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CircDay LA

October 4, 2007





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ABC Update

Rule modifications that occurred at the following ABC Board of Directors meetings:

- ◆ November 2006
- ◆ March 2007
- ◆ July 2007



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All Divisions

- ◆ Bylaw 10.2
- ◆ This bylaw addresses the timeframe for submitting exception requests to the ABC Board.
- ◆ Modified to require exception requests be submitted at least 14 business days prior to an ABC board of directors meeting.
 - Effective November 13, 2006



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All Divisions

- ◆ Bylaw 10.2 Procedure
- ◆ This bylaw pertains to the individual responsible for signing exception requests.
- ◆ Amended to require that exception requests to the ABC board be signed by the publisher or other senior executive outside of the circulation department (e.g. CEO, CFO, COO).
- ◆ Effective March 12, 2007



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All Divisions

- ◆ Bylaw 2.14 Publisher's Statement
 - Rule addresses individuals responsible for sign off on submission of the Publisher's Statement.
 - Modification effective for December 2007 requires the statement to be signed and certified by the following:
 - ~ Senior circulation executive
 - ~ Publisher or individual in executive management outside of circulation (e.g. President, CEO, etc)



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All Divisions

- ◆ Rule B 2.1 Member Obligations
 - Rule addresses responsibility of publisher member to supply audit materials on a timely basis.
 - Under the previous rule, a publisher must provide all requested audit materials within 12 months of close of audit period.
 - Modified rule requires publisher to provide requested audit materials within **6 months** of the audit period ending.
 - Failure to comply will result in suspension of report services by ABC.
 - Effective July 16, 2007.



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All Divisions

- ◆ Rule B 2.8 Variations from Publisher's Statements
 - Rule addresses requirements for reporting circulation variances between publisher's statements and audit findings.
 - Three times a year a variance report is issued listing publications found to have audit adjustments greater than 2%.
 - Updated Rule effective with next variance report period (Fall 2007) will change the 2% reporting threshold for this report to 3%.



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All Divisions

- ◆ Rule D 8.2 Premium Defined, Rule F 8.1 Premium Defined
- ◆ Rule addresses the application of premium rules in relation to providing free or discounted access to online archives.
- ◆ Modified to allow free or discounted access to online archives – provided they come from the same editorial home – without influencing the qualification of current or future subscriptions.



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Business Publications





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Business Publications

- ◆ Rule D 10.2 Separate Editions
 - In order to clarify the identification of an eligible edition.

An eligible edition shall be defined as follows:

- » A print or digital format.
- » Maintains same name and logotype characteristics as the main publication.
- » If edition carries a different name, it must use the core publication's basic logotype and reference "edition of ____" on its cover.
- » Effective with December 2007 Publisher's Statement.



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Business Publications

- ◆ Rule D 10.3 Digital Versions and Digital Editions
 - Formalize existing guidelines for qualification and reporting of digital format (see www.accessabc.com)
 - Definitions can be found on the ABC Web site.



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Consumer Magazines





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Single Copy Combination Sales

- ◆ Forced Combination Sales of Single Copies
 - Rule F 8.4 Subscription/Single Copy Sales in Combination
 - Modifications address opportunities to sell 2 consumer magazines in a newsstand environment
 - ~ Current rules require “3-stacks” to be made available at all retail locations when two publications are sold in combo.
 - » Stack 1 = publication 1
 - » Stack 2 = publication 2
 - » Stack 3 = combo package of publication 1 and 2
 - Effective January 1, 2008 two consumer magazines may be sold in combination without requirement of “3-Stacks”.



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Single Copy Combination Sales

- ◆ Forced Combination Sales of Single Copies (cont'd)
 - Updated rule will require:
 - Must be current newsstand issue.
 - Must have homogeneous content.
 - Minimum price to be collected is:
 - ~ 100% of highest cover priced magazine
 - ~ 25% of other magazine
 - No more than 50% of the draw of the magazine with the smallest newsstand draw may be packaged in combination
 - Full disclosure in ABC reports will include:
 - ~ Identification of magazines
 - ~ Issue and quantity sold
 - ~ Combination price
 - Pre-notification to ABC prior to on-sale is required



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Single Copy Combination Sales

- ◆ Forced Combination Sales of Single Copies (cont'd)
 - Pre-notification form will be available at www.accessabc.com under the publisher support center online pre-qualification/evaluation form section.
 - ABC Board will review the use of this updated rule in 12 months.



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Verified and Sponsored

- ◆ Qualification of Verified and Sponsored Sales
 - All modifications effective with January 1, 2008 issues
 - VERIFIED CIRCULATION
 - ~ Service of Back Copies to Verified Sources
 - ~ Full Term Disclosure of Verified Copies Served
 - SPONSORED SALES
 - ~ Qualification and Reporting of Public Place Sponsored Sales
 - ~ Qualification and Reporting of Individually Addressed Sponsored Sales
 - ~ Service of Back Copies to Sponsored Sources



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Verified Circulation

♦ Verified Circulation

- Service of Back Copies – Effective January 1, 2008 Issue
 - Rule F 7.2 Back Copies modified to stipulate that recipients of public place verified circulation are ineligible to receive back copies.
 - Back copies served to individually addressed verified sources will qualify only if the recipient directly requested the publication.



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Verified Circulation

- ◆ Verified Circulation
 - Full Term Disclosure of Verified Copies Served – Effective January 1, 2008 issue.
 - Rule F 15.1 Verified Circulation modified to require a publisher to make Full Term Disclosure under the Verified Category for all copies served in this source of circulation.
 - ~ If a publisher elects to report any verified circulation, all copies served must be classified and reported on ABC reports as verified circulation.



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Public Place Sponsored Sales

◆ Sponsored Sales

- Effective January 1, 2008 Issue

- Rule F 2.1 Sponsored Sales changed to eliminate qualification of public place copies as a paid circulation source.

- ~ Public place copies shall be governed under existing Verified Circulation Rules and reported under verified circulation category.
- ~ Publisher may make disclosure on bureau reports of fees paid to publisher/agent for distribution of these copies.



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Individually Addressed Sponsored Sales

- ◆ What about Individually Addressed Sponsored?
 - At the July 2007 meeting, the board took no action to modify the current reporting of individually addressed sponsored sales.
 - ~ *Defined as copies delivered to individual consumer for their personal use.*
 - Subject has been referred to various liaison committees for review and discussion as to future reporting of this category.



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Consumer Magazines

- ◆ Trend Analysis Reporting
 - Reporting prepared by ABC and made in Paragraph 5 of the Publisher's Statement
 - Current trend analysis reflects 5 year history and circulation data on an annualized basis for:
 - ~ Subscriptions (paid and verified)
 - ~ Single Copy
 - ~ Analyzed non-paid
 - ~ Totals
 - ~ Year Over Year Changes
 - ~ Rate Base
 - ~ Average Price
 - ~ Notes an N/A where data is not reported or reporting was prior
 - Updates to Trend Analysis appear on the December 2007 publisher's statement:
 - ~ Elimination of reporting of rate base
 - ~ Elimination of the noting of "N/A" where data is not reported



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Items of Note





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Consumer Magazines

◆ Audit Timeliness

- Goal is to reduce time between end of audit period and release of final audit results.
 - Reminder:
 - ~ Short term goal is to complete audits within 9 months of close of audit period.
 - ~ Long term goal is to complete audits within 4 to 6 months of close of audit period.
- Board reviewed existing Credit Cancel rules and practices at their July 2007 meeting. Goal is to eliminate any barriers credit cancel calculations may create in the finalization of timely audit results.



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Consumer Magazines

◆ Audit Timeliness (cont'd)

- The Board endorsed an alternative for calculating credit cancels for publications reporting on the “Direct Method.”
- Publications that have a stable historical cancellation/pay-up rate will provide the auditor, at the point the audit is ready to be closed, an estimation of remaining credit cancel copies.
 - Methodology used by publisher to arrive at estimated cancels must be approved by auditor.
 - Material differences found between publisher estimate and final figures will result in either a revised audit report or notation on next.



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Consumer Magazines

◆ Multi-Media Report

- Include ABC audited print and audited website activity on one report.
 - Website summary information reported in Paragraph 1A.
 - Website detailed information reported after the traditional print circulation data.
 - ABC reports would not total print and website activity into a single figure.
 - Both sources must be audited by ABC/ABCi.



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Consumer Magazines

Prototype example of Multimedia Report now available to consumer magazines on the ABC Web site.

One prototype represents top line data only.

The second prototype reflects expanded reporting.

THANK YOU!



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