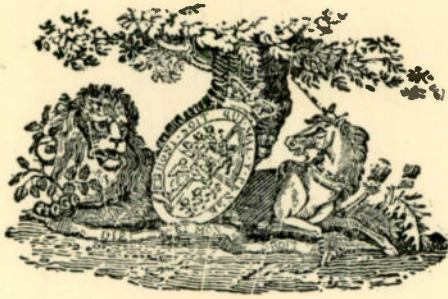


Greater Prosperity
through
Marketing Research

*The First 40 Years
of
A. C. Nielsen Company*

ARTHUR C. NIELSEN, SR.





“Were American Newcomen to do naught else, our work is well done if we succeed in sharing with America a strengthened inspiration to continue the struggle towards a nobler Civilization—through wider knowledge and understanding of the hopes, ambitions, and deeds of leaders in the past who have upheld Civilization’s material progress. As we look backward, let us look forward.”

—CHARLES PENROSE

(1886-1958)

Senior Vice-President for North America

The Newcomen Society

for the study of the history of

Engineering and Technology

(1923-1957)

Chairman for North America

(1958)



This statement, crystallizing a broad purpose of the society, was first read at the Newcomen Meeting at New York World’s Fair on August 5, 1939, when American Newcomen were guests of The British Government

“Actorum Memores simul affectamus Agenda”

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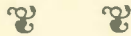
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GREATER PROSPERITY THROUGH MARKETING RESEARCH

The First 40 Years of A. C. Nielsen Company

An Address at Chicago

AMERICAN NEWCOMEN, *through the years, has honored important organizations of widely varied branches of endeavor. At the same time, it has been our privilege to honor those pioneers whose vision, initiative, resourcefulness, and determination have laid firm foundations and created thereon enduring enterprises of distinction. Such a Newcomen manuscript is this, celebrating the 40th Anniversary of the world's largest marketing research facility, superbly narrated by its founder and original head of the Company who—forty years later—is still its chief executive officer!*



*“Every man has a right to his own opinion,
but no man has a right to be wrong in his facts.”*

—BERNARD M. BARUCH

Greater Prosperity
through
Marketing Research

*The First 40 Years
of
A. C. Nielsen Company*

ARTHUR C. NIELSEN, S R.

MEMBER OF THE NEWCOMEN SOCIETY

CHAIRMAN OF THE BOARD

A. C. NIELSEN COMPANY

CHICAGO



THE NEWCOMEN SOCIETY IN NORTH AMERICA
NEW YORK DOWNINGTOWN PRINCETON PORTLAND

1964

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ARTHUR C. NIELSEN, SR.

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*The Newcomen Society, as a body,
is not responsible for opinions
expressed in the following pages*



First Printing: June 1964



*This Newcomen Address, dealing with the his-
tory of A. C. Nielsen Company, was de-
livered at a National Newcomen Dinner of
The Newcomen Society in North America,
held in the Guildhall of the Ambassador West
Hotel, at Chicago, Illinois, U.S.A., when
Mr. Nielsen was the guest of honor
on April 30, 1964*



SET UP, PRINTED AND BOUND IN THE UNITED STATES
OF AMERICA FOR THE NEWCOMEN SOCIETY IN
NORTH AMERICA BY PRINCETON UNIVERSITY PRESS



INTRODUCTION OF MR. NIELSEN AT CHICAGO ON APRIL 30, 1964, BY DONOLD B. LOURIE, CHAIRMAN OF THE BOARD, QUAKER OATS COMPANY, CHICAGO; MEMBER OF THE CHICAGO COMMITTEE IN THE NEWCOMEN SOCIETY IN NORTH AMERICA

My fellow members of Newcomen:

ALMOST 100 years ago, in 1869 to be exact, Rasmus Nielsen was born in Randers, Denmark. As a young man, long on determination and inquisitiveness but short on cash, he sailed for America. He worked his way to Akron, Ohio, where he got his first job as a manual laborer. Unable to speak English, he attended business college at night, learned our language, and had the good sense to fall in love with his teacher. They were married in 1895. Rasmus went to work for The Quaker Oats Company, became Manager of our General Accounting Division and worked conscientiously in that division for over forty years.

By 1897 Arthur C. Nielsen appeared on the scene, and after the usual grammar and preparatory schooling, was on his way to the University of Wisconsin in Madison, where he graduated in 1918 with the highest grades ever attained in engineering.

In the early '20s I was a trainee in the Advertising Department of The Quaker Oats Company and had the pleasure of fairly frequent contacts with Arthur's father, Rasmus. Our department, the Advertising Department, was the villain who spent much of the Company's hard-earned money. On many occasions Rasmus took me to task. He felt that we wasted too much money and also he was certain everyone should eat Quaker Oats for breakfast just as he did. I must add, however, that he always made these criticisms with a warm and friendly smile and a glint in his eye.

Arthur inherited from his father a healthy skepticism about the expenditures of corporate funds for promotional purposes. As a young man of intelligence, imagination, and perseverance, it was his desire to see that promotional dollars were spent sensibly on the basis of reliable distribution information and not just pumped into markets that had not been carefully analyzed. He decided to put his pioneering ideas to work and found the going rough. Twice he was near the brink of disaster, but again perseverance and imagi-

nation pulled him through, and A. C. Nielsen Company was off to a most successful career. He devoted 11 to 12 hours a day to his business pursuits, but he did find time for some interesting extracurricular activities.

As the business began to prosper and the wolf had been driven a fairly safe distance from the door, Mr. Nielsen turned his research ability to the problem of how to be helpful to persons less fortunate than himself. To give you briefly some of his outstanding contributions to his fellow man, Mr. and Mrs. Nielsen contributed to Passavant Hospital a comprehensive closed-circuit television system which gives Northwestern University medical students a close-up, detailed view of operations performed by experts.

From experience I can tell you that he has always been a formidable opponent in both squash racquets and tennis. Recently he made a handsome gift to Winnetka, where he and his family have lived for 40 years, by contributing funds for the construction of a four-court indoor tennis building. I turned in my suit years ago, but he hasn't and still manages to hold his own in fast competitive play.

Always thoughtful of his family, Mr. Arthur Nielsen established, in honor of his father, the Rasmus Nielsen Scholarships at the University of Wisconsin, and to date 29 Scandinavian students have received complete support for an aggregate of 33 academic years of advanced American university education in business administration. Six new students are selected for these scholarships each year.

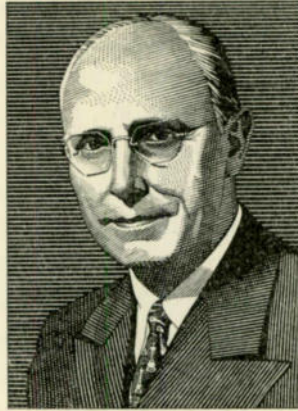
Mr. Nielsen has served as Chairman of the U.S. Distribution Commission of the International Chamber of Commerce, Director of the Chicago Association of Commerce and Industry, Trustee of the DeMille Foundation for Political Freedom and Trustee of the Wisconsin Alumni Research Foundation.

Honors for contributions to advancement of marketing or marketing research have been bestowed on Mr. Nielsen by the American Marketing Association, the Annual Advertising Awards Committee and the Chicago Federated Advertising Club; he was the 1963 recipient of the Parlin Memorial Award, and he has been elected to the Hall of Fame in Distribution.

The University of Wisconsin has honored him with a citation for distinguished contributions to its welfare; and the King of Denmark, in appreciation of his contribution to strengthening Scandinavian-American cultural relations, has conferred on Mr. Nielsen the Knighthood of Dannebrog.

I could give you other examples of achievements and honors, but it seems sufficient to add that the Quaker Oats Company has used the services of A. C. Nielsen Company for 27 years in this country and are now using their services in seven different countries.

Mr. Nielsen's topic is "GREATER PROSPERITY THROUGH MARKETING RESEARCH—THE FIRST 40 YEARS OF A. C. NIELSEN COMPANY." It is a pleasure to present to you the founder and chief executive officer of that company, Mr. ARTHUR C. NIELSEN, SR.



My fellow members of Newcomen:

IT is a great privilege to serve as the spokesman of A. C. Nielsen Company in the pleasant task of bringing to you a history of the organization which, in its thousand-fold growth, has been my very life since I served as its founder more than forty years ago.

The work of the Nielsen marketing research organization is unique; it embraces a wide range of activities; it is conducted in fifteen different countries on four continents; and, comprising complex services produced by *research* specialists for the use of *marketing* specialists and top executives, it is not widely understood.

INITIAL FINANCING

Since an honest confession is considered good for the soul, I shall start by confessing that in 1923, at age 26, there were quite a number of respects in which my practical business experience left something to be desired. For example, here are a few items from the prospectus, prepared 40 years ago, for use in raising the original capital (\$45,000) by the sale of common stock:

- (a) "At the initial rate of production, the company *will earn \$27.00 per share.*" No lack of confidence is shown in that wholly unqualified statement! And here is another.
- (b) "By the end of the second year, *sales will have doubled*, increasing the earnings to \$50.00 per share."

There followed a very detailed prediction of income, expense and profits, for every one of the first 12 months, and a detailed balance sheet as it would appear one year hence.

It seems probable that the foregoing statements might have failed to win the enthusiastic approval of governmental agencies responsible for protecting the unsophisticated investor—agencies such as the Securities and Exchange Commission which, luckily for me, was not in existence at the time.



OVER-THE-COUNTER LISTING FOR NIELSEN STOCK WAS APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION IN WASHINGTON, D.C. ON DECEMBER 9, 1958. EXAMINING THE PROSPECTUS OF 1923 DAYS AT THE TIME WERE: (LEFT TO RIGHT) F. R. LEISCH, EDWIN C. AUSTIN (SENIOR COMPANY COUNSEL AT THE TIME), A. C. NIELSEN, JAMES DERN AND HOLDEN K. FARRAR OF SMITH, BARNEY AND COMPANY AND A. C. NIELSEN, JR.

It should be noted that although my predictions proved quite wrong, and the original investors suffered a long period of doubt and danger, those who hung on and were not protected, by a paternalistic government, against risk-taking have enjoyed a *700-fold increase* in their original investment.

Fortunately my college friends included several young men who proved willing to live dangerously—to the extent of subscribing for the issue. The boldest and most generous of these was Richard F. Knott of Ottawa, Illinois, who assumed a *double* risk by purchasing stock and also lending money to me, so that I could acquire some shares. I shall always be grateful to him—and to the other venturesome souls, without whom this history could never have commenced.

ORIGINAL TYPE OF SERVICE

The company was founded for the purpose of conducting a special type of marketing research known as "Performance Surveys." Sold to clients who manufactured *industrial* machinery and goods, these surveys provided independent economic and engineering analyses of the performance of their products in the plants of their customers.

Performance Surveys proved so effective in selling and advertising the products of our clients that we eventually sold this type of service to some 300 corporations and applied it to over 500 types of industrial goods and machinery—everything from small twist drills to gigantic turbo-generators.

But the service was very hard to *produce* and even harder to *sell*. Despite the aid of a specially prepared sales manual which actually cited 157 different objections and obstacles to closing a sale—and furnished from one to five solutions for each—our selling cost averaged 30 percent, and black ink was always just beyond our grasp.

MARKET SURVEYS—BY THE INTERVIEW METHOD

After nearly five years of this precarious existence we were commissioned by two of our clients, General Electric and DuPont, to carry out some market surveys of a type which has since become widely used, viz., surveys involving carefully planned *interviews* with customers and prospective customers.

This seemed to offer somewhat better profit possibilities, and during the next five years we made comprehensive market surveys, by the interview method, for many corporate clients—starting with manufacturers of *industrial* goods, and gradually adding makers of *consumer* goods. But although these surveys were well received by clients, red ink continued to plague us.

We were pioneering in a new field where the general state of knowledge, on the subject of marketing research, was very meager indeed—as may be gleaned from an accidental encounter on a street car between a then small son of mine and a gentleman who had tarried a bit too long at one of those places where the doors swing both ways. The conversation went something like this:

"What's your name, son?"

"Philip Nielsen."

"Where does your father work?"

"On Howard Street, in Chicago."

"What does he do there?"

"Market research."

"Market research? Oh, I see, he's a *butcher*."

Even people who were entirely sober, and somewhat better informed, almost invariably assumed that marketing research involved predicting trends in the *stock* market, and I was often asked for tips on how to get rich. I could have used a few myself.

PROBLEMS OF THE 1929-1933 DEPRESSION

By 1930 (our seventh year of operation) annual sales had climbed from \$52,081 to a peak of \$205,854; but as the great depression of 1929-1933 gripped the country, sales declined 75 percent to a level (\$52,039) even lower than that of our first year.

The original staff of six employees, which had risen to 45, fell back to six; and by 1933 (our tenth year), operating losses had virtually wiped out our capital and created a formidable list of creditors, including Chicago's Harris Trust and Savings Bank, which had displayed its confidence in us by granting a loan of \$5,000.

Those of you who lived through the depression of 1929-1933 will remember that many capable executives were actually selling apples on street corners. But even these unfortunate fellows were well ahead of us because they, at least, were making sales with reasonable regularity. The only things we were making regularly were *sales calls* and *proposals* for market surveys—*free* proposals, of course.

Almost everywhere, my associates and I were received cordially. Yes, corporation executives realized that they had marketing problems—*very serious* ones. Most of these executives were *favorably impressed* with the marketing research facilities and techniques which we had developed.

And many were delighted to let us prepare elaborate plans (*free*, of course) for marketing research projects designed to help them achieve increased sales and profits.

When each plan was completed, the executives listened with great interest as we unfolded the details. Everything went smooth as silk until we reached the last paragraph, where it was mentioned (rather gently) that the proposed survey would cost a stated number of dollars—usually \$5,000 to \$15,000.

At precisely that point the prospective client either fell out of his chair or hit the ceiling—depending on his temperament. After we had dusted him off and dressed his wounds, he would speak substantially as follows: (The words still ring in my ears.)

“Mr. Nielsen, we are very favorably impressed. And we are convinced that the proposed survey, while costing more than we had in mind, would prove profitable to us. You may rest assured that we will get in touch with you, and have you do this work for us, *the moment our business picks up.*”

There ensued, of course, a spirited parley in which we tried to show that if they took no definite steps to help themselves get more sales, their business might *never* pick up, that the proposed survey was the very thing that would *help* their business pick up and that they should take promptly this positive step toward rejuvenation of their enterprise.

However, with business conditions going from bad to worse, and executive confidence moving in the same direction, the net yield of most of these encounters was a hoarse voice—plus fallen arches and sacroiliac trouble from lugging heavy briefcases filled with charts.

Once in a while, of course, some reckless or courageous fellow became *so* deeply impressed that he actually wrote his name at the bottom of our contract form! After persuading him to also affix his signature to a *check*—representing the advance payment which was often essential to our continued corporate existence—my associates and I were off in a great cloud of dust, and for the next few months it was nip and tuck whether we would manage to finish the survey before our bank balance again sank to absolute zero and forced *us* to shift our activities to selling apples.

By 1933 we had begun to ask ourselves seriously whether this hand-to-mouth sort of existence would ever end, and whether we could survive until the return of prosperity which, we were as-

sured, was "just around the corner." Even in the so-called *prosperous* years before 1929, it was like pulling teeth to get an order for even a small market survey.

And we were not especially encouraged when one business executive, after listening to our carefully prepared presentation of marketing research, asked bluntly:

"Why don't you quit this crazy business and get into something worth-while?"

During all these years, my associates and I were not entirely satisfied with our research techniques. While recognizing that consumer interviews are often essential and can produce reliable and satisfactory results in certain respects, we were skeptical of the practicability of obtaining, by this technique, accurate measurements of the most vital types, viz., levels and trends in the sales of each *brand*, the *market shares* obtained by each brand and many other *quantitative* types of information.

Our top three executives, being engineers by education, were accustomed to measuring things in rather precise terms, using micrometers, electric meters, steam gauges and other scientific apparatus. We believed firmly in the *importance* of measurements, and in this we were supported by no less an authority than one of the world's greatest scientists, Lord Kelvin, who said:

"If you can measure that of which you speak, and can express it by a number, you know something of your subject. But if you cannot measure it, your knowledge is meager and unsatisfactory."

ESTABLISHMENT OF RETAIL INDEX SERVICE

Feeling as we did on this subject, we were deeply interested when one of our group, Mr. W. B. Murphy, who is now President of Campbell Soup Company, suggested that we establish a scientifically selected national sample or cross section of retail druggists and pay them to keep their purchase invoices on file—so that whenever we acquired a client in the drug industry, we could, by auditing the invoices in the files of these stores, ascertain rather precisely the drug store sales of each brand of any commodity.

In a display of teamwork born of dire necessity, my unusually capable and lifelong associate, Frederick K. Leisch (now our senior executive vice president), and I joined mental forces with Mr. Murphy and added certain essential features to the basic idea. Then, at serious risk of bankruptcy, we launched a *continuous* marketing research service known as the NIELSEN DRUG INDEX. Seven months later, a parallel service (called NIELSEN FOOD INDEX) was established for the food industry.

The universal applicability of this research technique is suggested by the fact that it has proved successful in fifteen different countries—and that it is now being applied, in one or more of these countries, not only to food and drug store products but also to tobacco products, confectionery, alcoholic beverages, photographic equipment and supplies, and electrical appliances. This type of work, now known as the Nielsen Retail Index Services, quickly became, by far, the world's largest marketing research operation—a position it has now held for more than 30 years.

The industries researched by these services account for more than 60 percent of all consumer advertising expenditures in the United States.

The 700 corporate clients, located in 15 countries, who use these services continuously have aggregate annual sales of about 67 billion dollars—an average of over 95 million dollars per company.



ARTHUR C. NIELSEN RECEIVES THE PARLIN MEMORIAL AWARD FOR DEMONSTRATED MERITORIOUS ACHIEVEMENT IN MARKETING AND MARKETING RESEARCH, MAY 21, 1963

We supply these clients with comprehensive marketing research services covering products with total annual sales of 25 billion dollars, and they apply our services to products *of their own* which have annual sales totaling 12 billion dollars.

These facts and figures are cited merely to suggest that Nielsen Retail Index Services are exerting a substantial and world-wide influence on marketing methods and marketing efficiency and, therefore, on corporate profits.

Something will be said, later on, about these services and how they are used to increase corporate sales and profits by increasing the efficiency of the marketing function. Meanwhile a few words about the importance of the marketing function may prove helpful.

THE IMPORTANCE OF MARKETING

The importance of maximizing the efficiency of the manufacturer's marketing operations is suggested by the fact that in well-developed countries, the cost of distribution *is very large*; in fact, most economists now believe that it greatly exceeds the cost of producing the goods in the factories.

To put it another way, it is probable that considerably more than half of the total price paid by the consumer for the typical manufactured item represents the cost of distribution.

If you find it hard to believe this, consider first the selling and advertising costs of the manufacturer; next, the cost of transporting the goods from factory to final destination; and, finally, the mark-ups required to defray the costs of wholesaling and retailing.

It is important to recognize that increases in marketing efficiency, which create reductions in the cost of distribution, not only produce larger sales and profits for manufacturers and retailers, but also result, in a competitive economy, in *lower prices to consumers, enabling them to expand their buying power and thereby enjoy a higher standard of living.*

This *sociological* function of marketing research was recognized, early in the history of my company, in a statement made as I dashed a bottle of Coca-Cola against the cornerstone of the first Nielsen Building:

“I dedicate this building to the task of furthering the science of marketing research—a form of human endeavor having for its ultimate objective the increasing of the standard of living in the free countries of the world.”

THE NIELSEN RETAIL INDEX TECHNIQUE

Let's see how Nielsen Retail Index Services achieve the foregoing and other important objectives.

Although this research technique is exceedingly complex, the basic principle is rather simple:

1. An accurate national sample of retail stores (drug and grocery stores, for example) is selected—something much more easily said than done!
2. The owner of each store is asked—in return for cash payments and/or other forms of compensation—to cooperate in the research project by (a) saving all his purchase invoices and (b) allowing a member of our staff to audit these invoices, once every two months, and also take a detailed inventory of goods on hand—and observe prices, displays, etc.
3. Having ascertained, for each brand, (a) the *quantity purchased* during the bimonthly interval and (b) the *increase or decrease in inventory*, it is a simple matter of arithmetic to compute (c) the *quantity sold to consumers*.
4. From these and certain additional facts obtained by observation (e.g., displays and retail prices), many vital types of marketing information are ascertained, for every package size of every brand of hundreds of commodities sold in the types of stores selected.
5. All figures obtained from the sample of retail stores are *expanded*, by a complex mathematical procedure involving the use of electronic data processing machines, so that the figures reported to our clients (the manufacturers) represent estimated totals for *all* stores (of the types audited) in the entire country.

The accuracy of these estimates has proved amazing to most executives. Using, in the United States, samples of 750 drug stores and 1,600 grocery stores, national bimonthly consumer sales of typical brands are usually measured with

**PRINCIPLES OF NIELSEN
RETAIL INDEX AUDITING**

"Blank" brand of tooth paste (63c size)
in John Doe's drug store

<u>INVENTORY:</u>	<u>FOR JAN.-FEB. PKGS. VALUE</u>	
January 2	114 Pkgs.	
March 1	93 Pkgs.	
Change	21	
 <u>PURCHASES</u>		
From manufacturer (1 order)	24	\$10.50
From wholesalers (10 orders)	62	28.57
Total	86	<u>\$39.07</u>
 <u>CONSUMER SALES</u>		
Packages	107	
Price, per pkg.		\$.63
Dollars, total		<u>\$67.41</u>
 <u>STORE PROMOTION</u>		
Inside goods display	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other goods display	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Local advertising	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Premium offers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Coupon redemption		
Mail	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Newspapers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Others	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Special price sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>
At what price?		\$.56

average errors (from all sources combined) of only about plus-or-minus 3 percent!

**TYPES OF INFORMATION
FURNISHED BY NIELSEN RETAIL INDEX**

The principal types of marketing information furnished by Nielsen Retail Index Services, with respect to each audited brand, are as follows:

1. Sales to consumers (in money value, number of packages, weight, etc.).
2. Purchases by retailers.
3. Retail inventories.
4. Retail stock-turn, or number of days' supply.
5. Retail distribution (i.e., percent of stores handling the brand).
6. Percent of stores that are out-of-stock (on the average day).
7. Retailer's selling price.
8. Independent retailer's buying price.
9. Independent retailer's gross profit.
10. Displays of various kinds.
11. Special sales.

COMPLETE LIST OF DATA SECURED EVERY 60 DAYS IN FOOD STORES*

- | | |
|-------------------------------|--|
| 1. Sales to consumers | 7. Out-of-stock |
| 2. Purchases by retailers | 8. Prices (wholesale and retail) |
| 3. Retail inventories | 9. Special factory packs |
| 4. Days' supply | 10. Dealer support (displays, local adv., coupon redempt.) |
| 5. Store count distribution | 11. Special observations (order size, reorder, directs vs. whlse.) |
| 6. All-commodity distribution | 12. Total food store sales (all commodities) |
| | 13. Major media advertising (from other sources) |

BROKEN DOWN BY:

BRANDS	TERRITORIES	YOUR OWN TERR.		COUNTIES POP. RANGE	STORES	PKG. SIZE	PROD. TYPE
		1	10				
YOURS	New Eng.	1	10	Metro. New York	Chain	Small	X
Competitors	A Metro. New York	2	11	Metro. Chicago			
	B Mid. Atlantic	3	12	Other Metro. 19 next largest mts.	Independent	Medium	
	C East Central	4	13				
	D Metro. Chicago	5	14	B counties Metro. areas over 100,000	Super	Large	Y
		West Central	6	15			
	All others	Southwest	7	16	C counties 30,000-100,000	Medium	Small
		Pacific	8	17			
		Total	Southeast	9	18	Rural Others Under 30,000	

*Substantially the same kinds of data are collected in all types of stores audited.

Each type of information is furnished not only with respect to the brands produced by our *clients* but also for the products of every important *competitor* of our clients. And all types of information are available for the country as a whole and also for each of several store-types and store-sizes, county-sizes and territories (including the client's own sales areas). Each product is usually audited separately by package size, type, price class, color, flavor or other appropriate characteristics.

The total number of brands now audited is 3,600, and data are furnished separately for each of 12,000 different package sizes or other subdivisions of these brands. Each year the facts and figures are furnished to clients in the form of about 10,000 different volumes, each containing 30,000 facts and figures—an annual total of about 300,000,000 facts and figures.

Every year about 1,000 full-time Retail Index field auditors travel a total of more than 12 million miles in order to make 135,000 comprehensive audits in 21,000 different stores.

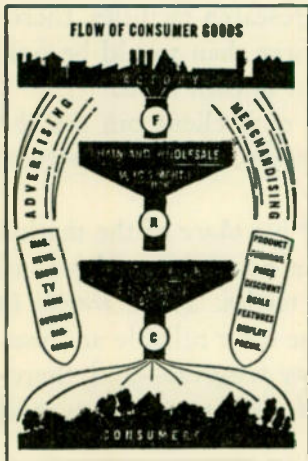
For all its services the Nielsen organization gathers *annually* more than 1,640,000,000 new research facts, and the IBM cards

on which these facts are recorded would make a pile 100 times the height of the 88-story Empire State Building in New York.

CHARACTERISTICS OF RETAIL INDEX SERVICE

In several major respects the Retail Index technique represents a very material departure from every type of marketing research known at the time of its inauguration in 1933:

1. It is *factual*, because the basic data are obtained by actual *personal audits* of retail purchase invoices, *physical counts* of retail inventories, *personal observation* of retail prices, etc. There are no questions and answers, no guesswork whatever.
2. It is *continuous*. Instead of a one-time, "still" picture, it furnishes a *moving* picture. The *trends* thus revealed enable the client to observe the *sales results* of many of his advertising and merchandising maneuvers, price or product changes, etc.

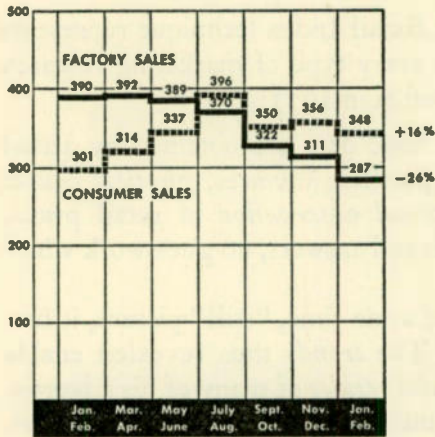


MANUFACTURERS' OWN RECORDS SHOW ONLY THE SALES FLOW AT POINT "F".

NIELSEN RETAIL INDEX SERVICES REVEAL THE SALES FLOW AT POINTS "R" AND "C".

3. It measures *purchases by consumers*, rather than *shipments from factories*—thus eliminating the disturbing effect of fluctuations in chain, wholesale and retail inventories. Such fluctuations make it hazardous to rely on the manufacturer's own sales records as an indicator of the success of current advertising and promotional efforts or changes in product, packaging, price or other factors.

**CONSUMER SALES
VERSUS
FACTORY SALES**

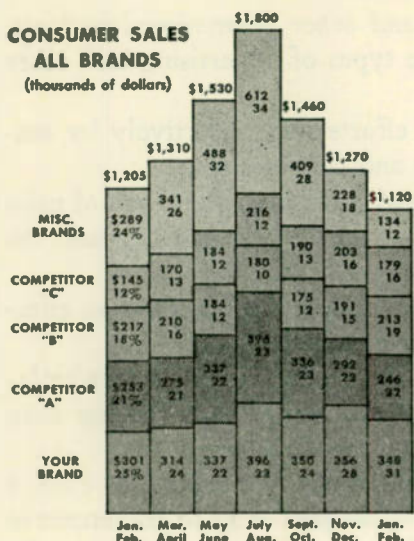


FACTORY SALES CAN DECLINE
WHILE CONSUMER SALES ARE IN-
CREASING—AND VICE-VERSA

4. It is *cooperative*—in the sense that many manufacturers (even competitors) share the same research facilities, thereby achieving costs which are far lower than would be possible if we were limited to one client in each field.
5. It furnishes *competitive* facts, i.e., each client can see the results of maneuvers by his competitors. This is important in two respects:
 - (a) It enables each client to know his *share* of the market—and to watch the *trends* in his share, as he (and his competitors) try various tactics. These *trends in market shares* have proved the most reliable and useful *indicator of true competitive progress*—and, therefore, of the effectiveness of present products and marketing tactics.
 - (b) It enables each client to learn from the experiences of his competitors. This refers, of course, to *facts derived from our research work*; information entrusted to us by clients is held in strictest confidence.

Nowadays it is difficult for any one manufacturer to even *conceive* all of the worth-while promotional and product ideas; and it would scarcely be practicable

(financially or otherwise) for one company to *try* all the ideas it conceives.



SALES CAN INCREASE WHILE MARKET SHARE DECLINES—AND VICE-VERSA

6. It provides facilities for the *testing*—of products (both old and new) and of advertising and merchandising ideas—on a small scale, in selected areas, so that the most profitable marketing techniques can be determined, at moderate expense, before large commitments are made on a regional or national basis.

Testing facilities are especially important nowadays because marketing costs on a *national* basis are so great that it is almost literally true that there are no longer any *inexpensive* errors in marketing.

FUNCTIONS OF RETAIL INDEX SERVICES

Nielsen Retail Index Services are used for a great many different purposes. Here are a few examples:

1. To decide on the products to be produced, including questions of design, color, flavor, etc.
2. To select the most salable package sizes and types.
3. To price each product most advantageously.
4. To select the most effective channels of distribution.

5. To determine the most economic number of salesmen, their most profitable deployment by territories and store-sizes and their most useful functions.
6. To determine advertising and other promotional budgets.
7. To select the most effective types of advertising and other promotion.
8. To apportion promotional efforts most effectively by seasons of the year, territories and county-sizes.
9. To avoid over-production—with the attendant evils of price cutting, personnel lay-offs, excessive warehousing and interest costs, etc.
10. To appraise foreign markets—and determine the most effective methods for use in such markets.
11. To reduce the severity of business depressions—by determining policies on the basis of *sales to consumers* rather than *factory shipments* to chains and wholesalers.

In the food and drug industries, for example, even a modest recession often creates declines of 15 to 30 percent in *factory* sales although declines in *consumer* sales may be negligible.

The manufacturer who lacks Retail Index Service sees only the frightening decline in *factory* sales and, not knowing whether they are caused by trade inventory liquidation or declines in consumer buying, he tends to run for the storm cellar, discharging salesmen, reducing advertising, etc.—steps which *intensify* the recession and ultimately damage his competitive sales position.

In contrast, the *research-guided* manufacturer knows, from watching the comparatively level *consumer* sales curves and noting the rapid liquidation of retail inventories, that he can safely steer a normal course—thus contributing to a stable economy and strengthening his competitive sales position.

RESULTS PRODUCED BY
NIELSEN RETAIL INDEX SERVICES

Although Nielsen Retail Index Services involve costs substantially higher than our clients had been accustomed to paying, the results have evidently justified the expense, for the sales of these

services increased *eleven-fold* during the first five years following their inauguration in 1933 and 1934; and they have scored a substantial increase in every one of the succeeding 25 years.

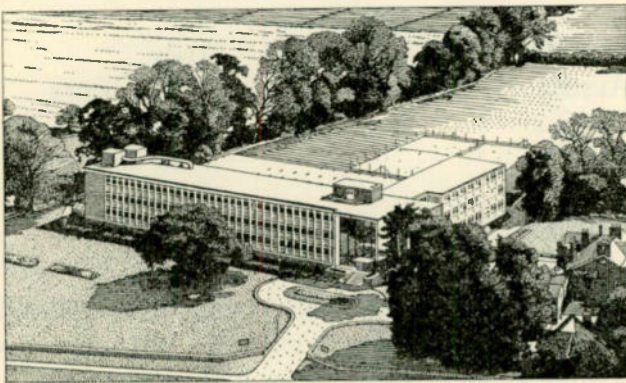
Equally significant is the amazingly low turnover among clients. On a dollar basis it has averaged, for the past 30 years, *only about three percent per year.*

FOREIGN EXPANSION
OF
NIELSEN RETAIL INDEX SERVICES

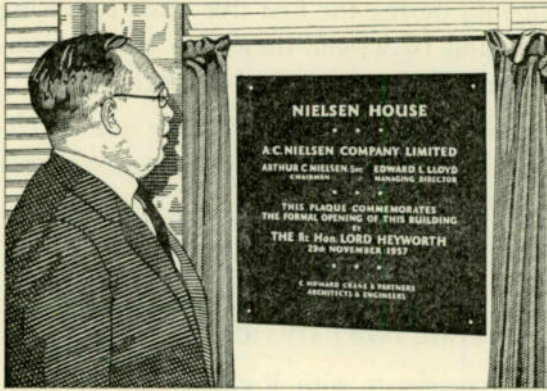
After about five years' experience with Retail Index Services, several of our American clients began to ask, "Why don't you establish your services in England?"

We accepted the challenge, and in 1939, after 18 months of difficult preparatory work, we incorporated a wholly-owned British subsidiary, obtained plenty of contracts from clients and all the required cooperation from retailers, and officially opened our first business abroad—just in time to be trapped by World War II.

There followed many difficulties, many anxious moments and much unanticipated expense. However, these were overcome, our clients in the United Kingdom stayed with us loyally throughout the long war and when it was all over, we were the proud owners of a business which was successful in every sense of the word—in addition to having won many friends as a result of having stayed in



NIELSEN HOUSE—OXFORD, ENGLAND



NIELSEN HOUSE AT OXFORD, ENGLAND, IS DEDICATED BY THE RIGHT HONORABLE LORD HEYWORTH, CHAIRMAN OF UNILEVER LIMITED

the island country throughout all the bombing and the many personal and corporate deprivations.

Today our British subsidiary serves 100 corporate clients under 250 continuous contracts; it employs over 700 research workers on a full-time basis and it owns, unencumbered, a handsome 70,000 sq. ft. office building in a beautiful setting in the outskirts of Oxford.

This favorable experience, which suggested that the Retail Index technique might prove just as applicable in foreign lands as in our own country, encouraged us to continue our foreign expansion.

Starting with Canada in 1944, we have now established complete, wholly-owned Retail Index Services in 14 foreign countries:

- | | |
|-----------|----------------|
| Australia | Italy |
| Austria | Luxembourg |
| Belgium | Netherlands |
| Canada | New Zealand |
| France | Sweden |
| Germany | Switzerland |
| Ireland | United Kingdom |

Each of these projects has involved substantial difficulties; each has involved heavy preliminary expense; and in most cases we have had to suffer large operating losses for three to six years before reaching the break-even point.

As a group, however, our services abroad have contributed importantly to our sales and profits; they have pioneered certain methods and procedures which have added substantially to our operating efficiency; and they have developed a large number of seasoned and loyal executives many of whom, being multi-lingual, are usually capable of serving effectively wherever our need is greatest.

Furthermore, the good work done by our European companies, combined with our action (at the request of the U.S. Government) in sending top executives to eleven different countries to conduct seminars, among business groups, on marketing and marketing research, resulted, in 1959, in an important "Award of Merit" from the Organisation for European Economic Cooperation of the U.S. Government . . . "in recognition of outstanding contributions towards European economic recovery and development."



In addition to these benefits to ourselves and, of course, to our clients abroad, *special* benefits have been enjoyed by corporations in *all* countries which market or contemplate marketing their products in foreign lands.

Those of you who have struggled with the task of establishing a business in a foreign country have learned that it is usually a very difficult and hazardous operation—involving special need for reliable facts regarding the size of the market, the channels of distribution, consumer preferences (in matters such as product types, brands, package sizes and types, price levels, etc.), trade discounts, promotional methods, etc.

And when the acquisition of a foreign *company* is contemplated, there is great need for reliable information regarding its competitive share of the market, the *trends* of its market share, the strength of its competition, etc.

The availability of reliable marketing research services in a substantial number of countries throughout the world has proved very helpful to clients who wish to explore or enter foreign markets.

Equally important, following the establishment of one or more subsidiaries abroad, every parent company has continual need for a practical means of ascertaining the competitive position and progress of each subsidiary, appraising the effectiveness of each local management and acquiring enough understanding of foreign marketing to ensure wise action on recommendations brought to the parent company for approval.

It is very helpful, to such international companies, to know that the marketing research facts for all countries are prepared in a comparable manner and with uniform accuracy and integrity. At the present time, we are serving in this manner 86 international organizations with parent companies located in eight different countries. The *average* of these companies is served in four countries under 14 different contracts, and the largest is served in 15 countries under 157 contracts.

The interest shown in marketing research by executives in foreign countries is suggested by the fact that more than 2,000 of them have visited our world headquarters in Chicago, where our unique facilities, methods and procedures have aroused great interest.

The need for and appreciation of marketing research has become universal among the well-developed countries of the world.

EXPANSION IN TYPES OF SERVICE

While expanding in a geographical sense, by extending Retail Index Services to foreign lands, we have been equally busy with another type of expansion, viz., the development of marketing research services of *other types*. Here are some examples:

1. *Test Marketing.*

Although Nielsen Test Marketing Service employs a modification of the Retail Index technique, its objective is quite different.

Instead of measuring sales positions and trends, etc., in the *entire country*, Test Marketing selects several *specific areas* which are used as a "laboratory" for determining—on a small scale and at moderate cost—the sales performance of proposed new products, the relative effectiveness of various advertising or promotional methods, the effectiveness of retail displays, the relationship of price to sales volume, etc.

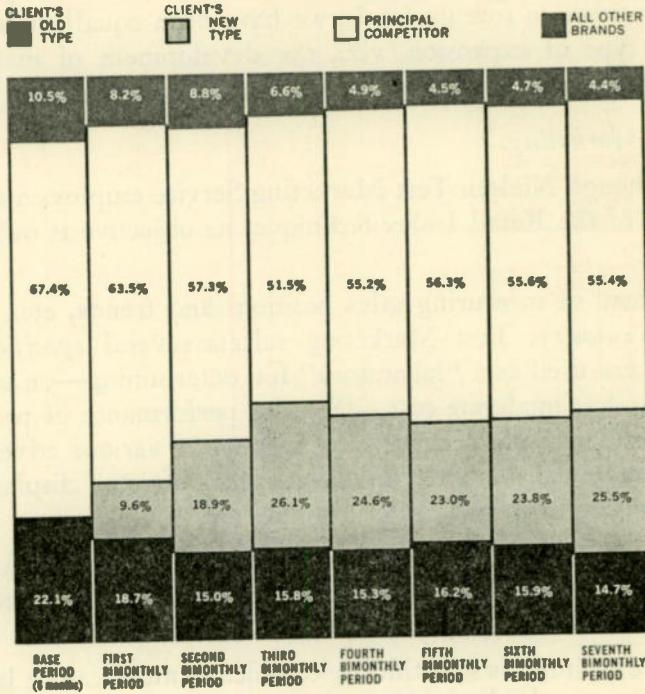
Test Marketing subjects new products or ideas to the "sink or swim" atmosphere of today's highly competitive marketplace.

Since each test is scientifically conducted, much can be learned beyond a simple determination of whether the product or idea is good or bad. It is possible to foretell what can be expected from full-scale, national or regional operations launched later; it becomes practical, through a process of careful evaluation, to identify the lines of effort which will yield maximum returns per dollar invested.

By furnishing reliable indications of the salability of proposed new products, Test Marketing reduces risks not only with respect to marketing costs but also in matters of capital investments for plants, machinery, warehouses, etc.

Considering the great importance of these advantages, and the serious hazards involved in the alternative method of guesswork, costs of Test Marketing are small in comparison with the price of mistakes or failures of a product or campaign launched on a broad-scale, uncharted basis.

TEST AREA
ADDING A NEW VERSION TO AN ESTABLISHED PRODUCT
 (Client's total share of market almost doubles)



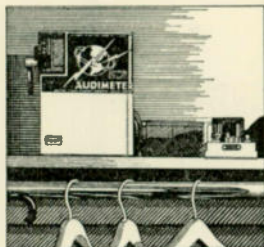
Since its establishment in 1954, Nielsen Test Marketing Service in the United States has enjoyed an average annual increase of 33 percent. Similar progress is being made abroad.

2. *Television Audience Research.*

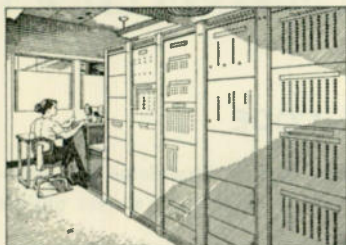
This type of service is the result, primarily, of a long, costly and ultimately successful effort to develop a comprehensive, automatic, electronic system which could provide reliable and very detailed estimates of the size and other characteristics of the audience to each network radio or television program.

Our efforts in this field commenced in 1936 with the acquisition, from Professors Robert F. Elder and Louis Woodruff of Massachusetts Institute of Technology, of an ingenious device known as the "Audimeter." After more than six years of costly technical research and pilot operations, we launched, in 1942, a

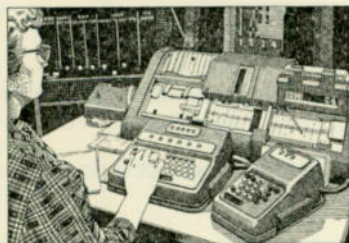
ELECTRONIC ACCURACY NIELSEN TELEVISION INDEX SERVICE



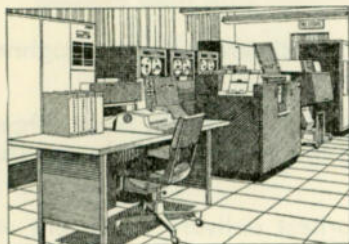
AUDIMETERS^R PROVIDE ACCURATE MINUTE-BY-MINUTE RECORDS OF TV VIEWING IN A REPRESENTATIVE SAMPLE OF HOMES.



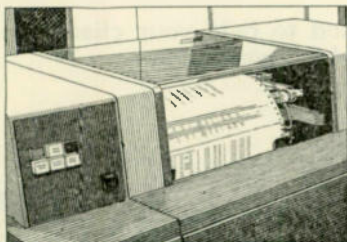
ELECTRONIC INSPECTION AUTOMATICALLY REJECTS ANY RECORD NOT MEETING NIELSEN'S HIGH STANDARDS OF ACCURACY.



AUTOMATIC DECODERS CONVERT AUDIMETER RECORDS INTO IBM PUNCHED CARDS—WHICH ARE AUTOMATICALLY CONVERTED TO MAGNETIC TAPE.



ELECTRONIC COMPUTERS, USING MAGNETIC TAPE, MAKE THE HUNDREDS OF MILLIONS OF COMPUTATIONS REQUIRED IN PREPARING REPORTS.



AUTOMATIC PRINTERS, ACTUATED BY MAGNETIC TAPE, PRINT MASTER COPIES OF THE FINAL REPORTS, SUITABLE FOR MECHANICAL REPRODUCTION.

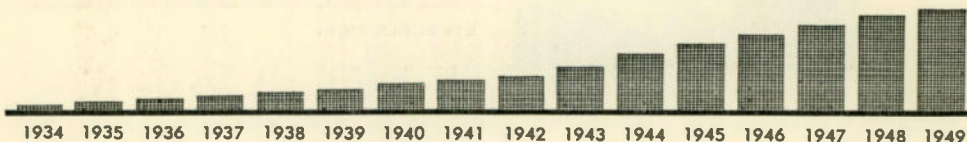


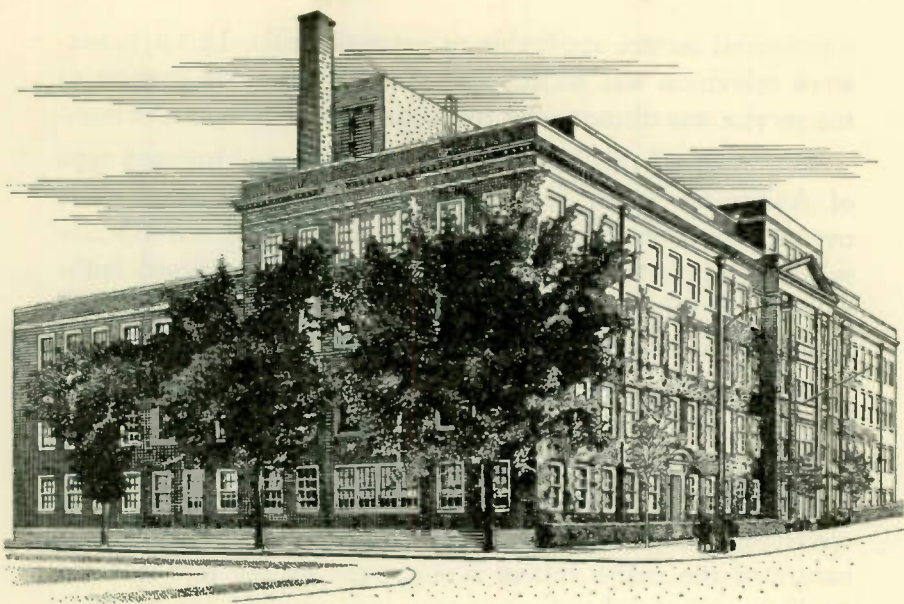
BASIC PRINCIPLES WHICH HAVE GUIDED THE COMPANY'S GROWTH

THE NIELSEN CODE

These policies of the Nielsen Research Organization, first formulated by Arthur C. Nielsen in 1931 for guidance of his staff, continue to express the service philosophy of the company.

- IMPARTIALITY** Be influenced by nothing but your client's interest. Tell him the truth.
- THOROUGHNESS** Accept business only at a price permitting thoroughness. Then do a thorough job, regardless of cost to us.
- ACCURACY** Watch every detail that affects the accuracy of your work.
- INTEGRITY** Keep the problems of clients and prospects confidential. Divulge information only with their consent.
- ECONOMY** Employ every economy consistent with thoroughness, accuracy and reliability.
- PRICE** Quote prices that will yield a fair profit. Never change your price unless warranted by a change in specifications.
- DELIVERY** Give your client the earliest delivery consistent with quality—whatever the inconvenience to us.
- SERVICE** Leave no stone unturned to help your client realize maximum profits from his investment.

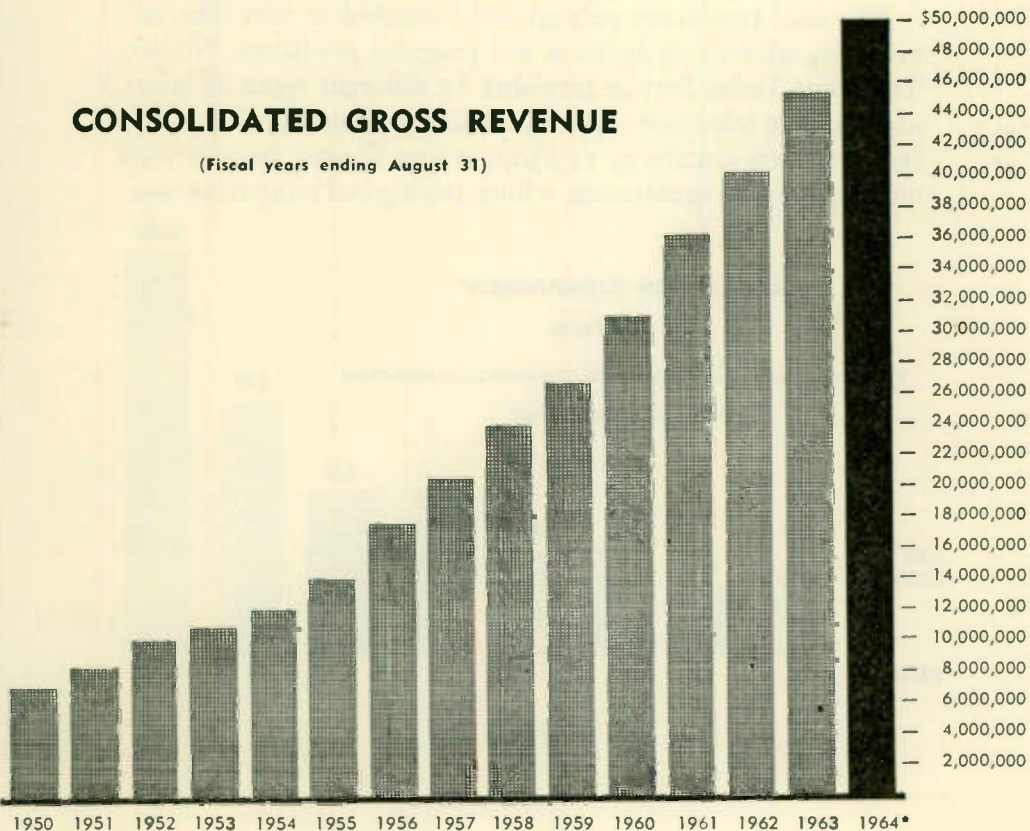




International Headquarters: Chicago

CONSOLIDATED GROSS REVENUE

(Fiscal years ending August 31)



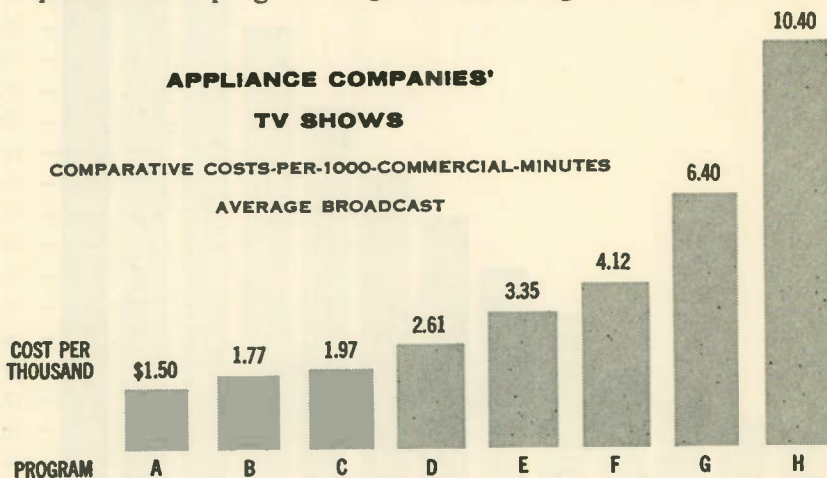
*Annual rate based on first nine months of Fiscal 1964

commercial service applicable to network radio. In 1950, network television was added, and in 1964 the *radio* portion of the service was discontinued for technical and economic reasons.

The heart of this research system is the sophisticated type of Audimeter which has resulted from improvements made over a period of 27 years. Installed in each of a scientifically selected sample of television homes, Audimeters record faithfully, every minute, whether each TV receiver is "On" or "Off" and, if "On," which channel is tuned in.

The resulting records, in code on photographic strip film, are inspected by an automatic machine which rejects faulty records, converted to IBM punched cards in a battery of automatic decoding machines and then put through a battery of electronic data processing machines. The unique and complex nature of the entire system is suggested by the fact that the Audimeter and related equipment are covered by 59 U.S. patents.

The final results are printed and furnished to networks, advertisers, advertising agencies and program producers. Nielsen Television Index Service furnishes 87 different types of information. Our television services, consisting annually of 840 different reports containing 14,230,000 new figures, have proved quite useful in programming, selling, buying and using television.



Estimates are furnished on subjects such as:

1. Number of families viewing each broadcast.
2. Number of *different* families viewing one or more of a *series* of broadcasts.
3. Each program's share of the total television viewing.
4. Division of each program's audience by territories, time zones, county-sizes, family-size, economic status of families, age, sex, etc.
5. Minute-by-minute fluctuations in the audience to each program.

In addition to this *national network* TV service, we provide, through the use of a less sophisticated technique, TV audience estimates for about 220 *local* markets.

Our television audience research services have also been established in Canada and Japan and, through companies owned jointly with others, in United Kingdom, Ireland and West Germany.

The technical and commercial difficulties which had to be overcome in establishing our audience research services throughout the world are shown clearly by the fact that they required capital investments and operating losses aggregating more than \$15,000,000 and that we struggled with red ink, in this division of our business, for 17 years before attaining a break-even position.

This may well comprise by far the greatest effort and the largest expenditure ever made to create a business service for the guidance of executive decisions.

During the 17-year interval required to bring our audience research services to a profitable status we did not yield to the temptation to finance our audience research losses by increasing the charges for our other services.

Television Audience Research provides, among other things, a "rating" or audience-size estimate for each network program, and since these ratings are an important factor in deciding which programs shall continue and which shall be discontinued, it is inevitable that the general public knows us best for our television

work, although it comprises only about 16 percent of our total sales, and a somewhat smaller share of our total profit.

Unfortunately, the public seems to look on us as an *umpire* and, as you know, "nobody loves the umpire." Actually, of course, we do not function as an umpire. The programming decisions are *not* made by us; they are made by networks, advertisers and agencies. Our role is quite analogous to that of the box office accountant in a theater. He counts the attendance and reports it to the owner. The fate of the show is then decided by its owner, *not* by the person who counted the audience! If the show is discontinued, it is usually for the reason that its audience was too small to produce a profit. The box office accountant is scarcely responsible for this unfortunate result.

Some critics of television feel that ratings (i.e., audience size) should not play an important role in deciding the fate of programs. There is not sufficient time to deal here with this theory, but it is important to note that it is partially responsible for criticisms of all TV audience research.

Criticism is also inspired by the rivalry between television and print media (i.e., magazines and newspapers) for the advertiser's dollar. Understandably, certain magazines and newspapers choose to attack television by attacking the reliability of the research which provides television with some rather effective sales ammunition. *Public* defense against such tactics is difficult, for the research technique involves electronic engineering and statistical mathematics, in neither of which the public is well versed.

However, we don't sell our services to the public; and, in general, our *clients* understand our techniques and have confidence in our work—as suggested by the fact that each of the larger users of our network television service pays us \$50,000 to \$300,000 every year.

Since this type of research exerts a significant and favorable effect on the efficiency of one of the most important methods of moving goods from producer to consumer—a method for which an estimated \$1,700,000,000 is spent annually in the United States alone—it is lowering the cost of distribution and creating

increased profits for manufacturers and greater values for consumers.

3. *Nielsen Media Service.*

In 1960 we established a continuing service, for magazines, which parallels Nielsen Television Index Service in all practicable respects.

Once every year Nielsen Media Service, as it is called, carries out comprehensive interviews with members of a scientifically selected sample of families spread throughout the United States.

This service produces a great variety of facts and figures which have proved useful to magazine publishers in selling advertising, and to advertisers and advertising agencies in purchasing and making effective use of magazine advertising.

An especially interesting and useful feature of Nielsen Media Service is its ability to determine the *combined* audience to specific *groups* of magazines—and to combinations of magazines and network television programs. Thus the advertiser and his agency are aided in their efforts to maximize the number of families reached by their *entire* advertising campaign, and to achieve this result with a minimum of duplication between magazine and network television audiences.

In 1963 Nielsen Media Service was expanded to measure, on a composite basis, the audiences to *major newspapers*.

Commencing in 1960 we inaugurated a service which has pioneered in developing new techniques for measuring the size and other characteristics of the audiences to *outdoor advertising*.

4. *Nielsen Inquiry Service.*

Most leading publishers of business magazines offer their readers a convenient means of getting more information, on advertised products, by circling appropriate numbers on a bound-in Reader Service Card.

These cards are generally returned in large volume, resulting in processing problems which few publishers are equipped to handle efficiently.

We provide a highly automated processing and reporting service which is now being used by 71 magazines.

5. *Neodata Services, Inc.*

In 1963, we acquired a half-interest in a very interesting business at Boulder, Colorado, which had been established by the publishers of Esquire Magazine.

This business, known as Circulation Fulfillment, now involves maintenance of the circulation lists of 23 magazines, with an aggregate monthly circulation of about 7,200,000 copies.

This unusually complex service fits in well with the company's experience in handling huge volumes of data on electronic computers, since it requires dependable accounting for receipt of payments from sales agents and subscribers, keeping track of changing addresses, sending promotional notices of renewal at appropriate times and recording and announcing gift subscriptions; in short, all of the exhaustive details required to keep a subscription list up to date, and supply the necessary mailing labels.

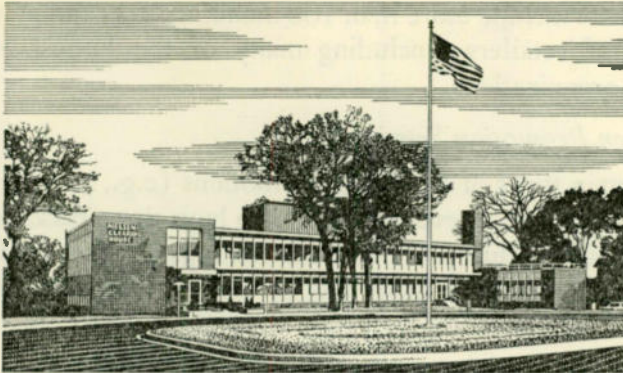
A large installation of electronic data processing equipment processes names and addresses at the rate of 120,000 per hour. The resulting magnetic tapes actuate a special machine which prints labels at the rate of 135,000 per hour—or about 38 per second. The total labels printed annually, for all purposes combined, is about 132,000,000.

The order entry department handles all subscriber list changes, additions and deletions—totaling about 10,000,000 transactions per year.

6. *Nielsen Clearing House.*

This important service, established in 1956, performs the functions involved in clearing and redeeming the vast quantities of coupons used by manufacturers (primarily in the grocery field) as a means of inducing consumers to purchase specific brands at certain discounts specified on the coupons.

An estimated *ten billion* coupons are distributed annually in the United States by some 1,400 manufacturers. Eventually the coupons appear in about 300,000 retail stores, creating a very



NIELSEN CLEARING HOUSE
CLINTON, IOWA

substantial volume of work for both the manufacturers and the retailers.

The Nielsen Clearing House serves the *manufacturer* by relieving him of all redemption details. It receives his coupons from all retailers, validates the shipments and reimburses promptly each of the thousands of stores involved. The manufacturer receives one neat, detailed statement and then reimburses the Clearing House with a single check—instead of being obliged to send a check to each of *many thousands* of retailers.

The Nielsen Clearing House serves the *retailer* (both chain and independent), by accepting all his coupons, regardless of the number of issuing manufacturers, counting and sorting all coupons, forwarding them to the various manufacturers and reimbursing the retailer promptly with a single check—thus relieving him of the task of dealing with, and collecting from, *several hundred* different manufacturers.

The Nielsen Clearing House, established in its own specially designed building at Clinton, Iowa, has developed effective procedures, involving a high degree of mechanization, for handling this work.

That the Clearing House function is advantageous to customers, from the dual standpoints of economy and speed, is indicated by a 7-year growth rate which, on a compounded basis, has averaged 41 percent annually.

Clients include more than 100 manufacturers and many thousands of retailers—including many of the largest corporate chain organizations.

7. *Nielsen Promotion Service.*

Certain types of consumer promotions (e.g., an offer to send 50 cents in cash to every person who buys three packages of the advertised product and mails the box tops to the manufacturer) require tremendous quantities of clerical and data processing work.

Very few companies have a sufficiently large and steady work load of this type to justify keeping continuously a large staff of specially trained workers and to warrant the substantial investment, in special and automatic machinery, required for the achievement of high speed and low cost.

By maintaining sufficient special equipment and operating personnel to serve a large number of clients, we are providing a very useful and economic service.

8. *New Product Service.*

In 1958 we developed a systematic procedure for providing very substantial assistance to our clients in their efforts to find suitable new products—both by acquisition and by internal development—and appraise the sales potential of such products.

This service is based on special processing of machine tabulations of the purchases of a group of cooperating supermarkets. Each report, which consists of three volumes, furnishes purchase records covering 640 classes of goods, subdivided into 35,000 separate brands, types and package sizes.

We also collect new products, in selected fields, as they appear in retail stores in 15 countries. Such products are forwarded to clients for evaluation.

Important results have already been produced for clients.

9. *Consumer Index Service.*

In Belgium we have conducted, since 1957, a continuous service which records the purchases (of certain types of consumption goods) by a panel of families.

10. *Farmers' Panel Service.*

In United Kingdom we have conducted, during each year since 1955, a Farmers' Panel Service which, using a scientifically selected sample of farm families, provides estimates of the purchases of a great variety of goods used in the operation of farms.

11. *Aptimeter Service.*

We acquired, in 1961, a business based on the use of an interesting device known as the "Aptimeter."

It is a special type of voting machine. When a client desires prompt answers to marketing questions of certain types, we install an Aptimeter in each of a number of large supermarkets—in positions which make it easy for consumers to cast their votes. This is easily done by pressing buttons.

12. *Special Research.*

Special Research Divisions, operating primarily in the United States and the United Kingdom, carry on, with continual improvements and substantially wider scope, the interview types of marketing research first performed by us in 1927.

The services of this division are used by clients in a great many industries.

Surveys made for individual clients have sometimes resulted in the development of new services of the *syndicated* type. For example, the Special Research Division in the United States has developed and conducted a type of outdoor advertising research which is suitable for syndication; and our British Special Research Division is responsible for the conception and operation of the Farmers' Panel Service.

GROWTH RECORD

Eight different factors have combined to create a rather unusual record of corporate growth:

1. Continual expansion to foreign countries.
2. Frequent establishment of new services—which has increased our corporate clientele from the 700 firms served by Retail Index Services to 1,700 now served by all services

- combined. The latter figure does not include the many thousands of retailers served by the Nielsen Clearing House.
3. Increased use of our services by present clients. Each of the larger clients, 74 in number, now pays for our services, every year, a fee ranging from \$100,000 to more than \$3,000,000.
 4. Unusual loyalty of *existing* clients.
 5. Continual acquisition of *new* clients.
 6. The steady stream of new products placed on the market by our clients and their competitors—generally as the result of new technological developments or increased competition among manufacturers. Each new product creates a need for additional Nielsen service.
 7. The steadily growing realization, among top management, of the increasing importance of the marketing function and the benefits to be derived from sound marketing research.
 8. *Good luck*. During our first ten years we often avoided bankruptcy by only a hair's breadth. Subsequently, while we have of course made some mistakes (including a few big ones), none has been of catastrophic proportions.

While giving due credit to Lady Luck, it seems pertinent to recall the story of the businessman who, on being questioned about the reasons for his success, replied:

"Pure luck! However, I have noticed that the harder I work, the luckier I seem to be." Twelve-hour working days have played a significant role in our case.

The eight factors just enumerated have increased our consolidated sales from the all-time low in fiscal 1933 of about \$52,000 to the current level, 31 years later, of about \$50,000,000—nearly a 1,000-fold increase.

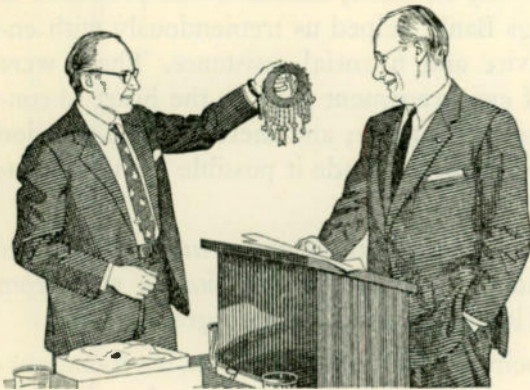
Whether measured in terms of sales, net worth, market value of shares or number of employees, A. C. Nielsen Company has become one of the largest business service organizations.

During the past 20 years, the average annual sales increase, on a compounded basis, was 14.5 percent; and during the past 10 years, the average annual increase, also compounded, was 15.0 percent. On the average, the business has doubled every five years for 20 years.

Perhaps equally significant, and probably rather unique in corporate history, the record shows an absolutely unbroken series of sales increases for *30 successive years*.

CONTRIBUTORS TO CORPORATE SUCCESS

These corporate performance records must, of course, be credited in considerable measure to superb effort, teamwork and loyalty on the part of our 5,000 full-time employees—especially the 900 persons who have served us continuously for 5 to 40 years, and the 140 officers and foreign working directors.



ON AUGUST 5, 1957, A. C. NIELSEN, JR. BECAME PRESIDENT OF THE COMPANY

Special mention, as an important factor in our success, has been earned by a man who has made unusual contributions to our growth and prosperity. Although reluctant to praise anyone who happens to be related to me, the rules of fair play justify special commendation of Arthur C. Nielsen, Jr., who has served as our president for the past seven of his 18 years of service.

In addition to W. B. Murphy and Frederick K. Leisch mentioned earlier for their major roles in creating Nielsen Retail Index Services, we are especially grateful to four executives, with service records averaging 25 years, who have played major roles in the outstanding success enjoyed by our foreign operations: Dean M. Prather, President of our Canadian Company; J. Patton Napier, Managing Director of our British Company; Justin M. Power, head of our European Continental and Australasian operations; and the late Edward L. Lloyd, who pioneered with me in the establishment of our first company abroad.

Of course, important contributions have also been made by many other officers and employees.

As our legal counsel, Edwin C. Austin, of Sidley, Austin, Burgess and Smith, served us unusually well for 20 years prior to relinquishing the reins recently to his capable associate, Robert L. Foote.

The commodity supplied by bankers—money—is usually very important to corporate success, and this was especially true in our case.

For 30 years the late Guy E. Reed, executive vice president of Harris Trust and Savings Bank, helped us tremendously with encouragement, sound advice and financial assistance. There were times when his words of encouragement gave us the heart to continue an apparently hopeless struggle; and there was one occasion when he provided the funds which made it possible for us to continue.

On another occasion in our history the *investment* type of banker played a vital role, and on still another occasion, a role from which our company and its stockholders profited greatly.

In 1931, at the mid-point of the great depression, we found ourselves facing bankruptcy—at a time when additional capital was almost impossible to obtain.

One of my very closest friends, Ralph B. Johnson, was a partner of Smith, Barney and Company, a large, venerable and highly respected firm of investment bankers. Naturally, I went to Mr. Johnson for advice. I said:

“I have only one prospect left—a widow who is a personal friend of my wife and myself and who, I happen to know, is *loaded* with Woolworth and AT&T common. My objective is to persuade her that she needs a bit of diversification, and that some common stock of A. C. Nielsen Company would be ideal for this purpose. I’ve made an appointment to take her to dinner tonight to discuss the subject. Can an expert Wall Streeter like you give me a bit of coaching as to the best arguments to use?”

Ralph Johnson’s advice was to the effect that the *less* I said about the virtues of Nielsen stock, the better would be my chances

—and that I had better stake everything on giving the lady a very pleasant evening and praying that she would reciprocate by purchasing a bit of my stock. Then he asked, “How are you fixed for liquor for the evening?”

I replied that the subject of liquor had never entered my head—because its use would be illegal under the Prohibition Law.

Ralph Johnson then explained patiently that, illegal or not, big Wall Street deals like the one I was contemplating (involving as much as \$15,000) were invariably aided by a bit of conviviality. And so, with some misgiving, but having complete faith in my friend’s judgment, I bought a hip flask at Woolworth’s, filled it with a potent liquid provided by Johnson’s bootlegger and set off on my stock-selling campaign.

The dinner went very satisfactorily although my guest consumed only one drink. Perhaps the quality was a bit low.

But the soundness of our banker’s advice was demonstrated by the fact that the charming lady handed me her check the very next day. I’m happy to say that she was eventually repaid in full.

And 27 years later, in 1958, we repaid our debt to Smith, Barney and Company by selecting them to put Nielsen stock on the public market. Thanks primarily to the great skill with which they handled this project, and to our continued growth in sales and profits, the shares of our company, which (based on informal trading) had been valued at about \$5,000,000, now have a market value of more than \$100,000,000, a 20-fold increase in an interval of less than 5½ years. During this interval, net profits after taxes increased at an average annual compounded rate of about 23 percent.

Smith, Barney set the issue price at \$26.00 per share. Since the price, at this time, is about \$61.00 and there has been a 3-to-1 split, investors in the 1958 issue have enjoyed a 7-fold appreciation.

Those rugged pioneers who invested in the *original* \$45,000 issue in 1923 have enjoyed an appreciation of 700-fold.

Lest these figures create suspicion, among our clients, that there has been some profiteering, let me say that during the last five fiscal years—which have been our most profitable—net profits averaged less than 6.4 percent of sales.

COOPERATION FROM RETAILERS AND CONSUMERS

We have been blessed with a high degree of helpful cooperation from those business organizations and families from which we obtain the basic information required for production of the various Nielsen services.

In 15 countries, we are now receiving cooperation from 1,300 chain and cooperative organizations, primarily in the grocery, drug and related fields; and the total number of cooperating retail stores is about 21,000.

The continual maintenance of mutually satisfactory agreements with these cooperating organizations is one of our most important tasks. We believe we have provided fair and reasonable compensation—generally in the form of cash and/or useful marketing research information and statistics—and we greatly admire the perception of retailer, cooperative and association executives who have recognized the mutuality of their interests and those of our manufacturer clients.

One of our most important contributions to retailers arises from the fact that Nielsen research has assisted manufacturers in their efforts to design products and conduct marketing operations in a manner which reduces the cost of operating the retail establishments through which their goods are moved to the ultimate consumer. For example, we have demonstrated that certain types of merchandising activities which were costly and troublesome to retailers were not actually as effective as the manufacturers had believed. The result has been a decrease in the use of these inefficient methods, some of which were costly and troublesome to retailers.

In addition, we have taken *direct* steps to help retailers increase their efficiency and lower their costs. Graphic presentations are made frequently to conventions and private meetings of retailers, and comprehensive educational literature is widely distributed. Thus our work has tended to improve the profits of retailers as well as manufacturers.

COOPERATION FROM CLIENTS

Unusually fine cooperation from *clients* has made very important contributions to whatever success we have achieved. Most

of them seem to appreciate the fact that pioneering in a complex scientific field involves unusual difficulties, and they have contributed not only by an understanding attitude but also in many other ways. Let me give you a few examples:

1. The original clients of Nielsen Retail Index Services were Weco Products Company (makers of Dr. West's toothbrushes), Bauer and Black, Packer Manufacturing Company (makers of Packer's tar soap, shampoos and hair tonic), Miles Laboratories (makers of Alka Seltzer and other drug store products), and Colgate-Palmolive Company.

Although each of these clients knew that our financial condition was such as to create some doubt about our ability to produce our first research reports, and although none of them could foresee accurately what the reports would show or how useful they might prove to be, each of these companies paid our bills promptly every month for six months before seeing our first reports.

Without this display of confidence, the Nielsen organization would not exist today.

2. Shortly after the outbreak of World War II, British Government regulations on the marketing of Cocoa rendered useless our services to Rowntree and Company of York, England. Mr. Peter Rowntree explained the situation to us and said, "As you know, our contract with you provides that under the circumstances which now exist we have the right to cause termination of the service on a *special* prior notice of only two months. However, you have served us well, we appreciate your problems, and we are therefore electing to cause termination on the *normal* advance notice, which will give you 10 months' additional income."
3. Shortly after Pearl Harbor, there was a discussion, among some of our Pacific Coast clients, of the question of whether, in view of the expected *wartime shortages* of goods, anything would be gained by continuing to pay for a marketing research service which was designed primarily to enable the manufacturers to *sell more goods*.

It was subsequently reported to us that Mr. Henry White, then head of the Hawaiian Pineapple Company (producers of Dole Pineapple and other products), pointed out that we had served all these companies very effectively for many years, that every one of them would have great need for our services the moment the war had ended, and that it would be no more than fair—and also in their ultimate commercial interest—to continue the services throughout the war.

These clients did continue; and they were rewarded in many unexpected ways, for our services proved especially useful in solving—both for our clients and for the U.S. Government—certain difficult problems created by rationing, price control and other wartime regulations.

4. At an early stage during World War II, an official of Coca-Cola Company explained to us that the rationing of sugar would reduce their production to a level which would make it very easy to sell their entire output without the aid of our services and, furthermore, that their profits would undoubtedly suffer a material decline.

He then asked whether, in view of this situation, we could devise some means of *reducing the scope* of our service and, correspondingly, its cost to his company. Then he won our everlasting gratitude by adding, "Please understand that we want you to maintain the margin of profit which you have been making on the services furnished to us; and we want you to maintain your *dollar* profit, not merely your *percent* of profit to sales."

The examples just cited are only four among many hundreds of instances of fair and farsighted attitudes, among clients, which have contributed substantially to our progress.

POLICIES GUIDING NIELSEN MARKETING RESEARCH

As the foregoing history shows, we have tasted both failure and success. In our efforts to determine the *reasons* for each, we have concluded that whatever success we have achieved is due in considerable measure to stern adherence to certain *basic policies*

—some of which are, we believe, unique in the field of marketing research:

1. *Accuracy and Thoroughness.* First and foremost is the policy of *accuracy and thoroughness*—at every stage in the entire research and production process. An adequate system of checks, double-checks and balances is used. Some are done manually while others are built into the programming of electronic data processing machines.



PART OF CHICAGO TRAINING SCHOOL
FOR RETAIL INDEX FIELD AUDITORS

And, of course, thorough training and supervision of all personnel is essential. In the Chicago area, for example, one of our training schools includes not only the usual classrooms but also a private supermarket and drug store—in which 60 Retail Index field auditors are being trained continuously for six months before being entrusted with actual auditing in behalf of our clients.

2. *Adequate Scope of Service.* Second, we insist that our services have *sufficient scope* to serve the best interests of our clients. Unfortunately, some clients, failing to recognize the need for services of wide scope, try to persuade us to omit certain types of information and reduce our price accordingly.

We cannot accede to these requests—any more than an experienced physician could conscientiously prescribe a super-

ficial treatment when he knows, from his own professional experience, that a more thorough treatment would best serve the interest of his patient.

3. *Continual Improvement.* Third is the policy of *continual improvement*—in accuracy, scope, usefulness and cost. One has only to compare the types of marketing research in use today with those available twenty years ago to realize that substantial progress has been made.

And the records show that, despite these improvements, price levels for our services have risen much less sharply than the levels of wages and other production costs. For example, during the past 15 years, the average price of Nielsen Retail Index Services in the American food and drug industries has increased only 21 percent, despite an increase of about 86 percent in the wage levels applicable to our business.*

4. *New Types of Service.* Fourth is the policy of continual internal research to develop *new types of service* which seem likely to prove useful.

A difficult economic problem is involved in establishing any *syndicated* service, because few clients are willing, at the start, to pay enough to defray the cost of the type of service they *really need*—the type which will prove most profitable to them in the long run. And if the service is started on an inadequate basis, and clients become accustomed to paying subnormal prices, it is usually difficult or impossible to persuade them, at some later date, to pay the higher price required for a really adequate service.

According to our experience, the wisest policy is to offer, from the very beginning, a service which we and the *more progressive* or research-minded companies consider adequate, and then *price it accordingly*.

Adherence to this policy requires us to have confidence that, as the service demonstrates its value, a sufficient number of *additional* companies will see the light. It is also nec-

* Bureau of Labor Statistics for Chicago (1963 vs. 1948) covering all types of office workers reported for both years.

essary, of course, to be able, financially and psychologically, to stand the strain of red ink for several years.

5. *Syndication*. A fifth policy is to concentrate efforts on types of services which are capable of *syndication*, i.e., types which permit use of the same *facilities*, or even the same *findings*, by a considerable number of clients.

As marketing grows more complex, marketing *research* tends to grow more complex and hence more costly—and syndication generally provides the key which enables each client to enjoy the very best in research, at a price he can afford to pay.

One of the key features of syndication, in our case, is the policy of keeping ourselves free to furnish services to *competing* clients. While the typical client might prefer to have the *exclusive* use of our service in his field, and some would be willing to pay the far higher price required under an exclusive system, the non-exclusive method is obviously more economic and fairer to all concerned.

6. *Standardized, Published Prices*. Prices are standardized and determined by a definite formula—which is published for all to see.

All clients are treated alike and there are no secret arrangements as to prices and terms.

While this policy often creates sales difficulties, it is the only one which can retain the confidence and respect of clients—in addition to giving us a clear corporate conscience.

7. *International Service*. Our services are *international* in scope. It has already been mentioned that important benefits—both to our clients and ourselves—result from the availability, in many countries, of reliable, uniform research facilities.
8. *Client Service*. Policy number eight is based on a firm conviction that it is our duty to give each client very substantial assistance in the interpretation and application of our research work. Our responsibility must not end with the delivery of our reports.

We learned this in 1934, when some of our first Retail Index clients, approaching the end of their first year of service, began to file termination notices, accompanied by pleasant statements to the effect that while our service had been quite satisfactory, they had not yet found time to take very much *action* based on our reports—and that it seemed wise to discontinue the expense until there had been time to digest our reports and formulate and execute definite action based thereon.

These reactions caused consternation in our camp, for they indicated that we had not in fact achieved our grand dream of a continuous, steady business, devoid of serious fluctuations.

We were forced to the conclusion that the typical marketing or top executive lacked, in those days, either the *time* to analyze thoroughly the continuing mass of marketing statistics we were furnishing *or* that he was not yet skilled in the special art of converting such statistics into *a specific plan for the conduct of his business*.

Frankly, we ourselves were not experts in this art—but it obviously behooved us to develop this special skill, and to do it *without delay*.

Taking copies of our current reports prepared for Colgate-Palmolive Company and Lambert Pharmacal Company, I boarded a train in Chicago, bound for New York.

Working all night in a lower berth, I studied each report, asking myself: "If I were the client, and had these facts and figures available, *what items of information* would be *most significant* to me and *what specific steps* would I take to increase the sales and profits of my company and protect it against competitive inroads?"

I soon realized that, in most cases, the answer could not be derived from study of any *one* of the dozen types of information contained in our reports. If, for example, consumer sales of the product were shown to be declining, the *reasons* could not always be found in the *sales* section of the report. It was necessary to note whether there had been

trends, unfavorable to the product, in matters such as retail distribution, retail out-of-stock, consumer price levels, retail displays, etc.

To provide a sound foundation for deciding on a course of action, it seemed necessary to bring together all the inter-related types of information bearing on each subject. Having in mind Confucius' assurance that one picture equals 10,000 words, I assembled and depicted, on each of several charts, all the facts which clarified *a specific problem* or pointed toward the desirability of *a specific move* by the client.

By the time the train rolled into New York, I had prepared for each client, rough versions of about a dozen charts of this type.

The reactions of the clients were definite, prompt and wholly favorable. They not only saw more clearly how a mass of statistics could be analyzed to clarify specific problems and converted to a dynamic, logical plan of action but, understandably, they applauded the idea that the research organization should undertake the work. After all, they had enough other duties to keep them very busy! And corporate research managers were almost non-existent in those days.

Perhaps, too, they wisely foresaw that one independent organization, concentrating on such work for many different clients, would eventually develop a high level of skill—which would prove very helpful to its clients.

We accepted this burden, feeling that the new function (called "Client Service") would probably be an important key to success. This has certainly been the case. Today Client Service is a well-developed art, executed systematically by officers, account executives, client service executives, statisticians, analysts, chartists and others, totaling 1,100 persons.

Each year about 11,000 comprehensive graphic presentations, involving the use of about 600,000 specially prepared colored charts, are made to executive groups in the offices of our clients. Typical meetings require two or three hours, and the fact that they are usually attended by 10 to 25 executives of the client company suggests the practical value of the



CHARTING FOR CLIENT SERVICE PRESENTATIONS
AT NIELSEN HOUSE, OXFORD

Client Service function. Our expenditures for this work average about 15 percent of our total sales, or more than \$7,000,000 annually.

In addition to its basic function of ensuring profitable results for clients and continued business for us, Client Service work has developed a group of 200 officers and executives who, having become experts in the *application* of Nielsen services, are able to *sell* these services very effectively in a small percentage of their time. This system has enabled our Retail Index Division to achieve a selling cost equal to *less than one percent of sales*—a most unusual phenomenon in the field of business service and a very important factor in enabling us to deliver good values to clients while earning a reasonable profit for our stockholders.

9. *Capital requirements.* Our ninth basic policy involves clear recognition of the fact that, contrary to a widely held opinion, substantial amounts of working capital *are* needed for the safe and effective operation of a personal service type of business such as ours, for example:

- (a) *Ownership of Buildings.* We need substantial amounts of capital to enable us to own buildings designed for the specialized needs of our business. At present, our 41 offices include 8 which are housed in such wholly-owned buildings; and a ninth is now under construction in Lucerne, Switzerland.

In addition to maximizing our operating efficiency and aiding in the recruitment and retention of desirable employees, these buildings have proved very helpful in selling our services, for visiting clients and prospective clients are favorably impressed by the obviously efficient facilities and the tangible evidence that we are in business to *stay*. Rented accommodations scarcely create so clear an impression of efficiency and permanence. Our present and authorized investment in land and buildings totals about \$7,000,000.

- (b) *Investments in Machinery*. It is very important that we be in position at all times to acquire *immediately* any machine or other physical asset which shows reasonable promise of reducing our costs, improving our services or expediting our report delivery.

We now own:

- 2,826 Calculating machines, dictating machines, typewriters, duplicators, printing presses and other office machines.
- 27,872 Audimeters, Recordimeters, Aptimeters and related special patented devices for gathering, inspecting and decoding information on television viewing, etc.

This total of 30,698 machines represents a rather substantial investment.

And we must be prepared to make an *additional* investment—whenever conditions render it important to do so—in the electronic data processing machines which we are *leasing* from the manufacturers. We are now using 472 pieces of such equipment, at a yearly rental of \$1,800,000; and the *investment* required would add about \$7,000,000 to our present machinery investment.

The foregoing facts and figures should tend to dispel the impression—which still exists in some quarters—that marketing research is conducted in dingy attics

FACTS AND FIGURES ABOUT THE

	Fiscal 1924	Fiscal 1964
1. Annual Sales	\$52,000	\$50,000,000
2. Average annual sales increase (past 10 years)		15%
3. Average annual profit increase (past 5.5 years)		23%
4. Average net profit, in % of sales (past 5 years)		6.4%
5. Market value of shares (approx.)	\$45,000	\$100,000,000
6. Corporate clients served	(b)	1,700
7. Client turnover, per year (\$ basis)	(c)	3%
8. Countries served	1	16
9. Employees (full-time)	6	5,000
10. Offices	1	41
11. Buildings wholly owned and occupied (d)	0	9
12. Building and land investment	0	\$7,000,000
13. Machines owned	3	30,698
14. Electronic data processing machines leased	0	472
15. Electronic data processing machine rental per year ..	0	\$1,800,000

(a) Certain figures herein are, of necessity, approximations.

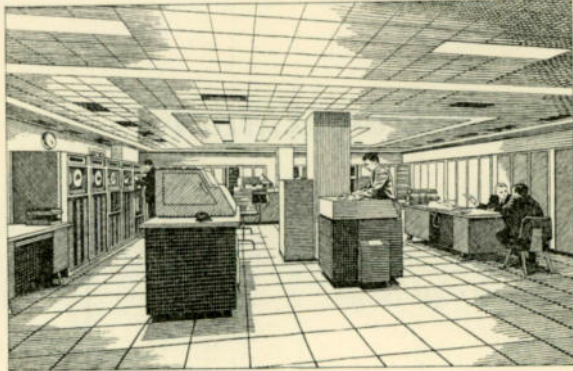
(b) Records are not available.

(c) Not applicable to the type of service rendered in 1924.

(d) Including one building under construction (Lucerne).

NIELSEN RESEARCH ORGANIZATION^(a)

	Fiscal 1964
16. Cooperating chains and co-op organizations	1,300
17. Cooperating retail stores	21,000
18. Retail Index field auditors (full-time)	1,000
19. Store audits, per year	135,000
20. Miles traveled, per year (Retail Index Auditors)	12,000,000
21. Annual sales of products audited (Retail Index)	\$25,000,000,000
22. Items audited, per year (brands, sizes, types, etc.)	12,000
23. New facts gathered, per year (all services)	1,640,000,000
24. Retail Index reports produced, per year	10,000
25. Retail Index figures furnished to clients, per year	300,000,000
26. Types of television figures furnished	87
27. Television reports produced, per year	840
28. Television figures furnished to clients, per year	14,230,000
29. Client Service personnel (full-time)	1,100
30. Client Service presentations to clients, per year	11,000
31. Charts used in Client Service presentations, per year	600,000
32. Client Service expenditures, per year	\$7,000,000



HONEYWELL MODEL 800
ELECTRONIC DATA PROCESSING MACHINE

by a few long-haired statisticians, each equipped with a rusty adding machine.

If sufficient capital were not available, we would have far less equipment, and correspondingly less efficiency, a smaller volume of business and lower profits.

- (c) *Development of New Services, etc.* There is continual need for capital to maintain, through thick and thin, our policy of continually developing new services and improving present services.

Equally important, when a situation becomes unexpectedly costly, capital is often needed to enable us to *hold on* as long as we see a reasonable possibility of ultimate success. Examples are found in our television services, the Nielsen Clearing House and several of our foreign operations.

Never yet have we abandoned a project because of heavy losses if the ultimate outcome appeared favorable.

- (d) *Protection against Adversity.* Finally, capital is needed to protect the business against the hazards of serious and prolonged adversity. This could make the difference between survival and failure.

We feel that we owe this protection to 1,700 clients who rely on us for continuity of important services, 2,000 stockholders who have entrusted us with their savings and 5,000 employees, some of whom have devoted many years to developing the special skills required for our rather unusual business.

THE FUTURE OF MARKETING RESEARCH

We are often asked, by investment analysts and others, for our opinion regarding the *future* of marketing research. In reply we point out that it requires no crystal ball to foresee that marketing research will continue to grow. Here are some of the reasons:

1. New and useful research techniques will undoubtedly be developed. Whenever this occurs, executives will feel justified in making increased use of marketing research.
2. Increased consumer income is steadily creating more consumer buying power of the *discretionary* type, e.g., more buying of luxuries. And since products of this type are more vulnerable to changes in consumer preference, it becomes increasingly important for the manufacturer to keep his finger on the consumer's pulse.
3. There is a steady increase in the *vulnerability of brands*—due to the increased tempo of technological developments and the increased power and effectiveness of advertising and promotional techniques.

The vulnerability of brands is demonstrated clearly by Nielsen Retail Index records covering the leading brands in 34 food commodities. During a typical ten-year interval, 29 percent of the leaders had been displaced by competitors; and an additional 21 percent, while still managing to retain their leadership, had suffered mild to severe losses in competitive position.

4. Finally, there is the continual increase in the *complexity* of marketing—more competition, more brands, more package sizes and types, more methods of promotion, more channels of distribution (e.g., the recent growth of discount houses), more government regulation, etc. The more com-

plex the marketing process, the greater the need for the factual guidance provided by marketing research.

THE TASK AHEAD

If marketing research is to accomplish its maximum of usefulness, there must be no resting on the oars. Much remains to be done. For example:

1. Ways should be found to apply the Retail Index technique to additional types of *consumer* goods.
2. Some form of continuous, factual research is needed for certain types of *industrial* goods. Being an engineer, and having devoted ten years to marketing research in the industrial field, I have some understanding of the special difficulties. But I believe it can be done.
3. Adequate, reliable research services should be established in certain countries which lack these facilities.
4. Better research techniques are needed for radio, magazines, newspapers and outdoor advertising. Many researchers are working diligently on these problems, and important progress has been made.
5. Better methods are needed for separating the sales results produced by various advertising media used simultaneously. This problem is much more difficult than is commonly assumed.
6. More effective marketing research for *retailers* is of vital importance, for a substantial share of the total distribution expense occurs at the retail level.
7. Finally, further progress is needed in the interpretation and application of research findings. While this requires increasing skill on the part of the researcher, there is also need for further education on the part of those business executives who, in their use of research, stand at opposite and extreme ends of the spectrum.

At one end we have the executive who says, either by words or action:

“Don’t confuse me with the facts; my mind is already made up.”

At the other end is the executive who, going overboard in the other direction, places an unjustified degree of reliance on marketing research, failing to recognize that it is intended not as a substitute for executive judgment but rather as a means of revealing profit opportunities, avoiding costly errors and narrowing the area in which executive judgment is obliged to operate.

In the fields of executive education and improved application of marketing research, a vital and increasingly effective role is being played by the marketing research managers who are now employed by most manufacturers of large or medium size.

The establishment of Nielsen services undoubtedly accelerated the trend toward the employment of executives of this type, for it often seemed clear to top management that it would prove profitable to have one or more full-time experts who, working with our client service executives, could ensure that maximum values were derived from our service. This policy has been pursued by the vast majority of our clients.

Marketing research managers enjoy steadily increasing stature within their companies. Some have risen to the rank of president. Many have direct access to the top executives—who have come to appreciate the great importance of both *marketing* and *marketing research*, and the desirability of ensuring the effective correlation of marketing research with the sales, production and technical research activities of the corporation.

While our first 40 years in marketing research have seen considerable progress, there is still a long way to go—which is as it should be, because if the supply of problems and opportunities had been exhausted, the *next* forty years would not be nearly as interesting as the *first* forty have been.

THE END



"Actorum Memores simul affectamus Agenda!"

THIS NEWCOMEN ADDRESS, *dealing with the history of A. C. NIELSEN COMPANY, was delivered at a National Newcomen Dinner of The Newcomen Society in North America, held at Chicago, Illinois, U.S.A., on April 30, 1964. MR. ARTHUR C. NIELSEN, SR., the guest of honor, was introduced by MR. DONOLD B. LOURIE, Chairman of the Board, Quaker Oats Company, Chicago; Member of the Chicago Committee in American Newcomen. The dinner was presided over by the SENIOR VICE-PRESIDENT FOR NORTH AMERICA in this international Society.*





THE NEWCOMEN SOCIETY in North America

IN APRIL, 1923, the late L. F. Loree (1858-1940) of New York, then dean of American railroad presidents, established a group now known as "American Newcomen" and interested in Material History, as distinguished from political history. Its objectives center in the beginnings, growth, development, contributions, and influence of Industry, Transportation, Communication, the Utilities, Mining, Agriculture, Banking, Finance, Economics, Insurance, Education, Invention, and the Law—these and correlated historical fields. In short, the background of those factors which have contributed or are contributing to the progress of Mankind.

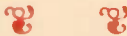
The Newcomen Society in North America is a non-profit membership corporation chartered in 1961 under the Charitable Law of the State of Maine, with headquarters on North Ship Road, Uwchlan Township, Chester County, Pennsylvania, some five miles east of Downingtown, Pennsylvania, and 32 miles west of the City of Philadelphia. Here also is located The Thomas Newcomen Memorial Library in Business History, a reference collection, including microfilm, open to the public for research and dealing with the subjects to which the Society devotes attention.

Meetings are held throughout the United States of America and across Canada at which Newcomen Addresses are presented by leaders in their respective fields. These manuscripts represent a broadest coverage of phases of Material History involved, both American and Canadian.

The approach in most cases has been a life-story of corporate organizations, interpreted through the ambitions, the successes and failures, and the ultimate achievements of those pioneers whose efforts laid the foundations of the particular enterprise.

The Society's name perpetuates the life and work of Thomas Newcomen (1663-1729), the British pioneer, whose valuable contributions in improvements to the newly invented Steam Engine brought him lasting fame in the field of the Mechanic Arts. The Newcomen Engines, whose period of use was from 1712 to 1775, paved a way for the Industrial Revolution. Newcomen's inventive genius preceded by more than 50 years the brilliant work in Steam by the world-famous James Watt.

The Newcomen Society in North America is affiliated with The Newcomen Society for the Study of the History of Engineering and Technology, with offices at The Science Museum, South Kensington, London, S.W. 7, England. The Society is also associated in union with the Royal Society for the Encouragement of Arts, Manufactures and Commerce, whose offices are at 6 John Adam Street, London, W.C. 2, England.



Members of American Newcomen, when in Europe, are invited by the Dartmouth Newcomen Association to visit the home of Thomas Newcomen at Dartmouth in South Devonshire, England, where the festival of "Newcomen Day" is celebrated each year on the fourth Friday in July.



*"The roads you travel so briskly
lead out of dim antiquity,
and you study the past chiefly because
of its bearing on the living present
and its promise for the future."*

—LIEUTENANT GENERAL JAMES G. HARBORD,
K.C.M.G., D.S.M., LL.D., U.S. ARMY (RET.)

(1866-1947)

*Late American Member of Council at London
The Newcomen Society
for the study of the history of
Engineering and Technology*

