Hearst Magazines International (A)

George Green’s 156 Tips for Long-Lasting Success

*Jean W. Rosenthal*¹
*Jaan Elias*²
*Ravi Dhar*³

In 1989, George Green took over as the first head of Hearst Magazines International (HMI), a division founded to spearhead the Hearst publishing empire’s forays outside the United States. Green started with a slim list of international titles, but under his direction HMI had expanded to 156 editions in 36 languages, distributed in over 100 countries. In 2007, annual earnings for the division were up 37 percent over the prior year and the division reported a cumulative annual growth rate of 30 percent over the five previous years. Green expected international to soon provide half of Hearst’s corporate earnings – a considerable achievement for a division that had included not much more than a few Spanish language editions of *Cosmopolitan* a decade and a half earlier.

*Cosmopolitan* led the international list as Hearst’s most successful magazine with 60 editions. *Cosmo*, as it was familiarly known, was aimed at independent women in their 20s and at advertisers marketing products and brands to those young women. *Cosmopolitan* was a mix of beauty, fashion, relationship advice, self-help tips, and health pointers, all presented in a breezy personal style with spicy cover headlines that occasionally pushed the envelope of social acceptability. The magazine always included the famous *Cosmo* quiz, which in a few multiple-choice questions promised the reader a better understanding of herself and her guy.

Other Hearst titles followed *Cosmopolitan* into international markets, including *CosmoGIRL*, *Country Living*, *Esquire*, *Good Housekeeping*, *Harper’s BAZAAR*, *House Beautiful*, *O - The Oprah Magazine*, *Popular Mechanics*, *Redbook* and *Seventeen*. In addition, the division opened international markets for non-Hearst titles such as *Men’s Health* and *National Geographic Traveler*. Including titles produced by other publishers, HMI oversaw 190 editions.

During his tenure, Green had managed a difficult balancing act, maintaining international magazine brands while keeping the business and editorial functions of each edition distinctly local. Green had several choices for an entry strategy into new markets. He could license the Hearst titles to local entries, or on the other hand, he could enter these new markets as 100 percent owner of international editions. Where possible, Green focused on an intermediate alternative, a joint venture, where in addition to negotiating a license, Hearst partnered with a local publisher to create a new publishing entity, collaborating on business and editorial matters with partners immersed in the local milieu.

There were no questions about Green’s success, but next steps were not clear. Were there expansions within HMI’s current market approach? If not, where would Hearst find new growth? One possible strategic change might be to increase the equity in existing joint ventures and renegotiate licensing agreements to create new joint ventures. But would this change in equity throw off the delicate balance of control between local and headquarters, and would local licensees allow Hearst to up its equity stake? Were there better options?
Making the Move from One Relationship to Another

George Green built a career at one publishing powerhouse and then moved to another. In 1962, he started at the *New Yorker*, America’s premier journal of arts and letters. Green worked at a variety of assignments from advertising to circulation to financial, gaining experience in nearly every function except editorial. Just 12 years after graduating from Yale College, Green was named the *New Yorker’s* president and chief operating officer (a meteoritic ascent that Green put down to being the only sober guy in the *New Yorker’s* notoriously boozy culture). In ten years as president, he led the magazine to a financial success matching its editorial reputation. Then in 1984, Green left the *New Yorker* to join Hearst as the publisher of seven of the company’s U.S. magazines.

Hearst was and continued to be one of the largest diversified media companies in the world. Besides an extensive portfolio of newspapers and magazines, Hearst owned substantial shares of cable TV networks, such as A&E, The History Channel, Lifetime Television, and ESPN. The company was also the largest owner of ABC and NBC affiliates in the country.

The Hearst Corporation traced its origins to 1887, when 23-year-old William Randolph Hearst became the publisher of the *San Francisco Examiner*, a newspaper that his father had taken on in 1880 to clear a gambling debt and further his political aspirations. From this beginning, William Randolph Hearst developed a newspaper empire that combined investigative reporting, sensationalism, and Hearst’s personal politics and flamboyance. (The classic 1941 movie *Citizen Kane* was close enough to a fictionalized version of Hearst’s life that he attempted to block its release and banned any mention of it in Hearst papers when it came out.)

In its 120-year history, the Hearst Corporation had never gone public. Under the terms of William Randolph Hearst’s will, the corporation was owned by a family trust until all his descendents alive before his death in 1951 were dead. The trust chose the board, which in turn chose the CEO.

The Hearst Corporation started publishing magazines in 1903, when William Randolph Hearst founded *Motor*, a magazine created to appeal to those interested in a new mode of travel – the automobile. Over the decades, the magazine business proved to be very successful, at least in the United States. However, Hearst had not established much of presence internationally. A few editions were published under licensing agreements, giving Hearst little control and limited risk in exchange for 5 to 10 percent of the earnings. To jumpstart its international presence, Hearst established a separate division for international magazines in 1989 and tapped Green to lead the effort, in addition to his duties as executive vice president of Hearst Magazines and a vice president of the Hearst Corporation.

Going Solo, One Night Stand, or Marriage

Under Green’s leadership, Hearst began taking editions of its U.S. magazines into international markets. Hearst was an early entrant in many countries, often opening a new market with *Cosmopolitan*, Hearst’s most successful magazine, and following with other Hearst titles.

The modern *Cosmopolitan* had been created by Helen Gurley Brown in the 1960s as an expression of freedom and liberation of women, written in a personal voice about beauty and fashion, sexual independence, health, and relationships. Its success in the U.S. with young women and with advertisers trying to reach them had led Green to believe that it would succeed internationally. He said,

> With *Cosmopolitan*, I knew I had a concept that would appeal to young women. We’d have to do it in their voice, and in their way, and in an appropriate manner for each country, but I wasn’t worried about the message, because the message wasn’t coming from someone in New York. It
was going to come from a local editor in their country, in their language and their voice, so that
the interpretation of the brand was quite broad, rather than specified. As to specific content from
the U.S. edition, I said, well, use it, or don’t use it. Just keep the faith with the brand.

Perhaps Green’s most notable entry into an international market during his early tenure was
Cosmopolitan’s Russian launch in 1994, three years after the breakup of the Soviet Union. When Green
took his first look at the Russia market, the country had no fashion or lifestyle magazines – under
Communism there were two women’s magazines, Krestyanka (Peasant Woman) and Rabotnitsa (Working
Woman). Nonetheless, Russia was a difficult market to enter. Hearst’s news division had attempted to
coopublish a newspaper with the Russian daily newspaper Izvestia, but it had struggled to attract
advertisers and meet a regular production schedule.

Green’s interest in Russia had been piqued by discussions with Annemarie van Gaal, a Dutch partner in
Independent Media in Moscow, which was publishing an English-language daily newspaper Moscow
Times. She had been chasing Green via fax all over the world with an idea of launching Cosmopolitan in
Russia. Still, Green was not convinced that Russia was ready for Cosmopolitan. Visiting Moscow in 1993,
he did what he often did when he was uncertain about a potential market – he went for a walk.

I went into stores. I went into food stores, I went into beauty stores, I went into department
stores. I wasn’t sure what I’m looking for, but I was looking. Then I noticed that every single
cosmetics brand in the world was there, but there was no way for any one of those cosmetic
brands to distinguish itself from the others. There was nowhere for them to advertise, there was
no promotion. There were pamphlets put out by the Women’s Workers’ Party, but no magazines.

In spite of the presence of advertisers, the path to the Russian launch proved rocky. Hearst got to preview
a wide array of the challenges involved in entering emerging market and the great need for creativity and
flexibility. Initial investors in Independent Media dropped out and the group had to find new backers – a
Dutch private lottery company. Russian banking was primitive, so every transaction had to be in cash.
Russian advertising agencies bought ads but did not yet have the creative staff to produce them, so the
new Russian staff of Cosmopolitan was left to create the ad pages along with the editorial content. The new
joint venture discovered there were no printing presses in Russia that could print a glossy magazine.
However, the Dutch partners had connections with printers in Holland who were willing to give credit, so
the magazine was printed there and trucked to Russia, with struggles at every border crossing.

There were other concerns as well. Following the 1991 dissolution of the Soviet Union, corruption and
organized crime had run rampant, and no segment of the economy was immune from the risk of violence.
Green recalled early meetings with Russian distributors, “They were all carrying weapons, I mean, you
couldn’t go out at night without checking your guns at the door.”

In spite of these challenges, the Russian Cosmopolitan launched in May of 1994 after just six months of
set-up work. The first edition had around 40 pages of advertising and sold 50,000 copies. The venture
was an immediate financial success. Hearst and the Dutch lottery company had each put $75,000 into the
launch. However, the new entity got credit from the printer, advertisers paid up front on a cash-with-
order basis, and magazines sold on a cash basis to distributors, out of a warehouse. The cash from
advertisers and circulation more than covered the start-up costs, and the joint venture returned Hearst’s
initial capital investment.

Emerging market challenges did not end with the successful launch. The collapse of the Russian ruble in
1998 meant that no one had cash to buy magazines or to advertise in them. Green slashed expenses but
kept the magazine in place, even offering laid-off employees severance pay, which was not required by
Russian law. By 2007, the Russian edition of Cosmopolitan had become the largest-selling women’s
magazine in Europe – selling over a million copies an issue. HMI’s joint venture revenue – including
Harper’s BAZAAR, Esquire, Good Housekeeping, Popular Mechanics, and other revenue generators – was
more than $150 million annually. As Green observed, “This was as good an investment as I will have ever
made for Hearst or expect to make going forward.”

Partner Do’s and Don’ts: How to Make a Long-Distance Relationship Work

As the Russian startup of Cosmopolitan showed, Green did not do much country-specific research. He did
not study demographics, run focus groups, or spend time on test markets. Green explained,

If you start magazines today, in the U.S. or in the rest of the world, you don’t start them for the
reader. You start them for the advertisers. That may sound terrible, but it’s true. There has to be a
certain economic benefit, and you need customers, but that’s secondary. You look at your list of
the 50 top advertisers to see if they’re selling their product in the country you’re thinking about.
If they’re there, you’re there. But if they’re not there, you don’t go.

Once he knew what countries looked promising, Green had a free hand in considering the way to bring
his publications into the market. Publishers gave licenses to local publishers for access to a magazine’s
trademark and content as specified in the agreement, in exchange for fixed royalty payments. The owner
received fees of 5 to 10 percent of revenues from circulation and advertising, with no additional
participation in the earnings of the magazine. As Green observed, “you had no capital commitment, and
the biggest factor was to provide them with the name, editorial materials and encouragement, and
marketing expertise with advertisers. Then you simply made sure they paid you regularly. It’s a nice
business, and it doesn’t exactly require a whole lot of effort.”

One alternative to licensing was 100 percent ownership. Some publishers, particularly Condé Nast, a
major Hearst competitor with titles such as Vogue, Glamour, and GQ, followed this model in its
international publishing.4 Full ownership gave the U.S. publisher complete control of the product, as well
as all the profits. While full ownership brought the potential for greater rewards, it could limit entry in
countries such as China that required a percentage of local ownership, and could entail greater risks in
terms of timely forging and maintaining complex business relationships in a new market.

In Green’s view, a joint venture arrangement with a local publisher was the optimal arrangement, and
most of HMI’s successful foreign editions were based on this model. HMI’s equity percentage varied, but
joint risk-taking and decision-making with local entities was the norm. With equity investment on top of
licensing and royalty income, the success of Hearst titles had brought big rewards.

Choosing a local partner was not easy. Given HMI’s early entry into markets, there often were no local
publishers with experience in international publishing. Green depended on his intuition, his personal
connections, and individuals he met in his travels. Over time, as he added new markets and expanded
titles in existing markets, Green’s network of international collaborators expanded and proved an
invaluable resource for identifying potential partners.

With a joint venture partner, Green could launch a title quickly, often getting from idea to customer in 90
days. Green had autonomy within the Hearst organization, the local partner’s expertise minimized the
time required to find appropriate distribution channels, and as an extension of a successful brand the new
edition was essentially pre-sold to advertisers. As Green said,

We already know what we want to do, so if you test it, all you’re going to end up doing is wasting
money. So your pre-launch costs are reduced, you get revenues right away, and from a financial
point of view you’re increasing your return quite dramatically because you have reduced your up-
front investment.

With new editors and a short lead-time, the first issue would not be perfect, but Green did not see that as
a problem. He said, “I don’t care about perfect. I’m not a perfectionist. It’s not worth it. We’re never
going to get to 100 percent, but the first issue would be around 80 percent of the way. I mean you could spend all your time on the 20 percent, what would be the point? It’s going to change over time anyway.”

The quick launch and minimal pre-startup costs meant that Hearst could quickly find out whether a new edition was going to succeed. As Green said, “The secret was that if it didn’t work, we could get out quickly too.”

Six Tips for Turning Differences into Advantages

As became evident early on, international markets differed from the United States in ways that could change the business model for publishing. Green noted that in the U.S. “small magazines usually lose money and the large circulation magazines make a lot of money,” but outside the U.S., magazines could profit without huge circulation or high expenses.

One difference was newsstand sales. In the U.S., 90 percent of magazines were delivered through the mail, under reasonable mail rates and often heavily discounted subscription prices. In most other countries, the statistics were reversed – most sales were of single copies retailed through newsstands.

The prevalence of newsstand sales allowed for changes in the physical properties of the magazines. Not relying on mail delivery made the weight of paper less of a limitation, so international editions of Hearst magazines could use heavier paper stock and include multiple product inserts. As Green noted,

In most of our international markets, we think readers want to have a high-quality tactile experience along with the content, so we print on a higher basis weight paper. For example, the Russian edition of *Esquire* uses a very substantial and beautiful paper stock. It’s a flat finish, very distinctive. It makes a huge difference in how a reader perceives the magazine and differentiates *Esquire* from its competitors.”

On some foreign newsstands, magazines had a much longer shelf life. Newsstands displayed several issues at the same time, often with older issues selling at a reduced price. In the U.S., only the most recent issue was typically available on newsstands, and newsstands recorded nearly all of their sales during the first two weeks of display. In the U.S., any unsold copies were returned to the publisher for credit, but outside the U.S., returns and credits were limited.

The range between wholesale and resale prices in many international markets was much more favorable to the publisher. For example, in the U.S., the publishers typically received 45 percent of the cover price, with the rest going to distributors and retailers. In Australia, publishers received 70 percent of the cover price. The difference in margin, based primarily on local custom, greatly changed the economics of publishing.

International markets also gave magazine publishers leeway in the way they priced advertising. In the U.S., ad rates were set on a “rate base” determined by sales volume that was audited by third parties. In most other countries, the cost of advertising was based on a general sense of expected sales. Not all countries had audited circulation numbers.

A final economy was realized in staffing. Magazines outside the U.S. tended to run leaner, making do with much smaller staffs, even as they put together editions with more pages of copy and ads. For example, the 500-page Chinese edition was half again larger than the U.S. *Cosmopolitan*’s typical 300 pages, but it had a staff of 22, compared to the U.S. edition’s staff of 45 or 50. Most international editions of *Cosmopolitan* had editorial staffs of 10 to 12, and in some cases, the magazine had as few as six people. One reason for the smaller staffs was that international editions adapted or used articles from U.S. or other international editions. Another reason was that the staff of a new start-up was much less
specialized, and writers and editors served in a number of capacities. The staff also faced a more even workflow over the monthly publication cycle. Therefore, even as the titles grew in length to match or even exceed their U.S. equivalents, staffing remained lean.

Keeping Your Partners Satisfied

Hearst’s international publications were based on the company’s U.S. titles, but the editors, writers, and publishers of the U.S. editions had little contact with their counterparts at international editions. The only interactions between editors of U.S. editions and foreign editions took place at editorial gatherings, as when Cosmo editors came together every two years at the Cosmopolitan International Conference, CosmIC.

The New York office of Hearst Magazines International had veto power over editorial in international publications other than China, but it managed its multitude of titles with light-handed control. No one in HMI’s New York office read each edition before it came out or dictated content, but instead the group served as a central clearinghouse to facilitate the efforts of local editors and to maintain the brand. The local editor of each title was responsible for his or her edition. HMI depended on editors and art directors in each location who “got it,” who understood the brand and adapted it appropriately to local conditions and interests. Kim St. Clair Bodden, Vice President and Executive Director of HMI, described the relationship between HMI’s New York offices and the managers of local editions:

We respect how they do business. We embrace what they do. We are not a publishing dictator. We never tell them what not to do. We try to suggest, to explain what the brand is.

HMI’s staff and its technology facilitated sharing of content and ideas as it maintained the brand around the world. The level of content sharing varied from title to title, based in part on rights available from the U.S. title and the “portability” of the content. For example, articles from the U.S. edition of Esquire tended to be specific to the U.S. market. They might suggest a direction for an international article, but they could not often be used directly in another market. Articles in the U.S. Harper’s BAZAAR had only a three-to-six month rights’ window for unlimited usage, but given the time-sensitive nature of fashion, the content would be considered outdated after a month in any case. On the other hand, many articles in Cosmopolitan could often be translated or adapted to local concerns.

Bodden depended on local editors who, as she put it, “embraced the DNA of the magazine and created content that would work in the local territory.” Of the 60 editions of Cosmopolitan, fewer than 25 percent of the editions picked up 40 to 50 percent of their content. Some editions picked up more, with Thailand, for instance, picking up 80 percent for much of its history. In contrast, some of the more seasoned editors, for example in France or Germany, used as much as 90 percent local content and only 10 percent translated or adapted from the U.S. publication. Subject matters of interest to local editions also varied. For example, the Romanian Cosmopolitan focused on social issues, particularly domestic violence, which was a growing concern in that country.5

Content also was shared from other non-U.S. editions. For example, articles from the highly successful Russian and Australian editions were shared or modified in many other countries. In every case, the decision to use shared content or develop local content was in the hands of local editors.

The number of pages of editorial material had to mesh with the number of pages of advertisements. Bodden noted that a “healthy” edition could be around 40 percent advertisements or higher. Since the Chinese Cosmopolitan had significantly more pages than even the September U.S. edition, it had to generate significant amounts of local content even if it adapted much U.S. Cosmopolitan content. As a result, China had 30 percent pickup from the U.S., with 70 percent local editorial content.
Who Brings More to the Partnership?

Even with the emphasis on local content, HMI’s New York hub provided strong editorial and business support. The editorial staff in HMI’s New York office constantly communicated with local editions, developing articles and photo shoots for international Hearst titles. On the business side, HMI used its relationships to allow local editions to participate in international promotions. For example, HMI staff in New York coordinated a six-country European campaign for Procter and Gamble’s Head & Shoulders shampoo. The ads were all designed to reposition the shampoo as a beauty product, using the tagline, “Cosmopolitan has discovered a new secret to gorgeous hair,” with the teaser in one month’s edition and the answer in the next. Coordinated advertising appeared in Cosmopolitan in several countries, tying to television ads, online promotions, and in-store activities, which in turn often offered Cosmopolitan as a gift with purchase. The success of the campaign in Europe then led to its use in 28 markets, customizing the photography for local interests but using the same tagline. In another global campaign, Calvin Klein Jeans ran coordinated ads in several Asian editions of both Cosmopolitan and Harper’s BAZAAR, attempting to move its iconic American brand to Asian markets. In another instance, Estée Lauder ran a holiday shopping supplement in twelve Cosmopolitan markets.

Great care was taken with the selection of the editor and creative director of each international edition. Kim St. Clair Bodden participated in the selection of a new editor, whether for a new edition or an ongoing title. When a new editor started in her position, she spent a few days in New York, often with the edition’s creative director. She then worked closely with HMI’s New York staff for a few months of tutelage. This learning process included detailed review of each monthly edition’s “flat plans,” the visual outline of an upcoming edition’s layout, as well as the line-up, a short description of all the material going to go into that issue, and the choice of cover model or celebrity. The flat plans did not include the complete text, but its boxes reflected what was going onto each page of the magazine’s editorial content, and described whether the content was something that was shared, or local, or inspired by a sister edition.

These materials allowed the international staff in New York to see the flow and the balance of the magazine. For example, Bodden noted that Cosmopolitan was very formulaic. If she saw a flat plan with, for example, 15 or 20 pages dedicated to sex and relationships and only four pages dedicated to the psychology self-help articles, “I know that the balance is in question, and I’ll have a dialog with those editors.” In addition, the New York HMI staff was in constant communication with international editors. As an example, Bodden said,

We ask all of our international editions to send us the translation of their cover lines before they go to print, not because we want to approve them, because we never approve anything, but because we’re another eye and because they rely on us for our expertise of the brand, as brand managers. And we have to rely on them for their expertise on their market. And together that makes for a wonderful partnership, because then we really are very solid on the message.

The New York office of HMI developed copy and photographs that could be used by a number of titles. For example, the HMI staff regularly sent out a round-robin email to survey local editors for story and cover ideas. When topics were of interest in several countries, the editorial staff of HMI would develop an article. For example, Cosmopolitan in the U.S. no longer ran as many informational articles on career issues as it had in the 1970s and 1980s, but specifics on career and work were big in international markets. So the HMI staff might develop an article on writing resumes or dealing with a poisonous relationship at work, which it would distribute to international editions for consideration.

A similar efficiency applied to covers. If the U.S. edition did not plan to use a particular celebrity, musician, or international model that the international editions were asking for, HMI then arranged a photo shoot. Appropriate fashion from around the world was pulled from designers for shots to be used in editions of Harper’s BAZAAR or Cosmopolitan, or any of the other Hearst international titles. In one afternoon, Victoria Beckham, Michelle Monaghan, or Shakira could be shot for a cover for Harper’s BAZAAR wearing couture from Valentino, and shot for Cosmo cover wearing a bustier from Dolce &
Gabbana with a pair of Joe's Jeans, more appropriate for that title. Of course, the process included appropriate hairstyles, cosmetics, and backdrops to meet the needs of the several editions around the world.

Tying into the release of a film or recording was always top of mind. In another instance, several international editions of *Esquire* wanted a cover and interview featuring Daniel Craig for an upcoming James Bond film, but U.S. *Esquire* was not planning to use him on a cover shot in the same time period. The HMI editorial staff provided the photo shoot and the interview. The shoots were efficient for the Hearst publications and convenient for the celebrity – and his agent.

In addition to providing editorial and publishing advice, HMI’s editorial offices acted as an internal hub for all the international editions. Bodden and her staff provided local editors with print copies of all the other editions and introduced technology for sharing and reviewing graphics. This technology saved time and costs over the systems available 20 years ago, when “dupes” or duplicate slides of a shared picture would have to be prepared and sent out, taking as long as five to seven days. Using the technology, editors could extend closing dates to be closer to on-sale dates, allowing both content and ads to be more up to the minute.

**How to Maintain Good Feelings**

For a magazine to succeed, HMI believed the titles required local sensibilities. Laurentino Gomez, group publisher of the Abril Group in Brazil, said in a 2001 interview, “Magazines are not Coca Cola. The context and the feel of each title crossing national borders must be distinctly local. *Cosmopolitan* magazine in Brazil is unlike any other *Cosmo* anywhere in the world.”

Even with local input and management, *Cosmopolitan*’s explicit sexual discussions raised eyebrows in some markets. Some parents fretted over whether their daughters were old enough to read *Cosmo*, and some observers questioned its values, but in fact, young women continued to purchase the magazine, absorbing the advice, checking out the advertising, and using the *Cosmo* quiz to rate their boyfriends and their lives.

The magazine did encounter censorship. Fidel Castro banned *Cosmopolitan* from Cuba in 2003, along with eight other titles, labeling them as decadent examples of “banal and consumerist thinking.” In 2006, *Cosmopolitan* was charged with pornography in South Africa for the content of a sealed sex section. However, the Film and Publication Control Board dismissed the complaint, finding that the material was “well-researched, informative, helpful “and “of a bona fide scientific and documentary nature.” *Cosmopolitan* editor Vanessa Raphaely said in an interview with *Magazine World Update*, “We have been writing responsibly about sex for 22 years [and the board understands that] the magazine responsibly reflects the lives of young adult women in this country…. Our editorial follows a policy of empowerment and education which is very important to us in a country where a lot of the sex is non-consensual and violent.” When asked whether she would rethink the sealed sections in the future, Raphaely said, “Our ABC audit [official accounting of magazine sales] on that issue was much higher than normal. This magazine is about building women’s confidence and we aim to keep doing that.”

**Reading *Cosmo* under the Covers**

For any magazine, the cover was the inducement to the reader to pick up the magazine off the shelf. A January 2008 article in *WWD* (Women’s Wear Daily) described one view of successful cover design:

> In the early Eighties, *People* magazine founding editor Dick Stolley created “Stolley’s Law of Covers,” a mantra that some editors today can still recite from memory: “Young is better than
old. Pretty is better than ugly. Rich is better than poor. Movies are better than music. Music is better than television. Television is better than sports ... and anything is better than politics.”

*Cosmopolitan* certainly followed Stolley’s rules. Every issue had a young and pretty woman on the cover. In the WWD article Kate White, editor in chief of U.S. *Cosmopolitan*, said that despite the magazine’s focus on sex, “*Cosmo*’s cover girls don’t have to have huge cleavages. But a winning cover does include some.” White’s comments applied to the international versions of *Cosmo* as well, even in Muslim Indonesia. The cover lines on *Cosmopolitan* also followed clear guidelines. The word “sex” or “sexy” appeared in titles on every cover, sometimes in English even when the magazine itself was in a local language. (See the case website for examples of international *Cosmopolitan* covers: cases.som.yale.edu/hearst.)

**Where Is This Relationship Going? You Be the Judge**

Green’s international strategies and methods had proven extremely successful. HMI posted a 37 percent earnings gain for 2007, and international entities accounted for approximately 36 percent of the magazine group’s profits. Three publications showed the largest gains: Russia, up 36 percent; China, up 34 percent; and Ukraine, up more than 50 percent. (See Exhibit 1 for a breakdown of *Cosmopolitan* editions around the world, showing graphically the launch year, annual circulation, and Hearst’s ownership relationship, as simply a licensing agreement, or licensing to a joint venture entity, or creating a fully owned subsidiary. Exhibit 2 shows comparative circulation and advertising rates.)

But it was not clear where Green should next lead HMI. There were almost no new markets in which Hearst could gain first-mover advantage. One way of increasing revenue would be to increase Hearst’s share of equity in joint ventures and/or moving from simple licensing arrangements into joint ventures. Is joint venture still the way? Should he focus on increasing circulation? Which markets were best to raise prices, or circulation, or equity?

Green had to consider this question in light of the changing international economy. Most developing countries had seen their economies improve. But Hearst was no longer alone in most markets; almost all titles had significant competition from offshoots from U.S. and other international titles as well as homegrown efforts. And if the U.S. market served as any guide, the Internet could prove to be significant factor limiting magazine circulation. Broadband access in some international markets was ahead of the U.S., but many markets lagged behind. Did the internet make magazines a questionable investment, or did the look and feel of magazines, the readers’ “tactile experience,” make magazines less vulnerable to digitized competition than newspapers? What role did local partners have in determining HMI’s direction in these areas?
This case has been developed for pedagogical purposes. The case is not intended to furnish primary data, serve as an endorsement of the organization in question, or illustrate either effective or ineffective management techniques or strategies.

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Endnotes

1 Case Writer, Case Writing Group, Yale School of Management.
2 Director, Case Study Research, Yale School of Management.
3 George Rogers Clark Professor of Management and Marketing & Director, Yale Center for Customer Insights.
Exhibit 1  *Cosmopolitan* Editions Launched by Hearst Magazines International

2007 Monthly Circulation

- **Russia**
- **China**
- **Spain**
- **Czech Rep.**
- **Poland**
- **Thailand**
- **Philippines**
- **Hungary**
- **Ukraine**
- **Finland**
- **Romania**
- **Sweden**
- **Slovenia**
- **Italy**
- **Greece**
- **Portugal**
- **Turkey**
- **India**
- **Argentina**
- **Croatia**
- **Lithuania**
- **Cypress**
- **Latvia**
- **Bulgaria**
- **Estonia**
- **Serbia**
- **Denmark**
- **Georgia**
- **Malaysia**
- **Norway**
- **Czech Rep.**
- **Poland**
- **Thailand**
- **Philippines**
- **Hungary**
- **Ukraine**
- **Finland**
- **Romania**
- **Sweden**
- **Slovenia**
- **Italy**
- **Greece**
- **Portugal**
- **Turkey**
- **India**
- **Argentina**
- **Croatia**
- **Lithuania**
- **Cypress**
- **Latvia**
- **Bulgaria**
- **Estonia**
- **Serbia**
- **Denmark**
- **Georgia**
- **Malaysia**
- **Norway**

- **Joint Venture**
- **Licensing Only**
- **100% Equity**
## Exhibit 2: Cosmopolitan Ad Rates and Circulation, September 2008

<table>
<thead>
<tr>
<th>Rates &amp; Circulation Country</th>
<th>Circulation</th>
<th>Rates</th>
<th>Rate in USD</th>
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<td>$3,570</td>
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Source: http://www.hearstmagazinesinternational.com/magazine_rates.asp?id=1