

Anticipated acquisition by Nielsen Media Research Limited and Nielsen Holdings plc of the advertising intelligence division of Ebiquity plc

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Glossary

Anticipated acquisition by Nielsen of Ebiquity's Advertising Intelligence Division

Appendix A: Terms of reference and conduct of inquiry

Terms of reference

1. In exercise of its duty under section 33(1) of the Enterprise Act 2002 (the **Act**) the Competition and Markets Authority (**CMA**) believes that it is or may be the case that:
 - (a) arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, in that:
 - (i) enterprises carried on by Nielsen Holdings plc will cease to be distinct from the enterprises carried on by Ebiquity plc; and
 - (ii) the condition specified in section 23(2)(b) of the Act is satisfied and
 - (b) the creation of that situation may be expected to result, in a substantial lessening of competition within a market or markets in the United Kingdom for goods or services, including:
 - (i) the supply of UK Deep Dive products, which provide an in-depth and granular level of advertising intelligence data on a country-specific basis, to UK customers;
 - (ii) the supply of International products, which provide harmonised advertising intelligence data across multiple countries, to UK customers; and
2. Therefore, in exercise of its duty under section 33(1) of the Act, the CMA hereby makes a reference to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report, within a period ending on 9 December 2018, on the following questions in accordance with section 36(1) of the Act:
 - (a) whether arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation; and

- (b) if so, whether the creation of that situation may be expected to result in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.¹

Sheldon Mills
Senior Director, Mergers
Competition and Markets Authority
25 June 2018

Conduct of inquiry

1. We published the biographies of the [members of the inquiry group](#) conducting the investigation on 27 June 2018 and on 13 July we published the [administrative timetable](#) for the investigation on our webpages.
2. On 30 July 2018 (updated on the 31 July), we published an [issues statement](#) on our webpages, setting out the areas on which the investigation would focus.
3. We invited a wide range of interested parties to comment on the Merger. We conducted interviews with a number of customers and other suppliers of AdIntel products. In addition, we sent a short survey to the Parties' customers with whom we did not conduct detailed interviews. Evidence was also obtained through further written requests. We also used evidence from the CMA's phase 1 investigation into the Merger. Summaries of interviews can be found in Appendices C and H to these provisional findings.
4. We received written evidence from the Parties and a non-confidential version of their response to the phase 1 decision and issues statement are on the [case page](#). We also held a hearing with the Parties on 6 September 2018.
5. On 16 August 2018, members of the inquiry group, accompanied by staff, visited the premises of Ebiquity and on 17 August the inquiry group, accompanied by staff, visited the premises of Nielsen.
6. In the course of our investigation we sent the Parties a number of working papers.

¹ To note Terms of reference as published on the CMA's case web page on 25 June 2018 reads at 2 (b) 'whether the creation of that situation has resulted, or may be expected to result'. Under section 36(1) of the act the question to answer by the group is only whether the merger may be expected to result and not whether the merger has resulted, therefore the wording in this Appendix has been corrected accordingly.

7. On 11 October 2018 we published on the [case page](#) a notice of provisional findings along with a summary of provisional findings. A non-confidential version of the provisional findings report was published on the case page on 12 October 2018.
8. A non-confidential version of the final report will be published on our webpages on 22 November 2018.
9. We would like to thank those who have assisted us in our investigation.

Appendix B: Financial Analysis

1. Financial analysis

Introduction

- 1.1 The purpose of this Appendix is to provide in more detail the evidence we draw on in the main body of our final report when analysing Ebiquity's business strategy and its financial performance.
- 1.2 We start with a history of the Ebiquity business up and until the present day. We then move on to review the recent financial performance of Ebiquity's UK AdIntel business and, for context in connection with the assessment of the counterfactual, the financial performance of Nielsen's business. We complete this appendix by examining some of the options open to Ebiquity AdIntel business, should the sale of the business not go ahead for any reason, that either itself has considered or have been proposed to it by its advisors.

The financial history of Ebiquity's AdIntel business

- 1.3 Across paragraphs 1.4 to 1.30 and 1.36 to 1.38 inclusive we use publicly available documents, referenced to in headings, to illustrate the development of Ebiquity's UK AdIntel services from 1997 to 2015.

Rise in demand for UK AdIntel services offered by Ebiquity

Thomson Intermedia's initial public offering (IPO) prospectus

- 1.4 Thomson Intermedia floated in 2000, 3 years after it was founded. Its flotation prospectus stated that it was a media and technology company specialising in the provision of media monitoring services which are accessed by or delivered to subscribers via the internet. Its products succeeded the traditional paper-based media monitoring service, enabling subscribers to speedily access, analyse and manipulate advertising data. This in turn enabled advertisers using its proprietary software to analyse the scope, cost and effectiveness of their own advertising relative to those of their competitors.¹
- 1.5 Thomson Intermedia monitored on a daily basis advertisements in 225 newspapers and periodicals. Revenue for the 12 months ending January 2000 was £1.9m (up from £0.8m for the previous year) and the business was

¹ [Thomson Intermedia plc IPO admission document](#), 20 April 2000, page 5.

making an operating profit of £0.6 million for the year. By the end of January 2000 it had 158 clients up from 84 at the end of the previous financial year subscribing to its newspaper monitoring service.² Renewal rates were 82.0%.³

- 1.6 Because penetration of the market by non-paper, internet delivered solutions was currently low and the company wanted to use some of the funds raised from the flotation to develop and launch high-tech TV and internet advertising monitoring products.⁴
- 1.7 The prospectus made clear that £7.5 billion out of an estimated total of £14.2 billion per year spent on advertising in the UK was spent on press advertising, making it the then single biggest advertising medium, and significantly bigger than the then £4.0 billion per year being spent on TV advertising. Firms were, however, providing information on the significant sums increasingly being spent on advertising generally only on a monthly basis and, although there were cuttings agencies who were able to provide creative agencies and advertisers with copies of selected advertisements, they did so on an infrequent basis. Such an approach did not, unlike Thomson Intermedia's products, allow a specific advertisement to be linked to its associated advertising spend. Nor would such an approach allow the regular bespoke analyses advertisers were then requiring, to be produced without many man hours of effort.⁵
- 1.8 The prospectus described how Thomson Intermedia monitored all display press advertising to create a database of advertisements, advertorials and loose inserts compiled on a daily basis. Details in respect of national newspapers were available by 9.30am on the day of publication covering 29 data fields including the location, section, data, size, position and ratecard cost of each new advertisement.⁶
- 1.9 In 2000 Thomson Intermedia had 210 clients across its three separate monitoring products, the newspaper product, the direct mail product and the newsfeed product for the financial services sector.⁷
- 1.10 The prospectus noted that the majority of its subscribers either incurred significant advertising costs or developed campaigns on their account or on behalf of their clients. Typically the cost of subscribing to its products was low relative to a subscriber's overall advertising spend. Sales and marketing

² Thomson Intermedia plc IPO admission document, 20 April 2000, pages 5 to 7.

³ Thomson Intermedia plc IPO admission document, 20 April 2000, page 9.

⁴ Thomson Intermedia plc IPO admission document, 20 April 2000, page 8 and 14.

⁵ Thomson Intermedia plc IPO admission document, 20 April 2000, page 8.

⁶ Thomson Intermedia plc IPO admission document, 20 April 2000, page 9.

⁷ Thomson Intermedia plc IPO admission document, 20 April 2000, page 11.

teams were organised by product and industry sector and were set targets monthly and annually for attracting both new and renewal business.⁸

- 1.11 The directors of Thomson Intermedia believed that prior to its incorporation in 1997 no firm offered a media monitoring service over the internet but since then there had been consolidation within the media monitoring industry⁹ and developments from paper based monitoring systems had been made.¹⁰ The directors believed there to be one main competitor to its newspaper monitoring product (ART)¹¹ which currently provided press advertising analysis online.¹²

Post flotation

- 1.12 Thomson Intermedia faced difficult trading conditions in the wake of the downturn in the advertising market in the immediate aftermath of the 2001 “dot com collapse.”

2005 Annual Report

- 1.13 By 2005 Thomson Intermedia was reporting a recovery in its operational performance. Its primary focus remained on developing and penetrating the UK market with its advertising monitoring systems.¹³ The company continued to improve the breadth and scope of its core offering providing further differentiation to its monitoring products. That had resulted in an additional 85 monitoring contracts.¹⁴ Revenue for the period was up 46% compared to an increase in its direct costs of only 5%. The report explained that its direct costs remained largely fixed: as it captured into its database all advertising across all major media irrespective of the nature or number of its clients, acquiring new clients did not entail additional data capture costs.¹⁵
- 1.14 Thomson Intermedia had made considerable progress with the full integration of all its media vouching¹⁶ and return on investment (ROI) products. It noted that there was increasing fragmentation in the [advertising] market and that

⁸ [Thomson Intermedia plc IPO admission document](#), 20 April 2000, page 11.

⁹ We note that in 1999 Nielsen bought Media Monitoring Services (MMS), a firm based in Bracknell which tracked advertising spend across the print, television, radio, direct mail, cinema and outdoor channels for media companies, agencies and advertisers. See [Campaign article](#), 10 December 1999.

¹⁰ Providers had prior to 1997 distributed in a paper-based form the outputs of their advertising monitoring work, for example, an analysis of ad spend in the form of a book or advertising cuttings physically extracted from newspapers and then copied.

¹¹ No mention is made of who that competitor was but it would have been Nielsen.

¹² [Thomson Intermedia plc IPO admission document](#), 20 April 2000, page 14.

¹³ [Thomson Intermedia plc Annual Report for the year ended January 2005](#), page 8.

¹⁴ [Thomson Intermedia plc Annual Report for the year ended January 2005](#), page 10.

¹⁵ [Thomson Intermedia plc Annual Report for the year ended January 2005](#), page 12.

¹⁶ A service verifying for advertisers that the advertisements they had paid for had appeared.

with the requirements for greater governance [demanded by advertisers] it was in a unique and market-leading position to offer integrated channel coverage and transparent data, close to real time, to the advertiser.¹⁷ It was also undertaking a trial with its strategic alliance partner, dunnhumby to link advertising expenditure information to sales data from Tesco Clubcard.¹⁸

- 1.15 It was developing a full media offering for the German market, with Media Control, one of Germany's largest media groups. The initial partnership was to launch a media monitoring service across TV, radio and the internet but was now to include press, which accounted for half of the €17 billion per year of advertising expenditure in Germany. Media Control would assume all operational responsibility with Thomson Intermedia receiving guaranteed minimum payments in the first two years for providing its world leading systems.¹⁹

2006 Annual Report

- 1.16 Thomson Intermedia announced the acquisition of Billets, the UK's largest media auditor. That put the enlarged group at the hub of the advertising triangle (advertiser – agency – media owner), providing essential solutions to all three groups. Regarding its monitoring business, its proprietary technology and eight years of data had created significant barriers to entry for competitors. The report predicted that the addition of Billets would enable it to achieve deeper penetration within its existing customer as well as cross selling opportunities for the full suite of products.²⁰
- 1.17 The underlying Thomson Intermedia business [which included its advertising monitoring business] reported organic growth of 26% to £7.5m with new sales contracts continuing at a strong pace, up 38% to £3.4m.²¹

2007 Report

- 1.18 The report noted the increasing focus by advertisers on getting value for money from their marketing spend, often their largest external cost. Thomson Intermedia's systems, the report continued, were fully integrated into a single database to ensure that advertising creatives and expenditure information could be completely aligned.²²

¹⁷ Thomson Intermedia plc Annual Report for the year ended January 2005, page 10.

¹⁸ Dunnhumby operated the Clubcard scheme for Tesco. Thomson Intermedia plc Annual Report for the year ended January 2005, page 10.

¹⁹ Thomson Intermedia plc Annual Report for the year ended January 2005, page 11.

²⁰ Thomson Intermedia plc Annual Report for the year ended January 2006, page 8.

²¹ Thomson Intermedia plc Annual Report for the year ended January 2006, page 10.

²² Thomson Intermedia plc Annual Report for the 15 months ended April 2007, pages 8 & 9.

- 1.19 Regarding the UK market it aimed to ensure that the Thomson Intermedia system was available and in constant use on the desktops of as many advertisers, agencies and media owners as possible in order to become the standard currency of media spend in the UK. Thomson Intermedia predicted that this would create the opportunity for a step-change in revenue for the Group in the UK. In October 2006 it had agreed a partnership with media agency GroupM, part of WPP, whereby GroupM would endorse Thomson Intermedia's monitoring products, facilitating access to its (GroupM/WPP) customer base of more than 650 advertisers. Thomson Intermedia had invested a significant amount of development time in adapting its systems for the GroupM partnership and for the agency environment in general.²³
- 1.20 This involved developing an entirely new agency and client user front-end solution, automated reporting and distribution functions and agency attribution whereby advertisements could be filtered by agency. That latter functionality was a fundamental requirement of the market. The new front-end product would be made available to all of its existing clients as well as to GroupM and its clients. The new system was currently in the late stages of beta testing and Thomson Intermedia anticipated a controlled roll-out starting within two months (ie September 2007)²⁴ with the financial benefits of this new route to market predicted to materialise by the end of the financial year (ie April 2008).²⁵
- 1.21 The report stated that its core business, encompassing subscriptions, consultancy and international income streams had continued to perform well but did not separately report the results for each of these business lines in the results for the 15-month period.²⁶

2008 Annual Report

- 1.22 The report said that the need to implement changes to the portfolio of products and focus the group's resources had resulted in the write-down of some of its previous investments in development projects.²⁷ The group had written down £1.5m of development costs.
- 1.23 The report noted that as the media landscape diversified and fragmented, driven by emerging digital technologies, there was a greater need for marketing professionals to have accurate, timely and independent information, insight and advice. The growth of the internet (fuelled by

²³ Thomson Intermedia plc Annual Report for the 15 months ended April 2007, page 9.

²⁴ The accounts were signed off on the 23 July 2007.

²⁵ Thomson Intermedia plc Annual Report for the 15 months ended April 2007, page 9.

²⁶ Thomson Intermedia plc Annual Report for the 15 months ended April 2007, pages 6 and 10.

²⁷ Thomson Intermedia plc Annual Report for the 12 months ended April 2008, page 7.

broadband distribution) had transformed the market. Social networking on mobile devices was a daily reality and user-generated content was already a permanent feature of the media landscape. The explosion of media choice was rapidly re-distributing the time, attention and disposable income of the audiences and advertisers faced an enormous challenge in the way they connected with their consumers. Thomson Intermedia had one of the largest media database in the UK working with over 300 advertisers delivering valuable insights direct to their desktops in near real time. In June 2008 it had announced that its media monitoring platform would become Billets Media Monitoring (BMM) to be aligned with its two other advertising service divisions, Billets Media Consulting and Billets Marketing Sciences.²⁸

- 1.24 The firm was planning to change its name from Thomson Intermedia to Ebiquity because it was frequently mistaken for many of the 'Thomson' companies around, for example, Thomson Directories, Thomson Holidays and most recently, Thomson Reuters, a firm operating in an adjacent market.²⁹
- 1.25 Its Technology and Data business, comprising its monitoring and vouching products, despite an encouraging 92% renewal rate, was up only 3% on the previous year due to disappointing new business performance. It also noted that it earned a lower margin on its consultancy services than on its Technology and Data business line. The report added that additional costs incurred in Technology and Data had not resulted in the desired uplift in revenues that part of the business was subject to a detailed strategic review.³⁰ Regarding research and development, the directors' report noted that the firm had significantly upgraded its media monitoring platform.³¹

Fall in demand for the AdIntel services offered by Ebiquity in the UK

2009 Annual Report

- 1.26 The report said that whilst Ebiquity's Analytics business had perhaps benefitted from its clients placing a higher than usual emphasis on ensuring maximum media and marketing effectiveness and stronger return on marketing investment, other parts of its business had performed less well. Its advertising monitoring business had suffered from a negative impact on renewals as a result of many clients cutting advertising spend, increased corporate consolidations reducing available contracts and an ailing car

²⁸ Thomson Intermedia plc Annual Report for the 12 months ended April 2008, pages 11 & 12.

²⁹ Thomson Intermedia plc Annual Report for the 12 months ended April 2008, page 13.

³⁰ Thomson Intermedia plc Annual Report for the 12 months ended April 2008, page 15.

³¹ Thomson Intermedia plc Annual Report for the 12 months ended April 2008, page 19.

industry. As a result renewals had declined from 92% in the previous year to 84%.³²

- 1.27 Revenue from its Platform segment (ie its advertising intelligence business) was down 5% due to reductions of the renewal rate referred to above but also due to a slowdown in new sales on its advertising monitoring platform.³³

2010 Annual Report

- 1.28 It had just acquired Xtreme Information Services, an international media intelligence business with annual revenues of £18 million per year. Significant restructuring was under way which would generate cash savings for future years.³⁴
- 1.29 Despite its good financial performance it had proven difficult to fully exploit the relationship between its different activities. The acquisition in April 2010 of Xtreme Information had addressed the geographic reach and balance of its data capture capabilities and created a business of scale that could “rest comfortably” alongside its domestic and international capabilities in our analytics business.”³⁵
- 1.30 Its Platform division had been challenged by the domestic nature of its advertising monitoring product in an increasingly globalised world with revenue down 11%. This was in part due to a softening in the advertising monitoring renewal rate (by value) to 80% (2009: 84%) and slower new sales of advertising monitoring.³⁶

The acquisition of an International AdIntel business in 2010

- 1.31 In 2010 Ebiquity acquired Xtreme Information, adding the capability to monitor advertising across a number of different territorial markets on a comparable basis to the UK capability it already had. Xtreme had operations in Newcastle, Paris, Hamburg, Sydney and Chicago. At the same time, Ebiquity took full control of the joint venture in Germany. The rationale given for this was that the ‘Deep Dive’, country-specific, businesses that Ebiquity operated complemented the International offering of Xtreme.³⁷

³² Ebiquity plc Annual Report for the 12 months ended April 2009, page 11.

³³ Ebiquity plc Annual Report for the 12 months ended April 2009, page 12.

³⁴ Ebiquity plc Annual Report for the 12 months ended April 2010, page 2.

³⁵ Ebiquity plc Annual Report for the 12 months ended April 2010, page 3.

³⁶ Ebiquity plc Annual Report for the 12 months ended April 2010, page 11.

³⁷ Source: Campaign article: Ebiquity to acquire Xtreme Information Services, 26 March 2010.

1.32 The UK Deep Dive service founded by Thomson Intermedia and the International service provided by Xtreme differed in the following respects:

(a) [REDACTED];

(b) [REDACTED]; and

(c) [REDACTED].

1.33 As a general rule, the Deep Dive service monitored more media types and more titles / channels. While both services provided a representation of the advertising used to promote products and services, the Deep Dive service aimed to be significantly more comprehensive than the International service.

Absorption of Xtreme Information into Ebiquity's operations

1.34 Xtreme, founded roughly at the same as the original Thomson Intermedia offering³⁸, like Ebiquity's country-specific service, sought from the outset to provide information on the creative content of adverts, but unlike Ebiquity, offered an 'International' product. Key to the success of the International product was [REDACTED].

1.35 [REDACTED]³⁹ [REDACTED]

2013 to 2015 Annual Reports

1.36 Ebiquity's 2013 Annual Report noted that retention of its AdIntel clients had been very strong, with the renewal rate (by value) increasing to 93% but that new contracts had been slower to close than anticipated.⁴⁰

1.37 The 2014 Annual Report noted that overall growth for the year for the Ebiquity group had been held back as a result of revenue erosion in the Market Intelligence segment (the new name for Ebiquity's Platform division) where advertisers' needs were changing. Ebiquity reported that it was in the process of adapting to those needs.⁴¹ Ebiquity explained that its Portfolio products, which made up the majority of its Market Intelligence segment, had underperformed that year. Advertising monitoring remained a highly competitive market, and as a result, it had seen price pressure on new contract opportunities.⁴²

³⁸ See Companies House beta for [Xtreme Information Limited](#).

³⁹ [REDACTED]

⁴⁰ [Ebiquity Plc Annual Report and Accounts for the year ended 30 April 2013](#), page 13.

⁴¹ [Ebiquity Plc Annual Report and Accounts for the year ended 30 April 2014](#), page 7.

⁴² [Ebiquity Plc Annual Report and Accounts for the year ended 30 April 2014](#), page 8.

1.38 In the 2015 Annual Report Ebiquity reported in relation to its Marketing Intelligence segment that as channels were proliferating, advertisers were having to spread their costs [ie their marketing budget] across an ever-wider range of data sources and they were often seeking lower cost solutions for their [marketing] data and information services. As a result, performance had been disappointing, with revenues down 2.5% on a constant currency basis, but the rate of decline had been slower than in the prior year. Ebiquity noted, however, that over the past year it had developed its new Portfolio product and that it was currently being rolled out to clients. It would continue to invest in its Portfolio product and would introduce more comprehensive digital [advertising] monitoring by the end of the current [ie December 2015⁴³] financial year. ⁴⁴ In response to the decline in its AdIntel business Ebiquity reported that it had undertaken a strategic review of its Market Intelligence offering at a cost of £160k.⁴⁵

[X]'s strategic review of Ebiquity's AdIntel business in 2014

1.39 Ebiquity commissioned a firm of strategy consultants, [X], to undertake a review in 2014. [X] amongst other things highlighted the following trends in the advertising market:

(a) [X];

(b) [X];

(c) [X];

(d) [X].

1.40 [X]

1.41 [X]

1.42 [X]

1.43 [X]

1.44 [X]

1.45 [X]

⁴³ Ebiquity changed its reporting year end from April to December in 2015.

⁴⁴ Ebiquity Plc Annual Report and Accounts for the year ended 30 April 2015, page 44.

⁴⁵ Ebiquity Plc Annual Report and Accounts for the year ended 30 April 2015, page 80.

Developments in the AdIntel offering in the wake of [REDACTED]'s strategic review

[REDACTED]

- 1.46 Ebiquity did not pursue [REDACTED]'s proposal to [REDACTED].
- 1.47 In relation to its UK Deep Dive product, Ebiquity told us that [REDACTED].

Investment in a new modern interface for its platforms

International platform

- 1.48 However, as set out in paragraph 1.38, Ebiquity had already begun to invest in a new platform for its International business, [REDACTED]:

(a) [REDACTED] and

(b) [REDACTED].

UK Deep Dive platform

- 1.49 Regarding investment in the UK Deep Dive platform, [REDACTED].
- 1.50 [REDACTED]

Investment in coverage of digital advertising

- 1.51 Ebiquity introduced its new digital monitoring service in late 2016 / early 2017. In doing this Ebiquity [REDACTED].⁴⁶
- 1.52 Ebiquity subsequently clarified that it had monitored digital advertising since 2002. Ebiquity had relaunched the digital service by improving the way in which it collected the data. Its clients, it explained, received that as part of their core service. There was, however, a premium service, which Ebiquity was trying to persuade its clients to upgrade to, which captured new types of digital advertising such as video formats. [REDACTED]

Development of specialist reports for UK Deep Dive clients

- 1.53 [REDACTED]⁴⁷ [REDACTED]

⁴⁶ Joint Nielsen/Ebiquity Phase 2, [Initial Submission](#), 17 July 2018, paragraph 6.5.

⁴⁷ [REDACTED]

Developing a [REDACTED]

1.54 [REDACTED]

1.55 Ebiquity told us [at our site visit to their premises in August 2018] that this initiative (code named [REDACTED]⁴⁸) was, as far as it was concerned, [REDACTED].

1.56 Nielsen told us [at our site visit to its premises] that they would [REDACTED].

[REDACTED]

1.57 The most recent initiative [REDACTED] by Ebiquity has been to seek to broaden the appeal of the UK Deep Dive product [REDACTED]. This was a relatively low-cost initiative and involving [REDACTED].⁴⁹ [REDACTED], Ebiquity, told us that this enhancement [REDACTED] and that it would not be pursued further [REDACTED]⁵⁰[REDACTED].

1.58 [REDACTED]

2016 - The arrival of a new CEO for the Ebiquity group and the move to dispose of the AdIntel business

1.59 Michael Karg joined Ebiquity as group CEO in January 2016. He set out his analysis of and plans for the Ebiquity business in a presentation [REDACTED]. [REDACTED] and recommended its sale. [REDACTED] Quayle Munro (QM), a mergers and acquisitions advisory firm, had been selected as the advisor on the sale of the AdIntel business (codename “Bloom”).

1.60 [REDACTED]⁵¹ [REDACTED]⁵² [REDACTED]

1.61 The same QM presentation identified [REDACTED]⁵³, Nielsen and [REDACTED].⁵⁴ It recommended approaching these candidates [REDACTED].

Issue of the Information Memorandum by QM in December 2016

1.62 [REDACTED]

⁴⁸ In Greek mythology [REDACTED]. Diagrams depicted [REDACTED].

⁴⁹ [REDACTED]

⁵⁰ [REDACTED]

⁵¹ [REDACTED]

⁵² [REDACTED]

⁵³ [REDACTED]

⁵⁴ [REDACTED]

Results of round 1 process as reported by QM in February 2017

1.63 [REDACTED]

May 2017 board meeting

1.64 QM updated the board with the round 2 offers from [REDACTED] Nielsen [REDACTED] Nielsen were offering [REDACTED].

1.65 [REDACTED]

July 2017 board call

1.66 [REDACTED]

1.67 [REDACTED]

1.68 [REDACTED]:

(a) [REDACTED];

(b) [REDACTED];

(c) [REDACTED].

1.69 [REDACTED]

1.70 [REDACTED]

July 2017 board meeting

1.71 [REDACTED]

August 2017 board meeting

1.72 [REDACTED]⁵⁵ [REDACTED]

1.73 Nielsen [REDACTED] had indicated that, in the light of the reduction in the level of the [REDACTED] contract, it would be prepared to pay [REDACTED]. Nielsen was prepared to provide a [REDACTED] in the event that the transaction failed to gain CMA clearance. Nielsen had also noted that the CMA had raised its *de minimis* market turnover thresholds from £10 million to £15 million per year in June 2017 and

⁵⁵ [REDACTED]

that the UK Deep Dive and the UK International markets were separately likely to be [REDACTED] per year.

1.74 [REDACTED]⁵⁶ [REDACTED]

1.75 [REDACTED]

Option to keep the AdIntel business

1.76 [REDACTED]

1.77 [REDACTED]:

(a) [REDACTED];

(b) [REDACTED];

(c) [REDACTED]; and

(d) [REDACTED].

1.78 [REDACTED]

1.79 [REDACTED]

September 2017 board meeting

1.80 [REDACTED]

November 2017 board meeting

1.81 [REDACTED]

1.82 [REDACTED]

December 2017 board meeting(s)

The CEO's presentation [REDACTED]

1.83 [REDACTED]

1.84 [REDACTED]:

⁵⁶ [REDACTED]

(a) [REDACTED]⁵⁷ [REDACTED];

(b) [REDACTED];

(c) [REDACTED];

(d) [REDACTED]⁵⁸[REDACTED]⁵⁹[REDACTED].

1.85 [REDACTED]

The [REDACTED] for the AdIntel business

1.86 [REDACTED]

1.87 [REDACTED]

December board minutes

1.88 [REDACTED]

January 2018 board meeting

1.89 [REDACTED]

February 2018 board calls

1.90 [REDACTED]

The public announcement of the disposal for £26m of Ebiquity's AdIntel division

1.91 The following day Ebiquity announced its pre-closing trading statement for the year ended 31 December 2017. This announcement led with the proposed disposal of its AdIntel business, declaring that it would accelerate Ebiquity's pivot towards becoming the world's leading tech-enabled marketing and media analytics consultancy. The sale would assist in Ebiquity in achieving its Growth Acceleration Plan ('GAP') it had communicated to its shareholders in September 2016.⁶⁰

⁵⁷ [REDACTED]

⁵⁸ [REDACTED]

⁵⁹ [REDACTED]

⁶⁰ Ebiquity [announcement](#) of sale & pre-closing trading statement, 13 February 2018.

Developments since the announcement of the decision to sell the AdIntel division

March 2018 board meeting

1.92 [REDACTED]⁶¹ [REDACTED]

May 2018 board meeting

1.93 [REDACTED]

1.94 [REDACTED]

June 2018 press announcement

1.95 In the event the CMA referred the deal to Phase 2. Ebiquity's announcement on 13 June noted that both it (Ebiquity) and Nielsen now had the opportunity to offer remedies to address the CMA's concerns. If that were not to happen, then the transaction would be referred for a Phase 2 investigation. They (Ebiquity and Nielsen) continued to believe that the transaction would deliver substantial benefits for all stakeholders.⁶²

September 2018 board strategy day

1.96 A new chairman (Rob Woodward) joined the Ebiquity board team in May 2018 and organised a strategy day for the group for the beginning of September. Ebiquity shared with us two of the sets of presentation slides that it had prepared for that day to discuss what Ebiquity should do in the event that the sale of its AdIntel business to Nielsen were not to proceed for any reason.

◦ the AdIntel business valuation update paper

1.97 Firstly, Ebiquity's AdIntel business finance director (Geoff Snowden) and its group's chief financial officer (Andy Noble) had prepared in the preceding two weeks, with significant input from its merger and acquisitions advisory firm, QM⁶³, a presentation setting out a [REDACTED].

1.98 [REDACTED]

1.99 [REDACTED]

⁶¹ [REDACTED]

⁶² [Ebiquity statement](#) re CMA review of the disposal of its AdIntel division, 13 June 2018.

⁶³ QM, Quayle Munro. QM had recently changed its name to Houlihan Lokey.

1.100 [REDACTED]

- *The AdIntel business discussion paper (Plan B)*

1.101 Secondly, there was a paper prepared by the CEO of Ebiquity Asia-Pacific (Richard Basil-Jones, an experienced AdIntel professional) in conjunction with the CEO and FD of Ebiquity's AdIntel division (respectively Morag Blazey and Geoff Snowden) to plan for the AdIntel business if the deal did not proceed. This paper explored three options:

[REDACTED]

1.102 [REDACTED]

[REDACTED]

1.103 [REDACTED]

[REDACTED]

1.104 The paper set out the business would be relaunched with a new brand pursuing select market opportunities. Rationalisation would include [REDACTED].

1.105 [REDACTED]

1.106 [REDACTED]

- *Next steps for Plan B*

1.107 The outcome of the session was that the executives named in paragraph 1.101 would carry out further work [REDACTED] if the transaction were not to proceed. Ebiquity told us that the results of that 'Plan B' work would be discussed at a coming regular board meeting, not the next one at the end of September right before it announced its interim results, but most likely either the board meeting scheduled for November or December.

Analysis of the recent performance of Ebiquity's AdIntel business

Ebiquity's routine reporting capability for AdIntel

1.108 We have sought to obtain financial information from Ebiquity in the form of profit margins over the last five years for its UK Deep Dive and UK

International products.⁶⁴ This is the sort of information that would enable us to assess recent trends in financial performance for the two separate products to help inform our assessment of both the counterfactual for, and the competitive effects of, the anticipated merger.

- 1.109 Ebiquity was, however, not able to provide us with this information in response to our initial request because, although it did separately identify the financial performance of its UK AdIntel business from its broader AdIntel business, it did not routinely report the financial performance of its UK Deep Dive product separately from the International product sold by its UK AdIntel business.⁶⁵ Ebiquity did tell us, however, that, although the databases for the two separate products were created alongside each other in Newcastle, there was in fact limited overlap in their respective cost bases, the main saving being in relation to not having to pay to access, and then capture, the media titles / channels monitored once for the UK Deep Dive product and then again for the International product.
- 1.110 Instead, we received from Ebiquity analyses for each financial year which, although they identified the revenues for the Deep Dive and International products separately, did not do the same for operating costs. Ebiquity added that it 'is working on a full profit and loss analysed by product for 2017 and will produce this shortly'. In consequence, we initially only had access to financial information relating to aggregate financial performance across the two UK products, an analysis derived from Ebiquity's existing management information for its UK AdIntel business. [REDACTED]
- 1.111 Ebiquity did subsequently conduct an exercise to ascertain the separate financial performance of the two UK products. It conducted this exercise for three reasons. First of all, we had asked for this information, both in our initial information request accompanying our 'first day letter' and subsequently in our financial information request dated 9 August 2018 requiring them to provide us with this information in a form we had specified. Secondly, Ebiquity wished to submit to us its own counterfactual paper, including its own view of the current and expected future financial performance for its UK AdIntel products. And thirdly, in response to the possibility that Ebiquity would not be allowed to sell its AdIntel business to Nielsen, there was the need within Ebiquity to ascertain the performance of each of the products that in total comprised its AdIntel business. This exercise would inform Ebiquity's

⁶⁴ Ebiquity information request accompanying FDL, request 22, sent 25 June 2018. The purpose of this initial, 'first day letter' information request is to obtain information/documents that the firm already has to hand, rather than material that it would need to specially prepare in response to a request for information.

⁶⁵ See [REDACTED].

evaluation of the various options available to it were it to retain its AdIntel business.⁶⁶

The financial information we subsequently received in respect of its two UK AdIntel products

1.112 In consequence we received two sets of financial information from Ebiquity. Firstly, on 14 August 2018, within a standalone paper submission on the counterfactual by Ebiquity⁶⁷ we received an analysis of the operating performance of the two UK products based on Ebiquity's own template for the most recently completed financial year (ie 2017). Secondly, on 17 August 2018 we received the analysis of out-turn financial operating performance across the past five years that we had requested in our template on 9 August 2018. The analysis provided within Ebiquity's counterfactual paper also included forecasts for outturn operating performance that Ebiquity was now predicting for the current (2018) and the following year (2019).

Our understanding of the basis of preparation of the financial information submitted

1.113 We held a discussion with Ebiquity to better understand what approach and assumptions it had had to make in order to prepare both sets of financial information. Ebiquity explained that [REDACTED] As a consequence, they had only been able to perform a detailed analysis of indirect costs (labelled as 'overheads' in the tables below) for 2017. That was the reason for Ebiquity employing the same figure that had been estimated for 2017 also for the years 2013 to 2016.

1.114 Ebiquity also told us, that in the absence within the Ebiquity business of established cost attribution methodologies for cost items such as indirect staff, IT and space, they had had to employ proxy methodologies such as head count (to allocate costs across individual products) to arrive at the cost figures included within 'overheads' in both the sets of analysis they had supplied us.

1.115 Ebiquity also explained that in its analysis for the UK International product (Table 8 below) it had recognised, within total revenues, revenues that the UK business had earned from other parts of the International business. These revenues served to reimburse the UK business with the cost of monitoring adverts that the clients of the other parts of Ebiquity's International business

⁶⁶ For example, Ebiquity considered some of these options in its Strategy Day on 3 September 2018 as evidenced by presentations it subsequently shared with us.

⁶⁷ Strictly speaking, it was a single submission made by both parties combined. However, as the entirety of the submission centred around the [REDACTED], something confidential to Ebiquity, we refer to it within this appendix as an Ebiquity submission.

had access to through their subscriptions. In its response to our information request (Table 6 below), Ebiquity had not recognised these revenues but had instead reduced the amount shown for operational costs by the same amount.

The analysis of outturn performance across the past five years that we had requested

1.116 In this section we set out in a series of tables the financial and operational information we obtained from Ebiquity in response to our requests in summary form.

1.117 In this analysis, we focus on Ebiquity's UK AdIntel business, both the UK Deep Dive service and its International offering serviced from the UK. Ebiquity told us that the UK Deep Dive and International products operate largely independently of each other. The main interdependency between the two, we were told, was that an element of overhead costs that had been allocated to the two separate products would continue to be incurred by one product [REDACTED].

1.118 For completeness, Ebiquity also offer a Deep Dive product covering Germany and Australia (and New Zealand) from operations based in these two countries. Ebiquity also offers its International product to clients from its German and US offices, but the majority of sales for the International product are generated by its UK-based business.

Customer numbers

Table 1: Customer numbers by product at the end of each financial period from 2013 to 2017 (UK business only)

[REDACTED]

Source: Ebiquity

Note 1: During 2015 Ebiquity changed its year end from April to December in 2015.

1.119 We note that the subscriber base of Ebiquity's UK AdIntel business [REDACTED] and that customer numbers [REDACTED]. However, both products were [REDACTED].

1.120 Customer numbers for the Deep Dive product are currently [REDACTED].⁶⁸

Renewal rates

Table 2. Customer retention ratios by product by volume and value at the end of each financial period from 2013 to 2017

[REDACTED]

⁶⁸ See paragraph 1.23.

- 1.121 Next, we show Ebiquity's UK AdIntel renewal rates by value and volume, in some cases broken down by product. Volume renewal rates indicate how many new customers a business needs to acquire each year just to stand still. [REDACTED] renewal rates, [REDACTED], are [REDACTED] for a subscription business given the rate of new customer acquisition activity and expenditure they necessitate to maintain the customer base. That said, in nearly all cases Ebiquity's renewal rates [REDACTED].

External sales (Tables 3 and 4)

Table 3: Total external sales by product for each financial period from 2010 to 2017, UK business only (£million per year)

[REDACTED]

Source: Ebiquity

Note 1: During 2015 Ebiquity changed its year end from April to December in 2015. Figures prior to 2016 have been restated by Ebiquity onto a calendar year basis

Table 4: External sales for International product for each financial period from 2010 to 2017, UK business only (£million constant currency basis)

[REDACTED]

Source: Ebiquity

Note 1: During 2015 Ebiquity changed its year end from April to December in 2015. Figures prior to 2016 have been restated by Ebiquity onto a calendar year basis

Note 2: Constant currency revenues show USD and Euro based contracts at a consistent rate with the prior period

- 1.122 These sales numbers [REDACTED] suggest an [REDACTED].
- 1.123 Because some of the international sales are invoiced in € and USD, Ebiquity restated the numbers to show the impact of holding exchange rates constant. These restated numbers indicate that [REDACTED].

Operating profits (Tables 5 and 6)

- 1.124 Margins, and therefore profits, for database publishers such as Ebiquity's AdIntel business are sensitive to fluctuations in the size of their customer base. Except to the extent they provide additional bespoke services to individual customers⁶⁹, they operate to a significant extent as fixed cost businesses[REDACTED]⁷⁰ Other things being equal, [REDACTED]

⁶⁹ In the case of Ebiquity's AdIntel business this would be, for example, by capturing additional information about an advert beyond that routinely coded as part of the standard data capture process or checking on behalf of a brand owner advertiser (eg a car manufacturer such as BMW) whether its brand guidelines have been adhered to by their distributors (i.e. car dealers around the UK) when advertising the product (eg BMW cars). Because these activities are only performed when an individual client specially asks for it, these costs would fall away if the client were to be lost.

⁷⁰ See also paragraph 1.13, where Ebiquity described the same phenomenon in its 2005 Annual Report.

- *UK Deep Dive business*

Table 5: Revenues, operating costs and margins for UK Deep Dive product for years from 2013 to 2017 (nominal £ million unless otherwise indicated)

[✂]

Source: Ebiquity

Note1: A fixed amount for overheads has been applied to the UK Deep Dive products in each year based on a calculation done for 2017. This fixed amount covers support staff, premises costs, travel, IT costs, depreciation and other general overhead.

Note 2: During 2015 Ebiquity changed its year end from April to December in 2015. Ebiquity has accordingly reworked the results for periods prior to 2016 to give operating results for the calendar year.

1.125 Table 5 indicates that the UK Deep Dive business [✂]. [✂]. The reason for this is that Ebiquity has estimated the level of costs for a number of categories for 2017 and then applied these estimates across all previous periods. See paragraph 1.113.

1.126 [✂]

○ *UK International business*

Table 6: Revenues, operating costs and margins for International Business (UK element only) for years from 2013 to 2017 (nominal £ million unless otherwise indicated)

[REDACTED]

Source: Ebiquity

Note 1: Ebiquity's international business (element served from the UK) invoices on request its customers in USD or €. That means that movements in revenues can reflect changes in the level of exchange rates. Ebiquity has isolated the impact of these (unexpected) movements to show revenues held constant at exchange rates consistent with the prior period.

Note 2: A fixed amount for overheads has been applied to the International product (element served from the UK only) in each year based on a calculation done for 2017. This fixed amount covers support staff, premises costs, travel, IT costs, depreciation and other general overhead.

Note 3: During 2015 Ebiquity changed its year end from April to December in 2015. Ebiquity has accordingly reworked the results for periods prior to 2016 to give operating results for the calendar year.

1.127 Overall the International business (UK element) is [REDACTED]. Over the period of review Ebiquity [REDACTED].

1.128 Ebiquity's International platform is likely to exhibit the same fundamental economics as its UK Deep Dive platform, described in 1.124. As with the results for UK Deep Dive product, the level of overheads attributed to the UK International product, has been the outcome of a one-off exercise for 2017 and this level has been assumed to equally apply across prior periods. According to this analysis, however, it appears [REDACTED].

The analysis of outturn and forecast performance that Ebiquity included in its submission on the counterfactual

1.129 The focus of Ebiquity's analysis provided within its counterfactual paper differed somewhat from the analysis we requested. We wished to analyse recent outturn financial performance whereas Ebiquity sought to forecast the trading performance of its UK products for the current year and the following year. [REDACTED] and [REDACTED].

1.130 Ebiquity highlighted that when it had previously considered what it might do should it need to continue to hold its AdIntel business (in July 2017, just after its 2017 half year end), [REDACTED]

1.131 Ebiquity noted that its AdIntel business was largely a fixed cost business, [REDACTED] Furthermore, it anticipated [REDACTED].

1.132 Before commenting in paragraphs 1.133 to 1.134 on the two tables provided by Ebiquity in its counterfactual paper, we note that there is some inconsistency between the accounting information we have been given in response to our information request discussed above (Tables 5 and 6) and that contained within Ebiquity's paper (Tables 7 and 8). For the UK International product in particular the operating profit figure ('profit less

overheads’) in Table 6 above is [REDACTED] for 2017 whereas in Table 8 below the figure for the same year is [REDACTED]. We also note in Tables 7 and 8 depreciation and amortisation costs have been shown separately from overheads but in order for the EBITDA figure to total correctly the overheads need to be correspondingly reduced.

Table 7: Latest and forecast revenues, operating costs and margins for UK Deep Dive business (£000s per year)

[REDACTED]

Source: Ebiquity.

- 1.133 According to this analysis, which is broadly consistent with that given for 2017 in table 5, what Ebiquity refer to as ‘operating margins’ are forecast to [REDACTED].

Table 8: Latest and forecast revenues, operating costs and margins for International business (UK element) (£000s per year)

[REDACTED]

Source: Ebiquity.

- 1.134 As also shown by table 6, the performance of the International business in terms of margins [REDACTED].

- *Our scrutiny of the financial information included with Ebiquity’s counterfactual submission*

Costs

- 1.135 As already explained in paragraphs 1.111 and 1.113 to 1.115, we asked Ebiquity to explain how it had arrived at the (same) level of its overhead costs which it applied in each of the periods analysed. We also asked that Ebiquity demonstrate that such costs had been allocated reasonably between the UK Deep Dive and UK International businesses, and/or between these businesses and other Ebiquity AdIntel businesses and whether some or all of these ‘overheads’ would still be incurred if the UK Deep Dive business [REDACTED]
- 1.136 In response Ebiquity explained that it had undertaken a line-by-line analysis of the costs of providing its UK Deep Dive and UK International products. In its 2019 plans, Ebiquity had assessed how much of each of these costs would be avoided if the UK Deep Dive service [REDACTED].

Table 9: Ebiquity's analysis of its costs and revenues for its UK Deep Dive service: summary (£000s)

[REDACTED]

Source: Ebiquity

Table 10: Ebiquity's analysis of its direct costs for its UK Deep Dive service: detail (£000s)

[REDACTED]

Source: Ebiquity.

Table 11: Ebiquity's analysis of its indirect costs (i.e. overheads) for its UK Deep Dive service: detail (£000s)

[REDACTED]

Source: Ebiquity.

- 1.137 As set out in paragraphs 1.113 to 1.115, we sought to understand what Ebiquity had done to prepare the financial information it had provided us. We have not, however, sought to scrutinise the analysis it has provided. This is because, in the face of the uncertainty regarding what Ebiquity would do with its AdIntel business were the sale to Nielsen not to proceed, forming a view on the precise level of operating profits Ebiquity has recently been earning from providing its UK Deep Dive product has not been necessary.

Revenues

- 1.138 We also asked Ebiquity to explain how it had arrived at its revenue forecast for the current year, 2018. Ebiquity told us that its outturn forecast for 2018 for both UK Deep Dive and International was largely based on revenue that it had already secured for the year i.e. the revenues from customers that had already renewed plus the outstanding amount of renewal income [REDACTED].
- 1.139 We probed Ebiquity for the [REDACTED] it was forecasting for 2018 and [REDACTED] across its UK business, querying whether it was related to [REDACTED].
- 1.140 Ebiquity explained that the anticipated sale to Nielsen had been announced in February, [REDACTED].
- 1.141 In relation to UK Deep Dive it had been [REDACTED] the first quarter of last year (ie January to March 2017). Ebiquity thought that this reflected a general trend whereby advertisers were only increasing their media spend by about 2 per cent year on year but marketing knowledge budgets were increasing significantly faster.

- 1.142 Ebiquity further explained that historically the business had [REDACTED]. These clients would not be taking a direct alternative, but using their market budget to spend on other things, such as digital or econometrics.
- 1.143 Subsequent to the announcement of the sale to Nielsen, Ebiquity explained, it had not become aware of [REDACTED] since the beginning of 2017 to the end of August 2018, the date on which it had been told that customer would not be renewing and the value of that annual subscription.
- 1.144 We graphed this UK Deep Dive information to see whether we could detect any [REDACTED] that Ebiquity had described to us (see paragraph 1.130) since the start of the CMA review process.

Figure 1: Ebiquity's AdIntel UK deep dive product: values for each [REDACTED] between January 2017 and August 2018

[REDACTED]

Source: CMA analysis of information supplied by Ebiquity.

- 1.145 This analysis tends to support Ebiquity's claim that [REDACTED] through the period (which totalled [REDACTED] over the 18-month period to August 2018) but that trend does not appear to have accelerated since the beginning of the CMA review process in February 2018.
- 1.146 Finally we note Ebiquity's explanation that [REDACTED] pre-dated the public announcement of the merger in February.⁷¹ We also note the following explanations that Ebiquity has recently supplied to investors:

Ebiquity plc Interim Trading Update, 24 July 2018

Whilst first half revenues from the Media (formerly Media Value Measurement) segment and Analytics & Tech (formerly Marketing Performance Optimization) segment grew 7% over the prior year on a like-for-like ("LFL") basis, uncertainty arising from the UK Competition and Markets Authority ("CMA") investigation into the planned disposal of the Intel segment to Nielsen, announced in February 2018, has impacted Intel sales with H1 2018 LFL revenues down 9% versus 2017.⁷²

Ebiquity plc, Interim Results for the six months ended 30 June 2018, 25 September 2018

⁷¹ See paragraphs 1.140 to 1.143 above.

⁷² [Ebiquity plc Interim Trading Update](#), 24 July 2018, page 1.

Intel LFL revenue down 8.8% impacted by some client losses and uncertainty arising from the CMA investigation which has slowed new business⁷³

Total Intel revenue has decreased by 12.8% to £10.1m on a reported basis. On a LFL basis revenue has decreased by 8.8%.

Understandably, the proposed sale of the Intel division to Nielsen drew management time away from the business, but also slowed new business to offset churn in our existing client base. The revenue decline was felt most severely in both our UK International and UK deep-dive services, with revenues outside of the UK broadly flat on a LFL basis. Owing to the fixed cost nature of the business, the decline in revenue was only marginally offset by reduced costs, leading to a significant reduction in operating profit from the Intel segment, with operating margin reduced to 5.1%.⁷⁴

Performance of Nielsen's advertising intelligence business

1.147 Here we briefly consider how Nielsen, the anticipated acquirer of Ebiquity's AdIntel business, has performed recently. Nielsen's AdIntel business may also be relevant to determining the counterfactual.

Table 8: Nielsen customer numbers for its UK Deep Dive product from 2010 to 2017

[X]

Source: Nielsen.

1.148 This graph supports Nielsen's explanation that its predominately media owner and media buying agency customer base has [X]

(a) [X];and

(b) [X].

1.149 We also looked at the financial information that Nielsen provided us. Although Nielsen is a group headquartered in Oxford, UK, it is listed on the New York stock exchange and reports in USD – £1 was worth USD1.30 on 4 October 2010.⁷⁵

⁷³ Ebiquity plc Interim Results for the six months ended 30 June 2018, 25 September 2018, page 1.

⁷⁴ Ebiquity plc Interim Results for the six months ended 30 June 2018, 25 September 2018, page 9.

⁷⁵ Spot rate 1.2964 as sourced from FT.com website on 4 October 2018.

Table 4a: Revenues, operating costs and margins for UK Deep Dive product for years from 2013 to 2017 (nominal USD million unless otherwise indicated)

[REDACTED]

Source: Nielsen.

Table 4b: Revenues, operating costs and margins for UK Deep Dive product for years from 2013 to 2017 (nominal UK £ million unless otherwise indicated)

[REDACTED]

Source: Nielsen.

Note: Table 4b re-presents the same input information (i.e. Revenue, Op Tech and Commercial, as Table 4a but in £ million. These amounts have been translated into £s at the exchange rate of US\$1.2964 to £1.

1.150 We asked Nielsen why its EBITDA for 2018 (earnings before interest, tax, depreciation and amortisation) was forecast [REDACTED]. Nielsen told us that [REDACTED]. For 2018 Nielsen's UK AdIntel business [REDACTED].

1.151 Nielsen's UK Deep Dive business shows [REDACTED]. Likewise, its International business, [REDACTED]. Nielsen's reports the results of its 'International'⁷⁶ AdIntel business [REDACTED].

1.152 Nielsen appears to be [REDACTED]. [REDACTED]

Options for the Ebiquity AdIntel business under its current ownership

1.153 In this section we examine some of the options open to Ebiquity AdIntel business at this point in time, should the sale of the business not go ahead for any reason, that either it itself has considered or have been proposed to it by its advisors.

What Ebiquity told us it planned to do

1.154 Ebiquity told us that it would:

(a) [REDACTED];

(b) [REDACTED]; and

(c) [REDACTED].

1.155 [REDACTED]

1.156 In response to our questioning whether Ebiquity might lose synergies between its businesses, Ebiquity told us that was in fact very little cross-selling of

⁷⁶ 'International' refers to its non-US reporting segment.

AdIntel services to its consultancy clients. On occasion Ebiquity might be able sell to the same client but the buyers in those organisations would be completely different people, spending out of different budgets.

1.157 [REDACTED], because it had a large media auditing business where it looked at how a media agency had laid down and bought its media plan on behalf of a client.

1.158 Ebiquity explained that it told the client whether its media agency had been offering good value for money, first of all, compared to their peer group of media agencies, or whether the agency had obtained the deals for buying advertising that they had promised. It would be Ebiquity's job to impartially demonstrate that the agency had bought space / airtime cheaper than others in the marketplace. [REDACTED]

1.159 We note that Ebiquity is [REDACTED].

Some alternative options in principle open to Ebiquity it itself has considered or previously suggested by its advisors

1.160 Alternative options on which we asked Ebiquity to explain its current thinking included:

- (a) Ebiquity to [REDACTED];
- (b) Ebiquity to fully integrate its UK Deep Dive and International products;
- (c) Ebiquity to [REDACTED];
- (d) Ebiquity to otherwise reduce its cost base [REDACTED];
- (e) Ebiquity to [REDACTED] a digital service to customers; and
- (f) Ebiquity to [REDACTED] its digital offering;

1.161 We set out what Ebiquity told us regarding each of these options below:

Ebiquity to [REDACTED]

1.162 [REDACTED]⁷⁷ [REDACTED]⁷⁸ [REDACTED]

1.163 [REDACTED]

⁷⁷ CMA analysis based on Ebiquity's analyses of UK Deep Dive revenues.

⁷⁸ See paragraphs 1.44 and 1.46 to 1.47.

1.164 [REDACTED]

Ebiquity to fully integrate its UK Deep Dive and International products

1.165 As explained at paragraphs 1.34 to 1.35 and 1.49 to 1.50, Ebiquity chose to provide its two products on two separate IT platforms. We asked Ebiquity whether it had considered the possibility to now realise synergies from bringing both these products onto a single platform.

1.166 Ebiquity told us that [REDACTED]

1.167 Ebiquity further explained that [REDACTED]

Ebiquity to [REDACTED]

1.168 Ebiquity explained that it had been able to make some [REDACTED] progress in recent months. [REDACTED]

1.169 [REDACTED]

1.170 [REDACTED]

Ebiquity to otherwise reduce its cost base [REDACTED]

1.171 We noted that in practice it would be quite unusual for a business to have a cost structure where the level of costs it incurred was absolutely fixed from one year to the next – inevitably there would be some element of costs that would be variable, perhaps client service teams or account management support, [REDACTED]

1.172 Ebiquity told us that, [REDACTED] That was because many of its [REDACTED] clients did not want to just receive an ad indicator service, rather they also wanted Ebiquity to be able to tag this or add that in there or display it in a different way. As a result, Ebiquity was finding that it had a lot of people employed in London (where its UK Deep Dive client service team was located) who were now doing compliance marking, or were adapting the data and doing analysis on that data to deliver the client a very bespoke service. In practice, Ebiquity noted, it had only seen a small reduction in headcount.

1.173 It had, Ebiquity noted, realised savings in its headcount, for example, in its monitoring operations centre in Newcastle because the amount of press advert monitoring it needed to do was declining. At the same time, however, Ebiquity explained, its wage structure in Newcastle was based on the living

wage⁷⁹ and that increased its total cost in Newcastle by [REDACTED] each and every year. [REDACTED].

Ebiquity to [REDACTED] a digital service to customers

1.174 We asked Ebiquity what it thought of the proposition that it [REDACTED] its digital service ie monitoring adverts presented in digital formats. [REDACTED]

1.175 [REDACTED]

1.176 Ebiquity explained that it had provided a digital service since 2002. It had recently relaunched the digital service improving the way in which it collected data. Clients got that as part of their core service. There was now, however, a premium service which captured new formats for digital advertising such as video advertising. [REDACTED]

1.177 [REDACTED]⁸⁰ [REDACTED]

Ebiquity to [REDACTED] its digital offering

1.178 [REDACTED]⁸¹ [REDACTED]

⁷⁹ In April 2016 the UK Government introduced a higher minimum wage rate for all staff over 25 years of age which it called the 'national living wage'. See [the Living Wage Foundation](#).

⁸⁰ [REDACTED]

⁸¹ [REDACTED]

Appendix C: Evidence from the Parties' customers

Introduction

Methodology

1. During the Phase 1 investigation, the Parties provided a list of all their UK customers, for both their Deep Dive and International AdIntel products, between 2015 and 2017.^{1,2} In relation to the International products, the list included only customers headquartered in the UK, excluding customers headquartered outside the UK who may have used the products in their UK operations.³
2. We selected a subset of these customers as potential targets for telephone conversations. The aim was to reach a sample of the Parties' customers who would:
 - (a) Be broadly representative of the different types of customers (advertisers, media owners, media agencies and creative agencies);
 - (b) Potentially be in a position to provide useful information about the differences/similarities between the Parties' products, for example as a result of:
 - (i) having used both Parties' products,
 - (ii) having been approached by both Parties,
 - (iii) having decided to purchase a Deep Dive or International AdIntel product recently or
 - (iv) having recently stopped purchasing one of the Parties' products; and
 - (c) Account for a significant fraction of the Parties' Deep Dive and International revenues in the UK.
3. More details on the CMA's customer selection methodology is included in Schedule 2 to this appendix.

¹ Data on Nielsen's International customers also covered 2014.

² The Parties later submitted an expanded list of customers covering the period 2010-2018. The expanded list, however, was not used to select customers to be contacted.

³ A discussion of why selecting customers to be contacted from this limited list is unlikely to bias our sample is included in Schedule 1 to this appendix.

4. In the course of the Phase 2 inquiry, we talked to 32 customers. 24 of them belonged to our list of potential targets. Eight additional customers not in our initial target list were also contacted, for the following reasons:
 - (a) One customer ([X]) had been identified in Phase 1 as having switched between the Parties;
 - (b) Seven customers were contacted after responding to a short questionnaire sent to all customers with whom a call had not been arranged. The questionnaire was designed to identify customers that were willing to talk to us. Most of the customers contacted had expressed detailed concerns about the Merger in response to a short questionnaire.⁴ The other responses to the questionnaire can be found in Schedule 3 to this appendix.
5. For 12 of the customers included in our list of potential targets, a telephone call could not be arranged, but information had been received during the Phase 1 investigation. Such information is also reviewed in this appendix. Finally, evidence provided in Phase 1 from one customer not included in our list ([X]) is also discussed, as it had switched between the Parties.
6. A full list of the customers considered in this appendix and some related statistics are included in Schedule 4 to this appendix.
7. The customers considered in this appendix, while covering all the main types of customers served by the Parties, are not a statistically representative sample. This is because we oversampled customers who had dealings with both Parties and, in the case of customers not included in our list of targets, we focused on customers who had expressed concerns about the Merger.

Structure of the appendix

8. Each Party offers UK customers two different AdIntel products: a UK Deep Dive product and an International product. The Parties' customers can be broadly classified into six categories:
 - (a) Advertisers (or brand owners) who use AdIntel products mainly to monitor competitors' advertising;
 - (b) Advertisers (or brand owners) who use AdIntel products mainly to monitor dealers' or retailers' compliance with their brand policy;

⁴ One customer had expressed views inconsistent with its response to the Phase 1 questionnaire.

- (c) Media owners, interested in their 'share of wallet' and in generating leads;
 - (d) Media agencies, typically interested in monitoring their clients' competitors' advertising activities and spend;
 - (e) Creative agencies, using AdIntel products to monitor their clients' competitors' creative and as creative stimulus material; and
 - (f) Other customers, with specific individual needs.⁵
9. The Parties' Deep Dive products are used by customers contacted which belong to each of these groups, with the exception of creative agencies;⁶ in addition to the creative agencies, some advertisers, media agencies and other customers we talked to use the Parties' International products. Each customer type has different needs and is interested in different elements of the Parties' AdIntel products. This affects their views on the closeness of competition between the Parties and on the availability of alternatives. It is therefore useful to consider the evidence from these different groups separately, looking at the extent to which the Parties' products are substitutable for each customer type.
10. There are, however, some issues that can be analysed looking at evidence across different customer categories. These include competition in digital AdIntel, and switching costs.
11. For these reasons, the evidence received from customers is organised in this appendix into five sections. The two main sections are devoted to Deep Dive and International products respectively. In each of these sections, different types of customers are considered separately and, for each type, the appendix discusses the closeness of competition between the Parties and the other competitive constraints they are subject to. The following two sections look at two specific issues – competition in digital AdIntel, and switching costs – drawing on evidence from across the different customer types. A final section summarises the evidence and presents some preliminary conclusions.

⁵ In their submission to the CMA, the Parties classified customers as 'advertisers', 'publishers/broadcasters', 'agencies' or 'others'. The CMA then asked the Parties to distinguish between media and creative agencies; the Parties therefore classified agencies as 'media', 'creative', 'both media and creative' and 'other'. In some cases, the CMA has departed from the Parties' classification based on how the customers contacted described their own business and on the use they made of AdIntel products. For example, customers classified as 'publishers/broadcasters' who used the products to monitor competitors have been reclassified as 'advertisers'.

⁶ Few creative agencies purchase the Parties' Deep Dive products (see Appendix F).

UK Deep Dive products

12. We received information from 33 customers buying the Parties' UK Deep Dive products.

Advertisers interested in monitoring competitors

13. During the Phase 2 investigation, we had telephone interviews with ten advertisers which used AdIntel products mainly to track competitors' activities. Information on another six such advertisers was obtained through the Phase 1 questionnaire. Of these 16 customers, four only use an International AdIntel product, while for another one ([X]), the interviewee was mainly familiar with the International product; their views are considered in the following section. In the case of another customer ([X]), the subscription to AdDynamix is used not by the customer itself, but by its media agency; this type of case is considered in a separate sub-section (see paragraphs 86 to 90). The analysis in this sub-section, therefore, is based on the information provided by the following ten advertisers: [X].
14. While the above group is relatively homogeneous in terms of the reasons for using advertising intelligence, there is great variety in the actual product used. Two of these customers ([X]) use both Nielsen's AdDynamix and Ebiquity's Portfolio UK. The other eight customers are split between four current or recent users of AdDynamix ([X]), and four current or recent users of Portfolio UK ([X]).

Use of AdIntel

15. Customers in this category all use AdIntel data to monitor the spend and creative of their competitors. Ebiquity's customers typically make use of the more detailed searching capabilities of the Portfolio UK product. Customers using both Nielsen's and Ebiquity's products use them for different purposes (the former mainly for spend data, the latter for creative data).
16. Among the two customers we talked with that use both Parties' products, [X] told us that both Nielsen's and Ebiquity's products were used for creative data, while only Nielsen is used for spend data. In particular, Ebiquity's data is used by [X] in-house creative team to look at the messages that [X] competitors are using in their advertisements. Nielsen's and Ebiquity's products are used by different teams within [X]. In [X] case, its engagement

with Nielsen is through a third-party marketing agency, while internally only Portfolio UK is used.⁷

17. All the customers, among those we talked with, which subscribe to only either AdDynamix or Portfolio UK make use of both spend and creative data. The information we have received does not indicate any systematic difference in the importance assigned to spend or creative data between users of the two products, although for some of Ebiquity's customers the ability to search creative information is clearly important.
18. Among Ebiquity's current and recent customers:⁸
 - (a) [X] considered both the ad spend data and searchable advertisement content as important inputs. Access only to copies of the adverts would not be sufficient, as searchable creative information was required to understand competitors' propositions.
 - (b) [X] uses both spend data, data on the location of adverts, and creative data, including transcripts of the adverts.
 - (c) [X] uses Portfolio UK both to track competitors' activity and as stimulus material for its design team. [X], while keyword search is used on an ad hoc basis.
19. Among Nielsen's current and recent customers:
 - (a) [X] used AdDynamix to understand what and how its competitors were advertising, and how much they were spending. It considered it important to access both creative and spend from the same source and the possibility to link creative and spend data.
 - (b) [X] monitors advertising creative and spend across the UK grocery market. It uses data on the date, media channel, advertiser, and spend of adverts, and also the creative content itself.
 - (c) Similarly, [X] uses spend data, information on the date of the adverts, media channel and format, and creative data (the actual images or videos, size or duration). Creative data is used for a variety of reasons, such as seeing what messages competitors are putting out. [X].

⁷ This is not the only case among the customers we talked with. Paragraphs 86-90 discuss in more detail this aspect of customers' relation with the Parties.

⁸ [X] is not considered in this paragraph, as its reason for terminating its subscription to Portfolio UK was that it did not have much use of it.

- (d) [X] mostly uses the spend data, to analyse its share of voice and the channel mix of its competitors. Creative information is looked at only rarely.
20. The issues of timeliness and frequency of data updates were explored only in the Phase 2 telephone interviews, so our evidence base is limited. Most customers indicated that they look at the data on a weekly and/or monthly basis. [X], however, stressed the importance of daily updates to track competitors' activity as it happens.
- (a) Weekly or monthly access to the data is common among the customers we talked to. [X] told us that it had accessed the data typically through monthly reports. [X] Similarly, [X] reviews some of the data weekly and all of the data bought at least monthly, while [X] uses it weekly or monthly/quarterly depending on the team involved. Finally, [X] told us that weekly updates to the data were important, but daily updates were more than it would require.
- (b) [X], however, has different needs. It is important for [X] that creative data is timely, as it needs to be able to track competitors' activity as it happens. [X].
21. We have much less information on the use of historic data, and the few submissions show different ways of using historic information.
- (a) [X].
- (b) [X].

Substitutability between the Parties' products

22. Among the users of both Parties' products, [X] saw them as similar, although it told us that AdDynamix provided access to more data, [X]. [X] the fact that [X] buys both products instead of having its teams share the same subscription, suggests that [X] does not see the products as substitutes. In contrast, [X] suggested that the core service provided by the Parties is the same. However, we note that [X] does not use AdDynamix directly (see paragraph 16).
23. [X] advertisers we talked to which only use Nielsen's AdDynamix were not familiar with any other AdIntel product, including Portfolio UK, as they had not actively explored the market for alternatives.

- (a) [X] told us that it believed there were no alternatives to AdDynamix and that it was not familiar with Portfolio UK. Similarly, [X] was unaware of any alternative product.⁹
 - (b) [X].
 - (c) [X]
24. Apart from [X], all the other customers of Ebiquity's Portfolio UK had actively explored the market for advertising intelligence. They typically consider Ebiquity's product to be better, but AdDynamix is seen by some as a possible, although inferior, alternative.
- (a) [X] told us it had not actively reviewed or looked at alternative suppliers. However, its understanding was that the Parties' tools were very similar in terms of service provision and are alternatives to each other.
 - (b) [X] considered Nielsen's AdDynamix as a generic tool that would not necessarily meet its business requirements. It had engaged with Nielsen several years ago and had found Nielsen's proposition to be more expensive and not to provide the same value as Ebiquity's. However, if Ebiquity were unavailable, [X] would have to review the Nielsen tool and its methodology, and consider what opportunities there would be to potentially transition to that product.
 - (c) [X] told us that it had undertaken a comprehensive review of advertising intelligence purchasing 3-4 years ago. On that occasion, Nielsen and Ebiquity's products were those that it reviewed most closely. It considered that there were only minor differences in the cost of the products. [X].
 - (d) [X] engaged in an initial conversation with Nielsen after ending its contract with Ebiquity in 2017. However, it found Nielsen's product to be poorer than Ebiquity's (eg it did not provide data on direct mail).
25. Of the 10 customers reviewed in this section, only two told us that they purchased AdIntel products bundled with other services:¹⁰
- (a) [X].
 - (b) [X] buys other products from Nielsen, in addition to AdDynamix, under the same framework agreement (eg weekly financial reviews, daily news

⁹ We note that [X] had been an Ebiquity customer between 2001 and 2017. However, during our call the interviewees had no knowledge of Portfolio UK.

¹⁰ [X] and [X] also purchase media audit services from Ebiquity, but it is unclear whether these are bundled together with advertising intelligence or contracted separately.

digest). [X] did not know whether the price of these services would increase were they bought separately.

Other competitive constraints

26. None of the customers considered in this section identified a third-party supplier that could be used as a substitute to the Parties. In some cases, the customers had not seriously looked for alternatives. However, at least in the case of [X], the view that no other suppliers are available was a result of a review of the market.
- (a) [X], [X] and [X] had not actively explored alternative services.
- (b) [X] and [X] were not aware of any alternative suppliers in the marketplace. The same was the case for the [X], which added that, while creative alone could be sourced elsewhere, it would not be possible to match creative and spend.
- (c) [X] did not know of any specific product substitute to either Party. It added that Kantar may have been a substitute for the Parties' data, but [X] was unsure of the specifics.
- (d) [X] had undertaken a review of advertising intelligence purchasing 3-4 years ago. At that time, it had not considered suppliers other than Nielsen and Ebiquity to be significant enough nor their coverage to be sufficiently comprehensive or timely to constitute serious alternatives to the Parties' products.
27. Several of the customers considered in this section told us that they did not consider in-house supply to be either feasible or cost effective. This is the case for [X], [X], [X], [X] and [X].
28. Most of the customers currently using either of the Parties' products told us that they would not know what to do should the product become unavailable, or that they would have to do a full review of the market. Only one customer told us that it could probably do without it. [X] told us that, [X]. This is a case in which the product appears to be a 'nice to have' rather than a 'must have'.
29. Finally, one of the advertisers in this group ([X]) had recently terminated its subscription to Ebiquity's Portfolio UK and another ([X]) had terminated its contract with Nielsen for AdDynamix. In both cases, the products have not been replaced with others. While [X] told us that it had realised it did not really need the product, in the case of [X] the reason for not renewing its subscription was budgetary.

Views on the Merger

30. Customers' views on the Merger are overall consistent with their views on the substitutability between the Parties' products. It follows that most of Ebiquity's Portfolio UK users we talked to were concerned about the Merger, while most of Nielsen's AdDynamix users were not.
31. [X], [X] customers who only use Portfolio UK expressed some degree of concern with the Merger:
- (a) For [X], there was the potential for the acquisition to negatively impact service and lead to a lack of incentive for the Parties to innovate.
 - (b) [X].
 - (c) For [X], it was good to have two independent suppliers, so there was a way of benchmarking their products.
 - (d) [X] expressed mixed views, noting that there would be a lack of choice if no alternative was left, but that the Merger may also lead to improvement in the Parties' data.
32. On the other hand, customers using AdDynamix (either alone or together with Portfolio UK) generally did not express a concern:
- (a) No concerns or views were expressed by the [X], [X] or [X].
 - (b) [X], which subscribes to both Parties' products, stated that the Merger could make it easier for it to access the Parties' data through a single source and interface.
 - (c) [X] told us that [X].

Advertisers mainly interested in monitoring dealers'/retailers' compliance

33. For four of the advertisers we talked with in Phase 2 ([X]), the main reason for using an AdIntel product was to monitor their dealers' or retailers' creative compliance with regulations or brand guidelines. The same activity was also performed by one of the creative agencies we contacted ([X]),¹¹ on behalf of a car manufacturer client ([X]). All these customers use (or used) Ebiquity's products: Portfolio UK in the case of the four advertisers, Portfolio International in the case of [X].

¹¹ The other activities of [X] are considered in the section on creative agencies, below.

34. For all the customers considered in this section, the main use of advertising intelligence is to monitor the spend and/or the creative compliance of distributors, either car dealers or retailers. Some of these customers also monitor competitors (a use analysed in the previous section), but this appears to be of secondary importance.
- (a) [X] told us that its main use of Portfolio UK was to track its dealers' advertising. Dealers have to ensure that all their marketing activities follow [X] brand guidelines. [X] audited this by reviewing the adverts placed by its dealers. [X] also used Ebiquity's Sonar module to monitor dealers' social media communications. Portfolio UK was also used, on an ad hoc basis, to review the success of a national advert or competitors' marketing. Similarly, [X] used Portfolio UK to monitor dealers' advertising on press (including regional and local press), their websites and social media; the data was accessed on a daily basis and dealers' compliance was assessed at least weekly. The data was also used to monitor the incentives offered by competitors. Creative content from competitors was mostly looked at on an ad-hoc basis, typically monthly.
- (b) The only use [X] made of Portfolio UK was to check that the financial promotions for its motor finance products run by car dealers on print and digital media comply with regulatory requirements and with [X] brand guidelines. It received monthly reports showing every printed dealer advertisement for the previous month, while using Ebiquity's platform for digital advertising.
- (c) [X], a former user of Ebiquity's Portfolio UK, used the product to monitor whether retail partners had properly executed the media plan to which [X] was contributing, and to track the activities of retailers with respect to competitors (eg price point, length of promotions, and brands involved). TV and print data was viewed as being particularly important.
35. Dealers'/retailers' monitoring mainly requires access to the creative content and to information on the placement of adverts. Spend data seems to be less important, although [X] does monitor dealers' advertising spend.
- (a) For [X], dealers' monitoring required access to the creative asset database. Data on where and when the advertisement had been placed was not used much and spend data was not used.
- (b) While [X] had access to spend data, it did not currently use it, nor it used the keyword search functionality.

- (c) [X] also mainly needed access to the creative, including information on when the advert had run. Spend data was used only a little, to estimate [X] share of voice.
 - (d) [X], on the other hand, monitored both dealers' creative compliance and their advertising spend, together with the creative and spend of competitors' dealers.
36. Historic data does not appear to be important for customers using advertising intelligence to monitor compliance, as typically only the adverts currently running are of interest. Some historic data, however, seems to be useful to customers, such as [X], who also monitor dealers' advertising spend.
- (a) [X] told us that it only needed to see the creative assets that are live. Similarly, [X] used to track only recent adverts.
 - (b) [X], on the other hand, considered historic information useful, but not beyond one year.
37. The customers contacted typically did not need very frequent updates, although [X] was an exception:
- (a) For [X], regular rather than immediate updates were adequate for its purposes. Similarly, [X] told us that, while it was good that the data was updated frequently, daily updates were not needed. [X] also used to access the data through weekly reports. Finally, [X] told us that monthly updates were good, although ideally updates could be daily.
 - (b) On the other hand, [X] considered it useful for monitoring brand adherence to get daily updates from Ebiquity at 8am, as this allowed [X] to take urgent action if there was a mistake in local market advertising.

Substitutability between the Parties' products

38. Among the advertisers¹² discussed in this section, there appears to be very little awareness about other providers: neither [X] nor [X] know of any other companies offering a similar product. [X] told us that, if Ebiquity became unavailable, it would need to conduct market testing. Neither the interviewee from [X] nor the one from [X] were familiar with Nielsen's AdDynamix.
39. [X], however, told us that [X]. When [X] reviewed the market for AdIntel products, it did not identify AdDynamix to be an alternative to Portfolio UK.

¹² For [X] views, see the section on creative agencies.

Other competitive constraints

40. None of the customers considered in this section could mention any third-party company offering a product similar to Portfolio UK.
41. Four of the five customers also told us that it would not be feasible (or at least would be extremely resource intensive) to collect the same data in-house. On the other hand, in some cases such data may not be strictly necessary to monitor retailers, as shown by the case of [X]. [X] terminated its subscription to Portfolio UK in June 2017 in order to make budget savings. The decision was based on the following considerations:
- (a) Print advertising was declining in importance, so that a print tracking tool had become less important than it had once been;
 - (b) Retail partners could be asked to provide proof of advertising executions themselves, demonstrating that they had run an advert appropriately; and
 - (c) Some tracking, especially of retailers' websites, could be done in house; the fact that the same campaigns are likely to run both on retailers' websites and on print media further reduces the need to monitor print.

Views on the Merger

42. None of the customers considered in this section expressed a concern with the Merger. This is consistent with their general lack of knowledge of Nielsen's products or, in the case of [X], with the view that the Parties' products are not substitutes to each other.¹³

Media owners

43. In the course of the Phase 2 investigation, we talked with five media owners: [X]. Another three provided their views during the Phase 1 investigation: [X]. Of these customers, [X] can be considered in a category of its own, given its specific needs and the highly customised service it receives from Ebiquity; it is therefore discussed separately at the end of the section.

Use of AdIntel

44. Most of the media owners we have received information from currently use Nielsen's AdDynamix – this is the case for [X], [X], [X], [X] and [X]. [X] used AdDynamix until May 2018, when it switched to Ebiquity's Portfolio UK.

¹³ [X] as no longer a customer of either of the Parties, was not asked about its views on the Merger.

[X] is an exception, having subscribed to Ebiquity rather than to Nielsen, although it has also used AdDynamix [X].

45. There appear to be two main uses of advertising intelligence by media owners: lead generation (ie identifying advertisers to be targeted by the sales team) and share of voice calculation. Some respondents also use AdIntel to monitor their own brand versus their competitors.
- (a) For [X] the main use of AdIntel was to identify leads to follow up on. In order to do this, it was important to look at current or potential new clients' spending across the different media platforms.
 - (b) Slightly more generally, [X] told us that it used Portfolio UK to assist in relationships with its advertiser clients and analyse the ad spend and ad performance of its advertiser customers.
 - (c) Similarly, [X] used AdDynamix [X].
 - (d) The same uses (share of wallet calculation and looking at where advertisers are publishing their adverts) were also mentioned by [X]. It also added observing trends in the market, including long-term trends of five years or so, and tracking its share of voice against competitors and the messages competitors put out into the market.
 - (e) Very similar responses were given also by [X] (in its words, AdDynamix was used to 'monitor ad competition, measure ad share, assess ad market sectors, assess UK ad market as a whole, identify potential clients') [X].
46. The media owners we contacted expressed different views on the relative importance of spend and creative data. This may in part reflect differences in their use of AdIntel, but in part appears to show different ways of addressing the same questions (eg understanding where advertisers publish their adverts).
- (a) For example, [X]. For [X], spend data was important and creative may be looked at only very occasionally. [X] used spend data on a daily basis, while the creative data was used rarely and seen as non-essential. [X]. [X].
 - (b) For [X], the main reason for purchasing the Nielsen's product was the spend data. Since moving to Ebiquity, however, it has also used creative information, particularly on the size of adverts. This allows the sales team

to see whether an advert has an aspect ratio¹⁴ compatible with [X] media.

- (c) Finally, for [X], the creative data was more important than the spend data. The spend data provided by Nielsen was, according to [X], useful at high level, but too difficult to read at a more granular level to be of use. Moreover, the industry standard in press was to use the total page count of adverts as a measure of market share. The most useful information was therefore that about the size and placement of adverts in a page.
47. Several of the media owners contacted told us that it was important that media agencies be identified in the advertising intelligence data, in order to understand what media agencies do and who their clients are. This, however, does not seem to be a universal requirement.
- (a) [X] considered it important to be able to observe where different media agencies advertised and what clients they had. Monitoring media agency spend was also mentioned by [X] as one of the uses of AdDynamix. According to [X], one of the main limits of Ebiquity's product was the lack of agency attribution in the data before 2016.
 - (b) On the other hand, [X] relies on its own sales team to identify which media agency works for each brand.
48. Few respondents expressed a view on the importance of historic data. It is arguable that, for the purpose of lead generation, historic data is of limited relevance. However, at least some media owners are interested in more long-term analyses. [X] told us that it was very important to have access to historic data covering at least the last five years. [X] also makes use of historic data.

Substitutability between the Parties' products

49. Among the media owners contacted, there are significantly different views on the substitutability between Nielsen's AdDynamix and Ebiquity's Portfolio UK. These appear to result from differences in how media owners use an AdIntel product.
50. Of the five current users of AdDynamix, [X] did not see Ebiquity's Portfolio UK as a good alternative ([X]). They all mentioned Ebiquity's worse coverage (in terms of number of publications) and [X] also indicated the absence of media attribution. The 'currency' status of Nielsen's data¹⁵ was also

¹⁴ The aspect ratio of an image is the ratio of the width to the height.

¹⁵ By 'currency' status we mean the fact of being widely used and relied upon.

mentioned as a further reason for not switching, although this view was not shared by all these customers.

- (a) [X] stressed that it was important, from its perspective, that the size of Nielsen's print portfolio did not shrink; the less wide print coverage was therefore a limitation of Ebiquity compared to Nielsen. Ebiquity's more limited coverage of magazines was also the reason why [X] did not see it as an alternative to Nielsen. [X], [X] told us that, when Ebiquity's offering was discussed in 2013/14, [X].
- (b) The lack of information about which media agency had placed a particular advert was also seen as a limitation by [X].
- (c) [X] explained that Nielsen's data was the industry 'currency' with publishers and this was an important factor in the decision not to switch to an alternative provider. On the other hand, [X] told us that its choice to use AdDynamix had not been influenced by the fact that it was widely used in the market.

51. [X].

52. The other current user of AdDynamix among the media owners we contacted, [X], tended to view both Parties' products as able to meet its business needs. [X] had initial discussions with Ebiquity about the possibility of subscribing to Portfolio UK as a replacement for AdDynamix. Based on product demonstrations, the products appeared on the whole similar. The main differences noted were:

- (a) the user interface;
- (b) the presence on AdDynamix of a broader section of [X] portfolio;
- (c) the digital offering on Ebiquity appearing more accurate than on AdDynamix; and
- (d) AdDynamix having historic data when looking at spend by agency.

53. [X] also told us it was important to use ad spend data considered reputable by media agencies, as it would be difficult to deal with media agencies if the data used was significantly different from what the agencies used.

54. Despite these differences and the 'currency' issue, the respondent considered that both products could meet [X] business needs, although he could not say that 'with 100% certainty'. Correspondence with Ebiquity stopped around the time of the Merger.

55. [X] had recently switched to Portfolio UK after having been a customer of Nielsen since at least 2010 and would class the Parties' products as 'close substitutes'. [X]. Overall, [X] considered that there were only slight differences in the data provided by the Parties' products, although other features were different. [X] had ran three client figures through Nielsen and had asked Ebiquity to perform the same test when Ebiquity attended [X] offices. From its experience:
- (a) The Parties' products produced very similar spending results ('within a few percentage points of each other').
 - (b) Nielsen's product allowed for access to the creative asset only in print media, while Ebiquity also covered digital media.
 - (c) Ebiquity's digital data was slightly more detailed and included website specific data; this allowed the sales team to extract information on the audience of each advert.¹⁶
 - (d) Ebiquity's product had a much more user-friendly interface; this was important as the more user-friendly the interface, the more likely that the product would be regularly used by the sales team.
 - (e) Finally, Ebiquity allowed to set up reports and notifications for each individual user, keeping the sales team constantly updated without the need for manual searches.
56. Finally, for [X], which uses Ebiquity's Portfolio UK, [X]. [X] saw Nielsen and Ebiquity's Deep Dive AdIntel products in the UK as similar, [X].

Other competitive constraints

57. None of the media owners from which he received information identified a third-party company providing a product that could be used as a substitute to either AdDynamix or Portfolio UK. [X], however, told us that there were 'a few' smaller firms that would be happy to move into this area if major media firms backed them. Often, their expertise was in software development rather than advertisement industry knowledge and therefore would need considerable investment on [X] part to make that work for its business.
58. All the media owners that expressed a view told us it would not be feasible to collect the data in-house as an alternative to purchasing either of the Parties' products.

¹⁶ [X] was not sure whether Nielsen offered the same functionality.

Views on the Merger

59. Media owners' views on the Merger are broadly, although not completely, consistent with their views on the closeness of competition between the Parties:
- (a) [X], [X] and [X], which did not consider the Parties' products to be substitutable, did not express concerns with the Merger. [X] also had no comments on the Merger.
 - (b) [X], despite not considering the Parties' products as substitutes, observed that the Merger would remove the small amount of competition that there was in the market. On the other hand, it also considered that the Merger could lead to product improvements.
 - (c) [X], which viewed the products as substitutes, expressed the concern that post-merger Nielsen would be able to increase its already high prices. A similar concern about possible price increases was expressed by [X].

[X]

60. Among media owners, [X] has a special position, as Ebiquity has developed a bespoke product called [X] especially for [X].
61. [X] subscribes to both Nielsen's AdDynamix and Ebiquity's Portfolio UK. The two products, however, are used for different purposes:
- (a) AdDynamix is primarily used for its spend data at a central strategic level for the purpose of business reporting;
 - (b) Portfolio UK's creative data is used for insight and research. [X].¹⁷
62. The reason for using AdDynamix in addition to Portfolio UK is that AdDynamix is the preferred product for spend data in the media industry, so [X] felt it needed to use Nielsen for spend data. This is consistent with the views on Nielsen's data 'currency' status expressed by other customers, such as [X] (see paragraph 50(c)) and [X] (see paragraph 139).
63. Given the difference in the products received from the two Parties, [X] views on substitutability are not symmetric between the two products. Should Nielsen's product disappear, [X] told us that it would have to evaluate

¹⁷ See Appendix E.

Ebiquity's spend data as an alternative; on the other hand, it considered that no alternatives existed to Ebiquity's product.

64. Consistently with all other media owners we talked with, [X] does not believe there are any other competitors in the market. Moreover, it believes that any new entrant would struggle to find a USP, while the need for historical data, technical complexity, manual collection and tagging, and overhead costs mean that there is no easy route to market for new entrants. Collecting the data in-house would also not constitute an adequate substitute.
65. Despite not considering the Parties' products as close substitutes, [X] expressed concerns with the Merger:
- (a) [X] believed the Merger would leave it in a weaker bargaining position and subject to price increases;
 - (b) It was concerned about lack of innovation, as Nielsen had not shown any appetite for enhancements to its AdIntel product in recent years; and
 - (c) It was also concerned about a reduction in service quality, given previous negative experience with Nielsen's account managers.

Media agencies

66. In the Phase 2 investigation, evidence related to media agencies was obtained in a phone interview with four customers: [X],¹⁸. At Phase 1, information was obtained from two additional media agencies: [X].¹⁹ Of the six media agencies we contacted, five currently use Nielsen's AdDynamix product (or have used it until recently), although [X] has only recently switched to Nielsen from Ebiquity. [X], which the Parties have classified as being both a media and creative agency, used to subscribe to both Nielsen and Ebiquity. Only [X] had not used Nielsen's AdDynamix, while it used Ebiquity's data in the past.²⁰
67. This section reviews the evidence on the closeness of competition between the Parties and on the other competitive constraints they face from the point of view of media agencies. The last sub-section considers the role media agencies play as providers of advertising intelligence to their client.

¹⁸ [X] described itself as both a media planning/buying and creative agency.

¹⁹ During the Phase 1 investigation we also received information from [X]. The information, however, was only related to their use of the Parties' international products, and is therefore considered in a separate section.

²⁰ [X] is currently not using either of the Parties' products.

Use of AdIntel

68. The main use of AdIntel data for the media agencies we talked to is for competitive reporting to their clients. The data can also be used for the agency's own business planning. When an agency subscribes to both Nielsen and Ebiquity, the two products are used by different teams within the agency and for distinct purposes.
- (a) [X] uses Nielsen's data to compute clients' competitors' share of voice, monitoring adverts' placement and computing shares of voice within specific titles. The data is used for reporting, not for negotiations over the price of adverts. [X].
 - (b) Similarly, [X] uses Nielsen's data for competitive reporting to its clients. In addition, the data is also used for the agency's own business planning.
 - (c) [X] uses AdDynamix to review the spend data of its clients' competitors. For clients to which it also provides creative services, [X] monitors the creative component of advertisements to support creative decisions and to analyse the adverts.
 - (d) [X] uses third-party advertising intelligence data only for projects with specific clients, to monitor competitor spend activity and creative execution.²¹
 - (e) Until June 2018, [X] subscribed to AdDynamix,²² using its spend data to see where its clients and their competitors were spending and what media types they were using. The information was used to produce reports for [X] clients. [X] marketing department, however, uses Ebiquity's product,²³ as they need access to creative information. The interviewee, Finance Director and Purchasing Manager at [X], explained that he had tried to consolidate [X] subscriptions using only AdDynamix, as it was possible to access some creative information through this product as well. However, the consolidation had not gone ahead because their marketing department required Ebiquity's product.
69. All the media agencies we spoke to use both spend and creative data. However, [X] told us that, while a copy of the adverts could be used for creative monitoring, this was less important than the spend data.

²¹ [X] monitors all its clients' print advertising in house. It collects the data on formats, issue dates, estimated costs, headline, category. [X] did not think any other company had the depth of data on print that it gathered and analysed for the agriculture industry, where its clients primarily operated.

²² [X]

²³ [X]

70. In relation to the use and importance of historic data:
- (a) According to [X], most clients required year-on-year comparisons, but in some cases historic data further back was also required.
 - (b) [X] also told us that access to historic data was required.

Substitutability between the Parties' products

71. The media agencies we talked to expressed different views on the closeness of competition between the Parties. On the one hand, [X] used the Parties' products as complements and [X] saw them operating largely in different markets. On the other hand, [X] considered them quite similar, [X] viewed them as nearly identical substitutes and [X] had actually switched from one to the other for the same purpose.
72. [X] uses Ebiquity for all the creatives, while it subscribed to Nielsen because of its good depth of spend data. Each product was seen as providing unique data, and [X] told us that it required both.
73. For [X], the Parties' products were close to some extent. However, they targeted different markets: Ebiquity was more prominent in the advertiser market, whereas Nielsen was more prominent amongst agencies and media owners. The customer did not explain in its answer to the Phase 1 questionnaire if this, in its opinion, was motivated by a substantial difference in the Parties' products. However, it observed that the Parties applied different methods 'for assigning costs to inventory'.
74. The views expressed by [X] were very different. [X] had compared the Parties' products about a year ago, and comparisons had been made periodically in the past. Ebiquity was considered Nielsen's closest competitor and the Parties' products were seen as nearly identical substitutes. According to [X], the Parties' products offered similar functionalities, with no clear limitations in usability. Both estimated the spending amount by taking an average from the rate cards of media owners and applying a predicted market discount rate. The interviewee, however, was unsure about how close the spend estimates from Ebiquity and Nielsen were.
75. A similar view was expressed by [X]. Ebiquity had given [X] a product demo and offered a trial. From this [X] had concluded that Ebiquity offered more or less the same as Nielsen; the price was also found to be similar. However, Ebiquity did not offer sufficient incentives for [X] to switch.
76. The view that the Parties' products are similar was shared by [X], which has recently switched from Ebiquity Portfolio UK to Nielsen's AdDynamix. In early

2018, [X] completed a comprehensive review of both Parties' platforms, looking at the completeness and accuracy of the data captured, as well as at the user interface and how it supported [X] internal systems and processes. Based on this review it concluded that:

- (a) the data itself was relatively similar and that there was no real differentiation in the methodology or accuracy provided by either platform;
- (b) the main difference was in the interface and user experience, where [X] felt Nielsen was superior.

77. [X] was also able to get a significantly lower price from Nielsen by benchmarking it against what it paid to Ebiquity. [X] managed to have Nielsen match its current Ebiquity price, so that the switch to Nielsen could take place at no additional cost to the business.
78. [X], despite viewing the Parties' products as similar, also told us that it was important that Nielsen's data was widely used in the advertising industry. It would be difficult for a client to switch agency if both agencies were not using the same historic data, as data from different sources can be difficult to compare or merge. This suggests that the widespread use of Nielsen data among media agencies may generate network externalities that makes switching to a different provider less attractive. Not all media agencies, however, appear to think the same: both [X] and [X], in fact, told us that the fact that Nielsen's data was widely used was not important, although the latter said that the fact that AdDynamix is widely used makes it less likely that new recruits will need to be trained in using it.
79. Finally, the case of [X] is different. When it needed AdIntel data, it did not believe that Nielsen could provide the depth of data it wanted. It also assumed that Nielsen would be too expensive. While Ebiquity would be [X] first port of call if it needed such data again, Nielsen would be one of the other suppliers it could look at.

Other competitive constraints

80. Among the media agencies we contacted, only [X] told us that an alternative to Nielsen's data could be easily found. [X] mentioned some possible alternative suppliers, although it was unsure about their products. The remaining agencies did not think there were alternative suppliers to the Parties' data nor did they see in-house supply as a feasible solution.

81. [X] told us that, if Nielsen stopped supplying, an alternative solution could be found quickly. This would involve attributing costs to BARB²⁴ data for TV, employing an alternative supplier in print and using Comscore Ad Metrix for digital data. In-house supply would be feasible for TV & Print, although it would require significant investment and the quality of the product would be negatively affected.
82. The other media agencies contacted, on the other hand, do not consider they have alternatives to the Parties' data:
- (a) For [X], there are no suppliers with comprehensive UK Deep Dive data other than the Parties. [X] was also not aware of advertising intelligence products other than those provided by Nielsen and Ebiquity.
 - (b) Similarly, [X] told us that, while it had considered a third-party provider named SMI, it had concluded that [X]. Compiling the data in-house would also be impossible.
 - (c) [X] could not obtain the spend data Nielsen provides from any other supplier; it would also not be viable to collect the data in-house.
 - (d) [X] did not believe that there were any other products similar to Ebiquity. If the data was needed, [X] would enquire with Gorkana, although in the past Gorkana could not provide the detailed data [X] wanted. It told us that it might then also look at Pathmatics. It would not be viable to collect the data in-house, as [X] in-house capabilities are limited to print and to one specific industry.

Views on the Merger

83. Views on the Merger were not always consistent with those on the Parties' closeness of competition and on the availability of alternative options. Consistently with the rest of their views, [X] did not express any concern, while [X] was concerned that the Merger would give the Parties less reason to improve their methodology and functionality, while leaving [X] with less ability to negotiate on cost. The interviewee from [X] also expressed a general concern about the fact that only one viable advertising intelligence product would remain.
84. [X] was concerned that, as a result of the Merger, Nielsen would have a leverage during the next negotiations: it told us that Nielsen was aware that

²⁴ The Broadcasters' Audience Research Board (BARB) is the organisation that compiles audience measurement and television ratings in the United Kingdom

[X] could not deliver a full media offering to its clients without an advertising intelligence product and the Parties were the only available suppliers.

85. [X]. [X] told us that the Merger could lead to higher prices and to the loss of some of the finer points in the Parties' services.

Media agencies as suppliers of advertising intelligence

86. As part of their activities, media agencies frequently provide their clients with advertising intelligence. The raw data appears to typically come from Nielsen, and it can be combined with further insight from the agency itself. Advertisers appear to use such services either as complementary to the advertising monitoring performed internally, or as a substitute. For our purposes, it is relevant to consider two possible cases, each exemplified by some of the advertisers we talked with and discussed in greater detail below:

- (a) Some advertisers use Ebiquity internally, and have access to Nielsen's data through their agencies. This suggests a degree of complementarity between the two products, which are sometimes used for quite distinct purposes.
- (b) For other advertisers, the possibility of receiving advertising intelligence (likely to be based on Nielsen's data) from their media agencies has been one consideration contributing to their decision to terminate their subscription to Ebiquity. This suggests a degree of substitutability between the Parties' products, which manifests itself not through a direct switch from one Party to the other, but through relying on Nielsen's data supplied by a media agency to compensate for the loss of Ebiquity's data.

87. Some advertisers have outsourced all of their advertising tracking activity to their media agencies. In some cases, this involved the termination of their subscription to the Parties' products. This is, for example, the case of [X], which terminated its subscription to AdDynamix in 2017 and now receives Nielsen data through its agency [X]. In other cases, the advertisers may still have a contract with the AdIntel provider, but their agency is the main responsible for the choice of provider and the use of the data. For example, [X] subscription to AdDynamix is principally used by [X] media agency, currently [X]. [X]. If the possibility of switching provider were raised, [X] expects that the choice of provider would typically be led by its media agency in consultation with [X].

88. Some advertisers split the advertising tracking activities between those handled internally, and those delegated to their media agencies. As [X] told us, as a rule of thumb, agencies tended to use Nielsen's data, while in-house

teams would use Ebiquity, as it was cheaper and provided the creative element. This is, for example, the case of [X] and [X], which use Ebiquity's Portfolio UK in-house to monitor their own dealers, but rely on their media agencies for monitoring competitors' spend. Similarly, [X] uses Ebiquity's Portfolio International [X].

89. In some cases, advertisers appear in the Parties' data to use both Ebiquity's and Nielsen's products but, in practice, Ebiquity is used internally, while Nielsen data is used by the advertisers' media agency. This is, for example, the case of [X], whose engagement with Nielsen is through a third-party marketing agency.
90. Finally, for some of the customers which terminated their subscription to Ebiquity's Portfolio UK, the availability of some advertising intelligence data through their media agency was an influencing factor:
 - (a) [X] stopped using Ebiquity following a budget cut, knowing that it had access to data through its media agency.
 - (b) When its contract with Ebiquity was stopped, [X] considered that it could get some of the information from its media agency for free. [X] now gets some spend data from their media agency, which it believes comes from Nielsen.

Other customers

91. The four customer types discussed so far account for the vast majority of the Parties' customers. However, there are some customers that do not fit into any of those categories. These appear to be typically using the Parties' products as inputs to the services they provide to their own clients. This section discusses the evidence from this small but diverse customer type. None the customers contacted thought they could use the other Party as a substitute to their current provider, either because they competed with that Party or because they had been unable to obtain a quote. All these customers expressed a concern with the Merger.

Using the data for media auditing

92. [X] uses both spend and creative data from Nielsen AdDynamix for two purposes:
 - (a) As part of [X] media auditing business, to validate that adverts have appeared in print as clients paid for; and
 - (b) To provide clients with insight on their competitors.

93. In order to offer these services, [X] needs access to the creative, spend estimates, and detailed record of print advertising (where the adverts appear, their location within newspapers and magazines, their format and size).
94. According to [X], from a technical point of view, Ebiquity would be a substitute to Nielsen's AdDynamix (although it had more limited coverage of print). However, [X] competed directly with Ebiquity for media auditing and therefore considered it unlikely that Ebiquity would supply its data to [X].
95. [X] told us that there were no other alternative suppliers that it could use. Although some creative clipping services would be available, they would not be useful to [X] without spend data. In-house supply would not be an alternative either.
96. Despite not considering Ebiquity as an available alternative, [X] expressed the concern that prices could increase 'once a monopoly is created'.

Incorporating the data into other services

97. Four of the customers we talked with ([X]) use Ebiquity's data as an input for the services they provide to their clients. As [X] uses international data, the information it provided will be analysed in the next section. This sub-section considers the evidence from the other three customers.
98. In all three cases, Nielsen's data may be a substitute for the data customers get from Ebiquity from a product functionality perspective. However, customers did not use Nielsen either because they compete with it in the downstream market, or because they could not obtain a quote from Nielsen.

[X]

99. [X] produces weekly, monthly and one-off reports for the retail financial services industry with a focus on three product areas: [X]. As part of its monthly reports, [X] assesses the message contained in the new adverts published in the UK in these product areas.
100. [X] considered itself and Nielsen as the two leading providers of news and insight for the financial services market. [X] was concerned that, post-merger, Nielsen would have no interest in providing creative data to a competitor like [X].
101. Loss of this input would diminish the value of [X] product significantly. While [X] would be able to obtain press creatives from an alternative provider, it has been unable to identify a supplier for the other media types (TV, radio, outdoor, direct mail, digital) other than Ebiquity and Nielsen.

[X]

102. [X] is a business information platform for marketing companies, whose customers are media agencies, sports teams and venues. It purchases from Ebiquity spend data on the UK's top 2000 brands, broken down by month and media type. This data is made available to [X] own clients.
103. [X] considered Nielsen to be the only alternative to Ebiquity for UK spend data. It had contracted with Ebiquity given the difficulty of obtaining a quote from Nielsen. [X] told us that it would be impossible for it to collect the data in-house, while losing access to the data would cause a loss of customers.
104. Consistent with the views on substitutability above and because of the bad experience of dealing with Nielsen, [X] expressed concern about the Merger.

[X]

105. [X] is a marketing services company and its services include market research to assess the long-term effectiveness of advertising. [X] plans to launch a new subscription service named [X], which will provide a measure of TV advert long-term effectiveness, allowing customers to compare the effectiveness of their TV advertising output versus their competitors.
106. While Ebiquity's data is also used to serve [X] existing clients, it is crucial for its new [X] service. The data includes the creative asset (ie the advert itself) and ad spend data for each TV advert in the UK in certain categories.
107. [X] told us that Nielsen provided a similar service to [X] called 'Nielsen TV Brand Effect'. [X].
108. If Ebiquity's data was no longer available, [X] told us it would likely have to find an alternative supplier, as the data was vital to its new service. It would likely be costly to collect the data in-house, but this was an avenue that [X] was prepared to consider. After the Merger was announced, [X] negotiated a five-year contact with Ebiquity, expiring on 31st March 2023.

International products

109. In relation to the Parties' International AdIntel products, in the course of either Phase 1 and Phase 2 we received information from 11 customers:
 - (a) five advertisers ([X]), all current or recent customers of Ebiquity, of which one ([X]) recently switched to Nielsen;
 - (b) two creative agencies ([X]), both using Ebiquity's product;

- (c) one agency operating both as creative and media agency ([X]); it uses Ebiquity for the creative data and used Kantar for international spend data;
- (d) one media agency ([X]) using Ebiquity's data and another ([X]) which uses both Parties' International products; and
- (e) one customer in the 'other' category ([X]), which uses Ebiquity spend data.

Advertisers

110. The five advertisers we contacted which used International AdIntel data all need creative data, either together with spend data or on its own. All these customers use or have used Ebiquity's Portfolio International, but one has recently switched to Nielsen's data.

Use of AdIntel

111. Ebiquity's International data is used by different advertisers for different purposes:

- (a) [X], which until March 2017 had a global contract with Ebiquity for access to International data, used it for evaluating its global brand health. For [X], spend data was the most important and it was used to compute share of voice. It was also useful to link spend data to the creative assets used by competitors. According to [X], keyword search was becoming less important, because Google could also be used to search for adverts. On the other hand, translation of adverts was very useful.
- (b) [X] uses the data to compare its own ad spend and messages with those of its competitors. The information is used to inform marketing decisions, prepare budgets and derive insight.
- (c) [X] used Ebiquity's product for the creative tracking of competitor advertisement. It received only creative data and was most interested in the advertisement itself and its length, while the synopsis was not much used. [X] used to receive daily alerts and used the data on a weekly basis. Since switching to Nielsen, it receives both spend and creative data. The speed of delivery varies across countries and the time lag can be up to a month.
- (d) [X].

- (e) [X] uses Ebiquity's data to understand competitors' activity, in particular the vehicle finance offers available in the market across press and web. For this purpose, only creative data is relevant. Important features include the ability of collating info on APR rate, any additional offers, additional services, monthly instalments, deposit required. The information is received through monthly reports in a spreadsheet format.

Substitutability between the Parties' products

112. Of the five customers contacted, four did not indicate Nielsen's International data as an alternative to Ebiquity's Portfolio International, either because Nielsen's product would have not satisfied their requirements, or because they were not familiar with any alternative.
- (a) [X] told us that it compared the cost of Nielsen and Ebiquity each year. However, [X] did not consider the Parties ever were 'in competition with each other', as [X] wanted combined spend and creative data while, in [X] understanding, Nielsen had spend data only. [X] told us that Ebiquity had always had the best price for what [X] wanted. On the other hand, in March 2017 [X] had to terminate its subscription to Portfolio UK for budgetary reasons. After that, it considered obtaining the data from Nielsen, but it found it too expensive and resorted to using Ebiquity's data from the previous year.
- (b) [X] told us that Nielsen and Ebiquity competed in media spend and creative tracking. However, it was not sure whether Nielsen's product could be considered an alternative to Ebiquity's.
- (c) [X] could not indicate any alternative suppliers, as it had not carried out a thorough internal analysis aimed at evaluating the potential substitutability of various AdIntel services available in the market.
113. [X] on the other hand, has recently switched to Nielsen after having used Ebiquity's Portfolio International for several years. The decision was made by [X] US office and was motivated by a change in [X] needs. [X] used to receive ad spend data from its media agency, but it has recently decided to move to a 'more internal model'. It has therefore signed a global subscription with Nielsen allowing access to both ad spend and ad creative data. Consequently, it has terminated the subscription with Ebiquity for the creative data. [X] told us that an advantage of Nielsen's product was that it linked media spend to the creative data, which was not possible under [X] previous contract with Ebiquity. On the other hand, Nielsen's data was delivered more slowly: while Ebiquity's data was updated daily, Nielsen's data had a time lag that varied across countries and could be up to a month.

Other competitive constraints

114. [X] could not indicate any third-party alternative suppliers. [X] told us that, in addition to Nielsen, it was aware of Millward Brown and Kantar as providers of AdIntel products, but the interviewee did not know the pros and cons of these providers.
115. [X] told us that, should both Ebiquity's and Nielsen's products be unavailable, it would be possible to collect the data for certain media types in-house. For TV one alternative solution was being developed by a company called TVSquared, although [X] believed it was not available yet. [X] US office uses iSpotTV, but the data it provides only covers the US.

Views on the Merger

116. [X] expressed mixed views.
- (a) For [X], the Merger would lead to a reduction in choice; at the same time, it told us that the Parties had different audiences and products, and the Merger could result in cost savings.
- (b) [X], [X] and [X] did not express any views on the Merger.

Creative agencies

117. During the Phase 2 investigation, we had telephone interviews with three creative agencies: [X].²⁵ They were all customers of Ebiquity and purchased its Portfolio International product. [X] also told us that it subscribed to Ebiquity's Portfolio UK product, although this does not appear in the sales data provided by the Parties.

Use of AdIntel

118. All the creative agencies we talked with use Ebiquity's product to monitor advertising in their clients' products of interest across several countries, looking at the activities of their clients' competitors. This information is used to prepare competitive reviews, and as a source of competitive creative intelligence to help develop advertisement campaigns. It can also be used as stimulus material for creative teams.²⁶

²⁵ We also had a telephone interview with [X], which is both a media and creative agency. However, the interviewee was not familiar with the creative aspect of the agency's work.

²⁶ [X] also uses Ebiquity's product to monitor [X] dealers' advertising in local markets. This use of the product has been discussed in paragraphs 33-42.

119. For these purposes, what these creative agencies need is mainly access to copies of the adverts and the ability to search them by competitor, brand, country, media and time period. While some other services, such as language translations, can be useful, these creative companies rarely use more detailed metadata or search for specific keywords. The data tends to be accessed on a weekly basis, although the importance of timely updates varies across the three agencies.
- (a) [X] needs to access the advert and search for competitor names or the relevant brand. Occasionally it is important to know when an advert is run. No searches for specific keywords or slogans are made: typically, all the adverts that came out in the previous months are looked at. The data is accessed by some staff on a weekly basis.
- (b) [X] is interested in searching adverts by region, country, segment of industry, brand, time period and media type. The keyword search function is only used occasionally. [X] currently gets weekly updates. [X] also uses Portfolio International to monitor [X] dealers' creative compliance. This use has been discussed in paragraphs 33 to 42.
- (c) At [X] the descriptions provided by Ebiquity are usually not examined and the metadata provided is rarely used.²⁷ Language translation of the creative aspects of adverts is however very useful. The most important features of Ebiquity's product are the possibility of seeing the actual adverts, receiving the newest adverts in a timely manner and tracking their placement.
120. None of the creative agencies we talked with used spend data for this type of activity.

Substitutability between the Parties' products

121. [X] told us that for larger [creative] agencies, those who can afford it, Ebiquity's product was the industry standard. It also told us that the fact that Ebiquity's product was used by others in the industry was relevant for its decision to use it, but was not the most important factor.
122. The creative agencies we talked to had limited knowledge of other advertising intelligence products and were not aware of a product that could be used as a substitute to Ebiquity. None of the creative agencies we talked with could say

²⁷ The interviewee could not exclude that other teams within [X] could make a larger use of metadata for searches based on specific elements appearing in the adverts.

what it would do if the Ebiquity product were no longer available, and would need to review the market if that happened.

- (a) Two of them ([X]) had not looked at alternatives, as they are comfortable with the product they receive and the interviewees were not familiar with Nielsen's advertising intelligence products.
- (b) [X], on the other hand, was aware of Nielsen as it had explored the market a few years ago. On that occasion it decided to remain with Ebiquity even though it was not the cheapest option. The reasons included Ebiquity's user friendly system and [X] staff's familiarity with Ebiquity's user interface.

Other competitive constraints

- 123. As mentioned above, none of the creative agencies we talked with was aware of a product that could be used as a substitute to Ebiquity.
- 124. All of them agreed that the service they currently receive from Ebiquity could not be provided in-house, at least to the same standard that Ebiquity provides.

Views on the Merger

- 125. None of the creative agencies we talked with expressed a view on the Merger. This is consistent, for [X] and [X], with their lack of knowledge of Nielsen's products, and with the view, emerging clearly from [X] submission, that Nielsen advertising intelligence products are not a close alternative to Ebiquity's.

Media agencies

- 126. The three media agencies we have contacted which use International AdIntel ([X]) are mainly interested in ad spend data. However, their choice of providers has been different, with [X] using both Nielsen and Ebiquity, [X] using only Ebiquity and [X] relying on Kantar.

Use of AdIntel

- 127. Two of the media agencies we talked with use International ad spend data to understand competitors' activity for a client in the automotive sector; the third uses it for competitor analysis related to all its clients.
 - (a) [X] builds competitive category, media and brand analysis from the raw ad spend data in order to understand the market dynamics, the key players, their media strategies and levels of investment. Its competitive

analysis provides [X] with competitive benchmarks, learnings and insights which it uses in its strategies and recommendations in terms of media spends levels, media mix allocations, timings etc. [X] has [X] contracts for the provision of automotive spend data, [X] with Nielsen and [X] Ebiquity. The contracts are specific to [X] work with [X], but the decision on which data to use is [X].

(b) The interviewee at [X] manages the advertising budget for [X] across the European Union, ensuring that the money is invested effectively. To do so, his team needs to look at [X] competitors' activity: how much they spend, for how long, etc.

(c) [X].

Substitutability between the Parties' products

128. None of the media agencies we contacted considered the Parties as close alternatives for International ad spend data, although the reasons they gave varied significantly. [X] uses the data from both Parties in a complementary way, [X].
129. [X] uses both Nielsen and Ebiquity because they have a different geographical scope: it uses Nielsen for the markets where it has stronger data or is more competitive and Ebiquity for other geographies where it has key strengths. The two data sources are complementary and the Parties' data are not both used for the same country. The choice of one or the other is made considering the media coverage that is offered, the quality of the data (related to the monitoring methodology), what is considered to be the reference data in each country and the price.
130. Both Parties have a product providing both spend and creative data. However, the interviewee at [X] believes that customers will choose one or the other depending on what is most important to them: if the focus is more on the ad creative reporting, Ebiquity seems a better solution. The current Ebiquity Portfolio service is an evolution of Xtreme, which was the previous reference for ad creative tracking internationally. Within the Xtreme service, there was ad spend data too but, according to [X], its quality was notoriously inaccurate and incomplete. Things had evolved today, but [X] told us that Nielsen was still perceived as a provider of higher quality ad spend data than Ebiquity. Nielsen was firmly established in dozens of countries, where it creates the monitoring ad spend data from scratch, while Ebiquity only did this in a limited number of countries and mostly aggregated ad spend data from other suppliers.

131. [X] told us that Ebiquity had pitched its offer of comparative media spend data to [X]. [X], however, thought that Ebiquity's data was not very accurate and had decided not to work with it.
132. [X].

Other competitive constraints

133. Both [X] and [X] mentioned Kantar as an alternative supplier of International AdIntel, although [X] did not consider its service good enough. The two customers, however, expressed very different views on the possibility of relying on local data from different countries and harmonising it in-house, as an alternative to purchasing an International product.
134. [X] worked mostly with Kantar's International product, but considered Nielsen a close substitute. According to [X], both Kantar and Nielsen buy data from monitoring agencies in local markets, consolidate, verify and harmonise the data. The raw data tends to be the same, so that the key differences between the two services are the way spend data is harmonised, the customer service quality, and the price. [X] monitors the prices once a year and found that it was more cost-effective to work with Kantar's product, as it was less expensive than Nielsen's. When the interviewee was working in another agency, the case was exactly the opposite, as Nielsen was more cost-effective than Kantar.
135. [X] assessed the alternative options for the international data it needed at the end of 2016. The other supplier considered was Kantar Media. However, [X] considered that Kantar had insufficient expertise given the scale of [X] requirements and was not convinced of Kantar's capacity to deliver the International service [X] needed.
136. [X] told us that there were a few other alternatives in terms of digital-only ad creative monitoring, such as Pathmatics and AdClarity. However, Nielsen and Ebiquity were the only providers with a total ad scope (including TV and press) and a wide geographical scope. Some other solutions existed but only at a regional level (eg Ipsos for the Middle East, Ibope for Latin America). [X] was not aware of any alternative supplier of International services it could switch to. In terms of the platform through which the spend data was accessed, there was some opportunity for switching, for example with Espaces TV in France. However, the data would always come from Nielsen, Ebiquity, Kantar, Ibope or Ipsos and there is very little or no alternative data supplier in most countries.

137. [X] stopped using Kantar because it had quoted a higher price, without reasonable justification. Nielsen had previously quoted [X] a price that was even higher than the Kantar price. [X] therefore decided to work with local markets, which inform it of the latest developments at the local level. [X].
138. This alternative to using an International product, however, was not considered feasible by [X]. [X], [X] told us that buying the local data from the local suppliers and combine it into a consolidated database would be an immense job and would take a lot of time, investment and efforts. Moreover, getting hold of the raw data locally would still be required and the providers would be Nielsen, Ebiquity, Kantar, Ibope, Ipsos, etc. [X].

Views on the Merger

139. [X] told us that, in virtually all countries where they operate, for Deep Dive, Nielsen was the reference for ad spend and Ebiquity was the reference for ad creatives. The same applied at the international level.
140. According to [X], in the area of total ad creative monitoring, the consolidation of Nielsen and Ebiquity's data, tools and expertise would result in something that looks like a monopoly from an international perspective. This may drive up costs for customers, as no international alternatives are available and in-house collection of this data is largely impossible without large investments. In terms of ad spend, however, the combination of forces between Nielsen and Ebiquity would not have the same impact, as Nielsen already has a dominant position. There is no or little alternative to Nielsen already in many countries and this consolidation would not change the situation.
141. [X], on the other hand, did not express any concerns. [X] but noted that the Merger may add value to Nielsen's product by allowing it to provide both comparative spend and creative data in one place. This could be useful for agencies that use both spend and creative data. [X].

Other customers

142. The only customer in the 'other' category, among those we talked with, using International AdIntel data was [X].
143. [X] has purchased advertising expenditure data covering several markets across Europe since 2007, first from Xtreme and then, after it was acquired by Ebiquity, from Ebiquity. The ad spend data is received on a monthly basis in Excel format and is used as part of a service called eDataXchange, which tracks website traffic across many automobile websites, and combines it with

data on sales and advertising expenditure to assess the performance of manufacturers' 'digital funnel'.

144. [X] considered Ebiquity and Nielsen as the only two available suppliers for the data it needs. However, the last time [X] received a quote from Nielsen 5 years ago it was double the price that [X] paid to Ebiquity.
145. The only other way to receive the same data would be to ask for it from the car manufacturers individually. This, however, would be very complicated and more expensive to do than buying from Ebiquity or Nielsen.
146. [X] expressed the concern that the Merger could lead to both higher prices and quality deterioration.

Digital AdIntel

147. Not many of the customers we contacted expressed views on the Parties' digital products. Most of them consider their products unsatisfactory. A couple of customers, however, view Ebiquity's product as better than Nielsen's.
 - (a) According to [X], neither Ebiquity nor Nielsen had a good enough digital product. Similarly, [X], which trialled both Parties' digital products, did not consider them accurate enough to use.
 - (b) [X] only had knowledge of Nielsen's digital data, whose quality it finds so poor that it does not share it with its clients. [X] had been promised better digital data by Nielsen when taking up a specific subscription for a more detailed digital data segment; [X].
 - (c) [X] told us that the digital offering of Ebiquity seemed more accurate than on Ad Dynamix. Similarly, [X] found Ebiquity's digital data more detailed: it provides website specific information, which allows the sales team to extract information on the audience of each advert.²⁸
148. [X] told us that it currently disregarded digital data by any supplier offering it. Similarly, according to [X], none of the products currently available, either from the Parties or from third parties, were really good enough for its purposes. [X] did some digital tracking in-house as it considered that none of the products currently available offered fully comprehensive coverage or was robust enough to warrant investment.

²⁸ [X] was not sure whether Nielsen offered the same functionality.

149. [X] was not the only customer we have contacted to monitor digital advertising in-house. [X].
150. Other customers, however, use third-party suppliers of digital AdIntel:
- (a) [X] told us that there were other businesses beyond Nielsen and Ebiquity with digital monitoring capabilities. [X] had used third-party products to assess the accuracy of Nielsen's digital data.
 - (b) [X] had purchased third-party services that offered intelligence in digital (eg ComScore, Hitwise) as it considered the digital AdIntel provided by the Nielsen to be particularly poor.
 - (c) [X] also saw ComScore as suitable for monitoring of digital ad spend and delivery.

Switching costs

151. Several customers told us that switching to a different AdIntel provider would involve little cost:
- (a) [X] could not think of any technological (eg software programming) requirements that would represent a material barrier to switching. In terms of time costs, there would be a small retraining exercise, however this would be minimal (days to weeks).
 - (b) [X] told us that, after a [X] transition period in which it would be necessary to adjust internal systems to function with data formats from the new supplier, [X].
 - (c) Assuming that, technically, it could switch from one provider to another overnight, [X] did not envisage there being any additional costs, with the exception of some time costs for training purposes of any new system. Similarly, for both [X] and [X] switching would be fairly easy and training would be the main issue in terms of time spent.
152. Some customers, however, consider switching costs to be significant, although in most cases not as high as to make switching impossible:
- (a) [X] told us that, as Nielsen's data feed was integrated into their systems, switching would require some re-tooling work ([X]) [X], but would not be impossible.
 - (b) [X], a media and creative agency, told us that the cost of switching providers would be quite high, as it would require the re-training of staff. It

added that Ebiquity did not offer a sufficient incentive for switching away from Nielsen.

(c) [REDACTED].

153. Finally, [REDACTED] (a creative agency) told us that one of the reasons why it decided to stay with Ebiquity the last time it explored the market was that its staff were familiar with Ebiquity's user interface. Familiarity with a system appears therefore to be a barrier to switching, although it is unclear what weight this was given in [REDACTED] decision to remain with Ebiquity.

Schedule 1: Approach to UK customers of International AdIntel products

Context

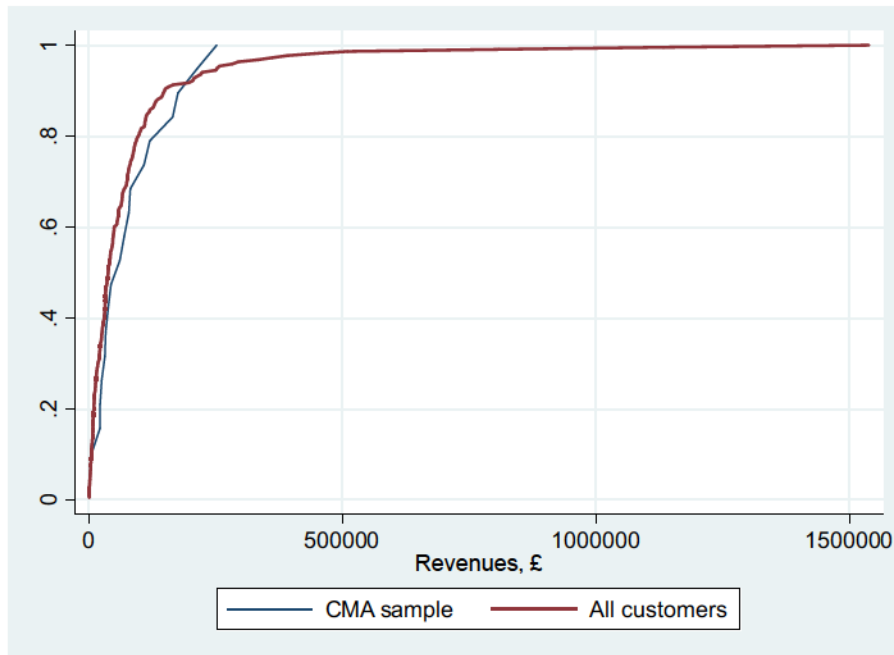
154. At Phase 1 the Parties provided a list of customers that were headquartered in the UK. However, customers headquartered in the UK might not necessarily be using the product only in the UK; conversely, customers headquartered outside the UK might be using it in the UK. It seems clear, conceptually, that we are interested in all customers who use the product in the UK. However, the Parties have told us that they did not track where their products were used.
155. A competitive assessment of the Merger does not rely on us being able to identify all of the UK customers of the international product. However, we need to understand from UK customers how they view substitutability between the Parties' products and other products in order to assess closeness of competition. This means we need to contact a reasonably representative sample of these customers to understand how they use the products. For this reason, uncertainty over the 'true' UK consumer base might affect the analysis.

The CMA's approach

156. Speaking to a sample of customers drawn from the list of firms headquartered in the UK should give us sufficient evidence of customers' views of the substitutability of the various international products, provided that UK-headquartered customers are broadly representative of all international customers who use the product in the UK.
157. Qualitatively this is likely to be a reasonable assumption: international products are generally purchased by firms that are operating in several countries, and there is no reason to think that the distribution in terms of size or type of the firms headquartered in the UK will be significantly different from the distribution of such firms headquartered overseas.
158. We have carried out a simple quantitative check by comparing the distribution of the turnover of UK-based customers and overseas customers of the Parties. We calculated the empirical distribution functions of (i) the sample of all International customers using UK data in the last FY (ie 2017) provided by the Parties and (ii) the CMA sample of the customers selected to be contacted in the course of our Phase 2 investigation which had positive revenues in 2017. The two functions are represented in Figure 1. For each level of revenue, the empirical distribution shows the proportion of customers with

revenue below that level. For example, Figure 1 shows that 60% of customers in the CMA sample have revenues that correspond to £78,000 or less.

Figure 1: Empirical distribution function



Source: CMA analysis

159. The visual analysis of Figure 1 shows that the difference between the empirical distribution of the two samples is relatively small, although the CMA sample is lacking in customers whose revenues are equal to £250,000 or higher. However, these customers represent a very small proportion (5%) of the total sample of international customers using UK data.
160. Therefore, we consider that sampling customers drawn from the list of firms headquartered in the UK should provide a sufficiently representative view of the overall UK customer base in order to inform the competitive assessment of the Merger.

Schedule 2: Customer selection methodology

161. We tried to contact a sufficiently large number of customers for both the UK Deep Dive and the International AdIntel products. However, given that the Parties have a higher number of UK-based customers for the UK Deep Dive product than for the International product, we decided to contact a greater number of Deep Dive customers than of International customers. This allowed us to hear from customers accounting for similar proportion of the Parties revenues in relation to both products.
162. The basis for the customer selection was the list of UK-based customers provided by the Parties during the Phase 1 investigation. The list included all the Parties' UK-based customers between 2015 and 2017 and identified those common to the Parties, either because they appeared to be using both Parties' products, appeared to have switched between the Parties, or were customer of one of the Parties but had discussions or received a commercial proposal from the other.

Deep Dive

163. We built a list of customers for the Parties' UK Deep Dive products by choosing those satisfying one or more of the following criteria:
- (a) Nielsen's 20 largest customers (by revenue in 2017);
 - (b) Ebiquity's 20 largest customers (by revenue in 2017);
 - (c) Customers identified in the 'customer overlap analysis' as multi-homing;²⁹
 - (d) Ebiquity's customers identified in the 'customer overlap analysis' as possibly won by Nielsen;³⁰
 - (e) Nielsen's customers identified in the 'customer overlap analysis' as possibly won by Ebiquity;
 - (f) Ebiquity customers that Nielsen 'bid' for (ie to whom Nielsen submitted commercial proposals or with whom it had discussions);³¹

²⁹ We excluded one customer that no longer exists as an independent company. We also excluded three customers whose only spending with one of the Parties was ad-hoc and took place in 2015, as these customers were less likely to be able to compare the Parties' products.

³⁰ We excluded one customer whose only spending with Ebiquity was ad-hoc and took place in 2015.

³¹ These proposals are generally not made in the context of formal tenders.

- (g) Nielsen customers that Ebiquity 'bid' for (ie to whom Ebiquity submitted commercial proposals or with whom it had discussions);³²
 - (h) Nielsen's customers who spent £0 in 2015 and 2016, and more than £10,000 in 2017;
 - (i) Ebiquity's customers who spent £0 in 2015 and 2016, and more than £5,000 in 2017;
 - (j) Nielsen's customers spending more than £5,000 in 2015 and 2016 and £0 in 2017; and
 - (k) Ebiquity's customers spending more than £5,000 in 2015 and 2016 and £0 in 2017.
164. The application of these criteria led to the identification of 85 customers. From this list, we selected 33 customers to be prioritised, largely based on the following considerations:
- (a) We excluded customers who gave us clear and comprehensive answers in Phase 1, or who told us in Phase 1 that they had no direct knowledge of the market, as AdIntel data was used by their advertising agency;³³
 - (b) As many of Ebiquity's largest customers operate in the automotive sector, and are likely to have similar needs in terms of AdIntel, we included only a subset of them;
 - (c) Among Ebiquity's customers, we tended to prioritise those with recent information in Ebiquity's bidding data;
 - (d) All other things being equal, we tended to de-prioritise customers whose spending remained constant between 2015 and 2017;
 - (e) We selected broadly equal numbers of advertisers, agencies and publishers/broadcasters including, for each of the three types, customers of both Nielsen and Ebiquity.
165. We tried to reach all the 'prioritised' customers. As we have been unable to arrange telephone calls with several of them, in order to get a large enough and sufficiently comprehensive sample we also contacted a selection of the 'non-prioritised' customers.

³² These proposals are generally not made in the context of formal tenders.

³³ Other customers contacted in Phase 1 but whose answers were not comprehensive have been included in the 'priority' list.

International

166. The Parties submitted two different customer lists in relation to their International products, one based on the customers with whom the Parties have a contractual relationship, the other based on the identity of the final clients using the data.³⁴ The two types of lists are different as agencies sometimes purchase the Parties' products on behalf of specific clients (advertisers). We selected the customers to be contacted based on the first type of lists. As we aim at talking with the people actually buying and using the data, it is a priori unclear which list would be more useful. In some cases, while the contract is formally between the Parties and an agency, it is the final client who decide to buy the data and who uses it. In other cases, however, it is the agency that actually uses the data to produce analyses to be submitted to the final client.
167. We selected a list of customers for the Parties' International products by choosing those satisfying one or more of the following criteria:
- (a) Nielsen's ten largest customers (by revenue in 2017);³⁵
 - (b) Ebiquity's ten largest advertiser customers (by revenue in 2017);
 - (c) Ebiquity's ten largest agency customers (by revenue in 2017);³⁶
 - (d) Ebiquity's customers who spent £0 in 2015 and 2016, and more than £10,000 in 2017;
 - (e) Nielsen's customers who spent £0 in 2017 and at least £5,000 in 2016; and
 - (f) Ebiquity's customers who spent £0 in 2017 and at least £5,000 in 2015 and 2016.
168. The application of these criteria led to the identification of 35 customers. From this list, we selected 15 customers to be prioritised, largely based on the following considerations:

³⁴ The same was done for the Deep Dive products, but the lists based on final clients and on agencies are almost identical.

³⁵ Nielsen has 3 UK-based customers for its International product. The largest ten already include some customers 3.

³⁶ The customers selected through criteria 1-3 include all customers identified in the 'customer overlap analysis' as customers of both Parties; they also include all Nielsen's customers who spent £0 in 2015 and 2016, and more than £5,000 in 2017.

- (a) We excluded customers who gave us clear and comprehensive answers in Phase 1, or who told us in Phase 1 that they had no direct knowledge of the market, as AdIntel data was used by their advertising agency;³⁷
 - (b) We prioritised 'overlapping' customers;
 - (c) All other things being equal, we tended to exclude customers whose spending remained constant between 2015 and 2017;
 - (d) We selected broadly equal numbers of advertisers and agencies including, for each of the two types, customers of both Nielsen and Ebiquity.
169. We tried to reach all the 'prioritised' customers. As we have been unable to arrange telephone calls with several of them, in order to get a large enough and sufficiently comprehensive sample we also contacted a selection of the 'non-prioritised' customers.

³⁷ Other customers contacted in Phase 1 but whose answers were not comprehensive have been included in the 'priority' list.

Schedule 3: Responses to the Phase 2 questionnaire

170. A short questionnaire was sent on 7 August 2018 to all the customers included in the Parties' customer list with whom a telephone call had not been arranged. The purpose of the questionnaire was to identify further customers that would be willing to talk to us.
171. We received 31 responses, seven of which were followed up with detailed telephone interviews and are reflected in the appendix. Responses from the other 24 are reported in Table 1 below.

Table 1: Responses to the Phase 2 questionnaire

[X]

Source: Third parties

Schedule 4: Customers contacted

172. In the course of the Phase 2 investigation we had telephone interviews with 32 of the Parties customers. Information on further 12 customers was received during the Phase 1 investigation, in response to the customer questionnaire and to follow-up questions and calls. These customers are listed in Table 5, below.
173. Table 2 and Table 3 summarises the information on the number of customers we received information from according to the product they purchase and the customer type to which they belong. In some cases, a customer may be purchasing more than one product, but the interviewee may have been familiar only with some of the products purchased. In those cases, the tables include only the products with which the interviewee was familiar and on which information has been gathered.

Table 2: Products purchased by the customers contacted

	Nielsen	Ebiquity	Total
Deep Dive	[REDACTED]	[REDACTED]	[REDACTED]
International	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]

Source: CMA

Table 3: Categorisation of the customers contacted

	Nielsen	Ebiquity	Total
Advertiser	[REDACTED]	[REDACTED]	[REDACTED]
Publisher	[REDACTED]	[REDACTED]	[REDACTED]
Media agency	[REDACTED]	[REDACTED]	[REDACTED]
Creative agency	[REDACTED]	[REDACTED]	[REDACTED]
Media/creative agency	[REDACTED]	[REDACTED]	[REDACTED]
Other agency	[REDACTED]	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]

Source: CMA

174. Table 4 shows the percentages of the Parties' 2017 revenues covered by the customers we received information from. Total revenues for the international products only cover customers headquartered in the UK. As in Table 2 above, only products the interviewees were familiar with have been included.

Table 4: Revenues accounted for by the customers contacted

	Revenue (£)	Percentage of 2017 total revenue
Nielsen Deep Dive	[REDACTED]	[REDACTED]
Nielsen International	[REDACTED]	[REDACTED]
Ebiquity Deep Dive	[REDACTED]	[REDACTED]
Ebiquity International	[REDACTED]	[REDACTED]

Source: CMA

Table 5: Customers contacted

Customer	Customer type	Source of evidence
[X]	Advertiser	Phase 1
[X]	Advertiser	Phase 2
[X]	Advertiser	Phase 1
[X]	Media owner	Phase 1
[X]	Advertiser	Phase 2
[X]	Media and creative agency	Phase 2
[X]	Advertiser	Phase 1
[X]	Media owner	Phase 2
[X]	Media owner	Phase 2
[X]	Advertiser	Phase 2
[X]	Media owner	Phase 1
[X]	Advertiser	Phase 2
[X]	Advertiser	Phase 2
[X]	Media owner	Phase 1
[X]	Creative agency	Phase 2
[X]	Creative agency	Phase 2
[X]	Media agency	Phase 1
[X]	Advertiser	Phase 1
[X]	Media owner	Phase 2
[X]	Other	Phase 2
[X]	Advertiser	Phase 2
[X]	Creative agency	Phase 2
[X]	Advertiser	Phase 2
[X]	Media agency	Phase 2
[X]	Other	Phase 2
[X]	Advertiser	Phase 2
[X]	Advertiser	Phase 2
[X]	Advertiser	Phase 2
[X]	Media agency	Phase 2
[X]	Media agency	Phase 1
[X]	Other agency	Phase 2
[X]	Media agency	Phase 2
[X]	Media owner	Phase 2
[X]	Advertiser	Phase 1
[X]	Advertiser	Phase 1
[X]	Advertiser	Phase 2
[X]	Advertiser	Phase 2
[X]	Other agency	Phase 2
[X]	Other agency	Phase 2
[X]	Advertiser	Phase 2
[X]	Advertiser	Phase 2
[X]	Media agency	Phase 1
[X]	Media owner	Phase 1 and Phase 2
[X]	Media agency	Phase 2

Source: CMA

Appendix D: Summary of Data Attributes

Summary of data Attributes

1. The charts in this appendix illustrate the data captured by each Party for
 - (a) TV (Table 1);
 - (b) Press (Table 2);
 - (c) Digital (Table 3); and
 - (d) Radio (Table 4).
2. The data has been submitted by the Parties as part of their Phase 1 final submission.

Table 1: Comparison of Parties' data samples – TV

<i>Variable</i>	<i>Variable present in Nielsen data?</i>	<i>Relevant Nielsen variables</i>	<i>Variable present in Ebiquity's data?</i>	<i>Relevant Ebiquity variables</i>	<i>Common to the Parties?</i>
Advertiser information					
Advertiser	[X]	[X]	[X]	[X]	[X]
Holding company	[X]	[X]	[X]	[X]	[X]
Buying agency	[X]	[X]	[X]	[X]	[X]
Creative agency	[X]	[X]	[X]	[X]	[X]
Planning agency	[X]	[X]	[X]	[X]	[X]
Product information					
Product	[X]	[X]	[X]	[X]	[X]
Brand	[X]	[X]	[X]	[X]	[X]
Product category / sector	[X]	[X]	[X]	[X]	[X]
Media channel information					
TV channel	[X]	[X]	[X]	[X]	[X]
Media region	[X]	[X]	[X]	[X]	[X]
Media owner	[X]	[X]	[X]	[X]	[X]

Ad placement (when and where)					
Date	[X]	[X]	[X]	[X]	[X]
Time when ad was aired	[X]	[X]	[X]	[X]	[X]
Part of day when ad was aired	[X]	[X]	[X]	[X]	[X]
Ad position within ad break	[X]	[X]	[X]	[X]	[X]
Program before ad break	[X]	[X]	[X]	[X]	[X]
Genre of program before ad break	[X]	[X]	[X]	[X]	[X]
Program after ad break	[X]	[X]	[X]	[X]	[X]
Genre of program after ad break	[X]	[X]	[X]	[X]	[X]
Spend information					
Spend	[X]	[X]	[X]	[X]	[X]
Creatives					
Ad length	[X]	[X]	[X]	[X]	[X]
Ad position on TV	[X]	[X]	[X]	[X]	[X]
TV buy type (i.e., how the ad was booked to run)	[X]	[X]	[X]	[X]	[X]
Ad type	[X]	[X]	[X]	[X]	[X]
Ad image details	[X]	[X]	[X]	[X]	[X]
Other brands featured in the ad	[X]	[X]	[X]	[X]	[X]
Date ad first recorded	[X]	[X]	[X]	[X]	[X]
Ad text	[X]	[X]	[X]	[X]	[X]
Ad version	[X]	[X]	[X]	[X]	[X]
End line	[X]	[X]	[X]	[X]	[X]
Contact telephone number	[X]	[X]	[X]	[X]	[X]
Web address	[X]	[X]	[X]	[X]	[X]
Information related to interest rates	[X]	[X]	[X]	[X]	[X]

Audience information					
Audience information including TVR	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Source: Parties' submission

Note: For Nielsen, we have used its data for [REDACTED]. For Ebiquity, the data provided to [REDACTED] and other information provided by Ebiquity has been used

Table 2: Comparison of Parties' data samples – Press

<i>Variable</i>	<i>Variable present in Nielsen data?</i>	<i>Relevant Nielsen variables</i>	<i>Variable present in Ebiquity's data?</i>	<i>Relevant Ebiquity variables</i>	<i>Common to the Parties?</i>
Advertiser information					
Advertiser	[X]	[X]	[X]	[X]	[X]
Holding company	[X]	[X]	[X]	[X]	[X]
Buying agency	[X]	[X]	[X]	[X]	[X]
Creative agency	[X]	[X]	[X]	[X]	[X]
Planning agency	[X]	[X]	[X]	[X]	[X]
Product information					
Product	[X]	[X]	[X]	[X]	[X]
Brand	[X]	[X]	[X]	[X]	[X]
Product category / sector	[X]	[X]	[X]	[X]	[X]
Media channel information					
Media	[X]	[X]	[X]	[X]	[X]
Media region	[X]	[X]	[X]	[X]	[X]
Media owner / publisher	[X]	[X]	[X]	[X]	[X]
Distributor	[X]	[X]	[X]	[X]	[X]
Publication group	[X]	[X]	[X]	[X]	[X]
Publication type	[X]	[X]	[X]	[X]	[X]

Ad placement (when and where)					
Date	[X]	[X]	[X]	[X]	[X]
Editorial section	[X]	[X]	[X]	[X]	[X]
Ad position	[X]	[X]	[X]	[X]	[X]
Page number	[X]	[X]	[X]	[X]	[X]
Page position relative to other pages in issue (e.g., halves, quartiles, percentiles, etc.)	[X]	[X]	[X]	[X]	[X]
Print issue	[X]	[X]	[X]	[X]	[X]
Spend information					
Spend (ratecard)	[X]	[X]	[X]	[X]	[X]
Spend (discounted)	[X]	[X]	[X]	[X]	[X]
Ratecard ID	[X]	[X]	[X]	[X]	[X]

Creatives						
Ad type	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Ad is coloured or not	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Ad size	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Page equivalent	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Page type	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Page column in which ad appeared	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Whether ad is a classified ad or not	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Category of classified ads (e.g., real estate)	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Print cost code	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Number of pages covered by ad	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Other brands featured	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Date ad first recorded	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Ad text	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Contact telephone number	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Ad image details	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Incentives advertised	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Ad slogan	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Web addresss	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Pages in the publication	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Volume in SCC (single column centimetre)	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Total number of insertions used for the ad	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Left or right page	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]

Source: Parties' submission

Note: For Nielsen, we have used its data for [REDACTED]. For Ebiquity, the data provided to [REDACTED] and other information provided by Ebiquity has been used

Table 3: Comparison of Parties' data samples – Digital

<i>Variable</i>	<i>Variable present in Nielsen data?</i>	<i>Relevant Nielsen variables</i>	<i>Variable present in Ebiquity data?</i>	<i>Relevant Ebiquity variables</i>	<i>Common to the Parties?</i>
Advertiser information					
Advertiser	[X]	[X]	[X]	[X]	[X]
Holding company	[X]	[X]	[X]	[X]	[X]
Advertiser website	[X]	[X]	[X]	[X]	[X]
Buying agency	[X]	[X]	[X]	[X]	[X]
Creative agency	[X]	[X]	[X]	[X]	[X]
Planning agency	[X]	[X]	[X]	[X]	[X]
Name of digital campaign	[X]	[X]	[X]	[X]	[X]
Name of digital advertising service provider	[X]	[X]	[X]	[X]	[X]
Type of server used by advertising service provider	[X]	[X]	[X]	[X]	[X]
Product information					
Brand	[X]	[X]	[X]	[X]	[X]
Product	[X]	[X]	[X]	[X]	[X]
Product category / sector	[X]	[X]	[X]	[X]	[X]
Media channel information					
Host website	[X]	[X]	[X]	[X]	[X]
Full URL of webpage hosting ad	[X]	[X]	[X]	[X]	[X]
Media owner	[X]	[X]	[X]	[X]	[X]
Media region	[X]	[X]	[X]	[X]	[X]
Device	[X]	[X]	[X]	[X]	[X]
Platform used for publishing ad	[X]	[X]	[X]	[X]	[X]
Type of server used for publishing ad	[X]	[X]	[X]	[X]	[X]
Ad placement (when and where)					
Date	[X]	[X]	[X]	[X]	[X]
Spend information					
Spend	[X]	[X]	[X]	[X]	[X]
Impressions	[X]	[X]	[X]	[X]	[X]

Creatives					
Ad type (e.g., commercial, sponsorship, trailer, etc.)	[X]	[X]	[X]	[X]	[X]
Ad display mode (e.g. image, video)	[X]	[X]	[X]	[X]	[X]
Ad format	[X]	[X]	[X]	[X]	[X]
Position on webpage	[X]	[X]	[X]	[X]	[X]
Ad size	[X]	[X]	[X]	[X]	[X]
Ad duration (if video)	[X]	[X]	[X]	[X]	[X]
Whether ad is a house ad (i.e., self-promotional ad run by website to cover for unsold inventory)	[X]	[X]	[X]	[X]	[X]
Path of ad delivery	[X]	[X]	[X]	[X]	[X]
Delivery path from hosting server to display server	[X]	[X]	[X]	[X]	[X]
Other brands featured	[X]	[X]	[X]	[X]	[X]
Number of frames in animated ads	[X]	[X]	[X]	[X]	[X]
Programmatic targeting or not (e.g., targeting specific groups)	[X]	[X]	[X]	[X]	[X]
Ad visibility (above or below the fold)	[X]	[X]	[X]	[X]	[X]
Degree of ad visibility	[X]	[X]	[X]	[X]	[X]
Landing page advertised	[X]	[X]	[X]	[X]	[X]
Date ad first recorded	[X]	[X]	[X]	[X]	[X]
Ad text	[X]	[X]	[X]	[X]	[X]

Source: Parties' submission

Note: For Nielsen, we have used its data for [X] For Ebiquity, the data provided to [X] and other information provided by Ebiquity has been used

Table 4: Comparison of Parties' data samples – Radio

<i>Variable</i>	<i>Variable present in Nielsen data</i>	<i>Relevant Nielsen variables</i>	<i>Variable present in Ebiquity's data</i>	<i>Relevant Ebiquity Variable</i>	<i>Common to the parties?</i>
Advertiser information					
Advertiser	[X]	[X]	[X]	[X]	[X]
Holding company	[X]	[X]	[X]	[X]	[X]
Buying agency	[X]	[X]	[X]	[X]	[X]
Creative agency	[X]	[X]	[X]	[X]	[X]
Planning agency	[X]	[X]	[X]	[X]	[X]
Product information					
Product	[X]	[X]	[X]	[X]	[X]
Brand	[X]	[X]	[X]	[X]	[X]
Product category / sector	[X]	[X]	[X]	[X]	[X]
Media channel information					
Radio channel	[X]	[X]	[X]	[X]	[X]
Media owner	[X]	[X]	[X]	[X]	[X]
Media region	[X]	[X]	[X]	[X]	[X]
Ad placement (when and where)					
Date	[X]	[X]	[X]	[X]	[X]
Time	[X]	[X]	[X]	[X]	[X]
Week of day when ad was run	[X]	[X]	[X]	[X]	[X]

Spend information					
Spend	[X]	[X]	[X]	[X]	[X]
Impressions	[X]	[X]	[X]	[X]	[X]
Creatives					
Date ad first recorded	[X]	[X]	[X]	[X]	[X]
Ad version (e.g., new, phone number change)	[X]	[X]	[X]	[X]	[X]
Advert text	[X]	[X]	[X]	[X]	[X]
Ad type (advert or sponsorship)	[X]	[X]	[X]	[X]	[X]
Other brands featured in the ad	[X]	[X]	[X]	[X]	[X]
End line of ad	[X]	[X]	[X]	[X]	[X]
Ad details	[X]	[X]	[X]	[X]	[X]
Ad length	[X]	[X]	[X]	[X]	[X]
APR on offer	[X]	[X]	[X]	[X]	[X]
Manufacturer code	[X]	[X]	[X]	[X]	[X]
Duration of monthly payments	[X]	[X]	[X]	[X]	[X]
Number of unique creatives	[X]	[X]	[X]	[X]	[X]

Source: Parties' submission

Note: For Nielsen, its data for [X] have been used; Ebiquity has indicated the fields recorded.

Appendix E: Evidence from the Parties' internal documents

Introduction

1. This appendix discusses the evidence from the internal documents submitted by Nielsen and Ebiquity relevant for the assessment of horizontal unilateral effects in the supply of UK Deep Dive and International AdIntel products.
2. The appendix does not cover the following areas:
 - (a) Evidence on the Parties' pricing strategies and price negotiations, which will be presented in Appendix G.
 - (b) Evidence relevant for the assessment of input foreclosure in the supply of UK AdIntel data.

Methodology

3. In total, from Phase 1 and Phase 2, the CMA has received roughly 1000 documents from the Parties. For purpose of this appendix, roughly 800 documents have been reviewed in detail for information relevant for assessing the horizontal unilateral effects from this Merger.
4. Documents have been chosen for detailed review based on two main criteria:
 - (a) Relevant questions asked in the requests for information, and
 - (b) Apparent potential to cover any of the sections discussed throughout this appendix.
5. Documents outlining the Parties' rate cards and emails related to negotiations between the Parties and their customers are presented in Appendix G. Financial documents such as management accounts have also been excluded from this review. (See Appendix B for an analysis of the Parties' financial documents.)

Structure of the appendix

6. The rest of the appendix is structured in five sections:
 - (a) An initial background section summarises the evidence on how each Party defines their customer base and how they believe their products are used.

- (b) The second section considers the evidence of closeness of competition between the Parties.
- (c) Evidence of the competition between the Parties and other suppliers of advertising intelligence is analysed in the third section.
- (d) The fourth section looks at evidence concerning the counterfactual, specifically the options available to Ebiquity if the Merger did not go ahead, and the impact they may have on competition.
- (e) The last section considers the evidence on barriers to entry and expansion.

Background

7. This section summarises general evidence from the Parties' internal documents on: (i) how each Party defines their customer base (ii) how the Parties believe their products are used.

Customer base

8. The Parties' internal documents divide customers and potential customers into three main, distinct groupings: advertisers, media owners and media agencies.¹ Internal documents agree that Ebiquity tends to have more advertisers as customers and Nielsen tends to have media owners and agencies as customers.
9. [REDACTED].
10. The same document also indicates how Nielsen sees the Parties' products interacting with each other:
 - (a) The Parties' International products are seen as complementary: 'The International Portfolio platform is able to link creative and spend information across 92 countries on TV, Digital and Print Creatives... all harmonized to a single global taxonomy with occurrence data. [REDACTED]
 - (b) Their Deep Dive products are similar in terms of data sources, but seen as differentiated in relation to the actual product features, and targeted to different customer groups: '[REDACTED]'

¹ [REDACTED]. The term 'media agencies' is usually used to refer to media buying agencies, although in some cases it might conflate the categories of creative and media buying agencies.

11. Similar observations on the differences between the Parties' customer bases can be found in Ebiquity's internal documents. For example, [REDACTED].

Product uses

12. Whilst each Party has a focus on specific customer types, both Parties do have clients from all three main customer types, and therefore have an understanding as to how each type of customer roughly uses their products.
13. [REDACTED], Ebiquity has stated what they believe the three groups of customers used their product for:

- (a) Advertisers: '[REDACTED]'
- (b) Advertising, Media & Research Agencies: they use Ebiquity's product '[REDACTED]'
- (c) Media owners: they use the product '[REDACTED]'.

14. Nielsen has produced three different selling aids for its Deep Dive product AdDynamix, one for each of the three main customer types, each of them outlining the possible uses of the product:

- (a) Advertisers can use the AdDynamix product to:

- (i) '[REDACTED]';²
- (ii) '[REDACTED]';³ and
- (iii) '[REDACTED]'.⁴

- (b) Agencies can use the product to:

- (i) '[REDACTED]';⁵ and
- (ii) '[REDACTED]'.⁶

- (c) Media Owners can use the product to:

- (i) '[REDACTED]';⁷ and

² [REDACTED]
³ [REDACTED]
⁴ [REDACTED]
⁵ [REDACTED]
⁶ [REDACTED]
⁷ [REDACTED]

(ii) '[X]'.⁸

15. Although the precise descriptions used by the Parties in the previous two paragraphs are somewhat different, many of the activities described appear to be fundamentally the same. There are, however, some notable differences:
[X]
16. Finally, it should be noted that all the documents referred to in this section may not provide an objective view of how customer use the Parties' product:
 - (a) The Ebiquity document mentioned above was created [X] It may therefore potentially exaggerate the usefulness of the product;
 - (b) The Nielsen documents are selling aids, which may also have a tendency to overemphasise the potential benefits of using the product.

Evidence on the closeness of competition between the Parties

17. This section is structured in three parts:
 - (a) An analysis of Nielsen's internal documents referring to competition from Ebiquity;
 - (b) An analysis of Ebiquity's internal document referring to competition from Nielsen; and
 - (c) A discussion of the evidence related to the 'currency' status of Nielsen's spend data in the UK.

Evidence concerning competition from Ebiquity in Nielsen's internal documents

18. The main observations that can be drawn from the analysis of Nielsen's internal documents are the following:
 - (a) [X]; this, however, is in the context of few documents dealing with competition more generally.
 - (b) [X] companies explicitly named as a competitor, although at the European level it appears to be viewed by [X] as competing less closely than [X] does.

⁸ [X]

19. Nielsen's AdIntel Strategy document produced in December 2015 clearly mentions [REDACTED].
20. The same document includes a map of Europe showing the markets where [REDACTED].[REDACTED]. However, we note that this is not necessarily inconsistent with Ebiquity being a competitor to Nielsen within the UK.

Figure 1: [REDACTED]

21. [REDACTED].

Evidence concerning competition from Nielsen in Ebiquity's internal documents

22. [REDACTED][REDACTED]. Overall, the internal documents suggest that Ebiquity sees Nielsen as a major competitor in the UK, but that the two Parties have historically imposed limited direct competitive pressure on each other.
23. This sub-section first presents evidence from a strategic plan developed by [REDACTED]. When considering these documents, it must be noted that they are relatively old and may not reflect the views of Ebiquity itself. The second part of the sub-section looks at Ebiquity's internally produced documents from 2016 and 2017.

[REDACTED]

24. [REDACTED]

Figure 2: [REDACTED]

25. [REDACTED]
26. It is important to note however that this document was produced in [REDACTED] and therefore may reflect a competitive landscape somewhat different from the current one. Moreover [REDACTED]⁹ [REDACTED].

UK Deep Dive

27. [REDACTED].
28. Overall, [REDACTED] summarises the competitive position of Ebiquity in the UK Deep Dive market as:[REDACTED].

⁹ Customer of the International product were assigned to the 'UK' group if they bought the product from Ebiquity's UK office. They are likely to include customers headquartered outside the UK and potentially customers which did not buy UK data.

29. [X]

Ebiquity's internally produced documents

The competitive landscape

30. Ebiquity has submitted a document [X], [X]. In the document Ebiquity lists a series of competitors, but appears to identify its three closest competitors as [X]. Detailed descriptions are included for [X] products, but not [X].
31. The positioning of the various competitors in relation to Ebiquity is summarised in the same document through the following chart.

Figure 3: [X]

32. The chart classifies competitors into four 'quadrants', according to whether they provide only creative data or both creative and spend data, and on whether they specialise in AdIntel ('specialists') or also provide other services ('generalists'). The chart shows that [X]. As the chart was created for [X], which was particularly interested in Ebiquity's digital competitors, it includes many companies specialising in digital AdIntel, such as the '[X].
33. Another version of the same chart was included in [X].

Figure 4: [X]

34. The positions of the various competitors are roughly the same as in the previous version, even if some companies have been removed.¹⁰ What is new is Ebiquity's views on the four sections of the chart. In particular, [X].
35. The chart was updated again in a more recent document [X], which shows four charts in the same style as the one above, but separately illustrating the competitive landscape for International, UK, Germany and Australia products. The charts for the International and UK products are reproduced below.

Figure 5: [X]

Figure 6: [X]

36. [X]. Ebiquity told us that the difference was due to a different interpretation of the term 'specialist', which in the updated chart refers to companies that specialise in marketing services including AdIntel. While the interpretation is unchanged from the previous versions of the chart, [X]. The charts, however,

¹⁰ [X]

do not say how closely the Parties are seen to compete, nor is any comment made on this elsewhere in the document.

37. [REDACTED]. [REDACTED]. The two companies realised that the major inputs for their UK Deep Dive products were common to both; [REDACTED].
38. [REDACTED].

The degree of competitive pressure from Nielsen

39. Being a major competitor, and possibly the closest one, does not necessarily mean that Nielsen imposes strong competitive pressure on Ebiquity. Indeed, some of Ebiquity's internal documents suggest that competitive pressure is low.
40. [REDACTED].
41. [REDACTED].
42. The limited degree of head to head competition between the Parties is also reflected in a document related to [REDACTED].
43. [REDACTED]
44. [REDACTED].¹¹
45. The limited extent of direct competition between the Parties is confirmed by an observation made in the same document when evaluating the risks of the proposed strategy: [REDACTED]. This suggests the Parties were not competing as strongly as they could, [REDACTED]
46. [REDACTED].¹²

Nielsen spend data's 'currency' status

47. [REDACTED].¹³ More generally, if Nielsen's product were widely considered to be the 'currency' for AdIntel data, the degree of competitive pressure that Ebiquity could impose on Nielsen would be reduced. We have therefore looked at whether any of the Parties' internal documents suggest that this is the case.

¹¹ [REDACTED]

¹² Parties' Initial Submission for the phase 2 investigation, para 2.15.

¹³ Parties' Initial Submission for the phase 2 investigation, para 2.15.

48. The 'currency' status of Nielsen's ad spend data in the UK is referred to in few of the documents submitted by the Parties. [X].
49. Such status is recognised by Ebiquity in an internal document [X] It is relevant to note, however, that, despite such 'currency' status, [X].

Evidence on competition between the Parties and other AdIntel providers

50. The Parties are the main suppliers of UK AdIntel data. However, internal documents [X] show that there is some competition from other suppliers, which tend to specialise either in digital advertising or in creative asset-only data.
51. Digital specialists are discussed internally [X] and are perceived as competitors, although the lack of knowledge about their products suggests a limited degree of competitive interaction. Among suppliers of AdIntel for traditional media, [X] are mentioned in the most recent documents. Even in this case, there is very limited evidence in internal documents about the strength of competitive constraints.
52. The section is organised as follows:
- (a) We first consider evidence on competition from digital specialists, looking in particular at [X];
 - (b) We then analyse evidence on competition from suppliers of AdIntel in traditional media, looking both at the [X].

Competition from suppliers of digital only data

53. There are a number of firms providing digital advertising data who are mentioned in internal emails [X].
54. [X].
55. [X].
56. [X].
57. [X].
58. [X].
59. [X].

60. Digital data is where most of the innovation for AdIntel products appears to be focussed. [REDACTED].

Competition from suppliers of traditional media AdIntel

61. In the UK, the only two choices for a UK Deep Dive multichannel AdIntel product are Nielsen and Ebiquity. For the International product, UK-based customers have more options. Internal documents suggest that Ebiquity believes itself to compete most closely with Nielsen and Kantar; however, Global Ad Source does also compete with Ebiquity.
62. This sub-section first presents evidence from a strategic plan developed [REDACTED] in 2014. When considering this document, it must be noted that it is now relatively old and may not accurately reflect the views of Ebiquity itself. The second part of the sub-section looks at Ebiquity's internally produced documents from 2016 and 2017.

[REDACTED]

63. [REDACTED].
64. [REDACTED]; [REDACTED]. [REDACTED]

Figure 7: [REDACTED]

65. [REDACTED].

Figure 8: [REDACTED]

66. [REDACTED]
67. [REDACTED]
68. [REDACTED]
69. [REDACTED]
70. [REDACTED]

Ebiquity's internally produced documents

71. [REDACTED].
72. [REDACTED].

73. The '[X]', has already been discussed in paragraphs 33 to 34 and one of the charts included in the document has been reproduced in [X]. The same document also includes a further version of the same chart, reproduced below, which provides some more insight into Ebiquity's views of the other AdIntel providers.

Figure 9: [X]

74. [X].¹⁴ [X].

75. [X]¹⁵

76. The document does not explicitly discuss the degree of competitive pressure from any of the AdIntel suppliers. However, it presents a quick overview of the AdIntel market along with certain points about competitors. [X].

77. From this, it can be inferred that [X] was not interested in entering the UK Deep Dive AdIntel market, at least at the point when Ebiquity was looking for potential buyers.

Evidence concerning Ebiquity's future competitive position

78. [X].¹⁶

79. This section looks at the evidence from internal documents related to the options available to Ebiquity if the Merger did not go ahead, and the impact they may have on competition.¹⁷ The overall evidence from the internal documents submitted by Ebiquity [X].

[X]

80. [X]

81. [X]

82. [X]

Ebiquity's internally produced documents

83. Some of Ebiquity's internal documents suggest opportunities which Bloom could take should the merger not go through.

¹⁴ Parties' initial submission for the phase 2 investigation, para 4.6.

¹⁵ See Appendix H

¹⁶ [X]

¹⁷ Note that we do not discuss the existence of alternative buyers in this appendix.

84. [X].
85. The same document lists a series of tasks to be undertaken should the Merger not go through: [X].
86. All these opportunities provide a prospect of Bloom becoming a stronger competitor. [X]. Such a prospect, however, is accompanied by risks, which the document lists as: [X]
87. Several of the risks and opportunities that Ebiquity has listed in this document depend on the number of customers Bloom loses or gains. A few of the risks mentioned reflect the uncertainty about whether an opportunity would be successful or not.
88. All these opportunities and risks of keeping the business are repeated and reinforced [X], where an additional couple of risks are highlighted: [X].
89. [X] backs up some of the risks listed above. This document discusses [X] challenges which Ebiquity face if it kept Bloom: [X].[X]. When discussing the alternatives to the merger, the document concludes that '[X].
90. Other internal documents, however, discuss [X]projects aimed at either increasing revenues or reducing costs, and further cost-saving opportunities.
91. [X].

Table 1: [X]

92. [X]. Whilst this table may be slightly out of date having been produced in [X]. The spreadsheet would therefore suggest that there are still initiatives which Ebiquity can carry out which could lead to improved profitability. Brief explanations of these initiatives are listed below: [X]
93. Other documents refer to specific cost saving opportunities. [X].
94. [X]

Evidence on barriers to entry and expansion

95. Internal documents provide some, though limited evidence in relation to barriers to entry and expansion. This section briefly discusses the evidence related to investment requirements and customer stickiness.
96. The Parties' AdIntel businesses are characterised by significant fixed costs, while the marginal cost of supplying an additional customer is usually modest. [X].

97. In an industry characterised by high fixed costs, it is important to reach a critical mass of customers in order to achieve profitability [X]. The graph below comes from the '[X]' document and shows the renewal rates of UK customers of Ebiquity's AdIntel products. [X].

Figure 10: [X]

98. [X].¹⁸ While both Parties have been losing customers in the recent years, these customers tended to exit the market rather than switching supplier. This dynamic would not make entry easier.

¹⁸ No information on renewal rates could be found in the documents submitted by Nielsen. Further analysis on customers' stickiness will be possible using the data submitted by the Parties.

Appendix F: Analysis of the Parties' customer data

Introduction

1. In this appendix we report the descriptive statistics regarding the analysis of the Parties' customer data.
2. These statistics are generated primarily using information provided by the Parties in response to the market and financial questionnaire dated 23 July 2018. The results reported in this appendix are based on the information provided as at 25 September 2018. Where we have particular concerns about the accuracy or completeness of the underlying data, these are noted alongside the relevant results in this appendix.
3. The structure of this appendix is as follows. We first describe the data used for the analysis and then provide figures and tables of the summary statistics that form the basis of the commentary in the main provisional findings report. These figures and tables are set out under the following headings:
 - Summary statistics of the Parties' customer base;
 - Summary statistics of the Parties' sales and opportunities activity;
 - Summary statistics of customer switching.
4. We calculated results for both Deep Dive and International AdIntel products.

Data

5. For both Deep Dive and International AdIntel products, we collected three main sets of data for this analysis:
 - (a) For each of the Parties, a list of customers purchasing AdIntel products, including information on the characteristics of each customer such as the customer type (ie agency, media owner, advertiser and other); whether they purchase subscription, ad-hoc or customised products; the media type purchased (ie press, TV, radio, cinema, outdoor, direct mail, door drops and digital); the contract end date; and whether they have been approached by the Parties or they contacted the Parties themselves;
 - (b) For each of the Parties, annual revenues from each customer, including information on whether the revenues stopped and the reasons why this occurred; and

- (c) Data on the Parties' price proposals to new and existing customers, including information on the date the price quotation was submitted and whether it was successful.
6. The relevant period of the analysis is January 2010 to July 2018, with the exception of price proposals data, which has been provided for the period January 2015 to July 2018.
7. As a result of data cleaning and preparation, we excluded some of the data as it was erroneous or inconsistent. The exclusions accounted for less than 0.4% of customers.

Figures and Tables

Summary statistics of the Parties' customer base

8. The figures and tables in this section show results for the Parties' customer base in relation to: number of customers; customer types and preference/requirements, including descriptions of the product and the media purchased. The results are displayed separately for Deep Dive and International products.

Deep Dive

9. Figure 1 shows the total number of customers purchasing the Parties' Deep Dive product in 2018. It shows the number of customers who appear in either Nielsen's or Ebiquity's revenue data in the first half of 2018 ('H1 2018') and how many of these customers overlap between the Parties.

Figure 1: Total number of Deep Dive customers with revenues in H1 2018 [X]

10. Table 1 shows the Parties' Deep Dive customer base split by (i) shares of revenues in H1 2018 and (ii) shares of total customers in H1 2018.

Table 1: Parties' Deep Dive customer base by shares of revenues and customers

	Nielsen		Ebiquity	
	% revenues	% customers	% revenues	% customers
Advertisers	[X]	[X]	[X]	[X]
Creative agencies	[X]	[X]	[X]	[X]
Full service agencies	[X]	[X]	[X]	[X]
Media agencies	[X]	[X]	[X]	[X]
Other agencies	[X]	[X]	[X]	[X]
Media owners	[X]	[X]	[X]	[X]
Other	[X]	[X]	[X]	[X]
Total	[X]	[X]	[X]	[X]

Base: customers with revenues in H1 2018.

11. Figure 2 shows the proportion of Deep Dive customers purchasing each media type.

Figure 2: Proportion of Deep Dive customers purchasing each media type [X]

International

12. Figure 3 shows the total number of customers purchasing the Parties' International product in 2018. It shows the number of customers who appear in either Nielsen's or Ebiquity's revenue data in H1 2018.

Figure 3: Total number of International customers with revenues in H1 2018 [X]

13. Table 2 shows the Parties' International customer base split by (i) shares of revenues in H1 2018 and (ii) shares of total customers in H1 2018.

Table 2: Parties' International customer base by shares of revenues and customers

	Nielsen		Ebiquity	
	% revenues	% customers	% revenues	% customers
Advertisers	[X]	[X]	[X]	[X]
Creative agencies	[X]	[X]	[X]	[X]
Full service agencies	[X]	[X]	[X]	[X]
Media agencies	[X]	[X]	[X]	[X]
Other agencies	[X]	[X]	[X]	[X]
Media owners	[X]	[X]	[X]	[X]
Other	[X]	[X]	[X]	[X]
Total	[X]	[X]	[X]	[X]

Base: customers with revenues in H1 2018

Source: CMA analysis

14. Figure 4 shows the proportion of International customers purchasing each media type.

Figure 4: Proportion of International customers purchasing each media type [X]

Base: customers with revenues in H1 2018

Note: Nielsen's customer base is small ([X] customers)

Source: CMA analysis

Summary statistics of the Parties' sales and opportunities activity

15. The figures and tables in this section show results for the Parties' customer base in relation to: total annual revenues between 2010 and H1 2018; price quotations submitted in an attempt to win new business; and customers won/lost, including descriptions of the reasons why customers terminate their

contracts with the Parties. The results are displayed separately for Deep Dive and International products.

Deep Dive

Analysis of trends in the composition of the Parties' customer bases

16. Figure 5 shows the total number of Deep Dive customers in each year from January 2015 to H1 2018.

Figure 5: Total number of Deep Dive customers in each year, 2010-2018



17. Figure 6 shows the Parties' net customer gains in each year between 2010 and H1 2018. In the chart, all bars above zero represent customer gains whereas bars below zero represent customer losses.

Figure 6: Deep Dive customers net gains, 2010-2018



18. Table 3 below presents all the reasons that accounted for Deep Dive customer losses (where known).

Table 3: Reason Deep Dive customers lost (when known), 2010-2018

Provider	Reason	Frequency
Nielsen	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Ebiquity	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]

Base: all customer lost between 2010 and 2018

Analysis of revenues

19. Figure 7 shows the Parties' total annual revenues split by different customer groups between 2010 and 2017. The chart excludes revenues for H1 2018 since this appears not to be not fully comparable with the previous years.¹

Figure 7: Parties' Deep Dive annual revenues by customer group between 2010 and 2017, £

[Redacted]
(a) Nielsen

[Redacted]
(b) Ebiquity

Base: all customers
Note: revenues in £000s
Source: CMA analysis

Analysis of the Parties' price proposals

20. The Parties provided data on price proposals they submitted to new or existing customers. For Deep Dive, the datasets cover the period Q4 2017 to Q2 2018 for Nielsen and 2015 to H1 2018 for Ebiquity. For the International product, the period covered is 2015 to H1 2018 for Ebiquity and 2015 to Q3 2018 for Nielsen.
21. We used this information to assess which types of customers each Party was submitting proposals to. To do so, price proposals have been classified in three different groups, as follows:
- (a) price proposals to existing customers;
 - (b) price proposals to new customers; and
 - (c) price proposals to customers that, at the time the price proposals were put forward, were customers of the other Party.
22. Our classification methodology is shown in Table 4, below. Each customer can have the status of being either Party A's customer, Party B's customer or a customer of neither Party. We identify the status of each customer by examining both Parties' revenues from that customer at the time the price proposal was made ('t') and in the previous year ('t-1'). There are sixteen separate possible combinations ranging from revenues in both periods for

¹ This is because the CMA cannot confirm that the methodology used to calculate revenues for H1 2018 is consistent across customers between the Parties.

both Parties (shown in the final row of the table) through to no revenues for either Party in either Period (as shown in the first row of the table). For example, the first row of the table shows that, if both Parties have no revenues from a customer at the time of the proposal 't' (which is shown by including a '0' in the second and fourth columns of the first row) and no revenues at time 't-1' (shown by including a '0' in the first and third columns of the first row), a proposal to such customer made at time 't' is considered as being a 'new customer' (ie a customer of neither Party).

Table 4: Classification of price proposals

Party A's revenues (1 = revenues, 0 = no revenues)		Party B's revenues (1 = revenues, 0 = no revenues)		Party B' price proposal to:
Year t-1	Year t	Year t-1	Year t	
0	0	0	0	new customer
0	1	0	0	Party A's customer
1	0	0	0	Party A's customer
1	1	0	0	Party A's customer
0	0	1	0	existing customer
0	1	1	0	Party A's customer
1	0	1	0	existing customer
1	1	1	0	Party A's customer
0	0	0	1	new customer
0	1	0	1	Party A's customer
1	0	0	1	Party A's customer
1	1	0	1	Party A's customer
0	0	1	1	existing customer
0	1	1	1	existing customer
1	0	1	1	existing customer
1	1	1	1	existing customer

Source: CMA analysis

23. We note that this approach may slightly overstate the total number of customers of the other Party to whom the Parties submitted a price proposal. This is because we include within this category cases where one Party's revenues ended in the year before a pricing proposal was made by the other Party.
24. Table 5 and Table 6 show the total number of unique Deep Dive customers to whom the Parties submitted one or more price proposals.

Table 5: Total number of unique Deep Dive customers to whom Nielsen submitted one or more price proposals (Q4 2017 to Q2 2018)

		2017	2018
Nielsen's price proposal to Ebiquity's customers	Bids in progress	[X]	[X]
	Bids lost	[X]	[X]
	Bids won	[X]	[X]
	Total	[X]	[X]
Nielsen's price proposals to existing customers	Bids in progress	[X]	[X]
	Bids lost	[X]	[X]
	Bids won	[X]	[X]
	Total	[X]	[X]
Nielsen's price proposal to new customers	Bids in progress	[X]	[X]
	Bids lost	[X]	[X]
	Bids won	[X]	[X]
	Total	[X]	[X]

Base: Nielsen's price proposals (Q4 2017 to Q2 2018)

Note: the total number of price proposals includes both competitive and non-competitive price quotations (ie ad-hoc projects and renewals)

Source: CMA analysis

Table 6: Total number of unique Deep Dive customers to whom Ebiquity submitted one or more price proposals (2015 to H1 2018)

		2015	2016	2017	2018
Ebiquity's price proposal to Nielsen's customers	Lost	[X]	[X]	[X]	[X]
	Won	[X]	[X]	[X]	[X]
	Renewals lost	[X]	[X]	[X]	[X]
	Total	[X]	[X]	[X]	[X]
Ebiquity's price proposals to existing customers	Lost	[X]	[X]	[X]	[X]
	Won	[X]	[X]	[X]	[X]
	Renewals lost	[X]	[X]	[X]	[X]
	Total	[X]	[X]	[X]	[X]
Ebiquity's price proposal to new customers	Lost	[X]	[X]	[X]	[X]
	Won	[X]	[X]	[X]	[X]
	Renewals lost	[X]	[X]	[X]	[X]
	Total	[X]	[X]	[X]	[X]

Base: Ebiquity's price proposals (2015 to H1 2018)

Note: price proposals include both competitive and non-competitive price quotations (ie ad-hoc projects and renewals)

Source: CMA analysis

International

Analysis of trends in the composition of the customer bases

25. Figure 8 shows the total number of International customers in each year from January 2015 to H1 2018.

Figure 8: Total number of International customers in each year, 2010-2018

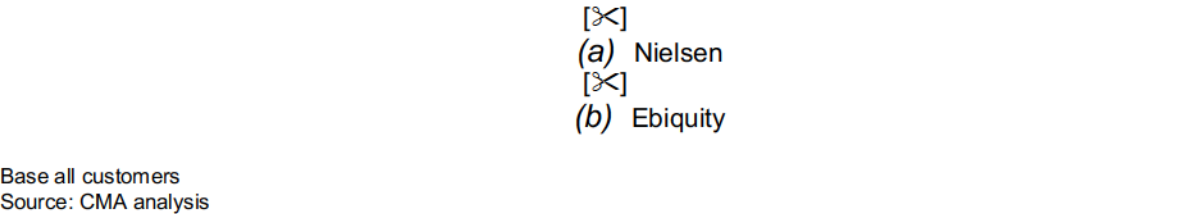
- [X]
(a) Nielsen
[X]
(b) Ebiquity

Base: all customers

Source: CMA analysis

26. Figure 9 shows the Parties’ net customer gains in each year between 2010 and H1 2018. In the chart, all bars above zero represent customer gains whereas bars below zero represent customer losses.

Figure 9: International customers net gains, 2010-2018



27. Table 7 below presents all the reasons that accounted for International customer losses (where known).

Table 7: Reason International customers lost (when known), 2010-2018

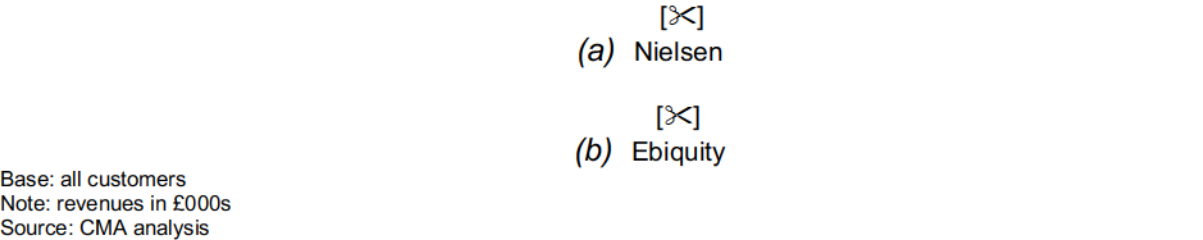
Provider	Reason	Frequency
Nielsen		
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Ebiquity		
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]

Base: all customer lost between 2010 and 2018
Note: reasons have been harmonised by the CMA
Source: CMA analysis

Analysis of revenues

28. Figure 10 shows the Parties’ total annual revenues split by different customer groups between 2010 and 2017. The chart excludes revenues for H1 2018 since this appears not to be not fully comparable with the previous years.²

Figure 10: Parties’ International annual revenues by customer group between 2010 and 2017, £



² This is because the CMA cannot confirm that the methodology used to calculated revenues for H1 2018 is consistent across customers between the Parties.

Analysis of the Parties' price proposals

29. Table 8 and Table 9 show the total number of unique International customers to whom the Parties submitted one or more price proposals, based on the methodology outlined at paragraphs 20 to 23 above.

Table 8: Total number of unique International customers to whom Nielsen submitted one or more price proposals (2015 to Q3 2018)

		2015	2016	2017	2018
Nielsen's price proposal to Ebiquity's customers	In progress	[X]	[X]	[X]	[X]
	Lost	[X]	[X]	[X]	[X]
	Won	[X]	[X]	[X]	[X]
	Total	[X]	[X]	[X]	[X]
Nielsen's price proposals to existing customers	In progress	[X]	[X]	[X]	[X]
	Lost	[X]	[X]	[X]	[X]
	Won	[X]	[X]	[X]	[X]
	Total	[X]	[X]	[X]	[X]
Nielsen's price proposal to new customers	In progress	[X]	[X]	[X]	[X]
	Lost	[X]	[X]	[X]	[X]
	Won	[X]	[X]	[X]	[X]
	Total	[X]	[X]	[X]	[X]

Base: Nielsen's price proposals (2015 to Q3 2018)

Note1: the total number of price proposals includes both competitive and non-competitive price quotations (ie ad-hoc projects and renewals).

Note2: we note that there are [X] Nielsen's customers who appear in the price proposals dataset but do not show any revenue. As a consequence, these customers might have not been captured by our analysis or been misclassified.

Source: CMA analysis

Table 9: Total number of unique International customers to whom Ebiquity submitted one or more price proposals (2015 to H1 2018)

		2015	2016	2017	2018
Ebiquity's price proposal to Nielsen's customers	Lost	[X]	[X]	[X]	[X]
	Won	[X]	[X]	[X]	[X]
	Renewals lost	[X]	[X]	[X]	[X]
	Total	[X]	[X]	[X]	[X]
Ebiquity's price proposals to existing customers	Lost	[X]	[X]	[X]	[X]
	Won	[X]	[X]	[X]	[X]
	Renewals lost	[X]	[X]	[X]	[X]
	Total	[X]	[X]	[X]	[X]
Ebiquity's price proposal to new customers	Lost	[X]	[X]	[X]	[X]
	Won	[X]	[X]	[X]	[X]
	Renewals lost	[X]	[X]	[X]	[X]
	Total	[X]	[X]	[X]	[X]

Base: Ebiquity's price proposals (2015 to H1 2018)

Note1: the total number of price proposals includes both competitive and non-competitive price quotations (ie ad-hoc projects and renewals).

Note2: we note that there are [X] Nielsen's customers who appear in the price proposals dataset but do not show any revenue. As a consequence, these customers might have not been captured by our analysis or been misclassified.

Source: CMA analysis

Summary statistics of customers switching

30. The figures and tables in this section show results for the Parties' customer base in relation to customers' switching, including the total number of

overlapping customers in the period of analysis and potential switchers. The results are displayed separately for Deep Dive and International products.

31. We note that the results are focused on the agencies' end customers. This enables us to identify any switching from one Party to the other even if one or both of the products is bought through an agency. We note that this approach does not capture those cases in which customers left the Parties to switch to a less deep and broader analysis provided by agencies themselves, based on the Parties' data. However, we consider these cases do not constitute switches for our purposes, as the agencies' choice of data provider is independent of the client's decision to leave the Parties.
32. We calculated results for both Deep Dive and International customers.

Deep Dive

33. We identified [X]³ Deep Dive overlapping customers, that is customers showing revenues streams for both Parties' simultaneously or sequentially over the period between 2010 and 2018.
34. Table 10 shows the total number of overlapping Deep Dive customers multi-sourcing from both suppliers. We defined multi-sourcing as the simultaneous usage of both Nielsen and Ebiquity's Deep Dive products for at least two consecutive years.

Table 10: Total number of Deep Dive customers multi-sourcing by customer group, 2010-2018⁴

Customer type	Number of customers Multi-sourcing	Number of customers overlapping
Advertisers	[X]	[X]
Media Owners	[X]	[X]
Media agencies	[X]	[X]
Creative agencies	[X]	[X]
Full service agencies	[X]	[X]
Other agencies	[X]	[X]
Other	[X]	[X]
Total	[X]	[X]

Base: overlapping customers between 2010 and 2018
Source: CMA analysis

35. We calculated our own estimates of the number of customers switching by looking at whether the revenues of one Party stopped with a particular

³ The main reason why the total number of overlapping customers in our analysis is lower compared to the Parties' analysis is due to the fact that we excluded future market opportunities.

⁴ The multi-sourcing customers are: [X]

overlapping customer, and simultaneously the other Party showed new revenues, filtering the results according to the following criteria:

- (a) Usage of Nielsen's product for at least two consecutive years;
- (b) Usage of Ebiquity's product for at least two consecutive years; and
- (c) Usage of both Parties' product in consequent years with at most one year overlap.

36. Table 11 shows the number and type of customers switching for each year between 2010 and 2018.

Table 11: Total number of customers switching between the Parties between 2010 and 2018

Customer type	2010	2011	2012	2013	2014	2015	2016	2017	2018
Advertisers	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Media Owners	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Media agencies	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Creative agencies	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Full service agencies	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other agencies	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Base: overlapping customers between 2010 and 2018
Source: CMA analysis

37. We note that our analysis estimates the number of customers switching based on customers' usage patterns of the Parties' products. Therefore, it may exclude some cases of switching (eg where there is a gap between ending one contract and starting the next, or if a customer has multiple contracts with the Parties and the switch relates only to one of them). Moreover, the analysis does not take into account the reasons why customers switch from one Party to the other. In fact, it might be the case that a customer changed its needs or that different departments within the customer's organisation required to use the product.

38. Finally, our analysis cannot identify switches that took place in 2018 (as the customer would fail one of the first two conditions in paragraph 35). We know from our calls with customers that at least one such switch took place.⁵ We have taken this into account in our analysis of customer switching in reaching our Provisional Findings.

⁵ See the Appendix C.

International

39. We identified [X] International overlapping customers that, between 2010 and H1 2018, initially chose the product of one of the Parties and then switched to the other. The Parties' customer overlap analysis identifies the same overlapping customers, although the Parties noted that [X]

Additional figures and tables

Table 12: Parties' Deep Dive customer base by shares of revenues and customers in 2010

	Nielsen		Ebiquity	
	% revenues	% customers	% revenues	% customers
Advertisers	[X]	[X]	[X]	[X]
Creative agencies	[X]	[X]	[X]	[X]
Media agencies	[X]	[X]	[X]	[X]
Full service agencies	[X]	[X]	[X]	[X]
Other agencies	[X]	[X]	[X]	[X]
Media owners	[X]	[X]	[X]	[X]
Other customers	[X]	[X]	[X]	[X]
<i>Total</i>	[X]	[X]	[X]	[X]

Base: customers with revenues in 2010

Source: CMA analysis

Table 13: Deep Dive customers purchasing a subscription product

	Nielsen	Ebiquity
Customers purchased a subscription product	[X]	[X]
Customers did NOT purchase a subscription product	[X]	[X]

Base: customers with revenues in H1 2018

Note: information missing for 1 customer

Source: CMA analysis

Table 14: International customers purchasing a subscription product

	Nielsen	Ebiquity
Customers purchased a subscription product	[X]	[X]
Customers did NOT purchase a subscription product	[X]	[X]

Base: customers with revenues in H1 2018

Source: CMA analysis

Table 15: Deep Dive customers purchasing customised products

	Nielsen	Ebiquity
Customers purchased a customised product	[X]	[X]
Customers did NOT purchase a customised product	[X]	[X]

Base: customers with revenues in H1 2018

Base: all customers showing consecutive revenues between 2010 and H1 2018

Note: information missing for 1

Source: CMA analysis

Table 16: International customers purchasing customised products

	Nielsen	Ebiquity
Customers purchased a customised product	[X]	[X]
Customers did NOT purchase a customised product	[X]	[X]

Base: customers with revenues in H1 2018
Source: CMA analysis

Figure 11: Total number of Deep Dive customers in each year, detailed classification 2010-2018

[X]
(a) Nielsen

[X]
(b) Ebiquity

Base: all customers
Source: CMA analysis

Figure 12: Total number of International customers in each year, detailed classification 2010-2018

[X]
(a) Nielsen
[X]
(b) Ebiquity

Base: all customers
Source: CMA analysis

Table 17: Revenues per customer in 2017 (000 £)

Customer type	Ebiquity			Nielsen		
	p25	p50	p75	p25	p50	p75
Advertisers	[X]	[X]	[X]	[X]	[X]	[X]
Creative agencies	[X]	[X]	[X]	[X]	[X]	[X]
Media agencies	[X]	[X]	[X]	[X]	[X]	[X]
Full service agencies	[X]	[X]	[X]	[X]	[X]	[X]
Other agencies	[X]	[X]	[X]	[X]	[X]	[X]
Media owners	[X]	[X]	[X]	[X]	[X]	[X]
Other customers	[X]	[X]	[X]	[X]	[X]	[X]

Base: customer with revenues in 2017
Source: CMA analysis

Table 18: Nielsen's Deep Dive win/loss analysis

year	Won advertiser	Won Creative agency	Won Full service agency	Won Media agency	Won Media owner	Won Other	Won Other agency
2011	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2012	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2013	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2014	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2015	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2016	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2017	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2018	[X]	[X]	[X]	[X]	[X]	[X]	[X]

year	Lost advertiser	Lost Creative agency	Lost Full service agency	Lost Media agency	Lost Media owner	Lost Other	Lost Other agency
2011	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2012	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2013	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2014	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2015	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2016	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2017	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2018	[X]	[X]	[X]	[X]	[X]	[X]	[X]

Base: all customers
Source: CMA analysis

Table 19: Ebiquity's Deep Dive win/loss analysis

year	Won advertiser	Won Creative agency	Won Full service agency	Won Media agency	Won Media owner	Won Other	Won Other agency
2011	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2012	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2013	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2014	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2015	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2016	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2017	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2018	[X]	[X]	[X]	[X]	[X]	[X]	[X]

year	Lost advertiser	Lost Creative agency	Lost Full service agency	Lost Media agency	Lost Media owner	Lost Other	Lost Other agency
2011	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2012	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2013	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2014	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2015	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2016	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2017	[X]	[X]	[X]	[X]	[X]	[X]	[X]
2018	[X]	[X]	[X]	[X]	[X]	[X]	[X]

Base: all customers
Source: CMA analysis

Table 20: Nielsen International win/loss analysis

year	Won advertiser	Won Creative agency	Won Full service agency	Won Media agency	Won Media owner	Won Other	Won Other agency
2011	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2012	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2013	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2014	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2015	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2016	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2017	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2018	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]

year	Lost advertiser	Lost Creative agency	Lost Full service agency	Lost Media agency	Lost Media owner	Lost Other	Lost Other agency
2011	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2012	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2013	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2014	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2015	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2016	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2017	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2018	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]

Base: all customers
Source: CMA analysis

Table 21: Ebiquity's International win/loss analysis

year	Won advertiser	Won Creative agency	Won Full service agency	Won Media agency	Won Media owner	Won Other	Won Other agency
2011	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2012	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2013	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2014	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2015	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2016	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2017	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2018	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]

year	Lost advertiser	Lost Creative agency	Lost Full service agency	Lost Media agency	Lost Media owner	Lost Other	Lost Other agency
2011	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2012	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2013	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2014	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2015	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2016	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2017	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]
2018	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]	[✂]

Base: all customers
Source: CMA analysis

Table 22: Potential switchers between 2010 and 2018

[✂]

Appendix G: Evidence on the Parties' negotiation and pricing strategies

Introduction

1. We asked the Parties for emails relating to pricing negotiation, proposals and change or termination of the contract relating to contract renewals in the last three years for:
 - (a) The top five (by revenue in 2017) UK-based customers for the Parties' Deep Dive product;
 - (b) The top five (by revenue in 2017) UK-based customers for the Parties' International product;
 - (c) Two further customers of Ebiquity Deep Dive product ([X] and [X]);
 - (d) Three further customers of Ebiquity International product ([X], [X] and [X]);
 - (e) Two further customers of Nielsen Deep Dive product ([X] and [X]); and
 - (f) Three further customers of Nielsen International product ([X]).
2. Nielsen also provided some emails pertaining to the contract renewals of [X].
3. Overall, we have reviewed 38 contracts. 18 contract holders are customers of Nielsen and 20 contract holders are customers of Ebiquity. It should be noted that this is not a representative sample and so the evidence in this appendix is not indicative of any trends in pricing levels or revenues.
4. We reviewed these documents to understand how the Parties' priced their products and negotiated with their customers. We were particularly interested in any evidence that customers had threatened to switch or benchmarked the Parties' prices against potential competitors, which might be informative about the closeness of competition between the Parties and with other AdIntel providers. We also wanted to understand the extent to which the Parties made bespoke pricing offers to individual customers, which might allow them to price discriminate.
5. After providing some background on what the Parties told us about their pricing strategies, the appendix presents the evidence from the negotiation emails in four sections:

- (a) The first section looks at negotiations over the price of the Parties' products and at cases in which the contracts were terminated.
- (b) The second section considers cases in which other AdIntel suppliers are mentioned, or their existence implied, by the customers.
- (c) The third section looks at customers' requests for additional features and at the Parties' approach to upselling; it also considers customers' criticisms of the Parties' products.
- (d) The last section focuses on the Parties' digital AdIntel products and on the constraint from other digital AdIntel providers.

Background

- 6. As a background, this section considers the Parties' submissions in relation to their pricing strategies. The Parties' description of their approaches to pricing can be broadly summarised as follows:
 - (a) [REDACTED].
 - (b) [REDACTED].

Ebiquity

- 7. [REDACTED]. [REDACTED]. [REDACTED].
- 8. [REDACTED].
- 9. [REDACTED].

Nielsen

- 10. [REDACTED]. [REDACTED].
- 11. [REDACTED].
- 12. [REDACTED]. [REDACTED].¹
- 13. [REDACTED].²

¹ Parties' Phase II Initial Submission, 17 July 2018, paragraph 2.11.

² Parties' Phase II Initial Submission, 17 July 2018, paragraph 2.11.

Contract renewals and pricing

14. In reviewing the Parties' documents, we first considered whether customers had attempted to negotiate on price at the point of contract renewals. This might be an indication of competitive pressure on the Parties.
15. [REDACTED].
16. [REDACTED].
17. Among the customers covered by our information request, [REDACTED]. However, in some cases customers have [REDACTED].

Ebiquity customers

Deep Dive

18. [REDACTED].
19. [REDACTED].
20. [REDACTED].³ [REDACTED].
 - (a) [REDACTED].
 - (b) [REDACTED].
 - (c) [REDACTED]. [REDACTED].
 - (d) [REDACTED].
21. [REDACTED]:
 - (a) [REDACTED][REDACTED]
 - (b) [REDACTED];
 - (c) [REDACTED];
 - (d) [REDACTED].

International

22. [REDACTED].

³ [REDACTED]

- (a) [X].
- (b) [X].
- (c) [X][X].
- (d) [X].[X]

23. [X].

- (a) [X].
- (b) [X].
- (c) [X].

Nielsen customers

Deep Dive

24. We received emails between Nielsen and ten companies referring to [X].⁴

25. [X]:

- (a) [X].
- (b) [X] [X].[X].⁵
- (c) [X].

International

26. [X].

- (a) [X].
- (b) [X].
- (c) [X].
- (d) [X].

⁴ [X]

⁵ According to the customer overlap analysis, [X]. is a current subscriber to Nielsen's Deep Dive AdIntel product and Nielsen [X].

Other suppliers of AdIntel

27. Second, we considered whether customers referred to other suppliers of AdIntel in their contract negotiations with the Parties. This might suggest a willingness by customers to consider switching to alternative providers, or use other providers to provide a competitive price benchmark.
28. [REDACTED].
29. [REDACTED]
- (a) [REDACTED].⁶
- (b) [REDACTED].

Current and additional features

30. Third, we considered whether there was evidence of customers negotiating over the specific features of the AdIntel product. This was to help us understand the customer relationship to the product and whether the Parties' product is of sufficient value to the customers to warrant negotiation for additional features and to gain insight as to whether the Parties are actively trying to expand contracts with customers to ensure that customers continue buying from them.
31. [REDACTED]
32. [REDACTED]

Ebiquity customers

Deep Dive

33. [REDACTED].
34. [REDACTED].

International

35. [REDACTED].
36. [REDACTED]

⁶ [REDACTED]

Nielsen customers

Deep Dive

37. [X].

38. [X].

International

39. [X].

40. [X].

Digital AdIntel

41. Finally, we looked specifically at evidence relating to negotiation around the Parties' digital AdIntel products. This was to help us understand the competitive constraints on the Parties from alternative digital providers.

42. [X].

43. [X].

Ebiquity customers

Deep Dive

44. [X].

45. [X].

International

46. [X]

Nielsen customers

47. [X]

48. [X].

Appendix H: Evidence from other AdIntel suppliers

Introduction

1. The Parties provided a list of companies that they submitted were active in the provision of AdIntel products in the UK and competed to varying degrees with the Parties' products. We contacted a subset of these companies by phone, including those that had not been contacted during the Phase 1 investigation. This appendix provides details of the evidence obtained.
2. In the course of the Phase 2 inquiry, we talked to six companies active in the provision of Deep Dive AdIntel, and two in International.
3. The evidence received is organised in five sections: (i) current competition between the Parties; (ii) current competition from Deep Dive AdIntel product providers, (iii) current competition from International product providers, (iv) barriers to entry and (v) AdIntel suppliers' views of the Merger.

Current competition between the Parties

4. Overall, four out of seven companies we spoke to referred to the Parties as relatively strong competitors. Particularly, it was noted that the Parties' products overlap in breadth and depth, that they have been competing against each other for years, and that they compete on both spend and ad creative. As an example, Kantar noted that the product offered by the Parties is very much the same. Similarly, [X].
5. Nevertheless, AdIntel suppliers indicated that the Parties have a different customer base. Particularly, while Nielsen would focus on media agencies as a client base because those businesses need to think about competitive spend, Ebiquity would have the majority of creative agencies as it focuses on the make-up of the advert. The segmentation of AdIntel products between ad spend-focused and ad creative-focused is relevant and reflects the way that other businesses operate and view the sector.
6. The digital channel appears to be an exception. While the Parties appear to be the only option for traditional multichannel AdIntel, its overall value was declining. One supplier (Zulu5) told us that there is considerable competition within the digital advertising intelligence market since advertising is shifting to digital media and large advertisers often use digital video advertising as an extension of television ads.

Current competition from Deep Dive AdIntel providers

7. This section considers the evidence received from six other suppliers of Deep Dive AdIntel products. Four of them focus on particular types of digital advertising: display (Pathmatics [X]), video (Pathmatics) and search (Adthena and Kantar). According to the evidence from the calls, only one supplier sees itself as competing with the Parties in relation to digital AdIntel (Pathmatics). The remaining AdIntel suppliers either do not do not consider themselves to be competing with the Parties ([X], Adthena, Kantar and [X]) or do not operate in the UK (AdVision).

Pathmatics

8. Pathmatics is a US-based company. In the UK, it monitors advertising across desktop, mobile, video (broadly for desktop but only on YouTube for mobile), and native advertising.¹ Pathmatics engages with Facebook, but currently only outside the UK. [X].
9. Pathmatics' typical customers are publishers, ad tech providers, media agencies, and brands; it does not do much business with creative agencies.
10. Since December 2015, [X]. Pathmatics told us that [X].
11. [X]. [X].
12. Pathmatics does have some direct customers in the UK, but these are normally acquired through their US parent companies. The majority of its revenue comes from [X]. Pathmatics told us that it believes that a very significant amount of [X].
13. Pathmatics told us that it viewed its main competitors in the UK as being: Ebiquity, Nielsen, AdClarity, MOAT and Kantar. In particular, in relation to competition with the Parties, Pathmatics told us that:
 - (a) [X].
 - (b) [X].
14. On the other hand, Pathmatics also told us that it believes customers would see its products and Nielsen's products as complementary rather than as substitutes. We consider this to be particularly the case for multi-home customers who are willing to purchase digital-only product from Pathmatics

¹ Native advertising is a type of advertising, mostly online, that matches the form and style of the platform upon it appears. Typically, it manifests as either an article or video.

and any other media from Nielsen. This is confirmed by the fact that some customers do reference the Nielsen product in their negotiations, which usually results in them getting an add-on price if they want to continue using their Nielsen subscription but want additional services through Pathmatics. With respect to Ebiquity, Pathmatics considers that its own product could be a replacement for Ebiquity's digital data.

Zulu5

15. Zulu5 is a company active in Germany, Austria, Switzerland and the UK. In 2017, its annual revenue from the provision of AdIntel products to UK customers was approximately £[X] million. It offers a product called 'Zulu White', which tracks digital [X] advertising² using a 'spider' program and automatically assigns them to a particular advertiser. Unlike the products offered by the Parties, Zulu5's advertising database is created through a completely automated process and does not require manual trawling of the data. [X]. The database is updated daily.
16. Customers tend to be advertisers and creative agencies. Some media-buying agencies also buy the product while few, if any, customers are media owners.
17. [X]:
 - (a) [X].
 - (b) Assessing digital adverts and categorising them to the same degree of detail as Nielsen and Ebiquity is a manual labour-intensive process which cannot be automated. Zulu5 screens out those parts of advertising that cannot be captured through an automated process. For example, if an advertiser advertises its product through a distributor/re-seller, this will not be classified.
18. [X]. For this reason, Zulu5 does not consider it competes closely with Nielsen or Ebiquity.

Adthema

19. Adthema is a competitive intelligence SAS solution, founded about five years ago and with around [X] employees in offices in London, Austin and Sydney. Adthema provides a product that monitors search engine advertising. Its clients are typically [X].

² Digital display advertising means advertising on websites or apps or social media through banners or other ad formats made of text, images, video or audio.

20. Adthena told us that its product monitors a different media channel, is bought by different customers and targets different needs than the Parties' AdIntel products.
- (a) Adthena's product only covers search engine advertising, which we know is not monitored by either Nielsen or Ebiquity.
 - (b) According to Adthena, media planners looking at how to allocate their spend across different media types would be interested in a product like Nielsen's. Once an overall plan has been established, staff in charge of executing it will look at the specific channels. Adthena's product would then be purchased by people who look at digital search, specifically by staff involved in search marketing departments.
21. Further evidence that Adthena does not consider itself competing with the Parties comes from its pricing structures. Adthena does benchmark its pricing against competitors, but not against Nielsen or Ebiquity.³

Kantar

22. Kantar operates worldwide and offers research, data and insights services. In January 2018, Kantar launched a new AdIntel digital-only product focussed on search advertising with the long-term expectation of gaining customers in the UK. Given that the product was only recently launched, Kantar could not judge how successful the product has been, but indicated that it had won some customers.
23. In relation to competition with the Parties Kantar told us that:
- (a) Kantar's digital product competed in a more specialist area where neither Nielsen nor Ebiquity have any competitive offers. Further evidence that Kantar does not consider itself competing with the Parties comes from the fact that Kantar has looked at other digital competitors such as Athena and SEMrush but not Nielsen nor Ebiquity when benchmarking its prices.
 - (b) Kantar did not consider that either of the Parties' Deep Dive products was a substitute for Kantar's digital product because it has no linkages to traditional multichannel inputs.

³ Adthena considers one of its main competitors to be Adgooroo, bought by Kantar Media in 2012

AdVision

24. AdVision is a German company mostly active in the sales of Deep Dive AdIntel product relative to the German advertisement market. Until recently it had provided UK creative data to Global Ad Source, a provider of AdIntel International products.
25. AdVision monitors the top four UK TV channels from Germany via satellite; it also monitors 80 UK magazines. AdVision told us that this is enough for a creative offering, but would not be sufficient for an ad spend product, which requires monitoring a much larger number of media channels.
26. While AdVision considers itself to be a strong competitor of both Nielsen and Ebiquity in Germany it no longer had any customers in the UK.

[REDACTED]

27. [REDACTED].

Current competition from International product providers

28. This section considers the evidence received from other suppliers of International AdIntel products. According to the evidence from the call, one supplier (Kantar) views itself as a close competitor to Nielsen but not a close competitor to Ebiquity whereas the other (Global Ad Source) considers Ebiquity as its main competitor.

Kantar

29. Kantar resells International Adintel data for all media, including UK data [REDACTED]. [REDACTED] its global revenues from the sales of AdIntel international product were [REDACTED], it estimated that its UK-based customers represent revenues of around USD [REDACTED].
30. Kantar considers itself to be a UK competitor to Nielsen. In relation to competition with the Parties Kantar told us that:
 - (a) the Parties were more established than Kantar in the UK because of their existing connections, contracts and UK data coverage across all media. While Kantar competes strongly with the Parties in the supply of the International product globally, in the UK Kantar is only targeting a segment of the UK market (digital search advertisement and international search data) whereas the Parties are offering a full service;

- (b) the core value seen by the client is in a harmonised data set rather than a product. [X]. In addition, Kantar noted that the substitutability of any International products depends on the data and the countries covered;
- (c) Kantar did not have much knowledge of Ebiquity's Portfolio International as it did not see it as a competitor in the ad spend requests by its clients. Kantar explained that creative agencies, which are more interested in the creative assets rather than the competitive ad spend, were preferring Ebiquity's interface.

Global Ad Source

- 31. Global Ad Source is a Canada-based AdIntel provider which specialises in the provision of International AdIntel products. Its customers are mainly creative agency and global brand owners located in 14 countries, including one customer in the UK ([X]). Its global annual revenue was approximately USD [X], of which USD [X] was in the UK.
- 32. Global Ad Source specialises in the provision of creative asset data and does not provide ad spend data. It sources creative asset data from 40 suppliers around the world.
- 33. Global Ad Source's customers are typically creative advertising agencies and brand owners. The lack of ad spend data limits the types of customers it could reach, in particular media buying agencies. However, Global Ad Source told us it is not looking to expand its business into ad spend.
- 34. Global Ad Source told us that it viewed Ebiquity as its main competitor, being a market leader in the provision of AdIntel creative data. Global Ad Source considered its product to overlap with Ebiquity's Portfolio, although it does not provide ad spend data. On the other hand, Global Ad Source also provides social media tracking (tracking brand pages and adverts run on brands' own Facebook or Twitter pages), which it believed Ebiquity does not. Regarding the depth of data provided, Global Ad Source submitted that this depended on the country and the media covered. Global Ad Source told us that it recently won business from Ebiquity (previous Ebiquity customers represented approximately 25 out of 30 of its international customer base).
- 35. Global Ad Source does not consider itself as competing with Nielsen, given its lack of spend data. It is not aware of any customers gained from or lost to Nielsen.

Barriers to entry and expansion

36. The evidence from the calls concerning barriers to entry and expansion is organised as follows:
- (a) Evidence on the resources or equipment required for running a competitive AdIntel business and on the potential barriers to sourcing this equipment or resources;
 - (b) Evidence on current plans of the AdIntel suppliers we contacted; and
 - (c) Evidence on other types of barriers to entry.
37. Overall, the market appears to be characterised by high barriers to entry. The reasons mentioned by AdIntel suppliers include resource requirements, time and other types of barriers, the time to recover the investment as well as the current nature of the relationship between AdIntel providers and their customers.

Resource requirements

Data collection for traditional media channels

38. Zulu5 told us that the high human capital involved in the production of the Parties' products implies that significant investment would be required to replicate these services on the same scale. Zulu5 considered that it would therefore be difficult for a new company, apart from Kantar, to start up an equivalent service to that currently provided by Nielsen and Ebiquity.
39. AdVision estimated that one would need around 20 FTE to set up advertisement monitoring, in addition to IT equipment which would cost approximately £600,000 a year. AdVision noted that this investment would only give it a year of data, which would not be enough to compete in the market since customers would also need historic data going back two to three years to be able to do an analysis. This was confirmed by Kantar who told us there could be cases where clients need ten years-worth of data (although in most cases it suggested that two to three years data would be sufficient).

Data collection for digital advertising

40. Considering the number of new entrants into digital advertising intelligence, resource requirements for data collection in the digital sphere are likely to be lower.

41. There are limitations, however, to what can be done through the automatized processes used by the digital specialist AdIntel providers. Zulu5 told us that assessing digital adverts and categorising them to the same degree of detail as Ebiquity is a manual labour-intensive process. It cannot be automated, therefore there is a high human capital factor that would require a significant investment of funds to replicate on the same scale. Zulu5's product screens out those parts of advertising that it cannot capture through an automated process.

Sales activities

42. In relation to the need for a UK presence on the sales side in order to serve UK customers, we have received two opposite views:
- (a) Kantar told us that it was important to have a strong national presence [X].
 - (b) In contrast, Global Ad Source did not see the need for people on the ground at the current stage of its business. Despite some limits to the extent to which it could sell its product to UK customers, Global Ad Source told us that it could market its product out of Canada relatively easily.

AdIntel suppliers' current expansion plans

43. Kantar told us that it had considered entering the Deep Dive product market for traditional multichannel AdIntel in the UK at various points. It eventually decided not to enter the market. This was because of the level of investment required as well as the difficulties related to the acquisition of customers in a market where there are such established suppliers. Kantar noted that the potential alternative to enter the market might be through an acquisition strategy (which, assuming that Kantar would not merge with Nielsen, would presumably have to be through the acquisition of Ebiquity).
44. We are not aware of any other AdIntel suppliers having plans to expand in either Deep Dive or International AdIntel product market, with the exception of the suppliers focusing on digital AdIntel.

Other entry barriers

45. AdVision told us that the existence of long term contracts, up to five years in duration, would make it even more difficult to enter the market.

Views on the Merger

46. One supplier (Global Ad Source) told us that the acquisition of Ebiquity's AdIntel division by Nielsen would reduce the choice of UK creative asset data that was available. Another supplier (Zulu5) told us that it thought that customers may be worse off as a result of the Merger, as the choice of AdIntel products spanning different media types would be reduced.
47. Kantar considered that having an alternative in the market provides a check on the prices customers are charged. It noted that, if Nielsen effectively became the sole provider in the market, that check would be removed. Similarly, [X].
48. In contrast to the views indicated by other AdIntel suppliers, Zulu5 noted that many other digital AdIntel companies, including Zulu5, might be interested in the new merged entity, as they could potentially sell their services to a larger business and achieve a bigger scale.
49. No other views or concerns have been mentioned by other AdIntel suppliers.

Nielsen/Ebiquity - Glossary

Act	Enterprise Act 2002
ad spend	expenditure on an advertising
AdDynamix	Nielsen's UK Deep Dive AdIntel product
AdIntel	advertising intelligence
advert	an ad or advertisement
CMA	Competition and Markets Authority
Creative	an advert
creative data	the meta data associated with an advert.
Counterfactual	the most likely competitive situation in the absence of the Merger.
Deep Dive	detailed analysis
Ebiquity	Ebiquity PLC
Ebiquity's AdIntel division	the advertising intelligence division of Ebiquity PLC
Ebiquity's UK AdIntel business	the UK operations of Ebiquity's AdIntel division
inquiry group	Group of CMA panel members
International	AdIntel products/services offering a cross country view
IPO	initial public offering
Merger	anticipated acquisition of Ebiquity's AdIntel division by Nielsen
NGA	Nielsen Global AdView, Nielsen's International AdIntel product
Nielsen	Collectively, Nielsen Media Research Limited and Nielsen Holdings PLC

Parties	Nielsen and Ebiquity's AdIntel division
Portfolio International	Ebiquity's International AdIntel product
Portfolio UK	Ebiquity's UK Deep Dive product
ROI	return on investment
SLC	substantial lessening of competition
UI	user interface
UK	United Kingdom
Guidelines	Merger Assessment Guidelines (CC2 (Revised)), 1 September 2010
Guidance	Mergers: Guidance on the CMA's jurisdiction and procedure , January 2014, CMA2
Phase 1	The investigation, by the CMA, of the transaction to determine whether the statutory test for reference to an in-depth Phase 2 has been met.
Phase 2	The in-depth inquiry by the CMA of the transaction following the reference from Phase 1.