

Does serious journalism have a future in Canada?

Madelaine Drohan

2015 PRIME MINISTERS
OF CANADA FELLOW



With thanks to our partner:



The views expressed in the following pages
are those of the author and do not reflect the
positions of the Public Policy Forum or the
RBC Foundation.

CANADA'S
PUBLIC POLICY
FORUM
DES POLITIQUES PUBLIQUES
DU CANADA

The Public Policy Forum is an independent, not-for-profit organization dedicated to improving the quality of government in Canada through enhanced dialogue among the public, private and voluntary sectors. The Forum's members, drawn from business, federal, provincial and territorial governments, the voluntary sector and organized labour, share a belief that an efficient and effective public service is important in ensuring Canada's competitiveness abroad and quality of life at home.

Established in 1987, the Forum has earned a reputation as a trusted, nonpartisan facilitator, capable of bringing together a wide range of stakeholders in productive dialogue. Its research program provides a neutral base to inform collective decision making. By promoting information sharing and greater links between governments and other sectors, the Forum helps ensure public policy in our country is dynamic, coordinated and responsive to future challenges and opportunities.

© 2016, Public Policy Forum
1405-130 Albert St.
Ottawa, ON K1P 5G4
Tel: (613) 238-7160
Fax: (613) 238-7990

www.ppforum.ca |  @ppforumca

ISBN: 978-1-927009-73-4

SAILING INTO THE UNKNOWN

One of the saddest stories I covered in four decades as a journalist was the launch of the last naval vessel to be built at the Swan Hunter shipyard in Newcastle-on-Tyne in the UK. It was the 1990s and British shipbuilders could no longer compete with cheaper Asian rivals. Swan Hunter was planning to close after more than a century of operations. As workers and their families gathered dockside for the traditional launch ceremony, there were tears on many faces. The shipyard's brass band played a mournful tune. The sailors on deck saluted. And the workers waved the ship and their jobs goodbye.

That image came back to me during the research for this report. Journalists are standing on a similar shore, watching an industry they relied on for good steady jobs fade away. In place of Asian shipyards, the Internet and its ever-expanding array of digital tools have provoked an existential crisis. Who needs journalists when all the information the world possesses is at your fingertips? But without journalists, who will research and relate the stories that spark and inform debates about public policy in this country?

This report looks at the main threats to the survival of serious journalism in Canada and suggests ways to address them. Without giving away the entire plot, I have to admit I have found no magic wand. And none appeared in the course of 40 interviews and roundtable discussions in Montreal, Ottawa, Toronto and Calgary. Yet, the search has uncovered plenty of exciting experiments and fresh thinking on how journalism could be done right – and even better than before – in the digital age.

Defining serious journalism proved trickier than I expected. The definition that I've come to believe now fits the best is about what it is supposed to do: provide citizens with the information they need to make the best possible decisions about their lives, their communities, their societies and their governments. An informed public is central to good public policy and a well-functioning democracy, which is why freedom of the press is enshrined in the Charter of Rights and Freedoms. Serious journalism – fair, accurate and independent of special interests – gives Canadians the tools they need to hold their governments to account.

Much of this report focuses on what is now called the mainstream, traditional or legacy media because these newspapers, magazines and broadcast outlets have supplied the bulk of serious journalism in Canada for over a century. Fresh-faced upstarts like iPolitics.ca, the *Tyee*, or the Canadian arms of BuzzFeed and VICE, are tiny in comparison. There were 10 people working for BuzzFeed Canada when I visited last year. The *Globe and Mail* employs about 750.

But longevity and size do not guarantee the current way of creating journalism has a future. The syndicates of politicians and businessmen, who laid the groundwork for today's model when they began forming joint stock companies in the 1890s to buy newspapers, were a product of their time. They saw that the larger stores created to serve Canada's swelling population would buy enough advertising to support a business. Their arrival on the scene spelled the end for the subscription-based model, where newspapers were owned and operated by a single proprietor, who often wrote all the copy. To paraphrase Bob Dylan, the times are a changin' again. Whether the traditional media can adapt their current model, or whether they will be replaced by other sources of journalism is in question.

Other industries disrupted by the Internet – music, accommodation, taxis and even pornography – offer interesting parallels. All have experienced a drastic change in how their product or service is delivered and thus who gets to pocket the most money. As with journalism, hotel and taxi operators have to fend off new competitors while improving their game. However, this restructuring doesn't equate with lessened demand, which leaves room for optimism about the future of serious journalism. It is reassuring to see that the almost 70 percent of Canadians who have a smartphone are increasingly using it to access local and world news, according to the Canadian Internet Registration Authority's 2015 [fact book](#). Surely there is a creative way to meet that demand?

Journalism provides citizens with the information they need to make the best possible decisions about their lives, their communities, their societies, and their governments.

— American Press Institute

I am not an unbiased observer. I have spent my career writing for traditional media outlets – *Canadian Press*, *Financial Post*, *Maclean's*, *Globe and Mail*, *Financial Times of London*, and for the past decade the *Economist*. I began this research feeling deeply pessimistic about the survival of serious journalism in Canada. Just as I was putting the finishing touches on this report, Rogers Media cut 200 radio, television and publishing jobs, the *Guelph Mercury*, in business since 1867, stopped its presses for good, and Postmedia merged newsrooms and cut staff across the country. But my mood lifted after talking to younger journalists, people at online-only media outlets, those driving creativity at some traditional media outlets, and those creating new ones. Technology has lowered the barriers to entry for new media outlets. Less than two weeks after the *Guelph Mercury* stopped printing, *GuelphToday*, an online-only local news site, sprang into being.

I've ended up somewhere between the two extremes. I'm cautiously optimistic that serious journalism will survive the digital era, but believe there will be less of it and media outlets will be smaller. But to get there from here, journalists, media outlets, advertisers and governments first have to deal with some serious challenges. All of us have a stake in the outcome.



TABLE OF CONTENTS

Introduction: Sailing into the unknown	1
Threats	4
The business model is broken	4
Annoying advertising and ad-blockers	6
The tech giants are moving into news	7
Sponsored content is increasing	9
Journalism is now a precarious job	10
Journalists are no longer gatekeepers	13
The audience has changed	14
Solutions	16
How media outlets could do a better job	16
How advertisers could do a better job	18
How media outlets can adapt	19
What government could do	21
How journalists can adapt	22
A new relationship is key	23
A final word about the future	25
Moving targets: Journalism and public policy	26

THREATS

The business model is broken

This isn't the first time Canadian journalism has been turned on its head by technological innovation. In the early 1800s, the printing press, which until then had been the preserve of wealthy individuals or companies, became affordable for those of more modest means. This led to an explosion of new voices, as individuals used the technology to reach a broader audience with sharply worded attacks on government policy and each other. The King's Printers, whose staid, government-sanctioned publications had previously dominated the diffusion of news in the colony, were besieged. They fought to preserve their quasi-monopoly through the courts, winning some battles but losing the war.

The winners did not have long to enjoy their victory. Starting in the 1890s, they were bought out or forced to close by incorporated rivals, who figured out how to get the lion's share of advertising from newly arrived department stores. These rivals became the media groups that dominated journalism in Canada for more than a century before the Internet blew apart their business model, which depended on advertisers to cover most of the costs, with subscribers and single-copy sales making up the rest.

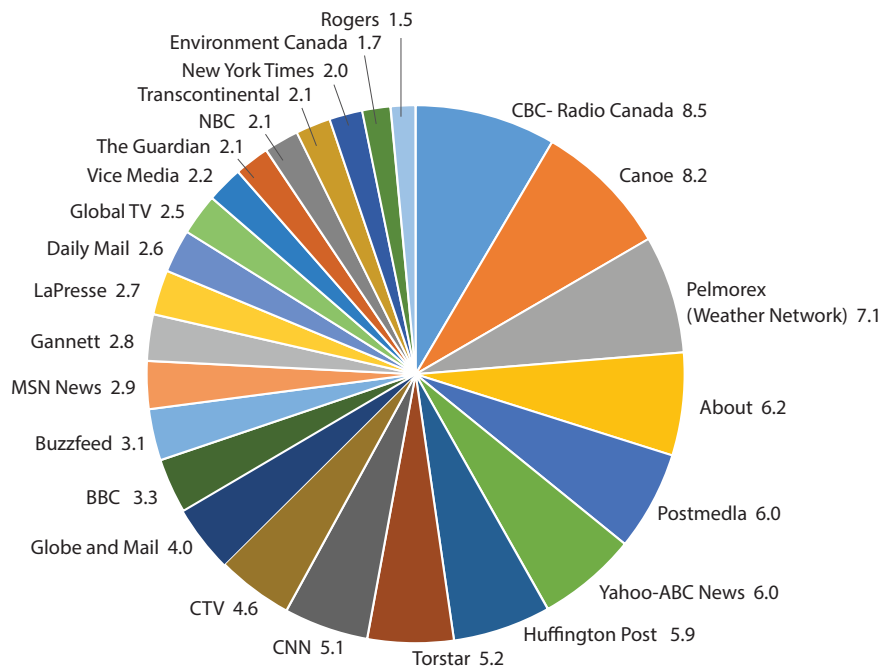
Classified ads were the first to go. Consumers were lured online by free or highly specialized online sites, like Craigslist, eBay and Kijiji for selling items, and Yelp and Urbanspoon for restaurant reviews. Advertisers followed the crowd but weren't willing to pay as much for online ads versus those that appear in print or on radio and TV. That exposed the fundamental vulnerability in the business model. "People rarely bought a newspaper just for the news, it was an add-on," says Alan Freeman, a former journalist turned bureaucrat and academic. "They wanted to buy a car, see the sports scores or find a job. Now we're asking them to pay just for news."

"People rarely bought a newspaper just for the news, it was an add-on. They wanted to buy a car, see the sports scores or find a job. Now we're asking them to pay just for news."

— Alan Freeman

Who supplies the content?

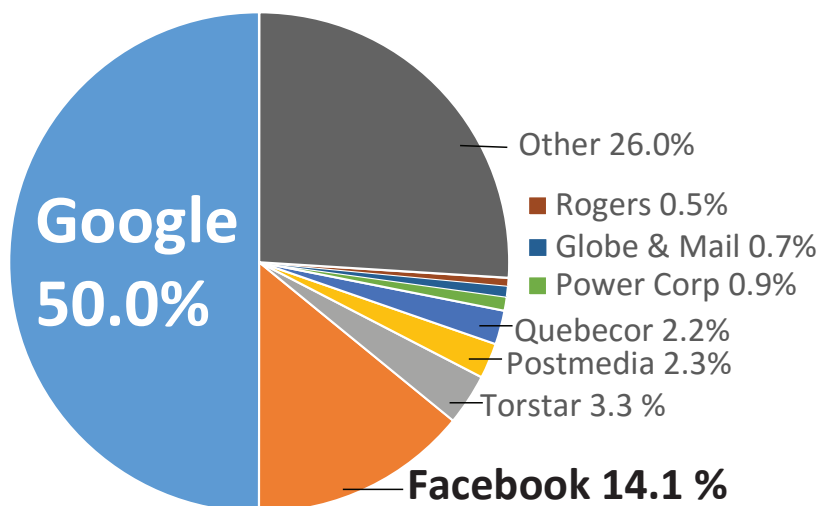
Internet news sources, percent market share, 2014



Source: Media and Internet Concentration in Canada Report 1984-2014, Canadian Media Concentration Research Project

Who gets the advertising revenue?

Internet advertising revenue, percent market share, 2014



Source: Media and Internet Concentration in Canada Report 1984-2014, Canadian Media Concentration Research Project

Media firms compounded their problems by making news free online, a trend Reuters started in the mid-1990s in a deal with Yahoo, and which set the template for others. This was the sector's original sin, according to one analysis. News firms benefited initially from broader reach. The giant platforms benefited more by hosting content they didn't have to pay to create. Once taken, that decision was hard to reverse. Bruno Boutot, a Montreal-based media consultant, says that media firms put their content online without thinking it through. They were still making healthy profits from print advertising and figured the Americans would eventually invent something that would make online versions of their publications profitable. "They are still waiting," he says.

It would be a mistake to conflate the fate of serious journalism with that of the organizations producing it. Serious journalism existed before they came on the scene and will likely exist afterward. Still, the traditional media outlets are currently responsible for the bulk of in-depth journalism in Canada, so their fate will remain intimately connected with that of serious journalism, unless and until a better model comes along. (Other models are explored in the Solutions section below.)

News organizations in financial trouble rarely devote resources to costly investigations or the kind of deep dive into an issue that produces worthwhile journalism. They concentrate on news that is easiest to cover – crime, politics, sports, lifestyle, celebrities and weather. They cut staff or entice senior journalists to take early retirement. The inevitable result is poorer journalism, fewer voices contributing to the public debate, and a loss of loyal readers, viewers and listeners.

Publishers have put up paywalls, beyond which stories had to be paid for, only to take them down. The *Toronto Star*, for example, instituted a paywall in 2014 and took it down a year later. News is also free on Star Touch, a tablet application launched last year. *La Presse*, the Montreal newspaper that abolished its weekday print editions as of January 1st, is betting heavily it will attract needed revenue from more costly display ads in its tablet edition. It's not yet clear who media firms can depend on to shoulder most of the burden: advertisers or subscribers.

Given time, media firms may well find a way to stem the hemorrhage of advertising revenues...or they may not. The goal posts have been moved again by two recent developments – the battle being waged online between advertisers and increasingly rebellious users, and the decision by the massive tech platforms Facebook, Twitter, Instagram and Google to get into the business of news distribution in a big way. The posts may move again as new technologies, such as virtual reality, come on stream.

Annoying advertising and ad-blockers

Have you ever wondered why once you have searched online for a pair of shoes every site you subsequently visit has ads for the same type of shoes? Programmatic advertising is to blame. A computer sniffs your digital footprints and selects the ad that an algorithm has decided is right for you. It is done within a fraction of a second, with little or no human involvement, and is quickly becoming the industry standard. As Rohit Kumar of Sociomantic Labs, an advertising consultancy, put it: the advertising world has gone from Mad Men to Math Men. A 2014 [study](#) by PricewaterhouseCoopers notes that while some say programmatic advertising increases relevancy, efficiency and profits, others see it as a race to the bottom.

Its intrusive nature has provoked a backlash among users. We had a firsthand lesson of the negative effects in the production of this report. After the designer searched for logos of pornographic websites for the graphic in this report, the community website he runs from his home computer began displaying pornographic ads. He had to deal with more than one outraged neighbour before he fixed the problem by leaving new digital footprints on more wholesome sites.

Hence the understandable rise of ad-blocking software. About 20 percent of online Canadians use ad-blocking software and the practice is more prevalent among younger users. That does not bode well for media outlets that depend on advertising revenues and have not figured out a way to unblock the blockers. Yet it may push some of them into a more sustainable revenue base – subscriptions. Television faces a closely related problem, where irritating ads drive viewers to subscription-based services like Netflix, pay-per-view services like iTunes, or free services like YouTube.



Source: IAB Programmatic Revenue Report, 2014 Results, PriceWaterhouseCoopers and the Interactive Advertising Bureau (adapted by author)

The tech giants are moving into news

In 2015, social media juggernauts Facebook, Twitter, Snapchat, Instagram and Google took a greater interest (or in some cases a new interest) in distributing news. It started in January when Snapchat, used by 100 million people to share photos and short videos, started Discover. Clicking on an icon within the Snapchat app allows users to see content from outlets such as BuzzFeed, Vox Media, CNN and National Geographic. Facebook, with its estimated 1.6 billion users, caused a splash in May when it launched Instant Articles for mobile devices. Apple, Twitter and Google followed later in the year. Each has a slightly different way of handling news and not all are available in Canada.

Behold the behemoths

Tech titans get serious about news distribution

January 2015	Snapchat launches Discover
April 2015	Google announces Digital News Initiative
May 2015	Facebook launches Instant Articles
June 2015	Launch of Google News Lab
June 2015	Apple announces native News app and hires editors
October 2015	Twitter launches Moments
October 2015	Google announces Accelerated Mobile Pages
November 2015	Facebook launches Notify app
January 2016	Spotify begins to stream video, from BBC, VICE Media and others

Source: The Tow Center's Journalism and Silicon Valley Conference, Matthew Ingram, Storify (adapted by author)

The attraction for media firms of partnering with a tech titan is the potential to reach a vast number of people by being in the digital places where they congregate. There is a marked trend, especially among younger people, to get their news this way. "When I ask my students where they get their news, they say Instagram, Twitter, Facebook and YouTube," says journalism instructor Kathy Vey. A 2012 [study](#) co-authored by Alfred Hermida of the University of British Columbia indicated 43 percent of social media users said they received news and information daily from family, friends and acquaintances they followed on social networks. Only 20 percent said they got their news directly from a news organization or an individual journalist.

Yet there are possible downsides for media firms in using these platforms, often not fully realized or difficult to quantify. They lose control of distribution and data collection, and may miss out on potential advertising and opportunities to build their brand. At a recent Canadian Journalism Foundation panel [discussion](#), Pierre-Elliott Levasseur of *La Presse* said the Montreal newspaper may put some stories up as Instant Articles, but that he had concerns. "Today they say they are going to share some data and they are going to share some advertising revenues," he said. "What if they change the rules when they have all the traffic?"

The revenue challenge is best illustrated by Facebook's Instant Articles for mobile users, which started in the US and became available in Canada earlier this year. *Le Journal de Montréal* has started using it and Facebook says other partners are getting ready. Instant Articles allow media outlets to publish content directly to Facebook, instead of publishing a link that draws users back to their own websites. If the ads in the story are supplied by the news organization, it keeps all the advertising revenue. If the ad is generated by Facebook, the revenues are shared.

"When I ask my students where they get their news, they say Instagram, Twitter, Facebook and YouTube."

— Kathy Vey

The challenge for media outlets is that once users enter a social media app, like Facebook, Twitter or Snapchat, some are reluctant to leave, even when links to news organizations are provided. Potential revenues are lost when users do not go to the news outlet's website and click on other stories or ads. Whether this is balanced by additional revenues from the partnership with Facebook will not be clear for some time in Canada.

"We're trying to have very interesting content that will load quickly, that will be more engaging as a result, that people will use, and that news organizations can monetize," says Kevin Chan of Facebook. "If we can partner with news organizations that do that, there's a win for them and there's a win for us."

"My fear is not that Facebook is trying to destroy media companies. My fear is that it will do it accidentally while it is doing other things."

— Mathew Ingram

User stickiness is not confined to Facebook. The *Globe and Mail* found in its 2015 experiment with WhatsApp, a chat service, that people did not want the *Globe* to include links to *Globe* stories in updates because they didn't want to leave the app.

Ultimately the tech titans have different priorities than the media outlets supplying the content. "My fear is not that Facebook is trying to destroy media companies," says Mathew Ingram, a former print journalist who now reports on media and technology for *Fortune* magazine. "My fear is that it will do it accidentally while it is doing other things."

Critics argue that editorial decisions made by an algorithm are somehow worse and more opaque than those made by a human editor. Social media sites respond that they are platforms, not publishers, and don't have an editorial slant.

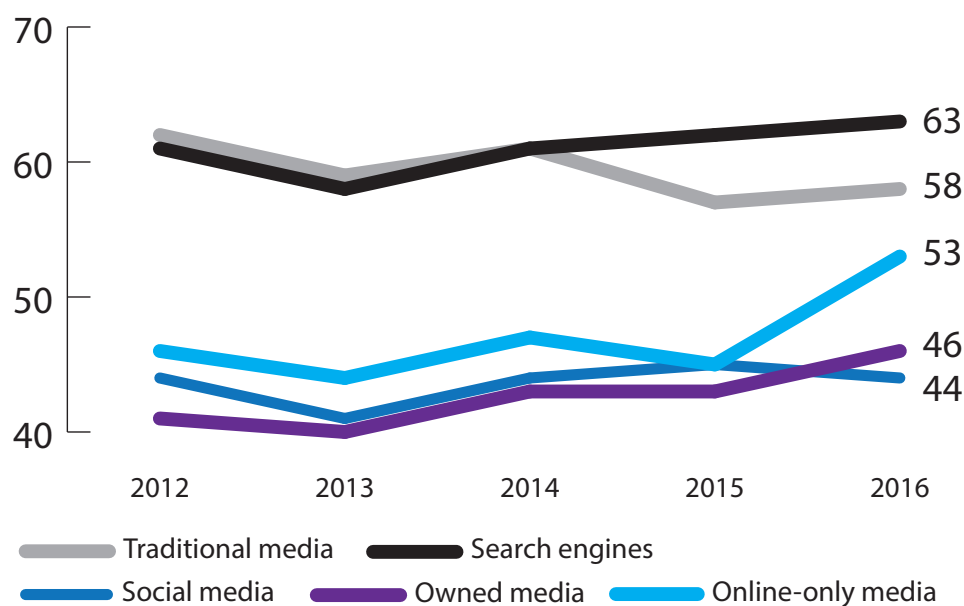
Neither argument is wholly sound. Decisions made by editors at traditional media firms are no more transparent than the algorithms used by Google or Facebook. (It would be interesting to hear Postmedia or the *Globe* explain the thinking behind their editorial endorsements during the last election.) Some participants at roundtables felt story selection was more democratic when family and friends pointed them to news items through social media. One suggested algorithms might be better at assessing his needs than editors at the *Globe*.

Yet it is equally untrue that the social media groups have no control over their content. There is both overt editorial decision-making, such as deciding to block an account or delete a video, and there is algorithmic decision-making, deciding which stories to show an individual and which ads to place with those stories. When VICE tried to promote a marijuana documentary on Facebook, it was blocked. According to one participant at the Toronto roundtable, Google applies an individually tailored "secret sauce" in deciding what stories to show when you do a search. News distribution on this scale is new territory for tech titans still feeling their way on editorial matters.

A major advantage they have over news organizations is that many users believe the news they get through social media is free. It is not. Users pay with their private details, the data that Pierre-Elliott Levasseur of *La Presse* referred to above. As Apple CEO Tim Cook so aptly put it on the company's privacy [webpage](#): "When an online service is free, you're not the customer, you're the product." The collection, analysis and use of vast amounts of private data give social media sites a significant edge over traditional media firms with advertisers. More than one interviewee noted that digital literacy is so low and online privacy policies so opaque that the average Canadian is unaware of how the private details of his or her online life are being used and by whom. There is a role for government in correcting this imbalance.

In Google we trust

Percentage who trust each type of source for general news and information



Source: 2016 Edelman Trust Barometer, Edelman

Sponsored content is increasing

The search to replace advertising revenues has led to a rise in what is variously called native content, branded content, custom content or thought leadership but is really plain old corporate sponsorship dressed up in new clothes, according to a Digital News Report [essay](#). Instead of buying an advertisement, a corporation will put money toward one or a series of articles, broadcasts, podcasts, newscasts and the like. The phenomenon is not new. The nightly newscast on the American television network NBC in the late 1940s was called the [Camel News Caravan](#). The anchor smoked Camels on air and the show was prohibited from showing people smoking cigars, Winston Churchill being the exception.

There is nothing wrong with corporate-sponsored journalism as long as it is clearly indicated who is paying the piper and calling the tune. One roundtable participant made a robust defence of the practice, saying that firms interested in public policy wanted to put money into journalism that explored issues they were interested in. “We’re missing a pot of money that’s just sitting there,” she said.

Problems arise when the distinction is not made clear and readers, viewers or listeners are fooled into thinking they are viewing or reading an independent piece of journalism rather than an item that reflects a corporate viewpoint. A related issue is whether media firms should allow editorial staff to work with companies on sponsored work. BuzzFeed, an online news and lifestyle firm, recently relaxed its prohibition on journalists working with companies on sponsored content.

In another variation on this theme, Rogers Media announced in June 2015 that advertisers would be allowed to put their names on the cover and contents page of its French and English titles, prime space previously reserved for editorial content. The company said the move was necessary to prop up print advertising revenues.

Anecdotal evidence suggests the line between editorial content and advertising is becoming increasingly blurred in both traditional media and online. “The game that everybody is playing right now is seeing how much they can trick the reader into thinking this is real,” says Taylor Owen, formerly of the Tow Center for Journalism and now an academic at the University of British Columbia.

“The game that everybody is playing right now is seeing how much they can trick the reader into thinking this is real.”

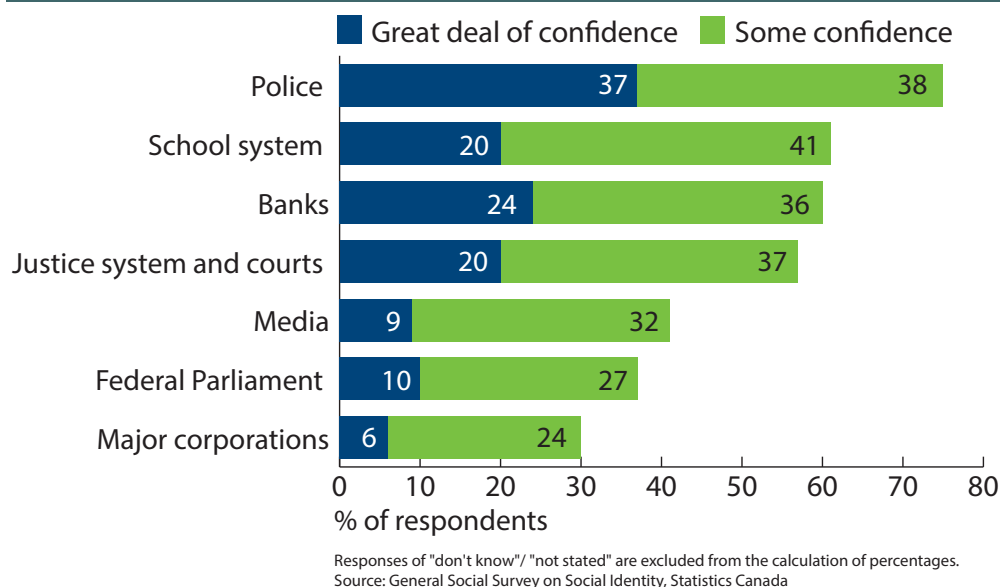
— Taylor Owen

There has always been a dance between editors and advertisers: only now it is more intimate, says Marie-Claude Ducas, who writes about media for [Le Journal de Montréal](#). “Carole Beaulieu, the editor and publisher of *L’actualité*, says it used to be like a line dance, but now it is a tango, making it easier to step on each other’s toes.”

The danger is that when people realize they are being fooled, they lose trust. The media is already well down the list of trusted institutions and cannot afford to sink further. Canadians aged 15 to 25 have the least confidence in the media, according to a Statistics Canada [study](#). Not all of this erosion of trust should be laid at the door of corporate-sponsored content masquerading as real journalism. Ethical scandals have chipped away at the image of journalists as stalwart defenders of the public interest as well.

Who do you trust?

Confidence in Canadian institutions – 2013



Journalism is now a precarious job

So far this report has focused on how the survival of traditional media firms is at risk in the digital era because the journalists they employ currently produce the bulk of serious journalism in Canada. How are individual journalists faring in the digital age?

Digital tools make certain aspects of journalism faster and easier. However, that gift of time has been devalued by new demands on journalists to use these tools to produce vastly more than ever before. I was recently at a news event where a *Canadian Press* reporter was juggling a voice recorder, a smartphone and a camera on a tripod because he was expected to tweet, write a story, and file audio and video clips as soon as it was over.

Those who remember a time when they could focus on doing one thing well find working in the digital age wearying. “It’s exhausting having to write the same thing 10 different ways,” says Rick MacInnes-Rae, a former foreign correspondent and radio host for CBC. But even younger, digitally skilled journalists complain about having to “feed the goat,” as one roundtable participant put it. The 24-hour news cycle is not new. Radio and wire services, like the *Canadian Press*, have always had to break news when it happened. But now it applies to virtually everyone. Journalists did not realize they had the luxury of time to produce fair and accurate stories until it was taken away.

The time previously used to report a story is now being eaten up by processing. “Reporters who used to extract the really important information from cabinet ministers while the camera and sound were being set up and then dismantled, now are setting up that tripod themselves,” said one former parliamentary correspondent. “It is efficient in accounting terms; but detrimental to finding out what was *really* going on.”

When time is at a premium, other parts of the job inevitably fall by the wayside, like the research required for accuracy, context and balance. Journalists and their editors are tempted to avoid harder, longer projects that require both money and time in favour of quick and easy hits. They are more inclined to put opinion over facts. The wall-to-wall coverage of polls, some of them exceedingly questionable, during the 2015 election campaign is an example. “Polls are the new sports stats,” said one roundtable participant who noted they were easier to cover than policy. A non-journalist participant at the Toronto roundtable mentioned that it wasn’t unusual to see whole passages of news releases she had written cut and pasted into a news story.

“There’s an awful lot of opinion out there from people who don’t know what they are talking about.”

— Martha Hall Findlay

Time-challenged, multi-tasking journalists are prone to circulating misinformation, which can be damaging, even if later corrected. “There is an awful lot of opinion out there from people who don’t know what they are talking about,” says Martha Hall Findlay, a former MP and Liberal leadership candidate. All of which makes this journalist wonder if the do-over mentality of the tech world – this app isn’t perfect but we’ll be updating it soon – has seeped into the journalism world.

The financial constraints on media organizations have had a negative impact on working conditions for journalists, quite apart from the heavier demands for increased speed and output. Voluntary buy-outs, a favoured tool for reducing staff costs, tend to be taken by the best and the brightest, because they are more confident of finding other jobs, or those closest to retirement, who take with them invaluable knowledge that could be passed down to newcomers. Romyne Smith-Fullerton, a professor of information and media studies, estimated on an [episode](#) of the *Current* that 10,000 journalism jobs in Canada have disappeared in the last seven-to-eight years. Even if one accepts that new standalone or citizen journalists are taking their place, it does not constitute the same contribution to serious journalism. “Young journalists are missing the mentors they need,” says Kathy Vey of Ryerson. Veterans are replaced by inexperienced newcomers or by contract workers, who are easier to get rid of if things don’t pan out. When The Toronto Star announced January 15th it was cutting 13 editorial jobs, 12 of them were contract positions.

Foreign bureaus, a window on the world for Canadians that have provided distinctly Canadian points of view, are another favoured target. Media executives say they can do the same thing at lower cost by periodically sending journalists abroad. That rings hollow. What is lost is the ability to put Canada in a global context and to pass that knowledge on to others in the newsroom. “The problem for Canada is we’re not getting stuff written from the international side that is of interest to us, as opposed to some international organization that is writing it for 60 countries,” says Jack Mintz, of the University of Calgary. “I do worry about that because it does tend to make a country more parochial.”

Journalism no longer offers the same career prospects and stable, middle-class employment it once did. Anecdotal evidence indicates applications to journalism schools are falling. A 2013 [survey](#) of working conditions for journalists in Canada found 74 percent needed outside income to pay the bills. The average income was between \$40,000 and \$60,000. “The wages and salaries needed to pay journalists to practice their craft and to sustain the profession appear to be in a state of crisis,” the authors concluded. News from China that a robot called Dreamweaver wrote a flawless, 916-word financial report in one minute suggests there is ample room for these problems to get worse. The Associated Press began using computer-generated stories on US college baseball last year, a decision that will likely spread to other major sports.

Chris Waddell, a journalist and a professor at Carleton University, says he is confident people will want to pay for information that helps them make decisions about their lives. But how much will they pay and to whom? “The answer to that question will determine whether the next generation of journalists will work in an environment where their pay has the potential to increase significantly over time, as it did for those in the second half of the 20th century, or whether journalism will return to being a lower-paying, almost blue collar job, as it was for the first half of the last century.”

There are still opportunities for a lucky few. When The Globe was hiring to fill 18 positions last year, it received 800 applications. But the vast majority hoping to make journalism their career will find themselves with no economic security and an uncertain career path. These are elements of a new class in society that Guy Standing, a British professor of economics, has labeled the “[precariat](#)” and of the new world of work the OECD calls “[the gig economy](#)”. Media firms put less emphasis on developing people from within. Editors find it harder to build a commitment to public service journalism.

“The inevitable result would seem to be that the Internet will suck the creative content out of the whole world until nothing is left.”

— David Byrne, British musician

Journalism is following much the same trajectory as other industries disrupted by digital technology— music, accommodation, taxis and pornography. While each has its own peculiarities, they share some common elements. Underlying demand for the basic product or service has not changed significantly. What has changed is how the product is delivered, who delivers it, and who wields the most power and, therefore, pockets the most money. Tom Goodwin of Havas Media describes this as “the battle for the customer interface”. He points to Uber, Airbnb, Twitter, WhatsApp, Facebook and Google as big winners. They own the distribution platforms, not the underlying assets or content.

The individuals creating the product or service to be marketed are generally at the bottom of the heap. Thus porn stars, who once commanded \$1,500 an hour, now receive \$500, Uber drivers get a fraction of what their regulated competitors receive, and journalists, as noted above, have seen their wages slide and freelance rates fall. Inequality has always been a fact of life in the creative industries, with a handful of stars at the top. The gap is now more stark.

In the short-term cheap or free music and news is a boon to consumers. But when skilled musicians or journalists can’t make a living, they look for work elsewhere and bright, young minds are not drawn to the craft or profession. The number of songs or articles written falls. Singer-songwriter David Byrne offered this bleak assessment in a 2013 [Guardian article](#): “The inevitable result would seem to be that the Internet will suck the creative content out of the whole world until nothing is left.”

The music industry may have set a worrying precedent for journalism. Creation of successful content has become highly concentrated, with a small number of songwriters churning out the hits. Nathaniel Rich, in an [Atlantic article](#), has identified the top three writers of Billboard hits as the former lead singer of a Swedish 80s glam-metal band and two bald Norwegians. Yet despite the daunting prospects and long odds of success, there have never been so many people who describe themselves as musicians. The same counterintuitive trend is visible in the journalism industry. The next section explains why.

NEW UNEMPLOYED



Journalists are no longer gatekeepers

From 1867 to 1880 – the first 13 years of Canada’s existence as a country – there was no Hansard, the daily transcript of who said what in the House of Commons. The public had to rely on journalists covering parliament for that information. One of the hardest lessons the digital era has taught journalists is that they no longer have even a quasi-monopoly on news and information. They face new competitors on all sides, many of whom don’t play by the old rules of the game. There are individuals, sometimes called citizen journalists, who cover events from their own vantage point, with various degrees of objectivity, accuracy and skill. Their emergence has led to an as yet unresolved debate over who has the right to call themselves a journalist. There are corporations, think tanks, universities and non-profits that craft their own take on an issue or event, often with the help of former journalists. People with day jobs write journalistic pieces or create podcasts and videos in their spare time. Portals like opencanada.org give specialists in foreign policy a platform. TheConversation.com, does the same thing for academics wanting to talk about their research. “Everyone can be a journalist now and a lot don’t need to make money,” says Mathew Ingram.

Governments have joined the fray, talking over the heads of journalists directly to the public. “In the same way TV and film have lost the monopoly on entertainment and teachers have lost the monopoly on teaching and education, journalists have lost the monopoly on information and knowledge,” says Catalina Briceno of the Canada Media Fund. What this means for journalists, says Bill Fox, a former journalist turned political adviser and now an academic, is that they are no longer the only gatekeepers.

The desire to talk directly to voters is not a new phenomenon for Canadian politicians. In the early 1800s, politicians would buy ads in newspapers, called addresses to electors, “so they could speak directly to the reader in their area”, says Duncan Koerber, a media historian. Today’s politician can do it faster and easier than ever before. Stephen Harper, the former prime minister, was heavily criticized in the media for tweeting cabinet changes and putting day-in-the-life video up on the prime minister’s website. Nevertheless, in his use of direct messaging, he was following political leaders around the world. (The real problem was his restriction on all other forms of government communication.) Justin Trudeau, his successor, has made supportive comments about the importance of journalists. But he and his ministers also talk over their heads directly to Canadians in Google hangouts, ministerial and prime ministerial tweets and Facebook chats. They will continue to do so.

“In the same way TV and film have lost the monopoly on entertainment and teachers have lost the monopoly on teaching and education, journalists have lost the monopoly on information and knowledge.”

— Catalina Briceno

The emergence of all these disparate voices undoubtedly brings some benefits to viewers, readers, and listeners. A participant at the Calgary roundtable said he is glad that he no longer has to rely on what a journalist has to say about a given report because he can read the full report and see what others have to say about it. The Internet allows those whose views differ from the mainstream, to make their case, and often loudly. If those views are informed -- sadly not a requirement -- their airing strengthens Canadian democracy. If not, they often confuse and polarize the issues of the day.

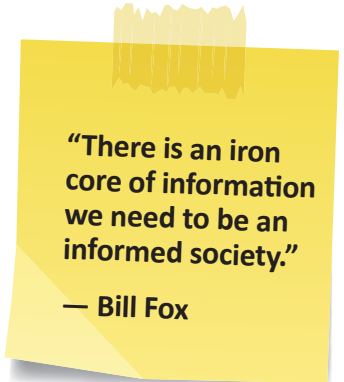
The swelling chorus of news, analysis and opinion poses other challenges for journalists. The first is what’s been termed discoverability. The potential to reach a large audience has never been better, but there has never been more competition for individuals’ attention and time. Journalists and news outlets have to work to persuade the public that viewing, listening or reading their output is a worthwhile pursuit. That in itself is not new. But journalists risk being lost in the cacophony with so many new voices making siren calls to the online public.

A related challenge is that news fragmentation shrinks the pool of common knowledge and could increase partisanship. If you only visit fishing websites whereas I am drawn to those featuring extreme sports, the knowledge we share dwindles. If you confine your news consumption to sites that favour one party, while I pick sites backing a rival group, not only will our shared knowledge decline but our political views are likely to become more entrenched. We no longer live in an era when everyone watched the nightly news on a limited number of channels or subscribed to their hometown newspaper. The idea of having a primary news source has become obsolete. That has unfortunate consequences, beyond the merely the commercial ones for the media organizations. “There is an iron core of information we need to be an informed society,” says Bill Fox, who adds that social media has fragmented that core and even traditional media organizations are no longer doing a good job providing it.

The contribution of traditional media to creating and maintaining this common pool can be over-stated. Duncan Koerber, a media historian, notes that he has always preferred soccer over hockey, while traditional media continually posit that hockey, and only hockey, is the national sport. This leaves him feeling disenfranchised. A participant at the Montreal roundtable noted that it sometimes feels as if the traditional media are being used for intra-elite signaling, a conversation that leaves non-elites feeling ignored and left out.

Growing partisanship was raised frequently during the course of my research as a potential outcome of media fragmentation. But studies in the US for the American Press Institute show rising partisanship is less of a problem for young people, who are exposed to a wide range of views through their friends on social media, than for older people.

The loss of the gatekeeper function has diminished the status of journalists. Interest groups, including businesses, NGOs and governments, no longer need to use the news media to get their message out. They also do not need the news media to tell them what the public thinks. The decision by the government of Newfoundland and Labrador to ask the public for suggestions on how to cut costs is a good example. Why parse news stories for public reaction, when you can elicit it directly and get even more information than you would get from polls? People on both sides of the information equation have less need to talk to journalists or follow their stories. Media scans are still done, but they are supplemented with a growing array of other sources of information. “Political decision makers are reacting less to the media than when they thought the media was expressing what people thought,” says Martha Hall Findlay. This is yet another entry on the list of existential threats to serious journalism.



“There is an iron core of information we need to be an informed society.”

— Bill Fox

The audience has changed

The digital era has changed what people expect of journalism and of the people and organizations that produce it. Some of these expectations are technical in nature, such as the timing, format and content of news. Much harder to address is the growing clamour among online readers, viewers and listeners to be active participants in the creation of news rather than passive consumers of a product.

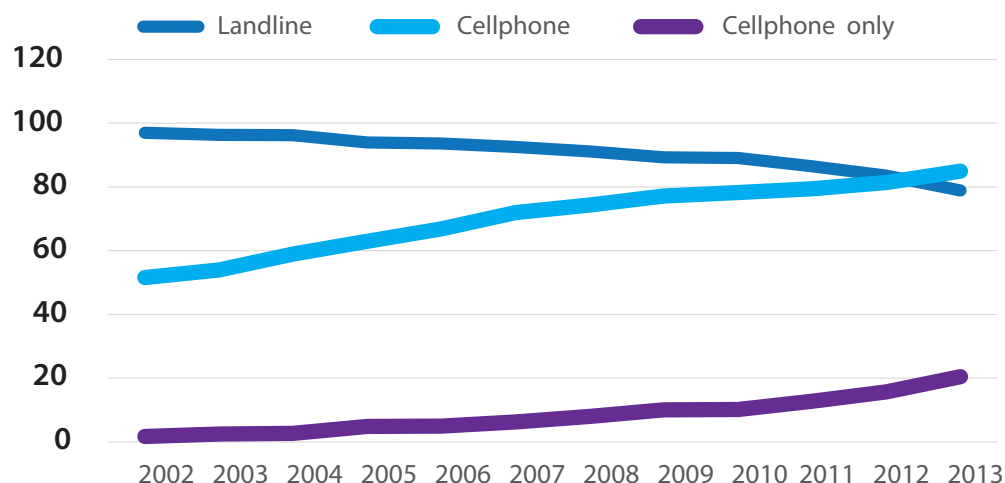
The days of setting aside a block of time each morning or evening to read the local newspaper or watch the nightly news are fast disappearing for all but the oldest Canadians. News – and that includes serious journalism – is now consumed on the fly, while riding the bus, waiting for the elevator, waiting for the water to boil, standing in the check-out line at the supermarket, or even after your morning shower. An engineer at Google has helpfully created a bathroom mirror that will show you the latest headlines as you prepare for the day. Increasingly it is consumed on smartphones. According to a 2014 CRTC [report](#), more Canadians subscribed exclusively to mobile phone services than to landlines for the first time.

“Young Canadians do actually care about what’s going on,” says Patrick McGuire of VICE Canada. “It just needs to be put into a language that makes sense to our demographic.” Crafting news for a smartphone requires adjustments, especially as the average attention span appears to have dropped in the digital era. Microsoft made a splash in 2015 with a study that indicated respondents had a shorter attention span than a goldfish (eight seconds for humans versus nine seconds for the fish). Studies by the American Press Institute show longer items are still being read, even on mobile phones, although often they are saved to be read later on a tablet or desktop computer. Still, James Baxter, publisher of iPolitics.ca, an online-only news site, says people now want to access news more quickly, more easily and in a slightly pre-digested way. The structural changes needed to cater to that demand are difficult, but not impossible, for traditional media firms and easier still for new online-only competitors that are building their newsrooms from scratch.

Traditional media firms are dealing with the obvious consequences of the Internet and its digital offspring by trying to do things faster, using more graphics and experimenting with different formats. They are showing less aptitude in adjusting to the personal and social changes it has wrought. Television made people passive. The words “couch potato” spring to mind. But conversations on the Internet, and specifically social media, tell users they have a voice and are not alone. That leads directly to the desire to be heard and involved in the news. “News is not just a product anymore,” says Mathew Ingram. “People are looking for a service and a relationship of some kind.”

Cutting the cord

Canadian landline and mobile subscribers per 100 households



Source: Statistics Canada's Survey of Household Spending

This is a sea change for most traditional media organizations. John Stackhouse, former editor of the *Globe*, put it well when he wrote that newspapers worked as a closed shop. “We were the theatre troupe that preferred audiences stay off the stage.” It is not clear that the pressing need to invite people onto the stage and give them active parts has sunk in. The representatives of the *Globe*, the *Toronto Star* and *La Presse* at a recent Canadian Journalism Foundation panel spoke of their desire for engagement, but defined it as “the time people are spending with us” or “the sense that you can spend a long time with people” and not the interactive activity users want.

There has been some experimentation at the margins. For example, *Power and Politics*, a CBC show, uses questions submitted via Twitter on live broadcasts and asks viewers to vote on the question of the day. But that solid wall between creators and consumers has barely been pierced. It will have to fall if traditional media firms hope to survive. They are already at risk of being left behind by newer, online rivals more in tune with the zeitgeist.

Journalists used to be taught that a good news story must address the “Five Ws”: Who, what, when, where and why. Creators of serious journalism must find credible answers to those questions if they want to survive.

- Who do they expect to view, listen to or read their work?
- What distinguishes them from other voices in the information crowd?
- When and how often are they going to deliver their stories?
- Where will they interact with viewers, listeners and readers?
- And why are they still needed in a time of information plenty?

“Newspapers worked as a closed shop. We were the theatre troupe that preferred audiences stay off the stage.”

— John Stackhouse

The next section of the report looks at answers to some of these questions, a relief after so much grim reading. “It’s tempting for all of us to lament the challenges facing journalism,” says Bruce Anderson of Abacus Data. “But it’s more important to adapt, and with greater pace.”

SOLUTIONS

Whose responsibility is it to ensure that serious journalism survives? We all have a stake in having an informed public because it is a necessary requirement for good policymaking and a well-functioning democracy. That should be in the self-interest of everyone. Does it follow that we all have to contribute to the solutions? The primary responsibility lies with media outlets and journalists in finding a better way to meet continuing demand for independent, fair and accurate coverage. Non-media companies have a role to play, specifically in their role as advertisers. Foundations, philanthropists and venture capitalists could help fill the funding gap for experimental media models. Governments have to be careful how they contribute. I found little appetite for direct government subsidy of private media outlets because of the potential for state interference in a free press. What I heard was a desire that governments do a better job of enforcing existing legislation, that they remove unnecessary roadblocks without creating exceptions for the media, and that they educate Canadians about the use of their private data in the online world. What follows are suggestions on how each of these groups can do their bit.

How media outlets can do a better job

Most pronouncements about the death of the media business model based on advertising assume that all of the problems facing journalists and advertisers are the direct results of digital forces beyond their control. Yet that ignores important questions about whether they are offering what viewers, listeners and readers want from them. Doing a better job is a good place to start when thinking about the future of journalism.

“I’m not reading the newspaper for the news anymore, because I’ve already got the news the day before,” says Jack Mintz of the University of Calgary. “Even television broadcasts are out of date by the time you get to them.” I heard this a lot during my research. Traditional media has reacted to the online challenge by trying to get the news out faster, often in unfinished form, on websites and through social media. Twitter has become a go-to source on big breaking news stories, filling the role that CNN plays on television. But speed frequently comes at the cost of accuracy. Trying to compete with the wire services, who have been in the business of instant news much longer, eats up the time of journalists, editors and technicians. And it does not play to the strengths of traditional media outlets whose approach includes taking the time for verification.

“I’m not reading the newspaper for the news anymore, because I’ve already got the news the day before.”

— Jack Mintz

Nikhil Sonnad, a reporter for the online news service Quartz, calls the Internet an “information landfill” where real knowledge is found among piles of opinion, speculation and misinformation. “Sorting through the trash is difficult work,” he adds. Dirty or not, journalists can add real value by sorting the trash, extracting usable information and putting it in context. “As soon as the question becomes ‘what does this mean?’ you need someone local or someone you trust to explain it,” says Daniel Schwanen of the C.D. Howe Institute.

I’ve seen that in my own work with the *Economist*. People read it not so much to get the news but to understand the news. Or, as Jayson Myers of Canadian Manufacturers and Exporters puts it: “Good journalism provides critical thinking and makes sense of competing voices so that public opinion is more objective and informed.”

Some outlets have sensed this, putting more resources into investigations and well-researched analysis. It’s a winning formula, says Tom Rosenstiel of the American Press Institute. Studies the institute has done in the US indicate that the single biggest thing a journalist can do to engage readers is to have a story that no one else has, that answers a question the journalist has thought up, rather than having a story that just contains reaction to the news. Online news sites like BuzzFeed and VICE have added longer pieces to their lighter fare, partly in response to requests from advertisers, who see that even young Canadians don’t want a steady diet of fluff. BuzzFeed and the BBC collaborated on a recent exposé of match-fixing in tennis.

Spending more in one area means spending less in others. This is not necessarily a bad thing. Tom Rosenstiel says the traditional model for most news organizations mirrors that of a department store, which offers everything but does few things really well. “The web rewards specialization,” he says. News outlets now have to look at what they do and decide which parts are indispensable and which bits others do better. The *National Post* went through such an exercise last year and decided to cut its sports and arts coverage, according to one roundtable participant. The *Globe and Mail* has increasingly gravitated to covering topics of interest to Bay Street and offering distinct services that appeal to business and investors.

Specialization can be geographic. Several interviewees mentioned allNovaScotia, an online-only news service available only to subscribers, as well as the *Texas Tribune*. It can be demographic. BuzzFeed and VICE are clearly crafted to appeal to a younger generation. It can be topical. The Marshall Project in the US is a non-profit, non-partisan news outlet that covers the criminal justice system. Or it can take some other form. Choire Sicha, co-founder of The Awl, an American site that focuses on good writing, [said](#) he wanted to disinvite stupid people from the site. (The current editor says the site’s motto “Be Less Stupid” is intended to be humorous.)

Anecdotal evidence suggests that finding a niche and exploiting it can also work for the individual journalist. Three recent examples spring to mind: Helen Branswell spent 15 years as a medical reporter for the *Canadian Press* before relocating to Boston in 2015 to write for the *Boston Globe’s* online medical news site, Stat. Luke Kawa blogged about monetary policy before the *Globe and Mail* hired him in 2014. Bloomberg then lured him away in 2015. Bob Fife, who developed deep contacts on Parliament Hill, became Ottawa bureau chief of the *Globe and Mail* after a decade at CTV.

This has implications for journalism schools, which in the past tended to turn out generalists. The Munk School of Global Affairs in Toronto, which runs a one-year program for aspiring journalists who are already established in other professions, may well be the way of the future. It also has implications for news organizations that have dismantled their beat system, where journalists specialized in a particular industry or area. Having a pool of journalists who can cover anything may save money in the short-term, but runs contrary to current market signals.

There are downsides to specialization for individuals and media firms, including picking the wrong one and finding out it is not in demand. “You could always cross-subsidize serious journalism in the past with your auto section or your entertainment news, things that attracted people who would then get the serious journalism as well,” says Alfred Hermida, director of the UBC School of Journalism. “But as soon as you start picking apart that bundle, which is what we are seeing, serious journalism has to pay for itself, and there are very few examples historically of that happening.” Some specialist publications address that challenge by going global. Dr. Hermida cites the *Economist* and the *Financial Times*, both British, as publications that cater to a niche market but have been able to survive in the digital world by targeting that niche globally. The rub for Canadian media firms whose current specialty is domestic news is that the global audience for Canadian coverage is small. “Scalability is important and Canadian journalism lacks it,” says Taylor Owen of UBC.

Go big or go home is the reigning philosophy in the Internet world. But there is opportunity at the other end of the spectrum too. “You have to be huge, or small and very focused,” says Mathew Ingram. “In the middle is the valley of death.” John Cruickshank, publisher of the *Toronto Star*, suggested the Canadian media firms that survive the digital onslaught will be “much smaller than they are now”. Pierre-Elliott Levasseur of *La Presse* hinted at the same thing when he said that newspapers need to transform themselves, which may mean shedding “some of the industrial capabilities we have today.”

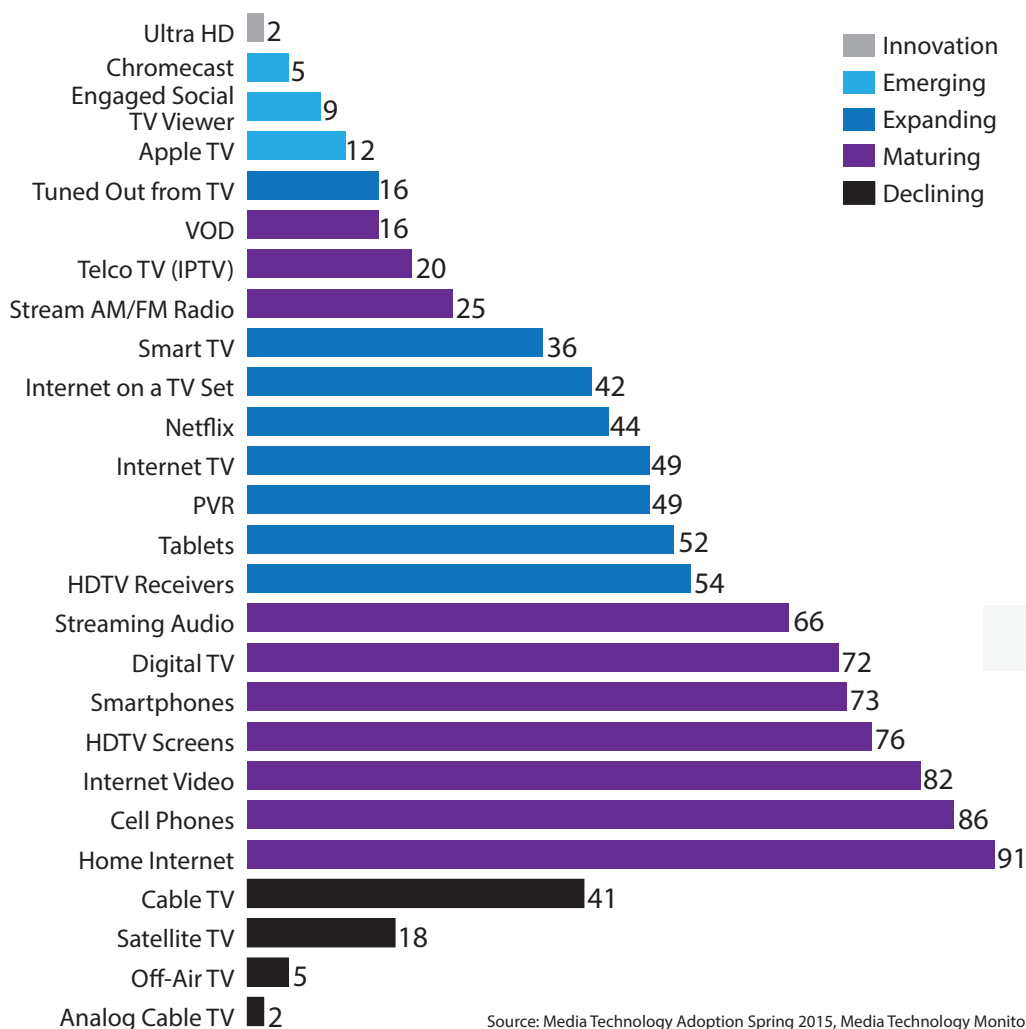
“Good journalism provides critical thinking and makes sense of competing voices so that public opinion is more objective and informed.”

— Jayson Myers

There are interesting analogies in other industries disrupted by digital technology. Cameras, for example. Most people are happy using the camera on their cellphone, which camera makers would think of as the low end of the industry. But there are still people buying high-end cameras. Catalina Briceno of the Canada Media Fund says the film and television industries have polarized between big franchises with premium content, like Disney, and small, hyper-specialized players, like YouTube. The video game industry has gone through a similar restructuring. The big studios moved toward more sophisticated games in order to survive. “You can have Angry Birds and Assassin’s Creed,” says Briceno. “Both can co-exist.”

It’s a Smartphone world after all

Media technology adoption by adult, anglophone Canadians - percent



Source: Media Technology Adoption Spring 2015, Media Technology Monitor

How advertising could do a better job

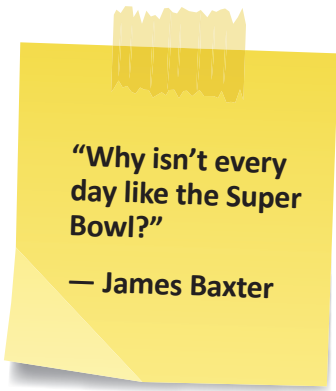
The Interactive Advertising Bureau, which represents 650 firms that sell, deliver and optimize digital ads, published a startling confession in October 2015. “We messed up,” said the [message](#) from Scott Cunningham, senior vice-president of technology and ad operations. The mea culpa went on to describe the many ways the group had got it wrong, including focusing on publishers’ need for revenues rather than customers’ preferences, designing ever-heftier ads that drained batteries and tried the patience of users. None of this is news to anyone who has used the Internet in the last decade.

It would be nice to think his extensive apology was the result of customer outrage. The impetus was the sudden rise in the use of ad-blocking software that was destroying the world that members of the Interactive Advertising Bureau had built. A 2015 [study](#) by Reuters Digital News indicated that about 30 percent of online visitors to news sites avoid those with banner ads that obstruct content. (The number is closer to 20 percent in Canada.)

Mr. Cunningham promised the industry would do better and was developing a new set of standards for online advertising. That's a start. It's not just the placement and timing of ads that needs fixing. It is also their content. "There is an onus on advertisers to come up with clever ads," says James Baxter of iPolitics. "Why isn't every day like the Super Bowl?" Creating compelling ads costs more than the cheap fare the industry has been serving up online. Yet, as Cunningham acknowledged in his apology, trying to pinch pennies "may have cost us dollars in customer loyalty."

News outlets have a stake in the promised reforms and a responsibility to insist on better advertising. These are customers and audiences that media firms cannot afford to lose. If the reforms are not forthcoming, it may push more media outlets to offer ad-free subscription services for a fee. *Wired* magazine began experimenting with this in February after finding one in five people visiting its site were using ad blockers.

Ad blockers aside, there is another reason to think that the marriage between media outlets and advertisers is heading for the rocks. Advertisers are one of the many groups able to use digital technology to talk directly to their intended audience, bypassing traditional ads. Think of the many emails you receive for being a member of a loyalty program, for ordering a good online, or sometimes just visiting a website. Advertising is much less dominant than it was in the marketing mix. All the more reason for media outlets to explore other means of paying for serious journalism.



"Why isn't every day like the Super Bowl?"

— James Baxter

How media outlets can adapt

Joseph "Holy Joe" Flavelle, who owned the Toronto News 200 years ago, [said](#) he was "old-fashioned enough to believe that a newspaper proprietor has some other duty to the public than to make money, and some other responsibility to society than seeking to inflame prejudice and passion." Not all of today's media owners could convincingly make the same case. There is a school of thought that traditional media firms abandoned their sense of public duty as they moved from family to corporate ownership over the last 100 years and put the interests of shareholders first. Corporate ownership, as this line of thought goes, has led to news becoming a commodity with little value added. The Internet accelerated an existing trend.

Might another form of ownership help journalism better perform its core function of informing the public? There are experiments in the US, Canada and elsewhere of media firms becoming non-profit organizations or using a hybrid approach by creating a foundation that either exists alongside the commercial news organization or is its ultimate owner. (Guardian News and Media in the UK, which owns the *Guardian* and *Observer* newspapers, used to be owned by a non-charitable trust. It is now owned by a limited company that says it will follow the same principles as the trust, which was wound up in 2008. A corporate structure does not seem to have helped in this instance, although there may be other factors at play. The company is expected to lose more than £50 million this year.)

The idea behind non-corporate ownership is that shareholder pressure for profit is removed and corporate bias does not creep into editorial decisions. In theory, this leaves journalists free to pursue the truth, without fear or favour. In practice, non-profits in the US have found they have to be alert to pressure from foundations, wealthy donors and corporations. Publicly disclosing major donors and adopting a code of ethics are ways to blunt that pressure. John Cruickshank, publisher of the *Toronto Star*, says the for-profit model is better because it keeps the media outlet in touch with what the market, meaning listeners, viewers and readers, wants.

There is a possible downside to moving away from the corporate model: the potential for increased partisanship. The first newspapers in Canada were fiercely partisan, many because they were owned by politicians. They moved to more objective coverage as they sought more advertising from businesses that did not want to be associated with one particular party. Without that kind of inclusionary influence, might partisanship re-emerge?

There are some experiments in Canada. They include:

- *Walrus* magazine published by the Walrus Foundation, a registered, charitable non-profit. To maintain that status, it must ensure that 70 percent of its pages are editorial content. That content must be 80 percent educational and 80 percent Canadian;
- The *Literary Review of Canada*, published by the LRC charitable organization;
- The *Tyee*, a for-profit online news outlet based in Vancouver, has a sister company, The Tyee Solutions Society, a registered charity; and
- Rabble.ca, a registered non-profit organization, which receives individual donations and support from a range of unions and the Council of Canadians.

Someone must still pay the bills, regardless of whether media firms adopt a for-profit or non-profit model. Advertisers, foundations, venture capitalists, subscribers and government support are all part of this mix. Each has its advantages and its drawbacks.

In the US, the John S. and James L. Knight Foundation, one of many active in this sphere, has backed numerous start-ups, including the *Texas Tribune*. Prospects for foundation funding in Canada are nowhere near as bright. There are fewer sizeable foundations and those that exist mostly do not consider media funding a priority. Ian Gill, a Vancouver-based media consultant and writer, tried to interest a number of foundations in media support, so far with limited success. Some of this reluctance stems from strict regulations that limit the activities of charitable donors and recipients. Canadian charities are largely prohibited from political activity and the definition of what constitutes such activity is broad. Under the previous government, a number of non-profits (not in the media sphere) faced the risk of their charitable status being withdrawn after audits by the Canadian Revenue Agency. James Baxter says he thought about setting up iPolitics.ca as a charity but decided against it because of the potential for the tax agency to affect financial and editorial decisions.

Wealthy philanthropists willing to finance media companies continue to exist in Canada. The Thomson family control the *Globe and Mail* through their holding company, Woodbridge, and the Desmarais family in Quebec control *La Presse* through Gesca. Their papers are doing better than the Postmedia chain, which has been slashing costs and laying off staff after taking on an enormous debt. But there have been few new ventures backed by family owners. Mr. Baxter suggests the inheritance tax in the US gives wealthy Americans an incentive to spend their money while they are alive. There is no inheritance tax in Canada.

Crowd-funding has been used with some success in the US and here in Canada. The *Tyee*, an independent, for-profit online news site based in Vancouver raised money through a crowd-funding campaign to pay a journalist to cover Ottawa, and also uses crowd funding to cover specific topics. The *Vancouver Observer*, an online site covering energy and local news, used a Kickstarter campaign last year to finance the *National Observer*, which covers energy politics from coast to coast. The *Tyee's* diverse mix of funding includes money from master classes given by its reporters and renting out desks in its newsroom. It also received investment from Working Enterprises, which is affiliated with the labour movement. Gawker, an American online news site, made millions last year selling flashlights, headphones and chargers. Venture capitalists in the US have begun to finance content creation to help new media firms grow quickly. The trend is not yet apparent in Canada, perhaps because the market is too small.

Traditional media firms have also sought to broaden their revenue sources, putting more emphasis on conferences, partnerships or pay-per-article models. The *Winnipeg Free Press* began pay-per-view articles in 2015.

So far, there have been few bold moves. John Stackhouse puts some of this down to the innovator's dilemma, where firms are unwilling to abandon existing customers and risk all to attract new ones. Newspapers and broadcasters

"The media organizations that survive are those that can adapt constantly, but that doesn't bode well for those that have been set in their ways."

— Craig Silverman

are making more use of digital platforms and tools and looking for new ways to make money. But the changes are incremental. As one industry observer noted, “you cannot leap a canyon incrementally.”

Clayton Christensen, who coined the phrase innovator’s dilemma, co-wrote a [study](#) on journalism with David Skok and James Allworth that suggested media outlets should build on their existing business and expertise by doing such things as consulting, event marketing and repurposing content. It has to be done in such a way that it did not compromise editorial integrity, the study noted. This is already happening to varying degrees in the both the old and the new media worlds. Huddle, a new online business news site focusing on New Brunswick, is run by the owners of Bonfire Communications, a marketing firm. The Economist Group has long had an editorial arm, the *Economist*, and a consulting and events arm, The Economist Intelligence Unit.

There is a lot of experimentation going on about the structure and funding of media companies. No one has found the perfect combination of revenue sources that can finance a media organization of any size or guarantee its survival. Barring a breakthrough, new firms will remain small, and existing firms will have to shrink and radically revamp their internal structures to survive. “The media organizations that survive are those that can adapt constantly, but that doesn’t bode well for those that have been set in their ways,” says Craig Silverman of BuzzFeed Canada.

What government could do

Direct government support has been raised as a possible source of funds for privately owned media. The *Walrus* and the Literary Review of Canada both receive some government support. The Nordic countries built an extensive system of subsidies for their newspapers, starting in the 1970s. But Nordic publications are experiencing the same disruption as less-subsidized peers in other countries, according to a 2007 [book](#). Receiving money directly from the government leaves media outlets vulnerable to political interference or political change. Indirect subsidy, through the tax system, is a more neutral way of accomplishing the same thing but ultimately runs into the same objection, if it is aimed specifically at media outlets. What the government gives, it can also take away. What does work is support available to all companies, not just the media. Philip Crawley, publisher of The Globe and Mail, pointed to Ontario tax credits for technological innovation as an example. Created originally to support the gaming industry, the credits are being used by media companies to create new apps.

“A newspaper proprietor has some other duty to the public than to make money, and some other responsibility to society than seeking to inflame prejudice and passions.”

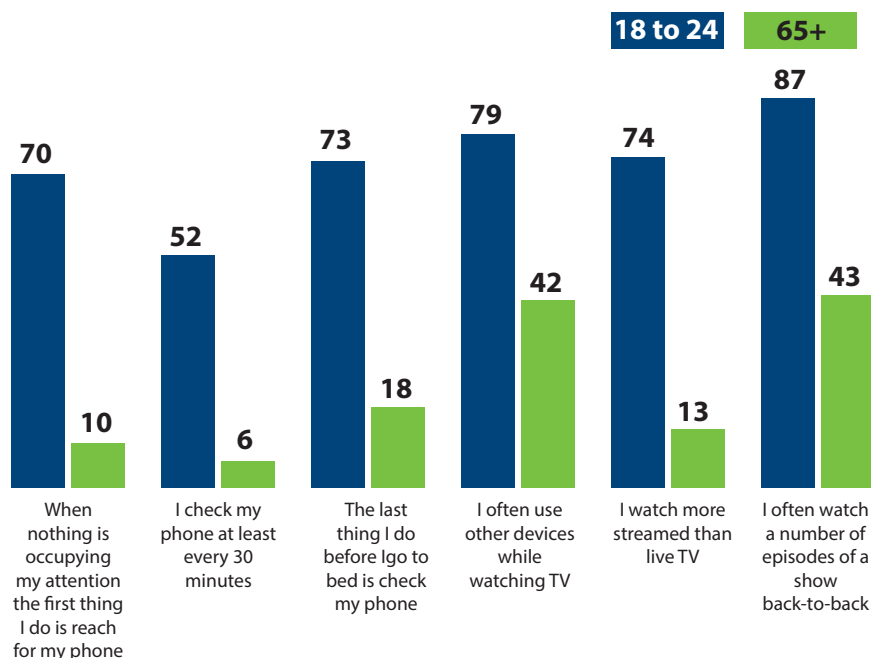
— Joseph
“Holy Joe” Flavelle

Beyond financial aid, there are other ways for governments to help. Among the suggestions I heard were: better enforcement of legislation such as the Competition, Copyright and Privacy acts; a more hands-on approach to the online world by the Canadian Radio-Television and Telecommunications Commission; and a greater effort to increase the digital literacy of Canadians. The latter is in respect to how private details disclosed online are being used and by whom. A [survey](#) done last year for the Office of the Privacy Commissioner found that an overwhelming majority backed the idea of the government educating Canadians on privacy protection.

The question of state-owned media came up many times in the course of my research. It was mostly raised by advocates of the purely private model who feel that the free content available on the many CBC and Radio-Canada platforms made it difficult for other media outlets to compete, and discouraged new entrants. Yet there was also an acknowledgement that some of the best serious journalism being produced in Canada at the moment comes from these state-owned sources. One interviewee suggested that a state-owned body along the lines of the Auditor General could provide news coverage of government institutions. There would be little appetite for this among current media owners. “I resent the fact that I am competing with something that I’m paying for with my own taxpayer dollar,” says Mr. Crawley of the *Globe*, referring to the CBC. “They are competing with me on digital for audience, for advertising.” An ad-free CBC would address only part of this complaint. I did not come to any firm conclusions on the CBC’s existence. It seems counter-intuitive to get rid of a media outlet producing serious journalism at this point in time, even if it is state-supported. Yet the argument that its presence discourages a vibrant start-up scene has merit. How it could be restructured is a matter for national debate.

Addictive behaviour?

The generation gap in media habits, percent



Source: Attention spans, Microsoft Canada

How journalists can adapt

To survive in the digital age, journalists have to reinvent themselves. Learning digital skills is the easy part. “VICE doesn’t hire based on digital skills, because most young people already have them,” says Patrick McGuire. The hard part is adjusting to a world where employment is increasingly precarious and journalists have lost their gatekeeper role. “I tell my students they might have to invent their own job and be their own employer because the legacy media doesn’t need bodies,” says Rick MacInnes-Rae, former CBC foreign correspondent and radio host.

One participant at the Ottawa roundtable said journalists have to be entrepreneurial. That has the ring of truth, especially for freelancers. Jesse Brown has created his own business with Canadaland, which began as a podcast critiquing the media and became a crowd-funded online site. George Abraham, who worked in India, Dubai and Qatar before immigrating to Canada, started his own publication, *New Canadian Media*, to articulate the immigrant perspective for all Canadians.

Even journalists working salaried jobs for traditional media firms are burnishing their personal brands on Twitter and Facebook. A study by the American Press Institute funded by Twitter indicated that almost three-quarters of people who use the platform to follow news do so by following individual journalists, and often follow them on other platforms too. As traditional firms slim down to a sustainable size, or go out of business completely, name recognition for the individual journalist is more important than ever.

It is harder to gauge whether journalists have come to grips with their new reality. I was told of attempts by journalists to change how their media organizations operate, only to be stymied by their bosses. So there may be more of an entrepreneurial spirit than is obvious to outside observers. Marie-Claude Ducas, who writes about the industry from Montreal, frets that the opposite is true. “I’m worried about the attitude of journalists,” she says. “We’re supposed to be agents of change, but we’re less ready to change ourselves.” Newsrooms are notorious for their resistance to change.

If journalism follows the same trajectory as the music industry, the pressure on journalists to be entrepreneurial will intensify. But unlike musicians, who found that licensing their music for commercial use can be lucrative, journalists follow the corporate route at their peril. There is still a dividing line, which may appear artificial to outside observers,

between journalists who work for themselves or for a media firm, and those who create stories indistinguishable from journalism but funded by non-media organizations. That dividing line used to exist for musicians as well. When the musician Moby became the first to license every track on an album for commercial use in 1999, it created an uproar. The same behaviour by musicians today is uncontroversial.

Entrepreneurship isn't completely new in either journalism or music. An obituary for David Bowie in January 2016 noted that he broke new ground by selling bonds based on the future value of his songs. Even more visionary was Bowienet, created in 1998. Bowie [described it](#) as a place "where not just my fans, but all music fans could be part of a single environment where vast archives of music and information could be accessed, views stated and ideas exchanged." He sensed a truth that media firms will have to understand if they are to make a successful leap into the digital age: people want more than just a product, they want a relationship.

A new relationship is key

Media firms can do a better job at producing journalism. They can insist on more imaginative and effective ads from marketers. They can transform themselves and employ journalists who understand their changed reality. But if they do not grasp that their relationship with users has changed irrevocably they will fail. People want to be involved, have their concerns reflected and their voices heard. They want to be active participants, not passive consumers.

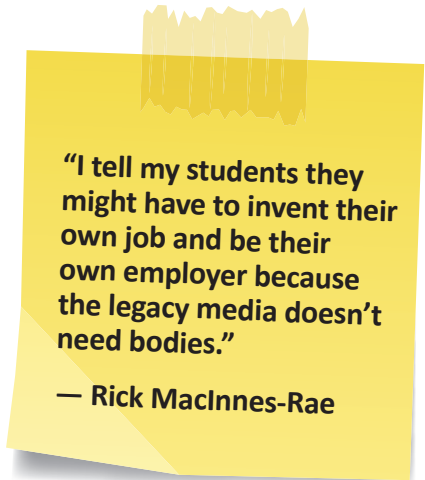
Social media platforms have understood this, which is why they have become behemoths. New online rivals also understand. BuzzFeed offers interactive quizzes alongside serious news, a tactic Kathy Vey of Ryerson describes as "bring them in for candy and then serve them veg."

This desire to be engaged is not restricted to the world of journalism. A briefing memo from senior officials to Prime Minister Justin Trudeau warned that Canadians want to be included and consulted early and often about the design of policies that affect them.

That raises a question mark over the bold experiment by *La Presse* of Montreal to drop its weekday print editions in favour of a tablet edition known as *La Presse Plus*. A tablet edition addresses some of the changes on the consumer side, most notably the move to digital away from print; and some of the challenges on the advertising side, offering display ads that will hopefully bring in more money than other forms of online advertising. The problem with a tablet edition is that it does not address the user's desire to have a relationship. It remains a product, put together and packaged beautifully, but then delivered in a one-way transaction. The Quebec market and *La Presse's* position in it may be sufficiently different from markets in the rest of Canada for this bet to pay off. There are doubts about how effective it will be in the rest of Canada, such as in Toronto, where the *Toronto Star* has bought *La Presse's* model. "Star Touch is my favourite example of people not getting it," says Patrick McGuire of VICE Canada.

The comment section at the end of online stories also does not satisfy this urge because it isn't interactive. Users can comment, complain or rant at will, but journalists can, and usually do, ignore them. It is a recipe for user frustration. When the *Toronto Star* decided to close comments on stories in December 2015, Michael Cooke, the editor, said he had grown tired of the uselessness of many of the comments. The *Globe and Mail's* SecureDrop invites people to share information privately with journalists. This is really just a digital version of the brown envelope and a variation on the routine invitations issued by most media firms for public input.

Yet some firms, especially in the US, are trying to take the relationship further. Last year, several US newsrooms started to use software called Hearken, developed with funding from four US foundations. It allows readers to ask a question they would like answered and allows the audience to vote on which question is the most important. The person who poses the winning question is invited to go along with a journalist and help with the research. The *New York Times* has developed software called Membrane, which lets online readers ask questions about a story within the story, to which the journalist will respond. It is also allowing readers using the chat app Slack to ask questions specific to the 2016

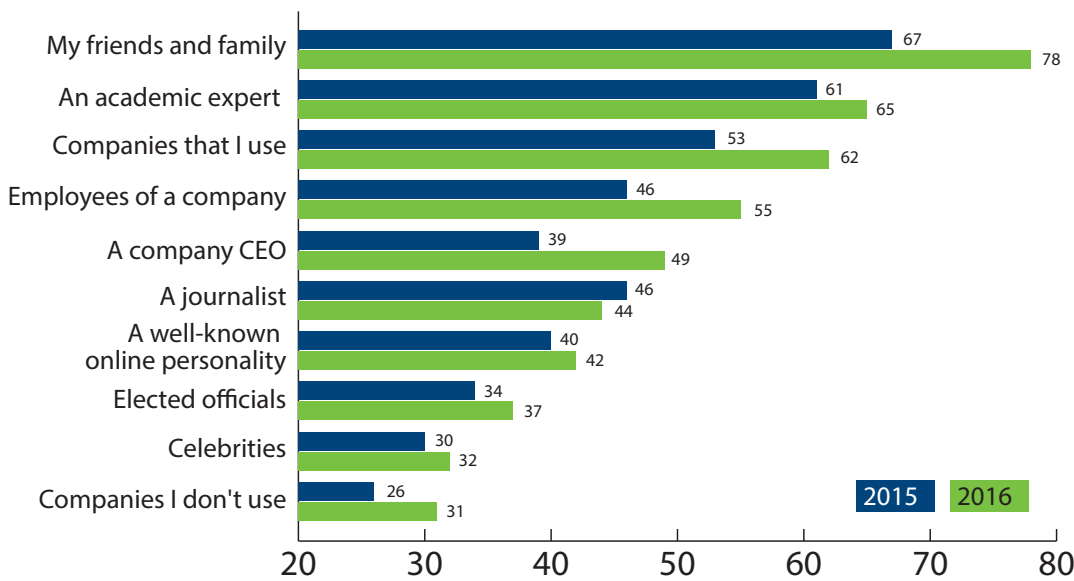


"I tell my students they might have to invent their own job and be their own employer because the legacy media doesn't need bodies."

— Rick MacInnes-Rae

Familiarity breeds content

Percent who trust online information created by each author, 2015-2016



Source: 2016 Edelman Trust Barometer, Edelman

election directly to the newsroom. An American television reporter let viewers know in advance about an interview she planned to do and asked for their questions on Facebook. Viewers voted for the questions by liking them and the journalist asked the questions that received the most likes.

In Canada, OpenFile.ca was a short-lived experiment along the lines of Hearken. Readers opened a file on something they wanted investigated and a journalist took over. It ran for two years in several Canadian cities but closed in 2012 after funding from a venture capitalist dried up. The example of CBC's *Power and Politics* show using live questions from viewers in the form of tweets is another form of increased engagement. So too is the decision by the *National* on CBC television to have ordinary Canadians ask questions directly to the prime minister at the beginning of January. "A complete feedback loop is possible," says Jeff Sallot, a veteran journalist now writing for iPolitics.ca. "This is journalism as a conversation rather than a presentation." Call-in shows on talk radio, where listeners pose questions to a studio guest, are a well-established model.

A common thread running through all these experiments (and this is not an exhaustive list) is much more public involvement than traditional journalism allows. There are drawbacks. How will journalists, already under pressure, find time to interact with the public? Will the cost of doing so be too much for some media organizations to bear? It is too soon to pronounce any one of them a success or to identify the model that should be followed. But the direction for the media is clear: develop a relationship with your audience and a high-quality product, or cede the field to the tech titans.

"A complete feedback loop is possible. This is journalism as a conversation rather than a presentation."

—Jeff Sallot

There are those who think the battle has already been lost. But optimists point out that Canadian firms have some advantages over global groups. The large traditional media firms like *La Presse*, the *Globe and Mail* and the CBC have brand awareness and large audiences. And even new start-ups know the local scene and what's important to local users better than tech firms with global scale. Bruno Boutot, the media analyst from Montreal, says one of the biggest obstacles is the attitude of media executives who still see their job as making a product rather than creating a community. He envisages communities where people exchange not just information but also goods and services, providing media outlets with another way to make money.

A FINAL WORD ABOUT THE FUTURE

Trying to get a handle on where journalism is going is a bewildering process, not because there is too little information but because there is too much. The decline of journalism will not go unnoticed if journalists have anything to say about it. Every newspaper that closes, every layoff that is announced gets the kind of exposure that journalists do not accord any other industry. And because this coverage is coming from people working in the sector and worried about their future, the amount of negative coverage tends to skew the broader story. I sympathize because I am one of them. But I also realize that while disruption on this scale inevitably produces losers, both individuals and firms, it also creates winners. We are not hearing enough from them.

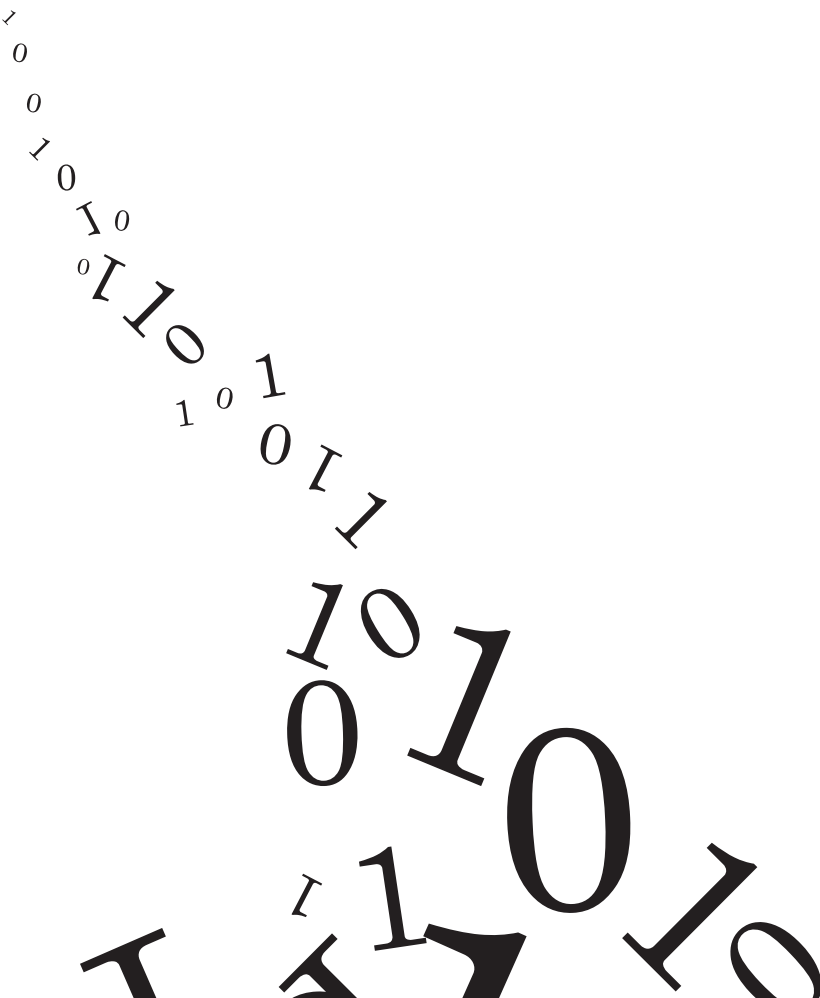
What has kept me cautiously optimistic throughout the research is that all the signs point to a continued desire on the part of Canadians to be informed. The demand is there. What remains is to figure out how to resolve the current problems with supply.

Not all of the existing media firms will be up to the task, some because they are on their last legs and cannot summon the energy or money required to radically revamp their internal structures to meet the changed demands of news consumers. Not all journalists will be able to make a similar transition.

There will undoubtedly be fewer journalistic voices, at least in the immediate future, because of the layoffs, closures and mergers that have still not run their course. That loss is partly mitigated by the rise of other informed voices who used to depend on journalists to provide a platform but no longer need them. Academics, for example, no longer have to depend on journalists alone to publicize their research or enrich a public discussion. If academics, companies, governments and others can do this for themselves, that leaves journalists free to do what they do best: casting a critical eye on events and putting them in context.

Serious journalism in Canada will survive in the digital era. The media outlets providing it will likely be smaller and more specialized, but they will have learned how to have a relationship with their viewers, listeners and readers. I'm confident of all of this because Canadians will still want to know what is going on around them and what it means.

And unlike shipbuilding at Newcastle-on-Tyne, real local knowledge and a connection to the community cannot be outsourced abroad.



MOVING TARGETS: JOURNALISM AND PUBLIC POLICY

What does all this digitally inspired change mean for policymakers and the people who communicate policy? Policymaking in Canada, like journalism, has changed profoundly and will likely keep doing so under the new government. Determining how the two worlds fit together is a bit like aligning two moving targets.

When journalists think about their impact on policy, they tend to focus on spectacular investigations that cause the public and politicians to sit up and take notice and lead directly to a change in policy (and recognition from their peers in terms of an award).

Examples include:

- A series in the *Toronto Star* about the plight of older women in the 1970s prompting the Ontario government of Bill Davis to embrace rent control and eventually the adoption of a Guaranteed Annual Income in the province.
- Investigations by *Enquete*, a Radio-Canada programme, *La Presse*, *Le Devoir* and the *Montreal Gazette* into alleged corruption led to changes in the Quebec government's procurement policy, even before the Charbonneau Commission investigating the allegations completed its work.
- Digging by *Globe and Mail* reporters uncovered the sponsorship scandal, which helped fell the Liberal government and led directly to the Accountability Act of the succeeding Conservative government.

While pleasing to the journalist and good for democracy, such award-winning investigations form only a small part of the real job of the journalist. One of the best definitions I found described that job as providing citizens with the information they need to make the best possible decisions about their lives, their communities, their societies, and their governments.

Policymaking itself has changed, both in how it is made and who is making it. The ideal process, probably rarely realized in practice, was to identify a problem, research options, assess their effectiveness and then decide on a solution that met the test of being in the public good. At its worst, policymaking has involved mustering selected facts and evidence to persuade rather than inform. The most persuasive won the day. Oftentimes, whatever the process, policymaking was a negotiation – sometimes a battle – between elites.


Journalism played a role in both models: at the beginning by alerting the public to the problem, in the middle by publicizing and comparing the proposals of competing groups, and at the end by publicizing and analyzing the solution.

Yet that process appears to have been abandoned in recent years in favour of what one policymaker described to me as “policy by imperial fiat.” This is a top-down approach, where partisan interests and values take precedence over evidence. Sometimes the policy work is done by outside groups with a stake in the outcome, such as businesses, non-governmental organizations or lobbying groups.

There is still a role for journalism in this model, although it is more reactive than proactive, explaining and publicizing policy after the fact and having little input at the front end of the policymaking process. It is not yet clear if and how policymaking might change again under the new government in Ottawa.

No matter which model of policymaking is adopted, the changes wrought by the Internet mean journalists are less equipped these days to fulfill their ultimate role of informing the public. There are fewer of them, they are expected to produce more in the same amount of time and the 24-hour news cycle puts the emphasis on speed rather than accuracy. All too often the result is little or no informed analysis and narrower coverage of events.

That has implications for policy. One former policymaker said that the lack of sustained coverage of global affairs by the Canadian media meant that it was harder for the public to put a crisis in context, which led to pressure on the government to react to the crisis of the day rather than taking the time to develop more thoughtful (and presumably more far-sighted and effective) policy. Another former policymaker blamed the 24-hour news cycle for hastily crafted policy, a view backed by a former government communications professional who said that when a story broke at 11 p.m.



the government had to react quickly or risk having the issue “grow tentacles during the night.” It is unclear how such negative feedback loops can be broken. One or the other party will have to step back from overly rapid, or maybe the right phrase is overly vapid, responses.

A case can be made that the loss of an estimated 10,000 jobs in journalism in the last seven to eight years is at least partly mitigated by the addition of so many other voices to the public debate, made possible by the Internet and social media. Journalists are no longer the gatekeepers of information between government and the public. Nor are they the only reflection back to government of what the public thinks of policy. Businesses, governments, non-governmental organizations, academics and others can and do talk over the heads of journalists. (Civil servants share this altered status with journalists, for they too are no longer gatekeepers of information and advice to politicians generated and interpreted by the bureaucracy.)

The bewildering array of available channels poses challenges for those charged with communicating government policy. Multiple options exist to either talk over the heads of journalists and hope the messaging finds an audience, or that their audience finds the message. They can try to find a journalist or publication that has an interest in the information and a following for their work. And they are finding, just as journalists have found, that information or policy cannot be served up as a product when the public wants a relationship. As the memo to the prime minister noted, the public want to be involved in policy making and consulted early and often.

The cacophony of new voices has disrupted the traditional lines of communication for everyone and the new ones are not completely clear. Still, the ability of everyone to use the Internet as a platform for their views means journalists could dispense with the mere repetition of such positions and spend more time investigating, analyzing and putting events and arguments in context, in other words informing Canadians. Independent journalism, based on fairness and accuracy, still has a valuable role to play in a democracy.

ACKNOWLEDGEMENTS

Research reports are never the work of a single individual. I would like to thank the Public Policy Forum and their presenting partner, the RBC Foundation, for making this research possible by naming me the 2015 Prime Ministers of Canada Fellow. I am grateful for the help of the Forum staff: Sara Caverley, project lead, Kelly Cyr and Dianne Gravel-Normand. Thanks are due as well to the roundtable hosts in Toronto (John Stackhouse and RBC), Calgary (Jack Mintz and the School of Public Policy at the University of Calgary), and Montreal (Lucinda Chodan and the *Montreal Gazette*) and to the people who came and made those discussions worthwhile by posing tough questions and making thoughtful comments. A full list appears below, along with those who helped me with the research by giving of their time and expertise. Doug Sephton, a graphic artist in Bragg Creek, Alberta, helped enliven this report with his illustrations. André Du Sault of the Harvard Club of Montreal helped with additional contacts in that city. Thanks to early readers David Lord, Bernard Simon and Jeff Sallot for their comments.

INTERVIEWEES AND ROUNDTABLE PARTICIPANTS

George Abraham
Bruce Anderson
Tracey Arial
Joni Avram
Yaroslav Baran
Neala Barton
James Baxter
Ilia Blinderman
Katrya Bolger
Bruno Boutot
Catalina Briceno
Duane Bratt
Mel Cappe
Sara Caverley
Kevin Chan
Lucinda Chodan
Bernard Colas
Celine Cooper
Robert Cutler
Shrinkhala Dawadi
Susan Delacourt
David Dodge
Peter Donolo
Sara Doyle
Don Drummond
Marie-Claude Ducas
André Du Sault
Drew Fagan
Tom Flanagan
Bill Fox
Robert Frank
Alan Freeman
Jennifer Fry
Jeff Gaulin
Jen Gerson
Ian Gill

Daniel Girard
Shari Graydon
Edward Greenspon
Martha Hall Findlay
Alfred Hermida
Michael Horgan
Lawson Hunter
Mathew Ingram
Barbara Kay
Jonathan Kay
Janet Keeping
Cheryl Kim
Duncan Koerber
Avrim Lazar
Daorcey Le Bray
Alison Loat
Paul Loftus
Jason MacDonald
Reford MacDougall
Rick MacInnes-Rae
The Hon. Paul Martin
Michael McCracken
Patrick McGuire
Chris Mercer
Jack Mintz
David Mitchell
Nigel Newlove
Karl Moore
Jayson Myers
Taylor Owen
Roland Paris
Laura-Julie Perreault
Linda Renaud
Tom Rosenstiel
Gérard Samet
Anne Schroder

Ivor Shapiro
Jim Sheppard
Craig Silverman
Alexandre Sirois
Daniel Schwanen
Monte Solberg
John Stackhouse
Sylvia Stead
Kathy Vey
Bea Vongdouangchanh
Chris Waddell
Dawn Walton
Patrick White
David Zussman

SELECTED BIBLIOGRAPHY OF BOOKS, PAPERS AND ARTICLES

Clayton Christensen, David Skok, and James Allworth, "Breaking News: Mastering the art of disruptive innovation in journalism," *Neiman Reports*, September 15, 2012, 6–20.

Cohen, Nicole, "Journalistic labour and digital transformation: A survey of working conditions," (paper presented at the inaugural conference for the Canadian Association of Work and Labour Studies, St. Catharine's, Ontario, May 29–30, 2014).

Patricia Fleming, Gilles Gallichan, and Yvan Lamonde, eds., *History of the Book in Canada: Beginnings to 1840*, (Toronto: University of Toronto Press, 2004).

Alfred Hermida, Fred Fletcher, Darryl Korell, and Donna Logan, "Share, Like, Recommend: Decoding the social media news consumer," *Journalism Studies* 13 (2012).

Duncan Koerber, "Style over Substance: Newspaper Coverage of Early Election Campaigns in Canada, 1820-1841," *Canadian Journal of Communication* 36 (2011).

Minko Sotiron, *From Politics to Profit: The Commercialization of Canadian Daily Newspapers, 1890-1920*, (Montreal and Kingston: McGill-Queen's University Press, 1997).

John Stackhouse, *Mass Disruption: Thirty years on the front lines of a media revolution*, (Toronto: Random House Canada, 2015).

Dwayne Winseck, "Media and Internet Concentration in Canada Report, 1984-2014," *Canadian Media Concentration Research Project*, (Carleton University, November 2015).

Dwayne Winseck, "The Growth of the Network Media Economy in Canada, 1984-2014," *Canadian Media Concentration Research Project*, (Carleton University, November 2015).



CANADA'S
PUBLIC POLICY

FORUM

DES POLITIQUES PUBLIQUES
DU CANADA