

Publicis Plans to Pursue Further Acquisitions

By AARON O. PATRICK, Wall Street Journal

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Publicis Groupe SA expects to complete its acquisition of digital-marketing company Digitas Inc. next month, and will then step up the hunt for other Internet-advertising acquisitions in China, India, and Europe.

Maurice Levy, chief executive of the Paris-based advertising company, said he asked Digitas Chairman and Chief Executive David Kenny to draw up an expansion plan and budget. The objective is to make Publicis "a global leader" in digital-marketing, Mr. Levy said. "We intend to own this space," he said in an interview.

Last December, Mr. Kenny agreed to sell Digitas to Publicis for \$1.3 billion. So far, 94.4% of Digitas shareholders have accepted the offer of \$13.50 a share. The offer, which was scheduled to end Jan. 24, has been extended to Monday. Mr. Levy said he expected the deal to close by February 20.

When it does, Mr. Kenny will join the Publicis executive committee and take overall responsibility for Publicis's digital-marketing strategy. He'll have about eight weeks to write a company-wide plan, Mr. Levy said. One of the first priorities: sell Digitas services to existing Publicis clients in the U.S. and United Kingdom, where Digitas does most of its existing work. Next, on the agenda is to start offering Digitas services in new markets, including France and Germany.

Digitas offers a range of services for marketers, such as building e-commerce Web sites and creating online ad campaigns. The company also offers off-line services such as direct-mail advertising and direct-response TV and print ads.

Publicis plans to buy more Internet ad companies, particularly in fast-growing markets like China, India and Eastern Europe. Mr. Levy said he is waiting for the proposal from Mr. Kenny before deciding on an acquisition budget.

In the past, Publicis has been better known for the creativity of its ad agencies, including Saatchi & Saatchi, Fallon Worldwide and Bartle Bogle Hegarty, than its Internet operations. When it came to online advertising, rivals WPP Group PLC and Aegis Group PLC had moved more quickly.

But the purchase of Digitas, one of the biggest digital-marketing concerns, makes Publicis far more competitive. Digital is growing faster than any other form of advertising as people spend more time online, a fact illustrated by Digitas's growth: The company reported a 36% increase in revenue for the first nine months of last year. Net income rose 13%.

Publicis is the world's fourth-largest advertising company by sales, after Omnicom Group Inc., WPP, and Interpublic Group of Cos.