

THE NEED FOR YELLOW PAGES THIRD-PARTY CIRCULATION AUDITING Position Paper



Jointly Prepared by:
**Association of National Advertisers
Telephone Directory Committee**
and
**American Association of Advertising Agencies
Directory Advertising Committee**



Overview

Currently Yellow Pages is the only major medium that does not provide independent, third-party circulation auditing. Such auditing has been a best practice in other media for many years. Yellow Pages is an important medium that a lot of businesses depend on – it influences buyers at a “time of need” and is targeted, as well as trackable. As a \$14.4 billion medium, including \$2.2 billion for national advertising, with approximately 7,000 directory titles and almost 550 million printed copies, the time has come for the Yellow Pages industry to provide such auditing. (Sources: Universal McCann’s Robert J. Cohen, spending estimate for 2005; and *Rates & Data* for the number of directory titles and printed copies.)

Today’s business environment demands *accountability* – it is indeed a business imperative. Marketers are under scrutiny from CMOs, CFOs, and the new phenomenon of procurement officers to justify all investments, including media spending. Recently the Yellow Pages industry has launched third-party syndicated usage research, and this is a very positive step in terms of making the medium more accountable and credible to advertisers.

Usage research is used upfront in the planning and buying process to help determine the right directories for a particular advertiser. Circulation auditing is used primarily on the backend to confirm that an advertiser got the media delivery that it paid for. Both components are important. The AAAA Directory Advertising Committee and ANA Telephone Directory Committee urge Yellow Pages publishers to now provide independent, third-party circulation auditing to further increase the medium’s accountability.

The Value of Circulation Auditing

Circulation auditing protects advertisers who buy space, and publishers who sell space.

For advertisers, it provides assurance that they are getting what they have paid for. In the Yellow Pages medium, it would confirm the number of directories that are actually delivered, protecting advertising investments from inflated and misstated circulation claims. The absence of audited information is cause for speculation and doubt regarding the credibility of actual Yellow Pages circulation.

For publishers, circulation auditing enhances credibility with buyers. This credibility helps publishers sell more effectively and increases visibility to advertiser and agency decision-makers. Further, audits make a difference in local advertising as audits are required for many co-op advertising programs.

In today's Sarbanes-Oxley world, with its stringent requirements for accuracy and reliability of corporate disclosures, Yellow Pages media companies have an even greater public responsibility to provide trusted data to the marketplace.

An advertiser purchases media based on the need to reach a targeted audience. It is the delivery of that audience that attracts an advertiser to a given medium and specific media vehicle. Independent, third-party circulation auditing validates this audience delivery. Importantly, note that "independent, third-party auditing" means that the information is compiled and released by an independent, third-party auditing company and cannot be withheld by the media community.

Independent, third-party circulation auditing has been a best practice for 90 years in the magazine and newspaper industries, covering both subscriber and newsstand distribution. In many cases, this includes both paid and nonpaid (controlled circulation) publications. ABC audits over 350 consumer magazines and business publications that report some element of controlled circulation. Moreover, ABC audits over 400 newspapers that – like the Yellow Pages distribution model – are carrier-delivered, home delivery copies, free to the recipient. BPA Worldwide reports that over 80 percent of the magazines they audit report some percentage of controlled circulation and about half of those are 100 percent controlled.

Out-of-home is another medium that provides independent, third-party circulation auditing. Even the Internet, the newest mass medium, has been aggressive in recognizing the importance of auditing by issuing *Global Ad Campaign Measurement & Audit Guidelines* via the Interactive Advertising Bureau.

For the Yellow Pages medium, auditing would confirm the number of directories that make it into a household or business. This distinction between residential and business distribution is a critical component in the media planning process. This information is invaluable in helping marketers determine whether Yellow Pages are reaching the desired target, e.g., consumers or businesses. For residential distribution, a breakdown between single and multi-unit family residences is important. Consider, as an example, a "lawn and garden" marketer who wants to sell lawn equipment to residential homeowners rather than apartment-building dwellers. Renters don't need lawn equipment for obvious reasons and are therefore not in the desired target. A residential breakdown would sharpen targeting and accountability. Further, it would help dismiss the growing suspicions among advertisers regarding the delivery of directories to apartment buildings, especially in major metropolitan areas.

The Concern With Print Counts

Effective with the September 2004 issue of *Rates & Data*, Yellow Pages publishers started to provide “book on the street” figures (printed copies) generated from printer bills in place of total distribution figures. There are numerous flaws in utilizing printer bills as a meaningful measure of circulation. Printer bills do not capture scrapped copies, initial distribution versus secondary distribution, business versus residential distribution, books drop shipped, and books sent to distribution centers. Nor are these printer bills audited by an independent, third-party. In addition, within *Rates & Data*, many directories do not include book counts in the printed copies field because publishers do not provide the data. In essence, printer bills are not only insufficient, but reveal *nothing* about actual, verifiable distribution.

An Opportunity for the Industry

Yellow Pages is one of the most targeted and trackable advertising media. Call measurement tools allow detailed information on who called, when they called, and a means of determining if they became a customer – which in turn delivers a precise ROI for an advertiser. However, a large ingredient is missing – audited circulation!

Independent, third-party circulation auditing would be a significant step for Yellow Pages publishers vying to increase their share of overall advertising expenditures. Without such auditing, Yellow Pages will continue to be at a competitive disadvantage versus other major media.

With a great deal of passion, the AAAA and ANA strongly recommend that the point of view outlined in this position paper be seriously considered by Yellow Pages publishers. Further, it’s suggested that publishers open a dialogue with the various companies which provide independent, third-party circulation auditing to learn more about the benefits of circulation auditing. These include Audit Bureau of Circulations (ABC), BPA Worldwide, CAC, and Verified Audit Circulation.

Yellow Pages publishers are also encouraged to use the resources available on the Internet for further knowledge enhancement on circulation auditing. Consider that a search of “circulation audits” on Google provides 237,000 results! Drilling down a bit reveals some terrific information and case studies. For example, there’s a perspective from the National Association of Hispanic Publications entitled *Circulation Audits Are Key in Development of U.S. Hispanic Print*.

This issue is all about accountability, credibility, and integrity. The AAAA Directory Advertising Committee and ANA Telephone Directory Committee would appreciate timely and thoughtful feedback from the publishers as well as their respective trade associations on this request for independent, third-party circulation auditing.

August 2005