

15-May-2018

Nielsen Holdings Plc (NLSN)

Needham Emerging Tech Conference

CORPORATE PARTICIPANTS

Laura Martin

Analyst, Needham & Co. LLC

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

MANAGEMENT DISCUSSION SECTION

Laura Martin

Analyst, Needham & Co. LLC

Okay, we're going to get started. Let's see. I'm going to either go close the door, or ask my trusty assistant to close the door. Okay. So, I'm Laura Martin and – thank you, Mike. I'm Laura Martin, and I'm a research analyst at Needham and Company, and this will be webcast. There is no press allowed in the room. So if you're press, you need to leave now.

Okay, I'd like to welcome Kelly, Kelly Abcarian, right?

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Yeah.

Laura Martin

Analyst, Needham & Co. LLC

Excellent, is the SVP of Global Watch Product Architecture. Kelly has been with Nielsen for the past 13 years and has spent the past eight years in television and advertising effectiveness with Nielsen's Watch segment. Kelly has extensive experience working with publishers, agencies, and advertisers in the TV, radio, print, and online space. And she's an expert in the digital industry worldwide. I'm really excited to have you on my stage. Thank you for coming.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Thank you.

QUESTION AND ANSWER SECTION

Laura Martin

Analyst, Needham & Co. LLC

Q

Okay. So we're sitting in the middle of upfronts. We saw NBC yesterday. I thought it would never end, it was two and a half hours. And then we saw FOX last night. So could you talk about for this year in the Upfront what's the role of Nielsen, specifically in this year's Upfront and what are the biggest changes this year to last year, like those two data points 12 months apart to start there?

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Yes. So I would say that we're seeing data and analytics really drive storytelling at the upfronts. I won't say that's particularly different from prior year's, but I think you're seeing more – both buyers as well as sellers. Interesting enough, on the buyers side, which I don't think gets talked about often. You look at OMD, they actually ran their own upfront. They had the sellers come to them prior to the actual upfronts kicking off. And a lot of that was to talk about all of these advanced audience solutions and ways in which they're thinking of how they're going to package inventory. And we have also [ph] struck in trusting (00:02:01) partnerships like with IPG, so that they can basically onboard any advertiser segment, calculate an on-demand style, a reach measurement or the size of that estimate for their advertisers and really to do that across screens. So I think you're just seeing an evolution of people taking the data assets and the data driven capabilities and really thinking about ways in which to pitch the inventory. The upfront always has been about how to compel your story about your consumers, about your audiences, and the ways in which advertisers are going to execute and which to find those consumers most effectively.

On the seller side CBS just had their press release around work we're doing with them, around addressable linear advertising.

Laura Martin

Analyst, Needham & Co. LLC

Q

Talk about the trend.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

There's just lots of advancements as you think about the world of kind of video across all screens. The ability to take advertiser-defined segments and to consistently find those audiences and then the most efficient way is really the ultimate goal that is being looked at. And that's why Nielsen's really been focused on a Total Audience measurement framework. So that we can bring the data streams across all platforms, across all distributors and which to help clients take those data streams to help tell their story, to help pitch their audiences. So whether it's out of home where we've had great growth and opportunity there from sports leagues to the networks, to the agencies all subscribing to measure television audiences in bars, in restaurants, in hotels, in airports, to looking at things like the new skinny bundles, right, and whether that's the YouTube TV launch that occurred last year. Hulu offering a live plus VOD offering. So really making sure that the Nielsen data sets really fuel that needed insights on these audiences so that networks and buyers alike can understand how effectively they can best reach the consumers and sell the audiences.

Laura Martin

Analyst, Needham & Co. LLC

Q

Okay. So using last year's upfronts as a benchmark, let's say what's different this year for Nielsen in the upfronts? What do you have this year, you didn't have last year? How are brands depending on this year versus last year?

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Yeah. I mean, I would say that the dependency really hasn't changed. They're always looking for Nielsen data assets to basically come with that trusted story, in which to basically sell on the seller's side, aggregating lots of upfront inventory and pre-selling that. I think what we're seeing is on the audience based buying front, they've been using, whether it's our Nielsen Catalina segments [ph] that are (00:05:05) our CPG loyalty card segment or Nielsen Buyer Insights which is our credit card spend or even our GSK MRI segments that are more psychographic behavioral segments as well.

What we're seeing is that what's evolving is from last year is that clients are not just using those to pitch their audiences. They're now starting to move toward a set of guarantees. I won't say it's going full bore across all of their inventory across all their networks, across all their day parts. But they're definitely saying, hey look, we're not only just willing to talk about the unique consumers that we can reach using these buyer segments, but we're going to actually give a guarantee and make good when we don't deliver against that audience segment. So they're really relying on that Nielsen data set that has a bunch of historical norms, because if you think out the TV business, it's a futures business, so you have to have a set of data that has consistency and predictability, so that whether you're on the sell side, you're taking an opportunity or a risk when you're packaging up inventory in a new and different way. How do you have the understanding of seasonality and then your shows and your performance from season to season, whether it's a new show or it's an ongoing season of a show that's been airing for a couple of years.

Having that predictable historical data, so that they can evaluate the pricing, evaluate the make good is critically important because if they miss by a tenth of a rating point, that is millions and can equate to billions of dollars very quickly.

Laura Martin

Analyst, Needham & Co. LLC

Q

Okay. And CBS was on stage talking about this announcement they made with Nielsen and at the glass addressability. And this is a different audience, but he was very excited about this, the Gracenote prism, so maybe you could explain to this audience what your Gracenote experiment is that you announced at CBS today?

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Sure. So we bought Gracenote just about a year ago in February and they have access to a lot of interesting patented...

Laura Martin

Analyst, Needham & Co. LLC

Q

Like 39 million glass.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

...patented technology and one of it is the automatic content recognition, which sits in over 40 million smart television sets globally and across nine-plus OEM brands. And what we announced with CBS is the ability to basically use the technology and some of the surrounding patents that we have to be able to help them in a world of addressability. If you think about smart TVs, they're the biggest Internet screen and browser screen in the home, right. And the most laidback experience with the best viewing experience. So, how can we help our network clients or even digital clients to basically turn that linear feed going into the home into a truly addressable feed. And so there's promises of ATSC 3.0 enabling that, but those kind of capabilities could actually come to fruition much sooner. I mean, that is what we're working on with CBS and we're very excited about the pilot that we're going to get underway to test out the technology and the capabilities and really it's about doing it so in a consumer privacy-friendly way, but also ensuring that we don't disrupt the consumer experience at large, because at the end of the day you want to ensure that you're providing the right ad to the right person, but you also want the experience to be seamless when they're watching that video content.

Laura Martin

Analyst, Needham & Co. LLC

Q

So is the best outcome here that CBS can individually target ads during CBS programming through Gracenote to the 40 million TVs they reach, is that the A-plus outcome here?

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Yes. And do so in their live feed going into the home.

Laura Martin

Analyst, Needham & Co. LLC

Q

Without disrupting the customer, because he said it was a 7-second delay which I said out of a 30-second spot seems like a lot. But he said the consumer won't notice it.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Yeah, it's really the – it's really as you think about kind of the delay it's not about – it's the kind of getting the content to the screen and the way that the devices and the technology interacts and work in the home, which enables us to take advantage of some of that delay factor of being able to create the right creative with the right messaging to the right consumer at the right time.

Laura Martin

Analyst, Needham & Co. LLC

Q

And Roku was on stage earlier today also, the CEO talking about addressability on the Roku is a 100% targeted advertising. Is that sort of where you're going or is this where CBS and you together are going in terms of...

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Well, I think...

Laura Martin

Analyst, Needham & Co. LLC

...one-to-one targeting?

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

We want to provide the flexibility for our clients, right. Television has been known as a mass reach branding model, and I don't know that that completely goes away, but the ability to whether in certain day parts or for certain shows or certain types of content that networks want that flexibility to leverage the capabilities of the addressable technology in which to reach consumers and help advertisers to connect with consumers. We just want to provide the capabilities and the flexibilities, so our clients can basically make the best choices across buyers and sellers alike.

A

Laura Martin

Analyst, Needham & Co. LLC

Would this be a different revenue stream for – because it's not a measurement revenue stream, right. It's an actual digital ad insertion revenue stream?

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Yeah. So, I think what we're looking at is not only being able to provide the capability, but then you have to provide the measurement of what was the delivery of that.

A

Laura Martin

Analyst, Needham & Co. LLC

Yeah. Yeah, yeah.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

So the two kind of go hand-in-hand. And so much like we've created Digital Ad Rating measurement to measure the addressable ecosystem, we would look to create a similar Digital Ad Rating metric to measure these impressions just the same.

A

Laura Martin

Analyst, Needham & Co. LLC

Yes. Okay. But Gracenote actually does the digital ad insertion?

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Gracenote provides the trigger mechanism and the technology...

A

Laura Martin

Analyst, Needham & Co. LLC

Okay.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

... in which to enable the insertion to happen.

A

Laura Martin

Analyst, Needham & Co. LLC

So cool, insertion at the glass.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Yeah.

A

Laura Martin

Analyst, Needham & Co. LLC

Like I'd never heard that till this morning.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Yeah.

A

Laura Martin

Analyst, Needham & Co. LLC

This is a cool visual concept, insertion at the glass. It's very cool. You work on very cool things. Okay. OpenAP, let's move to, let's call it, CBS this morning called it linear optimized. Our audience sort of knows it as OpenAP.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Yes.

A

Laura Martin

Analyst, Needham & Co. LLC

So let's talk about this trend towards audience – you call it audience based buying.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Yeah.

A

Laura Martin

Analyst, Needham & Co. LLC

So lots of terms, because we still have an evolving marketplace. Can you talk about how Nielsen's positioned, and I think there's a consensus view on Wall Street, my little piece of the world that this trend is bad for Nielsen, so can you push back on that?

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Yeah, I would be happy to. Just to kind of take a step back, audience based buying has been around or this linear optimization has been around. Like I said, what's evolving here is moving from just pitching on these targets and planning against these targets and then settling on age, gender to actually moving across to settling on these targets.

Laura Martin

Analyst, Needham & Co. LLC

Q

[indiscernible] (00:12:17)

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

So, guarantees, right? So, make goods and guarantees an actual delivery of the ratings. And so, what Nielsen is uniquely positioned to be the only one to be able to do this is the fact that at the end of the day there's three things that are pretty critical that have to underpin the ability to execute in this new way of buying. And the first one is that you have to be able to measure persons and the reach of those people across these targets. So whether it's auto intenders or whether it's Starbucks drinkers, it doesn't really matter what that target may be, you really want to be able to ensure that you understand the reach of those, because secondly you're going to want to measure the attribution and the ROI to those people, and to do that across a media mix.

So, what I mean by that is that advertisers need to be able to reach consumers across all channels and all platforms. And the thing that ties consumers across all platforms is being a person with a certain set of attributes that then can be tied across so that they can understand how do I uniquely reach these people, how do I understand the sales lift or impact of the people I am reaching, and then how do I make smart decisions around the media and the allocation of where I place my advertising dollars against.

And so at the kind of – at the underpinnings of all of these, you have to be able to create accurate universe estimates of how many people sit inside of an auto intender segment. And in order to do that, you can't just use kind of set-top box data that would give you a household estimate of the number of homes, and then trying to then grow setup to the number of people based on the average size of a home. Really need to know how many people actually are auto intenders, because when Facebook goes and sells auto intenders or the advertiser wants like whether it's Ford or General Motors wants to go to Facebook and say, I want this exact segment of auto intenders, and here's my criteria of what I define as a auto intender, they want a consistent response across all players, whether digital first players or television networks.

And so that is a lot of what Nielsen brings to the table because we have true person based estimates. We can create an understanding of the reach. We can create an understanding of the deduplication across other platforms and other medium, and we can allow our clients to understand the attribution, which is really the holy grail of where this is all leading to, which is how do I understand the sales lift, the ROI against those -- against that audience segment buy.

Laura Martin

Analyst, Needham & Co. LLC

Q

Okay. So, [ph] you just lost me on one mic. (00:15:18) Since you have panels that are 100,000 for some panels or 200,000 for some panels, how can you say you're down to the personal level, like Facebook actually knows who I

am [ph] since our long and undermining. (00:15:29) So I don't understand how with 200,000 people representing \$300 million, you can compare your data [indiscernible] (00:15:38).

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Yeah. So you have to have – so the value of persons-based measurement, right, whether it's a panel or whether you basically are trying to take big data and translate it into persons.

Laura Martin

Analyst, Needham & Co. LLC

Q

This is a bunch of algorithmic assumptions.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Algorithmic assumptions that depending on exactly where you're modeling those algorithmic could either just be complete random or actual good solid estimates.

Laura Martin

Analyst, Needham & Co. LLC

Q

Right.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

But on the, if you think about national television, it's still reaching a mass audience, right.

Laura Martin

Analyst, Needham & Co. LLC

Q

Sure. Yeah.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

So you're not looking for – you need to understand, can your basically panel help to basically create audience estimates against the network carrying of this given shelf.

Laura Martin

Analyst, Needham & Co. LLC

Q

Okay.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

And then what they're doing is, they're taking all those viewers across all the networks. So if it was NBC for example, and they would want to say, okay, across all my inventory, across all my [ph] areas, (00:16:41) across all my viewing, how many people do I have that are auto intenders, and how is that translate to ratings points.

Laura Martin

Analyst, Needham & Co. LLC

Okay.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

And you have that representative data set to do that, otherwise what you're doing is you're basically making a leap of faith magic algorithms into which to determine how many actual people solve this advertising or is in the auto intender segment in which to basically understand the ability for that network to deliver those auto intenders to that advertiser.

A

Laura Martin

Analyst, Needham & Co. LLC

So I see how Nielsen helps TV, but it seems to me it all starts at a huge competitive disadvantage compared to at least Facebook where you log in by name or Snapchat, the social networks. So I guess your point is saying that like TV needs this, because this is something Nielsen brings to TV. But it isn't something that really is better than what's going on in digital today, right?

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Well, what's going on in digital is a different kind of set of challenges, as you think about [ph] a sight (00:17:41).

A

Laura Martin

Analyst, Needham & Co. LLC

[indiscernible] (00:17:40) definitely I get that.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Yeah, so if you kind of put those to the side, but at the end of the day whether you're creating a – whether you're basically trying to aggregate a census-based measurement, Facebook still only sees 60% of the total population in the U.S. So how do you model out the 40% that Facebook doesn't see?

A

Laura Martin

Analyst, Needham & Co. LLC

Right. Okay.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Set-top box, same problem. You see...

A

Laura Martin

Analyst, Needham & Co. LLC

How do you reach, more to the point in advertising reach and what's going on with this?

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Well, how do you reach them, but then how do you ensure that you're not just assuming that because Facebook tells you they can reach this, that that's everyone in the U.S., because it's not.

A

Laura Martin

Analyst, Needham & Co. LLC

Yeah. It's not.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

And they wouldn't tell you that it is either. And so, I think the key distinction here is that Nielsen creates universe estimates, we've been creating universe estimates of persons per age/gender building block for decades.

A

Laura Martin

Analyst, Needham & Co. LLC

Yeah.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

You need to have the same quality, full representation of consumers, right. So how do you represent over-the-air homes in national television if you don't have a panel, right? And that's actually a growing segment. So, it's 15% today and it's actually growing. And when you actually look at those consumers, they're not your grandmother's over-the-air home anymore.

A

Laura Martin

Analyst, Needham & Co. LLC

They're like young people now with [indiscernible] (00:18:57).

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Well, not only are they young people, their homes are not are just watching over rabbit ears, they're getting Internet streaming, they're going on skinny bundles, they're watching SVOD services. So you have to have that complete picture of the consumer which is what Nielsen does. We bring big data sets in all the time in which to augment our measurement. But at the end of the day, you got to calibrate all those big datasets against a true set of what you're trying to measure for which is why the advertisers have so much confidence in Nielsen's measurement.

A

Laura Martin

Analyst, Needham & Co. LLC

So that brings up this issue of Facebook's testimony in front of the Internet – in front of Congress?

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Yeah.

A

Laura Martin

Analyst, Needham & Co. LLC

Q

How long are you going to be able to bring in all those big datasets before Congress says no, no you're violating somebody's privacy?

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Yeah. So...

Laura Martin

Analyst, Needham & Co. LLC

Q

And what impact would that have on Nielsen's measurement ability, if they can't get these third party data sets integrated into their own measurement?

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Well, everything we do, we engineer our products using privacy by design principles and our Chief Privacy Officer spends a lot of time understanding regulation and changes in consumer. And in fact whether it was Facebook or other things, the way in which Nielsen works with these big data providers, we're not looking for respondent level data. We're looking for an ability to create aggregated insights, because Nielsen has strong, opted-in consumer compliant panels that we can use the intelligence from in which to basically create the person based estimates that are required to drive and fuel the industry.

Laura Martin

Analyst, Needham & Co. LLC

Q

Okay.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

So, I don't -- who knows where the industry will go. What I do know is that Nielsen stands in a really strong point, because we have invested for six-plus decades in building high quality consumer opted in panels. So, if the world goes on a complete lockdown tomorrow, Nielsen can still produce measurement in which advertisers and sellers can continue to still monetize their audiences and sell their inventory.

Laura Martin

Analyst, Needham & Co. LLC

Q

And it sounds like the data sets you're bringing in are all non-person, they're all non-person, they're big aggregates. So, they're not violating data privacy.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Yeah, we anonymize, the way in which we work with it, we're never working at individual respondent levels, it's anonymized and aggregated data that we then produce out to the marketplace.

Laura Martin

Analyst, Needham & Co. LLC

Right. Right, right. Did you have a question?

Q

Do you – actually yes, thank you.

Laura Martin

Analyst, Needham & Co. LLC

Go [ph] on. (00:21:22)

Q

Q

Q

Early on, Kelly, you mentioned that you'd always provide a one [indiscernible] (00:21:29) and then shortly after you referred to some successes in [ph] adding to outs-of-home, could you break it, (00:21:36) could you tell us a little bit more about that success in [ph] out-of-home (00:21:40) And then the [ph] answer to your question (00:21:43) would be are there any analogies from that, that could explain how you can take that success [indiscernible] (00:21:50).

Laura Martin

Analyst, Needham & Co. LLC

I'm not going to make you repeat the question or just at least put it into the answer.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Yeah. Okay.

A

Laura Martin

Analyst, Needham & Co. LLC

So, for the webcast audience.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Yeah, so tell me if I got the question right. It's really, the example around out-of-home. How has that turned into a success and how can that be ported across to other channels or medium. So, thank you for that question. The out-of-home is a great success story, because many of our clients, we have three sports leagues subscribing to that here in the U.S. We've got 30 agencies, 25 networks and what they're using this for is to basically transact on those audiences watching television outside out of the home.

A

Q

I don't understand.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Okay.

A

Q

Let me say, you got the sports leagues [ph] coming (00:22:40) in, you send [ph] data (00:22:41) using [indiscernible] (00:22:41) or using the service for the out-of-home advertisers. [indiscernible] (00:22:46)

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Okay. The sports leagues are using this to understand the audiences that are watching the programming outside of the home. And whether that's to evaluate sports rights or other things, Nielsen's data is used more than just for advertising, it's used for programming decisions, it's used for distribution decisions and kind of an analogy would be going into the outside world.

A

Nielsen launched a syndicated service to measure all of Netflix viewing, that's happening both to originals as well as originally produced televised content. And as we look at that viewership and the behaviors of that, it's helping our television clients to evaluate the value of those audiences as they look to sell that asset into a Netflix or into an Amazon Prime or into another distributor. And then from the studio side, they're able to also look at the evaluation of that audience when they're producing originals and selling those into Netflix as well. So, Nielsen's really kind of focused on providing the Total Audience measurement of the consumer. So, wherever the consumer is consuming, however they're consuming, and really trying to bring that back and bring the flexibilities so that sellers and advertisers or studio houses alike can best understand the data and analytics that they need to drive the best business decisions for their business. Does that answer the question? Okay.

Laura Martin

Analyst, Needham & Co. LLC

Let's talk about DAR. So, Digital Ad Ratings, what you guys called DAR, you love your acronyms, you guys. Can you talk about Nielsen's progress with Digital Ad Ratings and are there any data points to suggest that Nielsen will become the currency in the digital world?

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Sure. We've been measuring Digital Ad Ratings since 2012, and we've seen great momentum and progress. And we really started with a kind of – started out on the PC desktop side, but we quickly kind of pivoted to mobile that same year, mainly because we saw the consumer change and the behaviors of consumers as well. And so, what leads to confidence of this becoming the emerging currency is a couple of things: one, the top 25 advertisers all demand Digital Ad Ratings guarantees when basically buying and advertising on video for certain.

A

Laura Martin

Analyst, Needham & Co. LLC

Okay.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Then secondly, yeah, so whether it's YouTube or Facebook, or Pinterest, or Snapchat or Vevo, which is kind of YouTube's largest partner in that space, they're all using Nielsen – they're also getting behind whether it's Snapchat or Vevo, et cetera, also getting behind offering up and producing those Digital Ad Ratings guarantees to the advertising community. And so, we're in 30-plus countries today and we're really starting to get the ask or the need to take the underpinnings of that measurement to bring it together in a total audience way, so really evolve the television money or currency so that we can drive better efficiencies for the marketplace, right. So....

A

Laura Martin

Analyst, Needham & Co. LLC

So, like, how does that relate to DAR?

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Well, it relates because how do you – you need to have comparable measurement that advertisers have confidence in, if you're going to come bring those things together and combine them. So today Digital Ad Ratings is based on kind of a campaign-based metric. It's sold in an impression-based way.

A

Laura Martin

Analyst, Needham & Co. LLC

Okay.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Linear television is really done on a unit-based metric ratings-based guarantee. But we ask – we're hearing more and more of is how do we look at taking a campaign-based metric, bring in the duration weighting of television across to all screens and basically count up those audiences so that the advertisers and sellers can better optimize their media mix more seamlessly, drive better efficiency, help reduce waste and really truly understand that the duplication across all those channels. And so getting Digital Ad Ratings kind of established as underpinning currencies, so that advertisers have that same confidence that they've voted in the confidence that they have on television today was really that first step.

A

Laura Martin

Analyst, Needham & Co. LLC

Okay.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

And we feel really good about the fact that we're seeing huge growth in adoption, a growth of 55% of campaigns in Q1 of this year from prior year. And so we're seeing the number of campaigns and the guarantees around those campaign increase.

A

Laura Martin

Analyst, Needham & Co. LLC

Q

And that's the year-over-year growth, the 55% is the year-over-year growth.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

In Q1, Q1.

A

Laura Martin

Analyst, Needham & Co. LLC

In Q1, yeah, yeah. Okay. Yeah.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

So, I think in the end, we're looking at helping the buyers and sellers to bring together the currency in the way in which they best see fit. And I think that's going to evolve over the coming years as well. And so having kind of that comparable measurement across all digital devices, all digital first players and all digital consumption to be able to tie that in a comparable way with comparable metrics to television is really what our clients are demanding and starting to look for Nielsen to provide.

A

Laura Martin

Analyst, Needham & Co. LLC

Okay. And mobile, when you talk about mobile you think of it as the DAR, is the only measurement product on mobile Digital Ad Ratings, or is there something [indiscernible] (00:28:30).

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Well, we also measure the content consumption side.

A

Laura Martin

Analyst, Needham & Co. LLC

Oh. Okay.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

So you can measure kind of the campaign delivery or the execution of the advertising.

A

Laura Martin

Analyst, Needham & Co. LLC

Right.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

But then people still want to understand how engaged were consumers on this content.

A

Laura Martin

Analyst, Needham & Co. LLC

Q

Viewing length.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

How long did they watch?

Laura Martin

Analyst, Needham & Co. LLC

Q

Right. Okay.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

What was the demographic or the advanced audience makeup of these audiences?

Laura Martin

Analyst, Needham & Co. LLC

Q

Got you. On the content side.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

So we did that on with Digital Content Ratings.

Laura Martin

Analyst, Needham & Co. LLC

Q

Digital content – that makes sense, DCR, okay, yeah, yeah. Yeah. Okay, and those two, those are the two aspects of mobile, but they're both mobile and desktop.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

That's right.

Laura Martin

Analyst, Needham & Co. LLC

Q

Actually, and tablets and everything.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

That's right.

Laura Martin

Analyst, Needham & Co. LLC

Q

Okay. Got you. And did that start at the same moment back there in 2012, the Digital Content Ratings, or is that more recent?

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

It came as a fast follower, probably was in the last couple of years.

A

Laura Martin

Analyst, Needham & Co. LLC

Okay. [indiscernible] (00:29:15). Okay.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

We focused on getting the ad measurement up first, and then we've kind of followed on with getting the complete content. The content stuff is critical for the planning.

A

Laura Martin

Analyst, Needham & Co. LLC

Yeah, of course.

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

How do you understand kind of tonnage and the sizes of audiences? That gives you the ability to do better plans and to do those plans across media.

A

Laura Martin

Analyst, Needham & Co. LLC

Okay. So, we have 10 minutes left. So, I want to take questions from the audience, and then I'll ask about Netflix. Yes, sir.

Q

[indiscernible] (00:29:43) It makes all the sense in the world across platforms, in terms – it seems like a [indiscernible] (00:29:48). So, is there any more [indiscernible] (00:29:53) growth points you could talk about, [indiscernible] (00:29:57) Because we've been hearing a lot about [indiscernible] (00:30:04).

Q

Laura Martin

Analyst, Needham & Co. LLC

Proof points for cross platform, that's your question?

Q

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Yeah. You know we have a number of clients that have been evaluating kind of our Total Content Ratings. Now, that would be used and really to understand how to better plan and execute the buying across those screens. I think where the industry is at currently is how to basically bring together the ad measurement side. There's work that Nielsen is doing this year with all of our clients around Digital Ad Ratings to bring that comparability to television. So that includes things like duration waiting as well as viewability standards, so that you can actually stitch together the ad delivery in a way that's consistent and brings the transparency that advertisers demand.

A

We've done a number of bringing new data streams out to the marketplace in the last six months to basically start to understand the flexibility that our clients are seeking. So, as an example what we did with A&E and a big agency was, we took all their linear digital ad ratings' impressions and we enabled them to combine those in a comparable way with the television impressions so that they could get a total [ph] growth rate (00:31:23) endpoint and then sell that comparably across the screens. And so, I think where the industry is at as you hear about things like [ph] sci-fi (00:31:35) and other avenues, they're all trying to figure out what is going to be the best way in which to evolve the kind of a campaign-based impression non-scarcity model on the digital side to a unit-based ratings point model and scarcity based on the television side.

And so I think we're really excited by the conversations that our clients are in with us to start to peel off data streams. A lot of people don't realize that we produce over seven-plus currency data streams today. The sellers and the buyers decide what currency stream they want to do a settlement against or make goods against. We see that same evolution happening here where we'll continue to produce these data streams and then the industry will get aligned and behind how and which way they want to basically do that settlement in the years ahead.

Laura Martin

Analyst, Needham & Co. LLC

Q

Okay. Let's talk about Netflix real quick. So you now measure Netflix viewing and what insights have you garnered since measuring Netflix? And how is it different from linear?

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Yeah. I mean, I think the binge-viewing is a real phenomenon in Netflix, we've seen that when a original releases that consumers are definitely watching multiple episodes I think, we see on average about two and a half over the course of a weekend [indiscernible] (00:33:03).

Laura Martin

Analyst, Needham & Co. LLC

Q

Not at one sitting, like over the course of two days?

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Yeah. But even in one sitting we've seen some phenomenal outbreaks of just binge-viewing occurring. And so I think that's definitely something that's very different from linear television because you have to wait for the next episode the following week and where they're releasing all episodes at once, so they're kind of creating this binging viewing phenomenon that is real. Consumers are kind of engrossing in the content and watching. The other thing with Netflix is that some of their originals, you can see the diversification of audiences they're trying to cater to. So, because they're not an ad-supported platform, they're really kind of focused on broad-based reach of all consumers. So, whether it's The Thomas Crown Affair that they released where really their audience, more than half are 50-plus, where the Lost in Space audience was kind of under 34. So, I think it's just the diversification of audiences that are very different than to kind of a given network or a given genre of programming, because they're really kind of focused on bringing content and making content available that's going to satisfy the appetite of kind of every consumer that they're looking to reach and get engaged in their programming.

Laura Martin

Analyst, Needham & Co. LLC

Q

Okay. Other questions from the audience? No, okay. So, let's talk about local. I know that Rentrak have been making inroads into Nielsen before it had two years of nonsense within comScore. Can you bring us up to date on what Nielsen has been doing in the local measurements arena, please?

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Sure. So, we're about a month away from retiring diaries across the 140 markets.

Laura Martin

Analyst, Needham & Co. LLC

Q

Whoo-hoo! Clients have got to be happy about that, throw a big party.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

And so I think what they're happy about is having 12 months of measurement starting to be able to get on that same playing field as kind of the digital ecosystem. I wouldn't say that they're always so happy about the fact that diary actually was very good to many networks and many stations for a long time. And some of that is the aspects of the recall method of people recording what they're watching. And so you have large stations that – and networks that did very, very well. And when you're measuring in an electronic way, often you see kind of the largest kind of station or network come down and in a number of audiences, the amount of time that they're reaching people.

Laura Martin

Analyst, Needham & Co. LLC

Q

Because diaries they are writing it and after the fact and it wasn't actually accurate.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

Well, they would, right – I mean, we did a lot of work to basically make it as accurate as possible, but there is the recall method. And so electronic measurement will capture audiences, but you're no longer having people who just kind of put a line through the whole programming, because maybe they watch for 20 minutes and then left the program. So, that's really big. We're also kind of enhancing the measurement across all 210 markets, not just diary alone. And so those enhancements will go out later this year and that's exciting as well. That's not only just bringing larger sample sizes to the local measurement, we're also investing in qualitative, our qualitative datasets like Scurbo that really helped set the stage to enable the local television ecosystem to start to go down the path of audience-based buying.

Many of our clients have used our Scurbo qualitative data sets, because it is the only true local data set that gets down to the local merchant level. Because if you think about local advertising, the lion's share of their advertising dollars is coming from those local advertisers down the street in the market. So understanding the behaviors of consumers tied to those local advertisers is critically important. And we have in our – we have over 300,000 surveys that we execute on to give us those insights across the markets. And so, I think it starts to really transform local television to not only allow them to have 12 months of consistent electronic measurement, but it also enables them to start to look at ways in which they want to evolve their selling practices.

Today, they're selling an average quarter hour, maybe they want to move to a more campaign-based metric, maybe they want to look at a more audience-based targeting type metric. So, all of these enables that stage to start to take effect more readily as we move ahead.

Laura Martin

Analyst, Needham & Co. LLC

Q

All right. So, it sounds like innovation's coming in local, only get better and better.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

A

It's here, it's here.

Laura Martin

Analyst, Needham & Co. LLC

Q

It's here.

Laura Martin

Analyst, Needham & Co. LLC

Okay. I'm going to call it there because we're out of time. Thank you so much, Kelly.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Thank you.

Laura Martin

Analyst, Needham & Co. LLC

Thank you for your time.

Kelly Abcarian

SVP, Global Watch Product Architecture, Nielsen Holdings Plc

Thank you.

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