



26th October 2018

Important changes for ROI Newspapers

Following a comprehensive review, this document details changes to the ROI Paid and ROI Letterbox Reporting Standards, **effective from periods ending December 2018**

Aims

- Simplify without sacrificing quality
- Review level of detail
- Use understandable terms
- Introduce principle that ABC Standards do not restrict publisher pricing policies

Key changes

- Changed certificate design – clearer, simpler, more charts ([view example certificate for Consumer Magazines for template layout](#))
- Introduction of new primary circulation categories – paid single copies, paid subscriptions, paid multiple copies, free copies [Letterbox only]
- Paid Multiple Copies – Caps for different audience type/locations simplified and rationalised, new general cap that provides flexibility for new routes to market
- Digital Editions - Purchaser's details no longer required for copies sold at less than 20%

Please refer to the following pages for details of specific changes.

If you have any queries regarding the changes please do not hesitate to contact ABC enquiries@abc.org.uk



Changes - Reporting

ROI Paid Newspapers

1. Average circulation will be analysed under three 'primary' circulation categories (as applicable):
 - Paid Single Copies (retail, single copy sales, Special Editions, Sports Editions)
 - Paid Subscriptions (single copy subscriptions and voucher subscriptions)
 - Paid Multiple Copies (multiple copy sales, Sports Editions)
2. Paid Multiple copies not broken out circulation into 'short term' and 'non short term'
 - Publisher may request to report additional analyses, derived from (or closely connected with) data reported on the certificate, providing in ABC's opinion it relates to the certified product, is clear and able to be audited
3. The following information will no longer be reported:
 - Publication format
 - Geographical region served

ROI Free Letterbox

4. Average distribution will be analysed under the 'primary' category 'Free copies'
5. The following information will no longer be reported:
 - Publication format
 - Geographical region served
 - Pagination
 - Editorial content percentage

Changes – Requirements

[All ROI Paid Newspapers only unless indicated otherwise]

6. **Voucher Subscriptions**
 - Reduce the minimum voucher subscription term from 4 weeks to 2 issues, in line with other ABC sectors
7. **Paid Multiple Copies – Capping of audiences removed or simplified**
 - The number and types of caps to be rationalised and simplified – [see point 16 below](#).
 - Publishers may claim a greater quantity than the cap if they have documentary evidence of commensurate demand (to be tested at audit).
 - Remove the specific allowances for multiple copy sales deals at full cover price
 - Remove the clause that caps may be restricted due to multiple publications being supplied at a location
8. **Special Editions**
 - Remove requirement that a Special Edition application must be submitted to ABC for approval in advance of being claimed (it will continue to be verified at audit).



9. Editions [Paid Newspapers and Free Letterbox]

- Remove the requirement that, in relation to the main edition, the edition itself must have at least one common ROP ad. Note: The other current requirements for an edition remain unchanged:
 - a. Masthead carries generic name of main edition
 - b. Branding and appearance must not give impression that it's a different publication
 - c. Carries same cover date/issue identification
 - d. Published on or about the same distribution date

10. Retail Sales – Accounting for voucher promotions

- Vouchers may be accounted for on a wash-through basis for titles reporting less-frequently than monthly (currently only monthly)

11. Digital Editions

- The threshold at which the requirement to capture individuals' details (copies purchased below 20% of print price) is lowered to zero. I.e. all paid copies can be claimed if have evidence of purchase.
- Remove 20% minimum threshold for Gift subs for Digital Editions removed (maximum of 12 copies per subscriber remains)

12. Excluded issues [Paid Newspapers and Free Letterbox]

- ABC must no longer approve requests for exclusions in advance of the claim. This will instead all be tested at audit. This means exclusion notes will not be issued or published and the information on exclusions will be found on the certificate. *[The publisher may of course still request advice/guidance before excluding an issue].*
- Where an issue is excluded because of a reason that requires the demonstration of a shortfall in circulation – the shortfall will be assessed on Paid Single Copies and Paid Subscriptions (previously retail, single copy sales and single copy subs)

13. Basic Cover Price

- Remove the stipulated process for notifying ABC if a cover price is not published. These will be handled on a case by case basis.

14. ABC reports – titles not included [Paid Newspapers and Free Letterbox]

- Remove the 'certificate pending' and 'not reported' references for titles not appearing in the ABC report.

15. Free Letterbox delivery [Free Letterbox only]

- Allow inclusion of deliveries to Multiple Residential Units (flats/houses up to 10 copies)
- Remove the requirement for ABC to pre-approve systems before being claimed
- Replace the requirement to notify ABC of all changes in distribution method and distribution points to ABC with a requirement that you must be able to provide information on request

16. Paid Multiple Copies - Caps

New Audience type From Dec 2018	New Cap From Dec 2018	Previous Audience Type	Previous Cap
Transport (airside/airline, train, ferry, cruise ship, coach, bus)	No. of seats (based on 1 journey per issue per transport method/location)	Airline	75% of seating capacity (based on average no. of journeys per day)
		Trains	50% of seats (by day by class)
		Ferries	33% of seats
		Cruise Ships	65% of cabins
		Coaches	50% of seats
		Buses	40 copies per bus
Train/Bus Station / Park & Ride	150 copies	Train station	150 copies per outlet
		Bus station	50 copies
Hotel/Apartment block	No. of rooms/residences	Hotels	No. of rooms: 80% Dublin / London, 65% elsewhere
		Blocks of flats/apartment blocks	75% of no. of residences
Sports Event / Exhibition	50% of attendance	Sports Events	33% of attendance
		Events/Exhibitions	33% of attendance
Business / School / College	50% of no. of staff/students	Schools	15% no. of pupils up to 6 th Form
		Universities/colleges	33% of no. students
		Business/Offices	33% of no. staff
Hospital / Residential home / Prison	50% of no. of beds	Hospitals	50% of no. of beds
		Nursing/residential homes	50% of no. of beds
		Prisons	15% of number of cells
Supermarket / Major store / Petrol station / Motorway Services	250 copies	Supermarket/Hypermarket (food/household goods and >300sqm)	250 copies per outlet
		Major store (>300sqm)	100 copies per outlet
		Petrol station (4 or more pumps)	150 copies per outlet
		Motorway service station	20 copies per outlet
Managed shopping centre / retail park	Sum of individual outlet caps	Managed shopping centre/retail park	Sum of individual caps
General retail / customer service location	50 copies	Newsagent	50 copies per outlet
		Convenience store selling newspapers	50 copies per outlet
		Retail outlet not otherwise defined	20 copies per outlet
		Food/Beverage Outlets	80% of seating capacity
		Estate Agent	50 copies per outlet
		Meals on wheels	50% of no. of meals
		Job centres	80% of no. of seats
		Car hire & commercial vehicle/van hire /minicab firms	50% of no. of cars/vehicles
		Privately owned gym	50 copies
		Public Service Location (e.g. council offices)	50 copies per outlet
		Theatres/cinemas/Bingo Halls	15% of seats
		Bowling Alley	5 copies per lane
		Betting shops	80% of no. of seats
Other Publication Insert	ABC certified net retail sale/letterbox figure	Other Publication Insert	ABC certified net retail sale/letterbox figure

The following change, effective from periods ending December 2018, was made outside of the above review.

17. Retail incentive schemes – audit approach clarification

Overview

Following consultation with the industry we introduced [guidance](#) in August 2015 for the treatment of newspapers sold as part of various retail incentive schemes.

This guidance focused on the wording of the offer to consumers and is generally accepted as providing a consistency of treatment as to whether copies are eligible to be included in an ABC claim and whether they are full price or discounted.

Types of Retail Incentive

	Promotion type	ABC requirements
1.	Gift: Something you get given automatically (e.g. covermount) when buying the publication. Typically a gift not available for separate purchase.	Ignore the gift
2.	Linked purchase / discount: Consumer receives some other value as a result of the purchase of newspaper e.g. <ul style="list-style-type: none"> • Another item discounted or free • Cash discount off the basket of goods as part of the transaction 	<ul style="list-style-type: none"> • Reported price of publication as per offer wording <ul style="list-style-type: none"> ○ (i.e. Full Rate, Below Full Rate or Free (disallowed)) • Incentive must be operated correctly in-store • Ignore the value of the other item • Cash discounts to be taken into account except when point of sale collateral and operation of offer meet certain criteria

The issue

With linked purchase/discount schemes the correct reporting of newspaper sales for ABC can be very dependent on the finer nuances of the wording of the offer. Therefore, we sometimes encounter scenarios where a deviation from the intended operation of the offer within a store could render the sales ineligible for ABC purposes or mean they are misclassified as Full Rate sales rather than Below Full Rate.

An offer operated incorrectly in-store can be very visible in the marketplace and may undermine the credibility of a publisher's ABC circulation figure.

All offers have a risk of being operated incorrectly in-store. At the same time it's very difficult, without significant resource, for ABC to test the in-store operation of incentive schemes throughout the country, given such schemes can run for varying durations and across different outlets. In addition, where testing is done on a sample basis it can be difficult to determine how the results should be applied to all copies sold under a particular scheme due to the volume and spread of sites involved.

What is needed

Due to the increasing prevalence of retail incentive schemes throughout the market we would like to clarify what steps we expect publishers to take when operating a retail offer and how we'll approach the auditing.

Publisher: management controls over the retail incentive scheme

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.

Auditor

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.

If the auditor judges the controls and checks in place for a retail scheme are not sufficiently effective to ensure the scheme is operated as intended in-store then they may require changes or, ultimately, decide copies under the scheme cannot be claimed. Mystery shopping may require additional audit fees commensurate with the work involved.

Risk factors

We've identified below potential risk factors relating to the in-store operation of these types of retail promotions. These will be considered in determining the appropriate level of audit testing:

- 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

Amendment

Text denoted by shading has been added

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:
 - Supporting evidence of relevant process and financial arrangements (including with third party intermediaries where applicable)
 - Instructions to retailers and stores on the operation of the incentive in-store
 - 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