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Online Market Research  
Observations

Fall 2011

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# **MARKET OBSERVATIONS**

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# Overall Market Research Industry Dynamics

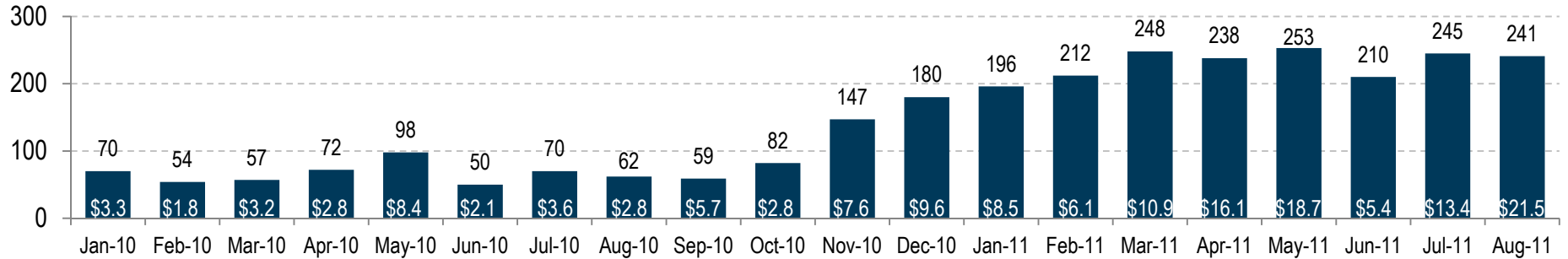
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- The Market Research (“MR”) industry continues to undergo changes due to recent global economic setbacks and changing consumer trends
  - The disruptive force of the Internet is being understood as companies try to tap vast consumer sentiment through online social media and other sites
  - MR continues to play a vital role in reducing cost, driving sales, increasing return on investment and guiding strategic directives for global brand managers
  - Within emerging markets, particularly Asia with its high discretionary income, demonstrate the increased importance of expanding into new geographies to deliver vital strategic insights
- Many leading MR companies are focused on increasing online capabilities and acquisitions to drive growth
  - WPP recently announced its plans to allocate €200 million for acquisitions in 2011
  - GfK remains highly focused on fully integrating its traditional and online capabilities
- S&A believes that increased capital markets activity across online focused research companies will continue as global MR participants seek to increase profitability and geographic revenue diversification

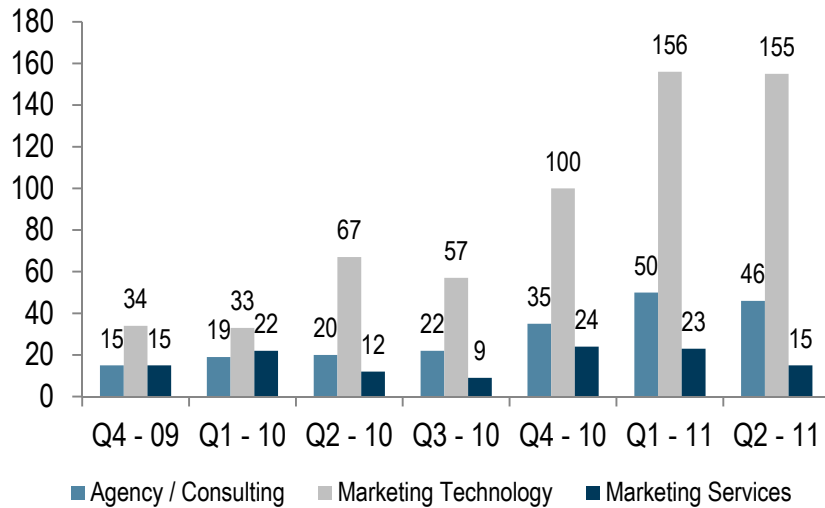
# Recent Global M&A Activity

Global M&A markets continue to experience positive momentum, particularly in the marketing and agency subsectors

## Recent Digital Media M&A Market Activity

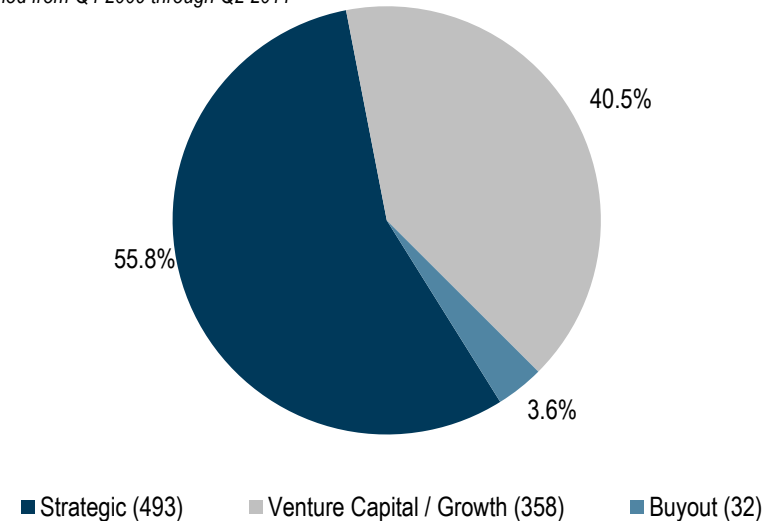


## Recent Marketing Sector M&A Activity (Deal Volume)



## Marketing Sector Deals by Acquirer / Investor Type

Period from Q4 2009 through Q2 2011

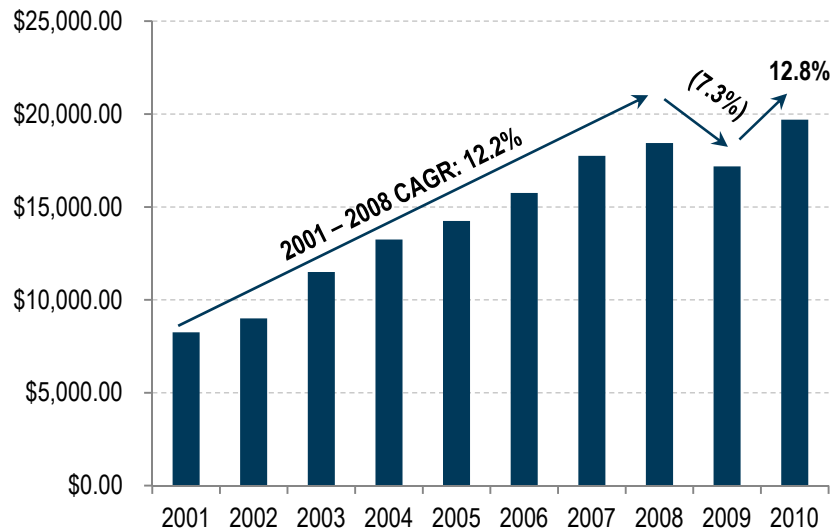


Source: Wall Street Research

# Global Research Industry Stats

- The MR industry continues to rebound from the economic turbulence of the global financial crisis
  - Global research spending increased after falling in 2009, to \$19.7bn in 2010, representing a 12.8% increase over 2009
- Top nine players continue to control approximately 81.4% of global research revenue

## Top 50 Market Research Firm Worldwide Revenue



### 2003 - 2010 CAGR Analysis

Top 50 Firms: 8.0%

## Top Research Firms by Revenue

Company Name	2010 Global Research Revenue	Percent of Total
The Nielsen Company	\$4,958	25.2%
The Kantar Group	3,183	16.2%
IMS Health	2,211	11.2%
GFK SE	1,718	8.7%
Ipsos Group S.A.	1,512	7.7%
Synovate	884	4.5%
IRI	720	3.7%
Westat Inc.	455	2.3%
Arbitron	395	2.0%

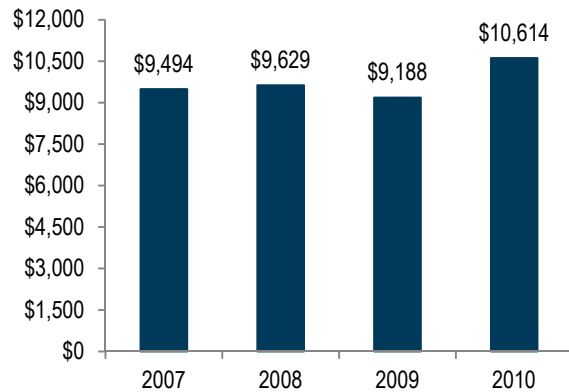
<b>Total Top 50 Revenue</b>	<b>\$18,814</b>
<b>Next 149 Companies</b>	<b>884</b>
<b>Total Respondent Revenue</b>	<b>\$19,698</b>

Source: American Marketing Association, Honomichl and Wall Street Research, in millions of \$USD

# Historic Regional Market Research by Revenue

Global brands understand the need for market research and they will continue to invest in it, to ensure a higher ROI on their products and services

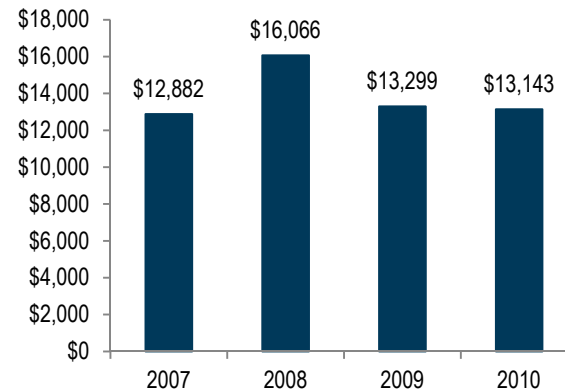
## North America



### Trends & Highlights

- Slight decline in growth shows continued reliance on market research in North American market
- Market Research is expected to strengthen as brands continue to rebound after economic recession

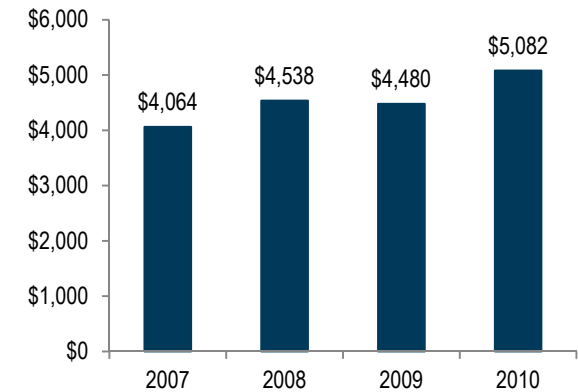
## Europe



### Trends & Highlights

- Highly saturated and competitive market set, means rebound in sales growth will be slower than other geographies
- Low growth expected to continue as demographic and economic challenges riddle EU

## Asia



### Trends & Highlights

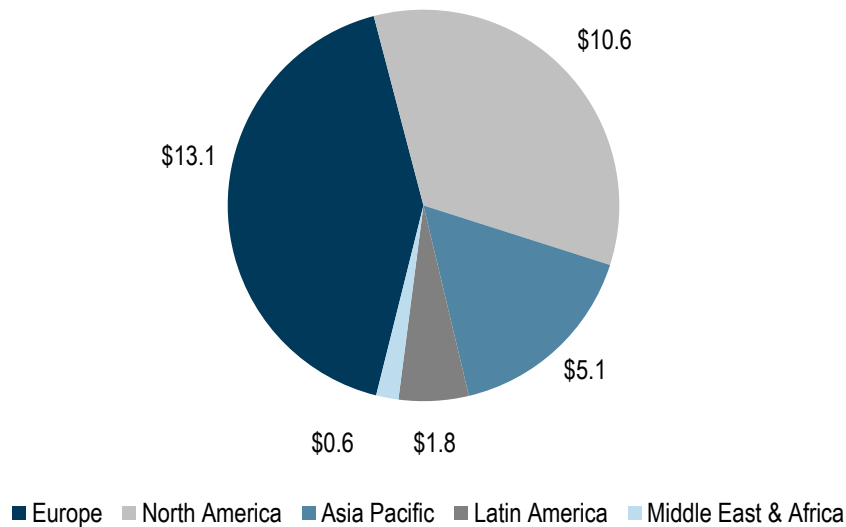
- Remains the future of market research, but highly under-developed market continues to hamper outside investment
- Growing middle class is beginning to provide the base for strong growth in the coming years
- Most likely entry for large participant will be via an acquisition of domestic leader with a specialization in the Asian market

Source: ESOMAR World Research, figures in millions of USD

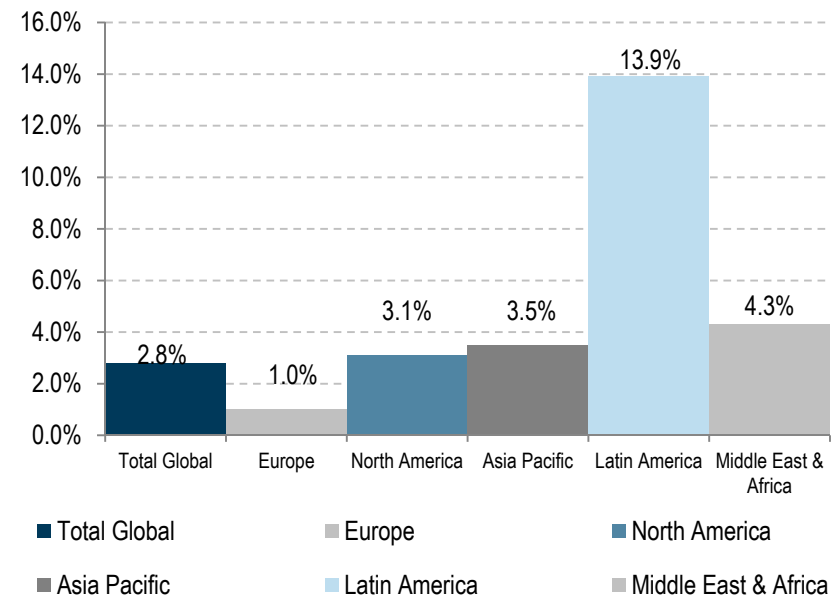
# Global Historical Market Research Industry Stats

- Large, established competitors continue to search for new growth avenues via acquisition and new product entry
  - Heightened focus on online research capabilities, particularly in saturated geographic markets
  - Continued deal activity in emerging markets stresses importance of “continental diversification” for increased revenue growth

2010 Global Market Research Revenue



2010 Net Research Industry Growth Rates



Source: ESOMAR, in millions of \$USD, adjusted for inflation

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# COMPARABLES

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# Select Precedent Marketing M&A Transaction Comparables

(figures in millions of \$USD)

Date Announced	Target	Acquirer	Target Business Description	Implied Enterprise Value	EV/LTM Revenue	EV/LTM EBITDA
Jul-11	Synovate Limited	Ipsos SA (ENXTPA:IPS)	Market Research Services	\$811.9	1.0x	--
Jul-11	Adperio	Matomy Media Group Ltd.	Advertising and Market Research Services	30.0	0.6x	--
Jul-11	M-Brain Media	M-Brain Oy	Market Research Services	6.1	0.5x	--
May-11	BzzAgent	Dunnhumby	Advertising and Market Research Services	60.0	3.0x	--
May-11	Echo Research	Ebiquity	Research and Media Measurement Company	14.5	1.9x	--
Apr-11	Facts International	Chime Communications	Market Research Services	9.5	1.8x	--
Apr-11	Definitive Insights	YouGov	Market Research Services	4.8	1.2x	--
Feb-11	Toluna	Eurovestech	Online Panel Services	240.7	2.0x	7.8x
Oct-10	Eastern Research Group	AEA Technology	Market Research Services	84.7	1.5x	--
Sep-10	Pipal Research Corporation	Irevna Limited	Market Research Services	12.8	1.6x	--
Sep-10	Mighty Net	Experian	Market Research Services	207.5	1.8x	--
Sep-10	Canadean Limited	Progressive Digital Media Group	Market Research Services	15.7	1.6x	--
Sep-10	Intrepid Consultants	Alterian	Market Research Services	10.9	--	21.8x
Aug-10	Credit Analysis & Research	India Build-Out Fund	Interactive Marketing Services Primarily Focused on Paneling	319.7	9.7x	--
Aug-10	Unica Corporation	IBM	Market Research Services	446.8	4.1x	44.3x
Aug-10	Intellisponse	YouGov	Market Research Services	14.3	1.3x	14.3x
Jul-10	Mitchell Communication Group Limited	Aegis Group	Interactive Marketing Services	332.3	1.3x	9.7x
Jul-10	Health Grades	Vestar Capital Partners	Market Research Services	256.9	4.4x	19.6x
Jun-10	iCrossing	Hearst Corporation	Advertising and Market Research Services	425.0	4.3x	--
Apr-10	iconoculture	Corporate Executive Board	Market Research Services	10.5	0.6x	--
Apr-10	Beijing Huicong International Information	Hong Kong Huicong International Group	Market Research Services	45.9	1.0x	--
Mar-10	Maximiles	Private Buyer	Market Research Services	20.7	1.0x	5.7x
Jan-10	OTX	Ipsos	Market Research Services	84.4	2.1x	--
Oct-09	Research Now	e-Rewards	Interactive Marketing Services Primarily Focused on Paneling	121.5	1.6x	8.7x
Jul-09	SPSS	IBM	Market Research Services and Tools	783.7	2.7x	10.0x
Jun-09	Toluna	Verinvest	Market Research and Panel Services	168.8	4.2x	15.5x
Mar-09	ICF Macro	ICF Consulting Group	Interactive Marketing and Market Research Services	214.2	1.4x	12.0x
Feb-09	Innovest Strategic Value Advisors	Institutional Shareholder Services	Market Research Services	14.9	2.1x	--
Jan-09	Shanghai Hyperlink Market Research	Intage	Market Research Services	11.5	1.8x	--
<b>Mean</b>				<b>\$164.8</b>	<b>2.2x</b>	<b>15.4x</b>
<b>Median</b>				<b>\$60.0</b>	<b>1.7x</b>	<b>12.0x</b>

Source: Capital IQ

# Select Publicly Traded Comparables

(figures in millions of \$USD, except per share)

Company	Price as of: 10/3/2011	Enterprise Value (EV)	EV / LTM		EV / FYE		EV / NFY		LTM Annual Revenue Growth
			Revenue	EBITDA	Revenue	EBITDA	Revenue	EBITDA	
<b>Data Services</b>									
Axiom Corporation	\$9.51	\$983	0.8x	4.1x	0.8x	4.1x	0.8x	3.7x	5.8%
Alliance Data Systems Corporation	88.08	10,803	3.7x	13.0x	3.9x	14.5x	3.4x	11.0x	24.5%
Convergys Corporation	8.61	1,025	0.5x	3.5x	0.5x	3.6x	0.5x	3.8x	-1.6%
DST Systems Inc.	41.23	2,695	1.2x	6.3x	1.2x	5.3x	1.5x	6.4x	1.7%
Dun & Bradstreet Corp.	59.25	3,702	2.2x	7.4x	2.2x	7.5x	2.1x	6.6x	2.7%
Experian plc	10.93	12,655	3.1x	10.0x	3.1x	10.0x	NA	NA	9.3%
Fair Isaac Corp.	20.26	1,036	1.7x	6.7x	1.7x	7.1x	1.7x	5.7x	2.0%

## Data Services Multiples

<b>Mean</b>	<b>\$4,700</b>	<b>1.9x</b>	<b>7.4x</b>	<b>1.9x</b>	<b>7.3x</b>	<b>1.7x</b>	<b>6.2x</b>	<b>6.3%</b>
<b>Median</b>	<b>\$2,695</b>	<b>1.7x</b>	<b>7.1x</b>	<b>1.7x</b>	<b>6.7x</b>	<b>1.6x</b>	<b>6.0x</b>	<b>2.7%</b>

## Market Research and Services

Arbitron Inc.	\$32.90	\$892	2.2x	8.1x	2.3x	9.0x	2.1x	7.5x	6.2%
Brainjuicer Group Plc	4.49	53	1.9x	13.7x	2.1x	14.6x	NA	NA	28.7%
comScore, Inc.	15.95	479	2.3x	53.2x	2.7x	32.0x	2.1x	10.8x	44.6%
Experian plc	10.93	12,655	3.1x	10.0x	3.1x	10.0x	NA	NA	9.3%
Forrester Research Inc.	31.89	505	1.9x	14.7x	2.0x	13.3x	1.8x	10.6x	11.2%
Gartner Inc.	32.86	3,273	2.4x	15.4x	2.5x	17.7x	2.2x	12.2x	13.9%
GfK SE	37.82	1,915	1.1x	6.8x	1.1x	7.4x	NA	NA	10.5%
Intage Inc.	20.61	165	0.4x	2.9x	0.3x	2.5x	NA	NA	2.7%
Next Fifteen Communications Group plc	1.15	70	0.6x	4.7x	0.6x	5.4x	NA	NA	19.4%
Nielsen Holdings N.V.	25.05	15,850	3.0x	11.9x	3.1x	11.7x	NA	NA	7.4%
The McGraw-Hill Companies, Inc.	39.94	11,988	1.9x	7.3x	1.9x	7.6x	1.8x	7.0x	6.1%

## Market Research and Services Multiples

<b>Mean</b>	<b>\$4,350</b>	<b>2.0x</b>	<b>11.9x</b>	<b>1.9x</b>	<b>13.5x</b>	<b>2.0x</b>	<b>9.6x</b>	<b>14.5%</b>
<b>Median</b>	<b>\$892</b>	<b>2.1x</b>	<b>10.0x</b>	<b>1.9x</b>	<b>10.0x</b>	<b>2.1x</b>	<b>10.6x</b>	<b>10.5%</b>

## Blended Multiples

<b>Mean</b>	<b>\$4,407</b>	<b>1.9x</b>	<b>10.7x</b>	<b>1.9x</b>	<b>9.9x</b>	<b>1.8x</b>	<b>7.5x</b>	<b>10.7%</b>
<b>Median</b>	<b>\$2,305</b>	<b>1.9x</b>	<b>7.4x</b>	<b>2.0x</b>	<b>7.5x</b>	<b>1.8x</b>	<b>6.6x</b>	<b>6.9%</b>

Source: Capital IQ

# Contact Information

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