

Deception and Conflict:

The Rise of the Other 'Fake News' at Canada's Pubcaster and Beyond

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Advertising disguised as journalism has been dubbed sponsored content, native advertising and more derisively, “the other fake news” (Serazio, 2019). Whatever the label, it’s relentlessly kicking holes in the already porous church–state boundary meant to shield editorial autonomy from business interests. Editorial autonomy, transparency and the future of journalism became subjects of intense public debate in September, 2020, when Canada’s public broadcaster was accused of betraying (Nardi, 2020) current and former staff, and its audience, by launching CBC Tandem, a unit to “leverage the credibility” (Thiessen, 2020) of the country’s “most trusted media brand” (Wangersky, 2020) to create content for advertisers.

Former CBC journalists, including Peter Mansbridge (*The National*); former Governor General Adrienne Clarkson; and crusading investigator Linden MacIntyre (*The Fifth Estate*), spoke out against the move, which McIntyre called “a struggle for the soul of a venerable public institution [. . .] that was bound to raise hackles in a profession that has traditionally demanded unquestioned independence from the business side of media” (McIntyre, 2020). Past CBC presidents Tony Manera and Robert Rabinovitch were among those who added their names to a letter to Claude Doucet, secretary general of the Canadian Radio-television and Telecommunications Commission (CRTC), calling for an investigation into the unit and a review of the broadcaster’s mandate. The letter read, in part:

The stories told by CBC journalists established for Canadians a sense of their place in the northern half of North America, strengthened their relationship with each other and the world and helped define their sense of being Canadian [. . .] It is neither fitting nor appropriate for their employer to hang a ‘for sale’ sign on the corporate reputation they have nurtured with such vigilance (Burman et al., 2020).

Esther Enkin, former CBC ombudsperson, called sponsored content tantamount to “deception.” In an interview, she added:

Sponsored content tries to copy journalism, but it breaks all of these rules in the background that you don't know about. It's bad for democracy and it's bad for journalism if people can't tell the difference between advertiser-driven content and content with disinterested purpose.

The launch of CBC Tandem raises numerous questions about advertiser-sponsored content, both at the public broadcaster and other Canadian news organizations. This paper will explore reasons for the growth in sponsored content that's hidden on news platforms such as *The Globe and Mail*, *Toronto Star* and across the Postmedia chain, all of which established in-house content-studios over the last decade to supplement declining revenue. In addition, it will look at how sponsored content “exploits loopholes in human digital literacy” (Cornwell, S. & Rubin, V., 2019), making it almost indistinguishable from regular editorial content; as well as consider whether this latest advertising strategy will harm journalism, as CBC staffers passionately claim (Haupt, 2020). Finally, this exploration will ask whose responsibility it is to stand up for journalism: current or former journalists, advertisers or regulators?

The Rise of Sponsored Content

For decades, covert product placements and branded content have infiltrated movies, entertainment television and lifestyle listicles. Placing a specific allergy medication or shampoo in a rom com (Alfar, 2019) is one of the ubiquitous tactics advertisers use to build brand awareness. However, in the last decade, advertisers have used innovative “commercial schemes” to infest what had once been considered sacred: news media (Serazio, 2019).

At first, brands paid to slap blinking banner ads and garish pop-ups on news stories to snag the attention of wandering-eyed consumers. But these methods soon provoked afflictions such as “ad avoidance” and “banner blindness” as audiences grew accustomed to seeing ads in the same places and actively avoided them, making internet advertisement less effective. Advertisers had a choice: make ads more garish and glaring or make them more deceptive (Cornwell et al., 2019). They chose the latter.

In 2014, when native advertising and sponsored content were relatively new to news organizations, Toronto-based company Polar found that Canadian readers who clicked on sponsored articles from desktops and tablets spent, on average, nearly two minutes looking at that content (Krashinsky, 2014). This read time (1:55 to be exact) is comparable to that of a piece of journalistic content (Turgeon, 2017). On smartphones, the average was 1:38. Both read times were much longer than most people spend looking at traditional online ads. Polar also revealed the poor performance of sponsored headlines, so-called banner ads, which were clicked on just 0.16% of the time on desktops; 0.3% on tablets and 0.2% on smartphones (Krashinsky, 2014).

Enkin, who was also the co-chair of the Ethics Advisory Committee of the Canadian Association of Journalists (CAJ), said at first, the committee felt it was not its responsibility to

police sponsored content because it's "not journalism, so the controls have to come elsewhere." Reconsidering, in 2015 the CAJ released a position paper highlighting its concerns about conflict of interest, stating that the private interests of companies, as well as the public interests of citizens could not be equally served by journalists and news organizations. "The level of involvement of the private interest, or sponsor, may vary, but at the end of the day its primary purpose is to enhance awareness and promotion of a particular brand or issue. Thus: not journalism" (CAJ, 2015).

The CAJ also flagged deception, which is at the heart of the sponsored content sell. As Enkin reiterated in an interview, sponsored content is more effective when audiences do not realize they are looking at an ad. And readers are frequently deceived.

Native advertisements, designed to blend seamlessly with the surrounding editorial content, are recognized as advertising by as little as 7% of readers, even when labelled as such (Cornwell et al., 2019). Even then, labelling is often inconsistent or misunderstood. A 2017 study found that 37% of brand advertisers in the U.S. weren't complying with the Federal Trade Commission's new rules on disclosure (Content Science, 2019). In Canada, 39% of marketers say they're unaware of Ad Standards guidelines, with another 38% being aware but not familiar enough with the rules to comply; however, most consumers (68%) strongly agree that news websites should have rules to ensure ads do not look the same as content (Disclosing Brand Content, 2018).

In their 2015 report for the Content Marketing Institute, Walters and Rose postulated that consumers, not advertisers or publishers, are unintentionally driving the rise of native advertising.

Empowered by social networks and mobile computing, consumers have rapidly developed an insatiable appetite for information. Consumers seek insight rather than product pitches; they trust friends and colleagues more than salespeople; they want to navigate their own way to a purchase decision rather than get squeezed through a company's sales funnel. More than 70 per cent of consumers say they prefer to learn about a product or service through content rather than traditional advertising (Walters et al., 2015).

Cash-starved news organizations are willing co-conspirators, opening up their platforms, whether broadcast, digital or print, to advertisers' journalism-like content.

In-House Content Studios

Digital outlets such as BuzzFeed and VICE built successful business models almost entirely around native or sponsored content. Behind the scenes, traditional publishers embraced native advertising, including *The New York Times*, *The Wall Street Journal* and *The Atlantic*, which famously ran (and later retracted) a journalism-like article paid for by The Church of Scientology (Walters & Rose, 2015). In the last decade, *The Globe and Mail*, *Toronto Star* and Postmedia chain opened in-house content studios to pair their editorial expertise with advertiser need. Therein lay the rub.

Journalistic authority, or at least its appearance, comes partly from its supposed autonomy from advertiser influence. That said, news media have long granted advertisers special treatment, including killing unfavourable stories, offering choice ad placement and running fluff pieces. Advertising was sometimes akin to bribery (Coddington, 2015). One survey

found that almost 90% of editors felt economic pressure to please advertisers and more than one third had capitulated at least once (Serazio, 2019).

These pressures, along with steep declines in circulation and advertising revenue, moved news organizations to embrace sponsored content, which was identified as the most important digital revenue stream by 42% of online publishers surveyed by Reuter's Digital News Project (Newman, 2017). A 2016 survey by the Copenhagen-based Native Advertising Institute estimated that over 40% of global publishers who run native ads use their editorial team to write them (Cornwell et al., 2019). And nearly three-quarters of publishers and media outlets have published sponsored content (Aders, 2015.)

Though profitable, these ad grabs and the pressure to produce them have provoked journalists to take a stand against them. In 2014, unionized employees at *The Globe and Mail* threatened to strike when management asked editorial staff to write advertorials. The union refused to ratify the contract unless the clause was thrown out (Baluja, 2014). *The Globe* acquiesced and instead created a separate content studio (Chung, 2015).

Michael Rajzman has been a digital strategist in the branded content studios of both the *Toronto Star* and *The Globe*. In an interview, he said the editorial departments had a "love-hate" attitude towards the in-house branded content team:

The editorial department probably didn't like the fact that we were necessary, but at the same time, we were the only department making money. I think they recognized that our department was responsible for allowing them to continue to do their work. That was our guiding light.

His team wasn't taking journalistic content away from editorial, he also said, but seeking to create a conversation or editorial authority about a particular product, brand, company or issue. "We weren't reporting on stories that would have been covered and giving them a slant. We were doing content that wouldn't have otherwise been created or would have been created in a different way," Rajzman said, adding:

If you're robbing Peter to pay Paul, that doesn't work as a business model. If you're eroding the value of your content and losing subscribers, then your ability to sell to your advertisers goes down — because the valuation of every impression is less, or the quality of your audience is less. There is a built-in self-regulator.

The Globe's sponsored content team always took care to label sponsored or native content, and use different fonts or column widths, so it looked different, while trying to produce a product of high-quality, Rajzman said.

A recent study, however, analyzed 80 articles in major Canadian newspapers, including *The Globe*, *National Post*, *Toronto Star* and *Vancouver Sun* (Cornwell et al., 2019) and found little difference between advertising and editorial content. It compared 40 native ads (advertising content disguised as editorial) to 40 editorial pieces, also noting whether the native ads were labelled. The researchers found the native ads did not differ much from editorial articles in content, but were far more likely to be surrounded by different types of advertising. In addition, ad labelling practices were non-existent or inconsistent.

In the fall of 2020, *The Globe* was criticized for running monthly two-page spreads from the *China Daily*, the Chinese-government's English language newspaper. *Toronto Star* columnist

Rosie DiManno wrote: “[. . .] *the Globe* has accepted Judas silver coins to whoremonger for the Communist Party that rules The People’s Republic of China. A Chinese government which is at diplomatic and political war with Canada [. . .]” Phillip Crawley, *Globe* publisher, responded to DiManno in an email, writing:

[. . .] the *China Daily* pages are indeed paid advertisements. The content is visually distinct and had been labelled as produced by a third party (*China Daily*). However, we believe the pages should have been more clearly marked to reflect that it was a paid advertisement for our readers. We will explore how to make this more clear in the future (DiManno, 2020).

CBC and Sponsored Content

Against this backdrop and steep declines in viewership and revenue (Blacklock’s Reporter, 2020; CBC/Radio-Canada, 2020), it was perhaps inevitable that the CBC, which had dabbled in sponsored content, would eventually go all in with a unit like Tandem. Back in September, 2020, CBC’s Chief Revenue Officer, Donald Lizotte, alarmed CBC journalists by making it sound like CBC’s integrity was for sale. “Clients wanted an integrated, turnkey solution to create quality content and leverage the credibility of our network. I am so pleased that we now offer this,” Lizotte said (Thiessen, 2020).

Kim Trynacity, president of Canadian Media Guild (CBC branch), complained in an interview that CBC journalists weren’t even consulted prior to Tandem’s launch. “Not a sausage. Absolutely nothing. Crickets. Nobody was involved. Not the union and certainly not the journalists,” she said, also highlighting the expected perils of native advertising. She

described how journalists for the CBC arts radio magazine 'q' were "taken in" by sponsored content on another platform run by the public broadcaster.

The 'q' journalists booked an interview with transgender activist Samson Brown, focusing on his first shave under the tutelage of his father. They had no idea the original story was a result of a partnership between CBC and Gillette. "They were aghast when they learned it originated from a Gillette-CBC partnership [. . .] Not knowing the origins, that it came from something that was paid for." Meanwhile, CBC and Gillette boasted about the results of their content, which went viral, with mentions in CNN, *People* and *The Washington Post*, and earned Gillette greater brand awareness.

In December, 2020, after reviewing the complaints it had received, CBC management announced it would go forward with Tandem, adding nine new "guidelines" to "strengthen and clarify the boundaries between our journalistic content and advertising" (Nardi, 2020), but concerned past and present employees went on to create a public-facing website to host a petition and an open letter, signed by the network's top on-air talent, including Anna Maria Tremonti, Michael Enright, Gillian Findlay, Carol Off and Nahlah Ayed, which said, "In an era of 'fake news,' where misinformation is already rife, it undermines trust. That is dangerous" (Haupt, 2020).

Trynacity has said she will ask the CRTC for more public funding to become less reliant on sponsored content. Enkin, meanwhile, was among former employees who signed another letter, this one sent on December 7 to Minister of Canadian Heritage Steven Guilbeault asking him to order a CRTC investigation (Nardi, 2020). Enkin understands the need for revenue and recommends creating a totally separate platform where sponsored content can live without

being confused for CBC's journalism. Both women have called for better labelling of sponsored content, while others want media literacy campaigns so audiences understand its "deceptive powers" (Cornwell et al., 2019). Others have called for better enforcement of existing guidelines. All seem to agree that it's a consortium of journalists, media owners, advertisers and regulators who must ensure that journalism remains distinguishable and distinct from advertising. According to Enkin, "We have to find a solution. Democracy and journalism depend on it."

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