

Ad Groups Merge to Create Global Market Leader

By [The Moscow Times](#)

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A merger between Publicis and Omnicom to create the world's largest advertising group — worth \$35 billion — will allow the combined company to compete better in Russia and other emerging markets, an analyst said.

"There is a certain logic to it for geographic purposes," Wedbush Securities analyst James Dix said. If they do merge, "all in one swell swoop, suddenly they become a much larger scale player in a lot of these emerging markets."

French advertising group Publicis on Sunday announced a plan to combine with larger rival Omnicom in a deal presented as a union of equals and including shared management.

By merging, the world's second and third largest ad groups reach a market capitalization of \$35.1 billion and annual sales of about \$23 billion, overtaking the current market leader, WPP. Each will hold about 50 percent in the new powerhouse.

The union brings together Publicis brands such as Saatchi & Saatchi and Leo Burnett with Omnicom's BBDO Worldwide and DDB Worldwide.

The deal is not without risks as it will likely face scrutiny from antitrust regulators because of the power the new company would wield in the ad buying world, with combined spending of about \$100 billion a year, or 20 percent of the global media business.

And major customers could balk at conflicts arising when the agencies also work for competing firms.

The deal reshapes the competitive dynamics of the advertising industry at a time when the rise of Internet marketing is leading to rapid changes in how big companies hawk products and hone their image.

To cope, the big five ad agencies have spent billions of dollars in recent years to expand in emerging markets and scoop up digital marketing companies.

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