



ABC Circulation Audit FAQ's

In order to assist in the on-going understanding of the new rules the following information is supplied.

The difference between Net Paid Sales and Directed Circulation Paid

The purpose of the category of **Directed Circulation Paid** is to allow a publisher to clearly segment paid subscribers that may be of specific value to an advertiser.

For example, if a architectural magazines has a portion of its paid subscriber base that are registered architects, it may wish to highlight these sales by differentiating them from Net Paid Sales (generally retail and subscription sales) by including the sales in the Directed Circulation Paid category.

To qualify as a Directed Circulation Paid sale, a copy must be requested, sold at 50% or more of its cover price, and delivered to a named individual at a verifiable address.

This would also qualify as a **Net Paid Sale**, so the decision is up to the publisher as to whether there is a value for the business in recording the sales under Directed Circulation Paid, generally based on the potential to show advertisers additional value through reaching a more defined target audience.

Note however that Directed Circulation Paid sales do not count towards the calculation of your Capped Promotional Copies allowance.

What is my Capped Promotional Copies allowance?

This category recognises that publishers give away copies to people they believe are in the target market for their magazine (and therefore the target market for their advertisers), with the intention of promoting the magazine.

These are copies drawn from your **Free Copies**, and have to be shown to be given to individuals. The allowance for Capped Promotional Copies is a percentage based on the Average Net Paid Sales for a magazine, as follows;

Net Paid Sales 50,000 and over	2%
Net Paid Sales from 40,000 to 50,000	2.5%
Net Paid Sales from 30,000 to 40,000	3%
Net Paid Sales from 20,000 to 30,000	3.5%
Net Paid Sales from 10,000 to 20,000	4%
Net Paid Sales from 5,000 to 10,000	5%
Net Paid Sales from 2,000 to 5,000	7.5%
Net Paid Sales of 2,000 and under	10%

If you have Average Net Paid Sales of 17,500 copies, you can move up to a maximum of 4% from Free Copies (which sit outside your Total NZ Circulation calculations) to Capped Promotional Copies.

To calculate;

Take your Total Net Paid Sales, and calculate 4% of this.

This will give you your Total Capped Promotional Copy allowance, and you may move these copies from your Free Copies, leaving the balance in Free Copies. You can only claim those Free Copies that qualify as being shown to have been delivered to individuals, even if you do not reach your maximum allowance.

Remember that for all your figures in the audit report, you show the average when divided by the number of issues audited.

A quick check for Capped Promotional Copies is to take your Average Net Paid Sales, and apply the percentage allowance (in the case of 17,500 Average Net Paid Sales, you could claim up to 4% as Average Capped Promotional Copies, which is 700 copies).

Is there are simple way for me to check that my Capped Promotional will pass ABC authorisation?

- 1. You must have Net Paid Sales.**
- 2. You must have Free Copies.**

Free copies have to be given away to individuals, and there are no limits on the number that can be given away. To qualify for Capped Promotional Copies, you must be able to show that copies were given to individuals, with documentation from whoever gave the copies away (for instance, if the magazine were given away at an event, you would need to show that copies were delivered to the event organiser, and you would need confirmation from the event organiser that these copies had been delivered to individuals, possibly by someone handing out

copies to people who fitted the magazines target audience. It is not enough to have the magazine available in a pile for people to pick up).

The simplest methodology is to have a delivery trail and confirmation correspondence for each time you have given away magazines, so your auditor can see that they have been given away in the manner intended by the audit rules.

Why the different categories of Directed Circulation?

Directed Circulation has one underlying theme – the magazine has been delivered to an individual for a reason that would benefit the advertiser.

Directed Circulation Paid is to allow a publisher to clearly segment paid subscribers that may be of specific value to an advertiser (these would also qualify as **Net Paid Sales**). A copy has to be requested, sold at 50% or more of the cover price, and delivered addressed to the individual at a verifiable address.

Directed Circulation Requested has the same criteria applied, except the recipient has not paid for the copy, it can also be addressed by title, and the publisher has decided there is value in supplying the copy for no charge.

Directed Circulation Not Requested is again unpaid, where the publisher has sent copies to people to increase exposure to the magazines target audience. Generally, this will be through a mailing list, to a group of people who by definition would have an interest in the publication.

The **Directed Circulation** categories are there to allow a publisher to quantify to advertisers the value of the magazines circulation in the market it operates in.

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