AT THE CROSSROADS OF MEDIA AND PR

In one week in July 2005, Freud Communications handled all the media and lobbying for the African relief concert Live 8; worked on behalf of several nonprofit clients to raise their profile at the G8 Summit in Gleneagle, Scotland; saw its client, the City of London, win its bid for the 2012 Olympic Games and, the next day, assisted the city in dealing with the London bombings. "Within one week, we were at the forefront of three global news stories," says Freud Chairman Matthew Freud. The agency maintains a 130-person hub in the U.K., where it is one of the largest PR firms, as well as offices in Los Angeles, New York and Moscow.

Freud Communications' work on Live 8 led to its involvement with the 2006 launch of the nonprofit initiative RED at the World Economic Forum in Davos, Switzerland. RED, created by U2 lead singer Bono and Bobby Shriver, promotes RED-branded products from companies such as American Express Co., Converse and Armani; profits are channeled toward alleviating AIDS in Africa. Mr. Freud says he and his 22-year-old agency—a majority of which was acquired by the Publicis Groupe in 2005—have three primary

passions: Africa, the power of celebrity and brands. "Those three are distilled in this thing called RED," he says, adding that the launch generated significant consumer media coverage.

While 80% of the agency's income is attributable to mainstream consumer brands such as PepsiCo, Nestlé and Nike, it is its strong entertainment practice that creates a point of difference, Mr. Freud says. "We're significantly useful to the media in terms of talent or content access," he says. "There are as many phone calls coming in from the media as going out."

Mr. Freud says Publicis Groupe management has been very supportive of the agency. "Publicis Groupe has a significant ambition to grow and develop the assets of the company that aren't just in advertising and media buying," he says. "They're doing that by acquiring the best of breed in each of the below-the-line disciplines."

Mr. Freud says he believes his agency will continue its double-digit growth curve by maintaining its core competency in PR execution while taking an increasingly greater strategic role on behalf of its clients. "Brands are now looking to us about being more a strategy resource than just a PR agency." •



Matthew Freud, Freud Communications

HOLISM 2.0

NEW ERA OF ENGAGEMENT

In 2001, Maurice Lévy sparked a buzz in the industry when he introduced the vision of holism vs. integrated marketing to the U.S. at an American Association of Advertising Agencies conference.

Now Publicis USA is taking this approach even further. Holism 2.0 is about new ways to create brand experiences at every relevant touch point to stimulate the consumer to get actively involved with the brand, says Mark Hider, Publicis USA's director of engagement strategy.

"Holism 2.0 is a new way of thinking. We have a new mantra, which is to get consumers actively engaged with a brand. It's the same basic DNA, but it's in a different context," Mr. Hider says. "It was necessary to reorient our thinking due to the widespread and rapid adoption of new technologies across all aspects of communications, which irrevocably transformed how people of all sorts consume communications and relate to commercial appeals."

Bob Moore, chief creative officer, Publicis USA, and creative leader for T-Mobile, describes it this way: "What we're trying to do is very simple conceptually and very difficult creatively. We want 'brand as destination.' This means you have to be so engaged with customers that they actively seek you out.

"Our clients' brands need to be those people you see at parties who attract other people. But it's not just a popularity contest.... You must first make yourself relevant, then welcome and, finally, sought after. That's what 'brand as destination' is all about."

Publicis USA recently did just that for T-Mobile by creating a microsite instead of a TV spot to launch its new Sidekick 3. Publicis convinced T-Mobile to do a completely online ad effort because its core audience spends as much time surfing the Internet as it does watching TV. The Publicis team



Susan Gianinno, Publicis North America

believed it was a perfect match because the Sidekick is all about social engagement and the microsite is an experiential medium. In its first two weeks, sidekick.com received more than 1 million unique visitors, with each visitor spending an average of 4.5 minutes on the site compared to the average of one minute they spent before, Mr. Moore says.

Susan Gianinno, chairman-CEO of Publicis North America, says, "More and more clients are embracing [holism]. The impediments and barriers are breaking down very quickly, and marketers are gaining a greater understanding of what holism means and the value it brings to their brand."

Says Debbie Yount, the agency's chief holistic officer, "Holism 2.0 helps us to create appeals that are more relevant in every conceivable way: personal, well-timed, rich and rewarding.

"The relationship between a brand and a consumer is continually evolving," Ms. Yount adds. "That's why our vision of holism evolved, too. Holism 2.0 leads directly to the best solution to the challenge—or opportunity—facing a client's brand. And because it is truly customer-centric and channel-neutral, it unleashes new creative possibilities that engage the consumer and help them to build a relationship with our clients' brands." •



CONGRATULATIONS

FROM OUR GROUP
.....
TO YOUR GROUPE



PUBLICIS GROUPE

We look forward to the next generation of Brand Navigation with our Publicis Groupe partners:



PUBLICIS DIALOG

SAATCHI & SAATCHI X

SAATCHI & SAATCHI



.....
GENERAL MILLS



CLIENT RELATIONSHIPS

PETER BRABECK-LETMATHE

CHAIRMAN-CEO

Nestlé

Publicis and Nestlé go back a long way. In fact, Nestlé France called on Publicis in 1952; in Switzerland, Nestlé started working with the Farner Agency in 1954 and, when Publicis bought Farner in 1976, the relationship continued to flourish. A business partnership as traditional as this one resembles an old couple in many regards: It does not take many words to understand what the other wants or wants to say. There is an almost instinctive mutual understanding of attitudes, of strategy, of skills and limitations that saves time and makes the relationship more efficient.

Nestlé takes pride in building long-term links with its partners. We have a comfortable relationship with Publicis, with both sides

realizing that shared interests and successes will endure longer than flops or temporary little spats. I know that Publicis has contributed to our success. I also believe that our strong and traditional relationship has helped Publicis in its development.

Publicis has been one of our aligned agencies for a long time now, and we work together in about 60 countries. Publicis brings a very solid and professional approach to the business, both in corporate as well as in product work. I also appreciate the flashes of Gallic wit and irreverence that sometimes shine through. We value that relationship, and we feel that it helps and strengthens both our organizations. In that sense, I want to offer my congratulations to Publicis at this landmark moment, and I look forward with gratitude and enthusiasm to working together for many more years. •

“Our relationship with Publicis Groupe agencies goes back decades across many of our leading brands. Their keen consumer understanding, creative spirit and innovative approaches have made them key contributors to P&G’s growth. We wish Publicis continued success as they celebrate the 100th anniversary of their founder’s birth and their 80th year in business.”

—A.G. Lafley, chairman-CEO, Procter & Gamble Co.



JIM FARLEY

VP-MARKETING

Toyota Division, Toyota Motor Sales USA

Our 30-plus-year relationship with Saatchi & Saatchi is really unprecedented in our industry. It’s been a big strategic advantage. Saatchi has used that consistency to develop a creative partnership that supports our launch and marketing of new vehicles, something that would [typically] turn into a competing agencies situation. In our 30-year relationship, there have been no other competing agencies.

With a relationship of that duration, there’s a risk of complacency. But Saatchi has really been able to leverage it. Instead of Toyota getting three or four ideas from competing agencies, Saatchi acts like the coach of a fantasy league finding 30 to 40 creative partners to work with their creative team. They’ve become a central clearinghouse of ideas, and that’s a much more powerful way to develop ideas. They harness the best and brightest talent for Toyota and act as the glue holding all the ideas together.

As our business has grown, Saatchi has been able to adjust to our changing business requirements much quicker than an agency with a shorter relationship with us. Starting last January, Toyota launched four products in four months—in the automotive space, that just doesn’t happen. Saatchi has also staffed up to support our increased event marketing. Customers have become

so skeptical of mainstream media that it’s more and more important to connect with them in person. So people are experiencing Toyota products in surprising places: pro bass fishing tournaments, retail shops, motocross and motorcycle events. We sponsor a pro cycling team and the Brooks & Dunn concert series.

There’s been a lot of innovation on Saatchi’s part lately in both media—we sponsored a “mobisode” of “Prisonbreak” for cell phone users—and creative. A new design team has helped us understand our relationship to our name and product, and how to represent our brand in a digital way. The result is that customers are more attentive to our brand logo and “Moving forward” tagline.

Customers see Toyota as a wonderful company, but we need to make it a company they love. That comes from building a relationship among human beings. Harvey Marco, our creative director at Saatchi, has helped us focus on making Toyota a more human brand. Kevin Roberts, CEO of Saatchi & Saatchi Worldwide, and Kurt Ritter, consultant to Saatchi & Saatchi LA, have given us access to Saatchi’s creative partners around the world. Neil Ford, creative director at Saatchi & Saatchi NY, and his creative team support Toyota’s New York and Chicago dealer associations, which are very important to us.

We’re always looking to find the next level of performance, and with a long-term partner like Saatchi, that’s easy to do. •



COMPANIES DISCUSS PUBLICIS GROUPE AND WHY THEY WORK SO WELL TOGETHER TO CREATE LONG-TERM RELATIONSHIPS

JEAN-PAUL AGON

CEO

L'Oréal

At L'Oréal, we are known for our innovation in science and marketing, but also known for our innovative, trend-setting advertising campaigns. In the 1930s, L'Oréal founder Eugène Schueller took a leading role in what was our first radio advertising. Publicis had pioneered the idea of connecting with consumers through the new medium of radio. Working with Publicis founder Marcel Bleustein-Blanchet, in 1934 we became one of the first program sponsors, with a singing competition called "Radio Crochet."

Since those early days, L'Oréal and Publicis have enjoyed a lasting partnership that has grown and strengthened with time; and I have had the privilege of working with many talented teams for more than 25 years. Together, we have tried to make the world a more beautiful place, creating legendary campaigns for many of our brands, including Lancôme, Helena Rubinstein, Biotherm, L'Oréal Paris, Garnier, Softsheen-Carson, L'Oréal Professionnel, Kérastase and Matrix.

In 2006, Publicis is as creative, innovative and daring as it was in the beginning. Christophe Lambert is today's creative force behind the corporate campaign, "Take Care. Garnier." This is a new concept

and is considered by our senior management as another important breakthrough in advertising trends.

Publicis has always helped L'Oréal to create emotional connections between brands and consumers. A recent example is the U.S. launch of the Garnier Fructis brand. Publicis created an advertising campaign that is worldwide in its positioning of the Fructis brand yet clearly representative of the local interpretation of beauty. The concept connects the brand's diverse consumers from around the world to the global Garnier multiethnic ideal.

As Publicis has grown its service offering, we have benefited from its knowledge and expertise, working together on many other projects, from the production of our annual report and sustainable development report through to strategic counsel on a range of demanding communications issues—under the highly valued leadership of Maurice Lévy, a true friend to our company and to whom I offer my warmest thanks and congratulations.

On behalf of L'Oréal's entire management committee, we pay tribute to Publicis and to its 80 years of successful business—it is a company that has always dared to innovate. In particular, we salute the spirit of a true long-term partnership that was initiated by Marcel Bleustein-Blanchet and adhered to so brilliantly by Maurice Lévy. ●



"Congratulations and best wishes to the Publicis Groupe in celebrating the 100-year anniversary of the birth of its founder, Marcel Bleustein-Blanchet, and its 80th year in business.

"McDonald's has enjoyed close working partnerships with Leo Burnett, Burrell and Arc Worldwide for many years. From our beginning, creative ideas have connected our brand to the hearts and minds of consumers everywhere that we do business. And these agencies have consistently provided ideas that build our brand and drive our business.

"McDonald's looks forward to continued partnership and success with our Publicis Groupe partners in the years to come."

—Jim Skinner, CEO, McDonald's Corp.

**GARY ELLIOTT**

VP-BRAND MARKETING

HP

We have worked with Publicis for more than 13 years; they're one of our longest agency partners. They have been involved in the day-to-day selling of our products and services, but what's most interesting is how they've gone outside the bounds of traditional agency thinking and behavior.

Take our award-winning Hype program, which involves viral marketing to vertically target an audience of commercial artists and creative companies. Hype invites them to submit their portraits, either photographs or paintings; we blow up their digital files to 6-by-4-feet and the prints hang in Hype galleries we've created out of empty warehouse space in major cities throughout the world. It's a very exciting and original program.

Publicis has been a good partner as they continually look at new ways for us to better improve our internal marketing communications. For example, Publicis helped us with a digital printing pilot project in Germany to convert

all our analog files to digital so we could move our files digitally to printers and speed up our go-to-market efforts. Together we're evaluating how we can improve our work flow and management of assets. We're also analyzing different integration models that would coordinate multiple marketing communications disciplines from advertising through collateral material, point of sale, direct response.

We already work with ZenithOptimedia, Publicis Groupe's worldwide media planning and buying operation. Its senior management looks at opportunities in the marketplace and puts together solutions for us; they're very responsive to our needs and provide the counsel we need to look at future media consumption and trends.

[Chairman-CEO] Maurice Lévy and Rick Bendel [chief operating officer of the Publicis agency network] have been involved with our business for a number of years; they have made themselves available to us day and night. It's reassuring to know that they are deeply connected to our business. Publicis has great style, a great sense of commitment and enthusiasm for HP's business. We enjoy working with the Publicis team around the world. ●





VIVA LA DIFFERENCE!

SHOWCASE

A GALLERY OF PUBLICIS GROUPE AGENCIES' CAMPAIGN WORK PUTS THE SPOTLIGHT ON THE COMPANY'S DIVERSE RANGE OF CREATIVE TALENT

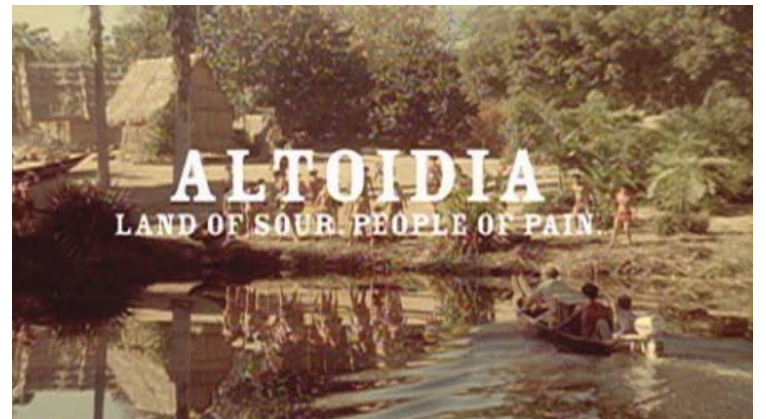


Publicis Conseil, France, Wonderbra, "Restaurant," 2005



TRANSLATION: COMES OUT THIS FAST.

Del Campo Nazca Saatchi & Saatchi, Argentina, Procter & Gamble/Ariel, "Route," 2006



Leo Burnett, U.S., Kraft Foods/Altoids, "People of Pain," 2005



Publicis Events Worldwide, France, City of Paris, "Millennium," 2000



Kaplan Thaler Group, U.S., Aflac, "Berra at the Barber," 2002



Starcom MediaVest Group, Australia, M&M/Mars, "Ms. Green," 2005



MS&L, U.S., General Motors Corp., "FastLane Blog," 2005



Fallon, U.S., Citibank/Citi, "Thelma & Norma," 2006



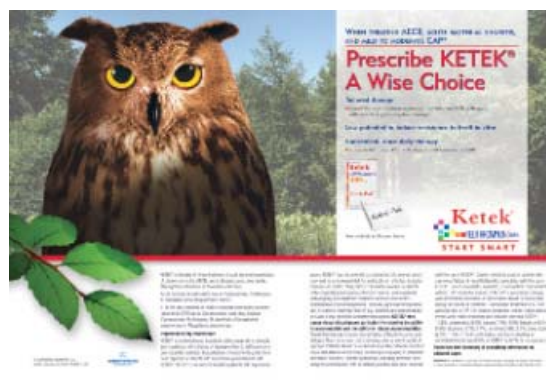
ZenithOptimedia, U.K., Puma, "Mice," 2005



Publicis Consultants, France, Year of France in China, 2006



Arc Worldwide, U.S., United Airlines/Ted, "Crosstown Classic," 2005

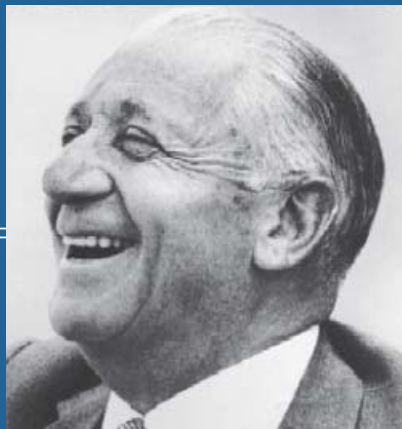


PHCG/LifeBrands, U.S., SanofiAventis/KETEK, "Wise Choice," 2006



Publicis Dialog, U.S., Allied Domecq/Malibu, "Holiday Case," 2005

Marcel Bleustein-Blanchet
changed the way advertising works.



*Marcel Bleustein-Blanchet
Founder of Publicis (1906-1996)*

With the help of Publicis Groupe,
we're going to do it again.

Congratulations, Publicis, on all you've achieved. We look forward to continuing our long-lasting relationship, and to the bright future we'll be sharing together with our OnSpot Digital Network.

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