

Hearst's David Carey & Michael Clinton: 2016's Magazine Executive Team Of The Year

The Mr. Magazine™ Interview With David Carey, President, And Michael Clinton, President, Marketing And Publishing Director, Hearst Magazines



David Carey, right, and Michael Clinton.

"We believe that if you don't grow; it's not a question of just standing still, you actually fall behind. And so we are happy to keep pushing ahead with the growth agenda, and this is not just print, but digital, and all that we do. So, I feel fortunate that the company understands the very important need of new products to our future. We often talk about the famous strategy from the 3M Corporation. They wanted 25 percent of

their profits each year to come from businesses that did not exist five years prior to show that their company would be much smaller if you did not force innovation. And we think about that a great deal, but I'm proud to say that more than 25 percent of our profits in 2016 came from businesses that either did not exist or were in a loss position five years ago." **David Carey...**

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Inside The Great Minds Of Magazine Makers

In a world where many believe that print is a declining medium, David Carey and Michael Clinton preach the opposite gospel. Their firm belief in and love for the printed product knows no boundaries, or to borrow their own phrase, is unbound. And as Hearst Magazines moves into the New Year, we see two more titles being launched through meticulously strategic opportunities and carefully-laid plans, and an innovative mindset that can't be shaken. The two were named by Adweek as Magazine Executive Team of the year in its annual Hot List, and it's a very well-deserved shout-out. While some are closing print magazines, or at the very least, scaling them back, Hearst is proving that the power of partnerships in print may very well be the future of the medium, as they innovate and create one new title after the other with strong brands that have footprints in the sands of many different markets. If you think 2016 was a good year for Hearst, wait and see what they have in store for 2017 and 2018.

I spoke with David recently on the phone and with Michael when I was in New York last week. As I asked them both most of the same questions, I found that the two men are very in sync with each other professionally and have a vision for the company that is creatively consistent. As they move toward the New Year, their thoughts and strategies are already focused on 2018, as 2017 is locked in with two new partnership launches



with Airbnb and The Pioneer Woman. And as David prepares his annual New Year's letter to Hearst employees, his mindset is as it always is; crediting and praising his teams of creative talent and thanking them for another banner year of Hearst success. In a preview to that annual letter, David send a preview letter to the Hearst Magazines employees in which he said:

While a crystal ball would have come in handy, it wasn't hard to predict that 2016 would be a real roller coaster ride, full of change and disruption, across every sector of the media business. But as I like to say (often!) I believe that change leads to opportunities, and our teams have worked hard to make the most of each one this year. Once again, our year-end performance significantly outpaced the industry. Six of our print brands delivered record-setting results. Hearst Magazines Digital Media increased audience by 31 percent and revenue by more than 30 percent... We have evolved our structures, carefully monitored our expenses, and set aside long-held orthodoxies that at times held us back.

So, I hope that you enjoy this Mr. Magazine™ interview with two men who have their fingers on the pulse of what their audiences want continuously, which is a fantastically, well-executed print magazine. And now, the Mr. Magazine™ interview

with David Carey and Michael Clinton.

But first the sound-bites:

On why they think Hearst, one of the major publishing companies around, has never stopped launching print magazines, even during the dawn of the digital age:



David Carrey

David Carey: As you've heard us talk about our sort of corporate tagline, which is "unbound," this is a company that believes in the future, believes in partnerships and is comfortable with risks. We don't do crazy risks, but our format is we greenlight a handful of test issues and we read the results and we proceed from there. We believe that if you don't grow; it's not a question of just standing still, you actually fall behind. And so we are happy to keep pushing ahead with the growth agenda, and this is not just print, but digital, and all that we do.

Michael Clinton: Well, first of all, we've always been a print-proud company. We look at the consumer numbers. What's been interesting about the print magazine world is, before, during and after the Recession, which was all right in the middle of the digital revolution, magazine circulations and magazine audiences have actually been very stable. And in

fact, slightly growing in a world where a lot of other traditional mediums' audiences have declined significantly.

On why they think not many publishing companies have imitated Hearst's successful strategy for launching new magazines:

David Carey: I'd say that Meredith is doing a pretty good job with what they've done with their partnerships and products. They rolled out The Magnolia Journal. I just wanted to point out that there is another company out there that we respect that is also committed to innovation. But to answer your question; it takes something special to have a partnership culture. These are complex, long-term relationships.

Michael Clinton: The way I would answer that is, after the Recession we had a major assessment of the world around us, our world, and we came up with a word called "unbound," which is our sort of mantra. And unbound means "be contradictory." It's contradictory to think that you could launch new print products and be successful; it was contradictory when we decided to create our own digital strategy. It was different than how publishing companies did their own digital strategy. We were very counterintuitive, in terms of how we built our digital strategy, very successful.

On the secret of longevity with magazines like Town & Country, House Beautiful and Harper's Bazaar:

David Carey: First of all, nothing succeeds like success, right? I spent time last week with the CEO of Scripps and our two ventures, as you heard from the teams, had a terrific 2016, so that makes everyone happy. But the secret is obviously just like the partnerships in your personal life, a shared vision about the future, a way to process, on occasion, unfavorable news. But a commitment, I think, adds core, which the fundamental belief here, Samir, as you know, is that we would rather own half of a really successful business than all of an unsuccessful one.



Michael Clinton

Michael Clinton: We like to say that we've been through every media revolution possible. When the telephone was born it was going to displace magazines. When the radio was born it was going to displace magazines. When the television was born it was going to displace magazines. (Laughs) So, we've been through every media revolution imaginable; in fact, Town & Country has been through the Civil War, so... (Laughs again)

On the biggest challenges they've faced in 2016 and how they overcame them:

David Carey: The industry has been up and down. Our retail/advertising faced a lot of challenges the second half of the year, so that was new for us. The broader retail climate is very difficult, so that did throw some curve balls. I think the business challenge for 2016 was the same challenge in 2015 and will be the same challenge in 2017, and that is on the one part to lead a team that is inspired to try new things, raising workflows to set aside long-held orthodoxies, so that's our eternal challenge; to create a scale organization of entrepreneurs in their thinking.

Michael Clinton: I think the biggest challenge continues to be that the marketing community and the advertising community; I always like to say don't confuse me with the facts, because

the medium is strong and healthy with the consumer. Newsstand has its challenges; the channel has its challenges, in terms of people in stores. And as you know that only represents four or five percent of the distribution of magazines. The challenge is that the marketing community that doesn't acknowledge the power of the medium with the consumer is something that's, how do I put it, well, it's certainly a challenge in getting that message out there. So, how have we addressed that? We've done an enormous amount of innovation with paper and how you can work with paper, so all of our various cover configurations are native units in print and are co-branded executions in print and have stimulated the market a lot. We've had huge growth in revenue in these new ways that an advertiser can work with paper.

On the fact that magazines have always been marketers of content; why the hoopla over all of these new buzz phrases like content marketing and native advertising:

David Carey: I think it's also true when you think about the television business; it used to have its sponsored television programs, such as when GE sponsored a certain program, and there were many others that did that too. The tradition of integrated advertisers is as old as the hills.

Michael Clinton: Everything old is new again. That's a great question and I think that what happened is that over time the magazine industry had boxed itself in. And I would argue in many ways that it became too precious. It's like you were talking about earlier with the cycle of the kinds of magazines that were born and came into play, and then left the market. What happened is these isms started making plays and the world around us completely evolved and changed and the magazine industry didn't. And with what we do in print, we all had to move into what the digital world was doing and the Teletown world was doing and the radio world was doing, and that was tied into sponsorship and co-created content. All of that is very much the norm when it comes to how those mediums operate,

and the magazine industry had lagged behind.

On what's next for Hearst Magazines:

David Carey: I think you've seen our game plan now for the next couple of years. I'm very proud of our digital strategy that we've executed; I'm really proud of our product development, in terms of our core thinking about expanding the operation.

Michael Clinton: Well, what's next will be our two big launches. We have a new chief content officer, Joanna (Coles) next door. She and I have been working on the Airbnb project for over a year now and we did a sampler edition that I'll show you. It was distributed at the Airbnb Open, which is a big festival that they do once a year. They had 13,000 people in Los Angeles a few weeks ago. Joanna was on the stage with Brian Chesky, the founder of Airbnb, and I was in the audience and we taped the sampler magazine under the seats, so when she was talking, and I wish that I had had a video of it, when she was talking and they said take the magazine out from under the seats, and people were waving it in the air and asking how they could subscribe to it. So, the response was phenomenal. And people were excited that they now had a magazine.

On what keeps them up at night:

David Carey: My typical answer is always the same; I'm very fortunate that I sleep pretty well, my friend. I never really get thrown off the path or unnerved by the state of the business. We start the year with the same hope that we did this year.

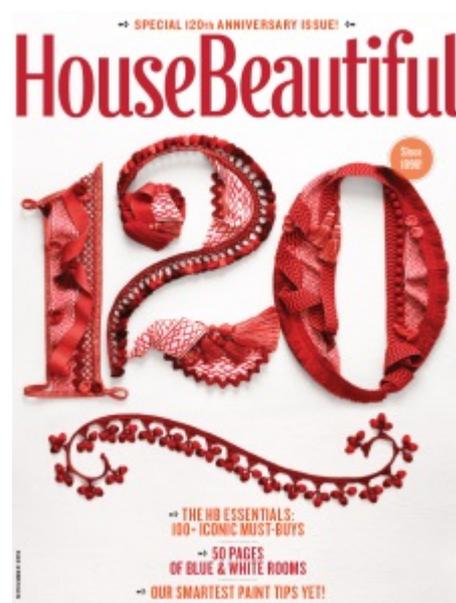
Michael Clinton: I'll go back to what I said earlier, what keeps me up is that there is a lack of appreciation and understanding of the vitality of the printed magazine, with regards to consumers. The metrics are there, when it comes to overall circulation units, which are pretty good. There are ups and downs, you know, but overall pretty good. And the

audiences are quite good. And there is a lack of appreciation for that and for the role that magazines can play in the media mix. It's a media mix. And that's what keeps me up at night; the lack of appreciation for the strength of the medium to the consumer.

And now the lightly edited transcript of the Mr. Magazine™ interview with David Carey, president, and Michael Clinton, president of marketing and publishing director, Hearst Magazines. Up first; David Carey:

Samir Husni: Recently, you announced that you're launching yet another print magazine in sponsorship; why do you think that Hearst is one of the few major companies that actually never stopped launching magazines since the dawn of the digital revolution in 2007?

David Carey: As you've heard us talk about our sort of corporate tagline, which is "unbound," this is a company that believes in the future, believes in partnerships and is comfortable with risks. We don't do crazy risks, but our format is we greenlight a handful of test issues and we read the results and we proceed from there.



We believe that if you don't grow; it's not a question of just standing still, you actually fall behind. And so we are happy to keep pushing ahead with the growth agenda, and this is not just print, but digital, and all that we do. So, I feel fortunate that the company understands the very important need of new products to our future. We often talk about the famous strategy from the 3M Corporation. They wanted 25 percent of their profits each year to come from businesses that did not

exist five years prior to show that their company would be much smaller if you did not force innovation. And we think about that a great deal, but I'm proud to say that more than 25 percent of our profits in 2016 came from businesses that either did not exist or were in a loss position five years ago.

Samir Husni: We're such a creative industry, and yet there are a lot of imitations that take place. Why do you think that not many publishing companies used the same approach that you've done when it comes to launching new magazines? You're launching another print product, The Pioneer Woman; you're doing two issues in 2017, and you'll probably move forward like you did with the Food Network and all of the other past new launches, and then wait and see. Why do you think no other publisher has imitated you?

David Carey: I'd say that Meredith is doing a pretty good job with what they've done with their partnerships and products. They rolled out The Magnolia Journal. I just wanted to point out that there is another company out there that we respect that is also committed to innovation.

But to answer your question; it takes something special to have a partnership culture. These are complex, long-term relationships. We drive a great deal of our profit building through partnerships and those require us to have a somewhat different stance because we have to make decisions with others, and some of these businesses have great days and some have challenging days, so the credit for that really goes to Frank Bennack; it was Frank who established the partnership DNA that is part of Hearst. Frank did it scores of times and so we continue to run with the plays that Frank created when he formed the initial partnership with Capital Cities, and initially created A+E, which lost money for a number of years before it became a huge business. It's in the water here. We're fortunate to be the proud, not so much custodians, but keepers of that partnership flame.

Samir Husni: Once you and I were talking about the way you grow these partnerships; you actually spend a lot of time analyzing the entire process. It's like going on so many dates before you can decide if this is someone you want to develop a relationship with. Can you explain that process you go through before deciding if a particular partnership is a good mix for all involved?

David Carey: Like anything in life; it's about chemistry. And it's not only about the chemistry that each partner contributes, but also how everyone works together. So there is a courtship process and I think it goes in all directions because we are committing capital; we're committing to a business that we will want to operate for many, many years.

In fact, I can tell you that there were two meetings last week and one meeting yesterday that was the first stages of the potential new projects for 2018. We have a long-term horizon on this stuff. Our 2017 projects are in place and now we're starting to think about what comes next. So, they take a while to get done, there's no question about it. That gives you a sense of how this is just a part of what we do every day. We're very focused on the test issues of these two different franchises, but then what comes after that? And we can't start to answer that in September; we have to begin getting to know these other organizations early. So, I had the meeting last week, and there was a conversation yesterday that I was not part of, and that's some of what we do.

Samir Husni: Within a span of one year you had a magazine celebrating its 170th anniversary, Town & Country; one celebrating its 150th anniversary, Harper's Bazaar; one with its 120th anniversary, House Beautiful; what's the secret of longevity with those magazines?

David Carey: First of all, nothing succeeds like success, right? I spent time last week with the CEO of Scripps and our two ventures, as you heard from the teams, had a terrific

2016, so that makes everyone happy. But the secret is obviously just like the partnerships in your personal life, a shared vision about the future, a way to process, on occasion, unfavorable news. But a commitment, I think, adds core, which the fundamental belief here, Samir, as you know, is that we would rather own half of a really successful business than all of an unsuccessful one. That's something that we say often, and both companies need to really believe that they are better off together than they are apart.

Samir Husni: What has been your biggest challenge in 2016 and how did you overcome it?

David Carey: The industry has been up and down. Our retail/advertising faced a lot of challenges the second half of the year, so that was new for us. The broader retail climate is very difficult, so that did throw some curve balls. I think the business challenge for 2016 was the same challenge in 2015 and will be the same challenge in 2017, and that is on the one part to lead a team that is inspired to try new things, raising workflows to set aside long-held orthodoxies, so that's our eternal challenge; to create a scale organization of entrepreneurs in their thinking.

And then the second is, our clients, our advertisers, they have as complex a time as ever navigating through so many different media options, and we have to make sure that our brand, ideas, and our people are front and center. I'm happy our team solved it; we're very proud of their accomplishments, but the media business, and maybe I've given you this standard line, so I apologize if I'm repeating myself, but if you like an industry that's dynamic, fast-changing, sure to reinvent itself, then the media business overall, not just magazines, is a great place to be. If you want your job and what you do to be exactly the same a year or two years from now, you should probably become a schoolteacher, and so we have to have people who feel very comfortable with change.

Samir Husni: And during that constant change, is there a point where you can sit down, draw a deep breath, and say, we've done it? Or is it a continuous process?

David Carey: You can go back to the founders of Dow Jones: we're proud of what we've done, and next year we want to do better.

Samir Husni: Why do you think there's such a lack of institutional history in the magazine business in this country? I was looking at some old magazines in my collection and I saw native advertising in Esquire back in the '30s; I saw native advertising in National Geographic, an article presented to you about the environment by the Mobil Oil Company. We've always been marketers of content, why is it now all about content marketing and all of these new buzz phrases?

David Carey: I think it's also true when you think about the television business; it used to have its sponsored television programs, such as when GE sponsored a certain program, and there were many others that did that too. The tradition of integrated advertisers is as old as the hills.

One of my fondest memories, you mentioned Esquire, I worked for Esquire as my first job out of college, and the owners of Esquire before Chris Whittle and Phillip Moffit acquired it, donated the Esquire archive to the University of Kansas, into the museum there, the physical items, all of the drawings, illustrations and sketches. It was kind of a complex relationship, because Esquire owned the copyright, but the museum owned the actual, physical artwork.

I went out there and I remember going and pouring through an attic of the physical archives, and we struck a deal in the end where we would share, they would provide the original artwork so that we could create new things, and we would share in the royalties, so we worked that out. But you can imagine the owners of Esquire, which may have been Clay Felker, but

I'm not 100% sure if he was the person who donated it. There wasn't really a national institution that was a depository for magazine media.

Samir Husni: What's next for Hearst Magazines?

David Carey: I think you've seen our game plan now for the next couple of years. I'm very proud of our digital strategy that we've executed; I'm really proud of our product development, in terms of our core thinking about expanding the operation.

The media business today; we talk all the time about battleships and speedboats, and we want to be a speedboat. We want to be able to be a company that is both nimble and robust. At times though there are opposing forces, but we work very hard at it, and I am proud of how our team solves in 2016. We have had the best performance in the U.S. But it all starts over again next year.

Samir Husni: You've been at Hearst now for almost seven years.

David Carey: It will be seven years in May.

Samir Husni: If someone asked you to pinpoint one major accomplishment, and I know how humble you are, David; you always give credit to the entire team, but what would somebody write for the history books about the seven years of David Carey at Hearst?

David Carey: That's a deep thought. Luckily they'd write, which is true, that regardless of headline news, and regardless of anything, hopefully each and every day we have fun. Some people I meet will find out that I work in the magazine business and ask me if it's hard. And I tell them how much fun it is. We always believe that there is a path to growth, sometimes it isn't brightly lit with signs pointing at it; you have to find it. But I believe we have fun.

In our company we're blessed with more than 10,000 team members around the world and by no means is the success we've achieved attributed to David Carey or Michael Clinton, who by the way is brilliant, but the success goes to the entire, huge organization that if we do our jobs well as readers, feel energized and confident to go out and take risks with products; take risks with business strategies, and know all the while that the company supports them. And that's our goal. That's what we would measure ourselves against.

Samir Husni: At the end of the year you always write a letter to your employees that goes public about the accomplishments, the forecast, the future; what would be three highlights from that letter?

David Carey: We're working on it now. Three highlights; I guess there will be a knock-knock joke; though we've haven't figured it out yet. (Laughs) But there is a thread that connects all of these messages and notes, to talk about what certain brands accomplished; a number of our businesses did have record performances in 2016, both properties in the U.S. as well as markets around the world, the absolute best ever. And it's always inspiring to take the lessons from those people who led their businesses to new highs, but then to set the path forward. And it comes back to that it's a period of great change and opportunities, the media business is filled with plenty of both. We have both complexity and opportunity to greet us every single day.

And our team members again, when we're successful, will solve for the complexity and cease the opportunity. I feel that's our mission as leaders of the company and as colleagues of thousands of employees. And you'll find a similar message in my letter, and one of great appreciation. By hook or by crook, we had a terrific 2016 and now we're, as you know, setting the stage for next year.

Samir Husni: Is there anything that you'd like to add?

David Carey: Again, I'm appreciative of your close coverage of the industry and our company. You get it; you see the opportunities as well. It's a broader, journalistic world. We share your belief that there's room for new product; there's room for innovation in a business, despite market share or the stock market being up or down.

I think the political environment this year suggested that there's always surprise out there; and we hope to surprise people again in the New Year.

Samir Husni: My typical last question; what keeps you up at night these days?

David Carey: My typical answer is always the same; I'm very fortunate that I sleep pretty well, my friend. I never really get thrown off the path or unnerved by the state of the business. We start the year with the same hope that we did this year.

Michael Clinton is by far the most brilliant kind of revenue, relationship-focused executive in our industry. And he's a very big part of what we've accomplished. We're happy that Joanna Coles has now joined the leadership team of the division and helps us drive to the future. It's wonderful to have Ellen Levine still very present in the organization, after a spectacular career at the company. And Ellen, as you know, is leading the development of The Pioneer Woman, with Maile Carpenter.

We have a fantastic leader of our digital business in Troy Young that brings the very best lessons of the digital pure plays to us, a company of scale and stature. And then we have a great CFO, who is quick to point out to me if I spend too much money on my own T&E, so I can cut back. Debi (Chirichella) was very proud of me; I was recently on a business trip and I commented that I was so excited because I got an upgrade, because I was in seat 32D, and that's what it

takes to make sure that in a company you spend your money where it counts, which is on the product and on the team.

Samir Husni: Thank you.

And now the Mr. Magazine™ interview with Michael Clinton:

Samir Husni: Recently, you announced that you're launching yet another print magazine in sponsorship; why do you think that Hearst is one of the few major companies that actually never stopped launching magazines since the dawn of the digital revolution in 2007?

Michael Clinton: Well, first of all, we've always been a print-proud company. We look at the consumer numbers. What's been interesting about the print magazine world is, before, during and after the Recession, which was all right in the middle of the digital revolution, magazine circulations and magazine audiences have actually been very stable. And in fact, slightly growing in a world where a lot of other traditional mediums' audiences have declined significantly.



So, the core number of the interest in the consumer in a printed product is there. The trick is finding the right kind of product and the right kind of editorial interpretation of that product. And if you build it right, they will come. So, in 2009, the worst year since the Great Depression, we announced that we were launching a food magazine of which there were several hundred food magazines that existed already, and everyone thought that we were crazy. But it was with a great partner, Food Network, and now it's one of our most profitable magazines. It is the number three selling magazine on newsstands in the U.S. It has one of the best set

of metrics, from the consumer's standpoint, in our company, and so the consumer votes.

When we followed that up with HGTV and then Dr. Oz; what we know is that the consumer still has an interest in the medium if you get the concept right. Dr. O, HGTV and Food Network, all three of them are within the top ten monthly sellers on newsstand.

Samir Husni: We're such a creative industry, and yet there are a lot of imitations that take place. Why do you think that not many publishing companies used the same approach that you've done when it comes to launching new magazines? You're launching another print product, The Pioneer Woman; you're doing two issues in 2017, and you'll probably move forward like you did with the Food Network and all of the other past new launches, and then wait and see. Why do you think no other publisher has imitated you?

Michael Clinton: No guts, no glory. (Laughs)

Samir Husni: (Laughs too).

Michael Clinton: The way I would answer that is, after the Recession we had a major assessment of the world around us, our world, and we came up with a word called "unbound," which is our sort of mantra. And unbound means "be contradictory." It's contradictory to think that you could launch new print products and be successful; it was contradictory when we decided to create our own digital strategy. It was different than how publishing companies did their own digital strategy. We were very counterintuitive, in terms of how we built our digital strategy, very successful.

So, what we do is we step back and we look for an opportunity. With our new launches; we actually, as you know, have two new projects coming in 2017; one with The Pioneer Woman and one with Airbnb, one of the great disruptors in the world that is redefining the travel ethos in the world. And so if you

capture a new sensibility and a new community and a new market, you can build a great print product.

Samir Husni: And yet, few have imitated you.

Michael Clinton: That's true. I can't answer why. I guess it's just how we're wired as a company. I think it starts first with having a deep belief that printed magazines will be here for a very, very long time. Will all magazines be there, of course not, the strong will survive and those that have the best point of view will survive.

We're in the lifestyle magazine business; so we have the great photography, the great visuals, and the great content. And so I think it starts first with the deep belief in our core business. It's interesting, we call it our bricks and mortar business and there are some retailers who are doubling-down and being very innovative with their core business; Nordstrom is being extremely innovative with what they're doing with their bricks and mortar, while other physical retailers are shrinking and/or cutting back the number of stores. Nordstrom's is a chain that's actually growing and opening new stores and doing new kinds of innovation.

I think it depends on how core your core belief is in your product and so we'll continue to expand and launch; we'll acquire the right things, and it's that core belief. So, I'd say it starts with your core DNA.

Samir Husni: Within a span of one year you had a magazine celebrating its 170th anniversary, Town & Country; one celebrating its 150th anniversary, Harper's Bazaar; one with its 120th anniversary, House Beautiful; what's the secret of longevity with those magazines?

Michael Clinton: We like to say that we've been through every media revolution possible. When the telephone was born it was going to displace magazines. When the radio was born it was going to displace magazines. When the television was born it

was going to displace magazines. (Laughs) So, we've been through every media revolution imaginable; in fact, Town & Country has been through the Civil War, so... (Laughs again)

Samir Husni: (Laughs too).

Michael Clinton: It survived literal war; the Civil War and kept on going. And I think what's really exciting about a magazine is that it's a living, breathing organism, and if you evolve and change, and if what the editor's actually put on the paper evolves and changes, then you'll evolve along with the culture.

And if you think about the recent evolution of Town & Country, which is a great example of how that's happened under Jay Fielden and now Stellene (Volandes), but the other part of that is that the magazine brands have such a deep texture in the American culture that generations know certain brands of magazines. Whether it's Good Housekeeping or Harper's Bazaar or Esquire; your father, your father's father and so on; it's part of the American culture. There's a trust factor and an authoritative factor that is deeply rooted into the culture and I think if you keep that story contemporary it continues to carry on through generations.

And I think magazines have an outsized influence in the culture. If you hear somebody say I read it in Esquire; you hear the evening news talk about a recent report in – pick a magazine – it is referenced in other media and that has a lot of credibility as well, in terms of authority. In a world of fake news and suspect news and lack of credibility, these are brands that have the great credibility to their subject matter. I think as long as you keep it fresh, they keep evolving.

Samir Husni: What has been your biggest challenge in 2016 and how did you overcome it?

Michael Clinton: I think the biggest challenge continues to be

that the marketing community and the advertising community; I always like to say don't confuse me with the facts, because the medium is strong and healthy with the consumer. Newsstand has its challenges; the channel has its challenges, in terms of people in stores. And as you know that only represents four or five percent of the distribution of magazines. The challenge is that the marketing community that doesn't acknowledge the power of the medium with the consumer is something that's, how do I put it, well, it's certainly a challenge in getting that message out there.

So, how have we addressed that? We've done an enormous amount of innovation with paper and how you can work with paper, so all of our various cover configurations are native units in print and are co-branded executions in print and have stimulated the market a lot. We've had huge growth in revenue in these new ways that an advertiser can work with paper.

Samir Husni: Why do you think there's such a lack of institutional history in the magazine business in this country? I was looking at some old magazines in my collection and I saw native advertising in Esquire back in the '30s; I saw native advertising in National Geographic, an article presented to you about the environment by the Mobil Oil Company. We've always been marketers of content, why is it now all about content marketing and all of these new buzz phrases?

Michael Clinton: Everything old is new again. That's a great question and I think that what happened is that over time the magazine industry had boxed itself in. And I would argue in many ways that it became too precious. It's like you were talking about earlier with the cycle of the kinds of magazines that were born and came into play, and then left the market.

What happened is these isms started making plays and the world around us completely evolved and changed and the magazine industry didn't. And with what we do in print, we all had to move into what the digital world was doing and the Teleten

world was doing and the radio world was doing, and that was tied into sponsorship and co-created content. All of that is very much the norm when it comes to how those mediums operate, and the magazine industry had lagged behind. And now we're kind of rediscovering our past in a way, because yes, you're right, those things may have happened 20 or 30 years ago and we're now bringing it forward into a modern interpretation.

Everybody says to me the people have been around for a long time, native advertising, isn't that like advertorial? And I say, yes, it's all semantics. It's the next generation's version of what advertorial is, so it's just a contemporary version with a tweak.

Samir Husni: What's next for Hearst Magazines?

Michael Clinton: Well, what's next will be our two big launches. We have a new chief content officer, Joanna (Coles) next door. She and I have been working on the Airbnb project for over a year now and we did a sampler edition that I'll show you. It was distributed at the Airbnb Open, which is a big festival that they do once a year. They had 13,000 people in Los Angeles a few weeks ago. Joanna was on the stage with Brian Chesky, the founder of Airbnb, and I was in the audience and we taped the sampler magazine under the seats, so when she was talking, and I wish that I had had a video of it, when she was talking and they said take the magazine out from under the seats, and people were waving it in the air and asking how they could subscribe to it. So, the response was phenomenal. And people were excited that they now had a magazine.

So, what we did with the sampler was produced it just for Los Angeles, because they were all going to be in Los Angeles. What you see in the sampler is a letter from Brian, an opener to sort of give them a taste of what's coming. And then it goes into an Airbnb sensitivity, which as you know, their tagline is "Live like a Local." So it's very local tips and content about Los Angeles and the tricks of the trade when it

comes to navigating around L.A. Then it covers three neighborhoods; Venice, and there was an Airbnb host in Venice and some of their favorite spots. And then there was another neighborhood, Echo Park, and things going on in that emerging area. There was also a host there and his tips. Then downtown L.A., which there is the entire renaissance going on there.

And then you may have read the piece in The New York Times recently where they introduced something called "Trips," so when you go to a destination for Airbnb, you're now able to sign up for experiences that you buy directly through Airbnb. So, if you want to have a surfing lesson over the weekend, you can hire this guy to give you surfing lessons, and you do that right through your Airbnb app. Or you can have a farm-to-table, urban dining experience, or you can have a disco night in Hollywood. These trips are going to be in 12 cities for launch. And then in the sampler magazine, there is a little closing essay.

But the difference is when we did all of our research, and we spent about a year doing research with consumers, the Airbnb'er has such an incredibly different sensibility about their travel experience. They are a very different kind of traveler. Airbnb had its largest night ever about two months ago; they had 1.8 million Airbnb properties rented around the world. That's 1.8 million; this ship has sailed big time.

And when we did the research with the consumer, they don't like any of the existing travel media; they think it's too five-star, and there's a market for that, it's just not that market. And they also don't have the belief and the trust in a lot of the content that's on sites like TripAdvisor or some of the other rating sites. And so, we saw a real interesting white space through our research that was validated. And that's when we together decided to move forward. So, that and Pioneer will be the two big projects for us in 2017.

Samir Husni: When is the first issue of Airbnb?

Michael Clinton: June, 2017.

Samir Husni: So, you have two magazines coming out in June?

Michael Clinton: Yes, different markets and different consumer base, primarily. I think you know that Pioneer Woman is only going to be in Wal-Mart. And how that started was, it sort of came together in two ways. Ree Drummond, the Pioneer Woman, reached out to us because she was interested in this platform. And she knew that we did the Food Network magazine.

Then there was a group of us that was having a meeting with Christy Jenkins, who runs the Wal-Mart books and magazines buying, and we were just talking and she mentioned the wild success of Pioneer Woman products in Wal-Mart. So we put the two things together and then we went back to Christy and said if we did this, would Wal-Mart really get behind it. So, they're going to merchandise it around the product and so forth. There is no intent to keep it Wal-Mart only necessarily beyond the test, but we figured let's test it where she has another built-in constituency.

Samir Husni: My typical last question; what keeps you up at night these days?

Michael Clinton: I'll go back to what I said earlier, what keeps me up is that there is a lack of appreciation and understanding of the vitality of the printed magazine, with regards to consumers. The metrics are there, when it comes to overall circulation units, which are pretty good. There are ups and downs, you know, but overall pretty good. And the audiences are quite good. And there is a lack of appreciation for that and for the role that magazines can play in the media mix. It's a media mix. And that's what keeps me up at night; the lack of appreciation for the strength of the medium to the consumer

Samir Husni: Thank you.

