

# A Haiku-writing Realist

Japan's advertising industry continues to face difficulties. In 1985, industry billings increased only 2.3% over the previous year, the second-lowest growth rate since World War II. In the six consecutive years since 1980, the rate of growth has remained in single digits.

Further, mass media spending in particular has shown a marked decline. In the midst of this slump, the industry is now forced to come to grips with emerging media like cable television and teletext broadcasting. The industry is also finding it necessary to internationalize its operations along the lines of other internationally-oriented companies.

Dentsu is the world's largest advertising agency and leads the industry in Japan both in size and influence. Last June, Gohei Kogure became Dentsu's eighth president, rising above

two executive vice presidents and a senior managing director. As president of Dentsu, Kogure will play a key role in leading the industry through a rough period of transition. He is confronted with the enormous tasks of revitalizing mass media, defining the industry's role with respect to new media and expanding activities overseas.

Kogure was born in a small village in Gunma Prefecture, where he lived until graduating from junior high school. His father came from an old Japanese family traditionally involved in the *sake* brewing business. Both of his grandfathers were prefectural assemblymen.

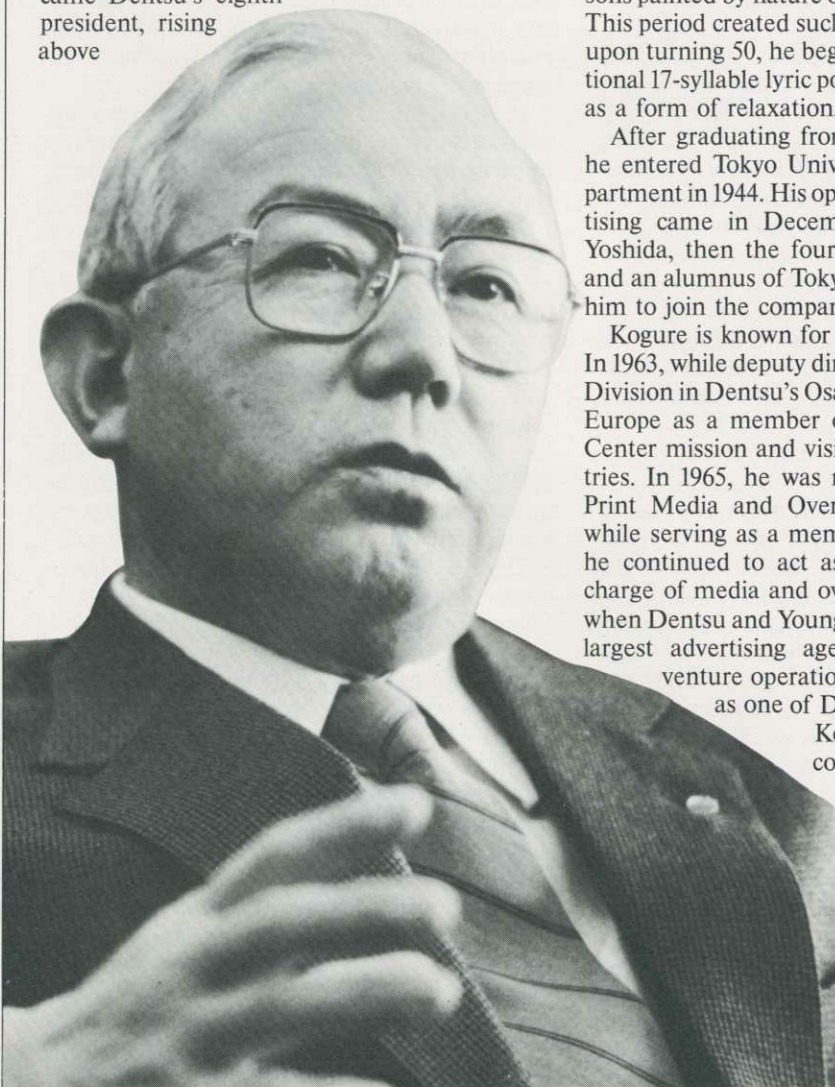
His most vivid memory of youth is of bicycling 6 km to school each day. On the way he would admire the scenic splendor of the changing seasons painted by nature on the passing landscape. This period created such a deep impression that upon turning 50, he began to write haiku (traditional 17-syllable lyric poetry) on natural themes as a form of relaxation.

After graduating from Niigata High School, he entered Tokyo University's Economics Department in 1944. His opportunity to enter advertising came in December 1947 when Hideo Yoshida, then the fourth president of Dentsu and an alumnus of Tokyo University, convinced him to join the company.

Kogure is known for his international career. In 1963, while deputy director of the Print Media Division in Dentsu's Osaka office, he was sent to Europe as a member of a Japan Productivity Center mission and visited all of the EC countries. In 1965, he was named director of both Print Media and Overseas Operations. Even while serving as a member of Dentsu's board, he continued to act as managing director in charge of media and overseas operations. And when Dentsu and Young & Rubicam, America's largest advertising agency, established joint-venture operations, he played a key role as one of Dentsu's representatives.

Kogure's strength is not confined to international business affairs. He also has expertise in areas such as event planning and new media, directing, for example, all of the necessary preparations for Osaka Expo '70. As the executive in

*Interview with  
Gohei Kogure,  
president of Dentsu Inc.  
by Nobuyuki Kurihara*



Gohei Kogure

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**DYR Worldwide combines U.S. and Japanese know-how.**

charge of media, he became involved in new media from the outset. He predicts that new media will grow in Japan but will take some time to become a dominant force.

In Japan, the national focus is now on stimulating domestic market demand. Kogure feels the role of the advertising agency will be significant in this effort. He says advertising is expected to become more diversified in its activities than when the economy was booming. In this respect, he stresses that the mass media have not yet reached maturity. He feels confident, however, that the advertising industry can grow substantially if agencies thoroughly research the trends and needs of both consumers and advertisers.

Kogure's hobbies are golf and composing haiku. He started writing haiku ten years ago. Once, a particular haiku in a magazine impressed him so much that he joined a haiku club headed by its author, Professor Kin'ichi Sawaki of Tokyo National University of Fine Arts and Music. Kogure says haiku is "an oasis for the mind." For inspiration in writing haiku, Kogure goes to the countryside as often as possible. Being with nature, he says, refreshes his spirit.

**Question:** *In response to current trade conflicts, Japanese industries have been actively establishing business abroad. In comparison, the overseas operations of Japanese advertising agencies, including Dentsu, have been minimal. Could you please describe the present situation of overseas activities and Dentsu's future international strategy?*

**Kogure:** In the 1960s, major American advertising agencies began setting up international networks to keep pace with U.S. corporate advertisers. As a result, American advertising agencies are still in a dominant position in worldwide advertising. Many of the larger American agencies even have offices in Japan.

In contrast, Japanese companies in foreign markets were in the beginning primarily limited to exporting goods, and their progress was gradual, so there was little opportunity for advertising agencies to accompany them. However, today more Japanese companies have been setting up overseas subsidiaries for local manufacturing and marketing. And their products are no longer limited to durable consumer goods. They now include packaged goods such as cosmetics and food items as well as various services. As a result of this growth, there is increased demand for Japanese advertising agencies to expand their services overseas.

In 1964, Dentsu started its first overseas operation in Bangkok, followed by an office in New York in 1966. Since then expansion has been mainly in Southeast Asia. The most important international move for Dentsu, however, was in 1981 when we signed an agreement with America's largest advertising agency, Young & Rubicam, to form a joint-venture partnership, DYR Worldwide, to establish worldwide operations.

The idea was to create a multinational agency that combines the best "know-how" that the top agencies in Japan and America have to offer one another. Now we have 11 operations in seven countries, including the U.S., Japan and Singapore. In 1985, DYR billings totaled \$290 million. And we intend to expand our network around the world. Compared to the international movement of Japanese business activities in world markets, the overseas activities of the advertising industry lag behind. Unlike other industries, advertising and communications, by the very nature of our business, can succeed overseas only with the full cooperation of the countries in which we do business.

**Q:** *There is a basic international policy in advertising that an agency only represents one client's product per market. In Japan, however, competitive companies' products are often handled by the same agency. How do you intend to deal with this situation as you become more international?*

**A:** Advertising is a service industry, and clients are seeking a company with a high level of capability. Dentsu recommends specific strategies for advertising and communications to its clients and then executes these strategies efficiently and effectively. I would describe Dentsu's corporate philosophy as being "the constructive development of creative communications."

In Japan, mutual trust is essential in relationships between businesses. Losing trust results in more than simply losing a job or an account; it would destroy your reputation and endanger your survival. Trust is also important because we operate on the principle that "business is forever." This also explains why our first priority is looking toward long-term success rather than seeking short-term gains.

This principle also applies to the individual employee. Although it is said that there is a trend toward job mobility, the majority of workers view their jobs as a lifetime commitment. They abide by the rule of "lifetime employment," which requires maintaining the trust of your colleagues. Losing that trust could mean losing your job.

Dentsu has simultaneously handled many competitive accounts and has never lost the confidence or trust of any of our clients. And we hope to continue to satisfy our clients in the manner we have always done. Naturally, as we become more international, we will operate with due respect for the customs of the country we are in. And we will continue to put forth our utmost efforts to accomplish our mission of providing the best service possible and, in that way, be deserving of the trust of our clients.

**Q:** *Western advertising agencies, in general, have not diversified their services. But Dentsu has, and now handles a wide range of communication activities including sports and cultural events.*

**A:** Last year Dentsu produced 18 of the 28 private sector pavilions for the Tsukuba Expo '85. We are the pioneer in event planning and production. Our first big event was Expo '70 in Osaka, followed by the International Ocean

**Dentsu's top priority is client trust.**



P R O F I L E

Expo '75 in Okinawa. We are involved in many sports events, both domestically and abroad, and handled the Los Angeles Olympics in 1984 and the Inter Soccer 4.

We call these types of events "space communications," because there is communication in the shared experience of participating by being there. Communication media are diversifying in Japan. The reason why Japanese agencies like Dentsu have been able to diversify their activities in this manner is due to their long experience in the communications business. This exemplifies the Japanese advertising industry's basic philosophy, which is to consider the entire spectrum of communications as our business, and to utilize all of our resources to best satisfy the needs of our clients.

**Q:** *How are you dealing with the new electronic media?*

**A:** The possibilities for new media, such as CATV, teletext, satellite broadcasting and so forth, are broad. Since private broadcasting started on radio in 1951 and TV in 1958, Dentsu has cooperated with broadcasting companies by supplying both financial support and manpower. Today, in the same spirit, we're working toward the ideal of a highly informed society. I expect that the role of new media will become clear in the 1990s, when hardware and software become entirely separate. Dentsu began new media software research early on, and will continue to emphasize the supply of software in the future. What role new media will play in advertising is unclear now but we are defining the possibilities.

**Q:** *Japan's trade imbalance has been causing economic friction. In your opinion, how will Japan be able to solve the problem?*

**A:** Trade activities should essentially remain free. Japan's trade surplus, however, has become a subject of international politics. Yet a short-term countermeasure such as export restriction is basically not a solution to the problem. Instead, it is necessary to view Japan from the long-term perspective, as part of the permanent international community, and then focus on measures such as an open market policy, foreign subsidiaries for local production and putting more effort into achieving mutual understanding.

What Japan must concentrate on now is to increase domestic demand. But rather than looking to private consumption of personal goods for a solution, our emphasis will be on housing investment since our housing supply is behind that of other developed nations.

Housing development and investment will stimulate the economy because it involves many industries and, together with the need for products related to the home, would create a balanced demand. The tax on extra income that will be generated would help to eliminate the governmental deficit. In order to improve housing, government and the private sector must work together to make homes more accessible to new owners.

With respect to increasing our imports, I anticipate constructive input from foreign industries. Dentsu handles many foreign capital accounts and we are working hard to offer them quality service. Most of our clients have been successful in the Japanese market.

As Japan's liberalization policy progresses, there will be more foreign companies here. However, for companies considering doing business in Japan, there are two points I think should be carefully considered.

First, Japan is now in a period of transition, changing radically. Japanese companies themselves are finding it extremely difficult to attract consumers. So, foreign companies especially should carefully study the Japanese consumer before planning their strategy.

The second point I would make is that companies should resign themselves to a long-term stay. In other words, they cannot be successful if they think only in terms of quick profits. But if a company's long-term program includes how to market merchandise and realize profits after a reasonable period, then it can be successful.

**Q:** *A communication gap is said to be one of the reasons for the economic conflict. What do you think can be done to solve this problem? And how will Dentsu help?*

**A:** Japanese people are by nature curious about other people. Historically, culture was introduced to Japan from China. Foreign influence is still so strong that even today, visitors will notice a large number of foreign language billboards in Tokyo. They may also notice the presence of foreign talent in Japanese advertising. I don't think that anywhere else in the world is there as much international news available in the mass media as in Japan. Japanese are so widely exposed to and accepting of foreign cultures that I am often asked why the Japanese don't appreciate their own culture more.

Japanese know the world well. And cultural exchange occurs not only at the governmental level; it also includes business, education and ordinary people traveling as tourists. Traveling abroad has greatly increased among the Japanese.

At Dentsu alone, over 1,000 employees travel internationally for business each year. All of these kinds of exchanges are contributing, to some extent, to the improvement of international communication.

Even if there is a communication gap, you must make compromises to reach agreement. If the relationship does not involve business, then mutual understanding is far easier than when profit or loss is involved. The best solution may be to realize and accept that 100% satisfaction is not possible and that often one must compromise to find a mutually acceptable solution. In order to bridge the communication gap, it is important for Japanese industry as a whole, and each person individually, to look at the other's position with discerning vision and an open mind.

**The entire spectrum of communications is our business.**

**Short-term measures are no solution for friction.**