

# Hakuhodo 기업 분석 요약

## Business model

Hakuhodo is a comprehensive marketing and communications company. They provide services in various domains including advertising, marketing solutions, digital transformation, and technology-driven solutions. They focus on integrated marketing, leveraging creativity, communication design, and innovation to solve complex client challenges across different sectors.

## Key Business Sectors and Investments

Hakuhodo is aggressively investing in several key areas to ensure sustained growth and competitiveness:

1. **Digital Transformation:** Expanding capabilities in digital marketing, data analytics, and programmatic advertising through companies like DAC, iREP, and Hakuhodo Technologies.
2. **Technology Development:** Establishing new technology-driven subsidiaries like Hakuhodo Technologies to enhance their service offerings with cutting-edge solutions.
3. **Global Expansion:** Strengthening their international presence through acquisitions and partnerships, facilitated by kyu and its affiliated companies like IDEO and Public Digital.
4. **Innovation and Design Thinking:** Leveraging the expertise of kyu companies to foster innovation and creative solutions in various sectors, from product design to urban planning.

## Affiliated companies and what they do

### 1. Marketing and Communication

#### Hakuhodo Inc.

- **Role:** Core advertising and marketing company within the group, providing comprehensive services including traditional advertising, integrated marketing communications, and creative solutions.

#### Hakuhodo DY Media Partners

- **Role:** Focuses on media planning and buying, offering clients efficient and effective media strategies across various platforms. This includes traditional media, digital media, and innovative media solutions.

#### Yomiko Advertising Inc.

- **Role:** Specializes in advertising and marketing services with a strong emphasis on media planning and buying, particularly within the Japanese market.

### 2. Digital and Technology

#### Digital Advertising Consortium Inc. (DAC)

- **Role:** Provides digital marketing solutions, including programmatic advertising, data management, and digital campaign execution. DAC is crucial in Hakuhodo's digital transformation efforts.

#### iREP Co., Ltd.

- **Role:** Specializes in digital marketing services, including search engine marketing (SEM),

social media marketing, and performance-based advertising.

#### **Hakuhodo Technologies**

- **Role:** Established to drive the group's technological advancements. It focuses on developing new technology solutions and integrating them into Hakuhodo's services to enhance digital marketing capabilities.

### **3. Global Expansion and Innovation**

#### **kyu**

- **Role:** A strategic operating unit that includes a network of creative companies like IDEO, Public Digital, and Gehl. kyu focuses on innovation, design thinking, and digital transformation, providing cutting-edge solutions globally.

#### **IDEO**

- **Role:** Part of kyu, IDEO is known for its human-centered design approach, offering innovative solutions in product design, service design, and organizational transformation.

#### **Public Digital**

- **Role:** Also part of kyu, this company supports digital transformation for governments and large organizations, focusing on agile and impactful digital service implementation.

#### **Gehl**

- **Role:** Known for its expertise in urban design, Gehl focuses on creating human-centered urban spaces, enhancing the livability and functionality of cities through strategic design.

### **4. Specialized Services**

#### **Hakuhodo DY Matrix**

- **Role:** Provides advanced marketing solutions, integrating data analytics, strategic planning, and creative execution. It supports clients in navigating complex marketing challenges.

#### **SoldOut Inc.**

- **Role:** Specializes in supporting small and medium-sized enterprises (SMEs) and startups with digital marketing solutions, ensuring these businesses can thrive in competitive markets.

### **Business risks**

#### **1. Domestic Market Risks:**

- The domestic advertising market, where Hakuhodo DY primarily operates, is susceptible to economic fluctuations. Consumer spending recovery has been slow due to prolonged high prices, which affects the advertising budgets of client companies.
- The transition to digital media has been a structural change in the advertising market. While Hakuhodo DY has been proactive in digital transformation, any lag in this area could result in a loss of market share.

#### **2. Global Market Risks:**

- Global economic uncertainty, including issues like the Ukraine conflict, rising resource prices, and global interest rate hikes, can negatively impact client

budgets and, consequently, advertising spending.

- Exchange rate fluctuations also pose a risk as a significant portion of Hakuholdo DY's revenue comes from overseas operations.

## **World Economy**

### **1. Economic Downturns:**

- Economic downturns, both domestically and globally, can lead to reduced advertising spending by companies, impacting Hakuholdo DY's revenue. The advertising industry is highly correlated with the overall economic environment, making it vulnerable during economic slowdowns.

## **Technological Lag**

### **1. Rapid Technological Changes:**

- The advertising industry is experiencing rapid technological advancements, particularly in digital advertising and data analytics. Falling behind in adopting these technologies can lead to competitive disadvantages. Hakuholdo DY actively engages in developing and integrating advanced technologies like AI, Web3.0, and XR (Extended Reality), but the pace of change demands continuous investment and innovation.

## **Compliance**

### **1. Regulatory Risks:**

- The advertising industry is subject to various regulations, including those related to data privacy and consumer protection. Non-compliance with these regulations can result in legal penalties, loss of client trust, and damage to reputation. Hakuholdo DY has established comprehensive compliance frameworks, including the appointment of a Chief Compliance Officer, to mitigate these risks.

### **2. Data Privacy:**

- With increasing focus on data-driven marketing, handling large volumes of personal data responsibly is crucial. Any breach or misuse of data can lead to severe legal and reputational consequences. Hakuholdo DY has implemented robust information security measures and adheres to international standards like ISO/IEC27001.

## **Investments**

### **1. Investment Risks:**

- Investments in new technologies and strategic acquisitions are essential for maintaining competitive edge but come with inherent risks. Misjudgments in these investments can lead to financial losses. Hakuholdo DY has been actively investing in digital and technological enhancements, M&As, and talent acquisition to stay ahead, but these require careful management to ensure returns.

### **2. Mergers and Acquisitions:**

- M&A activities involve risks related to integration and realization of synergies. Hakuholdo DY's strategy includes acquiring innovative startups and forming alliances to enhance its service offerings, which necessitates thorough due diligence and integration planning.

## **Specific Incidents and Responses to Business Risks Faced by Hakuholdo DY Holdings**

### **Compliance Risks**

#### **1. Tokyo 2020 Olympics Scandal:**

- **Incident:** In 2022, a senior executive of Hakuhodo DY's subsidiary, Daiko Advertising, was arrested and later indicted for bribery in connection with the sponsorship selection process for the Tokyo 2020 Olympics. Additionally, in 2023, an employee of Hakuhodo DY Media Partners was indicted for violating antitrust laws related to contracts for test events of the same Olympics.
- **Response:** Hakuhodo DY Holdings established a Special Investigation Committee chaired by an independent external director to investigate the cause of these compliance violations and to recommend preventive measures. The company is implementing these recommendations to enhance compliance awareness and restore trust.

## **Market and Economic Risks**

### **2. Economic Fluctuations:**

- **Incident:** The COVID-19 pandemic and subsequent economic downturns significantly impacted the advertising market. Reduced consumer spending and economic uncertainties led to decreased advertising budgets from clients, adversely affecting revenue.
- **Response:** Hakuhodo DY Holdings revised its mid-term business plan to focus on digital transformation and integrated marketing solutions. The company increased investments in digital advertising and data-driven marketing to adapt to the changing market dynamics. It also emphasized global expansion to diversify its revenue sources and reduce dependency on the domestic market.

## **Technological Lag**

### **3. Digital Transformation Challenges:**

- **Incident:** The rapid shift towards digital media and technology-driven marketing required substantial investments in new technologies and skills. Lagging in these areas posed a significant risk to maintaining competitiveness.
- **Response:** Hakuhodo DY Holdings accelerated its digital transformation by establishing Hakuhodo Technologies and investing in AI, Web3.0, and XR technologies. The company also focused on developing its human resources to enhance its technological capabilities and improve service offerings.

## **Investment Risks**

### **4. Strategic Investments and M&A:**

- **Incident:** The company's aggressive strategy to acquire innovative startups and form strategic alliances carries inherent risks of integration challenges and financial losses if expected synergies are not realized.
- **Response:** Hakuhodo DY Holdings conducts thorough due diligence and strategic planning for its M&A activities. The company integrates new acquisitions carefully to ensure alignment with its core business and strategic objectives. It also continuously monitors and adjusts its investment strategies to maximize returns and minimize risks.

## **Main competitors**

- **Dentsu Inc.:** A major Japanese advertising and public relations firm.
- **ADK Holdings Inc.:** Another significant player in the Japanese advertising industry.

- **TBWA\Hakuhodo:** A joint venture between Hakuhodo and TBWA, competing in the global advertising market.
- **International Firms:** Global giants like WPP, Omnicom, and Publicis also compete in the Japanese and international markets.

### **Strengths and weaknesses compared to competitors**

#### **Strengths:**

- **Creativity and Innovation:** Strong emphasis on creativity and innovative solutions, with initiatives like AaaS (Advertising as a Service) and technology-driven marketing strategies.
- **Integrated Services:** Comprehensive marketing and communication services that cover a wide range of client needs from traditional advertising to advanced digital solutions.
- **Global Reach:** Expanding international presence through strategic acquisitions and partnerships, enhancing their capability to serve global clients.

#### **Weaknesses:**

- **Compliance Issues:** Legal and regulatory challenges, such as the Tokyo 2020 Olympics scandal, can tarnish their reputation and hinder operations.
- **Financial Pressure:** Significant investments in technology and acquisitions can strain financial resources, and failure to achieve expected returns can impact overall profitability.
- **Operational Integration:** Integrating diverse acquisitions and maintaining consistent service quality across global operations can be challenging.

### **Key Takeaways from the CEO's message**

1. **Creativity and Value Creation:**
  - The CEO emphasizes the importance of creativity in Hakuhodo's business model. The company aims to be a value creation partner by contributing to the evolution of clients' marketing and continuously creating new value for society.
  - The company leverages its creativity to support clients' marketing evolution, aiming for sustainable business growth and societal development.
2. **Response to Legal Issues:**
  - There is a strong focus on regaining stakeholder trust through enhanced compliance measures.
3. **Adaptation to Digital Transformation:**
  - The company has updated its strategies to enhance digital services, integrate new technologies, and strengthen horizontal functions to accelerate transformation.
4. **Team collaboration and diversity Respect**
  - Team work is inevitable in when realizing your ideas and amplifying creativity.
  - Being open to new ideas from diverse backgrounds can be a catalyst for creativity.
5. **Sustainable Growth and Innovation:**

- The CEO discusses the importance of sustainable corporate management, focusing on diversity, growth, and respect for human rights as central themes.
- Hakuhodo is actively pursuing innovation through strategic M&As and global expansion, particularly in Asia.

## **Significant Projects Undertaken by Hakuhodo and Their Contributions to Success**

### **1. "Surprising Japan" Campaign for Japan National Tourism Organization (JNTO)**

- **Project Overview:** Hakuhodo created the "Surprising Japan" campaign to boost international tourism to Japan by highlighting unique and unexpected aspects of Japanese culture and destinations.
- **Contributions to Success:**
  - **Creative Storytelling:** Utilized captivating stories and visuals to showcase lesser-known attractions and cultural experiences.
  - **Multimedia Approach:** Leveraged various media channels including TV, digital platforms, and social media to reach a global audience.
  - **Data-Driven Insights:** Employed data analytics to identify target markets and tailor content to specific audience interests.
  - **Collaboration with Influencers:** Partnered with travel influencers and bloggers to generate authentic content and engage potential tourists through personal experiences.

### **2. Nissan's "Intelligent Mobility" Campaign**

- **Project Overview:** Promoted Nissan's new line of vehicles featuring advanced autonomous driving and safety technologies under the "Intelligent Mobility" concept.
- **Contributions to Success:**
  - **Innovative Storytelling:** Developed compelling narratives around the benefits of intelligent mobility, emphasizing safety, convenience, and cutting-edge technology.
  - **Experiential Marketing:** Organized test drive events and interactive exhibitions where consumers could experience the new technologies firsthand.
  - **Digital Integration:** Used digital platforms and social media to share user experiences and feedback, creating a buzz around the new vehicle lineup.
  - **Strategic Media Planning:** Implemented a strategic media plan to maximize visibility and reach across various channels, including TV, online video, and print media.

### **3. "Ichiban Shibori" Campaign for Kirin Brewery**

- **Project Overview:** Hakuhodo managed a comprehensive campaign for Kirin's "Ichiban Shibori" beer, focusing on its unique brewing process and premium quality.
- **Contributions to Success:**
  - **Creative Advertising:** Developed visually appealing and engaging TV commercials and print ads that highlighted the brewing process and quality of the beer.
  - **Event Marketing:** Organized tasting events and promotional activities that allowed consumers to experience the product firsthand.

- **Digital Engagement:** Utilized social media and digital platforms to reach a wider audience and encourage consumer interaction with the brand.

#### 4. "Eco Slow Movement" for Panasonic

- **Project Overview:** Promoted Panasonic's eco-friendly products through the "Eco Slow Movement" campaign, emphasizing sustainability and energy efficiency.
- **Contributions to Success:**
  - **Educational Content:** Created informative content that educated consumers on the benefits of eco-friendly products and sustainable living.
  - **Integrated Marketing:** Employed a mix of TV, print, and digital media to disseminate the campaign message widely.
  - **Community Engagement:** Conducted workshops and events to engage communities and demonstrate the practical benefits of Panasonic's eco-friendly products.
  - **Partnerships:** Collaborated with environmental organizations to enhance the campaign's credibility and reach.

#### The episode I demonstrated the qualities mentioned above.

##### **Creativity, Value creation, teamwork, leadership.**

I demonstrated qualities of teamwork and creativity on our Zemi group project, contributing from idea generation to its intergration and execution. Our group project was producing a short form youtube video that introduces Japanese food cultures for foreigners. At first my idea was to create a 20~30 minutes long documentary of Japanese resturants. However, there were many interesting ideas from other students that I thought could be intergrated to facilitate a great synergy effect. One guy wanted to conduct analysis on the viral sounds of short form media and ultimately create our own; There were several students who wanted to practice real life Japanese by making and playing educational boardgames. After hearing these ideas, I thought we could combine these ideas to make a short form-oriented video by conducting interviews on Japanese people to recommend for foreigners the legit Japanese resturants or café's that they enjoy visiting. This idea received enormous support from my classmates and was decided as our group project for the semester receiving 80% of the total votes between five candidates.

For effective execution, I suggested to split the students into three different teams: Production&audio, interviewing and filming, experiment & strategy. I was in the Interviewing and filming team as I wanted to be mainly involved in producing the video myself. I suggested various ideas that could capitalize on our creativity, advantage of diverse international backgrounds, and language proficiencies. At first, there were so many ideas. All of them with thier pros and cons, it was hard to settle on a particular direction. I felt the need to specify our audience before talking about ideas if we were to get everyone on the

same page. So, we specified our audiences as young foreigners who are traveling, or has a plan to travel in Japan. From then on, we could come up with well tailored video formats, ideas that would effectively appeal to our leads, and decide whom we should mainly interview. Basically, we would conduct an interview on a local Japanese to introduce their favorite restaurant/izakaya/cafe in the area; the interview would last within 2~3 minutes. Then we would actually visit the place and film our reactions enjoying the food. Since a lot of us were trilingual, we decided to interview in Japanese and film our reactions in English. We could support subtitles for Korean, Chinese, Thai and so on. We also decided to interview foreigners about their best experience in Japan, which I believe would be interesting for both foreigners and Japanese.

For the actual filming part, we went through a lot of trial and error and are still doing so even now in order to convey the most entertaining and informative video to our audience.