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Investor Day

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MANAGEMENT DISCUSSION SECTION

Kate White Vanek

Senior Vice President-Investor Relations, Nielsen Holdings NV

Welcome to Nielsen's 2013 Investor Day. We could not be more excited to have you here. For those of us – for those of you all who have joined us in person and for those who are tuning in via the webcast from around the world, welcome and thank you so much for carving out this portion of your day to be here with us.

We have designed today specifically with you in mind. We have taken your questions and your comments and your feedback and we have created a day to address all of that and we're excited to share it all with you.

We've designed today for those of you who have been following our story for many years and are subject matter experts and are looking for key updates on certain aspects of our story. And we've also designed today for those who are brand new to the story, something about Nielsen has piqued your interest and we're here today to help you learn more and, hopefully, take that forward. So, at end of the day, there is something here for everyone and I promise you, you are in excellent hands.

For those of you who I haven't met, I'm Kate Vanek, the SVP of Investor Relations for Nielsen and I am thrilled and excited that today is finally here. Look through the cautionary statements as is typically my job, and we'll take a lot at the agenda. The agenda is also printed out in the books that you have in front of you and you'll see, as I said, you're in excellent hands.

There are going to be 10 different presenters from around the globe from many different businesses walking through key parts of our story today. As well as three different Q&A sessions and the power of these Q&A sessions is not that they're just going to be manned by the people that are presenting, but they will also be joined by key members of our leadership team that we wanted to introduce you to, so you know what aspects of our story they own, and you get to carve out some special time with them during the cocktail hour or please throw a question their way while they're up here as well.

So, before we even got to creating the agenda, we wanted to come up with five key messages that everyone walking from afar or here in person left today really understanding about Nielsen and the story.

Number one, being we are a company driven by consumer-driven innovation. You're going to hear a lot in the presentations today that fragmentation is our friend, that we're not innovating for innovation's sake. We're innovating in relentless pursuit of the fragmented behavior that we see consumers continuing to do as with how they buy and watch and listen. We are going to be there to measure that behavior and provide valuable insights on that to our customers.

Number two, an expanding global footprint. Today, Nielsen is in 103 countries, and because of this presence, that we'll continue to expand in some more, and you'll hear a lot about that today. We are in an extremely unique position to give our clients a worldwide view of consumer behavior and marketplaces.

Number three, a powerful business model driven by performance management. This may be the first time some of you have heard that term performance management. What does it mean? Well, not only can we tell you how are you doing, but how can you get better, how can you improve your performance?

That's what we're all about here. And that's what for 90 years our business model has been built on, and hence, industries have evolved around, which has given us a unique advantage that puts a pretty broad and deep moat between ourselves and other measurement providers.

Number four, you're going to hear Brian talk about this at the end of the day, but an extremely compelling capital allocation framework. We have a very powerful and growing free cash flow generation base. And we have an unyielding commitment to return excess cash to shareholders.

And number five, if I look at all those four arenas, we have a unique advantage in each of them that provides ongoing incremental shareholder value for you and further cements Nielsen as a differentiated global growth company.

We didn't want your learning today though just to come via these presentations. And I know a couple of you had some time during lunch to be able to interact. But we have 17 different products and service demos for you today. A lot of you have asked for an OCR 101. We have a great booth for you to spend some timeline.

You get to learn more and touch and feel Nielsen Catalina Solutions. Something we all talk about a lot, we talk about all these things a lot but just in theory to you up till now, go and play. Go, as Dave would say, interrogate them and have some fun because the real fun comes with the fact that these are manned not just by product experts but by client experts, the people that work with the clients day in and day out on these products, innovating ahead of their needs to really bring this to light for you.

I've mentioned innovation a couple of times and we would be remiss to not give you a little piece of innovation as you walk out the door today. So, in front of you, you'll find a Nielsen glass and inside that glass you'll find a couple of fun things. The first of which is a Nielsen pen. On the end has a USB port. Saved on that port is our Breakthrough Innovation report we put out in 2013 which described some of the key innovations that Nielsen partnered with their clients to create that has been extremely successful in the marketplace.

Also in the cup are some of those key innovations. So, again, more for you to taste, touch, and feel and our hope is that not only do you remember the manufacturer that created these products, but Nielsen, and the innovative spirit that courses through us in our partnership with our clients to bring valuable growth businesses to life.

And with that, again, I welcome you. I could not be more excited for today and I'll turn the stage over to our CEO and Executive Chairman Elect, David Calhoun.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

Hello, everyone and welcome. One of my jobs, not just with you but with our associates, our leaders, all the new folks exploring our company every year which is a lot, is to make sure everyone understands sort of the evolution of our company so that they can keep pace with the things where we come from, as well as where we would like to go.

This actually is a manifestation of that journey. So, when this company went private in 2007, we were run as 35 distinct and very separate companies with all of its own overhead structure, all of its own individuality, brand, et cetera, lots invested in the separation of those brands, et cetera.

Literally, on the first day, as we thought about the new vision preaching a simple, open and integrated company, the first job was to introduce our own people to the breadth and depth of the company. I don't do that just for fun.

The company didn't do it just for fun. Because by the end of this day, my purpose is to remind everybody that it is the breadth and depth of the company that creates competitive advantages that I've never enjoyed to this extent in my industrial life. That's more than anything else what I want to leave you with.

So, we spent our private years, 2007, 2008, 2009, rebuilding, transforming in every way we could and introducing our own people to those things, the breadth and its depth. And we had to ready ourselves for an IPO, and in that IPO, we then had the sort of point it all together in a form of a vision. We created Watch, we created Buy, we did the simplification of all of that so that people could understand it. But most importantly, so our clients could understand it.

So, yeah, they've seen a lot of pages, delivered by Nielsen representatives then be new representatives with pictures of a thousand brands and the notion that we can do anything for you and that's not an advantage, that's a disadvantage. That does just what you suggest. It basically sells separateness. It sells the notion that you are not integrated. That you're not going to do things special to bring those things together to help them.

So, post-IPO, we took this set of exhibits and many more to our clients and we asked them to help us weave it together, so that we could create the insights and create those intersections that would matter the most to them. Why? Not because we want to be nice and fun but because we want to create advantages that nobody else can touch. That is what we attempt to display.

And so, today, you're seeing the third generation. It's a little more refined, it's better. We have strategies that back it up. They're clearer. We have clients who have informed every step of every direction in those displays and, in our view, have created an even bigger competitive advantage relative to anybody else you can conjure up in your mind to compete with us.

That's the message about what we've tried to create, what we've built, what we've invested in and ultimately, what we've just delivered to you. Now, for those of you who have followed us for so long, I apologize for not having laid this out in greater detail for all of you up to this point, but this is the path you had to do it. You had to create the awareness insight. You have to create the awareness and advantage outside with our clients and now, we get to describe it to you and you will be the judge as to whether you believe in that advantage or not.

So, this was the IPO chart; these were the reasons to invest. January 2011. I'm going to go through them one by one. I'm only going to tell you one thing, am I better, or am I worse than I was on that day in January 2011. Did somebody else sneak up on me or not? So, understanding about consumers, Watch and Buy, we're still only – the only company that does both, in great depth and data rich on both sides. So, our ability to weave those things together when you're invested in both sides, it's an enormous advantage. You should never kid yourself.

Does it make it easy? We have the time to do it because being in that position, you get to do it the right and a deliberate way with your clients. The pace is a little slower than what I would like but make no mistake about the advantages we enjoy. You will see that in living color out here. You'll see terms like Ad Solutions. You'll see a business we created from scratch.

Global leader with market presence in 100 countries. If you're a global multinational, sooner or later you want that picture. Sooner or later, you want machine-ready data at your desktop, running a global client so you can make fast resource calls and that's what we do. No one else has caught up. If anything, they fell behind and we're going to be in more than 100 countries and we continue to invest.

Mission critical, you guys know this. The word that you would characterize here is sort of barriers to entry built on the notion of embedded. It's embedded and it's more embedded than it's ever been because it has to be. It's got to be at the front-end of the retail action, right? Where someone knows what they need to do with retail in order for them to improve their share, right? What is the strategy they're going to deploy by way of marketing resources and advertising effort, et cetera in order to fix that problem or to create that next opportunity. The closer to the action we get because of technology, because of our awareness, the more embedded it gets.

Again, that's your notion of barriers to entry. We are a syndicated company. We like scalable stuff. We are not a custom research house. Please don't ever confuse us with that crowd.

Strategic investments, that's what you'll hear today. I'm not going to go into it in a lot of detail. We've been making them since the very beginning. Some take time, some take a little longer to come to fruition than others. But we have been steadily investing. You have been patient with that investment scenario and believe me, it works.

Track record. So, we'll show you some numbers that demonstrate the track record. You would think by looking at the numbers, we're an annuity of some kind, that we look like a utility or that we're clipping coupons. It's simply the notion that you can undertake big transformation. You can do it. You can invest in lots of restructuring, do all the things you got to do and still deliver quarter to quarter to quarter to quarter, year to year to year to year because you have to, because that's what investors expect. They expect you to keep an eye on that bottom line. I think we've demonstrated that.

And by the way, we can't forget that we did this with 2008 and 2009 embedded right in the middle of it. So, we tested all those downside scenarios in every way we could think of.

Our earnings growth now and we're at that stage, we'll benefit from de-leveraging. Everybody knows that. I think everybody's got a model that would demonstrate that. At the end of this day, Brian will give you a little better clarity about what that is and how we intend to allocate it. But we have always, since day one, since the day we started our IPO pitch and even before then, we told the world we are going to have an aggressive allocation strategy so that we can get our cash flow and our predictability back to investors.

So, it's still the same case. My only notion is that from January 11 until today, it's better than it's ever been.

Leadership, I'm going to talk about this once because no one ever wants to talk about it except me. But I just need you to know this is what underpins the whole thing. So, on the first day of my 100-Day Plan which everyone likes to make famous, the first thing I called out with a bunch of private equity sponsors was we're going to become an Academy Company.

We're going to invest in leadership development. We're going to invest in cross domain expertise, all the things that a company like ours should invest in. And then, ultimately, that's going to be the most prized thing we have. And they all looked at me like with a big white faces and just – I mean, downtrodden, because that's not something they normally would hear in the private equity space but give them credit. They leaned in immediately and we did invest. And we invested in a really big way and changed everything about our company.

We are way proud of our ideas, way proud of them. And you're going to get them in a flood today. We're more proud of our people, more proud of our people. So, we invented our Annual Resource Reviews and you can't take those for granted. We wrapped them around two operating things, strategy, so before the summer hits and we call out strategy within our company, we ask ourselves, do we have all the best players working on the most important things?

And then before we would lock in our operation plans for the next year so we can go execute and execute, we ask ourselves that question again. Is that still the best core? Is that still the team that can take us down that path and advance the cause? And then we reshape the whole thing a year later and do it all over again. And as that rhythm matters, I believe in meritocracy to my toes and despite Microsoft action what we saw, I think [ph] Forward Strategy (18:38) is the best thing that ever happened.

And only one reason, it's not because there's a viciousness or want to be mean to somebody in the bottom third. It has nothing to do with it. But it gives you an actionable game plan. It's the only thing that draws out the honesty in the discussion between a leader and their associates. Why? Because they have to explain why somebody is not at the top and that's hard to do. And if you don't have that forcing function, most leaders avoid it. And all we try to do is build accountability around it. All of you have some episode or some world that you've lived in where you know what I'm talking about and you know it in living color.

So, anyway, we believe in this one. We continue it to this day and I suspect that you'll rally around that one in a big way. New benchmarks, just a thought, I wasn't about – we weren't about to use market research benchmarks. For people who have historically played in the marketing information business, as our benchmarks for great performance or leadership, we use big companies who understand scale, understand the Chief Executive Officer domain, so that C-Suite calls get easier and bigger and better.

And so, our benchmarks around those subjects changed appreciably and that's why we had a massive influx, not because we just didn't like people. But it's because you had to have a bigger and a very different context under which to rebuild the company.

Says here we created the leadership laboratory, actually that's not true. We had one, we just use it. So, we take our top people, we move them everywhere in the world. We take our top people, move them from Watch to Buy and back to Watch and we put them in between, Watch and Buy. And that's what we do to create those connections and create that big advantage.

I remain to this day engaged with the top 200 people. Engaged means everything about their comp levels, everything about their next assignment, everything about their development, their engagement in programs. We invest in development programs. You have a bunch of companies you would call Academy Companies and all of them have a certain number of programs they use to advance the cause. We've got them too. We've got them at the entry level. We got them in that mid-career range. We've got them at the top. And they're only for our best.

So, meritocracy plays a very big role in getting you in the programs and in the end, those programs differentiate us. And so, our programs for the biggest and the best, they're on the West Coast. They're in the middle of Silicon Valley. They're with all of our major clients. They are with the best schools, and that's who they learn from, not from a sort of regurgitated internal sheep from the Nielsen Company. They have to bring it from outside in. And that's what we do.

So, the bottom line is simple. We think we have an incredibly strong – we've been doing this now for seven years, incredibly strong, incredibly deep leadership team. And as I said, we love our ideas but we like our people even more, and we think they're capable of a lot more and this thing is getting better, it's getting a lot better.

So, their scorecard is what it is. The evolution from left all the way down around the chart, it sort of tells you the story, so we've built ourselves around this notion of creating revenue growth and opportunity, making investments and then delivering on those things. We've always told everyone we're one of those consistent growth models, so, consistent. We can bang out that middle single digit gain as long as we stay invested and follow the big growth tracks that we have, we're going to deliver on that and continue down that path.

Our EBITDA grows a little more because we made investments in scale. And while we have the platforms that deliver scale, we have not yet converted all of our commercial relationships to those platforms, and that's the next inning. That's how we move down this path and continue to deliver real productivity. Adjusted net starts to grow. We begin to deleverage in a big way. Free cash flow takes off, and ultimately, we owe you an allocation policy. You'll see that here at the end of the day with Brian.

This is the team, I'm proud of all of them and there's hundreds more. You're going to see a bunch of them hanging around here. So, just some thoughts relative to where we started. This team is laced with domain expertise, so we still have people who were here at the beginning, who we believe have benefited from the new context, the new expectations, the new laboratory that we've created and they're prospering and doing incredibly well.

We have a team here who understands scale. They've built scale for companies much bigger than ours. So, they know how to build the technology stack to accommodate it. Right? We know how to create the functional expertise that supports all of our endeavors in a big way, so that scale model is in our head and it's deep.

And then finally, we have a team here who is not afraid to deal with the C-Suites of all of our clients. And we have some of the biggest clients in the world, both in media and in Buy. There was a day when you never saw a Nielsen person in those suites. Today, we're very happy to be in those suites. We're very happy to call out opinions and views and actions and to recommend to them moves that they can make in their competitive favor.

And so, those are the three things we try to solve for by way of leadership and I think we have and I think you will see a demonstration of that as we go through the day.

So, with that, I guess I'm going to get up and someone else will introduce Mitch. But I just want you to know the beauty of this company. The beauty of this company is there's not a beginning and end to any part of it, not one minute of it.

Every day, is one those days – we're in an opportunity-rich world, big data, technology, global population growth. There's not a day that goes by that it doesn't feel like a new day. And for me, while I might be moving on to a little different role and doing some other things, make no mistake, every day, I get up in this environment, it's a new day and every day feels better than the day before it. Thank you.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

Next up, to cover the global opportunity we have at our fingertips with our clients, the markets, and our talent is Mitch Barns of President, Global Client Service and CEO Elect.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

Hey, good afternoon. I'm obviously very honored to have this opportunity to be Nielsen's next CEO. And I'm very grateful for the support from our board. I've gotten to know all of our board members very well over the last few years and I really enjoy working with them.

Very excited also about the future of our company; the markets we serve are changing very fast. And so, we just see opportunity everywhere we look. I've spent my entire career in this industry. I started out as an analyst at P&G, and I worked there for the first 12 years of my career. For the past 17 years, I've been here at Nielsen. And during my time at Nielsen, I've worked in almost every part of our company, in both Watch and Buy, on almost every one of our major product lines, and also on three different continents.

And thanks to all of that experience, I've developed a deep appreciation for how our clients use our services and how they draw value from them. From the frontline brand manager to the CMO and to the CEO. Internally – internally, I know our business from the ground up. And I like the work that we do. When it's done well and when it's used well, it's very valuable, we know that. It's important, it's meaningful to the brands and clients and markets that we serve. So, that's where we are.

We've been in this business now 90 years, but the way I see it, there's never been a better time than right now to be a part of the Nielsen Company, whether you're a Nielsen employee, a Nielsen client or a Nielsen investor. I mean, look at where we are, we're in the Information Services business and look what's happening there. In the next two years, there'll be more information created than has been created in all of human history up to this point in time. And not only that, the tools and the technology we have available to us, they're better than ever and they're only going to continue to improve. So, that's where we are.

And then to tap into that opportunity, you need these capabilities called measurement science and data integration. And guess what, these are core strengths of Nielsen.

So, we're in a great position. We're surrounded by opportunity. And in fact, what you'll hear about as the afternoon progresses is exactly how are we going to about tapping in to all of that opportunity that's around us. I need the clicker.

Let's take a little bit of – let's take a closer look at how we're going to spend our time today and what I'll do is I'll walk you through some of the key themes. First, it begins with media fragmentation and how we're responding to that through our audience measurement strategy for audio, video and social.

The way we think about it, media fragmentation creates opportunity for our business because there is more things to measure. And then after you measure those new things, you have to stitch them all together to provide a complete view of the consumer to the market, which is our mission. And both of these things add value for our clients and for Nielsen and nobody is in a better position to do it than we are.

We'll also talk about something called the three Rs, Reach, Resonance and Reaction. And this is a simple, but powerful framework for how we organize and simplify all of the capabilities we have for our clients in the area of marketing effectiveness, so you'll hear more about that.

You'll also hear us talk about social TV and our new product that we've recently brought out to the marketplace called Nielsen Twitter TV Ratings which is generating a huge amount of interest from clients in the market. We'll update you on where we are bringing these two great franchises, Watch and Buy together in generating yet another source of value for our clients, where Watch meets Buy, helping them drive improvement in their business and you'll hear about the great growth story that we have unfolding in our business in this area.

We'll also update you on our global Buy footprint and how we've leveraged our global scale to drive growth for our business and we'll put a spotlight on Africa, on Latin America, and also e-commerce.

And if I may just make a comment about Africa, right now, a lot of the industry experts talk about the growth opportunity that's in front of us in Africa as being similar to the growth curve that China has gone through over the past 10 to 15 years. Well, I lived in China during part of that growth curve, so if what the experts are saying right now about Africa is even half right, there's a great growth story ahead of us in Africa, and we're perfectly positioned to take advantage of it.

We'll update you on what we're doing in the area of innovation with a special emphasis on what we call real-time. We'll also update you on our progress in integrating Nielsen Audio into our business. And of course, you'll hear about productivity in a number of places. It's truly a way of life for us at Nielsen.

Put it all together makes a powerful story about a powerful business model that drives great shareholder returns. When you tell the story, you're going to hear from a number of our senior leaders, and it's a great group of leaders. They come from a very diverse set of backgrounds and they have very complementary strengths. And we have a great time working together. I hope you see and sense that throughout the afternoon.

But what I also want you to know is behind each one of these senior leaders, we also have a deep bench of talent, and this is the dividend from our years-long aspiration to be an Academy Company here at Nielsen and our years-long investment in leadership development. Now, seeing the benefits of that ongoing investment in leadership development, it makes us even more committed to it going forward.

Before I turn it over to my colleagues, I'd first like you to give a global view of our business and also share a few thoughts about where I see Nielsen a few years from now. First, a few comments about our global footprint. We're currently operating in 103 markets around the world, soon to be 104 markets as we plan to enter the booming market of Myanmar in Southeast Asia sometime in 2014.

We divide our businesses up around the world into eight geographic regions. And something that's important for you to know is our business is led in those eight geographic regions by leaders who come from the region. In other words, we're not running our business around the world by sending expats. And that's different from what we see many of our competitors and even many of our global clients do. We think this is the key strength and an advantage for the Nielsen Company.

Now, thinking about globalization. Historically, this was mostly about movement from West to East. And this is what Art Nielsen, Jr. did for our company many years ago, taking our business which was primarily in the U.S.A at the time and expanding it to all the key markets around the world.

But today, the globalization story is actually much more about movement from East to West. Developing new capabilities in the East and bringing them to the markets in the West. And also the rise of some of these big local companies in the developing market in the East who are competing very effectively against their global competitors in their home markets. It's one of the truly great stories unfolding in consumer packaged goods today.

And as those local giants in the developing world look to start to expand on a regional or global level, Nielsen is the perfect partner to help them do just that.

Sometimes we're not sure that everybody is aware of just how deep our leadership capabilities are. So, let me walk you through this. I think first of all, our leadership position for retail measurement globally is very well known. And our leadership position for audience measurement in the U.S. is also very well-known and these are two big, valuable, important franchises for us and we're continuing to invest in expanding our position in these two areas.

But we also want you to know that we have strong leadership positions in the area of marketing effectiveness and innovation, also. By marketing effectiveness, what I mean is brand managers who use our marketing mix modeling capability to optimize the allocation of their marketing spend. And we're the leader in this area.

Similarly, advertisers will use our Nielsen Catalina Solutions or Nielsen Brand Effect or NeuroFocus or Nielsen Buyer Insights products to improve the effectiveness of their advertising.

In the area of innovation, it's our market-leading BASES system that brand managers rely on every single day to improve the sales potential of their new product launches before they launch them into the marketplace. And I especially love this area of our business because I spent several years of my Nielsen career working right here and there's a great set of capabilities there and we have great teams.

Now, each one of these leadership positions is, of course, valuable on a stand-alone basis. But because of how interconnected all of these business issues are, it's even more valuable to be the leader in all of them. In other words, it's truly a story where the whole is greater than the sum of the parts.

And one reason why we have those leadership positions on the prior slide is because we put the client at the center of everything we do. We have more than 20,000 client relationships around the world and many of them are very long-running relationships. In many cases, in excess of 30 years. Also, most of our major client relationships are based on long-term contracts. In some cases, as long as 10 years.

And we surround our clients with great teams, Client Service Specialists embedded at the client, working side by side with their client counterparts every single day on their priorities. And our major client relationships are led by somebody we call a Client Business Partner who oversees the entire Nielsen portfolio at the client, and helps us move from a focus primarily on performance measurements to a focus that also includes performance improvement for the client, driving value with the client and also for our business.

Our product leadership teams, they're creating the future for our business by translating client needs into our product strategy. And they work very closely with our key clients to do this. For example, to develop OCR, our product leadership teams work very closely with some of our biggest advertisers and Facebook to bring that capability to the marketplace.

And finally, Global Business Services or GBS. This is really the backbone of our company. In fact, the majority of our employees reside within GBS. And GBS brings so many benefits to our company, but the two, in particular, that I want you to hear are scale and productivity and both of them in big doses.

Let's take a moment and talk about developing markets and this is really a story that's driven by population growth. In fact, we're in the middle of an era related to population growth that's never been seen before and will never be seen again in all of human history. Tremendous population growth, most of it coming from the developing markets in the East.

And it's not just population growth, it's also movement where more and more people are moving to urban areas and then, of course, the rise of the middle class. All three of these trends are providing tailwinds to businesses in the developing markets, including ours. And you see that our business in developing markets has doubled in size between 2006 and 2013 where we now are about $1.2 billion in revenues in the developing world.

It's not just population growth driving our growth in this part of the world. It's also the rise of these local companies in this part of the world and we started to focus much more on them in recent years and it's driving a lot of growth into our business. For instance, in China, we see our business up 25% with these local companies in that market. And that same pattern is unfolding all across Southeast Asia, India and increasingly now into Africa as well.

One more word about developing markets before I leave this topic. We're often asked this question which is, when will the investment in developing markets stop and you start to harvest all the benefits from the developing markets investments? And what we would say to that is, that's not really the way we think about it. We see this investment continuing for as long as we can see into the future, because it's a sort of a multi-layered investment.

Initially, in the early stages of a developing market, like Africa right now, the clients in that market might want a very simple national read. Once we provide that, then they start to ask for more granularity and more local read, city by city reads and/or even channel by channel reads. And in fact, I saw this evolution play out exactly that way during my three and a half years in China.

And so, our investments come in waves, each wave for a different reason given the stage of development for the marketplace. We still think this bets, the series of bets we make in developing markets in this area is the best bet we make, the easiest bet we make every single day.

Now, to close, I'd just like to share a few thoughts about where I see Nielsen a few years out into the future. First, I see more of our product portfolio being delivered to our clients on something much closer to a real-time basis. This will drive growth on our top line and it will drive productivity benefits to our bottom line. I also see our product portfolio being much more interconnected and interoperable and importantly, this will happen by design, so it won't require a lot of PowerPoint and people and all the added costs that goes with it to make it happen.

I also would say that we will be the currency provider for both the video and audio world, including digital, in the coming years. Our business in developing markets will continue to grow at a very healthy rate and will double in size over the next few years.

We'll continue to extend our lead in the area of e-commerce, not just here in the United States with a big player like Amazon, but also in important markets like China where they have these huge e-commerce players, companies like Taobao and Tmall and Alibaba and Yihaodian.

And finally, you'll see us start to grow our presence outside of our current verticals of media and consumer packaged goods, moving into auto and financial services and other areas by leveraging our Watch assets to start to grow our presence in those verticals, driving more growth for our business. I'm sure we'll add more to the list over time, but just these few things will make a good start.

So, again, a powerful story about a powerful business model that drives great shareholder returns. Thank you.

Kate White Vanek

Senior Vice President-Investor Relations, Nielsen Holdings NV

To kick off our next section, Beyond TV: Digital Innovation and Beyond, and touching specifically on the marketplace and our product roadmap is Steve Hasker, President of Global Product Leadership.

Stephen Hasker

President-Global Media Products, Nielsen Holdings NV

Okay. Thank you. So I'm going to talk about the Watch marketplace and the product roadmap. Many of you are familiar with both of these things, but I want to dive in and describe why I think our competitive advantages are being enhanced by both our strategy in the marketplace and the prevailing trends.

I've been at Nielsen for four years, and before I joined Nielsen, I was at McKinsey for 12 years. And the single biggest reason I joined Nielsen was I had never, in my 12 years at McKinsey, seen a business with franchises like this one has and with competitive advantages that are sustainable like this one has.

So, let me start by talking a little bit about those competitive advantages and that starting position in the Watch side of our business. Put yourself in the shoes of a chief marketing officer or a brand manager. You're trying to reach a target set of consumers. You develop immediate plan which is the orange circle on the left-hand side. You then activate that campaign. You run the campaign across all the different platforms and forms of media, above the line and below the line media. And then you evaluate the results of the campaign. And that is a time honored tradition. It's been going for over 100 years in the U.S. and in many markets across the world.

But here's what's changed. What's changed is in order to reach that consumer, you can't think about a TV set or a tablet or a smartphone. You have to think about the format of the media because that's how the consumer thinks. As a consumer, I want to watch a piece of television programming and I don't care what device it's on. I've never cared whether it was a 50-inch screen or a 22-inch, and going forward, I'm not going to care so much whether it's a tablet or a 22-inch screen. The consumer is becoming device-agnostic. And it's the same for audio and we believe it will be the same for what we describe as text, which is the static image or the written word.

And so we've reformulated our strategy around video, audio and text. Today, we are the standard for almost $90 billion of spend just in the U.S., the currency in radio and TV. So we are the lifeblood of that industry. We provide the metrics on which they trade. And we are well and truly integrated into the workflows of the buyers and sellers of advertising.

And our play and our playbook is to extend those franchises to all of video, to all of audio and we believe that the marketplace will want the same standard for digital text, static images, the written word. And we will be the standard across all three forms of media. That makes us the currency today for $80-billion plus in spend and it's going to make us the currency for growing time and attention.

It's very easy to pick up a piece of media that talks about the death of TV, the death of radio, the decline of those things. That media misses the point. It really does. Consumers are consuming more video today than they ever have and they are consuming more audio today than they ever have.

There is a growth opportunity for the owners of the quality content. And in many cases, the owners of the best video are the television networks and the owners of the best audio are the radio stations. Those are the clients we serve today. And we're increasingly serving the digital players who are bringing new content to that pie. So, there is a big growth opportunity for us there.

So if you think about the trends, of all the disruptive trends going on in the media business that we read about every day and we analyze every day, there are three that I really want to touch upon. The first is fragmentation. And this is fragmentation of consumer time and attention across channels, across devices, across operating systems, and across time periods. And it's only set to accelerate.

But what this does is it creates a client need on the media seller's part, on the media buyer's part, and the advertising agency in between for consistent audience measurement standards across video, audio and text.

And when you are the player that brings those markets in the radio business and the TV business, and increasingly, in the digital versions of those, you have a tremendous position in that fragmenting world. Fragmentation, as Kate said in her intro, is our friend. And it is the single biggest force working for us because it differentiates us even further from the next biggest competitor. So, we're very excited about that.

And if you look at the investments we've made over the last couple of years, they are directly aimed at ensuring that we capture that growth and we capture that client need. Online program ratings and its sister product the digital – Online Campaign Ratings and its sister product the Digital Program ratings, the tablet and smartphone measurement which Megan will talk about a bit later which will be in the ratings in the fall TV season this year in the U.S. and will then be taken global.

And then last but not least, the use of that OCR IP, the infrastructure and the set of relationships with players like Facebook and Experian extended in the audio environment to help the traditional radio clients grow as they think about their digital play and help the new digital audio players capture their fair share.

The second trend I want to talk about is marketing spend ROI. And if you step back half a second from what's happened over the last 10 or 15 years in the marketing space, there've been two big forces at work. The first has been challenging economic conditions. And the second has been the rise of digital platforms and the rise of lots and lots of alternatives for a marketer to spend their money and capture consumers' time and attention.

Both of those forces have worked inside the major advertisers to create increasing pressure on the Chief Marketing Officer from the Chief Financial Officer. The CFO is saying, I want a better ROI, I want more accountability from every dollar of spend and that trend is set to accelerate. That trend is set to accelerate.

And what does that do? It creates a demand for advertising effectiveness metrics, audience engagement metrics and impact metrics. The CMOs and the CFOs want to know where their money is going and what their bang for the buck is and similarly the ad sales executives need to be able to better articulate that proposition to the advertising clients. And that's what we are positioned to do. So, if you look at the product set that we've put in place in this space, things like Nielsen Buyer Insights which combines media exposure information with credit card information to get to the holy grail, the ROI. The same for Nielsen Catalina Solutions which is the same play using loyalty card data in the fast moving consumer goods sector. The Nielsen Twitter TV Ratings, which is the most innovative and leading measure of engagement around TV programming using the biggest form of social media, that is the social soundtrack for TV.

And then last but not least, we are the biggest provider in the world of marketing mix modeling. And when you have a look at the expo at the back, you have a chance to meet Ross and Neil and a number of people who really are the leaders in this space in the world. And that's where the marketer brings all of the information together, whether it'd be media exposure, whether it'd be effectiveness metrics or whether it'd be actual impact. So, we are well positioned within that trend.

The third trend I want to talk about is global. And what this really is, is international. What we are seeing in both developed and developing markets in the Watch side of the business is increasing demand for world-class, currency-quality, industrial strength measurement, exactly as we have here in the U.S. And make no mistake, the U.S. leads the world in this industry and Nielsen leads the industry.

So, we are seeing as a result of the investments we're making, through our scale and through our expertise in metering, in panels, in relationships like that with Facebook and Twitter and in the IP that we have protection around, we are starting to win tender after tender after tender. And we believe that this is the trend of the future. So, the industry body – let me give you one example, the industry body in Germany has used one of our competitors since the dawn of television in Germany. And as the rise of digital video has come up in the German market, my belief is that they tried every which way they could to have that player also measure the digital video. But the investments that we've made and the leadership position that we now have with real solutions that have been tried and tested in the marketplace meant that we won that contract, so we're now in the digital standard for video in Germany.

And if you think about the dynamic that that creates, it really is a healthy one for us. So, you're going to see it expand in TV audience measurement, in online, in Online Campaign Ratings and the Brand Effect product suite in international markets. And we've started that series of investments.

So, take half a step back and think about how we developed our strategy. And the point I want to make here is this is the Watch strategy and it's also the Watch and Buy strategy. So, there are two sources of growth from the products I'm about to touch upon. The first is that the Watch clients, whether they be pure-play digital publishers, whether they be audio streaming players, traditional media companies, radio stations, they are poised to grow to the extent that they can have that content port into a digital environment, firstly.

And secondly, our products are sold to both the buy side and the sell side. Every single product that we have to go through was designed to sell both for the advertiser and their agency and also the media companies. And that is new money for us, that is a new source of revenue.

So, the first of the questions that we ask of a three-part framework, Mitch touched upon it, Reach, Resonance and Reaction. The first question we ask is a fundamental question, it's the audience measurement question. Megan will dive into it in more detail in a minute, but is who did my program or my creative reach, how many saw it, how many eyeballs? This is the TV ratings. It's the audio ratings. It's the Online Campaign Ratings and its sister product, the Digital Program Ratings. And these products are unparalleled. Make no mistake.

Our aspiration is, across the world, to be the single provider over reach metrics across any form of media. That is our aspiration, and that is our opportunity. And the market dynamics, as such, that the market works better when there is a single provider, one referee on the field, not multiple, creates a cleaner, more efficient trade.

The second question we ask is that of resonance. What is the impact, the brand recall, message recall, general recall, what was the cognitive impact of exposure to a particular piece of creative?

So, this is where our Brand Effect Suite product suite comes across, and that is ubiquitous across all devices, right. Is there an opportunity in audio to take that product suite and to extend it into the radio and the digital streaming environment. It is the Nielsen Twitter TV Ratings and it is a cutting edge play in NeuroFocus, understanding how the brain reacts to different forms of creative.

We put these things together, not only to inform brand width and brand impact for messaging, we also believe this suite of products gives us a great attack into the traditional copy testing space, which we believe is antiquated and ripe for change.

And last but not the least, the holy grail, reaction. So, as a result of exposure to a campaign, did a consumer go and buy more of our product? And this is where we put together the media exposure information with the credit card information with the loyalty card information, and we pull it together in the marketing mix models.

That is our framework, but there's one thing I want to leave you with. Each and every one of these Watch products is sold to both the buyer and the seller and the agency in between, and that's a growth opportunity that we've only just started to explore.

Okay, so let me just pause for a second on the digital opportunity for us. Increasingly, as I said, these things are coming together within video, audio and text. But if we parse out the digital opportunity for a second.

On the left-hand side of this page, it talks about the milestones against OCR. This has been a very visible product set for us and we're very, very proud of the progress. But I want to leave you with the message that we have not rested on our laurels. We have, quarter after quarter, continued to invest in this product and continued to develop it. From its launch back in the back end of 2010 – its announcement in 2010, its launch in 2011, we got MRC accreditation, or Media Ratings Council out of the chute which was a first in the measurement industry.

We've gone from 100 campaigns to over 8,000 campaigns. We have endorsements, big endorsements from too many players to mention by now and they're growing by the day. We have advertisers demanding guarantees based on our GRPs, similar to that which they do in television. And we have publishers offering guarantees. Publishers like ABC, all of their networks.

We've extended from digital back into TV so we provide the only true cross platform measure of reach, the only true cross platform measure of reach.

And last but not least, we've moved into mobile. We have extended beyond the Facebook relationship to add Experian which gives us a whole new set of data characteristics. And, of course, Google and YouTube have picked us up as the measurement system across their properties. That's the left-hand side.

On the right-hand side, I want to talk a little bit about the way we think about this opportunity from a financial standpoint. So, if you think about, at the top of this, if you think about the TV and radio spend in 2013, this is an $83-billion industry. So, that's the advertising in traditional TV, the advertising in traditional radio. And our revenues from that here in the U.S. are about 2%. So, that's our rule of thumb.

Then go to digital. Digital, there are two main parts to it. There's video and there is the display, right? Display being banner ads and so forth. And we think about these things differently because the characteristics are somewhat different. And in the video space including mobile in 2017, the industry experts are saying that the ad spend will be about $15 billion. And we expect to capture 2% of that measurement because the measurement is as good, if not better, than our TV measurement has ever been.

The quality is that high. It is the basis on which people will demand guarantees and they will be given guarantees. So it is the currency. And we're very confident with where that's going. It adds up to a $300 million opportunity.

The industry experts believe that the digital display spend by 2017 will be $18 billion. Now we're assuming a smaller revenue share from a measurement standpoint here for a simple fact. And that is, in this $18 billion includes some long tail inventory, right, some remnant inventory around which independent third-party measurement and this idea of a currency in trade is less valuable. So we've taken a conservative approach there, which leads us to $200 million and a $500 million opportunity by 2017.

And the other thing that comes from this is when you are the currency and you create that position, the analytic opportunities and the advisory opportunities are extensive and that's not included in here. So, let me pause for a second just on this point about the different client constituents to these products. So, if you think about OCR, whether it's video or text, whether it's on a TV, a PC, a smartphone or tablet, or on an over-the-top device, if you think about OCR extended into audio, if you think about the program rating component or social TV, the majority of these products are appealing both to the buy and the sell side, both to the buy and the sell side.

Program ratings is the exception and we've been conservative here, but program ratings is the planning tool or the selling tool. So, if I'm at CBS, I want to articulate the total audience to Two and A Half Men or the total audience to 60 Minutes across all devices. That is the basis on which I will sell that into the marketplace. The accountability of the trade is based on the campaign rating. So, that is more oriented towards the sell side than the buy side, but the other products appeal equally to both sides. And it's a very important point for us as we think about our go-to-market, as we think about our pricing and we think about the value proposition.

So, let me finish by just telling a little bit about what is our overall strategy and what are we trying to do? If you look across the top of this page, we want to be able to measure reach, resonance, reaction and inform the social engagement, measure the social engagement.

We want to be able to do that across TVs, PCs, over-the-top devices, smartphones and tablets. And make no mistake, we are well-advanced in testing solutions in every one of these areas or we have them in the marketplace. We have them in the marketplace.

And so, as an advertiser, you're going to be able to understand, for any advertising campaign, how many people did it reach, did it resonate, and what change in behavior did it drive either in terms of purchase or social engagement no matter where it runs, no matter where it runs. And as a publisher, you're going to be able to articulate how many people saw your program and what sort of impact did it have no matter where it runs.

The opportunity for us is to then take that global, we have launched, for example, OCR in seven different markets which account for 70% of world's advertising spend. It's early days but we're optimistic and we're seeing positive results in each and every one of those markets.

And then, last but not least, Mitch touched upon this, we then are going to take our data real-time. And what I mean by that is instead of getting overnight ratings, you get minute by minute and you're able to trade dynamically.

And if you read, there was an announcement this morning from a video ad network called BrightRoll. And what BrightRoll did was basically announce they're going to do this using the OCR data. So, they've built their own algorithms around the OCR data and are able to provide a service to their advertisers to take that data and make it real-time, make it dynamic.

And this is the last point in blue at the bottom, which is industry alignment. It's players like BrightRoll, it's the big advertisers, the agencies with their trading desks, the dynamic players. And in many cases, the legacy players who are investing in this area who were going to determine the pace. But we'll be ready for them as soon as they are.

So, where does this leave us? The unparalleled position in media and marketing, starting here in the U.S., but in 45 other markets investing every day.

Secondly, the prevailing trends enhance our position. Fragmentation, marketing spend, ROI demands, and international development all enhance our position. The linkage between Watch and Buy creates new revenue streams and makes us even more deeply embedded in the value chain. And last but not the least, all of this results in steadily accelerating revenue growth over the next couple of years. Thank you.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

Next up focusing on all things digital and Nielsen's differentiated approach is Megan Clarken, EVP-Global Product Leadership, Watch.

Megan Clarken
Executive Vice President – Global Product Leadership, Watch, Nielsen Holdings NV

Good afternoon. My name is Megan Clarken. [indiscernible] (59:51). Can you hear me?

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

No.

Megan Clarken

Executive Vice President – Global Product Leadership, Watch, Nielsen Holdings NV

[Inaudible] (59:54) here we go. I'm the EVP for Product Leadership here at Nielsen, and what I'm going to take you through today is our plans for measuring video across platform. I'm going to talk about why we're doing it, how we're doing it, when we're doing it, and the benefits that that brings to the industry.

Steve went through our Watch strategy before, so I'm not going to labor on this slide except to add a little bit of color, and that is that when we answer these three questions for our clients, we do it in a comprehensive way.

And by that, I mean we do it across platform, and I'm going to spend a lot of time on explaining cross platform in a minute. We do it by both commercials and programs separately, and I'm going to touch on that as well. We do it across media types, whether that be paid, owned, or earned media, and we do that consistently around the globe. And I'm going to talk a little bit about that as well.

My focus here is on the first R on reach, and I'm going to talk about how the measurement of video cross platform will enhance our rating services that sit inside of that first R.

Let me start by explaining to you what cross platform means because I've heard a lot of different variations for it. And I think it's really important to cement exactly how we interpret cross platform. You see cross platform to us comes in multiple layers. And what's important to understand is that to get to true cross-platform measurement needs you to provide consistent metrics across those layers. And I'm going to take you through what those layers are.

The first layer is across usage. So, consistent measurement is needed across both live and time-shifted viewing. Consistent measurement across both usage types. We're looking for consistency and consistent metrics across all content sites whether that be video, audio or text.

The next layer up and the one that most people associate with cross platform is the need for consistent metrics across devices. So, if I'm measuring video, I need to make sure I've got a consistent measurement across all devices as that video is consumed through those devices.

The next layer up and just as important is by access point. So, consistent measurement across the access points. What do I mean by that? Was that video accessed by turning on the TV set? Was it accessed through a connected device whether that'd be a gaming console or Apple TV or a delivery mechanism like Hulu or Netflix? Was that video accessed through a mobile app or was it accessed through a Web browser?

All of these different mechanisms need consistent measurement to be able to get to cross platform. And the top layer and the one that I think is so incredibly important here is the consistent measurement between ad models. And that is the traditional linear ad model and the new digital dynamic ad model.

And so, what I thought I'd do, this is a very academic slide. So, what I thought I'd do is give you sort of a real-life example of what I'm talking about here and show you the day in the life of a video and how video is consumed by the audience and how it touches all of these layers and therefore what I hope that you get from that is the understanding of why you need to measure consistently across these layers in order to get to true cross platform.

So, here we go, here's our video at the center. Now that video could come from a couple of places, it could be sourced from a digital publisher, be that Yahoo!, AOL, Amazon, YouTube. Or that video could have come from a TV network, so it could be a TV program. That is a digital video and therefore, it can be seen anywhere and at any time so it can be viewed through a PC, a laptop, a smartphone or a tablet. That video can be accessed in this case through two different mechanisms. It can be accessed through a Web browser, so youtube.com and then click on the video or it can be accessed through the YouTube app sitting on your mobile device.

Now that video carries an ad and that ad lives in one or two different ad models. It could live within the linear ad model, the traditional ad model. And the way to define that is an ad model where everybody that sees that video or watches that program gets the same ad. So, you're used to seeing and experiencing that through television.

The other ad model that we're playing with here is the ad model of digital dynamic, where the ad that you see when you're watching that video is not necessarily the same ad that you see when you're watching that video, because that ad could have been dynamically inserted or targeted to you, so different ads going on here.

So, what I've drawn up there is a real-life example of cross platform and video in play and how video interacts between those platforms or those different layers and, therefore, the need for when you're getting to true cross platform measurement, the need for consistent measurement across all of those different layers.

So, we looked at that environment. We stepped back and said, okay, how do we solve for that environment? And inside of that question came six use cases. Six use cases that we needed to make sure that we address in order to get to a true solution here. And I'm going to take you through what those use cases were.

The first one relates to that digital dynamic side and it says this, it says on that side, you must measure the ad separate to the content because there's no correlation between the ad and the content. In a linear side, if you measure the program, you've got the ad. But that's not true for the digital side. And so, we needed two metrics, one for the ad and one for the content.

Now, you'll know that on the ad side, we're covered. That's covered through OCR, Online Campaign Ratings. But to cover the content, we have scoped down and we're building a sister product to that called DPR or Digital Program Ratings, which gives us a comparable GRP rating for the content itself. And as Steve said, that's used for the publishers and the broadcasters to be able to sell their ad space using consistent and comparable data.

The second use case was this. It relates to the linear side. And what happened here is the broadcasters came to us. They said, look, Megan, we want to move – we've got this growing audience that wants to view TV program, live plus three-day TV program on mobile devices. But we're reluctant to move the content across today because we're not getting ratings credit for it. So, can you solve that? Can you measure content as it moves from TV on to digital device and give us credit, TV ratings credit for that content, those assets? So, that was use case number two.

Use case number three is incredibly important. And that's where OCR has come in and solved for this – or is solving currently for this. And it's about creating consistent metrics between the left-hand side and the right-hand side of this page between dynamic digital advertising and linear advertising.

Now, why is that important? Here's why it's important. Because advertising campaigns straddle both sides at the same time. So, if I'm running a Pantene commercial on TV, I'm also running a Pantene campaign across a digital or online environment. And so, without having comparable metrics between the left and right-hand side, the advertisers have no way of knowing, whatsoever, what the total reach of that campaign was and that's exactly what OCR is out there solving for today, consistency between the left and the right.

The next use case was this, it was about people and all metrics that we produce has to come down to people and the highest quality people metrics that we can possibly produce because advertisers don't care about impressions on machine, they care about people. That's the value to them. So, all of this has to come back to people.

The next use case, use case number five was about making sure that we can incorporate mobile into both the rating service on the left-hand side and the right-hand side. Now I went through the reason for that for the TV broadcast is the same as advice to the digital pure-plays.

And then the last use case and one that I think is really important is this had to be simple. It had to be a solution that was incredibly easy for the Web developers and the video encoders to implement because that's the way you get adoption.

So, that's the problem that we tried to solve for or the six big problems that we tried to solve for. And what I'm really proud and excited to say is the solution I'm about to lay out for you addressed elegantly and solved for every single one of those use cases. It is quite extraordinary. I'm going to talk you through exactly what we're doing to measure video across platform. Here it goes.

So, it works for video. It doesn't matter where that video has come from. So, it can come from a digital pure play, can come from a TV broadcaster. It doesn't matter. So, a video to us is a video. This works for video no matter where it comes from.

What we've done is we've built a robust, truly innovative piece of software here that I'm going to call for the purpose of this discussion a software meter. For the techies in the room, we call it an SDK. It's a piece of code basically. Now, this piece of code has three patents pending on it at the moment and is truly innovative piece of work.

What we're asking our video broadcasters and publishers to do is to embed this piece of code into their player and into their mobile app. So, they just install it into those applications that are being used to access that video. And this is being – now being universally accepted, so with the on boarding now of Google, this practice is now being universally accepted by everybody.

What does the SDK do? Well, it does a number of things. So, the first thing it does is it collects some data for us. And the data that it collects upfront is every single time somebody sees that video, it tells us. It's a census collection of the views that we're seeing of the video. So we're counting them. We're getting volume metrics.

The second thing it does for us, and this is a differentiator for us, is that SDK is able to recognize and interpret the Nielsen proprietary watermarks that are embedded in the TV content to identify that content.

So, it actually can read those watermarks and tell us and identify what that content is. If there's no watermark there, if they can't see a watermark, then they'll look for whatever the publisher has embedded as the identification of that content. So, now we know how many videos were viewed and we know what video was viewed.

The third thing it does is it sends us a unique identifier of the machine that that video was viewed through. If it was viewed through a laptop or a computer or PC, it will send us a cookie ID. So this is a standard practice when we're doing Web tracking. If it was viewed through a mobile device, so a smartphone or a tablet, it can't send us a cookie ID. So, what it does is it sends us an ad ID. And an ad ID is a small piece of – a number basically that Apple and Android have embedded in the operating system of that device. So, it's a unique identifier for that device.

So, that point in time you have a pool of data. It's how many people have seen the video. It is the identification of the video seen. And it's a unique identifier of the machine that saw that piece of video. So, what do we do with that? We encrypt it. We aggregate it and we send that across to our third-party data providers. And they are Experian and Facebook.

What does Experian do? They match those unique identifiers with their registration database and they append three pieces of data. The first piece of data is income. The second is education and the third is presence of children. And that's a starting point for us. They encrypt that. They aggregate that. And they send that back to us.

What does Facebook do? Facebook does the same. It matches those unique identifiers with its registration database and it appends age and gender demos. Now, think about this, age and gender demos is a core metric for GRPs, for those rating services. And Facebook have a panel size in the U.S. of over 180 million users. In fact, I think it's nearly 200 million as of their Q3 report.

Globally that's 1.2 billion people within that Facebook dataset. I have never ever, ever in my career seen a panel of that size, a digital panel of that size. And the data in there is highly accurate. So, they match that data with our unique identifiers. They encrypt it. They aggregate it. They send it back to us. I'm saying encrypting and aggregating, because what's important to know here is at no time do we see any individuals. So, it's privacy protected all the way through.

So now we have this big pool of data. We know how many counts, the videos that were watched, the commercials that were watched and the age and gender of who saw those ads and who saw that content. But here's our next differentiator, is that we bring that data set back to our single source of truth. This is our gold standard TV panel and we use our MRC accredited processes and our team of the world's best measurement scientists to calibrate that data set and weight and balance that data set. And it's – this piece is gold because this enables us to really truly bring those comparable metrics in to place using the quality of our TV rating services to do that.

What do I mean by calibrate? I mean that within that system, it takes out any noise or any data that doesn't quite make sense to us. It fills in any gaps where Facebook was unable to match age and gender and then it look at things like where there may have been multiple people viewing video through a particular device and it makes assumptions about who they think – who we think that person was. So, that we're using the same TV service to weight and balance and calibrate that data set, bringing those truly comparable metrics together.

Now the last thing that the SDK does – and this is truly unique to us, it's a big differentiator and I actually think it's pretty cool, is that that SDK is able to identify whether or not that piece of content is TV ratings eligible. So, if it fits the roles that enables us to say yes it applies to TV ratings, it will go and automatically create the overnight TV ratings with those TV shows that were viewed through mobile devices.

If it doesn't make those rules, if it has a dynamic ad insertion, if it's come from a digital first publisher, if it was asked in day three, it goes and credits the digital ratings. And the digital ratings, as you know, come in two flavors, Online Campaign Ratings for the ad and Digital Program Ratings for the content.

So, here we have it right there. That is the world's first robust industry quality, truly accountable, comparable cross-platform rating service that you'll ever see. Nobody comes close to us in being able to do this and provide this for the industry.

So, what does this means for the landscape? Here's the measurement landscape today. You might recognize this. Today, we provide the TV ratings, that's the top two bars, across TV sets of viewership through TV sets, connected devices and PCs. But we don't extend that yet out to mobile.

The bottom part is about that digital dynamic side. And today, OCR is there covering the space of measuring ads, but it doesn't extend out to mobile. What I'm talking about here, by the end of 2014, this is what that landscape will look like. It's turning green.

It means that for our TV ratings, we'll have extended out to include television viewing on mobile devices and it means on the digital side, we'll extend OCR out to capture and credit for ads seen on mobile devices, we'll have launched Digital Program Ratings and Digital Program Ratings will be extended out to capture viewing on mobile devices as well.

Now, when I talk to broadcasters about this, they are so elated. They're so elated because all of a sudden, this gives them the flexibility to monetize their assets in ways that they've never done before. Never ever done before. When I talk to digital publishers about it, they're just as excited because this is giving them an even playing field now for using the same comparable metrics to compete with or against the TV networks. And this is going to change our landscape forever.

So, in summary, what I'm saying here is we're creating comparable metrics between the left and the right-hand side, bringing an even playing field for buying and selling of video. We're creating and have been for a number of years now through OCR continuing to push for accountability for digital advertising. We are solving for mobile, so we're incorporating mobile now into all of the rating services that we're providing.

The SDK is incredibly easy to use. So, the software developers are finding it easy to implement inside of their players and browsers. And from a global consistency perspective, we're going to continue the momentum that we have been charging out over – rolling out OCR in our international markets.

When we've finished deploying DPR in the U.S., Digital Program Ratings, we'll extend that into those international markets that have OCR. And we'll be continuing the discussion that we are having with the TV broadcasters in those markets to be ready to measure their content when they are ready to distribute it onto mobile devices.

So, this is an incredibly exciting story for us, and it's going to be a great road ahead. Thanks very much for your time.

Kate White Vanek

Senior Vice President-Investor Relations, Nielsen Holdings NV

Our next presenter will be Andrew Somosi, President, Nielsen SocialGuide. Andrew will focus on Nielsen's role in social TV and the Nielsen Twitter TV Ratings.

Andrew Somosi

President – SocialGuide, Nielsen Holdings NV

Good afternoon. My name is Andrew Somosi, and I lead Nielsen SocialGuide which is our Social TV business. And I'm thrilled to be here with you today to share with you how we're innovating and leading in the social TV space.

I've been with Nielsen for a year and a half. Before that, I was working with Steve Hasker at McKinsey, and then I left consulting to go down a more entrepreneurial track and together with a couple of colleagues, we started up and built up a software company to help salespeople sell more effectively, more science, less gut feel. And it was really there that I first saw the power of data and social media in particular to help people make more informed data-driven decisions. And in coming to Nielsen, that's where we really saw the opportunity to harness the power of social media together with Nielsen's core assets, particularly in TV.

So, I'm going to talk to you about three things. First, I'm going to tell you what social TV is; second, I'm going to describe how Nielsen is innovating in social TV; and third, why these innovations are so important to the TV ecosystem of TV networks, agencies and advertisers. But as much as this presentation is about social TV, it's also a great case example of rapid innovation and entrepreneurship at Nielsen and why the core apps are so important to building dynamic businesses like this.

So, Nielsen is all about understanding – excelling and understanding consumer behavior. If you think about it, there's probably no better example of changing consumer behavior than social media. All of the ways in which we now express ourselves, we inform ourselves, and we share experiences. And Twitter, in particular, is a really interesting example because it is so real-time and it is so open. I can follow anybody. Anybody can follow me, which means it's really highly measurable.

And so, you have all these people, millions and millions of people, who, in real-time, are sharing their passions about their favorite celebrities, their favorite food, their favorite stars, their favorite movies, and as you can see from this tweet about MTV's VMA Awards, TV, TV. And so, the reason we've gotten so excited at Nielsen about the social TV phenomenon is because in the grand scheme of things, people love to tweet about TV and live TV in particular, this is about enhancing live television. And if you think about it, it probably makes a lot of intuitive sense. Take your favorite show, take Scandal. The feeling you get if you're sharing the moment, and there are 100,000 other people who are experiencing that moment with you on Twitter and social media is a very different one than if you've DVR'ed that and a week later, you're watching Scandal and then you send out a tweet. Odds are that tweet has gone into the Ether, and nobody will respond to it.

So, when we look at our data, when we measure the data, this is all about live television and the enhancement of live television. So, let's talk about measurement. Last year, we measured 32 million people tweeting about television programming. 560 million tweets in the first half of this year, it's over a 60% growth. 33%, only a third of the Twitter audience is tweeting about television. This is exciting. Social is making TV out to be what it was always meant to be, a shared communal experience.

So, our role, our mission here is to enable the entire ecosystem, all right. It's not just the TV networks, it's the networks, the advertisers, the agencies to measure, understand and most importantly act on the interplay between Twitter activity and television. And we're leading the way. We're leading the way with social TV measurement.

We have 80 network agency and advertiser clients, and they rely on our software and our data for three reasons. First is we are the most comprehensive, accurate and real-time. We cover all programming across 250 channels in real-time. And if you want to see it, I definitely encourage you to go back to the expo and take a look at the way that works in real-time. We've talked, so far, this morning about how real-time is so important.

The second is a synergy with Nielsen's core data assets and this is so key in television, right? We'll talk about it a little bit more, but we can see how people are tweeting about television and then see the reaction in terms of people tuning in, and we can see that on a minute-by-minute basis. This is – only Nielsen can do this.

And third, we have an exclusive partnership with Twitter to provide the Nielsen Twitter TV Ratings. Our products are three products and one of them, and you will see in the back. The first one is SocialGuide Intelligence, and this is a software dashboard that a number of different departments and TV networks and agencies are using. So, it could be ad sales research, programming research, marketing department, the social department, and they'll use this to understand in real-time for a given day, a given week, a given month, this season, they're going to look at all of television, how people are tweeting about it, their network, their programs, that particular episode, that minute in that particular episode. And I definitely want you guys to check it out.

The second thing is we call the Nielsen Twitter TV Ratings, and this is again a syndicated product, and we launched this just about two months ago. We're very excited. This is the first time we can actually show the full picture of how Twitter and TV interact by showing reach, as well as demographics. And I'll come back to that in a second to talk about why that's so important.

And third, you heard Dave talk about that we're open, so while we love our software, we also make our data available through data feeds, APIs and letting agencies and other folks create their own experiences and their own data sets with our data.

So, let's come back to the Nielsen Twitter TV Ratings. And to give you the gist of it, I'd like to use an analogy. I bet that maybe there are two or three of you in the room who have ever written a Wikipedia article, but I bet that all of you have read Wikipedia articles, writing versus reading. And that's the same notion of the Nielsen Twitter TV Ratings. Up until now, the best that anyone could do was to measure authors, the tweeters, the people who are tweeting. With the Nielsen Twitter TV Ratings, we can actually capture the full picture, the full people who are not just tweeting but are watching their shows, have their second screen out, and are experiencing Twitter alongside television. And that is a far larger portion, that audience for Twitter TV is far larger than just the people who are tweeting.

How much bigger? Well, what we found is that, on average for a given show, that full Twitter TV audience is 50 times bigger than just the tweeters alone. So, think about that. A show that has 20,000 people tweeting about it actually reaches in the U.S. one million people on Twitter. So, as excited as we've been about social TV, the phenomenon is far larger than we all thought it was.

Why is that important to our clients? Let me share with you a couple of points about why it's important for our network clients, and why it's important for advertiser clients. So, three things for the networks, the first one is really about how does Twitter and Twitter activity drive ratings, right? So, I see the spontaneous activity. It's reaching all these people, to what degree are they coming back and then tuning into my program, such a critical piece of intelligence for the networks and only Nielsen can do this because we have both the social aspect as well as the TV ratings.

Second, it's to inform ad sales. It's laying out the logic and the rationale for why an advertiser should pay more for a more social show. And third, it's engaging them loyalty. And this is truly revolutionary. Think about it. 20 years ago, the notion of a TV network being able to engage with a specific audience member was unheard of, impossible. Well, that's changed, right, because all of us can engage with the TV networks, and TV networks can build loyalty. If any of you caught Bonnie and Clyde, which was featured on A&E a few nights ago, you may have seen that you may have seen that Emile Hirsch who was the star tweeted about it. Well, that's great, his fan base includes the hip-hop star Nelly, who has a lot of followers. And he tweeted about it. And pretty soon, you get to organic swell. And the bottom line is, that through our applications, the networks can identify their most loyal followers and build up a stable community of people who love or passionate about their programs.

So, these are the three big value propositions for our network partners. But it's not just the networks, it's also the advertisers. So, three things, one is all about whether or not the advertiser should pay more for a more social show. This is about us getting in and informing the media planning and buying processes. Second, we can use the social data to measure ad effectiveness. So, we've been talking about TV, but we also measure 24/7 all the Twitter activity around 450 brands in 22 categories, the brands and the ads. So, we can use that real-time information to see, was there more virality to your ad when you were in a more social show? And third, once again, the one-on-one real-time engagements. So, the example might be Nike, engaging in a very authentic manner, not about its products, but about, for example, an Olympics event or a Super Bowl or another sports event. Three value propositions for our advertisers.

But again, as I said, this is about innovation and consumer-driven innovation. And so, I wanted to show you also you an example of what's coming because we're constantly innovating the products. So, this is highly disguised, but this is what we call Brand Affinities. And it's part of our module, that's actually launching in the next couple of weeks. And it's really exciting. Today, we collect all of the information around 250 networks, all of their programs. So, who is tweeting about these programs? As I said, we also collect all this information about whose tweeting about 450 brands.

Now, imagine putting those two together, putting the social Watch and the social Buy together so we can make a data-driven statement around which are the categories and brands that are most aligned in social to your network. And we can do that vice versa, which networks or programs are most aligned in social to your specific categories or your specific brand. This is very powerful stuff and we think this is going to be really important again in furthering the data-driven resources that the advertisers have to make more informed and higher ROI decisions.

So, to close this up, we are excited about social TV. We think this is strong innovation and that Nielsen, in particular, has a unique differentiator in the space. Most importantly, I think, this is about the powerful consumer phenomenon, tying back the fact that Nielsen is better than anybody else in understanding consumer behavior and social media. Social TV is all about changing consumer behavior, particularly, in this case, how it enhances live TV.

Second, we are the leaders in measuring this activity. Third, it's not just about the TV networks. It's about the TV networks. It's about the agencies. It's about the advertisers. And last, but not least, this is all about enhancing Nielsen's core assets. It's about enhancing the consumers' live television experience.

Thank you very much.

QUESTION AND ANSWER SECTION

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

A

From here, we'll begin our first Q&A session. So, a few logistical things before we start. First, number one, we do have a Wi-Fi network here. It's called Nielsen and the password is investorday2013, that's all one word. The second thing we'll do right before we dive into Q&A is I'm going to ask Steve to introduce the people on the stage that are on the Watch team but have not presented today because we'd really like you to focus some of your questions on them. And, again, these are the key members of management that we want you to engage with, certainly during the cocktail hour.

Stephen Hasker
President-Global Media Products, Nielsen Holdings NV

A

Thank you, Kate. So, to my far left is Lynda Clarizio. Lynda is the President of our North America Watch business. So, she leads all of our contract negotiations, all of our client relationships with all of the Watch clients, the traditional media companies, the pure-play publishers, the audio players, the radio stations across North America. And Lynda is a digital native. She's been with us a couple of months. She ran the AOL advertising business for many years. She spent time at INVISION and AppNexus, so we're very excited to have Lynda here. She brings a truly digital perspective to our business and to our client base and [indiscernible] (91:28).

Lynda M. Clarizio
President, U.S. Media, Nielsen Holdings NV

A

Thank you.

Stephen Hasker
President-Global Media Products, Nielsen Holdings NV

A

Welcome, Lynda. And to my immediate left is David Wong. David suffered the curse of having to work with me at McKinsey for many years in North America, in Canada, in the U.S. and different parts of the world. And David is the product leader for Online Campaign Ratings and all of the associated products, and he really is a lot of the brains and the thinking and the leadership behind that product suite and all the momentum that's been created around it.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

A

Great. So, stick your hands up. We've got mics running around. We'll take your questions.

A

That's good.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

A

David?

Q

Thanks. Hi. This question is really most pointed at Steve from his presentation. I think if you look back on page 25 of the presentation for the industry outlook in 2017, you estimate kind of a 2% market opportunity on the $15 billion of video ad spend. The question is, how much are you sort of by enabling that opportunity, do you think you cannibalized your existing opportunity? In other words, is the $300 million opportunity going from one bucket into another, or do you envision it as a incremental, completely new $300 million opportunity?

Stephen Hasker
President-Global Media Products, Nielsen Holdings NV

A

David, I had a feeling you'd ask that. So, it's not cannibalistic at all for a couple of reasons. The first is that, as I may have mentioned, consumer time and attention, consumer time spent watching video is going up. So, what you're seeing here is our being able to measure that growing time and attention, and the advertising dollars that are flowing to that. So, it does not cannibalize the other.

The second is the business model we've pursued around OCR and the related products from day one is the same as our TV, our traditional TV model, which is long-term contracts with escalators in there. And what this enables us to do is basically add that product set into the same model and grow the revenue with it.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC

Q

Hi. It's Andrew Steinerman at JPMorgan. My question is for Megan. It's when I looked at the slide you put up, 37, really where you kind of lit up the measurement footprint. In 2014, you're delivering a lot more to your traditional clients. Do you think your, let's call it, value realization – I mean, price increases – will increase as you're delivering more when we look at page 37 together, and has that already been reflected in some early contract renewals?

Megan Clarken
Executive Vice President – Global Product Leadership, Watch, Nielsen Holdings NV

A

Yeah. It's a good question. I'd sort of revert back to what Steve said. What we're doing here is we're adding value to our clients, both our traditional clients and into a new set of clients that we haven't been able to service before. And what we're lighting up here is an environment of which they can be so much more flexible about how they monetize those assets that with their growth comes our growth. And so, the idea here is that we create a pricing model that leverages that, that looks, as Steve said, similar to what we've done for TV for many years. And we expect there to be an increase on – and leverage the growth that we see coming from our clients as well.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC

Q

Right. So, you mean higher price increases, right, for measurement?

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

Put it this way. These are new services, okay, and they know that.

Megan Clarken
Executive Vice President – Global Product Leadership, Watch, Nielsen Holdings NV

A

Yeah.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV
A

And I think Lynda probably could answer about a current negotiation she's wrapping up that's already starting to price that in and with the expectation that those products are going to roll out a year from now. So, we view these are generally new services to existing clients or, more importantly, new services to a whole new set of clients.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC
Q

Okay.

Megan Clarken
Executive Vice President – Global Product Leadership, Watch, Nielsen Holdings NV
A

I mean that's...

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV
A

Well, it's where the action is.

Lynda M. Clarizio
President, U.S. Media, Nielsen Holdings NV
A

I mean, that's exactly right, what everyone is saying. I mean, we see ourselves as providing video measurement. As Megan and Steve said, to really drive clarity and accountability for video advertising, and we view the whole market as growing not shifting. Video consumption is growing overall as Steve just pointed out and our own data, we issue a quarterly cross-platform report demonstrates that, and the video advertising market is growing not shifting.

And so, when we go to our television clients with these products, we're really telling them that we're giving the ability to expand their monetization of their audiences as their audiences expand beyond television. So, they are different services because they're providing additional opportunities at monetization.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC
Q

Thanks, Lynda. Thank you.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV
A

Great.

Q

Hey. Could you maybe comment on how your relationship with Google has evolved over time? And also, Steve, you talked about the 1% number being conservative on display. Maybe you should take a five-year look on the digital video side. Is that 2% number conservative for you guys, given all the capital investments you've made since 2011, a lot of your CapEx investments rolled through the P&L as well. So, maybe just comment on that. Thanks.

Stephen Hasker
President-Global Media Products, Nielsen Holdings NV

A

Okay. So, Google and then the 2% sort of guidance. Okay. So, Google, the first thing to say is we have a great relationship with Google. We do all kinds of things with Google and we have for many years. We provide effectiveness metrics for their ad sales folks. They look hard at our buy-side data, our transactions data in different parts of the world. So, it's always been a healthy dialog.

Having said that, this is a group of people who grew up in the search environment. And in the search environment, you have a closed loop, right? You search for a digital camera and you may or may not visit a page and buy that digital camera. But the data, the data surfaces itself through that transaction. And so, their orientation toward brand advertising was always that that environment would prevail. And I think what you've seen is them relenting and understanding direct from advertiser clients, that they need to have independent third-party measurement and they need to be accountable if the advertisers are to increase their spend on YouTube and on the other Google content network properties. So, that's the first one.

The second one in terms of the 2%, I mean that was – that's really just a rule of thumb. One of the things that – we do partner with our clients, we do long-term contracts with our clients. And one of the things that Mitch has always talked about is that we earn price, we don't take price, right? And so, we think about the 2% – I'm inclined to agree with you, I think these services are extremely valuable in monetizing audiences they fragment. But we've always got to be careful to balance that sort of earning price with being too greedy as we go through those contract renewals.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

While we're waiting there, the only thing I would comment and maybe David could at least nod and said, I will tell you every visit I've ever made to Google ever resulted in a better product from Nielsen. So, we listen when we're out there. We don't just sit around trying to preach a different way of doing it. They're really smart, and they're really good at what they do. And they – we're not – neither one of us are intimidated. We're just trying to get the better answers for the online world, the real-time world. And so, we come out of there always with a little better game.

A

Yeah, absolutely. I mean, Google themselves are aggressively pursuing a brand strategy right now. And because they sit in a nexus between everybody in digital ecosystem, us working closely with them benefits everybody.

Mark J. Zgutowicz
Analyst, Northland Securities, Inc.

Q

Hi. It's Mark Zgutowicz, Northland Capital Markets. A question for Megan. First, Megan, appreciate you kind of walking through the mechanics of DPR. My question is, is there a bottleneck or limitation when you're calibrating 1.2 billion Facebook users to a 20,000-person TV panel? Just trying to understand sort of how that sort of flows through. And then maybe you can also talk about calibration outside of TV, just sort of what you're calibrating that to. Thanks.

Megan Clarken
Executive Vice President – Global Product Leadership, Watch, Nielsen Holdings NV

A

Yeah. There is – these things happen and they're real-time. They're not – it's not a matter of having people there sitting there, sort of trolling through those numbers. So, those algorithms and calibration metrics are set out to work in real-time as that data comes through. So, there's no bottleneck there at all. It takes the data, and it calibrates that data on the fly.

As I said, the sorts of things that we calibrate to are looking for anything that might be an outlier. So, looking for something that doesn't quite makes sense in that data set, looking for – and so, that might be things where maybe the Facebook data has some inaccuracies in it. We also look for making sure that any of the Facebook, where there isn't Facebook matches, we're filling in those gaps using the intelligence that's coming off the TV panel. And this is the single-source panel. This is where we also have homes metered for PC activity and homes metered for mobile activity. So, we have a single-source panel that's being used to calibrate that.

And then, as part of that is looking for a whole bunch of things like multiple users per machine and things that we have to have some – put some intelligence around making inference on do we believe the actual user was that was viewing that piece of content. But all of this happens extremely quickly in real-time.

I think Mitchell Habib is going to touch on the mechanisms that allow this to happen through his presentation a little later on.

Stephen Hasker
President-Global Media Products, Nielsen Holdings NV

A

Yeah, and, Mark, just to add one thing. Paul Donato is here today, so you might – you want to sort of ask him that question. But he has educated many of us on the IP that he and his team have created around calibrating very large big data sets with very high-quality smaller panels. And the size of the panel is not the constraint. And the ultimate judge of that is the MRC. The MRC accredited that product when it was launched. And I can tell you that process of digging under every single component of the product, looking at the output and making sure it's exactly robust is a very, very exhaustive one.

So, for folks who have not sort of having spent 30 years in research like me, that was the real test that we've got it right.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

Paul, you should stand up if you're anywhere near or close by. There he is right there, so if anybody needs him. So, you got to remember, we reconcile every answer, every answer we ever give to the U.S. census or whatever the most accurate census data is in any jurisdiction. That's what we have to do every day and that's a hard job, harder than you think. And I believe our team knows more about the current U.S. census than the U.S. Census Bureau.

So, that is a process that we have always got to pound home. And believe it or not, big data is really interested in great census, but it's not always perfectly reflective of this population. So, you just – that's a standard we can't miss on.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

A

Laura?

Q

Yeah. Hi. Can you hear me? Okay.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

Yeah.

Q

Dave, I think this one is for you. On the day you announced that Nielsen was going to buy Arbitron, I asked you a question about whether you'd be willing, when you owned Arbitron, to measure Pandora, now Apple Streaming, as of yesterday, Spotify Streaming and you said, I believe, that as a third-party measurement, independent as Nielsen, you'd always measured new entrants like YouTube, like Twitter, even if they were threatening the incumbent ecosystem. You've now closed Arbitron. You've rebranded it Nielsen Audio. Could you give us an update on what you're thinking about generating new revenue streams from digital competitors to the incumbent radio ecosystem?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

Yeah. So, the answer to the question is an absolutely affirmative yes. And we're fully engaged, and we've been engaged. And I have a high level of confidence that we will do just what you are implying with the question. I just want to make sure everybody here, who doesn't know Nielsen, one of our great advantages is we were founded on the premise that we measure consumption, not distribution. So if you were founded on the notion of distribution and you were measuring broadcast TV a long time ago, and the cable networks started coming up and saying, I want that same measurement for me, and your broadcast clients who paid all the bills said forget that, right? What would you have done? Well, if you were a distribution-oriented company in strategy and vision, you would probably blink, and I would submit that that's what Arbitron did. They blinked.

Traditional radio wanted it a certain way when the consumer is going in a different way, right, or at least in a whole new complexion. We have no choice, no choice. The reason we navigated analog to digital, the reason we navigated from live to the time-shifted, and the reason we navigate to all things IPTV. The reason [ph] begin (104:28) every day tries to solve for all things is because that's what consumers do. And in radio, if you're not in streaming, you're not going to be in radio, you're not going to be in audio. So, we are very committed to the fulfillment of that vision. We're going to move down that path and we're very engaged. Steve could probably give you just a couple of circumstances, but I don't want to over discuss those engagements because when they come to fruition, we'll, needless to say, let the world know.

Anything you want to comment on it?

Stephen Hasker
President-Global Media Products, Nielsen Holdings NV

A

No. I mean, I think I alluded to it a few minutes ago during the presentation that, Laura that machinery, infrastructure, intellectual property around OCR, so the idea of tagging a piece of content using our panel, Facebook, Experian, putting it all together, producing a rating, that's the playbook for digital audio. And that playbook is relevant. It's just as relevant to helping the incumbent players like Clear Channel grow as it is to Spotify and Pandora and all the others.

And what has to happen is we've got to work with the industry to define the right metrics. Because at the moment, you've got one set of metrics for terrestrial radio and a very different set of metrics for digital streaming. And so, we've got to go through that process. I think that will take a little bit of time. There'll be some brawling as we go through that, but that's part of the fun.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV
A

We have time for one more question.

Sara Gubins
Analyst, Bank of America Merrill Lynch
Q

Thanks. Sara Gubins from BofA Merrill Lynch.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV
A

Well, I don't think Sara's mic's on.

Sara Gubins
Analyst, Bank of America Merrill Lynch
Q

Hi. Sara Gubins from BofA Merrill Lynch. Could you talk about how you envision revenue in digital coming from advertisers versus the media and content publishers? And perhaps, how similar or different that is from where your digital revenue is currently?

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

Yeah, I'll start and others may add, Sara. So, in a fragmented environment, an advertiser needs to understand how many people see a particular campaign and a unit of creative and whatever else – however else they want to splice it up no matter where it runs, right? And that includes across every TV network, every digital publisher that they run, all of the different forms of media that they're looking at.

And so, that's a unique look at the data because it says – or we can use the example of Pantene, that's for a Pantene commercial and particularly creative and where it goes. That is different than what the publisher wants to see. They want to see their part versus comparable media, right? And so, there are two looks at the same data set, and there is a revenue model and a value proposition to each player, which is slightly different. Now, the numbers in the middle are the same and that's the basis of the currency, but the utility to each side is slightly different because they want to see a different look.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV
A

Great. Thanks for the great questions. Again, there's three of these today, so let's move on with our presentation.

MANAGEMENT DISCUSSION SECTION

Kate White Vanek

Senior Vice President-Investor Relations, Nielsen Holdings NV

To begin the second section of our day, Global Opportunities and Where Watch Meets Buy is John Lewis, President, Americas. John will be discussing our strategy to elevate the global growth game in the Buy business.

John J. Lewis

President-North America Buy Division, Nielsen Holdings NV

Good afternoon. I'm thrilled to get an opportunity to discuss the global Buy business with you. I think you'll see a business that has a great foundation, tremendous competitive position, global footprint, innovation going on all over the place and growth accelerators that are very clear and tangible. So, let's begin.

So, I want to remind you that there are two pieces to the Buy business on a global basis, the information piece and the insights side. The Information business is three-quarters of the Buy business and is growing. The Insights business is the other quarter and on a normal year is growing even faster. Let me just go through the two components of data that are in the Information side. First is retail market share data. This is sales data that comes from retailers all over the world that we integrate, put together so that clients get a view of their competitive position, they get a view of their trend and insights into specific business issues like distribution or pricing.

The second fundamental data type under Information is more consumer-oriented. It's very complementary. It's looking at consumer segments and understanding what are they buying, what are they trading off from, where are they shopping? And as I said, it complements some of the observations from retail market share data.

Let's go to the other side of the ledger, Insights. These are typically solutions. And each solution is designed around a high value business issue for our clients. So, we have capability to help clients drive a demand or growth strategy or to be able to help them launch new products more successfully or solutions around optimizing price and promotional spending or marketing, how do you spend your money to that important question that every CMO is asking today.

So, you see we operate from measuring and monitoring the business all the way to driving performance in the business. And the clients are world-class. We are as strong with the retailers as we are with manufacturers, albeit manufacturers is where most of the revenue comes from. We are a strong, as Mitch said earlier, with, around the world, with the local giants, the local blue-chip clients as we are with those blue-chip multinationals. And the reason we're so strong with these clients is because of our competitive position. I just said that we operate against retail market share data and insights, but we also have a huge global footprint, 103 countries in the Buy business. We have invested in the advanced technologies that allow these clients to get exit data and get FD analytics in an efficient way. And we have that nexus of Watch and Buy, that Advertiser Solutions that you're going to hear more and more about.

Our nearest competitor competes in only those top two segments, and on a much lesser scale. So, that's why, over the last several years, we've gained market share, and we will continue to gain market share over the next few years. However, that's just one of the sources of growth in our business.

Let me give you sort of a different take on the Nielsen advantage. And I'm going to start at the far right – on your far right, at the end of the slide because that's where clients would want me to start. And you heard Kate talk about performance management. Clients, that's the way they talk. Or they might even say, what we want is outcomes. All the things you do for us Nielsen, we want outcomes. We want more sales from the work you're doing. We want more effective spending. We want better new products, better packaging. That's what we stand for. They want a $250,000 project to turn into a $10 million return, or a few million dollars' worth of services to turn into $50 million or $75 million. We track that. We measure that. And we strive for that every day.

Now, to be that performance company, that outcomes company, you have got to be differentiated and best in all the building blocks that make that possible. So, let me go back to the other side of the page and start with data. We talked a little bit about it. That retail market share data, again, 103 countries; the consumer panel data that I talked about, 27 countries of the world.

And then, we have something called OGRDS, One Global Reference Data System, that you'll hear more about from Mitchell that are the characteristics of products, brands, categories in every country in the world that allow data harmonization, which allows companies to run their businesses globally. That's second bucket insight [audio gap] (112:03) but what's underneath those solutions are teams of people, thought leaders, some of whom are manning the stations in the expo, who are at the cutting edge of solving very complex, very high-value problems like price and promotion, like innovation, like assortment and beyond, those delivery platforms that we've invested heavily in, like Answers on Demand. Answers on Demand allows a customer to look at the data in a flexible view on the fly depending on what business issue or business situation dictates. That's how the business has to work today; that flexible.

Global Track Complete is the platform that sits on top of that harmonized global data that actually does allow you to make those resource investments that we've talked about on a global basis. And then our Loyalty Solution which is also being shown in the expo, we're starting to take the dense data, truly big data coming out of card programs, loyalty programs, crunching all that data, but more than that, appending it with retail market share data and panel data to say what's happening to that consumer outside the store. So, these advantages, this outcome-based performance management-driven approach has led to very, very good situations with our clients in both developed markets and developing markets.

Let's look at developed markets. The most mature market we have is North America. North America in the last few years, 2008 – over a long period, 2008 to 2013 – grew at 4.6% compounded, which is pretty darn good considering that the first couple of years in that sequence were heavy, heavy recessionary years.

And then you look at the developing markets, and the story gets even better. Let me talk a little bit about Latin America. My colleague, Dwight Watson, will come up here in a few minutes and look through the lens of Africa, and we could look at a lot of different developing markets. Mexico. Mexico kind of fell off the BRIC track a few years back. Well, it's back with a vengeance. Our clients are very excited. The conditions are ripe for big growth in Mexico, and what's Nielsen doing? We're investing, big investments in granularity of new stores, traditional stores which are hard to cover, more information about consumer segments and more coverage of urban areas.

I want to reinforce the point that was made earlier by Mitch on margins. Latin America, look at some of the biggest countries, Brazil, Colombia and Venezuela, with very significant margins. And Mexico, as we get to this next investment cycle, it will go up, too, and it's already in a very, very good place.

Why am I confident in more growth? Look at that Insights number in the upper right on your chart. 15% of the business is Insights. There's a huge appetite from our clients in Latin America, that number will grow, that absolute number will grow significantly and not at the expense of the Information business.

And finally, we're supercharging our growth by investing in Watch and Buy ad solutions in Latin America. We've launched Online Campaign Ratings in Brazil. We have big investments in television measurement in Mexico, Venezuela, Puerto Rico. And we are adding to the services and to the countries every day in Latin America.

We talk about one last growth driver that we're very excited about, that's e-commerce. You know that we built the Buy business as the leading information insight provider in a brick-and-mortar space. We absolutely intend to be the leader in the e-commerce space. And we've got significant plans and investments to do so.

We're focused on five markets, the U.S., China, UK, Korea and France, for now. And, of course, we'd like data cooperation from every e-commerce retailer out there. But that's not necessarily realistic on day one. So, what are we doing about it? We're making big bets by using Nielsen panels, third-party data, shipment data from clients and the analytics that only Nielsen has to get a current view of e-commerce. So, we can be a player today just like we were when Walmart wasn't cooperating. We had a view of that data and it was pretty good and eventually cooperation came. Now, we're having the conversations with all the leading players. Let's take China for example. The players in China are doing unbelievably well. They dwarf the U.S. numbers in terms of what e-commerce is there right now. We're working with them and building relationships and we know that we will develop more solid relation [audio gap] (116:30). We have a very good relationship with Amazon on both their media side and on their commerce side. When will data cooperation come from Amazon or in China, it's not clear, but we're going to make progress today. And when that comes, we will have the best of both worlds and we will be in a leadership position.

So, in summary, we're very bullish on the Buy business on a global basis. We have unparalleled industry leadership. We have tremendous innovation going on in our business just like you heard on the Watch side of the business. We have very high growth ahead in developing markets. We have very good growth going forward in developed markets. We have specific and multiple growth accelerators that are tangible and we know they'll happen. And then just one more underscore of the emerging markets is the gift that will keep on giving. As that burgeoning middle-class grows and consumption grows, it's a gigantic long-term opportunity for our clients and therefore big opportunity for Nielsen.

I appreciate your time, and I'm looking forward to answering whatever questions you have in the Q&A in a few minutes. Thank you.

Kate White Vanek

Senior Vice President-Investor Relations, Nielsen Holdings NV

Next up discussing an important growth frontier for Nielsen and our clients is Dwight Watson, Managing Director, Africa.

Dwight Watson

Managing Director – Africa, Nielsen Holdings NV

Thanks. So, let's talk about Africa. I flew in from Nairobi where I live in Kenya to be here. It's midsummer there, so I'm really pleased you invited me. And seriously, though, when I talk about Africa, it's an exciting opportunity for Nielsen and our clients. But it could be somebody from Shanghai talking about China, somebody from São Paulo talking about Brazil, Moscow, New Delhi, Singapore, et cetera. But, this is one example, and a really exciting one. Three things I want you to take away. The first one is Africa is huge as an opportunity for our clients, and therefore, for us. Secondly, is the fact we're already [audio gap] (118:23 – 118:26) ready to take advantage of that opportunity, and the third thing is everything is driven on innovation.

There's some exciting things that we can expand and export across country, which is really cool. But why Africa? Africa is all about population size. About 1 billion people in total across the continent, 52 countries; in terms of middle-class between 300 million and 500 million because of the floating middle class in Africa. 300 million to 500 million people in the middle-class is equivalent to China or to India. It's the same as Brazil and Russia combined.

And the big thing is the middle-class in Africa population as a total is growing very fast. In the next three generations, it will be the biggest continent in the world. Nigeria, as an individual country, will be bigger in China. So, it's a huge growth momentum in terms of population. I love this chart. The reason I love this chart is I spent 10 years in China. I spent in the Indian Subcontinent with Nielsen three and a half years. I was in Russia before I moved to Africa for three years.

I haven't worked in Brazil, but I married a Brazilian and my house is in São Paulo, so I pretty much cover that one as well. But it's a massive opportunity in developing markets for us and especially in Africa. But why now? The reason why Africa is so important to our client base today is the fact that the things that are related to Africa five, 10 years ago around instability, political unrest and low per capita income are still there but reducing. Stability is really [audio gap] (119:59) plus the population size I just talked about, the natural resources, the mobile phone technology, the first-time buyers, et cetera. The tilting of the opportunity for our clients is very much towards the positive.

The great thing is on this chart is that movement, what we talk to in terms of CEOs, within clients all the time at a country level, across 52 countries in Africa, is when is the tilting right? When should I invest and how much should I invest to get that right? That movement in the tilt towards the favorable investment opportunity is driven on information. So, the investment we've made around Africa two, three years ago is now enabling us to be that major person to talk to our clients about that opportunity in terms of investment. But it's not easy.

To be honest, Africa is probably the most challenging environment in the world; infrastructure, consumer demand technology, in terms of some of the challenges that we face day-to-day, some of the complexities. But we've spoken about it a few times, complexity and challenge for Nielsen is a good thing. The more complex it is, the more challenging it is, the more our clients need help in terms of bringing clarity and simplicity to the marketplace, so the more valuable it is for our clients for us to be there.

I'm going to talk about each of these individually, but for the infrastructure piece, I'm going to go very detailed in a second, but before I do that, talking about the macro sort of top level discussion and infrastructure is an example. If you wanted to bring a product into Uganda, into Kampala, which is the capital of Uganda, you'd probably bring it into Mombasa, which is the port town of Kenya and you take a truck down to Uganda to Kampala. It's about 1,000 kilometers in terms of a journey. That 1,000 kilometers in Europe would probably take you across a few countries and would take about 10 hours. Can you guess how long the same journey of 1,000 kilometers takes in Africa? Not 10 – 20 days. That's the complexity and the challenges of getting the product to the end level consumer is really difficult. Once you get it into the country, into the city, the issues don't stop there. What I'm going to explain to you now and there's more examples of this out in the booths, at the innovation booths outside is how we've used digital mapping and patented technology to help clients understand that flow of products through the complexity and what we call the final mile.

This is once you've got the product into the country, into the city, this is about a 20-kilometer radius off Eastlands in Nairobi. And when we went out and we looked at the movement of a product, this is simplified obviously. It took – and we showed the product coming into the city, moving from a distributor to a semi-distributor then moving to a wholesaler then moving to a semi-wholesaler. Then somebody on a bicycle comes and picks it up and takes it to another retailer, and then somebody comes there and picks it up from a retailer and takes it to the final small table top or something like that in Nairobi.

The amount of touch points is challenging for our clients. And then another product comes in, the same product and gets to the same store but in a completely different way around. And we could keep mapping out, and we have done this across Nairobi. And it looks like spaghetti, the amount of movement. It's just unfathomable in terms of – there's no logic to it. There's just a lot of movement. And it's hugely complicated. And each touch point adds cost. And what's important in Africa is affordability, of course. So, you've got to get your product to store as affordable as possible to tap into that middle-class that you're after.

So, this is very difficult for our clients. So, we work with them on the simplification, and simply looking at the most important retail outlets, working backwards in just a couple of points in terms of the distribution chain to make it as simple as possible. If we can make those eight touch points down to about three – in the U.S., it's probably just a couple – down to about three, we save 30%, 40% of the cost of going to market in a marketplace where it's so important to get the cost right, just an example. But once you're in the store itself, you see it continues to be challenging, to be honest. The picture on the left is stores for – like dukas in Ghana, kiosks in Uganda, Nigeria table tops, et cetera. Once you're in-store, you've got to make sure you got the right product, the right price, et cetera. So, we do that as our core of our business anyway.

And then we fill in the mix technology. M-Pesa. M-Pesa, you may have heard about before, M-Pesa, pesa is the Swahili word for money. M for mobile, so mobile money. Mobile money in Nairobi or Kenya, as an example, is huge. Everybody in our office, everybody in my neighborhood goes out and they purchase their lunch, they purchase their products using their mobile phone. It's just a very simple interaction of money transfers across to the mobile phone of the store owner. It's that simple. More money goes through those telephone interactions than the whole of Western Union globally. It's that big.

Now start to think about what we do as a core business and how that can help us. The amount of information that's stored on the device starts to become really exciting in terms of live interaction with the consumer that we can track. And probably more importantly than that is something that we're working on – sorry – something that we're working on with external parties is when we can start to actually use the interaction between the retailer and then distributor directly through the mobile phone.

So, the points that I just mentioned around moving the product starts to become one interaction directly to the distributor and one product going straight across. Paperless, no paper at all, and the efficiency is huge. And this is, as I said before, this is not ideas. These are things that are happening on the ground and are exportable across all our markets. So, it's hugely exciting for us.

So, I said, it's not something that we're working on for a few days. This has taken a few years to get there. We invested behind Africa is something we call Reach and Read about three years ago. And the key thing was extension. So, we went from 16 countries to 40 countries now. 2 million stores that visited in the last 12 months to get an understanding of the complexities that I spoke about a few minutes ago. 98% of the value of interaction on retail is covered by where we're going. And as I said, the – everybody's talking about Africa. The message at the bottom, enabling clients to move from opportunity to possibility is very powerful message. If you read the magazines, it's all about opportunity. It's all about the huge amount of consumers that are out there. But getting to those consumers is not easy. That's the possibility, and not just the opportunity, but what's the possibility for me as a consumer-based company. That's what we're trying to solve for and really excited about.

An example of that is when we look at consumer segmentation. In Africa, previously, there wasn't a lot of consumer segmentation done. We've done a survey, which is representing 600 million consumers in Africa, the biggest of its kind ever. And we've done consumer segmentation that are enabling our clients to understand, for the first time, as I said, the possibility of their product rather than this whole opportunity area.

And this is key and a few stats here, just to give you an example, one in five teenagers globally live in Africa. If you're a company and you're a global footprint company and you're looking to sell products focused on teenagers, one in five, today, teenagers live in Africa. But you need to understand where they are and how much and what motivates them to purchase, et cetera. So, the information that we're starting to gather is really very exciting for our clients and for us as well.

So, to sum up a few things, first is everything we've done is driven through innovation. I talked about the mobile technology, talked about the digital mapping, which is patented technology to us as an example. I could talk for a long time, if you want me to, about the other things that are out there as well, which we're using in terms of innovation to drive home the opportunity in Africa.

What's great about these innovations as they go across country, so the innovation we did in Lagos around collecting information in retail outlets through mobile phone in Lagos about a year and a half ago is now across 52 countries globally. The idea as well that we can use these innovations to go across industry. The examples are banking, automotive. If you are looking at Africa, which most banks and most automotive companies are now, then surely this information is really, really exciting.

The one I've listed up there as well is NGO alliances. NGO is non-government organizations. For me personally, this is a big one. And one of our biggest clients in Nigeria is the Bill Clinton Health Organization. They want to distribute malaria medication across Nigeria rural areas, and they want to go through retail outlets. They don't know anything about retail outlets, but we do, so we're helping them to do that. It's good. It's a client-based opportunity for us, and it's very good business. But more importantly, for me personally or for the people in Africa for our team, it's obviously – it's very, very good for the continent. The same thing for the World Food Programme on the east coast of Africa where they're trying to move away from distributing aid to actually offering incentives to retailers to get food across to consumers that need it. And that then spurs the economy as well, and we're working again on that, too. Really exciting.

So – and I said, it's a huge opportunity for our clients, and therefore, for us. No company has the presence like we do. We're there, we're across all the – we have the talent base across all the major markets, and we're covering, as I said, 40 countries now. Mission-critical, so we have the products available to our clients. We leverage innovation continuously, and we're in it for the long term, and our clients are seeing that long-term opportunity in Africa and really excited to work with us.

I thank you very much for the invitation. Thank you.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

The meeting and marriage of our Watch business and our Buy business is a powerful junction with some exciting growth prospects. We call it Advertiser Solutions. And here, to present on it today is the president of the business, Randal Beard.

Randall Beard
President – Advertiser Solutions, Nielsen Holdings NV

Thank you very much and good afternoon. I'm Randall Beard. I'm the Global Head for Advertiser Solutions. And I've been at Nielsen about four years, after spending 25 years on the client advertiser side with Procter & Gamble, American Express, and, lastly, UBS, the big Swiss bank, not the brown truck company. So, I think I know a little bit about advertising.

And Advertiser Solutions is literally where Watch meets Buy, as we serve clients and help them improve their advertising and media effectiveness. Now there's three things I'd like to cover in my section today. First of all, I want to give you a brief overview of Ad Solutions and what we do. Second, I want to show you four real-world examples of how we create value and help clients improve the investment in advertising and media and the return. And thirdly, I want to demonstrate why Ad Solutions is a competitive advantage for Nielsen. And it has big growth opportunities ahead.

Now, everybody in this room knows Nielsen measures what people watch and what people buy. What some people may not realize is that on the Watch side, we're not just measuring content in programs. We're actually measuring the ads the people are exposed to in TV, online, tablet, mobile and now audio.

And on the Buy side, we're not just measuring anonymized scanner data and providing that to consumer package goods companies. We're also measuring consumption data in sales at the household level. And when we marry what people watch, including the ads their exposed to and what people buy at the household level, we can create unique insights to help our clients improve their advertising and media effectiveness.

Now you heard earlier from Steve, as he talked about the three R framework. Let me talk for just a couple of minutes about each of the R's and what it means from an Advertiser Solutions standpoint. Reach is about reaching the right people. But it's about more than that. It's about understanding who are the people that are most volumetrically responsive to your ad, and where do you reach them, what TV shows do they watch, what networks do they tend to view, what websites do they frequent? And then it's actually understanding, are you reaching those people in flight? When your advertising campaign breaks, is your advertising actually being delivered to your intended audience or not?

Resonance is about influencing people's opinion. So, what does this mean? What it means is what percentage of people that were exposed to your ad yesterday remember it today? And what percentage of people not only remember your ad but know it's for your brand? And lastly, does the advertising exposure increase people's likelihood to buy your product or service?

And finally, reaction, impact their behavior. Impacting behavior means sales. Does the advertising actually drives sales or not, and how much? Now, if you think about the three Rs, reach and resonance are what drive reaction. And as much as possible, our solutions are uniquely designed to provide real-time feedback to our clients around reach and resonance so they can understand how their advertising is performing in-flight and make adjustments to optimize and improve performance before their advertising ends.

So, we're answering the biggest client questions around advertising and media effectiveness. Now, one of our core and foundational capabilities that underpins the three R solutions is what we call Single Source. Single Source is where we marry our Watch and our Buy data together in an anonymized form at the household level, and we have two ways of doing this. The first is with loyalty card data. We have a joint venture with Nielsen Catalina Solutions, and we take their 70 million households of loyalty card data and combine it with our TV and online Watch viewing panels. We also have a partnership will a company called Argus. Argus aggregates credit card and debit card transaction data for virtually every major card-issuing bank in the United States. And again, we bring this together with our Watch data to create unique insights for our clients around advertising and media effectiveness.

So, the first example I want to share with you is a real world example. It's from Nielsen Buyer Insights, and this is where we're bringing together our credit card/debit card transaction data with our Watch data. Now, the example

I'm going to share with you happens to be a very well-known and famous rental car company. And this rental car company, when we first met with him, said my focus of my advertising is men over 35 years old, who make over $100,000 a year, because those are the people that rent cars the most. But they said we're not confident we're being as efficient and as effective as reaching people as we need to.

So, how did we help them get more efficient and effective at reaching the right people? We went into the credit card/debit card transaction data and we actually identified the people who are very heavy car renters who are not renting from this client. And because those same households are in our Watch panel, we can look at what TV networks do those people tend to watch. And here's what we saw. On the left-hand side, the heavy car rental people tended to watch networks like ESPN, NFL and TBS. On the far right-hand side, in the red, they didn't tend to watch CNBC, Fox News and Travel.

So, what was the opportunity for the client and what did they do? They moved – they were advertising across all of these networks. So, what they did is they took a portion of their media spend from the red networks and moved it to the green networks. And what happened? They delivered 33% more impressions to the heavy car buyer audience that wasn't renting with them or heavy rental car buyer audience at no incremental cost. So, let me say that again, by just being smarter about the data they were using, they got 33% more impressions against their most desirable audience at no incremental cost.

So, that's an example of how, sorry, that's an example of how we work with clients to better plan and make sure you're reaching the intended audience.

The next example is reaching the right consumers in-flight with Online Campaign Ratings. So, Online Campaign Ratings is delivered overnight every day and it measures how well the digital advertising is being delivered to the intended audience.

An example I'm going to show you here is an example where we worked with a major beverage company in helping them optimize their digital advertising and their audience delivery in-flight. And what you see is at the beginning of the campaign, you see the on-target delivery in blue and the gray was the off-target portion of their advertising campaign. And what you see is after a few weeks, only 40% of their impressions were actually being delivered to the intended audience.

So, what did we do? One of our big advantages and one of the things that makes Online Campaign Ratings different and better than competitors, is its scale. Because we can measure audience delivery, not only in the aggregate for the advertising campaign, we can also measure at the individual website, and within each website, at individual placements. And so what this advertiser did with their agency is they took media spend out of the low-performing sites and moved it to high-performing sites. They took media spend out of the low-performing placements, and moved it to high-performing placements. And what happened? 80% on target. They doubled the percentage of impressions that were actually going to the intended audience.

Now, I know there are some of you in the audience who are thinking, that's a great example but is that normal? Let me tell you. We've run over 8,000 campaigns with OCR, and on average, only 50% of impressions are actually being delivered to the intended audience. It's a big opportunity for our clients.

The next example I want to talk about is improving resonance in-flight with Brand Effect. So, TV Brand Effect is a syndicated TV ad effectiveness service. We measure every TV ad in every TV show every day across about 70% of the viewing audience. We have a quarter million ads in our database, and we're measuring a number of things, but two of the most important ones are breakthrough and branding. Breakthrough is of all the people that were exposed in my TV ad yesterday, what portion of them actually remember it today. If people don't remember your ad, they can't take any action.

And just as importantly, what portion of people not only remember the ad, but they know it's for your brand, right? So, the example I'm going to show you now is a CPG client, Colgate. Colgate started a new Hispanic campaign. It was focused on Hispanics aged 18-plus, and after about a week in the market, we had a meeting with Colgate. We said guys, there's good news and bad news. The good news is you've got pretty good breakthrough, 54% of all the people exposed yesterday to your ad can remember your ad today. But here's the bad news, only 38% know it's your brand.

More people think it's Crest than Colgate. And that's a problem. So, what did Colgate do? The brand manager worked with the ad agency, and over the weekend, they edited their commercial. They put in branding cues at the beginning, the middle and the end of their slot, and what happened? I'll tell you what happened. Breakthrough went up by 22%; importantly, brand recall went up by 39%. That's 39% more people that could remember the ad and the brand and could take action to actually buy their product.

So, the last example I want to show you is a reaction example using Nielsen Catalina Solutions. Now earlier, I talked about one of the great things about Single Source is being able to actually, not only understand and measure the return on investment of your advertising, but also to understand who is most volumetrically responsive to your ad. And so, the first step that we take when we work with the client and this happens to be a CPG client that makes soup, is we go in and look at the different segments that the advertising is being delivered to, to understand who is most responsive to the advertising.

And you know what? Advertising has a 20%/80% rule or in this case, a 20%-64% rule, right? 20% of the consumers actually generated 64% of all the volume associated with that particular ad. And so, now that we know those people who are most responsive to the advertising, when we're looking in our Watch panel and say, what TV shows do they watch, what TV networks do they use, and what did the client do? They redesigned their media plan around the TV shows and networks that these people tended to watch.

So, what happened? They ran the campaign with a revised media plan, and they got a 33% sales lift. The control group that saw no advertising, they spent $0.18 on average per household, $0.24 for the exposed group. So, matching target consumers with programs generates significant incremental lift. We've run over 500 of these kinds of studies now, and on average, across both TV and online, the incremental sales lift when you do this is about 30% at the same spending level, the same spending level.

Okay. So, Advertiser Solutions, we think there is a big opportunity here. Why? For two reasons. First of all, of course, we're serving CPG and retail companies that are the traditional focus of the Buy business. So, P&G, L'Oreal, Walmart, Target, of course, they're our clients. But we're also serving all of the other industry verticals with very big advertisers, including verticals like auto, financial services and telecom.

So, for example, in automotive, Ford and Toyota are big clients of ours. In financial services, State Farm, American Express, are clients. In telecom, AT&T and Verizon are clients of ours. So, we're serving industry verticals beyond CPG in retail. But in addition to that, we're serving and measuring advertising across all platforms, not just TV but also audio and online. And online means PC, tablet, as well as mobile. So, there's a big growth opportunity there. And to demonstrate that, look at what's happened over the past six years. In 2007, this business was a little less than $50 million. This year, it'll be about a $220 million business. Why? Because most of these industry verticals have been growing double digits every year. So, linking our audience assets and our Watch-and-Buy capabilities to new verticals is a very significant opportunity.

So, in summary, let me just say a few things here. We have unique solutions that are for the most part different and better than the competitors to help clients improve their advertising effectiveness. We're extending this into new client verticals that go beyond CPG and retail. And we have a clear competitive advantage, because while we have competitors for every single one of our products across the three R's, there is no competitor, there's no competitor that has solutions across all three R's across all media platforms.

And lastly, this business is a business that's been performing very well, but there's still significant opportunity for growth going forward. So, we're achieving scale with Advertiser Solutions. The margins are about double the company average, highly accretive, and there's a lot of room left for growth. And I look forward to telling you more about Ad Solutions in the future. Thank you.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

We'll now dive into our second Q&A session for the day.

Before we begin, I'm going to ask John Lewis to introduce John Burbank, who's on the stage, who again didn't get to present, but he's our e-commerce man and someone we hope you can throw some questions to.

John J. Lewis
President-North America Buy Division, Nielsen Holdings NV

Yes. We're very fortunate to have John who is one of the senior executives, who's leading us globally in our strategy and execution around e-commerce and came from Procter & Gamble where he really helped them begin their whole digital strategy, was a CMO for a telecom business dealing with these digital issues. So, we're very happy that he's here leading us. So, welcome, John.

John F. Burbank
President-Strategic Initiatives, Nielsen Holdings NV

Thank you.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

Wonderful. So, we'll open up to questions. Great.

QUESTION AND ANSWER SECTION

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

Q

Hello. Great. Thanks. Todd Juenger from Sanford Bernstein. Thank you. John Lewis, noticeably absent from your discussion was any mention of Europe, a region that Dave, I think, has referred to as a ball and chain around your legs. So, my broad question is what's going on in Europe? But if you could make sure you specifically address this reconciliation which is specifically for the Information business, the beauty of the model is supposed to be you've got these 3-year to 10-year contracts with built-in growth, your clients need you in good times and bad, and that you get paid in good times and bad. So, if that's true, why has a weak macro environment caused problems with your revenue growth? Thanks.

John J. Lewis
President-North America Buy Division, Nielsen Holdings NV

A

Yeah. In most respects, Europe is not that different than any developed market. North America and Europe look similar. I'd just say because the economy is a little bit worse, a little slower, the client – the same pressures around those same clients, remember whether they're based in North America or in Europe, it's the same multinationals that are driving so much of the business. So, I would say, the business isn't that different, just a little more tepid and I think the opportunities that we outlined that relate to developed markets are – I'm bullish on Europe over time. It's just been a slow period.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

Yeah. If I can just add to that a little bit, yeah, it's still been at a very difficult macro environment in Europe. But our teams are competing very effectively in that market, and they're gaining market share. I'll give you an example in the UK. Our team there has been winning market share in a very tough environment. We don't have just one retail measurement competitor there, we've had two in that market. The only market in the world with two retail measurement competitors and yet our team has been winning business quarter after quarter and growing quarter after quarter for 10 straight quarters now.

So, we're actually having some very good progress in terms of our operational excellence in Europe but the tough macro environment still makes the overall result there one that we're not quite ready to celebrate.

Suzanne Stein
Analyst, Morgan Stanley & Co. LLC

Q

Hi, Suzie Stein from Morgan Stanley. I'm just curious about the local opportunity that you have in developing markets. I always think about the competitive advantage that you have as being a global metric. So, what are you doing on a local level to compete and how big is that opportunity?

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

By local level, can you just say a little more about what you're looking for there?

Suzanne Stein
Analyst, Morgan Stanley & Co. LLC
Q

Just not multinational.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV
A

Oh, yeah. Well, want me to start?

John J. Lewis
President-North America Buy Division, Nielsen Holdings NV
A

Yeah, sure.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV
A

Yeah, we're doing extremely well. I made a comment in my remarks earlier this afternoon about China, for example, where we're growing by 25% this year with just the local companies, and you'll find that same pattern across all the developing world, our business tends be growing a little faster right now with the local companies than it is with the global competitors. And you also see that they're competing very effectively against their global competitors in their home markets.

One reason why I think we're doing so well with those local players right now is because of our strength in what we refer to as the traditional trade. So, most of these developing markets have both a modern trade where the purchases are scanned at the retail counter. And then there are many other stores where they're not – there's no scanning at all and it's still very old-fashioned, what we might call mom-and-pop type outlets in the U.S. We still focus very much on the traditional trade because we know how important it is to our clients' business. And it actually is a more profitable part of their business. And so, we've stayed very strong there and that serves, in particular, the local clients very well, and those are some of the key drivers for why we've had so much success with the local companies in the developing markets around the world.

John J. Lewis
President-North America Buy Division, Nielsen Holdings NV
A

Yeah. I would just add. I mean, if you look at almost every major country, you'll find of the top 10, two to four of those top 10 players are local clients. And the other thing that, I think, gives us optimism is they're a little less used to the Insights side of our business. If you're Procter & Gamble, you've experienced our Insights business somewhere in the world. Those local clients haven't traditionally. And so, I think the growth in Insights in that space is going to be significant.

I should add, our biggest client in India is a local client. And some of our biggest clients in China are local clients. Clients like [indiscernible] (148:25) Topco, these are huge companies, and we have very strong relationships with them.

Dwight Watson
Managing Director– Africa, Nielsen Holdings NV
A

In South Africa, almost very close to being the number one client is a local client as well.

John J. Lewis
President-North America Buy Division, Nielsen Holdings NV

A

Yeah.

Q

Hi. It's [indiscernible] (148:38) from Deutsche Bank. Randall, it looks like a lot of your revenue growth may have come at the expense of the agencies, the $220 million. Can you just talk about – is that coming from agencies, the ad agencies, and what's their competitive response? Thanks.

Randall Beard
President – Advertiser Solutions, Nielsen Holdings NV

A

Yeah. So, we – I wouldn't say we directly compete with the ad agencies. I think the ad agencies and we as Nielsen are both serving the same advertiser clients. And we work collaboratively to put together programs that make sure that the advertisers have the most impact from their advertising and media spend. So, I would say, for the most part, we are actually partners with most of the big agencies. And many of the big media agencies have really gotten on board and gotten behind things like Online Campaign Ratings. [indiscernible] (148:25) is a good example of that. So, I don't think any of the revenue growth that's coming is coming directly from the agencies because I think we tend to be more partners than we do competitors.

Stephen Hasker
President-Global Media Products, Nielsen Holdings NV

A

Just to add to that, I think there is a difference between the role the agency plays in reach compared to resonance and reaction. In reach, in many cases, the advertiser will involve their agency very closely in that decision and, in large part, we're the only provider of that data. So, we have a very close relationship with the advertiser there and it's one that we're investing against and that we're spending real time and attention on.

In resonance and reaction, there are some agencies who've created products that look and feel the same. And our objective is just to make sure that we make our data as easy as possible for them to feed into their systems, particularly as they build out trading platforms and they start to move into these areas. We want to create an incentive whereby they're using our data and that's fueling their systems and then they can add their own secret sauce to it.

And this has been a bit of a strategic shift for us over the last couple of years is really starting to figure out how to better serve the agencies. And what Randall has done is put in the same client business partner model that Mitch talked about on the Watch and the Buy side for the major agency groups. And we're just starting to see that bear fruit.

Andre Benjamin
Analyst, Goldman Sachs & Co.

Q

Thank you. Andre Benjamin. Excuse me. Thank you, Andre Benjamin at Goldman Sachs. Could you just talk a little bit about the pace at which you're able to monetize some of the investment in growing the emerging markets? I know you've talked in the past about – excuse me. Sorry about that. I was just wondering whether or not you could talk a little bit about the pace at which people are buying the solutions, if there's anything that you would envision, say, acceleration due to any relationships that you've built and whether or not you would assume that the growth is just going to be straight line from here?

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

Well, I'd say, I'll begin – feel free to add, anybody. We're very happy with the pace of the development of our business in the developing markets. We're seeing them grow at a rate that allows them to double every few years. We see that continuing over the next several years as well. And it's happening for a variety of reasons, some of it is still we're growing very well with the multinationals or the global companies but also fueled by the growth, the rise of these local giants. And then also it's a reflection of the development of the market. In the early stages, they just want measurement.

And it's mostly about gaining distribution to drive growth in their business, and so that drives our growth. But as the market develops over time, they start to look for help on marketing. And then all of these other solutions that you've heard about from Randall and from others, the Insights side of John's chart that he showed earlier, those start to become a lot bigger part of our portfolio, and they continue our growth rates over time. And so, that's the way it plays out, but we still see lots of growth opportunity in developing markets. We're still only in th e early chapters.

Dwight Watson
Managing Director– Africa, Nielsen Holdings NV

A

So, I think for Africa, it's a fine example where at the moment, the business is – we're shy of $100 million, and we're looking to double that in the very – the midterm. And that's an exciting growth because of the solution set that we talked about, is a good example of it.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

A

Ann.

Q

And for John or John or John and John, you talked a little bit about Amazon in your comments in the dialog there. Could you maybe tell a little bit about the difference in the dialog there relative to Wal-Mart before they were added as a partner other than the obvious point of very large retail footprint? A nd then second is how you view the work that Amazon is doing with some of the CPG manufacturers to embed at their distribution centers and if that's of interest as well?

A

Why don't you start?.

John J. Lewis
President-North America Buy Division, Nielsen Holdings NV

A

Okay. I think the analogy is a really good one, right? For people who don't know, Wal-Mart for a while wasn't contributing data to our model. And over time, they found that it was really important to have a view of the total market and that's what we provide. And as Amazon grows, particularly in the CPG space, I think it's going to be very important for them to have that same view. So if you look at the kind of actions that they're taking, launching Fresh in lots of places where they're going to have to kno w the local tastes, consumers are going to have to know what local pricing is, all of these things that are going to demand for them much more information, I think that the value of what we do as a business just grows in importance.

With regard to the distribution center question, I'm not sure that we have a lot to say about that generally or specifically. But I think that it is similar to Wal-Mart 20 years ago where the CPG companies got very close to Walmart to drive inefficiencies out of the system. And I think that a company like Nielsen can play an important role in that overall ecosystem.

John F. Burbank
President-Strategic Initiatives, Nielsen Holdings NV

A

I would just add, I think there is a few immutable laws in our business with companies can be experts in their sales, their customers and know everything about them. And Amazon is very expert at what they do and knowing their customers. But you have to kind of see what's going on outside of your platform, outside of your box in the case of Walmart. And if you don't have that, over time, you lose track of the things John just talked about: pricing, assortment, local taste. And so, we play a valuable role. And we're trying to do that with Amazon now.

Brian W. Wieser
Analyst, Pivotal Research Group LLC

Q

Hi. It's Brian Wieser from Pivotal Research here. I'm just wondering, marketers certainly we've talked to work with a lot of your data and it drives a lot of their decision-making processes. I'm wondering if you've either seen opportunity to extend deeper into marketing automation or to what degree that getting into the enterprise software aspects of what marketers need to do with your data, is that something you invest in, it's something you partner with? How do you see that playing into your world?

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

Well, maybe I'll start and anybody could jump in. I mean I think – listen, we want to be embedded with our clients, and we want to have the highest possible share of requirements at the client in terms of helping them drive their business. I would say that we are doing several things in the enterprise software where we are going deep into their decision-making process, but I think we partner an awful lot, too. We've got to be careful not to overstep who we are and what we do, and to be open as Dave has sort of taught us from the beginning to make sure we're partnering with their total ecosystem. So, I would say for me, two parts partnering and one part doing. But it's a very good question.

John J. Lewis
President-North America Buy Division, Nielsen Holdings NV

A

Very much the direction we want to go and in the performance management part of our business, working especially with the sales forces at our clients, we have lots of capabilities that are coming to the market right now that'll be very closely embedded into their business processes. A lot of that automated, so very consistent with the direction your question suggests.

Stephen Hasker
President-Global Media Products, Nielsen Holdings NV

A

One of the things that we're investing in. If you think about a lot of the data sets that we described this afternoon, each and every one of them we're investing in an API that will feed the data directly into a client's own interfaces and own software systems. And that for us is a huge opportunity because it makes the data more usable and it just creates more and more occasions on which how data is used and is embedded in client's decision-making process. In my view, that's a bigger opportunity than moving head long into enterprise software.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

That's this Nielsen value of open, which very much alive at our company.

Mark J. Zgutowicz
Analyst, Northland Securities, Inc.

Q

Hi. It's Mark Zgutowicz, just a question for Randall. There's obviously lots of competition in the data world, and I think you agree that measurement or incremental measurement growth comes from incremental data sources, just curious how you would sort of talk about your data, itself, in terms of being competitive, being fresh, whether it needs to be – continue to evolve? Whether you need to sort of develop relationships with E&Ps to anonymize data. Lots of I guess things that are evolving within the data world. Just curious what your perspective is on that. Thanks.

Randall Beard
President – Advertiser Solutions, Nielsen Holdings NV

A

Yes. So, let me start by saying as an ex-CMO, right, there's really intense pressure on CMOs from CEOs and CFOs around what's the return on my advertising and media investment. Show me the money. And CMOs in marketing organizations are struggling. We just did a survey with the ANA, the Association of National Advertisers, and we asked about what are the needs that advertisers have? And what we heard loud and clear was that integrated cross platform campaigns are going to become much more important in the next few years and people really want simple standard metrics across platforms. They want to understand the three R questions that we talked about, how well am I reaching the intended audience, how much is my advertising resonating, what kind of impact are we having, right?

And so we are very focused on answering those questions. And with the right data sources to enable us to answer those questions and close as possible to real-time. And I'll let Steve – has had a product – taking any questions around third-party partners and others that we're working on and with; there are a number of those. But at the end of the day, those are the simple answers that we have to provide our clients, so they get the most value from the solutions that we have in Advertising Solutions.

Stephen Hasker
President-Global Media Products, Nielsen Holdings NV

A

I'd just – into that, I would sort of – and it's not with any arrogance, but I'd submit that we're the original big data company. We've been a big data company for nine years. And in our view, in a sense, big data is a description of a problem, not a solution. The fact that data processing costs are coming down and there's massive amounts of data isn't necessarily a good thing for a client executive trying to make a better decision. The important thing is as Randall pointed out, which is how do you take massive amounts of data disseminate it down to metrics and measures that help you make better decisions. And that's what we're focused on more than trying to follow the next enterprise software or the next big data play. It really is – we spend a lot of time with our clients trying to understand exactly what questions are they trying to answer, what problems are they facing, and how do we make our data work every day all the time to help them improve their performance.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

A

Let's take one more from Bill.

Bill G. Bird
Analyst, FBR Capital Markets
Q

Good afternoon. Bill Bird, FBR. Could you size your e-commerce by business and talk a little bit about how you see it developing over the next couple of years, anything ahead that you think could accelerate that growth? Thank you.

John J. Lewis
President-North America Buy Division, Nielsen Holdings NV
A

I think the answer is we're not able to size it today, but I think that what you should think about is what Dwight was talking about in Africa and how we built a footprint in Africa or we're building a footprint in Africa today. 20 years ago, we were doing the same sort of thing in China. And in China today, you're seeing e-commerce grow very, very, very rapidly. And because of the investment that we made 20 years ago, we're already the leader in terms of retail measurement and working with both local and global brands in helping consumers and retailers and even media companies interact. And so we expect that e-commerce, particularly in a place like China is going to explode. We've spent an enormous amount of time there. We have a lot of resources there.

And so, when you think about e-commerce, don't think only about what you see in the United States here but think about what is happening outside the United States in places like China, where as markets develop and technology flows in there, the retail systems are almost leapfrogging what has happened in the U.S. and Western Europe.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV
A

And I would just add, while it's small and we're not going to say much more about it today, the size of that business and when people start to take advantage of this external view that we'll provide and the analytics or Insights view that we have traditionally, there's no reason it can't be in proportion to the size of the business someday, just as we are brick and mortar. So that's what, that's the eye of the prize that we have.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

Thanks again for the great questions. We're going to break now and we're going to reconvene as close to 3:40 as possible. Thanks so much.

MANAGEMENT DISCUSSION SECTION

Kate White Vanek

Senior Vice President-Investor Relations, Nielsen Holdings NV

Our Chief Operating Officer, Mitchell Habib will be presenting next, touching upon our global platform for growth and the integration of Nielsen Audio.

Mitchell J. Habib

Chief Operating Officer, Nielsen Holdings NV

Good afternoon. That was terrible. I know you've been sitting for a long time, but if you don't help me more than that, I might wither and die. Good afternoon. Thank you for that. I appreciate it.

Listen, over the next 20 minutes or so, I'm going to share with you the story of how we took a loosely set of aligned businesses and created a powerful integrated company through the use of platforms. Next, when you think about this chart, I'd like you to take a look on your left side and think about it as two hemispheres. The northern hemisphere or the top part is volumetrics around our Buy business.

In the southern hemisphere, or on the bottom part of this chart, you have equivalent metrics on our watch business. Now I'm going to describe to you some of those platforms that as you want to look at this chart, I want you to think about the different volumetrics that these platforms deal with on a day-to-day basis.

Let's start off by one you've already heard about already. One Global Reference Data System. Now before I describe for you what it is, I want to show you what problem it solves. Each of you have some kind of a bottled water in front of you. Now, I want you to decompose that bottle with me. Does it have a metal top or a plastic top? Is the cap colored or is it clear? What's the size of the product? What's the information on the label? Does it make an ecological claim? Is it some other sort of specialized capability?

All of these pieces of information are called product characteristics, and our teams collect these characteristics in 103 countries you've already heard described. But the value of these characteristic is very important to our clients because it's the metadata that allows them to compare the performance of their own products with their competitors' products. And because no other company in the world has that footprint, no other company in the world can make that position in the marketplace.

Now OGRDS is a component that we use across a lot of our platforms. But today, it's being rolled out across the globe. It already services about 80% of our Buy revenue. Over the next several quarters, we will complete that rollout. But you'll begin to hear how we will share OGRDS, One Global Reference Data System, with companies like SAP, a company that we'd like to license our OGRDS to inform what it does for manufacturers and retailers. Some of our clients would like to have OGRDS behind their firewall so that they can have a seamless view of their entire ecosystem.

If I get really gutsy, at the end of this presentation, the absolute last slide, I'm going to share with you something called the Nielsen Marketplace, one of the most exciting things that I had the privilege to work on which will address some of the questions from the last presentation.

Moving on to AOD or Answers on Demand, this is the first truly disaggregated processing platform. You heard John describe it earlier. But it really does define our platform strategy. And I wanted to tell you about how it works. If you go back several years when Procter & Gamble bought Gillette, one of the things I'm sure they looked at was, I've got to create some new categories. Perhaps I want to look at categories like grooming or men's grooming. Perhaps I want to look at a category called Latino men's grooming.

And so I'm going to take a bunch of product and put them together and create a new category. Now heretofore and with everybody else's product, that take weeks or months or not possible at all because they do not have a disaggregated processing environment. What they do first is they aggregate the data as subtotals and they get rid of all of the details. So, when a client wants to go and ask a question about what they could possibly do, they either can't answer it or takes weeks and months of manual modeling. In addition, geographies, again, think about that.

I want to look at retailers in Los Angeles that service the Latino male population and I want to do that in combination. All of these questions can be answered in seconds or minutes by Answers on Demand and it's being done today.

Now, we talk about our platforms. Our platforms are engineered to be extensible. So, Answers on Demand, which was built with the two largest, most complex marketers for this product has already been leveraged in the retail environment. So, we brought this product and we've created a retail capability doing the exact same thing for retailers that we're doing for manufacturers. And you also heard John and others describe that we're also doing this in the loyalty market.

We now have two loyalty clients on the product and I'll be in France in January talking to a very large French retailer about them utilizing the product. So, building platforms, engineering them for reuse allows us to quickly deliver solutions today, but build for growth tomorrow. A media example of a platform is Media 3.0. What Media 3.0 does is it takes the story around multi-platform measurement and it turns it into the reality.

That's what it does because if you think about it, it's the only platform that can measure and report both video and audio. That's right, you heard me say audio and I'll describe that in a minute. On the video side, regardless of the form factor that the data is consumed, as long as we meter it, we can collect it, cleanse it, process and report it. We've developed an IP around this because we are the only ones that have that capability. We've separated metering from processing. A very important decision that we made early on in the development of Media 3.0. It enabled us to bring OCR to marketplace in less than nine months, it enables us to deliver GPR.

Today, it services our television audience measurement here in the United States, in Mexico, in Hong Kong and we're working towards rolling it out on global basis. Today, it already measures all of our online and mobile solutions around the world. And tomorrow comes in 2014, we will migrate the last of our Audio clients in the second half of 2014 to Media 3.0 and be able to shut down their entire processing environment and run them on this single platform.

Let's to go tagging. Tagging is a very important part of the ecosystem that Nielsen has invested a significant amount of money into but we've gotten some great results as well. So, let's start off with what we're doing today. There's a product called [ph] NAES 6 (168:42), Nielsen Audio Encoding System. The really cool part about this capability, it is the only product and again we have IP around that survives distribution compression. Our current encoding doesn't do it as well and other encoding doesn't do it at all. And the importance of surviving compression is what you would expect. If the code gets compressed, the meter won't hear it and the distributor won't get credit.

Now what's really cool is with our acquisition of what is now Nielsen Audio and their [ph] CBIT (168:17) technology, we sit in a very nice place within that digital content. It's an unassailable lead that we have because of where we sit in the content. Let's go to global television audience measurement and meters. As you heard already, fragmentation in the consumption of digital content is a great advantage that we have. But to maintain this advantage, we had to create a platform of meters that worked in different environments. One, to make sure we deliver the efficacy of the measure, but two to do it at price point that made sense based on the scale that we would have to compete in.

And so GTAM, Global Television Audience Meter, is the first wireless meter which will allow us to reduce panel churn and panel fatigue but it also allows us to create very quickly, meters like code readers that we can take to the developing world. So, all of this together is what we've done on the metering side.

Enterprise SAP, now putting SAP with this collection of invention is not something I would normally do. And I won't tell you why I did it. But I will tell you how it helps us. It helps us because one of the things about the Nielsen platform is we've demonstrated the ability to go out and acquire companies and very rapidly integrate them and deliver tremendous value to the existing clients, find new clients and take synergies.

What you might not have expected is that on January 1 of 2014, all of Arbitron will be on our consistent global SAP footprint, HR, GL, all of the tools that we utilize, that allows us to accelerate all of the activities around making Arbitron Nielsen Audio.

The last one is Client Delivery 3.0. This product is the first truly visualization tool that we are bringing to market. It's a visualization tool that is form factor agnostic. It doesn't matter whether it's a smartphone, whether it's a tablet, whether it's a PC or a laptop. This gives you the same look and feel and the same capability. Why is it important? Because as we try to transform our clients from viewing data as a way of explaining what happened yesterday to a powerful weapon that allows them to affect what happens tomorrow, visualization is a critical component of that. And by taking the data assets that we have, the data assets that they have and all of the data assets available to us from third parties, our visualization tool enables us to do that.

Next. You've heard about our unmatched global footprint. So, yes, we are in 103 countries, going to 104 countries as Mitch pointed out. But you have to put that in perspective. You know those number two and three competitors on the buy-side of the business, they got together. Together they're in 17 countries which means that I am uniquely positioned in 86 countries around the world. What you heard John describe was it's the traditional trade markets that we are so proud of.

Well, it happens to be that those are highly correlated because there's no other company in the world that can do market share, measure velocity and understand transaction volume in the traditional trade companies. Those 86 countries around the globe where we don't have a competitor, are in fact all of the traditional trade markets.

Now we continue to invest ahead in those markets, you heard about Reach and Read. You heard about some of the really cool inventions that we've done. Now unfortunately from the – I thought I was going to be the first one to tell you about them. But I'm going to tell you about them again and maybe add a little different spin.

So mobile RES, which I think Dwight mentioned, which is retail establishment survey. This used to be a pen and paper activity, not in Africa, where we invented this but around the world. Around the world, we would go and use pen and paper to understand the trade activity in a particular geography. So that we could then create a representation of that marketplace. We moved that to telephony, to an automated system. In fact, we've been investing in these markets every year to go from an analog capability to a digital capability because it improves quality and it reduces cycle time.

Let me use Africa and India as an example. In India, six years ago, we had a panel of about 14,000 retail outlets. We moved it to 25,000 outlets and today it's been to 40,000 outlets. It went from over 30 days, 35 days of cycle time meaning the period ended and it was 35 days later before one of our clients got the output. Today, that stands at 11 days and next year it will be between 7 and 9 days and it is because of these investments.

Now don't get confused. I am sure that everybody around the world would like to enter these traditional markets but we took a wide moat and made it wider when we increased the panel size, when we introduced inventions around cartography, which I think you all saw with Paul Donato in the back. A lot of these developing countries don't have the ability to give us digitalized maps that are so important to our clients in their need for distribution.

We've used another technique, called foraging technique. Taking satellite imaging of countries like – of continents like Africa, running it through this foraging methodology, which says that people will only shop for food in certain geography – certain distances from their abodes, very similar to animals. And it tells us where to go look for burgeoning retail capability.

Now what does this mean to our customers? That we're in these 103 market? Well, first of all, they get to know something about nearly 6 billion consumers, when the two competitors no less than 1 billion consumers. They get to know about 25 million stores when the two competitors know under 1 million stores. And what does it mean to you, our shareholders? It means we have a platform to grow the rest of our business that is unequaled in this market space.

When I talk to my colleagues in the former Arbitron, now Nielsen Audio, about why they didn't go international and why they licensed their technology to others, it's because they didn't have the infrastructure to support the globalization. You heard Steve talk about OCRs in seven countries and it's going to go further. You heard about GPR. This foundation allows us to grow every one of our product lines on a global basis.

Next, Global Track Complete. This is a unique tool to Nielsen. It's what liberates all of those 103 countries for our global clients. What we've noticed over this most recent period, is that the economy got tough. Our largest global clients wanted to have a better understanding of their asset allocation.

The pressure to understand opportunities and harvest them, the risk around not seeing risks and evading them is getting greater and greater for every one of these clients. And only a product like Global Track Complete, leveraging our data, our client data and third-party data. This is in production today. Can you do that? This enables the C-Suite to make decisions that are strategic and important to their company, to their brands. This is part of the performance management you heard Mitch talk about. Again, it transforms what is our output used for? Is it used for explaining yesterday or affecting tomorrow? This is all about affecting tomorrow. And it's enabled conversations with C-Suite leaders in every one of our own clients. And frankly, in a couple of clients that aren't ours.

Next, okay. We could not have done this by ourselves. I've been in technology for over 30 years, and one of the things technologists have to fight is something called NIH. I have an acronym for everything. That stands for Not Invented Here. When I joined Nielsen, we had our own database, we had our own middleware, we had our own OLAP, MOLAP and ROLAP tools. We can talk about what those are later. But we made a decision based on our values of open, simple and integrated to look for other players who could help us accelerate invention and to service our clients and look for opportunities. I'm just going to highlight two on the left.

On the left side of it, I highlight IIT, India's Institute of Technology, one of the leading academic institutions in technology. It is harder to get into IIT than MIT. We partnered with IIT because of what they could teach us and what they could enable us to do. We work with Professor Ashok Jhunjhunwala. Dr. Jhunjhunwala is famous for bringing technology to rural India. And what we understood was that our Western mindset would never be successful in deploying important tools and technology in the developing world.

And so partnering with them, we did create cartography. We did create foraging, utilizing satellite imaging. We did create mobile RES, but we've also created some other neat things. Again, people are confused about the analog nature of our traditional trade service. In our CR world, our custom research world, in traditional trade, we now do – use tablets where I can expose a consumer to video stimulation or audio stimulation and get their feedback. All of this done in partnership.

The other one I'm going to highlight is one that you've read about in our disclosures, but I don't think we talk about a lot and that's TCS, a division of Tata. When I started here almost seven years ago, our global resource footprint was about 500 associates. Today, it stands over 11,000 associates. So, we have 11,000 associates from TCS who every day work with our associates and our clients to deliver capability. It's about agility. It's about speed. It's about new capabilities that a company could never do on their own. And yes, there's a significant cost advantage.

On the right side of this chart, I think I touched it. There's a myth about how we go to market or how companies are in-market in traditional trade environments. We have a very digital footprint that has taken what was a wide moat and widened it and we will continue to invest in those marketplaces ahead to ensure that that moat continues, next.

Here's an output marker. So, if you look at 2007 to 2013, these are disclosures and patents, nearly 600. And if you look at the preceding six years, it's about a third. So, we've increased this three times. We do this because we look at innovation in three specific buckets. We look at innovation in what we know needs to be done and we know how to do it.

The second bucket is we understand what needs to be done and we understand how to do it, and the last bucket is true R&D. In fact, again, if you go back to the expo in the back, that facial recognition and that truly passive metering has come out of our R&D capability. This is important to every one of our clients today and every one of our associates today. But as an investor, it's important to you tomorrow because it ensures that our investments will be the property of Nielsen on a go-forward basis, next.

All right, this is a slide that we all fought to do. So, there was a big bunch of people wanting to pitch this slide, but Dave was nice to me, he said I could do it. It starts off with the answer. We committed to you that if we acquired Arbitron, that through the integration, we would find $20 million of synergies in the first year. The net synergies we will deliver our 2.5 times that amount and we will deliver $45 million of additional EBITDA in 2014. Now I think that once I said that nobody would continue to listen, so I'm not sure. I know you're all writing it down.

Here's how we did it. First, on day one of the acquisition, everybody had Nielsen email. They have Nielsen websites. Their e-pages were Nielsen. It was very important for us to make it very clear that this was going to be integration.

I told you already that by January 2014, their entire operating infrastructure from an enabling perspective would be turned over to the Nielsen infrastructure. And by the second half of 2014, we will migrate the remaining clients onto Nielsen's Media 3.0 shutting down their entire IP organization.

We will continue also to make investments in that company and there are investments here that are around quality and around extending the reach and breadth of their service. But all of that together, this is what we will deliver.

Next. Okay. You heard it in several of the openings. But productivity is a part of our DNA and it has been over the last six years and we've all enjoyed the margin expansion as a result. And so how do we do it? It starts with simplifying the infrastructure. And infrastructure is not exactly how you think about it in terms of just storage and processing. Infrastructure is everything. It's having a single finance organization. Having a single HR organization. It's driving from applications which are single-use to platforms which are multi-use. It's about workforce optimization, making sure that the right people are doing the right work in the right place and creating harmony across that environment.

It's leveraging something very unique to us in this marketplace. BPI or business process improvement, understanding the capabilities of our processes, eliminating cycle time and waste. And then the strategic alliances I described for you earlier. All of this demonstrates a repeatable process, we've been doing this for 20-plus years in our careers and doing it for the last seven years here at Nielsen. Next.

And so are we done? Certainly, not. Over the last six years, we've eliminated about 25% of the applications and this is just one of the input markers that you look at when you look for productivity. We still have 75% to go. And so, as you think about what this journey has done and what it will do, the one thing I could assure you is there is continued margin expansion in the Nielsen platform. And as we grow, we can accelerate that. Next.

And so here it is, what is our vision for our Nielsen real-time business? Well, it starts out with enabling our clients to activate everything we've provided them. What are the inputs to that? Massive data sets. Now, yes, you know we all have our own massive data sets but there was a question asked before. Do we see the need for other data sets? And the answer is absolutely. Absolutely because no company has the footprint to the combination of data that any one client will need.

Now don't get confused. The challenge on integrating massively large data sets is not an IT challenge. The IT part of it is simple. It just needs investment. The really secret sauce of integrating large data sets comes from measurement science, the ability to understand the relationships and the output of those relationships.

And we have a thousand measurement scientists across the globe that are considered second to none. You've met our Chief Research Officer, Paul Donato. We have Dr. Sangeeta who leads the research team for us. And we have an entire Center of Excellence around innovation, who focus on these data assets. Next, powerful automated analytics. This is about illuminating what I called data clutter, data clutter. Overwhelmed by data. It's sort of like our Resonance measure if you would for this part of our business. And what it means is creating the capability for people to have the right piece of information at the right time so that they can activate it, not explain it but activate it.

And we've talked about universal content identification. Our watermarks are, as I've said before, unassailable, they sit in a place in the digital code which is hardened, it's protected and it is resilient to any type of compression. And I told you if I felt brave, I would talk to you about this last one because it really is the most exciting thing that I'm working on and that is this open collaboration in the cloud. And I'm going to throw it out there as a teaser and I'll let Brian deal with it. But it's the Nielsen Marketplace.

The Nielsen Marketplace is our opportunity to expose more and more of our data sets to uninterested third-parties to create solutions. We believe that is part of the future of the Nielsen value stream because that will allow us to take those very valuable data sets and have them repurposed to solutions that we wouldn't get to. It makes us a more valuable customer – or a more valuable partner for our customers and for this marketplace.

And with that, I thank you for your attention.

Kate White Vanek

Senior Vice President-Investor Relations, Nielsen Holdings NV

Our final presenter will be our CFO, Brian West. He will provide commentary around our long-term financial goals and a context or future growth. For those of you who are in attendance in person, we are handing out a separate presentation deck.

Brian J. West

Chief Financial Officer, Nielsen Holdings NV

Thanks for hanging in there. You get the books but it basically what I'm going to show you. There's no doubt I will take you through the financial expression of Nielsen. But I hope you walk out of this session and think about the people expression of Nielsen.

Because you saw some of the best industry experts, the best voices of our company. You've heard a couple of us yapping for three hours about a story that you can see is much more fresh from people who really know their areas and these are the leaders of associates who they rally every day who are truly domain experts and who teach outsiders like myself, there are possibilities in front of us in this company. So, I know you'll take a lot away from – I hope you think about the people but I also want you to think about the cash.

So, let's get into it. The consistent business model that you heard a lot about, the business model is underwritten by all the great things you heard, but it starts with that revenue line, right. It's just as consistent as the day is long. 29 quarters since we've been private, we've grown revenue year-in, year-out, quarter-in, quarter-out and that is a reflection of our business model.

When we talk into a year, 70% of our revenues we have visibility to. On the operating side, you just heard from Mitchell. Mitchell and his team have re-platformed our entire company over the last seven years. Re-platformed it, which means we have more scale, right. We have a more central process which means incremental revenues fall through at higher rates and higher returns. And the good news is what are you left with is, he ain't done. He ain't done.

From the adjustment income standpoint, it's been a powerful big story and it's going to keep going.

And lastly, on capital efficiency. So, this is seven years in the making. So, imagine nine times leverage, a little over three and a half times. Billions of dollars of less debt. A weighted average interest rate it was eight-plus-percent, now a little over 4%. We've got a public IPO that we did. Two years later, we initiated dividend and grow it six months later.

We announced an authorization of a buyback. The point is that while that's been great progress, the cash element and the cash conversion cycle of our company is just getting started and that return is going to be a meaningful for all of you shareholders.

We're well positioned. We've got great dynamics underwritten by this wonderful business model that was started 90 years ago by our founder Art Nielsen. Now about growth. So, on the left is largely speaking about $12 billion worth of revenue that would have been collected by Nielsen and other folks who might play in the broad marketing measurement analytics research space.

In the grey, about $8 billion is a handful collection of other companies that we really don't compare ourselves to. You guys might but we don't, okay, and that's because as you walk through 2006 to 2012, about $2.7 billion of more money was spent by our clients to help them do better. We got 60% of that shared growth. And then at the far right, you've got the growth rate. So, everyone else basically growing 2%, we grew three times that. We're just different, all right, with different benchmarks. We benchmark ourselves against other companies like our best clients or the best info services companies or the guys on the West Coast in Silicon Valley. So, we've got the growth dynamics, proud of them.

2013, just read the takeaway. Nothing's changed from what we showed you on our October earnings call that we did just a few weeks back. The one number up there you got to remember is adjusted net income, $2 a share, same number. Everything else stays the same. The new number up there, bottom left. We're now going to give you a look at what our estimated free cash flow is going to be every year. And for 2013, that's going to be $530 million to $580 million, so call the $550-ish million the midpoint. But remember, the takeaway, no change.

Stepping back a little bit, Dave showed this, our revenue over time. So, 2008 to 2013, 5% CAGR. The last couple of years, right around 4%. The one thing I'll remind you, one full point drag on that CAGR was Western Europe doing nothing for us. It was flat, okay, and we felt that. But we grew despite of that. And the adjusted EBITDA margins have been great and every year we've been growing margins, expanding them. In the last three years, we've expanded EBITDA margins anywhere from 50 to 60 basis points and that's while reinvesting heavily in the developing world that you heard about today. Mexico, Africa, China, India.

Cash flow, so I mentioned we've got a new piece of information for you on the left. Free cash flow for 2013 is in that range of, call it $550 million, midpoint. I just want to point to the walk. I don't want to go into the details but the free cash flow walk, just start with adjusted EBITDA of about $1.6 billion for 2013. You walk down, I give you every other piece of this walk, except the last one, which is working capital other of, call it $135 million to $155 million of usage.

Now $50 million to $60 million of that is pension, okay. The rest, you might call it usage, I call it investment. Because in our world, we've got one lever on working capital. It's called receivables. I ain't got any inventory, thankfully. I've got receivables.

So, when I've got $1 billion of accounts receivables and I'm growing my top line, and by the way, I'm growing it faster in places where the terms are longer, like the developing world. They're not paying me two time net [indiscernible] (193:52) like they do in the U.S. So, there is an investment that we do and that shows itself on that line working capital usage, perfectly comfortable with that. It's not a credit quality issue. It's a growth opportunity for us.

ANI per share, I explained great growth, I mentioned $2.00. Cash tax rate, look, cut it in half. 16% is the rate for this year, we estimate, and that is going to gradually increase over time. I use the word gradually, it ain't going back to the 30%-plus range. Because we've got these terrific deferred tax assets on the balance sheet that will monetize over the long term.

Let me break revenue down for you a little bit more, so our Watch business. Over the 2008 to 2013 period. 6% CAGR. Now, there's about a point to a point and a half of acquisitive growth in there and you can see it in the – probably the 2008, 2009 timeframe. We've always said our Watch business grows 4% to 5% and it's leaning higher towards the 5%. And as we've closed the year, I'm still confident of that in 2013. The things that are making it grow are the things that Steve Hasker mentioned, more global measurement, and the things that Randall talked about, more Ad Solutions.

On the Buy side, the Buy side, it's a 4% CAGR. There's not as much acquisition benefit in there, it's probably less than half a point because there's not as much there but it's been very steady, and as John mentioned, given the climate we've gone through, this has been good growth for us.

And particularly, in the areas where in 2010 and 2011, when we were coming out of the 2008, 2009 timeframe, we were growing pretty nicely. But Europe has still been the one that's been a little bit dragging us down. From an investment standpoint for Nielsen moving forward, the thesis has to start with Watch digital tailwinds and Buy re-acceleration.

Now let's talk about 2014 revenue range. So, on the far left is what I just talked about in terms of where 2013, these estimates land. In total, the range for next year, 4% to 6%. Now, the last two years, [ph] 2% and 4% (196:09) in clear conscience, that's where I have to start, right, because I don't know if the world's going to get much better. But let's just say, it doesn't get any better, we're going to grow 4%.

The momentum that we're seeing and that you're hearing about gets you better than that. Let me walk through the pieces. Our Watch business, closed 2013 as I mentioned closer to 5%. For 2014, Watch on the low end, we see growing around 5%, 5.5%. Its audience measurement which is like 80% of Watch growing 5.5% on the high end, it might get closer to 6%. And the reason it gets closer is because we just start making more progress on our digital strategy. Not get to the currency state, but we just get more progress. Ad Solutions, Randall, the low end, 10% to 15%, he just might get to 20% because of all those new verticals and those new products and that new information he is providing these advertisers, right, to help them be so much more effective, it's about 10% of the revenue.

And in the other, there's things in there that we might be winding down. There might be things in there that aren't core but are great margins, it might be down 2%; it might be plus 2%. It's not going to drive Watch. Watch call it 5%, call it up to 6%-plus.

On the Buy side, Buy side this year 2013 will grow about 3%. Let's just assume nothing gets better on the Buy side, right. Todd, I'm the Europe bear in the business because I go and say, you know what, it might get worse, maybe it'll get one point down. But it might get one point better as you can see from my colleagues. So, a little bit of a range there but that's what we're playing for.

On the Insights side, 4% to 6% about what it grew this year, there's more momentum getting that closer to be more and more growth. If client discretionary budgets open up and the environment gets better, it could get closer to 10%, and I don't think that's a big leap.

The developing market is going to grow about 7%, 8% this year. Let's assume it just does that, next year the low end, gets you to round out with a 3%. But let me tell you about the developing markets. We characterize as this big $1 billion, $2 billion portfolio, but they all behave differently. Let me tell you, as we're going in the second half of this year, some of our bigger markets are actually accelerating. China, Brazil, Russia, India, they markets – are just growing a little bit faster, it makes us feel a little bit more confident as local clients expand, more to sell to. We might get back to that 10% double digit growth rate in developing world that we always invest behind. So, there you have it. Buy low end 3%, could get 5%-plus. Watch 5%, could be 6%. Now, if you add in Audio for the first time, Nielsen is growing 10% to 12% next year.

Rest of our guidance, on the left hand side, EBITDA margin rate, figure us at the 29% to 30% range, that includes the benefit of the Arbitron synergies. Adjusted net income, 22% to 27% growth and our adjusted net income per share is going to be between $2.45 and $2.55. And free cash flow, pencil in for about $700 million.

The other financial metrics, I won't go through, they're in your books. There's reasons why each one is going up, either it's because – largely because of the addition of Arbitron. But all of these metrics are very consistent with our long-term financial framework.

Balance sheet, so from the start, it was all about de-risking and de-levering this balance sheet. We've had a lot of success. There's no real immediate near-term financing ahead of us, 80% of our debt is fixed. I do think about that 2016 stack, right? I do think about that and over the course of time, we will address that. The good news is, is we've had very consistent access to the capital markets over the last seven years, when times were good and when times were bad. Credit markets knows us. We're not worried about it. We'll do this the right way. And as I mentioned, our weighted average interest rate is a little over 4% and, by the way, I still have $1 billion of debt that I can call in less than a year that has a coupon of 7.75%, right? 7.75%. I can print better than that, I'm sure. And then we got the net debt range at 2.75 times to 3 times net debt ratio, it's been very consistent and we're not changing that. So, we feel good about this.

Long-term financial framework, revenue growth, when times are good, when times are not so good, mid-single digits. Still does not have anything in there for maybe these digital things ultimately becoming currency. We don't know that yet. It's not in there.

Our adjusted EBITDA growth, this is the same, 1 times to 2 times revenue growth. In the last three years, we've been doing 50-ish basis points of expansion because we like to reinvest in the developing world. Developing market growth over the long term, we still see double digits. Adjusted income growth, mid-teens percent; cash tax rate, mid-teens percent, gradually going up, low 20%'s over the next few years. I mentioned the leverage. And the dividend growth will be in line with earnings growth.

Now, the cash. So, in the medium term, 2015, 2016, we will have about $1 billion a year of free cash flow from this business. And consistent with what we said before, we see about 45% at that time for exact dividends. There are some mandatory debt payments I've got to make and there's 35% that's a mix of what I'd call business as usual tuck-in BD and the buyback. This was always the very deliberate approach, a balanced approach to capital return and consistent and we feel better and better about this every day.

So, again, that's where we'll close it. Thank you and I think we go to some Q&A.

Kate White Vanek

Senior Vice President-Investor Relations, Nielsen Holdings NV

We'll now open up for our final Q&A session of today.

QUESTION AND ANSWER SECTION

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

A

Great. Kenny, do you have someone? Tim.

Tim W. Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Thanks. It's Tim Nollen from Macquarie, a couple of things please. First off – can you hear me now? Tim Nollen from Macquarie, a couple of things please. Just following up on the numbers at the end here. Just to tie together some of the numbers you're putting through in the presentation to the guidance at the end. Around $500 million or so of OCR revenue target for 2017. It looks like from something like zero or a fairly small number now. Plus if I apply the growth rate to your Ad Solutions business that you've been doing the last year, that gets to about close to another $ 500 million or so. About $1 billion worth of incremental revenue in let's say four to five years' time. Just to be clear, that is not necessarily in your mid-single-digit revenue guidance range for the longer-term? Just to be clear on that.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

Can I just – this question was bound to come up, Steve and I know. So that framework on 2017, assumes currency because that's what we enjoy. The framework we compared it to was what we enjoy in audio and TV. We're not going to call and we're not going to guide to us being a currency until we're sure it's going to happen. So, we're just going to keep giving you progress reports and progress toward that end. And when that day comes and if it comes and we can get more aggressive about guidance around it, we will. So, I just think you – and this has been a discussion I've had openly with everybody since day one. We clearly have it as a vision. We're clearly working toward that end but you can't – you can't tell a market what to do. It has to learn to trade on it. And I am not going to suggest that I know when that moment is. I'm just going to – as soon as it becomes apparent, we will adjust guidance. So, I think that's the discount in the discussion you've put forward.

Tim W. Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

I'll think of that as optionality and that's good.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

Yeah.

Tim W. Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Okay. Second question is, so much of your business is advertising and marketing-related. But so much media viewership is going towards subscription, some of which are non-advertising platforms like Netflix and Amazon, primarily. I wonder if there's anything you're doing with these businesses that are opportunities for you as well?

Stephen Hasker
President-Global Media Products, Nielsen Holdings NV

A

So, Tim, the – one of the things we didn't talk a lot about today was one of the real utilities of the Digital Program Ratings that Megan took you through is that that is highly relevant to the subscription model. And the idea of understanding the total eyeballs to a particular piece of programming no matter where it is played, that is instrumental to the trade between the owner of those rights and the distributor of that programming. And this is something that Nielsen has done for many years.

For example, in the very early days of HBO, they were a subscriber to our television ratings and they continue to be. So, we didn't talk a lot about it today. It's a very good question. The program ratings have real utility in that trade which has nothing to do with ad-supported media.

Q

This question is probably for Brian. Brian, thanks for the clarity on sort of the allocation of the free cash flow in 2015 and 2016. But if I just roll forward the math, you're going to be by the end of next year sometime within your target leverage range. So, presumably in 2015 and 2016, you're going to have incremental debt capacity as well. Any discussion on how that incremental debt capacity gets allocated over time in addition to the free cash flow you're generating?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

I would suggest that maybe we're a little – a year longer because we're going to land this year at about 3.6 times net debt ratio and we've guided that we're going to be a third of a turn a year. So, we've got a little longer time horizon, first.

But you know that is – what we've very consistently said. We said we can run this business at a leverage level that's 2.75 times to 3 times net debt. That hasn't changed, right. And in the meantime, we're going to have a capital allocation strategy that is pretty consistent with what I just said – described centered on a dividend. And I don't see the mix of that changing over time as that leverage level improves and as we get to those target investment grade-like areas.

Brian W. Wieser
Analyst, Pivotal Research Group LLC

Q

Thank you. It's Brian Wieser again. Just a question around how you think about M&A. What are you thinking about in terms of where you have holes where you want to fill things? For example, the Harris Interactive acquisition, what was sort of the strategic rationale for that, and how should we think about that going forward? Relatedly, do you expect that the adjustments you tend to make in terms of restructuring costs continue in perpetuity? Or do you tend to think of those as kind of ending at some point?

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

I'll handle the BD one for now. And I don't think Mitch is going to have a significantly different view, but I – look, there are always gaps. I wouldn't say, in the continuum of purely strategic to opportunistic, there are very few things that we just don't have a foot in that are going to be so strategic that we've got to do dumb things. I don't really believe that. When I started, they're were. We had to get into mobile, we had to get into some things that –

and so we did a few things in the private world at that time. I don't see that going forward. So, most of what we do is in that sort of middle, between strategy and opportunistic. It just fills gaps.

We have at least two geographies where we could make sizable acquisitions, sizable as in not anywhere near as big as Arbitron, but could give us more footprint to develop the markets. I'm not going to tell you which ones because you'll immediately default to who they are. But that's it. It's sort of around the world.

Product opportunities in this Watch/Buy space, probably be where most of the action is in the product world, Steve has done a spectacular job of sort of filling gaps. The work we did when we acquired Vizu, there are some action around there that I think is still enormously valuable to us.

So, those are the kinds of things, if you add all those up and you always have an opportunity list that's pretty long – it still runs that $200 million to $250 million a year kind of thing, sometimes will be a little more and less. And for us, Harris, first of all, I wouldn't count your chickens until they hatch. But that was pretty opportunistic in what we see as a sort of, there are some very clear Insight opportunities that John Lewis has his eyes on that I think will add significant value.

There's some real significant synergies that we can use. It makes enough money to cross the threshold for us, so it's going to be sort of very accretive in our world but I'd say that's on a more opportunistic end of our spectrum than it is necessarily strategic. We think we've got a really great property at a really good price.

A

And the capabilities Harris has, we have those same capabilities in many other parts of the world. So, to then bring them to our U.S. business helps us round out that global footprint a little bit better.

John J. Lewis
President-North America Buy Division, Nielsen Holdings NV A

You mean I've got to take the restructuring question.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV A

Yeah, you do. And by the way, Harris is not in anything we've talked about up here.

John J. Lewis
President-North America Buy Division, Nielsen Holdings NV A

We've got to do Arbitron and that's meaningful. I can't wait for the day when that becomes less and less. That will step down. We've got to get through Arbitron.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV A

Andrew?

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC Q

Thanks, Kate. It's Andrew Steinerman, JPMorgan. Brian, when you look at the underlying margin expansion without Arbitron, what's the underlying margin expansion magnitude in 2014 and is it safe to assume more than 100% of that underlying margin expansion will come from the Watch business?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Well, that's the beauty of this guy over here is because we're not going to be able to tell any of that anymore because it's going to be so integrated. So, I can't give you a specific number, right, and we're not going to because you're not going to be able to find it anymore. It'll be so integrated in our operating platform.

But you know what I'd tell you is if we hadn't had Arbitron in there, we'd be running an identical play that we've run the last couple of years. So, you'd expect that from us. That could be the way you think about the way we're managing the business. It's just that it's going to become so opaque, I'm not going to be able to find it. But I think it's a good thing because that means we are integrating this acquisition like we should.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC

Q

[indiscernible] (211:18), if you could answer the other part. Will more than 100% of the margin expansion on the underlying margin expansion come from the Watch business? In other words, will Buy margins be down slightly next year?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Again, hard question to answer. We know that over time, our Buy margins will start to get better because of lots of things including low supply expansion and that'll happen over time.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC

Q

Great. Thank you.

Mark J. Zgutowicz
Analyst, Northland Securities, Inc.

Q

Hi. It's Mark Zgutowicz. Brian, I just was hoping to dig into the Buy segment growth. I know you talked about Europe and its impact this year, but if you look at sort of the mix of revenue, the Euro has actually increased as a percent of sales over the last three quarters? So, I'm just trying to get a better understanding of sort of the underlying growth dynamics of Europe versus U.S. in the Buy segment.

And then in looking at your guidance, I see you've broken out Europe, just what does that imply for just overall developed market growth?

Brian J. West
Chief Financial Officer, Nielsen Holdings NV

A

Yeah. So if you look at the developed information world, right, it's going to grow in the 3%, 4%, which would mean all around the world, including the U.S., everything but Europe. Europe, that is a currency-neutral number and it's just an outlook that isn't assuming things get a whole lot better. And they just might get marginally worse, but it's the bookend, is the way to think about it, and the rest of the developed world, where we're selling our Information products, 3% to 4%.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV
A

Sara.

Sara Gubins
Analyst, Bank of America Merrill Lynch
Q

Hi, thank you. First, so I'll bite on one of the last comments. Could you talk a little bit more about Nielsen Marketplace? And then second, I'm wondering what do you think it takes to really get developing markets' growth to get back to the double-digit? It's such a great, long-term potential driver. Is it really simply the macro environment globally needs to improve a little bit or do you need to see any kind of a mind – a change in outlook from your large CPG clients? Thank you.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV
A

I'm going to start it and then you guys can add however you want.

A

Sure.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV
A

So, the Marketplace is a challenge that I gave to Mitchell and I think to our entire team around this notion is creating a simple and open company. We have data that we use for our own purposes, it gives us enormous advantages in many ways. But there are a lot of industries who often knock on our door and say, boy, I'd like to have your data. And by the way, I'm not intending to compete with you. I just have other reasons. So, think about the number of the supply chain consultants that exist out there. So, we're trying to create demand signals for the people that they consult with. So that they can create more efficient distribution networks. Now, I'm never going to do that work, not in a developed world.

And so why do they knock? Because they believe that by watching all the action on the shelf, they can uniquely create demand signals, for then their proprietary offering as a consultant and/or analytic company or a software company into the supply chain world.

So, our intention is to start to think about those kinds of things, create easy APIs that give them access to our disaggregated data. So, they're going to need it at the store level and they're going to need it by line item and that's when Mitchell uses the word disaggregated, that's what our technology platform now allows them to do. And it doesn't bother me that they run hard against our data to create those signals to then build better models. All my clients get a little more dependent on it as – on our collected data as the way they run their company, I'm doing them all a big service and a favor.

So, the issue around the part of this one was to have a technology platform that could do this with no extra costs. In other words, I don't want to have people out marketing, selling, blah, blah, blah. I want to create that API environment for those industries that would like to peer in, use the data for a very different, very unique purposes. That is an enormously, I think, valuable element and potential of our company that I hope we someday realize and Mitchell has done a great job. I think he's ready to sort of embark on that path and then this crowd is going to say, okay, commercially, what are we going to do and how are we going to think about it?. Again, he did open the nest, so we'll be happy to talk about it.

Okay. So, the second part again...

A

Developing markets.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

...developing markets. So, I really do believe it's a little bit about emerging markets just getting their footing a little bit more as opposed to some unique game we're going to play or some unique thing. This idea that we keep increasing coverage and it will pay off, of all the things I've ever invested in, I'm most sure about that. I can never call whether it's one year, two years, three years even five years and so you just go down that path and then what you do is you try to deliver for every successor that I can think about, Mitch and then his successor, the same competitive advantage that the Nielsen family gave to me. Think about that. 80-plus countries, I'm on my own. That doesn't happen very often. It doesn't happen anywhere and so you do that pace. And that's our job is make sure that our investment appetite and our coverage run will provide that more than anything else, that a big enough lead that no one else ever shows up. So, that's what we do.

Yeah, I do fundamentally believe purely on the basis of population and where things have to go on, that the more efficient and the better we can get at expanding coverage, we will consistently beat the double digit gain. And I don't – if we're a point short of that, so be it. We're still going to like the answer.

Dwight Mitchell Barns
President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

A

The thing I would add is don't forget our business is growing at those kind of rates with the local companies in the developing world. It's not growing quite so fast though with the multinationals, and a lot of that is because they're headquartered in the U.S. and Europe. Their business isn't doing quite so well in those parts of the world. And they kind of control their rate of investment and their spend all over the world in order to compensate for the softness in their business in their home markets.

Things start to improve in Western Europe, United States for them, you'll see that actually play out all around the world in terms of their rate of spend with us.

David L. Calhoun
Chief Executive Officer & Executive Director, Nielsen Holdings NV

A

That's good.

Kate White Vanek
Senior Vice President-Investor Relations, Nielsen Holdings NV

A

We'll take one more. David.

Q

Thanks. Oh, wow. Last one. Okay. Well, since it's probably hopefully maybe the last time you'll have to do this, Dave, I have to come back at you on something which is the optionality on the currency. So, you don't really know exactly when it's going to be, but you'll kind of know it when you see it.

What are we looking for? I think a lot of us thought the Google announce – or the sort of the agreement with Google was a pretty important event and might have signaled something in that direction. What are we waiting for? What is the event where we say, wow, they are the currency. They own...

David L. Calhoun

Chief Executive Officer & Executive Director, Nielsen Holdings NV

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Yeah. I think the value of your option is getting more valuable. But it's going to say an option until a third to 40% of the market trades everyday on that basis. So, right now it doesn't. They don't even have the measurement yet. So, as it is developed at Google for Google and all of Google's clients and as we continue to recruit more and more, currency is not – it's not something we define. Buyers and sellers define it and when a third of all the value and the transactions that are built – that are actually traded are on that basis, then we can really start to talk about it. That's sort of a tipping point.

I think and I'm not – I don't know how to magician on this one, Steve, you can comment any way you want. But I just – I like to give you plans and tell you exactly how things are going to work based on my investments when I'm in control. In this case, it really is buyers and sellers who ultimately have to trade on the basis of this metric.

Stephen Hasker

President-Global Media Products, Nielsen Holdings NV

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I think there's two things that we look for. The first is, a buyer and the seller trading on the data. So, in other words, a buyer holding a seller accountable and if that seller doesn't deliver what they promised, what they guaranteed, it doesn't make good. And we passed that incredibly quickly, all right. When we launched the product, we had a couple advertisers leap on it. We had a couple of agencies leap on it and we had a couple of publishers say, all right, I'm in. And those publishers have benefited very significantly.

If you look at a couple of digital publishers who have really pushed their video properties, backed and guaranteed by OCR, they're seeing good results. So, we passed that milestone pretty quickly. The next milestone is in order to be a currency, we need that trade to occur all the time, right? And so it really is a case of adoption and developing the market standard. And to your point, Google's adoption, being a major player as Dave said, is a great sign there. I think, through next year's upfront and next year's fall TV season, which although this is beyond TV, it tends to be a marker, we're just going to make further progress but those are the things to watch out for.

Kate White Vanek

Senior Vice President-Investor Relations, Nielsen Holdings NV

Thank you all so much. I'm going to turn the mic over to Mitch Barns for some closing comments.

Dwight Mitchell Barns

President-Global Client Services, Chief Executive Officer-Elect, Nielsen Holdings NV

Hey, look, I'll be brief. I promise you that. First, I want to thank you all for spending the afternoon with us. We hope it's been informative and time usefully spent for you.

Before we close, though, I'd like to give some emphasis to some of the points that we've covered today. So, first, I want to touch on this concept of Academy Company that Dave Calhoun talked about in his opening comments here this afternoon. And I think you've seen the dividend of our aspiration to be an Academy Company through all of the senior leadership that you've seen on stage here today. So, we hope that is a lot a more alive for you than it was before.

Second, media fragmentation, you heard us several times today, it's our friend. It's our friend. It gives us more to measure, more to monetize and so that's our view of the world. Also, we talked about immense complexity of cross platform measurement and according to Megan, that's solved for the marketplace. Thanks to her great thinking and all the great work that she and her team have done on that. And we are in fact well on our way to being the currency for all of audio and all of video including digital. And all of that is driven because of a point Dave made which is really start with the idea of measuring the consumer not measuring channels of distribution and that's something that guides and informs our business and gives us great direction every single day.

For our global Buy business, John took you through our global footprint and how it's a big advantage for our business, especially with the multi-nationals. And he also walked you through how we have two ways to grow in this business. One, based on performance measurement and the other being based on performance management and helping to drive improvement in our clients business, leveraging our full portfolio.

You also heard about Africa and this is just one example, a great example. But one example of the great long-term growth opportunities for Nielsen in the developing world. And we're very well-positioned for all of them.

Randall talked about where Watch meets Buy, which is for us and hopefully you agree, a great growth story, and it's also taking us into new verticals beyond media, beyond consumer packaged goods by leveraging our Watch assets. Mitchell walking through the view of our business from the perspective of GBS and brought to life these two core benefits it brings to our company – scale and productivity but also innovation, you heard that from Mitchell, in particular with regard to real-time.

And then all throughout all of the talks today, you kept hearing the words open, simple and integrated come up again and again. These are the values that Dave installed for us several years ago. They're still very alive, very important and they still give us great direction in terms of what our priorities should be and what our direction should be in our business. And you can expect us to continue to talk about open, simple, integrated long into the future.

And because of all those things financially, you see that we are bigger and stronger with consistent performance, expanding margins and increasing cash flow. And all of that, we hope results in happy shareholders. So, again, thanks very much for spending the afternoon with us. We look forward to more conversations in the cocktail hour here ahead. So, we'll look forward to seeing you then. Thanks.