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# Nielsen Holdings NV (NLSN)

Sanford Bernstein Future of Media Summit

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# MANAGEMENT DISCUSSION SECTION

## Todd Juenger
*Analyst, Sanford C. Bernstein & Co. LLC*

All right. Good morning. Thanks for settling down and coming right back. So as you know, and I won't belabor the introduction much, the tall, good-looking gentleman sitting next to me is Steve Hasker, one of my former McKinsey colleagues, is here to talk to us about Nielsen's role in all this change that's going on. So we're here at the Future of Media Summit. We are talking company after company who is sharing with us their different visions of how consumers are changing the way they access and consume video content, and everybody has a slightly different view. But the one thing that is for sure is that fragmentation is occurring and will continue to occur. Complexity is being introduced.

In order to make successful businesses, however this evolves, especially ad-supported businesses, somebody has to help advertisers and publishers understand the audiences they are finding and reaching with ad messages. And on one hand, the fact that a lot of this is becoming digitally enabled is great because digital devices, if designed well, can sometimes help record information and give you more information that you can use to measure audiences. On the other hand, the complexity is spiraling out of control.

So sitting square in the middle of that, who better to talk about all of that than Nielsen? Just to level-set before we dive in deep to all of that, probably worth just a quick status update, just to sort of level-set the room of sort of your overarching view of how Nielsen thinks about measuring consumers and what they consume, and your sort of guiding principles in that regard and then we'll take the conversation from there.

## Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

Yeah. Sure, Todd. Well first, thanks for having me. It's a great pleasure and privilege. The way we think about the landscape and we obviously measure more consumer behavior in more countries across the world than anyone else. So I think we have a pretty good lens on what's happening to the consumer behavior and where it might be going.

The way we think about it is very simple. We think about three distinct types of media and behaviors around them, video, audio and text. So as a consumer, I'm either watching a video, I'm listening to audio, or I'm reading text. And I know that sounds very simplistic but that's how we basically built our entire strategy and that's how we built our product roadmap since I've been around which is four and a half years. And increasingly, we're seeing the best media companies adopt that sort of mantra.

So they're not as focused on which screen, whether it's a tethered TV screen, big screen in the household, whether it's a tablet or smartphone or PC or anything in between. They're focused on, are they producing great video, are they producing great audio, are they producing text. And increasingly, the most sophisticated advertisers are thinking about that as well. So they're saying that is what a consumer is doing.

And in a sense, the consumer will use – so let's take video for a second. The consumer will use best available screen. So with the World Cup soccer, if I'm a World Cup soccer fan, if I happen to be in my home, the best available screen is a 50-inch high definition television and that's the one I'm going to use, all right. Now, if I'm a teenage boy and my mother is there as well, I may eschew that and go and use a tablet, because I don't want to be watching the same thing as my mother under any circumstance, even if she's a soccer fan, but best available screen, right? And if I'm sitting on the bus trying to get to or from school, then the best available screen is my smartphone or a tablet, and I'll use that to consume World Cup Soccer.

So we think that sort of this big conversation around digital and around mobile is somewhat misleading. We have to be able to measure video no matter where it goes. After the acquisition of Arbitron, we have to be able to measure audio no matter where it goes, and we believe that the standards around text will follow. So in other words, the advertisers, and to some extent, the publishers will want one referee on the field for all of the different types of media so that they can put it into marketing mixed models and have make cross-media comparisons. But by and large, we're focused on video first and audio and then text, we think, will follow. And that's really how we think about it.

## QUESTION AND ANSWER SECTION

**Todd Juenger**
*Analyst, Sanford C. Bernstein & Co. LLC* **Q**

One of your other mantras, maybe it's not a mantra, but I think it's a belief. I've heard you personally espouse before is this phrase of fragmentation being Nielsen's friend, right? There's definitely some debate, certainly, that I take part in with investors on both sides of that. So I would love to hear you weigh it, because when people are doing more things in more complex ways, it creates more behavior to measure which creates more products and more potential customers for Nielsen and all that. And I'm sure you can articulate that much more richly in terms of how that could be your friend.

The risk side of it is, it says, wow, in a world that was just old-fashioned television, Nielsen was the game. Every time something new is invented, doesn't it create the chance for some new guy to measure a certain thing in some new or different way and that creates some level of risk to Nielsen. So how do you think about the pros and cons of fragmentation being your friend?

**Stephen Hasker**
*President-Global Media Products, Nielsen Holdings NV* **A**

Yeah. So we do – as you say, Todd, we do very firmly believe that fragmentation is our friend. And I think – I actually have the opposite concern in a sense and we saw this on the buy side of our business many years ago when concentration really is not a friend, it's a foe. So there was a lot of concentration for certain categories around Walmart. So in other words, paper towels, 60% of paper towels in the U.S. at one point were being bought through Walmart. And the senior team at Walmart said, you know what, we don't necessarily need this independent comparison because when we provide data into that system, others benefit disproportionately to us, and so we're pulling out.

And so I think the more fragmented, the more complicated, the more confusing the environment gets, the more important it is to have a single referee on the field between buyers and sellers to help buyers compare themselves to other buyers, to help sellers compare themselves to other sellers and also to provide transparency to that market. So we absolutely believe that fragmentation is our friend.

Having said that, it makes our job harder and because of the explosion in data sets, it does provide alternatives and opportunities for other smaller players to come up. But I think we've got to recognize something and that is they're always going to be there. So in our view, the trade around advertising between buyer and seller requires a single referee on the field, that be independent and that be a third-party. And as much as a particular media company may want an alternative when they come to renegotiate their contract with Nielsen, the dynamics of the marketplace are best served by one single player who is providing the most accurate measure and can do it across the broadest front.

And so we're always going to see media companies creating alternatives, or at least sponsoring alternatives at the edge. And at Nielsen, we're not arrogant about that. We're very observant about that. And we try to distinguish between that which is really sort of promoting, if you like, a negotiating alternative versus something that is a real development that is a step forward beyond that which we are doing. And I think we're very confident where we sit today but we're also very diligent about what we need to do in order to stay ahead of that curve.

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## Todd Juenger
*Analyst, Sanford C. Bernstein & Co. LLC*

**Q**

One of the sort of roots, I think, that becomes uncovered when I have conversations on this topic of risk and new data sets is this sort of pervasive association with Nielsen, the company and the panel, and this notion that the panel, the national television panel or the local television panel.

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## Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

**A**

Yes.

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## Todd Juenger
*Analyst, Sanford C. Bernstein & Co. LLC*

**Q**

Which was designed for a world that had three broadcast networks and now there's 300 and isn't the panel an anachronism? What is the role of it? What role does – how important is the panel still going forward? Why – I assume you believe it's still valuable and relevant as sort of why and in conjunction with that, what other things do you do to...

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## Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

**A**

Yeah.

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## Todd Juenger
*Analyst, Sanford C. Bernstein & Co. LLC*

**Q**

...to deal with the fragmentation that a panel can't handle?

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

Yeah. So back to your first question, how do we think about the world? It's video, audio, text? It is for us, what we call, reach, resonance and reaction. So it's thinking not just reach which is the ratings, how many people saw a program or an ad. It's did it resonate and did they change their behavior? So it's actually moving further into that sort of marketing funnel. That's the second part.

And the third fundamental belief we have is that the future measurement is in the combination of big and small data. So it is in combination of small but very high-quality panels. And there is a big difference between what we call a convenience panel, which is recruited across the web, and a very high-quality panel where it's exactly representative of the census and we visit the homes four times a year.

We spend hundreds of millions of dollars building and maintaining those every year than some of the other alternatives out there. We think that the combination of those panels with big data sets is the future of measurement. And that's really – OCR was the first step in that. The mobile ratings that'll be released on July 1 and the program ratings are further steps in that evolution. The Nielsen Twitter TV Ratings are a step in that direction.

So let me just say a little bit more about that. Always big data sets where they'd be from server logs or from set-top boxes, or from registration data sets, they're all of value to varying degrees in the measurement space. But none are representative. There's not a single one that is representative of the entire U.S. population. Let's take set-top box data for a second. One, it has a number of pretty significant promise. And it's not to say it's not useful and it's not to say that we want to use it going forward. I'm confident that it is and we will. But when I go to bed at night, I turn the TV set off, the set-top box stays on.

Procter & Gamble do not want to look at ratings for a TV set that's not on, all right. And so somebody has to overcome that problem, number one. Number two, most of the set-top boxes in the U.S. do not provide return-path data, the vast majority, right? Thirdly, there is a growing number of households that do not have cable TV. They're still using over the air, all right? And as cable, it's cool, it's get shaved and cut, that is growing, not declining.

And then last, but maybe not least, there isn't a single set-top box provider or cable MSO, or MVPD, who can tell you who's actually watching the program, right? So there's no person level information, and the ratings, of course are person level. And so you have to – if you're going to use that data set which, as I said, I'd like us to do, you have to be able to calibrate or correct it using a panel. And that's, again, what we did with OCR. I think that's what you'll see us do more and more across all of the different devices and that is take a very high-quality panel, where we're measuring not only TV, we're measuring PCs, smartphones, and tablets, we're able to de-duplicate and figure out who's watching what down to a person's level and then use that to calibrate the big data sets.

And I do think we're advantaged in that space. Again, not arrogant about it, but we have these panels in place. They are the highest quality panels in the world. They're hard to build. They're hard to maintain. And because of our ability to calibrate big data sets, we've seen players like Facebook and Twitter come to us and aggressively want to partner and provide big data to us and not to others. And as long as we keep on that path, I think we'll be able to ensure that fragmentation is our friend.

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

Q

You've mentioned a couple acronyms.

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

I apologize for that.

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

Q

No, I just want to pick up on that.

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

We're a research company, not a marketing company.

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

Q

So OCR, online campaign ratings. There's others you could have mentioned that you didn't. Is DPR, digital program rating?

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

Digital program – yeah.

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

Q

And XCR, on and on and on. All these various new products that are new faces or new skins on measuring different aspects of consumer behavior just require new products that have new acronyms and all that. It is all trying to keep up, I think, with consumers as they move their behavior. You often hear, if you cover big media companies like I do, this notion, there's still so much of our audience that isn't captured and Nielsen's getting closer, but they still don't have all of it. If you were to draw a continuum from – we only measure linear live television to we capture every instance of video content that is consumed in any conceivable way today, where is Nielsen on that continuum? Where would you be in six months?

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

It's a great question. So if you look at the time spent – let's focus on video, right. If you look at the time spent watching video, we are at about 80% to 90% in terms of what we cover, because the vast majority of video is still consumed through TV set, whether it be live or time shifted, whether it be over the top video, it's coming through TV set and we measure that. So from the portion of sort of time spent, we cover the vast majority today. Having said that, the most visible elements are things like video consumed through tablets and smartphones. On July 2, so after July 1, we'll have all of that measured, right? So that will be included – we'll be able to include it in the TV ratings for the full TV season. So we're going to get to that.

I don't know that we ever get to – there's ever a given day where we say, yep, we're done. We got 100%. Because I hope that our media clients and the advertisement agencies are innovating and always inventing new forms of media. So for example, if indeed driverless cars take off, play that out for a second. Again, we look at consumer behavior and what do we notice? We notice that people watching more video which is why this is a growth opportunity for us over and above whatever they're watching on TV. They're watching more video on the other devices. They're reading less. They're going to a mall less and they're reading less.

So my bet is, if driverless cars take hold, people are going to sit in the car and they're going to drink an espresso and watch more video. We're going to have to measure that. And the day it happens, we're not going to – we wanted a solution because you don't want your measurement player to be ahead. You want your measurement player to be in lock step or just behind because otherwise we're unduly influential on the business models and the kinds of innovations and that's the role we'll be able to play.

One of the things that worried me most when I first joined Nielsen from our old shop McKinsey was the number of media clients who I would say, what's going to be your business model around over the top video, what's going to be your business model when mobile finally takes off. And they would say, well, it depends on what you measure. And so we've been very aggressive about getting out of that game.

I don't want the media companies saying, well it depends on what Nielsen measure and how they measure it. What I want to do is no matter what their business model is whether it's ad supported subscription, whether it's live, whether it's time shift or whether it's over the top, whatever it is, whether it's exclusive to iOS or Android or it doesn't matter to me. We can measure it and we can give them full credit, right, and so that's really the direction we're going.

I got very frustrated the other day. There was an agency executive who I shall not name who said, well, Nielsen had this innovator's dilemma. They are the incumbent measurement provider, and so they really haven't done much in the last couple of years. I took that quite personally which I shouldn't have, but if you look at what we've done, all right, so we put online campaign ratings out in the marketplace which has been a prodigious success as a distinct measurement product, but also as the infrastructure, this idea of combining the panel with a Facebook and Experian registration data sets to measure anything at any time across devices.

The launch of mobile, the launch of the Nielsen Twitter TV Ratings, the launch of the Nielsen Buyer Insights, which combines media exposure with credit card data. You look at that over the course of three-and-a-half years, and I challenge you to find anyone in the media space whether they're measurement, whether they're selling content, whether they're an agency who's innovated like that. And so I sort of looked at this particularly agency executive and gently asked, where have you been? Now, I do – I can see that we are a research and measurement company, not a marketing company, so it may be that this person hadn't sort of seen the messages. But I'm comfortable with that positioning as research, not marketing. But I really do stand behind our innovation track record and I think that it's incumbent upon us broadly across Nielsen to continue to do that.

Because sure as hell the industry is going to continue to innovate, and there will be lots of video coming through connected devices and wearables, and there'll be lots of video coming through driverless cars, if that happens, and so forth. And we're going to have to be able to measure that to enable buyers and sellers to transact on that.

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

Q

Just to add another potentially huge layer of complexity on top of everything you're trying to keep up with, there're a lot of people believe that as the future moves on, that video advertising audiences and messages will start to be decoupled from the audience for the content itself. In other words, in the old days, if CBS ran 60

Minutes and you ran an advertisement on 60 Minutes, the audience was the same. The DVR changed that a little bit with fast forwarding.

In the future, there's this notion, well, what if advertising becomes dynamically insertable in different – and what does that mean for somebody who's built a business on measuring audiences and now instead of a program having one audience, a program has many, many, many, many different audiences.

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

Yeah. So this is the reason – you mentioned, Todd, the acronyms. This is the reason for the acronyms. There's a campaign rating and there's a program rating. And they can be measured together or separately. And that's a really important distinction because it enables us to be just as relevant in an environment where ads are dynamically inserted as it does where there is a same program, same commercial load. And so I'm comfortable that we stay just as relevant, if not more relevant, in that environment.

Where I think we have some opportunity in terms of our business model and our approach to clients is where something is purely subscription based, right? And I think as that environment gets more fragmented, there's value to having Nielsen as the intermediary to help a seller of content to a new distribution platform understand how valuable their content is relative to the other content that that distributor is looking to acquire. Today you have one player, Netflix, which is dominant in that space and they continue to do great things. I do think there are some tailwinds to ensure that others will be in that space and be competitive. And I think once that happens, you're going to have an incentive to have a player like Nielsen provide those ratings.

So for us, we're quite comfortable with the way the world is moving. We do think there'll be more programmatic buying. We think that the advertisers are pushing in that direction. The agencies, in large part, are enabling it and with their trading platforms and so forth. And we like to look at that in a sense. We think there's some interesting revenue growth opportunities for us, and interesting ways in which we can help both buyers and sellers in that environment.

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

Q

Perfect. Because I wanted to drive that down a little further. I mean – so it sounds like it's fair to be confident that you've architected the way you capture viewer information to be fine with capturing different audiences for different...

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

Right.

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

Q

...advertisements as well as programs. So good to hear that. The business model feels like it's a little different in the sense that, traditionally, again historically, it's been the publisher, the television networks, who have sponsored and paid for the research. In a world where each campaign has its own unique rating which crosses multiple media platforms, it feels like the new buyer for that, a sponsor of that, is the marketer themselves or maybe their agency – probably the marketer.

So that's good in the sense that maybe that's a new customer for you. But on the other hand, it feels like maybe the – I'm not sure what the publisher is buying anymore in that sense and how that all nets out and whether it nets out in a positive or negative way. Any reflections on that and how...

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Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

Yeah. I mean I think we're seeing the early days of this insofar as – with something like online campaign ratings and the program ratings, we sell those to both sides which is different than the TV ratings. I mean when Arthur C. Nielsen invented the TV ratings both sides bought them and then it morphed to the point where the seller basically subsidized the entire buy.

With OCR and DPR and so forth, both sides are buying it because a particular advertiser wants a read on their campaign across all of the sites and a seller wants a read on all of the campaigns across their site relative to the norms and they want a read on their programs relative to other programs. So, so far so good in terms of being able to sell those products to both sides of the trade.

I think the question there is does someone like a Google and Facebook, once they get their act together around Atlas, do they start saying, well, we're going to have always on measurement and we'll subsidize, in effect will make it free to those advertisers who come in through our platform. And for us, Google have basically adopted OCR. They're allowing a tag to the premium stuff. July 1, they allow for everything and we've done a deal with them whereby it can be always on. And if it goes that way, we're comfortable with it as long as the margin characteristics and so forth look as good, if not better than we would otherwise enjoy. And so we're diligent and sort of mindful of that.

I do think – the question of sort of – one other questions we get a lot of his, while is it C3 or C7, right, and not from you Todd but from other. And the first thing is they're both in the system. So whether someone is trading on seven days or three days, it's sort of – I won't say it's irrelevant to us but we don't mind it. We're produce and they're both in systems. But I think that question misses the point and so does the average quarter hour for radio.

To your point, this is becoming significantly more complicated and there's more instances every day of decoupled programs and ads. And something that measures the average audience over a minute of a particular pod, a set pod, so it starts from an AT&T ad and it ends with a Johnson & Johnson ad; that becomes irrelevant. So I think what we're going to see is those kinds of metrics start to, if not unwind, then certainly be only one of a couple of use cases. And what we are working on and just making sure that we stay ahead of is making sure that, again whether it's C3 or average quarter hour or some other metric, as long as it's provided by Nielsen, we are perfectly comfortable with that.

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

Q

As long as it's provided by Nielsen, let me ask you this. There's this golden word that we hear of the currency, right? Certainly, in the television world, I will say in Nielsen, I will say is considered the currency, right, and it is the standard in which all business is transactioned. The question is in the Internet, the growing Internet world, who will be the currency? Will there be a currency? Will Nielsen be the currency?

I won't ask you to necessarily answer that but what I'd rather ask you is, does the fact that advertising audiences are decoupled from program audiences. And if a certain advertiser doesn't change the notion of what a currency is or it has to be in a world where each advertiser has their own unique ratings anyway, so is it a natural conclusion that there should only be one currency in a world where Procter & Gamble and General Mills have their own unique ratings anyway?

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

Yeah, yeah. So the answer from my point of view, and I believe this very strongly is that there will – for sort of the major components of the marketing mix, there will be a currency. And certainly for video and audio, we will provide it. And as I said at the outset, I think text will follow.

And let's just talk for a second about what a currency is. I think about it. It has two components. One is there is a buyer who demands a guarantee and a seller who is prepared to offer and accept that. So in other words, there is a trade made on that particular piece of audience research, right? And if you look at the vast majority of stuff which is out in the marketplace, the vast majority, it does not meet that criteria, right? So there's a lot of stuff in the digital world. There's a lot of stuff out there that's sort of – even in the TV world that are interesting analytic products, and I'm not belittling them, but they are not a currency. Nobody is being held accountable for that number and that's the key distinction.

The second part of a currency is that everyone uses it. So it's all of market rate. And I think I cannot imagine a world where the brand manager of General Mills doesn't need to know about not only their own stuff, but the best comparison they can get to their competitors. I think the brand manager of General Mills will not need to compare themselves to the brand manager at Chevy Silverado. But I think within that category, you're always going need that. So it is a more fragmented environment but you need a whole-of-market read, you need to understand what all the media outlets, like, could have bought. And of the ones I did buy, how did that compare in terms of price and quantity and did I get the value?

I think the way it's likely to move is particularly for categories like CPG, it's likely to be beyond just how many people did I reach? What was the impact of that impression? So did the person gone by more but not enough crunch as a result of exposure to that commercial. And that's why we've done what we've done with Catalina and the Loyalty Card data, that's what we've done with the credit card providers to be able to provide that so that as the market moves in that direction, we're right there. The one thing I will say about that space is we're not going to be the only provider, right?

So if you think about reach and residence and reaction, we aspire to be the single provider of reach data because we think that is the best answer for the marketplace. I know that sounds very self-serving, but we think the market is best served by one measure of the number of the people who saw any your piece of content. But when it comes to did a person go and buy a Silverado, did a person go and buy more Banana Nut Crunch, different marketers want different things and they're going to have different providers providing it. As long as our reach metrics are fit into that and we are one of the competitors in that reaction space, I think the future is pretty good for us and we're comfortable.

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

Q

So I'm only halfway through my list of questions but we've got good audience here.

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

[inaudible] (29:00).

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

Q

So let's go to that and let's make sure we're going to need the microphones here because we are webcasting. So I one over there, [indiscernible] (29:07). [ph] Tom, (19:08) if you could raise your hand again.

Q

I guess with the theme of the long view of the conference, how far are we from you guys extracting any sort of tangible, interesting benefit from converging to watch and buy platform data you have on both sides of those. Or is that even possible?

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

Yeah. It's definitely possible. So I mean, a lot of this activity occurs in a unit that we call ad solutions, which is growing at double-digits. And it's growing at double-digits because there's increasing demand for more and more insights around, I spend some money somewhere, did I get any impact? And it's growing for us because we hadn't done it before. So the examples, the tangible examples of us doing this are things like Nielsen Buyer Insights, where we take TV exposure and digital exposure, and we combine that for the same households in a privacy protected way with the credit card data. And it's Nielsen Catalina Solutions which is loyalty card data.

So I think we have a couple of tangible examples and those products are growing pretty handsomely. We're happy with them. I don't – as I said, I don't think we're ever the only player in that space because different marketers want different things and everyone – and different media companies want their own sort of shiny objects and sales pitch. But as long as we play, we are playing today.

I think that one of the questions we're really wrestling with is what to do in automotive. And it's a big advertising category. They spend about twice as much on branded advertising as CPG. And because of the length of the purchase cycle, the fact is, I may have bought a Buick this week, and did I buy it because I saw an ad on the baseball or I buy because my uncle bought one when I was 15 years. He drove in the drive way, I liked the look of it. Goodness only knows, right? So I do think there's a pretty big opportunity in that space around data pertaining to shopping long term, visitation to dealer and manufacturer websites, and I think that may be the best proxy for a reaction metric.

So we're always looking for those kinds of things to be able to, okay, you saw an ad, did you then go to the Lexus website or did you not, and those kinds of things. So you will see us do more and more of that and partly because those advertisers are demanding it from us and from others. But you'll also see us partner with a bunch of different players in that space. I said on a panel on Tuesday with the senior folks from [indiscernible] (31:50) and they're using our data and other data sources and putting it together and provide those inserts for their clients.

We're very comfortable with that. We want to be open and allow people to do that, but only to use all Nielsen data all the time. As long as they're using our reach data, then that's important to us.

Bludgeoned everyone to death.

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

Q

Are there questions or else, you know that the consequence of not asking more questions is I will ask more questions. All right, I'm going to ask another question. In case I don't get a chance to ask subsequent questions, let me go to the Capstone question that I know, on behalf of our investors, I need to ask. Fragmentation is your friend, as you see it, you got a lot of new products with a lot of new acronyms. You have partners using your business in new ways, you've got ad solutions growing double-digits and all that.

When you bring that all back down into how does that help Nielsen grow and what impact does it have on Nielsen's growth rate? A very tough question but an important one, I'm going to ask it to you anyway, which is how much of that is incremental and how much of that is embedded in that's the work you need to do to grow at the rate you kind of grow or have grown historically?

All right. So if you look at the Watch business at Nielsen, I think the historical growth rates have been 5% or 6%, maybe now 6%, 5% to 6% now.

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**Stephen Hasker** — A
*President-Global Media Products, Nielsen Holdings NV*

Yep.

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**Todd Juenger** — Q
*Analyst, Sanford C. Bernstein & Co. LLC*

And I think it's a little higher now than then, so maybe that's a little sign of some acceleration.

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**Stephen Hasker** — A
*President-Global Media Products, Nielsen Holdings NV*

Yep.

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**Todd Juenger** — Q
*Analyst, Sanford C. Bernstein & Co. LLC*

But the question is, wow, should I take that 5% or 6% and then layer on – well, now, I got to layer on my OCR and layer on my XCR. And all of a sudden you get to 15% growth or something crazy, right? Or is it, well, you know what, that's what it – they have to do all that to get the 5% or 6%? Where in between there is the right way for investors to think about it?

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**Stephen Hasker** — A
*President-Global Media Products, Nielsen Holdings NV*

Yeah. I mean, it's somewhere in between there. The thing that we look at is – the first and most important thing we look at is is the amount of time that consumers are spending consuming video and consuming audio going up or down. And we see it going up. And we see it going up meaningfully across just about every single cohort, and our growth will be predicated on that.

So if you see the total amount of video suddenly decline, then I think that's going to challenge our growth rates over time. Our market positioning and our moves into resonance and reaction insulate that a little bit. But basically, we will grow as that marketplace in video and in audio grow.

Text is sort of – it's almost entirely new money for us because we don't do a lot of that today. And then the question becomes, well, do the buyers and sellers demand the same metrics from the same company in text as they do in audio and video? We think they will, but we'll see how that goes.

So I'm not here to give you a number. I am confident that our top line growth rate in the Watch business will continue to accelerate and the margin characteristics of that business, because of the products we've built and the way we're doing it, gives us more and more scale and leverage. They will continue to accelerate. But I wouldn't want to sort of completely irritate Jamere Jackson, our new CFO, by throwing out new or different guidance. That would be...

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

Q

I wasn't looking for guidance, more just how to help calibrate and think through that.

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

Yeah.

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

Q

I'm going to scan for any other hands up. If not, I'm going to ask another question. Okay. For the broader benefit of the audience, one of the justifications or maybe that's not exactly the right word to choose, but the rationale around Arbitron acquisition was seeing more and more and more the consumer and helping that feed into marketing mix models with the broadest possible view of the consumer. So with these great marketing mix models, I'm desperately curious, I know a lot of our audience – what are marketing mix models tending to show your clients these days?

Are there any changes given all this fragmentation that are leading people to – I know it's hard to generalize but to conclude that investments in a certain time of marketing are increasing their ROI and others are decreasing their ROI and marketers should reallocate their marketing investments in any certain way. I hope that's not too unfair question but I've got to at least pose it because...

Stephen Hasker
*President-Global Media Products, Nielsen Holdings NV*

A

No. It's a great question. For those of you who don't – who aren't as aware of this, we are the largest provider in the world of marketing mix modeling. So we've, over time, acquired a series of businesses and built that business up. And the reason it pertains to the question over here, the reason is we think it's a tremendous place in which Watch and Buy data come together. Our marketing mix model in some way, shape, or form looks at all of the different inputs to a media plan and then looks at the results of that.

And so it's becoming a more complex activity, firstly. Secondly, it does reflect fragmentation. So it does tell you to get the same bang for buck from the TV component to the buy or the audio component to the buy or anything else, you need to buy more of it. So in other words, we seem to buy more channels, more programs on more occasions in order to get the same scale, the same reach and frequency.

But the great – the big development there that we, I think, are sort of at the forefront of and certainly working with many third parties is this idea of multi-touch attribution, which is the sort of simplistic view of that is it's big data applied to marketing mix model, and we're doing quite a bit of work around that.

And what we're seeing from that is really interesting. What we're seeing is the – is that it's not so much a case of, well, you got old media and you got new media, and how do we think about the two, one taking share from one and to the other, an impact. The issue is how do they work together.

So the extent to which branded advertising in broadcast and cable TV builds activity around Google Search. So the people start searching for more stuff once a TV campaign starts, and how does that then change as the key TV campaign, the sort of decay kicks in and so forth.

And you're seeing some pretty intuitive things there, but this marketing mix modeling capability in that multi-touch attribution enables us to look at how different forms of media work together and work in competition. And we're just at the start of that, but the results are increasingly interesting.

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**Todd Juenger** Q
*Analyst, Sanford C. Bernstein & Co. LLC*

And we had a panelist yesterday who made an assertion that said, we now know that a video ad shown to a consumer is more effective if the customer is exposed, say, once on a traditional TV site and then perhaps on a mobile viewing occasion and maybe something differently. And that it is a fact that that has more effect on the consumer than if that same consumer had seen that same ad three times on regular TV. Do you agree with that? Is that a satisfied sign? Is that a true statement at this point, Stephen?

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**Stephen Hasker** A
*President-Global Media Products, Nielsen Holdings NV*

We've done quite a lot of work in that area, and I think we found a similar result in that, so if you look just the TV, there is a certain reach – there's certain frequency curve after which there are decays. And when you add on other forms of media, particularly with the same creative and same branding, you get an incremental effect. You obviously get more reach. You typically get a lot more frequency when you add online and the impact grows.

The question and where we see a lot of variability is, is it 1 plus 1 is equal 3, or is it 1 plus 1 is equal to 1.9 or 2.3. So that depends on the brand. It depends on the creative. It depends on the time in which we'd seen, the device in which we'd seen. We've looked at a lot of these variables. It's very hard to draw one single conclusion which says just slap on the same ad on a different device, and you multiply the effect. I think that's – I'm not suggesting that's what the other panelists are saying, but it is a bit more complex than that.

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

I just want to do a time check. I think we've hit our time. So I'm going to self-edit and cut myself up here. Steve, we could talk all day. Thank you so much for getting yourself here, showing us in Boston. I know there's a lot of other places you could be. What a fascinating world that you have.

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**Stephen Hasker**
*President-Global Media Products, Nielsen Holdings NV*

Thanks.

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

Thank you so much.

## Stephen Hasker

*President-Global Media Products, Nielsen Holdings NV*

It's good to be here. Cheers.