

Publishing's Phoenix: U.S. News & World Report Emerges With a New Set of Wings, Part I

by NOELLE SKODZINSKI & filed under Today's Features.



**Brian Kelly, Editor,
U.S. News & World Report**

U.S. News & World Report was one of those magazines that had always just been there—packed into the stack of mail in the mailbox, on the coffee table at the doctor's office, at the newsstand, being read on the train on the way home from work. The day in Fall 2010 when the venerable magazine announced it would cease publication (a process that was a year or

two in the making) was a tough one to stomach. Publishing was in trouble. And it wasn't just newsweeklies and newspapers. We were all in this boat together, and we watched as one of our industry's flagships went down. (Or so we thought.)

Even the U.S. News and World Report staff—from top to bottom—may have thought it was the end. About half of the 150-person staff was let go. “For those of us who have been with the brand, you know six, seven, eight years ago, those were challenging times,” says Kerry Dyer, U.S. News & World Report's publisher. “When U.S. News was down in ad pages, it was the beginning of the talk that was going on about whether U.S. News could survive. There was also talk about print surviving. That, I can tell you, was challenging. If you've lived on both sides of it, you know the feeling, and we certainly at U.S. News know that feeling, and we're not looking back.”

But it wasn't the end. It wasn't a death. **It was the beginning of a rebirth—one that is not only inspiring in its positive outcome, but also packed with lessons for us all, in free and paid content, in building digital audiences and success-**

ful products, in brand expansion, revenue diversification, e-commerce, lead-generation and more. Here is the story of U.S. News & World Report's resurgence, as told through a two-part interview—Part I with U.S. News Editor Brian Kelly, and Part II with Publisher Kerry Dyer, which will run in the next edition of The Feed.

Part I: Interview with Brian Kelly, Editor, U.S. News & World Report

mediaShepherd: In 2013, traffic to USnews.com increased by 50 percent, reaching an average of 20 million unique visitors monthly. You also launched the 2014 Best Colleges rankings and announced that the release “broke all web traffic records, drawing 2.6 million unique visitors and 18.9 million page views to USnews.com in a single day.” And traffic to the U.S. News Health website grew by more than 70 percent last year. And this is just for starters. To what do you attribute the substantial growth in traffic?

Brian Kelly: ... U.S. News has had this long tradition of consumer journalism that we've called “news you can use.” The magazine is 80 years old this year, the company is 80 years old, and when we started to refashion it 10 or so years ago, one of the things that we looked was the consumer part of what we've always done—so things like college rankings, and we've always written about how to buy a car, mutual funds.

And as we started to learn more about the Web, what people were interested in and where they were going, we saw that that kind of journalism was very much in demand.

It started with ... our college rankings, and we realized we could put many thousands of pages of content online—you only had a couple dozen in the print magazine—and that

people would come and look at those pages.

And it's not just colleges; people come to us for different kinds of advice, and things that are very objective and have a lot of data behind them are something that the Web is made for.

So we built on that. We started with one ranking and now have about 30 different kinds of rankings products online.

Our rankings from data are probably about half of our business. It's really significant. We still do a lot of journalism to explain those rankings, and create tools and give people reasons to dig deeper, and ultimately it's about helping people make decisions, and that's been a really good formula for us.



mS: How do sales of your print guidebooks/rankings compare to, say, a year, 2 years ago? Are you continuing to sell these products on the newsstand?

Kelly: Well, we scaled back pretty completely. In 2008, we started to get out of weekly magazine business, and as we built the web up, and when we got there, we figured, "Ok, we're ready," and we sort of moved everything over there.

The print guidebooks—the "Best Colleges," the "Best Grad Schools," the "Best Hospitals"—are the only print products we do. And we also do some e-books, and those are available in e-versions.

Print has been a nice part of our business. It's profitable, we like those products, but it is a complete transformation—we're a digital company, and we have a few nice print things we do. But as you know, it's a difficult business and not getting easier because newsstands are becoming more scarce, and clearly the subscription-post office model was not going to work for us at all.

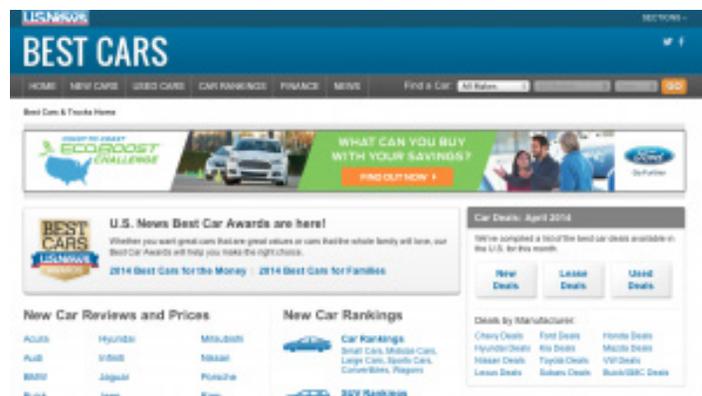
And I don't know where it goes. I think there's still a demand for that kind of content. ... A structured, tailored page still has a lot of value, but it may well be delivered in digital form.

mS: Many of your rankings are accessible for free online.

This is a departure from your traditional paid products. What led to the decision to make these accessible at no cost?

Kelly: I would say mostly for free. We have a variety of models, depending on the nature of the information people want. So, for instance, in our college rankings, you can get a lot of free data on colleges, but if you want to go deeper in, if you're really somebody who's looking to apply to colleges, ... we have a paid subscription product that's \$30 a year—a password-protected site, which has a lot more features.

The vast majority of our audience comes for free, and we make money by advertising; but we think there's a really good opportunity going forward for much more specialized products, for premium versions of what we're putting on the site for free.



mS: What was the strategy behind offering them for free?

Kelly: Five or six years ago, everybody on the Internet was struggling—do you put up a paywall, do you try to go for a bigger audience? Our feeling was we were getting such a significant audience ... and the advertising we were able to sell against that was sufficient to cover our costs and make us profitable that there was no reason to go to a pay model.

We think we get much better monetization through advertising strategies, partly because again, we have a very motivated audience. These are people who are in the market for a college, a car, a mutual fund. So the ads perform really well. It's not just an inert banner ad that maybe people click on, maybe they don't.

On our car site, people click on a car price, and they're put into a dealer network, and might actually buy the car; and we get paid if they buy the car. So it's a different kind of advertising.

They talk about lead-generation, and we have many types of lead-generation, and it's a very good business.

mS: Do you have the same type of model with colleges?

Kelly: Yes, we do. You could say, “Harvard’s a great college, and you should come here,” or you could have an ad saying, “Would you like more information on Harvard?” and you get paid a different price for that.

We have people who come to us for healthcare plans. ... We’ve got some very extensive information about healthcare plans, and some of our advertisers will actually sell these people a healthcare plan, and we get a piece of that. Mutual funds, hotels—a wide variety of things.

It’s a very different thing when you have a user ... who is looking for something specific, as opposed to somebody who is just browsing for general information.

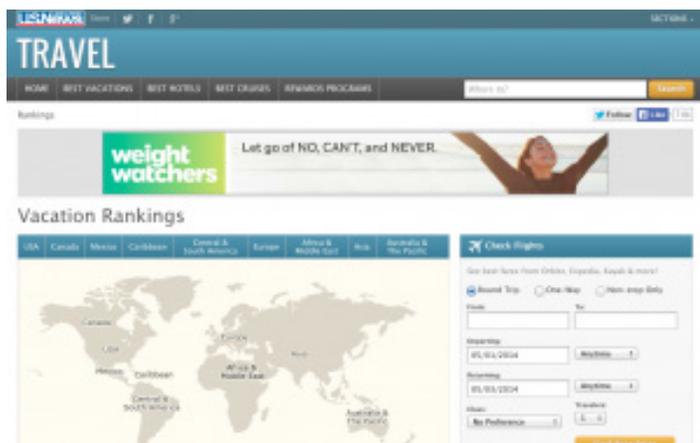
And we do have general information, we do have a news site, we have other products that people think of as more conventional journalism. But they don’t pay nearly as well as the specific, in-market content where people are motivated to make a transaction, and we become sort of like a broker between the buyer and the seller.

mS: You also have entered the relatively crowded travel space. What inspired this?

Kelly: Yes. The travel site is about 3 years old. It’s an offshoot of our auto site. Autos is really one of our best-performing sites—it’s really taken off. We started at zero [in 2007] and we’re now beating Edmunds and Kelly Blue Book, and these giant sites that have been around for a long time.

Because we had done colleges and hospitals, we were mostly doing institutions, so cars was our first kind of product opportunity for us, and ... we thought there was a natural affinity between travel and cars. We used to do those things together in the magazine.

So travel is one of the newer properties, and it’s doing nicely. But it’s a huge market, and we know we can get an audience for a piece of that market, but we’re not looking to compete with Travelocity or Expedia just yet.



mS: How does the weekly digital magazine compare rev-

enue-wise to the pre-digital, print days?

Kelly: It’s not comparable at all. It’s one product in our news group. It’s our premium product. We charge \$20 a year for it.

It looks great on the iPad. It’s content that starts out as original content for the digital weekly, and then it migrates onto the website. It’s meant to be like a weekend read. ...

We think of it more as a way of organizing some of our content. And it remains a little bit of an experiment because we’re all feeling our way in terms of what the future’s going to be like.

It’s something we think has good potential. But I think more has to change in terms of the form. The whole digital magazine world has not really gelled yet. I think in the next year or so we’ll be looking for some opportunities to grow that.

mS: What’s the paid circulation for the digital magazine?

Kelly: We’ve got about 30,000 or 40,000. It varies because some people buy it in the Apple store, and they buy it for a month at a time. As I say, the old print magazine was 2 million, so it’s not even a close comparison.

mS: Has licensing been a growth area? I see a lot of billboards for hospitals and colleges that have the US News ranking and logo.

Kelly: We started [licensing] about 5 years ago, and it’s been a nice growth area. It was a new thing, and when we made it available, it became very popular. I don’t know if it’s going to continue to expand.

We don’t actually even do the licensing transaction. We have a company, a third party, Wrights Media, that does it for us. So we want to keep a separation between the editorial product, and if people want to pay to use our logo, that’s fine, but it has nothing to do with their ranking. We have to keep those very separate.

mS: The past couple of years have seen U.S. News expand into the event space. Is this a growth area?

Kelly: We don’t do a lot of events. We’re not trying to become an events company, but we do have a nice opportunity in a few key areas.

We have a big conference on Stem education and jobs—the whole science, technology, engineering, math area—which is a nice combination for us of our education content and our careers content. We’ll probably get about 2,000 people ... There’s a trade show aspect—vendors, people selling software, a lot of non-profit programs. All

manner of things. And it is a profit-making business. But we think it's also good content.

And then we also do a conference called Hospital of Tomorrow, which plays off all our health, hospital content. And they're more thought-leader, policy events. But large-scale.

mS: The past decade has seen tremendous changes at U.S. News & World Report. Has your role as editor evolved with those changes?

Kelly: Yes. The job is about 180 degrees different than what it used to be.

In the print magazine, you sit at the head of the table and you try to fit 200 pounds of stuff into a 20-pound bag. The Web is completely the opposite. We create more content in a day than we used to put in the print magazine in a week.

So, it's really much more setting strategy and creating guidelines for people, and motivating them to do creative work.

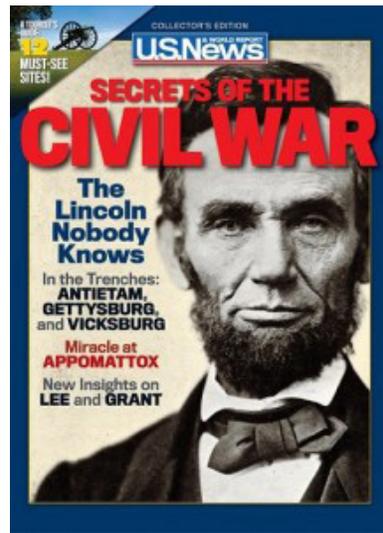
But they're coming up with ideas and new ways of doing things, and I'm the last one to know about it instead of the first one. [Laughs] It's a very different way of living life. You need a good bit of humility, I think, to appreciate that you're not completely in control anymore.

mS: You have published a number of special collector's editions of U.S. News in print, such as "Secrets of the Civil War," "America's Best Leaders." Are these a big part of your strategy?

Kelly: Not anymore. We've scaled back on those. We're looking at how we turn those into digital properties.

So something like "Hospital of Tomorrow" would have been a special edition; now it's a conference with a lot of Web content. Our Stem initiative would have been a special newsstand edition five or 10 years ago; now it's a conference with all kinds of online content—videos, tables and charts, stories.

The ideas behind those books are still really good, but we have to translate them into a new form. We just don't



see, for us, those kinds of newsstand properties as having any real significant future right now. You just can't find them the same way. People would buy them at Borders, and there's no more Borders. There's half as many Barnes & Nobles. There are just significantly fewer outlets for that content.

mS: With all this growth, has your editorial staff expanded?

Kelly: Yeah, we've been expanding. You know, we had cut way back. On the edit side, we probably went from 150 people to about half, about 75, and now we're back to over 100.

We are in a growth mode, and we're hiring people consistently. Not all strictly editorial; you need different skill sets today—you need producers, data analysts, and they're all content producers, too. So not just necessarily writers, but we are hiring those, too.

The last two years we've been continuing to expand, and I think we will accelerate that expansion going into this year.

Editor's note: Don't forget to check back for Part II of this feature to read a telling interview with U.S. News & World Report Publisher Kerry Dyer. Get Part II (and other great content) delivered to your inbox; sign up to get The Feed.

Noelle Skodzinski has been providing strategic publishing information for almost a decade. She has more than two decades' experience in the publishing industry, including serving as the former Editorial Director of the Publishing Group at North American Publishing Co.