

March 22, 2018

Memorandum of Opposition

MPA – The Association of Magazine Media opposes sections 1 and 2 of H. 593 which stands to directly threaten the ability of businesses, including magazine publishers, to provide automatic renewal offers to Vermont residents. This unintended outcome would occur without any additional consumer protection benefits for magazine subscribers and customers of other industries that utilize automatic renewals.

Established in 1919, MPA represents approximately 100 magazine media companies, with more than 900 titles, ranging from local and special interest magazines to some of the best-known and most widely-read magazines in the world. Our magazines are read by over 90% of US consumers, both young and old, throughout all fifty states.

H. 593 stands to frustrate a well-established practice that benefits consumers and business

Automatic renewal offers are a well-established, and understood business practice that are utilized by a growing number of industries including cable, cell phone, retail, media, and a multitude of online subscription services. As currently drafted, Sections 1 and 2 of H. 593 offer no real benefit or protection to consumers, but instead stand to frustrate a widespread subscription model consumers want and appreciate as a convenience to continuous access to their favorite products and services. Specifically, the bill's 'double opt-in' requirement will insert redundancy in a sign-up process the consumer expects to be easy and painless. In a typical scenario for a magazine subscriber for example, a customer signs-up for an automatic renewal offer by manually entering their full name, credit card information and mailing address. This is a deliberate action, which involves several steps that must be made by the customer before the order can be fulfilled. This step is widely recognized, in all fifty states and by the federal government, as satisfying the affirmative authorization requirement. However, H. 593 would require a business to insert an additional step that would force the customer to confirm, yet again, their intention to buy the subscription before their purchase can be fulfilled.

The double-opt-in requirement of H. 593 is problematic and could result in invalid contracts if the consumer inadvertently or unknowingly fails to complete both opt-in requests in full. Take for example a consumer that authorizes one opt-in, and does not realize they need to provide an additional authorization. The consumer is under the impression that they have placed an order, but the business cannot actually fulfill the order because the second authorization has not been provided. This is frustrating for the consumer – who has now wasted time and effort attempting to purchase a product or service they will not receive – as well as for the business – that has

provided a product or service the customer wishes to purchase, but due to complicated and confusing sign-up requirements, cannot complete the transaction.

Magazine publishers allow consumers to cancel automatic renewal offers at anytime and receive a full refund for any unserved issues

The use of automatic renewals is beneficial to both magazine readers and publishers. For readers, automatic renewals guarantee uninterrupted service for as long as the reader wishes to continue receiving the product. For publishers, automatic renewal provides opportunities for operating at a reduced cost, enabling product prices to stay low. In fact, magazine subscription annual costs range between \$10 - \$20, on average. Additionally, magazine publishers have established significant consumer protections for subscriptions – including the ability to cancel at any time (through a variety of easy-to-use and conveniently accessible cancellation options) and receive a full refund for any unserved issues. As such, automatic renewals for magazine subscriptions provide benefits with no risk to the consumer. Imposing further regulatory requirements on this legitimate and established business practices is unnecessary and will only serve to negatively impact the consumer experience to the detriment of both the magazine industry and its customers.

Conclusion

Magazine publishers serve a consumer base that extends across the entire nation and is present in every state in the U.S. The imposition of state-by-state regulatory requirements, such as those contained in H. 593, is costly, and threatens the ability of our members to continue to offer automatic renewal services to Vermont residents. As stated above, this unintended outcome would occur without any additional consumer protection benefits for magazine subscribers and customers of other industries that utilize automatic renewals. As such, we ask members of the Senate Committee on Economic Development to oppose sections 1 and 2 of H. 593.

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