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## ABC National Newspapers

A change has been agreed to the ABC National Newspapers Reporting Standards. We have updated the latest Reporting Standards to incorporate this change and you can now view or download these from our website [www.abcstandards.org.uk](http://www.abcstandards.org.uk).

### Have a suggestion or a query about a rule?

As an ABC member you can ask us to look at any aspect of the information we publish or the rules behind them. If you have any suggestions or comments please contact ABC's Commercial Director, Jan Pitt ([jan.pitt@abc.org.uk](mailto:jan.pitt@abc.org.uk)) or any member of the [ABC National Newspaper Reporting Standards Group](#).

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### Retail Incentives – audit approach clarification

The rules have been updated to clarify what steps we expect publishers to take when operating a retail offer and how we'll approach the auditing.

This includes stating that the publisher must have appropriate management controls and processes in place to ensure the copies sold under a retail incentive offer are treated as intended in-store, properly recorded and accounted for. These include:

- Details of how a scheme operates and relevant financial arrangements
- Supporting evidence of relevant financial and process arrangements, including (with third parties where applicable):
  - Instructions to retailers and stores on operating the incentive
  - Publisher's own checks of in-store compliance.

The audit will encompass a review of the publisher's management controls and checks, including supporting evidence of claimed sales, how the scheme operates and relevant financial arrangements. In addition, according to the auditor's judgement of risk (see below) they may conduct their own mystery shopping to 'health-check' the in-store operation of the scheme and hence the effectiveness of the publisher's controls and checks.

## Amendment – effective immediately

Shading below denotes new text added and strike-through text removed:

## RETAIL SALES [extract]

### 4. The price paid for the publication by the consumer must be clear and conspicuous

- a) If a voucher from a publisher controlled promotion is used the amount paid by the consumer is deemed to be the total of the cash paid to the retailer and any cash they paid for the voucher.
- b) The value (or perceived value) of gifts or cover mounts to the consumer have no effect on the price paid for ABC purposes. However cash reimbursements to the consumer must be taken into account (excluding limited low chance lottery style promotions).
- c) You must retain details of promotional or special offers during the reporting period.
- d) Where you are operating a retail incentive scheme:
  - i) You must have appropriate management controls and processes in place to ensure the copies sold under a retail incentive offer are compliant and properly accounted for. This may include:
    - o Supporting evidence of relevant process and financial arrangements (including with third party intermediaries where applicable)
    - o Instructions to retailers and stores on the operation of the incentive in-store
    - o Your own checks of in-store compliance
  - ii) The quantity of copies should not exceed potential demand by the intended consumers. *This should take into account factors such as store size/footfall, non-scheme sales, evidence of returns etc.*
  - iii) You must provide to your auditor on request details of stores currently operating the scheme and those upcoming in order to facilitate planning of in-store checks

Added to **guidance**:

#### G4d. Retail Incentive schemes – Management controls and processes

- For each scheme the detail and extent of these controls and processes will vary as they should be appropriate to the nature of the promotion, including the scale and associated risk. A list illustrating potential risk factors is included below for information. The list is not exhaustive.
- These controls and processes are reviewed as part of the audit process and help the auditor determine the level of risk and consequently the type and extent of audit work undertaken.
- If the auditor judges the controls and checks in place for a particular scheme are not operating sufficiently effectively then they may require changes or, ultimately, decide copies under the scheme are not eligible for inclusion.

Risk factors associated with retail incentive schemes include:

- The total quantity of copies sold under a retail incentive scheme relative to the total ABC claim
- The details of how the scheme operates and relevant financial arrangements between the publisher, any retail merchandising companies, and the retailer groups involved in the scheme
- The nature and extent of controls put in place by the publisher and/or retail merchandising company to ensure retailers operate the scheme correctly
- Whether the scheme allows the consumer a choice of publication or is for a single title
- Whether the schemes are regular and ongoing or one-off/intermittent at particular outlets
- The 'value' of the incentive to the consumer