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MANAGEMENT DISCUSSION SECTION

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

All right. This is live and official because I think this is being streamed live on the Internet or someplace. So this is little more formal than before. Obviously, any Q&A from the audience clearly needs to be in microphone this time. So let's please do that.

Listen, most of you probably recognize Kelly sitting beside me. Kelly is I think essentially in-charge of product development, product for the Watch business at Nielsen. So what a great resource to have the privilege to talk to a little bit about all the tasks on your plate and the initiatives you're trying to drive for your clients and for the industry. So thank you for that. And I've got a long list of probably pretty predictable questions and I was thinking about this discussion we're going to have and part of me wanted to come up with some clever or unexpected things to pose to you because that might make it more interesting and I'm not sure I came up with anything particularly clever because it seem to me that the most important questions for our audience or investors are probably fairly obvious and actually not so different than the questions I might have asked you when we did this last year. So, I apologize for that, but I think those are my questions, right.

QUESTION AND ANSWER SECTION

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Q

So, I mean, it's going to start with and I think it's clearly easy way to get it rolling, right, so where do we stand, right. So Total Audience Measurement has been a concept, a framework that you have been driving now for some time. Those of us on the outside [ph] and the community (01:50) only get glimpses of where the industry stands on that through whatever is publicly said or made comments, but – so now we have you, right. Where we stand from a product standpoint, how complete is Total Audience Measurement and where do we stand from a marketplace adoption standpoint on Total Audience?

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah. So we've made tremendous progress actually since kind of announcing the Total Audience framework, which is the right way to think about it since 2016. Our goal is to measure all content and all ads. And I think we've made tremendous progress on getting coverage across platforms, across ad models and even across non-ad models, and which should bring the true understanding of consumers and the behavior so that the monetization of strategies can be put into play.

So when you think about the kind of content side of measurement, our Total Content Ratings, which really brings that complete picture of the consumer and the content consumption, whether it's video, text or audio, has really seen tremendous uptake and adoption from the [indiscernible] (02:58) we have more than 90 plus brands who are under active measurement of their digital content and digital consumption, so that we can bring that together with kind of the complete picture that we already had previously on television and then we really added in over the last couple years things like Out-of-Home so that you can understand consumption at airports, restaurants, hotels, bars, offices, true television viewing, right. This is not on a digital device; this is on a television screen outside of the home.

We've also really broadened the amount of skinny bundles or these virtual MVPD providers, like YouTube TV, playing DIRECTV NOW. We have full complete coverage across all of those skinny bundles so that those can come into the monetization strategy for our clients. And, SVOD, we've launched last fall, Netflix measurement as a syndicated service, so that our clients, whether studio houses, networks or agencies can have a complete understanding of consumption to Netflix content, not just original episodes like syndicated episodes that they've bought from the network service studio houses and really that complete picture of viewing.

And then we also are measuring across Amazon and Hulu as well, but not in a syndicated form against those services at this point. And so, when you look at the landscape on the ad measurement side, Digital Ad Ratings has performed very strongly. We saw 55% growth in Q1 of campaigns. And when you think about the coverage, Nielsen is the only company providing true deduplicated persons-based reach across mobile and PC and OTT, our partnership we struck with Roku several years back to bring kind of the OTT monetization strategy in a more addressable IP-driven world was fundamental there.

And the real proof point is the fact that 25 of the top global advertisers are [ph] off (05:15) standardizing on Digital Ad Ratings. All seven holding agencies have subscribed and are using Digital Ad Ratings as guarantees for the delivery and execution of digital monetization. And so we know that the marketplace that large, especially when you look at the digital side of the equation and the calls to the murkiness and the need to bring transparency to

supply chain, that's exactly what Nielsen has accomplished with our measurement products and that's exactly why the largest [indiscernible] (05:50) and the largest holding agencies are leaning in strongly, not only because they have confidence in the Nielsen measurement, they have trust in the outcomes that we're bringing together to give them that complete view.

So tremendous progress since actually last time we met across that full landscape and the adoption and the usage of this data across the multitude of monetization strategies that companies are embarking upon today.

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Q

Yeah. Thank you. That was a great rundown, pretty comprehensive, so you took away a bunch of questions. But you said a couple words that I say a lot and I want to pick up on them, which is – I think you said persons-based deduplication.

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah.

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Q

I talk about deduplication a lot. When investors ask me, come on, Todd, in especially digital world, a registered platform – digital platform world, advertisers don't they know who they're getting. And so what is the point in all this – Nielsen Total Audience approach and my answer is usually, well, I think advertisers really care about deduplication. How important is deduplicated reach to your customers and your clients? Is that as important as I think it is? And assuming you're going to say yeah, it probably is, how confident is the marketplace in your deduplication model because it's hard work?

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

It's very hard. First of all, it's a fundamental of marketing, reach and frequency, right. So how many people did you reach? How often did you reach them and for how long did they engage? Those principles are never going to go away. And that is what Nielsen was founded upon those three core tenets.

And so when you think about reach and frequency, it's as simple as a marketer wants to know, did I reach the same person a thousand times or did I reach a thousand different people. That's the question it's answering, right. So when you really get to the heart of it, their media optimization is based on reaching as many people uniquely as possible, understanding the frequency in which they're reaching them because there's a saturation point as well in that, but all of that translates into how much their marketing spend is executing against those core tenets. And that all goes into the cost of the marketing spend and the effectiveness of it and, quite honestly, the waste that could exist in that reach and frequency thing.

You can't do reach and frequency if you don't measure people. That's the fundamental and Nielsen is the only company who has invested for decades in measuring people and we will continue to invest in decades to come in measuring people, not measuring devices, not measuring machines, not measuring bots, measuring real people. Because at the end of the day, what is marketers trying to do, they're trying to reach people, influence people's behaviors and cause an outcome to occur with people.

And so I do think that the marketplace has high confidence and the work that Nielsen has done because we are the only company that has an ability to bring together true persons-based measurement and then to deduplicate that persons-based measurement at scale. And we have spent a lot of work on both comparable metrics, which is also an important underpinning of all of this, how do I compare one media versus another to truly understand kind of the effect of this. Do you think digital kind of grew up in its own language of clicks and views and video starts and how does that all translate into traditional world? Nielsen has really spent time on when we look at how many, how often, how long taking a set of core metrics that we could measure consistently across and then deduplicate the reach and frequency of that audience across.

The biggest challenge that all of our clients face today is how to build that optimized media plan, how to drive the most effectiveness and minimize waste and then how to drive outcomes in the end. And Nielsen's datasets are the only datasets that are out there answering that exact question. And we're able to help our marketers truly optimize media not just through reach and frequency, but also against outcomes and impact because sometimes reach and frequency – although a reach might still drive a higher outcome, which seems to the counterintuitive to many marketers, well, if I reach more people, shouldn't that drive a higher impact? Not always. And that's where Nielsen's datasets, the fact that we're measuring people across all devices, across all platforms and bringing that together and the only company doing that is why our datasets are critical and foundational to basically solving this cross-platform challenge.

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Q

Yeah. You mentioned having invested for decades and will continue to invest for decades to come. Let's talk about the decades to come or even couple years to come. So what is on your roadmap? What are your client's top priorities for you over the next – that you can share with us to the extent you can? What should we be looking for, for the next horizon of 12 months?

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah. So I think it's a couple things. Obviously, one of the things that we're very foundational in is all of this audience-based buying. And I think there is a real difference between targeting and addressability. And I say that because targeting is how do you basically find a consumer segment and then optimize the media plan against that consumer segment. Where addressability is how do I link up a unique creative to that consumer experience that may be different from their neighbor down the street, right, so you're targeting a specific creative, a specific message and tailoring it to that consumer. Where addressability is – where targeting is more about, hey, instead of just targeting on males 18 to 49, I want males 18 to 49 who are in the market to buy a new car. So I want males 18 to 49 who are new auto intenders. And so we've really answered that call to action and we'll continue to bring a breadth of tools and data to the marketplace because when you think about this notion of optimizing on these consumer segments, it really requires a mind shift change in the way in which planners both on the sell-side and buy-side are looking at the television forecasting.

So, in March, we've launched actually syndicated forecasting tool, the first ever in the industry. And what this enables anyone to do is to take 80-plus predefined segments that are built on segments the advertisers have said these are the segments that we're looking to start to drive standardization against. That doesn't mean that they don't want to bring in their first-party data or other segments that they want to define, but it's [ph] dealing (13:22) off of the data sources they trust. So Nielsen Catalina, Nielsen Buyer Insights that you mentioned, which is the credit card spend data of 90% plus debit and credit transactions across the U.S. In Nielsen Catalina, it's the loyalty card data. And then you've got the GfK MRI psychographic segments, right.

So what we've done is we've been able, whether you're a publisher or a seller or a buyer, to say, if I want new auto intenders, how much inventory is going to actually be available for me to actually go and try to seek an RFP. If you're on the seller side, how do I know how I'm going to position myself against my competitors who also have new auto intenders and how do I look at this in relation to the universe of inventory that I have? So that's been great because I think it's brought the needed transparency around how do we shift our mindset around these forecasting models that we're not trying to replace the secret sauce behind the curtain, what we're trying to do is say this stuff is complicated, you really need to think it through so that you can maximize the opportunity around this, both from the buyers and sellers alike.

The second thing that we've done is we launched an Enterprise Audience API. If you think about the sheer size of the number of targets, the segments that can exist, you're talking in the thousands that could potentially exist. Well, we need an ability so that if anyone wanted to understand the size of the segment or to understand the reach of the segment or understand the delivery of the segment, they could do that in a more real-time basis. So we've launched that and enabled that across the ecosystem at large, whether you're demand side platform, a sell side platform, you can plug into this Audience API and you can understand kind of when you're helping the marketer if you're on a buy-side, understand kind of what does this look like, how do we think about this. And we've integrated those datasets into all of our planning datasets as well that many of the agencies are leveraging in a cross-media way.

And so that'll continue to be a focus. I think a lot of people don't understand that only about 5% to 10% of linear buys are being transacted on in this more audience-based targeting way. Now that'll continue to evolve and change, but 90% plus of those the 5% to 10% is 100% on Nielsen data. Why? Because we measure people. You have to measure people to produce the size of these segments. How do I know how many new auto intenders are there? Well, you got to know how many people exist in that pool. And because Nielsen measures people, we're the only one to have true people-based estimate sizes of these universes, which is key into understanding that reach and frequency question. And so we are standardizing those segments across all platforms. We are bringing that dataset across all demand side platform, sell-side platform [indiscernible] (16:32) and we've done this in a more real-time way with our launch of our Enterprise Audience API.

So we'll continue to invest across that space both simplifying the delivery execution, but also helping clients with the onboarding of custom segments, streamlining those processes, enabling clients to transact with less friction and more efficiency. And how can Nielsen bring new datasets like the forecasting tool to help them basically accelerate their confidence in transacting in this new way because what's not talked about a lot is there's a lot of historical data and norms that have been built around building these forecast models. Nielsen is the only company that has historical norms and data on these segments as well. You need that to build, as you well know, you're in the forecasting business, to build these complex models, if you don't have historical data, you're taking huge risk on whether or not you can deliver against that outcome. So we'll continue to invest there.

The second area I would say is investment of bringing big data into television. We're transforming 210 markets this year in local television – super exciting. We have 30 million plus household access from which to integrate into our high quality panels. And what's not really understood is that there is a lot of work that goes into taking in this data and actually calibrating and cleaning it up. People think that because set-up box can still [indiscernible] (18:01) data that that data is high quality. In fact, it's quite the opposite. And if you don't know because you don't have panels that measure real people, real homes, real behaviors, you're blind to what those actual deficiencies are, whether gaps in representation, gaps in coverage or just straight out missing minutes. We've seen up to 40% of missing minutes coming through these datasets. What would that do, it would depress ratings artificially that is not real.

And so, exciting transformation, we're retiring the diary after six-plus decades of existence across 140 markets, that goes live here in a few weeks, July measurement. So, super exciting, we're working on with our Gracenote acquisition. Once again, another exciting kind of set of capabilities there, [ph] I'll (18:56) fine hone and focus on the ACR technology space because we recently announced with CBS or CBS really announced at their upfront that they are working with us on a pilot. So, with Gracenote technology, we have ACR setting in 41 million smart TV devices across the globe across nine OEM brands.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC
ACR [indiscernible] (19:22)

Q

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Sorry. Thank you. Automatic Content Recognition. That's technology that enables you to basically understand what's being watched, whether content or ads. And so what we're doing is because of our foundational patented technology from Gracenote, we are basically able to start to bridge the television and digital divide. What I mean by that is we're now able to, with that foundational patented technology, enable our clients to actually go to a [indiscernible] (19:53) addressable in television, meaning syncing up the creative and the content against a subset of consumers or a subset of devices or homes in the same way digital does today.

So, lots of exciting momentum. We're working with smart TV data and new found ways to bring real-time insights to the marketplace around think about breaking news, right. Seems like we have more breaking news these days than not. How do you know when to, like, go back to regular programming, how do you know when consumers have lost interest in that breaking news segment that has maybe gone on for 45 minutes at this point. All of that intelligence is real-time intelligence we're bringing to the marketplace and we're really excited about not only the capabilities that we uniquely have because of the Gracenote, Nielsen now one company integration but also just the technology and patents and assets we can bring to bear to really advance the television ecosystem at large.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

Yeah. Again, so much in there. So two quick editorial comments. First, the breaking news is a perfect example from my own [indiscernible] (21:04) example of a type of thing that can totally screw up set-top box data because the set-top box doesn't know that it was breaking news instead of the regular scheduled programming.

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Right.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

So just funny that you mentioned that as one of thousands of examples of what can go wrong or be misleading about set-top box data or why you need a lot more to make sense of it. A second editorial comment from me is you mentioned a little bit about Universe Estimates and so I just want to acknowledge how important I think, this is my own opinion, that is and something that not research companies do or platforms do.

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

Yeah.

A

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

They'll say we'll sell you a lot of new purchase car intenders, but if you ask a question, well, okay...

Q

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

Where did you get that?

A

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Right. And then how many – like, how much of that is a percent of the total audience?

Q

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

Right.

A

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

And if then if you go further and say, well, how does that deduplicate against the new car purchase intenders and [indiscernible] (22:00) platform, right...

Q

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

They have no idea.

A

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

...these are really important questions...

Q

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

Yeah.

A

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

...that I think marketers need to answer so it sounds like you're working on that. Clearly, it has some solutions in place and that are probably unique. So, a couple editorial comments there. Thank you. So, the question is, this is more of a just elaboration because I think it's important in my sense maybe sometimes misunderstood by investors or [ph] just stand (22:24) for a little clarification, it's more business model of your partners [ph] in years (22:29) but this idea you talked about targeting versus addressability and those of us who are in media investors, we hear the networks talk about, first of all, they might use those terms a little less rigidly.

Q

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

Yes.

A

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Right. But there's this notion that television wants to move to more addressability, but that's not probably the right vocabulary. When you talk about linear television, it's not addressability, it's car getting maybe, right. But what I want to explore a little bit, so if you have an advertising who wants to buy new purchase intenders and you've got a television network and we hear this as investors all the time from the TV networks, oh, we got all this data and we can show you how we can – we can sell you new purchase intenders, right.

Q

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

Yeah.

A

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

But you still have to buy the whole audience, I guess, is where I'm getting at. So I just wanted to clarify. So if you're an advertiser, and we had CBS in here this morning and I know they're partners of your, so I'll pick it. So if you're going to buy a CBS show and you say, you know what, I don't want to buy. I just want to buy new car purchase intenders. If you're buying a linear show, you're buying a whole lot – you may just be paying for the new purchase intenders, right. So what CBS has to make a decision is do we want to sell this advertiser the new car purchase intenders and guarantee on that at a certain rate, at which point the rest of the audience for that show basically doesn't get paid for or do we want to find another advertiser who pay us for the entire audience at some different CPM. Do I have that right?

Q

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

You do have it right. Let's get back to why Nielsen has actually been at the forefront of a lot of this, of thinking through the complexity of this. This is why we launched that forecasting tool. And I think it's a critical input into this complex ecosystem. Do I sell and then leave a set of impressions to the side and then how do I scoop those up and what are those attributes of those and who is going to buy them. And there is opportunity gain, but there could be opportunity loss. This is we're having that trust in the dataset so critical because you get it wrong by a tenth of a rating point, you're looking at millions of dollars of risk of under-delivery and then figuring [indiscernible] (24:44) make good scenario. So this is where the work that Nielsen is doing to bring not just fueling OpenAP and fueling these platforms but bringing forth a set of capabilities to help the understanding of, you can no longer do the stuff in Excel offline a jockeying anymore, so figure out these very complex equations.

A

You're going to need solid datasets, really good platforms that are built on those datasets to help you analyze the best way in which to do this. We partnered with a company called [ph] Clipped. Clipped (25:23) is in over 60% of the television networks. And what they do really well, they plug directly into the inventory system and they pull that together with the Nielsen data to truly understand this optimization question.

How do I think about packaging up my audience? And how do I package those up when I want to sell – maybe sell only 10% in this targeted audience-based buying way and the other 90% still in the traditional age/gender.

That dichotomy is going to exist for many years to come. There's that still marketers want to reach as many people as possible. So that age/gender target is still very attractive because that's how you reach the majority of people.

We all have an age and gender in this audience, right? And then we have characteristics above us that sit on top [ph] that's narrow (26:11) how many people in this audience are new auto intenders versus not. And so having that confidence in that historical data, having the datasets that help to drive that optimization is key and critical to unlocking that.

And so, I think where this is all going to head is that consistency in the universe segment is critical underpinning piece that doesn't get talked about enough. Nielsen's the only company, the only company that invest in measuring universe of consumers and that takes real investment. We walk the streets of every, every mile in the country in which to basically work with the U.S. Census and to really collect the data that's needed to create these Universe Estimates, both media-related Universe Estimate and non-media related Universe Estimates.

We are the only company who produces those, so that we can then bring that – those Universe Estimates across every platform, every device, every distribution and that's critical, because you have to know how many people exist. And how do I know that that's a right Universe Estimate? We've seen other companies come out with Universe Estimates that actually overstate the population of new moms. I think there was something that happened not too many years ago where the amount of new moms actually overstated I think the female population or women of age-bearing age.

And so those Universe Estimates are underpinning to being able to deliver confidence to the marketer, because they don't want to overpay for new moms if those new moms don't actually exist. And it also brings confidence to the sellers of what is the opportunity gained or opportunity lost by basically repackaging up my audiences in this new way.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

Yeah.

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

So it's exciting times, we're excited, our data is fundamental to all of this. And I think Nielsen is the only dataset that's going to unlock the ability to drive this at scale. And every platform, every network, every agency is leveraging Nielsen in which to basically have that same confidence they do when they transact on age/gender on these more narrow age/gender plus [ph] buys (28:33) that they're doing today.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

Maybe a little segue, so related to targeting more than addressability, you've mentioned OpenAP a couple of times. Maybe, if you don't mind, I could just list for you some different initiatives or industry efforts that investors hear about and just ask you what they mean and what they mean to Nielsen, because I think there's a lot of [indiscernible] (28:57) let's start with OpenAP, right. So what is the state of OpenAP and what does it mean for Nielsen?

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Sure. So think about OpenAP as an ability for advertisers and networks to come together and to look at these audience segments. This is where Nielsen's data is fundamental to that, because when an advertiser or a network is coming in to define a consistent segment, so an advertiser wants to say whether you're CBS, whether you're Fox, whether you're Viacom, I don't care who, I want to be able to come in with my one segment definition and I want every network to [ph] refine (29:39) consistently back to me.

Don't tell me, well, we define new auto intenders this way, I don't know about the guy down the street. So that's the idea behind OpenAP was to bring those consistent definitions that are being [ph] filled (29:53) by Nielsen data to the forefront so that advertisers can take those set of characteristics that define consumers, combine them in the way that they want to combine them and then submit that definition across to all networks to get a consistent response back regardless of who is responding.

So what it means to Nielsen is that it's – all those advanced datasets Nielsen Catalina, Nielsen Buyer Insights, GfK MRI, those are all additional datasets that clients have to license in which to basically execute against these more advanced demographic segments. And then as they want to steward or post the guarantees against that to also license against the posting measurement against that. So we see this as a – when across the board, new datasets for Nielsen that are getting more broadly adopted and monetized that were largely used in planning now moving across to measurement.

And so that's really what OpenAP is, and what it means. It's a portal frontend to allow the advertisers and the network to drive some efficiency in that communication process, take out some of the inefficiency of the telephone [ph] game (31:09), and then to get consistent responses back based on the same dataset underpinning it, Nielsen, so that they can compare those responses and then figure out that negotiation process like it happens today.

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Q

So, thank you for that. If I could just ask, just one sort of follow-up, so some investors are concerned, so rightfully – so tell us maybe rightfully or wrongfully, is it true – so I think – is it true or not, I mean, you can – advertisers or networks can also use other segments that come from other places within OpenAP, either a first-party data [indiscernible] (31:50) brings – maybe that's...

[indiscernible] (31:52)

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

And they can marry that up with Nielsen data.

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Q

...or from other research...

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Sure.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

...companies, and so some investors say, well, this sounds little scary to me because now you're bringing in data that's not Nielsen data into a buying transaction...

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

...so isn't that bad for Nielsen? So, I'd love your answer to that. And then – but also if somebody uses a different segment, do they still use Nielsen audience estimates to guarantee the delivery against that segment, because I think the answer to that might be yes, but anyway – so that's kind of two questions.

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah. So, I mean, I'll go back to the message around that Nielsen is the only company measuring people, and not two marketers are trying to reach with these consumer segments. This is why 90%-plus of that 5% to 10% is all being underpinned by Nielsen data, whether it's looking at the RFP response and still transacting on age/gender or Nielsen data at large, because at the end of the day, they want to reach people more efficiently and with consistency across platforms, across players, across devices.

And so any other measurement provider doesn't provide person-based estimates. I look at household set-top box data. How is that any better than direct response mail basically, [ph] throwing (33:13) basically if you're using that data to reach a household, it's no better than direct mail, [ph] you might as well (33:19) just throw your money at direct mail, it's probably cheaper these days than actually buying a more narrowed segment.

So this is why I don't think any marketer is going of move backwards in the equation to say, oh, I just want to go back to the days of direct mail, because then I don't know who in the home I reach. I don't even know if that household has the right characteristics, because by the way what's not largely spoken about is the quality of those – that household characteristic data being [ph] meshed in (33:46) with all these big datasets. It's not accurate. And so you don't even know who in the home you reach, let alone if those people live there, let alone if anyone actually was in front of the screen when it got delivered, because set-top box records whether that television is on or off.

So I think it goes back to this confidence play that marketers have with Nielsen data, the trust and integrity that we have provided for six-plus decades to the market. And just look at the growth of the advertising sector, so all have been underpinned by Nielsen data. Why, because there is consistency, there's trust, there's accountability, and there's integrity that sits behind that, and that matters when you're spending billions of dollars. You're not going to go gamble on, hey, maybe this kind of household maturation of some set of the universe, it doesn't even represent all homes, they're all consumption, may actually deliver some better media efficiency and I would argue you have no idea. You basically are better off spraying and praying versus even trying to go in this more consistent delivery route.

So we're confident that Nielsen's data will underpin all audience-based buying, all addressable-based buying, all targeting-based buying because of the fact that Nielsen is the only company measuring people, bringing it together in a consistent way and the marketers have spoken. They want transparency, they want accountability and they want trust in the data that they're using in which to drive their marketing spend, because they also need to ensure that they are held accountable to the outcomes that they need to deliver for their companies and they need to see those needles move.

And I think it's been proven that when third-party independent measurement of high quality data doesn't exist, you see big players pull large spend off of publishers, and guess what, the needle either went up or went – didn't change or didn't move which then brought into question, well, I was told I'm getting this ROI, but it doesn't seem to line up to the fact I just pulled a sizeable chunk of my media spend off your property, so tell me how that works.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

Okay. So at the risk of posing a question which has the same answer, same response that you just gave, but I got to ask it anyway, because so – like the most recent – I guess it's the most recent, a recent new industry coined, I guess it's NBC Universal [indiscernible] (36:19).

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Sure.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

So, CFlight came out and all of a sudden my phone starts ringing, investors are saying what is CFlight? What should I make of CFlight? It sounds like NBC is – when it was a partner of yours...

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

... a client of yours, it's trying to construct something differently around Nielsen, is the question I keep getting. So what is CFlight – and I guess it's still being developed. Like, what should we think about CFlight?

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah. So we're working very closely with NBC as well as the broader set of networks on this whole kind of notion of how to evolve C3/C7, right. C3/C7 was built a decade ago to basically measure with consistency the reach of consumers to televised content within a three or seven-day window watching the same ad load in which to basically transact. And it's proven to be a very strong currency and underpinning to enable advertising dollars to grow.

Now, with the advent of all of these ways in which consumers are consuming content and potentially not all in a linear mass reach way, how do we still drive efficiency in the buying process to enable advertisers still to have

confidence that this flight of impressions or campaign or exposures still tie to my actual reach of real consumers. And so we're working very closely. We actually put out a couple of viewpoints around how to basically evolve this notion of bringing together linear and digital. CFlight is one example that NBC has brought to the table around, hey, we think that the way in which we should look at this is this way.

And if you think about how C3/C7 got created, Nielsen didn't create it, we were the enforcers of the rules that got built by the industry around how they wanted to basically have measurement that enabled them to all speak the same language across the buyers and sellers in which to transact with confidence. And so, we're heavily involved in CFlight.

We're working – and NBC is heavily involved in our ad rating summits that we're holding with our clients to basically figure out in this new multimedia world how do you want to basically continue to bring together linear and digital. And there'll still be a notion of certain digital impressions that [ph] they (38:43) should be monetized separately outside of kind of a combined linear buy.

But if you think about some of the efficiencies that television has brought in the whole stewardship process and the trust process, I think everyone would like to see ways in which they can find more eyeballs, more people, more audiences, but the same flexibility and accountability in which to know that when they basically transact funds, those set of impressions or those set of GRPs that they know that they got what they paid for it.

And so, we're working very, very closely with CFlight. I wouldn't see it as a separate industry initiative. I would see it as Linda Yaccarino taking kind of the leadership role that happened 10 years ago with a small set of networks and buyers who came together and then told the rest of the industry this is the way we should move forward and everyone agreed. And she's really leading the way and we're partnering with her completely alongside of that, because we see the need to help our clients evolve the way in which they want to buy and sell video, premium video which is really what that's all about, and then even take it a step further to kind of starting to measure the outcome on the – down the road around all the way from the consumer journey, touch point from – upper funnel all the way down to the lower funnel, and really bring more transparency to that, because if you think about it, it's a lot of digital players taking advantage of last-click conversion and attributing that entire purchase to their ability to deliver that one creative in front of you that one split second, but yet discounting the fact that television has aired and basically built this intent and awareness and all of those upper funnel metrics for the past 12 months, 18 months that then drove you to that last-click conversion where you ended up.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

Yes, yeah. That could be a whole different...

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

[ph] Intercut (40:42).

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

...session for us, [ph] execution (40:43). If you don't mind, so another word that I think much like targeting and addressability gets used a lot often misused and often investors I find are confused about what it means for Nielsen is the word programmatic.

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

Sure.

A

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Shall I ask you like, I guess there's couple of questions I could ask, like, what is – what do you think is the right – what is programmatic, can you [indiscernible] (41:07) because I have an idea, but I like – maybe that's the question I should ask, and then more importantly like where does that fit into Nielsen's offering [indiscernible] (41:17)?

Q

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

Yeah. I mean, there's a lot of, I think, conversation on programmatic and we could probably spend a whole day on that as well. But it can mean automation, it could mean kind of real time bidding, it can mean all these things. But what it means to Nielsen is that it's another area that needs to have even more transparency and measurement, because often it's systems and algorithms and who knows how the maturation of decisioning that's being made that needs to have transparency around it.

A

In fact, many of the programmatic platforms and players have all leaned into Digital Ad Ratings. Why, because they also are buying up inventory. Many of those programmatic players are buying up inventory and then making it for sale. They need to score that inventory; they need to understand the delivery of that inventory; they need to talk to their buyers about the value of that inventory.

And so that's all – we've been integrated in those programmatic platforms [indiscernible] (42:15) you look at even where FreeWheel is kind of playing into that space or to mobile et cetera. Our data has underpinned the understanding of that inventory, because we're providing the Digital Ad Ratings measurement, so they can get daily reads on who did we actually hit, who did this actually get delivered to, and was it actually a real person, and what was the demographic makeup of that.

So, I think what it means to Nielsen is it's just another way in which buying and selling is occurring. And then if anything, I think I saw a recent stat where \$30 billion globally of [ph] tax (42:56) is going into the programmatic space, which is where some of this murkiness and supply chain cries are coming from, because that 55% of media [indiscernible] (43:05) that's not going to actual media execution, right. And so that needs to start to actually go away, that media [indiscernible] (43:15) is unsustainable. And so I think Nielsen's roll of bringing [indiscernible] (43:21) on the transparency of that, our measurement data is bringing up the level of the inventory made available to, because in the early days, I'm certainly wanted to buy much of the inventory that was sitting out there. And now, you're starting to see more high-value inventory starting to enter. Why, because they're looking to guarantee on that inventory using measurements, third-party independent measurement, whether it's Digital Ad Ratings, our Television Ratings, et cetera, and all of that is critically important especially in this programmatic space where you have no idea how this machine decision making is occurring and pricing and other things.

And as a marketer, I would absolutely demand that I need to have measurement. And I would also demand that some of this [indiscernible] (44:13) has to go down or I'm not going to see that as a more efficient route in which to drive media spend, because there's more ways than there is actual ROI for me.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

Yeah.

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

So, I think you'll see an evolution of that space occur and I think Nielsen's measurement has really shown a light on the positives, but also the challenges that exist in that space.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

How are the issues of viewability, fraud, non-human traffic, how does that – how does Nielsen contribute to or provide any – do your services try and help marketers understand that component of their delivery...

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah.

Todd Michael Juenger
Analyst, Sanford C. Bernstein & Co. LLC

Q

...and so, how big a deal is that? How important is that? Marketers use other – there's you and there's other places, right, and so how are marketers generally trying to solve that problem? I think it's a big problem, or a big concern.

Kelly Abcarian
Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah. I mean, it is ensuring that it's quantified and measured. So, Nielsen's the only person creating an integrated viewable demographic measurement, which is really important because there's [indiscernible] (45:29) a standalone viewable metric that's great, but then what's the actual viewable demographic, because if you create one without the other, then you really don't know who were the real people that actually saw my ad. And so that's where Nielsen's uniquely positioned in which to bring that and it's been critically important to marketers, because they want to know their ad was actually seen and it was actually seen by a real human.

And they want to know the demographic makeup of who that real human was and does that meet the target that they were looking to reach. And they're going to hold that publisher accountable for delivering against that on-percentage target that they're paying against, and only Nielsen is delivering that today. And it's – by the way, we're the only accredited viewable demographic service out there. So there is other people who have accredited viewability metrics, but that's very different from the accredited viewable demographic metric.

And so I think we took a position in which to also partner with viewability players in the ecosystem, because we know that many agencies also have their own viewability standards as much as the MRC and the others are trying to [ph] wrangle down (46:45) a consistent standard. They're still agencies that want to basically bring those standards for their clients that they think best serves their unique marketers.

And so Nielsen has always been very open to working and partnering with the viewability players and the definitions around those – what makes it viewable or non-viewable so that we can ensure we can produce the

accurate measurement back to the marketer that is what they want to actually transact and pay against. I think that's been a unique thing that only Nielsen has done as well as we've been more open to the marketplace at large, so that bring your own viewability, we'll work with them, we'll measure that integrated viewable metric, but we'll also allow you to bring the kind of rule set that you want to deliver the best outcome for your marketer.

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Q

Yeah. And few minutes we have left, either I'm asking such good questions and nobody has any, or everybody else is [ph] just intended to (47:47) listening. So I'll just keep going. We only have a few minutes left. Something that seems we ought – I ought to ask because it seems to be becoming increasingly important recently is privacy issues. So from a product standpoint, from a product standpoint [ph] a few (48:05), right, you use data from a lot of places, your panels are obviously privacy compliant...

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah.

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Q

...are there any – has this caused any new sort of rick or things you've had to deal with in terms of data sources you use and incorporate into your various services...

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah. So, I mean, I think we took a stance a long time even before the whole GDPR kind of came under the scene around embracing privacy by design. And so when we built our product, our products are actually built under the principles of privacy by design. We probably have one of the largest privacy organizations, our Chief Privacy Officer and privacy lawyers that sit underneath have spent a lot of time both with product as well as with government bodies, et cetera, in which to understand the changing evolution of privacy.

Obviously, Nielsen, as you mentioned, for decades we've built privacy often in panels and privacy has been the cornerstone of everything we do, because we're measuring consumers, and we need our consumers to trust our brands and to trust Nielsen with the datasets in which we're using in which to produce measurement out to the marketplace.

And so we've – because of these principles, because of the kind of the underpinnings of the way in which Nielsen operates, the privacy changes for our core measurement products were really for us when GDPR came really a non-event, because of the fact that everything we're producing is anonymized and aggregated, by no means do we ever at any time released [ph] or shared (49:49) PII data, et cetera, until we continue to produce whether it's Digital Ad Ratings or Television Ratings or Cross-Platform Ratings with the same metrics, same datasets that we were using prior to the institution of the changes.

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Q

Yeah. And one your publicly known big partners is Facebook, so no implications for you with that specific relationship that can talk about?

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

A

Yeah, I mean, we – the way in which we work with Facebook just like we work with any other data provider is that once again bringing privacy by design straight into the principles of that partnership. All of that data is anonymized and aggregated and sits behind the – basically the walls of Facebook and by no means at any point are rereleased, any type of disaggregated data we're there to produce what is the reach of digital impressions to this property for men 18 to 49. There's no personal identification inside of that. So that is why the work that we've done, whether it's Facebook or with other providers, we continue to be able to provide the anonymized aggregated measurement that we've provided to the marketplace for years.

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Q

Well, so, listen, according to my watch, we're out of time. And since this is webcasted and everything else, we probably need to adhere to that. And Kelly, I think, you probably could use the rest, and maybe a glass of water, because thank you for sharing so much, so comprehensively in less than an hour we've had together, and thank you for – there's a lot of travel involved to get Kelly here and share her – all she has to offer with us this morning. So...

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

Thank you for having me.

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

...it's really, really – really appreciate it.

Kelly Abcarian

Senior Vice President - Product Leadership, Nielsen Holdings Plc

Appreciate it.

Todd Michael Juenger

Analyst, Sanford C. Bernstein & Co. LLC

Thank you.

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