



Audit Bureau of Circulations



SWEEPING IMPROVEMENTS FOR U.S. NEWSPAPERS



JANUARY 22, 2009
SNA WEBINAR

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Agenda



- **Structure & Process**
- **2009**
 - 8 qualification improvements
 - 3 reporting improvements
- **2010**
 - 2 new classifications
 - Translate current programs into new format
 - 4 reporting improvements



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STRUCTURE & PROCESS



Structure



Task Forces

- Created to research and discuss specific initiatives
- Make recommendations to the Committees.

Committees

- Meet regularly to review potential modifications to rules and reporting formats.
- Make recommendations to the Board.

Board of Directors

- Meet 3 times each year to discuss and decide on any changes to ABC rules and formats, member appeals, etc.

ABC Staff is responsible for performing audits to ensure compliance with the rules. Also, we assist members with interpreting and applying all rules and reporting formats.



Structure



- **Qualification and Reporting Task Force (Q &R)**
 - Created after July 2006 Board meeting

- **Mission**
 - Review current newspaper rules and reporting formats to ensure they are relevant to the industry today. Consider focus of total distribution, not just paid.
 - Make ABC data most useful and effective for the newspapers and their media buyers
 - Vet recommendations through the committees, then propose to Board of Directors



Implementation



- Received first passage at March '08 Board meeting. Final passage received in July '08.
- Two phases of implementation
 - April 1, 2009
 - October 1, 2010
 - Provides time to understand improvements, then apply to your own marketing strategies and system applications.



April 1, 2009

Qualification Improvements



- 1. DEFINITION OF PAID CIRCULATION**
- 2. MULTIPLE SUBSCRIPTIONS**
- 3. COMBINATION SALES**
- 4. INTERMITTENT SUBSCRIPTIONS (BONUS DAYS)**
- 5. OMITTED DAYS**
- 6. JOINT DISTRIBUTION AGREEMENTS**
- 7. FORCED CONVERSIONS**
- 8. FREQUENCY UPGRADES**

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April 1, 2009



Definition of paid circulation

- Paid at one cent or more, net of considerations
- Consideration:
 - Anything offered to the final purchaser of the newspaper as an inducement. Considered an inducement – i.e. t-shirts, hats, free ads, etc.
 - Value of consideration for ABC qualification is the highest of either cost to you, retail value or any stated value in the offer.
- Wholesale rates for retailers, carriers, distributors, etc. remain the publisher's discretion



April 1, 2009



Multiple Subscriptions

When two or more subscriptions or single issues to the same newspaper are sold together in one sale

- Must collect at least one cent per subscription or single issue, net of considerations
- Promotional material must include an option to receive only one subscription or single copy for less than the multiple price.
- Can't state any copy is free or similar language



April 1, 2009



Combination Sales

When two or more subscriptions or single issues to different publications are sold together in one sale

- **Must collect at least one cent per subscription or single issue, net of considerations**
- **Can't state any copy is free or similar language**
- **Single Copy**
 - Each pub separate where bundle is sold. Individual selling prices must be less than combo price.
- **Subscriptions**
 - Not required to offer individually in promo material. But if you do, individual selling prices must be less than combo price.



April 1, 2009



Intermittent Subscriptions (Bonus Days)

A newspaper received by a subscriber on a day that wasn't known to be included in the subscription at the time of the order or renewal

- **Limitation**
 - Limit of 50 for 12-month period of 4/1/09 to 3/31/10
 - Limit of 25 for 12-month period of 4/1/10 to 3/31/11
- **Current reporting remains the same**
 - 8 or more in a P/S period requires itemization and disclosure
- **Advertisers must be notified 120 days in advance via ABC-hosted Web site.**



April 1, 2009



Omitted Days

A day the newspaper wishes to omit from their circulation averages. Net paid circ on omitted day must vary by 5% from the previous corresponding day (i.e. Wed to Wed).

- No pre-approval necessary
- Option days eliminated



April 1, 2009



Joint Distribution Agreements

When a newspaper that publishes less than 7 days a week wants to distribute copies of another newspaper on its non-publishing days.
Maximum of 2 days.

- Subscribers to non-7-day-a-week paper must receive a written opt-out notice.
 - May be a letter, postcard, post-it, etc. that is either affixed to the first newspapers delivered or mailed to the subscriber immediately after delivery begins.
- Only applies to new JDAs formed after 4/1/09.
 - Existing agreements not required to offer opt-out option.



April 1, 2009



Forced Conversion

A change to a subscriber's frequency resulting from the newspaper's decision to discontinue his/her frequency

- **Discontinued frequency**
 - Can't be reinstated for at least 6 months
 - Can't be promoted within 30 days before elimination
 - Must be eliminated for a defined geography (continuous)

- **Notice to subscribers**
 - Affected subscribers must receive notice **prior** to the change.
 - Notice must contain effective date, new FOD, and reason for change.
 - Additional days of service may not be stated or inferred as free.
 - May be a wrap, letter, post-it, postcard or similar item affixed to the top of their newspaper or sent by mail. Price box notice is not sufficient.

- **Requires 120-day advance notice to advertisers via an ABC hosted Web site.**



April 1, 2009



Forced Conversion

- Use of e-editions
 - You can force the change in frequency, but not the **format** of the subscription.
 - A print subscriber must receive upgrade in print format as a default.
 - E-edition may be served to fulfill an upgrade if the subscriber is contacted, asked, and agrees to receive the additional service in a different (electronic) format.
 - Promotional material can entice receipt of e-edition.



April 1, 2009



Frequency Upgrade

A change to the subscriber's frequency at the newspaper's discretion.

- **Subscriber Notice**
 - Affected subscribers must receive in writing prior to the change
 - Must contain effective date, new FOD, and instructions on how to opt-out.
 - Opt-out instructions must be simple and clear.
 - Additional days of service may not be stated or inferred as free.
- **Upgraded service must continue for a minimum of 12 weeks.**
 - Opt-out requests received at ANY time in first 12 weeks result in the exclusion of the serviced upgraded copies from paid circulation.
 - After 12 weeks? If paid renewal within 12 weeks?
- **Disclosure in Explanatory Paragraph of P/S**
 - Former frequency, new frequency and impact on paid circulation.
- **Requires 120-day advance notice to advertisers via an ABC hosted Web site.**



April 1, 2009



Frequency Upgrades

- Use of e-editions
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 - A print subscriber must receive upgrade in print format as a default.
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April 1, 2009



120-day Notice

- **Exists in Pre-Print Projection Center (PPC)**
 - Core element is still optional
 - 120-day notice is required
- **120-day notice applies to bonus days and frequency changes.**
- **Site is [www.http://abcas3.accessabc.com/ppc./index.asp](http://abcas3.accessabc.com/ppc./index.asp)**
 - Need online filing username and password
 - Detailed instructions provided on the site
 - History of each entry is maintained
 - May edit, but not delete entries. If program cancelled, enter "0" for volume/
 - Summary downloadable to Excel
- **Only accessible to advertiser members of ABC**
- **Not 120 days in advance? Post anyway.**



April 1, 2009



Resources

- Mid-February – Updated guides will be posted to assist you in developing programs compliant with April 1, 2009 requirements.
 - NIE Guide
 - Hotel Guide
 - E-edition Guide
 - Third Party Guide
 - Home Delivery Promotions
 - Single Copy Promotions
- Available at <http://www.accessabc.com/resources/guides.htm>



April 1, 2009 Reporting Improvements



- 1. ANALYSIS BY PRICE PAID**
- 2. PRODUCTION ANALYSIS**
- 3. BASIC PRICES**

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April 1, 2009



- **Analysis by price paid**
 - Refers to >50% or less than 50% of basic prices
 - Eliminated from P/S completely.
 - Web disclosure if
 - ✦ 5% or more of your Individually paid circulation (print HD & Mail only) is sold at less than 25% of basic prices.

5. ANALYSIS OF HOME DELIVERY AND MAIL INDIVIDUALLY PAID CIRCULATION BY PRICE CATEGORY:

Newspapers will report subscription circulation above and below 25 percent of basic price. This reporting is only required if more than five percent of a newspaper's subscription circulation falls into the less than 25 percent of basic price category.

This information will not appear in Paragraph 5 of newspaper reports. Instead, the data will be reported in a secure, password-protected area of ABC's Web site.



April 1, 2009



- Production Analysis
 - ✦ Sales of premiums, combo sales, etc.
 - ✦ Eliminated.
 - ✦ Associated explanatory also eliminated

ANALYSIS OF HOME DELIVERY & MAIL SUBSCRIPTION SALES (New & Renewal)

4. PREMIUM, COMBINATION, SPECIAL OFFERS, CLUBS AND INSURANCE:

	Term Ordered				Misc. Periods
	4 Wks.	13 Wks.	26 Wks.	52 Wks.	
(a) With premium and special offers, See Par. 6B M & S		1,047			
(c) With premium only, See Par. 6B M & S		89			
(e) Special reduced prices, See Par. 5(b) Cmbd Avg (Mon.-Fri.)					8,131*
S					805*

*This figure does not represent the total number of subscriptions received, but represents the average number of copies served during this statement period on Newspapers in Education sold at the price(s) shown in Par. 5(b).

(c) A gift card, with a value of \$10.00, was offered with 13 week Morning and Sunday subscriptions at \$58.50.

(d) A gift card, with a value of \$20.00, was offered with 13 week Morning and Sunday subscriptions at basic prices.



April 1, 2009



• **Basic Prices**

- Disclosure of annual only, by frequency.
- Must be published in newspaper at least quarterly.
- May also have Motor Route, Electronic or Hybrid annual prices, if they vary.
- Elimination of reduced prices paragraph.

4. BASIC PRICES:

	By Home Delivery 52 Wks./1 Yr.	Single Copy	By Mail 52 Wks./1 Yr.
M & S	\$183.00		\$450.00
M (Mon.-Fri.) only	100.00	50¢	273.00
Wknd	123.00		278.00
S only	63.00	\$1.50	114.00

Newspapers continuing to maintain separate basic prices per geographic area will be required to report basic prices for each geographic area.



October 1, 2010 Qualification Improvements



- **SHIFT IN CLASSIFICATION**
- **2 NEW CLASSIFICATIONS**
- **WHAT DOES THIS MEAN FOR MY CURRENT PROGRAMS?**

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Shift in Classification



- **Now**



- **As of October 1, 2010**





October 1, 2010



- **Individually Paid**
 - Ordered and paid for by individual consumers.
 - Must pay at least one cent, net of considerations
 - Home Delivery, Single Copy, Mail and JDAs

- **Business/Traveler**
 - Copies purchased by hotels for common areas or guest rooms (including refund approach).
 - Copies purchased by businesses for designated employees where a list of the recipients, by name or title, is maintained.
 - Hotels and businesses must pay at least one cent, net of considerations.



October 1, 2010



- **Verified Circulation**
 - Copies not paid for by individuals for personal consumption, by businesses for designated employees or by hotels.
 - Focus is on how/where copies are being distributed
 - ✦ Must be in a **controlled environment**.
 - ✦ Financial transactions may occur, but classification is not impacted.

- **Can I charge for these copies?**
 - Absolutely, but copies will still be classified as Verified.

- **5 types of Verified**
 - Home Delivered – Requested
 - Home Delivered – Targeted
 - Educational Programs
 - Employee/Independent Contractor Copies
 - Retail/Business Copies



Verified



- **Home delivered – Requested**
 - Distributed to an individual's residence
 - Requested made by individual
 - Minimum term of 12 weeks
 - Maintain orders and route lists for audit
- **Home delivered – Targeted**
 - Distributed to an individual at a residence
 - Request not required and No minimum term of service
 - Maintain route lists for audit



Verified



- **Educational Programs**
 - Ordered by and distributed to educational facilities
 - Used for educational purposes
 - Maintain orders & affidavits for audits
 - Copies cannot exceed number of students + 1 for the teacher

- **MYTH:ABC wants to shut down all NIE programs.**
 - **False, false, false.**
 - You can still raise funds to cover your own expenses or to increase revenue. It is the strategic decision of each newspaper as to how to continue the program and in what format or structure.
 - This ABC improvement **expands** your opportunities for fundraising by removing restrictions such as how to obtain eligible donations, language on promotional efforts, eligible classroom settings, etc.



Verified



- **Employees/Independent Contractors**
 - No change to current requirements

- **Retail/Business**
 - Ordered or request made by a business
 - Distributed is **at place of business**
 - Order is for **reoccurring delivery**
 - Place of business if a controlled environment
 - Quantity must be reasonable
 - Maintain orders and distribution records for audit



October 1, 2010



- **Unpaid**
 - Office copies, Advertiser copies
 - Copies distributed by a business in a non-controlled environment (i.e. festival, fair, event, trade show, theatre, etc.)
 - Other programs that do not comply with definition and requirements for other classifications available.

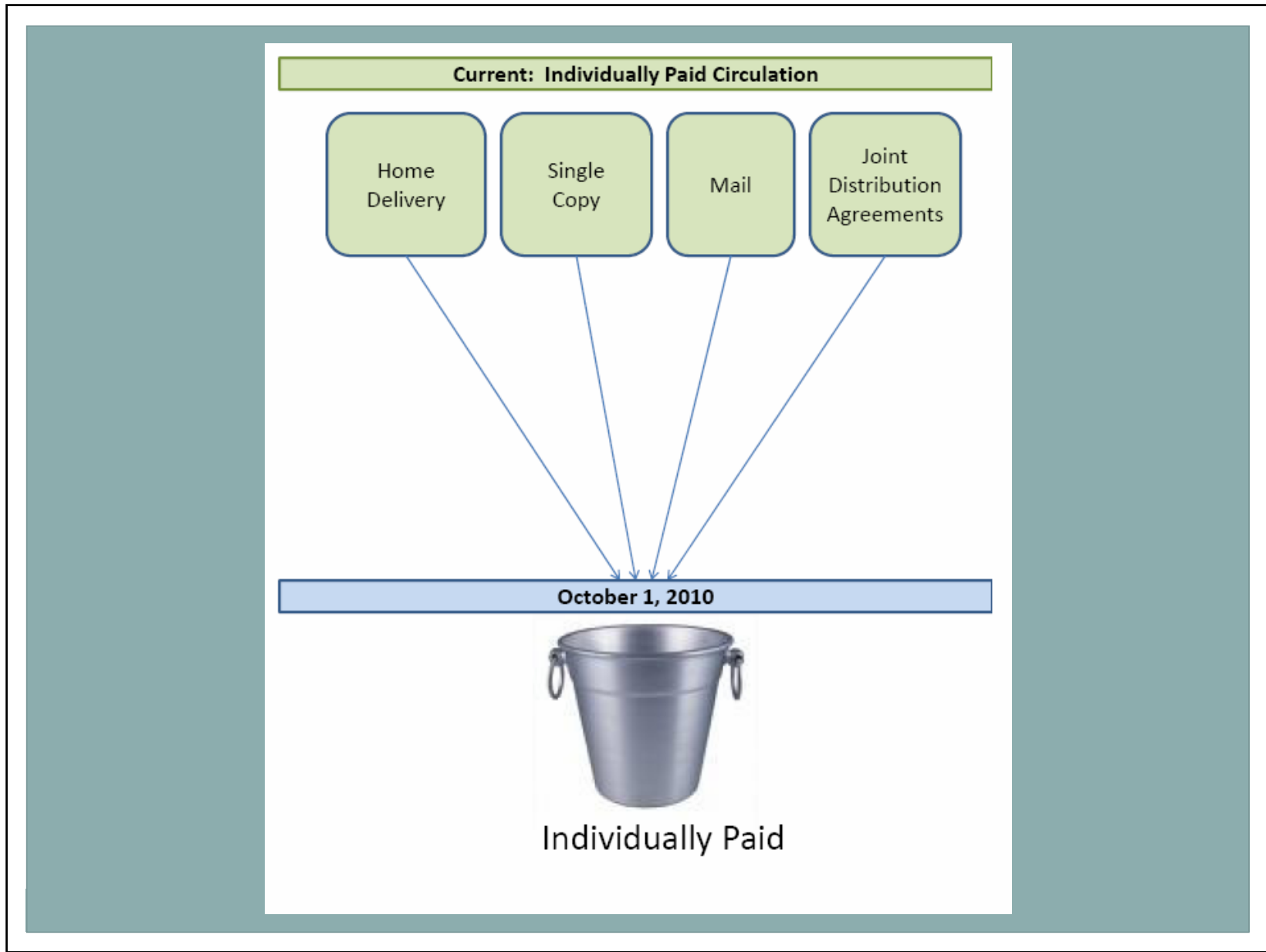


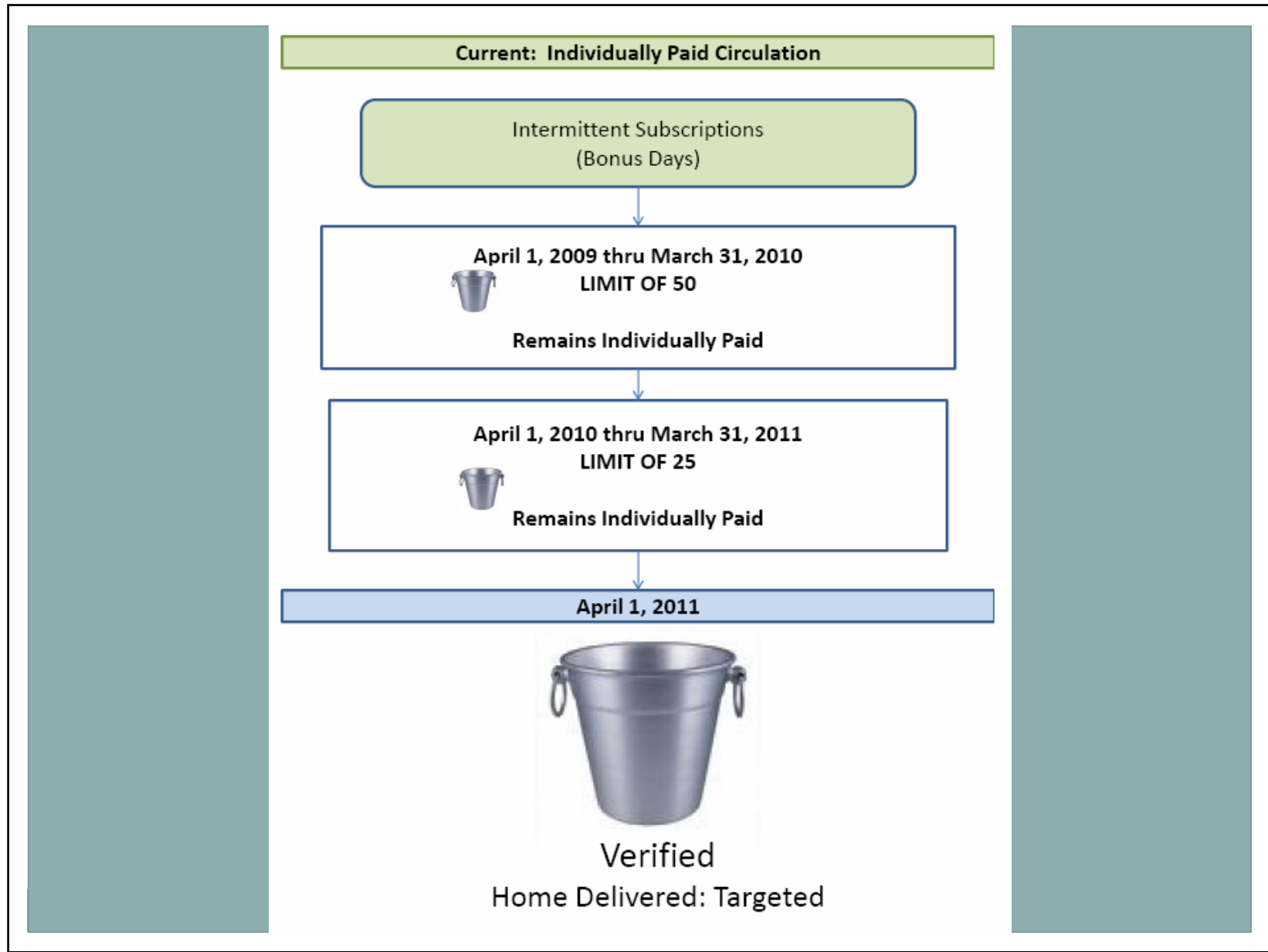
October 1, 2010
Translation

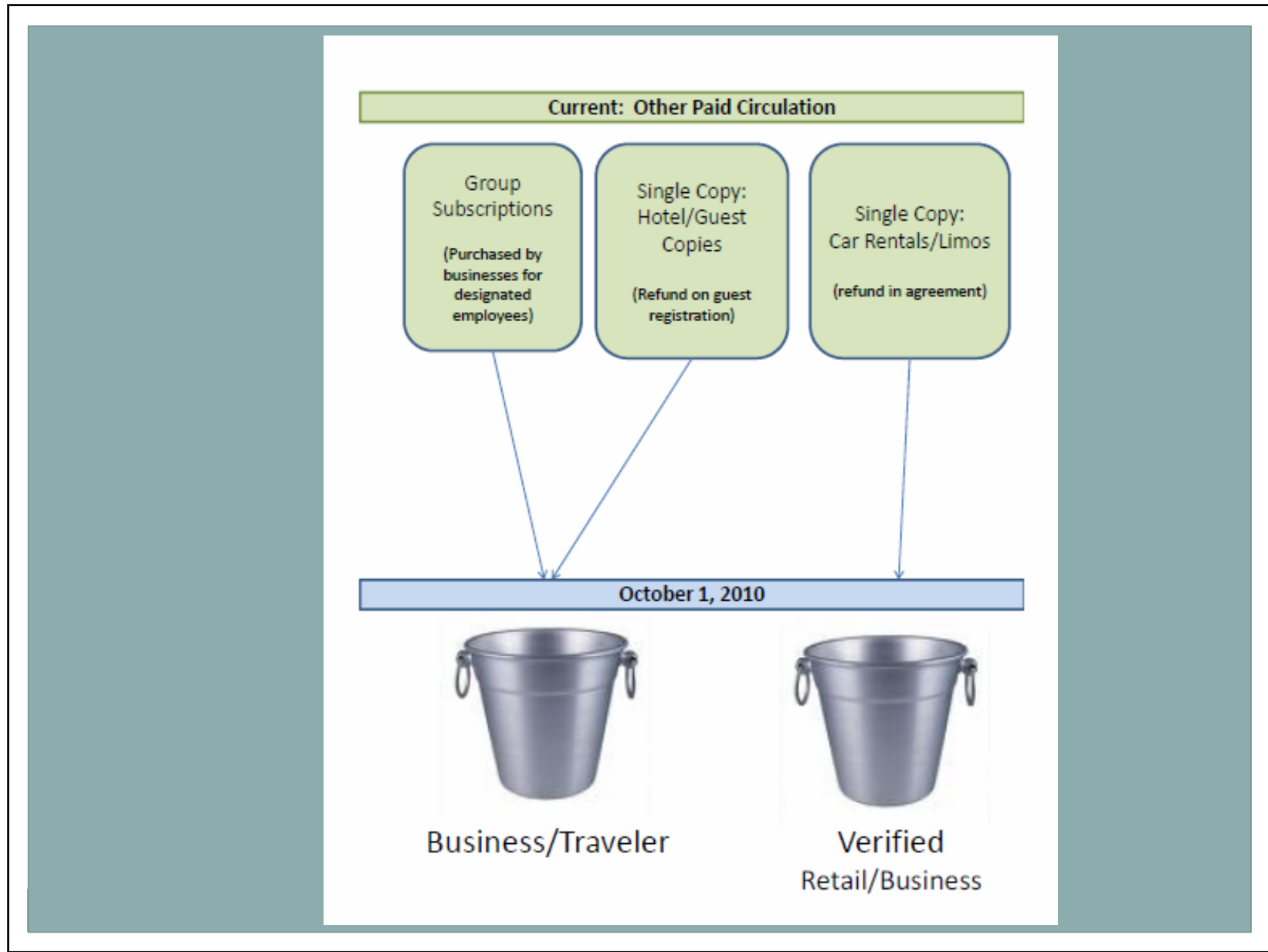


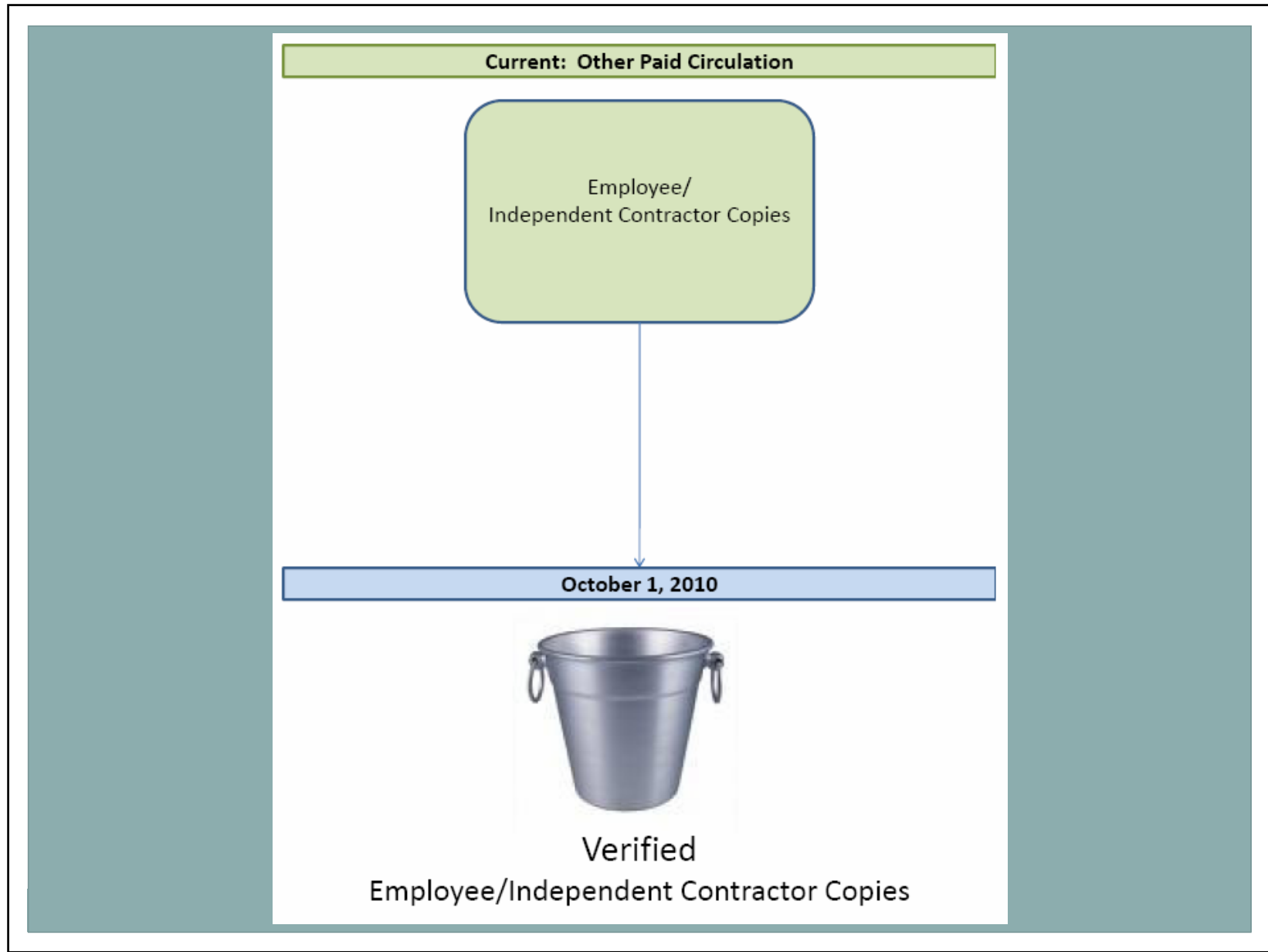
**HOW WILL CIRCULATION
FROM MY CURRENT PROGRAMS
BE CLASSIFIED
AS OF OCTOBER 1, 2010?**

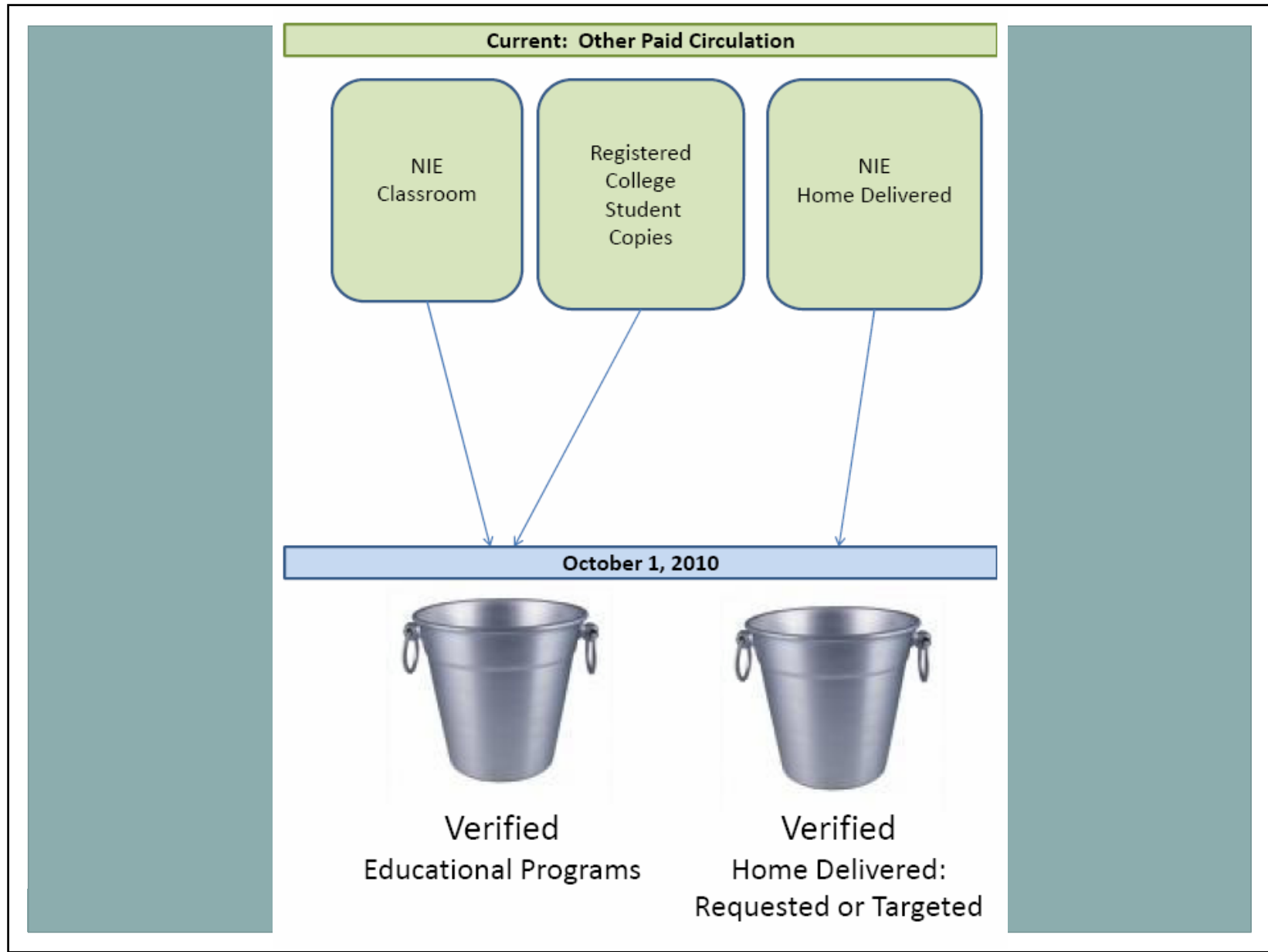
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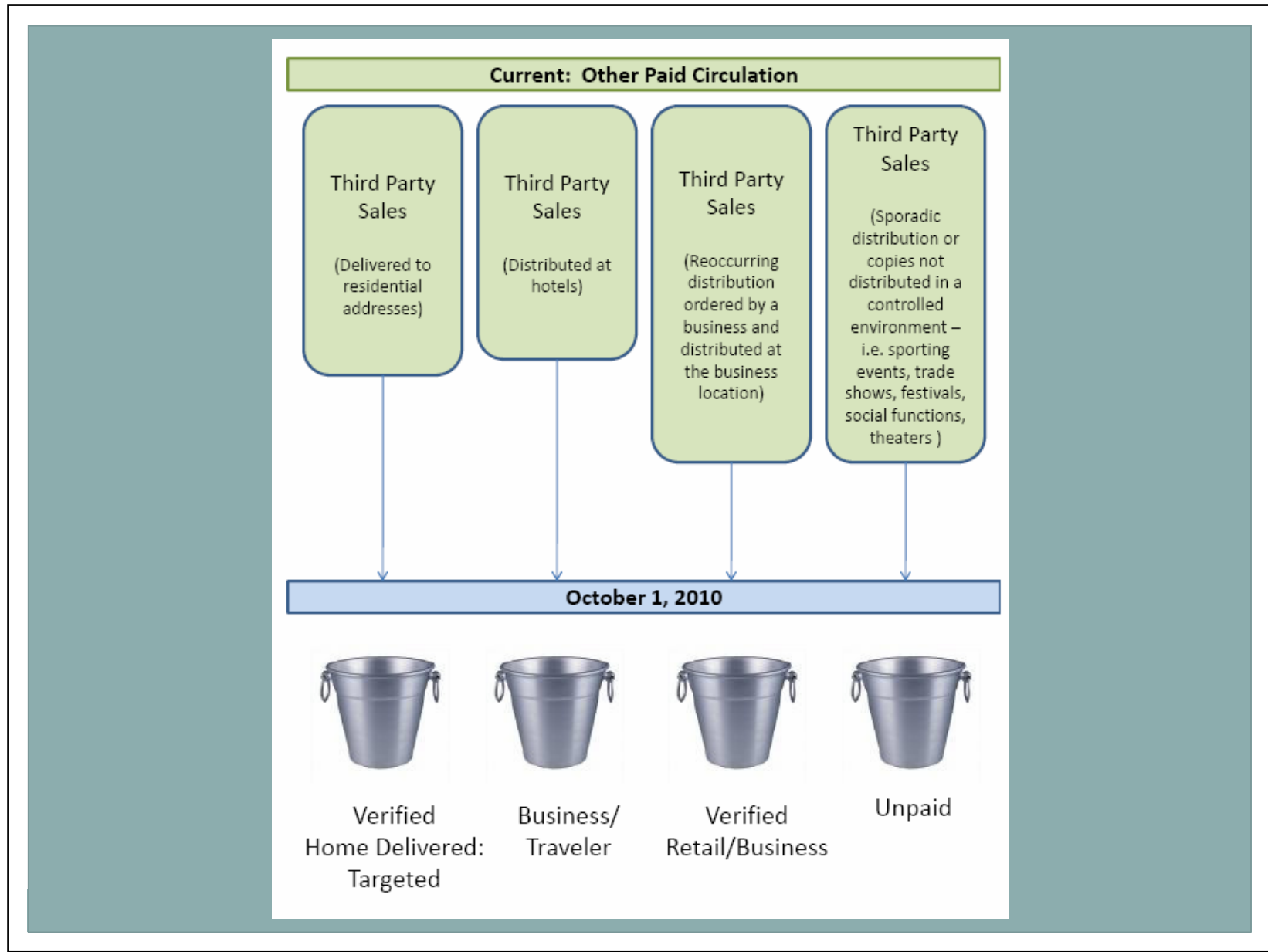


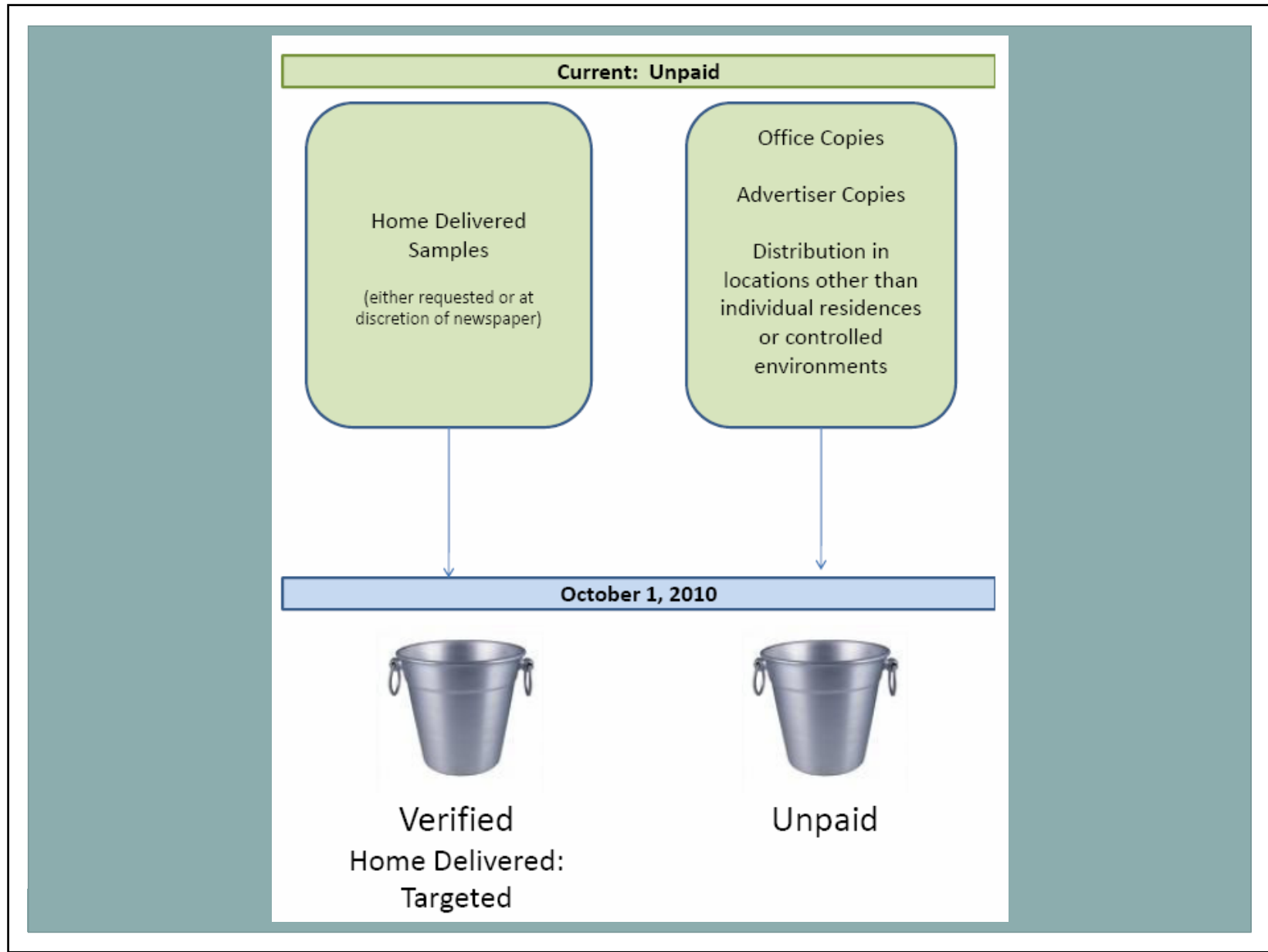














October 1, 2010 Reporting Improvements



- **ABC ZONES**
- **PAR. 2**
- **ZIP CODE REPORTING**
- **OTHER PAID CIRCULATION**

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October 1, 2010



- **ABC Zone reporting becomes optional**
 - Choose to do so, then must also disclose basic prices by zone if they vary.
- **Par. 2 will disclose circulation by distribution channel.**
- **ZIP Code reporting (3B) will become mandatory.**
- **“Other Paid Circulation” category eliminated.**



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Q & A?

Thank you for attending.

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