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Description of document: Alcohol and Tobacco Tax and Trade Bureau (TTB)  
Statement of Work and the successful proposal for contract  
TFSATTB16C0001 with the Nielsen Company, Alcohol  
Beverage Sampling Program (ABSP), 2015

Requested date: 22-November-2018

Release date: 22-November-2018

Posted date: 29-April-2019

Source of document: FOIA Request  
Quinton Mason  
TTB FOIA Requester Service Center  
1310 G Street, NW  
Box 12  
Washington, DC 20005  
Fax: 202-453-2331  
[Department of the Treasury Online FOIA Request Form](#)

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DEPARTMENT OF THE TREASURY  
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU  
WASHINGTON, D.C. 20005

February 21, 2019

Refer to: **2018-12-050**  
4040000

SENT VIA EMAIL

This letter is in response to your Freedom of Information Act (FOIA) request to the Alcohol and Tobacco Tax and Trade Bureau (TTB) dated November 22, 2018. You are requesting a copy of the Statement of Work and the successful proposal for contract TFSATTB16C0001 with the Nielsen Company.

We conducted a search of files within TTB for records responsive to your request and identified 23 pages. Of those pages, 3 are being withheld in full pursuant to the exemptions from disclosure under the FOIA at 5 U.S.C. 552 (b)(4) and/or (b)(6) and 20 are being released in part, with information exempt from disclosure under the FOIA having been redacted pursuant to 5 U.S.C. 552(b)(4) and/or (b)(6).

Enclosed is a Document Cover Sheet that describes the FOIA exemptions and outlines your appeal rights. If you choose to appeal this response, you must do so within 90 days from the date of this letter.

Please note that a FOIA Public Liaison is available if you would like to discuss any issues regarding a FOIA response. A FOIA Public Liaison is a supervisory official with the Department of the Treasury to whom FOIA requesters can raise questions or concerns about the agency's FOIA process. FOIA Public Liaisons can explain agency records, suggest agency offices that may have responsive records, provide an estimated date of completion, and discuss how to reformulate and/or reduce the scope of requests in order to minimize fees and expedite processing time.

If you would like to discuss this response, perhaps to resolve a dispute before filing an appeal, you may contact Paul Levitan, the FOIA Public Liaison, by email at [FOIAPL@treasury.gov](mailto:FOIAPL@treasury.gov) or by telephone at (202) 622-8098.

If you are unable to resolve a FOIA dispute through the FOIA Public Liaison, the Office of Government Information Services (OGIS) at the National Archives and Records Administration, offers mediation services to resolve disputes between FOIA requesters and Federal agencies as a non-exclusive alternative to

litigation. Using OGIS services does not affect your right to pursue litigation. If you are requesting access to your own records (which is considered a Privacy Act request), please note that OGIS does not have the authority to handle requests made under the Privacy Act of 1974. The contact information for OGIS is:

Office of Government Information Services  
National Archives and Records Administration  
8601 Adelphi Road-OGIS  
College Park, MD 20740-6001  
Email: [ogis@nara.gov](mailto:ogis@nara.gov)  
Telephone: 202-741-5770  
Toll free: 1-877-684-6448  
Fax: 202-741-5769

Please be advised that contacting any agency official (including the Disclosure Officer or FOIA Public Liaison) and/or OGIS **is not** an alternative to filing an administrative appeal and **does not** stop the 90-day appeal clock.

Please note we are charging no fee for processing your request. If you have any questions regarding this letter, feel free to contact Quinton Mason, TTB Disclosure Officer, by telephone at (202) 882-9904 or by e-mail at [TTBFOIA@ttb.gov](mailto:TTBFOIA@ttb.gov), and reference FOIA number **2018-12-050**.

Sincerely,

*for Angela Jeffries*

Amy R. Greenberg  
Director, Regulations and Rulings Division

Enclosure(s): As stated



DEPARTMENT OF THE TREASURY  
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

FREEDOM OF INFORMATION ACT DOCUMENT COVERSHEET:  
EXEMPTION LIST AND APPEALS RIGHTS

Part I  
Document Cover Sheet

1. Requesters' Name Michael Ravnitzky	2. File No. 2018-12-050
3. Requested documents were referred by the following agency: N/A	4. Documents are being released: <input type="checkbox"/> at cost <input checked="" type="checkbox"/> without cost
5. Package ends with documents No.: 20 pages are being released in part.	6. Total Number of documents denied: 3
7. Exemptions cited for information withheld on pages released: (See Part II of explanations of exemptions) <input type="checkbox"/> (b)(1) <input type="checkbox"/> (b)(2) <input type="checkbox"/> (b)(3) (26 USC 6103) <input type="checkbox"/> (b)(3) <input checked="" type="checkbox"/> (b)(4) <input type="checkbox"/> (b)(5) <input checked="" type="checkbox"/> (b)(6) <input type="checkbox"/> (b)(7)(a) <input type="checkbox"/> (b)(7)(b) <input type="checkbox"/> (b)(7)(c) <input type="checkbox"/> (b)(7)(d) <input type="checkbox"/> (b)(7)(e) <input type="checkbox"/> (b)(7)(f)	

Documents completely withheld:

Document No.	Exemption	Document No.	Exemption	Document No.	Exemption
21-22	(b)(4)				
23	(b)(4) and (b)(6)				

Part II  
List of Freedom of Information Act Exemptions  
Title 5 United States Code 552(b) – Information Exempt from Disclosure

- |   |   |
|---|---|
| (1) Specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy, and are in fact properly classified pursuant to such Executive order; | (b) deprive a person of a right to a fair trial or an impartial adjudication;   |
| (2) Related solely to the internal personnel rules and practices of an agency;  | (c) constitute an unwarranted invasion of personal privacy;   |
| (3) Specifically exempted from disclosure by statute;   | (d) disclose the identity of a confidential source and, in the case of a record compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, confidential information furnished only by the confidential source; |
| (4) Trade secrets and commercial or financial information obtained from a person and privileged or confidential;  | (e) disclose investigative techniques and procedures;   |
| (5) Inter-agency or intra-agency memoranda or letter which would not be available by law to a party other than an agency in litigation with the agency;   | (f) endanger the life or physical safety of law enforcement personnel   |
| (6) Personnel and medical files and similar files, disclosure of which would constitute a clear and unwarranted invasion of personal privacy;   | (8) Contained in or related to examination, operation, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions; or  |
| (7) Investigatory records compiled for law enforcement purposes, but only to the extent that the production of such records could:<br>(a) interfere with enforcement proceedings;   | (9) Geological and geophysical information and data, including maps, concerning wells.  |

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### **Part III**

#### **Right of Appeal – Procedure**

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If you are not satisfied with our response to your request, you may appeal within 90 calendar days from the date of the initial determination response letter, stating the reasons why the requested information should be released under the Act; and why the determination is in error. Your letter of appeal must:

1. Be signed by the requestor and addressed to: Freedom of Information Appeal, Assistant Administrator (Headquarters), Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW, Box 12, Washington, DC 20005;
2. Be submitted to TTB within ninety (90) calendar days of the date of our initial determination letter;
3. Reasonably describe the requested records which the appeal concerns;
4. Set forth the address where the requester desires notification of the determination of the appeal;
5. Specify the date of the initial request and the date of the letter denying the initial request, including the FOIA number;
6. Petition TTB to grant the request for records and present arguments supporting the appeal; and
7. Enclose the appeal in an envelope clearly marked "FREEDOM OF INFORMATION ACT APPEAL"

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### **Part IV**

#### **26 U.S.C. 6103 Disclosure**

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In order to respect citizens' reasonable expectation of the privacy of their tax information, Congress created, and has amended over the years, 26 U.S.C. 6103 (section 6103) to provide that tax returns and return information are confidential and are not subject to disclosure except in limited situations, where disclosure is warranted. For each allowed disclosure delineated by the Internal Revenue Code (IRC), Congress attempted to balance the particular office's or agency's need for the information with the citizen's right to privacy, as well as the impact of the disclosure upon the continuation of compliance with the voluntary tax assessment system.

Permissible Disclosures. Though the general rule of section 6103 protects the confidentiality of return information, it outlines a number of circumstances where disclosure or inspection of return information is permissible.

We may be able to provide you with this information, subject to the provisions of 26 U.S.C. 6103, which controls the disclosure of tax returns and tax return information collected under the Internal Revenue Code. Accordingly, in order for us to comply with the provisions of section 6103 that outline the circumstances under which we can share information, the request must come in a specific format. The request must come from an official who is at least a first-line supervisor and contain the following information:

1. Identify the name, title and agency of the requester.
2. Identify the name, address, and (if available) the employer identification number, social security number, or taxpayer identification number of the taxpayer/subject.
3. Briefly explain why the requester's official duties require TTB to disclose the information. For example, if the request is pursuant to an investigation involving a tax administration matter or another Federal law not related to tax administration, please indicate such.
4. If known, please indicate the subparagraph of 26 U.S.C. 6103 under which you are requesting the information.
5. If there is a need for a quick turnaround, identify the time frame in which the information is needed.
6. Identify, if applicable, the type of tax and the tax periods covered by the request.
7. Finally, the requester must agree to safeguard all information in accordance with the terms of section 6103(p)(4) of the IRC, and must acknowledge awareness of the laws imposing civil and criminal liability on Federal employees who improperly disclose return information.

Alcohol Sales Data Analysis  
Solicitation Number: TFSATTB15CI0003

Submitted by:  
The Nielsen Company  
August 6, 2015





**PERFORMANCE WORK STATEMENT**  
**Alcohol Beverage Sampling Program (ABSP) Product List**  
**Advertising, Labeling and Formulation Division (ALFD)**  
**Alcohol and Tobacco Tax and Trade Bureau (TTB)**

**1. Scope**

The purpose of this Performance Work Statement (PWS) is to seek a contractor to provide a list of all alcohol beverage products sold for off premise consumption in the United States within a designated one year period for all three alcohol beverage commodities including wine, beer, and distilled spirits products.

**2. Background and Purpose**

The TTB's mission to protect the public includes ensuring that labels on alcohol beverage products contain adequate descriptive information and are not likely to mislead consumers. Established in 2008, the Alcohol Beverage Sampling Program (ABSP) is a random survey of alcohol beverage products in the marketplace that TTB uses to evaluate its success in meeting this mission and to determine where compliance issues exist.

Each year TTB conducts the ABSP by purchasing alcohol beverage products (wine, distilled spirits, and beer) from the marketplace and bringing them to its offices for label assessments to determine if products are in compliance with labeling regulations. Following the label assessments, TTB sends the products to its laboratories to undergo a series of analyses to determine compliance with certain information displayed on the product labels.

Using the results of the ABSP, TTB addresses compliance problems by notifying the industry member about the violation and working with them to bring the product into compliance. If there are repeated or more serious violations, TTB coordinates other enforcement actions that may include investigations or coordination with other federal agencies. Additionally, TTB uses the results to help inform and develop specific courses of action for future policy development, such as updating regulations, issuing guidance documents, and developing educational outreach programs.

TTB statisticians randomly choose products included in the ABSP using a statistical sampling of a list of alcohol beverage products sold in the United States. To enable the ABSP results to accurately reflect the compliance trends of alcohol beverage products sold in the U.S., TTB seeks to identify contractors that can provide a complete list of all alcohol beverage products sold for off-premise consumption in the U.S. within a designated one year time period. For the purpose of this document, TTB uses the term "off-premise" to mean the retail sale of sealed containers of alcoholic beverages for consumption elsewhere than the premises where the beverages are purchased. This includes, but is not limited to: grocery stores, convenience stores, liquor stores, big-box retailers, mass-market stores, wineries, club stores, and on-line retailers.

**3. Service to Be Performed**

The contractor shall produce a comprehensive list of alcohol beverage products sold for off-premise consumption in the US during a specified time period of 12 months, ending as close to the award date as possible in order to receive the most current results. The list must: Include wine, beer, and distilled spirits; include both imported and domestic products; include data only from alcohol beverages sold in the U.S. during the 12 months immediately preceding the reporting date; and be delivered to TTB in the form of an Excel spreadsheet, .csv, or .txt file no later than July 31<sup>st</sup> of the year that the service is to be provided.

The contractor shall produce a listing of the products including at minimum enough discrete product information that allows TTB to identify and purchase individual products. TTB requires that the list include:

- (1) The brand name of each product;
- (2) The name of the producer, importer, or vendor;
- (3) Proof or alcohol by volume;
- (4) A description of the product, including the class or type if available (for example, merlot, red table wine, vodka, ale);
- (5) Whether the product is domestic or imported;
- (6) The Universal Product Code for each product
- (7) Volume sales of each product in specific units (cases, bottles); and
- (8) Volume sales of each product in dollars.

TTB requests that the list also include:

- (1) The size of the container;
- (2) The states, or geographic region(s), in which the product is available for purchase;
- (3) The type(s) of store in which the product may be purchased (for example, liquor store, big-box, grocery). Please note: this listing shall not contain any duplicate records.

In addition, the contractor shall provide the estimated market coverage of the data, by volume, and if available, by brand. For example "This list contains data on approximately 95% of all beer sold in the United States" or "This list contains data on approximately 75% of all beer brands sold in the United States."

#### **4. Specific Requirements**

The product listing must be available to TTB in the format of an Excel spreadsheet, .csv, or .txt file. The Excel spreadsheet shall include at minimum:

- (1) The brand name of each product;
- (2) The name of the producer, importer, or vendor;
- (3) Proof or alcohol by volume;
- (4) A description of the product, including the class or type if available (for example, merlot, red table wine, vodka, ale);
- (5) Whether the product is domestic or imported;
- (6) The Universal Product Code for each product
- (7) Volume sales of each product in specific units (cases, bottles); and
- (8) Volume sales of each product in dollars.

#### **The list shall also include:**

- (1) The size of the container;
- (2) The states, or geographic region(s), in which the product is available for purchase; and
- (3) The type(s) of store in which the product may be purchased (for example, liquor store, big-box, grocery). Please note: this listing shall not contain any duplicate records. The listing can be sent via encrypted email, via secure file transfer, or on a digital format, such as a CD/DVD or USB drive. An example spreadsheet has been provided showing what specific data is required.



**5. Reporting Requirements**

The list must be provided to TTB by July 31<sup>st</sup> for the base year and July 31<sup>st</sup> of each succeeding option year.

**6. Qualification Requirements**

The contractor selected for the performance of this statement of work must have experience tracking alcohol beverage products sold in the U.S. marketplace.

**7. Period of Performance**

The period of performance will be a base year with four option years.

**8. Place of Performance**

Contractor shall provide services at the government facility identified below.

Alcohol and Tobacco Tax and Trade Bureau  
Advertising, Labeling and Formulation Division  
1310 G Street, NW  
4th floor  
Washington, DC 20220

**9. Quality Assurance/Control**

The Contractor shall maintain a system of quality control to ensure on time delivery of a product list as described above. The Contractor shall immediately notify the COR(s) of problems or situations that could negatively impact compliance with the provisions of the contract and delivery of the list, and to inform the COR(s) of the plan the Contractor shall implement to resolve the problem.

**10. Notice to the Government of Delays**

The Contractor shall immediately notify the Contracting Officer (CO) and the COR(s), in writing, giving pertinent details whenever the Contractor:

1. has difficulty meeting performance requirements
2. anticipates difficulty complying with the contractual delivery schedule or completion date
3. has knowledge that any actual or potential situation is delaying or threatens to delay the delivery of the required product list
4. shall provide the Contracting Officer and the COR(s) a plan of action to bring the contract back into compliance with the progress schedule

**However, this notice will be informational in nature and shall not be construed as a waiver by the Government of any delivery schedule or date, or a waiver of any rights or remedies provided by law or under this contract.**

**11. Quality Assurance Surveillance Plan/Incentives & Disincentives**

Services performed under this contract shall be performance-based. Tasks are listed in the QASP, along with their corresponding Acceptable Quality Level (AQL), performance standard, monitoring method and incentive/disincentive. The incentive for the Contractor to meet or exceed each of the established AQL's will result in the Government monitoring and favorable comments being added to the Contractor's Past Performance Report Card. If Contractor performance falls below an AQL for the year, then Government monitoring will increase. If Contractor performance falls below an AQL for two consecutive years, then unfavorable comments will be added to the Contractor's Past Performance Report Card.

**12. Quality Assurance Surveillance Plan (QASP)**

<b>Required Service Task</b>	<b>Performance Standard/AQL</b>	<b>3 Monitoring Method</b>	<b>Incentives/Disincentives</b>
1. All required documents are delivered on time.	List is delivered by July 31 <sup>st</sup> of the contract/option year.	COR ensures list is delivered via approved method no later than the close of business on July 31 <sup>st</sup> of the contract/option year	Favorable/Unfavorable Comments will be added to the Past Performance Report Card. Unsatisfactory work will be reworked at no additional cost to the Government.
2. List contains all required categories including:  (1) the brand name of each product; (2) the name of the producer, importer, or vendor; (3) proof or alcohol by volume; (4) a description of the product including the class or type if available (5) whether the product is domestic or imported; (6) the Universal Product Code for each product; (7) volume sales of each product in specific units (cases, bottles); and (8) volume sales of each product in dollars.	List contains 100% of required categories as specified.	COR ensures list contains all required categories through inspection and analysis of list after delivery. COR with notify contractor within 5 business days if deficiencies are found.	Favorable/Unfavorable Comments will be added to the Past Performance Report Card. Unsatisfactory work will be reworked at no additional cost to the Government.
3. Data is provided from each sales channel specified in the contract. These may include:  (1) liquor stores (2) grocery stores (3) big-box stores (4) convenience stores (5) other appropriate markets as necessary	List contains data from 100% of the channels as specified in the contract.	COR ensures list contains all required categories through inspection and analysis of list after delivery. COR with notify contractor within 5 business days if deficiencies are found.	Favorable/Unfavorable Comments will be added to the Past Performance Report Card. Unsatisfactory work will be reworked at no additional cost to the Government.



August 6, 2015

Attn: Gina Huffman  
Contracting Officer  
Bureau of the Fiscal Service  
Division of Procurement  
Avery 5F  
200 Third Street  
Parkersburg, WV 26101

Re: Solicitation Number TFSATTB15CI0003

Dear Ms. Huffman,

In response to the Solicitation TFSATTB15CI0003, Alcohol Sales Data Analysis, I submit this proposal on behalf of The Nielsen Company.

If you have any questions regarding this proposal, please feel free to contact me at 847-605-5650.

Sincerely,

Colleen McGinnis  
Client Manager  
The Nielsen Company  
150 N Martingale Road  
Schaumburg, IL 60173  
Email: [colleen.mcginis@nielsen.com](mailto:colleen.mcginis@nielsen.com)  
Phone: (847) 605-5650

## **REQUIRED PROPOSAL DOCUMENTS**

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### ***TASK 1: SERVICES TO BE PERFORMED***

Nielsen shall produce a comprehensive list of alcohol beverage products sold for off-premise consumption in the US during a specified time period of 12 months, ending as close to the award date as possible in order to receive the most current results. The list must: include beer, wine, and distilled spirits; include both imported and domestic products; include data only from alcoholic beverages sold in the US during the 12 months immediately preceding the reporting date; and be delivered to TTB in the form of an Excel spreadsheet, .csv, or .txt file no later than July 31<sup>st</sup> of the year that the service is to be provided.

Nielsen shall produce a listing of the products including at minimum enough discrete product information that allows TTB to identify and purchase individual products. TTB requires that the list include:

- The brand name of each product
- The name of the producer, importer, or vendor
- Proof or alcohol by volume
- A description of the product, including the class or type if available (for example: merlot, red table wine, vodka, ale)
- Whether the product is domestic or imported
- The Universal Product Code for each product
- Volume sales for each product in specific units (cases, bottles)
- Volume sales of each product in dollars

Nielsen will also include:

- The size of the container
- The states or geographic region(s) in which the product is available for purchase
- The type(s) of store in which the product may be purchased

Nielsen will also provide the estimated market coverage of the data, by volume.

### ***TASK 2: WRITTEN TECHNICAL***

Nielsen is currently a leading provider of beverage alcohol data within the United States. Nielsen works with at least (b) (4) beverage alcohol clients of various sizes. Our portfolio includes manufacturers, importers, distributors, trade associations, etc. Nielsen's expertise lies in our ability to accurately track and report beverage alcohol consumption while understanding its highly regulated nature. As a result, Nielsen has developed multiple reporting options in order to accurately reflect the differentiated retail channels. Our current retail measurement of alcoholic beverages includes food, drug, mass, club, dollar, convenience, military exchanges, and liquor

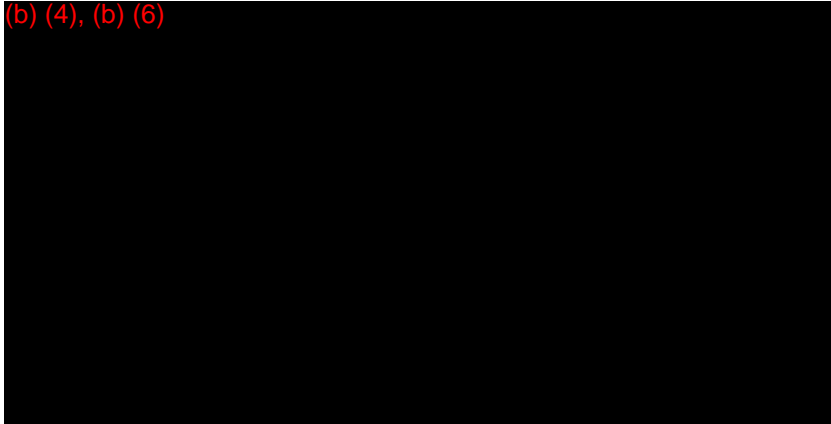




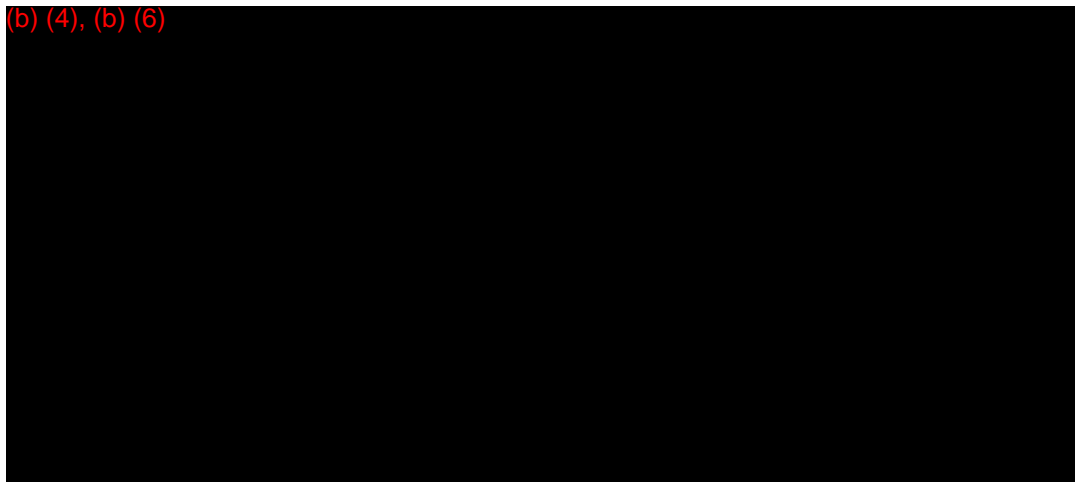
stores across the United States. Please see the appendix for additional information on Nielsen capabilities and our evidence of responsibility.

*TASK 3: PAST PERFORMANCE*

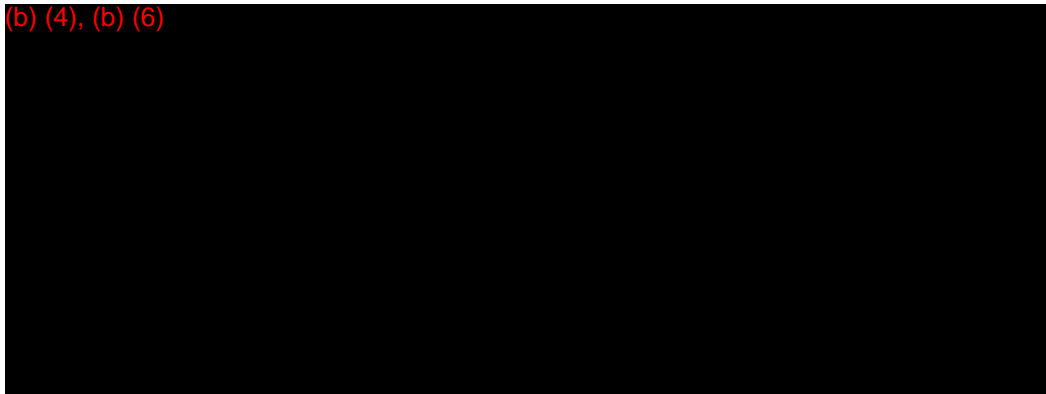
(b) (4), (b) (6)

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#### *TASK 4: PRICE PROPSAL*

Based on the information I, Nielsen can provide multiple views into the off premise beverage alcohol consumption for the United States. Due to improvements since the time of our last proposal, below are two options for your review.

##### Option 1: Continuation of current data subscription

##### Markets:

- Wine:
  - Total US Food, Drug, Liquor
  - Total US Convenience
  - Liquor markets- Baltimore, Boston, Denver, Florida, Miami, Minneapolis, New Jersey, New York, N Florida
- Spirits:
  - Total US Food, Drug, Liquor
  - Total US Convenience
  - Liquor markets- Baltimore, Boston, Denver, Florida, Miami, Minneapolis, New Jersey, New York, N Florida
- Beer:
  - Total US Food, Drug, Liquor
  - Total US Convenience
  - Liquor markets- Baltimore, Boston, Denver, Florida, Miami, Minneapolis, New Jersey, N Florida

Products: total wine, beer, and spirits

Facts: dollar volume, unit volume, equivalized volume

Periods: 14- 4 week cumes per contract year, utilize week ending date closest to the delivery period to receive the most current results

(b) (4)



Option 2: Utilize total US xAOC (all outlets combined) instead of total US FDL (food, drug, liquor)

Markets:

- Wine:
  - Total US xAOC+ Liquor Plus
    - Includes food, drug, mass, club, dollar, military exchanges, liquor stores, and liquor plus retailers
  - Total US Convenience
  - xAOC markets: Alabama, Arizona, Arkansas, California, Florida, Georgia, Idaho, Illinois, Vermont, Indiana, West Virginia, Iowa, Louisiana, Maine, Michigan, Montana, Missouri, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oregon, South Carolina, South Dakota, Texas, West Virginia, Wisconsin
- Spirits:
  - Total US xAOC+ Liquor Plus
    - Includes food, drug, mass, club, dollar, military exchanges, liquor stores, and liquor plus retailers
  - Total US Convenience



- xAOC markets: Arizona, California, Florida, Illinois, Indiana, Iowa, Louisiana, Maine, Michigan, Missouri, Nebraska, Nevada, New Mexico, Ohio, South Carolina, South Dakota, Washington, West Virginia, Wisconsin
- Beer:
  - Total US xAOC+ Liquor Plus
    - Includes food, drug, mass, club, dollar, military exchanges, liquor stores, and liquor plus retailers
  - Total US Convenience
  - xAOC markets: Arizona, Arkansas, California, Florida, Illinois, Indiana, Iowa, Louisiana, Missouri, Nebraska, North Carolina, Ohio, Oklahoma, Oregon, Tennessee, Texas, Virginia, Washington, Wisconsin

Products: total wine, beer, and spirits

Facts: dollar volume, unit volume, equivalized volume

Periods: 14- 4 week cumes per contract year, utilize week ending date closest to the delivery period to receive the most current results

(b) (4)

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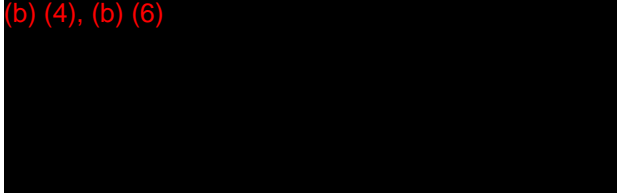




*TASK 5: Finance and Invoicing Details*

The Nielsen Company is a registered user of the Invoice Processing Platform. The account details are below:

(b) (4), (b) (6)

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Invoices are issued after delivery of the annual report. Invoice terms are net 30.

## **Appendix: Nielsen Overview - Evidence of Responsibility**

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### **Mission**

The Nielsen Company is a leading global information and measurement company that provides clients with a comprehensive understanding of consumers and consumer behavior. We deliver critical media and marketing information, analytics and industry expertise about what consumers buy and what consumers watch (consumer interaction with television, online and mobile) on a global and local basis. Our information, insights and solutions help our clients maintain and strengthen their market positions and identify opportunities for profitable growth. We have a presence in approximately 100 countries, including many developing and emerging markets, and hold leading market positions in many of our services and geographies. Based on the strength of the Nielsen brand, our scale and the breadth and depth of our solutions, we believe we are the global leader in measuring and analyzing consumer behavior in the segments in which we operate.

We help our clients enhance their interactions with consumers and make critical business decisions that we believe positively affect our clients' sales. Our data and analytics solutions, which have been developed through substantial investment over many decades, are deeply embedded into our clients' workflow as demonstrated by our long-term client relationships, multi-year contracts and high contract renewal rates. The average length of relationship with our top ten clients, which include The Coca-Cola Company, NBC Universal, Nestle S.A., News Corp., The Procter & Gamble Company and the Unilever Group, is more than 30 years.

Typically, before the start of each year, nearly 70% of our annual revenue has been committed under contracts in our combined Buy and Watch segments.

We align our business into three reporting segments, the principal two of which are what consumers buy (consumer purchasing measurement and analytics herein referred to as "Buy") and what consumers watch (media audience measurement and analytics herein referred to as "Watch"). Our Buy and Watch segments, which together generated approximately 97% of our revenues in 2011, are built on an extensive foundation of proprietary data assets designed to yield essential insights for our clients to successfully measure, analyze and grow their businesses. The information from our Buy and Watch segments, when brought together, can deliver powerful insights into the effectiveness of advertising by linking media consumption trends with consumer purchasing data to better understand how media exposure drives purchase behavior. We believe these integrated insights will better enable our clients to enhance the return on investment of their advertising and marketing spending.

Our Buy segment provides retail transactional measurement data, consumer behavior information and analytics primarily to businesses in the consumer packaged goods industry. According to Euromonitor International, global consumer spending in the product categories we measure was over \$7.0 trillion in 2009. Our extensive database of retail and consumer information, combined with our advanced analytical capabilities, helps generate strategic insights that influence our clients' key business decisions. We track billions of sales transactions per month in retail outlets in approximately 100 countries around the world and our data is used by our clients to measure their sales and market share. We are the only company offering such extensive global coverage for the collection, provision and analysis of this information for consumer packaged goods. Our Buy services also enable our clients to better manage their brands, uncover new sources of demand, launch and grow new services, analyze their sales,



improve their marketing mix and establish more effective consumer relationships. Our Buy segment represented approximately 62% of our total revenues in 2011.

Our Watch segment provides viewership data and analytics primarily to the media and advertising industries across television, online and mobile screens. According to ZenithOptimedia, a leading global media services agency, total global spending on advertising across television, online and mobile platforms was at least \$240 billion in 2010. Our Watch data is used by our media clients to understand their audiences, establish the value of their advertising inventory and maximize the value of their content, and by our advertising clients to plan and optimize their spending. Within our Watch segment, our ratings are the primary metrics used to determine the value of programming and advertising in the U.S. total television advertising marketplace, which was approximately \$73 billion in 2010 according to a report by Veronis Suhler Stevenson. In addition to the United States, we measure television viewing in 28 countries. We also measure markets that account for approximately 80% of global internet users and offer mobile measurement services in 10 countries, including the United States, where we are the market leader. Our Watch segment represented approximately 35% of our total revenues in 2011.

Our Expositions segment operates one of the largest portfolios of business-to-business trade shows and conference events in the United States. Each year, we produce more than 40 trade shows and conference events, which in 2011 connected over 300,000 buyers and sellers across 20 industries. Our Expositions segment represented approximately 3% of our total revenue in 2011.

#### **Long Term Vision**

We believe we are well-positioned for growth worldwide and have a multi-faceted strategy that builds upon our brand, strong client relationships and integral role in measuring and analyzing the global consumer. Our growth strategy is also subject to certain risks. For example, we may be unable to adapt to significant technological changes such as changes in the technology used to collect and process data or in methods of television viewing. In addition, consolidation in our customers' industries may reduce the aggregate demand for our services. See "Risk Factors.

#### **Number of Years in Business**

Our Company was founded in 1923 by Arthur C. Nielsen, Sr., who invented an approach to measuring competitive sales results that made the concept of "market share" a practical management tool. For nearly 90 years, we have advanced the practice of market research and media audience measurement to provide our clients a better understanding of their consumer. Our Company, incorporated in the Netherlands, was purchased on May 24, 2006 by a consortium of private equity firms (AlpInvest Partners, The Blackstone Group, The Carlyle Group, Hellman & Friedman, Kohlberg Kravis Roberts & Co. and Thomas H. Lee Partners, the "Original Sponsors", and together with Centerview Partners, the "Sponsors"). Subsequently, David Calhoun was appointed Chief Executive Officer. Mr. Calhoun has repositioned the Company and focused on building an open, simple and integrated operating model to drive innovation and deliver greater value to our clients. In January 2011, Holdings consummated an initial public offering of its common stock and its shares began trading on the New York Stock Exchange under the symbol "NLSN".

#### **Size**



Nielsen counts a majority of the major CPG manufacturer in the US as clients. In any given year approximately half of these clients work with Nielsen in the area of pricing consulting.

Nielsen's operations span more than 100 countries. Headquartered in New York, our major regional business centers are located in Schaumburg, Illinois; Wavre, Belgium; Hong Kong; Sydney, Australia; Buenos Aires, Argentina; Nicosia, Cyprus

### **Number of Employees**

As of December 31, 2011, we employed approximately 35,000 people worldwide.

Approximately 21% of our employees are covered under collective bargaining agreements and an additional 10% are covered under works council agreements in Europe. We may become subject to additional agreements or experience labor disruptions which may result in higher operating costs over time. We believe that our employee relations are good.

### **Corporate Plans**

We believe companies, including our clients, require an increasing amount of data and analytics to set strategy and direct operations. This has resulted in a large market for business information and insight which we believe will continue to grow. Our clients are media, advertising and consumer packaged goods companies in the large and growing markets. We believe that significant economic, technological, demographic and competitive trends facing consumers and our clients will provide a competitive advantage to our business and enable us to capture a greater share of our significant market opportunity. We may not be able to realize these opportunities if these trends do not continue or if we are otherwise unable to execute our strategies. See "Risk Factors – We may be unable to adapt to significant technological change which could adversely affect our business" and "Risk Factors – Our international operations are exposed to risks which could impede growth in the future."

Developing markets present significant expansion opportunities. Brand marketers are focused on attracting new consumers in developing countries as a result of the fast-paced population growth of the middle class in these regions. In addition, the retail trade in these markets is quickly evolving from small, local formats toward larger, more modern formats with electronic points of sale, a similar evolution to what occurred in developed markets over the last several decades. We provide established measurement methodologies to help give consumer packaged goods companies, retailers and media companies an accurate understanding of local consumers to allow them to harness growing consumer buying power in fast growing markets like Brazil, Russia, India and China.

Demographic shifts and changes in spending behavior are altering the consumer landscape. Consumer demographics and related trends are constantly evolving globally, leading to changes in consumer preferences and the relative size and buying power of major consumer groups. Shifts in population size, age, racial composition, family size and relative wealth are causing marketers continuously to re-evaluate and reprioritize their consumer marketing strategies. We track and interpret consumer demographics that help enable our clients to engage more





effectively with their existing consumers as well as forge new relationships with emerging segments of the population.

The media landscape is dynamic and changing. Consumers are rapidly changing their media consumption patterns. The growing availability of the Internet, and the proliferation of new formats and channels such as mobile devices, social networks and other forms of user-generated media have led to an increasingly fragmented consumer base that is more difficult to measure and analyze. In addition, simultaneous usage of more than one screen is becoming a regular aspect of daily consumer media consumption. We have effectively measured and tracked media consumption through numerous cycles in the industry's evolution – from broadcast to cable, from analog to digital, from offline to online and from live to time-shifted. We believe our distinct ability to provide metrics across television, online and mobile platforms helps clients better understand, adapt to and profit from the continued transformation of the global media landscape.

Consumers are more connected, informed and in control. Today, more than three-quarters of the world's homes have access to television, there are more than 1.8 billion internet users around the globe, and there are two-thirds as many mobile phones in the world as people. Advances in technology have given consumers a greater level of control of when, where and how they consume information and interact with media and brands. They can compare products and prices instantaneously and have new avenues to learn about, engage with and purchase products and services. These shifts in behavior create significant complexities for our clients. Our broad portfolio of information and insights enables our clients to engage consumers with more impact and efficiency, influence consumer purchasing decisions and actively participate in and shape conversations about their brands.

Increasing amounts of consumer information are leading to new marketing approaches. The advent of the internet and other digital platforms has created rapid growth in consumer data that is expected to intensify as more entertainment and commerce are delivered across these platforms. As a result, companies are looking for real-time access to more granular levels of data to understand growth opportunities more quickly and more precisely. This presents a significant opportunity for us to work with companies to effectively manage, integrate and analyze large amounts of information and extract meaningful insights that allow marketers to generate profitable growth.

Consumers are looking for greater value. Economic and social trends have spurred consumers to seek greater value in what they buy as exemplified by the rising demand for "private label" (store branded) products. For instance, in the United States, the absolute dollar share for private label consumer packaged goods increased more than \$10 billion during 2009 and 2010. This increased focus on value is causing manufacturers, retailers and media companies to re-evaluate brand positioning, pricing and loyalty. We believe companies will increasingly look to our broad range of consumer purchasing insights and analytics to more precisely and effectively measure consumer behavior and target their products and marketing offers at the right place and at the right price.

### ***Technology Infrastructure***

We operate with an extensive data and technology infrastructure utilizing eight primary data centers in seven countries around the world. Our global database has the capacity to house approximately 33 petabytes of information, with our Buy segment processing approximately nine trillion purchasing data points each month and our Watch segment processing approximately 1.7 billion tuning and viewing records each month. Our technology infrastructure plays an instrumental role in meeting service commitments to global clients and allows us to quickly scale our services across practice areas and geographies. Our technology platform utilizes an open approach that facilitates integration of distinct data sets, interoperability with client data and technology, and partnerships with leading technology companies such as Cognos, IBM, Tata Consulting and TIBCO.

### ***Intellectual Property***

Our patents, trademarks, trade secrets, copyrights and all of our other intellectual property, including our data and analyses, are important assets that afford protection to our business. Our success depends to a degree upon our ability to protect and preserve certain proprietary aspects of our technology, our data and information, and our brand. To ensure that objective, we control access to our proprietary technology and data and information. Our employees and consultants enter into confidentiality, nondisclosure and invention assignment agreements with us. We protect our rights to proprietary technology and confidential information in our business arrangements with third parties through confidentiality and other intellectual property and business agreements.

We hold a number of third-party patent and intellectual property license agreements that afford us rights under third party patents, technology and other intellectual property. Such license agreements most often do not preclude either party from licensing our patents and technology to others. Such licenses may involve one-time payments or ongoing royalty obligations, and we cannot ensure that future license agreements can or will be obtained or renewed on acceptable terms, or at all.

### ***Competitive Landscape***

There is no single competitor that offers all of the services we offer in all of the markets in which we offer them. We have many competitors worldwide that offer some of the services we provide in selected markets. While we maintain leading positions in many markets in which we operate, our future success will depend on our ability to enhance and expand our suite of services, provide reliable and accurate measurement solutions and related information, drive innovation that anticipates and responds to emerging client needs, strengthen and expand our geographic footprint, and protect consumer privacy. See “Risk Factors – We face competition, which could adversely affect our business, financial condition, results of operations and cash flow.” We believe our global presence and integrated portfolio of services are key assets in our ability to effectively compete in the marketplace. A summary of the competitive landscape for each of our segments is included below:

### ***What Consumers Buy***

While we do not have one global competitor in our Buy segment, we face numerous competitors in various areas of our service in different markets throughout the world. Competition includes companies specializing in marketing research, in-house research departments of manufacturers and advertising agencies, retailers that sell information directly or through brokers, information management and software companies, and consulting and accounting firms. In retail measurement, our principal competitor in the United States is Information Resources, Inc., which is also present in some European markets. Our retail measurement service also faces competition in individual markets from local companies. Our consumer panel services and analytics services have many direct and/or indirect competitors in all markets around the world including in selected cases GfK, Ipsos, Kantar and local companies in individual countries.

### ***What Consumers Watch***

While we do not have one global competitor in our Watch segment, we face numerous competitors in various areas of our operations in different markets throughout the world. We are the clear market leader in U.S. television audience measurement; however, there are many emerging players and technologies that will increase competitive pressure. Numerous companies such as Canoe Ventures, Dish Networks, Kantar (a unit of WPP), Rentrak and TiVo are attempting to provide measurement solutions using set-top box data to provide an alternative form of television audience measurement. Our principal competitor in television audience measurement outside the United States is Kantar, with additional companies such as Ipsos, GfK and Médiamétrie representing competitors in individual countries. Our online service faces competition in the United States and globally from companies that provide panel-based internet measurement services such as comScore, providers of site-centric Web analytics solutions, including Coremetrics, Google, Omniture and WebTrends and companies that measure consumer generated media on the internet such as BuzzLogic, Cymfony, and Umbria. Although the mobile measurement service is still nascent, there are a variety of companies and technologies that could represent competitors to us in this area.

### ***Scope of Work Provided***

Nielsen provides our clients both syndicated and custom solutions to meet their unique business needs. We allow for flexibility to adjust for changes as our clients' priorities change. Contract terms vary depending on client's information requirements; on average multi-year agreements range between 3-6 years.

Our key competitive advantages include:

### ***Global Scale and Brand***

We provide a breadth of information and insights about the consumer in approximately 100 countries. In our Buy segment, we track billions of sales transactions per month in retail outlets in approximately 100 countries around the world. We also have approximately 240,000 household panelists across 26 countries. In our Watch segment, our ratings are the primary metrics used to determine the value of programming and advertising in the U.S. total television advertising marketplace, which was approximately \$73 billion in 2010 according to Veronis



Suhler Stevenson. We believe our footprint, neutrality, credibility and leading market positions will continue to contribute to our long-term growth and strong operating margins as the number and role of multinational companies expands. Our scale is supported by our global brand, which is defined by the original Nielsen code created by our founder, Arthur C. Nielsen, Sr.: impartiality, thoroughness, accuracy, integrity, economy, price, delivery and service.

### ***Strong, Diversified Client Relationships***

Many of the world's largest brands rely on us as their information and analytics provider to create value for their business. We maintain long-standing relationships and multi-year contracts with high renewal rates due to the value of the services and solutions we provide. In our Buy segment, our clients include the largest consumer packaged goods and merchandising companies in the world such as The Coca-Cola Company, Kraft Foods and The Procter & Gamble Company, as well as leading retail chains such as Carrefour, Kroger, Safeway, Tesco and Walgreens, and leading automotive companies such as Chrysler, Ford and Toyota. In our Watch segment, our client base includes leading broadcast, cable and internet companies such as CBS, Disney/ABC, Google, Microsoft, NBC Universal/Comcast, News Corp., Time Warner, Univision and Yahoo!; leading advertising agencies such as IPG, Omnicom and WPP; and leading telecom companies such as AT&T, Nokia and Verizon. The average length of relationship with our top 10 clients across both our Buy and Watch segments is more than 30 years. In addition, due to our growing presence in developing markets, we have cultivated strong relationships with local market leaders that can benefit from our services as they expand globally. Our strong client relationships provide both a foundation for recurring revenues as well as a platform for growth.

### ***Enhanced Data Assets and Measurement Science***

Our extensive portfolio of transactional and consumer behavioral data across our Buy and Watch segments enables us to provide critical information to our clients. For decades, we have employed advanced measurement methodologies that yield statistically sound information about consumer behavior while having due regard for their privacy. We have a particular expertise in panel measurement, which is a proven methodology to create statistically robust research insights that are fully representative of designated audiences. This expertise is a distinct advantage as we extrapolate more precise insights from emerging large-scale census databases to provide greater granularity and segmentation for our clients. We continue to enhance our core competency in measurement science by improving research approaches and investing in new methodologies. We have also invested significantly in our data architecture to enable the integration of distinct data sets including those owned by third parties. We believe that our expertise, established standards and increasingly granular and comprehensive data assets provide us with a distinct advantage as we deliver more precise insights to our clients.

### ***Innovation***

We have focused on innovation to deepen our capabilities, expand in new and emerging forms of measurement, enhance our analytical offerings and capitalize on industry trends. For example, we are continuously developing advanced delivery technologies that allow us to maximize the full suite of our data assets for our clients. The most significant example of this is our new





delivery platform, Nielsen Answers on Demand, which enables access to our broad portfolio of data and information from a single client desktop. Another example of this is our Online Campaign Ratings measurement, built in conjunction with Facebook, which is providing advertisers and publishers with further audience measurement capabilities.

### ***Scalable Operating Model***

Our global presence and operating model allow us to scale our services and solutions rapidly and efficiently. We have a long track record of establishing leading services that can be quickly expanded across clients, markets and geographies. Our global operations and technology organization enables us to achieve faster, higher quality outcomes for clients in a cost-efficient manner. Our flexible architecture allows us to incorporate leading third-party technologies as well as data from external sources, and enables our clients to use our technology and solutions on their own technology platforms. In addition, we work with leading technology partners such as Cognos, IBM, Tata Consultancy Services and TIBCO, which allows for greater quality in client offerings and efficiency in our global operations.