



Business Publication Circulation Promotion Guide

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Audit Bureau of Circulations
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Contents

Introduction.....	Page 2
Maintain a File.....	Page 3
Field Served/Definition of Recipient Qualification.....	Page 3
Paid Circulation.....	Page 3
Basic Price.....	Page 3
The Word “Free”	Page 4
Back Copies.....	Page 4
Premiums.....	Page 5
Collection Stimulants.....	Page 6
Combination Sales.....	Page 7
Bulk Sales.....	Page 9
Group (Mail Subscription Special).....	Page 9
Association Subscriptions.....	Page 10
Qualified Non-Paid Circulation.....	Page 11
Direct Request From Recipient—Written.....	Page 11
Direct Request From Recipient—Telecommunications.....	Page 12
Summary.....	Page 13

Introduction

This booklet is intended to provide guidelines for the application of ABC rules for people who write business publication subscription offers and sales programs. It explains how to write promotions so the resulting sales qualify as paid or qualified non-paid circulation on ABC reports.

It is the publisher's prerogative to set the basic subscription and single copy prices, as well as the price of any promotion offer. This guide simply shows how to present these offers so that they conform to ABC rules.

ABC's Publisher Relations Department is available to conduct a confidential review of member programs and offers for conformance to ABC rules. Please contact your publisher relations manager in field auditing at ABC headquarters (847) 605-0909 with any questions or fax your request to (847) 605-0483.

The requirements and rules mentioned in this booklet are those in effect as of March 2002. As new rules become effective, these requirements will be subject to change. ABC provides copies of current Bylaws & Rules at no charge. To obtain a copy, please contact ABC's Service Department at (847) 605-0909 extension 267. In addition, current Bylaws & Rules may be accessed through the ABC web site at www.accessabc.com.

No part of this guide may be reproduced without making this forward a part thereof and without the consent of ABC.

Maintain a File

Rule B 1.4 File Copies, Subscription Promotion Offers, requires a publisher to maintain a complete promotion file for review by an ABC Auditor.

The promotion file should contain samples of all promotional pieces utilized during the year. This includes, but is not limited to, all print offers, telemarketing scripts, Internet forms and any other materials used.

The *Field Served* is a statement by the publisher of the specific business or industry covered by the publication and of the target audience of its editorial content.

The *Definition of Recipient Qualifications* is a statement by the publisher describing the titles or functions of individuals or groups of individuals entitled to receive copies of the publication.

Circulation served to paid and non-paid sources must be supported by information which is no older than 36 months and which will align the recipient to the field served and the definition of qualified recipient. This data is to be maintained by the publisher for review during the audit. For paid subscriptions **only** where data is not available for this qualification, the subscriptions may be reported as "Other Paid" on circulation reports.

Field Served/ Definition of Recipient Qualification

Paid Circulation

Rule D 1.1, Paid Circulation Defined, is the primary rule for reporting circulation as paid on ABC reports. If the subscriber is paying at least one cent per subscription, a publisher can count the subscription as paid. A similar paid rule exists for the sales of single issues. A publisher who collects at least one cent per copy can count those copies as paid.

The following pages will address how qualification requirements can be affected by premium offers; multiple subscription sales and combination sales; and/or the inclusion of a publication as a benefit of association membership. Other promotional opportunities will also be explored.

Basic Price Rule

Basic prices, as defined by **Rule D 1.2 Prices**, are prices established by the publisher at which the publication can be purchased by anyone, at any time, for a definite duration.

Publishers can and do offer special, reduced or higher prices, based on the basic price.

There can be only one basic price for single copies and only one basic price for each established subscription duration. However, the basic price for one year of a monthly publication does not necessarily have to be 12 times the single copy basic price. It can be more or less. Likewise, the basic two-year subscription price can be more or less than the one-year basic price.

The Word "Free"

It is possible to construct offers that meet ABC guidelines for paid subscription sales and still use the word "free" or "trial." This can be done through the presentation of a contractual agreement for the full term offered and the total amount being charged. The required ABC wording must be shown on the contract portion of the offer (portion returned by the subscribers) or, if a telemarketing approach is used, the proper wording must be verbally stated to the subscriber. In the absence of this contractual agreement, any copy represented as free in the offer will not qualify as paid circulation on ABC reports.

Incorrect

___ YES! Send me 3 free issues and if I like *Prototype Journal*, please bill me for 9 more issues for the great price of \$20.00.

Why this offer is incorrect:

No contractual agreement is present for the full term (12 issues) of the offer.

Correct

___ YES! Send me 3 free issues and if I like *Prototype Journal*, please bill me for 9 more issues (12 in all) for the great price of \$20.00.

Back Copies

Rule D 7.2 Back Copies, allows a subscription to begin service with one issue prior to the current issue for publications other than weeklies; and two issues prior to the current issue for weeklies, provided the issues are served consecutively.

Back copies can be served for up to three months prior to the current issue if the subscription offer specifically advises the subscriber that they will receive back copies; provided the copies are served consecutively. If this type of offer is made, the publisher will need to provide proof of notification to the subscriber and document the number of subscriptions sold resulting from back copy offers.

Back copies included in subscription offers that do not follow the above guidelines will be considered premiums; and therefore, will be subject to **Rule D 8.2 Premium Defined**.

Premiums

Premiums are defined as any item or inducement offer designed to entice an individual to subscribe. Premiums, whether free or included in the offer at a reduced price, are part of many subscription offers. As such, specific ABC rules govern their use, **D 8.2 Premium Defined**, **D 8.3 Premiums with Subscriptions/Single Copy Sales**, and **D 8.4 Premiums with Combination Sales**.

An exception to these premium rules involves offering additional periodicals and newspapers as an inducement to subscribe. When a promotion uses another publication as an incentive, such promotions are governed under combination sales rules and not considered premiums, unless as noted under the backcopy rule.

ABC rules require the subscriber to pay the value of the premium plus at least one cent. It should be noted here for publications opting to report average price, and for the reporting of Paragraph 5 Price Data in the Publisher's Statement, the amount allocated for premium reporting is the amount paid by the subscriber, less the value of any premiums offered.

If a publisher makes subscription or single copy offers that include a premium, details of these sales are to be reported in the Explanatory Paragraph identifying the premium used and values assigned.

How does a publisher determine the value of a premium? According to ABC rules the value is the HIGHEST of the following:

1. Recognized retail price
2. Represented, stated or advertised value
3. Cost to the publisher

For example, if a premium costs \$5.00 to manufacture, there is no represented value and it is not available to the retail market for purchase at a higher price, a value of \$5.00 would be assigned to the premium and a subscription sold with this premium must be sold for at least \$5.01. This amount is determined by totaling the value assigned to the premium, plus one cent for the subscription.

If this premium is advertised in the subscription offer as having a value of \$8.00, the publisher would be required to assign an \$8.00 value to the premium. Therefore, the minimum amount that must be collected would be \$8.01 (\$8.00 for the premium and one cent for the subscription).

Similar rules cover the use of premiums in conjunction with single copy sales. Single copy issues sold in conjunction with a premium are required to sell for a minimum of the assigned value of the premium, plus at least one cent.

Judgment comes into play on the subject of "recognized value or retail value." Observe a simple rule of thumb: If the premium is available for retail sale at a higher value, the publisher must consider the retail selling price in qualifying the subscription offer. If a publisher states or infers a higher price, then that price must be used.

If a promotion ad claims that a premium is "easily worth \$10.00," that is the premium's value unless the cost or retail value is higher. In addition, if a promotion shows a premium with a stated price, that price becomes the represented or advertised value if higher than the price listed in the promotion.

Many items, such as books and atlases have a retail price printed on them. If such a product is used as a premium, the printed price will serve as the recognized retail price.

Incorrect

___ YES! Sign me up for one year of *Prototype Journal* for \$16.00, and I'll receive a free day organizer worth \$19.99 at no extra cost.

Name _____
Title _____
Occupation _____
Address _____
City, State, Zip _____

Why this offer is incorrect:

The minimum amount that must be collected in this offer is \$20.00. (Full value of the stated value plus one cent.)

Correct

___ YES! Sign me up for one year of *Prototype Journal* for \$20.00, and I'll receive a free day organizer worth \$19.99 at no extra cost.

Name _____
Title _____
Occupation _____
Address _____
City, State, Zip _____

Note: For reporting of Paragraph 5 Price Data and average price, the value assigned to the publication from this sample offer would be one cent.

Collection Stimulants

A collection stimulant is anything offered to induce payment for a subscription after the publisher has received a subscription order. This collection stimulant may include extra copies of the publication or a cash discount. **Rule D 7.3 Collection Stimulants**, governs the use of collection stimulants.

If a publisher decides to use extra issues of the publication as a collection stimulant, it will need to make sure that a contract is made for all issues covered by the subscription term. Without this contractual agreement, it is possible the extra issues being provided will not qualify as paid circulation.

If a product, instead of extra copies, is being utilized as a collection stimulant, then qualification follows the same rules as a premium. The publisher must evaluate the value of the collection stimulant against the three methods and the highest value must be used for qualification. Again, the publisher must collect at least one cent for the term offered along with the full value of the collection stimulant.

As with premium use, collection stimulants must be reported in the Explanatory Paragraph of the Publisher's Statement and the Audit Report.

Combination Sales

A combination sale, as defined by ABC, is two or more subscriptions or single copies of different publications sold at prices less than what the publications may be purchased for separately. There are several different types of combination sales and the offer being made to the subscriber or single copy purchaser will determine the necessary elements to qualify all publications in the sale as paid on ABC Publisher's Statements.

Rule D 8.5 Subscriptions/Single Copy Sales in Combination, provides rules that govern combination sales. Combination sales governed under **Rule D 8.5** addresses requirements where two or more business publications or a business publication and a consumer magazine are sold in combination. Rules for the combination sale of a business publication and a newspaper can be found under **Rule C 5.4 Subscriptions/Single Copy Sales in Combination**.

*Note: if a combination offer clearly states that each publication can be purchased individually at the same price as in the group, the sale is not a combination sale governed under **Rule D 8.5**.*

To qualify as paid circulation, at least one cent per publication must be collected. As with other types of paid circulation sales programs, a contractual agreement must be present. When combination sales are used, a full explanation of sales generated through the combination program must be made in the Explanatory Paragraph of the Publisher's Statement and the Audit Report.

Incorrect

___ YES! Subscribe to *Prototype Journal* for \$12.00, and receive *Business Today* at no additional cost.

Name _____

Title _____

Occupation _____

Address _____

City, State, Zip _____

Why this offer is incorrect:

No contractual agreement is present for a subscription to both publications.

Correct

___ YES! Subscribe to *Prototype Journal* and *Business Today* for the low price of \$12.00 per year.

Name _____

Title _____

Occupation _____

Address _____

City, State, Zip _____

The price paid for each publication (as shown in average price reporting and the Analysis of Total New and Renewal Subscriptions) is allocated using one of two methodologies.

The first is used when the offer includes references to the value of each subscription in the combination (with the sum of the references totaling the total offer price). In this case, the referenced values must be the allocated amounts for the value of the subscription.

The second is used when no references are made in the presentation to the subscriber. In this case, the values assigned to the subscriptions must be based on a pro rata of each publication's basic price to the sales price.

Combination Sales Offer Illustrating Value Allocation by Referenced Value Method

___ YES! Subscribe to *Prototype Journal* for one year for \$10.00 and receive *Business Today* for one year at only \$1.00 more.

Note: For Price Data reporting and average price calculation, *Prototype Journal* would reflect \$10.00 and *Business Today* would reflect \$1.00.

Combination Sales Offer Illustrating Value Allocation by Pro-rata of Basic Price Method

___ YES! Subscribe to *Prototype Journal* and *Business Today*, both at \$11.00 for one year.

Note: For Price Data reporting and average price calculation, the pro-rata of the basic prices for the publications involved must be used.

When a premium is offered in conjunction with a combination sale, the minimum amount that must be collected is the full value of the premium plus one cent per publication involved in the combination sale.

In situations where a publication consists chiefly of reference data, rather than general reading material, premium rules apply. In addition, no matter what its content, a publication with a frequency of less than once every three months and sold in combination, is also considered a premium, and is subject to the applicable premium rules.

Bulk Sales

ABC defines bulk sales as individual copies of subscription and single copies purchased in quantities of two or more that promote the interest of the purchaser. **Rule D 2.1 Bulk Sales**, allows the publisher to include bulk sales in paid circulation, provided the following requirements are met and the reporting guidelines are followed:

At least one cent per subscription or single copy sale is being collected in order for the sale to be reported as paid circulation.

Post expiration copies served on bulk subscriptions cannot be counted as paid circulation.

The average number of copies served during the period from bulk subscription and single copy sales are reported separately in Paragraph 1 of the Publisher's Statement and the Audit Report, including an explanation of the sale(s) in the Explanatory Paragraph.

The Explanatory Paragraph must identify separately individual bulk subscription sales programs exceeding 5 percent of total average paid subscriptions; and direct request circulation, excluding bulk subscriptions as reported in Paragraph 1 for the period immediately preceding that in which the transaction takes place.

Individual single copy bulk sale(s) that exceed 1 percent of the total average paid and direct request circulation; less total bulk sales for the period immediately preceding that which the sale occurs, must be identified separately in the Explanatory Paragraph of the Publisher's Statement and the Audit Report.

Group (Mail Subscriptions Special)

ABC defines group subscriptions as those sold in quantities of five or more to corporations, institutions or individuals for distribution to their employees, subsidiary companies or branches.

Copies may be reported as group subscriptions, provided that at least:

- 1) One cent is paid by the purchaser of each subscription, and
- 2) Documentation is available to confirm recipient qualification. This documentation may take the form of an individual address field; or, when copies are sent in bulk for redistribution, proof that the copies were provided to qualified individuals.

Copies served from this category of circulation must be reported under Group in Paragraph 1 of the Publisher's Statement and the Audit Report and must be fully explained in the Explanatory Paragraph of each report.

Subscriptions purchased in quantities of four or less by corporations, institutions or individuals for their employees, subsidiary companies or branches will automatically qualify for reporting as individual sales on the Publisher's Statement and the Audit Report provided the sale conforms to all other aspects of Group.

Association Subscriptions

Association subscriptions are copies served to members of an association, organization or society. Copies served on subscriptions meeting this criteria may be reported under paid circulation, providing the following conditions are met:

All association members must be notified that their dues or payments include a subscription to the publication and the amount allocated for the subscription must be noted on every bill for dues, payment or contribution.

The amount allocated to the publication may be presented to the subscriber in a deductible or non-deductible manner.

The amount being allocated for the subscription must be at least one cent.

Disclosure is made pertaining to the average copies served from both deductible and non-deductible associations in Paragraph 1 of the Publisher's Statement with the details of the program listed in the Explanatory Paragraph.

The amount of money allocated for the subscription on dues and invoices, both deductible and non-deductible, is the amount included in the average price calculation.

Incorrect

___ YES! I want a one-year membership to Proto Association. Enclosed is my \$20.00. Send my subscription of *Prototype Journal* as part of my association membership.

Name _____

Title _____

Occupation _____

Address _____

City, State, Zip _____

Why this offer is incorrect:

No allocation is made regarding the amount of dues applied to the price of the publication. To qualify, this amount must be at least one cent.

Correct

___ YES! I want a one-year membership to Proto Association. Enclosed is my \$20.00 of which \$6.00 will be applied to a one-year subscription of *Prototype Journal*.

Name _____

Title _____

Occupation _____

Address _____

City, State, Zip _____

Qualified Non-Paid Circulation

Many business publications consider qualified non-paid circulation a valuable part of their circulation mix.

In general, ABC rules require that to be categorized as "direct request," the individual recipient or their company should have taken an affirmative action to receive the publication. This can occur either in written or telecommunication form.

Lists, directories or other sources are categories where the individual recipient has not made a request for the publication. Instead, the publication is being sent based on a known characteristic of that individual, such as his/her job title or occupation.

For all non-paid circulation to be reported as qualified on ABC reports, documentation needs to be available that places the recipient in the field served and within the definition of the recipient qualification as established by the publisher.

Direct Request From Recipient —Written

Rule D 12.1 Non-Paid Direct Request Circulation, addresses the necessary elements of qualifying circulation as qualified non-paid direct request.

If you are creating request forms for reporting circulation as qualified non-paid direct request on your ABC report, a yes/no question must appear on the form. For example:

"I wish to receive *Prototype Journal* _____ Yes _____ No"

An alternative is to have the subscriber sign the form in response to a statement like the following: "Please sign here if you wish to receive *Prototype Journal* at no cost." All responses utilizing this phrasing must include a signature and a dateline to be considered direct request.

Note: Because subscribers often do not follow all directions, ABC recommends the publisher ask a yes/no question and request a signature.

Direct request documents should also contain the job title or classification of the recipient that is to be listed in the publication's Paragraph 3A Business/Occupational Analysis of the Publisher's Statement. As mentioned above, for copies to be reported as qualified non-paid, the information needs to be available to place the recipient in the field served and within the definition of recipient qualification. Therefore, it is common practice to solicit this information at the time of obtaining the publication request.

Orders meeting the direct request requirements received via e-mail, fax and other electronic mail orders initiated by the recipient or his/her company may be reported as Direct Request—Written on ABC Reports.

Direct Request— Tele- communications

Incorrect

YES! Please continue my free subscription to *Prototype Journal*.

Name _____

Address _____

City, State, Zip _____

Type of Business (check one): Prototype Manufacturer

Prototype Retailer Other (please identify) _____

Why this offer is incorrect:

It doesn't include a yes/no question or a dateline.

Correct

YES! Please continue my free subscription to *Prototype Journal*.

No, please cancel my subscription.

Name _____

Address _____

Title _____

City, State, Zip _____

Signature/Date: _____

Type of Business (check one): Prototype Manufacturer

Prototype Retailer Other (please identify) _____

When using telemarketing to secure direct request non-paid subscriptions, the interviewer must sign and date the interview record and ask a personal question (verifier) that only the subscriber is likely to answer correctly.

Examples of acceptable personalized questions include:

Mother's maiden name Date of birth

City of birth State of birth

High school last attended

The personal question should change with each subscription update. It is also important to ask questions of potential subscribers that verify they match the publisher's definition of recipient qualification and are in the field served.

The script and the records of all calls placed should be retained by the publication for auditor review. It is helpful to keep the telephone number on the form in case the auditor needs to call to verify the request or qualification.

Qualifying Offer

Hi! My name is John Smith and I'm calling on behalf of *Prototype Journal*. We would like to know if you are interested in receiving or renewing your free subscription. ____ Yes ____ No.

(if yes) Great! In order to begin (or continue) your subscription, I need to ask you a few brief questions:

1. Are your name and address correct as stated?
2. What is your job title? _____
3. What is your job function? _____
4. Which of the following best describe your business or occupation?
____ Prototype Manufacturer ____ Prototype Retailer
____ Other (please identify) _____
5. For verification purposes, could you tell me your mother's maiden name?

Thank you for your time.

_____ (operator signature and date)

Summary

Perhaps the most valuable advice regarding promotional writing is: When in doubt, check it out with ABC.

If you have a new selling approach you'd like to use or are unsure about any promotions, you are encouraged to contact ABC for rule interpretation or review of your promotional offer. For more information on qualifying promotional offers, contact the Field Audit Publisher Relations Management Department at:

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For current versions of this guide and the ABC Bylaws and Rules, please visit the ABC Web site at www.accessabc.com.

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