



December 2009

Leading the World in Auditing Media

Below, we have summarized new rule amendments passed by BPA's Board of Directors at their December 2009 meeting.

Unless otherwise specified, all changes are effective immediately.

The Rule Amendments/New Rules may be accessed through the "Rules" link on the [BPA](#) home page, or by [clicking here](#). We have also posted this summary to the [BPA blog](#). If you prefer, please contact your [BPA Member Relations Manager](#), or any of our audit staff, with any questions.

Board Actions Applying to Business Publications, Consumer Magazines and Newspapers

Digital Reporting–Joint Industry Committee created. In May 2009 the BPA Board voted to establish a Joint Industry Committee (JIC) to study the evolution of digital magazines and newspapers and establish future reporting criteria. The JIC is made up of media owners, buyers of online media and digital media enablers (DMEs)—and they met four times prior to the December Board meeting.

The first action of the JIC was to revise the definition of a digital magazine/newspaper—much has changed since digital was first defined in 2001. The board approved the following definition:

Digital Magazine/Newspaper – A magazine/newspaper (either with a companion print version or as a stand-alone digital product) delivered periodically in a digital format with metered (i.e. linear) navigation, that is edited, designed, and contains date-stamped content that includes advertising (but not necessarily the same advertising as might appear in a print version). A digital product may be dynamically created, have targeted content, or may exist in parallel with pre-existing media.

Though editing, design, and issue identification (i.e. date-stamped content) are significant differences, the primary distinction between a digital magazine/newspaper and a website is the metering (this can be pagination or any other method of going through the issue from beginning to end).

Effective with the June 2010 circulation statements and audit reports, media owners must disclose under a "Statement of Content Platform" the form or combination of forms of digital magazine/newspaper used per the below definition/ description.

Dynamic – Editorial can be created and/or selected at point of delivery. With a dynamic digital magazine/newspaper, each recipient can receive a copy with different content and that content can change at any time.

Targeted – Editorial is changed for specifically defined groups and/or platforms before point of delivery. With a targeted digital magazine/newspaper, each group of recipients, whether they are segmented demographically or because of the platform they use to receive the digital product, receive a copy with different content specifically selected for that group. Apart from minor updates, the content cannot change once the issue is made available.

Enhanced – If a print brand existed first, “enhanced” is editorial that is retained from the original edition and is redesigned and/or supplemented. With an enhanced digital product, each issue’s content is primarily taken (but not necessarily replicated in its entirety) from the original edition (whether in print or digital). Apart from minor updates, the content cannot change once the issue is made available.

Replica – If a print brand existed first, editorial and design are unchanged from the original print edition. With a replica digital product, each issue’s content and design are identical to the original edition. Apart from minor updates, the content cannot change once the issue is made available.

In addition, on recommendation by the JIC, the Board voted to change the term “electronic editions” to “digital magazines” for publications and magazines only. Newspapers opted for “E-editions.”

The JIC work continues and we will keep you posted on the progress.

Circulation statement proof approval. BPA rules allow a total of 20 business days for members to complete a review process and approve statement proofs. For those media owners who file prior to their due date, the 20-day count will not begin until the due date for filing that statement. Media owners filing after their due date will not be given the full 20 days to approve their statement.

Digital edition conversions. Publishers may convert “requested” print edition subscriptions to digital edition subscriptions, provided the subscriber who requested the publication receives advance notice of the conversion and is given the option to refuse the conversion. The notice of conversion must give the publisher sufficient time to stop the conversion and provide a print copy if the subscriber refuses to convert to digital.

Barter Transactions. The Board voted to allow barter transactions to count towards paid circulation on Business, Consumer and Newspaper circulation statements (excluding Canadian daily newspapers). Copies exchanged for goods or services, or sold without using money (barter) may be claimed as qualified paid (barter) circulation providing:

- The requirements relating to qualified paid circulation (sponsored multi-copy same addressee circulation or sponsored individually addressed circulation) have been met.
- The goods and services exchanged must have been sold in the public domain over the last twelve months and have a clearly identifiable and established market value.
- The publisher is in possession of a written agreement with the purchaser, supported by invoiced transactions showing the quantities of copies/goods and services bartered and their value.

- The publisher has provided proof that the barter transactions have been recorded in the publishing company's accounting system and subsequent financial statements.
- The value of the copies sold is not subsequently redeemed by free advertising.
- The goods or services provided in exchange for the publication are not related to the supply of the publication (e.g. costs for distribution or marketing of the publication).

Board Actions Applying to Business Publications and Consumer Magazines

Digital Editions: Physical Addresses. As digital magazines and newspapers continue to grow, more publishers are experiencing the challenge of subscribers preferring not to provide a physical address. Recognizing the changing market conditions, an additional line, "email address only," will be added to the geographic reporting paragraphs (B4/C6) for electronic subscribers who have provided only email addresses.

Reporting Single Copy Sales: China. New disclosure rules have been approved for members reporting single copy sales in China. If single copy sales copies equal 10% or more of average total qualified circulation for the period, additional disclosure is required.

Charitable Donations. The Board approved reporting guidance for subscriptions sold with charitable donations. Three different types of charitable contribution offers were identified:

1. "You buy, we give" offers. In these offers the subscriber purchases the magazine and the publisher donates a portion of the subscription fee..
2. School/club fundraising programs, where the consumer chooses from a wide variety of magazines and products, and the subscription agent returns a percentage of the sales to the school/club/organization.
3. Non-deductible contribution offer. Example: *"Included with your gift of \$25 or more you will receive a one year subscription to XYZ magazine. Your donation of twenty-five dollars or more is tax deductible less fair market value of three dollars and sixty cents for the subscription."*

In the Scenario 1, "you buy, we give," the subscription price reported should not include the donated amount.

In Scenario 2, school/club fundraising programs are not considered charitable donations and do not need further disclosure/distinction in the circulation statement.

In Scenario 3, non-deductible contributions are combination sales and must be disclosed according to the combination sales rules.

None of the above scenarios are considered promotional incentives.

Board Actions Applying to Business Publications Only

Elimination of Paragraph 8: Business Publication Statements. Paragraph 8 on the BPA business publication statement reports “paid circulation data.” Included in this paragraph are: average annual subscription order price; issues per year; single copy sales price for the period; and renewal rate information. This data is reported in other paragraphs throughout the statement making the paragraph redundant.

Average annual subscription order price is found in paragraph 7. Issues per year are found on page one. Single copy sales and renewal rate data will now be reported in paragraph 9, additional data.

The Board voted to eliminate paragraph 8, paid circulation data, on BPA’s business publication statement effective with the June 2010 circulation statements and audit reports.

Non Continuous Reporting: Business Publication Statements. Very few BPA business publication members report continuous vs. non continuous circulation. The calculations are challenging for fulfillment systems and equally challenging for audience development managers to process. It also makes the circulation statement more complicated for the end user.

Citing a savings in member cost and effort, the Board voted to eliminate the required reporting of copy comparisons in paragraphs 3a, 3b, 3c and 4. Non continuous circulation will still be reported in each paragraph, but the copy count comparisons for each line item are no longer required.

Board Actions Applying to Consumer Magazines Only

Sponsored sales: price disclosure. Effective with the June 2010 circulation statements and audit reports, if sponsored orders represent 5% or more, but less than 10%, of total orders for the period, details of sponsored copies must be broken out in paragraph 8. If sponsored orders represent 10% or more, of total orders for the period, a separate Average Sponsored Subscription Price must be presented in the Price and Frequency table on the first page of the statement and paragraph 3a. If the average sponsored subscription price is required for a period the price must also be reported in the audit history section of paragraph 7.

Qualified Show Copies. To report show copies as qualified circulation, media owners must ship the copies to the show using a third-party vendor. In some markets publishers transport the copies using internal staff; this caused the copies to be non-qualified. Publishers may now transport the copies to the show, but they must receive a signed affidavit from show management, confirming the number of copies available, to be qualified copies.

Multi-Copy Same-Addressee—Agent Distribution. When an agent is awarded the right to be the sole distributor of multi copies to selected franchisee or corporately-owned retail locations, the agent may authorize and execute the distribution agreement. The agreement shall include the list of locations where the copies are to be sent, with full address, telephone number, the quantity per location, and the contact person for each location. Distribution contracts between the agent and each retailer (franchisor or corporate head office) shall be provided to BPA at the time of audit.

The Average Qualified Circulation summary table. To ensure media buyers are comparing apples-to-apples data when analyzing competing statements and to maintain an even playing field among media owners, the Board voted to begin, effective with the June 2010 circulation statements and audit reports, reporting the number of issues included in the Average Qualified Circulation figure as “Average Total Qualified (based on # of issues during period).”

Board Actions Applying to Newspapers Only

Reporting website traffic on newspaper audit reports. Utilizing Nielsen Online’s tagging technology, BPA has been performing website audits for over a year. Close to 500 sites are participating. Effective with the next reporting period, newspapers have the option to report monthly web traffic on their BPA reports. The categories shall be: Page Impressions; User Sessions; Unique Browsers; Unique Browser Frequency; Page Duration; and User Session Duration. Of course, the data can be viewed near real-time online.

Weekday Average Reporting. Daily Newspaper circulation data is currently reported for each day. Beginning with their next statements, Daily Newspapers will also report a combined “Weekday Average” throughout the report.

Reporting electronic educational copies. Paragraphs 1 and 2 will be expanded to include a new category, “Educational: E-edition” to provide greater disclosure of this growing market segment.