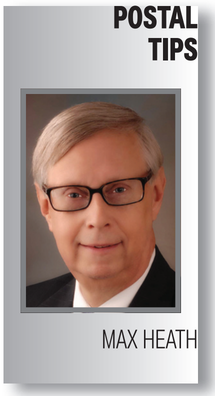
Electronic paid/requester subscriptions count on Statement of Ownership Oct. 1

A momentous decision from the U.S. Postal Service Product Classification department issued in May, will help newspapers concerned about losing long-distance subscribers if they are forced into an electronic edition. The final rule will enable Periodical newspapers, whether Paid or Requester status, to take full advantage of electronic editions by counting them, with some restrictions, on the USPS Statement of Ownership, Management and Circulation, PS Form 3526.



Newspapers may count electronic subscribers for USPS fiscal year 2011, starting Oct. 1, 2011, through Sept. 30, 2012. These subscribers may be reported on the Oct. 1, 2012, Statement of Ownership that many publishers use as verification of circulation rather than hiring outside auditing firms.

A new hard-copy form 3526 is under development, but the electronic form via PostalOne! would not be changed until 2013, so it will not be workable for this year's reporting. Only hard copy 3526s will be accepted.

The new rule, effective May 9, will permit newspapers to count electronic editions as paid subscriber copies provided at least 40 percent of the newspaper's full distribution consists of paid printed copies, including single sales, bulk sales, NIE, etc. Another 10 percent could be electronic to get to the 50 percent paid or requester level.

The new rule supplements existing rules that require more than 50 percent of a paid-circulation Periodical's total distribution to be paid for by subscribers—or for free newspapers, 50 percent requested by recipients.

LESS THAN 60% PAID CIRCULATION COULD TRIGGER OUTSIDE AUDIT IF ELECTRONIC SUBSCRIPTIONS ARE CLAIMED

Please note that reporting of electronic subscriptions is optional, not mandatory, and in some circumstance, if the newspaper cannot maintain 60 percent paid or requester copies of total distributed copies on PS Form 3526 under the 12-month average column, it may not be in a newspapers' best interest to claim e-subs.

The final rule in the Federal Register requires that publishers counting electronic copies use outside audits, but only if the paper does *not* meet 60 percent paid or requester print/electronic copies as a percent of total distribution. The 60 percent requirement on the form to prevent triggering an audit to ensure the paper is indeed above 50 percent paid is not a new rule.

But because USPS does not want to audit electronic subscriptions, it requires an outside audit for papers below 60 percent that also claim e-subs. If you fall below 60 percent paid or requester (depending on your status) and don't report electronic subscriptions, postal employees can still complete the eligibility audit. For most publishers, staying above 60 percent paid is not a problem.

CAN'T DOUBLE-COUNT PAID/ELECTRONIC SUBS TO SAME SUBSCRIBER OR ADDRESS

Under the new rule, a subscription or request for the electronic edition must be separate from the print copy subscription. In other words, a newspaper distributing an e-edition to a print subscriber as an added-valued copy, whether free or paid, may not claim that subscriber twice.

This is only fair, as double-counting different forms of the same issue to households has little or no value to advertisers, and could lead to inflated circulation numbers.

PAID WEBSITE ACCESS COUNTS

But, *up to 60 percent of total paid/requester copies could be electronic* so long as 40 percent are paid/requester print copies. The rule also includes subscriptions derived from paid website access in that total as well as replica editions such as a PDF of the full newspaper.

This final rule followed a campaign by the National Newspaper Association's Postal Committee since January 2008 to get the rules amended on behalf of community newspapers, which do not use outside audits to report their circulation, and wanted to count them on the postal statement of ownership. The issue was worked through the Periodicals Advisory Group of magazines, printers, postal people, with NNA as the sole newspaper representative.

The Postal Service is conservative in its interpretation of Periodicals rules, and rightly so. The Periodical permit is a valuable asset both to the publisher and the Postal Service. It adds value to the mailbox for USPS, and for the newspaper it offers the promise of timely delivery to the reader.

The change would be a great benefit to community newspapers that have suffered in the long-distance mailstream in recent years. Slower mail service has led to lost subscribers. Now newspapers can encourage a shift of those readers to the speedy electronic option without endangering their Periodicals mail status.

Electronic subscriptions form the third leg of a stool allowing community newspapers to stay viable in the mail. NNA has gained assurances that newspapers dropped at delivery offices will get delivery the next day, or in some cases same day if dropped early in the morning. An Overnight Drop policy developed with USPS also protects the right of those mailing up to 500,000 copies per year to continue dropping overnight or at hours the post office is not accepting mail, whether late day or early morning.

And thirdly, NNA has worked to ensure that mail not dropped at delivery offices but delivered in the secondary trade area can be delivered timely through local hubs when in 5-digit/carrier-route containers, even if a small SCF (Sectional Center Facility) is closed. But for long-distance subscribers, NNA does not expect delivery to improve, only worsen with USPS cost cutting, making e-subs important to those willing to read the newspaper online.

MAX HEATH, NNA postal chair, is a postal consultant for Publishing Group of America (American Profile, Relish, Spry) and Landmark Community Newspapers LLC. E-mail maxheath@lcni.com.