Corrected Transcript

18-May-2016

Nielsen Holdings Plc (NLSN)

Barclays Americas Select Franchise Conference

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Jamere Jackson
Chief Financial Officer

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Manav Patnaik
Barclays Capital, Inc.

MANAGEMENT DISCUSSION SECTION

Manav Patnaik
Barclays Capital, Inc.

All right. We'll get this started. Good morning to everybody again. For those of you who just joined, my name is Manav Patnaik. I'm the Barclays business, information and professional services analyst. So up next, we got Jamere Jackson, who's the CFO of Nielsen. So thank you for being here, Jamere.

Jamere Jackson
Chief Financial Officer

Good to be here.

QUESTION AND ANSWER SECTION

Manav Patnaik
Barclays Capital, Inc.
Q

Yeah. So, Jamere, maybe just to set the stage, every time someone – I think investors, generally, when they hear the word Nielsen, they think about TV ratings. And then they think about the whole digital disruption and so forth. But I think, from a revenue perspective, that's less than half of your business. So, maybe just to set the stage, a two-minute pitch on who Nielsen is and sort of the big picture overview there.

Jamere Jackson
Chief Financial Officer
A

Yeah. We're a 90-year-old company. We have a business really in two big end markets. One is what we call our buy business, which measures retail market share for big fast-moving consumer goods companies around the world. That business is actually over half of our revenue. And we've been in that business for roughly 90 years or so; a consistent, steady, mid-single-digit grower. We also provide a number of analytics around retail market share for our clients, including things like price and promotion, shelf assortment, innovation where we actually forecast sales and market share for new product introductions.

And then the business that probably gets the most attention, as you mentioned, is our watch business, which does television audience measurement ratings for big media publishers in 35 countries around the world, the largest of which for us is in the U.S. We've been in that business for over 50 years. It's also a consistent, steady, mid-single-digit grower. So, combination of watch and buy are the two big segments.

And then we have a really nice product offering where we actually bring our watch and buy businesses together. We call it marketing effectiveness, where it takes media exposures and measures sort of the effectiveness of the marketing in terms of whether or not media content is resonating with consumers and then whether or not that media exposure is actually driving the return on invest in terms of sales lift at retail. So, those are our businesses.

Manav Patnaik
Barclays Capital, Inc.
Q

Got it. And if you just put the industry debate out to the side for a bit, it's a very stable financial model. So, maybe if you can just go through some of the recurring characteristics, the contract structure, and then sort of your long-term framework that you think about from a financial perspective.

Jamere Jackson
Chief Financial Officer
A

Yeah. Our business is remarkably resilient and consistent through the cycles. We're a steady, consistent, mid-single digit revenue grower. We expand margins 50 basis points to 70 basis points, great free cash flow, very capital-efficient model. And then we take that free cash flow and actually return a big chunk of that back to investors after first investing and growing our business.

So, through the cycles, good cycles and bad cycles, our clients all need to measure their performance on the watch side of the business. You need to know what your ratings are so that you can monetize your inventories. And then on the buy side of our business, you always need to know where you stand from a market share standpoint. But you also need to be working on the things that will help you improve that performance, and that's what the analytics piece of our business is about.

So, if I look at our business in total, we have roughly 70% of our businesses recurring in nature. So, it's a really, really nice thing as a CFO to wake up on January 1 and have 70% of your revenues in the backlog and have very good visibility to the remaining 30%. And on the watch side of our business, roughly 85% of that revenue was recurring in nature. And on the buy side, it's a little over 60%.

Long-term contracts, typically five years to seven years on those contracts, pricing escalators, so we have pretty good pricing power in those long-term contracts. And in addition to those sorts of things, we have a growing analytics business that is a little bit more ad hoc in nature. But as I said, all of our clients are looking at ways to go and improve their performance. And that business has performed very well for us as well.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. Over the last couple of years, I guess, we've had a new CEO and new CFO now. Mitch, the CEO, obviously has been a Nielsen veteran, so, yeah, just a new title. But coming from the outside, getting in, what are some of the observations you've had about Nielsen and maybe some of the things you've changed from a CFO perspective?

Jamere Jackson
Chief Financial Officer

A

Yeah. So first a word on Mitch, he's a fantastic leader. He's been around Nielsen for a number of years. And even before he was at Nielsen, he's spent a number of years at one of Nielsen's largest client, Procter & Gamble, like me. And so he knows our business very, very well. And so we really didn't miss a beep when we had the CEO changeover.

I came to Nielsen about two years ago from GE. But I had actually started my career on consumer packaged goods side with Procter & Gamble. So I was very familiar with Nielsen and the Nielsen business model. Obviously, when I worked at Procter & Gamble, we were a big client. And then when I was at GE, GE still owned NBCU for a number of years, and I was pretty familiar with the watch side of the business and the ratings business. So we both had great familiarity with the business and pretty good insights into what drives the business.

I would say, from my vantage point, there've been a couple of areas of focus. The first is we have this great consistent steady business model, as I said, that is remarkably resilient through the cycles. And if you look at our ability to have long-term contracts and our ability to expand margins in those contracts, the real plus for us over the last two years is expanding sort of the free cash flow generation inside the business.

So you look at coming out of our IPO, we were doing roughly 70% of our adjusted net income, turning that into free cash flow. And over the last couple of years, I've really focused on driving the free cash flow performance of the business. And we've committed to, going forward, being at roughly 90%-plus on free cash flow conversion as a percentage of our adjusted net income. And the reason that's the case for us is with our business model, that gives us tremendous flexibility to grow our business and to return a big chunk of that free cash flow back to investors in a very investor-friendly way.

So if you look at our free cash flow, what we've decided to do and what we've targeted is to kind of hold our leverage target in the 3 times area and then take our free cash flow and say roughly 45% is going to be allocated to the dividend, which we're going to grow in line with earnings. And then, we'll toggle roughly 40% between tuck-in

M&A opportunities and share buybacks and the remainder to service the debt. So that gives us a tremendous amount of flexibility to grow and, as I said, return a good chunk back to shareholders.

Manav Patnaik Q
Barclays Capital, Inc.

Got it. So looking back to your days in P&G and GE from being in the position of trying to negotiate price down to now coming to this side and pushing the price of the value, I guess what's the – maybe if you disconnect from what you thought on the other side, this side, obviously, there'll be a biased answer today, but just some thoughts there maybe.

Jamere Jackson A
Chief Financial Officer

Well, it's been interesting being on this side of the table because certainly when you're on the other side of the table, you're trying to discount the value of the service as much as you can, at least when you're at the negotiating table. But the reality is this that clients need our service in good cycles and in bad cycles. So whether ratings are up or down or advertising rates are up or down, you still need the service that Nielsen provides to help you monetize those inventories. And, increasingly, what our clients are also asking us to do is help them talk about the value of the inventory and things like marketing effectiveness.

So we have a very strong value proposition for our clients and each time that we sit down, even though it's a long-term contract, even though we have a very strong competitive position, we're disciplined about pricing and we earn that price with the capabilities that we're adding to the client and to the contract.

So the thing that really stands out to me is as I think about what we have to do sort of going forward to stay in that position with our clients, one, is just deliver. We're focused on measuring the consumer. If it's in the media space, as the consumer sort of fragments their viewing behaviors across multiple platforms, we have to be in a position to measure those things and we've done that with our most recent product introductions.

On the buy side of our business, as populations grow, rising middle classes, there's urbanization in the emerging markets, we have to be committed to expanding our coverage and we've done that as well. We're in over 106 markets today. Our next nearest competitor is in a dozen or so. So if you're a big multinational client, you want a view of the world. You'll want to do your business with Nielsen because we are the leader in terms of global footprint and capabilities.

So, for us, to maintain the right balance in the value equation and to maintain sort of the pricing power that we have really comes down to execution and making sure that we stay relevant as consumers consume goods and consume media across multiple platforms, and devices, and distribution channels.

Manav Patnaik Q
Barclays Capital, Inc.

Got it. And on pricing, I think you said historically that in that 4% to 6% long-term top line range that you have, 1% to 2% roughly is pricing. Can you help us distinguish between the watch and buy on pricing?

Jamere Jackson A
Chief Financial Officer

Yeah. So, from our vantage point, we said we're going to grow 4% to 6% as our long-term sort of framework. We said mid-single digits. But if you look at our – look at what we normally put up in terms of guidance each year, it's 4% to 6% top line growth. And we usually get a couple of points to that in terms of pricing.

The good news is that in our business, when we sit down to negotiate pricing, we can lay out a set of capabilities that we're going to deliver over that contract timeframe that enables us to sort of command that price, if you will. There's a little bit more pricing power in the media side of the business, so most of that two points in the total company will actually come from the media side of the business. And on the buy side of the business, there are certain markets where we have to be a little bit more price competitive.

But one of the things that we've seen from a pricing standpoint and also actually helps us from a volume standpoint is when we're looking at expanding in emerging markets. Oftentimes, we're the only player there that has that capability. And one of the things that our clients will always reward us for from a pricing standpoint is we expand coverage. So, expanding to a new market, expanding to a new category, measuring a new distribution channel, those are the things that enable us to command price on the watch side of the business.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. And so, the – it sounds like the five to seven years of long-term fixed contracts you have have these annual price escalators. And I think you briefly mentioned before as well that ad spend up or down, you still need to service. And I'm also tying this with – you talked about a 2%, 2.25% sort of ad spending being your revenues. But I guess putting all that together, so if ad spending does go up materially or down materially or move one way, like how does that shift the business – the revenue components really?

Jamere Jackson
Chief Financial Officer

A

Yeah, I mean, from our standpoint, we negotiate long-term firm fixed price contracts that have pricing escalators in them so the short-term changes that you see in advertising spending or the short-term changes that you see in terms of the volume that's moving through fast-moving consumer goods channels don't really have an impact on our business. As I said, our business is pretty consistent and resilient through the cycles. And we're pretty disciplined about the way that we negotiate our price with our clients.

So, in a down cycle, you obviously want your end markets to be healthy. But you also have to continue to amplify the value of what your providing to help your clients know and understand where they are in the cycle, but also how they can sort of improve their performance through those cycles. And so what we see on the buy side of the business is in a tough cycle, our clients lean in a little bit more to analytics sometimes to help them understand how they can get a competitive advantage. So, that might be things like, how do I sharpen my pencils on price and promotion, shelf assortment; and what do I need to do from an innovation standpoint; how do I tweak my market mix models to get a little bit more efficient in terms of my spend and those sort of things.

And then on the media side of the business, in a tough advertising cycle, we're seeing our clients spend a lot more time around the analytics that says, listen, here's the value of my inventory and they'll invest in things like some of our marketing effectiveness products that help them connect the dots between media exposures and sales lift retail. And over the last couple of years or so, as the markets have gone through some relatively lean times in certain places, you've seen a number of media clients really lean in more heavily to analytics to help them specifically call out the value of advertising on their – during their timeslots with some of the analytics that we have that prove out sort of the ROI case.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. And so, for the traditional TV measurement customers, it's the 5- to 7-year fixed contracts, but how about the digital-first customers that you've been signing up? I think you've had a string of them: Facebook, Google, Twitter, Instagram, Snapchat, YouTube, and now Hulu, like are those volume-based? Like how are those contracts structured today?

Jamere Jackson
Chief Financial Officer

A

Yeah. Today those – we're in the early innings in the digital world in terms of measurement, and today those contracts are more volume-based and a little bit shorter term in nature. I mean, if you can get a one- to two-year agreement in the digital world today, you're doing pretty well in terms of negotiating.

But from our vantage point, it's a great opportunity for us to prove out the capabilities that we have inside the company and to prove the value of providing independent third-party measurement for digital-first players that historically have not necessarily embraced independent third-party measurement. The dynamics that has changed is that digital has been the Wild West for a really long time, and so you had advertisers who relied pretty heavily on the metrics or the measurement capabilities that were on the native digital platforms because there wasn't a great solution out there in the marketplace.

But as we have developed our Digital Ad Ratings product, which enables independent third-party measurement of content on those native digital platforms, that has proven to be a very valuable service to those advertisers and more and more advertisers are demanding guarantees based on sort of a Nielsen metric, and that's an important development for us.

If you just think back a few years ago, Google wasn't a client, they're now a top 20 client inside Nielsen. And in some of the platforms like Facebook and Google and Snapchat, Crackle, Videology, number of the native digital players are all now clients of Nielsen and that is because you're in an environment now as clients are trying to optimize the mix of their advertising spend between getting reach.

What you do in the linear television world is still the most efficient way to get – to reach a large and fragmented audience. And in the digital world, you get an opportunity to get more precise in terms of where you are. And as clients are looking to optimize that mix, they want to have an apples-to-apples comparison of the audiences that they're reaching in either medium and that's exactly what we provide.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. So the digital-first customers are incremental revenue, the traditional CBSs, Viacoms of the world. So if my understanding is correct, this new innovation, digital is sort of part of their fixed long-term package anyway, so maybe very little uplift from them. So, first question, is that accurate?

And then the second question is, how about when the likes of – in your last quarter, I think, one of the points that you guys made, which I think people overlooked was P&G signed up with you guys in DAR, which sounds like a big deal. So is that all incremental and how should we think about that?

Jamere Jackson
Chief Financial Officer

A

Well, I mean on the last point, we were excited to have Procter & Gamble sign up for Digital Ad Ratings. They're the largest advertiser really in the world, if you think about it. And having them embrace what we're providing as a service inside Nielsen is a testament to the strength of our product and all the hard work and execution that we've done on that product set. So a real big win for us.

The way to think about it is that for the native digital guys, these are, as I said, clients that we – before a few years ago, didn't have anything to offer them. Today, those clients that come in are all sort of incremental to what we've traditionally done in terms of measurement. So those are all incremental clients and incremental contracts and revenue dollars for us as a company.

And then for our traditional clients, it is also an increment of pricing for them as well because when we sit down to negotiate those long-term contracts, not only are we talking about the services that we've historically provided, but we're also layering into those discussions, all the new capabilities that we bring. So when we measure things incrementally like Digital Ad Ratings or Digital Content Ratings, even though we tend to wrap all of that into one contract discussion, it does impact what we charge in terms of the pricing escalator.

And quite frankly when you add new capabilities like we've added in the digital space, those are some of the easiest price discussions that you can have with clients because, number one, they know the investments that you've made to measure fragmented audiences. Many of them have walked alongside us as we've built the methodology, built the metrics, they've seen the data, they know how difficult it is. So those are some of the easiest parts of the pricing discussions as you're looking to renegotiate those long-term contracts. So as long as we continue to innovate and as long as we continue to deliver those incremental capabilities, then we don't have to worry about it being bundled in and we lose pricing power for all the great things that we've done from an innovation standpoint.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. So hopefully, that was a good setup into the question on everyone's mind, which is when do we see the revenue acceleration? How much can we expect? I think on the last call, Mitch tried to manage expectations a bit. But you've gone from the last two years where people heavily debated that you, guys, could even measure digital and be still relevant to this ecosystem to you launching a whole string of products, to now getting a whole bunch of contracts from all the big players in the digital world. So, now how long do we have to wait for all of this to come through our numbers?

Jamere Jackson
Chief Financial Officer

A

Yeah. A couple of things. One is if you just look at where our watch business was growing, go back five years ago, I mean it was growing consistently in the 3% to 4% range. And today, that business is growing in the 5% to 6% range. So, you're already seeing the incremental revenue lift associated with all the new things that we're offering in the marketplace today.

But through these cycles, we're going to be a consistent, steady, mid-single-digit revenue grower. You're not going to wake up one day and see our business growing at 8% or 9%. It just doesn't – the business model just doesn't work that way. You have to be disciplined with your pricing. You have to be client-friendly. And you have to make sure that you're continuing to deliver incremental capabilities to sort of earn even the mid-single-digit revenue growth prospects, but we're already seeing it.

We feel very confident that as digital continues to grow – and remember, I mean there's a lot being talked about in terms of digital capability but still 90% of the viewing is happening in the linear TV world. So, the lion's share of our revenue now and in the future will probably come from that piece of the space, but you are seeing the increment of growth coming from all the things that we're offering in the digital space, and that's going to continue to grow.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. And where do you think we are – so I'm trying to touch on margins now for a second, where do you think we are on the watch business in terms of the investment – internal investment cycle, if that's the right way to phrase it, meaning so in the last year, you've doubled your home panel size. You've gone from 50,000 to 100,000. You just bought or signed a license agreement for the DISH data. Sounds like there's maybe two or three more coming. What else do you guys need to buy or invest in? And does that change the margin profile at watch or at least the rate of improvement in the margin?

Jamere Jackson
Chief Financial Officer

A

Yeah. So, we sort of grade ourselves on our ability to deliver margins at the total company level. And we've committed long term to be 50 basis points to 70 basis points of margin expansion. And we have the beauty of having a very strong portfolio between our watch segment and our buy segment that we can invest in either one of those segments and still deliver the kind of margins that we promised in the total company.

So, if you just go back a few years ago on our buy segment, we were ramping up our investment in the emerging markets. We took margins down in the buy business by 2 points. And at the same time, we were driving most of the margin expansion out of the watch business and still delivered 50 basis points to 70 basis points of margin expansion for the total company.

This year, based on some of the investments that we're making in the watch business – expanding our Digital Ad Ratings product, commercializing our Digital Content Ratings product, integrating set-top box data – you'll see less of a contribution from watch this year, more of a contribution from buy. And still, the total company will deliver 50 basis points to 70 basis points. So, the strength of the portfolio allows us to invest and still be able to deliver against that long-term framework.

So, watch margins, historically, if you don't have a big investment year, they expand over a point a year just because of the incremental pricing that you have and the operating leverage that you get associated with that, but in an investment year, it may be a little bit lower, still positive but a little bit lower, and you'll still deliver on the total company number. And that's what we're focused on.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. But are there any areas of investment like, I think, you mentioned DISH and maybe how many ever more you signed that's sort of baked into your guidance run rate already. Are there any – and to a certain extent, the doubling of the panel came as a little surprise to us even though you'd already assumed that in the numbers as well. So, is there anything else going on that's assumed or could be something we should look out for?

Jamere Jackson
Chief Financial Officer

A

No. I mean the investments from a watch standpoint are, again, it's expanding our Digital Ad Ratings product, commercializing Digital Content Ratings, integrating the set-top box data. Those are the three big investments that we're making this year. And the reason those are important is because in a linear TV world, we're able to do measurement for a handful of clients, and get a critical mass with just a handful of clients in terms of revenue and volume.

In the digital world, that world's very, very fragmented. So, after you get past the big two or three clients that you have, there's a really long tail of clients that you have to go work with to bring into the fold to enable them to do measurement. And so, you just don't have the same commercial efficiencies, at least in the early days, that you have on the television audience measurement business.

And the same with Digital Content Ratings, new product for us. There are a handful of clients that will be adopters that will get you the lion's share of the volume, but again, if you think about what our Digital Content Ratings product will do, it is intended to be able to do measurement for a really long tail of clients. And to be able to deliver on that, you got to put commercial booths on the street to go out and win those deals. So, we're committed to investing in those things through this cycle.

And then the last one, in terms of set-top box integration, look, we've worked with set-top box data for many, many years. We're very comfortable with the data. We will acquire more data. We don't need every provider's data. We'll work to integrate that. We'll work on building out a robust measurement product starting with our local business but then eventually expanding that international. So, we can do all of those things within the long-term financial framework that we've talked about, which is growing our business mid-single digits, expanding margins 50 basis points to 70 basis points, and having a great free cash flow at the same time.

Manav Patnaik
Barclays Capital, Inc. **Q**

Got it. The other area of, I guess, investment is M&A. In the 4% to 6% top line as well, you say about 1 point typically comes from M&A contribution. You do do a lot of smaller deals in that contribution. You don't release a lot of them. I think in the papers, we saw you guys made some sports acquisition, Germany or whatever that might be. But just give me a bit – maybe just help me understand the M&A strategy, like what are you buying those small tuck-ins first before we get to the bigger ones?

Jamere Jackson
Chief Financial Officer **A**

Yeah. So, typically, we're making really build versus buy decisions in terms of expanding out the capabilities around our core products. So, for example, last year, we bought a company called eXelate. It's a data management platform that integrates data from third parties. It integrates Nielsen's data and helps our clients better target audiences for their advertising. Those are things that have been on our multi-generational product plan for a long time. We made the decision to go buy some capability versus build it over a long timeframe.

We acquired a company called Affinnova in the innovation space. We've had a big innovation practice inside Nielsen for a long time. The recognition that we had internally is that we needed to do things in a much more digital fashion. It's been on our multi-generational product plan for a long time. We acquired a company that had that kind of capability.

So we're typically doing tuck-in acquisitions around our core business and they're typically build versus buy decisions. So in any given year, you'll see a 0.5 point to 1 point of tuck-in acquisitions in our numbers. But oftentimes, those are things that represent capabilities that we're going to buy and we're going to sunset some other capabilities in the company and, over the long term, you're still going to be in that same mid-single-digit revenue range.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. And in terms of use of cash, you alluded to it before, but maybe can you just put some numbers on it in terms of the dividend policy, the buyback policy, and then sort of how the – I guess your leverage targets, how you think about that?

Jamere Jackson
Chief Financial Officer

A

Yeah, as I said, we're going to hold our leverage target in the 3 times area, so read that as won't start with a two handle, won't start with a four handle. That gives us tremendous flexibility to grow the business and to return significant cash back to shareholders in the form of dividends and buybacks.

And what we've said about our free cash flow is that we're going to allocate, again, roughly 45% to the dividend. We're going to grow that in line with earnings. We'll toggle roughly 40% of that free cash flow between tuck-in M&A opportunities like the ones I discussed and buyback opportunities and the remainder to service the debt. So that gives us a lot of flexibility to both grow and to return cash.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. Two quick questions around tax. So, first, your cash tax rate has, obviously, been in the 13% to 14% for a while.

Jamere Jackson
Chief Financial Officer

A

It's been a nice run.

Manav Patnaik
Barclays Capital, Inc.

Q

Yeah. But it sounds like some of the NOLs that helped that are going to start running out, so that's part one, like how should we size that? And then – so maybe let's just start with that and I'll get to the other one.

Jamere Jackson
Chief Financial Officer

A

Yeah. So our cash tax rate has run somewhere in the mid-teens for the last three years and that is because we had foreign tax credits and NOLs and some other deferred tax assets that are eventually burning off as we move through time and become a more profitable business. What we've said publicly is that that mid-teens sort of tax rate is going to get to kind of the low 20%s by the early 2020 kind of timeframe. So that is sort of the natural progression there. And so in a very – in a fairly linear way, you're going to see that sort of march up over the next few years or so.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. And then the other component of tax was just around all these new tax law changes, particularly around the intercompany loan, use of that, and so forth. I know it only goes effective once they mature. I think you do have some of those. How should we think about that?

Jamere Jackson
Chief Financial Officer

A

Yeah. So, I mean, that's another factor in this notion that our tax rate is going to go up over time. The regs around intercompany loans and how you treat deferred interest expense have been around for a while, Section 385 in the tax code's been around for a while. So we all know how to operate within those ranges. I think the one thing that we're all sort of paying attention to is whether or not the tax laws change how you treat things like deferred interest expense and those sorts of things.

So there's two packages that got released. One is targeted towards inversions. We're not an inverted company, we were a Dutch company that re-domiciled recently to the UK. So that doesn't apply. The piece around earnings stripping as it relates to intercompany loans is something that you have to go take a look at. We're following the regs pretty closely. And the good news is that there's a lot of time between now and sort of the early 2020s when they would have an impact. And we're already planning for our tax rate to march up accordingly. So no near-term impact for us.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. And the re-domicile into the UK, in the context of the upcoming Brexit vote, is that an issue? Does it matter?

Jamere Jackson
Chief Financial Officer

A

No, not an issue for us at all. When we re-domiciled from the Netherlands to the UK, that was really more about attracting a global shareholder base. There's a tax treaty between the U.S. and the Netherlands that really limited our ability to sort of globally market ourselves into the company. And you don't have that same friction being a UK-domiciled company. So we decided to re-domicile to the UK so that we could attract the more global shareholder base. And the discussion around Brexit will have some impact on currencies and those sorts of things, but it won't be material to our company at all.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. And obviously, again, most of the discussion with you guys is around Total Audience measurement in watch, but it sounds like you guys are also in the early stages of Total Consumer measurement I think is what you call it on the buy side. So, maybe if you can just – like what sort of timeline should we be expecting? Is that the near term, longer term? Just thoughts around that.

Jamere Jackson
Chief Financial Officer

A

Yeah. The one parallel in our two segments is that we measure consumers, and we measure consumption of media. We measure consumption of consumer packaged goods across both those big segments. And so, we're always following the consumer, and not necessarily a distribution channel.

So, if you think about the early days of Nielsen, we started measuring grocery, and then we added mass merch, and club stores, and those sorts of things. And now, at least from a consumer's perspective, e-commerce is a growing part of how fast-moving consumer goods is being purchased from a distribution channel standpoint. And so, we're adding capabilities to measure e-commerce as well.

We've had some great partnerships for awhile in places like China with a partnership with a company like Alibaba to give an omni-channel measurement of fast-moving consumer goods. And we just recently announced sort of a hybrid way of measuring that e-commerce activity in the U.S., a combination of EPOS data from e-commerce providers and a panel, which no surprise, that's panels and big data sets are the way that we measure most things in the world. And so, that is – it's in the early innings.

But if you look at the amount of volume for consumer packaged goods or fast-moving consumer goods, it's grown from really nothing to somewhere in the 3% to 5% range and has grown at a double-digit pace. So, even though it's very small, it's pretty significant in certain categories and in certain categories like cosmetics and diapers and baby formula in places like China where you could have as much as 30% of the volume moving through e-commerce channel. So, it's important to add those measurement capabilities for our clients. And we've been working on that as well, and that's part of the focus of measuring the consumer as opposed to just measuring a channel or some channels.

Manav Patnaik
Barclays Capital, Inc.

Q

Got it. And then, in the last minute that we have, clearly, the – your IR team and PR team have been very busy with a lot of announcement, product launches and so forth. Any timelines and when the – like the syndicated rollout of the product? Any other announcements we should be on the lookout for, development, so forth?

Jamere Jackson
Chief Financial Officer

A

Yeah. Our execution has been fantastic. All of the products were in place on the media side of the business in the fourth quarter of last year. We've been working with our clients over the last few months or so to help them, number one, understand the data and understand the impact on their business and think about how they may go and change the things that they're doing from a business model standpoint.

We expect to have our syndicated Digital Content Ratings metric in the marketplace sometime over the next month or two. And then we expect there to be some dialog around a new currency that potentially is in place by 2017. And the reason that we anticipate all of these things is, number one, all of our clients recognize that we need to expand the definition of the current currency that capture more of the viewing that's happening on other platforms.

Number two, we're the only ones that have the capability to do that in a apples-to-apples way with linear TV. And I think the third thing is, this is exactly what the market needs because the market works most efficiently when you have one referee on the field with a unified, standard, verifiable metric. And that's exactly what we're putting in place. So, we feel great about the products and the execution. The client feedback's been tremendous. And we're working with our clients to get them an instrument and get it in the market.

Manav Patnaik
Barclays Capital, Inc.

Great. We're out of time. So thank you so much, Jamere. And thank you, everybody, for being here.

Jamere Jackson

Chief Financial Officer

Thanks.