Nielsen stems another competitor

By Joe Mandese

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Weeks after settling a legal threat from one potential competitor, Nielsen Co. has announced plans to acquire another, IAG Research, for $225 million.

IAG, a privately held company that has built a successful business around measuring consumer engagement with television programs, national commercials and product placements, claimed unaudited revenues of more than $35 million for 2007, and said it has a "positive operating income." Its clients include American Express, Toyota, General Motors, Ford Motor Company, Chrysler LLC, Procter & Gamble, Verizon, Sprint, Warner Brothers, VISA, Merck & Co., Paramount Pictures and major networks such as ABC, CBS, NBC, FOX, ESPN, and TNT/TBS and MTV.

Terms of the deal call for IAG stockholders to receive cash for their IAG shares. Nielsen currently intends to finance the transaction through the issuance of notes, existing facilities and cash on hand. The deal, which is subject to regulatory approval, is expected to be completed in the second quarter.

The executive team of IAG, which includes many former top Madison Avenue media research gurus, has agreed to join Nielsen following the merger.

Nielsen Chairman-CEO David Calhoun said the acquisition would "be the cornerstone for a new analytics practice that will provide our clients with even greater insights and clarity." It was not clear at time of writing what the deal might mean for Nielsen's own fledgling engagement research project being overseen by Senior Vice President-Client Insights Howard Shimmel. The project utilises a panel of ex-Nielsen households who are asked questions relating to the engagement of TV shows and commercials, which are correlated with their metered TV viewing behaviour.

The acquisition of a fast-rising Nielsen competitor, meanwhile, comes just weeks after Nielsen settled a federal antitrust suit brought by digital set-top audience data rival erinMedia, for terms that were not disclosed.

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